HTC CORPORATION

4Q21 RESULTS SUMMARY

DISCLAIMER STATEMENT

- This presentation and release contain “forward-looking statements” which may include projections of future results of operations, financial condition or business prospects based on our own information and other sources.

- Our actual results of operations, financial condition or business prospects may differ from those expressed or implied in these forward-looking statements for a variety of reasons, including but not limited to market demand, price fluctuations, competition, international economic conditions, supply chain issues, exchange rate fluctuations and other risks and factors beyond our control.

- The forward-looking statements in this release reflect the current belief of HTC as of the date of this release. HTC undertakes no obligation to update these forward-looking statements for events or circumstances that occur subsequent to such date.

EXECUTIVE SUMMARY

4Q21 Financial Highlights:

- Quarterly revenue of NT$1.39 billion with a gross margin of 33.7%, a sequential increase of 2.1%.
- Quarterly operating loss of NT$0.91 billion with an operating margin of -65.3%.
- Quarterly net loss attributable to owners of the parent was NT$0.73 billion, or an EPS of -NT$0.89.

2021 Financial Highlights:

- FY2021 revenue of NT$5.25 billion with a gross margin of 31.1%, a sequential increase of 4.1%.
- FY2021 operating loss of NT$4.12 billion with an operating margin of -78.4%.
- FY2021 net loss attributable to owners of the parent was NT$3.07 billion, or an EPS of -NT$3.75.

EXECUTIVE SUMMARY

4Q21 Business Update:

- HTC VIVE introduced a new category of immersive glasses with the launch of VIVE Flow, taking XR to the next level with its lightweight, portable form factor.

- HTC VIVE Focus 3 announced new features for multi-person experiences that support greater play areas and reduce friction in the environment recalibration process. Also added significant performance, stability and accuracy improvements to hand tracking, and received certification to support WiFi 6E in the U.S. and parts of Europe.

EXECUTIVE SUMMARY

4Q21 Business Update:

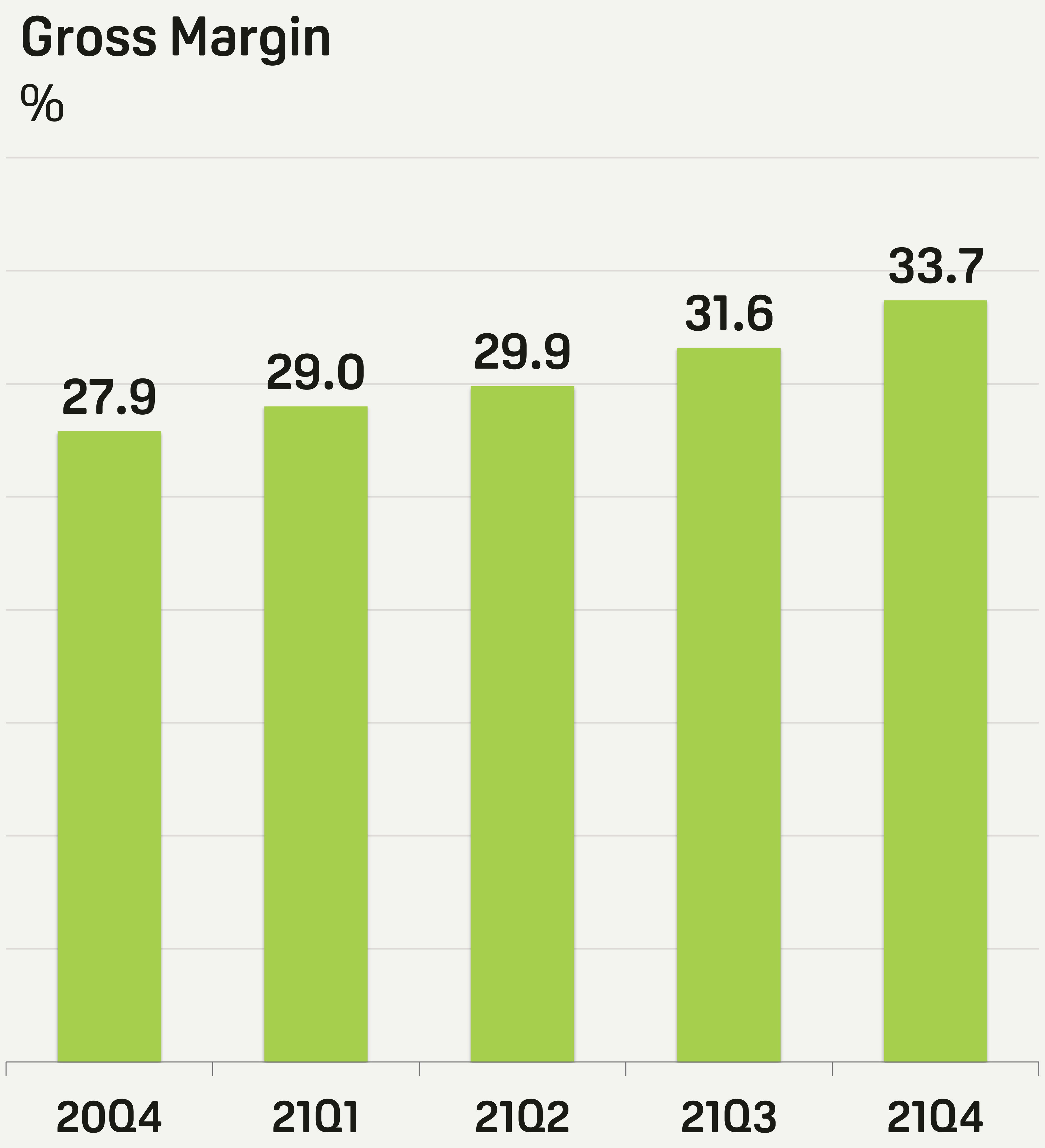
- VIVE Arts launched a new NFT art trading platform, marking the next stage in VIVE Arts' development as it builds a complete ecosystem for digital art. It also partnered with artist and filmmaker Marco Brambilla to debut 'Heaven's Gate' in VR on VIVE Flow at Art Basel Miami Beach. In addition, VIVE Arts has teamed up with the Mucha Foundation to offer NFT editions of art nouveau icon Alphonse Mucha's works.

