

Taiwan Mobile Co., Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2022 and 2021 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Taiwan Mobile Co., Ltd. and its subsidiaries (collectively, the "Group") as of September 30, 2022 and 2021, the consolidated statements of comprehensive income for the three months and the nine months ended September 30, 2022 and 2021, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2022 and 2021, and of its consolidated financial performance for the three months ended September 30, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the nine months then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 10, 2022

Notice to Readers

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

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2022 (Reviewed)		December 31, 2021 (Audited)		September 30, 2021 (Reviewed)		LIABILITIES AND EQUITY	September 30, 2022 (Reviewed)		December 31, 2021 (Audited)		September 30, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							CURRENT LIABILITIES						
Cash and cash equivalents (Notes 6 and 29)	\$ 11,792,915	6	\$ 15,402,025	8	\$ 12,665,369	7	Short-term borrowings (Note 17)	\$ 23,470,000	12	\$ 20,510,000	11	\$ 22,350,000	12
Financial assets at fair value through other comprehensive income (Note 7)	253,910	-	268,393	-	259,353	-	Short-term notes and bills payable (Note 17)	1,998,076	1	4,597,793	2	6,297,432	3
Contract assets (Note 22)	4,941,806	3	4,667,271	2	4,421,801	2	Contract liabilities (Note 22)	1,779,838	1	1,894,828	1	1,735,296	1
Notes and accounts receivable, net (Note 8)	7,357,583	4	7,381,414	4	7,153,102	4	Notes and accounts payable	13,737,654	7	11,618,449	6	11,872,799	6
Notes and accounts receivable due from related parties (Note 29)	493,012	-	383,074	-	383,945	-	Notes and accounts payable due to related parties (Note 29)	236,749	-	338,560	-	325,273	-
Other receivables (Note 29)	2,437,475	1	2,734,657	2	1,937,216	1	Other payables (Note 29)	8,594,048	5	11,000,399	6	9,136,680	5
Inventories (Note 9)	7,448,743	4	6,440,116	4	6,274,532	3	Current tax liabilities	1,712,152	1	2,549,382	1	1,812,314	1
Prepayments (Note 29)	819,309	1	527,355	-	760,761	1	Provisions (Note 19)	66,457	-	74,007	-	67,401	-
Other financial assets (Notes 29 and 30)	738,768	-	665,606	-	663,538	-	Lease liabilities (Notes 13, 26 and 29)	3,738,280	2	3,540,466	2	3,585,927	2
Other current assets	149,349	-	182,127	-	128,481	-	Long-term liabilities, current portion (Notes 17 and 18)	6,252,834	3	273,459	-	837,913	1
Total current assets	<u>36,432,870</u>	<u>19</u>	<u>38,652,038</u>	<u>20</u>	<u>34,648,098</u>	<u>18</u>	Other current liabilities (Note 29)	<u>3,181,196</u>	<u>2</u>	<u>3,089,429</u>	<u>2</u>	<u>3,246,296</u>	<u>2</u>
							Total current liabilities	<u>64,767,284</u>	<u>34</u>	<u>59,486,772</u>	<u>31</u>	<u>61,267,331</u>	<u>33</u>
NON-CURRENT ASSETS							NON-CURRENT LIABILITIES						
Financial assets at fair value through profit or loss	1,061,602	1	273,767	-	36,557	-	Contract liabilities (Note 22)	102,150	-	89,480	-	89,895	-
Financial assets at fair value through other comprehensive income (Note 7)	4,439,257	2	3,702,635	2	3,534,785	2	Bonds payable (Note 18)	31,480,723	17	37,475,497	20	37,473,965	20
Contract assets (Note 22)	5,281,303	3	5,199,779	3	5,003,549	3	Long-term borrowings (Note 17)	9,873,181	5	8,556,973	4	8,627,560	4
Investments accounted for using equity method (Notes 10 and 29)	1,646,581	1	1,880,489	1	1,720,813	1	Provisions (Note 19)	1,442,439	1	1,392,321	1	1,482,671	1
Property, plant and equipment (Notes 12 and 29)	44,386,553	24	43,439,740	23	43,679,063	23	Deferred tax liabilities	1,236,167	1	1,204,261	1	1,156,903	1
Right-of-use assets (Notes 13 and 29)	10,218,121	6	9,059,855	5	9,152,625	5	Lease liabilities (Notes 13, 26 and 29)	6,509,715	3	5,552,881	3	5,590,377	3
Investment properties (Note 14)	2,614,910	1	2,591,691	1	2,612,460	1	Net defined benefit liabilities	438,769	-	463,562	-	506,527	-
Concessions (Notes 15 and 30)	57,256,947	30	60,493,425	32	61,572,250	33	Guarantee deposits	1,274,786	1	1,263,822	1	1,225,937	1
Goodwill (Note 15)	15,819,108	8	15,819,108	8	15,819,108	8	Other non-current liabilities	<u>2,600,258</u>	<u>1</u>	<u>2,219,960</u>	<u>1</u>	<u>518,644</u>	<u>-</u>
Other intangible assets (Note 15)	4,881,667	3	5,015,030	3	5,040,336	3	Total non-current liabilities	<u>54,958,188</u>	<u>29</u>	<u>58,218,757</u>	<u>31</u>	<u>56,672,479</u>	<u>30</u>
Deferred tax assets	637,224	-	709,744	-	720,398	1	Total liabilities	<u>119,725,472</u>	<u>63</u>	<u>117,705,529</u>	<u>62</u>	<u>117,939,810</u>	<u>63</u>
Incremental costs of obtaining a contract (Note 22)	1,863,738	1	1,828,387	1	1,766,592	1	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Note 21)						
Other financial assets (Notes 29 and 30)	372,906	-	358,570	-	356,141	-	Common stock	35,192,336	19	35,135,201	18	35,124,215	19
Other non-current assets (Notes 16 and 29)	<u>2,121,075</u>	<u>1</u>	<u>1,958,269</u>	<u>1</u>	<u>1,839,566</u>	<u>1</u>	Capital collected in advance	-	-	57,135	-	10,986	-
Total non-current assets	<u>152,600,992</u>	<u>81</u>	<u>152,330,489</u>	<u>80</u>	<u>152,854,243</u>	<u>82</u>	Capital surplus	15,324,930	8	16,903,239	9	16,434,197	9
							Retained earnings						
							Legal reserve	32,603,345	17	31,500,472	17	31,500,472	17
							Special reserve	1,823,415	1	2,449,739	1	2,449,739	1
							Unappropriated earnings	6,228,538	3	11,028,726	6	8,526,682	4
							Other equity interests	39,859	-	(1,823,415)	(1)	(1,932,150)	(1)
							Treasury stock	<u>(29,717,344)</u>	<u>(15)</u>	<u>(29,717,344)</u>	<u>(16)</u>	<u>(29,717,344)</u>	<u>(16)</u>
							Total equity attributable to owners of the parent	61,495,079	33	65,533,753	34	62,396,797	33
							NON-CONTROLLING INTERESTS	<u>7,813,311</u>	<u>4</u>	<u>7,743,245</u>	<u>4</u>	<u>7,165,734</u>	<u>4</u>
							Total equity	<u>69,308,390</u>	<u>37</u>	<u>73,276,998</u>	<u>38</u>	<u>69,562,531</u>	<u>37</u>
TOTAL	<u>\$ 189,033,862</u>	<u>100</u>	<u>\$ 190,982,527</u>	<u>100</u>	<u>\$ 187,502,341</u>	<u>100</u>	TOTAL	<u>\$ 189,033,862</u>	<u>100</u>	<u>\$ 190,982,527</u>	<u>100</u>	<u>\$ 187,502,341</u>	<u>100</u>

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUES (Notes 22, 29 and 35)	\$ 40,468,193	100	\$ 37,389,642	100	\$121,604,923	100	\$111,123,426	100
OPERATING COSTS (Notes 9, 29, 33 and 35)	<u>32,501,563</u>	<u>80</u>	<u>29,575,930</u>	<u>79</u>	<u>97,341,579</u>	<u>80</u>	<u>87,894,216</u>	<u>79</u>
GROSS PROFIT FROM OPERATIONS	<u>7,966,630</u>	<u>20</u>	<u>7,813,712</u>	<u>21</u>	<u>24,263,344</u>	<u>20</u>	<u>23,229,210</u>	<u>21</u>
OPERATING EXPENSES (Notes 29, 33 and 35)								
Marketing	2,457,221	6	2,352,855	6	7,444,757	6	7,142,290	6
Administrative	1,474,475	4	1,361,128	4	4,384,509	4	4,005,409	4
Research and development	111,975	-	60,404	-	267,425	-	177,634	-
Expected credit loss	<u>53,301</u>	<u>-</u>	<u>53,118</u>	<u>-</u>	<u>190,744</u>	<u>-</u>	<u>178,035</u>	<u>-</u>
Total operating expenses	<u>4,096,972</u>	<u>10</u>	<u>3,827,505</u>	<u>10</u>	<u>12,287,435</u>	<u>10</u>	<u>11,503,368</u>	<u>10</u>
OTHER INCOME AND EXPENSES, NET (Note 29)	<u>207,696</u>	<u>-</u>	<u>231,682</u>	<u>-</u>	<u>594,235</u>	<u>-</u>	<u>389,277</u>	<u>-</u>
OPERATING INCOME (Note 35)	<u>4,077,354</u>	<u>10</u>	<u>4,217,889</u>	<u>11</u>	<u>12,570,144</u>	<u>10</u>	<u>12,115,119</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income	21,185	-	14,176	-	58,924	-	41,024	-
Other income	13,931	-	20,017	-	26,895	-	22,610	-
Other gains and losses, net (Note 23)	155,095	-	(32,957)	-	146,422	-	119,386	-
Finance costs (Note 23)	(196,167)	-	(155,279)	-	(515,566)	-	(463,057)	-
Share of profit (loss) of associates accounted for using equity method	<u>13,395</u>	<u>-</u>	<u>(6,726)</u>	<u>-</u>	<u>50,877</u>	<u>-</u>	<u>(8,848)</u>	<u>-</u>
Total non-operating income and expenses	<u>7,439</u>	<u>-</u>	<u>(160,769)</u>	<u>-</u>	<u>(232,448)</u>	<u>-</u>	<u>(288,885)</u>	<u>-</u>
PROFIT BEFORE TAX	4,084,793	10	4,057,120	11	12,337,696	10	11,826,234	11
INCOME TAX EXPENSE (Note 24)	<u>813,555</u>	<u>2</u>	<u>826,959</u>	<u>2</u>	<u>2,414,130</u>	<u>2</u>	<u>1,993,784</u>	<u>2</u>
NET PROFIT	<u>3,271,238</u>	<u>8</u>	<u>3,230,161</u>	<u>9</u>	<u>9,923,566</u>	<u>8</u>	<u>9,832,450</u>	<u>9</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 21 and 24)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	92,067	-	(76,024)	-	(475,345)	-	561,330	-
Share of other comprehensive income (loss) of associates accounted for using equity method	(8,275)	-	12,592	-	(16,154)	-	23,059	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation	10,443	-	(10,060)	-	34,272	-	(34,908)	-
Share of other comprehensive income (loss) of associates accounted for using equity method	<u>179</u>	<u>-</u>	<u>1,163</u>	<u>-</u>	<u>1,157</u>	<u>-</u>	<u>(1,221)</u>	<u>-</u>
Other comprehensive income (loss) (after tax)	<u>94,414</u>	<u>-</u>	<u>(72,329)</u>	<u>-</u>	<u>(456,070)</u>	<u>-</u>	<u>548,260</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 3,365,652</u>	<u>8</u>	<u>\$ 3,157,832</u>	<u>9</u>	<u>\$ 9,467,496</u>	<u>8</u>	<u>\$ 10,380,710</u>	<u>9</u>
NET PROFIT ATTRIBUTABLE TO:								
Owners of the parent	\$ 2,838,983	7	\$ 2,837,196	8	\$ 8,555,924	7	\$ 8,509,716	8
Non-controlling interests	<u>432,255</u>	<u>1</u>	<u>392,965</u>	<u>1</u>	<u>1,367,642</u>	<u>1</u>	<u>1,322,734</u>	<u>1</u>
	<u>\$ 3,271,238</u>	<u>8</u>	<u>\$ 3,230,161</u>	<u>9</u>	<u>\$ 9,923,566</u>	<u>8</u>	<u>\$ 9,832,450</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the parent	\$ 2,932,923	7	\$ 2,766,537	8	\$ 8,092,182	7	\$ 9,049,342	8
Non-controlling interests	<u>432,729</u>	<u>1</u>	<u>391,295</u>	<u>1</u>	<u>1,375,314</u>	<u>1</u>	<u>1,331,368</u>	<u>1</u>
	<u>\$ 3,365,652</u>	<u>8</u>	<u>\$ 3,157,832</u>	<u>9</u>	<u>\$ 9,467,496</u>	<u>8</u>	<u>\$ 10,380,710</u>	<u>9</u>
EARNINGS PER SHARE (Note 25)								
Basic earnings per share	<u>\$ 1.00</u>		<u>\$ 1.00</u>		<u>\$ 3.03</u>		<u>\$ 3.02</u>	
Diluted earnings per share	<u>\$ 1.00</u>		<u>\$ 1.00</u>		<u>\$ 3.03</u>		<u>\$ 3.01</u>	

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Equity Attributable to Owners of the Parent						Other Equity Interests		Treasury Stock	Total	Non-controlling Interests	Total Equity
	Common Stock	Capital Collected in Advance	Capital Surplus	Retained Earnings			Exchange Differences on Translation	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
				Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE, JANUARY 1, 2021	\$ 35,124,215	\$ -	\$ 18,936,574	\$ 30,170,398	\$ -	\$ 13,300,996	\$ (31,679)	\$ (2,418,060)	\$(29,717,344)	\$ 65,365,100	\$ 6,625,112	\$ 71,990,212
Distribution of 2020 earnings	-	-	-	1,330,074	-	(1,330,074)	-	-	-	-	-	-
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 nine months ended September 30, 2021	-	-	-	-	-	8,509,716	-	-	-	8,509,716	1,322,734	9,832,450
Other comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	-	-	-	(16,691)	556,317	-	539,626	8,634	548,260
Total comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	-	-	8,509,716	(16,691)	556,317	-	9,049,342	1,331,368	10,380,710
Conversion of convertible bonds to common stock	-	10,986	90,817	-	-	-	-	-	-	101,803	-	101,803
Changes in equity of associates accounted for using equity method	-	-	6,322	-	-	(5,924)	-	848	-	1,246	735	1,981
Disposal of investments accounted for using equity method	-	-	(21,913)	-	-	22,885	-	(22,885)	-	(21,913)	(20,968)	(42,881)
Cash dividends for non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(770,513)	(770,513)
BALANCE, SEPTEMBER 30, 2021	\$ 35,124,215	\$ 10,986	\$ 16,434,197	\$ 31,500,472	\$ 2,449,739	\$ 8,526,682	\$ (48,370)	\$ (1,883,780)	\$(29,717,344)	\$ 62,396,797	\$ 7,165,734	\$ 69,562,531
BALANCE, JANUARY 1, 2022	\$ 35,135,201	\$ 57,135	\$ 16,903,239	\$ 31,500,472	\$ 2,449,739	\$ 11,028,726	\$ (44,294)	\$ (1,779,121)	\$(29,717,344)	\$ 65,533,753	\$ 7,743,245	\$ 73,276,998
Distribution of 2021 earnings	-	-	-	1,102,873	-	(1,102,873)	-	-	-	-	-	-
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 nine months ended September 30, 2022	-	-	-	-	-	8,555,924	-	-	-	8,555,924	1,367,642	9,923,566
Other comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	-	165	15,527	(479,434)	-	(463,742)	7,672	(456,070)
Total comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	-	8,556,089	15,527	(479,434)	-	8,092,182	1,375,314	9,467,496
Conversion of convertible bonds to common stock	57,135	(57,135)	-	-	-	-	-	-	-	-	-	-
Transfer of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(2,308,625)	-	2,308,625	-	-	-	-
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by associates	-	-	-	-	-	(18,556)	-	18,556	-	-	-	-
Changes in equity of associates accounted for using equity method	-	-	-	-	-	(560)	-	-	-	(560)	(684)	(1,244)
Changes in equity associated with non-current assets held for sale	-	-	(2,223)	-	-	-	-	-	-	(2,223)	(2,717)	(4,940)
Cash dividends for non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,301,847)	(1,301,847)
BALANCE, SEPTEMBER 30, 2022	\$ 35,192,336	\$ -	\$ 15,324,930	\$ 32,603,345	\$ 1,823,415	\$ 6,228,538	\$ (28,767)	\$ 68,626	\$(29,717,344)	\$ 61,495,079	\$ 7,813,311	\$ 69,308,390

