HTC CORPORATION

3Q24 RESULTS SUMMARY

DISCLAIMER STATEMENT

- This presentation and release contain "forward-looking statements" which may include projections of future results of operations, financial condition or business prospects based on our own information and other sources.
- Our actual results of operations, financial condition or business prospects may differ from those expressed or implied in these forward-looking statements for a variety of reasons, including but not limited to market demand, price fluctuations, competition, international economic conditions, supply chain issues, exchange rate fluctuations and other risks and factors beyond our control.
- The forward-looking statements in this release reflect the current belief of HTC as of the date of this release. HTC undertakes no obligation to update these forward-looking statements for events or circumstances that occur subsequent to such date.

EXECUTIVE SUMMARY

3Q24 Financial Highlights:

- Quarterly revenue of NT$0.77 billion with a gross margin of 40.8%.
- Quarterly operating loss of NT$1.13 billion with an operating margin of -146.2%.
- Quarterly net loss attributable to owners of the parent was NT$0.88 billion, or an EPS of -NT$1.06.

EXECUTIVE SUMMARY

3Q24 Business Update:

- HTC launched its latest headset to the VIVE Focus Series, the VIVE Focus Vision. This new XR all-in-one device is designed for enterprises and high-end gaming, with broad application potential in education, training, and healthcare. The VIVE Focus Vision offers the best immersive experience, with outstanding standalone capabilities, and DisplayPort mode support for visually lossless PCVR experiences. The VIVE Focus Vision redefines XR all-in-one experiences with built-in eye-tracking, auto-IPD adjustment, stereo full-color passthrough cameras for precise depth-correct mixed reality, and even an infra-red sensor for enhanced hand tracking in low-light conditions.
- HTC introduced VIVERSE Create, a new virtual space creation tool. With a simple interface, users can upload 3D models and media files to effortlessly build interactive multi-user virtual spaces. For professional creators, PlayCanvas enables the creation of more interactive scenes and mini games.

