



HTC CORPORATION

2024 RESULTS SUMMARY

EXECUTIVE SUMMARY

2Q24 Financial Highlights:

- Quarterly revenue of NT\$0.77 billion with a gross margin of 41.0%.
- Quarterly operating loss of NT\$1.18 billion with an operating margin of -154.1%.
- Quarterly net loss attributable to owners of the parent was NT\$0.82 billion, or an EPS of -NT\$0.98.

EXECUTIVE SUMMARY

2Q24 Business Update:

- HTC has introduced the HTC U24 pro, the latest U series smartphone that redefines the user experience, offering a 6.8” large display, ample storage, a powerful battery and AI enhanced core functions. The U24 pro is designed to meet the diverse needs of consumers. Leveraging the VIVERSE platform, HTC is expanding the possibilities of mobile devices, allowing users to seamlessly travel between the physical and virtual worlds, explore new dimensions of social interaction, entertainment, and education through XR, making HTC U24 pro the best gateway to the virtual world.
- HTC VIVE Ultimate Tracker not only won the XR Devices Award and the Interaction Products Award at the LAVAL Virtual in France, but also secured The Auggie Awards for Best Interaction Product at AWE 2024. Additionally, VIVERSE For Business was awarded the Best Immersive Collaboration Solution at the XR Awards 2024.

EXECUTIVE SUMMARY

2024 Business Update:

- HTC collaborated with South Korean MBC VR documentary series *Meeting You* and created a groundbreaking virtual reality experience. Through VR technology and VIVE Mars CamTrack virtual production's on-site real-time camera tracking and compositing technology, virtuality and reality are perfectly integrated, allowing viewers and participants to spend time with the deceased beloved ones in virtual reality. HTC also cooperated with SKT TEAM STUDIO and the Korea Virtual Human Industry Association (KOVHIA) to hold the 2024 AI & XR Media Day, attracting many XR innovative content developers and virtual production experts to join. The event showcased VIVE tracking and locating technology, covering AI motion capture, XR LBE applications, and real-time motion tracking virtual shooting solutions.
- VIVE ORIGINALS' BEATDAY in collaboration with Springfish Studio created the first 6-degrees-of-freedom (DoF) Vtuber concert *Illusionary* in Taiwan, attracting over ten thousand fans in two days. Following the response, BEATDAY announced a VR single and V2V fan meet-up event at the 2024 Taipei Comic Exhibition. BEATDAY continues to provide consulting, marketing, stage performance, ticketing and other services to VTubers, expanding through diverse partnerships to cultivate VTuber IPs and industry, to establish a comprehensive product line.

