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AUO CORPORATION 2023 ANNUAL REPORT

-Notice to readers-

This is a translation of the 2023 annual report of AUO Corporation.
The translation is for reference only. If there is any discrepancy
between the English version and Chinese version, the Chinese version
shall prevail.



Printed on March 11, 2024

AUO Corporation 2023 Annual Report

AUO Spokesperson

Name: Benjamin Tseng

Title: Chief Financial Officer

AUO Deputy Spokesperson

Name: Lydia Tsai

Title: Senior Manager of Corporate Governance.

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Corporate Headquarters, Branches, and Fabs

Corporate Headquarter: No. 1, Li-Hsin Rd. 2, East Dist., Hsinchu Science Park, Hsinchu City

Taoyuan Branch: No. 1, Xinhe Road, Longtan Dist., Taoyuan City

Address of Fabs: Fab L3B: No. 1, Li-Hsin Rd. 2, East Dist., Hsinchu City

Fab L3C(L5): No. 23, Li-Hsin Rd., East Dist., Hsinchu City

Fab Longke: No.228, Longke St./No.288, Longyuan 1st Rd./ No.338, Longyuan 1st Rd./ and
No.338-1, Longyuan 1st Rd., Longtan Dist., Taoyuan City

Fab Longtan: No. 1, Xinhe Road, Longtan Dist., Taoyuan City

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Website: www.tssco.com.tw/stocktransfer

TEL: 02-2504-8125

Certified Public Accountant (CPA) and accounting firm for the financial statements of the most recent year:

CPA: Chi-Lung Yu and Wan-Yuan Yu

Company: KPMG Certificated Public Accountants

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Website: home.kpmg.com/tw

TEL: 02-8101-6666

Offshore secondary exchange and disclosure information available at:

Offshore secondary exchange: U.S. OTC market

Website: www.otcmarkets.com

Company code: AUOTY

Company website: www.auo.com

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Chapter 1 Letter to Shareholders

Dear Shareholders,

Looking back at 2023, efforts across the entire supply chain helped normalizing overall channel inventories of consumer electronic products back to healthy levels, leading to gradual stabilization of panel prices. However, unfavorable factors such as war, inflation, and interest rate hikes continued to affect global economy last year, hindering the full recovery of end demand. Despite the challenging business environment, the Company's overall revenue increased by a modest 0.5% compared to 2022, reaching NT\$247.96 billion. The main driver was the revenue from vertical business, which grew by nearly 20% from the prior year, effectively offsetting the decline in revenue from panel business. AUO's overall loss also narrowed compared to 2022.

Although the panel industry has experienced fluctuations in recent years, the Company's operations have consistently generated cash inflows, which have helped to lower the debt ratio and improve our financial profile. A stable financial structure and ample cash resources give us the confidence to accelerate our biaxial transformation strategy, continuing to focus on increasing the higher value-added products and expanding our vertical business. We will elaborate the progress and point out the highlights of our transformation over the past year from three perspectives: next-generation display technology, mobility solution business, and vertical business.

- Next-generation display technology:

In the panel business, AUO mainly focuses on next-generation LED display technologies, progressing from Mini LED backlight and high-end direct-view LED display to Micro LED. This approach has offered us a comprehensive technology platform and ecosystem, enhancing AUO's industry profile and solidifying our leadership as the primary supplier of display products.

- Mini LED backlight: Mini LED is used as the backlighting for LCD panels, offering advantages such as high contrast, wide color gamut, and low power consumption. In the recent years, AUO has applied this technology in automotive, high-end medical, and gaming displays, making it a competitive technology against OLED.
- High-end direct-view LED display: Displays that use LED chips directly as pixel units can overcome the size limitations of existing display technology. It also offers many advantages, including high brightness, wide color gamut, high contrast, low power consumption, and long lifespan. AUO has applied this technology in spherical display, solution for situation room, LED virtual production studio, and other field applications.
- Micro LED: In 2023, AUO led the market with the shipment of 1.39-inch Micro LED display for smartwatches. This milestone demonstrates AUO's capability in advancing Micro LED technology toward commercialization and mass production. In the future, Micro LED will be introduced into applications such as automotive displays, super large-size tiling TV, and transparent displays. These applications showcase the technology's advantages, such as high brightness, high reliability, longer lifetime, as well as ultra-high transparency, flexibility, and bendability.

- Mobility solution business

Benefiting from the booming trend of electrical vehicles and autonomous driving, displays are expected to play a crucial role as the human-machine interface in the next-generation smart cockpits. AUO has been deeply committed to the automotive display market for years, and ranked top three among global automotive display suppliers. With cutting-edge display technology as the core and in-depth cooperation with ecosystem partners, we strive to develop the Company into a “Smart Cockpit Display Solution Provider.” In 2023, our revenue from mobility solution business exceeded NT\$43 billion, demonstrating strong momentum with an annual growth rate exceeding 25%. In our journey towards transformation, this sector is expected to become one of AUO's important growth engines.

- In October 2023, AUO's Board of Directors approved the acquisition of Behr-Hella Thermocontrol GmbH (BHTC) in Germany.
- BHTC specializes in human-machine interfaces and climate control systems for the automotive industry. It possesses world-leading resources and R&D capabilities, with Tier I supplier abilities, and maintains deep collaborations with global automotive OEMs. The merger is expected to be completed in the first half of 2024. AUO will leverage BHTC's Tier I abilities, track records with automotive OEMs, and global sales channel and production bases to accelerate the goal to transform into a “Smart Cockpit Display Solution Provider.”
- AUO debuts at the US Consumer Electronics Show (CES) in January 2024
- The year 2024 marks AUO's first-ever participation in CES as a Smart Cockpit Display Solution Provider and its first entry into the main exhibition hall. The Company was proud of earning two innovation awards recognizing our breakthroughs in transparent and rollable Micro LED displays for automotive applications. Among them, the "Interactive Transparent Window" integrates a highly transparent Micro LED display into vehicle side windows, equipped with touch functionality. This exhibit won the Best of Innovation Honoree award. This also means that the market recognizes AUO team's strong R&D capabilities and the ability to meet automotive customers' various needs in smart cockpits.

- Vertical business

In the recent years, AUO has actively developed its vertical businesses in retail, healthcare, enterprise, education, intelligent services, green energy, and other areas. This has been accomplished through the establishment of subsidiaries, via mergers and acquisitions, etc. Revenue from vertical businesses exceeded NT\$40 billion in 2023, marking a nearly 20% increase compared to 2022. The corresponding proportion of revenue also rose from 15% to 17%. This growth is anticipated to continue.

In the healthcare sector, AUO has been a critical player in the professional medical display market for over a decade. We are positioned as the world's leading professional medical display supplier. With a positive outlook on the smart healthcare sector, AUO Group saw its first-ever participation in the “2023 Healthcare+ Expo Taiwan”. Together with several industry partners, this endeavor brought together our subsidiaries AUO Display Plus, AUO Health, and AUO Care to

jointly showcase products, technologies, and solutions launched by the Group in smart healthcare. These include products and services across five domains, including 3D surgical imaging, dental digitization, traditional Chinese medicine digital detection, medical information integration and management, and elderly care. AUO will leverage its current market dominance and panel technology as a starting point to develop vertically and provides solutions that address users' needs and solve the pain points.

Regarding the intelligent services, and with smart manufacturing as its starting point, AUO is responding to global climate change and the trend toward global net-zero carbon emissions by investing in digital transformation. This transformation aims to implement ESG sustainable development practices and apply successful transformation experiences to develop smart sustainable service solutions for external clients. The "AUO Smart Expo 2023" brought together our subsidiaries AUO Digitech, AUO Envirotech, and AUO Energy Business Headquarters to demonstrate the Group's smart sustainable solutions in smart manufacturing, net-zero carbon emissions, and green energy to the public for the first time. These efforts align with our corporate digital and net-zero transformation goals, aiming to create sustainable business opportunities and enhance AUO's competitiveness through ESG-driven value creation.

Looking forward to 2024, the global macro environment remains uncertain. Despite facing a highly challenging operating environment, the Company remains cautiously optimistic, continues to closely monitor the market dynamics, and remains cautious about the pace of demand recovery for various applications. At this stage, the panel business still consumes majority of the Company's capacity, capital deployment, and human resources. Our primary goal for the panel business will be to optimize its product portfolios and technology platforms to ensure stable positive cash flow. On the other hand, mobility solution and vertical businesses stand as key growth engines in the longer-term. The Company plans to allocate more resources to accelerate the development in these two businesses, aiming to be recognized as not just a panel maker, but a "Display-centric Solution Provider" by 2025, moving toward for becoming a comprehensive sustainable enterprise.

Chairman and Group CSO



CEO and President



Chapter 2 Company Profile

(I) Date of Incorporation: August 12, 1996

(II) Company History:

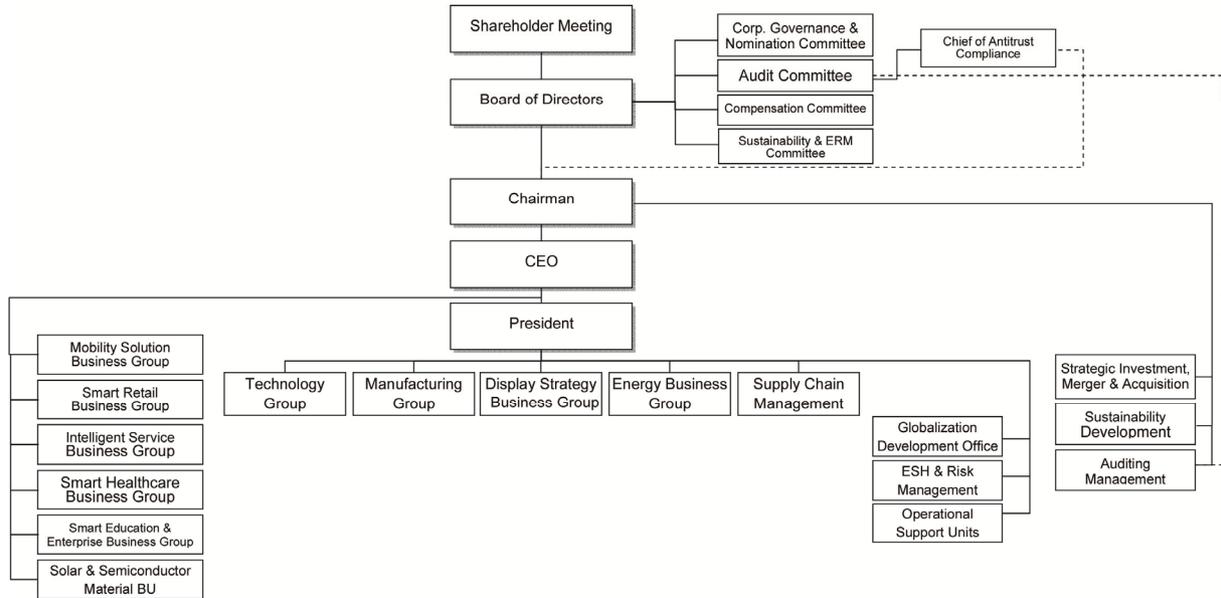
Aug 1996	Acer Display Technology (ADT) was established. The Company specialized in the development and manufacturing of key components and systems of flat display panels.
Apr 1999	Taiwan's first G3.5 TFT-LCD production line was completed and made a successful pilot run.
Sep 2000	ADT began initial public offering (IPO) on the Taiwan Stock Exchange (TWSE).
Feb 2001	Taiwan's first G4 TFT-LCD fab began mass production.
May 2001	ADT announced the merger with Unipac Optoelectronics Corporation and was renamed AU Optronics Corporation (AUO)
Sep 2001	Merged with Unipac Optoelectronics Corporation.
May 2002	Listed on the New York Stock Exchange (NYSE) under the code AUO.
Jul 2002	AUO Suzhou module plant began mass production, leading the industry's entry into the China market.
Dec 2002	Taiwan 1st G5 TFT-LCD production line pilot run.
Jan 2005	First 32" LCD TV panel produced at G6 fab successfully lit up.
Jul 2006	First 42" LCD TV panel produced at G7.5 fab successfully lit up.
Oct 2006	Merged with Quanta Display Inc. (QDI)
Sep 2007	AUO Xiamen module plant began mass production.
Dec 2008	First 46" LCD TV panel produced at G8.5 fab successfully lit up.
Jun 2009	Co-invested in module plant with Sichuan Changhong Electric Co., Ltd.
May 2010	Co-invested in solar cell plant with US-based SunPower Technology.
Jul 2010	Acquired 100% ownership of AFPD Pte., Ltd., subsidiary of Toshiba Mobile Display in Singapore.
Dec 2010	Subsidiary Darwin Precisions Corporation was authorized for IPO at the Taiwan Stock Exchange.
Jun 2011	AUO Slovakia module plant began mass production.
Sep 2011	Subsidiary Darwin Precisions Corporation was merged with subsidiary Briview Corporation. Darwin Precisions Corporation, the remaining Company after the merger, was renamed Briview.
Apr 2014	Founding Star River Energy Corporation to create an investment platform for solar power plants.
Oct 2014	Subsidiary Briview was merged with Forhouse Corp. Briview, the remaining Company after the merger, was renamed Darwin Precisions Corporation.
Dec 2015	AUO's Lungtan fab has completed Taiwan's first locally designed and integrated process water full-recycling system.
Oct 2016	Subsidiary Taiwan CFI Co., Ltd. (CFI) was merged with AUO, the remaining Company after the merger. The original site of CFI was rebuilt to AUO Kaohsiung Plant and AUO Tainan Plant.
Nov 2016	AUO Kunshan G6 LTPS LCD fab announced its grand opening with successful mass production.
Aug 2017	Established Global Research Center (GRC).
Mar 2018	Acquired 100% ownership of ComQi, a content management service company.
Feb 2019	Entered into share conversion with subsidiary AUO Crystal Corp.; 100% of AUO Crystal's shares have been acquired by AU Optronics.
Oct 2019	The Company voluntarily applied for delisting U.S. depositary receipts from the New York Stock Exchange and transferring them to the U.S. OTC market under the code of AUOTY.
Feb 2020	Publicly acquired about 19.45% ownership of ADLINK Technology Inc.
Jan 2021	General Display and Public Information Display businesses were demerged to AUO Display Plus, an entity wholly owned by AUO.
Dec 2021	Acquiring 49% equity of AU Optronics (Kunshan) Co., Ltd. (AUOKS) from the other party, AUO owned 100% ownership of AUOKS.
Jun 2022	The Company rename from AU Optronics Corp. to AUO Corporation.
Sep 2022	AUO establish "AUO Research Center" at Asia New Bay Area to enhance the development of biaxial transformation strategy.
Dec 2022	The Company has been selected as a component of DJSI Dow Jones World Sustainability Index for 13 consecutive years.
Oct 2023	Announced the acquisition of 100% ownership of Behr-Hella Thermocontrol GmbH (BHTC) in Germany.
Nov 2023	AUO Kunshan G6 LTPS LCD fab Phase II kick-starts production.

Chapter 3 Corporate Governance

I. Organization

(I) Organizational Structure

Date: March 11, 2024



(2) Business operated by major departments

Department Name	Business
Chief Consultant of Antitrust Compliance	To ensure compliance with domestic and international antitrust laws by the Company; assess, mitigate and provide strategic advices on a variety of antitrust related risk.
Strategic Investment, Merger & Acquisition	Value transformation strategy investment layout.
Sustainability Development	Consolidated management of corporate sustainability policies and strategic directions and establish a strategic corporate sustainable development plan that is in line with international trends. With net-zero carbon emissions as our core goal, we will develop proactive mitigation and adaptation actions to meet stakeholders' expectations for corporate governance, environmental protection and social care.
Auditing management	The management and supervision of internal audit and operating procedures.
Mobility Solution Business Group	Technical upgrades and comprehensive development of automotive display solutions.
Mobility Solution Product Research & Development	With display technology as the core advantage, assisting businesses in creating customer-centric immersive consumption experiences.
Intelligent Service Business Group	Providing comprehensive industrial automation solution services for cross-regional and multi-venue management.
Smart Healthcare Business Group	Focusing on fields such as smart operating rooms, diagnosis detection, and integrated medical information management, providing intelligent healthcare solutions.
Smart Education & Enterprise Business Group	Integrating diverse display technologies to create diversified display solutions for enriching the educational and corporate environments.
Solar & Semiconductor Material Business Unit	Vertical integration of the solar energy value chain, managing solar energy, semiconductor materials research and development, and processing services.
Technology Group	The R&D of advanced display technologies, design, and development of new products.

Department Name	Business
Manufacturing Group	The planning and management of display manufacturing process, raw materials and finished products.
Display Strategy Business Group	The management of TV, information, mobile devices, automotive and other display business departments, including product planning, marketing, businesses and customer service, and provision of a full range of smart solutions.
Energy Business Group	The provision of high-efficiency solar modules, all-round solar power plant service, and highly integrated service platform concerning energy management & service.
Supply Chain Management	The management of procurement, export and import affairs.
Globalization Development Office	The management of the regional market development, customer development and technical services of and for the display business of overseas companies.
ESH & Risk Management	Planning for environmental safety, health and operating risk management.
Operational Support Units	Finance, Legal, Human Resource, Digital Technology, Quality Management, Corporate Strategic Planning, etc.

II. Documents of directors, president, vice presidents, associate vice presidents, and managers of each department and division

(I) Director Information

March 11 2024; Unit of shares: 1,000 shares

Job title	Nationality or Place of Registration	Name	Gender Age	Date Elected (Appointed)	Term of Service	Date First Elected (Note 4)	Shares held when elected (Note 1)		Current Number of Shares Held (Note 2)		Shares Held By Spouse and Minor Children (Note 2)		Primary work or academic experiences	Position concurrently held in the Company and other companies (Note 3)
							No. of shares	Shareholding ratio (%)	No. of shares	Shareholding ratio (%)	No. of shares	Shareholding ratio (%)		
Chairman	ROC	Shuang-Lang (Paul) Peng	Male 60-69	2022.06.17	3 years	2010.06.18	7,443	0.08	9,114	0.12	969	0.01	- MBA, Heriot-Watt University, UK. - President, AUO Corporation	- Group CSO, AUO Corp. - Chairman and President, Ennosar Inc.(listed:3714) - Director, Qisda Corp.(listed:2352)
Director	ROC	AUO Foundation (Note 5)	N/A	2022.06.17	3 years	2019.06.14	312	0.00	250	0.00	0	0.00	-	-
	ROC	Representative : Frank Ko	Male 50-59	2022.06.17	-	2019.09.10	N/A	N/A -	2,696	0.04	0	0.00	- PhD in Optoelectronics (Science), National Chiao Tung University - Chairman and CEO, E Ink Holdings Inc. - Vice President, Strategic Development Office, AUO Corporation - Vice President, TV Display Business Group, AUO Corporation	- CEO and President, AUO Corp. - Director, Darwin Precisions Corp. - Director, ADLINK Technology Inc.
Director	ROC	Ming Hua Investment Company Limited (Note 5)	N/A	2022.06.17	3 years	2022.06.17	9,969	0.10	7,975	0.10	0	0.00	-	-
	ROC	Representative : Chuang-Chuang Tsai	Female 70-79	2022.06.17	-	2022.06.17	N/A	N/A-	0	0.00	0	0.00	- Ph.D. in Physics, University of Chicago - Director, President and CTO, E Ink Holdings Inc. - Independent Director, Bank Sinopac - Professor, Department of Photonics and Display Institute, National Yang Ming Chiao Tung University - Senior Vice President, Quanta Display Inc.	- Science Advisor, E Ink Holdings Inc.(OTC:8069)
Director	ROC	Qisda Corporation (Note 5)	N/A	2022.06.17	3 years	2022.06.17	663,599	6.90	530,879	6.90	0	0.00	-	-
	ROC	Representative : Han-Chou (Joe) Huang	Male 60-69	2022.06.17	-	2022.06.17	N/A	N/A-	0	0.00	5	0.00	- EMBA, Tsing Hua University in Beijing - MBA, Greenwich University - GM of Global Supply Chain, Qisda - COO, BenQ China	- Director and President, Qisda Corp. (listed:2352) - Chairman, Simula Tech Inc.(listed:3511) - Chairman, Data Image Corp.(OTC:3168) - Chairman, Diva Laboratories, Ltd.(OTC:4153) - Director, Alpha Networks Inc.(listed:3380) - Director, BenQ Foundation(OTC:4953)

Job title	Nationality or Place of Registration	Name	Gender Age	Date Elected (Appointed)	Term of Service	Date First Elected (Note 4)	Shares held when elected (Note 1)		Current Number of Shares Held (Note 2)		Shares Held By Spouse and Minor Children (Note 2)		Primary work or academic experiences	Position concurrently held in the Company and other companies (Note 3)
							No. of shares	Shareholding ratio (%)	No. of shares	Shareholding ratio (%)	No. of shares	Shareholding ratio (%)		
Independent Director	ROC	Chin-Bing (Philip) Peng	Male 70-79	2022.06.17	3 years	2013.06.19	97	0.00	77	0.00	0	0.00	<ul style="list-style-type: none"> - M.B.A, National Chengchi University - Senior Vice President and CFO, ACER Incorporated. 	<ul style="list-style-type: none"> - Independent Director, Apacer Technology Inc.(listed:8271) - Director, Wistron Corp.(listed:3231) - Director, Wistron NeWeb Corp.(listed:6285) - Director, Wistron Information Technology & Services Corp.(OTC:4953)
Independent Director	ROC	Jang-Lin (John) Chen	Male 70-79	2022.06.17	3 years	2019.06.14	0	0.00	0	0.00	0	0.00	<ul style="list-style-type: none"> - Stanford Executive Program, Stanford University, Graduate School of Business - Ph.D. in Polymer Material, NYU/Polytechnic University, U.S.A - ITRI Fellow, Electronics & Optoelectronics System Research Lab - VP and DTC General Director, Display Technology Center, ITRI - Adjunct Professor, Department of Photonics, National Yang Ming Chiao Tung University - CTO, Kodak LCD Polarizer Films Business - Research Fellow, Eastman Kodak Company 	<ul style="list-style-type: none"> - ITRI Research Fellow, Electronics & Optoelectronics System Research Lab and Industry, Science and Technology International Strategy Center - Executive Supervisor, SID Taipei Chapter - Managing Director, Taiwan Display Material & Devices Association - Vice Chairman, Taiwan Display Union Association - Chair Professor, National Yang Ming Chiao Tung University - Honorary Professor, Department of Engineering and System Science, National Tsing Hua University
Independent Director	ROC	Chiu-Ling Lu	Female 60-69	2022.06.17	3 years	2022.06.17	0	0.00	0	0.00	0	0.00	<ul style="list-style-type: none"> - Ph.D in Finance, University of Connecticut - Master in Finance, Louisiana State University - Master in Quantitative Business Analysis, Louisiana State University - Associate Dean, College of Management, National Taiwan University - Department Chair, Department of International Business, National Taiwan University - Professor, Department of Financial, National Chengchi University 	<ul style="list-style-type: none"> - President, Takming University of Science and Technology - Professor, Department of Finance, Takming University of Science and Technology - Professor, Department of International Business, National Taiwan University - Independent Director, Chen Full International Co., Ltd.(OTC:8383)

Job title	Nationality or Place of Registration	Name	Gender Age	Date Elected (Appointed)	Term of Service	Date First Elected (Note 4)	Shares held when elected (Note 1)		Current Number of Shares Held (Note 2)		Shares Held By Spouse and Minor Children (Note 2)		Primary work or academic experiences	Position concurrently held in the Company and other companies (Note 3)
							No. of shares	Shareholding ratio (%)	No. of shares	Shareholding ratio (%)	No. of shares	Shareholding ratio (%)		
Independent Director	ROC	Cathy Han	Female 50-59	2022.06.17	3 years	2022.06.17	0	0.00	0	0.00	0	0.00	- MBA, University of Connecticut - Executive Vice President, Business Development Department, CDIB Capital Group - Executive Vice President, Corporate Strategy and Planning Department, China Development Industrial Bank - Senior Vice President of Principal Investment Department, China Development Industrial Bank	- Independent Director, Wwynn Corp.(listed:6669) - Independent Director, Apacer Technology Inc.(listed:8271) - Independent Director, Macroblock, Inc.(listed:3527)
<p>◆ Company shares held by directors in the name of other persons: Director Frank Ko held the Company's shares in the name of other persons in the number of 300 thousand shares, constituting 0.00% of shareholding. Director Chin-Bing (Philip) Peng held the Company's shares in the name of other persons in the number of 170 thousand shares, constituting 0.00% of shareholding.</p> <p>◆ Any Executive, Director, or supervisor who is a spouse or relative within the second degree of kinship: None.</p> <p>◆ If the chairman, president or personnel with equivalent position (chief manager) are the same person, spouses or relatives within one degree of kinship, the reasons, reasonability, necessity and measures to be taken accordingly shall be addressed: None.</p>														

Note 1: The shareholding at the time of appointment is calculated based on the total issued shares of 9,624,245,115 as of the transfer suspension date of April 19, 2022.

Note 2: The current shareholding is based on the actual number of shares held on February 29, 2024, and the total issued shares are 7,699,396,092.

Note 3: Only concurrent positions in public companies are listed; for the situation where a director concurrently holds a position in an affiliated enterprise of the Company, please refer to the information of the director, supervisor, and general manager of each affiliated enterprise in IX. Special Disclosure of this annual report (pages 128-132).

Note 4: The initial appointment date refers to the date of the first tenure as a director or supervisor of the Company.

Note 5: Major shareholders of corporate shareholders.

Name of corporate shareholders	Major Shareholders of the Corporate Shareholders	Shareholding ratio (%)
AUO Foundation	AUO Corporation (Note 6)	100.00
	C.C. Leung	66.67
Ming Hua Investment Company Limited (Note 7)	Jia-Min Leung	11.11
	Sin-Min Leung	11.11
	Yi-Min Leung	11.11
Qisda Corporation (Note 7)	AUO Corporation (Note 6)	17.04
	Acer Incorporated (Note 8)	4.55
	Taishin International Bank entrusted with the Qisda Corporation Employee Stock Ownership Trust Account	3.38
	Konly Venture Corporation (Note 8)	2.55
	Darfon Electronics Corporation (Note 8)	2.03
	Norges Bank	1.23
	E.SUN Commercial Bank, LTD.	1.02
	Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds	0.98
	National Pension Insurance Fund	0.97
	Polunin Developing Countries Fund, LLC	0.97

Note 6: If the major shareholder is a Corporate Person, its major shareholder and shareholding ratio: please refer to the list of major shareholders in this annual report (page 64).

Note 7: Source of data of Ming Hua Investment Company Limited is from the Department of Commerce, MOEA; Source of data of Qisda Corporation is the data of the Company's cessation of transfer on March 31, 2023.

Note 8: Major shareholders of the Corporate person.

Name of Corporate	Major shareholder of Corporate	Shareholding ratio (%)
Acer Incorporated(Note 9)	Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF Fund under the custody of Taishin Bank	7.64
	Hung Rouan Investment Corporation	2.42
	Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds	1.31
	iShares ESG Aware MSCI EM ETF	1.26
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.23
	Stan Shih	1.15
	National Pension Insurance Fund	0.97
	Acer GDR	0.93
	JPMorgan Chase Bank N.A. Taipei Branch in custody for JPMorgan Asset Management	0.88
	Norges Bank	0.86
Konly Venture Corporation(Note 9)	AUO Corporation	100.00
Darfon Electronics Corporation (Note 9)	Qisda Corporation	20.72
	BenQ Corporation	5.01
	Taishin International Bank entrusted with the Darfon Electronics Corp, Employee Stock Ownership Trust Account	2.91
	Mega International Commercial Bank Co., Ltd.	1.62
	National Pension Insurance Fund	1.48
	Andy Su	1.45
	Chang Hwa Commercial Bank, Ltd.	1.21
	Vanguard Emerging Markets Stock Index Fund, a Series of Vanguard International Equity Index Funds	1.20
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.06
	Norges Bank	0.69

Note 9: The source of the information of Acer Inc. is the Company's closure information on April 8, 2023; the source of the information of Konly Venture Corporation is from the Department of Commerce, MOEA; the source of the information of Darfon Electronics Corp. is the Company's closure information on April 11, 2023.

Professional qualifications for directors

Shuang-Lang (Paul) Peng

Mr. Peng has been Chairman of the Company since 2015, and Group CSO of the Company since March 1, 2023. Now, he also acts as a Chairman of Ennostar Inc.(listed: 2409) and a director of Qisda Corp. (listed:2352) With over three decades of experience in the technology industry, he has extensive experience in display industry. Prior to his current position, Mr. Peng is our CEO from November 2015 to February 2023 and was our President from 2012 to 2015, Executive Vice President from 2008 to 2011, Senior Vice President from 2007 to 2008 and Vice President from 1998 to 2007. Mr. Peng is also appointed as the incumbent Chairman of the Taipei Computer Association and the former Chairman of the Taiwan Display Industry Union Association. His steadfast devotion to promoting cross-disciplinary integration and resource sharing across the industry chain. Now, he serves as a member of the Board of Science and Technology, Executive Yuan (BOST), responsible for promoting national digital technology applications and innovation development policies. Mr. Peng holds an MBA from Heriot-Watt University in the U.K. and an honorary degree of Doctor of Business Administration from National Taipei University of Technology.

Frank Ko

Mr. Ko has served as the director and president at the Company since 2019, and CEO and President of the Company since March. 1, 2023. Now, he is a director of Darwin Precisions (listed:6120) and ADLINK Technology Inc. (listed:6166) Mr. Ko joined the Company in 2000 and has since then worked in various functions, including manufacturing, research and development. From 2005 to 2010, he headed the T.V. Display Business Group. After that, he also served as Vice President of Strategic Development Office, leading the Company's advanced technology and strategic direction. In 2014 to 2019, he served as Chairman and CEO of E Ink Holdings Inc. (OTC:8069), creating innovative applications of e-paper in multiple fields, along with many ecosystem partners. Mr. Ko also serves as the incumbent Chairman of the Taiwan Display Union Association and the incumbent Chairman of Smart Display Industrial Alliance. He actively promotes cross-industry and cross-field cooperation in display technology and enhancing Taiwan's global competitiveness. He holds a Ph.D. degree in Photonics from National Chiao Tung University.

Chuang- Chuang Tsai

Ms. Tsai has served as the director at the Company since 2022. Now, she also acts as a director of E Ink Holdings Inc. (OTC:8069). She owns professional technology background and has considerable experience and achievements in improving black and white electronic paper, developing flexible electronic paper, expanding color electronic paper and other new electronic paper technologies and applications. At the Xerox Palo Alto Research Center in California, USA, we are engaged in the development of amorphous and polycrystalline silicon in thin film transistors, solar cells and medical imaging technologies. She served as the director, president and CTO of E Ink Holdings Inc.(OTC:8069), Independent Director of Bank SinoPac, Professor of Department of Photonics and Display Institute of National Yang Ming Chiao Tung University, Senior Vice President of Quanta Display Inc. She own background both management and technology research. She holds a Ph.D. degree in Physics, University of Chicago.

Han-Chou (Joe) Huang

Mr. Huang has served as a director of the company since 2022. He is also the director and general manager of Qisda Technology Co., Ltd. (listed: 2352), the chairman of Simula Technology Inc. (listed: 3511), and Data Image Corp. (OTC: 3168), chairman of the Board of Directors of DIVA Laboratories, Ltd. (listed on the counter: 4153), director of Alpha Networks Inc. (OTC: 3380), and director of the BenQ Foundation. Mr. Huang was the president of Qisda's global supply chain and the chief operating officer of BenQ China. He has abundant industry experience, is familiar with industry-related contacts and attaches great importance to public welfare. Mr. Huang obtained an EMBA from Tsinghua University in Beijing and an MBA from the University of Greenwich in the UK.

Chin-Bing (Philip) Peng

Mr. Peng has been an independent director of the Company since 2013. Concurrently, he acts as the director of Wistron Corp. (listed: 3231), Wistron NeWeb Corp. (listed: 6285) and Wistron ITS Corp (OTC:4953) and independent director and member of auditing committee and remuneration committee of Apacer Corp. (listed:8271) Mr. Peng served as the Senior Vice President and Chief Financial Officer of ACER Incorporated (listed:2353) from 2001 to 2004. He possesses professional background in technology industry, finance and accounting. Mr. Peng received his master's degree in Business Administration from National ChengChi University.

Jang-Lin (John) Chen

Dr. Chen has been an independent director of the Company since 2019. Concurrently, he acts as Chair Professor of National Yang Ming Chiao Tung University and Honorary Professor of Department of Engineering and System Science, National Tsing Hua University. He also served as ITRI Research Fellow of Electronics & Optoelectronics System Research Lab and Industry and Science and Technology International Strategy Center, Executive Supervisor of SID Taipei Chapter, managing director of Taiwan Display Material & Devices Association and vice chairman of Taiwan Display Union Association. Prior to his current position, Mr. Chen was once serves as ITRI Fellow of Electronics & Optoelectronics System Research Lab, VP and DTC General Director of Display Technology Center, ITRI, CTO of Kodak LCD Polarizer Films Business and Research Fellow of Eastman Kodak Company. Mr. Chen has a Master degree in Chemistry, National Taiwan University, and PhD in Polymer Material, NYU/Polytechnic University, U.S.A. He also attended Stanford Executive Program, Stanford University, and Graduate School of Business.

Chiu-Ling Lu

Dr. Lu has been an independent director of the Company since 2022. Concurrently, she acts as President and Professor of Department of Banking and Finance, Takming University of Science and Technology, Professor of Department of International Business, National Taiwan University, Independent Director and Member of Audit Committee and Remuneration Committee of Chen Full International Co., Ltd. (OTC:8383), and Director of ESG World Citizens & Digital Governance Foundation. She served as Vice Dean of Department of Management, National Taiwan University, Department Head of Department of International Business, National Taiwan University, Professor of Department of Finance, and National Chengchi University. She has been working in the field of finance for many years and has accumulated rich financial knowledge. Dr. Lu has a Ph.D degree in Finance, University of Connecticut.

Cathy Han

Ms. Han served as the Company director representative from 1997 to 2000, and has been an independent director of the Company since 2022. She acts as the independent director, convener of Audit Committee and Nomination Committee of Wiyynn Corporation(listed:6669), independent director and member of Audit Committee and Remuneration Committee, Apacer Technology Inc. (listed:8271) and independent director and member of Audit Committee and convener of Remuneration Committee, Macroblock, Inc.(listed:3527) She own professor background of technology industry, sustainable and risk management. She served as Vice President of Business Development Department, CDIB Capital Group, Vice President of Business Development Department and Senior Vice President of Principal Investment Department, China Development Industrial Bank. She own professor background of financial investment. Ms. Han has a MBA in Corporate Management, University of Connecticut.

Yen-Hsueh (Sharon) Su

Ms. Su has served as an independent director of the company since 2019. She currently also serves as an Independent Director, Audit committee, Remuneration committee and Investment review committee member of Taiwan Crystal Technology Co., Ltd. (listed: 3042); Global Cement Co., Ltd. (listed: 1104) Independent director, member of the audit committee and remuneration committee; Eslite Lifestyle Co., Ltd. (listed: 2926) independent director, member of the audit committee and remuneration committee and Cayman Gaowei Electronics Holdings Co., Ltd. (01415.HK) is an independent non-executive director with a professional background in the technology industry. Ms. Su Chanxue served as the managing director of UBS Securities and head of the Asia-Pacific Technology Industry Research Department, the investment director of ASUS Computer Co., Ltd. (listed: 2357) and the investment director of Pegatron United Technologies Co., Ltd. (listed: 4938). Professional background in financial investment. Ms. Su has a master's degree in Industrial Administration from Carnegie Mellon University in the United States. Yen-Hsueh Su due to personal factors resign from her positions of all functional Committees, effective from December 8, 2023.

The composition of the Board of Directors has diverse backgrounds

The board of directors of our company is composed of industry veterans and academic experts, all of whom possess professional strength and ample industry experience or management experience. according on our own operating conditions, business models, and development needs, we conduct regular audits each year and set specific diversified management goals.

Nomination and Selection Procedure for the Tenth Board of Directors

According to the regulations of the "Articles of Incorporation" and the "Election of Directors", a candidate nomination system is adopted to select the directors (including independent directors) of the next term. In accordance with the regulations, shareholders who hold 1% or more of the total issued shares of the company will have the right to submit a list of director candidates to the company in written format during the nomination period. However, the number of director candidates proposed by the shareholders shall not exceed the number of directors to be elected. When nominating director candidates, shareholders must attach the candidate's name, education, and work experience. Furthermore, if nominating an independent director, they should also include the candidate's written promise and declaration, and declare that the candidate does not violate Article 30 of the Corporate Law, as well as other relevant certification documents. Finally, all director candidates will be

voted on shareholders at the general meeting. Through the nomination and election process, shareholders will be able to actively participate in the director election process, achieving transparency in corporate governance.

The Corporate Governance and Nomination Committee of the Company (officially renamed on March 11, 2024) selects the most suitable director candidates based on standards of diverse backgrounds, including professional knowledge, skills, experience, and gender diversity, as well as independence. On April 25, 2022, the Board of Directors proposed a recommended list of members for the tenth Board of Directors, which includes four director candidates: Shuanglang Peng, Representative of AUO Foundation; Frank Ko, Representative of Qisda Corporation; Han-Chou (Joe) Huang, Representative of Ming Hua Investment Company Limited; Chuang Chuang Tsai; In addition, there are five independent director candidates: Chin-Bing (Philip) Peng, Yen-Hsueh (Sharon) Su, Jang-Lin (John) Chen, Chiu-Ling Lu, Cathy Han. Their appointment was approved during the 2022 Annual General Meeting and their term will begin on June 17, 2022, and end on June 16, 2025.

During the nomination process for the board of directors, we have evaluated and considered the company's operating model and development needs. Ensure that the nominated directors comply with the "Corporate Governance Principles" established by the company and the diversity elements of directors (including independent directors). For the selection of directors, in addition to considering their professional qualifications and various necessary conditions, the company's future development needs and management objectives will also be considered. For example: whether they have professional knowledge and experience in ESG, the extent of their participation in company operations, and whether they attach importance to the company's sustainable operations. We hope that members of the board of directors can effectively perform their duties in line with the characteristics of the industry in which they operate and their own core capabilities. This includes establishing a good board governance system, supervising, appointing and guiding the company's management, and strengthening management functions to achieve the company's key influence and achieve the company's sustainable management goals.

The specific management objectives and achievements of the Company's diversification policy are as follows

The company insists on transparent operation, emphasizes shareholder rights, and continuously pursues better corporate governance. The board of directors through the corporate governance and nomination committee regularly reviewing constructing and establishes the direction of the board diversity policy in each year.

Item	2023 Management Objective	New additions and adjustments in 2024	Achievements in 2023
Composition of Seats	Independent director seats account for half of all board seats.		Achieved
Gender	At least two seats of Directors are different gender.	Adjust directors of either gender to reach more than 1/3 of the director seats..	Achieved
Term of Service /age	<ul style="list-style-type: none"> The independent directors shall not hold office for more than 3 terms. Could be extended to four times after review by the Corporate Governance and Nomination Committee. More than half of the independent directors serve no more than three terms. Directors shall be under the age of 74 at the time of appointment. 		Achieved
Concurrently Situation	<ul style="list-style-type: none"> It is advisable that the number of the directors who concurrently serve as the managers of the Company should not exceed one-third of the board seats. No independent director may concurrently serve as an independent director of more than three other public companies. (Including our Company, up to 4 companies. No Independence Director serve as director(including independence director) or supervisor more than five other TWSE/TPEX listed companies at the same time. 	Newly added Non-independent directors may concurrently serve as directors of no more than 5 publicly listed companies (including our Company, up to 6).	Achieved
Professional Skills	Including Technology industry, Technical research, Industrial Innovation, Financial Accounting, Financial investment, Corporate Sustainability.	Newly added professional capabilities in risk management.	Achieved
Participation level	None	Increase director attendance rate is not less than 80%.	Achieved

1. To strengthen the participation of women in the decision-making process, we will increase the representation ratio of either gender on the board by 2024.
2. To ensure that independent directors can perform their duties fairly and rationally, and to prevent them from losing their independence due to long tenures, we set management goals in 2023 to regulate the re-election terms of independent directors.
3. In order to allow directors to focus and effectively participate in corporate decision-making and board operations, to achieve the optimization of resource allocation, new management goals were set in 2024, stipulating the number of non-independent directors concurrently serving in public companies and directors' attendance rates.
4. To practice the goals of sustainable operation and development, and to stay in line with international trends, we will supervise risk management through the board of directors (the highest governance body for risk management), to effectively allocate and determine sufficient and appropriate resources. At the same time, we will establish a suitable risk management mechanism and cultivate a risk management culture to ensure the comprehensive risk management mechanism of the enterprise can operate effectively. Therefore, we have added the management goal that directors must possess "risk management" professional skills.

The Company's directors have diversing backgrounds and professional qualifications (ability) conditions

The company regularly reviews the various diversity indicators set by the company each year, and reports to the board of directors on whether the qualifications of independent directors meet the relevant laws and regulations during the nomination, election, and tenure.

Name	Title	Gender	Age	Nationality	Term of Office			Professional knowledge and skills							Independence Status	Number of Other Taiwanese Public Companies Concurrently Serving as an Independent Director	Employee Position
					Below 3 years	3-9 years	Exceed 9 years	Technology industry	Technical research	Industrial Innovation	Financial Accounting	Financial investment	Corporate Sustainability	Risk Management			
Shuang-Lang (Paul) Peng	Chairman	Male	60-69	ROC			V	V		V			V	V	Not applicable	0	V
Frank Ko	Director	Male	50-59	ROC		V		V	V	V				V	Not applicable	0	V
Chuang-Chuang Tsai	Director	Female	70-79	ROC	V			V	V						Not applicable	0	
Han-Chou (Joe) Huang	Director	Male	60-69	ROC	V			V		V				V	Not applicable	0	
Chin-Bing (Philip) Peng	Independent Director	Male	70-79	ROC			V	V			V	V			Details below	1	
Jang-Lin (John) Chen	Independent Director	Male	70-79	ROC		V		V	V	V					Details below	0	
Chiu-Ling Lu	Independent Director	Female	60-69	ROC	V						V	V	V		Details below	1	
Cathy Han	Independent Director	Female	50-59	ROC	V			V			V	V	V	V	Details below	3	

Currently, there are a total of 8 seats on the 10th incumbent board of directors, with independent directors occupying 4 seats, accounting for half of the total number of seats on the board. This complies with Article 30 of the Company Act, and there is no situation among the directors as stipulated in Article 26, Section 3 of the Securities and Exchange Act. There are 3 female directors making up 37.5% of the entire board. By the end of 2023, all independent directors comply with the regulations of the Securities and Futures Bureau of the Financial Supervisory Commission regarding independent directors. After examination by the Corporate Governance and Nomination Committee, it was reported to the board of directors on January 31, 2024.

Independent directors who meet the qualifications for independence

Among the current 8 directors of our company, 4 are independent directors, accounting for half of the total seats in the board of directors. All independent directors meet the independence regulations in Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies". This includes but is not limited to the fact that the individual members of our company's independent directors, their spouses, and relatives within the second degree of kinship have not served as directors, supervisors, or employed persons of our company or its affiliated enterprises; and have not acted as directors, supervisors, or employed persons of a company with a specific relationship with our company (refer to Article 3, Item 1, Paragraph 5~8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and Article 6, Item 1, Paragraph 5~8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange); In the past 2 years, they have not provided business, legal, financial, accounting, etc. services to our company or its

affiliated companies or get corresponding remuneration, and also comply with the regulations on the number of independent directors holding other publicly listed companies stipulated in Article 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and all independent directors have been given sufficient powers to participate in decision-making and to express their opinions in accordance with Article 14-3 of the Securities and Exchange Act. At the same time, they also comply with the policy direction of the diversified board of directors formulated by our company, that is, independent directors should not hold director (including independent directors) or supervisor positions in more than 5 listed companies.

The average attendance rate of the Board of Directors and every Functional Committees in 2023

In order to ensure that each director/member can attend each board meeting and the committee meetings they serve, the clerical units of each meeting maintain good communication channels with each director/member. This is to ensure the effectiveness of the resolution of each meeting's agenda, and to lay down regulations such as leave requests, delegation, and the avoidance system for agendas involving conflicts of interests in the organization rules for compliance.

Board of directors	Audit Committee	Remuneration Committee	Corporate Governance and Nomination Committee (note 1)
100%	100%	100%	100%

Note 1: On March 11, 2024, the Board of Directors officially renamed it as the Corporate Governance and Nomination Committee.

Note 2: The attendance rate of reached 100%, demonstrating the active participation of all members in the company's operation.

(II) President, Vice Presidents, Associate Vice Presidents, and Managers of Each Department and Division Information

Date: March 11, 2024 Unit of shares: 1,000 shares

Job title (Note 1)	Nationality	Name	Gender	Date of appointment to position (Note 4)	Shares held (Note 2)		Shares held by spouse and minor children (Note 2)		Principal work experience and academic qualifications	Positions concurrently held in other companies at present (Note 3)
					No. of shares	Shareholding ratio	No. of shares	Shareholding ratio		
Chairman & Group CSO	ROC	Shuang-Lang (Paul) Peng	Male	2003.03.27	9,114	0.12	969	0.01	- M.B.A., Heriot-Watt University, U.K. - President, AUO Corp.	- Chairman and Director, Ennostar Inc. (listed: 3714) - Director, Qisda Corp. (listed: 2352)
CEO and President	ROC	Frank Ko	Male	2005.12.01	2,696	0.04	0	0.00	- Ph.D of Optoelectronics (Science), National Chiao Tung University - Chairman and CEO, E Ink Holdings Inc. - Vice President, Strategic Development Office, AUO Corporation - Vice President, TV Display Business Group, AUO Corporation	- Director, Darwin Precisions Corp. (listed: 6120) - Director, ADLINK Technology Inc. (listed: 6166)
Senior Vice President	ROC	Wei-Lung Liau	Male	2010.06.01	2,546	0.03	0	0.00	- Ph.D. of Applied Chemistry, National Chiao Tung University - Director, Qisda Corp. - Director, Darwin Precisions Corp.	- Director, PlayNitride Inc. (listed: 6584)
Senior Vice President	ROC	Ting-Li Lin	Male	2016.06.01	1,475	0.02	26	0.00	Master of Applied Chemistry, National Chiao Tung University	- Director, Daxin Materials Corp. (listed: 5234)
Senior Vice President	ROC	James CP Chen	Male	2007.10.01	613	0.01	0	0.00	- Master of Electrical and Control Engineering, National Chiao Tung University - Section Manager at: Electronics Research & Service Organization, ITRI	- Director, Qisda Corp. (listed: 2352)
Senior Vice President	ROC	CS Hsieh	Male	2012.05.01	2,595	0.03	18	0.00	Master of Electrical Engineering, National Tsing Hua University	-
Senior Vice President	ROC	Amy Ku	Female	2009.11.01	2,432	0.03	0	0.00	Master of Human Resources Management, National Central University	- Director, Raydium Semiconductor Corporation (listed: 3592)
Senior Vice President	ROC	Hong-Jye Hong	Male	2008.12.01	624	0.01	146	0.00	- Master of Electrical Engineering, University of Massachusetts, U.S.A. - Director, Daxin Materials Corp.	- Director, Raydium Semiconductor Corporation (listed: 3592) - Director, SINTRONES Technology Corp. (OTC: 6680)
Vice President	ROC	TY Lin	Male	2015.06.01	1,085	0.01	0	0.00	- Master of Industrial Engineering, Chung Yuan Christian University - Director, BenQ Materials Corp.	-
Vice President	ROC	Tina Wu	Female	2013.11.01	1,311	0.02	0	0.00	- Master of Industrial Administration, Waseda University	- Director, ADLINK Technology INC. (listed: 6166)
Vice President	ROC	Andy Yang	Male	2008.12.01	840	0.01	684	0.01	- Master of Business Administration, George Washington University, U.S.A. - Associate Vice President at ABNAMRO Bank - Director, Lextar Electronics Corporation	-
Vice President	ROC	Benjamin Tseng	Male	2012.09.01	479	0.01	716	0.01	- Master of Business Administration, University of Rochester, U.S.A. - Vice President at ABNAMRO Bank - Director, Daxin Materials Corporation	-
Vice President	ROC	Yu-Chieh Lin	Female	2011.05.01	938	0.01	0	0.00	- Master of Science in Physics, National Central University	- Director, Ennostar Inc. (listed: 3714)
Vice President	ROC	Ivan Wu	Male	2010.06.01	1,517	0.02	9	0.00	- Master of Science in Optoelectronics, National Chiao Tung University	-
Senior Associate Vice President	ROC	Kun-Yu Lin	Male	2005.12.01	181	0.00	383	0.00	- Master of Science in Optoelectronics, National Chiao Tung University	-
Senior Associate Vice President	Republic of Korea	SI Jeong	Male	2011.05.01	316	0.00	0	0.00	- Bachelor's Degree, Korea Aerospace University	-

Job title (Note 1)	Nationality	Name	Gender	Date of appointment to position (Note 4)	Shares held (Note 2)		Shares held by spouse and minor children (Note 2)		Principal work experience and academic qualifications	Positions concurrently held in other companies at present (Note 3)
					No. of shares	Shareholding ratio	No. of shares	Shareholding ratio		
Senior Associate Vice President	ROC/ United States	Hank Liu	Male	2023.04.15	42	0.00	0	0.00	- PhD of Law, Pennsylvania State University	-
Associate Vice President	ROC	Center Chen	Male	2020.10.01	460	0.01	0	0.00	- B.S. of Electrical Engineering, National Central University	-
Associate Vice President	ROC	Bryan Kuo	Male	2021.04.01	337	0.00	17	0.00	- Master of Psychology, National Chung Cheng University	-
Associate Vice President	ROC	KSTseng	Male	2022.05.01	492	0.01	-0	-	- Master of Chemical Engineering, National Taiwan University	-
Associate Vice President	ROC	Kenyj Chen	Male	2022.05.01	392	0.01	478	0.00	- Master of Photonics, National SunYat-Sen University	-
Associate Vice President	ROC	CD Lee	Male	2022.05.01	336	0.00	0-	0.00-	- Master of Chemical Engineering, National Taiwan University	-
Associate Vice President	ROC	CHWu	Male	2022.05.01	455	0.01	130	0.00	- B.S. of Electrical Engineering, National Yunlin University of Science and Technology	-
Associate Vice President	ROC	Paul Lee	Male	2023.08.01	24	0.00	0	0.00	- Bachelor's Degree of Law, Monash University	-
Associate Vice President	ROC	WH Hsu	Male	2023.08.01	44	0.00	0	0.00	- PhD of Photonics, National Taiwan University	-
Associate Vice President	ROC	Jenn-Jia Su	Male	2023.08.01	148	0.00	0	0.00	- Master of Electrical Engineering, National Taiwan University	-
Associate Vice President	ROC	KK Lee	Male	2023.08.01	300	0.00	0	0.00	- Master of Nuclear Science, National Tsing Hua University	-
Associate Vice President	ROC	Cloud Huang	Male	2023.08.01	1	0.00	0	0.00	- Master of Polymer, National Taiwan University of Science and technology	-
Associate Vice President	ROC	CKWu	Male	2023.08.05	13	0.00	0	0.00	- Master of Mechanical Engineering, National Cheng Kung University	-
Associate Vice President	ROC	Jim Lee	Male	2024.02.01	153	0.00	0	0.00	- National Taiwan University of Science and Technology	-

◆ The Company's shares held by managers in the name of other persons:
 Director Frank Ko held the Company's shares in the name of other persons in the number of 300 thousand shares, constituting 0.00% of shareholding.

◆ Any spouse or relative within the second degree of kinship of any manager who serves as the Company's executive: None.

◆ If the chairman, general manager or personnel with equivalent position (chief manager) are the same person, spouses or relatives within one degree of kinship, the reasons, reasonability, necessity and measures to be taken accordingly shall be addressed: None.

Note 1: Those who are in office on the date of publication of the annual report. Yu-Chieh Lin and Ivan Wu were promoted to Vice President on August 1, 2023.

Note 2: The shareholding is based on the actual number of shares held as of February 29, 2024, and calculated based on the total number of issued shares of 7,699,396,092.

Note 3: Only the positions of public companies are listed; please refer to (V) Directors, supervisors, and presidents of affiliates of Chapter 9, Special Disclosure in this annual report (pages 128-132).

Note 4: It is for the date of first appointment as a manager (associate vice president level or above) at AUO.

III. Remuneration to Directors, Supervisors, President and Vice Presidents in the latest year

(I) Remuneration to Directors

December 31, 2023 Unit: NT\$ thousands; 1,000 shares

Job Title	Name	Remuneration to directors								Sum of A+B+C+D and ratio to net income (%) (Note 9)		Remuneration received by directors for concurrent service as an employee						Sum of A+B+C+D+E+F+G and ratio to net income (%) (Note 9)		Remuneration received from investee enterprises other than subsidiaries or from the parent company (Note 10)		
		Base compensation (A) (Note 1)		Retirement pay and pension (B) (Note 2)		Director profit-sharing compensation (C) (Note 3)		Expenses and perquisites (D) (Note 4)				Salary, rewards, and special disbursements (E) (Note 5)		Retirement pay and pension (F) (Note 6)		Employee profit-sharing compensation (G) (Note 7)						
		AUO	All Consolidated Entities (Note 8)	AUO	All Consolidated Entities (Note 8)	AUO	All Consolidated Entities (Note 8)	AUO	All Consolidated Entities (Note 8)	AUO	All Consolidated Entities (Note 8)	AUO	All Consolidated Entities (Note 8)	AUO	All Consolidated Entities (Note 8)	Cash	Stock	Cash	Stock		AUO	All Consolidated Entities (Note 8)
Chairman	Shuang-Lang (Paul) Peng	6,400	6,400	0	0	0	0	2,676	2,676	9,076 (0.05%)	9,076 (0.05%)	105,681	105,681	0	0	0	0	0	0	114,757 (0.63%)	114,757 (0.63%)	6,440
Corporate Director	AUO Foundation	2,000	2,000	0	0	0	0	0	0	2,000 (0.01%)	2,000 (0.01%)	0	0	0	0	0	0	0	0	2,000 (0.01%)	2,000 (0.01%)	0
Corporate Director Representative	Frank Ko	0	0	0	0	0	0	2,200	2,240	2,200 (0.01%)	2,240 (0.01%)	96,098	96,098	108	108	0	0	0	0	98,407 (0.54%)	98,447 (0.54%)	40
Corporate Director	Ming Hua Investment Company Limited	2,000	2,000	0	0	0	0	0	0	2,000 (0.01%)	2,000 (0.01%)	0	0	0	0	0	0	0	0	2,000 (0.01%)	2,000 (0.01%)	0
Corporate Director Representative	Chuang-Chuang Tsai	0	0	0	0	0	0	150	150	150 (0.00%)	150 (0.00%)	0	0	0	0	0	0	0	0	150 (0.00%)	150 (0.00%)	0
Corporate Director	Qisda Corporation	2,000	2,000	0	0	0	0	0	0	2,000 (0.01%)	2,000 (0.01%)	0	0	0	0	0	0	0	0	2,000 (0.01%)	2,000 (0.01%)	0
Corporate Director Representative	Han-Chou (Joe) Huang	0	0	0	0	0	0	150	150	150 (0.00%)	150 (0.00%)	0	0	0	0	0	0	0	0	150 (0.00%)	150 (0.00%)	40,180
Independent Director	Chin-Bing (Philip) Peng	3,000	3,000	0	0	0	0	150	150	3,150 (0.02%)	3,150 (0.02%)	0	0	0	0	0	0	0	0	3,150 (0.02%)	3,150 (0.02%)	0
Independent Director	Jang-Lin (John) Chen	2,800	2,800	0	0	0	0	160	160	2,960 (0.02%)	2,960 (0.02%)	0	0	0	0	0	0	0	0	2,960 (0.02%)	2,960 (0.02%)	0
Independent Director	Chiu-Ling Lu	2,562	2,562	0	0	0	0	160	160	2,722 (0.01%)	2,722 (0.01%)	0	0	0	0	0	0	0	0	2,722 (0.01%)	2,722 (0.01%)	0
Independent Director	Cathy Han	2,600	2,600	0	0	0	0	160	160	2,760 (0.02%)	2,760 (0.02%)	0	0	0	0	0	0	0	0	2,760 (0.02%)	2,760 (0.02%)	0
Independent Director	Yen Hsueh Su (Note 11)	3,186	3,186	0	0	0	0	160	160	3,346 (0.02%)	3,346 (0.02%)	0	0	0	0	0	0	0	0	3,346 (0.02%)	3,346 (0.02%)	0

Remuneration Range Table

Ranges of remuneration paid to each of the Company's directors	Names of Directors			
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G	
	AUO	All consolidated entities	AUO	All consolidated entities (Note 10)
Less than NT\$ 1,000,000	Chuang- Chuang Tsai and Han-Chou (Joe) Huang	Chuang- Chuang Tsai · Han-Chou (Joe) Huang	Chuang- Chuang Tsai · Han-Chou (Joe) Huang	Chuang- Chuang Tsai
NT\$ 1,000,000 (incl.)~ NT\$ 2,000,000(excl.)				
NT\$ 2,000,000 (incl.)~ NT\$ 3,500,000(excl.)	AUO Foundation, Frank Ko, Ming Hua Investment Company Limited, Qisda Corporation, Chin-Bing (Philip) Peng, Jang-Lin (John) Chen, Chiu-Ling Lu, Cathy Han, Yen Hsueh Su	AUO Foundation, Frank Ko, Ming Hua Investment Company Limited, Qisda Corporation, Chin-Bing (Philip) Peng, Jang-Lin (John) Chen, Chiu-Ling Lu, Cathy Han, Yen Hsueh Su	AUO Foundation, Ming Hua Investment Company Limited, Qisda Corporation, Chin-Bing (Philip) Peng, Jang-Lin (John) Chen, Chiu-Ling Lu, Cathy Han, Yen Hsueh Su	AUO Foundation, Ming Hua Investment Company Limited, Qisda Corporation, Chin-Bing (Philip) Peng, Jang-Lin (John) Chen, Chiu-Ling Lu, Cathy Han, Yen Hsueh Su
NT\$ 3,500,000 (incl.)~ NT\$ 5,000,000(excl.)				
NT\$ 5,000,000 (incl.)~ NT\$ 10,000,000(excl.)	Shuang-Lang (Paul) Peng	Shuang-Lang (Paul) Peng		
NT\$ 10,000,000 (incl.)~ NT\$ 15,000,000(excl.)				
NT\$ 15,000,000 (incl.)~ NT\$ 30,000,000(excl.)				
NT\$ 30,000,000 (incl.)~ NT\$ 50,000,000(excl.)				Han-Chou (Joe) Huang
NT\$ 50,000,000 (incl.)~ NT\$ 100,000,000(excl.)			Frank Ko	Frank Ko
NT\$ 100,000,000 or above			Shuang-Lang (Paul) Peng	Shuang-Lang (Paul) Peng
Total	12 individuals (including 3 corporate entities)	12 individuals (including 3 corporate entities)	12 individuals (including 3 corporate entities)	12 individuals (including 3 corporate entities)

Note 1: It refers to the base remuneration of directors in 2023 (including director's salary, position bonus, severance pay, various bonuses, incentives, etc.).

Note 2: It is the pension withdraw/paid in accordance with the law in 2023.

Note 3: It is the director profit-sharing compensation approved by the board of directors in 2023.

Note 3: It is the director profit-sharing compensation approved by the board of directors in 2023.

Note 4: It refers to the directors' business execution expenses in 2023 (including the remuneration, travel expenses, special expenses, various allowances, dormitory, car allocation and other in-kind provision as Corporate Person directors or supervisors' representatives appointed by the Company and its subsidiaries).

Note 5: It refers to the salary, post bonus, severance pay, various bonuses (including bonuses deferred from long-term incentive plans in past years), incentives, mobility expenses, special expenses, various allowances, dormitories, car allocation and other in-kind provisions received by directors and part-time employees (including part-time general manager, deputy general manager, other managers and employees) in 2023. Salary expenses recognized in accordance with IFRS2 "Share-based Payment", including acquisition of employee stock option certificates, new shares with restricted employee rights and participation in cash subscription for capital increase, are also included in remuneration.

Note 6: It is the pension withdraw/paid in accordance with the law in 2023.

Note 7: The amount of employee remuneration for the year of 2023, as approved by the board of directors, is calculated based on the distribution principles or actual distribution ratios used in previous years.

Note 8: The total amount of various remuneration paid to the directors of the Company by all companies (including the Company) in the consolidated report.

Note 9: After-tax net loss (NTD 18,203,274 thousands) refers to the after-tax net profit of individual financial reports in 2023.

Note 10: It refers to the base remuneration, profit-sharing remuneration (including employees', directors' and supervisors' profit-sharing compensation) and business execution expenses received by directors as directors, supervisors or managers of reinvested enterprises of subsidiaries or parent companies in 2023.

Note 11: Resigned on December 8, 2023.

Note 12: The policy, system, standards and structure of independent directors' remuneration, as well as the connection between the amount of remuneration paid and director's responsibilities, risks, time investment and other factors: the remuneration of the directors of the Company is determined by the board of directors in accordance with the Articles of Incorporation, issued based on the director's participation in the Company's operations and contribution, with reference to both domestic and foreign market standards. If the Company has a profit, the board of directors will determine the amount of directors' remuneration in accordance with the Company's Articles of Incorporation. Independent directors are ex-officio members of the audit committee. In addition to the general remuneration paid to directors, the Company takes into account of each director's individual responsibilities (such as serving as a member of various functional committees), risks and investment time, and also determines different reasonable remunerations.

Note 13: In addition to the information disclosed in the table above, has any Director provided services to AUO Corp. and its subsidiaries and received remuneration for such services (e.g. serving as a consultant that is not an employee): None.

(II) Remuneration to President and Vice Presidents

Date: December 31, 2024 Unit: NT\$ thousands; 1,000 shares

Job Title (Note 1)	Name	Salary (A) (Note 1)		Retirement pay and pension (B) (Note 2)		Rewards and special disbursements (C) (Note 3)		Employee profit-sharing compensation (D) (Note 4)				Sum of A+B+C+D and ratio to net income (%) (Note 7)		Remuneration received from Investee enterprises other than subsidiaries or from the parent company (Note 8)
		AUO	All consolidated entities (Note 6)	AUO	All consolidated entities (Note 6)	AUO	All consolidated entities (Note 6)	AUO		All consolidated entities (Note 6)		AUO	All consolidated entities (Note 6)	
								Cash	Stock	Cash	Stock			
Chairman & Group CSO	Shuang-Lang (Paul) Peng	15,078	15,078	0	0	90,603	90,603	0	0	0	0	105,681 (0.58%)	105,681 (0.58%)	6,440
CEO and President	Frank Ko	12,484	12,484	108	108	83,614	83,654	0	0	0	0	96,206 (0.53%)	96,246 (0.53%)	40
Senior Vice President	Wei-Lung Liao	7,348	7,348	119	119	35,987	36,716	0	0	0	0	43,454 (0.24%)	44,182 (0.24%)	50
Senior Vice President	Ting-Li Lin	7,343	7,343	119	119	35,983	36,527	0	0	0	0	43,445 (0.24%)	43,989 (0.16%)	30
Senior Vice President	James CP Chen	7,396	7,396	119	119	33,824	33,824	0	0	0	0	41,339 (0.23%)	41,339 (0.23%)	30
Senior Vice President	CS Hsieh	51,664	51,664	1,032	1,032	194,767	196,755	0	0	0	0	247,463 (1.36%)	249,452 (1.37%)	611
Senior Vice President	Amy Ku													
Senior Vice President	Hong-Jye Hong													
Vice President	TY Lin													
Vice President	Tina Wu													
Vice President	Andy Yang													
Vice President	Benjamin Tseng													
Vice President	Ivan Wu													
Vice President	YuChieh Lin													

Remuneration Range Table

Remuneration range for each President and Vice President in AUO	Names of the President and Vice presidents	
	AUO	All consolidated entities (Note 9)
Less than NT\$ 1,000,000		
NT\$ 1,000,000 (incl.) ~ NT\$ 2,000,000 (excl.)		
NT\$ 2,000,000 (incl.) ~ NT\$ 3,500,000 (excl.)		
NT\$ 3,500,000 (incl.) ~ NT\$ 5,000,000 (excl.)		
NT\$ 5,000,000 (incl.) ~ NT\$ 10,000,000 (excl.)		
NT\$ 10,000,000 (incl.) ~ NT\$ 15,000,000 (excl.)		
NT\$ 15,000,000 (incl.) ~ NT\$ 30,000,000 (excl.)	Hong-Jye Hong, Benjamin Tseng, Andy Yang, TY Lin, Ivan Wu, YuChieh Lin	Hong-Jye Hong, Benjamin Tseng, Andy Yang, TY Lin, Ivan Wu, YuChieh Lin
NT\$ 30,000,000 (incl.) ~ NT\$ 50,000,000 (excl.)	Amy Ku, Tina Wu, James CP Chen, Wei-Lung Liao, TY Lin CS Hsieh	Amy Ku, Tina Wu, James CP Chen, Wei-Lung Liao, TY Lin, CS Hsieh
NT\$ 50,000,000 (incl.) ~ NT\$ 100,000,000 (excl.)	Frank Ko	Frank Ko
NT\$ 100,000,000 or more	Shuang-Lang (Paul) Peng	Shuang-Lang (Paul) Peng
Total	14 individuals	14 individuals

Note 1: Salary, position bonus and severance pay of managers listed above the vice president in 2023.

Note 2: Pension subscribed/paid in accordance with the law in 2023.

Note 3: Listed are all kinds of bonuses (including bonuses deferred from long-term incentive plans over the years) for managers above the vice president in 2023, remuneration, bonus, travel expenses, special expenses, various allowances, dormitory, car allocation and other remuneration for acting as Corporate Person directors or supervisors appointed by the Company and its subsidiaries. Salary expenses recognized in accordance with IFRS2 "share-based payment", including obtaining employee stock option certificates, restricting employees' rights to new shares and participating in cash capital increase subscription, shall also be included in the remuneration.

Note 4: The amount of employee bonuses approved by the board of directors for the fiscal year 2023 is calculated based on the historical principles of distribution and the actual distribution ratio of this proposed year.

Note 5: Remuneration information listed for managers above the level of vice president in 2023 as of the end of 2023.

Note 6: The total amount of remuneration paid by all companies (including the Company) to managers above the level of vice president of the Company in the consolidated report.

Note 7: After-tax net profit (NTD 18,203,274 thousands) refers to the after-tax net profit of individual financial reports.

Note 8: Refers to the base compensation, profit-sharing compensation (including profit-sharing compensation for employees, directors and supervisors), business execution fees and other related compensation received by a manager above the level of vice president in 2023 as a director, supervisor or manager of a reinvestment enterprise outside the subsidiary or the parent company.

Note 9: The total amount of various compensation paid by the parent company and all reinvested enterprises (including the Company) to the managers above the level of vice president of the Company.

(III) Names and Distributions of Employee Profit-Sharing Compensation to Managerial Officers

Date: December 31, 2023 Unit: NT\$ thousands

Job Title (Note 1)	Name (Note 1)	Amount in stock (consolidated) (Note 2)	Amount in cash (consolidated) (Note 2)	Total (consolidated) (Note 2)	Ratio of total amount to the net income after taxes (%) (Note3)
Chairman & Group CSO	Shuang-Lang (Paul) Peng				
CEO and President	Frank Ko				
Senior Vice President	Wei-Lung Liao				
Senior Vice President	Ting-Li Lin				
Senior Vice President	James CP Chen				
Senior Vice President	CS Hsieh				
Senior Vice President	Amy Ku				
Senior Vice President	Hong-Jye Hong				
Vice President	TY Lin				
Vice President	Tina Wu				
Vice President	Andy Yang				
Vice President	Benjamin Tseng				
Vice President	Ivan Wu				
Vice President	Yu-Chieh Lin				
Senior Associate Vice President	Kun Yu Lin	0	0	0	(0.00)
Senior Associate Vice President	SI Jeong				
Senior Associate Vice President	Hank Liu				
Associate Vice President	Center Chen				
Associate Vice President	Bryan Kuo				
Associate Vice President	KS Tseng				
Associate Vice President	Ken YJ Chen				
Associate Vice President	CD Lee				
Associate Vice President	CH Wu				
Associate Vice President	Paul KP Lee				
Associate Vice President	Simon WH Hsu				
Associate Vice President	Jenn-Jia Su				
Associate Vice President	KK Lee				
Associate Vice President	Cloud Huang				
Associate Vice President	Allen CK Wu				
Associate Vice President	Jim CY Lee				

Note 1: Refers to those who are in office on the date of publication of the annual report.

Note 2: Refers to the employee profit-sharing Compensation in 2023.

Note 3: After-tax net profit (NTD 18,203,274 thousands) refers to the after-tax net profit of the parent company only financial report in 2023.

(IV) Analysis of remuneration to directors, supervisors, president and vice president and presidents etc. as a percentage of the after-tax income of the Company and all companies' consolidated statements in the stand-alone financial statements from the last two years, and description of the policy, standards and combination of remunerations, procedure for making such decision, and correlation with business performance and future risks.

I. Analysis of remuneration to directors, supervisors, president and vice presidents as a percentage of the Company's after-tax income in the parent company only financial reports from the last two years:

Title	The total payment amount as a percentage (%) of the net income(loss) after tax in the parent company only financial report			
	2023		2022	
	AUO	All companies within the financial report	AUO	All companies within the financial report
Directors	(0.18)	(0.18)	(0.15)	(0.15)
President and Vice President	(3.17)	(3.19)	(2.08)	(2.09)

Note 1: The net losses after tax in the parent company only financial report for the years 2023 and 2022 are NT\$(18,203,274) thousand and NT\$(21,101,374) thousand, respectively.

Note 2: The manager remuneration ratio in 2023 has increased relative to 2022, due to the promotion of two vice presidents in 2023.

2. Policy, standards/packages, procedures, the linkage to operating performance and future risk exposure.

Item	Percentage or Range
Employee remuneration	<ul style="list-style-type: none"> ● If the company makes profit for the year, no less than 5% should be set aside as employee remuneration. However, when the company still has accumulated losses, provision should be made in advance for the deficit. (Article 15) ● Rewards can be given to employees in the form of shares or cash, and also include issuing employee stock option certificates, issuing restricted employee rights new shares, legally buying back shares to transfer to employees, and preserving shares for employees during the issuance of new shares. These privileges can also extend to the employees of subsidiary companies that meet certain criteria. The conditions and allocation methods are to be determined by the Board of Directors or a person authorized by the Board. (Article 15-3)
Director's remuneration	<ul style="list-style-type: none"> ● If the company makes a profit for the year, no more than 1% should be allocated as director remuneration. However, if the company still has accumulated losses, an amount should be set aside in advance to offset the loss. (Article 15) ● Directors' remuneration can only be in the form of cash.

Note 1: The Company accrued remuneration to employees based on the profit before income tax excluding the remuneration to employees and Directors for each period, multiplied by the percentage resolved by the Board of Directors. Remuneration to directors was estimated based on the amount expected to pay and recognized together with the remuneration to employees as operating costs or operating expenses.

Note 2: Employee remuneration and director remuneration shall be determined by the board of directors with the attendance of more than two-thirds of the directors and the approval of more than half of the directors present, and shall be reported to the shareholders' meeting.

(1) Director's remuneration

The remuneration of the directors of the Company shall be paid by the Board of Directors in accordance with the provisions of the Regulations Governing the Remuneration of Directors and Members of Functional Committees, which are formulated in accordance with the authorization of the Articles of Incorporation, based on the participation and value of contribution by the directors to the operation of the Company, and with reference to the standards of domestic and foreign industry. The remuneration of the directors shall be increased in accordance with the chairman, convener and members of the functional committees, and may be reduced at their discretion in accordance with the results of operational performance or performance evaluation by the directors. Starting from 2024, the director's remuneration will be reported annually to the shareholders' meeting including of remuneration policy, personal remuneration and amount.

(2) Manager's remuneration

(a) Manager's remuneration policy

The remuneration of the managers of the Company shall be paid in accordance with the principle of "Remuneration Policy of Managers" determined by the Remuneration Committee and the Board of Directors, and shall be reviewed by the Remuneration Committee on an annual basis and submitted to the Board of Directors for resolution. The Company has also cooperated with external professional consultants for a long time to ensure that managers' remuneration policies, payment levels and market fluctuations are linked. The remuneration of our company's manager is linked to the company's operational performance. The overall reward composition consists of salary, short and long-term variable bonuses, and profit-sharing employee bonuses. Among these, variable bonuses are determined based on operational performance, accounting for 70% to 90% of the total remuneration depending on position and performance. At the same time, the managers' long-term reward plan is assessed over a three-year period, with stock rewards accounting for more than 50%, and includes clawback provisions. The Remuneration Committee sets performance goals in line with the company's long-term development strategy. In addition to financial indicators such as EBITDA, revenue, gross profit margin, and operating profit margin of strategic products, and contribution to shareholders, it also incorporates ESG sustainability performance and major theme management goals, combining the three major axes of "environmental sustainability", "inclusive growth", and "agile innovation". centered around "environmental sustainability", "inclusive growth", and "flexible innovation", deepening the connection with shareholder interests and fulfilling our commitment to sustainable management.

(b) Manager's remuneration policy

Part of the manager's remuneration is paid in the form of stock, and the Board of Directors had formulated the "Executive Stock Ownership Guidelines" on 23. Feb, 2023, after reviewed and revised on March 11, 2024, which requires executives to own company shares in an amount equal to a multiple of their annual base salary: ten multiples for the chairman, CEO, and president; and five multiples for other executives. The executives are required to achieve the shareholding target within five years of appointment or from the policy effective date, and maintain the value of the above shareholding during the term of the executive, so as to strengthen corporate governance and reduce management risks.

IV. Operation of Corporate Governance

(1) Operation of the Board of Directors

Total of 7 (A) meetings were held by the Board of Directors in 2023. The attendance of the directors as the following:

Title	Name		No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) (B/A)	Remarks
Chairman	Peng Shuang-Lang		7	0	100	
Director	AUO Foundation	Representative: Frank Ko	7	0	100	
Director	Ming Hua Investment Company Limited	Representative: Chuang-Chuang Tsai	7	0	100	
Director	Qisda Corporation	Representative: Han-Chou (Joe) Huang	7	0	100	
Independent Director	Chin-Bing (Philip) Peng		7	0	100	
Independent Director	Jang-Lin (John) Chen		7	0	100	
Independent Director	Chiu-Ling Lu		7	0	100	
Independent Director	Cathy Han		7	0	100	
Independent Director	Yen-Hsueh (Sharon) Su		7	0	100	Resigned on December 8, 2023

Other information required to be disclosed

1. If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors:

- (1) Any matter under Article 14-3 of the Securities and Exchange Act: The Company has set up an audit committee, and the provisions of Article 14-3 are not applicable. Please refer to the "Operation of the Audit Committee" (pages 28-31) of this annual report for relevant information.
- (2) In addition to the matters referred to above, any dissenting or qualified opinion of an independent director that is on record or stated in writing with respect to any board resolution : None.

2. The status of implementation of recusals of directors with respect to any motions with which they may have a conflict of interest: specify the director's name, the content of the motion, the cause for recusal, and whether and how the director voted:

Date of Board of Directors	Name of Director	Content of Motion	Reasons for avoidance of interests	Participation in voting
2023.02.23	Director Han-Chou (Joe) Huang	Approved the case that AUO Display Plus Corporation, a 100%-owned subsidiary of the Company, intends to publicly acquire the common shares of Crystalvue Medical Corporation.	Director Han-Chou (Joe) Huang, the representative of Qisda Corporation, holding shares in the target company because of Qisda Corporation.	Did not participate in discussion and voting
2023.02.23	All the directors	Approved the 2022 remuneration to directors and senior managers.	All of the directors abstain from taking part of personal interests.	Did not participate in discussion and voting

Date of Board of Directors	Name of Director	Content of Motion	Reasons for avoidance of interests	Participation in voting
2023.02.23	Chairman Shuang-Lang (Paul) Peng, AUO Sustainable Foundation director representative Frank Ko	Approved the list of treasury stocks' granted managers and the number of distribution (subscription).	The recipient abstain from taking part of his personal interests in accordance with Article 9 of the Rules of Procedure of the Board of Directors.	Did not participate in discussion and voting
	Chairman Shuang-Lang (Paul) Peng, AUO Sustainable Foundation director representative Frank Ko	Approved the personnel case of senior managers.	The appointee shall withdraw his interests in accordance with Article 206 of the Company Act and Article 9 of the rules of Procedure of the Board of Directors.	Did not participate in discussion and voting
2023.04.27	Chairman Shuang-Lang (Paul) Peng, AUO Sustainable Foundation director representative Frank Ko	Approved the amendment of "Decision-making authority on senior manager remuneration" and "Business Transfer Protection Measures" and the selection of applicable personnel.	Where a director was chosen as an applicable personnel, he shall withdraw his interests in accordance with Article 206 of the Company Act and Article 9 of the Rules of Procedure of the Board of Directors.	Did not participate in discussion and voting

3. Assessment of the board of directors' performance

Self-evaluation				
Evaluation cycle	Evaluation period	Scope of evaluation	Method of evaluation	Evaluation contents
Once a year	2022.10~2023.09	Board of Directors	Board of Directors' self-evaluation and executed by the deliberative unit.	1. The level of participation in the company's operation/Directors' sense of duty and level of participation in the company's operation. 2. Enhancing the quality of board decision-making/grasp of the company's goals and tasks as well as the management and communication of internal relations. 3. Composition and Structure of the Board of Directors. 4. Appointment of Directors and Continuing Education. 5. Internal Control. 1. Degree of involvement in the company's operations 2. Understanding of the responsibilities of functional committees. 3. Improving the decision-making quality of functional committees. 4. Composition and appointment of functional committee members. 5. Internal control. 1. Degree of involvement in the company's operations. 2. Understanding of the responsibilities of functional committees. 3. Improving the decision-making quality of functional committees. 4. Composition and appointment of functional committee members.
Once a year	2022.10~2023.09	Individual Directors	Individual Directors' self-evaluation and executed by the deliberative unit.	
Once a year	2022.10~2023.09	Audit Committee	Members' self-evaluation and executed by the deliberative unit.	
Once a year	2022.10~2023.09	Remuneration Committee	Independent Directors' self-evaluation and executed by the deliberative unit.	
Once a year	2022.10~2023.09	Corporate Governance and Nomination Committee	Independent Directors' self-evaluation and executed by the deliberative unit.	
External Evaluation				
Evaluation cycle	Evaluation period	Scope of evaluation	Method of evaluation	Evaluation contents
Once every 3 years	2020.09~2021.08	Board of Directors	Evaluation was conducted by online self-assessment questionnaire and field visit.	Taiwan Corporate Governance Association was entrusted to evaluate the effectiveness of the external board of directors in eight aspects, including composition, guidance, authorization, supervision, communication, internal control and risk management, self-discipline and support system through online self-assessment questionnaire and field visit.

Evaluation results and improvement plans

(I) Self-evaluation

The self-evaluation results of the company's "Board of Directors", "Audit Committee", "Remuneration Committee" and "Corporate Governance and Nomination Committee" in 2023 are all above the standard, and there are no major improvement

projects. The evaluation results will be reviewed for the first time in 2024. The board of directors reports to the directors and serves as a reference for the performance, remuneration and nomination for renewal of members of the board of directors and functional committees.

(2) External evaluation

The Taiwan Corporate Governance Association (TCGA) and its assessment experts have no business dealings with the company and are independent. Its report shows that five of the company's directors were independent directors, accounting for more than half of the total seats on the board of directors. Female directors accounted for more than 1/5, and they were all appointed by people with professional experience and rich business management practices. Through semi-annual strategy meetings, independent directors are invited to discuss the environment and major issues facing the company based on the company's "dual-axis transformation" strategy to form a consensus on major development goals and strategies. The company's board of directors will report the evaluation results to the directors on February 10, 2022. The board of directors will use the recommendations of the Chinese Corporate Governance Association as a reference for continuing to improve the board of directors' functions, including modifying the whistleblower system and channels to demonstrate the company's pay attention to the effectiveness (including trustworthiness) of the reporting system.

Reasons why external agencies and committee members are independent:

The Taiwan Corporate Governance Association is not a related person of the company or has an independent business relationship. Participants and their second-degree relatives do not hold positions of significant influence in the company, nor do they have direct or indirect financial ties with the company. Interested relationship or receiving gifts.

4. Give an evaluation of the targets that were adopted for strengthening of the functions of the board during the current and immediately preceding fiscal years and the measures taken toward achievement thereof:

- (1) Since the company re-elected members of the seventh board of directors on June 19, 2013, independent directors have exceeded one-half of all directors to strengthen the functions of the board of directors and corporate governance; among them, the tenth board of directors will be re-elected on June 17, 2022. Members of the current board of directors, each gender accounts for more than one-third of the seats on the board of directors (3 seats of female directors currently), and the diversity policy is implemented.
- (2) Remuneration Committee was established on August 30, 2011, with three independent directors appointed by the Board of Directors.
- (3) The Corporate Governance Committee was established on October 29, 2019 (renamed the Corporate Governance and Nomination Committee on March 11, 2024). Please refer to pages 32-34 of this annual report for its main powers and operations.
- (4) On March 11, 2024, we formally established the Sustainability & ERM Committee under the Board of Directors. This is an important step in our commitment to sustainable development, in line with international trends, and in proactively responding to the risk assessment and response strategies of various stakeholders in environmental, social and corporate governance aspects. It is also our goal to achieve sustainable operations. Through the Board of Directors, as the highest governance unit for risk management, we supervise the management of risks, formulate risk management policies and procedures, and allocate and assign appropriate and sufficient resources. At the same time, we are gradually establishing a corporate governance culture.

(2) Operation of the Audit Committee

The Audit Committee had 6 meetings (A) in 2023 and the attendance status of the independent directors is as follows:

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) (B/A)	Remarks
Convener	Yen-Hsueh Su	6	0	100	Resigned on December 8, 2023.
Member	Chin-Bing (Philip) Peng	6	0	100	Elected as the Convener on January 30, 2024.
Member	Jang-Lin (John) Chen	6	0	100	
Member	Chiu-Ling Lu	6	0	100	
Member	Cathy Han	6	0	100	

Other information required to be disclosed

- If any of the following circumstances exists, specify the date of Audit Committee meeting, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, as well as the measures taken by the Company in response to the opinions of the Audit Committee:

(1) Any matter under Article 14-5 of the Securities and Exchange Act (please refer to this Annual Report (pages 30-31):

All resolutions have been approved with the consent of more than one-half of the Audit Committee members before a resolution has been reached at the Board of Directors. There were no resolutions which had not been approved by the Audit Committee members but were undertaken upon the consent of more than two-thirds of all directors.

(2) In addition to the matters referred to above, any matter that was not approved by the Audit Committee but was approved by a two-thirds or greater majority resolution of the board of directors: None.

- Implementation of recusals of independent directors with respect to any motions with which they may have a conflict of interest: None.

- Closed-door communication between the independent directors, the head of Internal Auditor and the CPAs (which should include material items, channels, and outcomes of the communication on the state of the Company's finance and/or operations, etc.).

(1) The Company regularly holds Audit Committee meetings and as required, invites CPAs and the head of Internal Audit to attend the meetings respectively. The independent directors engage in separate communication at least once a year with CPAs and the head of Internal Auditor on relevant matters.

(2) The head of Internal Audit regularly submits audit reports to the Audit Committee according to the annual audit plan and the Audit Committee regularly evaluates the Company's internal control system, internal auditors and their audit results.

(3) The Audit Committee communicates regularly with the Company's CPAs regarding their quarterly review or audit of financial statements and other matters required by relevant laws and regulations. The Audit Committee also conducts the reviews on independence of the CPAs respect to their appointment and the audit and non-audit services they provide.

(4) Main communication matters in 2023

A. Excerpts from the communication between the independent directors and CPAs are as follows:

Date	Meeting	Key points of communication	Communication and opinions of independent directors	Handling of opinions of independent directors
2023.02.07	Audit Committee	The findings of the audits on the Company's financial statements for 2022.	After review by the Audit Committee, all independent directors gave their approval without any objections.	Not applicable
2023.04.26	Audit Committee	The findings of the review on the Company's consolidated financial statements for the period ended March 31, 2023.	After review by the Audit Committee, all independent directors gave their approval without any objections.	Not applicable
2023.07.25	Audit Committee	The findings of the review on the Company's consolidated financial statements for the period ended June 30, 2023.	After review by the Audit Committee, all independent directors gave their approval without any objections.	Not applicable

Date	Meeting	Key points of communication	Communication and opinions of independent directors	Handling of opinions of independent directors
2023.10.30	Audit Committee (closed door session)	Communication between CPAs and the Audit Committee.	Noted, and there are no other suggestions.	Not applicable
2023.10.30	Audit Committee	The findings of the review on the Company's consolidated financial statements for the period ended September 30, 2023.	After review by the Audit Committee, all independent directors gave their approval without any objections.	Not applicable

B. Excerpts from the communication between independent directors and the head of internal audits are as follows:

Date	Meeting	Key points of communication	Communication and opinions of independent directors	Handling of opinions of independent directors
2023.02.07	Audit Committee	1. The findings of the internal audit reports for the fourth quarter of 2022. 2. 2022 Statement of Internal Control System.	After review by the Audit Committee, all independent directors gave their approval without any objections.	Not applicable
2023.04.26	Audit Committee	1. The findings of the internal audit reports for the first quarter of 2023. 2. The findings of the Self-Inspection Execution Report for the second half of 2022.	After review by the Audit Committee, all independent directors gave their approval without any objections.	Not applicable
2023.07.25	Audit Committee	The findings of the internal audit reports for the second quarter of 2023.	After review by the Audit Committee, all independent directors gave their approval without any objections.	Not applicable
2023.10.30	Audit Committee (closed door session)	The findings of the Self-Inspection Execution Report for the first half of 2023.	Noted, and there are no other suggestions.	Not applicable
2023.10.30	Audit Committee	The findings of the internal audit reports for the third quarter of 2023	After review by the Audit Committee, all independent directors gave their approval without any objections.	Not applicable

4. Annual work focus and operation

- (1) Regularly communicate the audit report results with the head of Internal Audit according to the annual audit plan.
- (2) Regularly communicate with the Company's CPAs on the review or audit results of financial statements in each quarter.
- (3) Review financial statements.
- (4) Assess the effectiveness of the internal control system.
- (5) Prior review of the appointment, dismissal, remuneration and services of CPAs.
- (6) Evaluate the independence of CPAs in providing audit and non-audit services.
- (7) Review the Company's operational procedures and material transactions of assets, derivatives, capital lending and endorsement/guarantees.
- (8) Legal compliance.
- (9) Handle any grievances/reporting incidents submitted to the Audit Committee Mailbox.

5. The meeting date, proposal contents and resolutions of the Audit Committee in 2023

Date/Term of Audit Committee	Content of motion	Resolutions and member opinions
6th Committee 3rd session 2023.02.07	<ol style="list-style-type: none"> 1. Recognized the "Statement of Internal Control System". (Note 1) 2. Approved the pre-approved non-assurance service policy. (Note 1) 3. Approved the 2022 Parent Company Only and Consolidated Financial Statements. (Note 1) 4. Approved the 2023 services and fees of CPA. (Note 1) 5. Approved the case of the Company's investment in establishing a subsidiary in Vietnam. 6. Approved the Company to lend capital to subsidiaries. 7. Approved the subsidiary, AUO Manufacturing (Shanghai) Co.,Ltd. to lend capital. (Note 1) 8. Approved the overdue accounts receivable from non-related parties of AUO Megalnsight (Suzhou) Co., Ltd. as a non-capital loan case. 9. Approved the Company to provide guarantee against the bank loan to AUO (Kunshan) Co., Ltd. (Note 1) 10. Approved of the subsidiary AUO (Xiamen) Co., Ltd. to issue a guarantee for the additional bank quota of the company. (Note 1) 11. Approved the case of the Company's capital increase for its subsidiaries Konly Venture Corp. and Ronly Venture Corp. (Note 1) 12. Approved the case of the Company's investment in common shares of energy project companies. (Note 1) 	Approved and submitted to the Board of Directors for resolution.
6th Committee 4th session 2023.02.23	<ol style="list-style-type: none"> 1. Approved the list of treasury stock' granted managers and the number of distribution(subscription). 2. Approved the 2022 Business Report and 2023 Business Plan. (Note 1) 3. Approved the distribution of 2022 earnings. 4. Approved the case of that AUO Display Plus Corporation, a 100%-owned subsidiary of the Company, intends to publicly acquire the common shares of Crystalvue Medical Corporation. (Note 1) 	Approved and submitted to the Board of Directors for resolution.
6th Committee 5th session 2023.04.26	<ol style="list-style-type: none"> 1. Approved the Consolidated Financial Statements for the period ended March 31, 2023. (Note 1) 2. Approved the subsidiaries to lend capital to the subsidiary, AUO (Kunshan) Co., Ltd. (Note 1) 3. Approved the fund loans between subsidiaries, AUO(L) CORP, AUO (Suzhou) Co., Ltd, AUO (Xiamen) Co., Ltd. (Note 1) 	Approved and submitted to the Board of Directors for resolution
6th Committee 6th session 2023.07.25	<ol style="list-style-type: none"> 1. Approved the Consolidated Financial Statements for the period ended June 30, 2023. (Note 1) 2. Approved the amendment of the investment structure of the Vietnamese subsidiary. 3. Approved the amendment of the investment structure of the subsidiary, AUO (Kunshan) Co., Ltd. 4. Approval for the Company to cancel the bank credit guarantee case for its subsidiary AUO (Kunshan) Co., Ltd., and approval for amendments to the "Authority Decision Table" case. 	Approved and submitted to the Board of Directors for resolution
6th Committee 7th session 2023.10.02	<ol style="list-style-type: none"> 1. Approved the acquisition of 100% ownership of Germany's Behr-Hella Thermocontrol GmbH. (Note 1) 	Approved and submitted to the Board of Directors for resolution
6th Committee 8th session 2023.10.30	<ol style="list-style-type: none"> 1. Approved the signing of a production line construction contract with PlayNitride Display Co., Ltd. (Note 1) 2. Recognized the case of "2024 Annual Audit Plan". (Note 1) 3. Approved the amendment of "Internal Control System". (Note 1) 4. Approved the Consolidated Financial Statements for the period ended September 30, 2023. (Note 1) 5. Approved the Adjustments to the Investment Structure of the Mainland China Subsidiary. (Note 1) 6. Approved the proposal for subsidiary AUO (Shanghai) Co., Ltd. to lend funds to the 	Except for the seventh proposal that wasn't discussed due to the need for reassessment and the tenth proposal that required partial amendments to the

Date/Term of Audit Committee	Content of motion	Resolutions and member opinions
	subsidiary of the Smart Service Business Group. (Note 1) 7. Approved to lend capital to the subsidiary, Smart Services Business Group Subsidiary Case. (Note 1) 8. Approved the company's indirect capital increase in Yo-Pei Water Corporation, through its subsidiary AUO Envirotech Inc. (Note 1) 9. Approved to lend capital to the subsidiary, AUO Crystal Corp. (Note 1) 10. Approved the Establishment of Purchase and Sale Electronic Company Case. (Note 1)	description content, all other proposals are approved as proposed and submitted to the Board of Directors for resolution

Note 1: Matters listed in Article 14-5 of the Securities Exchange Act.

(3) Operation of the Remuneration Committee:

1. Information on Remuneration Committee Members (Professional Qualifications and Experience)

Title	Conditions		Professional qualifications and experience	Independence analysis	Number of other public companies at which the person concurrently serves as remuneration committee member
	Name				
Independent director (Convener)	Chin-Bing (Philip) Peng		Please refer to pages 11-13 of the annual report.	Please refer to pages 15-16 of the annual report.	1
Independent director	Yen-Hsueh (Sharon) Su (Note 1)				3
Independent director	Jang-Lin (John) Chen				0
Independent director	Cathy Han (Note 2)				2

Note 1 : Resigned on December 8, 2023.

Note 2 : Newly elected on January 31, 2024.

2. Scope of Authority

- (1) Establish and regularly review the policies, systems, standards, and structures of the performance evaluation and pay remuneration for directors and managers.
- (2) Regularly assess and determine the remuneration for directors and managers.

3. Implementation Status

- (1) The Company's remuneration committee has a total of 3 members, all serving as independent directors.
- (2) The 5th term of the members is from June 17, 2022 to June 16, 2025.
- (3) Total of 4 (A) meetings were held by the Remuneration Committee in 2023. The attendance of the number as the following:

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) (B / A)	Remarks
Convener	Chin-Bing (Philip) Peng	4	0	100	
Member	Yen-Hsueh (Sharon) Su	4	0	100	Resigned on December 8, 2023.
Member	Jang-Lin (John) Chen	4	0	100	

Other information required to be disclosed:

- A. If the board of directors does not accept, or amends, any recommendation of the remuneration committee, specify the board meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the board of directors, and the measures taken by the Company with respect to the opinions given by of the remuneration committee (e.g., if the salary/remuneration approved by the board is higher than the recommendation of the remuneration committee, specify the difference(s) and the reasons): None.
- B. With respect to any matter for resolution by the remuneration committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the remuneration committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the members' opinion: None.
- C. Reasons for discussion and resolution of the Remuneration Committee and the measures taken by the Company with respect to the members' opinion:

Date of Remuneration Committee	Content of motion	Resolution result and opinions of all members	Handling of the Remuneration Committee's opinions by the company (Board of Directors)
2023.02.07	1. Approved the amendments to "Remuneration Policy to the Directors and Functional Committee Members". 2. Approved the selection of applicable personnel for the "Measures for the Protection and Conversion of Management Rights".	Approved and submitted to the Board of Directors for resolution.	The board of directors approved all the proposals according to the recommendation of the Remuneration Committee.
2023.02.23	1. Approved the "Shareholding Regulations to senior executives". 2. Approved the 2022 Remuneration to directors and senior executives. 3. Approved the list of treasury stocks' granted managers and the number of distribution (subscription).		
2023.04.26	1. Approved the amendments to "Decision-making authority on senior executives' remuneration". 2. Approved the amendments to "Measures for the Protection and Conversion of Management Rights" and approved the selection of applicable personnel.		
2023.07.25	1. Approved the "2024 Senior Executives Remuneration Policy". 2. Personnel Case of the senior executive.		

(4) Information and operation of the members of the Corporate Governance and Nomination Committee

The Company established the Corporate Governance Committee on October 29, 2019, and changed its name to the Corporate Governance and Nomination Committee on March 11, 2024.

I. Information of members (Professional qualifications and experience)

Title	Name	Professional qualifications and experience	Independence analysis	Number of members who concurrently serve as corporate governance and nomination committee members of other publicly traded companies
Chairman (Convener)	Shuang-Lang (Paul) Peng	Please refer to pages 11-13 of this annual report.	N/A	1
Independent Director	Chin-Bing (Philip) Peng		Please refer to pages 15-16 of this annual report.	0
Independent Director	Chiu-Ling Lu			0
Independent Director	Cathy Han			1
Independent Director	Jang-Lin (John) Chen			0

2. Scope of Authority

- (1) Establish the standard of the required professional knowledge, skills, gender diversity and autonomy background, and experience for the board members, and based on it, the search, examination, and nomination of board candidates.
- (2) Construct and develop the organizational structure of the board of directors and each committee, carry out the performance assessment of the board of directors, each committee and each director, and evaluate the independence of the independent directors.
- (3) Formulate and review regularly the board of directors' education and succession plan.
- (4) Review the succession plan of top managers (including equivalent ranks) beyond the general manager.
- (5) Provide appropriate briefing for the new directors to help them understand their responsibilities and become familiar with the company operation and environment.
- (6) Formulate the Company's Corporate Governance Principles.
- (7) Other matters as directed by the Board of directors.

3. The operation of Corporate Governance and Nomination Committee

- (1) There are currently 5 members, consisting of at least 3 directors recommended by the board of directors, among whom more than half of the independent directors should participate.
- (2) The term of service: June 17, 2022 to June 16, 2025.
- (3) Total of 4 (A) meetings were held by the Corporate Governance and Nomination Committee in 2023. The attendance of the number as the following:

Title	Name	No. of actual attendance (B)	No. of attendance by proxy	Actual attendance (%) (B/ A)	Remarks
Convener	Shuang-Lang (Paul) Peng	4	0	100	
Member	Chin-Bing (Philip) Peng	4	0	100	
Member	Chiu-Ling Lu	4	0	100	
Member	Cathy Han	4	0	100	
Member	Jang-Lin (John) Chen	4	0	100	
Member	Yen-Hsueh Su	4	0	100	Resigned on December 8, 2023

- (4) The discussion reasons and resolution results of the Corporate Governance and Nomination Committee and the company's handling of members' opinions

Date	Key points of meeting	Results and opinions from other members	Handling of opinions of Corporate Governance and Nomination Committee
2023.02.08	Reporting items <ul style="list-style-type: none"> ● Corporate Governance Blueprint and Annual Calendar Report. ● Internal performance evaluation report of the Board of Directors, individual Board members and functional committees in the Republic of 2022 ● Independence status report of independent directors 	Noted and no other suggestions.	Noted.
	Discussion items <ul style="list-style-type: none"> ● Approval of the amendment to the "Organizational Charter for Corporation Governance Committee". ● Approval of the amendment to the "Corporate Governance Principles". ● Approval of the amendment of the "Director Performance Evaluation Questionnaire". 	Passed as proposed and submitted to the board of directors for resolution.	The board of directors approves all resolutions based on the recommendations of the Corporate Governance and Nomination Committee.
2023.02.23	Discussion items <ul style="list-style-type: none"> ● Approval of the senior manager personnel case. 	Noted and no other suggestions.	The board of directors approves all resolutions based on the recommendations of the Corporate Governance and Nomination Committee.

Date	Key points of meeting	Results and opinions from other members	Handling of opinions of Corporate Governance and Nomination Committee
2023.07.25	Reporting items <ul style="list-style-type: none"> ● Risk management report ● MSCI ESG Rating 	Noted and no other suggestions.	Noted.
2023.10.15	Discussion items <ul style="list-style-type: none"> ● Related legal compliance and response measures cases. 	Passed as proposed and submitted to the board of directors for resolution.	The board of directors approves all resolutions based on the recommendations of the Corporate Governance and Nomination Committee.

(5) Information and operation of the members of the Sustainability & ERM Committee

On March 11, 2024, our company formally established the Sustainability & ERM Committee under the jurisdiction of the Board of Directors. The committee is to assist the board in ongoingly pushing forward corporate sustainability and risk governance, fulfilling the purposes of sustainable management, and integrating/improving risk management operations. This way, the board directors can understand operation status better, and allocate and assign ample and appropriate resources, enabling effective execution of enterprise risk management. The mechanism and culture of suitable risk management are established to oversee and ensure the functioning efficiency of the overall enterprise risk management mechanism.

1. Information of members (professional qualification and experience)

Title	Name	Independent Director	Independence analysis	Number of members who concurrently serve as Sustainability & ERM Committee members of other publicly issued companies
Chairman(Convener)	Shuang-Lang (Paul) Peng	Please refer to pages 11-13 of this annual report.	N/A	1
Independent Director	Chiu-ling Lu		Please refer to pages 15-16 of this annual report.	0
Independent Director	Jang-Lin (John) Chen			0

2. Scope of Authority

Sustainable Development

- (1) Establish the Corporate Social Responsibility Principles and supervise the execution and effectiveness review, tracking and revision, and report to the board of directors every year.
- (2) Supervise the proposal and execution results of sustainable development policies, mechanisms, or related management strategies and specific promotion plans, make decisions on significant sustainability issues of the company, including technology application, product value, energy development, green manufacturing, value chain management, citizenship responsibility (including people and human rights), risk management, circular economy, carbon energy operation.
- (3) Strengthen communication with various stakeholders and pay attention to their concerned issues.
- (4) Ensure the timeliness and accuracy of the disclosed information related to sustainable development.
- (5) Supervise other sustainability-related tasks decided by the board of directors.

Risk Governance

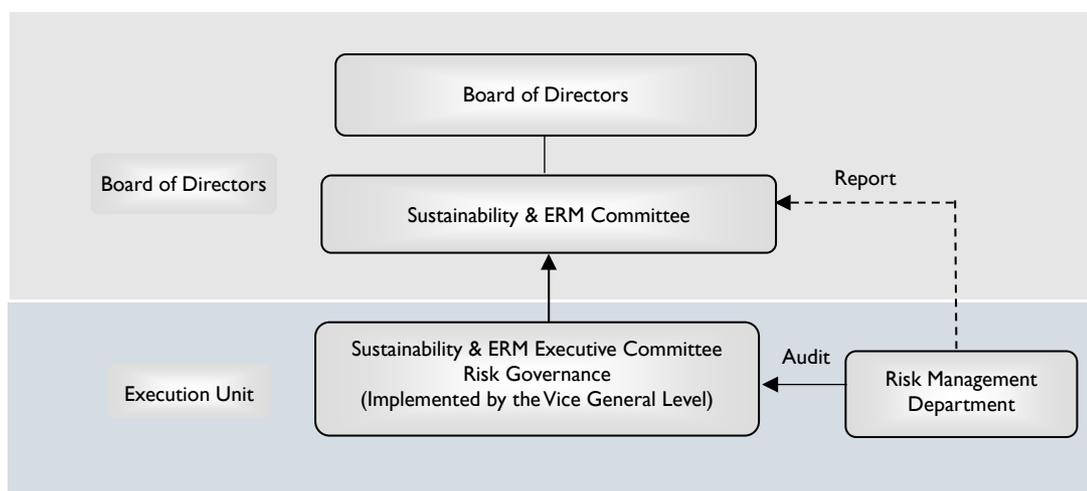
- (1) Review the risk management policies, procedures, and framework, and evaluate the effectiveness of risk strategies.
- (2) Approve the qualitative and quantitative tolerance for risk, and allocate resources most effectively.
- (3) Implement risk management decisions of the board of directors, supervise the company's risk management mechanisms, and approve the priority of risk controls.
- (4) Review the implementation of risk management, propose necessary improvement suggestions, and report to the board of directors every year.

3. The situation of operation

- (1) The committee currently consists of 3 members, who are elected by the board of directors, with at least 3 directors, including at least 2 independent directors, for supervision.
 - (2) The tenure of the first term: From March 11, 2024, to June 16, 2025.
 - (3) The Sustainability & ERM Committee was formally established on March 11, 2024, and it will convene at least 2 meetings per year in accordance with the rules of the organization.
4. The authority of risk management operations is transferred from the "Corporate Governance and Nomination Committee" to the "Sustainability & ERM Committee".

The Company's Board of Directors is the highest governance body for risk management. In 2023, the "Corporate Governance Committee" (renamed the Corporate Governance and Nomination Committee on March 11, 2024) will oversee risk management and formulate risk management policies and procedures, and review the consistency of risk strategies with the company's operating strategies. The "Sustainability & ERM Committee" was established on March 11, 2024 to continue to evaluate the operation of risk management, determine qualitative and quantitative risk tolerance levels, and effectively allocate resources. This committee is composed of the chairman and two independent directors . The operation level is led by the chief financial officer to implement risk management policies and procedures, including reviewing the company's risk identification operations and handling issues related to risk control. The management scope covers all aspects such as strategy, finance, operations, and hazards, and includes emerging risks that may impact the company's operations in the future. The Risk Management Department is responsible for overseeing and reviewing the effectiveness of risk management. The results of risk management activities and risk reviews are reported to the Board at least annually.

The Company refers to the ISO 31000 risk management guidelines to establish an enterprise risk management framework. We adjust and optimize the company's risk management policies and procedures based on internal and external situations, and passed amendments through the Board of Directors on January 31, 2024. The results of risk management implementation will be reported to the Board of Directors annually. Under the guidance and supervision of the Board of Directors, the corporate governance culture is gradually established.



