

HTC Corporation and Subsidiaries

**Consolidated Financial Statements for the
Three Months Ended March 31, 2024 and 2023 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
HTC Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of HTC Corporation and its subsidiaries (collectively referred to as the “Company”) as of March 31, 2024 and 2023, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Standards on Review Engagements of the Republic of China 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as of March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Pan-Fa Wang and Kuo-Tyan Hong.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 7, 2024

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally applied in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2024		December 31, 2023		March 31, 2023	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 10,560,807	23	\$ 12,439,363	27	\$ 17,751,066	38
Financial assets at fair value through profit or loss - current (Notes 7 and 30)	86,707	-	137,539	-	178,718	-
Financial assets at fair value through other comprehensive income - current (Notes 8 and 30)	434,104	1	680,321	1	703,125	1
Notes and trade receivables (Notes 10 and 24)	234,495	-	790,864	2	506,450	1
Other receivables (Note 10)	155,983	-	147,936	-	186,824	-
Current tax assets	259,665	1	281,516	1	252,499	1
Inventories (Note 11)	1,249,342	3	1,165,416	3	1,372,829	3
Prepayments (Note 12)	321,289	1	403,813	1	308,205	1
Other current financial assets (Notes 9 and 32)	14,156,962	30	10,851,071	24	6,893,327	15
Other current assets	632	-	2,965	-	704	-
Total current assets	27,459,986	59	26,900,804	59	28,153,747	60
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Notes 7 and 30)	355,157	1	262,359	1	326,252	1
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 30)	4,345,577	9	4,274,269	9	3,838,633	8
Investments accounted for using equity method (Note 14)	1,043,291	2	960,321	2	1,004,478	2
Property, plant and equipment (Notes 15 and 32)	6,703,417	15	6,717,362	15	6,930,487	15
Right-of-use assets (Note 16)	92,303	-	69,307	-	152,708	-
Investment properties, net (Notes 17 and 32)	2,693,047	6	2,689,929	6	2,622,888	6
Intangible assets (Note 18)	192,982	1	183,123	1	80,664	-
Deferred tax assets	2,830,816	6	2,888,302	6	2,976,659	7
Refundable deposits	20,695	-	20,019	-	72,745	-
Net defined benefit asset - non-current	509,739	1	508,774	1	495,341	1
Other non-current financial assets (Notes 9 and 32)	99,426	-	94,920	-	76,128	-
Other non-current assets (Note 12)	20,132	-	13,819	-	3,465	-
Total non-current assets	18,906,582	41	18,682,504	41	18,580,448	40
TOTAL	\$ 46,366,568	100	\$ 45,583,308	100	\$ 46,734,195	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 19)	\$ 3,700,000	8	\$ 3,700,000	8	\$ 2,925,000	6
Financial liabilities at fair value through profit or loss - current (Notes 7 and 30)	85,233	-	183,489	-	31,849	-
Notes and trade payables (Notes 20 and 31)	5,192,629	11	5,216,907	12	5,603,181	12
Other payables (Notes 21 and 31)	2,944,655	7	3,318,137	7	3,241,713	7
Current tax liabilities	73,993	-	55,511	-	115,743	-
Provisions - current (Note 22)	599,826	1	665,567	2	859,998	2
Lease liabilities - current (Notes 16 and 31)	30,839	-	16,550	-	60,859	-
Other current liabilities (Notes 21 and 24)	279,854	1	345,179	1	301,612	1
Total current liabilities	12,907,029	28	13,501,340	30	13,139,955	28
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 19 and 32)	10,000,000	22	9,000,000	20	8,000,000	17
Deferred tax liabilities	43,508	-	73,289	-	65,795	-
Lease liabilities - non-current (Notes 16 and 31)	62,915	-	53,485	-	107,404	-
Guarantee deposits received	152,201	-	150,066	-	160,757	1
Total non-current liabilities	10,258,624	22	9,276,840	20	8,333,956	18
Total liabilities	23,165,653	50	22,778,180	50	21,473,911	46
EQUITY (Note 23)						
Share capital - ordinary shares	8,323,191	18	8,320,380	18	8,310,921	18
Capital surplus	16,277,693	35	16,270,636	36	16,205,598	35
Retained earnings						
Legal reserve	5,828,987	12	5,828,987	13	9,108,539	19
Special reserve	3,080,480	7	3,080,480	6	3,080,480	7
Accumulated deficits	(7,516,203)	(16)	(7,338,305)	(16)	(7,935,416)	(17)
Total retained earnings	1,393,264	3	1,571,162	3	4,253,603	9
Other equity	(2,793,233)	(6)	(3,357,050)	(7)	(3,509,838)	(8)
Total equity	23,200,915	50	22,805,128	50	25,260,284	54
TOTAL	\$ 46,366,568	100	\$ 45,583,308	100	\$ 46,734,195	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)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 24 and 31)	\$ 594,930	100	\$ 975,316	100
OPERATING COSTS (Notes 11, 25 and 31)	<u>348,986</u>	<u>59</u>	<u>577,707</u>	<u>59</u>
GROSS PROFIT	<u>245,944</u>	<u>41</u>	<u>397,609</u>	<u>41</u>
OPERATING EXPENSES (Notes 25 and 31)				
Selling and marketing	531,058	89	592,017	61
General and administrative	282,105	47	134,685	14
Research and development	<u>639,595</u>	<u>108</u>	<u>636,696</u>	<u>65</u>
Total operating expenses	<u>1,452,758</u>	<u>244</u>	<u>1,363,398</u>	<u>140</u>
OPERATING LOSS	<u>(1,206,814)</u>	<u>(203)</u>	<u>(965,789)</u>	<u>(99)</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 25)	216,962	37	205,369	21
Other income (Notes 25 and 31)	236,554	40	292,665	30
Other gains and losses (Note 25)	(116,429)	(20)	(104,226)	(11)
Finance costs (Notes 25 and 31)	(74,165)	(12)	(53,569)	(5)
Share of profit or loss of associates (Note 14)	<u>44,394</u>	<u>7</u>	<u>(59,834)</u>	<u>(6)</u>
Total non-operating income and expenses	<u>307,316</u>	<u>52</u>	<u>280,405</u>	<u>29</u>
LOSS BEFORE INCOME TAX	(899,498)	(151)	(685,384)	(70)
INCOME TAX (EXPENSE) BENEFIT (Note 26)	<u>(444)</u>	<u>-</u>	<u>1,715</u>	<u>-</u>
LOSS FOR THE PERIOD	<u>(899,942)</u>	<u>(151)</u>	<u>(683,669)</u>	<u>(70)</u>
OTHER COMPREHENSIVE INCOME, 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	412,932	69	253,975	26

(Continued)

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Loss Per Share)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	\$ 872,929	147	\$ 69,723	7
Other comprehensive income for the period, net of income tax	1,285,861	216	323,698	33
TOTAL COMPREHENSIVE INCOME AND LOSS FOR THE PERIOD	\$ 385,919	65	\$ (359,971)	(37)
LOSS PER SHARE (Note 27)				
Basic	\$ (1.08)		\$ (0.82)	

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)

	Share Capital Ordinary Shares	Capital Surplus	Retained Earnings			Other Equity		Total Equity
			Legal Reserve	Special Reserve	Accumulated Deficits	Exchange Differences on Translating Foreign Operations	Unrealized Losses on Financial Assets at Fair Value through Other Comprehensive Income	
BALANCE, JANUARY 1, 2023	\$ 8,295,153	\$ 16,160,271	\$ 9,108,539	\$ 3,080,480	\$ (7,279,552)	\$ (2,795,757)	\$ (1,009,974)	\$ 25,559,160
Net loss for the three months ended March 31, 2023	-	-	-	-	(683,669)	-	-	(683,669)
Other comprehensive income for the three months ended March 31, 2023	-	-	-	-	-	69,723	253,975	323,698
Total comprehensive income and loss for the three months ended March 31, 2023	-	-	-	-	(683,669)	69,723	253,975	(359,971)
Issuance of shares due to exercise of employee share options	15,768	43,566	-	-	-	-	-	59,334
Share-based payments	-	1,761	-	-	-	-	-	1,761
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	27,805	-	(27,805)	-
BALANCE, MARCH 31, 2023	<u>\$ 8,310,921</u>	<u>\$ 16,205,598</u>	<u>\$ 9,108,539</u>	<u>\$ 3,080,480</u>	<u>\$ (7,935,416)</u>	<u>\$ (2,726,034)</u>	<u>\$ (783,804)</u>	<u>\$ 25,260,284</u>
BALANCE, JANUARY 1, 2024	\$ 8,320,380	\$ 16,270,636	\$ 5,828,987	\$ 3,080,480	\$ (7,338,305)	\$ (2,408,195)	\$ (948,855)	\$ 22,805,128
Net loss for the three months ended March 31, 2024	-	-	-	-	(899,942)	-	-	(899,942)
Other comprehensive income for the three months ended March 31, 2024	-	-	-	-	-	872,929	412,932	1,285,861
Total comprehensive income and loss for the three months ended March 31, 2024	-	-	-	-	(899,942)	872,929	412,932	385,919
Issuance of shares due to exercise of employee share options	2,811	7,057	-	-	-	-	-	9,868
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	722,044	-	(722,044)	-
BALANCE, MARCH 31, 2024	<u>\$ 8,323,191</u>	<u>\$ 16,277,693</u>	<u>\$ 5,828,987</u>	<u>\$ 3,080,480</u>	<u>\$ (7,516,203)</u>	<u>\$ (1,535,266)</u>	<u>\$ (1,257,967)</u>	<u>\$ 23,200,915</u>

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)

	For the Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	\$ (899,498)	\$ (685,384)
Adjustments for:		
Depreciation expense	59,350	94,229
Amortization expense	4,895	456
Expected credit loss reversed on trade receivables	(8,000)	(20,000)
Loss on financial assets at fair value through profit or loss	4,437	-
Finance costs	74,165	53,569
Interest income	(216,962)	(205,369)
Dividend income	(257)	(2,532)
Compensation costs of employee share-based payments	-	1,761
Share of the (profit) loss of associates	(44,394)	59,834
Net gain on disposal of property, plant and equipment	(1)	-
Net loss on disposal of investments accounted for using equity method	-	10,875
Impairment loss on non-financial assets	105,568	29,642
Changes in operating assets and liabilities		
Increase in financial assets mandatorily classified as at fair value through profit or loss	(47,424)	(177,987)
Decrease in notes and trade receivables	564,369	88,097
Decrease in other receivables	4,092	80,343
(Increase) decrease in inventories	(189,498)	17,934
Decrease in prepayments	82,524	57,468
Decrease in other current assets	2,333	3,870
(Increase) decrease in other non-current assets	(400)	1,754
Decrease in notes and trade payables	(24,278)	(84,021)
Decrease in other payables	(385,479)	(531,343)
Decrease in provisions	(35,741)	(84,420)
(Decrease) increase in other current liabilities	(60,646)	715
Cash used in operating activities	(1,010,845)	(1,290,509)
Interest received	204,823	75,018
Interest paid	(69,457)	(37,908)
Income tax received (paid)	39,935	(119,442)
Net cash used in operating activities	(835,544)	(1,372,841)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(44,611)	(2,385)
Proceeds from disposal of financial assets at fair value through other comprehensive income	809,850	28,286
Return of investments accounted for at fair value through other comprehensive income	-	15,176

(Continued)

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2024	2023
Purchase of financial assets at fair value through profit or loss	\$ (84,825)	\$ -
Acquisition of investments accounted for using equity method	-	(21,319)
Payments for property, plant and equipment	(10,436)	(10,332)
Proceeds from disposal of property, plant and equipment	12	11
Increase in refundable deposits	(676)	-
Decrease in refundable deposits	-	292
Payments for intangible assets	(11,939)	(81)
Proceeds from disposal of intangible assets	-	79
Payments for investment properties	(1,532)	-
Increase in other financial assets	(3,310,397)	(472,540)
Dividend received	<u>257</u>	<u>2,532</u>
Net cash used in investing activities	<u>(2,654,297)</u>	<u>(460,281)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	-	285,000
Increase in long-term borrowings	1,000,000	1,200,000
Increase in guarantee deposits received	2,135	-
Decrease in guarantee deposits received	-	(881)
Repayment of the principal portion of lease liabilities	(7,385)	(12,377)
Employee share options executed	<u>9,868</u>	<u>59,334</u>
Net cash generated from financing activities	<u>1,004,618</u>	<u>1,531,076</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>606,667</u>	<u>107,859</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,878,556)	(194,187)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>12,439,363</u>	<u>17,945,253</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 10,560,807</u>	<u>\$ 17,751,066</u>

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

(Concluded)

HTC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

HTC Corporation (HTC) was incorporated on May 15, 1997 under the Company Law of Taiwan, the Republic of China. HTC and its subsidiaries (collectively referred to as the “Company”) are engaged in designing, manufacturing, assembling, processing, and selling virtual reality devices and smart mobile devices and after-sales services.

In March 2002, HTC had its stock listed on the Taiwan Stock Exchange. On November 19, 2003, HTC listed some of its shares of stock on the Luxembourg Stock Exchange in the form of global depositary receipts.

The functional currency of HTC is the New Taiwan dollars. The consolidated financial statements are presented in the New Taiwan dollars since HTC is the ultimate parent of the Company.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by HTC’s board of directors and authorized for issue on May 7, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have any material impact on the Company’s accounting policies.

- b. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosures in Financial Statements”	January 1, 2027
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Company shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

IFRS 18 “Presentation and Disclosures in Financial Statements”

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- 1) Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discounted operations categories.
- 2) The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- 3) Provides guidance to enhance the requirements of aggregation and disaggregation: The Company shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into companies based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company labels items as ‘other’ only if it cannot find a more informative label.
- 4) Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Company as a whole, the Company shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, or other regulations and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit assets which are measured at the fair value of plan assets less the present value of the defined benefit obligation.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- c. Level 3 inputs are unobservable inputs for the asset or liability.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of HTC and the entities controlled by HTC (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Company loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Company accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

See Note 13 to the consolidated financial statements for the detailed information on subsidiaries and Tables 4 and 5 (including the percentage of ownership and main businesses).

Other Significant Accounting Policies

Except for the following, refer to the consolidated financial statements for the year ended December 31, 2023.

- a. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Company does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

b. Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

c. Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

d. Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Company considers the possible impact of inflation and interest rate fluctuations on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods. The same material accounting judgments and key sources of estimation and uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2023.

6. CASH AND CASH EQUIVALENTS

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand	\$ 1,258	\$ 1,229	\$ 1,210
Checking accounts and demand deposits	5,266,781	6,474,394	8,769,762
Time deposits (with original maturities less than three months)	<u>5,292,768</u>	<u>5,963,740</u>	<u>8,980,094</u>
	<u>\$ 10,560,807</u>	<u>\$ 12,439,363</u>	<u>\$ 17,751,066</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets</u>			
Financial assets held for trading			
Derivatives financial assets (not under hedge accounting)			
Foreign exchange contracts	\$ 86,707	\$ 137,539	\$ 178,718
Financial assets mandatorily classified as at FVTPL			
Derivatives financial assets (not under hedge accounting)			
Convertible bonds	265,926	178,525	289,608
Warrants	20,160	19,358	25,275
Non-derivatives financial assets			
Foreign unlisted equity investments	69,071	64,476	-
Digital Content Investment Agreement	<u>-</u>	<u>-</u>	<u>11,369</u>
	<u>\$ 441,864</u>	<u>\$ 399,898</u>	<u>\$ 504,970</u>
Current	\$ 86,707	\$ 137,539	\$ 178,718
Non-current	<u>355,157</u>	<u>262,359</u>	<u>326,252</u>
	<u>\$ 441,864</u>	<u>\$ 399,898</u>	<u>\$ 504,970</u>

Financial liabilities - current

Financial liabilities held for trading			
Derivatives financial liabilities (not under hedge accounting)			
Foreign exchange contracts	<u>\$ 85,233</u>	<u>\$ 183,489</u>	<u>\$ 31,849</u>

The Company engaged in forward exchange contracts to manage its exposure to exchange rate fluctuations of foreign currency denominated assets and liabilities. At the end of the reporting period, outstanding forward exchange contracts not under hedge accounting are as follows:

Forward Exchange Contracts

	Buy/Sell	Currency	Maturity Date	Notional Amount (In Thousands)	
<u>March 31, 2024</u>					
Foreign exchange contracts	Sell	EUR/USD	2024.04.10-2024.04.17	EUR	5,000
Foreign exchange contracts	Sell	JPY/USD	2024.4.10	JPY	200,000
Foreign exchange contracts	Sell	GBP/USD	2024.04.10-2024.04.17	GBP	4,000
Foreign exchange contracts	Sell	AUD/USD	2024.4.17	AUD	1,000
Foreign exchange contracts	Buy	RMB/USD	2024.04.10-2024.04.17	RMB	160,000
Foreign exchange contracts	Buy	USD/NTD	2024.04.17-2024.05.08	USD	205,000
Foreign exchange contracts	Buy	JPY/USD	2024.04.10-2024.05.08	JPY	900,000
Foreign exchange contracts	Buy	EUR/USD	2024.04.10-2024.05.08	EUR	27,000
Foreign exchange contracts	Buy	AUD/USD	2024.04.10-2024.04.24	AUD	11,000
Foreign exchange contracts	Buy	GBP/USD	2024.04.10-2024.05.08	GBP	143,000
Foreign exchange contracts	Buy	SGD/USD	2024.04.17-2024.05.08	SGD	192,249
Foreign exchange contracts	Buy	CAD/USD	2024.04.10-2024.04.24	CAD	2,000
Foreign exchange contracts	Buy	HKD/USD	2024.4.17	HKD	43,000

