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Innolux Corporation 2023 Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

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I. Letter to Shareholders

1.1 Report on operating results for 2023

Under the dual impacts of the global financial market adjustment and geopolitical events, there is a dramatic fluctuation in both the interest rate and the exchange rate, and the economic recovery process shows a slow and uneven trend of development. In such a situation full of challenges, our management team still achieved positive results, and showed excellent resilience in the turbulent environment. Following the core concept of “More than Panel”, it promoted cross-domain transformation, and in September 2023, it reorganized its business organization into two domain groups: display and non-display. The display domain group was mainly engaged in the panel module, aiming to continuously improve the cost yield, gross interest rate and stable market; the non-display domain group, including the listed subsidiary INCX and the subsidiary CarUX, as well as emerging application domains, was mainly engaged in providing complete solutions for customers. By making active adjustment of the operation strategy, the Company has successfully coped with the challenges of increased raw material price and interrupted supply chain, which has not only guaranteed smooth production and delivery, but also improved the operation performance, showing that the Company has good competitiveness.

Despite of positive achievements, the Company shall also be alert to uncertainties in the economic environment. Instability in emerging market and developing economies, geopolitical volatility, and inflationary pressures, are all risks that need to be carefully managed, so as to ensure sound operation.

Looking into the future, the Company will continue to make transformation to innovation and upgrading of science and technology, to improve its overall competitiveness. The Company will also pay close attention to market changes, and strengthen risk management, so as to guarantee that the operation can cope with external variables flexibly. In addition, the Company will explore new business field synchronously, and continue to expand market share, so as to create greater value for our shareholders.

1.1.1 Results of Business Plan Implementation

For 2023, the Company’s consolidated sales revenue was NT\$ 211,740,557 thousand, down NT\$ 11,975,201 thousand, or 5.4%, compared with 2022 (consolidated net sales revenue for 2022 was NT\$ 223,715,758 thousand). For 2023, the loss attributable to owners of the parent was NT\$ 18,642,539 thousand, and the loss per share was NT\$ 2.01.

1.1.2 Results of Budget Execution

No financial forecast has been disclosed for 2023, therefore there is no need to disclose budget execution.

1.1.3 Analysis of Financial Income and Expenditure and Profitability

	Items	2022	2023
Financial structure (%)	Debts to assets ratio	34.07	35.98
	Ratio of long-term capital to property, plant, and equipment	179.28	176.06
Solvency	Current ratio (%)	178.27	152.64
	Quick ratio (%)	137.64	108.70
	Time interest earned (times)	(27.64)	(8.60)
Profitability	Return on total assets (%)	(6.39)	(4.65)
	Return on equity (%)	(10.01)	(7.72)
	Operating profits as a percentage of paid-in capital (%)	(33.13)	(20.61)
	Net profits before tax as a percentage of paid-in capital (%)	(27.44)	(18.02)
	Net profit margin (%)	(12.48)	(8.78)
	Earnings per share (NT\$)	(2.76)	(2.01)

1.1.4 Status of Research and Development

The Company has always been following the concept of technological innovation, especially in the field of thin film transistor (TFT), we continuously improve our efficiency at global-leading level, and extends to application in multiple fields such as miniLED, microLED, and panel level package (PLP), etc. In addition to improving market competitiveness, the Company also expanded our business layout, and has become a leader within the industry.

Display technology has penetrated into everyone's life, from wearable devices such as watches and mobile phones, to personal computers, home TV sets, public displays and devices at various levels. In the meantime, with the rapid development of AI, 5G, Internet of things (IOT) and electrification and other sciences and technologies, new display technology experiences and business models such as smart entertainment, e-sports and vehicle-mounted applications are booming. The Company has not only made excellent achievements in the field of display technology, but also opened a new pattern in multiple application fields. The Company constantly challenges itself and continues to drive innovation, so as to provide better display solutions.

In this situation, the Company led the trend, and by virtue of its unique PolarBlack technology, which is equipped with excellent characteristics such as ultra-high contrast, wide color gamut, high brightness, low power consumption and low blue light for eye protection, it has won competitive advantages in market, making its products have an excellent performance in all application areas.

The Company has not only made successful transformation, but also achieved significant progress in multiple fields, making excellent development and achievement. Outstanding achievements in various fields are as follows:

1. Application of miniLED innovative technology

The Company has successfully led innovation of miniLED technology, and broken through limitations of traditional back-light technology. By using small and efficient LED lattice, it can make real-time dynamic partition modulation precisely based on the image, thus having the advantages of high brightness, high contrast, wide color gamut, vibrant and bright color, outdoor sunlight readable, and extremely low power consumption. Such technological innovation brought an extreme vision effect, and has currently been applied in the whole product line, covering all kinds of dimensions. In terms of product layout strategy, the Company focused on expanding application in entertainment, including hand-held game consoles, notebook computers and in-flight entertainment systems, expecting to create outstanding visual experiences in the entertainment field. In the meantime, it paid attention to development in special outdoor application fields, including drones, digital camcorders and digital cameras, electronic information board, charging piles, etc., with display panels that can provide excellent visibility and functions in sunny environment. In addition to having realized mass production of some products, it is aimed to expand its influence in different markets, so as to constantly improve high quality of its products.

2. Major breakthrough in microLED technology

The Company took the lead to develop the third-generation display technology AM microLED, and has made significant achievements in technological research and development, investment layout, as well as market application and expansion. This technology has not only been applied in large space HD immersive experience, but also successfully developed color conversion microLED seamless free splicing display module, with high conversion efficiency materials and independently developed optical structure, reducing the display power consumption by 50%. In the meantime, the color transmission technology has also reduced carbon emissions of the massive transfer process by up to 67%, being characterized by high brightness, low power consumption and environmentally friendly. This innovative technology works particularly well in automotive display applications, it creates a virtual-real cabin experience for both the drivers and the passengers, and provides excellent visibility and functions.

3. Advanced panel level package (PLP) technology

By importing the leading TFT process technology into fan-out panel level package (FO-PLP), the Company was involved in the semiconductor chip packaging field. This technology could not only reduce the packaging thickness, increase the conductor density, improve electrical property of the products, but also effectively fill the wire layer technology gap between the wafer factory and the printed circuit board factory, FO-PLP will become the market mainstream of heterogeneous integrated packaging for sure. The Company transformed from small-generation TFT factory into the largest FO-PLP factory in the globe, to develop RDL-first and Chip-first packaging process. Compared with FO-WLP, the FO-PLP process can accommodate about 7 pieces of 12-inch wafer, which can effectively save the process time and improve the production capacity. The panel level package (PLP) technology connects the chips via redistributed layer (RDL), in addition to being able to satisfy the requirement of high-power IC for low impedance values of lines, but also is equipped

with the packaging structure of electromagnetic compatibility (EMC) (6), which can even strengthen mechanical strength of the structure, improve reliability of the chip, and strengthen resistance of the chip to external environment, thus making it pass the moisture sensitivity level 1 (MSL1) condition, and produce packaging products that can satisfy low-orbit satellites, automotive and charging chips requiring for high reliability, high power output and high quality. It has won packaging process and reliability certification from internationally first-line customers, and its yield rate performance also showed great improvement, winning recognition from customers. It has started preparation before mass production, and is estimated to come into formal mass production this year.

4. Unique N3D technology in the globe

With intuitive 3D images that won't make people dizzy over long periods of time as the core, it has developed unique "Consumption-type Multi-user Naked Eye N3D Display", which will be available for being applied in smart retail. By using this technology in combination of AI science and technology to develop "N3D Smart Photo Frame", it even won the special honor of Taiwan Excellent Award 2023. In combination with AI cloud server system, this product can convert 2D flat photos into three-dimensional immersive 3D images in a short time, being the first choice for creating a new generation of immersive experience. In addition, its "Medical Naked Eye 3D Display" developed for medical scenarios has once won the special honor of Gold Medal of Taiwan Excellent Award. It also actively cooperated with medical centers in performing human clinical trial and field demonstration, and now, in combination with AI technology, it even cooperates with the physicians in developing automated organ 3D reconstruction technology, which can complete lung imaging segmentation in 30 minutes, construct three-dimensional organs, and show relative positions of arteriovenous and focal areas, thus helping the thoracic surgeons to plan more efficiently before surgery. The technology comes into application in smart medical field, and provides more intuitive experience in medical teaching and surgical assistance.

5. Innovation in satellite communications

In response to the Ministry of Digital Affairs' promotion of "Digital Resilience Validation Program for Enhanced Communications Networks using emerging technologies in Response or Wartime", ChungHwa Telecom cooperates with the International low-orbit satellite operator OneWeb and medium-orbit satellite operator SES, respectively, planning to open services in Taiwan in 2024. The Company's LC Meta-Surface Antenna product in mass production, has passed OneWeb satellite communication verification successfully, and is equipped with the function of communication with satellites from different orbits. In order to match the high-speed moving characteristics of low-orbit satellites and achieve fast switching between satellites in different orbits to ensure the need for continuous information, in combination with flat-panel display manufacturing process and panel-level package technology, it took initiative in developing Glass Phased Array Antenna with glass as the carrier plate, and such breakthrough technology will bring revolutionary innovations in fields of satellite communications and other wireless communications. Compared with traditional disc satellite antenna, this LC Meta-Surface Antenna no longer requires motors to track satellites, but still has the same broadband, high-pointing, wide-angle scanning performances with even lower power consumption. Its application in low-orbit satellite communication in the future will no longer be limited by fixed or mobile vehicles, and the application of such technology will bring more innovations in the field of communications in the future.

6. Development of AR augmented reality products

The launch of Apple Vision Pro by Apple Inc. has set off a new wave of high-resolution virtual reality in the field of virtual reality. This new 4K MR application not only expanded the application scenarios of virtual reality, but also made high-resolution VR a focus, and the Company has successfully developed 4K VR LC display technology, and applied advanced technologies such as LTPO and COA to make 4K VR more power-efficient. In the meantime, the Company takes a leading status in the industry, and also works with the customers to make research and development of new forms of dynamic LC light modulator, to improve the penetration and greatly reduce power of AR glasses, bringing more excellent visual experience and energy efficiency performance in the field of virtual reality.

7. High-pixel density display of wearable watch

The high-pixel-density “1.1-inch 338 PPI microLED Wearable Display Watch” is equipped with excellent functions such as ultra-high 338PPI pixel density, high resolution, and low power consumption, etc. It will bring the users a brand-new high-definition and delicate visual experience, and is estimated to come into mass production in 2025.

8. Innovation of vehicle-mounted products

As for development of vehicle-mounted products, with the trend of integrating the center console and co-pilot entertainment display in the A-pillar to A-pillar integrated strip display, in order to give consideration to traffic safety, it has successfully developed the co-pilot display with smart anti-snooping switch function, which can guarantee that the driver can't be distracted by the co-pilot entertainment display. This innovation has been successfully introduced in mass production for vehicle customers. Its subsidiary CarUX is currently Tier 1 supplier in vehicle display industry, and with the target of providing extremely excellent in-car user experience, it integrates the cockpit display system, and by taking high-tier display technology as the core, and in combination with microLED and miniLED BL, it provides a visual enjoyment of high contrast, high color saturation and high definition, and together with integrated immersive interior design, it provides large-size, curved-surface and Free Shape, making the passengers can't feel existence of the display; in the meantime, it also enables the passengers to have an optimal visual enjoyment.

9. Revolution of notebook market

The Company was devoted to leading the trend in notebook market, and with technological innovations of PolarBlack technology, low power consumption, and electronic-sports notebook, etc., it has enabled its products to take an advantageous position in market. The Company also makes continuous research and development of variable refresh rate technology, so as to satisfy the market demand for low power consumption, thin design, high definition and high refresh rate. It has outstanding excellent performance in gaming, advanced business and other notebook computers, creating a new visual standard for users and gamer players, and providing a more extreme immersive experience for them.

10. Diversified market layout of display and TV industry

In terms of products from complete-machine original equipment manufacturer/original design manufacturer (OEM/ODM), it has successfully struggled to obtain TV orders from new TV brand customers in North America, and even expanded the complete-machine OEM/ODM to design and production of desktop screen, e-sports display, mobile display, intelligent display and other complete machines. It has received orders from major brand customers all over the globe, and is estimated to make mass production in 2024. In terms of TV panel specification, it continued to challenge development of High Frame Rate products, promoted to Pure 165Hz and supports the function of rapidest speed at VRR330Hz, which has provided a clearer and smoother picture quality for viewing all kinds of high-speed moving images.

11. High-level game level screen

It launched the technology with quarter high definition (QHD) and highest refresh rate at 480Hz, which, together with the fastest reaction speed liquid crystal (LC) technology, achieved an electronic sports screen entertainment with very smooth picture and the most vivid colors.

12. Screen of display specification for medical use

In terms of medical application, it continued to develop medical panel with ultra-high contract and ultra-wide color gamut, and in combination with light-field 3D technology and eye-tracking technology, it provided comprehensive solutions for medical imaging. It has been deeply trusted and used by international manufacturers no matter in the field of preoperative planning, lesion interpretation, minimally invasive surgery, or medical teaching, etc. Recently, it has been making input in development of microLED more actively. So as to make layout for high-order advanced panels in the future.

13. Public information display (PID)

The Company worked with convenience stores and e-commerce shopping channels, to create AI

intelligent technology supermarket, providing automatic sensing, checkout “Smart shopping cart”. The Company made 100% independent development of shopping cart firmware, hardware and APP, and made docking with field checkout system, which can help control the labor costs accurately, and was suitable for complex shopping malls in combination of supermarket-style convenience stores and food streets. The Company worked with its partners to develop self-service checkout Kiosk, generative AI AM miniLED transparent wine cabinets, precision advertising on face recognition curved advertising screen, and effectively converted crowds into money by means of cost control and AI shopping guide.

14. LC Window solution

By virtue of its efforts in environment-friendly and energy-saving technology, the Company has successfully developed liquid crystal dimming intelligent glass series product (LCW), which provides real-time optimal outdoor lighting effect due to its characteristic of second-rate reaction, and in the meantime, through its complete thermal insulation structure, the product can completely eliminate the radiant heat and ultraviolet rays of the sun, ensure the safety and comfort of indoor environmental activities, reduce the energy consumption of air conditioning, and replace the traditional curtains to provide good indoor air quality without dust mites; in addition to being applied in building products, it is also expanded to the field of vehicle-mounted products, to solve the single transmittance defect of traditional curtains and thermal insulation paper, and meet requirements of long-term products for both the comfort and environmental protection.

In the future, the Company will continue to follow the principle of technological innovation and quality first, constantly expand the business fields, and strengthen cooperation with the customers, so as to provide products and services of higher quality. The Company will be deeply engaged in existing market, and in the meantime, it will actively expand emerging market, to satisfy constantly upgraded demands of the customers.