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

Evaluation item	Implementation status (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
1. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company has a "Corporate Governance Principles", which has relevant norms for protecting shareholders' rights and interests, strengthening the functions of the board of directors, giving full play to the functions of various functional committees of the board of directors, respecting the rights and interests of stakeholders, and enhancing information transparency. For the Company's corporate governance Principles, please visit the Market Observation Post System (MOPS) or the Company's website.	No difference
2. Shareholding Structure and Shareholders' Rights	(1) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	✓	The Company has formulated the "Operational Measures for Handling Shareholders' Suggestions, Doubts, Disputes and Litigation Matters", set up a spokesperson and an deputy spokesperson system to ensure that information that may affect shareholders' decision-making can be disclosed in a timely. The stock and Investor Relations are dedicated departments to handle shareholders' suggestions, doubts and disputes through special mailboxes The legal department shall properly handle the case that shareholders file a lawsuit according to law.	No difference
	(2) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	✓	Changes in the shareholding of directors, managers and major shareholders holding more than 10% of the shares of the Company are required to be reported to the Market Observation Post System(MOPS) before the 10th of each month (inclusive) on the changes in the internal holding shares in the previous month according to the law.	No difference
	(3) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	✓	The company has established procedures such as "Processing Procedures for Acquiring or Disposing of Assets", "Subsidiary Management Measures", and "Operational Standards Related to Financial Business Between Related Parties" to establish and implement firewalls and risk control mechanisms for related companies, including the implementation of The management procedures for transactions such as selling goods, acquiring or disposing of assets, and related major transactions should be submitted to the board of directors for approval/shareholders' meeting approval or report, and based on operational management needs, the board of directors will review from time to time whether there is a need to amend the measures.	No difference
	(4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	✓	The company's "Internal Material Information Handling and Insider Trading Prevention Management Operating Procedures" establishes an internal material information handling and disclosure mechanism to strengthen the company's internal personnel to exercise their duties with the care and loyalty of a good manager. The "Corporate Governance Code" stipulates that directors shall not trade the company's stocks during the closed period 30 days before the announcement of the annual financial report and 15 days before the announcement of the quarterly financial report. For new directors and managers, the Company will provide education and promotion on insider trading prevention management within one month after taking office. The company will conduct a 0.5-hour compliance promotion on June 1, 2022 for all candidates for the 10th term of directors(including prohibition on insider trading).	No difference
3. Composition and responsibilities of the board of directors	(1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	✓	For details about diversification policy of the board of directors of the Company, please refer to II. Information of directors, presidents, vice presidents, associate vice presidents, directors of various departments and branches (I) Information of directors (pages 13-15).	No difference
	(2) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee?	✓	We voluntarily set up various functional committees under the Board of Directors, and most of them appoint independent directors to serve as members of various functional committees. For its operation, please refer to pages 32-35 of this annual report. 1. The Corporate Governance Committee was established on October 29, 2019 (renamed Corporate Governance and Nomination Committee on March 11, 2024) 2. The Sustainability & ERM Committee will be established on March 11, 2024.	No difference

Evaluation item	Implementation status (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
(3) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/remuneration for individual directors and their nomination and additional office terms?	✓		<p>1. The company conducts internal performance evaluations at least once a year in accordance with the "Board of Directors Performance Evaluation Methods" approved by the board of directors, and at least once every three years by an external independent agency or a team of external experts and scholars. Please refer to page 27 of this annual report for the evaluation results.</p> <p>2. According to Article 15 of the Articles of Incorporation, the remuneration of directors of The Company shall no more than 1% of the remaining profit. The Remuneration Committee and the Board of Directors shall determine the directors' remuneration according to The Company's operating results and the "Remuneration Measures for Directors and Members of Functional Committees" and with reference to the results of directors' performance evaluation. In 2023, the internal self-evaluation of the Board of Directors above the standard, and the directors' remuneration in 2023 was paid in full according to the Remuneration Measures for Directors and Members of Functional Committees through the resolution of the Remuneration Committee and the Board of Directors.</p>	No difference
(4) Does the Company regularly evaluate its external auditors' independence?	✓		The Company's Audit Committee refers to the Audit Quality Indicators (AQIs) every year and evaluates the independence and competency of certified accountants regularly. The evaluation results are then reported to the Board of Directors which serves as a reference for them when appointing certified accountants. Please refer to page 59 of this Annual Report.	No difference
4. Does the TWSE/TPEX listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?	✓		<p>The board of directors of The Company appointed Mr. Benjamin Tseng, the vice president, as the Corporate Governance supervisor, who is responsible for the supervision and planning of corporate governance, and his qualifications meet the requirements of Article 3-1, Item 1 of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. Although the chief financial officer holds the concurrent position of corporate governance officer, he is able to effectively perform his duties and maintain independence when performing his duties and concurrent duties. There is no conflict of interest or violation of the internal control system. The functions and powers of the Corporate Governance supervisor include:</p> <ol style="list-style-type: none"> 1. Provide directors and the audit committee with the information needed to perform their duties and the latest regulatory developments related to company operations. 2. Assist directors and the audit committee to comply with laws and regulations. 3. Regularly report corporate governance operations to the Corporate Governance and Nomination Committee and the Board of Directors every year. Handle matters related to board of directors and shareholders' meetings in accordance with the law. 4. Prepare minutes of board of directors and shareholders meetings. 5. Assist directors and audit committee members in their appointment and continuing education, and the execution is handled by the board secretary unit. <p>The key points of corporate governance-related affairs in 2023 are as follows:</p> <ol style="list-style-type: none"> 1. Convened 7 meetings of the Board of Directors, 6 meetings of the Audit Committee, 4 meetings of the Remuneration Committee and 4 meetings of the Corporate Governance and Nomination Committee. 2. Convene one regular shareholders' meeting. 3. All board members shall complete at least 6 hours of further training every year during their term of office. 4. The company insures liability insurance for directors and key employees and reports to the board of directors after renewal. 5. Conduct internal performance evaluations of the Board of Directors and functional committees. The evaluation results of the Board of Directors, Audit Committee, Remuneration Committee, Corporate Governance and Nomination Committee and their individual members are all above the standard. 6. The external effectiveness evaluation of the board of directors is conducted every three years. For relevant information, please refer to page 27 of this annual report. 7. The total number of training hours for corporate governance managers in 2023 is 	No difference

Evaluation item	Implementation status (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			24 hours. Please refer to page 53 of this annual report for complete training course information.	
5. Has the Company established channels for communicating with its stakeholders including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	✓		The Company has a spokesperson system, and at the same time, it provides the latest news of the Company and the important achievements of corporate social responsibility issues through various ways and channels such as stakeholder areas, seminars, investor conference, industry-government-university consultation meetings, customer satisfaction surveys, mailboxes, and sustainable reports on the Company website.	No difference
6. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	✓		The Company appoints the stock affairs agency of Taishin Comprehensive Securities Co., Ltd. as the Company's stock affairs agency and handles the shareholders' meeting affairs.	No difference
7. Information disclosure				
(1) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status?	✓		<ol style="list-style-type: none"> 1. Disclosure of financial information The company's Chinese and English websites have special areas for investors, and financial information and corporate briefing information are regularly updated for investors' reference. 2. Disclosure of business information The company's website contains company product introductions and technical descriptions, provides real-time business information on various products, and uploads the latest business activity information at any time for public reference. 3. Disclosure of corporate governance information The company has a corporate governance area, which includes the operation of the board of directors and various functional committees, board performance evaluation and corporate governance-related information, including the intellectual property office's report to the directors on the implementation status of intellectual property rights at the first board meeting every year, and on the directors' opinions. Suggest improvement measures. In addition, the company's policies, regulations and important measures are also posted on the company's website. 	No difference
(2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	✓		<ol style="list-style-type: none"> 1. Designate a person to be responsible for the collection and disclosure of company information: The collection and disclosure of the Company's information are carried out by designated personnel, and the latest and correct information of the Company is irregularly disclosed to the public through press releases or major messages. 2. Implement the spokesperson system: Benjamin Tseng, Chief Financial Officer, is the spokesperson of The Company, and Lydia Tsai, Manager of Corporate Governance Department, is the deputy spokesperson. 3. The investor conference will be placed on The Company website: The Company hold the investor conference by physical meeting or tel meeting quarterly. The audio files and materials of The Company's investor conference are placed in the investor area of The Company's website for easy inquiry; the financial and business operation information of the investor conference has been published in the investor zone, and has also been entered into the Market Observation Post System (MOPS) according to the provisions of TWSE. 	No difference
(3) Does the Company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?	✓		The Company's financial reports were approved by the Audit Committee and submitted to the Board of Directors for discussion and resolution. The 2023 consolidated and parent company only financial reports were approved by the Audit Committee and the Board of Directors in January 2024. The respective announcements and filings were completed on February 29, 2024. The financial reports for the first, second, and third quarters of 2023, along with the monthly revenue status, have all been announced and reported on the Market Observation Post System (MOPS) ahead of the stipulated deadline. These reports have also been currently uploaded to our Company's website.	No difference

Evaluation item	Implementation status (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices?	(1) Employee rights	✓		No difference
	(2) Employee wellness	✓		No difference
	(3) Investor relations	✓		No difference
	(4) Supplier relations	✓		No difference
	(5) Rights of stakeholders	✓		No difference
	(6) Directors' continuing education	✓		No difference
	(7) The implementation of risk management policies and risk evaluation standards.	✓		No difference
	(8) The Implementation of customer relations policies.	✓		No difference
	(9) Purchasing liability insurance for directors?	✓		No difference
<p>9. Succession planning and operation status of board members and key management levels</p> <p>The company has a diversity policy for board members, which is formulated by the company's corporate governance and nomination committee, detailing the required professional knowledge, skills, experience, gender, and other diverse backgrounds and independence standards for board members. Based on these standards, potential board member candidates are sourced, reviewed, and nominated. Concurrently, the corporate governance and nomination committee will consider the professional knowledge, skills, and experience required by the company's directors based on the company's size, business nature, future strategic development, and transformation planning, and develop a director training plan. Regularly review the number of board members and the conditions they must meet, and take into consideration the results of the board performance evaluation, to plan the director's succession plan and candidate. The company has a talent development committee, which regularly convenes meetings to discuss and review succession planning and nurturing for key management levels, and based on their individual abilities and job requirements, establishes an Individual Development Program (IDP). The IDP will be adjusted according to the needs of the organization and individuals, and includes training courses, cross-industry learning, job rotation, and mentorship system, with the goal to cultivate management, leadership, and business capabilities of key management levels. The training courses are planned by the company's training system, in addition to internal training courses, also integrates resources from renowned external institutions, assisting the management team in broadening their external perspectives. To foster a multi-faceted strategic viewpoint for the management level, the talent development committee formulates a management rotation plan based on organizational needs, and has a mentorship system to assist new management, not only through planned cross-disciplinary nurturing of a well-rounded</p>				

Evaluation item	Implementation status (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			management succession team, but also through the mentorship system enabling close proximity learning of company management strategies. The company also arranges key management levels to serve as board members of invested businesses, enabling them to be familiar with the operation of the board and participate in the planning of the long-term strategic direction and vision of the company or invested businesses, implementing the succession plan; The corporate governance and nomination committee, acting on the authority of the board, fulfills the duty of good management, reviews the succession plan for senior management (including equivalent positions), regularly assesses the development and execution of this plan, and submits recommendations to the board for discussion.	
10. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement:			<p>(1) Corporate governance</p> <p>1. AUO has been affirmed by the inclusion in the Dow Jones Sustainability World Index for 13 years, and in reference to the corporate governance evaluation indicators and the suggestions of the Board on Board performance evaluation, the Board of Directors approved the establishment of the Corporate Governance Committee (renamed the Corporate Governance and Nomination Committee on March 11, 2024), composed of the Chairman and all Independent Directors. The aim is to strengthen corporate governance and enhance the effectiveness of the Board of Directors.</p> <p>2. AUO was ranked in the top 5% in the 9th corporate governance evaluation results on the Taiwan Stock Exchange (evaluation for the year 2022). As of the publication date of the annual report, the 10th (evaluation for the year 2023) has not yet been announced.</p> <p>(2) Energy management and invest energy saving equipment</p> <p>The Company is the first manufacturing industry in the world to introduce ISO 50001 energy management system. Every year, we invest hundreds of energy-saving improvement schemes to improve efficiency. Taking 2023 as an example, the amount of investment in energy-saving equipment in 2023 estimated annual electricity saving is 138 million kWh and in 2022 is 117 million kWh.</p> <p>(3) Environmental management</p> <p>The Company has been introducing ISO 14001 environmental management system for a long time to ensure environmental sustainability and meet the needs of stakeholders through continuous improvement cycle mechanism, including implementing water-saving technology in production process, promoting sludge waste reduction project, improving material recycling, supporting government policies, promoting the use of reclaimed water, and working together with suppliers.</p> <p>1. Greenhouse Gases</p> <p>Since 2003, AUO has begun to measure the greenhouse gas emissions of its global manufacturing operations, introducing the ISO 14064 standard, passing external verification and transparently disclosing emissions information. Since 2010, the company has continuously developed an internal digital platform to systematize their greenhouse gas management, a measure to manage long-term operational carbon emissions reduction. AUO set its science-based targets in 2021 and was approved by the Science Based Targets initiative (SBTi), promising that under a scenario of less than 2°C warming, it would reduce its total carbon emissions by 25% by 2025, using 2018 as the baseline year (the total of direct emissions and indirect energy emissions was 3,568.8 thousand tons of CO₂ equivalent), which means the target of AUO in 2025 is to reduce the total global greenhouse gas emissions to below 2,676.6 thousand tons of CO₂ equivalent.</p> <p>In 2023, AUO's direct greenhouse gas emissions globally amounted to 68 thousand tonnes of CO₂ equivalent, with energy indirect emissions of 2,363 thousand tonnes of CO₂ equivalent, greenhouse gas emissions of 44.11 kg of CO₂ equivalent per square meter input sheet substrate area, and other indirect emissions of 2,170 thousand tonnes of CO₂ equivalent. Compared to the previous year, direct emissions decreased by 1.7 thousand tonnes of CO₂ equivalent and energy indirect emissions decreased by 11 thousand tonnes of CO₂ equivalent. The sum of direct greenhouse gas emissions and energy indirect emissions is 2,431 thousand tonnes of CO₂ equivalent, reaching 128% of the absolute carbon reduction target of 25% for 2025, with a continued commitment to making improvements in organizational absolute carbon reduction. The greenhouse gas emissions data of AUO over the years has been verified by DNV according to ISO 14064-1: 2018.</p> <p>2. Water Resources</p> <p>In order to avoid the impacts of heavy rainfall or drought caused by climate change, AUO assesses water resource risks and develops water-saving technology to reduce water usage, aiming to gradually reduce the amount of tap water used each year. The target for 2023 is to use less than 65,000 tons of tap water per day. The total factory water usage was 23.81 million tons, with daily usage of tap water is 56,897 tons, achieving a goal completion rate of 100%. AUO will continue to strive for absolute water reduction in the future. The water resource usage data over the years has been assured by KPMG in accordance with ISAE 3000 with limited assurance.</p> <p>3. Waste</p> <p>The waste management principles of AUO prioritize source reduction (Reduce) and reuse in processes (Reuse), followed by resourceful production from by products or hiring qualified businesses for recycling (Recycling). The final course of action is to dispose waste by incineration or landfill, ensuring that resources are effectively used. The goal is to gradually decrease the annual production of non-recycled waste. The goal for 2022 is to have less than 12,000 metric tons of non-recycled waste produced annually. For 2023, AUO's total non-hazardous waste amounts to 61.1 thousand metric tons, with hazardous waste at 21.0 thousand metric tons. Out of this, 91.69% of waste is recycled and disposed. The annual production of non-recycled waste is 6,108 metric tons, with a goal achievement rate of 100%. We will continue to strive for absolute reduction of non-recycled waste production annually. AUO's historical waste usage data is assured with limited assurance by KPMG in accordance with ISAE 3000.</p> <p>(4) Investment in green energy</p> <p>By the end of 2023, the cumulative investment amounted to 2.61 billion for Star River Energy Corporation (Star River) and Star Shining Energy Corporation (Star Shining). This investment was used to reinvest the solar energy plant companies by Star River and Star Shining thus resulting in the establishment of the solar energy system with a combined power generation capacity of 411.5 MWp. Additionally, an investment totaling to 950 million was made in Da Ping Green Energy Corporation.</p>	

Evaluation item	Implementation status (Note 1)			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
<p>(5) Participate sustainability development and demonstrate sustainable value with flexible use of fund</p> <p>AUO actively participate sustainable financial products as following ,including 25 billion of loan facility and 1 billion of Green Deposit in 2023:</p> <p>1. Sustainability-linked loans</p> <p>Sustainability-linked loans are based on the assessment of sustainability performance validated by an independent ESG rating agency or verification party. (e.g., ESG rating agencies, consultation firms). Since 2019, AUO has signed the sustainability-linked loan with DBS Bank, Mega International Commercial Bank, Bank of Taiwan and First Commercial Bank, and an additional loan facility granted by the Export-Import Bank of the Republic of China in 2022. In 2023, AUO again signed a sustainability index-linked loan with Taiwan Bank and 12 other banks, demonstrating the banking industry's support and affirmation of AUO operating philosophy and sustainable development strategy, and their tangible actions to support the growth of AUO.</p> <p>2. Green Deposit</p> <p>Green deposits are project deposits collected by banks, all of which are used in green financing projects and plans related to issues such as renewable energy and energy technology development, energy efficiency improvement and conservation, pollution prevention and control, water resource conservation and cleanliness, or recycling. The bank regularly provides reports on the use of funds reviewed by an independent third party, and disclose the use of project funds.</p> <p>In 2023, AUO and the Land Bank of Taiwan undertook green deposits, collaborating with banks to promote green transformation, embodying sustainable operations.</p>				

Note 1: The Company is the main body of the operation.

(7) Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons:

Item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	✓		Please refer to Chapter 8. Corporate Sustainability of this Annual Report (pages 108-121).	No difference
2. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note 2)	✓		Please refer to Chapter 8. Corporate Sustainability of this Annual Report (pages 108-121).	No difference
3.Environmental Issues				
(1) Has the Company set an environmental management system designed to industry characteristics?	✓		Please refer to Chapter 8. Corporate Sustainability of this Annual Report (pages 108-121).	No difference
(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	✓		Please refer to Chapter 8. Corporate Sustainability of this Annual Report (pages 108-121).	No difference
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	✓		Please refer to Chapter 8. Corporate Sustainability of this Annual Report, and TCFD Report for more informations (pages 108-121).	No difference

Item	Implementation status (Note 1)			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons	
	Yes	No	Summary description		
	(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	✓		Please refer to Chapter 8. Corporate Sustainability of this Annual Report (pages 108-121). Please refer to Chapter 3 Environmental Sustainability of the Corporate's Sustainability Report for the annual achievements of greenhouse gas emissions, water resources management and waste reduction, and the achievement of environmental objectives and related data.	No difference
4. Social issues	(1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	✓		Please refer to Chapter 8. Corporate Sustainability of this Annual Report (pages 108-121).	No difference
	(2) Has the Company established and implemented reasonable employee welfare measures (include salary/remuneration, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/remuneration?	✓		Please refer to Chapter 5. Operational Highlights and Chapter 8. Corporate Sustainability of this Annual Report (pages 82-83 and pages 108-121).	No difference
	(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	✓		Please refer to Chapter 5. Operational Highlights and Chapter 8. Corporate Sustainability of this Annual Report (pages 84-85 and pages 108-121).	No difference
	(4) Has the Company established effective career development training programs for employees?	✓		Please refer to Chapter 5. Operational Highlights and Chapter 8. Corporate Sustainability of this Annual Report (pages 83-84 and pages 108-121).	No difference
	(5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	✓		Please refer to Chapter 8. Corporate Sustainability of this Annual Report (pages 108-121).	No difference
	(6) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	✓		Please refer to Chapter 8. Corporate Sustainability of this Annual Report (pages 108-121).	No difference

Item	Implementation status (Note 1)		Summary description	Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No		
5. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?	✓		The Company published its first corporate social responsibility report in 2006. Since 2017, it has adopted the Global Sustainability Report Guidelines (GRI STANDARDS), SASB Hardware Industry Standards, Recommendations of the TCFD (Task Force on Climate-Related Financial Disclosures) reported the Company's economic, environmental and social strategies and activities to stakeholders, and independently verified them by third parties (KPMG). Since 2016, it has adopted the accounting system ISAE 3000 for limited assurance, which not only enhances the transparency of the report but also improves the accuracy of internal operations..	No difference
6. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company's operations: The Company has a "Code of Sustainable Development", which contains relevant regulations on environmental protection, community participation, social contribution, social service, social welfare, customer rights, human rights, safety and health, etc., and can be downloaded from the Company website (https://csr.auo.com/tw/operating/policy-person); please refer to this Annual Report Chapter 8. Corporate Sustainability (pages 108-121) and the Sustainability Report for the Company sustainable development strategy and implementation.				
7. Other important information to facilitate better understanding of the company's promotion of sustainable development: Please refer to Chapter 8. Corporate Sustainability (pages 108-121), or refer to the sustainable information on our website at https://csr.auo.com/ .				

Note 1: The Company is the main body of the operation.

Note 2: The principle of materiality refers to issues related to environment, society and corporate governance that have a significant impact on company investors and other stakeholders

Implementation of Climate-Related Information

Item	Implementation status																														
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	The risk management organization of AUO is led by the Board of Directors as the highest management and decision-making unit. Each year, the execution results are reported to the directors at the Board of Directors meeting or strategy meeting, including an explanation of climate change issues. The risk governance of the Sustainability & ERM Committee of AUO is led by the CFO, who is responsible for executing the risk management policy approved by the Board of Directors and managing the key risk issues of the organization.																														
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	<p>Please refer to AUO's climate-related financial disclosure report (TCFD report) Website : https://csr.auo.com/tw/download/file/2022-tcdf-report</p> <table border="1" data-bbox="560 549 1398 1327"> <thead> <tr> <th data-bbox="564 549 635 576">Aspect</th> <th data-bbox="635 549 727 576">Term</th> <th data-bbox="727 549 1129 576">Risks</th> <th data-bbox="1129 549 1393 576">Opportunities</th> </tr> </thead> <tbody> <tr> <td data-bbox="564 576 635 789" rowspan="3">Business</td> <td data-bbox="635 576 727 640">Short term</td> <td data-bbox="727 576 1129 640">Disruption of organization and supply chain operations.</td> <td data-bbox="1129 576 1393 789" rowspan="3">Develop green solutions, such as green manufacturing, green energy, and green products.</td> </tr> <tr> <td data-bbox="635 640 727 704">Medium term</td> <td data-bbox="727 640 1129 704">Transformation risks such as laws, product standards, and carbon finance.</td> </tr> <tr> <td data-bbox="635 704 727 789">Long term</td> <td data-bbox="727 704 1129 789">The transformation of products and services towards low carbon and the establishment of necessary infrastructure conditions.</td> </tr> <tr> <td data-bbox="564 789 635 1055" rowspan="3">Strategy</td> <td data-bbox="635 789 727 906">Short term</td> <td data-bbox="727 789 1129 906">Operational resilience preparation required for net zero transition (SSPI-1.9) and extreme entity (RCP8.5) scenarios, including SBT and RE100.</td> <td data-bbox="1129 789 1393 906">Actively negotiate with clients and jointly develop green products.</td> </tr> <tr> <td data-bbox="635 906 727 970">Medium term</td> <td data-bbox="727 906 1129 970">Use of renewable energy and low carbon technology capabilities.</td> <td data-bbox="1129 906 1393 1055" rowspan="2">Seize key strategic opportunities for net zero in the public sector and develop and deepen ecosystem partnerships.</td> </tr> <tr> <td data-bbox="635 970 727 1055">Long term</td> <td data-bbox="727 970 1129 1055">Arrange solutions under the transformation/physical risk.</td> </tr> <tr> <td data-bbox="564 1055 635 1327" rowspan="3">Finance</td> <td data-bbox="635 1055 727 1204">Short term</td> <td data-bbox="727 1055 1129 1204">The need to internalize climate external costs.</td> <td data-bbox="1129 1055 1393 1204">Under the investment in low-carbon transformation, the technologies, tools, and services needed by the industry.</td> </tr> <tr> <td data-bbox="635 1204 727 1278">Medium term</td> <td data-bbox="727 1204 1129 1278">The impact on operating costs due to external regulations such as carbon fees, international carbon border adjustment</td> <td data-bbox="1129 1204 1393 1327" rowspan="2">Stable development and creation of high-value green solutions.</td> </tr> <tr> <td data-bbox="635 1278 727 1327">Long term</td> <td data-bbox="727 1278 1129 1327">taxes, etc.</td> </tr> </tbody> </table>	Aspect	Term	Risks	Opportunities	Business	Short term	Disruption of organization and supply chain operations.	Develop green solutions, such as green manufacturing, green energy, and green products.	Medium term	Transformation risks such as laws, product standards, and carbon finance.	Long term	The transformation of products and services towards low carbon and the establishment of necessary infrastructure conditions.	Strategy	Short term	Operational resilience preparation required for net zero transition (SSPI-1.9) and extreme entity (RCP8.5) scenarios, including SBT and RE100.	Actively negotiate with clients and jointly develop green products.	Medium term	Use of renewable energy and low carbon technology capabilities.	Seize key strategic opportunities for net zero in the public sector and develop and deepen ecosystem partnerships.	Long term	Arrange solutions under the transformation/physical risk.	Finance	Short term	The need to internalize climate external costs.	Under the investment in low-carbon transformation, the technologies, tools, and services needed by the industry.	Medium term	The impact on operating costs due to external regulations such as carbon fees, international carbon border adjustment	Stable development and creation of high-value green solutions.	Long term	taxes, etc.
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3. Describe the financial impact of extreme weather events and transformative actions.	<p>AUO conducts an annual inventory of potential climate risks, launching assessments and management of six risk topics in 2022, with three examples discussed below.</p> <ul style="list-style-type: none"> ● <u>Case 1: Rising raw material prices affect the supply chain</u> Global energy price fluctuations and decarbonization policies may disrupt raw material production and raise costs. AUO chose a key chemical material as the target for assessing the financial impact. In the short term, the impact of rising raw materials will account for 3.3% of the company's revenue. ● <u>Case 2: Low-carbon trends cause changes in market demand</u> Failing to meet customer needs for low-carbon products can result in loss of profitability and market competitiveness. After comprehensive assessments of market demand, production costs, and profit losses, AUO found that the introduction of new technology could reduce the financial impact from 25% to 12.5%. ● <u>Case 3: China's decarbonization policies affect the supply chain</u> China's measures to adjust industrial structure and energy structure may cause industries to fail to adapt in time, leading to operational disruption, impacting AUO's outsourcers and suppliers in mainland China in terms of delivery and cost transfer. AUO assumed that if the production capacity of key process outsourcers is limited, and the supply chain is disrupted for one month in a year, the cost transfer of each module along with the increase in electricity costs will cause about a 0.6% impact on turnover. 																														

Item	Implementation status
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	In 2019, AUO established the foundation of the TCFD operation management framework and set up a TCFD working group. The following year, AUO integrated the TCFD mechanism with the company's annual risk identification, which was jointly reviewed by factory-level managers regarding climate issues related to the company's business operations. After categorization and convergence, they produced annual key risk issues, which were then incorporated into the annual TCFD risk project management plan, with the working group coordinating subsequent tracking and management.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	The financial impacts of extreme climate events and transition actions are combined in point 3 above.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	<p>The approach of adjustment taken by AUO for the transformation and physical risk scenarios are based on the most severe circumstances. It identifies the substantial impacts and quantified indicators of risk issues according to 5 categories: Man, Machine, Material, Method, Environment.</p> <ul style="list-style-type: none"> ● <u>Physical Risk Scenarios</u> AUO assumes severe climate deterioration in RCP 8.5. The company's analysis indicates that rainfall could potentially cause the lower-lying factory areas to flood due to severe rain, thereby interrupting operations; uneven rainfall could cause production activities to stop or costs to rise because of the large amount of water needed for production operations; furthermore, unstable power grids caused by climate warming could also disrupt production activities. ● <u>Transition Risk Scenarios</u> AUO uses the "Taiwan 2050 Net-Zero Emission Path and Strategy", international climate standards, stakeholder expectations, and net-zero commitments as scenarios for transition risk and sets objectives accordingly.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	Since the implementation of the Paris Agreement in 2016, AUO has begun promoting an internal carbon pricing mechanism, monetizing the carbon costs derived from external climate control policies into internal carbon prices within the company. They also make annual adjustments based on changes in international carbon prices and publicize them. This also serves as a basis for assessing operational impacts under the TCFD management mechanism. Besides considering the prices in the international carbon trading market, the company also takes into account the impact of public sector policies, such as the "Climate Change Response Act" and the carbon fee system. In 2022, AUO announced that the internal carbon price is 6,242 NTD.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified	<ul style="list-style-type: none"> ● <u>Target of reducing 6.5 million tons of carbon</u> In 2018, AUO proposed a carbon reduction target: based on the life cycle, continuously reducing the carbon emissions of the organization, products, supply chain, and raw materials (including Scope 1, 2, and 3). Accumulated until 2023, the total carbon reduction has reached 10.05 million tons of carbon dioxide equivalent, achieving the target ahead of schedule and exceeding the original target. ● <u>SBT absolute carbon reduction target by 25%</u> AUO has set the WB2C (Well Below 2°C) scenario, taking 2018 as the benchmark, and set a goal of achieving absolute carbon reduction by 25% in 2025. The 2023 carbon reduction path is in line with the established target development. ● <u>RE100 target</u> AUO committed to achieving 30% renewable energy usage by 2030, and 100% renewable energy usage by 2050. It reached RE 2.2 in 2023. <p>In our plants in mainland China, we used the idle roof space of the plant to establish a self-generated and self-used solar power supply solution. In 2023, we produced nearly 56.04 million kWh of green energy, and also purchased 30 million kWh of green power certificates through the mainland China green power certificate trading platform. In the future, we will supply green power to the organization through large-scale offshore and land wind power purchase and sale contracts, and actively seek other renewable energy sources with more economic scale.</p>
9. Greenhouse gas inventory and assurance status (separately fill out in point 1-1 and 1-2 below).	Please refer to the information in sections 1-1 and 1-2 below.

I-I Greenhouse Gas Inventory and Assurance Status of the recent two years

Emission Source(Note 1)	Company	Parent/Subsidiary Company	Total emissions (Metric tons CO ₂ e)		Intensity (Metric tons CO ₂ e / NT\$ 1 million)		Assurance body
			2023	2022	2023	2022	
Scope 1	AUO Corporation	Parent Company	51,395.82	48,622.91	0.239	0.226	DNV
	AUO (Kunshan) Co., Ltd. (AUOKS)	Subsidiary Company	8,387.03	8,296.83	0.389	0.339	DNV
	AUO (Xiamen) Co., Ltd. (AUOXM)	Subsidiary Company	1,928.59	1,982.47	0.042	0.053	DNV
	AUO (Suzhou) Co., Ltd. (AUOSZ)	Subsidiary Company	3,726.13	2,491.81	0.091	0.059	DNV
	AFPD Pte. Ltd.	Subsidiary Company	2,765.62	8,224.16	0.721	2.128	DNV
	AUO (Slovakia) s.r.o. (AUOSK)	Subsidiary Company	91.58	127.17	0.546	0.671	DNV
Scope 2	AUO Corporation	Parent Company	1,928,533.04	1,957,801.13	8.983	9.099	DNV
	AUO (Kunshan) Co., Ltd. (AUOKS)	Subsidiary Company	230,490.37	213,455.67	10.69	8.722	DNV
	AUO (Xiamen) Co., Ltd. (AUOXM)	Subsidiary Company	57,660.76	62,893.78	1.261	1.696	DNV
	AUO (Suzhou) Co., Ltd. (AUOSZ)	Subsidiary Company	79,748.99	72,967.07	1.943	1.719	DNV
	AFPD Pte. Ltd.	Subsidiary Company	67,541.26	66,135.81	17.6	17.113	DNV
	AUO (Slovakia) s.r.o. (AUOSK)	Subsidiary Company	43.22	70.1984	0.258	0.370	DNV
Scope 3			2,169,995	1,004,486	-	-	DNV
Total			4,602,307.41	3,447,555.01			

[Det Norske Veritas, abbreviated as DNV, complies with the " Directions for the Implementation of Assurance Institutions for the Sustainability Report of TWSETPEX Listed Companies ".]

- Note 1: Direct emissions (Category 1, that is, directly from emission sources owned or controlled by the company), indirect energy emissions (Category 2, that is, indirect greenhouse gas emissions from the input of electricity, heat or steam) and Other indirect emissions (Category 3, i.e. emissions generated by company activities, are not indirect emissions from energy, but come from emission sources owned or controlled by other companies).
- Note 2: The coverage of direct emissions and indirect energy emissions data shall be handled in accordance with the schedule specified in Article 10, Paragraph 2 of the Standards for Matters to Be Recorded in the Annual Reports of Publicly Issuing Companies. Other indirect emissions information may be disclosed voluntarily.
- Note 3: Greenhouse gas inventory standard: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 issued by the International Organization for Standardization (ISO).
- Note 4: The intensity of greenhouse gas emissions can be calculated per unit of product/service or sales, but at least the data calculated by sales (in millions of NTD) must be stated.

Information of Greenhouse Gas Assurance Status

(Describe the assurance situation for the two most recent fiscal years up to the date of the annual report printing, including the scope of assurance, assurance body, assurance standards, and assurance opinions)

- In 2023, the company disclosed that the total greenhouse gas emissions from direct and energy indirect emissions summed up to 2.43 million metric tons of CO₂ equivalent (accounting for 100% of total emissions).
- In 2022, the company disclosed that the total greenhouse gas emissions, including both direct emissions and energy indirect emissions, totaled 2.44 million metric tons of CO₂ equivalent (accounting for 100% of total emissions).
- The above information has been verified according to ISO 14064-3 standards by DNV and completed ISO 14064-1 verification with reasonable level of assurance.

[Det Norske Veritas, abbreviated as DNV, complies with the "Directions for the Implementation of Assurance Institutions for the Sustainability Report of TWSETPEX Listed Companies ".]

I-2 Greenhouse gas reduction goals, strategies and specific action plans

(Describe the greenhouse gas reduction base year and its data, reduction targets, strategies, specific action plans and achievement of reduction targets.)

Based on the Science-Based Targets initiative (SBTi), AUO has initially achieved the first phase of the WB2C scenario goal of reducing carbon emissions by 25% from 2018 to 2025. After carefully assessing the impact of climate transition risks, the company has continued to set more aggressive low-carbon actions in response, using 2021 as the baseline year and under the scenario of a temperature rise of 1.5 degrees.

In the face of the international tide of low-carbon transition, the company, as a major domestic carbon emitter, initiated strategies and measures for greenhouse gas reduction in the early years. Especially through past efforts, the direct carbon emissions (Scope 1) part has been reduced to only 2.85% of the organization's carbon emissions; mainly of low-carbon natural gas fuel; and also in the reduction of fluorinated gases specifically used in the technology industry, in 2014 achieved the effectiveness of a 100% installation rate for destruction removal devices. Therefore, the company's mid-to-long term decarbonization strategy will mainly focus on Scope 2 in the future.

The latest report from the IEA, "Net Zero by 2023 Roadmap," points out that enhancing the capacity of renewable energy installations and energy efficiency are key in reducing the demand for fossil fuels. However, due to the constraints on the development of green energy infrastructure in Taiwan, it is even more important for businesses to increase their own energy efficiency. Our company's ISO 50001 energy management system has been in operation for over 10 years, and it has developed key technologies in smart manufacturing from this system. Therefore, we have set an ambitious goal of reducing electricity consumption by 30% by 2030 compared to the base year of 2021. In addition, besides power reduction, AUO is also participating in the RE100 international initiative, pledging to achieve 30% of green electricity usage by 2030, thereby increasing overall carbon reduction efforts of Scope 2. In 2023, in addition to self-generated power from rooftop solar power plants, Corporate Power Purchase Agreement (CPPA) were also initiated to supply green energy, and renewable energy certificates from overseas plants were purchased. The overall use of renewable energy (including certificates) has reached 2.2%.

Under the aforementioned energy-saving and carbon reduction measures, the total verified carbon emissions in 2023 decreased to 2.43 million tons, achieving the first phase of the SBT reduction target ahead of schedule.

Note 1: It should be handled in accordance with the timetable specified in Article 10, Paragraph 2 of the Guidelines for Matters to Be Recorded in the Annual Report of Publicly Offering Companies.

Note 2: The base year should be the year in which the review is completed based on the boundaries of consolidated financial reporting. For example, according to the provisions of Article 10, Paragraph 2 of the Standards for Matters to Be Recorded in the Annual Reports of Publicly Offered Companies, companies with a capital of more than 10 billion yuan should report in 2025. The review of the consolidated financial report for 2024 has been completed, so the base year is 2024. If the company has completed the review of the consolidated financial report in advance, the earlier year can be used as the base year. In addition, the data in the base year can be calculated as the average of a single year or several years.

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

Evaluation item		Implementation status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
		Yes	No	Summary description	
I. Formulating policies and plans for integrity operation.	(1) Has the Company formulated an integrity management policy approved by the board of directors, and clearly stated the policies and practices of integrity management in the regulations and external documents, as well as the commitment of the board of directors and senior management to actively implement the business policy?	✓		The "Ethical Corporate Management Principles" published on the Company's website is an integrity management policy adopted by the board of directors. In addition, the Company has also formulated an enterprise integrity handbook, and all board members and employees are required to sign the "Declaration of Integrity". In addition, report the effectiveness of the code of integrity management to the board of directors regularly every year, and publicly disclose the results of integrity management in that year through the annual report and corporate social responsibility report.	No difference
	(2) Does the Company establish an assessment mechanism for the risk of dishonest behavior, regularly analyze and assess the business activities with high risk of dishonest behavior within its business scope, and formulate a plan to prevent dishonest behavior based on this, which at least covers the preventive measures for the behaviors in Article 7, Paragraph 2, of the Code of Integrity for Listed and OTC Companies?	✓		The Company has established an assessment mechanism for the risk of dishonest behavior, and stated the following preventive measures for dishonest behavior in the enterprise integrity handbook: <ul style="list-style-type: none"> ● Bribery or accepting bribes, offering or accepting illegitimate interests ● Providing illegal political contributions ● Improper charitable donation or sponsorship ● Unreasonable gifts, entertainment or other improper benefits ● Violate antitrust compliance ● Infringe on intellectual property rights And in the "information security management regulations" approach, preventive measures are drawn up against infringement of business secrets.	No difference
	(3) Does the Company clearly define the operating procedures, behavior guidelines, disciplinary and complaint systems for violations in the scheme for preventing dishonest behaviors, and implement them, and regularly review and revise the aforementioned scheme?	✓		The Company regularly analyzes and evaluates business activities with high risk of dishonest behavior within its business scope, conducts job inventory and arranges mandatory training courses on law compliance for supervisors, and abides by the necessary norms when dealing with related businesses at work. Those who violate the Corporate integrity policy will be punished according to the seriousness of the case, including admonition, minor offense, major offense, salary reduction or dividend cancellation, termination of employment, and legal action will be taken according to law if there are any violations. In addition to the above, those who violate the integrity policy should be recovered and returned to the respondent or company if they are involved in obtaining illegitimate personal interests.	No difference

Evaluation item	Implementation status (Note 1)		Summary description	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons	
	Yes	No			
2.The implementation of integrity management	(1) Does the Company evaluate the integrity record of the counterparty, and specify the terms of integrity behavior in the contract signed with the counterparty?	✓		The Company requires all contract manufacturers to sign the "integrity clause" before they can file their data and conduct transactions.	No difference
	(2) Does the Company set up a special unit under the board of directors to promote the integrity operation of enterprises, and regularly (at least once a year) report to the board of directors on its integrity operation policy, dishonest behavior prevention plan and supervision and implementation?	✓		In order to improve the management of honest business, the human resources center is responsible for formulating and supervising the implementation of honest business plans, and reporting the implementation of honest business policies to the board of directors at least once a year, taking inventory of honest job groups every year, conducting education and training and declaring conflicts of interest. At the annual supplier meeting, the Company publicizes the promise of honest trading, and confirms whether the key manufacturers meet the specifications through the external audit system of the responsible business alliance (RBA). In 2023, the implementation of integrity management included 4,887 suppliers who promised to publicize and sign the code of conduct, and 66 suppliers audited the integrity implementation. The signing rate of integrity training courses and integrity declaration for newcomers is 100%.	No difference
	(3) Does the Company formulate policies to prevent conflicts of interest, provide appropriate channels for statements, and implement them?	✓		In order to accurately implement the relevant provisions on conflicts of interest in the enterprise integrity handbook and prevent colleagues from causing damage to the Company due to conflicts of interest, the Company has formulated the "AUO Measures for Reporting Conflicts of Interest". This includes integrity-related staff and global managers who must report annually, as well as voluntary reporting by colleagues. In 2023, a total of 2,466 people completed their reports.	No difference
	(4) Has the Company established an effective accounting system and internal control system for the implementation of honest operation, and the internal audit unit has drawn up relevant audit plans based on the assessment results of dishonest behavior risks, so as to check the compliance of the scheme for preventing dishonest behavior, or has entrusted an accountant to carry out the audit?	✓		The Company has an "internal control system". The internal audit unit regularly evaluates risks and draws up an audit plan, carries out relevant audits according to the plan, and carries out special audits as necessary, and regularly reports the audit results to the audit committee and the board of directors, so that the management can understand the implementation of the Company's internal control and achieve management purposes.	No difference

Evaluation item	Implementation status (Note 1)		Summary description	Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No		
(5) Does the Company regularly hold internal and external education and training on integrity management?	✓		In 2023, corporate integrity training courses were arranged for directors, all employees and new employees in the Company to educate and publicize the prevention of dishonest behavior. A total of 9 directors and more than 35,000 employees completed the Corporate integrity training courses with a completion rate of more than 99.03%, while 1,575 and the new employees completed the signing of the declaration of integrity (the signing rate was 100%). In addition, before the publication of quarterly operating results, the Company conducted education and publicity on the provisions of Article 157-1 of the Securities Exchange Act to insiders and supervisors and colleagues in specific positions, so as to specifically prevent insider trading. In each quarter of 2023, the Company conducted publicity to 160 people.	No difference
3. Operation of the Company Reporting System	(1) Has the Company established a specific reporting and reward system, established a convenient reporting channel, and assigned appropriate personnel to handle the accused?	✓	<p>Relevant persons of various businesses of the Company may report violations of honesty and integrity in the course of business execution through the following channels:</p> <ul style="list-style-type: none"> ● Internal: mailbox of immediate supervisor, president, and legal compliance reporting ● External: Professional Ethics Violation Reporting System (http://integrity.abl.auo.com) <p>After the report is made, the investigation procedure will be started by audit unit, business unit, purchasing unit and hr supervisor, or set up the committee in accordance with the Administrative Measures for the Investigation Committee of Major Disciplinary Cases to conduct the investigation.</p> <p>There is also an audit Committee mailbox to accept internal and external complaints.</p>	No difference
	(2) Has the Company established the investigation standard operating procedures for accepting the reported matters, the follow-up measures to be taken after the investigation is completed and the relevant confidentiality mechanism?	✓	The Company's "Handling Procedures for professional ethics violations ", "Handling Procedures for Accounting, Internal Control and Auditing Complaints" and "Complaint Measures" set out the complaint operation procedures, the power and responsibility units for accepting cases and the incident handling procedures, and kept the information confidential, and no retaliation against colleagues was allowed.	No difference
	(3) Does the Company take measures to protect the whistleblower from improper handling due to exposure?	✓		No difference
4. Strengthen information disclosure Does the Company disclose the content of its code of integrity management and promote its effectiveness on its website and public information observatory?	✓		The Company's "Sustainability Report" on the Company's website contains the contents of the code of integrity management and its promotion effect; the Company's "Integrity Management Code" is also exposed on the Company's website, and the results of integrity management are updated regularly every year.	No difference

Evaluation item	Implementation status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
5. If the Company has its own code of integrity operation in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please state the differences between its operation and the code: The Company has formulated the Code of Integrity Management in accordance with Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and there is no significant difference between the Company's operating conditions of integrity management and the Code of Integrity Management.				
6. Other important information that helps to understand the Company's integrity operation (such as the Company's review and revision of its established integrity operation code, etc.): Since 2012, the Company has promoted the establishment of the "Integrity AUO folks Series", including the signing of the integrity declaration, online integrity test, integrity manual reading and antitrust law course, making "integrity" the most important and basic core culture of AUO. The Company regularly promotes integrity propaganda, so that employees can be familiar with the integrity culture within the Company through internal newsletter email and electronic bulletin boards. In 2023, it was publicized three times in total, and education, training and publicity were conducted for suppliers and contractors. Based on the contents of the seven dishonest behaviors, the concept of honesty was strengthened, and the integrity culture was created hand in hand with stakeholders. In addition, the publication of the integrity manual is the highest Code of Conduct for all AUO folks, which provides behavioral guidance and case descriptions for corporate integrity policies, cooperation norms with business partners, cooperation norms with government agencies, intellectual property rights, conflicts of interest, information system security, insider trading and antitrust laws, and ensures that all employees will implement integrity in their work. At the same time, in order to comply with the laws and regulations of the country where the business is located and engage in business activities with the highest ethical standards, and to help colleagues establish correct legal concepts, indirect employees are required to take online compliance courses and compliance tests every two years, and sign a compliance declaration regularly. In addition, in order to let all employees know about The Antitrust Laws and regulations, in addition to setting up The Antitrust Laws area through the internal website, we also set up the mobile phone mobile device APP, so that employees can check online at any time. In addition, the Company defines the supervisor of the unit that handles supplier matters and has close contacts with manufacturers as an important honest position. Considering that the supervisor needs to conduct business with high moral standards in order to protect the Company and individuals, the "AUO conflict of interest declaration method" is formulated, and colleagues of honest positions must declare it every year. In 2023, a total of 2,467 people declared it, with a completion rate of 100%. And arrange a mandatory training course on law compliance for honest job supervisors, which covers the actual case sharing in the industry and the norms that must be observed when dealing with related business at work.				

Note 1: The Company is the main body of the operation.

(9) Inquiry method for Corporate Governance Principles and related regulations disclosure

For rules and regulations related to corporate governance, please visit the TSE Market Observation Post System (MOPS) or the "Investor Relations" on the AUO website for more information.

- Board Meeting Rules
- Organizational Charter for Audit Committee
- Organizational Charter for Remuneration Committee
- Organizational Charter for Corporate Governance and Nomination Committee
- Organizational Charter for Sustainability & Risk Management Committee
- Handling Procedures for Acquisition or Disposition of Assets
- Handling Procedures for Capital Lending
- Handling Procedures for Providing Endorsements and Guarantees for Third Parties
- Handling Procedures for Conducting Derivative Transactions
- Methods to Evaluate Performance of the Board of Directors
- Corporate Governance Principles
- Corporate Social Responsibility Principles
- Enterprise Integrity Handbook
- Ethical Corporate Management Principles
- Guidelines for the Adoption of Codes of Ethical Conduct for Directors and Senior Management
- Antitrust Compliance Policy
- Tax Policy
- Risk Management Policy and Procedures
- Financial and Business Matters Between AUO Corp. and its Related Parties
- Management Procedure for Insider Trading Prevention
- Policy and Procedures for Complaints and Concerns Regarding Accounting, Internal Accounting Controls or Auditing Matters
- Procedures for reporting ethical violations

(10) Other important information that can enhance the understanding of corporate governance operation.

1. On October 29, 2019, the Corporate Governance Committee was established under the Board of Directors (renamed the Corporate Governance and Nomination Committee on March 11, 2024), and the "Organizational Charter for Corporate Governance and Nomination Committee" was formulated. For relevant information, please refer to the Market Observation Post System (MOPS) or our company's website for inquiries. For the main functions and operations, please refer to pages 32-34 of this annual report.

2. The company officially established the Sustainability and Risk Management Committee under the Board of Directors on March 11, 2024, to assist the Board of Directors in continuing to promote the sustainable development and risk governance of the enterprise, in order to implement the purpose of sustainable operations and strengthen/combine risks Manage operations so that directors can better understand the operational status, allocate and assign sufficient and appropriate resources to enable enterprise risk management to operate effectively, and supervise and ensure the operation of the enterprise's overall risk management mechanism by establishing an appropriate risk management mechanism and forming a risk management culture. effectiveness.

3. Continuing Education/Training of Directors in 2023

Title	Name	Date	Sponsoring unit	Course	No. of hours
Chairman	Shuang-Lang (Paul) Peng	2023.07.04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	3
		2023.09.01	Taiwan Corporate Governance Association	Risk Management of Corporate Reputation	3
		2023.09.01		The impact and influence of climate change risks on corporate financial disclosures	3
Director	AUO Sustainability Foundation Representative: Frank Ko	2023.09.01	Taiwan Corporate Governance Association	Risk Management of Corporate Reputation	3
		2023.09.01		The impact and influence of climate change risks on corporate financial disclosures	3
Director	Qisda Corporation Representative: Han-Chou (Joe) Huang	2023.06.01	Taiwan Investor Relation Institute	Establishment and relationship of corporate intellectual property rights management system	3
		2023.07.06	Corporate Operating and Sustainable Development Association	Corporate Governance and Securities Regulation-The senior executives of listed companies' understanding of supervision by competent authorities	3
Director	Ming Hua Investment Company Limited Representative: Tsai Juan-Juan	2023.09.01	Taiwan Corporate Governance Association	Risk Management of Corporate Reputation	3
		2023.09.01		The impact and influence of climate change risks on corporate financial disclosures	3
Independent director	Peng Chin-Bing	2023.06.12	Chinese National Association of Industry and Commerce	Generative AI Situation Room – Take the Lead and Seize Business Opportunities	3
		2023.07.04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	3
		2023.09.01	Taiwan Corporate Governance Association	Risk Management of Corporate Reputation	3
		2023.09.22		Key global ESG trends and practical cases for the future	3
		2023.09.22		The key to improving board of directors' effectiveness	3
Independent director	Chen Jang-Lin	2023.09.01	Taiwan Corporate Governance Association	Risk Management of Corporate Reputation	3
		2023.09.01		The impact and influence of climate change risks on corporate financial disclosures	3
Independent director	Chiu-Ling Lu	2023.09.01	Taiwan Corporate Governance Association	Risk Management of Corporate Reputation	3
		2023.09.01		The impact and influence of climate change risks on corporate financial disclosures	3
Independent director	Cathy Han	2023.08.09	Taiwan Corporate Governance Association	Innovation, digital technology and competitive advantage	3
		2023.09.01		Risk Management of Corporate Reputation	3
		2023.09.01		The impact and influence of climate change risks on corporate financial disclosures	3
		2023.09.22		Key global ESG trends and practical cases for the future	3
		2023.09.22		The key to improving board of directors' effectiveness	3
Independent director	Yen-Hsueh (Sharon) (note 1)	2023.08.07	Taiwan Corporate Governance Association	The Trends and Risk Management of Generative AI	3
		2023.08.14		The application of smart manufacturing trends and digital technology in business management.	3
		2023.09.01		Risk Management of Corporate Reputation	3
		2023.09.01		The impact and influence of climate change risks on corporate financial disclosures	3

Note 1 : Resigned on December 8, 2023.

Note 2 : The continuing education hours of the directors meets the requirements of the "Directions for the Implementation of Continuing Education for Directors of TWSE Listed and TPEX Listed Companies".

4. Senior managers participated in corporate governance and other related courses in 2023

Title	Name	Date	Sponsor unit	Course	Training hours
Chairman & Group CSO	Shuang-Lang (Paul) Peng	2023.07.04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	3
		2023.09.01	Taiwan Corporate Governance Association	Risk Management of Corporate Reputation	3
		2023.09.01		The impact and influence of climate change risks on corporate financial disclosures	3
CEO & President	Frank Ko	2023.09.01	Taiwan Corporate Governance Association	Risk Management of Corporate Reputation	3
		2023.09.01		The impact and influence of climate change risks on corporate financial disclosures	3
Senior vice president	Wei-Lung Liao	2023.09.01	Taiwan Corporate Governance Association	Risk Management of Corporate Reputation	3
		2023.09.01		The impact and influence of climate change risks on corporate financial disclosures	3
	Hong-Jye Hong	2023.07.07	Securities and Futures Institute	Technology development and business opportunity models of electric vehicles and intelligent vehicles	3
		2023.09.01	Taiwan Corporate Governance Association	Risk Management of Corporate Reputation	3
	Ting-Li Lin	2023.09.01	Taiwan Corporate Governance Association	Risk Management of Corporate Reputation	3
		2023.09.01		The impact and influence of climate change risks on corporate financial disclosures	3
	Amy Ku	2023.09.01	Taiwan Corporate Governance Association	Risk Management of Corporate Reputation	3
		2023.09.01		The impact and influence of climate change risks on corporate financial disclosures	3
Vice president	Tina Wu	2023.09.01	Taiwan Corporate Governance Association	Risk Management of Corporate Reputation	3
		2023.09.01	Taiwan Corporate Governance Association	The impact and influence of climate change risks on corporate financial disclosures	3
	Ivan Wu	2023.09.01	Taiwan Corporate Governance Association	Risk Management of Corporate Reputation	3
		2023.09.01		The impact and influence of climate change risks on corporate financial disclosures	3
	TY Lin	2023.09.01	Taiwan Corporate Governance Association	Risk Management of Corporate Reputation	3
		2023.09.01		The impact and influence of climate change risks on corporate financial disclosures	3
	Yu-Chieh Lin	2023.08.02	Taiwan Corporate Governance Association	Looking at the information security governance strategies of listed companies from the perspective of sustainable development of ESG companies	3
		2023.11.02		How directors and supervisors supervise risk management and crisis management to strengthen corporate governance	3
		2023.11.10		American Corporate Governance: Historical Evolution and Recent Developments	3
		2023.12.26		Circular economic benefits and sustainable financial business opportunities	3
Chief financial officer Accountant supervisor Corporate governance supervisor	Benjamin Tseng	2023.06.02	Chinese National Association of Industry and Commerce	2023 Taishin Net-Zero Electricity Summit Forum	3
		2023.07.07	Taiwan Accounting Research and Development Foundation	Common internal control management deficiencies in enterprises and analysis of practical cases	6
		2023.09.01	Taiwan Corporate Governance Association	Risk Management of Corporate Reputation	3
		2023.09.01		The impact and influence of climate change risks on corporate financial disclosures	3
		2023.11.16	The Institute of Internal Auditors, R.O.C.	Regulations and practical analysis on capital loans, endorsement guarantees and acquisition and disposal of assets	6
		2023.12.20	Taipei Foundation of Finance	Path planning for low-carbon transformation – carbon credits and carbon pricing	3

(II) Implementation of Internal Control System

I. Statement of Internal Control System



AUO Corporation
Statement of Internal Control System

Date: January 31, 2024

Based on the findings of a self-assessment, AUO Corporation (hereinafter “The Company”) states the following pertaining to its internal control system during year 2023:

1. The Company is fully aware that establishing, operating and maintaining an internal control system are the responsibilities of its Board of Directors and managers. The Company has established such a system with an aim to providing reasonable assurance for the achievement of the following objectives: The effectiveness and efficiency of business operation (including profitability, performance, and safe-guarding of company assets; the reliability, timeliness, transparency, and regulatory compliance of financial reporting and other related reports; and the compliance with applicable laws, regulations and rulings.
2. An internal control system has inherent limitations. No matter how perfectly it is designed, an effective internal control system can provide only reasonable assurance of achieving the three above-mentioned objectives. Moreover, the effectiveness of the internal control system may be subject to changes of environment or circumstances. Nonetheless, the Company’s internal control system comprises of self-monitoring mechanisms, and the Company immediately undertakes corrective measures once a deficiency is identified.
3. The Company assesses the design and operating effectiveness of its internal control system in accordance with the criteria stated in the “Regulations Governing Establishment of Internal Control Systems by Public Companies” (hereinafter referred to as “the Regulations”). The criteria stipulated in the Regulations identify five essential elements of an internal control system based on managerial control process: 1) Control environment, 2) Risk assessment, 3) Control activities, 4) Information and communication, and 5) Monitoring activities. Each essential element further contains several items. Please see the Regulations for the aforementioned items.
4. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the results of the above mentioned assessment, the Company believes that, as of December 31, 2023, its internal control system, including its supervision and management of subsidiaries, was effective in design and operation and provided reasonable assurance of achievement of operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable laws, regulations and rulings.
6. This Statement constitutes an integral part of the Annual Report for the year 2023 and the Prospectus of the Company and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 in the Securities and Exchange Act.
7. This Statement has been approved by the Board of Directors in their meeting held on January 31, 2024, with none of the eight attending directors expressing dissenting opinions, and the remainder all affirming the contents of this Statement.

AUO Corporation

Chairman: Shuang-Lang (Paul)

President: Frank Ko

2. Companies which CPAs to professionally review the internal control system shall disclose the review report provided by the accountants: None.

- (12) In recent years and up to the date of publication of the annual report, the Company and its internal staff have been punished according to law, or the Company has punished its internal staff for violating the provisions of the internal control system, and the punishment result may have a significant impact on shareholders' rights and interests or securities prices, the contents of the punishment, major deficiencies and improvement shall be listed: None.
- (13) Important resolutions of the shareholders' meeting and the board of directors in the latest year and up to the publication date of the annual report.

1. Important resolutions of the shareholders' meeting in 2023 and their implementation.

Item	Major Resolutions	Implementation Situation
1	Recognized the annual business report and financial statements of 2022.	The resolution to approve that the consolidated revenue for 2022 is NT\$249,956,539 thousand; the operating net loss is NT\$23,970,396 thousand; the net loss after tax is NT\$20,973,180 thousand; and the loss per share is NT\$2.39.
2	Recognized the case of surplus distribution in 2022.	The resolution was passed, and the ex-dividend benchmark date was August 18, 2023. On May 26 2023, according to the resolution of the shareholder meeting, the cash distribution of NT\$6,134,304,778 will be made from the capital surplus. (amounting to NT\$0.8 per share, or NT\$800 per thousand shares).
3	Approved the case of lifting the director's non-competition restriction	The resolution was passed. The non-competition restrictions of Qisda Corporation's representative, Han-Chou (Joe) Huang and the independent director, Chin-Bing (Philip) Peng, were lifted by resolution. please refer to the meeting minutes of the 2023 Annual General Shareholders' Meeting for details.

2. Important resolutions of the Board of Directors

Date/Term	Important Resolution
Tenth Committee 4 th session 2023.02.08	<ul style="list-style-type: none"> ◆ Approved the Internal Control Declaration for 2022. ◆ Approved the 2022 Parent Company Only and Consolidated Financial Statements. ◆ Approved the accountant service project and public expense case in 2023. ◆ Approved and formulated the Company's policy of pre-approving unconfirmed services. ◆ Approved the increase/decrease in capital expenditure budget. ◆ Approved the case of the Company's investment in establishing a subsidiary in Vietnam. ◆ Approved the Company to lend capital to subsidiaries. ◆ Approved the Company to lend capital to AUO (Shanghai) Co., Ltd. ◆ Approved the overdue accounts receivable from non-related parties of AUO Megalnsight (Suzhou) Co., Ltd. as a non-capital loan case. ◆ Approved the Company to provide guarantee against the bank loan to AUO (Kunshan) Co., Ltd. ◆ Approved the letter of guarantee issued by AUO (Xiamen) Co., Ltd., a subsidiary, for the newly-increased bank line of the Company. ◆ Approved the acquisition of machinery equipment from AUO Envirotech Inc., a subsidiary of the Company. ◆ Approved the case of the Company's capital increase for its subsidiaries Konly Venture Corp. and Ronly Venture Corp. ◆ Approved the case of the Company's investment in common shares of energy project companies. ◆ Approved the amendments to "Remuneration Policy to the Directors and Functional Committee Members" ◆ Approved the amendment of "Organizational Charter for Corporation Governance Committee", "Corporate Governance Principles" and "Corpora", and formulate "Measures for the Leave of absence of the Chairman". ◆ Approved the selection of applicable personnel for the "Business Transfer Protection Measures". ◆ Approved the addition and renewal of banking facilities.
Tenth Committee 5 th session 2023.02.23	<ul style="list-style-type: none"> ◆ Approved the 2022 Business Report and 2023 Business Plan. ◆ Approved the distribution of 2022 earnings. ◆ Approved the case of cash distribution from capital surplus. ◆ Approved to lift non-competition restrictions on board members. ◆ Approved the date of convening 2022 Annual General Shareholders' Meeting, meeting agenda, and submission period of shareholder proposals. ◆ Approved the case that AUO Display Plus Corporation, a 100%-owned subsidiary of the Company, intends to publicly acquire the common shares of Crystalvue Medical Corporation. ◆ Approved the 2022 remuneration to directors and senior managers. ◆ Approved the list of treasury stocks' granted managers and the number of distribution (subscription).

Date/Term	Important Resolution
	<ul style="list-style-type: none"> ◆ Approved and formulated the case of "Regulations on Managers' Stock Ownership". ◆ Approved the personnel case of senior managers.
<p style="text-align: center;">Tenth Committee 6th session 2023.04.27</p>	<ul style="list-style-type: none"> ◆ Approved the Consolidated Financial Statements for the period ended March 31, 2023. ◆ Approved the subsidiaries to lend capital to the subsidiary, AUO (Kunshan) Co., Ltd. ◆ Approved the fund loans between subsidiaries, AUO (L) CORP, AUO (Suzhou) Co., Ltd, AUO (Xiamen) Co., Ltd, and AUO (Kunshan) Co., Ltd. ◆ Approved the increase in capital expenditure budget. ◆ Approved the addition and renewal of banking facilities. ◆ Approved the donations. ◆ Approved the amendments of the "Decision-making authority on senior manager remuneration" and the "Business Transfer Protection Measures" and the selection of applicable personnel.
<p style="text-align: center;">Tenth Committee 7th session 2023.07.26</p>	<ul style="list-style-type: none"> ◆ Approved the Consolidated Financial Statements for the period ended June 30, 2023. ◆ Approved the amendment of the investment structure of the Vietnamese subsidiary. ◆ Approved the amendment of the investment structure of the subsidiary, AUO (Kunshan) Co., Ltd. ◆ Approved the Company to cancel the bank guarantee against the bank loan to the subsidiary, AUO (Kunshan) Co., Ltd. ◆ Approved the formulation of "Financial and Business Matters Between AUO Corp. and its Related Parties". ◆ Approved the amendments to the Authorization Matrix. ◆ Approved the formulation of record date for cash distribution from capital surplus. ◆ Approved the addition and renewal of banking facilities. ◆ Approved the distribution of "2024 employees' remuneration for senior managers". ◆ Approved the personnel case of managers.
<p style="text-align: center;">Tenth Committee 8th session 2023.08.31</p>	<ul style="list-style-type: none"> ◆ Approved the company's plan to submit a Binding Offer and participate in the equity auction case.
<p style="text-align: center;">Tenth Committee 9th session 2023.10.02</p>	<ul style="list-style-type: none"> ◆ Approved the acquisition of 100% ownership of Germany's Behr-Hella Thermocontrol GmbH.
<p style="text-align: center;">Tenth Committee 10th session 2023.10.31</p>	<ul style="list-style-type: none"> ◆ Approved 2024 Annual Audit Plan. ◆ Approved the amendments to Internal Control Systems. ◆ Approved the Consolidated Financial Statements for the period ended September 30, 2023. ◆ Approved the adjustment of the investment structure of the Chinese subsidiary. ◆ Approved the subsidiary, AUO (Shanghai) Co., Ltd. to lend capital to Smart Services Business Group Subsidiary Case. ◆ Approved to lend capital to the subsidiary, Smart Services Business Group Subsidiary Case. ◆ Approved to lend capital to the subsidiary, AUO Crystal Corp. ◆ Approved the Establishment of Purchase and Sale Electronic Company Case. ◆ Approved the signing of a production line construction contract with PlayNitride Display Co., Ltd. ◆ Approved the increase in capital expenditure budget. ◆ Approved the addition and renewal of banking facilities.
<p style="text-align: center;">Tenth Committee 11th session 2024.01.31</p>	<ul style="list-style-type: none"> ◆ Approved the internal control system statement in 2023. ◆ Approved the financial statements in 2023. ◆ Approved the accountant service projects and public expense cases in 2024. ◆ Approved the appointment of members of the remuneration committee. ◆ Approved the equipment sale case of our company AFPD Pte. Ltd. ◆ Approved the new additions and additional reductions to the capital expenditure budget. ◆ Approved the disposal of common shares of Qisda Corporation. ◆ Approved the syndicated loan case from a consortium of banks. ◆ Approved the case of additional and renewal of bank credit limits. ◆ Approved the amendment of "Risk Management Policies and Procedures" and "Environmental Safety and Health, Water Resources and Energy Policy".
<p style="text-align: center;">Tenth Committee 12th</p>	<ul style="list-style-type: none"> ◆ Approved the business report in 2023 and the business plan in 2024. ◆ Approved the surplus distribution plan in 2023. ◆ Approved the cash disbursement from capital reserves.

Date/Term	Important Resolution
session 2024.03.11	<ul style="list-style-type: none"> ◆ Approved and set the date, agenda and proposal period for the 2024 Shareholders' Regular Meeting. ◆ Approved the company' s indirect capital increase in Yo-Pei Water Corporation. ◆ Approved subsidiary AUO (Slovakia) s.r.o. capital loan and Behr-Hella Thermocontrol GmbH. ◆ Approved the capital increase of subsidiary AUO (L) Corp. Subsidiary AUO (Slovakia) s.r.o. ◆ Approved the company' s capital increase in Behr-Hella Thermocontrol GmbH. ◆ Approved the capital loans from subsidiaries AUO (Suzhou) Co., Ltd. and AUO (Xiamen) Co., Ltd. to Behr-Hella Thermocontrol (Shanghai) Co. Ltd. ◆ Approved the amendment to the "Manager's shareholding regulations". ◆ Approved the remuneration of directors and managers in 2023. ◆ Approved the selection of applicable personnel for the Business Transfer Protection Measures. ◆ Approved the donation case. ◆ Approved the "Organizational Charter for the Sustainability & ERM Committee" and the proposed list of the first committee members. ◆ Approved the amendment of the "Organizational Charter for Corporate Governance Committee".

- (14) In recent years and up to the date of publication of the annual report, directors or supervisors have different opinions on important resolutions passed by the board of directors, and there are records or written statements, the main contents are: None.
- (15) Summary of resignation and dismissal of the Company's chairman, president, accounting supervisor, financial supervisor, internal audit supervisor, Corporate Governance supervisor and R&D supervisor in recent years and up to the publication date of the annual report.

Title	Name	Date of Appointment	Date of Dismissal	Cause of Resignation or Dismissal
CEO	Shuang-Lang (Paul) Peng	2015.11.01	2023.03.01	Job Adjustment
	Frank Ko	2023.03.01	Not applicable.	
CSO	Shuang-Lang (Paul) Peng	2023.03.01	Not applicable.	Newly elected (not applicable)

- (16) Certification obtained by the Company and its personnel related to financial information transparency from competent authorities:

December 31, 2023

Title of License	Number of persons	
	Financial Accounting	Audits
R.O.C. CPA	5	1
US CPA	1	0
Chartered Financial Analyst (CFA)	0	0
Financial Risk Manager (FRM)	1	0
Certified Internal Auditor (CIA)	0	1
Certified Information Systems Auditor (CISA)	8	1
Senior Securities Processing Personnel	2	0
Stock Affairs Personnel	3	7
Basic Ability Test for Corporate Internal Control organized by the Securities and Futures Institute	1	0

V. Auditor fee information

Unit: NT\$ thousand

Name of accounting firm	Name of CPA	CPA's audit period	Audit fee (Note 1)	Non-audit fee (Note 2)	Total
KPMG	Chi-Lung Yu Wan-Yuan Yu	2023.1.1~2023.12.31	13,800	4,968	18,768

Note 1 : The audit fees refer to the fees paid by the Company to the certified public accountants for the review and audit of financial reports.

Note 2 : It mainly include tax compliance audit, CSR assurance consultation and Country-by-Country Reporting (CbCR) service fee.

Note 3 : If the accounting firm is changed and the audit fee paid in the year of change is less than that in the year prior to the change, the amounts of audit fees before and after the change and the reasons should be disclosed: Not applicable.

Note 4 : If the audit fee decreased by more than 10% compared to the previous year, the amount, proportion and reasons for the decrease in audit fees should be disclosed: Not applicable.

VI. Information on replacement of CPA:

(1) Former CPA

Date of replacement	January 31, 2024		
Replacement reasons and explanations	The CPAs are changed from Yu, Chi-Lung and Yu, Wan-Yuan to Yu, Chi-Lung and Lu, Chien-Hui due to the internal adjustment from the accounting firms.		
Describe whether the Company is terminated or the CPA did not accept the appointment	Party	CPA	Consignor
	Condition		
	Engagement terminated automatically	Not applicable	Not applicable
	Engagement discontinued	V	Not applicable
The Opinions other than Unmodified Opinion Issued within the last 2 years and the reason for the Said Opinion (Note)	None		
Any disagreement in Opinion with the issuer	None		
Supplementary Disclosure (Regulations Governing Information to be Published in Annual Reports of Public Companies Article 10.6.1.4~7 of the Regulation)	None		

(2) Succeeding CPA

Name of the firm	KPMG
Name of CPA	Lu, Chien-Hui
Date of appointment	January 31, 2024
Prior to the Formal Engagement, Any Inquiry or Consultation on the Accounting Treatment or Accounting Principles for Specific Transactions, and the Type of Audit Opinion that Might be Rendered on the Financial Report	None
Written Opinions from the Successor CPA that are Different from the Former CPA Opinions	None

(3) The Reply of Former CPAs on Article 10.6.1 and Article 10.6.2.3 of the Regulations Governing Information to be Published in Annual Reports of Public Companies: Not applicable.

VII. Did the Company's Chairman, President, Chief Financial Officer, or Managers in Charge of its Financial and Accounting Operations hold any positions within the Company's Independent Audit Firm or its Affiliates in the most recent year: None.

VIII. Assessment of CPA's Independence and Suitability

(1) Evaluation Mechanism

The Company's Audit Committee refers to the Audit Quality Indicators (AQIs) every year to evaluate the independence and competency of the certified public accountants appointed, and then submits the evaluation results to the Board of Directors as a reference for the Board of Directors' evaluation of the appointed accountants.

1. The Company's CPAs are not related parties to the Company and the directors.
2. The Company abides by the Corporate Governance Principles to handle the rotation of CPAs.
3. Prior to the appointment of annual audit services, the firm of CPAs is required to obtain the approval of the Audit Committee. Before the appointment of non-audit services, the firm of CPAs shall confirm the requirements for independence are met and report to the independent directors in quarterly Audit Committee meeting.
4. The CPAs shall report to the Audit Committee on the compliance with the independent standards and their review or audit results on a quarterly basis.
5. Obtain an independent statement issued by CPAs on a regular basis.
6. The Company includes the Audit Quality Indicators (AQIs) in the CPAs annual appointment evaluation and the CPAs are required to report with the Audit Committee accordingly.

(2) Evaluation Result

1. The annual evaluation was completed by the Audit Committee on February 7, 2023 and the result was reported to the Board of Directors and approved on February 8, 2023.
2. The annual evaluation was completed by the Audit Committee on January 30, 2024 and the result was reported to the Board of Directors and approved on January 31, 2024.
3. The independence between the CPAs and the Company complies with the Accounting Act of the Republic of China, The Norm of Professional Ethics for Certified Public Accountant and other relevant regulations.
4. The Company has not appointed the same CPA for certification for five consecutive years.

IX. The change of equity transfer or changes to equity pledge of Directors, managers or shareholders holding more than 10% of Company shares

(1) Changes in shares held by Directors, managers, and shareholders holding 10% or more of shares

Unit: 1,000 shares

Title(Note1)	Name	2023		For the year 2024 up till 2/29	
		Increase (decrease) of shares held	Increase (decrease) of shares pledged	Increase (decrease) of shares held	Increase (decrease) of shares pledged
Chairman and Group CSO	Shuang-Lang (Paul) Peng	2,159	0	0	0
Corporate Director	AUO Foundation	0	0	0	0
Representative of Corporate Director, CEO and President	Frank Ko	1,140	0	0	0
Corporate Director	Ming Hua Investment Company Limited	0	0	0	0
Representative of Corporate Director	Chuang- Chuang Tsai	0	0	0	0
Corporate Director	Qisda Corporation	0	0	0	0
Representative of Corporate Director	Han-Chou (Joe) Huang	0	0	0	0
Independent Director	Chin-Bing (Philip) Peng	0	0	0	0
Independent Director	Jang-Lin (John) Chen	0	0	0	0

Title(Note1)	Name	2023		For the year 2024 up till 2/29	
		Increase (decrease) of shares held	Increase (decrease) of shares pledged	Increase (decrease) of shares held	Increase (decrease) of shares pledged
Independent Director	Chiu-Ling Lu	0	0	0	0
Independent Director	Cathy Han	0	0	0	0
Senior Vice President	Wei-Lung Liao	429	0	0	0
Senior Vice President	Ting-Li Lin	325	0	0	0
Senior Vice President	James CP Chen	312	0	0	0
Senior Vice President	CS Hsieh	318	0	0	0
Senior Vice President	Amy Ku	247	0	0	0
Senior Vice President	Hong-Jye Hong	42	0	0	0
Vice President	TY Lin	302	0	0	0
Vice President	Tina Wu	298	0	0	0
Vice President	Andy Yang	187	0	0	0
Vice President	Benjamin Tseng	202	0	0	0
Vice President	Yu-Chieh Lin(Note2)	411	0	0	0
Vice President	Ivan Wu(Note2)	315	0	0	0
Senior Associate Vice President	Kun-Yu Lin	(180)	0	0	0
Senior Associate Vice President	SI Jeong	149	0	0	0
Senior Associate Vice President	Hank Liu(Note2)	0	0	0	0
Associate Vice President	Center Chen	155	0	0	0
Associate Vice President	Bryan Kuo	174	0	(9)	0
Associate Vice President	KS Tseng	184	0	0	0
Associate Vice President	Kenyj Chen	184	0	0	0
Associate Vice President	CD Lee	201	0	0	0
Associate Vice President	CH Wu	198	0	0	0
Associate Vice President	Paul KP Lee(Note2)	0	0	0	0
Associate Vice President	Simon WH Hsu(Note2)	10	0	0	0
Associate Vice President	Jenn-Jia Su(Note2)	0	0	0	0
Associate Vice President	KK Lee(Note2)	0	0	0	0
Associate Vice President	Cloud Huang(Note2)	0	0	0	0
Associate Vice President	Allen CK Wu(Note2)	0	0	0	0
Associate Vice President	Jim Lee	0	0	0	0

Note 1: Those who are in office as of the publication date of the annual report.

Note 2: Promoted on August 1, 2023.

Note 3: Taking office on February 1, 2024.

(2) Where the counterpart of the equity transfer is a related party: None.

(3) Where the counterpart of the equity pledge is a related party: None.

X. Information of relationships between TOP 10 shareholders are related parties

Unit: 1,000 shares

NO	Name	Shares held		Shares held by spouse or underage children		Total shares held in the name of other persons		Familial relationships between top 10 shareholders who are either related parties, spouses, or relatives within the second degree of kinship, his/her/its title (or name) and relationships	
		Number of Shares	Shareholding percentage (%)	Number of Shares	Shareholding percentage (%)	Number of Shares	Shareholding percentage (%)	Title (or name)	Relationships
1	Qisda Corporation	530,879	6.90	N/A	N/A	N/A	N/A	None.	None.
	Qisda Corporation Representative: Peter Chen	Information not available							
2	Trust Holding for Employees for AUO	391,169	5.08	N/A	N/A	N/A	N/A	None.	None.
3	Quanta Computer Inc.	355,144	4.61	N/A	N/A	N/A	N/A	None.	None.
	Quanta Computer Inc. Representative: Barry Lam	Information not available							
4	Yuanta Taiwan Dividend Plus ETF	230,270	2.99	N/A	N/A	N/A	N/A	None.	None.
5	ADR of AUO	187,493	2.44	N/A	N/A	N/A	N/A	None.	None.
6	New Labor Pension Fund	151,727	1.97	N/A	N/A	N/A	N/A	None.	None.
7	Nan Shan Life Insurance Company, Ltd.	124,551	1.62	N/A	N/A	N/A	N/A	None.	None.
	Nan Shan Life Insurance Company, Ltd. Representative: Chong-Yao Yin	Information not available							
8	HSBC Bank in Custody for Morgan Stanley & Co. International Plc Account	104,087	1.35	N/A	N/A	N/A	N/A	N/A	N/A
9	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	71,747	0.93	N/A	N/A	N/A	N/A	None.	None.
10	JPMorgan Chase Bank N.A. Taipei Branch in custody for JPMorgan Asset Management	65,706	0.85	N/A	N/A	N/A	N/A	None.	None.

Note: Information recorded on the shareholder roster as of the latest suspension of stock transfer (August 18, 2023) of the Company.

XI. Number of shares held and shareholdings percentage in the same investment business by the Company, the Company's Directors, Managers, and companies directly or indirectly controlled by the Company

Data: December 31, 2023 Unit: 1,000 shares

Investment business	Investment by the Company		Investment by Directors, Supervisors, Managers, and directly or indirectly controlled business		Comprehensive investment	
	Number of Shares	Shareholding percentage	Number of Shares	Shareholding percentage	Number of Shares	Shareholding percentage
Qisda Corporation(listed: 2352)	335,231	17.04%	50,145	2.55%	385,376	19.59%
Ennostar Inc. (listed: 3714)	93,569	12.43%	37,100	4.93%	130,668	17.35%
Raydium Semiconductor Corporation(listed: 3592)	0	0.00%	12,123	15.98%	12,123	15.98%
Daxin Materials Corp. (listed: 5234)	0	0.00%	25,426	24.75%	25,426	24.75%
ADLINK Technology Co., Ltd. (listed: 6166)	42,310	19.45%	29,119	13.39%	71,429	32.84%
Darwin Corp. (listed: 6120)(Note 2)	190,108	28.56%	83,107	12.49%	273,215	41.05%
SINTRONES Technology Corp. (OTC: 6680)	1,471	6.99%	2,730	12.97%	4,201	19.96%
Darwin Summit Corporation Ltd. (DSC)	0	0.00%	40	40.00%	40	40.00%
Ichijo Seisakusyo Co., Ltd. (Japan)	0	0.00%	0	38.46%	0	38.46%
Shine Biomedical Technology Corporation	0	0.00%	3,672	34.00%	3,672	34.00%
Galaxy Energy Corp. (Note 2)	28,883	32.01%	1,353	1.50%	30,236	33.51%
Star Shining Energy Corp.	217,000	31.00%	14,000	2.00%	231,000	33.00%
YTTEK Technology Corp.	0	0.00%	6,673	27.52%	6,673	27.52%
Renovatio Pictures, Inc.	0	0.00%	315	21.39%	315	21.39%
Naidun-tech Co., Ltd.	0	0.00%	8,733	22.03%	8,733	22.03%
Mega Green Energy Corp.	0	0.00%	16,000	20.00%	16,000	20.00%

Note 1: Invested by the Consolidated Company using the equity method.

Note 2: Although the merging company does not hold more than half of the company's voting shares, it is included in the consolidated financial report as a consolidated entity because the merging company has control over its main operating activities and other decisions.

Chapter 4 Capital Overview

I. Capital and shares

(I) Sources of Capital

Unit: Shares; NT\$

Year/ month	Issued price	Authorized Share Capital		Paid-in capital		Remarks		
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Sources of Capital	Capital increase by assets other than cash	Other
2022.08	10	12,000,000,000	120,000,000,000	7,699,396,092	76,993,960,920	Capital Reduction 19,248,490,230	none.	Note 2

Note 1: The above information is as of the publication date of the annual report.

Note 2: National Science and Technology Council Hsinchu Science Park Bureau 08.18.2022 Certificate No. 1110026474.

Unit: Shares

Type of Stock	Authorized Share Capital (AUO Corporation is a TWSE Listed Company.)			
	Outstanding shares (Note)	Unissued shares	Total	Amount of corporate bonds that can be converted
Registered common shares	7,699,396,092	4,300,603,908	12,000,000,000	725,000,000

Note: Include 31,515 thousand treasury shares held by the Company.

Shelf registration: Not applicable.

(II) Composition of Shareholders

Unit: Shares

Type of share- holders Quantity	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of shareholders	9	114	664	457,338	1,347	459,472
shareholding	170,478,851	913,161,139	1,045,207,589	3,566,218,677	2,004,329,836	7,699,396,092
shareholding percentage	2.21 %	11.86 %	13.58 %	46.32 %	26.03 %	100.00 %

Note: The stock transfer was not suspended before the publication date of the annual report; therefore, said record date was intended for the quantity of shares held before the latest suspension of stock transfer (August 18, 2023) and the total number of shares.

(III) Distribution of Shareholding

Unit: Shares

Shareholding Range(Common Shares)	Number of Shareholders	Shareholding	Shareholding percentage
1 to 999	157,802	67,623,192	0.88%
1,000 to 5,000	190,510	476,041,924	6.18%
5,001 to 10,000	52,200	394,993,436	5.13%
10,001 to 15,000	15,819	194,306,464	2.52%
15,001 to 20,000	13,988	242,035,488	3.14%
20,001 to 30,000	9,792	242,858,388	3.15%
30,001 to 40,000	5,862	208,281,523	2.71%
40,001 to 50,000	2,872	131,944,092	1.71%
50,001 to 100,000	5,866	421,514,548	5.47%
100,001 to 200,000	2,615	368,375,568	4.78%
200,001 to 400,000	1,115	313,067,857	4.07%
400,001 to 600,000	336	163,591,140	2.12%
600,001 to 800,000	154	106,255,482	1.38%
800,001 to 1,000,000	107	96,423,519	1.25%
Over 1,000,001	434	4,272,083,471	55.49%
Total	459,472	7,699,396,092	100.00 %

Note1: The Company does not issue preferred shares.

Note2: The stock transfer was not suspended before the publication date of the annual report. Therefore, said record date was intended for the quantity of shares held before the latest suspension of stock transfer (August 18, 2023) and the total number of shares.

(IV) List of Major Shareholders (Top 10 shareholders who own the most shares)

Names of major shareholders	Shares	Shareholding	Shareholding percentage
Qisda Corporation		530,878,896	6.90%
Trust Holding for Employees for AUO		391,169,439	5.08%
Quanta Computer Inc.		355,144,245	4.61%
Yuanta Taiwan Dividend Plus ETF		230,269,569	2.99%
ADR of AUO		187,493,055	2.44%
New Labor Pension Fund		151,726,900	1.97%
Nan Shan Life Insurance Company, Ltd.		124,550,800	1.62%
Morgan Stanley & Co. International Plc		104,086,956	1.35%
J.P. Morgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds		71,746,699	0.93%
JPMorgan Securities PLC		65,706,222	0.85%

Note: The stock transfer was not suspended before as of March 11, 2024; therefore, said record date was intended for the quantity of shares held before the latest suspension of stock transfer (August 18, 2023) and the total number of shares. After record date of April 1, 2024 and it will be further disclosed on AUO Corporation's official website

(V) Market Price, Net Worth, Earnings, and Dividends in the Past Two Years

Unit: NT\$

Item		Fiscal Year	As of March 11, 2024	2023	2022	
Market Price per Share	Highest		19.75	21.65	23.30	
	Lowest		16.70	14.95	13.00	
	Average		18.07	17.54	17.67	
Net Worth per Share	Before distribution		(Note5)	20.76	24.16	
	After distribution		(Note5)	(Note 4) 19.86	23.36	
Earnings per share (EPS)	Weighted average shares (thousand shares)		(Note5)	7,666,437	8,819,096	
	Earnings per share (EPS)		(Note5)	(2.37)	(2.39)	
Dividends per share	Cash dividends		-	(Note4) 0.90	0.80	
	Stock dividends (Shares)	Dividends from retained earnings		-	0.00	0.00
		Dividends from capital surplus		-	0.00	0.00
	Accumulated undistributed dividends		-	0.00	0.00	
Return on Investment Analysis	Price/Earnings Ratio (Note 1)		-	(7.40)	(7.39)	
	Price/Dividend Ratio (Note 2)		-	(Note 4) 19.49	22.09	
	Cash Dividend Yield (%) (Note 3)		-	(Note 4) 5.13	4.53	

Note 1: Price/Earnings Ratio = Average closing price per share in the current year/earnings per share.

Note 2: Price/Dividend Ratio = Average closing price per share in the current year/cash dividends per share.

Note 3: Cash Dividend Yield = Cash dividends per share/average closing price per share in the current year.

Note 4: The cash distribution from capital surplus of NT\$ 0.9 per share for 2023 were approved by the Board of Directors on March 11, 2024.

Note 5: As of the printed date of the Annual Report, there have been no data audited or reviewed by CPAs.

(VI) Dividend Policy and Implementation Status

1. Dividend policy

The Company's dividend policy is to pay dividends from surplus considering factors such as the Company's current and future investment environment, cash requirements, domestic and overseas competitive conditions and capital budget requirements, and taking into account the shareholders' interest, maintenance of a balanced dividend and the Company's long-term financial plan.

- (1) If the retained earnings available for distribution of the current year reaches 2% of the paid-in capital of the Company, no less than 20% of the retained earnings available for distribution of the current year shall be distributed as dividend.
- (2) If the retained earnings available for distribution of the current year does not reach 2% of the paid-in capital of the Company, the Company may distribute no dividend.
- (3) The cash portion of the dividend shall not be less than 10% of the total dividend in the form of cash and stock.
- (4) The dividend distribution ratio in the preceding paragraph could be adjusted taking into consideration finance, business and operations, etc.
- (5) Where the Company incurs no loss, the Company may distribute the portion of legal reserve which exceeds 25% of the Company's paid-in capital and the capital reserves permitted for distribution under the Company Act, in whole or in part, in the form of cash, to the shareholders in proportion to their shareholdings by the resolution adopted by the Board and a report of such distribution shall be submitted to the shareholders' meeting.

2. Dividend payout plans proposed in 2024 Shareholders' Meeting

Unit: NT\$

Shares Year	Directors Approved the dividend distribution date	Shareholders dividend		
		Cash dividend	Capital surplus Cash distribution	Stock dividends from earnings
2023	2024.03.11	0 (NTD 0 per share)	6,901,092,875 (NTD 0.9 per share)	0 (NTD 0 per share)

Note: In accordance with Dividend policy stipulated in Article 15-1 of the Articles of Incorporation and distribution in cash. The board of directors of the Company passed a resolution and will report to the 2024 Annual General shareholders' meeting.

3. Major changes expected in the dividend policy: none

(VII) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: not applicable.

(VIII) Remuneration of employees and directors

1. The percentage and scope of the employees, directors, and supervisor's remuneration as stated in the Company's Articles of Incorporation.

Item	Percentage and scope
Employees emuneration	<ul style="list-style-type: none"> ● Where the Company has a profit before tax for each fiscal year, the Company shall first reserve certain amount of the profit to recover losses for preceding years, and then set aside no less than 5% of the remaining profit for distribution to employees as remuneration. (Article 15) ● The employees who are entitled to employees remunerations in the form of shares or cash, employee stock option, restricted employee stock, the bought back shares to be transferred by the Company and the new shares reserved for employees subscription in the Company's share offering include employees of subsidiaries of the Company meeting certain specific qualifications and the Board or the person duly designated by the Board is authorized to decide such qualifications and allocation. (Article 15-3)
Directors remuneration	<ul style="list-style-type: none"> ● Where the Company has a profit before tax for each fiscal year, the Company shall first reserve certain amount of the profit to recover losses for preceding years, and then set aside no more than 1% of the remaining profit for distribution to directors as remuneration. (Article 15) ● The director's remuneration can only be paid in the form of cash.

Note: The employee and directors' remuneration shall be approved by two-thirds or more of the directors in a meeting attended by more than half of all directors, and the resolution shall be reported to the shareholder's meeting.

2. The basis for estimating the remuneration of employees and directors in this period, the basis for calculating the number of shares of employees' remuneration distributed by shares, and the accounting treatment if the actual distribution amount is different from the estimated amount.

The Company accrued remuneration to employees based on the profit before income tax excluding the remuneration to employees and Directors for each period, multiplied by the percentage resolved by the Board of Directors. Remuneration to directors was estimated based on the amount expected to pay and recognized together with the remuneration to employees as operating costs or operating expenses. If remuneration to employees is resolved to be distributed in stock, the number of shares is determined by dividing the amount of remuneration by the closing price of the shares (ignoring ex-dividend effect) on the day preceding the Board of Directors' meeting. If there is a change in the proposed amounts after the annual financial statements are authorized for issue, the differences are accounted for as a change in accounting estimate and adjusted prospectively to next year's profit or loss.

3. The board of directors approved the distribution of remuneration in 2023.

Unit: NT\$

Item	Board Resolution (2024.01.31)
Directors remuneration (Cash)	0
Employees emuneration (Cash)	0
Total	0

Note 1: The amount of the remuneration and recognized expense to employees and directors is the same as the estimated of the year.

Note 2: The amount of any employees profit-sharing remuneration and directors profit-sharing remuneration distributed in cash or stocks: None.

4. The actual distribution of employee and director remuneration in 2022 (including the number of shares distributed, price and stock price), the number of differences between the remuneration of recognized employees and directors for reasons and the handling situation.

Unit: NT\$

Item	Board Resolution (2023.02.08)	Variance	Cause of variance
Directors Remuneration (Cash)	0	0	None.
Employees Remuneration (Cash)	0	0	None.
Total	0	0	None.

(IX) The Company buyback of Common Stock situation

Buyback no.	Third
Purpose of the share buyback	Transfer to Employees
Buyback period	2019.09.17 ~ 2019.11.04
Buyback price range (Note1)	NT\$5.71 ~ 11.84
Type and number of shares bought back	125,000,000 common shares
Total monetary amount of shares bought back	NT\$1,013,422,848
Number of shares bought back as a percentage of the approved number of shares to be bought back (%)	100.00%
Number of shares cancelled and/or transferred (Note 2)	93,484,880 shares
Cumulative number of the company's treasury shares held (Note 2)	31,515,120 shares
Cumulative number of the company's treasury shares as a percentage of the total number of the Company's issued shares (%) (Note3)	0.41%

Note 1 : If buyback price range is less than NT\$5.71 then could be continuing buyback.

Note 2 : The calculation scope includes the number of shares reduced in August 2022 (reduction ratio is 20%).

Note 3 : As of March 11, 2024 the issued shares is 7,699,396,092 common shares.

II. Handling of corporate bonds (including outstanding corporate bonds and corporate bonds under processing)

None.

III. Handling of preferred shares (including outstanding and ongoing preferred shares)

None.

IV. Handling of overseas depositary receipts (including overseas deposit receipts that have participated in the issuance and have not been fully redeemed and overseas depositary receipts that have still been processed)

Date of issuance (placement)	2002.05.29/ 2003.07.31/ 2004.06.23/ 2004.07.12/ 2005.07.22/ 2005.08.26/ 2006.08.30/ 2006.10.01/ 2007.09.06/ 2008.08.22/ 2009.09.09/ 2013.05.07 (Note 1)		
Issuance and Listing	U.S. OTC market (Note 2)		
Total Amount (US\$)	1,996,807,815		
Units Issued (US\$)	11.57 ; 16.00 ; 15.35 ; 4.4		
Total number of units issued as of February 29, 2024 (units)	51,036,874 (Note 3)		
Underlying Securities	Common shares of the Company		
Quantity of underlying securities as of February 29, 2024 (shares)	510,368,769 (Note 3)		
Rights and obligations of ADR holders	Rights and obligations are the same as common shares		
Trustee	Not applicable		
Depositary bank	Citibank,N.A.		
Custodian bank	Citibank Taiwan Ltd.		
Outstanding balance as of February 29 2024 (unit)	18,361,718		
Apportionment of expenses for issuance & maintenance	The issue-related expenses were proportionally allocated by the Company and the selling shareholder according to the actual number of shares sold. After the issuance, except where otherwise agreed by the Company and the Depositary, the costs of all overseas depositary receipts shall be borne by the Company.		
Terms and conditions in the deposit agreement & custody agreement	Details such as depositary and custody contracts		
Market Price per unit (US\$)	2023	Highest	8.20
		Lowest	4.60
		Average	5.76
	As of March 11, 2024	Highest	6.24
		Lowest	5.40
		Average	5.84

Note 1: 2003.07.31, 2004.07.12, 2005.08.26, 2006.08.30, 2007.09.06, 2008.08.22 and 2009.09.09 were new issues after the merger with Guanghui in 2006.10.01.

Note 2: The Company's overseas depositary receipts will be transferred to the US over-the-counter market from the New York Stock Exchange as of October 1, 2019.

Note 3: In accordance with the FSC's instructions, the Company's American Depositary shares will not be issued after redemption as of December 3, 2019, New York time, and the outstanding balance as of December 2, 2019, New York time, will be used as the total number of the Company's American Depositary shares issued for trading in the US over-the-counter market.

V. Employee stock option handling status: None.

VI. Operations of new restricted employee shares: None.

VII. Issuance of new shares in connection with the merger or acquisition of other corporations: None.

VIII. Implementation status of fund application: None.

Chapter 5 Operational Highlights

I. Business Content

(I) Business scope

AUO is one of the world's leading providers of optoelectronic solutions. Based on its extensive panel R&D and manufacturing experience, AUO offers a full range of display applications and smart solutions integrating software and hardware and leverages its core expertise to expand into smart retail, smart healthcare, smart education & business, smart mobility, and smart manufacturing) and solar power, to deliver high-quality products and services in these segments. In 2023, revenues of display division accounted for about 92.5% of the consolidated turnover.

For the main business scope of the Company's subsidiaries, please refer to Chapter 9 Special Disclosure of this annual report (pages 124-128).

(II) Overview of the industry.

I. Industry Status and Development

At present, thin film transistor liquid crystal display (TFT-LCD) is still the mainstream in the development of flat panel display industry. TFT-LCD has the advantages of wide product application and economies of scale, which meets the needs of comprehensive information products and consumer electronics in the digital era.

Overview the historical development of TFT-LCD industry, we can conclude that it has the industrial characteristics of business cycle, capital and technology intensive. At present, the world's major TFT-LCD producers include Taiwan, South Korea, Japan and Mainland China. According to the survey report of Omdia, by 2023, Mainland China and Taiwan will be the top two TFT-LCD producing regions in the world. Large size (according to the definition by Omdia report, large size includes tablet and laptop screens, desktop displays, LCD TV screens and public displays, etc.) With the popularization of comprehensive digital information products and consumer electronics, TFT-LCD, as a key component, represents as the strategic hub of flat panel display supply chain, it not only leads the growth of upstream materials and components industry and technology growth, but also supports the global information electronics industry to expand the downstream application market. Since the manufacturers' mass production of TFT-LCD in Taiwan, its industrial clustering effect has promoted the vigorous development of local upstream related materials and components industries.

2. Upstream, midstream and downstream relevance of the industry

Upstream industry	Glass substrates, color filters, polarizers, driver ICs, printed circuit boards, backlight modules, liquid crystals, etc.
Midstream industry	LCD panels, LCD modules, etc.
Downstream industry	LCD TVs, tablets, notebooks, desktop monitors, mobile communication, commercial displays and other electronic products.

3. Various development trends of products

TFT-LCD production technology is currently widely applied to various flat-panel displays, including televisions, desktop monitors, laptops, tablets, mobile phones, in-vehicle displays, commercial displays, and other applications. Taking the television market as an example, televisions no longer just provide TV broadcasts. They have been given diversified audio-video interactive entertainment functions and have become the center of digital home development. In response to the popularity of networking and smart functions, televisions have become a more important role in home entertainment, advancing towards ultra-narrow bezels, high-definition picture quality, and size upgrades. Looking at the laptop market, panel technology specifications have been strengthening, including higher screen-to-body ratios, higher resolutions, lighter and more energy-efficient displays, screen privacy, touch controls, and flexibility, which are all becoming the directions of technological competition.

The new technology, Micro LED, possesses numerous advantages including ultra-high resolution and color saturation, wide viewing angles, low power consumption, high brightness, high speed response, energy-saving, long product life, and high efficiency. It is suitable for applications such as digital signage and vehicular displays. This allows all devices to transfer content to each other and express it realistically in a smart streaming environment.

On the other hand, as environmental awareness increases, ESG issues are also fermenting in the LCD display industry. Improving panel transparency, reducing energy consumption in the production process, using recycled materials and renewable energy, etc., are gradually becoming trends. Low carbon emission will be an issue that the entire industry chain must face.

The development of major application products is described as follows:

- TV

Under the consensus of the panel factory and the set factory, large-size TVs continue to move towards the public-friendly development. They are expected to reach an average size of 50.8 inches in 2023 and 51.5 inches in 2024, with the future hoping to progress towards growing an average of 1 inch per year. In addition, with the popularity of esports and sports broadcasts, high-refresh-rate panels are gradually becoming standard. Along with the successive launch of online streaming, network connections, and platform application-added services, the concept of the Internet of Things is gradually taking shape. TV no longer just provides TV program broadcasts, but also endows diversified audio-visual interactive entertainment functions, becoming the core of digital home development.

Looking into the future, the next-generation Micro LED display technology creates a true HDR experience with precise contrast, while presenting 100% DCI color gamut and Adobe RGB color gamut. With an extremely realistic color presentation paired with a 99.99% screen ratio, it delivers an unparalleled immersive experience. It is expected to stimulate a new wave of demand in the high-end domestic market. On the other hand, ESG issues are also fermenting in the television industry. Adopting initiatives such as increasing panel transmittance, reducing energy consumption, using recycled materials and renewable energy is gradually becoming a trend. Low carbon emissions will be an issue that the entire supply chain must face.

- Desktop monitor

Consumers are gradually shifting towards purchases that accommodate diverse needs such as entertainment, information browsing, work, etc. The proportion of diverse application/dual-resolution products is gradually increasing. Display product specifications are still advancing towards high resolution, high image quality, high refresh rate, curved design, borderless, and other high-end products to meet diverse application scenario requirements, and the market share will also steadily increase. In addition to technical specification improvements, how to reduce carbon emissions during the production process, increase the proportion of product recycling materials, and other ESG environmental protection topics, are also gradually being raised among various brand customers.

- Notebooks and tablets

In the first half of 2023, notebook and tablet brands will still be in the final stage of inventory adjustment, and the overall market demand will gradually recover in the second quarter. Consumers are influenced by the sluggish overall economy and shift their focus from technical specifications to cost-effective products, therefore the demand for consumer laptops is increasing more slowly than that for high-end laptops. The demand for lightweight, thin, narrow, and power-saving laptops is still standard, and brands continue to launch ultralight and ultra-power-saving models. In addition, large viewing area is still favored by consumers, and 16:10 large-screen laptops will become the mainstream in the 2024 market. The specifications are aimed at higher screen occupancy ratio, higher brightness, faster response speed, endurance and lightness, in addition to incorporating finger touch screen features and laptops with touch pens or 2-in-1 laptops (combination of laptop and tablet). This is also gradually penetrating the mid-to-high-end market. In the commercial customer group, they emphasize office efficiency and professional usage needs which include: power saving, high resolution and color saturation, large screen, screen privacy and other special specifications. Therefore, the LTPS technology platform that can meet these high specifications has also become an important part of the mid-to-high-end commercial market. In addition, various companies have also begun to promote sustainability and environmental protection. Energy saving and carbon reduction have become long-term goals for major companies. To this end, green laptops made with recyclable or carbon-reducing materials have also become a part of product development.

- Automotive displays and others

The development of automotive displays in 2023 has several key trends. Firstly, the size of the displays is gradually increasing, and there are also advances in the specifications and technology. This is because large-sized displays can provide a more intuitive and comfortable driving experience. In terms of applications, automotive displays are no longer merely for displaying basic vehicle information, but more smart features have been integrated. It is envisioned that in 2024, these trends will continue to evolve, and there will be more breakthroughs. Specifications and

resolution will be further improved to provide drivers with clearer and more realistic visual experiences. In terms of applications, the advantages of the smart cockpit will be more obvious. Automotive displays will be better combined with the vehicle space, and more personalized options will be integrated. For example, drivers can adjust the contents and style of the display according to their preferences and needs. Moreover, the design will be more exquisite to provide a higher-quality feel.

At the Consumer Electronics Show (CES 2024) in the United States, AUO presented its theme of "Driving the Future of Smart Mobility", showcasing AUO's new smart cockpit and a host of newly developed automotive display technologies to the world. Among them, the 'Interactive Transparent Smart Car Window', integrates a high transparency, high brightness, clear Micro LED display into the car side window, combined with touch function, it can meet the diverse needs of passengers, from basic entertainment functions, online video conferencing to interactive AR experiences; By connecting with the external camera of the car, it can remind passengers to notice the rearcoming cars and surrounding environment before getting off the car, thereby enhancing safety. The 'Rollable Rear Seat Entertainment Display' is the world's first rollable, retractable display. Utilizing the flexible and bendable characteristic of Micro LED, the display can be rolled up and hidden in the back of the front seat when not in use by the rear passengers, providing a higher design flexibility in limited space, allowing rear passengers to enjoy a more spacious and comfortable ride experience while still possessing high-definition, brightly clear image quality. We believe that with advances in technology and changes in market demands, automotive displays will have greater development space. We will devote ourselves to developing more advanced, user-friendly products to meet consumer needs and provide the best driving experience.

- **Wearable Devices**

The ever-increasing demand for health monitoring and fitness tracking, coupled with the progressive technology, has turned wearable devices from merely fashion accessories to an integral part of personal life. In 2024, the technical focus of wearable devices will be to increase resolution and energy efficiency while adding more sensing capabilities. For instance, smaller sensors will be able to more accurately track consumers' health indicators. In addition, new energy-saving technology will enable wearable devices to have longer battery life. Our technology is in sync with market trends, enabling our customers to maintain their competitive advantage in the market.

- **Industrial and commercial displays**

Commercial displays are widely used in various smart fields, including smart retail, smart healthcare, smart manufacturing, smart mobility, smart education and enterprise, etc. With the popularity of 5G communication technology and IoT, as well as the development of AI technology, it has accelerated the Internet of Things and human-machine smart collaboration. The display is an important medium for communication and interaction between humans and machines, and it helps to visualize the results of edge computing and reflect the benefits of smart technology. In order to provide more complete and high value-added products and services, it has been extended to various touch integration and one-stop services, strengthening system integration design. At the same time, it has strengthened the visualization needs of the industrial and commercial vertical fields, and emphasized the development of medical field image-related solutions, creating a better display usage experience.

The development of new generation public display technology is becoming more closely aligned with various commercial field requirements. Advanced display technologies of diversified sizes and proportions meet the field applications for various public spaces. Coupled with touch integration and edge computing technology, they provide a range of display and software-hardware integrated solutions focused on visual products. These field terminal smart solutions meet diverse public space display applications such as real-time public messages, product promotions, promotional advertisements, food-ordering services, ride information, navigation guidance, interactive education, interactive entertainment, large-scale presentation meetings, smart action meetings, meeting room environmental control and management, etc. Information is ubiquitous, providing people with a richer and more convenient smart life, driving the annual growth of public display demand.

