



HTC CORPORATION

2Q25 RESULTS SUMMARY

DISCLAIMER STATEMENT

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

EXECUTIVE SUMMARY

2Q25 Financial Highlights:

- Quarterly revenue of NT\$0.70 billion with a gross margin of 36.5%.
- Quarterly operating loss of NT\$0.84 billion with an operating margin of -120.3%.
- Quarterly net loss attributable to owners of the parent was NT\$0.72 billion, or an EPS of -NT\$0.86.

EXECUTIVE SUMMARY

2Q25 Business Update:

- HTC has partnered with AT&T, Mynd Immersive and the third-party rehabilitation provider in the U.S. - Select Rehabilitation to expand its digital healthcare footprint across the country. Through this collaboration, the immersive XR therapy platform MyndXRSM and the VIVE XR Elite are being introduced to more than 150 senior living communities across the United States. By integrating technology-assisted therapy, the initiative aims to provide seniors with greater companionship and support during rehabilitation, holistically enhancing their cognitive, emotional, and physical well-being.
- VIVE Arts collaborated with the Paris Opera and VR studio BackLight to launch the immersive multi-user experience *La Magie Opéra* in celebration of the 150th anniversary of the Palais Garnier. *La Magie Opéra* blends visual, auditory, emotional, and spatial elements, fully immersing participants in the rich historical and cultural legacy of opera, while offering iconic operatic arias. VIVE Arts is spearheading a variety of art initiatives in Paris, including *Playing with Fire*, an immersive experience featuring pianist Yuja Wang, which will be presented at the Philharmonie de Paris in November.

EXECUTIVE SUMMARY

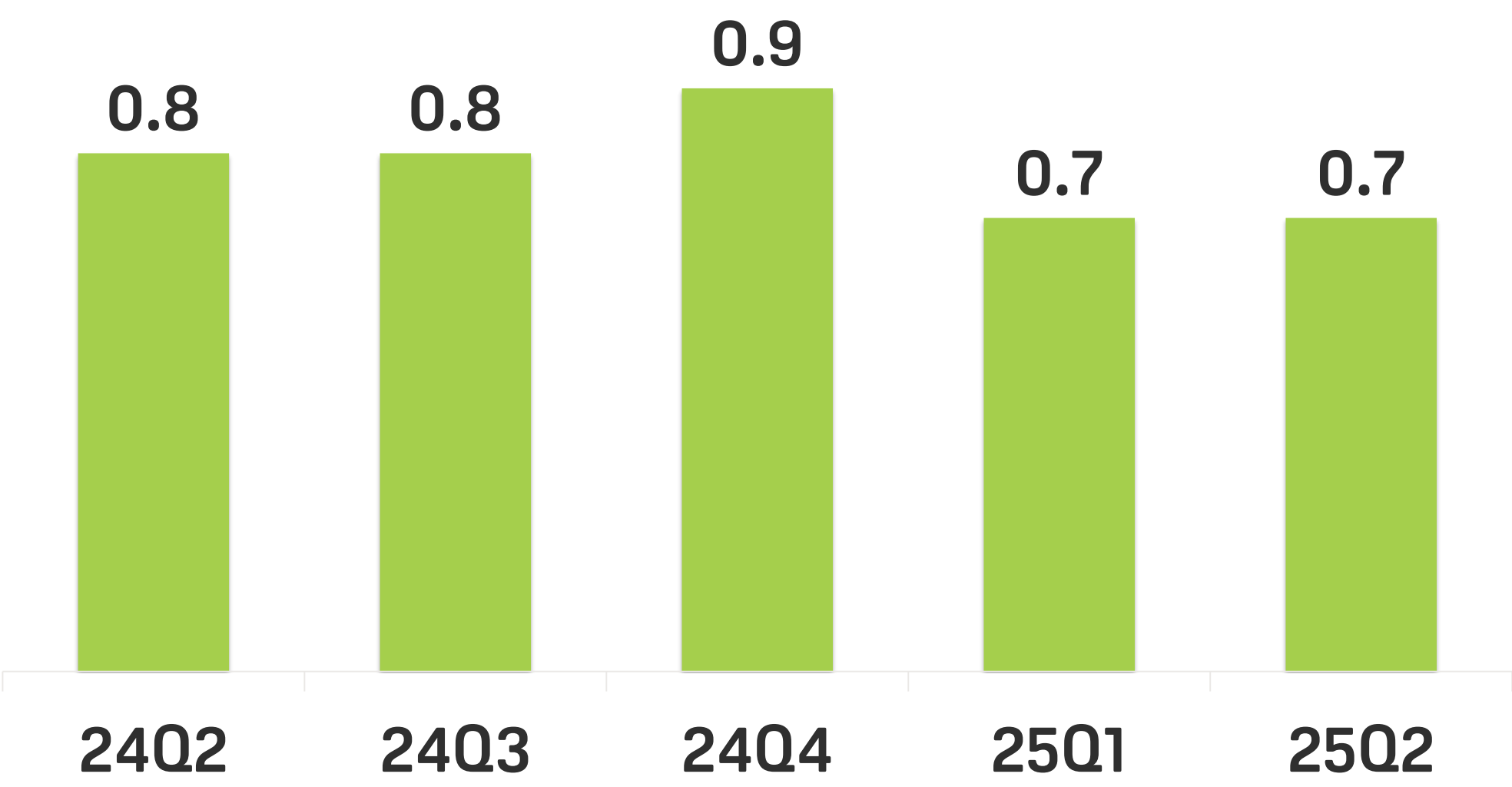
2Q25 Business Update:

- VIVERSE introduced the VIVERSE Create platform to classrooms at the University of Texas at Austin. This partnership brings the boundless possibilities of WebXR 3D experience, helping students develop skills in virtual world creation, interactive design, and immersive storytelling, and further strengthen their XR and 3D content creation capabilities for future careers. Students at National University of Kaohsiung also utilized VIVERSE Create to develop *Loading- Walking Between the Real and Surreal*, a digital twin art gallery that showcases traditional culture fused with digital creativity, highlighting the innovative potential of technology to empower education and artistic expression.
- HTC announced the signing of a strategic memorandum of understanding with NTT Communications to collaborate on the development of large-scale Location-Based Entertainment (LBE) applications across Japan, tapping into the next generation of immersive experiences. By combining XR technologies with physical environments, the partnership aims to bring immersive experiences to a wide range of fields such as culture, entertainment, education, and tourism, bridging the virtual and physical worlds while fostering venue innovation and local cultural revitalization.

REVENUES AND OPERATING PROFIT

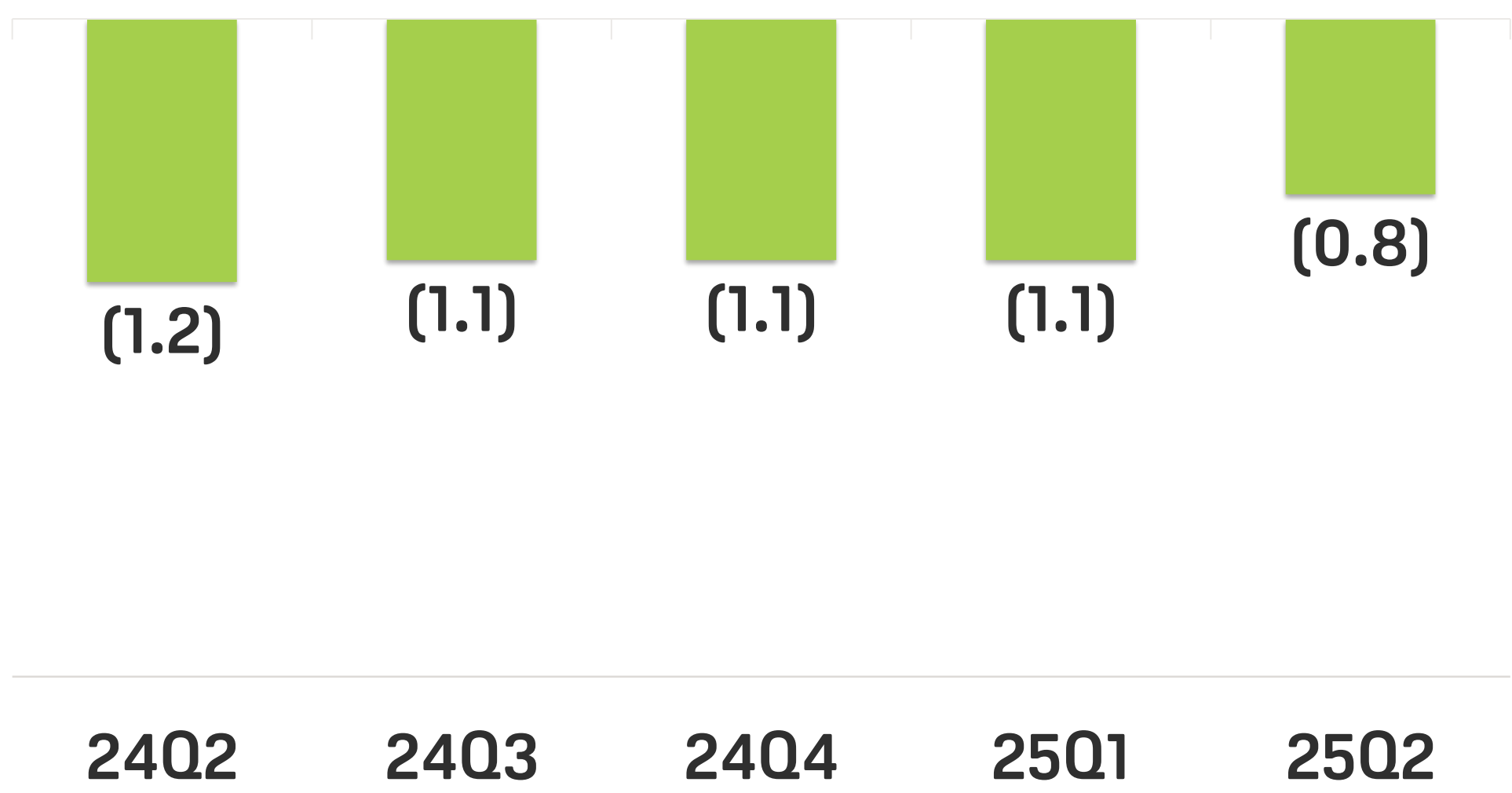
Revenues

NT\$bn



Operating Profit (Loss)