1.1.5 The Company's Digital Transformation

The Company attached importance to efficiency of promoting digital transformation, and in 2023, by means of multiple customer visits, industry-government-academic exchanges, forum sharing and other activities, it has successfully demonstrated its outstanding achievements in the field of digital transformation, and has effectively deepened the customers’ value to digital transformation and application of the Company. The customers highly praised the Company’s strength in digital transformation and intelligent solutions, and expressed their wishes for strengthening cooperation. The Company was good at using digital science and technology, to improve the system efficiency and business activity. It has not only improved its capacity for data processing and analysis, but also strengthened its rapid response to customers’ demands, thus satisfying the customers’ demands. In the meantime, the Company also actively participated in the government’s “Taiwan Display Technology and Application Action Plan”, and made combination of the official research and development resources, to further promote scientific and technological innovation and business expansion with the goal of strengthening business layout. By means of smart integration of new retail displays in cooperation with convenience stores, it provided smart shelves, digital electronic display board, electronic labels, automatic sensing, checkout “smart shopping cart” and other services, and was expected to have a rapid growth in the field of commercial display in the future.

In addition to the excellent performance of winning “Taiwan Excellence Award” for 18 consecutive years, it also stood out among 469 enterprises in 2023, and won 7 special awards including “Taiwan Excellence Award”, where, by virtue of “AI + digital art display” product, it won “Silver Medal of Taiwan Excellent Award”, which further demonstrated the efficiency of the Company’s digital transformation in product development; where, the “AI + Digital Art Display” makes combination of contextualized design and advanced AI Generated Content (AIGC) technology, creating a new form of user experience. The innovation brought by such digital transformation not only displayed the Company’s exquisite display technology, but also demonstrated the Company’s profound understanding of the consumers’ demands; it was the sole display science and technology product with integration of AI at the Touch Taiwan Wisdom Display Exhibition that year, attracting large amount of visitors, and demonstrating the Company’s excellent strengthen in research & development, design, quality and marketing, etc. It got wide response, creating new business opportunities for application of display science and technology.

The Company continued to apply advanced industry 4.0 technology in digital transformation, and created smart factory via precision design and intelligent production, to achieve the outstanding results of improving quality, increasing efficiency, lowering cost and reducing inventory, etc. By data-driven manufacturing process improvement plan, it has successfully improved the overall operation efficiency, and focused on integrating resources of all departments, promoted training and interdisciplinary learning of AI/BI/CI to strengthen skills of the engineers, and expanded the energy for promoting digital transformation, thus creating more value. By virtue of digital and intelligent application in key processes, such as the optimization and risk management control of the material management process, it can assist with the Company in coping with market change and customer demand in a more agile and efficient way. It has not only improved the Company's overall operation efficiency and decision-making quality, but also strengthened the Company's market competitiveness.

In addition, in combination with the Company's vision of sustainable development, and to demonstrate the Company's commitment to ESG, during the product development process, the Company made use of AI technology for analysis and application of data materials, which has not only guaranteed that the Company should always comply with the latest laws and regulations, but also provided a comprehensive basis of laws and regulations for the R&D team. The Company emphasized optimization of product design life-cycle and product delivery life-cycle, covered end-to-end value chain comprehensively, and realized green design, low-carbon production and low-carbon logistics. It completed building of ESG digital management platform, found the optimal solution for net zero from its own advantages, and guaranteed that its direction of sustainability complies with the trend, and guided key suppliers of the supply chain to reduce carbon emissions jointly, thus improving the comprehensive benefits by combining ESG strategy with business operation.

Looking into 2024, the Company will continue to focus on the dual-track transformation, drive operational upgrading and align with the objective of the transformation strategy. With its existing core technology and accumulated strength in digital transformation as the foundation, the Company assists with development of its new ventures including its subsidiaries INCX and CarUX, as well as emerging application fields. Digital transformation will enable the Company to be more stable, and enable it to deepen its understanding of future business trend and adapt to market change rapidly, and guarantee that it maintains a leading status in the constantly changing environment, so as to lay a more stable foundation for the Company, and improve its operation energy and enterprise transformation value.

1.2 Summary of Business Plan for 2024

In response to the trend of panel industry and market development, the Company will continue to promote dual-orbit transformation strategy, and organize transformation and upgrading in two directions: "Display Domain Group" and "Non-display Domain Group". It will implement its core concept of "More than Panel" by "Deep Engagement in Original Business, and Cross-industry Transformation".

Display domain group: vertical integration and deepening of application, and improved technological efficiency, giving play to comprehensive operation benefits.

Non-display domain group: promotion of X-ray, vehicle business and emerging application fields, and expansion of niche market.

The Company will develop a blueprint for the net zero path, support and commit to international initiatives, and actively work with industry, government and academic communities to promote the net zero transformation of the industry, from raw material recycling, water resources management, energy efficiency improvement, low-carbon logistics and transportation and other green innovation technologies, to exert a positive impact on sustainability. The Company will find the optimal solution for net zero by self-review, and continue to promote SBTi reduction of carbon emissions, and lead the key suppliers to achieve the goal of absolute reduction by 20% in 2030. It will combine ESG sustainability with its operation strategy, to create shared value with the society, the environment and the stakeholders.

In the future, the Company will continue to develop Niche product markets, reduce the impact of the business cycle via diversified development, and create better value for shareholders. In addition to being deeply engaged in its own businesses, making technological innovation and promotion, providing omni-directional customized

service solutions, and expanding new business opportunities, the Company will follow the concept of sustainable operation, make rapid response to and adjustment of its operation strategy and steps, strengthen business resilience, and continue to create value for employees and stakeholders, pursuing a sustainable future. We hope all shareholders could continue to provide your support and encouragement. Lastly, I wish everyone good health and the best of luck. Thank you.

Chairman: Jin-Yang Hung

Managerial Officer: Chu-Hsiang Yang

Accounting Officer: Rou-Li Cheng

II. Company Profile

2.1 Date of Incorporation: January 14, 2003

2.2 Company History

January 2003	Inception and registration of the Company
March 2003	Invested in a subsidiary, Innolux Holding Ltd.
May 2003	Ground breaking ceremony for the TFT and Color Filter Plant in Zhunan
August 2003	The TFT and Color Filter Plant in Zhunan commenced construction
March 2004	Entered into a 7-year NT\$ 20 billion syndicated loan contract with a syndicate including Bank of Communications
June 2004	Machinery installation started in the TFT factory and Color Filter Plant in Zhunan
September 2004	Birth of the first TFT-LCD panel
October 2004	Invested in Innocom Technology (Shenzhen) Ltd. in China
January 2005	Public issuance of the Company's shares approved by the Financial Supervisory Commission
February 2005	Invested in Innolux Corporation Ltd. in the U.S.
March 2005	Obtained ISO 9001 certification Granted the 2005 Outstanding Award in Making the Science Park Green by Planting Trees by the Science Park Administration
July 2005	Registered as an emerging stock on Taipei Exchange Obtained ISO 14001 and OHSAS 18001 certifications
August 2005	Ranked 51st nationwide in actual import/export performance in 2004 Granted the Excellent Award in Import/Export Performance by the Ministry of Economic Affairs and Bureau of Foreign Trade
November 2005	Recognized as an outstanding waste disposal model factory by the Environmental Protection Administration, Executive Yuan
December 2005	Recognized as an Occupational Safety and Health Administration Voluntary Protection Unit by the Council of Labor Affairs, Executive Yuan
October 2006	Shares became listed on the Taiwan Stock Exchange on October 24
November 2006	The Board passed the resolution of merging with Jemitek Electronics Corp. on November 21
March 2007	Completed merger with Jemitek Electronics Corp.
June 2007	Invested in InnoJoy Investment Corporation
August 2007	Invested in InnoFun Investment Corporation
November 2007	Global Deposit Receipts became listed on the London Stock Exchange on November 7
June 2008	Topping out ceremony for the sixth generation factory of the Company
July 2008	Granted the "Outstanding Award in Making Green by Planting Trees" by the Science Park Administration Recognized as one of the TOP 10 Leading Companies among the "Taiwan Technology Top 100" Ranked sixth among Deloitte Technology FAST50 Taiwan in terms of profit growth
September 2008	Entered into a 5-year NT\$ 24 billion and US\$ 200 million syndicated loan contract with a syndicate of 20 banks including Mega International Commercial Bank Selected as one of the 12 units in the national industrial group by the Water Assessment Programme organized by the Ministry of Economic Affairs
October 2008	Received the Bronze Award of the National QCC Competition from the Corporate Synergy Development Center of the Industrial Development Bureau, Ministry of Economic Affairs Granted the 2008 Excellence Award in Recycling and Reducing Waste Production by the Environmental Protection Administration, Executive Yuan
November 2008	Recognized as a nationwide friendly workplace in 2008 by the Council of Labor Affairs, Executive Yuan
December 2008	Granted the 2008 Outstanding Water Conservation Award by the Water Resources Agency, Ministry of Economic Affairs Honored with the "2008 Taiwan CSR Awards-Silver Award" by the Taiwan Institute for Sustainable Energy
February 2009	Fab T1 passed and obtained the Taiwan Occupational Safety and Health Management System (TOSHMS) certification

April 2009	Fab T1 was granted the excellent award in achieving zero work accident hours by the Council of Labor Affairs
May 2009	Fab T2 obtained ISO 9001/ISO 14001/OHSAS 18001/QC 080000 4-in-1 management system certification
June 2009	Granted the 2008 excellent personnel award by the national Labor Safety and Health Partnership of the Council of Labor Affairs
September 2009	Issued the 2008 Sustainability Report Fab T0, T1, and T2 obtained the TS 16949 quality system certification
October 2009	Announced a merger with TPO Displays Corp. Honored with the “Energy Conservation Outstanding Innovation Award” by the Bureau of Energy, Ministry of Economic Affairs
November 2009	Announced a merger with Chi Mei Optoelectronics Corporation Entered into an NT\$ 48 billion syndicated credit facility with a syndicate of 19 banks including Mega International Commercial Bank Received two Bronze Awards of the National QCC Competition from the Corporate Synergy Development Center of the Industrial Development Bureau, Ministry of Economic Affairs Granted the excellent award in low carbon production and waste reduction by the Industrial Development Bureau, Ministry of Economic Affairs
December 2009	Honored with the “2009 Taiwan CSR Awards-Bronze Award” for its 2008 Sustainability Report by the Taiwan Institute for Sustainable Energy 2009 Taiwan CSR Awards - Bronze Award Received the outstanding award in the “2009 Outstanding Energy Saving Companies Selection” from the Science Park Administration Recognized as the Best Managed Company in Taiwan by Asiamoney Granted the excellence award in environmental protection by the Science Park Administration
January 2010	Obtained Labeling of Energy Saving Action from the Environmental Protection Administration
February 2010	Granted the excellent award for outstanding achievement on training and management for occupational health by the Council of Labor Affairs, Executive Yuan
March 2010	Completed the merger with Chi Mei Optoelectronics and TPO Displays Renamed as Chimei Innolux Granted the outstanding performance award in occupational safety and health on the occasion of the 2009 Nationwide Occupational Safety and Health Week, held by the Council of Labor Affairs, Executive Yuan
May 2010	Winner of Taiwan’s Environmental Protection Administration’s 2009 Enterprise Green Procurement Performance Award Recognized as an outstanding unit in achieving zero work accident hours by the Council of Labor Affairs, Executive Yuan
June 2010	18.5-inch LCD panel is awarded 2009 FPD green quality certification 42-inch 120Hz+ MEMC is awarded the best integrated LCD panel at the Taiwan Gold Panel Awards 2010 with the 13th Annual Outstanding Optoelectronics Product Awards
September 2010	Awarded the Outstanding Energy Conservation Award by the Department of Energy, Ministry of Economic Affairs
October 2010	Passed DNV third-party independent verification for its 18.5-inch LCD flat panel monitor (M185B1-L02) making CMI the first panel maker to receive a supply chain “water footprint” verification statement, Granted “the Excellent Environmental Protection Award” by the Science Park Administration
November 2010	Granted the 2010 excellence award in recycling and reducing waste production by the Environmental Protection Administration Completed the merger with Chi Mei Energy
December 2010	Granted the 2010 Outstanding Energy Saving Award by the Science Park Administration Granted the Excellent Award in Low-Carbon Management by the Science Park Administration Granted the 2010 Outstanding Award in Making Green by Planting Trees by the Science Park Administration
January 2011	Became the first manufacturer to obtain “water footprint” verification for its product supply-chain with regard to its desktop LCD monitors and LCD TVs
February 2011	Honor Light Services Limited revoked
March 2011	2.65-inch and 5.3-inch Memory-In-Display (Midis) technology, which was a new energy-saving panel technology, obtained the Best Paper Award of the 17th IDW (International Display Workshops), Japan

April 2011	Honored with the 2011 Taiwan Excellence Gold Awards for its ultra-thin 13.3-inch HD notebook display module
May 2011	Kobe site was awarded the Best Safety & Hygiene Company by the Safety Management Committee of Kobe, Japan Chi Mei Energy Netherlands revoked
June 2011	Won the Outstanding Photonics Product Award 2011 for its 21.5-inch PCT (Projected Capacitive Touch) display module by the Photonics Industry & Technology Development Association (PIDA) Honored with the “2011 Contribution to Job Creation” award by the Ministry of Economic Affairs and Council of Labor Affairs, Executive Yuan
August 2011	Ranked third among the “2010 Outstanding Export Growth Companies” by the Bureau of Foreign Trade, Ministry of Economic Affairs
September 2011	Granted the 2010 Enterprise Green Procurement Performance Award by the Environmental Protection Administration, Executive Yuan
October 2011	STSP Branch was honored with the “Jin-Jhan Award” by the Council of Labor Affairs, Executive Yuan. Honored with “National Industrial Safety and Health Award” by the Council of Labor Affairs, Executive Yuan
April 2012	Entered into the Joint Debt Restructuring Agreement with the syndicate
June 2012	Won the Outstanding Photonics Product Award 2012 for its 50-inch 3D Direct-Type LED panel by the PIDA
August 2012	Honored with the “Taiwan Excellence Silver Award” for its 23.6-inch USB super energy-saving LCD screen
September 2012	Recognized as an outstanding unit for hiring disabled persons by surpassing the target Granted the 2011 Enterprise Green Procurement Performance Award by the Environmental Protection Administration, Executive Yuan and the only panel factory granted the award for four consecutive years and fulfilling its responsibility of a sustainable environmental protection enterprise Chi Mei Optoelectronics UK Limited revoked
December 2012	Changed its name to “群創光電股份有限公司” with the English name of “Innolux Corporation”
January 2013	Global depository receipts listed and traded on the Luxembourg Stock Exchange on January 23 Merger of the subsidiaries InnoJoy Investment Corporation and InnoFun Investment Corporation, in which InnoJoy Investment Corporation was the surviving company Eastern Vision Co., Ltd. liquidated
March 2013	Toptch Trading Limited liquidated Dragon Flame Industrial Ltd. liquidated
April 2013	Nanhai Plant took the lead in obtaining the first MFCA material flow cost accounting certification in the world The Company’s 65-inch 4K2K TV module was awarded the 21st “Taiwan Excellence Gold Award” The Company’s 4.3-inch active organic light emitting display(TRUEOLED) was awarded the 21st “Taiwan Excellence Silver Award” The Company’s 50-inch ultra-high resolution(4K2K) thin narrow frame LCD TV module was awarded the 21st “Taiwan Excellence Award” The Company’s 30-inch six million pixel medical monitor was awarded the 21st “Taiwan Excellence Award” The Company’s 5-inch Full HD LCD panel module was awarded the 21st “Taiwan Excellence Award” The Company’s 3.4-inch active organic light emitting display was awarded the 21st “Taiwan Excellence Award”
June 2013	The Company’s 65-inch ultra-high resolution thin narrow frame LCD TV module was recognized by the 16th “Annual Outstanding Optoelectronics Products Awards” Granted the first “National Environmental Education Award - Excellence Award for Private Enterprises Group” by the Environmental Protection Administration Innocom Technology (Jiashan) Co., Ltd. liquidated
September 2013	Ningbo Chi Mei Electronics Ltd. renamed as Ningbo Innolux Optoelectronics Ltd. Ningbo Chi Mei Optoelectronics Ltd. renamed as Ningbo Innolux Technology Ltd. Ningbo Chi Hsin Electrics Ltd. renamed as Ningbo Innolux Display Ltd.

