HTC Corporation and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2025 and 2024 and Independent Auditors' Report

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
HTC Corporation

Opinion

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of HTC Corporation and subsidiaries as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

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

Revenue Recognition

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

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

1. Assessed the design and implementation of the internal control system governing the ordering and shipping processes of the aforementioned sales products, executing tests to evaluate its operating effectiveness.

2. Sampled and examined orders, shipping documents, invoices, and payment records associated with the revenue details of these products to verify the occurrence of revenue.

3. Reviewed for any significant abnormal occurrences of sales returns for these products subsequent to the reporting period.

Other Matters

We have also audited the parent company only financial statements of HTC Corporation as of and for the years ended December 31, 2025 and 2024 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of HTC Corporation and subsidiaries' internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on HTC Corporation and subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause HTC Corporation and subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within HTC Corporation and subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 10, 2026

<u>*Notice to Readers*</u>

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

HTC CORPORATION AND SUBSIDIARIES

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

	2025		2024	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 2,909,535	8	$ 14,239,209	31
Financial assets at fair value through profit or loss - current (Notes 7 and 31)	7,105,995	18	47,620	-
Financial assets at fair value through other comprehensive income - current (Notes 8 and 31)	206,397	1	327,194	1
Notes and trade receivables (Notes 10 and 32)	506,730	1	497,008	1
Other receivables (Note 10)	2,604,460	7	115,617	-
Current tax assets (Note 27)	309,661	1	198,952	-
Inventories (Note 11)	450,243	1	870,049	2
Prepayments (Note 12)	193,044	1	405,868	1
Other current financial assets (Notes 9 and 33)	113,036	-	10,265,324	22
Other current assets	30,371	-	29,908	-
Total current assets	14,429,472	38	26,996,749	58
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 7 and 31)	7,936,746	21	346,342	1
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 31)	4,731,637	12	4,425,214	10
Investments accounted for using equity method (Note 14)	862,292	2	998,315	2
Property, plant and equipment (Notes 15, 32 and 33)	6,326,356	16	6,609,865	14
Right-of-use assets (Note 16)	38,545	-	67,012	-
Investment properties, net (Notes 17 and 33)	1,539,993	4	2,725,278	6
Intangible assets (Note 18)	414,134	1	326,394	1
Deferred tax assets (Note 27)	1,067,262	3	2,684,316	6
Refundable deposits	345,162	1	365,625	1
Net defined benefit assets - non-current (Note 23)	640,113	2	560,464	1
Other non-current financial assets (Notes 9 and 33)	121,338	-	124,473	-
Other non-current assets (Note 12)	1,659	-	1,423	-
Total non-current assets	24,025,237	62	19,234,721	42
TOTAL	$ 38,454,709	100	$ 46,231,470	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 19)	$ 1,000,000	3	$ 3,400,000	8
Financial liabilities at fair value through profit or loss - current (Notes 7 and 31)	9,441	-	91,224	-
Notes and trade payables (Notes 20 and 32)	4,783,207	12	5,188,610	11
Other payables (Notes 21 and 32)	2,716,734	7	3,087,289	7
Current tax liabilities (Note 27)	172,777	1	110,189	-
Provisions - current (Note 22)	285,207	1	383,925	1
Lease liabilities - current (Notes 16 and 32)	15,930	-	27,928	-
Other current liabilities (Notes 21 and 25)	480,261	1	450,191	1
Total current liabilities	9,463,557	25	12,739,356	28
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 19 and 33)	2,200,000	6	11,800,000	26
Deferred tax liabilities (Note 27)	104,435	-	69,907	-
Lease liabilities - non-current (Notes 16 and 32)	26,000	-	41,820	-
Guarantee deposits received	64,026	-	152,118	-
Total non-current liabilities	2,394,461	6	12,063,845	26
Total liabilities	11,858,018	31	24,803,201	54
EQUITY (Note 24)				
Share capital - ordinary shares	8,360,211	22	8,335,340	18
Capital surplus	16,340,444	43	16,277,565	35
Retained earnings				
Legal reserve	815,365	2	2,490,682	5
Special reserve	2,390,621	6	3,080,480	7
Unappropriated earnings (accumulated deficits)	1,973,957	5	(6,365,177)	(14)
Total retained earnings	5,179,943	13	(794,015)	(2)
Other equity	(3,283,907)	(9)	(2,390,621)	(5)
Total equity	26,596,691	69	21,428,269	46
TOTAL	$ 38,454,709	100	$ 46,231,470	100

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

HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2025		2024	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 25 and 32)	$ 2,900,662	100	$ 3,080,984	100
OPERATING COSTS (Notes 11, 26 and 32)	1,859,721	64	1,827,140	60
GROSS PROFIT	1,040,941	36	1,253,844	40
OPERATING EXPENSES (Notes 26 and 32)				
Selling and marketing	1,671,109	58	2,031,182	66
General and administrative	1,169,580	40	1,213,489	39
Research and development	1,652,458	57	2,648,510	86
Total operating expenses	4,493,147	155	5,893,181	191
OPERATING LOSS	(3,452,206)	(119)	(4,639,337)	(151)
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 26)	439,178	15	893,172	29
Other income (Notes 26 and 32)	790,581	27	1,318,277	43
Other gains and losses (Note 26)	11,231,430	387	(474,525)	(15)
Finance costs (Notes 26 and 32)	(206,294)	(7)	(339,004)	(11)
Share of profit or loss of associates and joint ventures (Note 14)	(360,711)	(12)	(175,368)	(6)
Total non-operating income and expenses	11,894,184	410	1,222,552	40
INCOME (LOSS) BEFORE INCOME TAX	8,441,978	291	(3,416,785)	(111)
INCOME TAX EXPENSE (Note 27)	(2,416,572)	(83)	(1,503)	-
INCOME (LOSS) FOR THE YEAR	6,025,406	208	(3,418,288)	(111)

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HTC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2025		2024	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME AND LOSS, NET OF INCOME TAX				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 23)	$ 72,673	2	$ 49,256	1
Unrealized (loss) gain on investments in equity instruments designated as at fair value through other comprehensive income	(658,083)	(23)	488,420	16
Income tax relating to items that will not be reclassified to profit or loss (Note 27)	(8,721)	-	(5,711)	-
	(594,131)	(21)	531,965	17
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(350,603)	(12)	1,487,575	49
Other comprehensive income and loss for the year, net of income tax	(944,734)	(33)	2,019,540	66
TOTAL COMPREHENSIVE INCOME AND LOSS FOR THE YEAR	$ 5,080,672	175	$ (1,398,748)	(45)
EARNINGS (LOSS) PER SHARE (Note 28)				
Basic	$ 7.21		$ (4.11)	
Diluted	$ 7.15		$ (4.11)	

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

HTC CORPORATION AND SUBSIDIARIES

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

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

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

HTC CORPORATION AND SUBSIDIARIES

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

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	$ 8,441,978	$ (3,416,785)
Adjustments for:		
Depreciation expense	207,627	233,346
Amortization expense	17,349	20,781
Expected credit loss recognized (reversed) on trade receivables	908	(8,021)
(Gain) loss on financial assets at fair value through profit or loss	(236,094)	120,372
Finance costs	206,294	339,004
Interest income	(439,178)	(893,172)
Dividend income	(53,468)	(5,440)
(Reversal of) compensation costs of employee share-based payments	(79)	32
Share of the loss of associates and joint ventures accounted for using the equity method	360,711	175,368
Net (gain) loss on disposal of property, plant and equipment and investment properties	(4,160,767)	695
Net gain on disposal of intangible assets	-	(155,492)
Net gain on disposal of assets and licensing income (Note 26)	(8,045,926)	-
Impairment loss on non-financial assets	564,681	188,690
Gain from lease modifications	(53)	(17)
Changes in operating assets and liabilities		
Increase in financial assets mandatorily classified as at fair value through profit or loss	(74,892)	(2,346)
(Increase) decrease in notes and trade receivables	(10,630)	301,856
(Increase) decrease in other receivables	(29,504)	12,428
Decrease in inventories	99,090	112,755
Decrease (Increase) in prepayments	213,280	(2,055)
Increase in other current assets	(463)	(26,943)
(Increase) decrease in other non-current assets	(7,795)	1,512
(Decrease) increase in notes and trade payables	(506,101)	251,875
Decrease in other payables	(341,995)	(242,194)
Decrease in provisions	(98,718)	(206,642)
Increase in other current liabilities	30,070	105,012
Cash used in operations	(3,863,675)	(3,095,381)
Interest received	540,808	913,063
Interest paid	(225,415)	(334,900)
Income tax paid	(724,318)	(20,715)
Net cash used in operating activities	(4,272,600)	(2,537,933)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(909,879)	(160,445)
Proceeds from disposal of financial assets at fair value through other comprehensive income	4,728	1,113,373

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HTC CORPORATION AND SUBSIDIARIES

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

	2025	2024
Return of investments accounted for at fair value through other comprehensive income	$ -	$ 7,018
Purchase of financial assets at fair value through profit or loss	(35,798,294)	(164,278)
Proceeds from disposal of financial assets at fair value through profit or loss	19,347,172	-
Acquisition of investments accounted for using equity method	(134,658)	(186,842)
Payments for property, plant and equipment	(304,505)	(55,113)
Proceeds from disposal of property, plant and equipment and investment properties	5,525,648	23
Increase in refundable deposits	-	(345,606)
Decrease in refundable deposits	20,463	-
Payments for intangible assets	(135,305)	(11,939)
Proceeds from disposal of intangible assets	-	733
Payments for investment properties	(833)	(5,987)
Decrease in other financial assets	10,155,423	556,194
Dividends received	53,468	5,440
Proceeds from disposal of assets and licensing income (Note 26)	8,045,926	-
Net cash generated from investing activities	5,869,354	752,571
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(2,400,000)	(300,000)
Increase in long-term borrowings	-	2,800,000
Repayments of long-term borrowings	(9,600,000)	-
Increase in guarantee deposits received	-	2,052
Decrease in guarantee deposits received	(88,092)	-
Repayments of the principal portion of lease liabilities	(24,708)	(29,589)
Employee share options executed	87,829	52,738
Net cash (used in) generated from financing activities	(12,024,971)	2,525,201
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(901,457)	1,060,007
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(11,329,674)	1,799,846
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	14,239,209	12,439,363
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$ 2,909,535	$ 14,239,209

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

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

HTC Corporation (HTC) was incorporated on May 15, 1997 under the Group Law of Taiwan, the Republic of China. HTC and its subsidiaries (collectively referred to as the "Group") are engaged in designing, manufacturing, assembling, processing, and selling virtual reality devices and smart mobile devices and after-sales services.

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

The functional currency of HTC is New Taiwan dollars. The consolidated financial statements are presented in New Taiwan dollars since HTC is the ultimate parent of the Group.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by HTC's board of directors and authorized for issue on March 10, 2026.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   <u>Amendments to IAS 21 "Lack of Exchangeability"</u>

   The initial application of the Amendments to IAS 21 "Lack of Exchangeability" did not have a material impact on the Group's accounting policies.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2026

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	January 1, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
IFRS 17 "Insurance Contracts" (including the 2020 and 2021 amendments to IFRS 17)	January 1, 2023

   As of the date the consolidated financial statements were authorized for issue, the Group assessed that the amendments to the aforementioned standards would not have a material impact on its financial position or financial performance.

c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027 (Note 2)
IFRS 19 "Subsidiaries without Public Accountability: Disclosures" (including the 2025 amendments to IFRS 19)	January 1, 2027
Amendments to IAS 21 "Translation to a Hyperinflationary Presentation Currency"	January 1, 2027

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

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

IFRS 18 "Presentation and Disclosure in Financial Statements" and consequential amendments

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

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

- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.

- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as "other" only if it cannot find a more informative label.

- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

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

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

Statement of Compliance

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

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit assets which are measured at the fair value of plan assets less the present value of the defined benefit obligation.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

c. Level 3 inputs are unobservable inputs for an asset or liability.

Classification of Current and Non-current Assets and Liabilities

Current assets include:

a. Assets held primarily for the purpose of trading;

b. Assets expected to be realized within 12 months after the reporting period; and

c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

a. Liabilities held primarily for the purpose of trading;

b. Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

c. Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

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

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of HTC and the entities controlled by HTC (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

See Note 13 to the consolidated financial statements for the detailed information on subsidiaries and Tables 5 and 6 (including the percentage of ownership and main businesses).

Business Combinations

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

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

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

Foreign Currencies

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

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

a. Transactions entered into in order to hedge certain foreign currency risks; and

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

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

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

For the purpose of presenting consolidated financial statements, the financial statements of the Company's foreign operations (including subsidiaries, associates, joint ventures and branches in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income attributed to the owners of the Company and non-controlling interests as appropriate.

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

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

Inventories

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

Investments in Associates and Joint Ventures

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group uses the equity method to account for its investments in associates and joint ventures.

Under the equity method, investments in an associate and a joint venture are initially recognized at cost and adjusted thereafter to recognize the Group’s share of the profit or loss and other comprehensive income of the associate and joint venture. The Group also recognizes the changes in the Group’s share of the equity of associates and joint ventures attributable to the Group.

When the Company subscribes for additional new shares of an associate and a joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group’s proportionate interest in the associate and joint venture. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Group’s ownership interest is reduced due to its additional subscription of the new shares of the associate and joint venture, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and joint venture is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group’s share of losses of an associate and a joint venture equals or exceeds its interest in that associate and joint venture (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group’s net investment in the associate and joint venture), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate and joint venture.

Any excess of the cost of acquisition over the Group’s share of the net fair value of the identifiable assets and liabilities of an associate and a joint venture at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group’s share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Group transacts with its associate and joint venture, profits and losses resulting from the transactions with the associate and joint venture are recognized in the Group’s consolidated financial statements only to the extent of interests in the associate and joint venture that are not related to the Group.

Property, Plant and Equipment

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

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

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

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

Investment Properties

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

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

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

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

Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Intangible Assets

Intangible assets acquired separately

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

Intangible assets acquired in a business combination

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

Derecognition of intangible assets

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

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

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

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

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

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

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

Financial Instruments

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

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

a. Financial assets

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

1) Measurement categories

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

a) Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 31 to the consolidated financial statements.

b) Financial assets at amortized cost

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

i. The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii. The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

i. Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

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

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

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will go bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

c) Investments in equity instruments at FVTOCI

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

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

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

2) Impairment of financial assets

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

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

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

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

a) Internal or external information shows that the debtor is unlikely to pay its creditors.

b) Financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

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

3) Derecognition of financial assets

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

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

b. Equity instruments

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

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

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

c. Financial liabilities

1) Subsequent measurement

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

Financial liabilities at FVTPL

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

Financial liabilities held for trading are stated at fair value, and any gains or losses on such financial liabilities are recognized in other gains or losses any interest or dividends paid on such financial liabilities are recognized in other gains or losses. Fair value is determined in the manner described in Note 31 to the consolidated financial statements.

2) Derecognition of financial liabilities

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

d. Derivative financial instruments

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

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

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

Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

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

a. Warranty provisions

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

b. Onerous contracts

Onerous contracts are those in which the Group's unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to be received from the contract. The present obligations arising under onerous contracts are recognized and measured as provisions.