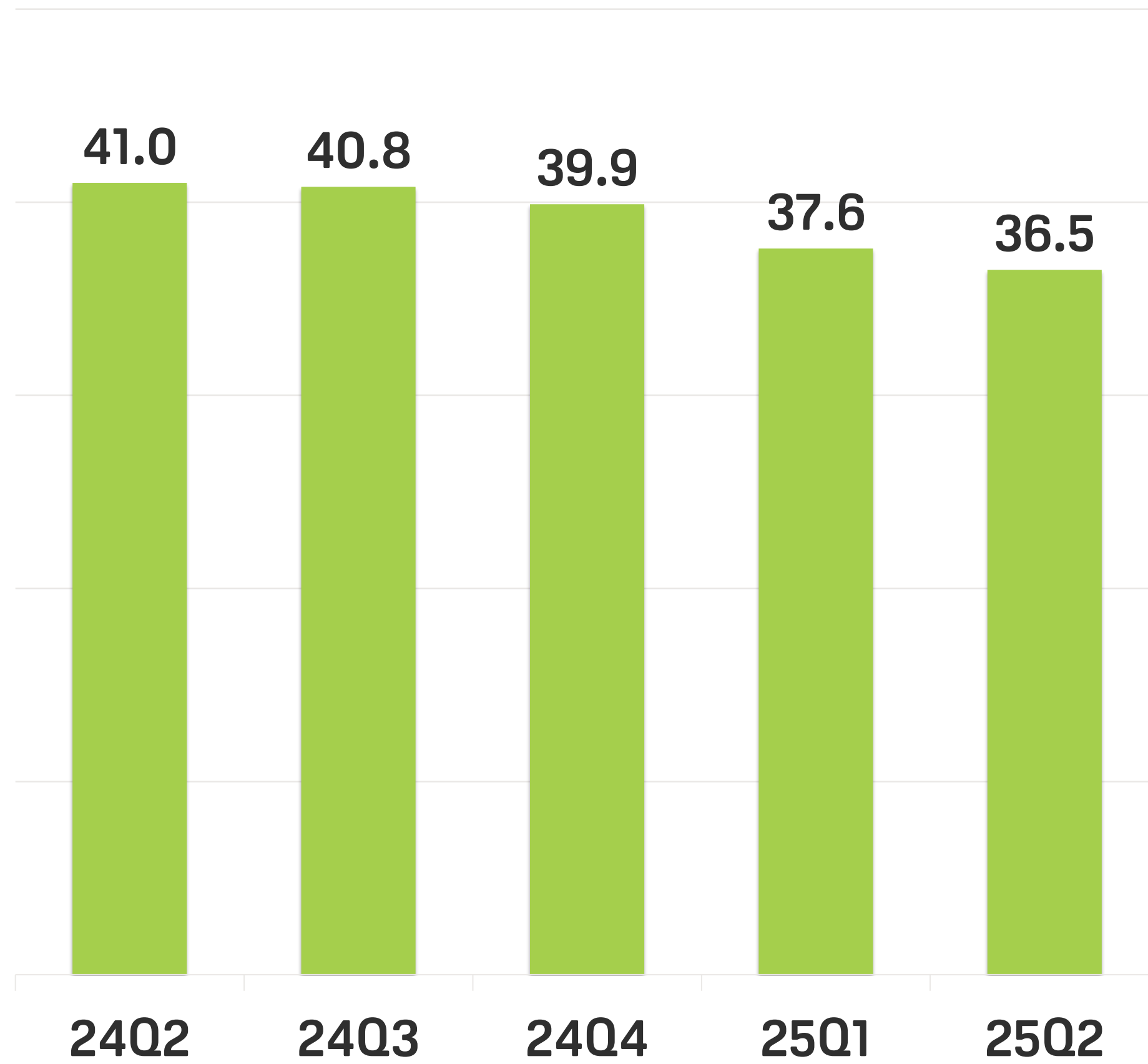
NT\$bn



GROSS AND OPERATING MARGINS

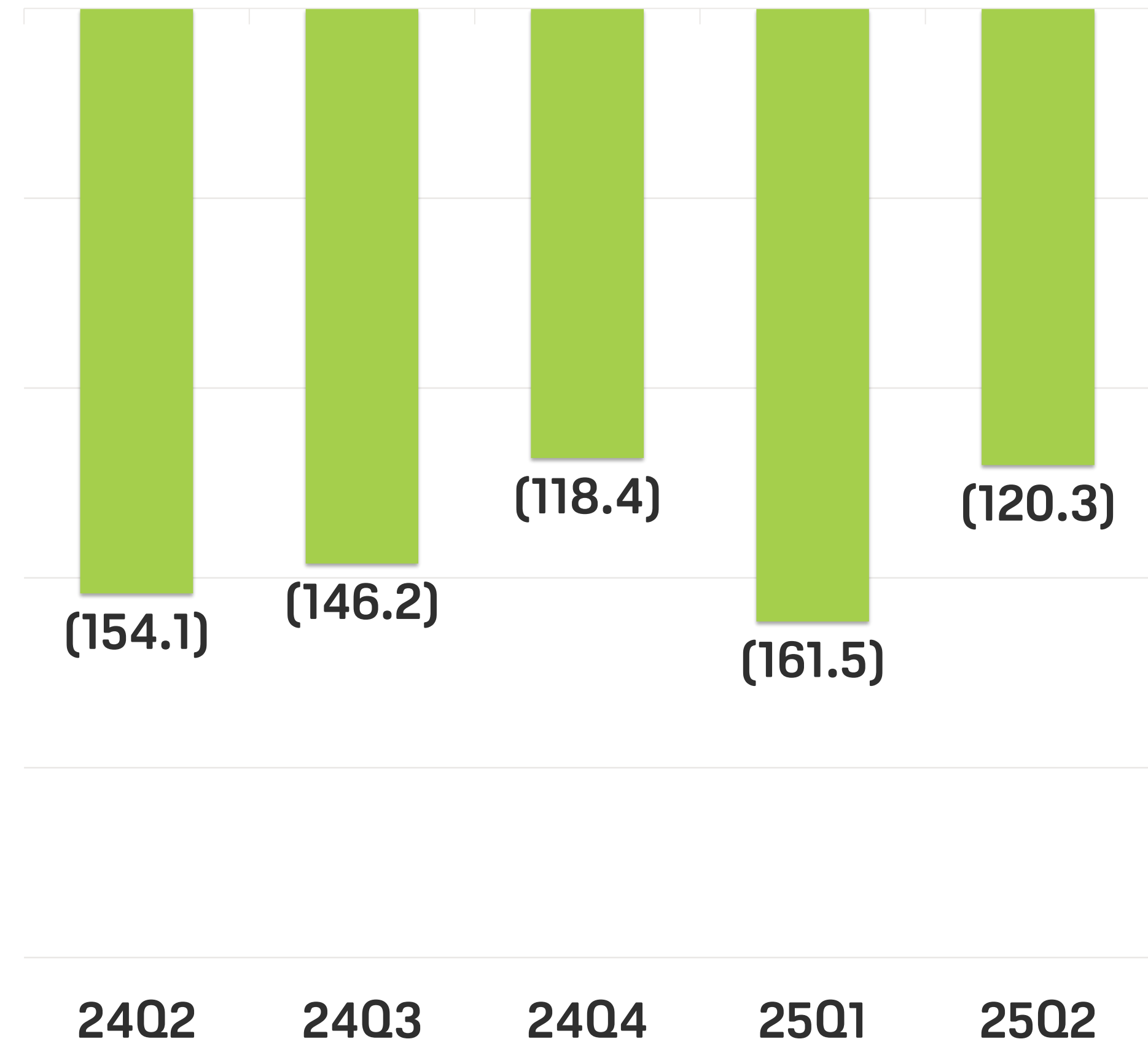
Gross Margin

%



Operating Margin

%



2Q 2025 P&L (CONSOLIDATED)

NT\$bn	2Q24	1Q25	2Q25
REVENUES	0.8	0.7	0.7
GROSS PROFIT	0.3	0.3	0.3
OPERATING EXPENSE	<u>1.5</u>	<u>1.4</u>	<u>1.1</u>
SALES MKTING.	0.5	0.5	0.4
RESEARCH DEV.	0.7	0.6	0.4
GENERAL ADM.	0.3	0.3	0.3
OPERATING PROFIT (LOSS)	-1.2	-1.1	-0.8
NPBT	-0.8	6.2	-0.7
NPAT ¹	-0.8	4.1	-0.7
GROSS MARGIN (%)	41.0%	37.6%	36.5%
OPERATING MARGIN (%)	-154.1%	-161.5%	-120.3%
EPS ² (NT\$)	-0.98	4.86	-0.86

2Q 2025 BALANCE SHEET (CONSOLIDATED)

NT\$bn	Jun 30, 24	Mar 31, 25	Jun 30, 25
TOTAL ASSETS	47.7	51.0	39.0
Cash ¹	25.6	31.3	12.7
AR	0.5	0.6	0.5
INVENTORY	1.2	0.6	0.5
OTHER ASSETS	20.4	18.5	25.3
TOTAL LIABILITIES	25.1	25.1	16.6
TOTAL EQUITY ²	22.6	25.9	22.4

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

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

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HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2025		December 31, 2024		June 30, 2024	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 12,410,525	32	\$ 14,239,209	31	\$ 13,321,412	28
Financial assets at fair value through profit or loss - current (Notes 7 and 30)	6,773,421	17	47,620	-	54,988	-
Financial assets at fair value through other comprehensive income - current (Notes 8 and 30)	291,145	1	327,194	1	367,115	1
Notes and trade receivables (Notes 10 and 24)	526,575	1	497,008	1	474,590	1
Other receivables (Note 10)	19,213	-	115,617	-	118,601	-
