

HTC Corporation

**Parent Company Only Financial Statements for the
Years Ended December 31, 2025 and 2024 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
HTC Corporation

Opinion

We have audited the accompanying parent company only financial statements of HTC Corporation, which comprise the parent company only balance sheets as of December 31, 2025 and 2024, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of HTC Corporation as of December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of HTC Corporation in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the parent company only financial statements for the year ended December 31, 2025 are as follows:

Revenue Recognition

HTC Corporation rely primarily on sales revenue generated from virtual reality products as their main source of operating revenue. In 2025, management made selective adjustments to sales strategies for certain products in response to macroeconomic shifts and advancements within the virtual reality ecosystem. Recognizing that the revenue derived from these products has a material impact on the consolidated financial statements, the occurrence of revenue recognition for such products was identified as a key audit matter.

Our principal audit procedures performed in respect of the above key audit matter included the following:

1. Assessed the design and implementation of the internal control system governing the ordering and shipping processes of the aforementioned sales products, executing tests to evaluate its operating effectiveness.
2. Sampled and examined orders, shipping documents, invoices, and payment records associated with the revenue details of these products to verify the occurrence of revenue.
3. Reviewed for any significant abnormal occurrences of sales returns for these products subsequent to the reporting period.

Responsibilities of Management and those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing HTC Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate HTC Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing HTC Corporation's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of HTC Corporation's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on HTC Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause HTC Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within HTC Corporation to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2025 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 10, 2026

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying parent company only 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' report and parent company only financial statements shall prevail.

HTC CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

ASSETS	2025		2024	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 1,050,270	3	\$ 3,818,748	8
Financial assets at fair value through profit or loss - current (Notes 7 and 30)	40,729	-	47,620	-
Notes and trade receivables (Note 10)	79,982	-	194,510	1
Trade receivables - related parties (Notes 10 and 31)	259,434	1	33,814	-
Other receivables (Notes 10 and 31)	42,175	-	26,092	-
Current tax assets (Note 26)	22,879	-	19,843	-
Inventories (Note 11)	304,251	1	623,628	1
Prepayments (Notes 12 and 31)	102,005	-	305,910	1
Other current financial assets (Notes 9 and 32)	-	-	688,590	2
Other current assets	35,324	-	29,128	-
Total current assets	1,937,049	5	5,787,883	13
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 7 and 30)	26,516	-	13,667	-
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 30)	78,231	-	101,410	-
Investments accounted for using equity method (Note 13)	26,643,418	70	28,125,116	61
Property, plant and equipment (Notes 14, 31 and 32)	5,932,704	16	6,178,732	14
Right-of-use assets (Note 15)	-	-	295	-
Investment properties, net (Note 16)	948,134	2	1,906,095	4
Intangible assets (Note 17)	323,601	1	190,512	-
Deferred tax assets (Note 26)	1,001,885	3	2,613,292	6
Refundable deposits (Note 33)	337,522	1	350,887	1
Net defined benefit assets - non-current (Note 22)	640,113	2	560,229	1
Other non-current financial assets (Notes 9 and 32)	53,429	-	81,975	-
Other non-current assets (Note 12)	589	-	720	-
Total non-current assets	35,986,142	95	40,122,930	87
TOTAL	\$ 37,923,191	100	\$ 45,910,813	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	\$ 1,000,000	2	\$ 3,400,000	7
Financial liabilities at fair value through profit or loss - current (Notes 7 and 30)	9,441	-	91,224	-
Notes and trade payables (Notes 19 and 31)	4,810,087	13	5,189,271	11
Other payables (Notes 20 and 31)	2,612,305	7	3,106,054	7
Current tax liabilities (Note 26)	4,950	-	5,452	-
Provisions - current (Note 21)	257,538	1	349,548	1
Lease liabilities - current (Note 15)	-	-	301	-
Other current liabilities (Notes 20 and 24)	294,045	1	340,210	1
Total current liabilities	8,988,366	24	12,482,060	27
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 18 and 32)	2,200,000	6	11,800,000	26
Deferred tax liabilities (Note 26)	92,033	-	67,634	-
Guarantee deposits received (Note 30)	46,101	-	132,850	-
Total non-current liabilities	2,338,134	6	12,000,484	26
Total liabilities	11,326,500	30	24,482,544	53
EQUITY (Note 23)				
Share capital - ordinary shares	8,360,211	22	8,335,340	18
Capital surplus	16,340,444	43	16,277,565	36
Retained earnings				
Legal reserve	815,365	2	2,490,682	5
Special reserve	2,390,621	7	3,080,480	7
Unappropriated earnings (accumulated deficits)	1,973,957	5	(6,365,177)	(14)
Total retained earnings	5,179,943	14	(794,015)	(2)
Other equity	(3,283,907)	(9)	(2,390,621)	(5)
Total equity	26,596,691	70	21,428,269	47
TOTAL	\$ 37,923,191	100	\$ 45,910,813	100

The accompanying notes are an integral part of the parent company only financial statements.

HTC CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2025		2024	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 24 and 31)	\$ 1,908,507	100	\$ 1,915,513	100
OPERATING COSTS (Notes 11, 25 and 31)	<u>1,580,595</u>	<u>83</u>	<u>1,548,553</u>	<u>81</u>
GROSS PROFIT	327,912	17	366,960	19
UNREALIZED GAIN	(24,211)	(1)	(50,588)	(3)
REALIZED GAIN	<u>50,588</u>	<u>3</u>	<u>70,517</u>	<u>4</u>
REALIZED GROSS PROFIT	<u>354,289</u>	<u>19</u>	<u>386,889</u>	<u>20</u>
OPERATING EXPENSES (Notes 25 and 31)				
Selling and marketing	1,033,716	54	1,130,377	59
General and administrative	857,771	45	874,006	45
Research and development	<u>1,546,905</u>	<u>81</u>	<u>2,354,069</u>	<u>123</u>
Total operating expenses	<u>3,438,392</u>	<u>180</u>	<u>4,358,452</u>	<u>227</u>
OPERATING LOSS	<u>(3,084,103)</u>	<u>(161)</u>	<u>(3,971,563)</u>	<u>(207)</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 25)	132,820	7	119,623	6
Other income (Notes 25 and 31)	666,154	35	1,247,663	65
Other gains and losses (Note 25)	11,390,698	597	(451,643)	(23)
Finance costs (Note 25)	(204,016)	(11)	(335,523)	(17)
Share of profit or loss of subsidiaries	<u>(775,402)</u>	<u>(41)</u>	<u>(183,745)</u>	<u>(10)</u>
Total non-operating income and expenses	<u>11,210,254</u>	<u>587</u>	<u>396,375</u>	<u>21</u>
INCOME (LOSS) BEFORE INCOME TAX	8,126,151	426	(3,575,188)	(186)
INCOME TAX (EXPENSE) BENEFIT (Note 26)	<u>(2,100,745)</u>	<u>(110)</u>	<u>156,900</u>	<u>8</u>
INCOME (LOSS) FOR THE YEAR	<u>6,025,406</u>	<u>316</u>	<u>(3,418,288)</u>	<u>(178)</u>

(Continued)

HTC CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2025		2024	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME AND LOSS, NET OF INCOME TAX				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 22)	\$ 72,673	4	\$ 47,593	2
Unrealized loss on investments in equity instruments designated as at fair value through other comprehensive income	(57,149)	(3)	(833)	-
Share of other comprehensive income of subsidiaries	(600,934)	(32)	490,916	26
Income tax relating to items that will not be reclassified to profit or loss (Note 26)	<u>(8,721)</u>	<u>-</u>	<u>(5,711)</u>	<u>-</u>
	<u>(594,131)</u>	<u>(31)</u>	<u>531,965</u>	<u>28</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	<u>(350,603)</u>	<u>(19)</u>	<u>1,487,575</u>	<u>77</u>
Other comprehensive income and loss for the year, net of income tax	<u>(944,734)</u>	<u>(50)</u>	<u>2,019,540</u>	<u>105</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 5,080,672</u>	<u>266</u>	<u>\$ (1,398,748)</u>	<u>(73)</u>
EARNINGS (LOSS) PER SHARE (Note 27)				
Basic	<u>\$ 7.21</u>		<u>\$ (4.11)</u>	
Diluted	<u>\$ 7.15</u>		<u>\$ (4.11)</u>	

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

HTC CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars)

	Share Capital Ordinary Shares	Capital Surplus	Retained Earnings			Other Equity		Total Equity
			Legal Reserve	Special Reserve	(Accumulated Deficits) Unappropriated Earnings	Exchange Differences on Differences on Translating Foreign Operations	Unrealized Losses on Financial Assets at Fair Value through Other Comprehensive Income	
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 accounted for using equity method	-	(30,881)	-	-	-	-	-	(30,881)
Net loss for the year ended December 31, 2024	-	-	-	-	(3,418,288)	-	-	(3,418,288)
Other comprehensive income and loss for the year ended December 31, 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,545</u>	<u>1,487,575</u>	<u>488,420</u>	<u>2,019,540</u>
Total comprehensive income and loss for the year ended December 31, 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,374,743)</u>	<u>1,487,575</u>	<u>488,420</u>	<u>(1,398,748)</u>
Issuance of shares due to exercise of employee share options	14,960	37,778	-	-	-	-	-	52,738
Share-based payments	-	32	-	-	-	-	-	32
Disposal of investments in equity instruments at fair value through other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,009,566</u>	<u>-</u>	<u>(1,009,566)</u>	<u>-</u>
BALANCE, DECEMBER 31, 2024	8,335,340	16,277,565	2,490,682	3,080,480	(6,365,177)	(920,620)	(1,470,001)	21,428,269
Legal reserve in covering accumulated deficits	-	-	(1,675,317)	-	1,675,317	-	-	-
Reversal of special reserve	-	-	-	(689,859)	689,859	-	-	-
Net income for the year ended December 31, 2025	-	-	-	-	6,025,406	-	-	6,025,406
Other comprehensive income and loss for the year ended December 31, 2025	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,952</u>	<u>(350,603)</u>	<u>(658,083)</u>	<u>(944,734)</u>
Total comprehensive income and loss for the year ended December 31, 2025	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,089,358</u>	<u>(350,603)</u>	<u>(658,083)</u>	<u>5,080,672</u>
Issuance of shares due to exercise of employee share options	24,871	62,958	-	-	-	-	-	87,829
Share-based payments	-	(79)	-	-	-	-	-	(79)
Disposal of investments in equity instruments at fair value through other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(115,400)</u>	<u>-</u>	<u>115,400</u>	<u>-</u>
BALANCE, DECEMBER 31, 2025	<u>\$ 8,360,211</u>	<u>\$ 16,340,444</u>	<u>\$ 815,365</u>	<u>\$ 2,390,621</u>	<u>\$ 1,973,957</u>	<u>\$ (1,271,223)</u>	<u>\$ (2,012,684)</u>	<u>\$ 26,596,691</u>

The accompanying notes are an integral part of the parent company only financial statements.

HTC CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Gain (loss) before income tax	\$ 8,126,151	\$ (3,575,188)
Adjustments for:		
Depreciation expense	144,413	158,274
Amortization expense	2,028	1,921
Expected credit loss recognized (reversed) on trade receivables	632	(17,778)
Loss on financial assets at fair value through profit or loss	2,967	1,465
Finance costs	204,016	335,523
Interest income	(132,820)	(119,623)
Dividends income	(382)	-
(Reversal of) compensation costs of employee share-based payments	(79)	32
Share of the loss of subsidiaries	775,402	183,745
Net (gain) loss on disposal of property, plant and equipment and investment properties	(4,164,743)	163
Net gain on disposal of intangible assets	-	(155,492)
Net gain on disposal of assets and licensing income (Note 25)	(7,512,927)	-
Impairment loss on non-financial assets	394,928	132,190
Unrealized gain on sales	24,211	50,588
Realized gain on sales	(50,588)	(70,517)
Gain from lease modifications	(1)	(14)
Changes in operating assets and liabilities		
Increase in financial assets mandatorily classified as at fair value through profit or loss	(74,892)	(2,346)
Decrease in notes and trade receivables	113,896	110,335
(Increase) decrease in trade receivables - related parties	(225,620)	97,080
(Increase) decrease in other receivables	(26,457)	4,325
Increase in inventories	(75,551)	(12,752)
Decrease in prepayments	203,905	8,256
(Increase) decrease in other current assets	(6,196)	19,075
Increase in other non-current assets	(7,211)	(3,862)
Decrease in notes and trade payables	(480,395)	(641,713)
Decrease in other payables	(465,189)	(514,739)
Decrease in provisions	(92,010)	(198,667)
(Decrease) increase in other current liabilities	(46,165)	73,257
Cash used in operations	(3,368,677)	(4,136,462)
Interest received	143,194	111,997
Interest paid	(223,137)	(331,419)
Income tax paid	(375,987)	(14,659)
Net cash used in operating activities	(3,824,607)	(4,370,543)

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HTC CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

	2025	2024
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (33,970)	\$ -
Purchase of financial assets at fair value through profit or loss	(15,816)	(15,132)
Payments for property, plant and equipment	(309,114)	(36,676)
Proceeds from disposal of property, plant and equipment and investment properties	5,524,359	1,146
Increase in refundable deposits	-	(344,341)
Decrease in refundable deposits	13,365	-
Payments for intangible assets	(135,117)	-
Proceeds from disposal of intangible assets	-	733
Increase in other financial assets	-	(107,098)
Decrease in other financial assets	717,136	-
Dividends received	4,387,701	1,104
Proceeds from disposal of assets and licensing income (Note 25)	<u>7,512,927</u>	<u>-</u>
Net cash generated from (used in) investing activities	<u>17,661,471</u>	<u>(500,264)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(2,400,000)	(300,000)
Increase in long-term borrowings	-	2,800,000
Decrease in long-term borrowings	(9,600,000)	-
Decrease in guarantee deposits received	(86,749)	(80)
Repayment of the principal portion of lease liabilities	(239)	(2,735)
Employee share options executed	87,829	52,738
Acquisition of additional interests subsidiaries	(5,696,119)	-
Net cash inflow on disposal of subsidiaries	-	5,000
Capital reduction of subsidiaries	<u>1,089,936</u>	<u>3,285,250</u>
Net cash (used in) generated from financing activities	<u>(16,605,342)</u>	<u>5,840,173</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,768,478)	969,366
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>3,818,748</u>	<u>2,849,382</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 1,050,270</u>	<u>\$ 3,818,748</u>

The accompanying notes are an integral part of the parent company only financial statements.

(Concluded)

HTC CORPORATION

NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

HTC Corporation (the “Company”) was incorporated on May 15, 1997 under the Company Law of the Republic of China. The Company is engaged in designing, manufacturing, assembling, processing, and selling virtual reality devices and smart mobile devices and after-sales service.

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

The parent company only financial statements are presented in the Company’s functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company’s board of directors and authorized for issue on March 10, 2026.

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)

Amendments to IAS 21 “Lack of Exchangeability”

The initial application of 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 endorsed by the FSC for application starting from 2026

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
IFRS 17 “Insurance Contracts” (including the 2020 and 2021 amendments to IFRS 17)	January 1, 2026

As of the date the consolidated financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company’s financial position and financial performance.

- c. 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 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027 (Note 2)
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”(including the 2025 amendments to IFRS 19)	January 1, 2027
Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”	January 1, 2027

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

Note 2: On September 25, 2025, the FSC announced that IFRS 18 will take effect starting from January 1, 2028. Domestic entities could elect to apply IFRS 18 for an earlier period after the endorsement of IFRS 18 by the FSC.

IFRS 18 “Presentation and Disclosure in Financial Statements” and consequential amendments

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

- To classify items of income and expenses presented in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories, the Company shall assess whether it has specified main business activities of investing in particular types of assets and providing financing to customers.
- 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.
- 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 groups 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.
- 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.