December 31, 2023

Foreign exchange contracts	Sell	EUR/USD	2024.01.17-2024.01.24	EUR	12,000
Foreign exchange contracts	Sell	JPY/USD	2024.01.17-2024.01.31	JPY	1,300,000
Foreign exchange contracts	Sell	CAD/USD	2024.01.17-2024.01.24	CAD	5,000
Foreign exchange contracts	Sell	RMB/USD	2024.01.17	RMB	50,000
Foreign exchange contracts	Sell	SGD/USD	2024.01.17-2024.01.24	SGD	5,000
Foreign exchange contracts	Sell	USD/NTD	2024.01.10-2024.01.17	USD	30,000
Foreign exchange contracts	Sell	GBP/USD	2024.01.17-2024.01.24	GBP	12,000
Foreign exchange contracts	Buy	RMB/USD	2024.01.17-2024.01.24	RMB	140,000
Foreign exchange contracts	Buy	JPY/USD	2024.01.17-2024.01.24	JPY	900,000
Foreign exchange contracts	Buy	USD/NTD	2024.01.10-2024.01.24	USD	243,000
Foreign exchange contracts	Buy	EUR/USD	2024.01.17-2024.01.31	EUR	37,000
Foreign exchange contracts	Buy	GBP/USD	2024.01.17-2024.01.31	GBP	149,000
Foreign exchange contracts	Buy	AUD/USD	2024.01.17-2024.01.24	AUD	9,000
Foreign exchange contracts	Buy	SGD/USD	2024.01.17-2024.01.31	SGD	197,097
Foreign exchange contracts	Buy	HKD/USD	2024.01.17	HKD	43,000
Foreign exchange contracts	Buy	CAD/USD	2024.01.17-2024.01.24	CAD	3,000

March 31, 2023

Foreign exchange contracts	Sell	EUR/USD	2023.04.12-2023.04.26	EUR	7,000
Foreign exchange contracts	Sell	JPY/USD	2023.04.12-2023.04.19	JPY	500,000
Foreign exchange contracts	Sell	GBP/USD	2023.04.12-2023.04.26	GBP	6,000
Foreign exchange contracts	Sell	CAD/USD	2023.04.26	CAD	5,000
Foreign exchange contracts	Sell	USD/NTD	2023.04.12	USD	7,000
Foreign exchange contracts	Sell	RMB/USD	2023.04.12-2023.04.19	RMB	60,082
Foreign exchange contracts	Sell	SGD/USD	2023.04.12-2023.04.26	SGD	2,654

(Continued)

	Buy/Sell	Currency	Maturity Date	Notional Amount (In Thousands)	
Foreign exchange contracts	Buy	RMB/USD	2023.04.12-2023.04.26	RMB	230,000
Foreign exchange contracts	Buy	USD/NTD	2023.04.12-2023.04.26	USD	217,000
Foreign exchange contracts	Buy	JPY/USD	2023.04.12	JPY	900,000
Foreign exchange contracts	Buy	EUR/USD	2023.04.12-2023.04.26	EUR	43,000
Foreign exchange contracts	Buy	AUD/USD	2023.04.12	AUD	9,500
Foreign exchange contracts	Buy	GBP/USD	2023.04.12-2023.04.26	GBP	179,000
Foreign exchange contracts	Buy	SGD/USD	2023.04.12-2023.04.26	SGD	188,187
Foreign exchange contracts	Buy	CAD/USD	2023.04.26	CAD	1,500
Foreign exchange contracts	Buy	HKD/USD	2023.04.12	HKD	43,000
(Concluded)					

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	March 31, 2024	December 31, 2023	March 31, 2023
Domestic investments			
Listed shares and emerging market shares	\$ 15,016	\$ 14,077	\$ 10,875
Unlisted equity investments	<u>137,681</u>	<u>136,219</u>	<u>138,085</u>
	<u>152,697</u>	<u>150,296</u>	<u>148,960</u>
Foreign investments			
Listed shares	434,104	680,321	703,125
Unlisted equity investments	<u>4,192,880</u>	<u>4,123,973</u>	<u>3,689,673</u>
	<u>4,626,984</u>	<u>4,804,294</u>	<u>4,392,798</u>
	<u>\$ 4,779,681</u>	<u>\$ 4,954,590</u>	<u>\$ 4,541,758</u>
Current	\$ 434,104	\$ 680,321	\$ 703,125
Non-current	<u>4,345,577</u>	<u>4,274,269</u>	<u>3,838,633</u>
	<u>\$ 4,779,681</u>	<u>\$ 4,954,590</u>	<u>\$ 4,541,758</u>

These investments in equity instruments are not held for trading. Instead, they are held for the purpose of promoting the development of the Metaverse sector and profiting from long-term investments. Management decided to designate these investments in equity instruments as at FVTOCI as they have determined that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

According to the Q&A issued by the FSC, investments in limited partnership held after June 30, 2023 where the contract stipulates a limited duration is subject to the passing of the resolution of the partners' meeting for duration extensions. The Company elected not to retrospectively apply the Q&A "Classification of Investments in a Limited Partnership" issued by the Accounting Research and Development Foundation (ARDF), therefore the abovementioned investments remain classified as investments in equity instruments at FVTOCI.

9. OTHER FINANCIAL ASSETS

	March 31, 2024	December 31, 2023	March 31, 2023
Time deposits with original maturities less than three months	\$ -	\$ 214,202	\$ -
Time deposits with original maturities of more than three months	14,256,168	10,731,573	6,968,341
Restricted demand deposits	<u>220</u>	<u>216</u>	<u>1,114</u>
	<u>\$ 14,256,388</u>	<u>\$ 10,945,991</u>	<u>\$ 6,969,455</u>
Current	\$ 14,156,962	\$ 10,851,071	\$ 6,893,327
Non-current	<u>99,426</u>	<u>94,920</u>	<u>76,128</u>
	<u>\$ 14,256,388</u>	<u>\$ 10,945,991</u>	<u>\$ 6,969,455</u>

For details of pledged other financial assets, refer to Note 32 to the consolidated financial statements.

10. NOTES, TRADE RECEIVABLES AND OTHER RECEIVABLES

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Notes, trade and overdue receivables</u>			
At amortized cost			
Notes receivable	\$ 10	\$ 7	\$ 2
Trade receivables	241,139	821,056	511,797
Overdue receivables	52,505	36,960	60,395
Less: Allowances for impairment loss	(6,654)	(30,199)	(5,349)
Less: Allowances for impairment loss - overdue receivables	<u>(52,505)</u>	<u>(36,960)</u>	<u>(60,395)</u>
	<u>\$ 234,495</u>	<u>\$ 790,864</u>	<u>\$ 506,450</u>
Current	\$ 234,495	\$ 790,864	\$ 506,450
Non-current	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 234,495</u>	<u>\$ 790,864</u>	<u>\$ 506,450</u>
<u>Other receivables</u>			
Interest receivables	\$ 136,173	\$ 124,034	\$ 154,056
VAT refund receivables	6,452	1,316	11,949
Others	13,358	22,586	37,234
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>(16,415)</u>
	<u>\$ 155,983</u>	<u>\$ 147,936</u>	<u>\$ 186,824</u>

Trade receivables at amortized cost

The average credit period of the sales of goods was 30-75 days. No interest was charged on trade receivables for the first 75 days from the date of the invoice. Thereafter, interest was charged at 1%-18% per annum on the outstanding balance. The Company basically adopted a policy of dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from independent rating agencies where available or, if not available, the Company uses other publicly available financial information or its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved annually.

In order to minimize credit risk, management has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up actions are taken to recover overdue receivables. In addition, the Company reviews the recoverable amount of each individual trade receivable at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, management considers the Company's credit risk to have significantly reduced.

The Company uses the expected credit loss during the duration to recognize the allowance for losses of accounts receivable. The expected credit loss during the duration is mainly based on the customer's past default record, current financial situation and industrial economic situation.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty without realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activities to recover the receivables due. Where recoveries are made, these amounts are recognized in profit or loss.

The following table details the loss allowance of notes and trade receivables.

March 31, 2024

	Not Yet Due	1-90 Days	91-180 Days	Over 180 Days	Total
Gross carrying amount	\$ 215,286	\$ 23,511	\$ 2,352	\$ -	\$ 241,149
Loss allowance (Lifetime ECL)	<u>(1,085)</u>	<u>(4,293)</u>	<u>(1,276)</u>	<u>-</u>	<u>(6,654)</u>
Amortized cost	<u>\$ 214,201</u>	<u>\$ 19,218</u>	<u>\$ 1,076</u>	<u>\$ -</u>	<u>\$ 234,495</u>

December 31, 2023

	Not Yet Due	1-90 Days	91-180 Days	Over 180 Days	Total
Gross carrying amount	\$ 679,690	\$ 141,373	\$ -	\$ -	\$ 821,063
Loss allowance (Lifetime ECL)	<u>(5,191)</u>	<u>(25,008)</u>	<u>-</u>	<u>-</u>	<u>(30,199)</u>
Amortized cost	<u>\$ 674,499</u>	<u>\$ 116,365</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 790,864</u>

March 31, 2023

	Not Yet Due	1-90 Days	91-180 Days	Over 180 Days	Total
Gross carrying amount	\$ 501,404	\$ 6,582	\$ -	\$ 3,813	\$ 511,799
Loss allowance (Lifetime ECL)	<u>(702)</u>	<u>(834)</u>	<u>-</u>	<u>(3,813)</u>	<u>(5,349)</u>
Amortized cost	<u>\$ 500,702</u>	<u>\$ 5,748</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 506,450</u>

The movements of the loss allowance of trade receivables, other receivables and overdue receivables were as follows:

	For the Three Months Ended March 31	
	2024	2023
Balance, beginning of the period	\$ 67,159	\$ 102,159
Less: Loss allowance reversed	<u>(8,000)</u>	<u>(20,000)</u>
Balance, end of the period	<u>\$ 59,159</u>	<u>\$ 82,159</u>

11. INVENTORIES

	March 31, 2024	December 31, 2023	March 31, 2023
Finished goods	\$ 716,834	\$ 670,175	\$ 731,384
Work-in-process	56,022	-	91,995
Semi-finished goods	68,822	63,068	76,754
Raw materials	406,657	429,626	466,743
Inventory in transit	<u>1,007</u>	<u>2,547</u>	<u>5,953</u>
	<u>\$ 1,249,342</u>	<u>\$ 1,165,416</u>	<u>\$ 1,372,829</u>

The cost of inventories write-downs recognized as operating costs for the three months ended March 31, 2024 and 2023 were NT\$105,584 thousand and NT\$29,686 thousand, respectively.

12. PREPAYMENTS

	March 31, 2024	December 31, 2023	March 31, 2023
Prepaid expenses	\$ 267,721	\$ 363,280	\$ 245,551
Net input VAT	55,847	43,950	63,674
Prepaid equipment	16,500	9,622	1,753
Prepaid royalties	1,098	-	627
Prepayments to suppliers	<u>255</u>	<u>780</u>	<u>65</u>
	<u>\$ 341,421</u>	<u>\$ 417,632</u>	<u>\$ 311,670</u>
Current	\$ 321,289	\$ 403,813	\$ 308,205
Non-current	<u>20,132</u>	<u>13,819</u>	<u>3,465</u>
	<u>\$ 341,421</u>	<u>\$ 417,632</u>	<u>\$ 311,670</u>

13. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

The consolidated entities as of March 31, 2024, December 31, 2023 and March 31, 2023 were as follows:

Investor	Investee	Main Businesses	% of Ownership			Remark
			March 31, 2024	December 31, 2023	March 31, 2023	
HTC Corporation	H.T.C. (B.V.I.) Corp.	International holding company and general investing activities	100.00	100.00	100.00	-
	High Tech Computer Asia Pacific Pte. Ltd.	International holding company; marketing, repair and after-sales services	100.00	100.00	100.00	-
	HTC Investment Corporation	General investing activities	100.00	100.00	100.00	-
	HTC Holding B.V.	International holding company	0.01	0.01	0.01	-
	HTC Investment One (BVI) Corporation	Holding S3 Graphics Co., Ltd. and general investing activities	100.00	100.00	100.00	-
	HTC Investment (BVI) Corporation	General investing activities	100.00	100.00	100.00	-
	HungXu Holding (BVI) Corp.	International holding company	100.00	100.00	100.00	-
	HTC VIVE Investment (BVI) Corp.	General investing activities	100.00	100.00	100.00	-
	DeepQ Holding (BVI) Corp.	International holding company	100.00	100.00	100.00	-
	HTC VR Content (BVI) Corp.	"	100.00	100.00	100.00	-
	HTC Smart phone (BVI) Corp.	"	100.00	100.00	100.00	-
	REIGN Technology Corporation	Construction, application and after-sales services of 5G	-	-	100.00	1)
	Viveport Digital Corporation	Virtual reality platform software development and promotion services	-	-	100.00	2)
	VIVE Arts Corp.	Digital Art	100.00	100.00	100.00	-
	HTC Europe CO., LTD.	Marketing, repair and after-sales services	100.00	100.00	100.00	-
	HungYao Technology CO., LTD.	International holding; manufacturing of electronic parts	100.00	100.00	-	3)
	High Tech Computer Asia Pacific Pte Ltd.	Marketing, repair and after-sales services	100.00	100.00	100.00	-
	HTC Philippines Corporation	"	99.99	99.99	99.99	-
	HTC (Thailand) Limited	"	-	-	-	4)
	HTC India Private Ltd.	"	99.00	99.00	99.00	-
High Tech Computer Asia Pacific Pte Ltd.	HTC Communication Co., Ltd.	Sale of virtual reality devices and smart mobile devices and after-sales services	100.00	100.00	100.00	-
	HTC HK, Limited	International holding company; marketing, repair and after-sales services	100.00	100.00	100.00	-
	HTC Holding B.V.	International holding company	99.99	99.99	99.99	-
HTC Investment One (BVI) Corporation	HTC Communication Technologies (SH)	Design, research and development of application software	100.00	100.00	100.00	-
	S3 Graphics Co., Ltd.	Design, research and development of graphics technology	100.00	100.00	100.00	-
HTC Communication Technologies (SH)	HTC Communication (BJ) Tech Co.	Design, research and development of application software	100.00	100.00	100.00	-
HTC HK, Limited	HTC Corporation (Shanghai WGQ)	Smart mobile devices examination and after-sale services and technique consultations	100.00	100.00	100.00	-
	HTC Electronics (Shanghai) Co., Ltd.	Manufacture and sale of virtual reality devices and smart mobile devices	100.00	100.00	100.00	-
HTC Holding B.V.	HTC Netherlands B.V.	International holding company; marketing, repair and after-sales services	100.00	100.00	100.00	-
	HTC India Private Ltd.	Marketing, repair and after-sales services	1.00	1.00	1.00	-
	HTC South Eastern Europe Limited Liability Company	"	0.67	0.67	0.67	-

(Continued)

Investor	Investee	Main Businesses	% of Ownership			Remark
			March 31, 2024	December 31, 2023	March 31, 2023	
HTC Holding B.V.	HTC Communication Solutions Mexico, S.A DE C.V.	Marketing, repair and after-sales services	1.00	1.00	1.00	-
	HTC Servicios DE Operacion Mexico, S.A DE C.V.	Human resources management	1.00	1.00	1.00	-
HTC Netherlands B.V.	HTC Belgium BVBA/SPRL	International holding company	100.00	100.00	100.00	-
		Marketing, repair and after-sales services				
	HTC NIPPON Corporation	Sale of virtual reality devices and smart mobile devices	100.00	100.00	100.00	-
	HTC FRANCE CORPORATION	Marketing, repair and after-sales services	100.00	100.00	100.00	-
	HTC South Eastern Europe Limited liability Company	"	99.33	99.33	99.33	-
	HTC Nordic ApS.	"	100.00	100.00	100.00	-
	HTC Italia SRL	"	100.00	100.00	100.00	-
	HTC Germany GmbH	"	100.00	100.00	100.00	-
	HTC Iberia, S.L.	"	100.00	100.00	100.00	-
	HTC Poland sp. z.o.o.	"	100.00	100.00	100.00	-
	HTC Communication Canada, Ltd.	"	100.00	100.00	100.00	-
	HTC Communication Sweden AB	"	-	-	100.00	5)
	HTC Middle East FZ-LLC	"	100.00	100.00	100.00	-
	HTC Communication Solutions Mexico, S.A DE C.V.	"	99.00	99.00	99.00	-
	HTC Servicios DE Operacion Mexico, S.A DE C.V.	Human resources management	99.00	99.00	99.00	-
	HTC America Holding Inc.	International holding company	100.00	100.00	100.00	-
	DeepQ Holding Corporation (Caymen Islands)	"	100.00	100.00	100.00	-
HTC EUROPE CO., LTD.	VIVE Arts Holding Corporation (Caymen Islands)	"	100.00	100.00	100.00	-
	REIGN Technology Corporation	"	100.00	100.00	100.00	-
	Viverse Holding Corporation	"	100.00	100.00	100.00	6)
DeepQ Holding Corporation	DeepQ (BVI) Corp.	International holding company	100.00	100.00	-	7)
DeepQ (BVI) Corp.	DeepQ Technology Corp.	Medical technology and health care	100.00	100.00	100.00	-
	DeepQ Technology (Beijing)	Development and marketing of software technology	100.00	100.00	100.00	-
REIGN Technology Corporation	REIGN Technology Corporation	Construction, application and after-sales services of 5G	100.00	100.00	-	1)
Viverse Holding Corporation	Viverse Limited (UK)	International holding company	100.00	100.00	100.00	-
Viverse Limited (UK)	Viverse Limited (Ireland)	Market development and sale of virtual reality contents	100.00	100.00	100.00	-
	Viveport Digital Corporation	Virtual reality platform software development and promotion services	100.00	100.00	-	2)
HTC America Holding Inc.	HTC America Inc.	Sale of virtual reality devices and smart mobile devices	100.00	100.00	100.00	-
	One & Company Design, Inc.	Design, research and development of application software	100.00	100.00	100.00	-
	HTC America Innovation Inc.	"	100.00	100.00	100.00	-
	HTC America Content Services, Inc.	Online/download media services	100.00	100.00	100.00	-
	Dashwire, Inc.	Design and management of cloud synchronization technology	100.00	100.00	100.00	-
	Inquisitive Minds, Inc.	Development and sale of digital education platform	100.00	100.00	100.00	-
	HungXu Technology (BVI) Corp.	International holding company	100.00	100.00	100.00	-
HungXu Technology (BVI) Corp.	HungXu TECH Corp.	Research and development of virtual reality devices	100.00	100.00	100.00	-
HTC Investment (BVI) Corporation	HTC VIVE TECH (HK) Limited	Research, development and sale of virtual reality devices	100.00	100.00	100.00	-
HTC VIVE TECH (HK) Limited	VIVE Arts Limited	Digital art	100.00	100.00	100.00	-
	HTC VIVE TECH (Beijing)	Research, development and sale of virtual reality devices	100.00	100.00	100.00	-
DeepQ Holding Corporation	DeepQ (BVI) Corp.	International holding company	-	-	100.00	7)
HTC VR Content (BVI) Corp.	Uomo Vitruviano Corp.	Development of virtual reality contents	100.00	100.00	100.00	-

(Concluded)

Remark:

- 1) In order to optimize the group structure, HTC completed the restructuring on October 24, 2023, and sold 100% of the shares of REIGN Technology Corporation to its subsidiary, REIGN Technology Corporation.
 - 2) On August 2, 2023, HTC Corporation's Board of Directors resolved the reorganization plan of the overseas subsidiaries to optimize the group structure. 100% equity of Viveport Digital Corporation will be sold to Viverse Limited (UK). As of October 24, 2023, the reorganization has been completed.
 - 3) HungYao Technology Co, Ltd. was incorporated on October 18, 2023.
 - 4) The dissolution of HTC (Thailand) Limited was approved in its shareholders' meeting held on February 12, 2021. The liquidation process was completed on March 10, 2023.
 - 5) HTC Communication Sweden AB completed the liquidation process on December 31, 2023.
 - 6) On September 5, 2023, Viverse Holding Corporation changed its legal name. Its former name was Viveport Corporation.
 - 7) In order to optimize the group structure, HTC completed the restructuring process on November 28, 2023 and sold 100% of the shares of DeepQ Holding (BVI) Corp. to its subsidiary, DeepQ Holding Corporation.
- b. Subsidiaries excluded from the consolidated financial statements: None.
- c. Details of subsidiaries that have material non-controlling interests: None.