EXECUTIVE SUMMARY

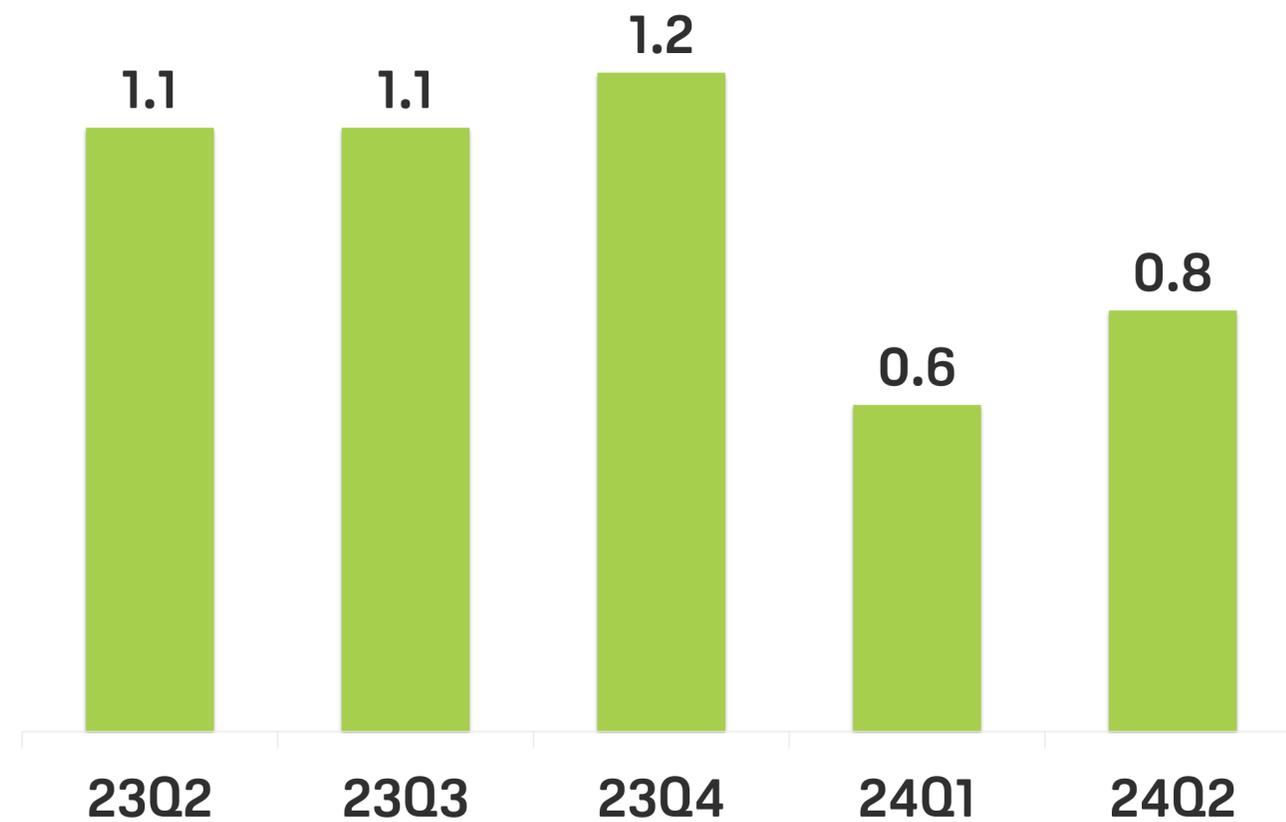
2Q24 Business Update:

- HTC has disclosed the VIVE XR Elite Product Carbon Footprint Verification Report on Earth Day in response to global environmental protection efforts. HTC has achieved a series of innovative sustainability results in product design, manufacturing, shipping, and recycling, leading the way towards a more sustainable future in the XR industry.