	Ningbo Chi Mei Logistics Corp renamed as Ningbo Innolux Logistics Ltd.
October 2013	The Company's Intelligent Automation team was granted the "Annual Innovative Pilot Award" of the Industry Innovation Award for the one-stop touch innovative operating model by the Ministry of Economic Affairs Foshan Chi Mei Logistics Ltd. renamed as Foshan Innolux Logistics Ltd. TPO Displays (Nanjing) Ltd. renamed as Nanjing Innolux Optoelectronics Ltd.
November 2013	Awarded the 2013 Green Building Gold Mark by the Ministry of Economic Affairs Awarded the "Premium" honor of the 2013 Taiwan CSR Awards Full Lucky Investment Limited liquidated
December 2013	Granted the outstanding water saving unit for 2013 by the Water Resources Agency of the Ministry of Economic Affairs Dongguan Chi Hsin Electrics Ltd. liquidated TPO Displays (Shanghai) Ltd. renamed as Shanghai Innolux Optoelectronics Ltd. Global Deposit Receipts listed on the London Stock Exchange delisted
January 2014	Plant T1 and Plant B, D, TOC, F (Tainan) awarded Health Promotion Label of Healthy Workplace Certification Ningbo Innolux Optoelectronics Ltd., Ningbo Innolux Technology Ltd., and Ningbo Innolux Display Ltd. were rated as Level 2 safety standardization certified enterprises Chi Mei Optoelectronics (Singapore) Pte. Ltd. liquidated Sonic Trading Limited liquidated Innocom Technology (Xiamen) Co., Ltd. liquidated Merger of Nanhai Chi Mei Electronics Ltd. and Nanhai Chi Mei Optoelectronics Ltd., in which Nanhai Chi Mei Electronics Ltd. was the surviving company
February 2014	Foshan site awarded as an Advanced Corporation in Promotion of Environmental Protection in Si-shan town Ningbo site awarded as an Advanced Corporation in Safe Production and Workplace in Ningbo City 2013
March 2014	Honored with the Healthy Corporation Award for the 2014 Southern Science Park Ecological and Humanistic Marathon
April 2014	Nanhai Chi Mei Electronics Ltd. renamed as Foshan Innolux Optoelectronics Ltd. Honored with the Taiwan Excellence Silver Award for its 65-inch ultra-high-analytic 3D TV panel Awarded a certificate of recognition for offering disability employment opportunities to realize corporate social responsibilities by the Southern Taiwan Science Park Administration, Ministry of Science and Technology Innolux's 28-inch 4K2K and 23.6-inch touch panel won the "Taiwan Excellence Silver Award"
September 2014	Chi Mei Optoelectronics USA, Inc. renamed as Innolux Optoelectronics USA, Inc. TPO Displays USA Inc. renamed as Innolux Technology USA Inc.
October 2014	TPO Displays Japan K.K. renamed as Innolux Technology Japan Co., Ltd.
November 2014	Chi Mei Optoelectronics Europe B.V. renamed as Innolux Optoelectronics Europe B.V. TPO Displays (Shinepal) Ltd. renamed as Nanjing Innolux Technology Ltd. Chi Mei Optoelectronics Japan Co., Ltd. renamed as Innolux Optoelectronics Japan Co., Ltd. TPO Displays Hong Kong Ltd renamed as Innolux Hong Kong Ltd.
December 2014	Health Management Award and Nutrition Health Award by the Health Promotion Administration Granted 2014 Taiwan Sustainable Development Awards by National Council for Sustainable Development TPO Displays Hong Kong Holding Ltd. renamed as Innolux Optoelectronics Hong Kong Holding Ltd. TPO Hong Kong Holding Ltd. renamed as Innolux Hong Kong Holding Ltd. TPO Displays Europe B.V. renamed as Innolux Technology Europe B.V.
February 2015	Signed an agreement for a syndicated credit line of NT\$68.5B with Bank of Taiwan and 15 other banks Innocon Technology (Chengdu) Co., Ltd. liquidated
March 2015	The Company terminated the debt restructuring negotiation and canceled the debt negotiations Honored with the Enterprise Innovation Award of Excellence
April 2015	The Company's 100% high color saturation 4K2K TV module was awarded the 21st "Taiwan Excellence Gold Award" Awarded a certificate of recognition for social responsibilities by the Global Views

July 2015	Innolux as an outstanding import/export company honored The Best Contribution Award of the MOEA's Award for International Trade 2015
August 2015	Foshan Innolux Optoelectronics Ltd was awarded International Carbon-Value Award in China
September 2015	Innolux named to Dow Jones Sustainability World Index
October 2015	Awarded the Outstanding Energy Conservation Award 2015 by the Department of Energy, Ministry of Economic Affairs Completed the merger with Chi Mei EL corporation
November 2015	Inception and registration of Ningbo Innolux Electronics Ltd. Honored 2015 Taiwan Corporate Sustainability Report Award-Gold Award. Marked 100 in disclosure score and listed as CDLI (Carbon Disclosure Leadership Index) 2nd year in a row in CDP. Gold union investments Limited liquidated Awarded the MOL TTQS Silver award
June 2016	Ningbo site was awarded an Outstanding Foreign Company Contribution Award by China Zhejiang Investment and Trade Symposium.
July 2016	Awarded Award for International Trade for consecutive 6 years and Target Market Contribution Award, the only multiple winner in 2016 Fab 8 awarded Best Performance in Water-Saving Unit by the Water Resources Agency, Ministry of Economic Affairs.
October 2016	Fab3 and T2 plant passed the Green Factory-Clean Production Certification of Industrial Development Bureau, Ministry of Economic Affairs.
November 2016	Awarded Taiwan Corporate Sustainability Awards - Corporate Sustainability Report Golden Awards of ICT group. Awarded Taiwan Corporate Sustainability Awards -Sustainable Water Management Awards for its outstanding water management performance
December 2016	Granted the Innovative Product Awards by Hsinchu Science Park for its automotive display technologies: S Shape Display, 1-axis Curve Display, Curve with Touch Display Merger of the subsidiaries Ningbo Innolux Display Ltd. and Ningbo Innolux Technology Ltd., in which Ningbo Innolux Display Ltd. was the surviving company
February 2017	Honored with Taiwan Excellence Achievement Award and Taiwan Excellence Gold Award The 100-inch 4K2K LCD TV module was awarded the Taiwan Excellence Gold Award Asiaward Investment Limited liquidated Ningbo Innolux Logistics Limited liquidated
March 2017	Main Dynasty Investment Limited liquidated Sun Dynasty Development Limited liquidated
August 2017	Innolux ranks the 19th of the Large Enterprise Group in 2017 Common Wealth Magazine's Corporate Citizenship Award competition
September 2017	Best China Investments Limited liquidated Magic Sun Limited liquidated Mega Chance Investments Limited liquidated
October 2017	Merger of the subsidiaries Nanjing Innolux Optoelectronics Ltd. and Kunpal Optoelectronics Ltd., in which Nanjing Innolux Optoelectronics Ltd. was the surviving company
December 2017	Merger of the subsidiaries Innolux Optoelectronics Japan Co., Ltd. and Innolux Technology Japan Co., Ltd. in which Innolux Optoelectronics Japan Co., Ltd. was the surviving company and change the Company name into Innolux Japan Co. Ltd. Merger of the subsidiaries Innolux Technology Europe B.V. and Innolux Optoelectronics Europe B.V. in which Innolux Technology Europe B.V. was the surviving company and change the Company name into Innolux Europe B.V.
February 2018	Merger of the subsidiaries Innolux Optoelectronics USA, Inc. and Innolux Technology USA, Inc. and Innolux Corporation, in which Innolux Optoelectronics USA, Inc. was the surviving company and change the Company name into Innolux USA, Inc.
August 2018	DST 3D touch phone won Taiwan Outstanding Product Award
September 2018	Innolux named DJSI World and DJSI Emerging Markets Index 2018 Innolux Optoelectronics Germany GmbH liquidated
October 2018	VAP Optoelectronics (Nanjing) Corp liquidated
November 2018	Innolux Tainan Fab 3 awarded EEWH-EC Innolux awarded 2018 Taiwan Excellence Gold with DST 3D Touch technology Innolux awarded 2018 Taiwan Corporate Sustainability TOP 50 Awards
January 2019	Golden Achiever International Limited liquidated

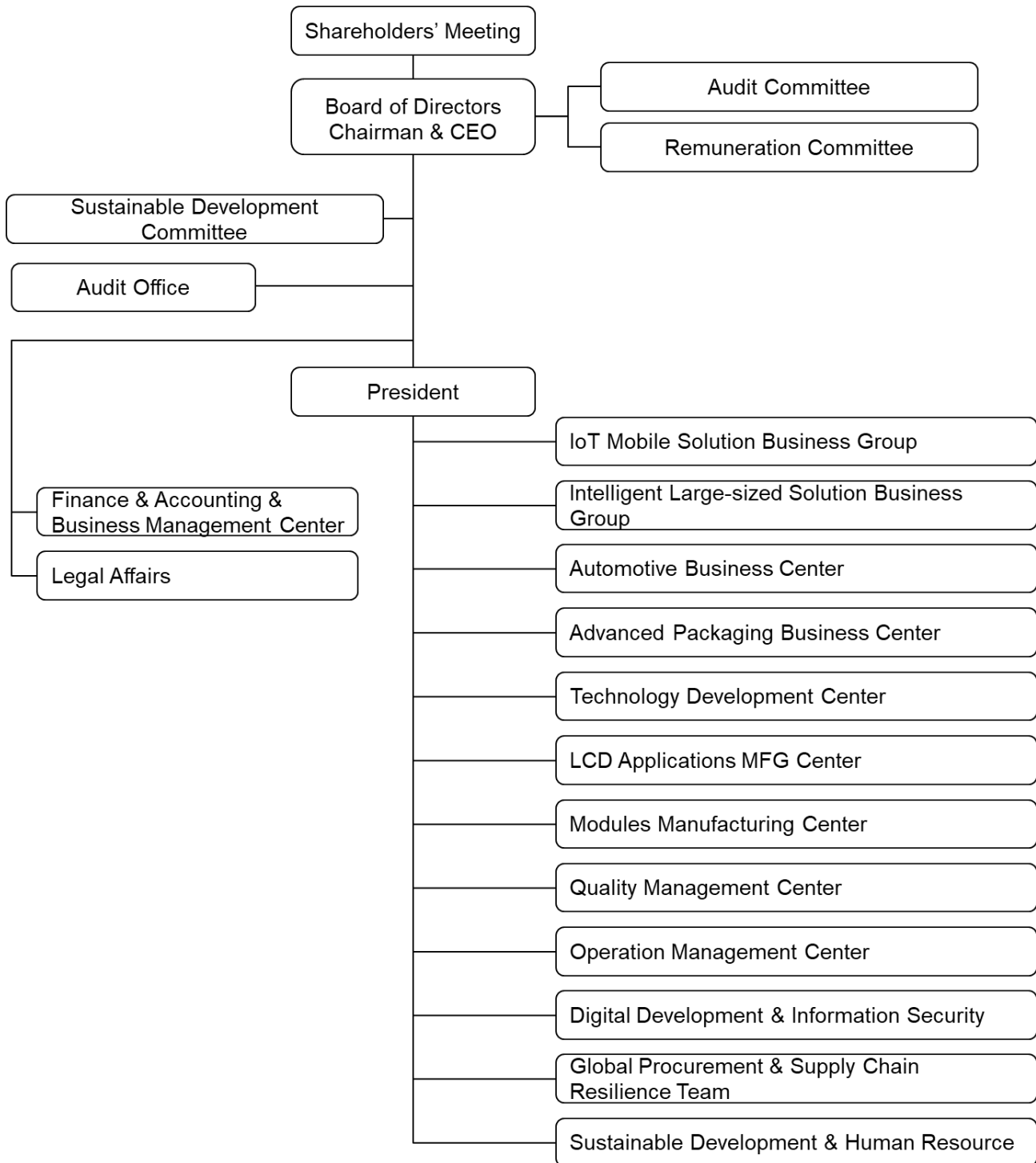
July 2019	The Company won the 2019 Best Companies to Work for in Asia 2019 Awards
August 2019	Bright Information Holding Ltd. Liquidated Selected as the 2019 CSR Corporate Citizenship Award of the World Magazine-Top 50 Enterprises in the Large Enterprise Group
September 2019	Innolux named DJSI World and DJSI Emerging Markets Index 2019
November 2019	Received the 2019 Sports Enterprise Certification from the Ministry of Education Awarded the TOP50 Taiwan Enterprise Sustainability Award, the Taiwan Enterprise Sustainability Report Gold Award, and the best individual performance Circular Economy Leadership Award by the Taiwan Sustainable Energy Research Foundation. Won the 2019 Taiwan Excellence Award Quality Award The capital was reduced to NT \$ 97,110,719,770
December 2019	Tainan Fab B ecological community was selected as the community-type green building that won the Excellent Green Building Award in 2019
January 2020	Issued the 1st Overseas Unsecured convertible Bonds of US \$ 300 million
May 2020	Ningbo Innolux Flnet Electronics Ltd. liquidated Foshan Innolux Flnet Electronics Ltd. liquidated
July 2020	Awarded 2019 GM Supplier of the Year by General Motors
September 2020	Awarded “Climate Change Management Excellence Award of 2020 SGS CSR Awards.”
October 2020	Shenzhen Innolux Automations and Intelligence Systems Co., Ltd. liquidated
November 2020	Awarded National Occupational Safety and Health Award- Enterprise Benchmarking Award, due to create a high-quality employee workplace; therefore, won a highest honor Picked as DJSI World Index and “DJSI Emerging Markets Index, and the scope of society of the Company was the top one in display industry. Also, the Company ranked as benchmark enterprise Won four awards, which are 2020 TCSA Taiwan Sustainable Enterprise Performance Award, Taiwan Enterprise Sustainability Report Silver Award, Circular Economy Leadership Award, and Sustainable Water Management Awarded 2nd national environmental protection enterprise-silver award The Company was awarded a badge of 2021 Taiwan Excellence Awards, and “65"Infinity screen and thin 8K4K TV” won the silver award of 29th, 2021 “Taiwan Excellence Awards”
December 2020	Fingerprint Sensor in Display was awarded Excellent Manufacturer Innovative Product Award by Hsinchu Science Park
May 2021	Leadtek Global Group Limited liquidated
August 2021	The average of regenerated water rate in the manufacturing process, 96.2%, was among the top of Display Industry and the 10 plants of the Company were awarded Best Performance in Water-Saving Unit by the Water Resources Agency, Ministry of Economic Affairs The 1st Overseas Unsecured convertible Bonds of US \$ 300 million was all converted
September 2021	Awarded Investment in People of 2021 by Asia Responsible Enterprise Awards Won Best Companies to Work For in Asia by 《HR Asia》 Won the award of intelligent manufacturing Lighthouse from World Economic Forum.
October 2021	Won risk rating as BBB by MSCI ESG Recognized as the Healthy Workplace unit by Bureau of Labor Insurance Won Taiwan Sustainability Action Gold Awards
November 2021	Picked as DJSI World Index and DJSI Emerging Markets Index, and the scope of society of the Company was the top one in Display industry Won the 14th “TCSA Taiwan Corporate Sustainability Awards” Won the Taiwan Corporate Sustainability Award Won the Taiwan Enterprise Sustainability Report -Gold Award Won the Circular Economy Leadership Award Won the Leader of Water Resource Won the Innovative growth Leader Won the Leader of supply chain Won the Gold medal for ESG for Health by CHR Won the Taiwan Excellence Award in 16 consecutive years Innolux Optoelectronics Malaysia SDN. BH Liquidated
December 2021	Won CDP (Climate Change) (B-) Won CDP (Water Security) (A-) Lakers Trading Limited Liquidated

