

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

**Consolidated Financial Statements for the  
Nine Months Ended September 30, 2022 and 2021**

# CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

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

ASSETS	September 30, 2022 (Unaudited)		December 31, 2021 (Audited)		September 30, 2021 (Unaudited)		LIABILITIES AND EQUITY	September 30, 2022 (Unaudited)		December 31, 2021 (Audited)		September 30, 2021 (Unaudited)	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>							<b>CURRENT LIABILITIES</b>						
Cash and cash equivalents	\$ 32,898	7	\$ 39,779	8	\$ 23,577	5	Short-term loans	\$ 592	-	\$ 65	-	\$ 66	-
Financial assets at fair value through profit or loss	4	-	3	-	2	-	Financial liabilities at fair value through profit or loss	-	-	6	-	-	-
Hedging financial assets	13	-	-	-	-	-	Hedging financial liabilities	-	-	8	-	9	-
Contract assets	5,702	1	5,554	1	5,340	1	Contract liabilities	13,612	3	12,234	2	13,905	3
Trade notes and accounts receivable, net	22,279	4	23,947	5	21,382	4	Trade notes and accounts payable	13,161	3	18,063	4	13,696	3
Receivables from related parties	107	-	41	-	66	-	Payables to related parties	476	-	392	-	485	-
Inventories	12,337	2	11,327	2	13,080	3	Current tax liabilities	4,734	1	6,530	1	4,266	1
Prepayments	5,110	1	2,330	-	5,078	1	Lease liabilities	3,216	1	3,211	1	3,243	-
Other current monetary assets	4,362	1	5,061	1	5,242	1	Other payables	20,896	4	24,437	5	23,670	5
Other current assets	4,008	1	2,979	1	3,094	1	Provisions	226	-	285	-	258	-
							Other current liabilities	1,000	-	998	-	921	-
Total current assets	86,820	17	91,021	18	76,861	16	Total current liabilities	57,913	12	66,229	13	60,519	12
<b>NONCURRENT ASSETS</b>							<b>NONCURRENT LIABILITIES</b>						
Financial assets at fair value through profit or loss	1,051	-	909	-	1,231	-	Long-term loans	1,600	-	1,600	-	1,600	-
Financial assets at fair value through other comprehensive income	3,484	1	3,616	1	3,335	1	Bonds payable	30,476	6	26,977	6	26,976	6
Investments accounted for using equity method	6,999	1	7,137	1	7,044	2	Contract liabilities	7,124	2	6,840	1	6,819	1
Contract assets	2,967	1	2,608	1	2,376	-	Deferred income taxes liabilities	2,248	-	2,189	-	2,188	-
Property, plant and equipment	286,301	57	289,100	56	284,621	57	Provisions	157	-	142	-	133	-
Right-of-use assets	11,234	2	11,051	2	10,492	2	Lease liabilities	7,346	2	7,062	1	5,949	1
Investment properties	9,707	2	9,663	2	9,590	2	Customers' deposits	5,076	1	5,336	1	4,827	1
Intangible assets	80,794	16	83,945	16	85,490	17	Net defined benefit liabilities	2,268	-	2,288	1	3,435	1
Deferred income tax assets	2,616	1	2,785	1	3,015	1	Other noncurrent liabilities	6,835	1	5,082	1	3,081	1
Incremental costs of obtaining contracts	967	-	988	-	972	-	Total noncurrent liabilities	63,130	12	57,516	11	55,008	11
Net defined benefit assets	3,901	1	3,391	1	3,929	1	Total liabilities	121,043	24	123,745	24	115,527	23
Prepayments	1,923	-	1,798	-	1,892	-	<b>EQUITY ATTRIBUTABLE TO STOCKHOLDERS OF THE PARENT</b>						
Other noncurrent assets	4,625	1	4,863	1	4,841	1	Common stocks	77,574	15	77,574	15	77,574	16
Total noncurrent assets	416,569	83	421,854	82	418,828	84	Additional paid-in capital	149,827	30	149,810	29	149,808	30
							Retained earnings						
							Legal reserve	77,574	15	77,574	15	77,574	16
							Special reserve	3,084	1	2,676	1	2,676	1
							Unappropriated earnings	62,471	12	70,157	14	61,689	12
							Total retained earnings	143,129	28	150,407	30	141,939	29
							Others	(182)	-	(408)	-	(483)	-
							Total equity attributable to stockholders of the parent	370,348	73	377,383	74	368,838	75
							<b>NONCONTROLLING INTERESTS</b>	11,998	3	11,747	2	11,324	2
							Total equity	382,346	76	389,130	76	380,162	77
<b>TOTAL</b>	<b>\$ 503,389</b>	<b>100</b>	<b>\$ 512,875</b>	<b>100</b>	<b>\$ 495,689</b>	<b>100</b>	<b>TOTAL</b>	<b>\$ 503,389</b>	<b>100</b>	<b>\$ 512,875</b>	<b>100</b>	<b>\$ 495,689</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 September 30				Nine Months Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
REVENUES	\$ 53,508	100	\$ 50,886	100	\$ 157,238	100	\$ 150,588	100
OPERATING COSTS	33,174	62	32,046	63	97,211	62	94,997	63
GROSS PROFIT	20,334	38	18,840	37	60,027	38	55,591	37
OPERATING EXPENSES								
Marketing	5,605	10	5,134	10	16,642	11	15,063	9
General and administrative	1,541	3	1,222	2	4,631	3	3,805	3
Research and development	983	2	936	2	2,785	1	2,704	2
Expected credit loss	21	-	101	-	95	-	188	-
Total operating expenses	8,150	15	7,393	14	24,153	15	21,760	14
OTHER INCOME AND EXPENSES	(2)	-	(5)	-	(6)	-	(2)	-
INCOME FROM OPERATIONS	12,182	23	11,442	23	35,868	23	33,829	23
NON-OPERATING INCOME AND EXPENSES								
Interest income	58	-	28	-	146	-	74	-
Other income	69	-	211	-	323	-	302	-
Other gains and losses	(118)	-	411	1	(165)	-	670	-
Interest expenses	(69)	-	(56)	-	(190)	-	(162)	-
Share of profits of associates and joint ventures accounted for using equity method	79	-	63	-	395	-	179	-
Total non-operating income and expenses	19	-	657	1	509	-	1,063	-
INCOME BEFORE INCOME TAX	12,201	23	12,099	24	36,377	23	34,892	23
INCOME TAX EXPENSE	2,942	5	2,876	6	6,771	4	6,446	4
NET INCOME	9,259	18	9,223	18	29,606	19	28,446	19
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	(4)	-	(241)	-	(128)	-	(1,251)	(1)
Gain or loss on hedging instruments subject to basis adjustment	20	-	5	-	21	-	(11)	-
Share of other comprehensive income (loss) of associates and joint ventures	2	-	-	-	4	-	1	-
Total	18	-	(236)	-	(103)	-	(1,261)	(1)
Items that may be reclassified subsequently to profit or loss:								
Exchange differences arising from the translation of the foreign operations	187	-	(16)	-	339	-	(64)	-

