

AUO CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2024 and 2023**

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, 2024 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: February 13, 2025

Independent Auditors' Report

To the Board of Directors of AUO Corporation:

Opinion

We have audited the consolidated financial statements of AUO Corporation and its subsidiaries (“the Company”), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2024 and 2023, 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, 2024 and 2023, 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements 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”, Note 6(12) “Intangible Assets” and Note 6(13) “Capitalized Contract Cost” 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(21) "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, 2024 and 2023, 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 Lu, Chien-Hui.

KPMG

Hsinchu, Taiwan (Republic of China)
February 13, 2025

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 audit 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 Statements of Comprehensive Income

For the years ended December 31, 2024 and 2023

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

		2024		2023	
		Amount	%	Amount	%
4000	Net revenue (Notes 6(21)&7)	\$ 280,245,421	100	247,964,437	100
5000	Cost of sales (Notes 6(6),(10),(18),(23)&7)	256,029,425	91	243,354,069	98
	Gross profit	<u>24,215,996</u>	<u>9</u>	<u>4,610,368</u>	<u>2</u>
	Operating expenses (Notes 6(8),(10),(18),(20),(23)&7):				
6100	Selling and distribution expenses	6,293,277	2	5,019,739	2
6200	General and administrative expenses	10,360,357	4	8,321,194	4
6300	Research and development expenses	16,028,319	6	13,231,450	5
	Total operating expenses	<u>32,681,953</u>	<u>12</u>	<u>26,572,383</u>	<u>11</u>
	Loss from operations	<u>(8,465,957)</u>	<u>(3)</u>	<u>(21,962,015)</u>	<u>(9)</u>
	Non-operating income and expenses:				
7100	Interest income (Note 6(24))	1,696,201	1	1,915,078	1
7010	Other income (Notes 6(3),(10),(11),(24)&7)	4,079,495	1	1,999,172	1
7020	Other gains and losses (Notes 6(7),(9),(10),(24)&7)	5,248,651	2	(391,363)	-
7050	Finance costs (Notes 6(9)&(24))	(3,308,073)	(1)	(2,724,883)	(1)
7060	Share of profit of equity-accounted investees (Note 6(7))	144,895	-	(518,049)	-
	Total non-operating income and expenses	<u>7,861,169</u>	<u>3</u>	<u>279,955</u>	<u>1</u>
7900	Loss before income tax	<u>(604,788)</u>	<u>-</u>	<u>(21,682,060)</u>	<u>(8)</u>
7950	Less: income tax expense (benefit) (Note 6(25))	<u>2,339,594</u>	<u>1</u>	<u>(3,530,906)</u>	<u>(1)</u>
8200	Loss for the year	<u>(2,944,382)</u>	<u>(1)</u>	<u>(18,151,154)</u>	<u>(7)</u>
8300	Other comprehensive income (Notes 6(7),(18),(19)&(25)):				
8310	Items that will never be reclassified to profit or loss				
8311	Remeasurement of defined benefit obligations	34,083	-	4,074	-
8316	Unrealized gain (loss) on equity investments at fair value through other comprehensive income	1,470,743	-	(36,180)	-
8320	Equity-accounted investees – share of other comprehensive income	(71,143)	-	446,924	-
8349	Related tax	(6,413)	-	(1,725)	-
		<u>1,427,270</u>	<u>-</u>	<u>413,093</u>	<u>-</u>
8360	Items that are or may be reclassified subsequently to profit or loss				
8361	Foreign operations–foreign currency translation differences	3,005,871	1	(1,540,996)	(1)
8370	Equity-accounted investees–share of other comprehensive income	341,652	-	(73,173)	-
8399	Related tax	(620,565)	-	290,245	-
		<u>2,726,958</u>	<u>1</u>	<u>(1,323,924)</u>	<u>(1)</u>
8300	Other comprehensive income (loss), net of tax	<u>4,154,228</u>	<u>1</u>	<u>(910,831)</u>	<u>(1)</u>
8500	Total comprehensive income (loss) for the year	<u>\$ 1,209,846</u>	<u>-</u>	<u>(19,061,985)</u>	<u>(8)</u>
	Profit (loss) attributable to:				
8610	Shareholders of AUO Corporation	\$ (3,064,167)	(1)	(18,203,274)	(7)
8620	Non-controlling interests	119,785	-	52,120	-
		<u>\$ (2,944,382)</u>	<u>(1)</u>	<u>(18,151,154)</u>	<u>(7)</u>
	Total comprehensive income (loss) attributable to:				
8710	Shareholders of AUO Corporation	\$ 928,557	-	(19,043,606)	(8)
8720	Non-controlling interests	281,289	-	(18,379)	-
		<u>\$ 1,209,846</u>	<u>-</u>	<u>(19,061,985)</u>	<u>(8)</u>
	Loss per share (NT\$, Note 6(26))				
9750	Basic loss per share	\$ <u>(0.40)</u>		<u>(2.37)</u>	
9850	Diluted loss per share	\$ <u>(0.40)</u>		<u>(2.37)</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, 2024 and 2023
(Expressed in thousands of New Taiwan dollars)

Equity Attributable to Shareholders of AUO Corporation

	Retained Earnings					Other Components of Equity				Equity Attributable to Shareholders of AUO Corporation	Non-controlling Interests	Total Equity	
	Capital Stock Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Subtotal	Cumulative Translation Differences	Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income	Subtotal				Treasury Shares
Balance at January 1, 2023	\$ 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)	-	-	-	-	(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)	-	(6,134,305)
Donations from shareholders	-	3,712	-	-	-	-	-	-	-	-	3,712	-	3,712
Differences between consideration and carrying amount arising from acquisition or disposal of interest in subsidiary	-	(16,137)	-	-	-	-	-	-	-	-	(16,137)	16,137	-
Adjustments for changes in investees' equity	-	(874,755)	-	-	-	-	-	-	-	-	(874,755)	(25,675)	(900,430)
Share-based payments	-	78,104	-	-	-	-	-	-	-	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	(3,651,762)	(833,137)	(4,484,899)	(240,424)	159,167,207	6,190,329	165,357,536
Appropriation of earnings:													
Special reserve	-	-	-	864,594	(864,594)	-	-	-	-	-	-	-	-
Profit (loss) for the year	-	-	-	-	(3,064,167)	(3,064,167)	-	-	-	-	(3,064,167)	119,785	(2,944,382)
Other comprehensive income, net of tax	-	-	-	-	32,197	32,197	2,606,740	1,353,787	3,960,527	-	3,992,724	161,504	4,154,228
Total comprehensive income (loss) for the year	-	-	-	-	(3,031,970)	(3,031,970)	2,606,740	1,353,787	3,960,527	-	928,557	281,289	1,209,846
Cash distribution from capital surplus	-	(6,901,093)	-	-	-	-	-	-	-	-	(6,901,093)	-	(6,901,093)
Donations from shareholders	-	(218)	-	-	-	-	-	-	-	-	(218)	-	(218)
Adjustments for changes in investees' equity	-	141,172	-	-	-	-	-	-	-	-	141,172	-	141,172
Change in capital surplus for not proportionately participating in the capital increase of investees	-	(37,905)	-	-	-	-	-	-	-	-	(37,905)	37,905	-
Retirement of treasury share	(315,151)	74,727	-	-	-	-	-	-	-	240,424	-	-	-
Disposal of equity investments measured at fair value through other comprehensive income	-	-	-	-	(168,594)	(168,594)	-	168,594	168,594	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(34,227)	(34,227)
Balance at December 31, 2024	\$ 76,678,810	48,275,512	13,753,412	4,484,899	10,460,865	28,699,176	(1,045,022)	689,244	(355,778)	-	153,297,720	6,475,296	159,773,016

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, 2024 and 2023

(Expressed in thousands of New Taiwan dollars)

	2024	2023
Cash flows from operating activities:		
Loss before income tax	\$ (604,788)	(21,682,060)
Adjustments for:		
- depreciation	32,083,839	32,379,064
- amortization	2,020,449	126,480
- net loss (gain) on financial instruments at fair value through profit or loss	301,934	(53,869)
- interest expense	3,214,948	2,660,885
- interest income	(1,696,201)	(1,915,078)
- dividend income	(1,555)	(2,585)
- compensation costs of share-based payments	-	61,066
- share of loss (profit) of equity-accounted investees	(144,895)	518,049
- gains on disposal of property, plant and equipment	(4,894,753)	(53,350)
- gains on disposal of noncurrent assets held for sale	(224,306)	(1,069,530)
- net gains on disposal of investments	(1,151,456)	(116)
- impairment losses on assets	187,700	210,771
- unrealized foreign currency exchange gains	(209,735)	(364,148)
- others	139,208	101,025
Changes in operating assets and liabilities:		
- notes and accounts receivable	3,216,346	(4,844,979)
- receivables from related parties	748,921	1,791
- inventories	(1,282,283)	1,266,186
- capitalized contract cost	(2,081,774)	-
- other operating assets	(573,196)	385,546
- contract liabilities	(2,571,544)	(440,614)
- notes and accounts payable	(1,684,409)	2,755,404
- payables to related parties	647,433	(666,467)
- provisions	(55,787)	1,832,878
- other operating liabilities	50,405	(395,560)
Cash inflow generated from operations	25,434,501	10,810,789
Interest received	1,758,491	1,855,266
Dividends received	979,036	1,599,601
Interest paid	(3,180,509)	(2,632,179)
Income taxes paid	(1,845,870)	(1,639,914)
Net cash provided by operating activities	23,145,649	9,993,563

(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, 2024 and 2023

(Expressed in thousands of New Taiwan dollars)

	2024	2023
Cash flows from investing activities:		
Acquisitions of financial assets at fair value through other comprehensive income	(364,615)	(217,183)
Disposals of financial assets at fair value through other comprehensive income	71,622	74,799
Acquisitions of financial assets at amortized cost	(671,111)	(878,405)
Disposals of financial assets at amortized cost	628,662	770,824
Acquisitions of financial assets at fair value through profit or loss	-	(138,231)
Acquisitions of equity-accounted investees	(346,331)	(105,904)
Disposals of equity-accounted investees	4,217,988	-
Proceeds from disposal of noncurrent assets held for sale	288,106	808,694
Acquisitions of property, plant and equipment	(26,923,685)	(26,786,572)
Disposals of property, plant and equipment	3,698,054	2,293,768
Increase in receipts in advance due to disposal of assets	402,171	-
Increase in refundable deposits	(1,300,729)	(106,096)
Decrease in other financial assets	293,758	315,501
Net cash outflow arising from acquisition of subsidiaries	(13,082,776)	(85,579)
Net cash used in investing activities	(33,088,886)	(24,054,384)
Cash flows from financing activities:		
Proceeds from short-term borrowings	14,764,420	3,241,000
Repayments of short-term borrowings	(11,626,666)	(3,104,249)
Repayments of convertible bonds	(381,890)	-
Proceeds from long-term borrowings	51,302,336	63,124,446
Repayments of long-term borrowings	(53,672,731)	(38,134,307)
Payment of lease liabilities	(765,821)	(606,200)
Decrease in received guarantee deposits	24,348	(2,403)
Cash distribution from capital surplus	(6,901,093)	(6,134,305)
Treasury shares sold to employees	-	73,011
Net change of non-controlling interests	(137,635)	(94,178)
Others	(218)	3,712
Net cash (used in) provided by financing activities	(7,394,950)	18,366,527
Effect of exchange rate change on cash and cash equivalents	1,815,238	(949,363)
Net decrease in cash and cash equivalents	(15,522,949)	3,356,343
Cash and cash equivalents at January 1	83,969,463	80,613,120
Cash and cash equivalents at December 31	\$ 68,446,514	83,969,463

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, 2024 and 2023
(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 primarily engages in 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, and providing display solutions of smart fields as well as construction services for solar module and solar power plant. 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.

In order to advance AUO’s value transformation strategy, enhance its market responsiveness, provide customers with one-stop solutions, and improve operational performance, AUO’s Board of Directors resolved on November 21, 2024, to demerge and transfer the business of the Mobility Solution, to its newly established, wholly owned subsidiary, AUO Mobility Solution Corporation (“AMSC”). AMSC will issue new shares to AUO as the consideration. The effective date of the demerger is scheduled for January 1, 2026.

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

2. The Authorization of Financial Statements

The consolidated financial statements were authorized for issue by the Board of Directors on February 13, 2025.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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, 2024. The adoption does not have a material impact on the Company’s consolidated financial statements.

- Amendments to IAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to IAS 1, *Non-current Liabilities with Covenants*
- Amendments to IAS 7 and IFRS 7, *Supplier Finance Arrangements*
- Amendments to IFRS 16, *Lease Liability in a Sale and Leaseback*

- (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, 2025, would not have a material impact on its consolidated financial statements.

- Amendments to IAS 21, *Lack of Exchangeability*

- (3) The impact of IFRSs issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	The new standard introduces three categories of income and expenses, two income statement subtotals and a single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.	January 1, 2027

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Standards or Interpretations	Content of amendment	Effective date per IASB
	<ul style="list-style-type: none"> ● A more structured income statement: Under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and requiring for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. ● Management performance measures (MPMs): The new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why each measure provides useful information, how it is calculated and how it is reconciled to an amount determined under IFRS Accounting Standards. ● Greater disaggregation of information: The new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information should be included in the primary financial statements or further disaggregated in the notes. 	

The Company is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Company completes its evaluation.

In addition to the above, there are the following new, revised or amended standards and interpretations issued by the IASB but not yet endorsed by the FSC:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

As of the date that the accompanying consolidated financial statements were issued, the Company continues in assessing the relevance and potential 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 disclosures will be made upon the completion of the assessment.

4. Summary of Material Accounting Policy Information

The material accounting policies applied in the preparation of these consolidated financial statements are set out as below. The following 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.

(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(18)).

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.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(3) Basis of consolidation

a. Principle of preparation of the consolidated financial statements

The consolidated financial statements include AUO and all entities controlled by AUO (i.e., subsidiaries). AUO controls an entity when AUO 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 control is obtained until the date control is lost. Total comprehensive income (loss) in a subsidiary is allocated to the shareholders of AUO and the non-controlling interests even if this results in a deficit balance for the non-controlling interests.

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.

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, 2024	December 31, 2023
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

(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, 2024	December 31, 2023
AUO	AUO Envirotech Inc. (AETTW)	Construction project and related project management (Taiwan ROC)	100.00	100.00
AUO	ComQi Ltd. (CQIL) ⁽³⁾	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)	100.00	78.89 ⁽¹¹⁾
AUO	AUO Care Inc. (ACTTW)	Intelligent health care services (Taiwan ROC)	100.00	100.00
AUO	AUO Power Corporation (AUOPC)	Energy technical services (Taiwan ROC)	100.00 ⁽¹⁾	-
AUO	BHTC GmbH (BHTCDE)	Manufacturing, development and sales company (Germany)	100.00 ⁽⁶⁾	-
AUO	Yenrich Technology Corporation (“Yenrich”)	Development and sales company (Taiwan ROC)	53.32 ⁽⁷⁾	-
AUO	AUO Mobility Solution Corporation (AMSC)	Smart mobility solution provider (Taiwan ROC)	100.00 ⁽¹⁾	-
AUO and Konly	Star River Energy Corp. (SREC) ⁽²⁾	Investment (Taiwan ROC)	33.51	33.51
AUO and ADTCM	AUO Digitech Holding Limited (ADTHLD)	Holding company (Cayman Islands)	100.00 ⁽²⁾	100.00
AUO, Konly and Ronly	Darwin Precisions Corporation (DPTW) ⁽²⁾	Manufacturing and sales company (Taiwan ROC)	41.05	41.05
AUO and AETTW	Yo-Pei Water Corporation (AET-YP)	Investment and construction in public construction, and wastewater (sewage) treatment (Taiwan ROC)	99.99	81.79 ⁽⁸⁾
Konly	AUO Education Service Corp. (AUES)	Leasing and service company (Taiwan ROC)	100.00	100.00
Ronly	Feng Yao Power Corporation (FYPC) ⁽¹⁾	Renewable energy power generation (Taiwan ROC)	100.00	100.00
Ronly	Zheng Yao Power Corporation (ZYPC) ⁽¹⁾	Renewable energy power generation (Taiwan ROC)	100.00	100.00
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

(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, 2024	December 31, 2023
ACTW	Sanda Materials Corporation (SDMC)	Holding company (Taiwan ROC)	100.00	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) ⁽⁵⁾	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
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) ⁽¹⁾	Manufacturing and sales company (Vietnam)	100.00	100.00
AUOSG and AUOLB	AUO (Shanghai) Co., Ltd. (AUOSH) ⁽⁴⁾	Sales support activities (PRC)	100.00	100.00
AUOSG and AUOLB	AUO (Xiamen) Co., Ltd. (AUOXM) ⁽⁴⁾	Manufacturing and sales company (PRC)	100.00	100.00
AUOSG and AUOLB	AUO (Suzhou) Co., Ltd. (AUOSZ) ⁽⁴⁾	Manufacturing and sales company (PRC)	100.00	100.00
AUOSG and AUOLB	AUO Manufacturing (Shanghai) Co., Ltd. (AUOSJ) ⁽⁴⁾	Leasing activities (PRC)	100.00	100.00
AUOSG and AUOLB	AUO (Kunshan) Co., Ltd. (AUOKS) ⁽⁴⁾	Manufacturing and sales company (PRC)	100.00	100.00
ADP	Jector Digital Corporation (Jector)	Introduction of smart field construction and other solutions (Taiwan ROC)	76.92 ⁽⁹⁾	78.43 ⁽⁹⁾
ADP	AUO Display Plus Netherlands B.V. (ADPNL)	Holding, sales and sales support activities (Netherlands)	100.00	100.00
ADP	DentLabX Company Limited (DentLabX) ⁽¹⁾	Sales activities (Taiwan ROC)	85.00	85.00
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

(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, 2024	December 31, 2023
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
ADPNL	Rise Vision USA Inc. (RVU)	System design and sales support activities (United States)	100.00	100.00
ADPNL	Avocor Technologies USA, Inc. (AVOCOR)	Design, sales and sales support activities (United States)	100.00 ⁽¹⁰⁾	-
ADPNL	AUO Display Plus Singapore Pte. Ltd. (ADPSG)	Sales activities (Singapore)	100.00 ⁽¹⁾	-
ADPNL	AUO Display Plus America Holding Corp. (ADPUSD)	Holding activities (United States)	100.00 ⁽¹⁾	-
AVOCOR	AVOCOR Limited (AVOCOR UK)	Design, sales and sales support activities (United Kingdom)	100.00 ⁽¹⁰⁾	-
ADPSZ	Heilongjiang Talenda Smart Display Technology Co., Ltd. (Talenda)	Manufacturing of electronic components (PRC)	51.00	51.00
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	Edgetech 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
ATISZ	ProfetAI (Suzhou) Co., Ltd. (PFSZ) ⁽¹⁾	Sales and consulting services (PRC)	51.00	51.00
AETSZ	AUO Envirotech (Shandong) Co., Ltd. (AETSD) ⁽³⁾	Construction project and related project management (PRC)	-	100.00 ⁽³⁾
CQIL	ComQi Holdings Ltd. (CQHLD)	Holding company (United Kingdom)	100.00	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