In addition, the following consequential amendments have been made to IAS 7 “Statement of Cash Flows”:

- The Group shall use operating profit or loss as the starting point when presenting cash flows from operating activities under the indirect method.

- Interest and dividends received by the Group shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. However, if, after assessment, the Group has a specific main operating activity, it shall determine how to classify dividends received, interest received and interest paid in the statement of cash flows by referring to how it classifies dividend income, interest income and interest expense in the statement of profit or loss. The total of each of these cash flows shall be classified in a single category in the statement of cash flows.

Except for the above-mentioned impacts, as of the date consolidated financial statements were authorized for issue, the Company is continuously assessing the other impacts of the above amended other standards and interpretations on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL SIGNIFICANT ACCOUNTING POLICY INFORMATION

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRSs as endorsed and issued into effect by the FSC.

Basis of Preparation

The parent company only 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 company 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:

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

When preparing its parent company only financial statements, the Company used equity method to account for its investment in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owner of the Company in its parent company only financial statements, adjustments arising from the differences in accounting treatment between parent company only basis and parent company only basis were made to investments accounted for by equity method, share of profit or loss of subsidiaries, share of other comprehensive income of subsidiaries and retained earnings (accumulated deficits), as appropriate, in the parent company only financial statements.

Classification of Current and Non-current Assets and Liabilities

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and

- c. 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:

- a. Liabilities held primarily for the purpose of trading;
- b. 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
- c. 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.

Assets and liabilities that are not classified as current are classified as non-current.

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interests in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that present the ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. Other types of non-controlling interests are measured at fair value.

Foreign Currencies

In preparing the parent company only financial statements, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise except for exchange differences on:

- a. Transactions entered into in order to hedge certain foreign currency risks; and
- b. Monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting the parent company only financial statements, the financial statements of the Company's foreign operations (including subsidiaries, associates, joint ventures and branches in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint venture or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Goodwill and fair value adjustments recognized on identifiable assets and liabilities of acquired foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences are recognized in other comprehensive income.

Inventories

Inventories consist of raw materials, finished goods, work-in-process and semi-finished products are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to company similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

Investments in Subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously 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.

Profits and losses from downstream transactions with a subsidiary are eliminated in full. Profits and losses from upstream with a subsidiary and side stream transactions between subsidiaries are recognized in the Company's parent company only financial statements only to the extent of interests in the subsidiary that are not related to the Company.

Property, Plant and Equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

Investment Properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

For a transfer of classification from property, plant and equipment to investment properties, the deemed cost of an item the property for subsequent accounting is its carrying amount at the time the lease is incurred.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

Intangible Assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

Impairment of Property, Plant and Equipment, Right-of-use Asset, Investment Properties, and Intangible Assets Other Than Goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment properties and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units, or otherwise they are allocated to the smallest company of cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

Before the Company recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Company expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of

the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

a. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

1) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

a) Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 30 to the financial statements.

b) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i. The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii. The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivables at amortized cost, trade receivables at amortized cost, other current financial assets, other receivables and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such financial asset, except for:

- i. Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii. Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will go bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

c) Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI and operating lease receivables.

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables and operating lease receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Company):

- a) Internal or external information shows that the debtor is unlikely to pay its creditors.
- b) Financial asset is more than 90 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

3) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

b. Equity instruments

Debt and equity instruments issued by the company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

c. Financial liabilities

1) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

- Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or are designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, and any gains or losses on such financial liabilities are recognized in other gains or losses any interest or dividends paid on such financial liabilities are recognized in other gains or losses. Fair value is determined in the manner described in Note 30 to the financial statements.

2) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

d. Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at FVTPL.

Provisions

Provisions, including those arising from contractual obligation specified in service concession arrangement to maintain or restore infrastructure before it is handed over to the grantor, are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

a. Warranty provisions

The Company provides warranty service for one year to two years. The warranty liability is estimated on the basis of evaluation of the products under warranty, past warranty experience, and pertinent factors.

b. Onerous contracts

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.

Revenue Recognition

The Company identifies the contracts with the customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

a. Revenue from the sale of goods

Revenue from the sale of goods comes from sales of electronic equipment. Sales of electronic equipment are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

b. Revenue from the rendering of services

Revenue from the rendering of services comes from product design, device examinations, and extended warranty services.

c. Licensing revenue

The Company does not promise to undertake activities that will change the functionality of software in software licensing transactions. Furthermore, such software remains functional without updates and technical support. The usage-based royalty is recognized as revenue when subsequent usage occurs.

Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

a. The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The current lease contract of the Company are all operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

When a lease includes both land and building elements, the Company assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated to the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably to the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

b. The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

Borrowing Costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Employee Benefits

Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, as well as gains and losses on settlements) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur or when the settlement occurs. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

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.

Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the Company recognizes any related restructuring costs.

Share-based Payment Arrangements

Share-based payment transactions of the Company

The fair value at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The fair value determined at the grant date of the equity-settled share-based payments is recognized as an expense in full at the grant date when the share options granted vest immediately.

When restricted shares for employees are issued, other equity - unearned employee benefits is recognized on the grant date, with a corresponding increase in capital surplus - restricted shares for employees. If restricted shares for employees are granted for consideration and the considerations received should be returned, that should be recognized as payables.

At the end of each reporting period, the Company revises its estimate of the number of employee share options and restricted shares for employees that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options and capital surplus - restricted shares for employees.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year that the shareholders' resolution on retain earnings appropriation.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred tax

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Accrued Marketing Expenses

The Company accrues marketing expenses on the basis of agreements and any known factors that would significantly affect the accruals. In addition, depending on the nature of relevant events, the accrued marketing expenses are accounted for as an increase in marketing expenses or as a decrease in revenues.

5. CRITICAL 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 on 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, interest rate fluctuations, and U.S. reciprocal tariff measures on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates.

Key Sources of Estimation Uncertainty

a. Valuation of inventories

Inventories are measured at the lower of cost or net realizable value. Judgment and estimation are applied in the determination of net realizable value at the end of reporting period.

Due to rapid technological changes, the Group assesses, as of the end of each financial reporting period, the amounts of inventories that are subject to normal loss, obsolescence, or lack of marketability, and writes down the carrying amount of such inventories to their net realizable value. This inventory valuation is based on current market conditions and the historical sales experience of similar products. Changes in product demand and market conditions within a specific future period may have a significant impact on the results of these estimates.

As of December 31, 2025 and 2024, the carrying amounts of inventories were NT\$304,251 thousand and NT\$623,628 thousand, respectively.

b. Realization of deferred tax assets

Deferred tax assets should be recognized only to the extent that the entity has sufficient taxable temporary differences or there is other convincing evidence that sufficient taxable profit will be available. Management applies judgment and accounting estimates to evaluate the realization of deferred tax assets. Management takes expected sales growth, profit rate, duration of exemption, tax credits, tax planning and etc. into account when making accounting judgement and estimates. Any changes in the global economy, industry environment and regulations may result in material adjustments to deferred tax assets.

As of December 31, 2025 and 2024, the carrying amounts of deferred tax assets were NT\$1,001,885 thousand and NT\$2,613,292 thousand, respectively.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2025	2024
Cash on hand	\$ 360	\$ 410
Checking accounts and demand deposits	504,066	697,540
Time deposits (with original maturities within three months)	<u>545,844</u>	<u>3,120,798</u>
	<u>\$ 1,050,270</u>	<u>\$ 3,818,748</u>

The market rate intervals of cash in bank at the end of the reporting period were as follows:

	December 31	
	2025	2024
Time deposits	0.01%-3.66%	0.01%-4.90%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2025	2024
<u>Financial assets - current</u>		
Financial assets held for trading		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	\$ 40,729	\$ 47,620
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Foreign unlisted equity investments	<u>26,516</u>	<u>13,667</u>
	<u>\$ 67,245</u>	<u>\$ 61,287</u>
Current	\$ 40,729	\$ 47,620
Non-current	<u>26,516</u>	<u>13,667</u>
	<u>\$ 67,245</u>	<u>\$ 61,287</u>
<u>Financial liabilities - current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	<u>\$ 9,441</u>	<u>\$ 91,224</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 foreign exchange forward exchange contracts not under hedge accounting are as follows:

Forward Exchange Contracts

	Buy/Sell	Currency	Maturity Date	Notional Amount (In Thousands)	
<u>December 31, 2025</u>					
Foreign exchange contracts	Sell	EUR/USD	2026.01.14	EUR	1,000
Foreign exchange contracts	Sell	JPY/USD	2026.01.14	JPY	347,390
Foreign exchange contracts	Buy	RMB/USD	2026.01.14	RMB	5,000
Foreign exchange contracts	Buy	USD/NTD	2026.01.21-2026.01.28	USD	155,000
Foreign exchange contracts	Buy	EUR/USD	2026.01.14	EUR	29,320
Foreign exchange contracts	Buy	GBP/USD	2026.01.14	GBP	5,663
Foreign exchange contracts	Buy	AUD/USD	2026.01.14	AUD	5,000
Foreign exchange contracts	Buy	SGD/USD	2026.01.14	SGD	2,000
Foreign exchange contracts	Buy	HKD/USD	2026.01.14	HKD	55,478
<u>December 31, 2024</u>					
Foreign exchange contracts	Sell	RMB/USD	2025.02.12	RMB	10,000
Foreign exchange contracts	Sell	EUR/USD	2025.01.06-2025.02.12	EUR	4,000
Foreign exchange contracts	Sell	JPY/USD	2025.01.15-2025.02.12	JPY	700,000
Foreign exchange contracts	Sell	SGD/USD	2025.01.22	SGD	2,000
Foreign exchange contracts	Buy	RMB/USD	2025.01.15-2025.02.12	RMB	223,000
Foreign exchange contracts	Buy	JPY/USD	2025.01.15-2025.02.12	JPY	1,000,000
Foreign exchange contracts	Buy	USD/NTD	2025.01.15-2025.01.22	USD	110,000
Foreign exchange contracts	Buy	EUR/USD	2025.01.06-2025.02.12	EUR	51,000
Foreign exchange contracts	Buy	GBP/USD	2025.01.15-2025.02.12	GBP	124,500
Foreign exchange contracts	Buy	AUD/USD	2025.01.15-2025.02.12	AUD	9,500
Foreign exchange contracts	Buy	SGD/USD	2025.01.15-2025.02.12	SGD	66,469
Foreign exchange contracts	Buy	HKD/USD	2025.01.15	HKD	95,000
Foreign exchange contracts	Buy	CAD/USD	2025.02.12	CAD	1,000

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	December 31	
	2025	2024
Domestic investments		
Listed shares and emerging market shares	\$ 62,445	\$ 859
Unlisted equity investments	<u>15,786</u>	<u>100,551</u>
	<u>\$ 78,231</u>	<u>\$ 101,410</u>

The Company invested in equity investments in domestic companies for medium and long-term strategic purposes. These investments were expected to make profits through long-term investment and promote the development of the metaverse industry. 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.

9. OTHER FINANCIAL ASSETS

	December 31	
	2025	2024
Time deposits with original maturities of more than three months	\$ 53,429	\$ 770,565
Current	\$ -	\$ 688,590
Non-current	53,429	81,975
	<u>\$ 53,429</u>	<u>\$ 770,565</u>

The market rate intervals of cash in bank at the end of the reporting period were as follows:

	December 31	
	2025	2024
Time deposits	3.76%	4.15%-4.45%

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

10. NOTES, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2025	2024
<u>Notes, trade and overdue receivables</u>		
At amortized cost		
Notes receivable	\$ -	\$ 40
Trade receivables	112,022	219,216
Trade receivables - related parties	259,434	33,814
Overdue receivables	17,973	24,635
Less: Allowances for impairment loss	(32,040)	(24,746)
Less: Allowances for impairment loss - overdue receivables	<u>(17,973)</u>	<u>(24,635)</u>
	<u>\$ 339,416</u>	<u>\$ 228,324</u>
<u>Other receivables</u>		
Interest receivables	\$ 355	\$ 10,729
Others	<u>41,820</u>	<u>15,363</u>
	<u>\$ 42,175</u>	<u>\$ 26,092</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 will be accrued on the unpaid amount based on the annual interest rate stipulated in the contract. The Company 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 receivables and trade receivables.

December 31, 2025

	Not Yet Due	1-90 Days	91-180 Days	Over 180 Days	Total
Gross carrying amount	\$ 322,921	\$ 47,312	\$ 1,223	\$ -	\$ 371,456
Loss allowance (Lifetime ECL)	<u>(27,234)</u>	<u>(4,029)</u>	<u>(777)</u>	<u>-</u>	<u>(32,040)</u>
Amortized cost	<u>\$ 295,687</u>	<u>\$ 43,283</u>	<u>\$ 446</u>	<u>\$ -</u>	<u>\$ 339,416</u>

December 31, 2024

	Not Yet Due	1-90 Days	91-180 Days	Over 180 Days	Total
Gross carrying amount	\$ 223,222	\$ 27,274	\$ 2,574	\$ -	\$ 253,070
Loss allowance (Lifetime ECL)	<u>(19,932)</u>	<u>(2,772)</u>	<u>(2,042)</u>	<u>-</u>	<u>(24,746)</u>
Amortized cost	<u>\$ 203,290</u>	<u>\$ 24,502</u>	<u>\$ 532</u>	<u>\$ -</u>	<u>\$ 228,324</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Balance, beginning of the year	\$ 49,381	\$ 67,159
Less: Loss allowance recognized (reversed)	<u>632</u>	<u>(17,778)</u>
Balance, end of the year	<u>\$ 50,013</u>	<u>\$ 49,381</u>

11. INVENTORIES

	December 31	
	2025	2024
Finished goods	\$ 152,722	\$ 265,388
Semi-finished goods	33,808	39,602
Raw materials	115,421	318,637
Inventory in transit	<u>2,300</u>	<u>1</u>
	<u>\$ 304,251</u>	<u>\$ 623,628</u>

The cost of inventories written down recognized as operating costs for the years ended December 31, 2024 was NT\$132,190 thousand, respectively.

The cost of inventories write-down was NT\$394,928 thousand for the years ended December 31, 2025, of which NT\$232,928 thousand was recognized as operating costs. The remaining NT\$162,000 thousand was recognized under other gains and losses. Please refer to Note 25 to the consolidated financial statements for details.

12. PREPAYMENTS

	December 31	
	2025	2024
Prepaid expenses	\$ 65,924	\$ 185,481
Prepaid software and hardware maintenance	34,160	42,575
Prepaid service	1,000	18,108
Prepaid royalties	884	627
Prepaid equipment	589	720
Prepayments to suppliers	<u>37</u>	<u>59,119</u>
	<u>\$ 102,594</u>	<u>\$ 306,630</u>
Current	\$ 102,005	\$ 305,910
Non-current	<u>589</u>	<u>720</u>
	<u>\$ 102,594</u>	<u>\$ 306,630</u>

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2025	2024
Investment in subsidiaries	<u>\$ 26,643,418</u>	<u>\$ 28,125,116</u>

Investments in Subsidiaries

	December 31	
	2025	2024
<u>Unlisted equity investments</u>		
H.T.C. (B.V.I.) Corp.	\$ 8,605,391	\$ 3,372,933
High Tech Computer Asia Pacific Pte. Ltd.	9,269,963	9,695,504
HTC Investment Corporation	62,582	144,136
HTC Holding B.V.	13	13
HTC Investment One (BVI) Corporation	109,903	446,020
HTC Investment (BVI) Corp.	2,892,593	3,508,177
HungXu Holding (BVI) Corp.	224,956	257,699
HTC VIVE Investment (BVI) Corp.	240,692	430,106
DeepQ Holding (BVI) Corp.	-	232,195
HTC Smartphone (BVI) Corp.	-	354
HTC VR Content (BVI) Corp.	19,132	18,986
VIVE Arts Corporation	-	-
HungYao Technology Co, Ltd.	95	95
HTC EUROPE CO., LTD.	<u>5,218,098</u>	<u>10,018,898</u>
	<u>\$ 26,643,418</u>	<u>\$ 28,125,116</u>

At the end of the reporting period, the proportion of ownership and voting rights in subsidiaries held by the Company were as follows:

Name of Subsidiaries	December 31	
	2025	2024
H.T.C. (B.V.I.) Corp.	100.00%	100.00%
High Tech Computer Asia Pacific Pte. Ltd.	100.00%	100.00%
HTC Investment Corporation	100.00%	100.00%
HTC Holding B.V.	0.01%	0.01%
HTC Investment One (BVI) Corporation	100.00%	100.00%
HTC Investment (BVI) Corp.	100.00%	100.00%
HungXu Holding (BVI) Corp.	100.00%	100.00%
HTC VIVE Investment (BVI) Corp.	100.00%	100.00%
DeepQ Holding (BVI) Corp.	100.00%	100.00%
HTC Smartphone (BVI) Corp.	100.00%	100.00%
HTC VR Content (BVI) Corp.	100.00%	100.00%
VIVE Arts Corporation	-	-
HungYao Technology Co, Ltd.	100.00%	100.00%
HTC EUROPE CO., LTD.	100.00%	100.00%

Refer to Note 13 to the financial statements for the year ended December 31, 2025 for details of the subsidiaries indirectly held by the Company.