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	\$ 12,337,696	\$ 11,826,234
Adjustments for:		
Depreciation expense	9,536,078	9,135,203
Amortization expense	3,579,168	3,577,585
Amortization of incremental costs of obtaining a contract	992,713	1,070,030
(Gain) loss on disposal and retirement of property, plant and equipment, net	141,411	(20,542)
Expected credit loss	190,744	178,035
Other income and expenses	(339,827)	-
Finance costs	515,566	463,057
Interest income	(58,924)	(41,024)
Dividend income	(19,951)	(17,337)
Net gain on financial assets at fair value through profit or loss	(93,078)	(278)
Share of (profit) loss of associates accounted for using equity method	(50,877)	8,848
Gain on disposal of investments accounted for using equity method	-	(97,791)
Gain on disposal of non-current assets held for sale	(109,805)	-
Others	5,259	(1,201)
Changes in operating assets and liabilities		
Contract assets	(359,085)	(1,064,261)
Notes and accounts receivable	(283,700)	(203,075)
Notes and accounts receivable due from related parties	(109,938)	(176,448)
Other receivables	266,982	(13,359)
Inventories	(1,008,627)	(508,268)
Prepayments	(382,784)	(200,782)
Other current assets	33,450	31,315
Other financial assets	(6,309)	8,641
Incremental costs of obtaining a contract	(1,028,064)	(1,064,738)
Contract liabilities	(102,320)	(170,325)
Notes and accounts payable	2,119,205	2,246,835
Notes and accounts payable due to related parties	(101,811)	164,717
Other payables	(1,289,408)	(517,719)
Provisions	(2,334)	(5,990)
Other current liabilities	164,351	345,969
Net defined benefit liabilities	(24,793)	(27,544)
Cash inflows generated from operating activities	24,510,988	24,925,787
Interest received	6,969	11,754
Interest paid	(698)	(686)
Income taxes paid	(3,136,289)	(2,255,176)
Net cash generated from operating activities	<u>21,380,970</u>	<u>22,681,679</u>

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	\$ (8,127,343)	\$ (8,819,144)
Acquisition of right-of-use assets	(22,190)	(28,368)
Acquisition of intangible assets	(221,678)	(247,630)
Increase in prepayments for equipment	(291,343)	(231,141)
Proceeds from disposal of property, plant and equipment	4,610	166,248
Net increase in advance receipts from asset disposals	185	223
Proceeds from disposal of intangible assets	10,000	6,400
Acquisition of financial assets at fair value through profit or loss	(694,757)	(36,279)
Acquisition of financial assets at fair value through other comprehensive income	(1,880,178)	(560,678)
Transfer of financial assets at fair value through other comprehensive income	671,375	-
Increase in prepayments for investment	(155,760)	(34,718)
Disposal of non-current assets held for sale	200,156	-
Proceeds from capital return of investments accounted for using equity method	88,535	-
Disposal of investments accounted for using equity method	667	474,377
Acquisition of investments accounted for using equity method	-	(192,205)
Other investing activities	799,308	-
Increase in refundable deposits	(284,324)	(271,954)
Decrease in refundable deposits	225,255	231,976
Increase in other financial assets	(349,947)	(53,167)
Decrease in other financial assets	270,427	57,285
Interest received	42,726	26,099
Dividends received from associates	117,276	7,914
Other dividends received	<u>21,479</u>	<u>17,337</u>
Net cash used in investing activities	<u>(9,575,521)</u>	<u>(9,487,425)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	2,960,000	12,550,000
Decrease in short-term notes and bills payable	(2,601,722)	(7,892,323)
Proceeds from issue of bonds	-	2,496,465
Proceeds from long-term borrowings	1,503,132	-
Repayment of long-term borrowings	(205,597)	(2,162,518)
Repayment of the principal portion of lease liabilities	(3,110,133)	(2,986,623)
Increase in guarantee deposits received	148,457	153,997
Decrease in guarantee deposits received	(118,941)	(86,982)
Cash dividends paid (including paid to non-controlling interests)	(13,429,860)	(12,869,217)
Interest paid	<u>(561,553)</u>	<u>(507,776)</u>
Net cash used in financing activities	<u>(15,416,217)</u>	<u>(11,304,977)</u>

(Continued)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2022	2021
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	\$ <u>1,658</u>	\$ <u>(1,699)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,609,110)	1,887,578
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>15,402,025</u>	<u>10,777,791</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>\$ 11,792,915</u>	<u>\$ 12,665,369</u>

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

(Concluded)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. ORGANIZATION AND OPERATIONS

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

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

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

2. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors approved the consolidated financial statements on November 10, 2022.

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

- a. Application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

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

- b. The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by the FSC for application starting from 2023

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

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

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

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

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 Interim Financial Reporting endorsed and issued into effect by the FSC. The consolidated financial statements do not include all the information which should be disclosed in the annual consolidated financial statements in accordance with the IFRSs endorsed and issued into effect by the FSC.

Basis of Consolidation

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

Investor	Subsidiary	Main Business and Products	Percentage of Ownership			Note
			September 30, 2022	December 31, 2021	September 30, 2021	
TWM	Taiwan Cellular Co., Ltd. (TCC)	Investment	100.00%	100.00%	100.00%	-
	Wealth Media Technology Co., Ltd. (WMT)	Investment	100.00%	100.00%	100.00%	-
	TWM Venture Co., Ltd. (TVC)	Investment	100.00%	100.00%	100.00%	-
	Taipei New Horizon Co., Ltd. (TNH)	Building and operating Songshan Cultural and Creative Park BOT project	49.90%	49.90%	49.90%	-
	Fu Sheng Digital Co., Ltd. (FSD)	Information services	100.00%	-	-	Note 1
TCC	Taiwan Fixed Network Co., Ltd. (TFN)	Fixed-line service provider	100.00%	100.00%	100.00%	-
	Taiwan Teleservices & Technologies Co., Ltd. (TT&T)	Call center service and telephone marketing	100.00%	100.00%	100.00%	-
	TWM Holding Co., Ltd. (TWM Holding)	Investment	100.00%	100.00%	100.00%	-
	TCC Investment Co., Ltd. (TCCI)	Investment	100.00%	100.00%	100.00%	Note 2
	Taiwan Digital Service Co., Ltd. (TDS)	Commissioned maintenance services	100.00%	100.00%	100.00%	-
	Taihsin Property Insurance Agent Co., Ltd. (TPIA)	Property insurance agent	100.00%	100.00%	100.00%	-
	Tai-Fu Cloud Technology Co., Ltd. (TFC)	Cloud and information services	100.00%	100.00%	100.00%	-
WMT	TFN Media Co., Ltd. (TFNM)	Type II telecommunications business	100.00%	100.00%	100.00%	-
	Global Forest Media Technology Co., Ltd. (GFMT)	Investment	100.00%	100.00%	100.00%	-
	Global Wealth Media Technology Co., Ltd. (GWMT)	Investment	100.00%	100.00%	100.00%	-
	Win TV Broadcasting Co., Ltd. (WTVB)	TV program provider	100.00%	100.00%	100.00%	-
	momo.com Inc. (momo)	Wholesale and retail sales	45.01%	45.01%	45.01%	-

(Continued)

Investor	Subsidiary	Main Business and Products	Percentage of Ownership			Note
			September 30, 2022	December 31, 2021	September 30, 2021	
TVC	TWM Film Co., Ltd. (TWMFM)	Film production	100.00%	100.00%	100.00%	
TFN	TFN Union Investment Co., Ltd. (TUI)	Investment	100.00%	100.00%	100.00%	Note 2
TWM Holding	TWM Communications (Beijing) Co., Ltd. (TWMC)	Data communication application development	100.00%	100.00%	100.00%	-
TCCI	TCCI Investment and Development Co., Ltd. (TID)	Investment	100.00%	100.00%	100.00%	Note 2
TWMFM	Stampede Franchise Film Company, Taiwan (SFF)	Film production	100.00%	-	-	Note 3
TFNM	Taiwan Kuro Times Co., Ltd. (TKT)	Digital music services	100.00%	100.00%	100.00%	-
	Yeong Jia Leh Cable TV Co., Ltd. (YJCTV)	Cable TV service provider	100.00%	100.00%	100.00%	-
	Mangrove Cable TV Co., Ltd. (MCTV)	Cable TV service provider	29.53%	29.53%	29.53%	Note 4
	Phoenix Cable TV Co., Ltd. (PCTV)	Cable TV service provider	100.00%	100.00%	100.00%	-
	Union Cable TV Co., Ltd. (UCTV)	Cable TV service provider	99.22%	99.22%	99.22%	-
	Globalview Cable TV Co., Ltd. (GCTV)	Cable TV service provider	92.38%	92.38%	92.38%	-
GFMT	UCTV	Cable TV service provider	0.76%	0.76%	0.76%	-
GWMT	GCTV	Cable TV service provider	6.83%	6.83%	6.83%	-
momo	Asian Crown International Co., Ltd. (Asian Crown (BVI))	Investment	81.99%	81.99%	81.99%	-
	Honest Development Co., Ltd. (Honest Development)	Investment	100.00%	100.00%	100.00%	-
	Fuli Life Insurance Agent Co., Ltd. (FLI)	Life insurance agent	100.00%	100.00%	100.00%	-
	Fuli Property Insurance Agent Co., Ltd. (FPI)	Property insurance agent	100.00%	100.00%	100.00%	-
	Fu Sheng Travel Service Co., Ltd. (FST)	Travel agent	100.00%	100.00%	100.00%	-
	Bebe Poshe International Co., Ltd. (Bebe Poshe)	Wholesale of cosmetics	85.00%	85.00%	85.00%	-
	Fu Sheng Logistics Co., Ltd. (FSL)	Logistics and transport	100.00%	100.00%	100.00%	-
	MFS Co., Ltd. (MFS)	Wholesaling	100.00%	100.00%	100.00%	-
	Prosperous Living Co., Ltd. (Prosperous Living)	Wholesale and retail sales	73.62%	73.62%	-	Note 5
Asian Crown (BVI)	Fortune Kingdom Corporation (Fortune Kingdom)	Investment	100.00%	100.00%	100.00%	-
Fortune Kingdom	Hong Kong Fubon Multimedia Technology Co., Ltd. (HK Fubon Multimedia)	Investment	100.00%	100.00%	100.00%	-
Honest Development	Hongkong Yue Numerous Investment Co., Ltd. (HK Yue Numerous)	Investment	100.00%	100.00%	100.00%	-
HK Yue Numerous	Haobo Information Consulting (Shenzhen) Co., Ltd. (Haobo)	Investment	100.00%	100.00%	100.00%	-
HK Fubon Multimedia	Fubon Gehua (Beijing) Enterprise Ltd. (FGE)	Wholesaling	93.55%	93.55%	93.55%	-

(Concluded)

Note 1: In September 2022, FSD was set up as a preparatory office, and the incorporation registration was completed on October 7, 2022.

Note 2: TCCI, TUI and TID collectively owned 698,752 thousand shares of TWM, representing 19.86% of total outstanding shares as of September 30, 2022.

Note 3: Became a subsidiary in June 2022.

Note 4: The other 70.47% of shares were held under trustee accounts.

Note 5: Owned 73.62% equity interest in November 2021.

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

Employee Benefits

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

Income Tax

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

6. CASH AND CASH EQUIVALENTS

	September 30, 2022	December 31, 2021	September 30, 2021
Cash on hand and revolving funds	\$ 68,184	\$ 115,796	\$ 101,640
Cash in banks	5,180,524	9,792,564	7,279,504
Time deposits	4,477,350	3,358,087	3,386,341
Government bonds with repurchase rights	<u>2,066,857</u>	<u>2,135,578</u>	<u>1,897,884</u>
	<u>\$ 11,792,915</u>	<u>\$ 15,402,025</u>	<u>\$ 12,665,369</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Investments in equity instruments - current</u>			
Domestic investments			
Listed stocks	\$ 247,780	\$ 253,214	\$ 240,173
Foreign investments			
Unlisted stocks	<u>6,130</u>	<u>15,179</u>	<u>19,180</u>
	<u>\$ 253,910</u>	<u>\$ 268,393</u>	<u>\$ 259,353</u>

(Continued)

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Investments in equity instruments - non-current</u>			
Domestic investments			
Listed stocks	\$ 201,250	\$ 1,458,745	\$ 1,342,359
Unlisted stocks	1,276,435	608,146	674,224
Foreign investments			
Unlisted stocks	2,197,459	946,097	806,289
Limited partnerships	<u>764,113</u>	<u>689,647</u>	<u>711,913</u>
	<u>\$ 4,439,257</u>	<u>\$ 3,702,635</u>	<u>\$ 3,534,785</u>

(Concluded)

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

Regarding to the merger between Far EastTone Telecommunications Co., Ltd. (FET) and Asia Pacific Telecom Co., Ltd. (APT), TWM exercised the dissenting shareholder's appraisal right to request APT to buy back TWM's shares in accordance with the Business Mergers And Acquisitions Act, and had deposited all of the held shares to APT in the second quarter of 2022. The related valuation of loss of \$2,308,625 thousand was transferred from other equity to retained earnings. In July 2022, APT had paid the fair price it has recognized of \$671,375 thousand to TWM in accordance with the Business Mergers And Acquisitions Act. However, TWM disagreed with such the fair price recognized by APT, and therefore, APT applied to the court for a ruling on the fair price. The case is now progressing at the Intellectual Property and Commercial Court.

8. NOTES AND ACCOUNTS RECEIVABLE, NET

	September 30, 2022	December 31, 2021	September 30, 2021
Notes receivable	\$ 15,367	\$ 33,376	\$ 11,412
Accounts receivable	7,715,696	7,682,979	7,494,352
Less: Allowance for impairment loss	<u>(373,480)</u>	<u>(334,941)</u>	<u>(352,662)</u>
	<u>\$ 7,357,583</u>	<u>\$ 7,381,414</u>	<u>\$ 7,153,102</u>

The main credit terms range from 30 to 90 days.