(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, 2024	December 31, 2023
DPTW	Forhouse International Holding Ltd. (FHVI)	Holding company (BVI)	100.00	100.00
DPTW	Forefront Corporation (FFMI)	Holding company (Mauritius)	100.00	100.00
DPTW	UFO Touch Technology Corporation (DPUT)	Manufacturing and sales company (Taiwan ROC)	100.00 ⁽¹⁾	-
DPTW	MicroDoctor Biomedical Corporation (DPMB)	Wholesale and retail (Taiwan ROC)	100.00 ⁽¹⁾	-
DPTW	OneSmart Solution Corporation (DPOS)	Service Company (Taiwan ROC)	100.00 ⁽¹⁾	-
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 (Xiamen) Corp. (DPXM)	Manufacturing and sales company (PRC)	100.00	100.00
BHTCDE	Behr-Hella Thermocontrol EOOD (BHTCBG, to be renamed as BHTC Bulgaria EOOD)	Manufacturing and sales company (Bulgaria)	100.00 ⁽⁶⁾	-
BHTCDE	BHTC Finland Oy (BHTCFI)	R&D company (Finland)	100.00 ⁽⁶⁾	-
BHTCDE	Behr-Hella Thermocontrol India Pvt. Ltd. (BHTCIN, to be renamed as BHTC India Pvt. Ltd.)	Manufacturing, R&D and sales company (India)	100.00 ⁽⁶⁾	-
BHTCDE	Behr-Hella Thermocontrol Japan K.K. (BHTCJP, to be renamed as BHTC Japan K.K.)	R&D and sales company (Japan)	100.00 ⁽⁶⁾	-
BHTCDE	BHTC (Shanghai) Co., Ltd. (BHTCCN)	R&D, manufacturing and sales company (PRC)	100.00 ⁽⁶⁾	-
BHTCDE	Behr-Hella Thermocontrol Inc. (BHTCUS, to be renamed as BHTC America Inc.)	R&D and sales company (United States)	100.00 ⁽⁶⁾	-
BHTCDE	BHTC Mexico S.A. de C.V. (BHTCMX)	Manufacturing and sales company (Mexico)	100.00 ⁽⁶⁾	-

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

- Note 1: 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. AUOPC was incorporated in January 2024. DPUT and DPMB were incorporated in June 2024. DPOS was incorporated in August 2024. ADPSG was incorporated in October 2024. AMSC and ADPUSD were incorporated in November 2024.
- 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, 2024, AETSD has completed liquidation, while the liquidation of CQIL is still in process.
- Note 4: As part of a business restructuring, AUOLB sold all its shareholdings in AUOSH, AUOXM, AUOSZ, AUOSJ and AUOKS to AUOSG in November 2023.
- Note 5: AUST ceased production at the end of December 2023 and made relevant provisions and impairment loss.
- Note 6: In April 2024, the Company acquired BHTCDE and its subsidiaries. Refer to Note 6(8) for the relevant information.
- Note 7: In June 2024, the Company acquired YRTTW. Refer to Note 6(8) for the relevant information.
- Note 8: The Company disproportionately participated in AET-YP's capital increase in June 2024, resulting in an increase in its ownership interest in AET-YP from 81.79% to 99.99%.
- Note 9: The preferred shareholders of Jector exercised their common stock conversion rights in July 2024, causing the Company's shareholding ratio to decrease from 78.43% to 76.92%.
- Note 10: In September 2024, the Company acquired AVOCOR and its subsidiaries. Refer to Note 6(8) for the relevant information.
- Note 11: The Company repurchased the vested equity instruments issued by ADTHLD in December 2024, causing the Company's shareholding ratio in ADTCM to increase from 78.89% to 100%.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(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.

(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 period; or
- d. The asset is cash or a cash equivalent (as defined in IAS 7), unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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;

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

- c. The liability is due to be settled within twelve months after the reporting period; or
- d. The Company does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

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.

(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.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(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.

(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.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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.

(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.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(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.

(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.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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.

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.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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.

(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.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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

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.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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.

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.

For sale-and-leaseback transactions, the Company applies the requirements for determining when a performance obligation is satisfied in IFRS 15 to determine whether the transfer of an asset is accounted for as a sale of the asset. If the transfer of an asset satisfies the requirement of IFRS 15 to be accounted for as a sale of the asset, the Company derecognizes the transferred asset, and recognizes the amount of gain or loss that relates to the rights transferred to the buyer-lessor. For leaseback transaction, the Company applies the lessee accounting policy and recognizes the related right-of-use asset. If the transfer of an asset does not satisfy the requirement of IFRS 15 to be accounted for as a sale of the asset, the Company continues to recognize the transferred asset and recognizes the financial liability equal to the transfer proceeds.

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AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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;
- (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.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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) 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.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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.

(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.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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 been publicly announced. Future operating losses are not recognized as provisions.

e. Onerous contracts

A provision for onerous contracts is recognized when the unavoidable cost of fulfilling the obligations under a contract exceed the expected benefits to be derived by the Company from a contract. 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 establishing a provision, the Company recognizes any impairment loss on the assets associated with that contract.

Provisions recognized are the best estimates of the expenditure required to settle 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.

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AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(18) Revenue from contracts with customers

a. Revenue from contracts with customer

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:

(i) 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).

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.

(ii) 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.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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.

(iii) 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.

b. Contract costs

(i) Incremental costs of obtaining a contract

The Company recognizes the incremental costs of obtaining a contract with a customer as an asset if the Company expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Company applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset is one year or less.

(ii) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Company recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- (a) the costs relate directly to a contract or to an anticipated contract that the Company can specifically identify;

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

- (b) the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- (c) the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs relate to satisfied (or partially satisfied) performance obligations, and costs for which the Company cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Company recognizes these costs as expenses when incurred.

Reimbursements received from customers for the costs to fulfil the project contract are recognized as contract liabilities. The asset and contract liability should be recognized in profit or loss on a straight-line basis over the benefit period of the project, when the related goods or services are transferred to the customer.

(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.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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.

(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.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(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.

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.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(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 IFRSs.

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.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(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) Segments 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.

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 IFRSs requires management to make judgments, and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amounts 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 and are consistent with the Company's risk management and climate-related commitments where appropriate. Revisions to accounting estimates are recognized prospectively in the period of the change and future periods.

Information about critical judgments, estimates and assumptions in applying accounting policies that have a 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.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(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.

6. Description of Significant Accounts

(1) Cash and Cash Equivalents

	December 31, 2024	December 31, 2023
Cash on hand, demand deposits and checking accounts	\$ 46,633,143	61,838,715
Time deposits	21,813,371	22,130,748
	\$ 68,446,514	83,969,463

Refer to Note 6(29) for the disclosure of currency risk and sensitivity analysis of the financial instruments of the Company.

As at December 31, 2024 and 2023, 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, 2024	December 31, 2023
Financial assets mandatorily measured at FVTPL:		
Current		
Foreign currency forward contracts	\$ 35,893	176,492

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	December 31, 2024	December 31, 2023
Noncurrent		
Convertible bonds	\$ -	139,170
Financial liabilities measured at FVTPL:		
Contingent consideration from business combination	\$ 50,688	-
Financial liabilities held for trading:		
Foreign currency forward contracts	171,965	11,143
	\$ 222,653	11,143

The contingent consideration from the business combination, which was achieved through the acquisition of 100% equity interest in AVOCOR and AVOCOR UK, is estimated at fair value based on the contingent consideration agreement. Refer to Note 6(8) of the consolidated financial statements for the years ended December 31, 2024 and 2023 for the relevant information.

The Company entered into derivative contracts to manage the exposure to currency risk arising from operating activities. Refer to Note 6(29) for the disclosure of the Company's credit and currency risks related to financial instruments.

As at December 31, 2024 and 2023, the Company's outstanding foreign currency forward contracts were as follows:

December 31, 2024		
Contract item	Maturity date	Contract amount
Sell USD / Buy NTD	Jan. 2025~Feb. 2025	USD 63,234 / NTD 2,057,546
Sell USD / Buy JPY	Jan. 2025~Mar. 2025	USD 95,526 / JPY 14,575,360
Sell USD / Buy CNY	Jan. 2025~Oct. 2025	USD 279,000 / CNY 1,978,703
Sell USD / Buy SGD	Mar. 2025	USD 16,593 / SGD 22,300
Sell EUR / Buy INR	Jan. 2025~Nov. 2025	EUR 6,803 / INR 636,483
Sell JPY / Buy NTD	Feb. 2025	JPY 170,000 / NTD 36,669
Sell EUR / Buy JPY	Feb. 2025	EUR 18,300 / JPY 2,921,807
December 31, 2023		
Contract item	Maturity date	Contract amount
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
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

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(3) Financial Assets at Fair Value through Other Comprehensive Income (“FVTOCI”)

	December 31,	December 31,
	2024	2023
Investments in equity instruments at FVTOCI:		
Equity securities – listed stocks	\$ 2,385,041	1,090,875
Equity securities – non-listed stocks	<u>1,027,429</u>	<u>741,193</u>
	<u>\$ 3,412,470</u>	<u>1,832,068</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 \$3,596 thousand previously recognized in other comprehensive income was reclassified to retained earnings.

Refer to Note 6(9) for the Company’s participation in the cash capital increase of Chengdu Topway High-Tech Photoelectric Technology Co., Ltd. in 2024.

In October 2024 the Company disposed of a portion of its shareholdings in GCS Holdings, Inc. for a consideration amounting to \$71,622 thousand in cash. The related cumulative unrealized gain on financial assets at fair value through other comprehensive income of \$19,590 thousand, previously recognized, 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 \$341,247 thousand and \$183,207 thousand for the years ended December 31, 2024 and 2023, 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,	
	2024	2023
Investments held at the balance sheet date	<u>\$ 1,555</u>	<u>2,585</u>

As at December 31, 2024 and 2023, none of the Company’s financial assets abovementioned was pledged as collateral.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(4) Financial Assets at Amortized Cost

	December 31, 2024	December 31, 2023
Domestic and foreign time deposits	\$ 1,386,931	1,264,324
Less: current	<u>(469,685)</u>	<u>(584,217)</u>
Noncurrent	<u>\$ 917,246</u>	<u>680,107</u>

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, 2024 and 2023, 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, 2024	December 31, 2023
Notes receivable	\$ 12,303	55,237
Accounts receivable—measured at amortized cost	17,300,667	16,029,165
Accounts receivable—measured at fair value through other comprehensive income	8,668,660	7,989,097
Less: loss allowance	<u>(35,895)</u>	<u>(30,545)</u>
	<u>\$ 25,945,735</u>	<u>24,042,954</u>
Notes and accounts receivable, net	<u>\$ 25,239,268</u>	<u>22,798,408</u>
Accounts receivable from related parties, net	<u>\$ 706,467</u>	<u>1,244,546</u>

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 notes and 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, 2024		
	Carrying amount of notes and accounts receivable	Weighted- average loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 24,230,602	0.02%	4,466
Past due less than 60 days	1,426,551	0.24%	3,421
Past due 61~180 days	269,137	0.55%	1,479
Past due over 180 days	<u>44,190</u>	34.80%	<u>15,379</u>
	<u>\$ 25,970,480</u>		<u>24,745</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	December 31, 2023		
	Carrying amount of notes and accounts receivable	Weighted- average loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 22,833,577	0.00%	-
Past due less than 60 days	943,823	0.00%	-
Past due 61~180 days	259,236	0.49%	1,272
Past due over 180 days	10,772	29.54%	3,182
	\$ 24,047,408		4,454

In addition, there was objective evidence including that some of the notes and accounts receivable would not be fully recovered under reasonable expectations; therefore, the Company recognized a loss allowance of \$11,150 thousand and \$26,091 thousand, as of December 31, 2024 and 2023, respectively.

The movement of the loss allowance for notes and accounts receivable was as follows:

	For the years ended December 31,	
	2024	2023
Balance at the beginning of the year	\$ 30,545	17,610
Provisions charged to expense	16,911	22,893
Write-offs	(11,849)	(9,711)
Effect of changes in foreign currency exchange rates	288	(247)
Balance at the end of the year	\$ 35,895	30,545

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(29).

As at December 31, 2024 and 2023, the Company's accounts receivables sold and derecognized were as follows:

	December 31, 2024				
Underwriting party	Factoring limit (in thousands)	Amount sold and derecognized (in thousands)	Amount advanced (in thousands)	Principal terms	
CTBC Bank	USD 176,000	USD 123,637	NTD 3,641,000	See Notes(a)~(d)	
DBS Bank	USD 220,000	USD 160,359	NTD 4,678,000	See Notes(a)~(d)	
Taipei Fubon Bank	USD 70,000	USD 67,138	NTD 1,964,000	See Notes(a)~(d)	
Bank of Taiwan	USD 250,000	-	-	See Notes(a)~(d)	

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

December 31, 2024

<u>Underwriting party</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>
Factoring company	EUR 43,000	EUR 22,106	EUR 19,180	See Notes(a)~(c)&(e)
		USD 22,507	USD 17,590	
	USD 15,000	-	-	See Notes(a)~(c)&(e)

December 31, 2023

<u>Underwriting party</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 175,000	USD 152,483	NTD4,319,000	See Notes(a)~(d)
DBS Bank	USD 220,000	USD 148,227	NTD4,159,000	See Notes(a)~(d)
Taipei Fubon Bank	USD 100,000	USD 93,179	NTD2,599,000	See Notes(a)~(d)
Bank of Taiwan	USD 250,000	-	-	See Notes(a)~(d)

Note (a): Under these facilities, the Company transferred accounts receivable to the respective underwriting parties, 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 parties.

Note (c): As of December 31, 2024 and 2023, total outstanding receivables after the above transactions, net of fees charged by underwriting banks, of \$1,205,071 thousand and \$1,022,482 thousand, respectively, were recognized under other current financial assets. In addition, interest rates for the balance of advanced amount as of December 31, 2024 and 2023, were ranging from 1.71%~6.70% and 1.26%~2.04%, respectively.

Note (d): To the extent of the amount transferred to the underwriting parties, risks of non-collection or potential payment default by customers in the event of insolvency are borne by the respective parties. 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 underwriting parties 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.

Note (e): To the extent of the amount transferred to the underwriting parties, risks of non-collection or potential payment default by customers in the event of insolvency are borne by the respective parties. The Company is responsible for the collection of receivables subject to these facilities until such receivables are confirmed as uncollectible. The underwriting parties have requested that the Company retain an amount equal to 5 percent of the accounts receivable as security. Other than such arrangements, no collaterals were provided by the Company.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(6) Inventories

	December 31, 2024	December 31, 2023
Finished goods	\$ 11,693,601	10,523,060
Work-in-progress	12,260,023	11,360,501
Raw materials	<u>9,857,553</u>	<u>7,119,560</u>
	<u>\$ 33,811,177</u>	<u>29,003,121</u>

For the years ended December 31, 2024 and 2023, the amounts recognized as cost of sales in relation to inventories were \$256,029,425 thousand and \$243,354,069 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 \$268,787 thousand in reversals and \$2,030,133 thousand in reversals for the years ended December 31, 2024 and 2023, respectively.

As at December 31, 2024 and 2023, none of the Company's inventories was pledged as collateral.

(7) Investments in Equity-accounted Investees

a. Associates

	December 31, 2024	December 31, 2023
Qisda Corporation ("Qisda")	\$ 8,082,329	11,262,543
Ennostar Inc. ("Ennostar")	8,333,938	8,490,597
ADLINK Technology Inc. ("ADLINK")	3,704,471	3,860,539
Star Shining Energy Corporation. ("SSEC")	2,776,145	2,496,895
Raydium Semiconductor Corporation ("Raydium")	1,985,245	1,882,618
Daxin Materials Corp. ("Daxin")	812,941	775,934
Others	<u>548,206</u>	<u>614,454</u>
	<u>\$ 26,243,275</u>	<u>29,383,580</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.

	2024	2023
The Company's share of associates':		
Profit (loss)	\$ 144,895	(518,049)
Other comprehensive income	<u>270,509</u>	<u>373,751</u>
Total comprehensive income (loss)	<u>\$ 415,404</u>	<u>(144,298)</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

In February 2024, the Company disposed of all its shares in Naidun-tech Co., Ltd. with proceeds of disposal and gain on disposal amounting to \$101,988 thousand and \$95,854 thousand, respectively.

In March 2024, the Company disposed of part of its shares in Qisda with proceeds of disposal and gain on disposal amounting to \$4,116,000 thousand and \$1,055,602 thousand, respectively. The Company reassessed that it still has significant influence over Qisda, and therefore, continued to account for Qisda using the equity method.

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.

As of December 31, 2024, 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.

As at December 31, 2024 and 2023, none of the Company's investments in equity-accounted investees was pledged as collateral.

(8) Acquisition of Subsidiaries

a. Acquisition of subsidiaries – BHTCDE and its subsidiaries

In April 2024, the Company acquired 100% equity of BHTCDE and its subsidiaries (hereinafter collectively referred to as "BHTC Company") for a total of \$13,857,484 thousand, thereby obtaining control over it. BHTC Company specializes in advanced human machine interfaces technology and automotive climate control systems, and is committed to providing integrated solutions for innovative smart cockpit system.

Acquisition-related costs are at approximately \$487,250 thousand on legal fees and due diligence fees and were recognized in operating expenses in the consolidated statement of comprehensive income.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(i) 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:

	<u>Fair value</u>
Cash and cash equivalents	\$ 1,252,317
Accounts receivable and other current assets	6,331,165
Property, plant and equipment	3,779,429
Intangible assets	2,265,268
Capitalized contract cost	8,762,902
Other noncurrent assets	1,907,934
Short-term borrowings and long-term borrowings (including current installments)	(5,252,214)
Accounts payable and other current liabilities	(6,314,077)
Other noncurrent liabilities	<u>(3,440,087)</u>
Fair value of identifiable net assets	<u><u>\$ 9,292,637</u></u>

(ii) Goodwill

Goodwill arising from the acquisition has been recognized as follows:

	<u>Amounts</u>
Consideration transferred	\$ 13,857,484
Less: Fair value of identifiable net assets	<u>(9,292,637)</u>
Goodwill	<u><u>\$ 4,564,847</u></u>

(iii) Intangible assets

Customer relationship and core technology that are recognized as intangible assets are amortized using the straight-line method over its economic useful life of 10 years.

Goodwill is primarily derived from the profitability of BHTC Company in the automotive market as well as its employee value. It is expected to generate merger synergies through the integration of the Company's automotive panel business with BHTC Company.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(iv) Pro forma information on results of operations

If the acquisition had taken place on January 1, 2024, management estimated that the Company's consolidated revenue and consolidated net profit (loss) for the year ended December 31, 2024 would have been \$285,599,967 thousand and \$(3,180,586) thousand, respectively. In determining these amounts, management assumed that the fair value adjustments, determined provisionally, that arose on the acquisition date would have been the same if the acquisition had taken place on January 1, 2024. The aforementioned pro forma information is presented for illustrative purposes only and is not necessarily an indication of consolidated revenue and results of operations of the Company that would have been achieved had the acquisition been completed on January 1, 2024, nor is it intended to be a projection of future results.

b. Acquisition of Subsidiaries — Yenrich

In June 2024, the Company participated in the capital increase of Yenrich and acquired 53.32% of Yenrich's shares for a total of \$118,140 thousand, thereby obtaining control over it. Yenrich is engaged in the development of micro LED downstream products and applications.

Acquisition-related costs are at approximately \$489 thousand on legal fees and due diligence fees and were recognized in operating expenses in the consolidated statement of comprehensive income.

