



HTC 2024 Annual Report



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# TABLE OF CONTENTS

**1** Letter to HTC Shareholders p. 4

**2** Corporate Governance p. 12

**3** Capital and Shares p. 120

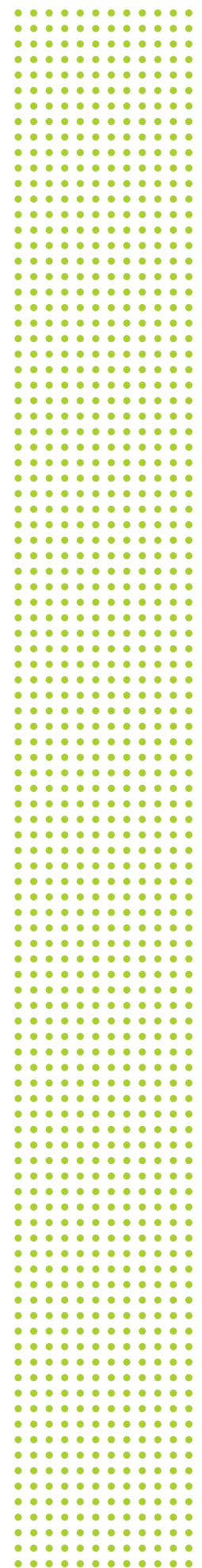
**4** Business Operations p. 132

**5** Financial Status, Operating Results and Risk Management p. 208

**6** Affiliate Information and Other Special Notes p. 220



**LETTER TO  
HTC  
SHAREHOLDERS**





# LETTER TO HTC SHAREHOLDERS

## Dear Shareholders,

2024 proved another commercially challenging year, with decelerating growth in the consumer goods market amid a subdued global economy and inflation remaining above pre-pandemic levels. Despite this, HTC manifested good performance over the year, with product launches from all of our business areas that raised the bar of innovation and garnered wide recognition.

HTC continues to nurture the business units into viable companies with exciting growth potential, and our landmark collaboration agreement with Google on XR technology in early 2025 represents the first successful milestone in this strategy. This saw VIVE Systems merged into the VIVE Intelligent Systems business unit; enabling a more streamlined portfolio along with greater operational efficiency. We believe this strategic move will boost the development of the whole XR ecosystem, to the benefit of consumers and all players in this market. Our goal is to realize our vision of VIVE Reality through these open, connected, and intelligent partners.

By embracing cutting-edge technologies such as artificial intelligence and the metaverse, HTC aims to pioneer innovations that adhere to strict ethical standards, ultimately enhancing human life. Indeed, HTC was founded to create products that make people's lives better. HTC's numerous partnerships with innovative organizations around the world have sought to align with that purpose, such as enabling immersive education in schools and companies, or improving healthcare. In 2024, our partner Mynd Immersive launched the 'Great American Elderverse', an excellent initiative that is set to transform the lives of millions of older adults through the delivery of virtual reality therapeutics to hundreds of underserved senior care communities, powered by HTC VIVE's XR devices. Technology being used for the good of humankind lies at the heart of HTC's mission.

## Business Operations

### VIVERSE

VIVERSE introduced several technological innovations and product features in 2024, significantly improving the efficiency of virtual world creation, interaction experiences, and user engagement. These advancements have created a more intelligent and diverse digital ecosystem across various industries. VIVERSE also strengthened connections with other metaverse platforms, such as Cluster and Engage, to foster a more open ecosystem.

VIVERSE launched VIVERSE Create v1.0, the no-code system for creators to build imaginative interactive multiplayer virtual spaces. Accessible directly through a web browser, it offers seamless cross-platform compatibility, allowing virtual spaces to be shared across various devices, including mobile phones, PCs, and XR headsets. The upgraded Avatar Creation Tool 2.0 supports the widely-used VRM standard for higher resolution models with numerous customization options, enabling users to create more personalized avatars with enhanced graphical optimization. These avatars leverage Physically-Based Rendering and optimized Level of Detail to ensure superior visual quality.

VIVERSE Polygon Streaming is a highly optimized rendering method that combines server-side processing with client-side rendering, streaming only the polygon data required to display the visible parts of 3D assets, thereby reducing loading times by up to 8x and shrinking project sizes by up to 81%, enabling users to enjoy immersive 3D worlds regardless of their device's performance.

The VIVERSE for Business (VfB) customized commercial metaverse solution gained more recognition this year, receiving several accolades. Enabling organizations to create branded 3D experiences that are embeddable on any webpage, and up to 10x faster with AI, VfB achieved remarkable milestones in 2024, including serving over 60 schools in Taiwan, making lessons more engaging and effective, enhancing learning efficiency and promoting remote teaching, showcasing the limitless potential of metaverse technology in education.

The VIVEPORT virtual reality content platform continued to enhance the diversity of premium VR experiences, expanding its catalog of games and applications optimized for the platform with many highly anticipated titles, including *Metro Awakening*, *Arizona Sunshine 2*, *Bootstrap Island*, and *The Pirate Queen* with Lucy Liu. VIVEPORT also made significant strides in fitness and educational applications. Moreover, VIVEPORT has continuously optimized its user and developer interfaces and services, positioning the platform as a central hub connecting creators with users.

## VIVE Intelligent Systems

In 2024, HTC introduced the latest addition to its VIVE Focus all-in-one series: the VIVE Focus Vision Extended Reality (XR) headset. Designed to enhance applications in next-generation entertainment, education, and workplace collaboration, the VIVE Focus Vision delivers lossless PC VR high-fidelity visuals, stereoscopic passthrough cameras for realistic Mixed Reality, a revamped cooling system, and a built-in sub-battery for seamless battery swaps.

Two specialized trackers were launched in 2024; the VIVE Ultimate Tracker is a compact, versatile unit with two wide-FOV cameras for exceptional multi-point full-body tracking, as well as compatibility with third-party PC VR headsets that support SteamVR. The VIVE Full Face Tracker is a plug-and-play module that allows facial movements to be represented naturally in XR, capturing up to 38 blend shapes across the lips, teeth, tongue, cheeks and chin, so even subtle facial expressions are accurately portrayed, and spoken words match facial expressions in real-time.

The VIVE Business+ web-based enterprise-level management software and service solution, designed for efficient batch registration and synchronized management of multiple VIVE all-in-one devices, achieved ISO 27701 and ISO 27001 certifications in 2024, reinforcing our commitment to data security and privacy.

## G REIGNS

G REIGNS continues optimizing 5G private networks utilizing the O-RAN architecture and AI-accelerated network management to enhance the connection between the real and virtual worlds. The REIGN CORE series of portable 5G private networks enables organizations to deploy 5G private networks within minutes, thus lowering the digital transformation threshold for enterprises by providing the most cost-effective way to conduct field demonstrations. G REIGNS also custom-optimizes software and hardware networks for enterprise, integrating tests with high reliability to achieve scalability of expansion.

## Smartphones

The latest U series smartphone, the HTC U24 pro, was launched in 2024. Designed with a 6.8-inch, immersive display with 3D curved glass, and a stereo sound system to match, the HTC U24 pro has a sleek, lightweight metal frame and golden chamfers on both sides, ensuring a comfortable grip and minimizes slip risks. Equipped with the Qualcomm Snapdragon 7 Gen 3 processor, the HTC U24 pro offers an upgraded CPU and GPU for seamless gaming, multitasking, enhanced AI and XR capabilities. Water and dust resistant, the device also features the powerful quad camera system with a 50MP high-resolution main, telephoto, and selfie lens setup, delivering effortless high-quality shots. AI-powered features include AI Group Photo for capturing perfect expressions, AI Gesture GIFs for creative shots, and AI night portrait restoration for improved clarity in low-light conditions.

Users can enter immersive 3D spaces through the VIVERSE APP, integrating AI motion capture technology into a mobile device for the first time, enabling lifelike virtual avatars, enriching social interactions and XR entertainment experiences.

## DeepQ

HTC DeepQ Healthcare comprises cross-domain experts and engineers in areas such as computer science, software engineering, medicine, regulations, user experience, design, through digital technology, big data and artificial intelligence technology, all with the goal of developing and providing precision personalized medical products and services to reduce costs and improve the effectiveness of healthcare. In 2024, its Disease Control Butler (DCB) LINE Bot health education system launched a Q&A on numerous infections to enhance public awareness of epidemic prevention in Taiwan. In addition, DCB implemented the epidemic risk information push services for health centers and medical institutions. As of the end of December 2024, the user numbers of DCB had reached over 10 million

DeepQ also integrated the AI health education Q&A function into its LINE Bots for hospitals in Taiwan, which can accurately answer public health education questions in natural language and thus reduce the workload of medical staff.

## VIVE Arts

VIVE Arts aims to enhance artistic creation and understanding through the latest technologies, and 2024 was another ambitious year, launching in-depth collaborations with internationally renowned artists and institutions, and unveiling expanded opportunities for immersive content around the world through distribution and licensing. VIVE Arts has not only continued existing long-term partnerships but also expanded to many new and forward-looking collaborations and industry angles. VIVE Arts debuted three prestigious artist commissions with Libby Heaney, Xavier Veilhan and Ryan Gander, and a few major institutional partnerships globally - Sagrada Familia, Château de Versailles, Musée d'Orsay and Musée de l'Orangerie.

VIVE Arts also expanded its location-based experiences (LBE) licensing and distribution activity, bringing major works such as *Horizon of Khufu*, *Eternal Notre-Dame*, and *Le Bal de Paris de Blanca Li* to twelve cities across three continents. The latter, a new sensory experience integrating real-life interaction, multi-person dancing, and 5G and large-area multi-person real-time entertainment tracking technology won the best VR experience at the 2021 Venice Film Festival.

## VIVE ORIGINALS

VIVE ORIGINALS is devoted to producing original XR content and developing metaverse platforms with core technologies including volumetric capture, blockchain, and XR. In 2024, its BEATDAY platform

ventured into the VTuber industry, creating 6DoF concerts where fans can interact with VTubers through avatars in a game-like format. BEATDAY is committed to becoming a 6DoF open platform for VTubers worldwide, offering comprehensive one-stop business services including full third-party content hosting, commercial ticketing, high-standard 3D 6DoF real-time motion capture streaming, and community interaction systems. It also covers VTuber IP development, new program development, and VR performances. BEATDAY collaborated with Taiwan's most influential VTuber, Annin Miru, to pioneer multiple Live Shows in 2024, and received subsidies from the National Culture and Arts Foundation and the Ministry of Culture, planning to launch the world's first VTuber TV talent show in 2025.

## Special Projects

VIVE Mars continued to innovate around the VIVE Mars series of virtual production tools, achieving significant technological upgrades, product development, and global market reach. The software updates introduced new features and optimized performance, significantly enhancing tracking capabilities, user interface experience, and overall system stability, to ensure that virtual production remains efficient, reliable, and user-friendly.

The new VIVE Mars CamTrack Studio Edition is specifically designed to meet professional virtual production needs, enhancing system flexibility and efficiency, and providing creators with more powerful tools, simplifying workflows, and expanding the range of virtual production applications.

## Financial Performance

HTC remains in the investment stage for most of its business units, and especially for those driving cutting-edge technologies, so financial performance does not represent the strategic performance of the Company. In 2024, HTC saw revenues of NT\$ 3.08 billion, while maintaining a gross margin of 40.7%. An operating loss of NT\$4.64 billion reflects the investment stage status, with an operating margin of -150.6%.

HTC's sustained focus on resource optimization across both the mother company and the business units continues to pay off, with operating expenditure remaining stable and in fact slightly lower than in 2023. Accordingly, earnings per share were only slightly lower than the previous year, at -NT\$4.11.

HTC is committed to streamline expenditure and processes as well as external costs, while seeking further cost savings through asset management, internal systems and administration. Moreover, we believe the operational and portfolio changes put in place over the year will position HTC well for the next few years.

## Environment, Social and Governance (ESG)

HTC earned continued global recognition of our carbon reduction strategies and the application of appropriate technologies on our path to net-zero by 2050. In 2024, HTC put in place six key carbon reduction strategies on its pathway to net-zero by 2050, and expanded its scope of greenhouse gas inventory and verification to include parent and subsidiary companies. Additionally, the company strengthened its ESG evaluation indicators, and further invested in renewable energy and smart management solutions, such as solar power systems.

For this, it earned a spot on the CDP Supplier Engagement Leaderboard (A grade), and again qualified for the FTSE4Good Index Series and a Silver Medal rating from EcoVadis. HTC became only the fifth Taiwanese high-tech hardware equipment company to pass the Science-Based Targets initiative (SBTi) verification and receive approval for its net-zero target, and was the first company to win the "National Sustainable Development Award" for the last two years. HTC was also included in Taiwan's Top 100 Sustainable Companies Awards. This is a remarkable achievement in just a few years.

HTC is committed to promoting a low-carbon value chain and creating a broader ecosystem that supports carbon reduction, and will continue to focus on innovation to achieve low-carbon transformation and a sustainable value chain.

Over our 28-year journey, HTC has continually reinvented itself – transitioning from smartphone pioneer to leading in virtual reality and now driving 3D virtual worlds and technologies. We have evolved from a hardware-centric company into a comprehensive metaverse ecosystem company, on the journey towards our vision of VIVE Reality.

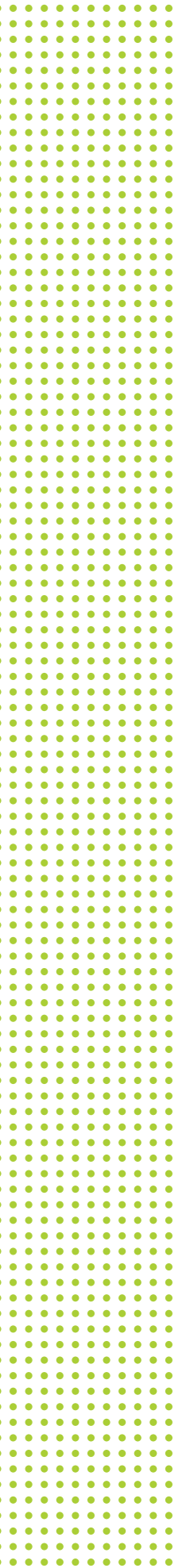
HTC wishes to express our appreciation to our shareholders for their continued trust in our vision of shaping the future of technology in a manner that is both groundbreaking and responsible. HTC is committed to our vision with unwavering dedication, and we look forward to setting new benchmarks for excellence in the digital age.

**HTC Corporation**  
Chairwoman and CEO

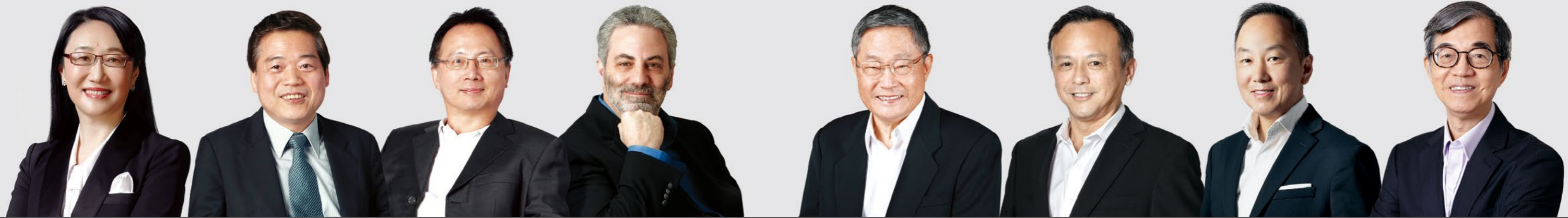




# **CORPORATE GOVERNANCE**



# CORPORATE GOVERNANCE



## Board of Directors

**Cher Wang**  
Chairwoman

**HT Cho**  
Director

**Wen-Chi Chen**  
Director

**David Bruce Yoffie**  
Director

**Chen-Kuo Lin**  
Independent Director

**Michael Chunchi Lu**  
Independent Director

**Vincent Thuan Thanh Thai**  
Independent Director

**Hong-Chung Hsieh**  
Independent Director

## 2.1 Information on the Company’s Directors, General Manager, Assistant General Managers, Deputy Assistant General Managers, and Managers of All the Company’s Divisions and Branch Units

### 2.1.1 Directors

Title	Nationality/ place of Registration	Name	Gender, age	Date Elected	Term Expires	Date First Elected	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/ or any other company	2025.04.22 Unit: Share; %			
							Shares	%	Shares	%	Shares	%	Shares	%			Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			
																	Title	Name	Relationship	Remarks
Chairwoman & CEO	Republic of China	Cher Wang	Female 66-70	2022.06.17	2025.06.16	1999.04.30	32,272,427	3.91%	32,272,427	3.86%	22,391,389	2.68%	0	0.00%	<ul style="list-style-type: none"> <li>Bachelor in Economics, University of California, Berkeley</li> <li>General Manager of the PC Division, First International Computer, Inc. (FIC)</li> <li>Chairwomen, VIA Technologies, Inc.</li> </ul>	<ul style="list-style-type: none"> <li>Chairwoman and CEO, HTC Corporation</li> <li>Director, VIA Technologies, Inc.</li> <li>Director, H.T.C. (B.V.I) Corp.</li> <li>Director, HTC Investment One (BVI) Corporation</li> <li>Chairwoman, HTC Investment Corporation</li> <li>Director, High Tech Computer Asia Pacific Pte. Ltd.</li> <li>Chairwoman,, Xander International Corp.</li> <li>Director, VIA Labs, Inc.</li> <li>Director, TVBS Media Inc.</li> <li>Director, Formosa Plastics Corporation</li> <li>Director, Way-Chih Investment Co., Ltd.</li> <li>Director, Hsin-Tong Investment Co., Ltd.</li> <li>Director, Kun-Chang Investment Co, Ltd.</li> <li>Director, CW &amp; ET Link Inc</li> <li>Director, Hon-Mou Investment Co., Ltd.</li> <li>Director, Chuan Te Investment Co., LTD</li> <li>Director, Li Way Investment Co., LTD</li> <li>Chairwoman, Viveport Digital Corporation</li> <li>Chairwoman, REIGN Technology Corporation</li> <li>Chairwoman, VIVE Arts Corporation</li> <li>Independent Non-executive Director, Lenovo Group Ltd.</li> <li>Chairwoman, Uomo vitruviano Corporation</li> <li>Chairwoman, DeepQ Technology Corporation</li> <li>Chairwoman, HungYao Technology Corporation</li> <li>Director , Asiaplay Taiwan Digital Entertainment Ltd.</li> </ul>	Director	Wen-Chi Chen	Spouse	(Note 1)
Director	Republic of China	HT Cho	Male 71-75	2022.06.17	2025.06.16	2001.04.23	96,530	0.01%	96,530	0.01%	0	0.00%	0	0.00%	<ul style="list-style-type: none"> <li>Electronic Engineering, National Taipei Institute of Technology</li> <li>EMBA, National Chiao Tung University</li> <li>President &amp; CEO, HTC Corporation.</li> <li>Consulting Engineer, Digital Equipment Corporation.</li> </ul>	<ul style="list-style-type: none"> <li>Chairman, HTC Education Foundation</li> <li>Director, Chunghwa Telecom Foundation</li> <li>Chairman &amp; President, Atrust Computer Corporation</li> <li>Chairman, Asia Pacific Fuel Cell Technologies, Ltd.</li> </ul>	None	None	None	-

(Continued)

Title	Nationality/ place of Registration	Name	Gender, age	Date Elected	Term Expires	Date First Elected	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/ or any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	Remarks
Director	Republic of China	Wen-Chi Chen	Male 66-70	2022.06.17	2025.06.16	1999.04.30	22,391,389	2.71%	22,391,389	2.68%	32,272,427	3.86%	0	0.00%	<ul style="list-style-type: none"> <li>• MSCS, California Institute of Technology</li> <li>• President, Symphony Laboratories</li> </ul>	<ul style="list-style-type: none"> <li>• Chairman &amp; President, VIA Technologies, Inc.</li> <li>• Director, Xander International Corp.</li> <li>• Chairman, VIA Labs, Inc.</li> <li>• Chairman, TVBS Media Inc.</li> <li>• Director, Way-Chih Investment Co., Ltd.</li> <li>• Director, Hsin-Tong Investment Co., Ltd.</li> <li>• Director, Kun-Chang Investment Co, Ltd.</li> <li>• Director, CW &amp; ET Link Inc.</li> <li>• Director, Hon-Mou Investment Co., Ltd.</li> <li>• Director, Chuan Te Investment Co., LTD</li> <li>• Director, Li Way Investment Co., LTD</li> <li>• Director, Viveport Digital Corporation</li> <li>• Director, REIGN Technology Corporation</li> <li>• Director, VIVE Arts Corporation</li> <li>• Director, Uomo vitruviano Corporation</li> <li>• Director, DeepQ Technology Corporation</li> <li>• Director, HungYao Technology Corporation</li> <li>• Director, Asiaplay Taiwan Digital Entertainment Ltd.</li> </ul>	Chairwoman	Cher Wang	Spouse	-
Director	USA	David Bruce Yoffie	Male 71-75	2022.06.17	2025.06.16	2011.06.15	0	0.00%	0	0.00%	0	0.00%	0	0.00%	<ul style="list-style-type: none"> <li>• B.A. Brandeis University</li> <li>• M.A., Ph.D. Stanford University for academic qualification</li> <li>• Director, Charles Schwab</li> <li>• Director, Spotfire</li> <li>• Director, E Ink</li> <li>• Director, Intel Corporation</li> <li>• Director, Financial Engines, Inc.</li> <li>• Director, Commonwealth Financial Network</li> </ul>	<ul style="list-style-type: none"> <li>• Max and Doris Starr Professor at Harvard Business School</li> <li>• Director, The National Bureau of Economic Research</li> <li>• Director, Ampere Computing</li> </ul>	None	None	None	-
Independent Director	Republic of China	Chen-Kuo Lin	Male 86-90	2022.06.17	2025.06.16	2007.06.20	0	0.00%	0	0.00%	0	0.00%	0	0.00%	<ul style="list-style-type: none"> <li>• Bachelor in Economics, National Taiwan University</li> <li>• Advanced study at the Department of Economics, Oklahoma State University</li> <li>• Advanced study at the Department of Economics, Harvard University</li> <li>• Chairman, Board of Tunghai University</li> <li>• Minister, Ministry of Finance, Executive Yuan</li> <li>• Chairman, Taiwan External Trade Development Council.(TAITRA)</li> <li>• Chairman, Taiwan Asset Management Corporation</li> <li>• Professor, Department of Economics in National Taiwan University</li> <li>• Chairman, Taiwan-Hong Kong Economic and Cultural Cooperation Council</li> <li>• Independent director and Compensation Committee member, Taiwan High Speed Rail Corporation</li> </ul>	<ul style="list-style-type: none"> <li>• Chairman, Angel Hearts Family Social Welfare Foundation.</li> <li>• Chairman, New Mainstream Cultural Foundation.</li> </ul>	None	None	None	-

(Continued)

Title	Nationality/ place of Registration	Name	Gender, age	Date Elected	Term Expires	Date First Elected	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/ or any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	Remarks
Independent Director	USA	Michael Chunchi Lu	Male 56-60	2022.06.17	2025.06.16	2022.06.17	0	0.00%	0	0.00%	0	0.00%	0	0.00%	<ul style="list-style-type: none"> <li>• Bachelor of Art (B.A.) in Political Science and Human Biology, Stanford University</li> <li>• Master of Public Health (M.P.H.) in Epidemiology and Master of Science (M.S.) in Health and Medical Sciences, U.C. Berkeley</li> <li>• Medical Doctor, U.C. San Francisco</li> <li>• Senior Associate Dean for Academic, George Washington University</li> <li>• Director, Maternal and Child Health Bureau HRSA U.S. Department of Health and Human Services</li> </ul>	<ul style="list-style-type: none"> <li>• Dean, School of Public Health University of California, Berkeley</li> </ul>	None	None	None	-
Independent Director	USA	Vincent Thuan Thanh Thai	Male 56-60	2022.06.17	2025.06.16	2019.06.21	0	0.00%	0	0.00%	0	0.00%	0	0.00%	<ul style="list-style-type: none"> <li>• UC Berkeley, Ca., USA</li> <li>• USC Undergrad Marketing, Ca., USA</li> <li>• Founder of Fun Creation, Inc</li> <li>• President of Placo Toys, Inc</li> <li>• General Manager of Best Consumer Products, Inc</li> <li>• Manager of M &amp; D Toys, Inc</li> <li>• Chairman of Toy Plus Far East Ltd</li> </ul>	<ul style="list-style-type: none"> <li>• Founder &amp; Chairman of Playmind Ltd</li> <li>• Founder &amp; Chairman of National Products Ltd</li> <li>• Founder &amp; Chairman of Sweet N Fun Ltd, world leader in gumball banks</li> </ul>	None	None	None	-
Independent Director	Republic of China	Hong-Chung Hsieh	Male 71-75	2023.06.16	2025.06.16	2004.06.16	0	0.00%	0	0.00%	0	0.00%	0	0.00%	<ul style="list-style-type: none"> <li>• Ph.D. Doctor of Philosophy, National Taiwan University</li> <li>• Master of Divinity, U.S The Southwestern Baptist Theological Seminary</li> <li>• Professor of Department of Pathology, National Taiwan University</li> <li>• Attending Physician of Department of Pathology, National Taiwan University Hospital</li> </ul>	<ul style="list-style-type: none"> <li>• Dean, Ling Leung Pastor and Missionary Theological Seminary</li> <li>• Dean, Bread of Life Pastoraal and Missionary Theological Seminary</li> </ul>	None	None	None	-

Note 1: To expediting decision-making for more dynamic execution, the Chairwoman concurrently serves as the CEO and no more than half of the directors will serve as employees and managers, so as to strengthen the supervision function of the Board of Directors.

(Concluded)

### 2.1.2 Independence Analysis of Professional qualifications of Directors and Independence of Independent Directors

			2025.04.22
Qualification			No. of other public companies at which the person concurrently serves as an independent director
Name	Professional Qualifications and Experience	Independence Analysis	
Chairwoman Cher Wang	1. Possess a background in economics and sales, and high-level professional management ability, and does not have any conditions specified in Article 30 of the Company Law. 2. For academic experience, please refer to "2.1.1 Directors" in this annual report.	N/A	1 (Note 2)
Director HT Cho	1. Possess an engineering background and high-level professional management ability and does not have any conditions specified in Article 30 of the Company Law. 2. For academic experience, please refer to "2.1.1 Directors" in this annual report.	N/A	0

(Continued)

			No. of other public companies at which the person concurrently serves as an independent director
Qualification			
Name	Professional Qualifications and Experience	Independence Analysis	
Director Wen-Chi Chen	1. Possess an engineering background and high-level professional management ability and does not have any conditions specified in Article 30 of the Company Law. 2. For academic experience, please refer to "2.1.1 Directors" in this annual report.	N/A	0
Director David Bruce Yoffie	1. Possess a background in economics, and high-level professional management ability, and does not have any conditions specified in Article 30 of the Company Law. 2. For academic experience, please refer to "2.1.1 Directors" in this annual report.	N/A	0

(Continued)

Qualification			No. of other public companies at which the person concurrently serves as an independent director	
	Name	Professional Qualifications and Experience		Independence Analysis
Independent Director	Chen-Kuo Lin	1. Possess a background in economics, and high-level professional management ability, and does not have any conditions specified in Article 30 of the Company Law. 2. For academic experience, please refer to “2.1.1 Directors” in this annual report.	All Independent Directors meet the following conditions: (1) Meet the relevant provisions of Article 14-2 of the Securities and Exchange Act and “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” (Note 1) promulgated by the Financial Supervisory Commission. (2) A person (or under the name of another) and the person’s spouse and minor children do not hold any shares of the company. (3) No amount of compensation for providing business, legal, financial, accounting and other services to the company or its affiliates in the last two years.	0
Independent Director	Michael Chunchi Lu	1. Possess work experience required for business or corporate business and does not have any conditions specified in Article 30 of the Company Law. 2. For academic experience, please refer to “2.1.1 Directors” in this annual report.		0
Independent Director	Vincent Thuan Thanh Thai	1. Possess extensive Experience in Leading Enterprises and does not have any conditions specified in Article 30 of the Company Law. 2. For academic experience, please refer to “2.1.1 Directors” in this annual report.		0
Independent Director	Hong-Chung Hsieh	1. Possess extensive Experience in Leading Enterprises, and does not have any conditions specified in Article 30 of the Company Law. 2. For academic experience, please refer to “2.1.1 Directors” in this annual report.		0

Note 1: (Concluded)

- Not a government, a juristic person, or a representative thereof in Article 27 of the Company Act
- Number of Independent Directors serve as other public corporations, no more than three.
- During the two years before being elected or during the term of office, an independent director of a public company may not have been or be any of the following:
  - An employee of the company or any of its affiliates.
  - A director or supervisor of the company or any of its affiliates.
  - A natural-person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held by the person under others’ names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
  - A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
  - A director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27 of the Company Act.
  - If a majority of the company’s director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company.
  - If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.
  - A director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.
  - A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the compensation committee.

Note 2: Chairwoman Cher Wang served as an independent non-executive director of Lenovo Group Limited (0992HK)

### 2.1.3 Board Diversity and Independence

#### (1) Board Diversity

The Company has stipulated the board diversity policy in the “HTC Corporation Corporate Governance Principles.” The composition of the board of directors shall be determined by taking diversity into consideration. All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the abilities of making operational judgements, accounting and financial analysis, management administration, crisis management, and knowledge of the industry, an international market perspective, and abilities to lead and to make policy decisions.

Objective and implementation of board diversity policy: There are 8 Directors in the tenth Board of Directors; 4 of them are Independent Directors. Our current directors are all industrial or academic experts with management experience in listed and global companies or in government institutes. Apart from possessing leadership and decision-making capabilities, an international outlook, and crisis management capabilities, our 4 independent directors also have expertise in finance and accounting, industrial knowledge, and operational insights: Independent Director Chen-Kuo Lin served as the Minister of Ministry of Finance, Executive Yuan, Independent Director Michael Chunchi Lu is the Dean of the School of Public Health at the University of California, Berkeley, Independent Director Vincent Thuan Thanh Thai has experience in leading companies, and Independent Director Hong-Chung Hsieh, is the Dean of Ling Leung Pastor and Missionary Theological Seminary and Bread of Life Pastoral and Missionary Theological Seminary. Additionally, among the other 4 Directors, Chairwoman Cher Wang and Directors HT Cho, and Wenchi Chen all have significant management experience as a chairperson or president of listed companies; David Yoffie is a Max and Doris Starr Professor at Harvard Business School; they therefore possess capabilities relating to marketing, technology, management, industrial knowledge, and operational insight. The Company also emphasizes gender equality among its Board members. There is one female Director, accounting for 12.5% of the total board seats. While this meets legal requirements, it falls short of one-third target. Given the characteristics of the industry, the identification of suitable candidates remains a process that requires time and ongoing development. The Company will continue to actively seek talent through diverse channels to increase the proportion of female Directors to over one-third, thereby enhancing corporate governance and implementing the Board diversity policy. Regarding Directors who also serve as employees, the company aims to keep this ratio below 30%. Currently, one director also holds an employee position, representing 12.5% of the board. One of the Company’s Independent Director has served more than three consecutive terms, constituting no more than one-third of the Independent Director seats. Considering his expertise in finance and accounting, as well as experience in corporate operations and management, which significantly contribute to the Company’s strategic planning and decision-making, they will continue to be appointed as an Independent Director.

#### (2) Board Independence

The tenth of the Board of Directors of the Company has a total of eight Directors, including four Independent Directors, accounting for 50% of the Board members; All Directors are elected following nomination, with nomination election, and other compliance matters adhering fully to the relevant regulations of securities authorities. The Board is independent, which complies with paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act. Only Chairwoman Cher Wang and Director Wenchi Chen are spousal relationship. No spouse or family member within the second degree of kinship of the Independent Directors serves as the Director; none of the Independent Directors, their spouses or others holds the shares of the Company, or provides auditing, commercial, legal, financial, accounting etc. services and receives compensation. The Board adheres to the provisions set forth in Article 3 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.”

All independent Directors maintain their independence within the scope of their duties and have no interest in the Company. Serving as the members of the Audit Committee, they are responsible for overseeing the fair presentation of the Company’s financial reports, the hiring (and dismissal), independence and performance of the Company’s CPA, the effective implementation of the Company’s internal control system, the Company’s risk management and control mechanism, and the Company’s compliance with relevant laws and regulations.

### 2.1.4 General Manager, Assistant General Managers, Deputy Assistant

Title	Nationality	Name	Gender	Date of appointment to position	Shares held		Shares held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies at present	2025.04.22 Unit: Share; % Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree			
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	Remarks
Chairwoman & CEO	Republic of China	Cher Wang	Female	2020.09.02	32,272,427	3.86%	22,391,389	2.68%	0	0.00%	<ul style="list-style-type: none"> <li>Bachelor in Economics, University of California, Berkeley.</li> <li>General Manager of the PC Division, First International Computer, Inc. (FIC)</li> <li>Chairwomen, VIA Technologies, Inc.</li> </ul>	<ul style="list-style-type: none"> <li>Chairwoman and CEO, HTC Corporation</li> <li>Director, VIA Technologies, Inc.</li> <li>Director, H.T.C. (B.V.I) Corp.</li> <li>Director, HTC Investment One (BVI) Corporation</li> <li>Chairwoman, HTC Investment Corporation</li> <li>Director, High Tech Computer Asia Pacific Pte. Ltd.</li> <li>Chairwoman, Xander International Corp.</li> <li>Director, VIA Labs, Inc.</li> <li>Director, TVBS Media Inc.</li> <li>Director, Formosa Plastics Corporation</li> <li>Director, Way-Chih Investment Co., Ltd.</li> <li>Director, Hsin-Tong Investment Co., Ltd.</li> <li>Director, Kun-Chang Investment Co, Ltd.</li> <li>Director, CW &amp; ET Link Inc</li> <li>Director, Hon-Mou Investment Co., Ltd.</li> <li>Director, Chuan Te Investment Co., LTD</li> <li>Director, Li Way Investment Co., LTD</li> <li>Chairwoman, Viveport Digital Corporation</li> <li>Chairwoman, REIGN Technology Corporation</li> <li>Chairwoman, VIVE Arts Corporation</li> <li>Independent Non-executive Director, Lenovo Group Ltd.</li> <li>Chairwoman, Uomo vitruviano Corporation</li> <li>Chairwoman, DeepQ Technology Corporation</li> <li>Chairwoman, HungYao Technology Corporation</li> <li>Director, Asiaplay Taiwan Digital Entertainment Ltd.</li> </ul>	Director	Wen-Chi Chen	Spouse	(Note 1)
General Counsel and Corporate Governance Officer	Republic of China	ChiaTe Lu	Male	2020.11.09	0	0.00%	0	0.00%	0	0.00%	<ul style="list-style-type: none"> <li>Bachelor of Arts, Diplomacy, National Chengchi University</li> <li>Master of Laws (JD equivalent), National Chiao Tung University School of Law (Technology Law)</li> <li>Master of Laws, Georgetown University Law Center, with WTO Certificate (International Legal Studies)</li> <li>Master of Laws, Berkeley School of Law (Intellectual Property)</li> </ul>	<ul style="list-style-type: none"> <li>Director, High Tech Computer Asia Pacific Pte. Ltd. Corporation</li> <li>Director, HTC Investment Corporation</li> <li>Director, HTC Investment (BVI) Corp.</li> <li>Director, HungXu Holding (BVI) Corp.</li> <li>Director, HTC VIVE Investment (BVI) Corp</li> <li>Director, DeepQ Holding (BVI) Corp.</li> <li>Director, HTC Smart Phone (BVI) Corp.</li> <li>Director, HTC VR Content (BVI) Corp.</li> <li>Director, VIVE Arts Corporation</li> <li>Director, HungYao Technology Corporation</li> <li>Director, HTC EUROPE CO., LTD.</li> <li>Director, HTC (Australia and New Zealand) PTY LTD</li> <li>Director, HTC India Private Limited</li> <li>Director, HTC Communication Co., Ltd.</li> <li>Director, HTC HK, Limited</li> <li>Director, S3 Graphics Co, Ltd.</li> <li>Executive Director, HTC Corporation (Shanghai WGQ)</li> <li>Director, HTC Electronics (Shanghai) Co., Ltd.</li> </ul>	None	None	None	None

(Continued)

Title	Nationality	Name	Gender	Date of appointment to position	Shares held		Shares held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree			
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	Remarks
General Counsel and Corporate Governance Officer	Republic of China	ChiaTe Lu	Male	2020.11.09	0	0.00%	0	0.00%	0	0.00%	<ul style="list-style-type: none"> <li>Bachelor of Arts, Diplomacy, National Chengchi University</li> <li>Master of Laws (JD equivalent), National Chiao Tung University School of Law (Technology Law)</li> <li>Master of Laws, Georgetown University Law Center, with WTO Certificate (International Legal Studies)</li> <li>Master of Laws, Berkeley School of Law (Intellectual Property)</li> </ul>	<ul style="list-style-type: none"> <li>Director, HTC Communication Technology (Beijing) Co., Ltd</li> <li>Director, HTC NIPPON Corporation</li> <li>President, HTC France Corporation</li> <li>Director, HTC Germany GmbH</li> <li>Director, HTC Nordic ApS</li> <li>Director, HTC Poland sp z o.o.</li> <li>Director, HTC Communication Canada, Ltd.</li> <li>Director, HTC Middle East FZ-LLC</li> <li>Director, HTC Servicios DE Operacion Mexico, S.A DE C.V.</li> <li>Director, HTC Communication Solutions Mexico, S.A DE C.V.</li> <li>Director, HTC America Holding Inc.</li> <li>Director, DeepQ (BVI) Corp.</li> <li>Director, REIGN Technology Corporation</li> <li>Director, Viverse Limited (Ireland)</li> <li>Director, Viveport Digital Corporation</li> <li>Director, HTC America, Inc.</li> <li>Director, One &amp; Company Design, Inc.</li> <li>Director, HTC America Content Services, Inc.</li> <li>Director, Dashwire, Inc.</li> <li>Director, Inquisitive Minds, Inc.</li> <li>Director, HungXu Technology (BVI) Corp.</li> <li>Director, HTC VIVE TECH (HK) Limited</li> <li>Director and Managerial Officer, DeepQ Technology Corporation</li> <li>Director, Uomo vitruviano Corporation</li> </ul>	None	None	None	None
Chief Technology Officer	Republic of China	WH Liu	Male	2008.06.01	168,675	0.02%	0	0.00%	0	0.00%	<ul style="list-style-type: none"> <li>Master in Electronic Engineering, National Taiwan University of Science and Technology</li> <li>The Chinese University of Hong Kong EMBA</li> <li>Senior Manager, WM System Architecture Design.</li> </ul>	None	None	None	None	None
Senior VP	Republic of China	Adrian Tung	Male	2018.07.16	250	0.00%	0	0.00%	0	0.00%	<ul style="list-style-type: none"> <li>Master in Electrical and Control Engineering, National Chiao Tung University</li> </ul>	<ul style="list-style-type: none"> <li>Managerial Officer, REIGN Technology Corporation</li> <li>Director, InfoKeyVault Technology Co., Ltd.</li> </ul>	None	None	None	None
Senior VP	Republic of China	Raymond Pao	Male	2018.07.16	80,000	0.01%	0	0.00%	0	0.00%	<ul style="list-style-type: none"> <li>Master in Electrical Engineering, University of Southern California</li> <li>Master in Mechanical Engineering, National Taiwan University</li> </ul>	None	None	None	None	None
Finance Officer	Republic of China	Maggie Tseng	Female	2024.08.07	25,000	0.00%	0	0.00%	0	0.00%	<ul style="list-style-type: none"> <li>Master of Business Administration, The University of Texas at Austin, USA</li> <li>Bachelor of Agronomy, National Taiwan University</li> <li>Senior Manager, Project Finance Dept., Taiwan High Speed Rail Corporation</li> <li>Manager, Investor Relations, Hannstar Display Corporation</li> <li>Manager, Corporate Banking Group, Citibank N.A. Taipei</li> </ul>	<ul style="list-style-type: none"> <li>Supervisor, HTC Investment Corporation</li> <li>Supervisor, VIVE Arts Corporation</li> <li>Supervisor, HungYao Technology Corporation</li> <li>Chairwoman, HTC Communication Technologies (Shanghai) Limited</li> <li>Supervisor, HTC Corporation (Shanghai WGQ)</li> <li>Chairwoman, HTC Communication Technologies (Beijing) limited</li> <li>Supervisor, REIGN Technology Corporation</li> <li>Supervisor, Viveport Digital Corporation</li> <li>Director, HTC America Innovation, Inc.</li> <li>Chairwoman, HTC VIVE TECH (Beijing)</li> <li>Supervisor, DeepQ Technology Corporation</li> <li>Chairwoman, DeepQ Technology (Beijing)</li> <li>Supervisor, Uomo vitruviano Corporation</li> </ul>	None	None	None	(Note2)

(Continued)



Title	Name	Compensation paid to Directors											
		Base compensation (A)		Retirement pay and pension (B)		Director profit sharing compensation (C)		Expenses and perquisites (D)		Sum of A+B+C+D and ratio to net income			
		HTC	All Consolidated Entities	HTC	All Consolidated Entities	HTC	All Consolidated Entities	HTC	All Consolidated Entities	HTC	All Consolidated Entities		
Independent Director	Hong-Chung Hsieh	1,000	1,000	0	0	0	0	0	0	1,000	1,000	-0.03%	-0.03%

Title	Name	Compensation received by directors for concurrent service as an employee								Sum of A+B+C+D+E+F+G and ratio to net income		Compensation received from investee enterprises other than subsidiaries or from the parent company				
		Salary, rewards, and special disbursements (E)		Retirement pay and pension (F)		Employee profit-sharing compensation (G)				A+B+C+D+E+F+G and ratio to net income						
		HTC	All Consolidated Entities	HTC	All Consolidated Entities	HTC		All Consolidated Entities		HTC	All Consolidated Entities					
Independent Director	Hong-Chung Hsieh	0	0	0	0	0	0	0	0	0	0	1,000	1,000	-0.03%	-0.03%	None

1. Please describe policies, systems, standards, and structures for independent director compensation, and the connection between compensation amounts and borne duties, risks, time invested, and other factors:  
 The total Board remuneration for the 2024 fiscal year increased compared to the previous year due to the expansion of the Board from seven to eight members. Aside from the addition of one Independent Director, the remuneration for each Director remained unchanged. As a result, the average remuneration per director in 2024 decreased compared to the previous year.  
 The Company determines directors' compensation in accordance with its Articles of Incorporation, taking into account the level of participation in operations, the value of contributions, and prevailing industry standards.

2. Compensation paid to Directors by all Companies included in financial statements for services other than disclosed in the table above: None.  
 \* Compensation information disclosed in this statement differs from the concept of income under the Income Tax Act. This statement is intended to provide information disclosure and not tax-related information.

(Concluded)

### 2.2.2 Compensation paid to General Manager and Assistant General Managers

Title	Name	2024; Unit: NT\$ thousand														
		Salary (A) (Note 1)		Retirement pay and pension (B) (Note 2)		Rewards and special disbursements (C) (Note 3)		Employee profit-sharing compensation (D) (Note 4)				Sum of A+B+C+D and ratio to net income (Note 5)		Compensation received from investee enterprises other than subsidiaries or from the parent company (Note 7)		
		HTC	All Consolidated Entities (Note 6)	HTC	All Consolidated Entities (Note 6)	HTC	All Consolidated Entities (Note 6)	HTC		All Consolidated Entities (Note 6)		HTC	All Consolidated Entities (Note 6)			
Chief Financial Officer and Accounting Officer (Note a)	Peter Shen															
General Counsel and Corporate Governance Officer	ChiaTe Lu															
Chief Technology Officer	WH Liu															
Senior VP	Adrian Tung	37,908	41,214	597	730	26,802	26,802	0	0	0	0	65,307	-1.91%	68,746	-2.01%	None
Senior VP	Raymond Pao															
Finance Officer (Note b)	Maggie Tseng															
Accounting Officer (Note b)	Jane Jao															

Note 1: The most recent year's salary of the general manager and deputy general manager, salary increase, severance payment.  
 Note 2: Pensions funded according to applicable law.  
 Note 3: Various awards, bonuses, transportation allowances, special allowances, special subsidies, accommodations, and personal cars by General Manager and Assistant General Managers in the most recent fiscal year. The appropriated employee incentive and retention bonuses are estimated amount.  
 Note 4: The amount proposed to distribute to General Manager and Assistant General Managers as employee compensation (including stock and cash), as passed by the Board of Directors prior to the Shareholders' Meeting for the most recent fiscal year.  
 Note 5: The net loss after tax in 2024 was NT\$3,418,288 thousand.  
 Note 6: Total amount of all compensations paid to General Manager and Assistant General Managers by all consolidated entities (including HTC).  
 Note 7: Compensations refer to salary, compensation, employee bonuses, and allowances relating to the conduct of business received by General Manager and Assistant General Managers in their capacity as director, supervisor, or managerial officer of a non-subsidiary affiliate or from the parent.  
 Note 8: The chart above contains the personnel who have served as HTC's General Manager and Assistant General Managers on December 31, 2024.  
 Note a: Resigned on June 21, 2024; the amount shown is actual remuneration received for the year.  
 Note b: Newly appointed on June 21, 2024; the amount shown is actual remuneration received for the year.  
 \* Compensation information disclosed in this statement differs from the concept of income under the Income Tax Act. This statement is intended to provide information disclosure and not tax-related information.

## Compensation paid to General Manager and Assistant General Managers

Ranges of compensation paid to each of the Company's managers	Name	
	HTC	All Consolidated Entities
Less than NT\$1,000,000		
NT\$1,000,000 - NT\$2,000,000		
NT\$2,000,000 - NT\$3,500,000	2 (Note 1)	2 (Note 1)
NT\$3,500,000 - NT\$5,000,000		
NT\$5,000,000 - NT\$10,000,000	2 (Note 2)	2 (Note 2)
NT\$10,000,000 - NT\$15,000,000	2 (Note 3)	2 (Note 3)
NT\$15,000,000 - NT\$30,000,000	1 (Note 4)	1 (Note 4)
NT\$30,000,000 - NT\$50,000,000		
NT\$50,000,000 - NT\$100,000,000		
NT\$100,000,000 or above		
<b>Total</b>	<b>7</b>	<b>7</b>

Note 1: Maggie Tseng, Jane Jao (Newly appointed on June 21, 2024; the amount shown is actual remuneration received for the year)

Note 2: Adrian Tung, Raymond Pao

Note 3: ChiaTe Lu, WH Liu

Note 4: Peter Shen (Resigned on June 21, 2024; the amount shown is actual remuneration received for the year)

## 2.2.3 The individual compensation paid to each of its top five management

2024; Unit: NT\$ thousand															
Title	Name	Salary (A) (Note 1)		Retirement pay and pension (B) (Note 2)		Rewards and special disbursements (C) (Note 3)		Employee profit-sharing compensation (D) (Note 4)				Sum of A+B+C+D and ratio to net income (Note 5)		Compensation received from investee enterprises other than subsidiaries or from the parent company (Note 7)	
		HTC	All Consolidated Entities (Note 6)	HTC	All Consolidated Entities (Note 6)	HTC	All Consolidated Entities (Note 6)	HTC		All Consolidated Entities (Note 6)		HTC	All Consolidated Entities (Note 6)		
								Cash	Stock	Cash	Stock				
Chief Financial Officer and Accounting Officer (Note a)	Peter Shen	7,430	10,798	52	187	7,559	7,559	0	0	0	0	15,041 -0.44%	18,544 -0.54%	None	
Vice President	Daniel O'Brien	0	13,463	0	450	0	2,912	0	0	0	0	0 0%	16,825 -0.49%	None	
Vice President	Alvin Graylin	0	14,996	0	450	0	704	0	0	0	0	0 0%	16,150 -0.47%	None	
Vice President	Jeffrey Pohlman	0	12,380	0	267	0	2,542	0	0	0	0	0 0%	15,189 -0.44%	None	
Vice President	Vincent Lam	0	11,301	0	450	0	2,392	0	0	0	0	0 0%	14,143 -0.41%	None	

Note 1: Refers to the salaries, duty allowances, and severance pay paid to the managerial officers with the top five compensation amounts in the most recent year.

Note 2: Pensions funded according to applicable law to the compensation paid to the managerial officers with the top five compensation amounts.

Note 3: Refers to the compensation paid to the managerial officers with the top five compensation amounts, including various bonuses, incentives, travel expenses, special disbursements, allowances, accommodation, company car, other physical items, other compensations, etc., in the most recent year.

Note 4: Refers to the amount of employee compensation approved by the Board of Directors for managerial officers with the top five compensation amounts in the most recent year.

Note 5: The net loss after tax in 2024 was NTD\$3,418,288 thousands.

Note 6: The total compensation paid by all companies in the consolidated statements (including the Company) to the managerial officers with the top five compensation amounts in the most recent year.

Note 7: Compensations refer to salary, compensation, employee bonuses, and allowances relating to the conduct of business received by managerial officers with the top five compensation amounts in their capacity as director, supervisor, or managerial officer of a non-subsiidiary affiliate.

Note a: Resigned on June 21, 2024; the amount shown is actual remuneration received for the year.

\* Compensation information disclosed in this statement differs from the concept of income under the Income Tax Act. This statement is intended to provide information disclosure and not tax-related information.

## 2.2.4 Employee Profit Sharing Granted to Management Team

The Company had a net loss after tax for the year 2024. The Board of Directors has resolved not to distribute dividends; therefore, it is not applicable.

## 2.2.5 Total compensation as a percentage of net income as paid by the company, and by each other company included in the consolidated financial statements, during the past two fiscal years to its Directors, the General Manager, and Assistant General Managers, and description of compensation policies, standards, packages, procedures for setting compensation, and linkage to performance.

Total compensation as a percentage of net income as paid by the company, during the past two fiscal years to its Directors, Supervisors, General Manager, and Assistant General Managers.

Title	Total compensation as a percentage of net income			
	2023 (Note)		2024 (Note)	
	HTC	All Consolidated Entities	HTC	All Consolidated Entities
Directors	-0.87%	-0.87%	-0.89%	-0.89%
President and Vice Presidents	-2.25%	-2.41%	-1.91%	-2.01%

Note: FY2023 net loss was NT\$3,395,757 thousand, and FY2024 net loss was NT\$3,418,288 thousand

Compensation policies, standards, packages:

HTC's reward programs and policies are designed to support HTC's business strategy and the focus of performance differentiation.

- To motivate our insiders to contribute to business's long-term success, their packages are set based on the industry's market data and their personal performance. In addition to the country's fixed bonus (such as two-month salary in Taiwan), when the company achieves profit in the fiscal year, no-less-than 4% profit can be proposed to pay employees' extra bonus. The board of directors shall determine the payments methods by cash or by stocks.
- The compensation for our Board of Directors is a fixed amount, determined based on their level of involvement in company operations and their contribution value, with reference to high-tech industry standards. In the event of profits during the Fiscal Year, the board of directors may allocate no more than 0.25% of the profits as surplus for director. The proposal will be decided by the board of directors and reported in the shareholders' meeting.

Compensation setting:

- The insiders will be reviewed in accordance with the company's "Performance Management Policy" and used as part of compensation review. Board of Directors will be assessed by "Rules for Performance

Evaluation of the Board of Directors".

- In addition to the performance appraisal, the company also conducts the insiders' annual compensation review based on the achievements of business goals, the market surveys of high-tech industry and the long-term plan of organizational developments.
- The rationales of insiders' Compensation will be evaluated by the Compensation Committee and submit for the Board of Directors' approval.

Business performance and future risks:

The compensation of the insider is based on the operating results and individual contribution and performances of the year. Insider's compensation will be reviewed by the compensation committee before provided to the board of directors for discussion and approval of the overall compensation. The structure and system will be reviewed in a timely manner to ensure compliance with relevant regulations.

## 2.3 The State of the Company's Implementation of Corporate Governance:

### 2.3.1 The state of operations of the Board of Directors:

A total of 4 meetings of the board of directors were held in 2024. Director attendance status is shown as follows:

Title	Name	No. of meetings attended in person	No. of meetings attended by proxy	In-person attendance rate (%)	Remarks
Chairwoman	Cher Wang	4	0	100%	-
Director	HT Cho	4	0	100%	-
Director	Wen-Chi Chen	4	0	100%	-
Director	David Bruce Yoffie	4	0	100%	-
Independent Director	Chen-Kuo Lin	4	0	100%	-
Independent Director	Michael Chunchi Lu	4	0	100%	-
Independent Director	Vincent Thuan Thanh Thai	4	0	100%	-
Independent Director	Hong-Chung Hsieh	3	1	75%	-

Other matters required to be recorded:

- If any of the following circumstances occur during board meetings, the date of said meeting, session number, proposal content, all Independent Director opinions, and the Corporation's responses to said

Independent Director opinions:

(1) Items listed according to Article 14-3 of the Securities and Exchange Act:

Board of Director	Agenda Content	Independent Director Opinions	The Company's responses to Independent Director Opinions	Resolutions
2024.03.05 (10-8)	Report on Company's derivative transactions for fourth quarter 2023	Approved	Not applicable	Approved by all directors in attendance.
	Proposal for setting the record date for the increase of capital for the conversion For the fourth quarter of 2023 employee stock options to common shares	Approved	Not applicable	Approved by all directors in attendance.
2024.05.07 (10-9)	Report on Company's derivative transactions for first quarter 2024	Approved	Not applicable	Approved by all directors in attendance.
	Proposal for setting the record date for the increase of capital for the conversion for the first quarter of 2024 employee stock options to common shares	Approved	Not applicable	Approved by all directors in attendance.
2024.08.07 (10-10)	Proposal on the relief of the managerial personnel (insider) and the appointment of Company's Finance Officer and Accounting Officer is submitted for resolution.	Approved	Not applicable	Approved by all directors in attendance.
	Report on Company's derivative transactions for second quarter 2024	Approved	Not applicable	Approved by all directors in attendance.
	Proposal for setting the record date for the increase of capital for the conversion for the second quarter of 2024 employee stock options to common shares	Approved	Not applicable	Approved by all directors in attendance.
2024.10.28 (10-11)	Report on Company's derivative transactions for third quarter 2024	Approved	Not applicable	Approved by all directors in attendance.
	Proposal on the Company's 2025 Deloitte & Touche CPA service fee and evaluation of the independence and eligibility of the CPA	Approved	Not applicable	Approved by all directors in attendance.
	Proposal of Company's 2025 annual audit plan and amendment of the Company's "Internal Control System" and "Internal Audit Implementation Rules"	Approved	Not applicable	Approved by all directors in attendance.
	Proposal for setting the record date for the increase of capital for the conversion for the third quarter of 2024 employee stock options to common shares	Approved	Not applicable	Approved by all directors in attendance.

(2) Other instances where an independent director expressed objections or reservations on record or through written opinions regarding board meeting proposals, apart from the aforementioned matters: None.

2. There was no Directors' abstention from discussion due to conflicts of interests in 2024.

3. The Company's Board of Directors self- (or peer) evaluation cycle and period, scope of evaluation, evaluation method, and evaluation content are as follows:

According to Article 3 of the Company's " Rules for Performance Evaluation of the Board of Directors," the 2024 Board performance evaluation has been conducted. The internal evaluation covered the Board of Directors as a whole, individual Board members, and functional committees. The evaluation results were reported to the Board of Directors on March 7, 2025. Please refer to Section 2.3.3 "Corporate Governance – Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons" for detailed internal and external Board performance evaluation results.

The Implementation of the Board of Directors' Evaluation

Evaluation Cycle	Evaluation period	Scope of Evaluation	Method of Evaluation	Evaluation content
Internal Board Performance Evaluation: Implemented every year.	January 1, 2024 to December 31, 2024	Included performance evaluations of the Board, individual directors	Internal self-evaluations by Board of directors, self-evaluations by Board members and members of functional committees	<p>The performance evaluation of the board of directors includes five aspects: participation in the company's operations, improvement of the quality of board decision-making, composition and structure of the board of directors, selection and continuous training of directors, and internal control;</p> <p>The performance evaluation of board members includes six aspects: mastery of the company's goals and tasks, awareness of directors' responsibilities, participation in the company's operations, internal relationship management and communication, directors' professional and continuing training and internal control;</p> <p>The self-evaluation of the members of each functional committee includes five aspects: the degree of participation in the company's operation, the awareness of the responsibilities of the functional committee, the improvement of the decision-making quality of the functional committee, the composition and selection of members of the functional committee, and internal control.</p>

4. Measures taken to strengthen the functionality of the Board of Directors and the status of implementation during current and preceding fiscal years:

- (1) The Company has elected Independent Directors. In order to establish a well-board governance system, sound supervision function and strengthen management functions, the Company has established the regulations governing procedure for Board of Directors' Meetings according to the provisions of the securities authority. The main matters for discussion, operating procedures, matters to be recorded in the proceedings, the announcements and other matters to be followed shall be handled in accordance with the provisions of this code.
- (2) In accordance with the provisions of the securities regulatory authority, the Company passed the resolution of the Board of Directors on Jun. 21, 2019, and set up the Audit Committee to replace

Supervisors and has held 4 meetings in 2024 to submit the resolutions of the Board of Directors to the implementation of corporate governance.

- (3) To improve the function of Board of Directors, HTC’s Board of Directors approved the “Rules for Performance Evaluation of the Board of Directors” in November 2019 and conduct internal performance assessment once a year and submitted to the Board of Directors for report by the end of the first quarter of following year.
- (4) Board of Directors should attend 32 meetings in 2024 and attended 31 meetings in actual, with an actual attendance rate is 96.88%.

