

**INNOLUX CORPORATION AND
SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REVIEW REPORT

JUNE 30, 2024 AND 2023

INDEPENDENT AUDITORS' REVIEW REPORT

To the Board of Directors and Shareholders of Innolux Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of Innolux Corporation and subsidiaries (the “Group”) as at June 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the six-month periods then ended, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews and the reports of other auditors (please refer to the Other matter section), nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2024 and 2023, and of its consolidated financial performance for the three-month and six-month periods then ended and its consolidated cash flows for the six-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

Other matter – Reference to the reviews of other auditors

We did not review the financial statements of certain subsidiaries of the Company for the six-month periods ended June 30, 2024 and 2023, which were reviewed by other auditors. Therefore, our report expressed herein, insofar as it relates to the amounts and the information disclosed in Note 13 included in respect of these subsidiaries, is based solely on the reports of the other auditors. Total assets of these subsidiaries included in the Group's consolidated financial statements amounted to NT\$2,209,800 thousand and NT\$2,464,098 thousand, both constituting 0.6% of the consolidated total assets of the Group as at June 30, 2024 and 2023, respectively, and sales revenue of these subsidiaries included in the Group's consolidated financial statements amounted to NT\$509,917 thousand and NT\$477,196 thousand, constituting 0.9% and 0.8% of the consolidated total sales revenue of the Group for the three-month periods then ended, respectively, and sales revenue of these subsidiaries included in the Group's consolidated financial statements amounted to NT\$965,229 thousand and NT\$906,045 thousand, both constituting 0.9% of the consolidated total sales revenue of the Group for the six-month periods then ended, respectively.

PricewaterhouseCoopers, Taiwan
July 30, 2024

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

INNOLUX CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2024, DECEMBER 31, 2023 AND JUNE 30, 2023
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	June 30, 2024	December 31, 2023	June 30, 2023
	Current Assets				
1100	Cash and cash equivalents	6(1)	\$ 50,630,855	\$ 50,512,584	\$ 39,313,575
1110	Financial assets at fair value through profit or loss - current	6(2)	22,201	460,767	7,272,022
1136	Financial assets at amortized cost - current	6(4)	8,027,998	12,112,991	59,786,065
1170	Accounts receivable, net	6(5)	33,686,537	29,584,510	33,525,772
1180	Accounts receivable, net - related parties	7	872,539	430,861	763,351
1200	Other receivables		2,255,123	1,958,858	2,348,095
130X	Inventory	6(6)	38,415,143	37,150,576	33,511,155
1410	Prepayments	9	3,737,590	1,319,982	1,322,727
1479	Other current assets		354,528	119,010	84,468
11XX	Total current assets		<u>138,002,514</u>	<u>133,650,139</u>	<u>177,927,230</u>
	Non-current assets				
1510	Financial assets at fair value through profit or loss - non-current	6(2)	4,828,585	5,300,152	5,319,894
	Financial assets at fair value through other comprehensive income - non-current	6(3)			
1517			8,270,145	6,665,014	5,143,266
1535	Financial assets at amortized cost - non-current	6(4)	24,850,170	18,813,183	14,139,399
1550	Investments accounted for under equity method	6(7)	917,370	703,591	730,864
1600	Property, plant and equipment	6(8), 7 and 8	142,379,138	149,253,011	153,482,111
1755	Right-of-use assets	6(9)	4,010,102	4,091,841	4,562,266
1760	Investment property, net	6(10)	402,183	416,077	429,972
1780	Intangible assets	6(11)	17,508,532	17,542,372	17,517,816
1840	Deferred income tax assets		2,793,647	2,845,935	3,090,125
1990	Other non-current assets	6(8) , 6(15) , 8 and 9	16,135,892	18,249,127	18,671,401
15XX	Total non-current assets		<u>222,095,764</u>	<u>223,880,303</u>	<u>223,087,114</u>
1XXX	Total assets		<u>\$ 360,098,278</u>	<u>\$ 357,530,442</u>	<u>\$ 401,014,344</u>

(Continued)

INNOLUX CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2024, DECEMBER 31, 2023 AND JUNE 30, 2023
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	June 30, 2024	December 31, 2023	June 30, 2023
	Current Liabilities				
2100	Short-term borrowings	6(12)	\$ 1,547,383	\$ 170,000	\$ 350,000
2120	Financial liabilities at fair value through profit or loss - current	6(2)	278,303	44,596	986,746
2170	Accounts payable		40,573,112	39,178,762	40,882,842
2180	Accounts payable - related parties	7	1,280,985	1,205,003	1,667,455
2200	Other payables	6(13) and 7	25,151,181	28,336,062	28,565,385
2230	Current income tax liabilities		1,913,213	1,907,319	2,146,781
2250	Provisions - current	6(17) and 9	3,459,619	3,372,767	3,545,351
2280	Lease liabilities - current		521,806	593,127	683,942
2320	Long-term liabilities, current portion	6(14)	7,699,023	7,575,503	34,395,298
2399	Other current liabilities		6,610,232	5,175,611	5,422,703
21XX	Total current liabilities		89,034,857	87,558,750	118,646,503
	Non-current liabilities				
2540	Long-term borrowings	6(14)	28,548,325	31,977,559	34,821,486
2570	Deferred income tax liabilities		1,892,228	1,738,759	1,616,559
2580	Lease liabilities - non-current		3,013,279	3,125,352	3,580,131
2600	Other non-current liabilities		3,333,998	4,244,761	4,423,151
25XX	Total non-current liabilities		36,787,830	41,086,431	44,441,327
2XXX	Total liabilities		125,822,687	128,645,181	163,087,830
	Equity attributable to owners of the parent				
	Share capital	6(18)			
3110	Common stock		90,786,334	90,786,334	95,564,562
3200	Capital surplus	6(19)	105,890,431	103,468,658	103,501,716
	Retained earnings	6(20)			
3310	Legal reserve		13,811,763	13,811,763	13,811,763
3320	Special reserve		7,198,699	5,565,152	5,565,152
3350	Unappropriated retained earnings		17,147,342	21,754,128	26,882,152
3400	Other equity interest	6(21)	(1,930,169)	(7,198,699)	(7,665,549)
3500	Treasury shares	6(18)	(62,467)	(62,467)	(602,916)
31XX	Equity attributable to owners of the parent		232,841,933	228,124,869	237,056,880
36XX	Non-controlling interests		1,433,658	760,392	869,634
3XXX	Total equity		234,275,591	228,885,261	237,926,514
3X2X	Total liabilities and equity		\$ 360,098,278	\$ 357,530,442	\$ 401,014,344

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

INNOLUX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except for earnings (loss) per share amounts)

	Items	Notes	Three months ended June 30		Six months ended June 30	
			2024	2023	2024	2023
4000	Sales revenue	6(22) and 7	\$ 56,860,685	\$ 55,087,258	\$ 107,352,893	\$ 100,682,666
5000	Operating costs	6(6)(27) and 7	(51,149,665)	(54,734,649)	(99,500,465)	(103,537,670)
5900	Net operating margin (loss)		5,711,020	352,609	7,852,428	(2,855,004)
	Operating expenses	6(27)				
6100	Selling expenses		(580,439)	(795,092)	(1,181,281)	(1,647,501)
6200	General and administrative expenses		(1,848,250)	(1,822,414)	(3,604,225)	(3,572,336)
6300	Research and development expenses		(2,918,252)	(3,074,536)	(5,873,888)	(5,875,024)
6000	Total operating expenses		(5,346,941)	(5,692,042)	(10,659,394)	(11,094,861)
6900	Operating profit (loss)		364,079	(5,339,433)	(2,806,966)	(13,949,865)
	Non-operating income and expenses					
7100	Interest income	6(23)	730,927	781,761	1,203,094	1,290,759
7010	Other income	6(24)	614,165	643,067	976,846	1,535,696
7020	Other gains and losses	6(25)	34,803	(703,495)	(1,046,318)	(144,251)
7050	Finance costs	6(26)	(281,945)	(496,404)	(580,294)	(781,937)
7060	Share of profit (loss) of associates and joint ventures accounted for under equity method	6(7)	19,892	(18,614)	21,611	(22,668)
7000	Total non-operating income and expenses		1,117,842	206,315	574,939	1,877,599
7900	Profit (loss) before income tax		1,481,921	(5,133,118)	(2,232,027)	(12,072,266)
7950	Income tax expense	6(29)	(298,366)	(586,444)	(679,748)	(1,404,944)
8200	Profit (loss) for the period		\$ 1,183,555	\$ (5,719,562)	\$ (2,911,775)	\$ (13,477,210)

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INNOLUX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except for earnings (loss) per share amounts)

			Three months ended June 30		Six months ended June 30	
Items		Notes	2024	2023	2024	2023
Other comprehensive income (net)						
Components of other comprehensive income (loss) that will not be reclassified to profit or loss						
8316	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	6(21)	\$ 273,469	\$ (1,029,905)	\$ 1,226,334	\$ (224,466)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(21)(29)	(634)	115,750	(190,366)	28,991
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss		272,835	(914,155)	1,035,968	(195,475)
Components of other comprehensive income (loss) that will be reclassified to profit or loss						
8361	Financial statements translation differences of foreign operations	6(21)	804,300	(2,208,238)	4,224,696	(1,928,949)
8370	Share of other comprehensive income of associates and joint ventures accounted for under equity method	6(7)(21)	2,211	23,700	6,849	18,061
8360	Other comprehensive income (loss) that will be reclassified to profit or loss		806,511	(2,184,538)	4,231,545	(1,910,888)
8300	Other comprehensive income (loss) for the period, net of tax		<u>\$ 1,079,346</u>	<u>\$ (3,098,693)</u>	<u>\$ 5,267,513</u>	<u>\$ (2,106,363)</u>
8500	Total comprehensive income (loss) for the period		<u>\$ 2,262,901</u>	<u>\$ (8,818,255)</u>	<u>\$ 2,355,738</u>	<u>\$ (15,583,573)</u>
Profit (loss) attributable to:						
8610	Owners of the parent		<u>\$ 1,130,654</u>	<u>\$ (5,738,500)</u>	<u>\$ (2,973,239)</u>	<u>\$ (13,507,249)</u>
8620	Non-controlling interest		<u>\$ 52,901</u>	<u>\$ 18,938</u>	<u>\$ 61,464</u>	<u>\$ 30,039</u>
Other comprehensive income (loss) attributable to:						
8710	Owners of the parent		<u>\$ 2,213,050</u>	<u>\$ (8,831,691)</u>	<u>\$ 2,295,291</u>	<u>\$ (15,607,646)</u>
8720	Non-controlling interest		<u>\$ 49,851</u>	<u>\$ 13,436</u>	<u>\$ 60,447</u>	<u>\$ 24,073</u>
Earnings (loss) per share (in dollars)						
9750	Basic earnings (loss) per share	6(30)	<u>\$ 0.12</u>	<u>\$ (0.60)</u>	<u>\$ (0.33)</u>	<u>\$ (1.42)</u>
9850	Diluted earnings (loss) per share		<u>\$ 0.12</u>	<u>\$ (0.60)</u>	<u>\$ (0.33)</u>	<u>\$ (1.42)</u>

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

INNOLUX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent												
		Share Capital		Retained Earnings			Other Equity Interest					
							Financial statements translation differences of foreign operations	Unrealized gains from financial assets measured at fair value through other comprehensive income	Treasury shares	Total	Non-controlling interests	Total
	Notes	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings						
2023												
Balance at January 1		\$ 95,564,562	\$103,312,414	\$13,811,763	\$ 3,204,136	\$ 42,750,417	\$ (8,173,822)	\$ 2,608,670	\$ (602,916)	\$252,475,224	\$ 519,496	\$252,994,720
(Loss) profit for the period		—	—	—	—	(13,507,249)	—	—	—	(13,507,249)	30,039	(13,477,210)
Other comprehensive income (loss) for the period	6(21)	—	—	—	—	—	(1,904,922)	(195,475)	—	(2,100,397)	(5,966)	(2,106,363)
Total comprehensive income (loss)		—	—	—	—	(13,507,249)	(1,904,922)	(195,475)	—	(15,607,646)	24,073	(15,583,573)
Appropriation of 2022 earnings:	6(20)											
Special reserve		—	—	—	2,361,016	(2,361,016)	—	—	—	—	—	—
Recognition of change in equity of associates in proportion to the Group's ownership	6(19)	—	2,279	—	—	—	—	—	—	2,279	—	2,279
Recognition of changes in ownership interests in subsidiaries	6(19)	—	163,842	—	—	—	—	—	—	163,842	342,863	506,705
Decrease in non-controlling interests		—	—	—	—	—	—	—	—	—	(26,260)	(26,260)
Difference between consideration and carrying amount of subsidiaries disposed	6(19)	—	11,475	—	—	—	—	—	—	11,475	9,462	20,937
Others	6(19)	—	11,706	—	—	—	—	—	—	11,706	—	11,706
Balance at June 30		\$ 95,564,562	\$103,501,716	\$13,811,763	\$ 5,565,152	\$ 26,882,152	\$ (10,078,744)	\$ 2,413,195	\$ (602,916)	\$237,056,880	\$ 869,634	\$237,926,514
2024												
Balance at January 1		\$ 90,786,334	\$103,468,658	\$13,811,763	\$ 5,565,152	\$ 21,754,128	\$ (9,809,347)	\$ 2,610,648	\$ (62,467)	\$228,124,869	\$ 760,392	\$228,885,261
(Loss) profit for the period		—	—	—	—	(2,973,239)	—	—	—	(2,973,239)	61,464	(2,911,775)
Other comprehensive income (loss) for the period	6(21)	—	—	—	—	—	4,232,562	1,035,968	—	5,268,530	(1,017)	5,267,513
Total comprehensive income (loss)		—	—	—	—	(2,973,239)	4,232,562	1,035,968	—	2,295,291	60,447	2,355,738
Appropriation of 2023 earnings:	6(20)											
Special reserve		—	—	—	1,633,547	(1,633,547)	—	—	—	—	—	—
Recognition of change in equity of associates in proportion to the Group's ownership	6(19)	—	57,232	—	—	—	—	—	—	57,232	—	57,232
Recognition of changes in ownership interests in subsidiaries	6(19)	—	2,114,225	—	—	—	—	—	—	2,114,225	561,585	2,675,810
Difference between consideration and carrying amount of subsidiaries disposed	6(19)	—	230,490	—	—	—	—	—	—	230,490	73,308	303,798
Decrease in non-controlling interests		—	—	—	—	—	—	—	—	—	(22,074)	(22,074)
Others	6(19)	—	19,826	—	—	—	—	—	—	19,826	—	19,826
Balance at June 30		\$ 90,786,334	\$105,890,431	\$13,811,763	\$ 7,198,699	\$ 17,147,342	\$ (5,576,785)	\$ 3,646,616	\$ (62,467)	\$232,841,933	\$ 1,433,658	\$234,275,591

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

INNOLUX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		\$ (2,232,027)	\$ (12,072,266)
Adjustments			
Adjustments to reconcile (profit) loss			
Depreciation and amortization	6(27)	15,666,878	15,431,340
Net loss (gain) on financial assets or liabilities at fair value through profit or loss		733,001	(616,980)
Compensation cost of share-based payments	6(27)	1,393	18,709
Share of (profit) loss of associates and joint ventures accounted for under equity method	6(7)	(21,611)	22,668
Loss on disposal of property, plant and equipment	6(25)	119,321	22,934
Non-financial asset impairment (gain) loss	6(8)	(20,896)	1,535,377
Interest expense	6(26)	580,294	781,937
Interest income	6(23)	(1,203,094)	(1,290,759)
Dividend income	6(24)	(83,561)	(163,274)
Foreign exchange (gain) loss		(20,110)	45,699
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets /liabilities at fair value through profit or loss		672,272	997,619
Accounts receivable		(4,103,203)	(648,244)
Accounts receivable - related parties		(441,678)	(48,829)
Other receivables		122,820	260,876
Inventories		(1,264,567)	2,406,124
Prepayments		(884,885)	(468,997)
Other current assets		(146,453)	(25,235)
Other non-current assets		(43,268)	—
Changes in operating liabilities			
Accounts payable		1,394,350	5,270,495
Accounts payable - related parties		75,982	505,631
Other payables		(1,969,479)	(2,951,828)
Provisions		(256,440)	(1,806,984)
Other current liabilities		1,074,872	(1,410,513)
Other non-current liabilities		(195,098)	(148,953)
Cash inflow generated from operations		7,554,813	5,646,547
Cash paid for income tax		(802,328)	(1,205,027)
Net cash flows from operating activities		6,752,485	4,441,520

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INNOLUX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through profit or loss		\$ (56,570)	\$ (7,240,222)
Proceeds from disposal of financial assets at fair value through profit or loss		65,290	90,153
Acquisition of investments in financial assets measured at fair value through other comprehensive income		(489,966)	(31,000)
Decrease (increase) in financial assets at amortized cost - current		3,057,593	(50,001,734)
Acquisitions of financial assets at amortized cost - non-current		(6,491,928)	(12,496,216)
Proceeds from disposal of financial assets at amortized cost		673,287	5,026,697
Proceeds from repayments of financial assets at amortized cost		1,913,908	8,230,704
Decrease in refundable deposits		435,504	44,689
Increase in investment accounted for under equity method		(128,130)	(70,000)
Acquisition of property, plant and equipment	6(31)	(8,323,670)	(11,340,888)
Proceeds from disposal of property, plant and equipment		136,855	82,418
Acquisition of intangible assets	6(11)	—	(103)
Interest received		883,627	1,695,920
Dividends received		17,915	85,087
Net cash flows used in investing activities		<u>(8,306,285)</u>	<u>(65,924,495)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in short-term borrowings		1,377,383	(75,000)
Proceeds from long-term borrowings		586,860	38,121,470
Repayments of long-term borrowings		(3,918,813)	(4,395,976)
Interest paid		(556,288)	(727,060)
Repayment of the principal portion of lease liabilities		(332,586)	(341,090)
Proceeds from disposal of shares of subsidiaries		303,798	20,937
Share-based payments		488	98,352
Net change of non-controlling interests		2,673,929	—
Others	6(19)	19,826	11,706
Net cash flows from financing activities		<u>154,597</u>	<u>32,713,339</u>
Effect of changes in foreign currency exchange		<u>1,517,474</u>	<u>(407,377)</u>
Net increase (decrease) in cash and cash equivalents		118,271	(29,177,013)
Cash and cash equivalents at beginning of period		50,512,584	68,490,588
Cash and cash equivalents at end of period		<u>\$ 50,630,855</u>	<u>\$ 39,313,575</u>

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

INNOLUX CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

(1) Innolux Corporation (the “Company”) was organized on January 14, 2003 under the Act for Establishment and Administration of Science Parks in the Republic of China (R.O.C.). The Company was listed on the Taiwan Stock Exchange Corporation (the “TSEC”) in October 2006. The Company merged with TPO Displays Corporation and Chi Mei Optoelectronics Corporation on March 18, 2010, with the Company as the surviving entity.