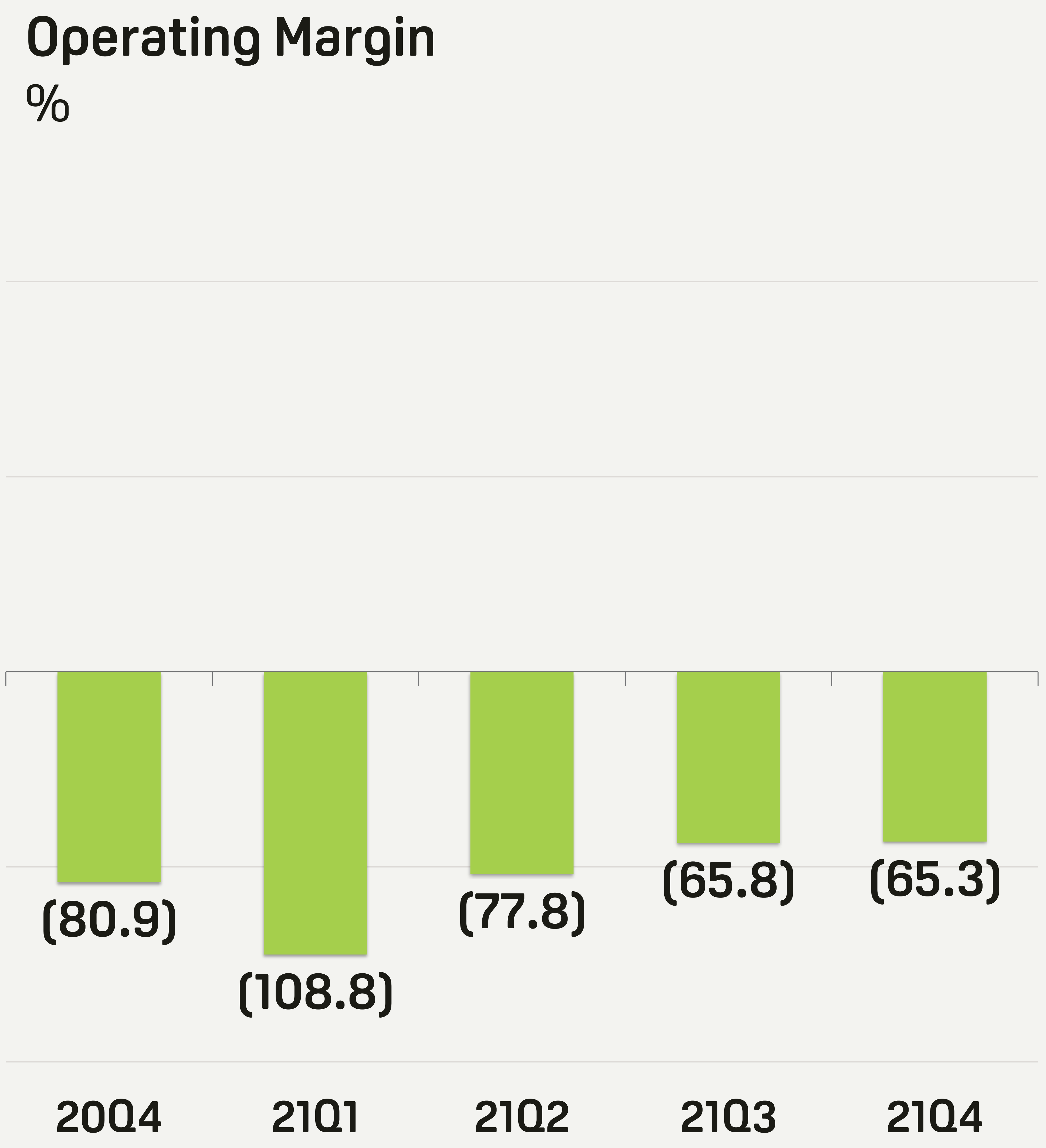
- HTC VIVE collaborated with China Mobile Migu to launch the CMCC Cloud VR-VIVEPORT joint VR app store, the first 5G and XR joint VR app store in the industry. VIVEPORT also announced its first co-produced anime, "BIRDIE WING – Golf Girls' Story" in collaboration with Bandai Namco Pictures to be released in 2022.

- HTC VIVE received certification in the ISO27001 and ISO27701 global standards as part of its continuous effort to uphold the privacy and security of all of its customers and business partners worldwide.

REVENUES AND OPERATING PROFIT

GROSS AND OPERATING MARGINS





4Q 2021 P&L (CONSOLIDATED)

NT$bn	4Q20	3Q21	4Q21
REVENUES	1.6	1.3	**1.4**
GROSS PROFIT	0.4	0.4	**0.5**
OPERATING EXPENSE	1.7	1.3	**1.4**
SALES MKTING.	0.4	0.4	**0.4**
RESEARCH DEV.	0.8	0.5	**0.5**
GENERAL ADM.	0.5	0.4	**0.5**
OPERATING PROFIT (LOSS)	-1.3	-0.9	**-0.9**
NPBT	-1.1	-0.8	**-0.7**
NPAT[1]	-1.1	-0.8	**-0.7**
GROSS MARGIN (%)	27.9%	31.6%	**33.7%**
OPERATING MARGIN (%)	-80.9%	-65.8%	**-65.3%**
EPS[2] (NT$)	-1.29	-0.94	**-0.89**

1 Attributable to stockholders of parent company, excluding minority interest.
2 EPS was calculated based on number of outstanding shares at that time.

4Q 2021 BALANCE SHEET (CONSOLIDATED)

NT$bn	Dec 31, 20	Sep 30, 21	Dec 31, 21
TOTAL ASSETS	45.1	44.8	**44.2**
Cash[1]	26.0	23.9	**23.6**
AR	0.5	0.5	**0.4**
INVENTORY	1.5	1.7	**1.6**
OTHER ASSETS	17.1	18.7	**18.6**
TOTAL LIABILITIES	15.1	17.2	**17.0**
TOTAL EQUITY[2]	29.9	27.6	**27.2**

1. Includes time deposits with original maturities more than 3 months
2. Attributable to stockholders of parent company, excluding minority interest.

