

**Taiwan Mobile Co., Ltd.**

**Financial Statements for the  
Years Ended December 31, 2023 and 2022 and  
Independent Auditors' Report**

## **INDEPENDENT AUDITORS' REPORT**

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

### **Opinion**

We have audited the accompanying financial statements of Taiwan Mobile Co., Ltd. (TWM), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the related notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of TWM as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the 2023 financial statements are as follows:

#### Telecommunications and Value-added Services Revenue

The description of key audit matter:

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

Corresponding audit procedures:

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

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

The Identification and Valuation of Intangible Assets from Merger with Taiwan Star Telecom Corporation Limited (TST)

The description of key audit matter:

TWM has completed the acquisition of TST through the issuance of new shares on December 1, 2023. The intangible assets arising from the acquisition, primarily consisting of concessions of \$20,506,689 thousand, goodwill of \$17,498,979 thousand, and customer relationships of \$955,776 thousand, were significant to the accompanying financial statements. In accordance with International Financial Reporting Standards (IFRS), the management has recognized the acquisition cost and fair value of identifiable net assets. Due to the management's involvement in making significant judgments related to consideration received during the transaction, determining the fair value of net assets and purchase price allocation, these assessments are deemed significant for 2023, leading the identification and valuation of intangible assets to be considered as one of the key audit matters.

Corresponding audit procedures:

1. We evaluated the professional competency and objectivity of the external appraisers engaged by the management in the process of identifying and valuing of intangible assets.
2. We assessed the reasonableness of the management's assumptions in the process of identification and valuation of intangible assets, including the valuation model used, the factors applied, the categories of intangible assets identified, and the related economic benefit lives estimated in the valuation report.
3. We tested the accuracy of the amortization expenses recognized for those identified intangible assets and confirmed the disclosures regarding the acquisition in accordance with IFRS in the financial statements.

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

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

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

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

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

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within TWM to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 21, 2024

#### Notice to Readers

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

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

# TAIWAN MOBILE CO., LTD.

## BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2023		December 31, 2022		LIABILITIES AND EQUITY	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash and cash equivalents (Notes 6 and 29)	\$ 2,392,460	1	\$ 2,177,458	1	Short-term borrowings (Notes 16 and 29)	\$ 31,615,000	14	\$ 32,305,000	19
Financial assets at fair value through other comprehensive income (Note 7)	260,822	-	245,607	-	Short-term notes and bills payable (Note 16)	12,876,257	6	3,092,395	2
Contract assets (Note 21)	6,093,453	3	5,086,808	3	Contract liabilities (Note 21)	1,756,620	1	1,118,225	1
Notes and accounts receivable, net (Note 8)	7,804,418	4	6,073,211	4	Notes payable	205,839	-	670	-
Accounts receivable due from related parties (Note 29)	470,036	-	527,294	-	Accounts payable	2,242,231	1	1,922,613	1
Other receivables (Note 29)	1,992,893	1	1,357,557	1	Accounts payable due to related parties (Note 29)	271,858	-	287,947	-
Inventories (Note 9)	3,566,107	1	3,616,363	2	Other payables (Note 29)	9,299,703	5	7,595,865	4
Prepayments	268,764	-	281,205	-	Current tax liabilities	638,894	-	904,881	1
Other financial assets (Notes 29 and 30)	34,272	-	31,351	-	Provisions (Note 18)	370,881	-	30,473	-
Other current assets	3,218	-	393	-	Lease liabilities (Notes 12, 26 and 29)	4,848,332	2	3,018,613	2
Total current assets	<u>22,886,443</u>	<u>10</u>	<u>19,397,247</u>	<u>11</u>	Long-term liabilities, current portion (Notes 16 and 17)	3,596,411	2	9,499,226	5
					Other current liabilities (Note 29)	2,707,128	1	2,361,186	1
					Total current liabilities	<u>70,429,154</u>	<u>32</u>	<u>62,137,094</u>	<u>36</u>
<b>NON-CURRENT ASSETS</b>					<b>NON-CURRENT LIABILITIES</b>				
Financial assets at fair value through other comprehensive income (Note 7)	2,682,853	1	1,915,424	1	Contract liabilities (Note 21)	91,966	-	60,255	-
Contract assets (Note 21)	5,802,669	3	5,390,182	3	Bonds payable (Note 17)	37,980,333	17	31,481,943	18
Investments accounted for using equity method (Notes 10 and 29)	51,512,010	23	49,249,451	29	Long-term borrowings (Note 16)	18,384,828	9	4,496,902	3
Property, plant and equipment (Notes 11 and 30)	30,780,719	14	24,806,240	15	Provisions (Note 18)	536,109	-	511,229	-
Right-of-use assets (Notes 12 and 29)	9,817,974	5	7,968,994	5	Deferred tax liabilities (Note 23)	902,672	1	783,982	1
Investment properties (Note 13)	2,350,233	1	2,922,844	2	Lease liabilities (Notes 12, 26 and 29)	4,955,726	2	4,977,758	3
Concessions (Note 14)	65,982,990	30	49,744,226	29	Net defined benefit liabilities (Note 19)	52,053	-	76,985	-
Goodwill (Note 14)	24,620,850	11	7,121,871	4	Guarantee deposits	503,070	-	431,651	-
Other intangible assets (Note 14)	1,430,006	1	248,785	-	Other non-current liabilities	2,715,491	1	2,146,910	1
Deferred tax assets (Note 23)	354,761	-	346,131	-	Total non-current liabilities	<u>66,122,248</u>	<u>30</u>	<u>44,967,615</u>	<u>26</u>
Incremental costs of obtaining a contract (Note 21)	2,388,239	1	1,793,461	1	Total liabilities	<u>136,551,402</u>	<u>62</u>	<u>107,104,709</u>	<u>62</u>
Other non-current assets (Notes 15, 29 and 30)	765,203	-	670,609	-	<b>EQUITY (Note 20)</b>				
Total non-current assets	<u>198,488,507</u>	<u>90</u>	<u>152,178,218</u>	<u>89</u>	Common stock	37,232,618	17	35,192,336	21
					Capital surplus	31,302,785	14	15,326,778	9
					Retained earnings				
					Legal reserve	33,498,727	15	32,603,345	19
					Special reserve	-	-	1,823,415	1
					Unappropriated earnings	12,182,646	6	8,954,012	5
					Other equity interests	324,116	-	288,214	-
					Treasury stock	(29,717,344)	(14)	(29,717,344)	(17)
					Total equity	<u>84,823,548</u>	<u>38</u>	<u>64,470,756</u>	<u>38</u>
<b>TOTAL</b>	<u>\$ 221,374,950</u>	<u>100</u>	<u>\$ 171,575,465</u>	<u>100</u>	<b>TOTAL</b>	<u>\$ 221,374,950</u>	<u>100</u>	<u>\$ 171,575,465</u>	<u>100</u>

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

# TAIWAN MOBILE CO., LTD.

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 21 and 29)	\$ 66,412,642	100	\$ 61,027,806	100
OPERATING COSTS (Notes 9, 29 and 33)	<u>50,388,426</u>	<u>76</u>	<u>46,231,648</u>	<u>76</u>
GROSS PROFIT FROM OPERATIONS, NET	<u>16,024,216</u>	<u>24</u>	<u>14,796,158</u>	<u>24</u>
OPERATING EXPENSES (Notes 29 and 33)				
Marketing	7,156,021	11	6,568,252	11
Administrative	2,915,984	5	2,798,333	5
Research and development	211,268	-	149,108	-
Expected credit loss	<u>269,865</u>	<u>-</u>	<u>255,814</u>	<u>-</u>
Total operating expenses	<u>10,553,138</u>	<u>16</u>	<u>9,771,507</u>	<u>16</u>
OTHER INCOME AND EXPENSES, NET (Note 29)	<u>708,210</u>	<u>1</u>	<u>612,089</u>	<u>1</u>
OPERATING INCOME	<u>6,179,288</u>	<u>9</u>	<u>5,636,740</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	70,487	-	22,032	-
Other income	18,007	-	36,864	-
Other gains and losses, net (Note 22)	(104,012)	-	(246,898)	-
Finance costs (Notes 22 and 29)	(1,115,094)	(2)	(755,256)	(1)
Share of profit of subsidiaries and associates accounted for using equity method (Note 10)	<u>8,128,791</u>	<u>13</u>	<u>7,239,387</u>	<u>12</u>
Total non-operating income and expenses	<u>6,998,179</u>	<u>11</u>	<u>6,296,129</u>	<u>11</u>
PROFIT BEFORE TAX	13,177,467	20	11,932,869	20
INCOME TAX EXPENSE (Note 23)	<u>903,358</u>	<u>2</u>	<u>907,318</u>	<u>2</u>
NET PROFIT	<u>12,274,109</u>	<u>18</u>	<u>11,025,551</u>	<u>18</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 10, 19, 20 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurements of defined benefit plans	8,405	-	162,294	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	234,690	-	175,367	-
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	(285,575)	-	(311,300)	-
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	<u>(10,357)</u>	<u>-</u>	<u>16,432</u>	<u>-</u>
Other comprehensive income (after tax)	<u>(52,837)</u>	<u>-</u>	<u>42,793</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 12,221,272</u>	<u>18</u>	<u>\$ 11,068,344</u>	<u>18</u>
EARNINGS PER SHARE (Note 24)				
Basic earnings per share	<u>\$ 4.33</u>		<u>\$ 3.91</u>	
Diluted earnings per share	<u>\$ 4.32</u>		<u>\$ 3.90</u>	

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

**TAIWAN MOBILE CO., LTD.**

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)**

	Common Stock	Capital Collected in Advance	Capital Surplus	Retained Earnings			Other Equity Interests		Treasury Stock	Total Equity
				Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
BALANCE, JANUARY 1, 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
Distribution of 2021 earnings										
Legal reserve	-	-	-	1,102,873	-	(1,102,873)	-	-	-	-
Reversal of special reserve	-	-	-	-	(626,324)	626,324	-	-	-	-
Cash dividends	-	-	-	-	-	(10,551,987)	-	-	-	(10,551,987)
Total distribution of earnings	-	-	-	1,102,873	(626,324)	(11,028,536)	-	-	-	(10,551,987)
Cash dividends from capital surplus	-	-	(1,576,086)	-	-	-	-	-	-	(1,576,086)
Profit for the year ended December 31, 2022	-	-	-	-	-	11,025,551	-	-	-	11,025,551
Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	258,116	16,432	(231,755)	-	42,793
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	11,283,667	16,432	(231,755)	-	11,068,344
Conversion of convertible bonds to common stock	57,135	(57,135)	-	-	-	-	-	-	-	-
Transfer and disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(2,326,952)	-	2,326,952	-	-
Difference between consideration and carrying amount of subsidiaries acquired	-	-	-	-	-	(2,140)	-	-	-	(2,140)
Changes in equity of associates accounted for using equity method	-	-	-	-	-	(753)	-	-	-	(753)
Changes in equity associated with non-current assets held for sale	-	-	(2,223)	-	-	-	-	-	-	(2,223)
Other changes in capital surplus	-	-	1,848	-	-	-	-	-	-	1,848
BALANCE, DECEMBER 31, 2022	35,192,336	-	15,326,778	32,603,345	1,823,415	8,954,012	(27,862)	316,076	(29,717,344)	64,470,756
Distribution of 2022 earnings										
Legal reserve	-	-	-	895,382	-	(895,382)	-	-	-	-
Special reserve	-	-	-	-	(1,823,415)	1,823,415	-	-	-	-
Cash dividends	-	-	-	-	-	(9,881,841)	-	-	-	(9,881,841)
Total distribution of earnings	-	-	-	895,382	(1,823,415)	(8,953,808)	-	-	-	(9,881,841)
Cash dividends from capital surplus	-	-	(2,246,232)	-	-	-	-	-	-	(2,246,232)
Profit for the year ended December 31, 2023	-	-	-	-	-	12,274,109	-	-	-	12,274,109
Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	17,523	(10,357)	(60,003)	-	(52,837)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	12,291,632	(10,357)	(60,003)	-	12,221,272
Shares issued for pursuant to acquisitions	2,040,282	-	18,190,446	-	-	-	-	-	-	20,230,728
Transfer and disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(106,262)	-	106,262	-	-
Difference between consideration and carrying amount of subsidiaries acquired	-	-	-	-	-	(2,928)	-	-	-	(2,928)
Changes in equity of associates accounted for using equity method	-	-	4,721	-	-	-	-	-	-	4,721
Reorganization	-	-	24,832	-	-	-	-	-	-	24,832
Other changes in capital surplus	-	-	2,240	-	-	-	-	-	-	2,240
BALANCE, DECEMBER 31, 2023	\$ 37,232,618	\$ -	\$ 31,302,785	\$ 33,498,727	\$ -	\$ 12,182,646	\$ (38,219)	\$ 362,335	\$(29,717,344)	\$ 84,823,548

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



# TAIWAN MOBILE CO., LTD.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	\$ 13,177,467	\$ 11,932,869
Adjustments for:		
Share of profit of subsidiaries and associates accounted for using equity method	(8,128,791)	(7,239,387)
Depreciation expense	9,862,904	9,382,810
Amortization expense	4,510,446	4,348,013
Amortization of incremental costs of obtaining a contract	1,296,816	1,200,756
Loss on disposal and retirement of property, plant and equipment, net	92,026	222,543
Gain on disposal of property, plant and equipment held for sale	-	(1,014)
Expected credit loss	269,865	255,814
Other income and expenses	(574,820)	(462,936)
Finance costs	1,115,094	755,256
Interest income	(70,487)	(22,032)
Dividend income	(10,220)	(10,016)
Others	(2,397)	(3,320)
Changes in operating assets and liabilities		
Contract assets	(814,820)	(624,185)
Notes and accounts receivable	(805,087)	(696,114)
Accounts receivable due from related parties	57,258	(56,985)
Other receivables	(449,308)	(209,506)
Inventories	100,525	(911,738)
Prepayments	51,612	(55,569)
Other current assets	(536)	(284)
Other financial assets	(2,921)	(3,246)
Incremental costs of obtaining a contract	(1,410,990)	(1,284,110)
Contract liabilities	(143,294)	50,786
Notes payable	(39,302)	145
Accounts payable	60,207	28,181
Accounts payable due to related parties	(16,089)	(6,079)
Other payables	105,624	(92,297)
Provisions	(1,790)	(30,706)
Other current liabilities	59,599	228,310
Net defined benefit liabilities	(17,200)	(16,815)
Cash inflows generated from operating activities	18,271,391	16,679,144
Interest received	6,320	2,542
Interest paid	(433)	(275)
Income taxes paid	(891,402)	(909,884)
Net cash generated from operating activities	<u>17,385,876</u>	<u>15,771,527</u>

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# TAIWAN MOBILE CO., LTD.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	\$ (5,401,133)	\$ (5,517,350)
Acquisition of right-of-use assets	(22,313)	(25,108)
Acquisition of intangible assets	(187,748)	(145,231)
Increase in prepayments for equipment	(117,517)	(75,539)
Proceeds from disposal of property, plant and equipment	68,617	295
Proceeds from disposal of property, plant and equipment held for sale	-	2,715
Proceeds from disposal of intangible assets	-	10,000
Net cash inflows from business combination	1,742,723	-
Cash outflow on acquisition of subsidiaries	(900,000)	(2,130,000)
Acquisition of financial assets at fair value through other comprehensive income	(479,162)	(375,000)
Transfer of financial assets at fair value through other comprehensive income	-	671,375
Acquisition of investments accounted for using equity method	(50,000)	-
Disposal of investments accounted for using equity method	-	667
Other investing activities	948,413	822,538
Proceeds from transferring of business	43,000	-
Increase in refundable deposits	(123,041)	(148,123)
Decrease in refundable deposits	202,348	133,128
Increase in other financial assets	(432)	-
Decrease in other financial assets	40,946	-
Interest received	59,850	16,713
Dividends received from subsidiaries	6,490,141	5,770,361
Other dividends received	<u>10,220</u>	<u>10,016</u>
Net cash generated from (used in) investing activities	<u>2,324,912</u>	<u>(978,543)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (Decrease) in short-term borrowings	(20,538,575)	500,000
Borrowings from related parties	20,586,000	15,791,000
Repayments of borrowings from related parties	(19,186,000)	(14,317,000)
Increase (Decrease) in short-term notes and bills payable	7,725,167	(1,508,125)
Proceeds from issue of bonds	6,492,645	-
Repayments of bonds	(6,000,000)	-
Proceeds from long-term borrowings	11,648,075	4,499,798
Repayment of long-term borrowings	(3,504,697)	(3,002,712)
Repayment of the principal portion of lease liabilities	(3,551,870)	(3,386,907)
Increase in guarantee deposits received	94,930	93,587
Decrease in guarantee deposits received	(80,560)	(66,229)
Cash dividends paid	(12,128,005)	(12,128,013)
Interest paid	<u>(1,052,896)</u>	<u>(717,121)</u>
Net cash used in financing activities	<u>(19,495,786)</u>	<u>(14,241,722)</u>

(Continued)

# TAIWAN MOBILE CO., LTD.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

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	2023	2022
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 215,002	\$ 551,262
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>2,177,458</u>	<u>1,626,196</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>\$ 2,392,460</u>	<u>\$ 2,177,458</u>

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

(Concluded)

# **TAIWAN MOBILE CO., LTD.**

## **NOTES TO FINANCIAL STATEMENTS**

### **FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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

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#### **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 and value-added services.

