HTC CORPORATION

1Q22 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

1Q22 Financial Highlights:

- Quarterly revenue of NT$1.10 billion with a gross margin of 37.8%, up 4.1% sequentially.
- Quarterly operating loss of NT$1.04 billion with an operating margin of -94.6%.
- Quarterly net loss attributable to owners of the parent was NT$0.76 billion, or an EPS of -NT$0.92.

EXECUTIVE SUMMARY

1Q22 Business Update:

- At MWC 2022 HTC announced VIVERSE, a "world within the metaverse; an immersive, boundless universe of fantastic new experiences, and a seamless gateway to other universes in collaboration with our partners from the time you wake up in the morning until the time you go to sleep at night." VIVE Connect and VIVE Guardian were announced as part of VIVERSE.

- HTC VIVE received two awards for innovation: the 2022 CES Innovation Award for VIVE Pro 2, and Fast Company's Most Innovative Company Award.

- HTC VIVE launched VIVE Wrist Tracker, the first inside-out tracker for VIVE Focus 3, at CES 2022. VIVE Wrist Tracker delivers accurate tracking for occluded objects, hand-to-elbow tracking in VR, and allows for the potential to bring real-world objects into VR environments.

EXECUTIVE SUMMARY

1Q22 Business Update:

- At MWC 2022 HTC announced its Reign Core private 5G solution, which will enable businesses to deploy VR headsets at scale while still maintaining low latency and high-quality visuals.

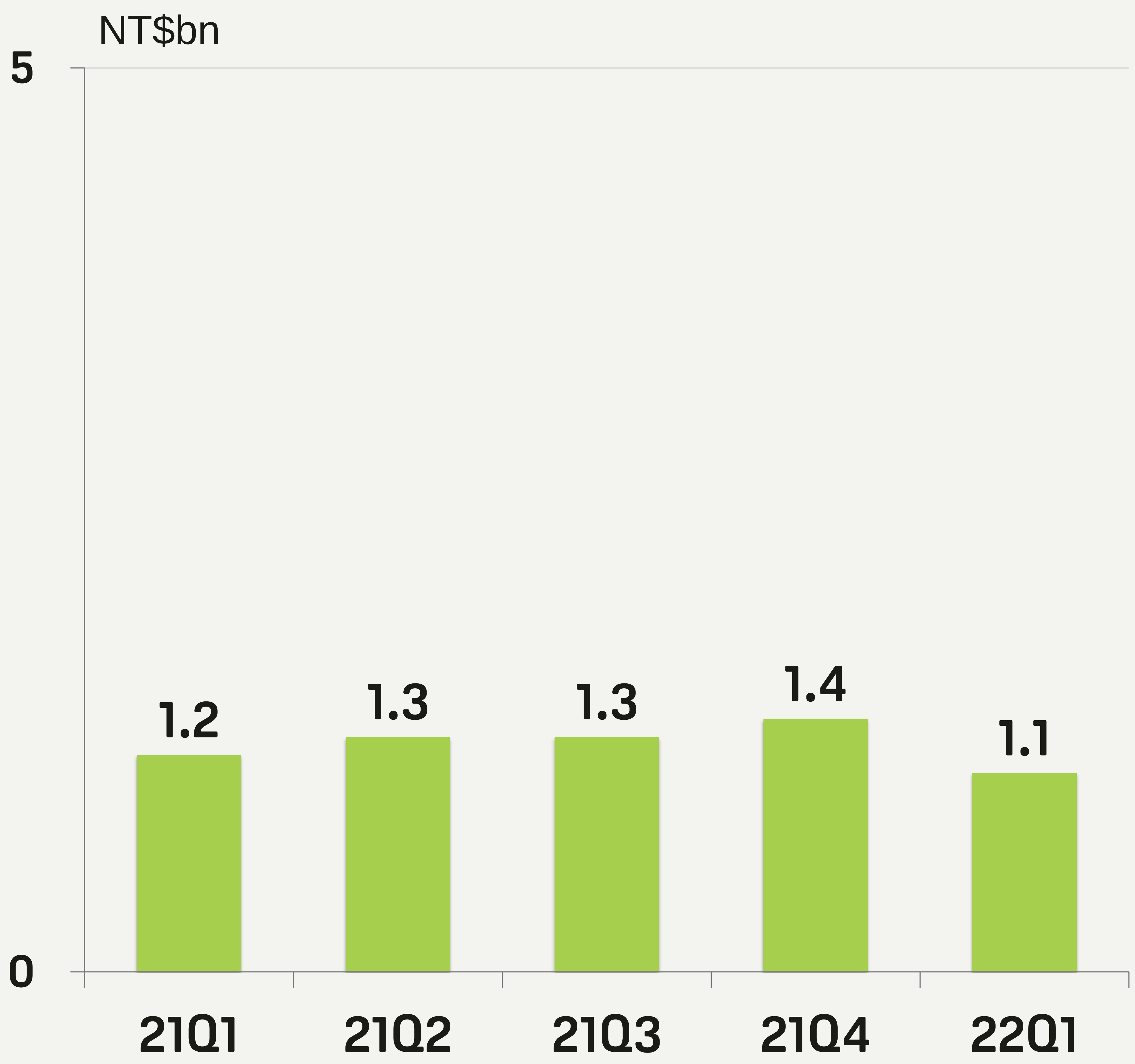
- In Q1 2022, VIVE Flow was chosen as the VR hardware launch partner for holoride. Live demos at MWC and SXSW allowed guests to experience holoride’s software on VIVE Flow in Audi cars.