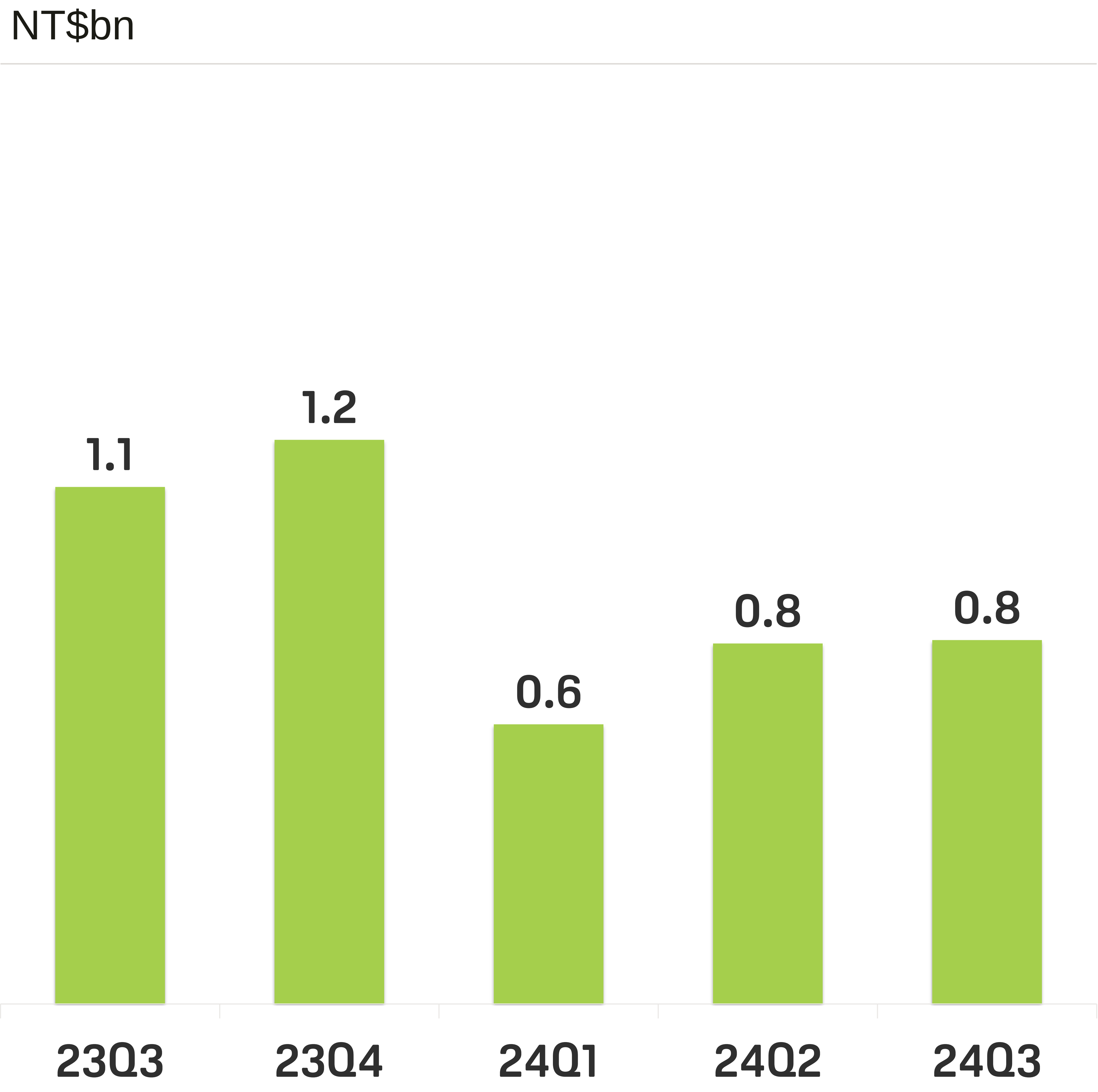
EXECUTIVE SUMMARY

3Q24 Business Update:

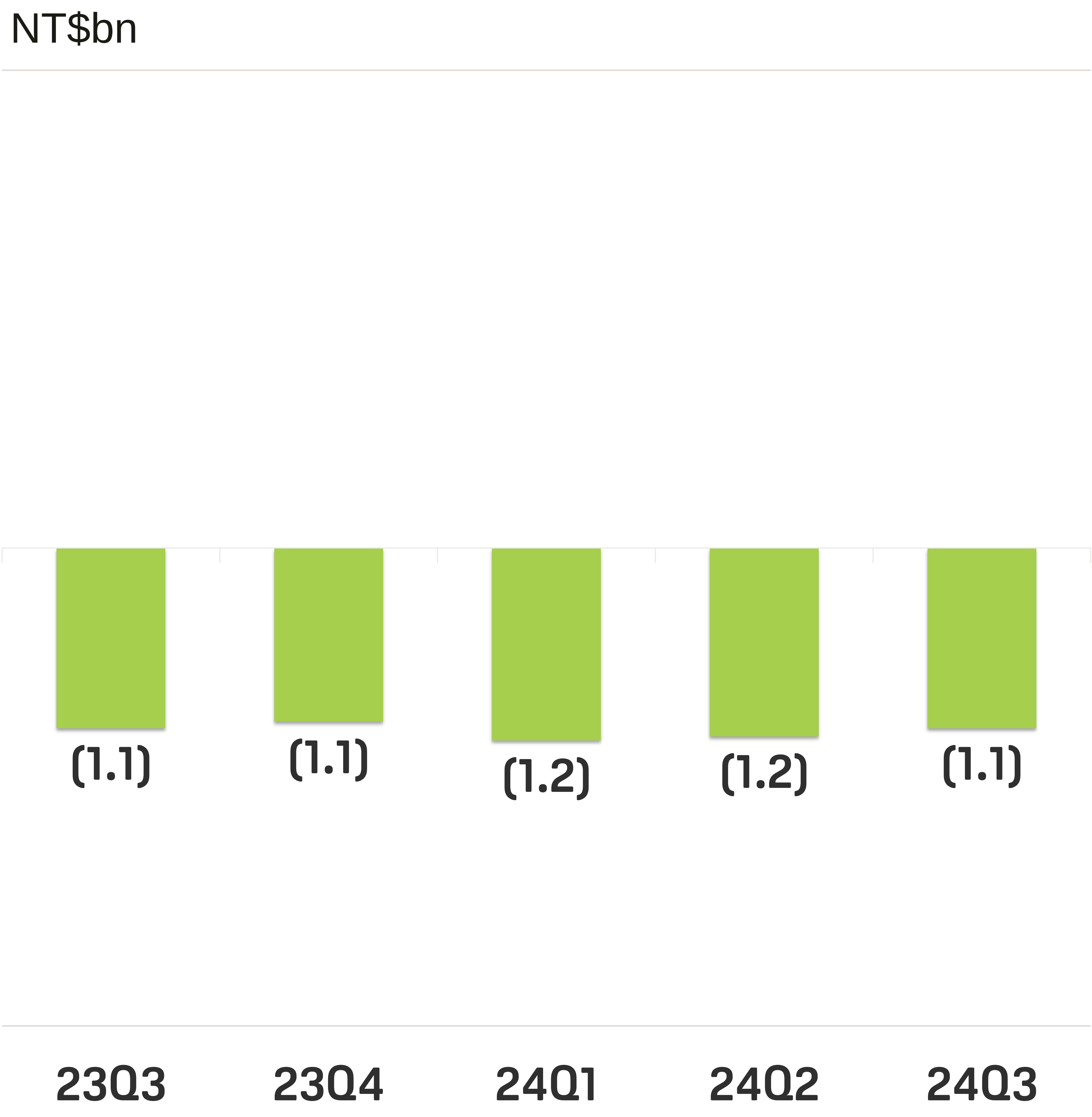
- VIVE ORIGINALS' entertainment platform BEATDAY has upgraded to a 6DoF open platform for global VTuber, offering a comprehensive one-stop business service. This includes third-party content hosting, high-quality 3D 6DoF real-time motion capture streaming, and social interaction systems, enabling more VTubers to overcome technical barriers and challenge 6Dof performance. The platform's first show features a collaboration with popular VTuber Annin Miru, launching the *Annin Miru Wonderland* Live Show, offering fans a brand new virtual interactive experience.
- HTC announced that its near-term and net-zero greenhouse gas emissions reduction targets have been approved by the Science Based Targets initiative (SBTi), making it the fifth company in Taiwan's Technology Hardware and Equipment sector to pass SBTi’s net-zero target validation. HTC has implemented key decarbonization strategies and set specific near-term and long-term goals, pledging to achieve net-zero greenhouse gas emissions across its entire value chain by 2050. HTC will continue to strive to reduce its environmental impact and explore new ways to minimize its environmental footprint.