- **Energy business**

Global net-zero trend is intensifying, the utilization of renewable energy such as solar and wind energy will continue to grow as they are considered key methods to reduce carbon emissions and address climate change. The advancement of energy storage technology (such as battery technology) will drive the broader application of renewable energy and solve the intermittency issue of renewable energy. The demand for energy conservation and energy efficiency will continue to increase, especially in the fields of construction, transportation, and industry. The application of digitalization and intelligent technologies will promote the development of intelligent energy systems, including smart grids, smart homes, and smart city projects. New energy business can provide sustainable solutions

that encompass both net-zero carbon emissions and smart energy management. Targeting the trend of international zero-carbon constructions, the new energy business is building integrated photovoltaic construction services with abundant power plant construction achievements. By integrating architectural design from the source, we are actively developing SunSteel photovoltaic integrated wave plate, realizing quick installation, avoiding secondary construction, reducing the overall weight of the photovoltaic system, lowering the load burden of the building structure, further achieving the effect of reducing carbon footprint, achieving the triple win effect of roof insulation, waterproofing, green energy supply, and urban aesthetics. At the same time, we have obtained the double certification of the German Rhine solar module performance standard and safety standard from the internationally renowned inspection and verification institution, making rooftop photovoltaic the new standard for future buildings. In addition, in pursuit of more clean energy applications entering the public daily life, we have developed SunBello aesthetic green energy solar modules, implanting customized patterns into photovoltaic building materials, helping users combine art with photovoltaics to create an aesthetic gallery that can also generate electricity. By introducing lightweight module materials, we have developed SunCurva flexible, lightweight solar panels that reduce the module weight by 70%, can be extensively used in various fields, including transportation vehicles, camping, etc., and have won the Taiwan Excellence Award 2024.

In the management of solar power plants, the SunVeillance solution employs artificial intelligence to diagnose plant abnormalities and automatically assign work for repairs, reducing maintenance costs and ensuring plant revenue, thus achieving autonomous management of the plant. With the development of energy transformation trends, it is also accelerating the prosperity of electric vehicles, charging piles and other energy storage and power carriers. New energy businesses invest in the research and development of the EnLink smart energy management solution through the integration of hardware and software technologies, which can collect energy information from different field devices, including energy storage systems, solar energy systems, electric vehicle charging poles and other equipment. The data is analyzed and integrated, and visual management is achieved through mobile devices and display dashboards, dynamic simulation of instantaneous power consumption, clear display of energy proportion, remote monitoring, energy dispatch and control of the use of different power sources, effectively saving energy, and improving the self-generation and self-use rate of green energy, electricity cost optimization, in order to achieve more immediate, suitable and highly efficient energy management benefits.

4. Competition status

TFT-LCD is the mainstream technology of flat panel display products. At present, the global TFT-LCD manufacturers are mainly BOE, CSOT, HKC and Tianma in Mainland China, LGD in South Korea, AUO, Innolux and HannStar in Taiwan, as well as SHARP and JDI in Japan.

Observe market trends of panel makers in various regions, Korean panel factories have been committed to the development and production of AMOLED/QDOLED/Micro LED/panel technology in recent years, and have successively closed part of old-generation LCD production lines; higher-generation TFT-LCD production lines of manufacturers in Mainland China are mainly based on bulk consumption panels, and also set up AMOLED panel factory; Given the limited growth of production capacity, Taiwan manufacturers continue to launch products with differentiated sizes and high-tech content to explore niche product lines.

Recently, the old panel factories have been closed and transformed one after another, Korean factories gradually withdraw from the TFT-LCD market. In Taiwan the next generation line under G6 of panel factory not only produces IT and automotive panels, but also actively transforms and develops new technologies, such as Mini LED, Micro LED, fingerprint on display (FoD) sensor and panel-level packaging.

In the small and medium-sized market, in response to the development of smart phones in the direction of higher aspect ratio, larger size, higher resolution, special-shaped cutting, lightweight and power saving, each panel factory has a layout of LTPS and AMOLED production capacity, while Korean panel manufacturers mainly build AMOLED production capacity, Japan and Taiwan add more on LTPS, whereas Mainland China have invested in both.

At present, the competition in the panel industry has shifted the competition from the capacity expansion to new technologies and high value-added products, such as 8K ultra-high resolution, curved desktop display panels, high refresh rate panels, adjustable privacy control technology or full-plane borderless panels etc., all of which have the production techniques of entry barriers and a long learning curve, which can meet the diverse needs of consumers thus creates higher value.

Currently, Taiwan panel manufacturers are creating differentiation with technical strength, committing to high-end technical ability, layout in the high-value market such as Mini LED, Micro LED, etc., Taiwan, which has a complete LED supply chain, as a technology leader is expected to accelerate the introduction of products into the market continuing to reduce costs and enhance market competitiveness through R&D capabilities.

(III) Technology and R&D overview

AUO continues to invest in technological innovation and, driven by new technologies such as 5G, AI, and IoT, extends the value chain of intelligent display applications through diverse products and solutions. AUO combines innovative display technologies with the development of smart retail, smart healthcare, smart entertainment, smart transportation, and smart manufacturing applications to explore new business opportunities in various fields. The important products and technologies for AUO in the year 2023 are as follows:

- Development of Full range of Micro LED premium panel technologies

AUO has long been committed to advancing next-generation display technologies and integrating the Micro LED industry chain across different domains. It has taken a leading position in establishing a complete ecosystem for intelligent displays. At Touch Taiwan 2023, AUO showcased its collaboration with ecosystem partners in the Micro LED industry chain, covering LED chips, mass transfer technology, packaging, as well as providing a series of modules, systems, and solutions. It marked a critical milestone in advancing Micro LED technology towards commercialization. AUO took the lead in mass producing the 1.39-inch Micro LED smart watch, ushering in the year of mass production for Micro LED. AUO also showcased a 60-inch Micro LED transparent window display, taking advantage of the high transparency and seamless tiling capabilities of Micro LED technology. This display can be customized in size to suit various applications in different domains, such as automotive side windows, home entrances, smart shop windows, and commercial displays. This product has been recognized with the 2023 Gold Award for its innovative features and contributions to the display industry.

Besides, AUO has applied multiple next-generation Micro LED technologies to in-vehicle display systems, leveraging their high brightness, transparency, and flexibility to seamlessly integrate them into the vehicle cabin space. At the Consumer Electronics Show (CES) 2024 in the United States, AUO won two CES 2024 Innovation Awards for its breakthrough transparent and rollable Micro LED in-vehicle display applications. The "Interactive Transparent Window" even received the highest honor of "Best of Innovation Honoree". These accolades recognize AUO's innovative achievements in the automotive display field.

- The full range of Mini LED backlight panel product

AUO's new generation AmLED (Adaptive mini LED) advanced display technology has evolved through exclusive dynamic control technology and mini LED backlight design.

Precise real-time dynamic dimming zoom modulation can be performed in terms of backlight brightness, contrast, color, refresh rate, and power consumption, based on the image on the screen, further enhancing brightness and achieving a million-level dynamic contrast. It has been favored by many brands and widely adopted in high-end models.

One of the notable products is the 49-inch DQHD 360Hz R1000 curved gaming display panel. It features a 360Hz ultra-high refresh rate, 5K ultra-high resolution, and is equipped with OverDrive (OD) liquid crystal driving acceleration technology. This effectively improves response speed, providing gamers with motion blur free and immersive gaming visual experience. It has received the "CTSP Excellent Company Innovative Product Awards" in 2023 from the National Science and Technology Council.

As the global electric vehicle market continues to expand rapidly, AUO is developing display solutions for automotive applications, enabling a more diversified future for in-vehicle displays. Among them, the "30.4-inch Curved AmLED Automotive Display System" stands out from conventional products that consist of two separate screens. Instead, it uses a single screen that extends from the driver's seat to the center console area. It combines a 2400R curved panel with slim bezels, offering an aesthetic design. The exclusive AmLED display technology enables high resolution, high brightness, wide color gamut, and high dynamic contrast. For these advancements, AUO was awarded "Gold Panel Award 2023" by the Taiwan Display Union Association (TDUA).

- Museum-grade realistic art display solution from AUO FindARTs.

The 32-inch FindARTs high fidelity ART display is an integration of novel hardware and software technologies. It serves the art ecosystem, realizing the enduring value of art appreciation. It has been awarded "the Silver Award at the 32nd Taiwan Excellence Awards". The FindARTs display employs AUO's exclusive A.R.T. (Advanced Reflection Tech.) anti-glare technology, providing a gentle interface for optimal art viewing. It features internationally certified color reproduction technology, faithfully reproducing the true colors and brush textures of artworks as intended by the artists. It further ensures the utmost security and preservation of top-tier masterpiece digital assets through advanced encryption technology on cloud platforms, safeguarding the authenticity of original artworks.

AUO's FindARTs provides a comprehensive digital transformation solution for art appreciation and has been successfully implemented in various prestigious art venues such as Chimei Museum, Tainan Art Museum, and commercial applications like the Twin Oaks Estate exhibition in the United States, as well as displays at First Bank. With diverse artistic expression and vitality, FindARTs was invited to participate in the 2023 Taipei International Art Expo, where it received high praise from domestic and international artists and collectors.

- Integration of Smart driving cockpit display interface

With the popularization of electric vehicles, the elimination of combustion engines frees up cabin space and accelerates the development of smart cabins. AUO incorporates cutting-edge display technology into various automotive display devices and expands into integrated smart cabin system services. The "Display HMI Integrated Display Solution," equipped with a 55-inch ultra-large curved display from A-pillar to A-pillar, combines hidden cameras, IR LED, ambient light sensors, and a large-sized embedded touch panel, enabling seamless multi-screen sharing and interaction. It includes features like facial recognition for direct customization of driver preferences, displaying the driver's personal calendar, and further personalizing functions such as navigation based on the driver's itinerary. It can actively detect the driver's gaze and fatigue state during the journey and provide safety warnings.

Besides, AUO integrates AR-HUD immersive head-up display technology to the windshield, turning it into another display interface that provides an ultra-wide display image. Road and navigation information are directly projected onto the windshield. In the passenger seat, AUO has equipped an active privacy panel, allowing passengers to enjoy audio-visual entertainment during the vehicle's operation. To avoid affecting the driver's attention, the passenger display can be switched to privacy mode in real-time, significantly enhancing driving safety. The 55-inch Curve Extra-Large Display HMI system has received the Gold Medal Award at the 32nd Taiwan Excellence Awards.

- Customization of Extra-Large ALED Display Screen

With respect to the development and manufacturing of cutting-edge display technologies, AUO has worked closely with partners in the ecosystem to create innovative smart solution applications that bring added value. Using seamless ALED advanced display technology, AUO has joined forces with Brogent Technologies, a motion-sensing gaming equipment manufacturer, to launch a project at the Aniverse Keelung, Taiwan. This project features the largest outdoor naked-eye 3D LED curved screen in Taiwan, measuring 23 meters wide and 6 meters high. It creates a 3D visual experience that takes users through a virtual universe, combining technology and art to provide a new visual feast. This project has transformed the location into a transportation and entertainment hub, connecting the real city with futuristic elements.

With ALED technology, AUO has created a spherical LED simulation cabin with a P1.25 small pixel pitch. Paired with Brogent's precision six-axis dynamic seats and AUO's professional image calibration technology, it presents a lifelike simulated flight experience. Players can immerse themselves in a spherical environment and experience the simulated flight of the famous Epsilon Course. And, the Delta Airship with curved LED display screens, measuring a width of 6 meters and a height of 4 meters, is the largest and only motion-based airship in Taiwan. Passengers can enjoy a unique experience onboard the hot air balloon, with immersive 3D effects that make them feel like they are touring different countries without leaving their seats.

- Development and Deployment of Smart Healthcare Technology

In the realm of smart healthcare, AUO is committed to fostering long-term development and delivering on-site solutions to advance the trajectory of intelligent healthcare. AUO, through its subsidiary AUO Health Inc., is at the forefront of digitizing traditional Chinese medicine healthcare. Leveraging its expertise in sensing technology and color management, AUO has successfully developed a state-of-the-art tongue image acquisition system. This provides digitized and visualized test results, assisting physicians and healthcare professionals in clinical research, evaluation of test results, and retention of test records.

Another "pulse detection system" developed by AUO converts pulse perception into data through precise control of the computer-controlled lifting system, achieving smart healthcare and accuracy. AUO has signed a memorandum of cooperation with the College of Chinese Medicine at China Medical University (CMU) to collaborate on the digitization and standardization of traditional Chinese medicine diagnostic methods such as pulse diagnosis and tongue diagnosis, thereby advancing the development of smart traditional Chinese medicine healthcare.

Furthermore, AUO has targeted the digital transformation trend in the dental industry and developed a smart dental shade solution. AUO has launched an industry-leading digital dental technology management system that helps dental technicians to grasp the comprehensive production process from dental clinics placing orders to the dental laboratory. This system includes key steps such as scanning, designing, manufacturing, coloring, and shade matching. Dental technicians can instantly access the status and treatment preferences for order adjustments made by dentists, thereby enhancing the quality management of denture production processes and effectively reducing operational costs.

In the healthcare sector, AUO has successfully developed the Smart Non-Contact Vital Signals Monitor. This innovative device incorporates AUO's proprietary millimeter-wave LCD array antenna technology. This monitor has an effective range of over 2.5 meters, making it the industry leader in detecting respiratory rate and heart rate at a distance. With the patented millimeter-wave control technology, the product's signal-to-noise ratio is improved, thereby increasing the detection distance and achieving a detection accuracy of over 90% for heartbeat vibrations. By incorporating AI real-time status recognition technology, AUO has achieved an increase of over 30% in the recognition rate of physiological signals. This significant advancement greatly enhances monitoring efficiency and accuracy.

- Sustainable Circular / Environmental Green Energy Solutions

AUO is actively aligned with the United Nations Sustainable Development Goals (SDGs) and is committed to promoting green manufacturing practices while driving the expansion of the circular economy. Internally, AUO focuses on aspects such as designing and selling circular products, recycling process materials, and reducing waste. Externally, AUO collaborates with partners to promote packaging material recycling, research and develop technologies for recycled materials, and implement the recycling of process materials. AUO's efforts in green manufacturing and resource circulation have been recognized with the Outstanding Product Award in the Taiwan Circular Economy Awards for 2023.

Regarding the energy-saving technology, the LTPS (Low Temperature Poly-silicon) laptop panel developed by AUO holds the leading market share worldwide, maintaining a dominant position in the market. The LTPS panel features energy-saving and low power-consumption characteristics, which can contribute to achieving energy-saving and carbon reduction standards for green products and meet the standard and demand for green products from international customers.

AUO is passionate about the continuous development of energy-saving and carbon reduction display technologies and solutions. One of them is the reflective Cholesteric Liquid Crystal Super Low Power Consumption Outdoor Full-Color Display which does not require a backlight module. It can achieve zero power consumption during display using bi-stable technology. It supports off-grid solar power systems to achieve ultra-low power consumption and meets the demand for energy saving and environmental protection. The Cholesteric Liquid Crystal display can withstand harsh outdoor environments and has the advantage of wide temperature usage from -30 degrees Celsius to 85 degrees Celsius. The display exhibits better color saturation and display effects when exposed to stronger light, making it the new preferred choice for outdoor electronic billboards.

Solar energy technology research and development, AUO aims to provide high performance and differentiated solar module products and total energy management solutions. In 2023, we have continued to enhance the power of solar modules, develop photovoltaic (PV) applications, provide energy management solutions, and advance the monitoring and information system of smart solar power plants. In response to the market's need, we develop corporate green power management platforms to conduct the management of corporate power purchase agreement (CPPA), green power transfer, usage and certificate declaration, as well as to optimize green power matching and dispatching. AUO realizes its commitment to green energy through differentiated product design and all-round value-added services.

- SunVeillance Solar Power Plant Management Solution

SunVeillance solar power plant management solution uses artificial intelligence (AI) to diagnose power plant abnormalities and automatically dispatch workers for maintenance. AUO has achieved 100% AI-automated operation and maintenance of solar power plants. All operation and maintenance work is automatically assigned by AI, reducing expenses and ensuring power plant revenue. AUO takes the lead in launching such a solar power plant asset management system that uses unique digital information and AI technology to provide simple and executable "smart insights" and "key financial indicators" to help investors maximize power plant asset returns. SunVeillance has been adopted by bankers as well as large green power investors.

- EnLink Smart Energy Management Solution

EnLink manages both power generation and power load ends, and integrates software and hardware to do the control according to customers' application scenarios. EnLink provides customers with suitable and complete energy management solutions for solar power and energy storage plants, as well as for enterprise users' energy storage and electric vehicle charging stations.

- High-performance solar photovoltaic module technology

In the standard module part, AUO completed the development and mass production of M10 P-type half-cut monocrystalline silicon solar modules in 2023, with a conversion efficiency of up to 21.3% and a maximum output power of 460 watts. Besides, AUO has begun to develop SunAlto double-glass module with the next-generation N-type TOPCon technology, which has the advantages of higher bifacial power generation rate, low temperature coefficient and low degradation.

With respect to niche solar category, AUO SunSteel, a corrugated metal-sheet integrated PV product, has been granted Taiwan Excellence Award 2023. With the introduction of M10 cells and dual-glass structure, it further increased the power density by 6% and also enhanced the robustness and durability. On the other hand, AUO lightweight PV module, SunCurva, uses special composite material to replace conventional front glass, reducing the weight by 70% to 3 kg/m². It can be easily applied to areas such as transportations and camping. SunCurva obtained an invention patent and won Taiwan Excellence Award 2024.

Research and Development plan, expenses, and patent status:

- Research and development expenses and patent status in 2023

AUO continues to layout advanced technology, enhancing the added value of existing capacity through new technology and new applications, strengthening AUO Corporation's competitiveness in the high-end and new application product market.

Unit: NTD

Year	Research expenses	The proportion of revenue (%)
2023	13.2 billion	5.34%

As of the end of 2023, AUO has accumulated more than 31,000 patent applications, and the total number of approved global patents exceeds 23,900. 97% of R&D patents are invention patents. Taiwan Intellectual Property Office (TIPO) of the Ministry of Economic Affairs announced the statistical ranking of patent applications and announcements and issuances in 2023. In terms of patent applications for inventions, new models, and designs, the company ranked second in the number of domestic legal person patent certifications and ranked third in the number of patent applications. AUO's deep cultivation of patented technologies and the layout of its patent map have strengthened its leading position in flat panel displays.

- Future research and development plans and estimated costs

In 2024, AUO plans to allocate NT\$11.6 billion for research and development expenditures. However, AUO will adjust this amount based on the global market conditions and the company's actual operational situation. The summary of AUO's main future research and development projects are as follows:

Project Name	Project Description	Main Factors for Success	
Cutting-edge Display Technology: Micro LED Project	Transparent High-Brightness, Micro LED Backplane Circuit Design, LED Mass Transfer Technology, Image Algorithm, Module Tiling Technology	<ul style="list-style-type: none"> • By independently developing new architectures and manufacturing process technologies, AUO collaborates closely with key material suppliers, equipment vendors, and customers to jointly develop solutions and establish high technical barriers through dedicated R&D efforts. • AUO has established comprehensive technology planning and patent portfolio to achieve differentiation in both technology and products. 	
Mini LED Backlight Project (AmLED)	Curved Gaming Display, High Dynamic Contrast, High Brightness, High dimming Zoom, Slim and Lightweight, Backlight Efficiency Enhancement, Energy-saving Technology.		
Smart Cockpit Display Technology Project	AR-HUD, Pillar to Pillar 55-inch Multi-screen Display Technology, Automotive Privacy Security and Protection, DMS (Driver Monitoring System) Driver Detection.		
LED Display Technology Project	LED Controller, High Contrast Technology, Curved Screen, Virtual Studio Applications.		
A.R.T. (Advanced Reflection Tech.) Display Technology Project	ART Standard Anti-glare Low Reflectance, TV and Professional Medical Display Application Technology, Digital Simulation Algorithm.		
Advanced Smart Healthcare Sensing Technology	Traditional Chinese Medicine Pulse Diagnosis, LCD Physiological Radar, X-ray Sensing Technology (Oxide Device).		
Smart Retail/Medical/Education and Enterprise/Transport/Manufacturing Field Applications	Field Applications, Hardware and Software Integration, Autonomous Mobile Robot (AMR) and more.		
SunAlto M10 N-type Bifacial Photovoltaic Module	Developing N-type solar modules, which have the advantages of high double-sided power generation, low-temperature coefficient, and low attenuation rate.		<ul style="list-style-type: none"> • Mastery over the technology of high efficiency opto-electronic module. • Integration capability of optoelectronics in niche application fields.
The Niche Optoelectronic Products of SunSteel and SunCurva	Develop photonic integrated waveplates and lightweight photonic modules that meet the local requirements and specifications of the European and American markets.		
Development of smart electrical box and integrated energy management technology for residential use	Develop smart electric box and residential photovoltaic and energy storage systems, as well as electric vehicle charging pile integration technology. Through power flow source integration control, and monitor each circuit of electricity, real-time control of power switching, to achieve the optimization of home energy management dispatch.	<ul style="list-style-type: none"> • Experience in the integration and monitoring platform development of photovoltaic combined energy storage. • Experience in enterprise and community microgrid energy management systems. 	

(4) Short/long-term business development plans

As a leading manufacturer of TFT-LCD, AUO is committed to applications such as LCD TVs, desktop monitors, notebooks, tablets, automotive displays, industrial and commercial displays and other small and medium-sized displays.

AUO's short-term business development plan is to enhance its product competitiveness by adjusting the proportion of high-end production. In terms of products, AUO will combine a-Si (amorphous silicon) and LTPS with innovative technology and product design to produce competitive value-added products. Applications to large-sized products include 8K, curved products, wide color gamut, high dynamic range HDR, A.R.T., curved products and bezel-less products; dashboard panels for cars with high-resolution and high-brightness features, as well as solutions for low reflection and on-cell touch panel for gaming and commercial notebook panels. Besides, AUO also has completed generations of production lines that provide clients with diverse products of various sizes. AUO is determined to satisfy

clients' requests for instant supply. It will keep strengthening strategic alliances with clients, creating a win-win situation. In this way, AUO continues to lead in a pivotal position in the panel supply chain.

In the long-term business development plan of AUO, in addition to developing advanced display technologies such as Mini LED, Micro LED, and enhancing advanced anti-reflective technology and process capabilities, the company will continue to invest in research and development resources to cultivate independent development technology. This helps maintain a leading position in technology. Furthermore, the company has a complete layout of patents. Besides using technology to increase competitive barriers, it can also become a strong support for brand customers when they are expanding globally. In terms of products, the company will emphasize more on value chain integration and value-added enhancement. With its flexibility and product development capabilities, AUO can provide customers with more value-added solutions and services. Adhering to the direction of product differentiation, quality, and high value, AUO Corporation can maintain its long-term competitiveness. In the future, automotive service solutions and vertical field businesses will serve as long-term important engines for revenue growth. In terms of automotive, AUO is one of the top three automotive display suppliers globally, and is partnering deeply with ecosystem partners with its cutting-edge display technology at its core, accelerating its progression towards becoming the go-to automotive display solution provider in the global mobility vehicle industry. Meanwhile, it applies a variety of next-generation Micro LED technologies flexibly to the smart cockpit, utilizing its high brightness, high contrast, wide color gamut, wide viewing angle, transparency, flexibility, and other advantageous characteristics, seamlessly integrating them into the cockpit space. In terms of vertical field business, as forward-looking technologies such as 5G and AI are gradually becoming popular, AUO has transformed its 20 years of experience in the display industry into the dynamism to seize the industry transformation and smart field business opportunities. In partnership with the ecosystem, it is gradually becoming a solution provider in smart mobility, smart retail, smart services, smart healthcare, smart education and enterprises. In addition, in the face of the increasingly severe climate change, AUO has launched specific climate actions, providing a one-stop solution, which includes AI, digitalisation, and green product and process innovation technologies. It has also set out a complete layout in green energy, energy management, water purification, and carbon management platform, adhering to the responsibility of environmental sustainability, and reducing the total carbon emissions year by year.

For the long-term business development plan in response to each product development trend, please refer to the section of various trends of products in Chapter 5 Operational Highlights in this Annual Report (pages 68-71).

II. Market analysis and production and marketing survey

(I) Market analysis

1. Regions of major sales

The clients of AUO comprise global information technology, consumer electronics manufacturers and industrial electronics manufacturers, among which are international well-known brands, and system integrators or system vendors. Therefore, the TFT-LCD products are well sought-after in global markets, from Asia, the United States, and Europe, to emerging markets.

2. Market share

As the panel industry has entered the value competition from scale competition, AUO has specialized in launching high value-added products. According to the Omdia survey report, in 2023, the top five global TFT-LCD large-size panel shipment were ranked as BOE, Innolux, LGD, AUO and , accounting for approximately 36%, 15%, 10.2%, 10.1% and 9.8% of the global market shares. According to Omdia survey, a market research organization, in terms of large-size 8K panel shipments, the top two manufacturers are HKC and AUO; in terms of desktop display panel shipments, the shipment rankings were BOE (28%), LGD (18%), HKC(17%), AUO(16%); in terms of the top three notebook panel shipments, the shipment rankings were BOE (34%), AUO (21%), Innolux (19%). In terms of automobile monitors, the ranking of center stack display shipments were AUO (19%), BOE (17%), and LGD (15%)

3. Future market supply and demand situation and growth

(The aspect of demand)

In 2023, factors such as inflation and high interest rates in various countries will have a crowding-out effect on consumer demand. The panel industry has also started to reduce production in response to declining demand, and dynamically adjust production capacity according to customer demand. According to data from Omdia, a market research agency, the overall display industry panel required for shipments decreased by 1% annually. It is estimated that demand will continue to recover in 2024, and the demand for display shipment will increase by approximately 9%.

(The aspect of supply)

Looking at the panel supply side, according to market research agency Omdia, although Korean panel factories have successively closed LCD production lines in recent years, it has been observed that there is no new investment in large-generation TV lines. In addition, the average size of TVs continues to grow. It is expected that the next In recent years, the annual growth rate of production capacity area of the TFT-LCD industry has been smaller than the annual growth rate of demand area.

In addition, products in various application markets are developing towards higher value demands, such as large size, high resolution, thinner and lighter designs, narrow borders, touch panel integrated products, software/hardware system integration, etc. Looking to the future development of the panel industry, has moved from production capacity competition to breakthroughs in technical capabilities and value integration. It is expected that the overall TFT-LCD industry will move towards a health supply and demand situation in the future.

4. Advantages, disadvantages and countermeasures of competitive niche and development prospect

(1) Competitive niche

- **Technology and product strength:** In the face of the increasing complex of industrial competition, AUO continues to focus on product quality upgrades and new product development, such as integrated touch panel, ultra-high resolution panel, curved panel and commercial professional display panel. By providing differentiated products of higher added value, AUO aims to strategically raise the bar for the competition.
- **Talent, R&D capability and patent quality:** AUO continues to pour R&D resources into cultivating technical talents. Its long-term accumulated R&D and manufacturing experience helps curtailing the learning curve for new products effectively. Moreover, AUO's long-term layout in patent quantity and quality also creates a sufficient reserve of technology capability to support the superiority of the AUO products.
- **Highly flexible management and mass production capacity:** AUO has leading advantages in many technologies and has complete generation production lines, which can make the most efficient production configuration in response to various products. In order to provide cost-competitive products, AUO relies on a solid mass production experience along with complete upstream-to-downstream industrial supply chain management to establish a comprehensive integrated platform that covers marketing, product management, customer service, manufacturing efficiency, yield quality, and material logistics management. This in turn optimizes the whole process management of the Company.
- **Complete customer portfolio:** AUO's ever-advancing technology expands the first-tier clients of various applications worldwide. At the present stage, our customer base covers China, Japan, Korea brands, including system integrators and clients from Europe, America, and emerging markets. In addition to completing our global customer layout, we also achieved a balanced customer portfolio.
- **With the gradual popularization of forward-looking technologies such as 5G and AI,** AUO expects to turn the accumulation of many years in all aspects into the powerful forward momentum for partners to seize the industrial transformation and business opportunities in the smart field, and collaborate with the partners in the business ecosystem to find the best solution and open up a new blue ocean in the vast and unknown smart field.

(2) Favorable factors for development prospects

- **Development of advanced new-generation and high-resolution display technology:** AUO's simultaneous development of Micro LED technology has the characteristics of high brightness, high contrast, long service life, flexibility and transparency, which can overcome the influence of ambient light on the display effect. It can clearly display information indoors and outdoors, and is regarded as an ideal choice for the next generation of vehicle display applications, and is also suitable for wearable devices, spliced super-large TVs and other products. AUO also takes display technology as the core, and cooperates with the ecosystem to develop products that meet the application value of the field, covering many aspects such as smart retail, smart medical care, smart entertainment, smart transportation and smart manufacturing. In 2023, AUO is leading the way in the mass production of Micro LED technology, having been the first to mass produce a 1.39-inch smartwatch, demonstrating AUO's key ability to advance Micro LED technology for viable products and mass production. In the future, this technology will be rapidly introduced for use in vehicles, splicing ultra-large TVs, and transparent displays, highlighting its high brightness, high reliability, and longer lifespan, as well as its ultra-high transparency and flexible, bendable characteristics.
- **Growth market:** In the industry of TFT-LCD, potential growth products including automobile, commercial display, and digital signage (PID) market. Customers of commercial display regard the reliability and the capacity of long-term supply due to the diversity, small quantity and high entry barrier. AUO has been cultivating the commercial market for a long time, holding the lead of multiple non-consumer electronics such as IPC (industrial PC), ATM (Automated Teller Machine), POS (Point of sale) and arcade cabinet, etc. Moreover, AUO, except being stable at the top of steadily grown automotive market, leading the launch of an integrated solution for automotive panels with touch sensor but actively entering the high-end market with advanced technology, successfully opened up the supply chains of major car manufacturers of Japan, Europe, America, Korea and China etc. To meet the new trends of the market and respond the demand of long-term customers, by continuously upgrading the techniques, from the traditional LCD to Mini LED backlit technology of automotive display which currently increasing its penetration rate, and the capability of Micro LED development, no doubt will bring the growth to AUO's automotive business.
- **Business opportunities in the Internet of Things:** With the implementation of 5G, combines AI to create unlimited possibilities, ranging from face recognition, human flow analysis, usage behavior analysis, intelligent finance, and health care, even including robots and self-driving. These technologies will subvert our imagination, drive innovation and application in various industries and change human life. The business models shall move with the times. The commercial operation will also be gradually launched to support more efficient data transmission, ultra-reliability, and low latency communication, as well as speed and stability of service applications through dense network coverage. With IoT's trend, various connected devices are rapidly increasing. Moreover, new business models and applications will possibly accelerate development and bring about a more diverse and extensive application of displays. In addition, various applications are demanding large sizes, which in turn will prompt the panel demand area. AUO targets smart retail, smart healthcare, smart education & enterprise, smart transportation, and smart manufacturing applications by launching products with high-resolution, curved design, high dynamic range, on-cell touch, and other value-added applications. We greet the business opportunities of the IoT era by utilizing our integral strengths in a combination of virtual and real, software and hardware development to enhance the value-added and create high-valued differentiated products with technological diversity.

(3) Unfavorable factors and countermeasures

- **Mainland China progressively expanding capacities**
In recent years, competitors in China have focused on high generation production lines and have steadily expanded production capacities. This has affected the supply/demand conditions of the panel industry. It should be noted, however, that in the TFT-LCD industry, production capacity is no longer the only competitive factor. In

the future, the demand for displays will be diversified, and the demand for customized specifications will increase. Strengthening technology, operation management, and customer development will be the key points of the panel fab layout. To stand against the challenge of capacity expansion, AUO will continue to leverage its technology and product strengths and strengthen strategies, combined with technology, flexibility, patent quality, and a complete layout of clientele. Its advanced technologies and differentiated products shall create greater value. The layout is vertically integrated, together with emphasizing high-end products such as e-gaming and automobile, which is also expected to maintain profits. In recent years, Taiwanese manufacturers have actively adjusted its business strategy, strengthened its upstream and downstream vertical integration capability, and locked in a small number of diversified product distribution, which helps to maintain industrial competitiveness and strengthen its profitability.

- Consumer willingness to pay is affected by the global economy
Overall consumer spending may be affected by uncertain factors such as inflation, high interest rates, energy shortages caused by war, and unstable international situations. In the past, the stay-at-home economic demand brought by working from home, distance learning and online entertainment has gradually decreased as countries around the world have adopted a more open attitude towards the pandemic. In 2022, brands have prioritized adjusting inventory as their primary goal. After more than a year of inventory adjustment, the inventory level in 2023 has gradually returned to a healthy level. AUO will continue to strictly control inventory, optimize product portfolio, expand market applications, and accelerate transformation to reduce the impact of fluctuations in consumer willingness on operations.

(II) The important uses of the main products and the production process

1. Important uses

TFT-LCD products are display devices for transmitting digital information, and their wide applications include commercial and industrial information display devices, computers, telecommunications-related and consumer electronic products. With the development of 3C integrated market in the digital age, the main application fields of TFT-LCD products at present include LCD TV, desktop LCD, tablet computer, notebook computer, mobile phone, automotive display, wearable device, and general industrial and commercial applications such as ATMs, vending machines, public information displays, traffic information billboards and other touch screen products.

2. Production process

The production processes of TFT-LCD:

- (1) Array or TFT process:
Similar to semiconductor process, the difference is that thin film transistors are fabricated on glass instead of silicon wafer.
- (2) Cell or LCD Process:
Taking the glass of the front Array as the substrate, combining it with the glass substrate of the color filter, and injecting liquid crystal between the two glass substrates.
- (3) Module Assembly or LCM Process:
The production operation of assembling the glass after Cell process with various components such as backlight board, circuit, outer frame, etc.

(III) Supply status of main raw materials

Because the manufacturing process of TFT-LCD is relatively complicated, it needs a lot of raw materials and components. Its main raw materials and key components include: glass substrate, driver IC, polarizer, backlight module, liquid crystal, printed circuit board, color filter and flexible board, etc. AUO has long strengthened its supplier management ability, maintained good cooperative relations with domestic and foreign raw material manufacturers, and maintained more than two manufacturers in the procurement of key materials and components, so as to maintain purchasing flexibility and avoid the risk of excessive concentration of raw materials.

(IV) A list of any suppliers and clients.

1. Major Customer

As a result of changes in product mix, no single customers accounts for more than 10% of net sales in both 2023 and 2022.

2. Major purchasing suppliers

AUO consistently upholds its strategy of diversifying suppliers. Consequently, no single supplier accounted for more than 10% of net purchases in both 2023 and 2022.

(V) Production value and volume for the past two years

Unit: NT\$ 100 million; 1,000 pieces

Main products	2023			2022		
	Production capacity (Note)	Production Quantity	Production value	Production capacity (Note)	Production Quantity	Production value
TFT-LCD	13,262	172,645	1,962	12,967	177,616	1,929
Others	-	-	70	-	-	99
Total	13,262	172,645	2,032	12,967	177,616	2,028

Note: Calculated by Glass substrate (mother glass).

(VI) Sales volume and value for the past two years

Unit: NT\$ 100 million; 1,000 pieces

Main products	2023				2022			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
TFT-LCD	38,319	631	133,677	1,488	40,129	585	137,981	1,501
Others	-	180	-	181	-	180	-	202
Total	38,319	811	133,677	1,669	40,129	765	137,981	1,703

III. Employee Information

Year		As of February 29, 2024	2023	2022
Total number of employees (persons)	Production	38,995	40,864	26,196
	Technical	9,790	9,9628,136	8,136
	Sales and marketing	1,379	1,376	1,14
	Management and administrative	4,481	4,463	3,159
	Total	54,645	56,665	38,635
Average age (years)		34.5	34.2	34.8
Average duration of service (years)		7.4	7.1	7.8
Educational distribution ratio (%)	Director of Philosophy	0.3	0.3	0.5
	Master's Degree	13.0	12.6	16.1
	Bachelor's Degree	33.9	34.1	39.4
	Senior High School	35.6	36.7	29.5
	senior high school or below	17.2	16.3	14.5

IV. Disbursements for environmental protection

Loss due to environmental pollution incidents, including compensation and the violations of environmental protection laws or regulations, should specify related information (disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions) and disclose the estimation of expense and measures which might happen recently or in the future. Please explain the fact when reasonable estimations are not available: No such incident happened in recent years (as of the publication date of this report).

V. Labor relations

- (1) Confirm the implementation of welfare, further education, training, retirement institution, collective bargaining, and the security of employee rights.

I. Welfare measures and implementation

- (1) Employees are entitled to labor insurance, national health insurance and group insurance from the date of arrival.
- (2) The Company has set up the "employee stock ownership trust Plan", which provides relatively allocated bonuses to help employees save small amounts for a long time and establish personal short, medium and long-term flexible fund utilization or financial planning.
- (3) In addition to the basic monthly salary, annual bonuses such as Mid-Autumn Festival, Dragon Boat Festival and Spring Festival are provided. According to the company's overall operation, team and individual performance, various short-term and long-term reward and incentive schemes are designed according to different job flexibility, and the profit surplus is shared with employees, so as to attract, retain, motivate and plan to cultivate high-quality talents.
- (4) All the factories of the Company have staff canteens, which provide breakfast, lunch, dinner and midnight snack, and provide meal subsidies.
- (5) The Company has a life plaza, including convenience store, coffee shop, bakery, fruit bar and laundry. In addition, special sales activities are also launched from time to time to provide affordable consumption.

- (6) The Company has set up "Wellness Center" in each factory, and the medical team composed of professional doctors and nurses will provide health care for colleagues through various health promotion activities, and create an all-round physical, mental and spiritual health care mechanism.
- (7) The Company has a fitness center in each factory, which is managed by a professional health management team. In addition to the permanent stadium, fitness equipment and sports classroom, various sports courses are offered irregularly according to the needs of colleagues.
- (8) The Company has established the Employee Welfare Committee, which is responsible for the planning and implementation of various welfare programs with the aim of taking care of employees' living, promoting physical and mental health and maintaining harmony between employers and employees. Through a complete welfare system and various employee activities, it has continuously promoted employee welfare business, such as sports season, festivals, community activities, employee travel, etc., and provided various welfare subsidies such as emergency assistance, hospitalization condolences, weddings, funerals and celebrations.

2. Education and training

Since employees joined AUO, the Company has provided the new employee training program (AUO Elite Camp) to explain the Company's corporate policy, including the concept of corporate social responsibility and related policies. AUO UNIVERSITY is the main axis of the Company's staff learning system, and every colleague can participate in various training courses and plans through the AUO Learning System, ALS. AUO University has launched an all-round talent cultivation plan according to the training planned in various professional fields.

AUO provides employees with further education and training as follows:

- (1) New recruit training: This training covers two stages. The first stage includes the official environmental safety/health course, management guidelines, and related policies. In line with AUO Elite Camp, we will help newcomers quickly become familiar with their colleagues and with the organizational culture and guidelines. The second stage focuses on professional skills and knowledge corresponding to individual job positions.
- (2) Personal competency development: Based on the collaborative competency among colleagues, with physical courses as the main and online learning as the supplement, provide the management related knowledge and skills (for example: cross-functional communication skills, project management, business skills, legal knowledge). Also, advanced elective courses are provided in line with various service years of colleagues.
- (3) Professional knowledge improvement: In coordination with the Company's strategy, colleagues are appointed to participate in domestic/international industrial and management seminars and forums. Trainings are provided by the consultant companies and manufacturers, it also help the Company improve industrial technology, develop new products, introduce innovative ideas, and enhance management skills.
- (4) External training program: The Company provides information on external training programs for colleagues to apply for due to job requirements or professional skills development needs to help improve the staff's working or professional skills, thus boosting the organizational competitiveness.
- (5) Manager training: For employees at the management level, AUO conducts a series of management training courses to improve the management ability. Newly appointed senior managers receive about 24 hours of education and training on average every year, newly appointed manager receive around 40 hours training, while 7.5 hours of general education for assistant managers.

The implement on AUO Global Learning and Development Platform in 2023 as follows:

Type	College category	Total classes	Total participants	Total no. of hours	Total costs (NTD thousand)
AUO University course internal training	Engineering college	405	41,719	29,945.0	36,764
	Future college	35	11,159	93.5	
	College of science	32	3,836	293.0	
	Sustainability college	34	8,423	37.6	
	Business college	14	1,882	23.3	
	College of Liberal Studies	48	64,291	217.6	
	Leadership College	53	2,061	470.5	
	Academic Affairs Center	8	284	67.5	
AUO University course external training	External training	-	1,016	-	
Learning Development System _ Maintenance and Project Execution Expenses					

3. Retirement system and implementation

- (1) The Company has a retirement policy for employees.
- (2) In August 1997, the Labor Retirement Reserve Supervision Committee was established, and in May 1998, the pension was set aside, and the monthly pension was set aside at 2%~15% of the total monthly salary.
- (3) Since July, 2005, the new system of labor pension has been implemented according to law.
- (4) In accordance with the provisions of Bulletin No.19 of International Accounting Standards, an actuary is entrusted to evaluate and calculate the labor retirement reserve and submit an actuarial evaluation report.

4. Labor agreement and implementation:

The Company has always attached importance to labor relations, and besides complying with the labor law and related laws and regulations, there are many benefits and measures superior to the laws and regulations to establish harmonious labor relations. In addition, the Company regularly holds quarterly/monthly meetings, labor-management meetings, business briefings and other two-way meetings with employees to convey important information and policies. At the same time, it also provides all-weather communication platforms such as "audit committee mailbox", "general manager mailbox", "sexual harassment complaint mailbox" and "internal communication mailbox" to collect, understand and solve employees' problems, and establish an environment for mutual participation and full communication between employers and employees.

5. Protection measures for working environment and personal safety of employees

The Company has been devoting itself to environmental protection, energy conservation and employee care for a long time, expecting to fulfill its social responsibilities with growing enterprise and move toward to sustainable management. In addition to complying with relevant domestic laws and regulations, we have passed the internationally recognized ISO45001, Occupational Health and Safety Management System, certification in all factories. Specific measures are as follows:

(1) Focus on source management

When building a new construction, the factory is designed according to "Risk Engineering Guideline for New Construction", and the preventive measures are considered for all possible hazards in the building. During operation, the best practicable technologies (BAT) are adopted to prevent hazards and control risks after hazardous identification and evaluation for on-site safety. In the view of equipment safety, the Company established "Tool Safety Common Specification" according to the process characteristics and referring to other important safety specifications in Europe, America and Taiwan. Also, we communicated and discussed with suppliers at the design stage while taking control of procurement process. After the equipment enters the factory, it must meet the safety inspection standard of equipment installation before operation to ensure the safety of employees. In the view of chemical management, AUO established a chemical control inventory (ACF, AUO Chemical Filter) in line with

international trends and screens high-risk substances to strengthen source management, which indeed protect employees' health and avoid environmental impact.

(2) Promote safety culture

The Company continues to promote safety culture, encourage affirming employees, and foster positive thinking. Through mutual care and reminders among colleagues, establish a working environment of partner assistance, aiming to achieve the vision of zero hazard for the team.

(3) Strengthen communication and training of hazard prevention.

In order to effectively enhance all employees' awareness of safety and health, the Company has planned relevant subject courses for colleagues at all levels, including environmental protection, safety and health, emergency response, management system, risk management, social responsibility and green products, so that employees can recognize the hazards and implement safety standard procedures. In addition to training, a departmental environmental safety officer mechanism is established to regularly collect employees' working safety and health needs, and to pass on safety and health management measures and messages to achieve good two-way communication.

(4) Promote health of employees

The Company has professional nursing staff to establish a complete health management plan. Besides health check-ups, medical consultation and various health promotion activities are held regularly. In order to enable employees to obtain relevant health information and personal health data at any time, an e-health management platform is constructed. In addition, there are professional staff assistance programs, and professional teams provide psychological and legal consultation. In order to cope with the possible impact of infectious diseases on enterprises and employees in recent years, the Company not only continuously monitors relevant information but established a complete response organization and procedures to carry out epidemic prevention or disaster reduction operations while protecting employees' health and avoiding operational impact.

(5) Establish an emergency response framework

In order to avoid a major impact to operation caused by emergencies, daily emergency response team and training course are established. The Company also has a 24-hour emergency response center equipped with complete monitoring facilities to keep abreast of the situation in the factory. The Company has introduced a contingency module mechanism in 2022, setting up eight major modules such as fire and chemical disaster control, etc. We continuously adjust the content through verification drills to establish a complete emergency response plan and carry out relevant drills to familiarize personnel with various procedures, so as to reduce the impact on personnel and property in case.

To avoid major impacts on operations caused by emergencies, in addition to daily emergency response organization and training, the company also has a 24-hour emergency response center equipped with complete monitoring facilities to keep abreast of the factory situation at all times. The company will introduce the emergency response module mechanism in 2022 and formulate eight major modules such as fire & chemical disaster control... and continue to adjust the content through verification drills to establish a complete emergency response plan and perform relevant drills so that personnel can become familiar with various procedures. Procedures to reduce the impact on people and property during emergencies.

(6) Continuous monitoring and auditing

Regarding environmental safety operations in the factory, in addition to carrying out various environmental tests and personnel working environment measurements in accordance with the law, we also draw up inspection blueprints and establish complete audit procedures. In addition to daily autonomous inspections by each unit and inspections by supervisors, on-site implementation is also verified through inspections by the ESH department and factory director, and we accept relevant audits from domestic and foreign third-party verification units or customers from time to time. In addition, management review organizations at company level and site level are set up respectively, which are convened by senior supervisors or the top supervisors of each site to set up goals, directions, and conduct regular reviews of various environmental and safety affairs to implement continuous improvement and promotion of environmental and safety performance.

(II) Labor/employer dispute loss in 2023 and as of the publication date of the annual report

During 2023 and as of the date of this Annual Report, the Company has not incurred any labor-dispute related losses. However, the Company was fined for the following labor inspection results:

Company name	Description of event	Countermeasures and improvement measures	
AUO Corporation	<ol style="list-style-type: none"> Disposition date: February 7, 2023 Disposition reference No.: Zhonghuanzi No. I120002774 The articles of law violated: Article 23, item 1 of the Labor Standards Act Violation of regulations: The Company did not proactively provide the salary calculation items for the month when the employees left. Amount of fines/compensation: NT\$20,000 	<ol style="list-style-type: none"> During the resignation process, we confirm the email address with departing employees for the monthly salary of the resignation, and provide an electronic payslip or paper details as required to make sure they are aware. The company actively provides work hour reports to management for staff care and work allocation for the management of employee working hours. Supervisors have knowledge of their subordinates' overtime hours and regularly check in on their situations. We regularly enhance the promotion of overtime application rules and procedures. 	
	<ol style="list-style-type: none"> Disposition date: July 3, 2023 Disposition reference No.: Nan Shih Lao An Zih No. I120833306 The articles of law violated: Article 24, item 1 of the Labor Standards Act Violation of regulations: The Tainan City Government Labor Bureau dispatched personnel to the factory in Tainan to conduct a labor inspection and discovered the failure to pay employees in accordance with the regulations for overtime work on weekdays. Amount of fines/compensation: NT\$50,000 		
	<ol style="list-style-type: none"> Disposition date: July 20, 2023 Disposition reference No.: Zhonghuanzi No. I120016302 The articles of law violated: Article 24, item 1 and Article 32, item 2 of the Labor Standards Act Violation of regulations: The Central Taiwan Science Park Administration conducted labor inspections at the Taichung factory on June 16 and June 30. It was found that colleagues were not given overtime pay for extended work hours on regular days, and some colleagues were found to have worked more than 12 hours in a single day. Amount of fines/compensation: NT\$200,000 		
	<ol style="list-style-type: none"> Disposition date: October 16, 2023 Disposition reference No.: Zhonghuanzi No. I120023430 The articles of law violated: Article 32, item 2 of the Labor Standards Act Violation of regulations: The Central Taiwan Science Park Administration conducted labor inspections at the Taichung factory on August 24th and September 13th, and found cases of employees working more than 12 hours in a single day. Amount of fines/compensation: NT\$150,000 		
	<ol style="list-style-type: none"> Disposition date: March 9, 2023 Disposition reference No.: Zhonghuanzi No. I120005310 The articles of law violated: Paragraph 1, item 1 of Article 6 of the Occupational Safety and Health Act Violation of regulations: Employers should have necessary safety and health equipment and measures that comply with regulations for the following matters: 1. Prevent hazards caused by machinery, equipment or appliances, etc. Amount of fines/compensation: NT\$30,000 		<ol style="list-style-type: none"> Hardware improvement: Machine gap stop and warning light settings. Standardized training: SOP production and education training.
	<ol style="list-style-type: none"> Disposition date: March 22, 2023 Disposition reference No.: Lao Jhih Shou Zih No. I120200610 The articles of law violated: Article 54 of the Occupational Safety and Health Facilities Rules and Paragraph 1, item 1 of Article 6 of the Occupational Safety and Health Act 		<ol style="list-style-type: none"> Standardized training: SOP for abnormal maintenance is optimized, and all safety officers are retrained. Warning signs: Clear areas and post reminders.

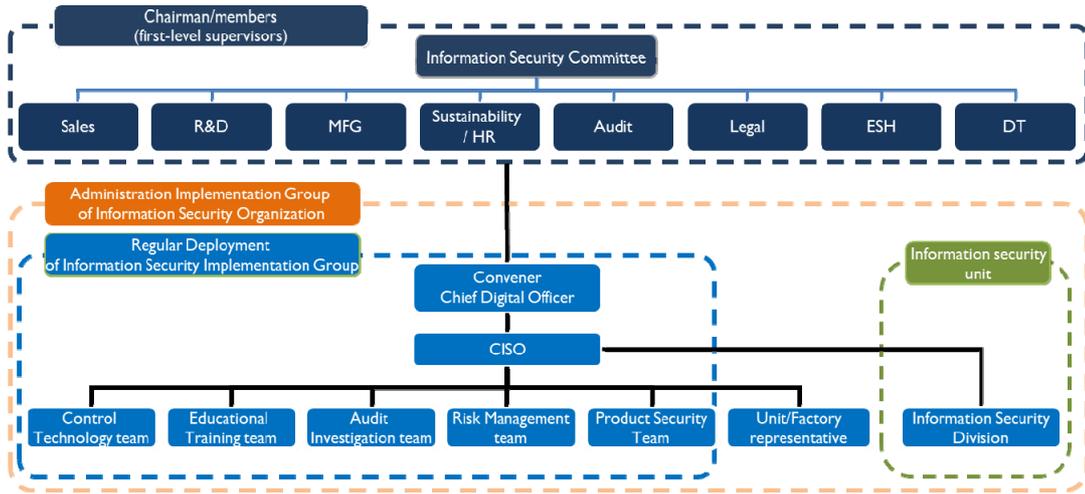
Company name	Description of event	Countermeasures and improvement measures
	4. Violation of regulations: <ul style="list-style-type: none"> • Article 54 of the Occupational Safety and Health Facilities Rules Employers should provide fixed signals and designate commanders to take command if machinery starts to operate, which may endanger workers. • Article 6 of the Occupational Safety and Health Act Employers should have necessary safety and health equipment and measures that comply with regulations for the following matters: 1. Prevent hazards caused by machinery, equipment or appliances, etc. 5. Amount of fines/compensation: NT\$100,000	
	1. Disposition date: July 17, 2023 2. Disposition reference No.: Nan Shih Lao An Zih No. 1120911022 3. The articles of law violated: Paragraph 3, item 1 of Article 27 of the Occupational Safety and Health Act 4. Violation of regulations: When the business unit and the contractor hired workers separately to work together, in order to prevent occupational accidents, the original business unit failed to take necessary measures to inspect the workplace. 5. Amount of fines/compensation: NT\$100,000.	1. Strengthen on-site inspections: assign dedicated personnel to manage and implement safety inspections. 2. Strengthen supervision management: Implement the daily reporting mechanism for supervisors in each work area and implement the agency system. 3. Understand the construction status: Understand and determine the construction project before construction, and focus on supervising construction safety. 4. Optimize hazard notification: Based on the construction environment and content, clearly explain the matters and promote them effectively.

VI. Information security governance

(I) Information Security Committee:

The Company set up an Information Security Committee to promote information security management, with the chairman as the chairman, the general manager as the deputy chairman, the Chief Digital Officer as the convener, and the first-level supervisors of all units as members. The information security management review meeting is held semiannually, through which they formulated information security management policies and objectives, reviewed the performance and implementation of information security management objectives and management measures. In addition, in order to implement information security management, an information security executive group is set up under the Information Security Committee, which is divided into control technology group, education and training group, audit investigation group, risk management group and product security group. Senior managers of relevant departments are the leaders of each group. The execution team is the information security task promotion team to promote the information security operation decided by the Information Security Committee and conduct regular review meetings every two months.

In 2022, the Company established the Chief Information Security Officer, the Information Security Management Division, a specialized information security unit, and dedicated information security personnel, who were responsible for information security governance and overall management of information security-related business.



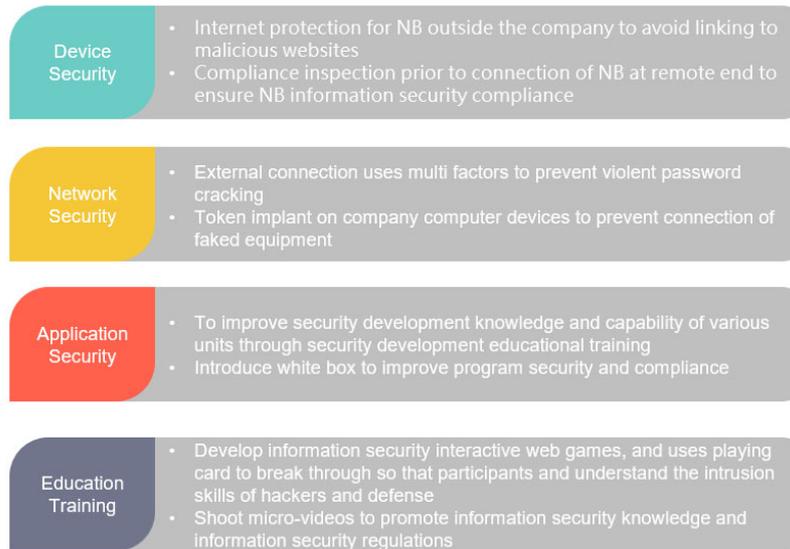
(II) Information security policies:

The Company's information security policy is "to protect the Company's intellectual property, raise the awareness of information security in an all-round way, and create a win (profit) opportunity". The company actively strengthens the protection of confidential information and corporate information risk management, and continues to deepen and ensure the effectiveness of various management measures from the technical aspects, procedural aspects and personnel training aspects, including information security control measures, management procedures, regular information security promotion and activities such as employee information security education and training. In order to comply with international information security management trends and respond to customer information security requirements, we began to introduce the ISO27001 information security management system in 2017 and continue to ensure the effectiveness of management measures and management systems in accordance with the PDCA management cycle. The company passed the annual renewal verification of the ISO27001 information security management system in June 2023, and the certificate is valid from June 2023 to May 2026.

The company continues to strengthen the network's multi-layered architecture and in-depth defense capabilities, and continues to introduce and optimize various security protection measures in response to the external threat environment and internal risk assessment results, such as next-generation firewalls, intrusion prevention systems, application firewalls, network Route traffic analysis, anti-virus software, advanced endpoint defense detection, email filtering, Internet protection and 7*24 information security monitoring center. In order to strengthen external risk management, we regularly conduct vulnerability scanning, penetration testing and red team drills on the website and network environment. The budget for each information security measure shall not be less than 5% of the overall IT budget.

The Company regularly conducts email social engineering drills and training to enhance employees' information security awareness and prevent commercial email fraud.

(III) Information security innovations

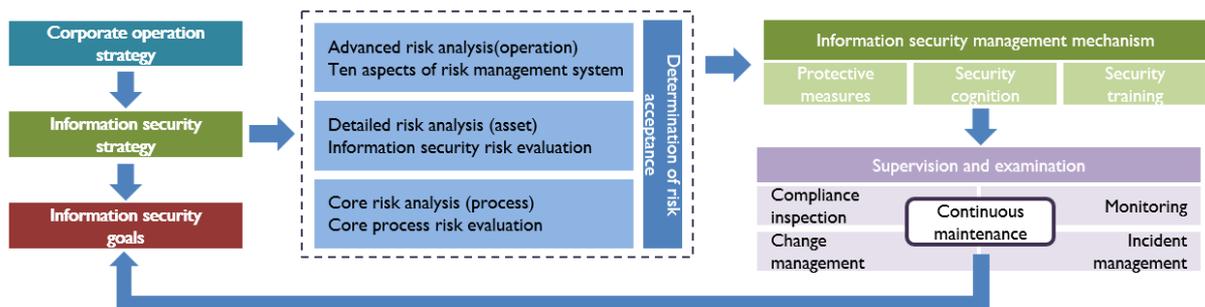


(IV) Information security risk management framework

Information security risk assessment follows the ISO 27001 information security management system framework for identification. The risk analysis strategy uses three kinds of analysis aspect, respectively for the operation, asset and process, for carrying out risk analysis.

Operational risk analysis, according to the system structure, system change management, project and resource management, system and service outsourcing management, software and hardware authorization and legality, general maintenance, information security, confidentiality and data protection, system and service outsourcing management, and system architecture are ten issues-oriented information security risk assessment. Process risk analysis, risk assessment according to the operating processes of internal units. Then, the information assets used in each operation process are evaluated for asset risk. The information security management unit will carry out risk management and improvement measures based on the risk assessment results.

The company has arranged an information security insurance policy since 2022 to cover insurance claims that may incur related expenses (such as recovery and forensics) when major information security incidents occur.



(V) In recent years and up to the date of publication of the annual report, the Company has not had any major cyber-attacks that have impacted the Company's operations.

VII. Important contracts

Up to the annual report publication date, the important long-term loan contracts and technical cooperation contracts of the Company that are still valid and expired in the latest year are listed as follows:

Loan contract

Character	Party	Contract start and end date	Main content	Restrictive clause
Finance	First Bank and other banking groups	2024.01~2029.01	Repaying bank debts and increase operating capital	Pledged by the building, equipment and machinery
Finance	Bank of Taiwan and other banking groups	2023.04~2028.04	Increase operating capital	Pledged by the building, equipment and machinery
Finance	Bank of Taiwan and other banking groups	2021.07~2029.04	Repaying bank debts	Pledged by the building, equipment and machinery
Finance	Bank of Taiwan and other banking groups	2020.04~2025.10	Increase operating capital	Pledged by the building, equipment and machinery

Technical cooperation contracts

Character	Party	Contract start and end date	Main content	Restrictive clause
Patent licensing	Fujitsu Limited (former FDTC)	According to the contract	Specific TFT-LCD patent licensing	According to the contract
Patent/technology licensing	Toppan Printing	According to the contract	Specific color filter patent/technology licensing	According to the contract
Patent licensing Patent licensing	Semiconductor Energy Laboratory Co., Ltd.	According to the contract	Specific LCD and OLED products patent licensing	According to the contract
Cross-licensing of patents	Japan Display Inc. (that is formerly Japan Display East Inc., Hitachi Displays, and Ltd.), Panasonic Liquid Crystal Display, Co., Ltd. (that is formerly IPS Alpha Technology, Ltd.)	According to the contract	Specific TFT-LCD and OLED products cross-licensing of patents	According to the contract
Cross-licensing of patents	Sharp Corporation	According to the contract	Specific TFT-LCD cross-licensing of patents	According to the contract
Cross-licensing of patents	LG Display Co., Ltd.	According to the contract	Specific TFT-LCD cross-licensing of patents	According to the contract
Cross-licensing of patents	Seiko Epson Corporation	According to the contract	Specific LCD and OLED products cross-licensing of patents	According to the contract

Note 1: In addition to the above contracts, the Company also entered into licensing or cross-licensing contracts with other third parties for specific patents owned or controlled by the Company.

Note 2: For other important contracts of the Company and important contracts of the Company's subsidiaries, please refer to the 2023 Consolidated Financial Report and Accountant's Audit Report

Chapter 6 Financial Highlights

I. Condensed Balance Sheets and Statements of Comprehensive Income for the Most Recent Five Fiscal Years

(I) Consolidated Condensed Balance Sheet

Unit: NT\$ thousands

Item	Year	Financial data for the most recent five years (Note 1)				
		2023.12.31	2022.12.31	2021.12.31	2020.12.31	2019.12.31
Current assets		144,210,713	140,176,807	192,026,398	168,317,673	143,200,211
Property, plant and equipment		171,172,804	178,833,837	171,222,045	185,480,116	206,734,543
Intangible assets		11,268,867	11,396,241	11,756,955	12,801,358	12,808,326
Other assets(Note 2)		56,818,353	56,433,789	49,805,648	40,671,148	34,894,511
Total assets		383,470,737	386,840,674	424,811,046	407,270,295	397,637,591
Current liabilities	Before distribution	94,574,967	97,168,161	123,754,502	98,338,179	90,528,089
	After distribution	101,476,060	103,302,466	133,330,326	101,189,146	90,528,089
Noncurrent liabilities		123,538,234	98,261,865	63,090,073	115,141,751	119,132,753
Total liabilities	Before distribution	218,113,201	195,430,026	186,844,575	213,479,930	209,660,842
	After distribution	225,014,294	201,564,331	196,420,399	216,330,897	209,660,842
Equity attributable to shareholders of AUO Corporation		159,167,207	185,099,091	231,787,040	182,804,691	176,671,840
Common Stock		76,993,961	76,993,961	96,242,451	96,242,451	96,242,451
Capital surplus	Before distribution	54,998,829	61,942,210	60,057,001	60,587,684	60,544,474
	After distribution	48,097,736	55,807,905	60,057,001	60,587,684	60,544,474
Retained earnings	Before distribution	31,899,740	50,078,752	80,669,998	30,258,282	22,903,722
	After distribution	31,899,740	50,078,752	71,094,174	27,407,315	22,903,722
Other components of equity		(4,484,899)	(3,620,305)	(4,743,182)	(3,270,303)	(2,005,384)
Treasury shares		(240,424)	(295,527)	(439,228)	(1,013,423)	(1,013,423)
Non-controlling Interests		6,190,329	6,311,557	6,179,431	10,985,674	11,304,909
Total equity	Before distribution	165,357,536	191,410,648	237,966,471	193,790,365	187,976,749
	After distribution	158,456,443	185,276,343	228,390,647	190,939,398	187,976,749

Note 1: The financial data for the most recent five years has been audited and attested by CPAs. As of the printed date of this Annual Report, the 2024 financial data has not been audited or reviewed by CPAs.

Note 2: Other assets are noncurrent assets excluding property, plant and equipment, and intangible assets.

(II) Consolidated Condensed Statement of Comprehensive Income

Unit: NT\$ thousands (except for earnings per share: NT\$)

Item	Year	Financial data for the most recent five years (Note I)				
		2023	2022	2021	2020	2019
Net revenue		247,964,437	245,792,674	370,685,141	270,955,381	268,791,694
Gross profit		4,610,368	1,567,508	90,767,757	22,765,339	455,943
Profit (loss) from operations		(21,962,015)	(23,970,396)	63,075,616	2,083,042	(20,467,948)
Non-operating income and expenses		279,955	4,464,204	3,331,179	704,629	623,194
Profit (loss) before income tax		(21,682,060)	(19,506,192)	66,406,795	2,787,671	(19,844,754)
Profit (loss) from continuing operations for the year		(18,151,154)	(20,973,180)	63,459,098	2,907,427	(21,599,416)
Loss from discontinued operations		-	-	-	-	-
Profit (loss) for the year		(18,151,154)	(20,973,180)	63,459,098	2,907,427	(21,599,416)
Other comprehensive income (loss), net of tax		(910,831)	1,202,270	(763,022)	2,862,980	(1,411,771)
Total comprehensive income (loss) for the year		(19,061,985)	(19,770,910)	62,696,076	5,770,407	(23,011,187)
Profit (loss) attributable to shareholders of AUO Corporation		(18,203,274)	(21,101,374)	61,330,628	3,376,324	(19,185,258)
Profit (loss) attributable to non-controlling interests		52,120	128,194	2,128,470	(468,897)	(2,414,158)
Total comprehensive income (loss) attributable to shareholders of AUO Corporation		(19,043,606)	(19,892,545)	60,644,766	6,089,641	(20,192,454)
Total comprehensive income (loss) attributable to non-controlling interests		(18,379)	121,635	2,051,310	(319,234)	(2,818,733)
Earnings (loss) per share (EPS)		(2.37)	(2.39)	6.44	0.36	(2.00)

Note I: The financial data for the most recent five years has been audited and attested by CPAs. As of the date of printing of this Annual Report, the 2024 financial data has not been audited or reviewed by CPAs.

(III) Parent-company-only Condensed Balance Sheet

Unit: NT\$ thousands

Item	Year	Financial data for the most recent five years (Note 1)				
		2023.12.31	2022.12.31	2021.12.31	2020.12.31	2019.12.31
Current assets		73,374,505	83,252,087	129,654,779	121,044,855	96,317,458
Property, plant and equipment		116,683,030	118,164,834	117,565,260	129,554,205	144,142,738
Intangible assets		9,426,902	9,464,184	10,688,986	11,806,450	12,051,761
Other assets (Note 2)		145,323,029	141,079,598	127,694,510	101,595,066	93,152,910
Total assets		344,807,466	351,960,703	385,603,535	364,000,576	345,664,867
Current liabilities	Before distribution	78,313,579	76,249,526	102,911,656	84,124,305	73,270,709
	After distribution	85,214,672	82,383,831	112,487,480	86,975,272	73,270,709
Noncurrent liabilities		107,326,680	90,612,086	50,904,839	97,071,580	95,722,318
Total liabilities	Before distribution	185,640,259	166,861,612	153,816,495	181,195,885	168,993,027
	After distribution	192,541,352	172,995,917	163,392,319	184,046,852	168,993,027
Equity attributable to shareholders of AUO Corporation		159,167,207	185,099,091	231,787,040	182,804,691	176,671,840
Common Stock		76,993,961	76,993,961	96,242,451	96,242,451	96,242,451
Capital surplus	Before distribution	54,998,829	61,942,210	60,057,001	60,587,684	60,544,474
	After distribution	48,097,736	55,807,905	60,057,001	60,587,684	60,544,474
Retained earnings	Before distribution	31,899,740	50,078,752	80,669,998	30,258,282	22,903,722
	After distribution	31,899,740	50,078,752	71,094,174	27,407,315	22,903,722
Other components of equity		(4,484,899)	(3,620,305)	(4,743,182)	(3,270,303)	(2,005,384)
Treasury shares		(240,424)	(295,527)	(439,228)	(1,013,423)	(1,013,423)
Non-controlling Interests		-	-	-	-	-
Total equity	Before distribution	159,167,207	185,099,091	231,787,040	182,804,691	176,671,840
	After distribution	152,266,114	178,964,786	222,211,216	179,953,724	176,671,840

Note 1: The financial data for the most recent five years has been audited and attested by CPAs. As of the printed date of this Annual Report, the 2024 financial data has not been audited or reviewed by CPAs.

Note 2: Other assets are noncurrent assets excluding property, plant and equipment, and intangible assets.

(IV) Parent-company-only Condensed Statement of Comprehensive Income

Unit: NT\$ thousands (except for earnings per share: NT\$)

Item \ Year	Financial data for the most recent five years (Note)				
	2023	2022	2021	2020	2019
Revenue	214,680,794	215,170,366	331,230,555	256,089,345	255,167,176
Gross profit	(8,125,677)	(10,606,401)	70,923,406	16,018,967	(2,618,924)
Profit (loss) from operations	(26,180,838)	(28,397,062)	50,932,678	1,123,075	(17,726,245)
Non-operating income and expenses	3,622,553	7,304,230	11,502,821	1,373,510	(620,419)
Profit (loss) before income tax	(22,558,285)	(21,092,832)	62,435,499	2,496,585	(18,346,664)
Profit (loss) from continuing operations for the year	(18,203,274)	(21,101,374)	61,330,628	3,376,324	(19,185,258)
Loss from discontinued operations	-	-	-	-	-
Profit (loss) for the year	(18,203,274)	(21,101,374)	61,330,628	3,376,324	(19,185,258)
Other comprehensive income (loss), net of tax	(840,332)	1,208,829	(685,862)	2,713,317	(1,007,196)
Total comprehensive income (loss) for the year	(19,043,606)	(19,892,545)	60,644,766	6,089,641	(20,192,454)
Profit (loss) attributable to Shareholders of AUO Corporation	(18,203,274)	(21,101,374)	61,330,628	3,376,324	(19,185,258)
Profit (loss) attributable to non-controlling interests	-	-	-	-	-
Total comprehensive income (loss) attributable to shareholders of AUO Corporation	(19,043,606)	(19,892,545)	60,644,766	6,089,641	(20,192,454)
Total comprehensive income (loss) attributable to non-controlling interests	-	-	-	-	-
Earnings per share (EPS)	(2.37)	(2.39)	6.44	0.36	(2.00)

Note: The financial data for the most recent five years has been audited and attested by CPAs. As of the printed date of this Annual Report, the 2024 financial data has not been audited or reviewed by CPAs

(V) The Names of CPAs and Their Audit Opinions for the Most Recent Five Years

Year	CPA	Opinion content
2023	KPMG/Yu, Chi-Lung	Unqualified opinion
	KPMG/Yu, Wan-Yuan	
2022	KPMG/Yu, Chi-Lung	Unqualified opinion
	KPMG/Yu, Wan-Yuan	
2021	KPMG/ Yu, Chi-Lung	Unqualified opinion
	KPMG/ Yu, Wan-Yuan	
2020	KPMG/Wei, Shing-Hai	Unqualified opinion
	KPMG/Lu, Chien-Hui	
2019	KPMG/Wei, Shing-Hai	Unqualified opinion
	KPMG/Lu, Chien-Hui	

II. Financial Analysis for the Most Recent five years

(I) Financial Analysis on Consolidated Basis

Item analyzed		Year	Financial analysis for the most recent five years (Note 1)			
		2023	2022	2021	2020	2019
Financial structure	Ratio of debts to assets (%)	56.9	50.5	44.0	52.4	52.7
	Ratio of long-term capital to property, plant and equipment (%)	155.9	147.8	161.1	158.3	140.5
Solvency	Current ratio (%)	152.5	144.3	155.2	171.2	158.2
	Quick ratio (%)	119.0	110.6	125.7	142.4	130.7
	Interest coverage ratio	(Note2)	(Note2)	31.6	1.9	(Note2)
Operating ability	Receivables turnover rate (times)	11.3	6.1	6.8	6.9	6.8
	Average collection days for receivables	32	60	53	53	54
	Inventory turnover rate (times)	8.2	7.6	9.1	9.9	10.8
	Payables turnover rate (times)	5.1	4.4	4.7	4.7	4.9
	Average days for sales of goods	44	48	40	37	34
	Property, plant and equipment turnover rate (times)	1.4	1.4	2.1	1.4	1.3
	Total asset turnover rate (times)	0.6	0.6	0.9	0.7	0.7
Profitability	Return on assets (%)	(4.2)	(4.9)	15.7	1.3	(4.7)
	Return on equity (%)	(10.2)	(9.8)	29.4	1.5	(10.7)
	Ratio of profit before income tax to paid-in capital (%)	(28.2)	(25.3)	69.0	2.9	(20.6)
	Profit margin (%)	(7.3)	(8.5)	17.1	1.1	(8.0)
	Earnings (loss) per share (NT\$)	(2.37)	(2.39)	6.44	0.36	(2.00)
Cash flow	Cash flow ratio (%)	10.6	27.8	84.6	26.2	22.9
	Cash flow adequacy ratio (%)	109.3	114.6	145.5	99.9	109.1
	Cash reinvestment ratio (%)	0.3	1.5	9.1	2.3	1.5
Leverage	Operating leverage	(Note 3)	(Note 3)	1.8	26.3	(Note 3)
	Financial leverage	(Note 3)	(Note 3)	1.0	(Note 2)	(Note 3)

Note 1: The accompanying financial data for the years stated has been audited and attested by CPAs. As of the printed date of this Annual Report, the 2024 financial data has not been audited or reviewed by CPAs.

Note 2: The ratio was zero or negative.

Note 3: The ratio was not applicable due to operating losses.

Note 4: Please refer to the Glossary under Table (2) below for calculation formula used in this table.

Explain the reasons for the changes in financial ratios in the last two years:

- The increase in the ratio of debts to assets was mainly due to an increase in long-term borrowings for the current year.
- The increase in receivables turnover rate and the decrease in average collection days for receivables were mainly due to an increase in factoring of accounts receivable in the current year. The increase in payables turnover rate was mainly due to a decrease in purchases in the fourth quarter of the current year compared to the same period of last year, resulting in a decrease in the average accounts payable.
- The improvement of return on assets and net profit margin were mainly due to the assessment of tax loss carryforwards in accordance with International Financial Reporting Standards ("IFRSs"), resulting in the recognition of income tax benefits in the current year.
- The decrease in various ratios regarding to cash flow was mainly due to an increase in loss before income tax for the current year, which led to a reduction in the net cash inflow from operating activities.

(II) Parent-Company-Only Financial Analysis

Item analyzed		Financial analysis for the most recent five years (Note 1)				
		2023	2022	2021	2020	2019
Financial structure	Ratio of debts to assets (%)	53.8	47.4	39.9	49.8	48.9
	Ratio of long-term capital to property, plant and equipment (%)	212.9	214.4	221.3	206.3	179.4
Solvency	Current ratio (%)	93.7	109.2	126.0	143.9	131.5
	Quick ratio (%)	69.8	84.6	103.5	119.7	106.3
	Interest coverage ratio	(Note 2)	(Note 2)	45.3	2.4	(Note 2)
Operating ability	Receivables turnover rate (times)	11.6	5.8	6.6	7.0	6.8
	Average collection days for receivables	32	63	55	52	54
	Inventory turnover rate (times)	12.9	11.6	12.8	13.2	13.8
	Payables turnover rate (times)	5.1	4.5	4.6	4.6	4.7
	Average days for sales of goods	28	32	29	28	27
	Property, plant and equipment turnover rate (times)	1.8	1.8	2.7	1.9	1.7
	Total asset turnover rate (times)	0.6	0.6	0.9	0.7	0.7
Profitability	Return on assets (%)	(4.7)	(5.5)	16.7	1.3	(5.2)
	Return on equity (%)	(10.6)	(10.1)	29.6	1.9	(10.1)
	Ratio of profit before income tax to paid-in capital (%)	(29.3)	(27.4)	64.9	2.6	(19.1)
	Profit margin (%)	(8.5)	(9.8)	18.5	1.3	(7.5)
	Earnings (loss) per share (NT\$)	(2.37)	(2.39)	6.44	0.36	(2.00)
Cash flow	Cash flow ratio (%)	(6.9)	15.4	81.5	17.0	15.1
	Cash flow adequacy ratio (%)	82.3	93.5	137.2	110.5	107.9
	Cash reinvestment ratio (%)	(1.2)	0.2	8.3	1.5	0.7
Leverage	Operating leverage	(Note 3)	(Note 3)	1.7	32.7	(Note 3)
	Financial leverage	(Note 3)	(Note 3)	1.0	(Note 2)	(Note 3)

Note 1: The accompanying financial data for the years stated has been audited and attested by CPAs. As of the date of this Annual Report, the 2024 financial data has not been audited or reviewed by CPAs.

Note 2: The ratio is zero or negative.

Note 3: The ratio was not applicable due to operating losses.

Explain the reasons for the changes in financial ratios in the last two years:

1. The decrease in current ratio and quick ratio was mainly due to a decrease in current assets resulting from an increased cash outflow from operating activities, driven by capital expenditure, cash dividend paid out, and losses of this year.
2. The increase in accounts receivable turnover rate and the decrease in average collection days for receivables were mainly due to the effect of factoring accounts receivable in the current year. Excluding the impact of this factor, the accounts receivable turnover rate and the average collection days for receivables was 7.5 times and 49 days, respectively.
3. The decrease in various ratios regarding to cash flow was mainly due to an increase in loss in the current year, which led to an increase in net cash outflow from operating activities.

Calculated as follows:

1. Financial structure

- (1) Ratio of debts to asset = Total liabilities/Total assets.
- (2) Ratio of long-term capital to property, plant and equipment = (Total equity + Long-term borrowings) / Net property, plant and equipment.

2. Solvency

- (1) Current ratio = Current assets/Current liabilities.
- (2) Quick ratio = (Current assets - Inventories - Prepaid expenses) / Current liabilities.
- (3) Interest coverage ratio = Net income before income tax and interest expense/Interest expenses over this period.

3. Operating ability

- (1) Receivable (including accounts receivable and notes receivable due to business operations) turnover rate = Net sales/Balance of average accounts receivable for various periods (including accounts receivable and notes receivable due to business operations).
- (2) Average collection days for receivable = 365/Receivables turnover.
- (3) Inventory turnover rate = Cost of goods sold/Average inventory.
- (4) Payable (including accounts payable and notes payable due to business operations) turnover rate = Cost of goods sold/Balance of average accounts payable of various periods (including accounts payable and notes payable due to business operations).
- (5) Average days for sales = 365/Inventory turnover.
- (6) Property, plant and equipment turnover rate = Net sale/Average net property, plant and equipment.
- (7) Total asset turnover rate = Net sales/Average total assets.

4. Profitability

- (1) Return on assets = [Net income after taxes + interest expense × (1 - tax rate)] / Average total assets.
- (2) Return on equity = Net income after taxes/Average total equity.
- (3) Profit margin = Net income after taxes/Net sales.
- (4) Earnings per share = (Net income attributable to shareholders of the parent company - preferred stock dividend) / Weighted average number of shares outstanding.

5. Cash flow

- (1) Cash flow ratio = Net cash flow of operating activities/Current liabilities.
- (2) Cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years/(Capital expenditures + inventory increase + cash dividend) for the most recent five years.
- (3) Cash flow reinvestment ratio = (Net cash flow from operating activities - cash dividends) / (Gross value of property, plant, and equipment + Long-term investments + other non-current assets + working capital).

6. Leverage:

- (1) Operating leverage = (Net operating revenue - variable operating cost and expenses)/Operation profit.
- (2) Financial leverage = Operating profit / (Operating profit - interest expenses).

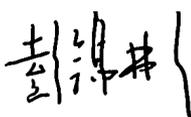
III. The Audit Committee's Review Report

Audit Committee's Review Report

The Board of Directors has prepared the Company's Business Report, Financial Statements, and Earnings Distribution Proposal for the year of 2023. Yu, Chi-Lung and Yu, Wan-Yuan, Certified Public Accountants of KPMG, have audited the Financial Statements. The 2023 Business Report, Financial Statements, and Earnings Distribution Proposal have been reviewed and determined to be correct and accurate by the Audit Committee of AUO Corporation. I, as the Chair of the Audit Committee, hereby submit this report according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

AUO Corporation

Chair of the Audit Committee



Chin-Bing (Philip) Peng
March 11, 2024

IV. Consolidated Financial Statements with Independent Auditors' Report for the most recent year:

Please refer to Appendix 1 pages 137-263.

V. Parent Company Only Financial Statements with Independent Auditors' Report for the most recent year:

Please refer to Appendix 2 pages 264-367.

VI. Any financial difficulties experienced by the Company and its affiliate businesses during the most recent year up to the printed date of this Annual Report need to be stated as well as the impact on the Company's financial position need to be outlined:

None.

Chapter 7 Review of Financial Conditions, Operating Result, and Risk Management

I. Financial position analysis:

Unit: NT\$ thousands

Year Item	2023.12.31	202.12.31	Difference	
			Increase (decrease) amount	%
Current assets	144,210,713	140,176,807	4,033,906	2.9
Long-term investment	31,215,648	33,644,483	(2,428,835)	(7.2)
Property, plant and equipment	171,172,804	178,833,837	(7,661,033)	(4.3)
Right-of-use assets	9,770,626	9,800,458	(29,832)	(0.3)
Investment property	1,320,901	1,393,244	(72,343)	(5.2)
Intangible assets	11,268,867	11,396,241	(127,374)	(1.1)
Deferred tax assets	10,201,660	6,649,457	3,552,203	53.4
Other assets	4,309,518	4,946,147	(636,629)	(12.9)
Total assets	383,470,737	386,840,674	(3,369,937)	(0.9)
Current liabilities	94,574,967	97,168,161	(2,593,194)	(2.7)
Noncurrent liabilities	123,538,234	98,261,865	25,276,369	25.7
Total liabilities	218,113,201	195,430,026	22,683,175	11.6
Common Stock	76,993,961	76,993,961	-	0.0
Capital surplus	54,998,829	61,942,210	(6,943,381)	(11.2)
Retained earnings	31,899,740	50,078,752	(18,179,012)	(36.3)
Other components of equity	(4,484,899)	(3,620,305)	(864,594)	23.9
Treasury shares	(240,424)	(295,527)	55,103	(18.6)
Equity attributable to shareholders of AUO Corporation	159,167,207	185,099,091	(25,931,884)	(14.0)
Non-controlling Interests	6,190,329	6,311,557	(121,228)	(1.9)
Total equity	165,357,536	191,410,648	(26,053,112)	(13.6)

Analysis of items that have major changes:

1. The increase in deferred income tax was mainly due to the assessment of tax loss carryforwards in accordance with IFRSs, resulting in the recognition of an increase in deferred tax assets for this year.
2. The decrease in other assets was mainly due to a decrease in the maturity of time deposits expired beyond three months, restricted cash in bank and prepayments for purchases.
3. The increase in non-current liabilities was mainly due to an increase in long-term borrowings.
4. The decrease in capital surplus was mainly due to the distribution of cash from capital surplus, and the recognition of the Company's share of the deduction from the associated companies' capital surplus. The aforementioned deduction resulted from the purchase of a portion of their subsidiaries' shares, where the portion of the purchase price exceeding the book value of the acquired shares was acknowledged as a deduction from the associated companies' capital surplus, and then the Company recognized its share of these deduction.
5. The decrease in retained earnings was mainly due to losses for the current year.
6. The decrease in other components of equity was mainly due to currency exchange losses incurred during the conversion of foreign operations due to exchange rate fluctuations.
7. The decrease in treasury shares mainly resulted from the transfer of treasury shares to its employees in accordance with Securities & Exchange Act.
8. The decrease in equity attributable to shareholders of AUO was mainly due to the distribution of cash from the capital surplus and losses for the current year.

II. Financial performance

(I) Financial performance analysis

Unit: NT\$ thousands

Item	Year	2023	2022	Change in proportion	
				Increase (decrease) amount	%
Revenue		250,048,326	249,956,539	91,787	0.0
Less: sales return and discount		2,083,889	3,163,865	(1,079,976)	(34.1)
Net revenue		247,964,437	246,792,674	1,171,763	0.5
Cost of sales		243,354,069	245,225,166	(1,871,097)	(0.8)
Gross profit (loss)		4,610,368	1,567,508	3,042,860	194.1
Operating expenses		26,572,383	25,537,904	1,034,479	4.1
Profit (loss) from operations		(21,962,015)	(23,970,396)	2,008,381	(8.4)
Non-operating income and expenses		279,955	4,464,204	(4,184,249)	(93.7)
Profit (loss) before income tax for the year		(21,682,060)	(19,506,192)	(2,175,868)	11.2
Less: income tax expenses (benefits)		(3,530,906)	1,466,988	(4,997,894)	(340.7)
Profit (loss) for the year		(18,151,154)	(20,973,180)	2,822,026	(13.5)

Analysis of items that have major changes:

1. The decrease in sales return and discount was mainly due to the stabilization of market prices, which consequently led to a decrease in sales discount.
2. The increase in gross profit was mainly due to the destocking of overall market, the recovery in brand stock-up demand, a gradual stabilization of panel prices and increased demand, along with the rise in overall capacity utilization.
3. The decrease in non-operating income and expenses was mainly due to investment losses under the equity method this year, an increase in interest on bank loans due to rising interest rates, and the provision for losses from litigation.
4. Income tax expenses (benefits): The income tax benefits for this year was mainly due to the assessment of tax loss carryforwards in accordance with IFRSs.

(II) The special key performance indicators (KPI) of the panel industry

Item	Year	2023				
		First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full year
Consolidated shipment (Kilometer squared)		4,300	5,706	5,893	5,086	20,985
Operating margin (%)		(21.8)	(7.0)	(1.9)	(8.0)	(8.9)
EBITDA (Note 1) Margin (%)		(6.8)	5.65	10.0	5.4	4.3
Inventory turnover (days)		484	42	41	44	44
Net debt to equity (%)		14.9	14.1	16.7	16.9	16.9

Note 1: EBITDA = Operating profit + D&A.

(III) Estimated sales volume and supporting information

With display technology as its core, AUO combines AIoT to become a solution provider in various fields. Its main product line covers a full range of large, medium, and small TFT-LCD panels, with panel sizes ranging from 0.98 inches to 85 inches. Its application range and sizes are very comprehensive. However, when the product combinations change, the company's panel shipment fluctuates significantly, so it is not appropriate to use only the sales volume as a measurement basis. Nevertheless, the company continues to strive to enhance the value of its products and optimize product combinations, constantly strengthening product technical leadership, vigorously promoting the shipment of integrated and high-value-added products, and striving to maintain product competitiveness in the fast-changing industry environment. The future development direction is towards advanced technology in panels. As the foresight technologies such as 5G and AI gradually become popular, AUO transforms it more than 20 years of experience in the display industry into the motivation to seize the industry transformation and smart field business opportunities. Collaborating with ecosystem partners, it gradually transforms in the fields of smart retail, smart medical, smart mobility, smart services and smart education and enterprise to become a solution provider with display technology as its core.

III. Cash flow

(I) Analysis of changes in consolidated cash flows in 2023

Unit: NT\$ thousands

Cash balance at the beginning of the year	Net cash flow from operating activities	Net cash flow from investing activities	Net cash flow from financing activities	Cash balance (effect by exchange rate)
80,613,120	9,993,563	(24,054,384)	18,366,527	83,969,463

Operating activities: The main changes were net profit plus depreciation and amortization of non-cash expenses and changes in working capital.

Investing activities: The main changes were changes in capital expenditures and financial assets.

Financing activities: The main changes are from borrowing and repaying long-term loans.

(II) Liquidity improvement plan:

The Company showed no signs of liquidity deficit.

(III) Analysis of cash liquidity in the coming year:

The Company, on the premise of maintaining stable cash liquidity, will carefully plan and manage cash expenditures related to investments and operations while taking, cash balances on accounts, cash flows from operating activities and investing activities and the status of financial markets into consideration.

IV. Material capital expenditures of the most recent year and impact on the Company's finances and operations

In 2023, the Company's major capital expenditure was to pay for the expansion of the high-end production capacity and investment of the upgrading technology to maintain the long-term dominant position of the Company. Based on the consolidated financial statements, the amount paid for the purchase of fixed assets in 2023 was NT\$268 billion, accounting for approximately 11% of net sales, which had no significant impact on the Company's financial operations.

V. Reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the improvement plan, and investment plans for the coming year.

In recent years, our investment policy has been in line with AUO's "Biaxial Transformation" strategy and needs. We keep seeking and engaging with strategic partners to maximize the added value of display technology and deepen applications in vertical markets. For the scope of our investment, we mainly focus on eight fields, which are "Display", "Smart Mobility", "Smart Retail", "Intelligence Service", "Smart Healthcare", "Education and Enterprise", "Energy" and "Solar and Semiconductor Materials". The share of loss of equity-accounted investees was NT\$518,049 thousand in the consolidated financial statements of 2023, mainly due to some of our investees have experienced decline in profits or asset impairment loss given the impact of market demand. In the future, we will continue to invest prudently through equity investment, joint ventures, mergers and acquisitions or strategic alliances to accelerate the transformation.

VI. Risk Matters

(1) The impacts of interest rate, foreign exchange rate fluctuations and inflation situation on the Company's profit and loss and future countermeasures

- Interest rate fluctuation

The interest rate risk of the Company and its subsidiaries is mainly from floating-rate long-term borrowings borrowed for operating and investing activities, and the future cash flow of interest expense will fluctuate due to changes in interest rates. The consolidated interest expense in 2023 is NT\$2,724,883 thousand. Based on the long-term borrowings of the Company and its subsidiaries in 2022, if the interest rate is increased by 0.25% in the future, the net profit before tax will be reduced by approximately NT\$275,318 thousand.

In terms of assets, the Company and its subsidiaries allocate funds in a conservative and prudent manner, mainly in bank deposits and highly liquid short-term government bonds with reverse repurchase agreements, so as to ensure the safety of principal and maintain liquidity.

- Foreign exchange rate fluctuation

The currency risk of the Company and its subsidiaries mainly comes from cash and cash equivalents, accounts receivable, borrowings and accounts payable denominated in foreign currency, so the fluctuation of foreign exchange rate may affect the operating income, operating costs and expenses, and even profit denominated in foreign currencies. In order to avoid the adverse impact of foreign exchange rate fluctuation on the operating results of the Company and its subsidiaries, the Company and its subsidiaries hedge with forward contracts to reduce the impact of currency risk on the profits and losses of the Company and its subsidiaries. On the basis of consolidated financial statements, the gains (losses) on valuation of forward contracts at FVTPL and foreign exchange gains (losses) in 2023 are a net loss of NT\$225,237 thousand. In the future, hedging will be continued to reduce currency risk. Based on the cost structure of the Company and its subsidiaries in 2023, if the NT dollar appreciates by 1% against the US dollar, the consolidated gross margin may decrease by about 0.5%.

- Inflation situation

According to the statistics of Directorate General of Budget, Accounting and Statistics, Executive Yuan and Central Bank of the Republic of China (Taiwan) in 2023, the domestic economic growth rate was 1.31%, and the annual gross rate of the Consumer Price Index (CPI) was 2.49%. Such price increase was relatively moderate compared with the economies of the United States, Britain and the Eurozone, which should not have a significant impact on the consolidated operating results of the Company and its subsidiaries in 2023. Based on the consolidated amount of raw materials purchased in NT\$, if the inflation rate is increased by 1% (that is, the Consumer Price Index increases by 1%), the consolidated purchase amount of the Company and its subsidiaries will increase by about NT\$150 million.

(2) The policies to engage in high-risk, highly leveraged investment, lending funds to others, endorsement guarantee and derivative transactions, the main reasons for policy, profit or loss and the future countermeasures

1. Engage in high-risk and high-leverage investments

The Company and its subsidiaries are mainly engaged in their main businesses and do not engage in high-risk or high-leverage investments. They conduct capital allocation and hedging activities based on the principle of being conservative and prudent.

2. Endorsements and Guarantees

The Company and its subsidiaries are limited to providing endorsements and guarantees for the Company and subsidiaries in which the Company holds more than 50% of ownership of such subsidiaries' total shares.

3. Capital lending to others

The Company and its subsidiaries' capital lendings are limited to the Company and its subsidiaries.

4. Derivative transactions

The Company and its subsidiaries engage in derivatives transactions based on the positions arising from the Company's business exposed to currency risk, with the purpose of avoiding market risks and reducing the Company's operating risks. On the basis of consolidated financial statements, the gains (losses) on valuation of forward contracts at FVTPL and foreign exchange gains (losses) in 2023 were a net profit of NT\$225,237 thousand., indicating that hedging strategies was still appropriate. In the future, the Company and its subsidiaries will follow the principle of avoiding risks caused by foreign exchange rate and interest rate fluctuations, and regularly evaluate and adjust relevant hedging strategies in a timely manner according to the Company's operating conditions and market trends. In addition, the Company's subsidiaries have invested in convertible bonds. The gains (losses) on valuation of convertible bonds at FVTPL in 2023 were a net profit of NT\$953 thousand.

(3) Future R&D plans and estimated R&D expenses

Please refer to the Annual Report of Chapter 5, Operational Highlights in (III) Technology and R&D status. (pages 75-76).

(4) The impact of major domestic and foreign policies and legal changes on the Company's financial business and the corresponding measures

The Company has always paid close attention to and mastered the policies and decrees that may affect the Company's operation, and cooperated with the revision of relevant internal systems. The legal changes in 2023 have not had a significant impact on the operation of the Company.

(5) The impact of technological changes (including information security risks) on the Company's financial business and the corresponding measures

Market application of flat panel display is more and more extensive. It is an important man-machine interface into smart application era and display will affect life from all aspects such as food, clothing, housing, entertainment and so on. From a technical point of view, TFT-LCD is still the most mature and competitive technology, while AUO has been deeply involved in this field for a long time, accumulating wide, deep R&D patents and skilled manufacturing technology.

At present, the market demand for panel product AUO continues to develop towards larger size, ultra-high resolution 8K, wide color gamut, high contrast, wide viewing angle, fast response time, zero border, thinness, fashionable appearance and low power consumption. Based on the existing TFT-LCD, AUO has developed relevant processes and product technologies accordingly, such as AHVA (advanced hyper-viewing angle), MIP (Memory in Pixel), High refresh rate, HDR, curved design, special-shaped cutting, on-cell/in-cell Touch and A.R.T., etc., to meet the needs of market development, meanwhile AUO continues to develop new technologies, such as Mini LED, Micro LED, under display Fingerprint, X-Ray sensor, Seamless Tiled ALED Displays and other related innovative technologies. Continuing to build a highly flexible, digitalized smart manufacturing model that incorporates 5G and AIoT; and is committed to being a solution provider that extends technological innovations across applications in diverse domains. Through providing smart sustainable solutions for smart manufacturing, net-zero emissions, and green energy. Assisting companies by use leveraging digital empowerment to strategize sustainable business opportunities and strengthening their industrial competitiveness and embark on a value-added road different from competitors.

In recent years, the frequent occurrence of ransomware and various types of cybersecurity attacks has demonstrated that information systems are not impervious to targeted network attacks from malicious third parties. Through tactics such as spear-phishing, phishing, and brute-force password cracking, these attackers may gain access to a company's internal network. Once inside, they can then implant malware for sabotage or data theft, or they may lay low within the internal network, waiting for the perfect moment to strike. After obtaining control of the internal network domain, they can enact network paralysis or encryption ransom. Disruptive and ransom-driven attacks may cause our company's operations to be interrupted, while data theft attacks could result in the leakage of confidential operational data or personal data of employees and clients. AUO Corporation has undertaken proactive efforts to strengthen its information security. In addition to the phased implementation of a range of cybersecurity defense systems and mechanisms, regular backups and cybersecurity incident response exercises are conducted for the production equipment in each factory. These measures help to reduce response times and optimize processes in the

event of an unforeseen attack, minimizing the impact. We have also established a cybersecurity maturity dashboard to enable real-time monitoring and autonomous management and improvement of cybersecurity status across all factories and business units. Every quarter, cybersecurity-related risks are assessed through our internal risk management system. The risk control and improvement status are then reported regularly at the Sustainability & ERM Committee meetings to control and mitigate related network risks.

(6) The influence of corporate image change on corporate crisis management and the countermeasures

In view of the crisis events and external potential risks, if there is any danger of affecting AUO's operation and corporate reputation, the Company will immediately start the crisis management mechanism, and the emergency response team will know the situation of the events as soon as possible, conduct risk assessment on various impacts and take necessary actions. This emergency response team is composed of senior executives from various business groups, supply chain management, finance, environmental protection, human resources, information security, sales and marketing, who will examine the Company's crisis management principles to ensure the safety of employees and the environment and ensure the efficiency of ongoing production operations. The Company's crisis communication plan also adheres to the principle of open communication to ensure that employees, customers, competent authorities, investors, news media and relevant stakeholders can know the latest situation in time.

The Company has continuously demonstrated its sustainable strength in all aspects of economy, environment and society, and will continue to uphold the core values of honesty and integrity, and shoulder long-term and sustainable responsibilities to all stakeholders and society.

(7) Expected benefits, possible risks and countermeasures of merger and acquisition

AUO's Board of Directors resolved on October 2, 2023 that it has entered into a definitive agreement under which AUO will acquire 100% equity interest in the German company Behr-Hella Thermocontrol GmbH (hereinafter referred to as "BHTC") at an enterprise value of €600 million (approximately NT\$20.4 billion). Through the combination, the company will be able to integrate resources from both platforms and generate significant synergies through future operations, underscoring AUO's commitment to its globalization and development strategy of cultivating a smart mobility ecosystem. The transaction is expected to lead to sustainable growth and create long-term value for AUO's shareholders.

(8) Expected benefits, possible risks and countermeasures of expanding the plant

AUO is committed to providing customers with an innovative product portfolio with high added-value. AUO has the flexibility to adjust and develop various application products with the competitive advantages of the complete generations of production lines. Small-and-medium-sized TFT-LCD panels will move toward higher specifications such as wearable displays with ultra-high resolution and low energy consumption, notebooks, and gaming products in the next few years. Based on its past experience in LTPS, the Company invested in the construction of the LTPS Generation 6 line phase II through AUKS in 2021, and plans to develop full capacity in 2023 to meet the growth in demand for high-end value-added products and smart vehicle applications.

In addition, the TV product production line of Taiwan 8.5 generation line completed phase III of capacity expansion and product transformation investment in 2021. At year of 2023 start using Taiwan 8.5 generation line with phase III to expanding in desktop monitors and high level notebook computers product, which cope with product lines to make a difference from other manufacturers, so as to create market differences in response to the changes of market and continue to planning the overall capacity optimization adjustment and transformation.

In 2023 the Vietnam subsidiary was established for strengthen customer cooperation relationships and respond to the supply strategy layout of important customers. Investment in Vietnam is mainly to meet the Europe and American markets' demanding to achieve diversified production locations around the world also for IT panels, system products and mass production in the first half of 2024.

(9) Risks in purchasing or concentrating sales and countermeasures

The aspect of sales

No single supplier accounted for more than 10% of net purchases in both 2023 and 2022.

AUO is committed to maintaining a close relationship with our customers and will continue to provide services that satisfy their needs. The Company will also strictly monitor the changes in customers' credit status and is committed to the development of potential customers in order to reduce the risk of concentrated sales. The main customers of the company have adjusted over the years with the change in product portfolio.

The aspect of purchase

There were no suppliers in both the 2023 and 2022 fiscal years that accounted for more than 10% of the net purchase amount.

1. Raw materials

The Company needs to adequately procure raw materials needed for production purposes. If supplying raw materials from the suppliers' end or its upstream manufacturers in our purchased raw materials happens on shortage meanwhile the Company fails to find alternative materials in time that will cause the risk of not being able to meet the needs of customers. As well, the Company's revenue and profit may be effective it. Therefore, the Company continues to decentralized supply sources and bring in local suppliers to reduce the proportion of imported raw materials. Being effectively reducing supply chain costs, risks and moving on arrangement to short chains. On the other hand, focusing on suppliers proving the raw materials the Company cooperation with existing suppliers to multi-production plans also committing to separate on upstream raw materials purchasing and bring in new suppliers, expecting to minimize the risks.

2. Equipment

The suppliers of key process equipment are often supplied by limited suppliers, and the equipment preparation lasts for 6 ~ 12 months or more. In recent years, the delivery period of some electronic parts and components has been prolonged due to the vigorous development of various industries. Therefore, the Company will consider the needs for operational growth and capacity expansion and actively seek equipment and services that can meet production requirements. The Company will also discuss various business models with suppliers to shorten the pre-procurement period of the machines. Thus, the suppliers can be expected to provide equipment and related services on time to reduce the risks arising from limited and concentrated suppliers.

(10) The impacts and risks arising from major transfer or exchange of shares by directors or shareholders with over 10 percent of shares in the Company and the countermeasures

In the most recent year up to the publication date of this Annual Report, the Company is not aware of any risk of substantial transfer or replacement of shares of directors or large shareholders holding more than 10% of shares,

(11) Impact, risk, and response measures related to any change in the administrative authority towards the Company's operations

In the most recent year up to the publication date of this Annual Report, the Company has not had any operating rights changes.

(12) Litigation or non-litigation events

The results of major litigation, non-litigation or administrative disputes that have been decided or are still pending for the company and its directors, supervisors, general managers, substantive persons in charge, major shareholders with a shareholding ratio of more than 10% and affiliated companies. For those that may have a significant impact on shareholders' rights and interests or securities prices, disclose the facts of the dispute, the amount of the subject matter, the start date of the litigation, the main parties involved in the litigation, and the disposition up to the date of publication of the annual report.

I. Major litigation, non-litigation or administrative litigation in the Company's recent year and up to the date of publication of the annual report, the outcome of which may have a significant impact on shareholders' rights and interests or securities prices:

Patent action.

Phenix Longhorn LLC (“Phenix”) filed a lawsuit against two companies, including AUO to the Eastern District of Texas with the U.S. District Court in in October 2012, claiming that had infringed certain U.S. patent related to LCD panel manufacturing held by Phenix. AUO intends to vigorously defend this lawsuit, but the final result of this case cannot be determined, and the Company is continuously evaluating the substance of this lawsuit.

Antitrust civil action

In May 2014, Nanjing LG Xingang Display Co., Ltd. and seven of its affiliated companies (plaintiffs) filed a civil lawsuit against certain LCD manufacturers, including AUO, in the Seoul Central District Court, South Korea, claiming overcharge and damages compensation. The South Korean Court of First Instance ruled in November 2023 that AUO must pay the plaintiff a total of approximately 29.099 billion won plus interest. This case is a derivative civil lawsuit from the LCD antitrust case that ended in 2006. It has been ongoing for many years since the plaintiff filed the lawsuit in 2014. AUO filed an appeal in December 2023 and deposited the aforementioned 29.099 billion won plus interest deposit to the court in January 2024. The Plaintiffs also filed an appeal in March 2024. At this stage, the final outcome of this case cannot be determined, and AUO is continuing to evaluate the substance of this lawsuit.

Explanation of Influence

As of the publication date of the annual report, AUO evaluates the rationality of the recognized expenses in each financial reporting period according to the nature of the case, whether the possible loss amount is significant, the progress of the case and the opinions of professional consultants, and make necessary adjustments in the way the Company thinks fit, but the final amount will not be determined until the relevant cases are concluded. AUO wants to actively defend the aforementioned unsettled or ongoing litigation cases, but the final results of these cases cannot be determined, and the possible losses (if any) cannot be accurately estimated at present. AUO is continuously evaluating the substance of these lawsuits. In addition to the above litigation events, there are other litigation cases arising from the normal operation of the merged company, but other litigation cases should not have a significant adverse impact on the operation of AUO.

2. Directors, supervisors, general managers, substantive responsible persons, shareholders holding more than 10% of the shares and affiliated companies of the Company: None.
3. Please refer to the consolidated financial statements with Independent Auditors’ Report for the most recent year for a description of the litigation events of the Company’s subsidiaries.

(13) Other significant risks and countermeasures: None.

VII. Other material matters: None.

Chapter 8 Corporate Sustainability

I. Overview

AUO adheres to the core concept of the Company's sustainable operation, attaches importance to the management and communication of stakeholders, shows financial and non-financial performance at the same time, draws up the strategic blueprint of AUO CSR (Corporate Social Responsibility), and implements AUO's sustainable vision by "Go Beyond CSR, Create Shared Values".

- **Auo's sustainability policy**

Considering the international trends and relevant standards, the Company formulated the "AUO Sustainability Policy", which was formally submitted to the board of directors in 2015. It covers three major aspects, including corporate governance, environment and society, with a total of 12 items, which is the highest spiritual guide for the Company's sustainable development, and accordingly echoes the Company's sustainable development principles and implements the road to sustainability.

(1) Sustainable management organization Operation

The balanced development of corporate management and sustainability is AUO's sustainable management philosophy. While pursuing strong enterprise physique, in order to invest more long-term resources in environmental protection and social participation issues, the CSR Committee established in 2013 is the highest governance body of AUO's sustainable development operation, closely linking the United Nations Sustainable Development Goals (SDGs) with the core competitive strategies of enterprises, attaching importance to value chain cooperation, actively practicing global partnership, expecting to play a leading role in enterprise sustainable development and strive to create more shared value. In 2021, in response to global climate action toward net zero carbon emission, it was renamed ESG and Climate Committee.

To implement corporate sustainable governance, and actively respond to stakeholders' concerns regarding environmental, social, and corporate governance issues, as well as promote global operational risk management and response strategies, in order to achieve sustainable operation goals. In 2024, the "ESG and Climate Committee" was upgraded to the "Sustainability and ERM Committee," directly under the operation of the Board of Directors. According to the committee's organizational regulations, there are three committee members, including the Chairman (serving as the convener) and two independent directors, and at least two meetings are held annually.

In the fiscal year 2023, a total of three board and strategy meeting reports were conducted, including identifying sustainability issues to be addressed, developing corresponding action plans, goals, and policy revisions on sustainability topics, overseeing the implementation of sustainable management, and evaluating the execution status. For detailed information of "Sustainability and ERM Committee's" objectives and execution status, please refer to Chapter III, Corporate Governance and IV. Operation of Corporate Governance.