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	March 31, 2024	December 31, 2023	March 31, 2023
Investment in associates	<u>\$ 1,043,291</u>	<u>\$ 960,321</u>	<u>\$ 1,004,478</u>
Investments in Associates			
	March 31, 2024	December 31, 2023	March 31, 2023
<u>Unlisted equity investments</u>			
Steel Wool Games, Inc.	\$ 142,651	\$ 66,204	\$ 129,096
MOR Museum Inc.	4,534	4,696	4,631
Engage XR Holdings PLC	-	-	-
Gui Zhou Wei Ai Technology Group Co., Ltd.	89,782	90,054	93,182
VRChat, Inc.	<u>806,324</u>	<u>799,367</u>	<u>777,569</u>
	<u>\$ 1,043,291</u>	<u>\$ 960,321</u>	<u>\$ 1,004,478</u>

Engage XR Holdings PLC (Engage XR) issued new shares in March 2023. The Company did not subscribe for such newly issued shares at its existing ownership percentage, as a result, the ownership interest of Engage XR decreased from 16.64% to 11.96%. Accordingly, the Company lost significant influence over Engage XR and its subsidiary; therefore, it was reclassified as financial assets at fair value through other comprehensive income. The Company recognized loss of NT\$10,875 thousand due to the loss of significant influence.

At the end of the reporting periods, the percentage of ownership and voting rights in associates held by the Company were as follows:

Name of Associate	March 31, 2024	December 31, 2023	March 31, 2023
East West Artists, LLC	30.00%	30.00%	30.00%
Steel Wool Games, Inc.	49.00%	49.00%	49.00%
Surgical Theater, LLC	16.30%	16.30%	16.30%
MOR Museum Inc.	25.00%	25.00%	25.00%
Engage XR Holdings PLC	-	-	-
Gui Zhou Wei Ai Technology Group Co., Ltd.	26.05%	26.05%	26.05%
VRChat, Inc.	36.20%	36.20%	36.20%

Aggregate information of associates that are not individually material:

	For the Three Months Ended March 31	
	2024	2023
The Company's share of:		
Profit (loss) from continuing operations	\$ 44,394	\$ (59,834)
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income (loss) for the period	<u>\$ 44,394</u>	<u>\$ (59,834)</u>

For investments accounted for under the equity method, management has determined that there is no material impact arising from its reliance on the investee's financial statements (unreviewed) to calculate the Company's share of profit or loss and other comprehensive income.

15. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2024	December 31, 2023	March 31, 2023
Carrying amounts			
Land	\$ 4,778,355	\$ 4,776,212	\$ 4,776,590
Buildings	1,869,733	1,882,187	2,074,698
Machinery and equipment	16,530	19,876	34,063
Other equipment	<u>38,799</u>	<u>39,087</u>	<u>45,136</u>
	<u>\$ 6,703,417</u>	<u>\$ 6,717,362</u>	<u>\$ 6,930,487</u>

Movements of property, plant and equipment for the three months ended March 31, 2024 and 2023 were as follows:

	For the Three Months Ended March 31, 2024				
	Land	Buildings	Machinery and Equipment	Other Equipment	Total
<u>Cost</u>					
Balance, beginning of period	\$ 4,776,212	\$ 3,674,597	\$ 2,780,082	\$ 747,663	\$ 11,978,554
Additions	-	1,194	1,548	3,426	6,168
Disposals	-	-	(23,566)	(2,931)	(26,497)
Reclassified as expenses	-	-	-	(12)	(12)
Effect of foreign currency exchange differences	2,143	7,808	502	4,711	15,164
Balance, end of period	<u>4,778,355</u>	<u>3,683,599</u>	<u>2,758,566</u>	<u>752,857</u>	<u>11,973,377</u>
<u>Accumulated depreciation</u>					
Balance, beginning of period	-	1,792,410	2,658,116	704,009	5,154,535
Depreciation expenses	-	20,833	4,783	4,043	29,659
Disposals	-	-	(21,255)	(2,921)	(24,176)
Effect of foreign currency exchange differences	-	623	611	4,360	5,594
Balance, end of period	<u>-</u>	<u>1,813,866</u>	<u>2,642,255</u>	<u>709,491</u>	<u>5,165,612</u>
<u>Accumulated impairment</u>					
Balance, beginning of period	-	-	102,090	4,567	106,657
Disposals	-	-	(2,310)	-	(2,310)
Effect of foreign currency exchange differences	-	-	1	-	1
Balance, end of period	<u>-</u>	<u>-</u>	<u>99,781</u>	<u>4,567</u>	<u>104,348</u>
Net book value, end of period	<u>\$ 4,778,355</u>	<u>\$ 1,869,733</u>	<u>\$ 16,530</u>	<u>\$ 38,799</u>	<u>\$ 6,703,417</u>
	For the Three Months Ended March 31, 2023				
	Land	Buildings	Machinery and Equipment	Other Equipment	Total
<u>Cost</u>					
Balance, beginning of period	\$ 4,798,866	\$ 3,962,829	\$ 2,783,947	\$ 787,967	\$ 12,333,609
Additions	-	-	8,672	3,082	11,754
Disposals	-	-	(5,724)	(15,593)	(21,317)
Reclassified as investment properties	(21,347)	(56,263)	-	-	(77,610)
Effect of foreign currency exchange differences	(929)	(1,391)	144	1,300	(876)
Balance, end of period	<u>4,776,590</u>	<u>3,905,175</u>	<u>2,787,039</u>	<u>776,756</u>	<u>12,245,560</u>
<u>Accumulated depreciation</u>					
Balance, beginning of period	-	1,805,376	2,649,368	733,227	5,187,971
Depreciation expenses	-	37,954	4,701	6,683	49,338
Disposals	-	-	(5,724)	(15,582)	(21,306)
Reclassified as investment properties	-	(11,700)	-	-	(11,700)
Effect of foreign currency exchange differences	-	(1,153)	1,286	1,240	1,373
Balance, end of period	<u>-</u>	<u>1,830,477</u>	<u>2,649,631</u>	<u>725,568</u>	<u>5,205,676</u>
<u>Accumulated impairment</u>					
Balance, beginning of period	-	-	103,345	6,045	109,390
Effect of foreign currency exchange differences	-	-	-	7	7
Balance, end of period	<u>-</u>	<u>-</u>	<u>103,345</u>	<u>6,052</u>	<u>109,397</u>
Net book value, end of period	<u>\$ 4,776,590</u>	<u>\$ 2,074,698</u>	<u>\$ 34,063</u>	<u>\$ 45,136</u>	<u>\$ 6,930,487</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

Buildings	5-50 years
Machinery and equipment	3-6 years
Other equipment	3-5 years

The major component of the buildings held by the Company included plants, electro-powering machinery and engineering systems, etc., which are depreciated over their estimated useful lives of 40 to 50 years, 20 years and 5 to 10 years, respectively.

The Company designated parts of the real estate as for lease and as for own use. The parts for leasing are reclassified to investment properties and the parts for own-use are classified under property, plant and equipment. Both are accounted for in accordance with the applicable accounting standards. For details, refer to Note 17 to the consolidated financial statements.

Property pledged as collateral for bank borrowings are set out in Note 32 to the consolidated financial statements.

There were no capitalized interests for the three months ended March 31, 2024 and 2023.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Carrying amounts</u>			
Buildings	<u>\$ 92,303</u>	<u>\$ 69,307</u>	<u>\$ 152,708</u>
		For the Three Months Ended March 31	
		2024	2023
Additions to right-of-use assets		<u>\$ 29,633</u>	<u>\$ 30,171</u>
Depreciation charge for right-of-use assets			
Buildings		<u>\$ 8,091</u>	<u>\$ 15,623</u>

b. Lease liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Carrying amounts</u>			
Current	<u>\$ 30,839</u>	<u>\$ 16,550</u>	<u>\$ 60,859</u>
Non-current	<u>\$ 62,915</u>	<u>\$ 53,485</u>	<u>\$ 107,404</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Buildings	2.20%-6.87%	2.20%-4.35%	2.20%-4.35%

c. Material lease-in activities and terms

The Company leases certain buildings for the use of plants and offices with original lease terms of 2 to 5 years. The Company does not have bargain purchase options to acquire the buildings at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 17 to the consolidated financial statements.

	For the Three Months Ended March 31	
	2024	2023
Expenses relating to short-term leases	\$ 1,516	\$ 2,967
Total cash outflow for leases	\$ (9,877)	\$ (16,851)

The Company leases certain office equipment and other equipment which qualify as short-term leases and low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

17. INVESTMENT PROPERTIES, NET

	March 31, 2024	December 31, 2023	March 31, 2023
Carrying amounts			
Land	\$ 270,604	\$ 265,052	\$ 262,216
Buildings	<u>2,422,443</u>	<u>2,424,877</u>	<u>2,360,672</u>
	<u>\$ 2,693,047</u>	<u>\$ 2,689,929</u>	<u>\$ 2,622,888</u>

Movements of investment properties for the three months ended March 31, 2024 and 2023 were as follows:

	For the Three Months Ended March 31, 2024		
	Land	Buildings	Total
<u>Cost</u>			
Additions	\$ 265,052	\$ 4,085,893	\$ 4,350,945
Balance, beginning of period	-	1,532	1,532
Effect of foreign currency exchange differences	<u>5,552</u>	<u>21,721</u>	<u>27,273</u>
Balance, end of period	<u>270,604</u>	<u>4,109,146</u>	<u>4,379,750</u>

(Continued)

	For the Three Months Ended March 31, 2024		
	Land	Buildings	Total
<u>Accumulated depreciation</u>			
Balance, beginning of period	\$ -	\$ 1,661,016	\$ 1,661,016
Depreciation expenses	-	21,600	21,600
Effect of foreign currency exchange differences	-	4,087	4,087
Balance, end of period	-	1,686,703	1,686,703
Net book value, end of period	<u>\$ 270,604</u>	<u>\$ 2,422,443</u>	<u>\$ 2,693,047</u>

(Concluded)

	For the Three Months Ended March 31, 2023		
	Land	Buildings	Total
<u>Cost</u>			
Balance, beginning of period	\$ 240,285	\$ 3,769,899	\$ 4,010,184
Reclassification	21,347	56,263	77,610
Effect of foreign currency exchange differences	584	4,575	5,159
Balance, end of period	<u>262,216</u>	<u>3,830,737</u>	<u>4,092,953</u>

Accumulated depreciation

Balance, beginning of period	-	1,427,617	1,427,617
Depreciation expenses	-	29,268	29,268
Reclassification	-	11,700	11,700
Effect of foreign currency exchange differences	-	1,480	1,480
Balance, end of period	-	1,470,065	1,470,065
Net book value, end of period	<u>\$ 262,216</u>	<u>\$ 2,360,672</u>	<u>\$ 2,622,888</u>

The abovementioned investment properties were leased out for 2 to 5 years. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The Company designated parts of the real estate as for lease and as for own use. The parts for leasing are reclassified to investment properties and the parts for own-use are classified under property, plant and equipment. Both are accounted for in accordance with the applicable accounting standards. For details, refer to Note 15 to the consolidated financial statements.

The investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Main buildings	26-50 years
Electricity distribution system	20 years
Air-conditioning	5-10 years
Others	3-5 years

The fair value of the investment properties was measured by the management using as reference the appraisal reports on the appraisals performed by independent qualified professional appraisers. The fair values as of March 31, 2024, December 31, 2023 and March 31, 2023 were NT\$5,376,733 thousand, NT\$5,340,211 thousand and NT\$5,163,368 thousand, respectively. The fair values in the appraisal reports were measured using Level 3 inputs, and were arrived at by reference to market evidence of transaction prices for similar properties.

The investment properties pledged as collateral for bank borrowings are set out in Note 32 to the consolidated financial statements.

18. INTANGIBLE ASSETS

	March 31, 2024	December 31, 2023	March 31, 2023
Carrying amounts			
Patents	\$ -	\$ -	\$ -
Goodwill	-	-	-
Other intangible assets	<u>192,982</u>	<u>183,123</u>	<u>80,664</u>
	<u>\$ 192,982</u>	<u>\$ 183,123</u>	<u>\$ 80,664</u>

Movements of intangible assets for the three months ended March 31, 2024 and 2023 were as follows:

For the Three Months Ended March 31, 2024				
	Patents	Goodwill	Other Intangible Assets	Total
<u>Cost</u>				
Balance, beginning of the period	\$ 9,504,390	\$ 485,984	\$ 741,233	\$ 10,731,607
Additions	-	-	11,939	11,939
Effect of foreign currency exchange differences	<u>382,200</u>	<u>20,151</u>	<u>24,123</u>	<u>426,474</u>
Balance, end of the period	<u>9,886,590</u>	<u>506,135</u>	<u>777,295</u>	<u>11,170,020</u>
<u>Accumulated amortization</u>				
Balance, beginning of period	9,393,305	-	374,146	9,767,451
Amortization expenses	-	-	4,895	4,895
Effect of foreign currency exchange differences	<u>382,200</u>	<u>-</u>	<u>14,069</u>	<u>396,269</u>
Balance, end of the period	<u>9,775,505</u>	<u>-</u>	<u>393,110</u>	<u>10,168,615</u>
<u>Accumulated impairment</u>				
Balance, beginning of period	111,085	485,984	183,964	781,033
Impairment losses reversed	-	-	(16)	(16)
Effect of foreign currency exchange differences	<u>-</u>	<u>20,151</u>	<u>7,255</u>	<u>27,406</u>
Balance, end of the period	<u>111,085</u>	<u>506,135</u>	<u>191,203</u>	<u>808,423</u>
Carrying amount, end of the period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 192,982</u>	<u>\$ 192,982</u>

For the Three Months Ended March 31, 2023

	Patents	Goodwill	Other Intangible Assets	Total
<u>Cost</u>				
Balance, beginning of period	\$ 9,502,140	\$ 485,865	\$ 630,604	\$ 10,618,609
Additions	-	-	81	81
Disposals	-	-	(79)	(79)
Effect of foreign currency exchange differences	(79,800)	(4,207)	(4,444)	(88,451)
Balance, end of the period	<u>9,422,340</u>	<u>481,658</u>	<u>626,162</u>	<u>10,530,160</u>
<u>Accumulated amortization</u>				
Balance, beginning of period	9,391,055	-	364,847	9,755,902
Amortization expenses	-	-	456	456
Effect of foreign currency exchange differences	(79,800)	-	(2,828)	(82,628)
Balance, end of the period	<u>9,311,255</u>	<u>-</u>	<u>362,475</u>	<u>9,673,730</u>
<u>Accumulated impairment</u>				
Balance, beginning of period	111,085	485,865	184,436	781,386
Impairment losses reversed	-	-	(44)	(44)
Effect of foreign currency exchange differences	-	(4,207)	(1,369)	(5,576)
Balance, end of the period	<u>111,085</u>	<u>481,658</u>	<u>183,023</u>	<u>775,766</u>
Carrying amount, end of the period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,664</u>	<u>\$ 80,664</u>

Other intangible assets include some digital assets with non-determined service life, intangible assets with definite service life. Amortization expense is calculated on a straight-line basis on the following durable years:

Other intangible assets 3-9 years

19. BORROWINGS

a. Short-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Unsecured borrowings</u>			
Line of credit borrowings	<u>\$ 3,700,000</u>	<u>\$ 3,700,000</u>	<u>\$ 2,925,000</u>

The range of interest rates on line of credit borrowings was 2.24%-2.64%, 2.24%-2.64% and 2.11%-2.55% per annum at March 31, 2024, December 31, 2023 and March 31, 2023, respectively.

b. Long-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Secured borrowings</u>			
Bank loans	\$ 7,900,000	\$ 6,900,000	\$ 6,900,000
<u>Unsecured borrowings</u>			
Bank loans	2,100,000	2,100,000	1,100,000
Less: Current portion	<u>-</u>	<u>-</u>	<u>-</u>
Long-term borrowings	<u>\$ 10,000,000</u>	<u>\$ 9,000,000</u>	<u>\$ 8,000,000</u>

To support long-term development, on December 15, 2022, the Company obtained a bank loan amounting to NT\$9 billion from CTBC Bank and the credit line was divided into part A and B which amounted to NT\$6.9 billion and NT\$2.1 billion, respectively. The Company has repaid existing syndication loans in January 2023. On September 20, 2023, the Company obtained another bank loan amounting to NT\$3 billion from CTBC Bank. The credit line was divided into part A and B which amounted to NT\$2.8 billion and NT\$0.2 billion, respectively. The total amount of credit line was divided into part A and B which amounted to NT\$9.7 billion and NT\$2.3 billion, respectively, with a total credit line of NT\$12 billion to support future operating growth capital needs. The Company is required to maintain certain financial covenants including debt ratio, equity, and net cash during the tenor of the loan. The computations of financial ratios mentioned above are done based on the audited consolidated financial statements or quarterly reviewed consolidated financial statements. As of March 31, 2024, the Company has met the financial ratios mentioned above.

