



**Taiwan Mobile Co., Ltd.**

## **2023 Annual General Shareholders' Meeting**

### **Meeting Minutes (Translation)**

**June 13, 2023**

*Note to Readers:*

*If there is any discrepancy between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese version shall prevail.*

# 2023 AGM Meeting Minutes

- **Time:** 9:00 a.m., Tuesday, June 13, 2023
- **Place:** 6F, No. 88, Yanchang Rd., Xinyi Dist., Taipei City  
(Taipei New Horizon Building)
- **Method of Convening the Meeting:** Hybrid (in-person and video conference)  
Virtual Meeting URL: <https://www.stockvote.com.tw/evote/index.html>
- **Total outstanding shares of Taiwan Mobile** (excluding the shares with no voting rights stipulated in Article 179 of the Company Act): **2,820,482,002 shares**
- **Total shares represented by shareholders present** (including 2,363,617,583 shares represented by shareholders executing voting rights through e-voting): **2,484,407,930 shares**
- **Percentage of shares held by shareholders present: 88.08%**
- **Chairman: Daniel M. Tsai / Recorder: Annie Wu**
- **Directors present:** Daniel M. Tsai, Chairman of the Board of Directors  
Richard M. Tsai\*, Director  
Hsueh-Jen Sung, Independent Director  
Char-Dir Chung, Independent Director  
Hsi-Peng Lu, Independent Director  
Tong Hai Tan, Independent Director  
Drina Yue, Independent Director  
Jamie Lin, Director  
(\* Attended virtually)
- **Attendees:** Edward Liu, Attorney, Chen and Lin Attorneys-at-Law  
Pei-De Chen, CPA, Deloitte & Touche

The aggregate shareholding of the shareholders present constituted a quorum. The Chairman called the meeting to order.

- **Chairman's Address (omitted)**

- **Report Items**

1. **The 2022 Business Report**

The 2022 Business Report is attached hereto as Attachment I.

2. **The 2022 Audit Committee Reports**

The 2022 Audit Committee Report is attached hereto as Attachment II.

The Communication Between the Audit Committee and Internal Audit Chief Officer is attached hereto as Attachment III.

3. **The Distribution of 2022 Employees' and Directors' Compensations**

(1) Article 30-1 of the Company's Articles of Incorporation promulgate that if the Company has profits in a fiscal year, it shall set aside 1% to 3% of the profits as employee bonuses and not more than 0.3% of the profits as director compensation.

(2) The 2022 employees' and directors' compensations are NT\$305,935,813 and NT\$30,593,581 respectively, which were approved by the Board and the total amounts were distributed in cash.

**4. Revisions to the Ethical Corporate Management Best Practice Principles**

Please refer to Attachment IV for articles and amendments.

**5. The report on the progress of renewable energy usage**

Please refer to Attachment V for the report on the progress of renewable energy usage.

● **Proposed Resolutions**

**1. To approve the 2022 Business Report and Financial Statements**

Taiwan Mobile's (The Company) financial statements were audited by certified public accountants, Pei-De Chen and Te-Chen Cheng, of Deloitte & Touche. The 2022 Business Report, CPA's audit report, and financial statements are attached hereto as Attachments I, VI, and VII.

RESOLVED, the above proposal was accepted as submitted.

Voting Results:

Number of shares represented at the time of voting	For		Against	Invalid	Abstained
	Shares	%			
2,484,407,930	2,368,474,463	95.33	1,017,973	0	114,915,494

**2. To approve the proposal for the distribution of 2022 retained earnings**

(1) The Company's 2022 net income was NT\$11,025,550,663 (please see Attachment VIII for the 2022 Earnings Distribution Proposal).

(2) The cash dividend from retained earnings proposed by the Board is NT\$9,881,840,743. The Company received letters of agreement from TCC Investment Co., Ltd. (TCCI), TCCI Investment & Development Co., Ltd. (TID) and TFN Union Investment Co., Ltd. (TUI) forfeiting their share of dividends from the Company. Deducting 698,751,601 shares collectively owned by TCCI, TID and TUI from the total outstanding shares of 3,519,233,603, the share count entitled to receive dividends is 2,820,482,002, representing a cash dividend of NT\$3.5036 per share. It is proposed that the Chairman be authorized to set a record date for distribution and make relevant adjustments, if any, based on the total number of shares outstanding on the record date. Total amount of the cash dividend paid to each shareholder shall be rounded down to the nearest dollar and the remainder will be recognized as other revenue of the Company.

RESOLVED, the above proposal was accepted as submitted.

Voting Results:

Number of shares represented at the time of voting	For		Against	Invalid	Abstained
	Shares	%			
2,484,407,930	2,369,821,292	95.38	326,429	0	114,260,209

**3. To approve the cash return from capital surplus**

Cash return from capital surplus proposed by the Board is NT\$2,246,231,867. The Company received letters of agreement from TCC Investment Co., Ltd. (TCCI), TCCI Investment &

Development Co., Ltd. (TID) and TFN Union Investment Co., Ltd. (TUI) forfeiting their share of cash return from the Company. Deducting 698,751,601 shares collectively owned by TCCI, TID and TUI from the total outstanding shares of 3,519,233,603, the share count entitled to receive cash return is 2,820,482,002, representing a cash distribution of NT\$0.7964 per share. It is proposed that the Chairman be authorized to set a record date for distribution and make relevant adjustments, if any, based on the total number of shares outstanding on the record date. Total amount of the cash return paid to each shareholder shall be rounded down to the nearest dollar and the remainder will be recognized as other revenue of the Company.

RESOLVED, the above proposal was accepted as submitted.

Voting Results:

Number of shares represented at the time of voting	For		Against	Invalid	Abstained
	Shares	%			
2,484,407,930	2,348,684,429	94.53	210,956	0	135,512,545

**4. To elect nine board directors (including five independent directors) for the tenth term**

- (1) With the term of the current Board of Directors set to expire, the tenth term of Board of Directors shall be elected at the 2023 AGM.
- (2) Article 21 and 21-1 of the Company's Articles of Incorporation promulgate that nine to eleven directors (at least three independent directors), with a three-year tenure of office, shall be persons with legal capacity elected by the shareholders at the shareholders' meeting and shall be determined by a candidate nomination system.
- (3) The tenth term of the Board of Directors with nine directors (including five independent directors) who will hold office from June 13, 2023 to June 12, 2026 shall be elected at the 2023 AGM. The candidate list of directors was reviewed and approved at the board meeting on May 3, 2023.

Please see the candidate list of directors below and refer to Attachment IX for the Rules for Election of the Directors.

Director Candidates				
Name	Education	Experience	Current Major Position	Current Shareholding (Shares)
Fu-Chi Investment Co., Ltd. Representative: Daniel M. Tsai	- LLM, Georgetown University - LLB, National Taiwan University	- Chairman, Fubon Financial Holding Co., Ltd. - Chairman, Taipei Fubon Commercial Bank Co., Ltd. - Chairman, Fubon Insurance Co., Ltd.	- Chairman, Taiwan Mobile Co., Ltd. - Director, Fubon Financial Holding Co., Ltd. - Managing Director, Taipei Fubon Commercial Bank Co., Ltd. - Chairman, momo.com Inc.	5,748,763

<b>Director Candidates</b>				
<b>Name</b>	<b>Education</b>	<b>Experience</b>	<b>Current Major Position</b>	<b>Current Shareholding (Shares)</b>
Fu-Chi Investment Co., Ltd. Representative: Richard M. Tsai	<ul style="list-style-type: none"> <li>- Honorary Doctorate of Engineering, Yang Ming Chiao Tong University</li> <li>- Honorary Doctorate of Medicine, Taipei Medical University</li> <li>- Honorary Doctorate of Business Administration, Fu Jen Catholic University</li> <li>- MBA, Stern School of Business, New York University</li> <li>- BBA, National Taiwan University</li> </ul>	<ul style="list-style-type: none"> <li>- Chairman, Fubon Securities Co., Ltd.</li> <li>- Chairman, Taiwan Mobile Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>- Chairman, Fubon Financial Holding Co., Ltd.</li> <li>- Chairman, Fubon Life Insurance Co., Ltd.</li> </ul>	5,748,763
Fu-Chi Investment Co., Ltd. Representative: Chris Tsai	<ul style="list-style-type: none"> <li>- BS in Economics, Wharton School of the University of Pennsylvania</li> </ul>	<ul style="list-style-type: none"> <li>- Director and President, Fubon Financial Holding Venture Capital Co., Ltd</li> <li>- Chairman and President, Fubon Sports &amp; Entertainment Co., Ltd.</li> <li>- Deputy Chairman, Shenzhen Teng Fu Bo Investment Co., Ltd.</li> <li>- Coordinator of Innovation and Technology Office, Fubon Financial Holding Co., Ltd.</li> <li>- Special Assistant to President, Fubon Life Insurance Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>- Deputy CIO of Investment Management Group and Vice President, Fubon Financial Holding Co., Ltd.</li> <li>- Director, Fubon Life Insurance Co., Ltd.</li> <li>- Director, momo.com Inc.</li> <li>- Director, Fubon Asset Management Company Limited</li> </ul>	5,748,763
TCCI Investment and Development Co., Ltd. Representative: Jamie Lin	<ul style="list-style-type: none"> <li>- MBA, Stern School of Business, New York University</li> <li>- BS in Chemical Engineering with a minor in Economics, National Taiwan University</li> </ul>	<ul style="list-style-type: none"> <li>- Co-founder/Vice President of Products, Social Sauce</li> <li>- Co-founder/General Manager of Greater China, Intumit</li> </ul>	<ul style="list-style-type: none"> <li>- President, Taiwan Mobile Co., Ltd.</li> <li>- Chairman, AppWorks Ventures</li> <li>- Director, Winbond Electronics Corp.</li> <li>- Director, 91APP, Inc.</li> <li>- Director, momo.com Inc.</li> </ul>	87,589,556

### Independent Director Candidates

Name	Education	Experience	Current Positions	Current Shareholding (Shares)
Hsueh-Jen Sung	<ul style="list-style-type: none"> <li>- MBA, Harvard University</li> <li>- MBA, National Chengchi University</li> <li>- BS in Management Science, National Chiao Tung University</li> </ul>	<ul style="list-style-type: none"> <li>- Vice Chairman and Member of Global Partnership Committee and Asian Management Committee, Goldman Sachs (Asia) Ltd.</li> <li>- President and CEO, Grand Cathay Securities Corp.</li> <li>- Country Manager, Westpac Banking Corp.</li> </ul>	<ul style="list-style-type: none"> <li>- Chairman, Song Quan Co., Ltd</li> <li>- Chairman, Vaucluse Capital Management Ltd.</li> </ul>	0
Char-Dir Chung	<ul style="list-style-type: none"> <li>- Ph.D. and MS in Electrical Engineering, University of Southern California</li> <li>- BS in Electrical Engineering, National Taiwan University</li> </ul>	<ul style="list-style-type: none"> <li>- Minister without Portfolio, Executive Yuan</li> <li>- Member / Deputy Convener / Executive Secretary, Board of Science and Technology, Executive Yuan</li> <li>- Member / Deputy Convener / Executive Secretary, National Information and Communications Initiative Committee, Executive Yuan</li> <li>- Deputy Executive Secretary, Science and Technology Advisory Group, Executive Yuan</li> <li>- Convener, Performance Evaluation Committee of Technology Development Program, Ministry of Economic Affairs</li> <li>- IEEE Fellow</li> <li>- SIS Chair Professor, National Taiwan University</li> <li>- Chairman, Department of Communication Engineering, National Central University</li> <li>- Director, Graduate Institute of Communication Engineering, National Central University</li> </ul>	<ul style="list-style-type: none"> <li>- Distinguished Professor, Department of Electrical Engineering and Graduate Institute of Communication Engineering, National Taiwan University</li> <li>- Independent Director, Auden Techno Corp.</li> </ul>	0

### Independent Director Candidates

Name	Education	Experience	Current Positions	Current Shareholding (Shares)
Hsi-Peng Lu	- Ph.D. in Industrial Engineering, University of Wisconsin Madison	- Dean, Management School, National Taiwan University of Science and Technology - Dean, Honor College, National Taiwan University of Science and Technology - Dean, Student Affairs Office, National Taiwan University of Science and Technology - Chair, Department of Information Management, National Taiwan University of Science and Technology	- Professor, Department of Information Management, National Taiwan University of Science and Technology - Independent Director, Yuen Foong Yu Investment Holding Co., Ltd. - Independent Director, 91APP, Inc.	0
Tong Hai Tan	- BS in Electrical Engineering, National University of Singapore	- President and CEO, StarHub Pte Ltd. (Singapore) - President and CEO, Singapore Computer Systems Ltd. - President and CEO, Pacific Internet Ltd.	- Director, SEAX Global Pte Ltd (Singapore) - Chairman, United Hampshire US REIT (Singapore) - Director, Metis Energy Pte Ltd (Singapore)	0
Drina Yue	- BS in Electrical Engineering, MS in Computer Science, University of Illinois Urbana-Champaign	- Independent Director, Gemalto - President, Western Union Asia - Managing Director, Motorola Asia Home and Networks - Senior Advisor, GSMA Asia - Advisory Board Member, Brambles & CHEP Asia - CEO, iSteelAsia	- Director, Christian Action Asia Inc. - Independent Director, Zhejiang Leapmotor Technology Co. Ltd.	0

Note: Mr. Hsueh-Jen Sung has served as the Company's independent director for three consecutive terms. His participation in the board of directors and recommendations, along with his skill and experience in finance, investment, M&A and operations management, has been of great benefit to the Company. It is therefore proposed that he be nominated as an independent director candidate again.

