

Letter to shareholders

Dear Shareholders,

Over the last few years, Taiwan Mobile (“TWM”, or “the Company”) has endeavored to transform into a Telco+Tech company by continuously implementing 5G+ technology services on a first-rate telecom platform. We have seen encouraging results and created countless possibilities for a future lifestyle where the virtual world is integrated with reality. To further drive industry transformation and development, the Company will make use of its valuable spectrum resources, improve the efficiency of its mobile infrastructure, and promote energy conservation and carbon reduction. With the upcoming industry consolidation, TWM can reduce redundant base stations and have a positive impact on sector development and environmental sustainability. As always, we apply the highest standards in corporate governance, focus on shareholder value and customer satisfaction, and regard sustainable development as the core value of a leader in corporate social responsibility.

2022 operating and financial results

In 2022, TWM reported a record-high consolidated revenue of NT\$172.2 billion, EBITDA of NT\$34.4 billion, net profit of NT\$11.0 billion and earnings per share of NT\$3.91. Propelled by solid momentum from our three growth engines – 5G, e-commerce and home broadband – along with more stable competition in the telecom industry and well-managed costs and expenses, consolidated EBITDA grew 4% YoY, beating our full-year guidance and reaching an all-time high.

New business roadmap and group resources integration

In line with TWM’s new business roadmap, we have been growing our 5G ecosystem through strategic investments in various fields. Unique bundles such as momobile, in partnership with leading e-commerce platform momo, has helped the Company diversify its business ecosystem. We expanded Double Play package’s footprint, covering over 80% of households in Taiwan and allowing more users to enjoy our stable mobile and broadband services. TWM also launched a new brand called “OP Life,” a one-stop shop where TVs, routers, speakers and set-top boxes are seamlessly integrated with our unique services to provide customers with state-of-the-art home theater experiences. Looking at our game publishing business, we achieved another milestone by obtaining exclusive agency rights to the popular online game “League of Legends” in Taiwan. Meanwhile, the enterprise business saw accelerated demand for cloud-related services amid an ongoing digital transformation. To provide for our corporate clients’ needs, we partnered with Asia’s leading AI and cloud service provider, CloudMile, to offer solutions built upon our edge in telecommunication and cloud-based services, as well as create high value-added services such as 5G cloud applications.

Innovative applications and research results

TWM is working with Nokia on several 5G network optimization solutions, such as 4G/5G dynamic spectrum sharing technology, to further leverage our advantage in the 700 MHz frequency band. This ensures superb overall internet experience for our more than 1 million 5G users and fulfills the various needs of our enterprise customers. Additionally, we joined hands with Taiwan Web Service (TWS), Intel and Asustek Computer to launch the “5G AI Ready Platform,” which showcases artificial intelligence high-performance computing (AIHPC) using TWM’s 5G private network. High-performance computing can be used for multiple business solutions such as smart city AI image recognition, smart manufacturing, gaming, and digital innovation and transformation. Taiwan Computing Cloud (TWCC), a local public cloud we created with TWS, has also opened up endless possibilities for smart city applications by using its hybrid cloud resources and AI computing power to meet the needs of 5G applications, such as AI model development, real-time analysis and big data storage.

World-class corporate governance

Taiwan Mobile has striven to be a role model in corporate sustainability and is the first telecommunications company to elevate the “ESG Steering Committee” to the same level as its board of directors, further ensuring good governance. The Company once again received numerous commendations for its efforts in the past year. Recognized by the Carbon Disclosure Project (CDP), we are the only telecommunications company to make it to the climate change “A” list three times, and we received “leadership level” certification for four years in a row. Additionally, we grabbed the No. 1 spot in Taiwan and was No. 5 among Greater China companies in Chinese University of Hong Kong’s 2nd Greater China Business Sustainability Index. We were also included in the Dow Jones Sustainability Indices (DJSI) Emerging Markets Index for the 11th consecutive year and in the DJSI World Index for the sixth time, ranking top three in the global telecommunications industry. For eight years in a row, we have ranked among the top 5 percent listed companies in the Taiwan Stock Exchange’s annual “Corporate Governance Evaluation.” Lastly, TWM was awarded a Silver Class award in S&P Global’s “The Sustainability Yearbook 2022.”

Valuing shareholders' interests and customer satisfaction

We expect industry consolidation to lead to a healthier market. The expansion of our user base, along with merger synergies, will propel profit growth, generate stable free cash flow, increase financial flexibility, and improve shareholder returns.

Corporate social responsibility

As a leading telecom operator, it is our duty not only to continue to pursue solid operational and financial performance, but also to take into account social inclusion, environmental awareness and sustainability. In 2022, Taiwan Mobile was the first telecom operator in Taiwan to join RE100, committing to using 100% renewable energy by 2040 and officially declaring its goal of reaching Net Zero by 2050. Our efforts were recognized by different organizations in Taiwan, as we made it to the Annual Honor Roll of *Global Views Monthly's* CSR and ESG Awards and won a "Model Award" in the Human Resources Development category. We also earned our 15th Excellence in Corporate Social Responsibility Award from *CommonWealth Magazine*, where we ranked first in the telecom industry for the seventh time. The Company earned further distinctions – seven awards at the 2022 Taiwan Corporate Sustainability Awards, including “The Most Prestigious Sustainability Awards – Top 10 Domestic Companies” for the eighth time.

Outlook

Enterprises are now at a crucial point in terms of addressing climate change and must transition to a low-carbon economy. To achieve industrial transformation, companies must establish an internal governance program for ESG, adjust operational guidelines, communicate efforts and goals with stakeholders, and share climate-related financial disclosures. Continuous dialogue between industry, government and academia is also necessary to reach a consensus on the steps needed to move toward a more sustainable future.

The merger-driven industry consolidation, alongside our commitment to sustainability, will boost revenue growth and solidify Taiwan Mobile's competitive edge in the telecommunications sector, allowing us to promote 5G adoption and improve shareholder returns. We will also pursue our transformation into a regional Telco+Tech company at an accelerated pace while leveraging our excellent telecommunications service platforms to create group synergies and offer a wide variety of 5G+ applications.

Daniel M. Tsai
Chairman