

**Taiwan Mobile**  
**2Q25 Results Conference Call**  
**August 8, 2025**

**Jamie Lin, President:** Good afternoon, everyone. Welcome to Taiwan Mobile's 2nd quarter 2025 results conference call. Before I start our presentation, please do refer to our safe harbor notice on this page.

Now let's take a look at our business overview. Please turn to page 4 for highlights of the quarter.

**2Q25 Highlights**

In 2Q25, mobile and home broadband — our two main growth engines — as well as New Telco+Tech Businesses, a 3rd growth engine we are introducing this time, delivered healthy top-line growth. In terms of profitability, telecom EBIT, which includes contribution from the new telco+tech segment that I just mentioned, rose 13% YoY, driven mainly by cost savings from the network consolidation completed in 3Q last year. As a result, consolidated operating income grew by 4% YoY, while net income increased by 2% YoY.

**Mobile – Growth Engine #1**

Our Sustainable Growth Foundation strategy continued to underpin the solid growth of our core telecom business through exclusive, customer-focused offerings. In 2Q25, smartphone ARPU rose 2% YoY, and monthly churn rate of postpaid users dropped to a record low of 0.59%.

5G penetration reached 42.5%, up 4ppts YoY, supported by ongoing upselling efforts through our unique bundles. Contract renewals saw a 6% uplift in monthly fees, while 4G-to-5G conversions continued to deliver a 45% uplift. This fueled a 10% YoY growth in 5G revenues and lifted its contribution to mobile service revenues to 66%.

The mobile market remained rational in 2Q, with total NP volume down 24% YoY, reflecting continued shift from price competition to value competition for the core telecom business since the consolidation.

In the first half of the year, we rolled out several innovative unique bundles, including:

momobile Plus (or mo 幣多 Plus in mandarin), which combines momo's moPlus annual membership with TWM's 5G unlimited data service;

A free one-year Perplexity Pro subscription for TWM's postpaid users on NT\$599 or above rate plans;

An all-in-one streaming package featuring Netflix, Max, and MyVideo, offered at a highly competitive price point.

These bundles are designed to strengthen stickiness and drive upselling via unique customer value.

Next, let's turn to page 6 for updates on our home broadband business.

### **Broadband – Growth Engine #2**

Our broadband business sustained its healthy momentum, delivering 6% YoY revenue growth in 2Q25, driven by a 4% increase in subscribers and a 2% uptick in ARPU. This reflects sustained demand for high-speed connectivity, especially given our competitive pricing — for instance, our 1Gbps plan offers consumers 23% to 42% savings compared to the market leader.

Growth was further supported by the traction in our bundled offerings, which cover cable TV, broadband, mobile, and OTT content, including MyVideo, Disney+, Max, Netflix and YouTube Premium. Notably, the number of broadband subscribers on speeds of 300Mbps or higher, including Double Play bundle users, grew by 32% YoY during the quarter, which is over 2x the market leader's growth rate in this segment.

Overall EBITDA rose by 4% YoY, as the strength of our broadband business more than offset softness in the cable TV segment.

Next, let's take a look at our New Telco+Tech Businesses on the next page.

### **New Telco+Tech – Growth Engine #3**

Building on our core telecom "gifts" — including AI, cybersecurity, network infrastructure, 10 million users, billing systems, trusted brand, data, and omni-channel reach — we developed a GaaS (Gift as a Service) platform that powers both our enterprise clients and also our first-party tech ventures.

We call this segment New Telco+Tech Businesses, which captures all of our telco+tech businesses except for momo. Our e-commerce services for brands business, for example, harnesses our customer base and strong presence in last-mile retail channels, including momo

and myfone stores, to operate as an OMO enabler for top-tier brands, including Philips, Royal Canine and Tefal. GMV grew by 25% QoQ in 2Q25 as we broadened retail channel coverage and client acquisition. We aim to deepen these partnerships and scale the platform's capabilities to fuel brand digitalization and growth.

On May 22nd this year, we launched the crypto exchange platform TWEX, in response to the growing interest in virtual assets both globally and locally. While participation in Taiwan remains relatively low at around 5% of the population, we see significant market potential, especially among users seeking a secure, trusted, and user-friendly platform.

Lastly, our Direct Carrier Billing and gaming businesses continued to deliver steady revenue growth. We've been actively expanding our service portfolio to drive recurring usage and deepen integration across more digital platforms. This steady progress reflects the rising adoption of carrier-based payments across our user base.

Now let's look at our momo business on the next page.