	100% equity of Shenzhen PixinLED Technology Co., Ltd. was sold Camera screens in Display was awarded Excellent Manufacturer Innovative Product Award by Hsinchu Science Park Won National Talent Development Awards by Ministry of Labour
March 2022	CarUX Technology Inc. received ISO26262 and Automotive SPICE by DERKA CarUX Technology Inc. won 2021 Overdrive Award as part of General Motors' (GM) the 30th annual Supplier of the Year awards
July 2022	Highly efficient recycling green plant won the Circular Economy Leadership Award of the Asian Corporate Social Responsibility Awards AREA
August 2022	Won the Asia-Pacific and Taiwan Sustainability Action Award Innolux Optoelectronics Philippines Corp. was closed down Capital was reduced by NT\$10,031,639 thousand (by cash)
November 2022	Won the GCSA Global Corporate Sustainability Award Won the GCSA Best Case Award (Create a circular factory) Won TCSA-Taiwan's Top 100 Sustainability Model Companies, Sustainability Report Platinum Award, Climate Leadership Award, Information Security Leadership Award, Water Resources Management Leadership Award, Circular Economy Leadership Award, Talent Development Leadership Award, and Creative Communication Leadership Award Won the Merit Award for Large Enterprise Promoting the Employment of Middle-aged and Elderly Citizens granted by the Ministry of Labor
December 2022	Picked as "DJSI World Index" and "DJSI Emerging Markets Index" for five successive sessions Won the National Sustainable Development Award Won the 2022 Excellent Manufacturer Innovative Product Award by Hsinchu Science Park
April 2023	Won the Gold Panel Award 2023 Won the Smart Display Application Awards 2023
May 2023	Won the international SEAL Awards of Environmental Initiatives Award CarUX Technology Inc. renamed as CarUX Technology Taiwan Inc. Shanghai Innolux Optoelectronics Ltd. renamed as CarUX Technology (Shanghai) Ltd. Innolux Optoelectronics HK Holding Ltd. renamed as CarUX Technology Hong Kong Holding Limited
July 2023	Won the Asia-Pacific and Taiwan Sustainability Action Award Innolux Technology Germany GmbH renamed as Carux Technology Germany GmbH Innolux Europe B.V. renamed as CarUX Technology Europe B.V.
August 2023	Capital was reduced by NT\$4,778,228 thousand (by cash)
September 2023	Won the 2023 Safety and Health Family Performance Selection Excellence Award from Labor Affairs Bureau of Tainan City Government
October 2023	Won the SDIA Award (Smart Display Industrial Alliance) Finalist of Top 100 World Sustainable Citizen Award
November 2023	Won the Global Corporate Sustainability Award (GCSA), Taiwan Corporate Sustainability Awards (TCSA), totaling 8 awards Finalist of Top 100 Carbon Competitiveness of Business Weekly MSCI ESG Rating up to A
December 2023	Won 7 honors of Taiwan Excellence Award and Mark AI+ digital art display won the Taiwan Excellence Silver Award Factory B won the Gold Award for Outstanding Resource Circulation Enterprises and Factory T2 won the Silver Award Finalist of DJSI World (Dow Jones Sustainability World Index) Won the Hsinchu Science Park Enterprise Waste Reduction and Circular Economic Achievements Outstanding Enterprise Award Won the Outstanding Healthy Workplace Health Management Award Won the Tainan City Net Zero Benchmark Award for Outstanding Environmental Protection Units Won the Tainan City Enterprise Green Procurement Excellence Performance Award Won the Green Procurement Excellence Performance Award Hsinchu Science Park Factory won the first place in the supervision and evaluation of basic training of civil defense teams in 2023
January 2024	Won the Healthy Workplace Certification - Healthy Start Mark
February 2024	Won 2023CDP-Water Security A List Picked as S&P Global Sustainability Yearbook 2024

III. Corporate Governance Report

3.1 Organization

3.1.1 Organization Chart



3.1.2 Major Corporate Functions

Name of Department	Responsibilities
Audit Office	Responsible for assessing the soundness of the internal control system and all the standards, checking whether the internal control system is operating effectively on a continual basis, measuring the operating results of the departments and providing improvement recommendations for efficient operation
IoT Mobile Solution Business Group	Responsible for the market development, customers' service, products and new technology development of IoT mobile products and providing multiple solutions
Intelligent Large-sized Solution Business Group	Responsible for the market development, customers' service, products and new technology development of intelligent large-sized products and providing multiple solutions
Automotive Business Center	Responsible for business marketing of automotive products, development, production and manufacturing of new technologies and products
Advanced Packaging Business Center	Responsible for semiconductor packaging market development and customer service, new technology and new product development
Technology Development Center	Develop, improve, verify, and test new technologies and new processes
LCD Applications MFG Center	Responsible for the production of large-size LCD panel products
Modules Manufacturing Center	Responsible for the production of LCD module products
Quality Management Center	Responsible for the quality management of the Company, providing the best and the most efficient quality management services (including quality control, product quality guarantee, quality system, and documentary management); and promoting the concept of total quality control
Operation Management Center	Responsible for the industrial engineering and information system of the Company, work-flow efficiency improvement, capacity expansion planning, production efficiency enhancement, hardware and software infrastructure, and information system construction
Digital Development & Information Security	Responsible for cyber security management, digital development structure and operations related matters
Global Procurement & Supply Chain Resilience Team	Responsible for the overall procurement strategy of the Company, strategic planning of important parts and components, material preparation for the introduction of products and standardized cost management
Sustainable Development & Human Resource	Responsible for overall human resources, environmental safety and health management policies to promote sustainable development and implement related issues
Finance & Accounting & Business Management Center	Coordinate the business management and capital operating system of the Company; responsible for profits and losses of cost accounting, business strategy consultation, provide financial and accounting information, manage investment plans and risk aversion, and manage overall financial, investment, stock affairs, accounting, and tax matters
Legal Affairs	Responsible for drafting and reviewing contracts; providing business-related legal consultation services

3.2 Directors and Management Team

3.2.1 Directors

April 2, 2024; Unit: Shares

Title	Nationality/ Place of registration	Name (Note 1)	Gender /Age	Date Elected (Note 2)	Term (X)	Date First Elected	Shareholding when Elected		Current Shareholding		Shareholding of spouse and underage children		Shares held through nominees		Experience (Education)	Other Position	Spouse or relatives of second degree or closer acting as managerial officer or director		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman	TW	Jin-Yang Hung	Male 50-59 yrs. old	2022.06.24	3	2018.06.21	1,116,752	0.01	1,298,728	0.01	—	—	—	—	MBA, Department of Business Administration, Columbia University, USA Special Assistant to Chairman, Innolux Corporation Associate VP, Foxconn Group President, TCC International Holdings Limited Managing Director, BNP Paribas Asset Management Executive Director, Goldman Sachs Group, Inc.	Note 3	—	—	—
Director	TW	Chu-Hsiang Yang	Male 50-59 yrs. old	2022.06.24	3	2019.06.20	1,871,337	0.02	1,777,511	0.02	6,837	—	—	—	M.S., Chemical Engineering, National Central University Vice President, Innolux Corporation Associate VP, Chi Mei Optoelectronics Corporation	Note 4	—	—	—
Director	TW	Jyh-Chau Wang	Male 60-69 yrs. old	2022.06.24	3	2013.07.01	168,000	—	144,438	—	—	—	—	—	M.S., Materials Engineering, National Tsing-Hua University Chairman & CEO, Innolux Corporation Vice President, Chi Mei Optoelectronics Corporation Vice President, Chi Lin Technology Co., Ltd. Deputy Plant Director, Unipac Optoelectronics Corp. Associate Research Fellow, Material Research laboratories, Industrial Technology Research Institute	Note 5	—	—	—
Director	TW	Chin-Lung Ting	Male 60-69 yrs. old	2022.06.24	3	2016.06.24	1,142,063	0.01	981,888	0.01	—	—	—	—	M.S., Graduate Institute of Electronics Engineering, National Taiwan University Executive VP, Innolux Corporation Manager, Unipac Optoelectronics Corp.	Note 6	—	—	—

Title	Nationality/ Place of registration	Name (Note 1)	Gender /Age	Date Elected (Note 2)	Term (Y)	Date First Elected	Shareholding when Elected		Current Shareholding		Shareholding of spouse and underage children		Shares held through nominees		Experience (Education)	Other Position	Spouse or relatives of second degree or closer acting as managerial officer or director		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Independent Director	TW	Chi-Chia Hsieh	Male 80-89 yrs. old	2022.06.24	3	2013.06.19	—	—	—	—	—	—	—	—	Ph. D of Mechanical Engineering, Santa Clara University, USA Chairman, Microelectronics Technology Inc.	Note 7	—	—	—
Independent Director	TW	Chih-I Wu	Male 50-59 yrs. old	2022.06.24	3	2022.06.24	—	—	—	—	—	—	—	—	Ph.D., Electrical Engineering, Princeton University, USA General Director, Electronics and Optoelectronic System Research Laboratories, Industrial Technology Research Institute Deputy General Director, Graduate Institute of Photonics and Optoelectronics, National Taiwan University Senior Engineer, R&D Team Leader, Intel Corporation, USA	Note 8	—	—	—
Independent Director	TW	Chih-Wei Wu	Male 60-69 yrs. old	2022.06.24	3	2022.06.24	—	—	—	—	—	—	—	—	MBA, California State University, USA CEO, Credit Suisse AG Executive Chairman, Standard Chartered Bank	Note 9	—	—	—
Independent Director	TW	Hsin-Bei Shen	Female 40-49 yrs. old	2022.06.24	3	2022.06.24	—	—	—	—	—	—	—	—	LL.M., University of Southern California, USA Executive Master of Business Administration (EMBA), Finance Institute, College of Management, National Taiwan University Master of Laws, College of Technology and Law, National Chiao Tung University Bachelor of Laws, National Taiwan University Legal and Human Resources Director, Wpd Taiwan Energy Co., Ltd. Advisor, TSAR & TSAI Law Firm Prosecutor, District Prosecutors Office, Ministry of Justice, Taiwan	Note 10	—	—	—

Title	Nationality/ Place of registration	Name (Note 1)	Gender /Age	Date Elected (Note 2)	Term (X)	Date First Elected	Shareholding when Elected		Current Shareholding		Shareholding of spouse and underage children		Shares held through nominees		Experience (Education)	Other Position	Spouse or relatives of second degree or closer acting as managerial officer or director		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Independent Director	TW	Chi-Mo Huang	Male 60-69 yrs. old	2022.06.24	3	2022.06.24	—	—	—	—	—	—	—	—	M.S., Department of Electrical Engineering, National Tsing-Hua University Chairman, Ili Technology Corp. Vice President of R&D, Infineon Taiwan Technologies Co., Ltd.	Note 11	—	—	—

Note 1: Existing Directors as of the date of the annual report.

Note 2: The terms of Board members (including Independent Directors) reelected on June 24, 2022 and effective on July 1, 2022.

Note 3: Concurrently as CEO of Innolux Corporation; Chairman of CarUX Holding Limited, CarUX Technology Pte. Ltd, Yuan Chi Investment Co., Ltd. (Statutory representative) and InnoJoy Investment Corporation (Statutory representative); Directors of CarUX Technology Hong Kong Holding Limited, Innolux Holding Ltd., Innolux Hong Kong Holding Limited, Innolux Hong Kong Limited, Keyway Investment Management Ltd., Landmark International Ltd., Rockets Holding Ltd., Stanford Developments Ltd., Suns Holding Ltd., Toppoly Optoelectronics (B.V.I) Ltd., Toppoly Optoelectronics (Cayman) Ltd., Warriors Technology Investments Ltd., CarUX Technology Taiwan Inc. (Statutory representative), Innolux Education Foundation, FI Medical Device Manufacturing Co., Ltd. (Statutory representative)

Note 4: Concurrently as President & COO of Innolux Corporation; Chairman of InnoCare Optoelectronics Corporation (Statutory representative); Directors of CarUX Holding Limited, CarUX Technology Pte. Ltd., Innocare Optoelectronics USA, Inc., Innolux Japan Co.,Ltd., Innolux Singapore Holding Pte. Ltd., KA Imaging Inc., Yuan Chi Investment Co., Ltd. (Statutory representative), CarUX Technology Taiwan Inc.(Statutory representative), Epileds Technologies, Inc. (Statutory representative), Innolux Education Foundation, GIO Optoelectronics Corp. (Statutory representative), InnoJoy Investment Corporation (Statutory representative), FI Medical Device Manufacturing Co., Ltd. (Statutory representative), Ningbo CarUX Technology Ltd.