Under our company's "Sustainability and ERM Committee," the "Sustainability and ERM Execution Team" is established, chaired by the Chairman, with a post of Chief Sustainability Officer, and operated by the Sustainable Development Strategy Department. Depending on operational substantively materiality, the Sustainability and ERM Execution Team has eight groups, led by senior-level executives, to oversee their operation and facilitate interdepartmental cooperation, translating the vision into objectives and plans for each group. The Sustainability and ERM Execution Team holds quarterly meetings to regularly report to the Sustainability and ERM Committee and ensure the development of major issues, and annually reports the operational effectiveness to the Board of Directors in accordance with sustainability development regulations. In addition for responding to new issues, sustainable policies and development, we will discuss to managers and relative departments for gathering creative ideas and communicate with project resources.

(2)CSR EPS 2025 goal

AUO is in line with the sustainable development goal of the United Nations, and takes "Go Beyond CSR, Create Shared Values " as the blueprint for the development of the enterprise's sustainable vision, and has drawn up three sustainable development themes of AUO EPS (Environment, People & Society), which are environmental sustainability, inclusive growth, agile innovation, and actively promises to achieve the short-, medium- and long-term goals of sustainable development in 2025. In the goal, AUO pays attention to the environmental issues of climate change and the consumption of the earth's resources, and is also committed to the long-term social vulnerable groups and improving the demand for quality education, and welcomes new opportunities of energy, intelligent manufacturing and convenient life through agile innovation.

Theme		Aspect	Meaning	2025 goal	Cumulative target compliance in 2023	Cumulative target compliance in 2025
Environment Environmental sustainability	Implement low-carbon production and resource recycling in the value chain to achieve the goal of environmental sustainability.	Energy Optimization	Optimize product life-cycle and energy consumption through technology and management; work with value chain partners to create even greater environmental benefits.	Set reduction targets based on life-cycle and reduce carbon emissions by up to 6.5 million tones CO ₂ e cumulatively.	>100%	>100%
		Water Optimization	Optimize product life-cycle and water resources through technology and management; work with value chain partners to create even greater environmental benefits.	Work with the value chain to combat the threat of water resource shortages and conserve up to 100,000 CMD in tap water cumulatively.	>100%	>100%
		Circular Production	Reduce the environmental impact of the production process; take circular economy value and extended applications into account.	Spearhead the development of the circular value chain, expand its economic performance and achieve a growth rate of 135%.	>100%	84%
		Climate Adaptation	Reduce the risk to company operations from the climate and Improve adaptability to build a resilient value chain.	Increase the resilience of climate adaptation and continue to reduce the risk of financial impact from climate change issues.	>100%	Continue to manage financial risk
People Integrating growth	Corporate growth should take into account the diverse development of key stakeholders in order to achieve the influence of common inclusive growth	Quality Education	Improve employee competency, promote industry-academic collaboration, popularize basic education and provide disadvantaged students with equal access to education.	Provide diversified educational opportunities to more than 600,000 people and increase employee participation in AUO quality education by 20% each year.	>100%	85%
		Inclusive Growth	Support employment for youths and the disadvantage, and include them in the value chain to promote national economic growth.	Support the disadvantaged and ally with industry chain partners to grow inclusive employment and learning opportunities more than eight-fold.	>100%	98%
		Enjoyable Workplace	Build a quality working environment that helps employee balance work and family; invite value chain partners to participate as well.	Become the preferred enterprise and reach 80% in employee identification with the four dimensions in Primary demand, Management support, Team work and Learning and growth.	>100%	Continue achieved in 3 years

Theme		Aspect	Meaning	2025 goal	Cumulative target compliance in 2023	Cumulative target compliance in 2025
Society Agile Innovation	Continue to apply core technologies to enhance the resilience of human life style and promote agile innovation	Affordable and Clean Energy	Popularize renewable energy to make it more affordable and easy to use; increase market share in Taiwan and become a professional global provider of renewable energy.	Improve capability in renewable technology, expand the installed capacity of renewable energy around the world and double the cumulative growth rate. (100% cumulative growth)	>100%	89%
		Smart Manufacturing	Improve manufacturing competitiveness through intelligent management; play a key role in technology (IIoT) and services to help with the transformation of other industries.	Boost industry competitiveness and overall performance by 50% through intelligent manufacturing and technology integration.	93%	84%
		Intelligent Life	Combine industry advantages with AI technology to create smart living and smart cities.	Development products and integrated services to expand the cumulative reach of education, health, finance, shopping, lifestyle, transport and other smart city applications to a one billion people.	>100%	95%

(3) Stakeholder Engagement and Communication

AUO attaches great importance to stakeholder communication and its feedback. With reference to AA100SES stakeholder negotiation standard and GRI Universal Standards 2021, it defines the categories of stakeholders that have a deep impact on the Company, and adopts customized short-, medium-, and long-term deep-rooted plans based on the principles of complementarity, cooperation and co-creation. Through regular cross-departmental communication, the overall resources can be quickly integrated, two-way interaction with stakeholders can be implemented, feedback, needs and risks can be grasped, and mutually beneficial business opportunities can be explored.

Stakeholder communication topics and channels:

Stakeholder	Topic of Communication	Channel of Communication
Government/ Academic expert	Technology research and development, product health and safety, environmental safety and health practices, industry-university cooperation, talent development, regulatory consultation, brand image, climate change	Expert consultation meetings and seminars, and external communication mailbox
Supplier	Circular economy, net zero carbon emission, operational risk, stable supply chain	Project meeting, field communication, co-prosperity course, supplier audit, supply chain ESG platform, complaint mailbox
Customer	Sustainable products, circular economy, renewable energy business opportunities	Project meeting, customer satisfaction survey, customer service website system
NGO	Environmental education promotion, popular science education promotion, social welfare practice	Project meetings, external seminars, AUO Sustainable Foundation, external communication mailbox.
Media	Operational performance, dual-axis transformation strategy, ESG brand	Exhibitions, press conferences, press releases, social media
Employee	Operating status, public welfare activities	Internal publications, community activities, labor meetings, questionnaires, secretaries' meetings, welfare committees, internal communication mailboxes, various complaint and consultation lines, and business briefings

Stakeholder	Topic of Communication	Channel of Communication
Investor	Bio-axis transformation strategy, ESG strategy and performance, solar energy business strategy, communication on risk issues	Website investor zone, annual general meeting of shareholders, quarterly briefings, investor relations department, shareholder mailbox, financial report
Student	Industrial Internship, Appointment and Benefits, Brand Image	A+ summer internship program, GOLF platform, campus recruitment, external communication mailbox, job search webpage
Community & neighborhood	Promotion of culture and education, promotion of popular science education, communication in photoelectric field, communication in factory environment maintenance	Regular on-site visits and care, factory venues, project meetings, irregular neighborhood activities, factory complaint lines, and external communication mailboxes

(4) Enterprise risk identification and operation management

The risk management organization of AUO is overseen by the board of directors, which serves as the supreme governing and decision-making body. Each year, our performance is reported to the board either in board meetings or in strategic meetings. This includes discussions on climate change issues. According to internal and external circumstances, AUO's Board of Directors approved the amendment to the Risk Management Policy and Procedures on January 31, 2024. The risk governance group of Sustainability & ERM Executive Committee under the Sustainability & ERM Committee is tasked with implementing the risk management policy approved by the board of directors. The risk management policy follows the ISO 31000 risk management principle to establish relevant policies and processes. The mainly as the company to assessment boundary, including operating bases in Taiwan, mainland China, other parts of Asia, Europe and the USA meanwhile consider subsidiaries of AUO (Kunshan) Co., Ltd, AUO (Suzhou) Co., Ltd. and AUO (Xiamen) Co., Ltd to assessment. By using quantitatively evaluates the frequency, impact degree and control degree of the Company's risks through the processes of identification, analysis and evaluation. The strategic framework includes external political economy, climate and environmental protection, and compliance with laws and regulations, as well as internal risks such as operation and manufacturing, R&D business, information security, finance, etc. If the evaluation results of risk projects have high impact and control uncertainty, the risks will be included in the tracking management. In addition, every year, AUO conducts regular materiality analyses to assess the relevance of issues based on global sustainability trends and GRI guidelines. Through surveys, the company gathers stakeholders' perspectives on AUO's environmental, social (including human rights), and corporate governance aspects. AUO also establishes a double materiality assessment method and implements an impact-based materiality analysis process to identify material issues. The results of the materiality analysis are incorporated into the organization's Enterprise Risk Management (ERM) process and become the core issues for AUO's sustainability blueprint and the development of short, medium, and long-term goals. In the 2023, AUO's risk identification process ultimately identified 10 categories of high-concern risks, including disasters and emergencies, climate change, operational continuity management, and supplier management.

AUO continuously monitor the development of external trends, consider the risks that may impact the operation in real time, establish operation emergency procedures in series with the responsible units, improve the efficiency of process improvement, and enhance the ability of crisis emergency handling, so as to ensure stable operation. For further and newest details please regarding in AUO sustainability report.

(5) Customer management

AUO is committed to being the best partner of customers' long-term cooperation, with innovative technology and intelligent service, immediately approaching customers' needs, and constructing a set of meticulous quality management system with a cautious attitude, with the goal of creating excellent products and becoming customers' trusted long-term partners. AUO regularly arranges meetings to communicate with customers, and conducts a customer satisfaction survey every year. In 2023, the customer satisfaction result was 96%, showing customers' affirmation of AUO's quality ability and intelligent management achievements. AUO also conducts review and

improvement according to customers' irregular appraisal and individual customer needs. Facing the industrial cycle, we should actively adjust our physique, continuously observe the industrial trend and master the pulse of customers, with customer satisfaction as the ultimate goal.

Under AUO's quality policy, we provide cross-border e-quality after-sales service through service points around the world. During the product warranty period, customers can apply for RMA service or contact customer service personnel to arrange product return, repair and delivery, and they can also track the progress of maintenance and return through CSS system. In addition to improving customer satisfaction, it can also reduce waste and achieve the benefit of reducing environmental impact. In addition, in order to support the Company's development in the smart field, international standards related to automotive and medical industries, such as AIAG-VDAFMEA (Failure Mode and Effect Analysis) and ISO 14971:2019 risk management guidelines, have been introduced to make complete preparations to bring customers high-value technology and high-quality products and services.

An important part of maintaining the trust of stakeholders, AUO implements privacy protection for customers and all stakeholders. Comply with privacy and information security laws and regulatory requirements when collecting, storing, processing, disseminating, sharing personal data moreover having an information security policy and information security committee to protect the information of stakeholders. In order to implement the protection and management of personal data, AUO has formulated personal data protection management measures and privacy statements as the highest principles for the protection of customers' personal data. In company internal website established area of GDPR and PIPL. Offering employee with reference to relevant policies and public documents, and following the regulatory of requirements.

(6) Supplier management

AUO adheres to the principle of sustainable and balanced development in three aspects, grasps the performance of supply chain in three aspects: economy, society and environment, and formulates specific methods and objectives for sustainable management of suppliers. Through communication, counseling and audit training, AUO will work with partners to jointly improve their capabilities and reduce risks, fulfill their responsibilities and grow together.

AUO adopts "Responsible Business Alliance (RBA)" as the implementation criterion of corporate social responsibility policy, and has formulated "AUO Supplier/Subcontractor Code of Conduct", and requires all suppliers and outsourcers to sign "AUO Supplier/ Subcontractor Code of Conduct Conformity Statement", which includes occupational safety, industrial hygiene, environmental protection and labor human rights, etc., to ensure that suppliers and outsourcers abide by the behavior of responsible business alliance or relevant local laws and regulations. .

AUO conducts ESG risk assessment of supply chain every year, and understands the risk level and control status of suppliers in ESG environment, society and economy through self-assessment of questionnaires, so as to identify high-risk manufacturers and list them as the audit targets every other year. The audit team is composed of procurement, quality, environmental safety and human resources departments. Through on-site audit, document review and employee interviews, the audit team ensures that suppliers and outsourcers abide by the code of conduct and relevant laws and regulations. If suppliers or outsourcers violate social and environmental responsibilities, their business cooperation relationship with the Company will be affected. At the same time, suppliers are also arranged to participate in a series of courses such as society, environment and energy conservation. In 2023, four series of co-prosperity activities were held, including government policies, product carbon footprint practical experience sharing, drill transformation strategy practical sharing, energy saving and carbon reduction and practical case observation meeting, and invite supply chain partners to participate in the learning. For further and newest details please regarding in AUO sustainability report.

(7) 2023 ESG Awards and Recognition

- Top 5% in Taiwan Stock Exchange 9th Corporate of Governance Evaluation Systems.
- Selected in the Bloomberg Gender Equality Index for six consecutive years.
- Selected in the MSCI ESG Leaders Indexes.
- ISS ESG corporate ratings Prime Status
- EcoVadis Silver Level
- Nine awards including Taiwan Corporate Sustainability Award (TCSA), Top Hundred Model Enterprises in Manufacturing Industry and Global Corporate Sustainability Award (GCSA).
- Won the CommonWealth Magazine CSR large enterprises prize.
- Won the MSCI ESG rating A.
- Manufacturing Leadership Awards (MLA) of American Manufacturing Association.
- Taiwan Circular Economy Award Product Excellence Award.
- Clarivate Top 100 Global Innovators Award.
- Taiwan Excellence Golden Award
- Smart Display Application Awards in Excellence in Technology Award and Outstanding Product Award
- Smart Display Industrial Alliance Awards in Golden quality

II.Environmental

(I) Environmental Policy

- AUO formulates environmental safety, health and energy policies based on the expectation of overall environmental safety, health and energy performance, taking into account the Company's business philosophy, environmental identification results, legal requirements, resource requirements, pollution prevention and the needs of stakeholders, and requires the supply chain to comply with the regulations on hazardous substances management. AUO continuously improves manufacturing efficiency, creates environmentally-friendly production, promotes green manufacturing, and focuses on green factories, energy saving and carbon reduction, resource reuse, waste reduction and environmental load reduction, and continues to make efforts in the fields of sustainable production and clean manufacturing.
- Environmental management system
 AUO has introduced ISO 14001 environmental management system since 2002, covering all factories domestic and overseas, and ensuring that all factories meet the specifications through third-party verification, and updating the certificates regularly. AUO takes into account the thinking of life cycle and the voice of stakeholders, and makes continuous improvement with PDCA [Plan (P) - Do (D) - Check (C) - Action (A)] cycle. It systematically manages environmental affairs from policy, management organization, documented management to management review, which not only ensures the effectiveness and compliance of the environmental management system, but also prevents the opportunity of environmental damage or pollution, so as to promote environmental protection objectives.

- Environmental accounting

AUO began to promote the environmental accounting system in 2009, and completed the global system construction in 2012. In 2023, the total expenditure on environmental protection was about NT\$1.82 billion, including recurrent expenditure of NT\$ 1.78 billion and capital expenditure of NT\$33 million. For further and newest details please regarding in AUO sustainability report.

Unit: NT\$ Thousand

Environmental accounting		Description	2023		2022		2021	
			Current expenditure	Capital expenditure	Current expenditure	Capital expenditure	Current expenditure	Capital expenditure
Operating cost	Pollution prevention cost	Costs related to prevention of various pollution, such as air pollution prevention and control, water pollution prevention and control, etc.	696,295	29,732	658,432	73,826	629,756	282,714
	Global environmental protection cost	Costs related to global environmental protection such as preventing climate change and ozone layer depletion.	143,628	1,921	53,886	51,920	29,192	3,486
	Cost of sustainable utilization of resources	Improve the efficiency of resource use or reduce or avoid waste generation and affect related costs.	473,080	747	531,796	10,540	591,935	-
Upstream and downstream associated costs		Reduce the related costs of environmental impact in upstream and downstream activities, such as green procurement, product packaging recycling and other related costs.	219,661	-	192,693	2,155	209,635	-
Management cost		Related costs incurred for the development and implementation of environmental management.	46,434	710	58,931	-	52,743	-
R&D costs		In order to reduce the cost related to the process and product environmental impact.	20,719	-	11,308	-	3,696	-
Social activity cost		Promote the environment, community and social environment to improve the public welfare-related derivative expenses.	5,527	-	3,880	-	3,197	-
Loss and remedial cost		The expenses derived from solving environmental problems, compensation, punishment and litigation.	-	-	88	-	-	-
Other environmental protection costs		Other environmental protection costs, such as related environmental permit fees, energy and greenhouse gas related taxes and fees.	177,395	-	158,922	-	177,089	-
Total of itemized costs			1,782,739	33,110	1,669,936	138,441	1,697,243	286,200
Total cost			1,815,849		1,808,377		1,983,443	

(2) Climate management/climate change

In the face of global climate change issues, in the Paris Agreement's goal of keeping the global temperature rise below 2°C, and paying attention to the growth risks and potential market opportunities of enterprises, AUO has set four policy directions for climate change management, and actively prepares for and faces challenges through information transparency, mitigation and adjustment, responsible participation and cooperative development. As the decision-making platform of the Company's climate issues, Sustainability & ERM Committee echoes SDGs to formulate the Company's goals and implications, and manages the complicated issues of climate change, such as cherishing water resources, saving energy and reducing carbon, climate adaptation and operational resilience, and energy popularization, etc., and through the carbon energy working group, according to the current situation and trend of the organization's operation, timely and appropriately formulate and implement annual goals. ESG and Climate Committee will include climate management effectiveness in the annual report of the board of directors, and if there are major climate change issues, it can be added to the report of the board of directors.

AUO faces up to the issue of net zero, and participates in domestic and foreign initiative organizations to set sustainable goals:

1. Science Based Target

AUO set a Science Based Target, which was approved by Science Based Target initiative in 2021, to achieve an absolute 25% carbon reduction by 2025 with well below 2°C scenario and use 2018 as the base year.

2. RE100

AUO joined the Global Renewable Energy Initiative RE100 in 2022. AUO is committed to using 30% renewable energy by 2030 and 100% renewable energy by 2050. AUO is also the first company in the global display industry to commit to using renewable energy by 2050.

3. Net zero commitment

- Taiwan Climate Partnership: AUO worked with enterprises in 2021 to establish Taiwan Climate Partnership to promote the implementation of energy saving and carbon reduction in the industry and drive industry chain suppliers towards the "RE 100" and "EV 100" targets.
- Taiwan Alliance for Net Zero Emission: Joined the Taiwan Alliance for Net Zero Emission in 2021 to achieve net zero in the corporate headquarters building by 2023, net zero in all offices by 2030, and net zero in the Company's operating boundary by 2050 through energy saving and carbon reduction in office facilities, installation of solar panels, and purchase of renewable energy certificates or offset by AUO's own carbon credits.

● TCFD Identification of Climate Risks and Opportunities

AUO incorporated the topic of climate change into the Company's CSR target and carried out adaptation and mitigation activities. In 2019, the foundation of the TCFD operation management framework was established and the TCFD working group was set up. The following year, AUO integrated the TCFD mechanism with the company's annual risk identification through gathering manager level to reviewing with climate issues related to the company's corporate operations. After classify with annual key risk issues entered into annual TCFD risk project management and let TCFD working group to following-up. In terms of adaptation, AUO established the PDCA cycle management of climate related risk and opportunity scenarios of AUO based on the framework of Task Force on Climate-Related Financial Disclosure (TCFD), which became a long-term and continuous operating mechanism. TCFD risk scenario case is consolidated with annual risk identification work, and the director of the responsible unit makes an in-depth evaluation on the topic of "Climate Change-Carbon Management" to converge the challenges and opportunities that the organization may face in the short and medium term in the future, and identify the contents of risks through the TCFD framework. After the risk identification, the focus issues that converge include increased interest from stakeholders, emission reduction, changes in raw material costs, and customer dynamics. AUO continuously monitors the development of external trends, considers the risks that may impact the operation in real time, and establishes operation

emergency procedures in series with the responsible units, so as to improve the efficiency of process improvement and enhance the ability of crisis emergency handling, so as to ensure stable operation. For details of AUO's climate strategy, identification results and management information, please refer to AUO's climate-related financial disclosure report.

AUO TCFD Framework:

Core elements	Description	Disclosure items		
Governance	Disclose the organization's governance around climate related risks and opportunities.	Supervisory process of the Board of Directors <ul style="list-style-type: none"> Regularly report the results to the board of directors. Major topic, project report 	Roles and responsibilities <ul style="list-style-type: none"> Sustainability & ERM Committee consists of the CSO and level-one executives who report to the Chairman directly. Climate change topic project management and progress report Target review and monitor external trends 	
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Strategy of risk and opportunity <ul style="list-style-type: none"> Carbon reduction in the value chain Renewable energy development & market development Climate actions linked to the CSR goals 	Financial impact on risk & opportunity <ul style="list-style-type: none"> Categorization based on people, machine, and material-related laws Regularly updates the financial impact Evaluate the acceptance based on the magnitude of financial impacts 	Scenario and analysis <ul style="list-style-type: none"> Transition risk: IPCC 6th SSPI-1.9 Physical risk: SSP5-8.5 drastic temperature increase scenario
Risk Management	Disclose the processes used by the organization to identify, assess, and manage climate related risks	Identification and evaluation process <ul style="list-style-type: none"> Cooperate with the Company's risk identification operations Establish a risk management working group Opportunity topics are reviewed by the Sustainability & ERM Committee 	Management process <ul style="list-style-type: none"> Annual project of PDCA management Confirm risk scenario and hypothesis Clarify the responsible department based on the scenario Financial impact assessment and management Annual achievement report 	Annual risk management system <ul style="list-style-type: none"> High-risk topics are included in high-level meetings for management
Metrics and Targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities	Evaluation indicator <ul style="list-style-type: none"> Reduce carbon emissions by 6.5 million tons (2018-2025), SBT path and RE100 goal Adaptation: Increase climate resilience, continue to lower climate related financial impacts and risks 	Carbon emission management <ul style="list-style-type: none"> Conduct a greenhouse gas inventory in accordance with ISO 14064 Organizational boundaries: Scope 1 and scope 2 Other indirect emissions: Scope 3: total 8 types of emissions, completed external verification 	Target setting and review <ul style="list-style-type: none"> Quantitative target management <ol style="list-style-type: none"> Renewable energy and power quality Reclaimed water and water resources are stable Carbon emission reduction Create a value chain ecosystem with operational resilience

- Greenhouse gas emission reduction and energy management

Since 2003, AUO has been conducting greenhouse gas emissions inventories at its global manufacturing facilities and has implemented ISO 14064 standards. Every year, the company undergoes external verification and transparently discloses emission information. Since 2010, the Company carbon inventory system and eco-efficiency index system have been developed and built internally as the management tool for long-term carbon reduction targets. AUO launched the ISO 50001 Energy Management System in 2011 and was fully introduced at all sites. In 2018, AUO introduced the IPMVP (International Performance Measurement & Verification Protocol) and conducted the performance verification of large-scale energy conservation projects through the third-party professional testing and verification agency, to improve the objectivity and correctness of data. In 2020, AUO took the lead in implementing the latest standard ISO 14064 and continuously enhance AUO's greenhouse gas emissions management. The company directly operate all of our facilities and complete the greenhouse gas inventory for Scope 1, 2, and 3 emissions in accordance with ISO 14064-1 by 2023, which has been verified by DNV.

AUO continues to improve energy efficiency through the management and investment of energy-saving measures, and independently sets the annual energy-saving rate of 1.5%, while meeting the requirements of government energy regulations and self-goal setting. In 2023, AUO's global power consumption totaled 4.64 billion KWH, with 2.2% renewable energy usage and annual electricity saving rate of approximately to 3.3%, simultaneously meeting government energy regulations and self-set target.

In 2023, AUO's global direct greenhouse gas emissions is 68.0 thousand metric tons of carbon dioxide equivalent and indirect emissions from the generation of purchased energy is 2.36 million metric tons of carbon dioxide equivalent. The greenhouse gas emissions per square meter input sheet were 44.11 kg of carbon dioxide equivalent, and other indirect emissions (not included purchased energy) is 2.17 million metric tons of carbon dioxide equivalent. Compared to the previous year, there was a reduction of 1.7 thousand metric tons of carbon dioxide equivalent in direct emissions and a reduction of 11.0 thousand metric tons of carbon dioxide equivalent in indirect emissions from energy sources. The total greenhouse gas emissions from direct and indirect sources amounted to 2.43 million metric tons of carbon dioxide equivalent. This achievement corresponds to a 128% attainment of the 25% absolute carbon reduction target by 2025. Moving forward, we will continue our efforts to further improve and achieve absolute carbon reduction within our organization. In 2022, AUO's global direct greenhouse gas emissions is 69.7 thousand metric tons of carbon dioxide equivalent and indirect emissions from the generation of purchased energy is 2.37 million metric tons of carbon dioxide equivalent. The greenhouse gas emissions per square meter input sheet were 51.47 kg of carbon dioxide equivalent, and other indirect emissions (not included purchased energy) is 1.00 million metric tons of carbon dioxide equivalent. For further and newest details please regarding in AUO sustainability report.

- Internal carbon pricing

After the Paris Agreement came into effect, AUO began to promote the carbon price mechanism based on the international carbon trading market price. The carbon price is announced every year as the reference index of external cost internalization and is applied to the evaluation of investment benefit of the energy-saving scheme and the calculation of carbon emission cost of employees' travel so that employees can feel the impact of the external cost of the Company and their activities. In 2023 AUO announced that internal of carbon price is NTD 6,242 each metric ton. For further and newest details please regarding in AUO sustainability report.

(3) Water resources management

In order to avoid the impacts of heavy rainfall or drought caused by climate change, AUO assesses water resource risks and develops water-saving technology to reduce water usage, aiming to gradually reduce the amount of tap water used each year. The target for 2023 is to use less than 65,000 tons of tap water per day, and the actual daily usage of tap water is 56,897 tons, achieving a goal completion rate of 100%. In 2023, the total water consumption of the whole plant was 23.81 million tons, the recovery rate of process water was 95.02%, and the process water consumption per square meter input sheet was 0.43 metric tons. In 2022, the total water consumption of the whole plant was 21.55 million tons, the recovery

rate of process water was 94.89%, and the process water consumption per square meter input sheet was 0.35 metric tons. AUO will continue to strive for absolute water reduction in the future. In waste water management, the output of waste water is reduced, the waste water discharged from the factory will be tested regularly, and the water quality of waste water will be ensured to meet the standard through automatic monitoring facilities. The water resource usage data over the years has been assured by KPMG in accordance with ISAE 3000 with limited assurance. For further and newest details please regarding in AUO sustainability report.

(4) Circular production

AUO promotes the green commitment in an all-round way, actively draws a blueprint for circular economy and echoes SDG-12 responsible production, continuously examines and improves the reduction management of raw materials in production links, actively forms an alliance with upstream and downstream value chains, and combines technology and innovation to implement and continuously expand the benefits of circular economy. AUO set up a "Circular Economy Working Group" and operated in a cross-departmental horizontal integration mode, striving for source reduction, product recycling certification, material recycling rate increase and process waste reduction, and cooperating with partners to recycle materials, research and develop recycled materials technology and process material recycling, so as to implement the circular economy goal with practical actions. In order to practice sustainable product innovation and design capacity, AUO continuously evaluates the high-value application of different recycled materials based on 2021, and expecting proportion of recycled materials actually used in special products is 30% in 2024.

- Waste management

AUO's waste management principle prioritizes Reduction at source and Reuse in production process, followed by Recycling as a by-product or by a qualified contractor, and finally incineration or burial to ensure efficient use of resources. In addition, a "Whole Waste Management Process" has been established, which focuses on the addition and use of raw materials at the source and the adjustment and change of manufacturing process, so that new wastes can be dealt with and disposed of in advance. In addition, keep abreast of market changes of waste removal and disposal of manufacturers. In addition, it can avoid the random dumping event by monitoring the cleaning track of the manufacturer. The integrity of the overall management mechanism ensures that waste removal has no impact on operations, and that waste can be disposed of legally and properly, thus reducing the public's doubts about the disposal of technological waste.

AUO's goal is to annually reduce the total waste generated, which is not reusable, over the years. The target for 2023 was to have a total non-reusable waste generation of less than 8,900 metric tons, and the actual amount generated was 6,108 metric tons, achieving a 100% attainment rate. Moving forward, we will continue to improve and strive for an absolute reduction in the total non-reusable waste generation. In 2023, there were 59.6 thousand metric tons of non-hazardous waste and 13.8 thousand metric tons of hazardous waste in AUO plant, of which 91.69% was recycled, and the amount of waste per square meter input sheet was 1.33 kg. In 2022, there were 62.8 thousand metric tons of non-hazardous waste and 13.4 thousand metric tons of hazardous waste in AUO plant, of which 82.86% was recycled, and the amount of waste per square meter input sheet was 1.35 kg. The waste data over the years has been assured by KPMG in accordance with ISAE 3000 with limited assurance. For further and newest details please regarding in AUO sustainability report.

- Green product

AUO Hazardous Substances Management policy adopts the three aspects of sustainable business philosophy. Through providing high-quality green products and services, AUO hazardous substances management regulations are formulated, and hazardous substances management procedures are implemented to reduce the impact on the environment and ecology and fulfill corporate social responsibility. AUO hazardous substances management policy continues to aim at no hazardous substances in products. And follow the spirit of the Basel Convention to recycle and dispose of hazardous waste. The sources of AUO's hazardous substances regulations include the requirements of

international regulations, customers and environmental protection trends. AUO will collect information about hazardous substances regularly and update the contents of AUO's hazardous substances regulations regularly. In 2024, AUO controlled a total of 153 categories of hazardous substances to cover customers' specification requirements.

III. Social aspect

(I) Human rights policy

AUO is committed to safeguarding employees' human rights. In 2006, it comprehensively referred to international standards, such as Social Accountability 8000, Global Sullivan Principles and the United Nations Guiding Principles on Business and Human Rights, and the code of conduct of Responsible Business Alliance, etc., to establish a four-stage human rights management system that meets the requirements of various laws and regulations, such as freedom of employment, humane treatment, prohibition of improper discrimination and sexual harassment, and to establish a diversified and effective communication mechanism, protect employees' rights and interests in filing complaints, improve wages and benefits, training and development opportunities and course selection, and ensure that employees' rights and interests are protected and fulfill their social responsibilities. For detailed information, please refer to the human rights policy under the sustainability policy concept of our company website: <https://csr.auo.com/tw/operating/policy-person>.

In accordance with the principle of equal treatment, AUO does not affect its employment, salary and promotion opportunities due to differences in gender, race, nationality, religion, age, physical disability, political stance, marital status and union associations. Through a fair and equitable recruitment and selection mechanism, it aims to create a gender-equal, multicultural and cross-generation friendly workplace environment.

AUO conducts quarterly human rights risk assessment, aiming at eight major human rights issues, including sexual harassment, working hours, workplace safety and health, discrimination, personal information risk, salary and welfare, obstruction of free choice of occupation and obstruction of freedom of association, and evaluates the risk value borne by enterprises. AUO also conducted on-site audit, document review and employee interviews in accordance with the audit standards of the RBA (Responsible Business Alliance) Code of Conduct, so as to ensure that no human rights violations occurred.

(2) Talent retention

AUO has bases all over Asia, America, Europe and other places, and strives to create a diverse working environment of equality, integration and development for employees in many countries around the world, with an open and inclusive atmosphere to encourage employees to respect differences, learn together and enhance team cohesion. In 2023, female employees accounted for 34.16%, of which female in management positions is accounted for 28.04% and female in senior management positions is accounted for 8.8%.

AUO firmly believes that employees are the biggest asset of the enterprise, and provide diversified and competitive salary and career development opportunities. The salary is approved according to the academic background, professional knowledge and technology, professional experience, etc. of employees in global operation bases, and there is no difference in gender, race, nationality, religion, age, physical disability, political stance, marital status and unions associations. In order to ensure market competitiveness, we participate in salary survey in international market every year, and adjust salary according to the market level of each job and individual performance. The average standard salary of grassroots employees is better than the legal minimum salary. In accordance with the overall operation of the Company, team and individual performance, according to the flexibility of different positions to design a variety of short - and long-term reward incentive schemes, share profit and surplus with employees, in order to achieve the purpose of talent attraction, retention, incentive and planned cultivation of high-quality talents. In accordance with Chapter Six, Accounting, and Article 15 of the Company's bylaws, it is stipulated that if the company makes a profit for the year, a provision of no less than 5% shall be allocated for employee compensation, and no more than 1% shall be allocated for director remuneration. For detailed information, please refer to Section I, Capital and Shares, subsection 8, Profit-sharing compensation of employees and directors, in Chapter 4, Capital Overview.

In order to enable colleagues to give full play to their strengths in a good and friendly workplace environment and immerse themselves in a healthy and happy corporate atmosphere, AUO provides comprehensive systems and facilities in the aspects of "work, life, study and career development," including labor insurance, national health insurance and group insurance, annual bonus, staff restaurant, life plaza, Health Fit Center, fitness center, staff welfare committee; for example, AUO Taiwan Employee Welfare Committee is responsible for the planning and implementation of various welfare programs, continuously promoting employee welfare business, such as sports season, festivals, community activities, employee travel, etc., and providing various welfare subsidies such as emergency relief, hospital condolences, wedding and funeral celebrations. AUO also has an "employee Stock Ownership Trust plan", which provides relative incentive funds to help employees save small amounts in the long term, and establish individual flexible fund use or financial planning in the short, medium and long term. In addition, in order to encourage employees to provide professional services and settle down after retirement, there is an "Employee Pension Regulation", and according to the statutory provisions of each operating base, various social insurance benefits such as labor retirement, medical care and old-age pension are allocated and paid for each employee. For detailed information, please refer to Chapter V, Operation Overview and V. Labor Relations or AUO's Sustainability Report.

(3) Occupational safety and health

For a long time, AUO has devoted itself to environmental protection, energy conservation and employee care, hoping to fulfill our social responsibilities while the enterprise is established, and move towards the road of sustainable management. The global factories have passed the ISO45001 occupational health and safety management system certification in an all-round way, and independently monitor the operation exposure risk, biological detection indicators and working environment monitoring every year, formulate a health classification management mechanism, and strengthen work safety. In 2023, the ratio of recordable occupational injuries was 0.49, with 40 recordable occupational injuries, none of serious occupational injuries and none of occupational injury fatality. The main types of occupational injuries were slip and fall, and pinching, rolling and crushing injuries. The main types of occupational injuries were slip and fall, twist and fracture, and pinching, rolling and crushing injuries. Therefore, AUO keep advocacy "Positive Safety Culture", encourage

manager and colleagues actively proposals, discover hidden dangers in advance and make relevant preparations in advance. For detailed information, please refer to V. Labor Relations or AUO's Sustainability Report in Chapter V Operation Overview.

(4) Employee development

AUO has established the "Education and Training Procedure" as the basis for employees' education and training, which enriches employees' knowledge and skills, improves work efficiency and quality, and combines employees' growth and enterprise development goals. Since joining the Company, the Company has invested sufficient resources to colleagues in different positions and ranks, and adopted different training plans for systematic learning and development at various stages, including new personnel training, personal function development, professional knowledge upgrading, external training plans, supervisor training, etc. Based on people-oriented thinking, it also provides resources such as employee referral or career consultation window for retiring or terminating the employment relationship to promote workplace employability. Simultaneously we set up the academic affairs center of AUO University, and hold regular education and training meetings to check the training effect and optimize and improve the countermeasures. In 2023, AUO global learning development stage is using over 31,000 hours and total cost is NTD 36,764,000. For detailed information, please refer to V. Labor Relations or AUO's Sustainability Report in Chapter V Operation Overview

(5) Employee engagement and communication

- Labor relations management

In addition to complying with the provisions of the Labor Standards Law and relevant laws and regulations, AUO also provides benefits and measures that are superior to those specified by laws and regulations to establish harmonious labor relations. There are union organizations in factories such as Suzhou, Xiamen and Singapore. In Taiwan, AUO has formulated the "Measures for the Implementation of Labor Meetings" in accordance with Article 83 of the Labor Standards Law and the measures promulgated by the Ministry of Internal Affairs, and regularly holds labor-management conferences according to law to carry out labor consultation and labor discussion. All employees can make recommendations to the Company through their representatives. Quarterly labor-management conferences provide labor representatives with a clear picture of the Company's latest operation situation, manpower situation, and labor-related communication issues.

- Communication channels and employee engagement survey

AUO actively establishes positive employee relations and various open and positive communication channels. Employees can respond to any opinions through various channels, including internal communication mailbox, president mailbox, audit committee mailbox, sexual harassment complaint mailbox and 7885 (please help me) hotline. In addition, all factories have set up special personnel for employee relations to conduct random telephone sampling interviews to care for employees' physical and mental health.

In order to create a friendly working environment and enhance employees' recognition, AUO uses the comprehensive index of "Q12 Employee Engagement Survey" to detect the organizational atmosphere, grasp employees' voices, and draw up strengthening countermeasures, such as employee experience, education and training, departmental communication, etc., and regularly track employees' average recognition in four aspects: basic needs, management support, teamwork and learning and growth, reaching 84%.

(6) Social participation

AUO believes that the sustainable development of an enterprise must balance the needs of the economic, environmental, and social aspects. The AUO Foundation was founded in 2019 to fulfill our Green Corporate Commitment and cultivate the vision of sustainable society citizenship. The AUO Foundation is develop in the four key areas and four volunteer systems to protect natural ecology, improve the quality of life, promote environmental education and practice philanthropy. Employees were encouraged to take part in volunteer service. We hope this will help solve social problems

and support government policies, and work with stakeholders to build a better society by complementarity, collaboration and co-creation.

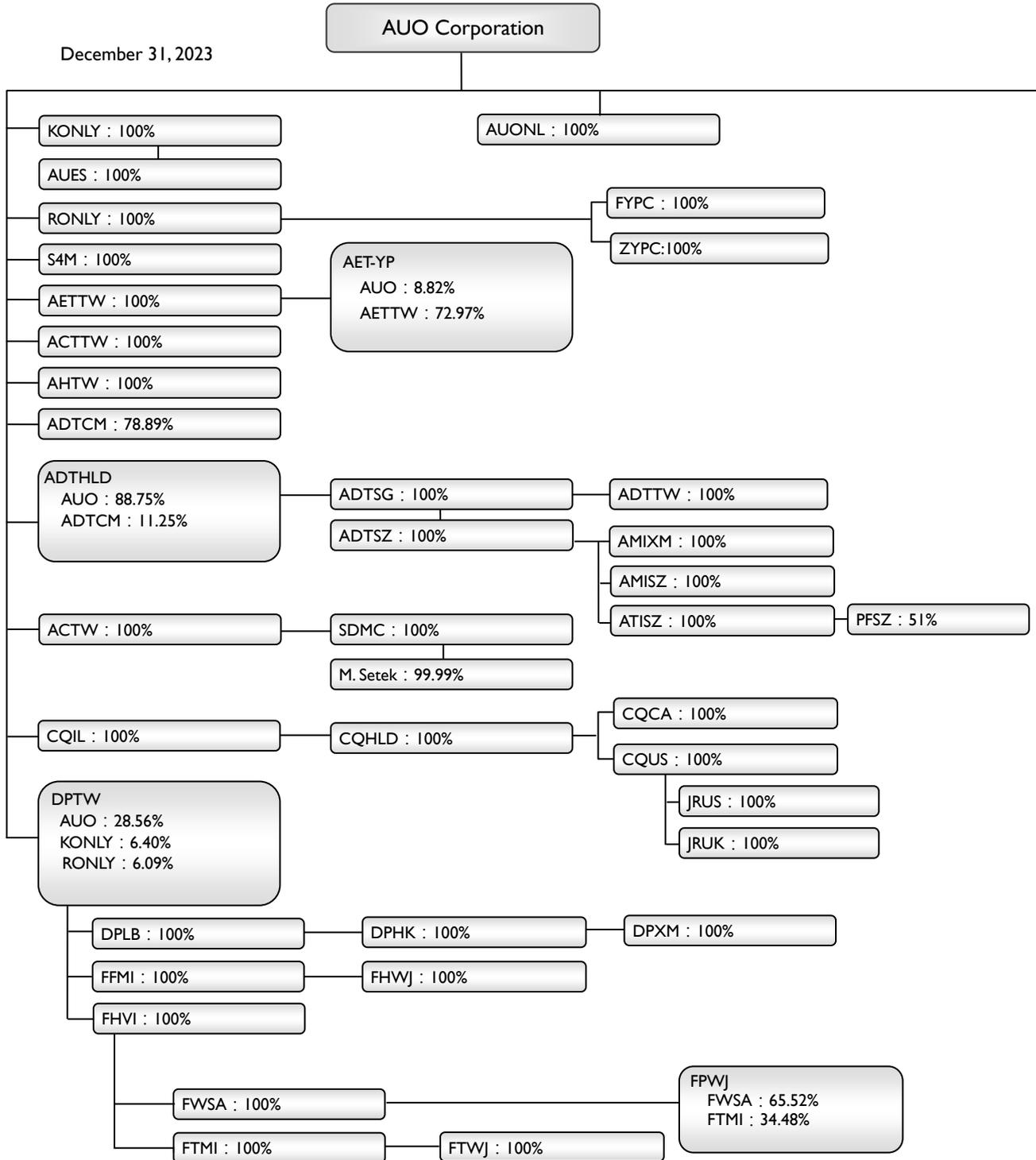
The actual implementation includes AUO Sustainability Literacy Scholarship, AUO Wish Program, charitable club services which caring the society through the way of companionship for the disadvantaged, emergency assistance, supplementary assistance and material injection; Protect the Green Forest of Taiwan, No Plastic Green Activity, summer-time energy saving action, Sustainable Agriculture Teams which investing in environmental protection actions and caring for local agriculture; Dada's Magic World, optoelectronics science education, energy environmental education and water environmental education which popularize science and environmental education and cultivate scientific talents and environmental literacy; Hsi Ta Tun Kiln Cultural Museum, Fuke Walk-Study, Shantou Village, Quatang Barns which pass the local cultural treasures to the public; continue to join The GOLF (Gap of Learning & Field)(Note 1) participate in promoting the integration of learning and application, and cultivate the employability of young people. In 2023, the cumulative volunteer service hours exceed 9,000 hours, the number of science popularization and environmental education promotion exceed 20,000 people, 11 million NTD of public welfare funds be raised, and 10 million NTD be subscribed for sustainable agricultural products. For detailed information, please refer to AUO's Sustainability Report.

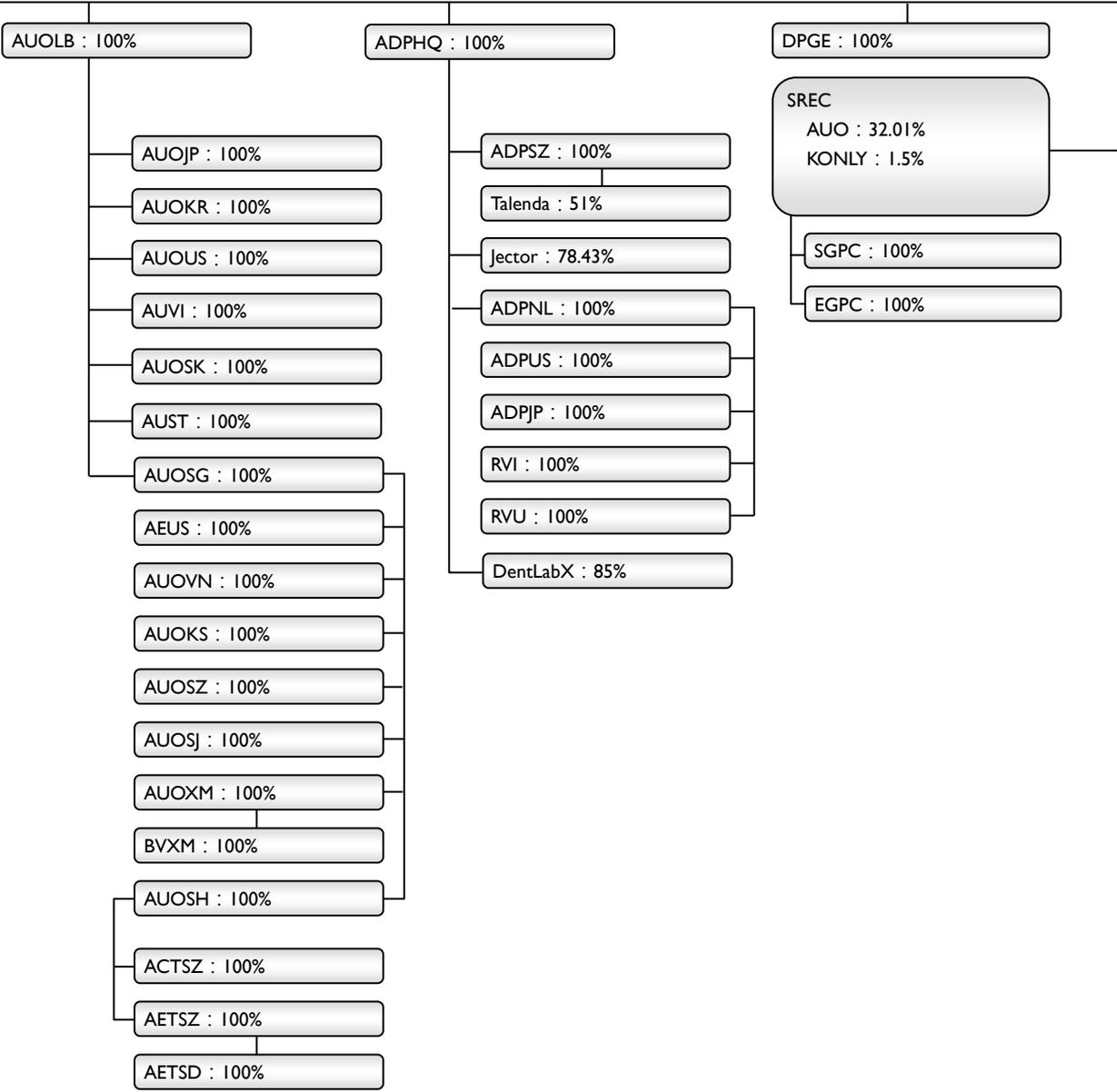
Note 1: The GOLF (Gap of Learning & Field) alliance was jointly initiated by AUO, Compal Electronics, and Wistron Corporation.

Chapter 9 Special Disclosure

I. Information about affiliates

(I) Organization chart of affiliate





(II) Basic information of affiliates

December 31, 2023; Unit: thousands of dollar

Name of business	Date of incorporation	Address	Paid-in Capital	Main Activities
a.u. Vista Inc. (AUVI)	2014/12/18	8915 Research Drive, Suite 100, Irvine, CA 92618, USA	USD 5,000	Research and development and IP related business
AFPD Pte. Ltd. (AUST)	2001/3/14	10 Tampines Industrial Avenue 3 Singapore 528798	SGD 561,182	Manufacturing TFT-LCD panels based on low temperature polysilicon technology
AUO (L) Corp. (AUOLB)	2000/9/7	Unit Level 3(J), Main Office Tower, Financial Park Labuan Complex, Jalan Merdeka, Federal Territory of Labuan, 87000, Malaysia	USD 2,539,189	Holding company
AUO (Slovakia) s.r.o. (AUOSK)	2009/1/24	Bratislavská 517, 911 05 Trenčín, Slovak Republic	EUR 1,000	Repairing of TFT-LCD modules
AUO Corporation America (AUOUS)	2000/9/11	37085 Grand River Avenue, Suite 340, Farmington, MI 48335, USA	USD 1,000	Sales and sales support of TFT-LCD panels
AUO Corporation Japan (AUOJP)	2001/9/11	3-24-21 Sanwa Bld. 5F, Shiba, Minato-Ku, Tokyo 105-0014, Japan	JPY 40,000	Sales support of TFT-LCD panels
AUO Digitech (CAYMAN) Limited (ADTCM)	2020/8/5	P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands	USD 2,700	Holding Company
AUO Digitech Holding Limited (ADTHLD)	2020/8/11	P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands	USD 24,000	Holding Company
AUO Digitech Pte. Ltd. (ADTSG)	2020/10/8	10 Tampines Industrial Avenue 3, Singapore 528798	USD 22,300	Holding company, and sales of software and hardware integration system relating to intelligent manufacturing and software development
AUO Display Plus America Corp. (ADPUS)	2020/10/26	35 Corporate Drive, Suite 170, Burlington, MA 01803, USA	USD 1,500	Sales and sales support of displays
AUO Display Plus Japan Corp. (ADPJP)	2020/11/18	Sanwa Bld. 5F 3-24-21 Shiba, Minato-Ku, Tokyo 105-0014, Japan	JPY 25,000	Sales and sales support of displays
AUO Display Plus Netherlands B.V.(ADPNL)	2010/9/29	Zekeringstraat 39, 1014BV Amsterdam, Netherlands	EUR 43	Sales and sales support of displays and holding company
AUO Europe B.V. (AUONL)	2004/5/24	Zekeringstraat 39, 1014BV Amsterdam, Netherlands	EUR 50	Sales support of TFT-LCD panels
AUO Green Energy America Corp.(AEUS)	2010/7/6	37085 Grand River Avenue, Suite 340, Farmington, MI 48335, USA	USD 1,194	Support of solar-related products
AUO Korea Ltd. (AUOKR)	2004/7/11	No.906, 907, 156, Gwanggyo-ro, Yeongtong-gu, Suwon-si, Gyeonggi-do, Republic of Korea	KRW 173,075	Sales support of TFT-LCD panels
AUO Singapore Pte. Ltd. (AUOSG)	2006/9/20	10 Tampines Industrial Avenue 3 Singapore 528798	SGD 2,530,435	Holding company and sales support of TFT-LCD panels
ComQi Canada Inc. (CQCA)	2007/3/6	1425 Norjohn Court, Unit 7, Burlington, ON L7L 0E6	CAD 1,016	Research and development of content management system
ComQi Holdings Ltd. (CQHLD)	2007/2/27	Suite 305, Stanmore Bic Howard Road, Stanmore, UK, HA7 1BT	GBP 27,129	Holding Company
ComQi Inc. (CQUS)	2007/3/5	134 West 26th Street Suite 900, New York, NY 10001	USD 25,857	Sales of content management system and hardware
ComQi Ltd. (CQIL)	2010/2/15	30 Ha-Kishor St. ,Holon, Israel 5886600	USD 44,909	Holding Company
Darwin Precisions (Hong Kong) Limited (DPHK)	2007/11/21	Room 1204, Yu Sung Boon Building, 107-111 Des Voeux Road Central, Hong Kong	USD 57,786	Holding Company

Name of business	Date of incorporation	Address	Paid-in Capital	Main Activities
Darwin Precisions (L) Corp. (DPLB)	2005/11/18	Unit Level 3(J), Main Office Tower, Financial Park Complex Labuan, Jalan Merdeka, 87000 W.P. Labuan, Malaysia	USD 76,846	Holding Company
Forefront Corporation (FFMI)	2001/6/20	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius	USD 6,526	Holding Company
Forhouse International Holding Ltd. (FHVI)	1999/9/17	Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, VG1110, Virgin Islands, British	USD 22,006	Holding Company
Fortech International Corp. (FTMI)	2002/7/26	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius	USD 6,503	Holding Company
Forward Optronics International Corporation (FWSA)	2004/12/13	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD 19,000	Holding Company
JohnRyan Inc. (JRUS)	2019/10/7	404 2nd Street, Excelsior, MN 55331	USD 8,000	Development and sales of content management system and sales of the related hardware
JohnRyan Limited (JRUK)	2019/10/11	Suite 305, Stanmore Bic Howard Road, Stanmore, UK, HA7 1BT	GBP 1,500	Design and sales support of digital signage content management system
M.Setek Co., Ltd. (M.Setek)	1978/2/3	Sanwa Build 5F, 3-24-21 Shiba, Minato-ku Tokyo 105-0014, Japan	JPY 18,000	Manufacturing and sale of ingots
Rise Vision Incorporated (RVI)	2001/8/31	2967 Dundas St. W #632 Toronto ON, M6P 1Z2, Canada	CAD 5,528	Design, sales and sales support of digital signage content management system
Rise Vision USA Inc. (RVU)	2001/10/2	216 N Mosley street, #126, Wichita, KS 67202-2808, USA	USD 1	Design and sales support of digital signage content management system
Yo-Pei Water Corporation (AET-YP)	2022/3/17	1F., No. 45, Ln. 313, Sec. 3, Minsheng Rd., Daya Dist., Taichung City	TWD 17,000	Invest in the construction of public construction industry, waste (sewage) water treatment industry
AUO Manufacturing (Shanghai) Co., Ltd. (AUOSJ)	2001/12/20	No. 3, Alley 58, Sanzhuang Rd., Songjiang Export Processing Zone, Shanghai	USD 108,000	Leasing
AUO (Kunshan) Co., Ltd. (AUOKS)	2009/8/21	No. 6, Longteng Road, Kunshan Economic and Technological Development Zone, Jiangsu Province,	USD 1,071,000	Manufacturing and sale of TFT-LCD panels
AUO (Xiamen) Co., Ltd. (AUOXM)	2005/12/13	No.1689, Xiang'An North Road, Xiang'An Branch, Torch Hi-tech Industrial Development Zone Xiamen	USD 454,000	Manufacturing, assembly, and sales of TFT-LCD modules
AUO (Suzhou) Co., Ltd. (AUOSZ)	2001/6/19	No.398, SuHong Zhong Road, Suzhou Industrial Park, China (Jiangsu) Pilot Free Trade Zone.	USD 466,000	Manufacturing, assembly, and sales of LCD modules
AUO (Shanghai) Co., Ltd. (AUOSH)	2005/9/22	5th Floor, Building B, No. 33, Guangshun Road, Shanghai	USD 15,000	Sales support of TFT-LCD panels
AUO Envirotech (Suzhou) Co., Ltd. (AETSZ)	2018/2/24	No.398, SuHong Zhong Road, Suzhou Industrial Park, China (Jiangsu) Pilot Free Trade Zone.	CNY 12,000	Planning, design and development of construction for environmental protection and related project management

Name of business	Date of incorporation	Address	Paid-in Capital		Main Activities
AUO Envirotech Inc. (AETT)	2017/1/23	9F., No. 198, Jingmao 2nd Rd., Nangang Dist., Taipei City	TWD	424,050	Planning and design of Water Treatment Technology and EPC Project, Energy saving Equipment and Energy Efficiency Project, Facility Intelligent Management and Environmental Sustainability Solution. Carbon emission management consulting and application software services
AUO Envirotech (Shandong) Co., Ltd. (AETSD)	2019/5/27	South Zone, 2nd Floor, Building 7, No. 299 Zidong Avenue, New Material Industrial Park, Tianqiao District, Jinan City	CNY	2,000	Planning, design and development of construction for environmental protection and related project management
AUO Health Inc. (AHTW)	2020/9/21	No. 6-6 Mabushupai, Beipu Township, Hsinchu County	TWD	5,000	Manufacturing, development and sales of medical equipments
AUO Crystal Corp. (ACTW)	2009/5/22	No. 335, Sec. 2, Houke Road, Houli District, Taichung City	TWD	2,425,646	Manufacturing and sale of ingots and solar wafers
AUO Megalnsight (Xiamen) Corp., Ltd. (AMIXM)	2021/4/20	IF Building T1, No. 1689, North of Xiang'an Road, Xiang'an Branch, Torch Hi-tech Industrial Development Zone, Xiamen, China	CNY	12,000	Sales of software and hardware relating to intelligent manufacturing, and related consulting services
AUO Megalnsight (Suzhou) Co., Ltd. (AMISZ)	2018/8/28	No. 398, SuHong Zhong Road, Suzhou Industrial Park, China (Jiangsu) Pilot Free Trade Zone.	CNY	57,000	Development, sales and licensing of software and hardware relating to intelligent manufacturing, and related consulting services
AUO Digttech (Suzhou) Co., Ltd. (ADTSZ)	2020/12/7	Floor 4, Building 9, No. 398, SuHong Zhong Road, Suzhou Industrial Park, China (Jiangsu) Pilot Free Trade Zone.	USD	18,000	Business management consulting, technology promotion, and application services, Industrial cloud platform services
AUO Digttech Taiwan Inc. (ADTTW)	2021/3/22	5F., No. 288, Longyuan 1st Rd., Longtan Dist., Taoyuan City,	TWD	60,000	Design and sales of software and hardware integration system and equipment, software development and consulting services relating to intelligent manufacturing
AUO Care Information Tech. (Suzhou) CO., Ltd. (ACTSZ)	2017/9/22	No. 398, SuHong Zhong Road, Suzhou Industrial Park, China (Jiangsu) Pilot Free Trade Zone.	CNY	43,000	Design, development and sales of software and hardware for health care industry
AUO Care Inc. (ACTTW)	2021/2/8	No. 6-6 Mabushupai, Beipu Township, Hsinchu County	TWD	30,000	Design, development and sales of software and hardware for health care industry
Evergen Power Corporation (EGPC)	2015/7/14	No. 23, Lixing Rd., Hsinchu Science Park, Hsinchu City	TWD	245,000	Solar power generation
AEdgetech Data Technologies (Suzhou) Corp., Ltd. (ATISZ)	2018/8/28	No. 398, SuHong Zhong Road, Suzhou Industrial Park, China	CNY	31,500	Design and sales of software and hardware integration system and equipment relating to intelligent manufacturing
Star River Energy Corporation (SREC)	2014/4/24	IF., No. 20-1, Guangfu N. Rd., Hukou Township, Hsinchu County	TWD	902,208	Investment
Sanda Materials Corporation (SDMC)	2014/4/23	IF., No. 20-1, Guangfu N. Rd., Hukou Township, Hsinchu County	TWD	1,672,160	Holding company

Name of business	Date of incorporation	Address	Paid-in Capital	Main Activities
Konly Venture Corp. (KONLY)	2002/7/29	9F., No. 198, Jingmao 2nd Rd., Nangang Dist., Taipei City	TWD 4,324,320	Investment
Jector Digital Corporation (Jector)	2021/4/15	2F.-I, No. 268, Liancheng Rd., Zhonghe Dist., New Taipei City	TWD 153,300	Introduction of smart field construction and other related software and hardware solutions
Space Money Inc. (S4M)	2015/10/5	9F., No. 198, Jingmao 2nd Rd., Nangang Dist., Taipei City	TWD 50,000	Sales and leasing of content management system and hardware, and design of digital signage content and field curation
BriView (Xiamen) Corp. (BVXM)	2008/12/2	No. 1998, Fangshan West Road, (Xiang'An) Industrial Area Xiamen Torch Hi-tech Zone	CNY 600,000	Sales of liquid crystal products and related parts; leasing
Sungen Power Corporation (SGPC)	2011/1/13	No. 1, JhongKe Rd., Central Taiwan Science Park, Taichung City	TWD 568,109	Solar power generation
Ronly Venture Corp. (RONLY)	2005/1/11	9F., No. 198, Jingmao 2nd Rd., Nangang Dist., Taipei City	TWD 4,532,760	Investment
Heilongjiang Talenda Smart Display Technology Co., Ltd. (Talenda)	2022/6/10	Building B, Former Liuhe Passenger Transport Hub, Suihua Economic and Technological Development Zone, Heilongjiang, China	CNY 15,000	Manufacturing of electronic components
Da Ping Green Energy Corporation (DPGE)	2020/8/27	4F., No. 20-I, Guangfu N. Rd., Hukou Township, Hsinchu County	TWD 412,500	Solar power generation
AUO Education Service Corp. (AUES)	2020/12/10	No. 6-6 Mabushupai, Beipu Township, Hsinchu County	TWD 4,000	Services related to educational activities and site rental
Darwin Precisions (Xiamen) Corp. (DPXM)	2006/3/31	No. 3089, Xiangan North Road, Torch High-Tech (Xiangan) Industrial Development Zone, Xiangan District, Xiamen City., Fujian Province	USD 70,000	Manufacturing and sales of liquid crystal products, backlight modules and related parts
Darwin Precisions Corporation (DPTW)	1989/10/13	No.20-I, Guangfu N. Rd., Hukou Township, Hsinchu County	TWD 6,655,551	Design, manufacturing, and sales of TFT-LCD modules, backlight modules, TV set and related parts
AUO Display Plus Corporation (ADPHQ)	2020/5/28	5F, No. 1, Gongye E. 3rd Rd., East Dist., Hsinchu City	TWD 2,000,000	Research, development and sales of displays
AUO Display Plus Technology (Suzhou) Co., Ltd. (ADPSZ)	2021/2/26	9-4, No. 398, Suhong Zhong Road, Suzhou Industrial Park, Suzhou, China	USD 2,000	Sales and sales support of displays
Fortech Electronics (Suzhou) Co., Ltd. (FTWJ)	2002/8/30	No. 399, Jinhu Road, Wujiang Economic and Technological Development Zone, Suzhou City, Jiangsu Province	USD 35,000	Manufacturing and sales of backlight modules and related parts
Forhouse Electronics (Suzhou) Co., Ltd. (FHWJ)	2001/10/9	No. 399, Jinhu Road, Wujiang Economic and Technological Development Zone, Suzhou City, Jiangsu Province	USD 6,500	Manufacturing and sales of backlight modules and related parts
Suzhou Forplax Optronics Co., Ltd. (FPWJ)	2005/2/28	No. 399, Jinhu Road, Wujiang Economic and Technological Development Zone, Suzhou City, Jiangsu Province	USD 29,000	Manufacturing and sales of precision plastic parts
Zheng Yao Power Corporation (ZYPC)	2023/3/3	1F., No.20-I, Guangfu N. Rd., Hukou Township, Hsinchu County	TWD 3,000	Renewable energy power generating industry
Feng Yao Power Corporation (FYPC)	2023/3/3	1F., No.20-I, Guangfu N. Rd., Hukou Township, Hsinchu County	TWD 11,000	Renewable energy power generating industry
AUO (Vietnam) Company Limited (AUOVN)	2023/11/21	RBF 3 - GNP Dong Van III Industrial Center, Dong Van III Supporting Industrial Park, Dong Van Ward, Duy Tien Town, Ha Nam Province, Vietnam	USD 20,922	Manufacturing, assembly, and sales of TFT-LCD modules

Name of business	Date of incorporation	Address	Paid-in Capital	Main Activities
ProfetAI(Suzhou) Co.,Ltd. (PFSZ)	2023/2/15	Room 310, Building 1, Xinhong Industrial Park Project, No.9 Suhong West Road, Suzhou Industrial Park	CNY 6,500	Design and sale of intelligent manufacturing related software systems and equipment
DentLabX Company Limited (DentLabX)	2023/7/17	No. 6-6, Mabushupai, Beipu Township, Hsinchu County	TWD 20,000	Sales of dental digital operation management system and solution

(III) Shareholders of the companies presumed to have a relationship of control and affiliation: None.

(IV) Industries covered by all affiliates

The industries covered by the overall business operations of our company mainly include the advanced display technologies and various field application solutions primarily based on eight business groups: "Display Strategy Business Group", "Intelligent Mobility Business Group", "Intelligent Retail Business Group", "Intelligent Services Business Group", "Intelligent Healthcare Business Group", "Intelligent Education and Corporate Business Group", "Green Energy Business Group", and "Solar Energy and Semiconductor Materials Business Group". Overall, the main purpose is to take display technology as the core, enhance its added value (Go Premium), and at the same time deepen vertical market applications (Go Vertical), thereby stabilizing the competitive advantage of the industry in which the company operates.

(V) Directors, supervisors, and presidents of affiliates

December 31, 2023; Unit: in thousand shares; thousands of dollar; %

Name of business	Title	Name	Shareholding	
			Shares (Investment Amount)	%
AUVI	Director	Paul KP Lee 、 Wei-Lung Liao 、 Hong-Jye Hong	-	-
			AUOLB holds 5,000	100
AUST	Director	Ting-Li Lin 、 Yi-Cheng Chen	-	-
			AUOLB holds 907,114	100
AUOLB	Director	Frank Ko	-	-
			AUO holds 2,539,189	100
AUOSK	Director	Ivan Ting	-	-
			AUOLB's investment EUR1,000	100
AUOUS	Director	James Chen 、 Mett Ke 、 Linh Ha	-	-
			AUOLB holds 1,000	100
AUOJP	Director	James Chen 、 Yao-Tung Chen 、 Ishibashi Koji	-	-
			AUOLB holds 1	100
ADTCM	Director	Shuang-Lang (Paul) Peng 、 Andy Yang	-	-
			AUO holds 2,130	78.89
ADTHLD	Director	Shuang-Lang (Paul) Peng 、 Andy Yang	-	-
			AUO holds 21,300	88.75
			ADTCM holds 2,700	11.25
ADTSG	Director	Shuang-Lang (Paul) Peng 、 Daniel Yang 、 Yi-Cheng Chen	-	-
			ADTHLD holds 22,300	100
ADPUS	Director	Frank Ko 、 Simon Nip	-	-
			ADPNL holds 1	100
ADPJP	Director	Seki Shih 、 Simon Nip	-	-
			ADPNL holds 1	100
ADPNL	Director	Frank Ko 、 Simon Nip	-	-
			ADPHQ holds -	100
AUONL	Director	James Chen	-	-
			AUO holds 50	100
AEUS	Director	TY Lin	-	-
			AUOSG holds 1,194	100

Name of business	Title	Name	Shareholding	
			Shares (Investment Amount)	%
AUOKR	Director	James Chen	-	-
AUOSG	Director	Shuang-Lang (Paul) Peng 、 Chee Koi Lin	AUOLB's investment KRW173,075	100
CQCA	Director	Hank Liu 、 Andy Yang 、 Simon Nip 、 Gregory Galvin	AUOLB holds 2,777,106	100
CQHLD	Director	Hank Liu 、 Andy Yang 、 Simon Nip	CQHLD holds 110	100
CQUS	Director	Hank Liu 、 Andy Yang 、 Simon Nip	CQIL holds 635,730	100
CQIL	Director	Hank Liu 、 Andy Yang 、 Simon Nip	CQHLD holds 13	100
DPHK	Director	Darwin Precisions (L) Corp. Kuo-Hsin (Michael) Tsai	AUO holds 39,974	100
DPLB	Director	Kuo-Hsin (Michael) Tsai 、 Sheng-Kai (SK) Huang	DPLB holds 10	100
FFMI	Director	Kuo-Hsin (Michael) Tsai 、 Sheng-Kai (SK) Huang	DPTW holds 76,846	100
FHVI	Director	Kuo-Hsin (Michael) Tsai 、 Sheng-Kai (SK) Huang	DPTW holds 653	100
FTMI	Director	Kuo-Hsin (Michael) Tsai 、 Sheng-Kai (SK) Huang	DPTW holds 22,006	100
FWSA	Director	Kuo-Hsin (Michael) Tsai 、 Sheng-Kai (SK) Huang	FHVI holds 6,503	100
JRUS	Director	Hank Liu 、 Andy Yang 、 Simon Nip	FHVI holds 19,000	100
JRUK	Director	Hank Liu 、 Andy Yang 、 Simon Nip	CQUS holds 18	100
M.Setek	Director Supervisor	Shih-Kun Chen 、 Jim Lee 、 Hiroyuki Saito Betty Chen	CQUS holds 1	100
RVI	Director	Frank Ko 、 Jerry Lee 、 Simon Nip 、 Brian Loosbrock	SDMC holds 11,404,184	99.9991
RVU	Director	Jerry Lee 、 Simon Nip 、 Brian Loosbrock	ADPNL holds 29,564	100
AET-YP	Director Supervisor President	Representative of AUO Envirotech Inc. : HC Lee 、 Andy Yang 、 Mark Wu Representative of Zhensheng Construction Co., Ltd : Jun-YI Lee HC Lee	ADPNL holds 1	100
AUOSJ	Director Supervisor President	Frank Ko 、 Wei-Lung Liao 、 Ting-Li Lin Mark Wu Robert Kuo	AUO holds 15,000 AET holds 124,050 Zhensheng holds 1,595	8.8 72.97 9.38
AUOKS	Director Supervisor	Frank Ko 、 James Chen 、 Vincent Lin Mark Wu	AUOSG's investment USD108,000	100
AUOXM	Director Supervisor President	Frank Ko 、 Wei-Lung Liao 、 Ting-Li Lin Mark Wu David Lee	AUOSG's investment USD1,071,000	100
AUOSZ	Director Supervisor President	Frank Ko 、 Wei-Lung Liao 、 Ting-Li Lin Mark Wu Robert Kuo	AUOSG's investment USD454,000	100
			AUOSG's investment USD466,000	100

Name of business	Title	Name	Shareholding	
			Shares (Investment Amount)	%
AUOSH	Director	Shuang-Lang (Paul) Peng	-	-
	Supervisor	Mark Wu	-	-
	President	Robert Kuo	-	-
			AUOSG's investment USD 15,000	100
AETSZ	Director	HC Lee 、 Daniel Yang 、 Kenny Yang	-	-
	Supervisor	Mark Wu	-	-
	President	Kenny Yang	-	-
			AUOSH investment CNY 12,000	100
AETTW	Director	Representative of AUO Corporation : HC Lee	-	-
	President	HC Lee	-	-
			AUO holds 42,405	100
AETSD	Director	HC Lee 、 Andy Yang 、 Kenny Yang	-	-
	Supervisor	Mark Wu	-	-
	President	Kenny Yang	-	-
			AETSZ investment CNY 2,000	100
AHTW	Director	Representative of AUO Corporation : Frank Ko	-	-
	President	SH Liao	-	-
			AUO holds 500	100
ACTW	Director	Representative of AUO Corporation : Shih-Kun Chen	-	-
			AUO holds 242,565	100
AMIXM	Director	Shuang-Lang (Paul) Peng 、 Daniel Yang 、 Linda Zhao	-	-
	Supervisor	Mark Wu	-	-
	President	Golden Shen	-	-
			ADTSZ's investment CNY 12,000	100
AMISZ	Director	Shuang-Lang (Paul) Peng 、 Daniel Yang 、 Linda Zhao	-	-
	Supervisor	Mark Wu	-	-
	President	Judy He	-	-
			ADTSZ's investment CNY 57,000	100
ADTSZ	Director	Shuang-Lang (Paul) Peng 、 Daniel Yang 、 Benjamin Tseng	-	-
	Supervisor	Mark Wu	-	-
	President	Linda Zhao	-	-
			ADTSG's investment USD 18,000	100
ADTTW	Director	Representative of AUO DIGITECH PTE. LTD. : Shuang-Lang (Paul) Peng	-	-
	Supervisor	Daniel Yang	-	-
	President		-	-
			ADTSG holds 6,000	100
ACTSZ	Director	Daniel Yang 、 Benjamin Tseng 、 Alex JJ Yeh	-	-
	Supervisor	Mark Wu	-	-
	President	DC Liu	-	-
			AUOSH's investment CNY 43,000	100
ACTTW	Director	Representative of AUO Corporation : Alex JJ Yeh	-	-
	President	Jay Ferng	-	-
			AUO holds 3,000	100
EGPC	Director	Representative of SREC : Clair Chang	-	-
			SREC holds 24,500	100
ATISZ	Director	Shuang-Lang (Paul) Peng 、 Daniel Yang 、 Linda Zhao	-	-
	Supervisor	Mark Wu	-	-
	President	Michael Lai	-	-
			ADTSZ's investment CNY 31,500	100

Name of business	Title	Name	Shareholding	
			Shares (Investment Amount)	%
SREC	Director	Representative of AUO Corporation : TY Lin 、Clair Chang	-	-
		Representative of Fubon Financial Holding Venture Capital Corp : Carey Lin	-	-
	Supervisor	Representative of Konly Venture Corp : Mark Wu	-	-
		AUO holds 28,883		32.01
	Fubon Financial Holding Venture holds 1,341		1.49	
		Konly holds 1,353		1.5
SDMC	Director	Representative of AUO Crystal Corp : Shih-Kun Chen	-	-
		ACTW holds 167,216		100
KONLY	Director	Representative of AUO Corporation : Shuang-Lang (Paul) Peng	-	-
		AUO holds 432,320		100
Jector	Director	Representative of AUO Display Plus Corporation : Jerry Lee 、SH Liao	-	-
		Representative of Jector Digital System Inc. : Wells Tong	-	-
	Supervisor	Eddie Ke	-	-
		Angela Weng	-	-
	ADPHQ holds 12,000		78.28	
	Jector Digital System Inc. holds 3,330		21.72	
S4M	Director	Representative of AUO Corporation : PH Lin	-	-
		AUO holds 5,000		100
BVXM	Director	Ting-Li Lin 、Wei-Lung Liao 、David Lee	-	-
		Mark Wu	-	-
	President	David Lee	-	-
		AUOXM's investment CNY600,000		100
SGPC	Director	Representative of Star River Energy Corporation : Clair Chang	-	-
	President	Clair Chang	-	-
		SREC holds 56,811		100
RONLY	Director	Representative of AUO Corporation : Shuang-Lang (Paul) Peng	-	-
		AUO holds 453,276		100
Talenda	Director	SH Liao 、Frank Ko 、Apple Jiang	-	-
		Wen-Bo Wang 、Dong-Fang Lu	-	-
	Supervisor	Eunice Lin 、Hong-Liang Wen	-	-
		Dong-Fang Lu	-	-
	ADPSZ's investment CNY7,650		51	
	TYW's investment CNY7,350		49	
DPGE	Director	Representative of AUO Corporation : TY Lin	-	-
		AUO holds 41,250		100
AUES	Director	Representative of Konly Venture Corp : Amy Ku	-	-
	President	Fran. Yang	-	-
		Konly holds 400		100
DPXM	Director	Sheng-Kai (SK) Huang 、Kuo-Tai Ching 、Limbo FJ	-	-
		Cheng-Cho Tsao	-	-
	Supervisor	Limbo FJ	-	-
	President			
		DPHK's investment USD70,000		100
DPTW	Director	Representative of AUO Corporation : Kuo-Hsin (Michael) Tsai 、Sheng-Kai Huang 、Frank Ko	-	-
		Feng-Cheng Su	holds 100	0.02
	President	Independent Director : I-Shih Chen 、Cheng-Chung Li 、Huei-Shih Lung	-	-
		Sheng-Kai (SK) Huang	holds 296	0.04
		AUO holds 190,108		28.56
		Konly holds 42,598		6.40
		Ronly holds 40,509		6.09

Name of business	Title	Name	Shareholding	
			Shares (Investment Amount)	%
ADPHQ	Director	Representative of AUO Corporation : Frank Ko 、 Jim Liu	-	-
			AUO holds 200,000	100
ADPSZ	Director Supervisor President	SH Liao Jerry Liu Apple Jiang	- - -	- - -
			ADPHQ's investment USD2,000	100
FTWJ	Director Supervisor President	Sheng-Kai (SK) Huang 、 CC Lee 、 Kuo-Tai Ching Cheng-Cho Tsao CC Lee	- - -	- - -
			FTMI's investment USD35,000	100
FHWJ	Director Supervisor President	Sheng-Kai (SK) Huang 、 CC Lee 、 Kuo-Tai Ching Cheng-Cho Tsao CC Lee	- - -	- - -
			FFMI's investment USD 6,500	100
FPWJ	Director Supervisor President	Sheng-Kai (SK) Huang 、 CC Lee 、 Kuo-Tai Ching Cheng-Cho Tsao CC Lee	- - -	- - -
			FTMI's investment USD 10,000	34.48
			FWSA's investment USD 19,000	65.52
ZYPC	Director	Representative of Ronly Venture Corp. : TY Lin	-	-
			Ronly holds 300	100
FYPC	Director	Representative of Ronly Venture Corp. : TY Lin	-	-
			Ronly holds 1,100	100
AUOVN	Director	Frank Ko	-	-
			AUOSG's investment USD20,922	100
PFSZ	Director Supervisor President	Linda Zhao 、 Michael Lai 、 Jerry Huang Forster Lin Harold Cheng	- - -	- - -
			ATISZ's investment CNY3,315	51
DentLabX	Director Supervisor President	Representative of AUO Display Plus Corporation : SH Liao 、 David Chen 、 Jerry Chen Representative of Hsiao Lin Chia Enterprise Ltd. : Hui-Chin Lin Richard Lee Jerry Chen	- - - - -	- - - - -
			ADPHQ holds 1,700	85
			Hsiao Lin Chia Enterprise holds 300	15

(VI) Overview of subsidiaries' operations

December 31, 2023; Unit: NT\$ thousands except for earnings per share

Name of business	Currency	Capital	Total assets	Total liabilities	Net assets	Revenue	Profit from operations	Profit or loss for the year (After income tax)	Earnings per Share (Note 1) (dollar; after tax)
AUVI	USD	5,000	6,640	52	6,587	1,271	308	193	0.04
AUST	USD	348,867	103,144	71,574	31,570	123,058	(18,268)	(36,554)	(0.04)
AUOLB	USD	2,539,189	2,552,638	204	2,552,434	0	(108)	113,954	0.05
AUOSK	EUR	1,000	12,544	7,713	4,830	4,976	797	305	-
AUOUS	USD	1,000	7,137	3,705	3,432	18,381	768	686	0.69
AUOJP	JPY	40,000	302,060	75,215	226,845	412,225	19,630	12,377	15,470.94
ADTCM	USD	2,700	889	0	889	0	0	(814)	(0.30)
ADTHLD	USD	24,000	7,900	0	7,900	0	(14)	(5,685)	(0.30)
ADTSG	USD	22,300	6,353	192	6,161	1,691	44	(5,751)	(0.34)
ADPUS	USD	1,500	2,887	1,098	1,790	5,418	259	148	147.58
ADPJP	JPY	25,000	94,061	35,539	58,522	219,245	11,483	3,346	3,345.80
ADPNL	USD	53	46,090	5,404	40,685	53,150	701	(624)	(1,451.45)
AUONL	EUR	50	1,701	634	1,066	2,630	125	72	1.44
AEUS	USD	1,194	565	3	562	0	(9)	(11)	(0.01)
AUOKR	KRW	173,075	2,654,944	908,899	1,746,045	2,883,683	137,007	116,223	-
AUOSG	USD	1,838,757	1,964,807	316	1,964,491	1,014	53	84,021	0
CQCA	CAD	1,385	1,743	205	1,538	5,630	258	270	2,456.99
CQHLD	GBP	27,638	20,799	1	20,798	0	(5)	(5)	0
CQUS	USD	25,857	17,726	3,157	14,569	17,859	77	(14)	(1.06)
CQIL	USD	44,909	26,605	18	26,587	0	(10)	(108)	0
DPHK	USD	57,786	154,088	0	154,088	0	0	25,218	2,521.80
DPLB	USD	76,846	154,089	0	154,089	0	0	25,218	0.33
FFMI	USD	6,526	2,418	0	2,418	0	0	323	0.50
FHVI	USD	22,006	66,050	0	66,050	0	0	2,981	-
FTMI	USD	6,503	49,944	0	49,944	0	0	2,415	0.37
FWSA	USD	19,000	16,104	0	16,104	0	0	567	0.03
JRUS	USD	8,000	6,698	395	6,303	3,369	(241)	(238)	(13.25)
JRUK	GBP	1,141	1,446	80	1,366	913	20	(32)	(31.53)
M.Setek	JPY	18,000	10,879,541	1,010,290	9,869,251	5,643,964	360,709	1,067,948	0.09
RVI	CAD	5,528	6,890	6,732	158	10,310	(1,409)	(400)	(0.01)
RVU	USD	1	972	707	265	3,045	213	258	258.08
AET-YP	TWD	170,000	389,744	561,133	(171,389)	273,950	(339,550)	(340,281)	(20.02)
AUOSJ	CNY	866,978	988,168	3,349	984,819	0	(4,871)	25,032	-
AUOKS	CNY	6,741,072	10,197,842	5,251,590	4,946,252	4,905,535	(92,553)	156,977	-
AUOXM	CNY	3,103,670	7,285,666	3,509,865	3,775,801	10,401,148	246,207	460,777	-
AUOSZ	CNY	3,406,990	7,133,925	3,042,949	4,090,976	9,339,619	224,836	271,651	-
AUOSH	CNY	98,231	70,242	11,989	58,254	61,195	3,460	(10,042)	-
AETSZ	CNY	12,000	97,054	94,869	2,184	31,976	(3,420)	(6,176)	-
AETTW	TWD	424,050	678,369	639,328	39,041	1,141,045	8,595	(242,127)	(5.71)
AETSD	CNY	2,000	551	-	551	0	(2)	(1)	-
AHTW	TWD	5,000	2,803	346	2,457	1,217	(351)	(333)	(0.67)
ACTW	TWD	2,425,646	5,377,160	2,007,752	3,369,408	4,814,906	(675,649)	(398,798)	(1.64)
AMIXM	CNY	12,000	19,695	14,076	5,619	36,578	(794)	(615)	-
AMISZ	CNY	57,000	36,381	24,938	11,443	25,083	(12,184)	(11,898)	-
ADTSZ	CNY	122,707	35,711	11,355	24,356	8,646	(19,130)	(37,783)	-
ADTTW	TWD	60,000	123,901	116,652	7,249	170,414	(16,567)	(15,719)	(2.62)
ACTSZ	CNY	43,000	16,987	10,273	6,714	8,551	(8,319)	(7,147)	-
ACTTW	TWD	30,000	12,445	8,255	4,190	20,829	(10,538)	(10,436)	(3.48)
EGPC	TWD	245,000	800,099	506,533	293,566	126,036	47,069	27,007	1.10
ATISZ	CNY	31,500	21,794	13,949	7,846	26,799	(5,561)	(6,256)	-

Name of business	Currency	Capital	Total assets	Total liabilities	Net assets	Revenue	Profit from operations	Profit or loss for the year (After income tax)	Earnings per Share (Note 1) (dollar; after tax)
SREC	TWD	902,208	1,056,068	98	1,055,970	0	(1,176)	80,217	0.89
SDMC	TWD	1,672,160	2,157,877	456	2,157,421	0	(562)	236,318	1.41
KONLY	TWD	4,324,320	8,926,294	206	8,926,088	0	(26,267)	184,903	0.42
Jector	TWD	153,000	363,936	199,377	164,559	478,885	(2,171)	9,853	0.64
S4M	TWD	50,000	186,453	171,196	15,256	154,159	(2,239)	(1,256)	(0.25)
BVXM	CNY	600,000	321,189	5,897	315,292	0	(13,414)	5,342	-
SGPC	TWD	568,109	1,356,028	666,928	689,099	236,719	90,823	60,420	1.06
RONLY	TWD	4,532,760	4,635,215	120	4,635,095	0	(1,321)	(287,446)	(0.63)
Talenda	CNY	15,000	18,607	4,656	13,952	12,106	(999)	(845)	-
DPGE	TWD	412,500	1,055,846	103,533	952,313	0	(1,524)	2,232	0.06
AUES	TWD	4,000	57,648	45,164	12,484	64,795	10,841	8,199	20.50
DPXM	CNY	505,962	1,827,122	730,237	1,096,885	2,611,391	108,999	172,954	-
DPTW	TWD	6,655,551	17,455,788	8,234,016	9,221,772	8,027,530	(890,396)	114,659	0.17
ADPHQ	TWD	2,000,000	11,354,542	5,309,383	6,045,159	30,845,080	4,214,719	3,526,660	17.63
ADPSZ	CNY	13,302	45,149	24,431	20,718	125,026	6,537	4,601	-
FTWJ	CNY	279,158	1,071,332	772,353	298,979	1,099,986	3,898	15,017	-
FHWJ	CNY	53,779	18,120	913	17,207	0	(6,023)	2,294	-
FPWJ	CNY	223,933	171,924	742	171,183	0	(5,105)	6,135	-
DentLabX	TWD	20,000	18,260	231	18,029	0	(2,058)	(1,971)	-
PFSZ	CNY	6,500	5,824	1,316	4,507	466	(2,057)	(1,993)	-
FYPC	TWD	11,000	10,761	20	10,741	0	(307)	(259)	(0.24)
ZYPC	TWD	3,000	2,860	20	2,840	0	(173)	(160)	(0.53)
AUOVN	USD	20,922	31,762	11,015	20,748	0	(178)	(174)	-

Note 1: Calculated based on the number of outstanding shares for each company on Dec. 31, 2023

(VII) Combined Financial Statements

Representation Letter

The entities that are required to be included in the combined financial statements of AUO Corporation as of and for the year ended December 31, 2023 under the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard No. 10, "Consolidated Financial Statements" endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, AUO Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Hereby declared

AUO Corporation



Chairman: Shuang-Lang (Paul) Peng

January 31, 2024



(VIII) Affiliation Reports

AUO Corporation is not a subsidiary of another company as defined in the specific chapter of the Company Act, thus we are exempted from preparing a report on the relationships between control and subsidiary companies.

- II. Privately placed securities handling status in the most recent year up to the publication date of this Annual Report: None.
- III. Holding or disposition of the Company shares by subsidiaries in the most recent year up to the publication date of this Annual Report: None.
- IV. Other items that must be included: None.
- V. Any event that results in substantial impact on the shareholders' equity or prices of the Company's securities as prescribed by Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act that have occurred in the most recent year up to the publication date of this Annual Report:

AUO close the 5A plant.

To optimize production efficiency and maximize the benefit of the overall production capability, the Company will combine manufacturing of products of Fab 5A specs/applications with those of similar in other sites. The Fab 5A will be capable of corresponding the market demand for new technologies and high-value products in the future.

AUO close the C5D and C6C production lines.

The Company adopts a flexible operation strategy and focuses on deploying new technologies and high-value products. After careful consideration, the Company will close its color filter fabs, C5D and C6C, in Tainan. The manufacturing of color filters will be centralized on the other production lines to optimize production efficiency and maximize the benefit of the overall production capability.

AUO will close the L4B line in Singapore.

To enhance global operational efficiency, AUO ceased local manufacturing operations in Singapore by closing the L4B line in the end of December 2023. The AUO Singapore site specializes in Gen 4.5 LTPS technology, manufactures LCD panels for Smart Phones, Notebooks, Automotive and other Mobile Electronics Devices; the production capacity has successively redirected to other AUO's production lines. AUO complies with local regulations for the employees affected due to the closure of L4B line. The communication is processing thoroughly to keep in line with the benefits to be provided for around 500 employees at AUO Singapore site. AUO will transform the Singapore site as a service hub for providing intelligent manufacturing solutions, and extend the pivotal role of the site in the region to give AUO group a broader outreach in APAC.

AUO CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report

For the Years Ended December 31, 2023 and 2022

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

Representation Letter

The entities that are required to be included in the combined financial statements of AUO Corporation as of and for the year ended December 31, 2023 under the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard No. 10, “Consolidated Financial Statements” endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, AUO Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Hereby declare

Company name: AUO Corporation
Chairman: Shuang-Lang (Paul) Peng
Date: January 31, 2024

Independent Auditors' Report

To the Board of Directors of AUO Corporation:

Opinion

We have audited the consolidated financial statements of AUO Corporation (formerly AU Optronics Corp.) and its subsidiaries (“the Company”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2023 and 2022, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for each of the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRS”), International Accounting Standards (“IAS”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“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 Auditing and Attestation of Financial Statements by 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 the Company 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 requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 of the current period. 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. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Impairment of long-term non-financial assets (including goodwill)

Refer to Note 4(15) “Impairment – non-financial assets”, Note 5(1) and Note 5(2) “Critical Accounting Judgments and Key Sources of Estimations and Assumptions Uncertainty”, Note 6(9) “Property, Plant and Equipment”, Note 6(10) “Lease Arrangements” and Note 6(12) “Intangible Assets” to the consolidated financial statements.

Description of key audit matter:

The Company operates in an industry with high investment costs, has goodwill through the acquisition of subsidiaries, and may experience volatility in response to changes in the external market; hence, it is important to assess the impairment of its long-term non-financial assets (including goodwill). The impairment assessment includes identifying cash-generating units, determining a valuation model, determining significant assumptions, and computing recoverable amounts. With the complexity of the impairment assessment process and the involvement of significant management judgment regarding assumptions used, this is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding and testing the Company’s controls surrounding the impairment assessment and testing process; assessing whether there are impairment indications for the identified cash-generating units of the Company and its related assets; understanding and assessing the appropriateness of the valuation model used by the management in the impairment assessment and the significant assumptions used to determine related assets’ future cash flows projection, useful lives, and weighted-average cost of capital; retrospectively reviewing the accuracy of assumptions used in prior-period estimates and performing a sensitivity analysis of key assumptions and results; in addition to the above audit procedures, appointing specialists to evaluate the appropriateness of the weighted-average cost of capital used and related assumptions; performing an inquiry of the management and identifying any event after the balance sheet date if able to affect the results of the impairment assessment; and assessing the adequacy of the Company’s disclosures of its policy on impairment of noncurrent non-financial assets and other related disclosures.

2. Revenue recognition

Refer to Note 4(18) “Revenue from contracts with customers” and Note 6(20) “Revenue from Contracts with Customers” to the consolidated financial statements.

Description of key audit matter:

Revenue is recognized when the control over a product has been transferred to the customer as specified in each individual contract with customers. The Company recognizes revenue depending on the various sales terms in each individual contract with customers to ensure the performance obligation has been satisfied by transferring control over a product to a customer. In addition, the Company operates in an industry in which revenue is considered to be complex in determining the timing of revenue recognition. Consequently, this is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding and testing the Company’s controls surrounding revenue recognition; assessing whether appropriate revenue recognition policies are applied through comparison with accounting standards and understanding the Company’s main revenue types, its related sales agreements, and sales terms; on a sample basis, inspecting contracts with customers or customers’ orders and assessing whether the accounting treatment of the related contracts (including sales terms) is applied appropriately; performing a test of details of sales revenue and understanding the rationale for any identified significant sales fluctuations and any significant reversals of revenue through sales discounts and sales returns which incurred within a certain period before or after the balance sheet date; and assessing the adequacy of the Company’s disclosures of its revenue recognition policy and other related disclosures.

Other Matters

AUO Corporation has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified audit 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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRS, IAS, IFRIC, 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 from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's 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 the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (inclusive of the Audit Committee) are responsible for overseeing the Company's 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 from material misstatement, whether due to fraud or error, and to issue an auditor's 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 professional skepticism throughout the audit. We also:

1. Identified and assessed 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. Obtained 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 the Company's internal control.
3. Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Concluded 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 the Company's 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 the Company to cease to continue as a going concern.

5. Evaluated 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. Obtained sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company 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 communicated 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 identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicated 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 determined those matters that were of most significance in the audit of the consolidated financial statements of the current period 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 audit resulting in this independent auditors' report are Yu, Chi-Lung and Yu, Wan-Yuan.

KPMG

Hsinchu, Taiwan (Republic of China)
January 31, 2024

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRS, IAS, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. The standards, procedures and practices to such consolidated financial statements are those generally accepted and applied in the Republic of China.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
AUO CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2023 and 2022
(Expressed in thousands of New Taiwan dollars)

	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
Assets				
Current assets:				
1100 Cash and cash equivalents (Note 6(1))	\$ 83,969,463	22	80,613,120	21
1110 Financial assets at fair value through profit or loss – current (Note 6(2))	176,492	-	365,037	-
1136 Financial assets at amortized cost – current (Note 6(4))	584,217	-	-	-
1170 Notes and accounts receivable, net (Note 6(5))	22,798,408	6	18,620,248	5
1180 Accounts receivable from related parties, net (Notes 6(5)&(7))	1,244,546	-	1,255,503	-
1210 Other receivables from related parties (Note 7)	15,305	-	6,139	-
1220 Current tax assets	307,874	-	41,186	-
130X Inventories (Note 6(6))	29,003,121	8	30,263,713	8
1410 Prepayments (Note 6(13))	2,654,523	1	3,440,926	1
1460 Noncurrent assets held for sale (Note 6(9))	-	-	586,406	-
1476 Other current financial assets (Notes 6(5),(9),(20)&(8))	3,130,373	1	4,593,094	1
1479 Other current assets (Note 6(13))	326,391	-	391,435	-
	<u>144,210,713</u>	<u>38</u>	<u>140,176,807</u>	<u>36</u>
Noncurrent assets:				
1510 Financial assets at fair value through profit or loss – noncurrent (Notes 6(2)&(7))	139,170	-	-	-
1517 Financial assets at fair value through other comprehensive income – noncurrent (Note 6(3))	1,832,068	-	1,900,581	1
1535 Investments in equity-accounted investees (Note 6(4))	680,107	-	1,142,218	-
1550 Property, plant and equipment (Notes 6(9),7&(8))	29,383,580	8	31,743,902	8
1755 Right-of-use assets (Notes 6(10)&(8))	171,172,804	45	178,833,837	46
1760 Investment property (Note 6(11))	9,770,626	2	9,800,438	3
1780 Intangible assets (Notes 6(8)&(12))	1,320,901	-	1,393,244	-
1840 Deferred tax assets (Note 6(24))	11,268,867	3	11,396,241	3
1920 Refundable deposits (Note 7)	10,201,660	3	6,649,457	2
1990 Other noncurrent assets (Notes 6(13),(17)&(8))	1,102,087	-	925,517	-
	<u>2,388,154</u>	<u>1</u>	<u>2,878,412</u>	<u>1</u>
	<u>239,260,024</u>	<u>62</u>	<u>246,663,867</u>	<u>64</u>
Total Assets	\$ 383,470,737	100	\$ 386,840,674	100
Liabilities and Equity				
Liabilities:				
2100 Short-term borrowings (Note 6(14))	\$ 263,000	-	128,487	-
2120 Financial liabilities at fair value through profit or loss – current (Notes 6(2)&(8))	11,143	-	351,825	-
2170 Notes and accounts payable	43,433,269	11	41,479,524	11
2180 Accounts payable to related parties (Note 7)	5,203,290	1	5,890,185	2
2213 Equipment and construction payable (Note 7)	6,135,421	2	7,882,627	2
2220 Other payables to related parties (Note 7)	48,281	-	27,853	-
2230 Current tax liabilities	1,083,671	-	1,567,623	-
2250 Provisions – current (Note 6(16))	2,399,306	1	559,654	-
2280 Lease liabilities – current (Note 6(10))	644,259	-	583,251	-
2399 Other current liabilities (Notes 6(9),(20)&(21))	25,291,133	7	24,812,498	6
2322 Current installments of long-term borrowings (Notes 6(15)&(8))	10,062,194	3	13,884,634	4
	<u>94,574,967</u>	<u>25</u>	<u>97,168,161</u>	<u>25</u>
Noncurrent liabilities:				
2527 Contract liabilities – noncurrent (Note 6(20))	6,239,558	2	8,739,846	3
2540 Long-term borrowings, excluding current installments (Notes 6(15)&(8))	101,524,840	26	72,930,817	19
2550 Provisions – noncurrent (Note 6(16))	881,394	-	909,405	-
2570 Deferred tax liabilities (Note 6(24))	3,936,644	1	5,101,186	1
2580 Lease liabilities – noncurrent (Note 6(10))	8,684,270	2	8,661,640	2
2600 Other noncurrent liabilities (Note 6(17))	2,271,528	1	1,918,971	1
	<u>123,538,234</u>	<u>32</u>	<u>98,261,865</u>	<u>26</u>
	<u>218,113,201</u>	<u>57</u>	<u>195,430,026</u>	<u>51</u>
Total liabilities				
Equity (Note 6(18)):				
Equity attributable to shareholders of AUO Corporation:				
Common stock	76,993,961	20	76,993,961	20
Capital surplus	54,998,829	14	61,942,210	16
Retained earnings	31,899,740	8	50,078,752	13
Other components of equity	(4,484,899)	(1)	(3,620,305)	(1)
Treasury shares	(240,424)	-	(295,527)	-
	<u>159,167,207</u>	<u>41</u>	<u>185,099,091</u>	<u>48</u>
Non-controlling interests				
Non-controlling interests	6,190,329	2	6,311,557	1
	<u>165,357,536</u>	<u>43</u>	<u>191,410,648</u>	<u>49</u>
Total equity	\$ 383,470,737	100	\$ 386,840,674	100
Total Liabilities and Equity				

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

AUO CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan dollars, except for Earnings (loss) per share)

	2023		2022	
	Amount	%	Amount	%
4110 Revenue	\$250,048,326	101	249,956,539	101
4190 Less: sales return and discount	<u>2,083,889</u>	<u>1</u>	<u>3,163,865</u>	<u>1</u>
Net revenue (Notes 6(20)&7)	<u>247,964,437</u>	<u>100</u>	<u>246,792,674</u>	<u>100</u>
5000 Cost of sales (Notes 6(6),(10),(17),(21),(22)&7)	<u>243,354,069</u>	<u>98</u>	<u>245,225,166</u>	<u>99</u>
Gross profit (loss)	<u>4,610,368</u>	<u>2</u>	<u>1,567,508</u>	<u>1</u>
Operating expenses (Notes 6(8),(10),(17),(19),(21),(22)&7):				
6100 Selling and distribution expenses	5,019,739	2	4,817,426	2
6200 General and administrative expenses	8,321,194	4	7,852,697	3
6300 Research and development expenses	<u>13,231,450</u>	<u>5</u>	<u>12,867,781</u>	<u>5</u>
Total operating expenses	<u>26,572,383</u>	<u>11</u>	<u>25,537,904</u>	<u>10</u>
Loss from operations	<u>(21,962,015)</u>	<u>(9)</u>	<u>(23,970,396)</u>	<u>(9)</u>
Non-operating income and expenses:				
7100 Interest income (Note 6(23))	1,915,078	1	878,975	-
7010 Other income (Notes 6(3),(7),(9),(10),(12),(23)&7)	1,999,172	1	3,211,169	1
7020 Other gains and losses (Notes 6(8),(23)&7)	(391,363)	-	(121,274)	-
7050 Finance costs (Notes 6(9)&(23))	(2,724,883)	(1)	(1,507,963)	-
7060 Share of profit of equity-accounted investees (Note 6(7))	<u>(518,049)</u>	<u>-</u>	<u>2,003,297</u>	<u>1</u>
Total non-operating income and expenses	<u>279,955</u>	<u>1</u>	<u>4,464,204</u>	<u>2</u>
7900 Loss before income tax	<u>(21,682,060)</u>	<u>(8)</u>	<u>(19,506,192)</u>	<u>(7)</u>
7950 Less: income tax expense (benefit) (Note 6(24))	<u>(3,530,906)</u>	<u>(1)</u>	<u>1,466,988</u>	<u>1</u>
8200 Loss for the year	<u>(18,151,154)</u>	<u>(7)</u>	<u>(20,973,180)</u>	<u>(8)</u>
8300 Other comprehensive income (Notes 6(7),(17),(18)&(24)):				
8310 Items that will never be reclassified to profit or loss				
8311 Remeasurement of defined benefit obligations	4,074	-	58,455	-
8316 Unrealized loss on equity investments at fair value through other comprehensive income	<u>(36,180)</u>	<u>-</u>	<u>57,359</u>	<u>-</u>
8320 Equity-accounted investees – share of other comprehensive income	446,924	-	(1,362,377)	(1)
8349 Related tax	<u>(1,725)</u>	<u>-</u>	<u>(11,691)</u>	<u>-</u>
	<u>413,093</u>	<u>-</u>	<u>(1,258,254)</u>	<u>(1)</u>
8360 Items that are or may be reclassified subsequently to profit or loss				
8361 Foreign operations – foreign currency translation differences	(1,540,996)	(1)	2,388,106	1
8370 Equity-accounted investees – share of other comprehensive income	<u>(73,173)</u>	<u>-</u>	<u>562,474</u>	<u>-</u>
8399 Related tax	<u>290,245</u>	<u>-</u>	<u>(490,056)</u>	<u>-</u>
	<u>(1,323,924)</u>	<u>(1)</u>	<u>2,460,524</u>	<u>1</u>
8300 Other comprehensive income, net of tax	<u>(910,831)</u>	<u>(1)</u>	<u>1,202,270</u>	<u>-</u>
8500 Total comprehensive income (loss) for the year	<u>\$ (19,061,985)</u>	<u>(8)</u>	<u>(19,770,910)</u>	<u>(8)</u>
Profit (loss) attributable to:				
8610 Shareholders of AUO Corporation	\$ (18,203,274)	(7)	(21,101,374)	(8)
8620 Non-controlling interests	<u>52,120</u>	<u>-</u>	<u>128,194</u>	<u>-</u>
	<u>\$ (18,151,154)</u>	<u>(7)</u>	<u>(20,973,180)</u>	<u>(8)</u>
Total comprehensive income (loss) attributable to:				
8710 Shareholders of AUO Corporation	\$ (19,043,606)	(8)	(19,892,545)	(8)
8720 Non-controlling interests	<u>(18,379)</u>	<u>-</u>	<u>121,635</u>	<u>-</u>
	<u>\$ (19,061,985)</u>	<u>(8)</u>	<u>(19,770,910)</u>	<u>(8)</u>
Earnings (loss) per share (NT\$, Note 6(25))				
9750 Basic earnings (loss) per share	<u>\$ (2.37)</u>		<u>(2.39)</u>	
9850 Diluted earnings (loss) per share	<u>\$ (2.37)</u>		<u>(2.39)</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
AUO CORPORATION AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the years ended December 31, 2023 and 2022
(Expressed in thousands of New Taiwan dollars)

	Equity Attributable to Shareholders of AUO Corporation											Total Equity	
	Other Components of Equity										Equity Attributable to Shareholders of AUO Corporation		Non-controlling Interests
	Capital Stock Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Retained Earnings	Subtotal	Cumulative Translation Differences	Comprehensive Income	Subtotal	Treasury Shares			
Balance at January 1, 2022	\$ 96,242,451	60,057,001	8,427,144	3,270,303	68,972,551	80,669,998	(4,873,573)	130,391	(4,743,182)	(439,228)	231,787,040	6,179,431	237,966,471
Appropriation of earnings:	-	-	5,326,268	-	(5,326,268)	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	1,472,878	(1,472,878)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	(9,575,824)	(9,575,824)	-	-	-	-	(9,575,824)	-	(9,575,824)
Cash dividends distributed to shareholders	-	-	-	-	(21,101,374)	(21,101,374)	-	-	-	-	(21,101,374)	128,194	(20,973,180)
Profit (loss) for the year	-	-	-	-	44,298	44,298	2,467,083	(1,302,552)	1,164,531	-	1,208,829	(6,559)	1,202,270
Other comprehensive income (loss), net of tax	-	-	-	-	(21,057,076)	(21,057,076)	2,467,083	(1,302,552)	1,164,531	-	(19,892,545)	121,635	(19,770,910)
Total comprehensive income (loss) for the year	-	-	-	-	-	-	-	-	-	-	1,095	-	1,095
Donations from shareholders	-	-	-	-	-	-	-	-	-	-	1,812,907	604	1,813,511
Adjustments for changes in investees' equity	-	-	-	-	-	-	-	-	-	-	(19,151,648)	-	(19,151,648)
Capital reduction	(19,248,490)	-	-	-	-	-	-	-	-	96,842	118,066	-	130,765
Share-based payments	-	-	-	-	-	-	-	-	-	46,859	-	-	-
Disposal of equity investments measured at fair value through other comprehensive income	-	-	-	-	41,654	41,654	-	(41,654)	(41,654)	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(2,812)	(2,812)
Balance at December 31, 2022	\$ 76,993,961	61,942,210	13,753,412	4,743,181	31,582,159	50,078,752	(2,406,490)	(1,213,815)	(3,620,305)	(295,527)	185,099,091	6,311,557	191,410,648
Appropriation of earnings:	-	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(1,122,876)	1,122,876	-	-	-	-	-	-	-	-
Profit (loss) for the year	-	-	-	-	(18,203,274)	(18,203,274)	-	-	(885,091)	-	(18,203,274)	52,120	(18,151,154)
Other comprehensive income (loss), net of tax	-	-	-	-	44,759	44,759	(1,245,272)	360,181	(885,091)	-	(840,332)	(70,499)	(910,831)
Total comprehensive income (loss) for the year	-	-	-	-	(18,158,515)	(18,158,515)	(1,245,272)	360,181	(885,091)	-	(19,043,606)	(18,379)	(19,061,985)
Cash distribution from capital surplus	-	-	-	-	-	-	-	-	-	-	(6,134,305)	-	(6,134,305)
Donations from shareholders	-	-	-	-	-	-	-	-	-	-	3,712	-	3,712
Differences between consideration and carrying amount arising from acquisition or disposal of interest in subsidiary	-	-	-	-	-	-	-	-	-	-	(16,137)	16,137	-
Adjustments for changes in investees' equity	-	-	-	-	-	-	-	-	-	-	(874,755)	(25,675)	(900,430)
Share-based payments	-	-	-	-	-	-	-	-	-	55,103	133,207	867	134,074
Disposal of equity investments measured at fair value through other comprehensive income	-	-	-	-	(20,497)	(20,497)	-	20,497	(20,497)	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(94,178)	(94,178)
Balance at December 31, 2023	\$ 76,993,961	54,998,829	13,753,412	3,620,305	14,526,023	31,899,740	(3,651,702)	(833,137)	(4,484,899)	(240,424)	159,167,207	6,190,329	165,357,536

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
AUO CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan dollars)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Loss before income tax	\$ (21,682,060)	(19,506,192)
Adjustments for:		
- depreciation	32,379,064	31,281,587
- amortization	126,480	184,766
- net gains on financial instruments at fair value through profit or loss	(53,869)	(85,959)
- interest expense	2,660,885	1,349,724
- interest income	(1,915,078)	(878,975)
- dividend income	(2,585)	(6,571)
- compensation costs of share-based payments	61,066	84,085
- share of loss (profit) of equity-accounted investees	518,049	(2,003,297)
- gains on disposal of property, plant and equipment	(53,350)	(1,024,832)
- gains on disposal of noncurrent assets held for sale	(1,069,530)	-
- gains on disposal of investments	(116)	-
- impairment losses on assets	210,771	1,179,565
- unrealized foreign currency exchange losses (gains)	(364,148)	158,438
- others	101,025	82,019
Changes in operating assets and liabilities:		
- notes and accounts receivable	(4,844,979)	39,381,310
- receivables from related parties	1,791	1,238,452
- inventories	1,266,186	4,214,575
- other operating assets	385,546	(48,157)
- contract liabilities	(440,614)	(1,507,156)
- notes and accounts payable	2,755,404	(12,705,469)
- payables to related parties	(666,467)	(2,979,734)
- provisions	1,832,878	(489,391)
- other operating liabilities	<u>(395,560)</u>	<u>(9,677,630)</u>
Cash inflow generated from operations	10,810,789	28,241,158
Interest received	1,855,266	782,513
Dividends received	1,599,601	1,827,279
Interest paid	(2,632,179)	(1,522,704)
Income taxes paid	<u>(1,639,914)</u>	<u>(2,357,288)</u>
Net cash provided by operating activities	<u>9,993,563</u>	<u>26,970,958</u>

(Continued)

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
AUO CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan dollars)

	2023	2022
Cash flows from investing activities:		
Acquisitions of financial assets at fair value through other comprehensive income	(217,183)	(544,218)
Disposals of financial assets at fair value through other comprehensive income	74,799	10,002
Acquisitions of financial assets at amortized cost	(878,405)	(660,262)
Disposals of financial assets at amortized cost	770,824	10,000,000
Acquisitions of financial assets at fair value through profit or loss	(138,231)	-
Disposals of financial assets at fair value through profit or loss	-	5,440
Acquisitions of equity-accounted investees	(105,904)	(5,183,707)
Disposals of equity-accounted investees	-	83,152
Proceeds from disposal of noncurrent assets held for sale	808,694	-
Acquisitions of property, plant and equipment	(26,786,572)	(35,950,205)
Disposals of property, plant and equipment	2,293,768	845,768
Increase in receipts in advance due to disposal of assets	-	848,008
Decrease (increase) in refundable deposits	(106,096)	83,193
Acquisitions of intangible assets	-	(2,929)
Decrease (increase) in other financial assets	315,501	(743,153)
Net cash outflow arising from acquisition of subsidiaries	(85,579)	(704,049)
Net cash used in investing activities	<u>(24,054,384)</u>	<u>(31,912,960)</u>
Cash flows from financing activities:		
Proceeds from short-term borrowings	3,241,000	539,963
Repayments of short-term borrowings	(3,104,249)	(457,499)
Proceeds from long-term borrowings	63,124,446	64,168,996
Repayments of long-term borrowings	(38,134,307)	(32,619,345)
Payment of lease liabilities	(606,200)	(574,590)
Decrease in received guarantee deposits	(2,403)	(20,819)
Cash dividends and cash distribution from capital surplus	(6,134,305)	(9,575,824)
Capital reduction	-	(19,151,648)
Treasury shares sold to employees	73,011	46,718
Net change of non-controlling interests	(94,178)	(2,812)
Others	3,712	1,095
Net cash provided by financing activities	<u>18,366,527</u>	<u>2,354,235</u>
Effect of exchange rate change on cash and cash equivalents	<u>(949,363)</u>	<u>3,256,201</u>
Net increase in cash and cash equivalents	3,356,343	668,434
Cash and cash equivalents at January 1	<u>80,613,120</u>	<u>79,944,686</u>
Cash and cash equivalents at December 31	<u><u>\$ 83,969,463</u></u>	<u><u>80,613,120</u></u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements
For the years ended December 31, 2023 and 2022
(Expressed in thousands of New Taiwan dollars, unless otherwise indicated)

1. Organization

AUO Corporation (“AUO”) was founded on August 12, 1996 and is located in Hsinchu Science Park, the Republic of China (“ROC”). AUO’s main activities are the research, development, production and sale of thin film transistor liquid crystal displays (“TFT-LCDs”) and other flat panel displays used in a wide variety of applications. AUO also engages in the production and sale of solar modules and systems. AUO’s common shares have been publicly listed on the Taiwan Stock Exchange since September 2000, and its American Depositary Shares (“ADSs”) have been listed on the New York Stock Exchange (“NYSE”) since May 2002. On and from October 1, 2019, AUO’s ADSs has delisted from the NYSE and begun trading on the over-the-counter (“OTC”) market. Further on January 27, 2021, AUO’s ADSs and underlying ordinary shares was officially cancelled from the registration of the United States Securities and Exchange Commission and its reporting obligations under the U.S. Securities Exchange Act was terminated.