The Company borrowed at an interest rate of 2.21%-2.31%, 2.08%-2.18% and 2.08%-2.55% per annum at March 31, 2024, December 31, 2023 and March 31, 2023, respectively.

The Company pledged land and buildings as collateral for the long-term borrowings (refer to Note 32 to the consolidated financial statements).

20. NOTES AND TRADE PAYABLES

	March 31, 2024	December 31, 2023	March 31, 2023
Notes payable	\$ 60	\$ 151	\$ -
Trade payables	5,191,974	5,216,292	5,602,969
Trade payables - related parties	<u>595</u>	<u>464</u>	<u>212</u>
	<u>\$ 5,192,629</u>	<u>\$ 5,216,907</u>	<u>\$ 5,603,181</u>

The average term of payment is 2-4 months. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. The Company periodically negotiates with vendors to amend payment obligations. Amendments, based on their nature, are adjusted in operating cost or expense.

21. OTHER LIABILITIES

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Other payables</u>			
Accrued expenses	\$ 2,917,300	\$ 3,298,100	\$ 3,223,834
Payables for interests	22,495	17,787	15,661
Payables for purchase of equipment	<u>4,860</u>	<u>2,250</u>	<u>2,218</u>
	<u>\$ 2,944,655</u>	<u>\$ 3,318,137</u>	<u>\$ 3,241,713</u>
<u>Other liabilities</u>			
Advance receipts	\$ 163,314	\$ 228,166	\$ 144,019
Agency receipts	40,971	42,962	50,098
Others	<u>75,569</u>	<u>74,051</u>	<u>107,495</u>
	<u>\$ 279,854</u>	<u>\$ 345,179</u>	<u>\$ 301,612</u>

Accrued Expenses

	March 31, 2024	December 31, 2023	March 31, 2023
Marketing	\$ 955,723	\$ 1,014,889	\$ 1,084,337
Services	593,621	782,330	909,858
Salaries, bonuses and compensation	518,689	766,348	432,708
Materials and molding expenses	81,566	95,383	96,916
Insurance	41,366	38,531	45,187
Repairs, maintenance and sundry purchases	14,848	20,434	15,838
Import, export and freight	12,724	14,926	18,696
Others	<u>698,763</u>	<u>565,259</u>	<u>620,294</u>
	<u>\$ 2,917,300</u>	<u>\$ 3,298,100</u>	<u>\$ 3,223,834</u>

22. PROVISIONS

	March 31, 2024	December 31, 2023	March 31, 2023
Warranties	\$ 596,094	\$ 662,237	\$ 856,164
Others	<u>3,732</u>	<u>3,330</u>	<u>3,834</u>
	<u>\$ 599,826</u>	<u>\$ 665,567</u>	<u>\$ 859,998</u>

Movements of provisions for the three months ended March 31, 2024 and 2023 were as follows:

	For the Three Months Ended March 31, 2024		
	Warranty Provision	Others	Total
Balance, beginning of period	\$ 662,237	\$ 3,330	\$ 665,567
Provisions (reversed) recognized	(18,275)	402	(17,873)
Usage	(48,564)	-	(48,564)
Effect of foreign currency exchange differences	<u>696</u>	<u>-</u>	<u>696</u>
Balance, end of period	<u>\$ 596,094</u>	<u>\$ 3,732</u>	<u>\$ 599,826</u>

	For the Three Months Ended March 31, 2023		
	Warranty Provision	Others	Total
Balance, beginning of period	\$ 940,282	\$ 4,136	\$ 944,418
Provisions reversed	(38,393)	(302)	(38,695)
Usage	(45,962)	-	(45,962)
Effect of foreign currency exchange differences	<u>237</u>	<u>-</u>	<u>237</u>
Balance, end of period	<u>\$ 856,164</u>	<u>\$ 3,834</u>	<u>\$ 859,998</u>

The Company provides warranty services to its customers. The warranty period varies by product and is generally one to two years. The warranties are estimated based on an evaluation of the products under warranty, historical warranty trends, and pertinent factors.

Onerous contracts are those in which the Company's unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to be received from the contract. The present obligations arising under onerous contracts are recognized and measured as provisions.

23. EQUITY

Share Capital

a. Ordinary shares

	March 31, 2024	December 31, 2023	March 31, 2023
Number of shares authorized (in thousands of shares)	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Shares authorized	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>
Number of shares issued and fully paid (in thousands of shares)	<u>832,319</u>	<u>832,038</u>	<u>831,092</u>
Shares issued	<u>\$ 8,323,191</u>	<u>\$ 8,320,380</u>	<u>\$ 8,310,921</u>

For the three months ended March 31, 2023, the Company executed 1,577 thousand shares for employee share options, totaling NT\$15,768 thousand. As a result, the amount of the Company's issued and outstanding ordinary shares as of March 31, 2023 increased to NT\$8,310,921 thousand, divided into 831,092 thousand ordinary shares at a par value of NT\$10. Every ordinary share carries one vote per share and the rights to dividends.

For the three months ended March 31, 2024, the Company executed 281 thousand shares for employee share options, totaling NT\$2,812 thousand. As a result, the amount of the Company's issued and outstanding ordinary shares as of March 31, 2024 increased to NT\$8,323,191 thousand, divided into 832,319 thousand ordinary shares at a par value of NT\$10. Every ordinary share carries one vote per share and the rights to dividends.

A total of 80,000 thousand shares of the Company's ordinary shares authorized were reserved for the issuance of employee share options.

b. Global depositary receipts

In November 2003, the Company issued 14,400 thousand ordinary shares, corresponding to 3,600 thousand units of Global Depositary Receipts ("GDRs"). For this GDR issuance, the Company's shareholders, including Via Technologies Inc., also issued 12,878.4 thousand ordinary shares, corresponding to 3,219.6 thousand GDR units. Thus, the entire offering consisted of 6,819.6 thousand GDR units, corresponding to 27,278.4 thousand ordinary shares. Taking into account the effect of share dividends, the GDRs increased to 8,782.1 thousand units (36,060.5 thousand shares). The holders of these GDRs requested the Company to redeem the GDRs to acquire the Company's ordinary shares. As of March 31, 2024, there were 8,648.7 thousand units of GDRs redeemed, representing 34,594.9 thousand ordinary shares, and the outstanding GDRs represented 1,465.6 thousand ordinary shares or 0.17% of the Company's outstanding ordinary shares.

Capital Surplus

	March 31, 2024	December 31, 2023	March 31, 2023
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>			
Arising from the issuance of ordinary shares	\$ 15,284,292	\$ 15,272,565	\$ 15,234,176
Arising from consolidation excess	23,288	23,288	23,288
<u>May be used to offset a deficit only</u>			
Changes in equity-method associates capital surplus	63,985	63,985	26,752
Arising from expired share options	700,305	699,599	698,489
<u>May not be used for any purpose</u>			
Arising from employee share options	<u>205,823</u>	<u>\$ 211,199</u>	<u>222,893</u>
	<u>\$ 16,277,693</u>	<u>\$ 16,270,636</u>	<u>\$ 16,205,598</u>

The capital surplus arising from shares issued in excess of par (including share premium from the issuance of ordinary shares, treasury share transactions and consolidation excess) and donations may be used to offset a deficit. In addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

For details of capital surplus - employee share options, refer to Note 28 to the consolidated financial statements.

Retained Earnings and Dividend Policy

Under HTC's Articles of Incorporation, HTC should make appropriations from its net income in the following order:

- a. To pay taxes.
- b. To cover accumulated losses, if any.
- c. To appropriate 10% as legal reserve unless the total legal reserve accumulated has already reached the amount of HTC's authorized capital.
- d. To recognize or reverse special reserve return earnings. When a special reserve is appropriated for the cumulative net increases in fair value measurement of investment properties from prior period and the cumulative net debit balance reserves from prior period, the special reserve is only appropriated from the prior unappropriated earnings, the sum of net profit for current period and items other than net profit that are included directly in the unappropriated earnings for current period is used if the prior unappropriated earnings is not sufficient.
- e. The board of directors shall propose allocation ratios for any remainder profit after withholding the amounts under subparagraphs 1 to 4 above plus any unappropriated retained earnings of previous years based on the dividend policy set forth in the Article and propose such allocation ratio at the shareholders' meeting.

As part of a high-technology industry, the Company takes into consideration its operating environment, industry developments and long-term interests of shareholders when determining share or cash dividends to be paid. Other factors such as whether it can maintain operating efficiency and meet its capital expenditure budget and financial goals are also key considerations. The Company's dividend policy stipulates that at least 50% of total dividends may be distributed as cash dividends.

Appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's capital. Legal reserve may be used to offset its deficit. If the Company has no accumulated deficit and the legal reserve has exceeded 25% of its issued and outstanding ordinary shares, the excess may be transferred to ordinary shares or distributed in cash.

The accumulated deficits off-set for 2023 had been proposed by HTC's board of directors on March 5, 2024. The accumulated deficits off-set for 2022 have been approved in the shareholders' meeting on June 16, 2023. The accumulated deficits off-setting and dividends per share were as follows:

	Accumulated Deficits Off-setting		Dividends Per Share (NT\$)	
	For 2023	For 2022	For 2023	For 2022
Legal reserve used to offset accumulated deficits	\$ 3,338,305	\$ 3,279,552	\$ -	\$ -

The accumulated deficits off-set for 2023 will be resolved by the shareholders in their meeting to be held on June 20, 2024.

Information on the appropriation of earnings proposed by the Company's board of directors and approved by the Company's shareholders is available on the Market Observation Post System website of the Taiwan Stock Exchange.

Other Equity Items

a. Exchange differences on translating foreign operations

Exchange differences relating to the translation of the results and net assets of the Company's foreign operations from their functional currencies to the Company's presentation currency (the New Taiwan dollar) were recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve were reclassified to profit or loss on the disposal of the foreign operation.

b. Unrealized gains or losses on financial assets at FVTOCI

Unrealized gains or losses on financial assets at FVTOCI represents the cumulative gains and losses arising from the revaluation of financial assets at FVTOCI that have been recognized in other comprehensive income. The cumulative unrealized gains or losses will not be reclassified to profit or loss on disposal of the equity investments.

24. OPERATING REVENUE

a. Disaggregation of revenue

	For the Three Months Ended March 31	
	2024	2023
Sale of goods	\$ 481,834	\$ 878,087
Other operating income	<u>113,096</u>	<u>97,229</u>
	<u>\$ 594,930</u>	<u>\$ 975,316</u>

b. Contract balances

	March 31, 2024	December 31, 2023	March 31, 2023	January 1, 2023
Notes and trade receivables (Note 10)	<u>\$ 234,495</u>	<u>\$ 790,864</u>	<u>\$ 506,450</u>	<u>\$ 574,547</u>
Contract liabilities (classified under advance receipts)	<u>\$ 162,220</u>	<u>\$ 225,913</u>	<u>\$ 141,703</u>	<u>\$ 133,105</u>

25. NET LOSS FROM CONTINUING OPERATIONS AND OTHER COMPREHENSIVE INCOME AND LOSS

a. Interest income

	For the Three Months Ended March 31	
	2024	2023
Bank deposits	<u>\$ 216,962</u>	<u>\$ 205,369</u>

b. Other income

	For the Three Months Ended March 31	
	2024	2023
Rental income	\$ 176,428	\$ 166,535
Dividends	257	2,532
Others	<u>59,869</u>	<u>123,598</u>
	<u>\$ 236,554</u>	<u>\$ 292,665</u>

c. Other gains and losses

	For the Three Months Ended March 31	
	2024	2023
Net gain on the disposal of property, plant and equipment	\$ 1	\$ -
Net foreign exchange gain (loss)	38,977	(134,765)
Net (loss) gain on valuation of financial instruments at fair value through profit or loss	(2,963)	146,869
Reversal of impairment loss on non-financial assets (Note 18)	16	44
Net loss on disposal of investments accounted for using equity method (Note 14)	-	(10,875)
Other losses	<u>(152,460)</u>	<u>(105,499)</u>
	<u>\$ (116,429)</u>	<u>\$ (104,226)</u>

d. Finance costs

	For the Three Months Ended March 31	
	2024	2023
Interest on bank loans	\$ 72,661	\$ 51,539
Interest on lease liabilities	976	1,507
Others	<u>528</u>	<u>523</u>
	<u>\$ 74,165</u>	<u>\$ 53,569</u>

e. Expected credit loss reversed

	For the Three Months Ended March 31	
	2024	2023
Trade receivables (included in operating expense)	<u>\$ (8,000)</u>	<u>\$ (20,000)</u>

f. Depreciation and amortization

	For the Three Months Ended March 31	
	2024	2023
Property, plant and equipment	\$ 29,659	\$ 49,338
Investment properties	21,600	29,268
Intangible assets	4,895	456
Right-of-use assets	<u>8,091</u>	<u>15,623</u>
	<u>\$ 64,245</u>	<u>\$ 94,685</u>
An analysis of depreciation - by function		
Operating costs	\$ 7,881	\$ 8,491
Operating expenses	29,869	56,470
Other expenses	<u>21,600</u>	<u>29,268</u>
	<u>\$ 59,350</u>	<u>\$ 94,229</u>
An analysis of amortization - by function		
Operating costs	\$ 1,040	\$ 456
Operating expenses	<u>3,855</u>	<u>-</u>
	<u>\$ 4,895</u>	<u>\$ 456</u>

g. Employee benefits expense

	For the Three Months Ended March 31	
	2024	2023
Short-term benefits	<u>\$ 1,010,881</u>	<u>\$ 996,063</u>
Post-employment benefits		
Defined contribution plans	39,595	37,720
Defined benefit plans	<u>(922)</u>	<u>(510)</u>
	<u>38,673</u>	<u>37,210</u>
Share-based payments (Note 28)		
Equity-settled share-based payments	<u>-</u>	<u>1,761</u>
Termination benefits	<u>917</u>	<u>-</u>
Total employee benefits expense	<u>\$ 1,050,471</u>	<u>\$ 1,035,034</u>
An analysis of employee benefits expense - by function		
Operating costs	\$ 99,734	\$ 79,796
Operating expenses	<u>949,820</u>	<u>955,238</u>
Other expenses	<u>917</u>	<u>-</u>
	<u>\$ 1,050,471</u>	<u>\$ 1,035,034</u>

h. Employees' compensation and remuneration of directors

In compliance with HTC's Articles of Incorporation, the Company accrues compensation of employees and remuneration of directors at rates of no less than 4% and of no more than 0.25%, respectively, of net profit before income tax, compensation of employees and remuneration of directors. No compensation of employees and remuneration of directors were estimated as the Company reported net

losses for the three months ended March 31, 2024 and 2023, respectively. If there is a change in the proposed amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in accounting estimate in the subsequent year.

For any further information on the compensation of employees and remuneration of directors approved in the meeting of the board of directors in 2024 and 2023, see disclosures in the Market Observation Post System.

- i. (Reversal of) impairment loss on non-financial assets

	For the Three Months Ended March 31	
	2024	2023
Inventories (included in operating costs)	\$ 105,584	\$ 29,686
Intangible asset (included in other gains and losses)	<u>(16)</u>	<u>(44)</u>
	<u>\$ 105,568</u>	<u>\$ 29,642</u>

- j. Gain or loss on foreign currency exchange

	For the Three Months Ended March 31	
	2024	2023
Foreign exchange gains	\$ 400,272	\$ 432,200
Foreign exchange losses	(361,295)	(566,965)
Valuation gain arising from financial instruments at fair value through profit or loss	<u>1,474</u>	<u>146,869</u>
	<u>\$ 40,451</u>	<u>\$ 12,104</u>

26. INCOME TAXES RELATING TO CONTINUING OPERATIONS

- a. Income tax expense (benefit) recognized in profit or loss

	For the Three Months Ended March 31	
	2024	2023
In respect of the current year		
Current tax	\$ 53,884	\$ 22,268
Deferred tax	<u>(53,304)</u>	<u>(54)</u>
	<u>580</u>	<u>22,214</u>
Adjustments for previous years		
Current tax	(83,486)	(53,929)
Deferred tax	<u>83,350</u>	<u>30,000</u>
	<u>(136)</u>	<u>(23,929)</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 444</u>	<u>\$ (1,715)</u>

b. Income tax assessments

The income tax returns of HTC, HTC Investment Corporation, DeepQ Technology Corp., Viveport Digital Corporation, REIGN Technology Corporation, Uomo Vitruviano Corp. and HungXu TECH Corp. for the years through 2022 have been assessed by the tax authorities.