Current tax assets	326,841	1	198,952	-	233,418	1
Inventories (Note 11)	510,736	1	870,049	2	1,168,568	2
Prepayments (Note 12)	258,023	1	405,868	1	506,733	1
Other current financial assets (Notes 9 and 32)	109,357	-	10,265,324	22	12,208,542	26
Other current assets	37,185	-	29,908	-	1,279	-
Total current assets	21,263,021	54	26,996,749	58	28,455,246	60
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Notes 7 and 30)	465,832	1	346,342	1	409,380	1
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 30)	4,549,598	12	4,425,214	10	4,388,662	9
Investments accounted for using equity method (Note 14)	890,235	2	998,315	2	1,045,802	2
Property, plant and equipment (Notes 15 and 32)	6,797,990	18	6,609,865	14	6,631,849	14
Right-of-use assets (Note 16)	47,888	-	67,012	-	83,362	-
Investment properties, net (Notes 17 and 32)	2,435,163	6	2,725,278	6	2,728,259	6
Intangible assets (Note 18)	418,150	1	326,394	1	188,879	-
Deferred tax assets	1,136,057	3	2,684,316	6	2,707,504	6
Refundable deposits	327,959	1	365,625	1	360,605	1
Net defined benefit assets - non-current	564,103	2	560,464	1	509,633	1
Other non-current financial assets (Notes 9 and 32)	139,343	-	124,473	-	100,547	-
Other non-current assets (Note 12)	2,682	-	1,423	-	42,620	-
Total non-current assets	17,775,000	46	19,234,721	42	19,197,102	40
TOTAL	\$ 39,038,021	100	\$ 46,231,470	100	\$ 47,652,348	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 19)	\$ 600,000	2	\$ 3,400,000	8	\$ 3,600,000	7
Financial liabilities at fair value through profit or loss - current (Notes 7 and 30)	94,616	-	91,224	-	57,970	-