The Company and its subsidiary, High Tech Computer Asia Pacific Pte. Ltd., acquired equity interests of 0.01% and 99.9%, respectively, of HTC Holding B.V. As a result, HTC Holding B.V. is considered a subsidiary of the Company.

In order to optimize the group structure, The Company completed the restructuring on April 24, 2024, and sold 100% of the shares of VIVE Arts Corporation to its subsidiary, VIVE Arts Holding Corporation.

The resolution of dividends distribution for cash NT\$4,387,319 thousand of HTC EUROPE CO., LTD. was approved in it's board of directors' meeting on May 26, 2025.

The resolution of capital reduction for cash NT\$3,285,250 thousand of High Tech Computer Asia Pacific Pte. Ltd. was approved in it's board of directors' meeting on June 18, 2024. The proportion of ownership remained unchanged after the capital reduction.

On March 10, 2025, the Board of Directors approved a cash capital increase of NT\$299,000 thousand in HTC Investment Corporation, a subsidiary of the Company, with the ownership percentage remaining unchanged after the capital increase.

The resolution of capital reduction for cash NT\$370,000 thousand of HTC Investment Corporation was approved in it's board of directors' meeting on June 25, 2025. The proportion of ownership remained unchanged after the capital reduction.

On August 7, 2025, the Board of Directors approved a cash capital increase of NT\$5,379,120 thousand in H.T.C. (B.V.I.) Corp., a subsidiary of the Company, with the ownership percentage remaining unchanged after the capital increase.

The resolution of capital reduction for cash NT\$317,830 thousand of High Tech Computer Asia Pacific Pte. Ltd. was approved in it's board of directors' meeting on August 7, 2025. The proportion of ownership remained unchanged after the capital reduction.

The resolution of capital reduction for cash NT\$296,842 thousand by DeepQ Holding (BVI) Corp. was approved in its board of directors' meeting on August 7, 2025. The proportion of ownership remained unchanged after the capital reduction.

The resolution of capital reduction for cash NT\$92,219 thousand by HTC VIVE Investment (BVI) Corp. was approved in it's board of directors' meeting on November 3, 2025. The proportion of ownership remained unchanged after the capital reduction.

The liquidation of HTC Smartphone (BVI) Corp. was approved at its shareholders' meeting, and the liquidation process was completed on December 8, 2025.

The share of net income or loss and other comprehensive income from subsidiaries under equity method were accounted for based on the audited financial statements.

14. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2025	2024
Carrying amounts		
Land	\$ 4,448,146	\$ 4,566,756
Buildings	1,459,500	1,591,426
Machinery and equipment	5,149	2,266
Other equipment	<u>19,909</u>	<u>18,284</u>
	<u>\$ 5,932,704</u>	<u>\$ 6,178,732</u>

Movements of property, plant and equipment for the years ended December 31, 2025 and 2024 were as follows:

	2025				
	Land	Buildings	Machinery and Equipment	Other Equipment	Total
<u>Cost</u>					
Balance, beginning of the year	\$ 4,566,756	\$ 3,419,139	\$ 2,376,122	\$ 497,288	\$ 10,859,305
Additions	266,129	13,512	5,157	15,008	299,806
Disposals	(384,739)	(320,497)	(509,028)	(90,919)	(1,305,183)
Balance, end of the year	<u>4,448,146</u>	<u>3,112,154</u>	<u>1,872,251</u>	<u>421,377</u>	<u>9,853,928</u>
<u>Accumulated depreciation</u>					
Balance, beginning of the year	-	1,827,713	2,274,966	474,442	4,577,121
Depreciation expenses	-	73,394	2,274	13,248	88,916
Disposals	-	(248,453)	(470,355)	(90,655)	(809,463)
Balance, end of the year	-	<u>1,652,654</u>	<u>1,806,885</u>	<u>397,035</u>	<u>3,856,574</u>
<u>Accumulated impairment</u>					
Balance, beginning of the year	-	-	98,890	4,562	103,452
Disposals	-	-	(38,673)	(129)	(38,802)
Balance, end of the year	-	-	<u>60,217</u>	<u>4,433</u>	<u>64,650</u>
Net book value, end of the year	<u>\$ 4,448,146</u>	<u>\$ 1,459,500</u>	<u>\$ 5,149</u>	<u>\$ 19,909</u>	<u>\$ 5,932,704</u>
	2024				
	Land	Buildings	Machinery and Equipment	Other Equipment	Total
<u>Cost</u>					
Balance, beginning of the year	\$ 4,566,756	\$ 3,394,152	\$ 2,406,841	\$ 500,966	\$ 10,868,715
Additions	-	36,018	1,985	13,975	51,978
Disposals	-	(11,031)	(32,704)	(17,653)	(61,388)
Balance, end of the year	<u>4,566,756</u>	<u>3,419,139</u>	<u>2,376,122</u>	<u>497,288</u>	<u>10,859,305</u>
<u>Accumulated depreciation</u>					
Balance, beginning of the year	-	1,761,552	2,300,897	484,450	4,546,899
Depreciation expenses	-	76,047	3,411	7,645	87,103
Disposals	-	(9,886)	(29,342)	(17,653)	(56,881)
Balance, end of the year	-	<u>1,827,713</u>	<u>2,274,966</u>	<u>474,442</u>	<u>4,577,121</u>
<u>Accumulated impairment</u>					
Balance, beginning of the year	-	-	102,088	4,562	106,650
Disposals	-	-	(3,198)	-	(3,198)
Balance, end of the year	-	-	<u>98,890</u>	<u>4,562</u>	<u>103,452</u>
Net book value, end of the year	<u>\$ 4,566,756</u>	<u>\$ 1,591,426</u>	<u>\$ 2,266</u>	<u>\$ 18,284</u>	<u>\$ 6,178,732</u>

The above mentioned 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 components of the buildings held by the Company include 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.

In May 2025, the Group entered into a real estate sales and purchase agreement with non-related party to sell land and buildings located in Taoyuan, which were classified as property, plant and equipment and investment properties, for a transaction price of NT\$5,638,000 thousand. The transaction was completed in the third quarter of 2025, and the Group recognized a gain on disposal of NT\$4,160,859 thousand.

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

There were no capitalized interests for the years ended December 31, 2025 and 2024.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2025	2024
<u>Carrying amounts</u>		
Buildings	\$ -	\$ 295
	For the Year Ended December 31	
	2025	2024
Additions to right-of-use assets	\$ -	\$ -
Depreciation charge for right-of-use assets		
Buildings	\$ 234	\$ 2,689

b. Lease liabilities

	December 31	
	2025	2024
<u>Carrying amounts</u>		
Current	\$ -	\$ 301
Non-current	\$ -	\$ -

Range of discount rate for lease liabilities were as follows:

	December 31	
	2025	2024
Buildings	-	2.20%

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 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 16 to the financial statements.

	For the Year Ended December 31	
	2025	2024
Expenses relating to short-term leases	\$ <u>1,064</u>	\$ <u>4,283</u>
Total cash outflow for leases	\$ <u>(1,304)</u>	\$ <u>(7,075)</u>

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.

16. INVESTMENT PROPERTIES, NET

Movements of investment properties, net for the years ended December 31, 2025 and 2024 were as follows:

	2025	2024
<u>Cost</u>		
Balance, beginning of the year	\$ 3,502,871	\$ 3,502,871
Disposals	<u>(1,591,654)</u>	<u>-</u>
Balance, end of the year	<u>1,911,217</u>	<u>3,502,871</u>
<u>Accumulated depreciation</u>		
Balance, beginning of the year	1,596,776	1,528,294
Depreciation expense	55,263	68,482
Disposals	<u>(688,956)</u>	<u>-</u>
Balance, end of the year	<u>963,083</u>	<u>1,596,776</u>
Net book value, end of the year	<u>\$ 948,134</u>	<u>\$ 1,906,095</u>

The above-mentioned investment properties were leased out for 3 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 maturity analysis of lease payments receivable under operating leases of investment properties on of December 31, 2025 and 2024 were as follows:

	December 31	
	2025	2024
Year 1	\$ 201,420	\$ 353,403
Year 2	199,425	2,251
Year 3	<u>115,905</u>	<u>375</u>
	<u>\$ 516,750</u>	<u>\$ 356,029</u>

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

Main buildings	40-50 years
Electricity distribution system	20 years
Air-conditioning	5-10 years
Others	3-5 years

In May 2025, the Company entered into a real estate sales and purchase agreement with non-related party to sell land and buildings located in Taoyuan. Please refer to Note 14 to the parent company only financial statements for details.

The fair value of the investment properties was measured by referencing appraisal reports completed by independent qualified professional appraisers on December 31, 2025 and 2024. The fair values as of December 31, 2025 and 2024 were NT\$3,067,035 thousand and NT\$4,325,745 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 parent company only financial statements.

17. INTANGIBLE ASSETS

	December 31	
	2025	2024
Carrying amounts		
Patents	\$ -	\$ -
Other intangible assets	<u>323,601</u>	<u>190,512</u>
	<u>\$ 323,601</u>	<u>\$ 190,512</u>

Movements of intangible assets for the years ended December 31, 2025 and 2024 were as follows:

	2025		
	Patents	Other Intangible Assets	Total
<u>Cost</u>			
Balance, beginning of the year	\$ 286,890	\$ 192,433	\$ 479,323
Additions	<u>-</u>	<u>135,117</u>	<u>135,117</u>
Balance, end of the year	<u>286,890</u>	<u>327,550</u>	<u>614,440</u>
<u>Accumulated amortization</u>			
Balance, beginning of the year	175,805	1,921	177,726
Amortization expenses	<u>-</u>	<u>2,028</u>	<u>2,028</u>
Balance, end of the year	<u>175,805</u>	<u>3,949</u>	<u>179,754</u>
<u>Accumulated impairment</u>			
Balance, beginning of the year	<u>111,085</u>	<u>-</u>	<u>111,085</u>
Balance, end of the year	<u>111,085</u>	<u>-</u>	<u>111,085</u>
Net book value, end of the year	<u>\$ -</u>	<u>\$ 323,601</u>	<u>\$ 323,601</u>

	2024		
		Other Intangible Assets	
	Patents		Total
<u>Cost</u>			
Balance, beginning of the year	\$ 286,890	\$ 37,674	\$ 324,564
Additions	-	163,294	163,294
Disposals	-	(8,535)	(8,535)
Balance, end of the year	<u>286,890</u>	<u>192,433</u>	<u>479,323</u>
<u>Accumulated amortization</u>			
Balance, beginning of the year	175,805	-	175,805
Amortization expenses	-	1,921	1,921
Balance, end of the year	<u>175,805</u>	<u>1,921</u>	<u>177,726</u>
<u>Accumulated impairment</u>			
Balance, beginning of the year	<u>111,085</u>	-	<u>111,085</u>
Balance, end of the year	<u>111,085</u>	-	<u>111,085</u>
Net book value, end of the year	<u>\$ -</u>	<u>\$ 190,512</u>	<u>\$ 190,512</u>

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

Other intangible assets 3 years

For the year ended December 31, 2024, the Company engaged in an intangible asset exchange with commercial substance and recognized a gain of \$155,492 thousand.

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2025	2024
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>\$ 1,000,000</u>	<u>\$ 3,400,000</u>

The range of interest rates on line of credit borrowings were 2.10% and 2.52%-2.83% per annum, respectively, at December 31, 2025 and 2024, respectively.

b. Long-term borrowings

	December 31	
	2025	2024
<u>Secured borrowings</u>		
Bank loans	\$ 2,200,000	\$ 9,700,000
<u>Unsecured borrowings</u>		
Bank loans	-	2,100,000
Less: Current portion	<u>-</u>	<u>-</u>
Long-term borrowings	<u>\$ 2,200,000</u>	<u>\$ 11,800,000</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, cash, and net investment 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 December 31, 2025, the Company has met the financial ratios mentioned above.

The Company borrowed at a interest rate of 2.30% and 2.30%-2.40%, per annum as of December 31, 2025 and 2024, respectively.

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

19. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2025	2024
Notes payable	\$ 31	\$ 55
Trade payables	4,803,918	5,188,979
Trade payables - related parties	<u>6,138</u>	<u>237</u>
	<u>\$ 4,810,087</u>	<u>\$ 5,189,271</u>

The average term of payment is two to four months. The Company has financial risk management policies in place to ensure that all accounts payable 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.

20. OTHER LIABILITIES

	December 31	
	2025	2024
<u>Other payables</u>		
Accrued expenses	\$ 2,609,482	\$ 3,074,671
Accrued interests	2,770	21,891
Payables for purchase of equipment	<u>53</u>	<u>9,492</u>
	<u>\$ 2,612,305</u>	<u>\$ 3,106,054</u>
<u>Other current liabilities</u>		
Advance receipts	\$ 205,917	\$ 264,020
Agency receipts	13,741	15,291
Others	<u>74,387</u>	<u>60,899</u>
	<u>\$ 294,045</u>	<u>\$ 340,210</u>

Accrued Expenses

	December 31	
	2025	2024
Services	\$ 1,390,573	\$ 1,804,808
Salaries and bonuses	458,675	393,126
Marketing	341,688	559,092
Employee compensation	168,004	-
Materials and molding expenses	34,425	74,712
Import, export and freight	22,277	23,254
Repairs, maintenance and sundry purchase	13,177	16,719
Others	<u>180,663</u>	<u>202,960</u>
	<u>\$ 2,609,482</u>	<u>\$ 3,074,671</u>

21. PROVISIONS

	December 31	
	2025	2024
Warranties	\$ 252,314	\$ 343,162
Others	<u>5,224</u>	<u>6,386</u>
	<u>\$ 257,538</u>	<u>\$ 349,548</u>

Movements of provisions for the years ended December 31, 2025 and 2024 are as follows:

	2025		
	Warranty Provision	Others	Total
Balance, beginning of the year	\$ 343,162	\$ 6,386	\$ 349,548
Provisions (reversed) recognized	46,632	(1,162)	45,470
Usage	<u>(137,480)</u>	<u>-</u>	<u>(137,480)</u>
Balance, end of the year	<u>\$ 252,314</u>	<u>\$ 5,224</u>	<u>\$ 257,538</u>

	2024		
	Warranty Provision	Others	Total
Balance, beginning of the year	\$ 619,885	\$ 3,330	\$ 623,215
Provisions (reversed) recognized	(103,163)	3,056	(100,107)
Usage	<u>(173,560)</u>	<u>-</u>	<u>(173,560)</u>
Balance, end of the year	<u>\$ 343,162</u>	<u>\$ 6,386</u>	<u>\$ 349,548</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.