### 2.3.2 The operational Information of the Audit Committee

A total of 4 meetings of the board of directors were held in 2024 as follows:

Title	Name	No. of meetings attended in person	No. of meetings attended by proxy	In-person attendance rate (%)	Remarks
Independent Director (Convener)	Chen-Kuo Lin	4	0	100%	-
Independent Director	Michael Chunchi Lu	4	0	100%	-
Independent Director	Vincent Thuan Thanh Thai	4	0	100%	-
Independent Director	Hong-Chung Hsieh	4	0	100%	-

Other matters required to be recorded:

1. If any of the following circumstances occur during Audit Committee meetings, the date of Audit Committee meeting, session number, proposal content, Independent Directors’ objections, reservations or major recommendations, and the Corporation’s responses to Audit Committee opinions:
  - (1) Items listed according to Article 14-5 of the Securities and Exchange Act:

Audit Committee meeting’s Date Session (Term-Sitting)	Agenda Content	Any Independent Director Had a Dissenting Opinion or Qualified Opinion
2024.03.01 (2-7)	Report on Company’s derivative transactions for fourth quarter 2023 Submission of the Company’s consolidated financial reports for 2023 Proposal for setting the record date for the increase of capital for the conversion of fourth quarter 2023 employee stock options to common shares	The members of the Audit Committee approved all the proposals, and the Board of Directors approved all proposals in accordance with the recommendations of the Audit Committee.
2024.05.03 (2-8)	Report on Company’s derivative transactions for first quarter 2024 Submission of the Company’s consolidated financial reports for first quarter 2024 Proposal for setting the record date for the increase of capital for the conversion of first quarter 2024 employee stock options to common shares	

(Continued)

Audit Committee meeting’s Date Session (Term-Sitting)	Agenda Content	Any Independent Director Had a Dissenting Opinion or Qualified Opinion
2024.08.06 (2-9)	Proposal on the relief of the managerial personnel (insider) and the appointment of Company’s Finance Officer and Accounting Officer is submitted for resolution. Report on Company’s derivative transactions for the second quarter 2024 Adoption of the Company’s consolidated financial reports for the second quarter 2024 Proposal for setting the record date for the increase of capital for the conversion of second quarter 2024 employee stock options to common shares	
2024.10.25 (2-10)	Report on Company’s derivative transactions for third quarter 2024 Report on Company’s derivative transactions for the third quarter 2024 Proposal of Company’s 2025 annual audit plan and amendment of the Company’s “Internal Control System” and “Internal Audit Implementation Rules” Proposal for setting the record date for the increase of capital for the conversion of third quarter 2024 employee stock options to common shares	

(Concluded)

- (2) There were no other resolutions, which were not approved by the Audit Committee but were approved by two thirds or more of all directors in 2024.
2. There were no recusals of independent directors due to conflicts of interest in 2024.
3. Annual work focus of the Audit Committee: Review the Company’s financial reports; evaluate the effectiveness of the internal control system; transactions of major assets or derivatives; offering and issuance of securities; appointment, dismissal, or compensation of Certified Public Accountants (CPAs); matters involving director conflicts of interest; and appointment, dismissal and performance of financial, accounting, or internal audit directors.
4. Descriptions of the communications between the independent directors, the internal auditors, and the independent auditors in 2024 (which should include the material items, channels, and results of the audits on the corporate finance and/or operations, etc.):
  - (1) The Company’s internal audit managers periodically present internal audit reports to the Audit Committee and fully communicate status and results of audit implementation follow-up of improvements to defects. Internal audit managers not only periodically provide independent directors with written audit reports, but also present business reports based on suggestions from independent directors.
  - (2) CPAs periodically present annual and quarterly audits of financial reports and audit reports to the Audit Committee and communicate other matters according to relevant laws.

(3) The aforementioned internal audit managers and CPAs also communicate with independent directors via email, phone, or face-to-face meetings as necessary.

The communications between the independent directors, the internal auditors, and the independent auditors are listed in the table below.

Meeting Dates	Communications between the Independent Directors and the Internal Auditors	Communications between the Independent Directors and the Independent Auditors
2024.03.01 (2-7)	The 2023 Q4 Internal Auditor's report The Company's 2023 Internal Control Self-Assessment	The 2023 financial reports Matters of communication with governance
2024.05.03 (2-8)	The 2024 Q1 Internal Auditor's report	The 2024 Q1 consolidated financial reports Matters of communication with governance
2024.08.06 (2-9)	The 2024 Q2 Internal Auditor's report	The 2024 Q2 consolidated financial reports Matters of communication with governance
2024.10.25 (2-10)	The 2024 Q3 Internal Auditor's report Proposal of Company's 2025 annual audit plan and amendment of the Company's "Internal Control System" and "Internal Audit Implementation Rules"	The 2024 Q3 consolidated financial reports 2025 Deloitte & Touche CPA service fee for auditing and signing off Company's financial statements Matters of communication with governance

Result: All the above matters were reviewed and/or approved by the Audit Committee whereupon Independent Directors no objection.

### 2.3.3 Corporate Governance – Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Evaluation item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	YES	NO	Summary description	
1. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	v		HTC adopted the "HTC Corporate Governance Principles". The Corporate Governance Best-Practice Principles are formulated based on the company's actual operational condition. All the information is legally disclosed on HTC website and the information transparency is advanced to maintain the legal rights of shareholders and stakeholders.	None
2. Shareholding Structure & Shareholders' Rights				
(1) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	v		To protect shareholders' interests, HTC has appointed a spokesperson and have dedicated staff to properly handle any questions or suggestions involving shareholders.	None

(Continued)

Evaluation item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	YES	NO	Summary description	
(2) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	v		The Company has a good understanding of its major shareholders through shareholder registers provided by stock agents at book closures. This information is disclosed / registered in according with the "TWSE Listed Companies Information Reporting Rule".	None
(3) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	v		The division of responsibilities between HTC and its affiliates with respect to management of personnel, resources, and finances is clear. Risk assessments are rigorously performed, and appropriate firewalls have been established. HTC conducts business with affiliates based on the principles of fairness and reasonableness and fully observes the operating Procedures for transactions with Specific Companies, Enterprise Groups and Related Parties and other related regulations. Terms and conditions, pricing, and payment methods are clearly prescribed in contracts to avoid non-arms-length transactions and financial tunneling.	None
(4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	v		The Company has adopted the "Operational Procedures for Handling Material Inside Information and Preventing Insider Trading" which stipulate that all employees, managers and directors of the Company must abide by the provisions of the Securities and Exchange Act, and any trade of securities conducted using undisclosed information is prohibited. Article 15 of "Procedures for Ethical Management and Guidelines for Conduct" prohibited the insider trading.	None

#### 3. Composition and Responsibilities of the Board of Directors

(1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?			The Company has stipulated the board diversity policy in the "Corporate Governance Practice Principles"; the directors of the Company have diverse professional backgrounds and rich experience in business management, leadership decision-making, industry knowledge, international outlook, and financial and accounting analysis. The Directors' educational background, gender, professional qualifications and working experience, please refer to the corporate governance report 2.1.1 the Information on the Company's Directors.	None
There are 8 Directors in the tenth Board of Directors; 4 of them are Independent Directors. Our current directors are all industrial or academic experts with management experience in listed and global companies or in government institutes. Apart from possessing leadership and decision-making capabilities, an international outlook, and crisis management capabilities, our 4 independent directors also have expertise in finance and accounting, industrial knowledge, and operational insights: Independent Director Chen-Kuo Lin served as the Minister of Ministry of Finance, Executive Yuan, Independent Director Michael Chunchi Lu is the Dean of the School of Public Health at the University of California, Berkeley, Independent Director Vincent Thuan Thanh Thai has experience in leading companies, and Independent Director Hong-Chung Hsieh, is the Dean of Ling Leung Pastor and Missionary Theological Seminary and Bread of Life Pastoral and Missionary Theological Seminary.				

(Continued)

Evaluation item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	YES	NO	Summary description	
	v		Additionally, among the other 4 Directors, Chairwoman Cher Wang and Directors HT Cho, and Wenchi Chen all have significant management experience as a chairperson or president of listed companies; David Yoffie is a Max and Doris Starr Professor at Harvard Business School; they therefore possess capabilities relating to marketing, technology, management, industrial knowledge, and operational insight. The Company also emphasizes gender equality among its Board members. There is one female Director, accounting for 12.5% of the total board seats. While this meets legal requirements, it falls short of one-third target. The primary challenge is the industry's characteristics, which make it difficult to find suitable candidates in the short term. The Company will continue to actively seek talent through diverse channels to increase the proportion of female Directors to over one-third, thereby enhancing corporate governance and implementing the Board diversity policy. Regarding Directors who also serve as employees, the company aims to keep this ratio below 30%. Currently, one director also holds an employee position, representing 12.5% of the board. One of the Company's Independent Director has served more than three consecutive terms, constituting no more than one-third of the Independent Director seats. Considering his expertise in finance and accounting, as well as experience in corporate operations and management, which significantly contribute to the Company's strategic planning and decision-making, they will continue to be appointed as an Independent Director.	
(2) Has the Company voluntarily established other functional committees in addition to the Compensation committee and the audit committee?	v		The Company resolved to establish a Compensation committee on December 22, 2011, and subsequently set up an Audit Committee on June 21, 2019, in accordance with Article 14-4 of the Securities and Exchange Act. HTC established an ESG committee, with the chairwoman serving as the chairman of the committee and appointing first Chief Sustainability Officer, SVP Madeline Chen. Also, set up the ESG Office as a full-time operation unit. Chief Sustainability Officer will report sustainable development (ESG) operations, including executive performance, to the Board at least once a year.	None
(3) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms?	v		<p>The Board of Directors approved the "Rules for Performance Evaluation of the Board of Directors" in November 2019. Through self-assessment surveys via questionnaire, performance evaluation will be annually completed by the Board as a whole, by individual Directors, by the Audit Committee and by compensation Committee. An external independent professional institution or a panel of external experts and scholars at least once every three years.</p> <p>The Board of Directors assesses the following five aspects: 1. Involvement in the Company's operation 2. Enhancement of the quality of the Board's decision-making 3. Makeup and structure of the board 4. Election of Board members and continuing knowledge development 5. Internal controls</p> <p>The individual Directors are assessed in the following six aspects:</p>	None

(Continued)

Evaluation item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	YES	NO	Summary description	
			<p>1. Understanding of the Company's goals and mission 2. Awareness of director's duties 3. Involvement in the Company's operations 4. Internal relationship and communication 5. Director's professionalism and continuing knowledge development 6. Internal controls</p> <p>The Audit Committee assesses the following five aspects: 1. Involvement in the Company's operation 2. Awareness of the Audit Committee's duties 3. Enhancement of the quality of the Audit Committee's decision-making 4. Makeup of the Audit Committee and election of its members 5. Internal controls</p> <p>The Compensation Committee assesses the following four aspects: 1. Involvement in the Company's operation 2. Awareness of the Compensation Committee's duties 3. Enhancement of the quality of the Compensation Committee's decision-making 4. Makeup of the Compensation Committee and election of its members</p> <p>The Company completed the 2024 internal performance self-evaluation of the Board of Directors, Directors and members of each functional committee in January 2025. The full score of each assessment is 5 points. The internal performance self-evaluation scores of the Board of Directors and Directors were 4.74 and 4.81 respectively, and the self-evaluation scores of the members of the functional committees were 4.74 for the audit committee and 4.66 for the salary and compensation committee. In Summary, the board of directors and functional committees' operating well, with active participation, high decision-making efficiency, and excellent collaboration, and will continue to strengthen based on the evaluation results to enhance the effectiveness of corporate governance.</p> <p>In accordance with the provisions of the "Board of Directors Performance Evaluation Measures" of the Company, the performance evaluation of the Board of Directors is conducted by an external entity at least once every three years, and the last external evaluation of the performance of the Board of Directors of the Company was conducted in February 2023. The Company commissioned the "Taiwan Corporate Governance Association" to conduct an evaluation of the performance of the Company's Board of Directors. The association and executive experts have no business dealings with the Company and are independent. The effectiveness of the Board of Directors had been issued on March 1, 2023, and the evaluation report been published. The results of the external assessment have been submitted to the Board of Directors of the Company on March 7, 2023, and the detailed implementation is as follows:</p> <p>1. Assessment period: January 1, 2022, to December 31, 2022. 2. Evaluation method: The association reviewed the relevant documents required for evaluation provided by the Company and appoint 2 evaluation experts to conduct video interviews and evaluations with the Chairwoman and President of the Company, Independent Director (convener of the Audit/ Compensation Committee), Corporate governance Officer and Internal Auditor.</p>	

(Continued)

Evaluation item	Implementation Status		Summary description	Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	YES	NO		
			<p>3. Evaluation criteria: including the composition of the Board of Directors, the guidance of the Board of Directors, the authorization of the Board of Directors, the supervision of the Board of Directors, the communication of the Board of Directors, the internal control and risk management, the self-discipline of the Board of Directors and others (Board meetings, support systems, etc.) The implementation experts refer to the materials and public information provided by the Company on the implementation of each indicator, conduct on-site interviews, and issue an evaluation report.</p> <p>4. Evaluation results:</p> <p>(1) Among the 7 Directors of the Company's Board of Directors during the evaluation period, including the chairwoman, 2 internal Directors, 1 external Director and 3 Independent Directors, 3 of them are foreign Directors. They not only possess professional practical experience but also exhibit the characteristics of national diversity. The overall composition of the Board aligns with the Company's operational development and the achievement of strategic objectives.</p> <p>(2) The Chairwoman of the Company has a clear understanding of the future development needs of the Company, the challenges of the industrial environment, and the importance of independent directors to the company's strategic decision-making and operation oversight. They proactively seek advice from Board members and actively solicit suggestions, allowing all Board members to fully express their opinions and effectively fulfill their guiding and supervisory roles;</p> <p>(3) The Company is committed to the sustainable operation and development of the enterprise, and actively implements corporate social responsibilities. In early 2022, the CSR committee was promoted to the ESG committee with the chairwoman as the convener, and a sustainable office was established to be responsible for planning and guiding the Company's sustainable development. The implementation and operation related to the continuous development, and regularly report the implementation performance of the year and the implementation target of the next year to the Board of Directors every year, so that the Directors can fully understand the implementation results;</p> <p>(4) The Company conducts self-evaluation of the performance of the Board of Directors and each functional committee every year. During the self-evaluation process, the Directors are cautious and respond positively to the self-evaluation indicators. The evaluation results are discussed in the Board of Directors, which shows that the Company's Board of Directors is committed to the implementation of corporate governance. As well as the topic of improving the effectiveness of the Board of Directors, it attaches great importance to it;</p>	

(Continued)

Evaluation item	Implementation Status		Summary description	Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	YES	NO		
			<p>(5) The Company sets up a Corporate Governance Officer and a corporate governance office, assigns dedicated personnel to handle relevant affairs, effectively arranges the timetable and agenda of Board meetings, actively provides Directors' training plans, information on Board issues, and notifies Directors of important information, etc., to fully assist members of the Board of Directors in performing their duties.</p> <p>HTC has disclosed the "Board Performance Evaluation Measures" on HTC's website, and the relevant Board performance evaluation results have also been disclosed on the "Corporate Governance" page of HTC's website.</p>	
(4) Does the Company regularly evaluate its external auditors' independence?	v		<p>In accordance with Article 29 of the Company's Code of Corporate Governance Practices, the Company shall regularly (at least once a year) assess the independence and competency of certified accountants, and the Audit Committee shall regularly assess the independence and competency of certified accountants every year and submit them to the Board of Directors for a resolution. It shall be assessed in accordance with the independence and competency assessment standards (with reference to Article 47 of the Accountants Law and No. 10 of the Code of Professional Ethics for Accountants) and audit quality indicators (AQIs include professionalism, quality control, independence, supervision, innovation ability and other 5 aspects and 13 indicators). The results of the 2024 Certified Public Accountant Service Assessment were reviewed by the Audit Committee on October 25, 2024 and submitted to the Board of Directors for approval on October 28, 2024. The results were confirmed that the CPAs Pan-Fa Wang and Kuo-Tyan Hong of Deloitte &amp; Touche both fulfilled the assessment standards for independence and competency. Refer to Note 1 for the independence assessment indicators of CPA, and a letter of declaration was provided by Deloitte and Touche (Note 2).</p>	None
4. Does the Company appoint competent and appropriate corporate governance personnel and corporate governance officer to be in charge of corporate governance affairs including but not limited to furnishing information required for business execution by directors, assisting directors' compliance of law, handling matters related to board meetings and shareholders' meetings according to law, and recording minutes of board meetings and shareholders' meetings)?	v		<p>The Company deployed a suitable number of corporate governance personnel. The Board of Directors appointed ChiaTe Lu, the General Counsel, as the Corporate Governance Officer. The Corporate Governance Officer oversees assisting in related affairs, including handling of matters relating to Board, Audit Committee, Compensation Committee and Shareholders' meetings in compliance with law, assistance in on boarding and continuing education of directors, provision of information required for performance of duties by directors, and assistance in directors' compliance of law, etc. Training undertaken by the Corporate Governance Officer, please refer to Note 3.</p>	None
5. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	v		<p>HTC provides detailed contact information, including telephone numbers and email addresses, in the "contact us" section of its corporate website. We also have personnel in place to exclusively deal with messages to the spokesperson and investor mailboxes so that various interested parties will have channels to communicate with HTC.</p> <p>Please refer to 2.10 Sustainable Development (ESG)-Diversified Channels for Transparent Information Disclosure of the annual report.</p>	None

(Continued)

Evaluation item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	YES	NO	Summary description	
6. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	v		The Company has delegated CTBC Bank Co., Ltd. to be the shareholder service agency for handling AGM affairs.	None
7. Information Disclosure				
(1) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status?	v		The Company's website has an "Investor Relations" section which disclose information regarding the Company's finances, business matters, and corporate governance. This information is updated periodically and in a timely manner.	None
(2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	v		HTC has English and Chinese investor relations websites. Dedicated personnel have been assigned to collect and update information to websites. The General Counsel and Corporate Governance Officer has been appointed spokesperson and a spokesperson email address has been established.	None
(3) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?		v	The Company follows relevant laws and regulations to announce and report the annual financial statements, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline. Please refer to the Market Observation Post System for the aforementioned disclosure.	The Company announced and reported within the specified deadlines.
8. Other important information helpful to understanding HTC's corporate governance practices (including but not limited in employee rights and interests, employee care, investor relations, supplier relations and rights of Stakeholders, professional development of the Board of Directors, Supervisors, and managerial officers, status of implementation of risk management policies and standards for measurement of risk, status of customer-protection policy implementation, and liability insurance provided by HTC to the Board of Directors and Supervisors) :	v		<p>(1) Employee rights and interests and employee care Please refer to "4.9 Labor Relations Management" of this Annual Report.</p> <p>(2) Investor relations HTC carries out its responsibility in the area of investor relations by endeavoring to enhance the transparency and timeliness of information disclosure in addition to immediate announcement of material information and information disclosure. In addition to the regularly scheduled information disclosures above, HTC also participates in investment seminars held by local and overseas securities firms and investor/press conferences; and arranges meetings with domestic and foreign investors in order to further explain financial figures and operational results that have already been publicly released.</p> <p>(3) Supplier relations and rights of interested parties HTC has adopted "Procedures for Transactions with Specific Companies, Group Enterprises, and Related Parties and Supplier Integrity Commitment Letter" to guarantee the rights and interests of HTC and interested parties. Purchasing contracts are also signed with suppliers to govern transactions and cooperative efforts to protect the lawful rights and interests of all parties.</p> <p>(4) Director training programs in 2024 please refer to Note 3 for details.</p>	None

(Continued)

Evaluation item	Implementation Status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	YES	NO	Summary description	
(5) Status of implementation of risk management policies and standards for measurement of risk:			<p>HTC has adopted relevant risk management policies and standards for the measurement of risk, and has established a dedicated unit to carry out risk management and risk measurement. With respect to implementation, HTC has reassessed its business risks after transitioning into a brand company. Risk factors are also reflected in financial statement items such as bad debts and warranty reserves which are reviewed by Audit Committee and CPAs to ensure they are reasonable and appropriate.</p> <p>HTC's management of potential risk associated with promotion of its global brand is explained below:</p> <ol style="list-style-type: none"> <li>Exchange rate risk: Foreign exchange movements are monitored and managed / hedged by dedicated personnel. Reserves for on-book liabilities are valued at the exchange rate on the balance sheet date, reducing as much as possible the effects of currency fluctuations on HTC's business and finances.</li> <li>Receivables risk: Receivables risk is managed effectively by the finance department to ensure receivables quality and lower the risk of bad debt.</li> <li>Management of idle inventory: In addition to enhancing supplier management and demand forecast, idle inventory is attended to early and reserves for loss taken in an appropriate manner.</li> <li>Global tax risk: To comply with global tax compliance, our company engaged with international tax advisory for periodical review.</li> <li>Product design quality: To ensure quality of design, HTC has established a department for design quality, which is exclusively responsible for control and management of quality in hardware and software, product safety, and conformance with environmental regulations around the world. The department provides a complete range of product testing and certification.</li> </ol> <p>(6) Status of customer-protection policy implementation: HTC strictly abides by the contracts it signs with customers to protect consumer rights and interests. Regular deliberation on and assessment of the Product Warranty Reserve for after-sales services ensures that allocations made to such reserves are reasonably sufficient and warranty responsibilities of the Company are adequately expressed.</p> <p>(7) Liability insurance provided by HTC to the Board of Directors: Currently, HTC has purchased Liability Insurance for the Directors' and Officers' (please refer to Note 4 for details), thereby transferring the risk arising from erroneous or improper conduct by Directors, or Officers.</p>	

(Continued)

Evaluation item	Implementation Status		Summary description	Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	YES	NO		
9. Please indicate the improvement of the results of the Corporate Governance Evaluation System issued by the Company's Corporate Governance Center of the Taiwan Stock Exchange Co., Ltd. in the last year and provide priority measures and measures for those who have not yet improved. In 2023 (tenth session) "Corporate Governance Evaluation", the company was ranked 21% to 35% of listed company. Priority enhancement matters and measures: Disclose the specific management goals and implementation status of the board member diversity policy on the company's website and annual report.				

(Concluded)

**Note 1: Independence assessment indicators of CPA**

Item	Evaluation Items	Yes	No
1.	Up to the latest certification practice, there's no such circumstance with working for the company for seven years in a row.	v	
2.	No major financial interested relationship with the client.	v	
3.	Avoiding any improper relationship with the client.131	v	
4.	The accountant should supervise their assistants to strictly comply with honesty, justice and independence.	v	
5.	The accountant is prohibited from auditing certification for the company's financial report where he/she has served in within the previous two years.	v	
6.	The accountant's identification is forbidden to be infringed by another individual.	v	
7.	The accountant does not hold any shares in the company or in its subsidiaries.	v	
8.	The accountant does not owe any debt to the company or its subsidiaries.	v	
9.	The accountant is not in any joint investment or benefit-sharing relationship with the company or its subsidiaries.	v	
10.	The accountant is not employed and paid regularly by the company or its subsidiaries.	v	
11.	The accountant does not interfere with any management function towards decision-making in the company or its subsidiaries.	v	
12.	The accountant does not run any business which will probably deprive him/her of audit independence.	v	
13.	The accountant is not related to any of the company's management personnel in the following relations: Spouse, blood-related relatives, direct relatives by affinity, second-degree of blood-related relation.	v	
14.	The accountant does not receive any commission which is occupational-related.	v	
15.	Up to now, the accountant hasn't been punished for violating any audit independence principle.	v	
16.	Obtain a "declaration of independence letter" issued by the certified public accountant.	v	
17.	Obtain a "audit quality indicators" issued by the certified public accountant.	v	

**Note 2: Letter of declaration from Deloitte & Touche**

September 25, 2024

HTC Corporation

Gentlemen:

WE HAVE BEEN ENGAGED TO AUDIT THE FINANCIAL STATEMENTS OF HTC CORPORATION AS OF DECEMBER 31, 2024, AND FOR THE YEAR ENDED. THE AUDIT ENGAGEMENT TEAM MEMBERS MAKE THE DECLARATION OF COMPLYING WITH THE INDEPENDENCE REQUIREMENTS GOVERNED BY THE CODE OF ETHICS FOR PROFESSIONAL ACCOUNTANTS OF THE REPUBLIC OF CHINA.

- A. The audit engagement team members, their spouses and dependents do not participate in the following conditions:
  - 1. Holding a direct or material indirect financial interest with HTC Corporation.
  - 2. Having a close business relationship which may impair independence with HTC Corporation and its director, independent director or officer.
- B. During the period of the audit engagement, the audit engagement team members, their spouses and dependents are not appointed as HTC Corporation director, independent director, officer or in any key position having a direct and significant influence over the audit work.
- C. The audit engagement team members do not have a relationship with HTC Corporation director, independent director, officer or their immediate family or second degree relatives.
- D. The audit engagement team members do not accept gifts or hospitality from HTC Corporation or its director, independent director, officer or major stockholder where the value is clearly significant.
- E. The audit engagement team members execute necessary procedures and are not aware of any violation of independence or conflicts of interest.

Very truly yours,  
DELOITTE & TOUCHE

Pan-Fa Wang  
Partner



Kuo-Tyan Hong  
Partner



**Note 3: Continuous Education/Training of the Board of Directors and Corporate Governance Officer**

Title	Name	Date of Training		Organization	Training	Hours	Notes
		From	To				
Chairwoman	Cher Wang	2024.11.14	2024.11.14	Securities and Futures Institute	In the AI Era, Enterprise Growth and Innovation Thinking	3	-
		2024.11.14	2024.11.14	Securities and Futures Institute	Corporate ESG and Sustainable Governance: Understanding and Practices – Global Net-Zero Carbon Emission Trends and Corporate Strategies in Response	3	-
		2024.12.10	2024.12.10	Securities and Futures Institute	AI Development and Cybersecurity Risks	3	-
Director	HT Cho	2024.12.10	2024.12.10	Securities and Futures Institute	AI Development and Cybersecurity Risks	3	-
Director	Wen-Chi Chen	2024.07.03	2024.07.03	Taiwan Stock Exchange	2024 Cathy Sustainable Finance and Climate Change Summit	6	-
		2024.12.10	2024.12.10	Securities and Futures Institute	AI Development and Cybersecurity Risks	3	-
Independent Director	Chen-Kuo Lin	2024.11.21	2024.11.21	Securities and Futures Institute	Key Regulations Boards of Directors Should Consider in the Era of ESG	3	-
		2024.12.10	2024.12.10	Securities and Futures Institute	AI Development and Cybersecurity Risks	3	-
Independent Director	Michael Chunchi Lu	2024.11.29	2024.11.29	Securities and Futures Institute	2024 Insider Equity Trading Legal Compliance Awareness and Information Session	3	-
		2024.12.10	2024.12.10	Securities and Futures Institute	AI Development and Cybersecurity Risks	3	-
Independent Director	Vincent Thuan Thanh Thai	2024.11.29	2024.11.29	Securities and Futures Institute	2024 Insider Equity Trading Legal Compliance Awareness and Information Session	3	-
		2024.12.10	2024.12.10	Securities and Futures Institute	AI Development and Cybersecurity Risks	3	-
Independent Director	Hong-Chung Hsieh	2024.12.05	2024.12.05	Taiwan Corporate Governance Association	The Impact of Climate Change on Financial Statements	3	-
		2024.12.10	2024.12.10	Taiwan Corporate Governance Association	AI Development and Cybersecurity Risks	3	-
General Counsel and Corporate Governance Officer	ChiaTe Lu	2024.03.12	2024.03.12	Taiwan Stock Exchange and Taipei Exchange	Corporate Integrity and Executive Accountability: Global Trends and Shared Experiences	3	-
		2024.09.05	2024.09.05	Securities and Futures Institute	2024 H2 Business Outlook: Current Status, Strategies, and Challenges of Taiwan's Industry Managers (PMI/NMI)	3	-
		2024.12.10	2024.12.10	Securities and Futures Institute	AI Development and Cybersecurity Risks	3	-
		2024.12.17	2024.12.17	Taiwan Corporate Governance Association	Trump 2.0: Challenges for the Global Community	3	-

**Note 4: Directors' and Officers' Liability Insurance**

No	Insured Object	Insurance Company	Insured Amount	Insurance Period	Notes
1	All Directors, Supervisors and juristic person directors' representatives at investee companies and key personnel appointed by HTC	Fubon Insurance Co., Ltd.	US\$: 35,000,000	From: 2023.03.15 To: 2024.03.15	Renewal
2	All Directors, Supervisors and juristic person directors' representatives at investee companies and key personnel appointed by HTC	Fubon Insurance Co., Ltd.	US\$: 35,000,000	From: 2024.03.15 To: 2025.03.15	Renewal

**2.3.4 Formation, scope of duties and operation of the Compensation Committee**

**Compensation Committee Members' Information**

Title	Name	Professional Qualifications and Experiences	Independence Situation	Number of Independent Directors serve as Compensation Committee of other public corporations
Independent Director (Convener)	Chen-Kuo Lin	Current: Chairman, Angel Hearts Family Social Welfare Foundation Chairman, New Mainstream Cultural Foundation Experiences: Chairman, Board of Tunghai University Minister, Ministry of Finance, Executive Yuan Chairman, Taiwan External Trade Development Council (TAITRA) Chairman, Taiwan Asset Management Corporation Professor, Department of Economics in National Taiwan University Chairman, Taiwan-Hong Kong Economic and Cultural Cooperation Council Independent director and Compensation Committee member, Taiwan High Speed Rail Corporation Education: Bachelor in Economics, National Taiwan University Advanced study at the Department of Economics, Oklahoma State University Advanced study at the Department of Economics, Harvard University	All the Compensation Committee members meet the following situations: 1. Satisfy the requirements of Article 14-6 of "Securities and Exchange Act" and the requirements of "Regulations Governing the Appointment and Exercise of Powers by the Compensation Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange" (Note) issued by Taiwan's Securities and Futures Bureau	None
Independent Director	Vincent Thuan Thanh Thai	Current: Founder & Chairman, Playmind Ltd Founder & Chairman, National Products Ltd Founder & Chairman, Sweet N Fun Ltd Experience: Founder, Fun Creation, Inc President, Placo Toys, Inc General Manager, Best Consumer Products, Inc Manager, M & D Toys, Inc Chairman, Toy Plus Far East Ltd Education: UC Berkeley CA. USA USC Undergrad Marketing CA. USA	2. Independent Director (or nominee arrangement) as well as his/her spouse and minor children do not hold any HTC shares 3. Received no compensation or benefits for providing commercial, legal, financial, accounting services or consultation to the Company or to any its affiliates within the preceding two years, and the service provided is either an "audit service" or a "non-audit service"	None
Member	Yeong-Cheng Wu	Experiences: Vice President, VIA Technologies Senior Director, Advantech Technologies Sales Manager, Cisco Taiwan Education: NTU, Master of MS NTU, Department of Electrical Engineering		None

Note: During the 2 years before being appointed or during the term of office, the committee member meets the below situations:

1. not an employee of the company or any of its affiliates.
2. not a director or supervisor of the company or any of its affiliates.
3. not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under any other's name, in an aggregate amount of 1 percent or more of the total number of issued shares of the company or ranking in the top 10 in shareholding.
4. not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two sub paragraphs.
5. not a director, supervisor, or employee of a corporate shareholder that directly holds 5 percent or more of the total number of issued shares of the company, or that ranks in the top 5 in shareholding, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.
6. not a director, supervisor, or employee of a corporate which a majority of the company's director seats or voting shares are controlled by the same company.
7. not a director, supervisor, or employee of a corporate of which the chairman or general manager (or equivalent) themselves or their spouse also serve as the company's chairman or CEO (or equivalent).
8. not a director, supervisor, managerial officer, or shareholder holding 5 percent or more of the shares of a specified company or institution that has a financial or business relationship with the company.
9. Other than serving as a compensation committee member of the company, not a professional individual or spouses who, or an owner, partner, director, supervisor of a sole proprietorship, partnership, company, or institution that provides audit, commercial, legal, financial, accounting or related services to the company or any affiliate of the company, or the spouse thereof, or the services that provides to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000.

### The Operations of the Compensation Committee

(1) The Corporation's Compensation Committee has three people members; the committee members are appointed in accordance with the "Regulations Governing the Appointment and Exercise of Powers by the Compensation Committee of a Company whose Stock is Listed on the Stock Exchange or Traded Over the Counter." The term of the current committee members is from June 17, 2022 to June 16, 2025. The Independent Director Chen-Kuo Lin was elected as convener by all committee members. The committee operates according to the "Charter of the Compensation Committee" and convenes at least twice every year.

(2) The main duties and annual tasks of the committee include formulating and regularly reviewing policies, systems, standards, and structure of evaluations on director and manager performance, salaries, and compensation, as well as regular assessment and formulation of director and manager salaries and compensation.

The Compensation Committee convened 2 times in 2024, and the operational status of the committee is as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate in Person (%) (Note)	Notes
Independent Director (Convener)	Chen-Kuo Lin	2	0	100%	-
Independent Director	Vincent Thuan Thanh Thai	2	0	100%	-
Member	Yeong-Cheng Wu	2	0	100%	-

Other matters to be included:

1. There was no suggestion recommended by the Compensation Committee for not being accepted or being amended by the Board of Directors during the preceding fiscal year.
2. There was no Compensation Committee member expressing opposition or reservation with respect to any Compensation Committee meeting during the preceding fiscal year, and no written record or written statement of related resolutions.

Compensation Committee meeting's Date Session (Term-Sitting)	Agenda Content	Resolutions	The Company's responses to Compensation Committee Opinions
2024.03.01 (5-4)	Proposal for adjustment of 2024 internal managers' compensation	All attended members approved	Approved
2024.10.25 (5-5)	Proposal on the compensation for the newly appointed managers in 2024	All attended members approved	Approved

### 2.3.5 Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Pushing Item	Implementation Status		Summary description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No		
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	V		In early 2022, we upgraded CSR Committee to ESG (Environment, Social, and Governance) Committee, with the chairman serving as the chairman of the committee and appointing first Chief Sustainability Officer, SVP Madeline Chen and the senior executives of the relevant authorities and responsible units as the members. The sustainability office has also established as a full-time operation unit, responsible for planning and guiding the company's "sustainable development (ESG)" related implementation operations, and also regularly reports to the ESG Committee on the trends, impacts and performance of related issues.  The Board of Directors of the Company is responsible for overseeing HTC's overall ESG management policies, strategies, goal-setting, and major resolutions, as well as supervising the effective operation of the ESG management mechanism. The ESG Committee reports to the Audit Committee under the Board of Directors at least once a year on ESG performance, annual strategic objectives, and key ESG issues. In 2024, the Company continued to advance the second phase of its paperless processes and initiated a project with the Ministry of Economic Affairs' Industrial Development Administration. This project utilizes a carbon management platform to conduct greenhouse gas inventories and product carbon footprint verifications, while also planning the gradual implementation of an internal carbon pricing mechanism.  Please refer to 2.10 of the annual report or "ESG Management" of the HTC ESG Report.	None
2. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	V		Please refer to 2.10 of this annual report or "HTC Material Issues and Boundary" and "Material Topics Management Approach Assessment" of the HTC ESG Report.	None
3. Environmental Issues				
(1) Has the Company set an environmental management system designed to industry characteristics?	V		HTC adopts the international standard ISO 14001 environmental management, ISO 14064-1 greenhouse gas inventory and ISO 50001 energy management system to establish relevant management standards and continues to obtain and maintain the validity of the certificates. In 2024, the company's Taiwan business unit has continued to obtain ISO14001: 2015 version, ISO 50001: 2018 version, and ISO 14064-1: 2018 version certificate in 2025.  Related Certification URL: <a href="https://www.htc.com/tw/esg/certificate-report/">https://www.htc.com/tw/esg/certificate-report/</a> Please refer to "Sustainability Management," "Climate Change Management" and "Sustainable Environment" of the HTC ESG Report.	None

(Continued)

Pushing Item	Implementation Status		Summary description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No		
(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	V		<p>HTC has set up a “Sustainable Agenda” from five aspects: “sustainable environment, design, processes, product, and Supplier chain”. HTC promotes the idea of environmental sustainability comprehensively and implements it in every perspective of operation, showing HTC’s efforts in corporate sustainability actively.</p> <p>Sustainable Environment – HTC is committed to protect environment, integrate the concept into our corporate culture, enhance employees’ awareness of environmental protection and caring, improve energy, water and waste management, and reduce the impact to biodiversity. In addition, HTC organizes environmental protection activities for our employees and further improve their environmental awareness. We believe that only through working together can we create more value for the environment and the society.</p> <p>Sustainable Design – HTC’s thinking on the development of sustainable products is to starts from the product life cycle and adopts different measures at various stages through innovative thinking. It uses the concept of The Precautionary Principle to carefully select the ones with lower environmental risks. It complies with the internationally Restriction of Hazardous Substances Directive, reduces the environmental impact of products, and develops sustainable products that are more environmentally friendly.</p> <p>Sustainable manufacturing process – The VR devices by HTC combine new forms of operation, life, working, learning and traveling through green product design and help users to reach the goal of energy saving and carbon-reduction. For energy consumption during the production process, we have strengthened our management and introduced operation control center to reduce energy consumption and implement waste management.</p> <p>Please refer to “Sustainable Agenda” of the HTC ESG Report.</p>	None
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	V		<p>To strengthen the company’s climate change governance and mitigate the threats posed by climate change, HTC has implemented the Task Force on Climate-related Financial Disclosures (TCFD) framework, in which designated members of the ESG committee participated in the project to identify relevant risk and opportunity factors, develop responses to major climate risks and opportunities, and formulate management indicators and goals. The company has also developed a Climate Change Management Policy, and has been submitted to the Board of Directors in 2023 for review to achieve the goal of sustainable operation.</p> <p>Starting from 2022, HTC implemented a climate change risk and opportunity identification process based on the recommendations of the TCFD. We completed the risk and opportunity identification and assessed their financial impacts, then established corresponding measures and key indicator targets. HTC has defined short, medium, and long-term timeframes for climate-related risks and opportunities, setting “2022 to 2025” as the short-term, “2026 to 2030” as the medium-term, and “2031 to 2050” as the long-term. We conduct regular evaluations of climate risks and opportunities and periodically re-evaluate them based on these timeframes. The risk management team identified potential risks (a total of 10) and potential opportunities (a total of 8) that may arise from climate change factors through a workshop. The team evaluated the likelihood and impact of the risks and opportunities and developed corresponding measures to address the top three risks and opportunities with the highest likelihood and impact.</p>	None

(Continued)

Pushing Item	Implementation Status		Summary description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons														
	Yes	No																
(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	V		<p>The company continuously monitors electricity, water and waste information, and discloses greenhouse gas emissions, water consumption and total waste weight in the ESG report every year. We have a sustainable environment management vision: Medium and long-term set reduction targets for</p> <p>(1) Scope 1 and 2: 42% reduction in 2030 compared with the base year, and 90% reduction in 2050 compared with the base year; (2) Scope 3: 25% reduction in 2030 compared with the base year, and 90% reduction in 2050 compared with the base year (the base year is 2021).</p> <p>Annual greenhouse gas emission information is disclosed using two major frameworks: ISO 14064-1:2018 verified information and GHG Protocol full-scope. For detailed scope and emission information, please refer to HTC Global Greenhouse Gas Emissions in the Past Three Years in the “Climate Change Management” chapter of the ESG Report. Water and waste information was verified by third-party unit and obtained ISO14001: 2015 version certificate and disclosed in the ESG report.</p> <p>The water use, and total weight of waste in 2023 and 2024 are as follows</p> <table border="1"> <thead> <tr> <th rowspan="2">Year</th> <th rowspan="2">Water usage (Degree) (Taiwan)</th> <th colspan="2">Total weight of waste (Metric Tons) (Taiwan)</th> </tr> <tr> <th>Hazardous substances</th> <th>Non-hazardous substances</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td>84,588</td> <td>7,579</td> <td>262,061</td> </tr> <tr> <td>2023</td> <td>85,378</td> <td>9,956</td> <td>368.63</td> </tr> </tbody> </table> <p>Please refer to “Climate Change Management”, “Sustainable Environment” and “Sustainable Manufacturing Process” of the HTC ESG Report.</p>	Year	Water usage (Degree) (Taiwan)	Total weight of waste (Metric Tons) (Taiwan)		Hazardous substances	Non-hazardous substances	2024	84,588	7,579	262,061	2023	85,378	9,956	368.63	None
Year	Water usage (Degree) (Taiwan)	Total weight of waste (Metric Tons) (Taiwan)																
		Hazardous substances	Non-hazardous substances															
2024	84,588	7,579	262,061															
2023	85,378	9,956	368.63															
<b>4. Social Issues</b>																		
(1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	V		<p>HTC follows the Responsible Business Alliance Code of Conduct, we attach great importance to the human rights of labor, and the principle of equality and anti-discrimination is our core concept for multicultural employees. We provide equal and fair employment opportunities for employees. There is no race, gender, age, physical and mental disabilities, religion, ethnicity, or any other form of discrimination protected by relevant laws.</p> <p>HTC is committed to the highest standard of social care, environmental protection, and ethical integrity. We fully respect human rights and workplace rights. We have zero tolerance of any form of abusive labor conditions. HTC requires all suppliers to maintain the same standard of corporate responsibility and announces the “Modern Slavery Act Transparency Statement”. We collaborate with suppliers to abide by the latest statement to embody justice and human rights.</p> <p>The company has established the “HTC Code of Conduct” which regulates all regulations that should be followed, including relevant labor laws and regulations. Labor-management coordination meetings are held regularly, and labor representatives elected by employees hold regular meetings, in which labor rights and interests are discussed.</p>	None														

(Continued)

Pushing Item	Implementation Status		Summary description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No		
			New employees undergo an orientation training session and introduce the HTC corporate policy, the Code of Conduct for employees, ESH policy and ESG and anti-corruption, sexual harassment and human right issues such as Prevent illegal violations of duties courses to new employees. Please refer to "Human Rights Management and Commitment" of the HTC ESG Report.	
(2) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	V		<p>HTC is committed to build an environment of high talent density. We provide competitive compensation, appropriate welfare measures and share the growing profits of the company. In terms of salary and welfare, we strictly comply with local labor laws. We promise no discrimination based on gender, ethnicity, skin color, country/ region of origin, age, religion or political affiliation or other similar considerations. We participate in global salary surveys every year to understand the market and provide salary higher than market average.</p> <p>Besides, we practice systematic performance evaluation every year. To effectively retain and incentivize talents and further promote innovation, wage will be adjusted based on the market and future development to make employees' wage correspond to corporate performance.</p> <p>For key talent, we provide retention awards and long-term incentives. Please refer to "Salary and Welfare" of the HTC ESG Report.</p>	None
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	V		<p>In order to ensure a healthy and safe working environment for employees, effectively implement safety and health policies and internal communication, HTC has established a full-time occupational safety department in accordance with the law, which is responsible for the implementation of occupational safety and health and related work, and assists all factories to continuously promote ISO 45001 occupational safety and health management, ISO 14001 environmental management, ISO 50001 energy management system, and the occupational safety and health committee is formed by representatives of relevant units. Develop an occupational safety and health management plan every year based on the state of safety and health management. The implementation focuses include compliance with occupational safety &amp; health regulations, hazard identification and risk assessment to reduce operational risks, standardization of hazardous chemical labeling and general rules, implementing contractor management, formulating the registration and monitorization of hazardous operations (elevated, sudden noise and confined space management, etc.), disseminate safety &amp; health information, etc., in order to implement Occupational Safety &amp; Health Management, Occupational Safety &amp; Health Education / Training, Standard Operating Procedures and Work Safety Analysis, Automatic Occupational Safety &amp; Health Inspection, Emergency Response, Health Management / Promotion, Occupational Safety &amp; Health Activities. These efforts aim to achieve full employee involvement and to reduce safety &amp; health risks and further prevent occupational accidents. We planned relevant health service activities, aiming at keeping all employees' safety, health and welfare and prevent occupational and environmental hazards and diseases. In 2024, there were no fires, and the number of recordable occupational accidents was 2.</p> <p>HTC adopts the international standard ISO45001 occupational safety and health management system to establish relevant management standards and continues to obtain and maintain the validity of the certificates. In 2024, the company's Taiwan business unit has continued to obtain ISO 45001: 2018 certificate.</p> <p>Related certification URL: <a href="https://www.htc.com/tw/esg/certificate-report/">https://www.htc.com/tw/esg/certificate-report/</a> Please refer to "Occupational Health and Safety" of the HTC ESG Report.</p>	None

(Continued)

Pushing Item	Implementation Status		Summary description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No		
(4) Has the Company established effective career development training programs for employees?	V		<p>Talents are HTC's most precious assets. It is also a key advantage in the pursuit of excellence, innovation, and sustainable management. According to the company's business development strategy, HTC has established a complete talent development system, formulated learning priorities for different levels, and provided corresponding training courses to expand human capital, create competitive advantages, and assist employees in continuous learning and improvement. Thus, talent development is considered an important management index. HTC connect training plan with performance management system in the hope that each employee to align with the organization's consensus and goals, and complement each other.</p> <p>In order to help the staff to have sufficient expertise to face the changeable challenges and keep pace with the market, with the five core competencies as the main axis, HTC builds a systematic learning and development blueprint, integrate internal and external training resources, and provide a diversified learning platform to improve the staff training plan and expand the learning benefits. HTC equips our colleagues with the professional knowledge and skills to meet the challenges of the future.</p> <p>In the face of fierce global competition and rapid changes in the industrial environment, HTC also actively cultivates talents who can quickly adapt to highly changing environments and have an international perspective. These talents are expected to be the main drivers of the company's growth, and can continue to drive HTC's growth and development even facing difficulties and challenges.</p> <p>Please refer to "Talent Cultivation and Development" of the HTC ESG Report.</p>	None
(5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	V		<p>All of our products have been evaluated thoroughly in terms of customers' safety and health at the design stage. In 2024, there is no situation of product recall due to safety issue nor appeal filed due to health issue.</p> <p>HTC makes a promise of "Strict observation of contractual obligations and confidentiality commitment" to all customers. All information we provide to our customers is subject to clear policies and a system of strict internal control. In addition to technical data and hardware and software, information related to patents and other intellectual property rights of customers may be incorporated into our controlling system. We complete confidentiality agreements with all customers and suppliers in advance to maintain the absolute security of all the confidential information belonging to our corporate customers.</p> <p>HTC introduced the Personal Information Management System (PIMS) in 2018 to protect personal information in the product and internal management processes. HTC pays close attention to privacy protection laws in different countries (such as the EU, USA, Taiwan, China, etc.), the relevant guidelines released by different authorities (such as regulations regarding cookies or other similar tools), and verdicts made in courts in other nations (such as verdicts regarding cross-border privacy rules in European courts).</p> <p>HTC has obtained ISO 27001 information security management system and ISO 27701 privacy information management system certification and have been verified by third-party. DeepQ, the subsidiaries of HTC, has also obtained ISO 27001, ISO 27701 and ISO 27799 verification at the same time.</p> <p>Please refer to "Information Security Management" and "Customer Management" of the HTC ESG Report.</p>	None

(Continued)

Pushing Item	Implementation Status		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	
(6) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	V		None
			HTC, as a member of Responsible Business Alliance (BRA), follow the Responsible Business Alliance Code of Conduct and formulated an “HTC Supplier Code of Conduct”, which aims to improve and enhance the environment, labor rights, ethics, health and safety, and expanding the social responsibility of our supply chain system. Irregular supplier meetings are also organized every year to promote relevant topics. In addition, HTC also conducts a regular assessment of the implementation of the Code as the basis for our further selection of business partners.  Supplier management strategy and implementation of relevant compliance regulations (Implementation situation such as self-evaluation, coaching and education, performance evaluation of supplier), please refer to “Sustainable Supplier Chain” of the HTC ESG Report.
5. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?	V		None
			The content and structure of the Company’s “Sustainability Report” are conducted with reference to the standards of the Global Reporting Initiative (GRI), Sustainability Accounting Standard Board (SASB) Hardware and have been verified by a third-party verification unit in accordance with the AA1000 verification guidelines. HTC published TCFD independent reports and was awarded the highest level of “Pioneer” in SGS-TCFD performance evaluation.
6. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company’s operations: HTC follows the HTC ESG Policy and has yet to define a Sustainable Development Principle. For Sustainable Development operational status, please refer to HTC ESG Report and Sustainable Development related information in our website: <a href="https://www.htc.com/tw/esg">https://www.htc.com/tw/esg</a>			
7. Other important information to facilitate better understanding of the company’s promotion of sustainable development: Please refer to Sustainable Development related information in our website: <a href="https://www.htc.com/tw/esg">https://www.htc.com/tw/esg</a>			
Note: Equity method investment by the company			(Concluded)

### 2.3.6 Climate-related Information of Listed Companies

#### 1. Information on climate-related implementations

Item	Execution Status
1. Description on the Board and Management’s oversight and governance on climate related risks and opportunities	Please refer to section 2.10.3 of this report, “Climate Change Management - Governance” paragraph, or the “Climate Governance” chapter of the HTC TCFD report.
2. Description on how the identified climate risks and opportunities impact the company’s business, strategies, and finance (short, mid, long term)	Please refer to the “Strategy” chapter of the HTC TCFD report.
3. Description on the impact extreme climate events and transitional actions have on finance	Please refer to the “Strategy” chapter of the HTC TCFD report.
4. Description on how the climate risk identification, assessment, and management process is integrated in the overall risk management system	Please refer to section 2.10.3 of this report, “Climate Change Management - Risk Management” paragraph, or the “Risk Management Process” chapter of the HTC TCFD report.
5. Should scenario analysis is used to assess the Company’s resilience in face of climate change risks, explanations on the scenario, parameters, hypothesis, analysis factors and major financial impacts should be provided	Please refer to the “Scenario Analysis” chapter of the HTC TCFD report.

(Continued)

Item	Execution Status
6. Should there be transitional programs in response to managing climate-related risks, please explain the program’s content and metrics and targets used to identify and manage physical and transitional risks	Please refer to section 2.10.3 of this report, “Climate Change Management - Metrics and Targets” paragraph, or the “Metrics and Targets” chapter of the HTC TCFD report.
7. Should the internal carbon pricing is used as the planning tool, the pricing mechanism should be explained	The Company plans to gradually implement an internal carbon pricing mechanism in 2024.
8. Should climate-related targets are in place, information such as their scope of action, GHG emissions, planned timeline, and yearly achieved progress should be stated; for targets achieved through carbon offset and RECs, the source of offset amount and number of RECs should be stated	Please refer to section 2.10.3 of this report, “Climate Change Management - Metrics and Targets” paragraph, or the “Metrics and Targets” chapter of the HTC TCFD report.
9. GHG inventory and assurance status, and reduction goals, strategies and specific action plans	See tables 1-1 and 1-2 below.

(Concluded)

#### 1-1 Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

##### 1-1-1 Greenhouse Gas Inventory Information

Describe the emission volume (metric tons CO<sub>2</sub>e), intensity (metric tons CO<sub>2</sub>e/NT\$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years

- The parent company has been conducting inventory since 2008.
- Subsidiaries included in the consolidated financial report have been conducting inventory since 2021.

Annual greenhouse gas emission information is disclosed using the verification information based on ISO 14064-1:2018 and the GHG Protocol full scope inventory information. Starting from 2021, the company conducts regular annual inventories of the greenhouse gas emissions for the parent company and the subsidiaries included in the consolidated financial report (some subsidiaries in BVI are not included in the inventory scope). This ensures a comprehensive understanding of greenhouse gas usage and emissions, as well as verifying the effectiveness of reduction actions. For the past three years, the greenhouse gas inventory data has been compiled based on the operational control approach, summarizing the greenhouse gas emissions of the parent company and all subsidiaries included in the consolidated financial report. Detail emission data please refer to “HTC Global Greenhouse Gas Emissions in the Past Three Years” in the “Climate Change Management” chapter of the ESG Report.

- Note1: Direct emissions (scope 1, i.e., emissions directly from sources owned or controlled by the Company), indirect energy emissions (scope 2, i.e., indirect greenhouse gas emissions from electricity, heat, or steam) and other indirect emissions (scope 3, i.e., emissions from company activities that are not indirect energy emissions, but originate from sources owned or controlled by other companies).
- Note 2: The data coverage scope for direct emissions and indirect energy emissions shall comply with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations. Other indirect emissions information may be voluntarily disclosed.
- Note 3: Greenhouse gas inventory standards: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 issued by the International Organization for Standardization (ISO).
- Note 4: The intensity of greenhouse gas emissions may be calculated per unit of product/service or revenue, but at least the data calculated in terms of revenue (NT\$ 1 million) shall be disclosed.

##### 1-1-2 Greenhouse Gas Assurance Information

Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.

According to the “Sustainable Development Roadmap for Listed Companies”, HTC, as a company with a capital from NT\$5 billion to NT\$10 billion, should comply with the following greenhouse gas verification schedules:

- Individual companies (parent companies): The assurance should be completed in 2027.
- Combined all subsidiaries: The assurance should be completed in 2028.

HTC has completed the assurance 4 years ahead of regulatory requirements: Please refer to 1-1-1 for greenhouse gas inventory information of the parent company and the subsidiaries included in the consolidated financial report (some subsidiaries in BVI are not included in the inventory scope) in the past two years. All certifications were conducted by the certification body: AFNOR Asia Ltd., in accordance with ISO 14064-3:2019. The verification conclusions are (1) Reasonable assurance level for Category 1 and Category 2 in Taiwan, (2) Limited assurance level for Category 3 and Category 4 in Taiwan and Category 1 to Category 4 in areas outside Taiwan. For relevant Greenhouse Gas Verification Report Opinion, please refer to <https://www.htc.com/tw/esg/certificate-report/>

1-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.

**The greenhouse gas reduction base year and reduction targets**

**HTC SBTi Net Zero Target: (Based Year: 2021)**

- (1) Scope 1 and 2 reduction targets are 42% reduction compared with the base year in 2030 (Absolute reduction of at least 4.2% per year), and 90% reduction compared with the base year in 2050
- (2) Scope 3 reduction target is 25% reduction compared with the base year in 2030 (Absolute reduction of at least 2.5% per year); and 90% reduction compared with the base year in 2050

**Strategy and Concrete action plan:**

HTC had passed SBTi’s Near-Term and Net-Zero targets in August 2024, signing a pledge to set its greenhouse gas reduction and net-zero carbon emission targets in accordance with the published carbon reduction guidelines, tools, and methodologies. This commitment aims to achieve net-zero emissions by 2050. By linking its core business with concrete, quantified management across the entire organization, HTC has established a clear carbon reduction pathway, which includes six key strategies: “Carbon Management and Policy,” “Low-Carbon Operations,” “Low-Carbon Products,” “Low-Carbon Transportation,” “Value Chain Engagement,” and “Carbon Offsetting” as a last resort. Through a multi-faceted approach, HTC is working toward its net-zero goal by 2050.

**The status of achievement of the reduction targets:**

Through these measures, HTC has achieved its annual carbon reduction targets for 2024. In 2024, Scope 1 and 2 emissions have been reduced by 18.6% compared to the baseline year, while Scope 3 emissions have decreased by 45.5% compared to the baseline year, both of which have reached the target!

For more details on carbon reduction metrics and targets, please refer to section “2.10.3 Climate Change Management/ Metrics & Targets” of this annual report or the HTC TCFD Report for the current year.

**2.3.7 Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons**

Evaluation item	Implementation Status		Deviations from Ethical Corporate Management Best Practice Principles For TWSE/ TPEX Listed Companies and Reasons
	Yes	No	
1. Establishment of Ethical Corporate Management Policies and Programs			
(1) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	V		HTC establishes the “Procedures for Ethical Management and Guidelines for Conduct” and the “Ethical Management Team”, which is responsible for corporate governance such as integrity management policies, anti-corruption, anti-bribery and compliance with applicable laws and regulations, formulating preventive plans and monitoring the implementation of integrity management, and reporting the implementation to HTC’s Board of Directors annually. The guidelines specify the matters to which HTC and its subsidiaries’ personnel should pay attention when engaging business activities under the integrity principles. The “Procedures for Ethical Management and Guidelines for Conduct” are posted on HTC’s website and are readily available for public inspection.

(Continued)

Evaluation item	Implementation Status		Deviations from Ethical Corporate Management Best Practice Principles For TWSE/ TPEX Listed Companies and Reasons
	Yes	No	
			The Board of Directors and the executive management declare that they will comply with HTC’s “Procedures for Ethical Management and Guidelines for Conduct” and will not offer, promise, request or accept, directly or indirectly, any improper advantage, or commit any other unlawful or dishonest act, or breach any fiduciary duty, in order to obtain or maintain an advantage in the course of conducting business, and that they will comply with the Securities and Exchange Act and will not engage in insider trading using undisclosed information of which they are aware, or disclose it to others.
(2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?	V		HTC conducts an annual risk assessment of potential unethical conducts in the course of its business, including identifying the impact factors and possible impacts, conducting risk assessment, and planning risk management measures. For the risk management measures, the “Procedures for Ethical Management and Guidelines for Conduct” and “Code of Conduct” stipulate confidentiality requirements, prohibition on illegal political contributions, prohibition on charitable donations or sponsorship which is against internal policies, protection of HTC’s property and personal information, prohibition on unfair competition, prohibition on infringing intellectual property rights, product quality and safety, prohibition on offer or acceptance of improper benefits and inside trading, reporting unethical conduct. HTC also provides dedicated e-mail for Corruption incident report.
(3) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	V		HTC’s unethical conduct prevention program includes the “Procedures for Ethical Management and Guidelines for Conduct”, “Procedures for Reporting and Handling of Violation of Ethical Management Policy” and “Code of Conduct”, which specify the procedures and behavioral guidelines for preventing unethical conduct, and violations of the employee code of conduct will be dealt with in accordance with the reward and punishment system in the employee handbook. HTC reviews the aforementioned program annually as part of its internal audit process.
2. Ethical Management Practice			
(1) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	V		When signing purchasing or engineering contracts with suppliers, HTC consistently requires the suppliers to cooperate by signing an Integrity Policy Statement or Supplier Integrity Commitment Letter, to expressly provide that its business partners will uniformly comply with national laws and refrain from using unethical conduct to gain advantages in business or work (for example by offering facilitating payments, kickbacks, entertainment, or other improper benefits). The signed terms and conditions expressly stipulate that HTC will voluntarily terminate its dealings with any cooperating firm that violates the Integrity Policy. HTC will seek compensation for damages if any breach of commitment happens due to the violation of the policy in order to consistently maintain a relationship of integrity between HTC and its business counterpart.
(2) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?	V		HTC has designated the “Ethical Management Team” as the dedicated unit to promote the policy of integrity management, and allocated sufficient resources and appropriate personnel to handle the revision, implementation, explanation, consultation service of the “Procedures for Ethical Management and Guidelines for Conduct”, registration of the report and supervise the implementation of the Procedures and Guidelines. “Ethical Management Team” reports to the Board of Directors at least once a year on the implementation of the policy of integrity management and ensures the implementation of the HTC’s integrity management philosophy under the supervision of the Board of Directors.

