



**HTC CORPORATION**

**4Q24 RESULTS SUMMARY**

# DISCLAIMER STATEMENT

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

# EXECUTIVE SUMMARY

## 4Q24 Financial Highlights:

- Quarterly revenue of NT\$0.95 billion with a gross margin of 39.9%.
- Quarterly operating loss of NT\$1.12 billion with an operating margin of -118.4%.
- Quarterly net loss attributable to owners of the parent was NT\$0.82 billion, or an EPS of -NT\$0.98.

## FY2024 Financial Highlights:

- FY2024 revenue of NT\$3.08 billion with a gross margin of 40.7%.
- FY2024 operating loss of NT\$4.64 billion with an operating margin of -150.6%.
- FY2024 net loss attributable to owners of the parent was NT\$3.42 billion, or an EPS of -NT\$4.11.

# EXECUTIVE SUMMARY

## 4Q24 Business Update:

- HTC held the 2024 VIVE XR & AI Innovation Day in Taiwan and Japan, showcasing its latest XR device, the VIVE Focus Vision, and promoting cross-domain applications of virtual and real integration with a variety of innovative features. The event attracted participation from numerous companies in the technology, entertainment, education, and medical fields, exploring how to accelerate digital transformation through innovative technologies.
- HTC collaborated with the Taiwan Creative Content Agency (TAICCA) to promote the development of the XR creator ecosystem, showcasing the VIVERSE Create platform at the 2024 Taiwan Technology X Culture Expo. This platform provides a code-free creative environment and integrates the global 3D model library Sketchfab, lowering the barrier to entry and allowing creators without professional 3D skills to enter the XR world and easily build multi-user interactive virtual spaces.
- G REIGNS partnered with Chunghwa Telecom and other domestic manufacturers to promote the global deployment of domestic O-RAN base stations under the guidance of the National Development Council. G REIGNS successfully integrated vRAN with Cisco's 5G Core network technology, passed telecom-grade commercial core network testing, and collaborated with Dish Network in the United States to complete a field demonstration of Citizens Broadband Radio Service (CBRS) technology at its innovation development center, showcasing the diverse application potential of 5G private networks.