- At SXSW 2022, MyndVR and HTC VIVE jointly announced MyndConnect, a new platform for grandparents and grandchildren to connect and share experiences remotely on both VIVE Flow and VIVE Focus 3.

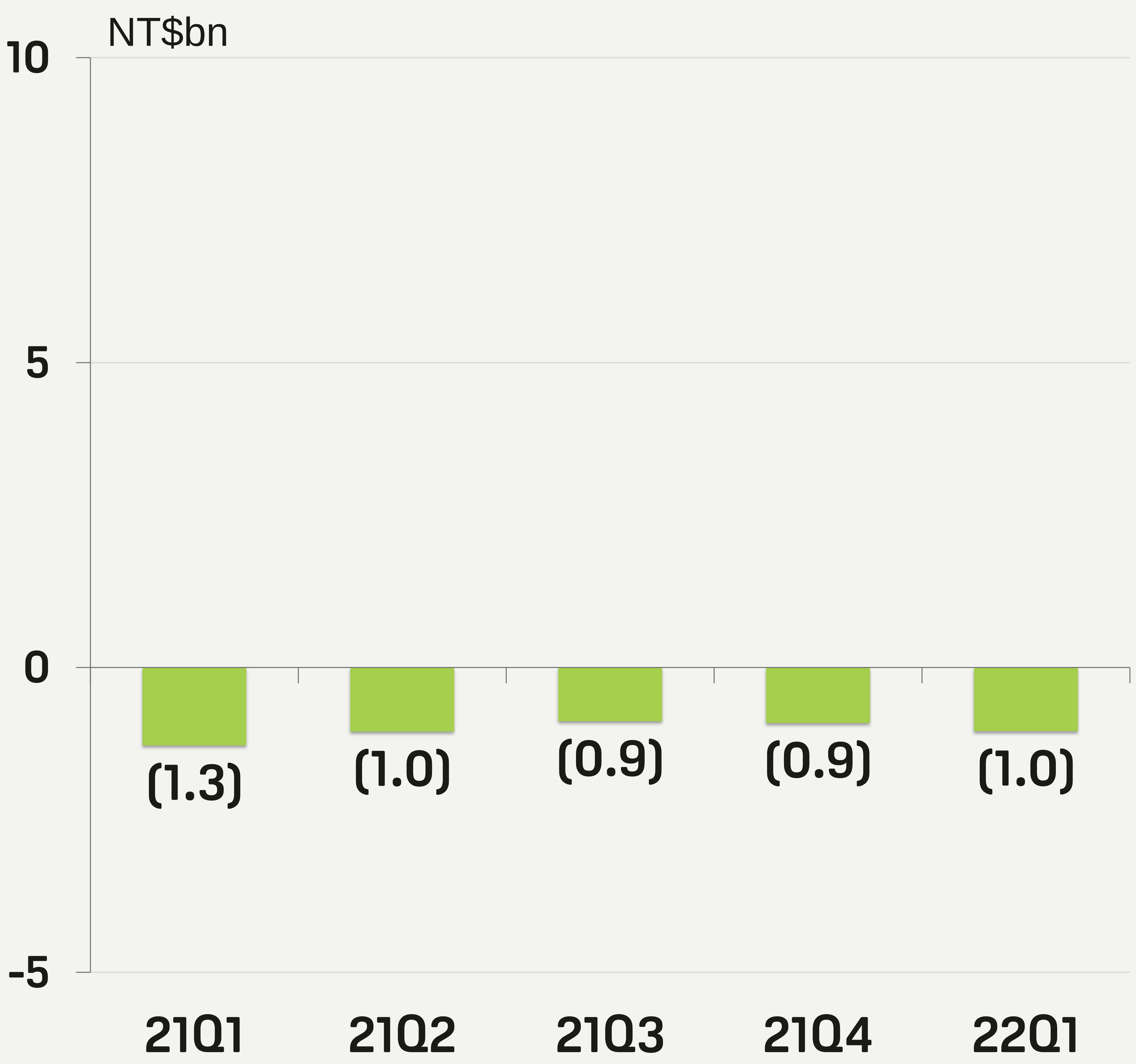
- In partnership with XRHealth, HTC shared a booth at the HIMSS Global Health Conference and Exhibition and unveiled the new Flow Health and Focus 3 Health telehealth solutions. XRHealth participated in an exhibit presentation that discussed the two new platforms and how XRHealth is partnering with HTC VIVE to provide hospitals, patients and rehabilitation centers access to critical telehealth tools.