(Continued)

Evaluation item	Implementation Status		Summary description	Deviations from Ethical Corporate Management Best Practice Principles For TWSE/ TPEX Listed Companies and Reasons
	Yes	No		
(3) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	V		<p>HTC has set out high ethical standards in the “Procedures for Ethical Management and Guidelines for Conduct” and “Code of Conduct,” employees are prohibited from offering or accepting improper benefits. In addition, in its employment agreements and employee handbook, it expressly stipulates non-competition provisions for the period of employment, to prevent conflicts of interest.</p> <p>Also, in its “Procedures for Reporting and Handling of Violation of Ethical Management Policy” and the Rules of Procedure for Board of Directors Meetings, it has duly set out a system for recusal and avoidance of conflicts of interest by directors, for compliance in the operations of the board of directors.</p> <p>We have designated an internal independent whistleblower e-mail: anti-corruption@htc.com, for employees and outsiders to report employees’ violation of the employee code of conduct or other dishonest or improper behavior. Additionally, HTC has established the internal and external reporting channels and handling procedures in its “Procedures for Reporting and Handling of Violation of Ethical Management Policy.”</p>	None
(4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?	V		<p>HTC has established an accounting system that takes into account the characteristics of its industry and is based on applicable laws and regulations and generally accepted accounting principles. The system provides a basis for compliance in HTC’s accounting affairs (including the types and formats of accounting evidence, account books, accounting classifications, and financial statements, and the rules and procedures for handling various kinds of accounting matters). The system enables the regular provision of reliable accounting information for reference by the management. The implementation of the operational procedures and rules of the accounting system ensures that HTC’s business operations proceed according to rigorous procedural rules, with mutual checking and reconciliation between various operations, to prevent any occurrence of abuses, ensuring the security of HTC’s assets.</p> <p>HTC has taken into account its overall operational activities in designing and faithfully implementing its internal control system. It regularly reviews the internal control system to ensure the continuous effectiveness of its design and implementation in light of changes in HTC’s internal and external environment. The internal auditors conduct regular or irregular site audits of audited units according to annual audit plans based on the results of risk assessment, and may require audited units to present documents, accounting books, and supporting evidence for document audits; special audits on specific matters may be conducted as well when necessary. Those audit projects are reported periodically to the board of directors.</p>	None
(5) Does the company provide internal and external ethical corporate management training programs on a regular basis?	V		<p>HTC provides new employees with courses on the “Code of Conduct,” confidentiality obligations, and prevention of insider trading during orientation and training, and conducts annual “Ethical Management and Guidelines Awareness Training” on integrity management for employees to prevent unethical conducts. During the induction training for new employees, courses such as employee code of conduct, confidentiality obligations and prevention of insider trading are given to new employees. The “Procedures for Ethical Management and Guidelines for Conduct” and “Code of Conduct” are also published on the company’s internal website for colleagues’ reference at any time.</p>	None

(Continued)

Evaluation item	Implementation Status		Summary description	Deviations from Ethical Corporate Management Best Practice Principles For TWSE/ TPEX Listed Companies and Reasons
	Yes	No		
<b>3. Implementation of Complaint Procedures</b>				
(1) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistleblowers?	V		<p>HTC employee handbook and the work rules specifically provide corresponding disciplinary measures for various types of unethical conducts; in the most severe case that an employee who commits fraud, accepts bribes, misappropriate funds, or violates employment period non-competition clauses will be sanctioned by dismissal from employment. In its “Procedures for Reporting and Handling of Violation of Ethical Management Policy,” HTC encourages the report of unethical conducts. If the report is confirmed, HTC may reward the whistleblower in accordance with internal regulations under specific circumstances.</p> <p>Complaints can be channeled through HTC’s internal division supervisors, Independent Directors or Supervisors, and Ethical Management Team. Disciplinary measures are administered by the human resources department. In its “Procedures for Ethical Management and Guidelines for Conduct” and “Procedures for Reporting and Handling of Violation of Ethical Management Policy,” HTC has designated the “Ethical Management Team” as a dedicated investigation unit, and has established an internal independent whistleblower e-mail: anti-corruption@htc.com, for employees and outsiders to report employees’ violation of the employee code of conduct or other dishonest or improper behavior, and we will keep the identity of the whistleblower confidential to prevent the whistleblower from being mistreated due to the whistleblower incident.</p>	None
(2) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?	V		<p>HTC has established the “Procedures for Reporting and Handling of Violation of Ethical Management Policy”, which specify the process for reporting incidents that violate the HTC’s ethical management policies. If it is confirmed that the person concerned has violated the relevant laws and regulations or HTC’s integrity management policy, HTC’s “Ethical Management Team” will request the person concerned to immediately cease all violating conducts and take appropriate actions against the person concerned, and take legal action if necessary. When needed, the relevant internal departments will review the relevant internal control system and operating procedures, and propose improvement measures to prevent the recurrence of the same behavior.</p>	None
(3) Has the company adopted proper measures to protect whistleblowers from retaliation for filing complaints?	V		<p>HTC has established the “Procedures for Reporting and Handling of Violation of Ethical Management Policy”, and will keep the identity of the whistleblower and the contents of the whistleblower’s report that may lead to the knowledge of the whistleblower’s identity confidential. HTC undertakes to protect the whistleblower from improper treatment as a result of his/her Report, except in the case of false or malicious allegations.</p>	None
4. Strengthening Information Disclosure Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	V		<p>HTC discloses its “Procedures for Ethical Management and Guidelines for Conduct,” “Procedures for Reporting and Handling of Violation of Ethical Management Policy” and “Code of Conduct” on its Corporate Social Responsibility’s website both in Chinese and English, the Corporate Responsibility webpage also discloses Supplier Code of Conduct to require supplier’s business shall be ethical.</p>	None

(Continued)

Evaluation item	Implementation Status		Summary description	Deviations from Ethical Corporate Management Best Practice Principles For TWSE/ TPEX Listed Companies and Reasons
	Yes	No		
5. HTC has established the “Procedures for Ethical Management and Guidelines for Conduct” per the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies, which specifically regulate the following matters to which HTC and part of its subsidiaries’ personnel should pay attention when conducting business: 1) All personnel of HTC are prohibited from offering or accepting improper benefits and bribes; 2) HTC and its personnel shall make political contributions in accordance with the Political Contributions Law and shall not use them to obtain commercial benefits or trading advantages; 3) HTC shall provide charitable donations or sponsorships in accordance with its internal regulations; 4) Directors of HTC shall recuse themselves from board meetings to avoid conflict of interests in accordance with the law; 5) HTC’s personnel shall comply with internal intellectual property protection regulations; 6) Unfair competition and insider trading shall be prohibited; 7) HTC shall prevent products or services from harming stakeholders; 8) HTC shall conduct its business activities in a fair and transparent manner based on the principle of integrity. Anyone who discovers corruption, unethical or other unlawful acts against the rights and interests of HTC can file a report through the corruption reporting mailbox; HTC’s Board of Directors conducts its business in accordance with the applicable law, including the recusal of interests; HTC attaches great importance to the protection of intellectual property rights, and any employee’s access to HTC’s information assets is strictly controlled; there is no difference between HTC’s operations and the “ Procedures for Ethical Management and Guidelines for Conduct.”				
6. Other important information helpful to understanding HTC’s exercise of good faith in management: HTC has always upheld the five major ideals of honesty, humble, simplicity, energy, and innovation as its highest criteria for operations. Everyone within the company, from the highest levels to the lowest, is asked to strictly uphold the spirit of these five ideals, as well as abiding by all laws, regulations, and rules. HTC has also formulated internal rules to ensure the exercise of good faith in management and the observance of laws and regulations.				

(Concluded)

### 2.3.8 Other important information helpful to understanding HTC’s corporate governance:


All material information is published on the MOPS in accordance with regulations, and information relating to the Corporation’s finances, business matters and corporate governance is also regularly updated to our corporate website in a timely manner.

Certified details of employees whose jobs are related to the release of the company’s financial information

Certification	Number of Employees	
	Finance and Accounting Division	Internal Audit
Certified Public Accountants (CPA)	2	2
US Certified Public Accountants (US CPA)	-	1
China Certified Public Accountants (China CPA)	-	1
Certified Internal Auditor (CIA)	-	4
Chartered Financial Analyst (CFA)	-	-
Financial Risk Manager (FRM)	2	-
Certified Fraud Examiner (CFE)	-	1

### 2.3.9 The state of implementation of HTC’s internal control system

#### (1) Internal control statement




HTC Corporation  
Internal Control System Statement


Date: March 7, 2025

HTC Corporation (HTC) states the following with regard to its internal control system for the year 2024, based on the findings of a self-assessment:


- HTC is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. HTC has established such a system aimed at providing reasonable assurance in achieving objectives related to the effectiveness and efficiency of operations (including profits, performance, and safeguarding of assets), reliability, timeliness, transparency of reporting, and the compliance with applicable laws, regulations and bylaws.
- An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three goals mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in the environment or circumstances. Nevertheless, the internal control system of HTC contains self-monitoring mechanisms, and HTC takes corrective actions as soon as a deficiency is identified.
- HTC evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the “Regulations Governing the Establishment of Internal Control Systems by Public Companies” (herein below, the “Regulations”). The internal control system evaluation criteria stated in the Regulations classify internal control into five key elements based on the process of management control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communications, and (5) monitoring activities. Each key element further contains several items. Please refer to the Regulations for details.
- HTC has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
- Based on the findings of the evaluation mentioned above, HTC believes that as of December 31, 2024, its internal control system (including its supervision and management of subsidiaries), which encompasses internal controls for understanding of the degree of achievement of operational effectiveness and efficiency objectives, reliability, timeliness, transparency of reporting, and compliance with applicable laws, regulations and bylaws, was effectively designed and operating, and reasonably assured of achieving the above-stated objectives.
- This Statement will become a major part of the content of HTC’s Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- This statement has been passed by the Board of Directors in their meeting held on March 7, 2025, in which none of the 8 attending directors expressing dissenting opinions, and the remainder all affirmed the content of this Statement.



Chairwoman:



(signature)



(signature)

**(2) Items to be disclosed in the CPA's audit report relating to evaluations of internal controls system entrusted to CPA: None**

**2.3.10 Material Resolutions of the 2024 Shareholders Meeting and Board of Directors Meetings during the most recent fiscal year and the current fiscal year up to the date of printing of this annual report.**

Date	Material resolutions	Implementation Status
2024.06.20	Adoption of the Fiscal 2023 Business Report and Financial Statements.	The Fiscal 2023 Business Report and Financial Statements are submitted to the competent authority for reference and announcement in accordance with relevant regulations.
	Adoption of the Fiscal 2023 deficit compensation proposal.	Adopted according to the resolution, no dividends were distributed.

**Material Resolutions of the Board of Directors Meetings**

Date	Material resolution
2024.03.05	1. HTC Board of Directors approved the 2023 consolidated financial statements 2. HTC Board of Directors Approved the Deficit Compensation of 2023 3. HTC Board of Directors Approved the Convening of 2024 Annual General Shareholders Meeting 4. HTC Board of Directors approved the record date of exercising employee stock option certificates
2024.05.07	1. HTC Board of Directors approved the 2024 first quarter consolidated financial statements 2. HTC Board of Directors approved the record date of exercising employee stock option certificates
2024.08.07	1. HTC Board of Directors Ratified the appointment of Finance Officer and Accounting Officer 2. HTC Board of Directors approved the 2024 second quarter consolidated financial statements 3. HTC Board of Directors approved the record date of exercising employee stock option certificates
2024.10.28	1. HTC Board of Directors approved the 2024 third quarter consolidated financial statements 2. HTC Board of Directors approved the record date of exercising employee stock option certificates
2025.01.23	1. HTC Board of Directors approved to execute XR Agreement with Google
2025.03.10	1. HTC Board of Directors approved the 2024 consolidated financial statements 2. HTC Board of Directors approved the deficit compensation of 2024 3. HTC Board of Directors approved the convening of 2025 Annual General Shareholders Meeting 4. HTC Board of Directors approved to increase the cash capital of subsidiary, H.T.C. (B.V.I.) Corp. 5. HTC Board of Directors approved the record date of exercising employee stock option certificate

**2.3.11 Where, during the most recent fiscal year and current fiscal year up to the date of printing of this annual report, there was no Board of Director expressing a dissenting opinion with respect to a material resolution passed by the Board of Directors and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof.**

**2.4 Information on Certified Public Accountants (CPAs) Fees**

**2.4.1 Scale of information on CPA professional fees**

Amount unit: NT\$ thousands

Name of accounting firm	Name of CPAs	Period covered by the CPA audit	Audit fees	Non-audit fees	Total	Remarks
Deloitte & Touche	Pan-Fa Wang Kuo-Tyan Hong	2024.01.01-2024.12.31	8,320	5,251	13,571	Project counseling, transfer pricing report and international tax consultation, etc

**2.4.2 If the audit fees of the year in which the company changes CPA firm is lower than that of the prior year, specify the amount of audit fee before and after, and the reason: The company does not change its accounting firm.**

**2.4.3 Audit fees paid for the current year are lower than those for the previous fiscal year by 10 percent or more: Not applicable.**

## 2.5 The Company Replaces Its Certified Public Accountant Within the Last Two Fiscal Years

### 2.5.1 About former CPA

Replacement Date	2023.05.03 (Date of Board Resolution)		
Replacement reasons and explanations	Due to internal adjustment of Deloitte & Touche, CPA Chi-Ming Hsu and CPA Kuo-Tyan Hong are replaced by CPA Pan-Fa Wang and CPA Kuo-Tyan Hong as from the first quarter of 2023		
Describe if the Company terminated the CPA or if the CPA did not accept the appointment	Status	Parties	CPAs
	Terminated the appointment		Not applicable
	No longer accepted (continued) appointment		Not applicable
Reasons for issuing audit reports other than unqualified audit reports over the past two years	None		
Differences with the company	Yes	Accounting principles or practices	
		Disclosure of financial reports	
		Audit scope or steps	
		Other	
	No		√
Remarks/specify details:	None		
Other disclosures (according to Items 1-4 to 1-7 of Paragraph 6, Article 10 of these principles)	None		

### 2.5.2 Regarding the successor CPA

Name of accounting firm	Deloitte & Touche
Name of CPAs	Pan-Fa Wang and Kuo-Tyan Hong
Date of appointment	2023.05.03 (Date of Board Resolution)
Consultant comments and opinions on accounting treatments or principles regarding specific transactions and possible comments issued by the CPA on Company financial reports prior to engagement	None
Succeeding CPA's written opinion of disagreement with former CPA	None

2.5.3 The former CPA's written response to the matters referred to in Article 10.6(1) and 10.6(2) (iii) of the "Regulations Governing Information to be Published in Annual Reports of Public Companies": None.

## 2.6 The Company's Chairperson, President or Any Managerial Officer in Charge of Finance or Accounting Matters Has Not in the Most Recent Year Held a Position at the Accounting Firm of Its Certified Public Accountant or at an Affiliated Enterprise of Such Accounting Firm

## 2.7 Transfer of Equity Interests and/or Pledge of or Change in Equity Interests by a Director, Supervisor, Managerial Officer, or Shareholder with a Stake of More than 10 Percent During the Most Recent Fiscal Year and the Current Fiscal Year up to the Date of Printing of This Annual Report

## 2.7.1 Changes in shareholdings of Directors, Managers, and Major Shareholders

Please visit the Market Observation Post System (<https://emops.twse.com.tw/server-java/t58query>).

Follow the path below to search for the Company code: 2498

Shares Transferred: Home > Profiles > Insiders' holding, pledging and transfer of shares > Shareholding statement for directors and supervisors

Changes in Share Pledge: Home > Profiles > Insiders' holding, pledging and transfer of shares > List of pledges made or repaid by insiders (by individual company)

## 2.7.2 Stock transfer with related party: None.

## 2.7.3 Stock Pledged with related party: None.

## 2.8 Relationships Among the Top 10 Shareholders

2025.04.22

Name (Note 1)	Shareholding		Shareholding of spouse and minor children		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree (Note 2)		Remarks
	Shares	%	Shares	%	Shares	%	Name of entity or individual	Relationship	
Way-Chih Investment Co., LTD. (Representative: Su-Lan Chiang)	43,819,290	5.25%	0	0.00%	0	0.00%	Way-Lien Technology Inc.,	Same Chairwoman	
							Hon-Mou Investment Co., Ltd.,	Same Chairwoman	
							Kun-Chang Investment Co, Ltd.	Same Chairwoman	
							Cher Wang	Director	
Cher Wang	32,272,427	3.86%	22,391,389	2.68%	0	0.00%	Way-Chin Technology Inc.,	Director	
							Way-Lien Technology Inc.,	Director	
							Hon-Mou Investment Co., Ltd.,	Director	
							Kun-Chang Investment Co, Ltd.	Director	
Way-Lien Technology Inc. (Representative: Su-Lan Chiang)	31,087,231	3.72%	0	0.00%	0	0.00%	Way-Chin Technology Inc.,	Same Chairwoman	
							Hon-Mou Investment Co., Ltd.,	Same Chairwoman	
							Kun-Chang Investment Co, Ltd.	Same Chairwoman	
							Cher Wang	Director	
							Wen-Chi Chen	Director	

Name (Note 1)	Shareholding		Shareholding of spouse and minor children		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree (Note 2)		Remarks
	Shares	%	Shares	%	Shares	%	Name of entity or individual	Relationship	
Hon-Mou Investment Co., Ltd. (Representative: Su-Lan Chiang)	23,197,081	2.78%	0	0.00%	0	0.00%	Way-Chin Technology Inc.,	Same Chairwoman	
							Way-Lien Technology Inc.,	Same Chairwoman	
							Kun-Chang Investment Co, Ltd.	Same Chairwoman	
							Cher Wang	Director	
Wen-Chi Chen	22,391,389	2.68%	32,272,427	3.86%	0	0.00%	Way-Chin Technology Inc.,	Director	
							Way-Lien Technology Inc.,	Director	
							Hon-Mou Investment Co., Ltd.,	Director	
							Kun-Chang Investment Co, Ltd.	Director	
Kun-Chang Investment Co, Ltd. (Representative: Su-Lan Chiang)	9,322,824	1.12%	0	0.00%	0	0.00%	Way-Chin Technology Inc.,	Same Chairwoman	
							Way-Lien Technology Inc.,	Same Chairwoman	
							Hon-Mou Investment Co., Ltd.,	Same Chairwoman	
							Cher Wang	Director	
							Wen-Chi Chen	Director	
Citi Bank (Taiwan) in custody for the investment account of Poluning Development National Fund Co., Ltd	8,146,492	0.98%	0	0.00%	0	0.00%	None	None	
Capital Securities Corp. - Trust Account for Way-Lien Technology Inc.	8,000,000	0.96%	0	0.00%	0	0.00%	Way-Chin Technology Inc.,	Same Chairwoman	
							Hon-Mou Investment Co., Ltd.,	Same Chairwoman	
							Kun-Chang Investment Co, Ltd.	Same Chairwoman	
							Cher Wang	Director	
							Wen-Chi Chen	Director	
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	7,890,079	0.94%	0	0.00%	0	0.00%	None	None	
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds	7,352,301	0.88%	0	0.00%	0	0.00%	None	None	

Note 1 : The top 10 shareholders shall all be listed; for institutional shareholders, the name of the entity and the name of its representative shall be listed separately.

Note 2 : Mutual relationships of shareholders, including judicial and natural persons, shall be disclosed.

## 2.9 Total Number of Shares and Total Equity Stake Held in the Same Enterprise by the Company, its Directors and Supervisors, Managers Directly or Indirectly

### Comprehensive shareholding ratio

2025.03.31 Unit: thousands Shares; NTD thousands; %

Long-term investments (Note)	Investments by HTC		Investments directly or indirectly controlled by directors, supervisors, and managers of HTC		Total investments	
	Shares/Investment Amount	%	Shares/Investment Amount	%	Shares/Investment Amount	%
	H.T.C. (B.V.I.) Corp.	1,476,202 thousands Shares	100%	0	0%	1,476,202 thousands Shares
High Tech Computer Asia Pacific Pte. Ltd.	138,783 thousands Shares	100%	0	0%	138,783 thousands Shares	100%
HTC Investment Corporation	34,287 thousands Shares	100%	0	0%	34,287 thousands Shares	100%
HTC Holding B.V.	NTD13 thousands	0.01%	NTD6,815,370 thousands	99.99%	NTD6,815,383 thousands	100%
HTC Investment One (BVI) Corporation	333,733 thousands Shares	100%	0	0%	333,733 thousands Shares	100%
HTC Investment (BVI) Corp.	26,000 thousands Shares	100%	0	0%	26,000 thousands Shares	100%
HungXu Holding (BVI) Corp.	7,000 thousands Shares	100%	0	0%	7,000 thousands Shares	100%
HTC VIVE Investment (BVI) Corp.	10,000 thousands Shares	100%	0	0%	10,000 thousands Shares	100%
DeepQ Holding (BVI) Corp.	16,500 thousands Shares	100%	0	0%	16,500 thousands Shares	100%
HTC Smartphone (BVI) Corp.	33 thousands Shares	100%	0	0%	33 thousands Shares	100%
HTC VR Content (BVI) Corp.	1,710 thousands Shares	100%	0	0%	1,710 thousands Shares	100%
HungYao Technology Co, Ltd.	10 thousands Shares	100%	0	0%	10 thousands Shares	100%
HTC Europe Co., Ltd.	104,061 thousands Shares	100%	0	0%	104,061 thousands Shares	100%
East West Artists, LLC	0	0%	1,200 thousands Shares	30%	1,200 thousands Shares	30%
Steel Wool Games Inc.	0	0%	10,822 thousands Shares	49%	10,822 thousands Shares	49%
Surgical Theater, LLC	0	0%	46 thousands Shares	16.3%	46 thousands Shares	16.3%
MOR Museum Inc.	0	0%	437 thousands Shares	25%	437 thousands Shares	25%
Temple of Light Limited	0	0%	4,760 thousands Shares	25%	4,760 thousands Shares	25%
Backlight Studio SAS	0	0%	0.459 thousands Shares	30.02%	0.459 thousands Shares	30.02%
Lucid Realities SAS	0	0%	20 thousands Shares	25%	20 thousands Shares	25%

(Continued)

Long-term investments (Note)	Investments by HTC		Investments directly or indirectly controlled by directors, supervisors, and managers of HTC		Total investments	
	Shares/Investment Amount	%	Shares/Investment Amount	%	Shares/Investment Amount	%
	HTC (Australia and New Zealand) Pty. Ltd.	0	0%	400 thousands Shares	100%	400 thousands Shares
HTC Philippines Corporation	0	0%	859 thousands Shares	100%	859 thousands Shares	100%
HTC India Private Limited	0	0%	500 thousands Shares	100%	500 thousands Shares	100%
HTC HK, Limited	0	0%	37,626 thousands Shares	100%	37,626 thousands Shares	100%
S3 Graphics Co., Ltd.	0	0%	308,279 thousands Shares	100%	308,279 thousands Shares	100%
HTC Servicios DE Operacion Mexico, S.A DE C.V.	0	0%	51 thousands Shares	100%	51 thousands Shares	100%
HTC Netherlands B.V.	0	0%	143,882 thousands Shares	100%	143,882 thousands Shares	100%
HTC Communication Solutions Mexico, S.A DE C.V.	0	0%	51 thousands Shares	100%	51 thousands Shares	100%
HTC Belgium BV	0	0%	19 thousands Shares	100%	19 thousands Shares	100%
HTC NIPPON Corporation	0	0%	56 thousands Shares	100%	56 thousands Shares	100%
HTC France Corporation	0	0%	11,000 thousands Shares	100%	11,000 thousands Shares	100%
HTC Nordic ApS.	0	0%	80 thousands Shares	100%	80 thousands Shares	100%
HTC Germany GmbH	0	0%	25 thousands Shares	100%	25 thousands Shares	100%
HTC Poland sp. z o.o.	0	0%	5 thousands Shares	100%	5 thousands Shares	100%
HTC Communication Canada, Ltd.	0	0%	1,500 thousands Shares	100%	1,500 thousands Shares	100%
HTC Middle East FZ-LLC	0	0%	4 thousands Shares	100%	4 thousands Shares	100%
HTC America Holding, Inc.	0	0%	371,617 thousands Shares	100%	371,617 thousands Shares	100%
DeepQ Holding Corporation	0	0%	61,700 thousands Shares	100%	61,700 thousands Shares	100%
Vive Arts Holding Corporation	0	0%	32,000 thousands Shares	100%	32,000 thousands Shares	100%
Viverse Holding Corporation	0	0%	23,498 thousands Shares	100%	23,498 thousands Shares	100%
REIGN Technology Corporation	0	0%	36,250 thousands Shares	100%	36,250 thousands Shares	100%
VIVE Arts Corporation	0	0%	2,750 thousands Shares	100%	2,750 thousands Shares	100%
VIVE Arts Limited	0	0%	4,600 thousands Shares	100%	4,600 thousands Shares	100%
DeepQ (BVI) Corp.	0	0%	164,700 thousands Shares	100%	164,700 thousands Shares	100%
REIGN Technology Corporation	0	0%	41,400 thousands Shares	100%	41,400 thousands Shares	100%
Viverse Limited (UK)	0	0%	40,336 thousands Shares	100%	40,336 thousands Shares	100%

(Concluded)

Long-term investments (Note)	Investments by HTC		Investments directly or indirectly controlled by directors, supervisors, and managers of HTC		Total investments	
	Shares/Investment Amount	%	Shares/Investment Amount	%	Shares/Investment Amount	%
Viverse Limited (Ireland)	0	0%	35,325 thousands Shares	100%	35,325 thousands Shares	100%
Viveport Digital Corporation	0	0%	35,000 thousands Shares	100%	35,000 thousands Shares	100%
HTC America Inc.	0	0%	1 thousands Shares	100%	1 thousands Shares	100%
One & Company Design, Inc.	0	0%	60 thousands Shares	100%	60 thousands Shares	100%
HTC America Innovation, Inc.	0	0%	1 thousands Shares	100%	1 thousands Shares	100%
Dashwire, Inc.	0	0%	0.1 thousands Shares	100%	0.1 thousands Shares	100%
HTC America Content Services, Inc.	0	0%	31 thousands Shares	100%	31 thousands Shares	100%
HungXu Technology (BVI) Corp.	0	0%	32,000 thousands Shares	100%	32,000 thousands Shares	100%
HungXu Technology Corporation	0	0%	15,700 thousands Shares	100%	15,700 thousands Shares	100%
DeepQ Technology Corp.	0	0%	39,521 thousands Shares	100%	39,521 thousands Shares	100%
VRChat, Inc.	0	0%	79,257 thousands Shares	34.02%	79,257 thousands Shares	34.02%
HTC VIVE TECH (HK) Limited	0	0%	68,000 thousands Shares	100%	68,000 thousands Shares	100%
Small Creative SAS	0	0%	0.389 thousands Shares	28.01%	0.389 thousands Shares	28.01%
Uomo Vitruviano Corp.	0	0%	5,000 thousands Shares	100%	5,000 thousands Shares	100%

Note: Investments accounted for using the equity method.

(Concluded)

## 2.10 Sustainable Development (ESG)

As an international brand and to fulfill its corporate social responsibilities and respect for international human rights, in addition to following the Responsible Business Alliance Code of Conduct, HTC also include economic, environment and social sustainability issues. In early 2022, HTC escalated the original CSR Committee to ESG Committee with Chairwoman Cher Wang as the Chair of Committee, SVP Madeline Chen as Chief Sustainability Officer, and members of executives as ESG committee members. The committee is responsible for decision-making on economic, environmental and social topics, and founded the ESG Office to assist in formulating sustainable strategies, connect sustainable development issues from various departments, and continue to promote sustainable development responsibilities. The ESG office is responsible for connecting HTC and external stakeholders, including the communication and feedbacks from important supply chain partners. Also regularly report to the ESG Committee on the trends, impacts and performance of relevant sustainability topics. There are several task forces under the committee to deal with various ESG issues and link up the sustainable development goals of various departments. Through a clear organization and division of labor, taking into account the economic, environmental and social aspects, and implementing the sustainable management of enterprises in daily operations with practical actions.

The Board of Directors is responsible for supervising the overall ESG management policy, strategy and target setting, and major decision-making, as well as overseeing the effective operation of the ESG management mechanism at HTC. Chief Sustainability Officer reports to the Board of Directors at least once a year. The ESG committee held its first meeting in March 2022, during which it decided on the ESG focus planning items for the year and assigned dedicated representatives from the committee to form an ESG work group responsible for promoting ESG focus work items. The ESG work group conducts review meetings every two weeks to review the progress of each project.

The ESG Committee reports the significant ESG material topics, stakeholders engagement, execution performance and strategy and targets for the previous year to the Audit Committee at least once a year. In 2024, we continued to promote the second phase of paperless processes and carry out projects with the Ministry of Economic Affairs, Industrial Development Administration, using the carbon management platform to conduct inventory and verification of greenhouse gases and product carbon footprints, while gradually planning to introduce an internal carbon pricing mechanism.

To strengthen employees' awareness and knowledge of ESG, the ESG office publishes two newsletters "ESG Office Newsletter" and "ESG Office Weekly News." The former one irregularly publishes the Company's important information of ESG such as its awards, highlights in ESG Reports, and etc. to intensify the ESG cognition in the company. The later one delivers popular ESG news, including Net Zero Emissions, carbon tax, CBAM, green energy, DEI, human right and etc. for our colleagues to have the latest updates of ESG issues. These implements help the Company to promote ESG related strategies and targets.

### The HTC Environment, Social, and Governance (ESG) Policy

HTC is committed to observing all the International and Regional laws in the countries where it operates and to do business with honesty and integrity. We will continue to provide innovative and quality products, protect the environment, care for the health, safety and human rights of our employees, and positively maintain our stakeholders’ rights and interests. This ESG policy helps HTC maintain social responsibility and realize the vision of sustainable development. All our related business partners advocate and share this policy with us and in this way, we all protect and enhance the rights and interests of our internal and external stakeholders.

- (1) Using Responsible Business Alliance Code of Conduct as a reference for code of conduct, developing HTC as a good corporate citizen and participating in international Initiatives
- (2) Promotion of energy efficiency, carbon-reduction practices and various environmental protection activities
- (3) Sustainable innovation from creation to development
- (4) Sustainable supply chain management
- (5) Be a responsible corporate citizen, with the highest ethical standards

### ESG Topics Management

HTC’s ESG topics management uses materiality analysis as an important guideline for formulating long-term sustainable goals and communicating with stakeholders. In materiality analysis, GRI guidelines and AA1000 AP 2018 responsibility principle standards are adopted, and the four principles of inclusiveness, materiality, responsiveness, and impact are used to respond to the needs of stakeholders and focus on the disclosure of major topics, and these are further used for the judgment of disclosure of relevant actions, performance and results.

Based on industry and operating activities, as well as indicators such as interaction with the company, dependence, responsibility, attention, and influence, HTC evaluates stakeholders from multiple perspectives and identifies eight key stakeholders in 2024, including (1) employees, (2) suppliers/contractors, (3) consumers/customers, (4) shareholders and investors, (5) local communities, academic institutions & NGOs, (6) government regulatory agencies.

In addition to stakeholders, ESG Office also considers product services and operating activities, business relationships with the value chain, interested entities related to HTC (including subsidiaries and affiliated companies), sustainability context and human rights topics and etc. Based on GRI, SASB indicators, domestic and foreign corporate trends, peer ESG reports and other indicators, screen the issues of concern, focus on 21 sustainable topics that are highly relevant to the company covering economic, environmental, and social aspects, and distribute questionnaires to each stakeholder. We also invited ESG working group members to fill in the operational impact questionnaire. All the items in the questionnaire use the two major indicators of impact and possibility, and provide them to stakeholders in a five-point

manner to identify possible or existing impacts. A total of 467 valid questionnaires were received, and the weights were adjusted to prevent bias due to the high proportion of certain types of stakeholders.

After selected and generated by the ESG Office, a major topics discussion meeting was held internally, and the Chief Sustainability Officer also attended the discussion. The meeting discussed according to the company’s development strategy, industry status, value chain practice and expert advice to confirm the degree of impact and positive/ negative/ potential impact of topics on the economy, environment, society and human rights, identified and ranked 15 major topics of the year. The ESG Office reports the results to the Audit Committee for presentation to the Board of Directors, and serves as the main line of information disclosure in this year’s ESG Report.

### HTC 2024 Material Topics Boundaries

2024 HTC Material Topics Boundaries Matrix (HTC to External Environment) Economic Environmental Social

Likelihood	High	<ul style="list-style-type: none"> <li>★ Corporate Governance</li> <li>★ Human Right, Diversity and Inclusiveness</li> <li>★ Regulation Compliance</li> </ul>	<ul style="list-style-type: none"> <li>★ Customer Privacy, Safety and Health Management</li> <li>★ Occupational Safety and Health</li> <li>★ Information Security and Privacy</li> </ul>	<ul style="list-style-type: none"> <li>★ Economic Performance</li> <li>★ Talent Attraction and Retention</li> <li>★ Occupational Safety and Health</li> <li>★ Integrity Management</li> </ul>	<ul style="list-style-type: none"> <li>★ Information Security and Privacy Protection</li> <li>★ Customer Privacy, Safety and Health Management</li> <li>★ Human Right, Diversity and Inclusiveness</li> </ul>	
	Medium	<ul style="list-style-type: none"> <li>★ Economic Performance</li> <li>★ Climate Change</li> <li>★ Innovation Management</li> </ul>	<ul style="list-style-type: none"> <li>Waste Management</li> <li>★ Energy Management</li> <li>★ Circular Economy and Product Life Cycle</li> </ul>	<ul style="list-style-type: none"> <li>Employment/ Labor Relationship</li> <li>Social Investment and Contribution</li> </ul>	<ul style="list-style-type: none"> <li>Waste Management</li> <li>★ Circular Economy and Product Life Cycle</li> <li>★ Climate Change</li> </ul>	<ul style="list-style-type: none"> <li>★ Sustainable Supply Chain</li> <li>Employment/ Labor Relationship</li> <li>★ Energy Management</li> <li>★ Innovation Management</li> <li>★ Regulation Compliance</li> <li>★ Corporate Governance</li> </ul>
	Low		<ul style="list-style-type: none"> <li>★ Integrity Management</li> <li>Water Resource Management</li> <li>★ Sustainable Supply Chain</li> <li>★ Risk Management</li> </ul>	<ul style="list-style-type: none"> <li>Training and Career Development</li> <li>★ Talent Attraction and Retention</li> <li>Biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>Training and Career Development</li> <li>Water Resource Management</li> <li>Biodiversity</li> <li>Social Investment and Contribution</li> </ul>	<ul style="list-style-type: none"> <li>★ Risk Management</li> </ul>

★ Major Topics

2024 HTC Material Topics Boundaries Matrix (External Environment to HTC) Economic Environmental Social

			High		Low	
			Likelihood		High	
★ Information Security and Privacy/Protection	★ Integrity Management			★ Economic Performance		
★ Customer Privacy, Safety and Health Management	★ Economic Performance		★ Innovation Management	★ Information Security and Privacy Protection		
★ Innovation Management			★ Climate Change	★ Corporate Governance		
				★ Circular Economy and Product Life Cycle		
★ Regulation Compliance	★ Occupational Safety and Health	Waste Management	★ Talent Attraction and Retention	★ Sustainable Supply Chain	★ Regulation Compliance	
★ Corporate Governance	★ Circular Economy and Product Life Cycle	Training and Career Development	Employment/Labor Relationship	★ Risk Management	★ Customer Privacy, Safety and Health Management	
★ Risk Management	★ Climate Change	★ Human Right, Diversity and Inclusiveness	Training and Career Development	★ Human Right, Diversity and Inclusiveness	★ Integrity Management	
★ Energy Management	★ Sustainable Supply Chain	★ Talent Attraction and Retention		★ Occupational Safety and Health		
		Social Investment and Contribution	★ Energy Management			
	Employment/Labor Relationship	Water Resource Management	Biodiversity	Waste Management		
		Biodiversity	Water Resource Management			
			Social Investment and Contribution			
High	Negative Impact to HTC Operation	Low	Positive Impact to HTC Operation	High		

★ Major Topics

Stakeholders Engagement

Stakeholder	Significance to HTC	Concerned Issues	Communication channel / Frequency and response method	Appeal channel
Shareholders and Investors	Shareholders and investors' support have positive impact to the sustainability of HTC. Information on HTC's corporate governance policies and related regulations can be found on the company's website.	Corporate Governance Innovation Management Economic Performance ESG Management Regulation Compliance Social Investment and Contribution	1. Shareholder conference- Yearly 2. Annual report- Yearly 3. Monthly revenue statement- Monthly 4. Visiting investors- Irregular 5. Market Observation Post System- Irregular 6. Investor Relationship Website- Standing 7. Spokesperson- Standing	Investor Liaison: Tel: +886-2-8912-4138 E-mail: ir@htc.com Company spokesperson and investor relations: spokesman@htc.com
Consumers/ Enterprise customers	Consumers build strong customer relationships by providing first-class customer experience; corporate customers enhance company value and pursue growth through cooperation and product and business development, and gradually improve corporate sustainable operations.	Corporate Governance Economic Performance Customer Privacy, Safety and Health Management Innovation Management Information Security and Privacy Protection Circular Economy and Product Life Cycle Climate Change	Consumers (Daily Ongoing): 1. Local service contact channels in 10 languages to provide customers with real-time communication and assistance. 2. Websites in different languages for customers to give feedback and to access information in a real-time manner (over 60 established) 3. Dedicated email boxes for different functions (Support, Copyright, Security, etc.) to provide convenient customer contact with HTC	Customer service hotline: 0809-090-166, mobilephone please call: 02-2162-6788 ESG E-mail: esg@htc.com

(Continued)

Stakeholder	Significance to HTC	Concerned Issues	Communication channel / Frequency and response method	Appeal channel
			4. Automated support survey invitations to collect customer satisfaction feedback 5. Immediate corrective actions in place based on customer's insights Enterprise Customers: 1. Reply to customer inquiries. - From time to time 2. Customer audit and replies to customer's questionnaires. - By customer request 3. Meeting the customer requirements about environmental and social responsibilities. - By customer request	
Employees	HTC upholds the people-oriented belief. Employees are the most valuable asset and the key to innovation	Regulation Compliance Economic Performance Talent Attraction and Retention Human Right, Diversity and Inclusiveness Occupational Safety and Health Salary and Benefits Training and Career Development Employment/ Labor Relationship	1. Department quarterly meeting. - Irregular 2. One-on-one interview with supervisors. - Irregular 3. Annual performance appraisal/ interview. - 2/ Yearly 4. New employee seminar. - Quarterly 5. Employee assistance hotline and mailbox, Health Center, Employee Aid Scheme. - From time to time 6. Labor-management meeting. - Quarterly	HR Hotline Employee helpline e-mail
Suppliers/ Contractors	Suppliers are indispensable partners for corporates to realize continuing operating growths. Contractors provide a safe working environment helping build up a sense of cohesiveness and improve corporate image.	Regulation Compliance Economic Performance Information Security and Privacy Protection Climate Change Circular Economy and Product Life Cycle Sustainable Supply Chain Occupational Safety and Health Innovation Management	Suppliers: 1. Supplier communication conference- Irregular 2. Guidance and audit for suppliers - Yearly 3. Cooperation project with suppliers for addressing ESG and greenhouse gas issues Contractors: 1. Induction training. - Weekly 2. Patrol inspection in the facility. - Irregular 3. Coordinative organization meetings. - Quarterly	E-Mail: esg@htc.com
Government regulatory agencies	The foundation of the Company is to build an excellent external environment for the corporation, by following the legal guidelines, cooperating with government policies, and earning trust, support, and collaboration with the government.	Economic Performance Innovation Management Corporate Governance Integrity Management Regulation Compliance ESG Management Climate change Human Right, Diversity and Inclusiveness	1. Official document, E-mail, Visit, Act and regulations database. - Irregular 2. Meeting such as Forums, Seminars etc. -Irregular 3. Voluntary greenhouse gas emissions inventory -annually 4. Participate in the government's sustainable project plan - irregular 5. The tax authorities of various governments are the main stakeholders of our company. In order to comply with the relevant laws and regulations of various countries, our company strictly implements daily tax declaration and payment operations. If the applicable laws are unclear during the operation, the Company will contact the relevant government agencies directly or through the Big Four accounting firms to seek appropriate handling methods. Once we receive a tax audit notice, our company will immediately prepare relevant information and fully cooperate with the tax authorities in the audit.	E-Mail: esg@htc.com

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Stakeholder	Significance to HTC	Concerned Issues	Communication channel / Frequency and response method	Appeal channel
Local communities, academic institutions & NGOs	Communicating with community residents, academic institutions and non-governmental organizations will help HTC better understand market needs, promote technological innovation, and practice corporate social responsibility	Waste Management Climate Change Energy Management Information Security and Privacy Protection Regulation Compliance Water Resource Management Social Investment and Contribution Human Right, Diversity and Inclusiveness Talent Attraction and Retention	1. Positive employee engagement in public interest activities. - Irregular 2. Supporting non-profit organizations' activities in ecology, environmental protection and various public welfare fields - Irregular 3. Attending academic conferences, interviews or questionnaires. - Irregular 4. Inviting local artists to HTC to hold art exhibitions - Irregular	E-Mail: esg@htc.com

(Concluded)

### 2.10.1 Employee Health and Care

Employees are HTC’s most cherished assets. We are devoted to creating a safe and comfortable workplace that stimulates creativity of our employees. Letting employees remain professional and passionate about their participation in the company’s development is vital for the company to move toward success and sustainable development. Thus, balancing life and work as a way of maintaining employees’ physical and mental health has always been a goal that HTC pursues. Although the epidemic has gradually slowed down in 2024, HTC Health Center continues to provide free rapid screening services and implement strict ventilation and disinfection measures in the screening area to create an independent and safe working environment.

#### Valuing Employee Health

We regard employees’ health as the key to showing care to our employees. We work our best in providing a healthy and cozy workplace for all our employees and have been specifically working on three main directions such as “Health Management”, “Health Promotion”, and “Health Care.” We have planned out related response procedures for major infectious diseases that are prone to spread, ensuring that related resources and supports are in place for effective actions while taking solid measures to safeguard the health of every employee.

We have formulated health service plans such as Four Regulations of the Labor Health Protection to promote employees’ safety, health and welfare, and prevent occupational and environmental harm and injuries.

Noting that potential harms from work and the environment can impact employees’ health, the health center in accordance with the requirements of the Occupational Safety and Health Law and four rules provides employees thorough health services, including The Prevention of Abnormal Workload-triggered Disorder, The Prevention of Ergonomic Hazards, The Protection of Maternal Health, and The Prevention of Unlawful Infringement in Performance of Duties. Categorized management was implemented based on the results of health check-ups to prioritize the care of employees with high or medium health risks. Doctors from contracted hospitals and health center nurses conducted health risk assessments and

arranged for interviews, health consultations, health guidance, and regular follow-ups based on the assessment results. We planned relevant health promotion activities and provided health information to enable employees to not only have the correct health knowledge but also to move towards a healthy lifestyle in their daily lives and cultivate self-health management abilities. We strive to have a positive impact on our employees and their families, implementing comprehensive health care mechanisms, and creating a healthy and vibrant work environment.

HTC has been working with professional institutions since February 2009 to provide employees with psychological counseling and guidance with respect to working career, relationships, family and parenting, gender sentiments, mental illness, and physical and mental stress. Each year, employees can enjoy unlimited telephone consultations and 6 free face-to-face consultation services, which are paid in full by the company. In 2024, there were 164 telephone and face-to-face consultation services visits. In order to promote diversity and equality, professional organizations are invited to share articles on diverse topics every month, including workplace interpersonal relationships, management and leadership skills, DEI diversity and inclusion, and daily fitness to relieve stress.

#### Valuing Female Employees and Maternal Health Protection Plan

HTC values the workplace contributions of female employees equally. Therefore, we strive to establish a truly gender-equal corporate culture by adjusting service offerings and improving environmental facilities to address the inconveniences that women may experience during menstruation and pregnancy. The physical and mental caring mechanisms we provide for our female employees include:

- (1) A female cancer-screening program is part of the annual health check. This includes the choice of a pap smear, CA-125, a breast ultrasound exam, or a mammogram.
- (2) Consideration for the physiological needs of female workers, providing a comfortable environment for rest, electric heating pads and far infrared therapy equipment, and arranging on-site health service physician consultation according to needs, providing health education, health guidance or refer to medical institutions for diagnosis and treatment.
- (3) Exclusive car and motorcycle parking spaces for pregnant women were set up near the entrance and exit of the parking lot.
- (4) Taking care of breastfeeding employees. We create a friendly environment for breastfeeding. We provide a warm and comfortable nursing environment, ultraviolet milk bottle disinfection devices, microcomputer thermos, and comfortable sofa, refrigerator for breast milk storage, and infant breast-feeding-related publications and light music. HTC has 7 Breastfeeding room in Taiwan that was visited 933 visits in 2024.
- (5) HTC has launched the Motherhood Health Protection Program, which includes all female employees one year after childbirth or breastfeeding women as protected subjects. In accordance with the Program, the list survey, risk identification, individual medical consultations, work assignment and work/ return to work, and other procedures were carried out. By the end of 2024, 16 female employees completed the risk classification and protective measures, indicating the considerably safe work enjoyment and contents.

## Creating a Happy Workplace

HTC recognizes that employee creativity is our most valuable asset, and frequent cross-departmental communication can inspire out-of-the-box thinking. Therefore, in the design of the Taipei office space, we have planned many areas where employees can interact with each other anytime. These areas include the criss-crossing sky bridges in the middle of the building, offices connected to different departments on both sides, and communication spaces extending from the floor like transparent boxes. We hope that through these spaces, we can promote opportunities for cooperation between departments and allow creativity to freely flow.

HTC believes that sharing is the best interaction, so we have the HTC Gallery in our Taipei office as a venue for art exhibitions. Every season, we invite different artists from both domestic and international backgrounds to exhibit their works in the gallery, making it a creative and vibrant platform for artistic exchange. We sincerely invite everyone who is interested in art, including employees of the building's tenants and residents of the surrounding communities, to come visit the HTC Art Gallery and explore endless creativity. In order to make the exhibition more diverse, we cooperated with professional art galleries in Taiwan and abroad, allowing artists to step out of the exhibition space and extend their works to a wider office space. Through guided tours by professional art galleries, we deepened the artistic atmosphere within HTC and stimulated more creative thinking. In 2024, we presented a series of distinguished exhibitions, including the IDEAS Print Studio Group Exhibition, *Perspectives · Dialogue: Art Beyond Language* Group Exhibition by Modern Art Gallery, international artists' joint exhibition by Bluerider Arts' dual showcases: *Cao Jigang: Skypath* and *Arts and Technology: A Group Exhibition of Three Artists* and *Life is a Playground* by Donna Art, a joint exhibition featuring artists from Taiwan and abroad.

## A Five Star Gym

In order to encourage and promote the sports atmosphere and allow employees to develop good exercise habits, HTC has set up a fully equipped professional fitness space in office buildings, Various modern fitness equipment including free weight training equipment and weight training mat floor. HTC has commissioned professional fitness management consulting firms and professional suppliers to manage the gym and to provide full-time services. These include onsite fitness instruction, fitness curriculum planning, and advice about the prevention of sports injuries. Six coaches with an emergency card or sports injury protection license were on shifts at the site. There were 35,357 visits in 2024.

## Environmental Maintenance and Green Landscaping

The factories and offices disclosed in the boundary organization report this year have been established in industrial and commercial areas after environmental consideration and evaluation. The relevant environmental protection has been implemented in compliance with local regulations and internal environmental policies and specifications that have no significant impact on the local ecosystem and animal and plant species.

With the policy of dedication to sustainable environments, HTC is committed to deliver landscaped green spaces in both Taoyuan and Taipei offices. The Taipei Office building horticulture planning adhered to the concept of environmental protection and open parks. The planting area on the first floor reached 41% of the total base area. According to the topographic planning, large trees totaling 260 were planted, including camphor trees, Liquidambar, Podocarpus, Taxodium distichum, and cherry trees. Additionally, the plan designated eight shrub planting areas and one ecological pool area to plant about 3,200 plants. In Taoyuan headquarters area, there are over 134 green plants on the grounds, such as Camphor and the Taiwan Golden-rain Tree. These tree species and diverse vegetation provide a wide range of ecosystem conservations, including mitigating soil erosion, regulating climate, providing habitats for various organisms, and contributing to better air quality. We carefully considered the growth conditions and characteristics of different tree species to maintain ecological balance and biodiversity while ensuring their successful integration within the local ecosystem.

In order to improve the quality of work environment and green ecology of employees, plant pots that can purify indoor air quality and reduce carbon dioxide concentration in the office. Potted plants such as eucalyptus, Dracaena and Peace Lily are placed in the Taipei office. Different plants are added according to different festivals to enhance the atmosphere of different festivals and provide a fresh office environment for employees. Regular pest control measures are taken quarterly to prevent dengue fever and other pests, and environmental pesticides are sprayed in water accumulation areas near the plant to reduce the density of vector mosquitoes. The annual management fees for our green environment maintenance amounts to NT\$ 20.09 million in 2024.

## Drinking Water Quality Control

Quality of the drinking water directly affects employee's health and management of the drinking water are closely related to the quality of the water. It is part of the daily life not to be missed. To implement standard and norms for the drinking water, HTC has adopted a complete plan for inspecting the drinking fountains, through which periodic maintenance, inspection on water quality, and disclosure of the records are to be carried out thoroughly according to the Drinking Water Management Act. The drinking fountains are to be maintained by EPA (Environmental Protection Administration)-approved professional agencies who will collect samples and check quality of the water every three months. They will inform in detail about the records maintained and the outcome of water inspection. This information will be posed in areas near the drinking fountains. The total plate count and Coliform of drinking water all passed the test in 2024.

## 2.10.2 Environment, Safety and Health

In order to achieve our commitment to protect the safety and health of our employees, HTC has established the exclusively responsible unit for environmental issues and the occupational safety and health dept. in accordance with the law, and are responsible for the implementation of the entire safety and health management system. It also assists the various factories in continuing to promote occupational safety and health management, environmental management and energy management systems.

Every year, we also formulate an occupational safety and health management plan based on the state of safety and health management. The implementation focuses include: compliance with safety & health regulations, hazard identification and risk assessment to reduce operational risks, standardization of hazardous chemical labeling and general rules, implementing contractor management, formulating the registration and monitorization of hazardous operations (elevated, sudden noise and confined space management, etc.), disseminate safety & health information, etc., in order to implement Occupational Safety & Health Management, Occupational Safety & Health Education / Training, Standard Operating Procedures and Work Safety Analysis, Automatic Occupational Safety & Health Inspection, Emergency Response, Health Management / Promotion, Occupational Safety & Health Activities. These efforts aim to achieve full employee involvement and to reduce safety & health risks. We have emergency response plans that will be implemented in the event of an emergency caused by human error or natural disasters, such as fire, explosion, typhoon, an accidental leak, mechanical injury, infectious disease, or an earthquake. As identification of the nature of the emergency, taking the necessary measures and examination of standard operating procedures. In addition, personnel evacuation drills are held regularly. In 2024, the Taipei Office and Taoyuan Factory will hold self-defense fire-fighting group training and building evacuation drills in accordance with laws and regulations, in order to minimize the impact on the health and safety of relevant personnel and company property.

## Environment Protection, Occupational Safety, Health and Energy Policy

HTC strives to provide a safe and healthy working atmosphere for all of our employees while adhering to sustainability best practices which protect our environment. HTC follows the guidelines below to achieve sustainable development and to ensure a better quality-working environment for our employees, customers, suppliers and contractors.

- (1) We regard environment, safety, health, productivity, quality and effective energy management with equal importance.
- (2) We regard the safety and health of employees, customers, suppliers and contractors with equal importance.
- (3) We require our employees to observe all guidelines regarding safety, operating procedures, environmental protection, hygiene, health and energy management.
- (4) We are committed to preventing foreseeable dangers and loss control.
- (5) We are committed to ensuring the organization establishes and implement a process for consultation and participation of workers.
- (6) We follow required laws and regulations.
- (7) We are committed to giving priority to green products.
- (8) We will continue to practice and improve on our environment, safety, health and energy management systems.

HTC has introduced its management system for occupational safety and health to realize its commitment for continuous improvement through putting operation of the management system in full practice. We placed our focus on “management on safety and health”, “education and training for safety and health”, “SOP and work safety analysis”, “work safety check”, “emergency response”, “management and promotion for health”, and “activities for safety and health” to fully prevent occupational hazards from taking place.

To ensure a safe and healthy workplace, we invite inspection agencies recognized by Ministry of Labor to conduct inspections on operating environment every half a year and post the results at easily accessible areas for employees to know about. Since start of the inspection, all results for HTC have been better than the standards from those related regulations of permissible exposure limits.

To strengthen our employees’ concepts about safety and health, during the new employee training included in the onboarding process and the job-change training for current employees, we educate and train our employees on general safety & health, how to handle dangerous substances and hazardous substances, as well as other education or training courses required by laws and regulations. Safety trainings held every half a year, and will be carried out in accordance with the emergency response procedure to reinforce their ability in responding to emergencies.

Regular and irregular inspections are conducted on various work environments, vehicles, equipment, facilities, and fire safety measures. In addition to ensuring a safe working environment, safety measures, safety and hygiene education records of employees, and pre-, during-, and post-use inspection of machinery and equipment are also checked during on-site inspections and audits. This includes the detection and measurement of organic solvents, free radiation dose, and infrared detection in the work environment. For employees engage in operations involve handling hazardous substances or under risky working environment (such as handling organic solvents, operating in an environment that lacks oxygen, etc.) and special operations (forklifts, etc.), the employees should be provided with safety & health education for the operators and for employees on-the-job, related training will be provided according to regulations, risk acknowledgement of dangerous chemicals, and workplace right infringement prevention.

Key points of safety and health management for our vendors include: the compliance with occupational safety and health regulations, hazard identification and risk assessment to reduce operational risks, standardization of hazardous chemical labeling and general rules, implementing contractor management, formulating the registration and monitorization of hazardous operations (elevated, sudden noise and confined space management, etc.), disseminate safety and health information, etc., in order to implement “Occupational Safety & Health Management,” “Occupational Safety & Health Education/ Training,” “Standard Operating Procedures and Work Safety Analysis,” “Automatic Occupational Safety and Health Inspection,” “Emergency Response,” “Health Management/ Promotion” and “Occupational Safety and Health Activities.” These efforts aim to achieve full employee involvement and to reduce safety & health risks. Subcontractors of construction have been informed and educated about the hazards before entering the plant for work so that they can learn about the working environment and process safety rules and getting familiar with use of the fire equipment.

At present, HTC adopts the international standard ISO 14001: 2015 environmental management system and ISO 45001: 2018 occupational safety and health management system and continuously maintains the validity of the certificate. The head office and plants have formulated environmental protection, occupational safety, health, and energy policies, and are responsible for implementing and promoting relevant management within the plants. Setting corresponding goals based on the policies is required to systematically implement supporting management actions and integrate them into daily management.

### 2.10.3 Climate Change Management

With its advantage in mobile technology and our effort in product innovation, HTC includes the issue of climate change into our VIVERSE vision, providing a completed solution for corporations and the society, and creates a better life experience. To strengthen the HTC climate change governance and mitigate the threats posed by climate change, HTC has implemented the Task Force on Climate-related Financial Disclosures (TCFD) framework, in which designated members of the ESG committee participated in the project to identify relevant risk and opportunity factors, analyze the possible transition and physical risks/ opportunities, and actively respond to the impacts. We build a risk framework according to four core elements: governance, strategy, risk management, and metrics & targets.

HTC has also developed a Climate Change Management Policy and conducted a full-scoped carbon emissions analysis, calculation, and assessment based on SBTi methodology, and planned a net-zero carbon pathway, as well as formulated corresponding short-, medium-, and long-term decarbonization strategies and management indicators. The Policy was submitted to the Board of Directors for deliberation and implementation in May 2023, with the objective of realizing the goal of corporate sustainable management.

In addition, HTC has published the second independent TCFD report, which has been ranked as the highest level “Pioneer” by SGS’s TCFD performance evaluation in 2024. We will continue to publish the annual TCFD report in 2025. For details of the TCFD independent report, please refer to the HTC TCFD Report: <https://www.htc.com/us/esg/esg-report/>.

### Governance

The Board of Directors is responsible for the final decision-making and deliberation of HTC’s climate change governance and management structure. An ESG Committee is established under the Board of Directors to implement relevant topics and resolutions regarding climate change management. Led by the Chief sustainability officer, the ESG Committee is responsible for implementing climate change management policies and major resolutions deliberated by the Board of Directors, integrating resources and progress of climate actions in different departments, and comprehensively evaluating climate change risks alongside other corporate risks.

Designated members of the Sustainability Committee set up a TCFD Risk Management Group to jointly participate in the project. The Sustainability Office is responsible for continuously tracking and reviewing the implementation of various climate change-related plans, while also reviewing the latest domestic and international climate governance-related policies and peer actions to adjust the results of climate risk assessment analysis. The Sustainability Office regularly reports to the ESG Committee on the trends, impacts and implementation performance of relevant issues, and reports the above actions to the Audit Committee through the ESG Committee every year. The Chief Sustainability Officer also reports to the Board of Directors on a regular basis.

The ESG Office is responsible for the company’s overall “Greenhouse Gas Inventory and Verification Schedule Planning” and will submit the implementation progress to the Board of Directors on a quarterly basis to ensure that the company continues to make progress in climate change governance.

### Risk Management

To strengthen corporate governance and enhance stable operations and sustainable development, HTC has established a Risk Management Policy as the criteria for risk management based on each type of risk. It has also set up a full-time unit to implement risk management and measurement work of the company, and establish a sound risk management mechanism. The ESG Office is responsible for the management of risks related to climate change and ESG, and the overall arrangement of the TCFD risk management group to measure risk. In the risk management organization, the Board of Directors is the highest decision-making unit for risk management. The ESG Committee was established under the Board of Directors to deliberate the risk management policy, and review the management reports of material risk topics.

When identifying risks, HTC conducts qualitative and quantitative management of each risk through an analysis of the operating environment and coverage of each business and operating activity. The company lists different types of risk measurement methods as the basis for risk management, and uses various kinds of information to measure the possibility of risk events and degree of impact on the company. Through risk analysis, the company evaluates the risk levels and provides necessary information as the basis for risk evaluation and response. After evaluating and summarizing risks, each responsible unit establishes appropriate response measures to address the risks faced, and controls them within an acceptable level. Each responsible unit also monitors the risks of their business, proposes relevant responsive countermeasures, and provides risk evaluation forms to the TCFD risk management group of the ESG Committee. These risk evaluation forms are summarized by the risk management group and then presented to the ESG Committee. The ESG Committee then measures and monitors the quality of overall risk management, and reports risk evaluation results and work progress to the Board of Directors periodically.

