

Projected Consolidated Cash Flow in 2026

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
8,565,239	38,299,246	38,245,042	8,619,443	—	—

Source of Funding for Negative Cash Flow in 2026:

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 Plans

Taiwan Mobile adopts a long-term, strategic investment approach to strengthen and diversify its core business, while selectively expanding into new areas with synergistic potential.

In 2025, on a consolidated basis, TWM recorded NT\$127.558 million in gains from long-term investments accounted for under the equity method, backed by improved performance of certain portfolio companies. Going forward, TWM will maintain a prudent and disciplined approach to strategic investments.

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 2025 up to January 31, 2026.

Investment policy and reasons for gains & losses from 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 Endorsements/ Guarantees to supervise its financing and endorsement activities. As the counterparties in its loans and guarantees were all its subsidiaries, there was minimal operating risk.
3. The Company did not engage in any derivatives transactions.

Future research and development plans

Project name	Objective
AI-based 6G next-generation video traffic modeling and base station resource allocation algorithm design	To address the transmission demands of next-generation 6G video services, this project focuses on establishing representative video traffic models and designing an AI-driven resource allocation algorithm for base stations. By dynamically adjusting spectrum and power allocation, the system enhances video transmission efficiency and network stability. The project also utilizes unmanned aerial vehicles (UAVs) as relay nodes to conduct real-world 6G video transmission tests, evaluating performance across various video formats and channel environments. The ultimate goal is to integrate traffic modeling with AI algorithms to provide a robust resource management solution for 6G mobile networks that effectively supports immersive video transmission.
AI voice quality inspection	Utilize self-developed AI voice recognition to enable full-scale call quality auditing and elevate service quality.
AI smart telesales	Drive telesales conversion through AI outbound bots and realistic voice technology.
TAI PBX (Taiwan AI private branch exchange)	Develop intelligent PBX systems to provide enterprise switchboards and contact centers with rapid AI integration capabilities.
Intelligent store voice quality inspection	Develop proprietary in-store recording systems integrated with AI voice recognition to enable comprehensive service quality inspections.
Anti-fraud service	Continue to develop AI fraud identification capabilities to counter emerging threats and build a comprehensive digital security net.
Telecom wisdom maximization (TWMMax)	Implement smart recommendation systems combined with data analytics to enhance operational efficiency and optimize service workflows.
GenAlus	Construct a next-generation Agentic AI framework to deepen AI understanding and learning capabilities, enhancing the execution of complex, multilayered tasks.
Intelligent network anomaly detection	Use AI to develop network monitoring systems capable of precisely identifying early signs of equipment anomalies, strengthening telecom network resilience.
OPPay BNPL (Buy Now Pay Later)	Develop cross-border installment systems that integrate multifactor authentication and security protocols to build a more trusted digital finance environment.

Project name	Objective
OPBiz	Develop mobile business communication technologies that merge physical and virtual channels to accelerate digital transformation for enterprise operations.
M+/M+ Meet	Build integrated smart voice solutions to upgrade user experience and system performance, strengthening team collaboration, remote interaction and digital trust environment.
MyCharge	Construct standardized, cross-platform charging roaming mechanisms to reduce interconnection costs for providers and accelerate the expansion of EV charging ecosystem.
Employee AI agent	Develop innovative AI agent architectures to provide diverse digital assistants, optimizing user experience and employee productivity.
TWEX (Virtual asset management system)	Develop a secure and trusted digital asset trading platform to meet diverse asset allocation needs.
E-commerce service for brand	Develop intelligent management systems that utilize AI and automation to deeply integrate supply chains and sales channels.
MyVideo	Develop AI-optimized video processing and transmission technologies to extend the viewing experience across multiple devices, creating a ubiquitous audiovisual lifestyle.
AI Votex	Build a smart voice transcription system supporting Mandarin, Taiwanese, English and Hakka to rapidly transform audio from meetings and interviews into various summary formats.
Smarter Home	Centered on the Matter standard, we will integrate intelligent assistance, diverse devices, and partner services to enhance user experience and gradually extend applications beyond the home, delivering a convenient and secure smart living experience.
SOC-SIEM (Security Operations Center-Security Information & Event Management)	Continuously enhance product functionality by integrating data from diverse security devices to provide comprehensive managed security service provider (MSSP) solutions.
momo personalized multi-modal recommendation system	Leveraging AI technology, the system automatically generates diverse promotional scenarios and builds precise personalized recommendation models based on customer attributes, product characteristics and interaction data. By integrating multi-modal data processing with deep learning algorithms, it dynamically aligns with individual customer preferences to achieve intelligent "Scenario × Demand" matching. This enables users to quickly discover desired products while maximizing the efficiency of promotional resources, ultimately enhancing overall operational performance and customer experience.

