

Revenue outlook, key assumptions, potential impact on the Company's business and corresponding proposal:

As the peak of 5G network construction has passed, depreciation and amortization have gradually slowed. Increasing demand for 5G mid-range smartphones is expected to reduce the pressure on subsidies. After the National Communications Commission approves the merger of Taiwan Mobile and Taiwan Star, the Company should benefit from better economies of scale and increased revenue and profit.

Cash Flow Analysis

Consolidated cash flow analysis

1. Decrease in cash outflow from investment activities: Cash outflow decreased mainly due to the payment of 5G spectrum in 2020.
2. Decrease in cash inflow from financing activities: Cash inflow decreased mainly due to the issuance of bonds and an increase in short-term notes and bills payable in 2020.

2020 - 2021 Consolidated Cash Flow Statement

Unit: NT\$'000, %

	2020	2021	YoY change	
			Amount	%
Cash inflow (outflow) from operating activities	31,742,522	30,195,542	(1,546,980)	(4.87)
Cash inflow (outflow) from investment activities	(39,320,539)	(9,638,497)	29,682,042	(75.49)
Cash inflow (outflow) from financing activities	9,690,785	(15,932,014)	(25,622,799)	NM
Impact from changes in exchange rate	1,653	(797)	(2,450)	NM
Net cash increase (decrease)	2,114,421	4,624,234	2,509,813	118.70

Stand-alone cash flow analysis:

1. Decrease in cash inflow from operating activities: Cash inflow decreased mainly due to the increase in contract assets from business expansion.
2. Decrease in cash outflow from investment activities: Cash outflow decreased mainly due to the payment of 5G spectrum in 2020.
3. Decrease in cash inflow from financing activities: Cash inflow decreased mainly due to the issuance of bonds and increase in short-term notes and bills payable in 2020.

2020 - 2021 Stand-alone Cash Flow Statement

Unit: NT\$'000, %

	2020	2021	YoY change	
			Amount	%
Cash inflow (outflow) from operating activities	20,658,925	16,451,660	(4,207,265)	(20.37)
Cash inflow (outflow) from investment activities	(35,107,734)	783,540	35,891,274	NM
Cash inflow (outflow) from financing activities	14,718,248	(17,151,183)	(31,869,431)	NM
Net cash increase (decrease)	269,439	84,017	(185,422)	(68.82)

Plans to improve negative liquidity: Not applicable

Projected consolidated cash flow for 2022

1. Projected cash inflow from operating activities: Expected to remain relatively stable
2. Projected cash outflow from investment activities: For capital expenditure
3. Projected cash outflow from financing activities: For cash dividend distribution

2022 Consolidated Projected Cash Flow

Unit: NT\$'000

Cash balance, beginning of the year (1)	Forecast net cash inflow from operations (2)	Forecast cash outflow from investment and financing activities (3)	Cash balance, end of the year (1) + (2) - (3)	Source of funding for negative cash balance	
				Cash inflow from investment activities	Cash inflow from financing activities
15,402,025	31,117,904	30,970,535	15,549,394	—	—

Source of Funding for Negative Cash Flow in 2022: Not applicable

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 2021, on a consolidated basis, TWM's investment loss from long-term investments under the equity method amounted to NT\$19.681 million due to COVID-19's impact on operations. 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 2021 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.

3. Impact of inflation

Inflation had a minor impact on the Company's operating performance in 2021 up to the publication date in 2022.