REVENUES AND OPERATING PROFIT

Revenues

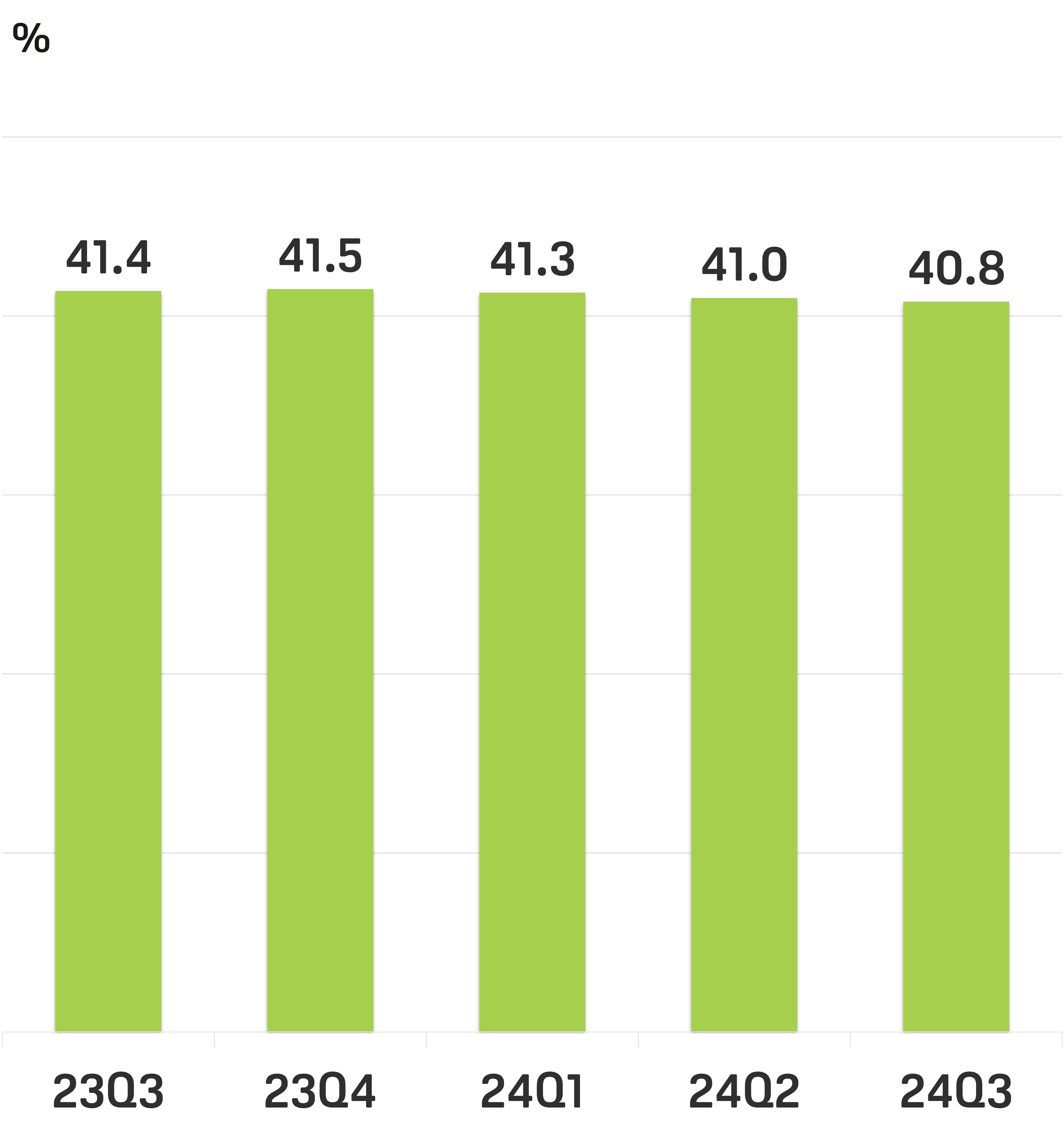


Operating Profit (Loss)