TWM received a second-generation 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 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 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 mobile broadband spectrum in the 3500MHz and 28000MHz frequency bands, and the aforementioned licenses are valid until December 2040.

To expand the business scale and boost the operating performance and competitiveness, TWM merged with Taiwan Star Telecom Corporation Limited (TST). The merger was completed on December 1, 2023, and TST was the dissolved company. Since that date, TWM has acquired the licensed spectrum in the 900MHz, 2100MHz, 2600MHz, and 3500MHz frequency bands.

#### **2. APPROVAL OF THE FINANCIAL STATEMENTS**

The Board of Directors approved the financial statements on February 21, 2024.

#### **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 "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have any material impact on TWM's accounting policies.

- b. The IFRS Accounting Standards issued by International Accounting Standards Board (IASB) and endorsed by the FSC for application starting from 2024

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IAS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the financial statements were authorized for issue, TWM had assessed that the application of above standards and interpretations would not have a material impact on TWM’s financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB</b>
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 IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note)

Note: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of Compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of Preparation

1) Basis of measurement

The financial statements have been prepared on a historical cost basis except for financial instruments measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

When preparing the parent company only financial statements, TWM accounts for subsidiaries and associates by using the equity method. In order to agree with the amount of net income, other comprehensive income and equity attributable to owners of the parent in the consolidated financial statements, the differences of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries and associates and share of other comprehensive income of subsidiaries and associates in the parent company only financial statements.

2) Functional and presentation currency

The functional currency of each individual entity is determined based on the primary economic environment in which the entity operates. The financial statements are presented in New Taiwan dollars (NTD), which is TWM's functional currency.

c. Foreign Currencies

Foreign currency transactions are recorded at the spot exchange rate on the date of the transaction. At the end of the reporting period, foreign currency monetary items are reported using the closing rate. Exchange differences in the period on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

When preparing the financial statements, the assets and liabilities of foreign operations are translated to NTD using the exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated at the average exchange rate for the period. Exchange differences are recognized in other comprehensive income.

On the disposal of TWM's entire interest in a foreign operation, all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

d. Classification of Current and Non-current Assets and Liabilities

TWM classifies an asset as current when any one of the following requirements is met. Assets that are not classified as current are non-current assets.

1) It holds the asset primarily for the purpose of trading;

2) It expects to realize the asset within twelve months after the reporting period; or

- 3) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

TWM classifies a liability as current when any one of the following requirements is met. Liabilities that are not classified as current are non-current liabilities.

- 1) It holds the liability primarily for the purpose of trading;
- 2) The liability is due to be settled within twelve months after the reporting period; or
- 3) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

e. Financial Instruments

Financial assets and financial liabilities are recognized in the balance sheets when TWM becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

TWM adopts trade-date accounting to recognize and derecognize financial assets.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at amortized cost and investments in equity instruments at fair value through other comprehensive income (FVTOCI).

i. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes and accounts receivable, other receivables, other financial assets, refundable deposits, etc., are measured at amortized cost, which equal to gross carrying amount determined by the effective interest method less any impairment loss, except for short-term receivables when the recognition of interest is immaterial. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments. If they do not meet the above definition, time deposits should be recognized as other current or non-current financial assets.

ii. Investments in equity instruments at FVTOCI

On initial recognition, TWM may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity.

Dividends on these investments in equity instruments are recognized in profit or loss when TWM's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets and contract assets

TWM recognizes a loss allowance for expected credit losses (ECLs) on financial assets at amortized cost (including receivables) and contract assets.

The loss allowances for receivables and contract assets are measured at an amount equal to lifetime ECLs. For other financial assets, when the credit risk on the financial instrument has not increased significantly since initial recognition, a loss allowance is recognized at an amount equal to 12-month ECLs. If, on the other hand, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to lifetime ECLs.

ECLs reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, TWM determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by TWM):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Failure to meet the obligation associated with liabilities within the credit terms.

TWM recognizes an impairment loss in profit or loss for aforementioned financial instruments and contract assets with a corresponding adjustment to their carrying amount through a loss allowance account.



c) Derecognition of financial assets

TWM derecognizes financial assets only when the contractual rights of the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

On derecognition of investments in equity instruments at FVTOCI, the cumulative gain or loss is directly transferred to retained earnings, and is not reclassified to profit or loss.

2) Equity instruments

Equity instruments issued by TWM are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Recognition

Except for the financial liabilities measured at FVTPL, all financial liabilities, including loans and borrowings, commercial papers payable, bonds payable, notes and accounts payable, other payables, guarantee deposits received, etc., are measured at amortized cost calculated using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

f. Inventories

Inventories are measured at the lower of cost or net realizable value. Inventories are assessed item by item, except those with similar characteristics which are assessed collectively. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs or selling expenses. The weighted-average method is used in the calculation of cost.

g. Non-current Assets Held for Sale

The book value of non-current assets classified as held for sale is expected to be recovered primarily through sale. Being classified as held for sale, the assets should be available for immediate sale. Being available for immediate sale means the management is committed to a planned sale and the sale is highly probable within 12 months.

Assets classified as non-current assets held for sale are measured at the lower of the carrying amount and fair value less costs to sell, and should not be depreciated.

#### h. Investment in Associates

An associate is an entity in which TWM has significant influence, but is neither a subsidiary nor an interest in a joint venture. TWM applies the equity method to account for its investments in associates.

Investments in associates are accounted for using equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses. Goodwill is not amortized. Any excess of TWM's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, is recognized immediately in profit or loss after reassessment.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, which forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The financial statements include TWM's share of the profit or loss and other comprehensive income (loss) of equity-accounted investees, after adjustments to align their accounting policies with those of TWM, from the date that significant influence commences until the date that significant influence ceases.

When TWM's share of losses of an associate equals or exceeds its interest in that associate, TWM discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that TWM has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

When TWM subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of TWM's proportionate interest in the associate. TWM records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If TWM's ownership interest is reduced due to its disproportionate subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When TWM loses significant influence over an associate, it recognizes the investment retained in the former associate at its fair value at the date when significant influence is lost. The difference between the fair value of the investment plus consideration received and the carrying amount of the previous investment at the date when significant influence is lost is recognized as a gain or loss in profit or loss. Besides this, TWM accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if TWM had directly disposed of the related assets or liabilities.

If TWM decreased the percentage of the ownership of associate due to disposal but still accounts for its investments in associate, it should reclassify the amount previously recognized in other comprehensive income to profit or loss proportionally.

When TWM transacts with its associates, profits and losses resulting from the transactions with the associates are recognized in TWM's financial statements only to the extent that interests in the associates are not related to TWM.

i. Investments in Subsidiaries

TWM uses the equity method to account for its investments in subsidiaries.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize TWM's share of the profit or loss and other comprehensive income of the subsidiary. TWM also recognizes the changes in TWM's share of equity of subsidiaries. The profit or loss and other comprehensive income presented in the parent company only financial reports will be the same as the allocations of profit or loss and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports will be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis.

Changes in TWM's ownership interest in a subsidiary that do not result in TWM losing control of the subsidiary are equity transactions. TWM recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When TWM loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, TWM shall account for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if TWM had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company's financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company's financial statements only to the extent of interests in the subsidiaries that are not related to TWM.

j. Property, Plant and Equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and any borrowing cost that is eligible for capitalization.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated with a separate depreciation rate or depreciation method.

The depreciable amount of an asset is determined after deducting its residual amount, and the net amount shall be allocated by the straight-line method over its useful life. Each significant item of property, plant and equipment shall be evaluated and depreciated separately if it possesses a different useful life. The depreciation charge for each period shall be recognized in profit or loss.

Land has an unlimited useful life and therefore is not depreciated. For the estimated useful lives, for the current and comparative years, of significant items of property, plant and equipment, see Note 11 to the financial statements for details.

Depreciation methods, useful lives, and residual values are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

Property, plant and equipment are derecognized when disposed of or expected to have no future economic benefits generated through usage or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized in profit and loss.

k. Leases

At inception of a contract, TWM assesses whether the contract is, or contains, a lease.

1) TWM as lessor

Leases in which the lessee assumes substantially all of the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

When TWM subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

Under finance leases, the lease payments comprise fixed payments and in-substance fixed payments. The net investment in a lease is measured at the present value of the sum of the lease payments receivable by a lessor and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on TWM's net investment outstanding in respect of leases.

Lease payments from operating leases are recognized on a straight-line basis over the terms of the relevant leases.

When a lease includes both land and building elements, TWM assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The entire lease is classified as an operating lease when it is clear that both elements are operating leases.

2) TWM as lessee

TWM recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier dates of the end of the useful lives of the right-of-use assets or the end of the lease term. Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments and variable lease payments which depend on an index. The lease payments are discounted using the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index used to determine those payments, TWM remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification, TWM accounts for the remeasurement of the lease liability by (a) adjusting the carrying amount of the right-of-use asset of lease modifications that adjust the scope and the term of the lease, and recognizes in profit or loss any gain or loss on the partial or full termination of the lease and (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the balance sheets.

Variable lease payments that do not depend on an index are recognized as expenses in the periods in which they are incurred.

#### l. Investment Properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties are measured at cost on initial recognition. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation methods, useful lives, and residual values are the same as plant, property and equipment.

#### m. Intangible Assets

##### 1) Goodwill

Goodwill acquired in a business combination is recognized at the acquisition date, and is measured at cost less accumulated impairment losses.

##### 2) Other intangible assets

Other intangible assets that are acquired through business combinations or are internally developed are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets that are acquired through business combinations are measured at acquisition-date fair value, and recognized along with goodwill.

##### 3) Amortization and derecognition of intangible assets

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and intangible assets with an indefinite useful life, from the date that they are available for use. For the estimated useful lives of intangible assets for the current and comparative periods, see Note 14 to the financial statements.

The amortization method, the amortization period, and the residual value for an intangible asset with a finite useful life shall be reviewed at each fiscal year-end, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

n. Incremental Costs of Obtaining a Contract

Only when a contract is obtained, sales commissions and subsidies of telecommunication services are recognized as incremental costs of obtaining a contract to the extent the amounts are expected to be recovered, and are amortized on a straight-line basis over the life of the contract. However, TWMM elects not to capitalize the incremental costs of obtaining a contract if the amortization period of the assets that TWMM otherwise would have recognized is expected to be one year or less.

o. Impairment of Non-financial Assets

1) Goodwill

Impairment of goodwill is required to be tested annually or more frequently whenever there is an indication that the unit may be impaired. Goodwill shall be allocated to TWMM's cash-generating units, or groups of cash-generating units, that are expected to benefit. If the recoverable amount of the cash-generating unit is less than its carrying amount, the difference is allocated first to reduce the carrying amount of any goodwill allocated to such cash generating unit and then to the other assets of the cash generating unit pro rata based on the carrying amount of each asset in the cash generating unit. Any impairment loss for goodwill is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

2) Property, plant, and equipment, right-of-use assets, investment properties, intangible assets (excluding goodwill), and incremental costs of obtaining a contract

At the end of each reporting period, TWMM reviews the carrying amounts of those assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, TWMM estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss. When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

p. Provisions

A provision is recognized if, as a result of a past event, TWMM has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as a finance cost.

#### 1) Restoration

The restoration costs for telecommunications equipment and leasehold improvements that were originally acquired or used by TWM for a period of time and had obligations for dismantling, relocating, and restoring to the previous state should be recognized as an addition to the assets and accrued as a potential liability accordingly.

#### 2) Warranties

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on sales contracts, historical warranty data, and a weighing of all possible outcomes against their associated probabilities at the best estimate.

#### q. Treasury Stock

Repurchased stocks are recognized under treasury stock (a contra-equity account) based on their repurchase price (including all directly accountable costs), net of tax. TWM's stocks held by its subsidiaries are regarded as treasury stock.

Gains on disposal of treasury stock should be recognized under "capital reserve - treasury stock transactions"; losses on disposal of treasury stock should be offset against existing capital reserves arising from similar types of treasury stock. If there is insufficient capital reserve to offset the losses, then such losses should be accounted for under retained earnings. The carrying amount of treasury stock should be calculated using the weighted-average method for the purpose of repurchased stock.

#### r. Government Grants

Government grants are not recognized until there is reasonable assurance that TWM will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which TWM recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that TWM should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets; or recognized as a book value deduction of the non-current assets and classified as profit or loss within their useful lives through deducting depreciation expenses of the related non-current assets.

Government grants that are receivable as compensation for expenses or losses already incurred are recognized in profit or loss in the period in which they become receivable.

#### s. Employee Benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

Obligations for contributions to defined contribution pension plans are recognized as an expense in profit or loss in the periods during which services are rendered by employees.

The defined benefit costs (including service cost, net interest, and rereasurement) of defined benefit plan use the projected unit credit method for the actuarial valuation. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liability (asset) are recognized under employee benefit expense as they occur. Rereasurement (including actuarial gains and losses and the return on plan assets, excluding amounts included in net interest) is recognized in other comprehensive income (loss) in retained earnings as it occurs, and is not reclassified to profit or loss subsequently.

Net defined benefit liability (asset) represents the deficit (surplus) of defined benefit plans. IAS 19 requires TWMM to limit the carrying amount of a net defined benefit asset so that it does not exceed the economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

A liability for a termination benefit is recognized at the earlier of when TWMM can no longer withdraw the offer of the termination benefit and when TWMM recognizes any related restructuring costs.

t. Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax. Except for expenses related to business combinations, expenses directly recognized in equity or other comprehensive income (loss), and other related expenses, all current and deferred taxes shall be recognized in profit or loss.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

1) Current taxes

Current taxes include tax payables and tax deduction receivables on taxable gains (losses), as well as tax adjustments related to prior years.

An additional surtax on undistributed earnings, computed in accordance with the Income Tax Act of the ROC, is recognized in current taxes in the year of approval by a stockholders' meeting resolution.

2) Deferred taxes

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax basis. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits for purchases of machinery, equipment and technology, and research and development expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments, except where TWMM is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting period. The measurement reflects TWMM's expectations at the end of the reporting period as to the manner in which the carrying amount of its assets and liabilities will be recovered or settled.



u. Revenue Recognition

Where TWM enters into transactions which involve both the provision of telecommunications service bundled with products such as handsets, total consideration received from products and telecommunications service in these arrangements is allocated based on their relative stand-alone selling price. The amount of sales revenue recognized for products is not limited to the amount paid by the customer for the products at the time of purchase. When the amount of sales revenue recognized for products exceeds the amount paid by the customer for the products, the difference is recognized as a contract asset. A contract asset is derecognized and an account receivable is recognized when the amount becomes collectible from the customer subsequently. When the amount of sales revenue recognized for products is less than the amount paid by the customer for the products, the difference is recognized as contract liabilities and the revenue is recognized subsequently when the telecommunications service is provided.

The deferred revenue allocated to the customer loyalty program is estimated at fair value. Transaction price allocated is recognized as contract liabilities when collected and will be recognized as revenue when the performance obligations are fulfilled.

Service revenues from mobile communication services are billed at predetermined rates and calculated based on the actual volume of voice call and data transfer. Revenues from postpaid users are accrued monthly. Revenues from prepaid users are recognized based on the actual usage. The advanced receipts obtained before services are rendered are recognized as contract liabilities and reclassified as revenues when services are rendered. Interconnection and call transfer fees from other telecommunications companies and carriers are billed and recognized based upon seconds or minutes of traffic processed when the services are provided in accordance with contract terms. The usage revenues and corresponding trade notes and accounts receivable are recognized monthly.

Revenues from sale of goods are mainly generated from physical stores and e-commerce platform. Revenues are recognized when the goods are transferred or delivered to the customers. Advance receipts obtained before goods are transferred or delivered are recognized as contract liabilities, and reclassified as revenue when the goods are transferred or delivered.

Service revenues generated from contractual agreements are recognized as revenue as services are rendered based on the completion of the contracts and TWM does not have any further obligations. In addition, when TWM is acting as an agent in the transaction, proportional revenue is recognized based on the net amount in accordance with the contractual agreements proportionally.

v. Business Combinations

Business combinations are accounted for by the acquisition method. Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

## **5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

When developing material accounting estimates, TWM considers the possible impact on relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

## **Critical Accounting Judgments**

### a. Lease terms

In determining a lease term, TWM considers all facts and circumstances that create an economic incentive to exercise or not to exercise an option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. Main factors considered include contractual terms and conditions for the optional periods, significant leasehold improvements undertaken over the contract term, the importance of the underlying asset to the lessee's operations, etc. The lease term is reassessed if a significant change in circumstances that are within control of TWM occurs.

### b. Timing of revenue recognition

TWM recognizes revenue when the performance obligations are satisfied over time or at a point in time according to the contracts with customers. The conditions are described in Note 4.u.

## **Key Sources of Estimation Uncertainty**

### a. Impairment of notes and accounts receivable and contract assets

The provision for impairment of notes and accounts receivable and contract assets is based on assumptions about risk of default and expected loss rates. TWM uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the past default records of the customers and an analysis of the customers' current financial positions, as well as forward-looking indicators. For details of the key assumptions and inputs used, see Note 8.

### b. Provision for inventory valuation and obsolescence

Inventories are measured at the lower of cost or net realizable value. Inventories are assessed item by item, except those with similar characteristics which are assessed collectively. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs or selling expenses. The weighted-average method is used in the calculation of cost.