27. LOSS PER SHARE

	Unit: NT\$ Per Share	
	For the Three Months Ended March 31	
	2024	2023
Basic loss per share	\$ <u>(1.08)</u>	\$ <u>(0.82)</u>

The loss and weighted average number of ordinary shares outstanding used for the computation of loss per share are as follows:

Net Loss for the Period

	For the Three Months Ended March 31	
	2024	2023
Loss for the period attributable to owners of the parent	\$ <u>(899,942)</u>	\$ <u>(683,669)</u>

Shares

	Unit: In Thousands of Shares	
	For the Three Months Ended March 31	
	2024	2023
Weighted average number of ordinary shares used in the computation of basic loss per share	<u>832,205</u>	<u>830,427</u>

28. SHARE-BASED PAYMENT ARRANGEMENTS

Employee Share Option Plan of the Company

Qualified employees of HTC were granted 19,000 thousand options in October 2014. Each option entitles the holder to subscribe for one ordinary share of the Company. The options granted are valid for 10 years and exercisable at certain percentages after the second anniversary from the grant date.

Qualified employees of HTC were granted 1,000 thousand options in August 2015. Each option entitles the holder to subscribe for one ordinary share of the Company. The options granted are valid for 10 years and exercisable at certain percentages after the second anniversary from the grant date.

Qualified employees of HTC were granted 20 thousand options in May 2019. Each option entitles the holder to subscribe for one thousand ordinary shares of the Company. The options granted are valid for 10 years and exercisable at certain percentages after the second anniversary from the grant date.

Qualified employees of HTC were granted 10,000 thousand options in November 2019. Each option entitles the holder to subscribe for one ordinary share of the Company. The options granted are valid for 10 years and exercisable at certain percentages after the second anniversary from the grant date.

The exercise price equals to the closing price of the Company's ordinary shares on the grant date. For any subsequent changes in ordinary shares, the exercise price is adjusted accordingly.

Information on employee share options are as follows:

	For the Three Months Ended March 31			
	2024		2023	
	Number of Shares (In Thousands)	Weighted- average Exercise Price (NT\$)	Number of Shares (In Thousands)	Weighted- average Exercise Price (NT\$)
Balance, beginning of period	11,816	\$51.15	14,779	\$47.94
Options granted	(281)	35.10	(1,689)	35.14
Options forfeited	<u>(44)</u>		<u>(165)</u>	
Balance, end of period	<u>11,491</u>	51.61	<u>12,925</u>	49.78
Options exercisable, end of period	<u>11,143</u>		<u>10,711</u>	

Information about outstanding options as of the reporting date are as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Range of exercise prices (NT\$)	\$35.05-\$134.5	\$35.05-\$134.5	\$35.05-\$134.5
Weighted-average remaining contractual life (years)	4.55 years	4.82 years	5.65 years

Options granted in November and May 2019 were priced using the Black-Scholes option pricing model. Options granted in August 2015 and October 2014 were priced using the trinomial option pricing model. The inputs to the model are as follows:

	November 2019	May 2019	August 2015	October 2014
Grant-date share price (NT\$)	\$35.05	\$35.50	\$54.50	\$134.50
Exercise price (NT\$)	\$35.05	\$35.50	\$54.50	\$134.50
Expected volatility	43.64%-44.09%	44.94%-45.01%	39.26%	33.46%
Duration (years)	10 years	10 years	10 years	10 years
Expected dividend yield	-	-	4.04%	4.40%
Risk-free interest rate	0.6125%-0.6348%	0.6082%-0.6224%	1.3965%	1.7021%

Expected volatility was based on the historical share price volatility over the past 1-7 year. The Company assumed that employees would exercise their options after the vesting date when the share price was 1.63 times the exercise price.

Compensation Cost of Share-based Payment Arrangements

Compensation costs of share-based payment arrangements recognized were NT\$0 thousand and NT\$1,761 thousand for the three months ended March 31, 2024 and 2023, respectively.

29. CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure its ability to continue as a going concern while maximizing the returns to shareholders. The Company periodically reviews its capital structure by taking into consideration macroeconomic conditions, prevailing interest rate, and adequacy of cash flows generated from operations; as the situation would allow, the Company pays dividends, issues new shares, repurchases shares, borrows loans, and pays loans.

The Company is subject to capital structure requirements for the bank syndicated loan, refer to Note 19 to the consolidated financial statements.

30. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments That Are Not Measured at Fair Value

Financial instruments not measured at fair value held by the Company include financial assets measured at amortized cost. Management has determined that the carrying amounts of financial assets not measured at fair value approximate their fair values or their fair values cannot be measured reliably.

Fair Value of Financial Instruments That Are Measured at Fair Value on A Recurring Basis

a. Fair value hierarchy

March 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial instruments				
Foreign exchange contracts	\$ -	\$ 86,707	\$ -	\$ 86,707
Convertible bonds	-	-	265,926	265,926
Warrants	-	-	20,160	20,160
Investments in equity instruments				
Overseas unlisted equity investments	-	-	69,071	69,071
	<u>\$ -</u>	<u>\$ 86,707</u>	<u>\$ 355,157</u>	<u>\$ 441,864</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	\$ 15,016	\$ -	\$ -	\$ 15,016
Domestic unlisted equity investments	-	-	137,681	137,681
Overseas listed shares	434,014	-	-	434,104
Overseas unlisted equity investments	-	-	4,192,880	4,192,880
	<u>\$ 449,120</u>	<u>\$ -</u>	<u>\$ 4,330,561</u>	<u>\$ 4,779,681</u>
Financial liabilities at FVTPL				
Derivative financial instruments				
Foreign exchange contracts	<u>\$ -</u>	<u>\$ 85,233</u>	<u>\$ -</u>	<u>\$ 85,233</u>

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial instruments				
Foreign exchange contracts	\$ -	\$ 137,539	\$ -	\$ 137,539
Convertible bonds	-	-	178,525	178,525
Warrants	-	-	19,358	19,358
Overseas unlisted equity investments	-	-	64,476	64,476
	<u>\$ -</u>	<u>\$ 137,539</u>	<u>\$ 262,359</u>	<u>\$ 399,898</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	\$ 14,077	\$ -	\$ -	\$ 14,077
Domestic unlisted equity investments	-	-	136,219	136,219
Overseas listed shares	680,321	-	-	680,321
Overseas unlisted equity investments	-	-	4,123,973	4,123,973
	<u>\$ 694,398</u>	<u>\$ -</u>	<u>\$ 4,260,192</u>	<u>\$ 4,954,590</u>
Financial liabilities at FVTPL				
Derivative financial instruments				
Foreign exchange contracts	<u>\$ -</u>	<u>\$ 183,489</u>	<u>\$ -</u>	<u>\$ 183,489</u>

March 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial instruments				
Foreign exchange contracts	\$ -	\$ 178,718	\$ -	\$ 178,718
Convertible bonds	-	-	289,608	289,608
Warrants	-	-	25,275	25,275
Non-derivative financial assets				
Digital content investment agreement	-	-	11,369	11,369
	<u>\$ -</u>	<u>\$ 178,718</u>	<u>\$ 326,252</u>	<u>\$ 504,970</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	\$ 10,875	\$ -	\$ -	\$ 10,875
Domestic unlisted equity investments	-	-	138,085	138,085
Overseas listed shares	703,125	-	-	703,125
Overseas unlisted equity investments	-	-	3,689,673	3,689,673
	<u>\$ 714,000</u>	<u>\$ -</u>	<u>\$ 3,827,758</u>	<u>\$ 4,541,758</u>

(Continued)

	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Derivative financial instruments				
Foreign exchange contracts	\$ -	\$ 31,849	\$ -	\$ 31,849 (Concluded)

There were no transfers between Levels 1 and 2 for the three months ended March 31, 2024 and 2023.

b. Reconciliation of Level 3 fair value measurements of financial instruments

For the three months ended March 31, 2024

Financial Assets	Financial Assets at FVTPL		Financial Assets at FVTOCI	Total
	Derivatives	Equity Instruments	Equity Instruments	
Balance at January 1, 2024	\$ 197,883	\$ 64,476	\$ 4,260,192	\$ 4,522,551
Recognized in profit or loss	-	(4,437)	-	(4,437)
Recognized in other comprehensive income	-	-	(128,356)	(128,356)
Purchases	78,484	6,341	44,611	129,436
Effect of foreign currency exchange differences	9,719	2,691	154,114	166,524
Balance at March 31, 2024	\$ 286,086	\$ 69,071	\$ 4,330,561	\$ 4,685,718

For the three months ended March 31, 2023

Financial Assets	Financial Assets at FVTPL		Financial Assets at FVTOCI	Total
	Derivatives	Others	Equity Instruments	
Balance at January 1, 2023	\$ 317,633	\$ 11,469	\$ 3,888,223	\$ 4,217,325
Recognized in other comprehensive income	-	-	(38,494)	(38,494)
Purchases	-	-	2,385	2,385
Disposals	-	-	(28,286)	(28,286)
Return of investments	-	-	(15,122)	(15,122)
Transfer out of level 3	-	-	(914)	(914)
Loss of significant influence over associates	-	-	46,690	46,690
Effect of foreign currency exchange differences	(2,750)	(100)	(26,724)	(29,574)
Balance at March 31, 2023	\$ 314,883	\$ 11,369	\$ 3,827,758	\$ 4,154,010

- c. Valuation techniques and inputs applied to Level 2 financial instruments at fair value

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign currency contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

- d. Valuation techniques and inputs applied to Level 3 financial instruments at fair value

Fair value measurements categorized within Level 3 of the fair value hierarchy include a digital content investment agreement and investments in equity instruments. The lack of quoted prices in an active market places these financial assets in the Level 3 category. The fair values of digital content investment agreement are determined using the income approach. In this approach, the discounted cash flow method is used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees. The fair values of equity instruments are based on valuation provided by market participants or quoted prices of the counter party. Quantitative information has not been disclosed since the relationship between significant unobservable inputs and fair value cannot be fully controlled.

- e. Valuation process for Level 3 financial instruments at fair value

The investment department will assess the reliability, independence, and consistency of the information sources to confirm whether the valuation is representative of the exercise price. Adjustments are made to ensure the rationality of the valuation presented.

- f. Sensitivity analysis of Level 3 fair value measurements under replacement assumptions

A sensitivity analysis of replacement assumptions for the valuation of Level 3 financial instruments at fair value is not required since the valuation model used by the Company is reasonable and not internally constructed.

Categories of Financial Instruments

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets</u>			
Financial assets at FVTPL			
Held for trading	\$ 86,707	\$ 137,539	\$ 178,718
Mandatorily at FVTPL	355,157	262,359	326,252
Amortized cost (Note 1)	25,228,368	24,344,173	25,486,540
Financial assets at FVTOCI			
Equity instruments	4,779,681	4,954,590	4,541,758
<u>Financial liabilities</u>			
Financial liabilities at FVTPL			
Held for trading	85,233	183,489	31,849
Amortized cost (Note 2)	22,030,456	21,428,072	19,980,749

Note 1: The balances include financial assets measured at amortized cost, which comprise of cash and cash equivalents, other financial assets, notes and trade receivables, other receivables and refundable deposits.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise of short-term borrowings, notes and trade payables, other payables, agency receipts, long-term borrowings and guarantee deposits received.

Financial Risk Management Objectives and Policies

The Company's major financial instruments include equity and debt investments, trade receivables, other receivables, borrowings, trade payables and other payables. The Company's Corporate Treasury function provides services to the business and coordinates access to domestic and international financial markets. It also monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze the exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

The Company sought to minimize the effects of these risks by using derivative financial instruments and non-derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies, which are approved by the board of directors. The policies provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies is reviewed by the internal auditors on a continuous basis. The Company has not entered into or traded financial instruments, including derivative financial instruments, for speculative purposes.

The Corporate Treasury function reports quarterly to the Company's audit committee and board of directors in order to monitor risks and implement policies to mitigate risk exposures.

a. Market risk

The activities of the Company exposed it to the financial risks of fluctuations in foreign currency exchange rates. The Company has entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk.

There was no change to the Company's exposure to market risks or the manner in which these risks were managed and measured.

1) Foreign currency risk

The Company undertook transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arose. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts.

The carrying amounts of the Company's foreign currency denominated monetary assets, monetary liabilities, and derivatives which are exposed to foreign currency risk at the end of the reporting period are set out in Note 34 to the consolidated financial statements.

Sensitivity analysis

The Company was mainly exposed to currency fluctuations of the United States dollar (USD), Euro (EUR), Renminbi (RMB), Japanese yen (JPY), Great British Pound (GBP) and Singapore dollar (SGD).

The following table details the Company's sensitivity to a 1% increase and decrease in the New Taiwan dollars ("NTD", the functional currency) against relevant foreign currencies. The sensitivity analysis only included outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges. A positive number indicates an increase in pre-tax profit/loss or equity associated with the NTD strengthens 1% against the relevant currency. For a 1% weakening of the NTD against the relevant currency, there would be an equal and opposite impact on pre-tax loss or equity, and the balances below would be negative.

	Profit or Loss	Equity
<u>For the three months ended March 31, 2024</u>		
USD	\$ 31,681	\$ (105,464)
EUR	14,387	(7,388)
RMB	46,310	(65,207)
JPY	3,264	(2,289)
GBP	59,531	(64,927)
SGD	48,191	(46,623)

For the three months ended March 31, 2023

USD	31,079	(93,419)
EUR	12,036	(7,187)
RMB	48,601	(65,144)
JPY	3,056	(2,468)
GBP	66,689	(69,377)
SGD	45,133	(44,934)

2) Interest rate risk

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of reporting period were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Fair value interest rate risk			
Financial assets	\$ 19,529,415	\$ 16,891,396	\$ 15,931,732
Financial liabilities	93,754	70,035	168,263
Cash flow interest rate risk			
Financial assets	19,521	18,119	16,703
Financial liabilities	13,700,000	12,700,000	10,925,000

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of each asset and liability outstanding at the end of the period was outstanding for the whole year. A sensitivity rate of 0.1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.1% higher/lower and all other variables were held constant, the Company's pre-tax loss for the three months ended March 31, 2024 and 2023 would have increased/decreased by NT\$3,420 thousand and NT\$2,727 thousand, respectively.

3) Other price risk

The Company was exposed to equity price risk through its investments in convertible bonds, warrants, domestic listed shares and emerging market shares, domestic unlisted equity investments, overseas listed shares and overseas unlisted equity investments.

If equity prices had been 1% higher/lower, pre-tax profit for the three months ended March 31, 2024 and 2023 would have increased/decreased by NT\$3,552 thousand and NT\$3,263 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the three months ended March 31, 2024 and 2023 would have increased/decreased by NT\$47,797 thousand and NT\$45,418 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

b. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk which will cause a financial loss to the Company due to failure of counterparty to discharge an obligation and financial guarantees provided by the Company could arise from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets. The Company does not issue any financial guarantee involving credit risk.

The Company basically adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The credit risk information of trade receivables is disclosed in Note 10 to the consolidated financial statements.

c. Liquidity risk

The Company manages liquidity risk to ensure that the Company possesses sufficient financial flexibility by maintaining adequate reserves of cash and cash equivalents and reserving financing facilities, and also monitors liquidity risk of shortage of funds by the maturity date of financial instruments and financial assets.

1) Liquidity risk tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay.

March 31, 2024

	Less Than 3 Months	3 Months to 1 Year	Over 1 Year
Short-term borrowings	\$ 2,350,000	\$ 1,350,000	\$ -
Notes and trade payables	319,287	4,873,342	-
Other payables	1,983,206	961,449	-
Lease liabilities	8,528	25,720	67,039
Agency receipts	40,971	-	-
Long-term borrowings	-	-	10,000,000
Guarantee deposits received	-	-	152,201
	<u>\$ 4,701,992</u>	<u>\$ 7,210,511</u>	<u>\$ 10,219,240</u>

December 31, 2023

	Less Than 3 Months	3 Months to 1 Year	Over 1 Year
Short-term borrowings	\$ 2,300,000	\$ 1,400,000	\$ -
Notes and trade payables	317,079	4,899,828	-
Other payables	2,041,073	1,277,064	-
Lease liabilities	4,755	14,396	57,825
Agency receipts	42,962	-	-
Long-term borrowings	-	-	9,000,000
Guarantee deposits received	-	-	150,066
	<u>\$ 4,705,869</u>	<u>\$ 7,591,288</u>	<u>\$ 9,207,891</u>

March 31, 2023

	Less Than 3 Months	3 Months to 1 Year	Over 1 Year
Short-term borrowings	\$ 2,925,000	\$ -	\$ -
Notes and trade payables	382,960	5,220,221	-
Other payables	261,057	2,980,656	-
Lease liabilities	19,774	44,814	112,521
Agency receipts	50,098	-	-
Long-term borrowings	-	-	8,000,000
Guarantee deposits received	-	-	160,757
	<u>\$ 3,638,889</u>	<u>\$ 8,245,691</u>	<u>\$ 8,273,278</u>

2) Liquidity risk tables for derivative financial instruments

The following table details the Company's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

March 31, 2024

	Less Than 3 Months	3 Months to 1 Year	Over 1 Year
<u>Net settled</u>			
Foreign exchange contracts	<u>\$ 86,835</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Gross settled</u>			
Foreign exchange contracts			
Inflows	\$ 13,013,593	\$ -	\$ -
Outflows	<u>(13,101,366)</u>	<u>-</u>	<u>-</u>
	<u>\$ (87,773)</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2023

	Less Than 3 Months	3 Months to 1 Year	Over 1 Year
<u>Net settled</u>			
Foreign exchange contracts	\$ (118,593)	\$ -	\$ -
<u>Gross settled</u>			
Foreign exchange contracts			
Inflows	\$ 14,511,878	\$ -	\$ -
Outflows	(14,408,634)	-	-
	<u>\$ 103,244</u>	<u>\$ -</u>	<u>\$ -</u>

March 31, 2023

	Less Than 3 Months	3 Months to 1 Year	Over 1 Year
<u>Net settled</u>			
Foreign exchange contracts	\$ (6,571)	\$ -	\$ -
<u>Gross settled</u>			
Foreign exchange contracts			
Inflows	\$ 15,104,453	\$ -	\$ -
Outflows	(14,948,848)	-	-
	<u>\$ 155,605</u>	<u>\$ -</u>	<u>\$ -</u>

3) Bank credit limit

	March 31, 2024	December 31, 2023	March 31, 2023
Unsecured bank general credit limit			
Amount used	\$ 5,986,888	\$ 5,983,130	\$ 4,193,972
Amount unused	<u>3,363,012</u>	<u>3,239,370</u>	<u>4,753,436</u>
	<u>\$ 9,349,900</u>	<u>\$ 9,222,500</u>	<u>\$ 8,947,408</u>
Secured bank overdraft facilities:			
Amount used	\$ 7,900,000	\$ 6,900,000	\$ 6,900,000
Amount unused	<u>1,800,000</u>	<u>2,800,000</u>	<u>-</u>
	<u>\$ 9,700,000</u>	<u>\$ 9,700,000</u>	<u>\$ 6,900,000</u>

Amount used included short-term borrowings, long-term borrowings, guarantees for customs duties and patent litigation.