Election Results: Nine directors (including 5 independent directors) for the tenth term elected by the shareholders present are listed as follows:

<b>Title</b>	<b>Shareholder account # or ROC ID #</b>	<b>Name</b>	<b>Votes Received</b>
Director	515	Fu-Chi Investment Co., Ltd. Representative: Daniel M. Tsai	1,539,212,124
Director	515	Fu-Chi Investment Co., Ltd. Representative: Richard M. Tsai	1,444,100,017
Independent Director	R10296****	Hsueh-Jen Sung	1,335,680,361
Independent Director	B12066****	Char-Dir Chung	1,319,671,477
Independent Director	A12060****	Hsi-Peng Lu	1,319,424,501
Independent Director	K4034****	Tong Hai Tan	1,319,326,953
Independent Director	KJ057****	Drina Yue	1,319,232,502
Director	515	Fu-Chi Investment Co., Ltd. Representative: Chris Tsai	1,246,390,222
Director	169180	TCCI Investment & Development Co., Ltd. Representative: Jamie Lin	1,242,488,683

#### **5. To approve the removal of the non-competition restrictions on the Board of Directors**

- (1) According to Article 209 of the Company Act, a Director, who acts for himself or on behalf of another person that is within the scope of the Company's business, shall clarify the essential content of his act to the Meeting of shareholders and secure its approval.
- (2) Vote on the removal of the non-competition restrictions on the Board of Directors that operate or invest in a business with the same business scope as the Company until the end of their term of office.

<b>Name</b>	<b>Current position(s) in other companies</b>
Daniel M. Tsai	Chairman, momo.com Inc.
	Chairman, Taipei New Horizon Co., Ltd.
	Chairman, Tien Chien Co., Ltd.
	Chairman, Ti Kun Co., Ltd.
	Chairman, Hsi Po Lai Co., Ltd.
	Chairman, Yi Fu So Co., Ltd.
	Chairman, Chung Shing Development Co., Ltd.
	Chairman, Dun Fu Co., Ltd.
Richard M. Tsai	Director, Tien Chien Co., Ltd.
	Director, Ti Kun Co., Ltd.
	Director, Hsi Po Lai Co., Ltd.
	Director, Yi Fu So Co., Ltd.
	Director, Chung Shing Development Co., Ltd.
	Director, Cho Pharma, Inc.
Hsueh-Jen Sung	Chairman, Song Quan Co., Ltd



<b>Name</b>	<b>Current position(s) in other companies</b>
	Chairman, Vaucluse Capital Management Ltd.
Char-Dir Chung	Independent Director, Auden Techno Corp.
Hsi-Peng Lu	Independent Director, 91APP, Inc.
	Independent Director, Systex Corporation
Tong Hai Tan	Director, SEAX Global Pte Ltd. (Singapore)
Chris Tsai	Director, momo.com Inc.
	Director, Taiwan Professional Basketball Development Co., Ltd.
	Director, AppWorks Ventures
	Director, Rhema International Ltd.
Jamie Lin	Director, momo.com Inc.
	Director, Taipei New Horizon Co., Ltd.
	Director, Winbond Electronics Corp.
	Director, 91APP, Inc.
	Director, WeMo Corp.
	Chairman, AppWorks Ventures
	Chairman, Union Cable TV Co., Ltd.
	Chairman, Globalview Cable TV Co., Ltd.
	Chairman, Taiwan Mobile Film Co., Ltd.
	Chairman and President, Taiwan Stampede Franchise Film Co., Ltd.

- (3) According to Article 178 of the Company Act, a shareholder, who has a conflict of interest with a proposed resolution, shall recuse himself from voting or from exercising the voting rights of other shareholders in the AGM.

RESOLVED, the above proposal was accepted as submitted.

Voting Results (Number of shares represented at the time of voting excluded the shares with no voting rights due to a conflict of interest stipulated in Article 178 of the Company Act):

<b>Name</b>	<b>Number of shares represented at the time of voting</b>	<b>For</b>		<b>Against</b>	<b>Invalid</b>	<b>Abstained</b>
		<b>Shares</b>	<b>%</b>			
Daniel M. Tsai	2,383,496,452	2,051,807,945	86.08	8,098,450	0	323,590,057
Richard M. Tsai	2,385,348,504	2,053,658,877	86.09	8,098,550	0	323,591,077
Hsueh-Jen Sung	2,484,407,930	1,972,151,035	79.38	187,489,384	0	324,767,511
Char-Dir Chung	2,484,407,930	2,158,650,930	86.88	2,056,311	0	323,700,689
Hsi-Peng Lu	2,484,407,930	2,158,654,428	86.88	2,075,344	0	323,678,158

Name	Number of shares represented at the time of voting	For		Against	Invalid	Abstained
		Shares	%			
Tong Hai Tan	2,484,407,930	2,158,655,522	86.88	2,062,719	0	323,689,689
Chris Tsai	2,475,528,740	2,143,288,346	86.57	8,642,710	0	323,597,684
Jamie Lin	2,484,407,930	2,157,813,035	86.85	2,999,212	0	323,595,683

● **Shareholders' inquiries and the Company's responses:**

1. Shareholder's inquiry (shareholder account #67179 – Shin Kong Life Insurance Co., Ltd.): The Company has been committed to corporate sustainability for many years, and its ESG performance has been recognized by numerous domestic and international organizations. This year, the Company is expected to complete its merger with Taiwan Star. What are the anticipated positive impacts or challenges of this merger on the Company's development, in terms of environmental protection, social responsibility, and corporate governance?

The President's response: After the merger, we will be able to provide 5G services with the largest bandwidth. In terms of the environment, network consolidation will allow us to save an estimated 100 million to 200 million kWh of electricity annually. On the social front, our combined 9.8 million users will be able to enjoy a greater base of on-net communication while we continue to provide diverse service plans to subscribers, particularly users who are economically disadvantaged. We have also engaged in over 20 community engagement projects, such as "Coding Fun" where we teach programming in rural areas, thereby reducing the urban-rural gap. As for corporate governance, our focus will be on talent development. Since January 18, 2022, we have proactively offered job opportunities to Taiwan Star employees. Over 97% of Taiwan Star's positions (manager level and below) will be retained, and we will make every effort to match the remaining senior executives to suitable positions.

2. Shareholder's inquiry (shareholder account #225830): Could the cash dividend be increased to NT\$5 per share? Is there a possibility of changing the dividend distribution to a quarterly basis?

The Chairman and CFO's response: Distributing cash dividends from the capital surplus is not a sustainable long-term strategy. The fundamental approach is to increase the Company's earnings. Considering market trends, optimizing the Company's working capital, and safeguarding shareholders' equity, we plan to stick to the current dividend distribution for the time being, which is on an annual basis.

3. Shareholder's inquiry (shareholder account #293417): May I ask why the President exhibited inappropriate behavior during the basketball game on June 10<sup>th</sup>?

The Chairman's response: The President is the highest-level executive officer of the Company, whose inappropriate behavior will have a significant impact on the Company's image and reputation. After the Meeting, the Remuneration and Nomination Committee will impose appropriate administrative sanctions for his behavior.

4. Shareholder's inquiry (shareholder account #31864): Many employees that participate in the Employee Stock Ownership Trust are silent shareholders. They hope that the Company will pay more attention to employee benefits instead of just focusing on cost reduction.

The Chairman and President's response: TWM has offered diverse employee benefits, such as implementing a work-from-home policy since the pandemic and providing maternity benefits. In 2022, salary increases were higher than previous years, as we aim to provide our employees with more benefits

and a better working environment.

5. Shareholder's inquiry (shareholder account #193325 – First Life Insurance Co., Ltd.): Based on gender equality and gender diversity, we recommend reexamining the proportion of each gender among senior executives and above.

The Chairman's response: The Company continues to strive for gender equality. We have many female executives at the vice president level and above and the proportion of female executives at the deputy director level and above is even higher.

6. Shareholder's inquiry (shareholder account #130034): (1) The Company's profits have been declining year by year, but the compensation for the Chairman and the President remains the highest among peers. Can you please explain why that is? (2) Given weaker EPS performance than the peers, may the Chairman of the Audit Committee explain why the compensation for management executives is the highest among peers?

The Chairman of the Company and the convener of the Remuneration and Nomination Committee's response: The Remuneration and Nomination Committee benchmarks our peers or comparable companies worldwide to review and evaluate the compensation for directors and management executives. The President's compensation also includes compensation from subsidiaries.

Shareholder's inquiry (shareholder account #130034): The Company had the lowest EPS growth rate in 2022 among peers. Can you explain why?

The CFO's response: If we exclude one-time tax benefits in 2021, the EPS growth rate for 2022 would be approximately 10%, which is relatively high compared to peers.

Shareholder's inquiry (shareholder account #130034): How does the Company plan to regain its position as the "leader" in terms of EPS in the coming years?

The Chairman's response: This is a very challenging task. We hope to not only compete with peers in the traditional telecommunications business but also develop diverse sources of income. We aim to transform telecommunications into a platform that can add value to our businesses and leverage group synergies to enhance EPS.

## **Special Motions**

None

## **Meeting Adjourned** (Time: 10:04 a.m.)

In compliance with Article 183, Paragraph 4 of the Company Act, the meeting minutes hereby summarizes the main content and pertinent voting results of the Annual General Shareholders' Meeting.

## **ATTACHMENTS**

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Taiwan Mobile Co., Ltd.

## **Business Report**

Dear Shareholders,

Over the last few years, Taiwan Mobile (“TWM”, or “the Company”) has endeavored to transform into a Telco+Tech company by continuously implementing 5G+ technology services on a first-rate telecom platform. We have seen encouraging results and created countless possibilities for a future lifestyle where the virtual world is integrated with reality. To further drive industry transformation and development, the Company will make use of its valuable spectrum resources, improve the efficiency of its mobile infrastructure, and promote energy conservation and carbon reduction. With the upcoming industry consolidation, TWM can reduce redundant base stations and have a positive impact on sector development and environmental sustainability. As always, we apply the highest standards in corporate governance, focus on shareholder value and customer satisfaction, and regard sustainable development as the core value of a leader in corporate social responsibility.

### **2022 operating and financial results**

In 2022, TWM reported a record-high consolidated revenue of NT\$172.2 billion, EBITDA of NT\$34.4 billion, net profit of NT\$11.0 billion and earnings per share of NT\$3.91. Propelled by solid momentum from our three growth engines – 5G, e-commerce and home broadband – along with more stable competition in the telecom industry and well-managed costs and expenses, consolidated EBITDA grew 4% YoY, beating our full-year guidance and reaching an all-time high.