# EXECUTIVE SUMMARY

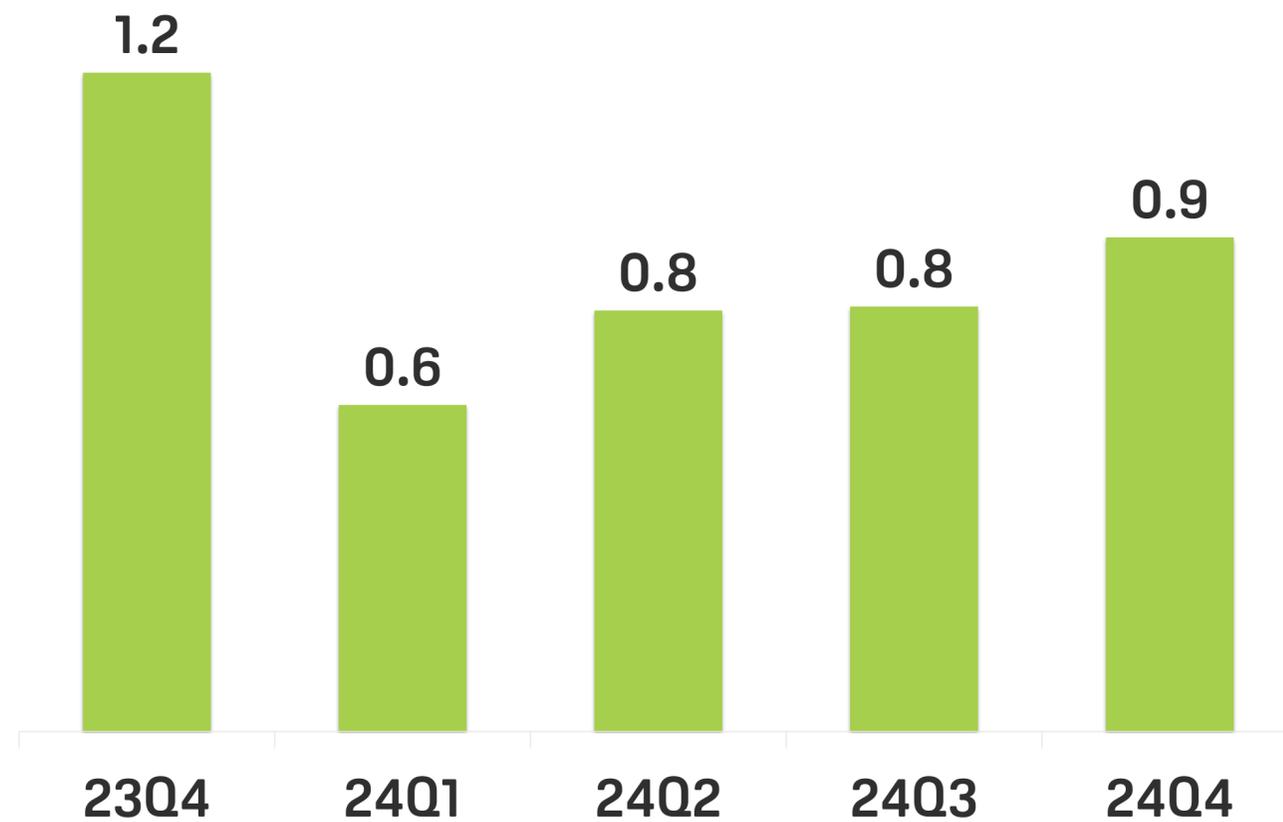
## 4Q24 Business Update:

- HTC collaborated with the Ministry of Economic Affairs and the Kaohsiung City Government to create Taiwan's largest outdoor 5G XR smart venue in the Asia New Bay Area, combining 5G private networks and XR technology to promote the smart transformation of Kaohsiung Port. This initiative included the launch of the VIVELAND VR Park Warehouse No.7, the premiere of *Gaudí, the Atelier of the Divine*, and the presentation of the 5G Giant Water Screen Interactive Show at Kaohsiung Harbor during the New Year's Eve period, combining sound and light effects with Kaohsiung's unique features. Kaohsiung Harbor Cruise Self-Driving Car x 5G Mobile AR Guide were also launched, providing automated shuttle and interactive tour guide services through 5G private network technology, attracting a large number of participants.
- HTC's outstanding performance in ESG has made it the only company to receive the Taiwan National Sustainable Development Award in both 2023 and 2024. It also garnered three major honors at the 2024 Taiwan Corporate Sustainability Awards (TCSA), including the "Climate Leadership Award," "Taiwan's Top 100 Sustainable Companies Awards," and the "Corporate Sustainability Report Award Telecommunications Industry - Platinum Award". HTC's concrete actions to promote net-zero goals not only meet global standards but also drive Taiwanese companies to actively participate in environmental programs.