Note 5: Concurrently as Chairman & CEO of eLux Inc., Chairman of Innolux Education Foundation and Director of InnoCare Optoelectronics Corporation

Note 6: Concurrently as Chairman of PanelSemi Corporation, CarUX Technology Taiwan Inc. (Statutory representative), GIO Optoelectronics Corp. (Statutory representative); Directors of CarUX Holding Limited, CarUX Technology Pte. Ltd, Double Star Inc., Innolux Japan Co., Ltd

Note 7: Concurrently as Chairman of Microelectronics Technology, Inc., IQE Taiwan Corporation, Jupiter Network Corp. (Statutory representative), Welltop Technology Co. Ltd (Statutory representative), Taicom Capital Limited (Statutory representative); Directors of Bright LED Electronics Corp., Henan Bright Crystal Company Limited, Sasson International Holdings Inc. (Statutory representative), Kopin Corporation Inc., T'Cement (Statutory representative), Bright Crystal Company Limited, TCM Limited, Jiang Yang Technology (Wuxi) Co., Ltd. (Statutory representative), KoBrite Corp., MTI Laboratory Inc., RadioComp ApS and Member of Remuneration Committee of Kopin Corporation, Inc.

Note 8: Concurrently as Professor, Department of Electrical Engineering & Graduate Institute of Photonics and Optoelectronics, National Taiwan University; Vice President and Senior Technical Expert of Industrial Technology Research Institute and CEO of Taiwan Semiconductor Industry Association

Note 9: Concurrently as Chairman of Zhide Investment Co., Ltd.; Independent Directors of Sinyi Housing, Co., Ltd., and Preferred Bank (California, USA); Directors of Longchen Paper & Packaging Co., Ltd., and Hematech Biotherapeutics Inc.; Supervisor of Taiwan Farm Industry Co., Ltd.

Note 10: Concurrently as Chairperson of Infinite Dimension Management Consultants Co., Ltd.; Chair of the ESG Committee of the Taiwan Bar Association (TWBA) and Independent Director of Cica-Huntek Chemical Technology Taiwan Co., Ltd.

Note 11: Concurrently as Independent Director of Solid State System Company Limited, Director of INT Tech (HK) Co., Ltd. and Supervisor of Asmeditron Inc.

Note 12: Where the chairman and president or equivalent position (highest level executive officer) is the same person, the spouse, or a first-degree relative, provide information on the reason, reasonableness, necessity, and future improvement measures :

The Company's CEO position is responsible for the sustainable development and long-term business strategy of the Company, while the President and COO position is responsible for the planning and management of the Company's daily operation. The responsibilities of the CEO position and the President and COO position are clearly defined for an integrated effect. The Chairman of the Company keeps communication channel open with the Directors about the Company's operation and planning in order to implement the Company's corporate governance. Since June 24, 2022 when the General Meeting of Shareholders re-elected all directors, the number of independent directors has been increased to more than one-half of the total number of directors, thus strengthening the independence of the Board of Directors. In addition, we also increase the number of female directors to perform their duties faithfully from a more diversified and detachment perspective, enhance the functions of the Board of Directors and strengthen the supervisory function to implement corporate governance.

1. Major shareholders of the institutional shareholders: None.
2. Disclosure of professional qualifications and independence analysis of directors
 - (1) Professional qualifications and experience for directors

Name / Title	Professional qualifications and experience
Chairman Mr. Jin-Yang Hung	MBA, Columbia University, USA Department of Business Administration. Mr. Hung is the Chairman and CEO of the Company. He possesses over 5 years of work experience in Commerce, Finance and otherwise necessary for the Business of the Company and over 20 years of experience in foreign company finance operations, over 5 years of work experience in Commerce, Finance and otherwise necessary for the Business of the Company, as well as operational judgment, accounting and financial analysis, operations management, crisis management, industry knowledge, international market perspective, leadership and decision-making abilities to lead the Company to become an industry pioneer and move towards sustainable management.
Director Mr. Chu-Hsiang Yang	M.S., Chemical Engineering, National Central University. Mr. Yang is the President of the Company. He possesses almost 30 years of work experience in complete panel industry and over 5 years of work experience in Commerce, Finance and otherwise necessary for the Business of the Company, as well as operational judgment, accounting and financial analysis, operations management, crisis management, industry knowledge, international market perspective, leadership and decision-making abilities.
Director Mr. Jyh-Chau Wang	M.S., Materials Engineering, National Tsing-Hua University. Mr. Wang was former Chairman of the Company, with over 30 years of experience in flat display industry. He experiences in manufacturing and R&D of the display industry and has extensive business experience. He possesses over 5 years of work experience in Commerce, Finance and otherwise necessary for the Business of the Company, as well as operational judgment, financial analysis, operations management, crisis management, industry knowledge, international market perspective, leadership and decision-making abilities.
Director Mr. Ching-Lung Ting	Mr. Ting was Executive Vice President of the Company and master in Electronics Engineering, National Taiwan University. With almost 30 years of experience in TFT-LCD industry. Specializing in TFT-LCD front-end process and production technologies and can introduce innovative fab designs and process technologies. He possesses over 5 years of work experience in Commerce, Finance and otherwise necessary for the Business of the Company, as well as operational judgment, accounting and financial analysis, operations management, crisis management, industry knowledge, international market perspective, leadership and decision-making abilities.
Independent Director Mr. Chi-Chia Hsieh	Mr. Hsieh is the Chairman of Microelectronics Technology, Inc. and Ph. D of Mechanical Engineering, Santa Clara University, USA. Being the convener of the Company's Audit Committee and Remuneration Committee, and possessing over 5 years of work experience in Commerce, Finance and otherwise necessary for the Business of the Company. He specializes in market strategy and investment planning with extensive business experience, and possesses operational judgment, accounting and financial analysis, operations management, crisis management, industry knowledge, international market perspective, leadership and decision-making abilities.
Independent Director Mr. Chih-I Wu	Ph.D., Electrical Engineering, Princeton University, USA. He is a Professor at Department of Electrical Engineering and Graduate Institute of Photonics and Optoelectronics, National Taiwan University; Vice President and Senior Technical Expert of Industrial Technology Research Institute, and member of Audit Committee of the Company. He has been teaching in the Department of Electrical Engineering and Graduate Institute of Photonics and Optoelectronics, National Taiwan University for nearly 20 years, has extensive knowledge in semiconductor related fields, has published many journals and conference papers, and holds several US patents. He possesses over 5 years of work experience necessary for the Business of the Company, as well as operations management, crisis management, industry knowledge, international market perspective, leadership and decision-making abilities.
Independent Director Mr. Chih-Wei Wu	MBA, California State University, USA. Mr. Wu is the Chairman of Zhide Investment Co., Ltd., and member of the Company's Audit Committee and Remuneration Committee. He once served as the CEO of Credit Suisse AG (Switzerland). He possesses over 5 years of work experience in Commerce, Finance and otherwise necessary for the Business of the Company. He specializes in market strategy and investment planning with extensive business experience, and possesses operational judgment, accounting and financial analysis, operations management, crisis management, industry knowledge, international market

Name / Title	Professional qualifications and experience
	perspective, leadership and decision-making abilities.
Independent Director Ms. Hsin-Bei Shen	LL.M., University of Southern California, USA; passing Judicial Officer Examination and the Bar Examination. She is currently a Chair of the ESG Committee of the Taiwan Bar Association (TWBA) and the Legal Director and ESG Director of Skyborn Renewables Taiwan Co., Ltd. She is a member of the Audit Committee of the Company. She has been serving as a counselor of Tsar & Tsai Law Firm and a prosecutor in Prosecutors Office of Taipei District Court for over 10 years. She specializes in the green energy industry and is committed to promoting and supporting the government in completing ESG-related legislation and regulations. She possesses over 5 years of work experience in legal affairs and otherwise necessary for the Business of the Company, as well as operations management, crisis management, industry knowledge, international market perspective, leadership and decision-making abilities.
Independent Director Mr. Chi-Mo Huang	M.S., Department of Electrical Engineering, National Tsing-Hua University, Taiwan. He is currently the Independent Director of Solid State System Company Limited, and member of the Company's Audit Committee and Remuneration Committee. He was the Chairman of Ili Technology Corp. He possesses nearly 30 years of experience in the display panel driver and touch IC industry, and specializes in design and R&D of driver IC with extensive business experience. He possesses over 5 years of work experience in Commerce, Finance and otherwise necessary for the Business of the Company, as well as operational judgment, operations management, crisis management, industry knowledge, international market perspective, leadership and decision-making abilities.

(2) Independence of directors

Name / Title	Independence	Number of positions as independent director in other public companies
Chairman Mr. Jin-Yang Hung	<p>Two years before being elected or during the term of office meets the following criteria in:</p> <p>(1) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders.</p> <p>(2) Not a Director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the Company's outstanding shares, a top five shareholder, or appointed as the Company's Director or supervisor in accordance with Article 27, Paragraph 1 or 2 of the Company Act (not applicable in cases where the person is an Independent Director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(3) Not a Director, supervisor, or employee of other companies controlled by the same person with over half of the Company's Director seats or shares with voting rights (not applicable in cases where the person is an Independent Director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(4) Not a Director, supervisor, or executive officer of a specific company or institution with financial or business dealings with the Company, or shareholder with 5% or more shares of the Company (not applicable in cases where the specific company or institution holds 20% or more but less than 50% of the Company's outstanding shares, and is an Independent Director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(5) Not a professional individual who, or an owner, partner, Director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that audited or provided commercial, legal, financial, or accounting services for total compensation not exceeding NT\$500,000 in the most recent two years to the Company or to any affiliate of the Company, or a spouse thereof. This does not apply to members of the Remuneration Committee, Public Tender Offer Review Committee, or Merger and Acquisition Special Committee performing duties in accordance with the Securities and Exchange Act or laws and</p>	None

Name / Title	Independence	Number of positions as independent director in other public companies
	<p>regulations related to mergers and acquisitions.</p> <p>(6) Not having a marital relationship, or a relative within the second degree of kinship to any other Directors of the Company.</p> <p>(7) Not having any of the situations set forth in Article 30 of the Company Act of the ROC.</p> <p>(8) Not a government agency, juristic person, or its representative set forth in Article 27 of the Company Act of the ROC.</p>	
<p>Director Mr. Chu-Hsiang Yang</p>	<p>Two years before being elected or during the term of office meets the following criteria in:</p> <p>(1) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders.</p> <p>(2) Not a Director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the Company's outstanding shares, a top five shareholder, or appointed as the Company's Director or supervisor in accordance with Article 27, Paragraph 1 or 2 of the Company Act (not applicable in cases where the person is an Independent Director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(3) Not a Director, supervisor, or employee of other companies controlled by the same person with over half of the Company's Director seats or shares with voting rights (not applicable in cases where the person is an Independent Director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(4) Not a Director, supervisor, or executive officer of a specific company or institution with financial or business dealings with the Company, or shareholder with 5% or more shares of the Company (not applicable in cases where the specific company or institution holds 20% or more but less than 50% of the Company's outstanding shares, and is an Independent Director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(5) Not a professional individual who, or an owner, partner, Director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that audited or provided commercial, legal, financial, or accounting services for total compensation not exceeding NT\$500,000 in the most recent two years to the Company or to any affiliate of the Company, or a spouse thereof. This does not apply to members of the Remuneration Committee, Public Tender Offer Review Committee, or Merger and Acquisition Special Committee performing duties in accordance with the Securities and Exchange Act or laws and regulations related to mergers and acquisitions.</p> <p>(6) Not having a marital relationship, or a relative within the second degree of kinship to any other Directors of the Company.</p> <p>(7) Not having any of the situations set forth in Article 30 of the Company Act of the ROC.</p> <p>(8) Not a government agency, juristic person, or its representative set forth in Article 27 of the Company Act of the ROC.</p>	<p>None</p>
<p>Director Mr. Jyh-Chau Wang</p>	<p>Two years before being elected or during the term of office meets the following criteria in:</p> <p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders.</p> <p>(3) Not a Director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the Company's outstanding shares, a top five shareholder, or appointed as the Company's Director or supervisor in accordance with Article 27, Paragraph 1 or 2 of the Company Act (not applicable in cases where the person is an Independent Director of the Company, its parent company,</p>	<p>None</p>

Name / Title	Independence	Number of positions as independent director in other public companies
	<p>subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(4) Not a Director, supervisor, or employee of other companies controlled by the same person with over half of the Company's Director seats or shares with voting rights (not applicable in cases where the person is an Independent Director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(5) Not a Director, supervisor, or employee of another company or institution who is the same person or spouse of the Company's chairperson, president or equivalent position (not applicable in cases where the person is an Independent Director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(6) Not a Director, supervisor, or executive officer of a specific company or institution with financial or business dealings with the Company, or shareholder with 5% or more shares of the Company (not applicable in cases where the specific company or institution holds 20% or more but less than 50% of the Company's outstanding shares, and is an Independent Director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(7) Not a professional individual who, or an owner, partner, Director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that audited or provided commercial, legal, financial, or accounting services for total compensation not exceeding NT\$500,000 in the most recent two years to the Company or to any affiliate of the Company, or a spouse thereof. This does not apply to members of the Remuneration Committee, Public Tender Offer Review Committee, or Merger and Acquisition Special Committee performing duties in accordance with the Securities and Exchange Act or laws and regulations related to mergers and acquisitions.</p> <p>(8) Not having a marital relationship, or a relative within the second degree of kinship to any other Directors of the Company.</p> <p>(9) Not having any of the situations set forth in Article 30 of the Company Act of the ROC.</p> <p>(10) Not a government agency, juristic person, or its representative set forth in Article 27 of the Company Act of the ROC.</p>	
<p>Director Mr. Ching-Lung Ting</p>	<p>Two years before being elected or during the term of office meets the following criteria in:</p> <p>(1) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders.</p> <p>(2) Not a Director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the Company's outstanding shares, a top five shareholder, or appointed as the Company's Director or supervisor in accordance with Article 27, Paragraph 1 or 2 of the Company Act (not applicable in cases where the person is an Independent Director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(3) Not a Director, supervisor, or employee of other companies controlled by the same person with over half of the Company's Director seats or shares with voting rights (not applicable in cases where the person is an Independent Director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(4) Not a Director, supervisor, or employee of another company or institution who is the same person or spouse of the Company's chairperson, president or equivalent position (not applicable in cases where the person is an Independent Director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(5) Not a Director, supervisor, or executive officer of a specific company or institution with financial or business dealings with the Company, or</p>	<p>None</p>

