

Taiwan Mobile
3Q25 Results Conference Call
November 12, 2025

Jamie Lin, President: Good afternoon, everyone. Welcome to Taiwan Mobile's 3rd quarter 2025 results conference call. Before I start our presentation, please 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.

3Q25 Highlights

Our three main growth engines — mobile, home broadband, and new Telco+Tech businesses — all delivered healthy top-line momentum in the third quarter. In fact, mobile service revenue hit a nine-year high during the quarter. In terms of profitability, telecom EBITDA increased by 5% YoY, thanks to optimization of subsidies and marketing expenses. If we exclude the impact from one-off investment gains booked in the same period last year, net profit would have increased by 3% YoY.

Now, let's take a closer look at our mobile business on the next page.

Mobile – Growth Engine #1

Our Sustainable Growth Foundation strategy continued to underpin the solid performance of our core telecom business through exclusive, customer-centric offerings. In Q3, smartphone ARPU rose 2% YoY, while the monthly churn rate of postpaid users stayed at a record low of 0.6%.

5G penetration exceeded 43%, up 4ppts YoY, driven by the new iPhone launch and ongoing upselling through our unique bundles. Contract renewals recorded a 7% uplift in monthly fees, and 4G-to-5G migrations saw a 49% uplift. This supported a 9% YoY growth in 5G revenue, lifting its contribution to mobile service revenue to 67%.

Our bundled offerings are designed to enhance customer stickiness and drive upselling through their unique values. Our Double Play bundles, which combines mobile data and home broadband, signed up over 70% of subscribers at NT\$999 or higher rate plans, a significant bump up vs. the average for our smartphone user base. Moreover, 61% of contract renewals saw their total monthly fees increase. During the quarter, we expanded Double Play's home broadband coverage to 87% of households nationwide by partnering with one more cable TV operator, paving the way for further growth.

The mobile market continued its due course since market consolidation from price competition towards value competition during the quarter, with total number porting volume down 19% YoY.

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

Broadband – Growth Engine #2

Our broadband business maintained healthy momentum, posting 3% YoY revenue growth in Q3, driven by an increase in the number of subscribers. This underscores continued demand for high-speed connectivity, supported by our competitive pricing — for example, our 1Gbps plan offers consumers 23% to 42% savings compared with the market leader.

Growth was further supported by solid traction in our bundled offerings, which integrate cable TV, broadband, mobile, and OTT content such as MyVideo, Netflix, Disney+, HBO Max, and YouTube Premium. The number of broadband subscribers on 300Mbps or higher speeds, including Double Play bundle users, surged 29% YoY —twice the segment growth speed of the market leader.

Overall EBITDA was stable YoY, as the solid performance in our broadband business largely offset the revenue decline 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

Our New Telco+Tech businesses delivered an 11% YoY revenue increase in Q3. As mentioned on our Q2 conference call, the GaaS platform we've built on our core telecom "gifts" underpins both our enterprise solutions and first-party tech ventures.

Our e-commerce services for brands business, or 品牌電商 in Mandarin, recorded a 7% QoQ rise in GMV, driven by expanded retail channel coverage and new brand client acquisitions. Looking ahead, our promotional strategy will focus on leveraging group synergies and data-driven insights to capture market share and enhance marketing efficiency.

Meanwhile, TWEX also known as 台灣大虛擬資產交易所, our crypto exchange platform launched in Q2 this year, saw its registered users surge 60% QoQ. We continue to see promising market potential, particularly among users seeking a secure, trusted, and user-friendly platform.

Lastly, our 大哥付隨帳收 Direct Carrier Billing and Game Publishing businesses continued to grow steadily. We have been actively expanding our service portfolio to drive recurring usage and deepen integration across more digital platforms. This progress highlights the growing adoption of carrier-based payments across our user base.

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

momo

momo's Q3 results reflected the impact of a still challenging operating environment. While revenue declined, its take rate improved YoY as the third-party e-commerce platform, mo-shop+, continued to gain momentum and expand GMV.

By the end of the quarter, mo-shop+ featured over 3 million SKUs and 8,000 curated merchants, with the orders more than doubling compared to last year.

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 3Q25, telecom delivered 2% YoY revenue growth and accounted for 46% of consolidated revenue.

As for profitability, telecom EBITDA grew by 5% YoY and contributed 83% of consolidated EBITDA for the quarter. The YoY increase was driven by mobile plan upselling and disciplined management of subsidies and marketing expenses. While we realized these savings right away in the quarter, the full benefit isn't immediately reflected on the P&L because of IFRS 15 amortization.

momo's EBITDA and net profit contribution further dropped to 9% and 7% respectively in Q3, hindered by lower revenue and increased investments in new businesses. That said, for the first three quarters of the year, the YoY decline in momo's net income was partially offset by tax credits related to its Southern Distribution Center.