(i) 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:

	Fair value
Cash and cash equivalents	\$ 167,710
Accounts receivable and other current assets	80,796
Property, plant and equipment	7,869
Intangible assets	42,371
Other noncurrent assets	6,932
Accounts payable and other current liabilities	(84,130)
Non-controlling interests ^(*)	<u>(103,408)</u>
Fair value of identifiable net assets	<u>\$ 118,140</u>

^(*) Measured as the proportion of non-controlling interests to the fair value of identifiable net assets.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(ii) Pro forma information on results of operations

If the acquisition had taken place on January 1, 2024, management estimated that the Company's consolidated revenue and consolidated net loss for the six months ended June 30, 2024 would have been \$280,279,184 thousand and \$2,976,800 thousand, respectively. In determining these amounts, management assumed that the fair value adjustments, determined provisionally, that arose on the acquisition date would have been the same if the acquisition had taken place on January 1, 2024. The aforementioned pro forma information is presented for illustrative purposes only and is not necessarily an indication of consolidated revenue and results of operations of the Company that would have been achieved had the acquisition been completed on January 1, 2024, nor is it intended to be a projection of future results.

c. Acquisition of Subsidiaries – AVOCOR and its subsidiaries

In September 2024, the Company acquired 100% of the equity of AVOCOR and its subsidiaries (hereinafter referred to as "AVOCOR Company"), thereby obtaining control over it. AVOCOR Company is a provider of interactive display solutions. The Company's acquisition of AVOCOR Company aims to construct a complete ecosystem value chain to accelerate the overall development in the fields of smart education and enterprises. The legal consulting fees and due diligence costs incurred for this acquisition transaction amounted to approximately \$42,575 thousand, which were recognized in operating expenses in the consolidated statement of comprehensive income.

The main categories of consideration transferred, identifiable assets acquired, liabilities assumed at the acquisition date, and the recognized goodwill amount are as follows:

(i) Consideration transferred (translated at the exchange rates on December 31, 2024)

	Amounts
Cash	\$ 568,234
Financial assets at FVTOCI - noncurrent	358,382
Contingent consideration (financial liabilities measured at FVTPL - current)	50,688
	\$ 977,304

The aforementioned cash consideration includes adjustments to the acquisition price to be made by both parties to the share purchase agreement based on the agreed calculation basis within four months following the closing date. Additionally, the financial assets previously held and measured at fair value through other comprehensive income are treated as disposed of, with the accumulated unrealized valuation gains of \$39,468 thousand recognized at the fair value on the acquisition date transferred to retained earnings.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

According to the contingent consideration agreement, if the acquired company meets the specified condition regarding net profit within four months after the closing, the Company will make an additional payment to the original shareholders of AVOCOR as an extra purchase price for acquiring AVOCOR Company. Under this contingent consideration arrangement, the potential undiscounted amount that the Company may have to pay in the future ranges between USD 0 and USD 6,860 thousand.

The fair value of the contingent consideration agreement, estimated using the Monte Carlo simulation method, is \$50,688 thousand. The fair value measurement is based on significant unobservable inputs in the market, which are referred to as Level 3 inputs under IFRS 13, *Fair Value Measurement*, as recognized by the FSC. The key assumptions include a revenue discount rate of 11.7%, a profitability discount rate of 14.7%, a revenue volatility of 24.2%, an asset volatility of 35.6%, and an equity volatility of 55.8%.

(ii) 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, 2024):

	<u>Fair value</u>
Cash	\$ 41,055
Accounts receivable and other current assets	508,290
Property, plant and equipment	7,596
Intangible assets	874,035
Convertible bonds payable due within one year	(381,890)
Accounts payable and other current liabilities	(658,661)
Long-term borrowings	(898)
Other noncurrent liabilities	(11,783)
	<u><u>\$ 377,744</u></u>

(iii) Goodwill

Goodwill arising from the acquisition has been recognized as follows:

	<u>Amounts</u>
Consideration transferred	\$ 977,304
Less: Fair value of identifiable net assets	(377,744)
	<u><u>\$ 599,560</u></u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

The fair value of the assets acquired and the liabilities assumed by the Company were determined provisionally, and those amounts are subject to final evaluation. The Company will continue to review the aforesaid matters during the measurement period. If new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date which leads to an adjustment to the above provisional amounts, or any additional provisions as at the acquisition date, then the accounting for the acquisition will be revised.

(iv) Intangible assets

Intangible assets— marketing channels, trademark rights, and technology under development are amortized on a straight-line basis over their estimated economic useful lives of 10 years, 10 years, and 6 years, respectively.

Goodwill primarily arises from AVOCOR Company's sales capabilities, channel resources, and brand value, which are expected to provide a richer product portfolio and diverse software and hardware integration solutions to customers in the global education and enterprise markets, thereby creating operational synergies in global market channels. However, these benefits do not meet the recognition criteria for identifiable intangible assets and are therefore not recognized separately.

(v) Pro forma information on results of operations

If the acquisition had taken place on January 1, 2024, management estimated that the Company's consolidated revenue and consolidated net profit (loss) for the year ended December 31, 2024 would have been \$281,094,526 thousand and (\$3,078,361) thousand, respectively. In determining these amounts, management assumed that the fair value adjustments, determined provisionally, that arose on the acquisition date would have been the same if the acquisition had taken place on January 1, 2024. The aforementioned pro forma information is presented for illustrative purposes only and is not necessarily an indication of consolidated revenue and results of operations of the Company that would have been achieved had the acquisition been completed on January 1, 2024, nor is it intended to be a projection of future results.

(9) Property, Plant and Equipment

	For the year ended December 31, 2024					
	Balance, Beginning of years	Effect of change in consolidated entities	Additions	Disposal or write off	Reclassification, effect of change in exchange rate and others	Balance, End of years
Cost:						
Land	\$ 7,744,938	384,677	-	(558,956)	(8,036)	7,562,623
Buildings	116,390,938	1,352,278	63,209	(2,803,110)	(5,236,452)	109,766,863
Machinery and equipment	869,042,506	1,352,488	877,622	(34,555,870)	10,631,632	847,348,378
Other equipment	39,445,684	703,307	3,887,337	(3,963,769)	2,346,636	42,419,195
	<u>1,032,624,066</u>	<u>3,792,750</u>	<u>4,828,168</u>	<u>(41,881,705)</u>	<u>7,733,780</u>	1,007,097,059

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

For the year ended December 31, 2024						
	Balance, Beginning of years	Effect of change in consolidated entities	Additions	Disposal or write off	Reclassification, effect of change in exchange rate and others	Balance, End of years
Accumulated depreciation and impairment loss:						
Buildings	47,634,687	-	2,596,319	(1,654,999)	(5,546,101)	43,029,906
Machinery and equipment	795,508,381	-	23,354,825	(33,970,407)	(293,361)	784,599,438
Other equipment	30,808,039	-	5,462,672	(3,897,203)	297,888	32,671,396
	<u>873,951,107</u>	<u>-</u>	<u>31,413,816</u>	<u>(39,522,609)</u>	<u>(5,541,574)</u>	<u>860,300,740</u>
Prepayments for purchase of land and equipment, and construction in progress	12,499,845	2,144	18,528,444	(6,992)	(11,575,987)	19,447,454
Net carrying amounts	<u>\$ 171,172,804</u>					<u>166,243,773</u>
For the year ended December 31, 2023						
	Balance, Beginning of years		Additions	Disposal or write off	Reclassification, effect of change in exchange rate and others	Balance, End of years
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
	<u>1,011,763,334</u>		<u>6,970,711</u>	<u>(12,934,501)</u>	<u>26,824,522</u>	<u>1,032,624,066</u>
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	31,209,485		5,316,568	(5,553,701)	(164,313)	30,808,039
	<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	24,111,900		18,196,872	-	(29,808,927)	12,499,845
Net carrying amounts	<u>\$ 178,833,837</u>					<u>171,172,804</u>

As of December 31, 2024 and 2023, 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 2024 and 2023, the Company wrote down certain long-term assets with extremely low capacity utilization associated with its display segment and recognized impairment losses of \$180,505 thousand and \$210,771 thousand, respectively.

In 2024, the Company wrote down certain long-term assets with extremely low capacity utilization associated with its energy segment and recognized an impairment loss of \$7,195 thousand.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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 disposal consideration (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 meet operational planning needs, the Board of Directors of DPTW resolved to sell a batch of equipment used for operating activities, signing a sales contract for the equipment with proceeds of RMB 93,180 thousand on January 5, 2024. Furthermore, the Board of Directors of DPTW resolved to participate in the cash capital increase of Chengdu Topway High-Tech Photoelectric Technology Co., Ltd. for RMB 85,000 thousand on March 1, 2024. According to accounting standards, the sale of the equipment and the cash capital increase were deemed related transactions. Therefore, the Company treated this transaction as an asset exchange. After assessing that this transaction had commercial substance, the fair value of the equity received (incoming asset) was used as the basis for recognition upon completion of the equipment (outgoing asset) transaction in October, 2024. The Company recognized a gain on disposal of property, plant, and equipment amounting to \$225,931 thousand. Refer to Note 6(3) for relevant information.

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. These assets have been reclassified amounting to \$586,951 thousand as noncurrent assets held for sale then. In December 2023, the transaction was completed, and the consideration was fully received.

In order to facilitate internal asset revitalization management, AUST has decided to dispose of part of its plants and machinery equipment. The relevant procedures are expected to be completed within twelve months. As of December 31, 2024, the disposal procedures for some of the noncurrent assets held for sale have been completed. The disposal consideration and loss on disposal were \$23,320 thousand and \$1,625 thousand, respectively. As of December 31, 2024, the balance of noncurrent assets held for sale was \$256,078 thousand.

In order to focus on operational services, enhance the utilization of assets, and optimize financial structure, the Board of Directors of AUO approved the disposal of part of the real estate with related equipment on August 27, 2024. On the same day, the asset sale agreements were signed with an unrelated party. By November of the same year, both parties had completed the transfer and delivery procedures. The disposal consideration (net of related transaction costs) and gain on disposal were \$7,156,335 thousand and \$5,221,804 thousand, respectively. The consideration is to be paid in installments. As of December 31, 2024, the outstanding receivables were recorded as \$1,814,762 thousand in other current financial assets and \$1,814,762 thousand in other noncurrent assets.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

In order to focus on operational services, enhance the utilization of assets, and optimize financial structure, the Board of Directors of ACC had approved the disposal of part of the real estate with related equipment on August 27, 2024. On the same day, the asset sale agreements were signed with an unrelated party. Currently, the aforementioned assets have not yet met the criteria to be classified as held for sale. As of December 31, 2024, the consideration of the transaction received in advance amounted to \$333,333 thousand, and was recognized in other current liabilities.

The following table summarized the Company's capitalized borrowing costs and the interest rate range applied for the capitalization:

	<u>2024</u>	<u>2023</u>
Capitalized borrowing costs	<u>235,712</u>	<u>198,062</u>
The interest rates applied for the capitalization	1.63%~ 2.62%	1.50%~ 2.50%

Certain property, plant and equipment were pledged as collateral, see Note 8.

(10) Lease Arrangements

a. Lessee

(i) Right-of-use assets

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Carrying amount of right-of-use assets		
Land	\$ 8,569,189	8,925,915
Buildings	1,241,812	838,202
Other equipment	<u>58,262</u>	<u>6,509</u>
	<u>\$ 9,869,263</u>	<u>9,770,626</u>
	<u>2024</u>	<u>2023</u>
Changes in consolidated entities	\$ <u>414,209</u>	<u>-</u>
Additions to right-of-use assets	<u>\$ 490,648</u>	<u>695,382</u>
Depreciation charge for right-of-use assets		
Land	\$ 544,058	534,042
Buildings	291,890	154,859
Other equipment	<u>21,775</u>	<u>6,063</u>
	<u>\$ 857,723</u>	<u>694,964</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(ii) Lease liabilities

	December 31, 2024		
	Future minimum lease payments	Interests	Present value of minimum lease payments
Less than one year	\$ 984,764	191,440	793,324
Between one and five years	3,415,624	584,074	2,831,550
More than five years	6,572,568	747,333	5,825,235
	\$ 10,972,956	1,522,847	9,450,109
Lease liabilities – current			\$ 793,324
Lease liabilities – noncurrent			\$ 8,656,785
	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

(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.

(iv) Sublease of right-of-use assets

The Company subleased part of its right-of-use assets under operating leases. For the year ended December 31, 2024 and 2023, income from subleases were \$5,533 thousand, and \$4,944 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.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(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:

	<u>2024</u>	<u>2023</u>
Expenses relating to short-term leases	\$ <u>58,303</u>	<u>11,025</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>951</u>	<u>34</u>
Variable lease payments not included in the measurement of the lease liability	\$ <u>2,791</u>	<u>2,642</u>

Total cash outflow for the Company's leases in which it acts as a lessee for the years ended December 31, 2024 and 2023, were \$1,013,672 thousand and \$785,800 thousand, respectively.

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(24) 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, 2024 and 2023 were \$892 thousand and \$877 thousand, respectively.

The maturity analysis of undiscounted operating lease receivable for the abovementioned assets are as follows:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Year 1	\$ 238,035	149,909
Year 2	237,749	101,808
Year 3	158,853	97,446
Year 4	93,941	89,597
Year 5	93,941	89,597
Year 5 onwards	<u>1,234,610</u>	<u>1,338,989</u>
Total undiscounted operating lease receivable	\$ <u>2,057,129</u>	<u>1,867,346</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(11) Investment Property

For the year ended December 31, 2024				
	Balance, Beginning of Year	Additions	Reclassification and effect of change in exchange rate	Balance, End of Year
Cost:				
Land	\$ 672,940	-	(125,687)	547,253
Buildings	1,418,554	-	51,973	1,470,527
Right-of-use assets	28,567	-	1,047	29,614
	2,120,061	-	(72,667)	2,047,394
Accumulated depreciation:				
Buildings	790,411	44,014	29,125	863,550
Right-of-use assets	8,749	1,807	328	10,884
	799,160	45,821	29,453	874,434
Net carrying amounts	\$ 1,320,901			1,172,960
Fair Value	\$ 4,422,302			4,407,109
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	29,179	-	(612)	28,567
	2,164,198	-	(44,137)	2,120,061
Accumulated depreciation:				
Buildings	763,805	43,403	(16,797)	790,411
Right-of-use assets	7,149	1,782	(182)	8,749
	770,954	45,185	(16,979)	799,160
Net carrying amounts	\$ 1,393,244			1,320,901
Fair Value	\$ 4,065,791			4,422,302

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.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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%.

In the third quarter of 2024, M.Setek decided to sell a portion of its land, with the transaction expected to be completed within twelve months. The land has been reclassified as noncurrent assets held for sale, with a value of \$117,396 thousand. As of December 31, 2024, the consideration for the transaction received in advance amounted to \$68,838 thousand (recognized in other current liabilities).

As of December 31, 2024 and 2023, there was no investment property that was pledged as collateral.

(12) Intangible Assets

	For the year ended December 31, 2024				
	Balance, Beginning of Year	Additions	Effect of change in consolidated entities	Reclassifica tion and effect of change in exchange rate	Balance, End of Year
Cost:					
Goodwill	\$ 12,813,431	-	5,226,078	49,434	18,088,943
Patent and technology fee	12,265,550	-	-	6,808	12,272,358
Others	<u>694,688</u>	<u>217,355</u>	<u>3,120,003</u>	<u>26,789</u>	<u>4,058,835</u>
	<u>25,773,669</u>	<u>217,355</u>	<u>8,346,081</u>	<u>83,031</u>	<u>34,420,136</u>
Accumulated amortization and impairment loss:					
Goodwill	2,228,270	-	-	-	2,228,270
Patent and technology fee	11,957,440	207,900	-	2,854	12,168,194
Others	<u>319,092</u>	<u>276,981</u>	<u>-</u>	<u>9,230</u>	<u>605,303</u>
	<u>14,504,802</u>	<u>484,881</u>	<u>-</u>	<u>12,084</u>	<u>15,001,767</u>
Net carrying amounts	<u>\$ 11,268,867</u>				<u>19,418,369</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

For the year ended December 31, 2023					
	Balance, Beginning of Year	Additions	Effect of change in consolidated entities	Reclassifica tion 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	<u>697,504</u>	<u>-</u>	<u>-</u>	<u>(2,816)</u>	<u>694,688</u>
	<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	<u>242,274</u>	<u>77,624</u>	<u>-</u>	<u>(806)</u>	<u>319,092</u>
	<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>

In April 2024, the Company acquired specialized technology of \$1,475,856 thousand, customer relationship of \$789,412 thousand and goodwill of \$4,564,847 thousand through the acquisition of BHTC Company. In addition, in June 2024, the Company acquired customer relationship of \$42,371 thousand through the acquisition of Yenrich. In September 2024, the Company acquired specialized technology and trademark rights of \$264,681 thousand, marketing channels of \$547,683 thousand, and goodwill of \$661,231 thousand through the acquisition of AVOCOR Company. 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, 2024	December 31, 2023
Display business	<u>\$ 15,860,673</u>	<u>10,585,161</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.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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, 2024 and 2023 were 10.60% and 11.14%, 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 0.1% and negative 1% for 2024 and 2023 respectively. 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.

For the year ended December 31, 2024, no impairment loss was recognized as the recoverable amount of display CGU was higher than its carrying value.

(13) Assets recognized from cost to fulfil contract

The Company, due to the acquisition of BHTC, acquired assets amounting to \$8,762,902 thousand recognized from costs to fulfil contracts in 2024. Refer to Note 6(8) for the relevant information regarding this acquisition. The Company has entered into long term supply agreements with car manufacturers for project products. To meet the verification requirements of these manufacturers, the costs associated with the development activities related to the project before mass production were recognized as assets recognized from costs to fulfil contracts.

Cost:

Balance at January 1, 2024	\$ -
Acquisition	2,081,774
Effect of exchange in consolidated entities	8,762,902
Derecognition	(123,483)
Effect of exchange rate change	<u>(35,516)</u>
Balance at December 31, 2024	<u><u>\$ 10,685,677</u></u>

Accumulated amortization:

Balance at January 1, 2024	\$ -
Amortization	1,535,568
Derecognition	(123,483)
Effect of exchange rate change	<u>(18,410)</u>
Balance at December 31, 2024	<u><u>\$ 1,393,675</u></u>

Net carrying amounts:

Balance at December 31, 2024	<u><u>\$ 9,292,002</u></u>
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(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(14) Prepayments, Other Current Assets and Other Noncurrent Assets

	December 31, 2024	December 31, 2023
Long-term receivables—sale of plant	\$ 1,850,000	-
Refundable and overpaid tax	1,210,259	919,306
Prepayments for equipment	1,047,800	3,726
Prepayments for purchases	963,402	1,172,077
Restricted cash in banks—noncurrent	149,615	467,998
Others	<u>3,799,169</u>	<u>2,805,961</u>
	9,020,245	5,369,068
Less: prepayments and other current assets	<u>(3,817,952)</u>	<u>(2,980,914)</u>
Other noncurrent assets	<u><u>\$ 5,202,293</u></u>	<u><u>2,388,154</u></u>

(15) Short-term Borrowings

	December 31, 2024	December 31, 2023
Unsecured borrowings	<u>\$ 3,466,371</u>	<u>263,000</u>
Unused credit facilities	<u><u>\$ 36,476,971</u></u>	<u><u>24,377,681</u></u>
Interest rate range	1.75%~8.47%	1,75%~2.05%

(16) Long-term Borrowings

Bank or agent bank	Durations	December 31, 2024	December 31, 2023
Syndicated loans:			
Bank of Taiwan and others	From Apr. 2022 to Apr. 2029	\$ 50,000,000	50,000,000
Bank of Taiwan and others	From Oct. 2021 to Dec. 2024	-	19,125,000
Bank of Taiwan and others	From June 2024 to Jan. 2029	14,000,000	-
Agricultural Bank of China and others	From May 2024 to May 2029	536,796	-
Agricultural Bank of China and others	From Aug 2023 to Aug 2028	357,864	335,450
Bank of China and others	From Jul. 2023 to Jul. 2028	715,728	294,296
Santander Consumer Bank AG and others	From Feb. 2023 to Feb. 2026	340,486	-
KfW and others	From May 2021 to Jun. 2026	383,047	-
Savings Bank and others	From Feb. 2023 to Feb. 2028	170,243	-
HSBC Trinkhaus & Burkhardt AG and others	From May 2024 to Mar. 2027	1,702,430	-

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

<u>Bank or agent bank</u>	<u>Durations</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Unsecured bank loans	From Oct. 2020 to Oct. 2031	30,723,524	24,428,480
Unsecured other loans	From Sep. 2022 to Sep. 2024	-	20,843
Secured bank loans	From Apr. 2017 to Apr. 2032	15,824,329	16,969,742
Secured other loans	From Apr. 2022 to Mar. 2026	<u>408,963</u>	<u>691,155</u>
		115,163,410	111,864,966
Less: transaction costs		<u>(304,807)</u>	<u>(277,932)</u>
		114,858,603	111,587,034
Less: current portion		<u>(12,838,059)</u>	<u>(10,062,194)</u>
		<u>\$ 102,020,544</u>	<u>101,524,840</u>
Unused credit facilities		<u>\$ 64,707,556</u>	<u>58,011,646</u>
Interest rate range		1.63%~7.20%	1.50%~4.00%

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, 2024.