# REVENUES AND OPERATING PROFIT

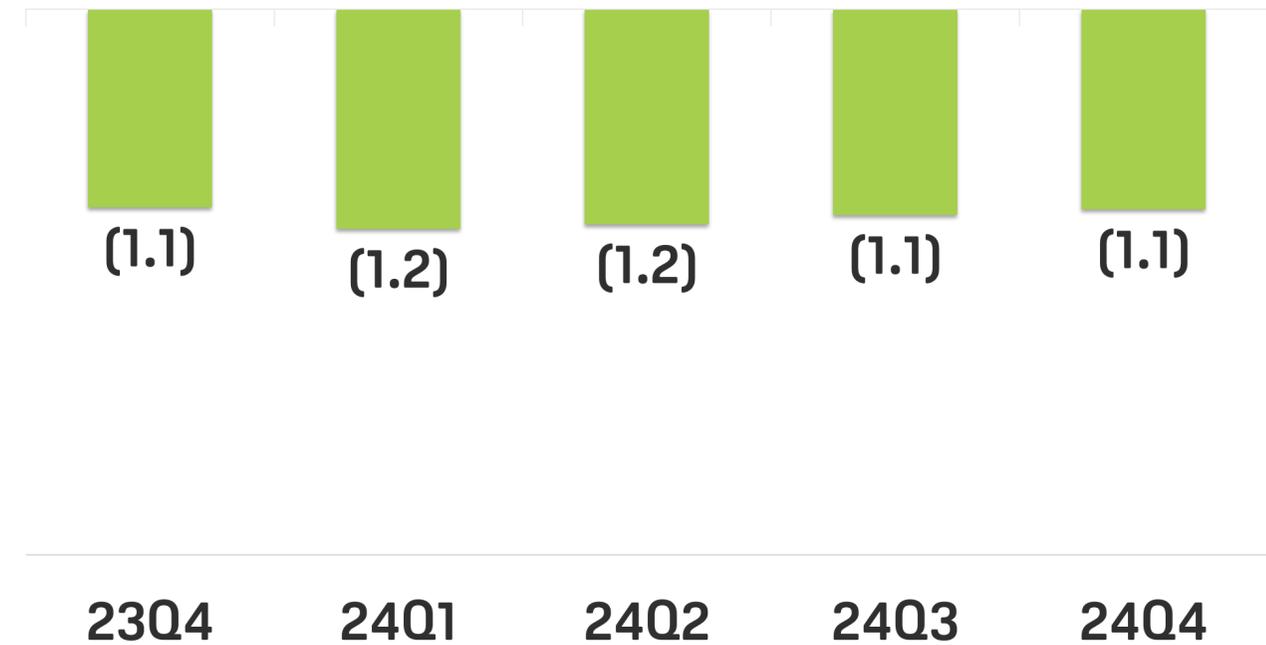
## Revenues

NT\$bn



## Operating Profit (Loss)

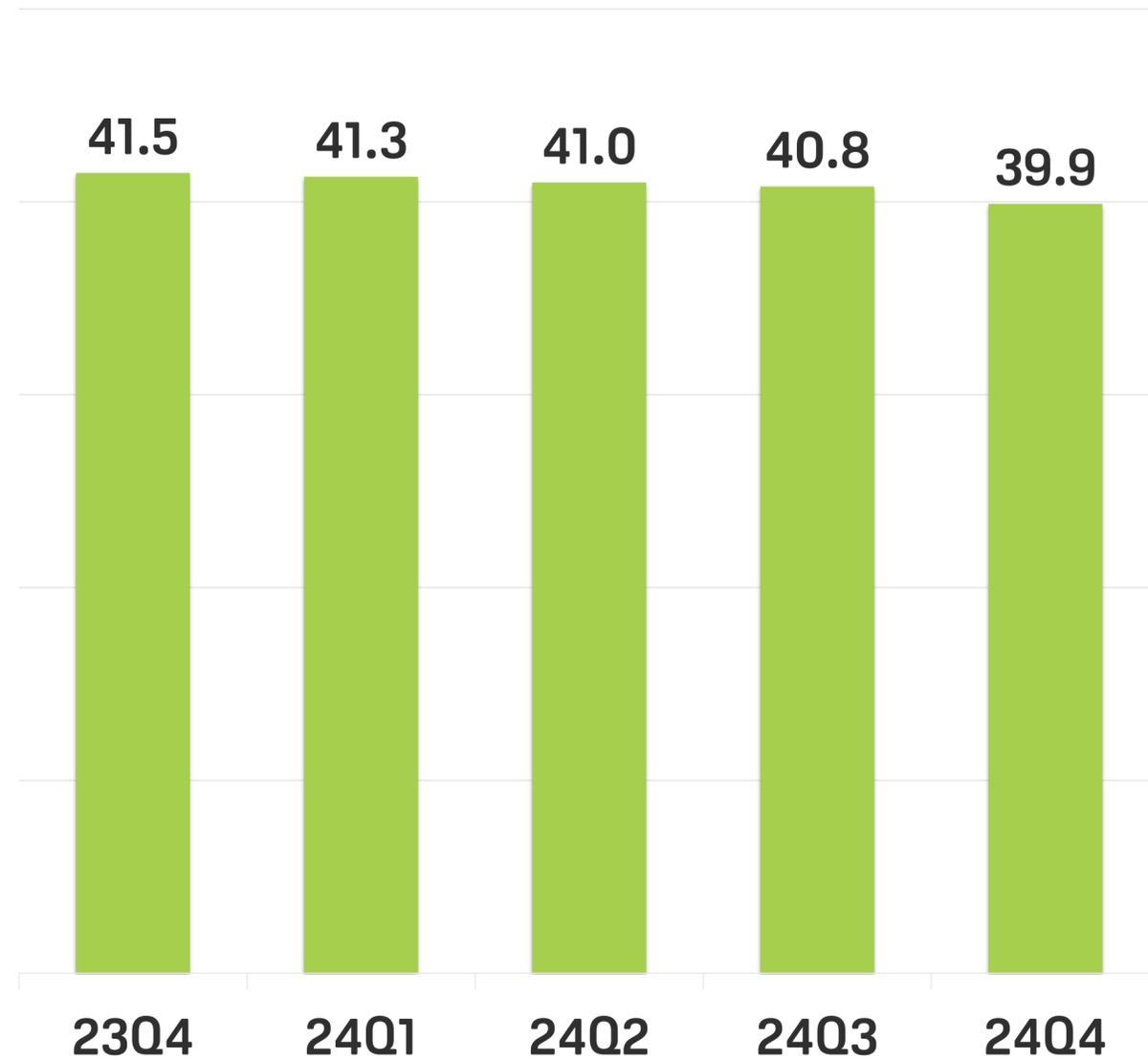
NT\$bn



# GROSS AND OPERATING MARGINS

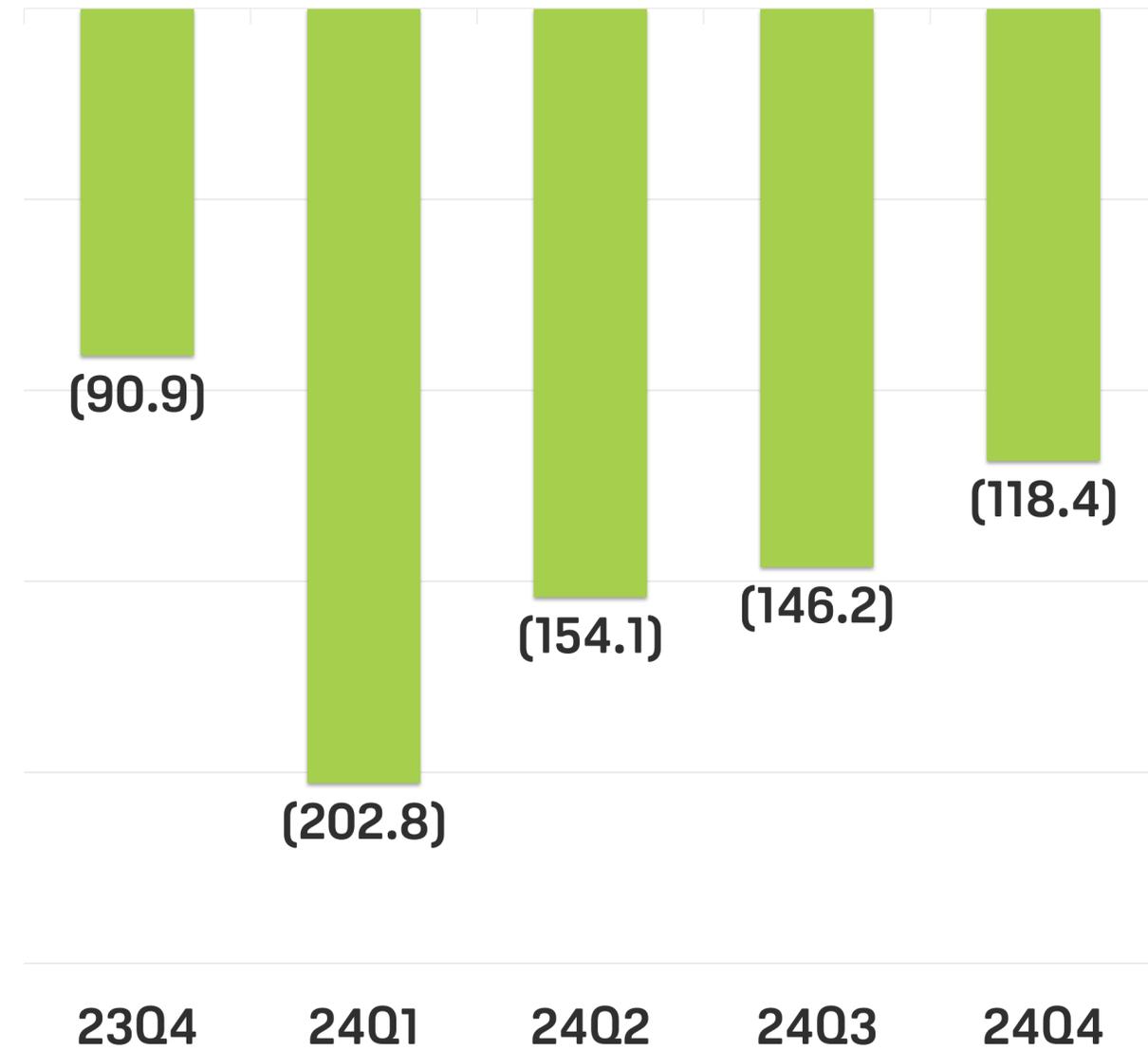
## Gross Margin

%



## Operating Margin

%



# 4Q 2024 P&L (CONSOLIDATED)

NT\$bn	4Q23	3Q24	4Q24
REVENUES	1.2	0.8	<b>0.9</b>
GROSS PROFIT	0.5	0.3	<b>0.4</b>