Revenue Recognition

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

a. Revenue from the sale of goods

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

b. Revenue from the rendering of services

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

c. Licensing revenue

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

Leases

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

a. The Group as lessor

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

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

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

b. The Group as lessee

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

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

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

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

Borrowing Costs

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

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

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

Employee Benefits

Short-term employee benefits

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

Retirement benefits

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

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

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

Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

Termination benefits

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

Share-based Payment Arrangements

Share-based payment transactions of the Group

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

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

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

Taxation

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

a. Current tax

   Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

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

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

b. Deferred tax

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

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

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

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

c. Current and deferred tax

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

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

Accrued Marketing Expenses

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Group considers the possible impact of inflation and interest rate fluctuations US reciprocal tariffs on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Key Sources of Estimation Uncertainty

a. Valuation of inventories

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

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

   As of December 31, 2025 and 2024, the carrying amounts of inventories were NT$450,243 thousand and NT$870,049 thousand, respectively.

b. Realization of deferred tax assets

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

As of December 31, 2025 and 2024, the carrying amounts of deferred tax assets were NT$1,067,262 thousand and NT$2,684,316 thousand, respectively.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2025	2024
Cash on hand	$ 1,211	$ 1,277
Checking accounts and demand deposits	1,455,657	4,470,927
Time deposits (with original maturities less than three months)	1,452,667	9,767,005
	$ 2,909,535	$ 14,239,209

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

	December 31	
	2025	2024
Time deposits	0.01%-3.81%	0.01%-5.00%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2025	2024
Financial assets		
Financial assets held for trading		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	$ 40,729	$ 47,620
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Convertible bonds	60,460	155,205
Warrants	17,914	67,876
Non-derivative financial assets		
Foreign unlisted equity investments	326,096	123,261
Private credit funds	13,177,856	-
Money market fund	1,419,686	-
	$ 15,042,741	$ 393,962
Current	$ 7,105,995	$ 47,620
Non-current	7,936,746	346,342
	$ 15,042,741	$ 393,962
Financial liabilities - current		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	$ 9,441	$ 91,224

As of December 31, 2025, the Group had committed but not yet paid for investment amounting to NT$2,341,652 thousand.

The Group engaged in forward exchange contracts to manage its exposure to exchange rate fluctuations of foreign currency denominated assets and liabilities. At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting are as follows:

Forward Exchange Contracts

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

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	December 31	
	2025	**2024**
Domestic investments		
Listed shares	$ 92,188	$ 9,602
Unlisted equity investments	39,933	132,102
	132,121	141,704
Foreign investments		
Listed shares	353,916	327,194
Unlisted equity investments	4,451,997	4,283,510
	4,805,913	4,610,704
	$ 4,938,034	$ 4,752,408

(Continued)

	December 31	
	2025	2024
Current	$ 206,397	$ 327,194
Non-current	4,731,637	4,425,214
	$ 4,938,034	$ 4,752,408

(Concluded)

As of December 31, 2025, the Group had committed but not yet paid for investment amounting to NT$180,568 thousand.

These investments in equity instruments are not held for trading. Instead, they are held for the purpose of promoting the development of the Metaverse sector and making profit from long-term investments. Management decided to designate these investments in equity instruments as at FVTOCI as they have determined that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

According to the Q&A issued by the FSC, investments in limited partnership held after June 30, 2023 where the contract stipulates a limited duration is subject to the passing of the resolution of the partners' meeting for duration extensions. The Group elected not to retrospectively apply the Q&A "Classification of Investments in a Limited Partnership" issued by the Accounting Research and Development Foundation (ARDF), therefore the above-mentioned investments remain classified as investments in equity instruments at FVTOCI.

9. OTHER FINANCIAL ASSETS

	December 31	
	2025	2024
Time deposits with original maturities of less than three months	$ 112,394	$ 10,265,100
Restricted demand time deposits	121,338	124,473
Restricted demand deposits	642	224
	$ 234,374	$ 10,389,797
Current	$ 113,036	$ 10,265,324
Non-current	121,338	124,473
	$ 234,374	$ 10,389,797

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

	December 31	
	2025	2024
Time deposits	0.65%-3.81%	0.66%-5.00%

For details of pledged other financial assets, refer to Note 33 to the consolidated financial statements.

10. NOTES, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2025	2024
Notes, trade and overdue receivables		
At amortized cost		
Notes receivable	$ 22	$ 56
Trade receivables	528,904	529,868
Trade receivables - related parties	9,844	1,608
Overdue receivables	28,060	24,635
Less: Allowance for impairment loss	(32,040)	(34,524)
Less: Allowance for impairment loss - overdue receivables	(28,060)	(24,635)
	$ 506,730	$ 497,008
Current	$ 506,730	$ 497,008
Non-current	-	-
	$ 506,730	$ 497,008
Other receivables		
Interest receivables	$ 2,513	$ 104,143
VAT refund receivables	1,555	1,545
Receivable from Disposal of Investments	2,560,969	-
Others	39,423	9,929
	$ 2,604,460	$ 115,617
Current	$ 2,604,460	$ 115,617
Non-current	-	-
	$ 2,604,460	$ 115,617

a. Trade receivables at amortized cost

The average credit period of the sales of goods was 30-75 days. No interest was charged on trade receivables for the first 75 days from the date of the invoice. Thereafter, interest was charged at the annual interest rate specified in the contract on the outstanding balance. The Group basically adopted a policy of dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from independent rating agencies where available or, if not available, the Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved annually.

In order to minimize credit risk, management has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up actions are taken to recover overdue receivables. In addition, the Group reviews the recoverable amount of each individual trade receivable at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, management considers the Group's credit risk to have significantly reduced.

The Group uses the expected credit loss during the duration to recognize the allowance for losses of accounts receivable. The expected credit loss during the duration is mainly based on the customer's past default record, current financial situation and industrial economic situation.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty without realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activities to recover the receivables due. Where recoveries are made, these amounts are recognized in profit or loss.

The following table details the loss allowance of notes and trade receivables:

December 31, 2025

	Not Yet Due	1-90 Days	91-180 Days	Over 181 Days	Total
Gross carrying amount	$ 407,790	$ 59,887	$ 71,093	$ -	$ 538,770
Loss allowance (Lifetime ECL)	(18,037)	(4,835)	(9,168)	-	(32,040)
Amortized cost	$ 389,753	$ 55,052	$ 61,925	$ -	$ 506,730

December 31, 2024

	Not Yet Due	1-90 Days	91-180 Days	Over 181 Days	Total
Gross carrying amount	$ 486,342	$ 40,761	$ 4,429	$ -	$ 531,532
Loss allowance (Lifetime ECL)	(29,199)	(3,155)	(2,170)	-	(34,524)
Amortized cost	$ 457,143	$ 37,606	$ 2,259	$ -	$ 497,008

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

	For the Year Ended December 31	
	2025	2024
Balance, beginning of the year	$ 59,159	$ 67,159
Add: Loss allowance recognized	908	-
Less: Loss allowance reversed	-	(8,021)
Foreign exchange gains and losses	33	21
Balance, end of the year	$ 60,100	$ 59,159

b. Other receivables

The receivable from disposal of investments primarily represents the proceeds arising from the Group's redemption of a private credit fund. A portion of the proceeds, amounting to NT$2,415,715 thousand, was subsequently collected on January 2, 2026.

11. INVENTORIES

	December 31	
	2025	2024
Finished goods	$ 264,751	$ 507,019
Semi-finished goods	41,759	40,963
Raw materials	141,374	321,863
Inventory in transit	2,359	204
	$ 450,243	$ 870,049

The cost of inventory write-down recognized as operation costs for the years ended December 31, 2024 was NT$182,624 thousand, respectively.

The cost of inventories write-down was NT$320,716 thousand for the years ended December 31, 2025, of which NT$158,716 thousand was recognized as operating costs. The remaining NT$162,000 thousand was recognized under other gains and losses. Please refer to Note 26 to the consolidated financial statements for details.

12. PREPAYMENTS

	December 31	
	2025	2024
Prepaid expenses	$ 176,110	$ 238,448
Prepaid payroll	10,602	101,333
Net input VAT	6,481	6,533
Prepaid royalties	884	627
Prepaid equipment	589	1,172
Prepayments to suppliers	37	59,178
	$ 194,703	$ 407,291
Current	$ 193,044	$ 405,868
Non-current	1,659	1,423
	$ 194,703	$ 407,291

13. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

The consolidated entities as of December 31, 2025 and 2024 were as follows:

Investor	Investee	Main Businesses	% of Ownership December 31 2025	% of Ownership December 31 2024	Remark
HTC Corporation	H.T.C. (B.V.I.) Corp.	International holding company and general investing activities	100.00	100.00	-
	High Tech Computer Asia Pacific Pte. Ltd.	International holding company; marketing, repair and after-sales services	100.00	100.00	-
	HTC Investment Corporation	General investing activities	100.00	100.00	-
	HTC Holding B.V.	International holding company	0.01	0.01	-
	HTC Investment One (BVI) Corporation	Holding S3 Graphics Co., Ltd. and general investing activities	100.00	100.00	-
	HTC Investment (B.V.I) Corporation	General investing activities	100.00	100.00	-
	HungXu Holding (BVI) Corp.	International holding company	100.00	100.00	-
	HTC VIVE Investment (BVI) Corp.	General investing activities	100.00	100.00	-
	DeepQ Holding (BVI) Corp.	International holding company	100.00	100.00	-
	HTC VR Content (BVI) Corp.	〃	100.00	100.00	-
	HTC Smart phone (BVI) Corp.	〃	100.00	100.00	(1)
	VIVE Arts Corporation	Digital art	-	-	(2)
	HTC Europe Co., Ltd.	International holding company, marketing, repair and after-sales services	100.00	100.00	-
	HungYao Technology CO., LTD.	Manufacturing of electronic parts	100.00	100.00	-
High Tech Computer Asia Pacific Pte. Ltd.	HTC (Australia and New Zealand) PTY. Ltd.	Marketing, repair and after-sales services	100.00	100.00	-
	HTC Philippines Corporation	〃	-	99.99	(3)
	HTC India Private Ltd.	〃	99.00	99.00	-
	HTC Communication Co., Ltd.	Sale of virtual reality devices and smart mobile devices and after-sales services	100.00	100.00	-
	HTC HK, Limited	International holding company; marketing, repair and after-sales services	100.00	100.00	-
	HTC Holding B.V.	International holding company	99.99	99.99	-
	HTC Communication Technologies (SH)	Design, research and development of application software	100.00	100.00	-
HTC Investment One (BVI) Corporation	S3 Graphics Co., Ltd.	Design, research and development of graphics technology	100.00	100.00	-
HTC Communication Technologies (SH)	HTC Communication (BJ) Tech Co.	Design, research and development of application software	100.00	100.00	(4)
HTC HK, Limited	HTC Corporation (Shanghai WGQ)	Smart mobile devices examination and after-sale services and technique consultations	-	100.00	(5)
	HTC Electronics (Shanghai) Co., Ltd.	Manufacture and sale of virtual reality devices and smart mobile devices	100.00	100.00	-
HTC Holding B.V.	HTC Netherlands B.V.	International holding company; marketing, repair and after-sales services	100.00	100.00	-
	HTC India Private Ltd.	Marketing, repair and after-sales services	1.00	1.00	-
	HTC South Eastern Europe Limited Liability Company	〃	-	-	(6)
	HTC Communication Solutions Mexico, S.A DE C.V.	〃	1.00	1.00	-
	HTC Servicios DE Operacion Mexico, S.A DE C.V.	Human resources management	1.00	1.00	-
HTC Netherlands B.V.	HTC Belgium BV	Marketing, repair and after-sales services	100.00	100.00	-
	HTC NIPPON Corporation	Sale of virtual reality devices and smart mobile devices	100.00	100.00	-
	HTC FRANCE CORPORATION	Marketing, repair and after-sales services	100.00	100.00	-
	HTC South Eastern Europe Limited liability Company	〃	-	-	(6)
	HTC Nordic ApS.	〃	100.00	100.00	-
	HTC Italia SRL	〃	-	100.00	(7)
	HTC Germany GmbH	〃	100.00	100.00	-
	HTC Iberia, S.L.	〃	-	100.00	(8)
	HTC Poland sp. Z.o.o.	〃	100.00	100.00	-
	HTC Communication Canada, Ltd.	〃	100.00	100.00	-
	HTC Middle East FZ-LLC	〃	100.00	100.00	-
	HTC Communication Solutions Mexico, S.A DE C.V.	〃	99.00	99.00	-
	HTC Servicios DE Operacion Mexico, S.A DE C.V.	Human resources management	99.00	99.00	-
HTC EUROPE CO., LTD.	HTC America Holding Inc.	International holding company	100.00	100.00	-
	DeepQ Holding Corporation	〃	100.00	100.00	-
	VIVE Arts Holding Corporation	〃	100.00	100.00	-
	REIGN Technology Corporation	〃	100.00	100.00	-
	Viverse Holding Corporation	〃	100.00	100.00	-

(Continued)

Investor	Investee	Main Businesses	% of Ownership December 31 2025	2024	Remark
DeepQ Holding Corporation	DeepQ (BVI) Corp.	International holding company	100.00	100.00	-
DeepQ (BVI) Corp.	DeepQ Technology Corp.	Medical technology and health care	100.00	100.00	-
	DeepQ Technology (Beijing)	Development and marketing of software technology	100.00	100.00	(9)
VIVE Arts Holding Corporation	VIVE Arts Corporation	Digital art	100.00	100.00	(2)
	VIVE Arts Limited	〃	100.00	100.00	(10)
REIGN Technology Corporation	REIGN Technology Corporation	Construction, application and after-sales services of 5G	100.00	100.00	-
Viverse Holding Corporation	Viverse Limited (UK)	International holding company	100.00	100.00	-
Viverse Limited (UK)	Viverse Limited (Ireland)	Market development and sale of virtual reality contents	100.00	100.00	-
	Viveport Digital Corporation	Virtual reality platform software development and promotion services	100.00	100.00	-
HTC America Holding Inc.	HTC America Inc.	Sale of virtual reality devices and smart mobile devices	100.00	100.00	-
	One & Company Design, Inc.	Design, research and development of application software	100.00	100.00	-
	HTC America Innovation Inc.	〃	100.00	100.00	-
	HTC America Content Services, Inc.	Online/download media services	100.00	100.00	-
	Dashwire, Inc.	Design and management of cloud synchronization technology	100.00	100.00	-
	Inquisitive Minds, Inc.	Development and sale of digital education platform	-	100.00	(11)
HungXu Holding (BVI) Corp.	HungXu Technology (BVI) Corp.	International holding company	100.00	100.00	-
HungXu Technology (BVI) Corp.	HungXu TECH Corp.	Research and development of virtual reality devices	100.00	100.00	(12)
HTC Investment (BVI) Corporation	HTC VIVE TECH (HK) Limited	Research, development and sale of virtual reality devices	100.00	100.00	-
HTC VIVE TECH (HK) Limited	VIVE Arts Limited	Digital art	-	-	(10)
	HTC VIVE TECH (Beijing)	Research, development and sale of virtual reality devices	-	100.00	(13)
HTC VR Content (BVI) Corp.	Uomo Vitruviano Corp.	Development of virtual reality contents	100.00	100.00	-

(Concluded)

Remark:

1) The dissolution of HTC Smartphone (BVI) Corp. was approved in its shareholders' meeting held on December 8, 2025, and the liquidation process is still ongoing.

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

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

4) The dissolution of HTC Communication (BJ) Tech Co. was approved in its shareholders' meeting held on December 31, 2025, and the liquidation process is still ongoing.