HTC has also established a Climate Change Management Policy and Climate Change Risk Management Process. In 2022, the company launched a process for identifying risks and opportunities of climate change, completed risk and opportunity identification, and evaluated the financial impact in accordance with the risk evaluation mechanism recommended by the TCFD. HTC defines climate-related risks and opportunities in three different intervals, i.e., short term, medium term, and long term, and evaluates climate-related risks and opportunities accordingly. Relevant response measures have been established to deal with top three risks and opportunities with the highest possibility of occurrence and impact. Starting from 2022, the company will re-evaluate risks every year and adjust response strategies based on the top three most likely and high-impact risks and opportunities, while focusing on the implementation results of relevant indicator targets.

### Strategy

#### Identifying Risks and Opportunities

Adhering to the corporate vision and sustainability responsibility, HTC includes climate change related risks in the scope of evaluation and tracking, and continues to pay attention to the climate risks that impact operations, including international regulatory norms and extreme weather conditions. Furthermore, based on the climate change risk and opportunity evaluation framework recommended

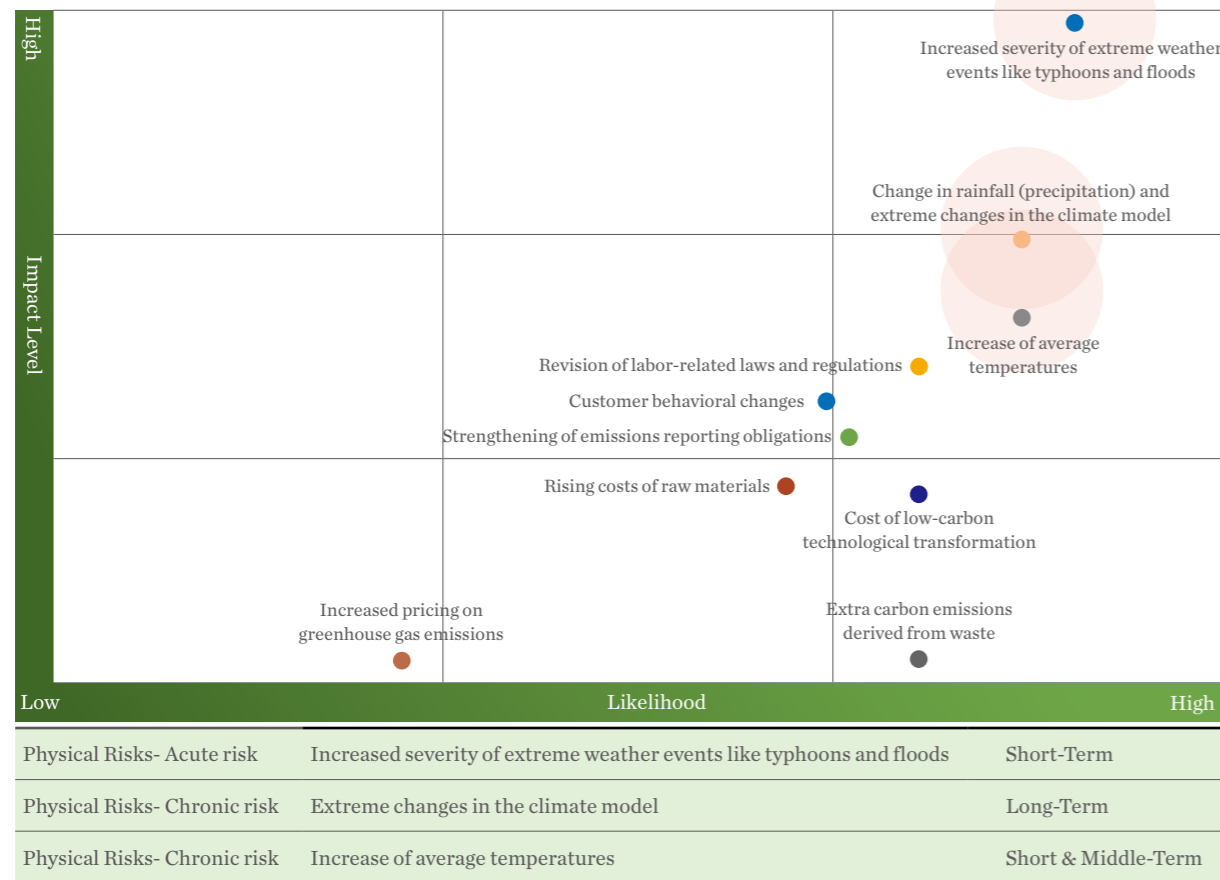
by the TCFD, the setting of climate change scenarios, and the risks and opportunities derived therefrom, HTC evaluates the risks and opportunities of climate change in operations, and further discusses relevant responsive strategies as well as metrics and targets regarding high-impact risks and opportunities, and specific measures for climate management.

The specific process for identifying risks and opportunities related to climate change is shown as follows:

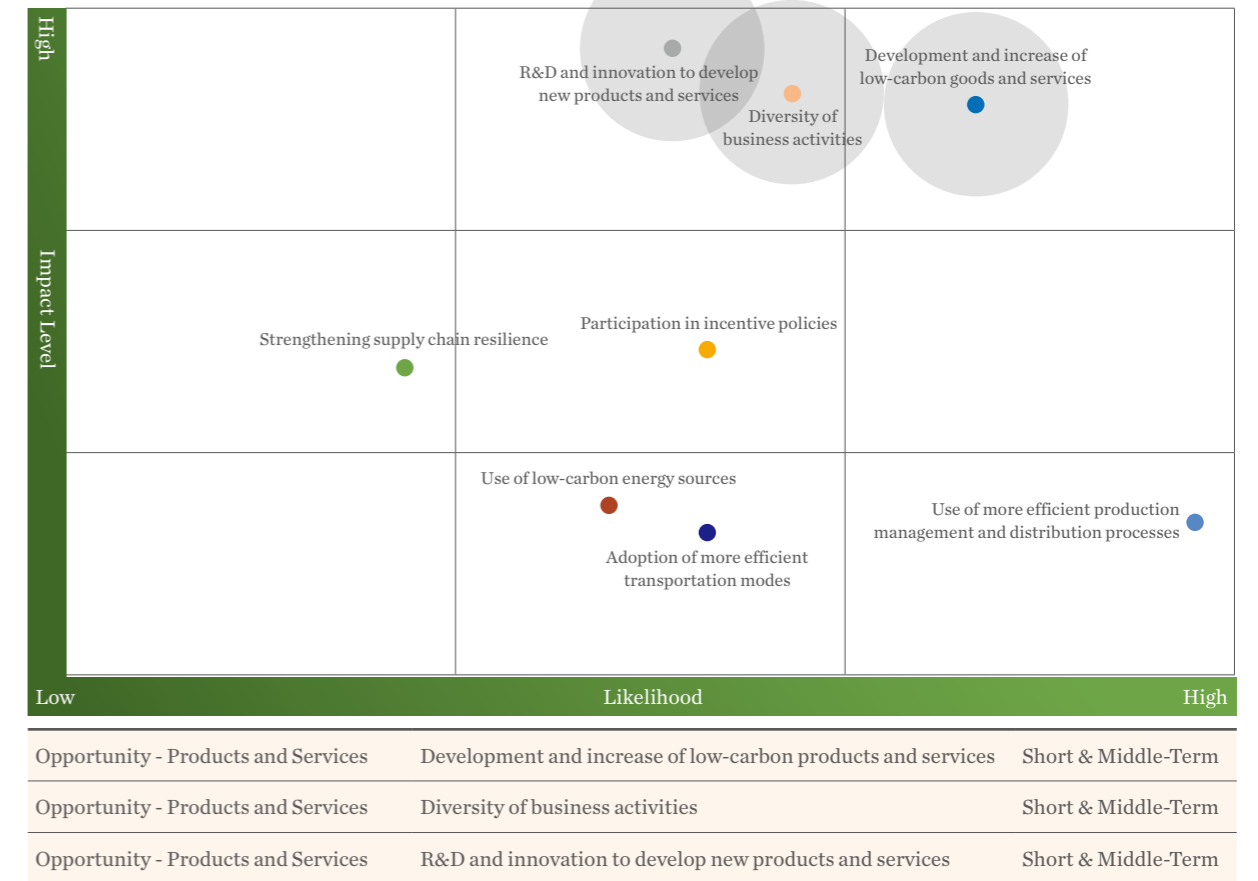
A. Setting of Climate Change Scenarios	B. Evaluation of Impact on the Operating Environment	C. Identification of Climate Risks and Opportunities
Two climate change scenarios: SSP5-8.5: Temperature increase of 6°C SBTi 1.5°C and NDC: Temperature increase of 1.5°C	Evaluate the influence and impact of climate change on the operating environment and stakeholders.	Establish matrixes of risks and opportunities to confirm the risks and opportunities of climate change.

Three high-risk factors and three high-opportunity factors in HTC have been identified. The climate change risks matrix and climate change opportunities matrix are shown in the following diagram.

### Climate Change Risk Matrix



### Climate Change Opportunity Matrix



### Metrics & Targets

HTC had passed SBTi's target validation and set the company's net zero pathway based on its published decarbonization guidelines and methodologies, aiming to achieve net zero emissions by 2050. By linking its core business with concrete quantified management, HTC has established a clear decarbonization pathway, including six major decarbonization strategies: "carbon management and policy," "low-carbon operations," "low-carbon products," "low-carbon transportation," and "value chain engagement," with "carbon offsetting" as a final measure, moving towards the 2050 net zero goal through integrated efforts.

For more details on carbon reduction metrics and targets, please refer to the TCFD Independent Report of the company for the current year.

HTC SBTi Net Zero Target: (Based Year: 2021)		2024
➤ Scope 1 and 2 reduction targets are 42% reduction compared with the base year in 2030, and 90% reduction compared with the base year in 2050		✓ 18.6%
➤ Scope 3 reduction target is 25% reduction compared with the base year in 2030; and 90% reduction compared with the base year in 2050		✓ 45.5%

The total greenhouse gas emissions calculated in 2024 according to the GHG Protocol are 24,321 tCO<sub>2</sub>e, of which the total global greenhouse gas emissions of HTC verified by ISO 14064-1 based on significance analysis are 10,426.506 tCO<sub>2</sub>e. The change in greenhouse gases in the 2024 greenhouse gas inventory for all categories did not exceed the significance threshold of 3% compared with the base year 2021. As a whole, CO<sub>2</sub> was the major greenhouse gas generated by HTC; CH<sub>4</sub> and N<sub>2</sub>O emissions accounted for a very minimal ratio. PFC, SF<sub>6</sub>, NF<sub>3</sub> and HFCs emissions were maintained at 0. HTC expanded the scope of greenhouse emission inventory and external verification to scope 3 in 2014. Relying on the upstream / midstream / downstream greenhouse gas inventory in the complete value chain, HTC accurately identifies the categories and activities with most intensive greenhouse gas emissions to provide suggestions for carbon emission reduction and climate transition strategies.

### HTC Group Global Greenhouse Gas Emissions in the Past Three Years

Based Year: 2021 (Unit: t-CO <sub>2</sub> e)				
ISO14064-1	2022	2023	2024	Verified by ISO14064-1(%)
Category 1	179.1419	163.7687	162.5640	101%
Category 2	8,165.1838	7,850.1365	7,197.8570	99.8%
	8,165.1838	7,850.1365	7,197.8570	99.8%
Category 3-6	26,210.1295	19,211.8767	16,960.3040	18.2%
Total	34,554.4552	27,225.7818	24,320.7250	42.9%
Revenue (NTD\$ Million)	4,409	4,418	3,081	
Intensity (t-CO <sub>2</sub> e/NTD\$ Million)	1.89	1.81	2.39	
Number of increases and decreases compared to the previous year (Metric tons)	-5,627.1423	-7,328.6733	-2,905.057	
Increase/decrease compared to the previous year (%)	-14%	-21.2%	-10.7%	
Scope 1+2 vs Based Year (%)	-7.7%	-11.3%	-18.6%	
Scope 3 vs Based Year (%)	-15.8%	-38.3%	-45.5%	

**Note**

- The scope of inventory covers the main global operating sites of HTC below (since some subsidiaries belong to BVI, they are not included in the scope): Taiwan, mainland China, Japan, the United States, the UK, and Poland.
- Taiwan’s electricity consumption in 2024 will be calculated based on the electricity emission coefficient announced by the Energy Agency for 2023; overseas locations will be calculated based on the electricity coefficients of each country.
- GWP: 2024 data adoption
  - 3.1 GHG Protocol: calculated based on the GHG Protocol IPCC Sixth Assessment Report (AR6) in 2021;
  - 3.2 ISO14064-1 verification: Calculate the GWP based on AR6 of the greenhouse gas inventory operation guideline announced by the Ministry of Environment
- GWP: IPCC 2014 5th Assessment Report (AR5)
- Intensity = (Scope 1 + Scope 2) / Revenue (NTD\$ Million)
- Verified by ISO14064-1 %: The scope verified under ISO14064-1 for the year 2024 is determined based on the results of the materiality analysis.

### Overview of HTC’s Energy and Climate Change Management

HTC has established clear six major carbon reduction strategies to manage and adapt climate change indicators such as carbon emissions. We invest significant resources and manpower each year to improve and advance related goals. We firmly believe that through the implementation of these policies, we can gradually move towards a net zero pathway and contribute to sustainable development.

Strategy	Year - Key results
Carbon Management and Policy	<ul style="list-style-type: none"> <li>• 2008 – HTC began to participate in CDP and regularly reported carbon risk and carbon management planning, systems, and results regarding climate change.</li> <li>• 2008 – Implementation of ISO 14064-1:2006 Greenhouse Gas Inventory, and conducting the revision process for the ISO 14064-1:2018 edition to monitor corporate emission hotspots in 2022, in order to address international greenhouse gas and global warming issues.</li> <li>• 2011 – Implementing the ISO 50001 energy management system, and upgrading to the ISO 50001:2018 edition in 2020, to establish energy-saving strategies and actions needed to address climate change and extreme weather issues, in order to achieve the goal of sustainable business operation for the enterprise.</li> <li>• 2022 – we signed a commitment with SBTi to set HTC’s greenhouse gas emission reduction targets and net zero carbon emission goals based on its published decarbonization guidance tools and methodologies, demonstrating our commitment to achieve net zero emissions by 2050. HTC had passed SBTi’s Near-Term and Net-Zero targets in August 2024.</li> <li>• 2022 – Starting from April 2022, quarterly reports on the “Greenhouse Gas Inventory and Verification Scheduling” and the progress of implementation will be submitted to the board for control.</li> <li>• 2023 – Submit the “Climate Change Management Policy” to the board for review and implementation; introduce the HTC Carbon Management Platform, which has been launched in early 2024.</li> <li>• 2024 – Expand the investigation of 14064-1 boundary, focusing on HTC Group for investigation and conducting third-party verification; initiate the “Low-Carbon Manufacturing Process and Supply Chain Transformation Promotion Plan”; implement internal carbon pricing.</li> </ul> <p>For details on the annual “Carbon Management and Policy” strategy and performance, please refer to this chapter.</p>
Low-Carbon Operations	<ul style="list-style-type: none"> <li>• 2012 – HTC established a complete energy management system in its Taipei office. The total number of physical monitoring points exceeded 7,000, and the total number of software points exceeded 20,000.</li> <li>• 2013 – The Taipei office obtained a Green Building Label from the Ministry of the Interior and LEED Gold certification from the U.S. Green Building Council.</li> <li>• 2023 – Through energy-saving management, a total of 370,620 kWh of electricity was saved, resulting in a reduction of 184 tCO<sub>2</sub>e in carbon emissions. The Taiwan site uses renewable energy, achieving a carbon reduction of 10,789 tCO<sub>2</sub>e.</li> <li>• 2024 – Implementing the “Low-Carbon Manufacturing Process and Supply Chain Transformation Promotion Project”- “Energy management and optimization” and “Process intelligence for carbon reduction” projects. A new solar power generation facility was installed on the rooftop of the Taipei R&amp;D headquarters building to increase the proportion of self-generation and self-use, and was put into use in May 2024.</li> <li>• 2024 – The Taoyuan plant converted waste D-0299 into R-0201 to increase resource recycling and obtained a permit in April 2024.</li> </ul> <p>For details on the annual “Low-Carbon Operations” strategy and performance, please refer to section “3.10.4 Sustainable Agenda/ Sustainable Environment” or the chapter on “Sustainable Environment” and “Sustainable Manufacturing Process” in the ESG report.</p>
Low-Carbon Products	<p>HTC began product environmental impact inventory and analysis using the life cycle evaluation method in 2010.</p> <ul style="list-style-type: none"> <li>• 2022 – VIVE Flow: 1st HTC VR product to complete ISO 14067 Product carbon footprint verification.</li> <li>• 2023 – VR product packaging design has made significant progress, with the release of the VIVE XR Elite in 2024. The product packaging is made of 100% recyclable materials, with 99.99% being paper-based. 99% of the packaging is made from recycled materials, which is beneficial for reducing environmental impact.</li> <li>• 2024/03 – The VIVE XR Elite annual VR product carbon footprint inventory and report generated through HTC’s carbon management platform has passed ISO 14067 verification.</li> </ul> <p>For details on the annual “Low-Carbon Product” strategy and performance, please refer to section “3.10.4 Sustainable Agenda/ Sustainable Products” or the chapter on “Sustainable Products” in the ESG report.</p>

(Continued)

Strategy	Year - Key results
Low-Carbon Transportation	<p>Operating Base</p> <ul style="list-style-type: none"> <li>● Form 2012 – our operating locations have provided bicycle parking spaces to encourage employees to ride low-pollution green energy transportation devices.</li> <li>● 2020 – HTC fully promoted the use of online meetings to replace physical meetings, with approximately 37,000 online meetings held throughout the year, estimated to reduce about 25 tCO<sub>2</sub>e. In January 2021, the online employee conference was the annual highlight event, estimated to reduce about 30 tCO<sub>2</sub>e.</li> <li>● 2021-2023 – operational sites are gradually installing electric vehicle dedicated charging stations to enhance charging convenience, and encourage employees to purchase electric vehicles.</li> <li>● 2024 – Shuttle services at operational sites was further optimized through passenger count statistics to improve service frequency.</li> </ul> <p>Product Transportation</p> <ul style="list-style-type: none"> <li>● From 2016 – The global warehouse setup strategy aims to optimize distribution patterns and reduce the distance to international air/sea ports by adjusting warehouse locations. Through a comprehensive review, it is possible to significantly reduce carbon emissions from transportation by approximately 38.6%.</li> <li>● 2024 – Product transportation is carried out through combined shipping to reduce overall transportation carbon emissions. Combined transport in 2024, air, sea and land transport consolidation rate reached 61%</li> <li>● 2024 – Choose low-carbon transportation and gradually increase shipping and rail transportation. In 2024, the proportion of VIVE XR Elite in sea and air transport weight increased by 1.8% compared to 2023.</li> </ul> <p>For details on the annual “Low-Carbon Transportation” strategy and performance, please refer to this chapter or the “Sustainable Products” section in the ESG report.</p>
Value chain Engagement	<ul style="list-style-type: none"> <li>● 2018-2019 – HTC became a member of the CDP Supply Chain Program and invited suppliers to participate in and respond to a climate change questionnaire. In the first year, HTC invited key suppliers with an annual reply rate of 48%; in 2019, the suppliers’ response rate reached 61%.</li> <li>● 2023 – HTC was honored to be listed on the CDP – Supplier Engagement Rating Leaderboard (A). Continued to invite 118 key suppliers to participate in the CDP Climate Change Questionnaire through the CDP Supply Chain Program, with an annual supplier response rate of 97%.</li> <li>● 2024 – Implementing the two-year “Low-Carbon Manufacturing Process and Supply Chain Transformation Promotion Project”- Supply Chain Engagement Project.</li> </ul> <p>For details on the annual “Value chain Engagement” strategy and performance, please refer to section “3.10.4 Sustainable Agenda/ Sustainable Supply Chain” or the chapter on “Sustainable Supply Chain” in the ESG report.</p>

(Concluded)

## 2.10.4 Sustainable Agenda

As a global leader in the innovative design of virtual reality, HTC is committed to controlling and reducing the impact of its operations on the natural environment. We recognize that reducing the environmental impact of the manufacturing process is an important part of achieving sustainable developments for the company. To this end, HTC has set up a “Sustainable Agenda” from five aspects: “a sustainable environment, design, processes, product and supply chain.” HTC promotes the concept of environmental sustainability and integrates it into all aspects of corporate operations, demonstrating HTC’s active pursuit of corporate responsibility for sustainable development.

## Sustainable Environment

### Green Plant

In 2013, HTC’s Taipei office received the green building mark from Ministry of the Interior and the golden LEED (Leadership in Energy & Environmental Design) certification from the U.S. Green Building

Council (USGBC), offering its employees an excellent and comfortable low-carbon work environment. The requirement for energy-efficient design and use of high-efficiency equipment was implemented during project planning, design, and construction phases. Examples included the full use of LED lighting, ice storage system, energy-regenerating elevators, e-Tag smart parking management system, etc. The fully-integrated energy management system was utilized to attain a full real-time management and improve energy efficiency. Issues are discovered through cross referential comparisons between the data measured and data from currently-available database, and the analysis for improvement is then conducted in order to adopt a better plan on energy efficiency. Issues are categorized into design-oriented, operation-oriented, and management-oriented, which are then traced back to the original system for improvement and assessment on economic effectiveness in order to achieve continuous improvement on energy efficiency, with the EUI (Energy Usage Intensity) of Taipei office amounted to only 101 kWh/m<sup>2</sup> Yr in 2024.

To create a low carbon life, we use only green energy, which includes the use of solar panels, eco-cooler air conditioners, and other low carbon emission sources like electric cars.

Energy-saving program Descriptions	Descriptions
Solar panels (Self-generated and self-used)	<p>Taipei Office 1 has solar panels that generate electricity used for lighting the staircases and basement in 2012. The cumulative total number of solar panels since it was built has reached 170,866 kWh as of the end of 2024, of which 13,645 kWh were in 2024. A new solar power generation system of approximately 197.725kW was installed in 2023 and was put into operation in May 2024. The actual power generation in 2024 was 134,797 kWh.</p> <p>Taoyuan plant is set to install solar energy system on the roofs; the total capacity is 180kW. From the installation of solar panels to December 2024, the solar panels have accumulated a total of 944,496 kWh, of which 139,544 kWh were in 2024.</p>
Heat pumps for air conditioning	<p>We installed a heat pump system in the Taipei offices to provide hot water for showering in the staff gymnasium and hot water for cleaning in the kitchen. Besides providing heat, it can also provide partial cooling energy. The iced water produced during the heat exchange can be used for air conditioning. This system provides hot water and cold air at the same time.</p>
Electric vehicles and bicycles	<p>The Taipei office has already set up four dedicated charging piles for electric vehicles and provided bicycle parking spaces to encourage employees to ride low-pollution green energy transportation equipment. It will continue to add dedicated charging piles for electric vehicles to improve charging convenience. It is estimated that 1,655kgCO<sub>2</sub>e has been reduced based on charging usage in 2024.</p>
Air conditioners are gradually replaced by R410A	<p>Traditional R22 refrigerants contain fluorocarbons, which are the main reason for the depletion of the ozone layer that protects the earth from most ultraviolet radiation. Therefore, in order to save the ozone layer, existing split air conditioning systems that use R22 refrigerants will be gradually replaced with those using R410A refrigerants.</p>

## Water Resource Management

Climate change due to global warming has become increasingly evident making the storage and distribution of water resources an important issue. At HTC, even though our production processes in Taoyuan Factory are not water intensive, we still strive to reduce water consumption during routine

consumption encouraging our people to maintain good water management, recycling, and reuse.

Since dry process is used on the production line in our plant, there would be no industrial waste water generated and all water use would be from office and the dormitory where our colleagues live in. Total amount of domestic waste water treated in 2024 was 22,714 tons. By optimizing the water quality of sewage discharge, we help the water quality of Nankan River (an upstream tributary of Dongmen River) to be managed according to the overall planning of government agencies, and restore ecological protection closely related to biodiversity. The Taipei office is equipped with a rainwater recycling system and air-conditioning condensed water recycling, which is used for watering toilets and plants to effectively save water resources. In 2024, a total of 4,838 tons of rainwater was recycled, effectively saving water resources.

### Green Procurement

In order to practice the concept of environmental protection, HTC integrates the concept of environmental protection into daily use products, and purchases environmentally friendly products based on the principle of “recyclable, low pollution, and resource saving.” We strictly abide by the procurement specifications, explicitly give priority to environmental protection products, and further integrate this principle into our corporate culture, so as to reduce the burden on the environment and protect the earth. The procurement amount in 2024 was NT\$ 1.434 million, and from 2012 to 2024, a total of NT\$35.38 million was spent on products with the green product label.

### Sustainable Design

HTC’s thinking on the development of sustainable products is to start from the product life cycle, analyzes the product process in detail, and adopts different measures at various stages through innovative thinking, especially in the product design and development stage, it uses the concept of The Precautionary Principle to carefully select the ones with lower environmental risks. And cooperate with external third-party certification companies to confirm that it complies with the internationally Restriction of Hazardous Substances Directive, reduces the environmental impact of products, and develops sustainable products that are more environmentally friendly.

HTC’s sustainable design concept for products mainly emphasize three areas: modular design, application of recyclable materials, enhancement of energy efficiency, recyclability design, and reduction of hazardous substances with the serious intention to make our products truly ‘green’ and competitive.

### Modular Design

The VIVE XR Elite headsets have a detachable battery, which allows users to easily replace the battery by themselves rather than having to discard the whole device. This not only extends the product’s usable lifespan but also reduces waste and optimizes usage of nonrenewable resources. In addition

to battery modules, peripheral accessories related to HTC VIVE products will also develop in the direction of modular design in the future, which not only has the potential for customization, but also allows accessories to be repaired independently, improving product quality and maintainability. These advantages not only help improve the competitiveness of products, but also help reduce environmental impact.

### Application of Recyclable Materials

HTC emphasizes the use of sustainable materials and chooses environmentally friendly materials in design, giving priority to low-carbon materials containing recycled plastics to create plastic shells that are both durable and environmentally friendly. This not only effectively reduces dependence on virgin plastics and reduces the consumption of petrochemical resources, but also significantly reduces carbon emissions, contributing to the goal of achieving low-carbon products. These efforts not only demonstrate our commitment to environmental responsibility, but also respond to growing consumer demand for sustainable products.

### Enhancement of Energy Efficiency

We concentrate on energy-saving from the early design and research and development phase. All power supplies used for HTC products must comply with the relevant international energy consumption specifications, including California Energy Commission (U.S.), Energy-related Products and are approved with energy efficiency verification by third-party verification companies. All of their energy efficiency meets the criteria of Level VI which is the highest and defines the standby power shall be less than 0.1W. The lowest consumption of currently use chargers is 0.025W, which is much lower than the standard by 75%. The power adapters that HTC uses are already compliant with the new version of the EU Regulation for External Power Supplies (EU 2019/1782), which requires the introduction of mandatory labeling and energy efficiency testing result documents.

As for the energy consumption during battery charging process, we took the regulations of the US Department of Energy (DOE) and the Natural Resources Canada (NRCAN) as the standards to improve the efficiency of charging and reduce the loss of energy after the battery is fully charged as much as possible, allowing the overall energy consumption to reach minimum and thus achieve the goal of energy saving and carbon reduction. In the new VIVE products in 2024, HTC VIVE Ultimate Tracker has up to 7 hours of battery life. In terms of unit energy consumption (UEC) also significantly outperforms regulatory standards by 38.9%.

### Recyclability Design

In the early stage of product development, we consider waste reduction and resource reuse, and conduct a complete evaluation of the product’s recyclable design status. Plastic materials with high recycling rates

are preferred. The recyclability of the product is analyzed through disassembly and material simulation, and tested by a third-party organization. The recyclability rate of all our products is largely superior to the standard of the same category set up by the EU WEEE regulations (55%). In the future, as a principle, we will continue to design our new products in the direction of decreasing the weight and increasing the material recycling rate. HTC also carefully considers the recyclable design of accessories. Starting in 2023, we introduced a material fixation method using paper circles instead of plastic materials to package wires. HTC U24 Pro smartphone has received the highest-level dark green color on the French Repairability Index, earning an excellent score of 8.5.

VIVE Ultimate Tracker	U24 Pro
	
Material Recycling rate 79.6%	Material Recycling rate 92.83%



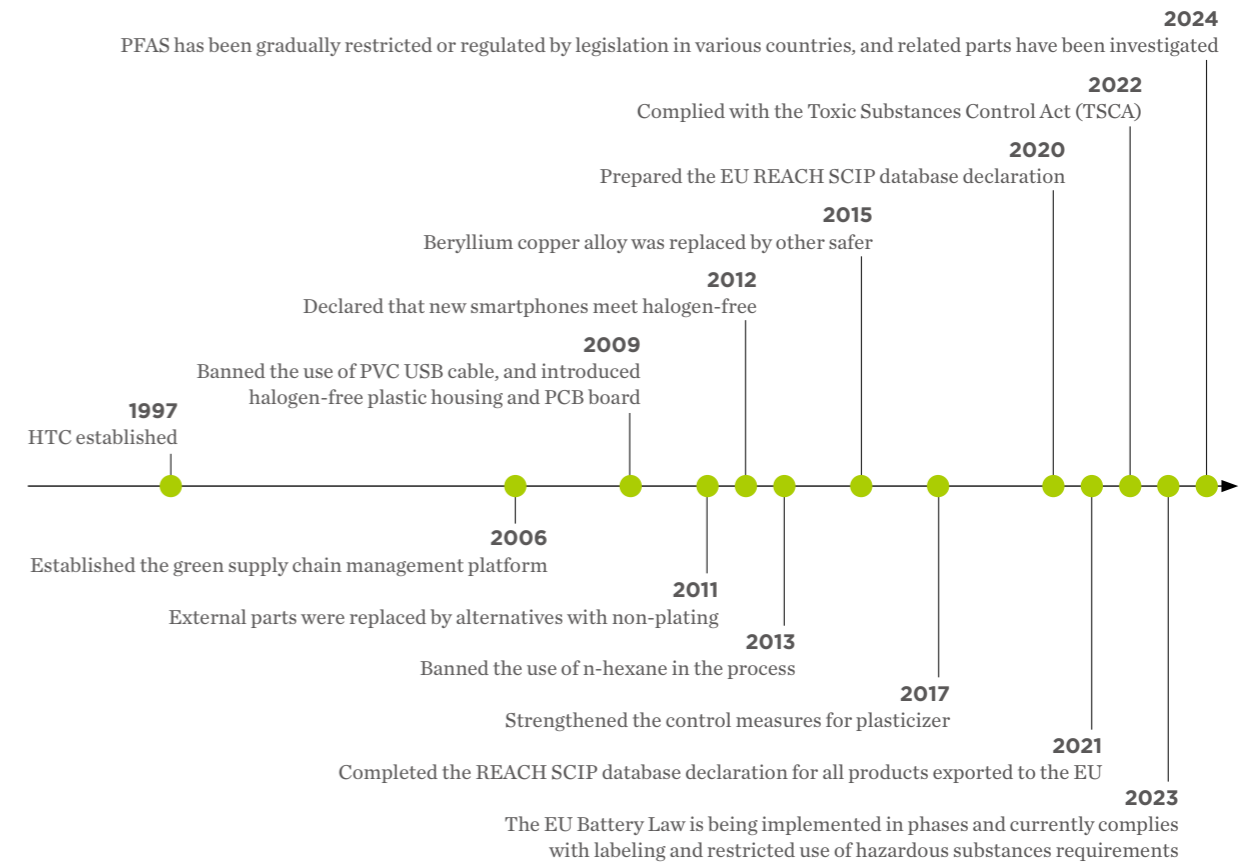
In response to Europe’s promotion of circular economy laws, France has adopted a consumer information labeling law based on product classification principles called the “Triman logo”. This label contains the product

information and classified collection graphics required by consumers. HTC follows the regulations and labels different product contents. By adding classification information to the products, the products can be correctly classified and recycled.

### Reduction of Hazardous Substances

Right from the designing phase of a product, HTC has taken the environmental impact our manufacturing process may have and the potential risk it may pose to the user into consideration. Therefore, every component, module, and material we used comply with the regulations on the HTC Restricted Substance List. Our list covers not only the 10 substances that are listed in the Restriction of the use of Certain Hazardous Substances Directive (RoHS) but international environmental laws and the regulations of international customers as well (for example, PVC restrictions and Halogen-Free Brominated Flame-Retardant Standards). Among our manufacturing process, there’s no gaseous pollutant or wastes that could have an impact on the environment or the ecosystem. Zero Pollution, Eco-Friendly, and Sustainable Operation are goals that are always on our minds. And to ensure customers’ health and the environment are risk-free from hazardous substances, we hold our suppliers and distributors to the same regulations and restrictions we comply with.

### HTC Hazardous Substance Control Schedule



### Sustainable Manufacturing Process

#### Management of Waste and Hazardous Substances

HTC’s main production process is the assembly of virtual reality products. The production process produces no hazardous waste. We have strengthened our waste management and disposal model in accordance with the internal “Industrial Waste Disposal and Management Procedure”. We also practice through recycling and education. Proper disposal of waste ensures the cleanliness of the work environment and reduces environmental impact.

On the management level, we adhered to government regulations in contracting licensed waste disposal companies for proper waste disposal. Contractor disposal sites are also checked at irregular intervals.

In addition, active promotion of concept of waste reduction through concrete measures like classification, recycling and management at the front end for employees to reduce waste generation as well as setting dedicated areas for general garbage, resource recycling, and kitchen waste to facilitate resource recycling and reuse, reduce amount of waste produced, and improve on the cleanliness of the environment. The recycling rate of non-hazardous waste increased from 56.89% in 2011 to 85.89%. By the end of 2024, the

total amount of non-hazardous waste recycled is about 182.4 metric tons, the accumulated recycling income reached NT\$92.39 million.

Also in progress were promotion and enhancement of employees' concept and awareness of environmental protection. Through plural interfaces the idea of environmental protection had been in wide promotion and presented in expedient, interactive and clear forms of information to make employees witness HTC's efforts in environmental protection and then provide them with support in concrete ways to make them internalized in their daily routines.

## Sustainable Product

### Taking Circular Economy as the Direction for Development

In order to achieve the goal of sustainable development, the thinking of circular economy is adopted to design and manufacture HTC products. We think about how to use the limited resources of the earth cautiously so that maximum efficiency can be generated, and the effectiveness can be maintained within the industrial system to achieve sustainable operation. The following are some of our practices:

- (1) Easy to recycle product design
- (2) Extend the lifetime of products, including continuous software updates and good after-sales service
- (3) Product energy saving design
- (4) Use recycled materials for manufacturing and packaging
- (5) Reduce the environmental impact of the manufacturing process, use recycled water and renewable energy

### VIVE XR ELITE Product Carbon Footprint

As a leading brand in virtual reality industry, HTC has been committed to environmental protection and sustainability. To reduce the impact of products to the environment, we used the newly established HTC carbon management platform to conduct a comprehensive carbon footprint assessment of each stage of VIVE XR ELITE production in early 2024, including raw material selection and packaging methods, and obtained ISO 14067: 2018 verification statement, covering from cradle to grave. Product carbon footprint is an analysis of greenhouse gas emissions throughout the product life cycle, including the acquisition of raw materials, manufacturing, distribution, use, disposal and other stages. The carbon footprint of each VIVE XR ELITE (including packaging) is 92.64 kgCO<sub>2</sub>e, and the main carbon emission hotspots are concentrated in the raw material and product manufacturing stage. When developing new products in the future, we will be committed to sustainable design and sustainable supply chain promotion. In addition, since the electricity consumption in the manufacturing process is



the main carbon hotspot, we can also improve the efficiency of electricity consumption in the future. HTC is committed to improving carbon emissions in every process, and providing products to consumers that are more green, environmentally friendly, and healthy, and integrating the spirit of sustainability into the entire life cycle of each product. Furthermore, another new product is planned to undergo third-party carbon footprint verification in June 2025.

VIVE XR ELITE ISO 14067 Product Carbon Footprint Verification Opinion: <https://www.htc.com/us/esg/certificate-report/>

Life cycle stage	Material	Manufacture	Distribution	Use	Disposal	Total
GHG Emissions (kgCO <sub>2</sub> e)	22.720	45.041	19.148	5.548	0.187	92.64
%	24.5%	48.6%	20.7%	6.0%	0.2%	100.0%



### Environmentally friendly with sustainable packaging

HTC taking environmentally friendly and sustainable development as the primary concern when designing lightweight packaging, ensuring the protection and of the product and aesthetic while at the same time reducing impact of the packaging to the environment. All packaging materials HTC uses for its products fully comply to EU and US regulations on packaging, and all printing ink used on HTC product packaging are low volatile or soy ink that comply to standards from American Soy Association. In addition to successfully using 99% recycled materials and plant fibers as packaging materials for the VIVE XR Elite series, in 2024, new environmentally friendly kraft paper packaging was used, demonstrating HTC's efforts in promoting the circular economy.

**HTC use the recyclable materials and design the lightweight package for VR.**

	2021 Rigid Box (VIVE Flow)	2023 Rigid Box (VIVE XR Elite)	2024 Pizza Box (Focus Vision)
Photos			
Volume	184x91x123(H) mm	288x278x130(H) mm	375x338x126.5(H) mm
Weight (g)	240g	777.5g	783.2g
Number of transportation pallets	420pcs	84pcs	54pcs
ECO features	<ul style="list-style-type: none"> <li>• Printings made in minimalistic monochrome and features explained with simple illustrations highlight the elegance and quality of the product.</li> <li>• Minimal space configurations and light-weight product with a compact look. Changes the bulky impression the market has on VIVE products.</li> </ul>	<ul style="list-style-type: none"> <li>• Printing with minimalistic monochrome design and using simple ink printing techniques, showcasing the elegant quality of the product.</li> <li>• Making efforts to replace some plastic bag packaging with paper-based packaging. The main device is protected with fiber bag, showing fine quality of the product.</li> </ul>	<ul style="list-style-type: none"> <li>• Printing with minimalistic monochrome design and using simple ink printing techniques, showcasing the elegant quality of the product.</li> <li>• Using corrugated board which is lighter and more durable</li> <li>• Using optimal pallet stacking to reduce carbon footprint</li> </ul>

**Sustainable Supply Chain**

Suppliers are vital to the continued success of HTC and are also important partners in supporting our sustainable development. HTC is committed to fairness and legal compliance in all its conduct towards both consumers and suppliers and has invested consistently in building a win-win partnership with suppliers through mutual sharing, learning, and growth.

HTC was founded in Taiwan and is a Taiwanese company whose operations and procurement drives developments of related sectors. Except for certain key parts and components, our general procurement policy is to use raw materials and equipment originating in Taiwan to the greatest extent possible. The amount of local procurement of raw materials account for 59%. We not only require our suppliers to provide quality services and products, but also measure our supply chain against stringent ethical and environmental standards.

**The HTC Supplier social responsibility Assessment and Audit**

The Company followed the Responsible Business Alliance (RBA) Code of Conduct to formulate the “HTC Supplier Code of Conduct”. We are committed to improving and enhancing the environment, labor rights, code of ethics, safety and health, and expanding the social responsibility of the supply chain system.

We also hold supplier meetings periodically every year to promote relevant issues. To ensure effective implementation, supply chain ESG management and plans are formulated and implemented after discussions between the procurement unit and the sustainability office, which are supervised by the ESG Committee.

For details on other policies and performance related to the supply chain, please refer to the Sustainability Report, and the “HTC Supplier Code of Conduct” can be downloaded from the official website. (<https://www.htc.com/tw/esg/stakeholders/supply-chain/>).

**A Quick Look at the HTC Supply Chain Management**

Definition of HTC Critical Supplier	Due to differences in industry characteristics and supplier category attributes, critical suppliers are defined based on purchase amount (annual transaction amount is the top 80% of the total purchase amount for direct suppliers), substitutability, strategy and technological leadership.	
Management Mechanism	New Supplier Management	New suppliers must pass the new supplier assessment and sign the HTC (RBA) Code of Conduct before they can become an official supplier. All supplier candidates are required to fill in a self-assessment questionnaire, and the contents of the questionnaire are designed based on HTC’s five major supplier behavior criteria of labor, environment, health and safety, ethics, and management systems. For high-risk suppliers, on-site audits are also conducted.
	Quarterly Evaluations	During the quarterly supplier business review meeting, key suppliers are evaluated on their sustainability performance through the ESG scorecard based on the five major aspects of labor, environment, health and safety, ethics, and quarterly project performance. Each aspect is assessed in terms of legal compliance, performance exceeding legal requirements, and management system certification, and the sustainability performance of key suppliers is verified to be included in the priority supplier selection considerations.
	Yearly On-site Audit	<p>Since the implementation of “Supply Chain Social Responsibility Audits and Performance Evaluations” in 2011, HTC has adopted the latest version of the RBA Code of Conduct, which includes: labor, health and safety, environment, ethics, and management systems. We introduced the RBA Risk Assessment Platform in 2023 to assess high-risk suppliers through information such as supplier country risks, manufacturing processes and product categories, as well as the RBA Self-Assessment Questionnaire (SAQ). We also encourage suppliers to actively implement the Validated Assessment Program (VAP) to enhance overall industry responsibility and compliance.</p> <p>In 2024, HTC evaluated a total of 78 suppliers (112 factories) and completed on-site audits of 38 factories, all of which were 100% on-site audits, of which 97% were RBA Effectiveness Audit Procedures (VAP). Among high-risk suppliers, approximately 8% have implemented RBA VAP. We will continue to pay attention to high-risk suppliers in the future and, if necessary, select high-risk suppliers that have not implemented RBA VAP for on-site audits in 2025. The number of high-risk facilities in 2024 was decreased by 55% compared to 2023, and the proportion of high-risk facilities was decreased by approximately 50%.</p> <p>In response to the identified deficiencies, HTC not only requires suppliers to provide corrective measures but also offers them the Company’s experience in the implementation management systems for reference. If the audit results are below standard, these suppliers are placed on the priority list for on-site audits in the following year to prevent similar incidents from occurring again. There were no suppliers whose audit results did not meet the standards in the current year.</p>

## Supply Chain Climate Engagement

To truly reduce environmental harm in a meaningful way, companies must connect with their entire supply chain and take collective action to assess and reduce supply chain climate risks. HTC's net-zero commitment represents not only HTC's determination to promote zero-carbon transformation, but also an oath to work with the supply chain to take positive actions towards low-carbon transformations. We are committed to reducing value chain carbon emissions by 25% in 2030 compared with the base year (2021) through initiatives, establishment of supplier climate capabilities, and supply chain greenhouse gas management strategies.

HTC uses various supply chain projects combined with education and training to enhance the supply chain's ability to respond to sustainable development challenges. We continue to invite suppliers to participate in supplier ESG communication meetings, CDP project briefings, and provide relevant social and environmental responsibility management training, so that suppliers can understand the latest knowledge and trends. We also facilitate two-way communication between suppliers and HTC management and industry experts. At the annual supplier communication meeting, we share the latest international corporate sustainability trends, climate change mitigation and adaptation strategies, and HTC's goals for supply chain ESG management.

In 2024, HTC had effectively collected and managed carbon emissions at the supply chain end through the supply chain carbon management system, and continue to participate in CDP supply chain projects to enhance the climate management capabilities of the supply chain. In addition, HTC is introducing an internal carbon pricing system to incorporate carbon emission costs into corporate business considerations and integrate them into supply chain management to encourage suppliers to participate in carbon reduction actions.

At the same time, HTC participated in the two-year "Ministry of Economic Affairs, Industrial Development Agency Project - Leading Small Companies to Upgrade to Low Carbon and Smartness" plan, and held two supplier courses with the Diligent Sustainability Team in 2024 - including carbon management education training and product life cycle workshops, and selected ten local suppliers for one-on-one coaching. Through on-site inspections of carbon emission hotspots, based on the suppliers' low-carbon/smart needs, the current status/needs/maturity of each manufacturer was analyzed, and a hierarchical coaching plan and action plan were established to help build carbon inventory capabilities and set carbon reduction targets.

## Supply Chain GHG Management



At the beginning of 2024, HTC has made onto CDP's 2023 Supplier Engagement Leaderboard, which is the highest grade of Supplier Engagement Rating (Grade A). Among more than 11,500 companies around the world that participated in the rating, only 450+ companies can receive this highest honor.

To make truly meaningful reductions in harm to the environment, businesses must cascade action down the entire supply chain. We're proud to have earned a place as a leading company on CDP's 2023 Supplier Engagement Leaderboard, for taking action to measure and reduce climate risk within our supply chain. "As a Supplier Engagement Leader, HTC is demonstrating supply chain leadership, a prerequisite for the transition towards a net-zero, nature-positive future." - Simon Fischweicher, Director of Supply Chain and Reporter Services, CDP.

HTC became a CDP Supply Chain Member in 2023 and further integrated supply chain CDP performance into the ESG scorecard to manage the environmental impacts caused by the supply chain and incorporate supplier rating results into procurement evaluations, thereby advancing the overall supply chain's ability to address climate change.

In 2024, we continued to cooperate with CDP and hold CDP briefings to share international climate management trends and the latest information. Through CDP explanation, we help suppliers understand the revised CDP questionnaire and the environmental management maturity in HTC's supply chain. The content covers the use process of the new CDP website, key projects that HTC focuses on, and best case studies. This initiative aimed to help suppliers grasp the significance of climate information disclosure and enhance the quality of their disclosures. We also look forward to more companies joining the ranks of climate management.

In 2024, the CDP questionnaire response rate for Critical suppliers reached 97%. Among them, over 75% of suppliers reported on Scope 1/Scope 2, 70% included climate issues in board-level oversight, 63% set carbon reduction targets, and 84% reported the use of renewable energy. We will continue to communicate with tier-1 suppliers, gradually expand our influence, and work with upstream suppliers to deepen the carbon management capabilities of the industry chain.

## Responsible Procurement of Minerals

HTC supports the US Dodd-Frank Wall Street Reform and Consumer Protection Act and follows the Responsible Minerals Initiative (RMI) to incorporate conflict minerals into its supplier management. HTC does not support conflict minerals and requires its suppliers to avoid using minerals such as gold (Au), tantalum (Ta), tin (Sn), and tungsten (W) sourced from conflict zones in the Democratic Republic of Congo and neighboring countries in order to reduce the impact of mining issues.

Since 2012, HTC has included conflict minerals issues in its procurement contracts, supplier code of conduct, purchase order terms, supplier social responsibility management procedures, and supplier social responsibility audits, requiring suppliers to comply with the “HTC Conflict Minerals Procurement Policy” to ensure that conflict minerals are not used. Each year, we use the Conflict Minerals Reporting Template (CMRT) of the Responsible Minerals Initiative (RMI) to investigate the sources of metal mines of our suppliers, effectively managing the supply chain and reducing default risks. In 2024, all minerals used in HTC products were sourced from qualified smelters. HTC has included “cobalt” and “mica” in its metal mine source investigations in 2020 and 2022, respectively, using the Responsible Minerals Initiative’s Extended Minerals Reporting Template (EMRT). The response rate for this year’s survey was 100%.

### 2.10.5 Social Investment and Contribution

HTC has always defined caring for society and promoting public welfare as our cause. We have long been and continue to be a supporter and sponsor of the “HTC Foundation”. With people-oriented values, we cultivate a culture of character. As we pursue corporate growth and promote technological development and creativity, we invest more into society in terms of urban culture, care for disadvantaged families, and provide opportunities for underprivileged children to receive education. This shapes HTC’s unique corporate culture in terms of the humanistic spirit.

HTC has also leveraged our industry expertise to create more possibilities for society through technological research and development and innovative approaches. In recent years, the company has been committed to developing innovative products that not only respond to the United Nations’ Sustainable Development Goals (SDGs) set in 2015 with our core technologies, but also to practicing social care, meeting the various types of people’s needs, and actively implementing corporate sustainability.

### Promotion of Character Education - HTC Foundation

HTC Foundation is committed to helping schools promote character education by shaping school culture and supporting professional development for children and youth. We also work with local governments and communities to create a culture of character in the city and community, care for disadvantaged families, and provide educational opportunities for disadvantaged children.

In addition, we also actively promote educational donations for environmental ecology and earth protection, participate in various social welfare activities, carry forward the humanistic spirit, and promote social stability and well-being. Through our continuous learning education programs, we work together to shape our core values of integrity, respect, care and positive thinking, and value the sustainable development of natural resources.

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### Accomplishments

#### Character Town

HTC foundation not only launches character education in schools but also signs “Character Town” with various towns in Taiwan. Character Learning Course is launched on a monthly or quarterly basis, promoting a character theme and lead by example to learn character lessons together. Group discussion and experience sharing with different themes and related to work will be arranged timely. Participants include public service units and other non-profit organizations; public service units such as units directly under the county government, township offices, prisons, Ministry of Resources and Electricity, etc. Parts of institutes turn into membership in the character association. Leaders in the institutes encourage good deed via communication and integration of thoughts, which becomes the internal operating mechanism.

#### Many Blessings Courses

The HTC Education Foundation is committed to the development of character education for young people. It hopes to shape character through joint efforts by schools, parents, and society. Following the principle of “lighting a candle rather than cursing the darkness”, “the foundation has established the ”Many Blessings Course” for senior high school students. These free courses each last for five weeks. They include three hours of training and activity per week. A total of 9 classes in four schools has been implemented in 2024, benefiting a total of 205 students. The students get the energy to move forward and make changes inspired by their instructors and volunteers. They are encouraged to become leaders who can actively serve the public and use their own power to change the world.

#### Character English Academy

The Character English Academy is a cooperative project between HTC Foundation and the county and city governments. The teaching objects on weekdays are fourth grade elementary school students. It adopts immersive residential camp experience and teachers teaching on campus. There are about 13 camps during the school term and 3 summer camps. The courses and activities focus on the cultivation of core character and key abilities. Through diversified curriculum activities, students are led to realize the importance and benefits of character. It emphasizes that college team members should serve as role models for students’ character learning, and encourages students to practice good character in daily life to improve the quality of life. The five colleges implemented a total of 119 sessions in 2024, and 3,372 students completed the courses.

#### Character Education School Subsidy Program

We conduct character education seminars to promote core education emphasizing the development of well-rounded character and lifelong learners. Through principal workshops, we promote this nationwide, and invite schools to organize character education leadership teams to help establish consensus and formulate practical plans through character education practice program briefings. After the aforementioned activities, schools at the level of high schools and below that are committed to comprehensive and extensive character education to shape the campus character culture may apply for a project plan to the association. The association will conduct preliminary review, and then form a review panel consisting of external experts, retired principals or teachers who are concerned about character education. The selected schools can receive an annual award of NNT\$200,000 to NT\$300,000 for a period of three years to promote character education within the school. Before the end of the three-year period, they must hold a public presentation of the results. The 3<sup>rd</sup> round of awarding 46 schools was completed in 2024, and the selection process for the 4<sup>th</sup> round of schools is ongoing in 2025.

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## HTC Responds to UN Sustainable Development Goals

In 2015, the United Nations passed the 17 Sustainable Development Goals. These goals not only ensure peace and prosperity, but also provide a blueprint for specific goals for the next 15 years, guiding the direction for achieving sustainable development. This is a global call for medium- to long-term action, aimed at promoting the responsibility and power of businesses, governments, and society to achieve a more sustainable future.

As a global citizen, it is also HTC’s responsibility to fulfill the United Nations Sustainable Development Goals. We have incorporated the SDGs into our business management and development plans to ensure the achievement of gender equality, empower female employees and provide them with benefits, and to focus on green sustainability in our production processes, promoting responsible consumption and production. Additionally, we collaborate with external organizations to develop products and services that enhance the quality of health and medical care. We fully utilize innovative technologies to promote good health and well-being for people of all ages. We have established multiple partnerships with teams from different fields to accelerate the implementation of the goals, working together to promote a better life for humanity and achieve the vision of a sustainable world.



### Use immersive technology to promote art and culture and preserve cultural assets

VIVE Arts is the first to apply immersive technologies such as VR, XR, and the metaverse to the art and cultural sectors, pioneering groundbreaking digital art pieces and experiences. This effort sparks infinite creativity among artists and creators while also preserving the world’s heritage and culture. This kind of innovation not only provides audiences with new ways of participation and expanding their horizons, but also elevates art to a whole new level.

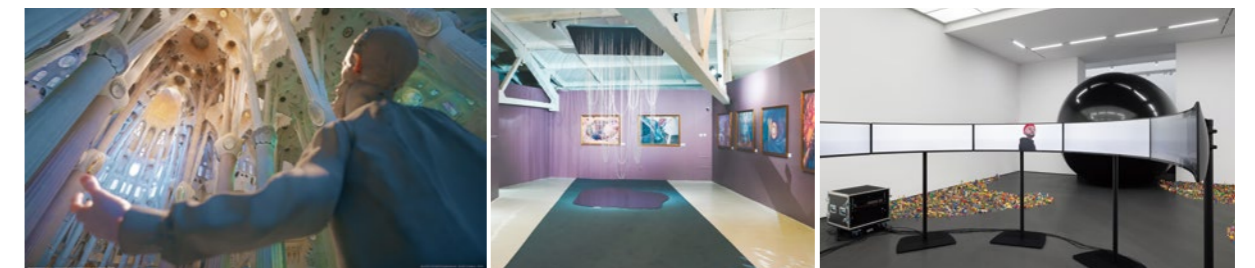
VIVE Arts is the first to apply immersive technologies such as VR, XR, and the metaverse to the art and cultural sectors, pioneering groundbreaking digital art pieces and experiences. This effort sparks infinite creativity among artists and creators while also preserving the world’s heritage and culture. In 2023 and 2024, VIVE Arts specially participated in the “Future Content Field Demonstration Project” of the TAICCA, and jointly invested NT\$1,100 million with G REIGNS, hoping to jointly help promote Taiwan’s 5G entertainment and media industry to the world.

2024 was an ambitious year for VIVE Arts as the initiative debuted in-depth collaborations with internationally renowned artists and institutions and expanded opportunities for immersive content around the world through distribution and licensing. So far, *Eternal Notre Dame* has received 48,131 visits, demonstrating the powerful appeal of immersive cultural content. VIVE Arts not only continues the existing long-term partnership, but also expands many new forward-looking collaborations and industry perspectives. These collaborations not only cover the combination of artistic creation and technology, but also include immersive experiences of cultural heritage, bringing new sensory enjoyment to the audience.

### Combination of Creativity and Technology: Artist Programs, VR Experiences, and Global Tours

- *Heartbreak and Magic*: VIVE Arts commissioned artist Libby Heaney to create a groundbreaking new VR artwork utilizing quantum computing.
- *Shanghai - Sculpture Park*: Artist Xavier Veilhan made his VR debut, blending iconic sculptures with digital creativity in an immersive art experience that transcends the boundaries of reality.
- Paris Olympics - *Monet VR*: VIVE Arts’ collaboration with Musée de l’Orangerie, first launched in 2018, returned for exhibition at the 2024 Paris Olympics with *Monet VR: The Obsession with Waterlilies*.
- Berlin - *Ryan Waiting* Virtual Reality Performance Art: VIVE Arts and Esther Schipper present Ryan Gander’s first AI-powered VR piece, *Ryan Waiting* – a century-long performance where a virtual avatar continually generates movements, reflecting on the persistence and evolution of art in the digital age.
- Musée d’Orsay X *La Palette de Van Gogh* Expands Globally: VIVE Arts and Musée d’Orsay’s first VR experience has been expanding in 2024 with an enhanced version, *Monsieur Vincent*, touring the Museum of Art Pudong in Shanghai, Jeonnam Museum of Art in Seoul, and Hangar Y in France, amplifying its global reach.

### VR LBE (Location-Based Entertainment) Immersive Cultural Heritage Experiences Expand Worldwide



- *Horizon of Khufu* opened across multiple cities in China: This immersive exploration of Egypt’s Great Pyramid launches in Chengdu, Xi’an, Beijing, and Shanghai.
- *Eternal Notre-Dame* expanded to four cities in 2024: After debuting in Kaohsiung (2023), this VR recreation of Notre-Dame’s history and artistry continues its global tour to Xi’an, Shanghai, Beijing, and Hangzhou.

- *Gaudi, the Atelier of the Divine XR Exhibition:* Through XR technology, visitors explored Antoni Gaudí’s architectural masterpieces like Sagrada Familia and Park Güell. High-res 3D scans, panoramic projections, and interactive modules let audiences experience Gaudí’s organic design philosophy. Already showcased in Shanghai, Beijing, and Kaohsiung, the exhibition is set to reach more global cities.

Looking ahead to 2025, VIVE Arts will deepen the integration of XR, blockchain, and Web 3.0, collaborating with world-renowned artists and institutions to deliver inspiring, tech-powered art experiences.

## Contribute to the public with technology and promote social health and welfare

HTC uses digital technology to promote convenient medical services and provide complete solutions for health care. HTC DeepQ has collaborated with the CDC, Chang Chi Memorial Hospital, and Chi Mei Hospital to develop LINE Bot based on AI technology to provide diversified medical services and improve the quality of life.

Through the DeepQ AI Platform, HTC helps doctors and patients diagnose and treat diseases faster and more accurately, contributing to the health of the whole population.

## Continuous collaborating with CDC and promoting healthcare services to the public



HTC DeepQ collaborated with the Taiwan Centers for Disease Control (CDC) to develop “Disease Control Butler (DCB) 3.0”. By the end of 2024, the platform’s user base surpassed 10.41 million friends, becoming a key channel for promoting CDC policies. The system is updated weekly with maps of domestic facilities offering infectious disease screening, treatment, and preventive medication, along with both domestic and international epidemic statistics, ensuring timely and accurate information. In 2024, DCB

strengthened public health education on infectious disease prevention, launching Q&A modules on topics like enterovirus, dengue fever, influenza, COVID-19, and novel influenza A, enhancing public awareness. It also provided risk alert push notifications to health centers and medical facilities and, starting in 2024, introduced physician feedback surveys to better monitor outbreaks and enable faster government response and preparation.

Additionally, the “Campus Influenza Vaccination Digital System,” jointly launched with the CDC in 2022, expanded to cover 4,000 schools across the country by 2024. Three million parents completed online consent forms and accessed real-time vaccination schedules and information, streamlining the process and improving digital record management. The system has since been upgraded to support multiple vaccines and was renamed the “National Immunization Administration System (NIAS)” in 2024 to serve a broader population.