OPERATING EXPENSE	<u>1.6</u>	<u>1.4</u>	<u>1.5</u>
SALES MKTING.	0.5	0.5	<b>0.6</b>
RESEARCH DEV.	0.7	0.6	<b>0.6</b>
GENERAL ADM.	0.4	0.3	<b>0.3</b>
OPERATING PROFIT (LOSS)	-1.1	-1.1	<b>-1.1</b>
NPBT	-0.9	-0.9	<b>-0.8</b>
NPAT <sup>1</sup>	-0.9	-0.9	<b>-0.8</b>
GROSS MARGIN (%)	41.5%	40.8%	<b>39.9%</b>
OPERATING MARGIN (%)	-90.9%	-146.2%	<b>-118.4%</b>
EPS <sup>2</sup> (NT\$)	-1.08	-1.06	<b>-0.98</b>

# 4Q 2024 BALANCE SHEET (CONSOLIDATED)

NT\$bn	Dec 31, 23	Sep 30, 24	Dec 31, 24
TOTAL ASSETS	45.6	47.1	<b>46.2</b>
Cash <sup>1</sup>	23.4	25.0	<b>24.6</b>
AR	0.8	0.6	<b>0.5</b>
INVENTORY	1.2	1.1	<b>0.9</b>
OTHER ASSETS	20.2	20.4	<b>20.2</b>
TOTAL LIABILITIES	22.8	25.2	<b>24.8</b>
TOTAL EQUITY <sup>2</sup>	22.8	21.9	<b>21.4</b>

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 DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