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, 2024 and 2023, the Company complied with all financial covenants required under each of the loan agreements.

Refer to Note 6(29) 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.

(17) Provisions

	<u>Warranties⁽ⁱ⁾</u>	<u>Litigation and claims</u>	<u>Others⁽ⁱⁱ⁾</u>	<u>Total</u>
Balance at January 1, 2024	\$ 1,054,364	1,345,470	880,866	3,280,700
Additions (reversals)	625,313	(77,336)	165,398	713,375
Usage	(228,918)	-	(542,597)	(771,515)
Changes in consolidated entities	656,894	-	126,378	783,272
Effect of change in exchange rate	<u>11,106</u>	<u>81,885</u>	<u>29,872</u>	<u>122,863</u>
Balance at December 31, 2024	2,118,759	1,350,019	659,917	4,128,695
Less: current	<u>(1,152,987)</u>	<u>(1,350,019)</u>	<u>(557,729)</u>	<u>(3,060,735)</u>
Noncurrent	<u>\$ 965,772</u>	<u>-</u>	<u>102,188</u>	<u>1,067,960</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	Warranties⁽ⁱ⁾	Litigation and claims	Others⁽ⁱⁱ⁾	Total
Balance at January 1, 2023	\$ 869,256	307,320	292,483	1,469,059
Additions (reversals)	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>

(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.

(18) 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 BHTCDE, BHTCMX, BHTCIN and BHTCBG 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.

(i) Reconciliation of the present value of defined benefit obligation and the fair value of plan assets for AUO, ADP, M.Setek, BHTCDE, BHTCMX, BHTCIN and BHTCBG:

	December 31, 2024	December 31, 2023
Present value of defined benefit obligation	\$ (346,116)	(148,339)
Fair value of plan assets	371,462	325,111
Net defined benefit asset	<u>\$ 25,346</u>	<u>176,772</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

The recognition of net defined benefit asset was as follows:

	December 31, 2024	December 31, 2023
Other noncurrent assets	\$ 242,571	206,943
Other noncurrent liabilities	(217,225)	(30,171)
	\$ 25,346	176,772

(ii) Movement in net defined benefit asset (liability)

	Present value of defined benefit obligation		Fair value of plan assets		Net defined benefit asset (liability)	
	2024	2023	2024	2023	2024	2023
Balance at January 1	\$ (148,339)	(152,421)	325,111	322,137	176,772	169,716
Service cost	(202,448)	-	18,715	-	(183,733)	-
Interest cost	(19,175)	(6,285)	-	-	(19,175)	(6,285)
Gain on settlement	(9,856)	(1,649)	-	-	(9,856)	(1,649)
Expected return on plan assets	-	-	5,651	4,413	5,651	4,413
Included in profit or loss	(29,031)	(7,934)	5,651	4,413	(23,380)	(3,521)
Actuarial (loss) gain arising from:						
- demographic assumptions	(2,560)	(1,318)	-	-	(2,560)	(1,318)
- financial assumptions	4,642	(1,628)	-	-	4,642	(1,628)
- experience adjustment	2,991	5,942	-	-	2,991	5,942
Return on plan assets excluding interest income	-	-	29,010	1,078	29,010	1,078
Included in other comprehensive income	5,073	2,996	29,010	1,078	34,083	4,074
Contributions paid by the employer	-	-	2,266	357	2,266	357
Benefits paid	24,139	7,036	(9,146)	(2,874)	14,993	4,162
Others	4,490	1,984	(145)	-	4,345	1,984
	28,629	9,020	(7,025)	(2,517)	21,604	6,503
Balance at December 31	\$ (346,116)	(148,339)	371,462	325,111	25,346	176,772

(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 Bureau of Labor Fund, Ministry of Labor and supervised by the employees' pension plan 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. The government is not only responsible for the determination of the investment strategies and policies, but also for any shortfall in the event that the rate of return is less than the required rate of return.

As of December 31, 2024 and 2023, the Funds deposited in AUO Committee's name and ADP Committee's name in the Bank of Taiwan amounted to \$350,390 thousand and \$325,111 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, M.Setek, BHTCDE, BHTCMX, BHTCIN and BHTCBG is responsible to pay to employees when they are retired.

(iv) Present value of defined benefit obligation

(a) Principal actuarial assumptions from AUO, ADP, BHTCDE, BHTCMX, BHTCIN and BHTCBG:

	December 31, 2024	December 31, 2023
Discount rate	1.63%~10.20%	1.26%
Rate of increase in future salary	3.00%~12.00%	3.00%

The Company anticipates contributing \$19,011 thousand to the defined benefit plans in the year starting from January 1, 2025.

As of December 31, 2024 the weighted-average duration of the defined benefit obligation was between 11 years to 20 years.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(b) Sensitivity analysis

Reasonably possible changes at December 31, 2024 and 2023 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, 2024		December 31, 2023	
	Changes in assumptions		Changes in assumptions	
	+ 0.25%	-0.25%	+0.25%	-0.25%
Discount rate	\$ (17,529)	19,483	(4,477)	4,678
Rate of increase in future salary	\$ 5,658	(5,406)	4,618	(4,433)

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, 2024 and 2023, these companies set aside, \$1,000,747 thousand and \$977,825 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 \$2,283,470 thousand and \$1,478,484 thousand for the years ended December 31, 2024 and 2023, respectively, for the defined contribution plans based on their respective local government regulations.

(19) Capital and Other Components of Equity

a. Common stock

AUO’s authorized common stock, with par value of \$10 per share, all amounted to \$120,000,000 thousand as at December 31, 2024 and 2023.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

AUO's issued common stock, with par value of \$10 per share, are amounted to \$76,678,810 and \$76,993,961 thousand as at December 31, 2024 and 2023.

The Company retired treasury shares in November 2024, with a capital reduction amount of \$315,151 thousand and cancellation of 31,515 thousand shares. The base date for the capital reduction was November 4, 2024. All related registration procedures have been completed.

As of December 31, 2024, AUO has issued 17,735 thousand ADSs, which represented 177,351 thousand shares of its common stock.

b. Capital surplus

The components of capital surplus were as follows:

	December 31, 2024	December 31, 2023
From common stock	\$ 39,558,075	46,621,786
From convertible bonds	6,049,862	6,049,862
From others	<u>2,667,575</u>	<u>2,327,181</u>
	<u>\$ 48,275,512</u>	<u>54,998,829</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 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.

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.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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 13, 2025, AUO's Board of Directors resolved not to distribute cash dividends for 2024. 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>\$ 2,300,364</u>	0.30

On March 11, 2024, AUO's Board of Directors resolved not to distribute cash dividends for 2023. 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>\$ 6,901,093</u>	0.90

On May 30, 2024, the annual shareholders' meeting resolved the other distribution of earnings for 2023, which solely consists of a provision of special reserve of \$864,594 thousand.

On February 23, 2023, AUO's Board of Directors resolved not to distribute cash dividends for 2022. 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>	0.80

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

On May 26, 2023, the annual shareholders' meeting resolved the other distribution of earnings for 2022, which solely consists of a reversal of special reserve of \$1,122,876 thousand.

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, 2024					
Reason for reacquisition	Number of shares, Beginning of year	Additions	Transfers	Reductions	Number of shares, End of year
Transferring to employees	31,515	-	-	(31,515)	-

For the year ended December 31, 2023					
Reason for reacquisition	Number of shares, Beginning of year	Additions	Transfers	Number of shares, End of year	
Transferring to employees	38,737	-	(7,222)	31,515	

Refer to Note 6(20) for information on employee treasury shares plan for 2023. A total of 7,222 thousand shares were transferred with total costs for treasury shares of \$55,103 thousand, and with cost per share of \$7.63.

The Board of Directors of AUO resolved to retire 31,515 thousand shares of treasury shares on October 31, 2024. The base date for the capital reduction was November 4, 2024.

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.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

e. Other components of equity

	Cumulative translation differences	Unrealized gains (losses) on financial assets at FVTOCI	Total
Balance at January 1, 2024	\$ (3,651,762)	(833,137)	(4,484,899)
Foreign operations – foreign currency translation differences	2,855,760	-	2,855,760
Net change in fair value of financial assets at FVTOCI	-	1,429,457	1,429,457
Equity-accounted investees – share of other comprehensive income	472,771	(76,580)	396,191
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	-	168,594	168,594
Realized gain on sales of securities reclassified to profit or loss	(131,119)	-	(131,119)
Related tax	(590,672)	910	(589,762)
Balance at December 31, 2024	<u>\$ (1,045,022)</u>	<u>689,244</u>	<u>(355,778)</u>
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 loss 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

f. Non-controlling interests, net of tax

	For the years ended	
	December 31,	
	2024	2023
Balance at the beginning of the period	\$ 6,190,329	6,311,557
Equity attributable to non-controlling interests:		
Gain for the period	119,785	52,120
Foreign currency translation differences, net of tax	120,218	(78,652)
Acquisition of subsidiaries	103,408	-
Differences between consideration and carrying amount arising from disposal of interest in subsidiary	-	16,137
Cash dividends from subsidiaries	(88,882)	(110,921)
Effect of disproportionate subscription to shares	37,905	(25,675)
Subsidiaries capital increase	32,879	16,743
Subsidiaries capital return	(76,265)	-
Unrealized gain on financial assets at FVTOCI	41,286	8,153
Acquisition from non controlling interests	(5,367)	-
Effect of share-based payments and others	-	867
Balance at the end of the period	<u>\$ 6,475,296</u>	<u>6,190,329</u>

(20) 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:

Grant date	Total shares granted (in thousands)	Vesting conditions	Share price	Exercise price	Fair value per unit
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 year ended December 31, 2023, the related compensation cost recognized for the abovementioned plan amounted to \$58,931 thousand. The capital surplus generated from the difference between the subscription price and the repurchase cost of the abovementioned treasury shares for the year of 2023 amounted to \$18,127 thousand.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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%.

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 year ended December 31, 2023, the compensation cost recognized was \$2,135 thousand.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(21) Revenue from Contracts with Customers

a. Disaggregation of revenue

	For the years ended December 31,					
	2024			2023		
	Display segment	Energy segment	Total segments	Display segment	Energy segment	Total segments
Primary geographical markets:						
PRC (including Hong Kong)	\$ 100,460,749	37,404	100,498,153	84,685,029	887,977	85,573,006
Taiwan	73,235,144	6,082,450	79,317,594	66,471,767	14,635,472	81,107,239
United States	29,782,778	78,786	29,861,564	23,474,258	4,298	23,478,556
Singapore	14,380,080	-	14,380,080	15,256,468	-	15,256,468
Korea	12,868,437	29,676	12,898,113	10,621,474	84,548	10,706,022
Japan	10,874,380	157,993	11,032,373	10,768,725	294,606	11,063,331
Germany	9,827,072	10,511	9,837,583	2,262,990	8,739	2,271,729
Others	21,755,377	664,584	22,419,961	15,721,329	2,786,757	18,508,086
	<u>\$ 273,184,017</u>	<u>7,061,404</u>	<u>280,245,421</u>	<u>229,262,040</u>	<u>18,702,397</u>	<u>247,964,437</u>
Major products:						
Display	\$ 154,198,820	-	154,198,820	140,915,779	-	140,915,779
Mobility Solution	71,270,395	-	71,270,395	44,119,021	-	44,119,021
Vertical Solution	32,288,180	7,061,404	39,349,584	32,670,985	18,702,397	51,373,382
Others	15,426,622	-	15,426,622	11,556,255	-	11,556,255
	<u>\$ 273,184,017</u>	<u>7,061,404</u>	<u>280,245,421</u>	<u>229,262,040</u>	<u>18,702,397</u>	<u>247,964,437</u>

For the years ended December 31, 2024 and 2023, 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

	December 31, 2024	December 31, 2023
Contract assets — current (recorded in other current financial assets)	<u>\$ 679,656</u>	<u>1,317,949</u>
Contract liabilities — current (recorded in other current liabilities)	\$ 4,379,596	3,878,283
Contract liabilities — noncurrent	5,687,846	6,239,558
	<u>\$ 10,067,442</u>	<u>10,117,841</u>

The Company has entered into long-term supply agreements with car manufacturers for project products. Reimbursements received from customers for the project were recognized as contract liabilities. 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.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

The amounts of revenue recognized for the years ended December 31, 2024 and 2023 that previously included in the contract liability balance at the beginning of the years were \$3,503,691 thousand and \$1,307,458 thousand, respectively.

(22) 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 year ended December 31, 2024 and 2023.

The information about AUO's remuneration to employees and directors is available at the Market Observation Post System website.

(23) Additional Information of Expenses by Nature

	For the years ended December 31,					
	2024			2023		
	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	2,264,603	1,042,994	3,307,597	1,828,358	631,472	2,459,830
Salaries and other employee benefits	28,822,887	15,909,178	44,732,065	27,990,938	12,482,526	40,473,464
Depreciation	27,510,598	4,573,241	32,083,839	28,230,115	4,148,949	32,379,064
Amortization	1,863,837	156,612	2,020,449	54,933	71,547	126,480

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(24) Non-Operating Income and Expenses

a. Interest income

	For the years ended	
	December 31,	
	2024	2023
Interest income on bank deposits	\$ 1,647,589	1,868,709
Other interest income	48,612	46,369
	\$ 1,696,201	1,915,078

b. Other income

	For the years ended	
	December 31,	
	2024	2023
Grants	\$ 1,649,793	944,086
Rental income, net	453,147	444,969
Dividend income	1,555	2,585
Insurance claim income and others	1,975,000	607,532
	\$ 4,079,495	1,999,172

c. Other gains and losses

	For the years ended	
	December 31,	
	2024	2023
Foreign exchange gains, net	\$ 764,548	458,035
Losses on valuation of financial instruments at FVTPL, net	(423,437)	(231,845)
Gains on disposal of property, plant and equipment, net	4,894,753	53,350
Gains on disposal of investments	1,151,456	116
Losses on liquidation of subsidiaries, net	-	4,868
Impairment losses on assets	(187,700)	(210,771)
Gains on disposal of noncurrent assets held for sale	224,306	1,069,530
Litigation gain (loss)	77,336	(1,058,435)
Earthquake losses and others	(1,252,611)	(476,211)
	\$ 5,248,651	(391,363)

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

d. Finance costs

	For the years ended December 31,	
	2024	2023
Interest expense on bank borrowings	\$ 2,912,939	2,439,058
Interest expense on lease liabilities	185,806	165,899
Other interest expense	116,203	55,928
Finance expense	93,125	63,998
	\$ 3,308,073	2,724,883

(25) 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.

a. Income tax expense

The components of income tax expense (benefit) for the years ended December 31, 2024 and 2023 were as follows:

	For the years ended December 31,	
	2024	2023
Current income tax expense (benefit):		
Current years	\$ 1,855,848	1,303,943
Adjustment to prior years and others	58,151	(367,210)
	1,913,999	936,733
Deferred tax expense:		
Temporary differences	425,595	(4,467,639)
	\$ 2,339,594	(3,530,906)

Income taxes expense (benefit) recognized directly in other comprehensive income for the years ended December 31, 2024 and 2023 were as follows:

	For the years ended December 31,	
	2024	2023
Items that will never be reclassified to profit or loss:		
Remeasurement of defined benefit obligations	\$ 7,323	815
Valuation gains (losses) on debt instrument measured at FVTOCI	(910)	910
	\$ 6,413	1,725

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	For the years ended	
	December 31,	
	2024	2023
Items that are or may be reclassified subsequently to profit or loss:		
Foreign operations – foreign currency translation differences	\$ <u>620,565</u>	<u>(290,245)</u>

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, 2024 and 2023, was as follows:

	For the years ended	
	December 31,	
	2024	2023
Income tax expense (benefit) at AUO’s statutory tax rate	\$ (120,958)	(4,336,412)
Effect of different subsidiaries income tax rate	194,830	212,423
House and Land Transactions Income Tax (new regulations)	381,759	-
Share of profit of equity-accounted subsidiaries	2,669,769	2,828,528
Net of non-taxable income from domestic investments and non-deductible expense	(1,755,564)	(1,639,737)
Change of unrecognized deductible temporary differences	1,828,986	606,184
Effect of combined business income tax return	(1,063,861)	(871,053)
Adjustments to prior years	58,368	(313,662)
Income basic tax	82,750	-
Others	<u>63,515</u>	<u>(17,177)</u>
Income tax expense (benefit)	\$ <u>2,339,594</u>	<u>(3,530,906)</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,
	2024	2023
Deductible temporary differences	\$ 2,025,296	2,482,767
Unused investment tax credits	16,267	12,201
Unused tax losses carryforwards	<u>18,649,264</u>	<u>18,650,897</u>
	\$ <u>20,690,827</u>	<u>21,145,865</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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.

As of December 31, 2024, 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>
2012	\$ 9,712	2032
2015	574,683	2025
2016	3,083,582	2025 ~ 2026
2017	782,018	2026~ 2027 ⁽ⁱ⁾
2018	48,463	2028 ⁽ⁱ⁾
2019	3,584,733	2029 ⁽ⁱ⁾
2020	434,635	2025 ~ 2030 ⁽ⁱ⁾
2021	242,913	2026~ 2031 ⁽ⁱ⁾
2022	4,785,032	2027 ~ 2032 ⁽ⁱ⁾
2023	4,687,368	2028 ~ 2033 ⁽ⁱ⁾
2024	416,125	2029 ~ 2034 ⁽ⁱ⁾
	<u>\$ 18,649,264</u>	

⁽ⁱ⁾ As of December 31, 2024, the unrecognized deferred tax assets of unused tax losses carryforwards include \$679,861 thousand with no expiration.