REVENUES AND OPERATING PROFIT

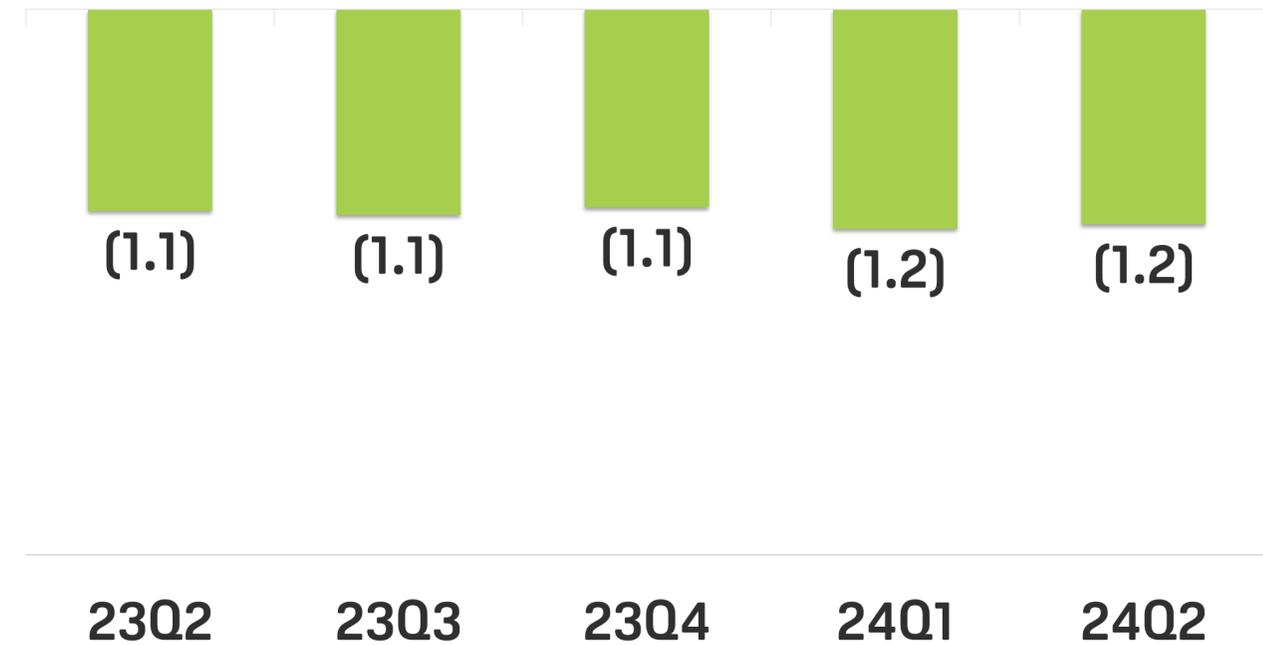
Revenues

NT\$bn



Operating Profit (Loss)