### **New business roadmap and group resources integration**

In line with TWM’s new business roadmap, we have been growing our 5G ecosystem through strategic investments in various fields. Unique bundles such as momobile, in partnership with leading e-commerce platform momo, has helped the Company diversify its business ecosystem. We expanded Double Play package’s footprint, covering over 80% of households in Taiwan and allowing more users to enjoy our stable mobile and broadband services. TWM also launched a new brand called “OP Life,” a one-stop shop where TVs, routers, speakers and set-top boxes are seamlessly integrated with our unique services to provide customers with state-of-the-art home theater experiences. Looking at our game publishing business, we achieved another milestone by obtaining exclusive agency rights to the popular online game “League of Legends” in Taiwan. Meanwhile, the enterprise business saw accelerated demand for cloud-related services amid an ongoing digital transformation. To provide for our corporate clients’ needs, we partnered with Asia’s leading AI and cloud service provider, CloudMile, to offer solutions built upon our edge in

telecommunication and cloud-based services, as well as create high value-added services such as 5G cloud applications.

### **Innovative applications and research results**

TWM is working with Nokia on several 5G network optimization solutions, such as 4G/5G dynamic spectrum sharing technology, to further leverage our advantage in the 700 MHz frequency band. This ensures superb overall internet experience for our more than 1 million 5G users and fulfills the various needs of our enterprise customers. Additionally, we joined hands with Taiwan Web Service (TWS), Intel and Asustek Computer to launch the “5G AI Ready Platform,” which showcases artificial intelligence high-performance computing (AIHPC) using TWM's 5G private network. High-performance computing can be used for multiple business solutions such as smart city AI image recognition, smart manufacturing, gaming, and digital innovation and transformation. Taiwan Computing Cloud (TWCC), a local public cloud we created with TWS, has also opened up endless possibilities for smart city applications by using its hybrid cloud resources and AI computing power to meet the needs of 5G applications, such as AI model development, real-time analysis and big data storage.

### **World-class corporate governance**

Taiwan Mobile has striven to be a role model in corporate sustainability and is the first telecommunications company to elevate the “ESG Steering Committee” to the same level as its board of directors, further ensuring good governance. The Company once again received numerous commendations for its efforts in the past year. Recognized by the Carbon Disclosure Project (CDP), we are the only telecommunications company to make it to the climate change “A” list three times, and we received “leadership level” certification for four years in a row. Additionally, we grabbed the No. 1 spot in Taiwan and was No. 5 among Greater China companies in Chinese University of Hong Kong’s 2nd Greater China Business Sustainability Index. We were also included in the Dow Jones Sustainability Indices (DJSI) Emerging Markets Index for the 11th consecutive year and in the DJSI World Index for the sixth time, ranking top three in the global telecommunications industry. For eight years in a row, we have ranked among the top 5 percent listed companies in the Taiwan Stock Exchange’s annual “Corporate Governance Evaluation.” Lastly, TWM was awarded a Silver Class award in S&P Global’s “The Sustainability Yearbook 2022.”

### **Valuing shareholders' interests and customer satisfaction**

We expect industry consolidation to lead to a healthier market. The expansion of our user base, along with merger synergies, will propel profit growth, generate stable free cash flow, increase financial flexibility, and improve shareholder returns.

## **Corporate social responsibility**

As a leading telecom operator, it is our duty not only to continue to pursue solid operational and financial performance, but also to take into account social inclusion, environmental awareness and sustainability. In 2022, Taiwan Mobile was the first telecom operator in Taiwan to join RE100, committing to using 100% renewable energy by 2040 and officially declaring its goal of reaching Net Zero by 2050. Our efforts were recognized by different organizations in Taiwan, as we made it to the Annual Honor Roll of Global Views Monthly's CSR and ESG Awards and won a "Model Award" in the Human Resources Development category. We also earned our 15th Excellence in Corporate Social Responsibility Award from CommonWealth Magazine, where we ranked first in the telecom industry for the seventh time. The Company earned further distinctions – seven awards at the 2022 Taiwan Corporate Sustainability Awards, including “The Most Prestigious Sustainability Awards – Top 10 Domestic Companies” for the eighth time.

## **Outlook**

Enterprises are now at a crucial point in terms of addressing climate change and must transition to a low-carbon economy. To achieve industrial transformation, companies must establish an internal governance program for ESG, adjust operational guidelines, communicate efforts and goals with stakeholders, and share climate-related financial disclosures. Continuous dialogue between industry, government and academia is also necessary to reach a consensus on the steps needed to move toward a more sustainable future.

The merger-driven industry consolidation, alongside our commitment to sustainability, will boost revenue growth and solidify Taiwan Mobile's competitive edge in the telecommunications sector, allowing us to promote 5G adoption and improve shareholder returns. We will also pursue our transformation into a regional Telco+Tech company at an accelerated pace while leveraging our excellent telecommunications service platforms to create group synergies and offer a wide variety of 5G+ applications.

Daniel M. Tsai

Chairman

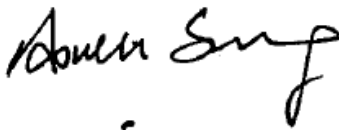


**Audit Committee Report**

February 24, 2023

The Board of Directors of Taiwan Mobile Co., Ltd. (TWM) has submitted the Company's 2022 business report and financial statements to the Audit Committee. The CPA firm, Deloitte & Touche, was retained by the Board to audit TWM's financial statements and has issued an audit report relating to the financial statements. The business report and financial statements have been reviewed and determined to be correct and accurate by the Audit Committee of TWM. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Taiwan Mobile Co., Ltd.



Hsueh-Jen Sung

Chairman of the Audit Committee





Taiwan Mobile Co., Ltd.

## **Audit Committee Report**

May 3, 2023

The Board of Directors of Taiwan Mobile Co., Ltd. (TWM) has submitted the Company's proposal for distribution of the 2022 earnings to the Audit Committee. The proposal has been reviewed and determined to be correct and accurate by the Audit Committee of TWM. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Taiwan Mobile Co., Ltd.

A handwritten signature in black ink, appearing to read "Hsueh-Jen Sung". The signature is written in a cursive, flowing style.

Hsueh-Jen Sung

Chairman of the Audit Committee



## **Communication between the Audit Committee and the Internal Audit Chief Officer**

### **■ Regular :**

- The audit chief officer reports the audit matters to the independent directors individually every quarter.

### **■ Ad hoc :**

- The committee chairman will arrange a discussion about audit matters with the audit chief officer and audit personnel.
- When instructions are given by independent directors during Audit Committee meeting, the audit chief officer must submit a report regarding actions taken afterwards.



**Ethical Corporate Management Best Practice Principles**  
**Before and After Amendments for Comparison**

Article	Amended	Original	Explanation
7	<p>Article 7 (Engaging in Commercial Activities <b>and <u>Anti-Discrimination</u></b> under Ethical Corporate Management Policies)</p> <p>The Company, based on the principle of ethical management, shall engage in commercial activities in a fair and transparent manner.</p> <p>Prior to the conclusion of any commercial transaction, the Company shall take into consideration the legality of their agents, suppliers, clients or other trading counterparties, and whether they have conducted Unethical Conduct before, if any, and avoid having any dealings with persons who have or have been involved with any record of Unethical Conduct.</p> <p>When entering into contracts with other parties, the Company shall include in such contracts provisions demanding ethical corporate management policy compliance and a provision that in the event the trading counterparties are suspected</p>	<p>Article 7 (Engaging in Commercial Activities under Ethical Corporate Management Policies)</p> <p>The Company, based on the principle of ethical management, shall engage in commercial activities in a fair and transparent manner.</p> <p>Prior to the conclusion of any commercial transaction, the Company shall take into consideration the legality of their agents, suppliers, clients or other trading counterparties, and whether they have conducted Unethical Conduct before, if any, and avoid having any dealings with persons who have or have been involved with any record of Unethical Conduct.</p> <p>When entering into contracts with other parties, the Company shall include in such contracts provisions demanding ethical corporate management policy compliance and a provision that in the event the trading</p>	<p>1. In accordance with the resolution of the 31<sup>st</sup> meeting of the ESG Steering Committee on January 5, 2022.</p> <p>2. To focus on the Company's management of environmental safety and health (ESH) issues (such as occupational accident prevention, mental health awareness, communicable disease prevention, etc.), the 6<sup>th</sup> paragraph of this Article has been amended.</p> <p>3. The Company supports diversity and equality, and prohibits any discrimination and harassment behavior in the workplace. Thus, the 7<sup>th</sup> paragraph of this Article has been amended.</p>

Article	Amended	Original	Explanation
	<p>of engaging in or involved with Unethical Conduct, the Company may at any time terminate or cancel the contracts.</p> <p>When engaging in business activities, the Company shall follow the relevant environmental laws, regulations and international standards to properly protect the environment and achieve the goal of a sustainable environment.</p> <p>The Company shall prevent from polluting water, air and land when engaging in business activities. Under consideration of cost effectiveness and technology feasibility, the Company shall make the best effort to reduce adverse effects on human health and environment, and take the best and practicable measures for pollution control.</p> <p>The Company shall comply with the domestic labor laws and regulations, safety and health laws and regulations, and the International Bill of Human Rights. <b><u>The Company will also continuously implement and improve its safety and health management initiatives (such as occupational accident prevention, mental health awareness, infectious disease prevention, etc.),</u></b> to</p>	<p>counterparties are suspected of engaging in or involved with Unethical Conduct, the Company may at any time terminate or cancel the contracts.</p> <p>When engaging in business activities, the Company shall follow the relevant environmental laws, regulations and international standards to properly protect the environment and achieve the goal of a sustainable environment.</p> <p>The Company shall prevent from polluting water, air and land when engaging in business activities. Under consideration of cost effectiveness and technology feasibility, the Company shall make the best effort to reduce adverse effects on human health and environment, and take the best and practicable measures for pollution control.</p> <p>The Company shall comply with the domestic labor laws and regulations, safety and health laws and regulations, and the International Bill of Human Rights, to provide employees with a safe, healthy and clean work environment, protect employees' lawful rights and interests, and shall not endanger basic rights of labors.</p>	

Article	Amended	Original	Explanation
	<p>provide employees with a safe, healthy and clean work environment, protect employees' lawful rights and interests, and shall not endanger basic rights of labors.</p> <p><b><u>The Company prohibits any form of sexual harassment and discrimination. Race, gender, age, marital status, political stance or religious beliefs are not criteria for the recruitment, employment, assessment and promotion of employees.</u></b> The Company shall not discriminate in any type (including races, genders, disabilities, religions etc.) against agents, suppliers, customers, <b><u>or</u></b> other transaction partners.</p>	<p>The Company shall not discriminate in any type (including races, genders, disabilities, religions etc.) against agents, suppliers, customers, other transaction partners, or employees</p>	
16	<p>Article 16 (Legal Compliance for Conducting Business <b><u>and Confidential Obligations</u></b>)</p> <p>The Company and its directors, managers, employees, mandataries and Substantial Controllers shall comply with the laws, regulations, the internal principles and obligation of confidentiality for confidential and business sensitive information when conducting business. <b><u>The persons mentioned above must maintain the confidentiality of any information they obtain from or through the Company and its customers</u></b></p>	<p>Article 16 (Legal Compliance for Conducting Business)</p> <p>The Company and its directors, managers, employees, mandataries and Substantial Controllers shall comply with the laws, regulations, the internal principles and obligation of confidentiality for confidential and business sensitive information when conducting business.</p>	<ol style="list-style-type: none"> <li>1. In accordance with the resolution of the 31<sup>st</sup> meeting of the ESG Steering Committee on January 5, 2022.</li> <li>2. To strengthen the confidentiality of the Company's information, a provision was added to the latter section of this Article. All personnel shall secure and protect confidential information and shall not use them for personal interest.</li> </ol>