5) The dissolution of HTC Corporation (Shanghai WGQ) was approved in its shareholders' meeting held on July 31, 2024, and the deregistration was completed on April 7, 2025.

6) HTC South Eastern Europe Limited Liability Company completed the liquidation process on June 20, 2024.

7) HTC Italia SRL completed the liquidation process on March 13, 2025.

8) HTC Iberia S.L. completed the liquidation process on March 18, 2025.

9) The dissolution of DeepQ Technology (Beijing) was approved in its shareholders' meeting held on December 31, 2025, and the liquidation process is still ongoing.

10) In order to optimize the group structure, HTC completed the restructuring process on April 26, 2024 and sold 100% of the shares of VIVE Arts Limited to its subsidiary, VIVE Arts Holding Corporation.

11) Inquisitive Minds, Inc. completed the liquidation process on February 20, 2025.

12) The dissolution of Hung Xu TECH Corp. was approved in its shareholders' meeting held on December 31, 2024, and the liquidation process is still ongoing.

13) The dissolution of HTC VIVE TECH (Beijing) was approved in its shareholders' meeting held on July 1, 2025, and the deregistration was completed on September 25, 2025.

b. Subsidiaries excluded from the consolidated financial statements: None.

c. Details of subsidiaries that have material non-controlling interests: None.

14. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2025	2024
Investment in associates	$ 763,493	$ 894,374
Investments in joint ventures	98,799	103,941
	$ 862,292	$ 998,315

Investments in Associates - Associates That Are Not Individually Material

	December 31	
	2025	2024
Unlisted equity investments		
Steel Wool Games, Inc.	$ -	$ 37,819
MOR Museum Inc.	3,489	3,860
Temple of Light Limited	5,695	25,585
Backlight Studio SAS	-	-
Lucid Realities SAS	10,698	-
Gui Zhou Wei Ai Technology Group Co., Ltd.	87,323	90,450
Small Creative SAS	7,083	49,910
VRChat, Inc.	624,401	686,750
Architect	24,804	-
	$ 763,493	$ 894,374

In April 2024, the Group subscribed 4,760 thousand ordinary shares of Temple of Light Limited through NT$32,341 thousand in cash; and accordingly owned 25% shareholdings of Temple of Light Limited and the Group's able to exercise significant influence over Temple of Light Limited.

In July 2024, the Group subscribed 389 ordinary shares of Small Creative SAS through NT$49,927 thousand in cash; and accordingly owned 28.01% shareholdings of Small Creative SAS and the Group's able to exercise significant influence over Small Creative SAS.

In January 2025, the Group subscribed 459 ordinary shares of Backlight Studio SAS through NT$40,884 thousand in cash; and accordingly owned 30.02% shareholdings of Backlight Studio SAS and the Group's able to exercise significant influence over Backlight Studio SAS.

In February 2025, the Group subscribed 20,000 ordinary shares of Lucid Realities SAS through NT$68,472 thousand in cash; and accordingly owned 25% shareholdings of Lucid Realities SAS and the Group's able to exercise significant influence over Lucid Realities SAS.

VRChat, Inc. issued new shares in June 2024 as its employees exercised option. Therefore, the Group's ownership interest in VRChat, Inc. decreased from 36.2% to 34.02%. After the decrease, the Group continued to exercise significant influence; therefore, the equity method is still applied.

In October 2025, the Group subscribed 32,746 preference shares of Architect through NT$107,039 thousand in cash; and accordingly owned 22% shareholdings of Architect and the Group's able to exercise significant influence over Architect.

At the end of the reporting periods, the percentage of ownership and voting rights in associates held by the Group were as follows:

	December 31	
Name of Associate	**2025**	**2024**
East West Artists, LLC	30.00%	30.00%
Steel Wool Games, Inc.	49.00%	49.00%
Surgical Theater, LLC	16.30%	16.30%
MOR Museum Inc.	25.00%	25.00%
Temple of Light Limited	25.00%	25.00%
Backlight Studio SAS	30.02%	-
Lucid Realities SAS	25.00%	-
Gui Zhou Wei Ai Technology Group Co., Ltd.	26.05%	26.05%
Small Creative SAS	28.01%	28.01%
VRChat, Inc.	34.02%	34.02%
Architect	22.00%	-

Aggregate information of associates that are not individually material:

	For the Year Ended December 31	
	2025	**2024**
The Group's share of:		
Loss from continuing operations	$ (328,399)	$ (174,054)
Other comprehensive income	-	-
Total comprehensive loss for the year	$ (328,399)	$ (174,054)

Investments in Joint Ventures

	December 31	
	2025	**2024**
Unlisted equity investments		
XI'an Hongwun Digital Technology Co., Ltd.	$ 93,788	$ 103,941
XR Addict	5,011	-
	$ 98,799	$ 103,941

The Group invested NT$104,574 thousand to establish a joint venture, XI'an Hongwun Digital Technology Co., Ltd, with other company in May 2024 and obtained 47% ownership interest of XI'an Hongwun Digital Technology Co., Ltd. However, according to the mutual agreements among stockholders, the Group does not individually direct XI'an Hongwun Digital Technology Co., Ltd.'s business activities and has joint control with the other party; therefore, the Group treated XI'an Hongwun Digital Technology Co., Ltd. as a joint venture.

The Group's invested a joint venture, XR Addict, with other company in June 2025 and obtained 15.96% ownership interest of XR Addict. Proportion of the Group's ownership has not yet reached control. However, according to the mutual agreements among stockholders, the Group has substantive participation in the significant operating decisions of XR Addict. As the Group is not able to unilaterally direct the relevant activities of XR Addict, the investment is subject to joint control with other parties and is therefore accounted for as a joint venture.

Aggregate information of investments in joint ventures that are not individually material:

	For the Year Ended December 31	
	2025	**2024**
The Group's share of:		
Loss from continuing operations	$ (32,312)	$ (1,314)
Other comprehensive income	-	-
Total comprehensive loss for the year	$ (32,312)	$ (1,314)

15. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2025	**2024**
Carrying amounts		
Land	$ 4,627,902	$ 4,749,513
Buildings	1,655,104	1,801,536
Machinery and equipment	11,081	15,436
Other equipment	32,269	43,380
	$ 6,326,356	$ 6,609,865

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

	2025				
	Land	**Buildings**	**Machinery and Equipment**	**Other Equipment**	**Total**
Cost					
Balance, beginning of the year	$ 4,749,513	$ 3,663,939	$ 2,756,807	$ 753,751	$ 11,924,010
Additions	266,129	13,762	2,998	12,760	295,649
Disposals	(384,739)	(320,497)	(530,635)	(134,938)	(1,370,809)
Transfers to investment properties	-	(941)	941	-	-
Effect of foreign currency exchange differences	(3,001)	(7,970)	(416)	848	(10,539)
Balance, end of the year	4,627,902	3,348,293	2,229,695	632,421	10,838,311

(Continued)

	2025				
	Land	Buildings	Machinery and Equipment	Other Equipment	Total
Accumulated depreciation					
Balance, beginning of the year	$ -	$ 1,862,403	$ 2,642,479	$ 705,804	$ 5,210,686
Depreciation expenses	-	81,043	5,108	20,459	106,610
Disposals	-	(248,453)	(489,802)	(131,568)	(869,823)
Effect of foreign currency exchange differences	-	(1,804)	609	1,021	(174)
Balance, end of the year	-	1,693,189	2,158,394	595,716	4,447,299
Accumulated impairment					
Balance, beginning of the year	-	-	98,892	4,567	103,459
Disposals	-	-	(38,672)	(131)	(38,803)
Effect of foreign currency exchange differences	-	-	-	-	-
Balance, end of the year	-	-	60,220	4,436	64,656
Net book value, end of the year	$ 4,627,902	$ 1,655,104	$ 11,081	$ 32,269	$ 6,326,356

(Concluded)

	2024				
	Land	Buildings	Machinery and Equipment	Other Equipment	Total
Cost					
Balance, beginning of the year	$ 4,776,212	$ 3,674,597	$ 2,780,082	$ 747,663	$ 11,978,554
Additions	-	40,551	8,500	21,754	70,805
Disposals	-	-	(32,716)	(23,791)	(56,507)
Transfers to investment properties	(29,979)	(63,201)	-	-	(93,180)
Reclassified as expenses	-	-	-	(12)	(12)
Effects of foreign currency exchange differences	3,280	11,992	941	8,137	24,350
Balance, end of the year	4,749,513	3,663,939	2,756,807	753,751	11,924,010
Accumulated depreciation					
Balance, beginning of the year	-	1,792,410	2,658,116	704,009	5,154,535
Depreciation expenses	-	84,175	11,701	17,546	113,422
Disposals	-	-	(29,353)	(23,238)	(52,591)
Transfers to investment properties	-	(14,806)	-	-	(14,806)
Effects of foreign currency exchange differences	-	624	2,015	7,487	10,126
Balance, end of the year	-	1,862,403	2,642,479	705,804	5,210,686
Accumulated impairment					
Balance, beginning of the year	-	-	102,090	4,567	106,657
Disposals	-	-	(3,198)	-	(3,198)
Balance, end of the year	-	-	98,892	4,567	103,459
Net book value, end of the year	$ 4,749,513	$ 1,801,536	$ 15,436	$ 43,380	$ 6,609,865

The above-mentioned items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

Buildings	5-50 years
Machinery and equipment	3-6 years
Other equipment	3-5 years

The major components of the buildings held by the Group include plants, electro-powering machinery and engineering systems, etc., which are depreciated over their estimated useful lives of 40 to 50 years, 20 years and 5 to 10 years, respectively.

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

Property pledged as collateral for bank borrowings are set out in Note 33 to the consolidated financial statements.

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

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2025	2024
Carrying amounts		
Buildings	$ 38,545	$ 67,012

	For the Year Ended December 31	
	2025	2024
Additions to right-of-use assets	$ -	$ 29,633
Depreciation charge for right-of-use assets		
Buildings	$ 25,392	$ 31,571

b. Lease liabilities

	December 31	
	2025	2024
Carrying amounts		
Current	$ 15,930	$ 27,928
Non-current	$ 26,000	$ 41,820

Range of discount rates for lease liabilities was as follows:

	December 31	
	2025	2024
Buildings	3.00%-6.87%	2.20%-6.87%

c. Material lease-in activities and terms

The Group leases certain buildings for the use of plants and offices with original lease terms of 2 to 5 years. The Group does not have bargain purchase options to acquire the buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 17 to the consolidated financial statements.

	For the Year Ended December 31	
	2025	2024
Expenses relating to short-term leases	$ 6,903	$ 9,075
Total cash outflow for leases	$ (33,903)	$ (42,173)

The Group leases certain office equipment and other equipment which qualify as short-term leases and low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

17. INVESTMENT PROPERTIES, NET

	December 31	
	2025	2024
Carrying amounts		
Land	$ 303,833	$ 304,796
Buildings	1,236,160	2,420,482
	$ 1,539,993	$ 2,725,278

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

	2025		
	Land	Buildings	Total
Cost			
Balance, beginning of the period	$ 304,796	$ 4,191,670	$ 4,496,466
Additions	-	833	833
Disposals	-	(1,591,654)	(1,591,654)
Effects of foreign currency exchange differences	(963)	4,425	3,462
Balance, end of the period	303,833	2,605,274	2,909,107
Accumulated depreciation			
Balance, beginning of the period	-	1,771,188	1,771,188
Depreciation expenses	-	75,625	75,625
Disposals	-	(688,956)	(688,956)
Effects of foreign currency exchange differences	-	2,959	2,959
Balance, end of the period	-	1,160,816	1,160,816
Accumulated impairment			
Balance, beginning of the period	-	-	-
Recognize	-	209,331	209,331
Effects of foreign currency exchange differences	-	(1,033)	(1,033)
Balance, end of the period	-	208,298	208,298
Net book value, end of period	$ 303,833	$ 1,236,160	$ 1,539,993

	2024		
	Land	**Buildings**	**Total**
Cost			
Balance, beginning of period	$ 265,052	$ 4,085,893	$ 4,350,945
Additions	-	5,987	5,987
Reclassification	29,979	63,201	93,180
Effect of foreign currency exchange differences	9,765	36,589	46,354
Balance, end of period	304,796	4,191,670	4,496,466
Accumulated depreciation			
Balance, beginning of period	-	1,661,016	1,661,016
Depreciation expense	-	88,353	88,353
Reclassification	-	14,806	14,806
Effect of foreign currency exchange differences	-	7,013	7,013
Balance, end of period	-	1,771,188	1,771,188
Net book value, end of period	$ 304,796	$ 2,420,482	$ 2,725,278

In March 2025, the consolidated company assessed that the carrying amount of certain buildings was not recoverable and recognized an impairment loss of NT$209,331 thousand, which was recorded under other gains and losses. Please refer to Note 26 to the consolidated financial statements.

The above-mentioned investment properties were leased out for 3 to 5 years. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties on of December 31, 2025 and 2024 were as follows:

	December 31	
	2025	**2024**
Year 1	$ 223,316	$ 379,450
Year 2	214,639	22,953
Year 3	118,960	14,412
Year 4	2,244	2,993
	$ 559,159	$ 419,808

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

Main buildings	26-50 years
Electricity distribution system	20 years
Air-conditioning	5-10 years
Others	3-5 years

In May 2025, the Group entered into a real estate sales and purchase agreement with non-related party to sell land and buildings located in Taoyuan. Please refer to Note 15 to the consolidated financial statements for details.

The fair value for the investment properties as of December 31, 2025 and 2024 were NT$3,800,976 thousand and NT$5,767,299 thousand, respectively. The fair values of some investment properties were appraised by independent qualified professional appraisers and measured using Level 3 inputs as of December 31, 2025 and 2024. Additionally, the fair values of some investment properties were evaluated by the management with reference to market evidence of transaction prices for similar properties.

The investment properties pledged as collateral for bank borrowings are set out in Note 33 to the consolidated financial statements.

