

**Chunghwa Telecom Co., Ltd. and  
Subsidiaries**

**Consolidated Financial Statements for the  
Three Months Ended March 31, 2023 and 2022**

# CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS (In Millions of New Taiwan Dollars)

ASSETS	March 31, 2023 (Unaudited)		December 31, 2022 (Audited)		March 31, 2022 (Unaudited)		LIABILITIES AND EQUITY	March 31, 2023 (Unaudited)		December 31, 2022 (Audited)		March 31, 2022 (Unaudited)	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>							<b>CURRENT LIABILITIES</b>						
Cash and cash equivalents	\$ 38,716	7	\$ 50,193	10	\$ 46,500	10	Short-term loans	\$ 342	-	\$ 722	-	\$ 65	-
Financial assets at fair value through profit or loss	4	-	4	-	3	-	Contract liabilities	12,898	2	13,390	3	12,701	2
Hedging financial assets	1	-	13	-	8	-	Trade notes and accounts payable	9,973	2	16,429	3	11,823	2
Contract assets	6,124	1	6,056	1	5,540	1	Payables to related parties	278	-	539	-	214	-
Trade notes and accounts receivable, net	20,990	4	24,672	5	21,070	4	Current tax liabilities	9,732	2	6,999	1	9,258	2
Receivables from related parties	48	-	75	-	39	-	Lease liabilities	3,319	1	3,339	1	2,995	1
Inventories	12,024	2	11,316	2	12,513	2	Other payables	21,965	4	25,080	5	21,665	4
Prepayments	5,484	1	2,398	-	5,281	1	Provisions	223	-	226	-	251	-
Other current monetary assets	19,981	4	3,619	1	6,759	1	Other current liabilities	974	-	1,016	-	1,027	-
Other current assets	3,842	1	3,555	1	3,352	1							
Total current assets	107,214	20	101,901	20	101,065	20	Total current liabilities	59,704	11	67,740	13	59,999	11
<b>NONCURRENT ASSETS</b>							<b>NONCURRENT LIABILITIES</b>						
Financial assets at fair value through profit or loss	1,074	-	1,020	-	806	-	Long-term loans	1,600	-	1,600	-	1,600	-
Financial assets at fair value through other comprehensive income	4,040	1	3,491	1	3,574	1	Bonds payable	30,479	7	30,477	6	30,473	7
Investments accounted for using equity method	7,035	1	6,949	1	7,263	1	Contract liabilities	7,665	2	7,674	2	6,901	1
Contract assets	3,345	1	3,137	1	2,756	1	Deferred income tax liabilities	2,336	-	2,301	-	2,197	-
Property, plant and equipment	289,265	56	291,528	56	285,931	54	Provisions	465	-	173	-	141	-
Right-of-use assets	11,094	2	11,103	2	10,744	2	Lease liabilities	7,244	2	7,334	2	6,909	1
Investment properties	8,993	2	9,804	2	9,652	2	Customers' deposits	5,012	1	5,157	1	4,916	1
Intangible assets	77,557	15	79,187	15	82,328	16	Net defined benefit liabilities	2,267	-	2,285	-	2,291	1
Deferred income tax assets	2,154	-	2,197	-	2,761	1	Other noncurrent liabilities	6,759	1	6,726	1	4,993	1
Incremental costs of obtaining contracts	955	-	980	-	967	-							
Net defined benefit assets	5,429	1	5,266	1	3,582	1	Total noncurrent liabilities	63,827	13	63,727	12	60,421	12
Prepayments	1,695	-	1,728	-	1,821	-							
Other noncurrent assets	4,473	1	4,705	1	4,924	1	Total liabilities	123,531	24	131,467	25	120,420	23
Total noncurrent assets	417,109	80	421,095	80	417,109	80	<b>EQUITY ATTRIBUTABLE TO STOCKHOLDERS OF THE PARENT</b>						
							Common stocks	77,574	15	77,574	15	77,574	15
							Additional paid-in capital	149,853	29	149,844	29	149,823	29
							Retained earnings						
							Legal reserve	77,574	15	77,574	15	77,574	15
							Special reserve	3,084	-	3,084	1	2,676	1
							Unappropriated earnings	80,448	15	71,268	13	78,739	15
							Total retained earnings	161,106	30	151,926	29	158,989	31
							Others	267	-	(223)	-	(363)	-
							Total equity attributable to stockholders of the parent	388,800	74	379,121	73	386,023	75
							<b>NONCONTROLLING INTERESTS</b>	11,992	2	12,408	2	11,731	2
							Total equity	400,792	76	391,529	75	397,754	77
<b>TOTAL</b>	<b>\$ 524,323</b>	<b>100</b>	<b>\$ 522,996</b>	<b>100</b>	<b>\$ 518,174</b>	<b>100</b>	<b>TOTAL</b>	<b>\$ 524,323</b>	<b>100</b>	<b>\$ 522,996</b>	<b>100</b>	<b>\$ 518,174</b>	<b>100</b>

# CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Millions of New Taiwan Dollars, Except Earnings Per Share) (Unaudited)

	Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
REVENUES	\$ 54,211	100	\$ 51,295	100
OPERATING COSTS	<u>33,630</u>	<u>62</u>	<u>31,691</u>	<u>62</u>
GROSS PROFIT	<u>20,581</u>	<u>38</u>	<u>19,604</u>	<u>38</u>
OPERATING EXPENSES				
Marketing	5,672	11	5,445	10
General and administrative	1,657	3	1,548	3
Research and development	978	2	849	2
Expected credit loss	<u>100</u>	<u>-</u>	<u>101</u>	<u>-</u>
Total operating expenses	<u>8,407</u>	<u>16</u>	<u>7,943</u>	<u>15</u>
OTHER INCOME AND EXPENSES	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>-</u>
INCOME FROM OPERATIONS	<u>12,174</u>	<u>22</u>	<u>11,660</u>	<u>23</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	118	-	24	-
Other income	45	-	44	-
Other gains and losses	(104)	-	(109)	-
Interest expense	(76)	-	(56)	-
Share of profits of associates and joint ventures accounted for using equity method	<u>97</u>	<u>-</u>	<u>105</u>	<u>-</u>
Total non-operating income and expenses	<u>80</u>	<u>-</u>	<u>8</u>	<u>-</u>
INCOME BEFORE INCOME TAX	12,254	22	11,668	23
INCOME TAX EXPENSE	<u>2,832</u>	<u>5</u>	<u>2,775</u>	<u>6</u>
NET INCOME	<u>9,422</u>	<u>17</u>	<u>8,893</u>	<u>17</u>
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified to profit or loss:				
Unrealized gain or loss on investments in equity instruments at fair value through other comprehensive income	549	1	(45)	-
Gain or loss on hedging instruments subject to basis adjustment	(12)	-	16	-

(Continued)

# CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Millions of New Taiwan Dollars, Except Earnings Per Share)

(Unaudited)

	Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
Share of other comprehensive income of associates and joint ventures	\$ <u>10</u>	<u>-</u>	\$ <u>2</u>	<u>-</u>
	<u>547</u>	<u>1</u>	<u>(27)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising from the translation of the foreign operations	(47)	-	77	-
Share of other comprehensive loss of associates and joint ventures	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(48)</u>	<u>-</u>	<u>77</u>	<u>-</u>
Total other comprehensive income, net of income tax	<u>499</u>	<u>1</u>	<u>50</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME	\$ <u>9,921</u>	<u>18</u>	\$ <u>8,943</u>	<u>17</u>
NET INCOME ATTRIBUTABLE TO				
Stockholders of the parent	\$ 9,170	17	\$ 8,580	17
Noncontrolling interests	<u>252</u>	<u>-</u>	<u>313</u>	<u>-</u>
	\$ <u>9,422</u>	<u>17</u>	\$ <u>8,893</u>	<u>17</u>
COMPREHENSIVE INCOME ATTRIBUTABLE TO				
TO				
Stockholders of the parent	\$ 9,670	18	\$ 8,627	17
Noncontrolling interests	<u>251</u>	<u>-</u>	<u>316</u>	<u>-</u>
	\$ <u>9,921</u>	<u>18</u>	\$ <u>8,943</u>	<u>17</u>
EARNINGS PER SHARE				
Basic	<u>\$1.18</u>		<u>\$1.11</u>	
Diluted	<u>\$1.18</u>		<u>\$1.10</u>	