(2) The Company and its subsidiaries (the “Group”) engage in the research, development, design, manufacture and sales of TFT-LCD panels, modules and monitors of LCD, color filter, and low temperature poly-silicon TFT-LCD.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were reported to the Board of Directors on July 30, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’	January 1, 2024

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial Instruments '	January 1, 2026
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 - comparative information'	January 1, 2023
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards-Volume 11	January 1, 2026

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

A. Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments':

The IASB issued the amendments to:

- (a) Add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets), including a qualitative description of the nature of the contingent event, quantitative information about the possible changes to contractual cash flows that could result from those contractual terms and the gross carrying amount of financial assets and amortised cost of financial liabilities subject to these contractual terms.
- (b) Update the disclosures for equity instruments designated at fair value through other comprehensive income. The entity shall disclose the fair value of each class of investment and is no longer required to disclose the fair value of each investment. In addition, the amendments require the entity to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss related to investments derecognised during the reporting period and the fair value gain or loss related to investments held at the end of the reporting period; and any transfers of the cumulative gain or loss within equity during the reporting period related to the investments derecognised during that reporting period.

B. IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to

management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim financial reporting” that came into effect as endorsed by the FSC.
- B. These financial statements should be read with the consolidated financial statements for the year ended December 31, 2023.

(2) Basis of preparation

- A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:
 - (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit assets recognized based on the net amount of pension fund assets less present value of defined benefit obligations.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements

The basis applied in these consolidated financial statements is consistent with that applied in the consolidated financial statements for the year ended December 31, 2023.

- B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			June 30, 2024	December 31, 2023	June 30, 2023	
Innolux Corporation	Innolux Holding Limited	Investment holdings	100	100	100	—
	Keyway Investment Management Limited	Investment holdings	100	100	100	—
	Landmark International Ltd.	Investment holdings	100	100	100	—
	Toppoly Optoelectronics (B.V.I.) Ltd.	Investment holdings	100	100	100	—

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			June 30, 2024	December 31, 2023	June 30, 2023	
Innolux Corporation	Innolux Hong Kong Holding Limited	Investment holdings	100	100	100	—
	Yuan Chi Investment Co., Ltd.	Investment company	100	100	100	—
	InnoJoy Investment Corporation	Investment company	100	100	100	—
	Innolux Japan Co., Ltd.	Investment, R&D and sales company	54	54	54	—
	Innolux Singapore Holding Pte. Ltd.	Investment holdings	100	100	100	—
	InnoCare Optoelectronics Corporation	Investment, R&D, manufacturing and sales company	50	50	51	(a)
	GIO Optoelectronics Corp.	Investment, R&D, manufacturing and sales company	76	76	76	—
	INStek Corporation	R&D, manufacturing and sales company	—	40	40	(h)
	Rockets Holding Limited	Investment holdings	100	100	100	—
Innolux Holding Limited	Suns Holding Ltd.	Investment holdings	100	100	100	—
Keyway Investment Management Limited	Foshan Innolux Logistics Ltd.	Warehousing company	100	100	100	—
Landmark International Ltd.	Ningbo Innolux Optoelectronics Ltd.	Processing company	100	100	100	—
	Foshan Innolux Optoelectronics Ltd.	Processing company	100	100	100	—
	Ningbo Innolux Display Ltd.	Processing company	100	100	100	—
	Toppoly Optoelectronics (B.V.I.) Ltd.	Investment holdings	100	100	100	—
Innolux Hong Kong Holding Limited	Innolux Hong Kong Holding Limited	Sales company	100	100	100	—
	Innolux Japan Co., Ltd.	Investment, R&D and sales company	46	46	46	—
	CarUX Holding Limited	Investment holdings	86	95	95	(i)
InnoJoy Investment Corporation	Inno Capital Corporation	Investment company	100	100	100	—
Innolux Japan Co., Ltd.	Innolux USA Inc.	Sales company	100	100	100	—
Innolux Singapore Holding Pte. Ltd.	INNOLUX OPTOELECTRONICS INDIA PRIVATE LIMITED	Sales company	100	100	100	—
Rockets Holding Limited	Stanford Developments Limited	Investment holdings	100	100	100	—
	Nets Trading Ltd.	Investment company	100	100	100	—
Suns Holding Ltd	Warriors Technology Investments Ltd	Investment company	100	100	100	—

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)			Description
			June 30, 2024	December 31, 2023	June 30, 2023	
Toppoly Optoelectronics (Cayman) Ltd.	Nanjing Innolux Technology Ltd.	Sales company	100	100	100	—
	Nanjing Innolux Optoelectronics Ltd.	Processing company	100	100	100	—
CarUX Holding Limited	CARUX TECHNOLOGY PTE. LTD.	Investment and sales company	100	100	100	—
	Ultimate Fantasy Limited	Investment holdings	—	—	—	(b)
Ultimate Fantasy Limited	CarUX Holding Limited	Investment holdings	5	5	5	—
CARUX TECHNOLOGY PTE. LTD.	CarUX Technology Hong Kong Holding Limited	Investment holdings	100	100	100	(c)
	CarUX Technology Europe B.V.	Investment, sales, and R&D testing company	100	100	100	(f)
	CarUX Technology Taiwan Inc.	Manufacturing and sales company	100	100	100	(d)
CarUX Technology Hong Kong Holding Limited	CarUX Technology (Shanghai) Ltd.	Manufacturing and sales company	100	100	100	(e)
CarUX Technology Europe B.V.	CarUX Technology Germany GmbH	Testing and maintenance company	100	100	100	(g)
Stanford Developments Limited	Innocom Technology (Shenzhen) Co., Ltd.	Processing company	100	100	100	—
Ningbo Innolux Optoelectronics Ltd.	Ningbo CarUX Technology Ltd.	Processing company	100	100	100	—
InnoCare Optoelectronics Corporation	InnoCare Optoelectronics Japan Co., Ltd.	Sales company	100	100	100	—
	InnoCare Optoelectronics USA, INC.	Sales company	100	100	100	—
	Ningbo Innolux Electronics Ltd.	Manufacturing and sales company	100	100	100	—
	Innocare Optoelectronics Europe B.V.	After-sales service company	100	100	100	—
GIO Optoelectronics Corp.	Double Star Inc.	Investment holdings	100	100	100	—
Double Star Inc.	GIO (Maanshan) Optoelectronics Co., Ltd.	Processing company	100	100	100	—

- (a) In the fourth quarter of 2023, the employee stock options issued by InnoCare Company were exercised and converted into ordinary shares, thereby decreasing the Company's shareholding ratio from 51% to 50%.
- (b) Ultimate Fantasy Limited was established in the first quarter of 2023 and was included in the consolidated financial statements since the date of establishment.

- (c) Innolux Optoelectronics Hong Kong Holding Limited changed its name to CarUX Technology Hong Kong Holding Limited in the second quarter of 2023.
- (d) CarUX Technology Inc. changed its name to CarUX Technology Taiwan Inc. in the second quarter of 2023.
- (e) Shanghai Innolux Optoelectronics Ltd. changed its name to CarUX Technology (Shanghai) Ltd. in the second quarter of 2023.
- (f) Innolux Europe B.V. changed its name to CarUX Technology Europe B.V. in the third quarter of 2023.
- (g) Innolux Technology Germany GmbH changed its name to CarUX Technology Germany GmbH in the third quarter of 2023.
- (h) In the first quarter of 2024, INStek Corporation had completed liquidation and dissolution.
- (i) In the second quarter of 2024, CarUX Holding Limited issued new shares and Innolux Hong Kong Holding Limited sold part of its holdings, thereby decreasing the Company's shareholding ratio from 95% to 86%.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. The restrictions on fund remittance from subsidiaries to the parent company: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

For more information, please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2023.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	June 30, 2024	December 31, 2023	June 30, 2023
Cash on hand, demand deposits and checking accounts	\$ 28,482,622	\$ 35,642,578	\$ 28,661,904
Time deposits	21,856,183	14,870,006	10,091,151
Fixed income financial products in 3 months	292,050	—	560,520
	<u>\$ 50,630,855</u>	<u>\$ 50,512,584</u>	<u>\$ 39,313,575</u>

A. The Group associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The above time deposits expire in 3 months and risks of changes in their values are remote.

(2) Financial assets and liabilities at fair value through profit or loss

Assets	June 30, 2024	December 31, 2023	June 30, 2023
<u>Current items</u>			
Financial assets mandatorily measured at fair value through profit or loss			
Convertible bonds	\$ 19,600	\$ —	\$ —
Forward foreign exchange contracts	2,601	396,892	45,449
Foreign exchange swap contracts	—	63,875	—
Beneficiary certificates	—	—	7,226,573
	<u>\$ 22,201</u>	<u>\$ 460,767</u>	<u>\$ 7,272,022</u>
<u>Non-current items</u>			
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 3,173,503	\$ 3,788,437	\$ 3,699,956
Unlisted stocks	1,271,456	1,131,716	1,273,894
Convertible bonds	214,260	202,738	196,705
Financial products	169,366	177,261	149,339
	<u>\$ 4,828,585</u>	<u>\$ 5,300,152</u>	<u>\$ 5,319,894</u>
Liabilities	June 30, 2024	December 31, 2023	June 30, 2023
<u>Current items</u>			
Financial liabilities held for trading			
Forward foreign exchange contracts	\$ 265,733	\$ 44,596	\$ 833,063
Foreign exchange swap contracts	12,570	—	153,683
	<u>\$ 278,303</u>	<u>\$ 44,596</u>	<u>\$ 986,746</u>

The non-hedging derivative financial assets and liabilities transaction information are as follows:

Derivative financial assets and liabilities	June 30, 2024			December 31, 2023		
	Contract Amount (Notional Principal) (in thousands)	Contract Period		Contract Amount (Notional Principal) (in thousands)	Contract Period	
<u>Current items</u>						
Forward foreign exchange contracts	USD (sell) \$ 110,000	2024/05-2024/07	USD (sell) \$ 257,000	2023/11-2024/02		
	RMB (buy) 793,963	2024/05-2024/07	RMB (buy) 1,850,771	2023/11-2024/02		
Forward foreign exchange contracts	RMB (sell) 349,000	2024/05-2024/07	RMB (sell) 325,000	2023/11-2024/02		
	TWD (buy) 1,555,526	2024/05-2024/07	TWD (buy) 1,414,638	2023/11-2024/02		
Forward foreign exchange contracts	USD (sell) 55,000	2024/06-2024/07	USD (sell) 35,000	2023/12-2024/01		
	JPY (buy) 8,661,700	2024/06-2024/07	JPY (buy) 5,018,000	2023/12-2024/01		

Derivative financial assets and liabilities	June 30, 2024			December 31, 2023		
	Contract Amount (Notional Principal) (in thousands)		Contract Period	Contract Amount (Notional Principal) (in thousands)		Contract Period
Forward foreign exchange contracts	TWD (sell)	\$ 3,042,060	2024/04-2024/08	TWD (sell)	\$ 5,708,377	2023/08-2024/05
	JPY (buy)	14,400,000	2024/04-2024/08	JPY (buy)	26,350,000	2023/08-2024/05
Forward foreign exchange contracts	EUR (sell)	18,000	2024/06-2024/07	EUR (sell)	4,700	2023/12-2024/01
	USD (buy)	19,298	2024/06-2024/07	USD (buy)	5,176	2023/12-2024/01
Forward foreign exchange contracts	HKD (sell)	55,000	2024/06-2024/07	HKD (sell)	70,198	2023/12-2024/01
	USD (buy)	7,046	2024/06-2024/07	USD (buy)	9,000	2023/12-2024/01
Forward foreign exchange contracts	USD (sell)	203,000	2024/04-2024/09	USD (sell)	261,000	2023/10-2024/01
	TWD (buy)	6,530,543	2024/04-2024/09	TWD (buy)	8,166,841	2023/10-2024/01
Foreign exchange swap contracts	USD (sell)	72,000	2024/06-2024/07	USD (sell)	137,000	2023/11-2024/02
	TWD (buy)	2,324,200	2024/06-2024/07	TWD (buy)	4,257,216	2023/11-2024/02
Derivative financial assets and liabilities				June 30, 2023		
				Contract Amount (Notional Principal) (in thousands)		Contract Period
<u>Current items</u>						
Forward foreign exchange contracts				USD (sell)	\$ 462,500	2023/05-2023/08
				RMB (buy)	3,267,589	2023/05-2023/08
Forward foreign exchange contracts				RMB (sell)	181,169	2023/06-2023/07
				USD (buy)	25,000	2023/06-2023/07
Forward foreign exchange contracts				RMB (sell)	400,000	2023/05-2023/08
				TWD (buy)	1,753,946	2023/05-2023/08
Forward foreign exchange contracts				USD (sell)	39,000	2023/06-2023/07
				JPY (buy)	5,464,430	2023/06-2023/07
Forward foreign exchange contracts				TWD (sell)	6,497,977	2023/03-2023/10
				JPY (buy)	28,700,000	2023/03-2023/10
Forward foreign exchange contracts				EUR (sell)	10,700	2023/06-2023/08
				USD (buy)	11,635	2023/06-2023/08
Forward foreign exchange contracts				HKD (sell)	75,851	2023/06-2023/08
				USD (buy)	9,700	2023/06-2023/08
Forward foreign exchange contracts				USD (sell)	272,500	2023/05-2023/08
				TWD (buy)	8,372,740	2023/05-2023/08

Derivative financial assets and liabilities	June 30, 2023		
	Contract Amount (Notional Principal) (in thousands)		Contract Period
Forward foreign exchange contracts	TWD (sell)	\$ 933,483	2023/06-2023/07
	USD (buy)	30,000	2023/06-2023/07
Foreign exchange swap contracts	USD (sell)	282,000	2023/05-2023/08
	TWD (buy)	8,614,545	2023/05-2023/08

The Group entered into forward foreign exchange contracts to hedge exchange rate risk of import and export proceeds in foreign currency, foreign exchange swap contracts are to meet fund procurement demand. However, these contracts are not accounted for using hedge accounting.

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

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Non-current items</u>			
Equity instruments			
Listed stocks	\$ 8,213,189	\$ 6,532,864	\$ 5,090,878
Unlisted stocks	56,956	132,150	52,388
	<u>\$ 8,270,145</u>	<u>\$ 6,665,014</u>	<u>\$ 5,143,266</u>

A. The Group has elected to classify equity instruments that are considered to be strategic investments and steady dividend income as financial assets at fair value through other comprehensive income.

B. For information on other comprehensive income for fair value change recognized by the Group for the six-month periods ended June 30, 2024 and 2023, please refer to Note 6(21) "Other equity".

(4) Financial assets at amortized cost

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Current items</u>			
Principal guaranteed financial assets	\$ 8,027,998	\$ 11,236,955	\$ 56,568,322
Corporate bonds	—	876,036	3,217,743
	<u>\$ 8,027,998</u>	<u>\$ 12,112,991</u>	<u>\$ 59,786,065</u>
<u>Non-current items</u>			
Principal guaranteed financial assets	<u>\$ 24,850,170</u>	<u>\$ 18,813,183</u>	<u>\$ 14,139,399</u>

A. The Group recognized \$213,384, \$211,074, \$394,755 and \$353,091 of interest income arising from the financial assets at amortized cost for the three-month and the six-month periods ended June 30, 2024 and 2023, respectively.

B. The Group associates with a variety of financial institutions and counterparties all with high credit quality to disperse credit risk, so it expects that the probability of financial institution and counterparty default is remote.

(5) Notes receivable and accounts receivable

	June 30, 2024	December 31, 2023	June 30, 2023
Notes receivable	\$ 300,540	\$ 256,908	\$ 130,311
Accounts receivable	33,671,762	29,612,190	33,674,953
Total	33,972,302	29,869,098	33,805,264
Less: Allowance for uncollectible accounts	(285,765)	(284,588)	(279,492)
	<u>\$ 33,686,537</u>	<u>\$ 29,584,510</u>	<u>\$ 33,525,772</u>

A. The aging analysis of accounts receivable and notes receivable is as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Not past due	\$ 32,609,745	\$ 28,745,416	\$ 32,783,755
Up to 60 days	1,222,418	1,048,924	557,565
61 to 180 days	113,131	50,902	157,306
Over 180 days	27,008	23,856	306,638
	<u>\$ 33,972,302</u>	<u>\$ 29,869,098</u>	<u>\$ 33,805,264</u>

The above aging analysis was based on past due date.

