

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

**Consolidated Financial Statements for the
Three Months Ended March 31, 2024 and 2023**

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Millions of New Taiwan Dollars)

ASSETS	March 31, 2024 (Unaudited)		December 31, 2023 (Audited)		March 31, 2023 (Unaudited)		LIABILITIES AND EQUITY	March 31, 2024 (Unaudited)		December 31, 2023 (Audited)		March 31, 2023 (Unaudited)	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							CURRENT LIABILITIES						
Cash and cash equivalents	\$ 33,330	6	\$ 33,824	6	\$ 38,716	7	Short-term loans	\$ 465	-	\$ 585	-	\$ 342	-
Financial assets at fair value through profit or loss	1	-	1	-	4	-	Financial liabilities at fair value through profit or loss	-	-	-	-	-	-
Hedging financial assets	-	-	-	-	1	-	Hedging financial liabilities	-	-	-	-	-	-
Contract assets	6,986	2	6,713	1	6,124	1	Contract liabilities	14,293	3	14,088	3	12,898	2
Trade notes and accounts receivable, net	22,624	4	24,842	5	20,990	4	Trade notes and accounts payable	9,806	2	14,396	3	9,973	2
Receivables from related parties	77	-	78	-	48	-	Payables to related parties	186	-	385	-	278	-
Inventories	11,113	2	11,521	2	12,024	2	Current tax liabilities	9,313	2	6,613	1	9,732	2
Prepayments	5,921	1	2,840	1	5,484	1	Lease liabilities	3,449	1	3,505	1	3,319	1
Other current monetary assets	27,795	5	20,352	4	19,981	4	Other payables	22,937	4	25,257	5	21,965	4
Incremental costs of obtaining contracts	271	-	211	-	-	-	Provisions	317	-	337	-	223	-
Other current assets	3,121	1	2,822	1	3,842	1	Current portion of long-term loans	1,600	-	1,600	-	-	-
Total current assets	111,239	21	103,204	20	107,214	20	Other current liabilities	982	-	984	-	974	-
							Total current liabilities	63,348	12	67,750	13	59,704	11
NONCURRENT ASSETS							NONCURRENT LIABILITIES						
Financial assets at fair value through profit or loss	1,080	-	1,036	-	1,074	-	Long-term loans	-	-	-	-	1,600	-
Financial assets at fair value through other comprehensive income	5,069	1	4,412	1	4,040	1	Bonds payable	30,484	6	30,483	6	30,479	7
Investments accounted for using equity method	8,362	2	8,252	2	7,035	1	Contract liabilities	7,559	2	7,560	2	7,665	2
Contract assets	4,017	1	3,769	1	3,345	1	Deferred income tax liabilities	2,517	1	2,461	1	2,336	-
Property, plant and equipment	287,065	54	292,338	56	289,265	56	Provisions	492	-	485	-	465	-
Right-of-use assets	11,123	2	11,238	2	11,094	2	Lease liabilities	7,399	1	7,470	1	7,244	2
Investment properties	11,517	2	9,805	2	8,993	2	Customers' deposits	5,105	1	5,309	1	5,012	1
Intangible assets	71,096	13	72,727	14	77,557	15	Net defined benefit liabilities	2,126	-	2,098	-	2,267	-
Deferred income tax assets	2,076	1	2,099	-	2,154	-	Other noncurrent liabilities	7,125	1	7,406	1	6,759	1
Incremental costs of obtaining contracts	976	-	939	-	955	-	Total noncurrent liabilities	62,807	12	63,272	12	63,827	13
Net defined benefit assets	6,138	1	5,963	1	5,429	1	Total liabilities	126,155	24	131,022	25	123,531	24
Prepayments	3,618	1	3,330	-	1,695	-							
Other noncurrent assets	4,803	1	4,629	1	4,473	1	EQUITY ATTRIBUTABLE TO STOCKHOLDERS OF THE PARENT						
Total noncurrent assets	416,940	79	420,537	80	417,109	80	Common stocks	77,574	15	77,574	15	77,574	15
							Additional paid-in capital	149,828	28	149,828	29	149,853	29
							Retained earnings						
							Legal reserve	77,574	15	77,574	15	77,574	15
							Special reserve	2,899	-	2,899	-	3,084	-
							Unappropriated earnings	81,069	16	72,059	14	80,448	15
							Total retained earnings	161,542	31	152,532	29	161,106	30
							Others	1,081	-	353	-	267	-
							Total equity attributable to stockholders of the parent	390,025	74	380,287	73	388,800	74
							NONCONTROLLING INTERESTS	11,999	2	12,432	2	11,992	2
							Total equity	402,024	76	392,719	75	400,792	76
TOTAL	\$ 528,179	100	\$ 523,741	100	\$ 524,323	100	TOTAL	\$ 528,179	100	\$ 523,741	100	\$ 524,323	100