### **momo**

Despite a muted retail environment and broader economic uncertainty weighing on momo's top-line performance, customer engagement remained solid in 2Q25. Active users grew by 5.1% YoY, and GMV continued to expand, driven by the scaling of its new third-party business, mo-shop+.

While momo's take rate was largely stable YoY, its EBITDA margin declined due to increased investments in marketing, technology, and new growth initiatives, including mo-shop+ and its retail media network business, momoAds.

As mentioned earlier, we partnered with momo to launch the momobile Plus (mo幣多Plus) plan in May, which bundles unlimited 5G mobile data with moPlus membership for NT\$1399. The membership is valued at NT\$2,399 per year when purchased separately. The plan offers up to 8% moCoin rewards and a suite of exclusive perks, leveraging group-wide synergies to differentiate TWM from peers and enhance user stickiness. Since launch, the plan has driven an 8% QoQ increase in the adoption of the NT\$1,399 plan under the momobile lineup, contributing to ARPU growth for TWM.

Now, let me pass the virtual mic over to our CFO, George Chang, for Financial Overview.

## **Performance by Business**

### **George Chang, CFO & Spokesperson:**

Good afternoon. Let's start with Performance by Business.

In 2Q25, telecom delivered 3% YoY revenue growth and accounted for 44% of consolidated revenue.

As for profitability, telecom EBITDA also grew by 3% YoY and contributed 81% of consolidated EBITDA for the quarter. The YoY increase was more pronounced on a pre-IFRS 15 basis, driven by the rationalization of marketing expenses in 2Q25.

Hindered by lower revenue and margins, momo's EBITDA and net profit contribution fell to 11% and 9% respectively in 2Q25. That said, momo's net income declined by 10% YoY in 1H25, partly offset by tax credits associated with its Southern Distribution Center.

Let's go to Results Summary.

## **Results Summary**

2Q25 consolidated operating income grew by 4% YoY, as the solid 13% growth in our telecom EBIT helped offset subdued performance at momo. The YoY and QoQ increases in non-operating expenses were mainly driven by translation losses in our USD-denominated long-term investments amid the sharp appreciation of the NTD during the quarter.

For the first half of the year, operating income went up by 7% YoY in spite of flattish revenue, thanks to network consolidation synergies. On the non-op side, while interest expenses rose as we refinanced at higher market rates, around 70% of the NT\$88mn YoY increase was non-cash, accrued for the convertible bond issued earlier this year. Net expenses from equity income, investment valuation, and FX translation accounted for just 1.3% of pre-tax income. Supported by tax credits recognized in 1H25, net income and EPS grew 12% YoY.

Let's move on to Balance Sheet.

## **Balance Sheet Analysis**

The YoY decline in cash balance was primarily attributable to momo's use of internally generated cash flow to fund capital expenditures and dividend payments, while maintaining a debt-free position.

Long-term investment increased YoY, mainly due to the strategic investment in enterprise IT service provider Systex in 3Q24.

Long-term contract assets also rose YoY, driven by continued growth in mobile bundle plans aimed at increasing mobile ARPU through contract renewals.

Gross debt decreased by NT\$3bn YoY, reflecting our disciplined capital allocation and healthy cash flow generations.

Shareholder's equity declined QoQ following AGM's approval of dividends, which became a dividend payable under other current liabilities. The YoY increase in dividend payable was mainly due to TWM raising its DPS to NT\$4.5 from NT\$4.3.

Supported by healthy cash flows, our net debt-to-EBITDA ratio declined both YoY and QoQ, while solid profitability kept ROE steady at 15%.

Lastly, let's look at Cash Flow on the next slide.

### **Cash Flow Analysis**

Both telecom and e-commerce businesses recorded YoY increases in operating cash flow during 2Q25. Operating cash flow rose by 4% YoY, outpacing EBITDA growth, supported by 1) favorable working capital changes from sustained sales of the iPhone 16 series, and 2) lower tax payments for momo due to the aforementioned tax credits.

Investing cash outflow tapered off in 2Q25, as spending on mobile infrastructure returned to a more moderate level, following elevated investment in the previous quarter.

Backed by the healthy free cash flow generation, we repaid bonds payable and long-term bank loans in the quarter, leading to a YoY increase in financing cash outflow.

With lower cash capex QoQ and YoY, pre-IFRS 16 free cash flow for 2Q25 rose by 17% YoY to NT\$5.26bn, translating into an annualized FCF yield of 6%.

Let me turn the presentation back to Jamie for event updates and Key Message.