B. As of June 30, 2024, December 31, 2023 and June 30, 2023, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2023, the balance of receivables from contracts with customers amounted to \$33,157,027.

C. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(6) Inventories

	June 30, 2024	December 31, 2023	June 30, 2023
Raw materials and supplies	\$ 5,114,405	\$ 4,953,641	\$ 5,951,485
Work in progress	14,844,261	13,595,294	13,915,895
Finished goods	18,456,477	18,601,641	13,643,775
	<u>\$ 38,415,143</u>	<u>\$ 37,150,576</u>	<u>\$ 33,511,155</u>

For the three-month and six-month periods ended June 30, 2024 and 2023, the Group recognized cost of goods sold for inventories that have been sold at \$51,150,147, \$54,702,844, \$100,274,784 and \$103,501,509 and recognized net inventory gain (loss) at \$482, (\$31,805), \$774,319 and (\$36,161) due to write-down reversal (write-down) of cost of scrap inventories to net realizable value, respectively.

(7) Investments accounted for under the equity method

	June 30, 2024	December 31, 2023	June 30, 2023
FI Medical Device Manufacturing Co., Ltd.	\$ 347,147	\$ 308,214	\$ 308,915
CDIB-Innolux Limited Partnership	259,167	243,859	236,654
PanelSemi Corporation	128,768	95,884	122,095
CDIB-Innolux II Limited Partnership	125,262	—	—
Ampower Holding Ltd.	48,704	48,561	48,019
Others	8,322	7,073	15,181
	<u>\$ 917,370</u>	<u>\$ 703,591</u>	<u>\$ 730,864</u>

The operating results of the Group's share in all individually immaterial associates are summarized below:

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2024	2023	2024	2023
Profit (loss) for the period from continuing operations	\$ 19,892	\$ (18,614)	\$ 21,611	\$ (22,668)
Other comprehensive income - net of tax	2,211	23,700	6,849	18,061
Total comprehensive income (loss)	<u>\$ 22,103</u>	<u>\$ 5,086</u>	<u>\$ 28,460</u>	<u>\$ (4,607)</u>

(8) Property, plant and equipment

2024					
	At January 1	Additions	Disposals	Transfer, net exchange differences and others	At June 30
Cost:					
Land	\$ 4,093,726	\$ —	\$ —	\$ —	\$ 4,093,726
Buildings	208,693,827	392,741	(200,016)	1,984,645	210,871,197
Machinery and equipment	560,880,697	969,145	(3,278,144)	10,497,427	569,069,125
Other equipment	51,757,595	3,960	(1,037,774)	1,870,621	52,594,402
	<u>825,425,845</u>	<u>1,365,846</u>	<u>(4,515,934)</u>	<u>14,352,693</u>	<u>836,628,450</u>
Accumulated depreciation and impairment:					
Buildings	(160,271,939)	(3,459,697)	198,174	(911,113)	(164,444,575)
Machinery and equipment	(481,055,228)	(9,970,102)	3,146,183	(1,953,054)	(489,832,201)
Other equipment	(45,670,031)	(1,867,678)	1,029,448	(267,712)	(46,775,973)
	<u>(686,997,198)</u>	<u>(15,297,477)</u>	<u>4,373,805</u>	<u>(3,131,879)</u>	<u>(701,052,749)</u>
Unfinished construction and equipment under acceptance	10,824,364	6,066,043	—	(10,086,970)	6,803,437
	<u>\$ 149,253,011</u>				<u>\$ 142,379,138</u>
2023					
	At January 1	Additions	Disposals	Transfer, net exchange differences and others	At June 30
Cost:					
Land	\$ 4,093,726	\$ —	\$ —	\$ —	\$ 4,093,726
Buildings	208,111,269	286,181	(146,565)	384,331	208,635,216
Machinery and equipment	545,736,320	1,853,634	(1,997,143)	6,221,260	551,814,071
Other equipment	51,037,607	9,793	(905,712)	1,695,946	51,837,634
	<u>808,978,922</u>	<u>2,149,608</u>	<u>(3,049,420)</u>	<u>8,301,537</u>	<u>816,380,647</u>
Accumulated depreciation and impairment:					
Buildings	(156,000,139)	(3,639,316)	143,363	422,616	(159,073,476)
Machinery and equipment	(467,000,256)	(10,942,733)	1,979,984	899,075	(475,063,930)
Other equipment	(44,540,303)	(2,031,202)	898,049	105,508	(45,567,948)
	<u>(667,540,698)</u>	<u>(16,613,251)</u>	<u>3,021,396</u>	<u>1,427,199</u>	<u>(679,705,354)</u>
Unfinished construction and equipment under acceptance	16,095,294	9,232,389	—	(8,520,865)	16,806,818
	<u>\$ 157,533,518</u>				<u>\$ 153,482,111</u>

- A. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.
- B. As of June 30, 2024, December 31, 2023 and June 30, 2023, the prepayments for business facilities which have not yet entered the factory (shown as 'other non-current assets') amounted to \$1,158,406, \$914,846 and \$1,726,744, respectively.
- C. In the second quarter of 2024 and 2023, the Company conducted impairment assessments on non-financial assets with extremely low asset activation and capacity utilization rates. Because the asset impairments recognized in previous years did not exist or were reduced, or their recoverable amounts were estimated to be low at its book value, impairment loss reversal benefits of \$20,896 and impairment losses of \$1,535,377 were recognized respectively..

(9) Leasing arrangements - lessee

- A. The Group leases various assets including land, buildings and other equipment. Rental contracts are typically made for periods of 2 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.
- B. Short-term leases with a lease term of 12 months or less comprise office, dormitory and equipment. Low-value assets comprise computer equipment.
- C. The carrying amounts of right-of-use assets and the depreciation charge are as follows:

	June 30, 2024	December 31, 2023	June 30, 2023	
	Carrying amount	Carrying amount	Carrying amount	
Land	\$ 3,880,065	\$ 3,942,352	\$ 4,411,999	
Buildings	129,910	149,272	149,725	
Other equipment	127	217	542	
	<u>\$ 4,010,102</u>	<u>\$ 4,091,841</u>	<u>\$ 4,562,266</u>	
	For the three-month periods ended June 30,	For the six-month periods ended June 30,		
	2024	2023	2024	2023
	Depreciation Charge	Depreciation Charge	Depreciation Charge	Depreciation Charge
Land	\$ 117,952	\$ 121,368	\$ 231,256	\$ 243,431
Buildings	15,832	15,972	31,614	30,538
Other equipment	47	334	94	659
	<u>\$ 133,831</u>	<u>\$ 137,674</u>	<u>\$ 262,964</u>	<u>\$ 274,628</u>

- D. For the three-month and six-month periods ended June 30, 2024 and 2023, the additions to right-of-use assets were \$7,265, \$22,638, \$7,438 and \$30,566, respectively.
- E. The information on income and expense accounts relating to lease contracts is as follows:

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2024	2023	2024	2023
<u>Items affecting profit or loss</u>				
Expense on variable lease payments	\$ 44,945	\$ 49,856	\$ 89,419	\$ 92,363
Interest expense on lease liabilities	16,784	18,824	33,508	38,131
Expense on short-term lease contracts	13,448	15,291	33,103	29,806
Expense on leases of low-value assets	5,205	7,157	10,602	14,660

F. For the six-month periods ended June 30, 2024 and 2023, the Group's total cash outflow for leases were \$504,489 and \$482,971, respectively.

(10) Investment property

	2024		
	At January 1	Additions	At June 30
Cost:			
Land	\$ 188,247	\$ —	\$ 188,247
Buildings	439,228	—	439,228
	627,475	—	627,475
Accumulated depreciation:			
Buildings	(211,398)	(13,894)	(225,292)
	\$ 416,077	\$ (13,894)	\$ 402,183
	2023		
	At January 1	Additions	At June 30
Cost:			
Land	\$ 188,247	\$ —	\$ 188,247
Buildings	439,228	—	439,228
	627,475	—	627,475
Accumulated depreciation:			
Buildings	(183,609)	(13,894)	(197,503)
	\$ 443,866	\$ (13,894)	\$ 429,972

The fair value of the investment property held by the Group as at June 30, 2024, December 31, 2023 and June 30, 2023 was \$1,794,815, \$1,751,066 and \$1,724,549, respectively. The amounts mentioned above represent valuation results of comparative method based on market trading information categorized within Level 3 in the fair value hierarchy.

(11) Intangible assets

A. Intangible assets are goodwill, payments for TFT-LCD related technology and royalty. Details of intangible assets are as follows:

2024					
	At January 1	Additions	Disposals	Transfer, net exchange differences and others	At June 30
Cost:					
Patents and royalty	\$ 8,230,654	\$ —	\$ —	\$ —	\$ 8,230,654
Goodwill	17,117,339	—	—	—	17,117,339
Others	4,460,568	—	(60,327)	37,263	4,437,504
	<u>29,808,561</u>	<u>—</u>	<u>(60,327)</u>	<u>37,263</u>	<u>29,785,497</u>
Accumulated amortization and impairment:					
Patents and royalty	(8,208,741)	(9,822)	—	—	(8,218,563)
Others	(4,057,448)	(61,825)	60,327	544	(4,058,402)
	<u>(12,266,189)</u>	<u>(71,647)</u>	<u>60,327</u>	<u>544</u>	<u>(12,276,965)</u>
	<u>\$ 17,542,372</u>	<u>\$ (71,647)</u>	<u>\$ —</u>	<u>\$ 37,807</u>	<u>\$ 17,508,532</u>
2023					
	At January 1	Additions	Disposals	Transfer, net exchange differences and others	At June 30
Cost:					
Patents and royalty	\$ 8,229,854	\$ —	\$ —	\$ 800	\$ 8,230,654
Goodwill	17,117,339	—	—	—	17,117,339
Others	4,677,996	103	(119,748)	63,844	4,622,195
	<u>30,025,189</u>	<u>103</u>	<u>(119,748)</u>	<u>64,644</u>	<u>29,970,188</u>
Accumulated amortization and impairment:					
Patents and royalty	(8,188,585)	(10,335)	—	—	(8,198,920)
Others	(4,325,244)	(54,609)	119,748	6,653	(4,253,452)
	<u>(12,513,829)</u>	<u>(64,944)</u>	<u>119,748</u>	<u>6,653</u>	<u>(12,452,372)</u>
	<u>\$ 17,511,360</u>	<u>\$ (64,841)</u>	<u>\$ —</u>	<u>\$ 71,297</u>	<u>\$ 17,517,816</u>

B. Details of amortization of intangible assets are as follows:

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Operating costs	11,158	10,262	22,430	20,560
Operating expenses	24,807	22,438	49,217	43,884
	<u>\$ 35,965</u>	<u>\$ 32,700</u>	<u>\$ 71,647</u>	<u>\$ 64,444</u>

C. The Group periodically performed impairment assessment on the recoverable amount of goodwill and property, plant and equipment, and used the value in use as the basis for calculation of the recoverable amount. The value in use was calculated based on the estimated present value of future cash flows for five years.

(12) Short-term borrowings

Type of borrowings	June 30, 2024	December 31, 2023	June 30, 2023	Collateral
Bank borrowings				
Unsecured borrowings	\$ 1,547,383	\$ 170,000	\$ 350,000	None
Range of interest rates	<u>1.73%~2.80%</u>	<u>1.78%~1.80%</u>	<u>1.80%~1.92%</u>	

(13) Other payables

	June 30, 2024	December 31, 2023	June 30, 2023
Other personnel expenses	\$ 7,090,772	\$ 8,372,824	\$ 8,889,582
Payable on machinery and equipment	4,275,768	5,167,549	4,800,437
Repairs and maintenance and Utilities expense payable	3,767,715	3,604,584	4,236,270
Other payables	10,016,926	11,191,105	10,639,096
	<u>\$ 25,151,181</u>	<u>\$ 28,336,062</u>	<u>\$ 28,565,385</u>

(14) Long-term borrowings

Type of borrowings	Period	June 30, 2024	December 31, 2023	June 30, 2023
Syndicated bank borrowings	2019/4/15 ~2026/3/24	\$ 33,750,000	\$ 37,500,000	\$ 68,125,000
Unsecured borrowings	2021/12/2 ~2030/12/20	2,576,475	2,141,760	1,217,160
Secured borrowings	2021/9/22 ~2024/9/22	8,333	25,000	41,667
Less:				
Administrative expenses charged by syndicated banks		(87,460)	(113,698)	(167,043)
Current portion (includes administrative expenses)		(7,699,023)	(7,575,503)	(34,395,298)
		<u>\$ 28,548,325</u>	<u>\$ 31,977,559</u>	<u>\$ 34,821,486</u>
Range of interest rates		<u>1.50%~3.80%</u>	<u>1.38%~3.80%</u>	<u>1.38%~4.00%</u>

- A. Please refer to Note 8 for the information on assets pledged as collateral for long-term borrowings.
- B. The syndicated borrowing agreements specified that the Company shall meet covenants on current ratio, liability ratio, interest coverage, and tangible net equity, based on the Company's annual consolidated financial statements audited by independent auditors. The Company's financial ratios on the consolidated financial statements for the year ended December 31, 2023 are in compliance with the covenants on the syndicated borrowing agreement.
- C. For repayment of borrowings from financial institutions and financing mid-term working capital fund, the Board of Directors approved the signing of a syndicated borrowing with financial institution in the amount of \$37.5 billion on May 5, 2020. The borrowing has been drawn down in the first quarter of 2023.
- D. For repayment of existing financial liabilities, financing mid-term working capital fund and sufficing green expenditures, the Board of Directors approved the signing of a syndicated

borrowing with financial institution in the amount of \$40 billion on July 27, 2023. As of June 30, 2024, the borrowing has yet to be drawn down.

(15) Pensions

A. Defined benefit pension plans

- (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law.
- (b) In January 2024, the Science Park, Ministry of Science and Technology has granted approval to the Company to stop contributing to the retirement fund temporarily.

B. Defined contribution pension plans

- (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality.
- (b) The Company's foreign subsidiaries have provided the pension in accordance with statutory laws and regulations

C. The pension costs under the abovementioned pension plans of the Group for the three-month and six-month periods ended June 30, 2024 and 2023 were \$464,448, \$466,353, \$928,960 and \$942,904, respectively.

(16) Share-based payment

A. As of June 30, 2024 and 2023, the share-based payment arrangements of the Group were as follows:

Type of arrangement	Grant date	Quantity granted (in thousand units)	Contract period (in years)	Vesting conditions
Employee stock options	2020/07/07	3,414	6	Note 1
Capital increase for employee stock options	2023/03/23	540	—	Note 2
Restricted Stock Award	2023/03/24	6,844	10	Note 3
Treasury stock transferred to employees	2023/10/26	40,418	—	Vested immediately
Restricted Stock Award	2024/01/26	151	—	Note 3

As of June 30, 2024, the treasury stock transferred to employees had expired and 2,058 thousand shares became invalid.

Note 1: The employees' stock options of the subsidiary, InnoCare Company, can be exercised based on the issue date. The employee stock options are vested after 2, 3 and 4 years of service at the rate to 30%, 30% and 40%, respectively. Stock options that were not exercised before the expiry date will be permanently forfeited.

Note 2: Relative to the capital increase for employee stock options of the subsidiary, InnoCare Company, the board of directors of InnoCare Company during its meeting on

December 28, 2022 resolved to increase capital totaling 3,600 thousand shares, and retained 540 thousand shares as employees' stock options.

Note 3: The restricted stocks of the subsidiary, CarUX Holding Limited ("CarUX Company"), shall be exercised based on the issue date under the following two plans: (a) the restricted stocks are 100% vested after 4 years of service and can be exercised based on the specified non-marketing price of issuance; and (b) the restricted stocks are vested after 1 to 4 years of service at the rate to 25%, 25%, 25% and 25%, respectively and can be exercised based on specified non-marketing price of issuance.

B. Details of the share-based payment arrangements are as follows:

1. Restricted stock award - CarUX Company

As of June 30, 2024, the details of the restricted stock award of CarUX Company are as follows:

The board of directors of CarUX Company during its meeting on March 6, 2023 resolved the issuance of restricted stock award, whereby the beneficiaries include the employees of CarUX Company and its subsidiary and related individuals who provide similar services. The grant date of the restricted stocks of CarUX Company was January 26, 2024 and March 24, 2023, the issue price was USD 0.5 dollars per share, and the fair value of the restricted stock was USD 4.16 and USD 1.21 dollars per share on the grant date, respectively. For the three months ended March 31, 2024, a total of 151 thousand restricted stock award shares had expired, and subsequently, CarUX Company granted the same number of restricted stock award shares to related individuals. As of June 30, 2024, CarUX Company has issued 6,844 thousand restricted shares, at a par value of USD 0.001 dollars, for a total amount of USD 7,000.

The limited right of the beneficiaries to allocate or acquisition before vesting conditions are as follows:

(1) The restrictions before vesting conditions are met:

- (a) Before vesting, the restricted stocks granted to the employees shall be in custody by the trust institution which was designated by CarUX Company, and the employees need to sign the related documents and follow the procedures.
- (b) Except for the restrictions under the custody agreement as described in the preceding paragraph, the employees are not allowed to sell, mortgage, transfer, donate, pledge, or otherwise dispose the restricted stocks before vesting conditions.
- (c) The employee shall immediately deliver the restricted stocks to the trust institution after the restricted stocks are issued, and the employee may not request the trustee to return the restricted stocks before the vesting conditions are met.