22. RETIREMENT BENEFIT PLANS

Defined Contribution Plans

The pension plan under the Labor Pension Act (the "LPA") is a defined contribution plan. Based on the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

Defined Benefit Plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated based on the years of services and the average monthly salaries of the six months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the following year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy. The Company had applied a suspension of pension contribution to the pension fund from May 2024 to April 2025 and May 2023 to April 2024, and had been approved by the competent authority in May 2024 and May 2023, respectively.

The amounts included in the balance sheets in respect of the obligation under the defined benefit plans were as follows:

	December 31	
	2025	2024
Present value of defined benefit obligation	\$ (143,407)	\$ (193,487)
Fair value of plan assets	<u>783,520</u>	<u>753,716</u>
Net defined benefit asset	<u>\$ 640,113</u>	<u>\$ 560,229</u>

Movements in net defined benefit asset were as follows:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Asset
Balance at January 1, 2024	\$ (178,889)	\$ 687,663	\$ 508,774
Current service cost	(3,134)	-	(3,134)
Net interest (expense) income	<u>(2,459)</u>	<u>9,455</u>	<u>6,996</u>
Recognized in profit or loss	<u>(5,593)</u>	<u>9,455</u>	<u>3,862</u>
Remeasurement			
Return on plan assets	-	60,339	60,339
Actuarial gain - change in financial assumptions	2,721	-	2,721
Actuarial loss - experience adjustments	<u>(15,467)</u>	<u>-</u>	<u>(15,467)</u>
Recognized in other comprehensive income	<u>(12,746)</u>	<u>60,339</u>	<u>47,593</u>
Benefits paid	<u>3,741</u>	<u>(3,741)</u>	<u>-</u>
Balance at December 31, 2024	<u>(193,487)</u>	<u>753,716</u>	<u>560,229</u>
Current service cost	(1,192)	-	(1,192)
Net interest (expense) income	<u>(2,903)</u>	<u>11,306</u>	<u>8,403</u>
Recognized in profit or loss	<u>(4,095)</u>	<u>11,306</u>	<u>7,211</u>
Remeasurement			
Return on plan assets	-	52,907	52,907
Actuarial loss - change in financial assumptions	(1,886)	-	(1,886)
Actuarial gain - experience adjustments	<u>21,652</u>	<u>-</u>	<u>21,652</u>
Recognized in other comprehensive income	<u>19,766</u>	<u>52,907</u>	<u>72,673</u>
Benefits paid	<u>34,409</u>	<u>(34,409)</u>	<u>-</u>
Balance at December 31, 2025	<u>\$ (143,407)</u>	<u>\$ 783,520</u>	<u>\$ 640,113</u>

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

- a. Investment risk: The plan assets are invested in domestic or foreign/equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- b. Interest risk: A decrease in the government or corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

- c. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2025	2024
Discount rate	1.375%	1.500%
Expected rate of salary increase	4.000%	4.000%

If a probable and reasonable change occurs in each significant actuarial assumption while all other assumptions remain constant, the present value of the defined benefit obligation would (increase) decrease as follows:

	December 31	
	2025	2024
Discount rate		
0.25% increase	\$ 3,739	\$ 5,291
0.25% decrease	\$ (3,874)	\$ (5,492)
Expected rate of salary increase		
0.25% increase	\$ (3,711)	\$ (5,265)
0.25% decrease	\$ 3,602	\$ 5,102

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2025	2024
The expected contributions to the plan for the next year	\$ -	\$ -
The average duration of the defined benefit obligation	12.1 years	12.6 years

23. EQUITY

Share Capital

- a. Ordinary shares

	December 31	
	2025	2024
Number of shares authorized (in thousands of shares)	1,000,000	1,000,000
Shares authorized	\$ 10,000,000	\$ 10,000,000
Number of shares issued and fully paid (in thousands of shares)	836,021	833,534
Shares issued	\$ 8,360,211	\$ 8,335,340

For the year ended December 31, 2024, the Company executed 1,496 thousand shares for employee share options totaling NT\$14,960 thousand. As a result, the amount of the Company's issued and outstanding ordinary shares as of December 31, 2024 increased to NT\$8,335,340 thousand, divided into 833,534 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 year ended December 31, 2025, the Company executed 2,487 thousand shares for employee share options totaling NT\$24,871 thousand. As a result, the amount of the Company's issued and outstanding ordinary shares as of December 31, 2025 increased to NT\$8,360,211 thousand, divided into 836,021 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 December 31, 2025, there were 8,744.9 thousand units of GDRs redeemed, representing 34,979.6 thousand ordinary shares, and the outstanding GDRs represented 1,080.9 thousand ordinary shares or 0.12% of the Company's outstanding ordinary shares.

Capital Surplus

	December 31	
	2025	2024
<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	\$ 15,434,916	\$ 15,325,698
Arising from consolidation excess	23,288	23,288
<u>May be used to offset a deficit only</u>		
Changes in equity-method associates capital surplus	33,104	33,104
Arising from expired share options	778,325	764,322
<u>May not be used for any purpose</u>		
Arising from employee share options	<u>70,811</u>	<u>131,153</u>
	<u>\$ 16,340,444</u>	<u>\$ 16,277,565</u>

The capital surplus arising from shares issued in excess of par (including share premiums 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 and employee restricted shares, refer to Note 28 to the parent company only financial statements for details.

Retained Earnings and Dividend Policy

Under the Company's Articles of Incorporation, the Company 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 the Company'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 2024 and 2023 had been approved in the shareholders' meeting on June 20, 2025 and June 20, 2024. The accumulated deficits off-setting and dividends per share were as follows:

	(The Accumulated Deficits Off-setting) Appropriation of Earnings		Dividends Per Share (NT\$)	
	For 2024	For 2023	For 2024	For 2023
Legal reserve used to offset accumulated deficits	\$ 1,675,317	\$ 3,338,305	\$ -	\$ -

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 translation of foreign operations

Exchange differences relating to the translating of the results and net assets of the Company's foreign operations from their functional currencies to the Company's presentation currency (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 Year Ended December 31	
	2025	2024
Sale of goods	\$ 1,569,402	\$ 1,674,757
Other operating income	<u>339,105</u>	<u>240,756</u>
	<u>\$ 1,908,507</u>	<u>\$ 1,915,513</u>

b. Contract balances

	December 31, 2025	December 31, 2024	January 1, 2024
Notes and trade receivables (Note 10)	<u>\$ 339,416</u>	<u>\$ 228,324</u>	<u>\$ 417,961</u>
Contract liabilities (classified under advance receipts)	<u>\$ 205,917</u>	<u>\$ 264,020</u>	<u>\$ 192,395</u>

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

a. Interest income

	For the Year Ended December 31	
	2025	2024
Bank deposits	<u>\$ 132,820</u>	<u>\$ 119,623</u>

b. Other income

	For the Year Ended December 31	
	2025	2024
Rental income	\$ 495,350	\$ 686,153
Dividends	382	1
Others	<u>170,422</u>	<u>561,509</u>
	<u>\$ 666,154</u>	<u>\$ 1,247,663</u>

c. Other gains and losses

	For the Year Ended December 31	
	2025	2024
Net gain on the disposal of assets and licensing income	\$ 7,512,927	\$ -
Net gain (loss) on disposal of property, plant and equipment and investment properties	4,164,743	(163)
Net gain on the disposal of intangible assets (Note 17)	-	155,492
Gain from lease modifications	1	14
Net foreign exchange gain (loss)	286,325	(233,943)
Net gain (loss) on valuation of financial instruments at fair value through profit or loss	28,321	(45,069)
Impairment loss of non-financial assets	(162,000)	-
Rental asset depreciation and relative expenses	(142,924)	(184,226)
Other expenses	<u>(296,695)</u>	<u>(143,748)</u>
	<u>\$ 11,390,698</u>	<u>\$ (451,643)</u>

On January 23, 2025, HTC entered into an agreement (the “Agreement”) with Google LLC and its subsidiaries (collectively, “Google”). Pursuant to the Agreement, a part of the Group’s employees were transferred to Google and certain intellectual property rights were granted to Google under a non-exclusive license. The transaction consideration was US\$233,750 thousand. After deducting related costs, the Group recognized a total net gain on disposal and licensing income of NT\$7,512,927 thousand.

d. Finance costs

	For the Year Ended December 31	
	2025	2024
Interest on bank loans	\$ 202,343	\$ 333,343
Interest on lease liabilities	1	57
Others	<u>1,672</u>	<u>2,123</u>
	<u>\$ 204,016</u>	<u>\$ 335,523</u>

e. Expected credit losses (reversal gains) on financial assets

	For the Year Ended December 31	
	2025	2024
Trade receivables (included in operating expense)	<u>\$ 632</u>	<u>\$ (17,778)</u>

f. Depreciation and amortization

	For the Year Ended December 31	
	2025	2024
Property, plant and equipment	\$ 88,916	\$ 87,103
Investment properties	55,263	68,482
Right-of-use assets	234	2,689
Intangible assets	<u>2,028</u>	<u>1,921</u>
	<u>\$ 146,441</u>	<u>\$ 160,195</u>
An analysis of depreciation - by function		
Operating costs	\$ 19,852	\$ 23,374
Operating expenses	69,298	66,418
Other expenses	<u>55,263</u>	<u>68,482</u>
	<u>\$ 144,413</u>	<u>\$ 158,274</u>
An analysis of amortization - by function		
Operating costs	\$ -	\$ -
Operating expenses	<u>2,028</u>	<u>1,921</u>
	<u>\$ 2,028</u>	<u>\$ 1,921</u>

g. Employee benefits expense

	For the Year Ended December 31	
	2025	2024
Short-term benefits	\$ 1,838,893	\$ 1,437,021
Post-employment benefits (Note 22)		
Defined contribution plans	58,958	54,476
Defined benefit plans	<u>(7,211)</u>	<u>(3,862)</u>
	<u>51,747</u>	<u>50,614</u>
Share-based payments (Note 28)		
Equity-settled share-based payments	<u>(79)</u>	<u>32</u>
Separation benefits	<u>375,574</u>	<u>44,082</u>
Total employee benefits expense	<u>\$ 2,266,135</u>	<u>\$ 1,531,749</u>
An analysis of employee benefits expense - by function		
Operating costs	\$ 246,802	\$ 195,678
Operating expenses	1,643,759	1,294,973
Other expenses	<u>375,574</u>	<u>41,098</u>
	<u>\$ 2,266,135</u>	<u>\$ 1,531,749</u>

h. Employees' compensation and remuneration of directors and supervisors

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. In accordance with the amendments to the Securities and Exchange Act in August 2024, the shareholders of the Company resolved the amendments to the Company's Articles at their June 2025 regular meeting. The

amendments explicitly stipulate the allocation of no less than 4% of the compensation of employees as compensation distributions in the event of annual net profit (including no less than 1% for non-executive employees.)The compensation of employees for the year of the ended December 31, 2025 are as follows:

Accrual rate

	For the Year Ended December 31, 2025
Employees' compensation	4%
Remuneration of directors	-

Amount

	For the Year Ended December 31, 2025
Employees' compensation	<u>\$ 168,004</u>
Remuneration of directors	<u>\$ -</u>

No compensation of employees and remuneration of directors were estimated as HTC Corporation had accumulated losses for the year of the ended December 31, 2024. If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate in the subsequent year.

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

i. Impairment loss on (reversal of) non-financial assets

	For the Year Ended December 31	For the Year Ended December 31
	2025	2024
Inventories (included in operating costs and other gains and losses)	<u>\$ 394,928</u>	<u>\$ 132,190</u>

j. Gain or loss on foreign currency exchange

	For the Year Ended December 31	For the Year Ended December 31
	2025	2024
Foreign exchange gains	\$ 1,439,926	\$ 600,082
Foreign exchange losses	(1,153,601)	(834,025)
Valuation gain (loss) arising from forward exchange contracts	<u>31,288</u>	<u>(43,604)</u>
	<u>\$ 317,613</u>	<u>\$ (277,547)</u>

26. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax benefit recognized in profit or loss

	For the Year Ended December 31	
	2025	2024
In respect of the current year		
Current tax	\$ 279,330	\$ -
Land value increment tax	125,089	-
Deferred tax	<u>1,696,326</u>	<u>(156,900)</u>
	<u>2,100,745</u>	<u>(156,900)</u>
Adjustments for previous years		
Current tax	69,241	(355,171)
Deferred tax	<u>(69,241)</u>	<u>355,171</u>
	<u>-</u>	<u>-</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 2,100,745</u>	<u>\$ (156,900)</u>

A reconciliation of accounting loss and income tax benefit and the applicable tax rate were as follows:

	For the Year Ended December 31	
	2025	2024
Gain (loss) before income tax	<u>\$ 8,126,151</u>	<u>\$ (3,575,188)</u>
Income tax benefit calculated at 20% in 2025 and 2024, respectively	\$ 1,625,230	\$ (715,038)
Effect of expenses that were not deductible in determining taxable profit	5,420	3,062
Share of the profit or loss of subsidiaries	155,080	36,749
Effect of temporary differences and loss carryforward	<u>315,015</u>	<u>518,327</u>
Income tax expense benefit recognized in profit or loss	<u>\$ 2,100,745</u>	<u>\$ (156,900)</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2025	2024
<u>Deferred tax</u>		
Recognized in current year		
Income tax expense of remeasurement on defined benefit plan	<u>\$ 8,721</u>	<u>\$ 5,711</u>

c. Current tax assets and liabilities

	December 31	
	2025	2024
Current tax assets		
Tax refund receivable	<u>\$ 22,879</u>	<u>\$ 19,843</u>
Current tax liabilities		
Income tax payable	<u>\$ 4,950</u>	<u>\$ 5,452</u>

d. Deferred tax balances

Movements of deferred tax assets and deferred tax liabilities for the years ended December 31, 2025 and 2024 were as follows:

2025				
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for loss on decline in value of inventory	\$ 32,818	\$ 24,453	\$ -	\$ 57,271
Unrealized profit	9,453	(4,929)	-	4,524
Unrealized royalties	293,075	(69,060)	-	224,015
Unrealized marketing expenses	38,809	(13,804)	-	25,005
Unrealized warranty expense	41,179	(10,901)	-	30,278
Unrealized contingent losses on purchase orders	766	(139)	-	627
Financial instruments at FVTPL	5,408	(5,408)	-	-
Others	62,035	(10,895)	-	51,140
Loss carryforwards	<u>2,129,749</u>	<u>(1,520,724)</u>	<u>-</u>	<u>609,025</u>
	<u>\$ 2,613,292</u>	<u>\$ (1,611,407)</u>	<u>\$ -</u>	<u>\$ 1,001,885</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Defined benefit plans	\$ 67,227	\$ 865	\$ 8,721	\$ 76,813
Financial assets at FVTPL	-	3,755	-	3,755
Others	<u>407</u>	<u>11,058</u>	<u>-</u>	<u>11,465</u>
	<u>\$ 67,634</u>	<u>\$ 15,678</u>	<u>\$ 8,721</u>	<u>\$ 92,033</u>
2024				
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for loss on decline in value of inventory	\$ 35,316	\$ (2,498)	\$ -	\$ 32,818
Unrealized profit	13,177	(3,724)	-	9,453
Unrealized royalties	281,973	11,102	-	293,075
Unrealized marketing expenses	57,517	(18,708)	-	38,809
Unrealized warranty expense	74,386	(33,207)	-	41,179
Unrealized contingent losses on purchase orders	400	366	-	766
Financial instruments at FVTPL	5,514	(106)	-	5,408
Others	66,135	(4,100)	-	62,035
Loss carryforwards	<u>2,285,071</u>	<u>(155,322)</u>	<u>-</u>	<u>2,129,749</u>
	<u>\$ 2,819,489</u>	<u>\$ (206,197)</u>	<u>\$ -</u>	<u>\$ 2,613,292</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Defined benefit plans	\$ 61,053	\$ 463	\$ 5,711	\$ 67,227
Others	<u>8,796</u>	<u>(8,389)</u>	<u>-</u>	<u>407</u>
	<u>\$ 69,849</u>	<u>\$ (7,926)</u>	<u>\$ 5,711</u>	<u>\$ 67,634</u>

- e. Amounts of deductible temporary differences, unused carryforward and unused tax credits for which deferred tax assets have not been recognized

	December 31	
	2025	2024
Loss carryforward	<u>\$ 60,383,302</u>	<u>\$ 86,776,874</u>
Deductible temporary differences	<u>\$ 1,597,427</u>	<u>\$ 2,004,257</u>

- f. Information about unused loss carry-forward

Loss carryforwards as of December 31, 2025 comprised of:

Remaining Carrying	Expiry Year
\$ 10,972,283	2026
17,905,848	2027
11,997,453	2029
7,733,406	2030
3,783,440	2031
4,522,184	2032
4,010,472	2033
<u>2,503,343</u>	2034
<u>\$ 63,428,429</u>	

- g. The aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2025 and 2024, the temporary differences associated with investment in subsidiaries for which no deferred tax liabilities have been recognized were NT\$7,701,677 thousand and NT\$1,841,031 thousand, respectively.