Forecast research and development expenses

The projected research and development expense for 2026 is NT\$949.356 million.

Regulatory changes and developments

1. The NCC approves mobile termination rates, effective January 1, 2025

- (1) Status
To promote market competition, the NCC has approved the mobile network voice call termination rates for 2025 to 2028. The rates are to be reduced annually from NT\$0.407 per minute to NT\$0.386, NT\$0.366, NT\$0.348 and NT\$0.330 per minute from January 1, 2025, through December 31, 2028.
- (2) Countermeasures
Due to the limited disparity in incoming and outgoing traffic arising from network interconnection with telecommunications operators, the aforementioned annual reductions in mobile termination rates have not had a material impact on the Company's operations.

2. The NCC approves reduction of IP peering fees of Chunghwa Telecom Co., Ltd. starting from April 1, 2025

- (1) Status
The NCC announced the price adjustment coefficient to be applied to fixed communication services, which factors in changes in the consumer price index. Based on the price adjustment coefficient and the consumer price index, the NCC approved a 12.5% reduction in the wholesale IP peering prices for Chunghwa Telecom Co., Ltd. from NT\$32/Mbps to NT\$28/Mbps, starting on April 1, 2025, which should help lower the Company's internet interconnection costs.
- (2) Countermeasures
The Company will continue to strengthen global internet service, provide diversified internet access routes, and ensure stable broadband internet access quality.

3. The Presidential Office announced amendments to Articles 5 and 79 of the Telecommunications Management Act on July 2, 2025

- (1) Status
To strengthen anti-fraud measures and enhance regulatory oversight, the Legislative Yuan passed amendments to Articles 5 and 79 of the Telecommunications Management Act on June 17, 2025, which were promulgated by the Presidential Office on July 2, 2025. The amendments require entities that provide internet access services, as well as wholesale and resell telecommunications services with subscriber numbers under their own name, to register as telecommunications enterprises with the NCC within one year from the date the amendments took effect. Failure to complete such registration will result in administrative fines ranging from NT\$100,000 to NT\$1,000,000 and an order to take corrective action.
- (2) Countermeasures
The Company, registered as a telecommunications enterprise prior to the amendments to the Telecommunications Management Act, has notified its partners to review their telecommunications services. Partners subject to registration shall complete registration with the NCC within the prescribed period.

4. The NCC amends the "Guidelines for the Risk Management Mechanism for the Provision of Telecommunications Services" on September 26, 2025

- (1) Status
To combat fraud, the NCC promulgated the "Guidelines for the Risk Management Mechanism for Telecommunications Enterprises in Accepting Applications for Telecommunication Services" in June 2023. The Guidelines were subsequently amended on September 11, 2024, and September 26, 2025, and were renamed as the "Guidelines for the Risk Management Mechanism for the Provision of Telecommunications Services." These revisions incorporate relevant requirements under applicable anti-fraud regulations and expand the scope of know your customer ("KYC") risk management from enterprise customers to telecommunications services provided to individual customers. Additional measures to enhance fraud prevention are ongoing.
- (2) Countermeasures
The Company is committed to implementing the customer risk management mechanism in accordance with the revised guidelines, and collaborating with the NCC and relevant authorities to combat telecommunications fraud.

5. The NCC announced the "Operation Directions for Activating Mobile Communication Disaster Roaming" on October 27, 2025

- (1) Status
In light of the increasing risk of damage to mobile communication infrastructure due to extreme weather events, the NCC announced the "Operation Directions for Activating Mobile Communication Disaster Roaming" on October 27, 2025. This directive establishes a standard operating procedure to guide mobile operators in continuously providing communication services to the public via the domestic roaming mechanism when a disaster leads to a certain degree of mobile network disruption.
- (2) Countermeasures
In compliance with the requirements set by the NCC and the stipulations of Article 22 of the Telecommunications Management Act, the Company proactively launched disaster roaming services in the Chiayi/Tainan and Taitung regions when disasters struck in August and September 2025, respectively, accumulating valuable experience in pioneering the service. Moving forward, the Company will comply with the aforementioned operation directions and directives issued by relevant competent authorities to implement disaster roaming and reinforce the provision of communication services to people in disaster-affected areas.