(2) The vested conditions for the aforementioned plan are as follows:

After the restricted stocks are granted to the employees, they need to be employed by CarUX Company and its subsidiaries at the expiration of the vesting period. Once they meet the non-market vesting conditions set by CarUX Company and its subsidiaries, and have not violated the labor contract, work conditions or contractual agreements with CarUX Company and its subsidiaries, the number of shares will be allocated annually or in a certain proportion.

CarUX Company and its subsidiaries use the income method to estimate the fair value of the restricted stocks granted. The reference factors are summarized as follows:

Type of arrangement	Grant date	Discount rate	Discount for turnover	Discount for control right
Restricted stock award	2024.01.26	13.9%	7.2%	20%
Restricted stock award	2023.03.24	13.7%	12%	20%

CarUX Company and its subsidiaries consider both service conditions and non-market vesting conditions when the restricted stocks are issued. CarUX company and its subsidiaries also take into account the probability as to whether the non-market vesting conditions will be achieved. On the grant date and as of June 30, 2024, no related expense and other equity - unearned remuneration was recognized.

2. Employee stock options - InnoCare Company

	2024		2023	
	Quantity (in thousand units)	Weighted-average exercise price (in dollars)	Quantity (in thousand units)	Weighted-average exercise price (in dollars)
Options outstanding at the beginning of the period	1,763	\$ 14.50	2,614	\$ 14.50
Options exercised	(34)	14.48	(2)	14.50
Options outstanding at the end of the period	<u>1,729</u>	14.28	<u>2,612</u>	14.50
Options exercisable at the end of the period	<u>363</u>	14.28	<u>222</u>	14.50

C. The expiry date and exercise price of stock options outstanding at balance sheet date are as follows:

		June 30, 2024	
Issue date approved	Expiry date	Quantity (in thousand units)	Exercise price (in dollars)
2020.07.7	2026.7.06	1,729	\$ 14.28
		December 31, 2023	
Issue date approved	Expiry date	Quantity (in thousand units)	Exercise price (in dollars)
2020.7.7	2026.7.6	1,763	\$ 14.50
		June 30, 2023	
Issue date approved	Expiry date	Quantity (in thousand units)	Exercise price (in dollars)
2020.7.7	2026.7.6	2,612	\$ 14.50

D. The fair value of stock options granted is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Price (in dollars)	Exercise price (in dollars)	Expected volatility (%)	Expected duration (in years)	Risk-free interest rate (%)
Employee stock options	23.61	22.5	35.59~ 37.23	4~5	0.34~ 0.37
Capital increase for employee stock options	99.69	70	33.09	5 days	0.98

E. For the three-month and six-month periods ended June 30, 2024 and 2023, the Group recognized expenses on share-based payment transaction (equity settlement) were \$697, \$1,335, \$1,393 and \$18,709, respectively.

(17) Provisions-current

	Warranty	Litigation and others	Total
At January 1, 2024	\$ 1,694,169	\$ 1,678,598	\$ 3,372,767
Additions during the period	312,479	103,012	415,491
Used (unused amounts reversed) during the period	(329,055)	—	(329,055)
Effect of change in exchange rate	416	—	416
At June 30, 2024	<u>\$ 1,678,009</u>	<u>\$ 1,781,610</u>	<u>\$ 3,459,619</u>

A. Warranty

The Group provides warranty on TFT-LCD panel products sold. Provision for warranty is estimated based on historical warranty data of TFT-LCD panel products.

B. Litigation and others

Litigation and other provisions for the Group are related to patents of TFT-LCD panel products. For information on estimation of provisions, please refer to Note 9(1).

(18) Share capital

A. As of June 30, 2024, the Company's authorized and outstanding capital were \$120,000,000 and \$90,786,334, with a par value of \$10 (in dollars) per share, respectively. All proceeds from shares issued have been collected. The number of common shares outstanding at the beginning and end of the second quarter of 2024 was both 9,074,006 thousand shares; the number of common shares outstanding at the beginning and end of the second quarter of 2023 was both 9,511,206 thousand shares

B. Capital reduction

To adjust the capital structure, the stockholders of the Company during their meeting on May 31, 2024 resolved to implement a capital reduction and return capital in cash to stockholders. The registration of the capital reduction was approved by the Taiwan Stock Exchange in accordance with the Letter No.Tai-Zheng-Shang-Yi-Zi-1131803110, dated July 8, 2024. The capital reduction amounted to \$10,894,360 for a total of 1,089,436 thousand shares, and the ratio of capital reduction was 12%. The effective date of the capital reduction was July 10, 2024. The change of registration was completed on July 18, 2024. The effective date of the replacement of shares due to the capital reduction was August 23, 2024.

To adjust the capital structure, the stockholders of the Company during their meeting on May 31, 2023 resolved to implement a capital reduction and return capital in cash to stockholders. The registration of the capital reduction was approved by the Taiwan Stock Exchange in

accordance with the Letter No.Tai-Zheng-Shang-Yi-Zi-1121803192, dated July 10, 2023. The capital reduction amounted to \$4,778,228 for a total of 477,823 thousand shares, and the ratio of capital reduction was 5%. The effective date of the capital reduction was July 12, 2023. The change of registration was completed on July 20, 2023. The effective date of the replacement of shares due to the capital reduction was August 25, 2023.

C. Treasury shares

- (a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

		June 30, 2024	
Name of company holding the shares	Reason for reacquisition	Quantity (in thousand units)	Book Value
The Company	To be reissued to employees	4,627	\$ 62,467

		December 31, 2023	
Name of company holding the shares	Reason for reacquisition	Quantity (in thousand units)	Book Value
The Company	To be reissued to employees	4,627	\$ 62,467

		June 30, 2023	
Name of company holding the shares	Reason for reacquisition	Quantity (in thousand units)	Book Value
The Company	To be reissued to employees	45,250	\$ 602,916

The Company acquired a total of 50,000 thousand treasury shares at \$650,416 to be reissued to the employees in the second quarter of 2022. After the cash capital reduction declaration became effective and the change registration was completed in the third quarter of 2023 and 2022, the Company eliminated 2,263 thousand shares and 4,750 thousand shares and reduced cost of treasury shares by \$22,625 and \$47,500, respectively. For the year ended December 31, 2023, treasury stocks transferred to employees of the Company and subsidiaries were 40,418 thousand shares, 38,360 thousand shares were executed, and cost of employees' compensation and transferred amount were \$213,811 and \$248,975, respectively. The aforementioned amount is lower than the carrying amount of treasury stock. Thus, the differences were offset as share capital generated from treasury stock transactions.

- (b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus.
- (c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and shareholder's rights should not be enjoyed before it is reissued.
- (d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be cancelled.

(19) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Accumulated deficit shall first be covered by retained earnings before the capital reserve can be used to cover the accumulated deficit.

2024						
	Share premium	Treasury share transactions	Changes in ownership interests in subsidiaries	Share of profit (loss) of associates accounted for under equity method	Difference between proceeds on acquisition or disposal of equity interest in a subsidiary and its carrying amount	Total
At January 1	\$ 100,054,920	\$ 3,117,490	\$ 172,563	\$ 48,080	\$ 75,605	\$103,468,658
Recognition of changes in ownership interests in subsidiaries	—	—	2,114,225	—	—	2,114,225
Recognition of change in equity of associates in proportion to the Group's ownership	—	—	—	57,232	—	57,232
Difference between consideration and carrying amount of subsidiaries disposed	—	—	—	—	230,490	230,490
Others	19,826	—	—	—	—	19,826
At June 30	<u>\$ 100,074,746</u>	<u>\$ 3,117,490</u>	<u>\$ 2,286,788</u>	<u>\$ 105,312</u>	<u>\$ 306,095</u>	<u>\$105,890,431</u>
2023						
	Share premium	Treasury share transactions	Changes in ownership interests in subsidiaries	Share of profit (loss) of associates accounted for under equity method	Difference between proceeds on acquisition or disposal of equity interest in a subsidiary and its carrying amount	Total
At January 1	\$100,006,693	\$ 3,183,414	\$ 16,653	\$ 41,524	\$ 64,130	\$103,312,414
Recognition of changes in ownership interests in subsidiaries	—	—	163,842	—	—	163,842
Recognition of change in equity of associates in proportion to the Group's ownership	—	—	—	2,279	—	2,279
Difference between consideration and carrying amount of subsidiaries disposed	—	—	—	—	11,475	11,475
Others	11,706	—	—	—	—	11,706
At June 30	<u>\$100,018,399</u>	<u>\$ 3,183,414</u>	<u>\$ 180,495</u>	<u>\$ 43,803</u>	<u>\$ 75,605</u>	<u>\$103,501,716</u>

(20) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be offset against prior years' operating losses, then set aside 10% of the remaining amount as legal reserve (until the legal reserve equals the paid-in capital). Preferred dividend shall be distributed after setting aside or reversing a special reserve according to related regulations. The appropriation of the remaining amount along with the unappropriated earnings from previous years shall be proposed by the Board of Directors and resolved by the shareholders. The net decrease in other equity accumulated in prior periods should be appropriated from prior period's undistributed earnings to a special reserve of the same amount, and if there is a deficiency, the same amount should be appropriated from the post-tax profit for the period plus the amount of items other than post-tax profit for the period, and the amount was included in the unappropriated earnings for the period.

Depending on the Company's future long-term financial planning, investment environment, industry competition, capital expenditure budget, capital requirements and protection of shareholders' rights, dividends should account for at least 20% of the distributable earnings for the year. However, as the distributable earnings is lower than 2% of the paid-in capital, the Company may choose not to distribute dividends and transferred dividends to the retained earnings. Earnings shall be preferably distributed using cash dividends and may also be distributed using stock dividends. The ratio for cash dividends shall not be less than 50% of the total amount of dividends distributed. The aforementioned dividend distribution rate may be adjusted based on financial, business and operational factors.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

C. The 2023 and 2022 deficit compensation was approved at the stockholders' meeting in May 2024 and May 2023, respectively. The Company recognized appropriation for special reserve of \$1,633,547 and \$2,361,016 in 2024 and 2023, respectively.

(21) Other equity items

	2024		
	Currency translation	Financial assets at fair value through other comprehensive income	Total
At January 1	\$ (9,809,347)	\$ 2,610,648	\$ (7,198,699)
Currency translation differences	4,225,713	—	4,225,713
Revaluation - gross	—	1,226,334	1,226,334
Share of other comprehensive income of associates	6,849	—	6,849
Effect of income tax	—	(190,366)	(190,366)
At June 30	<u>\$ (5,576,785)</u>	<u>\$ 3,646,616</u>	<u>\$ (1,930,169)</u>

	2023		
	Currency translation	Financial assets at fair value through other comprehensive income	Total
At January 1	\$ (8,173,822)	\$ 2,608,670	\$ (5,565,152)
Currency translation differences	(1,922,983)	—	(1,922,983)
Revaluation - gross	—	(224,466)	(224,466)
Share of other comprehensive income of associates	18,061	—	18,061
Effect of income tax	—	28,991	28,991
At June 30	<u>\$ (10,078,744)</u>	<u>\$ 2,413,195</u>	<u>\$ (7,665,549)</u>

(22) Operating income

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2024	2023	2024	2023
TFT-LCD products	<u>\$ 56,860,685</u>	<u>\$ 55,087,258</u>	<u>\$ 107,352,893</u>	<u>\$ 100,682,666</u>

The Group derives revenue from the transfer of goods at a point in time.

(23) Interest income

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2024	2023	2024	2023
Interest income from bank deposits	\$ 517,543	\$ 570,687	\$ 808,339	\$ 937,668
Interest income from financial assets at amortized cost	213,384	211,074	394,755	353,091
	<u>\$ 730,927</u>	<u>\$ 781,761</u>	<u>\$ 1,203,094</u>	<u>\$ 1,290,759</u>

(24) Other income

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2024	2023	2024	2023
Service revenue	100,863	102,763	181,682	422,918
Compensation income	117,677	83,591	140,318	90,386
Rental revenue	43,950	29,962	97,285	68,906
Dividend income	83,561	163,159	83,561	163,274
Grant revenue	56,984	48,287	83,213	108,604
Other income	211,130	215,305	390,787	681,608
	<u>\$ 614,165</u>	<u>\$ 643,067</u>	<u>\$ 976,846</u>	<u>\$ 1,535,696</u>

(25) Other gains and losses

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2024	2023	2024	2023
Net loss on financial assets and liabilities at fair value through profit or loss	\$ (551,778)	\$ (2,272,784)	\$ (2,563,167)	\$ (1,374,097)
Net currency exchange gain	626,101	1,653,935	1,587,622	1,342,349
Loss on disposal of property, plant and equipment	(96,815)	(11,996)	(119,321)	(22,934)
Other gain (losses)	57,295	(72,650)	48,548	(89,569)
	<u>\$ 34,803</u>	<u>\$ (703,495)</u>	<u>\$ (1,046,318)</u>	<u>\$ (144,251)</u>

(26) Finance costs

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2024	2023	2024	2023
Interest expense:				
Bank borrowings	\$ 265,139	\$ 477,560	\$ 546,741	\$ 743,762
Others	16,806	18,844	33,553	38,175
	<u>\$ 281,945</u>	<u>\$ 496,404</u>	<u>\$ 580,294</u>	<u>\$ 781,937</u>

(27) Expenses by nature

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2024	2023	2024	2023
Employee benefit expense:				
Salaries and other short-term employee benefits	\$ 8,523,805	\$ 9,002,361	\$ 17,296,983	\$ 16,826,243
Post-employment benefits	464,448	466,353	928,960	942,904
Share-based payments	697	1,335	1,393	18,709
Depreciation	7,812,788	7,661,353	15,595,231	15,366,896
Amortization	35,965	32,700	71,647	64,444
	<u>\$ 16,837,703</u>	<u>\$ 17,164,102</u>	<u>\$ 33,894,214</u>	<u>\$ 33,219,196</u>

(28) Employees' compensation and directors' remuneration

- A. According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 5% for employees' compensation and shall not be higher than 0.1% for directors' remuneration.
- B. For the six-month periods ended June 30, 2024 and 2023, the Company incurred a net loss, and thus did not accrue employees' compensation and directors' remuneration.
- For the year ended December 31, 2023, the Company incurred net loss. Thus, there was no distribution of employees' compensation and directors' remuneration as resolved by the Board of Directors on February 22, 2024.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(29) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2024	2023	2024	2023
Current tax:				
Current tax on profit for the period	\$ 430,983	\$ 625,780	\$ 792,969	\$ 955,077
Tax on undistributed surplus earnings	2,417	6,438	2,417	6,438
Prior year income tax overestimation	(136,344)	(88,555)	(131,030)	(89,265)
Total current tax	297,056	543,663	664,356	872,250
Deferred tax:				
Origination and reversal of temporary differences	\$ 1,310	\$ 42,781	\$ 15,392	\$ 532,694
Income tax expense	\$ 298,366	\$ 586,444	\$ 679,748	\$ 1,404,944

(b) The income tax charge / (credit) relating to components of other comprehensive income is as follows:

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2024	2023	2024	2023
Changes in fair value of financial assets at fair value through other comprehensive income	\$ 634	\$ (115,750)	\$ 190,366	\$ (28,991)

B. The Company's income tax returns through 2022 have been assessed and approved by the Tax Authority.

C. The Company and subsidiaries' exposure to Pillar Two income taxes arising from the Pillar Two legislation is as follows:

The Company and subsidiaries are within the scope of Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD). Pillar Two legislation was enacted in some countries where certain subsidiaries were incorporated, such as Netherlands, Germany and Japan, etc., and became effective from 2024. In addition, there are some subsidiaries incorporated in Singapore where the Pillar Two legislation was substantially enacted by the Singapore government and will come into effect from 2025.

Under the Pillar Two legislation, the Company and subsidiaries are liable to pay a top-up tax for the difference between its GloBE effective tax rate per jurisdiction and the 15%

minimum rate. The Company and subsidiaries are in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect. Due to the complexities in the Pillar Two legislation, for subsidiaries within the jurisdictions of Germany, Netherlands and Japan, the average effective tax rate based on accounting profit is over 15% for the six-month period ended June 30, 2024. After assessing the impact of specific adjustments envisaged in the Pillar Two legislation which give rise to different effective tax rates compared to those calculated in accordance with IAS 12, the Company and subsidiaries have no significant related current tax exposure for the six-month period ended June 30, 2024.

The Company and subsidiaries have applied the amendment to IAS 12, 'Income taxes' issued on May 23, 2023. Accordingly, the Company and subsidiaries have applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

(30) Earnings (loss) per share

For the three-month period ended June 30, 2024			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic and diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,130,654	9,074,006	\$ 0.12
For the three-month period ended June 30, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic and diluted loss per share</u>			
Loss attributable to ordinary shareholders of the parent	\$ (5,738,500)	9,511,206	\$ (0.60)
For the six-month period ended June 30, 2024			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic and diluted loss per share</u>			
Loss attributable to ordinary shareholders of the parent	\$ (2,973,239)	9,074,006	\$ (0.33)

For the six-month period ended June 30, 2023

	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic and diluted loss per share</u>			
Loss attributable to ordinary shareholders of the parent	\$ (13,507,249)	9,511,206	\$ (1.42)

(31) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the six-month periods ended June 30,	
	2024	2023
Purchase of property, plant and equipment	\$ 7,431,889	\$ 11,381,997
Add: Opening balance of payable on equipment	5,167,549	4,759,328
Less: Ending balance of payable on equipment	(4,275,768)	(4,800,437)
Cash paid during the period	<u>\$ 8,323,670</u>	<u>\$ 11,340,888</u>

7. RELATED PARTY TRANSACTIONS

(1) Names and relationship of related parties

Names of related parties	Relationship with the Group
Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Other related party
Perfect Intelligent Technology Limited	Other related party
Perfect Display Limited	Other related party
KA Imaging Inc.	Other related party
VISIONATICS INC. (Note 1)	Other related party
PanelSemi Corporation and its subsidiaries	Associate
FI Medical Device Manufacturing Co., Ltd.	Associate
InnVasLinx Inc.	Associate

(Note 1) In June 2024, the Company is listed as a non-related party.