### c. Impairment of goodwill

The usage value of the cash-generating units to which goodwill is allocated should be predetermined when assessing whether the goodwill is impaired. Management estimates the future cash flows from cash-generating units and assigns an appropriate discount rate in calculating the present value. Significant impairment loss may occur if actual cash flows are less than that originally forecasted.

### d. Impairment of property, plant, and equipment, right-of-use assets, investment properties, intangible assets (excluding goodwill), and incremental costs of obtaining a contract

In the process of impairment assessments, TWM relies on subjective judgment to determine the individual cash flows of a specific group of assets and estimates future gains and losses according to the usage of the assets and relevant business characteristics. Alterations of estimates from any changes in economic conditions or business strategy may lead to significant impairment losses in the future.

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Cash on hand and revolving funds	\$ 110,978	\$ 80,905
Cash in banks	<u>2,281,482</u>	<u>2,096,553</u>
	<u>\$ 2,392,460</u>	<u>\$ 2,177,458</u>

## 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Investments in equity instruments - current</u>		
Domestic investments		
Listed stocks	<u>\$ 260,822</u>	<u>\$ 245,607</u>
<u>Investments in equity instruments - non-current</u>		
Domestic investments		
Unlisted stocks	\$ 619,309	\$ 674,999
Foreign investments		
Unlisted stocks	490,189	30,137
Limited partnerships	<u>1,573,355</u>	<u>1,210,288</u>
	<u>\$ 2,682,853</u>	<u>\$ 1,915,424</u>

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

Regarding to the merger between Far Eastone 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. In October 2023, the Intellectual Property and Commercial Court ruled the price to be \$7.95 per share. TWM has filed an interlocutory appeal, which is now progressing by the Supreme Court.

## 8. NOTES AND ACCOUNTS RECEIVABLE, NET

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Notes receivable	\$ 702	\$ 226
Accounts receivable	8,218,462	6,452,753
Less: Allowance for impairment loss	<u>(414,746)</u>	<u>(379,768)</u>
	<u>\$ 7,804,418</u>	<u>\$ 6,073,211</u>

The main credit terms range from 30 to 90 days.

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

TWM 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, TWM obtains collateral where necessary to mitigate the risk of loss arising from default. TWM 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 TWM has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure the recoverability of receivables. In addition, TWM 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 TWM's credit risk could be reasonably reduced.

TWM measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The ECLs on trade receivables are estimated using a provision matrix approach considering the past default records of the customers and an analysis of the customers' current financial positions, as well as forward-looking indicators such as the change rates of consumer price index and economic leading indicators. As TWM'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.

TWM 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, TWM 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:

### December 31, 2023

	<u>Not Past Due</u>	<u>Overdue</u>			<u>Total</u>
		<u>1 to 120 Days</u>	<u>121 to 365 Days</u>	<u>Over 365 Days</u>	
Gross carrying amount	\$ 7,305,932	\$ 697,931	\$ 215,301	\$ -	\$ 8,219,164
Loss allowance (Lifetime ECLs)	<u>(62,906)</u>	<u>(149,408)</u>	<u>(202,432)</u>	<u>-</u>	<u>(414,746)</u>
Amortized cost	<u>\$ 7,243,026</u>	<u>\$ 548,523</u>	<u>\$ 12,869</u>	<u>\$ -</u>	<u>\$ 7,804,418</u>

December 31, 2022

	Not Past Due	Overdue			Total
		1 to 120 Days	121 to 365 Days	Over 365 Days	
Gross carrying amount	\$ 5,711,122	\$ 562,562	\$ 179,295	\$ -	\$ 6,452,979
Loss allowance (Lifetime ECLs)	<u>(53,144)</u>	<u>(156,482)</u>	<u>(170,142)</u>	<u>-</u>	<u>(379,768)</u>
Amortized cost	<u>\$ 5,657,978</u>	<u>\$ 406,080</u>	<u>\$ 9,153</u>	<u>\$ -</u>	<u>\$ 6,073,211</u>

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

	Not Past Due and Past Due within 120 Days	Past Due Over 120 Days
Telecommunications services	0.75%~85.22%	89.65%~100%

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

	<u>For the Year Ended December 31</u>	
	2023	2022
Beginning balance	\$ 379,768	\$ 324,049
Add: Provision	274,037	250,505
Recovery	45,420	43,969
Less: Write-off	<u>(284,479)</u>	<u>(238,755)</u>
Ending balance	<u>\$ 414,746</u>	<u>\$ 379,768</u>

TWM 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, TWM would no longer assume the risk on the receivables. The related factored accounts receivable information was as follows:

	<u>For the Year Ended December 31</u>	
	2023	2022
Amount of accounts receivable sold	<u>\$ 415,213</u>	<u>\$ 608,099</u>
Proceeds from the sale of accounts receivable	<u>\$ 46,554</u>	<u>\$ 60,077</u>

## 9. INVENTORIES

	<u>December 31</u>	
	2023	2022
Merchandise	\$ 3,556,002	\$ 3,605,049
Materials for maintenance	<u>10,105</u>	<u>11,314</u>
	<u>\$ 3,566,107</u>	<u>\$ 3,616,363</u>

For the years ended December 31, 2023 and 2022, the cost of goods sold related to inventories amounted to \$22,743,645 thousand and \$20,472,303 thousand, respectively, which included the reversal of inventory write-down totaling \$15,471 thousand, and the inventory write-down totaling \$38,672 thousand, respectively.

## 10. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Subsidiaries	\$ 51,243,956	\$ 49,004,706
Associates		
AppWorks Ventures Co., Ltd. (AppWorks)	244,983	244,745
NADA Holdings Corp. (NADA)	<u>23,071</u>	<u>-</u>
	<u>\$ 51,512,010</u>	<u>\$ 49,249,451</u>

### a. Subsidiaries

Please refer to the consolidated financial statements for the year ended December 31, 2023.

### b. Associates

Aggregate information of associates that were not individually material:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
TWM's share of:		
Profit (loss)	\$ 5,734	\$ (10,213)
Other comprehensive income (loss)	<u>(3,586)</u>	<u>(16,039)</u>
Comprehensive income (loss)	<u>\$ 2,148</u>	<u>\$ (26,252)</u>

#### 1) 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.

#### 2) NADA

In October 2023, TWM acquired 8.93% equity interest of NADA. Along with subsidiary's 22.97% of ownership interest, the comprehensive shareholding ratio became 31.9%. Thus, NADA was accounted for using equity method.

## 11. 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, 2023	\$ 3,257,114	\$ 2,014,261	\$ 83,547,790	\$ 4,224,964	\$ 1,605,467	\$ 94,649,596
Additions	-	-	13,899	310,783	5,370,747	5,695,429
Disposals and retirements	-	-	(1,443,694)	(146,740)	(53)	(1,590,487)
Acquisitions through business combinations	579,695	179,806	5,267,263	37,918	73,341	6,138,023
Reclassification	<u>450,856</u>	<u>316,233</u>	<u>4,936,854</u>	<u>1,817</u>	<u>(4,938,671)</u>	<u>767,089</u>
Balance, December 31, 2023	<u>\$ 4,287,665</u>	<u>\$ 2,510,300</u>	<u>\$ 92,322,112</u>	<u>\$ 4,428,742</u>	<u>\$ 2,110,831</u>	<u>\$ 105,659,650</u>
<u>Accumulated depreciation and impairment</u>						
Balance, January 1, 2023	\$ -	\$ 1,016,196	\$ 65,161,09	\$ 3,666,070	\$ -	\$ 69,843,356
Depreciation	-	41,181	5,969,307	242,497	-	6,252,985
Disposals and retirements	-	-	(1,284,126)	(145,298)	-	(1,429,424)
Reclassification	<u>-</u>	<u>212,014</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>212,014</u>
Balance, December 31, 2023	<u>\$ -</u>	<u>\$ 1,269,391</u>	<u>\$ 69,846,271</u>	<u>\$ 3,763,269</u>	<u>\$ -</u>	<u>\$ 74,878,931</u>
Carrying amount, December 31, 2023	<u>\$ 4,287,665</u>	<u>\$ 1,240,909</u>	<u>\$ 22,475,841</u>	<u>\$ 665,473</u>	<u>\$ 2,110,831</u>	<u>\$ 30,780,719</u>
<u>Cost</u>						
Balance, January 1, 2022	\$ 3,380,757	\$ 2,066,502	\$ 81,085,703	\$ 5,355,422	\$ 647,328	\$ 92,535,712
Additions	-	-	16,830	174,282	4,961,677	5,152,789
Disposals and retirements	-	-	(1,512,503)	(1,350,136)	(382)	(2,863,021)
Reclassification	<u>(123,643)</u>	<u>(52,241)</u>	<u>3,957,760</u>	<u>45,396</u>	<u>(4,003,156)</u>	<u>(175,884)</u>
Balance, December 31, 2022	<u>\$ 3,257,114</u>	<u>\$ 2,014,261</u>	<u>\$ 83,547,790</u>	<u>\$ 4,224,964</u>	<u>\$ 1,605,467</u>	<u>\$ 94,649,596</u>
<u>Accumulated depreciation and impairment</u>						
Balance, January 1, 2022	\$ -	\$ 999,274	\$ 60,839,515	\$ 4,728,996	\$ -	\$ 66,567,785
Depreciation	-	37,944	5,613,646	285,186	-	5,936,776
Disposals and retirements	-	-	(1,292,071)	(1,348,112)	-	(2,640,183)
Reclassification	<u>-</u>	<u>(21,022)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,022)</u>
Balance, December 31, 2022	<u>\$ -</u>	<u>\$ 1,016,196</u>	<u>\$ 65,161,090</u>	<u>\$ 3,666,070</u>	<u>\$ -</u>	<u>\$ 69,843,356</u>
Carrying amount, December 31, 2022	<u>\$ 3,257,114</u>	<u>\$ 998,065</u>	<u>\$ 18,386,700</u>	<u>\$ 558,894</u>	<u>\$ 1,605,467</u>	<u>\$ 24,806,240</u>

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

Buildings	
Primary buildings	50-55 years
Mechanical and electrical equipment	15 years
Telecommunications equipment and machinery	1-15 years
Others	2-15 years

Property, plant and equipment pledged as collateral are set out in Note 30.

## 12. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Carrying amount</u>		
Land	\$ 730,566	\$ 609,210
Buildings	8,903,286	7,079,502
Telecommunications equipment and machinery	139,688	210,044
Others	<u>44,434</u>	<u>70,238</u>
	<u>\$ 9,817,974</u>	<u>\$ 7,968,994</u>
	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Additions to right-of-use assets	<u>\$ 3,595,856</u>	<u>\$ 4,304,657</u>
Depreciation charge for right-of-use assets		
Land	\$ 247,381	\$ 235,148
Buildings	3,216,820	3,065,596
Telecommunications equipment and machinery	89,458	87,059
Others	<u>38,724</u>	<u>38,068</u>
	<u>\$ 3,592,383</u>	<u>\$ 3,425,871</u>

Except for the aforementioned additions, recognized depreciation, and acquisitions through business combinations, TWMM did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2023 and 2022.

### b. Lease liabilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Carrying amount</u>		
Current	<u>\$ 4,848,332</u>	<u>\$ 3,018,613</u>
Non-current	<u>\$ 4,955,726</u>	<u>\$ 4,977,758</u>

Range of discount rates for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Land	0.61%~1.4%	0.61%~1%
Buildings	0.61%~1.4%	0.61%~1%
Telecommunications equipment and machinery	0.79%~1%	0.79%~1%
Others	0.62%~1.4%	0.62%~0.86%



c. Material lease-in activities and terms

TWM 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. TWM does not have bargain purchase options to acquire the leasehold assets at the end of the lease terms. In addition, TWM is prohibited from subleasing all or any portion of the underlying assets without the lessors' consents in some lease agreements. TWM 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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Expenses related to short-term leases	<u>\$ 23,412</u>	<u>\$ 10,341</u>
Expenses related to low-value asset leases	<u>\$ 61,153</u>	<u>\$ 71,076</u>
Expenses related to variable lease payments and not included in the measurement of lease liabilities	<u>\$ 2,384</u>	<u>\$ 3,217</u>
Total cash outflow for leases	<u>\$ 3,724,421</u>	<u>\$ 3,555,516</u>

### 13. 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 December 31, 2023 and 2022, the fair values of investment properties were \$5,857,060 thousand and \$7,390,645 thousand, respectively, and the capitalization rates for the aforementioned financial reporting periods were ranging from 1.43%~5.11%.

The amounts of depreciation recognized for the years ended December 31, 2023 and 2022 were \$17,536 thousand and \$20,163 thousand, respectively.

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Year 1	\$ 91,834	\$ 107,172
Year 2	83,363	45,865
Year 3	69,676	38,677
Year 4	52,707	25,168
Year 5	39,016	9,131
Year 6 and thereafter	<u>27,074</u>	<u>34,137</u>
	<u>\$ 363,670</u>	<u>\$ 260,150</u>

## 14. INTANGIBLE ASSETS

	Concession Licenses	Goodwill	Other Intangible Assets		Total
			Customer Relationships	Computer Software and Others	
<u>Cost</u>					
Balance, January 1, 2023	\$ 71,699,375	\$ 7,121,871	\$ -	\$ 2,846,317	\$ 81,667,563
Additions	-	-	-	203,666	203,666
Disposals and retirements	-	-	-	(100,385)	(100,385)
Acquisitions through business combinations	20,506,689	17,498,979	955,776	24,185	38,985,629
Reclassification	-	-	-	240,115	240,115
Balance, December 31, 2023	<u>\$ 92,206,064</u>	<u>\$ 24,620,850</u>	<u>\$ 955,776</u>	<u>\$ 3,213,898</u>	<u>\$ 120,996,588</u>
<u>Accumulated amortization and impairment</u>					
Balance, January 1, 2023	\$ 21,955,149	\$ -	\$ -	\$ 2,597,532	\$ 24,552,681
Amortization	4,267,925	-	4,662	237,859	4,510,446
Disposals and retirements	-	-	-	(100,385)	(100,385)
Balance, December 31, 2023	<u>\$ 26,223,074</u>	<u>\$ -</u>	<u>\$ 4,662</u>	<u>\$ 2,735,006</u>	<u>\$ 28,962,742</u>
Carrying amount, December 31, 2023	<u>\$ 65,982,990</u>	<u>\$ 24,620,850</u>	<u>\$ 951,114</u>	<u>\$ 478,892</u>	<u>\$ 92,033,846</u>
<u>Cost</u>					
Balance, January 1, 2022	\$ 71,699,375	\$ 7,121,871	\$ -	\$ 2,678,534	\$ 81,499,780
Additions	-	-	-	146,057	146,057
Disposals and retirements	-	-	-	(60,383)	(60,383)
Reclassification	-	-	-	82,109	82,109
Balance, December 31, 2022	<u>\$ 71,699,375</u>	<u>\$ 7,121,871</u>	<u>\$ -</u>	<u>\$ 2,846,317</u>	<u>\$ 81,667,563</u>
<u>Accumulated amortization and impairment</u>					
Balance, January 1, 2022	\$ 17,818,565	\$ -	\$ -	\$ 2,446,486	\$ 20,265,051
Amortization	4,136,584	-	-	211,429	4,348,013
Disposals and retirements	-	-	-	(60,383)	(60,383)
Balance, December 31, 2022	<u>\$ 21,955,149</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,597,532</u>	<u>\$ 24,552,681</u>
Carrying amount, December 31, 2022	<u>\$ 49,744,226</u>	<u>\$ 7,121,871</u>	<u>\$ -</u>	<u>\$ 248,785</u>	<u>\$ 57,114,882</u>

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

Concession licenses	14-21 years
Customer relationships	17 years and 1 month
Computer software	1-6 years
Other intangible assets	
Copyrights	Amortized over the broadcast period

a. Customer relationships

On December 1, 2023, TWM completed the absorption merger with TST. In the assessment of TST's mobile communication services, based on the analysis results, customer relationships were identified and separately disclosed.

b. Goodwill

The goodwill resulted from the merger of TransAsian Telecommunications Inc. and TST in September 2008 and December 2023, respectively.

c. Impairment of assets

In conformity with IAS 36 "Impairment of Assets", TWM identified its mobile communication services as the smallest identifiable units which can generate cash inflows independently.

The recoverable amounts of the operating assets were evaluated by the critical assumptions used for this evaluation were as follows:

1) Assumptions on cash flows

The five-year cash flow projections were estimated on the basis of previous experience, actual operating results, and the financial budget.

2) Assumptions on operating revenues

After taking changes in the telecom industry and the competitive landscape into consideration, operating revenues were estimated on the basis of the projected changes in subscriber numbers, minutes of incoming and outgoing calls, and rate plan composition.

3) Assumptions on operating costs and expenses

The estimates of activation commissions and customer retention costs were based on the new customers obtained and existing customers maintained. The estimates of remaining costs and expenses were based on the cost drivers of each item.

4) Assumptions on discount rates

For the years ended December 31, 2023 and 2022, the discount rates used to calculate the recoverable amount for the asset's cash-generating unit were 6.06% and 5.79%, respectively.

Based on the key assumptions of the cash-generating unit, TWM's management believes that the carrying amounts of these operating assets and intangible assets will not exceed their recoverable amounts even if there are any reasonable changes in the critical assumptions used to estimate recoverable amounts. For the years ended December 31, 2023 and 2022, impairment losses on assets did not occur. Furthermore, there are no significant circumstances arising from the actual operational performance being lower than expected after the merger.