ASSETS	2024		2023	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 14,239,209	31	\$ 12,439,363	27
Financial assets at fair value through profit or loss - current (Notes 7 and 31)	47,620	-	137,539	-
Financial assets at fair value through other comprehensive income - current (Notes 8 and 31)	327,194	1	680,321	1
Notes and trade receivables (Notes 10 and 32)	497,008	1	790,864	2
Other receivables (Note 10)	115,617	-	147,936	-
Current tax assets (Note 27)	198,952	-	281,516	1
Inventories (Note 11)	870,049	2	1,165,416	3
Prepayments (Note 12)	405,868	1	403,813	1
Other current financial assets (Notes 9 and 33)	10,265,324	22	10,851,071	24
Other current assets	29,908	-	2,965	-
Total current assets	<u>26,996,749</u>	<u>58</u>	<u>26,900,804</u>	<u>59</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Notes 7 and 31)	346,342	1	262,359	1
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 31)	4,425,214	10	4,274,269	9
Investments accounted for using equity method (Note 14)	998,315	2	960,321	2
Property, plant and equipment (Notes 15, 32 and 33)	6,609,865	14	6,717,362	15
Right-of-use assets (Note 16)	67,012	-	69,307	-
Investment properties, net (Notes 17 and 33)	2,725,278	6	2,689,929	6
Intangible assets (Note 18)	326,394	1	183,123	1
Deferred tax assets (Note 27)	2,684,316	6	2,888,302	6
Refundable deposits (Note 34)	365,625	1	20,019	-
Net defined benefit assets - non-current (Note 23)	560,464	1	508,774	1
Other non-current financial assets (Notes 9 and 33)	124,473	-	94,920	-
Other non-current assets (Note 12)	1,423	-	13,819	-
Total non-current assets	<u>19,234,721</u>	<u>42</u>	<u>18,682,504</u>	<u>41</u>
<b>TOTAL</b>	<u>\$ 46,231,470</u>	<u>100</u>	<u>\$ 45,583,308</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Note 19)	\$ 3,400,000	8	\$ 3,700,000	8
Financial liabilities at fair value through profit or loss - current (Notes 7 and 31)	91,224	-	183,489	-
Notes and trade payables (Notes 20 and 32)	5,188,610	11	5,216,907	12
Other payables (Notes 21 and 32)	3,087,289	7	3,318,137	7
Current tax liabilities (Note 27)	110,189	-	55,511	-
Provisions - current (Note 22)	383,925	1	665,567	2
Lease liabilities - current (Notes 16 and 32)	27,928	-	16,550	-
Other current liabilities (Notes 21 and 25)	450,191	1	345,179	1
Total current liabilities	<u>12,739,356</u>	<u>28</u>	<u>13,501,340</u>	<u>30</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Notes 19 and 33)	11,800,000	26	9,000,000	20
Deferred tax liabilities (Note 27)	69,907	-	73,289	-
Lease liabilities - non-current (Notes 16 and 32)	41,820	-	53,485	-
Guarantee deposits received	152,118	-	150,066	-
Total non-current liabilities	<u>12,063,845</u>	<u>26</u>	<u>9,276,840</u>	<u>20</u>
Total liabilities	<u>24,803,201</u>	<u>54</u>	<u>22,778,180</u>	<u>50</u>
<b>EQUITY (Note 24)</b>				
Share capital - ordinary shares	8,335,340	18	8,320,380	18
Capital surplus	16,277,565	35	16,270,636	36
Retained earnings				
Legal reserve	2,490,682	5	5,828,987	13
Special reserve	3,080,480	7	3,080,480	6
Accumulated deficits	(6,365,177)	(14)	(7,338,305)	(16)
Total retained earnings	(794,015)	(2)	1,571,162	3
Other equity	(2,390,621)	(5)	(3,357,050)	(7)
Total equity	<u>21,428,269</u>	<u>46</u>	<u>22,805,128</u>	<u>50</u>
<b>TOTAL</b>	<u>\$ 46,231,470</u>	<u>100</u>	<u>\$ 45,583,308</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 FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 25 and 32)	\$ 3,080,984	100	\$ 4,417,932	100
OPERATING COSTS (Notes 11, 26 and 32)	<u>1,827,140</u>	<u>60</u>	<u>2,594,222</u>	<u>59</u>
GROSS PROFIT	<u>1,253,844</u>	<u>40</u>	<u>1,823,710</u>	<u>41</u>
OPERATING EXPENSES (Notes 26 and 32)				
Selling and marketing	2,031,182	66	2,135,379	48
General and administrative	1,213,489	39	1,298,620	29
Research and development	<u>2,648,510</u>	<u>86</u>	<u>2,684,392</u>	<u>61</u>
Total operating expenses	<u>5,893,181</u>	<u>191</u>	<u>6,118,391</u>	<u>138</u>
OPERATING LOSS	<u>(4,639,337)</u>	<u>(151)</u>	<u>(4,294,681)</u>	<u>(97)</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 26)	893,172	29	871,990	20
Other income (Notes 26 and 32)	1,318,277	43	1,050,716	24
Other gains and losses (Note 26)	(474,525)	(15)	(626,861)	(14)
Finance costs (Notes 26 and 32)	(339,004)	(11)	(250,767)	(6)
Share of profit or loss of associates and joint ventures (Note 14)	<u>(175,368)</u>	<u>(6)</u>	<u>(149,075)</u>	<u>(4)</u>
Total non-operating income and expenses	<u>1,222,552</u>	<u>40</u>	<u>896,003</u>	<u>20</u>
LOSS BEFORE INCOME TAX	(3,416,785)	(111)	(3,398,678)	(77)
INCOME TAX (EXPENSE) BENEFIT (Note 27)	<u>(1,503)</u>	<u>-</u>	<u>2,921</u>	<u>-</u>
LOSS FOR THE YEAR	<u>(3,418,288)</u>	<u>(111)</u>	<u>(3,395,757)</u>	<u>(77)</u>