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

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

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

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

The Group writes off a trade receivable when there is evidence indicating that the counterparty is in severe financial difficulty and the trade receivable is considered uncollectible. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

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

September 30, 2022

	Not Past Due	Overdue			Total
		1 to 120 Days	121 to 365 Days	Over 365 Days	
Gross carrying amount	\$ 6,904,624	\$ 655,900	\$ 169,256	\$ 1,283	\$ 7,731,063
Loss allowance (Lifetime ECLs)	<u>(53,749)</u>	<u>(158,508)</u>	<u>(159,940)</u>	<u>(1,283)</u>	<u>(373,480)</u>
Amortized cost	<u>\$ 6,850,875</u>	<u>\$ 497,392</u>	<u>\$ 9,316</u>	<u>\$ -</u>	<u>\$ 7,357,583</u>

December 31, 2021

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

September 30, 2021

	Not Past Due	Overdue			Total
		1 to 120 Days	121 to 365 Days	Over 365 Days	
Gross carrying amount	\$ 6,808,025	\$ 516,057	\$ 177,079	\$ 4,603	\$ 7,505,764
Loss allowance (Lifetime ECLs)	<u>(52,330)</u>	<u>(128,988)</u>	<u>(166,754)</u>	<u>(4,590)</u>	<u>(352,662)</u>
Amortized cost	<u>\$ 6,755,695</u>	<u>\$ 387,069</u>	<u>\$ 10,325</u>	<u>\$ 13</u>	<u>\$ 7,153,102</u>

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

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

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

	For the Nine Months Ended September 30	
	2022	2021
Beginning balance	\$ 334,941	\$ 306,755
Add: Provision	186,426	167,759
Recovery	33,040	33,006
Less: Write-off	<u>(180,927)</u>	<u>(154,858)</u>
Ending balance	<u>\$ 373,480</u>	<u>\$ 352,662</u>

The Group entered into an accounts receivable factoring contract with a private institution and sold those overdue accounts receivable that had been written off. Under the contract, the Group would no longer assume the risk on the receivables. The related factored accounts receivable information was as follows:

	For the Nine Months Ended September 30	
	2022	2021
Amount of accounts receivable sold	<u>\$ 608,335</u>	<u>\$ 716,882</u>
Proceeds from the sale of accounts receivable	<u>\$ 60,100</u>	<u>\$ 58,058</u>

9. INVENTORIES

	September 30, 2022	December 31, 2021	September 30, 2021
Merchandise	\$ 7,436,674	\$ 6,430,041	\$ 6,264,005
Materials for maintenance	<u>12,069</u>	<u>10,075</u>	<u>10,527</u>
	<u>\$ 7,448,743</u>	<u>\$ 6,440,116</u>	<u>\$ 6,274,532</u>

For the three months and the nine months ended September 30, 2022, the cost of goods sold related to inventories amounted to \$24,194,492 thousand and \$72,855,185 thousand, respectively, which included the reversal of inventory write-down totaling \$3,512 thousand, and the inventory write-down totaling \$38,291 thousand, respectively.

For the three months and the nine months ended September 30, 2021, the cost of goods sold related to inventories amounted to \$21,603,525 thousand and \$64,585,197 thousand, respectively, which included the reversal of inventory write-down totaling \$16,258 thousand and \$45,344 thousand, respectively.

10. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

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

Investee Company	September 30, 2022		December 31, 2021		September 30, 2021	
	Amount	% of Ownership	Amount	% of Ownership	Amount	% of Ownership
AppWorks Ventures Co., Ltd. (AppWorks)	\$ 248,117	51.00	\$ 270,997	51.00	\$ 285,115	51.00
AppWorks Fund III Co., Ltd. (AppWorks Fund III)	637,570	20.14	689,849	20.14	566,407	20.14
Global Home Shopping Co., Ltd. (GHS)	569,047	20.00	571,213	20.00	548,295	20.00
kbro Media Co., Ltd. (kbro Media)	106,786	33.58	141,885	33.58	157,432	33.58
NADA Holdings Corp. (NADA)	56,051	37.93	59,705	37.93	-	-
Mistake Entertainment Co., Ltd. (M.E.)	29,010	15.00	26,494	15.00	26,007	15.00
TV Direct Public Company Limited (TV Direct)	-	-	<u>120,346</u>	21.35	<u>137,557</u>	21.35
	<u>\$ 1,646,581</u>		<u>\$ 1,880,489</u>		<u>\$ 1,720,813</u>	

a. AppWorks

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

b. AppWorks Fund III

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

In August 2022, an extraordinary stockholders' meeting of AppWorks Fund III resolved to reduce its capital stock. TVC received proportional capital returns in September 2022.

c. GHS

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

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

d. kbro Media

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

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

e. NADA

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

f. M.E.

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

g. TV Direct

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

In May 2022, momo resolved to sell all its equity interest in TV Direct and reclassified the amount as non-current assets held for sale. From June 2022, momo started to sell its equity interests of TV Direct successively and sold out all its shares in August at the total amount of \$200,156 thousand.

h. Alliance Digital Tech Co., Ltd. (ADT)

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

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

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

i. Taiwan Pelican Express Co., Ltd. (TPE)

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

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

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

11. SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Subsidiary	Proportion of Non-controlling Interests' Ownership and Voting Rights		
	September 30, 2022	December 31, 2021	September 30, 2021
momo	54.99%	54.99%	54.99%

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

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

	September 30, 2022	December 31, 2021	September 30, 2021
Current assets	\$ 12,125,206	\$ 14,923,554	\$ 12,604,808
Non-current assets	18,612,736	15,564,958	15,167,216
Current liabilities	(12,424,808)	(12,793,604)	(10,995,919)
Non-current liabilities	<u>(1,937,235)</u>	<u>(1,372,429)</u>	<u>(1,418,995)</u>
Equity	<u>\$ 16,375,899</u>	<u>\$ 16,322,479</u>	<u>\$ 15,357,110</u>
Equity attributable to:			
Owners of the parent	\$ 10,517,794	\$ 10,493,176	\$ 10,093,706
Non-controlling interests of momo	5,769,351	5,739,281	5,251,333
Non-controlling interests of momo's subsidiaries	<u>88,754</u>	<u>90,022</u>	<u>12,071</u>
	<u>\$ 16,375,899</u>	<u>\$ 16,322,479</u>	<u>\$ 15,357,110</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Operating revenue	<u>\$ 23,557,744</u>	<u>\$ 20,907,386</u>	<u>\$ 71,633,611</u>	<u>\$ 61,526,877</u>
Profit	\$ 756,356	\$ 696,903	\$ 2,412,691	\$ 2,359,990
Other comprehensive income (loss)	<u>861</u>	<u>(3,019)</u>	<u>13,902</u>	<u>15,776</u>
Comprehensive income	<u>\$ 757,217</u>	<u>\$ 693,884</u>	<u>\$ 2,426,593</u>	<u>\$ 2,375,766</u>
Profit (loss) attributable to:				
Owners of the parent	\$ 340,501	\$ 314,376	\$ 1,086,668	\$ 1,066,663
Non-controlling interests of momo	415,919	384,007	1,327,351	1,297,152
Non-controlling interests of momo's subsidiaries	<u>(64)</u>	<u>(1,480)</u>	<u>(1,328)</u>	<u>(3,825)</u>
	<u>\$ 756,356</u>	<u>\$ 696,903</u>	<u>\$ 2,412,691</u>	<u>\$ 2,359,990</u>

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Comprehensive income (loss) attributable to:				
Owners of the parent	\$ 340,889	\$ 313,028	\$ 1,092,899	\$ 1,073,806
Non-controlling interests of momo	416,393	382,359	1,334,962	1,305,876
Non-controlling interests of momo's subsidiaries	<u>(65)</u>	<u>(1,503)</u>	<u>(1,268)</u>	<u>(3,916)</u>
	<u>\$ 757,217</u>	<u>\$ 693,884</u>	<u>\$ 2,426,593</u>	<u>\$ 2,375,766</u>

(Concluded)

	For the Nine Months Ended September 30	
	2022	2021
Net cash generated from operating activities	\$ 2,068,848	\$ 3,490,090
Net cash generated from (used in) investing activities	(2,950,152)	128,535
Net cash used in financing activities	(2,837,094)	(1,756,975)
Effect of exchange rate changes	<u>205</u>	<u>(294)</u>
Net increase (decrease) in cash	<u>\$ (3,718,193)</u>	<u>\$ 1,861,356</u>
Dividends paid to non-controlling interests	<u>\$ 1,301,491</u>	<u>\$ 770,113</u>

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Telecommuni- cations Equipment and Machinery	Others	Construction in Progress and Equipment to be Inspected	Total
<u>Cost</u>						
Balance, January 1, 2022	\$ 9,098,215	\$ 5,723,861	\$ 104,347,852	\$ 10,238,804	\$ 1,702,372	\$ 131,111,104
Additions	924,481	390	223,298	198,538	5,771,818	7,118,525
Disposals and retirements	-	(140)	(1,293,555)	(180,336)	(395)	(1,474,426)
Reclassification	367,049	(15,081)	3,837,015	249,167	(4,073,190)	364,960
Effect of exchange rate changes	<u>-</u>	<u>-</u>	<u>1,384</u>	<u>43</u>	<u>-</u>	<u>1,427</u>
Balance, September 30, 2022	<u>\$ 10,389,745</u>	<u>\$ 5,709,030</u>	<u>\$ 107,115,994</u>	<u>\$ 10,506,216</u>	<u>\$ 3,400,605</u>	<u>\$ 137,121,590</u>
<u>Accumulated depreciation and impairment</u>						
Balance, January 1, 2022	\$ -	\$ 1,994,389	\$ 76,676,012	\$ 9,000,963	\$ -	\$ 87,671,364
Depreciation	-	122,814	5,734,134	541,569	-	6,398,517
Disposals and retirements	-	(140)	(1,149,568)	(178,697)	-	(1,328,405)
Reclassification	-	(7,865)	-	-	-	(7,865)
Effect of exchange rate changes	<u>-</u>	<u>-</u>	<u>1,383</u>	<u>43</u>	<u>-</u>	<u>1,426</u>
Balance, September 30, 2022	<u>\$ -</u>	<u>\$ 2,109,198</u>	<u>\$ 81,261,961</u>	<u>\$ 9,363,878</u>	<u>\$ -</u>	<u>\$ 92,735,037</u>
Carrying amount, January 1, 2022	<u>\$ 9,098,215</u>	<u>\$ 3,729,472</u>	<u>\$ 27,671,840</u>	<u>\$ 1,237,841</u>	<u>\$ 1,702,372</u>	<u>\$ 43,439,740</u>
Carrying amount, September 30, 2022	<u>\$ 10,389,745</u>	<u>\$ 3,599,832</u>	<u>\$ 25,854,033</u>	<u>\$ 1,142,338</u>	<u>\$ 3,400,605</u>	<u>\$ 44,386,553</u>

(Continued)

	Land	Buildings	Telecommuni- cations Equipment and Machinery	Others	Construction in Progress and Equipment to be Inspected	Total
<u>Cost</u>						
Balance, January 1, 2021	\$ 9,101,010	\$ 5,725,270	\$ 96,632,051	\$ 9,934,447	\$ 2,950,912	\$ 124,343,690
Additions	-	5,714	89,953	191,035	7,149,403	7,436,105
Disposals and retirements	(10,637)	(10,645)	(1,756,686)	(228,557)	(51)	(2,006,576)
Reclassification	-	-	8,041,481	230,743	(8,264,974)	7,250
Effect of exchange rate changes	-	-	(1,366)	(89)	-	(1,455)
Balance, September 30, 2021	<u>\$ 9,090,373</u>	<u>\$ 5,720,339</u>	<u>\$ 103,005,433</u>	<u>\$ 10,127,579</u>	<u>\$ 1,835,290</u>	<u>\$ 129,779,014</u>
<u>Accumulated depreciation and impairment</u>						
Balance, January 1, 2021	\$ -	\$ 1,840,925	\$ 71,461,532	\$ 8,561,919	\$ -	\$ 81,864,376
Depreciation	-	122,281	5,446,236	545,015	-	6,113,532
Disposals and retirements	-	(4,762)	(1,646,287)	(224,697)	-	(1,875,746)
Reclassification	-	-	(767)	(21)	-	(788)
Effect of exchange rate changes	-	-	(1,338)	(85)	-	(1,423)
Balance, September 30, 2021	<u>\$ -</u>	<u>\$ 1,958,444</u>	<u>\$ 75,259,376</u>	<u>\$ 8,882,131</u>	<u>\$ -</u>	<u>\$ 86,099,951</u>
Carrying amount, September 30, 2021	<u>\$ 9,090,373</u>	<u>\$ 3,761,895</u>	<u>\$ 27,746,057</u>	<u>\$ 1,245,448</u>	<u>\$ 1,835,290</u>	<u>\$ 43,679,063</u>

(Concluded)

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

Buildings

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

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Carrying amount</u>			
Land	\$ 602,061	\$ 500,385	\$ 507,373
Buildings	9,166,436	7,973,501	8,016,470
Telecommunications equipment and machinery	337,680	443,166	473,025
Others	<u>111,944</u>	<u>142,803</u>	<u>155,757</u>
	<u>\$ 10,218,121</u>	<u>\$ 9,059,855</u>	<u>\$ 9,152,625</u>

	For the Nine Months Ended September 30			
	2022		2021	
Additions to right-of-use assets	<u>\$ 4,496,373</u>		<u>\$ 3,278,667</u>	
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Depreciation charge for right-of-use assets				
Land	\$ 60,716	\$ 61,237	\$ 180,862	\$ 181,855
Buildings	925,193	886,951	2,786,631	2,662,152
Telecommunications equipment and machinery	37,073	37,334	112,848	117,887
Others	<u>14,688</u>	<u>15,247</u>	<u>43,723</u>	<u>46,052</u>
	<u>\$ 1,037,670</u>	<u>\$ 1,000,769</u>	<u>\$ 3,124,064</u>	<u>\$ 3,007,946</u>

Except for the aforementioned additions and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the nine months ended September 30, 2022 and 2021.

b. Lease liabilities

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Carrying amount</u>			
Current	<u>\$ 3,738,280</u>	<u>\$ 3,540,466</u>	<u>\$ 3,585,927</u>
Non-current	<u>\$ 6,509,715</u>	<u>\$ 5,552,881</u>	<u>\$ 5,590,377</u>

Range of discount rates for lease liabilities was as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Land	0.61%-1%	0.61%-1%	0.61%-1%
Buildings	0.61%-1.2%	0.61%-1.2%	0.61%-1.2%
Telecommunications equipment and machinery	0.61%-4.38%	0.61%-4.38%	0.61%-4.38%
Others	0.61%-0.86%	0.61%-0.86%	0.61%-0.86%

c. Material lease-in activities and terms

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

d. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Expenses related to short-term leases	\$ 9,005	\$ 9,447	\$ 27,692	\$ 28,654
Expenses related to low-value asset leases	\$ 26,235	\$ 18,906	\$ 78,004	\$ 54,045
Expenses related to variable lease payments and not included in the measurement of lease liabilities	\$ 7,200	\$ 13,804	\$ 21,804	\$ 34,860
			For the Nine Months Ended September 30	
			2022	2021
Total cash outflow for leases			\$ 3,321,628	\$ 3,190,716

14. INVESTMENT PROPERTIES

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

The fair values of investment properties were measured using Level 3 inputs, arising from income approach, comparative approach, and cost approach adopted by a third party real estate appraiser, HomeBan Appraisers Joint Firm. As of September 30, 2022, December 31, 2021 and September 30, 2021, the fair values of investment properties were \$6,546,861 thousand, \$6,450,388 thousand and \$6,161,870 thousand, respectively, and the capitalization rates for the aforementioned financial reporting periods were ranging from 1.37%-5.23%, 1.37%-5.23% and 1.41%-5.23%, respectively.

The amounts of depreciation recognized for the three months and the nine months ended September 30, 2022 and 2021 were \$4,487 thousand, \$4,575 thousand, \$13,497 thousand, and \$13,725 thousand, respectively.