Thanks to the innovative Health Buddy and NIAS platforms, DeepQ received the 2024 Ministry of Health and Welfare’s Award for Excellence in Epidemic Prevention (Non-Government Category). With its unique solutions — Health Buddy and Epidemic Stopper — DeepQ continued supporting the CDC’s public health campaigns, earning the National Innovation Award for two consecutive years in 2024. Furthermore, HTC DeepQ and the CDC’s joint proposal, “Universal Multilingual Epidemic Prevention Chatbot,” ranked among the top 10 teams at the 2024 Presidential Hackathon. The CDC plans to adopt this solution at border control points to reduce the multilingual communication burden on quarantine staff. Moving forward, DeepQ remains committed to leveraging technology innovation to make greater contributions to human health and societal progress.

## DeepQ AI Platform

To accelerate the introduction of medical-related artificial intelligence, future medical education needs to rely on modern technology. HTC DeepQ launched medical application “DeepQ AI Platform” in September 2019, allowing doctors to train AI themselves to judge medical images, and to easily complete AI model development without investing high hardware costs through cloud. In 2023, the version update provides more complete AI insight reports, related deep learning quantitative metrics and statistics, new built-in pre-training models and datasets, model re-optimization shortcuts, and the model deployment of related management and monitoring tools, which can significantly improve



doctors’ independent training and optimization model capabilities, as well as the management and application of model deployment. For example, a medical center developed thoracic X-Ray pneumothorax AI model detection technology. Through the AI model, it actively detects an average of more than 5,000 thoracic X-Ray shots per month and actively reports via text messages. After the introduction, the emergency notification rate has been greatly improved (increased by approximately 13%) as well as the notification rate within 2 hours (increased by approximately 14%), and significantly shorten notification time (by approximately 50%). In 2024, the Cancer Center at Hualien Tzu Chi Hospital used the DeepQ AI Platform to develop an “Automated Lymph Node Detection and Malignancy Analysis Platform for Head and Neck Cancer,” achieving an average detection rate of 80% and winning the 21st National Innovation Award from the Taiwan Bio Industry Organization.

### Enriching Senior Lives: HTC Launches Immersive VR Therapy Initiative

HTC, in partnership with AT&T, global VIVE partner Mynd Immersive, and the CTA Foundation (CTAF), jointly announced the “Great American Elderverse” immersive VR therapy initiative at CES 2024. This program aims to introduce VR therapy to over 500 underserved senior communities, supported by VIVE’s expanding product lineup, including VIVE Flow, VIVE XR Elite, and VIVE Focus 3. Targeting major challenges of aging populations — such as Alzheimer’s disease, loneliness, and depression — this initiative offers practical tech-based solutions to revolutionize elder care through XR technology.


The Elderverse seeks to improve seniors’ psychological, physical, emotional, and cognitive well-being through immersive experiences. Recent research from Stanford University shows that seniors and caregivers using Mynd Immersive reported cognitive improvements, with 57.9% of seniors feeling less isolated and 81.5% of caregivers preferring interactions with residents while using the technology. Cher Wang, Chairwoman and CEO of HTC, emphasized that enhancing the quality of life for seniors has been a longstanding goal, with user-friendly designs reflecting HTC’s commitment to innovation, bringing joy and convenience to elderly users.

**STANFORD STUDY  
USING MYND IMMERSIVE**

**79.2% MORE POSITIVE**

**57.9% LESS ISOLATED**

SOURCE: STANFORD UNIVERSITY



and about 60% said they felt less isolated.

### Use VR to expand educational horizons and create diverse learning channels

HTC is committed to driving educational innovation through VR and metaverse technologies, reducing the urban-rural education gap and promoting equality in education, injecting new energy into Taiwan’s education system, and nurturing future tech talent. In collaboration with the Taipei Computer Association and National University of Kaohsiung, HTC launched VIVERSE Create, enabling students to unleash their creative potential in education and digital content creation without coding, blending digital technology with cultural heritage to build immersive learning environments.

### Promoting Educational Equality with VR and Metaverse

HTC’s “Digital Twin Science Lab” targets children aged 6 to 12, offering ten lesson plans and three virtual labs that leverage 5G and metaverse technologies to create immersive, interactive, and exploratory learning experiences, echoing the core values of SDG 4: Quality Education.

In 2024, HTC and the Taipei Computer Association launched the “VIVERSE Smart Education Metaverse” at the Taiwan EdTech Expo, integrating virtual teaching scenes, a 360-degree lesson creation platform, and multi-user synchronous management to close educational gaps and promote equity. HTC hosted over 20 teacher workshops this year, engaging more than 300 educators to share metaverse teaching experiences, injecting fresh momentum into the education ecosystem. Through VIVERSE Create, students can merge traditional culture with digital creativity, demonstrating innovative potential in both education and artistic expression.

### Digital Empowerment in Education and Cultural Heritage



▲ HTC launched the “VIVERSE Smart Education Metaverse” in Taiwan, integrating EdTech to enable students to attend classes inside the metaverse.

▲ National University of Kaohsiung Partners with HTC to Empower Education and Creativity with “VIVERSE Create”

Students from the Department of Art and Design at National University of Kaohsiung used VIVERSE Create to build the “Between Reality and Virtuality Digital Twin Gallery,” featuring virtual exhibits on themes such as fishery culture, nature conservation, autism rehabilitation, Taiwan’s cypress industry history, pastry culture, and ecological protection. These works blend interactive games, scene design, and cultural storytelling, showcasing the deep integration of digital technology and cultural heritage, creating immersive art learning environments. HTC remains dedicated to advancing Taiwan’s innovation in XR and metaverse education while actively fostering the next generation of tech talent. Through the VIVERSE Education Metaverse, teachers and students can engage in new forms of collaborative learning, exchange, and exploration in virtual spaces.

### Inspire the diverse spirit of innovation and open up cross-sector applications for the Metaverse industry

“Promoting inclusive and sustainable economic growth” has always been a common goal around the world, and the development of innovative technologies has provided us with related solutions. VIVE ORIGINALS leveraged the BEATDAY metaverse brand to successfully provide audiences with new entertainment experiences and promote the development of Taiwan’s virtual reality entertainment industry. Through cross-sector cooperation with other brands in different fields, we have demonstrated the possibilities of diverse applications and created a new social entertainment ecosystem. BEATDAY is not only a major breakthrough for the entertainment industry, but also an important contribution to achieving the goal of inclusive and sustainable economic growth.

### Creating brand value—the brand new BEATDAY entertainment experience metaverse

To subvert people’s understanding of culture, VIVE ORIGINALS uses innovative technology to create the world’s first music metaverse brand BEATDAY, which not only provides audiences with a new entertainment experience but also promotes the development of Taiwan’s virtual reality entertainment industry. In addition, VIVE ORIGINALS also elevates BEATDAY to the metaverse, allowing the audience to experience the splendor and richness of the metaverse in BEATDAY. By watching the metaverse concert, the audience not only avoid the risks caused by participating in large-scale events during the epidemic but also reduce the energy consumption and transportation carbon emissions of attending physical events. This not only contributes to environmental protection, but also reflects an environmentally friendly attitude towards when enjoying entertainment.

In 2024, BEATDAY held the following event:



- *Illusionary: The Final Fantasy Concert (Upgraded Edition)*
- Mizuki Lin Immersive Photobook — Using VR and volumetric capture technology, available in both mobile AR and VR versions. Fans can interact in 360 degrees for a highly immersive and close-up experience, offering an eco-friendly way to enjoy fan interactions while reducing carbon emissions.
- 2024 Taipei Comic Expo - V2V Fan Meeting — At the 2024 Taipei Comic Expo, VIVE ORIGINALS launched the “VDay Birthday” VR dual experiences: the *Lutralutra Ch. V2V Fan Meeting* and the VR single version of *Illusionary*. Fans could interact with Lutralutra Ch. in a 3D underwater world, enhancing immersion and strengthening fan engagement.
- Annin Miru Live Show — Powered by a high-spec 6 DOF platform, this immersive interactive experience brought fans closer to their idol, driving the development of Taiwan’s VTuber industry.

### 2024 TTXC Taiwan Creative Content Fest (INNOVATIONS): VIVERSE Create Empowers Everyone to Become Virtual World Creators



▲ HTC and TAICCA showcased “VIVERSE MetaCity” at the TTXC Exhibition

▲ HTC partnered with TAICCA to advance the XR ecosystem, empowering everyone to become virtual world creators with the VIVERSE Create platform

HTC VIVERSE, in collaboration with the Taiwan Creative Content Agency (TAICCA), showcased VIVERSE Create at the “2024 TTXC Taiwan Creative Content Fest (INNOVATIONS)”, demonstrating the platform’s ability to build multi-user interactive virtual spaces. This marked the debut of TAICCA’s “Big Leading Small” initiative, accelerating the technological transformation of content applications through partnership with HTC VIVERSE, establishing a robust XR creative ecosystem, and promoting the development of innovative content.

VIVERSE Create is a no-code, installation-free platform that allows creators to easily build multi-user interactive virtual spaces and share them with others via simple, secure links. Suitable for art, entertainment, and business, the platform supports various devices and offers smooth, immersive experiences for hosting all kinds of virtual events. At the event, HTC presented “Starry Space” and “VIVERSE MetaCity”, allowing users to explore virtual galleries and experience a diverse range of cultural and entertainment activities anytime.

## Accelerate industrial innovation with a solid technological foundation and promote virtual and physical sustainable living

In the era of globalization and digitalization, innovation is one of the goals pursued by enterprises. The Ministry of Economic Affairs’ A+ Enterprise Innovation R&D Forging Program takes advantage of the opportunities in the metaverse market and integrates technologies such as 5G, AIoT and XR to promote demonstrative services using the metaverse virtual town concept, aiming to drive new business opportunities and value. The first virtual production system suite launched by HTC VIVE, VIVE Mars CamTrack, is combined with the new VIVERSE 3D visualization technology to provide convenience, affordability, and professional features, making virtual production easier. It has become an important part of Taiwan’s metaverse innovation ecosystem.

### HTC Metacity: creating a future life the combines virtuality and reality

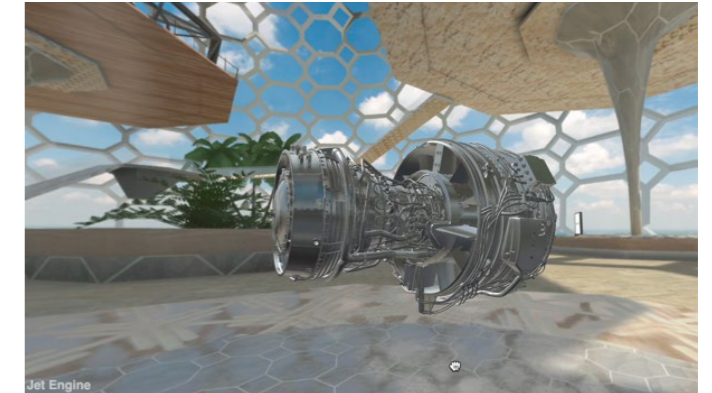
The future of AI is the metaverse. Metacity created by HTC is a city that integrates virtuality and reality. It is also a more open, diverse and inclusive virtual world where everyone can enjoy the convenience and fun brought by technology. People can experience various activities in the virtual world through technologies such as VR and AR, such as visiting museums and art galleries, attending concerts and sports events, and conducting virtual socializing and shopping.

HTC MetaCity is still in its early stages of development, but it has already making some progress. For example, HTC cooperated with the Kaohsiung City Government to create the “Yancheng Demonstration City”, which moved Kaohsiung’s famous attractions and culture into virtual world. It also opened 20,000 “Virtual Homes” in the metaverse for free stay. People can decorate their own exclusive space, and enter the Kaohsiung City’s unique digital twin virtual exhibition hall from “your own home” to watch a football game immersively, or participate in the world’s first Beatday concert, Christmas and New Year parties, travel sharing sessions and other activities.

HTC expects to launch more innovative applications and services in Metacities to provide people with a richer virtual world experience. HTC Meta City is expected to develop rapidly in the next few years and become an important part of people’s daily lives.

### VIVERSE: A Major Leap in 3D Visualization with Innovative Streaming Technology

Polygon Streaming, VIVERSE’s proprietary rendering technology, represents a breakthrough in seamlessly integrating the physical and digital worlds. It allows the smooth display of millions of polygons in 3D models across multiple platforms and browsers with high fidelity. By leveraging Polygon Streaming, users can efficiently stream and share ultra-realistic 3D models and scenes at reduced cloud costs, supporting cross-platform access on PCs, mobiles, and XR devices. Unlike traditional cloud streaming, Polygon Streaming disassembles high-quality 3D models for rapid delivery to diverse endpoints, enabling optimal visual and interactive experiences and unlocking new potentials for metaverse creation.

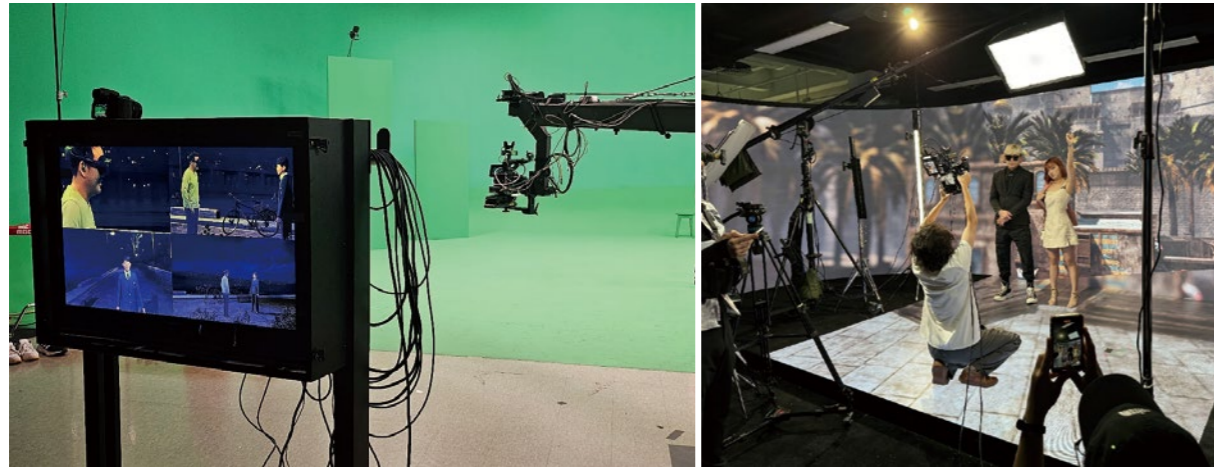


### VIVE Mars CamTrack: Virtual Production Solution

In the film industry, traditional virtual production often requires significant costs and resources. HTC’s VIVE Mars CamTrack integrates professional camera tracking into a portable, plug-and-play module, allowing actors to perform in diverse virtual environments without relying on large studios. This reduces equipment and setup needs, cuts carbon emissions, and enables more cost-efficient production.

VIVE Mars successfully hosted its second global virtual production competition, engaging teams from 12 countries and fostering innovation and cross-sector collaboration. In 2024, HTC partnered with

Korea’s MBC on Meeting You, where VIVE Mars CamTrack enabled participants to reunite with deceased loved ones in VR — showcasing VR’s potential in emotional connection and psychological support. The technology also powered virtual studios for Taiwan’s Golden Horse and Golden Bell Awards, underscoring its maturity and promising future in the film industry.



**Creating Taiwan’s Largest Outdoor 5G XR Smart Bay**

In 2024, under the guidance of the Industrial Development Administration, Ministry of Economic Affairs, HTC partnered with the Kaohsiung City Government, Taiwan International Ports Corporation (Kaohsiung Branch), Kaohsiung Port Land Development Co., Ltd., along with FHNNet and G REIGNS, to launch Taiwan’s largest outdoor 5G XR Smart Bay project, establishing a “One-Day Waterfront Lifestyle Circle.” Leveraging private 5G network technology, this initiative integrates cutting-edge innovation, cultural creativity, and port revitalization plans to build Taiwan’s largest outdoor 5G smart private network site, spanning over 53,000 square meters. This site has become the nation’s largest immersive experience hub, featuring the “Giant 5G Water Curtain Interactive Show,” the “Kaohsiung Harbor Autonomous Vehicle x 5G Mobile AR Tour,” and the “VIVELAND VR Virtual Theme Park at Warehouse C7” cultural interaction platform. This project redefines the cultural, tourism, and lifestyle landscape of the port area. By connecting the cluster of warehouses and nearby commercial districts through 5G private network technology, visitors can enjoy a new, smart way to explore and experience the harbor.



**Strength the means of implementation and revitalize the global partnership for sustainable development**

HTC is committed to leveraging VR and generative AI technologies in collaboration with hospitals, schools, and enterprises in Taiwan to train medical talent and pioneer innovative teaching models. Our initiatives have made substantial contributions to healthcare education and societal value. The establishment of the Metaverse Applications Alliance integrates key elements of metaverse solutions, inviting related industries to join forces to advance metaverse applications, drive industrial digital transformation, and enhance Taiwan’s global competitiveness.

**HTC, Far EasTone Telecom and Taipei Computer Association established the Metaverse Application Alliance**

The Metaverse Application Alliance, founded in 2023 at the Smart City Summit & Expo, unites key industries to promote metaverse applications, support digital transformation, and enhance Taiwan’s global competitiveness. Co-chaired by HTC’s Global Head of Sales and Far EasTone Telecom’s EVP/CIO, the alliance focuses on retail, healthcare, sustainability, manufacturing, culture, education, and public governance, with 49 founding members and government support.



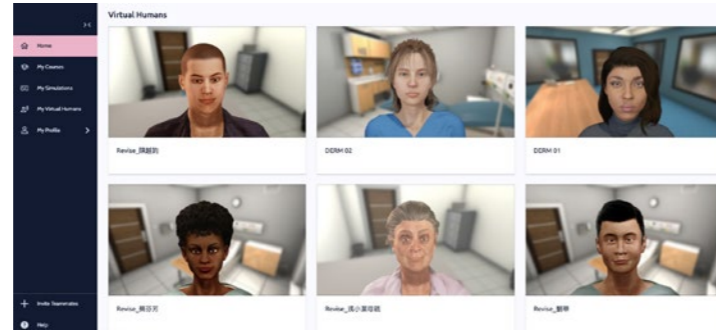
▲ Launching ceremony of the founding conference of the Metaverse Application Alliance

**Efforts in Nurturing Medical Talent**

Partnering with Taiwan’s top hospitals and schools, we developed an AI & VR teaching platform that, by 2024, has conducted over 130 workshops, trained 4,000+ healthcare professionals, and produced 360+ quality lesson plans. Collaborations with 16 medical centers have improved clinical skills training, integrated care, and doctor-patient communication — enhancing patient safety and healthcare quality. The platform also empowers teachers through data-driven insights, elevating educational outcomes. In partnership with Tri-Service General Hospital, learners showed notable improvements in clinical thinking and adaptability, winning national competitions.

### Advance Care Planning (ACP) VR Training

Collaborating with Taipei Tzu Chi Hospital, we created VR training materials to enhance healthcare professionals' understanding and practice of advance care planning. Since 2020, over 140 staff have participated, with 97% satisfaction and significant gains in confidence and competence. The program was recognized at the 2021 AMEE conference and published in BMC Medical Education. In 2024, Taipei Tzu Chi Hospital earned the SNQ National Quality Award for its success in smart, holistic healthcare innovation.



▲ Tri-Service General Hospital has successfully developed a comprehensive AI virtual patient database to support holistic medical education and training.



▲ Taipei Tzu Chi Hospital partnered with HTC Medical VR to jointly promote the Virtual Reality Education Program for Advance Directives. Dr. Tzu-Hung Liu personally guided participants through the teaching modules, fostering lively on-site interaction.

### AI Virtual Patient Cases

In partnership with Tri-Service General Hospital, we developed AI virtual patient cases that revolutionize medical education by returning agency to clinical teachers and learners. Using generative AI and immersive scenarios, students design cases and hone decision-making skills with real-time AI feedback and data-driven evaluation. By 2024, the hospital had created 20+ internal medicine cases, won national awards, and gained recognition at the 2024 European medical education conference, earning the National Quality Award.

### Building a Multilingual Medical Education Platform

With Taipei Veterans General Hospital, we built a world-class multilingual platform supporting Chinese, English, and Vietnamese, vastly expanding global medical training access and effectiveness. Combining HTC's tech with the hospital's teaching expertise, the platform offers immersive VR modules and AI virtual patients for personalized lesson plans and enhanced clinical training. For instance, AI tools are used in hyperlipidemia counseling, while VR modules train sepsis response teams — bridging theory and practice seamlessly. The platform also boasts top scores in Google Lighthouse for SEO and performance, reflecting HTC and TVGH's commitment to technological excellence and educational equity worldwide.

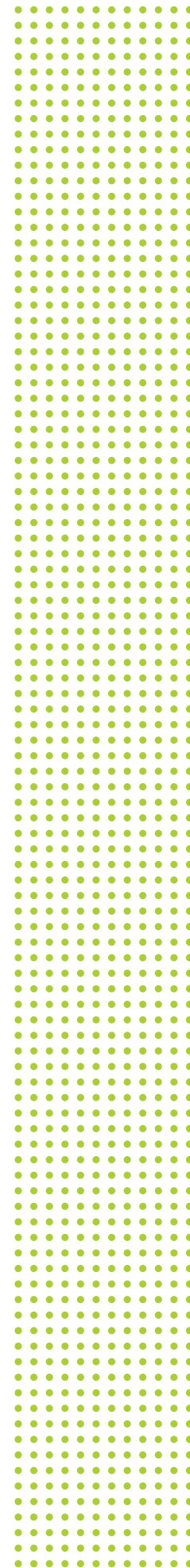


▲ Taipei Veterans General Hospital (TVGH) and HTC Medical Join Forces to Build an International Benchmark Teaching Platform: [wdglobal.vghtpe.gov.tw](http://wdglobal.vghtpe.gov.tw)

HTC Medical VR, through innovative technology and diverse partnerships, continues to drive the development of medical education, enhance healthcare quality, and promote effective communication between healthcare professionals and patients, delivering tangible value to society. We have achieved significant breakthroughs in smart healthcare, metaverse education, and holistic medical care, earning strong international recognition. Looking ahead, HTC Medical VR remains committed to advancing smart healthcare and holistic education, aiming to achieve a win-win outcome for both medical education and societal well-being.



# **CAPITAL AND SHARES**



# CAPITAL AND SHARES

2025.04.22 Unit: Share

## 3.1 Capital and Shares

### 3.1.1 Capitalization:

2025.04.22 Unit: Share; NT\$									
Month/ Year	Price	Authorized		Paid-in		Sources of capital	Remark		
		Shares	Amount	Shares	Amount		Capital increase by assets other than cash	Other	
04/2023	10	1,000,000,000	10,000,000,000	829,403,586	8,294,035,860	Issuance new shares of Employee Stock Ownership Plans	None	Note 1 Note 2	
05/2023	10	1,000,000,000	10,000,000,000	831,092,086	8,310,920,860	Issuance new shares of Employee Stock Ownership Plans	None	Note 1 Note 2	
08/2023	10	1,000,000,000	10,000,000,000	831,437,986	8,314,379,860	Issuance new shares of Employee Stock Ownership Plans	None	Note 1 Note 2	
11/2023	10	1,000,000,000	10,000,000,000	831,642,486	8,316,424,860	Issuance new shares of Employee Stock Ownership Plans	None	Note 1 Note 2	
03/2024	10	1,000,000,000	10,000,000,000	832,037,986	8,320,379,860	Issuance new shares of Employee Stock Ownership Plans	None	Note 1 Note 2	
05/2024	10	1,000,000,000	10,000,000,000	832,319,136	8,323,191,360	Issuance new shares of Employee Stock Ownership Plans	None	Note 1 Note 2	
08/2024	10	1,000,000,000	10,000,000,000	832,382,236	8,323,822,360	Issuance new shares of Employee Stock Ownership Plans	None	Note 1 Note 2	
11/2024	10	1,000,000,000	10,000,000,000	832,587,986	8,325,879,860	Issuance new shares of Employee Stock Ownership Plans	None	Note 1 Note 2	
03/2025	10	1,000,000,000	10,000,000,000	833,533,985	8,335,339,850	Issuance new shares of Employee Stock Ownership Plans	None	Note 1 Note 2	

Note 1 Approval Document No.: The 24 April 2019 Letter No. Financial-Supervisory-Securities-1080311185 of the Securities and Futures Bureau of the Financial Supervisory Commission, Executive Yuan

Note 2 Approval Document No.: The 12 July 2019 Letter No. Financial-Supervisory-Securities-1080322622 of the Securities and Futures Bureau of the Financial Supervisory Commission, Executive Yuan

Type of stock	Authorized Capital			Remark
	Outstanding shares (Note)	Unissued Shares	Total	
Common Stock	835,198,486	164,801,514	1,000,000,000	Of our authorized capital, 80,000,000 shares are reserved for the exercise of stock warrants, preferred shares with warrants, or corporate bonds with warrants

Note: As of April 22, 2025, the Company's total shares outstanding were 835,198,486 shares, among which 1,664,501 shares were issued for employees' exercising their employee stock options, which is the reason why such change in share numbers hasn't been filed with the competent authority.

### 3.1.2 List of principal shareholders:

2025.04.22 Each share has a par value of NT\$10

Name of principal shareholders	Shares	
	Current Shareholding	Percentage
Way-Chih Investment Co., LTD.	43,819,290	5.25%
Cher Wang	32,272,427	3.86%
Way-Lien Technology Inc.	31,087,231	3.72%
Hon-Mou Investment Co., Ltd.	23,197,081	2.78%
Wen-Chi Chen	22,391,389	2.68%
Kun-Chang Investment Co, Ltd.	9,322,824	1.12%
Citi Bank (Taiwan) in custody for the investment account of Poluning Development National Fund Co., Ltd	8,146,492	0.98%
Capital Securities Corp. – Trust Account for Way-Lien Technology Inc.	8,000,000	0.96%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	7,890,079	0.94%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds	7,352,301	0.88%

### 3.1.3 Dividend policy and Implementation Status:

#### Dividend Policy in Articles of Incorporation:

Because the Company is a technology and capital-intensive enterprise in its growing phase, the Company sets a policy to allocate dividends with consideration to factors such as the Company's current and future investment climate, demand for working capital, competitive environment at home and globally, capital budget, as well as the interests of the shareholders, balanced dividends, and long-term financial planning of the Company. Every year, the board of directors shall propose the allocation ratio and propose it at the shareholders' meeting. The earnings may be allocated in cash dividends or stock dividends, provided that the ratio of cash dividends may not be less than 50% of the total dividends.

According to the Company's Articles of Incorporation, earnings shall be allocated in the following order:

- (1) To pay taxes.
- (2) To cover accumulated losses, if any.
- (3) To appropriate 10% legal reserve unless the total legal reserve accumulated has already reached the amount of the total paid-in capital.
- (4) To recognize or reverse special reserve return earnings. If there is a shortfall in the amount of "net increase in the fair value of investment real property accumulated in the preceding period" and "net reduction of other benefits accrued in the preceding period", the same amount of special reserve shall be proposed from the unallocated reserve in the preceding period prior to the distribution of the reserve, and if there is still a shortfall, it shall be credited to the current period for items other than net profit after tax after the current period.
- (5) 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 above and propose such allocation ratio at the shareholders' meeting.

**Proposed distribution of dividend at this year's shareholders' meeting:**

The Company will not distribute stock dividends at the 2025 Annual Shareholders' Meeting.

**The dividend policy to be revised at this shareholders' meeting is as follows:** None.

**Earning distribution is to be handled as follows:**

The distribution shall be made in accordance with the following provisions: when whole or part of the distributable dividends and bonuses, capital stock or statutory surplus stock, in accordance with Section 241(1) of Company Act, is distributed in the form of cash, such distribution shall be approved by the board of directors with a majority vote at a meeting attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting; and, when such dividends and bonuses, capital stock or statutory surplus stock are distributed in the form of issuing new shares, the distribution shall, in accordance with the Company Act, be made after the adoption by the shareholders' meeting.

**3.1.4 Impact of the stock dividend proposal on operational performance and earnings per share:**

Not applicable. The shareholders meeting has not proposed any stock dividend distribution.

**3.1.5 Compensation of Employees and Directors**

**The percentage or scope of compensation for employees and Directors as stipulated in the Company's Article of Incorporation:**

If the Company makes profit for the current year, Company shall have minimum of 4% of such profit distributable as employees' compensation in the form of stock or in cash as resolved by the board of directors. Employees of parents or subsidiaries of the Company meeting certain specific requirements shall also be entitled to receive such stock or cash, certain specific requirements will be determined by the Board of Directors. Board of directors may resolve to distribute up to maximum of 0.25% of the profit of current year mentioned in preceding paragraph as remuneration to directors. Proposed distribution of profit as employees' compensation and remuneration to directors shall be presented at shareholders' meeting.

If the company has accumulated loss, the profit shall first be used to offset the loss. The remainder of the profit may then be distributed as employees' compensation and remuneration to directors based on preceding proposed ratios.

**The basis for estimating the amount of employee and director compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.**

The basis for "estimating" the compensation of employees and directors is based on relevant laws, articles of incorporation and past experience. If the actual amounts differ from the estimated number, the differences are recorded and adjusted in the following (financial reporting) year as changes in accounting estimate.

**Information on any approval by the board of directors of distribution of compensation:**

Not applicable. The shareholders meeting has not proposed any stock dividend distribution.

**Previous year's actual compensation distributed for employees and directors (including number of shares and amount being distributed and the stock price); if there is a difference between the actual compensation and the originally recognized employees' and directors' compensation the discrepancy, reason(s) and status of treatment should be clearly stated:**

No distribute for employee and Director compensation in 2023.

**3.1.6 Buy-back of corporation shares:** None.

### 3.2 Issuance of Corporate Bonds: None.

### 3.3 Status of Preferred Shares: None.

### 3.4 Global Depository Receipts

		2025.04.22
Issue Date	2003.11.19	
Issuance and Listing	Luxembourg	
Total amount	USD 105,182,100.60	
Offering price per GDR	USD 15.4235	
Units issued	9,015,121 units (note)	
Underlying securities	Cash offering and common shares from selling shareholders	
Common shares represented	36,060,497 shares (note)	
Rights and obligations of GDR holders	Same as that of common share holders	
Trustee	Not applicable	
Depository bank	Citibank, N.A. –New York	
Custodian bank	Citibank Taiwan Limited	
GDRS outstanding	270,223 units	
Apportionment of expenses for issuance and maintenance	All fees and expenses such as underwriting fees, legal fees, listing fees and other expenses related to issuance of GDRS were borne by HTC and the selling shareholders in proportion to the actual sale of share, while maintenance expenses such as annual listing fees and accounting fees were borne by HTC.	
Terms and conditions in the deposit agreement and custody agreement	See deposit agreement and custody agreement for details	

		High	USD 7.05
	2024	Low	USD 4.62
		Average	USD 5.84
Closing price per GDR		High	USD 7.25
	2025.01.01-2025.04.22	Low	USD 3.86
		Average	USD 5.56

Note: The total number of units issued includes the 6,819,600 units originally issued (representing 27,278,400 shares of common stock) plus additional units issued in stock dividends in past years on common shares underlying the overseas depository receipts, as itemized below.

18 August 2004: dividends issued on common shares underlying the overseas depository receipts in the amount of 216,088 additional units (representing 864,352 common shares)

12 August 2005: dividends issued on common shares underlying the overseas depository receipts in the amount of 70,290 additional units (representing 281,161 common shares)

1 August 2006: dividends issued on common shares underlying the overseas depository receipts in the amount of 218,776 additional units (representing 875,107 common shares)

20 August 2007: dividends issued on common shares underlying the overseas depository receipts in the amount of 508,556 additional units (representing 2,034,224 common shares)

21 July 2008: dividends issued on common shares underlying the overseas depository receipts in the amount of 488,656 additional units (representing 1,954,626 common shares)

9 August 2009: dividends issued on common shares underlying the overseas depository receipts in the amount of 170,996 additional units (representing 683,985 common shares)

3 August 2010: dividends issued on common shares underlying the overseas depository receipts in the amount of 311,805 additional units (representing 1,247,223 common shares)

26 July 2011: dividends issued on common shares underlying the overseas depository receipts in the amount of 210,354 additional units (representing 841,419 common shares)

### 3.5 Employee Share Warrants

Employee share warrants are adopted to attract and retain important talent necessary for the company's development, and to increase employees' commitment and dedication to the company, so as to jointly benefit the company and its shareholders. The 3rd&4th, 5th and 6th Grants were approved by Financial Supervisory Commission, Executive Yuan on August 19, 2014, April 24, 2019 and July 12, 2019, the total quantities of the current issuance are 20,000,000, 20,000 and 10,000,000 units, respectively. For the 3rd, 4th and 6th Grants, each stock warrant unit may be used to purchase one share of common stock of HTC. For the 5th Grant, each stock warrant unit may be used to purchase one thousand shares of common stock of HTC. The share purchase price shall be the closing price of HTC common stock on the date of issuance of the employee stock warrants.

### 3.5.1 Issuance of employee share warrants and impact to shareholders' equity

2025.04.22 / Unit: share and NT\$

Employee Stock Options Granted	3 <sup>rd</sup> Grant	4 <sup>th</sup> Grant	5 <sup>th</sup> Grant	6 <sup>th</sup> Grant
Effective registration date and the total number of units	August 19, 2014 19,000,000 units	August 19, 2014 1,000,000 units	April 24, 2019 20,000 units	July 12, 2019 10,000,000 units
Issue (Grant) Date	October 31, 2014	August 11, 2015	May 16, 2019	November 12, 2019
Number of units issued (Note 1)	19,000,000	1,000,000	20,000	10,000,000
Number of units still available for issuance	0	0	0	0
Percentage of Shares Exercisable to Outstanding Common Shares (Note 2)	2.27%	0.12%	2.39%	1.20%
Option Duration	The duration of the stock warrants is 10 years. The stock warrants and rights and interests therein may not be transferred, pledged, given to others, or disposed in any other manner, except by succession.	The duration of the stock warrants is 10 years. The stock warrants and rights and interests therein may not be transferred, pledged, given to others, or disposed in any other manner, except by succession.	The duration of the stock warrants is 10 years. The stock warrants and rights and interests therein may not be transferred, pledged, given to others, or disposed in any other manner, except by succession.	The duration of the stock warrants is 10 years. The stock warrants and rights and interests therein may not be transferred, pledged, given to others, or disposed in any other manner, except by succession.
Source of Option Shares	New Common Share	New Common Share	New Common Share	New Common Share
Vesting Schedule(%)	After 2 full years have elapsed from the time the stock warrant holder is allocated the employee stock warrants, the warrant holder may exercise the share purchase rights according to the schedule set out below. Percentage of share purchase rights that may be exercised according to the time elapsed since the allocation of the stock warrants (cumulative) Two full years have elapsed: 60% Three full years have elapsed: 100%	After 2 full years have elapsed from the time the stock warrant holder is allocated the employee stock warrants, the warrant holder may exercise the share purchase rights according to the schedule set out below. Percentage of share purchase rights that may be exercised according to the time elapsed since the allocation of the stock warrants (cumulative) Two full years have elapsed: 60% Three full years have elapsed: 100%	After 2 full years have elapsed from the time the stock warrant holder is allocated the employee stock warrants, the warrant holder may exercise the share purchase rights according to the schedule set out below. Percentage of share purchase rights that may be exercised according to the time elapsed since the allocation of the stock warrants (cumulative) Two full years have elapsed: 60% Three full years have elapsed: 100%	After 3 full years have elapsed from the time the stock warrant holder is allocated the employee stock warrants, the warrant holder may exercise the share purchase rights according to the schedule set out below. Percentage of share purchase rights that may be exercised according to the time elapsed since the allocation of the stock warrants (cumulative) Three full years have elapsed: 75% Four full years have elapsed: 100%
Shares Exercised	0	159,000	11,527,201	5,026,900
Value of Shares Exercised	NTD 0	NTD 8,665,500	NTD 409,215,636	NTD 179,192,845
Shares Unexercised (Note 3)	1,649,200 shares	90,000 shares	3,483,799 shares	2,767,350 shares
Adjusted Exercise Price Per Share	NTD 134.5	NTD 54.5	NTD 35.5	NTD 35.05
Percentage of Shares Unexercised to Outstanding Common Shares (Note 2)	0.20%	0.01%	0.42%	0.33%
Impact to Shareholders' Equity	Dilution to shareholder's equity is limited	Dilution to shareholder's equity is limited	Dilution to shareholder's equity is limited	Dilution to shareholder's equity is limited

Note 1: For the 3<sup>rd</sup>, 4<sup>th</sup> and 6<sup>th</sup> Grants, each stock warrant unit may be used to purchase one share of common stock of HTC. For the 5<sup>th</sup> Grant, each stock warrant unit may be used to purchase one thousand shares of common stock of HTC.

Note 2: The information is calculated based on the issued shares, 835,198,486.

Note 3: The number of invalid shares due to resignation was deducted.

### 3.5.2 Employee stock options granted to management team and to top 10 employees

22025.04.22 / Unit: share and NT\$

Title	Name	Number of Option Acquired	Number of Op-tion Acquired / Number of Op-tion Issued (Note1)	Exercised			Unexercised					
				Number of Option	Exercise Price per Shares (NTD)	Option amount	Number of Option Issued (Note1)	Number of Option	Unexercised Price per Shares (NTD)	Option amount	Number of Option Issued (Note 1)	
Managers	General Counsel and Corporate Governance Officer	2,915,0000 shares	0.35%	405,000 shares	NTD 35.5, NTD 35.05	NTD 14,373,000	0.05%	2,510,000 shares	NTD 134.5, NTD 54.5, NTD 35.5 and NTD 35.05	NTD 143,495,000	0.3%	
	Chief Technology Officer											WH Liu
	Senior VP											Adrian Tung
	Senior VP											Raymond Pao
	Finance											Maggie Tseng
	Accounting											Jane Jao
Employee (Note 2)	Alan Chen	4,575,000 shares	0.55%	3,230,500 shares	NTD 35.5, NTD 35.05	NTD 114,503,875	0.39%	1,344,500 shares	NTD 134.5, NTD 54.5, NTD 35.5 and NTD 35.05	NTD 66,797,375	0.16%	
	Alvin Graylin (Note a)											
	Asii Wu (Note b)											
	Charles Huang											
	Daniel Gong											
	Daniel O'Brien											
	Joseph Lin											
	Peter Shen (Note c)											
	Madeline Chen											
	Richard Tsai											

Note 1: The information is calculated based on the issued shares 835,198,486.

Note 2: The top 10 employees are granted employee stock options are without managerial position.

Note a: Resigned on February 28, 2025.

Note b: Resigned on February 18, 2025.

Note c: Resigned on June 23, 2024.

## 3.6 New Restricted Employee Stock

**3.6.1 Status of Employee Restricted Stock:** None.

**3.6.2 Restricted employee stock to management team and to top 10 employees:** None.

## 3.7 Issuance of New Shares for Mergers and Acquisitions:

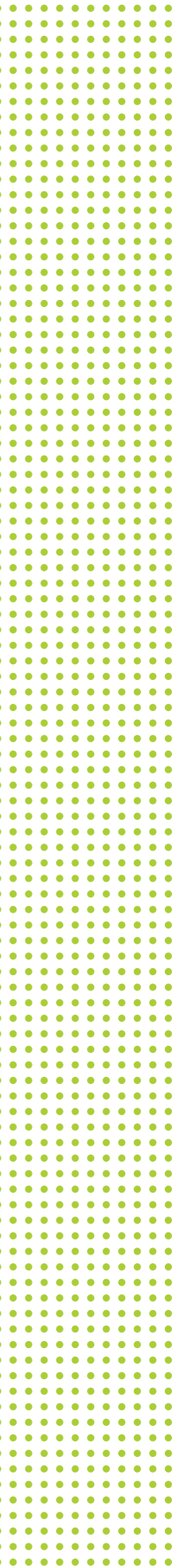
None.

## 3.8 Implementation of the Company's capital allocation Plans:

Not applicable.



# **BUSINESS OPERATIONS**



# COMPANY PROFILE

## 4.1 About HTC

HTC is an innovation company, creating powerful new products, solutions, and platforms in mobile and immersive technologies. Beginning with a vision to put a personal computer in the palm of our customers' hands, we have led the way in the evolution of smartphones, and are now applying that same innovative approach to connected devices and virtual reality as we enter the era of VIVERSE, the immersive Internet.

At the heart of this is a bold innovative spirit to push new boundaries, while leveraging our industry-leading capabilities. The notion of Dare to Dream is at the heart of our daily ambitions. We ask fundamental questions at the intersection of customer aspirations and our capability to delight and surprise with innovative solutions. We challenge ourselves and our customers to achieve their full human potential. What's your dream? Can you visualize it? Will it shift our perspective? Will we feel it? The future belongs to the dreamers to power creation and innovation. Because our dreams power the future. Dare to Dream.

As we live this philosophy, we employ powerful technologies and combine them in creative new ways in order to deliver this. At this time in history, building block technologies like VR, AR, 5G, AI, and blockchain are evolving and coming together in new ways with the potential to deliver utility and experiences previously unavailable. We called this VIVE Reality in 2018, and today we see our vision as VIVERSE.

VIVERSE is the future that we strive to enable. That means understanding people's needs and desires, their hopes and aspirations, and embedding them into the building block technologies of today and tomorrow. Through creating wonderful devices, platforms, content and solutions, we can unleash imagination from the bounds of reality and realize the true potential of technology for the benefit of humankind. Our future is enhanced in a world where HTC innovation and VIVERSE experiences blend to create a new and better world. These three pillars are central to that mission:

### Humanity

For HTC, our innovation is human-centered in the broadest sense. We endeavor to anticipate the needs of people, businesses and society as a whole, and expand our vision to impact people's lives in ways never before considered.

### Technology

Our heritage of and commitment to technology excellence is the great enabler of our pursuit. We strive for a world in which customers, large and small, have access to the most powerful hardware, platforms, tools, and services, a world where the technology becomes secondary to the experiences that it creates.

### Imagination

Imagination is one of the most powerful tools we know, and one we seek to unlock. A world where a continuum of immersive realities is possible, and experience is unbounded. Imagination that invents new ways to make life better for people and enable them to be the best they can be, help businesses achieve their vision, and solve the greater challenges faced by society.

This philosophy and approach are reflected in a steady stream of world-class innovation, as we continue to advance new products in VR, mobile, and 5G with greater capability and convenience. We also continue to advance our societal, environmental and cultural initiatives, and our support of education. From our people to our products, Dare to Dream represents a guiding philosophy that energizes HTC as a global organization.

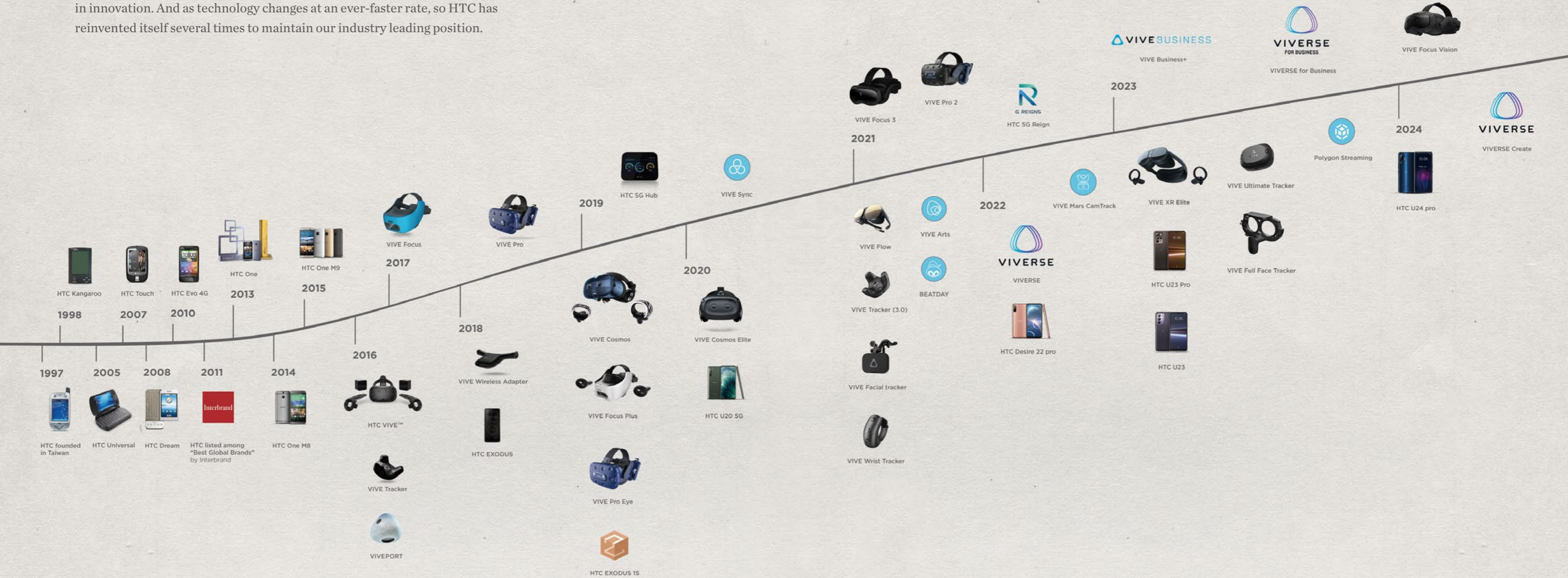


VIVERSE

htc

## 4.2 Company History

HTC was founded with the goal of bringing the power of computing and communication into the hands of people around the world. On this quest, HTC has pioneered new technologies, devices, and designs, and repeatedly set new standards in innovation. And as technology changes at an ever-faster rate, so HTC has reinvented itself several times to maintain our industry leading position.



## Professional PDA Designer

Shortly after commencing operations in 1997, HTC was selected by Microsoft to develop handheld products using Windows CE, their newly launched embedded operating system designed specifically for consumer electronics products.

The co-founder and then President (now Director of the Board) HT Cho and then Vice President Peter Chou assembled HTC's first R&D team and developed the world's first handheld personal data assistant (PDA) to run on Microsoft Windows CE, the HTC Kangaroo, released in 1997. This significant first step helped HTC become an important and enduring partner of Microsoft Corporation. The Compaq iPAQ, manufactured by HTC for Compaq Computer became a huge market success when launched in 2000, and firmly established HTC as a world leader in the PDA segment.

## Smartphone Pioneer

HTC's first major transformation came in 1999, when the Company moved into the telecommunications arena, reflecting the increasingly important role of mobile telecommunications products in the daily lives of consumers. HTC predicted that the GSM standard would spread from Europe to dominate the U.S. and Japanese markets, so we visited Europe's largest telecommunications companies to discuss an innovative new approach for the industry: the development of 'customized' devices for the wireless communication market. In 2002, HTC broke new ground in the industry by launching two new mobile wireless devices, the O2 XDA and Orange SPV in partnership with O2 (UK) and Orange (France) respectively. The products, designed around Microsoft's latest operating system, helped telecommunication service providers increase average revenue per user (ARPU) and earned worldwide attention.

HTC was the first to integrate Internet, entertainment, video and personal assistant functions into a mobile phone with a large dimension onto high resolution and full color display panel. This ushered in a new era in the history of the mobile phone. It was at this point that HTC began to develop products in partnership with customers and to tailor products based on telecommunications services provided by its customers. This marks the beginning of HTC's efforts in building a global sales and service network and cementing its position in the global telecommunications market.

## HTC Brand

In 2007, HTC launched its brand globally, committing the Company to long-term brand development. Shortly afterwards, HTC launched the HTC Touch smartphone, bringing the world's first touch-centric phone to market and placing HTC at the forefront of growing worldwide excitement over this new smartphone direction. In 2009, HTC unveiled its new user interface, HTC Sense®, delivering a simpler and much more intuitive user experience. HTC then proceeded to introduce its competitive new lineup to the world through its 'Quietly Brilliant' tagline and global 'YOU' advertising campaign. HTC also sponsored

initiatives that reflect our values, with each step along the way carefully considered to raise HTC brand awareness in all key markets.

'Quietly Brilliant' is deeply rooted within HTC's corporate culture. We continue to roll out products with innovative features to satisfy the needs of different consumers, changing the way they enjoy their mobile lifestyle. With the smartphone market booming, HTC actively recruited outstanding talent in product design, user interface, brand and sales and marketing. This talent has enabled HTC to receive global recognition, with awards including 'Device Manufacturer of the Year' at Mobile World Congress in 2011, and listing in the top 100 international brands by Interbrand in the same year.

In 2014, HTC undertook to evolve its brand strategy and identified our organizational purpose: to bring brilliance to life by striving to develop innovation that enables consumers to pursue their brilliance. The pursuit of brilliance is at the heart of everything we do. It is the impulse to create, to venture into the unknown with an unwavering dedication to bring innovation to life. It pushes us every day to re-imagine new ways to connect the world, our consumers, and their pursuits in ways never before thought possible.

By streamlining our communication channels, we deliver simplified and consistent brand messages to enable consumers to better understand our brand vision. Through the reinforcement of global social media and interaction with users, we establish strong social engagement and amplify the message of our connections to each other.

## Diversification into Connected Devices and Virtual Reality

In 2014, HTC began to seek new fields to apply our distinguished heritage in design, engineering and manufacturing excellence. Partnering with leading brands in diverse fields, HTC built 'Powered by HTC' teams to innovate for their field. Starting with fitness, together with our partner Under Armor®, the leading brand in the fitness space, our 'Powered by HTC' teams created the UA HealthBox™, providing comprehensive holistic information to enable users to monitor and improve their performance.

The same 'Powered by HTC' teams also worked with Google on creating their own devices, cementing a decade-long partnership with Google on establishing the Android operating system that started back in 2008 with the creation of the very first Android smartphone, the HTC Dream, and continued through to the launch of the first Google Pixel smartphones in 2016. That close partnership continued to flourish, such that in 2017, it was announced that the 'Powered by HTC' teams would be permanently transferred to Google, a move completed in January 2018 in a deal worth US\$ 1.1 billion.

Partnering with Valve®, the strongest brand in PC gaming, we developed a highly advanced yet compact virtual reality system under our own brand called the HTC VIVE™, launching the first headset in April 2016. As the first complete, room-scale consumer virtual reality system, the HTC VIVE earned universal media and consumer acclaim, and won over 100 awards in its first year.

With the total immersion of VIVE and the potential for its application in so many aspects of our lives, HTC recognized the onset of a new computing paradigm, inspiring a new vision and direction for the Company:

VIVE Reality. The transfer of the ‘Powered by HTC’ teams to Google in early 2018 provided the focus for us to pursue our new vision with singular purpose.

## From VIVE Reality to VIVERSE

The advent of the metaverse sees the Company focused around VIVERSE, whereby the strategic direction of all businesses is to enable, enhance or expand the remarkable wealth of experiences available in the metaverse, which can be accessed from virtually any connected device.

The pursuit of VIVE Reality has seen HTC transition into a complete VIVERSE solutions company, creating not only leading hardware in strategic markets, but also building industry-leading platforms, software, content and services to create new revenue streams and lay the foundation for our future growth.

### 4.3 Brand Strategy

“Quietly Brilliant” is deeply rooted within HTC’s corporate culture. HTC strives to unlock the full human potential of our customers, employees, partners, and other stakeholders, and to achieve that, we must strive for our core values of truth, goodness and beauty in all that we do.

**Truth** means being real and authentic. The fields of science and technology are constantly pursuing truth to solve society’s problems through innovation. This is the most important essence of HTC.

**Goodness** means turning heartfelt ideas into actions that improve people’s lives. Such as, high-quality content that can inspire empathy and compassion, products that can help people with disabilities, that serve the elderly or educate young people, and that solve problems for organizations.

**Beauty** is simplicity and elegance. The simplest structure can hide complex details that each have a purpose. We design simple and intuitive user interfaces for high quality products that evoke a beautiful reaction in our customers.

Only when we launch excellent products instilled with truth, goodness and beauty can we implement our mission of “combining technology with humanity to unleash the imagination” and achieve our vision of VIVERSE.

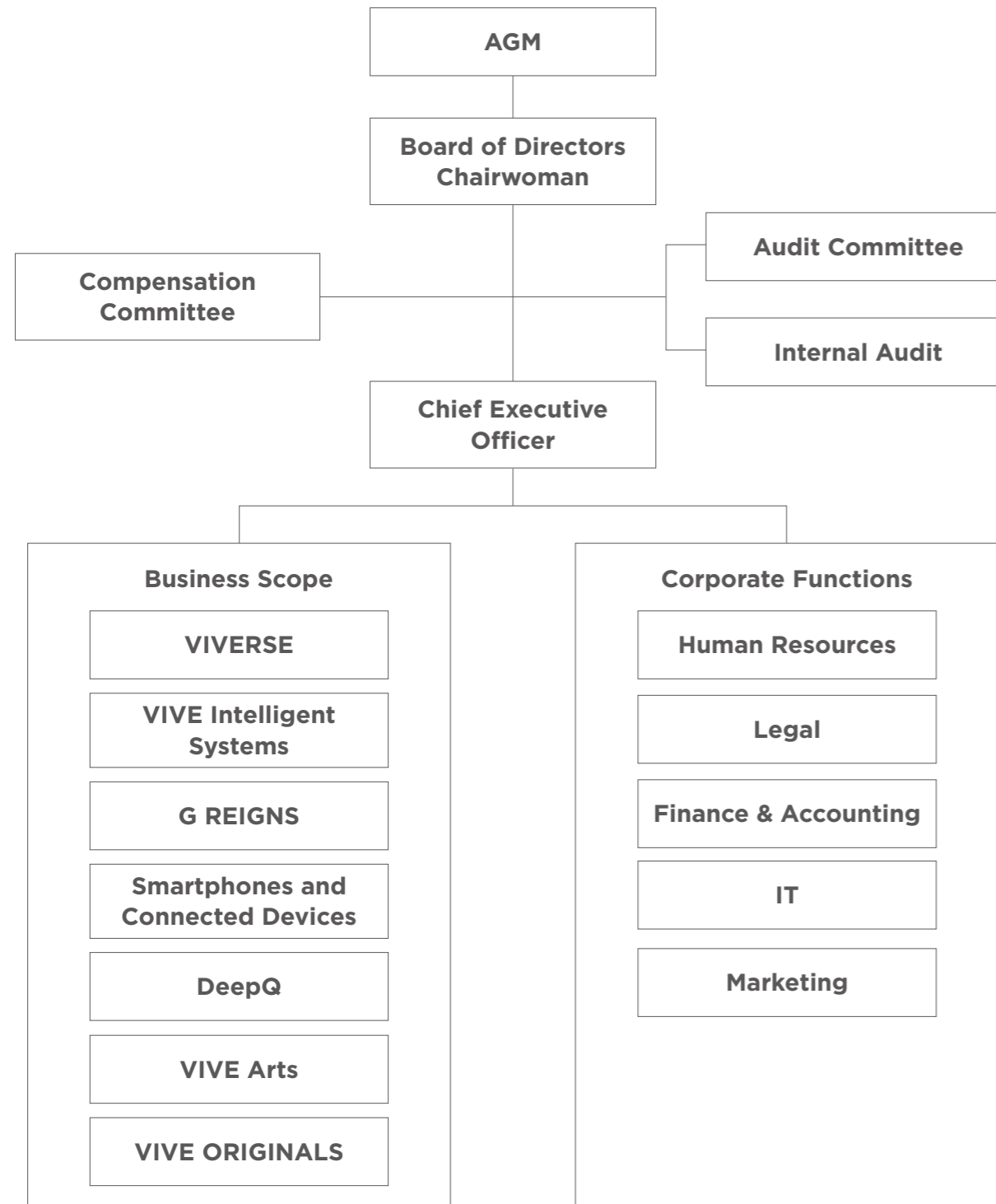
Our vision can best be understood through the VIVERSE triangle logo mark, which represents the unity of three key elements – humanity, technology, and imagination – while the center symbolizes a portal to a new world of experiences that VIVERSE delivers. VIVERSE was born from a faith in humanity and forged by a respect for technology, paving the way for bringing people closer together, and closer to their imagination, than ever before. VIVERSE is stimulating innovation in entertainment, education, training, design, healthcare, art, shopping and social networking, and many other industries, positively impacting the world, affecting the way we live, learn, and believe.

While we expanded from creating world-class smartphones into the fields of connected devices, virtual reality, 5G networking, blockchain, and now the metaverse, we are re-energizing the HTC brand story through the notion of an innovative parent company that will dare to dream, while expanding our brands to new audiences and segments. HTC’s approach to brand building is both pragmatic and effective, and is based on principles including:

- **Authenticity:** Being authentically true to the nature of our mission, and the belief that we can improve human lives and experience while creating value.
- **Entrepreneurial approach:** We are agile, attentive to costs, and aim to achieve maximum effectiveness through an obsessive and energetic approach to building our brand.
- **Innovative products:** For many customers, our products and services are the most concrete expression of our brand. By delivering a steady stream of innovation in mobile, virtual reality, 5G, blockchain, and more, we create proof through action.
- **Integrated solutions:** Far more than just a hardware company, we deliver true solutions through platforms, software, and services to create positive experiences our customers.
- **Broader audiences:** By continuing to improve and simplify our products and user experience, and support a broader range of software, we aim to access new customer segments and solve the challenges they face.
- **Developing the ecosystem:** HTC works closely with partners at each stage of innovation to build the ecosystem necessary to promote adoption, and actively participates in industry alliances to advance our industry thought leadership. Through the VIVE X accelerator program, we are supporting the development of the ecosystem for advancing the key and emerging technologies such as VR, AR, 5G, AI, and Blockchain. We create opportunities to work closely with our portfolio companies to explore mutually beneficial ways to advance entrepreneurial innovation. VIVEPORT is helping to build an ecosystem of content developers by providing a dedicated VR app store for consumers and enterprise, while VIVE Wave is enabling other hardware companies to deliver immersive devices to broaden the market and fuel innovation. At every stage of product development, HTC considers the requirements of the ecosystem in order to drive innovation.
- **Smarter communications:** We develop the types of products that people love and want to learn more about, that spark their curiosity and tap into their imagination. These make for great stories and social engagement, which are among the most effective ways to build a brand, and are a focus of our efforts on that front.
- **Building communities, forging customer relationships, and offering services that increase lifetime value:** We have moved well beyond the transactional nature of selling consumer electronics to developing an ongoing relationship with our customers. Through our platform, software, and service offerings, we can continue to engage with them, as well as increase customer lifetime value.

## 4.4 Organization

### 4.4.1 Organization Chart



### 4.4.2 Business Scope

#### VIVERSE

is instrumental in the creation of HTC's content ecosystem in the metaverse era. Through its advanced platform, content and software technologies, VIVERSE exemplifies the power of the immersive internet. The VIVEPORT platform has shown steady growth in VR content, while its virtual exhibition platform for enterprise is building strong content and hardware partnerships to accelerate the expansion of the immersive ecosystem.