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## 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 September 30				Nine Months Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
Share of other comprehensive income (loss) of associates and joint ventures	\$ 4	-	\$ -	-	\$ 5	-	\$ (1)	-
	<u>191</u>	-	<u>(16)</u>	-	<u>344</u>	-	<u>(65)</u>	-
Total other comprehensive income (loss), net of income tax	<u>209</u>	-	<u>(252)</u>	-	<u>241</u>	-	<u>(1,326)</u>	(1)
TOTAL COMPREHENSIVE INCOME	<u>\$ 9,468</u>	<u>18</u>	<u>\$ 8,971</u>	<u>18</u>	<u>\$ 29,847</u>	<u>19</u>	<u>\$ 27,120</u>	<u>18</u>
NET INCOME ATTRIBUTABLE TO								
Stockholders of the parent	\$ 8,865	17	\$ 8,876	17	\$ 28,466	18	\$ 27,429	18
Noncontrolling interests	<u>394</u>	<u>1</u>	<u>347</u>	<u>1</u>	<u>1,140</u>	<u>1</u>	<u>1,017</u>	<u>1</u>
	<u>\$ 9,259</u>	<u>18</u>	<u>\$ 9,223</u>	<u>18</u>	<u>\$ 29,606</u>	<u>19</u>	<u>\$ 28,446</u>	<u>19</u>
COMPREHENSIVE INCOME ATTRIBUTABLE TO								
Stockholders of the parent	\$ 9,060	17	\$ 8,629	17	\$ 28,694	18	\$ 26,109	17
Noncontrolling interests	<u>408</u>	<u>1</u>	<u>342</u>	<u>1</u>	<u>1,153</u>	<u>1</u>	<u>1,011</u>	<u>1</u>
	<u>\$ 9,468</u>	<u>18</u>	<u>\$ 8,971</u>	<u>18</u>	<u>\$ 29,847</u>	<u>19</u>	<u>\$ 27,120</u>	<u>18</u>
EARNINGS PER SHARE								
Basic	<u>\$1.14</u>		<u>\$1.14</u>		<u>\$3.67</u>		<u>\$3.54</u>	
Diluted	<u>\$1.14</u>		<u>\$1.14</u>		<u>\$3.67</u>		<u>\$3.53</u>	