### **Awards and ESG Recognitions**

We're honored to share that Taiwan Mobile ranked No.1 across all seven categories of the 2025 Asia (ex-Japan) Executive Team Survey by Extel, formerly known as Institutional Investor. These

include Best CEO, CFO, IR Professional, IR Team, IR Program, ESG, and Company Board—both in the Overall Asia and Rest of Asia telecom rankings.

We're especially proud to be the only telecom company in Taiwan named a Most Honored Company for three consecutive years, and this year, we also achieved the highest overall score among all Taiwanese companies. On behalf of the leadership team, I thank you for your trust and recognition. This honor will for sure strengthen our resolve to keep raising the bar in transparency, governance, and long-term value creation.

In addition, during the quarter, Taiwan Mobile earned multiple recognitions across governance, innovation, and network excellence, reflecting our ongoing efforts to lead in performance, accountability, and digital innovation. We have summarized these results on the slide for your reference.

### **Key Message**

Finally, to wrap up our presentation for today, here is the key message we would like for you to take away with.

TWM is committed to a clear, three-part strategy designed to drive sustained growth and enhanced free cash flow. We are fortifying our telco core while aggressively expanding our Telco+ services and Telco+Tech businesses. Our recent initiatives are not just isolated projects; they are a direct reflection of this strategy in action. Our exclusive OTT bundles are effectively lifting customer spending and deepening engagement. The launch of TWEX firmly positions us at the forefront of the Web3 space. Our new AIDC is a critical, foundational step in our artificial intelligence roadmap. These efforts are integral to our long-term vision. We have deep confidence in our fundamentals and believe our strategic execution will continue to create significant value for our shareholders.

With that, let's open the floor for questions. If you are participating online, you are more than welcome to send your questions via the chat box. We will begin by addressing the telephone line inquiries before moving on to the web. Operator, please go ahead.

## **Q&A**

**Sigrid Qiu, JP Morgan:** *I appreciate your ending message on how Taiwan Mobile is trying to fortify Telco, as well as expanding Telco+, and Telco+Tech businesses. But how do you balance your incremental investment and operational focus between its Telco and non-Telco businesses? Any further breakdown or elaboration will be appreciated.*

*My second question is a follow-up to my first question. You have been expanding your Telco+ business portfolio, going forward, what will be your focus? Are you going to continue enriching the portfolio by opening more business lines? Or are there any criteria you use to double down on certain areas? If so, what are the criteria? Are there any KPIs we are looking at?*

*Lastly, what will be the roadmap for the second half to achieve TWM's full-year 2025 guidance?*

**Jamie:** As George mentioned in the financial overview, our network capex is tapering off following the network consolidation. This gives us extra liquidity to invest in our growth strategy.

For our Telco+ tech ventures, we are taking a “bullets before cannonballs” approach — launching MVPs (minimum viable products) first, and only committing sizable capital once we see a strong positive flywheel. At this stage, capital requirements for these ventures are minimal. For example, our game publishing business was profitable from year one and required very little capex.

As for the roadmap, we expect to continue benefiting from network consolidation synergies. Sales to both existing TWM and TST customers are progressing well. Additionally, growth in several of our new Telco+ tech businesses is accelerating, and we expect some of them to contribute meaningfully in the second half.

## **CHATBOX QUESTIONS**

**Tom Tang, Morgan Stanley:** *What's our current progress on converting the users acquired from the merger and what's the uplift we're seeing from those conversions?*

**Jamie:** We're doing even better than we expected in terms of converting the users acquired from the T Star merger. The overall ARPU increased by 6% during contract renewals this quarter. The uplift from T Star users has actually been higher than that from original TWM users, reflecting good upselling performance. And the 4G to 5G uplift from contract renewal remained

stable at around 45%, which is industry leading. This is largely driven by the appeal of our unique bundles, which have been particularly effective in encouraging T Star users to pick higher-rate plans when they renew their contracts.

**Kieron Poon, Aberdeen investment:** *May I understand the coming dividend policy since our free cash flows are getting stronger. Separately, any guidance on staff-cost ratio?*

**George:** It's a little bit too early to talk about next year's board's decision in terms of dividends. As you've seen, the payout is basically 100%, so you can probably follow this year as a benchmark to what we're going to do next year. At least that will be what we'll be proposing.

**Jamie:** Staff-cost ratio is not expected to increase. As we have been publicly talking about, we're on a three-year journey of upgrading our talent base, aiming to transform all employees into what we call supermen, who are proficient in AI and AI tools. We expect our unit productivity to go up significantly during the process, and that's why we don't expect our staff-cost ratio to go up.