(Continued)

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, 2024	December 31, 2023	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Tax losses						
carryforwards	\$ 5,471,537	5,719,269	-	-	5,471,537	5,719,269
Unrealized loss and						
expenses	421,175	220,584	21,323	(67,524)	442,498	153,060
Inventories write-						
down	626,692	658,705	-	-	626,692	658,705
Foreign investment						
gains under the						
equity method	17,224	-	(1,734,051)	(1,879,617)	(1,716,827)	(1,879,617)
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	107,640	112,449	12,969	-	120,609	112,449
Foreign operations –						
foreign currency						
translation						
differences	416,710	1,019,470	(22,065)	(4,259)	394,645	1,015,211
Valuation gains on						
debt instrument						
measured at						
FVTOCI	-	-	-	(910)	-	(910)
Others	3,330,785	2,471,183	(1,246,145)	(181,443)	2,084,640	2,289,740
	\$ 10,391,763	10,201,660	(4,770,860)	(3,936,644)	5,620,903	6,265,016

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	January 1, 2023	Recognized in profit or loss	Recognized in other comprehensive income	Effect of change in consolidated entities, exchange rate and others	December 31, 2023	Recognized in profit or loss	Recognized in other comprehensive income	Effect of change in consolidated entities, exchange rate and others	December 31, 2024
Deferred tax assets (liabilities):									
Investment tax credits	\$ 259,993	(263,783)	-	3,790	-	-	-	-	-
Tax losses carryforwards	2,313,338	3,435,627	-	(29,696)	5,719,269	(836,939)	-	589,207	5,471,537
Unrealized loss and expenses	145,670	7,494	-	(104)	153,060	181,202	-	108,236	442,498
Inventories write-down	1,097,026	(437,908)	-	(413)	658,705	(44,262)	-	12,249	626,692
Foreign investment losses (gains) under the equity method	(3,099,695)	1,220,078	-	-	(1,879,617)	162,789	-	1	(1,716,827)
Accumulated amortization of goodwill in accordance with local tax laws	(1,802,891)	-	-	-	(1,802,891)	-	-	-	(1,802,891)
Remeasurement of defined benefit plans	112,905	366	(815)	(7)	112,449	(35)	(7,323)	15,518	120,609
Foreign operations –foreign currency translation differences	724,966	-	290,245	-	1,015,211	-	(620,565)	(1)	394,645
Valuation gains on debt instrument measured at FVTOCI	-	-	(910)	-	(910)	-	910	-	-
Others	1,796,959	505,765	-	(12,984)	2,289,740	111,650	-	(316,750)	2,084,640
	<u>\$ 1,548,271</u>	<u>4,467,639</u>	<u>288,520</u>	<u>(39,414)</u>	<u>6,265,016</u>	<u>(425,595)</u>	<u>(626,978)</u>	<u>408,460</u>	<u>5,620,903</u>

c. Assessments by the tax authorities

As of December 31, 2024, the tax authorities have completed the examination of income tax returns of AUO through 2020.

(26) Earnings (loss) per Share

	For the years ended December 31,	
	2024	2023
Basic earnings (loss) per share		
Loss attributable to AUO's shareholders	<u>\$ (3,064,167)</u>	<u>(18,203,274)</u>
Weighted-average number of common shares outstanding during the years	<u>7,667,881</u>	<u>7,666,437</u>
Basic earnings (loss) per share (NT\$)	<u>\$ (0.40)</u>	<u>(2.37)</u>

Since AUO incurred net loss for the years ended December 31, 2024 and 2023, there were no potential ordinary shares with dilutive effect for the period.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(27) 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, 2024 and 2023, were as follows:

	Long-term borrowings (including current installments)	Short-term borrowings	Guarantee deposits	Lease liabilities	Convertible bonds payable	Total liabilities from financing activities
Balance at January 1, 2024	\$ 111,587,034	263,000	800,174	9,328,529	-	121,978,737
Cash flows	(2,370,395)	3,137,754	24,348	(765,821)	(381,890)	(356,004)
Changes in consolidated entities	5,186,971	66,141	-	442,894	381,890	6,077,896
Non-cash changes:						
Additions	-	-	-	447,686	-	447,686
Changes in exchange rate and others	454,993	(524)	(679,420)	(3,179) ^(*)	-	(228,130)
Balance at December 31, 2024	<u>\$ 114,858,603</u>	<u>3,466,371</u>	<u>145,102</u>	<u>9,450,109</u>	<u>-</u>	<u>127,920,185</u>

	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) ^(*)	(202,187)
Balance at December 31, 2023	<u>\$ 111,587,034</u>	<u>263,000</u>	<u>800,174</u>	<u>9,328,529</u>	<u>121,978,737</u>

^(*) Including decrease in the years of 2024 and 2023 \$40,761 and \$17,131 thousand, respectively.

(28) Financial Instruments

a. Fair value and carrying amount

The carrying amount of the financial instruments that the Company categorizes as financial assets and liabilities measured at amortized cost in the consolidated financial statements is close to the fair value. 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, 2024 and 2023 were as follows:

	December 31, 2024		December 31, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Financial assets at FVTPL:				
Current				
Foreign currency forward contracts	\$ 35,893	35,893	176,492	176,492

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	<u>December 31, 2024</u>		<u>December 31, 2023</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Noncurrent				
Convertible bonds	-	-	139,170	139,170
Financial assets at FVTOCI:				
Listed stocks	2,385,041	2,385,041	1,090,875	1,090,875
Non-listed stocks	1,027,429	1,027,429	741,193	741,193
Accounts receivables	8,668,660	8,668,660	7,989,097	7,989,097
Financial liabilities:				
Financial liabilities at FVTPL:				
Contingent consideration from business combination	50,688	50,688	-	-
Foreign currency forward contracts	171,965	171,965	11,143	11,143

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.

Refer to this section Note(e) for the measurement of contingent consideration from business combination.

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).

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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, 2024				
Financial assets at FVTPL:				
Current				
Foreign currency forward contracts	\$ -	35,893	-	35,893
Financial assets at FVTOCI:				
Listed stocks	2,385,041	-	-	2,385,041
Non-listed stocks	-	-	1,027,429	1,027,429
Accounts receivables	-	8,668,660	-	8,668,660
Financial liabilities at FVTPL:				
Contingent consideration from business combination	-	-	50,688	50,688
Foreign currency forward contracts	-	171,965	-	171,965
December 31, 2023				
Financial assets 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
Accounts receivables	-	7,989,097	-	7,989,097
Financial liabilities at FVTPL:				
Foreign currency forward contracts	-	11,143	-	11,143

There were no transfers between Level 1 and 2 for the years ended December 31, 2024 and 2023.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

d. Reconciliation for fair value measurements categorized within Level 3

	For the years ended	
	December 31,	
	2024	2023
Financial assets at FVTOCI— equity instruments without active market		
Balance at the beginning of the years	\$ 741,193	594,956
Total profit or loss:		
Net gain included in other comprehensive income	105,487	4,811
Additions	364,615	217,183
Reclassification	154,448	-
Disposals	-	(74,799)
Deemed disposals	(358,381)	-
Changes in consolidated entities	8,855	-
Effect of exchange rate change	11,212	(958)
Balance at the end of the years	<u>\$ 1,027,429</u>	<u>741,193</u>
Financial assets at FVTPL— convertible bonds		
Balance at the beginning of the years	\$ 139,170	-
Net gain included in profit or loss	6,108	953
Acquisition	-	138,231
Reclassification	(154,448)	-
Effect of exchange rate change	9,170	(14)
Balance at the end of the years	<u>\$ -</u>	<u>139,170</u>
Financial liabilities at FVTPL— contingent consideration from business combination		
Balance at the beginning of the period	\$ -	99,222
Net loss included in profit or loss	-	(13,643)
Contingent consideration derived from business combination	50,688	-
Payment	-	(85,579)
Balance at the end of the years	<u>\$ 50,688</u>	<u>-</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

- 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.

<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 assets at FVTOCI—equity instruments without active market	Market approach	<ul style="list-style-type: none"> · Price-Book ratio (0.75~13.1 at Dec. 31, 2024, and 0.85~15.72 at Dec. 31, 2023) · Price-Earnings ratio (14.8~34.53 at Dec. 31, 2024, and 11.65~33.90 at Dec. 31, 2023) · Discount for lack of marketability (10%~44% at Dec. 31, 2024 and 15%~33% at Dec. 31, 2023) 	<ul style="list-style-type: none"> · The higher the price-book ratio is, the higher the fair value is. · The higher the price-earnings ratio is, the higher the fair value is. · The greater degree of lack of marketability is, the lower the fair value is.
Financial assets at FVTPL—convertible bonds	Option pricing model	<ul style="list-style-type: none"> · Volatility rate: 41.5% at and Dec. 31, 2023 	<ul style="list-style-type: none"> · Not applicable
Financial liabilities at FVTPL—contingent consideration from business combination	Monte Carlo simulation	<ul style="list-style-type: none"> · Discount rate (11.7%~14.7% at Dec. 31, 2024) · Revenue volatility rate (24.2%~55.8% at Dec. 31, 2024) 	<ul style="list-style-type: none"> · Not applicable

(29) 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.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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.

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, 2024 and 2023, the Company's five largest customers accounted for 37.4% and 36.6%, 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, 2024.

(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.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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.

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>2025.1.1~ 2025.12.31</u>	<u>2026.1.1~ 2027.12.31</u>	<u>2028.1.1~ 2029.12.31</u>	<u>2030 and thereafter</u>
December 31, 2024					
Non-derivative financial liabilities					
Short-term borrowings	\$ 3,466,371	3,466,371	-	-	-
Long-term borrowings (including current installments)	123,023,228	15,668,461	66,010,465	40,551,406	792,896
Guarantee deposits	145,102	56,520	4,000	-	84,582
Long-term payables (including current installments)	312,510	312,510	-	-	-
Derivative financial instruments					
Foreign currency forward contracts – inflows	(15,340,184)	(15,340,184)	-	-	-
Foreign currency forward contracts – outflows	15,719,800	15,719,800	-	-	-
	<u>\$ 127,326,827</u>	<u>19,883,478</u>	<u>66,014,465</u>	<u>40,551,406</u>	<u>877,478</u>
	<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>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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, 2024, 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.

(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, 2024			December 31, 2023		
	Foreign currency amounts	Exchange rate	NTD	Foreign currency amounts	Exchange rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 1,266,609	32.7170	41,439,647	1,199,754	30.7180	36,854,043
JPY	8,346,819	0.2086	1,741,146	13,862,787	0.2173	3,012,384
EUR	31,203	34.0486	1,062,418	20,161	33.9710	684,889
<u>Non-monetary items</u>						
USD	42,631	32.7170	1,394,758	42,631	30.7180	1,309,539

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	December 31, 2024			December 31, 2023		
	Foreign currency amounts	Exchange rate	NTD	Foreign currency amounts	Exchange rate	NTD
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	1,132,568	32.7170	37,054,227	1,183,915	30.7180	36,367,501
JPY	19,032,173	0.2086	3,970,111	16,539,194	0.2173	3,593,967
EUR	25,610	34.0486	871,985	66	33.9710	2,242

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, 2024 and 2023, while all other variables were remained constant, would have increased or decreased the net profit before tax for the years December 31, 2024 and 2023 as follows:

	For the years ended	
	December 31,	
	2024	2023
1% of depreciation	\$ 23,469	5,876
1% of appreciation	(23,469)	(5,876)

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 (losses) for the years ended December 31, 2024 and 2023, were \$764,548 thousand and \$458,035 thousand, respectively.

(a) 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, 2024 and 2023 by \$277,736 thousand and \$275,318 thousand, respectively.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(b) Equity price risk

See Note 6(3) for disclosure of equity price risk analysis.

(30) 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,	
	2024	2023
Short-term borrowings	\$ 3,466,371	263,000
Long-term borrowings (including current installments)	114,858,603	111,587,034
Total liabilities	233,096,237	218,113,201
Total equity	159,773,016	165,357,536
Debt-to-equity ratio	146 %	132 %
Net debt-to-equity ratio ⁽ⁱ⁾	31 %	17 %

(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
Episky Corporation (Xiamen) Ltd. (“EPISKYXM”)	Subsidiary of Ennostar
Epicrystal Corporation (Changzhou) Ltd. (“EPCZX”)	Subsidiary of Ennostar

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

<u>Name of related party</u>	<u>Relationship with the Company</u>
Unikorn Semiconductor Corporation (“USC”)	Subsidiary of Ennostar
Trendylite Corporation (“Trendylite”)	Subsidiary of Ennostar
Shine Biomedical Technology Corporation (“Shine Biomedical”)	Associate
Chengdu Topway High-Tech Photoelectric Technology Co., Ltd.	Associate
Anivance AI Corporation	Associate
Raydium Semiconductor Corporation (“Raydium”)	Associate
Raydium Semiconductor (Kunshan) Co., Ltd. (“RKS”)	Subsidiary of Raydium
Star Shining Energy Corporation (“SSEC”)	Associate
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 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 ⁽ⁱ⁾
SINTRONES Technology Corp. (“SINTRONES”)	Associate ⁽ⁱⁱ⁾
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

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

<u>Name of related party</u>	<u>Relationship with the Company</u>
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
BenQ Europe B.V. (“BQE”)	Subsidiary of Qisda
BenQ Asia Pacific Corp. (“BQP”)	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
Partner Tech Asia Pacific Corporation (“PTAP”)	Subsidiary of Qisda
Transnet Corporation (“Transnet”)	Subsidiary of Qisda
BenQ Medical Technology Corp. (“TMC”)	Subsidiary of Qisda
WiXtar Corporation (“Witar”)	Subsidiary of Qisda
Web-Pro Corporation	Subsidiary of Qisda
AUO Foundation	Substantive related party
Jector Digital System Inc. (“JDSI”)	Director of Jector

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

<u>Name of related party</u>	<u>Relationship with the Company</u>
Heilongjiang Tianyouwei Electronics Co., Ltd. (“TYW”)	Director of Talenda
Play Nitride Inc. (“PlayNitride”)	Konly represented as a director of PlayNitride
Carota Corporation (“Carota”)	Konly represented as a director of Carota
WishMobile, Inc. (“WMI”)	Konly represented as a director of WMI
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
Avocor Technologies USA Inc. (“AVOCOR”)	ADPNL represented as a director of AVOCOR ⁽ⁱⁱⁱ⁾
Zhensheng construction Co., Ltd. (“Zhensheng”)	Supervisor of AET-YP ^(iv)
Imedtac Co., Ltd. (“Imedtac”)	ADP represented as a director of Imedtac

- (i) 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.
- (ii) The Company has had significant influence over SINTRONES since February 2023; therefore, SINTRONES was changed from other related party to associate.
- (iii) The Company has control over AVOCOR starting from September 2024, and therefore, from that date onward, it is considered a subsidiary.
- (iv) Zhensheng no longer serves as the supervisor of AET-YP from September 2024; therefore, Zhensheng is no longer considered a related party of the Company starting as of that date.

(2) Compensation to key management personnel

Key management personnel’s compensation comprised:

	For the years ended	
	December 31,	
	2024	2023
Short-term employee benefits	\$ 454,554	578,796
Post-employment benefits	1,471	1,411
Share-based payments	-	35,301
	\$ 456,025	615,508

Refer to Note 6(20) 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, 2024	December 31, 2023
	2024	2023		
Associates	\$ 6,071,205	11,624,308	704,337	1,123,379
Others	465,843	105,798	2,130	121,167
	\$ 6,537,048	11,730,106	706,467	1,244,546

The collection terms for sales to related parties were 25 to 60 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, 2024	December 31, 2023
	2024	2023		
Associates	\$ 17,562,588	17,861,976	5,948,096	5,161,865
Others	489,701	134,523	67,360	41,425
	\$ 18,052,289	17,996,499	6,015,456	5,203,290

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,	
	2024	2023
Associates	\$ 57,458	33,388
Others	450,000	-
	\$ 507,458	33,388

(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,	
	2024	2023	2024	2023
Associates	\$ 96	383	19	383

e. Other related party transactions

Transaction type	Type of related party	For the years ended	
		December 31,	
		2024	2023
Rental income	Associates		
	BMC	\$ 101,812	101,546
	Others	42,685	35,688
	Others	85	-
		\$ 144,582	137,234
Other income	Associates	\$ 51,796	59,703
	Others	92	-
		\$ 51,888	59,703
Cost of sales and operating expenses	Associates	\$ 292,655	71,177
	Others	204,158	164,442
		\$ 496,813	235,619

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,
		2024	2023
Other receivables due from related parties	Associates	\$ 18,160	15,305
	Others	89	-
		\$ 18,249	15,305
Other payables due to related parties	Associates	\$ 42,027	36,719
	Others	33,637	11,562
		\$ 75,664	48,281

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

The Company paid deposits to related parties for the purchase of renewable energy. As of December 31, 2024 and 2023, the amounts recorded under refundable deposits were both \$127,208 and \$62,605 thousand, respectively.

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 for 2024 and 2023 by \$464,471 thousand and \$24,720 thousand, respectively. In addition, for the years ended December 31, 2024 and 2023, the Company entitled for cash dividends declared by related parties of \$977,481 thousand and \$1,597,016 thousand, respectively. As of December 31, 2024 and 2023, the aforementioned dividends were all received.

The rooftop of the Tainan plant was original leased to FGPC for the installation of rooftop solar panels and subsequent power generation. Due to the sale of the Tainan plant by AUO in 2024, the lease agreement was terminated early. The Company paid a compensation amount of \$32,000 thousand to FGPC, and the aforementioned compensation was recorded under the account of gains or losses on disposal of the Tainan plant.

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, 2024</u>	<u>December 31, 2023</u>
Restricted cash in banks ⁽ⁱ⁾	Customs duties, guarantee for warranties, long-term borrowings limit, and outstanding letters of credit	\$ 476,785	775,179
Land and buildings	Long-term borrowings limit	55,628,199	58,951,937
Machinery and equipment	Long-term borrowings limit	19,284,723	29,301,933
Right-of-use assets	Long-term borrowings limit	74,318	73,940
		<u>\$ 75,464,025</u>	<u>89,102,989</u>

⁽ⁱ⁾ Classified as other current financial assets and other noncurrent assets by its liquidity.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

9. Significant Contingent Liabilities and Unrecognized Commitments

The significant commitments and contingencies of the Company as of December 31, 2024, 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, 2024, 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, 2024 (in thousands)</u>
NTD	129,207
USD	16,329
JPY	3,798,120
EUR	674

(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, 2024, significant outstanding purchase commitments for construction in progress, property, plant and equipment totaled \$18,080,040 thousand.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(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 KRW 29,099 million plus interest at the Korean court in January 2024. The Plaintiffs also filed an appeal in March 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.

As of February 13, 2025, the Company has assessed provisions with respect to 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: Except for those disclosed in other notes to the consolidated financial statements, there are no significant events after the reporting period.**
- 12. Others**
- (1) Seasonality of operations

The Company’s operations are not materially influenced by seasonality or cyclicity.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

- (2) 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.

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, 2024.