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**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, 2021	\$ 77,574	\$ 149,790	\$ 77,574	\$ 2,676	\$ 67,574	\$ 147,824	\$ (315)	\$ 1,240	\$ 2	\$ 927	\$ 376,115	\$ 11,158	\$ 387,273
Appropriation of 2020 earnings													
Cash dividends distributed by Chunghwa	-	-	-	-	(33,404)	(33,404)	-	-	-	-	(33,404)	-	(33,404)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(896)	(896)
Unclaimed dividend	-	2	-	-	-	-	-	-	-	-	2	-	2
Change in additional paid-in capital from investments in associates and joint ventures accounted for using equity method	-	-	-	-	-	-	-	-	-	-	-	-	-
Net income for the nine months ended September 30, 2021	-	-	-	-	27,429	27,429	-	-	-	-	27,429	1,017	28,446
Other comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	-	1	1	(65)	(1,245)	(11)	(1,321)	(1,320)	(6)	(1,326)
Total comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	-	27,430	27,430	(65)	(1,245)	(11)	(1,321)	26,109	1,011	27,120
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	89	89	-	(89)	-	(89)	-	-	-
Share-based payment transactions of subsidiaries	-	16	-	-	-	-	-	-	-	-	16	51	67
BALANCE, SEPTEMBER 30, 2021	\$ 77,574	\$ 149,808	\$ 77,574	\$ 2,676	\$ 61,689	\$ 141,939	\$ (380)	\$ (94)	\$ (9)	\$ (483)	\$ 368,838	\$ 11,324	\$ 380,162
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
Appropriation of 2021 earnings													
Special reserve	-	-	-	408	(408)	-	-	-	-	-	-	-	-
Cash dividends distributed by Chunghwa	-	-	-	-	(35,746)	(35,746)	-	-	-	-	(35,746)	-	(35,746)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1,053)	(1,053)
Unclaimed dividend	-	2	-	-	-	-	-	-	-	-	2	-	2
Change in additional paid-in capital from investments in associates and joint ventures accounted for using equity method	-	-	-	-	-	-	-	-	-	-	-	-	-
Net income for the nine months ended September 30, 2022	-	-	-	-	28,466	28,466	-	-	-	-	28,466	1,140	29,606
Other comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	2	2	314	(109)	21	226	228	13	241
Total comprehensive income (loss) for the nine months ended September 30, 2022	-	-	-	-	28,468	28,468	314	(109)	21	226	28,694	1,153	29,847
Share-based payment transactions of subsidiaries	-	15	-	-	-	-	-	-	-	-	15	59	74
Net increase in noncontrolling interests	-	-	-	-	-	-	-	-	-	-	-	92	92
BALANCE, SEPTEMBER 30, 2022	\$ 77,574	\$ 149,827	\$ 77,574	\$ 3,084	\$ 62,471	\$ 143,129	\$ (78)	\$ (117)	\$ 13	\$ (182)	\$ 370,348	\$ 11,998	\$ 382,346

# CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Millions of New Taiwan Dollars)

(Unaudited)