On September 1, 2001, October 1, 2006 and October 1, 2016, Unipac Optoelectronics Corp. (“Unipac”), Quanta Display Inc. (“QDI”) and Taiwan CFI Co., Ltd. (“CFI”) were merged with and into AUO, respectively. AUO is the surviving Company, whereas Unipac, QDI and CFI were dissolved.

In order to advance AUO’s value transformation strategy, to accelerate the extension of the value chain and enhance the overall operating performance, upon the resolution of the shareholders’ meeting held on June 17, 2020, AUO demerged and transferred the business of the General Display and the Public Information Display, including assets, liabilities and the operations, to its wholly-owned subsidiary, AUO Display Plus Corporation (“ADP”). ADP issued new shares to AUO as the consideration. The effective date of the demerger was set on January 1, 2021.

The consolidated financial statements comprise AUO and its subsidiaries (collectively as “the Company”).

2. The Authorization of Financial Statements

These consolidated financial statements were authorized for issue by the Board of Directors on January 31, 2024.

3. Application of New and Revised Standards, Amendments and Interpretations

- (1) Impact of adoption of new, revised or amended standards and interpretations endorsed by the Financial Supervisory Commission, ROC (“FSC”).

The Company has adopted the amendments to the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations (collectively, “IFRSs”) with effective date from January 1, 2023. The adoption does not have a material impact on the Company’s consolidated financial statements.

k Amendments to IAS 1, *Disclosure of Accounting Policies*

k Amendments to IAS 8, *Definition of Accounting Estimates*

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

- k Amendments to IAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
 - k Amendments to IAS 12, *International Tax Reform—Pillar Two Model Rules*
- (2) Impact of the IFRSs that have been endorsed by the FSC but not yet in effect

The Company assessed that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a material impact on its consolidated financial statements:

- k Amendments to IAS 1, *Classification of Liabilities as Current or Non-current*
 - k Amendments to IAS 1, *Non-current Liabilities with Covenants*
 - k Amendments to IAS 7 and IFRS 7, *Supplier Finance Arrangements*
 - k Amendments to IFRS 16, *Lease Liability in a Sale and Leaseback*
- (3) The IFRSs issued by International Accounting Standards Board (“IASB”) but not yet endorsed by the FSC

New, revised or amended standards and interpretations issued by the IASB but not yet endorsed by the FSC are listed below:

- k Amendments to IFRS 10 and IAS 28, *Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture*
- k IFRS 17, *Insurance Contracts* and amendments to IFRS 17
- k Amendments to IAS 21, *Lack of Exchangeability*

As of the date that the accompanying consolidated financial statements were issued, the Company continues in assessing the impact on its financial position and results of operations as a result of the application of abovementioned standards and interpretations except for IFRS 17, *Insurance Contracts* and the amendments to IFRS 17 that are not relevant to the Company. The related impact will be disclosed when the assessment is complete.

4. Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out as below. The significant accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

- (1) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the IFRSs endorsed by the FSC with effective dates (hereinafter referred to as “TIFRSs”).

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(2) Basis of preparation

a. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the consolidated balance sheets:

- (i) Financial instruments at fair value through profit or loss (including derivative financial instruments) (Note 6(2));
- (ii) Financial assets at fair value through other comprehensive income (Note 6(3));
- (iii) Defined benefit asset (liability) is recognized as the fair value of the plan assets less the present value of the defined benefit obligation (Note 6(17)).

b. Functional and presentation currency

The functional currency of each individual consolidated entity is determined based on the primary economic environment in which the entity operates. The Company's consolidated financial statements are presented in New Taiwan Dollar ("NTD"), which is also AUO's functional currency. All financial information presented in NTD has been rounded to the nearest thousand, unless otherwise noted.

(3) Basis of consolidation

a. Principle of preparation of the consolidated financial statements

The Company includes in its consolidated financial statements the results of operations of all controlled entities in which the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All significant inter-company transactions, income and expenses are eliminated in the consolidated financial statements.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Total comprehensive income (loss) in a subsidiary is allocated to the shareholders of AUO and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Subsidiaries' financial statements are adjusted to align the accounting policies with those of the Company.

Changes in the Company's ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Company's investment and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between such adjustment and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholders of AUO.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Upon the loss of control, the Company derecognizes the carrying amounts of the assets and liabilities of the subsidiary and non-controlling interests. Any interest retained in the former subsidiary is remeasured at fair value when control is lost. The gain or loss is measured as the difference between: (i) the aggregate of the fair value of the consideration received and the fair value of any retained investment in the former subsidiary at the date when the Company loses control; and (ii) the aggregate of the carrying amount of the former subsidiary's assets (including goodwill), liabilities and non-controlling interests at the date when the Company loses control. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

- b. List of subsidiaries in the consolidated financial statements was as follows:

Name of Investor	Name of Subsidiary	Main Activities and Location	Percentage of Ownership (%)	
			December 31, 2023	December 31, 2022
AUO	AUO (L) Corp. (AUOLB)	Holding company (Malaysia)	100.00	100.00
AUO	Konly Venture Corp. (Konly)	Investment (Taiwan ROC)	100.00	100.00
AUO	Ronly Venture Corp. (Ronly)	Investment (Taiwan ROC)	100.00	100.00
AUO	Space Money Inc. (S4M)	Design, sales and leasing activities (Taiwan ROC)	100.00	100.00
AUO	AUO Envirotech Inc. (AETTW)	Construction project and related project management (Taiwan ROC)	100.00	100.00
AUO	ComQi Ltd. (CQIL)	Holding company (Israel)	100.00	100.00
AUO	AUO Europe B.V. (AUONL)	Sales support activities (Netherlands)	100.00	100.00
AUO	AUO Crystal Corp. (ACTW)	Manufacturing and sales company (Taiwan ROC)	100.00	100.00
AUO	AUO Display Plus Corporation (ADP)	Research and development and sales activities (Taiwan ROC)	100.00	100.00
AUO	Da Ping Green Energy Corporation (DPGE)	Solar power generation (Taiwan ROC)	100.00	100.00
AUO	AUO Health Corporation (AHTW)	Manufacturing, development and sales company (Taiwan ROC)	100.00	100.00
AUO	AUO Digitech (CAYMAN) Limited (ADTCM)	Holding company (Cayman Islands)	78.89 ⁽⁵⁾	100.00
AUO	AUO Care Inc. (ACTTW)	Intelligent health care services (Taiwan ROC)	100.00	100.00
AUO and Konly	Star River Energy Corp. (SREC)	Investment (Taiwan ROC)	33.51 ⁽²⁾	33.51 ⁽²⁾
AUO and ADTCM	AUO Digitech Holding Limited (ADTHLD)	Holding company (Cayman Islands)	100.00	100.00
AUO, Konly and Ronly	Darwin Precisions Corporation (DPTW)	Manufacturing and sales company (Taiwan ROC)	41.05 ⁽²⁾	41.05 ⁽²⁾

(Continued)

AUO CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Main Activities and Location	Percentage of Ownership (%)	
			December 31, 2023	December 31, 2022
AUO and AETTW	Yo-Pei Water Corporation (AET-YP)	Investment and construction in public construction, and wastewater (sewage) treatment (Taiwan ROC)	81.79	81.79 ⁽¹⁾
Konly	AUO Education Service Corp. (AUES)	Leasing and service company (Taiwan ROC)	100.00	100.00
Ronly	Feng Yao Power Corporation (FYPC)	Renewable energy power generation (Taiwan ROC)	100.00 ⁽¹⁾	-
Ronly	Zheng Yao Power Corporation (ZYPC)	Renewable energy power generation (Taiwan ROC)	100.00 ⁽¹⁾	-
ADTHLD	AUO Digitech Pte. Ltd. (ADTSG)	Holding and sales company, and software development (Singapore)	100.00	100.00
ADTSG	AUO Digitech (Suzhou) Co., Ltd. (ADTSZ)	Consulting and technology service (PRC)	100.00	100.00
ADTSG	AUO Digitech Taiwan Inc. (ADTTW)	Design, sales and consulting (Taiwan ROC)	100.00	100.00
ACTW	Sanda Materials Corporation (SDMC)	Holding company (Taiwan ROC)	100.00	100.00
ACTW	AUO Crystal (Malaysia) Sdn. Bhd. (ACMK) ⁽³⁾	Manufacturing and sales company (Malaysia)	-	100.00
SDMC	M.Setek Co., Ltd. (M.Setek)	Manufacturing and sales company (Japan)	99.9991	99.9991
AUOLB	AUO Corporation America (AUOUS)	Sales and sales support activities (United States)	100.00	100.00
AUOLB	AUO Corporation Japan (AUOJP)	Sales support activities (Japan)	100.00	100.00
AUOLB	AUO Korea Ltd. (AUOKR)	Sales support activities (South Korea)	100.00	100.00
AUOLB	AUO Singapore Pte. Ltd. (AUOSG)	Holding company and sales support activities (Singapore)	100.00	100.00
AUOLB	AUO (Slovakia) s.r.o (AUOSK)	Repairing activities (Slovakia Republic)	100.00	100.00
AUOLB	AFPD Pte., Ltd. (AUST) ⁽⁷⁾	Manufacturing company (Singapore)	100.00	100.00
AUOLB	a.u. Vista Inc. (AUVI)	Research and development and IP related business (United States)	100.00	100.00
AUOLB and DPTW	BriView (L) Corp. (BVLB) ⁽³⁾	Holding company (Malaysia)	-	100.00
SREC	Sungen Power Corporation (SGPC)	Solar power generation (Taiwan ROC)	100.00	100.00
SREC	Evergen Power Corporation (EGPC)	Solar power generation (Taiwan ROC)	100.00	100.00
AUOSG	AUO Green Energy America Corp. (AEUS)	Sales support activities (United States)	100.00	100.00
AUOSG	AUO (Vietnam) Company Limited (AUOVN)	Manufacturing and sales company (Vietnam)	100.00 ⁽¹⁾	-
AUOSG and AUOLB	AUO (Shanghai) Co., Ltd. (AUOSH) ⁽⁶⁾	Sales support activities (PRC)	100.00	100.00

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Main Activities and Location	Percentage of Ownership (%)	
			December 31, 2023	December 31, 2022
AUOSG and AUOLB	AUO (Xiamen) Co., Ltd. (AUOXM) ⁽⁶⁾	Manufacturing and sales company (PRC)	100.00	100.00
AUOSG and AUOLB	AUO (Suzhou) Co., Ltd. (AUOSZ) ⁽⁶⁾	Manufacturing and sales company (PRC)	100.00	100.00
AUOSG and AUOLB	AUO Manufacturing (Shanghai) Co., Ltd. (AUOSJ) ⁽⁶⁾	Leasing activities (PRC)	100.00	100.00
AUOSG and AUOLB	AUO (Kunshan) Co., Ltd. (AUOKS) ⁽⁶⁾	Manufacturing and sales company (PRC)	100.00	100.00
ADP	Jector Digital Corporation (Jector)	Introduction of smart field construction and other solutions (Taiwan ROC)	78.43	78.43
ADP	AUO Display Plus Netherlands B.V. (ADPNL)	Holding, sales and sales support activities (Netherlands)	100.00	100.00
ADP	DentLabX Company Limited (DentLabX)	Sales activities (Taiwan ROC)	85.00 ⁽¹⁾	-
ADP	AUO Display Plus Technology (Suzhou) Co., Ltd. (ADPSZ)	Sales and sales support activities (PRC)	100.00	100.00
ADPNL	AUO Display Plus America Corp. (ADPUS)	Sales and sales support activities (United States)	100.00	100.00
ADPNL	AUO Display Plus Japan Corp. (ADPJP)	Sales and sales support activities (Japan)	100.00	100.00
ADPNL	Rise Vision Incorporated (RVI)	System design, sales and sales support activities (Canada)	100.00	100.00 ⁽⁴⁾
ADPNL	Rise Vision USA Inc. (RVU)	System design and sales support activities (United States)	100.00	100.00 ⁽⁴⁾
ADPSZ	Heilongjiang Talenda Smart Display Technology Co., Ltd. (Talenda)	Manufacturing of electronic components (PRC)	51.00	51.00 ⁽¹⁾
AUOXM	BriView (Xiamen) Corp. (BVXM)	Sales and leasing activities (PRC)	100.00	100.00
AUOSH	AUO Care Information Tech. (Suzhou) Co., Ltd. (ACTSZ)	Intelligent health care services (PRC)	100.00	100.00
AUOSH	AUO Envirotech (Suzhou) Co., Ltd. (AETSZ)	Construction project and related project management (PRC)	100.00	100.00
ADTSZ	AUO Megainsight (Xiamen) Co., Ltd. (AMIXM)	Sales of software and hardware and consulting services (PRC)	100.00	100.00
ADTSZ	Aedgetech Data Technologies (Suzhou) Corp., Ltd. (ATISZ)	Integration service of software and hardware (PRC)	100.00	100.00
ADTSZ	AUO MegaInsight (Suzhou) Co., Ltd. (AMISZ)	Development, sales and licensing of software and hardware and consulting services (PRC)	100.00	100.00

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Main Activities and Location	Percentage of Ownership (%)	
			December 31, 2023	December 31, 2022
ATISZ	ProfetAI (Suzhou) Co., Ltd. (PFSZ)	Sales and consulting services (PRC)	51.00 ⁽¹⁾	-
AETSZ	AUO Envirotech (Shandong) Co., Ltd. (AETSD)	Construction project and related project management (PRC)	100.00	100.00
CQIL	ComQi Holdings Ltd. (CQHLD)	Holding company (United Kingdom)	100.00	100.00
CQHLD	ComQi UK Ltd. (CQUK) ⁽³⁾	Sales support activities (United Kingdom)	-	100.00
CQHLD	ComQi Inc. (CQUS)	Sales company (United States)	100.00	100.00
CQHLD	ComQi Canada Inc. (CQCA)	Research and development activities (Canada)	100.00	100.00
CQUS	JohnRyan Limited (JRUK)	Development and sales activities (United Kingdom)	100.00	100.00
CQUS	JohnRyan Inc. (JRUS)	Development and sales activities (United States)	100.00	100.00
DPTW	Darwin Precisions (L) Corp. (DPLB)	Holding company (Malaysia)	100.00	100.00
DPTW	Forhouse International Holding Ltd. (FHVI)	Holding company (BVI)	100.00	100.00
DPTW	Forefront Corporation (FFMI)	Holding company (Mauritius)	100.00	100.00
FHVI	Fortech International Corp. (FTMI)	Holding company (Mauritius)	100.00	100.00
FHVI	Forward Optronics International Corp. (FWSA)	Holding company (Samoa)	100.00	100.00
FFMI	Forhouse Electronics (Suzhou) Co., Ltd. (FHWJ)	Manufacturing and sales company (PRC)	100.00	100.00
FTMI	Fortech Electronics (Suzhou) Co., Ltd. (FTWJ)	Manufacturing and sales company (PRC)	100.00	100.00
FWSA and FTMI	Suzhou Forplax Optronics Co., Ltd. (FPWJ)	Manufacturing, sales and trading company (PRC)	100.00	100.00
DPLB	Darwin Precisions (Hong Kong) Limited (DPHK)	Holding company (Hong Kong)	100.00	100.00
DPHK	Darwin Precisions (Suzhou) Corp. (DPSZ) ⁽³⁾	Manufacturing and sales company (PRC)	-	100.00
DPHK	Darwin Precisions (Xiamen) Corp. (DPXM)	Manufacturing and sales company (PRC)	100.00	100.00

Note 1: AET-YP was incorporated in March 2022. Talenda was incorporated in June 2022. PFSZ was incorporated in February 2023. FYPC and ZYPC were incorporated in March 2023. DentLabX was incorporated in July 2023. AUOVN was incorporated in November 2023.

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AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 2: Although the Company did not own more than 50% of the DPTW's and SREC's ownership interests, it was considered to have de facto control over the main operating policies of DPTW and SREC. As a result, DPTW and SREC were accounted for as subsidiaries of the Company.

Note 3: As of December 31, 2023, CQUK, ACMK, BVLB and DPSZ have completed liquidation.

Note 4: In July 2022, the Company acquired 100% of shareholdings of RVI and RVU from third parties. Refer to Note 6(8) for the relevant information.

Note 5: In connection to the employee restricted stock plan, actual vesting occurred in March 2023, as a result, AUO's ownership interest in ADTCM went down to 78.89%. Refer to Note 6(19) for the relevant information.

Note 6: As part of a business restructuring, AUOLB sold all its shareholdings in AUOSH, AUOXM, AUOSZ, AUOSJ and AUOKS to AUOSG in November 2023.

Note 7: AUST ceased production at end of December 2023 and made relevant provisions and impairment loss.

(4) Foreign currency transactions and operations

- a. Transactions in foreign currencies are translated to the respective functional currencies of the individual entities of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date and the resulting exchange differences are included in profit or loss for the year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date when the fair value was determined. The resulting exchange differences are included in profit or loss for the year except for those arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items in foreign currencies that are measured at historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences arising from the effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges are recognized in other comprehensive income.

- b. For the purpose of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations are translated into NTD using exchange rates at the reporting date. Income and expenses of foreign operations are translated at the average exchange rates for the period unless the exchange rates fluctuate significantly during the period; in that case, the exchange rates at the dates of the transactions are used. Foreign currency differences are recognized in other comprehensive income and accumulated in equity.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(5) Classification of current and non-current assets and liabilities

An asset is classified as current when:

- a. The asset expected to realize, or intends to sell or consume, in its normal operating cycle;
- b. The asset primarily held for the purpose of trading;
- c. The asset expected to realize within twelve months after the reporting date; or
- d. Cash and cash equivalent excluding the asset restricted to be exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non-current.

A liability is classified as current when:

- a. The liability expected to settle in its normal operating cycle;
- b. The liability primarily held for the purpose of trading;
- c. The liability is due to be settled within twelve months after the reporting date; or
- d. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments, do not affect its classification.

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

Cash comprises cash balances and demand deposits. Cash equivalents comprise short-term highly liquid investments that are readily convertible into known amount of cash and are subject to an insignificant risk of changes in their fair value. Time deposits with short-term maturity but not for investments and other purposes and are qualified with the aforementioned criteria are classified as cash equivalent.

(7) Financial instruments

a. Financial assets

(i) Classification of financial assets

The Company classifies financial assets into the following categories: financial assets at amortized cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss. When, and only when, the Company changes its business model for managing financial assets it shall reclassify all affected financial assets.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(a) Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

- i. it is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- ii. its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are initially recognized at fair value, plus any directly attributable transaction costs. Subsequently, these assets are measured at amortized cost using the effective interest method, less any impairment losses. Interest income, foreign exchange gains and losses, and recognition (reversal) of impairment losses, are recognized in profit or loss.

(b) Financial assets at fair value through other comprehensive income

On initial recognition, the Company is able to make an irrevocable election to present subsequent changes in the fair value of investments in equity instruments that is not held for trading in other comprehensive income. This election is made on an instrument-by-instrument basis.

Such financial assets are initially recognized at fair value, plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein are recognized in other comprehensive income and accumulated in equity—unrealized gains (losses) on financial assets at fair value through other comprehensive income, except for dividends deriving from equity investments which are recognized in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. When an investment is derecognized, the cumulative gain or loss in equity will not be reclassified to profit or loss, instead, is reclassified to retained earnings.

Dividends on investments in equity instruments are recognized on the date that the Company's right to receive the dividends is established.

(c) Financial assets at fair value through profit or loss

All financial assets not classified as at amortized cost or at fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes all derivative financial assets.

Such financial assets are initially recognized at fair value, and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, they are measured at fair value and changes therein are recognized in profit or loss.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(ii) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets at amortized cost, including cash and cash equivalents, receivables, refundable deposits and other financial assets, etc., and contract assets. Loss allowances for financial assets are deducted from the gross carrying amount of the assets. The recognition or reversal of the loss allowance is recognized in profit or loss.

The expected credit loss is the weighted average of credit losses with the respective risks of a default occurring on the financial instrument as the weights.

The Company measures the loss allowance for a financial instrument at an amount equal to lifetime expected credit losses, except for the financial instrument that is determined to have low credit risk at the reporting date and the credit risk thereof has not increased significantly since initial recognition, which is measured at an amount equal to the 12-month expected credit losses. For trade receivables and contract assets, the Company measures their loss allowances at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant. This includes both qualitative and quantitative information and analysis, based on the Company's historical experience and credit assessment as well as forward-looking information.

In the circumstance that a financial asset is past due or the borrower is unlikely to pay its credit obligations to the Company in full, the Company considers the credit risk on that financial asset has significantly increased, or further, to be in default.

At each reporting date, the Company assesses whether financial assets at amortized cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

(iii) De-recognition of financial assets

The Company derecognizes financial assets when the contractual rights to the cash flows from the asset expire, or when the Company transfers substantially all the risks and rewards of ownership of the financial assets to another entity.

b. Financial liabilities

(i) Classification of financial liabilities

The Company classifies financial liabilities into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities.

(Continued)

AUO CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(a) Financial liabilities at fair value through profit or loss

The Company designates financial liabilities as held for trading for the purpose of hedging exposure to foreign exchange risk arising from operating and financing activities. When a financial liability is not effective as a hedge, the Company accounts for it as a financial liability at fair value through profit or loss.

The Company accounts for financial liabilities, other than the one mentioned above, as at fair value through profit or loss at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities in this category are subsequently measured at fair value and changes therein, which takes into account any interest expense, are recognized in profit or loss.

(b) Other financial liabilities

Financial liabilities not classified as held for trading, or not designated as at fair value through profit or loss (including loans and borrowings, trade and other payables), are measured at fair value, plus any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method, except for insignificant recognition of interest expense from short-term borrowings and payables. Interest expense not capitalized as an asset cost is recognized in profit or loss.

(ii) De-recognition of financial liabilities

The Company derecognizes financial liabilities when the contractual obligation has been discharged, cancelled or expired. The difference between the carrying amount and the consideration paid or payable, including any non-cash assets transferred or liabilities assumed is recognized in profit or loss.

c. Offsetting of financial assets and liabilities

The Company presents financial assets and liabilities on a net basis in the consolidated balance sheet when the Company has the legally enforceable rights to offset, and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(8) Inventories

The cost of inventories includes all necessary expenditures and charges for bringing the inventory to a stable, useable and marketable condition and location. The production overhead is allocated to finished goods and work in progress based on the normal capacity of the production facilities. Subsequently, inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted-average method. Net realizable value is calculated based on the estimated selling price less all estimated costs of completion and the estimated costs necessary to make the sale.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(9) Investments in associates and joint ventures

Associates are those entities in which the Company has the power to exercise significant influence, but not control or joint control, over their financial and operating policies.

Joint venture is a joint arrangement whereby the Company and other parties agreed to share the control of the arrangement, and have rights to the net assets of the arrangement. Unanimous consent from the parties sharing control is required when making decisions for the relevant activities of the arrangement.

Investments in associates or joint ventures are accounted for using the equity method and are recognized initially at cost. The consolidated financial statements include the Company's share of the profit or loss and other comprehensive income of associates or joint ventures, after adjustments are made to align their accounting policies with those of the Company. When an associate or a joint venture incurs changes in its equity not derived from profit or loss and other comprehensive income, the Company recognizes all the equity changes in proportion to its ownership interest in the associate or joint venture as capital surplus provided that the ownership interest in the associate or joint venture remains unchanged.

The difference between acquisition cost and fair value of associates' or joint ventures' identifiable assets and liabilities as of the acquisition date is accounted for as goodwill. Goodwill is included in the original investment cost of acquired associates or joint ventures and is not amortized. If the fair value of identified assets and liabilities is in excess of acquisition cost, the remaining excess over acquisition cost is recognized as a gain in profit or loss.

The Company discontinues the use of the equity method from the date when its investment ceases to be an associate or a joint venture, and then measures the retained interests at fair value at that date. The difference between the carrying amount of the investment at the date the equity method was discontinued and the fair value of the retained interests along with any proceeds from disposing of a part interest in the associate or joint venture is recognized in profit or loss. Moreover, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would be required if the investee had directly disposed of the related assets or liabilities.

When the Company subscribes for additional shares in an associate or 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 Company's proportionate interest in the net assets of the associate or joint venture. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the capital surplus arising from investment accounted for under the equity method in associates or joint ventures is insufficient to offset with the said corresponding amount, the differences will be charged or credited to retained earnings.

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AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

If the Company's ownership interest in an associate or a joint venture is reduced due to disposal of or disproportionate subscription to the shares, but the Company continues to apply the equity method, the Company shall reclassify to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest on the same basis as would be required if the investee had directly disposed of the related assets or liabilities.

At the end of each reporting period, if there is any indication of impairment, the entire carrying amount of the investment including goodwill is tested for impairment as a single asset, by comparing its recoverable amount with its carrying amount. An impairment loss recognized forms part of the carrying amount of the investment in associates or joint ventures. Accordingly, any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

Profits and losses resulting from the transactions between the Company and associates or joint ventures are recognized in the Company's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Company.

When the Company's share of losses exceeds its interest in an associate or a joint venture, the carrying amount of that interest, including any long-term investments that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has a legal or constructive obligation, or has made payments on behalf of the investee.

(10) Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition. Subsequent to initial recognition, investment properties are measured using the cost model. Depreciation is charged and recognized in non-operating income and expenses based on the depreciable amount. Depreciation methods, useful lives and residual values are in accordance with the policy of property, plant and equipment. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

An investment property is reclassified to property, plant and equipment at its carrying amount when the use of the investment property changes.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(11) Property, plant and equipment

a. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset, any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and any borrowing cost that is eligible for capitalization. The cost of the software is capitalized as part of the equipment if the purchase of the software is necessary for the equipment to be capable of operating.

When part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item and the useful life or the depreciation method of the significant part is different from another significant part of that same item, it is accounted for as a separate item (significant component) of property, plant and equipment.

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and is recognized in profit or loss.

b. Subsequent costs

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. Ongoing repairs and maintenance expenses are recognized in profit or loss as incurred.

c. Depreciation

Depreciation is determined by depreciable amount allocated over the estimated useful lives of the respective assets, considering significant components of an individual asset on a straight-line basis. If a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Depreciation charge is recognized in profit or loss.

Leased assets are depreciated over their useful lives if it is reasonably certain that the Company will obtain ownership by the end of the lease term. Otherwise, leased assets are depreciated over the shorter of the lease term and their useful lives.

Except for land, which is not depreciated, the estimated useful lives of the assets are as follows:

- (i) Buildings: 20~50 years
- (ii) Machinery and equipment: 3~10 years
- (iii) Other equipment: 3~6 years

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Depreciation methods, useful lives, and residual values are reviewed at each annual reporting date and, if necessary, adjusted as appropriate. Any changes therein are accounted for as changes in accounting estimates.

d. Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment purpose.

(12) Leases

a. Identifying a lease

A contract is, or contains, a lease when all the following conditions are satisfied:

- (i) the contract involves the use of an identified asset, and the supplier does not have a substantive right to substitute the asset; and
- (ii) the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use; and
- (iii) the Company has the right to direct the use of the identified asset throughout the period of use.

b. As a lessee

Payments for leases of low-value assets and short-term leases are recognized as expenses on a straight-line basis during the lease term for which the recognition exemption is applied. Except for leases described above, a right-of-use asset and a lease liability shall be recognized for all other leases at the lease commencement date.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the lease payments (including fixed payments and variable lease payments that depend on an index or a rate), discounted using the lessee's incremental borrowing rate. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred in restoring the underlying asset.

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AUO CORPORATION AND SUBSIDIARIES
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The right-of-use asset is subsequently depreciated using the straight-line method over the shorter of the useful life of the right-of-use asset or the lease term. The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured (i) if there is a change in the lease term; (ii) if there is a change in future lease payments arising from a change in an index or a rate; (iii) if there is a change in the amounts expected to be payable under a residual value guarantee; or (iv) if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in the circumstances aforementioned, a corresponding adjustment is made to the carrying amount of the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss.

Moreover, the lease liability is remeasured when lease modifications occur that decrease the scope of the lease. The Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognizes in profit or loss any gain or loss relating to the partial or full termination of the lease.

c. As a lessor

Lease income from an operating lease is recognized in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the asset leased to others and recognized as an expense on a straight-line basis over the lease term.

(13) Intangible assets

a. Goodwill

Goodwill is recognized when the purchase price exceeds the fair value of identifiable net assets acquired in a business combination. Goodwill is measured at cost less accumulated impairment losses.

Equity-method goodwill is included in the carrying amounts of the equity investments. The impairment losses for the goodwill within the equity-accounted investees are accounted for as deductions of carrying amounts of investments in equity-accounted investees.

b. Research and development

During the research phase, activities are carried out to obtain and understand new scientific or technical knowledge. Expenditures during this phase are recognized in profit or loss as incurred.

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AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Expenditure arising from development is capitalized as an intangible asset when the Company demonstrates all of the following:

- (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (ii) its intention to complete the intangible asset and use or sell it;
- (iii) its ability to use or sell the intangible asset;
- (iv) the probability that the intangible asset will generate probable future economic benefits;
- (v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development expenditure which fails to meet the criteria for recognition as an intangible asset is reflected in profit or loss when incurred. Capitalized development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.

c. Other intangible assets

Other intangible assets acquired are measured at cost less accumulated amortization and any accumulated impairment losses.

d. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

e. Amortization

The depreciable amount of an intangible asset is the cost less its residual value. Other than goodwill and intangible assets with indefinite useful life, an intangible asset with a finite useful life is amortized over 3 to 20 years using the straight-line method from the date that the asset is made available for use. The amortization charge is recognized in profit or loss.

The residual value, amortization period, and amortization method are reviewed at least annually at each annual reporting date, and any changes therein are accounted for as changes in accounting estimates.

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Notes to Consolidated Financial Statements

(14) Noncurrent assets held for sale

Noncurrent assets are classified as held for sale when their carrying amounts are expected to be recovered primarily through sale rather than through continuing use. Such noncurrent assets must be available for immediate sale in their present condition and the sale is highly probable within one year. When classified as held for sale, the assets are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognized in profit or loss. However, subsequent gains are not recognized in excess of the cumulative impairment loss that has been recognized.

When property, plant and equipment and right-of-use assets are classified as held for sale, they are no longer depreciated.

(15) Impairment – non-financial assets

Other than inventories, deferred tax assets and noncurrent assets held for sale, the carrying amounts of the Company’s investment property measured at cost and other long-term non-financial assets (property, plant and equipment, right-of-use assets and other intangible assets with finite useful lives), are reviewed at the reporting date to determine whether there is any indication of impairment. When there is an indication of impairment exists for the aforementioned assets, the recoverable amount of the asset is estimated. If it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit (“CGU”) to which the asset has been allocated to.

In performing an impairment test for other long-term non-financial assets, the estimated recoverable amount is evaluated in terms of an asset or a CGU. Any excess of the carrying amount of the asset or its related CGU over its recoverable amount is recognized as an impairment loss. The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value in use.

If there is evidence that the accumulated impairment loss of an asset other than goodwill and intangible assets with indefinite useful lives in prior years no longer exists or has decreased, the amount previously recognized as an impairment loss is reversed, and the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount. The increased carrying amount shall not exceed the carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the asset in prior years.

For goodwill and intangible assets with indefinite useful lives or that are not yet available for use, are required to be tested for impairment at least annually. Any excess of the carrying amount of the asset over its recoverable amount is recognized as an impairment loss.

For the purpose of impairment test, goodwill acquired in a business combination is allocated to CGUs that are expected to benefit from the synergies of the combination. If the recoverable amount of a CGU is less than its carrying amount, the difference is allocated first to reduce the carrying amount of any goodwill allocated to the unit, then the carrying amounts of the other assets in the unit on a pro rata basis. The impairment loss recognized on goodwill is not reversed in a subsequent period.

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AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(16) Provisions

A provision is recognized when the Company has a present obligation arising from a past event, it is probable that the Company will be required to make an outflow of resources embodying economic benefits to settle the obligation, and the amount of the obligation can be estimated reliably. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as interest expense.

a. Warranties

A provision for warranties is recognized when the underlying products or services are sold. The provision is weighting factors based on historical experience of warranty claims rate and other possible outcomes against their associated probabilities.

b. Decommissioning obligation

The Company is subject to decommissioning obligations related to certain items of property, plant and equipment. Such decommissioning obligations are primarily attributable to clean-up costs, including deconstruction, transportation, and recover costs. The unwinding of the discount based on original discount rate is recognized in profit or loss as interest expense over the periods with corresponding increase in the carrying amounts of the accrued decommissioning costs. The carrying amount of the accruals at the end of the assets' useful lives is the same as the estimated decommissioning costs.

c. Litigation

Management periodically assesses the obligation of all litigation and claims and relative legal costs. Provision for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recognized when it is probable the present obligation as a result of a past event will result in an outflow of resources and the amount can be reasonably estimated.

d. Restructuring

A provision for restructuring is recognized when the Company has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Provisions shall not be recognized for future operating losses.

e. Onerous contracts

A provision for onerous contracts is recognized when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

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AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Provisions recognized are the best estimates of the expenditure for settling the present obligation at each reporting date.

(17) Treasury shares

Where the Company repurchases its common stock that has been issued, the consideration paid, including all directly attributable costs is recorded as treasury share and deducted from equity. When treasury share is reissued, the excess of sales proceeds over cost is accounted for as capital surplus – treasury shares. If the sales proceeds are less than cost, the deficiency is accounted for as a reduction of capital surplus arising from similar types of treasury shares. If such capital surplus is insufficient to cover the deficiency, the remainder is recorded as a reduction of retained earnings. The carrying amount of treasury share is calculated using the weighted-average cost of different types of repurchase.

If treasury share is retired, the weighted-average cost of the retired treasury share is written off against the par value and the capital surplus premium, if any, of the stock retired on a pro rata basis. If the weighted-average cost written off exceeds the sum of the par value and the capital surplus premium, the difference is accounted for as a reduction of capital surplus – treasury shares, or a reduction of retained earnings for any deficiency where capital surplus – treasury shares is insufficient to cover the difference. If the weighted-average cost written off is less than the sum of the par value and the capital surplus premium, if any, of the stock retired, the difference is accounted for as an increase in capital surplus – treasury shares.

(18) Revenue from contracts with customers

Revenue is measured based on the consideration that the Company expects to be entitled in the transfer of goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. The following is a description of the Company’s major revenues:

a. Sales of goods

Revenue is recognized when the control over a product has been transferred to the customer. The transfer of control refers to the product has been delivered to and accepted by the customer without remaining performance obligations from the Company. Delivery occurs when the product has been shipped to the specified location and the risk of loss over the product has been transferred to the customer, as well as when the product has been accepted by the customer according to the terms of sales contract, or when the Company has objective evidence that all criteria for acceptance have been satisfied.

For certain contracts with volume discounts offer to customers, revenue is recognized on a net basis of contract price less estimated volume discounts, and only to the extent that it is highly probable that a significant reversal will not occur. The amount of volume discounts is estimated based on the expected value with reference to the historical experience, and is recorded as refund liability (presented under other current liabilities).

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AUO CORPORATION AND SUBSIDIARIES
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Trade receivable is recognized when the Company is entitled for unconditional right to receive payment upon delivery of goods to customers. The consideration received in advance from the customer according to the sales contract but without delivery of goods is recognized as a contract liability, for which revenue is recognized when the control over the goods is transferred to the customer.

The Company provides standard warranties for goods sold and has obligation to refund payments for defective goods, in which the Company has recognized provisions for warranties to fulfill the obligation. Refer to Note 4(16) for further details.

b. Construction contracts

For construction contracts, revenue is recognized progressively based on the progress towards complete satisfaction of contract activities, and only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

If the Company cannot reasonably measure its progress towards complete satisfaction of performance obligations in accordance with the construction contracts, revenue is recognized only to the extent of contract costs incurred that it is expected to be recoverable.

The consideration is paid by the customer according to the agreed payment terms. The excess of the amount that has been recognized as revenue over the amount that the Company has issued a bill is recognized as a contract asset. When the entitlement to the payment becomes unconditional, the contract asset is transferred to receivables.

A contract liability is recognized for an advance consideration that the Company has billed to customers arising from construction contracts. When the construction is completed and accepted by the customers, the contract liability is transferred to revenue.

If there are changes in circumstances, the estimates of revenue, cost and the progress towards complete satisfaction of contract will be amended. Any changes therein are recognized in profit or loss during the period in which the changes and amendments are made.

The Company provides standard warranties for construction contracts and has recognized provisions for warranties to fulfill the obligation. Refer to Note 4(16) for further details.

c. Financing components

The Company expects that the length of time when the Company transfers the goods or services to the customer and when the customer pays for those goods or services will be less than one year. Therefore, the amount of consideration is not adjusted for the time value of money.

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AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(19) Government grants

a. Grants for compensating the research and development expenditures

Grants that compensate the Company for research and development expenditures are recognized in profit or loss on a systematic basis in the periods in which the expenses are recognized.

b. Grants related to the purchase of assets

Grants related to the purchase of assets are set up as deferred income and are recognized in profit or loss on a systematic basis over the useful life of the assets.

c. Other grants

Other grants from government that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss of the period in which it becomes receivable.

(20) Employee benefits

a. Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

b. Defined benefit plans

The Company's net obligation in respect of defined benefit pension plans is calculated separately for each benefit plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. Discount rate is determined by reference to the yield rate of Taiwan government bonds at the reporting date. The calculation of defined benefit obligations is performed annually by a qualified actuary using the Projected Unit Credit Cost Method.

Remeasurements of the net defined benefit liability (asset) which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized in other comprehensive income in the period in which they occur, and which then are reflected in retained earnings and will not be reclassified to profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

c. Short-term employee benefits

Short-term employee benefit obligations, which are due to be settled within twelve months are measured on an undiscounted basis and are expensed as the related service is provided.

The expected cost of cash bonus or profit-sharing plans, which is anticipated to be paid within one year, are recognized as a liability when the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(21) Share-based payment arrangements

The fair value of equity-settled share-based payment arrangements at the grant date is recognized as compensation cost, together with a corresponding increase in equity, over the periods in which the employees become unconditionally entitled to the awards. The amount of the compensation cost recognized as an expense is adjusted to reflect the number of awards whose related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the fair value of the share-based payment at the grant date is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

(22) Income taxes

Income tax expense comprises current and deferred taxes.

The Company has determined that the global minimum top-up tax, which is required to pay under Pillar Two legislation, is in the scope of IAS 12, *Income taxes*. The Company has applied a temporary mandatory exception to deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

a. Current taxes

Current taxes comprise the expected tax payable or receivable on the taxable income or losses for the year and any adjustments to tax payable or receivable in respect of previous years. It is measured using the statutory tax rate or the actual legislative tax rate at the reporting date.

In accordance with the ROC Income Tax Act, undistributed earnings from the companies located in the Republic of China, if any, is subject to an additional surtax. The surtax on unappropriated earnings is expensed in the year the shareholders approved the distributions which is the year subsequent to the year the earnings arise.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

b. Deferred taxes

Deferred taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes at the reporting date. Deferred tax liabilities are recognized for temporary difference of future taxable income. Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at annual reporting date, by considering global economic environment, industry environment, statutory tax deduction years and projected future taxable income, and reduced to the extent that it is no longer probable that future taxable profits will be available to allow all or part of the deferred tax asset to be recovered. Deferred tax assets which originally not recognized is also reviewed at annual reporting date and recognized to the extent that it is probable that future taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred taxes liabilities for taxable temporary differences related to investments in subsidiaries, associates and joint arrangements are recognized, unless the Company is able to control the timing of the reversal of the taxable temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when the reverse, using the statutory tax rate or the actual legislative tax rate on the reporting date. Deferred tax assets and liabilities are offset only if certain criteria are met.

Current taxes and deferred taxes are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

(23) Business combinations

The consideration transferred in the acquisition is measured at fair value, as are identifiable net assets acquired. Goodwill is measured as the excess of the aggregate of the fair value of consideration transferred and the amount of any non-controlling interests in the acquiree over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred and the amount of any non-controlling interests in the acquiree, after reassessing all of the assets acquired and all of the liabilities assumed being properly identified, the difference is recognized in profit or loss as a gain on bargain purchase.

Acquisition-related costs are expensed as incurred, except that the costs are related to the issue of debt or equity instruments.

Non-controlling interests in an acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured, on a case-by-case basis, at either fair value or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's net identifiable assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by TIFRSs.

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AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Any contingent consideration included in the consideration transferred is recognized at fair value at the date of acquisition. Subsequent changes to the fair value of the contingent consideration during the measurement period shall adjust to the cost of the acquisition and the resulting goodwill retrospectively. An adjustment made during the measurement period is to reflect additional information obtained by the Company about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date. The accounting treatment for those changes to the fair value of the contingent consideration that are not measurement period adjustments is depending on the classification of the contingent consideration. If the contingent consideration is classified as equity, it is not remeasured and the subsequent settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value are recognized in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the provisional amounts for the items for which the accounting has not yet completed are reported in financial statements. During the measurement period, the provisional amounts are retrospectively adjusted, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

(24) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing profit or loss attributable to the shareholders of AUO by the weighted-average number of common shares outstanding during the period. In computing diluted earnings per share, profit or loss attributable to the shareholders of AUO and the weighted-average number of common shares outstanding during the period are adjusted for the effects of dilutive potential common stock, assuming dilutive share equivalents had been issued. The Company's potential dilutive common shares comprise the estimate of employee compensation to be distributed in the form of stock.

The weighted-average outstanding shares are retroactively adjusted for the effects of stock dividends transferred from retained earnings or capital surplus to common stock.

(25) Segment information

An operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses (including revenues and expenses relating to transactions with other components of the same entity). Operating results of the operating segments are reviewed regularly by the Company's chief operating decision maker ("CODM") to make decisions pertaining to the allocation of resources to the segment and to assess its performance. Meanwhile, discrete financial information for operating results is available.

(Continued)

AUO CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

5. Critical Accounting Judgments and Key Sources of Estimations and Assumptions Uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and TIFRSs requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed by management on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments, estimates and assumptions in applying accounting policies that have the significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

(1) Impairment of long-term non-financial assets, other than goodwill

In the process of evaluating the potential impairment of tangible and intangible assets other than goodwill, the Company is required to make subjective judgments in determining the independent cash flows, useful lives, expected future income and expenses related to the specific asset groups with the consideration of the usage mode of asset and the nature of industry. Any changes in these estimates based on changed economic conditions or business strategies could result in significant impairment charges or reversal in future years.

(2) Impairment of goodwill

The assessment of impairment of goodwill requires the Company to make subjective judgment to determine the identified CGUs, allocate the goodwill to relevant CGUs and estimate the recoverable amount of relevant CGUs. Any changes in these estimates based on changed economic conditions or business strategies could result in significant adjustments.

(3) Recognition of deferred tax assets

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred tax assets can be utilized. Assessment of the realization of the deferred tax assets requires management's subjective judgment and estimate, including the future revenue growth and profitability, the sources of taxable income, the amount of tax credits can be utilized and feasible tax planning strategies. Changes in the global economic environment, the industry trends and relevant laws and regulations may result in adjustments to the deferred tax assets.

(4) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

6. Description of Significant Accounts

(1) Cash and Cash Equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand, demand deposits and checking accounts	\$ 61,838,715	48,151,084
Time deposits	<u>22,130,748</u>	<u>32,462,036</u>
	<u>\$ 83,969,463</u>	<u>80,613,120</u>

Refer to Note 6(28) for the disclosure of credit risk, currency risk and sensitivity analysis of the financial instruments of the Company.

As at December 31, 2023 and 2022, no cash and cash equivalents were pledged with banks as collaterals.

(2) Financial Assets and Liabilities at Fair Value through Profit or Loss (“FVTPL”)

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Financial assets mandatorily measured at FVTPL:		
Current		
Foreign currency forward contracts	\$ <u>176,492</u>	<u>365,037</u>
Noncurrent		
Convertible bonds	\$ <u>139,170</u>	<u>-</u>
Financial liabilities measured at FVTPL:		
Contingent consideration from business combination	\$ -	99,222
Financial liabilities held for trading:		
Foreign currency forward contracts	<u>11,143</u>	<u>252,603</u>
	<u>\$ 11,143</u>	<u>351,825</u>

The Company entered into derivative contracts to manage the exposure to currency risk arising from operating activities. Refer to Note 6(28) for the disclosure of the Company’s credit and currency risks related to financial instruments.

As at December 31, 2023 and 2022, the Company’s outstanding foreign currency forward contracts were as follows:

<u>December 31, 2023</u>		
<u>Contract item</u>	<u>Maturity date</u>	<u>Contract amount</u>
Sell USD / Buy NTD	Jan. 2024~Feb. 2024	USD 108,650 / NTD 3,426,726
Sell USD / Buy JPY	Jan. 2024~Feb. 2024	USD 68,053 / JPY 9,789,458
Sell USD / Buy CNY	Jan. 2024~Jun. 2024	USD 86,000 / CNY 610,112

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AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

December 31, 2023		
Contract item	Maturity date	Contract amount
Sell USD / Buy SGD	Jan. 2024~Mar. 2024	USD 39,508 / SGD 52,750
Sell NTD / Buy JPY	Jan. 2024~Mar. 2024	NTD 525,860 / JPY 2,400,000
Sell CNY / Buy USD	Feb. 2024~Mar. 2024	CNY 319,382 / USD 44,885
Sell JPY / Buy NTD	Jan. 2024	JPY 200,000 / NTD 43,380
Sell CNY / Buy NTD	Feb. 2024	CNY 5,000 / NTD 21,594
December 31, 2022		
Contract item	Maturity date	Contract amount
Sell USD / Buy NTD	Jan. 2023~Feb. 2023	USD 208,700 / NTD 6,465,622
Sell USD / Buy JPY	Jan. 2023~Feb. 2023	USD 93,000 / JPY 12,527,074
Sell USD / Buy CNY	Jan. 2023~Mar. 2023	USD 68,000 / CNY 487,743
Sell USD / Buy SGD	Jan. 2023~Feb. 2023	USD 26,938 / SGD 36,770
Sell NTD / Buy USD	Apr. 2023~May 2023	NTD 2,779,971 / USD 89,000
Sell NTD / Buy JPY	Jan. 2023~Mar. 2023	NTD 1,939,137 / JPY 8,600,000
Sell JPY / Buy NTD	Jan. 2023	JPY 1,000,000 / NTD 232,086
Sell CNY / Buy USD	Jan. 2023~May 2023	CNY 2,700,000 / USD 387,616
Sell EUR / Buy JPY	Jan. 2023	EUR 1,000 / JPY 140,530

(3) Financial Assets at Fair Value through Other Comprehensive Income (“FVTOCI”)

	December 31, 2023	December 31, 2022
Investments in equity instruments at FVTOCI:		
Equity securities – listed stocks	\$ 1,090,875	1,305,625
Equity securities – non-listed stocks	741,193	594,956
	\$ 1,832,068	1,900,581

The purpose that the Company invests in the abovementioned equity securities is for long-term strategies, but rather for trading purpose. Therefore, those equity securities are designated as financial assets at FVTOCI.

In consideration of the Company’s operational strategy, the Company increased its ownership interest in SINTRONES Technology Corp. (“SINTRONES”) in February 2023. Upon re-assessment, the Company considers that it has obtained the ability to exercise significant influence over SINTRONES; consequently, the Company derecognized the investment in SINTRONES as deemed disposal, and further recognized an investment accounted for using the equity method at fair value. The related cumulative loss of \$3,596 thousand previously recognized in other comprehensive income was reclassified to retained earnings.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

If the value of these equity securities appreciates or depreciates by 10% at the reporting date, other comprehensive income would increase or decrease by \$183,207 thousand and \$190,058 thousand for the years ended December 31, 2023 and 2022, respectively.

Dividends recognized from the investments in equity instruments at FVTOCI held by the Company were disclosed as follows:

	For the years ended December 31,	
	2023	2022
Investments held at the balance sheet date	\$ 2,585	6,571

As at December 31, 2023 and 2022, none of the Company's financial assets abovementioned was pledged as collateral.

(4) Financial Assets at Amortized Cost

	December 31, 2023	December 31, 2022
Domestic and foreign time deposits	\$ 1,264,324	1,142,218
Less: current	(584,217)	-
Noncurrent	\$ 680,107	1,142,218

The Company has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of receivables of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets at amortized cost.

As at December 31, 2023 and 2022, none of the Company's domestic and foreign time deposits was pledged as collateral.

(5) Notes and Accounts Receivable, net (Including Related and Unrelated Parties)

	December 31, 2023	December 31, 2022
Notes receivable	\$ 55,237	5,366
Accounts receivable—measured at amortized cost	16,029,165	19,887,995
Accounts receivable—measured at fair value through other comprehensive income	7,989,097	-
Less: loss allowance	(30,545)	(17,610)
	\$ 24,042,954	19,875,751
Notes and accounts receivable, net	\$ 22,798,408	18,620,248
Accounts receivable from related parties, net	\$ 1,244,546	1,255,503

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AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

The movement of the loss allowance for notes and accounts receivable was as follows:

	For the years ended December 31,	
	2023	2022
Balance at beginning of the year	\$ 17,610	16,053
Provisions charged to expense	22,893	1,513
Write-offs	(9,711)	-
Effect of changes in foreign currency exchange rates	(247)	44
Balance at end of the year	\$ 30,545	17,610

The payment terms granted to customers are generally 25 to 60 days from the end of the month during which the invoice is issued. This term is consistent with practices in our industry, and thus, no financing components involved.

Information about the Company's exposure to credit risk is included in Note 6(28).

As at December 31, 2023 and 2022, the Company's accounts receivables sold and derecognized were as follows:

December 31, 2023					
Underwriting bank	Factoring limit (in thousands)	Amount sold and derecognized (in thousands)	Amount advanced (in thousands)	Principal terms	
CTBC Bank	USD 175,000	USD 152,483	NTD 4,319,000	See Notes(a)~(d)	
DBS Bank	USD 220,000	USD 148,227	NTD 4,159,000	See Notes(a)~(d)	
Taipei Fubon Bank	USD 100,000	USD 93,179	NTD 2,599,000	See Notes(a)~(d)	
Bank of Taiwan	USD 250,000	-	-	See Notes(a)~(d)	
December 31, 2022					
Underwriting bank	Factoring limit (in thousands)	Amount sold and derecognized (in thousands)	Amount advanced (in thousands)	Principal terms	
CTBC Bank	USD 78,000	USD 38,091	NTD 1,056,000	See Notes(a)~(d)	
DBS Bank	USD 170,000	USD 111,137	NTD 3,049,000	See Notes(a)~(d)	
Taipei Fubon Bank	USD 100,000	USD 55,938	NTD 1,529,000	See Notes(a)~(d)	
Bank of Taiwan	USD 250,000	USD 15,219	USD 13,830	See Notes(a)~(d)	
		EUR 3,984	EUR 3,620		
E. SUN Bank	USD 35,000	USD 35,000	USD 31,490	See Notes(a)~(d)	

Note (a): Under these facilities, the Company transferred accounts receivable to the respective underwriting banks, which are without recourse subject to the underwriting consents.

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AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note (b): The Company informed its customers pursuant to the respective facilities to make payment directly to the respective underwriting banks.

Note (c): As of December 31, 2023 and 2022, total outstanding receivables after the above transactions, net of fees charged by underwriting banks, of \$1,022,482 thousand and \$862,484 thousand, respectively, were recognized under other current financial assets. In addition, interest rates for the balance of advanced amount as of December 31, 2023 and 2022, were ranging from 1.26%~2.04% and 1.48%~5.48%, respectively.

Note (d): To the extent of the amount transferred to the underwriting banks, risks of non-collection or potential payment default by customers in the event of insolvency are borne by respective banks. The Company is not responsible for the collection of receivables subject to these facilities, or for any legal proceedings and costs thereof in collecting these receivables. In case any commercial dispute between the Company and customers or other reasons results in the Company's failure to perform the obligation under these facilities, the banks have requested the Company to issue promissory notes in the amounts equal to 10 percent of respective facilities or to transfer receivables in the amounts equal to 10 percent of respective facilities. Other than such arrangements, no collaterals were provided by the Company.

(6) Inventories

	December 31, 2023	December 31, 2022
Finished goods	\$ 10,523,060	10,126,618
Work-in-progress	11,360,501	10,161,992
Raw materials	7,119,560	9,975,103
	\$ 29,003,121	30,263,713

For the years ended December 31, 2023 and 2022, the amounts recognized as cost of sales in relation to inventories were \$243,354,069 thousand and \$245,225,166 thousand, respectively. The net of provisions (reversals) for inventories written down (increased) to net realizable value, which were also included in cost of sales, amounted to \$2,030,133 thousand in reversals and \$1,804,332 thousand in provisions for the years ended December 31, 2023 and 2022, respectively.

As at December 31, 2023 and 2022, none of the Company's inventories was pledged as collateral.

(Continued)

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Notes to Consolidated Financial Statements

(7) Investments in Equity-accounted Investees

a. Associates

	December 31, 2023	December 31, 2022
Qisda Corporation (“Qisda”)	\$ 11,262,543	12,056,578
Ennostar Inc. (“Ennostar”)	8,490,597	9,858,062
ADLINK Technology Inc. (“ADLINK”)	3,860,539	4,104,562
Star Shining Energy Corporation. (“SSEC”)	2,496,895	2,390,435
Raydium Semiconductor Corporation (“Raydium”)	1,882,618	2,194,517
Daxin Materials Corp. (“Daxin”)	775,934	729,966
Others	614,454	409,782
	<u>\$ 29,383,580</u>	<u>31,743,902</u>

None of the above associates is considered individually material to the Company. The following table summarized the amount recognized by the Company at its share of those associates.

	For the years ended December 31,	
	2023	2022
The Company’s share of associates’:		
Profit (loss)	\$ (518,049)	1,991,642
Other comprehensive income (loss)	373,751	(799,903)
Total comprehensive income	<u>\$ (144,298)</u>	<u>1,191,739</u>

In connection with the Company’s operational strategy, the Company continually increased its shareholdings in Ennostar and ADLINK with total investments of \$5,183,707 thousand for the year ended December 31, 2022. Among those, in July 2022, the Company participated in Ennostar’s capital increase through a private placement offering with consideration of \$3,484,895 thousand. Due to the disproportionate subscription to the shares, the Company’s ownership interest in Ennostar increased from 9.30% to 17.38%. The difference between the consideration and the carrying amount arising from the acquisition of interest was recognized in capital surplus with amount of \$1,398,054 thousand.

For the year ended December 31, 2023, Qisda acquired additional shares of its subsidiary, BenQ BM Holding Cayman Corp. and recognized a difference between consideration and carrying amount arising from the acquisition of interest in subsidiary. The Company, upon the equity method, recognized a decrease in capital surplus of \$927,316 thousand accordingly.

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AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

As of December 31, 2023, the Company held 32.84% of the voting rights of ADLINK and became the sole largest shareholder of it. Although the remaining voting rights are not concentrated in particular shareholders, the Company is still unable to obtain more than half of directors, and has not obtained more than half of the voting rights of the shareholders present in the shareholders' meeting. Moreover, ADLINK's key management is not designated by the Company. In view of the aforementioned facts, the Company only has significant influence, but not control, over ADLINK. Therefore, ADLINK is still accounted for using the equity method.

In February 2023, the Company derecognized the investment in SINTRONES that previously classified as financial assets at FVTOCI, and further recognized an investment accounted for using the equity method. Refer to Note 6(3) for the relevant information.

b. Joint ventures

The joint venture has dissolved in January 2022, and resolved the liquidation date set on May 18, 2022. The Company received the liquidation payment in November 2022.

The Company did not have joint ventures accounted for using equity method as at December 31, 2023 and 2022. For the year ended December 31, 2022, none of the joint ventures is considered individually material to the Company. The following table summarized the amount recognized by the Company at its share of those joint ventures.

	For the year ended December 31, 2022
The Company's share of joint ventures':	
Profit	\$ 11,655
Other comprehensive income	-
Total comprehensive income	\$ 11,655

As at December 31, 2023 and 2022, none of the Company's investments in equity-accounted investees was pledged as collateral.

(8) Acquisition of Subsidiaries

The Company obtained control over RVI and RVU (collectively as "RV Company") in July 2022 through acquisition of 100% equity interest of them. RV Company is engaged in the design and integration service of digital signage content management system. By taking an equity investment in RV Company, the Company expects to become the preferred supplier of field solutions via providing software and hardware integrated solutions and enhancing product competitiveness. Acquisition-related costs are at approximately \$8,820 thousand on legal fees and due diligence fees and were recognized in operating expenses in the consolidated statement of comprehensive income for the year ended December 31, 2022.

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AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

The following table summarized each major class of consideration transferred, the assets acquired and liabilities assumed at the acquisition date and the amount of goodwill recognized.

- a. Consideration transferred (translated at the exchange rates on December 31, 2022)

	Amounts
Cash	\$ 756,529
Contingent consideration (recognized in financial liabilities at FVTPL – current)	85,579
	\$ 842,108

The cash consideration above includes an adjustment to the purchase price on an agreed calculation basis within four months after the closing date upon the share purchase and sale agreement.

In accordance with the terms of the contingent consideration, in the event that the acquired entity achieves the conditions stated in the agreement within twelve months after the closing, the Company shall pay additional consideration of USD2,750 thousand or in pro rata to the original shareholders of RV Company. Under the arrangement of the contingent consideration, the potential undiscounted amount of the contingent payment that the Company may have to pay in the future is between USD0 thousand and USD2,750 thousand.

The fair value of the contingent consideration estimated using Monte Carlo simulation was \$78,427 thousand. The fair value measurement was based on the significant unobservable inputs in the market and categorised as a Level 3 fair value under IFRS 13. The significant inputs in the valuation technique used are discount rate of 9.6% and revenue volatility rate of 20.0%.

As RV Company achieved the conditions stated in the agreement within twelve months after the closing, the Company remeasured the fair value of the contingent consideration in December 2023 and determined the value was \$84,475 thousand. The change in the fair value of the contingent consideration of \$6,048 thousand was not a measurement period adjustment, and therefore, was recognized under other gains and losses in the consolidated statement of comprehensive income for the year ended December 31, 2023.

In addition, both parties agreed that RV Company's possible tax refund that existed as of the acquisition date will be fully paid to the original shareholders of RV Company, provided that the tax refund is approved by the tax authority in the future. Under the aforesaid agreement, the potential undiscounted amount that the Company may have to pay in the future is between USD0 thousand and USD236 thousand. The Company estimated the fair value thereof at \$7,152 thousand based on the expected value. In 2023, the Company already paid it out, and there is no difference compared with the estimated amount.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

b. Identifiable assets acquired and liabilities assumed

The following table summarized the fair value of identifiable assets acquired and liabilities assumed recognized at the acquisition date (translated at the exchange rates on December 31, 2022):

	Fair value
Cash	\$ 52,480
Accounts receivable and other current assets	34,540
Intangible assets	279,863
Accounts payable and other current liabilities	(135,963)
	\$ 230,920

c. Goodwill

Goodwill arising from the acquisition has been recognized as follows (translated at the exchange rates on December 31, 2022):

	Amounts
Consideration transferred	\$ 842,108
Less: Fair value of identifiable net assets	(230,920)
	\$ 611,188

d. Intangible assets

Technology in development and customer relationship that are recognized as intangible assets are amortized using the straight-line method over its economic useful life of 7 and 10 years, respectively.

Goodwill is primarily derived from merger synergies, customer and technology integrations as well as employee value. However, such benefits do not meet the criteria for recognition of identifiable intangible assets, and are therefore not recognized separately.

(9) Property, Plant and Equipment

	For the year ended December 31, 2023				
	Balance, Beginning of Year	Additions	Disposal or write off	Reclassification, effect of change in exchange rate and others	Balance, End of Year
Cost:					
Land	\$ 7,757,962	-	-	(13,024)	7,744,938
Buildings	116,844,362	3,803	(101,654)	(355,573)	116,390,938
Machinery and equipment	847,409,281	3,092,382	(7,277,720)	25,818,563	869,042,506
Other equipment	39,751,729	3,874,526	(5,555,127)	1,374,556	39,445,684
	1,011,763,334	6,970,711	(12,934,501)	26,824,522	1,032,624,066

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	For the year ended December 31, 2023				
	Balance, Beginning of Year	Additions	Disposal or write off	Reclassification, effect of change in exchange rate and others	Balance, End of Year
Accumulated depreciation and impairment loss:					
Buildings	45,437,618	2,531,998	(100,625)	(234,304)	47,634,687
Machinery and equipment	780,394,294	24,046,305	(7,270,597)	(1,661,621)	795,508,381
Other equipment	<u>31,209,485</u>	<u>5,316,568</u>	<u>(5,553,701)</u>	<u>(164,313)</u>	<u>30,808,039</u>
	<u>857,041,397</u>	<u>31,894,871</u>	<u>(12,924,923)</u>	<u>(2,060,238)</u>	<u>873,951,107</u>
Prepayments for purchase of land and equipment, and construction in progress	<u>24,111,900</u>	<u>18,196,872</u>	<u>-</u>	<u>(29,808,927)</u>	<u>12,499,845</u>
Net carrying amounts	<u>\$ 178,833,837</u>				<u>171,172,804</u>
	For the year ended December 31, 2022				
	Balance, Beginning of Year	Additions (Deductions)	Disposal or write off	Reclassification, effect of change in exchange rate and others	Balance, End of Year
Cost:					
Land	\$ 8,763,260	-	(996,049)	(9,249)	7,757,962
Buildings	117,475,024	(80,777)	(425,603)	(124,282)	116,844,362
Machinery and equipment	832,882,543	1,491,613	(4,893,149)	17,928,274	847,409,281
Other equipment	<u>37,174,884</u>	<u>4,308,684</u>	<u>(4,097,513)</u>	<u>2,365,674</u>	<u>39,751,729</u>
	<u>996,295,711</u>	<u>5,719,520</u>	<u>(10,412,314)</u>	<u>20,160,417</u>	<u>1,011,763,334</u>
Accumulated depreciation and impairment loss:					
Buildings	42,819,944	2,698,962	(86,632)	5,344	45,437,618
Machinery and equipment	758,531,143	22,534,747	(4,705,029)	4,033,433	780,394,294
Other equipment	<u>29,723,444</u>	<u>5,431,251</u>	<u>(4,078,401)</u>	<u>133,191</u>	<u>31,209,485</u>
	<u>831,074,531</u>	<u>30,664,960</u>	<u>(8,870,062)</u>	<u>4,171,968</u>	<u>857,041,397</u>
Prepayments for purchase of land and equipment, and construction in progress	<u>6,000,865</u>	<u>33,683,927</u>	<u>-</u>	<u>(15,572,892)</u>	<u>24,111,900</u>
Net carrying amounts	<u>\$ 171,222,045</u>				<u>178,833,837</u>

As of December 31, 2023 and 2022, a non irrigated farmland located in LongTan plant amounted to \$23,671 thousand was registered in the name of a farmer due to regulations. An agreement of pledge had been signed between the Company and the farmer clarifying the rights and obligations of each party.

In 2023 and 2022, the Company wrote down certain long-term assets with extremely low capacity utilization associated with its display segment and recognized impairment losses of \$210,771 thousand and \$70,686 thousand, respectively.

In 2022, the Company wrote down certain long-term assets with extremely low capacity utilization associated with its energy segment and recognized an impairment loss of \$2,879 thousand.

Impairment losses as mentioned above were recognized under other gains and losses in the consolidated statements of comprehensive income.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

AUO decided to dispose of part of its plants and related appendages to Vanguard International Semiconductor Corporation pursuant to the resolution of Board of Directors' meeting held on April 28, 2021. Both parties have completed the transaction in December 2021. The consideration of disposal (net of related transaction costs) and gain on disposal were \$808,662 thousand and \$787,460 thousand, respectively. The consideration aforementioned is to be received in installments. As of December 31, 2021, outstanding receivables totaled \$509,524 thousand (recognized in other current financial assets), which were fully received in January 2022.

On June 22, 2022, the Board of Directors of DPTW resolved to dispose of part of real estate. DPTW has entered into an agreement with a non-related party on June 24, 2022 for the disposal of the related land and buildings. The aforementioned assets have been disposed of on December 28, 2022. The consideration of disposal (net of related transaction costs) and gain on disposal were \$2,285,894 thousand and \$950,874 thousand, respectively. Such cash consideration was entrusted by a bank with its real estate values trust service. As of December 31, 2022, outstanding receivables totaled \$2,230,840 thousand (recognized in other current financial assets), which were fully received on January 3, 2023.

In order to enhance the utilization of assets and to strengthen the efficient use of working capital, AUOXM resolved to dispose of part of its land classified in right-of-use assets and employee dormitories on October 26, 2022. The aforementioned assets have been reclassified as noncurrent assets held for sale totaling \$586,406 thousand. The consideration of disposal (net of related transaction costs) and gain on disposal were \$1,654,220 thousand and \$1,069,530 thousand, respectively. As of December 31, 2022, such consideration received in advance amounted to \$848,008 thousand (recognized in other current liabilities). In December 2023, the transaction was completed, and the consideration was fully received.

The following table summarized the Company's capitalized borrowing costs and the interest rate range applied for the capitalization:

	For the years ended	
	December 31,	
	2023	2022
Capitalized borrowing costs	198,062	114,671
The interest rates applied for the capitalization	1.50%~ 2.50%	0.90%~ 2.05%

Certain property, plant and equipment were pledged as collateral, see Note 8.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(10) Lease Arrangements

a. Lessee

(i) Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying amount of right-of-use assets		
Land	\$ 8,925,915	9,492,758
Buildings	838,202	295,209
Other equipment	6,509	12,491
	\$ 9,770,626	9,800,458
	For the years ended December 31,	
	2023	2022
Additions to right-of-use assets	\$ 695,382	285,806
Depreciation charge for right-of-use assets		
Land	\$ 534,042	535,949
Buildings	154,859	148,584
Other equipment	6,063	5,659
	\$ 694,964	690,192

(ii) Lease liabilities

	December 31, 2023		
	Future minimum lease payments	Interests	Present value of minimum lease payments
Less than one year	\$ 804,126	159,867	644,259
Between one and five years	3,006,596	529,870	2,476,726
More than five years	7,034,404	826,860	6,207,544
	\$ 10,845,126	1,516,597	9,328,529
Lease liabilities — current			\$ 644,259
Lease liabilities — noncurrent			\$ 8,684,270

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	December 31, 2022		
	Future minimum lease payments	Interests	Present value of minimum lease payments
Less than one year	\$ 746,377	163,126	583,251
Between one and five years	2,667,019	549,425	2,117,594
More than five years	7,487,223	943,177	6,544,046
	\$ 10,900,619	1,655,728	9,244,891
Lease liabilities — current			\$ 583,251
Lease liabilities — noncurrent			\$ 8,661,640

(iii) Significant lease agreements

AUO has entered into various land lease agreements with Hsinchu Science Park Bureau, Central Science Park Administration Bureau and Southern Taiwan Science Park Bureau, respectively, for the construction of plant for operations. All lease amounts are adjusted in accordance with the land value announced by the government from time to time.

In 2022, AUO modified some of its lease contracts due to the decrease of the scope of the lease, and therefore, the carrying amount of the right-of-use asset was reduced by \$273,932 thousand. The difference between the remeasurement of the lease liability and the reduction of the right-of-use asset was recognized in profit or loss.

(iv) Sublease of right-of-use assets

The Company subleased part of its right-of-use assets under operating leases. For the years ended December 31, 2023 and 2022, income from sublease were \$4,944 thousand and \$4,973 thousand, respectively. Right-of-use assets that meet the definition of investment properties are reclassified to investment properties. Refer to Note 6(11) for further information on investment properties.

(v) Additional lease information

The Company applies the recognition exemption to account for short-term leases and leases of low-value assets, primarily for some leases of office buildings and other sporadic leasing. The amounts recognized in profit or loss during the lease term were as follows:

	For the years ended December 31,	
	2023	2022
Expenses relating to short-term leases	\$ 11,025	19,883
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ 34	206
Variable lease payments not included in the measurement of the lease liability	\$ 2,642	2,363

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Total cash outflow for the Company's leases in which it acts as a lessee for the years ended December 31, 2023 and 2022, were \$785,800 thousand and \$760,957 thousand, respectively.

b. Lessor

The Company leased out its investment properties and part of its land, buildings and equipment and did not transfer substantially all the risks and rewards incidental to their ownership to the lessee, therefore, those leases were recognized as operating leases. Refer to Note 6(23) for the information of rental income from operating leases. In addition, the direct costs relating to the aforementioned operating leases for the years ended December 31, 2023 and 2022 were \$877 thousand and \$893 thousand, respectively.

The maturity analysis of undiscounted operating lease receivable for the abovementioned assets are as follows:

	December 31, 2023	December 31, 2022
Year 1	\$ 149,909	98,387
Year 2	101,808	102,522
Year 3	97,446	102,458
Year 4	89,597	94,595
Year 5	89,597	94,492
Year 6 onwards	<u>1,338,989</u>	<u>1,449,382</u>
Total undiscounted operating lease receivable	<u>\$ 1,867,346</u>	<u>1,941,836</u>

(11) Investment Property

For the year ended December 31, 2023				
	Balance, Beginning of Year	Additions	Reclassification and effect of change in exchange rate	Balance, End of Year
Cost:				
Land	\$ 686,090	-	(13,150)	672,940
Buildings	1,448,929	-	(30,375)	1,418,554
Right-of-use assets	<u>29,179</u>	<u>-</u>	<u>(612)</u>	<u>28,567</u>
	<u>2,164,198</u>	<u>-</u>	<u>(44,137)</u>	<u>2,120,061</u>
Accumulated depreciation:				
Buildings	763,805	43,403	(16,797)	790,411
Right-of-use assets	<u>7,149</u>	<u>1,782</u>	<u>(182)</u>	<u>8,749</u>
	<u>770,954</u>	<u>45,185</u>	<u>(16,979)</u>	<u>799,160</u>
Net carrying amounts	<u>\$ 1,393,244</u>			<u>1,320,901</u>
Fair Value	<u>\$ 4,065,791</u>			<u>4,422,302</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

For the year ended December 31, 2022

	Balance, Beginning of Year	Additions	Reclassification and effect of change in exchange rate	Balance, End of Year
Cost:				
Land	\$ 695,429	-	(9,339)	686,090
Buildings	1,429,270	-	19,659	1,448,929
Right-of-use assets	28,784	-	395	29,179
	<u>2,153,483</u>	<u>-</u>	<u>10,715</u>	<u>2,164,198</u>
Accumulated depreciation:				
Buildings	710,502	43,693	9,610	763,805
Right-of-use assets	5,289	1,794	66	7,149
	<u>715,791</u>	<u>45,487</u>	<u>9,676</u>	<u>770,954</u>
Net carrying amounts	<u>\$ 1,437,692</u>			<u>1,393,244</u>
Fair Value	<u>\$ 4,119,728</u>			<u>4,065,791</u>

The fair value of investment property is based on a valuation performed by a qualified independent appraiser who holds a recognized and relevant professional qualification and has recent valuation experience in the location and category of the investment property being valued. The valuation is performed using income approach, sales comparison approach and land development analysis approach with reference to available market information.

The fair value measurement was categorized as a level 3 fair value based on the inputs in the valuation techniques used. Income approach determines the fair value of the investment property based on the projected cash flows from the Company's estimated future rentals collected and discounted using the capitalization rate of the property. Sales comparison approach is through comparison, analysis, adjustment and other means of value for comparable properties to estimate the value of the investment property. Land development analysis approach determine the fair value of investment property based on the value prior to development or construction, after deducting the direct cost, indirect cost, capital interest and profit during the development period, and also consider total sales price of properties after completion of development or construction. It also incorporates the possibility of changes in utility of land through development or improvement in accordance with legal use and density of the land. The overall capital interest rate and the rate of return used in the valuation were 1.91% and 15.00%, respectively. The capitalization rate was ranging from 8.00% to 12.00%.

As at December 31, 2023 and 2022, there was no investment property that was pledged as collateral.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(12) Intangible Assets

For the year ended December 31, 2023					
	Balance, Beginning of Year	Additions	Effect of change in consolidated entities	Reclassification and effect of change in exchange rate	Balance, End of Year
Cost:					
Goodwill	\$ 12,809,944	-	-	3,487	12,813,431
Patent and technology fee	12,269,529	-	-	(3,979)	12,265,550
Others	697,504	-	-	(2,816)	694,688
	<u>25,776,977</u>	<u>-</u>	<u>-</u>	<u>(3,308)</u>	<u>25,773,669</u>
Accumulated amortization and impairment loss:					
Goodwill	2,228,270	-	-	-	2,228,270
Patent and technology fee	11,910,192	48,856	-	(1,608)	11,957,440
Others	242,274	77,624	-	(806)	319,092
	<u>14,380,736</u>	<u>126,480</u>	<u>-</u>	<u>(2,414)</u>	<u>14,504,802</u>
Net carrying amounts	<u>\$ 11,396,241</u>				<u>11,268,867</u>
For the year ended December 31, 2022					
	Balance, Beginning of Year	Additions	Effect of change in consolidated entities	Effect of change in exchange rate	Balance, End of Year
Cost:					
Goodwill	\$ 12,190,064	-	611,188	8,692	12,809,944
Patent and technology fee	12,266,954	-	-	2,575	12,269,529
Others	385,742	2,929	296,234	12,599	697,504
	<u>24,842,760</u>	<u>2,929</u>	<u>907,422</u>	<u>23,866</u>	<u>25,776,977</u>
Accumulated amortization and impairment loss:					
Goodwill	1,122,270	1,106,000	-	-	2,228,270
Patent and technology fee	11,778,742	130,745	-	705	11,910,192
Others	184,793	54,021	-	3,460	242,274
	<u>13,085,805</u>	<u>1,290,766</u>	<u>-</u>	<u>4,165</u>	<u>14,380,736</u>
Net carrying amounts	<u>\$ 11,756,955</u>				<u>11,396,241</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

The Company acquired goodwill and other intangible assets from the acquisition of subsidiaries in July 2022. See Note 6(8) for further details.

For the purpose of impairment test, the following table shows the information of the operating business that the Company's goodwill allocating to:

	December 31, 2023	December 31, 2022
Display business	\$ <u>10,585,161</u>	<u>10,581,674</u>

The Company's goodwill has been tested for impairment at least once at the end of the annual reporting period. The recoverable amount was determined based on value in use of the operating business.

The key assumptions used in the estimation of the recoverable amount included discount rate and terminal growth rate. The annual discount rates for the years ended December 31, 2023 and 2022 were 11.14% and 11.44%, respectively, based on industry weighted average cost of capital. The cash flow projections were determined based on the financial budgets approved by management covering the future five-year period and extrapolated with a steady annual terminal growth rate for subsequent years, which were negative 1% for both 2023 and 2022. The key assumptions abovementioned represents the management's forecast of the future for the related industry by considering the history information from internal and external sources.

Based on the impairment assessment in 2022, as the recoverable amount of display CGU was lower than its carrying value, the Company recognized an impairment loss of \$1,106,000 thousand on goodwill of display segment.

For the year ended December 31, 2023, no impairment loss was recognized as the recoverable amount of display CGU was higher than its carrying value.

(13) Prepayments, Other Current Assets and Other Noncurrent Assets

	December 31, 2023	December 31, 2022
Prepayments for purchases	\$ 1,172,077	1,687,836
Refundable and overpaid tax	919,306	957,798
Restricted cash in banks — noncurrent	467,998	766,226
Others	<u>2,809,687</u>	<u>3,298,913</u>
	5,369,068	6,710,773
Less: current	<u>(2,980,914)</u>	<u>(3,832,361)</u>
Noncurrent	\$ <u>2,388,154</u>	<u>2,878,412</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(14) Short-term Borrowings

	December 31, 2023	December 31, 2022
Unsecured borrowings	<u>\$ 263,000</u>	<u>128,487</u>
Unused credit facilities	<u>\$ 24,377,681</u>	<u>29,118,096</u>
Interest rate range	1.75%~2.05%	1.38%~4.00%

(15) Long-term Borrowings

Bank or agent bank	Durations	December 31, 2023	December 31, 2022
Syndicated loans:			
Bank of Taiwan and others	From Apr. 2022 to Apr. 2029	\$ 50,000,000	20,000,000
Bank of Taiwan and others	From Oct. 2021 to Oct. 2025	19,125,000	32,500,000
Agricultural Bank of China and others	From Aug. 2023 to Aug. 2028	335,450	-
Bank of China and others	From Jul. 2023 to Jul. 2028	294,296	-
Bank of China and others	From Nov. 2015 to May 2023	-	2,001,456
Unsecured bank loans	From Oct. 2020 to Oct. 2031	24,428,480	6,126,000
Unsecured other loans	From Sep. 2022 to Sep. 2024	20,843	21,333
Secured bank loans	From Apr. 2017 to Apr. 2032	16,969,742	25,509,945
Secured other loans	From Apr. 2022 to Mar. 2026	<u>691,155</u>	<u>921,960</u>
		111,864,966	87,080,694
Less: transaction costs		<u>(277,932)</u>	<u>(265,243)</u>
		111,587,034	86,815,451
Less: current portion		<u>(10,062,194)</u>	<u>(13,884,634)</u>
		<u>\$ 101,524,840</u>	<u>72,930,817</u>
Unused credit facilities		<u>\$ 58,011,646</u>	<u>54,984,115</u>
Interest rate range		1.50%~4.00%	1.25%~7.95%

The Company entered into the aforementioned long-term loan arrangements with banks and financial institutions to finance capital expenditures for purchase of machinery and equipment, and to fulfill working capital, as well as to repay the matured debts. A commitment fee is negotiated with the leading banks of syndicated loans and is calculated based on the committed-to-withdraw but unused balance, if any. No commitment fees were paid for the year ended December 31, 2023.

These credit facilities contain covenants that require the Company to maintain certain financial ratios, calculating based on the Company's annual audited consolidated financial statements prepared in accordance with IFRSs endorsed and issued into effect by the FSC, such as current ratio, leverage ratio, interest coverage ratio, tangible net worth and others as specified in the loan agreements. As of December 31, 2023 and 2022, the Company complied with all financial covenants required under each of the loan agreements.

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AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Refer to Note 6(28) for detailed information of exposures to interest rate, currency, and liquidity risks. Refer to Note 8 for assets pledged as collateral to secure the aforementioned long-term borrowings.

(16) Provisions

	<u>Warranties⁽ⁱ⁾</u>	<u>Litigation, claims and others</u>	<u>Others⁽ⁱⁱ⁾</u>	<u>Total</u>
Balance at January 1, 2023	\$ 869,256	307,320	292,483	1,469,059
Additions	269,300	1,058,435	714,991	2,042,726
Usage	(83,439)	-	(126,409)	(209,848)
Effect of change in exchange rate	(753)	(20,285)	(199)	(21,237)
Balance at December 31, 2023	1,054,364	1,345,470	880,866	3,280,700
Less: current	(375,942)	(1,345,470)	(677,894)	(2,399,306)
Noncurrent	<u>\$ 678,422</u>	<u>-</u>	<u>202,972</u>	<u>881,394</u>
Balance at January 1, 2022	\$ 1,184,514	453,820	249,974	1,888,308
Additions (reversals)	(177,597)	(152,755)	24,641	(305,711)
Usage	(137,978)	(38,500)	(7,202)	(183,680)
Effect of change in exchange rate	317	44,755	25,070	70,142
Balance at December 31, 2022	869,256	307,320	292,483	1,469,059
Less: current	(245,513)	(307,320)	(6,821)	(559,654)
Noncurrent	<u>\$ 623,743</u>	<u>-</u>	<u>285,662</u>	<u>909,405</u>

(i) The provisions for warranties were estimated based on historical experience of warranty claims rate associated with similar products and services. The Company expects most warranty claims will be made within two years from the date of the sale of the product.

(ii) Primarily including provisions for onerous contracts and decommissioning obligation.

(17) Employee Benefits

a. Defined benefit plans

Pursuant to the ROC Labor Standards Act, AUO and ADP have established defined benefit pension plans covering their full-time employees in the ROC. Such plans provide for retirement benefits to retiring employees based on years of service and the average salaries and wages for the six-month period before the employee's retirement. The funding of these retirement plans by AUO and ADP are contributed monthly based on a certain percentage of their respective employees' total salaries and wages. The funds are deposited with Bank of Taiwan.

M.Setek has established defined benefit pension plans providing for retirement benefits to retiring employees based on years of service, position, and certain other factors in accordance with the regulations of its country of establishment.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

- (i) Reconciliation of the present value of defined benefit obligation and the fair value of plan assets for AUO, ADP and M.Setek

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	\$ (148,339)	(152,421)
Fair value of plan assets	<u>325,111</u>	<u>322,137</u>
Net defined benefit asset	<u>\$ 176,772</u>	<u>169,716</u>

The recognition of net defined benefit asset was as follows:

	December 31, 2023	December 31, 2022
Other noncurrent assets	\$ 206,943	202,114
Other noncurrent liabilities	<u>(30,171)</u>	<u>(32,398)</u>
	<u>\$ 176,772</u>	<u>169,716</u>

- (ii) Movement in net defined benefit asset (liability)

	Present value of defined benefit obligation		Fair value of plan assets		Net defined benefit asset (liability)	
	2023	2022	2023	2022	2023	2022
Balance at January 1	\$ (152,421)	(188,699)	<u>322,137</u>	<u>301,790</u>	<u>169,716</u>	<u>113,091</u>
Service cost	(6,285)	(6,529)	-	-	(6,285)	(6,529)
Interest cost	(1,649)	(1,011)	-	-	(1,649)	(1,011)
Expected return on plan assets	-	-	<u>4,413</u>	<u>1,962</u>	<u>4,413</u>	<u>1,962</u>
Included in profit or loss	<u>(7,934)</u>	<u>(7,540)</u>	<u>4,413</u>	<u>1,962</u>	<u>(3,521)</u>	<u>(5,578)</u>
Actuarial (loss) gain arising from:						
- demographic assumptions	(1,318)	22	-	-	(1,318)	22
- financial assumptions	(1,628)	31,110	-	-	(1,628)	31,110
- experience adjustment	5,942	958	-	-	5,942	958
Return on plan assets excluding interest income	<u>-</u>	<u>-</u>	<u>1,078</u>	<u>26,365</u>	<u>1,078</u>	<u>26,365</u>
Included in other comprehensive income	<u>2,996</u>	<u>32,090</u>	<u>1,078</u>	<u>26,365</u>	<u>4,074</u>	<u>58,455</u>
Contributions paid by the employer	-	-	357	339	357	339
Benefits paid	7,036	10,419	(2,874)	(8,319)	4,162	2,100
Others	<u>1,984</u>	<u>1,309</u>	<u>-</u>	<u>-</u>	<u>1,984</u>	<u>1,309</u>
	<u>9,020</u>	<u>11,728</u>	<u>(2,517)</u>	<u>(7,980)</u>	<u>6,503</u>	<u>3,748</u>
Balance at December 31	<u>\$ (148,339)</u>	<u>(152,421)</u>	<u>325,111</u>	<u>322,137</u>	<u>176,772</u>	<u>169,716</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(iii) Plan assets

Pursuant to the ROC Labor Standards Act, AUO and ADP contribute an amount based on a certain percentage of employees' total salaries and wages paid every month to their respective pension funds (the "Funds"), which are administered by the Labor Pension Fund Supervisory Committee (the "Committee") and deposited in the Committee's name with Bank of Taiwan. Under the ROC Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, the minimum return on the plan assets should not be lower than the average interest rate on two-year time deposits published by the local banks.

As of December 31, 2023 and 2022, the Funds deposited in AUO Committee's name and ADP Committee's name in the Bank of Taiwan amounted to \$325,111 thousand and \$322,137 thousand, respectively. Information on utilization of labor pension funds, including the yield rate of funds and the component of plan assets are available at the Bureau of Labor Funds, Ministry of Labor website.

Under the defined benefit plans in Japan, M.Setek is responsible to pay to employees when they are retired.

(iv) Present value of defined benefit obligation

(a) Principal actuarial assumptions from AUO and ADP

	December 31, 2023	December 31, 2022
Discount rate	1.26%	1.37%
Rate of increase in future salary	3.00%	3.00%

The Company anticipates contributing \$144 thousand to the defined benefit plans in the year starting from January 1, 2024.

As of December 31, 2023, the weighted-average duration of the defined benefit obligation was between 10 years to 12 years.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
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(b) Sensitivity analysis

Reasonably possible changes at December 31, 2023 and 2022 to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	December 31, 2023		December 31, 2022	
	Changes in assumptions		Changes in assumptions	
	+ 0.25%	-0.25%	+0.25%	-0.25%
Discount rate	\$ <u>(4,477)</u>	<u>4,678</u>	<u>(4,849)</u>	<u>5,065</u>
Rate of increase in future salary	\$ <u>4,618</u>	<u>(4,433)</u>	<u>4,986</u>	<u>(4,785)</u>

In practical, the relevant actuarial assumptions are correlated to each other. The approach to develop the sensitivity analysis as above is the same approach to recognize the net defined benefit asset (liability) in the balance sheet.

The approach to develop the sensitivity analysis and its relevant actuarial assumptions are the same as those in previous year.

b. Defined contribution plans

Commencing July 1, 2005, pursuant to the ROC Labor Pension Act (the "Act"), employees who elected to participate in the Act or joined the Company after July 1, 2005, are subject to a defined contribution plan under the Act. Under the defined contribution plan, AUO and its subsidiaries located in the ROC contribute monthly at a rate of no less than six percent of the employees' monthly salaries and wages to the employee's individual pension fund account at the ROC Bureau of Labor Insurance. Besides, matters that are not addressed in the Company's defined contribution plan should be governed by the Act. The Company's foreign subsidiaries have set up their retirement plans, if necessary, based on their respective local government regulations.

AUO and its subsidiaries in the ROC have set up defined contribution plans in accordance with the Act. For the years ended December 31, 2023 and 2022, these companies set aside, \$977,825 thousand and \$1,022,581 thousand, respectively, of the pension costs under the pension plan to the ROC Bureau of Labor Insurance. Except for the aforementioned companies, other foreign subsidiaries recognized pension expenses of \$1,478,484 thousand and \$1,224,046 thousand for the years ended December 31, 2023 and 2022, respectively, for the defined contribution plans based on their respective local government regulations.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(18) Capital and Other Components of Equity

a. Common stock

AUO's authorized common stock, with par value of \$10 per share, both amounted to \$120,000,000 thousand as at December 31, 2023 and 2022.

AUO's issued common stock, with par value of \$10 per share, both amounted to \$76,993,961 thousand as at December 31, 2023 and 2022.

In order to adjust AUO's capital structure to correspond with its corporate transformation, on June 17, 2022, AUO's shareholders' meeting resolved to reduce capital and refund cash to shareholders. Total amount of capital reduction is \$19,248,490 thousand, which translates to 1,924,849 thousand cancelled shares and represents approximately 20% capital reduction ratio. The record date of capital reduction was set on August 10, 2022 and the relevant legal registration procedures have been completed. The date of returning cash in relation to the aforementioned capital reduction was October 11, 2022.

As of December 31, 2023, AUO has issued 18,362 thousand ADSs, which represented 183,617 thousand shares of its common stock.

b. Capital surplus

The components of capital surplus were as follows:

	December 31, 2023	December 31, 2022
From common stock	\$ 46,621,786	52,756,091
From convertible bonds	6,049,862	6,049,862
From others	2,327,181	3,136,257
	\$ 54,998,829	61,942,210

According to the ROC Company Act, capital surplus, including premium from stock issuing and donations received, may be used to offset a deficit. When a company has no deficit, such capital surplus may be distributed by issuing common stock as stock dividends or by cash according to the proportion of shareholdings. In accordance with AUO's Articles of Incorporation, cash distribution from capital surplus should be approved by AUO's Board of Directors and reported to AUO's shareholders in its meeting. Pursuant to the ROC Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total sum of capital surplus capitalized per annum shall not exceed 10 percent of the paid-in capital.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
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c. Retained earnings and dividend policy

In accordance with AUO's Articles of Incorporation, distribution of earnings by way of cash dividends should be approved by AUO's Board of Directors and reported to AUO's shareholders in its meeting. After payment of income taxes and offsetting accumulated deficits, the legal reserve shall be set aside until the accumulated legal reserve equals AUO's paid-in capital. In addition, a special reserve in accordance with applicable laws and regulations shall also be set aside or reversed. The remaining current-year earnings together with accumulated undistributed earnings from preceding years can be distributed according to relevant laws and AUO's Articles of Incorporation.

Legal reserve may be used to offset a deficit. When the Company incurs no loss, it may distribute its legal reserve by issuing new shares or by cash in accordance with the proportion of shareholdings for the portion in excess of 25% of the paid-in capital.

AUO's dividend policy is to pay dividends from surplus considering factors such as AUO's current and future investment environment, cash requirements, domestic and overseas competitive conditions and capital budget requirements, while taking into account shareholders' interest, maintenance of balanced dividend and AUO's long-term financial plan. If the current-year retained earnings available for distribution reach 2% of the paid-in capital of AUO, dividend to be distributed shall be no less than 20% of the current-year retained earnings available for distribution. If the current-year retained earnings available for distribution do not reach 2% of the paid-in capital of AUO, AUO may decide not to distribute dividend. The cash portion of the dividend, which may be in the form of cash and stock, shall not be less than 10% of the total dividend distributed during the year. The dividend distribution ratio aforementioned could be adjusted after taking into consideration factors such as finance, business and operations, etc.

Pursuant to relevant laws or regulations or as requested by the local authority, total net debit balance of the other components of equity shall be set aside from current earnings as special reserve, and not for distribution. Subsequent decrease pertaining to items that are accounted for as a reduction to the other components of equity shall be reclassified from special reserve to undistributed earnings.

On February 23, 2023, AUO's Board of Directors resolved not to distribute dividends for 2022. On May 26, 2023, the annual shareholders' meeting resolved the distribution of other earnings for 2022, comprising a reversal of special reserve of \$1,122,876 thousand and no dividend distribution. Details of cash distribution from capital surplus were as follows:

	Cash distribution from capital surplus	Cash distributed per share (NT\$)
Cash distribution from capital surplus	<u>\$ 6,134,305</u>	<u>0.80</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
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AUO's appropriation of earnings for 2021 by way of cash dividends has been approved in the Board of Directors' meeting held on March 28, 2022. The appropriation of 2021 earnings by other ways has been approved in the annual shareholders' meeting held on June 17, 2022. Details of distribution were as follows:

	Appropriation of earnings	Dividends per share (NT\$)
Legal reserve	\$ 5,326,268	
Special reserve	1,472,878	
Cash dividends to shareholders	9,575,824	1.00
	\$ 16,374,970	

The aforementioned appropriation of earnings for 2021 was consistent with the resolutions of the Board of Directors' meeting held on March 28, 2022.

Information on the approval of Board of Directors and shareholders for AUO's appropriations of earnings are available at the Market Observation Post System website.

d. Treasury shares

AUO repurchased 125,000 thousand shares as treasury shares transferred to employees in accordance with Securities and Exchange Act requirements. The related information on treasury share transactions was as follows (shares in thousands):

For the year ended December 31, 2023					
Reason for reacquisition	Number of shares, Beginning of Year	Additions	Reductions	Capital Reduction	Number of shares, End of Year
Transferring to employees	38,737	-	(7,222)	(9,684)	31,515

For the year ended December 31, 2022					
Reason for reacquisition	Number of shares, Beginning of Year	Additions	Reductions	Capital Reduction	Number of shares, End of Year
Transferring to employees	54,199	-	(5,778)	(9,684)	38,737

Refer to Note 6(19) for information on employee treasury shares plan for 2023 and 2022. A total of 7,222 thousand and 5,778 thousand shares were transferred with total costs for treasury shares of \$55,103 thousand and \$46,859 thousand, respectively, and with cost per share of \$7.63 and \$8.11, respectively.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Pursuant to the Securities and Exchange Act, the number of shares repurchased shall not exceed 10 percent of the number of the company's issued and outstanding shares, and the total amount repurchased shall not exceed the sum of the company's retained earnings, share premium, and realized capital surplus. Also, the shares repurchased for transferring to employees shall be transferred within five years from the date of reacquisition and those shares not transferred within the five-year period are to be retired.

In accordance with the Securities and Exchange Act, treasury shares held by AUO shall not be pledged, and do not hold any shareholder rights before their transfer.

e. Other components of equity

	Cumulative translation differences	Unrealized gains (losses) on financial assets at FVTOCI	Total
Balance at January 1, 2023	\$ (2,406,490)	(1,213,815)	(3,620,305)
Foreign operations – foreign currency translation differences	(1,438,194)	-	(1,438,194)
Net change in fair value of financial assets at FVTOCI	-	(44,333)	(44,333)
Equity-accounted investees – share of other comprehensive income	(72,800)	405,424	332,624
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	-	20,497	20,497
Realized gain on sales of securities reclassified to profit or loss	(4,984)	-	(4,984)
Related tax	270,706	(910)	269,796
Balance at December 31, 2023	<u>\$ (3,651,762)</u>	<u>(833,137)</u>	<u>(4,484,899)</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	Cumulative translation differences	Unrealized gains (losses) on financial assets at FVTOCI	Total
Balance at January 1, 2022	\$ (4,873,573)	130,391	(4,743,182)
Foreign operations – foreign currency translation differences	2,508,167	-	2,508,167
Net change in fair value of financial assets at FVTOCI	-	57,359	57,359
Equity-accounted investees – share of other comprehensive income	562,474	(1,359,911)	(797,437)
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	-	(41,654)	(41,654)
Realized gain on sales of securities reclassified to profit or loss	(111,862)	-	(111,862)
Related tax	(491,696)	-	(491,696)
Balance at December 31, 2022	<u>\$ (2,406,490)</u>	<u>(1,213,815)</u>	<u>(3,620,305)</u>

f. Non-controlling interests, net of tax

	For the years ended December 31,	
	2023	2022
Balance at beginning of the year	\$ 6,311,557	6,179,431
Equity attributable to non-controlling interests:		
Profit for the year	52,120	128,194
Foreign currency translation differences, net of tax	(78,652)	(6,559)
Differences between consideration and carrying amount arising from disposal of interest in subsidiary	16,137	-
Cash dividends from subsidiaries	(110,921)	(66,458)
Effect of disproportionate subscription to shares	(25,675)	604
Subsidiaries capital increase	16,743	63,646
Unrealized gain on financial assets at FVTOCI	8,153	-
Effect of share-based payments	867	12,699
Balance at end of the year	<u>\$ 6,190,329</u>	<u>6,311,557</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(19) Share-based Payments

a. Employee treasury shares plan

AUO granted the treasury shares to eligible employees, including those of AUO and its subsidiaries in accordance with the relevant plan. The key terms and conditions related to the grants were disclosed as follows:

<u>Grant date</u>	<u>Total shares granted (in thousands)</u>	<u>Vesting conditions</u>	<u>Share price</u>	<u>Exercise price</u>	<u>Fair value per unit</u>
Feb. 23, 2022	5,778	Vest immediately	20.7	8.11	12.59
Feb. 23, 2023	7,222	Vest immediately	18.3	10.14	8.16

The fair value of the share-based payments granted by AUO was measured at the date of grant using the Black-Scholes option pricing model. For the years ended December 31, 2023 and 2022, the related compensation costs recognized for the abovementioned plan amounted to \$58,931 thousand and \$72,744 thousand, respectively. The capital surplus generated from the difference between the subscription price and the repurchase cost of the abovementioned treasury shares for the year ended December 31, 2023 amounted to \$18,127 thousand.

b. Employee restricted stock plan

As of December 31, 2023, information about the share-based payment rewards plan that ADTHLD, a subsidiary of AUO, granted to employees of AUO and its subsidiaries was as follows:

<u>Plan</u>	<u>Grant date</u>	<u>Granted units</u>	<u>Vesting conditions</u>
Employee restricted stock plan	Apr. 1, 2021	850,000	Note
Employee restricted stock plan	Dec. 2, 2021	400,000	Note
Employee restricted stock plan	Apr. 1, 2022	150,000	Note

Note: Employees are granted restricted stocks without consideration, and are eligible to vest 100% of 400,000 units when they provide two years of service subsequent to the grant date. Further employees who provide two years and five years of service, respectively, subsequent to the grant date as well as fulfill specific performance conditions are eligible to vest 40% and 60% of 1,000,000 units, respectively.

ADTCM's special shares without voting right which are held by AUO are the subject for the execution of the aforementioned plan. According to the relevant plan, one special share without voting right of ADTCM represents one common share right of ADTHLD. The weighted average fair value per share estimated using the income approach for the abovementioned plan was USD1.105. The weighted average cost of capital which is the principal parameter was between 18.1% and 20.1%.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
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For the year ended December 31, 2023, 400,000 units abovementioned were fully vested upon completion of two years' service; 400,000 units which are based on completion of two years' service and bound with specific performance conditions were all unvested. Among the grant bound with five years of service and specific performance conditions, 360,000 units were early terminated in the first quarter of 2023, of which 170,000 units were vested immediately upon the agreement with employees. The difference between share price and carrying amount arising from the aforesaid employee vesting was recognized as a deduction of capital surplus with amount of \$16,137 thousand. Moreover, in the second quarter of 2023, the remaining 240,000 units vesting were replaced in the form of bonuses upon the agreement with employees and therefore early terminated. As of December 31, 2023, the abovementioned employee restricted stock plans have been fully settled.

For the years ended December 31, 2023 and 2022, the compensation costs recognized were \$2,135 thousand and \$11,341 thousand, respectively.

(20) Revenue from Contracts with Customers

a. Disaggregation of revenue

	For the years ended December 31,					
	2023			2022		
	Display segment	Energy segment	Total segments	Display segment	Energy segment	Total segments
Primary geographical markets:						
PRC (including Hong Kong)	\$ 84,685,029	887,977	85,573,006	80,041,681	1,815,017	81,856,698
Taiwan	66,471,767	14,635,472	81,107,239	62,020,560	14,543,895	76,564,455
United States	23,474,258	4,298	23,478,556	26,233,911	1,256	26,235,167
Singapore	15,256,468	-	15,256,468	19,845,620	-	19,845,620
Japan	10,768,725	294,606	11,063,331	13,474,576	115,877	13,590,453
Others	28,605,793	2,880,044	31,485,837	24,274,086	4,426,195	28,700,281
	<u>\$ 229,262,040</u>	<u>18,702,397</u>	<u>247,964,437</u>	<u>225,890,434</u>	<u>20,902,240</u>	<u>246,792,674</u>
Major products:						
Products for Televisions	\$ 47,724,530	-	47,724,530	37,827,491	-	37,827,491
Products for Monitors	32,689,398	-	32,689,398	36,258,856	-	36,258,856
Products for Mobile PCs and Devices	55,873,912	-	55,873,912	67,782,440	-	67,782,440
Products for Automotive Solutions	38,812,605	-	38,812,605	33,194,444	-	33,194,444
Products for PID and General Display	29,707,578	-	29,707,578	35,317,853	-	35,317,853
Products for Vertical Business ⁽ⁱ⁾	24,454,017	18,702,397	43,156,414	15,509,350	20,902,240	36,411,590
	<u>\$ 229,262,040</u>	<u>18,702,397</u>	<u>247,964,437</u>	<u>225,890,434</u>	<u>20,902,240</u>	<u>246,792,674</u>

⁽ⁱ⁾ Including energy, system design manufacturing service, display HMI business, LED display, smart vertical applications and others.