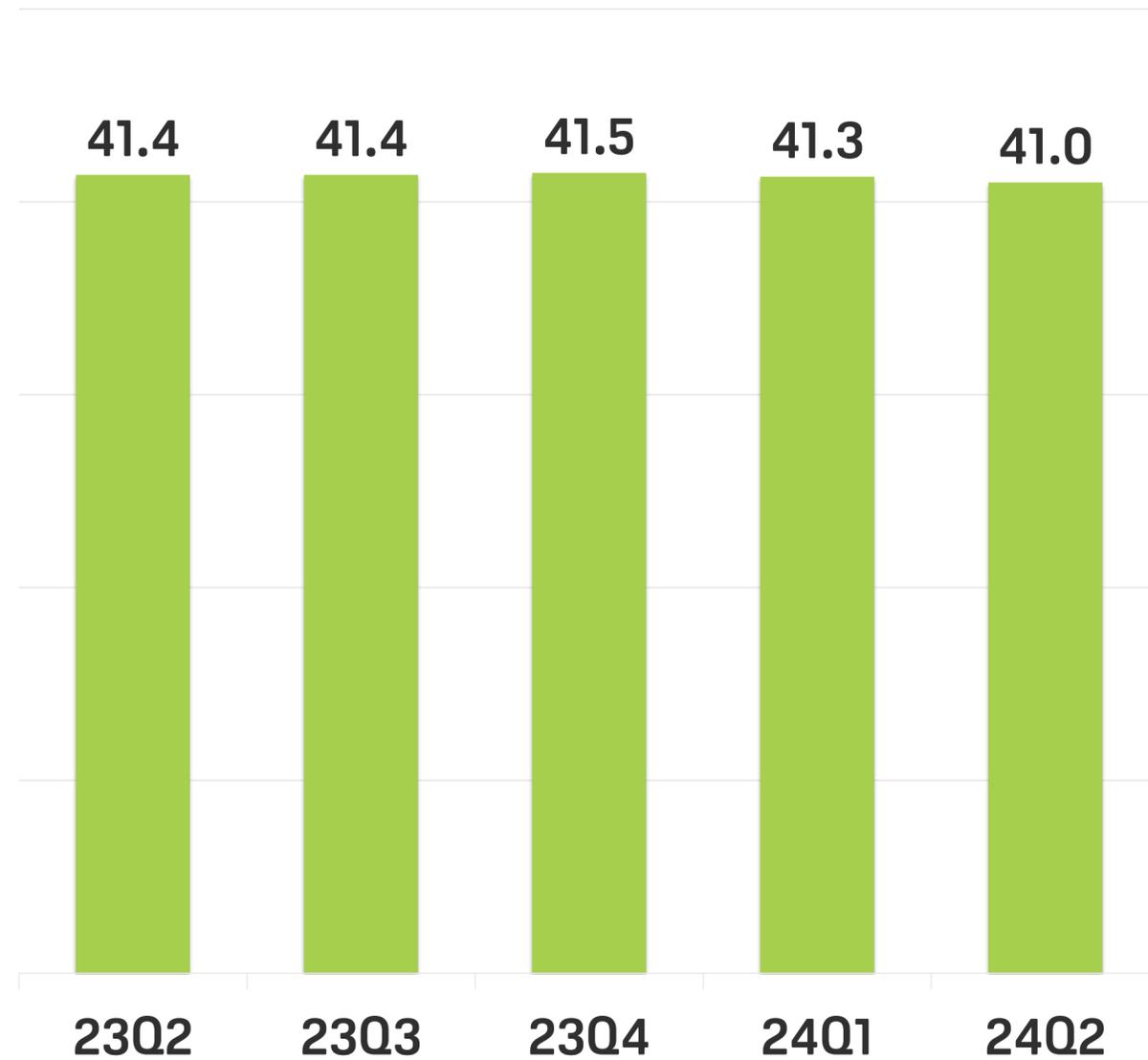
NT\$bn



GROSS AND OPERATING MARGINS

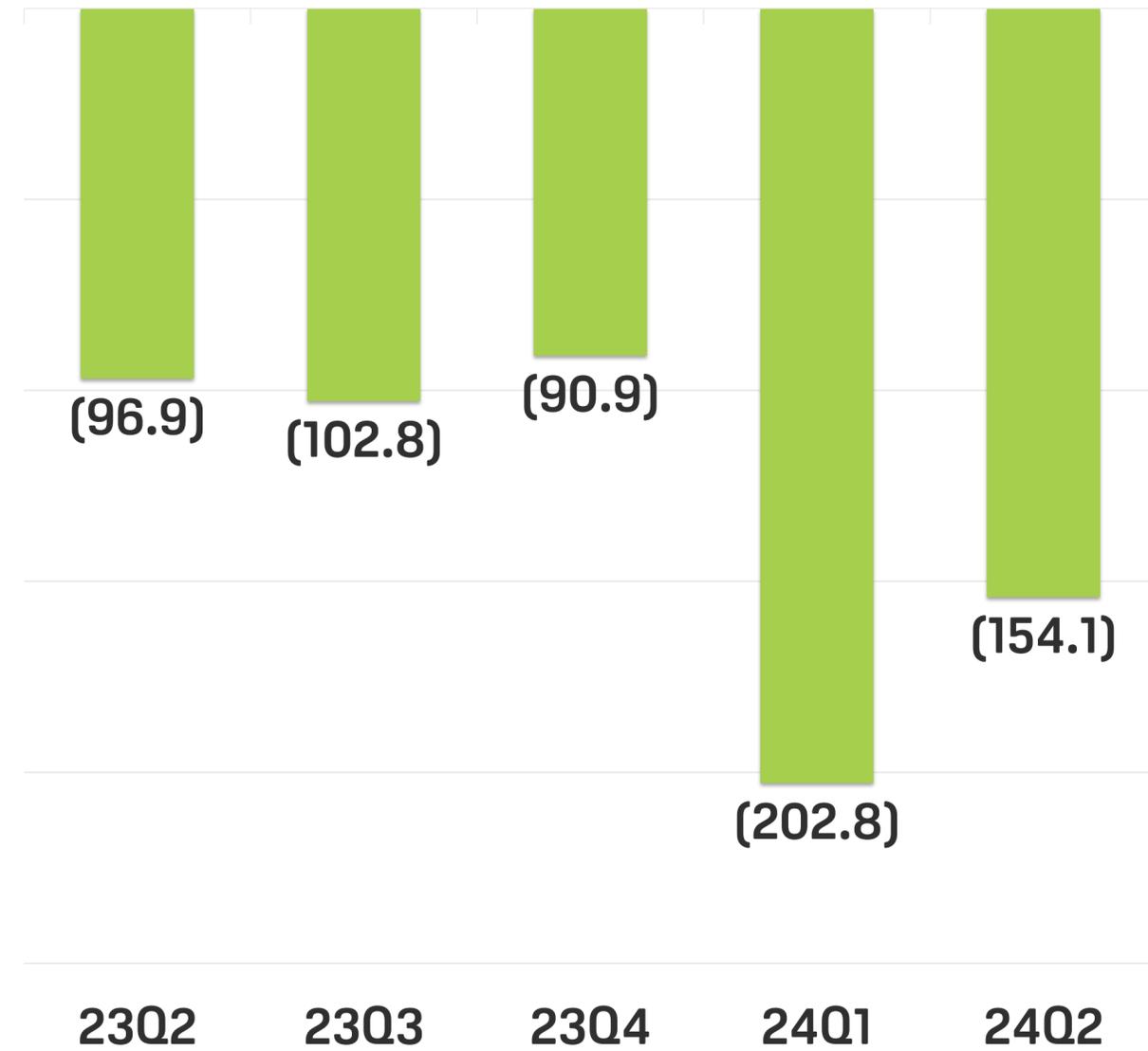
Gross Margin

%



Operating Margin

%



2Q 2024 P&L (CONSOLIDATED)

