

## 2. Medium to long-term plan

- (1) E-commerce: Increase market share to further dominate B2C market by implementing a multi-channel sales strategy, optimizing search functions, facilitating short-chain logistics efficiency, and improving user experience (UX) and user interface (UI).
- (2) Take a pro-active approach in raising momo's brand image, further explore Asia's TV shopping market, export best-selling products across multiple countries, leverage the group's marketing resources and sales channels to enhance operating efficiency, and provide innovative services through mobile and cloud platforms.

## Market and Sales Overview

### Market analysis

#### Consumer Business Group

##### 1. Main products and service areas

The Company provides nationwide and international roaming services. The coverage includes Taiwan and the outlying islands of Kinmen and Matsu.

##### 2. Market status

As of December 2023, the mobile penetration rate in Taiwan had reached 127.5%. While the market is highly saturated, the rise of 5G applications and the increasing demand for IoT, broadband, wearable devices, smart home devices, etc., indicate promising future market growth.

##### 3. Competitive advantages

- (1) Synergy of group resources

Leveraging the synergy of group resources in telecommunications, cable television and e-commerce through strategic collaborations, the Company aims to expand its customer base through cross-selling, enlarging user usage scenarios, and establishing a mutually beneficial ecosystem to deepen customer loyalty.

- (2) Diverse innovative services

TWM has introduced various services based on potential user needs and usage scenarios, such as diverse OTT streaming, cloud/online gaming and telecom-integrated e-commerce consumer rewards. The Company also offers diverse packages of technological service devices/products according to user demands, enhancing perceived value and brand differentiation.

##### 4. Opportunities and challenges

###### Positive factors

- (1) Diversified 5G application services are driving the emergence of value-added services and revenue growth.
- (2) One-stop services meet user needs and enhance brand value.
- (3) Growth opportunities in the developing market for smart homes and meeting the needs of an aging society.

###### Negative factors

- (1) Low user awareness and involvement in smart homes due to technical barriers.
- (2) High production costs of domestic IoT-related products, making it a challenge to meet users' price expectations.

## Countermeasures

- (1) Collaborate with domestic and international smart home appliance brands to upgrade products to IoT to jointly develop the smart home market.
- (2) Leverage group resources to attract potential smart home users, such as employing cross-selling from consultation to installation and after-sales warranty, and providing a one-stop customized service to encourage users to upgrade to smart homes.

## **Enterprise Business Group**

### **1. Main products and service areas**

Taiwan Mobile Enterprise Services provides international services in 247 countries. As of the end of 2023, its roaming services included the following: GSM: 213 countries, 411 networks; GPRS: 194 countries, 374 networks; 3G: 182 countries, 352 networks; 4G: 124 countries, 225 networks; 5G: 64 countries, 108 networks.

### **2. Market status**

According to the 2024 CIO Survey, cybersecurity tops the list of CIOs' procurement priorities, followed by network security, storage backup and AI. A survey by IDC also predicts that by 2027, global spending on AI solutions would surpass US\$500 billion. Going forward, businesses will focus more on investing in AI technologies and AI-driven products and services.

### **3. Competitive advantages**

- (1) Premium brand equity and customer relationship: Taiwan Mobile Enterprise Services has won widespread recognition among major corporations. It actively responds to customer needs and designs one-stop services for enterprises to help them create maximum benefits for their clients.
- (2) Professional management team and efficient support unit: Taiwan Mobile Enterprise Services has experienced sales and logistics teams, as well as extensive corporate group resources. Its cloud IDC server room has received Uptime Tier III certifications for design, construction and operational sustainability.
- (3) Industrial ecosystem partner: The Company effectively integrates its advantages of telecommunications with partners and creates customized industry solutions for corporate customers.

### **4. Opportunities and challenges**

#### Positive factors

- (1) The COVID-19 pandemic has accelerated the digital transformation of enterprises. Backed by their existing communications network infrastructure, telecom operators are leading the charge in meeting the demands for cloud and information security services. TWM independently develops cybersecurity products and collaborates with ecosystem partners to offer enterprise customers more innovative solutions.
- (2) MIC's top 10 global trends forecast for 2023 sees the rising emphasis on net zero emissions, sustainable ESG and digital transformation. As the Company has actively invested in sustainable management and possesses comprehensive tools for enterprise digital transformation, it is well-positioned to seize market opportunities.

### Negative factors

- (1) The popularity of mobile data has seen local and long-distance calls replaced by free communication software.
- (2) Chunghwa Telecom has fixed network services and scale advantage.

### Countermeasures

The Company will continue to pursue innovation, develop cross-field alliance opportunities, cooperate with partners in various fields to create industrial vertical integration solutions, as well as more comprehensive 5G, cloud, IoT and information security services, and work with customers to carry out digital transformation and boost customer stickiness.

## **Home Business Group**

### **1. Main products and service areas**

TWM Broadband's main service areas are New Taipei City's Xinzhuang and Xizhi districts, Yilan County and Kaohsiung's Fongshan District among others.