- h. Income tax assessments

The Company's tax returns through 2023 had been assessed and approved by the tax authorities.

27. EARNINGS (LOSS) PER SHARE

	Unit: NT\$ Per Share	
	For the Year Ended December 31	
	2025	2024
Basic earnings (loss) per share	<u>\$ 7.21</u>	<u>\$ (4.11)</u>
Diluted earnings (loss) per share	<u>\$ 7.15</u>	<u>\$ (4.11)</u>

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

Net Profit (Loss) for the Years

	For the Year Ended December 31	
	2025	2024
Net profit (loss) for the year	<u>\$ 6,025,406</u>	<u>\$ (3,418,288)</u>

Shares

	Unit: In Thousands of Shares	
	For the Year Ended December 31	
	2025	2024
Weighted average number of ordinary shares used in the computation of basic earnings (loss) per share	835,251	832,459
Effect of potentially dilutive ordinary shares:		
Employee share options	4,616	-
Employee's compensation	<u>3,415</u>	<u>-</u>
Weighted average number of ordinary shares used in the computation of diluted earnings (loss) per share	<u>843,282</u>	<u>832,459</u>

28. SHARE-BASED PAYMENT ARRANGEMENTS

Employee Share Option Plan of the Company

Qualified employees of the Company 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. The option rights expired in October 2024.

Qualified employees of the Company 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. The option rights expired in August 2025.

Qualified employees of the Company 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 the Company 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 Year Ended December 31			
	2025		2024	
	Number of Shares (In Thousands)	Weighted- average Exercise Price (NT\$)	Number of Shares (In Thousands)	Weighted- average Exercise Price (NT\$)
Balance, beginning of the year	8,026	\$ 35.52	11,816	\$ 51.15
Shares granted	(2,487)	35.31	(1,496)	35.25
Shares forfeited	<u>(923)</u>		<u>(2,294)</u>	
Balance, end of the year	<u>4,616</u>	35.32	<u>8,026</u>	35.52
Options exercisable, end of the year	<u>4,616</u>		<u>8,026</u>	

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

	December 31	
	2025	2024
Range of exercise price (NT\$)	\$35.05-\$35.5	\$35.05-\$54.5
Weighted-average remaining contractual life (years)	3.57 years	4.54 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%
Expected life (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 years. 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 cost of share-based payment arrangement recognized was NT\$(79) thousand and NT\$32 thousand for the years ended December 31, 2025 and 2024, 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 loan, please refer to Note 18 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

December 31, 2025

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial instruments				
Foreign forward exchange contracts	\$ -	\$ 40,729	\$ -	\$ 40,729
Investments in equity instruments				
Overseas unlisted equity investments	-	-	26,516	26,516
	<u>\$ -</u>	<u>\$ 40,729</u>	<u>\$ 26,516</u>	<u>\$ 67,245</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	\$ 62,445	\$ -	\$ -	\$ 62,445
Domestic unlisted equity investments	-	-	15,786	15,786
	<u>\$ 62,445</u>	<u>\$ -</u>	<u>\$ 15,786</u>	<u>\$ 78,231</u>
Financial liabilities at FVTPL				
Derivative financial instruments				
Foreign forward exchange contracts	\$ -	\$ 9,441	\$ -	\$ 9,441

December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial instruments				
Foreign forward exchange contracts	\$ -	\$ 47,620	\$ -	\$ 47,620
Investments in equity instruments				
Overseas unlisted equity investments	<u>-</u>	<u>-</u>	<u>13,667</u>	<u>13,667</u>
	<u>\$ -</u>	<u>\$ 47,620</u>	<u>\$ 13,667</u>	<u>\$ 61,287</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	\$ 859	\$ -	\$ -	\$ 859
Domestic unlisted equity investments	<u>-</u>	<u>-</u>	<u>100,551</u>	<u>100,551</u>
	<u>\$ 859</u>	<u>\$ -</u>	<u>\$ 100,551</u>	<u>\$ 101,410</u>
Financial liabilities at FVTPL				
Derivative financial instruments				
Foreign forward exchange contracts	<u>\$ -</u>	<u>\$ 91,224</u>	<u>\$ -</u>	<u>\$ 91,224</u>

There were no transfers between Levels 1 and 2 for the years ended December 31, 2025 and 2024.

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

December 31, 2025

Financial Assets	Financial Assets at FVTPL Derivatives	Financial Assets at FVTOCI Equity Instruments	Total
Balance at January 1, 2025	\$ 13,667	\$ 100,551	\$ 114,218
Recognized in income	(2,967)	-	(2,967)
Recognized in other comprehensive income	-	(84,765)	(84,765)
Purchases	<u>15,816</u>	<u>-</u>	<u>15,816</u>
Balance at December 31, 2025	<u>\$ 26,516</u>	<u>\$ 15,786</u>	<u>\$ 42,302</u>

December 31, 2024

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
	Derivatives	Equity Instruments	
Balance at January 1, 2024	\$ -	\$ 100,906	\$ 100,906
Recognized in income	(1,465)	-	(1,465)
Recognized in other comprehensive income	-	(355)	(355)
Purchases	<u>15,132</u>	<u>-</u>	<u>15,132</u>
Balance at December 31, 2024	<u>\$ 13,667</u>	<u>\$ 100,551</u>	<u>\$ 114,218</u>

- 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 alternative 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

	For the Year Ended December 31	
	2025	2024
<u>Financial assets</u>		
Financial assets at FVTPL		
Held for trading	\$ 40,729	\$ 47,620
Mandatorily at FVTPL	26,516	13,667
Amortized cost (Note 1)	1,822,812	5,194,616
Financial assets at FVTOCI		
Equity instruments	78,231	101,410
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Held for trading	9,441	91,224
Amortized cost (Note 2)	10,682,234	23,643,466

Note 1: The balances include financial assets measured at amortized cost, which comprise of cash and cash equivalents, other financial assets, notes receivables, trade receivables (includes related parties), 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 (including related parties), 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 are 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 35 to the parent company only 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% appreciation and depreciation 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 profit/loss or equity, and the balances below would be negative.

	Profit or Loss	Equity
<u>For the year ended December 31, 2025</u>		
USD	\$ 18,216	\$ (217,982)
EUR	11,288	(5,081)
RMB	5,775	(18,831)
JPY	943	(2,233)
GBP	3,694	(8,386)
<u>For the year ended December 31, 2024</u>		
USD	81,885	(109,403)
EUR	24,632	(13,047)
RMB	53,429	(64,141)
JPY	1,769	(2,299)
GBP	52,432	(57,551)
SGD	18,229	(15,308)

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:

	December 31	
	2025	2024
Fair value interest rate risk		
Financial assets	\$ 599,273	\$ 3,891,363
Financial liabilities	-	301
Cash flow interest rate risk		
Financial assets	-	-
Financial liabilities	3,200,000	15,200,000

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 10 basis points 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 10 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit/loss for the years ended December 31, 2025 and 2024 would have decreased/increased by NT\$3,200 thousand and NT\$15,200 thousand, respectively.

3) Other price risk

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

If equity prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2025 and 2024 would have decreased/increased by NT\$265 thousand and NT\$137 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 years ended December 31, 2025 and 2024 would have decreased/increased by NT\$782 thousand and NT\$1,014 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 the Note 10 to the parent company only financial statements.

c. Liquidity risk

The Company's current liabilities exceeds current assets by NT\$7,051,317 thousand. The Company is able to meet all of its contract obligations with managing the Taiwan and overseas cash and cash equivalents positions through a consolidated structure. Resulting in no liquidity risk of inability to provide sufficient funds to fulfil its obligations.

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 monitor 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.

December 31, 2025

	Less Than 3 Months	3 to 12 Months	Over 1 Year
Short-term borrowings	\$ 1,000,000	\$ -	\$ -
Notes and trade payables	192,242	4,617,845	-
Other payables	1,886,625	725,680	-
Agency receipts	13,741	-	-
Long-term borrowings	-	-	2,200,000
Guarantee deposits received	-	-	46,101
	<u>\$ 3,092,608</u>	<u>\$ 5,343,525</u>	<u>\$ 2,246,101</u>

December 31, 2024

	Less Than 3 Months	3 to 12 Months	Over 1 Year
Short-term borrowings	\$ 3,100,000	\$ 300,000	\$ -
Notes and trade payables	261,474	4,927,797	-
Other payables	2,411,403	694,651	-
Lease liabilities	301	-	-
Agency receipts	15,291	-	-
Long-term borrowings	-	-	11,800,000
Guarantee deposits received	-	-	132,850
	<u>\$ 5,788,469</u>	<u>\$ 5,922,448</u>	<u>\$ 11,932,850</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.

December 31, 2025

	Less Than 3 Months	3 Months to 1 Year	Over 1 Year
<u>Net settled</u>			
Foreign exchange contracts	\$ <u>9,546</u>	\$ <u>-</u>	\$ <u>-</u>
<u>Gross settled</u>			
Foreign exchange contracts			
Inflows	\$ 1,828,489	\$ -	\$ -
Outflows	<u>(1,822,100)</u>	<u>-</u>	<u>-</u>
	\$ <u>6,389</u>	\$ <u>-</u>	\$ <u>-</u>

December 31, 2024

	Less Than 3 Months	3 Months to 1 Year	Over 1 Year
<u>Net settled</u>			
Foreign exchange contracts	\$ <u>38,232</u>	\$ <u>-</u>	\$ <u>-</u>
<u>Gross settled</u>			
Foreign exchange contracts			
Inflows	\$ 10,680,230	\$ -	\$ -
Outflows	<u>(10,769,763)</u>	<u>-</u>	<u>-</u>
	\$ <u>(89,533)</u>	\$ <u>-</u>	\$ <u>-</u>

3) Bank credit limit

	December 31	
	2025	2024
Unsecured bank general credit limit		
Amount used	\$ 1,132,842	\$ 5,682,747
Amount unused	<u>7,738,623</u>	<u>3,254,403</u>
	\$ <u>8,871,465</u>	\$ <u>8,937,150</u>
Secured bank overdraft facilities		
Amount used	\$ 2,200,000	\$ 9,700,000
Amount unused	<u>7,500,000</u>	<u>-</u>
	\$ <u>9,700,000</u>	\$ <u>9,700,000</u>

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

31. RELATED-PARTY TRANSACTIONS

The Names and Relationships of Related-parties

Related-party	Relationship with the Company
H.T.C. (B.V.I) Corp.	Subsidiary
High Tech Computer Asia Pacific Pte. Ltd.	Subsidiary
HTC (Australia and New Zealand) PTY LTD.	Subsidiary
HTC India Private Limited	Subsidiary
HTC Communication Co., Ltd.	Subsidiary
HTC HK, Limited	Subsidiary
HTC Communication Technologies (SH)	Subsidiary
HTC Communication (BJ) Tech Co.	Subsidiary
HTC Netherlands B.V.	Subsidiary
HTC EUROPE CO., LTD.	Subsidiary
Viverse Limited	Subsidiary
VIVE Arts Limited	Subsidiary
HTC Belgium BV	Subsidiary
HTC NIPPON Corporation	Subsidiary
HTC FRANCE CORPORATION SAS	Subsidiary
HTC Germany GmbH.	Subsidiary
HTC Poland sp. z o.o.	Subsidiary
HTC Communication Canada, Ltd.	Subsidiary
HTC Middle East FZ-LLC	Subsidiary
HTC Communication Solutions Mexico, S.A DE C.V.	Subsidiary
HTC America Inc.	Subsidiary
One & Company Design, Inc.	Subsidiary
HTC America Innovation Inc.	Subsidiary
HTC America Content Services, Inc.	Subsidiary
Inquisitive Minds, Inc	Subsidiary
HTC Belgium BV, Russia Branch	Subsidiary
DeepQ Technology Corp.	Subsidiary
Viveport Digital Corporation	Subsidiary
REIGN Technology Corporation	Subsidiary
HungXu Tech Corp.	Subsidiary
VIVE Arts Corporation	Subsidiary
HTC Investment (BVI) Corp.	Subsidiary
HungXu Holding (BVI) Corp.	Subsidiary
VIA Technologies Inc.	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
Kun Chang Investment Co., Ltd.	Its director is HTC's chairwoman
ASIAPLAY TAIWAN DIGITAL ENTERTAINMENT LTD.	Its director is HTC's chairwoman
TVBS Media Inc.	Its director is HTC's chairwoman
Chinese Christian Faith and Love Foundation	Its director is HTC's chairwoman

(Continued)

<u>Related-party</u>	<u>Relationship with the Company</u>
CW & ET Link Inc	Its director is HTC's chairwoman
Chang Gung Medical Foundation	Its director and HTC's chairwoman are relatives
Chang Gung University	Its director and HTC's chairwoman are relatives
Employee Welfare Committee	Employees' Welfare Committee of HTC
LEO Systems, Inc.	Related party in substance
VIA Labs, Inc. Employees' Welfare Committee	Related party in substance
Small Creative SAS	Associate
	(Concluded)

Operating Sales

	<u>For the Year Ended December 31</u>	
	<u>2025</u>	<u>2024</u>
Subsidiaries		
HTC America Inc.	\$ 469,249	\$ 276,277
HTC NIPPON Corporation	143,339	112,928
HTC Communication Co., Ltd.	-	18,774
Others	1,682	1,178
Other related parties	<u>12,014</u>	<u>14,564</u>
	<u>\$ 626,284</u>	<u>\$ 423,721</u>

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

	<u>December 31</u>	
	<u>2025</u>	<u>2024</u>
Subsidiaries		
HTC America Inc.	\$ 225,614	\$ -
HTC NIPPON Corporation	19,381	17,621
VIVE Arts Corporation	5,033	5,009
REIGN Technology Corporation	3,796	7,405
Others	3,018	2,563
Other related parties	<u>2,592</u>	<u>1,216</u>
	<u>\$ 259,434</u>	<u>\$ 33,814</u>

Products sold to all related parties will be lower than those sold to outsiders, except for some related parties who have no comparison with those sold to third parties. No guarantees had been given or received for trade receivables from related parties. Trade receivables from related parties were assessed to have no debt risk, hence no bad debt expense had been recognized for the years ended December 31, 2025 and 2024.