REVENUES AND OPERATING PROFIT

Revenues



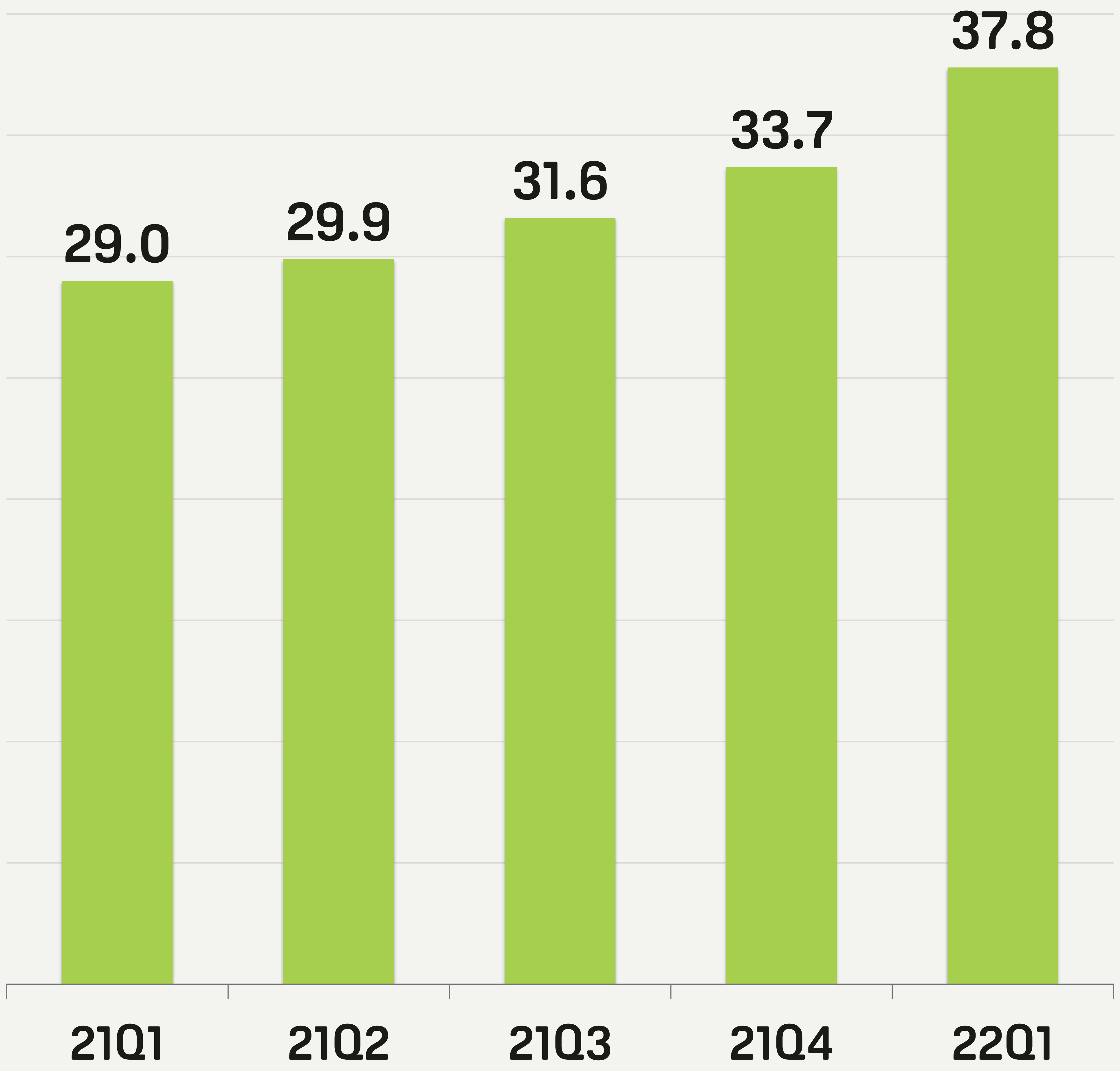
Operating Profit (Loss)