#### Smartphones & Connected Devices

is focused on creating smartphones and connected devices that take full advantage of the latest technologies while supporting HTC's VIVERSE vision.

#### DeepQ

is focused on integrating AI into solutions that promote access to and improve the quality of healthcare.

#### VIVE Intelligent Systems

develops systems and platforms with functionalities that exceed the definition of 'smart'; intelligent products that embed AI into the latest building block technologies such as VR and AR to provide targeted, precision solutions for consumers and enterprise.

#### VIVE Arts

continues its mission to enhance cultural appreciation through immersive technology, democratizing creativity and preserving our cultural heritage for the world.

#### G REIGNS

is focused on the burgeoning 5G high speed connectivity, with a clear objective to provide total solutions, such as companion apps and devices, cross-platform SDKs and immersive terminals, to business partners and 5G phone users to enlarge VIVERSE.

#### VIVE ORIGINALS

is dedicated to the development of authentic intellectual properties, and the co-production and distribution of original VR film, art, animation, music, culture and entertainment content.

# BUSINESS OPERATIONS

## 4.5 Business Activities

### 4.5.1 Business Scope

Since the founding of HTC, our vision has been to combine technology with humanity to unleash the imagination. VIVERSE, HTC's version of the metaverse, represents the culmination of that vision.

While geographical restrictions relating to the COVID-19 pandemic were completely lifted worldwide by the end of 2023, it is clear that some aspects of the digital revolution catalysed by the pandemic have become embedded in society, and the concept of Web4 has further developed as well. HTC remains well-positioned, taking full advantage of the global trend and dedicates to completing the VIVERSE ecosystem. HTC continued to fulfil its potential in 2023, creating innovative products and services with clear market focus, with each business demonstrating maturity of business model and leadership in their respective fields.

### VIVE Intelligent Systems

The HTC VIVE VR Headset Edition was launched in February 2016, and product shipments were sent in April of that year. This made it the world's first VR headset featuring the leading Room-Scale VR technique. Since then, VIVE's growth not only took the entire VR industry into the next generation, but also led to even more flourishing prospects for the industry.

At the end of 2017, HTC released VIVE Focus, the first high-end all-in-one VR product that supports 6DoF, bringing the mobile VR experience to the consumer market and advertising and corporate all over the world in a convenient and powerful way.

In 2018, HTC released the VIVE Pro and the VIVE Wireless Adapter, winning over 29 awards at the Consumer Electronics Show (CES), including the Best of CES 2018 Awards and the Coolest VR Innovation at CES. This further strengthens VIVE's leading role in the VR ecosystem. On the other hand, we released the VIVE Wireless Adapter powered by Intel® WiGig technology, allowing consumers to enjoy the limitless and ultimate experience without wires.

At CES 2019, HTC launched a range of brand-new products, including VIVE Pro Eye, VIVE Cosmos,

VIVEPORT Infinity, and VIVE Reality System. The revolutionary hardware and software designs as well as the application content services we exhibited through these products have set a new standard for the high-end VR experiences. This has received worldwide recognition and won multiple global awards. The latest achievements HTC has made in the development of high-end VR serve as an example of the industry leading technology and content we possess. HTC is dedicated to redefining how consumers and corporate user approach and experience VR. As commercial needs for VR grow and develop, the launch of VIVE Pro Eye pushes eye-tracking VR technology even further forward, providing a solution for professionals that continues to improve the ways we interact or work with VR.

Regarding all-in-one devices, the professional all-in-one VR we tailor-made for our business users, VIVE Focus Plus, entered its shipment phase in April 2019. VIVE Focus Plus is the new generation of our all-in-one VR devices; with the improved Focus Headset featuring a Duo 6DoF controller instead of the previous 6DoF, our users will be able to interact with VR surroundings seamlessly, as if they were using PC VR equipment.

In 2020, we launched the VIVE Cosmos External Tracking Faceplate, allowing VIVE Cosmos users to experience the mobility of the inside-out tracking system and the accuracy of the outside-in precision tracking feature, suitable for the users' needs both at home and at work. The VIVE Cosmos External Tracking Faceplate is compatible with SteamVR Base Station 1.0, SteamVR Base Station 2.0, VIVE Controller 1.0, and VIVE Controller 2.0. Furthermore, it is fully supported by all VIVE accessories. An extraordinary and limitless VR experience awaits!

At VIVECON 2021, HTC presented two types of new-generation VR headsets that are made in Taiwan and feature a 5K display resolution and a wide 120-degree field of view (FOV), showcasing HTC's determination to continue as a designer of the new era of VR applications. As a member of the multi-award winning VIVE Pro series, VIVE Pro 2 caters to the needs of enterprises and professional users, providing enjoyment such as high-end PC-based VR games, creation and experience. VIVE Focus 3 is the world's first flagship-level commercial standalone VR featuring a 5K resolution; it will provide total solutions for corporate VR applications. VIVE Pro 2, a flagship-level PC-based VR device and VIVE Focus 3, a flagship-level standalone VR device, are both made in Taiwan, evidencing Taiwan's strength in software and hardware design.

In 2022, HTC launched the new tracking accessory for the VIVE Focus 3, the VIVE Wrist Tracker. It is the first inside-out tracker designed for all-in-one headsets, worn on the arm like a wristwatch. The tracker provides precise tracking of movements from fingertips to the elbow, offering a lightweight and easy-to-set-up design. It only requires activation and wireless connection to the VIVE Focus 3 for immediate use.

In 2023, HTC unveiled the groundbreaking VIVE XR Elite at CES, continuing to elevate the unparalleled immersive virtual and augmented reality experiences. VIVE XR Elite provides an outstanding 6DoF spatial experience. It introduces hand tracking functionality for both VR and MR experiences, incorporating tracking technology systems. This allows intuitive interaction using hands for activities, facilitated by

natural hand movements and fingertip gestures. Combined with the new VIVE positional tracker and VIVE facial tracker, it smoothly captures character movements and subtle facial expressions in the virtual environment, enhancing the overall immersive sensation in virtual environments and games.

In 2024, HTC VIVE, the global leader in premium XR solutions, launched its new headset VIVE Focus Vision. The new Extended Reality (XR) headset is the latest in HTC VIVE's highly popular VIVE Focus Series, with a wealth of improvements and new features to give gamers and enterprise users alike the best possible immersive experience for PCVR and standalone gaming, as well as Location-Based Experiences (LBE), industrial training, collaboration, and mixed reality applications. The VIVE Focus Vision builds on the VIVE Focus 3 platform with enhanced visuals, comfort, and operational efficiency, catering to multi-user scenarios popular in VR arcades and training for sectors like healthcare and manufacturing. Its DisplayPort mode enables lossless PCVR visuals, ensuring content appears as developers intended, ideal for SteamVR gamers and enterprise applications. Integrated auto-IPD adjustment with eye tracking allows effortless sharing and clear visuals in high-turnover environments like LBE. Features like stereoscopic passthrough cameras for realistic Mixed Reality, a revamped cooling system, and a built-in sub-battery for seamless battery swaps ensure a superior and uninterrupted XR experience.



### VIVE Focus Vision

This latest addition to the VIVE Focus Series combines standalone XR capabilities with DisplayPort mode for visually lossless PCVR experiences, making it ideal for immersive gaming, industrial training, and collaborative enterprise applications. Designed to meet the needs of both gamers and businesses, the device bridges the gap between high-end VR arcades and home PC gaming setups.

Building on the success of the VIVE Focus 3, which was proven in microgravity conditions on the International Space Station, the VIVE Focus Vision introduces significant upgrades in visual quality, comfort, and operational efficiency. It's tailored for multi-user sharing, making it especially valuable for businesses such as VR arcades and sectors like healthcare, defense, finance, and manufacturing that rely on high-turnover training environments. The device's auto-IPD adjustment with

built-in eye tracking ensures crystal-clear visuals for every user, while its stereoscopic passthrough cameras provide depth-accurate Mixed Reality experiences.

The VIVE Focus Vision also enhances comfort with a revamped cooling system for longer, more comfortable sessions. It features a built-in sub-battery that allows up to 20 minutes of runtime during

battery swaps, ensuring uninterrupted experiences. With 5K resolution, a 120-degree FOV, and a 90Hz refresh rate (with support for 120Hz coming soon via DisplayPort mode), the headset delivers a visually stunning experience. Dual 16MP color cameras, a depth sensor for scene recognition, and infra-red tracking for low-light conditions further elevate the device's performance.

Highlighted features include visually lossless PCVR via DisplayPort, auto-IPD adjustment, and dual color cameras for full-color stereoscopic passthrough. Its combination of cutting-edge visuals, precise tracking, and user-centric design positions the VIVE Focus Vision as a leading choice for both enterprise applications and premium gaming, offering unparalleled versatility and performance in the XR space.

### VIVE XR Elite

VIVE XR Elite combines Mixed Reality (MR) and Virtual Reality (VR) capabilities into one compact, lightweight, powerful and highly versatile device – perfect for gaming, fitness, productivity and more.

VIVE XR Elite includes a full color RGB passthrough camera, and hand-tracking, which enables a whole new dimension of MR scenarios. This can include playing games where the characters are running on your furniture, having real-time overlays on musical instruments like a piano so you can learn, and even having the ultimate workstation with multiple virtual screens while still being able to use your real-world keyboard and mouse.

VIVE XR Elite can be connected easily to a PC via USB-C to access PCVR content from VIVEPORT and Steam and supports wireless PC streaming over WiFi or the latest generation WiFi 6E with low latency and great graphics.

VIVE XR Elite takes versatility to the next level. It has a sleek modular design that can easily be transformed into a glasses form factor - simply remove the battery and fit the VIVE XR Elite temple pads. Change the physical configuration so it works best for whichever situation you're in, whether that's at home, in the office, or traveling on a plane.

With four wide FOV cameras, exceptional 6DoF spatial accuracy, a depth sensor and hand-tracking, developers have lots of options to incorporate in VR and MR content for accurate movement to enhance your overall experience.

VIVE XR Elite has both physical controllers and hand-



tracking to achieve all-important accuracy when gaming, for productivity and even learning scenarios. VIVE Wrist Tracker is also compatible to deliver enhanced hand tracking, or it can be attached to objects you want to track in XR.

The visual impact is sharp with a wide 110 FOV, 4K resolution which results in a crisp image all running on a smooth 90Hz refresh rate. VIVE XR Elite has adjustable lenses so you can take off your glasses and still enjoy a clear picture with greater comfort. Find your perfect sweet spot without having to remove the headset, with a built-in fine-adjustable inter-pupillary distance (IPD) slider placed on the outside of the headset.

Find the perfect balance of comfort and performance with VIVE XR Elite's beautifully compact design. The full headset weighs just 625g including the battery, which is placed at the back for balance and is curved for optimal comfort, and delivers up to two hours of full XR use. The battery is removable and hot swappable, so you can keep going whether it's changing to another power source or changing to another battery. It has 30-watt fast charging and is charged via USB-C power delivery.



### VIVE Pro 2

VIVE Pro 2 was named a CES 2022 Innovation Awards Honoree in the Virtual & Augmented Reality category at CES, the largest international consumer electronics event in the United States. Featuring a stunning 5K high-resolution display and a wide 120-degree FOV, the VIVE Pro 2 delivers visual effects that are excellently smooth, detailed and crystal clear.

The VIVE Pro 2 features an adjustable IPD function, balanced front-rear weight distribution, an adjustable strap and a quickly-scaled knob that allows adjustments to wearing configurations for different users. Aside from supporting third-party earphones, VIVE Pro 2 also features a set of headphones that is certified by Hi-Res Audio and capable of delivering 3D spatial audio. VIVE Pro 2 is compatible not only with the Steam VR system and peripheral accessories, including Tracker 1.0, Tracker 2.0, VIVE Controller, VIVE Wireless Module or VIVE Tracker of whatever generation and the new VIVE Facial Tracker, but also with other third-party Steam VR motion sensing accessories, e.g., Valve's Index knuckle controller.

### VIVE Focus 3

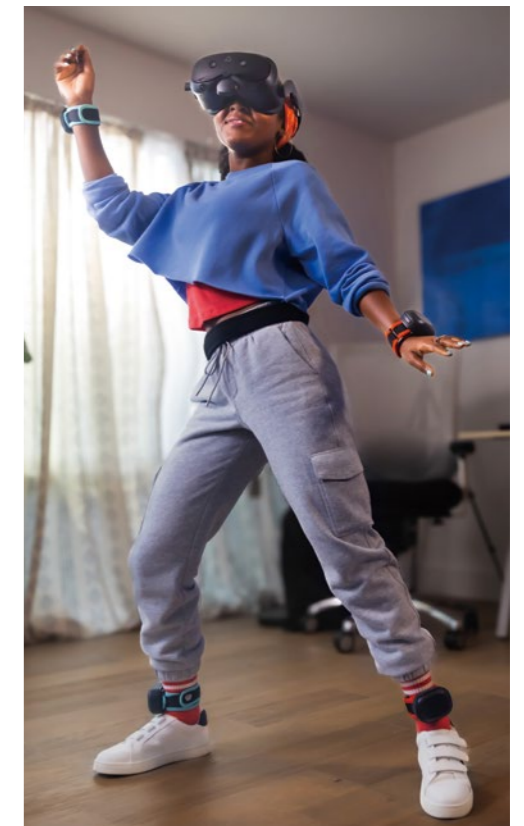
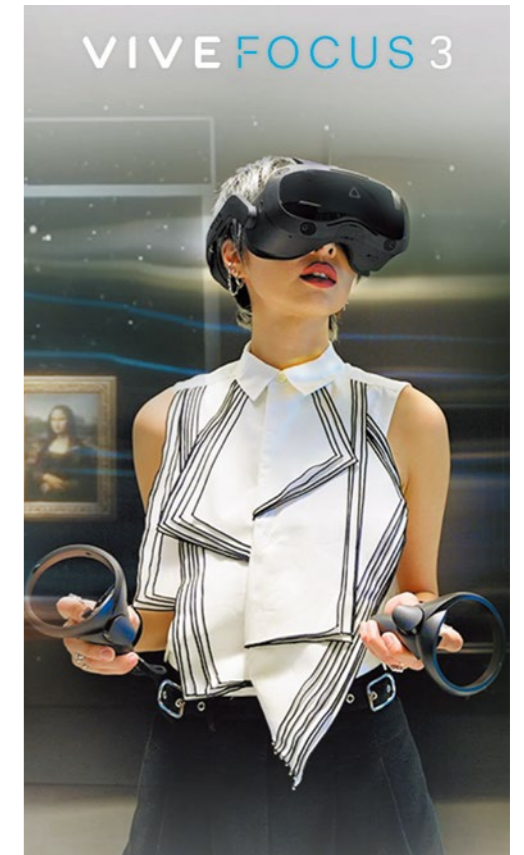
VIVE Focus 3 offers a comprehensive business VR solution, combining exceptional visual performance, ergonomic design, premium audio, and advanced inside-out tracking with intuitive controllers to deliver an immersive and comfortable experience.

It features a 5K display with a 90Hz refresh rate, a 120-degree wide field of view, and RGB subpixel technology, providing detailed and lifelike visuals that enhance user interaction. Powered by the Qualcomm Snapdragon™ XR2 platform, it achieves double the CPU and GPU performance and 11 times the AI processing capability compared to its predecessor. The device includes heat dissipation components such as copper tubes and cooling fans to ensure stable performance during extended use. The redesigned head strap and detachable battery offer balanced weight distribution and convenience, allowing for quick battery swaps to support all-day use, with a 30-minute charge reaching 50% capacity. LED indicators provide real-time battery status. Built-in dual drivers deliver immersive audio with a privacy-oriented design, while maintaining awareness of external sounds.

The AI-driven inside-out tracking system ensures precise tracking, with all data encrypted and stored locally to protect user privacy. The lightweight controllers support up to 15 hours of use on a single charge, offering intuitive operation, making the VIVE Focus 3 an ideal choice for business applications

### VIVE Ultimate Tracker

VIVE Ultimate Tracker is compact, versatile, and with two wide-FOV cameras and new technology which essentially makes it "self-tracking". This makes it perfect for HTC VIVE's standalone headsets VIVE XR Elite and VIVE Focus 3, with support coming for OpenXR, SteamVR based PC VR setups in the near future.



Built for versatility, the VIVE Ultimate Tracker uses a standard 1/4”-20 UNC mount and has a pogo pin interface, allowing it to attach to a variety of objects. This opens the door to many use cases such as mocap for film and games, industry-specific objects for VR training, dancing in VRChat, and more. VIVE is also releasing developer documentation and the 3D CAD file publicly so that people can design their own bespoke mounts.

Up to five VIVE Ultimate Trackers can be used simultaneously per headset, delivering exceptional multi-point full-body tracking. In addition to supporting the standalone devices within the VIVE ecosystem, the VIVE Ultimate Tracker officially expanded its compatibility in 2024 to include third-party PCVR headsets that support SteamVR, bringing exceptional tracking capabilities to even more users. Originally designed for the VIVE Focus 3 and VIVE XR-Elite, the VIVE Ultimate Tracker has now broadened its scope of application. Regardless of the SteamVR-compatible headset a user chooses, the VIVE Ultimate Tracker empowers gamers and developers to elevate their VR experiences to new levels. Based on its stable self-tracking ability and combined with VIVE’s self-developed space calibration technology, it enables precise coordinate alignment with third-party PCVR headsets. This allows non-VIVE headset users, such as those with Meta Quest series devices, to easily experience object tracking in Steam games or achieve flexible full-body tracking in VRChat.

### **VIVE Full Face Tracker**

VIVE Full Face Tracker, a plug-and-play module that brings face and mouth tracking to VIVE XR Elite through a simple USB-C connection. It allows facial movements to be represented naturally in XR, capturing up to 38 blend shapes across the lips, teeth, tongue, cheeks and chin at a 60 Hz tracking rate. This means that even subtle facial expressions are accurately portrayed, and spoken words match facial expressions in real-time.

VIVE Full Face Tracker can accurately track eye movements at 120 frames per second. It also sports an innovative auto-calibration feature: the tracker detects your IPD and automatically calibrates the headset for viewing comfort and clarity. This feature allows multiple users to share the same headset without having to manually reset the IPD slider every time. And of course, users can still adjust the diopters directly on the VIVE XR Elite headset to ensure sharp visuals.

### **VIVE Focus 3 Eye Tracker**

The VIVE Focus 3 Eye Tracker opens new avenues for research, gaze control, and more natural interactions. Bringing realistic eye movements and blinks to virtual avatars delivers true-to-life virtual collaboration and improves human connections in VR through expressive, non-verbal interactions.

The dual camera setup with supporting IR illuminators is capable of capturing data for gaze origin and direction, pupil size and position, and eye openness. The lightweight module easily attaches magnetically to VIVE Focus 3 without impacting the headset’s balanced ergonomics, and the existing VIVE Focus 3

adjustable IPD works uninterrupted to help users find their viewing sweet spot. The VIVE Focus 3 Eye Tracker also makes implementing gaze control easy, giving people a different way to enjoy immersive content. Eye tracking also enables foveated rendering, so the headset can intelligently allocate GPU workload and optimize graphic fidelity in the user’s line of sight - reducing rendering workloads on GPUs.

VIVE Focus 3 Eye Tracker allows you to see what users see to understand intentions and improve feedback, perfect for training and education scenarios. Measure duration and locate direction with heat mapping and gaze tracking to gain insights about performance and interaction to improve outcomes. It offers insight into how users naturally interact with a product, allowing companies to improve user experiences.

### **Virtual Reality Solution: AXON Partners with HTC VIVE to Create Next-Generation Police Training**

In recent years, new virtual reality training technologies have entered the public eye, gradually changing the traditional training methods for police officers and armed security personnel. VR training allows police officers to learn in “real-world” scenarios anytime, anywhere, while enabling VR trainers to provide real-time feedback and guidance. Recognizing this trend, Axon has partnered with HTC VIVE to explore the infinite potential of VR training.

The focus of their VR training includes de-escalating violent conflicts, restoring mental health, empathy training, and non-lethal force training, with a mission to protect lives and provide robust support for law enforcement and security agencies, making policing safer and smarter. In collaboration with HTC VIVE, Axon provides two main VR solutions for local police: community engagement training and simulator training. Trainee officers wear VIVE Focus 3 during the training, immersing themselves in realistic crisis scenarios. Faced with emergency situations, trainees must make optimal decisions among multiple paths to further ease tension, defuse crises, and save lives.

Props in the simulator training include a VR-tracked taser controller and a training-specific firearm. In the simulator module, trainee officers encounter various scenarios involving disputes, such as potential domestic violence situations. Fully immersed in an “open world” environment like high-end video games, trainee officers can knock on virtual doors and interview the protagonists of the cases. The interviewees may respond with various reactions, from obvious hostility or emotional excitement to gradually becoming friendly. Trainee officers must make correct decisions to ensure the safety of both parties, understand the background of the incident reported via a distress call, and, if necessary, deploy weapons. Additionally, simulator training includes essential skills practice, such as stun gun range exercises and firearms shooting ranges, helping trainee officers repeat necessary skills. Axon plans to launch the simulator training in the United States and Canada through subscription services or standalone solutions and aims to expand globally in the future.

## VIVE Streaming

With VIVE Streaming vastly improves the wireless capabilities for VIVE Focus 3 to enjoy variety of PC contents. VIVE Streaming brings the same technology to consumer on VIVE XR Elite.

VIVE Streaming supports wireless and USB streaming and also different VIVE accessories for consumers to enjoy high quality PC contents. VIVE Streaming extends to support MR with passthrough to show off the high quality passthrough on VIVE XR Elite.

VIVE Streaming also enables VIVE Ultimate Tracker be simply used as VIVE Tracker. It by default is compatible to all existed PC contents designed for VIVE Tracker and also VIVE Tracker accessories, like tennis racket, etc. Body tracking contents, like VRChat, now works with VIVE Ultimate Tracker over VIVE Streaming.

## VIVE Business Streaming (VBS)

VBS vastly improves the wireless capabilities for VIVE Focus 3. Dedicated IP configuration is now supported, and multiple headsets can be used on the same network – with support for Wi-Fi 5, Wi-Fi 6, and Wi-Fi 6E. VBS can now adaptively adjust wireless streaming settings to maintain a consistently stable connection

Because Wi-Fi 6E is a high-bandwidth protocol, it can accommodate concurrent VR streaming to more devices than previous Wi-Fi standards while still maintaining high-fidelity visuals. This will enable businesses to expand their VR layout to cover more users, while at the same time improving the quality of visuals and reducing latency.

Both hand tracking and the new VIVE Wrist Tracker are natively supported in VBS. VIVE Wrist Tracker is able to bring new levels of precision and reliability to hand tracking. With the VBS, VIVE Focus 3 hand tracking now works with PC-VR applications, supporting both OpenVR Skeletal Input and the OpenXR Hand Tracking API. This means that VIVE Wrist Tracker’s advanced hand tracking is compatible with the majority of PC-VR content that uses hand tracking, including SteamVR Home and The Lab.

In addition, VBS also allows VIVE Wrist Trackers to be used like a VIVE Tracker, so you’ll be able to use them to track objects similar to how you would with a VIVE Tracker 3.0.

## VIVE Business+

VIVE Business+ is a web-based enterprise-level management software and service solution designed for efficient batch registration and synchronized management of multiple VIVE all-in-one devices. It offers an efficient, convenient, and comprehensive solution. Through remote monitoring and configuration updates,

it optimizes and expands enterprise’s applications. By accessing advanced features, enterprises can unleash the hardware potential of VIVE all-in-one devices while ensuring robust security and compliance.

In 2024, VIVE Business+ introduced several features to meet evolving enterprise needs. The platform also supports a broader range of devices, such as VIVE Focus Vision and VIVE Ultimate Tracker, and includes offline setup capabilities with PC Console – VIVE Business+ Console. Notably, VIVE Business+ achieved ISO 27701 and ISO 27001 certifications, reinforcing our commitment to data security and privacy. Many business partners have joined VIVE Business+, managing their all-in-one devices and integrating this device management platform into their operations. There are more business opportunities emerging in specific domains. We are progressing toward the development of a mobile management app and planning additional extended services for release in 2025.

VIVE Business+ provides quick registration method, allowing device managers to swiftly register VIVE devices and create one or multiple groups for their devices, enabling fast and effective deployment of updates. With the group management feature, device managers can easily configure a large number of devices by adding or removing them from groups, changing group settings, and managing software updates for all group devices, all of which can be done wirelessly.

Monitor the status of registered devices briefly on the dashboard, checking battery levels and other essential data for both headsets and controllers. In device details, you can monitor the current display screen of the device during any content usage, making it ideal for various training, teaching, and esports broadcasting applications. This feature allows trainers, teachers, and platform controllers to easily synchronize content for device users.

VIVE Business+ offers remote commands, allowing device managers to remotely control devices and push content to registered devices. Additionally, batch switching of group device location tracking modes and system user interfaces is possible, enhancing the immersion of device users in content and facilitating quick entry into virtual experiences. This capability increases the usage frequency of different user batches, making it easy to deploy event experiences and VR training programs in various environments.

## VIVE Wave™

VIVE Wave™, an open platform and toolset that will enable easy Mobile VR content development and high-performance device optimization for third party partners. The VIVE Wave™ VR SDK offers an open interface enabling interoperability between numerous mobile VR headsets and accessories, supporting mainstream game engines. This allows players with different VR devices an easy access to your extraordinary content.

## Location Based Software Suite

In **Location-Based Entertainment (LBE) Mode**, game space is easy to define. VIVE Focus 3 can scale up single-tracking areas up to 1,000 m<sup>2</sup> (33m x 30m) — about the size of 4 adjacent tennis courts — while maintaining smooth, free-roaming, inside-out 6DoF tracking with sub-millimetre accuracy. And the game space can be a tailored, from simple rectangular spaces through to irregular shapes with cutouts and alcoves.

**Map Sharing**, co-location made easy. Multiple users, one map. Share a headset's room setup map with multiple headsets to achieve instant multiuser experiences where users can see and interact with each other in the same physical and virtual environment. Map Sharing not only eliminates the need to perform a room setup for each headset individually, but also saves time and resources-allowing for simple, quick, and scalable deployment. Multiple maps, multiple headsets. With the Group Management feature, different maps can easily be assigned to a large number of headsets through intranet Wi-Fi connections.

Scale up user rotation with **Visual Odometry (VO) Mode**. This makes it super-simple to get users straight into the VR experience. VO is the process of determining the position and orientation of a headset through headset-captured images while the headset is in use. VO Mode allows users to bypass the environment setup process so they can jump right into 6DoF experiences as soon as they put on their headsets.

**Simulator VR Mode** – 3DoF to 6DoF simulation. Simulator VR Mode is a unique 6DoF VR solution for motion platform experiences such as cars, training simulators, and amusement park rides. A fixed VIVE Focus 3 controller or VIVE Wrist Tracker is used to convert a 3DoF environment into a 6DoF experience, providing more natural interactions that help prevent motion sickness. The capability to track in low-light environments makes Simulator VR Mode perfect for closed-cabin training simulators and movie theaters alike.

In November 2023, ESA and NASA launched Vive Focus 3 to the international space station. Astronaut Andreas Mogensen performed a human initiative VR mental health and VR fitness program by Simulator VR mode. This breakthrough in technological boundaries makes the dream of VR in any environment (even Micro-gravity) come true.

**Marker-based Tracking (ArUco)** — similar to QR codes, ArUco codes are easily reproducible visual trackers that provide unique ID points and extra position information to VR headsets in real time. ArUco codes can provide additional tracking points to reduce positional drift, and they can act as unique markers to align virtual scenes and assets with real-world environments for more immersive experiences. With ArUco markers, Vive Focus 3 headset can instantly detect and align the coordination in a shared space. Marker-based location sharing is ideal for eliminating the typical cumbersome setup processes involved with multiuser VR experiences — such as calibrating each headset from a specific starting point in the play area.

## VIVERSE

In 2024, VIVERSE achieved a comprehensive upgrade in platform capabilities, introducing and launching numerous tools for virtual space and avatar creation. Additionally, VIVERSE transformed its proprietary Polygon Streaming technology into a standalone service, enabling users to break boundaries and engage in collaboration, entertainment, and learning.

The newly introduced VIVERSE Create v1.0 empowers creators to build interactive multiplayer virtual spaces without the need for coding or installing software. Accessible directly through a web browser, it offers seamless cross-platform compatibility, allowing virtual spaces to be shared across various devices, including mobile phones, PCs, and XR headsets. VIVERSE Create v1.0 not only grants creators worldwide the freedom to craft unique virtual worlds but also enhances the integration of entertainment, culture, and technology. For instance, in collaboration with the Kaohsiung City Government, VIVERSE developed VIVERSE Metropolis, a groundbreaking digital living experience rooted in Kaohsiung's cultural, artistic, and pop music venues. This initiative enables citizens across Taiwan to access immersive virtual exhibitions anytime and anywhere, experiencing a wide array of cultural and entertainment activities. Furthermore, this project has significantly expanded VIVERSE's role in advancing global cultural digitization. Within this fusion of virtual and physical digital life, the National Kaohsiung Center for the Arts plays a pivotal role. Featuring Asia's largest pipe organ, meticulously crafted over three years, this concert hall is now accessible in a virtual space through VIVERSE, allowing audiences to closely appreciate this world-class instrument and gain deeper insights into music and art. Since the launch of VIVERSE Create v1.0, over a hundred creators worldwide have joined VIVERSE to showcase their creativity.

The latest upgraded Avatar Creation Tool 2.0 supports the widely-used VRM standard and offers numerous customization options, enabling users to create personalized avatars with enhanced graphical optimization. These avatars leverage Physically-Based Rendering (PBR) and optimized Level of Detail (LOD) to ensure superior visual quality. Supporting higher-resolution models, the tool provides avatar resolutions of 1K (1024×1024) and 2K (2048×2048), delivering unparalleled visual clarity. Moreover, the inclusion of flexible skeletons adds a touch of realism and dynamic motion to avatars. At SIGGRAPH 2024, VIVERSE partnered with NVIDIA to showcase the integration of NVIDIA ACE with VIVERSE Avatar, further enhancing the realism and authenticity of interactions in Extended Reality (XR).

VIVERSE Polygon Streaming is a highly optimized rendering method that combines server-side processing with client-side rendering, streaming only the polygon data required to display the visible parts of 3D assets. This standalone service allows creative teams to seamlessly integrate high-fidelity, interactive 3D models into workflows on devices such as smartphones, tablets, laptops/PCs, and XR headsets. Testing has shown that Polygon Streaming can reduce loading times by up to 8x, improve average frame rates by up to 2x, and shrink project sizes by up to 81%. This technology makes premium visual experiences accessible, enabling users to enjoy immersive 3D worlds regardless of their device's performance.

In terms of platform interoperability, VIVERSE has strengthened its connections with other metaverse platforms. Users can now access content on platforms such as Cluster and Engage via VIVERSE, fostering

a more open ecosystem. These advancements have significantly improved platform flexibility, creating more opportunities for users. On the social front, VIVERSE has enhanced its features by leveraging the open capabilities of ActivityPub to integrate with Mastodon, promoting interaction among users in 2024.

In 2024, VIVEPORT continued to enhance the diversity and premium experiences offered by its virtual reality content platform. It not only introduced more creative and immersive PC VR games and applications but also focused on closely aligning with the demands of the XR market. With the launch of the next-generation XR headset, VIVE Focus Vision, VIVEPORT actively expanded its catalog of games and applications optimized for the platform, further solidifying its position as a global leader in VR content platforms.

The **VIVERSE for Business** commercial metaverse solution, offering highly customized solutions for corporate clients. This business solution integrates 3D panoramas into daily collaboration, enabling immersive work modes and providing new experiences for remote collaboration, learning, and sales. It also offers tailored virtual spaces to enhance productivity, connectivity, and engagement. Emphasizing enterprise data security while maintaining the integrity of existing systems and resources, VIVERSE for Business introduces modular virtual spaces and innovative AI features to create a new immersive virtual environment, aiming to lead in immersive digital experiences.

In 2024, VIVERSE for Business received several prestigious accolades, demonstrating its leadership in the virtual reality sector:

- **XR Awards 2024:** Won the “Best Immersive Collaboration Solution” award for its excellence in promoting immersive collaboration.
- **AWE Auggie Awards 2024:** Finalist in the categories of “Best Collaboration Tool” and “Best Use of AI” showcasing its innovative strength in collaboration tools and AI applications.
- **AIXR Awards 2024:** Reached the finals, further solidifying its impact in the virtual reality industry.

These awards and nominations reflect the outstanding contributions of VIVERSE for Business in advancing virtual reality technology innovation and applications.

VIVERSE for Business achieved remarkable milestones in 2024, successfully entering the education sector by serving over 60 schools in Taiwan. Through this innovative technology, teachers and students could engage in teaching and learning within an immersive virtual environment, breaking the limitations of traditional classrooms. VIVERSE for Business provides interactive tools that make lessons more engaging and effective, enhancing learning efficiency and promoting remote teaching, showcasing the limitless potential of metaverse technology in education.

VIVERSE collaborated with the **University of East London**, leveraging metaverse technology to showcase virtual research innovation, introducing new modes of academic exploration and collaboration. This partnership not only highlights the application potential of immersive technology in education and research but also fosters interactivity and creativity in academic environments. The collaboration

demonstrated how the metaverse enables immersive academic experiences, offering new perspectives for future education and research and advancing the integration of technology with academia.

VIVERSE partnered with **Safezone** to create a virtual reality platform that provides young people with a safe space for mental health support. The platform allows users to interact anonymously through virtual avatars, engaging with peers, mentors, and therapists, significantly reducing the time needed to access mental health support. This initiative aims to address the growing mental health challenges among young people by providing a safe and accessible digital environment to promote well-being.

VIVERSE also joined forces with **ESG Gaming** to enhance digital wellness and employee well-being. This collaboration leverages metaverse technology to deliver innovative, immersive solutions for businesses, focusing on improving the digital workplace experience. By integrating virtual reality and data analytics, the initiative supports organizations in promoting employee mental health and productivity, demonstrating the metaverse’s potential in corporate applications.

This year, VIVEPORT introduced numerous highly anticipated titles, including *Metro Awakening*, *Arizona Sunshine 2*, *Bootstrap Island*, *Breachers*, and *The Pirate Queen with Lucy Liu*. These additions enriched the choices available to players while catering to diverse interests in action-adventure, strategic challenges, and narrative experiences. Additionally, interactive titles such as *Taskmaster VR*, as well as family-friendly offerings like *Toy Trains* and *Capsule Critters*, have also been well-received. Notably, *Capsule Critters* supports MR gameplay scenarios, delivering a unique mixed-reality experience that has been highly praised by MR enthusiasts. VIVEPORT also made significant strides in fitness and educational applications, introducing the immersive fitness solution *XRWorkout* and the classic natural education experience *The Blu: Whale Encounter*, further expanding the boundaries of VR application diversity. Moreover, VIVEPORT has continuously optimized its user and developer interfaces and services, positioning the platform as a central hub connecting creators with users, thereby contributing to the vibrant growth of the XR industry.

Looking ahead, VIVERSE will continue to deepen its commitment to innovation and application of metaverse technologies, expand the scope of industry collaborations, and enhance user experiences. As a globally leading metaverse platform, VIVERSE is committed to investing resources in technology development and innovative applications to deliver superior virtual world experiences for users, promoting the sustainable growth of the metaverse industry. Through constant innovation and optimization, VIVERSE aims to lead the development of metaverse technologies and create richer and more diverse virtual life experiences for users worldwide.

## G REIGNS

G REIGNS continues to delve into the 5G private network industry with the O-RAN architecture with an industry-leading technology. It is committed to optimizing and integrating 5G private networks that strengthen and innovate the connection between the virtual and the real world at the same time.

G REIGNS launched the REIGN CORE series for portable 5G private network. The purpose is to allow enterprises to import 5G private networks rapidly for only 12 minutes to deploy. Moreover, its advantage is to lower the threshold for digital transformation for enterprises with the simplest structure and the most cost-effective way to conduct field demonstrations.

Apart from the portable series, G REIGNS exerts more effort on customized requirements with more than 20 years of design capabilities of the software. This capability lets the 5G private network optimize the software and hardware network and integrate the test with high reliability to retain the scalability of expansion. After the demonstration, enterprises can carry out expansion planning according to long-term needs to promote the ecological development of the 5G private network industry.

## Smartphones & Connected Devices

### HTC U24 pro

The HTC U24 pro, building on the acclaimed U series and the popular U23 pro, continues HTC's pursuit of practical innovation. With a lightweight unibody design and the series' first 6.8-inch immersive 3D curved screen, it offers a refined visual and tactile experience. Featuring dual stereo speakers, high-capacity storage, and a polished look with golden chamfers, it elevates both performance and comfort. VIVERSE integration expands the device's role beyond communication, bridging real and virtual worlds with new XR social, entertainment, and learning possibilities. Inspired by the 2025 color trends, the U24 pro comes in Space Blue and Twilight White, offering 12GB RAM with either 256GB or 512GB storage. Its Snapdragon® 7 Gen 3 chipset ensures smooth multitasking and gaming, while the 4,600 mAh battery supports 60W fast charging, wireless, and reverse charging.

Camera capabilities shine with a 50MP main and telephoto lens, enhanced low-light performance, and a 130% increase in brightness over the previous model. The 50MP selfie camera delivers flattering portraits with AI-driven features such as AI Group Photo, Gesture GIFs, and Night Portrait Restoration. With IP67 protection, a 3.5mm jack, Gorilla® Glass, and under-display fingerprint sensor, the U24 pro balances durability and convenience. Additionally, it supports projection to the VIVE XR Elite for a 300-inch virtual screen and immersive app access in VR. The new VIVERSE Beta AI motion capture allows users to animate avatars through mobile camera tracking, adding fun to virtual interaction and making the phone a gateway to the future.

### VIVE Mars CamTrack

The year 2024 has been one of continued innovation and expansion for our virtual production product, the VIVE Mars series. This year, we achieved significant milestones in technological upgrades, product development, and global market reach, further solidifying VIVE Mars' leadership in the virtual production industry.

In April, we proudly introduced the VIVE Mars CamTrack Studio Edition, a version specifically designed to meet professional virtual production needs. The Studio Edition enhances system flexibility and efficiency, providing creators with more powerful tools, simplifying workflows, and expanding the range of virtual production applications.

On the global distribution front, we strategically reorganized our distributor network, classifying distributors based on their specialized fields. This approach allows them to more effectively promote our products within their areas of expertise, improving customer service and support, and enhancing user satisfaction and product adoption.

This year, VIVE Mars CamTrack received two major software updates. These updates introduced new features and optimized performance, significantly enhancing tracking capabilities, user interface experience, and overall system stability. These improvements ensure that virtual production remains efficient, reliable, and user-friendly.

We also successfully hosted the second Global Virtual Production Creative Contest, offering creators worldwide a platform to showcase their talent. This competition fostered greater engagement and creativity within the virtual production community. It highlighted the versatility and functionality of the VIVE Mars system, demonstrating the limitless possibilities of virtual production.

In terms of global market expansion, we officially launched the VIVE Mars series in the Middle East and North Africa (MEA) region by the end of the year. This significant step in our global strategy expands our market presence and enables virtual production professionals in the MEA region to access our cutting-edge technology, helping them achieve success in their productions.

The achievements of 2024 reaffirm our commitment to excellence and innovation. The VIVE Mars series continues to push the boundaries of virtual production technology. These milestones are not just markers of success but stepping stones to future advancements. We remain dedicated to challenging the limits of what is possible in virtual production, delivering more powerful and efficient solutions to users worldwide.

## VIVE Arts

VIVE Arts is a global initiative aimed at enhancing artistic creation and understanding through the latest technologies and as such exemplifies the unity of technology, humanity, and imagination that forms the foundation and core values of the VIVE brand. Since 2016, HTC has been actively exploring the potential of virtual reality in the creation, appreciation, education, and promotion of the arts. The establishment of VIVE Arts in 2017 not only provided artists with a platform to explore a brand-new creative medium but also opened a portal for humans to appreciate the humanities and arts without time-space limitations. To date, VIVE Arts has formed over 50 meaningful partnerships with leading museums and cultural institutions globally.

In 2021, VIVE Arts Limited was officially established with a new brand identity and an online art trading platform. VIVE Arts continued to play a crucial role in this sector by offering museums and cultural institutions the tools to engage with their audiences using immersive technology.

2024 was an ambitious year for VIVE Arts as the initiative debuted in-depth collaborations with internationally renowned artists and institutions and expanded opportunities for immersive content around the world through distribution and licensing. VIVE Arts has not only continued existing long-term partnerships but also expanded to many new and forward-looking collaborations and industry angles. VIVE Arts debuted three prestigious artist commissions, two major institutional partnerships and twelve location-based experience content openings in 2024.

VIVE Arts' landmark institutional partnership for 2023 and 2024 was majestically opened at the Musée d'Orsay in Paris, France on October 3, 2023. In addition to supporting the major exhibition *Van Gogh in Auvers-Oise: The Last Months* as a sponsor, VIVE Arts also served as a co-producer of the exhibition's virtual reality experience *Van Gogh's Palette*, providing the Musée d'Orsay the museum's first ever VR experience. *Van Gogh's Palette* uses the last palette used by Van Gogh as a starting point to construct a virtual scene inspired by the painter's world and use of color, allowing viewers to have a unique perspective and interactive experience engaging with important paintings by the artist from this period. This experience uses the VIVE XR Elite virtual reality headset, allowing viewers to immerse themselves in Van Gogh's world. Continuing to dazzle audiences as an extended version titled *Monsieur Vincent*, the longer VR launched in November 2024 at Museum of Art Pudong in Shanghai, Museum of Art Jeonnam in Seoul and Hangar Y in France.

In February, VIVE Arts commissioned a groundbreaking new quantum computing VR artwork by artist Libby Heaney titled *Heartbreak and Magic*. Developed and presented in partnership with major institution Somerset House in London, the work explores the non-binary and non-local properties of quantum physics to offer alternative perspectives on how we think and feel about the self and existence.

In March, VIVE Arts debuted *Sculpture Park*, a new virtual reality experience by renowned artist Xavier Veilhan, at Perrotin Shanghai. The artist's first ever VR work, Sculpture Park is a boundless space where Veilhan's iconic sculptures and digital creations converge. Coinciding with the Paris Olympics, VIVE Arts also partnered with Musée de l'Orangerie to present the VR experience *Monet VR: The Obsession with Waterlilies* from May through September 2024. As part of VIVE Arts' ongoing collaboration with galleries, VIVE Arts commissioned Ryan Gander to create *Ryan Waiting* which opened at Esther Schipper in Berlin in November. The AI VR work is exhibited both as an individual headset experience and wrap-around environment and features an avatar of the artist waiting in an empty, perimeter-less landscape. Acting as a durational hundred-year performance and taking two years to develop, the avatar's actions are continually self-written in real-time, whether there is a spectator watching or not.

In a major year for VIVE Arts' expansion of LBE licensing and distribution capabilities, *Horizon of Khufu*, an immersive exploration experience exhibition on the Pyramids of Khufu, opened to much acclaim at venues in Chengdu, Xi'an, Beijing and Shanghai. This project is the world's first immersive experience to

scan, survey and model the interior and surroundings of the Pyramids of Khufu in Egypt. It took Excurio, created by the French Emissive Studio and the Giza Project team of Harvard University, three years to complete the experience and was introduced to Asia for the first time by VIVE Arts.

*Eternal Notre-Dame*, a VR experience developed as the answer to the question of how to use the latest technology to recreate the historical and artistic value of Notre-Dame de Paris was an important milestone in the revitalization of world cultural heritage, opened across four venues in 2024: Xi'an, Shanghai, Hangzhou and Beijing. This exhibition is also the first stop of a global tour for the experience. Through the form of virtual reality experience, *Eternal Notre Dame* takes the audience on a 45-minute in-depth tour of Notre Dame de Paris, allowing them to appreciate the rise and history of this magnificent space, and completely revealing the important cultural relics and artistic assets in its collection.

The immersive work *Le Bal de Paris de Blanca Li*, which won the best VR experience at the 2021 Venice Film Festival, was opened in Shanghai this year by VIVE Arts. A new sensory experience integrating real-life interaction, multi-person dancing, and 5G and large-area multi-person real-time entertainment tracking technology (Location-Based Entertainment, LBE), *Blanca Li* implements a realistic and engaging interactive experience. VIVE Arts debuted other titles such as *Gaudi: the Atelier of the Divine* in Kaohsiung, Shanghai and Beijing.

Looking forward to 2025, VIVE Arts will continue to delve into the field of combining art with technology to create unforgettable artistic experiences. As immersive digital art experiences flourish, we are committed to becoming the most trend-setting and eye-catching presence in the cultural field. In addition to continuing to deepen exploration in fields such as XR technology, blockchain, and Web 3.0, the rapid advancement of technology will further change the way art is created, presented, and experienced. VIVE Arts will continue to work with the world's most influential artists and cultural institutions to present innovative and inspiring artistic content to audiences around the world.

## VIVE ORIGINALS

A content brand and platform under HTC VIVE, HTC VIVE ORIGINALS is devoted to producing original XR content and develop metaverse platform with core technologies including volumetric capture, blockchain, and XR to explore the development of film, arts, music, and the metaverse industries to achieve the brand's goal of "creating entertainment experiences with cultural value in the virtual world for people."

Since its foundation in 2016, the team has created eleven projects: 6 VR 360° films (*The Deserted* and *5x1* composed of five episodes) winning 3 major awards and nominated at 43 international film festivals, followed by the immersive animation *Gloomy Eyes* winning 2 major awards and nominated at 6 international film festivals. Moreover, the interactive VR work *INORI* and *An Ode to Moss* were also highly recognized and were nominated at 5 international film festivals; Asia's first dough figurine stop-motion VR animation *The Sick Rose* was also selected to 8 different international film festivals, and received

recognition at SXSW together with BEATDAY - The Beginning - Mini VR Concert. The team continues to work on new XR interactive content, including the Fang-Yi Sheu biography volumetric VR film, which is supported by Taiwan Creative Content Agency (TAICCA), and *The Sick Rose: AR Pop-up Story Book*.

VIVE ORIGINALS realizes profits through new business models such as the broadcast authorization of cross-domain content and exhibition and art collection transactions. For example, the Museum of National Taipei University of Education and the Sao Paulo Taiwan Film Festival were authorized to broadcast *The Deserted*. We are actively striving to cooperate with government in technology application investment, in order to expand market size and develop industrial value. The VR work *Prayer* in collaboration with Miwa Komatsu was released in 20 digital editions, which sold out in 2022.

The holographic metaverse entertainment platform BEATDAY has launched a series of activities, including the metaverse beta test concert with Amazing Show, The Rappers, and Shi Shi. The first metaverse NFT Zombie Party in history, NFT ZombieClub, was held in collaboration with GQ and Shawn Yue. In addition, we managed to enter the commercial market with the Lala Hsu Metaverse Concert, and achieved a good record of selling out the first concert.

Moreover, BEATDAY also launched the world's first metaverse immersive drama *Light the Night 2700: Little Red Riding Hood Killing Song*, which is the first attempt to use volumetric capture technology to shoot dramas and holographically record the wonderful performances of actors, creating a new metaverse drama mode. For this project, we set up a "Light the Night 5G volumetric photography experience station" at the Linsen North Road. Users will be able to use the mobile app that combines location-based services and AR to virtually visit Taipei neighborhoods and look for clues and limited-edition virtual treasures, providing users with a comprehensive entertainment experience.

BEATDAY also created a metaverse advertising agency model by inviting brand owners to join BEATDAY and build a metaverse concept store, which pioneers a business model that integrates virtual reality with advertising spaces in virtual street scenes, providing customers with exclusive custom virtual props to jointly create digital innovation feedback and marketing models.

In 2023, BEATDAY continued to collaborate with idols and singers, inviting renowned hip-hop singers Green Father BJ, Suhf, and Aquaman to hold Taiwan's first virtual concert that combines cloud rendering technology. Users can easily experience 6DoF performances on PC or mobile devices via a browser. In addition to concerts, BEATDAY also developed a new product line, collaborating with cheerleader Mizuki Lin to launch Taiwan's first immersive interactive photobook. Using 3D volumetric capture photography technology, viewers can interact with Mizuki Lin in free perspectives through smartphones and VR, representing Beatday's entering the sports entertainment market.

Beyond real idols, in 2024, BEATDAY actively ventured into the Vtuber industry, continuing to develop Vtuber 6DoF concerts that allow fans to interact with Vtubers in all angles through avatars in a game-like format at. BEATDAY is also committed to becoming a 6DoF open platform for Vtubers worldwide, offering

comprehensive one-stop business services including full third-party content hosting, commercial ticketing system, high-standard 3D 6DoF real-time motion capture streaming, and community interaction systems. This helps more Vtubers aspiring to perform in 6DoF quickly overcome technological barriers. For the content production, BEATDAY collaborated with Taiwan's most influential Vtuber, Annin Miru, to pioneer multiple Live Shows in 2024, creating new program formats. Due to enthusiastic market response, VIVE ORIGINALS continued to expand in the Vtuber industry, covering areas such as Vtuber IP development, new program development, and VR performances. By the end of 2024, VIVE ORIGINALS also received subsidies from the National Culture and Arts Foundation and the Ministry of Culture, planning to launch the world's first Vtuber TV talent show in 2025, venturing into Vtuber talent management. In 2025, VIVE ORIGINALS will also introduce the world's first Vtuber VR interactive music movie, allowing fans to experience Vtuber music performances in a VR 6DoF world.

## DeepQ

HTC DeepQ is comprised of cross-domain experts and engineers in areas such as computer science, software engineering, medicine, regulations, user experience, design, through digital technology, big data and artificial intelligence technology, all with the goal of developing and providing precision personalized medical products and services to reduce costs and improve the effectiveness of healthcare.

### Disease Control Butler (DCB)

In 2020, in response to the COVID-19 pandemic, HTC DeepQ cooperated with the CDC to upgrade DCB to provide the most instant news of COVID-19, and related pandemic prevention information, quickly check the stock of masks for nearby pharmacies, decrees or health education propaganda, National Health Command Center (NHCC) news, and COVID-19 press conference live online, fake news clarification area, etc. In May 2021, the LINE Bot of DCB added the function of 1922 SMS Contact Tracing System. The public can use the LINE Bot of DCB to scan the QR code of the store for automatically bringing in the place code, and then send it to 1922 to complete the user location and contact information tracing.

During the COVID-19 pandemic period, DCB can effectively deliver important pandemic information to the public in real time, enhance the public's awareness of pandemic prevention, and deepen the relationship and trust between the public and the government. In 2022, DCB continued to optimize natural language processing questions and answers, as well as flu vaccine promotion. In 2023, DeepQ assisted the CDC in adding monkeypox and dengue fever epidemic information, vaccine and vaccination information for autumn and winter, and providing epidemic risk information push services for specific groups such as medical institutions and health center. In 2024, DCB continued to strengthen health education on infectious disease prevention and control. In response to the high incidence of infectious diseases, it launched the knowledge questions and answers on enterovirus, dengue fever, new coronavirus influenza, and novel influenza a virus infections, hoping to enhance the public's awareness of epidemic prevention. In addition, DCB implemented the epidemic risk information push services for health centers

and medical institutions, and also included the feedback questionnaires from the pushed designated doctors. The government can quickly understand the epidemic situation in various places and deploy preparedness in advance. As of the end of December 2024, the user number of DCB has reached 10.52 million, effectively assisting the NHCC's policy to deliver to the public.

### “Dr. Lan” Healthcare LINE Bot of Changhua Christian Hospital

In January 2019, HTC DeepQ Healthcare cooperated Changhua Christian Hospital to launch the LINE Bot of “Dr. Lan”. Dr. Lan is the first AI and blockchain healthcare chatbot across 10 hospitals in Taiwan. It strengthens the information security of inter-hospital care network through the medical blockchain technology. One-click activation of 10 hospitals to provide comprehensive care for upgrading the quality and experience of the whole healthcare process in patient journey.

The outbreak of COVID-19 in February 2020, Dr. Lan provides telemedicine consultation service to home quarantined people. After seeing a doctor, the family member of the patient can bring their health insurance card to the “drive-thru” counter outside the hospital to pick up medicines without entering the hospital.

In June 2021, National Health Insurance Administration to open telemedicine during the severe pandemic period. The LINE Bot of Dr. Lan upgraded the telemedicine again. The doctor can continually stay in the original consultation room to see patients by on-site, video or telephone consultation, to provide the public with a choice of multiple consultation methods.

In 2023, the introduction of AI health education Q&A function can accurately answer public health education questions in natural language and reduce the workload of medical staff.

In 2024, the AI health education Q&A function has also been launched simultaneously on CCH official website and app.

### “Chi-Yi Butler” Healthcare LINE Bot of Chi-Mei Hospital

In June 2022, HTC DeepQ cooperated with Chi-Mei Hospital to launch “Chi-Yi Butler” healthcare LINE Bot, which provides the public with more convenient quick access to medical services in various branches of Chi Mei Hospital, including appointment registration, consultation progress query, consultation reminder, COVID-19 vaccine appointment and self-paid PCR test, medication delivery progress, medication refilling appointment, appointment for visiting a sick, emergency messages, etc.

### DeepQ AI Platform

HTC “DeepQ AI Platform” dramatically reduces learning thresholds and the cost of AI model training through an acceleration technology and system, optimized training environment, built-in multiple AI

models, fully automated parameter adjustments, and a simple user interface. It is composed of DeepQ AIP workstation and NVIDIA DGX-1 and designed to operate inside a hospital IT environment.

In 2021, the cloud version of DeepQ AI Platform launched to provide individual doctors or a small number of project teams to easily complete AI model development without investing high hardware costs.

In 2022, the version will be updated successfully, adding functions of model deployment and backstage management, model optimization and retraining, and training and inference insight reporting functions, which not only help doctors improve and optimize model training by themselves, but also accelerate applications of model deployment.

In 2023, the version update provides more complete AI insight reports, related deep learning quantitative metrics and statistics, new built-in pre-training models and datasets, model re-optimization shortcuts, and the model deployment of related management and monitoring tools, which can significantly improve doctors' independent training and optimization model capabilities, as well as the management and application of model deployment.

### Medical VR

HTC Medical VR team is committed to the vertical application of virtual reality and generative AI to medical education and clinical applications. In addition to greatly improving the interest and effectiveness of medical education, it can also improve the communication between doctors and patients and the quality of medical care, creating maximum social well-being. At the same time, the Medical VR team accelerates the development of the global medical VR ecosystem and cooperates with virtual reality developers to implement the virtual reality of medical innovation technology in the actual field and integrate it into practical applications. It has established partnerships with many hospitals and universities. Successfully become a world-class benchmark, and jointly build the world's top virtual reality medical teaching center, so that medical education and training can be upgraded to the next generation.

3D Organon is the world's first virtual reality anatomy teaching application, combining leading technologies of the VIVE series of head-mounted displays, including XR Elite. to create Extended Reality (XR) and A forward-looking application for global multiplayer connections. The application supports 16 languages around the world, built-in more than 12,000 realistic human structures and organs, 550 sets of physiological animations, 18 microscopic anatomical models, combined with virtual reality stereoscopic images, users can manipulate bones in 3D space, muscles, blood vessels, organs, and other anatomical structures, examining structures from all angles. Not only does it support virtual reality platforms, but it also supports different operating systems across platforms. It has also supported a new VR ultrasound simulator training function this year, greatly enhancing students' learning interests and effectiveness.

The Virti immersive learning platform is developed based on learning theories and allows for easy development of deep memory virtual reality (VR) interactive materials without the need for an

engineering background. Developed based on learning theory, Virti allows teachers to easily create interactive VR teaching materials. In addition to making students more interested in learning, Virti can significantly improve learning effectiveness. It also enables teachers to objectively evaluate learning results and counseling intervention methods, increasing teachers' teaching energy. Before the class, students can preview and carry out flipped education. During the course, the teacher strengthens the details of the key points, and the students can continue to review after class to achieve the expected learning goals. This innovative VR learning method allows students to know the real situation in the future workplace in advance, prepare and practice in advance, cultivate people-oriented empathy, accelerate the learning effect, and inherit the teacher's experience forever. According to research, using Virti can improve learning confidence, 75% training effect, save 40% training time, and prolong memory by 230% compared to traditional teaching methods. We have teamed up with partner Virti to expand the successful model of the HTC VR workshop to the global market and other vertical field applications, receiving continuous positive feedback from the market. In 2023, generative AI virtual human training was introduced, allowing users to develop their own virtual patient applications for clinical training. This significantly reduced training costs and greatly enhanced learning effectiveness. Additionally, clinical educators could upgrade training AI models on their own. In 2024, the Character feature was added, enabling users to customize virtual human roles and other attributes.

Nanome is an intuitive VR computer-aided drug design system. Multiple parties can collaboratively manipulate and modify the chemical structures in a fully immersive VR environment, which can greatly improve the efficiency of drug development. It has been recognized by the world's top pharmaceutical companies and research Institutional adoption, application in drug design and teaching. To solve the problem, when scientists observe the bonding between ligands and macromolecular structures, most of them traditionally use 2D screens or 3D glasses to watch, but 3D glasses generally lack the immersive real three-dimensional spatial structure and intuitive structural manipulation interaction. Through Nanome's innovative technology, structural biologists, computational chemists, and medicinal chemists can effectively communicate with each other to discuss fine and complex visual structures, speed up drug development, and improve the results of learning chemical structures.