- 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: Please see Table 5 attached.
 - f. Disposal of individual real estate with prices exceeding NT\$300 million or 20% of the paid-in capital: Please see Table 6 attached.
 - g. Purchases from or sales to related parties with amounts exceeding NT\$100 million or 20% of the paid-in capital: Please see Table 7 attached.
 - h. Receivables from related parties with amounts exceeding NT\$100 million or 20% of the paid-in capital: Please see Table 8 attached.
 - i. Information about trading in derivative instruments: Please see Note 6(2).
 - j. Business relationship and significant intercompany transactions: Please see Table 9 attached.
- (2) Information on investees (excluding information on investment in Mainland China): Please see Table 10 attached.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(3) Information on investment in Mainland China:

- a. The related information on investment in Mainland China: Please see Table 11.1 and 11.2 attached.
- b. Upper limit on investment in Mainland China: Please see Table 11.1 and 11.2 attached.
- c. Significant transactions:

Significant direct or indirect transactions with the investees in Mainland China for the year ended ended December 31, 2024, 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	6.92 %
Trust Holding for Employees of AUO Corporation	428,382,060	5.58 %

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

The Company has two operating segments: display and energy. The display segment primarily is engaged in the research, development, design, manufacturing and sale of TFT-LCD products, as well as providing display solutions of smart fields. 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, 2024 and 2023 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.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	For the years ended December 31, 2024		
	Display segment	Energy segment	Total segments
Net revenue from external customers	<u>\$ 273,184,017</u>	<u>7,061,404</u>	<u>280,245,421</u>
Segment profit (loss)	<u>\$ (8,346,544)</u>	<u>(119,413)</u>	(8,465,957)
Net non-operating income and expenses			7,861,169
Consolidated net profit (loss) before income tax			<u>\$ (604,788)</u>
Segment profit (loss) excluding depreciation and amortization	<u>\$ 25,228,319</u>	<u>410,012</u>	<u>25,638,331</u>
Segment assets			<u>\$ 392,869,253</u>
	For the years 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>

(1) Geographic information

- a. Net revenue from external customers: See Note 6(21).
- b. Consolidated noncurrent assets⁽ⁱ⁾

Region	December 31, 2024	December 31, 2023
Taiwan	\$ 142,175,037	142,840,919
PRC (including Hong Kong)	44,485,351	49,745,628
Europe	20,721,994	215,603
Japan	764,481	844,835
Others	5,376,161	3,169,511
	<u>\$ 213,523,024</u>	<u>196,816,496</u>

- ⁽ⁱ⁾ Noncurrent assets are not inclusive of financial instruments, deferred tax assets and prepaid pension.

(2) Major customer and product information: See Note 6(21).

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Financings Provided
For the year ended December 31, 2024
(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	AET-YP	Other receivables from related parties	Yes	450,000	250,000	40,000	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	15,329,772	61,319,088
0	AUO	S4M	Other receivables from related parties	Yes	300,000	-	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	15,329,772	61,319,088
0	AUO	AUOXM	Other receivables from related parties	Yes	1,817,400	1,789,320	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	15,329,772	61,319,088
0	AUO	AUOSZ	Other receivables from related parties	Yes	1,817,400	1,789,320	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	15,329,772	61,319,088
0	AUO	AUOKS	Other receivables from related parties	Yes	1,817,400	1,789,320	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	15,329,772	61,319,088
0	AUO	AETTW	Other receivables from related parties	Yes	400,000	200,000	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	15,329,772	61,319,088

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	1,900,000	800,000	600,000	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	15,329,772	61,319,088
0	AUO	ADTTW	Other receivables from related parties	Yes	200,000	100,000	30,000	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	15,329,772	61,319,088
1	AUOLB	AUOKS	Other receivables from related parties	Yes	8,376,720	894,660	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	68,635,362	68,635,362
1	AUOLB	AUOSZ	Other receivables from related parties	Yes	908,700	894,660	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	68,635,362	68,635,362
1	AUOLB	AUOXM	Other receivables from related parties	Yes	908,700	894,660	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	68,635,362	68,635,362
2	BHTCDE	BHTCBG	Other receivables from related parties	Yes	568,720	544,778	544,778	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	5,914,745	5,914,745
2	BHTCDE	BHTCIN	Other receivables from related parties	Yes	168,839	127,682	127,682	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	5,914,745	5,914,745
2	BHTCDE	BHTCCN	Other receivables from related parties	Yes	1,395,956	-	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	5,914,745	5,914,745

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		
3	AUOKS	BHTCCN	Other receivables from related parties	Yes	454,350	447,330	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	24,987,760	24,987,760
3	AUOKS	AUOXM	Other receivables from related parties	Yes	1,817,400	1,789,320	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	24,987,760	24,987,760
3	AUOKS	AUO	Other receivables from related parties	Yes	1,817,400	1,789,320	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	24,987,760	24,987,760
3	AUOKS	AUOSZ	Other receivables from related parties	Yes	1,817,400	1,789,320	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	24,987,760	24,987,760
4	AUOXM	AUO	Other receivables from related parties	Yes	1,817,400	1,789,320	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	16,513,547	16,513,547
4	AUOXM	AUOSZ	Other receivables from related parties	Yes	1,817,400	1,789,320	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	16,513,547	16,513,547
4	AUOXM	BHTCCN	Other receivables from related parties	Yes	1,135,875	1,118,325	670,995	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	16,513,547	16,513,547
4	AUOXM	AUOKS	Other receivables from related parties	Yes	4,408,800	1,789,320	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	16,513,547	16,513,547

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	BVXM	AUOKS	Other receivables from related parties	Yes	454,350	447,330	447,330	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	1,433,835	1,433,835
6	AUOSJ	ADTSZ	Other receivables from related parties	Yes	227,175	111,833	89,466	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	4,519,832	4,519,832
6	AUOSJ	ACTSZ	Other receivables from related parties	Yes	136,305	67,100	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	4,519,832	4,519,832
6	AUOSJ	AUOKS	Other receivables from related parties	Yes	1,817,400	1,789,320	1,789,320	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	4,519,832	4,519,832
6	AUOSJ	ATISZ	Other receivables from related parties	Yes	90,870	89,466	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	4,519,832	4,519,832
6	AUOSJ	AMIXM	Other receivables from related parties	Yes	140,214	-	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	4,519,832	4,519,832
6	AUOSJ	AETSZ	Other receivables from related parties	Yes	899,080	447,330	357,864	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	4,519,832	4,519,832
6	AUOSJ	AMISZ	Other receivables from related parties	Yes	134,862	67,100	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	4,519,832	4,519,832

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		
7	AUOSZ	BHTCCN	Other receivables from related parties	Yes	1,590,225	1,565,655	1,118,325	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	18,835,504	18,835,504
7	AUOSZ	AUOXM	Other receivables from related parties	Yes	1,817,400	1,789,320	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	18,835,504	18,835,504
7	AUOSZ	AUOKS	Other receivables from related parties	Yes	6,293,560	3,131,310	1,341,990	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	18,835,504	18,835,504
7	AUOSZ	AUO	Other receivables from related parties	Yes	1,817,400	1,789,320	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	18,835,504	18,835,504
8	AUOSK	BHTCDE	Other receivables from related parties	Yes	266,588	255,365	255,365	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	699,798	699,798
9	FPWJ	FTWJ	Other receivables from related parties	Yes	449,540	-	-	Based on China LPR	Needs for short-term financing	-	Operating capital	-	-	-	780,858	780,858

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. AUOXM, AUOSZ, AUOSJ, AUOKS, AUOLB, AUOSK, BHTCDE 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, and in the event that the financing is provided to AUO by 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 provided by AUOSK to 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 200% of the net worth of the lending company as stated in its latest financial statement.
- e. 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.
- f. 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, 2024
(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	76,648,860	13,630,500	13,419,900	5,591,625	-	8.75%	153,297,719	Yes	No	Yes
1	AUOXM	AUO	3	16,513,547	9,087,000	8,946,600	3,131,310	-	54.18%	16,513,547	No	Yes	No
2	BHTCDE	BHTCBG	4	5,914,745	296,801	284,306	-	-	4.81%	11,829,489	No	No	No
2	BHTCDE	BHTCIN	4	5,914,745	13,731	13,398	-	-	0.23%	11,829,489	No	No	No
2	BHTCDE	BHTCMX	4	5,914,745	1,709,295	1,210,529	883,359	-	20.47%	11,829,489	No	No	No

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 AUOXM as stated in its latest financial statement.
- c. BHTCDE: The total endorsement/guarantee amount provided shall not exceed 200% of BHTCDE's net worth as stated in its latest financial statement. The aggregate amount of endorsement/guarantee provided to each guaranteed party shall not exceed the net worth of BHTCDE as stated in its latest financial statement.

AUO CORPORATION AND SUBSIDIARIES
Marketable Securities Held (Excluding Investment in Subsidiaries, Associates and Joint Ventures)
December 31, 2024

(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, 2024				Maximum Shareholding in the Interim	Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value		
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%	
BHTCDE	KFE GmbH's equity	Related party	Financial assets at FVTOCI – noncurrent	-	EUR 258	12.00%	EUR 258	12.00%	
Konly	Carota's stock	Related party	Financial assets at FVTOCI – noncurrent	3,216	247,038	8.23%	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	1,506,926	7.03%	1,506,926	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	3.92%	7,345	3.93%	
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%	-	1.49%	
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%	-	3.62%	
ADP	Imedtac Co., Ltd.'s stock	Related party	Financial assets at FVTOCI – noncurrent	2,500	125,000	13.68%	125,000	14.17%	
DPTW	Disign Incorporated's stock	-	Financial assets at FVTOCI – noncurrent	2	17,143	19.89%	17,143	19.89%	
DPTW	Anivance AI Corporation's stock	Related party	Financial assets at FVTOCI – noncurrent	2,500	40,000	12.82%	40,000	12.82%	
DPTW	Evertrust Technology Ltd.'s stock	-	Financial assets at FVTOCI – noncurrent	150	3,495	16.13%	3,495	16.13%	
DPTW	D8AI Inc.'s stock	-	Financial assets at FVTOCI – noncurrent	8,400	11,790	4.64%	11,790	4.64%	
DPTW	HUAI I Precision Technology Co., Ltd.'s stock	-	Financial assets at FVTOCI – noncurrent	2,914	75,152	10.00%	75,152	10.00%	

Name of Holder	Type and Name of Marketable Securities	Relationship with the Securities Issuer	Financial Statement Account	December 31, 2024				Maximum Shareholding in the Interim	Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value		
DPTW	Chengdu Topway High-Tech Photoelectric Technology Co., Ltd.'s equity	Related party	Financial assets at FVTOCI – noncurrent	-	345,401	8.96%	345,401	9.09%	
Ronly	PlayNitride's stock	Related party	Financial assets at FVTOCI – noncurrent	2,011	402,116	1.88%	402,116	1.88%	
Ronly	ProfetAI Inc.'s stock	Related party	Financial assets at FVTOCI – noncurrent	911	40,823	12.89%	40,823	12.89%	
Ronly	Exploit Technology Co., Ltd.'s stock	-	Financial assets at FVTPL – noncurrent	41	-	0.49%	-	0.49%	
Ronly	Cruise10 Co., Ltd.'s stock	-	Financial assets at FVTOCI – noncurrent	1,250	20,000	4.83%	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	476,000	3.12%	476,000	3.15%	
Ronly	IOC's stock	-	Financial assets at FVTOCI – noncurrent	3,420	-	12.37%	-	12.37%	

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, 2024

(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	Amount	
AUO	BHTCDE's equity	Investments in equity-accounted investees	-	-	-	-	-	14,613,202	-	-	-	-	-	14,419,149	Note 1
AUO	Qisda's stock	Investments in equity-accounted investees	-	-	335,231	9,797,059	-	-	100,000	4,116,000	3,060,398	1,055,602	235,231	6,662,133	Note 2
AUO	AETTW's stock	Investments in equity-accounted investees	-	-	42,405	23,257	69,500	695,000	-	-	-	-	111,905	484,441	Note 3
AUO	SSEC's stock	Investments in equity-accounted investees	-	-	217,000	2,345,568	31,000	310,000	-	-	-	-	248,000	2,607,894	Note 3
AUO	DPGE's stock	Investments in equity-accounted investees	-	-	41,250	944,793	7,450	739,934	-	-	-	-	48,700	1,638,759	Note 3
ADPNL	AVOCOR's stock	Investments in equity-accounted investees	-	-	-	-	8,291	USD 34,832	-	-	-	-	8,291	USD 40,283	Note 5
AUOSG	AUOKS's stock	Investments in equity-accounted investees	-	-	-	USD 694,839	-	USD 80,000	-	-	-	-	-	USD 759,418	Note 3
AUOSG	AUOVN's equity	Investments in equity-accounted investees	-	-	-	USD 20,748	-	USD 11,078	-	-	-	-	-	USD 32,707	Note 3
AVOCOR	Avocor Limited's stock	Investments in equity-accounted investees	-	-	-	-	-	USD 13,771	-	-	-	-	1,000	USD 3,926	Note 3

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	Amount	
AETTW	AET-YP's stock	Investments in equity-accounted investees	-	-	12,405	(125,063)	41,500	415,000	-	-	-	-	41,512	83,242	Note 3&4
ADP	ADPNL's stock	Investments in equity-accounted investees	-	-	-	1,249,767	-	1,172,178	-	-	-	-	-	2,383,113	Note 3
DPTW	Chengdu Topway High-Tech Photoelectric Technology Co., Ltd.'s equity	Financial assets at FVTOCI—noncurrent	-	-	-	-	-	324,615	-	-	-	-	-	345,401	Note 6

Note 1: The acquisition amount includes the participation in the investees' capital increase of \$755,718 thousand after the acquisition of equity. The ending balance includes the recognition of investment gain (loss) and other related adjustments under the equity method.

Note 2: Disposal was made on the open market. The disposal carrying amount and ending balance include the recognition of investment gain (loss) and other related adjustments under the equity method.

Note 3: Acquisition was made through participating in capital increase. The ending balance includes the recognition of investment gain (loss) and other related adjustments under the equity method.

Note 4: The shares at the end of the period includes the shares reduced for capital reduction.

Note 5: a. The acquisition amount includes the participation in the investees' capital increase of USD\$ 15,914 thousand after the acquisition of equity.

b. The ending amount includes the reclassification from the non-current FVTOCI, amounting to USD 10,954 thousand (please refer to Note 6(8) for the related information), and the recognition of investment gain (loss) and other related adjustments under the equity method.

Note 6: The acquisition amount represents the fair value of the asset exchange. The ending balance includes the recognition of OCI under the FVTOCI.

AUO CORPORATION AND SUBSIDIARIES
Acquisition of real estate reaching NT\$300 million or 20% percent of paid-in capital or more
For the year ended December 31, 2024
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 5

Company Name	Property	Transaction Date	Transaction Amount	The amount had been paid for the property	Counterparty	Relationship	The prior transferred information of the properties if the counterparty is a related party				Price Reference	Purpose of the acquisition and the status of usage	Other Terms
							Owner	Relationship	Transferred Date	Amount			
AUOKS	Land and buildings	July 2024	CNY 186,524	CNY 158,545	Kunshan Jiaheng Real Estate Development Co., Ltd.	Non-related party	-	-	-	-	A report on the appraisal price of a real estate appraiser	Employees' dormitory	None

AUO CORPORATION AND SUBSIDIARIES
Disposal of Individual Real Estate with Costs Exceeding NT\$300 Million or 20% of the Paid-in Capital
For the year ended December 31, 2024
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 6

Company Name	Property	Date of the Event	Date of Original Acquisition	Carrying Amount	Transaction Amount	Status of Proceeds Collection	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Pricing Reference	Other Terms	Note
AUO	Land and buildings	August 2024	October 2016, February 2017	1,707,067	6,950,335	3,629,524	5,243,268	Micron Memory Taiwan Co., Ltd.	Non-related party	Activating assets	A report on the appraisal price of a real estate appraiser	None	
ACTW	Land and buildings	August 2024	April 2012	55,289	599,289	333,333	-	Micron Memory Taiwan Co., Ltd.	Non-related party	Activating assets	A report on the appraisal price of a real estate appraiser	None	Note 1

Note 1: This transaction has not been completed, and the relevant transaction costs and taxes have not yet been determined. See Note 6(9).

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, 2024
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 7

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	13,576,797	8%	EOM 30 days	-		(2,179,948)	(4)%	
AUO	AUOSK	Subsidiary of AUO	Purchases	108,742	-	EOM 45 days	-		(18,556)	-	
AUO	AUOSZ	Subsidiary of AUO	Purchases	44,406,260	26%	EOM 60 days	-		(16,516,507)	(32)%	
AUO	AUOVN	Subsidiary of AUO	Purchases	954,479	1%	EOM 45 days	-		(238,858)	-	
AUO	AUOXM	Subsidiary of AUO	Purchases	40,626,608	24%	EOM 60 days	-		(12,565,912)	(25)%	
AUO	Qisda	Associate	Purchases	2,229,408	1%	EOM 45 days	-		(478,070)	(1)%	
AUO	BMC	Subsidiary of Qisda	Purchases	3,897,209	2%	EOM 90 days	-		(997,758)	(2)%	
AUO	Raydium	Associate	Purchases	426,685	-	EOM 120 days	-		(149,267)	-	
AUO	Daxin	Associate	Purchases	2,002,025	1%	EOM 120 days	-		(701,048)	(1)%	
AUO	DPTW	Subsidiary of AUO	Purchases	2,004,836	1%	EOM 60 days	-		(327,669)	(1)%	
AUO	PlayNitrideDisplay	Subsidiary of PlayNitride	Purchases	286,282	-	EOM 30 days	-		(63,216)	-	
AUO	AUOUS	Subsidiary of AUO	Sales	(181,840)	-	EOM 90 days	-		55,754	-	
AUO	AUOXM	Subsidiary of AUO	Sales	(1,635,494)	(1)%	EOM 45 days	-		-	-	
AUO	BHTCDE	Subsidiary of AUO	Sales	(302,313)	-	OA 45 days	-		16,584	-	
AUO	QCSZ	Subsidiary of Qisda	Sales	(1,358,487)	(1)%	EOM 55 days	-		(62,674)	-	
AUO	Qisda	Associate	Sales	(498,322)	-	EOM 55 days	-		106,031	1%	
AUO	AETTW	Subsidiary of AUO	Sales	(220,206)	-	EOM 25 days	-		-	-	