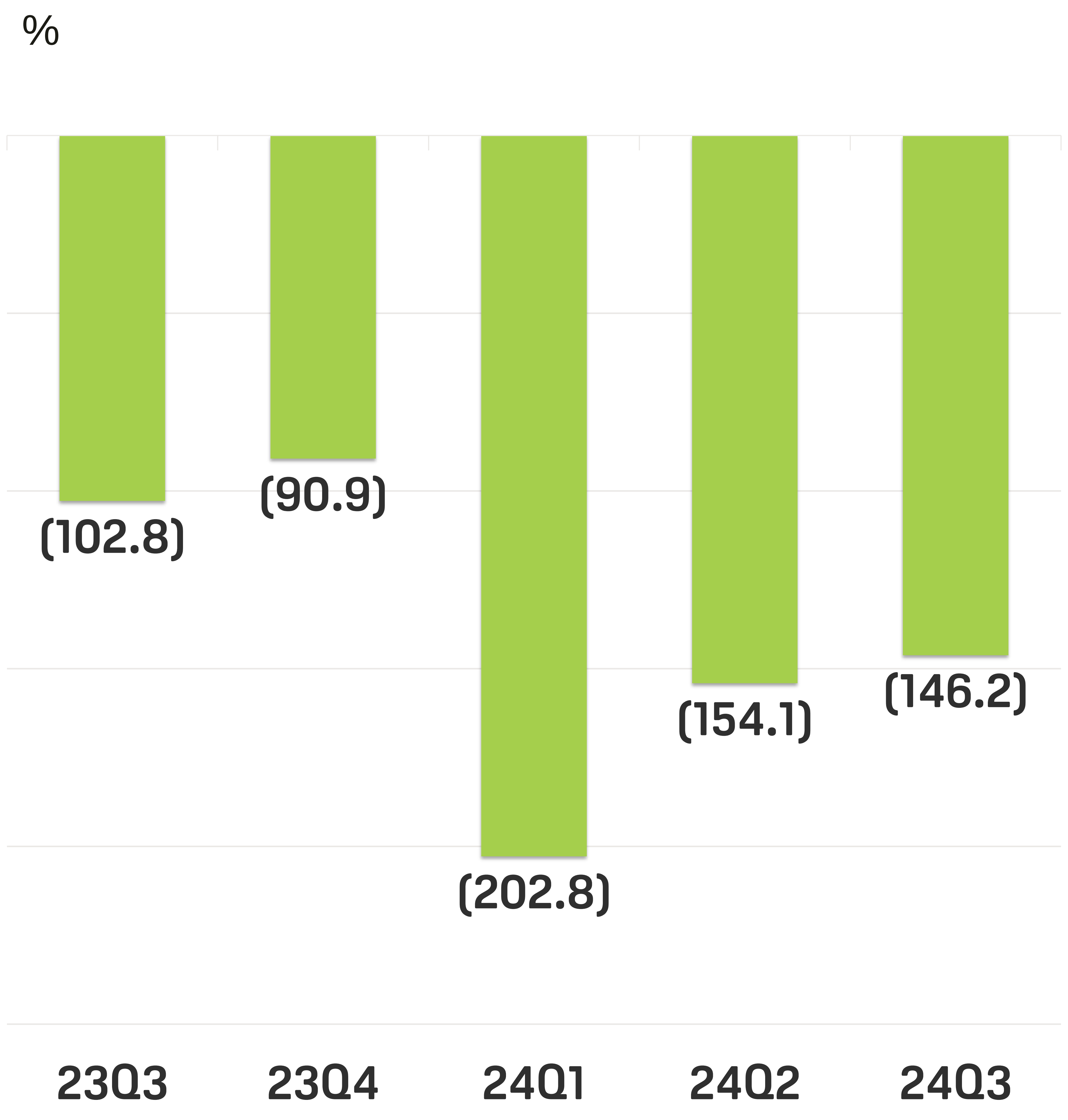


GROSS AND OPERATING MARGINS

Gross Margin



Operating Margin



3Q 2024 P&L (CONSOLIDATED)

NT$bn	3Q23	2Q24	3Q24
REVENUES	1.1	0.8	**0.8**
GROSS PROFIT	0.5	0.3	**0.3**
OPERATING EXPENSE	1.6	1.5	**1.4**
SALES MKTING.	0.5	0.5	**0.5**
RESEARCH DEV.	0.7	0.7	**0.6**
GENERAL ADM.	0.4	0.3	**0.3**
OPERATING PROFIT (LOSS)	-1.1	-1.2	**-1.1**
NPBT	-0.9	-0.8	**-0.9**
NPAT[1]	-0.9	-0.8	**-0.9**
GROSS MARGIN (%)	41.4%	41.0%	**40.8%**
OPERATING MARGIN (%)	-102.8%	-154.1%	**-146.2%**
EPS[2] (NT$)	-1.10	-0.98	**-1.06**

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

3Q 2024 BALANCE SHEET (CONSOLIDATED)

NT$bn	Sep 30, 23	Jun 30, 24	Sep 30, 24
TOTAL ASSETS	47.2	47.7	**47.1**
Cash[1]	24.8	25.6	**25.0**
AR	0.8	0.5	**0.6**
INVENTORY	1.3	1.2	**1.1**
OTHER ASSETS	20.3	20.4	**20.4**
TOTAL LIABILITIES	22.8	25.1	**25.2**
TOTAL EQUITY[2]	24.4	22.6	**21.9**