Technology changes and development

1. Mobile network

(1) Status

Non-terrestrial networks (NTN): NTN technology complements terrestrial network coverage gaps and provides critical emergency communication services during natural disasters or ground-network outages. With the regulatory release of satellite frequencies this year, NTN services have officially transitioned from the proof of concept phase to commercial deployment.

AI integration and market demand: As AI matures, operators have increasingly integrated the technology across network management, data analytics and energy conservation, significantly boosting operational efficiency. Concurrently, rising consumer adoption of Generative AI and Edge AI has driven a substantial surge in demand for higher uplink bandwidth and lower latency.

(2) Countermeasures

NTN implementation: The Company has equipped 20 base stations — including 10 mobile base station vehicles — with OneWeb low Earth orbit (LEO) satellite connectivity to serve as backup for specific locations. This was successfully deployed for disaster relief during the typhoons in 2025. Furthermore, the Company is conducting commercialization tests for direct-to-cell (D2C) technology to offer differentiated services as the ecosystem matures.

AI empowerment and network upgrades: Beyond encouraging internal AI-driven innovation to optimize operations, maintenance, and energy efficiency, TWM is aggressively upgrading its network infrastructure to handle AI-driven traffic. In September 2025, the Company completed Taiwan's first "Uplink Tx Switching" technical validation. Utilizing 5G-Advanced technology, this increases uplink speeds by up to 30%, further empowering ultra-low latency performance for real-time AI and AR/VR interactions.

2. Core network integration (post-merger)

(1) Status

Following the merger of Taiwan Mobile and Taiwan Star, the market has been reduced from five players to three. Competition has shifted from pricing to value, focusing on network quality, service experience and digital ecosystems. To integrate the two networks, the Company migrated Taiwan Star's core equipment and services into Taiwan Mobile's core network. This unification of voice, data, SMS and subscriber management platforms enhances operational flexibility and service performance, driving the industry toward highly reliable and high-capacity communications.

(2) Countermeasures

To ensure a seamless transition and consistent user experience during phased core network integration, the Company implemented the following:

- Core network capacity expansion: Unified voice cores, data cores and subscriber databases onto a single platform, expanding hardware capacity to support a fully integrated subscriber base.
- High availability and disaster recovery: Strengthened cross-data-center redundancy and traffic-switching capabilities to ensure superior network reliability and disaster recovery.
- Unified service platforms: Integrated legacy Taiwan Star services into Taiwan Mobile's systems while optimizing areas with performance gaps, ensuring all users enjoy premium mobile services.
- AI-driven management and sustainability: Implemented AI for network management to optimize performance and energy use. This allowed for the decommissioning of two major data centers and redundant equipment, resulting in an annual reduction of NT\$102 million in operating expenses and NT\$36 million in electricity costs, demonstrating our commitment to ESG goals.

During the merger, Taiwan Mobile fully honored all original Taiwan Star contracts, rate plans and data privacy. Subscribers were not required to change SIM cards, ensuring a seamless transition and service continuity.

3. ICT security risks

(1) Risks associated with changes in mobile broadband technology

As mobile technology evolves and 5G develops, ICT security threats, risks and impacts have become more complex and significant. With 5G services expanding the scope of users and applications and increasing the importance of information carried on the network, there are risks of leakage or improper use of private and personal data, such as digital footprints. Meanwhile, 5G's larger capacity to support more IoT devices also opens it to risks of devices being infected with a virus and attacking the system. Challenges to the resilience of the 5G system will increase from a personal level to the wider issue of information security of an enterprise, society and the nation.

In addition, as telecommunications services gradually move toward an open architecture, there is also the enhanced information security risk that software might generate.

(2) Countermeasures

In the face of these threats to information security, the Company has adopted a consistent all-round thinking, planning and deploying information security equipment, improving network strength, identifying possible types of threats, and taking corresponding protective and control measures through system implementation, standard operating procedures, personnel training and reinforcement. The Company has also maintained a prudent attitude toward new architecture, software and functions, and will not blindly pursue innovation and speed, but will carefully evaluate, verify and implement measures.

Impact of changes in brand image on the Company's risk management policies in 2025 up to the publication date in 2026:

No changes have been observed. The Company has consistently upheld strong corporate governance, actively optimized network communication quality and customer service, and leveraged its core operational capabilities to fulfill corporate sustainability. Through these efforts, it has established a trustworthy image among consumers and investors. In 2025, TWM received numerous awards and recognitions (please refer to TMW's website: About Us/ Awards & Recognitions <https://english.taiwanmobile.com/eng/award/index.action>), reinforcing the Company's favorable corporate image.