Article	Amended	Original	Explanation
	<p><b><u>or suppliers, except when disclosure is mandated by applicable laws and regulations or permitted by competent authorities. They must also refrain from disclosing or using the confidential information for personal or third-party interests.</u></b></p>		
17	<p>The Company shall establish regulations for preventing conflicts of interest, to distinguish, supervise, and manage the potential risks of Unethical Conduct resulting from conflict interests, and offer appropriate means for directors, managers, and any other stakeholders attending or present at the board meeting to voluntarily explain whether their interests would potentially conflict with those of the Company.</p> <p>A director, manager, and any other stakeholder attending or present at the board meeting, or the juristic person represented thereby, has a stake in a proposal at the meeting, shall state the important aspects of the stake in the meeting. Such person shall be prohibited from discussing and participating in voting on any proposals if there is likelihood that the interests of this Company would be prejudiced, shall recuse himself or herself from any discussion and voting, and shall not exercise voting</p>	<p>The Company shall establish regulations for preventing conflicts of interest, to distinguish, supervise, and manage the potential risks of Unethical Conduct resulting from conflict interests, and offer appropriate means for directors, managers, and any other stakeholders attending or present at the board meeting to voluntarily explain whether their interests would potentially conflict with those of the Company.</p> <p>A director, manager, and any other stakeholder attending or present at the board meeting, or the juristic person represented thereby, has a stake in a proposal at the meeting, shall state the important aspects of the stake in the meeting. Such person shall be prohibited from discussing and participating in voting on any proposals if there is likelihood that the interests of this Company would be prejudiced, shall recuse himself or herself from any discussion and voting, and shall not exercise voting rights as proxy on behalf of</p>	<ol style="list-style-type: none"> <li>1. In accordance with the resolution of the 31<sup>st</sup> meeting of the ESG Steering Committee on January 5, 2022.</li> <li>2. All personnel shall report and avoid any potential conflicts of interest with the Company. Therefore, referring to the 3rd Paragraph, Article 11 of "Sample Template for XXX Co., Ltd. Procedures for Ethical Management and Guidelines for Conduct", the 4<sup>th</sup> paragraph of this Article has been added.</li> <li>3. The original 4th paragraph of this Article has been moved to the 5th paragraph, without any modifications to its contents.</li> </ol>

Article	Amended	Original	Explanation
	<p>rights as proxy on behalf of another director. The directors shall exercise self-discipline and should not support one another in improper ways.</p> <p>Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.</p> <p><b><u>The Company prohibits its directors, managers, employees and mandataries from direct or indirect conflicts of interest. If, in the course of conducting business, any personnel of this Company discovers a potential conflict of interest involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship, is likely to obtain improper benefits, the personnel shall report the relevant matters to his or her immediate supervisor, and the immediate supervisor shall provide the personnel with</u></b></p>	<p>another director. The directors shall exercise self-discipline and should not support one another in improper ways.</p> <p>Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.</p>	

Article	Amended	Original	Explanation
	<p><b><u>proper instructions.</u></b></p> <p>The Company's directors, managers, employees, mandataries and Substantial Controllers shall not take advantage of their positions or influence in the Company to obtain improper Benefits for themselves, their spouses, parents, children or any other person.</p>	<p>The Company's directors, managers, employees, mandataries and Substantial Controllers shall not take advantage of their positions or influence in the Company to obtain improper Benefits for themselves, their spouses, parents, children or any other person.</p>	
18	<p>Article 18 (Accounting and Internal Control; <b><u>Anti-Money Laundering; No Insider Trading</u></b>)</p> <p>The Company shall establish effective accounting and internal control systems for business activities which may be at a higher risk of being involved in Unethical Conduct, and should not have under-the-table accounts or maintain secret accounts, and shall conduct reviews from time to time so as to ensure that the design and enforcement of the systems continue to be effective.</p> <p><b><u>The Company's directors, managers, employees, mandataries and Substantial Controllers shall adhere to the provisions of the Securities and Exchange Act and shall not take advantage of, or divulge, any undisclosed information that may be</u></b></p>	<p>Article 18 (Accounting and Internal Control)</p> <p>The Company shall establish effective accounting and internal control systems for business activities which may be at a higher risk of being involved in Unethical Conduct, and should not have under-the-table accounts or maintain secret accounts, and shall conduct reviews from time to time so as to ensure that the design and enforcement of the systems continue to be effective.</p>	<p>1. In accordance with the resolution of the 31<sup>st</sup> meeting of the ESG Steering Committee on January 5, 2022.</p> <p>2. Prohibit (i) the disclosure or use of information for insider trading, and (ii) the assistance in illegal money transfers. Thus, the 2<sup>nd</sup> paragraph was added to this Article.</p>



Article	Amended	Original	Explanation
	<p data-bbox="336 271 683 645"><b><u>used to engage in insider trading. They shall not engage in any money laundering such as hiding illegally-gained proceeds or terrorism financing, nor shall they support fraudulently making these seem like legitimate money or assets.</u></b></p> <p data-bbox="336 748 687 1240">The internal audit department of the Company shall inspect the Company's compliance with the system mentioned in the preceding paragraph and prepare and submit audit reports to the board of directors on a regular basis. The Company may assign accountants to perform the inspection, and may request assistance from other professionals if required.</p>	<p data-bbox="715 748 1066 1240">The internal audit department of the Company shall inspect the Company's compliance with the system mentioned in the preceding paragraph and prepare and submit audit reports to the board of directors on a regular basis. The Company may assign accountants to perform the inspection, and may request assistance from other professionals if required.</p>	



Taiwan Mobile Co., Ltd.

## **Ethical Corporate Management Best Practice Principles**

Officially resolved by the board of directors on January 27, 2011

First amendment was approved by the board of directors on October 27, 2011

Second amendment was approved by the board of directors on April 30, 2015

Third amendment was approved by the board of directors on July 27, 2016

Fourth amendment was approved by the board of directors on February 1, 2018

Fifth amendment was approved by the board of directors on November 6, 2020

**Sixth amendment was approved by the board of directors on November 10, 2022**

### **Article 1 (Purpose of Enactment and Applicable Scope)**

Subject to the operation principles of integrity, transparency, and responsibility, Taiwan Mobile Co., Ltd. (the “Company”) enacts and executes “The Ethical Corporate Management Best Practice Principles” (“Principles”) to establish a corporate culture of ethical management and sound development, and offer a framework to establish good commercial practices, risk management mechanism, and to create a sustainable business environment.

The Principles shall apply to the Company's subsidiaries, any foundation constituted as a juristic person to which the Company's direct or indirect accumulated contribution of funds exceeds 50% of the total funds received, Taiwan Mobile Employee Welfare Committee, and other institutions or juridical persons which are substantially controlled by the Company.

### **Article 2 (Prohibition of Unethical Conduct)**

When engaging in commercial activities, directors, managers, employees, mandataries of the Company or persons having substantial control over the Company (“Substantial Controllers”) shall not directly or indirectly offer, promise to offer, request or accept any improper Benefits (see Article 3), nor commit unethical acts including breach of the principle of good faith, illegal acts, or breach of fiduciary duty (collectively “Unethical Conduct”) for purposes of acquiring or maintaining Benefits (see Article 3).

The opposite parties of the Unethical Conduct referred to in the preceding paragraph include civil servants, political candidates, political parties or their members, state-run or private-owned businesses or institutions and their directors, supervisors, managers, employees or substantial controllers or other stakeholders.

### **Article 3 (The Types of Benefits)**

The "Benefits" mentioned in the Principles means any items of value, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

### **Article 4 (Legal Compliance)**

The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflict of Interest, TWSE/GTSM-listing related rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

### **Article 5 (Prevention Program)**

In order to exercise in business operation, the Company shall stipulate the "Operation Rules of Ethical Corporate Management Best Practice Principles" and comply with the relevant laws and regulations in the country where the Company, affiliates, group enterprises or organizations have business operations.

### **Article 6 (The Commitment and Execution)**

The Company shall clearly specify ethical corporate management principles in their internal rules and external documents. The board of directors and management promises to rigorously and thoroughly enforce ethical management for internal management and external commercial activities.

### **Article 7 (Engaging in Commercial Activities and Anti-Discrimination under Ethical Corporate Management Policies)**

The Company, based on the principle of ethical management, shall engage in commercial activities in a fair and transparent manner.

Prior to the conclusion of any commercial transaction, the Company shall take into consideration the legality of their agents, suppliers, clients or other trading counterparties, and whether they have conducted Unethical Conduct before, if any, and avoid having any dealings with persons who have or have been involved with any record of Unethical Conduct.

When entering into contracts with other parties, the Company shall include in such contracts provisions demanding ethical corporate management policy compliance and a provision that in the event the trading counterparties are suspected of engaging in or involved with Unethical Conduct, the Company may at any time terminate or cancel the contracts.

When engaging in business activities, the Company shall follow the relevant environmental laws, regulations and international standards to properly protect the environment and achieve the goal of a sustainable environment.

The Company shall prevent from polluting water, air and land when engaging in business activities. Under consideration of cost effectiveness and technology feasibility, the Company shall make the best effort to reduce adverse effects on human health and environment, and take the best and practicable measures for pollution control.

The Company shall comply with the domestic labor laws and regulations, safety and health laws and regulations, and the International Bill of Human Rights. **The Company will also continuously implement and improve its safety and health management initiatives (such as occupational accident prevention, mental health awareness, infectious disease prevention, etc.),** to provide employees with a safe, healthy and clean work environment, protect employees' lawful rights and interests, and shall not endanger basic rights of labors.

**The Company prohibits any form of sexual harassment and discrimination. Race, gender, age, marital status, political stance or religious beliefs are not criteria for the recruitment, employment, assessment and promotion of employees.** The Company shall not discriminate in any type (including races, genders, disabilities, religions etc.) against agents, suppliers, customers, **or** other transaction partners.

#### **Article 8 (Prohibition of Offering and Accepting Bribes)**

When conducting business, the Company and its directors, managers, employees, mandataries and Substantial Controllers shall not directly or indirectly offer, promise to offer, request or accept any improper Benefits in any form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders.

#### **Article 9 (Prohibition of Offering Illegal Political Donations)**

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and its directors, managers, employees, mandataries and Substantial Controllers shall comply with the Political Donations Act and its own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

#### **Article 10 (Prohibition of Improper Charitable Donations or Sponsorship)**

When making or offering donations and sponsorship, the Company and its directors, managers, employees, mandataries and Substantial Controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

#### **Article 11 (Prohibition of Unjustifiable Presents, Hospitality or Other Improper Benefits)**

The Company and its directors, managers, employees, mandataries and Substantial Controllers shall not directly or indirectly offer or accept any unjustifiable presents, hospitality or other improper Benefits to establish business relationship or influence commercial transactions.

#### **Article 12 (Prohibition of Intellectual Property Infringement)**

The Company and its directors, managers, employees, mandataries and Substantial Controllers shall comply with the laws, regulations, internal process procedures, and applicable contracts pertaining to intellectual property. The Company shall not use, disclose, dispose, destroy, or make any other infringement to intellectual property without prior written consent of the owners of the intellectual property rights.

#### **Article 13 (Prohibition of Unfair Competition)**

The Company shall follow the applicable competition laws and regulations when engaging in business activities, and shall not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

#### **Article 14 (Prohibition of Damages on Products or Services against Stakeholders)**

The Company and its directors, managers, employees, mandataries and Substantial Controllers shall comply with the applicable laws and regulations and international standards governing its products and services to ensure the transparency of information about, and safety of, the products and services in the course of their research and development, procurement, manufacture, provision, or sale of the products and services. The Company shall adopt and announce a policy on the protection of the rights and interests of the consumers or other stakeholders to prevent its products and services from directly or indirectly damaging the rights and interests, health, and safety of the consumers or other stakeholders. Where there are sufficient facts to determine that the Company's products or services are likely to pose any hazard to the safety and health of the consumers or other stakeholders, the Company shall recall those products or suspend the services immediately.

#### **Article 15 (Organization and Responsibility)**

The directors, managers, employees, mandataries and Substantial Controllers of the Company shall exercise due care in urging the Company to prevent Unethical Conduct, and review, from time to time, the results of the preventive measures and continually make adjustments.

To achieve sound ethical corporate management, the internal legal office shall be in charge of the enactment of the ethical management policy, the prevention of the Unethical Conduct, the execution and supervision of the ethical management as follows, and report to the board of directors on a regular basis:

1. Stipulate the “Operation Rules of Ethical Corporate Management Best Practice Principles”.
2. Promoting and coordinating awareness and educational activities with respect to ethics policy.
3. Developing the whistleblowing mechanism and ensuring its operating effectiveness.
4. Assisting the board of directors and management team in auditing and assessing whether ethical management is effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.

#### **Article 16 (Legal Compliance for Conducting Business and Confidential Obligations)**

The Company and its directors, managers, employees, mandataries and Substantial Controllers shall comply with the laws, regulations, the internal principles and obligation of confidentiality for confidential and business sensitive information when conducting business. The persons mentioned above must maintain the confidentiality of any information they obtain from or through the Company and its customers or suppliers, except when disclosure is mandated by applicable laws and regulations or permitted by competent authorities. They must also refrain from disclosing or using the confidential information for personal or third-party interests.