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

htc

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	September 30, 2024		December 31, 2023		September 30, 2023	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 12,608,747	27	$ 12,439,363	27	$ 12,839,623	27
Financial assets at fair value through profit or loss - current (Notes 7 and 30)	82,266	-	137,539	-	45,659	-
Financial assets at fair value through other comprehensive income - current (Notes 8 and 30)	366,352	1	680,321	1	635,120	1
Notes and trade receivables (Notes 10 and 24)	570,011	1	790,864	2	834,722	2
Other receivables (Note 10)	188,998	-	147,936	-	202,149	-
Current tax assets	260,675	1	281,516	1	259,380	1
Inventories (Note 11)	1,134,566	2	1,165,416	3	1,326,635	3
Prepayments (Note 12)	494,254	1	403,813	1	428,704	1
Other current financial assets (Notes 9 and 32)	12,331,034	26	10,851,071	24	11,904,092	25
Other current assets	1,188	-	2,965	-	41	-
Total current assets	28,038,091	59	26,900,804	59	28,476,125	60
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Notes 7 and 30)	414,623	1	262,359	1	328,897	1
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 30)	4,386,738	9	4,274,269	9	4,082,743	9
Investments accounted for using equity method (Note 14)	1,022,822	2	960,321	2	917,883	2
Property, plant and equipment (Notes 15, 31 and 32)	6,610,812	14	6,717,362	15	6,759,129	14
Right-of-use assets (Note 16)	75,902	-	69,307	-	200,350	1
Investment properties, net (Notes 17 and 32)	2,760,854	6	2,689,929	6	2,726,394	6
Intangible assets (Note 18)	184,064	1	183,123	1	177,939	-
Deferred tax assets	2,668,049	6	2,888,302	6	2,895,747	6
Refundable deposits (Note 33)	353,057	1	20,019	-	23,313	-
Net defined benefit assets - non-current	510,420	1	508,774	1	496,407	1
Other non-current financial assets (Notes 9 and 32)	99,519	-	94,920	-	98,462	-
Other non-current assets (Note 12)	16,479	-	13,819	-	14,685	-
Total non-current assets	19,103,339	41	18,682,504	41	18,721,949	40
TOTAL	$ 47,141,430	100	$ 45,583,308	100	$ 47,198,074	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 19)	$ 3,600,000	8	$ 3,700,000	8	$ 3,700,000	8
Financial liabilities at fair value through profit or loss - current (Notes 7 and 30)	20,198	-	183,489	-	64,886	-
Notes and trade payables (Notes 20 and 31)	5,412,839	11	5,216,907	12	5,674,989	12
Other payables (Notes 21 and 31)	3,186,750	7	3,318,137	7	3,344,737	7
Current tax liabilities	51,682	-	55,511	-	109,764	-
Provisions - current (Note 22)	483,963	1	665,567	2	730,334	2
Lease liabilities - current (Notes 16 and 31)	28,842	-	16,550	-	68,033	-
Other current liabilities (Notes 21 and 24)	355,289	1	345,179	1	342,788	1
Total current liabilities	13,139,563	28	13,501,340	30	14,035,531	30
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 19 and 32)	11,800,000	25	9,000,000	20	8,400,000	18
Deferred tax liabilities	49,802	-	73,289	-	41,912	-
Lease liabilities - non-current (Notes 16 and 31)	49,435	-	53,485	-	144,421	-
Guarantee deposits received	151,419	-	150,066	-	145,347	-
Total non-current liabilities	12,050,656	25	9,276,840	20	8,731,680	18
Total liabilities	25,190,219	53	22,778,180	50	22,767,211	48
EQUITY (Note 23)						
Share capital - ordinary shares	8,325,880	18	8,320,380	18	8,316,425	18
Capital surplus	16,253,573	35	16,270,636	36	16,223,045	34
Retained earnings						
Legal reserve	2,490,682	5	5,828,987	13	5,828,987	12
Special reserve	3,080,480	7	3,080,480	6	3,080,480	7
Accumulated deficits	(5,878,793)	(13)	(7,338,305)	(16)	(6,450,753)	(14)
Total retained earnings	(307,631)	(1)	1,571,162	3	2,458,714	5
Other equity	(2,320,611)	(5)	(3,357,050)	(7)	(2,567,321)	(5)
Total equity	21,951,211	47	22,805,128	50	24,430,863	52
TOTAL	$ 47,141,430	100	$ 45,583,308	100	$ 47,198,074	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 September 30				For the Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 24 and 31)	$ 773,874	100	$ 1,099,234	100	$ 2,135,363	100	$ 3,218,474	100
OPERATING COSTS (Notes 11, 25 and 31)	457,941	59	644,148	59	1,258,820	59	1,892,408	59
GROSS PROFIT	315,933	41	455,086	41	876,543	41	1,326,066	41
OPERATING EXPENSES (Notes 25 and 31)								
Selling and marketing	500,865	65	544,664	49	1,486,553	70	1,596,645	50
General and administrative	296,953	38	382,276	35	898,883	42	922,719	29
Research and development	649,198	84	658,662	60	2,010,617	94	2,011,566	62
Total operating expenses	1,447,016	187	1,585,602	144	4,396,053	206	4,530,930	141
OPERATING LOSS	(1,131,083)	(146)	(1,130,516)	(103)	(3,519,510)	(165)	(3,204,864)	(100)
NON-OPERATING INCOME AND EXPENSES								
Interest income (Note 25)	225,054	29	233,907	21	677,292	32	655,865	21
Other income (Notes 25 and 31)	239,505	31	229,567	21	927,332	43	784,568	24
Other gains and losses (Note 25)	(70,142)	(9)	(121,559)	(11)	(311,590)	(15)	(360,745)	(11)
Finance costs (Notes 25 and 31)	(90,720)	(12)	(65,997)	(6)	(246,174)	(11)	(180,956)	(6)
Share of profit or loss of associates and joint ventures (Note 14)	(54,087)	(7)	(60,996)	(5)	(127,164)	(6)	(195,978)	(6)
Total non-operating income and expenses	249,610	32	214,922	20	919,696	43	702,754	22
LOSS BEFORE INCOME TAX	(881,473)	(114)	(915,594)	(83)	(2,599,814)	(122)	(2,502,110)	(78)
INCOME TAX (EXPENSE) BENEFIT (Note 26)	(126)	-	597	-	(1,023)	-	2,842	-
LOSS FOR THE PERIOD	(881,599)	(114)	(914,997)	(83)	(2,600,837)	(122)	(2,499,268)	(78)
OTHER COMPREHENSIVE INCOME AND LOSS, NET OF INCOME TAX								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	15,922	2	(552,416)	(51)	333,926	16	69,983	2