NT\$bn	2Q23	1Q24	2Q24
REVENUES	1.1	0.6	0.8
GROSS PROFIT	0.5	0.2	0.3
OPERATING EXPENSE	<u>1.6</u>	<u>1.5</u>	<u>1.5</u>
SALES MKTING.	0.5	0.5	0.5
RESEARCH DEV.	0.7	0.7	0.7
GENERAL ADM.	0.4	0.3	0.3
OPERATING PROFIT (LOSS)	-1.1	-1.2	-1.2
NPBT	-0.9	-0.9	-0.8
NPAT ¹	-0.9	-0.9	-0.8
GROSS MARGIN (%)	41.4%	41.3%	41.0%
OPERATING MARGIN (%)	-96.9%	-202.8%	-154.1%
EPS ² (NT\$)	-1.08	-1.08	-0.98

2Q 2024 BALANCE SHEET (CONSOLIDATED)

NT\$bn	Jun 30, 23	Mar 31, 24	Jun 30, 24
TOTAL ASSETS	47.3	46.4	47.7
Cash ¹	24.5	24.8	25.6
AR	0.6	0.2	0.5
INVENTORY	1.4	1.2	1.2
OTHER ASSETS	20.8	20.2	20.4
TOTAL LIABILITIES	22.2	23.2	25.1
TOTAL EQUITY ²	25.1	23.2	22.6