Notes and trade payables (Notes 20 and 31)	4,703,341	12	5,188,610	11	5,592,283	12
Other payables (Notes 21 and 31)	2,578,952	7	3,087,289	7	3,171,773	7
Current tax liabilities	164,212	-	110,189	-	63,537	-
Provisions - current (Note 22)	323,787	1	383,925	1	562,622	1
Lease liabilities - current (Notes 16 and 31)	20,187	-	27,928	-	29,259	-
Other current liabilities (Notes 21 and 24)	400,346	1	450,191	1	319,344	1
Total current liabilities	8,885,441	23	12,739,356	28	13,396,788	28
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 19 and 32)	7,500,000	19	11,800,000	26	11,400,000	24
Deferred tax liabilities	56,246	-	69,907	-	43,109	-
Lease liabilities - non-current (Notes 16 and 31)	30,790	-	41,820	-	56,057	-
Guarantee deposits received	150,044	1	152,118	-	152,262	1
Total non-current liabilities	7,737,080	20	12,063,845	26	11,651,428	25
Total liabilities	16,622,521	43	24,803,201	54	25,048,216	53
EQUITY (Note 23)						
Share capital - ordinary shares	8,353,400	21	8,335,340	18	8,323,822	17
Capital surplus	16,323,321	42	16,277,565	35	16,250,514	34
Retained earnings						
Legal reserve	815,365	2	2,490,682	5	2,490,682	5
Special reserve	2,390,621	6	3,080,480	7	3,080,480	6
Accumulated deficits	(755,956)	(2)	(6,365,177)	(14)	(4,997,194)	(10)
Total retained earnings	2,450,030	6	(794,015)	(2)	573,968	1
Other equity	(4,711,251)	(12)	(2,390,621)	(5)	(2,544,172)	(5)
Total equity	22,415,500	57	21,428,269	46	22,604,132	47
TOTAL	\$ 39,038,021	100	\$ 46,231,470	100	\$ 47,652,348	100