GROSS AND OPERATING MARGINS

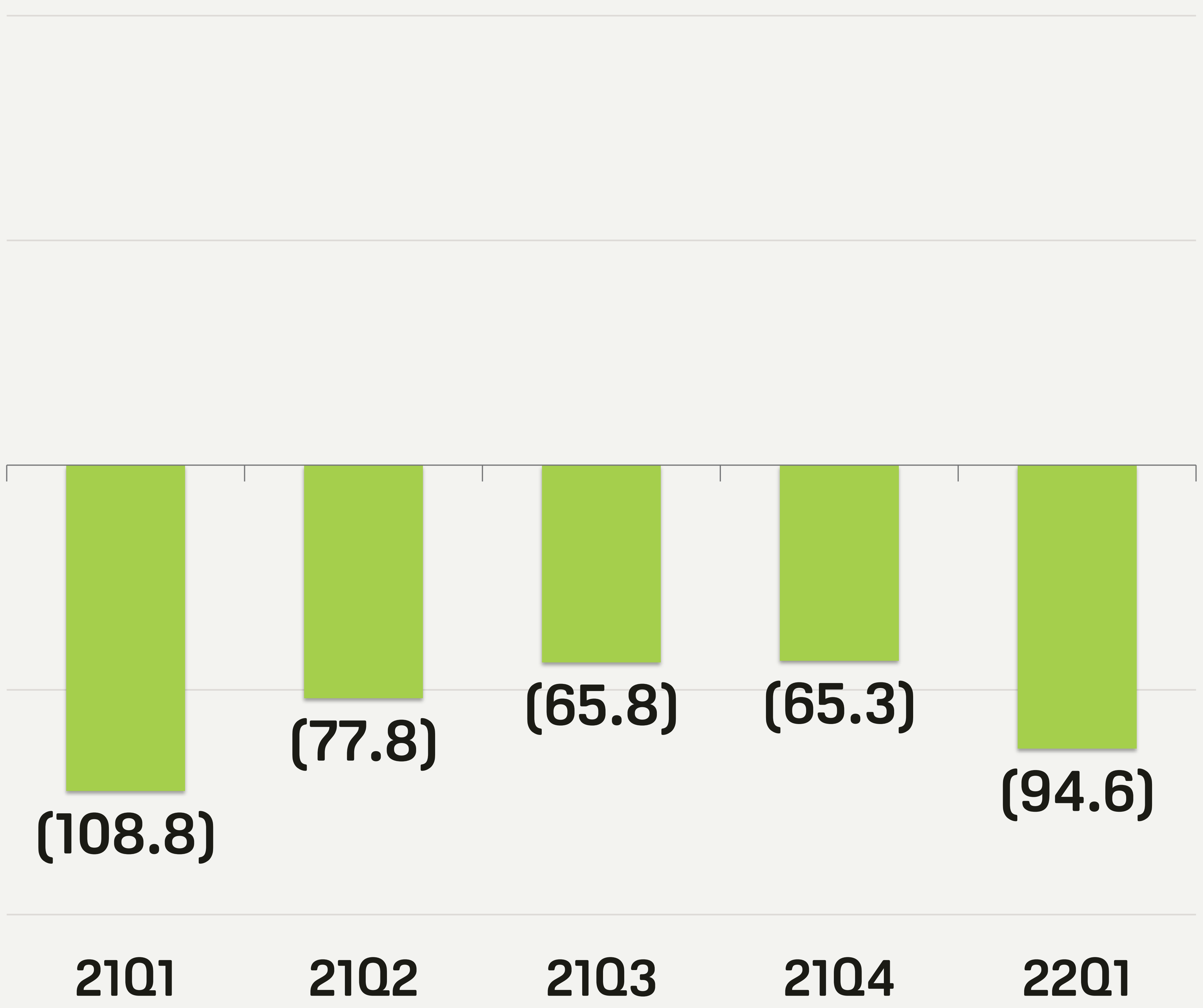
Gross Margin

%



Operating Margin

%



htc VIVE

1Q 2022 P&L (CONSOLIDATED)