## 15. OTHER NON-CURRENT ASSETS

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Long-term accounts receivable	\$ 44,707	\$ 11,848
Refundable deposits	562,648	444,080
Other prepayments	157,085	211,542
Others	<u>763</u>	<u>3,139</u>
	<u>\$ 765,203</u>	<u>\$ 670,609</u>

## 16. BORROWINGS

### a. Short-term borrowings

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Unsecured loans - financing institution	\$ 17,210,000	\$ 19,300,000
Unsecured loans - related parties	<u>14,405,000</u>	<u>13,005,000</u>
	<u>\$ 31,615,000</u>	<u>\$ 32,305,000</u>
Annual interest rates - financing institution	1.55%~1.79%	1.53%~1.65%
Annual interest rates - related parties	1.83378%~ 1.835%	0.87%~ 1.70378%

For the information on related party loans, see Note 29.

### b. Short-term notes and bills payable

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Short-term notes and bills payable	\$ 12,900,000	\$ 3,100,000
Less: Discounts on short-term notes and bills payable	<u>(23,743)</u>	<u>(7,605)</u>
	<u>\$ 12,876,257</u>	<u>\$ 3,092,395</u>
Annual interest rates	1.548%~1.608%	1.658%

c. Long-term borrowings

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Unsecured loans	\$ 15,000,000	\$ -
Commercial papers payable	7,000,000	8,000,000
Less: Unamortized expenses on unsecured loans	(11,851)	-
Less: Discounts on commercial papers payable	(6,910)	(3,503)
Less: Current portion	<u>(3,596,411)</u>	<u>(3,499,595)</u>
	<u>\$ 18,384,828</u>	<u>\$ 4,496,902</u>
Annual interest rates:		
Unsecured loans	1.7895%	-
Commercial papers payable	1.535%~2.138%	0.688%~1.81%

1) Unsecured loans

To repay existing loans from financial institutions and enhance mid-term working capital, TWM entered into a syndicated loan with a joint credit agreement with six banks, including Bank of Taiwan and Mega International Commercial Bank on November 16, 2023. The credit limit was set at \$15,000,000 thousand, with a credit period of 5 years. From December 13, 2023, the first installment would be due after 12 months, followed by subsequent installments every 6 months, totaling 9 repayment periods. The agreement stipulates the specific financial covenants, such as maintaining a certain net debt ratio, interest coverage ratio, operating EBITDA etc. throughout the loan term.

2) Commercial papers payable

TWM's commercial papers payable are treated as revolving credit facilities under the contracts. The last repayment date of the commercial papers payable is in December 2026.

**17. BONDS PAYABLE**

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
5th domestic unsecured straight corporate bonds	\$ 8,998,281	\$ 14,996,589
6th domestic unsecured straight corporate bonds	19,990,793	19,987,778
7th domestic unsecured straight corporate bonds	2,497,712	2,497,207
1st domestic unsecured straight corporate bonds in 2023	6,493,547	-
Less: Current portion	<u>-</u>	<u>(5,999,631)</u>
	<u>\$ 37,980,333</u>	<u>\$ 31,481,943</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 December 31, 2023, the amount of unamortized bond issue cost was \$1,719 thousand. The trustee of bond holders is Bank of Taiwan.

The above-mentioned five-year bond was due and the repayment had been made in April 2023.

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

<b>Year</b>	<b><u>Amount</u></b>
2025	<u>\$ 9,000,000</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 December 31, 2023, the amount of unamortized bond issue cost was \$9,207 thousand. The trustee of bond holders is Bank of Taiwan.

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

<b>Year</b>	<b><u>Amount</u></b>
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, 2021, 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 December 31, 2023, the amount of unamortized bond issue cost was \$2,288 thousand. The trustee of bond holders is Bank of Taiwan.

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

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

d. 1st domestic unsecured straight corporate bonds in 2023

On May 22, 2023, TWM issued the 1st domestic unsecured straight corporate bonds in 2023 and obtained Social Bond accreditation. The bond was five-year bond, with the principal amount of \$6,500,000 thousand, having a face value of \$10,000 thousand, and coupon rate of 1.537% per annum, with simple interest due annually. Repayment will be made in full at maturity. As of December 31, 2023, the amount of unamortized bond issue cost was \$6,453 thousand. The trustee of bond holders is Bank of Taiwan.

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

<b>Year</b>	<b><u>Amount</u></b>
2028	<u>\$ 6,500,000</u>

## 18. PROVISIONS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Restoration	\$ 889,899	\$ 525,368
Warranties	<u>17,091</u>	<u>16,334</u>
	<u>\$ 906,990</u>	<u>\$ 541,702</u>
Current	\$ 370,881	\$ 30,473
Non-current	<u>536,109</u>	<u>511,229</u>
	<u>\$ 906,990</u>	<u>\$ 541,702</u>

  

	<u>Restoration</u>	<u>Warranties</u>	<u>Total</u>
Balance, January 1, 2023	\$ 525,368	\$ 16,334	\$ 541,702
Provision	15,185	26,474	41,659
Acquisitions through business combinations	351,354	-	351,354
Payment/Reversal	(2,573)	(25,717)	(28,290)
Unwinding of discount	<u>565</u>	<u>-</u>	<u>565</u>
Balance, December 31, 2023	<u>\$ 889,899</u>	<u>\$ 17,091</u>	<u>\$ 906,990</u>
Balance, January 1, 2022	\$ 530,038	\$ 23,774	\$ 553,812
Provision	18,024	25,132	43,156
Payment/Reversal	(23,284)	(32,572)	(55,856)
Unwinding of discount	<u>590</u>	<u>-</u>	<u>590</u>
Balance, December 31, 2022	<u>\$ 525,368</u>	<u>\$ 16,334</u>	<u>\$ 541,702</u>

## 19. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

TWM 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. In accordance with the above provisions, TWM's contributions to the pension plan amounted to \$173,795 thousand and \$164,292 thousand for the years ended December 31, 2023 and 2022, respectively.

### b. Defined benefit plans

TWM contributed 2% of each employee's monthly wages to the pension fund, with Bank of Taiwan acting as the custodian bank, in accordance with the defined benefit plans (Plans). The Plans provides defined pension benefits for TWM's certain qualified employees, specified under the Labor Standards Law, and such benefits are determined based on an employee's years of service and average monthly salary for six-month period prior to the date of retirement. Before the end of each year, TWM assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, TWM will fund the difference in one appropriation before the end of March of the following year. The fund is operated and managed by the government's designated authorities; as such, TWM does not have any right to participate in the operation of the fund.

The defined benefit plans were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Present value of defined benefit obligations	\$ 797,725	\$ 780,116
Fair value of plan assets	<u>(745,672)</u>	<u>(703,131)</u>
Net defined benefit liabilities	<u>\$ 52,053</u>	<u>\$ 76,985</u>

The movements in present value of defined benefit obligations for the years ended December 31, 2023 and 2022 were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance, January 1	\$ 780,116	\$ 943,090
Current service costs	1,310	1,491
Interest costs	11,695	4,716
Actuarial loss (gain) - changes in demographic assumptions	11	(258)
Actuarial loss (gain) - changes in financial assumptions	402	(141,078)
Actuarial gain - experience adjustments	(6,397)	(10,344)
Benefits paid from plan assets	(10,649)	(17,501)
Business combinations	<u>21,237</u>	<u>-</u>
Balance, December 31	<u>\$ 797,725</u>	<u>\$ 780,116</u>

The movements in the fair value of the plan assets for the years ended December 31, 2023 and 2022 were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance, January 1	\$ 703,131	\$ 646,423
Net interest income	10,690	3,283
Return on plan assets (excluding amounts included in net interest)	4,522	51,187
Contributions from the employer	19,515	19,739
Benefits paid from plan assets	(10,649)	(17,501)
Business combinations	<u>18,463</u>	<u>-</u>
Balance, December 31	<u>\$ 745,672</u>	<u>\$ 703,131</u>

The expenses recognized in profit or loss for the years ended December 31, 2023 and 2022 were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Current service costs	\$ 1,310	\$ 1,491
Interest costs	11,695	4,716
Net interest income	<u>(10,690)</u>	<u>(3,283)</u>
	<u>\$ 2,315</u>	<u>\$ 2,924</u>



The pre-tax remeasurements recognized in other comprehensive income (loss) for the years ended December 31, 2023 and 2022 were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Return on plan assets (excluding amounts included in net interest)	\$ (4,522)	\$ (51,187)
Actuarial loss (gain) - changes in demographic assumptions	11	(258)
Actuarial loss (gain) - changes in financial assumptions	402	(141,078)
Actuarial gain - experience adjustments	<u>(6,397)</u>	<u>(10,344)</u>
	<u>\$ (10,506)</u>	<u>\$ (202,867)</u>

Through the defined benefit plans under the Labor Standards Law, TWM is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial present values of the defined benefit obligation were carried out by the chartered actuary.

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rate	1.25%	1.5%
Long-term average adjustment rate of salary	1.75%	2%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rate		
0.25% increase	<u>\$ (20,097)</u>	<u>\$ (20,939)</u>
0.25% decrease	<u>\$ 20,793</u>	<u>\$ 21,701</u>
Long-term average adjustment rate of salary		
0.25% increase	<u>\$ 20,324</u>	<u>\$ 21,212</u>
0.25% decrease	<u>\$ (19,743)</u>	<u>\$ (20,572)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
The expected contributions to the Plans for the following year	<u>\$ 19,895</u>	<u>\$ 19,988</u>
The average duration of the defined benefit obligation	10.4 years	10.9 years

## 20. EQUITY

### a. Share capital

As of December 31, 2023 and 2022, TWM's authorized capital was \$60,000,000 thousand and capital issued and outstanding were \$37,232,618 thousand and \$35,192,336 thousand, respectively, divided into 3,723,262 thousand shares and 3,519,234 thousand shares, respectively, which were all common stocks, at a par value of \$10 each.

On December 1, 2023, TWM issued 204,028 thousand shares of common stock to merge with TST. The issuance of new shares has been approved by the Securities and Futures Bureau on November 24, 2023, and the registration procedures have been completed.

TWM had completed the related corporate registration procedures and transferred the capital collected in advance of \$57,135 thousand to common stock in the first quarter of 2022.

### b. Capital surplus

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
From business combinations	\$ 18,190,446	\$ -
Additional paid-in capital from convertible corporate bonds	7,309,970	9,531,369
Treasury stock transactions	5,159,704	5,159,704
Difference between consideration and carrying amount arising from the disposal of subsidiaries' stock	85,965	85,965
Changes in equity of subsidiaries	501,215	501,215
Changes in equity of associates accounted for using equity method	13,326	8,605
Expired share options	13,269	13,269
Others	<u>28,890</u>	<u>26,651</u>
	<u>\$ 31,302,785</u>	<u>\$ 15,326,778</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 business combinations or 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 FVTOCI.

The appropriations of earnings for 2022 and 2021, which have been resolved in the AGM on June 13, 2023 and June 23, 2022, respectively, were as follows:

	<b>For Fiscal Year 2022</b>	<b>For Fiscal Year 2021</b>
Legal reserve	\$ 895,382	\$ 1,102,873
Special reserve	(1,823,415)	(626,324)
Cash dividends	9,881,841	10,551,987
Cash dividends per share (NT\$)	3.5036	3.7412

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 \$2,246,232 thousand and \$1,576,086 thousand and representing \$0.7964 and \$0.5588 per share, were also resolved in the AGM; thus, total distributions were \$4.3 per share for 2022 and 2021.

The appropriation of earnings for 2023, which were proposed by TWM's Board of Directors on February 21, 2024, were as follows:

	<b>For Fiscal Year 2023</b>
Legal reserve	\$ 1,218,244
Cash dividends	10,964,152
Cash dividends per share (NT\$)	3.6251

Cash distributions arising from capital surplus with respect to the excess of stock issuance price over the par value of capital stock, totaling \$2,041,242 thousand and representing \$0.6749 per share, were also proposed by TWM's Board of Directors; thus, total distributions were \$4.3 per share for 2023.

The appropriation of earnings and cash distributions arising from capital surplus for 2023 will be resolved in the AGM to be held on June 21, 2024.

d. Other equity interests

	<b>Exchange Differences on Translation</b>	<b>Unrealized Gain (Loss) on Financial Assets at FVTOCI</b>	<b>Total</b>
Balance, January 1, 2023	\$ (27,862)	\$ 316,076	\$ 288,214
Changes in fair value of financial assets at FVTOCI	-	303,482	303,482
Changes in other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	(10,357)	(294,693)	(305,050)
Valuation loss of equity instruments transferred to retained earnings due to disposal by subsidiaries and associates	-	106,262	106,262
Income tax effect	-	(68,792)	(68,792)
Balance, December 31, 2023	<u>\$ (38,219)</u>	<u>\$ 362,335</u>	<u>\$ 324,116</u>
Balance, January 1, 2022	\$ (44,294)	\$ (1,779,121)	\$ (1,823,415)
Changes in fair value of financial assets at FVTOCI	-	279,989	279,989
Changes in other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	16,432	(407,122)	(390,690)
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 subsidiaries and associates	-	18,327	18,327
Income tax effect	-	(104,622)	(104,622)
Balance, December 31, 2022	<u>\$ (27,862)</u>	<u>\$ 316,076</u>	<u>\$ 288,214</u>

e. Treasury stock

As of December 31, 2023 and 2022, TWM's stocks held for the investment purposes by TCC Investment Co., Ltd. (TCCI), TFN Union Investment Co., Ltd. (TUI) and TCCI Investment and Development Co., Ltd. (TID), which are all wholly-owned by TWM, were 698,752 thousand shares, and the market values were \$68,896,908 thousand and \$66,171,777 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.

**21. OPERATING REVENUE**

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Revenue from contracts with customers		
Telecommunications and value-added services	\$ 45,630,250	\$ 42,144,071
Sales revenue	20,633,336	18,710,201
Other operating revenue	<u>149,056</u>	<u>173,534</u>
	<u>\$ 66,412,642</u>	<u>\$ 61,027,806</u>

a. Contract information

Please refer to Note 4.u.

b. Contract balances

	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>January 1, 2022</b>
Contract assets			
Bundle sales	\$ 11,981,484	\$ 10,566,808	\$ 9,942,623
Less: Allowance for impairment loss	<u>(85,362)</u>	<u>(89,818)</u>	<u>(84,512)</u>
	<u>\$ 11,896,122</u>	<u>\$ 10,476,990</u>	<u>\$ 9,858,111</u>
Current	\$ 6,093,453	\$ 5,086,808	\$ 4,661,996
Non-current	<u>5,802,669</u>	<u>5,390,182</u>	<u>5,196,115</u>
	<u>\$ 11,896,122</u>	<u>\$ 10,476,990</u>	<u>\$ 9,858,111</u>

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

TWM 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, TWM concluded that the expected loss rates for trade receivables can be applied to the contract assets. As of December 31, 2023 and 2022, the expected credit loss rates were 0.75% and 0.85%, respectively.

Movements of the loss allowance of contract assets were as follows:

	<b>For the Year Ended December 31</b>		
	<b>2023</b>	<b>2022</b>	
Beginning balance	\$ 89,818	\$ 84,512	
Provision (reversal)	<u>(4,456)</u>	<u>5,306</u>	
Ending balance	<u>\$ 85,362</u>	<u>\$ 89,818</u>	
	<b>December 31,</b>	<b>December 31,</b>	<b>January 1,</b>
	<b>2023</b>	<b>2022</b>	<b>2022</b>
Contract liabilities			
Telecommunications and value-added services	\$ 1,838,193	\$ 1,171,071	\$ 1,115,029
Sales of goods	<u>10,393</u>	<u>7,409</u>	<u>12,665</u>
	<u>\$ 1,848,586</u>	<u>\$ 1,178,480</u>	<u>\$ 1,127,694</u>
Current	\$ 1,756,620	\$ 1,118,225	\$ 1,066,995
Non-current	<u>91,966</u>	<u>60,255</u>	<u>60,699</u>
	<u>\$ 1,848,586</u>	<u>\$ 1,178,480</u>	<u>\$ 1,127,694</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. Other significant changes were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Contract assets		
Transfers of beginning balance to receivables	\$ 4,985,040	\$ 4,551,949

Revenue recognized in the current year from the contract liabilities at the beginning of the year is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Contract liabilities		
Telecommunications and value-added services	\$ 1,096,722	\$ 1,033,703
Sales of goods	<u>5,639</u>	<u>10,741</u>
	<u>\$ 1,102,361</u>	<u>\$ 1,044,444</u>

c. Partially completed contracts

As of December 31, 2023, the transaction prices allocated to the performance obligations that are not fully satisfied and the expected timing for recognition of revenue are as follows:

	<b>In 2024</b>	<b>In 2025</b>	<b>After 2026</b>	<b>Total</b>
Telecommunications and value-added services	<u>\$ 28,947,468</u>	<u>\$ 13,846,106</u>	<u>\$ 4,990,332</u>	<u>\$ 47,783,906</u>

The above information does not include contracts with expected durations which are equal to or less than one year.

d. Assets related to contract costs

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Incremental costs of obtaining a contract - non-current	<u>\$ 2,388,239</u>	<u>\$ 1,793,461</u>

TWM 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 years ended December 31, 2023 and 2022 were \$1,296,816 thousand and \$1,200,756 thousand, respectively.