1. Includes time deposits with original maturities more than 3 months

2. Attributable to stockholders of parent company, excluding minority interest.

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HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2024		December 31, 2023		June 30, 2023	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 13,321,412	28	\$ 12,439,363	27	\$ 16,558,913	35
Financial assets at fair value through profit or loss - current (Notes 7 and 30)	54,988	-	137,539	-	74,436	-
Financial assets at fair value through other comprehensive income - current (Notes 8 and 30)	367,115	1	680,321	1	1,138,840	2
Notes and trade receivables (Notes 10 and 24)	474,590	1	790,864	2	624,308	1
Other receivables (Note 10)	118,601	-	147,936	-	224,568	1
Current tax assets	233,418	1	281,516	1	259,059	1
Inventories (Note 11)	1,168,568	2	1,165,416	3	1,409,811	3
Prepayments (Note 12)	506,733	1	403,813	1	484,380	1
Other current financial assets (Notes 9 and 32)	12,208,542	26	10,851,071	24	7,842,622	17
Other current assets	1,279	-	2,965	-	4,250	-
Total current assets	<u>28,455,246</u>	<u>60</u>	<u>26,900,804</u>	<u>59</u>	<u>28,621,187</u>	<u>61</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Notes 7 and 30)	409,380	1	262,359	1	321,991	1
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 30)	4,388,662	9	4,274,269	9	3,969,942	8
Investments accounted for using equity method (Note 14)	1,045,802	2	960,321	2	945,855	2
Property, plant and equipment (Notes 15 and 32)	6,631,849	14	6,717,362	15	6,826,513	15
Right-of-use assets (Note 16)	83,362	-	69,307	-	145,128	-
Investment properties, net (Notes 17 and 32)	2,728,259	6	2,689,929	6	2,678,995	6
Intangible assets (Note 18)	188,879	-	183,123	1	101,156	-
Deferred tax assets	2,707,504	6	2,888,302	6	2,923,129	6
Refundable deposits	360,605	1	20,019	-	73,608	-
Net defined benefit asset - non-current	509,633	1	508,774	1	495,874	1
Other non-current financial assets (Notes 9 and 32)	100,547	-	94,920	-	77,847	-
Other non-current assets (Note 12)	42,620	-	13,819	-	99,541	-
Total non-current assets	<u>19,197,102</u>	<u>40</u>	<u>18,682,504</u>	<u>41</u>	<u>18,659,579</u>	<u>39</u>
TOTAL	<u>\$ 47,652,348</u>	<u>100</u>	<u>\$ 45,583,308</u>	<u>100</u>	<u>\$ 47,280,766</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 19)	\$ 3,600,000	7	\$ 3,700,000	8	\$ 3,550,000	8
Financial liabilities at fair value through profit or loss - current (Notes 7 and 30)	57,970	-	183,489	-	141,427	-
Notes and trade payables (Notes 20 and 31)	5,592,283	12	5,216,907	12	5,815,451	12
Other payables (Notes 21 and 31)	3,171,773	7	3,318,137	7	3,184,405	7
Current tax liabilities	63,537	-	55,511	-	78,427	-
Provisions - current (Note 22)	562,622	1	665,567	2	800,752	2
Lease liabilities - current (Notes 16 and 31)	29,259	-	16,550	-	63,928	-
Other current liabilities (Notes 21 and 24)	319,344	1	345,179	1	369,881	1
Total current liabilities	<u>13,396,788</u>	<u>28</u>	<u>13,501,340</u>	<u>30</u>	<u>14,004,271</u>	<u>30</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 19 and 32)	11,400,000	24	9,000,000	20	7,900,000	17
Deferred tax liabilities	43,109	-	73,289	-	41,493	-
Lease liabilities - non-current (Notes 16 and 31)	56,057	-	53,485	-	100,812	-
Guarantee deposits received	152,262	1	150,066	-	144,677	-
Total non-current liabilities	<u>11,651,428</u>	<u>25</u>	<u>9,276,840</u>	<u>20</u>	<u>8,186,982</u>	<u>17</u>
Total liabilities	<u>25,048,216</u>	<u>53</u>	<u>22,778,180</u>	<u>50</u>	<u>22,191,253</u>	<u>47</u>
EQUITY (Note 23)						
Share capital - ordinary shares	8,323,822	17	8,320,380	18	8,314,380	18
Capital surplus	16,250,514	34	16,270,636	36	16,216,099	34
Retained earnings						
Legal reserve	2,490,682	5	5,828,987	13	5,828,987	12
Special reserve	3,080,480	6	3,080,480	6	3,080,480	7
Accumulated deficits	(4,997,194)	(10)	(7,338,305)	(16)	(5,556,466)	(12)
Total retained earnings	573,968	1	1,571,162	3	3,353,001	7
Other equity	(2,544,172)	(5)	(3,357,050)	(7)	(2,793,967)	(6)
Total equity	<u>22,604,132</u>	<u>47</u>	<u>22,805,128</u>	<u>50</u>	<u>25,089,513</u>	<u>53</u>
TOTAL	<u>\$ 47,652,348</u>	<u>100</u>	<u>\$ 45,583,308</u>	<u>100</u>	<u>\$ 47,280,766</u>	<u>100</u>