(Continued)

## HTC CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2024		2023	
	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 23)	\$ 49,256	1	\$ 10,156	-
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income	488,420	16	109,634	3
Income tax relating to items that will not be reclassified to profit or loss (Note 27)	<u>(5,711)</u>	<u>-</u>	<u>(1,219)</u>	<u>-</u>
	<u>531,965</u>	<u>17</u>	<u>118,571</u>	<u>3</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	<u>1,487,575</u>	<u>49</u>	<u>387,562</u>	<u>9</u>
Other comprehensive income and loss for the year, net of income tax	<u>2,019,540</u>	<u>66</u>	<u>506,133</u>	<u>12</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>\$ (1,398,748)</u>	<u>(45)</u>	<u>\$ (2,889,624)</u>	<u>(65)</u>
LOSS PER SHARE (Note 28)				
Basic	<u>\$ (4.11)</u>		<u>\$ (4.09)</u>	

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

(Concluded)

## HTC CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (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	-	-	-
Other changes in capital surplus								
Changes in equity of associates and joint ventures accounted for using equity method	-	37,233	-	-	-	-	-	37,233
Net loss for the year ended December 31, 2023	-	-	-	-	(3,395,757)	-	-	(3,395,757)
Other comprehensive income and loss for the year ended December 31, 2023	-	-	-	-	8,937	387,562	109,634	506,133
Total comprehensive income and loss for the year ended December 31, 2023	-	-	-	-	(3,386,820)	387,562	109,634	(2,889,624)
Issuance of shares due to exercise of employee share options	25,227	67,369	-	-	-	-	-	92,596
Share-based payments	-	5,763	-	-	-	-	-	5,763
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	48,515	-	(48,515)	-
BALANCE, DECEMBER 31, 2023	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 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	-	-	-	-	43,545	1,487,575	488,420	2,019,540
Total comprehensive income and loss for the year ended December 31, 2024	-	-	-	-	(3,374,743)	1,487,575	488,420	(1,398,748)
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	-	-	-	-	1,009,566	-	(1,009,566)	-
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