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	CGPC	Subsidiary of SSEC	Sales	(185,380)	-	EOM 25 days	-	-	1,582	-	
AUO	BenQ	Subsidiary of Qisda	Sales	(2,066,908)	(1)%	EOM 55 days	-	-	552,914	3%	
AUO	SLEC	Subsidiary of SSEC	Sales	(104,398)	-	EOM 25 days	-	-	10	-	
AUO	MXEC	Subsidiary of SSEC	Sales	(1,002,316)	-	EOM 25 days	-	-	-	-	
AUO	DPGE	Subsidiary of AUO	Sales	(965,424)	-	EOM 25 days	-	-	24,620	-	
AUO	ADP	Subsidiary of AUO	Sales	(21,262,671)	(10)%	EOM 45 days	-	-	3,189,854	16%	
ADPNL	ADP	Subsidiary of AUO	Purchases	USD 37,416	100%	EOM 45 days	-	-	USD (3,940)	(100)%	
ADPSZ	ADP	Subsidiary of AUO	Purchases	CNY 34,819	44%	EOM 45 days	-	-	CNY (4,603)	(35)%	
ADPSZ	ADP	Subsidiary of AUO	Sales	CNY (37,003)	(35)%	EOM 45 days	-	-	-	-	
ADPUS	ADP	Subsidiary of AUO	Sales	USD (7,234)	(90)%	EOM 45 days	-	-	-	-	
ADTSG	AUO	Ultimate parent company	Sales	USD (4,535)	(50)%	payment after month closing	-	-	USD 5	-	
AETSZ	AUOKS	Subsidiary of AUO	Sales	CNY (26,895)	(67)%	EOM 30 days	-	-	-	-	
AUOJP	AUO	Ultimate parent company	Sales	JPY (579,759)	(100)%	EOM 30 days	-	-	-	-	
AUOKS	AUOSZ	Subsidiary of AUO	Purchases	CNY 199,668	9%	EOM 60 days	-	-	CNY (51,367)	(7)%	
AUOKS	Qisda	Associate	Purchases	CNY 48,318	2%	EOM 120 days	-	-	CNY (23,801)	(3)%	
AUOKS	Raydium	Associate	Purchases	CNY 50,172	2%	EOM 120 days	-	-	CNY (17,848)	(2)%	
AUOKS	DPTW	Subsidiary of AUO	Purchases	CNY 120,877	5%	EOM 120 days	-	-	CNY (42,090)	(5)%	
AUOKS	AUO	Ultimate parent company	Sales	CNY (3,009,151)	(61)%	EOM 30 days	-	-	CNY 482,086	62%	
AUOKS	AUOXM	Subsidiary of AUO	Sales	CNY (1,736,933)	(35)%	EOM 30 days	-	-	CNY 287,745	37%	
AUONL	AUO	Ultimate parent company	Sales	EUR (4,326)	(100)%	EOM 30 days	-	-	-	-	
AUOSH	AUO	Ultimate parent company	Sales	CNY (52,437)	(79)%	EOM 25 days	-	-	-	-	
AUOSK	AUO	Ultimate parent company	Sales	EUR (3,466)	(79)%	EOM 45 days	-	-	EUR 738	78%	
AUOSZ	RaydiumKS	Subsidiary of Raydium	Purchases	CNY 39,071	1%	EOM 120 days	-	-	CNY (14,721)	(1)%	
AUOSZ	Qisda	Associate	Purchases	CNY 354,394	5%	EOM 120 days	-	-	CNY (147,671)	(5)%	
AUOSZ	BMC	Subsidiary of Qisda	Purchases	CNY 192,431	3%	EOM 90 days	-	-	CNY (62,216)	(2)%	

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	Raydium	Associate	Purchases	CNY 443,014	6%	EOM 120 days	-	CNY (191,555)	(7)%		
AUOSZ	DPTW	Subsidiary of AUO	Purchases	CNY 318,609	4%	EOM 120 days	-	CNY (137,729)	(5)%		
AUOSZ	Lextar	Subsidiary of Ennostar	Purchases	CNY 59,690	1%	EOM 120 days	-	CNY (22,970)	(1)%		
AUOSZ	AUO	Ultimate parent company	Sales	CNY (9,736,295)	(98)%	EOM 60 days	-	CNY 3,647,228	98%		
AUOSZ	AUOKS	Subsidiary of AUO	Sales	CNY (199,668)	(2)%	EOM 60 days	-	CNY 51,367	1%		
AUOUS	AUO	Ultimate parent company	Purchases	USD 5,717	100%	EOM 90 days	-	USD (1,704)	(100)%		
AUOUS	AUO	Ultimate parent company	Sales	USD (12,498)	(67)%	EOM 30 days	-	-	-		
AUOVN	AUO	Ultimate parent company	Sales	USD (29,415)	(100)%	EOM 45 days	-	USD 7,300	100%		
AUOXM	AUO	Ultimate parent company	Purchases	CNY 366,509	4%	EOM 45 days	-	-	-		
AUOXM	AUOKS	Subsidiary of AUO	Purchases	CNY 1,741,689	18%	EOM 30 days	-	CNY (287,745)	(10)%		
AUOXM	DPXM	Subsidiary of AUO	Purchases	CNY 24,485	-	EOM 120 days	-	CNY (6,771)	-		
AUOXM	QCOS	Subsidiary of Qisda	Purchases	CNY 149,884	2%	EOM 120 days	-	CNY (90,944)	(3)%		
AUOXM	RaydiumKS	Subsidiary of Raydium	Purchases	CNY 25,448	-	EOM 120 days	-	CNY (7,222)	-		
AUOXM	Qisda	Associate	Purchases	CNY 44,338	-	EOM 120 days	-	CNY (21,321)	(1)%		
AUOXM	BMC	Subsidiary of Qisda	Purchases	CNY 123,101	1%	EOM 90 days	-	CNY (32,459)	(1)%		
AUOXM	Raydium	Associate	Purchases	CNY 300,546	3%	EOM 120 days	-	CNY (107,001)	(4)%		
AUOXM	DPTW	Subsidiary of AUO	Purchases	CNY 366,894	4%	EOM 120 days	-	CNY (136,375)	(5)%		
AUOXM	AUO	Ultimate parent company	Sales	CNY (8,934,037)	(78)%	EOM 60 days	-	CNY 2,774,423	86%		
AVOCOR	ADP	Subsidiary of AUO	Purchases	USD 7,638	99%	OA 90 days	-	USD (11,655)	(74)%		
BHTCDE	AUO	Ultimate parent company	Purchases	EUR 8,961	6%	OA 45 days	-	EUR (29)	-		
DPXM	AUOXM	Subsidiary of AUO	Sales	CNY (24,456)	(1)%	EOM 120 days	-	CNY 6,771	2%		
DPXM	DPTW	Subsidiary of AUO	Sales	CNY (409,186)	(12)%	EOM 90 days	-	CNY 120,391	28%		
FTWJ	Lextar	Subsidiary of Ennostar	Purchases	CNY 57,213	11%	EOM 120 days	-	CNY (22,000)	(5)%		
FTWJ	DPTW	Subsidiary of AUO	Sales	CNY (904,877)	(100)%	EOM 90 days	-	CNY 273,625	100%		
M.Setek	ACTW	Subsidiary of AUO	Sales	JPY (1,812,747)	(73)%	EOM 45 days	-	JPY 364,632	85%		

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)	
AET-YP	AETTW	Subsidiary of AUO	Purchases	524,849	96%	EOM 30 days	-		(43,814)	(91)%	
AETTW	Jhen Sheng	Supervisor of AET-YP	Purchases	188,857	14%	EOM 60 days	-		-	-	
AETTW	AUO	Ultimate parent company	Sales	(306,882)	(20)%	EOM 60 days	-		45,617	19%	
AETTW	AET-YP	Subsidiary of AUO	Sales	(586,121)	(38)%	EOM 30 days	-		43,814	19%	
AETTW	ACTW	Subsidiary of AUO	Sales	(128,517)	(8)%	OA 60 days	-		195	-	
ADTTW	AUO	Ultimate parent company	Sales	(100,936)	(48)%	OA 60 days	-		12,348	35%	
ACTW	M.Setek	Subsidiary of AUO	Purchases	390,765	32%	EOM 45 days	-		(75,441)	(43)%	
ADP	AUO	Ultimate parent company	Purchases	21,351,472	93%	EOM 45 days	-		(3,168,857)	(91)%	
ADP	ADPNL	Subsidiary of AUO	Sales	(1,212,504)	(4)%	EOM 45 days	-		128,900	4%	
ADP	ADPSZ	Subsidiary of AUO	Sales	(155,303)	(1)%	EOM 45 days	-		20,590	1%	
ADP	AVOCOR	Subsidiary of AUO	Sales	(673,371)	(2)%	OA 90 days	-		381,879	12%	
ADP	QCOS	Subsidiary of Qisda	Sales	(402,981)	(1)%	EOM 45 days	-		27,786	1%	
ADP	DIC	Subsidiary of Qisda	Sales	(124,064)	-	EOM 45 days	-		8,620	-	
DPTW	DPXM	Subsidiary of AUO	Purchases	1,843,941	24%	EOM 90 days	-		(545,123)	(29)%	
DPTW	FTWJ	Subsidiary of AUO	Purchases	4,074,501	54%	EOM 90 days	-		(1,245,190)	(65)%	
DPTW	AUO	Ultimate parent company	Sales	(2,078,451)	(27)%	EOM 60 days	-		244,171	13%	
DPTW	AUOKS	Subsidiary of AUO	Sales	(539,589)	(7)%	EOM 120 days	-		188,582	10%	
DPTW	AUOSZ	Subsidiary of AUO	Sales	(1,422,997)	(18)%	EOM 120 days	-		624,252	33%	
DPTW	AUOXM	Subsidiary of AUO	Sales	(1,643,861)	(21)%	EOM 120 days	-		616,826	33%	
BHTCDE	BHTCBG	Subsidiary of AUO	Sales	EUR (12,824)	(5)%	End of quarter 30-60 days	-		EUR 9,875	29%	
BHTCDE	BHTCMX	Subsidiary of AUO	Sales	EUR (7,310)	(3)%	End of quarter 30-60 days	-		EUR 3,564	10%	
BHTCDE	BHTCCN	Subsidiary of AUO	Sales	EUR (10,852)	(4)%	End of quarter 30-60 days	-		EUR 19,022	55%	
BHTCCN	BHTCDE	Subsidiary of AUO	Sales	CNY (40,771)	(6)%	End of quarter 30-60 days	-		CNY 111,753	26%	

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)	
BHTCCN	BHTCBG	Subsidiary of AUO	Sales	CNY (154,471)	(21)%	End of quarter 30-60 days	-	-	CNY 61,959	15%	
BHTCIN	BHTCDE	Subsidiary of AUO	Sales	INR (814,742)	(26)%	End of quarter 30-60 days	-	-	IND 91,573	9%	
BHTCFI	BHTCDE	Subsidiary of AUO	Sales	EUR (4,513)	(100)%	End of quarter 30-60 days	-	-	EUR 588	100%	

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, 2024
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 8

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	Qisda	Associate	107,511	(Note 2)	16,468	Will be collected in next period	-	-
AUO	ACTW	Subsidiary of AUO	601,798	(Note 2)	-	-	-	-
AUO	BenQ	Subsidiary of Qisda	552,914	6.52	-	-	-	-
AUO	ADP	Subsidiary of AUO	4,391,384	(Note 2)	7,276	Will be collected in next period	-	-
AUOKS	AUO	Ultimate parent company	CNY 482,086	5.90	CNY 18,221	Collected in subsequent period	CNY 245,122	-
AUOKS	AUOXM	Subsidiary of AUO	CNY 287,745	6.94	CNY 17,282	Collected in subsequent period	CNY 166,915	-
AUOSJ	AETSZ	Subsidiary of AUO	CNY 81,786	(Note 2)	-	-	-	-
AUOSJ	AUOKS	Subsidiary of AUO	CNY 416,598	(Note 2)	-	-	-	-
AUOSK	BHTCDE	Subsidiary of AUO	EUR 7,817	(Note 2)	-	-	-	-
AUOSZ	AUO	Ultimate parent company	CNY 3,647,228	3.11	CNY 18,748	Collected in subsequent period	CNY 681,302	-
AUOSZ	AUOKS	Subsidiary of AUO	CNY 365,084	(Note 2)	CNY 8,190	Collected in subsequent period	CNY 10,095	-
AUOSZ	BHTCCN	Subsidiary of AUO	CNY 256,014	(Note 2)	-	-	-	-
AUOVN	AUO	Ultimate parent company	USD 7,300	8.06	-	-	USD 3,092	-
AUOXM	AUO	Ultimate parent company	CNY 2,774,423	3.44	CNY 10,179	Collected in subsequent period	CNY 1,147,238	-
AUOXM	BHTCCN	Subsidiary of AUO	CNY 153,321	(Note 2)	-	-	-	-
AUST	AUO	Ultimate parent company	USD 7,119	(Note 2)	USD 387	Will be collected in next period	-	-
BVXM	AUOKS	Subsidiary of AUO	CNY 103,833	(Note 2)	-	-	-	-
DPXM	DPTW	Subsidiary of AUO	CNY 125,400	(Note 2)	-	-	-	-

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		
FTWJ	DPTW	Subsidiary of AUO	CNY 553,896	(Note 2)	-	-	CNY 65,825	-
ADP	ADPNL	Subsidiary of AUO	128,900	9.46	82,938	Will be collected in next period	-	-
ADP	AVOCOR	Subsidiary of AUO	381,879	2.68	184,986	Will be collected in next period	-	-
DPTW	AUO	Ultimate parent company	274,171	(Note 2)	14,251	Will be collected in next period	-	-
DPTW	AUOKS	Subsidiary of AUO	188,582	2.30	-	-	-	-
DPTW	AUOSZ	Subsidiary of AUO	624,252	2.60	-	-	-	-
DPTW	AUOXM	Subsidiary of AUO	616,826	3.00	-	-	-	-
DPTW	FTWJ	Subsidiary of AUO	951,957	(Note 2)	-	-	276,308	-
BHTCDE	BHTCCN	Subsidiary of AUO	EUR 19,022	1.05	-	-	-	-
BHTCDE	BHTCBG	Subsidiary of AUO	EUR 9,875	0.37	-	-	-	-
BHTCDE	BHTCMX	Subsidiary of AUO	EUR 3,564	0.20	-	-	-	-
BHTCCN	BHTCDE	Subsidiary of AUO	CNY 111,753	2.25	-	-	-	-
BHTCCN	BHTCBG	Subsidiary of AUO	CNY 61,959	0.36	-	-	-	-

Note 1: Until the mid of January 2025.

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, 2024
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 9

No.	Company Name	Counterparty	Nature of Relationship	Inter-company Transactions				
				Financial Statement Account	Amount	Trading Terms	Percentage of Consolidated Net Revenue or Total Assets	
0	AUO	AUOXM	Parent to subsidiary	Net revenue		1,635,494	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		21,262,671	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days	8%
0	AUO	ADP	Parent to subsidiary	Receivables from related parties		4,391,384	-	1%
1	AUOKS	AUO	Subsidiary to parent	Net revenue	CNY	3,009,151	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 30 days	5%
1	AUOKS	AUO	Subsidiary to parent	Receivables from related parties	CNY	482,086	-	1%
1	AUOKS	AUOXM	Subsidiary to subsidiary	Net revenue	CNY	1,736,933	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 30 days	3%
2	AUOSZ	AUO	Subsidiary to parent	Net revenue	CNY	9,736,295	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 60 days	15%
2	AUOSZ	AUO	Subsidiary to parent	Receivables from related parties	CNY	3,647,228	-	4%
3	AUOXM	AUO	Subsidiary to parent	Net revenue	CNY	8,934,037	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 60 days	14%

No.	Company Name	Counterparty	Nature of Relationship	Inter-company Transactions			
				Financial Statement Account	Amount	Trading Terms	Percentage of Consolidated Net Revenue or Total Assets
3	AUOXM	AUO	Subsidiary to parent	Receivables from related parties	CNY 2,774,423	-	3%
4	DPXM	DPTW	Subsidiary to subsidiary	Net revenue	CNY 409,186	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 90 days	1%
5	FTWJ	DPTW	Subsidiary to subsidiary	Net revenue	CNY 904,877	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 90 days	1%
5	FTWJ	DPTW	Subsidiary to subsidiary	Receivables from related parties	CNY 553,896	-	1%
6	DPTW	AUO	Subsidiary to parent	Net revenue	2,078,451	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 60 days	1%
6	DPTW	AUOSZ	Subsidiary to subsidiary	Net revenue	1,422,997	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 120 days	1%
6	DPTW	AUOXM	Subsidiary to subsidiary	Net revenue	1,643,861	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, 2024

(Amount in thousands of New Taiwan Dollars and foreign currencies indicated, and shares in thousands)

Table 10

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		December 31, 2024			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, 2024	December 31, 2023	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)				
AUO	AUOLB	Malaysia	Holding company	62,100,814	77,484,038	2,051,189	100.00%	68,504,082	100.00%	2,812,807	2,681,527	Subsidiary
AUO	AUONL	Netherlands	Sales support for TFT-LCD panels	24,275	24,275	50	100.00%	43,790	100.00%	7,638	7,638	Subsidiary
AUO	Konly	Taiwan ROC	Investment	7,262,604	7,262,604	432,432	100.00%	10,089,998	100.00%	497,872	497,872	Subsidiary
AUO	Ronly	Taiwan ROC	Investment	5,078,047	5,078,047	422,432	100.00%	5,132,154	100.00%	(145,890)	(145,890)	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%	2,746,450	28.56%	187,021	53,420	Subsidiary
AUO	ACTW	Taiwan ROC	Manufacturing and sale of ingots and solar wafers	15,687,921	15,687,921	242,565	100.00%	2,603,156	100.00%	(673,060)	(673,060)	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	6,669,973	9,505,477	235,231	12.20%	6,662,133	17.04%	2,168,494	144,556	Associate
AUO	S4M	Taiwan ROC	Sales and leasing of content management system and hardware, and design of digital signage content and field curation	220,000	50,000	22,000	100.00%	198,045	100.00%	12,788	12,788	Subsidiary

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		December 31, 2024			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, 2024	December 31, 2023	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)				
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.	1,119,050	424,050	111,905	100.00%	484,441	100.00%	(188,569)	(192,644)	Subsidiary
AUO	SSEC	Taiwan ROC	Investment	2,480,000	2,170,000	248,000	31.00%	2,607,894	31.00%	297,593	92,254	Associate
AUO	CQIL	Israel	Holding company	1,182,621	1,182,621	39,974	100.00%	888,708	100.00%	10,315	10,315	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%	2,128,093	19.45%	24,885	(56,365)	Associate
AUO	DPGE	Taiwan ROC	Solar power generation	1,689,934	950,000	48,700	100.00%	1,638,759	100.00%	4,312	(43,959)	Subsidiary
AUO	ADTHLD	Cayman Islands	Holding company	635,429	635,429	21,300	88.75%	89,856	88.75%	(147,330)	(130,756)	Subsidiary
AUO	ADTCM	Cayman Islands	Holding company	60,300	60,300	2,700	100.00%	11,391	100.00%	(16,575)	(13,076)	Subsidiary
AUO	AHTW	Taiwan ROC	Manufacturing, development and sales of medical equipments	5,000	5,000	500	100.00%	1,690	100.00%	(767)	(767)	Subsidiary
AUO	ADP	Taiwan ROC	Research, development and sales of display	369,555	369,555	200,000	100.00%	7,171,615	100.00%	4,199,925	4,199,925	Subsidiary
AUO	SREC	Taiwan ROC	Investment	252,109	288,828	25,211	32.01%	336,552	32.01%	113,205	58,330	Subsidiary
AUO	Ennostar	Taiwan ROC	Holding company	4,764,942	4,764,942	93,569	12.70%	5,934,064	12.70%	(1,385,074)	(223,948)	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%	(3,995)	100.00%	(8,185)	(8,185)	Subsidiary
AUO	AET-YP	Taiwan ROC	Investment and construction in public construction, and wastewater (sewage) treatment	30,000	15,000	1,502	3.49%	3,011	8.82%	(172,352)	(6,197)	Subsidiary
AUO	SINTRONES	Taiwan ROC	R&D, manufacturing and sales of in-vehicle computers and peripherals and other applications	91,507	91,507	1,617	6.96%	89,576	7.02%	96,472	3,372	Associate