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

HTC CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2025		2024		2025		2024	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 24 and 31)	\$ 695,012	100	\$ 766,559	100	\$ 1,403,324	100	\$ 1,361,489	100
OPERATING COSTS (Notes 11, 25 and 31)	<u>441,629</u>	<u>64</u>	<u>451,893</u>	<u>59</u>	<u>883,535</u>	<u>63</u>	<u>800,879</u>	<u>59</u>
GROSS PROFIT	<u>253,383</u>	<u>36</u>	<u>314,666</u>	<u>41</u>	<u>519,789</u>	<u>37</u>	<u>560,610</u>	<u>41</u>
OPERATING EXPENSES (Notes 25 and 31)								
Selling and marketing	418,851	60	454,630	59	927,512	66	985,688	73
General and administrative	292,084	42	319,825	42	605,990	43	601,930	44
Research and development	<u>378,284</u>	<u>55</u>	<u>721,824</u>	<u>94</u>	<u>966,262</u>	<u>69</u>	<u>1,361,419</u>	<u>100</u>
Total operating expenses	<u>1,089,219</u>	<u>157</u>	<u>1,496,279</u>	<u>195</u>	<u>2,499,764</u>	<u>178</u>	<u>2,949,037</u>	<u>217</u>
OPERATING LOSS	<u>(835,836)</u>	<u>(120)</u>	<u>(1,181,613)</u>	<u>(154)</u>	<u>(1,979,975)</u>	<u>(141)</u>	<u>(2,388,427)</u>	<u>(176)</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income (Note 25)	163,151	23	235,276	31	381,423	27	452,238	33
Other income (Notes 25 and 31)	300,538	43	451,273	59	507,286	36	687,827	50
Other gains and losses (Note 25)	(213,979)	(31)	(125,019)	(16)	6,867,224	490	(241,448)	(18)
Finance costs (Notes 25 and 31)	(77,973)	(11)	(81,289)	(11)	(169,646)	(12)	(155,454)	(11)
Share of profit or loss of associates and joint ventures (Note 14)	<u>(50,989)</u>	<u>(7)</u>	<u>(117,471)</u>	<u>(16)</u>	<u>(152,251)</u>	<u>(11)</u>	<u>(73,077)</u>	<u>(5)</u>
Total non-operating income and expenses	<u>120,748</u>	<u>17</u>	<u>362,770</u>	<u>47</u>	<u>7,434,036</u>	<u>530</u>	<u>670,086</u>	<u>49</u>
(LOSS) INCOME BEFORE INCOME TAX	(715,088)	(103)	(818,843)	(107)	5,454,061	389	(1,718,341)	(127)
INCOME TAX EXPENSE (Note 26)	<u>(490)</u>	<u>-</u>	<u>(453)</u>	<u>-</u>	<u>(2,115,110)</u>	<u>(151)</u>	<u>(897)</u>	<u>-</u>
(LOSS) INCOME FOR THE PERIOD	<u>(715,578)</u>	<u>(103)</u>	<u>(819,296)</u>	<u>(107)</u>	<u>3,338,951</u>	<u>238</u>	<u>(1,719,238)</u>	<u>(127)</u>