31. TRANSACTIONS WITH RELATED PARTIES

Balances, transactions, revenue and expenses between HTC and its subsidiaries, which are related parties of HTC, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Company and other related parties are disclosed below.

The Names and Relationships of Related Parties

Related Parties	Relationship with the Company
VIA Technologies Inc.	Its chairman is HTC's director
Xander International Corp.	Its chairman is HTC's director
VIA Labs, Inc.	Its chairman is HTC's director
HTC Education Foundation	Its chairman is HTC's director
Nan Ya Plastics Corporation	Its director and HTC's chairwoman are relatives
Employees' Welfare Committee	Employees' Welfare Committee of HTC
VIA Technologies (China) Co., Ltd.	The chairman of its parent company is HTC's director
Premier Investment & Consultant (Shanghai) Co., Ltd.	Its chairwoman is HTC's chairwoman
Weishang Electronics (Shanghai) Co., Ltd.	Related party in substance
Kun Chang Investment Co., Ltd.	Its director is HTC's chairwoman
ASIAPLAY TAIWAN DIGITAL ENTERTAINMENT LTD.	Its director is HTC's chairwoman
Shanghai Property Management (Shanghai) Co., Ltd.	Related party in substance
Shanghai Property Management (Shenzhen) Co., Ltd.	Subsidiary of related party in substance
TVBS Media Inc.	Its director is HTC's chairwoman
HTC Social Welfare and Charity Foundation	Its chairman is HTC's director
Chinese Christian Faith and Love Foundation	Its director is HTC's chairwoman
VIA Labs, Inc. Plastics Corporation	Related party in substance
Weihong Technology Co. Plastics Corporation	Related party in substance
VIA Technologies Inc. Plastics Corporation	Related party in substance
VIA Faith and Love Foundation	Related party in substance
Beijing Weisheng Yonghong Property Co., Ltd.	The chairman of its ultimate parent company is HTC's director
Shenzhen Weisheng Shanghua Technology Co., Ltd.	Related party in substance
CW & ET Link Inc	Its director is HTC's chairwoman
Chang Gung Memorial Medical Foundation	Its director and HTC's chairwoman are relatives
Chang Gung Memorial University	Its director and HTC's chairwoman are relatives
Leo Systems, Inc.	Related party in substance
Formosa Petrochemical Corporation	Its director and HTC's chairwoman are relatives
VRChat, Inc.	Associates

Operating Sales

	For the Three Months Ended March 31	
	2024	2023
Other related parties	\$ <u>2,802</u>	\$ <u>279</u>

For sales other than those that are made solely to related parties, the terms and prices offered to related parties are more favorable than those to third parties.

Purchase

	For the Three Months Ended March 31	
	2024	2023
Other related parties	\$ <u>376</u>	\$ <u>64</u>

The following balances of trade payables from related parties were outstanding at the end of the reporting period:

	March 31, 2024	December 31, 2023	March 31, 2023
Other related parties	\$ <u>595</u>	\$ <u>464</u>	\$ <u>212</u>

Purchase prices for related parties and third parties were similar. The outstanding balance of trade payables to related parties are unsecured and will be settled in cash.

Compensation of Key Management Personnel

	For the Three Months Ended March 31	
	2024	2023
Short-term benefits	\$ 26,053	\$ 34,379
Post-employment benefits	188	340
Share-based payments	<u>-</u>	<u>77</u>
	\$ <u>26,241</u>	\$ <u>34,796</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

Lease Liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Premier Investment & Consultant (Shanghai) Co., Ltd	\$ 60,862	\$ 62,626	\$ 4,018
Beijing Weisheng Yonghong Property Co., Ltd.	<u>22,718</u>	<u>-</u>	<u>26,857</u>
	\$ <u>83,580</u>	\$ <u>62,626</u>	\$ <u>30,875</u>

Finance Costs

	For the Three Months Ended March 31	
	2024	2023
Premier Investment & Consultant (Shanghai) Co., Ltd.	\$ 668	\$ 68
Beijing Weisheng Yonghong Property Co., Ltd.	<u>193</u>	<u>278</u>
	\$ <u>861</u>	\$ <u>346</u>

Lease Expense

	For the Three Months Ended March 31	
	2024	2023
VIA Technologies Co., Ltd.	\$ 146	\$ 373
VIA Technologies (China) Co., Ltd.	111	113
Shenzhen Weisheng Shanghua Technology Co., Ltd.	-	444
Other related parties	<u>154</u>	<u>23</u>
	<u>\$ 411</u>	<u>\$ 953</u>

Some of the offices, meeting rooms, dormitories and equipment rooms of the Company are rented from associates. The rental payment is determined at the prevailing rates in the surrounding area.

Other Related-party Transactions

Other related parties provide property management, digital photography, consultancy service and technical support service. The costs and fees were NT\$14,149 thousand and NT\$2,310 thousand for the three months ended March 31, 2024 and 2023, respectively.

As of March 31, 2024, December 31, 2023 and March 31, 2023, the outstanding balances of other payables to related parties were NT\$8,501 thousand, NT\$1,818 thousand and NT\$989 thousand, respectively.

The Company collects property management fees and utility fees from other related companies. Other income was NT\$3,223 thousand and NT\$3,129 thousand for the three months ended March 31, 2024 and 2023, respectively.

32. PLEDGED ASSETS

As of March 31, 2024, December 31, 2023 and March 31, 2023, time deposits and demand deposits classified as other financial assets totaled NT\$99,426 thousand, NT\$309,122 thousand and NT\$144,014 thousand, respectively. These deposits were provided as collateral for rental deposits, customs duties, patent litigation, supplier contract and performance bonds.

The following assets were pledged as collateral for bank borrowings:

	March 31, 2024	December 31, 2023	March 31, 2023
Property, plant and equipment			
Land	\$ 4,566,756	\$ 4,566,756	\$ 3,337,100
Buildings	1,612,771	1,632,600	963,715
Investment properties	<u>1,807,553</u>	<u>1,824,530</u>	<u>696,391</u>
	<u>\$ 7,987,080</u>	<u>\$ 8,023,886</u>	<u>\$ 4,997,206</u>

33. COMMITMENTS, CONTINGENCIES AND SIGNIFICANT CONTRACTS

- a. On January 30, 2017, 3G Licensing S.A. (“3GL”), Orange S.A. (“Orange”), and Koninklijke KPN N.V. filed a lawsuit against HTC and a subsidiary of the Company, HTC America Inc. (“HTC America”), in U.S. District Court in Delaware alleging, inter alia, infringement of three of 3GL’s patents. The plaintiffs dismissed HTC America from the case, and a jury trial was held involving only 3GL, Orange, HTC and two of 3GL’s patents. The trial commenced on October 10, 2023, and on October 16, 2023, the jury found infringement of the patents and awarded damages against HTC. The Company does not believe the patents have been infringed and plans to vigorously appeal the verdict.
- b. On the basis of its past experience and consultations with its legal counsel, the Company has measured the possible effects of the contingent lawsuits on its business and financial condition.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information includes foreign currencies other than functional currencies of the group entities. Exchange rates between foreign currencies and respective functional currencies are disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

Unit: In Thousands of Each Foreign Currency

	March 31, 2024		December 31, 2023		March 31, 2023	
	Foreign Currencies	Exchange Rate	Foreign Currencies	Exchange Rate	Foreign Currencies	Exchange Rate
<u>Financial assets</u>						
Monetary items						
USD	\$ 696,945	32.00	\$ 849,778	30.73	\$ 798,758	30.45
EUR	69,436	34.46	79,070	34.00	68,654	33.15
JPY	1,966,767	0.2114	1,958,507	0.2173	1,688,783	0.2287
RMB	1,104,329	4.41	1,105,411	4.33	1,211,776	4.43
GBP	147,429	40.38	153,277	39.17	181,722	37.66
SGD	203,318	23.71	208,571	23.30	199,723	22.91
Non-monetary items						
USD	137,115	32.00	142,950	30.73	140,813	30.45
RMB	180,209	4.41	178,149	4.33	97,262	4.43
Investments accounted for using the equity method						
USD	4,600	32.00	2,308	30.73	4,391	30.45
RMB	20,365	4.41	20,800	4.33	21,024	4.43
<u>Financial liabilities</u>						
Monetary items						
USD	597,941	32.00	658,974	30.73	696,691	30.45
EUR	27,685	34.46	35,464	34.00	32,346	33.15
JPY	422,865	0.2114	1,548,861	0.2173	352,397	0.2287
RMB	54,213	4.41	111,600	4.33	114,685	4.43
GBP	-	40.38	7,065	39.17	4,639	37.66
SGD	65	23.71	5,065	23.30	2,722	22.91

For the three months ended March 31, 2024 and 2023, realized and unrealized net foreign exchange gains were NT\$40,451 thousand and NT\$12,104 thousand, respectively. It is impractical to disclose net foreign exchange gains or losses by each significant foreign currency due to the variety of foreign currency transactions and functional currencies of the Company’s entities.

35. SIGNIFICANT CONTRACTS

The Company specializes in the research, design, manufacture and sale of virtual reality devices and smart mobile devices. To enhance the quality of its products and manufacturing technologies, the Company has patent agreements, as follows:

Contract Type	Contractor	Term	Description	Restrictive Covenants
Patent License	Qualcomm Incorporated	December 20, 2000 to the following dates: a. If the Company materially breaches any agreement terms and fails to take remedial action within 30 days after Qualcomm's issuance of a written notice, the Company will be prohibited from using Qualcomm's property or patents. b. Any time when the Company is not using any of Qualcomm's intellectual property, the Company may terminate this agreement upon 60 days' prior written notice to Qualcomm.	Authorization to use CDMA technology to manufacture and sell units, royalty payment based on agreement.	No
Patent License	InterDigital Technology Corporation	December 31, 2003 to the expiry dates of these patents stated in the agreement.	Authorization to use TDMA and CDMA technologies; royalty payment based on agreement.	No
Patent License	KONINKLIJKE PHILIPS N.V.	December 23, 2019 - December 31, 2024	Authorization to use UMTS/LTE patents and portable feature patents; royalty payment based on agreement.	No

36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others (None)

2) Endorsements/guarantees provided (None)

3) Marketable securities held (excluding investments in subsidiaries, associates and jointly controlled entities) (Table 1)

- 4) Marketable securities acquired or disposed of at cost or prices of at least NT\$300 million or 20% of the paid-in capital (Table 2)
 - 5) Acquisition of individual real estate at cost of at least NT\$300 million or 20% of the paid-in capital (None)
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 3)
 - 9) Trading in derivative instruments (Note 7)
 - 10) Others: The business relationship between the parent and the subsidiaries and between each subsidiary, and significant transactions between them (Table 7)
 - 11) Information on investees (Table 4)
- b. Information on investments in mainland China
- 1) Information on investee companies in mainland China, including the name, principal business activities, paid-in capital, accounting method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in mainland China (Table 5)
 - 2) Significant transactions with investee companies in mainland China, either directly or indirectly through a third party, their prices, payment terms and unrealized gains or losses (Table 6):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year
 - c) The amount of property transactions and the amount of the resulting gains or losses
 - d) The balance of negotiable instrument endorsements, guarantees or pledges of collateral at the end of the year and their purposes
 - e) The most significant balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- c. Information of major shareholders: Names of shareholders with ownership of 5% or more, number of shares owned and the percentage of ownership of each shareholder (Table 8).

37. SEGMENT INFORMATION

The Company is organized and managed as a single reportable business segment. The Company's operations are mainly in the research, design, manufacture and sale of virtual reality devices and smart mobile devices. Revenue from these operations is more than 90% of the total revenue. The Company is considered a single segment. The basis of information reported to the chief operating decision maker is the same as the financial statements. Thus, the segment revenue and results for the three months ended March 31, 2024 and 2023 can be found in the consolidated statements of comprehensive income and the segment assets and liabilities as of March 31, 2024 and 2023 can be found in the consolidated balance sheets.

TABLE 1

HTC CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES)

MARCH 31, 2024

(In Thousands of New Taiwan Dollars)

Holding Company	Marketable Securities Type and Name of Issuer	Relationship of Issuer to the Holding Company	Financial Statement Account	At the End of the Year				Note
				Shares (In Thousand)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
HTC Corporation	<u>Listed shares</u> VIA Technologies, Inc.	Its chairman is HTC's director	Financial assets at fair value through other comprehensive income - non-current	8.5	\$ 1,073	-	\$ 1,073	Note 1
	<u>Unlisted equity investments</u> Hua-Chuang Automobile Information Technical Center Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	-	-	-	-	
	Bandrich, Inc.	-	"	2,025	905	9.96	905	
	InfoKeyVault Technology Co., Ltd.	-	"	1,000	100,000	14.29	100,000	
HTC Investment Corporation	<u>Listed shares</u> Sino-American silicon products Inc.	-	Financial assets at fair value through other comprehensive income - non-current	65	13,943	0.01	13,943	
	<u>Unlisted equity investments</u> Luminous Optical Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	501	22,879	10.02	22,879	
	HLJ Technology Co., Ltd.	-	"	948	13,897	0.90	13,897	
H.T.C. (B.V.I.) Corp.	<u>Listed shares</u> SoundHound AI, Inc.	-	Financial assets at fair value through other comprehensive income - current	795	149,799	1.50	149,799	
	<u>Unlisted equity investments</u> GSUO Inc.	-	Financial assets at fair value through other comprehensive income - non-current	30,888	-	10.32	-	
	KKCompany Technologies Inc.	-	"	12,288	299,357	7.49	299,357	
	Magnet Systems, Inc.	-	"	5,560	-	17.10	-	
	High Fidelity, Inc.	-	"	451	37,301	1.40	37,301	
	WEVR, Inc.	-	"	5,089	221,116	17.01	221,116	
	Baobab Studios Inc.	-	"	433	55,998	2.02	55,998	
	Radd3, Inc.	-	"	935	-	6.24	-	
	MobiSocial Incorporated	-	"	121	-	0.41	-	
	EMISSIVE	-	"	37	140,020	18.03	140,020	
	Bitmark Inc.	-	"	1,306	21,759	3.31	21,759	
	MyndVR Inc.	-	"	700	41,599	2.45	41,599	

(Continued)

Holding Company	Marketable Securities Type and Name of Issuer	Relationship of Issuer to the Holding Company	Financial Statement Account	At the End of the Year				Note
				Shares (In Thousand)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
H.T.C. (B.V.I.) Corp.	<u>Unlisted equity investments</u> Engage XR Holdings PLC	-	Financial assets at fair value through other comprehensive income - non-current	62,780	\$ 46,702	11.96	\$ 46,702	
	TransLink Capital Fund Partners II, L.P.	-	"	-	417,920	-	417,920	
	WI Harper Fund VII	-	"	-	100,435	-	100,435	
	WI Harper Fund IX	-	"	-	49,602	-	49,602	
	Race Capital	-	"	-	250,033	-	250,033	
	Race Capital II	-	"	-	28,167	-	28,167	
	<u>Convertible bonds</u> Cognitive VR	-	Financial assets at fair value through profit or loss - non-current	-	8,000	-	8,000	
	WEVR Inc.	-	"	-	79,998	-	79,998	
	<u>Listed shares</u> Intuit Inc.	-	Financial assets at fair value through other comprehensive income - current	1	31,116	-	31,116	
	Coinbase Global, Inc.	-	"	7	61,684	-	61,684	
HTC Investment (BVI) Corp.	Matterport, Inc.	-	"	315	22,807	-	22,807	
	Vicarious Surgical Inc.	-	"	619	5,986	-	5,986	
	<u>Unlisted equity investments</u> Lumus Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	28	47,999	0.50	47,999	
	Event X	-	"	1,466	127,996	6.80	127,996	
	Imverse SA	-	"	-	34,744	-	34,744	
	XRHealth, Inc	-	"	293	133,052	3.30	133,052	
	Anzu Virtual Reality Ltd.	-	"	-	115,196	-	115,196	
	Tripp.Inc	-	"	389	19,199	-	19,199	
	Inworld (Theai, Inc.)	-	"	214	63,998	-	63,998	
	Unbound Technologies	-	"	-	4,800	-	4,800	
	TxK Gaming Studios GmbH	-	"	3	5,268	9.09	5,268	
	Felicis Ventures II LP	-	"	-	61,410	-	61,410	
	Presence Capital Fund I, LP	-	"	-	130,265	-	130,265	
	Rothenberg Ventures 2015 Fund, LLC	-	"	-	-	-	-	
	Ally Bridge Group	-	"	-	246,360	-	246,360	
	Ally Bridge Group-CMRCO	-	"	-	303,711	-	303,711	
	BITKRAFT Ventures Fund II, L.P.	-	"	-	74,542	-	74,542	
	Cherubic Ventures	-	"	-	164,010	-	164,010	
	Section 32 Fund 5	-	"	-	14,312	-	14,312	
	Sisu Ventures III, LP	-	"	-	52,600	-	52,600	

(Continued)