Name / Title	Independence	Number of positions as independent director in other public companies
	<p>shareholder with 5% or more shares of the Company (not applicable in cases where the specific company or institution holds 20% or more but less than 50% of the Company's outstanding shares, and is an Independent Director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(6) Not a professional individual who, or an owner, partner, Director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that audited or provided commercial, legal, financial, or accounting services for total compensation not exceeding NT\$500,000 in the most recent two years to the Company or to any affiliate of the Company, or a spouse thereof. This does not apply to members of the Remuneration Committee, Public Tender Offer Review Committee, or Merger and Acquisition Special Committee performing duties in accordance with the Securities and Exchange Act or laws and regulations related to mergers and acquisitions.</p> <p>(7) Not having a marital relationship, or a relative within the second degree of kinship to any other Directors of the Company.</p> <p>(8) Not having any of the situations set forth in Article 30 of the Company Act of the ROC.</p> <p>(9) Not a government agency, juristic person, or its representative set forth in Article 27 of the Company Act of the ROC.</p>	
Independent Director Mr. Chi-Chia Hsieh	<p>Two years before being elected or during the term of office meets the following criteria in:</p> <p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a Director or supervisor of the Company or any of its affiliates (not applicable in cases where the person is an Independent Directors of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders.</p> <p>(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a manager in (1) or personnel in (2) and (3).</p> <p>(5) Not a Director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the Company's outstanding shares, a top five shareholder, or appointed as the Company's Director or supervisor in accordance with Article 27, Paragraph 1 or 2 of the Company Act (not applicable in cases where the person is an Independent Director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(6) Not a Director, supervisor, or employee of other companies controlled by the same person with over half of the Company's Director seats or shares with voting rights (not applicable in cases where the person is an Independent Director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(7) Not a Director, supervisor, or employee of another company or institution who is the same person or spouse of the Company's chairperson, president or equivalent position (not applicable in cases where the person is an Independent Director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(8) Not a Director, supervisor, or executive officer of a specific company or institution with financial or business dealings with the Company, or shareholder with 5% or more shares of the Company (not applicable in cases where the specific company or institution holds 20% or more but less than 50% of the Company's outstanding shares, and is an Independent Director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(9) Not a professional individual who, or an owner, partner, Director, supervisor,</p>	None

Name / Title	Independence	Number of positions as independent director in other public companies
	<p>or manager of a sole proprietorship, partnership, company, or institution that audited or provided commercial, legal, financial, or accounting services for total compensation not exceeding NT\$500,000 in the most recent two years to the Company or to any affiliate of the Company, or a spouse thereof. This does not apply to members of the Remuneration Committee, Public Tender Offer Review Committee, or Merger and Acquisition Special Committee performing duties in accordance with the Securities and Exchange Act or laws and regulations related to mergers and acquisitions.</p> <p>(10) Not having a marital relationship, or a relative within the second degree of kinship to any other Directors of the Company.</p> <p>(11) Not having any of the situations set forth in Article 30 of the Company Act of the ROC.</p> <p>(12) Not a government agency, juristic person, or its representative set forth in Article 27 of the Company Act of the ROC.</p>	
Independent Director Mr. Chih-I Wu	<p>Two years before being elected or during the term of office meets the following criteria in:</p> <p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a Director or supervisor of the Company or any of its affiliates (not applicable in cases where the person is an Independent Directors of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders.</p> <p>(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a manager in (1) or personnel in (2) and (3).</p> <p>(5) Not a Director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the Company's outstanding shares, a top five shareholder, or appointed as the Company's Director or supervisor in accordance with Article 27, Paragraph 1 or 2 of the Company Act (not applicable in cases where the person is an Independent Director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(6) Not a Director, supervisor, or employee of other companies controlled by the same person with over half of the Company's Director seats or shares with voting rights (not applicable in cases where the person is an Independent Director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(7) Not a Director, supervisor, or employee of another company or institution who is the same person or spouse of the Company's chairperson, president or equivalent position (not applicable in cases where the person is an Independent Director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(8) Not a Director, supervisor, or executive officer of a specific company or institution with financial or business dealings with the Company, or shareholder with 5% or more shares of the Company (not applicable in cases where the specific company or institution holds 20% or more but less than 50% of the Company's outstanding shares, and is an Independent Director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(9) Not a professional individual who, or an owner, partner, Director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that audited or provided commercial, legal, financial, or accounting services for total compensation not exceeding NT\$500,000 in the most recent two years to the Company or to any affiliate of the Company, or a spouse thereof. This does not apply to members of the Remuneration Committee, Public Tender Offer Review Committee, or Merger and Acquisition Special Committee performing</p>	None

Name / Title	Independence	Number of positions as independent director in other public companies
	<p>duties in accordance with the Securities and Exchange Act or laws and regulations related to mergers and acquisitions.</p> <p>(10) Not having a marital relationship, or a relative within the second degree of kinship to any other Directors of the Company.</p> <p>(11) Not having any of the situations set forth in Article 30 of the Company Act of the ROC.</p> <p>(12) Not a government agency, juristic person, or its representative set forth in Article 27 of the Company Act of the ROC.</p>	
Independent Director Mr. Chih-Wei Wu	<p>Two years before being elected or during the term of office meets the following criteria in:</p> <p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a Director or supervisor of the Company or any of its affiliates (not applicable in cases where the person is an Independent Directors of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders.</p> <p>(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a manager in (1) or personnel in (2) and (3).</p> <p>(5) Not a Director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the Company's outstanding shares, a top five shareholder, or appointed as the Company's Director or supervisor in accordance with Article 27, Paragraph 1 or 2 of the Company Act (not applicable in cases where the person is an Independent Director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(6) Not a Director, supervisor, or employee of other companies controlled by the same person with over half of the Company's Director seats or shares with voting rights (not applicable in cases where the person is an Independent Director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(7) Not a Director, supervisor, or employee of another company or institution who is the same person or spouse of the Company's chairperson, president or equivalent position (not applicable in cases where the person is an Independent Director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(8) Not a Director, supervisor, or executive officer of a specific company or institution with financial or business dealings with the Company, or shareholder with 5% or more shares of the Company (not applicable in cases where the specific company or institution holds 20% or more but less than 50% of the Company's outstanding shares, and is an Independent Director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(9) Not a professional individual who, or an owner, partner, Director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that audited or provided commercial, legal, financial, or accounting services for total compensation not exceeding NT\$500,000 in the most recent two years to the Company or to any affiliate of the Company, or a spouse thereof. This does not apply to members of the Remuneration Committee, Public Tender Offer Review Committee, or Merger and Acquisition Special Committee performing duties in accordance with the Securities and Exchange Act or laws and regulations related to mergers and acquisitions.</p> <p>(10) Not having a marital relationship, or a relative within the second degree of kinship to any other Directors of the Company.</p> <p>(11) Not having any of the situations set forth in Article 30 of the Company Act of the ROC.</p>	1

Name / Title	Independence	Number of positions as independent director in other public companies
	(12) Not a government agency, juristic person, or its representative set forth in Article 27 of the Company Act of the ROC.	
Independent Director Ms. Hsin-Bei Shen	<p>Two years before being elected or during the term of office meets the following criteria in:</p> <p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a Director or supervisor of the Company or any of its affiliates (not applicable in cases where the person is an Independent Directors of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders.</p> <p>(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a manager in (1) or personnel in (2) and (3).</p> <p>(5) Not a Director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the Company's outstanding shares, a top five shareholder, or appointed as the Company's Director or supervisor in accordance with Article 27, Paragraph 1 or 2 of the Company Act (not applicable in cases where the person is an Independent Director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(6) Not a Director, supervisor, or employee of other companies controlled by the same person with over half of the Company's Director seats or shares with voting rights (not applicable in cases where the person is an Independent Director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(7) Not a Director, supervisor, or employee of another company or institution who is the same person or spouse of the Company's chairperson, president or equivalent position (not applicable in cases where the person is an Independent Director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(8) Not a Director, supervisor, or executive officer of a specific company or institution with financial or business dealings with the Company, or shareholder with 5% or more shares of the Company (not applicable in cases where the specific company or institution holds 20% or more but less than 50% of the Company's outstanding shares, and is an Independent Director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(9) Not a professional individual who, or an owner, partner, Director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that audited or provided commercial, legal, financial, or accounting services for total compensation not exceeding NT\$500,000 in the most recent two years to the Company or to any affiliate of the Company, or a spouse thereof. This does not apply to members of the Remuneration Committee, Public Tender Offer Review Committee, or Merger and Acquisition Special Committee performing duties in accordance with the Securities and Exchange Act or laws and regulations related to mergers and acquisitions.</p> <p>(10) Not having a marital relationship, or a relative within the second degree of kinship to any other Directors of the Company.</p> <p>(11) Not having any of the situations set forth in Article 30 of the Company Act of the ROC.</p> <p>(12) Not a government agency, juristic person, or its representative set forth in Article 27 of the Company Act of the ROC.</p>	1
Independent Director Mr. Chi-Mo Huang	<p>Two years before being elected or during the term of office meets the following criteria in:</p> <p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a Director or supervisor of the Company or any of its affiliates (not</p>	1

Name / Title	Independence	Number of positions as independent director in other public companies
	<p>applicable in cases where the person is an Independent Directors of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders.</p> <p>(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a manager in (1) or personnel in (2) and (3).</p> <p>(5) Not a Director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the Company's outstanding shares, a top five shareholder, or appointed as the Company's Director or supervisor in accordance with Article 27, Paragraph 1 or 2 of the Company Act (not applicable in cases where the person is an Independent Director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(6) Not a Director, supervisor, or employee of other companies controlled by the same person with over half of the Company's Director seats or shares with voting rights (not applicable in cases where the person is an Independent Director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(7) Not a Director, supervisor, or employee of another company or institution who is the same person or spouse of the Company's chairperson, president or equivalent position (not applicable in cases where the person is an Independent Director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(8) Not a Director, supervisor, or executive officer of a specific company or institution with financial or business dealings with the Company, or shareholder with 5% or more shares of the Company (not applicable in cases where the specific company or institution holds 20% or more but less than 50% of the Company's outstanding shares, and is an Independent Director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).</p> <p>(9) Not a professional individual who, or an owner, partner, Director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that audited or provided commercial, legal, financial, or accounting services for total compensation not exceeding NT\$500,000 in the most recent two years to the Company or to any affiliate of the Company, or a spouse thereof. This does not apply to members of the Remuneration Committee, Public Tender Offer Review Committee, or Merger and Acquisition Special Committee performing duties in accordance with the Securities and Exchange Act or laws and regulations related to mergers and acquisitions.</p> <p>(10) Not having a marital relationship, or a relative within the second degree of kinship to any other Directors of the Company.</p> <p>(11) Not having any of the situations set forth in Article 30 of the Company Act of the ROC.</p> <p>(12) Not a government agency, juristic person, or its representative set forth in Article 27 of the Company Act of the ROC.</p>	

3. Diversity and independence of the Board

The Company stipulates guidelines for diversity in its Corporate Governance Principles to strengthen the function of the Board of Directors. The nomination and election of the Company's Board members are in accordance with the provisions of its Articles of Incorporation, adopting the candidates' nomination system and submitted to the shareholders meeting for election upon the Board of Directors' resolution. According to Article 20, Paragraph 4 of the Corporate Governance Principles of the Company, all Board members shall have the knowledge, skills and experience necessary to perform their duties. To achieve the ideal goal of corporate governance. The Board of Directors shall possess the following abilities:

- (1) Ability to make operating judgments.
- (2) Ability to perform accounting and financial analysis.
- (3) Ability to conduct management administration.
- (4) Ability to conduct crisis management.
- (5) Knowledge of the industry.
- (6) An international market perspective.
- (7) Ability to lead.
- (8) Ability to make policy decisions.

To strengthen corporate governance and promote the sound development of the Board of Directors' composition and structure, the Company's policy on diversity of board members per Article 20, Paragraph 3 of its Corporate Governance Principles indicates that: the composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company managerial officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

- (1) Basic requirements and values: Gender, age, nationality, and culture.
- (2) Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology,) professional skills and industry experience.

The Company's current Board of Directors consists of 9 directors, including 4 non-independent directors and 5 independent directors. All members are prominent and worthy personage in industry and academia and possess knowledge of finance, business and industry; an international market perspective; and professional ability to lead, make an operating judgment, manage the business and do crisis management. There are not any matters specified in Paragraph 3 and 4 of Article 26-3 of the Securities and Exchange Act. Directors who are also employees of the Company account for 22.22% of the Board. Independent directors account for 55.56%. Female directors account for 11.11%. Four independent directors has served for less than 3 years and one independent director has served for more than 9 years. One director is aged 40-49. Three directors are aged 50-59. Four directors are aged 60-69 and one director is aged 80-89.

Implementation of the diversity of the Board members is as follows:

Title	Name	Basic Requirements and Values							Professional Knowledge and Skills								Seniority of Independent Director		
		Nationality	Gender	Current positions in the Company	Age				Operational Judgments	Management Administration	Finance & Accounting	Business & Economics	Crisis Management	Knowledge of the Industry	International market perspective	Ability to lead and to make policy decisions	Below 3 years	4-9 years	Over 9 years
					40-49 years old	50-59 years old	60-69 years old	80-89 years old											
Chairman	Jin-Yang Hung	TW	Male	√	–	√	–	–	√	√	√	√	√	√	√	√	–	–	–
Director	Chu-Hsiang Yang	TW	Male	√	–	√	–	–	√	√	√	√	√	√	√	√	–	–	–
Director	Jyh-Chau Wang	TW	Male	–	–	–	√	–	√	√	√	√	√	√	√	√	–	–	–
Director	Ching-Lung Ting	TW	Male	–	–	–	√	–	√	√	√	√	√	√	√	√	–	–	–
Independent Director	Chi-Chia Hsieh	TW	Male	–	–	–	–	√	√	√	√	√	√	√	√	√	–	–	√
Independent Director	Chih-I Wu	TW	Male	–	–	√	–	–	√	–	√	√	√	√	√	√	√	–	–
Independent Director	Chih-Wei Wu	TW	Male	–	–	–	√	–	√	√	√	√	√	√	√	√	√	–	–
Independent Director	Hsin-Bei Shen	TW	Female	–	√	–	–	–	√	√	√	√	√	–	√	√	√	–	–
Independent Director	Chi-Mo Huang	TW	Male	–	–	–	√	–	√	√	√	√	√	√	√	√	√	–	–

Specific management objectives of the Board's diversity policy and their achievement

Management Objectives	Achievement
The number of directors who are also managerial officers of the Company should not exceed one-third of the total number of directors	Achieved
The Board members contains at least one female director	Achieved
Independent directors shall serve no more than three consecutive terms	Achieved

The Company values gender equality in the composition of the Board of Directors and has set a target of 33% or more female directors. We expect to elect more female directors to the next Board of Directors to achieve the target.

