



## **Chunghwa Telecom Reports Un-Audited Consolidated Operating Results for the Second Quarter of 2022**

TAIPEI, Taiwan, R.O.C. July 29, 2022 - Chunghwa Telecom Co., Ltd. (TAIEX: 2412, NYSE: CHT) (“Chunghwa” or “the Company”) today reported its un-audited operating results for the second quarter of 2022. All figures were prepared in accordance with Taiwan-International Financial Reporting Standards (“T-IFRSs”) on a consolidated basis.

*(Comparisons throughout the press release, unless otherwise stated, are made with regard to the prior year period.)*

### **Second Quarter 2022 Financial Highlights**

- Total revenue increased by 5.7% to NT\$ 52.44 billion.
- Consumer Business Group revenue increased by 3.3% to NT\$ 31.52 billion.
- Enterprise Business Group revenue increased by 9.4% to NT\$ 17.75 billion.
- International Business Group revenue increased by 17.9% to NT\$ 1.76 billion.
- Total operating costs and expenses increased by 5.4% to NT\$ 40.41 billion.
- Net income attributable to stockholders of the parent increased by 8.1% to NT\$ 9.68 billion.
- Basic earnings per share (EPS) was NT\$1.25.

“Our second quarter results demonstrate our ongoing progress we navigating out of the pandemic, as we showcase our outstanding products and services delivered to satisfy our customers, employees, shareholders, and the greater community,” said Mr. Chi-Mau Shieh, Chairman and Chief Executive Officer of Chunghwa Telecom. “We are pleased to deliver strong quarterly performance with all measures exceeding our proposed guidance.”

“We maintained our leading position once again in terms of revenue and subscriber numbers, and we are confident in our ability to maintain this status. In terms of mobile services, we observed an average 37% uplift in monthly fees, attributable to customers who renewed contracts to adopt 5G services. Simultaneously, for broadband business, about 70% of the package adopters opted for higher-speed services (500Mbps), contributing to speed upgrade and ARPU enhancement.”

“As for segment details, consumer business group revenue grew as a result of our high-quality services and 5G network development. Our Fixed-Broadband + Mobile + Wi-Fi program attracted 13.2% more subscribers this quarter compared to last, and Home Wi-Fi device sign-ups doubled on a year-over-year basis. Enterprise business group revenue also increased by 9.4% year-over-year, driven by our ICT business with a 31.7% growth on a year-over-year basis, particularly with progress on large smart energy projects. Our emerging enterprise applications, including AIoT, IDC, cloud, cyber security, 5G private network and big data etc., reported strong growth momentum by representing 43.5% year-over-year growth.”

“Our global expansion plan remains in progress. During the quarter, we signed an MOU with Thonburi Hospital in Thailand to develop smart hospital solutions. In addition, we expect to extend our 5G private network solution to Southeast Asian market. We remain confident in our high-quality services and products and believe in our long-term strategies and goals,” Mr. Shieh concluded.

## **Revenue**

Chunghwa Telecom’s total revenues for the second quarter of 2022 increased by 5.7% to NT\$ 52.44 billion.

Consumer Business Group revenue for the second quarter of 2022 increased by 3.3% to NT\$ 31.52 billion, mainly due to a 5.3% YoY increase of mobile service revenue driven by postpaid subscriber growth and 5G migration. Fixed-line service revenue increased 1.9% YoY owing to higher-speed service adoption and IPTV service. Sales revenue slightly increased 2.1% YoY despite the disrupted handset supply chain issue under COVID-19 and typical seasonality ahead of the new iPhone launch.

Enterprise Business Group revenue for the second quarter of 2022 increased by 9.4% to NT\$ 17.75 billion, mainly due to ICT business revenue increased by 31.7%. Mobile service business revenue increased 13% YoY owing to 5G migration and increased demand for text messages as a result of COVID-19. Fixed-line revenue decrease 0.4%, though data communication and broadband access revenue growth offset the decrease in enterprise voice revenue.

International Business Group revenue for the second quarter of 2022 increased by 17.9% to NT\$ 1.76 billion, mainly due to the increase of ICT revenue.

## **Operating Costs and Expenses**

Total operating costs and expenses for the second quarter of 2022 increased by 5.4% year over year to NT\$ 40.41 billion, mainly due to higher personnel expenses and depreciation expense.

### **Operating Income and Net Income**

Income from operations for the second quarter of 2022 increased by 6.6% to NT\$ 12.03 billion, mainly due to the continued growth of profitable core business. The operating margin was 22.9%, as compared to 22.7% in the same period of 2021. Net income attributable to stockholders of the parent increased by 8.1% to NT\$ 9.68 billion. Basic earnings per share was NT\$1.25.

### **Cash Flow and EBITDA**

Cash flow from operating activities for the first half of 2022 decreased by 0.9% year over year to NT\$ 27.43 billion, mainly due to income tax payments owing to an increase of net income.

Cash and cash equivalents, as of June 30<sup>th</sup>, 2022, increased by 68.9% to NT\$ 54.28 billion as compared to that as of June 30<sup>th</sup>, 2021. The increase was primarily attributable to the issuance of sustainability bonds which supports the Company's investments in green energy projects to enhance its energy efficiency and the network deployment in remote areas for social good.