	<b>Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 36,377	\$ 34,892
Adjustments to reconcile income before income tax to net cash provided by operating activities:		
Depreciation	24,583	23,748
Amortization	4,962	4,924
Amortization of incremental costs of obtaining contracts	628	602
Expected credit loss	95	188
Interest expense	190	162
Interest income	(146)	(74)
Dividend income	(157)	(139)
Compensation cost of share-based payment transactions	12	14
Share of profits of associates and joint ventures accounted for using equity method	(395)	(179)
Loss on disposal of property, plant and equipment	6	2
Gain on disposal of financial instruments	(1)	-
Loss (gain) on disposal of investments accounted for using equity method	1	(3)
Provision for impairment loss and obsolescence of inventory	72	83
Valuation loss (gain) on financial assets and liabilities at fair value through profit or loss, net	141	(527)
Others	182	(128)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Contract assets	(507)	111
Trade notes and accounts receivable	1,602	1,127
Receivables from related parties	(66)	164
Inventories	(1,082)	(754)
Prepayments	(2,905)	(2,450)
Other current monetary assets	(464)	(408)
Other current assets	(1,029)	(745)
Incremental cost of obtaining contracts	(607)	(574)
Increase (decrease) in:		
Contract liabilities	1,662	(1)
Trade notes and accounts payable	(4,900)	(1,896)
Payables to related parties	84	(161)
Other payables	(2,056)	(1,178)
Provisions	(44)	(23)

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# CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Millions of New Taiwan Dollars)

(Unaudited)

	<b>Nine Months Ended September 30</b>	
	<b>2022</b>	<b>2021</b>
Other current liabilities	\$ 39	\$ (91)
Net defined benefit plans	<u>(530)</u>	<u>(537)</u>
Cash generated from operations	55,747	56,149
Interests paid	(209)	(171)
Income taxes paid	<u>(8,338)</u>	<u>(7,999)</u>
Net cash provided by operating activities	<u>47,200</u>	<u>47,979</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income	(3)	(103)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	2,906
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	7	-
Acquisition of financial assets at fair value through profit or loss	(326)	(44)
Proceeds from disposal of financial assets at fair value through profit or loss	15	25
Proceeds from capital reduction of financial assets at fair value through profit or loss	66	-
Acquisition of time deposits and negotiable certificates of deposit with maturities of more than three months	(5,136)	(16,221)
Proceeds from disposal of time deposits and negotiable certificates of deposit with maturities of more than three months	6,466	17,252
Acquisition of investments accounted for using equity method	(20)	(330)
Proceeds from disposal of investments accounted for using equity method	-	9
Proceeds from capital reduction of investments accounted for using equity method	340	-
Acquisition of property, plant and equipment	(20,219)	(23,031)
Proceeds from disposal of property, plant and equipment	5	20
Acquisition of intangible assets	(1,810)	(128)
Acquisition of investment properties	(18)	-
Decrease in other noncurrent assets	205	346
Interests received	144	75
Dividends received	<u>271</u>	<u>335</u>
Net cash used in investing activities	<u>(20,013)</u>	<u>(18,889)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term loans	935	179
Repayments of short-term loans	(408)	(180)
Proceeds from short-term bills payable	-	5,000
Repayments of short-term bills payable	-	(12,000)

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# CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Millions of New Taiwan Dollars)

(Unaudited)

	<u>Nine Months Ended September 30</u>	
	<u>2022</u>	<u>2021</u>
Proceeds from issuance of bonds	\$ 3,500	\$ 7,000
Payments for transaction costs attributable to the issuance of bonds	(4)	(8)
Decrease in customers' deposits	(298)	(31)
Payments for the principal of lease liabilities	(2,993)	(2,834)
Increase in other noncurrent liabilities	1,753	1,191
Cash dividends paid	(35,746)	(33,404)
Cash dividends distributed to noncontrolling interests	(1,048)	(893)
Change in other noncontrolling interests	154	53
Unclaimed dividend	<u>2</u>	<u>2</u>
Net cash used in financing activities	<u>(34,153)</u>	<u>(35,925)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>85</u>	<u>(8)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,881)	(6,843)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>39,779</u>	<u>30,420</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 32,898</u>	<u>\$ 23,577</u>

(Concluded)



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

## **NOTE TO CONSOLIDATED FINANCIAL STATEMENTS NINE MONTHS ENDED SEPTEMBER 30, 2022 and 2021 (Unaudited)**

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### **STATEMENT OF COMPLIANCE**

The Company has prepared its consolidated balance sheets as of September 30, 2022 and 2021, the related consolidated statements of comprehensive income for the three months ended September 30, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the nine months ended September 30, 2022 and 2021 in accordance with International Accounting Standards No. 34 “Interim Financial Reporting” as issued by the International Accounting Standard 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.