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HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021		2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 16,576,907	38	$ 16,375,830	36
Financial assets at fair value through profit or loss - current (Notes 7 and 32)	107,071	-	173,357	-
Financial assets at fair value through other comprehensive income - current (Notes 8 and 32)	77,436	-	68,774	-
Notes, trade receivables, net (Notes 10 and 33)	448,207	1	475,713	1
Other receivables (Note 10)	50,059	-	78,017	-
Current tax assets (Note 27)	178,560	-	242,033	1
Inventories (Note 11)	1,649,574	4	1,527,103	4
Prepayments (Note 12)	325,012	1	269,094	1
Other current financial assets (Notes 9 and 34)	7,022,286	16	9,470,781	21
Other current assets	678	-	2,225	-
Total current assets	26,435,790	60	28,682,927	64
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 7 and 32)	334,839	1	336,918	1
Financial assets at fair value through other comprehensive income - non-current (Notes 8, 29 and 32)	2,692,523	6	1,560,351	4
Investments accounted for using equity method (Note 14 and 29)	1,017,149	2	549,657	1
Property, plant and equipment (Notes 15, 33 and 34)	7,485,331	17	7,666,798	17
Right-of-use assets (Note 16)	185,927	1	139,026	-
Investment properties, net (Notes 17 and 34)	2,378,455	5	2,181,884	5
Intangible assets (Note 18)	34,334	-	101,943	-
Deferred tax assets (Note 27)	3,183,462	7	3,328,452	7
Refundable deposits (Note 31)	13,090	-	27,139	-
Net defined benefit assets - non-current (Note 23)	346,814	1	331,282	1
Other non-current financial assets (Notes 9 and 34)	69,208	-	142,483	-
Other non-current assets (Note 12)	8,035	-	17,477	-
Total non-current assets	17,749,167	40	16,383,410	36
TOTAL	$ 44,184,957	100	$ 45,066,337	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 19 and 34)	$ 2,600,000	6	$ 900,000	2
Financial liabilities at fair value through profit or loss - current (Notes 7 and 32)	81,706	-	90,599	-
Trade payables (Notes 20 and 33)	5,464,538	12	6,028,712	14
Other payables (Notes 21 and 33)	4,857,019	11	5,689,212	13
Current tax liabilities (Note 27)	49,542	-	63,961	-
Provisions - current (Note 22)	1,126,314	3	1,410,042	3
Lease liabilities - current (Notes 16 and 33)	54,524	-	68,220	-
Other current liabilities (Note 21)	334,887	1	524,278	1
Total current liabilities	14,568,530	33	14,775,024	33
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 19 and 34)	2,000,000	5	-	-
Deferred tax liabilities (Note 27)	94,090	-	86,253	-
Lease liabilities - non-current (Notes 16 and 33)	137,371	-	81,834	-
Guarantee deposits received (Note 32)	162,064	-	169,650	1
Total non-current liabilities	2,393,525	5	337,737	1
Total liabilities	16,962,055	38	15,112,761	34
EQUITY (Note 24)				
Share capital - ordinary shares	8,245,050	19	8,186,444	18
Capital surplus	16,005,339	36	15,761,158	35
Retained earnings				
Legal reserve	12,335,031	28	15,725,509	35
Special reserve	3,080,480	7	3,080,480	7
Accumulated deficits	(7,226,492)	(16)	(7,390,476)	(17)
Other equity	(5,216,506)	(12)	(5,470,576)	(12)
Total equity attributable to owners of the parent	27,222,902	62	29,892,539	66
NON-CONTROLLING INTERESTS	-	-	61,037	-
Total equity	27,222,902	62	29,953,576	66
TOTAL	$ 44,184,957	100	$ 45,066,337	100

The accompanying notes are an integral part of the consolidated financial statements.