#### **Article 17 (Avoiding Conflicts of Interest)**

The Company shall establish regulations for preventing conflicts of interest, to distinguish, supervise, and manage the potential risks of Unethical Conduct resulting from conflict interests, and offer appropriate means for directors, managers, and any other stakeholders attending or present at the board meeting to voluntarily explain whether their interests would potentially conflict with those of the Company.

A director, manager, and any other stakeholder attending or present at the board meeting, or the juristic person represented thereby, has a stake in a proposal at the meeting, shall state the important aspects of the stake in the meeting. Such person shall be prohibited from discussing and participating in voting on any proposals if there is likelihood that the interests of this Company would be prejudiced, shall recuse himself or herself from any discussion and voting, and shall not exercise voting rights as proxy on behalf of another director. The directors shall exercise self-discipline and should not support one another in improper ways.

Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the

matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.

**The Company prohibits its directors, managers, employees and mandataries from direct or indirect conflicts of interest. If, in the course of conducting business, any personnel of this Company discovers a potential conflict of interest involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship, is likely to obtain improper benefits, the personnel shall report the relevant matters to his or her immediate supervisor, and the immediate supervisor shall provide the personnel with proper instructions.**

The Company's directors, managers, employees, mandataries and Substantial Controllers shall not take advantage of their positions or influence in the Company to obtain improper Benefits for themselves, their spouses, parents, children or any other person.

#### **Article 18 (Accounting and Internal Control; Anti-Money Laundering; No Insider Trading)**

The Company shall establish effective accounting and internal control systems for business activities which may be at a higher risk of being involved in Unethical Conduct, and should not have under-the-table accounts or maintain secret accounts, and shall conduct reviews from time to time so as to ensure that the design and enforcement of the systems continue to be effective.

**The Company's directors, managers, employees, mandataries and Substantial Controllers shall adhere to the provisions of the Securities and Exchange Act and shall not take advantage of, or divulge, any undisclosed information that may be used to engage in insider trading. They shall not engage in any money laundering such as hiding illegally-gained proceeds or terrorism financing, nor shall they support fraudulently making these seem like legitimate money or assets.**

The internal audit department of the Company shall inspect the Company's compliance with the system mentioned in the preceding paragraph and prepare and submit audit reports to the board of directors on a regular basis. The Company may assign accountants to perform the inspection, and may request assistance from other professionals if required.

#### **Article 19 (Operational Procedures and Guidelines)**

The operational principles and rules established by the Company for the prevention of Unethical Conduct shall specifically regulate the rules of business conduct for the Company's directors, managers, employees, and Substantial Controllers.

## **Article 20 (Training and Reviews)**

The chairman, general manager, or senior management shall communicate the importance of ethics to its directors, employees, and mandataries on a regular basis.

The Company shall periodically organize training or awareness programs for its directors, managers, employees, mandataries and Substantial Controllers. Each business department of the Company shall propagate the principles to the counterparties of any commercial transaction the Company engages in, and have such counterparties fully understand the Company's resolution to implement the Principles and the consequences of committing Unethical Conduct.

The Company shall combine the Principles with its employee performance evaluation system and human resource policies to establish a clear and effective reward and punishment system.

## **Article 21 (Whistleblowing, Punishment and Appeals Process)**

In cases where the Company's directors, manager, employees, mandataries or Substantial Controller has discovered a violation of the Principles, the directors, manager, employees or Substantial Controller shall report such violation to the Audit Committee, managers, internal audit officer or other appropriate channels of the Company. The Company shall keep confidential the identity of the person who reports such violation and the report's content, and shall investigate and deal with such report actively. If any violation of the Principles is confirmed, a disciplinary action will be imposed depending upon the nature and degree of such violation.

## **Article 22 (Disclosure of Information)**

The Company shall disclose the status of the enforcement of the Principles on its company website, annual report and public prospectus.

## **Article 23 (Review and Amendment to the Principles)**

The Company shall monitor the development of relevant local and international regulations concerning ethical corporate management from time to time, and encourage its directors, managers and employees to make suggestions so as to review and improve the Principles and achieve better results from implementation.

## **Article 24 (Enforcement)**

The Ethical Corporate Management Best Practice Principles of the Company shall be implemented after the Principles are reviewed by the Audit Committee and resolved by the board



of directors, and then the Principles shall be submitted at the shareholders' meeting. The same procedure shall apply to any amendment thereto.

Taiwan Mobile Co., Ltd.



## The 2022 Consolidated Financial Statements

### INDEPENDENT AUDITORS' REPORT

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

#### Opinion

We have audited the accompanying consolidated financial statements of Taiwan Mobile Co., Ltd. and its subsidiaries (collectively, the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China (ROC).

#### Basis for Opinion

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the 2022 consolidated financial statements are as follows:

#### Telecommunications and Value-added Services Revenue

The description of key audit matter:

One of the operating revenue sources of the Group is the telecommunications and value-added services revenue. The Group offers more different monthly-fee plans and diversifies the business by innovating value-added services since the telecommunication industry becomes more competitive nowadays. The

competitive telecommunication industry and complicated calculations for revenue recognition, which highly relies on automatic and systematic connection and implementation, lead the telecommunications and value-added services revenue to be considered as one of the key audit matters.

Corresponding audit procedures:

By conducting compliance tests, we obtained an understanding of the telecommunication revenue recognition process and of the design and execution for relevant controls. We also performed major audit procedures which are as follows:

1. Review the contracts of mobile subscribers to ensure the accuracy of information in the accounting system.
2. Perform dialing tests to verify the completeness of the information in the telephone exchange system.
3. Perform system integration tests from telephone-exchange to telephone traffic.
4. Test for the accuracy of call record charge rates and billing calculations.
5. Verify the accuracy of the billing amounts generated from monthly rentals as well as airtime accounting systems and the transfer to the accounting information system.
6. Select the samples from telecommunications and value-added services revenue and agree to the contracts, bills and records of cash receipts.

#### Sales Revenue

The description of key audit matter:

The Group's another source of operating revenue is generated from the sales through virtual channels, including E-commerce portals, TV shopping channels and catalogues by momo.com Inc. (momo). Due to the nature of momo's core sales, momo offers a wide range of products and services to different customers; the trading quantity is rather high while each transaction is individually low in value and is highly automated through the website and related system. As a result of momo's business model being highly reliant on IT infrastructure and the fact that momo processes, stores and transmits large amounts of data through digital and web-based environment, the risk in revenue recognition is whether the sales amount is transmitted and recorded accurately to the IT system.

Corresponding audit procedures:

By conducting compliance tests, we obtained an understanding of the revenue recognition process and of the design and execution for relevant controls. We also performed major audit procedures which are as follows:

1. Verify the details of invoices in the system to check if the sales amount of each invoice is consistent with its shipping notice and sales order.
2. Confirm the completeness and consistency of transmission through IT system by testing the information transferred from front-end system to general ledger system, and further perform tests on whether the Daily Sales Report in the system is consistent with journal entries of revenue each day.

#### **Other Matter**

We have also audited the parent company only financial statements of Taiwan Mobile Co., Ltd. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the FSC of the ROC, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the audit committee) are responsible for overseeing the Group's financial reporting process.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

As part of an audit in accordance with the Standards on Auditing of the ROC, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 24, 2023

*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 audit such consolidated financial statements are those generally applied in the ROC.*

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

# TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2022		December 31, 2021		LIABILITIES AND EQUITY	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash and cash equivalents (Notes 6 and 29)	\$ 14,934,740	8	\$ 15,402,025	8	Short-term borrowings (Note 17)	\$ 20,550,000	11	\$ 20,510,000	11
Financial assets at fair value through other comprehensive income (Note 7)	249,824	-	268,393	-	Short-term notes and bills payable (Note 17)	3,092,395	2	4,597,793	2
Contract assets (Note 22)	5,092,822	3	4,667,271	2	Contract liabilities (Note 22)	2,079,999	1	1,894,828	1
Notes and accounts receivable, net (Note 8)	7,711,033	4	7,381,414	4	Notes and accounts payable	13,847,707	7	11,618,449	6
Notes and accounts receivable due from related parties (Note 29)	576,760	-	383,074	-	Notes and accounts payable due to related parties (Note 29)	133,150	-	338,560	-
Other receivables (Note 29)	3,359,268	2	2,734,657	2	Other payables (Note 29)	10,373,509	5	11,000,399	6
Inventories (Note 9)	8,101,340	4	6,440,116	4	Current tax liabilities	2,537,557	1	2,549,382	1
Prepayments (Note 29)	572,104	-	527,355	-	Provisions (Note 19)	80,467	-	74,007	-
Other financial assets (Notes 29 and 30)	646,289	-	665,606	-	Lease liabilities (Notes 13, 26 and 29)	3,693,801	2	3,540,466	2
Other current assets	194,920	-	182,127	-	Advance receipts	164,474	-	65,615	-
					Long-term liabilities, current portion (Notes 17 and 18)	9,772,757	5	273,459	-
Total current assets	<u>41,439,100</u>	<u>21</u>	<u>38,652,038</u>	<u>20</u>	Other current liabilities (Note 29)	3,242,300	2	3,023,814	2
					Total current liabilities	<u>69,568,116</u>	<u>36</u>	<u>59,486,772</u>	<u>31</u>
<b>NON-CURRENT ASSETS</b>					<b>NON-CURRENT LIABILITIES</b>				
Financial assets at fair value through profit or loss	1,181,015	-	273,767	-	Contract liabilities (Note 22)	97,845	-	89,480	-
Financial assets at fair value through other comprehensive income (Note 7)	4,786,843	3	3,702,635	2	Bonds payable (Note 18)	31,481,943	16	37,475,497	20
Contract assets (Note 22)	5,397,742	3	5,199,779	3	Long-term borrowings (Note 17)	6,282,531	3	8,556,973	4
Investments accounted for using equity method (Notes 10 and 29)	1,794,033	1	1,880,489	1	Provisions (Note 19)	1,440,590	1	1,392,321	1
Property, plant and equipment (Notes 12 and 29)	44,247,993	23	43,439,740	23	Deferred tax liabilities (Note 24)	1,278,223	1	1,204,261	1
Right-of-use assets (Notes 13 and 29)	9,784,277	5	9,059,855	5	Lease liabilities (Notes 13, 26 and 29)	6,155,641	3	5,552,881	3
Investment properties (Note 14)	2,734,429	2	2,591,691	1	Net defined benefit liabilities (Note 20)	108,631	-	463,562	-
Concessions (Notes 15 and 30)	56,178,122	29	60,493,425	32	Guarantee deposits	1,310,619	1	1,263,822	1
Goodwill (Note 15)	15,819,108	8	15,819,108	8	Other non-current liabilities	2,496,747	1	2,219,960	1
Other intangible assets (Note 15)	4,874,135	3	5,015,030	3	Total non-current liabilities	<u>50,652,770</u>	<u>26</u>	<u>58,218,757</u>	<u>31</u>
Deferred tax assets (Note 24)	575,978	-	709,744	-	Total liabilities	<u>120,220,886</u>	<u>62</u>	<u>117,705,529</u>	<u>62</u>
Incremental costs of obtaining a contract (Note 22)	1,913,755	1	1,828,387	1	<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>				
Other financial assets (Notes 29 and 30)	373,125	-	358,570	-	(Note 21)				
Other non-current assets (Notes 16 and 29)	1,972,011	1	1,958,269	1	Common stock	35,192,336	18	35,135,201	18
Total non-current assets	<u>151,632,566</u>	<u>79</u>	<u>152,330,489</u>	<u>80</u>	Capital collected in advance	-	-	57,135	-
					Capital surplus	15,326,778	8	16,903,239	9
					Retained earnings				
					Legal reserve	32,603,345	17	31,500,472	17
					Special reserve	1,823,415	1	2,449,739	1
					Unappropriated earnings	8,954,012	5	11,028,726	6
					Other equity interests	288,214	-	(1,823,415)	(1)
					Treasury stock	(29,717,344)	(15)	(29,717,344)	(16)
					Total equity attributable to owners of the parent	64,470,756	34	65,533,753	34
					<b>NON-CONTROLLING INTERESTS</b>				
						8,380,024	4	7,743,245	4
					Total equity	<u>72,850,780</u>	<u>38</u>	<u>73,276,998</u>	<u>38</u>
<b>TOTAL</b>	<u>\$ 193,071,666</u>	<u>100</u>	<u>\$ 190,982,527</u>	<u>100</u>	<b>TOTAL</b>	<u>\$ 193,071,666</u>	<u>100</u>	<u>\$ 190,982,527</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 FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 22, 29 and 35)	\$ 172,206,112	100	\$ 156,109,533	100
OPERATING COSTS (Notes 9, 29, 33 and 35)	<u>138,980,890</u>	<u>81</u>	<u>124,734,936</u>	<u>80</u>
GROSS PROFIT FROM OPERATIONS	<u>33,225,222</u>	<u>19</u>	<u>31,374,597</u>	<u>20</u>
OPERATING EXPENSES (Notes 29, 33 and 35)				
Marketing	10,434,740	6	10,007,715	6
Administrative	6,059,250	3	5,530,575	4
Research and development	391,273	-	242,608	-
Expected credit loss	<u>258,214</u>	<u>-</u>	<u>224,659</u>	<u>-</u>
Total operating expenses	<u>17,143,477</u>	<u>9</u>	<u>16,005,557</u>	<u>10</u>
OTHER INCOME AND EXPENSES, NET (Note 29)	<u>810,994</u>	<u>-</u>	<u>684,001</u>	<u>-</u>
OPERATING INCOME (Note 35)	<u>16,892,739</u>	<u>10</u>	<u>16,053,041</u>	<u>10</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	110,440	-	56,370	-
Other income	55,497	-	25,398	-
Other gains and losses, net (Note 23)	(140,445)	-	94,260	-
Finance costs (Note 23)	(737,134)	-	(627,813)	-
Share of profit (loss) of associates accounted for using equity method (Note 10)	<u>10,145</u>	<u>-</u>	<u>(19,681)</u>	<u>-</u>
Total non-operating income and expenses	<u>(701,497)</u>	<u>-</u>	<u>(471,466)</u>	<u>-</u>
PROFIT BEFORE TAX	16,191,242	10	15,581,575	10
INCOME TAX EXPENSE (Note 24)	<u>3,219,830</u>	<u>2</u>	<u>2,756,366</u>	<u>2</u>
NET PROFIT	<u>12,971,412</u>	<u>8</u>	<u>12,825,209</u>	<u>8</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 10, 20, 21 and 24)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurements of defined benefit plans	259,364	-	28,469	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(229,984)	-	679,028	-
Share of other comprehensive loss of associates accounted for using equity method	(24,230)	-	(11,865)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation	31,519	-	(26,698)	-
Share of other comprehensive income (loss) of associates accounted for using equity method	<u>6,030</u>	<u>-</u>	<u>(1,712)</u>	<u>-</u>
Other comprehensive income (after tax)	<u>42,699</u>	<u>-</u>	<u>667,222</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 13,014,111</u>	<u>8</u>	<u>\$ 13,492,431</u>	<u>8</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the parent	\$ 11,025,551	7	\$ 10,988,165	7
Non-controlling interests	<u>1,945,861</u>	<u>1</u>	<u>1,837,044</u>	<u>1</u>
	<u>\$ 12,971,412</u>	<u>8</u>	<u>\$ 12,825,209</u>	<u>8</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the parent	\$ 11,068,344	7	\$ 11,662,701	7
Non-controlling interests	<u>1,945,767</u>	<u>1</u>	<u>1,829,730</u>	<u>1</u>
	<u>\$ 13,014,111</u>	<u>8</u>	<u>\$ 13,492,431</u>	<u>8</u>
EARNINGS PER SHARE (Note 25)				
Basic earnings per share	<u>\$ 3.91</u>		<u>\$ 3.90</u>	
Diluted earnings per share	<u>\$ 3.90</u>		<u>\$ 3.89</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  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)**