(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 September 30				For the Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	$ 207,639	27	$ 799,772	73	$ 1,424,557	67	$ 1,216,942	38
Other comprehensive income and loss for the period, net of income tax	223,561	29	247,356	22	1,758,483	83	1,286,925	40
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	$ (658,038)	(85)	$ (667,641)	(61)	$ (842,354)	(39)	$ (1,212,343)	(38)
LOSS PER SHARE (Note 27)								
Basic	$ (1.06)		$ (1.10)		$ (3.12)		$ (3.01)	

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		Retained Earnings			Other Equity		
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Accumulated Deficits	Exchange Differences on Translating Foreign Operations	Unrealized Losses on Financial Assets at Fair Value through Other Comprehensive Income	Total Equity
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
Legal reserve in covering accumulated deficits	-	-	(3,279,552)	-	3,279,552	-	-	-
Net loss for the nine months ended September 30, 2023	-	-	-	-	(2,499,268)	-	-	(2,499,268)
Other comprehensive income and loss for the nine months ended September 30, 2023	-	-	-	-	-	1,216,942	69,983	1,286,925
Total comprehensive income and loss for the nine months ended September 30, 2023	-	-	-	-	(2,499,268)	1,216,942	69,983	(1,212,343)
Issuance of shares due to exercise of employee share options	21,272	57,434	-	-	-	-	-	78,706
Share-based payments	-	5,340	-	-	-	-	-	5,340
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	48,515	-	(48,515)	-
BALANCE, SEPTEMBER 30, 2023	$ 8,316,425	$ 16,223,045	$ 5,828,987	$ 3,080,480	$ (6,450,753)	$ (1,578,815)	$ (988,506)	$ 24,430,863
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
Legal reserve in covering accumulated deficits	-	-	(3,338,305)	-	3,338,305	-	-	-
Other changes in capital surplus Changes in equity of associates and joint ventures accounted for using the equity method	-	(30,881)	-	-	-	-	-	(30,881)
Net loss for the nine months ended September 30, 2024	-	-	-	-	(2,600,837)	-	-	(2,600,837)
Other comprehensive income and loss for the nine months ended September 30, 2024	-	-	-	-	-	1,424,557	333,926	1,758,483
Total comprehensive income and loss for the nine months ended September 30, 2024	-	-	-	-	(2,600,837)	1,424,557	333,926	(842,354)
Issuance of shares due to exercise of employee share options	5,500	13,818	-	-	-	-	-	19,318
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	722,044	-	(722,044)	-
BALANCE, SEPTEMBER 30, 2024	$ 8,325,880	$ 16,253,573	$ 2,490,682	$ 3,080,480	$ (5,878,793)	$ (983,638)	$ (1,336,973)	$ 21,951,211