## 22. NON-OPERATING INCOME AND EXPENSES

a. Other gains and losses, net

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Loss on disposal and retirement of property, plant and equipment, net	\$ (92,026)	\$ (222,543)
Gain on disposal of property, plant and equipment held for sale	-	1,014
Loss on foreign exchange, net	(11,173)	(25,952)
Others	<u>(813)</u>	<u>583</u>
	<u>\$ (104,012)</u>	<u>\$ (246,898)</u>

b. Finance costs

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Interest expense		
Corporate bonds	\$ 319,369	\$ 294,207
Bank loans	288,762	201,547
Related parties	225,184	117,538
Commercial papers payable	212,767	85,049
Lease liabilities	68,012	56,049
Others	<u>1,000</u>	<u>866</u>
	<u>\$ 1,115,094</u>	<u>\$ 755,256</u>

## 23. INCOME TAX

### a. Income tax recognized in profit or loss

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Current income tax expense		
Current period	\$ 892,096	\$ 872,180
Prior years' adjustments	<u>11,317</u>	<u>11,029</u>
	<u>903,413</u>	<u>883,209</u>
Deferred income tax expense (income)		
Temporary differences	<u>(55)</u>	<u>24,109</u>
Income tax expense	<u>\$ 903,358</u>	<u>\$ 907,318</u>

The reconciliation of profit before tax to income tax expense was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Profit before tax	<u>\$ 13,177,467</u>	<u>\$ 11,932,869</u>
Income tax expense at domestic statutory tax rate	\$ 2,635,493	\$ 2,386,574
Adjustment items in determining taxable profit	(1,743,397)	(1,514,464)
Temporary differences	(55)	24,109
Land value increment tax	-	70
Prior years' adjustments	<u>11,317</u>	<u>11,029</u>
	<u>\$ 903,358</u>	<u>\$ 907,318</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Deferred income tax expense		
Unrealized gain/loss on financial assets at FVTOCI	\$ 68,792	\$ 104,622
Remeasurements from defined benefit plans	<u>2,101</u>	<u>40,573</u>
Income tax expense	<u>\$ 70,893</u>	<u>\$ 145,195</u>



c. Deferred tax assets and liabilities

1) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2023 and 2022 were as follows:

	<b>For the Year Ended December 31, 2023</b>				<b>Closing Balance</b>
	<b>Opening Balance</b>	<b>Recognized in</b>			
		<b>Profit or Loss</b>	<b>Other Comprehensive Income (Loss)</b>	<b>Others</b>	
<u>Deferred tax assets</u>					
Property, plant and equipment	\$ 144,847	\$ (13,632)	\$ -	\$ -	\$ 131,215
Defined benefit plans	15,397	(2,885)	(2,101)	-	10,411
Loss allowance	3,452	27,963	-	-	31,415
Others	<u>182,435</u>	<u>(715)</u>	<u>-</u>	<u>-</u>	<u>181,720</u>
	<u>\$ 346,131</u>	<u>\$ 10,731</u>	<u>\$ (2,101)</u>	<u>\$ -</u>	<u>\$ 354,761</u>
<u>Deferred tax liabilities</u>					
Intangible assets	\$ 703,734	\$ 10,052	\$ -	\$ -	\$ 713,786
Financial assets at FVTOCI	80,248	-	68,792	-	149,040
Others	<u>-</u>	<u>624</u>	<u>-</u>	<u>39,222</u>	<u>39,846</u>
	<u>\$ 783,982</u>	<u>\$ 10,676</u>	<u>\$ 68,792</u>	<u>\$ 39,222</u>	<u>\$ 902,672</u>
	<b>For the Year Ended December 31, 2022</b>				<b>Closing Balance</b>
	<b>Opening Balance</b>	<b>Recognized in</b>			
		<b>Profit or Loss</b>	<b>Other Comprehensive Income (Loss)</b>	<b>Others</b>	
<u>Deferred tax assets</u>					
Property, plant and equipment		\$ 165,704	\$ (20,857)	\$ -	\$ 144,847
Defined benefit plans		59,333	(3,363)	(40,573)	15,397
Financial assets at FVTOCI		24,374	-	(24,374)	-
Loss allowance		2,472	980	-	3,452
Others		<u>183,304</u>	<u>(869)</u>	<u>-</u>	<u>182,435</u>
		<u>\$ 435,187</u>	<u>\$ (24,109)</u>	<u>\$ (64,947)</u>	<u>\$ 346,131</u>
<u>Deferred tax liabilities</u>					
Intangible assets		\$ 703,734	\$ -	\$ -	\$ 703,734
Financial assets at FVTOCI		<u>-</u>	<u>-</u>	<u>80,248</u>	<u>80,248</u>
		<u>\$ 703,734</u>	<u>\$ -</u>	<u>\$ 80,248</u>	<u>\$ 783,982</u>

2) Unrecognized deferred tax assets items

	<u>For the Year Ended December 31</u>	
	2023	2022
Loss carryforwards	\$ <u>194,250</u>	\$ <u>-</u>

As of December 31, 2023, TWM had not recognized the prior years' loss carryforwards, totaling \$194,250 thousand, as deferred tax assets. The expiry year is 2033.

d. Income tax examinations

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

<b>Company</b>	<b>Year</b>
TWM	2021
TST (Dissolved)	2020

## 24. EARNINGS PER SHARE

	<u>For the Year Ended December 31, 2023</u>		
	<u>Amount After Income Tax</u>	<u>Weighted- average Number of Shares (In Thousands)</u>	<u>EPS (NT\$)</u>
Basic EPS			
Profit attributable to stockholders	\$ 12,274,109	2,837,810	\$ <u>4.33</u>
Effect of dilutive potential common stock:			
Employees' compensation	<u>-</u>	<u>4,581</u>	
Diluted EPS			
Profit attributable to stockholders (adjusted for potential effect of common stock)	<u>\$ 12,274,109</u>	<u>2,842,391</u>	\$ <u>4.32</u>
	<u>For the Year Ended December 31, 2022</u>		
	<u>Amount After Income Tax</u>	<u>Weighted- average Number of Shares (In Thousands)</u>	<u>EPS (NT\$)</u>
Basic EPS			
Profit attributable to stockholders	\$ 11,025,551	2,820,482	\$ <u>3.91</u>
Effect of dilutive potential common stock:			
Employees' compensation	<u>-</u>	<u>3,717</u>	
Diluted EPS			
Profit attributable to stockholders (adjusted for potential effect of common stock)	<u>\$ 11,025,551</u>	<u>2,824,199</u>	\$ <u>3.90</u>

Since TWM has the discretion to settle the employees' compensation by cash or stock, TWM should presume that the entire amount of the employees' 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.

## 25 BUSINESS COMBINATIONS

### a. Acquisition and Consideration transferred

In order to expand the business scale and boost the operating performance and competitiveness, TWM acquired TST, engaged in the mobile communication service industry, on December 1, 2023. To facilitate the acquisition of TST, TWM issued 204,028 thousand shares of common stock. The fair value of these common shares, determined based on the closing price on the acquisition date, amounted to \$20,239,598 thousand.

### b. Assets acquired and liabilities assumed at the date of acquisition

	<u>TST</u>
Current assets	
Cash and cash equivalents	\$ 1,742,723
Receivables	1,330,506
Contract assets	424,076
Others	152,843
Non-current assets	
Property, plant and equipment	6,138,023
Right-of-use assets	2,118,996
Intangible assets - concessions	20,506,689
Intangible assets - customer relationships	955,776
Intangible assets - others	24,185
Incremental cost of obtaining a contract	480,604
Others	707,279
Current liabilities	
Short-term borrowings	(23,787,575)
Contract liabilities	(813,399)
Payables	(1,705,716)
Provisions	(346,565)
Lease liabilities	(2,019,467)
Others	(286,563)
Non-current liabilities	
Long-term borrowings	(2,547,500)
Others	(334,296)
	<u>\$ 2,740,619</u>

The fair value of accounts receivable acquired through business combination transactions was \$1,156,823 thousand, with a gross contractual amount of \$1,258,130 thousand. The best estimate of the expected irrecoverable contract cash flows on the acquisition date was \$101,307 thousand.

c. Goodwill recognized on acquisitions

	<u>TST</u>
Consideration transferred	\$ 20,239,598
Less: Fair value of identifiable net assets acquired	<u>(2,740,619)</u>
Goodwill recognized on acquisitions	<u>\$ 17,498,979</u>

The goodwill recognized in the acquisitions mainly represents the control premium included in the cost of the combinations. In addition, the consideration paid for the combinations effectively included amounts attributed to the benefits of expected synergies, revenue growth, future market development and the assembled workforces. These benefits were not recognized separately from goodwill because they did not meet the recognition criteria for identifiable intangible assets.

d. Impact of acquisitions on the results of TWM

The operational results from the acquiree since the acquisition date were as follows:

	<u>TST</u>
Operating revenues	\$ 1,046,708
Net loss	<u>\$ (129,586)</u>

Had TWM concluded the acquisition at the beginning of 2023, TWM's revenue would have been \$76,133,005 thousand, and the profit would have been \$9,269,189 thousand for the year ended December 31, 2023. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of TWM that actually would have been achieved had the acquisition been completed at the beginning of the acquisition year, 2023, nor is it intended to be a projection of future results.

## 26. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities:

For the Year Ended December 31, 2023

	<u>Opening Balance</u>	<u>Cash Flows</u>	<u>Non-cash Changes</u>		<u>Ending Balance</u>	
			<u>New Leases</u>	<u>Acquisitions Through Business Combinations</u>		<u>Others</u>
Lease liabilities (including current and non-current portions)	<u>\$ 7,996,371</u>	<u>\$ (3,619,882)</u>	<u>\$ 3,592,194</u>	<u>\$ 2,050,227</u>	<u>\$ (214,852)</u>	<u>\$ 9,804,058</u>

For the Year Ended December 31, 2022

	<u>Opening Balance</u>	<u>Cash Flows</u>	<u>Non-cash Changes</u>		<u>Ending Balance</u>
			<u>New Leases</u>	<u>Others</u>	
Lease liabilities (including current and non-current portions)	<u>\$ 7,344,167</u>	<u>\$ (3,442,956)</u>	<u>\$ 4,301,810</u>	<u>\$ (206,650)</u>	<u>\$ 7,996,371</u>

## 27. CAPITAL MANAGEMENT

TWM 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, TWM may adopt various financing approaches to balance its capital structure in order to meet the demands for working capital, capital expenditures, settlements of liabilities, and dividend payments in its normal course of business for the future.

## 28. FINANCIAL INSTRUMENTS

### a. Categories of financial instruments

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Financial assets</u>		
Financial assets at FVTOCI (including current and non-current portions)	\$ 2,943,675	\$ 2,161,031
Financial assets measured at amortized cost (including current and non-current portions) (Note 1)	<u>13,301,866</u>	<u>10,623,279</u>
	<u>\$ 16,245,541</u>	<u>\$ 12,784,310</u>
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost (including current and non-current portions) (Note 2)	<u>\$ 117,160,601</u>	<u>\$ 91,192,320</u>

Note 1: The balances comprised 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 2: The balances comprised 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, TWM 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.

	<b>December 31</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Carrying Amount</b>	<b>Fair Value</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
<u>Financial liabilities</u>				
Bonds payable (including current portion)	\$ 37,980,333	\$ 37,627,421	\$ 37,481,574	\$ 36,972,577

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.

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:

- a) Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities on the reporting date.
- b) 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).
- c) Level 3: Inputs for the assets or liabilities are not based on observable market data (unobservable inputs).

December 31, 2023

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial assets at FVTOCI</u>				
<u>Equity instruments</u>				
Domestic listed stocks	\$ 260,822	\$ -	\$ -	\$ 260,822
Domestic unlisted stocks	-	-	619,309	619,309
Foreign unlisted stocks	-	-	490,189	490,189
Foreign limited partnerships	-	-	1,573,355	1,573,355
	<u>\$ 260,822</u>	<u>\$ -</u>	<u>\$ 2,682,853</u>	<u>\$ 2,943,675</u>

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at FVTOCI</u>				
Equity instruments				
Domestic listed stocks	\$ 245,607	\$ -	\$ -	\$ 245,607
Domestic unlisted stocks	-	-	674,999	674,999
Foreign unlisted stocks	-	-	30,137	30,137
Foreign limited partnerships	<u>-</u>	<u>-</u>	<u>1,210,288</u>	<u>1,210,288</u>
	<u>\$ 245,607</u>	<u>\$ -</u>	<u>\$ 1,915,424</u>	<u>\$ 2,161,031</u>

There were no transfers between the fair value measurements of Levels 1 and 2 for the years ended December 31, 2023 and 2022.

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 fair value of unlisted stocks and limited partnerships investments was evaluated through the market approach and asset approach. The evaluation and assumptions are mainly referenced to related information of comparable transactions or companies. The unobservable input was liquidity discount rate, which were estimated to be 23.4% and 26.2% as of December 31, 2023 and 2022, respectively.

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

For the year ended December 31, 2023

	<u>Financial Assets at FVTOCI - Equity Instruments</u>
Balance at January 1, 2023	\$ 1,915,424
Additions	479,162
Recognized in other comprehensive income (unrealized gain on financial assets at FVTOCI)	<u>288,267</u>
Balance at December 31, 2023	<u>\$ 2,682,853</u>

For the year ended December 31, 2022

	<b>Financial Assets at FVTOCI - Equity Instruments</b>
Balance at January 1, 2022	\$ 1,125,458
Additions	375,000
Recognized in other comprehensive income (unrealized gain on financial assets at FVTOCI)	<u>414,966</u>
Balance at December 31, 2022	<u>\$ 1,915,424</u>

c. Financial risk management

1) TWM's major financial instruments include equity investments, trade receivables, trade payables, commercial papers payable, bonds payable, borrowings, lease liabilities, etc., and TWM 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 TWM's risk exposure and TWM'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 TWM'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 TWM 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 TWM. The maximum credit exposure of the aforementioned financial instruments is equal to their carrying amounts recognized in the balance sheets as of the balance sheet date. TWM has large trade receivables outstanding with its customers. A substantial majority of TWM's outstanding trade receivables are not covered by collateral or credit insurance. TWM has implemented ongoing measures including enhancing credit assessments and strengthening overall risk management to reduce its credit risk. While TWM 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 TWM serves a large number of unrelated consumers, the concentration of credit risk was limited.

### 4) Liquidity risk

Liquidity risk is the risk that TWM fails to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. TWM'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 TWM's reputation.

TWM manages and maintains a sufficient level of capital to ensure the requirements of paying estimated operating expenditures, including financial obligations on each contract. TWM also monitors its bank credit facilities to ensure that TWM fully complies with the provisions and financial covenants of loan contracts. As of December 31, 2023 and 2022, TWM had unused bank facilities of \$52,721,196 thousand and \$50,745,557 thousand, respectively.

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

	<b>Contractual Cash Flows</b>	<b>Within 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>
<u>December 31, 2023</u>				
Unsecured loans	\$ 33,374,064	\$ 18,133,474	\$ 15,240,590	\$ -
Unsecured loans - related parties	14,573,769	14,573,769	-	-
Commercial papers payable	20,093,546	16,016,630	4,076,916	-
Bonds payable	39,325,775	337,155	33,916,620	5,072,000
Lease liabilities	<u>9,933,447</u>	<u>4,915,085</u>	<u>4,995,827</u>	<u>22,535</u>
	<u>\$ 117,300,601</u>	<u>\$ 53,976,113</u>	<u>\$ 58,229,953</u>	<u>\$ 5,094,535</u>

	<b>Contractual Cash Flows</b>	<b>Within 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>
<u>December 31, 2022</u>				
Unsecured loans	\$ 19,389,248	\$ 19,389,248	\$ -	\$ -
Unsecured loans - related parties	13,077,626	13,077,626	-	-
Commercial papers payable	11,279,084	6,697,116	4,581,968	-
Bonds payable	38,614,380	6,288,130	24,705,000	7,621,250
Lease liabilities	<u>8,085,962</u>	<u>3,062,916</u>	<u>5,007,571</u>	<u>15,475</u>
	<u>\$ 90,446,300</u>	<u>\$ 48,515,036</u>	<u>\$ 34,294,539</u>	<u>\$ 7,636,725</u>

#### 5) Market risk

Market risk is the risk that arises from the changes in foreign exchange rates, interest rates, and prices, and will affect TWM'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.

TWM 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

TWM 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, TWM purchases currency at the spot rate based on the conservative principle in order to hedge exchange rate risk.

Refer to Note 34 for the information of TWM's foreign currency assets and liabilities exposed to significant exchange rate risk.

##### Sensitivity analysis

TWM'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 \$18,556 thousand and \$36,260 thousand for the years ended December 31, 2023 and 2022, respectively.

##### b) Interest rate risk

TWM was funded using both fixed and floating interest rates, resulting in exposure to interest rate risk. To mitigate the impact of interest rate fluctuations, TWM maintains a balanced mix of fixed and floating interest rates borrowings.

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Fair value interest rate risk		
Financial assets	\$ 672,998	\$ 345,107
Financial liabilities	88,870,931	78,057,059
Cash flow interest rate risk		
Financial assets	2,174,967	2,122,911
Financial liabilities	25,732,607	11,099,424

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 by 50 basis points (with other factors remaining constant at the end of the reporting period and with analyses of the two periods on the same basis), profit would have decreased by \$117,788 thousand and \$44,883 thousand for the years ended December 31, 2023 and 2022, respectively.

c) Other market price risk

The exposure to financial instrument price risk is mainly due to holding of stocks. TWM 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), other comprehensive income would have decreased by \$147,184 thousand and \$108,052 thousand since the fair value of financial assets at FVTOCI decreased for the years ended December 31, 2023 and 2022, respectively.