(2) Significant related party transactions

A. Operating revenue

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2024	2023	2024	2023
Sales of goods:				
Other related parties	\$ 643,237	\$ 413,376	\$ 896,679	\$ 801,423
Associates	55,240	104,228	133,142	182,072
	<u>\$ 698,477</u>	<u>\$ 517,604</u>	<u>\$ 1,029,821</u>	<u>\$ 983,495</u>

The collection period was mainly 30~90 days upon shipment or on a monthly-closing basis to related parties. The sales prices and the trading terms to related parties above were not significantly different from those of sales to third parties.

B. Purchases of goods

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2024	2023	2024	2023
Purchases of goods:				
Other related parties	\$ 903,065	\$ 1,150,629	\$ 1,632,013	\$ 2,099,767
Associates	(2,052)	5,016	40,250	27,697
	<u>\$ 901,013</u>	<u>\$ 1,155,645</u>	<u>\$ 1,672,263</u>	<u>\$ 2,127,464</u>

The payment term was 30~120 days to related parties after transaction date, and 30~180 days to non-related parties after delivery or on a monthly-closing basis. The purchase prices and the payment terms from related parties above were not materially different from those of purchases from third parties.

C. Receivables from related parties

	June 30, 2024	December 31, 2023	June 30, 2023
Accounts receivable:			
Other related parties	\$ 843,177	\$ 351,153	\$ 679,990
Associates	29,362	79,708	83,361
	<u>\$ 872,539</u>	<u>\$ 430,861</u>	<u>\$ 763,351</u>

The receivables from related parties arise mainly from sales transactions. The receivables are due 30~90 days after the date of sale. The receivables are unsecured in nature and bear no interest.

D. Payables to related parties

	June 30, 2024	December 31, 2023	June 30, 2023
Accounts payable:			
Other related parties	\$ 1,224,643	\$ 1,139,994	\$ 1,615,969
Associates	56,342	65,009	51,486
	<u>\$ 1,280,985</u>	<u>\$ 1,205,003</u>	<u>\$ 1,667,455</u>

The payables to related parties arise mainly from purchase transactions and are due 30~120 days after the date of purchase. The payables bear no interest.

E. Property transactions

Purchase of property

(a) Acquisition of property, plant and equipment:

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2024	2023	2024	2023
Other related parties	\$ 319	\$ 1,650	\$ 2,357	\$ 3,188
Associates	430	10,449	5,579	12,512
	<u>\$ 749</u>	<u>\$ 12,099</u>	<u>\$ 7,936</u>	<u>\$ 15,700</u>

(b) Period-end balances arising from purchases of property (shown as ‘Other payables’):

	June 30, 2024	December 31, 2023	June 30, 2023
Associates	\$ —	\$ 1,059	\$ 8,543
Other related parties	—	—	362
	<u>\$ —</u>	<u>\$ 1,059</u>	<u>\$ 8,905</u>

(3) Key management compensation

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2024	2023	2024	2023
Salaries and other short-term employee benefits	\$ 35,693	\$ 24,226	\$ 65,441	\$ 51,179
Post-employment benefits	368	355	760	733
Share-based payments	58	115	118	238
	<u>\$ 36,119</u>	<u>\$ 24,696</u>	<u>\$ 66,319</u>	<u>\$ 52,150</u>

8. PLEDGED ASSETS

The Group’s assets pledged as collateral are as follows:

	Book value			
Pledged asset	June 30, 2024	December 31, 2023	June 30, 2023	Purpose
Property, plant and equipment	\$ 61,828,500	\$ 52,079,922	\$ 47,946,361	Long-term borrowings
Other non-current assets - others				
-Time deposits	2,470	18,090	16,120	Tariff guarantee and performance bond
	<u>\$ 61,830,970</u>	<u>\$ 52,098,012</u>	<u>\$ 47,962,481</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies - Significant Litigations

- A. Bishop Display Tech LLC (Bishop) filed a lawsuit against the Company with the United States District Court for the Eastern District of Texas on October 3, 2022, alleging infringement of its US patent. The Company received the service of a complaint on October 28, 2022 and subsequently filed an answer to the complaint on January 26, 2023. The two parties have reached a settlement in September 2023. As the patent litigation against the Company had been revoked on October 18, 2023, it has no impact on the Company’s operations and financial position.
- B. Polaris PowerLED Technologies, LLC (Polaris) filed a lawsuit against the Company and the Company’s American subsidiary with the United States District Court for the Central District of California on May 8, 2023, alleging infringement of its US patent. The Company received the service of a complaint on May 22, 2023 and subsequently filed an answer to the complaint on

July 24, 2023. Currently, the lawsuit has no impact on the Company's operations and financial position.

- C. Phenix Longhorn, LLC (Phenix) filed a lawsuit against the Company with the United States District Court for the Eastern District of Texas on October 10, 2023, alleging that our company infringed on its U.S. patent. On June 7, 2024, the Company decided not to contest the service of process, and the lawsuit has entered the substantive litigation process. Currently, the lawsuit has no impact on the Company's operations and financial position.
- D. The Company had assessed and recognized related losses and liabilities as shown in 'provisions-current' for the aforementioned investigation relating to anti-trust laws and patent litigation.

(2) Commitments

- A. Capital expenditures contracted for at the balance sheet date but not yet incurred are as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Property, plant and equipment	\$ 15,756,615	\$ 16,858,243	\$ 21,327,307

- B. Outstanding letters of credit

The outstanding letters of credit for the purchase of property, plant and equipment are as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Outstanding letters of credit	\$ 98,645	\$ 38,636	\$ 202,906

- C. On August 3, 2021, the Board of Directors of the Company resolved to enter into a long-term strategic partnership supply contract with SDP Global (China) Co., LTD. The total price of the contract amounted to RMB 4 billion and will be prepaid based on agreed payment terms. As of June 30, 2024, the remaining amount the Group hasn't paid was RMB 1.1 billion. SDP Global (China) Co., LTD. committed to supply certain products in specified quantities each year from January 1, 2022 to December 31, 2033 to the Company and its subsidiary, Foshan Innolux Optoelectronics Ltd. The abovementioned prepayments to suppliers of the Group are shown as 'prepayments' and 'other non-current assets' based on liquidity amounting to \$2,042,994 and \$10,471,291 respectively, as of June 30, 2024, \$0 and \$11,917,004, respectively, as of December 31, 2023 and \$0 and \$12,004,438, respectively, as of June 30, 2023.
- D. Based on long-term business development considerations in India and emerging markets, the Company signed a TFT-LCD technology transfer contract with Vedanta Displays Limited, a subsidiary of the Vedanta Group, in the first quarter of 2023 to assist it in establishing a TFT-LCD display panel front and rear production base in India. The Company will provide relevant assistance in accordance with the contract.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

No significant changes during the period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2023.

(2) Financial instruments

A. Financial instruments by category

For information on the Group's financial assets (financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets at amortized cost, cash and cash equivalents, accounts receivable (including related parties), other receivables and partial other assets-others (including current and non-current portion)) and financial liabilities (short-term borrowings, financial liabilities at fair value through profit or loss, accounts payable (including related parties), other payables, lease liability and long-term borrowings (including current portion)), please refer to Note 6 and consolidated balance sheets.

B. Financial risk management policies

No significant changes during the period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2023.

C. Significant financial risks and degrees of financial risks

Except for the following, there was no significant change during the period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2023.

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Group used in various functional currency, primarily with respect to the USD, JPY and RMB. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.
- ii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB and USD). Based on the simulations performed, the impact on pre-tax profit of a 1% exchange rate fluctuation would be an increase of \$216,116 and \$281,392 for the six-month periods ended June 30, 2024 and 2023, respectively. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

June 30, 2024				December 31, 2023			
	Foreign Currency Amount (In Thousands)	Exchange Rate (Note)	Book Value (NTD)	Foreign Currency Amount (In Thousands)	Exchange Rate (Note)	Book Value (NTD)	
<u>Financial assets</u>							
<u>Monetary items</u>							
USD	\$ 3,428,192	32.45	\$ 111,244,830	\$ 3,301,397	30.71	\$ 101,385,902	
RMB	439,120	4.55	1,997,996	356,070	4.34	1,545,344	
JPY	5,705,176	0.20	1,141,035	9,272,243	0.22	2,039,893	
EUR	32,081	34.71	1,113,532	27,029	33.98	918,445	
HKD	42,815	4.16	178,110	91,618	3.93	360,059	
SGD	5,365	23.92	128,331	8,038	23.29	187,205	
<u>Non-monetary items</u>							
USD	\$ 3,130,523	32.45	\$ 101,585,471	\$ 3,027,259	30.71	\$ 92,967,124	
JPY	10,413,646	0.20	2,082,729	9,692,603	0.22	2,132,373	
RMB	227,976	4.55	1,037,291	239,440	4.34	1,039,170	
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD	\$ 2,675,944	32.45	\$ 86,834,383	\$ 2,576,704	30.71	\$ 79,130,580	
JPY	33,252,243	0.20	6,650,449	33,051,980	0.22	7,271,436	
EUR	20,380	34.71	707,390	17,205	33.98	584,626	

June 30, 2023			
	Foreign Currency Amount (In Thousands)	Exchange Rate (Note)	Book Value (NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 3,960,121	31.14	\$ 123,318,168
RMB	391,924	4.31	1,689,192
EUR	19,058	33.81	644,351
HKD	98,402	3.97	390,656
JPY	1,334,843	0.22	293,665
<u>Non-monetary items</u>			
USD	\$ 2,836,499	31.14	\$ 88,328,579
JPY	10,083,044	0.22	2,218,270
RMB	258,768	4.31	1,115,290
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	\$ 2,908,284	31.14	\$ 90,563,964
JPY	31,772,390	0.22	6,989,926
EUR	15,538	33.81	525,340
SGD	5,124	22.96	117,647

Note: Exchange rate represents the amount of NT dollars for which one foreign currency could be exchanged.

- iii. Total exchange gain, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and six-month periods ended June 30, 2024 and 2023 amounted to \$626,101, \$1,653,935, \$1,587,622 and \$1,342,349, respectively.

Price risk

- i. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet as financial assets at fair value

through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done by the Group in respect of the targets and stages.

- ii. The Group's investments in equity securities comprise domestic listed and unlisted stocks, beneficiary certificates and financial products. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 20% with all other variables held constant, pre-tax profit for the six-month periods ended June 30, 2024 and 2023 would have increased/decreased by \$922,865 and \$2,469,952, respectively; other comprehensive gains and losses would have increased/decreased by \$1,654,029 and \$1,028,653, respectively.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from long-term and short-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During the six-month periods ended June 30, 2024 and 2023, the Group's borrowings at variable rate were denominated in the NTD and RMB.
- ii. If the borrowing interest rate had increased/decreased by 0.25% with all other variables held constant, pre-tax profit for the six-month periods ended June 30, 2024 and 2023 would have decreased/increased by \$45,544 and \$86,730, respectively. The main factor is that changes in interest expense result from floating-rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows. As at June 30, 2024, December 31, 2023 and June 30, 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost and accounts receivable held by the Group was its carrying amount.
- ii. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the managements. The utilization of credit limits is regularly monitored.
- iii. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments are past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

- iv. The Group adopts the assumption under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- v. The Group classifies customer's accounts receivable in accordance with credit rating of customer, credit risk on trade and customer types. The Group applies the simplified approach using provision matrix to estimate expected credit loss.
- vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;
 - (ii) Default or delinquency in interest or principal repayments;
 - (iii) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vii. The Group uses the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable.
According to abovementioned consideration and information, the Group does not expect any significant default possibility of accounts receivable.
- viii. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2024
	Accounts receivable
At January 1	\$ 284,588
Effect on exchange rate changes	1,177
At June 30	\$ 285,765
	2023
	Accounts receivable
At January 1	\$ 279,260
Effect on exchange rate changes	232
At June 30	\$ 279,492

- ix. The Group's financial assets at amortized cost have low credit risk, and the Group did not recognize significant loss allowance in accordance with 12 months expected credit losses.

(c) Liquidity risk

The information below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

June 30, 2024	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years	Total
Lease liability (Note)	\$ 582,997	\$ 1,041,966	\$ 894,072	\$ 1,292,493	\$ 3,811,528
Long-term borrowings (including current portion)	7,718,458	26,742,394	1,699,428	174,528	36,334,808
December 31, 2023	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years	Total
Lease liability (Note)	\$ 656,258	\$ 1,023,995	\$ 904,084	\$ 1,431,487	\$ 4,015,824
Long-term borrowings (including current portion)	7,598,243	30,581,208	38,153	1,449,156	39,666,760
June 30, 2023	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years	Total
Lease liability (Note)	\$ 752,932	\$ 1,137,454	\$ 1,008,053	\$ 1,705,714	\$ 4,604,153
Long-term borrowings (including current portion)	34,436,397	34,238,073	135,295	574,062	69,383,827

Note: The Company applied a 1-year grace period for land rental payment starting from September 2020. The payment is repayable in 36 equal monthly installments for 3 years.

Except for the above, the non-derivative and derivative financial liabilities of the Group are all due within one year.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks and beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in derivative instruments and financial products is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market and bonds payable is included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(10).

C. Financial instruments not measured at fair value

Except for those listed in the table below, the carrying amounts of cash and cash equivalents, accounts receivable (including related parties), other receivables, financial assets at amortized cost, partial other assets-others (including current and non-current portion), accounts payable

(including related parties), other payables, lease liability, short-term borrowings and long-term borrowings (including current portion) are approximate to their fair values.

December 31, 2023				
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial assets:				
Corporate bonds	\$ 876,036	\$ —	\$ 870,967	\$ —
June 30, 2023				
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial assets:				
Corporate bonds	\$3,217,743	\$ —	\$3,175,700	\$ —

D. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

June 30, 2024	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 3,173,503	\$ —	\$ 1,271,456	\$ 4,444,959
Forward foreign exchange contracts	—	2,601	—	2,601
Convertible bonds	—	—	233,860	233,860
Financial instruments	—	169,366	—	169,366
Financial assets at fair value through other comprehensive income				
Equity securities	8,213,189	—	56,956	8,270,145
	<u>\$ 11,386,692</u>	<u>\$ 171,967</u>	<u>\$ 1,562,272</u>	<u>\$ 13,120,931</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	\$ —	\$ 265,733	\$ —	\$ 265,733
Foreign exchange swap contracts	—	12,570	—	12,570
	<u>\$ —</u>	<u>\$ 278,303</u>	<u>\$ —</u>	<u>\$ 278,303</u>

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 3,788,437	\$ —	\$ 1,131,716	\$ 4,920,153
Forward foreign exchange contracts	—	396,892	—	396,892
Convertible bonds	—	—	202,738	202,738
Foreign exchange swap contracts	—	63,875	—	63,875
Financial instruments	—	177,261	—	177,261
Financial assets at fair value through other comprehensive income				
Equity securities	6,532,864	—	132,150	6,665,014
	<u>\$ 10,321,301</u>	<u>\$ 638,028</u>	<u>\$ 1,466,604</u>	<u>\$ 12,425,933</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	\$ —	\$ 44,596	\$ —	\$ 44,596
June 30, 2023	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 3,699,956	\$ —	\$ 1,273,894	\$ 4,973,850
Forward foreign exchange contracts	—	45,449	—	45,449
Convertible bonds	—	—	196,705	196,705
Beneficiary certificates	7,226,573	—	—	7,226,573
Financial instruments	—	149,339	—	149,339
Financial assets at fair value through other comprehensive income				
Equity securities	5,090,878	—	52,388	5,143,266
	<u>\$ 16,017,407</u>	<u>\$ 194,788</u>	<u>\$ 1,522,987</u>	<u>\$ 17,735,182</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	\$ —	\$ 833,063	\$ —	\$ 833,063
Foreign exchange swap contracts	—	153,683	—	153,683
	<u>\$ —</u>	<u>\$ 986,746</u>	<u>\$ —</u>	<u>\$ 986,746</u>

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Emerging stocks	Corporate bond
Market quoted price	Closing price	Last transaction price	Weighted average quoted price
ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date. iii. When assessing non-standard and low-complexity financial instruments, for example, foreign exchange swap contracts and financial products, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market. iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward foreign exchange contracts and foreign exchange swap contracts are usually valued based on the current forward exchange rate. Convertible bonds derivative instruments are measured by using appropriate option pricing models (binary tree model or Black-Scholes model for convertible bond pricing). v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions. vi. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.			
E. For the six-month periods ended June 30, 2024 and 2023, there was no transfer between Level 1 and Level 2.			
F. The following table presents the changes in Level 3 instruments for the six-month periods ended June 30, 2024 and 2023:			