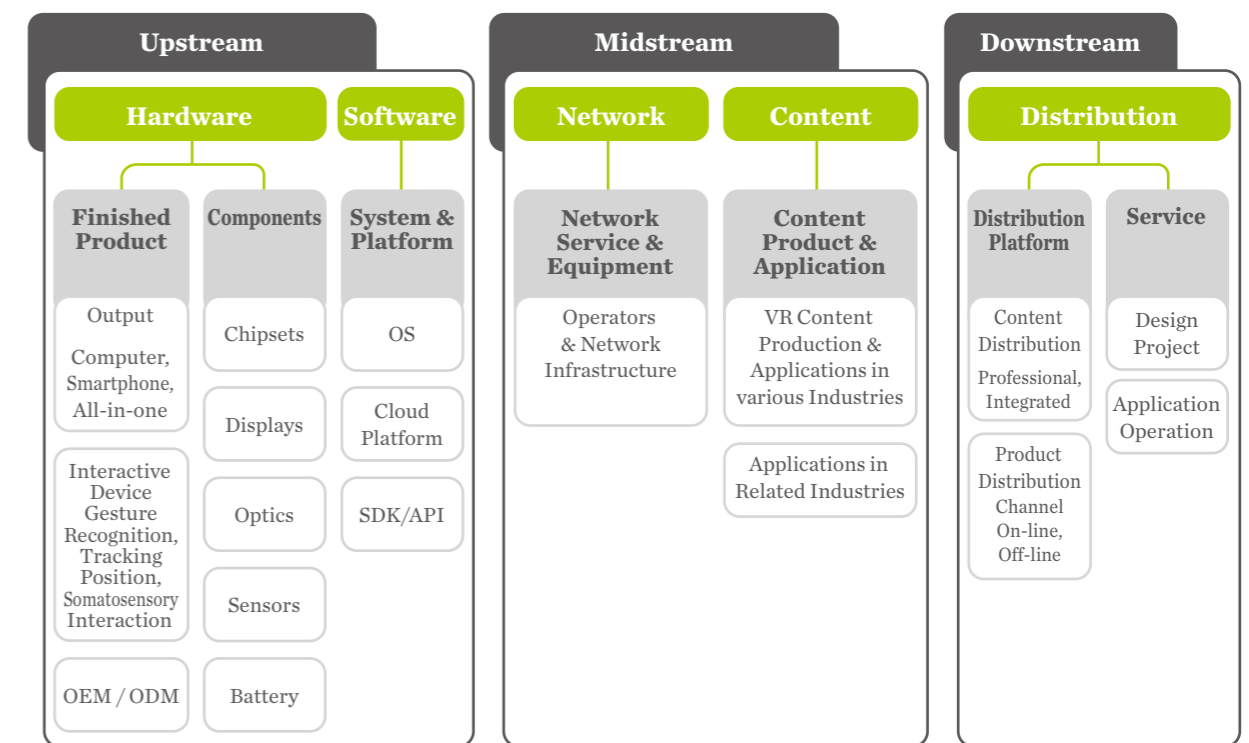
## 4.5.2 Industry Overview

### Virtual Reality

Virtual reality comes from the human pursuit of immersion. VR is also the technology development direction that has been encouraged by the smartphone industry through the advancement of various display technologies, processors, controllers and other key components over the past 10 years. While consumers are satisfied with visual effects, they also hope to experience "new virtual worlds".

According to IDC's public release of the 2020 VR Industry Research White Paper, the VR industry chain can be subdivided into five parts: hardware equipment, software, network, content, and distribution. Each part is linked and inseparable.

The hardware and software sessions can be regarded as the upstream of the VR industry. The hardware includes component parts like chipsets, displays, optical modules, and sensors, as well as various types of integration with hand recognition, tracking and positioning, and somatosensory interaction; Software includes various development platforms and tools including OS, cloud platforms, SDKs. The network and content can be regarded as the midstream of the VR industry, where the network includes operators and various levels of network infrastructure; the content includes content production related to the VR applications in various industries. Distribution can be regarded as the downstream of the VR industry, including content distribution platforms, product distribution channels.



Ever since the so-called "first year of VR" in 2016, when VR products began to enter the consumer market, first attracted the public with gaming applications. Playing games with VR not only provides advanced visual stimulation, but also delivers a more immersive content experience.

In the past, VR headsets were mainly connected to a computer. A gaming PC with strong graphics capabilities was required to have a better visual experience. Recently, standalone VR headsets have overtaken the market to become the mainstream form factor, as they have matured to include vital features of wireless connectivity, better mobility, accurate 6DoF spatial positioning, and powerful processing performance. Standalone VR headsets allow users to enjoy more freedom of movement, reducing interference from tethered cables, to provide an overall friendlier user experience. HTC continues to innovate in hardware, launching four exclusive accessories for the VIVE XR Elite in 2024. These include a more balanced and stable comfort head strap, immersive VR and MR face cushions, and temple mounts,

all designed to provide users with an outstanding all-in-one headset wearing experience. In addition to improved hardware comfort, HTC has integrated DisplayPort support into its latest generation all-in-one headset, the VIVE Focus Vision, allowing the lightweight AIO device to deliver a high-quality PCVR gaming experience. This makes it a versatile hybrid product that combines the mobility of an AIO with the superior visual quality of PCVR.

2024 also saw an increasing number of VR manufacturers launching full-body trackers, drawing more attention to the VR accessory market. Unlike most trackers that use IMU technology, HTC's VIVE Ultimate Tracker is equipped with two ultra-wide-angle cameras, enabling low-latency and high-precision tracking. This allows for smooth full-body motion capture in games and virtual reality interactions, enhancing the realism of avatars. In enterprise applications, it can be used in professional fields such as sports training, emergency services training, and film motion capture. The VIVE Ultimate Tracker does not require base stations or a studio setup, significantly reducing preparation time compared to professional motion capture equipment, while also offering a more affordable solution for enterprise users.

Unlike other brands that typically only support their own products, HTC remains committed to building a more open ecosystem for the VR industry, offering users a broader range of options. The VIVE Ultimate Tracker can quickly pair with various VIVE AIO headsets, including the VIVE XR Elite, VIVE Focus 3, and VIVE Focus Vision. In 2024, it also officially supports SteamVR-compatible headsets, providing high-precision full-body tracking solutions for third-party VR device users, enabling users across ecosystems to easily enjoy a more realistic and immersive VR experience.

The development of virtual reality not only relies on continuous device innovation but also requires robust enterprise management platforms to ensure smooth hardware deployment. HTC's VIVE Business+ offers enterprise users an all-in-one management software and solution. It enables batch configuration, synchronized management, and monitoring of multiple VIVE AIO headsets and trackers. Content deployment and updates can be performed remotely, with real-time device status tracking and customizable services that cater to actual enterprise needs. With its fast and user-friendly advanced features, VIVE Business+ has made VIVE AIO devices the top choice for enterprise training, healthcare, and emergency service training, further driving the growth of related hardware sales.

The development of VR hardware depends on the continuous cooperation of software developers. For example, game applications are represented by the well-known game platform Steam, and HTC cooperates with developers to independently develop for the VIVEPORT platform so that developers can offer their application services, allowing for the use of VR not only in games, but also in movies, social media, and other visual mediums. As for VR, we believe that abundant content and application support is the key to attract consumers and stimulate VR market growth. That's why we are building a VR ecosystem that can integrate software and hardware to expand our penetration into the consumer market.

Another major development direction of VR is to develop useful applications for professional use. From the perspective of the currently known application industries, medical and architectural professional

fields are especially quick to adopt and apply VR, especially for use cases which require heavy 3D visualization. HTC aims to use VR to make medical training more efficient and effective. By using VR for surgery simulation and medical equipment operation training, for example, students and surgeons have significantly increased their surgery success rate and their confidence in how to deal with high-pressure scenarios. With the emergence of the 5G era and the acceleration of network speeds, VR medical treatment can transmit high-resolution images and data in real time, facilitating real-time multi-party consultations, and even enable remote surgery.

Entering the new 5G era, 5G technologies and technical demands have contributed to the advancement and popularity of high refresh rate displays and other low-latency components critical for VR. The development of AI and big data technology has also accelerated the development of VR from consumer-level to large-scale commercial-level applications.

The metaverse has become the focal point of conversations within the tech industry and investors in 2021. Development roadmaps were planned and announced by top global tech firms. Facebook also changed its name to Meta as a show of determination for their efforts to build their metaverse. The VR / AR industry quickly became the highlight of many metaverse market discussions, as this new direction fueled the market and triggered the development of more immersive applications and the growth of device shipment volume. Gartner projected that 25% of people will spend at least 1 hour per day for work, shopping, education, social, or entertainment in the metaverse in 2026.

The global pandemic in the past few years has greatly accelerated the digitization of almost all activities, which is also simultaneously enriching the metaverse concept and realizing different use cases for a digital virtual world. Thus, people see 2021 as the first year of the metaverse. The metaverse is widely regarded as an "always-live" and persistent virtual ecosystem where people can meet, interact, socialize, work, learn, and play games. These systems will also have to meet the data demands of millions, billions of people. And that's where blockchain and cryptocurrencies come in. The metaverse will be built on the foundation of blockchain technologies, and cryptocurrencies will enable its economy. This means that Blockchain and NFTs will play a vital role in the metaverse, providing verifiable, undisputed ownership of characters, in-game items, or even virtual real estate.

To realize social, gaming, shopping, office, and educational scenes in virtual space, immersion, low latency, and being unbound by space are three essential elements. Advanced high-performance communication networks will play an important role. In fact, since the development of 5G, all sectors have regarded immersive and virtual-reality technologies and services as key applications that complement 5G communication technologies. Therefore, the continuous development and improvement of 5G wireless communication technologies will lay a solid foundation for realizing the metaverse.

With the rise of the metaverse topic, telecommunication operators have found new hope. According to research by Ericsson AB's Consumer & Industry Lab, if telecommunications operators can successfully launch innovative applications and services that support the metaverse on 5G communication

infrastructure, their revenues have the potential to increase by one-third. By 2030, global telecommunications operators could obtain revenue of up to \$712 billion, truly realizing the monetization of 5G investments. Although it is not possible to accurately estimate how many metaverse applications will occur, it is expected that early metaverse applications such as advanced augmented and immersive media services will account for 40% of the 5G application service market by 2030.

There are now many examples of metaverse applications, which are spreading and being used in many fields by combining 3D/XR, blockchain, Digital Twin, 5G, and other technologies. These applications can be divided into two parts: those aimed at the general public and those aimed at institutions.

In the section aimed at the general public, the main areas include entertainment, cities, and retail applications. In the entertainment field, it is mainly based on the large audience base of game socialization. From the direction of adding activities and creating worlds, it opens up the appearance of the metaverse, and then attracts industries other than entertainment, it is highly malleable, and the content generation ecology is also the key to its development. such as Sandbox to create digital assets, earn while playing P2E as entry points to develop. In the development of twin cities, it is mainly based on government support or leadership, and the content mainly aims to promote social mobility, promote tourism and public services and other transformations, and gradually expand various industry services. It also has high malleability, such as Japan's promotion of virtual Shibuya, which is a classic city example of the metaverse. Finally, in the retail application, it focuses on linking consumer attention through NFT, 3D/XR, and other technologies, and creating innovative services such as post-epidemic digital transformation, experience economy, innovative marketing, and OMO. For example, Isetan Mitsukoshi's twin department store, which provides social, pet care, salesperson services, and product guidance. Metaverse applications in the field of general public have high malleability, and its development depends on the content generation ecology and user-facing it is based on, with different development directions according to demand.






On the other hand, in the institutional sector, the prototype of the metaverse is mainly used for educational, office and industrial applications. In the field of education, the popularity of educational metaverse applications is gradually increasing due to the impact of the pandemic. Many people hope to have a more immersive, deeper experience and to break away from traditional educational models, such as Labster's scenario-based science, which allows students to experience safe experiments and realistic learning in a metaverse environment. In the field of office, in order to meet the needs of different stages and situations of enterprises, the ability to integrate virtual and physical tools as well as the "virtual + physical" hybrid working mode will become an important option for future work. Such as Gather's virtual office service, which uses office scenarios to provide video conferencing, whiteboard collaboration, and space adjustments. Finally, in industrial applications, digital twins are an important trend in industrial transformation, which has entered the stage of market deployment in recent years and can be considered as the foundation of the future industrial metaverse. For example, Siemens' introduction of industrial twins mechanisms helps production ends to collect, simulate and optimize various devices and production efficiency. These institutional applications will help improve work, learning, and production efficiency and bring more innovation and immersive experiences to people.

The metaverse as it is being described today is what HTC has continuously built and heralded as VIVERSE since a few years ago, the future that's enabled by the integration of VR, AR, AI, 5G, and Blockchain technologies. HTC has long since been leading the industry in paving the way to build and enable the metaverse.

HTC has always been committed to making the future life better and actively promoting the VIVE Reality vision through the integration of technology and humanity, to create a better metaverse experience.

## 5G and Smart Devices

### Communication Technology Evolution

					
Time	1980	1991	2001	2008	2020
Technology	AMPS	GSM CDMA	WCDMA CDMA2000 TD-SCDMA	LTE	New Radio, Low Latency, Massive MIMO, Beamforming
Service	Call	Call, Message, Text mail	Call, Message, internet, Streaming service	Call, Message, internet, 1080P Video streaming service	Call, Message, internet, 4K Video streaming service, VR streaming, Auto Guided Vehicle
Speed	2 Kbps	10 Kbps	3.8 Mbps	0.1-1 Gbps	1-10 Gbps
Frequency	800-900 MHz	850-1900 MHz	1.6-2.5 GHz	0.4 GHz-5.2 GHz	0.4 GHz-52 GHz

Over the past few years, smartphones have been constantly and continuously updated with new and innovative functionality. Smartphones have fully transitioned from traditional feature phones into the touchscreen-enabled communication products with independent operating systems we all know today. Consumer demand has led to the development of components including high-performance miniature camera lenses and powerful batteries, and this has also greatly accelerated and stimulated the vigorous development of all communications-related hardware industries. At present, the smartphone industry is already a mature industrial chain with professional divisions of labor. Each specialized component integrated into smartphones comes from a different specialized supplier. After being assembled by the manufacturer, it is then sold by a dealer or a telecommunications company.

Recently the sales growth of the smartphone sector has slowed, partly due to the maturation and standardization of the hardware functions found on mobile phones, and partly due to developed markets including Europe and the United States have reached a saturation point, leading to longer life cycles and slower replacement rates for all mobile phone products.

The smartphone industry welcome new technologies to enter the 5G era in 2020. The global smartphone market was expected to embrace the new business opportunities with a wave of new 5G smartphone purchases after 5G was commercially deployed globally in 2020. However, due to COVID-19 since the beginning of 2020, the global smartphone supply and demand declined, and it also partially delayed the launch of 5G in some regional market. Therefore, global smartphone shipments continued to decline in 2020. Due to the incentive by the implementation of 5G use cases in Chinese market, the 2020 global 5G smartphone market still shared a 19% of penetration rate. Especially Chinese smartphone brands have around 60% of market share.

Smartphone market continued paying attention on 5G topic in 2021, while countries recovering back to 5G infrastructure, mobile processor manufacturers roll out low-end and middle-end processors, global 5G smartphone penetrate rate rapidly raised to around 40%. It was estimated that 5G smartphone will have larger scope than 4G smartphone to be the mainstream of the market in 2022. In 2022, 5G communication continued to become a market trend, prompting the continuous roll out of 5G network construction in various countries and resulting in a 5G mobile phone penetration rate of over 50%.

The number of new 5G users in 2023 increased significantly by about 63% compared to 2022. The total number of global 5G users will also exceed the 1.6 billion mark with the growth of the total number of users exceeding original expectations. Although some markets are facing economic challenges and geopolitical uncertainty, the growth in the number of 5G users continues to show resilience. Signs of recovery in the smartphone market can also be observed from the growth of 5G. 5G mobile phones accounted for 62% of smartphone shipments in 2023, while it was only 57% in 2022. In addition, new 5G smartphones are coming out one after another. Even though the global economy has not yet fully recovered, the general trend of 5G remains unchanged and the impact is relatively low. It is worth noting that the application of artificial intelligence (AI) in mobile phones is expected to become the key to the recovery and growth of the smartphone market in the future.

In recent years, uncertainties and risks such as geopolitics and tariff barriers have increased rapidly. The challenges facing the smartphone market have also increased day by day, including the challenge of supply chain reconfiguration, rising costs and prices, changes in the market competition landscape, the continuous advancement of new technologies, and cross-border and cross-regional cooperation models, etc., which also makes the growth potential of emerging markets highly valued. Taking all the above factors into consideration, it remains to be seen whether the smartphone market will continue to recover in 2025 as generally expected.

### 4.5.3 Progress in Research & Development

#### Virtual Reality

HTC introduced the latest addition to its VIVE Focus series — the VIVE Focus Vision, designed for both high-end gamers and enterprise users. Building upon the technical strengths of the VIVE Focus

3, the VIVE Focus Vision offers significant improvements in visual quality, operational efficiency, and wearing comfort. It is particularly suited for scenarios involving frequent user switches, such as VR arcades, medical education, and industrial training. Features like auto interpupillary distance (Auto IPD) adjustment and eye-tracking ensure that each user enjoys crystal-clear visuals. The dual 16MP full-color passthrough cameras support stereoscopic passthrough and depth sensing, enhancing the immersion of mixed reality experiences. Additionally, the device features a hot-swappable battery design, allowing up to 20 minutes of operation during battery replacement, complemented by an upgraded cooling system to improve wearing comfort. The VIVE Focus Vision supports 5K resolution, a 120-degree FOV, and a 90Hz refresh rate, with future support for 120Hz via DisplayPort mode, providing smooth visual experiences for both gamers and enterprise users.

VIVE XR Elite, as the most awarded VR headset of CES 2023, combines MR and VR capabilities into one compact, lightweight, powerful and highly versatile device.

The visual impact is sharp with a wide 110 FOV, 4K resolution which results in a crisp image all running on a smooth 90Hz refresh rate. VIVE XR Elite includes a full color RGB passthrough camera, and hand-tracking, which enables a whole new dimension of MR scenarios. With four wide FOV cameras, exceptional 6DoF spatial accuracy, a depth sensor, hand-tracking and capacitive sensing for your finger movements on the controllers, developers have lots of options to incorporate in VR and MR content.

VIVE Pro 2 was named a CES 2022 Innovation Awards Honoree in the Virtual & Augmented Reality category. Featuring a stunning 5K high-resolution display and a wide 120-degree FOV, the VIVE Pro 2 delivers visual effects that are excellently smooth, detailed and crystal clear.

The VIVE Pro 2 features an adjustable IPD function, balanced front-rear weight distribution, an adjustable strap and a quickly-scaled knob that allows adjustments to wearing configurations for different users. Aside from supporting third-party earphones, VIVE Pro 2 also features a set of headphones that is certified by Hi-Res Audio and capable of delivering 3D spatial audio. VIVE Pro 2 is compatible not only with the Steam VR system and peripheral accessories, including Tracker 1.0, Tracker 2.0, VIVE Controller, VIVE Wireless Module or all VIVE Trackers and VIVE Facial Tracker, but also with other third-party Steam VR motion sensing accessories, e.g., Valve's Index knuckle controller.

The VIVE Focus 3 offers total solutions for commercial VR activities; powered by Qualcomm's updated Snapdragon™ XR2 platform that features stunning performance, it provides an optimum immersive experience and an outstanding wearing experience. The VIVE Focus 3 stores all tracking data in the headset's encrypted partition (on-device end), as opposed to any cloud storage spaces to protect users' privacy. Featuring an industry-leading 5K resolution, a 90Hz refresh rate, a wide 120-degree FOV and RGB sub-pixel display, the VIVE Focus 3 offers optimum visual immersion to an extent. The VIVE Focus 3 is equipped with a new directional speaker that has a pair of built-in drivers, rendering a life-like and immersive audio effect. Its open-back audio design allows users to immerse themselves in the VR world while being alerted to external sounds. Its distinctively directional audio frequency design can reduce sound leakage and so ensures privacy.

**VIVE Ultimate Tracker** uses two wide-FOV cameras to track its own location in 3D spaces with precise accuracy without the need for external tracking solutions like base stations. It is perfect for HTC VIVE's standalone headsets VIVE XR Elite and VIVE Focus 3, and also supports PC VR streaming and is compatible with existing VIVE Tracker supported PC content. It will support OpenXR, SteamVR based PC VR setups in the near future. The VIVE Ultimate Tracker uses a standard 1/4"-20 UNC mount and has a pogo pin interface, allowing it to attach to a variety of objects. This opens the door to many use cases. VIVE is releasing developer documentation and the 3D CAD file publicly so that people can design their own bespoke mounts. Up to five VIVE Ultimate Trackers can be used simultaneously per headset, delivering exceptional multi-point full-body tracking.

**VIVE Full Face Tracker**, a plug-and-play module that brings face and mouth tracking to VIVE XR Elite. It captures up to 38 blend shapes across the lips, teeth, tongue, cheeks and chin at a 60 Hz tracking rate. This means that even subtle facial expressions are accurately portrayed, and spoken words match facial expressions in real-time. VIVE Full Face Tracker can accurately track eye movements at 120 frames per second. It also sports an innovative auto-calibration feature: the tracker detects your IPD and automatically calibrates the headset for viewing comfort and clarity. This feature allows multiple users to share the same headset without having to manually reset the IPD slider every time.

**The VIVE Focus 3 Eye Tracker** equipped with the dual camera setup with supporting IR illuminators is capable of capturing data for gaze origin and direction, pupil size and position, and eye openness. The VIVE Focus 3 Eye Tracker demonstrate powerful and realistic non-verbal expressiveness in interactions such as virtual meetings, chat groups and also makes implementing gaze control easy. Eye tracking also enables foveated rendering, so the headset can intelligently allocate GPU workload and optimize graphic fidelity in the user's line of sight - reducing rendering workloads on GPUs.

**Virtual Reality Solution: AXON** Partners with HTC VIVE to Create Next-Generation Police Training. VR training allows police officers to learn in "real-world" scenarios anytime, anywhere, while enabling VR trainers to provide real-time feedback and guidance.

In collaboration with HTC VIVE, Axon provides two main VR solutions for local police: community engagement training and simulator training. Trainees use the industry leading VIVE Focus 3 and a VR-tracked taser controller and a training-specific firearm. In the simulator module, trainee officers encounter various scenarios involving disputes and must make correct decisions.

**VIVE Streaming** supports wireless and USB streaming and also different VIVE accessories for consumers to enjoy high quality PC contents. VIVE Streaming extends to support MR with passthrough to show off the high quality passthrough on VIVE XR Elite. VIVE Streaming also enables VIVE Ultimate Tracker be simply used as VIVE Tracker. It by default is compatible to all existed PC contents designed for VIVE Tracker and also VIVE Tracker accessories, like tennis racket, etc. Body tracking contents, now works with VIVE Ultimate Tracker over VIVE Streaming.

**VIVE Business Streaming (VBS)** vastly improves the wireless capabilities for VIVE Focus 3. Dedicated IP configuration is now supported, and multiple headsets can be used on the same network – with support for Wi-Fi 5, Wi-Fi 6, and Wi-Fi 6E. Both hand tracking and the new VIVE Wrist Tracker are natively supported in VBS as well. With the VBS, VIVE Focus 3 hand tracking now works with the majority of PC-VR applications that uses hand tracking, including SteamVR Home and The Lab, and support OpenVR Skeletal Input and the OpenXR Hand Tracking API. VBS also allows VIVE Wrist Trackers to be used like a VIVE Tracker, so you'll be able to use them to track objects.

**VIVE Business+** is a web-based enterprise-level management software and service solution designed for efficient batch registration and synchronized management of multiple VIVE all-in-one devices. Through remote monitoring and configuration updates, device managers can easily configure a large number of devices by adding or removing them from groups, enabling fast and effective deployment of updates. VIVE Business+ offers remote commands, allowing device managers to remotely reset, shut down, pair controllers, and push content to registered devices and monitor the status of registered devices, checking battery levels and other essential data. Device managers can also monitor the current display screen of the device, making it easy to deploy event experiences and VR training programs in various environments and improve users' immerse experiences.

**VIVE Wave™**, an open platform and toolset that will enable easy Mobile VR content development and high-performance device optimization for third party partners. The VIVE Wave™ VR SDK offers an open interface enabling interoperability between numerous mobile VR headsets and accessories, supporting mainstream game engines. This allows players with different VR devices an easy access to your extraordinary content.

In **Location based software suite (LBE)** Mode, VIVE Focus 3 can scale up single-tracking areas up to 1,000 m2 (33m x 30m) — about the size of 4 adjacent tennis courts — while maintaining smooth, free-roaming, inside-out 6DoF tracking with sub-millimetre accuracy. And the game space can be a tailored, from simple rectangular spaces through to irregular shapes with cutouts and alcoves.

**Map Sharing**, co-location made easy. Multiple users, one map. Share a headset's room setup map with multiple headsets to achieve instant multiuser experiences where users can see and interact with each other in the same physical and virtual environment. Map Sharing not only eliminates the need to perform a room setup for each headset individually, but also saves time and resources-allowing for simple, quick, and scalable deployment.

Scale up user rotation with **Visual Odometry (VO)** mode. This makes it super-simple to get users straight into the VR experience. VO is the process of determining the position and orientation of a headset through headset-captured images while the headset is in use. VO Mode allows users to bypass the environment setup process so they can jump right into 6DoF experiences as soon as they put on their headsets. Quickly deploy LBE or VR-based training programs in different environments instantaneously.

**Simulator VR mode** – 3DoF to 6DoF simulation. Simulator VR Mode is a unique 6DoF VR solution for motion platform experiences such as cars, training simulators, and amusement park rides. A fixed VIVE Focus 3 controller or VIVE Wrist Tracker is used to convert a 3DoF environment into a 6DoF experience, providing more natural interactions that help prevent motion sickness. The capability to track in low-light environments makes Simulator VR Mode perfect for closed-cabin training simulators and movie theaters alike. In November 2023, ESA (European Space Agency) and NASA (National Space Administration) launched Vive Focus 3 to the international space station. Astronaut Andreas Mogensen performed a human initiative VR mental health and VR fitness program by Simulator VR mode. This breakthrough in technological boundaries makes the dream of VR in any environment (even Micro-gravity) come true.

Marker-based tracking, similar to QR codes, **ArUco** codes are easily reproducible visual trackers that provide unique ID points and extra position information to VR headsets in real time. ArUco codes can provide additional tracking points to reduce positional drift, and they can act as unique markers to align virtual scenes and assets with real-world environments for more immersive experiences. With ArUco markers, Vive Focus 3 headset can instantly detect and align the coordination in a shared space. Marker-based location sharing is ideal for eliminating the typical cumbersome setup processes involved with multiuser VR experiences.

**Spatial anchor** enlarging the application of mixed reality (MR) by enabling seamless multi-user experiences within shared physical environments. Through advanced mapping technologies, this innovative solution allows multiple users to instantly synchronize their virtual and physical spaces just through simple settings, eliminating individual setup complexities. By creating and sharing precise, persistent reference points across headsets, spatial anchors facilitate real-time collaboration, ensuring that all participants perceive and interact with virtual objects in perfect alignment; it can even span time and make users return to the established settings at any time when needed in the future. The technology enables immersive collaborative experiences across multi-player entertainment, healthcare simulation, architectural design, and simulation training, empowering players and professionals to be more creative in shared mixed reality environments.

## VIVERSE

In 2024, VIVERSE introduced several technological innovations and product features, significantly improving the efficiency of virtual world creation, interaction experiences, and user engagement. These advancements have created a more intelligent and diverse digital ecosystem for users across various industries.

**VIVERSE Create v1.0** is a no-code toolset that enables creators to build and share interactive multiplayer virtual worlds on any device. VIVERSE Create offers two construction methods:

- **No-code building tools:** Users can access the VIVERSE Create website and quickly assemble virtual worlds directly in their web browser using assets and media files. This method integrates seamlessly

with the Sketchfab library, granting users access to millions of free models without requiring expertise in 3D technology.

- **PlayCanvas:** This is an advanced game engine-based tool that allows users to create more interactive experiences directly in the browser. PlayCanvas can seamlessly deploy projects to VIVERSE and offers the option to code or go code-free.

Additionally, VIVERSE Create supports the VROID VRM format, enabling users with advanced skills to easily import and utilize their existing models. The platform’s cross-platform “no-installation” functionality allows users to share their worlds across any device, including VR headsets, mobile devices, PCs, or Macs. This ensures that anyone can enjoy interactive entertainment without needing a gaming console.

The **VIVERSE for Business** commercial metaverse solution features an innovative modular virtual space design, enabling businesses to quickly create customized virtual offices, meeting rooms, brand showrooms, and more, with support for cross-device usage. In 2024, VIVERSE for Business introduced several new features, including a multi-user editing tool for real-time collaboration and immersive digital twin technology to enhance efficiency in product design and presentation. Additionally, an AI-driven voice assistant was added, allowing users to operate virtual spaces more conveniently. VIVERSE for Business places a strong emphasis on corporate data security and privacy, achieving multiple enterprise and cybersecurity certifications while ensuring the integrity of existing systems and resources within virtual spaces. Through robust and secure infrastructure, cloud storage, and a flexible integrated system, it seamlessly integrates existing resources, including ERP, CRM, and third-party applications.

**Polygon Streaming** technology allows creative teams to seamlessly integrate high-fidelity, interactive 3D models across various devices, including smartphones, tablets, laptops/PCs, and XR headsets. This technology combines server-side processing and client-side rendering, streaming only the polygon data necessary to render the visible parts of 3D assets. By leveraging techniques such as occlusion culling and adaptive Level of Detail (LOD), it reduces bandwidth and processing demands while maintaining low latency. The platform automatically adjusts based on network and hardware conditions to ensure high-quality visuals and interactivity, enabling complex 3D assets and scenes to be displayed even on low-end devices.

Polygon Streaming is applicable to a wide range of industries utilizing 3D assets, including media and entertainment, engineering, industrial design, architectural visualization, game development, and e-commerce. Its key features include:

- **Efficient data transmission:** Streams only the necessary polygon data, minimizing bandwidth usage and ensuring smooth performance.
- **High-fidelity visualization:** Preserves the integrity and details of 3D models to deliver a premium visual experience.
- **Cross-platform compatibility:** Operates seamlessly on web browsers, mobile devices, PCs, and VR headsets.

- **Adaptive rendering:** Optimizes performance using occlusion culling and Level of Detail (LOD) techniques.
- **Wide applicability:** Suitable for industries such as gaming, e-commerce, architecture, engineering, and media.

Additionally, Polygon Streaming has been integrated into the VIVERSE for Business collaboration platform, allowing high-resolution 3D assets to be easily imported into virtual environments, enhancing collaboration and visualization capabilities across industries.

VIVERSE has joined the Fediverse, enabling cross-platform connectivity. The Fediverse is a network of interconnected social media platforms that allows users to seamlessly interact across different platforms. VIVERSE's friend system adopts the ActivityPub protocol, recognized by the World Wide Web Consortium (W3C), and integrates with major federated social networks like Mastodon. This means that even if your friends are using other federated social networks, you can easily communicate with them and receive real-time notifications on your preferred platform. This initiative by VIVERSE aims to promote the development of decentralized social networks, provide users with greater privacy and control over their data, and enhance interoperability between different platforms.

VIVERSE has also introduced a new rewards system called VIVERSE Points, designed to enhance user experience and unlock creative potential. Users can earn points by completing various tasks and participating in community activities, which can then be used to unlock exclusive features and unleash their creativity. VIVERSE will continue to evolve, allowing users to use points in the future to access additional features such as creating music, 3D objects, and more to personalize their virtual worlds.

VIVERSE has achieved numerous innovations in the application of AI technology, significantly enhancing the efficiency of virtual world creation, interaction experiences, and user productivity. At the same time, it has lowered the barriers to entry, enabling more people to easily integrate into the virtual ecosystem.

First, the platform announced support for **Gaussian Splatting** technology, allowing users to transform physical rooms into highly realistic and interactive virtual spaces, making virtual space construction more efficient and straightforward. This technology demonstrates the potential of AI in digital twin development and 3D modeling, providing innovative solutions for exploring virtual environments.

Second, the **real-time speech-to-text and translation feature**, powered by AI, enables users to instantly convert speech into text and automatically translate it into eight languages: English, Traditional Chinese, Simplified Chinese, Japanese, Korean, German, French, and Spanish. This functionality facilitates seamless communication within multilingual teams, providing robust support for global collaboration.

Additionally, the platform introduced an **automated meeting transcription feature**, which leverages AI to generate meeting minutes automatically and send them via email to participants, allowing users to focus on discussions and improve productivity.

The **AI Virtual Assistant and Knowledge Base** further highlight the platform's intelligent capabilities. Users can train AI virtual assistants using their own data to create customized knowledge bases. These assistants can quickly provide information retrieval and address common questions, serving as efficient tools in education and business domains.

The **virtual avatar motion creation feature** integrates AI technology to simplify the motion design process. Users can quickly create interactive motions for their virtual avatars without needing advanced 3D knowledge. AI automates animation rigging and optimization, making avatar movements smoother and more natural while lowering the technical barrier for creators.

In terms of personalization, the platform employs **AI-driven facial modeling technology**, enabling users to generate realistic 3D avatars from a single selfie. The system offers various customization options, such as hairstyles, skin tones, and outfit designs. These avatars support the **VRM format**, enabling seamless cross-platform integration and enhancing the consistency of digital identities.

Through AI technology, VIVERSE has achieved comprehensive evolution in virtual world creation, collaboration, personalization, and intelligence. It provides users with an efficient and diverse digital experience, establishing itself as a leader in virtual world development.

## 5G and Smart Devices

5G is the next generation of radio access technology, bringing high capacity, high data rates, low latency and improved network reliability. These features provide new opportunities for new applications such as smart factories, smart ports, smart remote controls, IoT connections, and cloud industries. The introduction of 5G will also become a key technology for market and industry transformation in the next few years. HTC is a globally recognized company with remarkable developments in the fields of 5G, XR and AI. In recent years, it has also demonstrated its strong capabilities in 5G system integration, not only integrating the capabilities of domestic 5G O-RAN, but also extending key technologies to collaborate with innovative companies to jointly develop 5G application solutions.

Smartphones have continued to evolve over the past decade, from feature phones to smart devices with touch controls and independent operating systems. In response to user demand, they have been continuously upgraded in components such as lenses and batteries, driving the development of the communications hardware industry. At present, the smartphone industry has formed a complete division of labor industry chain, with components provided by multiple suppliers, assembled by manufacturers, and then sold to consumers through channels.

However, the smartphone market has become increasingly saturated in recent years, especially in developed countries, and growth has slowed. Although 5G's official commercial launch in 2020 has brought about expectations for a wave of phone replacement, global shipments have continued to decline due to the impact of the COVID-19 epidemic on supply and demand. China is actively promoting 5G, driving

the penetration rate of 5G mobile phones to 19% in 2020. In the following two years, 5G construction accelerated, with the penetration rate exceeding 50% in 2022 and the number of users exceeding 1.6 billion in 2023. The proportion of 5G mobile phone shipments also reached 62%, indicating that the market has begun to recover, and AI applications are seen as the next wave of growth momentum.

The smartphone market still faces challenges such as geopolitics, trade barriers, supply chain restructuring and rising costs, but it also brings growth opportunities in emerging markets. Whether the smartphone market can continue to recover as expected in the future, driven by new technologies and international cooperation, remains to be closely observed.

## Healthcare

HTC DeepQ Healthcare is comprised of cross-domain experts and engineers in areas such as computer science, software engineering, medicine, regulations, user experience, design, through digital technology, big data and artificial intelligence technology, all with the goal of developing and providing precision personalized medical products and services to reduce costs and improve the effectiveness of healthcare.

Since 2017, HTC DeepQ has collaborated with Taiwan’s Centers for Disease Control (CDC) to launch the “Disease Control Butler” chatbot on LINE. Initially focused on common infectious disease consultations, the service was upgraded in 2018 (v2.0) to provide travelers with local outbreak updates and preventive guidance. In 2019, v3.0 introduced maternal and infant vaccine tracking — users could input a child’s birthdate to receive vaccine schedules, reminders, health assessments, and nearby clinic information.

When COVID-19 emerged in 2020, HTC DeepQ responded quickly. The chatbot delivered real-time pandemic alerts, mask availability, livestreamed CDC briefings, myth-busting updates, and guidance on prevention. In 2021, the team launched “Taiwan V-Watch” via LINE, allowing citizens to report post-vaccination symptoms directly. The chatbot also integrated Taiwan’s SMS-based contact tracing system — users could check into venues by scanning a QR code, aiding national pandemic tracking. Throughout the crisis, the chatbot played a critical role in public communication and trust-building between the government and citizens.

In 2022, the Disease Control Butler further improved its AI natural language understanding and expanded vaccine promotion efforts. By 2023, it added updates on monkeypox and dengue fever, as well as autumn and winter vaccination reminders. Targeted push notifications were introduced for healthcare workers to receive epidemic risk alerts based on profession and location.

Beyond public health, HTC DeepQ has also contributed to clinical AI advancement. In 2018, the company launched the “DeepQ AI Platform,” built with NVIDIA DGX-1 and optimized for hospital IT environments. The platform enables medical professionals to train AI models without coding, using built-in templates, automatic parameter tuning, and an intuitive interface. It introduced the concept of “Doctor as a Developer (DaAD),” allowing physicians to build models within days instead of weeks.

By 2019, the platform was being adopted across Taiwanese hospitals. In 2020, it was successfully deployed in medical centers for research and workflow enhancement. The cloud version launched in 2021 made AI training more accessible by eliminating the need for expensive infrastructure. Subsequent updates in 2022–2023 added pretrained models, retraining and optimization tools, deployment monitoring, and detailed insight reports — empowering doctors to build, refine, and apply AI models more efficiently.

In addition, DeepQ has launched hospital-specific medical chatbots. In 2019, it co-developed “Dr. Lan” with Changhua Christian Hospital, Taiwan’s first AI + blockchain cross-hospital chatbot. Dr. Lan guides patients from appointment planning to personalized post-visit education. During the COVID outbreak in 2020, it was adapted for remote consultations — offering video visits with automatic reminders and links, plus a “drive-thru” prescription pickup option for isolated patients. In 2021, it was upgraded for hybrid in-person/remote visits. In 2023, AI-powered health Q&A was integrated to ease the burden on medical staff, and by 2024, the service extended to the hospital’s official website and mobile app.

In 2022, DeepQ partnered with Chi Mei Medical Center to launch the “Chi Doctor” LINE Bot, offering services like appointment booking, consultation progress, medication pickup, hospital visit reservations, COVID vaccine scheduling, and self-paid PCR test registration. This chatbot provides patients with seamless and efficient access to essential hospital services, exemplifying HTC’s commitment to smart healthcare innovation.

## Research & development expenditures

R&D Expenditures in Recent Years

Item	Unit: NT\$ millions		
	2023	2024	2025 Q1
Worldwide R&D Expenditures	2,684	2,649	588
Percentage of Worldwide Revenue	61%	86%	83%

### 4.5.4 Business Development

Since the founding of HTC, our vision has been to combine technology with humanity to unleash the imagination. VIVERSE, HTC’s version of the metaverse, represents the culmination of that vision.

In 2024, HTC manifested good performance over the year, with product launches from all of our business areas that raised the bar of innovation and garnered wide recognition, boosting the development of the XR ecosystem, to the benefit of consumers and all players in this market. By embracing cutting-edge technologies such as artificial intelligence and the metaverse, HTC aims to pioneer innovations that adhere to strict ethical standards, ultimately enhancing human life. Our goal is to realize our vision of VIVE Reality through these open, connected, and intelligent companies.

Over our 28-year journey, HTC has continually reinvented itself — transitioning from smartphone pioneer to leading in virtual reality, and now driving 3D virtual worlds and technologies. We have evolved from a hardware-centric company into a comprehensive metaverse ecosystem company, on the journey towards our vision of VIVE Reality. HTC is committed to our vision with unwavering dedication, and we look forward to setting new benchmarks for excellence in the digital age.

## 4.6 Markets and Sales Overview

### 4.6.1 Market Analysis

#### Virtual Reality

According to market reports, more than half of the spending on augmented reality and virtual reality is used for business, including corporate training and industrial equipment maintenance. As for future forecasts, IDC points out that due to lower technical barriers and more precise application scenarios, companies' investment in commercial virtual reality content will continue to increase in the future. From the perspective of the commercial industry, the cumulative share of education, retail, manufacturing, personal consumption and services (including real estate agencies, cultural and tourism industries), construction (including home improvement industries) and professional services will exceed 75%. In the future, the virtual reality market in the commercial field will have a large room for development.

Grand View Research's survey report *Virtual Reality Market Size, Share & Trends Analysis Report 2022-2030* shows that the global virtual reality market size is expected to grow from US\$28.42 billion in 2022 to US\$87 billion in 2030, with a compound annual growth rate (CAGR) of 15.0%. Head-mounted displays (HMDs) are expected to dominate the market among all device segments during the forecast period. The gesture tracking device (GTD) market (including sensors, processors, VR projectors, large screen displays, and multi-projection systems) is expected to achieve the fastest CAGR of all device markets in the next few years, reaching 17.4%.

Looking ahead, the industry is optimistic about the virtual reality industry. According to IDC estimates, market sales of virtual devices will increase from 6.7 million units in 2024 to 22.9 million units in 2028, with a compound annual growth rate (CAGR) of 36.3%. Currently, the most mainstream MR devices in the market will grow by 21.7% in 2025, with shipments reaching 7.7 million units, and will account for more than 70% of total sales in 2028. In addition, devices that combine artificial intelligence and glasses have gradually attracted attention in the market in recent years. Their smaller size and convenient storage design have increased the willingness of more consumers to buy them, and have further promoted the development trend of virtual industrial equipment towards lighter weight.

In addition, the growth of VR head-mounted display devices has further driven the market for VR full-body motion trackers. In addition to the VIVE self-positioning tracker launched by HTC, which provides high-

precision base station-free inside-out tracking technology and supports third-party devices, more VR and related accessory manufacturers will join the full-body tracker market in 2024, committed to providing consumers with a more immersive experience in virtual reality, and attracting more content developers to produce innovative full-body motion capture applications, continuously boosting the market growth momentum of VR peripheral accessories.

### 5G and Smart Devices

5G is the next generation of Radio Access Technology with features such as large capacity, high data transmitting speed, low latency and enhanced network stability. These features have opened up new opportunities for smart factories, smart ports, smart remote controls, IoT networks, cloud industries among other new applications. The introduction of 5G is also seen as the key technology to the transition of markets and industries in the next few years. HTC's achievements in 5G, XR and AI areas are widely recognized across the global. In recent years, HTC has also shown our solid know-how regarding the 5G system integration. Not only did we focus the 5G O-RAN power within the country, we also reached out to innovative companies with our key technologies to develop 5G application solutions together.

Smartphones have continued to evolve over the past decade, from feature phones to smart devices with touch controls and independent operating systems. In response to user demand, they have been continuously upgraded in components such as lenses and batteries, driving the development of the communications hardware industry. At present, the smartphone industry has formed a complete division of labor industry chain, with components provided by multiple suppliers, assembled by manufacturers, and then sold to consumers through channels.

However, the smartphone market has become increasingly saturated in recent years, especially in developed countries, and growth has slowed. Although 5G's official commercial launch in 2020 has brought about expectations for a wave of phone replacement, global shipments have continued to decline due to the impact of the COVID-19 epidemic on supply and demand. China is actively promoting 5G, driving the penetration rate of 5G mobile phones to 19% in 2020. In the following two years, 5G construction accelerated, with the penetration rate exceeding 50% in 2022 and the number of users exceeding 1.6 billion in 2023. The proportion of 5G mobile phone shipments also reached 62%, indicating that the market has begun to recover, and AI applications are seen as the next wave of growth momentum.

The smartphone market still faces challenges such as geopolitics, trade barriers, supply chain restructuring and rising costs, but it also brings growth opportunities in emerging markets. Whether the smartphone market can continue to recover as expected in the future, driven by new technologies and international cooperation, remains to be closely observed.

## 4.6.2 Product Marketing

### Virtual Reality

HTC entered the VR industry back in 2015, strategically positioning key advantages and building a complete XR ecosystem, covering hardware devices, platform technologies, content services, and enterprise solutions. Today, HTC not only leads the industry with advanced XR devices but has also transformed into a software platform and service provider, progressing from a product-driven to a platform-driven strategy. Looking ahead, the core force driving VIVE's vision comes from the fusion of cutting-edge technologies such as VR, AR, AI, and Web 4.0. These technologies are rapidly reshaping industries and society, and HTC continues to invest heavily in R&D and market efforts, actively expanding XR applications across various verticals and accumulating extensive enterprise collaboration and proof-of-concept experiences, especially in remote collaboration, education, training, healthcare, design, and performances, providing strong support for digital transformation in industries.

At MWC 2024, HTC showcased a range of 5G, XR, and key positioning technologies, including the latest VIVE Ultimate trackers that bring realistic avatar movement, and leading Location-Based Entertainment (LBE) applications offering immersive experiences for multiple participants. To meet the diverse needs of enterprise applications in vertical industries, HTC launched the VIVE XR Elite Deluxe Pack, strengthening its capabilities for enterprise market applications and reinforcing HTC's commitment to building a complete 3D Internet ecosystem for consumers and businesses alike. This device supports high-performance computing and spatial positioning, enhances location-based applications, and integrates the highly praised XR headsets with VIVE business warranties and VIVE Business+ software management and services, providing businesses with a one-stop solution to manage XR devices efficiently and smoothly across various XR applications. These innovations significantly reduce barriers to XR adoption in vertical industries such as education, manufacturing, healthcare, exhibitions, and tourism, solidifying VIVE's reputation in the global enterprise market.

In terms of XR device innovation, HTC launched the next-generation VIVE Focus Vision in September 2024, positioning it as a high-end XR headset designed for professional users and content creators. The device boasts a 5K resolution, full-color passthrough, eye-tracking, and optimized ergonomic design, supporting DisplayPort streaming and wireless streaming modes for high-quality PC VR experiences and flexible mobile VR switching. HTC emphasizes the device's integration capability in professional applications such as architectural design, immersive tours, simulation training, and multi-party collaboration. With community outreach, SDK tool releases, and content development collaborations, HTC aims to boost market sales further.

Apart from hardware innovation, HTC also focuses on content creation platforms and the development of its application ecosystem. In August 2024, HTC officially launched VIVERSE Create v1.0, a content generation platform that requires no programming. It allows designers, creators, educators, and small-to-medium enterprises to easily create their own virtual spaces and interactive experiences that run across platforms. To promote the content creation ecosystem, VIVERSE collaborated with the Taiwan Creative

Content Agency to showcase a multi-user interactive virtual space created using VIVERSE Create at the 2024 Taiwan Technology X Culture Expo, demonstrating the platform's powerful creation capabilities and further launching the "Big to Small" initiative. This initiative invites large creative teams from the industry to help nurture XR startups and young creators, fostering a sustainable creative cycle through platform technology, co-creation of content, and joint performances.

In addition, HTC recently collaborated with the Taiwan External Trade Development Council (TAITRA) and Cultural Pathways Company, leveraging VIVERSE technology to create the "BizWinner 5G XR Business Expo Winner" exhibition space at the European Taiwan Image Expo held in Berlin, Germany. Over 100 small and medium-sized enterprise products were showcased on the platform, providing a perfect presentation. The VIVERSE immersive business expo space received high praise from European buyers and visitors, allowing buyers and the public who could not be on-site to access the exhibition anytime via mobile phones, computers, or XR headsets to better understand the product features. This immersive exhibition also won the 2024 London Design Award for Best Innovation in User Experience Design.

HTC continues to enrich and promote VIVERSE's innovations, actively building diverse application cases globally, covering entertainment, healthcare, remote collaboration, and other fields, showcasing the vast potential of immersive experiences in various industries. VIVERSE is connecting with consumers, creators, and enterprise users in new ways, pushing the development of the XR ecosystem, and bringing richer application scenarios to all industries.

In promoting XR for public sector and urban applications, HTC partnered with the Kaohsiung City Government. Under the guidance of the Ministry of Economic Affairs' Industrial Development Bureau, HTC partnered with the Kaohsiung City Government, Taiwan International Ports Corporation, Kaohsiung, Kaohsiung Port Land Development Corporation, as well as FHNET and G REIGNS in 2024 to launch the largest outdoor 5G private network in Asia New Bay Area in Taiwan. This project aims to create "The One-Day New Life at the Asia New Bay Area," covering the largest outdoor 5G private network field in Taiwan, exceeding 53,000 square meters, becoming the country's most expansive immersive experience base.

The project includes the "Giant 5G Water Interactive Show," the "Kaohsiung Port Autonomous Vehicle x 5G Mobile AR Tour," and the "VIVELAND VR Virtual Amusement Park at Warehouse 7." The project redefines the culture, tourism, and living spaces in the port area, integrating 5G network technology, innovative tech, cultural creativity, and the port redevelopment plan. Through this 5G infrastructure, visitors can enjoy a new, smart exploration experience of the port area.

This project represents the latest progress in Kaohsiung's smart port and urban regeneration, not only advancing the realization of Kaohsiung's smart town development but also leading the formation of a diverse, vibrant lifestyle zone in the Kaohsiung Port warehouse district. It provides an exemplary model for the waterfront economy, industrial ecosystem, and technological innovation. Kaohsiung Mayor

Chen Chi-mai further promoted the slogan “See a Different Kaohsiung from a Different Perspective,” encouraging citizens and tourists to experience the new city image formed by the fusion of technology and culture.

HTC also participated in the 2024 Taipei and Kaohsiung Smart City Expo. The Taoyuan City Government’s Urban Development Bureau collaborated with HTC to showcase the future look of Taoyuan’s old city district through advanced VIVERSE 3D Internet technology, committed to realizing a smart lifestyle that resonates with citizens. To achieve this, the Taoyuan City Government’s Urban Development Bureau partnered with HTC to create the “Taoyuan Old City Digital City Map,” presenting Taoyuan’s cityscape in the VIVERSE 3D virtual world through past and future perspectives. By using XR tours, digital interaction, and old district restoration, this initiative reshapes local cultural memories and promotes the digital transformation of the city, showcasing XR’s potential for cross-disciplinary applications in urban governance, tourism development, and cultural preservation.

In the healthcare sector, hospitals worldwide are using VIVE headsets and technologies to train and educate staff to become more proficient in operating in surgical rooms. University College London has doubled the number of students able to observe surgeries via VR, significantly increasing learning rates and engagement. At the same time, HTC, in collaboration with AT&T, Mynd Immersive, and the Consumer Technology Association Foundation (CTAF), launched the “Great American Elderverse” immersive VR therapy program. This initiative introduces immersive VR therapy to more than 500 senior care communities across the U.S., using VR to enhance the elderly’s psychological, physical, emotional, and cognitive health. In the coming years, this program will transform the lives of millions of elderly people in the U.S. In health and education, HTC continues to integrate XR into healthcare and education ecosystems, bringing new possibilities for immersive learning, training, and therapeutic applications.

Regarding corporate sustainability, HTC released its “VIVE XR Elite Product Carbon Footprint Verification Report” on Earth Day, becoming one of the few companies committed to revealing the carbon footprint of its products. This move highlights HTC’s commitment to achieving net-zero emissions. Furthermore, HTC has made significant sustainable innovations in product design, manufacturing, transportation, usage, and recycling. These achievements are actively transforming the XR industry. HTC products feature modular designs, increased use of recycled materials with a reuse rate of up to 87.1%, and 100% recyclable packaging. The company also continuously improves energy efficiency, with its chargers consuming only 0.025 watts in standby mode — 75% lower than the U.S. Department of Energy’s standards. HTC is adopting low-carbon, energy-efficient logistics measures globally and strengthening its products’ carbon management and circular economy performance, positioning itself as a leader in the sustainable transformation of XR products. These efforts not only meet the global demand for sustainable supply chains but also demonstrate the company’s concrete actions in fulfilling long-term ESG commitments.

As the virtual reality ecosystem matures, technological education has become key to talent development in the new era. HTC is dedicated to building a comprehensive education ecosystem by deeply integrating VR technology with education. With full hardware and software support, HTC aims to make abstract

knowledge tangible, transforming future learning and teaching into more innovative and engaging experiences. In partnership with the Taipei Computer Association, HTC presented the integrated “VIVERSE Smart Education Metaverse” solution at the 2024 Taiwan EdTech Expo. This includes the flexible “VIVERSE for Business Education Metaverse” virtual learning spaces, the “VIVERSE Create” platform for virtual space and content creation, the 360-degree lesson creation platform “Virti,” the “XR Content Production Center,” and the “One-to-Many VR Multi-Connection Management Platform – VIVE Host,” allowing teachers to flexibly apply suitable teaching tools based on their needs.

With the support of HTC’s 5G O-RAN technology, the “XR Content Production Center” becomes a base for rural teachers to create high-quality digital educational materials. It provides XR studio post-production services, including virtual scenes, 360-degree object creation, and more, with the ability to stream content in real-time via 5G O-RAN to the VIVERSE education platform, enabling remote teaching. This solution not only overcomes the challenge of rural teachers lacking equipment and experience in recording diverse digital materials but also enables students in both urban and rural areas to participate in metaverse courses without spatial or distance limitations, promoting educational resource sharing.

#### **National Teacher Training Camps - Implementing Innovative Teaching**

This year, HTC successfully held over 20 teacher training camps in Taiwan, attracting more than 300 teachers. The camps shared practical experiences on how to enhance student engagement through the educational metaverse. Teacher Wang Yu-run from Houlong Elementary School in Miaoli stated, “When VR enters the educational scene, it provides innovative value for learning, making the classroom more interesting through various immersive learning experiences and comprehensive learning support.”

Looking at 2024, HTC VIVE continues to expand XR applications and ecosystem development from the core of technological innovation, combining platform development, urban applications, cultural content promotion, and sustainable practices. From products to platforms, from creators to cities, and from education to enterprises, HTC is laying a solid foundation for the digital future, positioning VIVE as the leader in the next generation of immersive technology.

## **VIVE ORIGINALS**

HTC VIVE ORIGINALS has long been dedicated to establishing the XR ecosystem. In recent years, many VR original content it produced have received recognition with countless awards at different international film festivals.

In VR film production, VIVE ORIGINALS debut project *The Deserted*, directed by Tsai Ming-liang, was the world’s first Mandarin VR feature film, and was nominated for the Venice VR Expanded competition at the 74th Venice Film Festival in 2017, and consecutively was invited to be shown at Taipei Golden Horse Film Festival, Hong Kong International Film Festival, Melbourne International Film Festival, and International Immersive Works Competition at Geneva International Film Festival. Another original work by VIVE ORIGINALS, *5x1*, has emerged and was highly acclaimed at international film festivals since 2018.

In 2019, HTC VIVE ORIGINALS launched a cross-field project with the Japanese contemporary artist Miwa Komatsu and the senior music master Kay Huang who co-created the interactive VR artwork *INORI*. The work was nominated for VR Competition at the 76th Venice Film Festival and at Raindance Film Festival. Moreover, in 2020, it was selected into Beyond Reality of Bucheon International Fantastic Film Festival (BiFan), one of the three major fantastic film festivals in the world, along with a special physical screening at Incheon International Airport, South Korea. Besides, *Gloomy Eyes* in collaboration with a French animation studio was also selected into Beyond Reality of BiFan. In addition to being voted for Outstanding Original Interactive Program of the 72nd Emmy Awards in the U.S., it was screened at Beijing International Film Festival.

In 2021, HTC VIVE ORIGINALS collaborated with TurnRhino Original Design Studio to create the VR figurine stop-motion animation *The Sick Rose*. It's the first immersive animation that combines VR technology, stop-motion cinematography, and Taiwanese traditional dough figurine handicraft. Using high-end 8K S3D macro-photography, it has been consecutively selected for Venice Film Festival, UK's and other international film festivals, showing Taiwanese culture and traditional dough figurine craftsmanship to the world.

Meanwhile, HTC VIVE ORIGINALS launched "BEATDAY", the first to present a metaverse entertainment experience music platform in the dawn of the metaverse era, combing new technologies including volumetric capture, blockchain. In 2022, BEATDAY and *The Sick Rose* were both selected into the XR Experience Spotlight program of SXSW Film Festival, received positive reviews, and Variety's comment "The global leader in virtual reality presenting two of its original creations that will lay the groundwork for the future gameplay of VR products in the highly anticipated Web 3.0 era," showing the world Taiwanese creative power in XR content.

In 2022, BEATDAY collaborated with GQ and Shawn Yue on the NFT ZombieClub to hold the first BEATDAY metaverse "NFT Zombie Party" in history. Furthermore, BEATDAY launched the world's first login method to link ZombieClub NFT with a virtual wallet and Discord, which immediately set a record with thousands of people simultaneously partying in the Metaverse.

Lala Hsu's first metaverse concert after the Golden Melody Awards broke through the framework of traditional online concerts and realized the ultimate imagination of fans about the metaverse. It has been highly praised by the entertainment industry and holds a record for ticket sales at a debut concert. BEATDAY also launched the world's first immersive drama *Light the Night 2700: Little Red Riding Hood Killing Song*. The story unfolds in the virtual Linsen North Block in six hundred years after. It is the first immersive experience combining drama, game and music in the metaverse. We invited the new generation singer-songwriter Julia Wu to sing three original songs, giving the audience a concert that combines plot and puzzle game elements, which greatly upgraded the sensory enjoyment of the metaverse.

In 2023, BEATDAY invited popular Taiwanese hip-hop artists, Green Father BJ, Suhf, and Aquaman, to hold Taiwan's first 6Dof virtual concert that combined cloud rendering technology. This concert had the

advantages of "instant login on mobile phones, no download required on PCs, and one-click viewing." Users could easily enjoy the free 6Dof viewing angle across platforms through a browser, providing an unprecedented entertainment experience.

In addition to real-life idols, BEATDAY also made its debut collaboration with virtual idols this year, partnering with Taiwan's leading VTuber studio Springfish to co-present Taiwan's first online full-perspective VTuber concert *Illusionary*. Using a brand-new 6DoF performance format, fans can interact with VTubers in all angles through avatars in a game-like manner during the concert. Due to the enthusiastic market response, VIVE ORIGINALS has launched a full VTuber industry plan, covering VTuber IP cultivation, operation, 3D online performances, and LBE performances.

In 2024, BEATDAY used VR technology to break through the dimensional wall at the Taipei Comic Expo and innovatively created a VTuber concert and fan meeting, successfully providing fans and VTubers with a more diverse somatosensory interactive experience, allowing fans to enjoy close 1-on-1 intimate interactions.

In addition, BEATDAY continues to promote diverse and innovative experiences in the 6Dof space, and joins hands with international VTuber Annin Miru to create Taiwan's first 6dof new-style LIVE SHOW. This performance not only breaks through the traditional concert model, the entire program consists of 5 episodes with more than 450 minutes, and invites more than 20 well-known online VTubers and KOLs to perform together, demonstrating a cross-border influential cooperation model.

BEATDAY will continue to invest in innovative VTuber content management, including the new project *VR Music Interactive Film* to be exhibited this year and the upcoming *V-POP ASIA VTuber Talent Show*, and continue to deploy Vtuber IP development, operation, 3D online performances, LBE performances and other fields.

## VIVE Arts

VIVE Arts harnesses cutting-edge technology to transform the way culture is experienced, delivering one-of-a-kind projects that can be accessed anywhere in the world. It fosters digital innovation, and works with leading artists, museums and cultural organizations. Since its launch in 2017, VIVE Arts has established over 50 partnerships with leading cultural institutions, providing them with key resources in various areas, transforming the way they present artistic creation, exhibitions, and public and educational programs. In doing so, VIVE Arts' mission addresses a diverse, global audience and contributes to the knowledge and enjoyment of our cultural heritage.