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AUO CORPORATION AND SUBSIDIARIES
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For the years ended December 31, 2023 and 2022, the Company did not have major customer, that is, there was no such condition that the revenue from a single customer is greater than 10% of the Company's revenue.

b. Contract balances

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Contract assets — current (recorded in other current financial assets)	<u>\$ 1,317,949</u>	<u>877,375</u>
Contract liabilities — current (recorded in other current liabilities)	\$ 3,878,283	1,818,609
Contract liabilities — noncurrent	<u>6,239,558</u>	<u>8,739,846</u>
	<u>\$ 10,117,841</u>	<u>10,558,455</u>

The amounts of revenue recognized for the years ended December 31, 2023 and 2022 that previously included in the contract liability balance at the beginning of the years were \$1,307,458 thousand and \$3,498,784 thousand, respectively. Additionally, in the first quarter of 2021, AUO entered into long-term sales agreements with customers and has received payments in advance. AUO accounted for such obligation as contract liabilities.

(21) Remuneration to Employees and Directors

According to AUO's Articles of Incorporation, AUO should distribute remuneration to employees and directors no less than 5% and no more than 1% of annual profits before income tax, respectively, after offsetting accumulated deficits, if any. Only employees, including employees of affiliate companies that meet certain conditions are entitled to the abovementioned remuneration which to be distributed in stock or cash. The said conditions and distribution method are decided by Board of Directors or the personnel authorized by Board of Directors.

AUO accrues remuneration to employees based on the profit before income tax excluding the remuneration to employees and directors for the period, multiplied by the percentage resolved by Board of Directors. Remuneration to directors is estimated based on the amount expected to pay and recognized together with the remuneration to employees as cost of sales or operating expenses. If remuneration to employees is resolved to be distributed in stock, the number of shares is determined by dividing the amount of remuneration by the closing price of the shares (ignoring ex-dividend effect) on the day preceding the Board of Directors' meeting. If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are accounted for as a change in accounting estimate and adjusted prospectively to next year's profit or loss.

AUO did not accrue remuneration to employees and directors due to the loss making position for the years ended December 31, 2023 and 2022.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
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Remuneration to employees and directors for 2021 in the amounts of \$6,339,435 thousand and \$206,946 thousand, respectively, in cash for payment had been approved in the meeting of Board of Directors held on March 28, 2022. The aforementioned approved amounts are the same as the amounts charged against earnings of 2021.

The information about AUO's remuneration to employees and directors is available at the Market Observation Post System website.

(22) Additional Information of Expenses by Nature

	For the years ended December 31,					
	2023			2022		
	Recognized in cost of sales	Recognized in operating expenses	Total	Recognized in cost of sales	Recognized in operating expenses	Total
Employee benefits expenses:						
Post-employment benefits	\$ 1,828,358	631,472	2,459,830	1,686,657	565,548	2,252,205
Salaries and other employee benefits	27,990,938	12,482,526	40,473,464	28,552,896	11,750,466	40,303,362
Depreciation	28,230,115	4,148,949	32,379,064	27,080,628	4,200,959	31,281,587
Amortization	54,933	71,547	126,480	136,823	47,943	184,766

(23) Non-Operating Income and Expenses

a. Interest income

	For the years ended December 31,	
	2023	2022
Interest income on bank deposits	\$ 1,868,709	849,230
Other interest income	46,369	29,745
	\$ 1,915,078	878,975

b. Other income

	For the years ended December 31,	
	2023	2022
Grants	\$ 944,086	2,032,775
Rental income, net	444,969	491,954
Dividend income	2,585	6,571
Others	607,532	679,869
	\$ 1,999,172	3,211,169

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

c. Other gains and losses

	For the years ended	
	December 31,	
	2023	2022
Foreign exchange gains, net	\$ 458,035	937,064
Losses on valuation of financial instruments at FVTPL, net	(231,845)	(1,069,905)
Gains on disposal of property, plant and equipment	53,350	1,024,832
Gains on disposal of investments	116	-
Gains on liquidation of subsidiaries, net	4,868	111,862
Impairment losses on assets	(210,771)	(1,179,565)
Gains on disposal of noncurrent assets held for sale	1,069,530	-
Litigation loss	(1,058,435)	-
Others	(476,211)	54,438
	<u>\$ (391,363)</u>	<u>(121,274)</u>

d. Finance costs

	For the years ended	
	December 31,	
	2023	2022
Interest expense on bank borrowings	\$ 2,439,058	1,138,211
Interest expense on lease liabilities	165,899	163,915
Other interest expense	55,928	47,598
Finance expense	63,998	158,239
	<u>\$ 2,724,883</u>	<u>1,507,963</u>

(24) Income Taxes

AUO and its subsidiary ADP have filed a combined business income tax return since 2021. Other subsidiaries filed their income tax return individually. The Company cannot file a consolidated tax return under local regulations; therefore, AUO and its subsidiaries calculate their income taxes liabilities individually on a stand-alone basis using the enacted tax rates in their respective tax jurisdictions.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

a. Income tax expense

The components of income tax expense (benefit) for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Current income tax expense (benefit):		
Current year	\$ 1,303,943	932,272
Tax on undistributed earnings	-	510,244
Adjustment to prior years and others	(367,210)	(201,190)
	936,733	1,241,326
Deferred tax expense:		
Temporary differences	(4,467,639)	225,662
	\$ (3,530,906)	1,466,988

Income taxes expense recognized directly in other comprehensive income for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Items that will never be reclassified to profit or loss:		
Remeasurement of defined benefit obligations	\$ 815	11,691
Valuation gains on debt instrument measured at FVTOCI	910	-
	\$ 1,725	11,691
Items that are or may be reclassified subsequently to profit or loss:		
Foreign operations – foreign currency translation differences	\$ (290,245)	490,056

(Continued)

AUO CORPORATION AND SUBSIDIARIES
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Reconciliation of the expected income tax expense (benefit) calculated based on the ROC statutory income tax rate compared with the actual income tax expense as reported in the consolidated statements of comprehensive income for the years ended December 31, 2023 and 2022, was as follows:

	For the years ended	
	December 31,	
	2023	2022
Income tax expense (benefit) at AUO's statutory tax rate	\$ (4,336,412)	(3,901,238)
Tax on undistributed earnings	-	510,244
Effect of different subsidiaries income tax rate	212,423	489,505
Share of profit of equity-accounted subsidiaries	2,828,528	2,259,866
Net of non-taxable income from domestic investments and non-deductible expense	(1,639,737)	(2,091,387)
Change of unrecognized deductible temporary differences	606,184	4,666,296
Effect of combined business income tax return	(871,053)	(261,574)
Adjustments to prior years	(313,662)	(202,529)
Others	(17,177)	(2,195)
Income tax expense (benefit)	<u>\$ (3,530,906)</u>	<u>1,466,988</u>

The above reconciliation is prepared based on each individual entity of the Company and presented on an aggregate basis.

b. Deferred tax assets and liabilities

Deferred tax assets have not been recognized in respect of the following items.

	December 31,	December 31,
	2023	2022
Deductible temporary differences	\$ 2,482,767	2,544,698
Unused investment tax credits	12,201	1,140,038
Unused tax losses carryforwards	18,650,897	21,992,267
	<u>\$ 21,145,865</u>	<u>25,677,003</u>

Tax loss carryforwards is utilized in accordance with the relevant jurisdictional tax laws and regulations. Net losses from foreign subsidiaries are approved by tax authorities in respective jurisdiction to offset future taxable profits. Under the ROC tax laws, approved tax losses of AUO and its domestic subsidiaries can be carried forward for 10 years to offset future taxable profits.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
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As of December 31, 2023, the expiration period for abovementioned unrecognized deferred tax assets of unused tax losses carryforwards were as follows:

Year of assessment	Unrecognized deferred tax assets	Expiration in year
2012	\$ 9,230	2032
2014	1,104,008	2024
2015	1,547,888	2024 ~ 2025
2016	3,208,026	2025 ~ 2026
2017	782,366	2026~ 2027 ⁽ⁱ⁾
2018	25,337	2028 ⁽ⁱ⁾
2019	2,784,449	2023~ 2029 ⁽ⁱ⁾
2020	410,812	2025 ~ 2030
2021	192,296	2026~ 2031 ⁽ⁱ⁾
2022	4,778,268	2027 ~ 2032 ⁽ⁱ⁾
2023	3,808,217	2028 ~ 2033 ⁽ⁱ⁾
	\$ 18,650,897	

⁽ⁱ⁾ As of December 31, 2023, the unrecognized deferred tax assets of unused tax losses carryforwards include \$1,502 thousand with no expiration.

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AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

The components of and changes in deferred tax assets and liabilities were as follows:

	Deferred tax assets		Deferred tax liabilities		Total	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Investment tax credits \$	-	259,993	-	-	-	259,993
Tax losses carryforwards	5,719,269	2,313,338	-	-	5,719,269	2,313,338
Unrealized loss and expenses	220,584	208,723	(67,524)	(63,053)	153,060	145,670
Inventories write-down	658,705	1,097,026	-	-	658,705	1,097,026
Foreign investment gains under the equity method	-	-	(1,879,617)	(3,099,695)	(1,879,617)	(3,099,695)
Accumulated amortization of goodwill in accordance with local tax laws	-	-	(1,802,891)	(1,802,891)	(1,802,891)	(1,802,891)
Remeasurement of defined benefit plans	112,449	112,905	-	-	112,449	112,905
Foreign operations – foreign currency translation differences	1,019,470	731,679	(4,259)	(6,713)	1,015,211	724,966
Valuation gains on debt instrument measured at FVTOCI	-	-	(910)	-	(910)	-
Others	2,471,183	1,925,793	(181,443)	(128,834)	2,289,740	1,796,959
	<u>\$ 10,201,660</u>	<u>6,649,457</u>	<u>(3,936,644)</u>	<u>(5,101,186)</u>	<u>6,265,016</u>	<u>1,548,271</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	January 1, 2022	Recognized in profit or loss	Recognized in other comprehensive income	Effect of change in consolidated entities, exchange rate and others	December 31, 2022	Recognized in profit or loss	Recognized in other comprehensive income	Effect of change in consolidated entities, exchange rate and others	December 31, 2023
Deferred tax assets (liabilities):									
Investment tax credits	\$ 299,861	(70,740)	-	30,872	259,993	(263,783)	-	3,790	-
Tax losses carryforwards	1,289,775	1,025,126	-	(1,563)	2,313,338	3,435,627	-	(29,696)	5,719,269
Unrealized loss and expenses	158,768	(13,256)	-	158	145,670	7,494	-	(104)	153,060
Inventories write-down	740,795	356,188	-	43	1,097,026	(437,908)	-	(413)	658,705
Foreign investment losses (gains) under the equity method	(2,007,545)	(1,092,149)	-	(1)	(3,099,695)	1,220,078	-	-	(1,879,617)
Accumulated amortization of goodwill in accordance with local tax laws	(2,024,091)	221,200	-	-	(1,802,891)	-	-	-	(1,802,891)
Remeasurement of defined benefit plans	124,596	-	(11,691)	-	112,905	366	(815)	(7)	112,449
Foreign operations –foreign currency translation differences	1,215,022	-	(490,056)	-	724,966	-	290,245	-	1,015,211
Valuation gains on debt instrument measured at FVTOCI	-	-	-	-	-	-	(910)	-	(910)
Others	2,444,687	(652,031)	-	4,303	1,796,959	505,765	-	(12,984)	2,289,740
	<u>\$ 2,241,868</u>	<u>(225,662)</u>	<u>(501,747)</u>	<u>33,812</u>	<u>1,548,271</u>	<u>4,467,639</u>	<u>288,520</u>	<u>(39,414)</u>	<u>6,265,016</u>

c. Assessments by the tax authorities

As of December 31, 2023, the tax authorities have completed the examination of income tax returns of AUO through 2020.

(25) Earnings (loss) per Share

	For the years ended December 31,	
	2023	2022
Basic earnings (loss) per share		
Loss attributable to AUO’s shareholders	\$ <u>(18,203,274)</u>	<u>(21,101,374)</u>
Weighted-average number of common shares outstanding during the year	<u>7,666,437</u>	<u>8,819,096</u>
Basic earnings (loss) per share (NT\$)	\$ <u>(2.37)</u>	<u>(2.39)</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Since AUO incurred net loss for the years ended December 31, 2023 and 2022, there were no potential ordinary shares with dilutive effect for the period.

(26) Non-cash Transactions of Investing and Financing Activities

Except for otherwise disclosed in other notes to the consolidated financial statements, the reconciliation of liabilities to cash flows arising from financing activities for the years ended December 31, 2023 and 2022, were as follows:

	Long-term borrowings (including current installments)	Short-term borrowings	Guarantee deposits	Lease liabilities	Total liabilities from financing activities
Balance at January 1, 2023	\$ 86,815,451	128,487	778,426	9,244,891	96,967,255
Cash flows	24,990,139	136,751	(2,403)	(606,200)	24,518,287
Non-cash changes:					
Additions	-	-	-	695,382	695,382
Changes in exchange rate and others	(218,556)	(2,238)	24,151	(5,544) ⁽ⁱ⁾	(202,187)
Balance at December 31, 2023	\$ 111,587,034	263,000	800,174	9,328,529	121,978,737
Balance at January 1, 2022	\$ 54,654,864	45,324	771,877	9,725,241	65,197,306
Cash flows	31,549,651	82,464	(20,819)	(574,590)	31,036,706
Non-cash changes:					
Additions	-	-	-	285,806	285,806
Changes in consolidated entities	-	-	506	-	506
Changes in exchange rate and others	610,936	699	26,862	(191,566) ⁽ⁱⁱ⁾	446,931
Balance at December 31, 2022	\$ 86,815,451	128,487	778,426	9,244,891	96,967,255

⁽ⁱ⁾ Including decrease in the current year of \$17,131 thousand.

⁽ⁱⁱ⁾ Including decrease in the current year of \$284,460 thousand.

(27) Financial Instruments

a. Fair value and carrying amount

The carrying amounts of the Company's current non-derivative financial instruments, including financial assets and financial liabilities at amortized cost, were considered to approximate their fair value due to their short-term nature. This methodology applies to cash and cash equivalents, receivables or payables (including related parties), other current financial assets, and short-term borrowings.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Disclosures of fair value are not required for the financial instruments abovementioned and lease liabilities. Other than those, the carrying amount and fair value of other financial instruments of the Company as of December 31, 2023 and December 31, 2022 were as follows:

	December 31, 2023		December 31, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Financial assets at FVTPL:				
Financial assets mandatorily measured at FVTPL				
Current				
Foreign currency forward contracts	\$ 176,492	176,492	365,037	365,037
Noncurrent				
Convertible bonds	139,170	139,170	-	-
Financial assets at FVTOCI:				
Listed stocks	1,090,875	1,090,875	1,305,625	1,305,625
Non-listed stocks	741,193	741,193	594,956	594,956
Financial assets at amortized cost:				
Domestic and foreign time deposits	1,264,324	1,264,324	1,142,218	1,142,218
Refundable deposits (including current and noncurrent)	1,102,415	1,102,415	985,770	985,770
Financial liabilities:				
Financial liabilities at FVTPL:				
Contingent consideration from business combination	-	-	99,222	99,222
Foreign currency forward contracts	11,143	11,143	252,603	252,603
Financial liabilities at amortized cost:				
Long-term borrowings (including current installments)	111,587,034	111,587,034	86,815,451	86,815,451
Guarantee deposits	800,174	800,174	778,426	778,426
Long-term payables (including current installments)	625,020	625,020	968,520	968,520

b. Valuation techniques and assumptions applied in fair value measurement

The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market prices. The fair values of other financial assets and financial liabilities without quoted market prices are estimated using valuation approach. The estimates and assumptions used are the same as those used by market participants in the pricing of financial instruments.

Fair value of foreign currency forward contract is measured based on the maturity date of each contract with quoted spot rate and quoted swap points from Reuters quote system.

For domestic and foreign time deposits, their fair value approximate to their carrying amount.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Fair value of long-term payable, which approximates to its carrying value is determined by discounting the expected cash flows at a market interest rate.

The refundable deposits and guarantee deposits are based on carrying amount as there is no fixed maturity.

Long-term borrowings are mainly at floating rate, whose fair value approximates to their carrying value.

c. Fair value measurements recognized in the consolidated balance sheets

The Company determines fair value based on assumptions that market participants would use in pricing an asset or a liability in the principal market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- (i) Level 1 inputs: Unadjusted quoted prices for identical assets or liabilities in active markets.
- (ii) Level 2 inputs: Other than quoted prices included within Level 1, inputs are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (iii) Level 3 inputs: Derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value measurement level of an asset or a liability within their fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Company uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2023				
Financial assets at FVTPL:				
Financial assets mandatorily measured at FVTPL				
Current				
Foreign currency forward contracts	\$ -	176,492	-	176,492
Noncurrent				
Convertible bonds	-	-	139,170	139,170
Financial assets at FVTOCI:				
Listed stocks	1,090,875	-	-	1,090,875
Non-listed stocks	-	-	741,193	741,193

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at amortized cost:				
Domestic and foreign time deposits	-	1,264,324	-	1,264,324
Financial liabilities at FVTPL:				
Foreign currency forward contracts	-	11,143	-	11,143
Financial liabilities at amortized cost:				
Long-term payables (including current installments)	-	625,020	-	625,020
December 31, 2022				
Financial assets at FVTPL:				
Financial assets mandatorily measured at FVTPL	\$ -	365,037	-	365,037
Financial assets at FVTOCI:				
Listed stocks	1,305,625	-	-	1,305,625
Non-listed stocks	-	-	594,956	594,956
Financial assets at amortized cost:				
Domestic and foreign time deposits	-	1,142,218	-	1,142,218
Financial liabilities at FVTPL:				
Contingent consideration from business combination	-	-	99,222	99,222
Foreign currency forward contracts	-	252,603	-	252,603
Financial liabilities at amortized cost:				
Long-term payables (including current installments)	-	968,520	-	968,520

There were no transfers between Level 1 and 2 for the years ended December 31, 2023 and 2022.

d. Reconciliation for fair value measurements categorized within Level 3

	For the years ended December 31,	
	<u>2023</u>	<u>2022</u>
Financial assets at FVTOCI—equity instruments without active market		
Balance at beginning of the year	\$ 594,956	1,158,980
Net gain included in other comprehensive income	4,811	-
Purchases	217,183	354,603
Disposals	(74,799)	(10,002)
Reclassification	-	(909,473)
Effect of exchange rate change	(958)	848
Balance at end of the year	<u>\$ 741,193</u>	<u>594,956</u>

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AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	For the years ended December 31,	
	2023	2022
Financial assets at FVTPL – convertible bonds		
Balance at beginning of the year	\$ -	-
Net gain included in profit or loss	953	-
Purchases	138,231	-
Effect of exchange rate change	(14)	-
Balance at end of the year	\$ 139,170	-
Financial liabilities at FVTPL – contingent consideration from business combination		
Balance at beginning of the year	\$ 99,222	-
Net loss included in profit or loss	(13,643)	-
Contingent consideration derived from business combination	-	99,222
Payment	(85,579)	-
Balance at end of the year	\$ -	99,222

- e. Description of valuation processes and quantitative disclosures for fair value measurements categorized within Level 3

The Company's management reviews the policy and procedures of fair value measurements at least once at the end of the annual reporting period, or more frequently as deemed necessary. When a fair value measurement involves one or more significant inputs that are unobservable, the Company monitors the valuation process discreetly and examines whether the inputs are used the most relevant market data available.

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at FVTOCI–equity instruments without active market	Market approach	q Price-Book ratio (0.85~15.72 at Dec. 31, 2023 and 1.00~6.52 at Dec. 31, 2022) q Price-Earnings ratio (11.65~33.90 at Dec. 31, 2023 and 7.57~23.38 at Dec. 31, 2022) q Discount for lack of marketability (15%~33% at Dec. 31, 2023 and 16%~22% at Dec. 31, 2022)	q The higher the price-book ratio is, the higher the fair value is. q The higher the price-earnings ratio is, the higher the fair value is. q The greater degree of lack of marketability is, the lower the fair value is.
Financial assets at FVTPL – convertible bonds	Option pricing model	q Volatility rate: 41.5%	q Not applicable

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial liabilities at FVTPL – contingent consideration from business combination	Monte Carlo simulation	q Discount rate: 9.6% q Revenue volatility rate: 20.0%	q Not applicable
Financial liabilities at FVTPL – contingent consideration from business combination	Binominal option pricing model	q Expected stock price volatility rate: 42.57% q Expected dividend yield: 0.0% q Risk-free rate: 0.4%	q Not applicable

(28) Financial Risk Management

a. Risk management framework

The managerial officers of related divisions are appointed to review, control, trace and monitor the strategic risks, financial risks and operational risks faced by the Company. The managerial officers report to executive officers the progress of risk controls from time to time and, if necessary, report to the board of directors, depending on the extent of impact of risks.

b. Financial risk information

Hereinafter discloses information about the Company’s exposure to variable risks, and the goals, policies and procedures of the Company’s risk measurement and risk management.

The Company is exposed to the following risks due to usage of financial instruments:

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company’s exposures to credit risk are mainly from:

- (a) The carrying amount of financial assets recognized in the consolidated balance sheets.
- (b) The amount of contingent liabilities as a result from the Company providing financial guarantee to its customers.

The Company’s potential credit risk is derived primarily from cash in bank, cash equivalents and trade receivables. The Company deposits its cash with various reputable financial institutions of high credit quality. Management performs periodic evaluations of the relative credit standing of these financial institutions and limits the amount of credit exposure with any one institution. Management believes that there is a limited concentration of credit risk in cash and cash equivalent investments.

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AUO CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

The majority of the Company's customers are in high technology industries. Management continuously evaluates and controls the credit quality, credit limit and financial strength of its customers to ensure any overdue receivables are taken necessary procedures. The Company also flexibly makes use of advance receipts, accounts receivable factoring and credit insurance as credit enhancement instruments. If necessary, the Company will request collaterals or assurance from its customers in order to reduce the credit risk from particular customers.

Additionally, on the reporting date, the Company reviews the recoverability of its receivables to provide appropriate valuation allowances. Consequently, management believes there is a limited concentration of its credit risk.

For the years ended December 31, 2023 and 2022, the Company's five largest customers accounted for 36.6% and 37.6%, respectively, of the Company's consolidated net revenue. There is no other significant concentration of credit risk.

Refer to Note 6(5) for expected credit loss analysis of accounts receivable and the movement in the loss allowance of accounts receivable.

For credit of guarantee, the Company's policy is to provide financial guarantees only to subsidiaries. Refer to Note 13(1)b. for information about endorsements or guarantees provided by the Company to its subsidiaries as of December 31, 2023.

(ii) Liquidity risk

Liquidity risk is the risk that the Company has no sufficient working capital and unused credit facilities to meet its obligations associated with matured financial liabilities, that may resulting from an economic downturn or uneven demand and supply in the market and cause a significant decrease in product selling prices and market demands.

Liquidity risk of the Company is monitored through its corporate treasury department which tracks the development of the actual cash flow position for the Company and uses input from a number of sources in order to forecast the overall liquidity position both on a short and long term basis. Corporate treasury invests surplus cash in money market deposits with appropriate maturities to ensure sufficient liquidity is available to meet liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation.

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AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

The following, except for payables (including related parties) and equipment and construction payable, are the contractual maturities of other financial liabilities. The amounts include estimated interest payments (except for short-term borrowings) but exclude the impact of netting agreements.

	<u>Contractual cash flows</u>	<u>2024.1.1~ 2024.12.31</u>	<u>2025.1.1~ 2026.12.31</u>	<u>2027.1.1~ 2028.12.31</u>	<u>2029 and thereafter</u>
December 31, 2023					
Non-derivative financial liabilities					
Short-term borrowings	\$ 263,000	263,000	-	-	-
Long-term borrowings (including current installments)	129,692,922	12,863,411	56,592,237	41,538,894	18,698,380
Guarantee deposits	800,174	44,022	548	-	755,604
Long-term payables (including current installments)	625,020	312,510	312,510	-	-
Derivative financial instruments					
Foreign currency forward contracts — inflows	(8,031,501)	(8,031,501)	-	-	-
Foreign currency forward contracts — outflows	7,904,551	7,904,551	-	-	-
	<u>\$ 131,254,166</u>	<u>13,355,993</u>	<u>56,905,295</u>	<u>41,538,894</u>	<u>19,453,984</u>
	<u>Contractual cash flows</u>	<u>2023.1.1~ 2023.12.31</u>	<u>2024.1.1~ 2025.12.31</u>	<u>2026.1.1~ 2027.12.31</u>	<u>2028 and thereafter</u>
December 31, 2022					
Non-derivative financial liabilities					
Short-term borrowings	\$ 128,487	128,487	-	-	-
Long-term borrowings (including current installments)	93,260,848	16,104,803	49,964,973	14,791,410	12,399,662
Guarantee deposits	778,426	40,178	-	3,640	734,608
Long-term payables (including current installments)	968,520	343,500	625,020	-	-
Derivative financial instruments					
Foreign currency forward contracts — inflows	(9,961,496)	(9,961,496)	-	-	-
Foreign currency forward contracts — outflows	9,783,507	9,783,507	-	-	-
	<u>\$ 94,958,292</u>	<u>16,438,979</u>	<u>50,589,993</u>	<u>14,795,050</u>	<u>13,134,270</u>

The Company is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

As at December 31, 2023, the management believes the Company's existing unused credit facilities under its existing loan agreements, together with net cash flows expected to be generated from its operating activities, will be sufficient for the Company to fulfill its payment obligations. Therefore, management believes that the Company does not have significant liquidity risk.

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AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, which will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable range.

The Company buys and sells derivatives, and also incurs financial assets and liabilities, in order to manage market risks. All such transactions are executed in accordance with the Company's handling procedures for conducting derivative transactions, and also monitored by internal audit department.

(a) Currency risk

The Company is exposed to currency risk on foreign currency denominated financial assets and liabilities arising from operating, financing and investing activities such that the Company uses forward exchange contracts to hedge its currency risk. Gains and losses derived from the foreign currency fluctuations on underlying assets and liabilities are likely to offset. However, transactions of derivative financial instruments help minimize the impact of foreign currency fluctuations, but the risk cannot be fully eliminated.

The Company periodically examines portions exposed to currency risks for individual asset and liability denominated in foreign currency and uses forward contracts as hedging instruments to hedge positions exposed to risks. The contracts have maturity dates that do not exceed one year, and do not meet the criteria for hedge accounting.

I. Exposure of currency risk

The Company's significant exposure to foreign currency risk was as follows:

	December 31, 2023			December 31, 2022		
	Foreign currency amounts	Exchange rate	NTD	Foreign currency amounts	Exchange rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 1,199,754	30.7180	36,854,043	1,417,706	30.7320	43,568,941
JPY	13,862,787	0.2173	3,012,384	9,536,579	0.2311	2,203,903
EUR	20,161	33.9710	684,889	23,192	32.7634	759,849
<u>Non-monetary items</u>						
USD	42,631	30.7180	1,309,539	42,914	30.7320	1,318,833
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	1,183,915	30.7180	36,367,501	1,284,636	30.7320	39,479,434
JPY	16,539,194	0.2173	3,593,967	15,658,556	0.2311	3,618,692
EUR	66	33.9710	2,242	319	32.7634	10,452

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

II. Sensitivity analysis

The Company's exposure to foreign currency risk arises mainly from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade receivables, loans and borrowings and trade payables that are denominated in foreign currency. Depreciation or appreciation of the NTD by 1% against the USD, EUR and JPY at December 31, 2023 and 2022, while all other variables were remained constant, would have increased or decreased the net profit before tax for the years ended December 31, 2023 and 2022 as follows:

	For the years ended	
	December 31,	
	2023	2022
1% of depreciation	\$ 5,876	34,241
1% of appreciation	(5,876)	(34,241)

III. Foreign exchange gain (loss) on monetary items

With varieties of functional currencies within the Company, the Company disclosed foreign exchange gain (loss) on monetary items in aggregate. The aggregate of realized and unrealized foreign exchange gains for the years ended December 31, 2023 and 2022, were \$458,035 thousand and \$937,064 thousand, respectively.

(b) Interest rate risk

The Company's exposure to changes in interest rates is mainly from floating-rate long-term debt obligations. Any change in interest rates will cause the effective interest rates of long-term borrowings to change and thus cause the future cash flows to fluctuate over time. The Company will, depending on the market condition, enter into and designate interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk.

Assuming the amount of floating-rate debts at the end of the reporting period had been outstanding for the entire year and all other variables were remained constant, an increase or a decrease in the interest rate by 0.25% would have resulted in a decrease or an increase in the net profit before tax for the years ended December 31, 2023 and 2022 by \$275,318 thousand and \$214,330 thousand, respectively.

(c) Equity price risk

See Note 6(3) for disclosure of equity price risk analysis.

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Notes to Consolidated Financial Statements

(29) Capital Management

Through clear understanding and managing of significant changes in external environment, related industry characteristics, and corporate growth plan, the Company manages its capital structure to ensure it has sufficient financial resources to sustain proper liquidity, to invest in capital expenditures and research and development expenses, to repay debts and to distribute dividends in accordance to its plan. The management pursues the most suitable capital structure by monitoring and maintaining proper financial ratios as below. The Company aims to enhance the returns of its shareholders through achieving an optimized debt-to-equity ratio from time to time.

	December 31,	
	2023	2022
Short-term borrowings	\$ 263,000	128,487
Long-term borrowings (including current installments)	111,587,034	86,815,451
Total liabilities	218,113,201	195,430,026
Total equity	165,357,536	191,410,648
Debt-to-equity ratio	132 %	102 %
Net debt-to-equity ratio ⁽ⁱ⁾	17 %	3 %

⁽ⁱ⁾ Net debt-to-equity ratio is defined as short-term borrowings plus long-term borrowings less cash and cash equivalents and divided by total equity.

7. Related-party Transactions

All inter-company transactions and balances between AUO and its subsidiaries have been eliminated upon consolidation, and therefore, are not disclosed in this note. The transactions between the Company and other related parties are set out as follows:

(1) Name and relationship of related parties

The following is a summary of related parties that have had transactions with the Company during the periods presented in the consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the Company</u>
Ennostar Inc. (“Ennostar”)	Associate
Lextar Electronics Corporation (“Lextar”)	Subsidiary of Ennostar
Lextar Electronics (Suzhou) Co., Ltd. (“LESZ”)	Subsidiary of Ennostar
Lextar Electronics (Chuzhou) Corp. (“LEXCZ”)	Subsidiary of Ennostar
Epistar Corporation (“Epistar”)	Subsidiary of Ennostar
Yenrich Technology Corporation (“Yenrich”)	Subsidiary of Ennostar
Trendylite Corporation (“Trendylite”)	Subsidiary of Ennostar
Unikorn Semiconductor Corporation (“USC”)	Subsidiary of Ennostar
Raydium Semiconductor Corporation (“Raydium”)	Associate
Raydium Semiconductor (Kunshan) Co., Ltd. (“RKS”)	Subsidiary of Raydium
Star Shining Energy Corporation (“SSEC”)	Associate

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AUO CORPORATION AND SUBSIDIARIES
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<u>Name of related party</u>	<u>Relationship with the Company</u>
Fargen Power Corporation (“FGPC”)	Subsidiary of SSEC
Sheng Li Energy Corporation (“SLEC”)	Subsidiary of SSEC
ChampionGen Power Corporation (“CGPC”)	Subsidiary of SSEC
TronGen Power Corporation (“TGPC”)	Subsidiary of SSEC
Ri Ji Power Corporation (“RJPC”)	Subsidiary of SSEC
Ri Jing Power Corporation (“RGPC”)	Subsidiary of SSEC
Mao Zheng Energy Corporation (“MZEC”)	Subsidiary of SSEC
Mao Xin Energy Corporation (“MXEC”)	Subsidiary of SSEC
Sheng Feng Power Corporation (“SFPC”)	Subsidiary of SSEC
Sheng He Power Corporation (“SHPC”)	Subsidiary of SSEC
Sheng Yao Power Corporation (“SYPC”)	Subsidiary of SSEC
Sheng Da Power Corporation (“SDPC”)	Subsidiary of SSEC
Shin Sheng Feng Investment Corp. (“SSFI”)	Subsidiary of SSEC
He Shuo Agricultural Biotech Corporation (“HSNC”)	Subsidiary of SSEC
Renovatio Pictures Co., Ltd. (“RP”)	Associate
YTTEK Technology Corp. (“YTTEK”)	Associate
Daxin Materials Corp. (“Daxin”)	Associate
Darwin Summit Corporation Ltd. (“DSC”)	Associate
ADLINK Technology Inc. (“ADLINK”)	Associate
ADLINK Technology (China) Co., Ltd. (“ADLINKCN”)	Subsidiary of ADLINK
ADLINK Technology GmbH (“ATG”)	Subsidiary of ADLINK
IRIS Optronics Co., Ltd. (“IOC”)	Associate ^(iv)
SINTRONES Technology Corp. (“SINTRONES”)	Associate ⁽ⁱ⁾
Shine Biomedical Technology Corporation (“SBTC”)	Associate
Qisda Corporation (“Qisda”)	Associate
Qisda Vietnam Co., Ltd (“QVH”)	Subsidiary of Qisda
BenQ Corporation (“BenQ”)	Subsidiary of Qisda
BenQ Materials Corp. (“BMC”)	Subsidiary of Qisda
BenQ Healthcare Corporation (“BHS”)	Subsidiary of Qisda
Qisda (Suzhou) Co., Ltd. (“QCSZ”)	Subsidiary of Qisda
Qisda Electronics (Suzhou) Co., Ltd. (“QCES”)	Subsidiary of Qisda
Qisda Optronics (Suzhou) Co., Ltd. (“QCOS”)	Subsidiary of Qisda
Qisda Precision Industry (Suzhou) Co., Ltd. (“QCPS”)	Subsidiary of Qisda
Global Intelligence Network Co., Ltd. (“GINNET”)	Subsidiary of Qisda
Standard Technology Corp. (“STC”)	Subsidiary of Qisda

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

<u>Name of related party</u>	<u>Relationship with the Company</u>
BenQ Europe B.V. (“BQE”)	Subsidiary of Qisda
BenQ America Corporation (“BQA”)	Subsidiary of Qisda
BenQ Asia Pacific Corp. (“BQP”)	Subsidiary of Qisda
BenQ Co., Ltd. (“BQC”)	Subsidiary of Qisda
BenQ Technology (Shanghai) Co., Ltd. (“BQls”)	Subsidiary of Qisda
Guru Systems (Suzhou) Co., Ltd. (“GSS”)	Subsidiary of Qisda
Metaguru Corporation (“Metaguru”)	Subsidiary of Qisda
BenQ Material (WuHu) Co., Ltd. (“DNT”)	Subsidiary of Qisda
BenQ Material (Suzhou) Co., Ltd. (“BMS”)	Subsidiary of Qisda
Suzhou BenQ Hospital Co., Ltd. (“QCHS”)	Subsidiary of Qisda
DFI Inc. (“DFI”)	Subsidiary of Qisda
Data Image Corporation (“DIC”)	Subsidiary of Qisda
Data Image (Suzhou) Corporation (“DICSZ”)	Subsidiary of Qisda
Partner Tech Corp. (“PTT”)	Subsidiary of Qisda
Webest Solution Corp. (“WEBEST”)	Subsidiary of Qisda
ACE Pillar Co., Ltd. (“ACE”)	Subsidiary of Qisda
Tianjin ACE Pillar Co., Ltd. (“ACETJ”)	Subsidiary of Qisda
Golden Spirit Co., Ltd. (“GSC”)	Subsidiary of Qisda
Alpha Networks Inc. (“Alpha”)	Subsidiary of Qisda
Hitron Technologies Inc. (“Hitron”)	Subsidiary of Qisda
AdvancedTEK International Corp. (“AdvancedTEK”)	Subsidiary of Qisda
BenQ Intelligent Technology (Shanghai) Co., Ltd. (“BQC_RO”)	Subsidiary of Qisda
Metaage Corporation (“MTG”)	Subsidiary of Qisda
Concord Medical Co., Ltd. (“Concord”)	Subsidiary of Qisda
Partner Tech Asia Pacific Corporation (“PTAP”)	Subsidiary of Qisda
Transnet Corporation (“Transnet”)	Subsidiary of Qisda
AUO Foundation	Substantive related party
WishMobile, Inc. (“WMI”)	Konly represented as a director of WMI
WiBASE Industrial Solutions Inc. (“WIS”)	DPTW represented as a director of WIS ⁽ⁱⁱ⁾
ToYou Display (Suzhou) Co., Ltd. (“TYSZ”)	AUOSZ represented as a director of TYSZ ⁽ⁱⁱⁱ⁾
Jector Digital System Inc. (“JDSI”)	Director of Jector
Heilongjiang Tianyouwei Electronics Co., Ltd. (“TYW”)	Director of Talenda

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

<u>Name of related party</u>	<u>Relationship with the Company</u>
Play Nitride Inc. (“PlayNitride”)	Konly represented as a director of PlayNitride
Carota Corporation (“Carota”)	Konly represented as a director of Carota
Profet AI Shanghai Co., Ltd. (“PFSH”)	Director of PFSZ
Profet AI Technology Co., Ltd. (“PFTW”)	PFTW and PFSH are members of the same Group
PlayNitride Display Co., Ltd. (“PND”)	Subsidiary of PlayNitride
Mega Green Energy Corporation (“MGE”)	Subsidiary of ZFE
Avocor Technologies USA Inc. (“Avocor”)	ADPNL represented as a director of Avocor
Zhensheng construction Co., Ltd. (“Zhensheng”)	Supervisor of AET-YP

- (i) The Company has had significant influence over SINTRONES since February 2023; therefore, SINTRONES was changed from other related party to associate.
- (ii) DPTW sold all of its ownership interests in WIS in May 2023. Therefore, WIS is no longer a related party of the Company starting from the date of disposal.
- (iii) TYSZ held its director re-election in September 2023, and AUOSZ ceased to serve as its director. Therefore, TYSZ is no longer a related party of the Company starting from the date of re-election.
- (iv) The Company ceased to apply the equity method over IOC from December 2023; therefore, IOC is no longer a related party of the Company starting from the date of the cease.

(2) Compensation to key management personnel

Key management personnel’s compensation comprised:

	For the years ended	
	December 31,	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 578,796	471,604
Post-employment benefits	1,411	1,359
Share-based payments	<u>35,301</u>	<u>39,592</u>
	<u>\$ 615,508</u>	<u>512,555</u>

Refer to Note 6(19) for information on share-based payments.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

- (3) Except for otherwise disclosed in other notes to the consolidated financial statements, the Company's significant related party transactions and balances were as follows:

a. Sales

	Sales		Accounts receivable from related parties	
	For the years ended December 31,		December 31,	December 31,
	2023	2022	2023	2022
Associates	\$ 11,624,308	12,869,886	1,123,379	1,254,686
Others	105,798	8,306	121,167	817
	\$ 11,730,106	12,878,192	1,244,546	1,255,503

The collection terms for sales to related parties were 25 to 55 days from the end of the month during which the invoice is issued. The pricing for sales to related parties were not materially different from those with third parties.

b. Purchases

	Purchases		Accounts payable to related parties	
	For the years ended December 31,		December 31,	December 31,
	2023	2022	2023	2022
Associates	\$ 17,861,976	20,938,477	5,161,865	5,889,460
Others	134,523	5,999	41,425	725
	\$ 17,996,499	20,944,476	5,203,290	5,890,185

The payment terms for purchases from related parties were 45 to 120 days. The pricing and payment terms with related parties were not materially different from those with third parties.

c. Acquisition of property, plant and equipment

	Acquisition prices	
	For the years ended December 31,	
	2023	2022
Associates	\$ 33,388	62,306

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

d. Disposal of property, plant and equipment

	Proceeds from disposal		Gains on disposal	
	For the years ended		For the years ended	
	December 31,		December 31,	
	2023	2022	2023	2022
Associates	\$ 383	550	383	550

e. Other related party transactions

Transaction type	Type of related party	For the years ended	
		December 31,	December 31,
		2023	2022
Rental income	Associates		
	BMC	\$ 101,546	96,391
	Others	35,688	35,547
		\$ 137,234	131,938
Other income	Associates	\$ 59,703	64,106
	Others	-	142
		\$ 59,703	64,248
Cost of sales and operating expenses	Associates	\$ 71,177	107,342
	Others	164,442	157,204
		\$ 235,619	264,546

The Company leased portion of its offices and plants to related parties. The collection term was receipts in advance, and the pricing was not materially different from that with third parties.

Transaction type	Type of related party	December 31,	December 31,
		2023	2022
Other receivables due from related parties	Associates	\$ 15,305	6,139
Other payables due to related parties, including payables for equipment	Associates	\$ 36,719	20,177
	Others	11,562	11,614
		\$ 48,281	31,791

The Company paid deposits to related parties for the purchase of renewable energy. The amount as of December 31, 2023 was \$62,605 thousand and was recorded under refundable deposits.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

In 2023, the Company obtained convertible bonds issued by Avocor in the amount of \$138,231 thousand. The Company participated in capital increase of related parties, including SBTC for 2023 by \$24,720 thousand and Ennostar for 2022 by \$3,484,895 thousand, respectively. In addition, for the years ended December 31, 2023 and 2022, the Company entitled for cash dividends declared by related parties of \$1,597,016 thousand and \$1,824,694 thousand, respectively. As of December 31, 2023 and 2022, the aforementioned dividends were all received.

8. Pledged Assets

The carrying amounts of the assets which the Company pledged as collateral were as follows:

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Restricted cash in banks ⁽ⁱ⁾	Customs duties, guarantee for warranties, long-term borrowings limit, and outstanding letters of credit	\$ 775,179	1,109,414
Land and buildings	Long-term borrowings limit	58,951,937	60,580,031
Machinery and equipment	Long-term borrowings limit	29,301,933	21,373,787
Right-of-use assets	Long-term borrowings limit	73,940	77,821
		<u>\$ 89,102,989</u>	<u>83,141,053</u>

⁽ⁱ⁾ Classified as other current financial assets and other noncurrent assets by its liquidity.

9. Significant Contingent Liabilities and Unrecognized Commitments

The significant commitments and contingencies of the Company as of December 31, 2023, in addition to those disclosed in other notes to the consolidated financial statements, were as follows:

(1) Outstanding letters of credit

As at December 31, 2023, the Company had the following outstanding letters of credit for the purpose of purchasing machinery and equipment and materials:

<u>Currency</u>	<u>December 31, 2023 (in thousands)</u>
USD	45,865
JPY	6,599,400
EUR	2,047

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(2) Technology licensing agreements

Starting in 1998, AUO has entered into technical collaboration, patent licensing, and/or patent cross licensing agreements with Fujitsu Display Technologies Corp. (subsequently assumed by Fujitsu Limited), Toppan Printing Co., Ltd. (“Toppan Printing”), Semiconductor Energy Laboratory Co., Ltd., Japan Display Inc. (formerly Japan Display East Inc./Hitachi Displays, Ltd.), Panasonic Liquid Crystal Display Co., Ltd. (formerly IPS Alpha Technology, Ltd.), LG Display Co., Ltd., Sharp Corporation, Samsung Electronics Co., Ltd., Hydis Technologies Co., Ltd., Sanyo Electronic Co., Ltd., Seiko Epson Corporation and others. AUO believes that it is in compliance with the terms and conditions of the aforementioned agreements.

(3) Purchase commitments

- a. In 2021, AUO entered into a long-term materials supply agreement with a supplier, under which, AUO and the supplier agreed on the supply of certain IC chip at agreed prices and quantities.
- b. Starting from the third quarter of 2022, ACTW has entered into long-term materials supply agreements with suppliers. Under the agreements, ACTW and the suppliers agreed on the supply of silicon materials at respective agreed prices and quantities.
- c. As at December 31, 2023, significant outstanding purchase commitments for construction in progress, property, plant and equipment totaled \$23,927,353 thousand.

(4) Litigation

In May 2014, LG Electronics Nanjing Display Co., Ltd. and seven of its affiliates (collectively, the “Plaintiffs”) filed a lawsuit in Seoul Central District Court against certain LCD manufacturers including AUO, alleging overcharge and claiming damages. In November 2023, the court of first instance in Korea has found AUO liable to the Plaintiffs for a total amount of KRW 29,099 million plus interest. This antitrust civil case has been ongoing for many years since the Plaintiffs filed their lawsuit in 2014 which resulted from the LCD antitrust meetings that ended in 2006. AUO filed an appeal in December 2023 and made a security deposit of the aforementioned amount plus interest at the Korean court in January 2024. At this stage, the final outcome of these matters is uncertain. AUO is reviewing the merits of the lawsuits on an on-going basis.

In October 2023, Phenix Longhorn LLC (“Phenix”) filed a lawsuit in the United States District Court for the Eastern District of Texas against two companies including AUO, claiming infringement of certain of Phenix’ s patents in the United States relating to the manufacturing of LCD panels. In the complaint, Phenix seeks, among other things, unspecified monetary damages and injunctive relief. While AUO intends to defend the suits vigorously, the ultimate outcome of the three matters is uncertain. AUO is reviewing the merits of the lawsuits on an on-going basis.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

As of January 31, 2024, the Company has made certain provisions with respect to certain of the above lawsuits as the management deems appropriate, considering factors such as the nature of the litigation or claims, the materiality of the amount of possible loss, the progress of the cases and the opinions or views of legal counsel and other advisors. Management will reassess all litigation and claims at each reporting date based on the facts and circumstances that exist at that time, and will make additional provisions or adjustments to previous provisions. The ultimate amount cannot be ascertained until the relevant cases are closed. The ultimate resolution of the legal proceedings and/or lawsuits cannot be predicted with certainty. While management intends to defend certain of the lawsuits described above vigorously, there is a possibility that one or more legal proceedings or lawsuits may result in an unfavorable outcome to the Company. In addition to the matters described above, the Company is also a party to other litigations or proceedings that arise during the ordinary course of business. Except as mentioned above, the Company, to its knowledge, is not involved as a defendant in any material litigation or proceeding which could be expected to have a material adverse effect on the Company's business or results of operations.

10. Significant Disaster Losses: None

11. Subsequent Event: None

12. Others

- (1) Since 2010, there have been environmental proceedings relating to the development project of the Central Taiwan Science Park in Houli, Taichung, which AUO's second 8.5 generation fab is located at (the "Project"). The Environmental Protection Administration ("EPA") of the Executive Yuan of Taiwan issued the environmental assessment and development approval on November 6, 2018. On October 24, 2019, the Appeal Review Committee of the Executive Yuan rejected the administrative appeal filed by five local residents. On December 24, 2019, the residents filed an administrative action for invalidating the environmental assessment again and the Appeal Review Committee of the Executive Yuan ruled in the residents' favor on July 21, 2022 and invalidated the environmental assessment approval. The EPA filed an appeal in the Supreme Administrative Court on August 17, 2022. The Company will continue to monitor the development of this event.
- (2) On October 2, 2023, AUO has entered into an agreement with MAHLE Behr GmbH & Co. KG and HELLA GmbH & Co. KGaA; under which AUO will acquire 100% equity interest in the German company Behr Hella Thermocontrol GmbH at an enterprise value of EUR 600 million (approximately NT\$20.4 billion), subject to price adjustments, including changes in net working capital, net debt, and other related adjustments, set forth in the share purchase agreement. This transaction is subject to the clearance of customary antitrust and regulatory approvals.

13. Additional Disclosures

- (1) Information on significant transactions:

Following are the additional disclosures required by the Regulations for the Company for the year ended December 31, 2023.

- a. Financings provided: Please see Table 1 attached.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

- b. Endorsements/guarantees provided: Please see Table 2 attached.
 - c. Marketable securities held (excluding investment in subsidiaries, associates and joint ventures): Please see Table 3 attached.
 - d. Individual marketable securities acquired or disposed of with costs or prices exceeding NT\$300 million or 20% of the paid-in capital: Please see Table 4 attached.
 - e. Acquisition of individual real estate with costs exceeding NT\$300 million or 20% of the paid-in capital: None
 - f. Disposal of individual real estate with prices exceeding NT\$300 million or 20% of the paid-in capital: None.
 - g. Purchases from or sales to related parties with amounts exceeding NT\$100 million or 20% of the paid-in capital: Please see Table 5 attached.
 - h. Receivables from related parties with amounts exceeding NT\$100 million or 20% of the paid-in capital: Please see Table 6 attached.
 - i. Information about trading in derivative instruments: Please see Note 6(2).
 - j. Business relationship and significant intercompany transactions: Please see Table 7 attached.
- (2) Information on investees (excluding information on investment in Mainland China): Please see Table 8 attached.
- (3) Information on investment in Mainland China:
- a. The related information on investment in Mainland China: Please see Table 9.1 and 9.2 attached.
 - b. Upper limit on investment in Mainland China: Please see Table 9.1 and 9.2 attached.
 - c. Significant transactions:

Significant direct or indirect transactions with the investees in Mainland China for the year ended December 31, 2023, for which intercompany transactions were eliminated upon consolidation, are disclosed in Note 13(1) "Information on significant transactions".
- (4) Major shareholders:

Major Shareholder	Shares	
	Total Shares Owned	Ownership Percentage
Qisda	530,878,896	6.89 %
Trust Holding for Employees of AUO Corporation	407,919,675	5.29 %

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note: This table discloses the information that shareholders who hold in total, more than 5% of AUO's common shares and preferred shares that are in dematerialized form and with the registration being completed. The aforesaid information was provided by Taiwan Depository & Clearing Corporation and calculated based on the data on the last business day at the end of each quarter.

14. Segment Information

(1) Operating segment information

The Company has two operating segments: display and energy. The display segment generally is engaged in the research, development, design, manufacturing and sale of flat panel displays and most of our products are TFT-LCD panels. The energy segment primarily is engaged in the design, manufacturing and sale of ingots, solar wafers and solar modules, as well as providing technical engineering services and maintenance services for solar system projects.

Segment results are excluding non-operating income and expenses and income tax expense (benefit). There are no differences between the consolidated financial statements for the years ended December 31, 2023 and 2022 with the financial results received by the Company's chief operating decision maker. The accounting policies for the operating segments are the same as those used in preparation of the consolidated financial statements of the Company. The Company uses the net revenue, profit (loss) from operations and segment profit (loss) excluding depreciation and amortization as the basis of segment performance assessment.

	For the year ended December 31, 2023		
	Display segment	Energy segment	Total segments
Net revenue from external customers	\$ <u>229,262,040</u>	<u>18,702,397</u>	<u>247,964,437</u>
Segment profit (loss)	\$ <u>(22,587,557)</u>	<u>625,542</u>	(21,962,015)
Net non-operating income and expenses			279,955
Consolidated net profit (loss) before income tax			\$ <u>(21,682,060)</u>
Segment profit (loss) excluding depreciation and amortization	\$ <u>9,424,391</u>	<u>1,119,138</u>	<u>10,543,529</u>
Segment assets			\$ <u>383,470,737</u>
	For the year ended December 31, 2022		
	Display segment	Energy segment	Total segments
Net revenue from external customers	\$ <u>225,890,434</u>	<u>20,902,240</u>	<u>246,792,674</u>
Segment profit (loss)	\$ <u>(25,346,461)</u>	<u>1,376,065</u>	(23,970,396)
Net non-operating income and expenses			4,464,204
Consolidated profit (loss) before income tax			\$ <u>(19,506,192)</u>
Segment profit (loss) excluding depreciation and amortization	\$ <u>5,634,505</u>	<u>1,861,452</u>	<u>7,495,957</u>
Segment assets			\$ <u>386,840,674</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(2) Geographic information

- a. Net revenue from external customers: See Note 6(20).
- b. Consolidated noncurrent assets⁽ⁱ⁾

Region	December 31, 2023	December 31, 2022
Taiwan	\$ 142,840,919	145,471,577
PRC (including Hong Kong)	49,745,628	55,329,413
Others	4,229,949	4,224,605
	\$ 196,816,496	205,025,595

⁽ⁱ⁾ Noncurrent assets are not inclusive of financial instruments, deferred tax assets and prepaid pension.

(3) Major customer and product information: See Note 6(20).

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Financings Provided
For the year ended December 31, 2023
(Amount in thousands of New Taiwan Dollars)

Table 1

No.	Financing Company	Borrowing Company	Financial Statement Account (Note 5)	Related Party	Maximum Balance for the Period (Note 3)	Ending Balance (Notes 1 and 2)	Amount Actually Drawn Down (Notes 1 and 4)	Interest Rate	Nature of Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Notes 1 and 6)	Limits on Financing Company's Total Financing Amount (Notes 1 and 6)
													Item	Value		
0	AUO	ACTW	Other receivables from related parties	Yes	2,500,000	1,300,000	800,000	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	15,916,721	63,666,883	
0	AUO	AUOKS	Other receivables from related parties	Yes	7,562,450	-	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	15,916,721	63,666,883	
0	AUO	AETTW	Other receivables from related parties	Yes	400,000	400,000	200,000	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	15,916,721	63,666,883	
0	AUO	AET-YP	Other receivables from related parties	Yes	200,000	200,000	15,000	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	15,916,721	63,666,883	
0	AUO	ADTTW	Other receivables from related parties	Yes	100,000	100,000	20,000	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	15,916,721	63,666,883	
0	AUO	S4M	Other receivables from related parties	Yes	300,000	300,000	110,000	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	15,916,721	63,666,883	

No.	Financing Company	Borrowing Company	Financial Statement Account (Note 5)	Related Party	Maximum Balance for the Period (Note 3)	Ending Balance (Notes 1 and 2)	Amount Actually Drawn Down (Notes 1 and 4)	Interest Rate	Nature of Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Notes 1 and 6)	Limits on Financing Company's Total Financing Amount (Notes 1 and 6)
													Item	Value		
1	AUOLB	AUOSZ	Other receivables from related parties	Yes	886,260	863,040	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	78,405,680	78,405,680
1	AUOLB	AUOXM	Other receivables from related parties	Yes	886,260	863,040	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	78,405,680	78,405,680
1	AUOLB	AUOKS	Other receivables from related parties	Yes	16,459,450	8,198,880	1,294,560	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	78,405,680	78,405,680
2	AUOKS	AUOXM	Other receivables from related parties	Yes	3,545,040	1,726,080	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	21,344,066	21,344,066
2	AUOKS	AUOSZ	Other receivables from related parties	Yes	2,658,780	1,726,080	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	21,344,066	21,344,066
3	AUOXM	AUOKS	Other receivables from related parties	Yes	6,203,820	4,315,200	1,726,080	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	16,293,338	16,293,338
3	AUOXM	AUOSZ	Other receivables from related parties	Yes	1,772,520	863,040	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	16,293,338	16,293,338
4	BYXM	AUOKS	Other receivables from related parties	Yes	889,700	431,520	431,520	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	1,360,548	1,360,548

No.	Financing Company	Borrowing Company	Financial Statement Account (Note 5)	Related Party	Maximum Balance for the Period (Note 3)	Ending Balance (Notes 1 and 2)	Amount Actually Drawn Down (Notes 1 and 4)	Interest Rate	Nature of Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Notes 1 and 6)	Limits on Financing Company's Total Financing Amount (Notes 1 and 6)
													Item	Value		
5	AUOSJ	ACTSZ	Other receivables from related parties	Yes	185,459	129,456	21,576	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	4,249,693	4,249,693
5	AUOSJ	ADTSZ	Other receivables from related parties	Yes	264,942	215,760	21,576	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	1,699,877	1,699,877
5	AUOSJ	AETSZ	Other receivables from related parties	Yes	883,140	863,040	366,792	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	4,249,693	4,249,693
5	AUOSJ	AMISZ	Other receivables from related parties	Yes	132,471	129,456	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	1,699,877	1,699,877
5	AUOSJ	AMIXM	Other receivables from related parties	Yes	141,302	138,086	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	1,699,877	1,699,877
5	AUOSJ	AUOKS	Other receivables from related parties	Yes	2,658,780	1,726,080	1,726,080	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	4,249,693	4,249,693
5	AUOSJ	ATISZ	Other receivables from related parties	Yes	88,628	86,304	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	1,699,877	1,699,877
6	AUOSZ	AUOXM	Other receivables from related parties	Yes	1,772,520	863,040	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	17,653,379	17,653,379

No.	Financing Company	Borrowing Company	Financial Statement Account (Note 5)	Related Party	Maximum Balance for the Period (Note 3)	Ending Balance (Notes 1 and 2)	Amount Actually Drawn Down (Notes 1 and 4)	Interest Rate	Nature of Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Notes 1 and 6)	Limits on Financing Company's Total Financing Amount (Notes 1 and 6)
													Item	Value		
6	AUOSZ	AUOKS	Other receivables from related parties	Yes	15,287,985	6,041,280	2,157,600	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	17,653,379	17,653,379
7	FPWJ	FTWJ	Other receivables from related parties	Yes	444,850	431,520	215,760	Based on China LPR	Needs for short-term financing	-	Operating capital	-	-	-	738,687	738,687

Note 1: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the exchange rates at the reporting date.

Note 2: The ending balance represents the amounts approved by the Board of Directors.

Note 3: The maximum balance for the period represents the highest amount in New Taiwan Dollars announced or occurred during the period.

Note 4: All inter-company transactions among AUO and its subsidiaries have been eliminated in the consolidated financial statements.

Note 5: According to the maturity date of individual contracts, financings provided are classified under current or non-current items based on their liquidity.

Note 6: The policy for the limit on total financing amount and the financing limit for any individual entity are prescribed as follows:

- a. AUO: The amount available for lending to an investee or a company with needs for short-term financing shall not exceed 10% of AUO's net worth as stated in its latest financial statement. The aggregate amount available for lending to borrowers shall not exceed 40% of AUO's net worth as stated in its latest financial statement.
- b. AUOLB, AUOKS, AUOSZ, AUOXM, AUOSJ and BVXM: The amount available for lending to an investee or a company with needs for short-term financing and the aggregate amount available for lending to borrowers both shall not exceed 40% of the net worth of the lending company as stated in its latest financial statement.
- c. In the event that the financing is between foreign subsidiaries whose voting shares are 100% owned, directly or indirectly, by AUO, the amount lendable to each of such borrowers and the aggregate amount available for lending to such borrowers both shall not exceed the net worth of the lending company as stated in its latest financial statement.
- d. In the event that the financing is between foreign subsidiaries whose voting shares are 100% owned, directly or indirectly, by DPTW, the amount lendable to each of such borrowers and the aggregate amount available for lending to such borrowers both shall not exceed the net worth of the lending company as stated in its latest financial statement.
- e. FPWJ and FTWJ are foreign subsidiaries whose voting shares are 100% owned, directly or indirectly, by DPTW.

AUO CORPORATION AND SUBSIDIARIES
Endorsements/Guarantees Provided
For the year ended December 31, 2023
(Amount in thousands of New Taiwan Dollars)

Table 2

No.	Endorser/ Guarantor	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided for Each Party (Notes 4 and 5)	Maximum Endorsement/ Guarantee Balance for the Period (Note 2)	Ending Balance (Notes 3 and 4)	Amount Actually Drawn Down (Note 4)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Notes 4 and 5)	Endorsement/ Guarantee Provided by Parent Company to Subsidiary	Endorsement/ Guarantee Provided by Subsidiary to Parent Company	Endorsement/ Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship (Note 1)										
0	AUO	AUOKS	2	79,583,604	32,406,097	12,945,600	8,630,400	-	8.13%	159,167,207	Yes	No	Yes
1	AUOXM	AUO	3	16,293,338	8,862,800	8,630,400	3,020,640	-	52.97%	16,293,338	No	Yes	No
2	FPWJ	FTWJ	4	295,475	222,425	-	-	-	-	295,475	No	No	Yes

Note 1: The relationship between the endorser/guarantor and the guaranteed party:

1. A company with which it does business.
2. A company in which the Company directly and indirectly holds more than 50% of the voting shares.
3. A company that directly and indirectly holds more than 50% of the voting shares in the Company.
4. Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares.
5. A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
6. A company that all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 2: The maximum endorsement/guarantee balance for the period represents the highest amount in New Taiwan Dollars announced or occurred during the period.

Note 3: The ending balance represents the amounts approved by the Board of Directors.

Note 4: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the exchange rates at the reporting date.

Note 5: The policy for the limit of total endorsement/guarantee amount and the limit on endorsement/guarantee amount provided to each party are prescribed as follows:

- a. AUO: The total endorsement/guarantee amount provided shall not exceed the net worth of AUO as stated in its latest financial statement. The aggregate amount of endorsement/guarantee provided to each guaranteed party shall not exceed 50% of AUO's net worth as stated in its latest financial statement.
- b. AUOXM: The total endorsement/guarantee amount provided and the aggregate amount of endorsement/guarantee provided to each guaranteed party both shall not exceed the net worth of the endorser/guarantor as stated in its latest financial statement.
- c. FPWJ: The total endorsement/guarantee amount provided and the aggregate amount of endorsement/guarantee provided to each guaranteed party both shall not exceed 40% of the net worth of the endorser/guarantor as stated in its latest financial statement.

AUO CORPORATION AND SUBSIDIARIES
Marketable Securities Held (Excluding Investment in Subsidiaries, Associates and Joint Ventures)
December 31, 2023
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated, and shares in thousands)

Table 3

Name of Holder	Type and Name of Marketable Securities	Relationship with the Securities Issuer	Financial Statement Account	December 31, 2023				Maximum Shareholding in the Interim	Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value		
ADPNL	Avocor's convertible bond	Related party	Financial assets at FVTPL – noncurrent	-	USD 4,531	-	USD 4,531	-	
ADPNL	Avocor's stock	Related party	Financial assets at FVTOCI – noncurrent	793	USD 5,150	10.30%	USD 5,150	10.35%	
AUOLB	Abakus Solar AG's stock	-	Financial assets at FVTPL – noncurrent	3	-	2.22%	-	2.22%	
AUOSH	TOLYY Optronics Co., Ltd.'s stock	-	Financial assets at FVTOCI – noncurrent	1,293	CNY 6,250	1.58%	CNY 6,250	1.58%	
Konly	Carota's stock	Related party	Financial assets at FVTOCI – noncurrent	3,216	247,038	8.64%	247,038	8.64%	
Konly	Mindtronic AI Co. Ltd.'s stock	-	Financial assets at FVTOCI – noncurrent	36	29,943	3.17%	29,943	3.17%	
Konly	PlayNitride's stock	Related party	Financial assets at FVTOCI – noncurrent	7,535	744,421	7.03%	744,421	7.03%	
Konly	SkyREC Ltd.'s stock	-	Financial assets at FVTOCI – noncurrent	188	-	16.12%	-	16.12%	
Konly	SnapBizz CloudTech Pte. Ltd.'s stock	-	Financial assets at FVTOCI – noncurrent	13	-	4.61%	-	4.61%	
Konly	Azotek Co., Ltd.'s stock	-	Financial assets at FVTOCI – noncurrent	2,407	7,345	3.93%	7,345	3.96%	
Konly	WMI's stock	Related party	Financial assets at FVTOCI – noncurrent	8,625	16,531	14.38%	16,531	14.38%	
Konly	Chenfeng Optronics Corporation's stock	-	Financial assets at FVTPL – noncurrent	1,500	-	1.49%	-	1.60%	
Konly	GCS Holdings, Inc.'s stock	-	Financial assets at FVTOCI – noncurrent	1,119	35,808	1.01%	35,808	1.01%	
Konly	a2peak power Co., Ltd.'s stock	-	Financial assets at FVTPL – noncurrent	4,000	-	10.87%	-	10.87%	
Konly	iOC's stock	-	Financial assets at FVTOCI – noncurrent	1,000	-	3.62%	-	5.00%	
ADP	Imediac Co., Ltd.'s stock	Related party	Financial assets at FVTOCI – noncurrent	2,500	125,000	14.17%	125,000	14.17%	
DPTW	Disign Incorporated's stock	-	Financial assets at FVTOCI – noncurrent	2	10,714	19.89%	10,714	19.89%	
DPTW	Evertrust Technology Ltd.'s stock	-	Financial assets at FVTOCI – noncurrent	150	1,500	16.13%	1,500	16.13%	
DPTW	D8AI Inc.'s stock	-	Financial assets at FVTOCI – noncurrent	8,400	11,149	4.64%	11,149	4.91%	
DPTW	HUAI I Precision Technology Co., Ltd.'s stock	-	Financial assets at FVTOCI – noncurrent	2,914	34,968	10.00%	34,968	10.00%	
Ronly	PlayNitride's stock	Related party	Financial assets at FVTOCI – noncurrent	2,011	198,645	1.88%	198,645	1.88%	

Name of Holder	Type and Name of Marketable Securities	Relationship with the Securities Issuer	Financial Statement Account	December 31, 2023			Maximum Shareholding in the Interim	Note
				Shares	Carrying Amount	Percentage of Ownership		
Ronly	ProfetaI Inc.'s stock	Related party	Financial assets at FVTOCI – noncurrent	911	40,823	12.89%	40,823	
Ronly	Exploit Technology Co., Ltd.'s stock	-	Financial assets at FVTPPL – noncurrent	41	-	0.49%	-	0.49%
Ronly	Cruise10 Co., Ltd.'s stock	-	Financial assets at FVTOCI – noncurrent	1,250	20,000	10.53%	20,000	10.53%
Ronly	Prognosis Technology Inc.'s stock	-	Financial assets at FVTOCI – noncurrent	245	11,025	11.16%	11,025	11.16%
Ronly	GCS Holdings, Inc.'s stock	-	Financial assets at FVTOCI – noncurrent	3,500	112,000	3.15%	112,000	3.16%
Ronly	IOC's stock	-	Financial assets at FVTOCI – noncurrent	3,420	-	12.37%	-	17.10%

Note 1: Formerly known as T-poweretek Optronics Co., Ltd.

AUO CORPORATION AND SUBSIDIARIES
Individual Marketable Securities Acquired or Disposed of with Costs or Prices Exceeding
NT\$300 Million or 20% of the Paid-in Capital
For the year ended December 31, 2023

(Amount in thousands of New Taiwan Dollars and foreign currencies indicated, and shares in thousands)

Table 4

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance		Note
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain/Loss on Disposal	Shares	
AUO	AUOLB's stock	Investments in equity-accounted investees	-	-	2,507,189	75,152,215	32,000	992,480	-	-	2,539,189	78,405,680	Notes 1&2	
AUO	Konly's stock	Investments in equity-accounted investees	-	-	469,558	9,565,450	39,274	800,001	-	-	432,432	8,926,088	Notes 2&3	
AUO	DPGE's stock	Investments in equity-accounted investees	-	-	35,000	350,731	6,250	600,000	-	-	41,250	944,794	Notes 1&2	
AUOLB	AUOKS's equity	Investments in equity-accounted investees	Notes 2&4	Subsidiary of AUO	-	USD 573,171	-	USD 110,000	-	USD 627,394	-	-	-	
AUOLB	AUOSG's stock	Investments in equity-accounted investees	-	-	266,268	USD 6,920	2,510,838	USD 1,830,970	-	-	2,777,106	USD 1,964,491	Notes 1&6	
AUOLB	AUOSJ's equity	Investments in equity-accounted investees	AUOSG	Subsidiary of AUO	-	USD 119,972	-	-	-	USD 133,749	-	-	Note 4	
AUOLB	AUOSZ's equity	Investments in equity-accounted investees	AUOSG	Subsidiary of AUO	-	USD 622,841	-	-	-	USD 549,192	-	-	Note 4	
AUOLB	AUOXM's equity	Investments in equity-accounted investees	AUOSG	Subsidiary of AUO	-	USD 511,623	-	-	-	USD 480,490	-	-	Note 4	
AUOSG	AUOKS's equity	Investments in equity-accounted investees	AUOLB	Subsidiary of AUO	-	-	-	USD 627,394	-	-	-	USD 694,839	Notes 1&5	

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance		Note
					Shares	Amount	Shares	Amount	Shares	Amount	Gain/Loss on Disposal	Shares	Amount	
AUOSG	AUOSI's equity	Investments in equity-accounted investees	AUOLB	Subsidiary of AUO	-	-	-	USD 133,749	-	-	-	USD	120,665	Notes 1&5
AUOSG	AUOSZ's equity	Investments in equity-accounted investees	AUOLB	Subsidiary of AUO	-	-	-	USD 549,192	-	-	-	USD	571,783	Notes 1&5
AUOSG	AUOVN's equity	Investments in equity-accounted investees	-	-	-	-	-	USD 20,922	-	-	-	USD	20,748	Notes 1&2
AUOSG	AUOXM's equity	Investments in equity-accounted investees	AUOLB	Subsidiary of AUO	-	-	-	USD 480,490	-	-	-	USD	530,417	Notes 1&5
ADP	ADPNL's stock	Investments in equity-accounted investees	-	-	-	881,401	-	393,695	-	-	-	-	1,249,767	Notes 1&2

Note 1: The ending balance includes the recognition of investment gain (loss) and other related adjustments under the equity method.

Note 2: The acquisition amount refers to the participation in the investee's capital increase.

Note 3: The ending shares include shares from the investee's capital decrease. The ending balance includes cash return from the investee's capital decrease, cash dividends, the recognition of investment gain (loss) and other related adjustments under the equity method.

Note 4: The disposal amount refers to the equity of the investee sold by AUOLB to AUOSG under business restructuring.

Note 5: The acquisition amount refers to the equity of the investee obtained by AUOSG from AUOLB under business restructuring.

Note 6: The acquisition amount includes the participation in the investee's capital increase and the equity of the investee obtained by AUOSG from AUOLB under business restructuring.

AUO CORPORATION AND SUBSIDIARIES
Purchases from or Sales to Related Parties with Amounts Exceeding NT\$100 Million or 20% of the Paid-in Capital
For the year ended December 31, 2023
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 5

Company Name	Counterparty	Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchases /Sales	Amount (Note 2)	Percentage of Total Purchases /Sales	Credit Terms	Unit Price (Note 1)	Credit Terms (Note 1)	Ending Balance (Note 2)	Percentage of Total Notes /Accounts Receivable (Payable)	
AUO	AUOKS	Subsidiary of AUO	Purchases	16,018,158	10%	EOM 30 days	-	-	(2,309,534)	(5)%	
AUO	AUOSK	Subsidiary of AUO	Purchases	112,496	-	EOM 45 days	-	-	(18,126)	-	
AUO	AUOSZ	Subsidiary of AUO	Purchases	40,213,759	24%	EOM 45 days	-	-	(11,305,260)	(26)%	
AUO	AUOXM	Subsidiary of AUO	Purchases	37,179,061	22%	EOM 45 days	-	-	(10,477,599)	(24)%	
AUO	AUST	Subsidiary of AUO	Purchases	3,873,001	2%	EOM 45 days	-	-	(597,315)	(1)%	
AUO	Qisda	Associate	Purchases	2,954,207	2%	EOM 45 days	-	-	(367,106)	(1)%	
AUO	BMC	Subsidiary of Qisda	Purchases	3,371,627	2%	EOM 90 days	-	-	(779,128)	(2)%	
AUO	Raydium	Associate	Purchases	923,423	1%	EOM 120 days	-	-	(301,418)	(1)%	
AUO	Daxin	Associate	Purchases	2,029,409	1%	EOM 120 days	-	-	(692,813)	(2)%	
AUO	DPTW	Subsidiary of AUO	Purchases	2,772,196	2%	EOM 60 days	-	-	(540,881)	(1)%	
AUO	AUOUS	Subsidiary of AUO	Sales	(294,312)	-	EOM 75 days	-	-	65,395	-	
AUO	AUOXM	Subsidiary of AUO	Sales	(1,647,954)	(1)%	EOM 45 days	-	-	-	-	
AUO	QCSZ	Subsidiary of Qisda	Sales	(2,824,828)	(1)%	EOM 55 days	-	-	48,515	-	
AUO	Qisda	Associate	Sales	(160,365)	-	EOM 55 days	-	-	48,409	-	
AUO	AETTW	Subsidiary of AUO	Sales	(104,899)	-	EOM 25 days	-	-	-	-	
AUO	CGPC	Subsidiary of SSEC	Sales	(689,193)	-	EOM 25 days	-	-	1,988	-	
AUO	BenQ	Subsidiary of Qisda	Sales	(1,120,256)	(1)%	EOM 55 days	-	-	81,002	-	

Company Name	Counterparty	Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchases /Sales	Amount (Note 2)	Percentage of Total Purchases /Sales	Credit Terms	Unit Price (Note 1)	Credit Terms (Note 1)	Ending Balance (Note 2)	Percentage of Total Notes /Accounts Receivable (Payable)	
AUO	SLEC	Subsidiary of SSEC	Sales	(125,281)	-	EOM 25 days	-	164,712	1%		
AUO	SFPC	Subsidiary of SSEC	Sales	(781,067)	-	EOM 25 days	-	301,347	2%		
AUO	MXEC	Subsidiary of SSEC	Sales	(2,132,007)	(1)%	EOM 25 days	-	-	-		
AUO	MZEC	Subsidiary of SSEC	Sales	(3,207,272)	(1)%	EOM 25 days	-	422,776	2%		
AUO	DPGE	Subsidiary of AUO	Sales	(150,395)	-	EOM 25 days	-	102,795	1%		
AUO	ADP	Subsidiary of AUO	Sales	(24,472,225)	(11)%	EOM 45 days	-	3,401,535	18%		
ADPNL	ADP	Subsidiary of AUO	Purchases	49,395	100%	EOM 45 days	-	(4,270)	(100)%	USD	
ADPSZ	ADP	Subsidiary of AUO	Purchases	54,860	63%	EOM 45 days	-	(11,283)	(67)%	CNY	
ADPSZ	ADP	Subsidiary of AUO	Sales	(29,793)	(24)%	EOM 45 days	-	-	-		
ADPUS	ADP	Subsidiary of AUO	Sales	(5,400)	(100)%	EOM 45 days	-	-	-		
AETSZ	AUOKS	Subsidiary of AUO	Sales	(23,353)	(73)%	EOM 30 days	-	10,066	100%	CNY	
AMIXM	AUOXM	Subsidiary of AUO	Sales	(28,538)	(78)%	EOM 30 days	-	7,449	87%	CNY	
AUOKS	AUOSZ	Subsidiary of AUO	Purchases	231,494	9%	EOM 60 days	-	(50,015)	(5)%	CNY	
AUOKS	Qisda	Associate	Purchases	73,010	3%	EOM 120 days	-	(41,912)	(4)%	CNY	
AUOKS	Raydium	Associate	Purchases	40,670	2%	EOM 120 days	-	(18,031)	(2)%	CNY	
AUOKS	DPTW	Subsidiary of AUO	Purchases	133,305	5%	EOM 120 days	-	(64,756)	(7)%	CNY	
AUOKS	AUO	Ultimate parent company	Sales	(3,621,643)	(74)%	EOM 30 days	-	538,626	71%	CNY	
AUOKS	AUOXM	Subsidiary of AUO	Sales	(1,061,605)	(22)%	EOM 30 days	-	212,708	28%	CNY	
AUOSH	AUO	Ultimate parent company	Sales	(55,999)	(92)%	EOM 25 days	-	-	-		
AUOSK	AUO	Ultimate parent company	Sales	(3,664)	(74)%	EOM 45 days	-	957	79%	EUR	
AUOSZ	Qisda	Associate	Purchases	297,130	4%	EOM 120 days	-	(127,872)	(5)%	CNY	
AUOSZ	BMC	Subsidiary of Qisda	Purchases	210,150	3%	EOM 90 days	-	(55,493)	(2)%	CNY	
AUOSZ	Raydium	Associate	Purchases	435,412	6%	EOM 120 days	-	(159,232)	(6)%	CNY	

Company Name	Counterparty	Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchases /Sales	Amount (Note 2)	Percentage of Total Purchases /Sales	Credit Terms	Unit Price (Note 1)	Credit Terms (Note 1)	Ending Balance (Note 2)	Percentage of Total Notes /Accounts Receivable (Payable)	
AUOSZ	DPTW	Subsidiary of AUO	Purchases	CNY 324,063	4%	EOM 120 days	-	CNY	(108,842)	(4)%	
AUOSZ	Lextar	Subsidiary of Enmostar	Purchases	CNY 40,150	1%	EOM 120 days	-	CNY	(17,769)	(1)%	
AUOSZ	AUO	Ultimate parent company	Sales	CNY (9,086,098)	(97)%	EOM 45 days	-	CNY	2,614,257	98%	
AUOSZ	AUOKS	Subsidiary of AUO	Sales	CNY (231,494)	(2)%	EOM 60 days	-	CNY	50,015	2%	
AUOUS	AUO	Ultimate parent company	Purchases	USD 9,452	100%	EOM 75 days	-	USD	(2,129)	(100)%	
AUOUS	AUO	Ultimate parent company	Sales	USD (8,418)	(46)%	EOM 30 days	-	USD	-	-	
AUOXM	AUO	Ultimate parent company	Purchases	CNY 373,094	4%	EOM 45 days	-	CNY	-	-	
AUOXM	AUOKS	Subsidiary of AUO	Purchases	CNY 1,062,446	12%	EOM 30 days	-	CNY	(212,708)	(8)%	
AUOXM	DPXM	Subsidiary of AUO	Purchases	CNY 35,346	-	EOM 120 days	-	CNY	(15,978)	(1)%	
AUOXM	QCOS	Subsidiary of Qisda	Purchases	CNY 101,652	1%	EOM 120 days	-	CNY	(46,946)	(2)%	
AUOXM	BMC	Subsidiary of Qisda	Purchases	CNY 186,540	2%	EOM 90 days	-	CNY	(47,162)	(2)%	
AUOXM	Raydium	Associate	Purchases	CNY 401,322	5%	EOM 120 days	-	CNY	(126,619)	(5)%	
AUOXM	DPTW	Subsidiary of AUO	Purchases	CNY 345,814	4%	EOM 120 days	-	CNY	(111,080)	(4)%	
AUOXM	AUO	Ultimate parent company	Sales	CNY (8,399,757)	(81)%	EOM 45 days	-	CNY	2,420,133	86%	
AUST	AUO	Ultimate parent company	Sales	USD (122,289)	(99)%	EOM 45 days	-	USD	19,445	99%	
DPXM	AUOXM	Subsidiary of AUO	Sales	CNY (34,894)	(1)%	EOM 120 days	-	CNY	15,978	3%	
DPXM	DPTW	Subsidiary of AUO	Sales	CNY (403,409)	(15)%	EOM 90 days	-	CNY	109,095	19%	
FTWJ	Lextar	Subsidiary of Enmostar	Purchases	CNY 84,784	13%	EOM 120 days	-	CNY	(26,457)	(4)%	
FTWJ	DPTW	Subsidiary of AUO	Sales	CNY (1,090,013)	(99)%	EOM 90 days	-	CNY	370,847	100%	
M.Setek	ACTW	Subsidiary of AUO	Sales	JPY (4,497,416)	(80)%	EOM 45 days	-	JPY	1,605,805	97%	
Jector	ADP	Subsidiary of AUO	Purchases	211,799	53%	EOM 45 days	-	-	(67,067)	(60)%	
AET-YP	AETTW	Subsidiary of AUO	Purchases	371,725	99%	EOM 30 days	-	-	(139,255)	(99)%	
AETTW	AUO	Ultimate parent company	Sales	(483,414)	(42)%	EOM 60 days	-	-	98,266	36%	

Company Name	Counterparty	Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchases /Sales	Amount (Note 2)	Percentage of Total Purchases /Sales	Credit Terms	Unit Price (Note 1)	Credit Terms (Note 1)	Ending Balance (Note 2)	Percentage of Total Notes /Accounts Receivable (Payable)	
AETTW	AET-YP	Subsidiary of AUO	Sales	(320,606)	(28)%	EOM 30 days	-	-	139,255	52%	
ACTW	M.Setek	Subsidiary of AUO	Purchases	983,024	33%	EOM 45 days	-	-	(348,456)	(80)%	
ADP	AUO	Ultimate parent company	Purchases	24,328,447	96%	EOM 45 days	-	-	(3,305,015)	(94)%	
ADP	ADPNL	Subsidiary of AUO	Sales	(1,550,289)	(5)%	EOM 45 days	-	-	127,471	4%	
ADP	ADPSZ	Subsidiary of AUO	Sales	(218,299)	(1)%	EOM 45 days	-	-	47,741	1%	
ADP	Avocor	ADPNL represented as a director of Avocor	Sales	(103,720)	-	OA 90 days	-	-	120,859	3%	
ADP	QCOS	Subsidiary of Qisda	Sales	(335,474)	(1)%	EOM 45 days	-	-	39,841	1%	
ADP	Jector	Subsidiary of AUO	Sales	(198,298)	(1)%	EOM 45 days	-	-	63,569	2%	
ADP	DPTW	Subsidiary of AUO	Sales	(100,572)	-	EOM 45 days	-	-	18,677	1%	
DPTW	DPXM	Subsidiary of AUO	Purchases	1,777,682	22%	EOM 90 days	-	-	(472,779)	(21)%	
DPTW	FTWJ	Subsidiary of AUO	Purchases	4,805,636	60%	EOM 90 days	-	-	(1,607,699)	(70)%	
DPTW	AUO	Ultimate parent company	Sales	(2,780,342)	(35)%	EOM 60 days	-	-	409,822	19%	
DPTW	AUOKS	Subsidiary of AUO	Sales	(584,857)	(7)%	EOM 120 days	-	-	279,949	13%	
DPTW	AUOSZ	Subsidiary of AUO	Sales	(1,418,307)	(18)%	EOM 120 days	-	-	472,024	22%	
DPTW	AUOXM	Subsidiary of AUO	Sales	(1,511,810)	(19)%	EOM 120 days	-	-	480,463	22%	

Note 1: Transaction terms with related parties were similar to those with third parties, except for particular transactions with no similar transactions to compare with. For those transactions, transaction terms were determined in accordance with mutual agreements.

Note 2: All inter-company transactions among AUO and its subsidiaries have been eliminated in the consolidated financial statements.

AUO CORPORATION AND SUBSIDIARIES
Receivables from Related Parties with Amounts Exceeding NT\$100 Million or 20% of the Paid-in Capital
December 31, 2023
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 6

Company Name	Counterparty	Relationship	Ending Balance of Receivables (Note 3)	Turnover Rate	Overdue Receivables		Amounts Received in Subsequent Period (Note 1)	Allowance for Bad Debts
					Amount	Action Taken		
AUO	S4M	Subsidiary of AUO	112,930	(Note 2)	127	Will be collected in next period	-	-
AUO	AETTW	Subsidiary of AUO	205,132	(Note 2)	-	-	-	-
AUO	ACTW	Subsidiary of AUO	802,015	(Note 2)	-	-	-	-
AUO	SLEC	Subsidiary of SSEC	164,712	1.55	-	-	151,739	-
AUO	SFPC	Subsidiary of SSEC	301,347	5.18	-	-	-	-
AUO	MZEC	Subsidiary of SSEC	422,776	5.80	-	-	-	-
AUO	DPGE	Subsidiary of AUO	102,795	2.93	-	-	102,795	-
AUO	ADP	Subsidiary of AUO	4,366,847	(Note 2)	31,880	Collected in subsequent period	1,542,431	-
AUOKS	AUO	Ultimate parent company	538,626	7.29	CNY	Collected in subsequent period	CNY 312,463	-
AUOKS	AUOXM	Subsidiary of AUO	212,708	6.21	CNY	Collected in subsequent period	CNY 126,916	-
AUOLB	AUOKS	Subsidiary of AUO	42,887	(Note 2)	-	-	-	-
AUOSJ	AETSZ	Subsidiary of AUO	86,804	(Note 2)	-	-	-	-
AUOSJ	AUOKS	Subsidiary of AUO	402,568	(Note 2)	-	-	-	-
AUOSZ	AUO	Ultimate parent company	2,616,898	(Note 2)	CNY	Collected in subsequent period	CNY 834,100	-
AUOSZ	AUOKS	Subsidiary of AUO	555,285	(Note 2)	CNY	Collected in subsequent period	CNY 19,740	-
AUOXM	AUO	Ultimate parent company	2,420,133	3.86	CNY	Collected in subsequent period	CNY 1,217,242	-
AUOXM	AUOKS	Subsidiary of AUO	405,815	(Note 2)	CNY	Collected in subsequent period	CNY 335	-
AUST	AUO	Ultimate parent company	19,445	6.01	USD	-	9,329	-

Company Name	Counterparty	Relationship	Ending Balance of Receivables (Note 3)	Turnover Rate	Overdue Receivables		Amounts Received in Subsequent Period (Note 1)	Allowance for Bad Debts
					Amount	Action Taken		
BVXM	AUOKS	Subsidiary of AUO	CNY 100,326	(Note 2)	-	-	-	-
DPXM	DPTW	Subsidiary of AUO	CNY 116,305	(Note 2)	-	-	-	-
FPWJ	FTWJ	Subsidiary of AUO	CNY 50,648	(Note 2)	-	-	-	-
FTWJ	DPTW	Subsidiary of AUO	CNY 792,917	(Note 2)	-	-	CNY 219,941	-
M.Setek	ACTW	Subsidiary of AUO	JPY 1,605,805	1.81	JPY 967,739	Will be collected in next period	JPY 403,583	-
AETTW	AET-YP	Subsidiary of AUO	139,255	4.54	-	-	139,255	-
ADP	ADPNL	Subsidiary of AUO	127,471	15.08	-	-	70,758	-
ADP	Avocor	ADPNL represented as a director of Avocor	120,859	1.72	18,873	Collected in subsequent period	22,898	-
DPTW	AUO	Ultimate parent company	409,822	6.34	25,328	Will be collected in next period	-	-
DPTW	AUOKS	Subsidiary of AUO	279,949	3.20	-	-	-	-
DPTW	AUOSZ	Subsidiary of AUO	472,024	3.42	-	-	-	-
DPTW	AUOXM	Subsidiary of AUO	480,463	3.46	-	-	-	-
DPTW	FTWJ	Subsidiary of AUO	1,405,622	(Note 2)	-	-	489,370	-

Note 1: Until the late of January 2024.

Note 2: The ending balance includes other receivables from transactions not related to ordinary sales.

Note 3: All inter-company transactions among AUO and its subsidiaries have been eliminated in the consolidated financial statements.

AUO CORPORATION AND SUBSIDIARIES
Business Relationship and Significant Intercompany Transactions
For the year ended December 31, 2023
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 7

No.	Company Name	Counterparty	Nature of Relationship	Financial Statement Account	Inter-company Transactions			Percentage of Consolidated Net Revenue or Total Assets
					Amount	Trading Terms		
0	AUO	AUOXM	Parent to subsidiary	Net revenue	1,647,954	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days.	1%	
0	AUO	ADP	Parent to subsidiary	Net revenue	24,472,225	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days.	10%	
0	AUO	ADP	Parent to subsidiary	Receivables from related parties	4,366,847	-	1%	
1	AUOKS	AUO	Subsidiary to parent	Net revenue	3,621,643	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 30 days.	6%	
1	AUOKS	AUO	Subsidiary to parent	Receivables from related parties	538,626	-	1%	
1	AUOKS	AUOXM	Subsidiary to subsidiary	Net revenue	1,061,605	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 30 days.	2%	
2	AUOSZ	AUO	Subsidiary to parent	Net revenue	9,086,098	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days.	16%	
2	AUOSZ	AUO	Subsidiary to parent	Receivables from related parties	2,616,898	-	3%	
2	AUOSZ	AUOKS	Subsidiary to subsidiary	Receivables from related parties	555,285	-	1%	

Inter-company Transactions							
No.	Company Name	Counterparty	Nature of Relationship	Financial Statement Account	Amount	Trading Terms	Percentage of Consolidated Net Revenue or Total Assets
3	AUOXM	AUO	Subsidiary to parent	Net revenue	CNY 8,399,757	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days.	15%
3	AUOXM	AUO	Subsidiary to parent	Receivables from related parties	CNY 2,420,133	-	3%
4	AUST	AUO	Subsidiary to parent	Net revenue	USD 122,289	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days.	2%
5	DPXM	DPTW	Subsidiary to subsidiary	Net revenue	CNY 403,409	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 90 days.	1%
6	FTWJ	DPTW	Subsidiary to subsidiary	Net revenue	CNY 1,090,013	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 90 days.	2%
6	FTWJ	DPTW	Subsidiary to subsidiary	Receivables from related parties	CNY 792,917	-	1%
7	ADP	ADPNL	Subsidiary to subsidiary	Net revenue	1,550,289	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days.	1%
8	DPTW	AUO	Subsidiary to parent	Net revenue	2,780,342	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 60 days.	1%
8	DPTW	AUOSZ	Subsidiary to subsidiary	Net revenue	1,418,307	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 120 days.	1%
8	DPTW	AUOXM	Subsidiary to subsidiary	Net revenue	1,511,810	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 120 days.	1%

Note 1: This table discloses the information on inter-company sales and receivables which are accounted for 1% or more of the consolidated net revenue or the consolidated total assets, respectively. The information of the corresponding inter-company purchases and payables is no more disclosed herein.

Note 2: All inter-company transactions have been eliminated in the consolidated financial statements.

AUO CORPORATION AND SUBSIDIARIES
Information on Investees (Excluding Information on Investment in Mainland China)
For the year ended December 31, 2023
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated, and shares in thousands)

Table 8

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		December 31, 2023			Maximum Shareholding in the Interim	Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)				
AUO	AUOLB	Malaysia	Holding company	77,484,038	76,491,558	2,539,189	100.00%	78,405,680	3,553,086	3,553,086	Subsidiary	
AUO	AUONL	Netherlands	Sales support of TFT-LCD panels	24,275	24,275	50	100.00%	36,222	2,434	2,434	Subsidiary	
AUO	Konly	Taiwan ROC	Investment	7,262,604	7,226,603	432,432	100.00%	8,926,088	184,903	184,903	Subsidiary	
AUO	Ronly	Taiwan ROC	Investment	5,078,047	5,078,047	453,276	100.00%	4,635,095	(287,446)	(287,446)	Subsidiary	
AUO	DPTW	Taiwan ROC	Design, manufacturing, and sales of TFT-LCD modules, backlight modules, TV set and related parts	3,569,155	3,569,155	190,108	28.56%	2,634,090	114,659	32,751	Subsidiary	
AUO	ACTW	Taiwan ROC	Manufacturing and sale of ingots and solar wafers	15,687,921	15,687,921	242,565	100.00%	3,369,408	(398,798)	(398,798)	Subsidiary	
AUO	Qisda	Taiwan ROC	Manufacturing, sales and service of high-end displays, optical precision electronic products and functional film products; manufacturing, sales and service of products related to intelligent solutions; medical equipment and services; research, development, design, manufacturing and sales of network communication products	9,505,477	9,505,477	335,231	17.04%	9,797,059	2,962,492	375,147	Associate	

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		December 31, 2023			Maximum Shareholding in the Interim	Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)				
AUO	SAM	Taiwan ROC	Sales and leasing of content management system and hardware, and design of digital signage content and field curation	50,000	50,000	5,000	100.00%	15,257	(1,256)	(1,256)	Subsidiary	
AUO	AETW	Taiwan ROC	Planning and design of water treatment technology and EPC project, energy saving equipment and energy efficiency project, facility intelligent management and environmental sustainability solution, management consulting and software services relating to carbon emission.	424,050	424,050	42,405	100.00%	23,257	(242,127)	(257,911)	Subsidiary	
AUO	SSSEC	Taiwan ROC	Investment	2,170,000	2,170,000	217,000	31.00%	2,345,568	501,534	155,476	Associate	
AUO	CQIL	Israel	Holding company	1,182,621	1,182,621	39,974	100.00%	887,092	(3,368)	(3,368)	Subsidiary	
AUO	ADLINK	Taiwan ROC	Manufacturing and sales of hardware, software and peripheral devices of industrial computers	2,411,693	2,411,693	42,310	19.45%	2,195,010	276,249	(15,211)	Associate	
AUO	DPGE	Taiwan ROC	Solar power generation	950,000	350,000	41,250	100.00%	944,794	2,232	(5,287)	Subsidiary	
AUO	ADTHLD	Cayman Islands	Holding company	635,429	462,008	21,300	88.75%	215,362	(177,249)	(151,884)	Subsidiary	
AUO	ADTCM	Cayman Islands	Holding company	60,300	76,437	2,130	78.89%	21,537	(25,365)	(22,640)	Subsidiary	
AUO	AHTW	Taiwan ROC	Manufacturing, development and sales of medical equipments	5,000	5,000	500	100.00%	2,457	(333)	(333)	Subsidiary	
AUO	ADP	Taiwan ROC	Research, development and sales of display	369,555	369,555	200,000	100.00%	6,045,158	3,526,660	3,526,660	Subsidiary	
AUO	SREC	Taiwan ROC	Investment	288,828	288,828	28,883	32.01%	338,053	80,217	25,681	Subsidiary	
AUO	Ennostar	Taiwan ROC	Holding company	4,764,942	4,764,942	93,569	12.45%	6,015,186	(6,782,678)	(896,939)	Associate	
AUO	ACTW	Taiwan ROC	Design, development and sales of software and hardware for health care industry	30,000	30,000	3,000	100.00%	4,190	(10,436)	(10,436)	Subsidiary	
AUO	AET-YP	Taiwan ROC	Investment and construction in public construction, and wastewater (sewage) treatment	15,000	15,000	1,500	8.82%	(15,123)	(340,281)	(30,025)	Subsidiary	

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		December 31, 2023			Maximum Shareholding in the Interim	Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)				
AUO	SINTRONES	Taiwan ROC	R&D, manufacturing and sales of in-vehicle computers and peripherals and other applications	91,507	-	1,471	7.02%	84,514	68,662	1,802	Associate (Note 6)	
Konly	DPTW	Taiwan ROC	Design, manufacturing, and sales of TFT-LCD modules, backlight modules, TV set and related parts	703,795	703,795	42,598	6.40%	590,229	114,659	7,339	Subsidiary	
Konly	Raydium	Taiwan ROC	IC Design	175,857	175,857	11,454	15.10%	1,693,983	1,442,791	217,867	Associate	
Konly	Daxin	Taiwan ROC	Research, development, manufacturing and sales of display and semiconductor related fine chemicals	154,748	154,748	19,114	18.61%	583,305	523,354	97,388	Associate	
Konly	Qisda	Taiwan ROC	Manufacturing, sales and service of high-end displays, optical precision electronic products and functional film products; manufacturing, sales and service of products related to intelligent solutions; medical equipment and services; research, development, design, manufacturing and sales of network communication products	1,363,481	1,363,481	50,145	2.55%	1,465,483	2,962,492	56,116	Associate	
Konly	SSEC	Taiwan ROC	Investment	140,000	140,000	14,000	2.00%	151,327	501,534	10,031	Associate	
Konly	SkyREC Ltd.	BVI	Business intelligence and AI video management system	-	46,016	-	-	-	(3,005)	-	(Note 7)	
Konly	ADLINK	Taiwan ROC	Manufacturing and sales of hardware, software and peripheral devices of industrial computers	988,837	988,837	15,944	7.33%	865,239	276,249	(37,457)	Associate	
Konly	AUES	Taiwan ROC	Services related to educational activities and site rental	4,000	4,000	400	100.00%	12,484	8,199	8,199	Subsidiary	
Konly	IOC	Taiwan ROC	R&D of color e-paper related technology, and processing product design and development	-	20,000	-	-	-	(129,531)	(7,990)	(Note 7)	
Konly	SREC	Taiwan ROC	Investment	13,533	13,533	1,353	1.50%	15,840	80,217	1,203	Subsidiary	

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		December 31, 2023			Maximum Shareholding in the Interim	Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)				
Konly	Enostar	Taiwan ROC	Holding company	1,180,491	1,180,491	16,413	2.18%	1,088,766	(6,782,678)	(174,113)	Associate	
Konly	Naidun-tech Co., Ltd.	Taiwan ROC	Solution provider to improve the performance and reliability of semiconductor components	39,997	39,997	8,733	22.03%	10,837	(20,668)	(4,552)	Associate	
Konly	SINTRONES	Taiwan ROC	R&D, manufacturing and sales of in-vehicle computers and peripherals and other applications	155,233	-	2,730	13.03%	157,352	68,662	3,343	Associate (Note 6)	
DPTW	BVLB	Malaysia	Holding company	-	1,051,289	-	-	-	-	-	(Note 5)	
DPTW	DPLB	Malaysia	Holding company	3,877,666	4,350,631	76,846	100.00%	4,683,810	786,298	798,676	Subsidiary	
DPTW	FHVI	BVI	Holding company	2,362,321	2,362,321	22,006	100.00%	1,983,341	92,960	91,817	Subsidiary	
DPTW	FFMI	Mauritius	Holding company	274,700	274,700	653	100.00%	123,788	10,083	9,913	Subsidiary	
DPTW	DSC	Thailand	International trade	3,740	3,740	40	40.00%	12,462	2,165	866	Associate	
DPTW	Shine Biomedical Technology Corporation	Taiwan ROC	Development, design, manufacturing and sales of facial masks and cosmetics	36,720	-	3,672	34.00%	36,676	(130)	(48)	Associate	
ACTW	ACMK	Malaysia	Manufacturing and sale of solar wafers	-	121,444	-	-	-	(370)	(369)	(Note 5)	
ACTW	SDMC	Taiwan ROC	Holding company	1,988,488	1,988,488	167,216	100.00%	2,201,771	236,318	317,312	Subsidiary	
SDMC	M.Setek	Japan	Manufacturing and sale of ingots	23,596,398	23,596,398	11,404,184	99.9991%	2,144,568	236,764	236,762	Subsidiary	
ADP	ADPNL	Netherlands	Sales and sales support of display and holding company	1,205,493	811,798	-	100.00%	1,249,767	(19,460)	(19,460)	Subsidiary	
ADP	Jector	Taiwan ROC	Introduction of smart field construction and other related software and hardware solutions	120,000	120,000	12,000	78.43%	128,792	9,853	7,579	Subsidiary	
ADP	DentLabX	Taiwan ROC	Sales of management platform and solutions relating to dental digital information	17,000	-	1,700	85.00%	15,324	(1,971)	(1,676)	Subsidiary	
SREC	SGPC	Taiwan ROC	Solar power generation	820,000	820,000	56,811	100.00%	725,438	60,420	56,345	Subsidiary	
SREC	EGPC	Taiwan ROC	Solar power generation	280,000	280,000	24,500	100.00%	317,423	27,007	25,005	Subsidiary	

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		December 31, 2023			Maximum Shareholding in the Interim	Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)				
AETT	AET-YP	Taiwan ROC	Investment and construction in public construction, and wastewater (sewage) treatment	124,050	124,050	12,405	72.97%	(125,063)	(340,281)	(248,305)	Subsidiary	
Ronly	DPTW	Taiwan ROC	Design, manufacturing, and sales of TFT-LCD modules, backlight modules, TV set and related parts	845,510	845,510	40,509	6.09%	561,284	114,659	6,979	Subsidiary	
Ronly	Raydium	Taiwan ROC	IC Design	240,647	240,647	669	0.88%	188,635	1,442,791	(24,392)	Associate	
Ronly	Daxin	Taiwan ROC	Research, development, manufacturing and sales of display and semiconductor related fine chemicals	70,021	70,021	6,312	6.15%	192,629	523,354	32,161	Associate	
Ronly	ADLINK	Taiwan ROC	Manufacturing and sales of hardware, software and peripheral devices of industrial computers	809,508	809,508	13,175	6.06%	800,289	276,249	(16,108)	Associate	
Ronly	IOC	Taiwan ROC	R&D of color e-paper related technology, and processing product design and development	-	68,400	-	-	-	(129,531)	(27,324)	(Note 7)	
Ronly	Ennostar	Taiwan ROC	Holding company	1,245,456	1,245,456	20,686	2.75%	1,386,646	(6,782,678)	(224,891)	Associate	
Ronly	Zhao Feng Energy Co., Ltd.	Taiwan ROC	Energy technical services	160,000	160,000	16,000	20.00%	149,636	(33,243)	(6,649)	Associate	
Ronly	RP	Taiwan ROC	Production/visual effects/LED virtual production	50,000	50,000	315	21.39%	47,571	6,292	(5,486)	Associate	
Ronly	YTTEK	Taiwan ROC	5G SDR platform-a pure software platform, 5G non-signaling tester, 5G mm wave FEM, 28GHz 2-way up/down converter, beam calibration solution	146,812	146,812	6,673	27.53%	115,407	(28,187)	(27,084)	Associate	
Ronly	FYPC	Taiwan ROC	Renewable energy power generation	11,000	-	1,100	100.00%	10,741	(259)	(259)	Subsidiary	
Ronly	ZYPC	Taiwan ROC	Renewable energy power generation	3,000	-	300	100.00%	2,840	(160)	(160)	Subsidiary	
AUOLB	AUOUS	United States	Sales and sales support of TFT-LCD panels	USD 1,000	USD 1,000	1,000	100.00%	USD 3,432	USD 686	USD 686	Subsidiary	

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		December 31, 2023			Maximum Shareholding in the Interim	Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)				
AUOLB	AUOIP	Japan	Sales support of TFT-LCD panels	USD 276	USD 276	1	100.00%	USD 1,605	USD	88 USD	88 Subsidiary	
AUOLB	AUOKR	South Korea	Sales support of TFT-LCD panels	USD 155	USD 155	-	100.00%	USD 1,353	USD	89 USD	89 Subsidiary	
AUOLB	AUOSK	Slovakia Republic	Repairing of TFT-LCD modules	USD 1,359	USD 1,359	-	100.00%	USD 5,342	USD	329 USD	329 Subsidiary	
AUOLB	AUST	Singapore	Manufacturing TFT-LCD panels based on low temperature polysilicon technology	USD 222,365	USD 241,487	907,114	100.00%	USD 31,570	USD	(36,554) USD	(36,554) Subsidiary	
AUOLB	AUVI	United States	Research and development and IP related business	USD 5,000	USD 5,000	5,000	100.00%	USD 6,587	USD	193 USD	193 Subsidiary	
AUOLB	BVLB	Malaysia	Holding company	-	USD 85,171	-	-	-	70.29%	-	(Note 5)	
AUOLB	AUOSG	Singapore	Holding company and sales support of TFT-LCD panels	USD 1,840,928	USD 9,958	2,777,106	100.00%	USD 1,964,491	USD	84,021 USD	84,021 Subsidiary	
AUOSG	AEUS	United States	Support of solar-related products	USD 1,194	USD 1,194	1,194	100.00%	USD 562	USD	(11) USD	(11) Subsidiary	
AUOSG	AUOVN	Vietnam	Manufacturing, assembly and sales of TFT-LCD modules	USD 20,922	-	-	100.00%	USD 20,748	USD	(174) USD	(174) Subsidiary	
DPLB	DPHK	Hong Kong	Holding company	USD 87,785	USD 103,785	10	100.00%	USD 154,088	USD	25,218 USD	25,218 Subsidiary (Note 4)	
FHVI	FTMI	Mauritius	Holding company	USD 6,503	USD 6,503	6,503	100.00%	USD 49,944	USD	2,415 USD	2,415 Subsidiary	
FHVI	FWSA	Samoa	Holding company	USD 19,000	USD 19,000	19,000	100.00%	USD 16,104	USD	567 USD	567 Subsidiary	
ADTCM	ADTHLD	Cayman Islands	Holding company	USD 2,700	USD 2,700	2,700	11.25%	USD 889	USD	(5,685) USD	(814) Subsidiary	
ADPNL	ADPUS	United States	Sales and sales support of display	USD 1,500	USD 1,500	1	100.00%	USD 1,790	USD	148 USD	148 Subsidiary	
ADPNL	ADPJP	Japan	Sales and sales support of display	USD 508	USD 508	1	100.00%	USD 414	USD	24 USD	24 Subsidiary	
ADPNL	RVI	Canada	Design, sales and sales support of digital signage content management system	USD 29,454	USD 27,204	29,564	100.00%	USD 27,083	USD	(296) USD	(1,576) Subsidiary	
ADPNL	RVU	United States	Design and sales support of digital signage content management system	USD 198	USD 198	1	100.00%	USD 484	USD	258 USD	258 Subsidiary	

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		December 31, 2023			Maximum Shareholding in the Interim	Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)				
ADTHLD	ADTSG	Singapore	Holding company, and sales of software and hardware integration system relating to intelligent manufacturing and software development	USD 22,300	USD 16,800	22,300	100.00%	USD 6,161	USD (5,751)	(5,751)	Subsidiary	
ADTSG	ADTTW	Taiwan ROC	Design and sales of software and hardware integration system and equipment, software development and consulting services relating to intelligent manufacturing	USD 2,013	USD 2,013	6,000	100.00%	USD 236	USD (504)	(504)	Subsidiary	
M.Setek	Ichijo Seisakusho Co., Ltd.	Japan	Manufacturing of automatic machinery and equipment and related parts	JPY 5,000	JPY 5,000	-	38.46%	-	-	-	Associate (Note 3)	
CQL	CQHLD	United Kingdom	Holding company	USD 26,548	USD 26,548	635,730	100.00%	USD 26,251	USD (6)	(6)	Subsidiary	
CQHLD	CQUK	United Kingdom	Sales and sales support of content management system	-	GBP 1,874	-	-	-	GBP (74)	(74)	(Note 5)	
CQHLD	CQUS	United States	Sales of content management system and hardware	GBP 19,948	GBP 19,948	13	100.00%	GBP 11,542	GBP (17)	(17)	Subsidiary	
CQHLD	CQCA	Canada	Research and development of content management system	GBP 798	GBP 798	-	100.00%	GBP 899	GBP 163	163	Subsidiary	
CQUS	JRUK	United Kingdom	Development and sales of content management system and sales of the related hardware	USD 1,500	USD 1,500	1	100.00%	USD 1,724	USD (41)	(41)	Subsidiary	
CQUS	JRUS	United States	Development and sales of content management system and sales of the related hardware	USD 8,000	USD 8,000	18	100.00%	USD 6,303	USD (238)	(238)	Subsidiary	

Note 1: All inter-company transactions among AUO and its subsidiaries have been eliminated in the consolidated financial statements.