## 29. RELATED-PARTY TRANSACTIONS

a. Related party name and nature of relationship

<u>Related Party</u>	<u>Nature of Relationship</u>
Taiwan Cellular Co., Ltd. (TCC)	Subsidiary
Wealth Media Technology Co., Ltd. (WMT)	Subsidiary
TWM Venture Co., Ltd. (TVC)	Subsidiary
Taipei New Horizon Co., Ltd. (TNH)	Subsidiary
Fu Sheng Digital Co., Ltd. (FSD)	Subsidiary
TWM Power Co., Ltd. (TPC)	Subsidiary
FullSynergy New Retail Co., Ltd. (FSNR)	Subsidiary
Taiwan Fixed Network Co., Ltd. (TFN)	Subsidiary

(Continued)

<b>Related Party</b>	<b>Nature of Relationship</b>
Taiwan Teleservices & Technologies Co., Ltd. (TT&T)	Subsidiary
momo.com Inc. (momo)	Subsidiary
Taiwan Kuro Times Co., Ltd. (TKT)	Subsidiary (not a subsidiary since December 29, 2023)
Taiwan Digital Service Co., Ltd. (TDS)	Subsidiary
TVI	Subsidiary
TCCI	Subsidiary
TID	Subsidiary
Taihsin Property Insurance Agent Co., Ltd. (TPIA)	Subsidiary
Tai-Fu Cloud Technology Co., Ltd. (TFC)	Subsidiary
TFN Media Co., Ltd. (TFNM)	Subsidiary
Global Forest Media Technology Co., Ltd. (GFMT)	Subsidiary
Win TV Broadcasting Co., Ltd. (WTVB)	Subsidiary
Yeong Jia Leh Cable TV Co., Ltd. (YJCTV)	Subsidiary
Mangrove Cable TV Co., Ltd. (MCTV)	Subsidiary
Phoenix Cable TV Co., Ltd. (PCTV)	Subsidiary
Union Cable TV Co., Ltd. (UCTV)	Subsidiary
Globalview Cable TV Co., Ltd. (GCTV)	Subsidiary
Bebe Poshe International Co., Ltd. (Bebe Poshe)	Subsidiary
Fu Sheng Logistics Co., Ltd. (FSL)	Subsidiary
MFS Co., Ltd. (MFS)	Subsidiary
Taiwan Mobile Film Co., Ltd. (TWMFM)	Subsidiary
Taiwan Stampede Franchise Film Co., Ltd. (SFF)	Subsidiary
kbro Media Co., Ltd. (kbro Media)	Associate
NADA	Associate
Mistake Entertainment Co., Ltd. (M.E.)	Associate
Uspace Tech Co., Ltd. (Uspace)	Associate
AppWorks School Co., Ltd.	Associate (subsidiary of AppWorks)
Good Image Co., Ltd.	Associate (subsidiary of kbro Media)
Mepay Co., Ltd.	Associate (subsidiary of M.E.)
Fubon Life Insurance Co., Ltd.	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. (FSE)	Other related party
Taipei Fubon Commercial Bank Co., Ltd. (TFCB)	Other related party
Fubon Financial Holding Co., 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 (not a related party since the third quarter of 2023)
Fubon Insurance Agency Co., Ltd.	Other related party (Formerly known as Fu-sheng Insurance Agency Co., Ltd.)
Fubon Insurance Agency Co., Ltd.	Other related party (not a related party since the third quarter of 2023)
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 (not a related party since the second quarter of 2023)
Fubon Land Development Co., Ltd.	Other related party

(Continued)

<b>Related Party</b>	<b>Nature of Relationship</b>
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 (not a related party since the first quarter of 2023)
Jih Sun Securities Co., Ltd.	Other related party (not a related party since the second quarter of 2023)
Jih Sun International Bank, Ltd.	Other related party (not a related party since the second quarter of 2023)
Jih Sun International Property Insurance Agent Co., Ltd.	Other related party (not a related party since the second quarter of 2023)
Jih Sun Life Insurance Agent Co., Ltd.	Other related party (not a related party since the second quarter of 2023)
Jih Sun Futures Co., Ltd.	Other related party (not a related party since the second quarter of 2023)
Jih Sun Securities Investment Consulting Co., Ltd.	Other related party (not a related party since the second quarter of 2023)
Chung Hsing Constructions Co., Ltd.	Other related party
Ming Dong Co., Ltd.	Other related party
Fu Yi Health Management Co., Ltd.	Other related party
Chen Feng Investment Ltd.	Other related party
Chen Yun Co., Ltd.	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
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
Key management	Chairman, director, president, vice president, etc.

(Concluded)

b. Significant transactions with related parties

1) Operating revenue

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Subsidiaries	\$ 3,625,290	\$ 3,419,342
Associates	6,509	507
Other related parties	<u>320,964</u>	<u>282,938</u>
	<u>\$ 3,952,763</u>	<u>\$ 3,702,787</u>

TWM 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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Subsidiaries		
TFN	\$ 5,065,314	\$ 5,043,666
Others	666,647	742,423
Associates	2,141	811
Other related parties	<u>541,994</u>	<u>491,212</u>
	<u>\$ 6,276,096</u>	<u>\$ 6,278,112</u>

The entities mentioned above provide telecommunications and value-added services, purchases, broadband and other services. The transaction terms with related parties were not significantly different from those with third parties.

3) Receivables due from related parties

<b>Account</b>	<b>Related Party Categories</b>	<b>December 31</b>	
		<b>2023</b>	<b>2022</b>
Accounts receivable	Subsidiaries	\$ 417,166	\$ 473,910
Accounts receivable	Associates	960	-
Accounts receivable	Other related parties	<u>51,910</u>	<u>53,384</u>
		<u>\$ 470,036</u>	<u>\$ 527,294</u>
Other receivables	Subsidiaries	\$ 170,426	\$ 188,368
Other receivables	Other related parties	<u>134,901</u>	<u>55,667</u>
		<u>\$ 305,327</u>	<u>\$ 244,035</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

<b>Account</b>	<b>Related Party Categories</b>	<b>December 31</b>	
		<b>2023</b>	<b>2022</b>
Accounts payable	Subsidiaries	\$ 165,585	\$ 191,356
Accounts payable	Associates	72	-
Accounts payable	Other related parties	<u>106,201</u>	<u>96,591</u>
		<u>\$ 271,858</u>	<u>\$ 287,947</u>
Other payables	Subsidiaries	\$ 726,125	\$ 643,516
Other payables	Other related parties	<u>41,031</u>	<u>55,893</u>
		<u>\$ 767,156</u>	<u>\$ 699,409</u>

5) Borrowings from related parties

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Subsidiaries		
TFN	\$ 10,233,000	\$ 9,413,000
WMT	3,920,000	3,179,000
Others	<u>252,000</u>	<u>413,000</u>
	<u>\$ 14,405,000</u>	<u>\$ 13,005,000</u>

The rate on borrowings from related parties was equivalent to the rate in the market.

6) Bank deposits and other financial assets

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Other related parties		
TFCB	<u>\$ 586,950</u>	<u>\$ 602,370</u>

7) Acquisition of subsidiary

<b>Related Party Transaction</b>	<b>Transaction Period</b>	<b>Shares (In Thousands)</b>	<b>Purchase Price</b>
Contributions to TVC's capital increase	2023	70,000	<u>\$ 700,000</u>
	2022	210,000	<u>\$ 2,100,000</u>

8) Acquisition of investments accounted for using equity method

<b>Related Party Transaction</b>	<b>Transaction Period</b>	<b>Shares (In Thousands)</b>	<b>Purchase Price</b>
Contributions to NADA's capital increase	2023	1,667	<u>\$ 50,000</u>

9) Others

a) Refundable deposits

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Subsidiaries	\$ <u>42,430</u>	\$ <u>38,905</u>

b) Other current liabilities - receipts under custody

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Subsidiaries	\$ 71,317	\$ 98,955
Other related parties	<u>178,790</u>	<u>167,264</u>
	<u>\$ 250,107</u>	<u>\$ 266,219</u>

c) Operating expenses

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Subsidiaries		
TFN	\$ 29,033	\$ 33,259
TT&T	942,397	955,450
Other related parties		
TMF	15,000	16,100
TFCB	164,204	139,353
FSE	32,324	52,451
Others	<u>94,592</u>	<u>92,585</u>
	<u>\$ 1,277,550</u>	<u>\$ 1,289,198</u>

d) Service charges

For the years ended December 31, 2023 and 2022, TWM's service charges received (recognized as deduction of other income and expenses) were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Subsidiaries		
TFN	\$ 416,612	\$ 393,468
Others	<u>42,805</u>	<u>32,733</u>
	<u>\$ 459,417</u>	<u>\$ 426,201</u>



For the years ended December 31, 2023 and 2022, TW M's service charges paid were as follows:

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Subsidiaries		
TFN	\$ <u>45,600</u>	\$ <u>43,016</u>

e) Finance costs - interest expenses of financing from other parties

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Subsidiaries		
TFN	\$ 163,872	\$ 84,485
Others	<u>61,312</u>	<u>33,053</u>
	<u>\$ 225,184</u>	<u>\$ 117,538</u>

f) Transferring of business

Proceeds from transferring of business to momo in 2023 were \$71,400 thousand.

10) Lease arrangements

Acquisition of right-of-use assets

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Subsidiaries	\$ <u>18,853</u>	\$ <u>-</u>

Lease liabilities (including current and non-current portions)

	<b><u>December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Subsidiaries	\$ 129,449	\$ 280,740
Other related parties	<u>92,250</u>	<u>129,088</u>
	<u>\$ 221,699</u>	<u>\$ 409,828</u>

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

c. Key management compensation

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 314,334	\$ 288,121
Termination and post-employment benefits	<u>7,068</u>	<u>11,385</u>
	<u>\$ 321,401</u>	<u>\$ 299,506</u>

### 30. ASSETS PLEDGED

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Other current financial assets	\$ 34,272	\$ 31,351
Property, plant and equipment (Note)	686,482	-
Other non-current financial assets	<u>432</u>	<u>480</u>
	<u>\$ 721,186</u>	<u>\$ 31,831</u>

Note: The secured loans of TST, which were consolidated through the merger, were fully repaid, and the financing facilities were canceled. However, as of December 31, 2023, the cancellation of the pledged collateral rights had not been completed.

### 31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Unrecognized commitments

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Purchases of property, plant and equipment	<u>\$ 3,672,708</u>	<u>\$ 7,117,937</u>
Purchases of inventories and sales commitments	<u>\$ 6,029,165</u>	<u>\$ 9,577,839</u>

As of December 31, 2023 and 2022, the amounts of lease commitments commencing after the balance sheet dates were \$304,342 thousand and \$187,601 thousand, respectively.

b. As of December 31, 2023 and 2022, the amounts of endorsements and guarantees provided to TFN, TVC and TKT were \$24,700,000 thousand and \$24,750,000 thousand, respectively.

c. 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 the 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. In June 2023, the Supreme Court dismissed the first retrial of the High Court and remanded the case to the High Court. The case is now in process at the second retrial of the High Court.

### 32. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

- a. In February 2024, the Board of Directors resolved that TWM would purchase mobile broadband equipment from Nokia Solutions and Networks Taiwan Co., Ltd. The total amount of the contract would not exceed \$5,590,000 thousand.
- b. In February 2024, the Board of Directors resolved that TWM would issue unsecured straight corporate bonds with a total amount of no more than \$9,500,000 thousand.

### 33. OTHERS

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

	<b>For the Year Ended December 31, 2023</b>			
	<b>Classified as Operating Costs</b>	<b>Classified as Operating Expenses</b>	<b>Classified as Operating Costs or Expense Deduction</b>	<b>Total</b>
Employee benefits				
Salary	\$ 1,142,367	\$ 2,823,331	\$ 332,069	\$ 4,297,767
Insurance expenses	86,122	245,892	21,535	353,549
Pension	45,391	119,604	11,115	176,110
Compensation of directors	-	108,135	-	108,135
Others	50,607	138,973	-	189,580
Depreciation	9,140,991	721,913	-	9,862,904
Amortization	4,362,198	1,445,064	-	5,807,262

**For the Year Ended December 31, 2022**

	<b>Classified as Operating Costs</b>	<b>Classified as Operating Expenses</b>	<b>Classified as Operating Costs or Expense Deduction</b>	<b>Total</b>
Employee benefits				
Salary	\$ 1,074,025	\$ 2,630,392	\$ 305,940	\$ 4,010,357
Insurance expenses	81,707	226,911	19,967	328,585
Pension	44,475	112,065	10,676	167,216
Compensation of directors	-	89,434	-	89,434
Others	48,164	133,182	-	181,346
Depreciation	8,625,335	757,475	-	9,382,810
Amortization	4,220,307	1,328,462	-	5,548,769

- a. For the years ended December 31, 2023 and 2022, the average numbers of TWM employees were 3,908 and 3,755, respectively, and the numbers of directors who were not employees were both 8.
- b. For the years ended December 31, 2023 and 2022, TWM's average employee benefits were \$1,286 thousand and \$1,251 thousand, respectively, and TWM's average salaries were \$1,102 thousand and \$1,070 thousand, respectively. The percentage change in the average salary expenses was 3%.
- c. TWM does not have any supervisors.
- d. The compensation policies of TWM are as follows:

Directors

The remuneration or other equivalent allowances for directors is determined based on their involvement in TWM's operations, contributions to the Company, and the general pay levels in the industry.

If TWM makes a profit, remuneration of directors is set at no higher than 0.3% of the profit which is specified in TWM's Articles of Incorporation.

Transportation allowances paid are based on attendance in board meetings and for services rendered as the chairman or a member of the Board, Audit Committee, Remuneration and Nomination Committee and ESG Steering Committee.

Managers

Compensation of managers comprises fixed salary and variable compensation. Fixed salary is paid monthly. Variable compensation is in the form of employees' compensation and performance-based bonuses, which accounts for approximately 40%~50% of the total compensation of each manager. TWM takes the manager's contribution to the company's operations, future operating risk exposure, environmental conservation and corporate sustainable development into consideration during their assessment of the compensation of managers in accordance with the performance management policies.

In order to strengthen the link between corporate sustainable development and manager compensation, the variable component of executive compensation is tied to established criteria such as ESG performance, with a correlation ratio of 30%.

Variable compensation is proposed by the Remuneration and Nomination Committee and approved by the Board of Directors.

### Employees

Employees are the most valuable assets to TWM. In order to maintain the competitiveness of compensation, TWM evaluates the pay level in the labor market by participating in salary surveys every year. Operational performance and future development are also taken into consideration when determining the compensation policy. To fulfill the performance-oriented compensation policy, TWM shares the operating achievements with employees by settling performance-based bonuses and employees' compensation according to the performance of the employee.

e. 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 and remuneration to directors were calculated by applying the aforementioned rates.

The employees' compensation and remuneration of directors of 2023 and 2022 shown below were approved by the Board of Directors on February 21 2024 and February 24, 2023, respectively. There was no difference between the approved amounts and the amounts recognized.

	<b>For the Year Ended December 31</b>			
	<b>2023</b>		<b>2022</b>	
	<b>Employees' Compensation Paid in Cash</b>	<b>Remuneration of Directors</b>	<b>Employees' Compensation Paid in Cash</b>	<b>Remuneration of Directors</b>
Amounts approved by the Board of Directors	<u>\$ 405,977</u>	<u>\$ 40,598</u>	<u>\$ 305,936</u>	<u>\$ 30,594</u>
Amounts recognized in the financial statements	<u>\$ 405,977</u>	<u>\$ 40,598</u>	<u>\$ 305,936</u>	<u>\$ 30,594</u>

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

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.

### 34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

TWM's significant assets and liabilities denominated in foreign currencies were as follows:

	<b>December 31, 2023</b>		
	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars</b>
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 42,305	30.705	\$ 1,298,988
EUR	330	34.14	11,251
Non-monetary items			
USD	67,205	30.705	2,063,544
<u>Foreign currency liabilities</u>			
Monetary items			
USD	54,720	30.705	1,680,188
EUR	34	34.14	1,169

	<b>December 31, 2022</b>		
	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars</b>
<u>Foreign currency assets</u>			
Monetary items			
USD	\$ 31,213	30.725	\$ 959,023
EUR	83	32.65	2,725
Non-monetary items			
USD	40,372	30.725	1,240,425
<u>Foreign currency liabilities</u>			
Monetary items			
USD	7,696	30.725	236,466
EUR	2	32.65	79

Refer to Note 22.a for the information related to TWM's realized and unrealized foreign exchange gains (losses) for the years ended December 31, 2023 and 2022.

### 35. 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: Table 5 (attached)
  - 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 6 (attached)
  - 8) Receivables from related parties of at least NT\$100 million or 20% of the paid-in capital: Table 7 (attached)
  - 9) Names, locations and related information of investees on which TWM exercised significant influence (excluding information on investments in mainland China): Table 8 (attached)
  - 10) Trading in derivative instruments: None
- 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)

## **36. SEGMENT INFORMATION**

Please refer to the consolidated financial statements for the year ended December 31, 2023.