	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
Distribution of 2020 earnings												
Legal reserve	-	-	-	1,330,074	-	(1,330,074)	-	-	-	-	-	-
Special reserve	-	-	-	-	2,449,739	(2,449,739)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(9,521,178)	-	-	-	(9,521,178)	-	(9,521,178)
Total distribution of earnings	-	-	-	1,330,074	2,449,739	(13,300,991)	-	-	-	(9,521,178)	-	(9,521,178)
Cash dividends from capital surplus	-	-	(2,577,603)	-	-	-	-	-	-	(2,577,603)	-	(2,577,603)
Profit for the year ended December 31, 2021	-	-	-	-	-	10,988,165	-	-	-	10,988,165	1,837,044	12,825,209
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	28,385	(12,615)	658,766	-	674,536	(7,314)	667,222
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	11,016,550	(12,615)	658,766	-	11,662,701	1,829,730	13,492,431
Conversion of convertible bonds to common stock	10,986	57,135	557,944	-	-	-	-	-	-	626,065	-	626,065
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(2,209)	-	2,209	-	-	-	-
Changes in equity of associates accounted for using equity method	-	-	6,399	-	-	(8,505)	-	849	-	(1,257)	734	(523)
Disposal of investments accounted for using equity method	-	-	(21,913)	-	-	22,885	-	(22,885)	-	(21,913)	(20,968)	(42,881)
Other changes in capital surplus	-	-	1,838	-	-	-	-	-	-	1,838	-	1,838
Cash dividends for non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(770,513)	(770,513)
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	79,150	79,150
BALANCE, DECEMBER 31, 2021	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
Distribution of 2021 earnings												
Legal reserve	-	-	-	1,102,873	-	(1,102,873)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(626,324)	626,324	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(10,551,987)	-	-	-	(10,551,987)	-	(10,551,987)
Total distribution of earnings	-	-	-	1,102,873	(626,324)	(11,028,536)	-	-	-	(10,551,987)	-	(10,551,987)
Cash dividends from capital surplus	-	-	(1,576,086)	-	-	-	-	-	-	(1,576,086)	-	(1,576,086)
Profit for the year ended December 31, 2022	-	-	-	-	-	11,025,551	-	-	-	11,025,551	1,945,861	12,971,412
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	258,116	16,432	(231,755)	-	42,793	(94)	42,699
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	11,283,667	16,432	(231,755)	-	11,068,344	1,945,767	13,014,111
Conversion of convertible bonds to common stock	57,135	(57,135)	-	-	-	-	-	-	-	-	-	-
Transfer and disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(2,326,952)	-	2,326,952	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired	-	-	-	-	-	(2,140)	-	-	-	(2,140)	(3,740)	(5,880)
Changes in equity of associates accounted for using equity method	-	-	-	-	-	(753)	-	-	-	(753)	(684)	(1,437)
Changes in equity associated with non-current assets held for sale	-	-	(2,223)	-	-	-	-	-	-	(2,223)	(2,717)	(4,940)
Other changes in capital surplus	-	-	1,848	-	-	-	-	-	-	1,848	-	1,848
Cash dividends for non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,301,847)	(1,301,847)
BALANCE, DECEMBER 31, 2022	\$ 35,192,336	\$ -	\$ 15,326,778	\$ 32,603,345	\$ 1,823,415	\$ 8,954,012	\$ (27,862)	\$ 316,076	\$(29,717,344)	\$ 64,470,756	\$ 8,380,024	\$ 72,850,780

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

# TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	\$ 16,191,242	\$ 15,581,575
Adjustments for:		
Depreciation expense	12,711,921	12,286,609
Amortization expense	4,775,736	4,780,516
Amortization of incremental costs of obtaining a contract	1,322,091	1,409,231
(Gain) loss on disposal and retirement of property, plant and equipment, net	214,387	(8,690)
Gain on disposal of property, plant and equipment held for sale	(1,014)	-
Expected credit loss	258,214	224,659
Other income and expenses	(473,168)	(222,947)
Finance costs	737,134	627,813
Interest income	(110,440)	(56,370)
Dividend income	(20,041)	(18,864)
Valuation (gain) loss on financial assets at fair value through profit or loss	(2,377)	2,869
Share of (profit) loss of associates accounted for using equity method	(10,145)	19,681
Gain on disposal of investments accounted for using equity method	-	(97,791)
Gain on disposal of investments accounted for using equity method held for sale	(109,805)	-
Impairment loss on non-financial assets	82,231	-
Others	2,464	(2,432)
Changes in operating assets and liabilities		
Contract assets	(628,820)	(1,509,745)
Notes and accounts receivable	(673,591)	(443,784)
Notes and accounts receivable due from related parties	(193,686)	(175,576)
Other receivables	(654,719)	(800,453)
Inventories	(1,661,224)	(673,852)
Prepayments	(139,885)	13,332
Other current assets	(11,995)	(22,608)
Other financial assets	(3,246)	8,409
Incremental costs of obtaining a contract	(1,407,459)	(1,465,734)
Contract liabilities	193,536	(11,208)
Notes and accounts payable	2,229,258	1,992,485
Notes and accounts payable due to related parties	(205,410)	178,004
Other payables	(55,317)	871,255
Provisions	(4,387)	(104,264)
Advance receipts	98,628	(24,767)
Other current liabilities	291,255	121,868
Net defined benefit liabilities	(30,726)	(34,923)
Cash inflows generated from operating activities	32,710,642	32,444,298
Interest received	13,729	13,132
Interest paid	(933)	(910)
Income taxes paid	(3,146,887)	(2,260,978)
Net cash generated from operating activities	<u>29,576,551</u>	<u>30,195,542</u>

(Continued)

## TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	\$ (9,839,436)	\$ (10,433,984)
Acquisition of right-of-use assets	(26,018)	(30,965)
Acquisition of intangible assets	(286,447)	(294,725)
Increase in prepayments for equipment	(335,919)	(441,397)
Proceeds from disposal of property, plant and equipment	9,328	175,694
Proceeds from disposal of property, plant and equipment held for sale	2,715	-
Increase in advance receipts from asset disposals	231	283
Proceeds from disposal of intangible assets	10,000	12,800
Acquisition of financial assets at fair value through profit or loss	(904,871)	(276,636)
Acquisition of financial assets at fair value through other comprehensive income	(1,911,815)	(588,407)
Transfer of financial assets at fair value through other comprehensive income	671,375	-
Disposal of financial assets at fair value through other comprehensive income	2,138	-
Acquisition of investments accounted for using equity method	(308,658)	(424,767)
Disposal of investments accounted for using equity method	667	474,377
Disposal of investments accounted for using equity method held for sale	200,156	-
Proceeds from capital return of investments accounted for using equity method	112,302	-
Other investing activities	829,052	2,152,807
Increase in refundable deposits	(382,773)	(322,609)
Decrease in refundable deposits	278,347	263,500
Increase in other financial assets	(418,192)	(69,286)
Decrease in other financial assets	427,239	69,587
Interest received	91,763	38,525
Received dividends from associate	125,493	39,369
Other dividends received	21,570	17,337
	<u>(11,631,753)</u>	<u>(9,638,497)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	40,000	10,710,000
Decrease in short-term notes and bills payable	(1,508,125)	(9,591,635)
Proceeds from issue of bonds	-	2,496,465
Repayments of bonds	-	(10,700)
Proceeds from long-term borrowings	4,499,798	-
Repayment of long-term borrowings	(3,276,712)	(2,261,757)
Repayment of the principal portion of lease liabilities	(4,106,225)	(3,994,354)
Increase in guarantee deposits received	216,703	227,563
Decrease in guarantee deposits received	(149,954)	(126,475)
Cash dividends paid (including paid to non-controlling interests)	(13,429,860)	(12,869,217)
	<u>(11,631,753)</u>	<u>(9,638,497)</u>

(Continued)

## TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

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	2022	2021
Interest paid	\$ (693,109)	\$ (591,054)
Increase in non-controlling interests	<u>(5,880)</u>	<u>79,150</u>
Net cash used in financing activities	<u>(18,413,364)</u>	<u>(15,932,014)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>1,281</u>	<u>(797)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(467,285)	4,624,234
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>15,402,025</u>	<u>10,777,791</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>\$ 14,934,740</u>	<u>\$ 15,402,025</u>

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

(Concluded)

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**The 2022 Standalone Financial Statements**

**INDEPENDENT AUDITORS' REPORT**

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

**Opinion**

We have audited the accompanying financial statements of Taiwan Mobile Co., Ltd. (TWM), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the related notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of TWM as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

**Basis for Opinion**

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the 2022 financial statements are as follows:

**Telecommunications and Value-added Services Revenue**

The description of key audit matter:

The primary operating revenue sources of TWM is the telecommunications and value-added services revenue. TWM offers more different monthly-fee plans and diversifies the business by innovating value-added services since the telecommunication industry becomes more competitive nowadays. The competitive telecommunication industry and complicated calculations for revenue recognition, which highly relies on automatic and systematic connection and implementation, lead the telecommunications and value-added services revenue to be considered as one of the key audit matters.