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

HTC CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 24 and 31)	\$ 766,559	100	\$ 1,143,924	100	\$ 1,361,489	100	\$ 2,119,240	100
OPERATING COSTS (Notes 11, 25 and 31)	<u>451,893</u>	<u>59</u>	<u>670,553</u>	<u>59</u>	<u>800,879</u>	<u>59</u>	<u>1,248,260</u>	<u>59</u>
GROSS PROFIT	<u>314,666</u>	<u>41</u>	<u>473,371</u>	<u>41</u>	<u>560,610</u>	<u>41</u>	<u>870,980</u>	<u>41</u>
OPERATING EXPENSES (Notes 25 and 31)								
Selling and marketing	454,630	59	459,964	40	985,688	73	1,051,981	50
General and administrative	319,825	42	405,758	35	601,930	44	540,443	25
Research and development	<u>721,824</u>	<u>94</u>	<u>716,208</u>	<u>63</u>	<u>1,361,419</u>	<u>100</u>	<u>1,352,904</u>	<u>64</u>
Total operating expenses	<u>1,496,279</u>	<u>195</u>	<u>1,581,930</u>	<u>138</u>	<u>2,949,037</u>	<u>217</u>	<u>2,945,328</u>	<u>139</u>
OPERATING LOSS	<u>(1,181,613)</u>	<u>(154)</u>	<u>(1,108,559)</u>	<u>(97)</u>	<u>(2,388,427)</u>	<u>(176)</u>	<u>(2,074,348)</u>	<u>(98)</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income (Note 25)	235,276	31	216,589	19	452,238	33	421,958	20
Other income (Notes 25 and 31)	451,273	59	262,336	23	687,827	50	555,001	26
Other gains and losses (Note 25)	(125,019)	(16)	(134,960)	(12)	(241,448)	(18)	(239,186)	(11)
Finance costs (Notes 25 and 31)	(81,289)	(11)	(61,390)	(5)	(155,454)	(11)	(114,959)	(6)
Share of profit or loss of associates and joint ventures (Note 14)	<u>(117,471)</u>	<u>(16)</u>	<u>(75,148)</u>	<u>(7)</u>	<u>(73,077)</u>	<u>(5)</u>	<u>(134,982)</u>	<u>(6)</u>
Total non-operating income and expenses	<u>362,770</u>	<u>47</u>	<u>207,427</u>	<u>18</u>	<u>670,086</u>	<u>49</u>	<u>487,832</u>	<u>23</u>
LOSS BEFORE INCOME TAX	(818,843)	(107)	(901,132)	(79)	(1,718,341)	(127)	(1,586,516)	(75)
INCOME TAX (EXPENSE) BENEFIT (Note 26)	<u>(453)</u>	<u>-</u>	<u>530</u>	<u>-</u>	<u>(897)</u>	<u>-</u>	<u>2,245</u>	<u>-</u>
LOSS FOR THE PERIOD	<u>(819,296)</u>	<u>(107)</u>	<u>(900,602)</u>	<u>(79)</u>	<u>(1,719,238)</u>	<u>(127)</u>	<u>(1,584,271)</u>	<u>(75)</u>
OTHER COMPREHENSIVE INCOME AND LOSS, NET OF INCOME TAX								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized (loss) gain on investments in equity instruments designated as at fair value through other comprehensive income	(94,928)	(12)	368,424	32	318,004	23	622,399	29

(Continued)

HTC CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	\$ 343,989	45	\$ 347,447	31	\$ 1,216,918	90	\$ 417,170	20
Other comprehensive income and loss for the period, net of income tax	249,061	33	715,871	63	1,534,922	113	1,039,569	49
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>\$ (570,235)</u>	<u>(74)</u>	<u>\$ (184,731)</u>	<u>(16)</u>	<u>\$ (184,316)</u>	<u>(14)</u>	<u>\$ (544,702)</u>	<u>(26)</u>
LOSS PER SHARE (Note 27)								
Basic	<u>\$ (0.98)</u>		<u>\$ (1.08)</u>		<u>\$ (2.07)</u>		<u>\$ (1.91)</u>	

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

(Concluded)

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars)

	Share Capital		Retained Earnings			Other Equity		Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Accumulated Deficits	Exchange Differences on Translating Foreign Operations	Unrealized Losses on Financial Assets at Fair Value through Other Comprehensive Income	
BALANCE, JANUARY 1, 2023	\$ 8,295,153	\$ 16,160,271	\$ 9,108,539	\$ 3,080,480	\$ (7,279,552)	\$ (2,795,757)	\$ (1,009,974)	\$ 25,559,160
Legal reserve in covering accumulated deficits	-	-	(3,279,552)	-	3,279,552	-	-	-
Net loss for the six months ended June 30, 2023	-	-	-	-	(1,584,271)	-	-	(1,584,271)
Other comprehensive income and loss for the six months ended June 30, 2023	-	-	-	-	-	417,170	622,399	1,039,569
Total comprehensive income and loss for the six months ended June 30, 2023	-	-	-	-	(1,584,271)	417,170	622,399	(544,702)
Issuance of shares due to exercise of employee share options	19,227	52,287	-	-	-	-	-	71,514
Share-based payments	-	3,541	-	-	-	-	-	3,541
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	27,805	-	(27,805)	-
BALANCE, JUNE 30, 2023	\$ 8,314,380	\$ 16,216,099	\$ 5,828,987	\$ 3,080,480	\$ (5,556,466)	\$ (2,378,587)	\$ (415,380)	\$ 25,089,513
BALANCE, JANUARY 1, 2024	\$ 8,320,380	\$ 16,270,636	\$ 5,828,987	\$ 3,080,480	\$ (7,338,305)	\$ (2,408,195)	\$ (948,855)	\$ 22,805,128
Legal reserve in covering accumulated deficits	-	-	(3,338,305)	-	3,338,305	-	-	-
Other changes in capital surplus	-	-	-	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using the equity method	-	(28,765)	-	-	-	-	-	(28,765)
Net loss for the six months ended June 30, 2024	-	-	-	-	(1,719,238)	-	-	(1,719,238)
Other comprehensive income and loss for the six months ended June 30, 2024	-	-	-	-	-	1,216,918	318,004	1,534,922
Total comprehensive income and loss for the six months ended June 30, 2024	-	-	-	-	(1,719,238)	1,216,918	318,004	(184,316)
Issuance of shares due to exercise of employee share options	3,442	8,643	-	-	-	-	-	12,085
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	722,044	-	(722,044)	-
BALANCE, JUNE 30, 2024	\$ 8,323,822	\$ 16,250,514	\$ 2,490,682	\$ 3,080,480	\$ (4,997,194)	\$ (1,191,277)	\$ (1,352,895)	\$ 22,604,132

