

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

In terms of 5G unique bundle plans, the Company expects OP Life to drive customers to choose higher rate plans and enhance customer stickiness. Once the regulators approve the merger of Taiwan Mobile and Taiwan Star, the Company should benefit from better economies of scale, merger synergies, as well as increased revenue and EBITDA.

Cash Flow Analysis

Consolidated cash flow analysis

Increase in cash outflow from investment activities: Cash outflow rose mainly due to strategic investments and alliances for new growth avenues.

2021 - 2022 Consolidated Cash Flow Statement

Unit: NT\$'000, %

	2021	2022	YoY change	
			Amount	%
Cash inflow (outflow) from operating activities	30,195,542	29,576,551	(618,991)	(2.05)
Cash inflow (outflow) from investment activities	(9,638,497)	(11,631,753)	(1,993,256)	20.68
Cash inflow (outflow) from financing activities	(15,932,014)	(18,413,364)	(2,481,350)	15.57
Impact from changes in exchange rate	(797)	1,281	2,078	NM
Net cash increase (decrease)	4,624,234	(467,285)	(5,091,519)	NM

Stand-alone cash flow analysis:

Increase in cash outflow from investment activities: Cash outflow rose mainly due to subsidiaries' capital increase.

2021 - 2022 Stand-alone Cash Flow Statement

Unit: NT\$'000, %

	2021	2022	YoY change	
			Amount	%
Cash inflow (outflow) from operating activities	16,451,660	15,771,527	(680,133)	(4.13)
Cash inflow (outflow) from investment activities	783,540	(978,543)	(1,762,083)	NM
Cash inflow (outflow) from financing activities	(17,151,183)	(14,241,722)	2,909,461	(16.96)
Net cash increase (decrease)	84,017	551,262	467,245	556.13

Plans to improve negative liquidity: Not applicable.

Projected consolidated cash flow for 2023

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.

2023 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
14,934,740	30,419,001	29,875,053	15,478,688	—	—

Source of Funding for Negative Cash Flow in 2023: 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 and expand into new fields to create synergies.

In 2022, on a consolidated basis, TWM's investment income from long-term investments under the equity method amounted to NT\$10,145 thousand. 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

The Company has mid-term loan facilities with financial institutions and mid-to-long-term straight bond issuances on partial current outstanding liabilities to lock in mid-to-long-term interest rates and minimize risks from interest rate fluctuations. Overall, interest rate fluctuations had an insignificant impact on the Company.

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 2022 up to the publication date in 2023.

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.