3.2.2 Management Team

April 2, 2024; Unit: Shares

Title	Nationality	Name (Note 1)	Gender	Date Effective	Shareholding		Shareholdings of spouse and underage children		Shares held through nominees		Experience (Education)	Other Position	Spouse or relatives of second degree or closer acting as managerial officer		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman & CEO	TW	Jin-Yang Hung	Male	2018.06.21	1,298,728	0.01	—	—	—	—	MBA, Department of Business Administration, Columbia University, USA Special Assistant to Chairman, Innolux Corporation Associate VP, Foxconn Group President, TCC International Holdings Limited Managing Director, BNP Paribas Asset Management Executive Director, Goldman Sachs Group, Inc.	Note 2	—	—	—
President & COO	TW	Chu-Hsiang Yang	Male	2010.03.18	1,777,511	0.02	6,837	—	—	—	M.S., Chemical Engineering, National Central University Vice President, Innolux Corporation Associate VP, Chi Mei Optoelectronics Corporation	Note 3	—	—	—
Executive VP	TW	Hung-Wen Yang	Male	2007.06.01	701,174	0.01	—	—	—	—	M.S., Chemical Engineering, National Cheng Kung University Plant Directors, Sintek Photronic Corp Deputy Plant Directors, AUO Corporation Manager, Unipac Optoelectronics Corp.	Director, Innolux Education Foundation	—	—	—
Vice President	TW	Jun-Yi Yu	Male	2015.12.25	443,098	—	—	—	—	—	Master of Industrial Engineering, Texas Tech University Production Manager of AUO Corporation	Note 4	—	—	—
Vice President	TW	Chih-Ming Chen	Male	2010.03.18	161,013	—	741	—	—	—	Graduated from Metallurgy and Materials Science Research Institute of National Cheng Kung University Engineer, Shyen Sheng Fuat Steel & Iron Works Co., Ltd Senior Engineer, Unipac Optoelectronics Corp.	Note 5	—	—	—
Vice President	TW	Tai-Chi Pan	Male	2010.03.18	698,013	0.01	—	—	—	—	Graduated in Electrical Engineering of National Cheng Kung University Assistant Manager, Unipac Optoelectronics Corp.	—	—	—	—
Vice President	TW	Ching-Wen Huang	Female	2019.07.03	295,367	—	—	—	—	—	Bachelor of Taipei Institute of Business Technology Assistant Manager of Materials, Unipac Optoelectronics Corp. Assistant Manager of Materials, AUO Corporation	—	—	—	—
Sr. Associate VP	TW	Ke-Yi Kao	Male	2010.03.18	724,911	0.01	—	—	—	—	M.S., Chemical Engineering, University of Florida, USA Assistant Manager, Unipac Optoelectronics Corp.	—	—	—	—
Associate VP	TW	Chih-Hsuan Wang	Male	2020.12.01	153,219	—	1,320	—	—	—	Master of Science, School of Computer Science, The University of Birmingham. Manager of LCD Sales Department, Sharp Optoelectronics Corporation	—	—	—	—

Title	Nationality	Name (Note 1)	Gender	Date Effective	Shareholding		Shareholdings of spouse and underage children		Shares held through nominees		Experience (Education)	Other Position	Spouse or relatives of second degree or closer acting as managerial officer		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Associate VP	TW	Chien-Hung Liao	Male	2021.12.20	279,632	—	350	—	—	—	Master Program in Industrial Management, Department of Food Science, Tunghai University General Director, Innolux Corporation Director, Chi Mei Optoelectronics Corporation Engineer, WUS Printed Circuit Co., Ltd. Management Associate, Standard Foods Corporation Special Assistant to President, Sinon Corporation	Director, Innolux Optoelectronics India Private Limited	—	—	—
Associate VP	TW	Chueh-Ju Chen	Female	2024.02.01	859	—	445	—	—	—	M.S., Photonics, National Chiao Tung University Engineer, AUO Corporation	Director, Innocom Technology (Shenzhen) Ltd.	—	—	—
Associate VP	TW	Chiu-Lien Yang	Female	2024.02.01	435	—	—	—	—	—	Ph. D., Photonics, National Chiao Tung University Assistant Manager, Picvue Electronics Co., Ltd.	Director, BE Epitaxy Semiconductor Technology Co., Ltd.	—	—	—
Associate VP	TW	Jun-Hao Peng	Male	2024.02.01	3,000	—	—	—	—	—	M.S., Technology and Engineering, National Taiwan Normal University Administrator, Winbond Electronics Corporation	Supervisor, Innolux Japan Co., Ltd.	—	—	—
Associate VP	TW	Yi-Ping Lee	Male	2024.02.01	530	—	—	—	—	—	Bachelor, Department of Information Management, Tamkang University Assistant Manager, Taiwan Semiconductor Manufacturing Company Limited Manager, G.T. Digital Information Co., Ltd. Senior Engineer, Mosel Vitelic Inc. Engineer, UMAX Computer Corporation	—	—	—	—
Associate VP	TW	Ching-Chien Chen	Female	2024.02.01	34,168	—	—	—	—	—	M.S., EMBA, National Sun Yat-sen University Master of Business Administration, The Chinese University of Hong Kong Office Clerk, Kaohsiung Hitachi Electronics Co.,Ltd.	—	—	—	—
Financial Officer	TW	Wei-Cheng Chiu	Male	2023.02.15	9,989	—	—	—	—	—	Bachelor, Department of Accounting, Tamkang University Chief Financial Officer, Hong Kong Changlong Enterprises Co., Ltd. Accounting Officer, Hsin Chong Chemical Co., Ltd. Manager of Finance Department, Taiwan Cement Corporation	—	—	—	—
Accounting Officer	TW	Rou-Li Cheng	Female	2023.02.15	10,444	—	—	—	—	—	Bachelor, Department of Accounting, Tamkang University Accounting Section Manager, Chi Mei Optoelectronics Corporation	Note 6	—	—	—

Note 1: Existing managerial officers as of the printed date of the annual report.

Note 2: Please refer to Note 3 on page 19 of this annual report.

Note 3: Please refer to Note 3 on page 19 of this annual report.

Note 4: Concurrently as Corporate Governance Officer of Innolux Corporation; Directors of CarUX Technology Europe B.V., CarUX Technology Hong Kong Holding Limited, Innolux Hong Kong Holding Limited, Foshan Innolux Optoelectronics Ltd., Nanjing Innolux Optoelectronics Ltd., Innocom Technology (Shenzhen) Co., Ltd., CarUX Technology (Shanghai) Ltd., Ningbo Innolux Optoelectronics Ltd., Ningbo CarUX Technology Co. Ltd.

Note 5: Concurrently as Directors of Innolux Education Foundation and GIO Optoelectronics Corp. (Statutory representative)

Note 6: Concurrently as Director of Innolux Hong Kong Limited, and Supervisors of Innolux Japan Co., Ltd., Ningbo Innolux Optoelectronics Ltd. and Ningbo Innolux Display Ltd.

Note 7: Where the chairperson and president or equivalent position (highest level executive officer) is the same person, the spouse, or a first-degree relative, provide information on the reason, reasonableness, necessity, and future improvement measures: Please refer to page 19, Note 12 of this annual report.

3.3 Remuneration of Directors, President, and Vice President

3.3.1 Remuneration to Directors and Independent Directors

Unit: NT\$ thousand; thousand shares; %

Title	Name (Note 1)	Remuneration of Directors								Ratio of Total Remuneration (A+B+C+D) to Net Income (Loss) (%) (Note8)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Remuneration (A+B+C+D+E+F+G) to Net Income (Loss) (%) (Note8)		Remuneration Paid to Directors from an Invested Company Other than the Company's Subsidiary (Note 9)
		Base Remuneration (A) (Note 2)		Severance Pay (B)		Directors Remuneration (C) (Note 3)		Expenses and perquisites (D) (Note 4)				Salary, Bonuses, and Special Disbursement (E) (Note 5)		Severance Pay (F) (Note 6)		Employees Remuneration (G) (Note 7)						
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report			
		Cash amount	Stock amount	Cash amount	Stock amount	Cash amount	Stock amount	Cash amount	Stock amount	Cash amount	Stock amount	Cash amount	Stock amount	Cash amount	Stock amount	Cash amount	Stock amount	Cash amount	Stock amount			
Chairman	Jin-Yang Hung	3,600	3,600	—	—	—	—	80	80	(0.02)	(0.02)	21,481	21,481	—	—	—	—	—	—	(0.13)	(0.13)	—
Director	Chu-Hsiang Yang	900	900	—	—	—	—	80	140	(0.01)	(0.01)	21,684	21,684	108	108	—	—	—	—	(0.12)	(0.12)	—
Director	Jyh-Chau Wang	900	1,200	—	—	—	18	80	140	(0.01)	(0.01)	19,478	19,478	108	108	—	—	—	—	(0.11)	(0.11)	—
Director	Ching-Lung Ting	900	900	—	—	—	—	80	80	(0.01)	(0.01)	17,490	18,630	—	—	—	—	—	—	(0.10)	(0.11)	—
Independent Director	Chi-Chia Hsieh	2,400	2,400	—	—	—	—	80	80	(0.01)	(0.01)	—	—	—	—	—	—	—	—	(0.01)	(0.01)	—
Independent Director	Chih-I Wu	2,400	2,400	—	—	—	—	80	80	(0.01)	(0.01)	—	—	—	—	—	—	—	—	(0.01)	(0.01)	—
Independent Director	Chih-Wei Wu	2,400	2,400	—	—	—	—	80	80	(0.01)	(0.01)	—	—	—	—	—	—	—	—	(0.01)	(0.01)	—
Independent Director	Hsin-Bei Shen	2,400	2,400	—	—	—	—	60	60	(0.01)	(0.01)	—	—	—	—	—	—	—	—	(0.01)	(0.01)	—
Independent Director	Chi-Mo Huang	2,400	2,400	—	—	—	—	80	80	(0.01)	(0.01)	—	—	—	—	—	—	—	—	(0.01)	(0.01)	—

1. Please describe the policy, system, standard, and structure of remuneration to Independent Directors, and the correlation between duties, risk, and time input with the amount of remuneration:

For the remuneration of Independent Directors, besides referring to results of Directors performance evaluations, the Remuneration Committee considers each Director's degree of participation and contribution to the Company's operations, links the reasonableness and fairness of performance and risks to remuneration, considers the Company's business performance and the remuneration standards of competitors, and makes recommendations to the Board of Directors in accordance with the Company's Articles of Incorporation.

2. Other than as disclosed in the above table, the remuneration earned by Directors providing services (e.g. providing consulting services as a non-employee) to the Company and all consolidated entities in the latest fiscal year: None.

Note 1: Please fill in the remuneration information of directors (including independent directors) who served in 2023.

Note 2: Refers to directors' base remuneration paid in 2023.

Note 3: The proposal of 2023 directors remuneration distribution has resolved by the Board of Directors.

Note 4: Refers to the relevant expenses and perquisites of directors in 2023.

Note 5: Refers to the salaries, bonuses and special disbursement, etc. received by employee directors in 2023.

Note 6: Refers to the amounts transferred to government authorities in 2023.

Note 7: The proposal of 2023 employee remunerations has resolved by the Board of Directors.

Note 8: Net income (loss) after tax refers to the net income (loss) after tax in the parent company only financial statements for the year ended December 31, 2023.

3.3.2 Remuneration of the President and Vice Presidents

Unit: NT\$ thousand; thousand shares; %

Title	Name (Note 1)	Salary (A) (Note 2)		Severance Pay (B) (Note 3)		Bonuses and Special Disbursement (C) (Note 4)		Employee Remuneration (D) (Note 5)				Ratio of Total Remuneration (A+B+C+D) to Net Income (Loss) (%) (Note 6)		Remuneration Paid to the President and Vice Presidents from an Invested Company Other than the Company's Subsidiary
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report	
								Cash amount	Stock amount	Cash amount	Stock amount			
Chairman & CEO	Jin-Yang Hung	30,331	30,331	499	499	58,931	58,931	—	—	—	—	(0.48)	(0.48)	—
President & COO	Chu-Hsiang Yang													
Executive VP	Hung-Wen Yang (Note 7)													
Vice President	Chih-Ming Chen													
	Tai-Chi Pan (Note 7)													
	Jun-Yi Yu													
	Yu Shui Kuo (Note 8)													

Note 1: The remuneration information of president and vice president who served in 2023.

Note 2: Refers to remuneration paid in 2023.

Note 3: Refers to the amounts transferred to government authorities in 2023.

Note 4: Refers to the salaries, bonuses and special disbursement, etc. in 2023. The bonuses and special disbursement are proposed amounts and pending the resolution by the Board of Directors.

Note 5: The proposal of 2023 employee remunerations has resolved by the Board of Directors.

Note 6: Net income (loss) after tax refers to the net income (loss) after tax in the parent company only financial statements for the year ended December 31, 2023.

Note 7: Promotion on September 1, 2023.

Note 8: Dismissal on April 13, 2023.

Remuneration Bracket Table

Range of Remuneration	Name of the Presidents and the Vice Presidents	
	The Company	All companies in the financial report
Less than NT\$ 1,000,000		
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	Yu Shui Kuo	Yu Shui Kuo
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)		
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	Tai-Chi Pan	Tai-Chi Pan
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)		
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	Chih-Ming Chen, Jun-Yi Yu	Chih-Ming Chen, Jun-Yi Yu
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	Jin-Yang Hung, Chu-Hsiang Yang, Hung-Wen Yang	Jin-Yang Hung, Chu-Hsiang Yang, Hung-Wen Yang
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)		
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)		
NT\$100,000,000 and above		
Total	7	7

3.3.3 Remunerations for the top five highest paid managerial officers

Unit: NT\$ thousand; thousand shares; %

Title	Name (Note 1)	Salary (A) (Note 2)		Severance Pay (B) (Note 3)		Bonuses and Special Disbursement (C) (Note 4)		Employee Remuneration (D) (Note 5)				Ratio of Total Remuneration (A+B+C+D) to Net Income (Loss) (%) (Note 6)		Remuneration Paid to the President and Vice Presidents from an Invested Company Other than the Company's Subsidiary
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report	
								Cash amount	Stock amount	Cash amount	Stock amount			
Chairman & CEO	Jin-Yang Hung	7,311	7,311	—	—	14,170	14,170	—	—	—	—	(0.12)	(0.12)	—
President & COO	Chu-Hsiang Yang	6,608	6,608	108	108	15,076	15,076	—	—	—	—	(0.12)	(0.12)	—
Executive VP	Hung-Wen Yang (Note 7)	4,733	4,733	108	108	13,320	13,320	—	—	—	—	(0.10)	(0.10)	—
Vice President	Chih-Ming Chen	4,991	4,991	108	108	7,222	7,222	—	—	—	—	(0.07)	(0.07)	—
Vice President	Tai-Chi Pan (Note 7)	4,322	4,322	108	108	8,840	8,840	—	—	—	—	(0.07)	(0.07)	—

Note 1: Please fill in the remuneration information of the top five highest paid current managerial officers in 2023.