NT$bn	1Q21	4Q21	1Q22
REVENUES	1.2	1.4	**1.1**
GROSS PROFIT	0.3	0.5	**0.4**
OPERATING EXPENSE	1.6	1.4	**1.4**
SALES MKTING.	0.4	0.4	**0.4**
RESEARCH DEV.	0.7	0.5	**0.5**
GENERAL ADM.	0.5	0.5	**0.5**
OPERATING PROFIT (LOSS)	-1.3	-0.9	**-1.0**
NPBT	-1.0	-0.7	**-0.8**
NPAT[1]	-1.0	-0.7	**-0.8**
GROSS MARGIN (%)	29.0%	33.7%	**37.8%**
OPERATING MARGIN (%)	-108.8%	-65.3%	**-94.6%**
EPS[2] (NT$)	-1.25	-0.89	**-0.92**

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

1Q 2022 BALANCE SHEET (CONSOLIDATED)

NT$bn	Mar 31, 21	Dec 31, 21	Mar 31, 22
TOTAL ASSETS	44.4	44.2	**45.3**
Cash[1]	24.7	23.6	**23.7**
AR	0.3	0.4	**0.4**
INVENTORY	1.6	1.6	**1.8**
OTHER ASSETS	17.8	18.6	**19.4**
TOTAL LIABILITIES	15.3	17.0	**18.0**
TOTAL EQUITY[2]	29.0	27.2	**27.3**

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

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	March 31, 2022 (Reviewed)		December 31, 2021 (Audited)		March 31, 2021 (Reviewed)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 12,106,979	27	$ 16,576,907	38	$ 21,012,961	47
Financial assets at fair value through profit or loss - current (Notes 7 and 30)	220,990	-	107,071	-	143,667	-
Financial assets at fair value through other comprehensive income - current (Notes 8 and 30)	223,127	1	77,436	-	16,351	-
Notes and trade receivables, net (Note 10)	368,043	1	448,207	1	294,299	1
Other receivables (Note 10)	54,384	-	50,059	-	70,660	-
Current tax assets	178,729	-	178,560	-	200,140	-
Inventories (Note 11)	1,818,230	4	1,649,574	4	1,563,066	4
Prepayments (Note 12)	262,496	1	325,012	1	252,800	1
Other current financial assets (Notes 9 and 32)	11,513,338	25	7,022,286	16	3,570,414	8
Other current assets	12,593	-	678	-	2,208	-
Total current assets	26,758,909	59	26,435,790	60	27,126,566	61
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Notes 7 and 30)	346,232	1	334,839	1	349,393	1
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 30)	3,385,088	7	2,692,523	6	1,974,194	4
Investments accounted for using equity method (Note 14)	1,126,864	3	1,017,149	2	645,160	1
Property, plant and equipment (Notes 15, 31 and 32)	7,075,499	16	7,485,331	17	7,779,717	18
Right-of-use assets (Note 16)	176,549	-	185,927	1	123,597	-
Investment properties, net (Notes 17 and 32)	2,727,684	6	2,378,455	5	2,427,913	6
Intangible assets (Note 18)	65,314	-	34,334	-	99,556	-
Deferred tax assets	3,153,010	7	3,183,462	7	3,325,503	8
Refundable deposits	63,171	-	13,090	-	22,761	-
Net defined benefit asset - non-current	345,862	1	346,814	1	330,545	1
Other non-current financial assets (Notes 9 and 32)	71,563	-	69,208	-	131,250	-
Other non-current assets (Note 12)	16,123	-	8,035	-	15,662	-
Total non-current assets	18,552,959	41	17,749,167	40	17,225,251	39
TOTAL	$ 45,311,868	100	$ 44,184,957	100	$ 44,351,817	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 19 and 32)	$ 2,700,000	6	$ 2,600,000	6	$ 700,000	2
Financial liabilities at fair value through profit or loss - current (Notes 7 and 30)	161,042	-	81,706	-	155,202	1
Notes and trade payables (Notes 20 and 31)	5,527,837	12	5,464,538	12	5,731,818	13
Other payables (Notes 21 and 31)	4,228,295	9	4,857,019	11	4,897,477	11
Current tax liabilities	47,589	-	49,542	-	65,898	-
Provisions - current (Note 22)	1,092,229	3	1,126,314	3	1,367,530	3
Lease liabilities - current (Notes 16 and 31)	58,068	-	54,524	-	56,579	-
Other current liabilities (Note 21)	333,935	1	334,887	1	538,492	1
Total current liabilities	14,148,995	31	14,568,530	33	13,512,996	31
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 19 and 32)	3,500,000	8	2,000,000	5	1,500,000	3
Deferred tax liabilities	93,971	-	94,090	-	86,194	-
Lease liabilities - non-current (Notes 16 and 31)	130,508	-	137,371	-	76,357	-
Guarantee deposits received	153,160	1	162,064	-	169,676	1
Total non-current liabilities	3,877,639	9	2,393,525	5	1,832,227	4
Total liabilities	18,026,634	40	16,962,055	38	15,345,223	35
EQUITY (Note 23)						
Share capital - ordinary shares	8,249,274	18	8,245,050	19	8,186,444	18
Capital surplus	16,027,466	35	16,005,339	36	15,799,390	36
Retained earnings						
Legal reserve	12,335,031	27	12,335,031	28	15,725,509	35
Special reserve	3,080,480	7	3,080,480	7	3,080,480	7
Accumulated deficits	(7,982,156)	(17)	(7,226,492)	(16)	(8,589,746)	(19)
Other equity	(4,424,861)	(10)	(5,216,506)	(12)	(5,238,948)	(12)
Total equity attributable to owners of the parent	27,285,234	60	27,222,902	62	28,963,129	65
NON-CONTROLLING INTERESTS	-	-	-	-	43,465	-
Total equity	27,285,234	60	27,222,902	62	29,006,594	65
TOTAL	$ 45,311,868	100	$ 44,184,957	100	$ 44,351,817	100