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

	September 30, 2022	December 31, 2021	September 30, 2021
Year 1	\$ 99,701	\$ 136,396	\$ 131,817
Year 2	27,343	75,234	94,275
Year 3	23,267	20,752	23,640
Year 4	21,596	16,624	22,563
Year 5	<u>3,742</u>	<u>13,711</u>	<u>22,220</u>
	<u>\$ 175,649</u>	<u>\$ 262,717</u>	<u>\$ 294,515</u>

15. INTANGIBLE ASSETS

	Concessions		Goodwill	Other Intangible Assets					Total
	Concession Licenses	Service Concessions		Computer Software	Customer Relationships	Operating Rights	Trademarks	Copyrights	
Cost									
Balance, January 1, 2022	\$ 71,699,375	\$ 8,180,078	\$ 15,872,595	\$ 3,419,522	\$ 2,654,089	\$ 1,382,000	\$ 2,518,355	\$ 157,428	\$ 105,883,442
Additions	-	-	-	157,956	-	-	169	5,319	163,444
Disposals and retirements	-	-	-	(59,216)	(10,263)	-	(744)	-	(70,223)
Reclassification	-	-	-	22,733	-	-	-	23,144	45,877
Effect of exchange rate changes	-	-	-	229	-	-	-	-	229
Balance, September 30, 2022	<u>\$ 71,699,375</u>	<u>\$ 8,180,078</u>	<u>\$ 15,872,595</u>	<u>\$ 3,541,224</u>	<u>\$ 2,643,826</u>	<u>\$ 1,382,000</u>	<u>\$ 2,517,780</u>	<u>\$ 185,891</u>	<u>\$ 106,022,769</u>
Accumulated amortization and impairment									
Balance, January 1, 2022	\$ 17,818,565	\$ 1,567,463	\$ 53,487	\$ 3,077,377	\$ 1,919,863	\$ -	\$ 1,870	\$ 117,254	\$ 24,555,879
Amortization	3,102,438	134,040	-	201,170	102,300	-	201	39,019	3,579,168
Disposals and retirements	-	-	-	(59,216)	(10,263)	-	(744)	-	(70,223)
Effect of exchange rate changes	-	-	-	223	-	-	-	-	223
Balance, September 30, 2022	<u>\$ 20,921,003</u>	<u>\$ 1,701,503</u>	<u>\$ 53,487</u>	<u>\$ 3,219,554</u>	<u>\$ 2,011,900</u>	<u>\$ -</u>	<u>\$ 1,327</u>	<u>\$ 156,273</u>	<u>\$ 28,065,047</u>
Carrying amount, January 1, 2022	<u>\$ 53,880,810</u>	<u>\$ 6,612,615</u>	<u>\$ 15,819,108</u>	<u>\$ 342,145</u>	<u>\$ 734,226</u>	<u>\$ 1,382,000</u>	<u>\$ 2,516,485</u>	<u>\$ 40,174</u>	<u>\$ 81,327,563</u>
Carrying amount, September 30, 2022	<u>\$ 50,778,372</u>	<u>\$ 6,478,575</u>	<u>\$ 15,819,108</u>	<u>\$ 321,670</u>	<u>\$ 631,926</u>	<u>\$ 1,382,000</u>	<u>\$ 2,516,453</u>	<u>\$ 29,618</u>	<u>\$ 77,957,722</u>
Cost									
Balance, January 1, 2021	\$ 71,699,375	\$ 8,180,078	\$ 15,872,595	\$ 3,231,391	\$ 2,654,089	\$ 1,382,000	\$ 2,517,900	\$ 63,133	\$ 105,600,561
Additions	-	-	-	167,237	-	-	267	6,482	173,986
Disposals and retirements	-	-	-	(53,035)	-	-	-	-	(53,035)
Reclassification	-	-	-	16,977	-	-	-	51,822	68,799
Effect of exchange rate changes	-	-	-	(226)	-	-	-	-	(226)
Balance, September 30, 2021	<u>\$ 71,699,375</u>	<u>\$ 8,180,078</u>	<u>\$ 15,872,595</u>	<u>\$ 3,362,344</u>	<u>\$ 2,654,089</u>	<u>\$ 1,382,000</u>	<u>\$ 2,518,167</u>	<u>\$ 121,437</u>	<u>\$ 105,790,085</u>
Accumulated amortization and impairment									
Balance, January 1, 2021	\$ 13,687,264	\$ 1,388,744	\$ 53,487	\$ 2,864,980	\$ 1,783,463	\$ -	\$ 1,725	\$ 54,387	\$ 19,834,050
Amortization	3,097,156	134,039	-	202,848	102,300	-	98	41,144	3,577,585
Disposals and retirements	-	-	-	(53,035)	-	-	-	-	(53,035)
Effect of exchange rate changes	-	-	-	(209)	-	-	-	-	(209)
Balance, September 30, 2021	<u>\$ 16,784,420</u>	<u>\$ 1,522,783</u>	<u>\$ 53,487</u>	<u>\$ 3,014,584</u>	<u>\$ 1,885,763</u>	<u>\$ -</u>	<u>\$ 1,823</u>	<u>\$ 95,531</u>	<u>\$ 23,358,391</u>
Carrying amount, September 30, 2021	<u>\$ 54,914,955</u>	<u>\$ 6,657,295</u>	<u>\$ 15,819,108</u>	<u>\$ 347,760</u>	<u>\$ 768,326</u>	<u>\$ 1,382,000</u>	<u>\$ 2,516,344</u>	<u>\$ 25,906</u>	<u>\$ 82,431,694</u>

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

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

a. Service concessions

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

b. Customer relationships, operating rights, and trademarks

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

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

c. Goodwill

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

	September 30, 2022	December 31, 2021	September 30, 2021
Mobile communication services	\$ 7,211,936	\$ 7,211,936	\$ 7,211,936
Fixed network services	357,970	357,970	357,970
Retail business	4,979,566	4,979,566	4,979,566
Cable television and broadband business	<u>3,269,636</u>	<u>3,269,636</u>	<u>3,269,636</u>
	<u>\$ 15,819,108</u>	<u>\$ 15,819,108</u>	<u>\$ 15,819,108</u>

d. Impairment of assets

See Note 15(d) to the consolidated financial statements for the year ended December 31, 2021 for the related information on impairment of assets. There was no significant evidence indicating impairment of intangible assets as of September 30, 2022.

16. OTHER NON-CURRENT ASSETS

	September 30, 2022	December 31, 2021	September 30, 2021
Long-term accounts receivable	\$ 315,363	\$ 214,054	\$ 234,030
Refundable deposits	810,124	751,641	732,014
Other prepayments	375,705	527,264	375,109
Prepayments for investment	155,760	-	34,718
Others	<u>464,123</u>	<u>465,310</u>	<u>463,695</u>
	<u>\$ 2,121,075</u>	<u>\$ 1,958,269</u>	<u>\$ 1,839,566</u>

17. BORROWINGS

a. Short-term borrowings

	September 30, 2022	December 31, 2021	September 30, 2021
Unsecured loans	<u>\$ 23,470,000</u>	<u>\$ 20,510,000</u>	<u>\$ 22,350,000</u>
Annual interest rates	1.09%-1.28%	0.55%-0.94%	0.56%-0.9%

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

b. Short-term notes and bills payable

	September 30, 2022	December 31, 2021	September 30, 2021
Short-term notes and bills payable	\$ 2,000,000	\$ 4,600,000	\$ 6,300,000
Less: Discounts on short-term notes and bills payable	<u>(1,924)</u>	<u>(2,207)</u>	<u>(2,568)</u>
	<u>\$ 1,998,076</u>	<u>\$ 4,597,793</u>	<u>\$ 6,297,432</u>
Annual interest rates	1.158%-1.208%	0.398%-0.458%	0.293%-0.318%

c. Long-term borrowings

	September 30, 2022	December 31, 2021	September 30, 2021
Secured loans	\$ 2,130,030	\$ 2,332,623	\$ 2,433,463
Commercial papers payable	8,000,000	6,500,000	6,500,000
Less: Current portion	(253,515)	(273,459)	(303,410)
Less: Discounts on commercial papers payable	<u>(3,334)</u>	<u>(2,191)</u>	<u>(2,493)</u>
	<u>\$ 9,873,181</u>	<u>\$ 8,556,973</u>	<u>\$ 8,627,560</u>
Annual interest rates:			
Secured loans	2.0579%	1.50%	1.50%
Commercial papers payable	0.687%-1.665%	0.687%-0.697%	0.687%-0.697%

1) Secured loans

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

2) Commercial papers payable

TWM's commercial papers payable are treated as revolving credit facilities under the contracts. The last repayment dates of the commercial papers payable are no later than June 2025.

3) Unsecured loans

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

18. BONDS PAYABLE

	September 30, 2022	December 31, 2021	September 30, 2021
5th domestic unsecured straight corporate bonds	\$ 14,995,944	\$ 14,994,030	\$ 14,993,385
6th domestic unsecured straight corporate bonds	19,987,018	19,984,764	19,984,005
7th domestic unsecured straight corporate bonds	2,497,080	2,496,703	2,496,575
3rd domestic unsecured convertible bonds	-	-	534,503
Less: Current portion	<u>(5,999,319)</u>	<u>-</u>	<u>(534,503)</u>
	<u>\$ 31,480,723</u>	<u>\$ 37,475,497</u>	<u>\$ 37,473,965</u>

a. 5th domestic unsecured straight corporate bonds

On April 20, 2018, TWM issued the 5th domestic unsecured straight corporate bonds. The bonds included five-year and seven-year bonds, with the principal amount of \$6,000,000 thousand and \$9,000,000 thousand, each having a face value of \$10,000 thousand, and coupon rates of 0.848% and 1% per annum, respectively, with simple interest due annually. Repayment will be made in full at maturity. As of September 30, 2022, the amount of unamortized bond issue cost was \$4,056 thousand. The trustee of bond holders is Bank of Taiwan.

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

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

b. 6th domestic unsecured straight corporate bonds

On March 24, 2020, TWM issued the 6th domestic unsecured straight corporate bonds. The bonds included five-year, seven-year, and ten-year bonds, with the principal amount of \$5,000,000 thousand, \$10,000,000 thousand and \$5,000,000 thousand, each having a face value of \$10,000 thousand, and coupon rates of 0.64%, 0.66% and 0.72% per annum, respectively, with simple interest due annually. Repayment will be made in full at maturity. As of September 30, 2022, the amount of unamortized bond issue cost was \$12,982 thousand. The trustee of bond holders is Bank of Taiwan.

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

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

c. 7th domestic unsecured straight corporate bonds

On July 13, 2020, TWM issued the 7th domestic unsecured straight corporate bonds. The bond was seven-year bond, with the principal amount of \$2,500,000 thousand, having a face value of \$10,000 thousand, and coupon rate of 0.53% per annum, with simple interest due annually. Repayment will be made in full at maturity. As of September 30, 2022, the amount of unamortized bond issue cost was \$2,920 thousand. The trustee of bond holders is Bank of Taiwan.

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

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

d. 3rd domestic unsecured convertible bonds

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

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

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

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

Proceeds from the issuance (minus transaction costs \$10,870 thousand)	\$ 9,989,130
Equity component	(400,564)
Financial liabilities	<u>(35,961)</u>
Liability component at the date of issuance	9,552,605
Interest charged at the effective interest rate	245,053
Convertible bonds converted into common stock	(9,786,958)
Repayment of the convertible bonds	<u>(10,700)</u>
 Liability component on December 31, 2021	 <u>\$ -</u>
 Liability component on January 1, 2021	 \$ 632,030
Interest charged at the effective interest rate	4,276
Convertible bonds converted into common stock	<u>(101,803)</u>
 Liability component on September 30, 2021	 <u>\$ 534,503</u>

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

19. PROVISIONS

	September 30, 2022	December 31, 2021	September 30, 2021	
Restoration	\$ 996,233	\$ 995,275	\$ 1,093,849	
Replacement	493,814	447,279	432,809	
Warranties	<u>18,849</u>	<u>23,774</u>	<u>23,414</u>	
	<u>\$ 1,508,896</u>	<u>\$ 1,466,328</u>	<u>\$ 1,550,072</u>	
Current	\$ 66,457	\$ 74,007	\$ 67,401	
Non-current	<u>1,442,439</u>	<u>1,392,321</u>	<u>1,482,671</u>	
	<u>\$ 1,508,896</u>	<u>\$ 1,466,328</u>	<u>\$ 1,550,072</u>	
	Restoration	Replacement	Warranties	Total
Balance, January 1, 2022	\$ 995,275	\$ 447,279	\$ 23,774	\$ 1,466,328
Provision	33,655	40,691	19,204	93,550
Payment/Reversal	(34,794)	(3,437)	(24,129)	(62,360)
Unwinding of discount	<u>2,097</u>	<u>9,281</u>	<u>-</u>	<u>11,378</u>
Balance, September 30, 2022	<u>\$ 996,233</u>	<u>\$ 493,814</u>	<u>\$ 18,849</u>	<u>\$ 1,508,896</u>
Balance, January 1, 2021	\$ 1,110,392	\$ 385,375	\$ 21,935	\$ 1,517,702
Provision	27,931	39,660	25,284	92,875
Payment/Reversal	(46,893)	(267)	(23,805)	(70,965)
Unwinding of discount	<u>2,419</u>	<u>8,041</u>	<u>-</u>	<u>10,460</u>
Balance, September 30, 2021	<u>\$ 1,093,849</u>	<u>\$ 432,809</u>	<u>\$ 23,414</u>	<u>\$ 1,550,072</u>

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

Domestic firms of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed and defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. The employees of the Group's subsidiaries in other countries are participants of state-managed retirement benefit plans operated by local governments. In accordance with the above provisions, the Group's contributions to the pension plan amounted to \$92,344 thousand and \$86,736 thousand for the three months ended September 30, 2022 and 2021, respectively, and \$278,967 thousand and \$257,915 thousand for the nine months ended September 30, 2022 and 2021, respectively.

b. Defined benefit plans

The Group recognized pension amounts of \$1,084 thousand and \$1,065 thousand for the three months ended September 30, 2022 and 2021, respectively, and \$3,249 thousand and \$3,191 thousand for the nine months ended September 30, 2022 and 2021, respectively, by using the actuarially determined pension cost rate.

21. EQUITY

a. Share capital

As of September 30, 2022, December 31, 2021 and September 30, 2021, TWM's authorized capital was \$60,000,000 thousand and capital issued and outstanding were \$35,192,336 thousand, \$35,135,201 thousand and \$35,124,215 thousand, respectively, divided into 3,519,234 thousand shares, 3,513,520 thousand shares and 3,512,421 thousand shares, respectively, which were all common stocks, at a par value of \$10 each.

As of December 31, 2021 and September 30, 2021, the bondholders of the 3rd domestic unsecured convertible bonds had requested to convert the bonds into 98,401 thousand and 92,687 thousand common stocks, respectively. As of December 31, 2021 and September 30, 2021, the amounts recognized as capital collected in advance were \$57,135 thousand and \$10,986 thousand, respectively.

The unsecured convertible bonds were due on November 22, 2021. TWM had completed the related corporate registration procedures for the conversion.

b. Capital surplus

	September 30, 2022	December 31, 2021	September 30, 2021
Additional paid-in capital from convertible corporate bonds	\$ 9,531,369	\$ 11,107,455	\$ 10,619,319
Treasury stock transactions	5,159,704	5,159,704	5,159,704
Difference between consideration and carrying amount arising from the disposal of subsidiaries' stock	85,965	85,965	85,965
Changes in equity of subsidiaries	501,215	501,215	501,215
Changes in equity of associates accounted for using equity method	8,605	10,828	10,752
Expired share options	13,269	13,269	-
Convertible bonds payable options	-	-	21,438
Others	<u>24,803</u>	<u>24,803</u>	<u>35,804</u>
	<u>\$ 15,324,930</u>	<u>\$ 16,903,239</u>	<u>\$ 16,434,197</u>

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

c. Appropriation of earnings and dividend policy

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

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

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

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

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

The appropriations of earnings for 2021 and 2020, which have been resolved in the AGM on June 23, 2022 and August 20, 2021, respectively, were as follows:

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

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

d. Other equity interests

	Exchange Differences on Translation	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Total
Balance, January 1, 2022	\$ (44,294)	\$ (1,779,121)	\$ (1,823,415)
Exchange differences on translation	16,198	-	16,198
Changes in fair value of financial assets at FVTOCI	-	(474,231)	(474,231)
Changes in other comprehensive income (loss) of associates accounted for using equity method	(671)	(16,521)	(17,192)
Valuation loss of equity instruments transferred to retained earnings	-	2,308,625	2,308,625
Valuation loss of equity instruments transferred to retained earnings due to disposal by associates	-	18,556	18,556
Income tax effect	<u>-</u>	<u>11,318</u>	<u>11,318</u>
Balance, September 30, 2022	<u>\$ (28,767)</u>	<u>\$ 68,626</u>	<u>\$ 39,859</u>
Balance, January 1, 2021	\$ (31,679)	\$ (2,418,060)	\$ (2,449,739)
Exchange differences on translation	(16,454)	-	(16,454)
Changes in fair value of financial assets at FVTOCI	-	679,930	679,930
Changes in other comprehensive income (loss) of associates accounted for using equity method	(237)	13,326	13,089
Other comprehensive loss transferred to retained earnings due to the decrease of percentage of ownership interest in the investments accounted for using equity method	-	848	848
Other comprehensive income transferred to retained earnings due to disposal of investments accounted for using equity method	-	(22,885)	(22,885)
Income tax effect	<u>-</u>	<u>(136,939)</u>	<u>(136,939)</u>
Balance, September 30, 2021	<u>\$ (48,370)</u>	<u>\$ (1,883,780)</u>	<u>\$ (1,932,150)</u>

e. Treasury stock

As of September 30, 2022, December 31, 2021 and September 30, 2021, TWM's stocks held for the investment purposes by TCCI, TUI and TID, which are all wholly-owned by TWM, were 698,752 thousand shares, and the market values were \$66,800,653 thousand, \$69,875,160 thousand and \$69,106,533 thousand, respectively. Since TWM's stocks held by its subsidiaries are regarded as treasury stock, TWM recognized \$29,717,344 thousand as treasury stock. For those treasury stockholders, they have the same rights as the other stockholders, except that they are not allowed to subscribe new shares issued by TWM for cash and exercise the voting rights over such treasury stock.