Let's go to Results Summary.

Results Summary

In Q3, consolidated EBITDA rose by 1% YoY, as the solid 5% growth in telecom EBITDA offset softer performance at momo. The YoY swing in non-operating results was primarily due to one-off investment gains recognized in the same period last year. Excluding the high-base impact, net income and EPS would have increased by 3% YoY.

For the first three quarters of the year, operating income went up by 4% YoY, supported by a 15% YoY increase in telecom EBIT — the highest among peers — driven primarily by network consolidation synergies. On the non-op side, interest expenses rose as we refinanced at higher market rates, but 85% of the NT\$123mn YoY increase was non-cash, accrued for the convertible bond issued earlier this year. Without the one-off gains from last year, net income and EPS would have increased by 9% YoY for the first three quarters.

Let's move on to Balance Sheet.

Balance Sheet Analysis

The YoY decline in cash & cash equivalents 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.

Short-term investments increased YoY and QoQ, as a convertible note due within one year was reclassified from long-term investments. The decrease in long-term investments was driven by this reclassification as well as valuation fluctuations.

Right-of-use assets and non-current lease liabilities increased YoY and QoQ, driven by the lease for our new AI data center.

Gross debt decreased by NT\$6bn YoY, showing our disciplined capital allocation and healthy cash flow generations.

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

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

Cash Flow Analysis

Driven by robust cash generation in the telecom business, consolidated operating cash flow rose 11% YoY in Q3, outpacing EBITDA growth, mainly reflecting favorable working capital changes from strong iPhone 17 sales and expense discipline in the mobile business.

Investing cash outflow declined YoY, as 3Q24 reflected a high base from strategic investments in Systex and Fubon Green Power.

Financing cash outflow increased YoY, driven by higher dividends distributed by TWM.

Supported by steady operating cash flow and lower cash capex, Q3 free cash flow surged by 52% YoY. For the first three quarters, free cash flow rose by 8% YoY to NT\$14.9bn, 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

Taiwan Mobile has once again been recognized for its commitment to ESG, receiving an "A" rating in the CDP's Supplier Engagement Assessment for the 4th consecutive year.

We are also proud to be the only Taiwanese telecom operator ranked among TIME's Global Top 100 Most Sustainable Companies of 2025. This is also the 8th straight year we have been included in the Taiwan Sustainability Index.

Moreover, in our first inclusion in the Taiwan FINI 100 — which recognizes companies with growing foreign ownership, consistent profitability, and strong ESG performance — Taiwan Mobile debuted at No. 14 overall and ranked No. 1 among telecom operators.

Last but not least, our IR team has been nominated for IR Impact's "Best in Communications Sector – Greater China" award for two consecutive years.

Key Message

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

The combination of constructive market dynamics and disciplined operational cost management is expected to sustain telecom earnings growth.

Our proprietary Telco+Tech offerings, along with solution-driven businesses developed through strategic partnerships, continue to perform well.

We anticipate these strategies will generate solid free cash flow, supporting healthy dividend distributions while funding investments in both core and emerging business areas.

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 would like to ask if there is a specific reason behind the decline in cash this quarter. Was there a specific use of cash that resulted in the decline?*

George: The main reason for the decline in cash is momo. There is a significant cash outflow for momo's central distribution center this year. The YoY increase is close to NT\$1 billion.

Sigrid, JP Morgan: *Just a follow-up question, do we have a target for how much money we set aside to continue investing in momo? Is there an amount of cash we set aside to invest in that business?*

George: Aside from expenditure related to the central distribution center, which was approved by the board more than a year ago, momo's capex has normalized. It should be below NT\$1 billion a year. Other than some short-term working capital needs, momo's own operating cash flow is sufficient to cover its expenditures.

CHATBOX QUESTION

Rajesh Panjwani, JP Morgan: *When do you expect e-commerce competition to ease?*

Jamie: If you look at the competitive landscape right now, one international player has been using big subsidies to take market share. Even though the competition has been quite intense, momo has been able to keep its revenue decline at a relatively low level. That said, it is very hard to predict how much firepower this international player will allocate to Taiwan and how much it is willing to subsidize to take more market share. All in all, it's not a bad thing for the market. If you look at the numbers for the latest quarter, overall retail is not growing, but e-commerce is growing faster. That means e-commerce is taking market share from traditional retail. I think this international player is educating consumers through these subsidies, shifting their spending online, and that's actually positive for the e-commerce industry.

Jamie: Operator, if we do not have any further questions, we'd like to wrap up today's call. However, before that, I'd like to take this opportunity to ask for your support in the Extel survey, which will kick off this Friday. We truly appreciate your continued recognition of our efforts and I look forward to your kind endorsement again this year.