## TAIWAN MOBILE CO., LTD.

FINANCING EXTENDED TO OTHER PARTIES  
FOR THE YEAR ENDED DECEMBER 31, 2023

(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	\$ 252,000	1.12000%~1.83433%	Short-term financing	\$ -	Operation requirements	\$ -	-	\$ -	\$ 32,779,707	\$ 32,779,707	Note 2
			Other receivables	Yes	700,000	300,000	121,000	1.82000%~1.83500%	Short-term financing	-	Operation requirements	-	-	-	32,779,707	32,779,707	Note 2
2	WMT	TWM TKT TFNM WTVB	Other receivables	Yes	4,200,000	4,200,000	3,920,000	0.87000%~1.83500%	Short-term financing	-	Operation requirements	-	-	-	9,478,350	9,478,350	Note 2
			Other receivables	Yes	100,000	-	-	-	Short-term financing	-	Operation requirements	-	-	-	9,478,350	9,478,350	Note 2
			Other receivables	Yes	2,000,000	2,000,000	380,000	1.12000%~1.83433%	Short-term financing	-	Operation requirements	-	-	-	9,478,350	9,478,350	Note 2
			Other receivables	Yes	1,000,000	1,000,000	380,000	1.11978%~1.83433%	Short-term financing	-	Operation requirements	-	-	-	9,478,350	9,478,350	Note 2
3	TFN	TWM TCC	Other receivables	Yes	11,000,000	11,000,000	10,233,000	1.12000%~1.83378%	Short-term financing	-	Operation requirements	-	-	-	21,376,851	21,376,851	Note 2
			Other receivables	Yes	700,000	-	-	1.52000%	Short-term financing	-	Operation requirements	-	-	-	21,376,851	21,376,851	Note 2
4	PCTV	TFNM	Other receivables	Yes	520,000	450,000	450,000	1.49733%~1.83500%	Transactions	475,831	-	-	-	-	475,831	475,831	Note 3 and 4
5	GCTV	TFNM	Other receivables	Yes	250,000	250,000	250,000	1.49733%~1.83500%	Short-term financing	-	Repayment of financing	-	-	-	279,000	279,000	Note 3
6	YJCTV	TFNM	Other receivables	Yes	100,000	100,000	100,000	1.83500%	Short-term financing	-	Repayment of financing	-	-	-	125,376	125,376	Note 3
7	UCTV	UCTV	Other receivables	Yes	400,000	400,000	300,000	1.83500%	Short-term financing	-	Repayment of financing	-	-	-	740,798	740,798	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.

ENDORSEMENT/GUARANTEE PROVIDED TO OTHER PARTIES  
FOR THE YEAR ENDED DECEMBER 31, 2023

(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	\$ -	25.35	\$ 84,823,548	Y	N	N	Note 3
		TVC	Note 2	9,950,000	3,200,000	3,200,000	1,921,150	-	3.77	84,823,548	Y	N	N	Note 3
		TKT	Note 2	-	50,000	-	-	-	-	84,823,548	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.

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES)  
DECEMBER 31, 2023

(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	\$ 260,822	0.028	\$ 260,822		
	<u>Unlisted Stocks</u> LINE Bank Taiwan Limited	-	Non-current financial assets at FVTOCI	75,000	616,983	5	616,983		
	Bridge Mobile Pte Ltd.	-	Non-current financial assets at FVTOCI	800	29,614	10	29,614		
	KKCompany Technologies Inc.	-	Non-current financial assets at FVTOCI	4,547	460,575	2.77	460,575		
	Taiwan Mobile Communication Inc.	-	Non-current financial assets at FVTOCI	400	2,326	0.99	2,326		
	<u>Limited Partnerships</u> Grand Academy Investment, L.P.	-	Non-current financial assets at FVTOCI	-	1,518,823	21.67	1,518,823	Note 1	
	Starview Heights Investment, L.P.	-	Non-current financial assets at FVTOCI	-	54,532	21.67	54,532	Note 1	
	TCC	<u>Unlisted Stocks</u> Arcoa Communication Co., Ltd.	-	Non-current financial assets at FVTOCI	6,998	109,521	5.21	109,521	
		WMT	<u>Limited Partnerships</u> The Last Thieves, L.P.	-	Current financial assets at FVTPL	-	-	7.14	-
TVC	<u>Listed Stocks</u> 91APP, Inc.		-	Non-current financial assets at FVTOCI	2,500	262,500	2.12	262,500	
	17LIVE Group Limited	-	Current financial assets at FVTPL	312	11,283	0.18	11,283	Note 2	
	<u>Unlisted Stocks</u> Jayawijaya Finance Limited	-	Non-current financial assets at FVTPL	5	131,018	6.24	131,018		
	FIGMENT INC.	-	Non-current financial assets at FVTOCI	269	4,200	0.11	4,200		
	Stampede Entertainment, Inc.	-	Non-current financial assets at FVTOCI	1,664	549,343	9.43	549,343		
	TIKI GLOBAL PTE. LTD.	-	Non-current financial assets at FVTOCI	760	180,453	2.39	180,453		
	CARSOME GROUP INC.	-	Non-current financial assets at FVTOCI	733	27,420	0.36	27,420		
	Cloud Mile Inc.	-	Non-current financial assets at FVTOCI	5,396	723,809	18.2	723,809		
	BAM Management US Holdings Inc.	-	Non-current financial assets at FVTOCI	246	29,722	0.11	29,722		
	LINE MAN CORPORATION PTE. LTD.	-	Non-current financial assets at FVTOCI	1,100	266,857	0.94	266,857		
	Swift Navigation, Inc.	-	Non-current financial assets at FVTOCI	214	21,521	0.3	21,521		
	Swift Navigation, Inc.	-	Non-current financial assets at FVTOCI	364	36,586	0.5	36,586		
	Partipost Pte. Ltd.	-	Non-current financial assets at FVTOCI	899	21,883	2.53	21,883		
Taiwan Web Service Corporation	-	Non-current financial assets at FVTOCI	3,000	7,905	4.48	7,905			
SoundOn Inc.	-	Non-current financial assets at FVTOCI	2,623	164,054	12.79	164,054	Note 3		

(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>								
	AUM CREATIVE FUND II	-	Non-current financial assets at FVTPL	-	\$ 19,231	16.38	\$ 19,231	Note 1	
	Linse Capital Fund I, L.P.	-	Non-current financial assets at FVTPL	-	85,811	0.89	85,811	Note 1	
	LINSE CAPITAL SKY II LLC	-	Non-current financial assets at FVTPL	-	91,858	2.67	91,858	Note 1	
	Northstar Equity Partners V Limited	-	Non-current financial assets at FVTPL	-	238,246	1.72	238,246	Note 1	
	Northstar Ventures I, L.P.	-	Non-current financial assets at FVTPL	-	24,763	4.28	24,763	Note 1	
	Pantera Blockchain Offshore Fund L.P.	-	Non-current financial assets at FVTPL	-	89,128	0.32	89,128	Note 1	
	Pioneer Fund II L.P.	-	Non-current financial assets at FVTPL	-	115,579	13.58	115,579	Note 1	
	Soma Capital Fund III, L.P.	-	Non-current financial assets at FVTPL	-	72,172	1.21	72,172	Note 1	
	TOMORROW TOGETHER FUND	-	Non-current financial assets at FVTPL	-	38,134	16	38,134	Note 1	
		<u>Convertible Notes</u>							
		CARSOME GROUP INC.	-	Non-current financial assets at FVTPL	-	123,189	-	123,189	
		Manuscript Inc.	-	Non-current financial assets at FVTPL	-	501,505	-	501,505	
TCCI	<u>Listed Stocks</u>								
	TWM	TWM	Non-current financial assets at FVTOCI	200,497	19,768,981	5.38	19,768,981		
	<u>Unlisted Stocks</u>								
	Great Taipei Broadband Co., Ltd.	-	Non-current financial assets at FVTOCI	10,000	36,417	6.67	36,417		
TUI	<u>Listed Stocks</u>								
	TWM	TWM	Non-current financial assets at FVTOCI	410,665	40,491,597	11.03	40,491,597		
TID	<u>Listed Stocks</u>								
	TWM	TWM	Non-current financial assets at FVTOCI	87,590	8,636,330	2.36	8,636,330		
momo	<u>Listed Stocks</u>								
	eSun Holdings Limited	-	Current financial assets at FVTOCI	728	623	0.04	623	Note 2	
		<u>Unlisted Stocks</u>							
	Gaius Automotive Inc.	-	Non-current financial assets at FVTPL	5,750	287,500	7.61	287,500		
	We Can Medicines Co., Ltd.	-	Non-current financial assets at FVTOCI	3,073	96,815	7.68	96,815		
	LINE Bank Taiwan Limited	-	Non-current financial assets at FVTOCI	37,500	308,491	2.5	308,491		

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

Note 2: Foreign listed stock.

Note 3: The investment agreement included a guarantee clause, accounting for financial assets at FVTPL amounted to \$3,581 thousand.

Note 4: For the information on investments in subsidiaries and associates, see Table 8 and Table 9 for details.

(Concluded)

## TAIWAN MOBILE CO., LTD.

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2023

(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	433,051	\$ 4,604,998	70,000	\$ 700,000	-	\$ -	\$ -	\$ -	512,260 (Note 2)	\$ 5,122,412
	KKCompany Technologies Inc.	Non-current financial assets at FVTOCI	-	-	-	-	4,547	479,162	-	-	-	-	4,547	460,575
TVC	<u>Unlisted Stocks</u> TKT	Investment accounted for using equity method	KKCompany Technologies Inc.	-	14,700	334,369	-	-	2,862 (Note 3)	845,653	137,700	707,953	-	-

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 received in 2023.

Note 3: The disposal of shares pertained to TKT's shares after its capital reduction in 2023.

TAIWAN MOBILE CO., LTD.

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COST OF AT LEAST \$300 MILLION OR 20% OF THE PAID IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Price Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
momo	Warehousing logistics construction	October 31, 2023	\$ 5,302,857	momo has paid \$265,143 thousand. The remaining amounts will be settled in accordance with the contract.	Li Jin Engineering Co., Ltd.	-	-	-	\$ -	Budget commitments had been approved by the Board of Directors, and determined by price comparison and price negotiation	Business development needs	None	

## TAIWAN MOBILE CO., LTD.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2023

(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	\$ 148,335	-	Based on contract terms	-	-	\$ 23,241	-	Note 3
			Purchase	5,065,314	10	Based on contract terms	-	-	(490,954)	Note 2	Note 3
	TPIA	Subsidiary	Sale	208,807	-	Based on contract terms	-	-	85,905	1	
	TFNM	Subsidiary	Purchase	209,159	-	Based on contract terms	-	-	(46,757)	Note 2	
	TKT	Subsidiary	Purchase	134,193	-	Based on contract terms	-	-	-	-	Note 4
	momo	Subsidiary	Sale	3,249,636	5	Based on contract terms	-	-	301,257	4	
			Purchase	236,791	-	Based on contract terms	-	-	(20,645)	1	
TWM&TDS	Fubon Insurance	Other related party	Sale	337,792	1	Based on contract terms	-	-	61,380	1	
TNH	TWM	Parent	Sale	130,000	21	Based on contract terms	-	-	1,734	32	
TFN	TFC	Fellow subsidiary	Sale	145,939	1	Based on contract terms	-	-	24,554	2	
			Sale	212,161	2	Based on contract terms	-	-	36,359	3	
			Sale	400,496	4	Based on contract terms	-	-	66,052	6	
kbro	Other related party	Sale									
TT&T	TWM	Ultimate parent	Sale	944,022	90	Based on contract terms	-	-	84,101	91	
TPIA	Fubon Insurance	Other related party	Sale	356,807	98	Based on contract terms	-	-	113,469	97	
TFNM	YJCTV	Subsidiary	Channel leasing fee	364,108	10	Based on contract terms	Note 1	Note 1	-	-	
			Channel leasing fee	475,831	13	Based on contract terms	Note 1	Note 1	-	-	
			Channel leasing fee	215,058	6	Based on contract terms	Note 1	Note 1	-	-	
			Channel leasing fee	172,561	5	Based on contract terms	Note 1	Note 1	-	-	
MCTV	Dai-Ka	Other related party	Royalty for copyright	146,906	48	Based on contract terms	Note 1	Note 1	(24,484)	66	
WTVB	kbro	Other related party	Sale	194,132	20	Based on contract terms	-	-	50,960	9	
momo	FSL	Subsidiary	Purchase	1,163,435	1	Based on contract terms	-	-	(280,121)	3	
			Purchase	174,322	-	Based on contract terms	-	-	(14,687)	-	
			Purchase	130,124	-	Based on contract terms	-	-	(68)	-	

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

Note 2: Including accounts payable and other payables.

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

Note 4: TKT was no longer a subsidiary since December 29, 2023.

## TAIWAN MOBILE CO., LTD.

RECEIVABLES FROM RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2023

(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	Notes and accounts receivable	\$ 301,257	9.79	\$ -	-	\$ 298,004	\$ -
			Other receivables	79,268		-	-	15,725	-
TCC	TWM	Parent	Other receivables	252,772		-	-	-	-
	TFC	Subsidiary	Other receivables	121,359		-	-	50,148	-
WMT	TWM	Parent	Other receivables	3,928,647		-	-	-	-
	TFNM	Subsidiary	Other receivables	380,799		-	-	180,045	-
	WTVB	Subsidiary	Other receivables	381,432		-	-	80,301	-
TFN	TWM	Ultimate parent	Notes and accounts receivable	498,421	10.27	-	-	439,002	-
			Other receivables	10,316,301		-	-	17,715	-
TPIA	Fubon Insurance	Other related party	Notes and accounts receivable	113,469	3.29	-	-	30,010	-
YJCTV	TFNM	Parent	Notes and accounts receivable	5,764	7.32	-	-	3,837	-
			Other receivables	100,120		-	-	-	-
PCTV	TFNM	Parent	Notes and accounts receivable	6,286	7.34	-	-	4,127	-
			Other receivables	450,035		-	-	34	-
UCTV	TFNM	Parent	Notes and accounts receivable	4,123	7.25	-	-	2,608	-
			Other receivables	301,012		-	-	-	-
GCTV	TFNM	Parent	Notes and accounts receivable	2,661	7.06	-	-	1,716	-
			Other receivables	250,001		-	-	-	-
momo	TWM	Ultimate parent	Notes and accounts receivable	146,572	11.44	-	-	146,361	-
			Other receivables	52,680		-	-	51,504	-
momo	TFCB	Other related party	Notes and accounts receivable	239,796	Note 1	-	-	239,677	-
			Other receivables	450,321		-	-	450,321	-
FSL	momo	Parent	Notes and accounts receivable	280,726	4.37	-	-	267,254	-

Note 1: Not applicable due to the transaction partners and the nature of transactions.

## TAIWAN MOBILE CO., LTD.

NAMES, LOCATIONS AND RELATED INFORMATION OF INVESTEEES ON WHICH TWM EXERCISED SIGNIFICANT INFLUENCE  
(EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)  
FOR THE YEAR ENDED DECEMBER 31, 2023

(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
				December 31, 2023	December 31, 2022	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
TWM	TCC	Taiwan	Investment	\$ 40,397,288	\$ 40,397,288	502,970	100	\$ 20,235,322	\$ 3,913,779	\$ 3,914,204	Note 1
	WMT	Taiwan	Investment	16,871,894	16,871,894	42,065	100	23,694,220	4,072,839	4,071,985	Note 1
	TVC	Taiwan	Investment	4,975,000	4,275,000	512,260	100	5,122,412	93,637	93,637	
	TNH	Taiwan	Building and operating Songshan Cultural and Creative Park BOT project	1,918,655	1,918,655	191,866	49.9	1,987,891	129,900	62,541	Note 1
	FSD	Taiwan	Information services	30,000	30,000	3,000	100	5,154	(11,220)	(18,267)	Note 1
	TPC	Taiwan	Information software service	100,000	-	10,000	100	99,104	(896)	(896)	
	FSNR	Taiwan	Branding agency and retail sales	100,000	-	10,000	100	99,853	(147)	(147)	
	AppWorks	Taiwan	Venture capital, investment consulting, and management consulting	235,000	235,000	2,168	51	244,983	9,159	3,810	Note 1
	NADA	Taiwan	Animation production	50,000	-	1,667	8.93	23,071	16,948	1,924	Note 1
TCC	TFN	Taiwan	Fixed line service provider	21,000,000	21,000,000	2,100,000	100	53,443,090	3,593,440	-	Note 2
	TT&T	Taiwan	Call center service and telephone marketing	56,210	56,210	2,484	100	112,724	48,158	-	Note 2
	TWM Holding	British Virgin Islands	Investment	347,951	347,951	-	100	247,354	7,019	-	Note 2 and 3
	TCCI	Taiwan	Investment	17,285,441	17,285,441	154,721	100	27,043,577	3,003	-	Note 2
	TDS	Taiwan	Commissioned maintenance services	25,000	25,000	2,500	100	106,437	12,044	-	Note 2
	TPIA	Taiwan	Property insurance agent	5,000	5,000	500	100	115,614	105,614	-	Note 2
	TFC	Taiwan	Cloud and information services	200,000	200,000	24,000	100	265,074	20,414	-	Note 2
WMT	TFNM	Taiwan	Type II telecommunications business	5,210,443	5,210,443	230,921	100	7,465,601	2,470,719	-	Note 2
	GFMT	Taiwan	Investment	16,984	16,984	1,500	100	17,360	71	-	Note 2
	GWMT	Taiwan	Investment	92,189	92,189	8,945	100	97,084	1,510	-	Note 2
	WTVB	Taiwan	TV program provider	222,417	222,417	18,177	100	321,962	40,006	-	Note 2
	momo	Taiwan	Wholesale, retail, and retail sale no storefront	8,129,394	8,129,394	108,189	45.01	11,093,941	3,628,069	-	Note 2 and 4
TVC	TWMFM	Taiwan	Film production	11,300	11,300	1,130	100	11,483	428	-	Note 2
	AppWorks Fund III	Taiwan	Venture capital	583,292	583,292	57,877	20.14	565,991	7,481	-	Note 2
	NADA	Taiwan	Animation production	60,000	60,000	4,286	22.97	85,017	16,948	-	Note 2
	AppWorks Fund IV	Taiwan	Venture capital	249,200	105,000	-	21.01	227,530	(119,557)	-	Note 2 and 5
	Uspace	Taiwan	Information software service	200,030	200,030	5,969	32.9	164,588	(78,445)	-	Note 2
TFN	TUI	Taiwan	Investment	22,314,609	22,314,609	400	100	35,248,692	(72)	-	Note 2
TCCI	TID	Taiwan	Investment	3,603,149	3,603,149	104,712	100	7,523,071	(110)	-	Note 2
TWMFM	SFF	Taiwan	Film production	300	300	30	100	568	314	-	Note 2
TFNM	TKT	Taiwan	Digital music services	Note 6	156,900	Note 6	Note 6	Note 6	Note 6	-	Note 2 and 6
	YJCTV	Taiwan	Cable TV service provider	2,355,998	2,061,522	33,940	100	1,717,807	(26,710)	-	Note 2
	MCTV	Taiwan	Cable TV service provider	510,724	510,724	6,248	29.53	625,644	23,000	-	Note 2 and 7
	PCTV	Taiwan	Cable TV service provider	3,261,073	3,261,073	68,090	100	3,454,055	106,894	-	Note 2
	UCTV	Taiwan	Cable TV service provider	1,986,250	1,986,250	169,141	99.22	2,040,814	25,535	-	Note 2
	GCTV	Taiwan	Cable TV service provider	1,221,002	1,221,002	51,733	92.38	1,266,876	24,276	-	Note 2