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			
	2024		2023	
	Amount	%	Amount	%
REVENUES	\$ 54,943	100	\$ 54,211	100
OPERATING COSTS	<u>34,454</u>	<u>63</u>	<u>33,630</u>	<u>62</u>
GROSS PROFIT	<u>20,489</u>	<u>37</u>	<u>20,581</u>	<u>38</u>
OPERATING EXPENSES				
Marketing	5,931	10	5,672	11
General and administrative	1,637	3	1,657	3
Research and development	943	2	978	2
Expected credit loss	<u>56</u>	<u>-</u>	<u>100</u>	<u>-</u>
Total operating expenses	<u>8,567</u>	<u>15</u>	<u>8,407</u>	<u>16</u>
OTHER INCOME AND EXPENSES	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>
INCOME FROM OPERATIONS	<u>11,925</u>	<u>22</u>	<u>12,174</u>	<u>22</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income	156	-	118	-
Other income	38	-	45	-
Other gains and losses	15	-	(104)	-
Interest expense	(83)	-	(76)	-
Share of profits of associates and joint ventures accounted for using equity method	<u>13</u>	<u>-</u>	<u>97</u>	<u>-</u>
Total non-operating income and expenses	<u>139</u>	<u>-</u>	<u>80</u>	<u>-</u>
INCOME BEFORE INCOME TAX	12,064	22	12,254	22
INCOME TAX EXPENSE	<u>2,814</u>	<u>5</u>	<u>2,832</u>	<u>5</u>
NET INCOME	<u>9,250</u>	<u>17</u>	<u>9,422</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	627	1	549	1
Gain or loss on hedging instruments subject to basis adjustment	-	-	(12)	-

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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 March 31			
	2024		2023	
	Amount	%	Amount	%
Share of other comprehensive income of associates and joint ventures	\$ <u>-</u>	<u>-</u>	\$ <u>10</u>	<u>-</u>
	<u>627</u>	<u>1</u>	<u>547</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising from the translation of the foreign operations	104	-	(47)	-
Share of other comprehensive loss of associates and joint ventures	<u>25</u>	<u>-</u>	<u>(1)</u>	<u>-</u>
	<u>129</u>	<u>-</u>	<u>(48)</u>	<u>-</u>
Total other comprehensive income, net of income tax	<u>756</u>	<u>1</u>	<u>499</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 10,006</u>	<u>18</u>	<u>\$ 9,921</u>	<u>18</u>
NET INCOME ATTRIBUTABLE TO				
Stockholders of the parent	\$ 9,010	17	\$ 9,170	17
Noncontrolling interests	<u>240</u>	<u>-</u>	<u>252</u>	<u>-</u>
	<u>\$ 9,250</u>	<u>17</u>	<u>\$ 9,422</u>	<u>17</u>
COMPREHENSIVE INCOME ATTRIBUTABLE TO				
TO				
Stockholders of the parent	\$ 9,738	18	\$ 9,670	18
Noncontrolling interests	<u>268</u>	<u>-</u>	<u>251</u>	<u>-</u>
	<u>\$ 10,006</u>	<u>18</u>	<u>\$ 9,921</u>	<u>18</u>
EARNINGS PER SHARE				
Basic	<u>\$1.16</u>		<u>\$1.18</u>	
Diluted	<u>\$1.16</u>		<u>\$1.18</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, 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	<u>\$ 77,574</u>	<u>\$ 149,853</u>	<u>\$ 77,574</u>	<u>\$ 3,084</u>	<u>\$ 80,448</u>	<u>\$ 161,106</u>	<u>\$ (156)</u>	<u>\$ 422</u>	<u>\$ 1</u>	<u>\$ 267</u>	<u>\$ 388,800</u>	<u>\$ 11,992</u>	<u>\$ 400,792</u>
BALANCE, JANUARY 1, 2024	\$ 77,574	\$ 149,828	\$ 77,574	\$ 2,899	\$ 72,059	\$ 152,532	\$ (168)	\$ 521	\$ -	\$ 353	\$ 380,287	\$ 12,432	\$ 392,719
Cash dividends by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(717)	(717)
Net income for the three months ended March 31, 2024	-	-	-	-	9,010	9,010	-	-	-	-	9,010	240	9,250
Other comprehensive income for the three months ended March 31, 2024	-	-	-	-	-	-	101	627	-	728	728	28	756
Total comprehensive income for the three months ended March 31, 2024	-	-	-	-	9,010	9,010	101	627	-	728	9,738	268	10,006
Share-based payment transactions of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	16	16
BALANCE, MARCH 31, 2024	<u>\$ 77,574</u>	<u>\$ 149,828</u>	<u>\$ 77,574</u>	<u>\$ 2,899</u>	<u>\$ 81,069</u>	<u>\$ 161,542</u>	<u>\$ (67)</u>	<u>\$ 1,148</u>	<u>\$ -</u>	<u>\$ 1,081</u>	<u>\$ 390,025</u>	<u>\$ 11,999</u>	<u>\$ 402,024</u>