Holding Company	Marketable Securities Type and Name of Issuer	Relationship of Issuer to the Holding Company	Financial Statement Account	At the End of the Year				Note
				Shares (In Thousand)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
HTC Investment (BVI) Corp.	<u>Unlisted equity investments</u>							
	Transcend Fund II	-	Financial assets at fair value through profit or loss - non-current	-	\$ 62,671	-	\$ 62,671	
	BITKRAFT Ventures Fund III, L.P.	-	"	-	6,400	-	6,400	
	<u>Convertible bonds</u>							
	Canopy Technologies Limited	-	Financial assets at fair value through profit or loss - non-current		8,000	-	8,000	
	Modrokk Inc.	-	"		95,997	-	95,997	
HTC VIVE Investment (BVI) Corp.	Wonderland GmbH	-	"		17,439	-	17,439	
	<u>Listed shares</u>							
	COVER Corporation	-	Financial assets at fair value through other comprehensive income - current	325	162,712	-	162,712	
	<u>Unlisted equity investments</u>							
	Drop Software Inc.	-	Financial assets at fair value through other comprehensive income - non-current	813	-	10.00	-	
	Fish Bowl VR, Inc.	-	"	36	-	6.00	-	
	Apmetrix, Inc.	-	"	36	-	2.74	-	
	CleVR Forever, Inc.	-	"	300	-	3.33	-	
	Immersv, Inc.	-	"	655	-	2.21	-	
	Surreal VR, Inc.	-	"	644	-	7.03	-	
	Augmented Intelligence, Inc.	-	"	700	1,600	7.00	1,600	
	Opaque Productions, Inc.	-	"	1	3,200	8.00	3,200	
	Glowstick Entertainment Inc.	-	"	800	-	8.00	-	
	KALEIDOSCOPE VR INC.	-	"	700	-	7.00	-	
	LyraVR, Inc.	-	"	81	1,920	7.50	1,920	
	BreqLabs, Inc.	-	"	261	-	8.00	-	
	LumiereVR, Inc	-	"	870	800	8.00	800	
	The Metaverse Channel Inc.	-	"	8	-	8.00	-	
	Metaverse Technology Limited	-	"	8	832	8.00	832	
	Subdream Studios Inc.	-	"	45	-	1.00	-	
	Appnori Inc.	-	"	-	2,240	7.02	2,240	
	Snobal Pty Ltd	-	"	-	1,280	6.54	1,280	
	VRANI Inc.	-	"	17	1,600	4.00	1,600	
	COGNITIVE VR INC.	-	"	280	-	2.01	-	
	Limitless Entertainment, Limited	-	"	24	-	0.75	-	
	AuroraTech Company	-	"	800	-	8.00	-	
	Realiteer Corp.	-	"	720	-	6.00	-	
	Construct Studio Inc.	-	"	565	-	7.00	-	
	Forbidden Mechanism Inc.	-	"	354	-	10.00	-	
	Hyperfair Inc.	-	"	835	-	4.00	-	

(Continued)

Holding Company	Marketable Securities Type and Name of Issuer	Relationship of Issuer to the Holding Company	Financial Statement Account	At the End of the Year				Note
				Shares (In Thousand)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
HTC VIVE Investment (BVI) Corp.	<u>Unlisted equity investments</u> bHaptics Inc.	-	Financial assets at fair value through other comprehensive income - non-current	9	\$ 32	3.00	\$ 32	
	Opaque X PTY LTD	-	"	1	3,200	7.50	3,200	
	Xikaku Inc.	-	"	600	-	6.00	-	
	Broken Colors Inc.	-	"	-	-	6.02	-	
	Soccer Science, S.L.	-	"	6	-	5.00	-	
	Fitix Visualization Ltd	-	"	129	-	6.00	-	
	PlusOne, Inc.	-	"	538	-	7.00	-	
	Invrse Reality Limited	-	"	1,600	-	8.00	-	
	ByondVR LTD	-	"	18	-	1.50	-	
	Wondergate holding (Cayman) Limited	-	"	2,041	-	2.00	-	
	Intugame Inc.	-	"	490	783	7.00	783	
	ThermoReal Inc.	-	"	-	-	3.00	-	
	Mixed Realms Pte. Ltd.	-	"	-	1,920	4.00	1,920	
	Red Pill Lab Ltd.	-	"	50	1,600	8.00	1,600	
	VRCOLLAB PTE. LTD.	-	"	1	1,920	8.00	1,920	
	Looxid Labs Inc.	-	"	2	334	1.00	334	
	360Stories Corp.	-	"	213	2,240	-	2,240	
	Z-Emotion	-	"	-	160	-	160	
	eLoupes, Inc.	-	"	959	8,640	-	8,640	
	Fable Studio Inc.	-	"	-	4,800	-	4,800	
	Emergent Entertainment Plc	-	"	34	3,743	2.92	3,743	
	DatavizVR	-	"	-	4,800	-	4,800	
	Neurable Inc.	-	"	67	3,840	-	3,840	
	Nanome Inc.	-	"	80	4,800	-	4,800	
	Mindesk Inc.	-	"	944	3,840	-	3,840	
	Karuna Labs	-	"	211	4,800	1.90	4,800	
	Talespin LLC	-	"	1,116	9,600	-	9,600	
	Vivid Vision	-	"	450	4,800	-	4,800	
	Apelab, Inc.	-	"	16,081	4,800	8.70	4,800	
	Brinx Software	-	"	-	4,800	-	4,800	
	<u>Convertible bonds</u> Drop Software Inc.	-	Financial assets at fair value through profit or loss - non-current	-	-	-	-	
	Fish Bowl VR, Inc.	-	"	-	-	-	-	
	Apmetrix, Inc.	-	"	-	-	-	-	
	CleVR Forever, Inc.	-	"	-	-	-	-	
	Surreal VR, Inc.	-	"	-	-	-	-	

(Continued)

Holding Company	Marketable Securities Type and Name of Issuer	Relationship of Issuer to the Holding Company	Financial Statement Account	At the End of the Year				Note
				Shares (In Thousand)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
HTC VIVE Investment (BVI) Corp.	<u>Convertible bonds</u> Realiteer Corp.	-	Financial assets at fair value through profit or loss - non-current	-	\$ -	-	\$ -	
	KALEIDOSCOPE VR INC.	-	"	-	3,840	-	3,840	
	COGNITIVEVR INC.	-	"	-	3,840	-	3,840	
	Limitless Entertainment, Limited	-	"	-	-	-	-	
	AuroraTech Company	-	"	-	-	-	-	
	Construct Studio Inc.	-	"	-	-	-	-	
	Forbidden Mechanism Inc.	-	"	-	-	-	-	
	Hyperfair Inc.	-	"	-	-	-	-	
	Broken Colors Inc.	-	"	-	-	-	-	
	Soccer Science, S.L.	-	"	-	-	-	-	
	Fitix Visualization Ltd	-	"	-	1,600	-	1,600	
	PlusOne, Inc.	-	"	-	-	-	-	
	Invrse Reality Limited	-	"	-	-	-	-	
	ByondVR LTD	-	"	-	3,200	-	3,200	
	Cloudgate Studio, Inc.	-	"	-	-	-	-	
	Quantum Capture	-	"	-	4,800	-	4,800	
	Intugame Inc.	-	"	-	3,056	-	3,056	
	Pillow's Willow VR Studios B.V.	-	"	-	2,400	-	2,400	
	Modal System Inc.	-	"	-	-	-	-	
	MyndVR LLC	-	"	-	4,391	-	4,391	
	Immersv, Inc.	-	"	-	3,105	-	3,105	
	Yerba Buena VR	-	"	-	3,200	-	3,200	
	Prime Software	-	"	-	3,200	-	3,200	
	Kagenova Ltd	-	"	-	4,229	-	4,229	
	JCR Group Ltd	-	"	-	5,317	-	5,317	
	Extended Reality	-	"	-	4,800	-	4,800	
	OramaVR	-	"	-	-	-	-	
	Imaged Reality	-	"	-	5,514	-	5,514	
	<u>Exchange contracts</u> Realities.io Inc.	-	Financial assets at fair value through profit or loss - non-current	-	3,840	-	3,840	
	Subdream Studios Inc.	-	"	-	-	-	-	
	Rogue Initiative, LLC	-	"	-	6,400	-	6,400	
	Directive Games Limited	-	"	-	-	-	-	
	Visby Camera Corporation	-	"	-	-	-	-	
	LIV Inc.	-	"	-	3,200	-	3,200	
	Six Degrees Space Ltd	-	"	-	1,920	-	1,920	
	Shapes Corp.	-	"	-	4,800	-	4,800	

(Continued)

Holding Company	Marketable Securities Type and Name of Issuer	Relationship of Issuer to the Holding Company	Financial Statement Account	At the End of the Year				Note
				Shares (In Thousand)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
HTC Electronics (Shanghai) Co., Ltd.	Unlisted equity investments							
	Kunqiao Phase II (Xiamen) Semiconductor Industry Equity Investment Partnership (Limited partnership)	-	Financial assets at fair value through other comprehensive income - non-current	-	\$ 647,668	-	\$ 647,668	
	Kunqiao Phase II (Suzhou) Emerging Industry Venture Capital Partnership (Limited Partnership)	-	"	-	127,135	-	127,135	

Note 1: Hua-Chuang Automobile Information Technical Center Co., Ltd. increased its share capital on August 17, 2020. The Company did not subscribe for these newly issued shares at its existing ownership percentage, thus its shareholding ratio decreased.

(Concluded)

TABLE 2

HTC CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty (Note 1)	Relationship (Note 1)	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
H.T.C. (B.V.I.) Corp.	SoundHound AI, Inc.	Financial assets at fair value through other comprehensive income - current	-	-	5,932	\$ 386,390	-	\$ -	5,137	\$ 809,850	\$ 87,806	\$ - (Note 2)	795	\$ 149,799

Note 1: Securities accounted for using equity method are required to fill in these two columns, and the rest are not required.
Note 2: Measured at fair value through other comprehensive income where disposal gains and losses NT\$722,044 are transferred to retained earnings in accordance with accounting standards.

TABLE 3

HTC CORPORATION AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2024
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debt
					Amount	Action Taken		
HTC EUROPE CO., LTD.	HTC Corporation	Parent company	\$ 418,415	0.80	\$ -	-	\$ 34,783	\$ -
HTC America Innovation Inc.	HTC Corporation	Parent company	368,773	0.52	-	-	49,024	-
HTC (Australia and New Zealand) PTY LTD.	HTC Corporation	Parent company	201,752	0.11	-	-	-	-
HTC HK, Limited	HTC Corporation	Parent company	181,609	0.10	-	-	-	-
HTC Germany GmbH	HTC Corporation	Parent company	107,517	0.26	-	-	-	-
Viveport Digital Corporation	Viverse Limited (Ireland)	Same parent company	111,540	1.96	-	-	53,271	-

TABLE 4

HTC CORPORATION AND SUBSIDIARIES

**NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENTS IN MAINLAND CHINA)
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars)**

Investor Company	Investee Company	Location	Main Business Activity	Original Investment Amount		At the End of the Year			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				Ending Balance	Beginning Balance	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
HTC Corporation	H.T.C. (B.V.I.) Corp.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110	International holding company and general investing activities	\$ 4,517,708	\$ 4,517,708	1,476,202	100.00	\$ 3,258,691	\$ 79,044	\$ 79,044	Note 1
	High Tech Computer Asia Pacific Pte. Ltd.	#13-00 Robinson 77 Singapore 068896	International holding company; marketing, repair and after-sales services	7,284,394	7,284,394	238,783	100.00	12,741,437	112,439	112,439	
	HTC Investment Corporation	1F., No. 88, Sec. 3, Zhongxing Rd., Xindian Dist., New Taipei City	General investing activities	342,874	342,874	34,287	100.00	149,647	407	407	
	HTC Holding B.V.	Van Boshuizenstraat 12, (unit 1.25), 1083BA Amsterdam, the Netherlands	International holding company	13	13	-	0.01	13	14,552	-	
	HTC Investment One (BVI) Corporation	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110	Holding S3 Graphics Co., Ltd. and general investing activities	10,006,434	10,006,434	333,733	100.00	435,762	(253)	(253)	
	HTC Investment (BVI) Corp.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110	General investing activities	832,990	832,990	26,000	100.00	3,639,305	(21,783)	(21,783)	
	HungXu Holding (BVI) Corp.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110	International holding company	234,324	234,324	7,000	100.00	252,927	5,704	5,704	
	HTC VIVE Investment (BVI) Corp.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110	General investing activities	302,807	302,807	10,000	100.00	432,283	(13)	(13)	
	DeepQ Holding (BVI) Corp.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110	International holding company	498,565	498,565	16,500	100.00	226,745	-	-	
	HTC Smartphone (BVI) Corp.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110	International holding company	1,004	1,004	33	100.00	493	-	-	
	HTC VR Content (BVI) Corp.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110	International holding company	52,518	52,518	1,710	100.00	19,542	(1,046)	(1,046)	
	VIVE Arts Corporation	15F., No. 88, Sec. 3, Zhongxing Rd., Xindian Dist., New Taipei City	Digital art	5,000	5,000	500	100.00	(1,864)	(5,293)	(5,293)	
	HungYao Technology Co, Ltd.	16F., No. 88, Sec. 3, Zhongxing Rd., Xindian Dist., New Taipei City	Manufacturing of electronic parts	100	100	10	100.00	96	(4)	(4)	
	HTC EUROPE CO., LTD.	Salamanca Wellington Street Slough Berkshire England SL1 1YP	International holding company; marketing, repair and after-sales services	9,349,409	9,349,409	104,061	100.00	9,862,717	(57,803)	(57,803)	Notes 2 and 3
H.T.C. (B.V.I.) Corp.	East West Artists, LLC	5200 W Century Blvd Suite 701, Los Angeles, CA 90045, US	Human resources management	38,386	38,386	1,200	30.00	-	-	-	
	Steel Wool Games Inc.	95 Linden St Suite 4, Oakland, CA 94607	Development of virtual reality contents	171,870	171,870	10,822	49.00	142,651	147,618	72,332	
	Surgical Theater, LLC	781 BETA DRIVE MAYFIELD VILLAGE, OHIO 44143 USA	Development of virtual reality contents	437,595	437,595	46	16.30	-	-	-	
	MOR Museum Inc.	1601-1252 Hornby Street, Vancouver, BC V6Z 0A3 Canada	Development of virtual reality contents	49,344	49,344	437	25.00	4,534	(960)	(240)	
High Tech Computer Asia Pacific Pte. Ltd.	HTC (Australia and New Zealand) PTY LTD.	SUITE 1 LEVEL 7, 460-62 YORK STREET, SYDNEY NSW 2000	Marketing, repair and after-sales services	117,871	117,871	400	100.00	197,642	186	186	
	HTC Philippines Corporation	UNIT 32 3/F WORLDNET BUSINESS CENTER ZETA BLDG 191, SALCEDO ST LEGASPI VILLAGE, MAKATI CITY 1229	Marketing, repair and after-sales services	6,596	6,596	859	100.00	6,677	-	-	

(Continued)

Investor Company	Investee Company	Location	Main Business Activity	Original Investment Amount		At the End of the Year			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				Ending Balance	Beginning Balance	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
High Tech Computer Asia Pacific Pte. Ltd.	HTC India Private Limited	C-109 and C-110, First Floor, M3M, Cosmopolitan, Golf Course Expention Road, Gurugram, Haryana-122002	Marketing, repair and after-sales services	\$ 4,094	\$ 4,094	495	99.00	\$ 141,539	\$ 83	\$ 82	
	HTC HK, Limited	31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong	International holding company; marketing, repair and after-sales services	151,634	151,634	37,626	100.00	4,542,486	27,390	27,390	
	HTC Holding B.V.	Van Boshuizenstraat 12 unit 1.25, 1083 BA Amsterdam, the Netherlands	International holding company	6,815,370	6,815,370	-	99.99	1,040,923	14,552	14,552	
HTC Investment One (BVI) Corporation	S3 Graphics, Co., Ltd.	P.O. Box 709 George Town Grand Cayman	Design, research and development of graphics technology	9,033,450	9,033,450	386,339	100.00	99,235	(174)	(174)	
HTC Holding B.V.	HTC Servicios DE Operacion Mexico, S.A DE C.V.	Paseo de la Reforma 505 piso 32 Col Cuauhtemoc. Cp 06500 Mexico DF.	Human resources management	37	37	1	1.00	62	(19)	-	
	HTC Netherlands B.V.	Van Boshuizenstraat 12, (unit 1.25), 1083BA Amsterdam, the Netherlands	International holding company; marketing, repair and after-sales services	7,050,037	7,050,037	143,882	100.00	1,054,277	14,714	14,714	
	HTC India Private Limited	C-109 and C-110, First Floor, M3M, Cosmopolitan, Golf Course Expention Road, Gurugram, Haryana-122002	Marketing, repair and after-sales services	39	39	5	1.00	1,430	83	1	
	HTC South Eastern Europe Limited liability Company	Kifissias 90, Marousi 15125, Athens, Greece	Marketing, repair and after-sales services	1	1	-	0.67	16	-	-	
	HTC Communication Solutions Mexico, S.A DE C.V.	Paseo de la Reforma 505 piso 32 Col Cuauhtemoc. Cp 06500 Mexico DF.	Marketing, repair and after-sales services	25	25	1	1.00	70	(96)	(1)	
HTC Netherlands B.V.	HTC Belgium BVBA/SPRL	Havenlaan 86/c, box 204 - 1000 Brussels	Marketing, repair and after-sales services	783	783	19	100.00	(8,556)	(697)	(697)	
	HTC NIPPON Corporation	The CORNER Nihonbashi east 5th floor, 1-9-1, Nihonbashi Bakurocho, Chuo-ku, Tokyo	Sale of virtual reality devices and smart mobile devices	154,810	154,810	56	100.00	229,093	843	843	
	HTC FRANCE CORPORATION	83-85 boulevard de Charonne 75011 Paris	Marketing, repair and after-sales services	459,161	459,161	11,000	100.00	38,058	74	74	
	HTC South Eastern Europe Limited liability Company	Kifissias 90, Marousi 15125, Athens, Greece	Marketing, repair and after-sales services	176	176	-	99.33	2,391	-	-	
	HTC Nordic ApS.	c/o Redmark, Sommervej 31 C, Hasle, 8210 Aarhus V	Marketing, repair and after-sales services	5,345	5,345	80	100.00	11,389	26	26	
	HTC Italia SRL	c/o Studio Gargani & Associati, Via Nicolò Tartagli, 11, 00197 Roma, Italy	Marketing, repair and after-sales services	51,056	51,056	-	100.00	1,588	(636)	(636)	
	HTC Germany GmbH.	Friedrich-Ebert-Anlage 36 60325 Frankfurt am Main Germany	Marketing, repair and after-sales services	24,550	24,550	25	100.00	116,265	56	56	
	HTC Iberia S.L.	Conde de Vilches, 19, Madrid, 28028, Spain	Marketing, repair and after-sales services	9,402	9,402	3	100.00	24,752	-	-	
	HTC Poland sp. z o.o.	Jerozolimskie Business Park, Al. Jerozolimskie 146A, 02-305 Warszawa, Poland	Marketing, repair and after-sales services	2,301	2,301	5	100.00	5,430	106	106	
	HTC Communication Canada, Ltd.	2900-550 Burrard Street, Vancouver BC V6C 0A3, Canada	Marketing, repair and after-sales services	43,915	43,915	1,500	100.00	77,568	442	442	
	HTC Communication Sweden AB	C/o Revideco AB Drottningholmsvägen 22 112 42 Stockholm	Marketing, repair and after-sales services	28,029	28,029	4	100.00	63,546	186	186	
	HTC Middle East FZ-LLC	DIC building no.3, office no.316, Dubai Internet City, Dubai	Marketing, repair and after-sales services								
	HTC Communication Solutions Mexico, S.A DE C.V.	Paseo de la Reforma 505 piso 32 Col Cuauhtemoc. Cp 06500 Mexico DF.	Marketing, repair and after-sales services	2,460	2,460	50	99.00	6,921	(96)	(95)	
	HTC Servicios DE Operacion Mexico, S.A DE C.V.	Paseo de la Reforma 505 piso 32 Col Cuauhtemoc. Cp 06500 Mexico DF.	Human resources management	3,690	3,690	50	99.00	6,171	(19)	(19)	