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		December 31, 2024			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, 2024	December 31, 2023	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)				
AUO	AUOPC	Taiwan ROC	Energy technical services	10,000	-	1,000	100.00%	9,930	100.00%	(70)	(70)	Subsidiary
AUO	BHTCDE	Germany	Holding; research and development, project management, purchasing, manufacturing, supply chain management, sales, administration, support services of HMI and automotive climate control systems	14,613,202	-	-	100.00%	14,419,149	100.00%	267,486	(149,510)	Subsidiary
AUO	Yenrich	Taiwan ROC	Research, development and sales of electronic components	118,140	-	10,211	53.32%	71,459	53.32%	(113,133)	(46,681)	Subsidiary
AUO	AMSC	Taiwan ROC	Smart mobility solutions provider	1,000	-	100	100.00%	1,001	100.00%	1	1	Subsidiary
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%	615,406	6.40%	187,021	11,970	Subsidiary
Konly	Raydium	Taiwan ROC	IC Design	175,857	175,857	11,454	15.10%	1,826,014	15.10%	2,098,989	316,955	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%	611,124	18.61%	570,612	106,181	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	2.60%	1,420,196	2.60%	2,168,494	33,642	Associate
Konly	SSEC	Taiwan ROC	Investment	160,000	140,000	16,000	2.00%	168,251	2.00%	297,593	5,952	Associate

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		December 31, 2024			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, 2024	December 31, 2023	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)				
Konly	ADLINK	Taiwan ROC	Manufacturing and sales of hardware, software and peripheral devices of industrial computers	988,837	988,837	15,944	7.33%	808,298	7.33%	24,885	(52,965)	Associate
Konly	AUES	Taiwan ROC	Services related to educational activities and site rental	4,000	4,000	400	100.00%	16,972	100.00%	11,867	11,867	Subsidiary
Konly	SREC	Taiwan ROC	Investment	11,813	13,533	1,181	1.50%	14,734	1.50%	113,205	1,698	Subsidiary
Konly	Ennostar	Taiwan ROC	Holding company	1,180,491	1,180,491	16,413	2.23%	1,057,760	2.23%	(1,385,074)	(56,060)	Associate
Konly	Naidun-tech Co., Ltd.	Taiwan ROC	Solution provider to improve the performance and reliability of semiconductor components	-	39,997	-	-	-	22.03%	(4,670)	(992)	(Note 5)
Konly	SINTRONES	Taiwan ROC	R&D, manufacturing and sales of in-vehicle computers and peripherals and other applications	155,233	155,233	3,001	12.92%	166,745	13.03%	96,472	6,256	Associate
DPTW	DPLB	Malaysia	Holding company	3,877,666	3,877,666	76,846	100.00%	5,311,930	100.00%	442,472	453,034	Subsidiary
DPTW	FHVI	BVI	Holding company	2,362,321	2,362,321	22,006	100.00%	2,195,696	100.00%	141,120	137,485	Subsidiary
DPTW	FFMI	Mauritius	Holding company	274,700	274,700	653	100.00%	138,387	100.00%	11,771	11,833	Subsidiary
DPTW	DSC	Thailand	International trade	3,740	3,740	40	40.00%	12,836	40.00%	(1,134)	(454)	Associate
DPTW	Shine Biomedical	Taiwan ROC	Development, design, manufacturing and sales of facial masks and cosmetics	53,051	36,720	5,305	33.58%	46,925	34.00%	(18,129)	(6,105)	Associate
DPTW	DPUT	Taiwan ROC	Manufacturing and trading of electronic components and computer peripherals.	5,000	-	500	100.00%	5,007	100.00%	7	7	Subsidiary
DPTW	DPMB	Taiwan ROC	Wholesale and retail of cosmetics	5,000	-	500	100.00%	5,034	100.00%	34	34	Subsidiary
DPTW	DPOS	Taiwan ROC	Services for information software, data processing, and electronic information supply	5,000	-	500	100.00%	5,011	100.00%	11	11	Subsidiary
ACTW	SDMC	Taiwan ROC	Holding company	1,700,488	1,988,488	138,416	100.00%	1,623,950	100.00%	18,528	16,056	Subsidiary
SDMC	M.Setek	Japan	Manufacturing and sale of ingots	23,103,840	23,596,398	11,404,184	99.9991%	1,577,975	99.9991%	19,156	19,156	Subsidiary
ADP	ADPNL	Netherlands	Sales and sales support for display and holding company	2,377,671	1,205,493	-	100.00%	2,383,113	100.00%	(156,423)	(156,423)	Subsidiary

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		December 31, 2024			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, 2024	December 31, 2023	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)				
ADP	Jector	Taiwan ROC	Introduction of smart field construction and other related software and hardware solutions	120,000	120,000	12,000	76.92%	93,101	78.43%	(36,388)	(27,991)	Subsidiary
ADP	DentLabX	Taiwan ROC	Sales of management platform and solutions relating to dental digital information	17,000	17,000	1,700	85.00%	11,666	85.00%	(4,304)	(3,658)	Subsidiary
SREC	SGPC	Taiwan ROC	Solar power generation	730,000	820,000	47,811	100.00%	642,792	100.00%	65,808	61,732	Subsidiary
SREC	EGPC	Taiwan ROC	Solar power generation	255,300	280,000	22,030	100.00%	320,821	100.00%	54,407	52,405	Subsidiary
AETTW	AET-YP	Taiwan ROC	Investment and construction in public construction, and wastewater (sewage) treatment	539,050	124,050	41,512	96.50%	83,242	96.50%	(172,352)	(165,523)	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%	585,226	6.09%	187,021	11,383	Subsidiary
Ronly	Raydium	Taiwan ROC	IC Design	240,647	240,647	669	0.88%	159,230	0.88%	2,098,989	(18,604)	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%	201,816	6.15%	570,612	35,065	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%	768,080	6.06%	24,885	(28,923)	Associate
Ronly	Ennostar	Taiwan ROC	Holding company	1,245,456	1,245,456	20,686	2.81%	1,342,114	2.81%	(1,385,074)	(76,108)	Associate
Ronly	Zhao Feng Energy Co., Ltd.	Taiwan ROC	Energy technical service	160,000	160,000	16,000	20.00%	110,825	20.00%	(31,994)	(38,811)	Associate
Ronly	RP	Taiwan ROC	Production/visual effects/LED virtual production	50,000	50,000	383	21.39%	41,224	21.39%	10,570	(4,685)	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	25.82%	80,075	27.53%	(59,324)	(35,317)	Associate

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		December 31, 2024			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, 2024	December 31, 2023	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)				
Ronly	FYPC	Taiwan ROC	Renewable energy power generation	11,000	11,000	1,100	100.00%	10,891	100.00%	150	150	Subsidiary
Ronly	ZYPC	Taiwan ROC	Renewable energy power generation	3,000	3,000	300	100.00%	2,755	100.00%	(85)	(85)	Subsidiary
AUOLB	AUOUS	United States	Sales and sales support for TFT-LCD panels	USD 1,000	USD 1,000	1,000	100.00%	USD 4,227	100.00%	USD 795	USD 795	Subsidiary
AUOLB	AUOJP	Japan	Sales support for TFT-LCD panels	USD 898	USD 276	3	100.00%	USD 2,205	100.00%	USD 125	USD 125	Subsidiary
AUOLB	AUOKR	South Korea	Sales support for TFT-LCD panels	USD 155	USD 155	-	100.00%	USD 1,492	100.00%	USD 326	USD 326	Subsidiary
AUOLB	AUOSK	Slovakia Republic	Repairing of TFT-LCD modules	USD 6,787	USD 1,359	-	100.00%	USD 10,695	100.00%	USD 483	USD 483	Subsidiary
AUOLB	AUST	Singapore	Manufacturing TFT-LCD panels based on low temperature polysilicon technology	USD 222,365	USD 222,365	907,114	100.00%	USD 20,087	100.00%	USD (11,483)	USD (11,483)	Subsidiary
AUOLB	AUVI	United States	Research and development and IP related business	USD 5,000	USD 5,000	5,000	100.00%	USD 6,583	100.00%	USD (4)	USD (4)	Subsidiary
AUOLB	AUOSG	Singapore	Holding company and sales support for TFT-LCD panels	USD 1,840,928	USD 1,840,928	2,777,106	100.00%	USD 2,001,440	100.00%	USD 90,214	USD 90,214	Subsidiary
AUOSG	AEUS	United States	Support for solar-related products	USD 1,194	USD 1,194	1,194	100.00%	USD 574	100.00%	USD 11	USD 11	Subsidiary
AUOSG	AUOVN	Vietnam	Manufacturing, assembly and sales of TFT-LCD modules	USD 32,000	USD 20,922	-	100.00%	USD 32,707	100.00%	USD 881	USD 881	Subsidiary
DPLB	DPHK	Hong Kong	Holding company	USD 87,785	USD 87,785	10	100.00%	USD 163,549	100.00%	USD 13,776	USD 13,776	Subsidiary (Note 4)
FHVI	FTMI	Mauritius	Holding company	USD 6,503	USD 6,503	6,503	100.00%	USD 52,629	100.00%	USD 4,087	USD 4,087	Subsidiary
FHVI	FWSA	Samoa	Holding company	USD 19,000	USD 19,000	19,000	100.00%	USD 15,986	100.00%	USD 307	USD 307	Subsidiary
ADTCM	ADTHLD	Cayman Islands	Holding company	USD 2,700	USD 2,700	2,700	11.25%	USD 348	11.25%	USD (4,587)	USD (516)	Subsidiary
ADPNL	ADPUS	United States	Sales and sales support for display	USD 1,500	USD 1,500	1	100.00%	USD 2,042	100.00%	USD 252	USD 252	Subsidiary
ADPNL	ADPJP	Japan	Sales and sales support for display	USD 508	USD 508	1	100.00%	USD 429	100.00%	USD 57	USD 57	Subsidiary
ADPNL	RVU	United States	Design and sales support of digital signage content management system	USD 198	USD 198	1	100.00%	USD 436	100.00%	USD (48)	USD (48)	Subsidiary

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		December 31, 2024			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, 2024	December 31, 2023	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)				
ADPNL	RVI	Canada	Design, sales and sales support of digital signage content management system	USD 29,454	USD 29,454	29,564	100.00%	USD 26,467	100.00%	USD 553	USD (727)	Subsidiary
ADPNL	AVOCOR	United States	Design, sales and sales support of interactive display	USD 45,786	-	8,291	100.00%	USD 40,283	100.00%	USD (4,042)	USD (4,844)	Subsidiary
ADPNL	ADPSG	Singapore	Sales of AIoT and advanced smart display solutions	USD 1,000	-	-	100.00%	USD 997	100.00%	USD (3)	USD (3)	Subsidiary
ADPNL	ADPUSD	United States	Holding company	-	-	-	100.00%	-	100.00%	-	-	Subsidiary (Note 6)
AVOCOR	AVOCOR UK	United Kingdom	Design, sales and sales support of interactive display	USD 18,112	-	1,000	100.00%	USD 3,926	100.00%	USD (3,824)	USD (1,486)	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 22,300	22,300	100.00%	USD 1,297	100.00%	USD (4,645)	USD (4,645)	Subsidiary
ADTSG	ADTTW	Taiwan ROC	Design and sales of software and hardware integration systems and equipment related to intelligent manufacturing, software development, and consulting services	USD 2,944	USD 2,013	9,000	100.00%	USD 139	100.00%	USD (992)	USD (992)	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%	-	38.46%	-	-	Associate (Note 3)
CQIL	CQHLD	United Kingdom	Holding company	USD 26,548	USD 26,548	635,730	100.00%	USD 26,382	100.00%	USD (8)	USD (8)	Subsidiary
CQHLD	CQUS	United States	Sales of content management system and hardware	GBP 19,948	GBP 19,948	13	100.00%	GBP 11,498	100.00%	GBP 18	GBP 18	Subsidiary
CQHLD	CQCA	Canada	Research and development of content management system	GBP 798	GBP 798	-	100.00%	GBP 989	100.00%	GBP 126	GBP 126	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 1,461	100.00%	USD (276)	USD (276)	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 6,102	100.00%	USD (202)	USD (202)	Subsidiary

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		December 31, 2024			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, 2024	December 31, 2023	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)				
BHTCDE	BHTCMX	Mexico	Purchasing, manufacturing, supply chain management, sales, administration, support services of HMI and automotive climate control systems	EUR 20,590	-	410	100.00%	EUR 9,318	100.00%	EUR 3,501	EUR 3,501	Subsidiary
BHTCDE	BHTCBG	Bulgaria	Purchasing, manufacturing, supply chain management, sales, administration, support services of HMI and automotive climate control systems	EUR 15,063	-	-	100.00%	EUR 49,214	100.00%	EUR 3,046	EUR 3,046	Subsidiary
BHTCDE	BHTCFI	Finland	Research and development of HMI and automotive climate control systems	EUR 103	-	-	100.00%	EUR 905	100.00%	EUR 183	EUR 183	Subsidiary
BHTCDE	BHTCIN	India	Research and development, project management, purchasing, manufacturing, supply Chain management, sales, administration, support services of HMI and automotive climate control systems	EUR 2,720	-	16,000	100.00%	EUR 13,362	100.00%	EUR 4,822	EUR 4,822	Subsidiary
BHTCDE	BHTCJP	Japan	Research and development, project management, sales of HMI and automotive climate control systems	EUR 126	-	-	100%	EUR 508	100%	EUR 7	EUR 7	Subsidiary
BHTCDE	BHTCUS	United States	Research and development, project management, sales of HMI and automotive climate control systems	EUR 871	-	1	100%	EUR 1,725	100%	EUR 83	EUR 83	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: Disposed in February 2024.

Note 6: ADPUSD is a new subsidiary incorporated in November 2024. As of the end of December 2024, no capital injection has been made for this company.

AUO CORPORATION AND SUBSIDIARIES
Information on Investment in Mainland China

For the year ended December 31, 2024

(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 11

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, 2024 (Note 2)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2024 (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, 2024 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2024	Note
					Outflow	Inflow								
ACTSZ	Design, development and sales of software and hardware for health care industry	223,665	(Note 1)	-	-	-	-	(35,904)	100%	100%	(35,904)	25,306	-	
ADTSZ	Business management consulting, services of technology promotion and application, and platform services of industrial cloud	588,906	(Note 1)	588,906	-	-	588,906	(153,312)	100%	100%	(153,312)	(50,142)	-	
AETSD	Planning, design and development of construction project for environmental protection and related project management	-	(Note 1)	-	-	-	-	(93)	-	100%	(93)	-	-	(Note 6)
AETSZ	Planning, design and development of construction project for environmental protection and related project management	53,680	(Note 1)	-	-	-	-	(111,798)	100%	100%	(111,798)	(102,448)	-	

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, 2024 (Note 2)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2024 (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, 2024 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2024	Note
					Outflow	Inflow								
AMISZ	Development, sales and licensing of software and hardware relating to intelligent manufacturing, and related consulting services	254,978	(Note 1)	-	-	-	-	(27,454)	100%	100%	(27,454)	21,987	-	
AMIXM	Sales of software and hardware relating to intelligent manufacturing, and related consulting services	53,680	(Note 1)	-	-	-	-	(11,456)	100%	100%	(11,456)	12,918	-	
ATISZ	Design and sales of software and hardware integration system and equipment relating to intelligent manufacturing	140,909	(Note 1)	-	-	-	-	(19,904)	100%	100%	(19,904)	13,604	-	
AUOKS	Manufacturing and sales of TFT-LCD panels	37,657,267	(Note 1)	36,483,054	-	-	36,483,054	310,026	100%	100%	168,672	24,845,873	-	
AUOSH	Sales support for TFT-LCD panels	490,755	(Note 1)	32,717	-	-	32,717	(127,209)	100%	100%	(127,209)	132,897	-	
AUOSJ	Leasing	3,533,436	(Note 1)	2,617,360	-	-	2,617,360	114,009	100%	100%	114,009	3,941,371	-	
AUOSZ	Manufacturing, assembly and sales of TFT-LCD modules	15,246,122	(Note 1)	6,543,400	-	-	6,543,400	1,327,368	100%	100%	1,327,368	18,740,340	-	
AUOXM	Manufacturing, assembly and sales of TFT-LCD modules	14,853,518	(Note 1)	8,179,250	-	-	8,179,250	1,371,551	100%	100%	1,371,551	16,513,547	-	
BVXM	Sales of liquid crystal products and related parts; leasing	2,683,980	(Note 1)	-	-	-	-	23,351	100%	100%	23,351	1,433,835	-	
PFSZ	Sales and consulting services of virtual data scientist platform for manufacturing	29,076	(Note 1)	-	-	-	-	(12,491)	51%	51%	(6,371)	3,889	-	
BHTCCN	Research and development, purchasing, manufacturing, supply chain management, sales, administration, support services of HMI and automotive climate control systems	327,170	(Note 1)	-	4,418,197	-	4,418,197	(99,683)	100%	100%	(99,683)	1,100,825	-	(Note 7)

(2) Upper limit on investment in Mainland China

Accumulated Investment in Mainland China as of December 31, 2024 (Note 2)	Investment Amounts Authorized by Investment Commission, MOEA (Note 2)	Upper Limit on Investment Stipulated by Investment Commission, MOEA (Note 3)
58,862,884 (EUR129,761 and USD1,664,110)	91,812,971 (USD1,702,948 and HKD60,000 and EUR189,300 and CNY6,572,210)	95,863,809

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 2024.

Note 6: The liquidation process was completed in June 2024.

Note 7: The outflow of investment amount was calculated based on the acquisition amount as the proportion of BHTCCN to the consolidated net worth of BHTC Company.

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, 2024 (Note 4)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2024 (Note 4)	Net Income (Loss) of Investee (Notes 2 and 6)	% Ownership through Direct or Indirect Investment	Maximum Shareholding in the Interim	Investor's Share of Profit (Loss) of Investee (Notes 2 and 6)	Carrying Amount of the Investment as of December 31, 2024 (Note 4)	Accumulated Inward Remittance of Earnings as of December 31, 2024 (Note 4)	Note
					Outflow (Note 4)	Inflow (Note 4)								
ADPSZ	Sales and sales support for display	163,585	(Note1(1))	65,434	98,151	-	163,585	20,741	100%	100%	20,741	208,149	-	
DPXM	Manufacturing and sales of liquid crystal products, backlight modules and related parts	2,290,190	(Note1(2))	2,290,190	-	-	2,290,190	442,472	100%	100%	442,472	5,350,834	2,057,708	
FHWJ	Manufacturing and sale of backlight modules and related parts	212,661	(Note1(2))	268,279	-	-	268,279	11,771	100%	100%	11,771	88,789	-	
FPWJ	Manufacturing, sales and trading of precision plastic parts	948,793	(Note1(2))	621,623	-	-	621,623	15,050	100%	100%	15,050	780,858	-	(Note 7)
FTWJ	Manufacturing and sale of backlight modules and related parts	1,145,095	(Note1(2))	212,661	-	-	212,661	126,070	100%	100%	126,070	1,463,968	460,477	(Note 6)
Talenda	Manufacturing of electronic components	134,199	(Note1(1))	-	-	-	-	(11,377)	51%	51%	(5,802)	60,225	-	

(2) Upper limit on investment in Mainland China

Entity	Accumulated Investment in Mainland China as of December 31, 2024(Note 4&9)	Investment Amounts Authorized by the Investment Commission, MOEA (Note 4&8)	Upper Limit on Investment Stipulated by the Investment Commission, MOEA (Note 3)
DPTW	3,392,753 (USD103,700)	5,857,395 (USD167,410 and CNY85,000)	5,769,082
ADP	163,585 (USD5,000)	163,585 (USD5,000)	4,355,681

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 2024.

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 accumulated approved amount over the years amounted to USD248,526 thousand and CNY85,000 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.

Note 9: Excluding capital increase in Chengdu Topway High-Tech Photoelectric Technology Co., Ltd. in the amount of CNY 85,000 thousand which is recorded as Financial assets at FVTOCI, See Table 3.