Purchase

	For the Year Ended December 31	
	2025	2024
<u>Purchase</u>		
Subsidiaries	\$ 76	\$ 293
Other related parties	<u>1,011</u>	<u>1,248</u>
	<u>\$ 1,087</u>	<u>\$ 1,541</u>

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

	December 31	
	2025	2024
Subsidiaries	\$ 5,770	\$ 84
Other related parties	<u>368</u>	<u>153</u>
	<u>\$ 6,138</u>	<u>\$ 237</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.

Other Receivables From Related Parties

	For the Year Ended December 31	
	2025	2024
Subsidiaries		
HungXu Holding (BVI) Corp.	\$ 31,050	\$ -
Viveport Digital Corporation	6,285	2,619
Other	465	3,036
Other related parties	<u>1,976</u>	<u>19</u>
	<u>\$ 39,776</u>	<u>\$ 5,674</u>

Other receivables from related parties represent intercompany payments made on behalf of related parties. Other receivables from related parties were assessed to have no debt risk, hence no bad debt expense had been recognized for the years ended December 31, 2025 and 2024.

Compensation of Key Management Personnel

	For the Year Ended December 31	
	2025	2024
Short-term benefits	\$ 170,282	\$ 95,096
Post-employment benefits	<u>648</u>	<u>597</u>
	<u>\$ 170,930</u>	<u>\$ 95,693</u>

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

Lease Expense

	For the Year Ended December 31	
	2025	2024
Lease expense		
Subsidiaries	\$ -	\$ 640
Other related parties	<u>833</u>	<u>1,404</u>
	<u>\$ 833</u>	<u>\$ 2,044</u>

The Company leased meeting rooms and dormitories owned by other related party under an operating lease agreement.

Lease Arrangements - the Company Is Lessor Arrangements under Operating Leases

The Company leases out part of the offices to its associate under operating lease with lease term of 3 years, and the rental is based on similar asset's market rental rates and fixed lease payments are received monthly. As of December 31, 2025, the gross lease payments to be received are NT\$9,142 thousand. The amounts of lease income recognized for the years ended December 31, 2025 and 2024 were both NT\$4,571 thousand, respectively.

Advance receipts

	December 31	
	2025	2024
Subsidiaries		
HTC Communication Co., Ltd.	\$ 51,093	\$ 25,206
Viveport Digital Corporation	15,535	14,999
HTC America Inc.	-	96,886
Other	9,227	8,836
Other related parties	<u>82</u>	<u>2,696</u>
	<u>\$ 75,937</u>	<u>\$ 148,623</u>

Prepayments

	December 31	
	2025	2024
Subsidiaries		
HTC France Corporation SAS	\$ -	\$ 17,065
Other	<u>1,000</u>	<u>1,043</u>
	<u>\$ 1,000</u>	<u>\$ 18,108</u>

Acquisition of Property, Plant and Equipment

	Price	
	For the Year Ended December 31	
Related Party Category	2025	2024
Subsidiaries	<u>\$ 9,339</u>	<u>\$ 3,230</u>

Disposal of Property, Plant and Equipment

Related Party Category/Name	Proceeds		Gain (Loss) on Disposal	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2025	2024	2025	2024
Subsidiaries	\$ -	\$ 1,146	\$ -	\$ -

Disposal of Financial Assets

December 31, 2024

Related Party Category/Name	Line Item	Number of Shares	Underlying Assets	Proceeds
VIVE Arts Holding Corporation	Investments accounted for using the equity method	500,000	VIVE Arts Holding Corporation	\$ 5,000

Services, Marketing and Commission Expenses

		For the Year Ended December 31	
		2025	2024
Subsidiaries			
HungXu Tech Corp.		\$ -	\$ 1,140,939
HTC EUROPE CO., LTD.		239,483	284,271
HTC Communication Technologies (Shanghai) Limited		96,327	106,979
HTC America Innovation Inc.		89,057	170,446
Viveport Digital Corporation		89,037	-
HTC Communication (BJ) Tech. Co		70,937	78,415
Others		152,679	203,211
Other related parties		<u>1,129</u>	<u>-</u>
		<u>\$ 738,649</u>	<u>\$ 1,984,261</u>

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

		December 31	
		2025	2024
Subsidiaries			
HTC EUROPE CO., LTD.		\$ 285,536	\$ 207,767
HTC (Australia and New Zealand) PTY LTD.		116,655	109,609
HTC HK, Limited		115,754	138,080
HTC America Innovation Inc.		26,356	285,231
HungXu Tech Corp.		-	160,835
Others		195,192	228,381
Other related parties		<u>2,727</u>	<u>748</u>
		<u>\$ 742,220</u>	<u>\$ 1,130,651</u>

The subsidiaries provided services such as overseas business activities, research and development, technical support, business consulting and after-sales maintenance for the Company, and all service fees, advertising fees and commission fees are taken into account.

Other Related-party Transactions

The Company collected property management fees and utility fees from other related companies. Other income was NT\$10,797 thousand and NT\$10,406 thousand for the years ended December 31, 2025 and 2024, respectively.

32. PLEDGED ASSETS

As of December 31, 2025 and 2024, the time deposits and demand deposits classified as other financial assets totaled NT\$53,429 thousand and NT\$81,975 thousand, respectively. These deposits were provided as collateral for rental deposits, customs duties, patent litigation, supplier contract, foreign exchange forward contract and performance bonds.

The following assets were pledged as collateral for bank borrowings:

	December 31	
	2025	2024
Property, plant and equipment		
Land	\$ 3,603,229	\$ 4,566,756
Buildings	771,859	1,591,426
Investment properties	<u>692,694</u>	<u>1,757,068</u>
	<u>\$ 5,067,782</u>	<u>\$ 7,915,250</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 Group has deposited a security for the judgment into the Court Registry Investment System. The Group 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 significant financial assets and liabilities denominated in foreign currencies were as follows:

Unit: In Thousands of Foreign Currencies

December 31				
2025			2024	
Foreign Currencies		Exchange Rate	Foreign Currencies	Exchange Rate
<u>Financial assets</u>				
Monetary items				
USD	\$ 189,208	31.43	\$ 227,609	32.79
EUR	33,019	36.89	61,381	34.14
JPY	420,583	0.2007	1,149,788	0.2099
RMB	-	4.50	225,589	4.48
GBP	7,297	42.29	125,409	41.19
SGD	2,008	24.44	66,493	24.13
Investments accounted for using the equity method				
USD	679,725	31.43	245,022	32.79
GBP	136,280	42.29	255,109	41.19
<u>Financial liabilities</u>				
Monetary items				
USD	107,059	31.43	369,515	32.79
EUR	948	36.89	7,307	34.14
JPY	353,519	0.2007	697,455	0.2099
RMB	69	4.50	10,085	4.48
SGD	36	24.44	2,036	24.13

For the years ended December 31, 2025 and 2024, realized and unrealized net foreign exchange gain (loss) were NT\$317,613 thousand and NT\$277,547 thousand, respectively. It is impractical to disclose net foreign exchange gains or losses by each significant foreign currency due to the variety of the 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 Group's not using any of Qualcomm's intellectual property, the Group 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

36. SEPARATELY DISCLOSED ITEMS

- a. Information about significant transactions and investees:
 - 1) Financing provided to others (Table 1)
 - 2) Endorsements/guarantees provided (None)
 - 3) Significant marketable securities held (excluding investments in subsidiaries, associates and jointly controlled entities) (Table 2)
 - 4) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 3)
 - 5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
- b. Information on investees (Table 5)

c. 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 (None):
 - 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

TABLE 1

HTC CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
1	Viverse Limited (Ireland)	H.T.C. (B.V.I.) Corp.	Other receivables from related parties	Yes	\$ 458,462 (US\$ 14,600 thousand)	\$ 411,720 (US\$ 13,100 thousand)	\$ 411,720 (US\$ 13,100 thousand)	SOFR	Short-term financing	\$ -	Reinvestment capital needs	\$ -	-	\$ -	\$ 416,132	\$ 416,132	
2	HTC America Inc.	H.T.C. (B.V.I.) Corp.	Other receivables from related parties	Yes	282,861 (US\$ 9,000 thousand)	282,861 (US\$ 9,000 thousand)	282,861 (US\$ 9,000 thousand)	SOFR	Short-term financing	-	Reinvestment capital needs	-	-	-	470,126	470,126	
3	HTC Investment (BVI) Corporation	H.T.C. (B.V.I.) Corp.	Other receivables from related parties	Yes	282,861 (US\$ 9,000 thousand)	282,861 (US\$ 9,000 thousand)	282,861 (US\$ 9,000 thousand)	SOFR	Short-term financing	-	Reinvestment capital needs	-	-	-	2,892,592	2,892,592	
4	HTC EUROPE CO., LTD.	H.T.C. (B.V.I.) Corp.	Other receivables from related parties	Yes	110,002 (US\$ 3,500 thousand)	110,002 (US\$ 3,500 thousand)	110,002 (US\$ 3,500 thousand)	SOFR	Short-term financing	-	Reinvestment capital needs	-	-	-	5,762,610	5,762,610	
5	Viverse Limited (UK)	H.T.C. (B.V.I.) Corp.	Other receivables from related parties	Yes	31,429 (US\$ 1,000 thousand)	31,429 (US\$ 1,000 thousand)	31,429 (US\$ 1,000 thousand)	SOFR	Short-term financing	-	Reinvestment capital needs	-	-	-	786,401	786,401	
6	HTC Middle East FZ-LLC	H.T.C. (B.V.I.) Corp.	Other receivables from related parties	Yes	28,286 (US\$ 900 thousand)	28,286 (US\$ 900 thousand)	28,286 (US\$ 900 thousand)	SOFR	Short-term financing	-	Reinvestment capital needs	-	-	-	64,122	64,122	
7	HTC Belgium BV	H.T.C. (B.V.I.) Corp.	Other receivables from related parties	Yes	25,143 (US\$ 800 thousand)	25,143 (US\$ 800 thousand)	25,143 (US\$ 800 thousand)	SOFR	Short-term financing	-	Reinvestment capital needs	-	-	-	37,513	37,513	
8	HTC HK, Limited	H.T.C. (B.V.I.) Corp.	Other receivables from related parties	Yes	24,179 (US\$ 770 thousand)	-	-	SOFR	Short-term financing	-	Reinvestment capital needs	-	-	-	1,625,591	1,625,591	
9	HTC Germany GmbH	H.T.C. (B.V.I.) Corp.	Other receivables from related parties	Yes	16,343 (US\$ 520 thousand)	16,343 (US\$ 520 thousand)	16,343 (US\$ 520 thousand)	SOFR	Short-term financing	-	Reinvestment capital needs	-	-	-	25,557	25,557	
10	HTC America Innovation Inc	H.T.C. (B.V.I.) Corp.	Other receivables from related parties	Yes	12,572 (US\$ 400 thousand)	12,572 (US\$ 400 thousand)	12,572 (US\$ 400 thousand)	SOFR	Short-term financing	-	Reinvestment capital needs	-	-	-	109,688	109,688	
11	VIVE Arts Limited	H.T.C. (B.V.I.) Corp.	Other receivables from related parties	Yes	11,619 (US\$ 370 thousand)	6,914 (US\$ 220 thousand)	6,914 (US\$ 220 thousand)	SOFR	Short-term financing	-	Reinvestment capital needs	-	-	-	31,206	31,206	
12	HungXu Holding (BVI) Corp.	H.T.C. (B.V.I.) Corp.	Other receivables from related parties	Yes	9,429 (US\$ 300 thousand)	9,429 (US\$ 300 thousand)	9,429 (US\$ 300 thousand)	SOFR	Short-term financing	-	Reinvestment capital needs	-	-	-	224,956	224,956	
13	HTC Investment One (BVI) Corporation	H.T.C. (B.V.I.) Corp.	Other receivables from related parties	Yes	9,429 (US\$ 300 thousand)	9,429 (US\$ 300 thousand)	9,429 (US\$ 300 thousand)	SOFR	Short-term financing	-	Reinvestment capital needs	-	-	-	109,902	109,902	
14	S3 Graphics., Co., Ltd.	H.T.C. (B.V.I.) Corp.	Other receivables from related parties	Yes	94,287 (US\$ 3,000 thousand)	94,287 (US\$ 3,000 thousand)	94,287 (US\$ 3,000 thousand)	SOFR	Short-term financing	-	Reinvestment capital needs	-	-	-	97,925	97,925	

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
15	HTC Netherlands B.V.	H.T.C. (B.V.I.) Corp.	Other receivables from related parties	Yes	\$ 81,715 (US\$ 2,600 thousand)	\$ 81,715 (US\$ 2,600 thousand)	\$ 81,715 (US\$ 2,600 thousand)	SOFR	Short-term financing	\$ -	Reinvestment capital needs	\$ -	-	\$ -	\$ 649,296	\$ 649,296	
16	HungXu Technology (BVI) Corp.	H.T.C. (B.V.I.) Corp.	Other receivables from related parties	Yes	37,715 (US\$ 1,200 thousand)	37,715 (US\$ 1,200 thousand)	37,715 (US\$ 1,200 thousand)	SOFR	Short-term financing	-	Reinvestment capital needs	-	-	-	243,699	243,699	

(Concluded)

TABLE 2

HTC CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES SIGNIFICANT HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES)
DECEMBER 31, 2025
(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 Period				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	\$ 445	-	\$ 445	
High Tech Computer Asia Pacific Pte. Ltd.	<u>Money market fund</u> BlackRock Money Market Fund (Liquidity Fund)	-	Financial assets at fair value through profit or loss - current	-	257,526	-	257,526	
	<u>Private credit fund</u> Apollo IG Short Duration Replacement (Cayman)	-	Financial assets at fair value through profit or loss - current	-	640,242	-	640,242	
	Apollo Asset-Backed Finance (ABF)	-	Financial assets at fair value through profit or loss - non-current	-	641,546	-	641,546	
	Apollo Credit Strategies Absolute Return Offshore Fund	-	"	-	1,447,394	-	1,447,394	
	Apollo Debt Solutions BDC iCapital Offshore Access Fund	-	"	-	1,446,222	-	1,446,222	
	SPC-Accumulation Class I Shares							
	Ares Specialty Healthcare Fund	-	"	-	197,864	-	197,864	
	Ares Strategic Income Fund-Accumulation Class I Shares	-	"	-	1,412,767	-	1,412,767	
HTC Investment 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	438	22,820	-	22,820	
H.T.C. (B.V.I.) Corp.	<u>Unlisted equity investments</u> EMISSIVE	-	Financial assets at fair value through other comprehensive income - non-current	37	137,526	18.03	137,526	
	KKCompany Technologies Inc.	-	"	12,288	294,025	7.49	294,025	
	Race capital	-	"	-	555,209	-	555,209	
	TransLink Capital Fund Partners II, L.P.	-	"	-	301,281	-	301,281	

(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 Period				Note
				Shares (In Thousand)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
H.T.C. (B.V.I.) Corp.	<u>Money market fund</u>							
	Aumundi Money Market Fund	-	Financial assets at fair value through profit or loss - current	-	\$ 126,414	-	\$ 126,414	
	BlackRock Money Market Fund (Liquidity Fund)	-	"	-	702,512	-	702,512	
	Morgan Money Market Fund	-	"	-	141,133	-	141,133	
	<u>Private credit fund</u>							
	Apollo Aligned Alternatives (C), L.P.	-	Financial assets at fair value through profit or loss - current	-	785,725	-	785,725	
	Apollo IG Short Duration Replacement (Cayman)	-	"	-	4,219,613	-	4,219,613	
	Bain Capital Griffin Aircraft Offshore Feeder Fund	-	Financial assets at fair value through profit or loss - non-current	-	143,484	-	143,484	
	BlackRock Global Infrastructure Debt Fund II Feeder SCSp	-	"	-	789,408	-	789,408	
	Goldman Sachs West Street Private Credit Fund	-	"	-	1,414,305	-	1,414,305	
HTC Investment (BVI) Corp.	<u>Unlisted equity investments</u>							
	Ally Bridge Group	-	Financial assets at fair value through other comprehensive income - non-current	-	236,861	-	236,861	
	Ally Bridge Group-CMRCO	-	"	-	298,301	-	298,301	
	Cherubic Ventures	-	"	-	160,256	-	160,256	
	Presence Capital Fund I, LP	-	"	-	157,773	-	157,773	
	<u>Money market fund</u>							
	BlackRock Money Market Fund (Liquidity Fund)	-	Financial assets at fair value through profit or loss - current	-	140,996	-	140,996	
HTC Electronics (Shanghai) Co., Ltd.	<u>Unlisted equity investments</u>							
	Kunqiao Phase II (Xiamen) Semiconductor Industry Equity Investment Partnership (Limited Partnership)	-	Financial assets at fair value through other comprehensive income - non-current	-	1,163,334	-	1,163,334	
	Kunqiao Phase II (Suzhou) Emerging Industry Venture Capital Partnership (Limited Partnership)	-	"	-	232,923	-	232,923	

Note: This table presents the marketable securities that Group has determined should be disclosed based on the materiality principle.