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 25 and 33)	$ 5,253,279	100	$ 5,805,708	100
OPERATING COSTS (Notes 11, 26 and 33)	3,617,222	69	4,240,944	73
GROSS PROFIT	1,636,057	31	1,564,764	27
OPERATING EXPENSES (Notes 26 and 33)				
Selling and marketing	1,588,039	30	1,767,310	30
General and administrative	1,908,121	36	2,604,176	45
Research and development	2,256,331	43	3,584,671	62
Total operating expenses	5,752,491	109	7,956,157	137
OPERATING LOSS	(4,116,434)	(78)	(6,391,393)	(110)
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 26)	118,150	2	218,526	4
Other income (Notes 26 and 33)	925,573	18	1,052,775	18
Other gains and losses (Notes 12, 14, 15, 18 and 26)	123,126	2	(883,458)	(15)
Finance costs (Notes 26 and 33)	(52,680)	(1)	(14,787)	(1)
Share of profit or loss of associates (Note 14)	(102,300)	(2)	(8,212)	-
Total non-operating income and expenses	1,011,869	19	364,844	6
LOSS BEFORE INCOME TAX	(3,104,565)	(59)	(6,026,549)	(104)
INCOME TAX BENEFIT (Note 27)	2,748	-	3,951	-
LOSS FOR THE YEAR	(3,101,817)	(59)	(6,022,598)	(104)
OTHER COMPREHENSIVE INCOME AND LOSS, NET OF INCOME TAX				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 23)	18,480	-	2,075	-
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income	916,659	18	1,611,514	28
Income tax relating to items that will not be reclassified to profit or loss (Note 27)	(2,218)	-	(249)	-
	932,921	18	1,613,340	28

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HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	$ (832,837)	(16)	$ (799,199)	(14)
Other comprehensive income and loss for the year, net of income tax	100,084	2	814,141	14
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	$ (3,001,733)	(57)	$ (5,208,457)	(90)
NET LOSS FOR THE YEAR ATTRIBUTABLE TO				
Owners of the parent	$ (3,073,132)	(58)	$ (5,949,942)	(103)
Non-controlling interests	(28,685)	(1)	(72,656)	(1)
	$ (3,101,817)	(59)	$ (6,022,598)	(104)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO				
Owners of the parent	$ (2,972,424)	(57)	$ (5,125,981)	(88)
Non-controlling interests	(29,309)	-	(82,476)	(2)
	$ (3,001,733)	(57)	$ (5,208,457)	(90)
LOSS PER SHARE (Note 28)				
Basic	$ (3.75)		$ (7.27)	

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Parent									
						Other Equity				
	Share Capital		Retained Earnings							
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Accumulated Deficits	Exchange Differences on Translating Foreign Operations	Unrealized Losses on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Non-controlling Interests	Total Equity
BALANCE, JANUARY 1, 2020	$ 8,188,086	$ 15,594,766	$ 18,895,136	$ 3,080,480	$ (7,169,626)	$ (2,738,857)	$ (996,215)	$ 34,853,770	$ 143,513	$ 34,997,283
Legal reserve in covering accumulated deficits	-	-	(3,169,627)	-	3,169,627	-	-	-	-	-
Net loss for the year ended December 31, 2020	-	-	-	-	(5,949,942)	-	-	(5,949,942)	(72,656)	(6,022,598)
Other comprehensive income and loss for the year ended December 31, 2020	-	-	-	-	1,826	(789,379)	1,611,514	823,961	(9,820)	814,141
Share-based payments	(1,642)	166,392	-	-	-	-	-	164,750	-	164,750
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	2,557,639	-	(2,557,639)	-	-	-
BALANCE, DECEMBER 31, 2020	8,186,444	15,761,158	15,725,509	3,080,480	(7,390,476)	(3,528,236)	(1,942,340)	29,892,539	61,037	29,953,576
Appropriation of 2020 earnings Legal reserve in covering accumulated deficits	-	-	(3,390,478)	-	3,390,478	-	-	-	-	-
Net loss for the year ended December 31, 2021	-	-	-	-	(3,073,132)	-	-	(3,073,132)	(28,685)	(3,101,817)
Other comprehensive income and loss for the year ended December 31, 2021	-	-	-	-	16,262	(832,213)	916,659	100,708	(624)	100,084
Issuance of shares due to exercise of employee share options	58,606	149,445	-	-	-	-	-	208,051	-	208,051
Change in non-controlling interests	-	-	-	-	-	-	-	-	(31,728)	(31,728)
Share-based payments	-	94,736	-	-	-	-	-	94,736	-	94,736
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	(169,624)	-	169,624	-	-	-
BALANCE, DECEMBER 31, 2021	$ 8,245,050	$ 16,005,339	$ 12,335,031	$ 3,080,480	$ (7,226,492)	$ (4,360,449)	$ (856,057)	$ 27,222,902	$ -	$ 27,222,902