(Continued)

Investor Company	Investee Company	Location	Main Business Activity	Original Investment Amount		At the End of the Year			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				Ending Balance	Beginning Balance	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
HTC EUROPE CO., LTD.	HTC America Holding Inc.	308 Occidental Ave S 3rd floor, Seattle, WA 98104	International holding company	\$ 6,341,332	\$ 6,341,332	371,617	100.00	\$ 3,041,015	\$ (50,479)	\$ (50,479)	Note 2 Note 3
	DeepQ Holding Corporation	89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands	International holding company	314,390	314,390	61,700	100.00	282,964	(10,787)	(10,787)	
	VIVE Arts Holding Corporation	89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands	International holding company	1,536	1,536	5,960	100.00	1,600	-	-	
	Viveport Corporation	89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands	International holding company	831,985	831,985	16,917	100.00	509,765	(77,070)	(77,070)	
	REIGN Technology Corporation	89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands	International holding company	323,423	323,423	32,000	100.00	299,881	(21,893)	(21,893)	
DeepQ Holding Corporation	DeepQ (BVI) Corp.	Visitra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110	International holding company	313,539	313,539	164,700	100.00	189,408	(10,787)	(10,787)	Note 3
REIGN Technology Corporation	REIGN Technology Corporation	12F., No. 88, Sec. 3, Zhongxing Rd., Xindian Dist., New Taipei City	Construction, application and after-sales services of 5G	280,000	280,000	28,000	100.00	113,199	(21,893)	(21,893)	
Viveport Corporation	Viverse Limited (UK)	Salamanca, Wellington Street, Slough SL1 1YP	International holding company	827,713	827,713	22,250	100.00	506,569	(77,068)	(77,068)	
Viverse Limited (UK)	Viverse Limited (Ireland)	10 Earlsfort Terrace, Dublin 2, Republic of Ireland	Market development and sale of virtual reality contents	444,795	444,795	13,461	100.00	98,325	(78,846)	(78,846)	
	Viveport Digital Corporation	11F., No. 88, Sec. 3, Zhongxing Rd., Xindian Dist., New Taipei City	Interactive scenario experience services	350,000	350,000	35,000	100.00	90,249	1,454	1,454	
HTC America Holding Inc.	HTC America Inc.	308 Occidental Ave S 3rd floor, Seattle, WA 98104	Sale of virtual reality devices and smart mobile devices	1,114,451	1,114,451	1	100.00	1,543,205	17,054	17,054	Note 2
	One & Company Design, Inc.	308 Occidental Ave S 3rd floor, Seattle, WA 98104	Design, research and development of application software	191,052	191,052	60	100.00	3,026	-	-	
	HTC America Innovation Inc.	308 Occidental Ave S 3rd floor, Seattle, WA 98104	Design, research and development of application software	93,780	93,780	1	100.00	561,084	(70,982)	(70,982)	
	Dashwire, Inc.	850 New Burton Road, Suite 201 Dover DE 19904	Design and management of cloud synchronization technology	600,501	600,501	0.1	100.00	(57,401)	-	-	
	HTC America Content Services, Inc.	308 Occidental Ave S 3rd floor, Seattle, WA 98104	Online/download media services	2,414,274	2,414,274	31	100.00	44,601	347	347	
	Inquisitive Minds, Inc.	308 Occidental Ave S 3rd floor, Seattle, WA 98104	Development and sale of digital education platform	388,982	388,982	0.1	100.00	29,612	(8)	(8)	
HungXu Holding (BVI) Corp.	HungXu Technology (BVI) Corp.	Visitra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110	International holding company	203,795	203,795	32,000	100.00	242,254	5,704	5,704	
HungXu Technology (BVI) Corp.	HungXu TECH Corp.	8F., No. 88, Sec. 3, Zhongxing Rd., Xindian Dist., New Taipei City	Research and development of virtual reality devices	157,000	1,000	15,700	100.00	199,165	5,711	5,711	
HTC VIVE TECH (HK) Limited	VIVE Arts Limited	Salamanca, Wellington Street, Slough, Berkshire, United Kingdom SL1 1YP	Digital art	88,862	88,862	3,100	100.00	23,233	(426)	(426)	
DeepQ (BVI) Corp.	DeepQ Technology Corp.	13F., No. 207-5, Sec. 3, Beixin Rd., Xindian Dist., New Taipei City	Medical technology and health care	395,212	395,212	39,521	100.00	99,950	(12,070)	(12,070)	

(Continued)

Investor Company	Investee Company	Location	Main Business Activity	Original Investment Amount		At the End of the Year			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				Ending Balance	Beginning Balance	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
HTC Investment (BVI) Corp.	VRChat. Inc.	288 Bryn Mawr Cir, Houston TX 77024, USA	Development of virtual reality contents	\$ 391,860	\$ 391,860	79,257	36.20	\$ 806,324	\$ (71,285)	\$ (25,805)	
	HTC VIVE TECH (HK) Limited	Unit 1606, 16/F., Citicorp Centre, No. 18 Whitfield Road, Causeway Bay, Hong Kong	Research, development and sale of virtual reality devices	206,924	206,924	68,000	100.00	141,210	(117)	(117)	
HTC VR Content (BVI) Corp.	Uomo Vitruviano Corp.	11F., No. 88, Sec. 3, Zhongxing Rd., Xindian Dist., New Taipei City	Development of virtual reality contents	50,000	50,000	5,000	100.00	17,539	(1,046)	(1,046)	

Note 1: The carrying amount excludes unrealized loss of NT\$4,507 thousand at the end of the current period.

Note 2: The carrying amount excludes unrealized profit of NT\$87,464 thousand at the end of the current period.

Note 3: The carrying amount includes adjustment for IFRS 16 of NT\$35 thousand at the end of the current period.

(Concluded)

TABLE 5

HTC CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars)

Investee Company	Main Business Activity	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of the Beginning of the Year	Investment Flows		Accumulated Outflow of Investment from Taiwan as of the End of the Year	Net Income (Loss) of the Investee	Percentage of Ownership (%)	Investment Gain (Loss)	Carrying Amount	Accumulated Inward Remittance of Earnings
					Outflow	Inflow						
High Tech Computer Corp. (Suzhou) (Note 4)	Manufacture and sale of smart mobile devices	US\$ -	Investment in company located in mainland China indirectly through H.T.C. (B.V.I.) Corp.	\$ 3,312 (US\$ 100)	\$ -	\$ -	\$ 3,312 (US\$ 100)	\$ -	-	\$ -	\$ -	\$ -
HTC Corporation (Shanghai WGQ)	Smart mobile devices examination and after-sale services and technique consultations	US\$ 1,500	Investment in company located in mainland China indirectly through HTC HK, Limited.	49,845 (US\$ 1,500)	-	-	49,845 (US\$ 1,500)	1,369	100.00	1,369	88,082	-
HTC Electronics (Shanghai) Co., Ltd. (Note 5)	Manufacture and sale of virtual reality devices and smart mobile devices	US\$ 2,909	"	4,106,585 (US\$ 133,000)	-	-	4,106,585 (US\$ 133,000)	25,829	100.00	25,829	4,271,876	-
HTC Communication Co., Ltd.	Sale of virtual reality devices and smart mobile devices and after-sales services	US\$ 127,500	Investment in company located in mainland China indirectly through High Tech Computer Asia Pacific Pte. Ltd.	4,125,897 (US\$ 127,500)	-	-	4,125,897 (US\$ 127,500)	(40,005)	100.00	(40,005)	1,578,405 (Note 3)	-
HTC Communication Technologies (Shanghai) Limited	Design, research and development of application software	US\$ 4,000	"	120,799 (US\$ 4,000)	-	-	120,799 (US\$ 4,000)	4,271	100.00	4,271	570,045	-
Ji Jhih Suo Sin Si Technology (Shanghai) Co., Ltd.	Design and system integration of computer software and wholesale and retail of peripheral equipment software	US\$ 51,550	Investment in company located in mainland China indirectly through GSUO Inc.	249,678 (US\$ 8,000)	-	-	249,678 (US\$ 8,000)	-	10.32	-	-	-
HTC Communication (BJ) Tech Co.	Design, research and development of application software	RMB 10,500	Investment in company located in mainland China through the own funds of HTC Communication Technologies (Shanghai) Limited.	-	-	-	-	1,507	100.00	1,507	120,875	-
Gui Zhou Wei Ai Technology Group Co., Ltd.	Development and sales of virtual reality contents	RMB 11,775	Investment in company located in mainland China through the own funds of HTC Communication Co., Ltd.	-	-	-	-	(7,267)	26.05	(1,893)	89,782	-

(Continued)

Investee Company	Main Business Activity	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of the Beginning of the Year	Investment Flows		Accumulated Outflow of Investment from Taiwan as of the End of the Year	Net Income (Loss) of the Investee	Percentage of Ownership (%)	Investment Gain (Loss)	Carrying Amount	Accumulated Inward Remittance of Earnings
					Outflow	Inflow						
Beijing Transmission Weiku Technology Co., Ltd.	Research and development of virtual reality contents	RMB 64	Investment in company located in mainland China through the own funds of HTC Communication Co., Ltd.	\$ -	\$ -	\$ -	\$ -	\$ -	6.00	\$ -	\$ -	\$ -
Beijing Seven Vision Virtual Technology Co., Ltd.	Research and development of virtual reality contents	RMB 1,087	"	-	-	-	-	-	8.00	-	-	-
YC Virtual Reality Technology Co., Ltd.	Research and development of virtual reality contents	RMB 5,342	"	-	-	-	-	-	1.32	-	-	-
Shenzhen Shengda Education Technology Co., Ltd.	Research and development of virtual reality contents	RMB 950	"	-	-	-	-	-	6.88	-	1,543	-
Shanghai Duowei Network Technology Co., Ltd.	Research and development of virtual reality contents	RMB 133	"	-	-	-	-	-	5.00	-	-	-
Shanghai Chaoshi Business Management Partnership (Limited Partnership)	Research and development of virtual reality contents	RMB 100	"	-	-	-	-	-	20.00	-	1,234	-
Beijing WEWOD Entertainment Technology Co., Ltd.	Research and development of virtual reality contents	RMB 1,812	"	-	-	-	-	-	1.50	-	6,613	-
Zhijing (Shanghai) Technology Co., Ltd.	Research and development of virtual reality contents	RMB 4,771	"	-	-	-	-	-	2.00	-	-	-
Shanghai Judao Network Technology Co., Ltd.	Research and development of virtual reality contents	RMB 142	"	-	-	-	-	-	2.00	-	2,215	-
Shanghai Lenqiy Information Technology Co., Ltd.	Research and development of virtual reality contents	RMB 3,000	"	-	-	-	-	-	3.00	-	1,464	-
Beijing Yuanji Technology Co., Ltd.	Research and development of virtual reality contents	RMB -	"	-	-	-	-	-	5.00	-	-	-
Qinhuangdao Shiyi Technology Co., Ltd.	Research and development of virtual reality contents	RMB 685	"	-	-	-	-	-	5.00	-	2,204	-
Hefei Yao An Technology Co., Ltd.	Research and development of virtual reality contents	RMB 12,208	"	-	-	-	-	-	2.00	-	4,409	-
Red Landmark (Beijing) Culture Technology Co., Ltd.	Production of radio and television programs	RMB 12,077	"	-	-	-	-	-	3.00	-	-	-
HTC VIVE TECH (Beijing)	Research, development and sale of virtual reality devices	US\$ 800	Investment in company located in mainland China indirectly through HTC VIVE TECH (HK) Limited	24,067 (US\$ 800)	-	-	24,067 (US\$ 800)	369	100.00	369	25,690	-
DeepQ Technology (Beijing)	Development and marketing of software technology	US\$ 3,000	Investment in company located in mainland China indirectly through DeepQ (BVI) Corp.	89,732 (US\$ 3,000)	-	-	89,732 (US\$ 3,000)	1,282	100.00	1,282	84,427	-

(Continued)

Accumulated Investment in Mainland China for the Years Ended	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on Investment
\$ 8,769,915 (US\$ 277,900)	\$ 8,792,314 (US\$ 278,600)	\$ 13,920,549

- Note 1: Investment amounts authorized by the Investment Commission, MOEA: The remitted amount is translated at the exchange rate of the original remittance and the unremitted amount is converted at the exchange rate of NT\$31.999 to US\$1 at March 31, 2024.
- Note 2: Investment gains (losses) and the carrying amount as of March 31, 2024 are based on reviewed financial statements. Gains and losses are translated at the average exchange rate of NT\$4.36467 to RMB1 from January to March 2024. The carrying amount is translated at the exchange rate on March 31, 2024 at NT\$4.4087 to RMB1.
- Note 3: The carrying amount includes unrealized loss of NT\$4,507 thousand at the end of the current period.
- Note 4: The company liquidated on July 5, 2019.
- Note 5: HTC Electronics (Shanghai) Co., Ltd. reduced its share capital by US\$130,000 thousand on September 2019. As of March 31, 2024, the refunded capital has not been repatriated to Taiwan.

(Concluded)

TABLE 6

HTC CORPORATION AND SUBSIDIARIES

**SIGNIFICANT TRANSACTIONS WITH SUBSIDIARIES IN MAINLAND CHINA INCLUDING DIRECT AND INDIRECT TRANSACTIONS THROUGH OTHER REGIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars)**

Related Party	Relationship with the Company	Nature of Transaction	Amount	Terms			Notes/Accounts Payable or Receivable		Unrealized loss
				Price	Payment Terms	Comparison with Normal Transactions	Ending Balance	% of Total	
HTC Communication Technologies (Shanghai) Limited	Grandson company	Service fee	\$ 24,154	No comparable unrelated parties	OA 45 days	The transaction terms are similar to those of general customers.	\$ (15,948) (Note)	1	\$ -
HTC Communication Beijing Tech Co.	Grandson company	Service fee	19,220	No comparable unrelated parties	OA 45 days	The transaction terms are similar to those of general customers.	(12,648) (Note)	-	-

Note: Classified under other payables.

TABLE 7

HTC CORPORATION AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars)**

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms (Note 4)	% of Total Sales or Assets (Note 5)
0	For the three months ended March 31, 2024 HTC Corporation	HTC EUROPE CO., LTD.	a	Accrued expenses	\$ 418,415	More favorable than unrelated parties	1
		HTC America Innovation Inc	a	Accrued expenses	368,773	-	1
		HTC HK, Limited	a	Accrued expenses	181,609	-	-
		HTC (Australia and New Zealand) Pty. Ltd.	a	Accrued expenses	201,752	-	-
		HungXu TECH Corp.	a	Service fee	274,802	-	46
		HTC Germany GmbH.	a	Accrued expenses	107,517	-	-
1	Viveport Digital Corporation	Viverse Limited (Ireland)	b	Trade receivables	111,540	-	-

Note 1: Parties to the intercompany transactions are identified and numbered as follows:

- a. “0” for HTC Corporation.
- b. Subsidiaries (Numbered consecutively from “1”).

Note 2: Transactions are categorized as follows:

- a. From a parent company to its subsidiary
- b. Between subsidiaries.

Note 3: All internal transactions between consolidated companies have been eliminated from the consolidated financial statements.

Note 4: Unless otherwise specified, it is the same as the unrelated parties.

Note 5: Percentage of consolidated total assets is calculated by dividing the amount of a particular asset or liability account by the consolidated total of assets as of March 31, 2024.
Percentage of consolidated total revenues is calculated by dividing the amount of a particular revenue or cost or expense account by the consolidated total operating revenues for the three months ended March 31, 2024.

Note 6: The standard for disclosure of information on business transactions between related parties requires a disclosure of the following financial items if the transaction is at least NT\$100 million or 20% of the paid-in-capital: Purchases (expenses), sales and receivables (payments). Financial items other than the above will not be disclosed.

TABLE 8**HTC CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****MARCH 31, 2024****(Number of Shares: Shares)**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Way Chih Investment Co., Ltd.	43,819,290	5.26

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (includes treasury shares) by the Company as of the last business day of the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.