(Continued)

HTC CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2025		2024		2025		2024	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME AND LOSS, NET OF INCOME TAX								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investments in equity instruments designated as at fair value through other comprehensive income	\$ 110,825	16	\$ (94,928)	(12)	\$ (170,848)	(12)	\$ 318,004	23
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	(2,910,401)	(419)	343,989	45	(2,244,688)	(160)	1,216,918	90
Other comprehensive (loss) income for the period, net of income tax	(2,799,576)	(403)	249,061	33	(2,415,536)	(172)	1,534,922	113
TOTAL COMPREHENSIVE INCOME AND LOSS FOR THE PERIOD	<u>\$ (3,515,154)</u>	<u>(506)</u>	<u>\$ (570,235)</u>	<u>(74)</u>	<u>\$ 923,415</u>	<u>66</u>	<u>\$ (184,316)</u>	<u>(14)</u>
(LOSS) EARNINGS PER SHARE (Note 27)								
Basic	<u>\$ (0.86)</u>		<u>\$ (0.98)</u>		<u>\$ 4.00</u>		<u>\$ (2.07)</u>	
Diluted	<u>\$ (0.85)</u>		<u>\$ (0.98)</u>		<u>\$ 3.97</u>		<u>\$ (2.07)</u>	

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

(Concluded)

HTC CORPORATION AND SUBSIDIARIES

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

	Share Capital Ordinary Shares	Capital Surplus	Retained Earnings			Other Equity		Total Equity
			Legal Reserve	Special Reserve	Accumulated Deficits	Exchange Differences on Translating Foreign Operations	Unrealized Losses on Financial Assets at Fair Value through Other Comprehensive Income	
BALANCE, JANUARY 1, 2024	\$ 8,320,380	\$ 16,270,636	\$ 5,828,987	\$ 3,080,480	\$ (7,338,305)	\$ (2,408,195)	\$ (948,855)	\$ 22,805,128
Legal reserve in covering accumulated deficits	-	-	(3,338,305)	-	3,338,305	-	-	-
Other changes in capital surplus								
Changes in equity of associates and joint ventures accounted for using the equity method	-	(28,765)	-	-	-	-	-	(28,765)
Net loss for the six months ended June 30, 2024	-	-	-	-	(1,719,238)	-	-	(1,719,238)
Other comprehensive income and loss for the six months ended June 30, 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,216,918</u>	<u>318,004</u>	<u>1,534,922</u>
Total comprehensive income and loss for the six months ended June 30, 2024	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,719,238)</u>	<u>1,216,918</u>	<u>318,004</u>	<u>(184,316)</u>
Issuance of shares due to exercise of employee share options	3,442	8,643	-	-	-	-	-	12,085
Disposal of investments in equity instruments at fair value through other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>722,044</u>	<u>-</u>	<u>(722,044)</u>	<u>-</u>
BALANCE, JUNE 30, 2024	<u>\$ 8,323,822</u>	<u>\$ 16,250,514</u>	<u>\$ 2,490,682</u>	<u>\$ 3,080,480</u>	<u>\$ (4,997,194)</u>	<u>\$ (1,191,277)</u>	<u>\$ (1,352,895)</u>	<u>\$ 22,604,132</u>
BALANCE, JANUARY 1, 2025	\$ 8,335,340	\$ 16,277,565	\$ 2,490,682	\$ 3,080,480	\$ (6,365,177)	\$ (920,620)	\$ (1,470,001)	\$ 21,428,269
Legal reserve in covering accumulated deficits	-	-	(1,675,317)	-	1,675,317	-	-	-
Reversal of special reserve	-	-	-	(689,859)	689,859	-	-	-
Net income for the six months ended June 30, 2025	-	-	-	-	3,338,951	-	-	3,338,951
Other comprehensive income and loss for the six months ended June 30, 2025	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,244,688)</u>	<u>(170,848)</u>	<u>(2,415,536)</u>
Total comprehensive income and loss for the six months ended June 30, 2025	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,338,951</u>	<u>(2,244,688)</u>	<u>(170,848)</u>	<u>923,415</u>
Issuance of shares due to exercise of employee share options	18,060	45,756	-	-	-	-	-	63,816
Disposal of investments in equity instruments at fair value through other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(94,906)</u>	<u>-</u>	<u>94,906</u>	<u>-</u>
BALANCE, JUNE 30, 2025	<u>\$ 8,353,400</u>	<u>\$ 16,323,321</u>	<u>\$ 815,365</u>	<u>\$ 2,390,621</u>	<u>\$ (755,956)</u>	<u>\$ (3,165,308)</u>	<u>\$ (1,545,943)</u>	<u>\$ 22,415,500</u>