18. INTANGIBLE ASSETS

	December 31	
	2025	2024
Carrying amounts		
Patents	$ -	$ -
Goodwill	-	-
Other intangible assets	414,134	326,394
	$ 414,134	$ 326,394

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

	2025			
	Patents	Goodwill	Other Intangible Assets	Total
Cost				
Balance, beginning of the year	$ 10,123,890	$ 518,647	$ 945,839	$ 11,588,376
Additions	-	-	135,305	135,305
Reclassified as prepayments	-	-	(456)	(456)
Effect of foreign currency exchange differences	(408,300)	(21,527)	(17,657)	(447,484)
Balance, end of the year	9,715,590	497,120	1,063,031	11,275,741
Accumulated amortization				
Balance, beginning of the year	10,012,805	-	417,537	10,430,342
Amortization expenses	-	-	17,349	17,349
Effect of foreign currency exchange differences	(408,300)	-	(13,274)	(421,574)
Balance, end of the year	9,604,505	-	421,612	10,026,117
Accumulated impairment				
Balance, beginning of the year	111,085	518,647	201,908	831,640
Recognition	-	-	34,634	34,634
Effect of foreign currency exchange differences	-	(21,527)	(9,257)	(30,784)
Balance, end of the year	111,085	497,120	227,285	835,490
Net book value, end of the year	$ -	$ -	$ 414,134	$ 414,134

	2024			
	Patents	Goodwill	Other Intangible Assets	Total
Cost				
Balance, beginning of the year	$ 9,504,390	$ 485,984	$ 741,233	$ 10,731,607
Additions	-	-	175,233	175,233
Disposals	-	-	(8,535)	(8,535)
Effect of foreign currency exchange differences	619,500	32,663	37,908	690,071
Balance, end of the year	10,123,890	518,647	945,839	11,588,376
Accumulated amortization				
Balance, beginning of the year	9,393,305	-	374,146	9,767,451
Amortization expenses	-	-	20,781	20,781
Effect of foreign currency exchange differences	619,500	-	22,610	642,110
Balance, end of the year	10,012,805	-	417,537	10,430,342
Accumulated impairment				
Balance, beginning of the year	111,085	485,984	183,964	781,033
Recognition	-	-	6,066	6,066
Effect of foreign currency exchange differences	-	32,663	11,878	44,541
Balance, end of the year	111,085	518,647	201,908	831,640
Net book value, end of the year	$ -	$ -	$ 326,394	$ 326,394

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

Other intangible assets	3-9 years

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

19. BORROWINGS

a. Short-term borrowings

	December 31	
	2025	2024
Unsecured borrowings		
Line of credit borrowings	$ 1,000,000	$ 3,400,000

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

b. Long-term borrowings

	December 31	
	2025	2024
Secured borrowings		
Bank loans	$ 2,200,000	$ 9,700,000
Unsecured borrowings		
Bank loans	-	2,100,000
Less: Current portion	-	-
Long-term borrowings	$ 2,200,000	$ 11,800,000

To support long-term development, on December 15, 2022, the Group obtained a bank loan amounting to NT$9 billion from CTBC Bank and the credit line was divided into part A and B which amounted to NT$6.9 billion and NT$2.1 billion, respectively. The Group has repaid existing syndication loans in January 2023. On September 20, 2023, the Group obtained another bank loan amounting to NT$3 billion from CTBC Bank. The credit line was divided into part A and B which amounted to NT$2.8 billion and NT$0.2 billion, respectively. The total amount of credit line was divided into part A and B which amounted to NT$9.7 billion and NT$2.3 billion, respectively, with a total credit line of NT$12 billion to support future operating growth capital needs. The Group is required to maintain certain financial covenants including debt ratio, equity, cash, and net investment during the tenor of the loan. The computations of financial ratios mentioned above are done based on the audited consolidated financial statements or quarterly reviewed consolidated financial statements. As of December 31, 2025, the Group has met the financial ratios mentioned above.

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

The Group pledged land and buildings as collateral for the long-term borrowings (Please refer to Note 33 to the consolidated financial statements).

20. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2025	2024
Notes payable	$ 31	$ 55
Trade payables	4,782,808	5,188,402
Trade payables - related parties	368	153
	$ 4,783,207	$ 5,188,610

The average term of payment is 2-4 months. The Group has financial risk management policies in place to ensure that all accounts payable are paid within the pre-agreed credit terms. The Group periodically negotiates with vendors to amend payment obligations. Amendments, based on their nature, are adjusted in operating cost or expense.

21. OTHER LIABILITIES

	December 31 2025	December 31 2024
Other payables		
Accrued expenses	$ 2,713,911	$ 3,055,906
Payables for interests	2,770	21,891
Payables for purchase of equipment	53	9,492
	$ 2,716,734	$ 3,087,289
Other current liabilities		
Advance receipts	$ 334,770	$ 283,775
Agency receipts	46,301	51,124
Others	99,190	115,292
	$ 480,261	$ 450,191

Accrued Expenses

	December 31 2025	December 31 2024
Salaries, bonuses and compensation	$ 772,642	$ 765,563
Marketing	631,564	830,682
Services	596,893	631,125
Materials and molding expenses	34,425	77,449
Insurance	30,007	42,737
Import, export and freight	22,411	23,508
Repairs, maintenance and sundry purchase	13,489	17,069
Others	612,480	667,773
	$ 2,713,911	$ 3,055,906

22. PROVISIONS

	December 31 2025	December 31 2024
Warranties	$ 279,983	$ 377,539
Others	5,224	6,386
	$ 285,207	$ 383,925

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

	2025		
	Warranty Provision	**Others**	**Total**
Balance, beginning of the year	$ 377,539	$ 6,386	$ 383,925
Provisions recognized (reversed)	52,981	(1,162)	51,819
Usage	(150,300)	-	(150,300)
Effect of foreign currency exchange differences	(237)	-	(237)
Balance, end of the year	$ 279,983	$ 5,224	$ 285,207

	2024		
	Warranty Provision	**Others**	**Total**
Balance, beginning of the year	$ 662,237	$ 3,330	$ 665,567
Provisions (reversed) recognized	(89,645)	3,056	(86,589)
Usage	(196,336)	-	(196,336)
Effect of foreign currency exchange differences	1,283	-	1,283
Balance, end of the year	$ 377,539	$ 6,386	$ 383,925

The Group provides warranty services to its customers. The warranty period varies by product and is generally one to two years. The warranties are estimated based on an evaluation of the products under warranty, historical warranty trends, and pertinent factors.

Onerous contracts are those in which the Group’s unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to be received from the contract. The present obligations arising under onerous contracts are recognized and measured as provisions.

23. RETIREMENT BENEFIT PLANS

Defined Contribution Plans

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

The Group has defined benefit plans for all qualified employees of HTC. In addition, the employees of the Group’s subsidiary are members of a state-managed retirement benefit plan operated by local government. The subsidiaries are required to contribute amounts calculated at a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions to the fund.

Defined Benefit Plans

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

HTC had applied a suspension of pension contribution to the pension fund from May 2025 to April 2026 and May 2024 to April 2025, and had been approved by the competent authority in May 2023 and May 2024, respectively.

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

	December 31	
	2025	2024
Present value of defined benefit obligation	$ (143,407)	$ (193,487)
Fair value of plan assets	783,520	753,951
Net defined benefit asset	$ 640,113	$ 560,464

Movements in net defined benefit asset were as follows:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Asset
Balance at January 1, 2024	$ (178,889)	$ 687,663	$ 508,774
Current service cost	(4,143)	-	(4,143)
Net interest (expense) income	(3,104)	9,562	6,458
Recognized in profit or loss	(7,247)	9,562	2,315
Remeasurement			
Return on plan assets	-	60,348	60,348
Actuarial gain - changes in financial assumptions	2,721	-	2,721
Actuarial loss - experience adjustments	(13,813)	-	(13,813)
Recognized in other comprehensive income	(11,092)	60,348	49,256
Contributions from the employer	-	119	119
Benefits paid	3,741	(3,741)	-
Balance at December 31, 2024	(193,487)	753,951	560,464
Current service cost	(1,192)	-	(1,192)
Net interest (expense) income	(2,903)	11,306	8,403
Recognized in profit or loss	(4,095)	11,306	7,211

(Continued)

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Net Defined Benefit Asset
Remeasurement			
Return on plan assets	$ -	$ 52,907	$ 52,907
Actuarial loss - changes in financial assumptions	(1,886)	-	(1,886)
Actuarial gain - experience adjustments	21,652	-	21,652
Recognized in other comprehensive income	19,766	52,907	72,673
Contributions from the employer	34,409	(34,409)	-
Assets retrieved	-	(235)	(235)
Balance at December 31, 2025	$ (143,407)	$ 783,520	$ 640,113

(Concluded)

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

a. Investment risk: The plan assets are invested in domestic or foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

b. Interest risk: A decrease in the government or corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

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

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

	December 31	
	2025	2024
Discount rates	1.375%	1.250%-1.500%
Expected rates of salary increase	4.000%	4.000%

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

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

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

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

24. EQUITY

Share Capital

a. Ordinary shares

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

For the year ended December 31, 2024, the Group executed 1,496 thousand shares for employee share options, totaling NT$14,960 thousand. As a result, the amount of the Group's issued and outstanding ordinary shares as of December 31, 2024 increased to NT$8,335,340 thousand, divided into 833,534 thousand ordinary shares at a par value of NT$10. Every ordinary share carries one vote per share and the rights to dividends.

For the year ended December 31, 2025, the Group executed 2,487 thousand shares for employee share options, totaling NT$24,871 thousand. As a result, the amount of the Group's issued and outstanding ordinary shares as of December 31, 2025 increased to NT$8,360,211 thousand, divided into 836,021 thousand ordinary shares at a par value of NT$10. Every ordinary share carries one vote per share and the rights to dividends.

A total of 80,000 thousand shares of the Group's ordinary shares authorized were reserved for the issuance of employee share options.

b. Global depositary receipts

In November 2003, the Group issued 14,400 thousand ordinary shares, corresponding to 3,600 thousand units of Global Depositary Receipts ("GDRs"). For this GDR issuance, the Group's shareholders, including Via Technologies Inc., also issued 12,878.4 thousand ordinary shares, corresponding to 3,219.6 thousand GDR units. Thus, the entire offering consisted of 6,819.6 thousand GDR units, corresponding to 27,278.4 thousand ordinary shares. Taking into account the effect of share dividends, the GDRs increased to 8,782.1 thousand units (36,060.5 thousand shares). The holders of these GDRs requested the Group to redeem the GDRs to acquire the Group's ordinary shares. As of December 31, 2024, there were 8,744.9 thousand units of GDRs redeemed, representing 34,979.6 thousand ordinary shares, and the outstanding GDRs represented 1,080.9 thousand ordinary shares or 0.12% of the Group's outstanding ordinary shares.

Capital Surplus

	December 31 2025	December 31 2024
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Arising from the issuance of ordinary shares	$ 15,434,916	$ 15,325,698
Arising from consolidation excess	23,288	23,288
May be used to offset a deficit only		
Changes in equity-method associates capital surplus	33,104	33,104
Arising from expired share options	778,325	764,322
May not be used for any purpose		
Arising from employee share options	70,811	131,153
	$ 16,340,444	$ 16,277,565

The capital surplus arising from shares issued in excess of par (including share premiums from the issuance of ordinary shares, treasury share transactions and consolidation excess) and donations may be used to offset a deficit; in addition, when the Group has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Group's capital surplus and once a year).

For details of capital surplus - employee share options, refer to Note 29 to the consolidated financial statements.

Retained Earnings and Dividend Policy

Under HTC's Articles of Incorporation, HTC should make appropriations from its net income in the following order:

a. To pay taxes.

b. To cover accumulated losses, if any.

c. To appropriate 10% as legal reserve unless the total legal reserve accumulated has already reached the amount of HTC's authorized capital.

d. To recognize or reverse special reserve return earnings. When a special reserve is appropriated for the cumulative net increases in fair value measurement of investment properties from prior period and the cumulative net debit balance reserves from prior period, the special reserve is only appropriated from the prior unappropriated earnings, the sum of net profit for current period and items other than net profit that are included directly in the unappropriated earnings for current period is used if the prior unappropriated earnings is not sufficient.

e. The board of directors shall propose allocation ratios for any remainder profit after withholding the amounts under subparagraphs 1 to 4 above plus any unappropriated retained earnings of previous years based on the dividend policy set forth in the Article and propose such allocation ratio at the shareholders' meeting.

As part of a high-technology industry, the Group takes into consideration its operating environment, industry developments and long-term interests of shareholders when determining share or cash dividends to be paid. Other factors such as whether it can maintain operating efficiency and meet its capital expenditure budget and financial goals are also key considerations. The Group's dividend policy stipulates that at least 50% of total dividends may be distributed as cash dividends.

Appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Group's capital. Legal reserve may be used to offset its deficit. If the Group has no accumulated deficit and the legal reserve has exceeded 25% of its issued and outstanding ordinary shares, the excess may be transferred to ordinary shares or distributed in cash.

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

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

Information on the appropriation of earnings proposed by the Company's board of directors and approved by the Company's shareholders is available on the Market Observation Post System website of the Taiwan Stock Exchange.

Other Equity Items

a. Exchange differences on translation of foreign operations

   Exchange differences relating to the translating the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (the New Taiwan dollar) were recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve were reclassified to profit or loss on the disposal of the foreign operation.

b. Unrealized gains or losses on financial assets at FVTOCI

   Unrealized gains or losses on financial assets at FVTOCI represents the cumulative gains and losses arising from the revaluation of financial assets at FVTOCI that have been recognized in other comprehensive income. The cumulative unrealized gains or losses will not be reclassified to profit or loss on disposal of the equity investments.

25. OPERATING REVENUE

a. Disaggregation of revenue

	For the Year Ended December 31	
	2025	**2024**
Sale of goods	$ 2,370,787	$ 2,705,912
Other operating income	529,875	375,072
	$ 2,900,662	$ 3,080,984

b. Contract balances

	December 31, 2025	December 31, 2024	January 1, 2024
Notes and trade receivables (Note 10)	$ 506,730	$ 497,008	$ 790,864
Contract liabilities (classified under advance receipts)	$ 333,400	$ 282,316	$ 225,913

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

a. Interest income

	For the Year Ended December 31	
	2025	2024
Bank deposits	$ 439,178	$ 893,172

b. Other income

	For the Year Ended December 31	
	2025	2024
Rental income	$ 521,672	$ 711,471
Dividends	53,468	5,440
Others	215,441	601,366
	$ 790,581	$ 1,318,277

c. Other gains and losses

	For the Year Ended December 31	
	2025	2024
Net gains on disposals of assets and licensing income	$ 8,045,926	$ -
Net gain (loss) on the disposal of property, plant and equipment and investment properties	4,160,767	(695)
Net gain on the disposal of intangible assets (Note 18)	-	155,492
Net foreign exchange (loss) gain	(162,376)	34,134
Net gain (loss) on valuation of financial instruments at fair value through profit or loss	271,736	(163,976)
Impairment loss on non-financial assets (Notes 11, 17 and 18)	(405,965)	(6,066)
Gain from lease modifications	53	17
Rental asset depreciation and relative expenses	(220,183)	(262,281)
Other losses	(458,528)	(231,150)
	$ 11,231,430	$ (474,525)

On January 23, 2025, HTC entered into an agreement (the "Agreement") with Google LLC and its subsidiaries (collectively, "Google"). Pursuant to the Agreement, a part of the Group's employees were transferred to Google and certain intellectual property rights were granted to Google under a non-exclusive license. The transaction consideration was US$250,000 thousand. After deducting related costs, the Group recognized a total net gain on disposal and licensing income of NT$8,045,926 thousand.

d. Finance costs

	For the Year Ended December 31	
	2025	**2024**
Interest on bank loans	$ 202,343	$ 333,343
Interest on lease liabilities	2,292	3,509
Others	1,659	2,152
	$ 206,294	$ 339,004

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

	For the Year Ended December 31	
	2025	**2024**
Trade receivables (included in operating expense)	$ 908	$ (8,021)

f. Depreciation and amortization

	For the Year Ended December 31	
	2025	**2024**
Property, plant and equipment	$ 106,610	$ 113,422
Investment properties	75,625	88,353
Intangible assets	17,349	20,781
Right-of-use assets	25,392	31,571
	$ 224,976	$ 254,127
An analysis of depreciation - by function		
Operating costs	$ 22,961	$ 27,060
Operating expenses	109,041	117,933
Other expenses	75,625	88,353
	$ 207,627	$ 233,346
An analysis of amortization - by function		
Operating costs	$ 5,426	$ 5,110
Operating expenses	11,923	15,671
	$ 17,349	$ 20,781

g. Employee benefits expense

	For the Year Ended December 31	
	2025	2024
Short-term benefits	$ 3,074,135	$ 4,023,831
Post-employment benefits (Note 23)		
Defined contribution plans	111,951	157,816
Defined benefit plans	(7,211)	(2,315)
	104,740	155,501
Share-based payments (Note 29)		
Equity-settled share-based payments	(79)	32
Separation benefits	375,574	130,877
Total employee benefits expense	$ 3,554,370	$ 4,310,241
An analysis of employee benefits expense - by function		
Operating costs	$ 258,652	$ 259,980
Operating expenses	2,920,144	3,940,402
Other expenses	375,574	109,859
	$ 3,554,370	$ 4,310,241

h. Employees' compensation and remuneration of directors and supervisors

In compliance with HTC's Articles of Incorporation, the Group accrues compensation of employees and remuneration of directors at rates of no less than 4% and of no more than 0.25%, respectively, of net profit before income tax, compensation of employees and remuneration of directors. In accordance with the amendments to the Securities and Exchange Act in August 2024, the shareholders of the Group resolved the amendments to the Group's Articles at their June 2025 regular meeting. The amendments explicitly stipulate the allocation of no less than 4% of the compensation of employees as compensation distributions in the event of annual net profit (including no less than 1% for non-executive employees.) The compensation of employees for the year 2025 is as follows:

Accrual rate

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

Amount

	For the Year Ended December 31, 2025
Employees' compensation	$ 168,004
Remuneration of directors	$ -

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

For any further information on the compensation of employees and remuneration of directors approved in the meeting of the board of directors in 2025 and 2024, see disclosures in the Market Observation Post System.