22. OPERATING REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Revenue from contracts with customers				
Telecommunications and value-added services	\$ 11,651,099	\$ 11,330,022	\$ 34,518,116	\$ 33,642,737
Sales revenue	27,092,171	24,351,726	81,949,891	72,309,619
Cable TV and broadband services	1,471,538	1,493,483	4,434,449	4,470,817
Others	214,830	177,874	587,265	590,275
Other operating revenue	<u>38,555</u>	<u>36,537</u>	<u>115,202</u>	<u>109,978</u>
	<u>\$ 40,468,193</u>	<u>\$ 37,389,642</u>	<u>\$ 121,604,923</u>	<u>\$ 111,123,426</u>

a. Contract information

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

b. Contract balances

	September 30, 2022	December 31, 2021	September 30, 2021	January 1, 2021
Contract assets				
Bundle sales	\$ 10,310,649	\$ 9,951,564	\$ 9,506,080	\$ 8,441,819
Less: Allowance for impairment loss	<u>(87,540)</u>	<u>(84,514)</u>	<u>(80,730)</u>	<u>(71,687)</u>
	<u>\$ 10,223,109</u>	<u>\$ 9,867,050</u>	<u>\$ 9,425,350</u>	<u>\$ 8,370,132</u>
Current	\$ 4,941,806	\$ 4,667,271	\$ 4,421,801	\$ 4,617,051
Non-current	<u>5,281,303</u>	<u>5,199,779</u>	<u>5,003,549</u>	<u>3,753,081</u>
	<u>\$ 10,223,109</u>	<u>\$ 9,867,050</u>	<u>\$ 9,425,350</u>	<u>\$ 8,370,132</u>

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

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

	September 30, 2022	December 31, 2021	September 30, 2021	January 1, 2021
Contract liabilities				
Telecommunications and value-added services	\$ 1,079,786	\$ 1,195,258	\$ 1,096,246	\$ 1,289,917
Sales of goods	142,503	154,895	87,625	36,981
Cable TV and broadband services	649,902	624,065	630,751	656,162
Others	<u>9,797</u>	<u>10,090</u>	<u>10,569</u>	<u>12,456</u>
	<u>\$ 1,881,988</u>	<u>\$ 1,984,308</u>	<u>\$ 1,825,191</u>	<u>\$ 1,995,516</u>
Current	\$ 1,779,838	\$ 1,894,828	\$ 1,735,296	\$ 1,892,749
Non-current	<u>102,150</u>	<u>89,480</u>	<u>89,895</u>	<u>102,767</u>
	<u>\$ 1,881,988</u>	<u>\$ 1,984,308</u>	<u>\$ 1,825,191</u>	<u>\$ 1,995,516</u>

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

c. Assets related to contract costs

	September 30, 2022	December 31, 2021	September 30, 2021
Incremental costs of obtaining a contract - non-current	<u>\$ 1,863,738</u>	<u>\$ 1,828,387</u>	<u>\$ 1,766,592</u>

The Group considered the past experience and the default clauses in the sale contracts and believed the commission and the subsidy paid for obtaining a contract are wholly recoverable, therefore, such costs are capitalized. The amounts of amortization recognized for the three months ended September 30, 2022 and 2021 were \$328,803 thousand and \$345,473 thousand, respectively, and for the nine months ended September 30, 2022 and 2021 were \$992,713 thousand and \$1,070,030 thousand, respectively.

23. NON-OPERATING INCOME AND EXPENSES

a. Other gains and losses, net

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Gain (loss) on disposal and retirement of property, plant and equipment, net	\$ (31,588)	\$ (36,656)	\$ (141,411)	\$ 20,542
Net gain on financial assets at fair value through profit and loss (FVTPL)	71,792	278	93,078	278
Gain (loss) on disposal of investments accounted for using equity method	-	(1,261)	-	97,791
Gain on disposal of non-current assets held for sale	49,824	-	109,805	-
Gain (loss) on foreign exchange, net	64,729	3,995	85,532	(916)
Others	<u>338</u>	<u>687</u>	<u>(582)</u>	<u>1,691</u>
	<u>\$ 155,095</u>	<u>\$ (32,957)</u>	<u>\$ 146,422</u>	<u>\$ 119,386</u>

b. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Interest expense				
Corporate bonds	\$ 74,157	\$ 75,107	\$ 220,051	\$ 217,054
Bank loans	74,055	38,152	160,977	110,014
Commercial papers payable	22,035	16,402	58,122	56,830
Lease liabilities	19,302	18,924	56,513	58,995
Others	<u>6,618</u>	<u>6,694</u>	<u>19,903</u>	<u>20,164</u>
	<u>\$ 196,167</u>	<u>\$ 155,279</u>	<u>\$ 515,566</u>	<u>\$ 463,057</u>

24. INCOME TAX

a. Income tax recognized in profit or loss

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Current income tax expense				
Current period	\$ 754,496	\$ 781,393	\$ 2,303,335	\$ 2,242,353
Prior years' adjustments	<u>-</u>	<u>-</u>	<u>(4,949)</u>	<u>(367,768)</u>
	<u>754,496</u>	<u>781,393</u>	<u>2,298,386</u>	<u>1,874,585</u>
Deferred income tax expense				
Temporary differences	<u>59,059</u>	<u>45,566</u>	<u>115,744</u>	<u>119,199</u>
Income tax expense	<u>\$ 813,555</u>	<u>\$ 826,959</u>	<u>\$ 2,414,130</u>	<u>\$ 1,993,784</u>

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

	<u>For the Three Months Ended</u> <u>September 30</u>		<u>For the Nine Months Ended</u> <u>September 30</u>	
	2022	2021	2022	2021
Deferred income tax expense (income)				
Unrealized gain/loss on financial assets at FVTOCI	<u>\$ 60,437</u>	<u>\$ 22,551</u>	<u>\$ (11,318)</u>	<u>\$136,939</u>

c. Income tax examinations

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

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

25. EARNINGS PER SHARE

	For the Three Months Ended September 30, 2022		
	Amount After Income Tax	Weighted- average Number of Shares (In Thousands)	EPS (NT\$)
Basic EPS			
Profit attributable to owners of the parent	\$ 2,838,983	2,820,482	<u>\$ 1.00</u>
Effect of dilutive potential common stock:			
Employees' compensation	<u>-</u>	<u>2,258</u>	
Diluted EPS			
Profit attributable to owners of the parent (adj. for potential effect of common stock)	<u>\$ 2,838,983</u>	<u>2,822,740</u>	<u>\$ 1.00</u>
	For the Three Months Ended September 30, 2021		
	Amount After Income Tax	Weighted- average Number of Shares (In Thousands)	EPS (NT\$)
Basic EPS			
Profit attributable to owners of the parent	\$ 2,837,196	2,813,961	<u>\$ 1.00</u>
Effect of dilutive potential common stock:			
Employees' compensation	-	2,821	
Convertible bonds	<u>1,402</u>	<u>6,637</u>	
Diluted EPS			
Profit attributable to owners of the parent (adj. for potential effect of common stock)	<u>\$ 2,838,598</u>	<u>2,823,419</u>	<u>\$ 1.00</u>
	For the Nine Months Ended September 30, 2022		
	Amount After Income Tax	Weighted- average Number of Shares (In Thousands)	EPS (NT\$)
Basic EPS			
Profit attributable to owners of the parent	\$ 8,555,924	2,820,482	<u>\$ 3.03</u>
Effect of dilutive potential common stock:			
Employees' compensation	<u>-</u>	<u>2,908</u>	
Diluted EPS			
Profit attributable to owners of the parent (adj. for potential effect of common stock)	<u>\$ 8,555,924</u>	<u>2,823,390</u>	<u>\$ 3.03</u>

	For the Nine Months Ended September 30, 2021		
	Amount After Income Tax	Weighted- average Number of Shares (In Thousands)	EPS (NT\$)
Basic EPS			
Profit attributable to owners of the parent	\$ 8,509,716	2,813,768	<u>\$ 3.02</u>
Effect of dilutive potential common stock:			
Employees' compensation	-	3,624	
Convertible bonds	<u>4,276</u>	<u>6,831</u>	
Diluted EPS			
Profit attributable to owners of the parent (adjusted for potential effect of common stock)	<u>\$ 8,513,992</u>	<u>2,824,223</u>	<u>\$ 3.01</u>

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

26. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities:

For the Nine Months Ended September 30, 2022

	Opening Balance	Cash Flows	Non-cash Changes		Ending Balance
			New Leases	Others	
Lease liabilities (including current and non-current portions)	<u>\$ 9,093,347</u>	<u>\$ (3,166,363)</u>	<u>\$ 4,492,234</u>	<u>\$ (171,223)</u>	<u>\$ 10,247,995</u>

For the Nine Months Ended September 30, 2021

	Opening Balance	Cash Flows	Non-cash Changes		Ending Balance
			New Leases	Others	
Lease liabilities (including current and non-current portions)	<u>\$ 9,036,955</u>	<u>\$ (3,045,491)</u>	<u>\$ 3,275,424</u>	<u>\$ (90,584)</u>	<u>\$ 9,176,304</u>

27. CAPITAL MANAGEMENT

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

28. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Financial assets</u>			
Financial assets at FVTPL (including current and non-current portions) (Note 1)	\$ 1,061,602	\$ 273,767	\$ 36,557
Financial assets at FVTOCI (including current and non-current portions)	4,693,167	3,971,028	3,794,138
Financial assets measured at amortized cost (including current and non-current portions) (Note 2)	<u>24,318,146</u>	<u>27,891,041</u>	<u>24,125,355</u>
Total	<u>\$ 30,072,915</u>	<u>\$ 32,135,836</u>	<u>\$ 27,956,050</u>
<u>Financial liabilities</u>			
Financial liabilities measured at amortized cost (including current and non-current portions) (Note 3)	<u>\$ 97,839,239</u>	<u>\$ 96,632,676</u>	<u>\$ 98,983,730</u>

Note 1: Financial assets mandatorily measured at FVTPL

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

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

b. Fair value of financial instruments

1) Financial instruments not measured at fair value

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

	<u>September 30, 2022</u>		<u>December 31, 2021</u>		<u>September 30, 2021</u>	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial liabilities</u>						
Bonds payable (including current portion)	\$ 37,480,042	\$ 36,930,220	\$ 37,475,497	\$ 37,702,271	\$ 38,008,468	\$ 38,410,045

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

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

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

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

September 30, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Domestic unlisted stocks	\$ -	\$ -	\$ 230,000	\$ 230,000
Foreign unlisted stocks	-	-	21,225	21,225
Foreign convertible notes	-	-	137,879	137,879
Foreign limited partnerships	-	-	653,086	653,086
Domestic limited partnerships	-	-	19,412	19,412
	<u>-\$</u>	<u>-\$</u>	<u>\$ 1,061,602</u>	<u>\$ 1,061,602</u>

Financial assets at FVTOCI

Equity instruments

Domestic listed stocks	\$ 449,030	\$ -	\$ -	\$ 449,030
Domestic unlisted stocks	-	-	1,276,435	1,276,435
Foreign unlisted stocks	-	-	2,203,589	2,203,589
Foreign limited partnerships	-	-	764,113	764,113
	<u>\$ 449,030</u>	<u>\$ -</u>	<u>\$ 4,244,137</u>	<u>\$ 4,693,167</u>

December 31, 2021

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

(Continued)

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

(Concluded)

September 30, 2021

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Foreign unlisted stocks	\$ -	\$ -	\$ 1,813	\$ 1,813
Foreign limited partnerships	<u>-</u>	<u>-</u>	<u>34,744</u>	<u>34,744</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,557</u>	<u>\$ 36,557</u>

Financial assets at FVTOCI

Equity instruments				
Domestic listed stocks	\$ 1,582,532	\$ -	\$ -	\$ 1,582,532
Domestic unlisted stocks	-	-	674,224	674,224
Foreign unlisted stocks	-	-	825,469	825,469
Foreign limited partnerships	<u>-</u>	<u>-</u>	<u>711,913</u>	<u>711,913</u>
	<u>\$ 1,582,532</u>	<u>\$ -</u>	<u>\$ 2,211,606</u>	<u>\$ 3,794,138</u>

There were no transfers between the fair value measurements of Levels 1 and 2 for the nine months ended September 30, 2022 and 2021.

Valuation techniques and assumptions used in fair value determination

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

The evaluations of fair value of unlisted stocks and convertible notes were mainly referenced to the valuation of the same type of companies or the transaction prices of recent financing activities and estimated free cash flows through the market approach, income approach and asset approach. The unobservable inputs were the liquidity discount rate and the stock price volatility. The liquidity discount rates were ranged from 14.9% to 35.9%, 17.65% to 27.4% and 15.1% to 31.7% as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively. The stock price volatility was ranged from 31.59% to 94.8%, 26.07% to 55.9% and 46.99% as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively.

The fair value of limited partnerships investments was evaluated through the market approach, income approach and asset approach. The evaluation and assumptions are mainly referenced to related information of comparable transactions or companies and estimated future cash flows. The unobservable input was liquidity discount rate, which were estimated to be 28.9%, 26.2% and 27.6% as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively.

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

For the Nine Months Ended September 30, 2022

	Financial Assets at FVTPL - Financial Instruments	Financial Assets at FVTOCI - Equity Instruments
Balance at January 1, 2022	\$ 273,767	\$ 2,259,069
Additions	694,757	1,880,178
Recognized in profit or loss (gain on financial assets at FVTPL)	93,078	-
Recognized in other comprehensive income (unrealized gain on financial assets at FVTOCI)	-	104,890
Balance at September 30, 2022	<u>\$ 1,061,602</u>	<u>\$ 4,244,137</u>

For the Nine Months Ended September 30, 2021

	Financial Assets at FVTPL - Financial Instruments	Financial Assets at FVTOCI - Equity Instruments
Balance at January 1, 2021	\$ -	\$ 1,316,852
Additions	36,279	560,678
Recognized in profit or loss (gain on financial assets at FVTPL)	278	-
Recognized in other comprehensive income (unrealized gain on financial assets at FVTOCI)	-	574,022
Transferred out of Level 3 (Note)	-	(239,946)
Balance at September 30, 2021	<u>\$ 36,557</u>	<u>\$ 2,211,606</u>

Note: Because certain equity investment's quoted price (unadjusted) in active markets became available, its fair value hierarchy was transferred from Level 3 to Level 1.

c. Financial risk management

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

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

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

2) Risk management framework

a) Decision-making mechanism

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

b) Risk management policies

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

c) Monitoring mechanism

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

3) Credit risk

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

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

4) Liquidity risk

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

The Group manages and maintains a sufficient level of capital to ensure the requirements of paying estimated operating expenditures, including financial obligations on each contract. The Group also monitors its bank credit facilities to ensure that the Group fully complies with the provisions and financial covenants of loan contracts. As of September 30, 2022, December 31, 2021 and September 30, 2021, the Group had unused bank facilities of \$51,474,172 thousand, \$53,231,578 thousand and \$47,710,377 thousand, respectively.