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Millions of New Taiwan Dollars)

(Unaudited)

	Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 12,064	\$ 12,254
Adjustments to reconcile income before income tax to net cash provided by operating activities:		
Depreciation	8,236	8,204
Amortization	1,672	1,678
Amortization of incremental costs of obtaining contracts	215	214
Expected credit loss	56	100
Interest expense	83	76
Interest income	(156)	(118)
Compensation cost of share-based payment transactions	3	3
Share of profits of associates and joint ventures accounted for using equity method	(13)	(97)
Loss (gain) on disposal of property, plant and equipment	(3)	-
Gain on disposal of financial instruments	(1)	-
Gain on disposal of investments accounted for using equity method	(77)	-
Provision for impairment loss and obsolescence of inventory	26	5
Valuation loss on financial assets and liabilities at fair value through profit or loss, net	62	46
Others	15	9
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Contract assets	(521)	(277)
Trade notes and accounts receivable	2,163	3,586
Receivables from related parties	1	27
Inventories	382	(713)
Prepayments	(3,028)	(3,053)
Other current monetary assets	33	(503)
Other current assets	(299)	(287)
Incremental cost of obtaining contracts	(312)	(189)
Increase (decrease) in:		
Contract liabilities	204	(501)
Trade notes and accounts payable	(4,589)	(6,456)
Payables to related parties	(199)	(261)
Other payables	(1,628)	(2,537)
Provisions	(13)	289
Other current liabilities	(1)	(33)
Net defined benefit plans	(147)	(182)
Cash generated from operations	14,228	11,284
Interests paid	(65)	(58)
Income taxes paid	(35)	(20)
Net cash provided by operating activities	<u>14,128</u>	<u>11,206</u>

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CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Millions of New Taiwan Dollars)

(Unaudited)

	Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	\$ (30)	\$ -
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	3	-
Acquisition of financial assets at fair value through profit or loss	(109)	(100)
Proceeds from disposal of financial assets at fair value through profit or loss	5	-
Proceeds from capital reduction and profit distribution of financial assets at fair value through profit or loss	-	-
Acquisition of time deposits, negotiable certificates of deposit and commercial paper with maturities of more than three months	(19,414)	(16,106)
Proceeds from disposal of time deposits, negotiable certificates of deposit and commercial paper with maturities of more than three months	11,842	261
Acquisition of property, plant and equipment	(5,043)	(5,418)
Proceeds from disposal of property, plant and equipment	5	3
Acquisition of intangible assets	(40)	(46)
Decrease (increase) in other noncurrent assets	(165)	212
Increase in prepayments for leases	(341)	-
Interests received	149	99
Dividends received	<u>151</u>	<u>-</u>
Net cash used in investing activities	<u>(12,987)</u>	<u>(21,095)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term loans	265	856
Repayments of short-term loans	(385)	(1,236)
Decrease in customers' deposits	(205)	(153)
Payments for the principal of lease liabilities	(1,055)	(1,091)
Increase (decrease) in other noncurrent liabilities	(281)	33
Cash dividends distributed to noncontrolling interests	(4)	(6)
Change in other noncontrolling interests	<u>13</u>	<u>15</u>
Net cash used in financing activities	<u>(1,652)</u>	<u>(1,582)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>17</u>	<u>(6)</u>

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CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Millions of New Taiwan Dollars)

(Unaudited)

	Three Months Ended March 31	
	2024	2023
NET DECREASE IN CASH AND CASH EQUIVALENTS	\$ (494)	\$ (11,477)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>33,824</u>	<u>50,193</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 33,330</u>	<u>\$ 38,716</u> (Concluded)

CHUNGHWA TELECOM CO., LTD. AND SUBSIDIARIES

NOTE TO CONSOLIDATED FINANCIAL STATEMENTS

Three Months Ended March 31, 2024 and 2023

(Unaudited)

STATEMENT OF COMPLIANCE

The Company has prepared its consolidated balance sheets as of March 31, 2024 and 2023, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2024 and 2023 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.