(Concluded)

**CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(In Millions of New Taiwan Dollars)

(Unaudited)

	Equity Attributable to Stockholders of the Parent						Others				Total Equity Attributable to Stockholders of the Parent	Noncontrolling Interests	Total Equity
	Common Stocks	Additional Paid-in Capital	Retained Earnings			Total Retained Earnings	Exchange Differences Arising from the Translation of the Foreign Operations	Unrealized Gain or Loss on Financial Assets at FVOCI	Gain or Loss on Hedging Instruments	Total Others			
			Legal Reserve	Special Reserve	Unappropriated Earnings								
BALANCE, JANUARY 1, 2022	\$ 77,574	\$ 149,810	\$ 77,574	\$ 2,676	\$ 70,157	\$ 150,407	\$ (392)	\$ (8)	\$ (8)	\$ (408)	\$ 377,383	\$ 11,747	\$ 389,130
Cash dividends by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(371)	(371)
Change in additional paid-in capital from investments in associates and joint ventures accounted for using equity method	-	-	-	-	-	-	-	-	-	-	-	-	-
Net income for the three months ended March 31, 2022	-	-	-	-	8,580	8,580	-	-	-	-	8,580	313	8,893
Other comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	2	2	66	(37)	16	45	47	3	50
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	8,582	8,582	66	(37)	16	45	8,627	316	8,943
Share-based payment transactions of subsidiaries	-	13	-	-	-	-	-	-	-	-	13	39	52
BALANCE, MARCH 31, 2022	\$ 77,574	\$ 149,823	\$ 77,574	\$ 2,676	\$ 78,739	\$ 158,989	\$ (326)	\$ (45)	\$ 8	\$ (363)	\$ 386,023	\$ 11,731	\$ 397,754
BALANCE, JANUARY 1, 2023	\$ 77,574	\$ 149,844	\$ 77,574	\$ 3,084	\$ 71,268	\$ 151,926	\$ (111)	\$ (125)	\$ 13	\$ (223)	\$ 379,121	\$ 12,408	\$ 391,529
Cash dividends by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(676)	(676)
Net income for the three months ended March 31, 2023	-	-	-	-	9,170	9,170	-	-	-	-	9,170	252	9,422
Other comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	10	10	(45)	547	(12)	490	500	(1)	499
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	9,180	9,180	(45)	547	(12)	490	9,670	251	9,921
Share-based payment transactions of subsidiaries	-	9	-	-	-	-	-	-	-	-	9	(6)	3
Net increase in noncontrolling interests	-	-	-	-	-	-	-	-	-	-	-	15	15
BALANCE, MARCH 31, 2023	\$ 77,574	\$ 149,853	\$ 77,574	\$ 3,084	\$ 80,448	\$ 161,106	\$ (156)	\$ 422	\$ 1	\$ 267	\$ 388,800	\$ 11,992	\$ 400,792

# CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Millions of New Taiwan Dollars)

(Unaudited)

