

## **Analysis of Major Capex and its Impact on Finance and Operations**

The Company funds its major capex with internally generated cash flows.

## **Investment Policies, Reasons for Profit/Loss, Plans for Improvement, and Future Investment Plan**

Taiwan Mobile focuses on making long-term and strategic investments. The objective is to strengthen and diversify its core business activities and expand into new fields to create synergies.

In 2020, on a consolidated basis, TWM's investment income from long-term investments under the equity method amounted to NT\$99,891 thousand as the operations of said investments stabilized. For future investments, TWM will continue to make decisions based on prudent strategic assessments.

## **Risk Management**

### **Impact of inflation, interest and exchange rate fluctuations, and preventive measures:**

1. Impact of interest rate fluctuations

Interest rate fluctuations had a minimal impact on TWM's 2020 short-term bank borrowings, as interest rates remained low and stable. The Company has mid-term loan facilities with banks and mid-to-long-term straight bond issuances to lock in mid-to-long-term interest rates and minimize impacts from interest rate fluctuations.

2. Impact of exchange rate fluctuations

Only some of the Company's payments are denominated in euros and US dollars. To minimize the impact from foreign exchange rate fluctuations, the Company hedges risks through foreign exchange spot market transactions. Overall, exchange rate fluctuations had an insignificant impact on the Company.

3. Impact of inflation

Inflation had a minor impact on the Company's operating performance in 2020 up to the publication date in 2021.

### **Investment policy and reasons for gains & losses for high-risk/high-leverage financial products, derivatives, loans to others and guarantees of debts:**

1. The Company was not involved in any high-risk, high-leverage financial investment.

2. The Company passed the Rules and Procedures on Lending and Making Endorsement/Guarantees to supervise its financing and endorsement activities. As the counterparties in its loans and guarantees are all its subsidiaries, there is minimal operating risk.

3. Derivatives transaction: None.