Corresponding audit procedures:

By conducting compliance tests, we obtained an understanding of the telecommunication revenue recognition process and of the design and execution for relevant controls. We also performed major audit procedures which are as follows:

1. Review the contracts of mobile subscribers to ensure the accuracy of information in the accounting system.
2. Perform dialing tests to verify the completeness of the information in the telephone exchange system.
3. Perform system integration tests from telephone-exchange to telephone traffic.
4. Test for the accuracy of call record charge rates and billing calculations.
5. Verify the accuracy of the billing amounts generated from monthly rentals as well as airtime accounting systems and the transfer to the accounting information system.
6. Select the samples from telecommunications and value-added services revenue and agree to the contracts, bills and records of cash receipts.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the audit committee) are responsible for overseeing TWM's financial reporting process.

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with the Standards on Auditing of the ROC, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of TWM's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists and is related to events or conditions that may cast significant doubt on TWM's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause TWM to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within TWM to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 24, 2023

Notice to Readers

*The accompanying financial statements are intended only to present the 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 audit such financial statements are those generally applied in the ROC.*

*For the convenience of readers, the independent auditors' report and the accompanying 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 independent auditors' report and financial statements shall prevail.*



**TAIWAN MOBILE CO., LTD.**
**BALANCE SHEETS**

(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2022		December 31, 2021		LIABILITIES AND EQUITY	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash and cash equivalents (Notes 6 and 28)	\$ 2,177,458	1	\$ 1,626,196	1	Short-term borrowings (Notes 16 and 28)	\$ 32,305,000	19	\$ 30,331,000	18
Financial assets at fair value through other comprehensive income (Note 7)	245,607	-	253,214	-	Short-term notes and bills payable (Note 16)	3,092,395	2	4,597,793	3
Contract assets (Note 21)	5,086,808	3	4,661,996	3	Contract liabilities (Note 21)	1,118,225	1	1,066,995	1
Notes and accounts receivable, net (Note 8)	6,073,211	4	5,631,531	3	Accounts payable	1,922,613	1	1,894,432	1
Accounts receivable due from related parties (Note 28)	527,294	-	470,309	-	Accounts payable due to related parties (Note 28)	287,947	-	294,026	-
Other receivables (Note 28)	1,357,557	1	1,184,943	1	Other payables (Note 28)	7,595,865	4	8,060,985	5
Inventories (Note 9)	3,616,363	2	2,704,625	2	Current tax liabilities	904,881	1	931,555	-
Prepayments	281,205	-	239,071	-	Provisions (Note 18)	30,473	-	35,997	-
Other financial assets (Notes 28 and 29)	31,351	-	28,105	-	Lease liabilities (Notes 12, 25 and 28)	3,018,613	2	2,937,829	2
Other current assets	393	-	109	-	Long-term liabilities, current portion (Notes 16 and 17)	9,499,226	5	-	-
Total current assets	<u>19,397,247</u>	<u>11</u>	<u>16,800,099</u>	<u>10</u>	Other current liabilities (Note 28)	<u>2,361,856</u>	<u>1</u>	<u>2,133,401</u>	<u>1</u>
					Total current liabilities	<u>62,137,094</u>	<u>36</u>	<u>52,284,013</u>	<u>31</u>
<b>NON-CURRENT ASSETS</b>					<b>NON-CURRENT LIABILITIES</b>				
Financial assets at fair value through other comprehensive income (Note 7)	1,915,424	1	1,924,203	1	Contract liabilities (Note 21)	60,255	-	60,699	-
Contract assets (Note 21)	5,390,182	3	5,196,115	3	Bonds payable (Note 17)	31,481,943	18	37,475,497	22
Investments accounted for using equity method (Notes 10 and 28)	49,249,451	29	45,950,409	27	Long-term borrowings (Note 16)	4,496,902	3	6,497,809	4
Property, plant and equipment (Note 11)	24,806,240	15	25,967,927	15	Provisions (Note 18)	511,229	-	517,815	-
Right-of-use assets (Notes 12 and 28)	7,968,994	5	7,327,028	5	Deferred tax liabilities (Note 23)	783,982	1	703,734	-
Investment properties (Note 13)	2,922,844	2	2,789,846	2	Lease liabilities (Notes 12, 25 and 28)	4,977,758	3	4,406,338	3
Concessions (Note 14)	49,744,226	29	53,880,810	32	Net defined benefit liabilities (Note 19)	76,985	-	296,667	-
Goodwill (Note 14)	7,121,871	4	7,121,871	4	Guarantee deposits	431,651	-	402,551	-
Other intangible assets (Note 14)	248,785	-	232,048	-	Other non-current liabilities	<u>2,146,910</u>	<u>1</u>	<u>1,803,684</u>	<u>1</u>
Deferred tax assets (Note 23)	346,131	-	435,187	-	Total non-current liabilities	<u>44,967,615</u>	<u>26</u>	<u>52,164,794</u>	<u>30</u>
Incremental costs of obtaining a contract (Note 21)	1,793,461	1	1,710,107	1	Total liabilities	<u>107,104,709</u>	<u>62</u>	<u>104,448,807</u>	<u>61</u>
Other non-current assets (Notes 15, 28 and 29)	670,609	-	646,910	-	<b>EQUITY (Note 20)</b>				
Total non-current assets	<u>152,178,218</u>	<u>89</u>	<u>153,182,461</u>	<u>90</u>	Common stock	35,192,336	21	35,135,201	21
					Capital collected in advance	-	-	57,135	-
					Capital surplus	15,326,778	9	16,903,239	10
					Retained earnings				
					Legal reserve	32,603,345	19	31,500,472	19
					Special reserve	1,823,415	1	2,449,739	1
					Unappropriated earnings	8,954,012	5	11,028,726	6
					Other equity interests	288,214	-	(1,823,415)	(1)
					Treasury stock	<u>(29,717,344)</u>	<u>(17)</u>	<u>(29,717,344)</u>	<u>(17)</u>
					Total equity	<u>64,470,756</u>	<u>38</u>	<u>65,533,753</u>	<u>39</u>
<b>TOTAL</b>	<u>\$ 171,575,465</u>	<u>100</u>	<u>\$ 169,982,560</u>	<u>100</u>	<b>TOTAL</b>	<u>\$ 171,575,465</u>	<u>100</u>	<u>\$ 169,982,560</u>	<u>100</u>

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

**TAIWAN MOBILE CO., LTD.**

**STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)**

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 21 and 28)	\$ 61,027,806	100	\$ 59,844,804	100
OPERATING COSTS (Notes 9, 28 and 32)	<u>46,231,648</u>	<u>76</u>	<u>44,797,460</u>	<u>75</u>
GROSS PROFIT FROM OPERATIONS, NET	<u>14,796,158</u>	<u>24</u>	<u>15,047,344</u>	<u>25</u>
OPERATING EXPENSES (Notes 28 and 32)				
Marketing	6,568,252	11	6,666,554	11
Administrative	2,798,333	5	2,889,750	5
Research and development	149,108	-	31,904	-
Expected credit loss	<u>255,814</u>	<u>-</u>	<u>224,288</u>	<u>-</u>
Total operating expenses	<u>9,771,507</u>	<u>16</u>	<u>9,812,496</u>	<u>16</u>
OTHER INCOME AND EXPENSES, NET (Note 28)	<u>612,089</u>	<u>1</u>	<u>585,942</u>	<u>1</u>
OPERATING INCOME	<u>5,636,740</u>	<u>9</u>	<u>5,820,790</u>	<u>10</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	22,032	-	5,929	-
Other income	36,864	-	12,900	-
Other gains and losses, net (Note 22)	(246,898)	-	(15,325)	-
Finance costs (Notes 22 and 28)	(755,256)	(1)	(646,976)	(1)
Share of profit of subsidiaries and associates accounted for using equity method (Note 10)	<u>7,239,387</u>	<u>12</u>	<u>6,493,099</u>	<u>11</u>
Total non-operating income and expenses	<u>6,296,129</u>	<u>11</u>	<u>5,849,627</u>	<u>10</u>
PROFIT BEFORE TAX	11,932,869	20	11,670,417	20
INCOME TAX EXPENSE (Note 23)	<u>907,318</u>	<u>2</u>	<u>682,252</u>	<u>2</u>
NET PROFIT	<u>11,025,551</u>	<u>18</u>	<u>10,988,165</u>	<u>18</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 10, 19, 20 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurements of defined benefit plans	162,294	-	7,213	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	175,367	-	135,246	-
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	(311,300)	-	544,692	1
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	<u>16,432</u>	<u>-</u>	<u>(12,615)</u>	<u>-</u>
Other comprehensive income (after tax)	<u>42,793</u>	<u>-</u>	<u>674,536</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 11,068,344</u>	<u>18</u>	<u>\$ 11,662,701</u>	<u>19</u>
EARNINGS PER SHARE (Note 24)				
Basic earnings per share	<u>\$ 3.91</u>		<u>\$ 3.90</u>	
Diluted earnings per share	<u>\$ 3.90</u>		<u>\$ 3.89</u>	

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

**TAIWAN MOBILE CO., LTD.**
**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)**

	Common Stock	Capital Collected in Advance	Capital Surplus	Retained Earnings			Other Equity Interests		Treasury Stock	Total Equity
				Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
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
Distribution of 2020 earnings										
Legal reserve	-	-	-	1,330,074	-	(1,330,074)	-	-	-	-
Special reserve	-	-	-	-	2,449,739	(2,449,739)	-	-	-	-
Cash dividends	-	-	-	-	-	(9,521,178)	-	-	-	(9,521,178)
Total distribution of earnings	-	-	-	1,330,074	2,449,739	(13,300,991)	-	-	-	(9,521,178)
Cash dividends from capital surplus	-	-	(2,577,603)	-	-	-	-	-	-	(2,577,603)
Profit for the year ended December 31, 2021	-	-	-	-	-	10,988,165	-	-	-	10,988,165
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	28,385	(12,615)	658,766	-	674,536
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	11,016,550	(12,615)	658,766	-	11,662,701
Conversion of convertible bonds to common stock	10,986	57,135	557,944	-	-	-	-	-	-	626,065
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(2,209)	-	2,209	-	-
Changes in equity of associates accounted for using equity method	-	-	6,399	-	-	(8,505)	-	849	-	(1,257)
Disposal of investments accounted for using equity method	-	-	(21,913)	-	-	22,885	-	(22,885)	-	(21,913)
Other changes in capital surplus	-	-	1,838	-	-	-	-	-	-	1,838
BALANCE, DECEMBER 31, 2021	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
Distribution of 2021 earnings										
Legal reserve	-	-	-	1,102,873	-	(1,102,873)	-	-	-	-
Reversal of special reserve	-	-	-	-	(626,324)	626,324	-	-	-	-
Cash dividends	-	-	-	-	-	(10,551,987)	-	-	-	(10,551,987)
Total distribution of earnings	-	-	-	1,102,873	(626,324)	(11,028,536)	-	-	-	(10,551,987)
Cash dividends from capital surplus	-	-	(1,576,086)	-	-	-	-	-	-	(1,576,086)
Profit for the year ended December 31, 2022	-	-	-	-	-	11,025,551	-	-	-	11,025,551
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	258,116	16,432	(231,755)	-	42,793
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	11,283,667	16,432	(231,755)	-	11,068,344
Conversion of convertible bonds to common stock	57,135	(57,135)	-	-	-	-	-	-	-	-
Transfer and disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(2,326,952)	-	2,326,952	-	-
Difference between consideration and carrying amount of subsidiaries acquired	-	-	-	-	-	(2,140)	-	-	-	(2,140)
Changes in equity of associates accounted for using equity method	-	-	-	-	-	(753)	-	-	-	(753)
Changes in equity associated with non-current assets held for sale	-	-	(2,223)	-	-	-	-	-	-	(2,223)
Other changes in capital surplus	-	-	1,848	-	-	-	-	-	-	1,848
BALANCE, DECEMBER 31, 2022	\$ 35,192,336	\$ -	\$ 15,326,778	\$ 32,603,345	\$ 1,823,415	\$ 8,954,012	\$ (27,862)	\$ 316,076	\$ (29,717,344)	\$ 64,470,756