The accompanying notes are an integral part of the consolidated financial statements.

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	$ (3,104,565)	$ (6,026,549)
Adjustments for:		
Depreciation expense	495,510	627,208
Amortization expense	6,085	8,285
Expected credit loss reversed on trade receivables	(20,000)	(160,000)
Finance costs	52,680	14,787
Interest income	(118,150)	(218,526)
Dividend income	(10,951)	(1,814)
Compensation costs of employee share-based payments	94,736	164,750
Share of the loss of associates	102,300	8,212
Net loss on disposal of property, plant and equipment	7,048	12,003
Net loss on disposal of intangible assets	150	290
Net gain on disposal of subsidiary	(732,929)	-
Impairment loss on non-financial assets	506,749	353,877
Gain from lease modifications	(2,054)	(14,134)
Changes in operating assets and liabilities		
Decrease (increase) in financial assets mandatorily classified as at fair value through profit or loss	57,393	(133,458)
Decrease in note and trade receivables	41,638	106,665
Decrease in other receivables	19,470	42,793
(Increase) decrease in inventories	(259,482)	485,910
(Increase) decrease in prepayments	(61,699)	147,105
Increase in other current assets	(4)	(582)
Decrease (increase) in other non-current assets	6,218	(41,156)
Decrease in trade payables	(564,174)	(859,459)
Decrease in other payables	(636,583)	(1,283,992)
Decrease in provisions	(283,728)	(384,194)
Decrease in other current liabilities	(179,826)	(440,194)
Cash used in operations	(4,584,168)	(7,592,173)
Interest received	136,661	206,539
Interest paid	(49,582)	(14,403)
Income tax refund (paid)	1,942	(81,834)
Net cash used in operating activities	(4,495,147)	(7,481,871)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(711,737)	(87,329)
Proceeds from disposal of financial assets at fair value through other comprehensive income	90,064	2,625,998
Return of investments accounted for fair value through other comprehensive income	333,816	57,414
Purchase of financial assets at fair value through profit or loss	(11,983)	(13,198)
Acquisition of investments accounted for using the equity method	(85,122)	(100,943)

(Continued)

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
Net cash decrease in loss of control of subsidiary	$ (68,432)	$ -
Payments for property, plant and equipment	(100,484)	(237,628)
Proceeds from disposal of property, plant and equipment	24,299	5,236
Decrease in refundable deposits	14,049	83,386
Payments for intangible assets	(2,885)	(1,306)
Proceeds from disposal of intangible assets	181	40
Payments for investment properties	(475,708)	(187,146)
Increase in other financial assets	-	(6,625,409)
Decrease in other financial assets	2,521,770	-
Dividend received	10,951	1,814
Net cash generated from (used in) investing activities	1,538,779	(4,479,071)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	1,700,000	900,000
Increase in long-term borrowings	2,000,000	-
Proceeds from guarantee deposits received	-	4,781
Refund of guarantee deposits received	(7,586)	-
Repayment of the principal portion of lease liabilities	(69,236)	(103,497)
Employee share options executed	208,051	-
Net cash generated from financing activities	3,831,229	801,284
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(673,784)	(608,273)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	201,077	(11,767,931)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	16,375,830	28,143,761
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 16,576,907	$ 16,375,830

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)