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

HTC CORPORATION AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	\$ 5,454,061	\$ (1,718,341)
Adjustments for:		
Depreciation expense	112,681	117,658
Amortization expense	8,563	10,183
Expected credit loss recognized (reversed) on trade receivables	908	(8,000)
Loss on financial assets at fair value through profit or loss	66,219	3,770
Finance costs	169,646	155,454
Interest income	(381,423)	(452,238)
Dividend income	(4,095)	(2,739)
Share of the loss of associates and joint ventures accounted for using the equity method	152,251	73,077
Net loss on disposal of property, plant and equipment	3,149	142
Net gain on disposal of assets and licensing income (Note 25)	(8,045,926)	-
Impairment loss on non-financial assets	557,619	123,684
Gain from lease modifications	(1)	(14)
Changes in operating assets and liabilities		
Increase in financial assets mandatorily classified as at fair value through profit or loss	(50,819)	(42,968)
(Increase) decrease in notes and trade receivables	(30,475)	324,274
Decrease in other receivables	4,223	4,555
Decrease (increase) in inventories	45,665	(126,840)
Decrease (increase) in prepayments	147,845	(102,920)
(Increase) decrease in other current assets	(7,277)	1,686
Increase in other non-current assets	(5,346)	(18,544)
(Decrease) increase in notes and trade payables	(605,264)	498,648
Decrease in other payables	(479,851)	(153,712)
Decrease in provisions	(60,138)	(72,945)
Decrease in other current liabilities	(49,845)	(21,156)
Cash used in operations	(2,997,630)	(1,407,286)
Interest received	473,604	477,018
Interest paid	(188,692)	(153,082)
Income tax (paid) received	(541,847)	55,527
Net cash used in operating activities	(3,254,565)	(1,027,823)

(Continued)

HTC CORPORATION AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2025	2024
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (813,316)	\$ (88,373)
Proceeds from disposal of financial assets at fair value through other comprehensive income	434	809,850
Purchase of financial assets at fair value through profit or loss	(7,446,726)	(101,012)
Proceeds from disposal of financial assets at fair value through profit or loss	165,978	-
Acquisition of investments accounted for using equity method	(134,658)	(136,914)
Payments for property, plant and equipment	(282,911)	(21,739)
Proceeds from disposal of property, plant and equipment	1,558	22
Decrease (increase) in refundable deposits	37,666	(340,586)
Payments for intangible assets	(134,738)	(11,939)
Payments for investment properties	(833)	(1,532)
Increase in other financial assets	-	(1,363,098)
Decrease in other financial assets	10,141,097	-
Dividends received	4,095	2,739
Proceeds from disposal of assets and licensing income (Note 25)	<u>8,045,926</u>	<u>-</u>
Net cash generated from (used in) investing activities	<u>9,583,572</u>	<u>(1,252,582)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(2,800,000)	(100,000)
Repayments of long-term borrowings	(4,300,000)	-
Increase in long-term borrowings	-	2,400,000
Increase of guarantee deposits received	-	2,196
Decrease of guarantee deposits received	(2,074)	-
Repayment of the principal portion of lease liabilities	(13,469)	(15,116)
Employee share options executed	<u>63,816</u>	<u>12,085</u>
Net cash (used in) generated from financing activities	<u>(7,051,727)</u>	<u>2,299,165</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>(1,105,964)</u>	<u>863,289</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		
	(1,828,684)	882,049
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD		
	<u>14,239,209</u>	<u>12,439,363</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD		
	<u>\$ 12,410,525</u>	<u>\$ 13,321,412</u>

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

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