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

	For the Year Ended December 31	
	2025	2024
Inventories (included in operating costs)	$ 320,716	$ 182,624
Property, plant and equipment (included in other gains and losses)	209,331	-
Intangible asset (included in other gains and losses)	34,634	6,066
	$ 564,681	$ 188,690

j. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2025	2024
Foreign exchange gains	$ 2,232,902	$ 1,610,331
Foreign exchange losses	(2,395,278)	(1,576,197)
Valuation gain (loss) from financial instruments at fair value through profit or loss	31,288	(43,604)
	$ (131,088)	$ (9,470)

27. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax expense recognized in profit or loss

	For the Year Ended December 31	
	2025	2024
In respect of the current year		
Current tax	$ 607,354	$ 158,665
Land value increment tax	125,089	-
Deferred tax	1,708,918	(156,454)
	2,441,361	2,211
Adjustments for previous years		
Current tax	44,452	(355,880)
Deferred tax	(69,241)	355,172
	(24,789)	(708)
Income tax benefit recognized in profit or loss	$ 2,416,572	$ 1,503

A reconciliation of accounting profit and income tax expense and the applicable tax rate were as follows:

	For the Year Ended December 31	
	2025	2024
Gain (loss) before income tax	$ 8,441,978	$ (3,416,785)
Income tax benefit (expense) calculated at the statutory rate	1,688,396	(683,357)
Effect of benefit (expenses) that were not deductible in determining taxable expenses	6,878	10,217
Unrecognized effect of temporary differences and loss carryforwards	635,944	596,373
Effect of different tax rates of subsidiaries operating in other jurisdictions	110,143	78,978
Adjustments for previous years' tax	(24,789)	(708)
Income tax benefit recognized in profit or loss	$ 2,416,572	$ 1,503

b. Income tax recognized in other comprehensive income

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

c. Current tax assets and liabilities

	December 31	
	2025	2024
Current tax assets		
Tax refund receivable	$ 309,661	$ 198,952
Current tax liabilities		
Income tax payable	$ 172,777	$ 110,189

d. Deferred tax balances

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

	2025				
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Translation Adjustment	Closing Balance
Deferred tax assets					
Temporary differences					
Unrealized royalties	$ 293,075	$ (69,060)	$ -	$ -	$ 224,015
Unrealized marketing expenses	39,703	(13,804)	-	(15)	25,884
Unrealized warranty expense	41,179	(10,901)	-	-	30,278
Allowance for loss on decline in value of inventory	32,818	24,453	-	-	57,271

(Continued)

	2025				
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Translation Adjustment	Closing Balance
Unrealized profit	$ 9,453	$ (4,929)	$ -	$ -	$ 4,524
Unrealized salary and welfare	23,481	(2,450)	-	(1,309)	19,722
Unrealized contingent losses on purchase orders	766	(139)	-	-	627
Financial instruments at FVTPL	5,408	(5,408)	-	-	-
Others	105,286	(11,070)	-	(1,551)	92,665
Loss carryforwards	2,133,147	(1,520,724)	-	(147)	612,276
	$ 2,684,316	$ (1,614,032)	$ -	$ (3,022)	$ 1,067,262
Deferred tax liabilities					
Temporary differences					
Financial instruments at FVTPLs	$ -	$ 3,755	$ -	$ -	$ 3,755
Defined benefit plans	67,227	865	8,721	-	76,813
Others	2,680	21,025	-	162	23,867
	$ 69,907	$ 25,645	$ 8,721	$ 162	$ 104,435

(Concluded)

	2024				
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Translation Adjustment	Closing Balance
Deferred tax assets					
Temporary differences					
Unrealized royalties	$ 281,973	$ 11,102	$ -	$ -	$ 293,075
Unrealized marketing expenses	58,429	(18,697)	-	(29)	39,703
Unrealized warranty expense	74,386	(33,207)	-	-	41,179
Allowance for loss on decline in value of inventory	35,316	(2,498)	-	-	32,818
Unrealized profit	13,177	(3,724)	-	-	9,453
Unrealized salary and welfare	22,238	(280)	-	1,523	23,481
Unrealized contingent losses on purchase orders	400	366	-	-	766
Financial instruments at FVTPL	5,514	(106)	-	-	5,408
Others	108,281	(5,391)	-	2,396	105,286
Loss carryforwards	2,288,588	(155,322)	-	(119)	2,133,147
	$ 2,888,302	$ (207,757)	$ -	$ 3,771	$ 2,684,316
Deferred tax liabilities					
Temporary differences					
Defined benefit plans	$ 61,053	$ 463	$ 5,711	$ -	$ 67,227
Others	12,236	(9,502)	-	(54)	2,680
	$ 73,289	$ (9,039)	$ 5,711	$ (54)	$ 69,907

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

	December 31	
	2025	2024
Loss carryforward	$ 61,520,297	$ 87,997,264
Deductible temporary differences	$ 2,752,578	$ 3,255,130

f. Information about unused loss carry-forward

Loss carryforwards as of December 31, 2025 comprised of:

Remaining Carrying	Expiry Year
$ 10,973,245	2026
17,988,036	2027
42,936	2028
12,247,725	2029
7,865,021	2030
3,826,690	2031
4,522,184	2032
4,010,472	2033
2,503,343	2034
585,773	2036-2043
$ 64,565,425	

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

As of December 31, 2025 and 2024, the temporary differences associated with investment in subsidiaries for which no deferred tax liabilities have been recognized were NT$7,701,677 thousand and NT$1,814,031 thousand, respectively.

h. Income tax assessments

The income tax returns of HTC, HTC Investment Corporation, DeepQ Technology Corp., Viveport Digital Corporation, REIGN Technology Corporation, Uomo Vitruviano Corp., VIVE Arts Corporation and HungXu TECH Corp. for the years through 2023 have been assessed and approved by the tax authorities.

28. EARNINGS (LOSS) PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2025	**2024**
Basic earnings per share	$ 7.21	$ (4.11)
Diluted earnings (loss) per share	$ 7.15	$ (4.11)

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

Net Profit (Loss) for the Years

	For the Year Ended December 31	
	2025	**2024**
Net profit (loss) for the year attributable to owners of the parent	$ 6,025,406	$ (3,418,288)

Shares

Unit: In Thousands of Shares

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

29. SHARE-BASED PAYMENT ARRANGEMENTS

Employee Share Option Plan of the Group

Qualified employees of HTC were granted 19,000 thousand options in October 2014. Each option entitles the holder to subscribe for one ordinary share of the Group. The options granted are valid for 10 years and exercisable at certain percentages after the second anniversary from the grant date. The option rights expired in October 2024.

Qualified employees of HTC were granted 1,000 thousand options in August 2015. Each option entitles the holder to subscribe for one ordinary share of the Group. The options granted are valid for 10 years and exercisable at certain percentages after the second anniversary from the grant date. The option rights expired in August 2025.

Qualified employees of HTC were granted 20 thousand options in May 2019. Each option entitles the holder to subscribe for one thousand ordinary shares of the Group. The options granted are valid for 10 years and exercisable at certain percentages after the second anniversary from the grant date.

Qualified employees of HTC were granted 10,000 thousand options in November 2019. Each option entitles the holder to subscribe for one ordinary share of the Group. The options granted are valid for 10 years and exercisable at certain percentages after the second anniversary from the grant date.

The exercise price equals to the closing price of the Group's ordinary shares on the grant date. For any subsequent changes in ordinary shares, the exercise price is adjusted accordingly.
Information on employee share options are as follows:

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

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

	December 31	
	2025	**2024**
Range of exercise price (NT$)	$35.05-$35.5	$35.05-$54.5
Weighted-average remaining contractual life (years)	3.57 years	4.54 years

Options granted in November and May 2019 were priced using the Black-Scholes option pricing model. Options granted in August 2015 and October 2014 were priced using the trinomial option pricing model. The inputs to the model are as follows:

	November 2019	May 2019	August 2015	October 2014
Grant-date share price (NT$)	$35.05	$35.50	$54.50	$134.50
Exercise price (NT$)	$35.05	$35.50	$54.50	$134.50
Expected volatility	43.64%-44.09%	44.94%-45.01%	39.26%	33.46%
Duration (years)	10 years	10 years	10 years	10 years
Expected dividend yield	-	-	4.04%	4.40%
Risk-free interest rate	0.6125%-0.6348%	0.6082%-0.6224%	1.3965%	1.7021%

Expected volatility was based on the historical share price volatility over the past 1-7 years. The Group assumed that employees would exercise their options after the vesting date when the share price was 1.63 times the exercise price.

Compensation Costs of Share-based Payment Arrangements

Compensation cost of share-based payment arrangement recognized was (NT$79) thousand and NT$32 thousand for the years ended December 31, 2025 and 2024, respectively.

30. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure its ability to continue as a going concern while maximizing the returns to shareholders. The Group periodically reviews its capital structure by taking into consideration macroeconomic conditions, prevailing interest rate, and adequacy of cash flows generated from operations; as the situation would allow, the Group pays dividends, issues new shares, repurchases shares, borrows loans, and pays loans.

The Group is subject to capital structure requirements for the bank syndicated loan,please refer to Note 19 to the consolidated financial statements.

31. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments That Are Not Measured at Fair Value

Financial instruments not measured at fair value held by the Group include financial assets measured at amortized cost. Management has determined that the carrying amounts of financial assets not measured at fair value approximate their fair values or their fair values cannot be measured reliably.

Fair Value of Financial Instruments That Are Measured at Fair Value on A Recurring Basis

a. Fair value hierarchy

December 31, 2025

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial instruments				
Foreign forward exchange contracts	$ -	$ 40,729	$ -	$ 40,729
Convertible bonds	-	-	60,460	60,460
Warrants	-	-	17,914	17,914
Investments in equity instruments				
Overseas unlisted equity investments	-	-	326,096	326,096
Private credit fund	-	-	13,177,856	13,177,856
Money market fund	1,419,686	-	-	1,419,686
	$ 1,419,686	$ 40,729	$ 13,582,326	$ 15,042,741
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	$ 92,188	$ -	$ -	$ 92,188
Domestic unlisted equity investments	-	-	39,933	39,933
Overseas listed shares	353,916	-	-	353,916
Overseas unlisted equity investments	-	-	4,451,997	4,451,997
	$ 446,104	$ -	$ 4,491,930	$ 4,938,034
Financial liabilities at FVTPL				
Derivative financial instruments				
Foreign forward exchange contracts	$ -	$ 9,441	$ -	$ 9,441

December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial instruments				
Foreign forward exchange contracts	$ -	$ 47,620	$ -	$ 47,620
Convertible bonds	-	-	155,205	155,205
Warrants	-	-	67,876	67,876
Investments in equity instruments				
Overseas unlisted equity investments	-	-	123,261	123,261
	$ -	$ 47,620	$ 346,342	$ 393,962

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	$ 9,602	$ -	$ -	$ 9,602
Domestic unlisted equity investments	-	-	132,102	132,102
Overseas listed shares	327,194	-	-	327,194
Overseas unlisted equity investments	-	-	4,283,510	4,283,510
	$ 336,796	$ -	$ 4,415,612	$ 4,752,408
Financial liabilities at FVTPL				
Derivative financial instruments				
Foreign forward exchange contracts	$ -	$ 91,224	$ -	$ 91,224

(Concluded)

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

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

For the year ended December 31, 2025

	Financial Assets at FVTPL			Financial Assets at FVTOCI	
Financial Assets	Derivatives	Equity Instruments	Private Credit Fund	Equity Instruments	Total
Balance at January 1, 2025	$ 223,081	$ 123,261	$ -	$ 4,415,612	$ 4,761,954
Recognized in income	(142,976)	(1,065)	255,063	-	111,022
Recognized in other comprehensive income	-	-	-	(500,597)	(500,597)
Purchases	11,768	205,532	17,709,880	711,210	18,638,390
Disposal	-	-	(5,381,483)	-	(5,381,483)
Return of investments	-	-	(13,548)	-	(13,548)
Reclassification	(5,682)	-	-	5,682	-
Effect of foreign currency exchange differences	(7,817)	(1,632)	607,944	(139,977)	458,518
Balance at December 31, 2025	$ 78,374	$ 326,096	$ 13,177,856	$ 4,491,930	$ 18,074,256

For the year ended December 31, 2024

	Financial Assets at FVTPL		Financial Assets at FVTOCI	
Financial Assets	Derivatives	Equity Instruments	Equity Instruments	Total
Balance at January 1, 2024	$ 197,883	$ 64,476	$ 4,260,192	$ 4,522,551
Recognized in income	(104,485)	(15,887)	-	(120,372)
Recognized in other comprehensive income	-	-	(231,172)	(231,172)
Purchases	94,672	69,606	160,445	324,723
Return of investments	-	-	(7,018)	(7,018)
Reclassification	18,708	-	(18,708)	-
Effect of foreign currency exchange differences	16,303	5,066	251,873	273,242
Balance at December 31, 2024	$ 223,081	$ 123,261	$ 4,415,612	$ 4,761,954

c. Valuation techniques and inputs applied to Level 2 financial instruments at fair value

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign currency contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

d. Valuation techniques and inputs applied to Level 3 financial instruments at fair value

Fair value measurements categorized within Level 3 of the fair value hierarchy include investments in equity instruments. The lack of quoted prices in an active market places these financial assets in the Level 3 category. The fair values of equity instruments are based on valuation provided by market participants or quoted prices of the counter party. Quantitative information has not been disclosed since the relationship between significant unobservable inputs and fair value cannot be fully controlled.

e. Valuation process for Level 3 financial instruments at fair value

The investment department will assess the reliability, independence, and consistency of the information sources to confirm whether the valuation is representative of the exercise price. Adjustments are made to ensure the rationality of the valuation presented.

f. Sensitivity analysis of Level 3 fair value measurements under alternative replacement assumptions

A sensitivity analysis of replacement assumptions for the valuation of Level 3 financial instruments at fair value is not required since the valuation model used by the Group is reasonable and not internally constructed.