For instance, in 2019 VIVE Art formed a groundbreaking partnership with Musée du Louvre in Paris; the most visited museum in the world with 10.2 million visitors per year to present the Museum's first VR experience, *Mona Lisa: Beyond the Glass*. An extended home version is available on VIVEPORT and all other major VR and mobile VR platforms, making the content accessible to the maximum number of

audience possible. Reigniting the Renaissance spirit of innovation across art and technology in today’s context, this extraordinary partnership and exhibition generated enthusiastic responses across global media, including *The New York Times*, BBC, *Wall Street Journal*, *Financial Times*, *Guardian*, *The Times*, and *Art Newspaper*, and further established VIVE Arts’ position as the most visible industry leader in art and technology.

In 2020, VIVE Arts continued to foster the acceleration of cultural sector’s adoption of digital technology by offering museums and cultural institutions the tools to engage with their audiences even when their physical locations were forced to close for months during the COVID-19 pandemic. One example is our partnership with the renowned Victoria & Albert Museum in London. When the exhibition’s opening date was postponed, VIVE Arts worked with the museum to launch the VR experience online in advance, as well as to create an innovative exhibition preview event held in social VR; the first VR event hosted by a major museum in the world. The event allowed journalists and global audiences to enjoy a first look of the exhibition in an immersive and animated environment while interacting with each other. *The Financial Times*’ subsequent review expressed highly favorable opinion on VR technology’s potential for the cultural sector.

In 2022, VIVE Arts explored iterative ways of working, supporting Wu Tsang’s work at La Biennale di Venezia’s 59th International Art Exhibition *Of Whales* which received the highest number of visitors in its 127 year history and then reimagining the digital installation as a VR work presented in the VIVE Flow at Art Basel in Basel. VIVE Arts continues to serve as a pioneer and thought leader in the digital art space, engaging new audiences by commissioning leading contemporary artists to create groundbreaking artworks using the latest technologies. In 2021, VIVE Arts launched a new NFT art trading platform as part of the VIVERSE ecosystem. The platform is designed to bridge the art world and crypto space; supporting artists to integrate XR and blockchain technology in their practice and to build a strong and loyal community of artists and collectors. The inaugural NFT collection, *Timeless Mucha*, was a limited edition NFT collection of iconic artworks by Alphonse Mucha (1860 - 1939) developed in partnership with the Mucha Foundation. Through the launch of NFT collection *Head in the Clouds* by Kristjana S. Williams in 2022, VIVE Arts is making its mark in the Web3 space, quickly expanding its communities on Discord and Twitter.

In 2023 and 2024, VIVE Arts launched several ‘location-based experience’ exhibitions across Asia, such as *Horizons of Khufu*, *Eternal Notre-Dame*, *Gaudi: the Atelier of the Divine* in addition to *Le Bal de Paris de Blanca Li*. Subsequently, the production launched an upgraded version of the long-running VR immersive narrative drama *Le Bal* and adopted HTC technology to show the piece on the world’s only device that supports 5G + VR multi-person real-time interactive experiences. G REIGNS 5G private network solutions solved the problem of wireless transmission interference that can be encountered when multiple VR users use it at the same time, bringing users a wireless, easy and smooth experience.

VIVE Arts continues to preserve and reinterpret world cultural heritage through innovative technologies to create unprecedented experiences. VIVE Arts supported the Musée d’Orsay blockbuster exhibition

*Van Gogh in Auvers-sur-Oise: The Last Months* and, together with the Paris-based content production company Lucid Realities, VIVE Arts jointly launched the Musée d’Orsay’s first ever virtual reality work *La Palette de Van Gogh*. Upon closing in February 2024, nearly 800,000 people had visited the exhibition, and 40,000 people had purchased tickets to experience the VR. Expanding the afterlife of this incredible story, the extended version of the VR, titled *Monsieur Vincent* has already been seen by audiences in Kaohsiung, Seoul, Shanghai and Paris. VIVE Arts continues to be a pioneer and opinion leader in the field of digital art, using the latest technology to create groundbreaking art works to attract new audiences by collaborating with contemporary artists and international arts and cultural institutions.

Over the past seven years, VIVE Arts has pioneered the use of immersive technologies in the art and culture sector, inspiring boundary-pushing artists, creators and leading international institutions to use digital technologies for the first time, creating ground-breaking digital artworks and experiences. Building on HTC’s long-standing commitment to arts and culture, VIVE Arts develops digital innovation projects which bring new dimensions to artistic practice and preserve the world’s heritage and culture, offering new ways to engage and extend access to wider audiences.

VIVE Arts is building a rich ecosystem that supports its community and amplifies creativity and experimentation, bringing all forms of digital art to audiences through international exhibitions, art world events and digital first approaches.

## 5G and Smart Devices

HTC continues to deepen its 5G technology and smart device strategy. In 2024, HTC launched the new mid-to-high-end 5G smartphone, HTC U24 pro, continuing the excellent performance of the Brilliant U series while evolving from the widely praised HTC U23 pro. The U24 pro features a lightweight integrated design, a first-ever 3D curved display, offering an immersive 6.8-inch screen and comfortable handling. Equipped with AI-optimized photography, dual-stereo speakers, and large storage capacity, it significantly upgrades both performance and entertainment experience. Moreover, it expands future XR interactive scenarios through the VIVERSE application, making the smartphone not just a daily tool but a gateway to a merged virtual and physical world.

In an era where information constantly flows and the boundaries between reality and fantasy blur, the HTC U24 pro creates an immersive, secure, and transformative color experience. The U24 pro introduces two future-themed colors: “Space Blue” and “Twilight White.” Using a combination of grating heat-press design and micro-nano photolithography technology, these colors blend modern technological aesthetics with a subdued and refined fashion body. “Space Blue” embodies calm and reserved strength, with the body reflecting captivating light and shadow changes from different angles, akin to the movement of stars, showcasing dynamic energy and futuristic tech appeal. “Twilight White” offers a soft cream-white hue reminiscent of wheat fields in spring, warm yet profound, evoking a calm, light, and natural feeling, perfectly balancing modern minimalist design with the beauty of nature.

Regarding performance, the U24 pro is equipped with the next-generation Snapdragon® 7 Gen 3 processor, supporting 60W fast charging, wireless, and reverse charging functions, as well as IP67 water and dust resistance, a 3.5mm headphone jack, and high-strength Gorilla® Glass. It also integrates seamlessly with VIVE XR Elite, enabling users to mirror the mobile screen onto a VR headset, thus facilitating seamless interaction between mobile devices and the XR ecosystem. HTC has also introduced AI motion capture for the first time on a smartphone, converting user movements into virtual avatar actions via the VIVERSE app, providing creators and users with unprecedented XR social and entertainment experiences.

In the 5G infrastructure field, HTC's G REIGNS continues to expand its global deployment of 5G private networks and domestic O-RAN base stations. In 2024, G REIGNS showcased industry application examples of HTC's 5G private networks integrated with XR devices, alongside global technology leaders Intel and Capgemini at MWC 2024. These solutions cover various industries such as manufacturing, healthcare, and logistics, demonstrating low-latency, high-reliability connectivity through modular deployment, which not only showcases Taiwan's 5G technology prowess but also helps global businesses embark on their smart transformation journeys.

In November 2024, HTC G REIGNS, in collaboration with Chunghwa Telecom and several Taiwan manufacturers, launched the "Asia Silicon Valley 5G Innovation Application Program," pushing domestic O-RAN base stations into international markets. At the U.S. Dish Network Innovation Development Center, they showcased CBRS (Citizens Broadband Radio Service) applications. Through the integration of vRAN, 5G core networks, and CBRS spectrum, they demonstrated real-world applications in scenarios such as autonomous vehicles in logistics, communications for medical facilities, and retail communication diversion, further enhancing Taiwan's 5G ecosystem's international visibility and commercial potential.

In December 2024, HTC G REIGNS participated in the 5G XR Asia New Bay Area project, supported by Ministry of Economic Affairs, Industrial Development Agency and Kaohsiung City Government. The project aims to create "The One-Day New Life at the Asia New Bay Area" with over 53,000 square meters of outdoor 5G private network space, becoming the largest immersive experience base in Taiwan.

Looking towards 2025, HTC will continue expanding the global market for 5G smart devices and private network solutions, and advance the modular 5G technology and O-RAN architecture of HTC G REIGNS, aiming to set new standards for smart living and industrial applications that integrate both physical and virtual worlds.

## Healthcare

In 2024, DCB continued to strengthen health education on infectious disease prevention and control. In response to the peak period of infectious diseases, it will successively launch knowledge quizzes on enterovirus, dengue fever, influenza COVID-19, and new influenza A, in the hope of enhancing the public's awareness of epidemic prevention. In addition, the Disease Manager has launched a push notification service for epidemic risk information at health centers and medical institutions, and added a push

notification questionnaire for designated physicians to complete, so that the government can more quickly grasp the epidemic situation in various places and deploy prevention in advance.

The HTC Medical VR team is committed to the vertical application of virtual reality and generative AI to medical education and clinical applications. In addition to greatly improving the interest and effectiveness of medical learning, it can also improve the communication between doctors and patients and the quality of medical care, creating maximum social well-being. At the same time, the Medical VR team accelerates the development of the global medical VR ecosystem and cooperates with virtual reality developers to implement the virtual reality of medical innovation technology in the actual field and integrate it into practical applications. It has established partnerships with many hospitals and universities. Successfully become a world-class benchmark, and jointly build the world's top virtual reality medical teaching center, so that medical education and training can be upgraded to the next generation.

In addition to cooperating with global medical virtual reality developers, such as 3D Organon virtual reality anatomy teaching, Virti VR and generative AI virtual humans learning platform, Nanome VR computer-aided drug design system, etc., and developed a variety of objective structured clinical tests (Objective Structured Clinical Examination, OSCE) applications, such as foot therapy, P3 laboratory personal protective equipment training, pharmacist dispensing, hemodialysis accident simulation, basic life-saving training, traditional Chinese medicine acupuncture, and other VR simulation training, in addition to accelerating related vertical applications, it also cultivates the ability of schools and hospitals to create self-made VR teaching plans, and integrate VR teaching materials into training, , enhance students' interest and effectiveness in learning, and expand teachers' teaching energy. Through HTC Medical VR, hospitals and schools have held several lesson plan design and production workshops, leading students to familiarize themselves with VR technology, select themes, design lesson plans, shoot and produce, and publish the results. When the teaching unit can make its own VR lesson plans, VR technology is truly rooted in teaching training. At present, it has cooperated with many medical centers, teaching hospitals, and medical universities to develop a variety of VR teaching materials, which can improve the training effect and prolong memory time. Furthermore, in partnership with Virti, the successful model of HTC VR workshops has been expanded to the global market and applied to other vertical domains, receiving a wide response from the market.

## Competitive Advantages, Business Growth and Assessment of Risks Potential Factors That May Influence HTC's Competitiveness/Business Growth and Related Countermeasures

The main factors of competition in the industry and products of the company are summarized as the capabilities of R&D innovation and integration, the Open Architecture Expands Partners and the rich and diverse application platforms. The following is an analysis of the industry competitiveness based on the perspective of the advantages and disadvantages of the development.

### Favorable factors for the Company’s development prospects

#### 1. The capabilities of R&D innovation and integration

The company’s R&D team has accumulated more than hundreds of patents and inventions related to virtual reality and augmented reality, and HTC integrates these cutting-edge technology applications such as VR, AR, AI, Blockchain, and 5G, and combines hardware, software, and content to create a more open and universal VIVERSE, as well as a number of innovative applications including 5G edge cloud technology, in-vehicle VR entertainment, etc. People can easily enter new worlds, enjoy different cross-platform services, and interact with people all over the world without time and space constraints.

#### 2. The Open Architecture Expands Partners

VIVERSE combine technologies such as VR, AR, 5G, AI, and Blockchain, provide a number of built-in suite development software services to assist developers in building VIVERSE’s open ecosystem, which will support various way to enter the world of VIVERSE, shuttle between different VR platforms, so that all platforms and services can be interoperable in the future, adopt “Open Architecture” to expand the cooperation lineup, and successfully build an open metaverse ecosystem.

#### 3. The rich and diverse application platforms

VIVERSE integrates application platforms developed by itself and with partners. In addition to VIVEPORT providing users to experience more than a thousand items of content and games, VR music platform Beatday, provides live virtual concerts and VIVE Arts aims at enhancing artistic creation and understanding through the latest technologies. VIVERSE for Business provides new experiences for remote collaboration, learning, and sales, and effectively enhance productivity, connectivity, and engagement. VIVERSE also launched its exclusive 3D streaming technology “Polygon Streaming,” which brings revolutionary progress to the seamless integration of the real and virtual worlds, empowering various industries to meet their business needs. Partners such as VR Chat allows visitors to interact with friends in the virtual world, Engage supports large-scale business virtual exhibitions, and etc.

### The unfavorable factors of the Company’s development prospects and countermeasures

When the 5G mobile communication network is about to take off, and the related applications of VR and AR are not yet popularized, facing the existing and potential competitors in the world, the company’s countermeasures are as follows:

1. More active cooperation with various industries. Promote various 5G and VR/AR - related commercial applications in the enterprise application field, and provide valuable feedback through service and content, so as to accelerate the popularization of 5G networks and drive the development of the overall 5G and virtual reality industry.
2. Continue to invest in the research and development of related technologies and the development of various software and hardware applications. Through the research and development of technologies related to virtual reality and augmented reality, we work with experts from various industries to develop

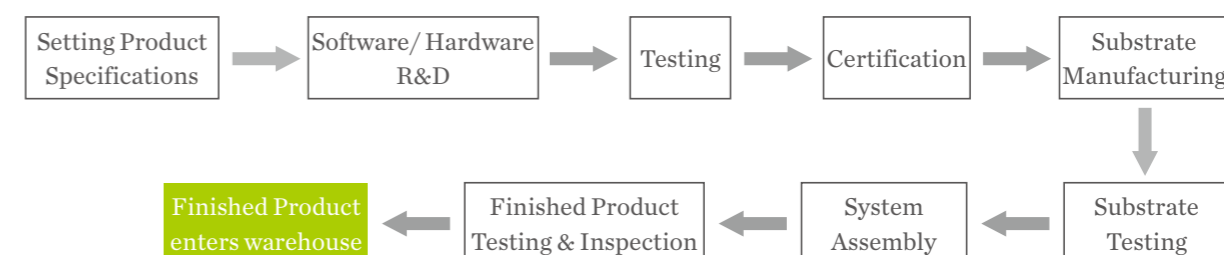
application tools and solutions suitable for various industries, implement virtual reality applications, and bring humanities and art into life.

### 4.6.3 Key Functionalities and Manufacturing Processes for Primary Product Lines

HTC’s primary products are converged devices designed on Android Phone operating systems (OS), smartphones and connected devices and virtual reality systems. HTC products support voice communication, mobile Internet, multimedia, global positioning service (GPS), personal data assistant (PDA), e-mail, instant data search, financial transaction services and other mobile digital services. Virtual Reality Headset are instrumental in the creation of HTC’s content ecosystem in the metaverse era, and combined with AI technology application

Communication speed has evolved to 5G and the evolution toward wireless broadband and the increase of wireless bandwidth. Going forward the VR system devices will adopt the application of wireless technology in order to satisfy customers’ various needs through faster speed.

The workflow for handheld devices, connected devices, and virtual reality system, from R&D through production, (applying AI technology to manufacturing processes) is as follows:



### 4.6.4 The supply of major materials

Major Material	Supplier
CPU Chips	Qualcomm
Logic IC	TI, TDK-Invensense, Lattice
PCB	Unitech, TPT, Career, Unimicron-FPC
Connector	Molex, I-PEX, Panasonic, Hirose
Memory	Hynix, Samsung
LCD	Sharp, Tianma, JDI

#### 4.6.5 Major Suppliers / Customers Representing at Least 10% of Gross Purchase / Revenue for the Most Recent Two-Year Period

##### Major suppliers representing at least 10% of gross purchase

Unit: NT\$ millions

2023			
Supplier Code	Amount	%	Relation to HTC
A	454	21	None
B	269	13	None
Others	1,416	66	None
Total	2,139	100	

Unit: NT\$ millions

2024			
Supplier Code	Amount	%	Relation to HTC
A	451	30	None
Others	1,040	70	None
Total	1,491	100	

Unit: NT\$ millions

2025 Q1			
Supplier Code	Amount	%	Relation to HTC
A	103	24	None
Others	331	76	None
Total	434	100	

Reason for Increase or Decrease: The changes of procurement amount and percentage were mainly due to product demand change.

##### Major customers representing at least 10% of gross revenue

Unit: NT\$ millions

2023			
Customer Code	Amount	%	Relation to HTC
A	477	11	None
B	462	10	None
Others	3,479	79	None
Total	4,418	100	

Unit: NT\$ millions

2024			
Customer Code	Amount	%	Relation to HTC
B	407	13	None
C	324	11	None
Others	2,350	76	None
Total	3,081	100	

Unit: NT\$ millions

2025 Q1			
Customer Code	Amount	%	Relation to HTC
B	84	12	None
C	104	15	None
D	68	10	None
Others	452	63	None
Total	708	100	

Reason for Increase or Decrease: The changes in sales amount and percentage for major customers were mainly due to product demand change.

## 4.7 Statistics Related to the Structure of Human Resources at HTC

		Dec. 31, 2023	Dec. 31, 2024	Mar. 31, 2025
Employee	Direct Labor	366	288	285
	Indirect Labor	1,713	1,658	1,271
	Total	2,079	1,946	1,556
Average Age		39.65	40.1	41.23
Average Year of Service		8.5	8.87	9.51
Education	Ph.D.	1.83%	1.93%	1.41%
	Master's	39.34%	41.42%	33.29%
	Bachelor's/Associate	45.46%	45.28%	51.68%
	Senior High School and Below	13.37%	11.37%	13.62%

## 4.8 Environmental Protection Expenditures

Smart phones and VR devices are the two major products of HTC. Among our manufacturing process, soldering fumes are our only source of air pollution. There is no wastewater being produced in our process, and only some wastes are produced by certain operations. In order to reduce environmental impact and promote energy efficiency and carbon reduction, the company has upgraded its internal wastewater treatment system to ensure compliance with discharge standards before releasing it. The wastewater is now connected to the industrial park's sewer system. In addition to that, we engage the service of a professional technician to do Exposure Risk Assessments and that of a qualified inspection company to do Workplace Inspections for us on a regular basis. We have managed to comply with every regulation in every test half year. Other than being certified by the Occupational Safety and Health Management System ISO 45001: 2018 Edition and the Energy Management System ISO50001: 2018 Edition in 2020, we have also been certified by the Environmental Management System ISO 14001: 2015 Edition and have received a Greenhouse Gas Emissions Verification Announcement of the ISO 14064-1: 2018 Edition. We aim to achieve the purpose of safe work, effective pollution prevention, effective energy management, energy saving and carbon reduction, and achieve the environmental protection purpose of "Cleaner Production".

### Losses (including financial compensation) and fines due to pollution incidents from the start of the most recent fiscal year and as of the date of this annual report:

HTC has not been fined or penalized for pollution by environmental authorities.

### Future strategies (inclusive of environmental protection facility improvements) and possible expenditures:

- Continue to strengthen the operations management on environmental protection equipment in order to comply with government regulations and reduce non-compliant incidents;
- In addition to regular management of disposables, our policy for reduction of these disposables is carried out through categorization and education in order to reduce production of the disposables from their source. Meanwhile, reusability received priority in consideration and further categorization on the rear end is added to increase the reusability of recycled resources.
- Continue promoting ISO 14001 environmental management, ISO 14064-1 GHG emission inventory and ISO50001 energy management system to maximize clean production benefits through technical and administrative measures.
- Major planned environmental expenditures over the next 2 years include:

Fiscal Year	Anticipated Equipment Purchases / Expenditures		Anticipated Benefits	Expenditures (estimated) Unit: NT\$ thousand
	Item			
2023	1. Implementation of energy-saving light fixtures, 2-way time-controlled light fixtures		1. Use of energy-saving induction light fixtures like LEDs to achieve reduction of energy waste and effective saving of power through 2-way time controlled	1,633
	2. Introduction of energy-saving air conditioning facilities		2. Air conditioning systems fitted with inverters to save energy. Replacing old refrigerant-based air conditioning units with chilled water units	
	3. Advocating and promotion of water-saving and energy-saving activities		3. Use cooling water tower conductivity water-saving management measures to achieve water-saving goals	
	4. Advocating of garbage classification and resource reuse activities		4. Advocating and strengthening resource recycling and reuse to reduce environmental pollution from garbage	
	5. Greening of campus landscape		5. Campus landscape greening to fight warming and achieve the effect of energy saving	
2024	1. Implementation of energy-saving light fixtures, 2-way time-controlled light fixtures		1. Use of energy-saving induction light fixtures like LEDs to achieve reduction of energy waste and effective saving of power through 2-way time controlled	25,725
	2. Introduction of energy-saving air conditioning facilities		2. Control the temperature of the air conditioning system, install a timer and frequency converter to save energy, and replace old refrigerant-based air conditioning units with chilled water units	
	3. Rainwater retreatment for landscape irrigation within the building		3. Rainwater treatment and then used for landscape irrigation to reduce use of tap water	
	4. Advocating and promotion of water-saving and energy-saving activities		4. Use cooling water tower conductivity water-saving management measures to achieve water-saving goals	
	5. Sensor type faucet construction			

(Continued)

Fiscal Year	Anticipated Equipment Purchases / Expenditures	Anticipated Benefits	Expenditures (estimated) Unit: NT\$ thousand
2024	<ol style="list-style-type: none"> <li>1. Implementation of energy-saving light fixtures, 2-way time-controlled light fixtures</li> <li>2. Introduction of energy-saving air conditioning facilities</li> <li>3. Rainwater retreatment for landscape irrigation within the building</li> <li>4. Advocating and promotion of water-saving and energy-saving activities</li> <li>5. Sensor type faucet construction</li> <li>6. Advocating of garbage classification and resource reuse activities</li> <li>7. Greening of campus landscape</li> <li>8. Adding on solar panels</li> </ol>	<ol style="list-style-type: none"> <li>1. Use of energy-saving induction light fixtures like LEDs to achieve reduction of energy waste and effective saving of power through 2-way time controlled</li> <li>2. Control the temperature of the air conditioning system, install a timer and frequency converter to save energy, and replace old refrigerant-based air conditioning units with chilled water units</li> <li>3. Rainwater treatment and then used for landscape irrigation to reduce use of tap water</li> <li>4. Use cooling water tower conductivity water-saving management measures to achieve water-saving goals</li> <li>5. Install sensor faucets in public areas such as toilets and restaurants to reduce water waste</li> <li>6. Advocating and strengthening resource recycling and reuse to reduce environmental pollution from garbage</li> <li>7. Campus landscape greening to fight warming and achieve the effect of energy saving</li> <li>8. 200kW solar power module expansion project in TPE1</li> <li>9. 200kW solar power module expansion project in TAO</li> </ol>	25,725
2025	<ol style="list-style-type: none"> <li>1. Implementation of energy-saving light fixtures, 2-way time-controlled light fixtures</li> <li>2. Introduction of energy-saving air conditioning facilities</li> <li>3. Cooling tower conductivity water saving solution in Taoyuan plant</li> <li>4. Advocating and promotion of water-saving and energy-saving activities</li> <li>5. Advocating of garbage classification and resource reuse activities</li> <li>6. Greening of campus landscape</li> </ol>	<ol style="list-style-type: none"> <li>1. Use of energy-saving induction light fixtures like LEDs to achieve reduction of energy waste and effective saving of power through 2-way time controlled</li> <li>2. Enhance the efficiency of the air conditioning system by replacing low-efficiency pumps with high-efficiency pumps to reduce electricity consumption</li> <li>3. Improve the conductivity of circulating water discharged from cooling towers, increase the use time of cooling water, and thus reduce the amount of water discharged</li> <li>4. Monitor and record water usage across various categories, while informing the relevant departments about consumption levels and the company's energy-saving and carbon-reduction policies, encouraging conservation efforts</li> <li>5. Promote and reinforce the proper segregation and reutilization of recyclable materials to reduce waste and minimize environmental pollution</li> <li>6. Campus landscape greening to fight warming and achieve the effect of energy saving</li> </ol>	7,205

(Concluded)

**Environmental protection and employee health & occupational safety measures**

**Environmental protection:**

HTC is committed to operating healthy and safe work environments. HTC adheres to all local environmental protection regulations. Cardboard boxes, containers and plastic packaging material are collected and separated for recycling. HTC requires suppliers to comply with EU WEEE and RoHS environmental requirements in order to reduce industrial waste, prevent pollution, and offer consumers products that reflect HTC's low environmental impact commitment.

Through green purchases followed by acquisition of raw materials or energy-efficient equipment, savings on use of energy and resources, as well as decrease in pollution on the environment, are made possible for

fulfilling duties, such as reducing volume of the disposables, reusing recycled materials, and reducing the volume of carbon, for sustainable protection of the environment.

HTC is committed to environmental responsibility and monitors its greenhouse gas sources and emissions in compliance with ISO 14064-1 standards. HTC also follows ISO 50001 energy management standards to promote effective energy management, and to achieve long-run sustainability and competitiveness.

Associated procedures include:

- a. Set up energy conservation strategy through monitoring the energy usage and GHG emission;
- b. Recertification of greenhouse gas records conducted by licensed, independent certification agency annually (certificate issued);
- c. Voluntarily release annual greenhouse gas emissions data to the public through international non-profit organizations, CDP.

**Employee occupational safety and health:**

In accordance with contents of the plan for management of occupational safety and health, the company will abide by occupational safety and health regulations, implement hazard identification and risk assessment to reduce risks, standardize the labeling and communication rules of hazardous chemicals, implement contractor management, and list hazardous operations (elevated, moving fire and confined space management, etc.) and publicizing safety and health information, etc., so as to implement "Occupational Safety and Health Management," "Occupational Safety and Health Education and Training," "Standard Operating Procedures and Work Safety Analysis," "Occupational Safety and Health Automation Inspection", "Emergency Response," "Health Management and Promotion" and "Occupational Safety and Health Activities" to achieve full participation in reducing safety and health risks and comprehensively preventing occupational disasters.. HTC is certified under ISO45001. New employees receive safety and health education training related to HTC's working environment and production processes. HTC also holds regular fire drills to ensure all employees are familiar with fire prevention facilities, equipment and evacuation route, hope to minimize the impact on the health and safety of relevant personnel and company property.

HTC regard the health of our employees as the key factor for the success and sustainable development of the enterprise. So, HTC focuses on "Health management," "Health promotion," "Occupational health" and "Healthcare," and promotes various health programs to help employees achieve work-life balance, maintain physical and mental health, and check the health of each employee strictly.

**Green product research and development:**

Complying with each region's related regulation and client's request, HTC prepares budgets for our products to go through green production certification, such as toxic-free substances testing and energy efficiency certification.

During the stage of product design and development, materials with lower environmental risk were carefully selected based on the precautionary principle to make sure it met worldwide regulations for forbidden materials. We are also taking the initiatives in finding ways to reduce use of materials that are harmful to the environment. Through a concept of design based on increase of recycling rate, reusability of resources would be enhanced for a reduced impact on the working environment.

## 4.9 Labor Relations Management

HTC offers employees opportunities to develop professional skills and knowledge; sharpen proactive and positive attitudes toward professional responsibilities; internalize serious and responsible work values; adopt honest and forthright work habits and pursue excellence in all tasks and responsibilities in order to create an exceptional work environment. We provide our employees with engaging challenges as well as skills / knowledge of value to their career growth. We firmly believe that a positive, energetic work environment boost morale and innovation.

### Employee recruitment

With regards to HTC's global allocation, hiring and retaining motivated and exceptional employees is a key objective of HTC's human resources strategy. HTC hires new employees through open selection procedures, with candidates offered positions based on merit. We permit no discrimination based on ethnicity, skin color, social status, language, religion, political affiliation, country / region of origin, gender, sexual orientation, marital status, appearance, disability, professional association membership or other similar considerations not relevant to job performance. According to HTC global expansion requirement, we recruit elites with diversity around the world via various channels to spread the HTC innovation spirit.

### Employee development

Employees are HTC's most precious assets. It is also a key advantage in the pursuit of excellence, innovation and sustainable management. In accordance with the needs of business strategy development, HTC plans the talent development system as a whole, and gives corresponding customized training to employees of different levels to enhance the company's overall human capital and create competitive advantages.

To provide employees with a more convenient and enriching learning experience, HTC launched a new learning platform in 2024. This platform offers both self-developed and externally procured online courses, allowing managers and employees to learn anytime, anywhere through computers or mobile apps, free from time or location constraints. Since its launch in mid-April, the platform has introduced 160 diverse courses, surpassing 300 total classes.

In 2024, HTC continues to promote five core competency training programs — Communication & Influencing, Planning & Organizing, Customer Focus, Driving for Results, and Teamwork — across nine sessions delivered in various formats, including in-person classes, Teams live broadcasts, and online learning. By providing a range of learning options, HTC aims to help employees enhance their soft skills and adapt to a rapidly evolving market environment.

To foster employees' innovative thinking and professional skills, HTC continued to host the "Thinker Forum" last year, inviting Professor Chung-Chieh (Jay) Kuo — Fellow of AAAS, ACM, IEEE, and NAI, and an Academician of Academia Sinica in Taiwan — to deliver an online talk titled "Green AI & Machine Learning: Introduction, Technologies, and Outlook." Also in 2024, HTC revived the "Sense Academy," expanding its focus on AI applications and emerging trends through two online seminars featuring DIGITIMES Chairman Chyn-Yong Huang and Commissioner Shih-Lung Chao of the Taipei City Government's Department of Information Technology. By engaging with leading external scholars, experts, and internal practitioners, these sessions empower employees to confidently embrace future technological developments and challenges.

In response to rapid changes in the industry and the challenges of cross-generational leadership, HTC actively develops managers who can adapt to highly volatile environments and demonstrate next-generation leadership skills. To accommodate supervisors at various levels, HTC offers tailored leadership and management programs. In 2024, HTC conducted one in-person course, three online sessions, and two online learning programs, continually reinforcing the company's leadership and management competencies. The goal is for these leaders to guide HTC's operations and drive continued growth and development, even amid challenges and transitions.

To offer employees more flexible and diverse learning opportunities, HTC leverages external training mechanisms, internal courses, e-learning, and other varied learning resources to foster continuous growth. HTC has continued to cultivate talents through various methods such as online courses and on-the-job training, with a total of about NT\$3.98 million and a total of about 15,730 training hours in 2024.

### Employee benefits and employee satisfaction

**Comprehensive employee benefits:** HTC provides coverage of its employees under both the National Labor and National Health Insurance programs, and it provides employees with annual vacation, employees restaurant and meal support, travel allowance, regular physical examinations, regular departmental lunches, cash bonuses for three main annual festivals in Taiwan, cash for weddings / funerals, subsidies for club activities, access to employee exercise facilities and various exercise classes.

**Employee activities:** As the pandemic subsides, employee activities have resumed in person. We provide diverse interface for employees include arts and cultural activities, wellness seminars, and a grand sports season event. These initiatives not only encourage employees to develop personal interests in their free time but also aim to enrich their life experiences, enhance their physical and mental health, and foster team cohesion.

**Employee awards:** On the basis of motivation and talent retention concept, HTC implements motivation program by performance. HTC rewards individual employees who submit proposals for practical improvements or earn patent awards.

### Employee retention

**Specialist retention plan:** Incentives are offered to employees with special and critical skills to keep them with the company and ensure they benefit from the results of their efforts.

**Long service awards:** Awards are presented at a company-wide ceremony that recognizes employees who have provided with 5-year, 10-year, 15-year, 20-year, and 25-year of services.

**Internal transfer assistance:** In order to help enhance employees' professional experience and career planning, HTC provides assistance to facilitate employee transfers within the company.

### Compensation and retirement benefits

HTC employees earn market-competitive salaries that take into consideration academic background, work experience, seniority and current professional responsibilities / position level. Performance and earnings bonus are allocated based on work performance and relative level of contribution in order to motivate employees effectively.

HTC's retirement policy has been in place, as required by law, since the company was founded. Starting in November 1999, HTC began to contribute an amount equal to 2 percent of each employee's salary into the corporate retirement fund. This system was replaced in 2004 when HTC began contributing an amount equal to 8 percent of each employee's salary into a general labor retirement fund managed by a labor retirement fund supervisory board. With the enactment of the new retirement system on 1 July 2005, employees hired under the previous retirement scheme that opted not to switch to the new retirement system were permitted, with supervisory approval, to adjust the current 8 percent contribution downward to 2 percent. As of May 2024, since the amount of corporate retirement fund already met the minimum requirement, the Ministry of Labor had granted us approval to postpone funding for one year.

### Labor negotiations and measures to protect employee rights

HTC is committed to fostering an atmosphere of trust in its labor relations and places great importance on internal communications. Labor relations meetings are convened once every quarter (at least 4 regular meetings per year), with labor represented by 14 elected employee representatives. Meeting minutes are kept to ensure follow-on action and track results. HTC further offers employees various channels through which to submit opinions, suggestions and complaints, which may be delivered via a telephone hotline, e-mail address or physical mail as well as made known through HTC's regular employee opinion

surveys. During the most recent fiscal year and as of the printing date of this annual report, labor relations management have been harmonious with no losses resulting from labor-management conflicts; and no loss of this type is expected in the future.

## 4.10 Principal Contractual Agreements

The Company specializes in the research, design, manufacture and sale of smart mobile devices, AR/VR device and platform and other IOT devices. To enhance the quality of its products and manufacturing technologies, the Company has patent agreements, as follows:

Contract Type	Contractor	Contract Term	Description	Restrictive Covenants
Patent license	Qualcomm Incorporated.	December 20, 2000 to the following dates: a. If the Company materially breaches any agreement terms and fails to take remedial action within 30 days after Qualcomm's issuance of a written notice, the Company will be prohibited from using Qualcomm's property or patents. b. Any time when the Company is not using any of Qualcomm's intellectual property, the Company may terminate this agreement upon 60 days' prior written notice to Qualcomm	Authorization to use CDMA technology to manufacture and sell units, royalty payment based on agreement	No
Business Cooperation Agreement	Google LLC	Agreement went into effect on 2025.1.23 and closed on 2025.2.18	Google LLC retained certain employees of HTC Corporation's XR research and development team, and acquired a non-exclusive license to XR-related intellectual property rights. The transaction price is USD\$250 million	No

## 4.11 Management of Information Security

### 4.11.1 Information security management organization and policy

HTC strives to protect confidential information and personal information in HTC's possession, which brings benefit and trust to the relationship between HTC and partners, customers, and/or consumers. In order to effectively manage the potential risk of personal data protection and information security, HTC continuously optimizes the "Personal Information Management System" and "Information Security Management System", and keeps promoting personal data protection and information security by a privacy and security taskforce, which is comprised of Legal, Product Security, and Information Security departments.

### 4.11.2 Adoption and certification of international standards

HTC's "Personal Information Management System" is established in compliance with Taiwan Personal Data Protection Act and the applicable personal data protection regulations in other countries (such as EU General Data Protection Regulation, U.S. Children's Online Privacy Protection Rule, U.S. California Privacy Rights Act, Personal Information Protection Law of the People's Republic of China, UK Age-appropriate Design Code), and in line with the data protection requirements under ISO 27701 Privacy Information Management System. HTC Personal Information Management System is implemented across employee awareness training, product design and development, vendor management, and information security incident management. HTC obtained the BS 10012 certification in December 2018 and obtained the ISO 27001 and ISO 27701 certification in August 2021, August 2022 and November 2023.

HTC follows data privacy engineering requirements from the product design phase (including privacy by design and privacy by default) throughout the product development process and adopts BSIMM (Building Security In Maturity Model) and relevant security controls to enhance the security practices of software development, and implements the privacy and security review process to ensure the products and services are compliant with data protection and information security requirements. Also, HTC offers multiple channels for submitting data subject rights requests (depending on the regions where the user is located) to allow users to exercise their rights such as accessing, deleting or correcting the personal data in HTC's possession.

### 4.11.3 Information security architecture and mechanism

Furthermore, there have been endless cases of ransomware worldwide. In order to fight against ransomware to keep the company's competitiveness, in addition to complying with ISO 27001 information security management system, implementing daily operation management to ensure information confidentiality, availability, and integrity, HTC has also established security mechanisms such as firewalls, intrusion detection, and anti-virus systems. And all HTC employees must complete the HTC Privacy and Security Awareness Mandatory Training and pass the exam every year (training topic includes: the importance of data protection, important notice on processing of company information, key information security controls, important notice on processing of personal information, vendor assessment, reminders for social media, marketing campaign, information security and data protection, introduction to information security threats, and provision of company's resources related to data protection and information security). The employees involved in software product planning, development, testing, system administration, operation, and vendor management must also complete the "Product Software Security Process Keynote" and the "Information Protection Guideline" training and exams. As for software product developers and related employees must additionally complete training and exams of 'Security by Design', 'Threat Modeling' and secure programming guidelines for critical languages.

To further enhance employees' awareness of phishing email attacks, HTC regularly conducts social engineering drills aimed at improving employees' information security awareness and their ability to identify malicious social engineering emails. For endpoint security in defense-in-depth, HTC has gradually introduced a zero-trust architecture starting this year and plans to deploy it company-wide to achieve more secure and refined identity verification and access control, combined with real-time risk assessment, providing more flexible security protection.

Additionally, HTC sends out a monthly privacy and information security newsletter to all employees, providing awareness promotion, real-time news, or policy announcements related to privacy protection and information security. The themes for 2024 include: regulations on the protection of personal data of minors in Taiwan, newly added data protection impact assessment for minors based on age-appropriate regulations, office information security desktop clearing control, principles of account permissions and password management, the latest phishing email techniques, risks of pirated and non-enterprise licensed software, procedures for Verification and Disclosure of Material information security incidents of listed companies Companies with Listed Securities, and considerations for the collection and processing of personal data for marketing purposes, as well as the sending of marketing communication.

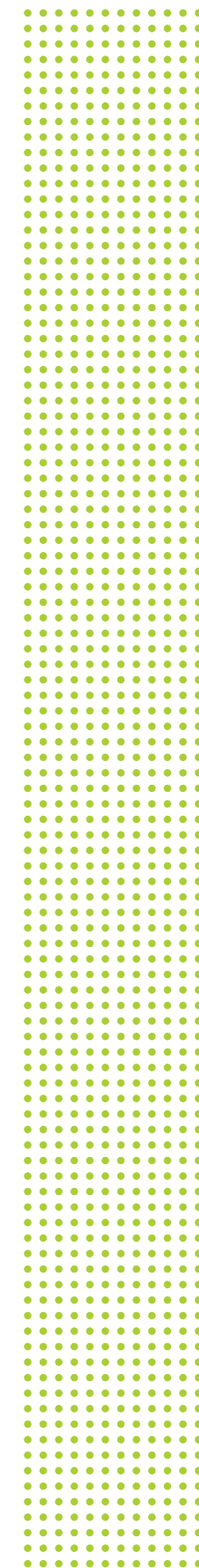
In response to potential cybersecurity threats that may arise from working from home, HTC continues to promote various information security measures and has established and implemented the "Work from Home (WFH) Information Security Process", including remote connection security, remote video conferencing security, remote collaboration tool security, system security, network security, physical security, data security, among others, to strengthen employees' information security awareness during WFH.

HTC conducts annual personal data protection, information security, and secure software development audit every year to ensure the effective implementation of management systems and reduce the risk. In addition, HTC requires vendors and partners to comply with applicable regulations related to personal data protection and HTC privacy and security requirements to mitigate information security and ransomware risk. The assessment on information security controls for vendors and partners is including but not limited to: their information security policy, information security organization, human resource management, communication and operational security, security incident management, business continuity management, physical security, access control, and vulnerability management.

During 2024, HTC has not discovered any significant cyberattack or incident, which had or was likely to have a significant negative impact on company business or operation, nor has it been involved in any legal procedure or investigation related to such cyberattack or incident.



**FINANCIAL STATUS,  
OPERATING  
RESULTS AND  
RISK MANAGEMENT**



# FINANCIAL STATUS, OPERATING RESULTS AND RISK MANAGEMENT

## 5.1 Financial Status

Item	Unit: NT\$ thousands			
	2024	2023	Difference	%
Current Assets	26,996,749	26,900,804	95,945	0
Properties, plant and equipment	6,609,865	6,717,362	( 107,497)	( 2)
Intangible Assets	326,394	183,123	143,271	78
Other Assets	12,298,462	11,782,019	516,443	4
<b>Total Assets</b>	<b>46,231,470</b>	<b>45,583,308</b>	<b>648,162</b>	<b>1</b>
Current Liabilities	12,739,356	13,501,340	( 761,984)	( 6)
Non-current Liabilities	12,063,845	9,276,840	2,787,005	30
<b>Total Liabilities</b>	<b>24,803,201</b>	<b>22,778,180</b>	<b>2,025,021</b>	<b>9</b>
Capital Stock	8,335,340	8,320,380	14,960	0
Capital Surplus	16,277,565	16,270,636	6,929	0
Retained Earnings	( 794,015)	1,571,162	( 2,365,177)	( 151)
Other Equity	( 2,390,621)	( 3,357,050)	966,429	29
<b>Total Stocks Equity</b>	<b>21,428,269</b>	<b>22,805,128</b>	<b>( 1,376,859)</b>	<b>( 6)</b>

Note: All numbers above are based on consolidated financial statements.

### Causes and implications of material change in HTC's assets, liabilities, and shareholders' equity in the last two fiscal years

The increase in intangible assets was attributable to an exchange of assets with commercial substance.

The increase in non-current liabilities was mainly due to the drawdown of bank loans.

The decrease in retained earnings was mainly due to losses in 2024.

The increase in other equity was mainly due to the exchange differences caused by exchange rate fluctuations.

### If the impact is significant, indicate future plan on financial position:

Not applicable.

## 5.2 Operating Results

Item	Unit: NT\$ thousands, except (Loss) Earnings Per Share			
	2024	2023	Difference	%
Revenues	3,080,984	4,417,932	( 1,336,948)	( 30)
Gross Profit	1,253,844	1,823,710	( 569,866)	( 31)
Operating Loss	( 4,639,337)	( 4,294,681)	( 344,656)	( 8)
Non-operating Income (Expenses)	1,222,552	896,003	326,549	36
Net (Loss) Income before Tax	( 3,416,785)	( 3,398,678)	( 18,107)	( 1)
Net (Loss) Income from Continuing Operations	( 3,418,288)	( 3,395,757)	( 22,531)	( 1)
Non-Continuing Operations Loss	-	-	-	-
Net (Loss) Income	( 3,418,288)	( 3,395,757)	( 22,531)	( 1)
Other Comprehensive Income and Loss for the Year, Net of Income Tax	2,019,540	506,133	1,513,407	299
Total Comprehensive Income for the Year	( 1,398,748)	( 2,889,624)	1,490,876	52
(Loss) Profit for the Year Attributable to Owners of the Parent	( 3,418,288)	( 3,395,757)	( 22,531)	( 1)
(Loss) Profit for the Year Attributable to Non-Controlling Interest	-	-	-	-
Total Comprehensive (Loss) Income Attributable to Owners of the Parent	( 1,398,748)	( 2,889,624)	1,490,876	52
Total Comprehensive Loss Attributable to Non-Controlling Interest	-	-	-	-
(Loss) Earnings Per Share- Basic	( 4.11)	( 4.09)	( 0.02)	0
(Loss) Earnings Per Share- Diluted	( 4.11)	( 4.09)	( 0.02)	0

Note: All numbers above are based on consolidated financial statements.

### Causes of material change in HTC's revenues, operating income (loss), and profit (loss) before income tax in the last two fiscal years

In 2024, the Company recorded a decline in revenue and gross profit, primarily due to a decrease in shipment volume. The increase in non-operating income was primarily due to an exchange of assets with commercial substance.

**If the impact is significant, indicate future plan on financial position:**

Not applicable.

**5.3 Cash Flows****5.3.1 Analysis of change in consolidated cash flow for the most recent fiscal year**

Item	Year		Difference
	2024	2023	
Cash Flow Ratio (%)	( 19.92)	( 29.99)	10.07
Cash Flow Adequacy Ratio (%)	( 3085.83)	( 2562.94)	( 522.89)
Cash Flow Reinvestment Ratio (%)	( 6.26)	( 10.41)	4.15

Less net cash outflow from capital expenditure in 5 years was primarily due to HTC's austerity policy, resulting in a decrease in cash flow adequacy ratio from the prior year.

**5.3.2 Analysis of cash liquidity in the coming year**

HTC expects that its cash on-hand at the end of 2024 is sufficient to cover its capital expenditures and cash needs in the coming year.

**5.4 The Effect on Financial Operations of Material Capital Expenditures During the Most Recent Fiscal Year****5.4.1 Review and analysis of material capital expenditures and funding sources**

**Material capital expenditure and funding sources:** None.

**Anticipated benefits:** None.

**5.5 Reinvestment Policy for the Most Recent Fiscal Year, the Main Reasons for the Profits/Losses Generated Thereby, the Plan for Improving Reinvestment Profitability, and Investment Plans for the Coming Year**

HTC continues to deepen the enhancement of virtual reality and augmented reality related new technology, application software, and content expansion through strategic investment, to deepen the enterprise market and mass consumer market.

**5.6 Competitive Advantages, Business Growth and Assessment of Risks****5.6.1 Interest, forex, and inflation rate risks and mitigating measures  
Impact on HTC profitability**

Item	Unit: NT\$ thousands or %	
	2024	
Net Interest Income	554,168	
Net Forex Income	-9,470	
Net Interest Income as percentage of Net Revenue	17.99%	
Net Interest Income as percentage of Earnings Before Tax	-16.22%	
Net Forex Income as percentage of Net Revenue	-0.31%	
Net Forex Income as percentage of Earnings Before Tax	0.28%	

Note: Calculated on HTC consolidated financial numbers

Working capital required to support HTC business operations over recent years has been supplied mainly from cash on hand and bank loan, thus fluctuations in interest rates have had no effect on the Company. HTC is prudent in its financial policies, our cash exceeds loans and our asset allocation decisions prioritize security and fluidity, with most funds kept in time deposit accounts. In 2024, HTC interest income totaled NT\$ 554 million.

HTC's revenues are denominated primarily in US dollars (USD) and New Taiwan dollars (NTD). Manufacturing costs are denominated primarily in US dollars. Forex fluctuations have the potential to

impact HTC revenues, operating costs and operating profits. Apart from efficient management of the quality and payment cycles of its foreign currency denominated accounts receivable, HTC uses forward exchange contracts to minimize its forex risk. At the end of 2024, financial derivatives held by HTC related to exchange risk were valued at USD 110 million, EUR 55 million, GBP 124.5 million, JPY 1,700 million, CAD 1 million, CNH 233 million, SGD 68.5 million, HKD 95 million and AUD 9.5 million. Fair value of the derivatives changes as a result of forex fluctuations. An increase of 1% in the quoted exchange rate of any one of the abovementioned currencies against the NT dollar would result in a derivative holding gain to HTC of approximately NT\$161.715 million.

During 2024, the US dollar against to the NT dollar fluctuated from 1:30.73 to 1:32.79. Net exchange loss during 2024 totaled NT\$ 9.470 million. Under effective management by the Company, negative effects of exchange rate fluctuations on profits in recent years have been minimal.

During 2024, the inflation in Taiwan was approximately 2.18%, 3.0% in North American and 2.4% in European markets. Although the global inflation rose, overall, it had no significant impact on HTC profits.

### 5.6.2 Risks associated with high-risk / high-leveraged investment; lending, endorsements, guarantees for other parties and financial derivative transactions

HTC does not engage in high-risk ventures or highly leveraged investments. HTC engages in derivative products trading only to mitigate forex risks arising from foreign currency assets and liabilities. All derivative trading is conducted according to stipulations written in the Procedures for Acquisition or Disposal of Assets.

### 5.6.3 Future R&D plans and anticipated R&D expenditures

In 2025, VIVERSE will continue to deepen its commitment to metaverse technology innovation and application. By integrating AI assistance and focusing on 3D Commerce and the Creator Economy, VIVERSE aims to build a smarter, more innovative virtual world ecosystem. At the same time, VIVERSE will actively promote the deep integration of education, entertainment, and commerce, offering efficient and diverse digital experiences.

#### 3D Commerce: Redefining the Shopping Experience

VIVERSE will revolutionize traditional e-commerce by providing immersive 3D shopping environments for users and brands. The goal is to collaborate with global retailers to establish a dynamic 3D commercial marketplace that offers new revenue models and strengthens interactions between brands and users.

- **Virtual Stores and Showrooms:** Brands can create highly customizable virtual spaces, enabling customers to interact with 3D products before purchasing.

- **Product Customization:** Consumers can instantly modify product designs (e.g., colors, styles, sizes) and preview the final result in a virtual environment.
- **AI-Powered Recommendations:** By analyzing user preferences and behavior, AI will provide personalized product recommendations to enhance the shopping experience.

#### Creator Economy: Empowering Global Creators

VIVERSE is dedicated to building an open and innovative creator ecosystem, providing powerful tools and platforms to inspire creativity and generate economic opportunities for creators. The goal is to become the global hub for the creator economy, encouraging user participation and driving continuous content innovation

- **No-Code Creation Tools:** Upgraded VIVERSE Create platform will allow creators to quickly build interactive virtual spaces, games, and experiences without requiring a technical background.
- **Creator Marketplace:** A dedicated marketplace will enable creators to sell virtual assets, environments, and 3D models to users or businesses.
- **Transparent Revenue Sharing:** Fair and transparent revenue-sharing models will incentivize creators to actively contribute and produce new content.
- **Education and Collaboration Opportunities:** VIVERSE will host regular virtual workshops, hackathons, and events to provide creators with learning and networking opportunities.
- **Cross-Platform Asset Integration:** By supporting open standards like VRM and gITF, creators' assets can be seamlessly used and monetized across multiple platforms.

In the field of 5G development, G REIGNS continues to refine its 5G technology and focus on telecom-grade research and development. Through the gradual implementation of 5G commercial-scale applications and 5G vertical industry applications, it will help drive the progress of 5G transmission network-related technologies, standards, and industrialization. The 5G network not only meet the requirements of the recent 5G front-haul and mid-haul for high speed, large bandwidth, flexible connection, low latency, low cost, and intelligence, but also meet the requirements of network construction with characteristics such as control and high-precision synchronization. In 2023, in addition to REIGN CORE, REIGN CORE S series has been launched. By integrating HUB and RHUB, the signal coverage in the area can be effectively improved, enabling large-scale sites to quickly deploy high-coverage network services to meet the extensive demands of 5G-related applications.

G REIGNS will also develop solutions that meet the needs of telecom operators, such as SMS, PWS, EPS Fallback, and more. Looking ahead to the mid to long-term development of 5G services, including key transmission requirements such as large-scale and flexible 5G networking, soft and hard network slicing

resource management, and dynamic interconnection of regional edge clouds, G REIGNS aims to position itself as a leader in the 5G industry.

In 2024, a total of 980 R&D workers joined HTC globally. In addition to those in Taiwan, we have many R&D employees coming from Europe, America, and Asia. We expect that the different cultural backgrounds of our diverse employees will fuse and fuel innovative thinking, so as to support HTC in the development and launch of products that meet consumer needs in different regions and with different cultural characteristics.

Since our establishment, HTC has invested heavily in cultivating R&D talent and developing technical innovation. Currently, the R&D investment is about 86% of total 2024 revenue. With this strength of innovation, HTC has special insight into industry trends and the outstanding capability for meeting consumer demand. This puts HTC always in the lead.

#### **5.6.4 Effects of domestic / foreign government policies and regulations on HTC finances and response measures**

The domestic / foreign government policies and regulations have not had a significant adverse impact on the company last year.

#### **5.6.5 Effects on HTC finances of changes in technology and industry trends and response measures**

2024 proved another commercially challenging year, with decelerating growth in the consumer goods market amid a subdued global economy and inflation remaining above pre-pandemic levels. Despite this, HTC manifested good performance over the year, with product launches from all of our business areas that raised the bar of innovation and garnered wide recognition. By embracing cutting-edge technologies such as artificial intelligence and the metaverse, HTC aims to pioneer innovations that adhere to strict ethical standards, ultimately enhancing human life. Our goal is to realize our vision of VIVE Reality through these open, connected, and intelligent companies.

Over our 28-year journey, HTC has continually reinvented itself — transitioning from smartphone pioneer to leading in virtual reality and now driving 3D virtual worlds and technologies. We have evolved from a hardware-centric company into a comprehensive metaverse ecosystem company, on the journey towards our vision of VIVE Reality. HTC is committed to our vision with unwavering dedication, and we look forward to setting new benchmarks for excellence in the digital age.

#### **5.6.6 Effect of changes in the Company's corporate image on the company's crisis management protocol and mitigating measures**

HTC manages corporate risk with a focus on sustaining value for the shareholders and stakeholders. We have established an appropriate control mechanism after careful consideration of all the various operational uncertainties that ensures a rapid response to uncertainty, as well as to any attendant risks and opportunities. Such careful risk management enhances our ability to create value. As of the publication of our 2024 Annual Report, there have been no incidents jeopardizing our corporate image change.

#### **5.6.7 Anticipated benefits / potential risks related to mergers and acquisitions and mitigating measures**

As of the printing of this annual report date, does not have any acquisition plans.

#### **5.6.8 Anticipated benefits / potential risks of HTC plant expansion plans and mitigating measures**

In response to global market demand for VR devices and smart devices, in addition to continuous review and improvement of manufacturing processes and automation combined with AI technology applications to improve production capabilities, quality, and cost savings, HTC also reviews the utilization of current plants and equipment, and further more to apply the international brand of EMS production of high-end portable devices to maximize the benefit. There is no demand for plant expansion.

#### **5.6.9 Concentration risks associated with goods received and sold and mitigating measures purchases**

##### **Purchase:**

The skills and capabilities of materials components suppliers are maturing in step with mobile phone and VR technologies. Growing opportunities to source materials from multiple suppliers reduce the risk of overreliance on one or several suppliers. HTC also purchases in volume and purchasing strategies to reduce unit costs and optimize cost structures.

##### **Sales:**

HTC products are distributed across the Americas, Europe and Asia primarily through e-commerce platforms and local retail channels. Apart from working with current customers to expand markets and strengthen strategic partnerships, HTC continues to discuss potential cooperative projects with leading companies in order to remain at the fore of market trends. HTC is also developing the HTC brand and strengthening relationships with channel retailers in order to reduce business and sales concentration risks.

**5.6.10 Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, or shareholder holding greater than a 10 percent stake in the Company has been transferred or otherwise changed hands and mitigating measures being or to be taken**

As of the printing of this annual report date, no transfer of significant portions of HTC share rights has occurred with respect to any director or major shareholder holding more than a 10 percent stake in the company.

**5.6.11 Effect upon and risk to the Company associated with any change in governance personnel or top management and mitigating measures being or to be taken**

There is no change on management team in the past one year.

**5.6.12 Material impacts upon shareholders' equity or prices for the Company's securities as a result of any litigation, non-litigious proceeding, or administrative dispute involving the Company or a company director, general manager, de facto responsible person, or major shareholder with a stake of more than 10 percent, and the matter was finalized or remained pending**

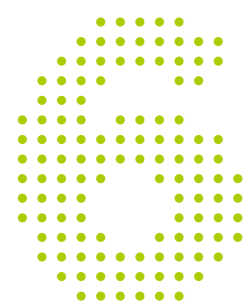
On January 30, 2017, 3G Licensing S.A. ("3GL"), Orange S.A. ("Orange"), and Koninklijke KPN N.V. filed a lawsuit against the Company and a subsidiary of the Company, HTC America Inc. ("HTC America"), in U.S. District Court in Delaware alleging, inter alia, infringement of three of 3GL's patents. The plaintiffs dismissed HTC America from the case, and a jury trial was held involving only 3GL, Orange, the Company, and two of 3GL's patents. The trial commenced on October 10, 2023, and on October 16, 2023, the jury found infringement of the patents and awarded damages against HTC. The Company has deposited a security for the judgement into the Court Registry Investment System. The Company does not believe the patents have been infringed and plans to vigorously appeal the verdict.

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.

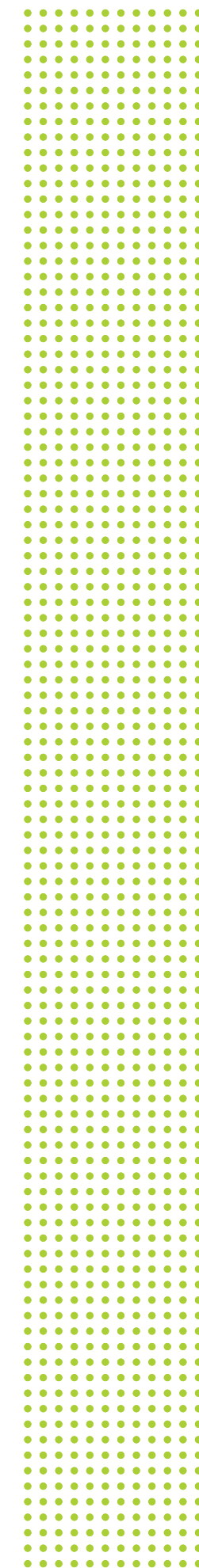
**5.6.13 Other important risks and mitigating measures being or to be taken**

In 2024 and as of the date of this Annual Report, HTC's management was not aware of any other risk that could potentially have a material impact on the financial status of the Company.

**5.7 Other Important Matters:** None.



**AFFILIATE  
INFORMATION AND  
OTHER SPECIAL  
NOTES**



# AFFILIATE INFORMATION AND OTHER SPECIAL NOTES

## 6.1 Afflated companies' consolidated business report

Please visit the Market Observation Post System (<https://mops.twse.com.tw/mops/#/web/home>).

Follow the path below to search for the Company code: 2498

Home > Single Company > Electronic Document Download > Affiliated Companies

(URL: [https://mopsov.twse.com.tw/mops/web/t57sb01\\_q10](https://mopsov.twse.com.tw/mops/web/t57sb01_q10))

## 6.2 Private Placement Securities in the most recent year and as of the Date of This Annual Report:

None.

## 6.3 Occurrence of events that have a significant impact on shareholders' equity or the price of securities as specified in Article 36, Paragraph 3, Subparagraph 2 of Securities and Exchange Act in the most recent year up to the publication date of this annual report: None.

## 6.4 Other Necessary Supplement Notes: None.



HTC Corporation



Chairwoman: Cher Wang