(Concluded)

TABLE 3

HTC CORPORATION AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
HTC Corporation	HTC America Inc. HTC NIPPON Corporation	Grandson company	Sales	\$ (469,249)	(25)	60 days	More favorable than unrelated parties	Similar to unrelated parties	\$ 225,614	46	
		Grandson company	Sales	(143,339)	(7)	60 days	More favorable than unrelated parties	Similar to unrelated parties	19,381	4	
HTC America Inc.	HTC Corporation	Parent company	Purchases	469,249	97	60 days	No comparable unrelated parties	Similar to unrelated parties	(225,614)	(97)	
HTC NIPPON Corporation	HTC Corporation	Parent company	Purchases	143,339	97	60 days	No comparable unrelated parties	Similar to unrelated parties	(19,381)	(99)	

TABLE 4

HTC CORPORATION AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2025
(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 Corporation	HTC America Inc.	Grandson company	\$ 225,614	4.16	\$ -	-	\$ 110,653	\$ -
HTC EUROPE CO., LTD.	HTC Corporation	Parent company	285,536	0.97	-	-	80,128	-
HTC (Australia and New Zealand) PTY LTD.	HTC Corporation	Parent company	116,655	0.20	-	-	6,906	-
HTC HK, Limited	HTC Corporation	Parent company	115,754	0.22	-	-	93,710	-
Viveport Digital Corporation	Viverse Limited (Ireland)	Same parent company	205,122	0.96	-	-	25,288	-
HTC America Content Services, Inc.	Viverse Limited (Ireland)	Same parent company	124,041	0.67	-	-	-	-

TABLE 5

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 YEAR ENDED DECEMBER 31, 2025
(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	\$ 9,914,828	\$ 4,517,708	3,276,202	100.00	\$ 8,605,391	\$ (127,398)	\$ (127,398)	Note 1
	High Tech Computer Asia Pacific Pte. Ltd.	#13-00 Robinson 77 Singapore 068896	International holding company; marketing, repair and after-sales services	3,999,144	3,999,144	138,783	100.00	9,269,963	(344,148)	(344,148)	
	HTC Investment Corporation	1F., No. 88, Sec. 3, Zhongxing Rd., Xindian Dist., New Taipei City	General investing activities	271,874	342,874	27,187	100.00	62,582	3,864	3,864	
	HTC Holding B.V.	Van Boshuizenstraat 12, (unit 1.25), 1083BA Amsterdam, the Netherlands	International holding company	13	13	-	0.01	13	(31,374)	-	
	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	9,688,603	10,006,434	323,133	100.00	109,903	16,010	16,010	
	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	2,892,593	(191,973)	(191,973)	
	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	224,956	(20,135)	(20,135)	
	HTC VIVE Investment (BVI) Corp.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110	General investing activities	210,589	302,807	7,000	100.00	240,692	(4,167)	(4,167)	Note 2
	DeepQ Holding (BVI) Corp.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110	International holding company	-	498,565	-	100.00	-	1,042	1,042	
	HTC Smartphone (BVI) Corp.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110	International holding company	-	1,004	-	100.00	-	(270)	(270)	
	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	19,132	222	222	
	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	95	-	-	
	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	5,218,098	(199,369)	(199,369)	Notes 3 and 4
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	-	(77,327)	(37,890)	
	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	3,489	(1,532)	(383)	
	Temple of Light Limited	Unit F, 9/F, West Nanjing Rd. 993, Jingan District, Shanghai	Development of virtual reality contents	32,341	32,341	4,760	25.00	5,695	(3,378)	(18,649)	
	Backlight Studio SAS	47 Boulevard Ornano Bat P1 93200 Saint-Denis, Paris, FR	Digital art	40,884	-	-	30.02	-	-	(42,622)	
	Lucid Realities SAS XR Addict	108, Avenue Ledru-Rollin, Paris, FR 128, rue de la Boétie - 75008, Paris, FR	Digital art Digital art	68,472 25,686	- -	20 65	25.00 15.96	10,698 5,011	(45,446) (22,178)	(60,683) (21,895)	

(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 (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	\$ 106,720	\$ 1,616	\$ 1,616	Note 5
	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	-	-	-	-	-	
	HTC India Private Limited	Seat No. 45, Plot No. 11, Sector 33, Arjun Nagar, Gurgaon, New Colony, Haryana, India, 122001	Marketing, repair and after-sales services	4,094	4,094	495	99.00	129,058	134	133	
	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	1,625,670	(327,277)	(327,277)	
	HTC Holding B.V.	Van Boshuizenstraat 12 unit 1.25, 1083 BA Amsterdam, the Netherlands	International holding company	6,815,370	6,815,370	105,569	99.99	633,730	(31,374)	(31,374)	
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	308,279	100.00	97,925	638	638	
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	57	(139)	(1)	
	HTC Netherlands B.V.	Van Boshuizenstraat 12 unit 1.25, 1083 BA Amsterdam, the Netherlands	International holding company; marketing, repair and after-sales services	7,050,037	7,050,037	143,882	100.00	649,298	(30,650)	(30,650)	
	HTC India Private Limited	Seat No. 45, Plot No. 11, Sector 33, Arjun Nagar, Gurgaon, New Colony, Haryana, India, 122001	Marketing, repair and after-sales services	39	39	5	1.00	1,304	134	1	
	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	67	(591)	(6)	
HTC Netherlands B.V.	HTC Belgium BV	Botanic Tower, 6th floor, Boulevard Saint-Lazare, 4-10, 1210 Brussels	Marketing, repair and after-sales services	783	783	19	100.00	25,015	907	907	
	HTC NIPPON Corporation	The CORNER Nihonbashi east 7th 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	223,220	3,439	3,439	
	HTC FRANCE CORPORATION	83-85 boulevard de Charonne 75011 Paris	Marketing, repair and after-sales services	459,161	459,161	11,750	100.00	70,497	1,414	1,414	
	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	12,311	59	59	
	HTC Italia SRL	c/o Studio Gargani & Associati, Via Nicolò Tartagli, 11, 00197 Roma, Italy	Marketing, repair and after-sales services	-	51,056	-	-	-	(3)	(3)	Note 6
	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	25,557	350	350	
	HTC Iberia S.L.	Conde de Vilches, 19, Madrid, 28028, Spain	Marketing, repair and after-sales services	-	9,402	-	-	-	-	-	Note 7
	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	6,498	249	249	
	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	77,111	1,161	1,161	
	HTC Middle East FZ-LLC	DIC building no.3, office no.316, Dubai Internet City, Dubai	Marketing, repair and after-sales services	28,029	28,029	4	100.00	64,123	847	847	
	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	6,620	(591)	(585)	
	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	5,674	(139)	(138)	

(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.	1625 Shattuck Ave, Berkeley, CA 94709	International holding company	\$ 6,341,332	\$ 6,341,332	371,617	100.00	\$ 3,824,995	\$ 671,972	\$ 671,972	Note 3 Note 4
	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	170,371	(64,010)	(64,010)	
	VIVE Arts Holding Corporation	89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands	International holding company	178,843	178,843	32,000	100.00	129,139	(32,147)	(32,147)	
	Viverse Holding Corporation	89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands	International holding company	1,606,825	1,606,825	23,498	100.00	781,630	(287,915)	(287,915)	
	REIGN Technology Corporation	89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands	International holding company	536,789	323,423	40,900	100.00	379,510	(87,325)	(87,325)	
VIVE Arts Holding Corporation	VIVE Arts Corporation	15th Floor, No. 88, Section 3, Zhongxing Road, Xindian District, New Taipei City	Digital art	27,500	27,500	2,750	100.00	10,665	(5,991)	(5,991)	
	VIVE Arts Limited	Salamanca, Wellington Street, Slough, Berkshire, United Kingdom SL1 1YP	Digital art	137,290	137,290	4,600	100.00	39,664	(25,997)	(25,997)	
DeepQ Holding Corporation	DeepQ (BVI) Corp.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110	International holding company	313,539	313,539	164,700	100.00	79,151	(63,751)	(63,751)	Note 4
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	459,000	318,000	45,900	100.00	160,737	(86,832)	(86,832)	
Viverse Holding Corporation	Viverse Limited (UK)	Salamanca, Wellington Street, Slough SL1 1YP	International holding company	1,602,553	1,602,553	40,336	100.00	779,171	(287,640)	(287,640)	
Viverse Limited (UK)	Viverse Limited (Ireland)	10 Earlsfort Terrace, Dublin 2, Republic of Ireland	Market development and sale of virtual reality contents	1,219,635	1,219,635	35,325	100.00	270,192	(371,164)	(371,164)	
	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	178,622	86,190	86,190	
HTC America Holding Inc.	HTC America Inc.	1625 Shattuck Ave, Berkeley, CA 94709	Sale of virtual reality devices and smart mobile devices	130,973	1,114,451	1	100.00	446,357	62,632	62,632	Note 3
	One & Company Design, Inc.	1625 Shattuck Ave, Berkeley, CA 94709	Design, research and development of application software	191,052	191,052	60	100.00	2,594	-	-	
	HTC America Innovation Inc.	1625 Shattuck Ave, Berkeley, CA 94709	Design, research and development of application software	93,780	93,780	1	100.00	109,688	512,872	512,872	
	Dashwire, Inc.	1625 Shattuck Ave, Berkeley, CA 94709	Design and management of cloud synchronization technology	-	600,501	0.1	100.00	1,643	-	-	
	HTC America Content Services, Inc.	1625 Shattuck Ave, Berkeley, CA 94709	Online/download media services	2,414,274	2,414,274	31	100.00	46,157	4,810	4,810	
	Inquisitive Minds, Inc.	1625 Shattuck Ave, Berkeley, CA 94709	Development and sale of digital education platform	-	388,982	-	-	-	-	-	Note 8
HungXu Holding (BVI) Corp.	HungXu Technology (BVI) Corp.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110	International holding company	203,795	203,795	32,000	100.00	243,699	(3,350)	(3,350)	
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	157,000	15,700	100.00	208,562	3,100	3,100	Note 9
DeepQ (BVI) Corp.	DeepQ Technology Corp.	13F., No. 207-5, Sec. 3, Beixin Rd., Xindian Dist., New Taipei City	Medical technology and health care	467,212	395,212	46,721	100.00	65,014	(62,693)	(62,693)	Note 4

(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	34.02	\$ 624,401	\$ (100,044)	\$ (34,031)	
	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	-	100.00	-	(5,735)	(5,735)	
	Small Creative	62 avenue Parmentier, 75011 Paris, France	Digital art	49,927	49,927	-	28.01	7,083	(1,624)	(45,152)	
	Architect	13 rue de Mont-Louis, 75011 Paris, France	Digital art	107,040	-	33	22.00	24,804	(5,873)	(85,587)	
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	17,412	310	310	

Note 1: The carrying amount includes unrealized gain of NT\$442 thousand at the end of the current period.

Note 2: HTC Smart phone (BVI) Corp. was approved at the shareholders’ meeting held on December 8, 2025. and the liquidation process is still ongoing.

Note 3: The carrying amount excludes unrealized profit of NT\$23,769 thousand at the end of the current period.

Note 4: The carrying amount includes adjustment for IFRS 16 of NT\$102 thousand at the end of the current period.

Note 5: HTC Philippines Corporation has completed the company deregistration process and recognized the related loss and wrote it off in the second quarter of 2025.

Note 6: HTC Italia SRL completed the liquidation process on March 13, 2025.

Note 7: HTC Iberia S.L. completed the liquidation process on March 18, 2025.

Note 8: Inquisitive Minds, Inc. completed the liquidation process on February 20, 2025.

Note 9: The dissolution of Hung Xu TECH Corp. was approved at the shareholders’ meeting held on December 31, 2024. and the liquidation process is still ongoing.

(Concluded)

TABLE 6

HTC CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2025
(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) (Note 7)	Smart mobile devices examination and after-sale services and technique consultations	US\$ -	Investment in company located in mainland China indirectly through HTC HK, Limited.	49,845 (US\$ 1,500)	-	-	49,845 (US\$ 1,500)	-	-	-	-	-
HTC Electronics (Shanghai) Co., Ltd. (Note 5)	Manufacture and sale of virtual reality devices and smart mobile devices	US\$ 2,909	"	821,335 (US\$ 133,000)	-	-	821,335 (US\$ 133,000)	(16,895)	100.00	(16,895)	1,500,667	-
HTC Communication Co., Ltd. (Note 6)	Sale of virtual reality devices and smart mobile devices and after-sales services	US\$ 97,500	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)	(167,736)	100.00	(167,736)	295,423 (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)	8,098	100.00	8,098	263,241	-
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 500	Investment in company located in mainland China through the own funds of HTC Communication Technologies (Shanghai) Limited.	-	-	-	-	4,959	100.00	4,959	17,399	-
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.	-	-	-	-	(13,060)	26.05	(3,402)	87,323	-

(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	-	-	-
Shenzhen Yichen 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	-	1,574	-
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	-	1,259	-
Beijing WEWOD Entertainment Technology Co., Ltd.	Research and development of virtual reality contents	RMB 1,812	"	-	-	-	-	-	1.50	-	6,744	-
Shanghai Judao Network Technology Co., Ltd.	Research and development of virtual reality contents	RMB 142	"	-	-	-	-	-	2.00	-	2,259	-
Shanghai Lenqiy Information Technology Co., Ltd.	Research and development of virtual reality contents	RMB 3,000	"	-	-	-	-	-	3.00	-	1,493	-
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	-	2,248	-
Hefei Yao An Technology Co., Ltd.	Research and development of virtual reality contents	RMB 12,208	"	-	-	-	-	-	2.00	-	4,496	-
Red Landmark (Beijing) Culture Technology Co., Ltd.	Production of radio and television programs	RMB 12,077	"	-	-	-	-	-	3.00	-	-	-
HTC VIVE TECH (Beijing) (Note 8)	Research, development and sale of virtual reality devices	US\$ -	Investment in company located in mainland China indirectly through HTC VIVE TECH (HK) Limited	24,067 (US\$ 800)	-	-	24,067 (US\$ 800)	(521)	100.00	(521)	-	-

(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						
DeepQ Technology (Beijing) (Note 9)	Development and marketing of software technology	US\$ 500	Investment in company located in mainland China indirectly through DeepQ (BVI) Corp.	\$ 89,732 (US\$ 3,000)	\$ -	\$ -	\$ 89,732 (US\$ 3,000)	\$ (966)	100.00	\$ (966)	\$ 5,261	\$ -
XI'an Hongwun Digital Technology Co., Ltd.	Digital content development and sales	RMB 50,000	Investment in company located in mainland China through the own funds of HTC Electronics (Shanghai) Co., Ltd.	-	-	-	-	(22,164)	47.00	(10,417)	93,788	-

Accumulated Investment in Mainland China for the Years Ended	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on Investment
\$ 5,484,665 (US\$ 177,900)	\$ 8,649,666 (US\$ 278,600)	\$ 15,958,015

- 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\$31.43 to US\$1 at December 31, 2025.
- Note 2: Investment gains (losses) and the carrying amount as of September 30, 2025 are based on reviewed financial statements. Gains and losses are translated at the average exchange rate of NT\$4.3380 to RMB1 from January to September 2025. The carrying amount is translated at the exchange rate on December 31, 2025 at NT\$4.4958 to RMB1.
- Note 3: The carrying amount includes unrealized gain of NT\$442 thousand at the end of the current period.
- Note 4: High Tech Computer Corp. (Suzhou) has completed the liquidation process on July 5, 2019. As of December 31, 2025, the refunded capital has not been repatriated to Taiwan.
- Note 5: HTC Electronics (Shanghai) Co., Ltd. reduced its share capital by US\$130,000 thousand on September 2019. As of December 31, 2025, the refunded capital US\$30,000 thousand has not been repatriated to Taiwan.
- Note 6: HTC Communication Co., Ltd. was approved by the local competent authority to reduce its share capital by US\$30,000 thousand on March 2025. As of December 31, 2025, the refunded capital has not been repatriated to Taiwan.
- Note 7: The dissolution of HTC Corporation (Shanghai WGQ). was approved in its shareholders’ meeting held on July 31, and the deregistration has been completed on April 7, 2025. 2024. As of December 31, 2025, the refunded capital has not been repatriated to Taiwan.
- Note 8: The dissolution of HTC VIVE TECH (Beijing) was approved in its shareholders’ meeting on July 1, 2025, and the deregistration was completed on September 25, 2025.As of December 31, 2025, the refunded capital has not been repatriated to Taiwan.
- Note 9: The dissolution of DeepQ Technology (Beijing) was approved in its shareholders’ meeting held on December 31, 2025, and the liquidation process is still ongoing.
- Note 10: The dissolution of HTC Communication Beijing Tech Co. was approved in its shareholders’ meeting held on December 31, 2025, and the liquidation process is still ongoing.