Categories of Financial Instruments

	December 31	
	2025	**2024**
Financial assets		
Financial assets at FVTPL		
Held for trading	$ 40,729	$ 47,620
Mandatorily at FVTPL	15,002,012	346,342
Amortized cost (Note 1)	6,600,261	25,607,256
Financial assets at FVTOCI		
Equity instruments	4,938,034	4,752,408
Financial liabilities		
Financial liabilities at FVTPL		
Held for trading	9,441	91,224
Amortized cost (Note 2)	10,810,268	23,679,141

Note 1: The balances include financial assets measured at amortized cost, which comprise of cash and cash equivalents, other financial assets, notes and trade receivables, other receivables and refundable deposits.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise of short-term borrowings, notes and trade payables, other payables, agency receipts, long-term borrowings and guarantee deposits received.

Financial Risk Management Objectives and Policies

The Group's major financial instruments include equity and debt investments, trade receivables, other receivables, borrowings, trade payables and other payables. The Group's Corporate Treasury function provides services to the business and coordinates access to domestic and international financial markets. It also monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze the exposures by degree and magnitude of risks. These risks include market risk, credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by using derivative financial instruments and non-derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies, which are approved by the board of directors. The policies provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies is reviewed by the internal auditors on a continuous basis. The Group has not entered into or traded financial instruments, including derivative financial instruments, for speculative purposes.

The Corporate Treasury function reports quarterly to the Group's audit committee and board of directors in order to monitor risks and implement policies to mitigate risk exposures.

a. Market risk

The activities of the Group exposed it to the financial risks of fluctuations in foreign currency exchange rates. The Group has entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk.

There was no change to the Company's exposure to market risks or the manner in which these risks were managed and measured.

1) Foreign currency risk

The Company undertook transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arose. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts.

The carrying amounts of the Company's foreign currency denominated monetary assets, monetary liabilities, and derivatives which are exposed to foreign currency risk at the end of the reporting period are set out in Note 35 to the consolidated financial statements.

<u>Sensitivity analysis</u>

The Group was mainly exposed to currency fluctuations of the United States dollar (USD), Euro (EUR), Renminbi (RMB), Japanese yen (JPY), Great British Pound (GBP) and Singapore dollar (SGD).

The following table details the Group's sensitivity to a 1% appreciation and depreciation in the New Taiwan dollars ("NTD", the functional currency) against relevant foreign currencies. The sensitivity analysis only included outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges. A positive number indicates an increase in pre-tax profit/loss or equity associated with the NTD strengthens 1% against the relevant currency. For a 1% weakening of the NTD against the relevant currency, there would be an equal and opposite impact on pre-tax profit/loss or equity, and the balances below would be negative.

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

2) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of reporting period were as follows:

	December 31	
	2025	**2024**
Fair value interest rate risk		
Financial assets	$ 1,664,970	$ 20,136,560
Financial liabilities	41,930	69,748
Cash flow interest rate risk		
Financial assets	21,429	20,018
Financial liabilities	3,200,000	15,200,000

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of each asset and liability outstanding at the end of the period was outstanding for the whole year. A sensitivity rate of 10 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 10 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit/loss for the years ended December 31, 2025 and 2024 would have increased/decreased by a cash outflow of NT$3,179 thousand and a cash outflow of NT$15,180 thousand, respectively.

3) Other price risk

The Group was exposed to equity price risk through its investments in convertible bonds, warrants, domestic listed shares and emerging market shares, domestic unlisted equity investments, overseas listed shares, money market fund, private credit fund and overseas unlisted equity investments.

If equity prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2025 and 2024 would have decreased/increased by NT$135,823 thousand and NT$3,463 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2025 and 2024 would have increased/decreased by NT$49,380 thousand and NT$47,524 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

b. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As of December 31,2025, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparty to discharge an obligation and financial guarantees provided by the Group could arise from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets. The Group does not issue any financial guarantee involving credit risk.

The Group basically adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The credit risk information of trade receivables is disclosed in the Note 10 to the consolidated financial statements.

c. Liquidity risk

The Group manages liquidity risk to ensure that the Group possesses sufficient financial flexibility by maintaining adequate reserves of cash and cash equivalents and reserving financing facilities, and also monitors liquidity risk of shortage of funds by the maturity date of financial instruments and financial assets.

1) Liquidity risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay.

December 31, 2025

	Less Than 3 Months	**3 Months to 1 Year**	**Over 1 Year**
Short-term borrowings	$ 1,000,000	$ -	$ -
Notes and trade payables	615,362	4,167,845	-
Other payables	1,991,054	725,680	-
Lease liabilities	4,488	12,953	27,001
Agency receipts	46,301	-	-
Long-term borrowings	-	-	2,200,000
Guarantee deposits received	-	-	64,026
	$ 3,657,205	$ 4,906,478	$ 2,291,027

December 31, 2024

	Less Than 3 Months	3 Months to 1 Year	Over 1 Year
Short-term borrowings	$ 3,100,000	$ 300,000	$ -
Notes and trade payables	260,813	4,927,797	-
Other payables	2,392,638	694,651	-
Lease liabilities	7,679	22,623	44,326
Agency receipts	51,124	-	-
Long-term borrowings	-	-	11,800,000
Guarantee deposits received	-	-	152,118
	$ 5,812,254	$ 5,945,071	$ 11,996,444

2) Liquidity risk tables for derivative financial instruments

The following table details the Group's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

December 31, 2025

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

December 31, 2024

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

3) Bank credit limit

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

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

32. TRANSACTIONS WITH RELATED-PARTY

Balances, transactions, revenue and expenses between HTC and its subsidiaries, which are related parties of HTC, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

The Names and Relationships of Related-parties

Related-party	Relationship with the Group
VIA Technologies Inc.	Its chairman is HTC’s director
VIA Labs, Inc.	Its chairman is HTC’s director
HTC Education Foundation	Its chairman is HTC’s director
Nan Ya Plastics Corporation	Its director and HTC’s chairwoman are relatives
Employees’ Welfare Committee	Employees’ Welfare Committee of HTC
VIA Technologies (China) Co., Ltd.	The chairman of its parent group is HTC’s director
VIA Technologies (Shenzhen) Co., Ltd.	The chairman of its parent group is HTC’s director
Premier Investment & Consultant (Shanghai) Co., Ltd.	Its chairwoman is HTC’s chairwoman
Kun Chang Investment Co., Ltd.	Its director is HTC’s chairwoman
ASIAPLAY TAIWAN DIGITAL ENTERTAINMENT LTD.	Its director is HTC’s chairwoman
Shanghai Property Management (Shanghai) Co., Ltd.	Related party in substance
TVBS Media Inc.	Its director is HTC’s chairwoman
Chinese Christian Faith and Love Foundation	Its director is HTC’s chairwoman
VIA Labs, Inc. Employees’ Welfare Committee	Related party in substance
Beijing Weisheng Yonghong Property Co., Ltd.	The chairman of its ultimate parent group is HTC’s director
CW & ET Link Inc	Its director is HTC’s chairwoman
Chang Gung Memorial Medical Foundation	Its director and HTC’s chairwoman are relatives
Chang Gung Memorial University	Its director and HTC’s chairwoman are relatives
Leo Systems, Inc.	Related party in substance

(Continued)

Related-party	Relationship with the Group
VRChat, Inc.	Associates
XI'an Hongwun Digital Technology Co., Ltd.	Investments in joint ventures
Xi 'an Hongwen commercial operation Management Co., Ltd.	Subsidiary of investments in joint ventures
Temple Of Light Culture Technology Co., Ltd.	Subsidiary of associates
Small Creative SAS	Associates
Surgical Theater	Associates

(Concluded)

Operating Sales

	For the Year Ended December 31	
	2025	2024
Other related parties	$ 83,984	$ 20,662

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

	December 31	
	2025	2024
Other related parties	$ 9,844	$ 1,608

For sales other than those that are made solely to related parties, the terms and prices offered to related parties are more favorable than those to third parties. The outstanding receivables from related parties are unsecured and no impairment losses have been recognized.

Purchase

	For the Year Ended December 31	
	2025	2024
Other related parties	$ 1,011	$ 1,248

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

	December 31	
	2025	2024
Other related parties	$ 368	$ 153

Purchase prices for related parties and third parties were similar. The outstanding balance of trade payables to related parties are unsecured and will be settled in cash.

Advance receipts

	December 31	
	2025	2024
XI’an Hongwun Digital Technology Co., Ltd.	$ -	$ 18,812
TVBS Media Inc.	-	2,621
Other related parties	82	75
	$ 82	$ 21,508

Compensation of Key Management Personnel

	For the Year Ended December 31	
	2025	2024
Short-term benefits	$ 170,282	$ 98,402
Post-employment benefits	648	730
	$ 170,930	$ 99,132

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

Lease Liabilities

	December 31	
	2025	2024
Premier Investment & Consultant (Shanghai) Co., Ltd.	$ 39,959	$ 52,690
Beijing Weisheng Yonghong Property Co., Ltd.	-	12,400
	$ 39,959	$ 65,090

Finance Costs

	For the Year Ended December 31	
	2025	2024
Premier Investment & Consultant (Shanghai) Co., Ltd.	$ 1,958	$ 2,535
Beijing Weisheng Yonghong Property Co., Ltd.	147	602
	$ 2,105	$ 3,137

Lease Expense

	For the Year Ended December 31	
	2025	2024
VIA Technologies Inc.	$ 733	$ 961
VIA Technologies (China) Co., Ltd.	386	454
Other related parties	100	443
	$ 1,219	$ 1,858

The Group leased offices, meeting rooms, staff dormitory and equipment rooms owned by related party under an operating lease agreement, respectively. The rental payment is determined at the prevailing rates in the surrounding area.

Acquisition of Property, Plant and Equipment

	Price	
	For the Year Ended December 31	
	2025	2024
Other related parties	$ -	$ 1,350

Other Related-party Transactions

Other related parties provide property management and media publicity services. The cost and fees were NT$8,586 thousand and NT$19,990 thousand for the years ended December 31, 2025 and 2024, respectively.

As of December 31, 2025 and 2024, the outstanding balances of other payables to related parties were NT$2,899 thousand and NT$908 thousand, respectively.

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

33. PLEDGED ASSETS

As of December 31, 2025 and 2024, time deposits and demand deposits classified as other financial assets totaled NT$121,980 thousand and NT$124,697 thousand, respectively. These deposits were provided as collateral for rental deposits, customs duties, patent litigation, supplier contract, foreign exchange forward contract and performance bonds.

The following assets were pledged as collateral for bank borrowings:

	December 31	
	2025	2024
Property, plant and equipment		
Land	$ 3,603,229	$ 4,566,756
Buildings	771,859	1,591,426
Investment properties	692,694	1,757,068
	$ 5,067,782	$ 7,915,250

34. COMMITMENTS, CONTINGENCIES AND SIGNIFICANT CONTRACTS

a. On January 30, 2017, 3G Licensing S.A. (“3GL”), Orange S.A. (“Orange”), and Koninklijke KPN N.V. filed a lawsuit against HTC and a subsidiary of the Group, HTC America Inc. (“HTC America”), in U.S. District Court in Delaware alleging, inter alia, infringement of three of 3GL’s patents. The plaintiffs dismissed HTC America from the case, and a jury trial was held involving only 3GL, Orange, HTC and two of 3GL’s patents. The trial commenced on October 10, 2023, and on October 16, 2023, the jury found infringement of the patents and awarded damages against HTC. The Group has deposited a security for the judgment into the Court Registry Investment System. The Group does not believe the patents have been infringed and plans to vigorously appeal the verdict.

b. On the basis of its past experience and consultations with its legal counsel, the Group has measured the possible effects of the contingent lawsuits on its business and financial condition.

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information includes foreign currencies other than functional currencies of the group entities. Exchange rates between foreign currencies and respective functional currencies are disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

Unit: In Thousands of Each Foreign Currency

	December 31			
	2025		2024	
	Foreign Currencies	Exchange Rate	Foreign Currencies	Exchange Rate
Financial assets				
Monetary items				
USD	$ 323,499	31.43	$ 755,500	32.79
EUR	57,143	36.89	97,177	34.14
JPY	1,022,249	0.2007	1,731,719	0.2099
RMB	169,721	4.50	1,247,698	4.48
GBP	8,735	42.29	127,292	41.19
SGD	2,256	24.44	77,609	24.13
Non-monetary items				
USD	194,607	31.43	126,563	32.79
RMB	314,686	4.50	177,134	4.48
Investments accounted for using the equity method				
USD	21,674	31.43	24,517	32.79
RMB	40,285	4.50	43,401	4.48
Financial liabilities				
Monetary items				
USD	265,541	31.43	505,773	32.79
EUR	26,544	36.89	25,028	34.14
JPY	552,568	0.2007	888,747	0.2099
RMB	41,377	4.50	55,085	4.48
SGD	69	24.44	2,065	24.13

For the years ended December 31, 2025 and 2024, realized and unrealized net foreign exchange losses were NT$131,088 thousand and NT$9,470 thousand, respectively. It is impractical to disclose net foreign exchange gains or losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Group's entities.

36. SIGNIFICANT CONTRACTS

The Group specializes in the research, design, manufacture and sale of virtual reality devices and smart mobile devices. To enhance the quality of its products and manufacturing technologies, the Group has patent agreements, as follows:

Contract Type	Contractor	Term	Description	Restrictive Covenants
Patent License	Qualcomm Incorporated	December 20, 2000 to the following dates: a. If the Group materially breaches any agreement terms and fails to take remedial action within 30 days after Qualcomm's issuance of a written notice, the Group will be prohibited from using Qualcomm's property or patents. b. Any time when the Group's not using any of Qualcomm's intellectual property, the Group may terminate this agreement upon 60 days' prior written notice to Qualcomm.	Authorization to use CDMA technology to manufacture and sell units, royalty payment based on agreement.	No

37. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others (Table 1)

2) Endorsements/guarantees provided (None)

3) Significant marketable securities acquired or disposed of at cost or prices of at least NT$300 million or 20% of the paid-in capital (Table 2)

4) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 3)

5) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 4)

6) Others: The business relationship between the parent and the subsidiaries and between each subsidiary, and significant transactions between them (Table 7)

7) Information on investees (Table 5)

b. Information on investments in mainland China

1) Information on any investee companies in mainland China, including the name, principal business activities, paid-in capital, accounting method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 6)

2) Significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (None):

   a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year

   b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year

   c) The amount of property transactions and the amount of the resulting gains or losses

   d) The balance of negotiable instrument endorsements, guarantees or pledges of collateral at the end of the year and their purposes

   e) The most significant balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds

   f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services

38. SEGMENT INFORMATION

The Group Is Organized and Managed As A Single Reportable Business Segment

The Group's operations are mainly in the research, design, manufacture and sale of virtual reality devices and smart mobile devices. Revenue from these operations accounts for more than 90% of the total revenue.