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

	Contractual Cash Flows	Within 1 Year	1-5 Years	5-10 Years	Over 10 Years
<u>September 30, 2022</u>					
Unsecured loans	\$ 23,519,665	\$ 23,519,665	\$ -	\$ -	\$ -
Secured loans	2,226,524	298,328	1,928,196	-	-
Commercial papers payable	10,116,791	2,065,732	8,051,059	-	-
Bonds payable	38,614,380	6,288,130	24,705,000	7,621,250	-
Lease liabilities	10,386,917	3,802,733	6,208,896	375,183	105
Other non-current liabilities	<u>438,750</u>	<u>73,125</u>	<u>292,500</u>	<u>73,125</u>	<u>-</u>
	<u>\$ 85,303,027</u>	<u>\$ 36,047,713</u>	<u>\$ 41,185,651</u>	<u>\$ 8,069,558</u>	<u>\$ 105</u>
<u>December 31, 2021</u>					
Unsecured loans	\$ 20,529,214	\$ 20,529,214	\$ -	\$ -	\$ -
Secured loans	2,437,877	312,043	2,125,834	-	-
Commercial papers payable	11,186,827	4,642,649	6,544,178	-	-
Bonds payable	38,902,510	288,130	20,877,880	17,736,500	-
Lease liabilities	9,209,493	3,601,434	5,424,452	183,607	-
Other non-current liabilities	<u>511,875</u>	<u>73,125</u>	<u>292,500</u>	<u>146,250</u>	<u>-</u>
	<u>\$ 82,777,796</u>	<u>\$ 29,446,595</u>	<u>\$ 35,264,844</u>	<u>\$ 18,066,357</u>	<u>\$ -</u>
<u>September 30, 2021</u>					
Unsecured loans	\$ 22,369,290	\$ 22,369,290	\$ -	\$ -	\$ -
Secured loans	2,548,266	341,412	2,206,854	-	-
Commercial papers payable	12,897,827	6,342,224	6,555,603	-	-
Bonds payable	39,437,710	823,330	20,877,880	17,736,500	-
Lease liabilities	9,295,943	3,646,501	5,442,958	206,484	-
Other non-current liabilities	<u>511,875</u>	<u>73,125</u>	<u>292,500</u>	<u>146,250</u>	<u>-</u>
	<u>\$ 87,060,911</u>	<u>\$ 33,595,882</u>	<u>\$ 35,375,795</u>	<u>\$ 18,089,234</u>	<u>\$ -</u>

5) Market risk

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

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

a) Exchange rate risk

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

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

	September 30, 2022		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 71,830	31.85	\$ 2,287,794
EUR	1,364	30.76	41,950
RMB	19,640	4.419	86,791
Non-monetary items			
USD	123,421	31.85	3,929,522
RMB	128,773	4.419	569,047
HKD	1,511	4.057	6,130
<u>Foreign currency liabilities</u>			
Monetary items			
USD	18,661	31.85	594,366
EUR	36	30.76	1,094
HKD	1,933	4.057	7,842
JPY	14,741	0.22	3,245

	December 31, 2021		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 47,496	27.66	\$ 1,313,781
EUR	1,273	31.25	39,797
RMB	27,887	4.341	121,059
Non-monetary items			
USD	69,035	27.66	1,909,511
RMB	131,586	4.341	571,213
HKD	4,279	3.547	15,179
THB	144,178	0.835	120,346

Foreign currency liabilities

Monetary items			
USD	15,223	27.66	421,055
EUR	48	31.25	1,502
HKD	2,917	3.547	10,348
JPY	21,014	0.241	5,058

	September 30, 2021		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 43,319	27.795	\$ 1,204,093
EUR	1,214	32.43	39,358
RMB	27,480	4.295	118,028
Non-monetary items			
USD	55,937	27.795	1,554,759
RMB	127,659	4.295	548,295
HKD	5,371	3.571	19,180
THB	166,052	0.828	137,557

Foreign currency liabilities

Monetary items			
USD	12,934	27.795	359,537
EUR	51	32.43	1,668
HKD	3,121	3.571	11,145
JPY	23,139	0.25	5,780

Refer to Note 23(a) for the information related to the Group's realized and unrealized foreign exchange gains (losses) for the three months and the nine months ended September 30, 2022 and 2021, respectively. Due to the variety of foreign currency transactions and functional currencies, the Group could not disclose the foreign exchange gains (losses) for each foreign currency with significant influence.

Sensitivity analysis

The Group's exchange rate risk comes mainly from conversion gains and losses of accounts denominated in monetary items of foreign currencies. If there had been an unfavorable 5% movement in the levels of foreign exchanges against NTD at the end of the reporting period (with other factors remaining constant at the end of the reporting period and with analyses of the two periods on the same basis), profit would have decreased by \$90,499 thousand and \$49,167 thousand for the nine months ended September 30, 2022 and 2021, respectively.

b) Interest rate risk

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

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

	September 30, 2022	December 31, 2021	September 30, 2021
Fair value interest rate risk			
Financial assets	\$ 7,904,092	\$ 7,104,028	\$ 6,906,105
Financial liabilities	81,781,358	78,889,675	82,433,029
Cash flow interest rate risk			
Financial assets	5,959,398	10,034,628	7,521,980
Financial liabilities	2,130,030	2,332,623	2,433,463

Sensitivity analysis

The following sensitivity analysis is based on the exposure to interest rate risk of derivative and non-derivative instruments at the end of the reporting period. For floating-rate assets and liabilities, the analysis assumes that the balances of outstanding assets and liabilities at the end of the reporting period have been outstanding for the whole period and that the changes in interest rates are reasonable. If the interest rate had increased/decreased by 50 basis points (with other factors remaining constant at the end of the reporting period and with analyses of the two periods on the same basis), profit would have increased/decreased by \$14,360 thousand and \$19,082 thousand for the nine months ended September 30, 2022 and 2021, respectively.

c) Other market price risk

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

Sensitivity analysis

If the prices of financial instruments had decreased by 5% (with other factors remaining constant and with the analyses of the two periods on the same basis), net income would have decreased by \$53,080 thousand and \$1,828 thousand since the fair value of financial assets at FVTPL decreased for the nine months ended September 30, 2022 and 2021, respectively. Other comprehensive income would have decreased by \$234,658 thousand and \$189,707 thousand since the fair value of financial assets at FVTOCI decreased for the nine months ended September 30, 2022 and 2021, respectively.

29. RELATED-PARTY TRANSACTIONS

- a. Parent company and ultimate controlling party

TWM is the ultimate controlling party of the Group.

- b. Related party name and nature of relationship

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

(Continued)

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

(Concluded)

c. Significant transactions with related parties

1) Operating revenue

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Associates	\$ 844	\$ 3,792	\$ 2,288	\$ 9,740
Other related parties	<u>414,055</u>	<u>413,479</u>	<u>1,168,279</u>	<u>1,152,814</u>
	<u>\$ 414,899</u>	<u>\$ 417,271</u>	<u>\$1,170,567</u>	<u>\$1,162,554</u>

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

2) Purchases

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Associates	\$ 229	\$ 349	\$ 616	\$ 129,139
Other related parties	<u>248,639</u>	<u>214,468</u>	<u>676,815</u>	<u>572,516</u>
	<u>\$ 248,868</u>	<u>\$ 214,817</u>	<u>\$ 677,431</u>	<u>\$ 701,655</u>

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

3) Receivables due from related parties

Account	Related Party Categories	September 30, 2022	December 31, 2021	September 30, 2021
Notes and accounts receivable	Associates	\$ 503	\$ 714	\$ 690
Notes and accounts receivable	Other related parties	<u>492,509</u>	<u>382,360</u>	<u>383,255</u>
		<u>\$ 493,012</u>	<u>\$ 383,074</u>	<u>\$ 383,945</u>
Other receivables	Other related parties	<u>\$ 187,100</u>	<u>\$ 222,966</u>	<u>\$ 96,983</u>

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

4) Payables due to related parties

Account	Related Party Categories	September 30, 2022	December 31, 2021	September 30, 2021
Notes and accounts payable	Associates	\$ -	\$ 76	\$ 76
Notes and accounts payable	Other related parties	<u>236,749</u>	<u>338,484</u>	<u>325,197</u>
		<u>\$ 236,749</u>	<u>\$ 338,560</u>	<u>\$ 325,273</u>
Other payables	Other related parties	<u>\$ 46,527</u>	<u>\$ 40,718</u>	<u>\$ 39,072</u>

5) Prepayments

	September 30, 2022	December 31, 2021	September 30, 2021
Other related parties	<u>\$ 39,534</u>	<u>\$ 11,915</u>	<u>\$ 35,849</u>

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

	September 30, 2022	December 31, 2021	September 30, 2021
Other related parties			
TFCB	\$ 1,876,443	\$ 2,691,502	\$ 1,975,624
Others	<u>8,268</u>	<u>10,554</u>	<u>13,494</u>
	<u>\$ 1,884,711</u>	<u>\$ 2,702,056</u>	<u>\$ 1,989,118</u>

7) Acquisition of investments accounted for using equity method

Related Party Transactions	Transaction Period	Shares (In Thousands)	Purchase Price
Contributions to AppWorks Fund III's capital increase	First three quarters of 2021	18,769	<u>\$ 192,205</u>

8) Acquisition of property, plant and equipment

For the Nine Months Ended September 30, 2021

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

9) Others

	September 30, 2022	December 31, 2021	September 30, 2021	
Refundable deposits				
Other related parties	\$ <u>66,000</u>	\$ <u>62,324</u>	\$ <u>62,165</u>	
Other current liabilities - receipts under custody				
Other related parties	\$ <u>166,938</u>	\$ <u>159,666</u>	\$ <u>150,524</u>	
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Operating expenses				
Associates	\$ 134	\$ 690	\$ 953	\$ 13,164
Other related parties				
TMF	6,000	6,000	16,100	17,100
TNHF	-	-	5,000	5,000
TFCB	187,816	60,178	575,473	172,597
Others	<u>58,320</u>	<u>58,026</u>	<u>185,802</u>	<u>185,588</u>
	<u>\$ 252,270</u>	<u>\$ 124,894</u>	<u>\$ 783,328</u>	<u>\$ 393,449</u>
Other income				
Associates	\$ 11,262	\$ 11,112	\$ 11,262	\$ 11,112
Other related parties				
TFCB	<u>14,459</u>	<u>8,136</u>	<u>42,310</u>	<u>24,702</u>
	<u>\$ 25,721</u>	<u>\$ 19,248</u>	<u>\$ 53,572</u>	<u>\$ 35,814</u>

10) Lease arrangements

Acquisition of right-of-use assets

	For the Nine Months Ended September 30	
	2022	2021
Other related parties		
Fubon Life	\$ 89,446	\$ 378,571
Others	<u>-</u>	<u>12,767</u>
	<u>\$ 89,446</u>	<u>\$ 391,338</u>

Lease liabilities (including current and non-current portions)

	September 30, 2022	December 31, 2021	September 30, 2021
Other related parties	\$ <u>518,215</u>	\$ <u>661,441</u>	\$ <u>725,856</u>

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

d. Key management compensation

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Short-term employee benefits	\$ 84,562	\$ 82,307	\$ 249,320	\$ 236,394
Termination and post-employment benefits	<u>5,079</u>	<u>1,085</u>	<u>11,890</u>	<u>7,895</u>
	<u>\$ 89,641</u>	<u>\$ 83,392</u>	<u>\$ 261,210</u>	<u>\$ 244,289</u>

30. ASSETS PLEDGED

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

	September 30, 2022	December 31, 2021	September 30, 2021
Other current financial assets	\$ 163,986	\$ 158,359	\$ 156,739
Service concessions	6,478,575	6,612,615	6,657,295
Other non-current financial assets	<u>372,906</u>	<u>358,570</u>	<u>356,141</u>
	<u>\$ 7,015,467</u>	<u>\$ 7,129,544</u>	<u>\$ 7,170,175</u>

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Unrecognized commitments

	September 30, 2022	December 31, 2021	September 30, 2021
Purchases of property, plant and equipment	<u>\$ 9,509,868</u>	<u>\$ 6,290,114</u>	<u>\$ 7,193,675</u>
Purchases of inventories and sales commitments	<u>\$ 11,697,442</u>	<u>\$ 7,827,270</u>	<u>\$ 11,142,817</u>

As of September 30, 2022, December 31, 2021 and September 30, 2021, the amounts of lease commitments commencing after the balance sheet dates were \$1,523,862 thousand, \$2,137,020 thousand and \$1,772,116 thousand, respectively.

b. As of September 30, 2022, December 31, 2021 and September 30, 2021, the amounts of endorsements and guarantees provided to entities in the Group were \$24,750,000 thousand.

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

1) Construction and operating period:

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

2) Development concession:

The total initial amount of concession was \$1,238,095 thousand (tax excluded). According to the supplemental agreement signed in November 2014, the concession would be paid with additional business tax from the signing date of the supplemental agreement; thus, the concession was increased by \$48,750 thousand. The rest of the concession will be paid over 14 years from fiscal year 2015. As of September 30, 2022, \$890,500 thousand (tax included) of the concession had been paid.

3) Performance guarantee:

As of September 30, 2022, TNH had provided a \$32,500 thousand performance guarantee regarding the BOT contract.

4) Rental of land:

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

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

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

32. SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING PERIOD

In November 2022, the Board of Directors of TWM resolved to acquire AppWorks Fund IV L.P. through TVC, one of TWM's subsidiaries, and the investment amount was capped at \$700,000 thousand.

33. OTHERS

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

	For the Three Months Ended September 30					
	2022			2021		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salary	\$ 706,727	\$ 1,374,746	\$ 2,081,473	\$ 671,432	\$ 1,332,080	\$ 2,003,512
Insurance expenses	66,779	124,958	191,737	60,613	119,559	180,172
Pension	32,805	60,623	93,428	29,745	58,056	87,801
Others	34,694	67,996	102,690	31,541	65,033	96,574
Depreciation	2,933,524	237,631	3,171,155	2,819,374	247,448	3,066,822
Amortization	1,159,427	365,734	1,525,161	1,161,242	385,183	1,546,425
	For the Nine Months Ended September 30					
	2022			2021		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salary	\$ 2,088,045	\$ 4,063,178	\$ 6,151,223	\$ 1,978,041	\$ 3,951,197	\$ 5,929,238
Insurance expenses	197,158	373,892	571,050	178,676	358,955	537,631
Pension	96,912	185,304	282,216	87,564	173,542	261,106
Others	103,958	200,250	304,208	92,820	200,999	293,819
Depreciation	8,809,481	726,597	9,536,078	8,377,627	757,576	9,135,203
Amortization	3,473,036	1,098,845	4,571,881	3,458,297	1,189,318	4,647,615

Information of employees' compensation and remuneration of directors

According to the Company's Articles of Incorporation, the estimated employees' compensation and remuneration of directors are set at the rates of 1% to 3% and no higher than 0.3%, respectively, of profit before income tax, employees' compensation, remuneration of directors, and amounts reserved in advance. Estimations for employees' compensation were \$95,091 thousand, \$97,564 thousand, \$215,852 thousand and \$278,966 thousand, and remuneration to directors were \$9,509 thousand, \$9,757 thousand, \$21,585 thousand and \$27,897 thousand, which were calculated by applying the rates to the aforementioned profit before income tax, for the three months and the nine months ended September 30, 2022 and 2021, respectively.