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

# TAIWAN MOBILE CO., LTD.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	\$ 11,932,869	\$ 11,670,417
Adjustments for:		
Share of profit of subsidiaries and associates accounted for using equity method	(7,239,387)	(6,493,099)
Depreciation expense	9,382,810	9,243,700
Amortization expense	4,348,013	4,355,353
Amortization of incremental costs of obtaining a contract	1,200,756	1,302,825
Loss on disposal and retirement of property, plant and equipment, net	222,543	24,041
Gain on disposal of property, plant and equipment held for sale	(1,014)	-
Gain on disposal of investments accounted for using equity method	-	(29)
Expected credit loss	255,814	224,288
Other income and expenses	(462,936)	(217,817)
Finance costs	755,256	646,976
Interest income	(22,032)	(5,929)
Dividend income	(10,016)	(9,359)
Others	(3,320)	(2,283)
Changes in operating assets and liabilities		
Contract assets	(624,185)	(1,508,966)
Notes and accounts receivable	(696,114)	(588,351)
Accounts receivable due from related parties	(56,985)	17,061
Other receivables	(209,506)	(11,196)
Inventories	(911,738)	(336,609)
Prepayments	(55,569)	23,333
Other current assets	(284)	(75)
Other financial assets	(3,246)	8,409
Incremental costs of obtaining a contract	(1,284,110)	(1,341,309)
Contract liabilities	50,786	(64,091)
Accounts payable	28,181	72,260
Accounts payable due to related parties	(6,079)	79,255
Other payables	(92,297)	431,357
Provisions	(30,706)	(134,544)
Other current liabilities	228,455	(9,593)
Net defined benefit liabilities	(16,815)	(17,023)
Cash inflows generated from operating activities	16,679,144	17,359,002
Interest received	2,542	1,160
Interest paid	(275)	(275)
Income taxes paid	(909,884)	(908,227)
Net cash generated from operating activities	<u>15,771,527</u>	<u>16,451,660</u>

(Continued)

# TAIWAN MOBILE CO., LTD.

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	\$ (5,517,350)	\$ (7,757,835)
Acquisition of right-of-use assets	(25,108)	(30,197)
Acquisition of intangible assets	(145,231)	(153,295)
Increase in prepayments for equipment	(75,539)	(122,603)
Proceeds from disposal of property, plant and equipment	295	127,380
Proceeds from disposal of property, plant and equipment held for sale	2,715	-
Proceeds from disposal of intangible assets	10,000	12,800
Cash outflow on acquisition of subsidiaries	(2,130,000)	(570,000)
Acquisition of financial assets at fair value through other comprehensive income	(375,000)	-
Transfer of financial assets at fair value through other comprehensive income	671,375	-
Disposal of investments accounted for using equity method	667	7,830
Other investing activities	822,538	2,140,688
Increase in refundable deposits	(148,123)	(152,556)
Decrease in refundable deposits	133,128	132,812
Interest received	16,713	1,657
Dividends received from subsidiaries	5,770,361	7,137,500
Other dividends received	<u>10,016</u>	<u>9,359</u>
Net cash generated from (used in) investing activities	<u>(978,543)</u>	<u>783,540</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	500,000	9,000,000
Borrowings from related parties	15,791,000	15,496,000
Repayments of borrowings from related parties	(14,317,000)	(16,435,000)
Decrease in short-term notes and bills payable	(1,508,125)	(9,591,635)
Proceeds from issue of bonds	-	2,496,465
Repayments of bonds	-	(10,700)
Proceeds from long-term borrowings	4,499,798	-
Repayment of long-term borrowings	(3,002,712)	(2,007,757)
Repayment of the principal portion of lease liabilities	(3,386,907)	(3,394,255)
Increase in guarantee deposits received	93,587	82,292
Decrease in guarantee deposits received	(66,229)	(52,050)
Cash dividends paid	(12,128,013)	(12,098,704)
Interest paid	<u>(717,121)</u>	<u>(635,839)</u>
Net cash used in financing activities	<u>(14,241,722)</u>	<u>(17,151,183)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	551,262	84,017
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<u>1,626,196</u>	<u>1,542,179</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<u>\$ 2,177,458</u>	<u>\$ 1,626,196</u>

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

(Concluded)

**Taiwan Mobile Co., Ltd.**  
**2022 Earnings Distribution Proposal**

Unit: NT\$

Item	Amount
Unappropriated retained earnings as of December 31, 2021	<b>190,220</b>
Actuarial gains of 2022	258,116,420
Adjustments due to investments accounted for using equity method	(2,893,174)
Transfer and disposal of investments in equity instruments designated as at fair value through other comprehensive income	(2,326,951,779)
Unappropriated retained earnings - Adjusted	<b>(2,071,538,313)</b>
Net income of 2022	11,025,550,663
Legal reserve appropriation (10%)	(895,382,213)
Reversal of special reserve	1,823,415,136
Retained earnings available for distribution	<b>9,882,045,273</b>
Appropriation:	
Cash dividends <sup>1</sup>	(9,881,840,743)
Balance of unappropriated retained earnings	<b>204,530</b>

Note 1: Refer to the second proposed resolution regarding the distribution of the 2022 retained earnings.



### Rules for Election of the Directors

- Article 1** These Regulations are duly enacted in accordance with Article 21 of the “Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies” in an effort to incorporate a fair, just, and open procedure for the election of directors.
- Article 2** The election of the Company’s directors, unless otherwise provided in the applicable laws, regulations, or the Articles of Incorporation, shall be conducted in accordance with these Regulations.
- Article 3** The election of the Company’s directors shall take into account the arrangement of the board of directors. The board members shall have the necessary knowledge, skill, and experience for performing their duties. The board of directors shall have the following abilities:
1. Judgment on operations
  2. Accounting and financial analysis
  3. Business management
  4. Crisis management
  5. Industrial knowledge
  6. Global view
  7. Leadership
  8. Decision making
- Article 4** (Delete)
- Article 5** The independent directors of the Company shall meet one of the following professional qualification requirements, together with at least five years working experience:
1. An instructor or higher in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college, or university;
  2. A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company.
  3. Working experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company.

A person to whom any of the following circumstances applies may not serve as an independent director, or if already serving in such capacity, shall ipso facto be dismissed:

1. Any of the circumstances in the subparagraphs of Article 30 of the Company Act.
2. Elected in the capacity of the government, a juristic person, or a representative thereof, as provided in Article 27 of the Company Act.
3. Any violation of the independent director qualification requirements set out in the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”.

**Article 6** Within the scope of execution of business, an independent director of the Company shall maintain independence, and may not have any direct or indirect interest in the Company. Two years before being elected or during the term of office, an independent director of the Company shall not have been or be any of the following:

1. An employee of the Company or any of its affiliates.
2. A director or supervisor of the Company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the company holds, directly or indirectly, more than 50 percent of the voting shares.
3. A natural-person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held by the person under other names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.
4. A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
5. A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under Article 27, paragraph 1 or 2 of the Company Act.
6. If a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company.
7. If the chairperson, president, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.
8. A director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company.
9. A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this



restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

Subparagraph 2 and subparagraphs 5 to 7 of the preceding paragraph do not apply to independent directors appointed in accordance with the Securities and Exchange Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.

The paragraph 1 in relation to "two years before being elected" does not apply where an independent director of the Company has served as an independent director of the company or any of its affiliates, or of a specified company or institution that has a financial or business relationship with the company, as stated in subparagraph 2 or 8 of the paragraph 1, but is currently no longer in that position.

No independent director of the Company may concurrently serve as an independent director of more than three other public companies.

**Article 7** The election of the directors of the Company is subject to the provisions of Article 192-1 of the Company Act in that a candidate nomination system shall be adopted, that such system shall be expressly stated in the Articles of Incorporation of the Company, and that shareholders shall elect directors from among those listed in the slate of director candidates.

The Company shall, prior to the book closure date before the convening of the shareholders' meeting, publish a notice specifying a period for receiving nominations of the director candidates, the number of directors to be elected, the place for receiving such nominations, and other necessary matters; the period for receiving nominations shall be no less than 10 days.

The Company may present a slate of director candidates nominated by the methods set out below, and, upon evaluation by the board of directors that all candidates so nominated are qualified director candidates, submit it to the shareholders' meeting for elections:

1. A shareholder holding one percent or more of the total number of issued shares may present a slate of director candidates in writing to the Company; the number of nominees may not exceed the number of directors to be elected.
2. The board of directors presents a slate of director candidates; the number of nominees may not exceed the number of directors to be elected.
3. Other methods designated by the authority.

When providing a recommended slate of director candidates under the preceding paragraph, a shareholder or the board of directors shall specify each nominee's name, educational background, working experience, and submit therewith documentation that the nominees meet the requirements of Article 5, paragraph 1, and Article 6, and other documentary proof.

When calling a shareholders' meeting for the purpose of director elections, the board of

directors, or other person having the authority to call a shareholders' meeting, shall review the qualifications of each director nominee; except under any of the following circumstances, all qualified nominees shall be included in the slate of director candidates:

1. The nominating shareholder submits the nomination at a time not within the published period for receiving nominations.
2. The shareholding of the nominating shareholder holds less than one percent, at the time of book closure, of the Company under Article 165, paragraph 2 or 3 of the Company Act.
3. The number of nominees exceeds the number of directors to be elected.
4. The relevant documentary proof required under the preceding paragraph is not attached.

The procedure of reviewing the director nominees shall be recorded and retained for at least one year. However, if any shareholder files a lawsuit regarding the election of the directors, the record shall be retained until the lawsuit ends.

The Company shall, forty days prior to the shareholders' meeting date or twenty-five days prior to the extra-ordinary shareholders' meeting date, announce publicly the recommended slate of director candidates and each nominee's name, educational background, working experience, and the amount of shares each nominee owns. The Company shall also inform the result of review to the nominating shareholder and, for the nominee(s) not included in the slate of directors, the Company shall provide the reasons.

**Article 8** The Company's directors shall be elected by means of single-named cumulative ballots method. Each share is entitled to have votes equivalent to the number of directors to be elected, and the number of votes may be used to elect one candidate or be allocated among several candidates.

**Article 9** According to the seats set forth in the Articles of Incorporation, the voting rights for the independent directors or non-independent directors shall be counted separately. In the election of the directors, the candidates who acquired more votes should win the seats; and, if two or more persons receive the same number of votes, resulting in the total number of persons to be elected exceeding the number specified in the Company's Articles of Incorporation, those persons who have received the same number of votes shall draw straws to decide who is elected. If any person who has received the same number of votes as others, but is absent at the meeting, the Chairman shall draw the straw on the absent person's behalf.

**Article 10** Before beginning of the election, the Chairman shall designate a certain number of persons who are also shareholders to check, count ballots and perform the relevant duties. The ballot box used for voting shall be prepared by the board of directors and checked in public by the person assigned to check the ballots before voting.

**Article 11** The Board of Directors shall prepare the election ballots which equal to the number of

directors to be elected with the number of voting rights. The ballots shall be given to the shareholders present at the shareholders' meeting. In the election of directors, the names of the voters may be represented by their shareholder number.

**Article 12** If the candidate is a shareholder of this Company, electors shall fill in the "candidate" column the candidate's name and shareholder's number on each ballot. If the candidate is not a shareholder, electors shall fill in the candidate's name and ID number. If the candidate is a government agency or a legal entity, the full name of the government agency or the legal entity or the name of the representative should be filled in the column. If there are more than one representative, the full names of the representatives should be filled in separately.

**Article 13** A ballot shall be construed as null and void under the following conditions:

1. The elector has failed to use the ballot prepared by the board of directors.
2. Blank ballots not completed by the voter.
3. The writing is unclear and illegible.
4. If the candidate is a shareholder of the Company, the name or shareholder's number of the candidate filled in the ballot is inconsistent with the shareholders' register. If the candidate is not a shareholder of this Company, the name or ID number of the candidate filled in the ballot is incorrect.
5. Ballots with other written characters in addition to candidate's name, shareholder's number (ID number) and the number of votes cast for the candidate.
6. The name of the candidates filled in the ballots being the same as another candidate's name and the respective shareholder's numbers (ID numbers) not being indicated to distinguish them.

**Article 14** The ballots should be calculated during the meeting right after the voting and the results (the list of new directors) of the election should be announced by the Chairman at the meeting.

**Article 15** These Regulations shall be effective from the date they are approved in the shareholder's meeting. The same applies to amendments.