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

# HTC CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before income tax	\$ (3,416,785)	\$ (3,398,678)
Adjustments for:		
Depreciation expense	233,346	315,659
Amortization expense	20,781	9,376
Expected credit loss reversed on trade receivables	(8,021)	(35,000)
Loss on financial assets at fair value through profit or loss	120,372	121,887
Finance costs	339,004	250,767
Interest income	(893,172)	(871,990)
Dividend income	(5,440)	(9,883)
Compensation costs of employee share-based payments	32	5,763
Share of the loss of associates and joint ventures accounted for using the equity method	175,368	149,075
Net loss on disposal of property, plant and equipment	695	1,687
Net gain on disposal of intangible assets	(155,492)	-
Net loss on disposal of investments accounted for using equity method	-	12,957
Impairment loss on non-financial assets	188,690	115,430
Gain from lease modifications	(17)	(302)
Changes in operating assets and liabilities		
(Increase) decrease in financial assets mandatorily classified as at fair value through profit or loss	(2,346)	14,832
Decrease (increase) in notes and trade receivables	301,856	(181,317)
Decrease in other receivables	12,428	12,540
Decrease in inventories	112,755	138,130
Increase in prepayments	(2,055)	(38,140)
(Increase) decrease in other current assets	(26,943)	1,609
Decrease (increase) in other non-current assets	1,512	(4,008)
Increase (decrease) in notes and trade payables	251,875	(470,295)
Decrease in other payables	(242,194)	(507,769)
Decrease in provisions	(206,642)	(148,851)
Increase in other current liabilities	<u>105,012</u>	<u>44,282</u>
Cash used in operations	(3,095,381)	(4,472,239)
Interest received	913,063	848,330
Interest paid	(334,900)	(242,288)
Income tax paid	<u>(20,715)</u>	<u>(182,835)</u>
Net cash used in operating activities	<u>(2,537,933)</u>	<u>(4,049,032)</u>

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# HTC CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	\$ (160,445)	\$ (561,667)
Proceeds from disposal of financial assets at fair value through other comprehensive income	1,113,373	54,896
Return of investments accounted for at fair value through other comprehensive income	7,018	24,561
Purchase of financial assets at fair value through profit or loss	(164,278)	(65,584)
Acquisition of investments accounted for using equity method	(186,842)	(21,319)
Payments for property, plant and equipment	(55,113)	(38,215)
Proceeds from disposal of property, plant and equipment	23	1,359
Increase in refundable deposits	(345,606)	-
Decrease in refundable deposits	-	53,018
Payments for intangible assets	(11,939)	(99,980)
Proceeds from disposal of intangible assets	733	84
Payments for investment properties	(5,987)	(102)
Increase in other financial assets	-	(4,250,953)
Decrease in other financial assets	556,194	-
Dividends received	<u>5,440</u>	<u>9,883</u>
Net cash generated from (used in) investing activities	<u>752,571</u>	<u>(4,894,019)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term borrowings	-	1,060,000
Decrease in short-term borrowings	(300,000)	-
Increase in long-term borrowings	2,800,000	2,200,000
Increase in guarantee deposits received	2,052	-
Decrease in guarantee deposits received	-	(11,572)
Repayment of the principal portion of lease liabilities	(29,589)	(54,650)
Employee share options executed	<u>52,738</u>	<u>92,596</u>
Net cash generated from financing activities	<u>2,525,201</u>	<u>3,286,374</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<u>1,060,007</u>	<u>348,910</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,799,846	(5,307,767)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR</b>	<u>12,439,363</u>	<u>17,747,130</u>
<b>CASH AND CASH EQUIVALENTS, END OF THE YEAR</b>	<u>\$ 14,239,209</u>	<u>\$ 12,439,363</u>

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

(Concluded)