

Letter to shareholders

Dear Shareholders,

Taiwan Mobile (“TWM,” or “the Company”) officially launched its 5G commercial services on July 1, 2020. To meet this new challenge, the Company initiated rebranding with a new core value – “Open Possible” – as we endeavor to explore opportunities in 5G, AI and IoT, using mobile technology to enable smarter living and open endless possibilities into the future. As always, the Company applies the highest standards to corporate governance, shareholder value and customer satisfaction, and regards sustainability as a corporate social responsibility.

New business roadmap and group resources integration

In 2020, aside from continuing to collaborate with Google on “Smarter Home” projects, TWM joined forces with Riot Games and NVIDIA to enter the gaming market, launching the cloud gaming platform “GeForce NOW powered by Taiwan Mobile,” on top of publishing a number of popular Riot Games titles. With our Double Play package, which bundles unlimited 5G mobile data and high-speed fixed broadband, customers are able to enjoy the new services and applications brought about by high-speed transmission indoors and outdoors. TWM’s solid presence in the mobile, fixed network, cable TV and e-commerce fields has deepened and broadened its relationship with customers, as well as enhanced business synergy. We also helped promote momo coins and momo apps, and plan to reinforce momo’s warehousing efficiency with our 5G mobile edge computing and pathway optimization capabilities.

Innovative applications and research results

TWM’s efforts in developing its 5G ecosystem and innovative services bore fruit in 2020, with successful use cases such as 5G-enabled commercial autonomous vehicles, an immersive 360-degree VR graduation ceremony powered by 5G technology, Taiwan’s first 5G-connected smart stadium, an over-the-air (OTA) service management platform, and an AI-driven taxi fleet management system. Furthermore, to contribute to public health, TWM introduced a smart IoT wireless radio system to bolster airport quarantine and pandemic-prevention efforts, and “myAngel,” an IoT system to track and care for the elderly. On the research-and-development front, deep learning-based resource allocation for 5G heterogeneous mobile networks, convolutional neural networks that identify and eliminate multiple sources of interference, virtual live streaming services on VR devices, and smart warehouse were just some of the products and services developed by our research team.

World-class corporate governance

Taiwan Mobile has striven to be a role model in corporate sustainability, with the Company once again receiving numerous commendations in the past year. In recognition of its efforts, TWM was included in the Carbon Disclosure Project’s (CDP) climate change “A” list for the second year in a row, the only telecom company to make it to the list. The Company was also selected by SAM, a leading international sustainability investment specialist, for inclusion in its “2020 Sustainability Yearbook,” receiving a Silver Class award for the third consecutive year. Additionally, the Company was included in the Dow Jones Sustainability Indices (DJSI) Emerging Markets Index for the ninth consecutive year and in the DJSI World Index for the fourth time, regaining the No. 1 spot in the global telecommunications industry. TWM was also accorded Prime status in

the Institutional Shareholder Services' environmental, social and corporate governance (ISS ESG) corporate rating for the third consecutive year, and ranked 10th in the ISS Taiwan ESG 30 list, the best in the telecommunications industry.

Valuing shareholders' interests and customer satisfaction

Backed by its aggressive 5G infrastructure rollout and promotion of related applications, Taiwan Mobile ranked first in the number of 5G base stations and availability at the end of 2020. Following the launch of 5G services, the telecom industry's landscape has become more rational, with the Big 3 operators setting their minimum monthly fee for 5G unlimited data plans at NT\$1,399.

Taiwan Mobile has created solid returns for its shareholders through a calibrated investment strategy and prudent capital expenditure, while earning widespread recognition for its excellent customer service. In addition to receiving the Best Customer Service Center award at the Customer Service Excellence Awards for four years in a row, the Company's myfone stores and customer service center also received SGS Qualicert certification for the ninth consecutive year.

Corporate social responsibility

As a national telecom industry leader, it is our duty not only to continue to pursue solid operational and financial performances, but also to take into account social inclusion, environmental awareness and sustainability. In 2020, TWM's efforts were recognized by different organizations in Taiwan, with the Company receiving its 15th and 16th Corporate Social Responsibility Award from *Global Views Monthly* and its 13th Excellence in Corporate Social Responsibility Award from *CommonWealth Magazine*, where it ranked first in the telecom industry for the fifth consecutive year. The Company earned further distinction by receiving 10 awards at the 2020 Taiwan Corporate Sustainability Awards and was honored with the Most Prestigious Sustainability Award – Top 10 Domestic Corporations for the sixth time, the most among domestic telecom peers.

2020 operating and financial results

The Company posted consolidated revenue of NT\$132.9 billion, EBITDA of NT\$31.3 billion, net profit of NT\$11.3 billion and earnings per share of NT\$4.01. While the Company's profitability dwindled YoY due to 5G spectrum amortization and rising depreciation, along with plummeting roaming revenue due to the COVID-19 pandemic, its net income still exceeded guidance.

Outlook

With the advent of the 5G era and an aging society, the setting for Industry 4.0, smart home and smart care is gradually maturing. As companies explore 5G applications and opportunities, competition in the telecom industry is moving into a new era filled with uncertainties and endless possibilities. Building on its spirit of innovation, TWM plans to introduce more IoT care systems and provide total solutions for enterprises, while integrating technology into everyday life to enhance profit contributions from its consumer, cable TV, enterprise and retail business groups.

Daniel M. Tsai
Chairman