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 Nine Months Ended September 30	
	2024	**2023**
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	$ (2,599,814)	$ (2,502,110)
Adjustments for:		
Depreciation expense	176,611	255,315
Amortization expense	15,516	2,701
Expected credit loss reversed on trade receivables	(8,000)	(35,000)
Loss on financial assets at fair value through profit or loss	8,984	4,805
Finance costs	246,174	180,956
Interests income	(677,292)	(655,865)
Dividend income	(3,345)	(6,533)
Compensation costs of employee share-based payments	-	5,340
Share of the loss of associates and joint ventures accounted for using the equity method	127,164	195,978
Net loss (gain) on disposal of property, plant and equipment	475	(21)
Net loss on disposal of investments accounted for using equity method	-	12,957
Impairment loss on non-financial assets	127,826	104,246
Gain from lease modifications	(14)	(28)
Changes in operating assets and liabilities		
Increase in financial assets mandatorily classified as at fair value through profit or loss	(108,018)	(11,891)
Decrease (increase) in notes and trade receivables	228,853	(225,175)
Increase in other receivables	(43,175)	(6,126)
Increase in inventories	(96,968)	(10,640)
Increase in prepayments	(90,441)	(63,031)
Decrease in other current assets	1,777	4,533
Increase in other non-current assets	(12,448)	(7,912)
Increase (decrease) in notes and trade payables	319,204	(12,213)
Decrease in other payables	(137,933)	(479,398)
Decrease in provisions	(106,604)	(124,084)
Increase in other current liabilities	10,110	41,891
Cash used in operating activities	(2,621,358)	(3,331,305)
Interest received	679,405	596,658
Interest paid	(243,368)	(173,116)
Income tax received (paid)	16,235	(101,214)
Net cash used in operating activities	(2,169,086)	(3,008,977)

(Continued)

HTC CORPORATION AND SUBSIDIARIES

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

	For the Nine Months Ended September 30	
	2024	**2023**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	$ (144,461)	$ (149,693)
Proceeds from disposal of financial assets at fair value through other comprehensive income	809,850	54,896
Return of investments accounted for at fair value through other comprehensive income	7,018	21,540
Purchase of financial assets at fair value through profit or loss	(133,237)	-
Acquisition of investments accounted for using equity method	(186,842)	(21,319)
Payments for property, plant and equipment	(38,903)	(29,308)
Proceeds from disposal of property, plant and equipment	22	1,323
Increase in refundable deposits	(333,038)	-
Decrease in refundable deposits	-	49,724
Payments for intangible assets	(11,939)	(85,418)
Proceeds from disposal of intangible assets	-	83
Payments for investment properties	(5,761)	-
Increase in other financial assets	(1,484,562)	(5,505,639)
Dividends received	3,345	6,533
Net cash used in from investing activities	(1,518,508)	(5,657,278)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	-	1,060,000
Decrease in short-term borrowings	(100,000)	-
Increase in long-term borrowings	2,800,000	1,600,000
Increase in guarantee deposits received	1,353	-
Decrease in guarantee deposits received	-	(16,291)
Repayments of the principal portion of lease liabilities	(22,357)	(48,566)
Employee share options executed	19,318	78,706
Net cash generated from financing activities	2,698,314	2,673,849
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	1,158,664	886,776
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	169,384	(5,105,630)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	12,439,363	17,945,253
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 12,608,747	$ 12,839,623

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