Geographical Areas

The Group's non-current assets (other than financial instruments, deferred tax assets and post-employment benefit assets) by country as of December 31, 2025 and 2024 were as follows:

	December 31	
	2025	2024
Taiwan	$ 7,239,240	$ 8,330,613
Country Z	493,377	529,243
Country X	44,586	76,477
Others	543,484	793,639
	$ 8,320,687	$ 9,729,972

The countries that accounted for 10% or more of consolidated total revenues for the years ended December 31, 2025 and 2024 were as follows:

	For the Year Ended December 31	
	2025	2024
Taiwan	$ 454,376	$ 619,307
Country Z	1,212,587	1,173,684
Country X	120,004	161,568
Others	1,113,695	1,126,425
	$ 2,900,662	$ 3,080,984

Major Customer

External customers which accounted for 10% or more of the Group's total revenues for the years ended December 31, 2025 and 2024 were as follows:

	For the Year Ended December 31	
	2025	2024
Customer C	$ 510,174	$ 323,692
Customer B (Note)	273,111	406,787
	$ 783,285	$ 730,479

Note: The amount of revenue from Customer B did not exceed 10% of the Group's total revenues for the year ended December 31, 2025.

TABLE 1

HTC CORPORATION AND SUBSIDIARIES

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

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

(Continued)

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

(Concluded)

HTC CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES SIGNIFICANT HELD (EXCLUDING INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES)
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Holding Company	Marketable Securities Type and Name of Issuer	Relationship of Issuer to the Holding Company	Financial Statement Account	At the End of the Period				Note
				Shares (In Thousand)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
HTC Corporation	Listed shares							
	VIA Technologies, Inc.	Its chairman is HTC's director	Financial assets at fair value through other comprehensive income - non-current	8.5	$ 445	-	$ 445	
High Tech Computer Asia Pacific Pte. Ltd.	Money market fund							
	BlackRock Money Market Fund (Liquidity Fund)	-	Financial assets at fair value through profit or loss - current	-	257,526	-	257,526	
	Private credit fund							
	Apollo IG Short Duration Replacement (Cayman)	-	Financial assets at fair value through profit or loss - current	-	640,242	-	640,242	
	Apollo Asset-Backed Finance Oversea Fund	-	Financial assets at fair value through profit or loss - non-current	-	641,546	-	641,546	
	Apollo Credit Strategies Absolute Return Offshore Fund	-	〃	-	1,447,394	-	1,447,394	
	Apollo Debt Solutions BDC iCapital Offshore Access Fund SPC-Accumulation Class I Shares	-	〃	-	1,446,222	-	1,446,222	
	Ares Specialty Healthcare Fund	-	〃	-	197,864	-	197,864	
	Ares Strategic Income Fund-Accumulation Class I Shares	-	〃	-	1,412,767	-	1,412,767	
HTC Investment Corporation	Listed shares							
	VIA Technologies, Inc.	Its chairman is HTC's director	Financial assets at fair value through other comprehensive income - non-current	438	22,820	-	22,820	
H.T.C. (B.V.I.) Corp.	Unlisted equity investments							
	EMISSIVE	-	Financial assets at fair value through other comprehensive income - non-current	37	137,526	18.03	137,526	
	KKCompany Technologies Inc.	-	〃	12,288	294,025	7.49	294,025	
	Race capital	-	〃	-	555,209	-	555,209	
	TransLink Capital Fund Partners II, L.P.	-	〃	-	301,281	-	301,281	

(Continued)

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

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

(Concluded)

HTC CORPORATION AND SUBSIDIARIES

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

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
HTC Corporation	HTC America Inc.	Grandson company	Sales	$ (469,249)	(25)	60 days	More favorable than unrelated parties	Similar to unrelated parties	$ 225,614	46	
	HTC NIPPON Corporation	Grandson company	Sales	(143,339)	(7)	60 days	More favorable than unrelated parties	Similar to unrelated parties	19,381	4	
HTC America Inc.	HTC Corporation	Parent company	Purchases	469,249	76	60 days	No comparable unrelated parties	Similar to unrelated parties	(225,614)	(97)	
HTC NIPPON Corporation	HTC Corporation	Parent company	Purchases	143,339	95	60 days	No comparable unrelated parties	Similar to unrelated parties	(19,381)	(99)	

TABLE 4

HTC CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debt
					Amount	Action Taken		
HTC Corporation	HTC America Inc.	Grandson company	$ 225,614	4.16	$ -	-	$ 110,653	$ -
HTC EUROPE CO., LTD.	HTC Corporation	Parent company	285,536	0.97	-	-	80,128	-
HTC (Australia and New Zealand) PTY LTD.	HTC Corporation	Parent company	116,655	0.20	-	-	6,906	-
HTC HK, Limited	HTC Corporation	Parent company	115,754	0.22	-	-	93,710	-
Viveport Digital Corporation	Viverse Limited (Ireland)	Same parent company	205,122	0.96	-	-	25,288	-
HTC America Inc.	Viverse Limited (Ireland)	Same parent company	124,041	0.67	-	-	-	-

TABLE 5

HTC CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENTS IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Business Activity	Original Investment Amount		At the End of the Year			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				Ending Balance	Beginning Balance	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
HTC Corporation	H.T.C. (B.V.I.) Corp.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110	International holding company and general investing activities	$ 9,914,828	$ 4,517,708	3,276,202	100.00	$ 8,605,391	$ (127,398)	$ (127,398)	
	High Tech Computer Asia Pacific Pte. Ltd.	#13-00 Robinson 77 Singapore 068896	International holding company; marketing, repair and after-sales services	3,999,144	3,999,144	138,783	100.00	9,269,963	(344,148)	(344,148)	Note 1
	HTC Investment Corporation	1F., No. 88, Sec. 3, Zhongxing Rd., Xindian Dist., New Taipei City	General investing activities	271,874	342,874	27,187	100.00	62,582	3,864	3,864	
	HTC Holding B.V.	Van Boshuizenstraat 12, (unit 1.25), 1083BA Amsterdam, the Netherlands	International holding company	13	13	-	0.01	13	(31,374)	-	
	HTC Investment One (BVI) Corporation	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110	Holding S3 Graphics Co., Ltd. and general investing activities	9,688,603	10,006,434	323,133	100.00	109,903	16,010	16,010	
	HTC Investment (BVI) Corp.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110	General investing activities	832,990	832,990	26,000	100.00	2,892,593	(191,973)	(191,973)	
	HungXu Holding (BVI) Corp.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110	International holding company	234,324	234,324	7,000	100.00	224,956	(20,135)	(20,135)	
	HTC VIVE Investment (BVI) Corp.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110	General investing activities	210,589	302,807	7,000	100.00	240,692	(4,167)	(4,167)	
	DeepQ Holding (BVI) Corp.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110	International holding company	-	498,565	-	100.00	-	1,042	1,042	
	HTC Smartphone (BVI) Corp.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110	International holding company	-	1,004	-	100.00	-	(270)	(270)	Note 2
	HTC VR Content (BVI) Corp.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110	International holding company	52,518	52,518	1,710	100.00	19,132	222	222	
	HungYao Technology Co, Ltd.	16F., No. 88, Sec. 3, Zhongxing Rd., Xindian Dist., New Taipei City	Manufacturing of electronic parts	100	100	10	100.00	95	-	-	
	HTC EUROPE CO., LTD.	Salamanca Wellington Street Slough Berkshire England SL1 1YP	International holding company; marketing, repair and after-sales services	9,349,409	9,349,409	104,061	100.00	5,218,098	(199,369)	(199,369)	Notes 3 and 4
H.T.C. (B.V.I.) Corp.	East West Artists, LLC	5200 W Century Blvd Suite 701, Los Angeles, CA 90045, US	Human resources management	38,386	38,386	1,200	30.00	-	-	-	
	Steel Wool Games Inc.	95 Linden St Suite 4, Oakland, CA 94607	Development of virtual reality contents	171,870	171,870	10,822	49.00	-	(77,327)	(37,890)	
	Surgical Theater, LLC	781 BETA DRIVE MAYFIELD VILLAGE, OHIO 44143 USA	Development of virtual reality contents	437,595	437,595	46	16.30	-	-	-	
	MOR Museum Inc.	1601-1252 Hornby Street, Vancouver, BC V6Z 0A3 Canada	Development of virtual reality contents	49,344	49,344	437	25.00	3,489	(1,532)	(383)	
	Temple of Light Limited	Unit F, 9/F, West Nanjing Rd. 993, Jingan District, Shanghai	Development of virtual reality contents	32,341	32,341	4,760	25.00	5,695	(3,378)	(18,640)	
	Backlight Studio SAS	47 Boulevard Ornano Bat P1 93200 Saint-Denis, Paris, FR	Digital art	40,884	-	-	30.02	-	-	(42,622)	
	Lucid Realities SAS	108, Avenue Ledru-Rollin, Paris, FR	Digital art	68,472	-	20	25.00	10,698	(45,446)	(60,683)	
	XR Addict	128, rue de la Boétie - 75008, Paris, FR	Digital art	25,686	-	65	15.96	5,011	(22,178)	(21,894)	

(Continued)

Investor Company	Investee Company	Location	Main Business Activity	Original Investment Amount		At the End of the Year			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				Ending Balance	Beginning Balance	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
High Tech Computer Asia Pacific Pte. Ltd.	HTC (Australia and New Zealand) PTY LTD.	SUITE 1 LEVEL 7, 460-62 YORK STREET, SYDNEY NSW 2000	Marketing, repair and after-sales services	$ 117,871	$ 117,871	400	100.00	$ 106,720	$ 1,616	$ 1,616	
	HTC Philippines Corporation	UNIT 32 3/F WORLDNET BUSINESS CENTER ZETA BLDG 191, SALCEDO ST LEGASPI VILLAGE, MAKATI CITY 1229	Marketing, repair and after-sales services	-	6,596	-	-	-	-	-	Note 5
	HTC India Private Limited	Seat No. 45, Plot No. 11, Sector 33, Arjun Nagar, Gurgaon, New Colony, Haryana, India, 122001	Marketing, repair and after-sales services	4,094	4,094	495	99.00	129,058	134	133	
	HTC HK, Limited	31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong	International holding company; marketing, repair and after-sales services	151,634	151,634	37,626	100.00	1,625,670	(327,277)	(327,277)	
	HTC Holding B.V.	Van Boshuizenstraat 12 unit 1.25, 1083 BA Amsterdam, the Netherlands	International holding company	6,815,370	6,815,370	105,569	99.99	633,730	(31,374)	(31,374)	
HTC Investment One (BVI) Corporation	S3 Graphics, Co., Ltd.	P.O. Box 709 George Town Grand Cayman	Design, research and development of graphics technology	9,033,450	9,033,450	308,279	100.00	97,925	638	638	
HTC Holding B.V.	HTC Servicios DE Operacion Mexico, S.A DE C.V.	Paseo de la Reforma 505 piso 32 Col Cuauhtemoc. Cp 06500 Mexico DF.	Human resources management	37	37	1	1.00	57	(139)	(1)	
	HTC Netherlands B.V.	Van Boshuizenstraat 12 unit 1.25, 1083 BA Amsterdam, the Netherlands	International holding company; marketing, repair and after-sales services	7,050,037	7,050,037	143,882	100.00	649,298	(30,650)	(30,650)	
	HTC India Private Limited	Seat No. 45, Plot No. 11, Sector 33, Arjun Nagar, Gurgaon, New Colony, Haryana, India, 122001	Marketing, repair and after-sales services	39	39	5	1.00	1,304	134	1	
	HTC Communication Solutions Mexico, S.A DE C.V.	Paseo de la Reforma 505 piso 32 Col Cuauhtemoc. Cp 06500 Mexico DF.	Marketing, repair and after-sales services	25	25	1	1.00	67	(591)	(6)	
HTC Netherlands B.V.	HTC Belgium BV	Botanic Tower, 6th floor, Boulevard Saint-Lazare, 4-10, 1210 Brussels	Marketing, repair and after-sales services	783	783	19	100.00	25,015	907	907	
	HTC NIPPON Corporation	The CORNER Nihonbashi east 7th floor, 1-9-1, Nihonbashi Bakurocho, Chuo-ku, Tokyo	Sale of virtual reality devices and smart mobile devices	154,810	154,810	56	100.00	223,220	3,439	3,439	
	HTC FRANCE CORPORATION	83-85 boulevard de Charonne 75011 Paris	Marketing, repair and after-sales services	459,161	459,161	11,750	100.00	70,497	1,414	1,414	
	HTC Nordic ApS.	c/o Redmark, Sommervej 31 C, Hasle, 8210 Aarhus V	Marketing, repair and after-sales services	5,345	5,345	80	100.00	12,311	59	59	
	HTC Italia SRL	c/o Studio Gargani & Associati, Via Nicolò Tartagli, 11, 00197 Roma, Italy	Marketing, repair and after-sales services	-	51,056	-	-	-	(3)	(3)	Note 6
	HTC Germany GmbH.	Friedrich-Ebert-Anlage 36 60325 Frankfurt am Main Germany	Marketing, repair and after-sales services	24,550	24,550	25	100.00	25,557	350	350	
	HTC Iberia S.L.	Conde de Vilches, 19, Madrid, 28028, Spain	Marketing, repair and after-sales services	-	9,402	-	-	-	-	-	Note 7
	HTC Poland sp. z o.o.	Jerozolimskie Business Park, Al. Jerozolimskie 146A, 02-305 Warszawa, Poland	Marketing, repair and after-sales services	2,301	2,301	5	100.00	6,498	249	249	
	HTC Communication Canada, Ltd.	2900-550 Burrard Street, Vancouver BC V6C 0A3, Canada	Marketing, repair and after-sales services	43,915	43,915	1,500	100.00	77,111	1,161	1,161	
	HTC Middle East FZ-LLC	DIC building no.3, office no.316, Dubai Internet City, Dubai	Marketing, repair and after-sales services	28,029	28,029	4	100.00	64,123	847	847	
	HTC Communication Solutions Mexico, S.A DE C.V.	Paseo de la Reforma 505 piso 32 Col Cuauhtemoc. Cp 06500 Mexico DF.	Marketing, repair and after-sales services	2,460	2,460	50	99.00	6,620	(591)	(585)	
	HTC Servicios DE Operacion Mexico, S.A DE C.V.	Paseo de la Reforma 505 piso 32 Col Cuauhtemoc. Cp 06500 Mexico DF.	Human resources management	3,690	3,690	50	99.00	5,674	(139)	(138)	

(Continued)