(Concluded)

HTC CORPORATION

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HTC CORPORATION**STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Cash on hand		\$ 360
Cash in banks		
Demand deposits	Includes foreign currency deposits US\$448 thousand $\times$ 31.4290, GBP100 thousand $\times$ 42.2940, EUR1,217 thousand $\times$ 36.8882, JPY326,403 thousand $\times$ 0.2007, HK\$4 thousand $\times$ 4.0378, SGD8 thousand $\times$ 24.4365, AUD230 thousand $\times$ 21.0197, CAD40 thousand $\times$ 22.9333, RMB698 thousand $\times$ 4.4958, CHF21 thousand $\times$ 39.6305, CZK1 thousand $\times$ 1.5232, PLN2 thousand $\times$ 8.7293 and NOK89 thousand $\times$ 3.1247	504,066
Time deposits	Includes foreign currency time deposits US\$9,500 thousand $\times$ 31.4290, EUR2,700 thousand $\times$ 36.8882 and GBP1,600 thousand $\times$ 42.2940	545,844
		<u>\$ 1,050,270</u>

HTC CORPORATION**STATEMENT OF TRADE RECEIVABLES, NET****DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars)**

Client Name	Description	Amount
HTC America Inc.	Payment for goods	\$ 225,614
HTC NIPPON Corporation	Payment for goods	19,381
Customer A	Payment for goods	30,418
Others (Note)	Payment for goods	96,043
Less: Allowances for impairment loss		<u>(32,040)</u>
		<u>\$ 339,416</u>

Note: The amount due from individual customers included in others does not exceed 5% of the account balance.

HTC CORPORATION**STATEMENT OF INVENTORIES****DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars)**

Item	Description	Amount	
		Cost	Net Realizable Value
Finished goods		\$ 394,112	\$ 152,722
Semi-finished goods		87,244	33,808
Raw materials		297,853	115,421
Inventory in transit		<u>2,300</u>	<u>2,300</u>
		781,509	<u>\$ 304,251</u>
Less: Allowance for valuation loss		<u>(477,258)</u>	
		<u>\$ 304,251</u>	

Note: The Company's inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made item by item, except where it may be appropriate to company similar or related items.

HTC CORPORATION

STATEMENT OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars and Thousands Shares Except Unit Price in New Taiwan Dollars)

Name of Securities	Beginning Balance		Increase in Investment		Decrease in Investment		Ending Balance			Market Value or Equity		Collateral
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Percentage of Ownership (%)	Amount	Unit Price	Total Amount	
Equity method												
H.T.C. (B.V.I.) Corp. (Note 1)	1,476,202	\$ 3,372,933	1,800,000	\$ 5,544,252	-	\$ 311,794	3,276,202	100.00	\$ 8,605,391	2.63	\$ 8,605,391	None
High Tech Computer Asia Pacific Pte. Ltd. (Note 2)	138,783	9,695,504	-	-	-	425,541	138,783	100.00	9,269,963	66.79	9,269,963	None
HTC Investment Corporation (Note 3)	34,287	144,136	29,900	302,864	37,000	384,418	27,187	100.00	62,582	2.3	62,582	None
HTC Holding B.V.	-	13	-	-	-	-	-	0.01	13	-	13	None
HTC Investment One (BVI) Corporation (Note 4)	333,733	446,020	-	16,010	10,600	352,127	323,133	100.00	109,903	0.34	109,903	None
HTC Investment (BVI) Corp. (Note 5)	26,000	3,508,177	-	-	-	615,584	26,000	100.00	2,892,593	111.25	2,892,593	None
HTC VIVE INVESTMENT (BVI) Corp. (Note 6)	10,000	430,106	-	-	3,000	189,414	7,000	100.00	240,692	34.38	240,692	None
HungXu Holding (BVI) Corp. (Note 7)	7,000	257,699	-	-	-	32,743	7,000	100.00	224,956	32.14	224,956	None
DeepQ Holding (BVI) Corp. (Note 8)	16,500	232,195	-	1,043	16,500	233,238	-	100.00	-	-	-	None
HTC Smartphone (BVI) Corp. (Note 9)	33	354	-	-	33	354	-	100.00	-	-	-	None
HTC VR Content (BVI) Corp. (Note 10)	1,710	18,986	-	222	-	76	1,710	100.00	19,132	11.19	19,132	None
HungYao Technology Co, Ltd.	10	95	-	-	-	-	10	100.00	95	9.5	95	None
HTC Europe Co., Ltd. (Note 11)	104,061	<u>10,018,898</u>	-	<u>31,005</u>	-	<u>4,831,805</u>	104,061	100.00	<u>5,218,098</u>	50.14	<u>5,218,098</u>	None
		<u>\$ 28,125,116</u>		<u>\$ 5,895,396</u>		<u>\$ 7,377,094</u>			<u>\$ 26,643,418</u>		<u>\$ 26,643,418</u>	

- Note 1: The increase in the current period is due to the investment of 1,800,000 thousand shares amounting to NT\$5,397,120 thousand and the exchange differences from the translation of financial statements of foreign operations NT\$147,132 thousand. The decrease in the current period is due to the share of the loss of subsidiaries NT\$127,399 thousand, loss from disposal of financial assets at fair value through other comprehensive loss NT\$20,494 thousand and unrealized loss from financial assets at fair value through other comprehensive income NT\$163,901 thousand.
- Note 2: The decrease in the current period is due to the share of the loss of subsidiaries NT\$344,148 thousand, the exchange differences from the translation of financial statements of foreign operations NT\$49,850 thousand, unrealized loss from financial assets at fair value through other comprehensive loss NT\$26,915 thousand and subsidiaries reduced capital NT\$4,628 thousand.
- Note 3: The increase in the current period is due to the investment of 29,900 thousand shares amounting to NT\$299,000 thousand and the share of the profit of subsidiaries NT\$3,864 thousand. The decrease in the current period is from subsidiaries reduced capital NT\$370,000 thousand for 37,000 thousand shares and unrealized loss from financial assets at fair value through other comprehensive income NT\$14,418 thousand.
- Note 4: The increase in the current period is due to the share of the profit of subsidiaries NT\$16,010 thousand. The decrease in the current period is from subsidiaries reduced capital NT\$317,830 thousand for 10,600 thousand shares and the exchange differences from the translation of financial statements of foreign operations NT\$34,297 thousand.
- Note 5: The decrease in the current period is due to the share of the loss of subsidiaries NT\$191,973 thousand, the exchange differences from the translation of financial statements of foreign operations NT\$121,704 thousand unrealized loss from financial assets at fair value through other comprehensive income NT\$207,001 thousand and loss from disposal of financial assets at fair value through other comprehensive loss NT\$94,906 thousand.
- Note 6: The decrease in the current period is from subsidiaries reduced capital NT\$92,219 thousand for 3,000 thousand shares, the share of the loss of subsidiaries NT\$4,167 thousand, the exchange differences from the translation of financial statements of foreign operations NT\$19,729 thousand and unrealized loss from financial assets at fair value through other comprehensive loss NT\$73,299 thousand.
- Note 7: The decrease in the current period is from the share of the loss of subsidiaries NT\$20,135 thousand and the share of the loss of subsidiaries NT\$12,608 thousand.
- Note 8: The increase in the current period is due to the share of the profit of subsidiaries NT\$1,043 thousand. The decrease in the current period is from subsidiaries reduced capital and related liquidation of NT\$218,914 thousand for 16,500 thousand shares and the exchange differences from the translation of financial statements of foreign operations NT\$14,324 thousand.
- Note 9: The decrease in the current period is from subsidiaries reduced capital and related liquidation of NT\$54 thousand for 33 thousand shares, the share of the loss of subsidiaries NT\$270 thousand and the exchange differences from the translation of financial statements of foreign operations NT\$30 thousand.
- Note 10: The increase in the current period is from the share of the profit of subsidiaries NT\$222 thousand. The decrease in the current period is due to the exchange differences from the translation of financial statements of foreign operations NT\$76 thousand.
- Note 11: The increase in the current period is due to the unrealized gain of associates NT\$31,005 thousand. The decrease in the current period is due to the share of the loss of subsidiaries NT\$108,449 thousand, the exchange differences from the translation of financial statements of foreign operations NT\$245,117 thousand, deferred credit of NT\$90,920 and cash dividends NT\$4,387,319 thousand.

HTC CORPORATION**STATEMENT OF SHORT-TERM BORROWINGS****DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars)**

Loan Type	Description	Contract Period	Interest Rates (%)	Amount	Loan Commitments	Collateral
Unsecured loans	KGI Bank	2025.10.08-2026.01.08	2.10	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	None

HTC CORPORATION**STATEMENT OF NOTE AND TRADE PAYABLES****DECEMBER 31, 2025****(In Thousands of New Taiwan Dollars)**

Vendor Name	Description	Amount
Notes payables		<u>\$ 31</u>
Trade payables (including related parties)		
Trade payables:		
Others (Note)	Payment for goods	4,803,918
Trade payables - related parties:		
Others (Note)	Payment for goods	<u>6,138</u>
		<u>4,810,056</u>
		<u>\$ 4,810,087</u>

Note: The amount due to individual vendors included in others does not exceed 3% of the account balance.

HTC CORPORATION
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Item	Amount
Cost of goods sold - manufactured goods	
Raw materials inventory, January 1	\$ 458,373
Add: Purchases of raw materials	1,088,874
Less: Raw materials inventory, December 31	(297,853)
Transferred to other account	(3,417)
Scrapped	(9)
Sale of raw materials	<u>(177,460)</u>
Raw materials consumed	1,068,508
Direct labor	112,272
Outsourced processing	4,261
Manufacturing expenses	<u>(217,393)</u>
Manufacturing cost	967,648
Add: Work-in-process and semi-finished goods, January 1	56,968
Less: Work-in-process and semi-finished goods, December 31	(87,244)
Transferred to other account	(4,243)
Sale of semi-finished goods	<u>(6,238)</u>
Cost of finished goods	926,891
Add: Finished goods, January 1	381,770
Inventory in transit, January 1	1
Purchases of finished goods	308,032
Less: Finished goods, December 31	(394,112)
Inventory in transit, December 31	(2,300)
Inventories scrapped	(845)
Transferred to other account	(9,950)
Work-in-process goods shortage	(1,704)
Others	<u>(72,495)</u>
Cost of goods sold - manufactured goods	1,135,288
Sale of raw materials and semi-finished goods	183,698
Warranties and maintenance costs	29,843
Inventories scrapped, impaired and obsolete	232,928
Unavoidable costs of meeting the contractual provision	<u>(1,162)</u>
	<u>\$ 1,580,595</u>

HTC CORPORATION**STATEMENT OF SELLING AND MARKETING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Payroll		\$ 214,757
Services		227,975
Advertisement		88,425
Import, export fees and freight		104,737
Commission		331,540
Others (Note)		<u>66,282</u>
		<u>\$ 1,033,716</u>

Note: Each amount does not exceed 5% of the account balance.

HTC CORPORATION**STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Payroll		\$ 399,480
Services		123,191
Software expenses		59,344
Others (Note)		<u>275,756</u>
		<u>\$ 857,771</u>

Note: Each amount does not exceed 5% of the account balance.

HTC CORPORATION**STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
Payroll		\$ 880,827
Services		488,620
Others (Note)		<u>177,458</u>
		<u>\$ 1,546,905</u>

Note: Each amount does not exceed 5% of the account balance.

HTC CORPORATION

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
 FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
 (In Thousands of New Taiwan Dollars)

	2025			2024		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits						
Salaries and wages	\$ 199,157	\$ 1,421,678	\$ 1,620,835	\$ 156,250	\$ 1,076,960	\$ 1,233,210
Labor and health insurance	23,188	89,049	112,237	19,190	80,970	100,160
Pension	8,355	43,392	51,747	6,470	44,144	50,614
Other employee benefits	16,102	59,646	75,748	13,768	62,513	76,281
Board compensation	-	29,994	29,994	-	30,386	30,386
	<u>\$ 246,802</u>	<u>\$ 1,643,759</u>	<u>\$ 1,890,561</u>	<u>\$ 195,678</u>	<u>\$ 1,294,973</u>	<u>\$ 1,490,651</u>
Depreciation	<u>\$ 19,852</u>	<u>\$ 69,298</u>	<u>\$ 89,150</u>	<u>\$ 23,374</u>	<u>\$ 66,418</u>	<u>\$ 89,792</u>
Amortization	<u>\$ -</u>	<u>\$ 2,028</u>	<u>\$ 2,028</u>	<u>\$ -</u>	<u>\$ 1,921</u>	<u>\$ 1,921</u>

Note 1: As of December 31, 2025 and 2024, the Company had 1,119 and 1,009 employees, respectively. Seven of which were non-employee directors.

Note 2: The average employee benefit expenses were NT\$1,673 thousand and NT\$1,457 thousand for the years ended December 31, 2025 and 2024, respectively.

The average salaries and wages were NT\$1,458 thousand and NT\$1,231 thousand for the years ended December 31, 2025 and 2024, respectively.

There was a increases 18.44% adjustment in the average salaries and wages.

Note 3: The Company has established an audit committee and has not appointed supervisors, thus there was no compensation to the supervisor.

Note 4: The Company's compensation policies are designed to support the Company's strategic, operational goals. As well, there are differentiated rewards based on individual performance. The Company provides reasonable compensation with consideration of domestic industry standards and employee's individual performance to ensure that employees are motivated to contribute to the company's long-term goals. The overall remuneration adjustment of internal management personnel shall be submitted to the board of directors for approval after the proposal is passed by the compensation committee.

According to Article 16 of the Company's articles of association, when the Company's directors perform their duties, the Company may pay the directors compensation regardless of whether the Company is operating at a profit or loss. The board of directors is authorized to compensate each director according to their level of participation in the Company's operations and the value of their contributions, according to industry standards.