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

HTC CORPORATION AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	\$ (1,718,341)	\$ (1,586,516)
Adjustments for:		
Depreciation expense	117,658	185,929
Amortization expense	10,183	1,005
Expected credit loss reversed on trade receivables	(8,000)	(35,000)
Loss on financial assets at fair value through profit or loss	3,770	-
Finance costs	155,454	114,959
Interests income	(452,238)	(421,958)
Dividend income	(2,739)	(2,557)
Compensation costs of employee share-based payments	-	3,541
Share of the loss of associates and joint ventures accounted for using the equity method	73,077	134,982
Net loss (gain) on disposal of property, plant and equipment	142	(23)
Net loss on disposal of investments accounted for using equity method	-	12,957
Impairment loss on non-financial assets	123,684	85,246
Gain from lease modifications	(14)	(28)
Changes in operating assets and liabilities		
(Increase) decrease in financial assets mandatorily classified as at fair value through profit or loss	(42,968)	35,873
Decrease (increase) in notes and trade receivables	324,274	(14,761)
Decrease in other receivables	4,555	14,430
Increase in inventories	(126,840)	(74,820)
Increase in prepayments	(102,920)	(118,707)
Decrease in other current assets	1,686	324
Increase in other non-current assets	(18,544)	(88,586)
Increase in notes and trade payables	498,648	128,249
Decrease in other payables	(153,712)	(523,282)
Decrease in provisions	(72,945)	(143,666)
(Decrease) increase in other current liabilities	(21,156)	68,984
Cash used in operating activities	(1,407,286)	(2,223,425)
Interest received	477,018	319,776
Interest paid	(153,082)	(108,639)
Income tax received (paid)	55,527	(192,776)
Net cash used in operating activities	(1,027,823)	(2,205,064)

(Continued)

HTC CORPORATION AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (88,373)	\$ (124,756)
Proceeds from disposal of financial assets at fair value through other comprehensive income	809,850	28,286
Return of investments accounted for at fair value through other comprehensive income	-	15,176
Purchase of financial assets at fair value through profit or loss	(101,012)	-
Acquisition of investments accounted for using equity method	(136,914)	(21,319)
Payments for property, plant and equipment	(21,739)	(16,925)
Proceeds from disposal of property, plant and equipment	22	366
Increase in refundable deposits	(340,586)	(571)
Payments for intangible assets	(11,939)	(8,491)
Proceeds from disposal of intangible assets	-	81
Payment for investment properties	(1,532)	-
Increase in other financial assets	(1,363,098)	(1,423,554)
Dividend received	<u>2,739</u>	<u>2,557</u>
Net cash used in investing activities	<u>(1,252,582)</u>	<u>(1,549,150)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	-	910,000
Decrease in short-term borrowings	(100,000)	-
Increase in long-term borrowings	2,400,000	1,100,000
Increase of guarantee deposits received	2,196	-
Decrease of guarantee deposits received	-	(16,961)
Repayment of the principal portion of lease liabilities	(15,116)	(24,155)
Employee share options executed	<u>12,085</u>	<u>71,514</u>
Net cash generated from financing activities	<u>2,299,165</u>	<u>2,040,398</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>863,289</u>	<u>327,476</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	882,049	(1,386,340)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>12,439,363</u>	<u>17,945,253</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 13,321,412</u>	<u>\$ 16,558,913</u>

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

(Concluded)