Expected benefits and risks from mergers in 2025 up to the publication date in 2026:

None.

Expected benefits and risks related to plant facility expansions in 2025 up to the publication date in 2026:

Not applicable as the Company is not a manufacturer.

Risks from supplier and buyer concentration in 2025 up to the publication date in 2026:

The Company has minimal risks from supplier and buyer concentration (please refer to Chapter 4).

Significant changes in shareholdings of directors and major shareholders in 2025 up to the publication date in 2026:

None.

Changes in management controls in 2025 up to the publication date in 2026:

None.

Significant lawsuits and non-litigious matters in 2025 up to the publication date in 2026

1. The Company:

- (1) Spectrum dispute between Far EasTone Telecommunications Co., Ltd. ("FET") and Taiwan Mobile ("the Company")

Parties Involved: FET is the plaintiff, and the Company is the defendant.

In August 2015, FET filed a civil complaint with the Taipei District Court ("District Court") demanding that the Company: (i) file an application to return the C4 spectrum block; (ii) stop using the C4 spectrum block; (iii) stop using the C1 spectrum block until its application for the return of the C4 spectrum block is approved by the NCC; and (iv) pay NT\$1,005.800 million to FET as compensation.

In May 2016, the District Court ruled in favor of FET on claims (i), (ii) and (iii), and against FET on claim (iv). TWM and FET appealed these decisions to the High Court. The High Court dismissed TWM's appeal on claims (i), (ii) and (iii), and modified the judgment on claim (iv), ordering TWM to pay FET NT\$765.779 million, as well as a 5% annual interest on NT\$152.584 million of the aforementioned amount from September 5, 2015, until the payment date. TWM and FET appealed the rulings.

In May 2019, the Supreme Court dismissed the High Court's ruling in regard to FET's additional appeals, eliminated TWM's payment obligation, and remanded the case to the High Court. During the first retrial, TWM filed a counterclaim demanding FET pay NT\$14.482 million, plus a 5% annual interest from the day after the counterclaim is served until the settlement date. In August 2020, the High Court ruled as follows: for the dismissed claim (iv), TWM must pay FET NT\$242.154 million, plus a 5% annual interest on NT\$142.685 million of the aforementioned amount from September 30, 2016, to the payment date, and a 5% annual interest on NT\$99.469 million from July 21, 2017, to the payment date. The Company's counterclaim was denied. The Company and FET appealed the rulings. In June 2023, the Supreme Court dismissed the first retrial of the High Court and remanded the case to the High Court. In December 2024, the second retrial of the High Court ruled as follows: for FET's claim (iv), TWM must pay FET NT\$720.916 million, plus a 5% annual interest from September 5, 2015, to the payment date. The Company's counterclaim was denied. The Company and FET appealed the rulings. In December 2025, the Supreme Court dismissed the second retrial of the High Court and remanded the case to the High Court.

2. The Company's directors, general manager, executives, major shareholders hold more than 10 percent of the Company's shares:

None.

3. The Company's subsidiaries:

None.

Other major risks and countermeasures

In terms of information security and privacy protection, the telecommunications industry has a huge trove of personal data. If they are accidentally leaked, the Company could be held legally responsible, which could seriously damage its reputation.

Countermeasures:

TWM has implemented the ISO/IEC 27001 – Information Security Management System (ISMS) and the BS 10012, ISO/IEC 27701, 29100 – Personal Information Management System (PIMS). The Company's Cyber Security and Data Privacy Protection Committee reviews security and personal information protection policies on a quarterly basis and reports the results of ISMS and PIMS to the Board of Directors. Furthermore, to ensure a four-dimensional protection of users' personal data and internal confidential data, the Company has implemented the following:

- 1. Stopping external hackers:** Implement intrusion prevention, network segmentation, firewalls and web application firewalls, as well as share cyber security information with the Communication – Information Sharing and Analysis Center (C-ISAC) and other agencies.
- 2. Preventing internal leaks:** Conduct data leakage protection detection and strengthen gap reinforcement measures.
- 3. System planning and development:** Incorporate system development security specifications and execute code scanning, etc.
- 4. Operation and maintenance monitoring:** Establish an information security monitoring center, check and analyze system records, and report and track if abnormal conditions are found.

Other significant items:

None