(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
				December 31, 2023	December 31, 2022	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
TFNM	kbro Media	Taiwan	Film distribution, arts and literature services, and entertainment	\$ 341,250	\$ 341,250	14,103	33.58	\$ 60,032	\$ (29,384)	\$ -	Note 2
	M.E.	Taiwan	Livestreaming artists management services and digital media production	30,628	-	537	11.33	30,753	(20,968)	-	Note 2 and 8
TKT	M.E.	Taiwan	Livestreaming artists management services and digital media production	Note 8	\$ 30,628	Note 8	Note 8	Note 8	Note 8	-	Note 8
GFMT	UCTV	Taiwan	Cable TV service provider	16,218	16,218	1,300	0.76	15,689	25,535	-	Note 2
GWMT	GCTV	Taiwan	Cable TV service provider	91,910	91,910	3,825	6.83	95,654	24,276	-	Note 2
momo	Asian Crown (BVI)	British Virgin Islands	Investment	885,285	885,285	9,735	81.99	12,929	(5,520)	-	Note 2
	Honest Development	Samoa	Investment	670,448	670,448	21,778	100	465,798	(82,414)	-	Note 2
	FLI	Taiwan	Life insurance agent	Note 9	3,000	Note 9	Note 9	Note 9	Note 9	-	Note 2 and 9
	FI	Taiwan	Comprehensive insurance agent	3,000	3,000	500	100	9,894	288	-	Note 2 and 10
	FST	Taiwan	Travel agent	6,000	6,000	3,000	100	53,008	11,415	-	Note 2
	Bebe Poshe	Taiwan	Wholesale of cosmetics	98,965	90,880	9,373	93.73	29,579	35	-	Note 2
	FSL	Taiwan	Logistics and transport	250,000	250,000	25,000	100	362,637	94,815	-	Note 2
	MFS	Taiwan	Wholesaling	100,000	100,000	10,000	100	107,287	8,888	-	Note 2
	Prosperous Living	Taiwan	Wholesale and retail sales	220,850	220,850	22,085	73.62	227,058	8,028	-	Note 2
Asian Crown (BVI)	Fortune Kingdom	Samoa	Investment	1,132,789	1,132,789	11,594	100	11,315	(5,536)	-	Note 2
Fortune Kingdom	HK Fubon Multimedia	Hong Kong	Investment	1,132,789	1,132,789	11,594	100	11,315	(5,536)	-	Note 2
Honest Development	HK Yue Numerous	Hong Kong	Investment	670,448	670,448	16,600	100	465,798	(82,414)	-	Note 2

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

Note 2: The income/loss of the investee was already included in the income/loss of the investor, and is not presented in this table.

Note 3: Held 1 share as of period end.

Note 4: Material non-controlling interests.

Note 5: Percentage of ownership is the percentage of capital contribution.

Note 6: Disposed of in December 2023.

Note 7: 70.47% of stocks are held under trustee accounts.

Note 8: Due to organizational restructuring.

Note 9: Merged with FI in November 2023.

Note 10: Formerly known as Fuli Property Insurance Agent Co., Ltd. Renamed and changed its main business in February 2023.

Note 11: For information on investments in mainland China, see Table 9 for the details.

(Concluded)

**TAIWAN MOBILE CO., LTD.**  
**INVESTMENTS IN MAINLAND CHINA**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

(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	\$ 92,115 (USD 3,000)	b	\$ 149,592 (USD 4,872)	\$ -	\$ -	\$ 149,592 (USD 4,872)	\$ 468	100	\$ 468	\$ 82,308	\$ -	Note 2
FGE	Wholesaling	334,722 (RMB 77,500)	b	815,413 (USD 14,000) (RMB 89,267)	-	-	815,413 (USD 14,000) (RMB 89,267)	(6,043)	76.7	(4,635)	2,290	-	Note 3
Haobo	Investment	47,509 (RMB 11,000)	b	-	-	-	-	(82,110)	100	(82,110)	437,479	-	
GHS	Wholesaling	215,950 (RMB 50,000)	b	-	-	-	-	37,667	20	1,340	391,900	-	

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	\$1,627,195 (USD18,872, RMB89,267 and HKD168,539)	\$1,627,195 (USD18,872, RMB89,267 and HKD168,539)	\$56,030,492

Note 1: The investment types are as follows:

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

Note 2: The liquidation process was still in progress.

Note 3: In October 2023, the Board of Directors resolved to liquidate the company, and the liquidation process was still in progress.

Note 4: 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**  
**DECEMBER 31, 2023**

Name of Major Stockholder	Shares	
	Number of Shares	Percentage of Ownership (%)
TUI	410,665,284	11.03
TCCI	200,496,761	5.38
Shin Kong Life Insurance Co., Ltd.	194,128,000	5.21

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 (including treasury stocks) that have completed the dematerialized registration and delivery on the last business day of the quarter.

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**TAIWAN MOBILE CO., LTD.****STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

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<b>Item</b>	<b>Summary</b>	<b>Amount</b>
Cash on hand and revolving funds		<u>\$ 110,978</u>
Cash in banks		
Demand deposits		1,032,743
Foreign currency deposits		
	(US\$35,735 thousand at an exchange rate of \$30.705)	1,097,245
	(EUR301 thousand at an exchange rate of \$34.14)	10,275
	(GBP0.03 thousand at an exchange rate of \$39.37)	1
Checking account deposits		<u>141,218</u>
		<u>2,281,482</u>
		<u>\$ 2,392,460</u>

**TAIWAN MOBILE CO., LTD.**

**STATEMENT OF NOTES AND ACCOUNTS RECEIVABLE, NET**

**DECEMBER 31, 2023**

**(In Thousands of New Taiwan Dollars)**

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<b>Client Name</b>	<b>Amount</b>
Others (Note)	\$ 8,219,164
Less: Allowance for impairment loss	<u>(414,746)</u>
	<u>\$ 7,804,418</u>

Note: The amount of each client was less than 5% of the account balance.

## TAIWAN MOBILE CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)

	Beginning Balance		Increase in Investment (Note 1)		Decrease in Investment (Note 2)		Adjustments of Investments Accounted for Using Equity Method (Note 3)	Ending Balance			Market Value or Net Assets Value
	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount		Shares (In Thousands)	Percentage of Ownership %	Amount	
TCC	502,970	\$ 19,869,765	-	\$ -	-	\$ (3,571,618)	\$ 3,937,175	502,970	100	\$ 20,235,322	\$ 81,949,268
WMT	42,065	22,545,770	-	-	-	(2,883,059)	4,031,509	42,065	100	23,694,220	23,695,875
TVC	433,051	4,604,998	79,209	700,000	-	(62)	(182,524)	512,260	100	5,122,412	5,122,412
TNH	191,866	1,960,752	-	-	-	(35,402)	62,541	191,866	49.9	1,987,891	1,987,409
FSD	3,000	23,421	-	-	-	-	(18,267)	3,000	100	5,154	15,534
TPC	-	-	10,000	100,000	-	-	(896)	10,000	100	99,104	99,104
FSNR	-	-	10,000	100,000	-	-	(147)	10,000	100	99,853	99,853
AppWorks	2,168	244,745	-	-	-	-	238	2,168	51	244,983	10,764
NADA	-	-	1,667	50,000	-	-	(26,929)	1,667	8.93	23,071	23,071
		<u>\$ 49,249,451</u>		<u>\$ 950,000</u>		<u>\$ (6,490,141)</u>	<u>\$ 7,802,700</u>			<u>\$ 51,512,010</u>	

Note 1: The increase in investments mainly resulted from cash capital increase or receiving share dividends.

Note 2: The decrease in investments mainly resulted from receiving cash dividends.

Note 3: The adjustments of investments accounted for using equity method include the share of the profit or loss and other comprehensive income of investees, changes in equity accounted for using equity method and unrealized gain or loss on upstream and downstream intercompany transactions.

Note 4: None of the investments accounted for using equity method was provided as collateral.

## TAIWAN MOBILE CO., LTD.

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)

	Land	Buildings	Telecommuni- cations Equipment and Machinery	Others	Total
<u>Cost</u>					
Balance, January 1, 2023	\$ 1,101,407	\$ 13,709,953	\$ 522,395	\$ 169,340	\$ 15,503,095
Additions	269,073	3,282,709	30,248	13,826	3,595,856
Acquisitions through business combinations	124,245	1,993,835	-	916	2,118,996
Remeasurement of lease liabilities	(15)	(1,199)	1,994	-	780
Deductions	(228,081)	(3,041,921)	(37,000)	(12,637)	(3,319,639)
Others	<u>(5,751)</u>	<u>(15,396)</u>	<u>-</u>	<u>-</u>	<u>(21,147)</u>
Balance, December 31, 2023	<u>\$ 1,260,878</u>	<u>\$ 15,927,981</u>	<u>\$ 517,637</u>	<u>\$ 171,445</u>	<u>\$ 17,877,941</u>
<u>Accumulated depreciation</u>					
Balance, January 1, 2023	\$ 492,197	\$ 6,630,451	\$ 312,351	\$ 99,102	\$ 7,534,101
Depreciation	247,381	3,216,820	89,458	38,724	3,592,383
Deductions	(207,414)	(2,825,392)	(23,860)	(10,815)	(3,067,481)
Others	<u>(1,852)</u>	<u>2,816</u>	<u>-</u>	<u>-</u>	<u>964</u>
Balance, December 31, 2023	<u>\$ 530,312</u>	<u>\$ 7,024,695</u>	<u>\$ 377,949</u>	<u>\$ 127,011</u>	<u>\$ 8,059,967</u>
Carrying amount, December 31, 2023	<u>\$ 730,566</u>	<u>\$ 8,903,286</u>	<u>\$ 139,688</u>	<u>\$ 44,434</u>	<u>\$ 9,817,974</u>



## TAIWAN MOBILE CO., LTD.

STATEMENT OF SHORT-TERM BORROWINGS  
DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)

Loan Type	Amount	Contract Period	Interest Rates	Loan Commitments (Note)	Collateral
Unsecured - bank	<u>\$ 17,210,000</u>	2023.10.31~2024.02.29	1.55%~1.79%	<u>\$ 71,570,500</u>	None
Unsecured - related parties					
TFN	10,233,000	2023.05.05~2024.05.04		11,000,000	None
WMT	3,920,000	2023.11.15~2024.11.14	1.83378%~1.835%	4,200,000	None
TCC	<u>252,000</u>	2023.05.05~2024.05.04		<u>500,000</u>	None
	<u>14,405,000</u>			<u>15,700,000</u>	
	<u>\$ 31,615,000</u>			<u>\$ 87,270,500</u>	

Note: Certain loan commitments are available for both short-term and long-term borrowings.

## TAIWAN MOBILE CO., LTD.

STATEMENT OF SHORT-TERM NOTES AND BILLS PAYABLE  
DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)

Item	Institution Providing Guarantee or Acceptance	Contract Period	Interest Rates	Issuing Amount	Discount on Short-term Notes and Bills Payable	Net Carrying Value
Commercial papers payable	China Bills Finance Corporation	2023.10.31~2024.02.29		\$ 5,500,000	\$ (9,221)	\$ 5,490,779
	Yuanta Commercial Bank	2023.10.31~2024.02.29	1.548%~1.608%	5,000,000	(8,292)	4,991,708
	Taishin International Bank	2023.11.30~2024.02.29		1,500,000	(3,891)	1,496,109
	Mega Bills Finance Corporation	2023.11.30~2024.02.29		<u>900,000</u>	<u>(2,339)</u>	<u>897,661</u>
				<u>\$ 12,900,000</u>	<u>\$ (23,743)</u>	<u>\$ 12,876,257</u>

**TAIWAN MOBILE CO., LTD.**

**STATEMENT OF ACCOUNTS PAYABLE**

**DECEMBER 31, 2023**

**(In Thousands of New Taiwan Dollars)**

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<b>Vendor Name</b>	<b>Amount</b>
Company A	\$ 627,203
Company B	422,842
Company C	173,909
Company D	116,401
Company E	113,572
Others (Note)	<u>788,304</u>
	<u>\$ 2,242,231</u>

Note: The amount of each vendor was less than 5% of the total account balance.

**TAIWAN MOBILE CO., LTD.****STATEMENT OF OTHER PAYABLES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Amount</b>
Equipment and construction	\$ 2,364,621
Salaries and pension	1,601,918
Rents and utilities expense	932,908
Repair and maintenance expense	883,494
Estimated loss from lawsuits	765,779
Others (Note)	<u>2,750,983</u>
	<u>\$ 9,299,703</u>

Note: The amount of each item was less than 5% of the total account balance.

## TAIWAN MOBILE CO., LTD.

STATEMENT OF LONG-TERM BORROWINGS  
DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)

Institution Providing Guarantee or Acceptance	Amount	Contract Period	Interest Rates	Collateral
Unsecured loans	\$15,000,000	2023.12.13~2028.12.13	1.7895%	None
Commercial papers payable				
China Bills Finance Corporation	4,500,000	2022.06.02~2025.06.01		None
Mega Bill Finance Corporation	2,000,000	2023.12.29~2026.12.28	1.535%~2.138%	None
Union Bank of Taiwan	500,000	2023.02.24~2025.02.23		None
Less: Unamortized expenses on unsecured loans	(11,851)			
Less: Discounts on commercial papers payable	(6,910)			
Less: Current portion	<u>(3,596,411)</u>			
	<u>\$18,384,828</u>			

**TAIWAN MOBILE CO., LTD.****STATEMENT OF LEASE LIABILITIES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

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<b>Item (Target)</b>	<b>Lease Terms</b>	<b>Discount Rates</b>	<b>Amount</b>
Land	1-19 years	0.61%~1.4%	\$ 734,397
Buildings	1-10 years	0.61%~1.4%	8,875,260
Telecommunications equipment and machinery	6 years	0.79%~1%	148,895
Others	1-5 years	0.62%~1.4%	<u>45,506</u>
			<u>\$ 9,804,058</u>

**TAIWAN MOBILE CO., LTD.****STATEMENT OF OPERATING COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Amount</b>
Cost of goods sold	\$ 22,743,645
Depreciation	9,140,991
Interconnecting cost (Note 1)	7,366,349
Government fees (Note 2)	4,872,006
Others (Note 3)	<u>6,265,435</u>
	<u>\$ 50,388,426</u>

Note 1: The amount includes dedicated line and interconnecting charges paid to other telecommunication service providers.

Note 2: The amount includes the NCC's frequency usage fees, number selections fees, amortization of concession fees, etc.

Note 3: The amount of each item was less than 5% of the total account balance.

**TAIWAN MOBILE CO., LTD.****STATEMENT OF MARKETING AND ADMINISTRATIVE EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

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<b>Item</b>	<b>Marketing</b>	<b>Administrative</b>	<b>Total</b>
Salaries and pension	\$ 1,705,512	\$ 1,158,499	\$ 2,864,011
Amortization	1,303,529	139,984	1,443,513
Professional service fees	1,166,584	274,164	1,440,748
Commissions and mobile phone subsidies	778,451	-	778,451
Service charges	414,178	340,926	755,104
Depreciation	494,434	222,989	717,423
Others (Note)	<u>1,293,333</u>	<u>779,422</u>	<u>2,072,755</u>
	<u>\$ 7,156,021</u>	<u>\$ 2,915,984</u>	<u>\$ 10,072,005</u>

Note: The amount of each item was less than 5% of the total account balance.