Note 2: Inclusive of the amortization of differences between the investment cost and the entity's share of the net value of investee, and the effect of upstream and sidestream transactions.

Note 3: The carrying amount includes accumulated impairment loss.

Note 4: The registration of the alteration of DPHK's common stock has not been completed.

Note 5: The liquidation process of CQUK, ACMK and BVLB were completed in February 2023, June 2023 and September 2023, respectively.

Note 6: On and from February 2023, the investment in SINTRONES has been accounted for using the equity method. See Note 6(3) for the relevant information.

Note 7: Ceased applying the equity method over SkyREC Ltd. and IOC in March 2023 and December 2023, respectively.

AUO CORPORATION AND SUBSIDIARIES
Information on Investment in Mainland China

For the year ended December 31, 2023

(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 9

I. AUO :

(1) Related information on investment in Mainland China

Investee Company	Main Activities	Total Amount of Paid-in Capital (Note 2)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023 (Note 2)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023 (Note 2)	Net Income (Loss) of Investee (Notes 4 and 5)	% Ownership through Direct or Indirect Investment	Maximum Shareholding in the Interim	Investor's Share of Profit (Loss) of Investee (Notes 4 and 5)	Carrying Amount of the Investment as of December 31, 2023 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2023	Note
					Outflow	Inflow								
ACTSZ	Design, development and sales of software and hardware for health care industry	185,554	(Note 1)	-	-	-	-	(31,408)	100%	100%	(31,408)	28,971	-	
ADTSZ	Business management consulting, services of technology promotion and application, and platform services of industrial cloud	552,924	(Note 1)	414,693	138,231	-	552,924	(166,046)	100%	100%	(166,046)	105,099	-	
AETSD	Planning, design and development of construction project for environmental protection and related project management	8,630	(Note 1)	-	-	-	-	(3)	100%	100%	(3)	2,377	-	
AETSZ	Planning, design and development of construction project for environmental protection and related project management	51,782	(Note 1)	-	-	-	-	(27,140)	100%	100%	(27,140)	9,426	-	
AMISZ	Development, sales and licensing of software and hardware relating to intelligent manufacturing, and related consulting services	245,966	(Note 1)	-	-	-	-	(52,290)	100%	100%	(52,290)	49,380	-	

Investee Company	Main Activities	Total Amount of Paid-in Capital (Note 2)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023 (Note 2)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023 (Note 2)	Net Income (Loss) of Investee (Notes 4 and 5)	% Ownership through Direct or Indirect Investment	Maximum Shareholding in the Interim	Investor's Share of Profit (Loss) of Investee (Notes 4 and 5)	Carrying Amount of the Investment as of December 31, 2023 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2023	Note
					Outflow	Inflow								
AMIXM	Sales of software and hardware relating to intelligent manufacturing, and related consulting services	51,782	(Note 1)	-	-	-	-	(2,701)	100%	100%	(2,701)	24,246	-	
ATISZ	Design and sales of software and hardware integration system and equipment relating to intelligent manufacturing	135,929	(Note 1)	-	-	-	-	(27,492)	100%	100%	(27,492)	33,855	-	
AUOKS	Manufacturing and sales of TFT-LCD panels	32,898,978	(Note 1)	34,253,949	-	-	34,253,949	689,866	100%	100%	689,866	21,344,066	-	
AUOSH	Sales support of TFT-LCD panels	460,770	(Note 1)	30,718	-	-	30,718	(44,131)	100%	100%	(44,131)	251,376	-	
AUOSJ	Leasing	3,317,544	(Note 1)	2,457,440	-	-	2,457,440	110,009	100%	100%	110,009	3,706,575	-	
AUOSZ	Manufacturing, assembly and sales of TFT-LCD modules	14,314,588	(Note 1)	6,143,600	-	-	6,143,600	1,193,825	100%	100%	1,193,825	17,564,029	-	
AUOXM	Manufacturing, assembly and sales of TFT-LCD modules	13,945,972	(Note 1)	7,679,500	-	-	7,679,500	2,024,978	100%	100%	2,024,978	16,293,338	-	
BVXM	Sales of liquid crystal products and related parts; leasing	2,589,120	(Note 1)	-	-	-	-	23,478	100%	100%	23,478	1,360,548	-	
PFSZ	Sales and consulting services of virtual data scientist platform for manufacturing	28,049	(Note 1)	-	-	-	-	(8,757)	51%	51%	(4,466)	9,920	-	

(2) Upper limit on investment in Mainland China

Accumulated Investment in Mainland China as of December 31, 2023 (Note 2)	Investment Amounts Authorized by Investment Commission, MOEA (Note 2)	Upper Limit on Investment Stipulated by Investment Commission, MOEA (Note 3)
51,118,131 (USD1,664,110)	80,907,452 (USD1,702,948 and HKD60,000 and CNY6,572,210)	99,214,522

Note 1: Indirect investments in Mainland China through companies registered in a third region.

Note 2: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the exchange rates at the reporting date.

Note 3: Pursuant to the Regulations Governing Permission for Investment and Technical Cooperation in the Mainland Area, AUO's accumulated investments in Mainland China did not exceed the upper limit on investment amount or ratio stipulated by the Investment Commission, Ministry of Economic Affairs ("MOEA").

Note 4: Amounts were recognized based on the investees' audited financial statements.

Note 5: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the average exchange rates for the year of 2023.

2. DPTW and ADP:

(1) Related information on investment in Mainland China

Investee Company	Main Activities	Total Amount of Paid-in Capital (Note 4)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023 (Note 4)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023 (Note 4)	Net Income (Loss) of Investee (Notes 2 and 5)	% Ownership through Direct or Indirect Investment	Maximum Shareholding in the Interim	Investor's Share of Profit (Loss) of Investee (Notes 2 and 5)	Carrying Amount of the Investment as of December 31, 2023 (Note 4)	Accumulated Inward Remittance of Earnings as of December 31, 2023 (Note 4)	Note
					Outflow	Inflow								
ADPSZ	Sales and sales support of display	61,436	(Note(1))	61,436	-	-	61,436	20,221	100%	100%	20,221	89,404	-	
DPSZ	Manufacturing and sale of backlight modules and related parts	-	(Note(2))	460,770	-	(460,770)	-	3,939	-	100%	3,939	-	2,563,941	(Note 8)
DPXM	Manufacturing and sales of liquid crystal products, backlight modules and related parts	2,150,260	(Note(2))	2,150,260	-	-	2,150,260	760,082	100%	100%	760,082	4,733,277	1,931,982	
FHWJ	Manufacturing and sale of backlight modules and related parts	199,667	(Note(2))	251,888	-	-	251,888	10,083	100%	100%	10,083	74,253	-	
FPWJ	Manufacturing, sales and trading of precision plastic parts	890,822	(Note(2))	583,642	-	-	583,642	26,962	100%	100%	26,962	738,687	-	(Note 7)
FTWJ	Manufacturing and sale of backlight modules and related parts	1,075,130	(Note(2))	199,667	-	-	199,667	65,997	100%	100%	65,997	1,290,154	432,342	(Note 6)
Talenda	Manufacturing of electronic components	64,728	(Note(1))	-	-	-	-	(3,711)	51%	-	(1,893)	30,704	-	

(2) Upper limit on investment in Mainland China

Entity	Accumulated Investment in Mainland China as of December 31, 2023 (Note 4)	Investment Amounts Authorized by the Investment Commission, MOEA (Notes 4 and 9)	Upper Limit on Investment Stipulated by the Investment Commission, MOEA (Note 3)
DPTW	3,185,457 (USD103,700)	5,142,511 (USD167,410)	5,533,063
ADP	61,436 (USD2,000)	153,590 (USD5,000)	3,667,878

Note 1: (1) Direct investments in Mainland China.

(2) Indirect investments in Mainland China through companies registered in a third region.

Note 2: Amounts were recognized based on the investees' audited financial statements.

Note 3: Pursuant to the Regulations Governing Permission for Investment and Technical Cooperation in the Mainland Area, DPTW's and ADP's accumulated investments in Mainland China did not exceed the upper limit on investment amount or ratio stipulated by the Investment Commission, Ministry of Economic Affairs ("MOEA").

Note 4: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the exchange rates at the reporting date.

Note 5: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the average exchange rates for the year of 2023.

Note 6: The amount of paid-in capital includes the capitalization of retained earnings amounting to USD28,500 thousand for the years from 2005 to 2007.

Note 7: The amount of paid-in capital includes the capital injection of USD10,000 thousand from the offshore holding company, which was originally from FTWJ's appropriation of earnings.

Note 8: The liquidation process was completed in December 2023.

Note 9: The accumulated approved amount over the years amounted to USD248,526 thousand (including the capitalization of retained earnings of USD81,116 thousand). In addition, the surplus repatriated amounted to USD194,050 thousand, which can be used to deduct the accumulated amount of investment.

AUO CORPORATION
Parent Company Only Financial Statements
With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022

The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

Independent Auditors' Report

To the Board of Directors of AUO Corporation:

Opinion

We have audited the parent company only financial statements of AUO Corporation (“the Company”), which comprise the balance sheets as of December 31, 2023 and 2022, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2023 and 2022, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for each of the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by 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 Financial Statements* section of our report. We are independent of the Company 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 requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Impairment of long-term non-financial assets (including goodwill)

Refer to Note 4(14) “Impairment – non-financial assets”, Note 5(1) and Note 5(2) “Critical Accounting Judgments and Key Sources of Estimations and Assumptions Uncertainty”, Note 6(7) “Property, Plant and Equipment”, Note 6(8) “Lease Arrangements” and Note 6(10) “Intangible Assets” to the parent company only financial statements.

Description of key audit matter:

The Company operates in an industry with high investment costs, has goodwill through the acquisition of subsidiaries, and may experience volatility in response to changes in the external market; hence, it is important to assess the impairment of its long-term non-financial assets (including goodwill). The impairment assessment includes identifying cash-generating units, determining a valuation model, determining significant assumptions, and computing recoverable amounts. With the complexity of the impairment assessment process and the involvement of significant management judgment regarding assumptions used, this is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding and testing the Company's controls surrounding the impairment assessment and testing process; assessing whether there are impairment indications for the identified cash-generating units of the Company and its related assets; understanding and assessing the appropriateness of the valuation model used by the management in the impairment assessment and the significant assumptions used to determine related assets' future cash flows projection, useful lives, and weighted-average cost of capital; retrospectively reviewing the accuracy of assumptions used in prior-period estimates and performing a sensitivity analysis of key assumptions and results; in addition to the above audit procedures, appointing specialists to evaluate the appropriateness of the weighted-average cost of capital used and related assumptions; performing an inquiry of the management and identifying any event after the balance sheet date if able to affect the results of the impairment assessment; and assessing the adequacy of the Company's disclosures of its policy on impairment of noncurrent non-financial assets and other related disclosures.

2. Revenue recognition

Refer to Note 4(17) "Revenue from contracts with customers" and Note 6(17) "Revenue from Contracts with Customers" to the parent company only financial statements.

Description of key audit matter:

Revenue is recognized when the control over a product has been transferred to the customer as specified in each individual contract with customers. The Company recognizes revenue depending on the various sales terms in each individual contract with customers to ensure the performance obligation has been satisfied by transferring control over a product to a customer. In addition, the Company operates in an industry in which revenue is considered to be complex in determining the timing of revenue recognition. Consequently, this is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding and testing the Company's controls surrounding revenue recognition; assessing whether appropriate revenue recognition policies are applied through comparison with accounting standards and understanding the Company's main revenue types, its related sales agreements, and sales terms; on a sample basis, inspecting contracts with customers or customers' orders and assessing whether the accounting treatment of the related contracts (including sales terms) is applied appropriately; performing a test of details of sales revenue and understanding the rationale for any identified significant sales fluctuations and any significant reversals of revenue through sales discounts and sales returns which incurred within a certain period before or after the balance sheet date; and assessing the adequacy of the Company's disclosures of its revenue recognition policy and other related disclosures.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's 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 the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (inclusive of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 parent company only financial statements.

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

1. Identified and assessed the risks of material misstatement of the parent company only 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. Obtained 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 the Company's internal control.
3. Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Concluded 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 the Company's 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 parent company only 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 the Company to cease to continue as a going concern.

5. Evaluated the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtained sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicated 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 identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicated 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 determined those matters that were of most significance in the audit of the parent company only financial statements of the current period 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 audit resulting in this independent auditors' report are Yu, Chi-Lung and Yu, Wan-Yuan.

KPMG

Hsinchu, Taiwan (Republic of China)
January 31, 2024

Notes to Readers

The accompanying parent company only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. The standards, procedures and practices to such parent company only financial statements are those generally accepted and applied in the Republic of China.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
AUO CORPORATION

Balance Sheets

December 31, 2023 and 2022

(Expressed in thousands of New Taiwan dollars)

	December 31, 2023		December 31, 2022		December 31, 2023		December 31, 2022	
	Amount	%	Amount	%	Amount	%	Amount	%
Assets								
Current assets:								
1100 Cash and cash equivalents (Note 6(1))	\$ 30,581,959	9	42,441,718	12	2120			
1110 Financial assets at fair value through profit or loss—current (Note 6(2))	132,527	-	169,455	-	2170			
1170 Notes and accounts receivable, net (Note 6(4))	14,795,145	4	12,408,519	4	2180			
1180 Accounts receivable from related parties, net (Notes 6(4)&7)	4,612,869	1	5,347,662	2	2213			
1210 Other receivables from related parties (Note 7)	2,137,997	1	2,050,395	-	2220			
1220 Current tax assets	280,343	-	21,306	-	2230			
130X Inventories (Note 6(5))	17,158,208	5	17,295,755	5	2250			
1410 Prepayments (Note 6(11))	1,531,715	-	1,833,558	1	2280			
1476 Other current financial assets (Notes 6(4)&(17))	2,068,906	1	1,530,474	-	2399			
1479 Other current assets (Note 6(11))	74,836	-	153,245	-	2322			
	<u>73,374,505</u>	<u>21</u>	<u>83,252,087</u>	<u>24</u>				
Noncurrent assets:								
1517 Financial assets at fair value through other comprehensive income—noncurrent (Note 6(3))	-	-	85,362	-	2527			
1550 Investments in equity-accounted investees (Notes 6(6)&7)	126,941,076	37	124,210,952	35	2540			
1600 Property, plant and equipment (Notes 6(7),7&8)	116,683,030	34	118,164,834	33	2550			
1755 Right-of-use assets (Notes 6(8))	7,352,001	2	7,810,704	2	2570			
1760 Investment property (Note 6(9))	465,868	-	465,868	-	2600			
1780 Intangible assets (Notes 6(10))	9,426,902	3	9,464,184	3				
1840 Deferred tax assets (Notes 6(21))	7,765,164	2	5,656,311	2				
1900 Other noncurrent assets (Notes 6(11),(14),7&8)	2,798,920	1	2,850,401	1				
	<u>271,432,961</u>	<u>79</u>	<u>268,708,616</u>	<u>76</u>				
Total Assets	\$ 344,807,466	100	351,960,703	100				
Liabilities and Equity								
Current liabilities:								
Financial liabilities at fair value through profit or loss—current (Notes 6(2))								
Notes and accounts payable	16,836,244	5	18,037,634	5				
Accounts payable to related parties (Note 7)	27,432,932	8	24,231,794	7				
Equipment and construction payable (Note 7)	4,366,588	1	4,002,367	1				
Other payables to related parties (Note 7)	224,275	-	249,047	-				
Current tax liabilities	-	-	509,975	-				
Provisions—current (Note 6(13))	1,828,855	1	443,197	-				
Lease liabilities—current (Note 6(8))	409,888	-	401,297	-				
Other current liabilities (Notes 6(17)&(18))	18,189,980	5	17,913,439	5				
Current installments of long-term borrowings (Notes 6(12)&8)	9,018,000	3	10,371,000	3				
	<u>78,313,579</u>	<u>23</u>	<u>76,249,526</u>	<u>21</u>				
Noncurrent liabilities:								
Contract liabilities—noncurrent (Note 6(17))	6,239,558	2	8,739,846	3				
Long-term borrowings, excluding current installments (Notes 6(12)&8)	89,289,344	26	68,197,393	19				
Provisions—noncurrent (Note 6(13))	642,461	-	609,175	-				
Deferred tax liabilities (Note 6(21))	2,860,412	1	4,078,266	1				
Lease liabilities—noncurrent (Note 6(8))	7,233,981	2	7,654,368	2				
Other noncurrent liabilities	1,060,924	-	1,333,038	-				
	<u>107,326,680</u>	<u>31</u>	<u>90,612,086</u>	<u>26</u>				
Total liabilities	185,640,259	54	166,861,612	47				
Equity (Note 6(15)):								
Common stock	76,993,961	22	76,993,961	22				
Capital surplus	54,998,829	16	61,942,210	18				
Retained earnings	31,899,740	9	50,078,752	14				
Other components of equity	(4,484,899)	(1)	(3,620,305)	(1)				
Treasury shares	(240,424)	-	(295,527)	-				
	<u>159,167,207</u>	<u>46</u>	<u>185,099,091</u>	<u>53</u>				
Total equity	\$ 344,807,466	100	351,960,703	100				
Total Liabilities and Equity	\$ 344,807,466	100	351,960,703	100				

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
AUO CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan dollars, except for Earnings (loss) per share)

	2023		2022	
	Amount	%	Amount	%
4110 Revenue	\$216,433,131	101	217,686,089	101
4190 Less: sales return and discount	1,752,337	1	2,515,723	1
Net revenue (Notes 6(17)&7)	214,680,794	100	215,170,366	100
5000 Cost of sales (Notes 6(5),(8),(14),(18),(19)&7)	222,806,471	104	225,776,767	105
Gross loss	(8,125,677)	(4)	(10,606,401)	(5)
Operating expenses (Notes 6(8),(14),(16),(18),(19)&7):				
6100 Selling and distribution expenses	3,008,733	1	3,029,807	1
6200 General and administrative expenses	4,970,709	2	4,631,479	2
6300 Research and development expenses	10,075,719	5	10,129,375	5
Total operating expenses	18,055,161	8	17,790,661	8
Loss from operations	(26,180,838)	(12)	(28,397,062)	(13)
Non-operating income and expenses:				
7100 Interest income (Notes 6(20)&7)	421,509	-	386,558	-
7010 Other income (Notes 6(3),(20)&7)	849,906	-	862,214	-
7020 Other gains and losses (Notes 6(6),(7),(10),(20)&7)	(1,127,151)	(1)	(1,200,499)	(1)
7050 Finance costs (Notes 6(7),(8)&(20))	(2,298,117)	(1)	(1,127,843)	-
7060 Share of profit of equity-accounted investees (Note 6(6))	5,776,406	3	8,383,800	4
Total non-operating income and expenses	3,622,553	1	7,304,230	3
7900 Loss before income tax	(22,558,285)	(11)	(21,092,832)	(10)
7950 Less: income tax expense (benefit) (Note 6(21))	(4,355,011)	(2)	8,542	-
8200 Loss for the year	(18,203,274)	(9)	(21,101,374)	(10)
8300 Other comprehensive income (Notes 6(3),(6),(14)&(21)):				
8310 Items that will never be reclassified to profit or loss				
8311 Remeasurement of defined benefit obligations	4,260	-	58,558	-
8316 Unrealized gain (loss) on equity investments at fair value through other comprehensive income	(401)	-	19,373	-
8330 Equity-accounted investees – share of other comprehensive income	401,933	-	(1,324,473)	(1)
8349 Related tax	(852)	-	(11,712)	-
	404,940	-	(1,258,254)	(1)
8360 Items that are or may be reclassified subsequently to profit or loss				
8361 Foreign operations – foreign currency translation differences	(96,911)	-	7,463,944	3
8380 Equity-accounted investees – share of other comprehensive income	(1,403,006)	-	(4,511,574)	(2)
8399 Related tax	254,645	-	(485,287)	-
	(1,245,272)	-	2,467,083	1
8300 Other comprehensive income (loss), net of tax	(840,332)	-	1,208,829	-
8500 Total comprehensive income (loss) for the year	\$ (19,043,606)	(9)	(19,892,545)	(10)
Earnings (loss) per share (NT\$, Note 6(22))				
9750 Basic earnings (loss) per share	\$ (2.37)		(2.39)	
9850 Diluted earnings (loss) per share	\$ (2.37)		(2.39)	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

AUO CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022
(Expressed in thousands of New Taiwan dollars)

	Capital Stock				Retained Earnings				Subtotal	Cumulative Translation Differences	Comprehensive Income	Subtotal	Treasury Shares	Total Equity
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Special Reserve	Unappropriated Earnings	Subtotal						
Balance at January 1, 2022	96,242,451	60,057,001	8,427,144	3,270,303	68,972,551	80,669,998	(4,873,573)	130,391	(4,743,182)	(439,228)	231,787,040			
Appropriation of earnings:	-	-	-	-	(5,326,268)	-	-	-	-	-	-			
Legal reserve	-	-	5,326,268	-	(1,472,878)	-	-	-	-	-	-			
Special reserve	-	-	-	1,472,878	(9,575,824)	-	-	-	-	-	(9,575,824)			
Cash dividends distributed to shareholders	-	-	-	-	(21,101,374)	(21,101,374)	-	-	-	-	(21,101,374)			
Loss for the year	-	-	-	-	44,298	44,298	2,467,083	(1,302,552)	1,164,531	-	1,208,829			
Other comprehensive income (loss), net of tax	-	-	-	-	(21,057,076)	(21,057,076)	2,467,083	(1,302,552)	1,164,531	-	(19,892,545)			
Total comprehensive income (loss) for the year	-	-	-	-	-	-	-	-	-	-	1,095			
Donations from shareholders	-	-	-	-	-	-	-	-	-	-	1,812,907			
Adjustments for changes in investees' equity	-	1,812,907	-	-	-	-	-	-	-	96,842	(19,151,648)			
Capital reduction	(19,248,490)	-	-	-	-	-	-	-	-	46,859	118,066			
Share-based payments	-	71,207	-	-	-	-	-	-	-	-	-			
Disposal of equity investments measured at fair value through other comprehensive income	-	-	-	-	41,654	41,654	-	(41,654)	(41,654)	-	-			
Balance at December 31, 2022	76,993,961	61,942,210	13,753,412	4,743,181	31,582,159	50,078,752	(2,406,490)	(1,213,815)	(3,620,305)	(295,527)	183,099,091			
Appropriation of earnings:	-	-	-	-	1,122,876	-	-	-	-	-	-			
Reversal of special reserve	-	-	-	(1,122,876)	(18,203,274)	(18,203,274)	-	-	-	-	(18,203,274)			
Loss for the year	-	-	-	-	44,759	44,759	(1,245,272)	360,181	(885,091)	-	(840,332)			
Other comprehensive income (loss), net of tax	-	-	-	-	(18,158,515)	(18,158,515)	(1,245,272)	360,181	(885,091)	-	(19,043,606)			
Total comprehensive income (loss) for the year	-	-	-	-	-	-	-	-	-	-	(6,134,305)			
Cash distribution from capital surplus	-	(6,134,305)	-	-	-	-	-	-	-	-	-			
Donations from shareholders	-	-	-	-	-	-	-	-	-	-	3,712			
Differences between consideration and carrying amount arising from acquisition or disposal of interest in subsidiary	-	(16,137)	-	-	-	-	-	-	-	-	(16,137)			
Adjustments for changes in investees' equity	-	(874,753)	-	-	-	-	-	-	-	-	(874,753)			
Share-based payments	-	78,104	-	-	-	-	-	-	-	55,103	133,207			
Disposal of equity investments measured at fair value through other comprehensive income	-	-	-	-	(20,497)	(20,497)	-	20,497	20,497	-	-			
Balance at December 31, 2023	76,993,961	54,998,829	13,753,412	3,620,305	14,526,023	31,899,740	(3,651,762)	(833,137)	(4,484,899)	(240,424)	159,167,207			

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

AUO CORPORATION

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan dollars)

	2023	2022
Cash flows from operating activities:		
Loss before income tax	\$ (22,558,285)	(21,092,832)
Adjustments for:		
- depreciation	20,541,130	19,845,290
- amortization	37,282	118,802
- losses (gains) on financial instruments at fair value through profit or loss, net	(46,031)	11,461
- interest expense	2,239,466	976,170
- interest income	(421,509)	(386,558)
- dividend income	-	(1,559)
- compensation costs of share-based payments	53,357	70,352
- share of profit of equity-accounted investees	(5,776,406)	(8,383,800)
- gains on disposals of property, plant and equipment	(24,783)	(3,192)
- impairment losses on assets	126,460	1,121,772
- unrealized foreign currency exchange losses (gains)	(282,867)	560,099
- others	58,651	138,935
Changes in operating assets and liabilities:		
- accounts receivable	(3,253,947)	36,027,128
- receivables from related parties	1,001,917	2,550,124
- inventories	137,547	4,395,797
- net defined benefit assets	(569)	3,090
- other operating assets	(9,850)	255,505
- contract liabilities	(476,498)	(1,551,093)
- notes and accounts payable	(163,676)	(7,438,696)
- payables to related parties	3,176,366	(9,207,644)
- provisions	1,439,229	(449,572)
- other operating liabilities	(2,025,796)	(9,058,509)
Cash inflow (outflow) generated from operations	(6,228,812)	8,501,070
Interest received	423,231	389,937
Dividends received	2,949,113	3,810,426
Interest paid	(2,210,241)	(930,473)
Income taxes paid	(346,641)	(6,244)
Net cash provided by (used in) operating activities	(5,413,350)	11,764,716

(Continued)

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
AUO CORPORATION

Statements of Cash Flows (Continued)

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan dollars)

	2023	2022
Cash flows from investing activities:		
Disposals of financial assets at fair value through profit or loss	-	5,440
Disposals of financial assets at amortized cost	-	10,000,000
Acquisitions of equity-accounted investees	(2,565,902)	(5,993,878)
Proceeds from capital reduction of equity-accounted investees	764,000	-
Acquisitions of property, plant and equipment	(18,294,568)	(18,135,881)
Disposals of property, plant and equipment	25,880	516,127
Decrease (increase) in refundable deposits	(86,731)	95,645
Decrease (increase) in other receivables from related party	505,000	(140,000)
Decrease in other financial assets	6,035	-
Net cash used in investing activities	(19,646,286)	(13,652,547)
Cash flows from financing activities:		
Proceeds from short-term borrowings	2,800,000	-
Repayments of short-term borrowings	(2,800,000)	-
Proceeds from long-term borrowings	50,723,300	59,583,475
Repayments of long-term borrowings	(31,043,000)	(21,814,000)
Payment of lease liabilities	(405,769)	(401,791)
Increase in received guarantee deposits	1,375	-
Cash dividends and cash distribution from capital surplus	(6,134,305)	(9,575,824)
Capital reduction payments to shareholders	-	(19,151,648)
Treasury shares sold to employees	73,011	46,718
Others	3,712	1,095
Net cash provided by financing activities	13,218,324	8,688,025
Effect of exchange rate change on cash and cash equivalents	(18,447)	20,586
Net increase (decrease) in cash and cash equivalents	(11,859,759)	6,820,780
Cash and cash equivalents at January 1	42,441,718	35,620,938
Cash and cash equivalents at December 31	\$ 30,581,959	42,441,718

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
AUO CORPORATION

Notes to the Parent Company Only Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan dollars, unless otherwise indicated)

1. Organization

AUO Corporation (“AUO” or “the Company”) was founded on August 12, 1996 and is located in Hsinchu Science Park, the Republic of China (“ROC”). AUO’s main activities are the research, development, production and sale of thin film transistor liquid crystal displays (“TFT-LCDs”) and other flat panel displays used in a wide variety of applications. AUO also engages in the production and sale of solar modules and systems. AUO’s common shares have been publicly listed on the Taiwan Stock Exchange since September 2000, and its American Depositary Shares (“ADSs”) have been listed on the New York Stock Exchange (“NYSE”) since May 2002. On and from October 1, 2019, AUO’s ADSs has delisted from the NYSE and begun trading on the over-the-counter (“OTC”) market. Further on January 27, 2021, AUO’s ADSs and underlying ordinary shares was officially cancelled from the registration of the United States Securities and Exchange Commission and its reporting obligations under the U.S. Securities Exchange Act was terminated.

On September 1, 2001, October 1, 2006 and October 1, 2016, Unipac Optoelectronics Corp. (“Unipac”), Quanta Display Inc. (“QDI”) and Taiwan CFI Co., Ltd. (“CFI”) were merged with and into AUO, respectively. AUO is the surviving Company, whereas Unipac, QDI and CFI were dissolved.

In order to advance AUO’s value transformation strategy, to accelerate the extension of the value chain and enhance the overall operating performance, upon the resolution of the shareholders’ meeting held on June 17, 2020, AUO demerged and transferred the business of the General Display and the Public Information Display, including assets, liabilities and the operations, to its wholly-owned subsidiary, AUO Display Plus Corporation (“ADP”). ADP issued new shares to AUO as the consideration. The effective date of the demerger was set on January 1, 2021.

2. The Authorization of Financial Statements

These parent company only financial statements were authorized for issue by the Board of Directors of AUO on January 31, 2024.

3. Application of New and Revised Standards, Amendments and Interpretations

- (1) Impact of adoption of new, revised or amended standards and interpretations endorsed by the Financial Supervisory Commission, ROC (“FSC”).

The Company has adopted the amendments to the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations (collectively, “IFRSs”) with effective date from January 1, 2023. The adoption does not have a material impact on the Company’s parent company only financial statements.

k Amendments to IAS 1, *Disclosure of Accounting Policies*

k Amendments to IAS 8, *Definition of Accounting Estimates*

(Continued)

AUO CORPORATION
Notes to the Parent Company Only Financial Statements

- k Amendments to IAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
 - k Amendments to IAS 12, *International Tax Reform—Pillar Two Model Rules*
- (2) Impact of the IFRS that have been endorsed by the FSC but not yet in effect

The Company assessed that the adoption of the following amendments, effective for annual period beginning on January 1, 2024, would not have a material impact on its parent company only financial statements:

- k Amendments to IAS 1 *Classification of Liabilities as Current or Non-current*
 - k Amendments to IAS 1 *Non-current Liabilities with Covenants*
 - k Amendments to IAS 7 and IFRS 7 *Supplier Finance Arrangements*
 - k Amendments to IFRS 16 *Lease Liability in a Sale and Leaseback*
- (3) The IFRSs issued by International Accounting Standards Board (“IASB”) but not yet endorsed by the FSC

New, revised or amended standards and interpretations issued by the IASB but not yet endorsed by the FSC are listed below:

- k Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture*
- k IFRS 17 *Insurance Contracts* and amendments to IFRS 17 *Insurance Contracts*
- k Amendments to IAS 21 *Lack of Exchangeability*

As of the date that the accompanying parent company only financial statements were issued, the Company continues in assessing the impact on its financial position and results of operations as a result of the application of abovementioned standards and interpretations except for IFRS 17, Insurance Contracts and the amendments to IFRS 17 that are not relevant to the Company. The related impact will be disclosed when the assessment is complete.

4. Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of these parent company only financial statements are set out as below. The significant accounting policies have been applied consistently to all periods presented in these parent company only financial statements.

- (1) Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”).

(Continued)

AUO CORPORATION
Notes to the Parent Company Only Financial Statements

(2) Basis of preparation

a. Basis of measurement

The parent company only financial statements have been prepared on the historical cost basis except for the following material items in the balance sheets:

- (i) Financial instruments at fair value through profit or loss (including derivative financial instruments) (Note 6(2));
- (ii) Financial assets at fair value through other comprehensive income (Note 6(3));
- (iii) Defined benefit asset (liability) is recognized as the fair value of the plan assets less the present value of the defined benefit obligation (Note 6(14)).

b. Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The parent company only financial statements are presented in New Taiwan Dollar (“NTD”), which is also the Company’s functional currency. All financial information presented in NTD has been rounded to the nearest thousand, unless otherwise noted.

(3) Foreign currency transactions and operations

- a. Transactions in foreign currencies are translated to the functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date and the resulting exchange differences are included in profit or loss for the year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date when the fair value was determined. The resulting exchange differences are included in profit or loss for the year except for those arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items in foreign currencies that are measured at historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences arising from the effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges are recognized in other comprehensive income.

- b. For the purpose of presenting parent company only financial statements, the assets and liabilities of the Company’s foreign operations are translated into NTD using exchange rates at the reporting date. Income and expenses of foreign operations are translated at the average exchange rates for the period unless the exchange rates fluctuate significantly during the period; in that case, the exchange rates at the dates of the transactions are used. Foreign currency differences are recognized in other comprehensive income and accumulated in equity.

(Continued)

AUO CORPORATION
Notes to the Parent Company Only Financial Statements

(4) Classification of current and non-current assets and liabilities

An asset is classified as current when:

- a. The asset expected to realize, or intends to sell or consume, in its normal operating cycle;
- b. The asset primarily held for the purpose of trading;
- c. The asset expected to realize within twelve months after the reporting date; or
- d. Cash and cash equivalent excluding the asset restricted to be exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non-current.

A liability is classified as current when:

- a. The liability expected to settle in its normal operating cycle;
- b. The liability primarily held for the purpose of trading;
- c. The liability is due to be settled within twelve months after the reporting date; or
- d. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments, do not affect its classification.

All other liabilities are classified as non-current.

(5) Cash and cash equivalents

Cash comprises cash balances and demand deposits. Cash equivalents comprise short-term highly liquid investments that are readily convertible into known amount of cash and are subject to an insignificant risk of changes in their fair value. Time deposits with short-term maturity but not for investments and other purposes and are qualified with the aforementioned criteria are classified as cash equivalent.

(6) Financial instruments

a. Financial assets

(i) Classification of financial assets

The Company classifies financial assets into the following categories: financial assets at amortized cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss. When, and only when, the Company changes its business model for managing financial assets it shall reclassify all affected financial assets.

(Continued)

AUO CORPORATION
Notes to the Parent Company Only Financial Statements

(a) Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

- i. it is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- ii. its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are initially recognized at fair value, plus any directly attributable transaction costs. Subsequently, these assets are measured at amortized cost using the effective interest method, less any impairment losses. Interest income, foreign exchange gains and losses, and recognition (reversal) of impairment losses, are recognized in profit or loss.

(b) Financial assets at fair value through other comprehensive income

On initial recognition, the Company is able to make an irrevocable election to present subsequent changes in the fair value of investments in equity instruments that is not held for trading in other comprehensive income. This election is made on an instrument-by-instrument basis.

Such financial assets are initially recognized at fair value, plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein are recognized in other comprehensive income and accumulated in equity—unrealized gains (losses) on financial assets at fair value through other comprehensive income, except for dividends deriving from equity investments which are recognized in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. When an investment is derecognized, the cumulative gain or loss in equity will not be reclassified to profit or loss, instead, is reclassified to retained earnings.

Dividends on investments in equity instruments are recognized on the date that the Company's right to receive the dividends is established.

(c) Financial assets at fair value through profit or loss

All financial assets not classified as at amortized cost or at fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes all derivative financial assets.

Such financial assets are initially recognized at fair value, and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, they are measured at fair value and changes therein are recognized in profit or loss.

(Continued)

AUO CORPORATION
Notes to the Parent Company Only Financial Statements

(ii) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets at amortized cost, including cash and cash equivalents, receivables, refundable deposits and other financial assets, etc., and contract assets. Loss allowances for financial assets are deducted from the gross carrying amount of the assets. The recognition or reversal of the loss allowance is recognized in profit or loss.

The expected credit loss is the weighted average of credit losses with the respective risks of a default occurring on the financial instrument as the weights.

The Company measures the loss allowance for a financial instrument at an amount equal to lifetime expected credit losses, except for the financial instrument that is determined to have low credit risk at the reporting date and the credit risk thereof has not increased significantly since initial recognition, which is measured at an amount equal to the 12-month expected credit losses. For trade receivables and contract assets, the Company measures their loss allowances at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant. This includes both qualitative and quantitative information and analysis, based on the Company's historical experience and credit assessment as well as forward-looking information.

In the circumstance that a financial asset is past due or the borrower is unlikely to pay its credit obligations to the Company in full, the Company considers the credit risk on that financial asset has significantly increased, or further, to be in default.

At each reporting date, the Company assesses whether financial assets at amortized cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

(iii) De-recognition of financial assets

The Company derecognizes financial assets when the contractual rights to the cash flows from the asset expire, or when the Company transfers substantially all the risks and rewards of ownership of the financial assets to another entity.

b. Financial liabilities

(i) Classification of financial liabilities

The Company classifies financial liabilities into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities.

(Continued)

AUO CORPORATION
Notes to the Parent Company Only Financial Statements

(a) Financial liabilities at fair value through profit or loss

The Company designates financial liabilities as held for trading for the purpose of hedging exposure to foreign exchange risk arising from operating and financing activities. When a financial liability is not effective as a hedge, the Company accounts for it as a financial liability at fair value through profit or loss.

The Company accounts for financial liabilities, other than the one mentioned above, as at fair value through profit or loss at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities in this category are subsequently measured at fair value and changes therein, which takes into account any interest expense, are recognized in profit or loss.

(b) Other financial liabilities

Financial liabilities not classified as held for trading, or not designated as at fair value through profit or loss (including loans and borrowings, trade and other payables), are measured at fair value, plus any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method, except for insignificant recognition of interest expense from short-term borrowings and payables. Interest expense not capitalized as an asset cost is recognized in profit or loss.

(ii) De-recognition of financial liabilities

The Company derecognizes financial liabilities when the contractual obligation has been discharged, cancelled or expired. The difference between the carrying amount and the consideration paid or payable, including any non-cash assets transferred or liabilities assumed is recognized in profit or loss.

c. Offsetting of financial assets and liabilities

The Company presents financial assets and liabilities on a net basis in the balance sheet when the Company has the legally enforceable rights to offset, and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(7) Inventories

The cost of inventories includes all necessary expenditures and charges for bringing the inventory to a stable, useable and marketable condition and location. The production overhead is allocated to finished goods and work in progress based on the normal capacity of the production facilities. Subsequently, inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted-average method. Net realizable value is calculated based on the estimated selling price less all estimated costs of completion and the estimated costs necessary to make the sale.

(Continued)

AUO CORPORATION
Notes to the Parent Company Only Financial Statements

(8) Investments in associates and joint ventures

Associates are those entities in which the Company and its subsidiaries have the power to exercise significant influence, but not control or joint control, over their financial and operating policies.

Joint venture is a joint arrangement whereby the Company and other parties agreed to share the control of the arrangement, and have rights to the net assets of the arrangement. Unanimous consent from the parties sharing control is required when making decisions for the relevant activities of the arrangement.

Investments in associates or joint ventures are accounted for using the equity method and are recognized initially at cost. The parent company only financial statements include the Company's share of the profit or loss and other comprehensive income of associates or joint ventures, after adjustments are made to align their accounting policies with those of the Company. When an associate or a joint venture incurs changes in its equity not derived from profit or loss and other comprehensive income, the Company recognizes all the equity changes in proportion to its ownership interest in the associate or joint venture as capital surplus provided that the ownership interest in the associate or joint venture remains unchanged.

The difference between acquisition cost and fair value of associates' or joint ventures' identifiable assets and liabilities as of the acquisition date is accounted for as goodwill. Goodwill is included in the original investment cost of acquired associates or joint ventures and is not amortized. If the fair value of identified assets and liabilities is in excess of acquisition cost, the remaining excess over acquisition cost is recognized as a gain in profit or loss.

The Company discontinues the use of the equity method from the date when its investment ceases to be an associate or a joint venture, and then measures the retained interests at fair value at that date. The difference between the carrying amount of the investment at the date the equity method was discontinued and the fair value of the retained interests along with any proceeds from disposing of a part interest in the associate or joint venture is recognized in profit or loss. Moreover, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would be required if the investee had directly disposed of the related assets or liabilities.

When the Company subscribes for additional shares in an associate or 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 Company's proportionate interest in the net assets of the associate or joint venture. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the capital surplus arising from investment accounted for under the equity method in associates or joint ventures is insufficient to offset with the said corresponding amount, the differences will be charged or credited to retained earnings.

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AUO CORPORATION
Notes to the Parent Company Only Financial Statements

If the Company's ownership interest in an associate or a joint venture is reduced due to disposal of or disproportionate subscription to the shares, but the Company continues to apply the equity method, the Company shall reclassify to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest on the same basis as would be required if the investee had directly disposed of the related assets or liabilities.

At the end of each reporting period, if there is any indication of impairment, the entire carrying amount of the investment including goodwill is tested for impairment as a single asset, by comparing its recoverable amount with its carrying amount. An impairment loss recognized forms part of the carrying amount of the investment in associates or joint ventures. Accordingly, any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

Profits and losses resulting from the transactions between the Company and associates or joint ventures are recognized in the Company's parent company only financial statements only to the extent of interests in the associate or joint venture that are not related to the Company.

When the Company's share of losses exceeds its interest in an associate or a joint venture, the carrying amount of that interest, including any long-term investments that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has a legal or constructive obligation, or has made payments on behalf of the investee.

(9) Investment in subsidiaries

The investees which are controlled by the Company are measured under equity method in preparing the parent company only financial statement. The profit or loss, other comprehensive income and equity in the parent company only financial statement are equal to the profit or loss, other comprehensive income and equity attributable to the shareholders of parent in the consolidated financial statement. The Company prepares the consolidated financial statement quarterly comprising of the Company and its subsidiaries.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing of control over the subsidiary are accounted for as equity transaction.

(10) Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition. Subsequent to initial recognition, investment properties are measured using the cost model. Depreciation is charged and recognized in non-operating income and expenses based on the depreciable amount. Depreciation methods, useful lives and residual values are in accordance with the policy of property, plant and equipment. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

An investment property is reclassified to property, plant and equipment at its carrying amount when the use of the investment property changes.

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(11) Property, plant and equipment

a. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset, any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and any borrowing cost that is eligible for capitalization. The cost of the software is capitalized as part of the equipment if the purchase of the software is necessary for the equipment to be capable of operating.

When part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item and the useful life or the depreciation method of the significant part is different from another significant part of that same item, it is accounted for as a separate item (significant component) of property, plant and equipment.

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and is recognized in profit or loss.

b. Subsequent costs

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. Ongoing repairs and maintenance expenses are recognized in profit or loss as incurred.

c. Depreciation

Depreciation is determined by depreciable amount allocated over the estimated useful lives of the respective assets, considering significant components of an individual asset on a straight-line basis. If a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Depreciation charge is recognized in profit or loss.

Leased assets are depreciated over their useful lives if it is reasonably certain that the Company will obtain ownership by the end of the lease term. Otherwise, leased assets are depreciated over the shorter of the lease term and their useful lives.

Except for land, which is not depreciated, the estimated useful lives of the assets are as follows:

- (i) Buildings: 20~50 years
- (ii) Machinery and equipment: 6~9 years
- (iii) Other equipment: 3~6 years

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Depreciation methods, useful lives, and residual values are reviewed at each annual reporting date and, if necessary, adjusted as appropriate. Any changes therein are accounted for as changes in accounting estimates.

d. Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment purpose.

(12) Leases

a. Identifying a lease

A contract is, or contains, a lease when all the following conditions are satisfied:

- (i) the contract involves the use of an identified asset, and the supplier does not have a substantive right to substitute the asset; and
- (ii) the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use; and
- (iii) the Company has the right to direct the use of the identified asset throughout the period of use.

b. As a lessee

Payments for leases of low-value assets and short-term leases are recognized as expenses on a straight-line basis during the lease term for which the recognition exemption is applied. Except for leases described above, a right-of-use asset and a lease liability shall be recognized for all other leases at the lease commencement date.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the lease payments (including fixed payments and variable lease payments that depend on an index or a rate), discounted using the lessee's incremental borrowing rate. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred in restoring the underlying asset.

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The right-of-use asset is subsequently depreciated using the straight-line method over the shorter of the useful life of the right-of-use asset or the lease term. The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured (i) if there is a change in the lease term; (ii) if there is a change in future lease payments arising from a change in an index or a rate; (iii) if there is a change in the amounts expected to be payable under a residual value guarantee; or (iv) if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in the circumstances aforementioned, a corresponding adjustment is made to the carrying amount of the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss.

Moreover, the lease liability is remeasured when lease modifications occur that decrease the scope of the lease. The Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognizes in profit or loss any gain or loss relating to the partial or full termination of the lease.

c. As a lessor

Lease income from an operating lease is recognized in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the asset leased to others and recognized as an expense on a straight-line basis over the lease term.

(13) Intangible assets

a. Goodwill

Goodwill is recognized when the purchase price exceeds the fair value of identifiable net assets acquired in a business combination. Goodwill is measured at cost less accumulated impairment losses.

Equity-method goodwill is included in the carrying amounts of the equity investments. The impairment losses for the goodwill within the equity-accounted investees are accounted for as deductions of carrying amounts of investments in equity-accounted investees.

b. Research and development

During the research phase, activities are carried out to obtain and understand new scientific or technical knowledge. Expenditures during this phase are recognized in profit or loss as incurred.

Expenditure arising from development is capitalized as an intangible asset when the Company demonstrates all of the following:

- (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale;

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- (ii) its intention to complete the intangible asset and use or sell it;
- (iii) its ability to use or sell the intangible asset;
- (iv) the probability that the intangible asset will generate probable future economic benefits;
- (v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development expenditure which fails to meet the criteria for recognition as an intangible asset is reflected in profit or loss when incurred. Capitalized development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.

c. Other intangible assets

Other intangible assets acquired are measured at cost less accumulated amortization and any accumulated impairment losses.

d. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

e. Amortization

The depreciable amount of an intangible asset is the cost less its residual value. Other than goodwill and intangible assets with indefinite useful life, an intangible asset with a finite useful life is amortized over 3 to 20 years using the straight-line method from the date that the asset is made available for use. The amortization charge is recognized in profit or loss.

The residual value, amortization period, and amortization method are reviewed at least annually at each annual reporting date, and any changes therein are accounted for as changes in accounting estimates.

(14) Impairment – non-financial assets

Other than inventories, deferred tax assets and noncurrent assets held for sale, the carrying amounts of the Company's investment property measured at cost and other long-term non-financial assets (property, plant and equipment, right-of-use assets and other intangible assets with finite useful lives), are reviewed at the reporting date to determine whether there is any indication of impairment. When there is an indication of impairment exists for the aforementioned assets, the recoverable amount of the asset is estimated. If it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset has been allocated to.

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In performing an impairment test for other long-term non-financial assets, the estimated recoverable amount is evaluated in terms of an asset or a CGU. Any excess of the carrying amount of the asset or its related CGU over its recoverable amount is recognized as an impairment loss. The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value in use.

If there is evidence that the accumulated impairment loss of an asset other than goodwill and intangible assets with indefinite useful lives in prior years no longer exists or has decreased, the amount previously recognized as an impairment loss is reversed, and the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount. The increased carrying amount shall not exceed the carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the asset in prior years.

For goodwill and intangible assets with indefinite useful lives or that are not yet available for use, are required to be tested for impairment at least annually. Any excess of the carrying amount of the asset over its recoverable amount is recognized as an impairment loss.

For the purpose of impairment test, goodwill acquired in a business combination is allocated to CGUs that are expected to benefit from the synergies of the combination. If the recoverable amount of a CGU is less than its carrying amount, the difference is allocated first to reduce the carrying amount of any goodwill allocated to the unit, then the carrying amounts of the other assets in the unit on a pro rata basis. The impairment loss recognized on goodwill is not reversed in a subsequent period.

(15) Provisions

A provision is recognized when the Company has a present obligation arising from a past event, it is probable that the Company will be required to make an outflow of resources embodying economic benefits to settle the obligation, and the amount of the obligation can be estimated reliably. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as interest expense.

a. Warranties

A provision for warranties is recognized when the underlying products or services are sold. The provision is weighting factors based on historical experience of warranty claims rate and other possible outcomes against their associated probabilities.

b. Onerous contracts

A provision for onerous contracts is recognized when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

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c. Litigation

Management periodically assesses the obligation of all litigation and claims and relative legal costs. Provision for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recognized when it is probable the present obligation as a result of a past event will result in an outflow of resources and the amount can be reasonably estimated.

Provisions recognized are the best estimates of the expenditure for settling the present obligation at each reporting date.

(16) Treasury shares

Where the Company repurchases its common stock that has been issued, the consideration paid, including all directly attributable costs is recorded as treasury share and deducted from equity. When treasury share is reissued, the excess of sales proceeds over cost is accounted for as capital surplus – treasury shares. If the sales proceeds are less than cost, the deficiency is accounted for as a reduction of capital surplus arising from similar types of treasury shares. If such capital surplus is insufficient to cover the deficiency, the remainder is recorded as a reduction of retained earnings. The carrying amount of treasury share is calculated using the weighted-average cost of different types of repurchase.

If treasury share is retired, the weighted-average cost of the retired treasury share is written off against the par value and the capital surplus premium, if any, of the stock retired on a pro rata basis. If the weighted-average cost written off exceeds the sum of the par value and the capital surplus premium, the difference is accounted for as a reduction of capital surplus – treasury shares, or a reduction of retained earnings for any deficiency where capital surplus – treasury shares is insufficient to cover the difference. If the weighted-average cost written off is less than the sum of the par value and the capital surplus premium, if any, of the stock retired, the difference is accounted for as an increase in capital surplus – treasury shares.

(17) Revenue from contracts with customers

Revenue is measured based on the consideration that the Company expects to be entitled in the transfer of goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. The following is a description of the Company's major revenues:

a. Sales of goods

Revenue is recognized when the control over a product has been transferred to the customer. The transfer of control refers to the product has been delivered to and accepted by the customer without remaining performance obligations from the Company. Delivery occurs when the product has been shipped to the specified location and the risk of loss over the product has been transferred to the customer, as well as when the product has been accepted by the customer according to the terms of sales contract, or when the Company has objective evidence that all criteria for acceptance have been satisfied.

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For certain contracts with volume discounts offer to customers, revenue is recognized on a net basis of contract price less estimated volume discounts, and only to the extent that it is highly probable that a significant reversal will not occur. The amount of volume discounts is estimated based on the expected value with reference to the historical experience, and is recorded as refund liability (presented under other current liabilities).

Trade receivable is recognized when the Company is entitled for unconditional right to receive payment upon delivery of goods to customers. The consideration received in advance from the customer according to the sales contract but without delivery of goods is recognized as a contract liability, for which revenue is recognized when the control over the goods is transferred to the customer.

The Company provides standard warranties for goods sold and has obligation to refund payments for defective goods, in which the Company has recognized provisions for warranties to fulfill the obligation. Refer to Note 4(15) for further details.

b. Construction contracts

For construction contracts, revenue is recognized progressively based on the progress towards complete satisfaction of contract activities, and only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

If the Company cannot reasonably measure its progress towards complete satisfaction of performance obligations in accordance with the construction contracts, revenue is recognized only to the extent of contract costs incurred that it is expected to be recoverable.

The consideration is paid by the customer according to the agreed payment terms. The excess of the amount that has been recognized as revenue over the amount that the Company has issued a bill is recognized as a contract asset. When the entitlement to the payment becomes unconditional, the contract asset is transferred to receivables.

A contract liability is recognized for an advance consideration that the Company has billed to customers arising from construction contracts. When the construction is completed and accepted by the customers, the contract liability is transferred to revenue.

If there are changes in circumstances, the estimates of revenue, cost and the progress towards complete satisfaction of contract will be amended. Any changes therein are recognized in profit or loss during the period in which the changes and amendments are made.

The Company provides standard warranties for construction contracts and has recognized provisions for warranties to fulfill the obligation. Refer to Note 4(15) for further details.

c. Financing components

The Company expects that the length of time when the Company transfers the goods or services to the customer and when the customer pays for those goods or services will be less than one year. Therefore, the amount of consideration is not adjusted for the time value of money.

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(18) Employee benefits

a. Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

b. Defined benefit plans

The Company's net obligation in respect of defined benefit pension plans is calculated separately for each benefit plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. Discount rate is determined by reference to the yield rate of Taiwan government bonds at the reporting date. The calculation of defined benefit obligations is performed annually by a qualified actuary using the Projected Unit Credit Cost Method.

Remeasurements of the net defined benefit liability (asset) which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized in other comprehensive income in the period in which they occur, and which then are reflected in retained earnings and will not be reclassified to profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

c. Short-term employee benefits

Short-term employee benefit obligations, which are due to be settled within twelve months are measured on an undiscounted basis and are expensed as the related service is provided.

The expected cost of cash bonus or profit-sharing plans, which is anticipated to be paid within one year, are recognized as a liability when the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(19) Share-based payment arrangements

The fair value of equity-settled share-based payment arrangements at the grant date is recognized as compensation cost, together with a corresponding increase in equity, over the periods in which the employees become unconditionally entitled to the awards. The amount of the compensation cost recognized as an expense is adjusted to reflect the number of awards whose related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the fair value of the share-based payment at the grant date is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

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For cash-settled share-based payment transactions, a liability equal to the portion of the goods or services received is recognized at its current fair value determined at each reporting date and at the date of settlement, with any changes in the fair value recognized in profit or loss of the period.

(20) Income taxes

Income tax expense comprises current and deferred taxes.

a. Current taxes

Current taxes comprise the expected tax payable or receivable on the taxable income or losses for the year and any adjustments to tax payable or receivable in respect of previous years. It is measured using the statutory tax rate or the actual legislative tax rate at the reporting date.

In accordance with the ROC Income Tax Act, undistributed earnings is subject to an additional surtax. The surtax on unappropriated earnings is expensed in the year the shareholders approved the distributions which is the year subsequent to the year the earnings arise.

b. Deferred taxes

Deferred taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes at the reporting date. Deferred tax liabilities are recognized for temporary difference of future taxable income. Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at annual reporting date, by considering global economic environment, industry environment, statutory tax deduction years and projected future taxable income, and reduced to the extent that it is no longer probable that future taxable profits will be available to allow all or part of the deferred tax asset to be recovered. Deferred tax assets which originally not recognized is also reviewed at annual reporting date and recognized to the extent that it is probable that future taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred taxes liabilities for taxable temporary differences related to investments in subsidiaries, associates and joint arrangements are recognized, unless the Company is able to control the timing of the reversal of the taxable temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when the reverse, using the statutory tax rate or the actual legislative tax rate on the reporting date. Deferred tax assets and liabilities are offset only if certain criteria are met.

Current taxes and deferred taxes are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

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(21) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing profit or loss attributable to the shareholders of the Company by the weighted-average number of common shares outstanding during the period. In computing diluted earnings per share, profit or loss attributable to the shareholders of the Company and the weighted-average number of common shares outstanding during the period are adjusted for the effects of dilutive potential common stock, assuming dilutive share equivalents had been issued. The Company's potential dilutive common shares comprise the estimate of employee compensation to be distributed in the form of stock.

The weighted-average outstanding shares are retroactively adjusted for the effects of stock dividends transferred from retained earnings or capital surplus to common stock.

(22) Operating segments

The Company has provided the operating segments disclosure in the consolidated financial statements. Thus, disclosure of the segment information in the parent company only financial statements is waived.

5. Critical Accounting Judgments and Key Sources of Estimations and Assumptions Uncertainty

The preparation of the parent company only financial statements in conformity with the Regulations requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed by management on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments, estimates and assumptions in applying accounting policies that have the significant effect on the amounts recognized in the parent company only financial statements is included in the following notes:

(1) Impairment of long-term non-financial assets, other than goodwill

In the process of evaluating the potential impairment of tangible and intangible assets other than goodwill, the Company is required to make subjective judgments in determining the independent cash flows, useful lives, expected future income and expenses related to the specific asset groups with the consideration of the usage mode of asset and the nature of industry. Any changes in these estimates based on changed economic conditions or business strategies could result in significant impairment charges or reversal in future years.

(2) Impairment of goodwill

The assessment of impairment of goodwill requires the Company to make subjective judgment to determine the identified CGUs, allocate the goodwill to relevant CGUs and estimate the recoverable amount of relevant CGUs. Any changes in these estimates based on changed economic conditions or business strategies could result in significant adjustments.

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(3) Recognition of deferred tax assets

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred tax assets can be utilized. Assessment of the realization of the deferred tax assets requires management's subjective judgment and estimate, including the future revenue growth and profitability, the sources of taxable income, the amount of tax credits can be utilized and feasible tax planning strategies. Changes in the global economic environment, the industry trends and relevant laws and regulations may result in adjustments to the deferred tax assets.

(4) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories.

6. Description of Significant Accounts

(1) Cash and Cash Equivalents

	December 31, 2023	December 31, 2022
Cash on hand, demand deposits and checking accounts	\$ 30,581,959	36,177,290
Time deposits	-	6,264,428
	<u>\$ 30,581,959</u>	<u>42,441,718</u>

Refer to Note 6(25) for the disclosure of credit risk, currency risk and sensitivity analysis of the financial instruments of the Company.

As at December 31, 2023 and 2022, no cash and cash equivalents were pledged with banks as collaterals.

(2) Financial Assets and Liabilities at Fair Value through Profit or Loss ("FVTPL")

	December 31, 2023	December 31, 2022
Financial assets mandatorily measured at FVTPL:		
Foreign currency forward contracts	\$ <u>132,527</u>	<u>169,455</u>
Financial liabilities measured at FVTPL:		
Financial liabilities held for trading:		
Foreign currency forward contracts	\$ <u>6,817</u>	<u>89,776</u>

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The Company entered into derivative contracts to manage the exposure to currency risk arising from operating activities. Refer to Note 6(25) for the disclosure of the Company's credit and currency risks related to financial instruments.

As at December 31, 2023 and 2022, the Company's outstanding foreign currency forward contracts were as follows:

December 31, 2023		
<u>Contract item</u>	<u>Maturity date</u>	<u>Contract amount</u>
Sell USD / Buy NTD	Jan.2024	USD 84,000 / NTD 2,660,062
Sell USD / Buy JPY	Jan. 2024~Feb. 2024	USD 64,000 / JPY 9,218,354
Sell NTD / Buy JPY	Jan. 2024~Mar. 2024	NTD 525,860 / JPY 2,400,000
December 31, 2022		
<u>Contract item</u>	<u>Maturity date</u>	<u>Contract amount</u>
Sell USD / Buy NTD	Jan. 2023~Feb. 2023	USD 194,000 / NTD 6,014,753
Sell USD / Buy JPY	Jan. 2023~Feb. 2023	USD 68,000 / JPY 9,193,140
Sell NTD / Buy USD	Apr. 2023~May 2023	NTD 2,779,971 / USD 89,000
Sell NTD / Buy JPY	Jan. 2023~Mar. 2023	NTD 1,939,137 / JPY 8,600,000
Sell EUR / Buy JPY	Jan. 2023	EUR 1,000 / JPY 140,530

(3) Financial Assets at Fair Value through Other Comprehensive Income ("FVTOCI")

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Investments in equity instruments at FVTOCI:		
Equity securities – listed stocks	\$ <u> -</u>	<u> 85,362</u>

The purpose that the Company invests in the abovementioned equity securities is for long-term strategies, but rather for trading purpose. Therefore, those equity securities are designated as financial assets at FVTOCI.

In consideration of the Company's operational strategy, the Company increased its ownership interest in SINTRONES Technology Corp. ("SINTRONES") in February 2023. Upon re-assessment, the Company considers that it has obtained the ability to exercise significant influence over SINTRONES; consequently, the Company derecognized the investment in SINTRONES as deemed disposal, and further recognized an investment accounted for using the equity method at fair value. The related cumulative loss of \$6,546 thousand previously recognized in other comprehensive income was reclassified to retained earnings.

If the value of these equity securities appreciates or depreciates by 10% at the reporting date, other comprehensive income would increase or decrease by \$8,536 thousand for the years ended December 31, 2022.

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Dividends recognized from the investments in equity instruments at FVTOCI held by the Company were disclosed as follows:

	For the years ended	
	December 31,	
	2023	2022
Investments held at the balance sheet date	\$ -	1,559

As at December 31, 2023 and 2022, none of the Company's financial assets abovementioned was pledged as collateral.

(4) Accounts Receivable, net (Including Related and Unrelated Parties)

	December 31,	December 31,
	2023	2022
Accounts receivable—measured at amortized cost	\$ 11,421,962	17,757,640
Accounts receivable—measured at fair value through other comprehensive income	7,989,097	-
Less: loss allowance	(3,045)	(1,459)
	\$ 19,408,014	17,756,181
Accounts receivable, net	\$ 14,795,145	12,408,519
Accounts receivable from related parties, net	\$ 4,612,869	5,347,662

The Company has assessed that part of its accounts receivable were held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Therefore, those accounts receivable were measured at fair value through other comprehensive income.

The Company measures loss allowance for accounts receivable using the simplified approach under IFRS 9 with the lifetime expected credit losses. Analysis of expected credit losses which was measured based on the aforementioned method, was as follows:

	December 31, 2023		
	Carrying	Weighted-	Loss allowance
	amount of	average loss	for lifetime
	accounts	rate	expected credit
	receivable	rate	losses
Not past due	\$ 18,507,761	0.00%	-
Past due less than 60 days	733,915	0.00%	-
Past due 61~180 days	166,338	0.00%	-
	\$ 19,408,014		-

(Continued)

AUO CORPORATION
Notes to the Parent Company Only Financial Statements

	December 31, 2022		
	Carrying amount of accounts receivable	Weighted- average loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 17,213,247	0.00%	-
Past due less than 60 days	513,823	0.00%	-
Past due 61~180 days	29,111	0.00%	-
Past due over 180 days	1,459	100.00%	1,459
	\$ 17,757,640		1,459

In addition, the Company expected that upon objective evidence, some accounts receivable would not be recovered in total for which amounted to \$3,045 thousand as of December 31, 2023. Consequently, the Company recognized a loss allowance of \$3,045 thousand.

The movement of the loss allowance for accounts receivable was as follows:

	For the years ended December 31,	
	2023	2022
Balance at beginning of the year	\$ 1,459	485
Provisions charged to expense	1,586	974
Balance at end of the year	\$ 3,045	1,459

The payment terms granted to customers are generally 25 to 60 days from the end of the month during which the invoice is issued. This term is consistent with practices in our industry, and thus, no financing components involved.

Information about the Company's exposure to credit risk is included in Note 6(25).

As at December 31, 2023 and 2022, the Company's accounts receivables sold and derecognized were as follows:

	December 31, 2023				
Underwriting bank	Factoring limit (in thousands)	Amount sold and derecognized (in thousands)	Amount advanced (in thousands)	Principal terms	
CTBC Bank	USD 175,000	USD 152,483	NTD 4,319,000	See Notes(a)~(d)	
DBS Bank	USD 220,000	USD 148,227	NTD 4,159,000	See Notes(a)~(d)	
Taipei Fubon Bank	USD 100,000	USD 93,179	NTD 2,599,000	See Notes(a)~(d)	
Bank of Taiwan	USD 250,000	-	-	See Notes(a)~(d)	

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December 31, 2022

<u>Underwriting bank</u>	<u>Factoring limit (in thousands)</u>	<u>Amount sold and derecognized (in thousands)</u>	<u>Amount advanced (in thousands)</u>	<u>Principal terms</u>
CTBC Bank	USD 78,000	USD 38,091	NTD 1,056,000	See Notes(a)~(d)
DBS Bank	USD 170,000	USD 111,137	NTD 3,049,000	See Notes(a)~(d)
Taipei Fubon Bank	USD 100,000	USD 55,938	NTD 1,529,000	See Notes(a)~(d)
Bank of Taiwan	USD 250,000	USD 15,219	USD 13,830	See Notes(a)~(d)
		EUR 3,984	EUR 3,620	See Notes(a)~(d)
E.SUN Bank	USD 35,000	USD 35,000	USD 31,490	See Notes(a)~(d)

Note (a): Under these facilities, the Company transferred accounts receivable to the respective underwriting banks, which are without recourse subject to the underwriting consents.

Note (b): The Company informed its customers pursuant to the respective facilities to make payment directly to the respective underwriting banks.

Note (c): As of December 31, 2023 and 2022, total outstanding receivables after the above transactions, net of fees charged by underwriting banks, of \$1,022,482 thousand and \$862,484 thousand, respectively, were recognized under other current financial assets. In addition, interest rates for the balance of advanced amount as of December 31, 2023 and 2022, were ranging from 1.26%~2.04% and 1.48%~5.48%, respectively.

Note (d): To the extent of the amount transferred to the underwriting banks, risks of non-collection or potential payment default by customers in the event of insolvency are borne by respective banks. The Company is not responsible for the collection of receivables subject to these facilities, or for any legal proceedings and costs thereof in collecting these receivables. In case any commercial dispute between the Company and customers or other reasons results in the Company's failure to perform the obligation under these facilities, the banks have requested the Company to issue promissory notes in the amounts equal to 10 percent of respective facilities or to transfer receivables in the amounts equal to 10 percent of respective facilities. Other than such arrangements, no collaterals were provided by the Company.

(5) Inventories

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Finished goods	\$ 6,829,973	7,075,387
Work-in-progress	8,627,981	7,251,319
Raw materials	<u>1,700,254</u>	<u>2,969,049</u>
	<u>\$ 17,158,208</u>	<u>17,295,755</u>

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For the years ended December 31, 2023 and 2022, the amounts recognized as cost of sales in relation to inventories were \$222,806,471 thousand and \$225,776,767 thousand, respectively. The net of provisions (reversals) for inventories written down (increased) to net realizable value, which were also included in cost of sales, amounted to \$1,935,202 thousand in reversals, and \$1,403,390 thousand in provisions for the years ended December 31, 2023 and 2022, respectively.

As at December 31, 2023 and 2022, none of the Company's inventories was pledged as collateral.

(6) Investments in Equity-accounted Investees

	December 31, 2023	December 31, 2022
Subsidiaries	\$ 106,503,739	102,200,251
Associates	20,437,337	22,010,701
	\$ 126,941,076	124,210,952

a. Subsidiaries

Refer to consolidated financial statements for the years ended December 31, 2023 and 2022 for the details.

b. Associates

	December 31, 2023	December 31, 2022
Qisda Corporation ("Qisda")	\$ 9,797,059	10,487,775
Ennostar Inc. ("Ennostar")	6,015,186	6,963,339
ADLINK Technology Inc. ("ADLINK")	2,195,010	2,314,027
Star Shining Energy Corporation. ("SSEC")	2,345,568	2,245,560
SINTRONES Technology Corp. ("SINTRONES")	84,514	-
	\$ 20,437,337	22,010,701

None of the above associates is considered individually material to the Company. The following table summarized the amount recognized by the Company at its share of those associates.

	For the years ended December 31,	
	2023	2022
The Company's share of associates':		
Profit (loss)	\$ (379,725)	1,190,297
Other comprehensive income (loss)	341,472	(673,241)
Total comprehensive income (loss)	\$ (38,253)	517,056

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In July 2022, the Company participated in Ennostar's capital increase through a private placement offering with consideration of \$3,484,895 thousand. Due to the disproportionate subscription to the shares, the Company's ownership interest in Ennostar increased from 3.86% to 12.45%. The difference between the consideration and the carrying amount arising from the acquisition of interest was recognized in capital surplus with amount of \$1,398,054 thousand.

During the nine months ended September 30, 2023, Qisda acquired additional shares of its subsidiary, BenQ BM Holding Cayman Corp. and recognized a difference between consideration and carrying amount arising from the acquisition of interest in subsidiary. The Company, upon the equity method, recognized a decrease in capital surplus of \$806,654 thousand accordingly.

In February 2023, the Company derecognized the investment in SINTRONES that previously classified as financial assets at FVTOCI, and further recognized an investment accounted for using the equity method. Refer to Note 6(3) for the relevant information.

As at December 31, 2023 and 2022, none of the Company's investments in equity-accounted investees was pledged as collateral.

(7) Property, Plant and Equipment

	For the year ended December 31, 2023				
	Balance, Beginning of Year	Additions (Deductions)	Disposal or write off	Reclassification	Balance, End of Year
Cost:					
Land	\$ 6,344,658	-	-	-	6,344,658
Buildings	87,177,660	(1,258)	-	-	87,176,402
Machinery and equipment	703,115,051	2,572,969	(1,845,797)	20,446,163	724,288,386
Other equipment	27,686,259	2,483,120	(4,088,852)	1,193,651	27,274,178
	<u>824,323,628</u>	<u>5,054,831</u>	<u>(5,934,649)</u>	<u>21,639,814</u>	<u>845,083,624</u>
Accumulated depreciation and impairment loss:					
Buildings	29,167,362	1,722,624	-	-	30,889,986
Machinery and equipment	666,994,513	14,961,201	(1,845,442)	-	680,110,272
Other equipment	22,521,787	3,531,089	(4,088,110)	-	21,964,766
	<u>718,683,662</u>	<u>20,214,914</u>	<u>(5,933,552)</u>	<u>-</u>	<u>732,965,024</u>
Prepayments for purchase of land and equipment, and construction in progress	12,524,868	<u>13,679,376</u>	<u>-</u>	<u>(21,639,814)</u>	4,564,430
Net carrying amounts	<u>\$ 118,164,834</u>				<u>116,683,030</u>

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AUO CORPORATION
Notes to the Parent Company Only Financial Statements

	For the year ended December 31, 2022				
	Balance, Beginning of Year	Additions	Disposal or write off	Reclassification	Balance, End of Year
Cost:					
Land	\$ 6,344,658	-	-	-	6,344,658
Buildings	87,174,995	1,750	-	915	87,177,660
Machinery and equipment	698,506,521	919,203	(2,336,719)	6,026,046	703,115,051
Other equipment	26,845,509	2,884,449	(3,086,750)	1,043,051	27,686,259
	818,871,683	3,805,402	(5,423,469)	7,070,012	824,323,628
Accumulated depreciation and impairment loss:					
Buildings	27,444,229	1,723,133	-	-	29,167,362
Machinery and equipment	655,460,473	13,869,717	(2,335,677)	-	666,994,513
Other equipment	21,785,709	3,820,459	(3,084,381)	-	22,521,787
	704,690,411	19,413,309	(5,420,058)	-	718,683,662
Prepayments for purchase of land and equipment, and construction in progress	3,383,988	16,210,892	-	(7,070,012)	12,524,868
Net carrying amounts	\$ 117,565,260	16,210,892	(5,423,469)	7,070,012	118,164,834

As of December 31, 2023 and 2022, a non-irrigated farmland located in LongTan plant amounted to \$23,671 thousand was registered in the name of a farmer due to regulations. An agreement of pledge had been signed between the Company and the farmer clarifying the rights and obligations of each party.

In 2023 and 2022, the Company wrote down certain long-term assets with extremely low capacity utilization associated with its display segment and recognized impairment losses of \$126,460 thousand and \$12,893 thousand, respectively.

In 2022, the Company wrote down certain long-term assets with extremely low capacity utilization associated with its energy segment and recognized impairment losses of \$2,879 thousand.

Impairment losses as mentioned above were recognized under other gains and losses in the statements of comprehensive income.

The Company decided to dispose of part of its plants and related appendages to Vanguard International Semiconductor Corporation pursuant to the resolution of Board of Directors' meeting held on April 28, 2021. Both parties have completed the transaction in December 2021. The consideration of disposal (net of related transaction costs) and gain on disposal were \$808,662 thousand and \$787,460 thousand, respectively. The consideration aforementioned is to be received in installments. As of December 31, 2021, outstanding receivables totaled \$509,524 thousand (recognized in other current financial assets), which were fully received in January 2022.

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The following table summarized the Company's capitalized borrowing costs and the interest rate range applied for the capitalization:

	For the years ended	
	December 31,	
	2023	2022
Capitalized borrowing costs	\$ 197,878	114,533
The interest rates applied for the capitalization	2.05%~ 2.50%	1.50%~ 2.01%

Certain property, plant and equipment were pledged as collateral, see Note 8.

(8) Lease Arrangements

a. Lessee

(i) Right-of-use assets

	December 31, 2023	December 31, 2022
Carrying amount of right-of-use assets		
Land	\$ 7,280,134	7,703,236
Buildings	71,441	106,773
Other equipment	426	695
	\$ 7,352,001	7,810,704
	For the years ended	
	December 31,	
	2023	2022
Additions to right-of-use assets	\$ 7,986	206,700
Depreciation charge for right-of-use assets		
Land	\$ 409,089	406,887
Buildings	43,318	40,754
Other equipment	269	112
	\$ 452,676	447,753

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AUO CORPORATION
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(ii) Lease liabilities

	December 31, 2023		
	Future minimum lease payments	Interests	Present value of minimum lease payments
Less than one year	\$ 544,825	134,937	409,888
Between one and five years	1,968,712	469,683	1,499,029
More than five years	6,551,872	816,920	5,734,952
	\$ 9,065,409	1,421,540	7,643,869
Lease liabilities — current			\$ 409,888
Lease liabilities — noncurrent			\$ 7,233,981
	December 31, 2022		
	Future minimum lease payments	Interests	Present value of minimum lease payments
Less than one year	\$ 543,678	142,381	401,297
Between one and five years	2,058,685	498,357	1,560,328
More than five years	7,020,717	926,677	6,094,040
	\$ 9,623,080	1,567,415	8,055,665
Lease liabilities — current			\$ 401,297
Lease liabilities — noncurrent			\$ 7,654,368

(iii) Significant lease agreements

AUO has entered into various land lease agreements with Hsinchu Science Park Bureau, Central Science Park Administration Bureau and Southern Taiwan Science Park Bureau, respectively, for the construction of plant for operations. All lease amounts are adjusted in accordance with the land value announced by the government from time to time.

In 2022, AUO modified some of its lease contracts due to the decrease of the scope of the lease, and therefore, the carrying amounts of the right-of-use assets were reduced by \$273,932 thousand. The difference between the remeasurement of the lease liability and the reduction of the right-of-use asset was recognized in profit or loss.

Total cash outflow for the Company's leases in which it acts as a lessee for the years ended December 31, 2023 and 2022 were \$544,111 thousand and \$541,730 thousand, respectively.

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b. Lessor

The Company leased out part of its land, recognized as investment properties, and did not transfer substantially all the risks and rewards incidental to their ownership to the lessee, therefore, those leases were recognized as operating leases. Refer to Note 6(20) for the information of rental income from operating leases. In addition, the direct costs relating to the aforementioned operating leases for the years ended December 31, 2023 and 2022 were both \$236 thousand.

The maturity analysis of undiscounted operating lease receivable for the abovementioned assets are as follows:

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Year 1	\$ 13,014	8,879
Year 2	13,014	13,014
Year 3	13,014	13,014
Year 4	13,014	13,014
Year 5	13,014	13,014
Year 6 onwards	<u>62,901</u>	<u>10,845</u>
Total undiscounted operating lease receivable	<u>\$ 127,971</u>	<u>71,780</u>

(9) Investment Property

For the year ended December 31, 2023				
	<u>Balance,</u> <u>Beginning</u> <u>of Year</u>	<u>Additions</u>	<u>Reclassification</u>	<u>Balance,</u> <u>End of</u> <u>Year</u>
Cost:				
Land	\$ <u>465,868</u>	<u>-</u>	<u>-</u>	<u>465,868</u>
Fair Value	\$ <u>1,705,905</u>	<u>-</u>	<u>-</u>	<u>2,137,336</u>
For the year ended December 31, 2022				
	<u>Balance,</u> <u>Beginning</u> <u>of Year</u>	<u>Additions</u>	<u>Reclassification</u>	<u>Balance,</u> <u>End of</u> <u>Year</u>
Cost:				
Land	\$ <u>465,868</u>	<u>-</u>	<u>-</u>	<u>465,868</u>
Fair Value	\$ <u>1,705,905</u>	<u>-</u>	<u>-</u>	<u>1,705,905</u>

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AUO CORPORATION
Notes to the Parent Company Only Financial Statements

The fair value of investment property is based on a valuation performed by a qualified independent appraiser who holds a recognized and relevant professional qualification and has recent valuation experience in the location and category of the investment property being valued. The valuation is performed using sales comparison approach in 2023, and sales comparison approach and land development analysis approach in 2022, with reference to available market information.

The fair value measurement was categorized as a level 3 fair value based on the inputs in the valuation techniques used. Sales comparison approach is through comparison, analysis, adjustment and other means of value for comparable properties to estimate the value of the investment property. Land development analysis approach determine the fair value of investment property based on the value prior to development or construction, after deducting the direct cost, indirect cost, capital interest and profit during the development period, and also consider total sales price of properties after completion of development or construction. It also incorporates the possibility of changes in utility of land through development or improvement in accordance with legal use and density of the land. The overall capital interest rate and the rate of return used in the valuation were 1.91% and 15.00%, respectively

As at December 31, 2023 and 2022, there was no investment property that was pledged as collateral.

(10) Intangible Assets

	For the year ended December 31, 2023			
	Balance, Beginning of Year	Additions	Reclassification	Balance, End of Year
Cost:				
Goodwill	\$ 11,280,595	-	-	11,280,595
Patent and technology fee	<u>12,078,767</u>	<u>-</u>	<u>-</u>	<u>12,078,767</u>
	<u>23,359,362</u>	<u>-</u>	<u>-</u>	<u>23,359,362</u>
Accumulated amortization and impairment loss:				
Goodwill	2,052,689	-	-	2,052,689
Patent and technology fee	<u>11,842,489</u>	<u>37,282</u>	<u>-</u>	<u>11,879,771</u>
	<u>13,895,178</u>	<u>37,282</u>	<u>-</u>	<u>13,932,460</u>
Net carrying amounts	<u>\$ 9,464,184</u>	<u>(37,282)</u>	<u>-</u>	<u>9,426,902</u>

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For the year ended December 31, 2022				
	Balance, Beginning of Year	Additions	Reclassification	Balance, End of Year
Cost:				
Goodwill	\$ 11,280,595	-	-	11,280,595
Patent and technology fee	<u>12,078,767</u>	<u>-</u>	<u>-</u>	<u>12,078,767</u>
	<u>23,359,362</u>	<u>-</u>	<u>-</u>	<u>23,359,362</u>
Accumulated amortization and impairment loss:				
Goodwill	946,689	1,106,000	-	2,052,689
Patent and technology fee	<u>11,723,687</u>	<u>118,802</u>	<u>-</u>	<u>11,842,489</u>
	<u>12,670,376</u>	<u>1,224,802</u>	<u>-</u>	<u>13,895,178</u>
Net carrying amounts	<u>\$ 10,688,986</u>	<u>(1,224,802)</u>	<u>-</u>	<u>9,464,184</u>

For the purpose of impairment test, the following table shows the information of the operating business that the Company's goodwill allocating to.

	December 31, 2023	December 31, 2022
Display business	<u>\$ 9,227,906</u>	<u>9,227,906</u>

The Company's goodwill has been tested for impairment at least once at the end of the annual reporting period. The recoverable amount was determined based on value in use of the operating business.

The key assumptions used in the estimation of the recoverable amount included discount rate and terminal growth rate. The annual discount rates for the years ended December 31, 2023 and 2022 were 11.14% and 11.44%, respectively, based on industry weighted average cost of capital. The cash flow projections were determined based on the financial budgets approved by management covering the future five-year period and extrapolated with a steady annual terminal growth rate for subsequent years, which were negative 1% for both 2023 and 2022. The key assumptions abovementioned represents the management's forecast of the future for the related industry by considering the history information from internal and external sources.

Based on the impairment assessments in 2022, as the recoverable amount of display CGU was lower than its carrying value, the Company recognized an impairment loss of \$1,106,000 thousand on goodwill of display segment.

For the year ended December 31, 2023, no impairment loss was recognized as the recoverable amount of display CGU was higher than its carrying value.

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(11) Prepayments, Other Current Assets and Other Noncurrent Assets

	December 31, 2023	December 31, 2022
Prepayments for purchases	\$ 772,951	935,038
Refundable deposits	1,014,946	915,464
Refundable and overpaid tax	373,136	372,112
Others	2,244,438	2,614,590
	4,405,471	4,837,204
Less: current	(1,606,551)	(1,986,803)
Noncurrent	\$ 2,798,920	2,850,401

(12) Long-term Borrowings

Bank or agent bank	Durations	December 31, 2023	December 31, 2022
Syndicated loans:			
Bank of Taiwan and others	From Apr. 2022 to Apr. 2029	\$ 50,000,000	20,000,000
Bank of Taiwan and others	From Oct. 2021 to Oct. 2025	19,125,000	32,500,000
Unsecured bank loans	From Jun. 2021 to Dec. 2030	14,100,000	3,680,000
Secured bank loans	From Nov. 2019 to Dec. 2030	15,358,000	22,646,000
		98,583,000	78,826,000
Less: transaction costs		(275,656)	(257,607)
		98,307,344	78,568,393
Less: current portion		(9,018,000)	(10,371,000)
		\$ 89,289,344	68,197,393
Unused credit facilities		\$ 50,506,195	50,430,000
Interest rate range		1.7950%~	1.2500%~
		2.6777%	2.4198%

The Company entered into the aforementioned long-term loan arrangements with banks and financial institutions to finance capital expenditures for purchase of machinery and equipment, and to fulfill working capital, as well as to repay the matured debts. A commitment fee is negotiated with the leading banks of syndicated loans and is calculated based on the committed-to-withdraw but unused balance, if any. No commitment fees were paid for the year ended December 31, 2023.

These credit facilities contain covenants that require the Company to maintain certain financial ratios, calculating based on the Company's annual audited consolidated financial statements prepared in accordance with IFRSs endorsed and issued into effect by the FSC, such as current ratio, leverage ratio, interest coverage ratio, tangible net worth and others as specified in the loan agreements. As of December 31, 2023 and 2022, the Company complied with all financial covenants required under each of the loan agreements.

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Refer to Note 6(25) for detailed information of exposures to interest rate, currency, and liquidity risks. Refer to Note 8 for assets pledged as collateral to secure the aforementioned long-term borrowings.

(13) Provisions

	<u>Warranties⁽ⁱ⁾</u>	<u>Litigation, claims</u>	<u>Others</u>	<u>Total</u>
Balance at January 1, 2023	\$ 745,052	307,320	-	1,052,372
Additions (reversals)	266,355	1,058,435	191,062	1,515,852
Usage	(76,623)	-	-	(76,623)
Effect of change in exchange rate	-	(20,285)	-	(20,285)
Balance at December 31, 2023	934,784	1,345,470	191,062	2,471,316
Less: current	<u>(292,323)</u>	<u>(1,345,470)</u>	<u>(191,062)</u>	<u>(1,828,855)</u>
Noncurrent	<u>\$ 642,461</u>	<u>-</u>	<u>-</u>	<u>642,461</u>
Balance at January 1, 2022	\$ 1,003,369	453,820	-	1,457,189
Additions (reversals)	(171,742)	(152,755)	-	(324,497)
Usage	(86,575)	(38,500)	-	(125,075)
Effect of change in exchange rate	-	44,755	-	44,755
Balance at December 31, 2022	745,052	307,320	-	1,052,372
Less: current	<u>(135,877)</u>	<u>(307,320)</u>	<u>-</u>	<u>(443,197)</u>
Noncurrent	<u>\$ 609,175</u>	<u>-</u>	<u>-</u>	<u>609,175</u>

(i) The provisions for warranties were estimated based on historical experience of warranty claims rate associated with similar products and services. The Company expects most warranty claims will be made within two years from the date of the sale of the product.

(14) Employee Benefits

a. Defined benefit plans

Pursuant to the ROC Labor Standards Act, the Company has established a defined benefit pension plan covering their full-time employees in the ROC. This plan provides for retirement benefits to retiring employees based on years of service and the average salaries and wages for the six-month period before the employee's retirement. The funding of this retirement plan by the Company is contributed monthly based on a certain percentage of employees' total salaries and wages. The fund is deposited with Bank of Taiwan.

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- (i) Reconciliation of the present value of defined benefit obligation and the fair value of plan assets for the Company.

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	\$ (115,290)	(117,333)
Fair value of plan assets	322,233	319,447
Net defined benefit asset (recognized in other noncurrent assets)	\$ 206,943	202,114

- (ii) Movement in net defined benefit asset (liability)

	Present value of defined benefit obligation		Fair value of plan assets		Net defined benefit asset (liability)	
	2023	2022	2023	2022	2023	2022
Balance at January 1	\$ (117,333)	(152,728)	319,447	299,374	202,114	146,646
Service cost	(2,414)	(4,257)	-	-	(2,414)	(4,257)
Interest cost	(1,607)	(993)	-	-	(1,607)	(993)
Expected return on plan assets	-	-	4,376	1,946	4,376	1,946
Included in profit or loss	(4,021)	(5,250)	4,376	1,946	355	(3,304)
Actuarial (loss) gain arising from:						
- demographic assumptions	(1,236)	20	-	-	(1,236)	20
- financial assumptions	(1,549)	30,644	-	-	(1,549)	30,644
- experience adjustment	5,975	1,663	-	-	5,975	1,663
Return on plan assets excluding interest income	-	-	1,070	26,231	1,070	26,231
Included in other comprehensive income	3,190	32,327	1,070	26,231	4,260	58,558
Contributions paid by the employer	-	-	214	214	214	214
Benefits paid	2,874	8,318	(2,874)	(8,318)	-	-
	2,874	8,318	(2,660)	(8,104)	214	214
Balance at December 31	\$ (115,290)	(117,333)	322,233	319,447	206,943	202,114

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AUO CORPORATION
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(iii) Plan assets

Pursuant to the ROC Labor Standards Act, the Company contributes an amount based on a certain percentage of employees' total salaries and wages paid every month to its pension fund (the "Fund"), which is administered by the Labor Pension Fund Supervisory Committee (the "Committee") and deposited in the Committee's name with Bank of Taiwan. Under the ROC Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, the minimum return on the plan assets should not be lower than the average interest rate on two year time deposits published by the local banks.

As of December 31, 2023 and 2022, the Fund deposited in the Committee's name in the Bank of Taiwan amounted to \$322,233 thousand and \$319,447 thousand, respectively. Information on utilization of labor pension funds, including the yield rate of funds and the component of plan assets are available at the Bureau of Labor Funds, Ministry of Labor website.

(iv) Present value of defined benefit obligation

(a) Principal actuarial assumptions

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Discount rate	1.26%	1.37%
Rate of increase in future salary	3.00%	3.00%

The Company anticipates to make zero contribution to the defined benefit plans in the next year starting from January 1, 2024.

As at December 31, 2023, the weighted-average duration of the defined benefit obligation was 12 years.

(b) Sensitivity analysis

Reasonably possible changes at December 31, 2023 and 2022 to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Changes in assumptions</u>		<u>Changes in assumptions</u>	
	<u>+ 0.25%</u>	<u>-0.25%</u>	<u>+0.25%</u>	<u>-0.25%</u>
Discount rate	<u>\$ (3,510)</u>	<u>3,676</u>	<u>(3,762)</u>	<u>3,941</u>
Rate of increase in future salary	<u>\$ 3,603</u>	<u>(3,461)</u>	<u>3,868</u>	<u>(3,713)</u>

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AUO CORPORATION
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In practical, the relevant actuarial assumptions are correlated to each other. The approach to develop the sensitivity analysis as above is the same approach to recognize the net defined benefit asset (liability) in the balance sheet.

The approach to develop the sensitivity analysis and its relevant actuarial assumptions are the same as those in previous year.

b. Defined contribution plans

Commencing July 1, 2005, pursuant to the ROC Labor Pension Act (the “Act”), employees who elected to participate in the Act or joined the Company after July 1, 2005, are subject to a defined contribution plan under the Act. Under the defined contribution plan, the Company contributes monthly at a rate of no less than six percent of the employees’ monthly salaries and wages to the employee’s individual pension fund account at the ROC Bureau of Labor Insurance. Besides, matters that are not addressed in the Company’s defined contribution plan should be governed by the Act.

The Company has set up defined contribution plan in accordance with the Act. For the years ended December 31, 2023 and 2022, \$886,438 thousand and \$933,629 thousand, respectively, of the pension costs under the pension plan to the ROC Bureau of Labor Insurance.

(15) Capital and Other Components of Equity

a. Common stock

The Company’s authorized common stock, with par value of \$10 per share, both amounted to \$120,000,000 thousand as at December 31, 2023 and 2022.

The Company’s issued common stock, with par value of \$10 per share, both amounted to and \$76,993,961 thousand as at December 31, 2023 and 2022.

In order to adjust the Company’s capital structure to correspond with its corporate transformation, on June 17, 2022, the Company’s shareholders’ meeting resolved to reduce capital and refund cash to shareholders. Total amount of capital reduction is \$19,248,490 thousand, which translates to 1,924,849 thousand cancelled shares and represents approximately 20% capital reduction ratio. The record date of capital reduction was set on August 10, 2022 and the relevant legal registration procedures have been completed. The date of returning cash in relation to the aforementioned capital reduction was October 11, 2022.

As of December 31, 2023, the Company has issued 18,362 thousand ADSs, which represented 183,617 thousand shares of its common stock.

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b. Capital surplus

The components of capital surplus were as follows:

	December 31, 2023	December 31, 2022
From common stock	\$ 46,621,786	52,756,091
From convertible bonds	6,049,862	6,049,862
From others	<u>2,327,181</u>	<u>3,136,257</u>
	<u>\$ 54,998,829</u>	<u>61,942,210</u>

According to the ROC Company Act, capital surplus, including premium from stock issuing and donations received, may be used to offset a deficit. When a company has no deficit, such capital surplus may be distributed by issuing common stock as stock dividends or by cash according to the proportion of shareholdings. In accordance with the Company's Articles of Incorporation, cash distribution from capital surplus should be approved by the Company's Board of Directors and reported to the Company's shareholders in its meeting. Pursuant to the ROC Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total sum of capital surplus capitalized per annum shall not exceed 10 percent of the paid-in capital.

c. Retained earnings and dividend policy

In accordance with the Company's Articles of Incorporation, distribution of earnings by way of cash dividends should be approved by the Company's Board of Directors and reported to the Company's shareholders in its meeting. After payment of income taxes and offsetting accumulated deficits, the legal reserve shall be set aside until the accumulated legal reserve equals the Company's paid-in capital. In addition, a special reserve in accordance with applicable laws and regulations shall also be set aside or reversed. The remaining current-year earnings together with accumulated undistributed earnings from preceding years can be distributed according to relevant laws and the Company's Articles of Incorporation.

Legal reserve may be used to offset a deficit. When the Company incurs no loss, it may distribute its legal reserve by issuing new shares or by cash in accordance with the proportion of shareholdings for the portion in excess of 25% of the paid-in capital.

The Company's dividend policy is to pay dividends from surplus considering factors such as the Company's current and future investment environment, cash requirements, domestic and overseas competitive conditions and capital budget requirements, while taking into account shareholders' interest, maintenance of balanced dividend and the Company's long-term financial plan. If the current-year retained earnings available for distribution reach 2% of the paid-in capital of the Company, dividend to be distributed shall be no less than 20% of the current-year retained earnings available for distribution. If the current-year retained earnings available for distribution do not reach 2% of the paid-in capital of the Company, the Company may decide not to distribute dividend. The cash portion of the dividend, which may be in the form of cash and stock, shall not be less than 10% of the total dividend distributed during the year. The dividend distribution ratio aforementioned could be adjusted after taking into consideration factors such as finance, business and operations, etc.

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Pursuant to relevant laws or regulations or as requested by the local authority, total net debit balance of the other components of equity shall be set aside from current earnings as special reserve, and not for distribution. Subsequent decrease pertaining to items that are accounted for as a reduction to the other components of equity shall be reclassified from special reserve to undistributed earnings.

On February 23, 2023, the Company's Board of Directors resolved not to distribute dividends for 2022. On May 26, 2023, the annual shareholders' meeting resolved the distribution of other earnings for 2022, comprising a reversal of special reserve of \$1,122,876 thousand and no dividend distribution. Details of cash distribution from capital surplus were as follows:

	Cash distribution from capital surplus	Cash distributed per share (NT\$)
Cash distribution from capital surplus	\$ 6,134,305	0.80

The Company's appropriation of earnings for 2021 by way of cash dividends has been approved in the Board of Directors' meeting held on March 28, 2022. The appropriation of 2021 earnings by other ways has been approved in the annual shareholders' meeting held on June 17, 2022. Details of distribution were as follows:

	Appropriation of earnings	Dividends per share (NT\$)
Legal reserve	\$ 5,326,268	
Special reserve	1,472,878	
Cash dividends to shareholders	9,575,824	1.00
	\$ 16,374,970	

The aforementioned appropriation of earnings for 2021 was consistent with the resolutions of the Board of Directors' meeting held on March 28, 2022.

Information on the approval of Board of Directors and shareholders for the Company's appropriations of earnings are available at the Market Observation Post System website.

d. Treasury shares

The Company repurchased 125,000 thousand shares as treasury shares transferred to employees in accordance with Securities and Exchange Act requirements. The related information on treasury share transactions was as follows (shares in thousands):

For the year ended December 31, 2023				
	Number of shares, Beginning of Year	Additions	Reductions	Number of shares, End of Year
Transferring to employees	38,737	-	(7,222)	31,515

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AUO CORPORATION
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For the year ended December 31, 2022					
<u>Reason for reacquisition</u>	<u>Number of shares, Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Capital Reduction</u>	<u>Number of shares, End of Year</u>
Transferring to employees	54,199	-	(5,778)	(9,684)	38,737

Refer to Note 6(16) for information on employee treasury shares plan for 2023 and 2022. A total of 7,222 thousand and 5,778 thousand shares were transferred with total costs for treasury shares of \$55,103 thousand and \$46,859 thousand, respectively, and with cost per share of \$7.63 and \$8.11, respectively.

Pursuant to the Securities and Exchange Act, the number of shares repurchased shall not exceed 10 percent of the number of the Company's issued and outstanding shares, and the total amount repurchased shall not exceed the sum of the Company's retained earnings, share premium, and realized capital surplus. Also, the shares repurchased for transferring to employees shall be transferred within five years from the date of reacquisition and those shares not transferred within the five-year period are to be retired.

In accordance with the Securities and Exchange Act, treasury shares held by the Company shall not be pledged, and do not hold any shareholder rights before their transfer.

e. Other components of equity

	<u>Cumulative translation differences</u>	<u>Unrealized gains (losses) on financial assets at FVTOCI</u>	<u>Total</u>
Balance at January 1, 2023	\$ (2,406,490)	(1,213,815)	(3,620,305)
Foreign operations – foreign currency translation differences	(96,911)	-	(96,911)
Net change in fair value of financial assets at FVTOCI	-	(401)	(401)
Equity-accounted investees – share of other comprehensive income	(1,403,006)	360,582	(1,042,424)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	-	20,497	20,497
Related tax	254,645	-	254,645
Balance at December 31, 2023	<u>\$ (3,651,762)</u>	<u>(833,137)</u>	<u>(4,484,899)</u>

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AUO CORPORATION
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	Cumulative translation differences	Unrealized gains (losses) on financial assets at FVTOCI	Total
Balance at January 1, 2022	\$ (4,873,573)	130,391	(4,743,182)
Foreign operations – foreign currency translation differences	7,463,944	-	7,463,944
Net change in fair value of financial assets at FVTOCI	-	19,373	19,373
Equity-accounted investees – share of other comprehensive income	(4,511,574)	(1,321,925)	(5,833,499)
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	-	(41,654)	(41,654)
Related tax	(485,287)	-	(485,287)
Balance at December 31, 2022	<u>\$ (2,406,490)</u>	<u>(1,213,815)</u>	<u>(3,620,305)</u>

(16) Share-based Payments

a. Employee treasury shares plan

AUO granted the treasury shares to eligible employees, including those of AUO and its subsidiaries in accordance with the relevant plan. The key terms and conditions related to the grants for the ended December 31, 2023 and 2022 were disclosed as follows:

<u>Grant date</u>	<u>Total shares granted (in thousands)</u>	<u>Vesting conditions</u>	<u>Share price</u>	<u>Exercise price</u>	<u>Fair value per unit</u>
Feb. 23, 2022	5,778	Vest immediately	20.7	8.11	12.59
Feb. 23, 2023	7,222	Vest immediately	18.3	10.14	8.16

The fair value of the share-based payments granted by AUO was measured at the date of grant using the Black Scholes option pricing model. For the years ended December 31, 2023 and 2022, the related compensation costs recognized for the abovementioned plan amounted to \$55,308 thousand, and \$68,551 thousand, respectively. In addition, for the years ended December 31, 2023 and 2022, the related compensation costs for transferring to employees of subsidiaries were recognized in share of profit of equity-accounted investees with amount of \$3,623 thousand and \$4,193 thousand, respectively. The capital surplus generated from the difference between the subscription price and the repurchase cost of the abovementioned treasury shares for the ended December 31, 2023 amounted to \$18,127 thousand.

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b. Employee restricted stock plan

As of December 31, 2022, the share based payment rewards plan that AUO Digitech Holding Limited (ADTHLD), a subsidiary of AUO, granted to employees of AUO and its subsidiaries was totaled 1,400,000 units. Employees are granted restricted stocks without consideration, and are eligible to vest 100% of 400,000 units when they provide two years of service subsequent to the grant date. Further employees who provide two years and five years of service, respectively, subsequent to the grant date as well as fulfill specific performance conditions are eligible to vest 40% and 60% of 1,000,000 units, respectively.

For the year ended December 31, 2023, 400,000 units abovementioned were fully vested upon completion of two years' service; 400,000 units which are based on completion of two years' service and bound with specific performance conditions were all unvested. Among the grant bound with five years of service and specific performance conditions, 360,000 units were early terminated in the first quarter of 2023, of which 170,000 units were vested immediately upon the agreement with employees. The difference between share price and carrying amount arising from the aforesaid employee vesting was recognized as the deduction of capital surplus with amount of \$16,137 thousand. Moreover, in the second quarter of 2023, the remaining 240,000 units vesting were replaced in the form of bonuses upon the agreement with employees and therefore early terminated. As of December 31, 2023, the abovementioned employee restricted stock plans have been fully settled.

For the years ended December 31, 2023 and 2022, the related compensation costs recognized for the abovementioned employee restricted stock plan amounted to \$(1,951) thousand and \$1,801 thousand, respectively.

The special shares of AUO Digitech (CAYMAN) Limited (ADTCM) without voting right which are held by AUO are the subject for the execution of the aforementioned plan. According to the relevant plan, one special share without voting right of ADTCM represents one common share right of ADTHLD. As of December 31, 2023 and 2022, the carrying amount recognized for abovementioned employee restricted stock plan liabilities amounted to \$0 and \$17,117 thousand, respectively.

(17) Revenue from Contracts with Customers

a. Disaggregation of revenue

	For the years ended December 31,					
	2023			2022		
	Display segment	Energy segment	Total segments	Display segment	Energy segment	Total segments
Primary geographical markets:						
PRC (including Hong Kong)	\$ 59,051,121	4,468	59,055,589	57,724,848	5,963	57,730,811
Taiwan	77,826,067	13,686,524	91,512,591	76,465,187	13,515,699	89,980,886
Singapore	15,107,806	-	15,107,806	19,491,217	-	19,491,217
United States	21,610,305	-	21,610,305	24,609,592	-	24,609,592
Others	27,393,854	649	27,394,503	23,356,553	1,307	23,357,860
	<u>\$ 200,989,153</u>	<u>13,691,641</u>	<u>214,680,794</u>	<u>201,647,397</u>	<u>13,522,969</u>	<u>215,170,366</u>

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For the years ended December 31,						
2023			2022			
	Display segment	Energy segment	Total segments	Display segment	Energy segment	Total segments
Major products:						
Products for Televisions	\$ 47,725,100	-	47,725,100	37,827,491	-	37,827,491
Products for Monitors	32,689,444	-	32,689,444	36,258,948	-	36,258,948
Products for Mobile PCs and Devices	54,892,736	-	54,892,736	66,986,388	-	66,986,388
Products for Automotive Solutions	35,400,822	-	35,400,822	29,348,628	-	29,348,628
Products for PID and General Display	24,068,536	-	24,068,536	27,890,526	-	27,890,526
Products for Vertical Business ⁽ⁱ⁾	<u>6,212,515</u>	<u>13,691,641</u>	<u>19,904,156</u>	<u>3,335,416</u>	<u>13,522,969</u>	<u>16,858,385</u>
	<u>\$ 200,989,153</u>	<u>13,691,641</u>	<u>214,680,794</u>	<u>201,647,397</u>	<u>13,522,969</u>	<u>215,170,366</u>
Major customers:						
Customer A	\$ 24,472,369	-	24,472,369	24,710,610	-	24,710,610
Customer B	20,424,852	-	20,424,852	13,137,204	-	13,137,204
Customer C	19,113,020	-	19,113,020	21,732,304	-	21,732,304
Others (individually not greater than 10%)	<u>136,978,912</u>	<u>13,691,641</u>	<u>150,670,553</u>	<u>142,067,279</u>	<u>13,522,969</u>	<u>155,590,248</u>
	<u>\$ 200,989,153</u>	<u>13,691,641</u>	<u>214,680,794</u>	<u>201,647,397</u>	<u>13,522,969</u>	<u>215,170,366</u>

(i) Including energy, system design manufacturing service, display HMI business, LED display, smart vertical applications and others.

b. Contract balances

	December 31, 2023	December 31, 2022
Contract assets – current (recorded in other current financial assets)	<u>\$ 864,226</u>	<u>585,261</u>
Contract liabilities – current (recorded in other current liabilities)	\$ 3,531,909	1,535,180
Contract liabilities – noncurrent	<u>6,239,558</u>	<u>8,739,846</u>
	<u>\$ 9,771,467</u>	<u>10,275,026</u>

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AUO CORPORATION
Notes to the Parent Company Only Financial Statements

The amounts of revenue recognized for the years ended December 31, 2023 and 2022 that previously included in the contract liability balance at the beginning of the year were \$1,178,591 thousand and \$3,427,592 thousand, respectively. Additionally, in the first quarter of 2021, the Company entered into long-term sales agreements with customers and has received payments in advance. The Company accounted for such obligation as contract liabilities.