	2024		
Financial assets at fair value through profit or loss / Financial assets at fair value through other comprehensive income	Equity securities	Hybrid instrument	Total
At January 1	\$ 1,263,866	\$ 202,738	\$ 1,466,604
Gains and losses recognized in other comprehensive income	49,078	—	49,078
Acquired in the period	785	19,600	20,385
Effect on exchange rate changes	14,683	11,522	26,205
At June 30	<u>\$ 1,328,412</u>	<u>\$ 233,860</u>	<u>\$ 1,562,272</u>

	2023		
Financial assets at fair value through profit or loss / Financial assets at fair value through other comprehensive income	Equity securities	Hybrid instrument	Total
At January 1	\$ 1,292,193	\$ 193,988	\$ 1,486,181
Gains and losses recognized in other comprehensive income	(2,225)	—	(2,225)
Acquired in the period	32,540	—	32,540
Effect on exchange rate changes	3,774	2,717	6,491
At June 30	<u>\$ 1,326,282</u>	<u>\$ 196,705</u>	<u>\$ 1,522,987</u>

G. Investment management segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

Investment management segment set up valuation policies, valuation processes, and rules for measuring fair value of financial instruments and ensure compliance with the related requirements in IFRS.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at June 30, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 1,289,320	Market comparable companies	Price to sales ratio multiple, price to book ratio multiple, enterprise value to book ratio multiplier Discount for lack of marketability	0.76~4.81 (1.38) 20%~80% (31%)	The higher the multiple, the higher the fair value The higher the discount for lack of marketability, the lower the fair value
	5,092	Using the last transaction price in an inactive market	Discount for lack of marketability	30% (30%)	The higher the discount for lack of marketability, the lower the fair value
	34,000	Market comparable companies	Enterprise value to operating income ratio multiplier, enterprise value to operating profit ratio multiplier Discount for lack of marketability	56~68.2 (62.1) 23.8% (23.8%)	The higher the multiple, the higher the fair value The higher the discount for lack of marketability, the lower the fair value
Hybrid instrument:					
Convertible bond	233,860	Discounted cash flow method and Option pricing model	Discount and Volatility rate	1.17%~41.22% (7.56%)	The higher the volatility, the higher the fair value; the higher the discount rate, the lower the fair value

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 1,225,048	Market comparable companies	Price to sales ratio multiple, price to book ratio multiple Discount for lack of marketability	0.76~4.81 (1.30) 30%~80% (32%)	The higher the multiple, the higher the fair value The higher the discount for lack of marketability, the lower the fair value
	4,818	Using the last transaction price in an inactive market	Discount for lack of marketability	30% (30%)	The higher the discount for lack of marketability, the lower the fair value
	34,000	Market comparable companies	Enterprise value to operating income ratio multiplier, enterprise value to operating profit ratio multiplier Discount for lack of marketability	56~68.2 (62.1) 23.8% (23.8%)	The higher the multiple, the higher the fair value The higher the discount for lack of marketability, the lower the fair value
Hybrid instrument:					
Convertible bond	202,738	Discounted cash flow method and Option pricing model	Discount and Volatility rate	4.29%~23.1% (13.7%)	The higher the volatility, the higher the fair value; the higher the discount rate, the lower the fair value

	Fair value at June 30, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 1,211,706	Market comparable companies	Price to sales ratio multiple, price to book ratio multiple Discount for lack of marketability	0.86~5.69 (1.30) 30%~80% (32%)	The higher the multiple, the higher the fair value The higher the discount for lack of marketability, the lower the fair value
	15,622	Using the last transaction price in an inactive market	Discount for lack of marketability	30% (30%)	The higher the discount for lack of marketability, the lower the fair value
	45,649	Net asset value	Discount for lack of marketability	27% (27%)	The higher the discount for lack of marketability, the lower the fair value
	31,000	Discounted Cash Flow	Discount rate	15.87%	The higher the discount rate, the lower the fair value
Venture capital shares Private equity fund investment	22,305	Net asset value	Not applicable	Not applicable	Not applicable
Hybrid instrument:					
Convertible bond	196,705	Discounted cash flow method and Option pricing model	Discount and Volatility rate	4.39%~27.17% (15.78%)	The higher the volatility, the higher the fair value; the higher the discount rate, the lower the fair value

- I. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

		June 30, 2024				
Financial assets	Input	Change	Recognized in profit or loss		Recognized in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
Equity instrument	Liquidity discount	± 1%	\$ 18,383	\$ (18,383)	\$ 306	\$ (306)
Hybrid instrument	Discount and Volatility rate	± 1%	3,052	(2,981)	—	—

			December 31, 2023			
Financial assets	Input	Change	Recognized in profit or loss		Recognized in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
Equity instrument	Liquidity discount	± 1%	\$ 18,192	\$ (18,192)	\$ 1,402	\$ (1,402)
Hybrid instrument	Discount and Volatility rate	± 1%	2,888	(2,820)	—	—
			June 30, 2023			
Financial assets	Input	Change	Recognized in profit or loss		Recognized in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
Equity instrument	Liquidity discount	± 1%	\$ 19,279	\$ (19,279)	\$ 306	\$ (306)
Equity instrument	Discount rate	± 1%	—	—	3,181	(2,750)
Hybrid instrument	Discount and Volatility rate	± 1%	4,723	(4,569)	—	—

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to Table 1.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to Table 2.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to Table 3.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to Table 4.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(2).
- J. Significant inter-company transactions during the reporting period: Please refer to Table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to Table 6.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to Table 7.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to Table 1, 3, 4 and 5.

(4) Major shareholders information

Names, number of shares and ownership of shareholders whose equity interest is greater than 5%:
None.

14. SEGMENT INFORMATION

(1) General information

The Group is primarily engaged in the research, development, design, manufacture and sales of TFT-LCD panels, modules and monitors of LCD, color filter, and low temperature poly-silicon TFT-LCD. The Group operates TFT-LCD business only in a single industry. The chief operating decision-maker who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

The Group's operating segment information was prepared in accordance with the Group's accounting policies. The chief operating decision-maker allocated resources and assesses performance of the operating segments primarily based on the operating revenue and profit (loss) before tax and continued operations of individual operating segment.

(2) Segment information

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2024	2023	2024	2023
	TFT LCD	TFT LCD	TFT LCD	TFT LCD
Segment revenue	\$ 56,860,685	\$ 55,087,258	\$ 107,352,893	\$ 100,682,666
Segment gain (loss)	\$ 1,481,921	\$ (5,133,118)	\$ (2,232,027)	\$ (12,072,266)
Depreciation and amortization	\$ 7,848,753	\$ 7,694,053	\$ 15,666,878	\$ 15,431,340
Capital expenditure- property, plant and equipment	\$ 3,781,918	\$ 5,656,496	\$ 8,323,670	\$ 11,340,888
Segment assets			\$ 360,098,278	\$ 401,014,344

(3) Reconciliation for segment income

In current period, the revenue and income or loss before tax of reportable operating segment are consistent with those of continuing operations.

Table 1

Innolux Corporation and Subsidiaries
Loans to others
For the six-month period ended June 30, 2024

Expressed in thousands of NTD

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the six-month period ended June 30, 2024	Balance as at June 30, 2024	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
1	Innocom Technology (Shenzhen) Co., Ltd.	Foshan Innolux Optoelectronics Ltd.	Other receivables	Yes	\$ 6,829,103	\$ 6,829,103	\$ 6,779,024	2.00%	Short-term financing	\$ —	Operating support	\$ —	—	\$ —	25,784,224	25,784,224	A
1	Innocom Technology (Shenzhen) Co., Ltd.	Ningbo Innolux Optoelectronics Ltd.	Other receivables	Yes	2,276,368	2,276,368	1,420,454	2.00%	Short-term financing	—	Operating support	—	—	—	25,784,224	25,784,224	A
1	Innocom Technology (Shenzhen) Co., Ltd.	Ningbo Innolux Display Ltd.	Other receivables	Yes	3,186,915	3,186,915	2,449,370	2.00%	Short-term financing	—	Operating support	—	—	—	25,784,224	25,784,224	A
1	Innocom Technology (Shenzhen) Co., Ltd.	CarUX Technology (Shanghai) Ltd.	Other receivables	Yes	1,365,821	1,365,821	1,183,711	2.00%	Short-term financing	—	Operating support	—	—	—	25,784,224	25,784,224	A
1	Innocom Technology (Shenzhen) Co., Ltd.	Nanjing Innolux Optoelectronics Ltd.	Other receivables	Yes	3,186,915	3,186,915	—	2.00%	Short-term financing	—	Operating support	—	—	—	25,784,224	25,784,224	A
1	Innocom Technology (Shenzhen) Co., Ltd.	Ningbo CarUX Technology Ltd.	Other receivables	Yes	2,549,532	2,549,532	546,329	2.00%	Short-term financing	—	Operating support	—	—	—	25,784,224	25,784,224	A
2	Innolux Japan Co., Ltd.	Innolux Corporation	Other receivables	Yes	2,104,740	2,104,740	2,104,740	1.00%	Long-term and short-term financing	—	Operating support	—	—	—	7,716,504	7,716,504	A
3	Innolux Holding Limited	Innolux Corporation	Other receivables	Yes	1,707,557	1,707,557	1,707,557	0.00%	Long-term and short-term financing	—	Operating support	—	—	—	41,193,882	41,193,882	A
4	Warriors Technology Investments Ltd	Innolux Corporation	Other receivables	Yes	3,829,100	3,829,100	3,829,100	0.00%	Long-term and short-term financing	—	Operating support	—	—	—	11,984,700	11,984,700	A
5	Innolux Hong Kong Limited	Innolux Hong Kong Holding Limited	Other receivables	Yes	1,809,149	1,809,149	1,809,149	0.00%	Long-term and short-term financing	—	Operating support	—	—	—	3,617,084	3,617,084	A
6	Innolux Hong Kong Holding Limited	CARUX TECHNOLOGY PTE. LTD.	Other receivables	Yes	1,794,485	1,794,485	—	5.32%~5.38%	Long-term and short-term financing	—	Operating support	—	—	—	20,706,536	20,706,536	A
7	Innolux Hong Kong Holding Limited	Innolux Corporation	Other receivables	Yes	1,794,485	1,794,485	1,145,485	0.00%	Long-term and short-term financing	—	Operating support	—	—	—	20,706,536	20,706,536	A

Note A:

- 1.For loans obtained for short-term financing, financial limit on loans granted to a single party shall not exceed 10% of the Group's net equity, based on the most recent audited or reviewed financial statements of the creditor.
- 2.The financial limit on loans granted shall not exceed 40% of the creditor's net equity. If it is for short-term capital needs, the limit shall not exceed 30% of the creditor's net equity, based on the most recent audited or reviewed financial statements of the creditor.
- 3.The policy for loans granted to direct or indirect wholly-owned ultimate parent company or overseas subsidiaries is as follows: for long-term and short-term capital needs, financial limit is not restricted to the abovementioned two rules, however, financial limit on total loans granted and limit on loans granted to a single party for the overseas subsidiaries should not exceed 200% of the creditor's net equity.

Innolux Corporation and Subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
June 30, 2024

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of June 30, 2024				Footnote
				Shares/Units	Book value	Ownership (%)	Fair value	
	Common stock							
Innolux Corporation	AvanStrate Inc.	None	Financial assets at fair value through profit or loss	900,000	\$ 8,168	1	\$ 8,168	
Innolux Corporation	TPV Technology Limited	None	Financial assets at fair value through profit or loss	60,200,000	1,038,020	3	1,038,020	
Innolux Corporation	Chi Lin Optoelectronics Co., Ltd.	Other related party	Financial assets at fair value through profit or loss	4,270,212	—	19	—	
Innolux Corporation	Cheng Mei Materials Technology Corporation	None	Financial assets at fair value through profit or loss	48,617,638	678,216	8	678,216	
Innolux Corporation	General Interface Solution (GIS) Holding Limited	None	Financial assets at fair value through profit or loss	1,669,000	113,492	—	113,492	
Innolux Corporation	Obsidian Sensors, Inc.	None	Financial assets at fair value through profit or loss	834,999	5,492	19	5,492	
Innolux Corporation	VIZIO Holding Corp.	None	Financial assets at fair value through other comprehensive income	8,347,068	2,925,313	4	2,925,313	
Innolux Corporation	Cathay Financial Holding Co., Ltd. Preferred Stock A	None	Financial assets at fair value through other comprehensive income	2,287,000	139,736	—	139,736	
Innolux Corporation	TAISHIN FINANCIAL HOLDING CO., LTD. Preferred Stock E	None	Financial assets at fair value through other comprehensive income	718,000	37,695	—	37,695	
Innolux Corporation	Chailease Holding Company Limited Class A Preferred Shares	None	Financial assets at fair value through other comprehensive income	1,536,000	149,914	1	149,914	
Innolux Corporation	Fubon Financial Holding Co., Ltd. Preferred Shares B	None	Financial assets at fair value through other comprehensive income	3,732,000	222,427	1	222,427	
Innolux Corporation	ENNOSTAR Inc.	None	Financial assets at fair value through profit or loss	2,750,000	119,488	—	119,488	
Innolux Corporation	Cathay Financial Holding Co., Ltd. Preferred Stock B	None	Financial assets at fair value through other comprehensive income	1,523,000	90,009	—	90,009	
Innolux Corporation	CTBC Financial Holding Co., Ltd. Preferred Shares B	None	Financial assets at fair value through other comprehensive income	1,696,000	102,269	1	102,269	
Innolux Corporation	CTBC Financial Holding Co., Ltd. Preferred Shares C	None	Financial assets at fair value through other comprehensive income	417,000	24,478	—	24,478	
Innolux Corporation	Fubon Financial Holding Co., Ltd. Preferred Shares C	None	Financial assets at fair value through other comprehensive income	2,000	107	—	107	
Innolux Corporation	WPG Holdings Limited Preferred Share A	None	Financial assets at fair value through other comprehensive income	1,627,000	79,723	1	79,723	
Innolux Corporation	WT MICROELECTRONICS CO., LTD. Preferred Shares A	None	Financial assets at fair value through other comprehensive income	217,000	10,264	—	10,264	

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of June 30, 2024				Footnote
				Shares/Units	Book value	Ownership (%)	Fair value	
	Common stock							
Innolux Corporation	HOTAI FINANCE CO., LTD. PREFERRED SHARES A	None	Financial assets at fair value through other comprehensive income	136,000	\$ 13,478	—	\$ 13,478	
Innolux Corporation	HOTAI FINANCE CO., LTD. PREFERRED SHARES B	None	Financial assets at fair value through other comprehensive income	374,000	35,754	1	35,754	
Innolux Corporation	Taiwan Cement Corp. 2nd Preferred Shares	None	Financial assets at fair value through other comprehensive income	187,000	9,051	—	9,051	
Innolux Corporation	BANK OF KAOHSIUNG CO., LTD. Preferred Shares A	None	Financial assets at fair value through other comprehensive income	143,000	3,074	—	3,074	
Innolux Corporation	Yulon Finance Corporation, Preferred Shares A	None	Financial assets at fair value through other comprehensive income	235,000	12,032	—	12,032	
Innolux Corporation	TAISHIN FINANCIAL HOLDING CO., LTD. Class E Preferred Shares II	None	Financial assets at fair value through other comprehensive income	554,000	26,204	—	26,204	
InnoCare Optoelectronics Corporation	DEEP01 LIMITED	None	Financial assets at fair value through other comprehensive income	200,323	34,000	6	34,000	
Yuan Chi Investment Co., Ltd.	Trillion Science, Inc.	None	Financial assets at fair value through profit or loss	1,439,180	—	3	—	
Yuan Chi Investment Co., Ltd.	Cheng Mei Materials Technology Corporation	None	Financial assets at fair value through profit or loss	267,684	3,734	—	3,734	
Yuan Chi Investment Co., Ltd.	VISIONATICS INC.	None	Financial assets at fair value through other comprehensive income	300,000	—	10	—	
Yuan Chi Investment Co., Ltd.	Clarix Imaging Corporation	None	Financial assets at fair value through profit or loss	113,033	782	1	782	
Yuan Chi Investment Co., Ltd.	WPG Holdings Limited Preferred Share A	None	Financial assets at fair value through other comprehensive income	2,465,000	120,785	1	120,785	
Yuan Chi Investment Co., Ltd.	WT MICROELECTRONICS CO., LTD. Preferred Shares A	None	Financial assets at fair value through other comprehensive income	1,276,000	60,355	1	60,355	
Yuan Chi Investment Co., Ltd.	Taiwan Cement Corp. 2nd Preferred Shares	None	Financial assets at fair value through other comprehensive income	2,110,000	102,124	1	102,124	
Yuan Chi Investment Co., Ltd.	BANK OF KAOHSIUNG CO., LTD. Preferred Shares A	None	Financial assets at fair value through other comprehensive income	320,000	6,880	1	6,880	
Yuan Chi Investment Co., Ltd.	TAISHIN FINANCIAL HOLDING CO., LTD. Class E Preferred Shares II	None	Financial assets at fair value through other comprehensive income	2,800,000	132,440	1	132,440	
Yuan Chi Investment Co., Ltd.	TAISHIN FINANCIAL HOLDING CO., LTD. Preferred Stock E	None	Financial assets at fair value through other comprehensive income	1,040,000	54,600	—	54,600	
Yuan Chi Investment Co., Ltd.	HOTAI FINANCE CO., LTD. PREFERRED SHARES A	None	Financial assets at fair value through other comprehensive income	440,000	43,604	1	43,604	
Yuan Chi Investment Co., Ltd.	HOTAI FINANCE CO., LTD. PREFERRED SHARES B	None	Financial assets at fair value through other comprehensive income	410,000	39,196	1	39,196	
InnoJoy Investment Corporation	Advanced Optoelectronic Technology, Inc.	None	Financial assets at fair value through profit or loss	6,964,222	192,909	5	192,909	
InnoJoy Investment Corporation	ENNOSTAR Inc.	None	Financial assets at fair value through profit or loss	954,000	41,451	—	41,451	
InnoJoy Investment Corporation	EPILEDs Co., Ltd.	Other related party	Financial assets at fair value through other comprehensive income	7,347,144	206,455	7	206,455	