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

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Loss Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 24 and 31)	$ 1,104,152	100	$ 1,175,087	100
OPERATING COSTS (Notes 11, 25 and 31)	686,684	62	834,879	71
GROSS PROFIT	417,468	38	340,208	29
OPERATING EXPENSES (Notes 25 and 31)				
Selling and marketing	435,608	39	403,761	35
General and administrative	507,306	46	520,943	44
Research and development	519,214	47	693,588	59
Total operating expenses	1,462,128	132	1,618,292	138
OPERATING LOSS	(1,044,660)	(94)	(1,278,084)	(109)
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 25)	28,483	3	32,081	3
Other income (Notes 25 and 31)	259,897	23	212,701	18
Other gains and losses (Note 25)	(49,630)	(5)	(7,014)	-
Finance costs (Notes 25 and 31)	(23,228)	(2)	(9,909)	(1)
Share of profit or loss of associates (Note 14)	72,660	7	10,720	1
Total non-operating income and expenses	288,182	26	238,579	21
LOSS BEFORE INCOME TAX	(756,478)	(68)	(1,039,505)	(88)
INCOME TAX BENEFIT (Note 26)	814	-	1,375	-
LOSS FOR THE PERIOD	(755,664)	(68)	(1,038,130)	(88)

(Continued)

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Loss Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME AND LOSS, NET OF INCOME TAX				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income	$ 43,596	4	$ 208,878	18
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	748,049	67	(155,962)	(14)
Other comprehensive income and loss for the period, net of income tax	791,645	71	52,916	4
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	35,981	3	(985,214)	(84)
NET LOSS FOR THE PERIOD ATTRIBUTABLE TO				
Owners of the parent	$ (755,664)	(68)	$ (1,020,213)	(87)
Non-controlling interests	-	-	(17,917)	(1)
	$ (755,664)	(68)	$ (1,038,130)	(88)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO				
Owners of the parent	$ 35,981	3	$ (967,642)	(82)
Non-controlling interests	-	-	(17,572)	(2)
	$ 35,981	3	$ (985,214)	(84)
LOSS PER SHARE (Note 27)				
Basic	$ (0.92)		$ (1.25)	