	<b>Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 12,254	\$ 11,668
Adjustments to reconcile income before income tax to net cash provided by operating activities:		
Depreciation	8,204	8,051
Amortization	1,678	1,635
Amortization of incremental costs of obtaining contracts	214	211
Expected credit loss	100	101
Interest expense	76	56
Interest income	(118)	(24)
Compensation cost of share-based payment transactions	3	4
Share of profits of associates and joint ventures accounted for using equity method	(97)	(105)
Loss on disposal of property, plant and equipment	-	1
Gain on disposal of financial instruments	-	(1)
Loss on disposal of investments accounted for using equity method	-	1
Provision for impairment loss and obsolescence of inventory	5	40
Valuation loss on financial assets and liabilities at fair value through profit or loss, net	46	94
Others	9	89
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Contract assets	(277)	(134)
Trade notes and accounts receivable	3,586	2,795
Receivables from related parties	27	2
Inventories	(713)	(1,226)
Prepayments	(3,053)	(2,973)
Other current monetary assets	(503)	93
Other current assets	(287)	(373)
Incremental cost of obtaining contracts	(189)	(191)
Increase (decrease) in:		
Contract liabilities	(501)	528
Trade notes and accounts payable	(6,456)	(6,236)
Payables to related parties	(261)	(177)
Other payables	(2,537)	(1,891)
Provisions	289	(34)
Other current liabilities	(33)	36
Net defined benefit plans	(182)	(188)
Cash generated from operations	11,284	11,852
Interests paid	(58)	(20)
Income taxes paid	(20)	(15)
Net cash provided by operating activities	<u>11,206</u>	<u>11,817</u>

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# CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Millions of New Taiwan Dollars)

(Unaudited)

	<b>Three Months Ended March 31</b>	
	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income	\$ -	\$ (3)
Acquisition of financial assets at fair value through profit or loss	(100)	(6)
Proceeds from disposal of financial assets at fair value through profit or loss	-	9
Proceeds from capital reduction of financial assets at fair value through profit or loss	-	44
Acquisition of time deposits, negotiable certificates of deposit and commercial paper with maturities of more than three months	(16,106)	(2,708)
Proceeds from disposal of time deposits, negotiable certificates of deposit and commercial paper with maturities of more than three months	261	879
Acquisition of investments accounted for using equity method	-	(20)
Acquisition of property, plant and equipment	(5,418)	(5,228)
Proceeds from disposal of property, plant and equipment	3	2
Acquisition of intangible assets	(46)	(17)
Decrease (increase) in other noncurrent assets	212	(59)
Interests received	<u>99</u>	<u>23</u>
Net cash used in investing activities	<u>(21,095)</u>	<u>(7,084)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term loans	856	13
Repayments of short-term loans	(1,236)	(13)
Proceeds from issuance of bonds	-	3,500
Payments for transaction costs attributable to the issuance of bonds	-	(4)
Decrease in customers' deposits	(153)	(428)
Payments for the principal of lease liabilities	(1,091)	(1,058)
Increase (decrease) in other noncurrent liabilities	33	(90)
Cash dividends distributed to noncontrolling interests	(6)	-
Change in other noncontrolling interests	<u>15</u>	<u>47</u>
Net cash provided by (used in) financing activities	<u>(1,582)</u>	<u>1,967</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<u>(6)</u>	<u>21</u>

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# CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Millions of New Taiwan Dollars)

(Unaudited)

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	<u>Three Months Ended March 31</u>	
	<u>2023</u>	<u>2022</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (11,477)	\$ 6,721
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>50,193</u>	<u>39,779</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 38,716</u>	<u>\$ 46,500</u> (Concluded)



# **CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES**

## **NOTE TO CONSOLIDATED FINANCIAL STATEMENTS**

**Three Months Ended March 31, 2023 and 2022**

**(Unaudited)**

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### **STATEMENT OF COMPLIANCE**

The Company has prepared its consolidated balance sheets as of March 31, 2023 and 2022, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2023 and 2022 in accordance with IAS 34 “Interim Financial Reporting” as issued by the International Accounting Standards Board (IASB). The consolidated financial statements are incomplete as they omit the related footnote disclosures as required under International Financial Reporting Standards as issued by IASB.