### **2. Market status**

- (1) Cable TV: Taiwan's CATV penetration rate has reached over 50% of households, according to NCC data. Watching TV is a major leisure activity in Taiwan – one that is relatively unaffected by fluctuations in the economy. However, intensifying competition from cable system operators (SO), Chunghwa Telecom's MOD system and OTT content providers has affected market pricing.
- (2) HD digital TV and broadband internet access: Thanks to rich HD content, stable and quality signals, expanding platforms for viewing TV programs, and rapid development of online video services and social media, the demand for HD digital TV and high-speed broadband Internet access has continued to increase.

### **3. Competitive advantages**

- (1) TWM offers high-speed broadband network and WiFi 6 transmission which, coupled with its rich digital content and value-added services, should drive digital TV revenue growth.
- (2) The Company can leverage the group's rich and varied resources to offer innovative digital convergence products and services.

### **4. Opportunities and challenges**

#### Positive factors

- (1) High-speed broadband internet service has become the mainstream.
- (2) Demand for multi-screen viewing of video content has increased, demonstrating the growing importance of digital convergence for families.
- (3) Backed by a solid base in smart home applications, TWM leads the industry in launching comprehensive services, such as A1 Box and HomeSecurity services.

#### Negative factors

- (1) At its 840th meeting on Jan. 23, 2019, the NCC approved proposed changes to Chunghwa Telecom's operation of its multimedia content transmission platform, allowing the company to form its own channel packages, as well as add or remove channels, for its MOD system. The changes place cable TV operators at a disadvantage as they must still obtain the NCC's approval to switch channels, while their pricing schemes have to be reviewed by city/county governments on an annual basis. This unequitable competition could have an impact on the cable TV industry's future.

- (2) The competitiveness of cable system operators (SO) expanding their service areas has been ebbing. However, they still pose a risk of subscriber losses for TWM.
- (3) The TV industry is facing operational difficulties due to the rise of OTT platforms and unauthorized set-top boxes.

### Countermeasures

- (1) TWM Broadband is observing developments in Taiwan's digital content industry and global industry trends, focusing on providing a richer assortment of digital channels and connected TV content.
- (2) With the launch of A1 Box – an open platform integrating cable TV channels and diverse OTT content – and 1Gbps+WiFi 6 service, TWM Broadband offers Smarter Home service, GeForce NOW cloud gaming, and Disney+ streaming media, etc.

## **Retail Business**

### **1. Main products and service areas**

momo mainly provides e-commerce and TV home shopping services in Taiwan.

### **2. Market status**

B2C e-commerce topline growth is accelerating, bolstered by share gains from offline and continued expansion in mobile and streaming platforms.

### **3. Competitive advantages**

- (1) Scale benefit: momo is the largest B2C e-commerce in Taiwan and continues to widen its gap with rivals. Its bargaining power has increased, and more and more first-tier brands are doing direct business with it, broadening its offerings of high-quality products.
- (2) Solid reputation: momo has built a solid reputation among suppliers and customers in the TV home shopping industry. Besides winning customers' confidence, it has enhanced suppliers' willingness to entrust their brands to the Company, boosting its product diversity.
- (3) Strong support from the group: momo is able to leverage the resources of affiliates to create opportunities in digital convergence, mobile platforms, mobile payment mechanisms and warehouse management system.

### **4. Opportunities and challenges**

#### Positive factors

- (1) Mobile usage time and mobile shopping continue to increase.

#### Negative factors

- (1) High product homogeneity and intensifying market competition have led to margin pressure.
- (2) Risk management of product quality and food safety is increasingly important as momo's scale increases.

#### Countermeasures

- (1) momo has an extensive system of suppliers and a professional product development team. This facilitated its expansion into mobile and streaming platforms, as it already has a trove of best-selling products to tap into, which not only prolonged their product life cycle, but also increased sales volumes and differentiated it from the competition.

- (2) momo has an online shopping mobile app to tap into the mobile commerce market and optimize customer experience. By promoting limited time and livestream promotions, momo is able to reach more consumers and stimulate buying willingness. The mobile platform also offers convenience, encouraging consumers to increase their shopping frequency.
- (3) momo has set up a quality control team to visit new suppliers' factories, outsource product testing to reduce food safety risks, filter out controversial products and clarify supplier responsibility to provide consumers with a safe place to shop.

### Main features and production process of major products:

The Company provides wireless/fixed-line telecom services, digital TV subscription, cable broadband, e-commerce/TV home shopping, and integrated information and communication services.

**Supply of raw materials:** Not applicable as the Company is not a manufacturer

### Major suppliers and customers in the past two years

- A supplier/customer that accounts for at least 10% of consolidated procurement/revenue

#### 1. Major suppliers

Unit: NT\$'000

		2022			2023			
	Company	Procurement amount	As a % of 2022 total net procurement	Nature of relationship	Company	Procurement amount	As a % of 2023 total net procurement	Nature of relationship
1	Company A	13,176,835	11	Third party	Company A	13,809,647	10	Third party
	Others	111,443,330	89		Others	119,093,778	90	
	Total	124,620,165	100		Total	132,903,425	100	

#### 2. Major customers:

Not applicable as the Company's revenue from a single customer did not exceed 10% of its consolidated operating revenue.

#### 3. Reasons for variation

Procurements from suppliers varied as the Company purchased handsets from different vendors to meet its business development needs and market demand.

**Production volume in the past two years:** Not applicable as the Company is not a manufacturer.