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of June 30, 2024				Footnote
				Shares/Units	Book value	Ownership (%)	Fair value	
				Common stock				
InnoJoy Investment Corporation	Fitipower Integrated Technology Inc.	None	Financial assets at fair value through other comprehensive income	5,850,000	\$ 1,588,275	5	\$ 1,588,275	
InnoJoy Investment Corporation	BE Epitaxy Semiconductor Technology Co., Ltd.	Other related party	Financial assets at fair value through other comprehensive income	1,616,374	16,164	15	16,164	
InnoJoy Investment Corporation	best Epitaxy Manufacturing Company Ltd.	Other related party	Financial assets at fair value through profit or loss	6,340,098	134,407	9	134,407	
InnoJoy Investment Corporation	CTBC Financial Holding Co., Ltd. Preferred Shares B	None	Financial assets at fair value through other comprehensive income	1,435,000	86,530	—	86,530	
InnoJoy Investment Corporation	CTBC Financial Holding Co., Ltd. Preferred Shares C	None	Financial assets at fair value through other comprehensive income	60,000	3,522	—	3,522	
InnoJoy Investment Corporation	Cathay Financial Holding Co., Ltd. Preferred Stock A	None	Financial assets at fair value through other comprehensive income	1,442,000	88,106	—	88,106	
InnoJoy Investment Corporation	Cathay Financial Holding Co., Ltd. Preferred Stock B	None	Financial assets at fair value through other comprehensive income	1,627,000	96,156	—	96,156	
InnoJoy Investment Corporation	Fubon Financial Holding Co., Ltd. Preferred Shares B	None	Financial assets at fair value through other comprehensive income	1,194,000	71,162	—	71,162	
InnoJoy Investment Corporation	Fubon Financial Holding Co., Ltd. Preferred Shares C	None	Financial assets at fair value through other comprehensive income	33,000	1,769	—	1,769	
InnoJoy Investment Corporation	Chailease Holding Company Limited Class A Preferred Shares	None	Financial assets at fair value through other comprehensive income	415,000	40,504	—	40,504	
InnoJoy Investment Corporation	Yulon Finance Corporation, Preferred Shares A	None	Financial assets at fair value through other comprehensive income	1,123,000	57,498	1	57,498	
Ningbo Innolux Optoelectronics Ltd.	Shenzhen Tiandeyu Electronics Co., Ltd.	None	Financial assets at fair value through profit or loss	30,599,775	2,024,213	7	2,024,213	
Warriors Technology Investments Ltd	OED Holding Ltd.	None	Financial assets at fair value through profit or loss	16,000,000	59,904	7	59,904	
Warriors Technology Investments Ltd	Obsidian Sensors, Inc.	None	Financial assets at fair value through profit or loss	414,136	2,879	9	2,879	
Warriors Technology Investments Ltd	Reco Technology Holding Limited	None	Financial assets at fair value through profit or loss	2,016,000	21,804	2	21,804	
Warriors Technology Investments Ltd	Kymeta Corporation	None	Financial assets at fair value through other comprehensive income	1,027,371	5,092	—	5,092	
Warriors Technology Investments Ltd	General Interface Solution (GIS) Holding Limited	None	Financial assets at fair value through other comprehensive income	22,525,000	1,531,700	7	1,531,700	
Warriors Technology Investments Ltd	CJK Associates Co., Ltd.	None	Financial assets at fair value through other comprehensive income	4,000	765	14	765	
Warriors Technology Investments Ltd	Perinnova Limited	Other related party	Financial assets at fair value through other comprehensive income	1,900	—	19	—	
Warriors Technology Investments Ltd	KA Imaging Inc.	Other related party	Financial assets at fair value through other comprehensive income	1,819,240	935	10	935	

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of June 30, 2024				Footnote
				Shares/Units	Book value	Ownership (%)	Fair value	
	Convertible bonds							
Warriors Technology Investments Ltd	KA Imaging Inc.	Other related party	Financial assets at fair value through profit or loss	—	\$ 109,130	Not applicable	\$ 109,130	
Warriors Technology Investments Ltd	Obsidian Sensors, Inc.	None	Financial assets at fair value through profit or loss	—	105,130	Not applicable	105,130	
InnoCare Optoelectronics Corporation	LELTEK INC.	None	Financial assets at fair value through profit or loss	—	19,600	Not applicable	19,600	
	Financial products							
Foshan Innolux Optoelectronics Ltd.	Chang Jiang Sheng Shih Ru Yi Serials A congregate group pension plan	None	Financial assets at fair value through profit or loss	—	56,740	Not applicable	56,740	
Innocom Technology (Shenzhen) Co., Ltd.	Chang Jiang Sheng Shih Ru Yi Serials A congregate group pension plan	None	Financial assets at fair value through profit or loss	—	11,703	Not applicable	11,703	
Ningbo Innolux Display Ltd.	Chang Jiang Sheng Shih Ru Yi Serials A congregate group pension plan	None	Financial assets at fair value through profit or loss	—	13,927	Not applicable	13,927	
Ningbo Innolux Optoelectronics Ltd.	Chang Jiang Sheng Shih Ru Yi Serials A congregate group pension plan	None	Financial assets at fair value through profit or loss	—	68,883	Not applicable	68,883	
Ningbo CarUX Technology Ltd.	Chang Jiang Sheng Shih Ru Yi Serials A congregate group pension plan	None	Financial assets at fair value through profit or loss	—	4,269	Not applicable	4,269	
Nanjing Innolux Optoelectronics Ltd.	Chang Jiang Sheng Shih Ru Yi Serials A congregate group pension plan	None	Financial assets at fair value through profit or loss	—	3,200	Not applicable	3,200	
Ningbo Innolux Electronics Ltd.	Chang Jiang Sheng Shih Ru Yi Serials A congregate group pension plan	None	Financial assets at fair value through profit or loss	—	550	Not applicable	550	
CarUX Technology (Shanghai) Ltd.	Chang Jiang Sheng Shih Ru Yi Serials A congregate group pension plan	None	Financial assets at fair value through profit or loss	—	10,094	Not applicable	10,094	

Innolux Corporation and Subsidiaries
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
For the six-month period ended June 30, 2024

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Innolux Corporation	CARUX TECHNOLOGY PTE. LTD.	An indirect owned subsidiary	Sales	\$ 10,331,984	11	60 days	Similar with general sales	No material difference	\$ 8,819,782	26	
Innolux Corporation	Innolux USA Inc.	An indirect owned subsidiary	Sales	3,816,152	4	120 days	Similar with general sales	No material difference	654,577	2	
Innolux Corporation	HONGFUJIN PRECISION ELECTRONICS (YANTAI) CO., LTD.	An indirect owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Sales	545,299	1	90 days	Similar with general sales	No material difference	458,849	1	
Innolux Corporation	Foshan Innolux Optoelectronics Ltd.	An indirect owned subsidiary	Sales	357,747	—	60 days	Similar with general sales	No material difference	—	—	
Innolux Corporation	InnoCare Optoelectronics Corporation	A subsidiary of the Company	Sales	226,196	—	90 days	Similar with general sales	No material difference	136,954	—	
Innolux Corporation	Honfujin Precision Electronics (Chongqing) Co., Ltd.	An indirect owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Sales	141,655	—	90 days	Similar with general sales	No material difference	97,208	—	
Innolux Corporation	Ningbo Innolux Display Ltd.	An indirect owned subsidiary	Processing expense	10,301,671	12	60 days	Cost plus	No material difference	(5,301,371)	12	
Innolux Corporation	Foshan Innolux Optoelectronics Ltd.	An indirect owned subsidiary	Processing expense	10,270,533	12	60 days	Cost plus	No material difference	(7,484,008)	17	
Innolux Corporation	Ningbo Innolux Optoelectronics Ltd.	An indirect owned subsidiary	Processing expense	5,906,939	7	60 days	Cost plus	No material difference	(9,285,318)	21	
Innolux Corporation	Ningbo CarUX Technology Ltd.	An indirect owned subsidiary	Processing expense	1,787,426	2	60 days	Cost plus	No material difference	(421,392)	1	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Innolux Corporation	Nanjing Innolux Optoelectronics Ltd.	An indirect owned subsidiary	Processing expense	\$ 1,171,414	1	60 days	Cost plus	No material difference	\$ (259,836)	1	
Innolux Corporation	Innocom Technology (Shenzhen) Co., Ltd.	An indirect owned subsidiary	Processing expense	113,199	—	60 days	Cost plus	No material difference	(834,037)	4	
CARUX TECHNOLOGY PTE. LTD.	CarUX Technology (Shanghai) Ltd.	An indirect owned subsidiary	Sales	1,717,939	7	60 days	Similar with general transactions	No material difference	—	—	
CarUX Technology (Shanghai) Ltd.	CARUX TECHNOLOGY PTE. LTD.	An indirect owned subsidiary	Processing revenue	6,552,942	78	60 days	Similar with general transactions	No material difference	1,027,384	40	
CarUX Technology Taiwan Inc.	CARUX TECHNOLOGY PTE. LTD.	An indirect owned subsidiary	Processing revenue	4,241,085	100	60 days	Similar with general transactions	No material difference	2,802,379	93	
Innolux Japan Co., Ltd.	Innolux Corporation	Ultimate parent company	Service revenue	142,096	94	60 days	Similar with general transactions	No material difference	46,385	93	
Ningbo Innolux Optoelectronics Ltd.	Ningbo Innolux Display Ltd.	An indirect owned subsidiary	Sales	3,431,820	24	60 days	Similar with general transactions	No material difference	1,523,883	12	
Ningbo Innolux Display Ltd.	Ningbo Innolux Optoelectronics Ltd.	An indirect owned subsidiary	Sales	400,433	2	60 days	Similar with general transactions	No material difference	184,778	3	
InnoCare Optoelectronics Corporation	InnoCare Optoelectronics Japan Co., Ltd.	An indirect owned subsidiary	Sales	398,485	45	60 days	Similar with general transactions	No material difference	401,511	65	
Ningbo Innolux Optoelectronics Ltd.	Ningbo CarUX Technology Ltd.	An indirect owned subsidiary	Sales	185,940	1	60 days	Similar with general transactions	No material difference	86,891	1	
InnoCare Optoelectronics Corporation	InnoCare Optoelectronics USA, INC.	An indirect owned subsidiary	Sales	161,501	18	60 days	Similar with general transactions	No material difference	89,862	14	
Ningbo Innolux Display Ltd.	Hon Hai Precision Industry Co., Ltd.	Other related party	Purchases	846,429	5	90 days	Similar with general transactions	No material difference	(579,974)	8	
Ningbo Innolux Optoelectronics Ltd.	Hon Hai Precision Industry Co., Ltd.	Other related party	Purchases	287,060	2	90 days	Similar with general transactions	No material difference	(194,715)	3	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
			Purchases	\$							
Ningbo Innolux Optoelectronics Ltd.	Fortunebay Technology Pte. Ltd.	An indirect owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Purchases	252,032	2	60 days	Similar with general transactions	No material difference	\$ (120,383)	2	
CarUX Technology Europe B.V.	CARUX TECHNOLOGY PTE. LTD.	An indirect owned subsidiary	Service revenue	619,537	100	60 days	Similar with general transactions	No material difference	211,621	100	

Innolux Corporation and Subsidiaries
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
June 30, 2024

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at June 30, 2024 (Note A)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Innolux Corporation	CARUX TECHNOLOGY PTE. LTD.	An indirect owned subsidiary	\$ 8,819,782	2.23	\$ 5,178,327	Subsequent collection	\$ 1,759,300	\$ —
Innolux Corporation	CarUX Technology Taiwan Inc.	An indirect owned subsidiary	765,798	—	24,551	Subsequent collection	115,649	—
			(Shown as other receivables)					
Innolux Corporation	Innolux USA Inc.	An indirect owned subsidiary	654,577	5.95	—	—	549,769	—
Innolux Corporation	HONGFUJIN PRECISION ELECTRONICS (YANTAI) CO., LTD.	An indirect owned subsidiary of Hon Hai Precision Industry Co., Ltd.	458,849	4.68	—	—	55,186	—
Innolux Corporation	CARUX TECHNOLOGY PTE. LTD.	An indirect owned subsidiary	238,005	—	130,912	Subsequent collection	1,777	—
			(Shown as other receivables)					
Innolux Corporation	Hon Hai Precision Industry Co., Ltd.	Other related parties	218,261	—	3,072	Subsequent collection	—	—
Innolux Corporation	InnoCare Optoelectronics Corporation	A subsidiary of the Company	136,954	3.38	—	—	58,584	—
Ningbo Innolux Optoelectronics Ltd.	Innolux Corporation	Ultimate parent company	9,285,318	1.29	4,805,815	Subsequent collection	2,076,838	—
Foshan Innolux Optoelectronics Ltd.	Innolux Corporation	Ultimate parent company	7,484,008	2.88	—	—	3,967,578	—
Ningbo Innolux Display Ltd.	Innolux Corporation	Ultimate parent company	5,301,371	3.78	862,677	Subsequent collection	2,839,375	—
CarUX Technology Taiwan Inc.	CARUX TECHNOLOGY PTE. LTD.	An indirect owned subsidiary	2,802,379	3.14	—	—	1,233,187	—
Ningbo Innolux Optoelectronics Ltd.	Ningbo Innolux Display Ltd.	An indirect owned subsidiary	1,523,883	5.34	—	—	1,523,883	—

Creditor	Counterparty	Relationship with the counterparty	Balance as at June 30, 2024 (Note A)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
CarUX Technology (Shanghai) Ltd.	CARUX TECHNOLOGY PTE. LTD.	An indirect owned subsidiary	\$ 1,027,384	17.25	\$ —	—	\$ 1,027,384	\$ —
Innocom Technology (Shenzhen) Co., Ltd.	Innolux Corporation	Ultimate parent company	834,037	0.29	795,705	Subsequent collection	—	—
Nanjing Innolux Optoelectronics Ltd.	Ningbo Innolux Display Ltd.	An indirect owned subsidiary	476,539	—	—	—	128,063	—
			(Shown as other receivables)					
Ningbo CarUX Technology Ltd.	Innolux Corporation	Ultimate parent company	421,392	10.52	—	—	389,413	—
InnoCare Optoelectronics Corporation	InnoCare Optoelectronics Japan Co., Ltd.	An indirect owned subsidiary	401,511	4.05	155,326	Subsequent collection	181,120	—
Nanjing Innolux Optoelectronics Ltd.	Innolux Corporation	Ultimate parent company	259,836	6.02	—	—	259,836	—
CarUX Technology Europe B.V.	CARUX TECHNOLOGY PTE. LTD.	An indirect owned subsidiary	211,621	6.32	—	—	107,080	—
Ningbo Innolux Display Ltd.	Ningbo Innolux Optoelectronics Ltd.	An indirect owned subsidiary	184,778	5.21	184,778	Subsequent collection	184,778	—

Note A : For the information on receivables of loans to related parties reaching NT\$100 million or 20% of paid-in capital or more, please refer to Table 1.

