Taiwan Mobile

Letter to shareholders

CHAIRMAN

Daniel M. Tsai

Dear Shareholders,

Two years have passed since Taiwan Mobile ("TWM," or "the Company") merged with Taiwan Star, marking a pivotal milestone in Taiwan's telecom industry that has reshaped the market from price competition toward differentiated, value-driven offerings. TWM has continued to expand its 5G ecosystem by developing unique bundles that closely align with evolving customer needs. Building on its core telecom capabilities, the Company has stepped up the integration of technology and innovation within the group to expand its Telco+Tech businesses. Working in collaboration with strategic partners, TWM is accelerating AI-driven application upgrades, opening a new chapter of value-based competition in the telecom sector and advancing toward a more efficient and sustainable future.

2025 operating and financial results

TWM's two core growth engines — mobile and broadband — delivered solid performances, bolstered by the strong uptake of unique bundles such as Double Play and OP Life. With the 5G penetration rate surpassing 40%, smartphone postpaid average revenue per user (ARPU) and mobile service revenue grew further, while the postpaid monthly churn rate declined to another historical low. After a year of precise execution, the Company's investment into the enterprise and government system integration business started to bear fruit before the year-end, ensuring growth for fixed network services going forward. TWM's Telco+Tech businesses have also emerged as new growth drivers, supported by contributions from direct carrier billing, game publishing, e-commerce services for brand businesses, carrier-led BNPL (buy now pay later), Web3 and electric vehicle charging. In 2025, TWM's consolidated revenue increased to NT$198.8 billion. EBITDA reached a record high of NT$43.2 billion, while operating income rose to a 17-year high, driven by solid telecom revenue growth, merger synergies, and the rationalization of marketing expenses. EPS of NT$4.77 marked a seven-year high.

New business roadmap and group resources integration

Underpinned by a three-tier Telco+Tech upgrade strategy at its core, TWM continues to fortify its core telecom business while driving group-wide synergies. Through collaboration with cable TV operators, the Company has expanded the coverage of Double Play bundles to nearly 90% of households nationwide. To further enhance customer experience, it has integrated additional content into its 5G plans, including OTT services bundles, Perplexity Pro subscriptions, and all-access digital subscription to CommonWealth Magazine. On the enterprise and technology front, TWM has partnered with Vantage to operate an AI data center to capture the opportunities arising from the accelerating deployment of AI, and deepened its strategic partnership with Systex to strengthen its competitive edge through complementary offerings and joint go-to-market initiatives. This year, the Company entered the Web3 space with the launch of TWEX, integrating cybersecurity, financial and technological capabilities across the group to establish a secure and reliable virtual asset trading platform. TWM's Telco+Tech businesses now span AI, mocoins, carrier-led BNPL (buy now pay later), an electric vehicle ecosystem, digital assets and AI infrastructure. Building on these strengths and our innovative capabilities, TWM continues to enhance user experiences and unlock new growth opportunities as a technology-driven telecom company.

Innovative applications and research results

Leveraging its telecom technology and extensive data assets, TWM has developed a broad portfolio of AI, cybersecurity and cloud solutions, translating its telecom capabilities and research and development strengths into a resilient, long-term growth engine. The Company's AI initiatives cover infrastructure, model innovation and end-user applications, including AI model training software powered by aiDAPTIV+ solution, AI-driven automatic speech recognition, and GenAIus — a generative AI model designed to help enterprises train and build proprietary intelligence databases. TWM has also developed and deployed a range of text and voice-based solutions across multiple enterprise operations, such as "VotexAI," "AI Customer Services Assistant," and "M+ Enterprise Communication Command Hub." At the same time, it has accelerated the adoption of AI across its internal operations. All employees participated in the "Superman Project," which enhanced operational efficiency and strengthened the Company's overall intelligence capabilities. In recognition of its efforts, TWM received the Diamond Award in Business Weekly's first "AI-powered Innovation Top 100 Companies" for its notable achievements in the information and communications technology industry.

Balancing customer experience and shareholder interests

Supported by its industry-leading 100 MHz of spectrum in the golden 3.5 GHz band, TWM garnered top rankings for Overall Video Experience, 5G Video Experience, 5G Voice App Experience and Availability in the latest OpenSignal review. Notably, TWM was the only telecom operator in Taiwan to receive an award for Overall Video Experience – the category that best reflects the quality of users' day-to-day video streaming experience. At the same time, the benefits of the Taiwan Star merger continued to unfold. Scale expansion and merger synergies have strengthened the Company's cash flow and financial flexibility, supporting further growth in shareholder returns while ensuring user experience and operating efficiency.

Sustainability development and path to Net Zero

TWM aspires to be a role model in sustainability. As the first telecom operator to elevate its Sustainability Committee to a board-level functional committee, the Company links senior management remuneration to environment, social responsibility and corporate governance (ESG) performance, embedding sustainability accountability across the organization. Through our collective efforts, renewable energy usage reached 17% in 2025, surpassing our target of 14%. TWM remains committed to achieving 100% renewable energy consumption by 2040, in line with our RE100 pledge. The Company introduced AI RAN to improve spectrum efficiency and deployed AI-driven Service Management and Orchestration (SMO) architecture to manage highly energy-intensive base stations. These initiatives enabled intelligent, automated network resource allocation, strengthening network energy efficiency. Together with the blue carbon restoration project, TWM is steadily moving toward the final mile of net-zero emissions.

Recognition for ESG and operational excellence

In the past year, TWM made further progress in ESG for which it received numerous awards and accolades domestically and internationally. The Company ranked in the top 5% of the Taiwan Stock Exchange Corporate Governance Evaluation of listed companies for the 11th consecutive year and was included in the Taiwan Sustainability Index for the eighth straight year. It received top "A" ratings from the Carbon Disclosure Project (CDP) for climate change for the fifth time last year and for supplier engagement for the fourth consecutive year. TWM was also the only Taiwanese telecom operator included in Time Magazine's Global Top 100 Most Sustainable Companies of 2025. Additionally, the Company received the highest "AAA" rating in the TIP Taiwan Sustainability Rating, ranking among the top 5% across all sectors. In investor relations, TWM swept Extel's (formerly Institutional Investor) Overall Asia (excluding Japan) and the Rest of Asia (excluding Japan and China) telecom rankings, placing first in all seven categories: Best CEO, Best CFO, Best IR Program, Best IR Professional, Best IR Team, Best ESG and Best Board of Directors. These achievements reflect the capital market's solid recognition of TWM's management team. Last but not least, TWM debuted at No.14 overall and ranked No. 1 among telecom operators in its first inclusion in the Taiwan FINI 100.

Outlook

TWM will deepen 5G-AI integration, driving innovation across both B2C and B2B applications and accelerating the development of 5G-Advanced and other leading-edge technologies with global partners. By enhancing network performance and improving spectrum and energy efficiency through AI, TWM is laying a solid foundation for the integration of space and terrestrial systems and the development toward 6G. Supported by its core telecom business, TWM will leverage group-wide synergies across finance, digital and retail businesses to expand its 5G ecosystem and AI-enabled applications. As our profit flywheel continues to gather momentum, we will create more value for users, employees, shareholders and all stakeholders.

Daniel M. Tsai
Chairperson