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

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

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

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

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

34. ADDITIONAL DISCLOSURES

- a. Information on significant transactions and b. Information on investees:

- 1) Financing extended to other parties: Table 1 (attached)
- 2) Endorsements/guarantees provided to other parties: Table 2 (attached)
- 3) Marketable securities held (excluding investments in subsidiaries and associates): Table 3 (attached)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: Table 4 (attached)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
- 7) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Table 5 (attached)
- 8) Receivables from related parties of at least NT\$100 million or 20% of the paid-in capital: Table 6 (attached)
- 9) Names, locations and related information of investees on which TWM exercised significant influence (excluding information on investments in mainland China): Table 7 (attached)
- 10) Trading in derivative instruments: None
- 11) Business relationships between the parent and the subsidiaries and significant intercompany transactions: Table 8 (attached)

- c. Information on investments in mainland China:
- 1) The names of investees in mainland China, the main businesses and products, issued capital, method of investment, information on inflow or outflow of capital, ownership, net income or loss and recognized investment gain or loss, ending balance, amount received as earnings distributions from the investment, and limitation on investment: Table 9 (attached)
 - 2) Significant direct or indirect transactions with the investee companies, the prices and terms of payment, unrealized gain or loss, and other related information, which is helpful to understand the impact of investment in mainland China on financial reports: None
- d. Information of major stockholders, the name, the number of stocks owned, and percentage of ownership of each stockholder with ownership of 5% or greater: Table 10 (attached)

35. SEGMENT INFORMATION

- a. Segment revenue and operating results

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

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

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

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

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

For the Three Months Ended September 30, 2022	Telecommunications	Retail	Cable Television and Broadband	Others	Adjustments and Eliminations	Total
Operating revenue	\$ 15,884,914	\$ 23,557,744	\$ 1,551,435	\$ 150,945	\$ (676,845)	\$ 40,468,193
Operating costs and expenses	13,475,091	22,727,454	1,012,485	93,884	(710,379)	36,598,535
Operating income	2,580,162	878,115	541,013	57,060	21,004	4,077,354

For the Three Months Ended September 30, 2021	Telecommunications	Retail	Cable Television and Broadband	Others	Adjustments and Eliminations	Total
Operating revenue	\$ 15,508,522	\$ 20,907,386	\$ 1,561,735	\$ 132,765	\$ (720,766)	\$ 37,389,642
Operating costs and expenses	13,005,648	19,974,598	1,016,448	91,791	(685,050)	33,403,435
Operating income	2,722,144	958,234	545,108	40,974	(48,571)	4,217,889

For the Nine Months Ended September 30, 2022	Telecommunications	Retail	Cable Television and Broadband	Others	Adjustments and Eliminations	Total
Operating revenue	\$ 47,194,128	\$ 71,633,611	\$ 4,670,814	\$ 432,354	\$ (2,325,984)	\$ 121,604,923
Operating costs and expenses	39,893,830	68,846,582	3,043,382	282,041	(2,436,821)	109,629,014
Operating income	7,776,050	2,936,204	1,633,025	150,313	74,552	12,570,144

For the Nine Months Ended September 30, 2021	Telecommunications	Retail	Cable Television and Broadband	Others	Adjustments and Eliminations	Total
Operating revenue	\$ 46,477,035	\$ 61,526,877	\$ 4,662,880	\$ 407,154	\$ (1,950,520)	\$ 111,123,426
Operating costs and expenses	39,419,075	58,687,104	3,023,025	287,710	(2,019,330)	99,397,584
Operating income	7,418,466	2,906,108	1,639,317	119,802	31,426	12,115,119

b. Geographical information

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

Consolidated geographic information for revenue was as follows:

	For the Nine Months Ended September 30	
	2022	2021
Taiwan, ROC	\$ 119,557,189	\$ 109,427,404
Overseas	<u>2,047,734</u>	<u>1,696,022</u>
	<u>\$ 121,604,923</u>	<u>\$ 111,123,426</u>

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

FINANCING EXTENDED TO OTHER PARTIES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

(In Thousands of New Taiwan Dollars)

No.	Lending Company	Borrowing Company	Financial Statement Account	Related Parties	Maximum Balance for the Period (Note 1)	Ending Balance (Note 1)	Drawdown Amounts	Interest Rate	Nature of Financing	Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Lending Limit for Each Borrowing Company	Lending Company's Lending Amount Limits	Note
													Item	Value			
1	TCC	TWM TFC	Other receivables	Yes	\$ 500,000	\$ 500,000	\$ 413,000	0.86856%-1.12000%	Short-term financing	\$ -	Operation requirements	\$ -	-	\$ -	\$ 31,419,608	\$ 31,419,608	Note 2
			Other receivables	Yes	700,000	700,000	441,000	1.16878%-1.41978%	Short-term financing	-	Operation requirements	-	-	-	31,419,608	31,419,608	Note 2
2	WMT	TWM TKT TFNM WTVB	Other receivables	Yes	3,800,000	3,414,000	2,999,000	0.86867%-1.26333%	Short-term financing	-	Operation requirements	-	-	-	8,670,877	8,670,877	Note 2
			Other receivables	Yes	100,000	100,000	-	-	Short-term financing	-	Operation requirements	-	-	-	8,670,877	8,670,877	Note 2
			Other receivables	Yes	2,150,000	2,000,000	850,000	0.86856%-1.12000%	Short-term financing	-	Operation requirements	-	-	-	8,670,877	8,670,877	Note 2
			Other receivables	Yes	1,200,000	800,000	420,000	0.86856%-1.26333%	Short-term financing	-	Operation requirements	-	-	-	8,670,877	8,670,877	Note 2
3	TFN	TWM TCC	Other receivables	Yes	11,000,000	11,000,000	8,313,000	0.86867%-1.12000%	Short-term financing	-	Operation requirements	-	-	-	20,366,589	20,366,589	Note 2
			Other receivables	Yes	700,000	700,000	441,000	0.86878%-1.11978%	Short-term financing	-	Operation requirements	-	-	-	20,366,589	20,366,589	Note 2
4	YJCTV	TFNM	Other receivables	Yes	30,000	10,000	-	0.86878%	Transactions	409,217	-	-	-	-	409,217	409,217	Notes 3 and 4
5	PCTV	TFNM	Other receivables	Yes	520,000	520,000	520,000	0.86878%	Transactions	525,382	-	-	-	-	525,382	525,382	Notes 3 and 4
6	GCTV	TFNM	Other receivables	Yes	250,000	250,000	250,000	0.86878%	Short-term financing	-	Repayment of financing	-	-	-	278,878	278,878	Note 3

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

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

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

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED TO OTHER PARTIES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

(In Thousands of New Taiwan Dollars)

No.	Company Providing Endorsements/ Guarantees	Receiving Party		Limits on Endorsements/ Guarantees Amount Provided to Each Entity	Maximum Balance for the Period (Note 1)	Ending Balance (Note 1)	Drawdown Amounts (Note 1)	Amount of Endorsements/ Guarantees Collateralized by Property	Ratio of Accumulated Endorsements/ Guarantees to Net Worth of the Guarantor (Note 1)	Maximum Endorsements/ Guarantees Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by a Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship											
0	TWM	TFN	Note 2	\$ 42,000,000	\$ 21,500,000	\$ 21,500,000	\$ 7,000,000	\$ -	34.96	\$ 61,495,079	Y	N	N	Note 3
		TKT	Note 2	313,800	50,000	50,000	50,000	-	0.08	61,495,079	Y	N	N	Note 3
		TVC	Note 2	8,550,000	3,200,000	3,200,000	1,952,500	-	5.20	61,495,079	Y	N	N	Note 3

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

Note 2: Direct/indirect subsidiary.

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES)
SEPTEMBER 30, 2022

(In Thousands of New Taiwan Dollars)

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	At the End of the Period				Note
				Units/Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
TWM	<u>Listed Stocks</u> Chunghwa Telecom Co., Ltd.	-	Current financial assets at FVTOCI	2,174	\$ 247,780	0.028	\$ 247,780	
	<u>Unlisted Stocks</u> LINE Bank Taiwan Limited	-	Non-current financial assets at FVTOCI	75,000	698,008	5	698,008	
	Bridge Mobile Pte Ltd.	-	Non-current financial assets at FVTOCI	800	31,761	10	31,761	
	<u>Limited Partnerships</u> Grand Academy Investment, L.P.	-	Non-current financial assets at FVTOCI	-	705,955	21.67	705,955	Note 1
	Starview Heights Investment, L.P.	-	Non-current financial assets at FVTOCI	-	58,158	21.67	58,158	Note 1
TCC	<u>Unlisted Stocks</u> Arcoa Communication Co., Ltd.	-	Non-current financial assets at FVTOCI	6,998	98,813	5.21	98,813	
WMT	<u>Limited Partnerships</u> The Last Thieves, L.P.	-	Current financial assets at FVTPL	-	-	7.14	-	Note 1
TVC	<u>Listed Stocks</u> 91APP, Inc.	-	Non-current financial assets at FVTOCI	2,500	201,250	2.12	201,250	
	<u>Unlisted Stocks</u> 17LIVE INC.	-	Non-current financial assets at FVTPL	525	21,225	0.2	21,225	
	FIGMENT INC.	-	Non-current financial assets at FVTOCI	-	6,187	0.09	6,187	Note 2
	Stampede Entertainment, Inc.	-	Non-current financial assets at FVTOCI	1,333	363,568	7.56	363,568	
	TIKI GLOBAL PTE. LTD.	-	Non-current financial assets at FVTOCI	760	538,265	2.4	538,265	
	CARSOME GROUP INC.	-	Non-current financial assets at FVTOCI	733	44,749	0.34	44,749	
	Cloud Mile Inc.	-	Non-current financial assets at FVTOCI	5,396	636,873	18.2	636,873	
	SoundOn Global Limited	-	Non-current financial assets at FVTOCI	-	11,547	1	11,547	Note 2
	BAM Management US Holdings Inc.	-	Non-current financial assets at FVTOCI	246	159,250	0.12	159,250	
	LINE MAN CORPORATION PTE. LTD.	-	Non-current financial assets at FVTOCI	1,100	309,709	0.95	309,709	
	Swift Navigation, Inc.	-	Non-current financial assets at FVTOCI	214	31,850	0.26	31,850	
	Swift Navigation, Inc.	-	Non-current financial assets at FVTOCI	364	63,700	0.44	63,700	
	Taiwan Web Service Corporation	-	Non-current financial assets at FVTOCI	3,000	18,346	4.48	18,346	
	<u>Limited Partnerships</u> AUM CREATIVE FUND II	-	Non-current financial assets at FVTPL	-	15,742	16.21	15,742	Note 1
Linse Capital Fund I, L.P.	-	Non-current financial assets at FVTPL	-	69,684	0.89	69,684	Note 1	
LINSE CAPITAL SKY II LLC	-	Non-current financial assets at FVTPL	-	95,445	2.97	95,445	Note 1	
Northstar Equity Partners V Limited	-	Non-current financial assets at FVTPL	-	209,585	1.73	209,585	Note 1	

(Continued)

Investing Company	Marketable Securities Type and Name	Relationship with the Securities Issuer	Financial Statement Account	At the End of the Period				Note
				Units/Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
TVC	<u>Limited Partnerships</u>							
	Pantera Blockchain Offshore Fund L.P.	-	Non-current financial assets at FVTPL	-	\$ 118,480	0.32	\$ 118,480	Note 1
	Pioneer Fund II L.P.	-	Non-current financial assets at FVTPL	-	85,659	16.34	85,659	Note 1
	Soma Capital Fund III, L.P.	-	Non-current financial assets at FVTPL	-	58,491	1.21	58,491	Note 1
	TOMORROW TOGETHER FUND	-	Non-current financial assets at FVTPL	-	19,412	23.53	19,412	Note 1
	<u>Convertible Notes</u>							
	CARSOME GROUP INC.	-	Non-current financial assets at FVTPL	-	137,879	-	137,879	
TCCI	<u>Listed Stocks</u>							
	TWM	TWM	Non-current financial assets at FVTOCI	200,497	19,167,490	5.7	19,167,490	
	<u>Unlisted Stocks</u>							
	Great Taipei Broadband Co., Ltd.	-	Non-current financial assets at FVTOCI	10,000	38,651	6.67	38,651	
TUI	<u>Listed Stocks</u>							
	TWM	TWM	Non-current financial assets at FVTOCI	410,665	39,259,601	11.67	39,259,601	
TID	<u>Listed Stocks</u>							
	TWM	TWM	Non-current financial assets at FVTOCI	87,590	8,373,562	2.49	8,373,562	
momo	<u>Unlisted Stocks</u>							
	Media Asia Group Holdings Limited	-	Current financial assets at FVTOCI	4,367	6,130	0.15	6,130	
	Gaius Automotive Inc.	-	Non-current financial assets at FVTPL	5,750	230,000	8.02	230,000	
	We Can Medicines Co., Ltd.	-	Non-current financial assets at FVTOCI	3,140	73,613	7.85	73,613	
	LINE Bank Taiwan Limited	-	Non-current financial assets at FVTOCI	37,500	349,004	2.5	349,004	

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

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

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

(Concluded)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance		
					Units/Shares (In Thousands)	Amount	Units/Shares (In Thousands)	Amount	Units/Shares (In Thousands)	Amount	Carrying Amount	Gain (Loss) on Disposal	Units/Shares (In Thousands)	Amount (Note 1)
TWM	<u>Unlisted Stocks</u> TVC	Investments accounted for using equity method	-	Subsidiary	217,500	\$ 2,736,210	210,000	\$ 2,100,000	-	\$ -	\$ -	\$ -	433,051 (Note 2)	\$ 4,760,753
	LINE Bank Taiwan Limited	Non-current financial assets at FVTOCI	-	-	50,000	408,139	37,500	375,000	12,500 (Note 3)	-	-	-	75,000	698,008
	<u>Listed Stocks</u> APT (Note 4)	Non-current financial assets at FVTOCI	-	-	97,171	798,745	-	-	97,171	671,375	2,980,000	(2,308,625) (Note 4)	-	-
TVC	<u>Unlisted Stocks</u> Cloud Mile Inc.	Non-current financial assets at FVTOCI	-	-	-	-	5,396	443,459	-	-	-	-	5,396	636,873
momo	<u>Unlisted Stocks</u> LINE Bank Taiwan Limited	Non-current financial assets at FVTOCI	-	-	-	-	37,500	375,000	-	-	-	-	37,500	349,004

Note 1: The ending balance included the relevant adjustments to share of profit of investments accounted for using equity method and financial assets.

Note 2: The ending balance of shares included the stock dividends, amounting to 5,551 thousand shares, received in the third quarter of 2022.

Note 3: LINE Bank Taiwan Limited reduced capital to write off 25% of the accumulated deficit in the second quarter of 2022, and TWM decreased 12,500 shares in accordance with the percentage of ownership.

Note 4: TWM exercised appraisal right in the second quarter of 2022 and deposited all of the held interests. The valuation loss was transferred from other equity to retained earnings.

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
TWM	TFN	Subsidiary	Sale	\$ 115,280	-	Based on contract terms	-	-	\$ 24,981	-	Note 3 Note 3
			Purchase	3,727,973	11	Based on contract terms	-	-	(490,783)	Note 2	
	TPIA	Subsidiary	Subsidiary	Sale	145,827	-	Based on contract terms	-	-	74,704	1
				Purchase	131,063	-	Based on contract terms	-	-	(39,386)	Note 2
				Purchase	188,465	1	Based on contract terms	-	-	(56,727)	2
				Sale	1,755,902	4	Based on contract terms	-	-	200,241	3
momo	Subsidiary	Subsidiary	Purchase	182,444	1	Based on contract terms	-	-	(21,867)	1	
TWM&TDS	Fubon Insurance	Other related party	Sale	210,025	-	Based on contract terms	-	-	56,253	1	
TFN	TFC	Fellow subsidiary	Sale	115,650	2	Based on contract terms	-	-	45,882	4	
			Sale	161,801	2	Based on contract terms	-	-	36,540	3	
			Sale	282,596	4	Based on contract terms	-	-	62,026	6	
TT&T	TWM	Ultimate parent	Sale	704,072	90	Based on contract terms	-	-	80,706	91	
TPIA	Fubon Insurance	Other related party	Sale	245,682	96	Based on contract terms	-	-	98,063	96	
TFNM	YJCTV	Subsidiary	Channel leasing fee	279,032	10	Based on contract terms	Note 1	Note 1	-	-	
			Channel leasing fee	363,011	14	Based on contract terms	Note 1	Note 1	-	-	
			Channel leasing fee	161,690	6	Based on contract terms	Note 1	Note 1	-	-	
			Channel leasing fee	130,631	5	Based on contract terms	Note 1	Note 1	-	-	
MCTV	Dai-Ka	Other related party	Royalty for copyright	112,701	50	Based on contract terms	-	-	(125,594)	93	
WTVB	kbro	Other related party	Sale	151,037	21	Based on contract terms	-	-	54,170	8	
momo	FSL	Subsidiary	Purchase	589,089	1	Based on contract terms	-	-	(163,729)	2	
			Purchase	138,917	-	Based on contract terms	-	-	(19,349)	-	

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

Note 2: Including accounts payable and other payables.