Innolux Corporation and Subsidiaries
Significant inter-company transactions during the reporting period
For the six-month period ended June 30, 2024

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note A)	Company name	Counterparty	Relationship (Note B)	Transaction (Note D and E)		Transaction terms (Note C)	Percentage of consolidated total operating revenues or total assets
				General ledger account	Amount		
0	Innolux Corporation	Innocom Technology (Shenzhen) Co., Ltd.	1	Processing expense	\$ 113,199	—	—
0	Innolux Corporation	Innocom Technology (Shenzhen) Co., Ltd.	1	Accrued expenses	(834,037)	—	—
0	Innolux Corporation	Nanjing Innolux Optoelectronics Ltd.	1	Processing expense	1,171,414	—	1
0	Innolux Corporation	Nanjing Innolux Optoelectronics Ltd.	1	Accrued expenses	(259,836)	—	—
0	Innolux Corporation	Ningbo Innolux Optoelectronics Ltd.	1	Processing expense	5,906,939	—	6
0	Innolux Corporation	Ningbo Innolux Optoelectronics Ltd.	1	Accrued expenses	(9,285,318)	—	3
0	Innolux Corporation	Foshan Innolux Optoelectronics Ltd.	1	Sales	357,747	—	—
0	Innolux Corporation	Foshan Innolux Optoelectronics Ltd.	1	Processing expense	10,270,533	—	10
0	Innolux Corporation	Foshan Innolux Optoelectronics Ltd.	1	Accrued expenses	(7,484,008)	—	2
0	Innolux Corporation	Ningbo Innolux Display Ltd.	1	Processing expense	10,301,671	—	10
0	Innolux Corporation	Ningbo Innolux Display Ltd.	1	Accrued expenses	(5,301,371)	—	1
0	Innolux Corporation	Innolux USA Inc.	1	Sales	3,816,152	—	4
0	Innolux Corporation	Innolux USA Inc.	1	Accounts receivable	654,577	—	—
0	Innolux Corporation	CarUX Technology Taiwan Inc.	1	Other receivables	765,798	—	—
0	Innolux Corporation	InnoCare Optoelectronics Corporation	1	Sales	226,196	—	—
0	Innolux Corporation	InnoCare Optoelectronics Corporation	1	Accounts receivable	136,954	—	—
0	Innolux Corporation	CARUX TECHNOLOGY PTE. LTD.	1	Sales	10,331,984	—	10
0	Innolux Corporation	CARUX TECHNOLOGY PTE. LTD.	1	Service revenue	128,377	—	—
0	Innolux Corporation	CARUX TECHNOLOGY PTE. LTD.	1	Accounts receivable	8,819,782	—	2
0	Innolux Corporation	CARUX TECHNOLOGY PTE. LTD.	1	Other receivables	238,005	—	—
0	Innolux Corporation	Ningbo CarUX Technology Ltd.	1	Processing expense	1,787,426	—	2
0	Innolux Corporation	Ningbo CarUX Technology Ltd.	1	Accrued expenses	(421,392)	—	—
1	Nanjing Innolux Optoelectronics Ltd.	Ningbo Innolux Display Ltd.	3	Other receivables	476,539	—	—

Number (Note A)	Company name	Counterparty	Relationship (Note B)	Transaction (Note D and E)			
				General ledger account	Amount	Transaction terms (Note C)	Percentage of consolidated total operating revenues or total assets
2	CarUX Technology (Shanghai) Ltd.	CARUX TECHNOLOGY PTE. LTD.	3	Processing revenue	\$ 6,552,942	—	6
2	CarUX Technology (Shanghai) Ltd.	CARUX TECHNOLOGY PTE. LTD.	3	Accounts receivable	1,027,384	—	—
3	CarUX Technology Europe B.V.	CARUX TECHNOLOGY PTE. LTD.	3	Service revenue	619,537	—	1
3	CarUX Technology Europe B.V.	CARUX TECHNOLOGY PTE. LTD.	3	Accounts receivable	211,621	—	—
4	Ningbo Innolux Optoelectronics Ltd.	Ningbo Innolux Display Ltd.	3	Sales	3,431,820	—	3
4	Ningbo Innolux Optoelectronics Ltd.	Ningbo Innolux Display Ltd.	3	Accounts receivable	1,523,883	—	—
4	Ningbo Innolux Optoelectronics Ltd.	Ningbo CarUX Technology Ltd.	3	Sales	185,940	—	—
5	Ningbo Innolux Display Ltd.	Ningbo Innolux Optoelectronics Ltd.	3	Sales	400,433	—	—
5	Ningbo Innolux Display Ltd.	Ningbo Innolux Optoelectronics Ltd.	3	Accounts receivable	184,778	—	—
6	Innolux Japan Co., Ltd.	Innolux Corporation	3	Service revenue	142,096	—	—
7	CarUX Technology Taiwan Inc.	CARUX TECHNOLOGY PTE. LTD.	3	Processing revenue	4,241,085	—	4
7	CarUX Technology Taiwan Inc.	CARUX TECHNOLOGY PTE. LTD.	3	Accounts receivable	2,802,379	—	1
8	InnoCare Optoelectronics Corporation	InnoCare Optoelectronics Japan Co., Ltd.	3	Sales	398,485	—	—
8	InnoCare Optoelectronics Corporation	InnoCare Optoelectronics Japan Co., Ltd.	3	Accounts receivable	401,511	—	—
8	InnoCare Optoelectronics Corporation	InnoCare Optoelectronics USA, INC.	3	Sales	161,501	—	—
9	CARUX TECHNOLOGY PTE. LTD.	CarUX Technology (Shanghai) Ltd.	3	Sales	1,717,939	—	2

Note A: The information of transactions between the Company and the consolidated subsidiaries should be noted in “Number” column.

(1) Number 0 represents the parent company.

(2) The subsidiaries are numbered in order from number 1.

Note B: 1 refers to the parent company to the subsidiary.

3 refers to the subsidiary to the subsidiary.

Note C: Except for no comparable transactions from related parties, sales prices were similar to non-related parties transactions and the collection period was mainly 30~120 days; the purchases from related parties were at market prices and payment term was 30~120 days upon receipt of goods.

Note D: Amount disclosure standard: purchases, sales and receivables from related parties in excess of \$100 million or 20% of capital.

Note E: For the information on transactions between the Company and the consolidated subsidiaries relating to nature of loan, please refer to Table 1.

Innolux Corporation and Subsidiaries
Information on investees
For the six-month period ended June 30, 2024

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2024			Net profit (loss) of the investee for the six-month period ended June 30, 2024	Investment income (loss) recognized by the Company for the six-month period ended June 30, 2024	Footnote
				Balance as at June 30, 2024	Balance as at December 31, 2023	Number of shares	Ownership (%)	Book value			
Innolux Corporation	Innolux Holding Limited	Samoa	Investment holdings	\$ 7,618,559	\$ 7,618,559	225,568,185	100	\$ 20,596,941	\$ 99,597	\$ 99,597	
Innolux Corporation	Keyway Investment Management Limited	Samoa	Investment holdings	62,197	62,197	1,656,410	100	120,953	2,854	2,854	
Innolux Corporation	Landmark International Ltd.	Samoa	Investment holdings	33,438,542	33,438,542	709,450,000	100	61,409,569	1,221,530	1,221,530	
Innolux Corporation	Toppoly Optoelectronics (B.V.I.) Ltd.	BVI	Investment holdings	3,674,115	3,674,115	146,847,000	100	6,694,098	(456,802)	(456,802)	
Innolux Corporation	Innolux Hong Kong Holding Limited	Hong Kong	Investment holdings	3,231,780	3,231,780	1,158,844,000	100	9,612,674	405,786	405,767	
Innolux Corporation	Innolux Singapore Holding Pte. Ltd.	Singapore	Investment holdings	754,943	754,943	25,400,000	100	171,720	2,917	2,917	
Innolux Corporation	Yuan Chi Investment Co., Ltd.	Taiwan	Investment company	1,217,235	1,217,235	—	100	874,767	3,745	3,745	
Innolux Corporation	InnoJoy Investment Corporation	Taiwan	Investment company	1,674,054	1,674,054	167,405,392	100	3,265,897	65,019	65,019	
Innolux Corporation	InnoCare Optoelectronics Corporation	Taiwan	Holdings, R&D, manufacturing and sales company	197,768	202,000	20,200,000	50	663,753	81,385	40,794	
Innolux Corporation	Innolux Japan Co., Ltd.	Japan	Holdings, R&D and sales company	1,682,751	1,682,751	98	54	2,100,432	107,668	58,614	
Innolux Corporation	iZ3D, Inc.	USA	Research and development and sale of 3D flat monitor	—	—	4,333	35	—	—	—	
Innolux Corporation	GIO Optoelectronics Corp.	Taiwan	Holdings, R&D, manufacturing and sales company	451,168	451,168	41,288,528	76	373,248	(13,871)	(14,101)	
Innolux Corporation	Ampower Holding Ltd.	Cayman	Investment holdings	844,091	844,091	1	50	48,704	(11,710)	(5,855)	
Innolux Corporation	FI Medical Device Manufacturing Co., Ltd.	Taiwan	Production and selling of the absorption for medical element	73,500	73,500	7,350,000	49	347,147	79,457	38,934	
Innolux Corporation	eLux Inc.	USA	R&D of MicroLED technology	91,155	91,155	300,000	28	—	(30,482)	—	
Innolux Corporation	PanelSemi Corporation	Taiwan	R&D, design, manufacturing and sales of electronic parts	250,000	250,000	25,000,000	44	128,768	(55,399)	(25,181)	
Innolux Holding Limited	Rockets Holding Limited	Samoa	Investment holdings	5,222,180	5,222,180	160,504,550	100	12,897,002	94,415	94,415	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2024			Net profit (loss) of the investee for the six-month period ended June 30, 2024	Investment income (loss) recognized by the Company for the six-month period ended June 30, 2024	Footnote
				Balance as at June 30, 2024	Balance as at December 31, 2023	Number of shares	Ownership (%)	Book value			
Innolux Holding Limited	Suns Holding Ltd	Samoa	Investment holdings	\$ 555,422	\$ 555,422	18,177,052	100	\$ 5,992,352	\$ 5,182	\$ 5,182	
Toppoly Optoelectronics (B.V.I.) Ltd.	Toppoly Optoelectronics (Cayman) Ltd.	Cayman	Investment holdings	3,650,192	3,650,192	146,817,000	100	6,693,719	(456,802)	(456,802)	
Innolux Hong Kong Holding Limited	Innolux Hong Kong Limited	Hong Kong	Sales company	—	—	35,000,000	100	1,808,542	(1,156)	(1,156)	
Innolux Hong Kong Holding Limited	Innolux Japan Co., Ltd.	Japan	Holdings, R&D and sales company	1,815,603	1,815,603	82	46	1,757,820	107,668	49,054	
Innolux Hong Kong Holding Limited	CarUX Holding Limited	Cayman	Investment holdings	3,720,612	3,772,473	123,634,371	86	6,379,717	356,876	332,714	
CarUX Holding Limited	CARUX TECHNOLOGY PTE. LTD.	Singapore	Holdings and sales company	6,536,399	3,875,499	210,431,749	100	7,121,079	345,625	345,625	
CarUX Holding Limited	Ultimate Fantasy Limited	BVI	Investment holdings	3	3	—	—	4	1	1	
CARUX TECHNOLOGY PTE. LTD.	CarUX Technology Hong Kong Holding Limited	Hong Kong	Investment holdings	1,818,180	1,818,180	162,897,802	100	2,715,635	144,830	274,505	
CARUX TECHNOLOGY PTE. LTD.	CarUX Technology Europe B.V.	Netherlands	Holding, sales and R&D testing company	464,341	464,341	375,810	100	606,202	29,761	29,761	
CARUX TECHNOLOGY PTE. LTD.	CarUX Technology Taiwan Inc.	Taiwan	manufacturing and sales company	1,500,000	1,500,000	150,000,000	100	2,263,284	133,814	24,425	
Innolux Japan Co., Ltd.	Innolux USA Inc.	USA	Sales company	369,092	369,092	12,842	100	1,371,270	39,956	39,956	
Rockets Holding Limited	Stanford Developments Limited	Samoa	Investment holdings	5,391,125	5,391,125	164,000,000	100	12,892,167	94,415	94,415	
Rockets Holding Limited	Nets Trading Ltd.	Samoa	Investment company	27,477	27,477	900,001	100	4,690	—	—	
Suns Holding Ltd	Warriors Technology Investments Ltd	Samoa	Investment company	555,422	555,422	18,177,052	100	5,992,350	5,182	5,182	
CarUX Technology Europe B.V.	CarUX Technology Germany GmbH	Germany	Testing and maintenance company	33,735	33,735	100,000	100	29,121	692	692	
Innolux Singapore Holding Pte. Ltd.	INNOLUX OPTOELECTRONICS INDIA PRIVATE LIMITED	India	Sales company	607,284	607,284	144,095,499	100	7,280	(8)	(8)	
Yuan Chi Investment Co., Ltd.	INNOLUX OPTOELECTRONICS INDIA PRIVATE LIMITED	India	Sales company	—	—	1	—	—	(8)	—	
Yuan Chi Investment Co., Ltd.	GIO Optoelectronics Corp.	Taiwan	Holdings, R&D, manufacturing and sales company	858	858	77,235	—	710	(13,871)	(20)	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2024			Net profit (loss) of the investee for the six-month period ended June 30, 2024	Investment income (loss) recognized by the Company for the six-month period ended June 30, 2024	Footnote
				Balance as at June 30, 2024	Balance as at December 31, 2023	Number of shares	Ownership (%)	Book value			
Yuan Chi Investment Co., Ltd.	InnVasLinx Inc.	Taiwan	E-Paper Module/Assembly	\$ 6,829	\$ 6,829	618,390	45	\$ 8,322	\$ 2,774	\$ 1,248	
InnoJoy Investment Corporation	Inno Capital Corporation	Taiwan	Investment company	15,000	15,000	1,500,000	100	21,687	3,691	3,691	
InnoJoy Investment Corporation	CDIB-Innolux Limited Partnership	Taiwan	Investment company	186,794	186,794	—	16	244,337	87,760	14,459	
InnoJoy Investment Corporation	CDIB-Innolux II Limited Partnership	Taiwan	Investment company	119,592	—	—	14	116,912	(19,136)	(2,680)	
Inno Capital Corporation	CDIB-Innolux Limited Partnership	Taiwan	Investment company	11,338	11,338	—	1	14,830	87,760	878	
Inno Capital Corporation	CDIB-Innolux II Limited Partnership	Taiwan	Investment company	8,542	—	—	1	8,350	(19,136)	(192)	
InnoCare Optoelectronics Corporation	InnoCare Optoelectronics Japan Co., Ltd.	Japan	Sales company	87,149	87,149	30,010	100	118,083	989	989	
InnoCare Optoelectronics Corporation	InnoCare Optoelectronics USA, INC.	USA	Sales company	27,963	27,963	900,000	100	34,455	6,286	6,286	
InnoCare Optoelectronics Corporation	Innocare Optoelectronics Europe B.V.	Netherlands	After-sales service company	1,662	1,662	500	100	3,788	281	281	
GIO Optoelectronics Corp.	Double Star Inc.	Mauritius	Investment holdings	298,113	298,113	10,000,000	100	105,150	182	182	
Ultimate Fantasy Limited	CarUX Holding Limited	Cayman	Investment holdings	106,560	106,560	6,843,900	5	—	356,876	—	

Innolux Corporation and Subsidiaries
Information on investments in Mainland China
For the six-month period ended June 30, 2024

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note A)	Investment method (Note C)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the six-month period ended June 30, 2024		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2024	Net income of investee for the six-month period ended June 30, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the six- month period ended June 30, 2024 (Note B)	Book value of investments in Mainland China as of June 30, 2024	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2024	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Innocom Technology (Shenzhen) Co., Ltd.	Manufacturing and selling of LCD backend module and related components	\$ 5,321,800	2	\$ 4,118,286	\$ —	\$ —	\$ 4,118,286	\$ 94,415	100	\$ 94,415	\$ 12,892,112	\$ 1,203,514	2.1
Ningbo Innolux Optoelectronics Ltd.	Manufacturing and selling of LCD backend module and related components	10,059,500	2	238,996	—	—	238,996	(102,773)	100	(102,773)	27,787,833	5,602,004	2.2
Foshan Innolux Optoelectronics Ltd.	Manufacturing and selling of LCD backend module and related components	12,428,350	2	12,428,350	—	—	12,428,350	665,753	100	666,995	25,565,886	—	2.2
Ningbo Innolux Display Ltd.	Manufacturing and selling of LCD backend module and related components	5,192,000	2	5,192,000	—	—	5,192,000	657,302	100	657,302	8,054,598	—	2.2
Nanjing Innolux Technology Ltd.	Sales of monitor-related components company	68,145	2	68,145	—	—	68,145	4,935	100	4,935	230,957	—	2.3
Nanjing Innolux Optoelectronics Ltd.	Manufacturing and selling of LCD backend module and related components	5,062,200	2	4,673,955	—	—	4,673,955	(416,869)	100	(416,869)	6,050,936	—	2.3
CarUX Technology (Shanghai) Ltd.	Manufacturing and selling of LCD backend module and related components	681,450	2	—	—	—	—	144,830	86	138,786	2,718,547	—	2.4
Foshan Innolux Logistics Ltd.	Warehousing services	48,675	2	48,675	—	—	48,675	2,704	100	2,704	115,156	—	2.5
GIO (Maanshan) Optoelectronics Co., Ltd.	Manufacturing	324,500	2	324,500	—	—	324,500	185	77	142	82,464	—	2.6
Ningbo CarUX Technology Ltd.	Manufacturing and selling of LCD backend module and related components	1,274,896	3	—	—	—	—	73,351	100	73,651	1,212,783	—	
Ningbo Innolux Electronics Ltd.	Manufacturing and selling of medical equipment	69,983	1	102,931	—	—	102,931	(6,995)	50	(3,509)	60,790	—	

Ceiling on investments in Mainland China:

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2024	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Innolux Corporation	\$ 26,520,933	\$ 32,416,325	(Note D)

Note A: The relevant figures were listed in NT\$. Where foreign currencies were involved, the figures were converted to NT\$ using exchange rate.

Note B: Profit or loss recognized for the six-month period ended June 30, 2024 was reviewed by independent auditors.

Note C: The investment methods are as follows:

1. Directly investing in Mainland China.
2. Through investing in companies in the third area, which then invested in the investee in Mainland China.
 - 2.1. Through investing in Stanford Developments Limited in the third area, which then invested in the investee in Mainland China.
 - 2.2. Through investing in Landmark International Ltd. in the third area, which then invested in the investee in Mainland China.
 - 2.3. Through investing in Toppoly Optoelectronics (Cayman) Ltd. in the third area, which then invested in the investee in Mainland China.
 - 2.4. Through investing in CarUX Technology Hong Kong Holding Limited in the third area, which then invested in the investee in Mainland China.
 - 2.5. Through investing in Keyway Investment Management Limited in the third area, which then invested in the investee in Mainland China.
 - 2.6. Through investing in Double Star Inc. in the third area, which then invested in the investee in Mainland China.
3. Others.

The company invested via the company investment entities in Mainland China to invest in Ningbo CarUX Technology Ltd. Except for the investment via the holding companies in Mainland China, other investments shall not be approved by Investment Commission of the Ministry of Economic Affairs.

Note D: In accordance with “Rules Governing Applications for Investment or Technical Cooperation in Mainland China”, the Company has obtained the certificate of being qualified for operating headquarters, issued by the Industrial Development Bureau of the Ministry of Economic Affairs, the ceiling amount of the investment in Mainland China is not applicable to the Company.