EBITDA for the second quarter of 2022 increased by 5.5% to NT\$ 21.97 billion. EBITDA margin was 41.90%, as compared to 41.99% in the same period of 2021.

### **Business Highlights**

#### **Mobile**

As of June 30<sup>th</sup>, 2022, Chunghwa Telecom had 12.23 million mobile subscribers, representing a 6.4% year-over-year increase. Total mobile service revenue increased by 6.1% to NT\$ 15.20 billion, while mobile post-paid ARPU excluding IoT SIMs grew 4% year over year to NT\$ 524.

#### **Fixed Broadband/HiNet**

As of June 30<sup>th</sup>, 2022, the number of broadband subscribers slightly increased by 0.2% to 4.37 million. The number of HiNet broadband subscribers increased by 1% to 3.64 million. Total fixed broadband revenue grew 3.6% year over year to NT\$ 10.59 billion, while ARPU increased 3.1% to NT\$ 765.

#### **Fixed line**

As of June 30<sup>th</sup>, 2022, the Company maintained its leading position in the fixed-line market, with a total of 9.53 million subscribers.

## **Financial Statements**

Financial statements and additional operational data can be found on the Company's website at <http://www.cht.com.tw/en/home/cht/investors/financials/quarterly-earnings>

### **NOTE CONCERNING FORWARD-LOOKING STATEMENTS**

This press release contains forward-looking statements. These statements constitute "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates" and similar statements. Statements that are not historical facts, including statements about Chunghwa's beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. A number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Investors are cautioned that actual events and results could differ materially from those statements as a result of a number of factors including, but not limited to the risks outlined in Chunghwa's filings with the U.S. Securities and Exchange Commission on Forms F-1, F-3, 6-K and 20-F, in each case as amended. The forward-looking statements in this press release reflect the current belief of Chunghwa as of the date of this press release and Chunghwa undertakes no obligation to update these forward-looking statements for events or circumstances that occur subsequent to such date, except as required under applicable law.

This press release is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration or an exemption from registration. Any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from the issuer or selling security holder and that will contain detailed information about the company and management, as well as financial statements.

### **NON-GAAP FINANCIAL MEASURES**

To supplement the Company's consolidated financial statements presented in accordance with International Financial Reporting Standards pursuant to the requirements of the Financial Supervisory Commission, or T-IFRSs, Chunghwa Telecom also provides EBITDA, which is a "non-GAAP financial measure". EBITDA is defined as consolidated net income (loss) excluding (i) depreciation and amortization, (ii) total net comprehensive financing cost (which is comprised of net interest expense, exchange gain or loss, monetary position gain or loss and other financing costs and derivative transactions), (iii) other income, net, (iv) income tax, (v) (income) loss from discontinued operations.

In managing the Company's business, Chunghwa Telecom relies on EBITDA as a means of assessing its

operating performance because it excludes the effect of (i) depreciation and amortization, which represents a non-cash charge to earnings, (ii) certain financing costs, which are significantly affected by external factors, including interest rates, foreign currency exchange rates and inflation rates, which have little or no bearing on our operating performance, (iii) income tax (iv) other expenses or income not related to the operation of the business.

#### **CAUTIONS ON USE OF NON-GAAP FINANCIAL MEASURES**

In addition to the consolidated financial results prepared under T-IFRSs, Chunghwa Telecom also provide non-GAAP financial measures, including “EBITDA”. The Company believes that the non-GAAP financial measures provide investors with another method for assessing its operating results in a manner that is focused on the performance of its ongoing operations.

Chunghwa Telecom’s management believes investors will benefit from greater transparency in referring to these non-GAAP financial measures when assessing the Company’s operating results, as well as when forecasting and analyzing future periods. However, the Company recognizes that:

- these non-GAAP financial measures are limited in their usefulness and should be considered only as a supplement to the Company’s T-IFRSs financial measures;
- these non-GAAP financial measures should not be considered in isolation from, or as a substitute for, the Company’s T-IFRSs financial measures;
- these non-GAAP financial measures should not be considered to be superior to the Company’s T-IFRSs financial measures; and
- these non-GAAP financial measures were not prepared in accordance with T-IFRSs and investors should not assume that the non-GAAP financial measures presented in this earnings release were prepared under a comprehensive set of rules or principle.

Further, these non-GAAP financial measures may be unique to Chunghwa Telecom, as they may be different from non-GAAP financial measures used by other companies. As such, this presentation of non-GAAP financial measures may not enhance the comparability of the Company’s results to the results of other companies. Readers are cautioned not to view non-GAAP results as a substitute for results under T-IFRSs, or as being comparable to results reported or forecasted by other companies.

#### **About Chunghwa Telecom**

Chunghwa Telecom (TAIEX 2412, NYSE: CHT) (“Chunghwa” or “the Company”) is Taiwan’s largest integrated telecommunications services company that provides fixed-line, mobile, broadband, and internet services. The Company also provides information and communication technology services to corporate customers with its big data, information security, cloud computing and IDC capabilities, and is expanding its business into innovative technology services such as IoT, AI, etc. In recent years, Chunghwa has been actively involved in corporate social responsibility and has won domestic and international awards and recognition. For more information, please visit our website at [www.cht.com.tw](http://www.cht.com.tw)

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