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
SEPTEMBER 30, 2022

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance		Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
						Amount	Action Taken		
TWM	momo	Subsidiary	Accounts receivable	\$ 200,241	9.32	\$ -	-	\$ 193,688	\$ -
			Other receivables	105,384		-	-	20,036	-
TCC	TWM	Parent	Other receivables	414,847		-	-	1,717	-
	TFC	Subsidiary	Other receivables	443,245		-	-	443,245	-
WMT	TWM	Parent	Other receivables	3,004,601		-	-	-	-
	TFNM	Subsidiary	Other receivables	853,156		-	-	250,928	-
	WTVB	Subsidiary	Other receivables	421,938		-	-	1,889	-
TFN	TWM	Ultimate parent	Accounts receivable	496,808	10.71	-	-	434,834	-
			Other receivables	8,418,067		-	-	82,314	-
	TCC	Parent	Other receivables	442,696	-	-	442,696	-	
PCTV	TFNM	Parent	Accounts receivable	5,917	7.26	-	-	3,924	-
			Other receivables	521,174		-	-	520,035	-
GCTV	TFNM	Parent	Accounts receivable	2,431	7.14	-	-	1,564	-
			Other receivables	250,550		-	-	250,001	-
momo	TWM	Ultimate parent	Accounts receivable	53,753	11.51	-	-	30,008	-
			Other receivables	50,793		-	-	38,205	-
	TFCB	Other related party	Accounts receivable	173,973	Note	-	-	121,194	-
			Other receivables	162,357		-	-	162,357	-
FSL	momo	Parent	Accounts receivable	164,271	5.14	-	-	84,653	-

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

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEEES ON WHICH TWM EXERCISED SIGNIFICANT INFLUENCE
(EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

(In Thousands of New Taiwan Dollars)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance at the End of the Period			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				September 30, 2022	December 31, 2021	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
TWM	TCC	Taiwan	Investment	\$ 40,397,288	\$ 40,397,288	502,970	100	\$ 18,804,974	\$ 2,895,707	\$ 2,896,285	Note 1
	WMT	Taiwan	Investment	16,871,894	16,871,894	42,065	100	21,676,558	2,324,934	2,324,545	Note 1
	TVC	Taiwan	Investment	4,275,000	2,175,000	433,051	100	4,760,753	211,748	211,748	
	TNH	Taiwan	Building and operating Songshan Cultural and Creative Park BOT project	1,918,655	1,918,655	191,866	49.9	1,944,858	82,650	40,456	Note 1
	FSD	Taiwan	Information services	30,000	-	3,000	100	29,991	(9)	(9)	Note 2
	AppWorks	Taiwan	Venture capital, investment consulting, and management consulting	235,000	235,000	1,275	51	248,117	(11,260)	(6,388)	Note 1
TCC	TFN	Taiwan	Fixed line service provider	21,000,000	21,000,000	2,100,000	100	50,917,435	2,584,452	-	Note 3
	TT&T	Taiwan	Call center service and telephone marketing	56,210	56,210	2,484	100	95,321	35,851	-	Note 3
	TWM Holding	British Virgin Islands	Investment	347,951	347,951	-	100	246,494	23,654	-	Notes 3 and 4
	TCCI	Taiwan	Investment	17,285,441	17,285,441	154,721	100	26,231,596	1,402	-	Note 3
	TDS	Taiwan	Commissioned maintenance services	25,000	25,000	2,500	100	99,551	5,159	-	Note 3
	TPIA	Taiwan	Property insurance agent	5,000	5,000	500	100	83,160	73,159	-	Note 3
	TFC	Taiwan	Cloud and information services	200,000	200,000	20,000	100	260,982	81,390	-	Note 3
WMT	TFNM	Taiwan	Type II telecommunications business	5,210,443	5,210,443	230,921	100	6,443,640	1,268,752	-	Note 3
	GFMT	Taiwan	Investment	16,984	16,984	1,500	100	17,337	94	-	Note 3
	GWMT	Taiwan	Investment	92,189	92,189	8,945	100	97,101	1,690	-	Note 3
	WTVB	Taiwan	TV program provider	222,417	222,417	18,177	100	316,124	46,861	-	Note 3
	momo	Taiwan	Wholesale and retail sales	8,129,394	8,129,394	98,354	45.01	10,517,794	2,414,019	-	Notes 3 and 5
TVC	TWMFM	Taiwan	Film production	11,300	300	1,130	100	11,072	(167)	-	Note 3
	AppWorks Fund III	Taiwan	Venture capital	607,450	694,767	60,293	20.14	637,570	715,536	-	Note 3
	NADA	Taiwan	Animation production	60,000	60,000	4,286	37.93	56,051	(1,725)	-	Note 3
TFN	TUI	Taiwan	Investment	22,314,609	22,314,609	400	100	34,090,624	(140)	-	Note 3
TCCI	TID	Taiwan	Investment	3,603,149	3,603,149	104,712	100	7,276,161	(94)	-	Note 3
TWMFM	SFF	Taiwan	Film production	300	-	30	100	272	(28)	-	Note 3
TFNM	TKT	Taiwan	Digital music services	156,900	156,900	14,700	100	327,091	36,460	-	Note 3
	YJCTV	Taiwan	Cable TV service provider	2,061,522	2,061,522	33,940	100	1,462,031	(45,633)	-	Note 3
	MCTV	Taiwan	Cable TV service provider	510,724	510,724	6,248	29.53	622,512	22,534	-	Notes 3 and 6
	PCTV	Taiwan	Cable TV service provider	3,261,073	3,261,073	68,090	100	3,427,198	93,720	-	Note 3
	UCTV	Taiwan	Cable TV service provider	1,986,250	1,986,250	169,141	99.22	2,037,560	26,355	-	Note 3
	GCTV	Taiwan	Cable TV service provider	1,221,002	1,221,002	51,733	92.38	1,266,595	26,585	-	Note 3
	kbro Media	Taiwan	Film distribution, arts and literature services, and entertainment	341,250	341,250	21,994	33.58	106,786	(70,954)	-	Note 3

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance at the End of the Period			Net Income (Loss) of the Investee	Investment Income (Loss)	Note
				September 30, 2022	December 31, 2021	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
TKT	M.E.	Taiwan	Livestreaming artists management services and digital media production	\$ 27,000	\$ 27,000	460	15	\$ 29,010	\$ 16,764	\$ -	Note 3
GFMT	UCTV	Taiwan	Cable TV service provider	16,218	16,218	1,300	0.76	15,664	26,355	-	Note 3
GWMT	GCTV	Taiwan	Cable TV service provider	91,910	91,910	3,825	6.83	95,633	26,585	-	Note 3
momo	Asian Crown (BVI)	British Virgin Islands	Investment	885,285	885,285	9,735	81.99	16,721	(4,450)	-	Note 3
	Honest Development	Samoa	Investment	670,448	670,448	21,778	100	643,627	(14,103)	-	Note 3
	FLI	Taiwan	Life insurance agent	3,000	3,000	500	100	3,123	(2,079)	-	Note 3
	FPI	Taiwan	Property insurance agent	3,000	3,000	500	100	12,790	3,321	-	Note 3
	FST	Taiwan	Travel agent	6,000	6,000	3,000	100	44,888	3,853	-	Note 3
	Bebe Poshe	Taiwan	Wholesale of cosmetics	85,000	85,000	8,500	85	26,394	(6,262)	-	Note 3
	FSL	Taiwan	Logistics and transport	250,000	250,000	25,000	100	330,888	74,954	-	Note 3
	MFS	Taiwan	Wholesaling	100,000	100,000	10,000	100	98,261	(2,518)	-	Note 3
	Prosperous Living	Taiwan	Wholesale and retail sales	220,850	220,850	22,085	73.62	223,024	3,133	-	Note 3
	TV Direct	Thailand	Wholesale and retail sales	Note 7	179,406	Note 7	Note 7	Note 7	Note 7	-	Notes 3 and 7
Asian Crown (BVI)	Fortune Kingdom	Samoa	Investment	1,132,789	1,132,789	11,594	100	15,823	(4,968)	-	Note 3
Fortune Kingdom	HK Fubon Multimedia	Hong Kong	Investment	1,132,789	1,132,789	11,594	100	15,823	(4,968)	-	Note 3
Honest Development	HK Yue Numerous	Hong Kong	Investment	670,448	670,448	16,600	100	643,627	(14,103)	-	Note 3

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

Note 2: In September 2022, FSD was set up as a preparatory office, and the incorporation registration was completed on October 7, 2022.

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

Note 4: Held 1 share as of period end.

Note 5: Material non-controlling interests.

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

Note 7: momo sold all of its equity interest of TV Direct in August 2022.

Note 8: For information on investments in mainland China, see Table 9 for the details.

(Concluded)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

(In Thousands of New Taiwan Dollars)

Number	Company Name	Counterparty	Nature of Relationship (Note 1)	Transaction Details			Percentage of Consolidated Total Operating Revenue or Total Assets
				Account	Amount	Transaction Terms (Note 2)	
0	TWM	TFN	1	Notes and accounts receivable, net	\$ 25,485	-	-
		TPIA	1	Notes and accounts receivable, net	74,704	-	-
		momo	1	Notes and accounts receivable, net	200,241	-	-
		TFN	1	Other receivables	40,348	-	-
		TFNM	1	Other receivables	42,125	-	-
		momo	1	Other receivables	105,384	-	-
		TFNM	1	Other non-current assets	19,660	-	-
		TNH	1	Other non-current assets	18,613	-	-
		TFN	1	Short-term borrowings	8,313,000	-	4%
		WMT	1	Short-term borrowings	2,999,000	-	2%
		TCC	1	Short-term borrowings	413,000	-	-
		TFN	1	Notes and accounts payable	78,729	-	-
		TKT	1	Notes and accounts payable	56,727	-	-
		TFNM	1	Notes and accounts payable	39,215	-	-
		momo	1	Notes and accounts payable	21,867	-	-
		TFN	1	Other payables	509,469	-	-
		TT&T	1	Other payables	80,706	-	-
		TDS	1	Other payables	19,212	-	-
		momo	1	Other payables	50,722	-	-
		TFN	1	Lease liabilities (current and non-current)	115,588	-	-
		TNH	1	Lease liabilities (current and non-current)	156,042	-	-
		YJCTV	1	Lease liabilities (current and non-current)	24,579	-	-
		GCTV	1	Lease liabilities (current and non-current)	14,848	-	-
		TFN	1	Other current liabilities	13,279	-	-
		momo	1	Other current liabilities	50,853	-	-
		TFN	1	Operating revenue	115,280	-	-
		TPIA	1	Operating revenue	145,827	-	-
		TFNM	1	Operating revenue	16,932	-	-
		momo	1	Operating revenue	1,755,902	-	1%
		TFN	1	Operating costs	3,727,973	-	3%
		TKT	1	Operating costs	188,465	-	-
TDS	1	Operating costs	45,701	-	-		
TFNM	1	Operating costs	131,063	-	-		
momo	1	Operating costs	182,444	-	-		

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note 1)	Transaction Details			Percentage of Consolidated Total Operating Revenue or Total Assets
				Account	Amount	Transaction Terms (Note 2)	
0	TWM	TFN	1	Operating expenses	\$ 24,998	-	-
			1	Operating expenses	703,399	-	1%
			1	Other income and expenses, net	32,037	-	-
			1	Finance costs	20,337	-	-
			1	Finance costs	61,242	-	-
1	TCC	TFC	1	Other receivables	443,245	-	-
			1	Short-term borrowings	441,000	-	-
2	WMT	TFNM	1	Other receivables	853,156	-	-
			1	Other receivables	421,938	-	-
3	TNH	TWM	2	Operating revenue	93,294	-	-
4	TFN	TFC	3	Notes and accounts receivable, net	46,183	-	-
			3	Notes and accounts receivable, net	36,540	-	-
			2	Lease liabilities (current and non-current)	38,857	-	-
			2	Lease revenue	28,885	-	-
			3	Operating revenue	115,650	-	-
			3	Operating revenue	161,801	-	-
			3	Operating revenue	32,724	-	-
			3	Operating expenses	74,280	-	-
5	TFNM	YJCTV	1	Other receivables	42,322	-	-
			1	Other receivables	19,294	-	-
			1	Other receivables	51,188	-	-
			1	Other receivables	31,495	-	-
			1	Other receivables	19,979	-	-
			1	Short-term borrowings	520,000	-	-
			1	Short-term borrowings	250,000	-	-
			3	Notes and accounts payable	58,387	-	-
			3	Lease liabilities (current and non-current)	55,738	-	-
			1	Operating revenue	304,463	-	-
			1	Operating revenue	392,796	-	-
			1	Operating revenue	161,690	-	-
			1	Operating revenue	141,962	-	-
			3	Operating revenue	33,070	-	-
			1	Operating costs	25,836	-	-
			1	Operating costs	29,415	-	-
			1	Operating costs	17,890	-	-
			1	Operating costs	12,040	-	-
			3	Operating costs	57,284	-	-
			6	momo	FSL	1	Notes and accounts payable
1	Notes and accounts payable	19,349				-	-

(Continued)

Number	Company Name	Counterparty	Nature of Relationship (Note 1)	Transaction Details			Percentage of Consolidated Total Operating Revenue or Total Assets
				Account	Amount	Transaction Terms (Note 2)	
6	momo	Bebe Poshe	1	Operating costs	\$ 18,838	-	-
		FSL	1	Operating costs	589,089	-	-
		MFS	1	Operating costs	138,917	-	-
		Prosperous Living	1	Operating costs	21,353	-	-
7	MFS	Prosperous Living	3	Operating revenue	10,393	-	-

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

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

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

(Concluded)

TAIWAN MOBILE CO., LTD. AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

(In Thousands of New Taiwan Dollars and Foreign Currencies)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (Note 1)	Accumulated Outflow of Investment from Taiwan at the Beginning of the Period	Investment Flows		Accumulated Outflow of Investment from Taiwan at the End of the Period	Net Income (Loss) of Investee	% Ownership through Direct or Indirect Investment	Investment Income (Loss)	Carrying Value at the End of the Period	Accumulated Inward Remittance of Earnings at the End of the Period	Note
					Outflow	Inflow							
TWMC	Data communication application development	\$ 95,550 (USD 3,000)	b	\$ 155,170 (USD 4,872)	\$ -	\$ -	\$ 155,170 (USD 4,872)	\$ 1,094	100	\$ 1,094	\$ 83,455	\$ -	
FGE	Wholesaling	342,473 (RMB 77,500)	b	840,371 (USD 14,000) (RMB 89,267)	-	-	840,371 (USD 14,000) (RMB 89,267)	(6,423)	76.7	(4,926)	5,877	-	
Haobo	Investment	48,609 (RMB 11,000)	b	-	-	-	-	(14,797)	100	(14,797)	614,951	-	
GHS	Wholesaling	220,950 (RMB 50,000)	b	-	-	-	-	67,745	20	(15,999)	569,047	-	

Company	Accumulated Investment in Mainland China at the End of the Period	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA (Note 2)
TWM and subsidiaries	\$1,679,304 (USD18,872, RMB89,267 and HKD168,539)	\$1,679,304 (USD18,872, RMB89,267 and HKD168,539)	\$41,585,034

Note 1: The investment types are as follows:

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

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

TAIWAN MOBILE CO., LTD
INFORMATION OF MAJOR STOCKHOLDERS
SEPTEMBER 30, 2022

Name of Major Stockholder	Shares	
	Number of Shares	Percentage of Ownership (%)
TUI	410,665,284	11.67
Shin Kong Life Insurance Co., Ltd.	251,123,000	7.14
Cathay Life Insurance Co., Ltd.	208,286,900	5.92
TCCI	200,496,761	5.70
Ming Dong	184,736,452	5.25

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