Investor Company	Investee Company	Location	Main Business Activity	Original Investment Amount		At the End of the Year			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				Ending Balance	Beginning Balance	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
HTC EUROPE CO., LTD.	HTC America Holding Inc.	1625 Shattuck Ave, Berkeley, CA 94709	International holding company	$ 6,341,332	$ 6,341,332	371,617	100.00	$ 3,824,995	$ 671,972	$ 671,972	Note 3
	DeepQ Holding Corporation	89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands	International holding company	314,390	314,390	61,700	100.00	170,371	(64,010)	(64,010)	Note 4
	VIVE Arts Holding Corporation	89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands	International holding company	178,843	178,843	32,000	100.00	129,139	(32,147)	(32,147)	
	Viverse Holding Corporation	89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands	International holding company	1,606,825	1,606,825	23,498	100.00	781,630	(287,915)	(287,915)	
	REIGN Technology Corporation	89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands	International holding company	536,789	323,423	40,900	100.00	379,510	(87,325)	(87,325)	
VIVE Arts Holding Corporation	VIVE Arts Corporation	15th Floor, No. 88, Section 3, Zhongxing Road, Xindian District, New Taipei City	Digital art	27,500	27,500	2,750	100.00	10,665	(5,991)	(5,991)	
	VIVE Arts Limited	Salamanca, Wellington Street, Slough, Berkshire, United Kingdom SL1 1YP	Digital art	137,290	137,290	4,600	100.00	39,664	(25,997)	(25,997)	
DeepQ Holding Corporation	DeepQ (BVI) Corp.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110	International holding company	313,539	313,539	164,700	100.00	79,151	(63,751)	(63,751)	Note 4
REIGN Technology Corporation	REIGN Technology Corporation	12F., No. 88, Sec. 3, Zhongxing Rd., Xindian Dist., New Taipei City	Construction, application and after-sales services of 5G	459,000	318,000	45,900	100.00	160,737	(86,832)	(86,832)	
Viverse Holding Corporation	Viverse Limited (UK)	Salamanca, Wellington Street, Slough Sl1 1YP	International holding company	1,602,553	1,602,553	40,336	100.00	779,171	(287,640)	(287,640)	
Viverse Limited (UK)	Viverse Limited (Ireland)	10 Earlsfort Terrace, Dublin 2, Republic of Ireland	Market development and sale of virtual reality contents	1,219,635	1,219,635	35,325	100.00	270,192	(371,164)	(371,164)	
	Viveport Digital Corporation	11F., No. 88, Sec. 3, Zhongxing Rd., Xindian Dist., New Taipei City	Interactive scenario experience services	350,000	350,000	35,000	100.00	178,622	86,190	86,190	
HTC America Holding Inc.	HTC America Inc.	1625 Shattuck Ave, Berkeley, CA 94709	Sale of virtual reality devices and smart mobile devices	130,973	1,114,451	1	100.00	446,357	62,632	62,632	Note 3
	One & Company Design, Inc.	1625 Shattuck Ave, Berkeley, CA 94709	Design, research and development of application software	191,052	191,052	60	100.00	2,594	-	-	
	HTC America Innovation Inc.	1625 Shattuck Ave, Berkeley, CA 94709	Design, research and development of application software	93,780	93,780	1	100.00	109,688	512,872	512,872	
	Dashwire, Inc.	1625 Shattuck Ave, Berkeley, CA 94709	Design and management of cloud synchronization technology	-	600,501	0.1	100.00	1,643	-	-	
	HTC America Content Services, Inc.	1625 Shattuck Ave, Berkeley, CA 94709	Online/download media services	2,414,274	2,414,274	31	100.00	46,157	4,810	4,810	
	Inquisitive Minds, Inc.	1625 Shattuck Ave, Berkeley, CA 94709	Development and sale of digital education platform	-	388,982	-	-	-	-	-	Note 8
HungXu Holding (BVI) Corp.	HungXu Technology (BVI) Corp.	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola VG1110	International holding company	203,795	203,795	32,000	100.00	243,699	(3,350)	(3,350)	
HungXu Technology (BVI) Corp.	HungXu TECH Corp.	8F., No. 88, Sec. 3, Zhongxing Rd., Xindian Dist., New Taipei City	Research and development of virtual reality devices	157,000	157,000	15,700	100.00	208,562	3,100	3,100	Note 9
DeepQ (BVI) Corp.	DeepQ Technology Corp.	13F., No. 207-5, Sec. 3, Beixin Rd., Xindian Dist., New Taipei City	Medical technology and health care	467,212	395,212	46,721	100.00	65,014	(62,693)	(62,693)	Note 4

(Continued)

Investor Company	Investee Company	Location	Main Business Activity	Original Investment Amount		At the End of the Year			Net Income (Loss) of the Investee	Investee Company Gain (Loss)	Note
				Ending Balance	Beginning Balance	Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount			
HTC Investment (BVI) Corp.	VRChat. Inc.	288 Bryn Mawr Cir, Houston TX 77024, USA	Development of virtual reality contents	$ 391,860	$ 391,860	79,257	34.02	$ 624,401	$ (100,044)	$ (34,031)	
	HTC VIVE TECH (HK) Limited	Unit 1606, 16/F., Citicorp Centre, No. 18 Whitfield Road, Causeway Bay, Hong Kong	Research, development and sale of virtual reality devices	-	206,924	-	100.00	-	(5,735)	(5,735)	
	Small Creative	62 avenue Parmentier, 75011 Paris, France	Digital art	49,927	49,927	-	28.01	7,083	(1,624)	(45,141)	
	Architect	13 rue de Mont-Louis, 75011 Paris, France	Digital art	107,040	-	33	22.00	24,804	(5,873)	(5,873)	
HTC VR Content (BVI) Corp.	Uomo Vitruviano Corp.	11F., No. 88, Sec. 3, Zhongxing Rd., Xindian Dist., New Taipei City	Development of virtual reality contents	50,000	50,000	5,000	100.00	17,412	310	310	

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

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

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

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

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

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

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

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

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

(Concluded)

HTC CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

Investee Company	Main Business Activity	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of the Beginning of the Year	Investment Flows		Accumulated Outflow of Investment from Taiwan as of the End of the Year	Net Income (Loss) of the Investee	Percentage of Ownership (%)	Investment Gain (Loss)	Carrying Amount	Accumulated Inward Remittance of Earnings
					Outflow	Inflow						
High Tech Computer Corp. (Suzhou) (Note 4)	Manufacture and sale of smart mobile devices	US$ -	Investment in company located in mainland China indirectly through H.T.C. (B.V.I.) Corp.	$ 3,312 (US$ 100)	$ -	$ -	$ 3,312 (US$ 100)	$ -	-	$ -	$ -	$ -
HTC Corporation (Shanghai WGQ) (Note 7)	Smart mobile devices examination and after-sale services and technique consultations	US$ -	Investment in company located in mainland China indirectly through HTC HK, Limited.	49,845 (US$ 1,500)	-	-	49,845 (US$ 1,500)	-	-	-	-	-
HTC Electronics (Shanghai) Co., Ltd. (Note 5)	Manufacture and sale of virtual reality devices and smart mobile devices	US$ 2,909	〃	821,335 (US$ 133,000)	-	-	821,335 (US$ 133,000)	(16,895)	100.00	(16,895)	1,500,667	-
HTC Communication Co., Ltd. (Note 6)	Sale of virtual reality devices and smart mobile devices and after-sales services	US$ 97,500	Investment in company located in mainland China indirectly through High Tech Computer Asia Pacific Pte. Ltd.	4,125,897 (US$ 127,500)	-	-	4,125,897 (US$ 127,500)	(167,736)	100.00	(167,736)	295,423 (Note 3)	-
HTC Communication Technologies (Shanghai) Limited	Design, research and development of application software	US$ 4,000	〃	120,799 (US$ 4,000)	-	-	120,799 (US$ 4,000)	8,098	100.00	8,098	263,241	-
Ji Jhih Suo Sin Si Technology (Shanghai) Co., Ltd.	Design and system integration of computer software and wholesale and retail of peripheral equipment software	US$ 51,550	Investment in company located in mainland China indirectly through GSUO Inc.	249,678 (US$ 8,000)	-	-	249,678 (US$ 8,000)	-	10.32	-	-	-
HTC Communication (BJ) Tech Co.	Design, research and development of application software	RMB 500	Investment in company located in mainland China through the own funds of HTC Communication Technologies (Shanghai) Limited.	-	-	-	-	4,959	100.00	4,959	17,399	-
Gui Zhou Wei Ai Technology Group Co., Ltd.	Development and sales of virtual reality contents	RMB 11,775	Investment in company located in mainland China through the own funds of HTC Communication Co., Ltd.	-	-	-	-	(13,060)	26.05	(3,402)	87,323	-

(Continued)

Investee Company	Main Business Activity	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of the Beginning of the Year	Investment Flows		Accumulated Outflow of Investment from Taiwan as of the End of the Year	Net Income (Loss) of the Investee	Percentage of Ownership (%)	Investment Gain (Loss)	Carrying Amount	Accumulated Inward Remittance of Earnings
					Outflow	Inflow						
Beijing Transmission Weiku Technology Co., Ltd.	Research and development of virtual reality contents	RMB 64	Investment in company located in mainland China through the own funds of HTC Communication Co., Ltd.	$ -	$ -	$ -	$ -	$ -	6.00	$ -	$ -	$ -
Beijing Seven Vision Virtual Technology Co., Ltd.	Research and development of virtual reality contents	RMB 1,087	〃	-	-	-	-	-	8.00	-	-	-
Shenzhen Yichen Virtual Reality Technology Co., Ltd.	Research and development of virtual reality contents	RMB 5,342	〃	-	-	-	-	-	1.32	-	-	-
Shenzhen Shengda Education Technology Co., Ltd.	Research and development of virtual reality contents	RMB 950	〃	-	-	-	-	-	6.88	-	1,574	-
Shanghai Duowei Network Technology Co., Ltd.	Research and development of virtual reality contents	RMB 133	〃	-	-	-	-	-	5.00	-	-	-
Shanghai Chaoshi Business Management Partnership (Limited Partnership)	Research and development of virtual reality contents	RMB 100	〃	-	-	-	-	-	20.00	-	1,259	-
Beijing WEWOD Entertainment Technology Co., Ltd.	Research and development of virtual reality contents	RMB 1,812	〃	-	-	-	-	-	1.50	-	6,744	-
Shanghai Judao Network Technology Co., Ltd.	Research and development of virtual reality contents	RMB 142	〃	-	-	-	-	-	2.00	-	2,259	-
Shanghai Lenqiy Information Technology Co., Ltd.	Research and development of virtual reality contents	RMB 3,000	〃	-	-	-	-	-	3.00	-	1,493	-
Beijing Yuanji Technology Co., Ltd.	Research and development of virtual reality contents	RMB -	〃	-	-	-	-	-	5.00	-	-	-
Qinhuangdao Shiyi Technology Co., Ltd.	Research and development of virtual reality contents	RMB 685	〃	-	-	-	-	-	5.00	-	2,248	-
Hefei Yao An Technology Co., Ltd.	Research and development of virtual reality contents	RMB 12,208	〃	-	-	-	-	-	2.00	-	4,496	-
Red Landmark (Beijing) Culture Technology Co., Ltd.	Production of radio and television programs	RMB 12,077	〃	-	-	-	-	-	3.00	-	-	-
HTC VIVE TECH (Beijing) (Note 8)	Research, development and sale of virtual reality devices	US$ -	Investment in company located in mainland China indirectly through HTC VIVE TECH (HK) Limited	24,067 (US$ 800)	-	-	24,067 (US$ 800)	(521)	100.00	(521)	-	-

(Continued)

Investee Company	Main Business Activity	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of the Beginning of the Year	Investment Flows		Accumulated Outflow of Investment from Taiwan as of the End of the Year	Net Income (Loss) of the Investee	Percentage of Ownership (%)	Investment Gain (Loss)	Carrying Amount	Accumulated Inward Remittance of Earnings
					Outflow	Inflow						
DeepQ Technology (Beijing) (Note 9)	Development and marketing of software technology	US$ 500	Investment in company located in mainland China indirectly through DeepQ (BVI) Corp.	$ 89,732 (US$ 3,000)	$ -	$ -	$ 89,732 (US$ 3,000)	$ (966)	100.00	$ (966)	$ 5,261	$ -
XI'an Hongwun Digital Technology Co., Ltd.	Digital content development and sales	RMB 50,000	Investment in company located in mainland China through the own funds of HTC Electronics (Shanghai) Co., Ltd.	-	-	-	-	(22,164)	47.00	(10,417)	93,788	-

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

Note 1: Investment amounts authorized by the Investment Commission, MOEA: The remitted amount is translated at the exchange rate of the original remittance and the unremitted amount is converted at the exchange rate of NT$30.43 to US$1 at December 31, 2025.

Note 2: Investment gains (losses) and the carrying amount as of September 30, 2025 are based on reviewed financial statements. Gains and losses are translated at the average exchange rate of NT$4.3380 to RMB1 from January to September 2025. The carrying amount is translated at the exchange rate on December 31, 2025 at NT$4.4958 to RMB1.

Note 3: The carrying amount includes unrealized gain of NT$442 thousand at the end of the current period.

Note 4: High Tech Computer Corp. (Suzhou) has completed the liquidation process on July 5, 2019. As of December 31, 2025, the refunded capital has not been repatriated to Taiwan.

Note 5: HTC Electronics (Shanghai) Co., Ltd. reduced its share capital by US$130,000 thousand on September 2019. As of December 31, 2025, the refunded capital US$30,000 thousand has not been repatriated to Taiwan.

Note 6: HTC Communication Co., Ltd. was approved by the local competent authority to reduce its share capital by US$30,000 thousand on March 2025. As of December 31, 2025, the refunded capital has not been repatriated to Taiwan.

Note 7: The dissolution of HTC Corporation (Shanghai WGQ). was approved in its shareholders' meeting held on July 31, and the deregistration has been completed on April 7, 2025. 2024. As of December 31, 2025, the refunded capital has not been repatriated to Taiwan.

Note 8: The dissolution of HTC VIVE TECH (Beijing) was approved in its shareholders' meeting on July 1, 2025, and the deregistration was completed on September 25, 2025. As of December 31, 2025, the refunded capital has not been repatriated to Taiwan.

Note 9: The dissolution of DeepQ Technology (Beijing) was approved in its shareholders' meeting held on December 31, 2025, and the liquidation process is still ongoing.

Note 10: The dissolution of HTC Communication Beijing Tech Co. was approved in its shareholders' meeting held on December 31, 2025, and the liquidation process is still ongoing.

(Concluded)

TABLE 7

HTC CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount (Note 3)	Payment Terms (Note 4)	% of Total Sales or Assets (Note 5)
	For the year ended December 31, 2025						
0	HTC Corporation	HTC EUROPE CO., LTD.	a	Accrued expenses	$ 285,536	More favorable than unrelated parties	-
			a	Commission	239,483	-	8
		HTC America Inc.	a	Sales	469,249	-	16
			a	Trade receivables	225,614	-	-
		HTC NIPPON Corporation	a	Sales	143,339	-	5
		HTC HK, Limited	a	Accrued expenses	115,754	-	-
		HTC (Australia and New Zealand) Pty. Ltd.	a	Accrued expenses	116,655	-	-
1	Viveport Digital Corporation	Viverse Limited (Ireland)	b	Trade receivables	205,122	-	-
			b	Service revenue	152,384	-	6
2	America Content Services, Inc.	Viverse Limited (Ireland)	b	Trade receivables	124,041	-	-

Note 1: Parties to the intercompany transactions are identified and numbered as follows:

a. "0" for HTC Corporation.
b. Subsidiaries (Numbered consecutively from "1".)

Note 2: Transactions are categorized as follows:

a. From a parent company to its subsidiary.
b. Between subsidiaries.

Note 3: All internal transactions between consolidated companies have been eliminated from the consolidated financial statements.

Note 4: Unless otherwise specified, it is the same as the unrelated parties.

Note 5: Percentage of consolidated total assets is calculated by dividing the amount of a particular asset or liability account by the consolidated total of assets as of December 31, 2025.
Percentage of consolidated total revenues is calculated by dividing the amount of a particular revenue or cost or expense account by the consolidated total operating revenues for the year ended December 31, 2025.

Note 6: The standard for disclosure of information on business transactions between related parties requires a disclosure of the following financial items if the transaction is at least NT$100 million or 20% of the paid-in-capital: Purchases (expenses), sales and receivables (payments). Financial items other than the above will not be disclosed.