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

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	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 Loss on Financial Assets at Fair Value through Other Comprehensive Income	Total	Non-controlling Interests	Total Equity
BALANCE, JANUARY 1, 2021	$ 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
Net loss for the three months ended March 31, 2021	-	-	-	-	(1,020,213)	-	-	(1,020,213)	(17,917)	(1,038,130)
Other comprehensive income and loss for the three months ended March 31, 2021	-	-	-	-	-	(156,307)	208,878	52,571	345	52,916
Share-based payments	-	38,232	-	-	-	-	-	38,232	-	38,232
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	(179,057)	-	179,057	-	-	-
BALANCE, MARCH 31, 2021	$ 8,186,444	$ 15,799,390	$ 15,725,509	$ 3,080,480	$ (8,589,746)	$ (3,684,543)	$ (1,554,405)	$ 28,963,129	$ 43,465	$ 29,006,594
BALANCE, JANUARY 1, 2022	$ 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
Net loss for the three months ended March 31, 2022	-	-	-	-	(755,664)	-	-	(755,664)	-	(755,664)
Other comprehensive income and loss for the three months ended March 31, 2022	-	-	-	-	-	748,049	43,596	791,645	-	791,645
Issuance of shares due to exercise of employee share options	4,224	10,772	-	-	-	-	-	14,996	-	14,996
Share-based payments	-	11,355	-	-	-	-	-	11,355	-	11,355
BALANCE, MARCH 31, 2022	$ 8,249,274	$ 16,027,466	$ 12,335,031	$ 3,080,480	$ (7,982,156)	$ (3,612,400)	$ (812,461)	$ 27,285,234	$ -	$ 27,285,234

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

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	$ (756,478)	$ (1,039,505)
Adjustments for:		
Depreciation expense	98,051	145,064
Amortization expense	-	2,028
Finance costs	23,228	9,909
Interests income	(28,483)	(32,081)
Dividend income	(418)	(222)
Compensation costs of employee share-based payments	11,355	38,232
Share of the profit of associates	(72,660)	(10,720)
Net gain on disposal of property, plant and equipment	(2)	(64)
Net gain on disposal of intangible assets	(784)	-
Impairment loss on non-financial assets	5,018	24,147
Changes in operating assets and liabilities		
(Increase) decrease in financial assets mandatorily classified as at fair value through profit or loss	(34,583)	94,293
Decrease in notes and trade receivables	80,164	181,414
Decrease in other receivables	6,454	11,281
Increase in inventories	(173,674)	(60,110)
Decrease in prepayments	62,516	16,294
(Increase) decrease in other current assets	(11,915)	17
(Increase) decrease in other non-current assets	(6,392)	3,155
Increase (decrease) in note and trade payables	63,299	(296,894)
Decrease in other payables	(568,367)	(793,280)
Decrease in provisions	(34,085)	(42,512)
(Decrease) increase in other current liabilities	(952)	14,214
Cash used in operating activities	(1,338,708)	(1,735,340)
Interest received	17,704	28,157
Interest paid	(18,025)	(8,057)
Income tax (paid) refunded	(35,455)	45,912
Net cash used in operating activities	(1,374,484)	(1,669,328)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(688,680)	(224,069)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	73,988
Return of investments accounted for at fair value through other comprehensive income	8,999	-
Purchase of financial assets at fair value through profit or loss	-	(11,983)
Acquisition of investments accounted for using the equity method	-	(85,122)

(Continued)

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2022	2021
Payments for property, plant and equipment	$ (4,992)	$ (18,883)
Proceeds from disposal of property, plant and equipment	28	591
Increase in refundable deposits	(50,081)	-
Decrease in refundable deposits	-	4,378
Payments for intangible assets	(31,459)	(443)
Proceeds from disposal of intangible assets	1,125	-
Payments for investment properties	-	(475,708)
Increase in other financial assets	(4,493,407)	-
Decrease in other financial assets	-	5,911,600
Dividend received	418	222
Net cash (used in) generated from investing activities	(5,258,049)	5,174,571
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	100,000	-
Decrease in short-term borrowings	-	(200,000)
Increase in long-term borrowings	1,500,000	1,500,000
Proceeds from guarantee deposits received	-	26
Refund of guarantee deposits received	(8,904)	-
Repayment of the principal portion of lease liabilities	(9,646)	(19,977)
Employee share options executed	14,996	-
Net cash generated from financing activities	1,596,446	1,280,049
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	566,159	(148,161)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(4,469,928)	4,637,131
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	16,576,907	16,375,830
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 12,106,979	$ 21,012,961

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