(18) Remuneration to Employees and Directors

According to the Company's Articles of Incorporation, the Company should distribute remuneration to employees and directors no less than 5% and no more than 1% of annual profits before income tax, respectively, after offsetting accumulated deficits, if any. Only employees, including employees of affiliate companies that meet certain conditions are entitled to the abovementioned remuneration which to be distributed in stock or cash. The said conditions and distribution method are decided by Board of Directors or the personnel authorized by Board of Directors.

The Company accrues remuneration to employees based on the profit before income tax excluding the remuneration to employees and directors for the period, multiplied by the percentage resolved by Board of Directors. Remuneration to directors is estimated based on the amount expected to pay and recognized together with the remuneration to employees as cost of sales or operating expenses. If remuneration to employees is resolved to be distributed in stock, the number of shares is determined by dividing the amount of remuneration by the closing price of the shares (ignoring ex dividend effect) on the day preceding the Board of Directors' meeting. If there is a change in the proposed amounts after the annual financial statements are authorized for issue, the differences are accounted for as a change in accounting estimate and adjusted prospectively to next year's profit or loss.

The Company did not accrue remuneration to employees and directors due to the loss making position for the years ended December 31, 2023 and 2022.

Remuneration to employees and directors for 2021 in the amounts of \$6,339,435 thousand and \$206,946 thousand, respectively, in cash for payment had been approved in the meeting of Board of Directors held on March 28, 2022. The aforementioned approved amounts are the same as the amounts charged against earnings of 2021.

The information about the Company's remuneration to employees and directors is available at the Market Observation Post System website.

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Notes to the Parent Company Only Financial Statements

(19) Additional Information of Expenses by Nature

	For the years ended December 31,					
	2023			2022		
	Recognized in cost of sales	Recognized in operating expenses	Total	Recognized in cost of sales	Recognized in operating expenses	Total
Employee benefits expenses:						
Salaries and wages	\$13,368,772	6,848,527	20,217,299	14,270,007	6,731,184	21,001,191
Labor and health insurances	1,231,168	535,887	1,767,055	1,314,083	508,327	1,822,410
Retirement benefits	580,330	305,753	886,083	638,709	298,224	936,933
Compensation to directors	-	39,829	39,829	-	34,760	34,760
Other employee benefits	872,706	332,346	1,205,052	1,036,255	348,462	1,384,717
Depreciation	17,791,112	2,750,018	20,541,130	17,023,013	2,822,277	19,845,290
Amortization	37,282	-	37,282	118,802	-	118,802

Additional information on the number of the Company's employees and the average employee benefit expenses of the Company for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Number of employees	<u>18,910</u>	<u>19,687</u>
Number of non-employee directors	<u>6</u>	<u>7</u>
Average employee benefit expenses	<u>\$ 1,274</u>	<u>1,278</u>
Average salaries expenses	<u>\$ 1,069</u>	<u>1,067</u>
Average salary expense adjustment	<u>0%</u>	<u>(26)%</u>
Remuneration to supervisor	<u>\$ -</u>	<u>-</u>

The Company's compensation policies (including directors, managers and employees) were as follows:

- a. Directors: compensation for directors have been authorized for distribution by the Board of Directors pursuant to the Company's Articles of Incorporation, based on individual Director's level of participation and contributions to the Company operations, and have been paid pursuant to the "Compensation Policy to the Directors and Functional Committee Members" which is in reference to domestic and overseas industry standards. If the Company has a profit, the Board of Directors will determine the amount of Directors' remunerations in accordance with the Company's Articles of Incorporation.

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AUO CORPORATION
Notes to the Parent Company Only Financial Statements

b. Managers and employees:

- (i) The Company provides diversified and competitive overall remuneration and career development opportunities. Apart from basic salary (including principal salary, meal allowance, etc.), various allowances and rewards, such as work allowances, duty allowances, performance bonuses, incentive bonuses and remuneration to employees based on annual profit, are designed for difference job nature and reward purpose.
- (ii) The Company participates in international market salary surveys every year, and makes salary adjustment based on the market level of each job and individual performance to sustain our market competitiveness. Under the premise of enhancing the Company's overall operations and performance from team work and individual, the Company designs various short-term or long-term reward plans and profit sharing with employees to achieve the purpose of talent attraction, retention, motivation and programmatic cultivation of high-quality talents.
- (iii) The remuneration for the managers is linked to the Company's operating performance and job duties. While designing the salary package, the Company refers to the salary market level and cooperates with long-term external professional consultants. According to the laws, the remuneration for the managers is proposed by the Remuneration Committee and approved by the Board of Directors. It is driven to build up a management team that focuses on creating long-term shareholders' value and has entrepreneurial spirit.
- (iv) Salaries for employees are determined by the factors such as the employees' educational background, professional knowledge and technology, and professional years of experience. Employees would not be discriminated regardless of their gender, race, religious beliefs, political stance, marital status and unions they participate.

(20) Non-Operating Income and Expenses

a. Interest income

	For the years ended	
	December 31,	
	2023	2022
Interest income on bank deposits	\$ 384,745	192,747
Other interest income	36,764	193,811
	<u>\$ 421,509</u>	<u>386,558</u>

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b. Other income

	For the years ended December 31,	
	2023	2022
Rental income, net	\$ 281,716	281,407
Dividend income	-	1,559
Grants and others	568,190	579,248
	\$ 849,906	862,214

c. Other gains and losses

	For the years ended December 31,	
	2023	2022
Foreign exchange gains , net	\$ 245,295	1,079,369
Losses on valuation of financial instruments at FVTPL, net	(209,328)	(1,294,731)
Gains on disposals of property, plant and equipment	24,783	3,192
Impairment losses on assets	(126,460)	(1,121,772)
Litigation losses and Others	(1,061,441)	133,443
	\$ (1,127,151)	(1,200,499)

d. Finance costs

	For the years ended December 31,	
	2023	2022
Interest expense on bank borrowings	\$ 2,044,315	808,150
Interest expense on lease liabilities	138,342	139,939
Other interest expense	56,809	28,081
Finance expense	58,651	151,673
	\$ 2,298,117	1,127,843

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(21) Income Taxes

a. Income tax expense

The components of income tax expense for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Current income tax expense (benefit):		
Tax on undistributed earnings, net	\$ -	509,975
Effect of combined business income tax return	(871,053)	(261,574)
Adjustment to prior years	(411,044)	(361,991)
	(1,282,097)	(113,590)
Deferred tax expense:		
Temporary differences	(3,072,914)	122,132
Income tax expense (benefit)	\$ (4,355,011)	8,542

Income taxes expense (benefit) recognized directly in other comprehensive income for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Items that will never be reclassified to profit or loss:		
Remeasurement of defined benefit obligations	\$ 852	11,712
Items that are or may be reclassified subsequently to profit or loss:		
Foreign operations – foreign currency translation differences	\$ (19,382)	1,492,789
Equity-accounted investees – share of other comprehensive income	(235,263)	(1,007,502)
	\$ (254,645)	485,287

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Reconciliation of the expected income tax expense (benefit) calculated based on the ROC statutory income tax rate compared with the actual income tax expense as reported in the statements of comprehensive income for the years ended December 31, 2023 and 2022, was as follows:

	For the years ended	
	December 31,	
	2023	2022
Income tax expense (benefit) at statutory tax rate	\$ (4,511,657)	(4,218,566)
Tax on undistributed earnings, net	-	509,975
Net of non-taxable income from domestic investments and non-deductible expense	(444,177)	(733,598)
Change of unrecognized deductible temporary differences	1,881,890	5,074,296
Effect of combined business income tax return and others	(870,023)	(261,574)
Adjustments to prior years	<u>(411,044)</u>	<u>(361,991)</u>
Income tax expense (benefit)	<u>\$ (4,355,011)</u>	<u>8,542</u>

b. Deferred tax assets and liabilities

Deferred tax assets have not been recognized in respect of the following items.

	December 31,	December 31,
	2023	2022
Deductible temporary differences	\$ 317,638	292,346
Unused tax losses carryforwards	<u>9,476,418</u>	<u>8,916,492</u>
	<u>\$ 9,794,056</u>	<u>9,208,838</u>

Under the ROC tax laws, approved tax losses can be carried forward for 10 years to offset future taxable profits.

As of December 31, 2023, the expiration period for abovementioned unrecognized deferred tax assets of unused tax losses carryforwards were as follows:

<u>Year of assessment</u>	<u>Unrecognized deferred tax assets</u>	<u>Expiration in year</u>
2019 (assessed)	1,455,130	2029
2020 (assessed)	102,632	2030
2022 (filed)	4,631,385	2032
2023 (estimated)	<u>3,287,271</u>	2033
	<u>\$ 9,476,418</u>	

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AUO CORPORATION
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The components of and changes in deferred tax assets and liabilities were as follows:

	<u>Deferred tax assets</u>		<u>Deferred tax liabilities</u>		<u>Total</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Tax losses carryforwards	\$ 4,260,400	2,239,878	-	-	4,260,400	2,239,878
Unrealized loss and expenses	186,957	138,086	-	-	186,957	138,086
Inventories write-down	590,114	1,039,656	-	-	590,114	1,039,656
Accumulated amortization of goodwill in accordance with local tax laws	-	-	(1,802,891)	(1,802,891)	(1,802,891)	(1,802,891)
Remeasurement of defined benefit plans	111,945	112,797	-	-	111,945	112,797
Foreign investment losses (gains)	-	-	(967,657)	(2,197,962)	(967,657)	(2,197,962)
Others	<u>2,615,748</u>	<u>2,125,894</u>	<u>(89,864)</u>	<u>(77,413)</u>	<u>2,525,884</u>	<u>2,048,481</u>
	<u>\$ 7,765,164</u>	<u>5,656,311</u>	<u>(2,860,412)</u>	<u>(4,078,266)</u>	<u>4,904,752</u>	<u>1,578,045</u>

	<u>January 1, 2022</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>December 31, 2022</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>December 31, 2023</u>
	Deferred tax assets (liabilities):						
Tax losses carryforwards	\$ 1,210,727	1,029,151	-	2,239,878	2,020,522	-	4,260,400
Unrealized loss and expenses	189,749	(51,663)	-	138,086	48,871	-	186,957
Inventories write-down	696,184	343,472	-	1,039,656	(449,542)	-	590,114
Accumulated amortization of goodwill in accordance with local tax laws	(2,024,091)	221,200	-	(1,802,891)	-	-	(1,802,891)
Remeasurement of defined benefit plans	124,509	-	(11,712)	112,797	-	(852)	111,945
Foreign investment losses (gains)	(1,168,811)	(1,029,151)	-	(2,197,962)	1,230,305	-	(967,657)
Others	<u>3,168,909</u>	<u>(635,141)</u>	<u>(485,287)</u>	<u>2,048,481</u>	<u>222,758</u>	<u>254,645</u>	<u>2,525,884</u>
	<u>\$ 2,197,176</u>	<u>(122,132)</u>	<u>(496,999)</u>	<u>1,578,045</u>	<u>3,072,914</u>	<u>253,793</u>	<u>4,904,752</u>

c. Assessments by the tax authorities

As of December 31, 2023, the tax authorities have completed the examination of income tax returns of the Company through 2020.

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(22) Earnings (loss) per Share

	For the years ended December 31,	
	2023	2022
Basic earnings (loss) per share		
Loss attributable to common shareholders	\$ (18,203,274)	(21,101,374)
Weighted-average number of common shares outstanding during the year	7,666,437	8,819,096
Basic earnings (loss) per share (NT\$)	\$ (2.37)	(2.39)

Since the Company incurred net loss for the years ended December 31, 2023 and 2022, there were no potential common shares with dilutive effect for the year.

(23) Non-cash Transactions of Investing and Financing Activities

Except for otherwise disclosed in other notes to the parent company only financial statements, the reconciliation of liabilities to cash flows arising from financing activities for the years ended December 31, 2023 and 2022, were as follows:

	Long-term borrowings (including current installments)	Guarantee deposits	Lease liabilities	Total liabilities from financing activities
Balance at January 1, 2023	\$ 78,568,393	708,221	8,055,665	87,332,279
Cash flows	19,680,300	1,375	(405,769)	19,275,906
Non-cash changes:				
Additions	-	-	7,986	7,986
Deductions	-	-	(14,013)	(14,013)
Changes in exchange rate and others	58,651	24,152	-	82,803
Balance at December 31, 2023	\$ 98,307,344	733,748	7,643,869	106,684,961
Balance at January 1, 2022	\$ 40,647,245	681,359	8,531,986	49,860,590
Cash flows	37,769,475	-	(401,791)	37,367,684
Non-cash changes:				
Additions	-	-	206,700	206,700
Deductions	-	-	(281,230)	(281,230)
Changes in exchange rate and others	151,673	26,862	-	178,535
Balance at December 31, 2022	\$ 78,568,393	708,221	8,055,665	87,332,279

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Notes to the Parent Company Only Financial Statements

(24) Financial Instruments

a. Fair value and carrying amount

The carrying amounts of the Company's current non-derivative financial instruments, including financial assets and financial liabilities at amortized cost, were considered to approximate their fair value due to their short-term nature. This methodology applies to cash and cash equivalents, receivables or payables (including related parties) and other current financial assets.

Disclosures of fair value are not required for the financial instruments abovementioned and lease liabilities. Other than those, the carrying amount and fair value of other financial instruments of the Company as of December 31, 2023 and 2022 were as follows:

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial assets:				
Financial assets at FVTPL:				
Financial assets mandatorily measured at FVTPL	\$ 132,527	132,527	169,455	169,455
Financial assets at FVTOCI	-	-	85,362	85,362
Financial assets at amortized cost:				
Refundable deposits	1,014,946	1,014,946	915,464	915,464
Financial liabilities:				
Financial liabilities at FVTPL:				
Financial liabilities held for trading	6,817	6,817	89,776	89,776
Financial liabilities at amortized cost:				
Long-term borrowings (including current installments)	98,307,344	98,307,344	78,568,393	78,568,393
Guarantee deposits	733,748	733,748	708,221	708,221
Long-term payables (including current installments)	625,020	625,020	968,520	968,520

b. Valuation techniques and assumptions applied in fair value measurement

The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market prices. The fair values of other financial assets and financial liabilities without quoted market prices are estimated using valuation approach. The estimates and assumptions used are the same as those used by market participants in the pricing of financial instruments.

Fair value of foreign currency forward contract is measured based on the maturity date of each contract with quoted spot rate and quoted swap points from Reuters quote system.

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AUO CORPORATION
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Fair value of long-term payable, which approximates to its carrying value is determined by discounting the expected cash flows at a market interest rate.

The refundable deposits and guarantee deposits are based on carrying amount as there is no fixed maturity.

Long-term borrowings are mainly at floating rate, whose fair value approximates to their carrying value.

c. Fair value measurements recognized in the balance sheets

The Company determines fair value based on assumptions that market participants would use in pricing an asset or a liability in the principal market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- (i) Level 1 inputs: Unadjusted quoted prices for identical assets or liabilities in active markets.
- (ii) Level 2 inputs: Other than quoted prices included within Level 1, inputs are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (iii) Level 3 inputs: Derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value measurement level of an asset or a liability within their fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Company uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

	Level 1	Level 2	Level 3	Total
December 31, 2023				
Financial assets at FVTPL:				
Financial assets mandatorily measured at FVTPL	\$ -	132,527	-	132,527
Financial liabilities at FVTPL:				
Financial liabilities held for trading	-	6,817	-	6,817
Financial liabilities at amortized cost:				
Long term payables (including current installments)	-	625,020	-	625,020

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Notes to the Parent Company Only Financial Statements

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2022				
Financial assets at FVTPL:				
Financial assets mandatorily measured at FVTPL	\$ -	169,455	-	169,455
Financial assets at FVTOCI	85,362	-	-	85,362
Financial liabilities at FVTPL:				
Financial liabilities held for trading	-	89,776	-	89,776
Financial liabilities at amortized cost:				
Long-term payables (including current installments)	-	968,520	-	968,520

There were no transfers between Level 1 and 2 for the years ended December 31, 2023 and 2022.

(25) Financial Risk Management

a. Risk management framework

The managerial officers of related divisions are appointed to review, control, trace and monitor the strategic risks, financial risks and operational risks faced by the Company. The managerial officers report to executive officers the progress of risk controls from time to time and, if necessary, report to the board of directors, depending on the extent of impact of risks.

b. Financial risk information

Hereinafter discloses information about the Company's exposure to variable risks, and the goals, policies and procedures of the Company's risk measurement and risk management.

The Company is exposed to the following risks due to usage of financial instruments:

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposures to credit risk are mainly from:

(a) The carrying amount of financial assets recognized in the balance sheets.

(b) The amount of contingent liabilities as a result from the Company providing financial guarantee to its customers.

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AUO CORPORATION

Notes to the Parent Company Only Financial Statements

The Company's potential credit risk is derived primarily from cash in bank, cash equivalents and trade receivables. The Company deposits its cash with various reputable financial institutions of high credit quality. There should be no major concerns for the performance capability of trading counterparts. Management performs periodic evaluations of the relative credit standing of these financial institutions and limits the amount of credit exposure with any one institution. Management believes that there is a limited concentration of credit risk in cash and cash equivalent investments.

The majority of the Company's customers are in high technology industries. Management continuously evaluates and controls the credit quality, credit limit and financial strength of its customers to ensure any overdue receivables are taken necessary procedures. The Company also flexibly makes use of advance receipts, accounts receivable factoring and credit insurance as credit enhancement instruments. If necessary, the Company will request collaterals or assurance from its customers in order to reduce the credit risk from particular customers.

Additionally, on the reporting date, the Company reviews the recoverability of its receivables to provide appropriate valuation allowances. Consequently, management believes there is a limited concentration of its credit risk.

For the years ended December 31, 2023 and 2022, the Company's five largest customers accounted for 44.4% and 46.1%, respectively, of the Company's net revenue. There is no other significant concentration of credit risk.

Refer to Note 6(4) for expected credit loss analysis of accounts receivable and the movement in the loss allowance of accounts receivable.

For credit of guarantee, the Company's policy is to provide financial guarantees only to subsidiaries. Refer to Note 13(1)b. for information about endorsements or guarantees provided by the Company to its subsidiaries as of December 31, 2023.

(ii) Liquidity risk

Liquidity risk is the risk that the Company has no sufficient working capital and unused credit facilities to meet its obligations associated with matured financial liabilities, that may resulting from an economic downturn or uneven demand and supply in the market and cause a significant decrease in product selling prices and market demands.

Liquidity risk of the Company is monitored through its corporate treasury department which tracks the development of the actual cash flow position for the Company and uses input from a number of sources in order to forecast the overall liquidity position both on a short and long term basis. Corporate treasury invests surplus cash in money market deposits with appropriate maturities to ensure sufficient liquidity is available to meet liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation.

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The following, except for payables (including related parties) and equipment and construction payable, are the contractual maturities of other financial liabilities. The amounts include estimated interest payments but exclude the impact of netting agreements.

	Contractual cash flows	2024.1.1~ 2024.12.31	2025.1.1~ 2026.12.31	2027.1.1~ 2028.12.31	2029 and thereafter
December 31, 2023					
Non-derivative financial liabilities					
Long-term borrowings (including current installments)	107,277,036	11,417,652	49,472,374	28,152,744	18,234,266
Long-term payables (including current installments)	625,020	312,510	312,510	-	-
Guarantee deposits	733,748	-	-	-	733,748
Derivative financial instruments					
Foreign currency forward contracts – inflows	(5,184,730)	(5,184,730)	-	-	-
Foreign currency forward contracts – outflows	5,072,124	5,072,124	-	-	-
	\$ 108,523,198	11,617,556	49,784,884	28,152,744	18,968,014
	Contractual cash flows	2023.1.1~ 2023.12.31	2024.1.1~ 2025.12.31	2026.1.1~ 2027.12.31	2028 and thereafter
December 31, 2022					
Non-derivative financial liabilities					
Long-term borrowings (including current installments)	\$ 84,646,112	11,968,270	46,561,613	14,316,617	11,799,612
Long-term payables (including current installments)	968,520	343,500	625,020	-	-
Guarantee deposits	708,221	-	-	-	708,221
Derivative financial instruments					
Foreign currency forward contracts – inflows	(12,894,372)	(12,894,372)	-	-	-
Foreign currency forward contracts – outflows	12,803,655	12,803,655	-	-	-
	\$ 86,232,136	12,221,053	47,186,633	14,316,617	12,507,833

The Company is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

As at December 31, 2023, the management believes the Company's existing unused credit facilities under its existing loan agreements, together with net cash flows expected to be generated from its operating activities, will be sufficient for the Company to fulfill its payment obligations. Therefore, management believes that the Company does not have significant liquidity risk.

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AUO CORPORATION
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(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, which will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable range.

The Company buys and sells derivatives, and also incurs financial assets and liabilities, in order to manage market risks. All such transactions are executed in accordance with the Company's handling procedures for conducting derivative transactions, and also monitored by internal audit department.

(a) Currency risk

The Company is exposed to currency risk on foreign currency denominated financial assets and liabilities arising from operating, financing and investing activities such that the Company uses forward exchange contracts to hedge its currency risk. Gains and losses derived from the foreign currency fluctuations on underlying assets and liabilities are likely to offset. However, transactions of derivative financial instruments help minimize the impact of foreign currency fluctuations, but the risk cannot be fully eliminated.

The Company periodically examines portions exposed to currency risks for individual asset and liability denominated in foreign currency and uses forward contracts as hedging instruments to hedge positions exposed to risks. The contracts have maturity dates that do not exceed one year, and do not meet the criteria for hedge accounting.

I. Exposure of currency risk

The Company's significant exposure to foreign currency risk was as follows:

	December 31, 2023			December 31, 2022		
	Foreign currency amounts	Exchange rate	NTD	Foreign currency amounts	Exchange rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 893,636	30.7180	27,450,711	992,991	30.7320	30,516,599
JPY	10,223,402	0.2173	2,221,545	5,767,124	0.2311	1,332,782
EUR	19,758	33.9710	671,199	22,524	32.7634	737,963
<u>Non-monetary items</u>						
USD	2,569,482	30.7180	78,929,348	2,462,641	30.7320	75,681,883
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	1,151,694	30.7180	35,377,736	1,127,240	30.7320	34,642,340
JPY	19,049,031	0.2173	4,139,354	21,050,067	0.2311	4,864,670
EUR	2,950	33.9710	100,214	1,992	32.7634	65,265

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AUO CORPORATION
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II. Sensitivity analysis

The Company's exposure to foreign currency risk arises mainly from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade receivables, and trade payables that are denominated in foreign currency. Depreciation or appreciation of the NTD by 1% against the USD, EUR and JPY at December 31, 2023 and 2022, while all other variables were remained constant, would have increased or decreased the net profit before tax for the years ended December 31, 2023 and 2022 as follows:

	For the years ended December 31,	
	2023	2022
1% of depreciation	\$ (92,738)	(69,849)
1% of appreciation	92,738	69,849

III. Foreign exchange gain (loss) on monetary items

With varieties of functional currencies within the Company, the Company disclosed foreign exchange gain (loss) on monetary items in aggregate. The aggregate of realized and unrealized foreign exchange gains for the years ended December 31, 2023 and 2022, were \$245,295 thousand and \$1,079,369 thousand, respectively.

(b) Interest rate risk

The Company's exposure to changes in interest rates is mainly from floating-rate long-term debt obligations. Any change in interest rates will cause the effective interest rates of long-term borrowings to change and thus cause the future cash flows to fluctuate over time. The Company will, depending on the market condition, enter into and designate interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk.

Assuming the amount of floating-rate debts at the end of the reporting period had been outstanding for the entire year and all other variables were remained constant, an increase or a decrease in the interest rate by 0.25% would have resulted in a decrease or an increase in the net profit before tax for the years ended December 31, 2023 and 2022 by \$246,458 thousand and \$197,065 thousand, respectively.

(c) Equity price risk

See Note 6(3) for disclosure of equity price risk analysis.

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(26) Capital Management

Through clear understanding and managing of significant changes in external environment, related industry characteristics, and corporate growth plan, the Company manages its capital structure to ensure it has sufficient financial resources to sustain proper liquidity, to invest in capital expenditures and research and development expenses, to repay debts and to distribute dividends in accordance to its plan. The management pursues the most suitable capital structure by monitoring and maintaining proper financial ratios as below. The Company aims to enhance the returns of its shareholders through achieving an optimized debt-to-equity ratio from time to time.

	December 31,	
	2023	2022
Long-term borrowings (including current installments)	\$ 98,307,344	78,568,393
Total liabilities	185,640,259	166,861,612
Total equity	159,167,207	185,099,091
Debt-to-equity ratio	117 %	90 %
Net debt-to-equity ratio ⁽ⁱ⁾	43 %	20 %

⁽ⁱ⁾ Net debt-to-equity ratio is defined as long-term borrowings less cash and cash equivalents and divided by total equity.

7. Related-party Transactions

(1) Name and relationship of related parties

The following is a summary of subsidiaries and related parties that have had transactions with the Company during the periods presented in the parent company only financial statements.

Name of related party	Relationship with the Company
Konly Venture Corp. (“Konly”)	Subsidiary
Ronly Venture Corp. (“Ronly”)	Subsidiary
Darwin Precisions Corporation (“DPTW”)	Subsidiary
AUO Crystal Corp. (“ACTW”)	Subsidiary
AUO Display Plus Corporation (“ADP”)	Subsidiary
AUO Digitech Taiwan Inc. (“ADTTW”)	Subsidiary
Jector Digital Corporation (“Jector”)	Subsidiary
Space Money Inc. (“S4M”)	Subsidiary
Da Ping Green Energy Corporation (“DPGE”)	Subsidiary
AUO Health Corporation (“AHTW”)	Subsidiary
AUO Envirotech Inc. (“AETTW”)	Subsidiary
AUO Care Inc. (“ACTTW”)	Subsidiary
AUO Education Service Corp. (“AUES”)	Subsidiary

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<u>Name of related party</u>	<u>Relationship with the Company</u>
Yo-Pei Water Corporation (“AET-YP”)	Subsidiary
Star River Energy Corp. (“SREC”)	Subsidiary
Evergen Power Corporation (“EGPC”)	Subsidiary
Sungen Power Corporation (“SGPC”)	Subsidiary
Zheng Yao Power Corporation (“ZYPC”)	Subsidiary
Feng Yao Power Corporation (“FYPC”)	Subsidiary
AUO Corporation America (“AUOUS”)	Subsidiary
AUO Corporation Japan (“AUOJP”)	Subsidiary
AUO Europe B.V. (“AUONL”)	Subsidiary
AUO Singapore Pte. Ltd. (“AUOSG”)	Subsidiary
AUO (Shanghai) Co., Ltd. (“AUOSH”)	Subsidiary
AUO (Xiamen) Corp. (“AUOXM”)	Subsidiary
AUO (Suzhou) Corp., Ltd. (“AUOSZ”)	Subsidiary
AUO (Slovakia) s.r.o. (“AUOSK”)	Subsidiary
AFPD Pte., Ltd. (“AUST”)	Subsidiary
AUO (Kunshan) Co., Ltd. (“AUOKS”)	Subsidiary
a.u.Vista Inc. (“AUVI”)	Subsidiary
Fortech Electronics (Suzhou) Co., Ltd. (“FTWJ”)	Subsidiary
Darwin Precisions (Xiamen) Corp. (“DPXM”)	Subsidiary
ComQi Inc. (“CQUS”)	Subsidiary
Aedgetech Data Technologies (Suzhou) Corp., Ltd. (“ATISZ”, formerly Edgetech Data Technologies (Suzhou) Corp., Ltd.)	Subsidiary
AUO Display Plus Japan Corp. (“ADPJP”)	Subsidiary
AUO Korea Ltd. (“AUOKR”)	Subsidiary
AUO Display Plus Netherlands B.V. (“ADPNL”)	Subsidiary
DentLabX Company Limited (“DentLabX”)	Subsidiary
ProfetAI (Suzhou) Co., Ltd. (“PFSZ”)	Subsidiary
Ennostar Inc. (“Ennostar”)	Associate
Epistar Corporation (“Epistar”)	Subsidiary of Ennostar
Yenrich Technology Corporation (“Yenrich”)	Subsidiary of Ennostar
Lextar Electronics Corporation (“Lextar”)	Subsidiary of Ennostar
Trendylite Corporation (“Trendylite”)	Subsidiary of Ennostar
Unikorn Semiconductor Corporation (“USC”)	Subsidiary of Ennostar
Raydium Semiconductor Corporation (“Raydium”)	Associate
Star Shining Energy Corporation (“SSEC”)	Associate

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<u>Name of related party</u>	<u>Relationship with the Company</u>
Fargen Power Corporation (“FGPC”)	Subsidiary of SSEC
Sheng Li Energy Corporation (“SLEC”)	Subsidiary of SSEC
ChampionGen Power Corporation (“CGPC”)	Subsidiary of SSEC
TronGen Power Corporation (“TGPC”)	Subsidiary of SSEC
Ri Ji Power Corporation (“RJPC”)	Subsidiary of SSEC
Ri Jing Power Corporation (“RGPC”)	Subsidiary of SSEC
Mao Zheng Energy Corporation (“MZEC”)	Subsidiary of SSEC
Mao Xin Energy Corporation (“MXEC”)	Subsidiary of SSEC
Sheng Feng Power Corporation (“SFPC”)	Subsidiary of SSEC
Sheng Da Power Corporation (“SDPC”)	Subsidiary of SSEC
Sheng He Power Corporation (“SHPC”)	Subsidiary of SSEC
Sheng Yao Power Corporation (“SYPC”)	Subsidiary of SSEC
He Shuo Agricultural Biotech Corporation (“HSNC”)	Subsidiary of SSEC
Shin Sheng Feng Investment Corp. (“SSFI”)	Subsidiary of SSEC
Zhao Feng Energy Co., Ltd. (“ZFE”)	Associate
Mega Green Energy Corporation (“MGE”)	Subsidiary of ZFE
Renovatio Pictures Co., Ltd. (“RP”)	Associate
YTTEK Technology Corp. (“YTTEK”)	Associate
Daxin Materials Corp. (“Daxin”)	Associate
ADLINK Technology Inc. (“ADLINK”)	Associate
Qisda Corporation (“Qisda”)	Associate
Qisda (Suzhou) Co., Ltd. (“QCSZ”)	Subsidiary of Qisda
Qisda Electronics (Suzhou) Co., Ltd. (“QCES”)	Subsidiary of Qisda
Qisda Optronics (Suzhou) Co., Ltd. (“QCOS”)	Subsidiary of Qisda
BenQ Corporation (“BenQ”)	Subsidiary of Qisda
BenQ Materials Corp. (“BMC”)	Subsidiary of Qisda
BenQ Asia Pacific Corp. (“BQP”)	Subsidiary of Qisda
BenQ America Corporation (“BQA”)	Subsidiary of Qisda
DFI Inc. (“DFI”)	Subsidiary of Qisda
Data Image Corporation (“DIC”)	Subsidiary of Qisda
Data Image (Suzhou) Corporation (“DICSZ”)	Subsidiary of Qisda
ACE Pillar Co., Ltd. (“ACE”)	Subsidiary of Qisda
Qisda Vietnam Co., Ltd (“QVH”)	Subsidiary of Qisda
Golden Spirit Co., Ltd. (“GSC”)	Subsidiary of Qisda
AdvancedTEK International Corp. (“AdvancedTEK”)	Subsidiary of Qisda

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Notes to the Parent Company Only Financial Statements

<u>Name of related party</u>	<u>Relationship with the Company</u>
Metaage Corporation (“MTG”)	Subsidiary of Qisda
Global Intelligence Network Co., Ltd. (“GINNET”)	Subsidiary of Qisda
Concord Medical Co., Ltd. (“Concord”)	Subsidiary of Qisda
Standard Technology Corp. (“STC”)	Subsidiary of Qisda
Metaguru Corporation (“Metaguru”)	Subsidiary of Qisda
IRIS Optronics Co., Ltd. (“IOC”)	Associate ⁽ⁱⁱ⁾
SINTRONES Technology Corp. (“SINTRONES”)	Associate ⁽ⁱⁱⁱ⁾
Play Nitride Inc. (“PlayNitride”)	Konly represented as a director of PlayNitride
Carota Corporation (“Carota”)	Konly represented as a director of Carota
PlayNitride Display Co., Ltd. (“PND”)	Subsidiary of PlayNitride
Profet AI Shanghai Co., Ltd. (“PFSH”)	Director of PFSZ
Profet AI Technology Co., Ltd. (“PFTW”)	PFTW and PFSH are members of the same Group

- (i) For the information in respect of the Company’s subsidiaries and related parties, please refer to the consolidated financial statements for the years ended December 31, 2023 and 2022.
- (ii) The Company’s subsidiaries ceased to apply the equity method over IOC from December 2023; therefore, IOC is no longer a related party of the Company starting from the date of the cease.
- (iii) The Company has had significant influence over SINTRONES since February 2023; therefore, SINTRONES was changed from other related party to associate.
- (2) Compensation to key management personnel

Key management personnel’s compensation comprised:

	For the years ended	
	December 31,	
	2023	2022
Short-term employee benefits	\$ 575,494	468,841
Post-employment benefits	1,411	1,359
Share-based payments	35,301	39,592
	\$ 612,206	509,792

Refer to Note 6(16) for information on share-based payments.

(Continued)

AUO CORPORATION
Notes to the Parent Company Only Financial Statements

(3) Except for otherwise disclosed in other notes to the parent company only financial statements, the Company's significant related party transactions and balances were as follows:

a. Sales

	Sales		Accounts receivable from related parties	
	For the years ended December 31,		December 31, 2023	December 31, 2022
	2023	2022		
Subsidiaries	\$ 26,794,747	30,184,785	3,582,844	4,215,367
Associates	\$ 11,102,611	12,229,610	1,030,025	1,132,295
Others	-	4,196	-	-
	\$ 37,897,358	42,418,591	4,612,869	5,347,662

The collection terms for sales to related parties were 25 to 55 days from the end of the month during which the invoice is issued. The pricing for sales to related parties were not materially different from those with third parties.

b. Purchases

	Purchases		Accounts payable to related parties	
	For the years ended December 31,		December 31, 2023	December 31, 2022
	2023	2022		
Subsidiaries	\$ 100,195,913	91,052,727	25,255,679	21,619,710
Associates	\$ 9,357,673	11,678,909	2,163,051	2,612,084
Others	35,940	-	14,202	-
	\$ 109,589,526	102,731,636	27,432,932	24,231,794

The payment terms for purchases from related parties were 30 to 120 days. The pricing and payment terms with related parties were not materially different from those with third parties.

c. Acquisition of property, plant and equipment

	Acquisition prices	
	For the years ended December 31,	
	2023	2022
Subsidiaries	\$ 659,953	619,377
Associates	29,982	61,358
	\$ 689,935	680,735

(Continued)

AUO CORPORATION
Notes to the Parent Company Only Financial Statements

d. Disposal of property, plant and equipment

	Proceeds from disposal		Gains on disposal	
	For the years ended December 31,		For the years ended December 31,	
	2023	2022	2023	2022
Subsidiaries	\$ 1,392	2,117	649	375
Associates	-	550	-	550
	<u>\$ 1,392</u>	<u>2,667</u>	<u>649</u>	<u>925</u>

e. Other related party transactions

Transaction type	Type of related party	For the years ended December 31,	
		2023	2022
Rental income	Subsidiaries	\$ 43,079	52,261
	Associates	135,099	129,504
		<u>\$ 178,178</u>	<u>181,765</u>
Interest and other income	Subsidiaries	\$ 147,730	307,683
	Associates	38,824	36,277
	Others	-	69
		<u>\$ 186,554</u>	<u>344,029</u>
Cost of sales and operating expenses	Subsidiaries	\$ 939,760	749,553
	Associates	46,372	83,233
	Others	163,963	156,440
		<u>\$ 1,150,095</u>	<u>989,226</u>
Transaction type	Type of related party	December 31, 2023	December 31, 2022
Other receivables due from related parties ^{(i) (ii)}	Subsidiaries	\$ 2,123,381	2,045,101
	Associates	14,616	5,294
		<u>\$ 2,137,997</u>	<u>2,050,395</u>
Other payables due to related parties, including payables for equipment	Subsidiaries	\$ 467,270	376,018
	Associates	26,979	12,305
	Others	11,475	11,608
		<u>\$ 505,724</u>	<u>399,931</u>

(i) The Company's receivables from related parties arising from the consolidated settlement with its subsidiary ADP have filed a combined business income tax return at December 31, 2023 and 2022 were \$871,053 thousand and \$261,574 thousand, respectively.

(Continued)

AUO CORPORATION
Notes to the Parent Company Only Financial Statements

- (ii) The Company provided financings to its subsidiaries in the aggregate of \$1,145,000 thousand and \$1,650,000 thousand, respectively, as of December 31, 2023 and 2022.

The Company leased portion of its offices and plants to related parties. The collection term was receipts in advance, and the pricing was not materially different from that with third parties.

The Company paid deposits to related parties for the purchase of renewable energy. The amount as of December 31, 2023 was \$88,244 thousand and was recorded in other noncurrent assets.

The Company participated in capital increase of related parties in the aggregate of \$2,565,902 thousand and \$5,993,878 thousand, respectively, for 2023 and 2022. In addition, for the years ended December 31, 2023 and 2022, the Company entitled for cash dividends declared by related parties of \$2,949,113 thousand and \$3,810,426 thousand, respectively. As of December 31, 2023 and 2022, the aforementioned dividends were all received.

8. Pledged Assets

The carrying amounts of the assets which the Company pledged as collateral were as follows:

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Restricted cash in banks ⁽ⁱ⁾	Guarantee for warranties	\$ 2,412	8,657
Land and buildings	Long-term borrowings limit	56,752,636	58,264,107
Machinery and equipment	Long-term borrowings limit	<u>29,301,933</u>	<u>19,550,802</u>
		<u>\$ 86,056,981</u>	<u>77,823,566</u>

⁽ⁱ⁾ Classified as other noncurrent assets.

9. Significant Contingent Liabilities and Unrecognized Commitments

The significant commitments and contingencies of the Company as of December 31, 2023, in addition to those disclosed in other notes to the parent company only financial statements, were as follows:

- (1) Outstanding letters of credit

As at December 31, 2023, the Company had the following outstanding letters of credit for the purpose of purchasing machinery and equipment and materials:

<u>Currency</u>	<u>December 31, 2023 (in thousands)</u>
USD	23,258
JPY	6,501,300
EUR	2,047

(Continued)

AUO CORPORATION
Notes to the Parent Company Only Financial Statements

(2) Technology licensing agreements

Starting in 1998, AUO has entered into technical collaboration, patent licensing, and/or patent cross licensing agreements with Fujitsu Display Technologies Corp. (subsequently assumed by Fujitsu Limited), Toppan Printing Co., Ltd. (“Toppan Printing”), Semiconductor Energy Laboratory Co., Ltd., Japan Display Inc. (formerly Japan Display East Inc./Hitachi Displays, Ltd.), Panasonic Liquid Crystal Display Co., Ltd. (formerly IPS Alpha Technology, Ltd.), LG Display Co., Ltd., Sharp Corporation, Samsung Electronics Co., Ltd., Hydis Technologies Co., Ltd., Sanyo Electronic Co., Ltd., Seiko Epson Corporation and others. AUO believes that it is in compliance with the terms and conditions of the aforementioned agreements.

(3) Purchase commitments

- a. In 2021, AUO entered into a long-term materials supply agreement with a supplier, under which, AUO and the supplier agreed on the supply of certain IC chip at agreed prices and quantities.
- b. As at December 31, 2023, significant outstanding purchase commitments for construction in progress, property, plant and equipment totaled \$13,847,316 thousand.

(4) Litigation

In May 2014, LG Electronics Nanjing Display Co., Ltd. and seven of its affiliates (collectively, the “Plaintiffs”) filed a lawsuit in Seoul Central District Court against certain LCD manufacturers including AUO, alleging overcharge and claiming damages. In November 2023, the court of first instance in Korea has found AUO liable to the Plaintiffs for a total amount of KRW 29,099 million plus interest. This antitrust civil case has been ongoing for many years since the Plaintiffs filed their lawsuit in 2014 which resulted from the LCD antitrust meetings that ended in 2006. AUO filed an appeal in December 2023 and made a security deposit of the aforementioned amount plus interest at the Korean court in January 2024. At this stage, the final outcome of these matters is uncertain. AUO is reviewing the merits of this lawsuits on an on-going basis.

In October 2023, Phenix Longhorn LLC (“Phenix”) filed a lawsuit in the United States District Court for the Eastern District of Texas against two companies including AUO, claiming infringement of certain of Phenix’ s patents in the United States relating to the manufacturing of LCD panels. In the complaint, Phenix seeks, among other things, unspecified monetary damages and injunctive relief. While AUO intends to defend the suits vigorously, the ultimate outcome of the three matters is uncertain. AUO is reviewing the merits of the lawsuits on an on-going basis.

(Continued)

AUO CORPORATION
Notes to the Parent Company Only Financial Statements

As of January 31, 2024, the Company has made certain provisions with respect to certain of the above lawsuits as the management deems appropriate, considering factors such as the nature of the litigation or claims, the materiality of the amount of possible loss, the progress of the cases and the opinions or views of legal counsel and other advisors. Management will reassess all litigation and claims at each reporting date based on the facts and circumstances that exist at that time, and will make additional provisions or adjustments to previous provisions. The ultimate amount cannot be ascertained until the relevant cases are closed. The ultimate resolution of the legal proceedings and/or lawsuits cannot be predicted with certainty. While management intends to defend certain of the lawsuits described above vigorously, there is a possibility that one or more legal proceedings or lawsuits may result in an unfavorable outcome to the Company. In addition to the matters described above, the Company is also a party to other litigations or proceedings that arise during the ordinary course of business. Except as mentioned above, the Company, to its knowledge, is not involved as a defendant in any material litigation or proceeding which could be expected to have a material adverse effect on the Company's business or results of operations.

10. Significant Disaster Losses: None

11. Subsequent Event: None

12. Others

- (1) Since 2010, there have been environmental proceedings relating to the development project of the Central Taiwan Science Park in Houli, Taichung, which AUO's second 8.5 generation fab is located at (the "Project"). The Environmental Protection Administration ("EPA") of the Executive Yuan of Taiwan issued the environmental assessment and development approval on November 6, 2018. On October 24, 2019, the Appeal Review Committee of the Executive Yuan rejected the administrative appeal filed by five local residents. On December 24, 2019, the residents filed an administrative action for invalidating the environmental assessment again and the Appeal Review Committee of the Executive Yuan ruled in the residents' favor on July 21, 2022 and invalidated the environmental assessment approval. The EPA filed an appeal in the Supreme Administrative Court on August 17, 2022. The Company will continue to monitor the development of this event.
- (2) On October 2, 2023, the Company has entered into an agreement with MAHLE Behr GmbH & Co. KG and HELLA GmbH & Co. KGaA; under which the Company will acquire 100% equity interest in the German company Behr Hella Thermocontrol GmbH at an enterprise value of EUR 600 million (approximately NT\$20.4 billion), subject to price adjustments, including changes in net working capital, net debt, and other related adjustments, set forth in the share purchase agreement. This transaction is subject to the clearance of customary antitrust and regulatory approvals.

(Continued)

AUO CORPORATION
Notes to the Parent Company Only Financial Statements

13. Additional Disclosures

(1) Information on significant transactions:

Following are the additional disclosures required by the Regulations for the Company for the years ended December 31, 2023.

- a. Financings provided: Please see Table 1 attached.
 - b. Endorsements/guarantees provided: Please see Table 2 attached.
 - c. Marketable securities held (excluding investment in subsidiaries, associates and joint ventures): Please see Table 3 attached.
 - d. Individual marketable securities acquired or disposed of with costs or prices exceeding NT\$300 million or 20% of the paid-in capital: Please see Table 4 attached.
 - e. Acquisition of individual real estate with costs exceeding NT\$300 million or 20% of the paid-in capital: None
 - f. Disposal of individual real estate with prices exceeding NT\$300 million or 20% of the paid-in capital: None.
 - g. Purchases from or sales to related parties with amounts exceeding NT\$100 million or 20% of the paid-in capital: Please see Table 5 attached.
 - h. Receivables from related parties with amounts exceeding NT\$100 million or 20% of the paid-in capital: Please see Table 6 attached.
 - i. Information about trading in derivative instruments: Please see Note 6(2).
- (2) Information on investees (excluding information on investment in Mainland China): Please see Table 7 attached.
- (3) Information on investment in Mainland China:
- a. The related information on investment in Mainland China: Please see Table 8.1 and 8.2 attached.
 - b. Upper limit on investment in Mainland China: Please see Table 8.1 and 8.2 attached.
 - c. Significant transactions:
 Significant direct or indirect transactions with the investees in Mainland China for the years ended December 31, 2023, are disclosed in Note 13(1) “Information on significant transactions”.

(Continued)

AUO CORPORATION
Notes to the Parent Company Only Financial Statements

(4) Major shareholders:

Major Shareholder	Shares	
	Total Shares Owned	Ownership Percentage
Qisda	530,878,896	6.89 %
Trust Holding for Employees of AUO Corporation	407,919,675	5.29 %

Note: This table discloses the information that shareholders who hold in total, more than 5% of the Company's common shares and preferred shares that are in dematerialized form and with the registration being completed. The aforesaid information was provided by Taiwan Depository & Clearing Corporation and calculated based on the data on the last business day at the end of each quarter.

14. Segment Information

The Company has provided the operating segments disclosure in the consolidated financial statements. Disclosure of the segment information in the parent company only financial statements is waived.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Financings Provided
For the year ended December 31, 2023
(Amount in thousands of New Taiwan Dollars)

Table 1

No.	Financing Company	Borrowing Company	Financial Statement Account (Note 5)	Related Party	Maximum Balance for the Period (Note 3)	Ending Balance (Notes 1 and 2)	Amount Actually Drawn Down (Notes 1 and 4)	Interest Rate	Nature of Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Notes 1 and 6)	Limits on Financing Company's Total Financing Amount (Notes 1 and 6)
													Item	Value		
0	AUO	ACTW	Other receivables from related parties	Yes	2,500,000	1,300,000	800,000	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	15,916,721	63,666,883	
0	AUO	AUOKS	Other receivables from related parties	Yes	7,562,450	-	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	15,916,721	63,666,883	
0	AUO	AETTW	Other receivables from related parties	Yes	400,000	400,000	200,000	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	15,916,721	63,666,883	
0	AUO	AET-YP	Other receivables from related parties	Yes	200,000	200,000	15,000	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	15,916,721	63,666,883	
0	AUO	ADTTW	Other receivables from related parties	Yes	100,000	100,000	20,000	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	15,916,721	63,666,883	
0	AUO	S4M	Other receivables from related parties	Yes	300,000	300,000	110,000	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	15,916,721	63,666,883	

No.	Financing Company	Borrowing Company	Financial Statement Account (Note 5)	Related Party	Maximum Balance for the Period (Note 3)	Ending Balance (Notes 1 and 2)	Amount Actually Drawn Down (Notes 1 and 4)	Interest Rate	Nature of Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Notes 1 and 6)	Limits on Financing Company's Total Financing Amount (Notes 1 and 6)
													Item	Value		
1	AUOLB	AUOSZ	Other receivables from related parties	Yes	886,260	863,040	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	78,405,680	78,405,680
1	AUOLB	AUOXM	Other receivables from related parties	Yes	886,260	863,040	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	78,405,680	78,405,680
1	AUOLB	AUOKS	Other receivables from related parties	Yes	16,459,450	8,198,880	1,294,560	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	78,405,680	78,405,680
2	AUOKS	AUOXM	Other receivables from related parties	Yes	3,545,040	1,726,080	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	21,344,066	21,344,066
2	AUOKS	AUOSZ	Other receivables from related parties	Yes	2,658,780	1,726,080	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	21,344,066	21,344,066
3	AUOXM	AUOKS	Other receivables from related parties	Yes	6,203,820	4,315,200	1,726,080	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	16,293,338	16,293,338
3	AUOXM	AUOSZ	Other receivables from related parties	Yes	1,772,520	863,040	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	16,293,338	16,293,338
4	BVXM	AUOKS	Other receivables from related parties	Yes	889,700	431,520	431,520	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	1,360,548	1,360,548

No.	Financing Company	Borrowing Company	Financial Statement Account (Note 5)	Related Party	Maximum Balance for the Period (Note 3)	Ending Balance (Notes 1 and 2)	Amount Actually Drawn Down (Notes 1 and 4)	Interest Rate	Nature of Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Notes 1 and 6)	Limits on Financing Company's Total Financing Amount (Notes 1 and 6)
													Item	Value		
5	AUOSJ	ACTSZ	Other receivables from related parties	Yes	185,459	129,456	21,576	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	4,249,693	4,249,693	
5	AUOSJ	ADTSZ	Other receivables from related parties	Yes	264,942	215,760	21,576	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	1,699,877	1,699,877	
5	AUOSJ	AETSZ	Other receivables from related parties	Yes	883,140	863,040	366,792	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	4,249,693	4,249,693	
5	AUOSJ	AMISZ	Other receivables from related parties	Yes	132,471	129,456	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	1,699,877	1,699,877	
5	AUOSJ	AMIXM	Other receivables from related parties	Yes	141,302	138,086	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	1,699,877	1,699,877	
5	AUOSJ	AUOKS	Other receivables from related parties	Yes	2,658,780	1,726,080	1,726,080	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	4,249,693	4,249,693	
5	AUOSJ	ATISZ	Other receivables from related parties	Yes	88,628	86,304	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	1,699,877	1,699,877	
6	AUOSZ	AUOXM	Other receivables from related parties	Yes	1,772,520	863,040	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	17,653,379	17,653,379	

Financing Company No.	Financing Company	Financial Statement Account (Note 5)	Related Party	Maximum Balance for the Period (Note 3)	Ending Balance (Notes 1 and 2)	Amount Actually Drawn Down (Notes 1 and 4)	Interest Rate	Nature of Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Notes 1 and 6)	Limits on Financing Company's Total Financing Amount (Notes 1 and 6)
												Item	Value		
6	AUOSZ	AUOKS	Other receivables from related parties	Yes	15,287,985	6,041,280	2,157,600	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	17,653,379	17,653,379
7	FPWJ	FTWJ	Other receivables from related parties	Yes	444,850	431,520	215,760	Based on China LPR	Needs for short-term financing	-	Operating capital	-	-	738,687	738,687

Note 1: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the exchange rates at the reporting date.

Note 2: The ending balance represents the amounts approved by the Board of Directors.

Note 3: The maximum balance for the period represents the highest amount in New Taiwan Dollars announced or occurred during the period.

Note 4: All inter-company transactions among AUO and its subsidiaries have been eliminated in the consolidated financial statements.

Note 5: According to the maturity date of individual contracts, financings provided are classified under current or non-current items based on their liquidity.

Note 6: The policy for the limit on total financing amount and the financing limit for any individual entity are prescribed as follows:

- a. AUO: The amount available for lending to an investee or a company with needs for short-term financing shall not exceed 10% of AUO's net worth as stated in its latest financial statement. The aggregate amount available for lending to borrowers shall not exceed 40% of AUO's net worth as stated in its latest financial statement.
- b. AUOLB, AUOKS, AUOSZ, AUOXM, AUOSJ and BVXM: The amount available for lending to an investee or a company with needs for short-term financing and the aggregate amount available for lending to borrowers both shall not exceed 40% of the net worth of the lending company as stated in its latest financial statement.
- c. In the event that the financing is between foreign subsidiaries whose voting shares are 100% owned, directly or indirectly, by AUO, the amount lendable to each of such borrowers and the aggregate amount available for lending to such borrowers both shall not exceed the net worth of the lending company as stated in its latest financial statement.
- d. In the event that the financing is between foreign subsidiaries whose voting shares are 100% owned, directly or indirectly, by DPTW, the amount lendable to each of such borrowers and the aggregate amount available for lending to such borrowers both shall not exceed the net worth of the lending company as stated in its latest financial statement.
- e. FPWJ and FTWJ are foreign subsidiaries whose voting shares are 100% owned, directly or indirectly, by DPTW.

AUO CORPORATION AND SUBSIDIARIES
Endorsements/Guarantees Provided
For the year ended December 31, 2023
(Amount in thousands of New Taiwan Dollars)

Table 2

No.	Endorser/ Guarantor	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided for Each Party (Notes 4 and 5)	Maximum Endorsement/ Guarantee Balance for the Period (Note 2)	Ending Balance (Notes 3 and 4)	Amount Actually Drawn Down (Note 4)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Notes 4 and 5)	Endorsement/ Guarantee Provided by Parent Company to Subsidiary	Endorsement/ Guarantee Provided by Subsidiary to Parent Company	Endorsement/ Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship (Note 1)										
0	AUO	AUOKS	2	79,583,604	32,406,097	12,945,600	8,630,400	-	8.13%	159,167,207	Yes	No	Yes
1	AUOXM	AUO	3	16,293,338	8,862,800	8,630,400	3,020,640	-	52.97%	16,293,338	No	Yes	No
2	FPWJ	FTWJ	4	295,475	222,425	-	-	-	-	295,475	No	No	Yes

Note 1: The relationship between the endorser/guarantor and the guaranteed party:

1. A company with which it does business.
2. A company in which the Company directly and indirectly holds more than 50% of the voting shares.
3. A company that directly and indirectly holds more than 50% of the voting shares in the Company.
4. Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares.
5. A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
6. A company that all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 2: The maximum endorsement/guarantee balance for the period represents the highest amount in New Taiwan Dollars announced or occurred during the period.

Note 3: The ending balance represents the amounts approved by the Board of Directors.

Note 4: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the exchange rates at the reporting date.

Note 5: The policy for the limit of total endorsement/guarantee amount and the limit on endorsement/guarantee amount provided to each party are prescribed as follows:

- a. AUO: The total endorsement/guarantee amount provided shall not exceed the net worth of AUO as stated in its latest financial statement. The aggregate amount of endorsement/guarantee provided to each guaranteed party shall not exceed 50% of AUO's net worth as stated in its latest financial statement.
- b. AUOXM: The total endorsement/guarantee amount provided and the aggregate amount of endorsement/guarantee provided to each guaranteed party both shall not exceed the net worth of the endorser/guarantor as stated in its latest financial statement.
- c. FPWJ: The total endorsement/guarantee amount provided and the aggregate amount of endorsement/guarantee provided to each guaranteed party both shall not exceed 40% of the net worth of the endorser/guarantor as stated in its latest financial statement.

AUO CORPORATION AND SUBSIDIARIES
Marketable Securities Held (Excluding Investment in Subsidiaries, Associates and Joint Ventures)
December 31, 2023
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated, and shares in thousands)

Table 3

Name of Holder	Type and Name of Marketable Securities	Relationship with the Securities Issuer	Financial Statement Account	December 31, 2023			Note
				Shares	Carrying Amount	Percentage of Ownership	
ADPNL	Avocor's convertible bond	Related party	Financial assets at FVTPL – noncurrent	-	USD 4,531	-	USD 4,531
ADPNL	Avocor's stock	Related party	Financial assets at FVTOCI – noncurrent	793	USD 5,150	10.30%	USD 5,150
AUOLB	Abakus Solar AG's stock	-	Financial assets at FVTPL – noncurrent	3	-	2.22%	-
AUOSH	TOLLY Optonics Co., Ltd.'s stock	-	Financial assets at FVTOCI – noncurrent	1,293	CNY 6,250	1.58%	CNY 6,250
Konly	Carota's stock	Related party	Financial assets at FVTOCI – noncurrent	3,216	247,038	8.64%	247,038
Konly	Mindronic AI Co. Ltd.'s stock	-	Financial assets at FVTOCI – noncurrent	36	29,943	3.17%	29,943
Konly	PlayNitride's stock	Related party	Financial assets at FVTOCI – noncurrent	7,535	744,421	7.03%	744,421
Konly	SkyREC Ltd.'s stock	-	Financial assets at FVTOCI – noncurrent	188	-	16.12%	-
Konly	SnapBizz CloudTech Pte. Ltd.'s stock	-	Financial assets at FVTOCI – noncurrent	13	-	4.61%	-
Konly	Azotek Co., Ltd.'s stock	-	Financial assets at FVTOCI – noncurrent	2,407	7,345	3.93%	7,345
Konly	WMI's stock	Related party	Financial assets at FVTOCI – noncurrent	8,625	16,531	14.38%	16,531
Konly	Chenfeng Optonics Corporation's stock	-	Financial assets at FVTPL – noncurrent	1,500	-	1.49%	-
Konly	GCS Holdings, Inc.'s stock	-	Financial assets at FVTOCI – noncurrent	1,119	35,808	1.01%	35,808
Konly	a2peak power Co., Ltd.'s stock	-	Financial assets at FVTPL – noncurrent	4,000	-	10.87%	-
Konly	IOC's stock	-	Financial assets at FVTOCI – noncurrent	1,000	-	3.62%	-
ADP	Imediac Co., Ltd.'s stock	Related party	Financial assets at FVTOCI – noncurrent	2,500	125,000	14.17%	125,000
DPTW	Disign Incorporated's stock	-	Financial assets at FVTOCI – noncurrent	2	10,714	19.89%	10,714
DPTW	Evertrust Technology Ltd.'s stock	-	Financial assets at FVTOCI – noncurrent	150	1,500	16.13%	1,500
DPTW	D8AI Inc.'s stock	-	Financial assets at FVTOCI – noncurrent	8,400	11,149	4.64%	11,149
DPTW	HUAI I Precision Technology Co., Ltd.'s stock	-	Financial assets at FVTOCI – noncurrent	2,914	34,968	10.00%	34,968
Ronly	PlayNitride's stock	Related party	Financial assets at FVTOCI – noncurrent	2,011	198,645	1.88%	198,645

Name of Holder	Type and Name of Marketable Securities	Relationship with the Securities Issuer	Financial Statement Account	December 31, 2023			Note
				Shares	Carrying Amount	Percentage of Ownership	
Ronly	ProferAI Inc.'s stock	Related party	Financial assets at FVTOCI — noncurrent	911	40,823	12.89%	40,823
Ronly	Exploit Technology Co., Ltd.'s stock	-	Financial assets at FVTPL — noncurrent	41	-	0.49%	-
Ronly	Cruise10 Co., Ltd.'s stock	-	Financial assets at FVTOCI — noncurrent	1,250	20,000	10.53%	20,000
Ronly	Prognosis Technology Inc.'s stock	-	Financial assets at FVTOCI — noncurrent	245	11,025	11.16%	11,025
Ronly	GCS Holdings, Inc.'s stock	-	Financial assets at FVTOCI — noncurrent	3,500	112,000	3.15%	112,000
Ronly	IOC's stock	-	Financial assets at FVTOCI — noncurrent	3,420	-	12.37%	-

Note 1: Formerly known as T-poweritek Optronics Co., Ltd.

AUO CORPORATION AND SUBSIDIARIES
Individual Marketable Securities Acquired or Disposed of with Costs or Prices Exceeding
NT\$300 Million or 20% of the Paid-in Capital
For the year ended December 31, 2023
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated, and shares in thousands)

Table 4

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance		Note
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain/Loss on Disposal	Shares	
AUO	AUOLB's stock	Investments in equity-accounted investees	-	-	2,507,189	75,152,215	32,000	992,480	-	-	-	2,539,189	78,405,680	Notes 1&2
AUO	Konly's stock	Investments in equity-accounted investees	-	-	469,558	9,565,450	39,274	800,001	-	-	-	432,432	8,926,088	Notes 2&3
AUO	DPGE's stock	Investments in equity-accounted investees	-	-	35,000	350,731	6,250	600,000	-	-	-	41,250	944,794	Notes 1&2
AUOLB	AUOKS's equity	Investments in equity-accounted investees	Notes 2&4	Subsidiary of AUO	-	USD 573,171	-	USD 110,000	USD 627,394	USD 627,394	-	-	-	-
AUOLB	AUOSG's stock	Investments in equity-accounted investees	-	-	266,268	USD 6,920	2,510,838	USD 1,830,970	-	-	-	2,777,106	USD 1,964,491	Notes 1&6
AUOLB	AUOSJ's equity	Investments in equity-accounted investees	AUOSG	Subsidiary of AUO	-	USD 119,972	-	-	USD 133,749	USD 133,749	-	-	-	Note 4
AUOLB	AUOSZ's equity	Investments in equity-accounted investees	AUOSG	Subsidiary of AUO	-	USD 622,841	-	-	USD 549,192	USD 549,192	-	-	-	Note 4
AUOLB	AUOXM's equity	Investments in equity-accounted investees	AUOSG	Subsidiary of AUO	-	USD 511,623	-	-	USD 480,490	USD 480,490	-	-	-	Note 4
AUOSG	AUOKS's equity	Investments in equity-accounted investees	AUOLB	Subsidiary of AUO	-	-	-	USD 627,394	-	-	-	-	USD 694,839	Notes 1&5

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance		Note
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain/Loss on Disposal	Shares	
AUOSG	AUOSJ's equity	Investments in equity-accounted investees	AUOLB	Subsidiary of AUO	-	-	-	USD 133,749	-	-	-	USD 120,665	Notes 1&5	
AUOSG	AUOSZ's equity	Investments in equity-accounted investees	AUOLB	Subsidiary of AUO	-	-	-	USD 549,192	-	-	-	USD 571,783	Notes 1&5	
AUOSG	AUOVN's equity	Investments in equity-accounted investees	-	-	-	-	-	USD 20,922	-	-	-	USD 20,748	Notes 1&2	
AUOSG	AUOXM's equity	Investments in equity-accounted investees	AUOLB	Subsidiary of AUO	-	-	-	USD 480,490	-	-	-	USD 530,417	Notes 1&5	
ADP	ADPNL's stock	Investments in equity-accounted investees	-	-	-	881,401	-	393,695	-	-	-	1,249,767	Notes 1&2	

Note 1: The ending balance includes the recognition of investment gain (loss) and other related adjustments under the equity method.

Note 2: The acquisition amount refers to the participation in the investee's capital increase.

Note 3: The ending shares include shares from the investee's capital decrease. The ending balance includes cash return from the investee's capital decrease, cash dividends, the recognition of investment gain (loss) and other related adjustments under the equity method.

Note 4: The disposal amount refers to the equity of the investee sold by AUOLB to AUOSG under business restructuring.

Note 5: The acquisition amount refers to the equity of the investee obtained by AUOSG from AUOLB under business restructuring.

Note 6: The acquisition amount includes the participation in the investee's capital increase and the equity of the investee obtained by AUOSG from AUOLB under business restructuring.

AUO CORPORATION AND SUBSIDIARIES
Purchases from or Sales to Related Parties with Amounts Exceeding NT\$100 Million or 20% of the Paid-in Capital
For the year ended December 31, 2023
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 5

Company Name	Counterparty	Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchases /Sales	Amount (Note 2)	Percentage of Total Purchases /Sales	Credit Terms	Unit Price (Note 1)	Credit Terms (Note 1)	Ending Balance (Note 2)	Percentage of Total Notes /Accounts Receivable (Payable)	
AUO	AUOKS	Subsidiary of AUO	Purchases	16,018,158	10%	EOM 30 days	-	-	(2,309,534)	(5)%	
AUO	AUOSK	Subsidiary of AUO	Purchases	112,496	-	EOM 45 days	-	-	(18,126)	-	
AUO	AUOSZ	Subsidiary of AUO	Purchases	40,213,759	24%	EOM 45 days	-	-	(11,305,260)	(26)%	
AUO	AUOXM	Subsidiary of AUO	Purchases	37,179,061	22%	EOM 45 days	-	-	(10,477,599)	(24)%	
AUO	AUST	Subsidiary of AUO	Purchases	3,873,001	2%	EOM 45 days	-	-	(597,315)	(1)%	
AUO	Qisda	Associate	Purchases	2,954,207	2%	EOM 45 days	-	-	(367,106)	(1)%	
AUO	BMC	Subsidiary of Qisda	Purchases	3,371,627	2%	EOM 90 days	-	-	(779,128)	(2)%	
AUO	Raydium	Associate	Purchases	923,423	1%	EOM 120 days	-	-	(301,418)	(1)%	
AUO	Daxin	Associate	Purchases	2,029,409	1%	EOM 120 days	-	-	(692,813)	(2)%	
AUO	DPTW	Subsidiary of AUO	Purchases	2,772,196	2%	EOM 60 days	-	-	(540,881)	(1)%	
AUO	AUOUS	Subsidiary of AUO	Sales	(294,312)	-	EOM 75 days	-	-	65,395	-	
AUO	AUOXM	Subsidiary of AUO	Sales	(1,647,954)	(1)%	EOM 45 days	-	-	-	-	
AUO	QCSZ	Subsidiary of Qisda	Sales	(2,824,828)	(1)%	EOM 55 days	-	-	48,515	-	
AUO	Qisda	Associate	Sales	(160,365)	-	EOM 55 days	-	-	48,409	-	
AUO	AETTW	Subsidiary of AUO	Sales	(104,899)	-	EOM 25 days	-	-	-	-	
AUO	CGPC	Subsidiary of SSEC	Sales	(689,193)	-	EOM 25 days	-	-	1,988	-	
AUO	BenQ	Subsidiary of Qisda	Sales	(1,120,256)	(1)%	EOM 55 days	-	-	81,002	-	

Company Name	Counterparty	Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchases /Sales	Amount (Note 2)	Percentage of Total Purchases /Sales	Credit Terms	Unit Price (Note 1)	Credit Terms (Note 1)	Ending Balance (Note 2)	Percentage of Total Notes /Accounts Receivable (Payable)	
AUO	SLEC	Subsidiary of SSEC	Sales	(125,281)	-	EOM 25 days	-	164,712	1%		
AUO	SFPC	Subsidiary of SSEC	Sales	(781,067)	-	EOM 25 days	-	301,347	2%		
AUO	MXEC	Subsidiary of SSEC	Sales	(2,132,007)	(1)%	EOM 25 days	-	-	-		
AUO	MZEC	Subsidiary of SSEC	Sales	(3,207,272)	(1)%	EOM 25 days	-	422,776	2%		
AUO	DPGE	Subsidiary of AUO	Sales	(150,395)	-	EOM 25 days	-	102,795	1%		
AUO	ADP	Subsidiary of AUO	Sales	(24,472,225)	(11)%	EOM 45 days	-	3,401,535	18%		
ADPNL	ADP	Subsidiary of AUO	Purchases	49,395	100%	EOM 45 days	-	(4,270)	(100)%		
ADPSZ	ADP	Subsidiary of AUO	Purchases	54,860	63%	EOM 45 days	-	(11,283)	(67)%		
ADPSZ	ADP	Subsidiary of AUO	Sales	(29,793)	(24)%	EOM 45 days	-	-	-		
ADPUS	ADP	Subsidiary of AUO	Sales	(5,400)	(100)%	EOM 45 days	-	-	-		
AETSZ	AUOKS	Subsidiary of AUO	Sales	(23,353)	(73)%	EOM 30 days	-	10,066	100%		
AMIXM	AUOXM	Subsidiary of AUO	Sales	(28,538)	(78)%	EOM 30 days	-	7,449	87%		
AUOKS	AUOSZ	Subsidiary of AUO	Purchases	231,494	9%	EOM 60 days	-	(50,015)	(5)%		
AUOKS	Qisda	Associate	Purchases	73,010	3%	EOM 120 days	-	(41,912)	(4)%		
AUOKS	Raydium	Associate	Purchases	40,670	2%	EOM 120 days	-	(18,031)	(2)%		
AUOKS	DPTW	Subsidiary of AUO	Purchases	133,305	5%	EOM 120 days	-	(64,756)	(7)%		
AUOKS	AUO	Ultimate parent company	Sales	(3,621,643)	(74)%	EOM 30 days	-	538,626	71%		
AUOKS	AUOXM	Subsidiary of AUO	Sales	(1,061,605)	(22)%	EOM 30 days	-	212,708	28%		
AUOSH	AUO	Ultimate parent company	Sales	(55,999)	(92)%	EOM 25 days	-	-	-		
AUOSK	AUO	Ultimate parent company	Sales	(3,664)	(74)%	EOM 45 days	-	957	79%		
AUOSZ	Qisda	Associate	Purchases	297,130	4%	EOM 120 days	-	(127,872)	(5)%		
AUOSZ	BMC	Subsidiary of Qisda	Purchases	210,150	3%	EOM 90 days	-	(55,493)	(2)%		
AUOSZ	Raydium	Associate	Purchases	435,412	6%	EOM 120 days	-	(159,232)	(6)%		

Company Name	Counterparty	Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchases /Sales	Amount (Note 2)	Percentage of Total Purchases /Sales	Credit Terms	Unit Price (Note 1)	Credit Terms (Note 1)	Ending Balance (Note 2)	Percentage of Total Notes /Accounts Receivable (Payable)	
AUOSZ	DPTW	Subsidiary of AUO	Purchases	CNY 324,063	4%	EOM 120 days	-	CNY (108,842)	(4)%		
AUOSZ	Lextar	Subsidiary of Ennostar	Purchases	CNY 40,150	1%	EOM 120 days	-	CNY (17,769)	(1)%		
AUOSZ	AUO	Ultimate parent company	Sales	CNY (9,086,098)	(97)%	EOM 45 days	-	CNY 2,614,257	98%		
AUOSZ	AUOKS	Subsidiary of AUO	Sales	CNY (231,494)	(2)%	EOM 60 days	-	CNY 50,015	2%		
AUOUS	AUO	Ultimate parent company	Purchases	USD 9,452	100%	EOM 75 days	-	USD (2,129)	(100)%		
AUOUS	AUO	Ultimate parent company	Sales	USD (8,418)	(46)%	EOM 30 days	-	-	-		
AUOXM	AUO	Ultimate parent company	Purchases	CNY 373,094	4%	EOM 45 days	-	-	-		
AUOXM	AUOKS	Subsidiary of AUO	Purchases	CNY 1,062,446	12%	EOM 30 days	-	CNY (212,708)	(8)%		
AUOXM	DPXM	Subsidiary of AUO	Purchases	CNY 35,346	-	EOM 120 days	-	CNY (15,978)	(1)%		
AUOXM	QCOS	Subsidiary of Qisda	Purchases	CNY 101,652	1%	EOM 120 days	-	CNY (46,946)	(2)%		
AUOXM	BMC	Subsidiary of Qisda	Purchases	CNY 186,540	2%	EOM 90 days	-	CNY (47,162)	(2)%		
AUOXM	Raydium	Associate	Purchases	CNY 401,322	5%	EOM 120 days	-	CNY (126,619)	(5)%		
AUOXM	DPTW	Subsidiary of AUO	Purchases	CNY 345,814	4%	EOM 120 days	-	CNY (111,080)	(4)%		
AUOXM	AUO	Ultimate parent company	Sales	CNY (8,399,757)	(81)%	EOM 45 days	-	CNY 2,420,133	86%		
AUST	AUO	Ultimate parent company	Sales	USD (122,289)	(99)%	EOM 45 days	-	USD 19,445	99%		
DPXM	AUOXM	Subsidiary of AUO	Sales	CNY (34,894)	(1)%	EOM 120 days	-	CNY 15,978	3%		
DPXM	DPTW	Subsidiary of AUO	Sales	CNY (403,409)	(15)%	EOM 90 days	-	CNY 109,095	19%		
FTWJ	Lextar	Subsidiary of Ennostar	Purchases	CNY 84,784	13%	EOM 120 days	-	CNY (26,457)	(4)%		
FTWJ	DPTW	Subsidiary of AUO	Sales	CNY (1,090,013)	(99)%	EOM 90 days	-	CNY 370,847	100%		
M.Setek	ACTW	Subsidiary of AUO	Sales	JPY (4,497,416)	(80)%	EOM 45 days	-	JPY 1,605,805	97%		
Jector	ADP	Subsidiary of AUO	Purchases	211,799	53%	EOM 45 days	-	(67,067)	(60)%		
AET-YP	AETT	Subsidiary of AUO	Purchases	371,725	99%	EOM 30 days	-	(139,255)	(99)%		
AETT	AUO	Ultimate parent company	Sales	(483,414)	(42)%	EOM 60 days	-	98,266	36%		

Company Name	Counterparty	Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchases /Sales	Amount (Note 2)	Percentage of Total Purchases /Sales	Credit Terms	Unit Price (Note 1)	Credit Terms (Note 1)	Ending Balance (Note 2)	Percentage of Total Notes /Accounts Receivable (Payable)	
AETW	AET-YP	Subsidiary of AUO	Sales	(320,606)	(28)%	EOM 30 days	-	-	139,255	52%	
ACTW	M.Setek	Subsidiary of AUO	Purchases	983,024	33%	EOM 45 days	-	-	(348,456)	(80)%	
ADP	AUO	Ultimate parent company	Purchases	24,328,447	96%	EOM 45 days	-	-	(3,305,015)	(94)%	
ADP	ADPNL	Subsidiary of AUO	Sales	(1,550,289)	(5)%	EOM 45 days	-	-	127,471	4%	
ADP	ADPSZ	Subsidiary of AUO	Sales	(218,299)	(1)%	EOM 45 days	-	-	47,741	1%	
ADP	Avocor	ADPNL represented as a director of Avocor	Sales	(103,720)	-	OA 90 days	-	-	120,859	3%	
ADP	QCOS	Subsidiary of Qisda	Sales	(335,474)	(1)%	EOM 45 days	-	-	39,841	1%	
ADP	Jector	Subsidiary of AUO	Sales	(198,298)	(1)%	EOM 45 days	-	-	63,569	2%	
ADP	DPTW	Subsidiary of AUO	Sales	(100,572)	-	EOM 45 days	-	-	18,677	1%	
DPTW	DPXM	Subsidiary of AUO	Purchases	1,777,682	22%	EOM 90 days	-	-	(472,779)	(21)%	
DPTW	FTWJ	Subsidiary of AUO	Purchases	4,805,636	60%	EOM 90 days	-	-	(1,607,699)	(70)%	
DPTW	AUO	Ultimate parent company	Sales	(2,780,342)	(35)%	EOM 60 days	-	-	409,822	19%	
DPTW	AUOKS	Subsidiary of AUO	Sales	(584,857)	(7)%	EOM 120 days	-	-	279,949	13%	
DPTW	AUOSZ	Subsidiary of AUO	Sales	(1,418,307)	(18)%	EOM 120 days	-	-	472,024	22%	
DPTW	AUOXM	Subsidiary of AUO	Sales	(1,511,810)	(19)%	EOM 120 days	-	-	480,463	22%	

Note 1: Transaction terms with related parties were similar to those with third parties, except for particular transactions with no similar transactions with. For those transactions, transaction terms were determined in accordance with mutual agreements.

Note 2: All inter-company transactions among AUO and its subsidiaries have been eliminated in the consolidated financial statements.

AUO CORPORATION AND SUBSIDIARIES
Receivables from Related Parties with Amounts Exceeding NT\$100 Million or 20% of the Paid-in Capital
December 31, 2023
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 6

Company Name	Counterparty	Relationship	Ending Balance of Receivables (Note 3)	Turnover Rate	Overdue Receivables		Amounts Received in Subsequent Period (Note 1)	Allowance for Bad Debts
					Amount	Action Taken		
AUO	S4M	Subsidiary of AUO	112,930	(Note 2)	127	Will be collected in next period	-	-
AUO	AETTW	Subsidiary of AUO	205,132	(Note 2)	-	-	-	-
AUO	ACTW	Subsidiary of AUO	802,015	(Note 2)	-	-	-	-
AUO	SLEC	Subsidiary of SSEC	164,712	1.55	-	-	151,739	-
AUO	SFPC	Subsidiary of SSEC	301,347	5.18	-	-	-	-
AUO	MZEC	Subsidiary of SSEC	422,776	5.80	-	-	-	-
AUO	DPGE	Subsidiary of AUO	102,795	2.93	-	-	102,795	-
AUO	ADP	Subsidiary of AUO	4,366,847	(Note 2)	31,880	Collected in subsequent period	1,542,431	-
AUOKS	AUO	Ultimate parent company	538,626	7.29	CNY 15,917	Collected in subsequent period	CNY 312,463	-
AUOKS	AUOXM	Subsidiary of AUO	212,708	6.21	CNY 15,200	Collected in subsequent period	CNY 126,916	-
AUOLB	AUOKS	Subsidiary of AUO	42,887	(Note 2)	-	-	-	-
AUOSJ	AETSZ	Subsidiary of AUO	86,804	(Note 2)	-	-	-	-
AUOSJ	AUOKS	Subsidiary of AUO	402,568	(Note 2)	-	-	-	-
AUOSZ	AUO	Ultimate parent company	2,616,898	(Note 2)	CNY 21,705	Collected in subsequent period	CNY 834,100	-
AUOSZ	AUOKS	Subsidiary of AUO	555,285	(Note 2)	CNY 15,344	Collected in subsequent period	CNY 19,740	-
AUOXM	AUO	Ultimate parent company	2,420,133	3.86	CNY 3,835	Collected in subsequent period	CNY 1,217,242	-
AUOXM	AUOKS	Subsidiary of AUO	405,815	(Note 2)	CNY 321	Collected in subsequent period	CNY 335	-
AUST	AUO	Ultimate parent company	19,445	6.01	-	-	USD 9,329	-

Company Name	Counterparty	Relationship	Ending Balance of Receivables (Note 3)	Turnover Rate	Overdue Receivables		Amounts Received in Subsequent Period (Note 1)	Allowance for Bad Debts
					Amount	Action Taken		
BVXM	AUOKS	Subsidiary of AUO	CNY 100,326	(Note 2)	-	-	-	-
DPXM	DPTW	Subsidiary of AUO	CNY 116,305	(Note 2)	-	-	-	-
FPWJ	FTWJ	Subsidiary of AUO	CNY 50,648	(Note 2)	-	-	-	-
FTWJ	DPTW	Subsidiary of AUO	CNY 792,917	(Note 2)	-	-	CNY 219,941	-
M.Setek	ACTW	Subsidiary of AUO	JPY 1,605,805	1.81	JPY 967,739	Will be collected in next period	JPY 403,583	-
AETTW	AET-YP	Subsidiary of AUO	139,255	4.54	-	-	139,255	-
ADP	ADPNL	Subsidiary of AUO	127,471	15.08	-	-	70,758	-
ADP	Avocor	ADPNL represented as a director of Avocor	120,859	1.72	18,873	Collected in subsequent period	22,898	-
DPTW	AUO	Ultimate parent company	409,822	6.34	25,328	Will be collected in next period	-	-
DPTW	AUOKS	Subsidiary of AUO	279,949	3.20	-	-	-	-
DPTW	AUOSZ	Subsidiary of AUO	472,024	3.42	-	-	-	-
DPTW	AUOXM	Subsidiary of AUO	480,463	3.46	-	-	-	-
DPTW	FTWJ	Subsidiary of AUO	1,405,622	(Note 2)	-	-	489,370	-

Note 1: Until the late of January 2024.

Note 2: The ending balance includes other receivables from transactions not related to ordinary sales.

Note 3: All inter-company transactions among AUO and its subsidiaries have been eliminated in the consolidated financial statements.

AUO CORPORATION AND SUBSIDIARIES
Information on Investees (Excluding Information on Investment in Mainland China)
For the year ended December 31, 2023
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated, and shares in thousands)

Table 7

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		December 31, 2023			Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)			
AUO	AUOLB	Malaysia	Holding company	77,484,038	76,491,558	2,539,189	100.00%	78,405,680	3,553,086	3,553,086	Subsidiary
AUO	AUONL	Netherlands	Sales support of TFT-LCD panels	24,275	24,275	50	100.00%	36,222	2,434	2,434	Subsidiary
AUO	Konly	Taiwan ROC	Investment	7,262,604	7,226,603	432,432	100.00%	8,926,088	184,903	184,903	Subsidiary
AUO	Ronly	Taiwan ROC	Investment	5,078,047	5,078,047	453,276	100.00%	4,635,095	(287,446)	(287,446)	Subsidiary
AUO	DPTW	Taiwan ROC	Design, manufacturing, and sales of TFT-LCD modules, backlight modules, TV set and related parts	3,569,155	3,569,155	190,108	28.56%	2,634,090	114,659	32,751	Subsidiary
AUO	ACTW	Taiwan ROC	Manufacturing and sale of ingots and solar wafers	15,687,921	15,687,921	242,565	100.00%	3,369,408	(398,798)	(398,798)	Subsidiary
AUO	Qisda	Taiwan ROC	Manufacturing, sales and service of high-end displays, optical precision electronic products and functional film products; manufacturing, sales and service of products related to intelligent solutions; medical equipment and services; research, development, design, manufacturing and sales of network communication products	9,505,477	9,505,477	335,231	17.04%	9,797,059	2,962,492	375,147	Associate
AUO	SAM	Taiwan ROC	Sales and leasing of content management system and hardware, and design of digital signage content and field curation	50,000	50,000	5,000	100.00%	15,257	(1,256)	(1,256)	Subsidiary
AUO	AETTW	Taiwan ROC	Planning and design of water treatment technology and EPC project, energy saving equipment and energy efficiency project, facility intelligent management and environmental sustainability solution, management consulting and software services relating to carbon emission.	424,050	424,050	42,405	100.00%	23,257	(242,127)	(257,911)	Subsidiary

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		December 31, 2023			Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)			
AUO	SSEC	Taiwan ROC	Investment	2,170,000	2,170,000	217,000	31.00%	2,345,568	501,534	155,476 Associate	
AUO	CQIL	Israel	Holding company	1,182,621	1,182,621	39,974	100.00%	887,092	(3,368)	(3,368) Subsidiary	
AUO	ADLINK	Taiwan ROC	Manufacturing and sales of hardware, software and peripheral devices of industrial computers	2,411,693	2,411,693	42,310	19.45%	2,195,010	276,249	(15,211) Associate	
AUO	DPGE	Taiwan ROC	Solar power generation	950,000	350,000	41,250	100.00%	944,794	2,232	(5,287) Subsidiary	
AUO	ADTHLD	Cayman Islands	Holding company	635,429	462,008	21,300	88.75%	215,362	(177,249)	(151,884) Subsidiary	
AUO	ADTCM	Cayman Islands	Holding company	60,300	76,437	2,130	78.89%	21,537	(25,365)	(22,640) Subsidiary	
AUO	AHTW	Taiwan ROC	Manufacturing, development and sales of medical equipments	5,000	5,000	500	100.00%	2,457	(333)	(333) Subsidiary	
AUO	ADP	Taiwan ROC	Research, development and sales of display	369,555	369,555	200,000	100.00%	6,045,158	3,526,660	3,526,660 Subsidiary	
AUO	SREC	Taiwan ROC	Investment	288,828	288,828	28,883	32.01%	338,053	80,217	25,681 Subsidiary	
AUO	Emostar	Taiwan ROC	Holding company	4,764,942	4,764,942	93,569	12.45%	6,015,186	(6,782,678)	(896,939) Associate	
AUO	ACTTW	Taiwan ROC	Design, development and sales of software and hardware for health care industry	30,000	30,000	3,000	100.00%	4,190	(10,436)	(10,436) Subsidiary	
AUO	AET-YP	Taiwan ROC	Investment and construction in public construction, and wastewater (sewage) treatment	15,000	15,000	1,500	8.82%	(15,123)	(340,281)	(30,025) Subsidiary	
AUO	SINTRONES	Taiwan ROC	R&D, manufacturing and sales of in-vehicle computers and peripherals and other applications	91,507	-	1,471	7.02%	84,514	68,662	1,802 Associate (Note 6)	
Konly	DPTW	Taiwan ROC	Design, manufacturing, and sales of TFT-LCD modules, backlight modules, TV set and related parts	703,795	703,795	42,598	6.40%	590,229	114,659	7,339 Subsidiary	
Konly	Raydium	Taiwan ROC	IC Design	175,857	175,857	11,454	15.10%	1,693,983	1,442,791	217,867 Associate	
Konly	Daxin	Taiwan ROC	Research, development, manufacturing and sales of display and semiconductor related fine chemicals	154,748	154,748	19,114	18.61%	583,305	523,354	97,388 Associate	
Konly	Qisda	Taiwan ROC	Manufacturing, sales and service of high-end displays, optical precision electronic products and functional film products; manufacturing, sales and service of products related to intelligent solutions; medical equipment and services; research, development, design, manufacturing and sales of network communication products	1,363,481	1,363,481	50,145	2.55%	1,465,483	2,962,492	56,116 Associate	

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		December 31, 2023			Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)			
Konly	SSEC	Taiwan ROC	Investment	140,000	140,000	14,000	2.00%	151,327	501,534	10.03	Associate (Note 7)
Konly	SkyREC Ltd.	BVI	Business intelligence and AI video management system	-	46,016	-	-	-	(3,005)	-	
Konly	ADLINK	Taiwan ROC	Manufacturing and sales of hardware, software and peripheral devices of industrial computers	988,837	988,837	15,944	7.33%	865,239	276,249	(37,457)	Associate
Konly	AUES	Taiwan ROC	Services related to educational activities and site rental	4,000	4,000	400	100.00%	12,484	8,199	8,199	Subsidiary
Konly	IOC	Taiwan ROC	R&D of color e-paper related technology, and processing product design and development	-	20,000	-	-	-	(129,531)	(7,990)	(Note 7)
Konly	SREC	Taiwan ROC	Investment	13,533	13,533	1,353	1.50%	15,840	80,217	1,203	Subsidiary
Konly	Ennostar	Taiwan ROC	Holding company	1,180,491	1,180,491	16,413	2.18%	1,088,766	(6,782,678)	(174,113)	Associate
Konly	Naidun-tech Co., Ltd.	Taiwan ROC	Solution provider to improve the performance and reliability of semiconductor components	39,997	39,997	8,733	22.03%	10,837	(20,668)	(4,552)	Associate
Konly	SINTRONES	Taiwan ROC	R&D, manufacturing and sales of in-vehicle computers and peripherals and other applications	155,233	-	2,730	13.03%	157,352	68,662	3,343	Associate (Note 6)
DPTW	BVLB	Malaysia	Holding company	-	1,051,289	-	-	-	-	-	(Note 5)
DPTW	DPLB	Malaysia	Holding company	3,877,666	4,350,631	76,846	100.00%	4,683,810	786,298	798,676	Subsidiary
DPTW	FHVI	BVI	Holding company	2,362,321	2,362,321	22,006	100.00%	1,983,341	92,960	91,817	Subsidiary
DPTW	FFMI	Mauritius	Holding company	274,700	274,700	653	100.00%	123,788	10,083	9,913	Subsidiary
DPTW	DSC	Thailand	International trade	3,740	3,740	40	40.00%	12,462	2,165	866	Associate
DPTW	Shine Biomedical Technology Corporation	Taiwan ROC	Development, design, manufacturing and sales of facial masks and cosmetics	36,720	-	3,672	34.00%	36,676	(130)	(48)	Associate
ACTW	ACMK	Malaysia	Manufacturing and sale of solar wafers	-	121,444	-	-	-	(370)	(369)	(Note 5)
ACTW	SDMC	Taiwan ROC	Holding company	1,988,488	1,988,488	167,216	100.00%	2,201,771	236,318	317,312	Subsidiary
SDMC	M.Setek	Japan	Manufacturing and sale of ingots	23,596,398	23,596,398	11,404,184	99.9991%	2,144,568	236,764	236,762	Subsidiary
ADP	ADPNL	Netherlands	Sales and sales support of display and holding company	1,205,493	811,798	-	100.00%	1,249,767	(19,460)	(19,460)	Subsidiary
ADP	Jector	Taiwan ROC	Introduction of smart field construction and other related software and hardware solutions	120,000	120,000	12,000	78.43%	128,792	9,853	7,579	Subsidiary

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		December 31, 2023			Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)			
ADP	DentLabX	Taiwan ROC	Sales of management platform and solutions relating to dental digital information	17,000	-	1,700	85.00%	15,324	(1,971)	(1,676) Subsidiary	
SREC	SGPC	Taiwan ROC	Solar power generation	820,000	820,000	56,811	100.00%	725,438	60,420	56,345 Subsidiary	
SREC	EGPC	Taiwan ROC	Solar power generation	280,000	280,000	24,500	100.00%	317,423	27,007	25,005 Subsidiary	
AETTW	AET-YP	Taiwan ROC	Investment and construction in public construction, and wastewater (sewage) treatment	124,050	124,050	12,405	72.97%	(125,063)	(340,281)	(248,305) Subsidiary	
Ronly	DPTW	Taiwan ROC	Design, manufacturing, and sales of TFT-LCD modules, backlight modules, TV set and related parts	845,510	845,510	40,509	6.09%	561,284	114,659	6,979 Subsidiary	
Ronly	Raydium	Taiwan ROC	IC Design	240,647	240,647	669	0.88%	188,635	1,442,791	(24,392) Associate	
Ronly	Daxin	Taiwan ROC	Research, development, manufacturing and sales of display and semiconductor related fine chemicals	70,021	70,021	6,312	6.15%	192,629	523,354	32,161 Associate	
Ronly	ADLINK	Taiwan ROC	Manufacturing and sales of hardware, software and peripheral devices of industrial computers	809,508	809,508	13,175	6.06%	800,289	276,249	(16,108) Associate	
Ronly	IOC	Taiwan ROC	R&D of color e-paper related technology, and processing product design and development	-	68,400	-	-	-	(129,531)	(27,324) (Note 7)	
Ronly	Ennostar	Taiwan ROC	Holding company	1,245,456	1,245,456	20,686	2.75%	1,386,646	(6,782,678)	(224,891) Associate	
Ronly	Zhao Feng Energy Co., Ltd.	Taiwan ROC	Energy technical services	160,000	160,000	16,000	20.00%	149,636	(33,243)	(6,649) Associate	
Ronly	RP	Taiwan ROC	Production/visual effects/LED virtual production	50,000	50,000	315	21.39%	47,571	6,292	(5,486) Associate	
Ronly	YTTEK	Taiwan ROC	5G SDR platform-a pure software platform, 5G non-signaling tester, 5G mm wave FEM, 28GHz 2-way up/down converter, beam calibration solution	146,812	146,812	6,673	27.53%	115,407	(28,187)	(27,084) Associate	
Ronly	FYPC	Taiwan ROC	Renewable energy power generation	11,000	-	1,100	100.00%	10,741	(259)	(259) Subsidiary	
Ronly	ZYPC	Taiwan ROC	Renewable energy power generation	3,000	-	300	100.00%	2,840	(160)	(160) Subsidiary	
AUOLB	AUOUS	United States	Sales and sales support of TFT-LCD panels	USD 1,000	USD 1,000	1,000	100.00%	USD 3,432	USD 686	USD 686 Subsidiary	
AUOLB	AUOJP	Japan	Sales support of TFT-LCD panels	USD 276	USD 276	1	100.00%	USD 1,605	USD 88	USD 88 Subsidiary	
AUOLB	AUOKR	South Korea	Sales support of TFT-LCD panels	USD 155	USD 155	-	100.00%	USD 1,353	USD 89	USD 89 Subsidiary	
AUOLB	AUOSK	Slovakia Republic	Repairing of TFT-LCD modules	USD 1,359	USD 1,359	-	100.00%	USD 5,342	USD 329	USD 329 Subsidiary	

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		December 31, 2023			Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)			
AUOLB	AUST	Singapore	Manufacturing TFT-LCD panels based on low temperature polysilicon technology	USD 222,365	USD 241,487	907,114	100.00%	USD 31,570	USD (36,554)	Subsidiary	
AUOLB	AUVI	United States	Research and development and IP related business	USD 5,000	USD 5,000	5,000	100.00%	USD 6,587	USD 193	Subsidiary	
AUOLB	BVLB	Malaysia	Holding company	-	USD 85,171	-	-	-	-	(Note 5)	
AUOLB	AUOSG	Singapore	Holding company and sales support of TFT-LCD panels	USD 1,840,928	USD 9,958	2,777,106	100.00%	USD 1,964,491	USD 84,021	Subsidiary	
AUOSG	AEUS	United States	Support of solar-related products	USD 1,194	USD 1,194	1,194	100.00%	USD 562	USD (11)	Subsidiary	
AUOSG	AUOVN	Vietnam	Manufacturing, assembly and sales of TFT-LCD modules	USD 20,922	-	-	100.00%	USD 20,748	USD (174)	Subsidiary	
DPLB	DPHK	Hong Kong	Holding company	USD 87,785	USD 103,785	10	100.00%	USD 154,088	USD 25,218	Subsidiary (Note 4)	
FHVI	FTMI	Mauritius	Holding company	USD 6,503	USD 6,503	6,503	100.00%	USD 49,944	USD 2,415	Subsidiary	
FHVI	FWSA	Samoa	Holding company	USD 19,000	USD 19,000	19,000	100.00%	USD 16,104	USD 567	Subsidiary	
ADTCM	ADTHLD	Cayman Islands	Holding company	USD 2,700	USD 2,700	2,700	11.25%	USD 889	USD (5,685)	Subsidiary (814)	
ADPNL	ADPUS	United States	Sales and sales support of display	USD 1,500	USD 1,500	1	100.00%	USD 1,790	USD 148	Subsidiary	
ADPNL	ADPJP	Japan	Sales and sales support of display	USD 508	USD 508	1	100.00%	USD 414	USD 24	Subsidiary	
ADPNL	RVI	Canada	Design, sales and sales support of digital signage content management system	USD 29,454	USD 27,204	29,564	100.00%	USD 27,083	USD (296)	Subsidiary (1,576)	
ADPNL	RVU	United States	Design and sales support of digital signage content management system	USD 198	USD 198	1	100.00%	USD 484	USD 258	Subsidiary	
ADTHLD	ADTSG	Singapore	Holding company, and sales of software and hardware integration system relating to intelligent manufacturing and software development	USD 22,300	USD 16,800	22,300	100.00%	USD 6,161	USD (5,751)	Subsidiary	
ADTSG	ADTTW	Taiwan ROC	Design and sales of software and hardware integration system and equipment, software development and consulting services relating to intelligent manufacturing	USD 2,013	USD 2,013	6,000	100.00%	USD 236	USD (504)	Subsidiary	
M.Setek	Ichijo Seisakusyo Co., Ltd.	Japan	Manufacturing of automatic machinery and equipment and related parts	JPY 5,000	JPY 5,000	-	38.46%	-	-	Associate (Note 3)	
CQIL	CQHLD	United Kingdom	Holding company	USD 26,548	USD 26,548	635,730	100.00%	USD 26,251	USD (6)	Subsidiary (6)	
CQHLD	CQUK	United Kingdom	Sales and sales support of content management system	-	GBP 1,874	-	-	-	GBP (74)	Subsidiary (Note 5)	

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		December 31, 2023			Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)			
CQHLD	CQUS	United States	Sales of content management system and hardware	GBP 19,948	GBP 19,948	13	100.00%	GBP 11,542	(17)GBP	(17)Subsidiary	
CQHLD	CQCA	Canada	Research and development of content management system	GBP 798	GBP 798	-	100.00%	GBP 899	163GBP	163Subsidiary	
CQUS	JRUK	United Kingdom	Development and sales of content management system and sales of the related hardware	USD 1,500	USD 1,500	1	100.00%	USD 1,724	(41)USD	(41)Subsidiary	
CQUS	JRUS	United States	Development and sales of content management system and sales of the related hardware	USD 8,000	USD 8,000	18	100.00%	USD 6,303	(238)USD	(238)Subsidiary	

Note 1: All inter-company transactions among AUO and its subsidiaries have been eliminated in the consolidated financial statements.

Note 2: Inclusive of the amortization of differences between the investment cost and the entity's share of the net value of investee, and the effect of upstream and sidestream transactions.

Note 3: The carrying amount includes accumulated impairment loss.

Note 4: The registration of the alteration of DPHK's common stock has not been completed.

Note 5: The liquidation process of CQUK, ACMK and BVLB were completed in February 2023, June 2023 and September 2023, respectively.

Note 6: On and from February 2023, the investment in SINTRONES has been accounted for using the equity method. See Note 6(3) for the relevant information.

Note 7: Ceased applying the equity method over SkyREC Ltd. and IOC in March 2023 and December 2023, respectively.

AUO CORPORATION AND SUBSIDIARIES
Information on Investment in Mainland China
For the year ended December 31, 2023
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 8

1. AUO :

(1) Related information on investment in Mainland China

Investee Company	Main Activities	Total Amount of Paid-in Capital (Note 2)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023 (Note 2)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023 (Note 2)	Net Income (Loss) of Investee (Notes 4 and 5)	% Ownership through Direct or Indirect Investment	Investor's Share of Profit (Loss) of Investee (Notes 4 and 5)	Carrying Amount of the Investment as of December 31, 2023 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2023	Note
					Outflow	Inflow							
ACTSZ	Design, development and sales of software and hardware for health care industry	185,554	(Note 1)	-	-	-	(31,408)	(31,408)	100%	(31,408)	28,971	-	
ADTSZ	Business management consulting, services of technology promotion and application, and platform services of industrial cloud	552,924	(Note 1)	414,693	138,231	552,924	(166,046)	(166,046)	100%	(166,046)	105,099	-	
AFTSD	Planning, design and development of construction project for environmental protection and related project management	8,630	(Note 1)	-	-	-	(3)	(3)	100%	(3)	2,377	-	
AETSZ	Planning, design and development of construction project for environmental protection and related project management	51,782	(Note 1)	-	-	-	(27,140)	(27,140)	100%	(27,140)	9,426	-	
AMISZ	Development, sales and licensing of software and hardware relating to intelligent manufacturing, and related consulting services	245,966	(Note 1)	-	-	-	(52,290)	(52,290)	100%	(52,290)	49,380	-	
AMIXM	Sales of software and hardware relating to intelligent manufacturing, and related consulting services	51,782	(Note 1)	-	-	-	(2,701)	(2,701)	100%	(2,701)	24,246	-	
ATISZ	Design and sales of software and hardware integration system and equipment relating to intelligent manufacturing	135,929	(Note 1)	-	-	-	(27,492)	(27,492)	100%	(27,492)	33,855	-	
AUOKS	Manufacturing and sales of TFT-LCD panels	32,898,978	(Note 1)	34,253,949	-	34,253,949	689,866	689,866	100%	689,866	21,344,066	-	

Investee Company	Main Activities	Total Amount of Paid-in Capital (Note 2)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023 (Note 2)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023 (Note 2)	Net Income (Loss) of Investee (Notes 4 and 5)	% Ownership through Direct or Indirect Investment	Investor's Share of Profit (Loss) of Investee (Notes 4 and 5)	Carrying Amount of the Investment as of December 31, 2023 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2023	Note
					Outflow	Inflow							
AUOSH	Sales support of TFT-LCD panels	460,770	(Note 1)	30,718	-	-	30,718	(44,131)	100%	(44,131)	251,376	-	
AUOSJ	Leasing	3,317,544	(Note 1)	2,457,440	-	-	2,457,440	110,009	100%	110,009	3,706,575	-	
AUOSZ	Manufacturing, assembly and sales of TFT-LCD modules	14,314,588	(Note 1)	6,143,600	-	-	6,143,600	1,193,825	100%	1,193,825	17,564,029	-	
AUOXM	Manufacturing, assembly and sales of TFT-LCD modules	13,945,972	(Note 1)	7,679,500	-	-	7,679,500	2,024,978	100%	2,024,978	16,293,338	-	
BYXM	Sales of liquid crystal products and related parts; leasing	2,589,120	(Note 1)	-	-	-	-	23,478	100%	23,478	1,360,548	-	
PFSZ	Sales and consulting services of virtual data scientist platform for manufacturing	28,049	(Note 1)	-	-	-	-	(8,757)	51%	(4,466)	9,920	-	

(2) Upper limit on investment in Mainland China

Accumulated Investment in Mainland China as of December 31, 2023 (Note 2)	Investment Amounts Authorized by Investment Commission, MOEA (Note 2)	Upper Limit on Investment Stipulated by Investment Commission, MOEA (Note 3)
51,118,131 (USD1,664,110)	80,907,452 (USD1,702,948 and HKD60,000 and CNY6,572,210)	99,214,522

Note 1: Indirect investments in Mainland China through companies registered in a third region.

Note 2: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the exchange rates at the reporting date.

Note 3: Pursuant to the Regulations Governing Permission for Investment and Technical Cooperation in the Mainland Area, AUO's accumulated investments in Mainland China did not exceed the upper limit on investment amount or ratio stipulated by the Investment Commission, Ministry of Economic Affairs ("MOEA").

Note 4: Amounts were recognized based on the investees' audited financial statements.

Note 5: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the average exchange rates for the year of 2023.

2. DPTW and ADP:

(1) Related information on investment in Mainland China

Investee Company	Main Activities	Total Amount of Paid-in Capital (Note 4)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023 (Note 4)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023 (Note 4)	Net Income (Loss) of Investee (Notes 2 and 5)	% Ownership through Direct or Indirect Investment	Investor's Share of Profit (Loss) of Investee (Notes 2 and 5)	Carrying Amount of the Investment as of December 31, 2023 (Note 4)	Accumulated Inward Remittance of Earnings as of December 31, 2023 (Note 4)	Note
					Outflow	Inflow							
ADPSZ	Sales and sales support of display	61,436	(Note 1(1))	61,436	-	-	61,436	20,221	100%	20,221	89,404	-	(Note 8)
DPSZ	Manufacturing and sale of backlight modules and related parts	-	(Note 1(2))	460,770	-	(460,770)	-	3,939	-	3,939	-	2,563,941	(Note 8)
DPXM	Manufacturing and sales of liquid crystal products, backlight modules and related parts	2,150,260	(Note 1(2))	2,150,260	-	-	2,150,260	760,082	100%	760,082	4,733,277	1,931,982	
FHWJ	Manufacturing and sale of backlight modules and related parts	199,667	(Note 1(2))	251,888	-	-	251,888	10,083	100%	10,083	74,253	-	(Note 7)
FPWJ	Manufacturing, sales and trading of precision plastic parts	890,822	(Note 1(2))	583,642	-	-	583,642	26,962	100%	26,962	738,687	-	(Note 6)
FTWJ	Manufacturing and sale of backlight modules and related parts	1,075,130	(Note 1(2))	199,667	-	-	199,667	65,997	100%	65,997	1,290,154	432,342	(Note 6)
Talenda	Manufacturing of electronic components	64,728	(Note 1(1))	-	-	-	-	(3,711)	51%	(1,893)	30,704	-	

(2) Upper limit on investment in Mainland China

Entity	Accumulated Investment in Mainland China as of December 31, 2023 (Note 4)	Investment Amounts Authorized by the Investment Commission, MOEA (Notes 4 and 9)	Upper Limit on Investment Stipulated by the Investment Commission, MOEA (Note 3)
DPTW	3,185,457 (USD103,700)	5,142,511 (USD167,410)	5,533,063
ADP	61,436 (USD2,000)	153,590 (USD5,000)	3,667,878

Note 1: (1) Direct investments in Mainland China.

(2) Indirect investments in Mainland China through companies registered in a third region.

Note 2: Amounts were recognized based on the investees' audited financial statements.

Note 3: Pursuant to the Regulations Governing Permission for Investment and Technical Cooperation in the Mainland Area, DPTW's and ADP's accumulated investments in Mainland China did not exceed the upper limit on investment amount or ratio stipulated by the Investment Commission, Ministry of Economic Affairs ("MOEA").

- Note 4: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the exchange rates at the reporting date.
- Note 5: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the average exchange rates for the year of 2023.
- Note 6: The amount of paid-in capital includes the capitalization of retained earnings amounting to USD28,500 thousand for the years from 2005 to 2007.
- Note 7: The amount of paid-in capital includes the capital injection of USD10,000 thousand from the offshore holding company, which was originally from FTWJ's appropriation of earnings.
- Note 8: The liquidation process was completed in December 2023.
- Note 9: The accumulated approved amount over the years amounted to USD248,526 thousand (including the capitalization of retained earnings of USD81,116 thousand). In addition, the surplus repatriated amounted to USD194,050 thousand, which can be used to deduct the accumulated amount of investment.



Representative: Shuang-Lang (Paul) Peng