Note 2: Refers to remuneration paid in 2023.

Note 3: Refers to the amounts transferred to government authorities in 2023.

Note 4: Refers to the amount of various bonuses, incentive payments, traffic allowance, special disbursement, various allowances, dormitories, vehicles, and other in-kind provisions and other rewards in 2023. Bonuses and special disbursement are proposed amounts and pending the resolution by the Board of Directors.

Note 5: The amount of individual employee remuneration has been approved by the Board of Directors.

Note 6: Net income (loss) after tax refers to the net income (loss) after tax in the parent company only financial statements for the year ended December 31, 2023.

Note 7: Promotion on September 1, 2023.

3.3.4 Names and Distributions of Employee Profit-Sharing Remunerations to Managerial Officers

In 2023, the Company incurred a loss after tax and did not allocate any remuneration to employees.

3.3.5 Comparison of Remuneration for Directors, Presidents, and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Presidents, and Vice Presidents

1. The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the most recent two fiscal years to Directors, presidents, and vice presidents of the Company to the percentage of net income stated in the parent company only financial reports or individual financial reports.

Item	Fiscal Year	Ratio of total remuneration paid to net income (loss)			
		2022		2023 (Note)	
		The Company	All Companies in the consolidated financial statements	The Company	All Companies in the consolidated financial statements
Director		(0.27)	(0.28)	(0.53)	(0.54)
Presidents & Vice Presidents		(0.24)	(0.24)	(0.48)	(0.48)

Note: The amount has been approved by the Board of Directors.

2. The policies, standards, and packages, for the payment of remuneration, the procedures for determining remuneration, and its linkage to operating performance.

(I) Policies, standards and packages of remuneration of the Company

According to the Company's remuneration policy, the remuneration of Directors, the President and the Vice President shall be determined by the Remuneration Committee after considering the Company's operation performance, personal performance and responsibilities, and incorporating into the contributions and performance of sustainable corporate governance indicators of three aspects, economic, environmental, and social, as well as the relationship and rationality between the industry development trend and future operation risks, and by referring to the level of external remuneration market and similar positions in the industry; the Board of Directors shall comprehensively consider the amount of remuneration, payment method, etc. for a resolution.

(II) The procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

The remunerations to directors and managerial officers are regularly evaluated based on the performance evaluation results obtained according to the "Rules for Evaluating Board of Directors and Functional Committee Performance" and the "Performance Management Regulations" applicable to managerial officers and employees, respectively. In addition, the remuneration to managerial officers is determined with reference to the "Managerial Officers Remuneration Regulations" and the operating performance indicators of the associates, including financial indicators such as annual revenue and EPS, and non-financial indicators such as ESG sustainable management results. Based on the recognition of representative sustainability-related awards at home and abroad (such as GCSA, TCSA, SEAL Awards, etc.) and the three major rankings of E, S, and G in the DJSI, 0~5% weighting is given by reviewing the performance to formulate a high-level remuneration, which will be reviewed by the Remuneration Committee and submitted to the Board of Directors for approval.

In addition, in accordance with Article 21 of the Company's Articles of Incorporation, the distribution of employees' remuneration shall not be lower than 5% of and the directors' remuneration shall not be higher than 0.1% of the current year pre-tax income before deducting the distributable employees' and directors' remuneration of the Company.

The Company allocates directors' and employees' remuneration based on the actual annual profit and the ratio specified in the Articles of Incorporation. The Remuneration Committee shall make a proposal after considering the industrial environment, the Company's operating conditions, as well as the directors',

the president's and the vice president's responsibilities, contribution and goal achievement, and then submit it to the Board of Directors for resolution, and distribute the remuneration after reporting to the shareholders' meeting.

The reasonableness of the remuneration shall be reviewed by the Remuneration Committee and the Board of Directors, and the remuneration system shall be reviewed from time to time according to the actual business situation and relevant laws and regulations, so as to achieve a balance between the Company's sustainable operation and risk control.

3.4 Implementation of Corporate Governance

3.4.1 Operations of the Board of Directors

A total of 4 meetings of the Board of Directors were held in the previous (2023) period. Directors' attendance was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%) (Note)	Remarks
Chairman	Jin-Yang Hung	4	—	100.00%	
Director	Chu-Hsiang Yang	4	—	100.00%	
Director	Jyh-Chau Wang	4	—	100.00%	
Director	Chin-Lung Ting	4	—	100.00%	
Independent Director	Chi-Chia Hsieh	4	—	100.00%	
Independent Director	Chih-I Wu	4	—	100.00%	
Independent Director	Chih-Wei Wu	4	—	100.00%	
Independent Director	Hsin-Bei Shen	3	1	75.00%	
Independent Director	Chi-Mo Huang	4	—	100.00%	

Note: The actual attendance (%) was calculated based on the number of Board meetings and the actual number of attendances during his/hers tenure.

Other items to be recorded:

I. If any of the following circumstances occur, the dates of the meetings, term, and motion contents, all independent directors' opinions and the Company's response should be specified:

(I) Matters referred to in Article 14-3 of the Securities and Exchange Act.

Total 5 meetings of the Board were held in the period from 2023 to the printed date of the annual report. For the resolutions please refer the pages 77-78 of the annual report. All independent directors did not object to the matters listed in Article 14-3 of the Securities Exchange Act and approved the resolution as presented.

(II) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the Board of Directors : None.

II. If there are directors' avoidance of motions in conflict of interest, the directors' names, motion contents, reasons for avoidance of interests and voting should be specified:

Board Meetings	Directors' Name	Motion Contents	Reasons for avoidance of interests	Voting
4th meeting of the 9th term 2023.02.14	Chairman, Jin-Yang Hung Director, Chu-Hsiang Yang Director, Jyh-Chau Wang Director, Chin-Lung Ting	Proposal for the remuneration of managerial officers	As the interest persons in this case, the directors evaded their interests in accordance with the law	Did not participate in discussion or voting
5th meeting of the 9th term 2023.04.18	Chairman, Jin-Yang Hung Director, Chu-Hsiang Yang Director, Jyh-Chau Wang Director, Chin-Lung Ting	Proposal for the remuneration of directors, and managerial officers	As the interest persons in this case, the directors evaded their interests in accordance with the law	Did not participate in discussion or voting
7th meeting of the 9th term 2023.10.26	Chairman, Jin-Yang Hung Director, Chu-Hsiang Yang Director, Jyh-Chau Wang Director, Chin-Lung Ting	1. Proposal for the 2023 remuneration adjustment to managerial officers and employee	As the interest persons in this case, the directors evaded their interests in accordance with the law	Did not participate in discussion or voting

Board Meetings	Directors' Name	Motion Contents	Reasons for avoidance of interests	Voting
		directors 2. Proposal to transfer the 3rd time of repurchased shares to employees		
8th meeting of the 9th term 2024.02.22	Chairman, Jin-Yang Hung Director, Chu-Hsiang Yang Director, Jyh-Chau Wang Director, Chin-Lung Ting	Proposal for the 2023 remunerations to managerial officers and employee directors	As the interest persons in this case, the directors evaded their interests in accordance with the law	Did not participate in discussion or voting

III. Execution of Board Performance Evaluation:

Type	Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content and Result
Self-evaluation	Once a year	2023.01.01-2023.12.31	Board of Directors, functional committees (including the Audit Committee and the Remuneration Committee) and individual directors	Self-evaluation of Board of Directors, functional committees (including the Audit Committee and the Remuneration Committee) and individual directors	<p>Evaluation items:</p> <ol style="list-style-type: none"> 1. The evaluation of the Board as a whole: which should cover, participation in the Company's operation; the Board' decision making quality; the composition and structure of the Boards; the election and continuing education of directors; and internal control. 2. Functional committees: which should cover participation in the Company's operation; understanding of the duties of functional committees; the functional committees' decision-making quality; the composition of functional committees and the election of their members and internal control. 3. Individual directors: which should cover alignment of the goals and missions of the Company; understanding of the duties and responsibilities of directors; participation in the Company's operation; management of internal relationships and communications; professionalism and continuing education; and internal control. <p>Evaluation results:</p> <p>The evaluation results are divided into five levels: very poor (strongly disagree), poor (disagree), moderate (average), good (agree) and excellent (strongly agree). The internal self-evaluation results of the Company's "Board of Directors", "Board Members", "Audit</p>

Type	Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content and Result
					Committee” and “Remuneration Committee” are good, good, excellent, and excellent, respectively, which sufficiently indicate that the Company's Board of Directors and functional committees are operating outstandingly.

IV. Targets for strengthening of the functions of the Board during the current and immediately preceding fiscal years (e.g. establishing an audit committee and enhancing information transparency) and the implementation status evaluation:

- (I) The Board of Directors shall direct the Company’s strategy, supervise the management team, be responsible to the Company and shareholders’ meeting, and make arrangements for the various operations and arrangements of the Company’s governance system to ensure that it exercises its authorities in accordance with laws and regulations, the Company’s Articles of Incorporation or the resolutions of the shareholders’ meeting.
- (II) The Company has established an Audit Committee on July, 2016 to exercise the authorities required by the Securities and Exchange Act, the Company Act and other laws and regulations to assist the Board of Directors in supervising the Company’s quality and integrity in the implementation of relevant accounting, auditing, financial reporting procedures and financial control. Please see pages 40-42 for the detail of the Audit Committee’s operation.
- (III) The Company has established Remuneration Committee on August, 2011 and set up standard for the directors and managers. The Remuneration Committee is also in charge of making regular review of performance of the directors and managers, and the related remuneration policy, system, standard, and structure. Please see pages 51-52 for the detail of the Remuneration Committee’s operation.
- (IV) The Company has re-elected its Board of Directors at extraordinary general meeting on June 24, 2022. The new Board is made of 9 Board members, including 5 independent directors. All non-independent directors are held by natural persons, and independent directors exceed half of Board members, thus strengthening the Board function and corporate governance.
- (V) The Board members continuing education extending beyond the scope of the professional expertise of the Directors, and to select courses encompassing corporate governance related topics such as finance, risk management, business, commerce, legal affairs, accounting, and sustainable development, or courses relating to internal control systems or liability for financial reports to enhance the awareness and implementation of corporate governance by Board members. Please see pages 72-73 for the detail of the status of directors ' participation in corporate governance related courses and trainings.

V. Attendance of independent directors at 2023 Board Meetings

Board Meetings	Independent Director Chi-Chia Hsieh	Independent Director Chih-I Wu	Independent Director Chih-Wei Wu	Independent Director Hsin-Bei Shen	Independent Director Chi-Mo Huang
4th meeting of the 9th term 2023.02.14	Attend in person	Attend in person	Attend in person	Attend in person	Attend in person
5th meeting of the 9th term 2023.04.18	Attend in person	Attend in person	Attend in person	Attend in person	Attend in person
6th meeting of the 9th term 2023.07.27	Attend in person	Attend in person	Attend in person	By Proxy	Attend in person
7th meeting of the 9th term 2023.10.26	Attend in person	Attend in person	Attend in person	Attend in person	Attend in person

3.4.2 Operations of the Audit Committee

A total of 4 audit committee meetings were held in the previous (2023) period. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%) (Note)	Remarks
Independent Director	Chi-Chia Hsieh	4	—	100.00%	
Independent Director	Chih-I Wu	4	—	100.00%	
Independent Director	Chih-Wei Wu	4	—	100.00%	
Independent Director	Hsin-Bei Shen	3	1	75.00%	
Independent Director	Chi-Mo Huang	4	—	100.00%	

Note : The actual attendance (%) was calculated based on the number of the Audit Committee meetings and the actual number of attendances during his/hers tenure.

Other items to be recorded:

I. The annual work focus and authority of the audit committee

(I) The main function of the Audit Committee is to supervise the following matters:

1. The fair presentation of the financial reports of the Company.
2. The hiring (and dismissal), independence, and performance of the certificated public accountants.
3. The effectiveness of the implementation of the internal control system of the Company.
4. The compliance with relevant laws and regulations by the Company.
5. The management of the existing or potential risks of the Company.

(II) The powers of the Committee are as follows:

1. The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. Assessment of the effectiveness of the internal control system.
3. The adoption of or amendments to, pursuant to Article 36-1 of the Securities and Exchange Act, the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, engaging in derivatives trading, loaning funds to others, and endorsements or guarantees for others.
4. Matters in which a director is an interested party.
5. Asset transactions or derivatives trading of a material nature.
6. Loans of funds, endorsements, or provision of guarantees of a material nature.
7. The offering, issuance, or private placement of equity-type securities.
8. The hiring or dismissal of a certified public accountant, or their compensation.
9. The appointment or discharge of a financial, accounting, or internal audit officer.
10. Annual and quarterly financial reports, which are signed or sealed by the chairperson, managerial officer, and accounting officer.
11. Other material matters that may be required by the Company or by the competent authority.

II. If any of the following circumstances occur, the dates of Board meetings, term, motion contents, resolutions of the audit committee and the Company's response to the audit committee's opinion should be specified:

(I) Matters referred to in Article 14-5 of the Securities and Exchange Act.

Board Meetings	Motion Contents	Resolution of the Audit Committee	The Company's response to the members' opinions
4th meeting of the 9th term 2023.02.14	1. Proposal of the 2022 Parent Company only and Consolidated Financial Reports 2. Proposal of the Company's 2022 Internal Control System Statement 3. Amendments to the Procedures for the Rules Governing Financial and Business Matters Between the Company and its Related Parties 4. The appointment, remuneration, and assessment of the independence and competency of CPAs 5. Proposal of the pre-approved non-assurance services provided from CPAs and its affiliates to the Company and its Subsidiaries 6. Proposal of the substitution of Financial Officer and Accounting Officer	Approved by all committee members present as proposed	Approved by all directors present as proposed
5th meeting of the 9th term 2023.04.18	1. 2022 Business Report of the Company 2. Proposal of 2022 profit and loss appropriation 3. Review the financial statements for the first quarter of 2023	Approved by all committee members present as proposed	Approved by all directors present as proposed
6th meeting of the 9th term 2023.07.27	1. Review the financial statements for the second quarter of 2023 2. Proposal to increase investment in its subsidiary Innolux Holding Limited	Approved by all committee members present as proposed	Approved by all directors present as proposed
7th meeting of the 9th term 2023.10.26	1. Review the financial statements for the third quarter of 2023 2. Proposal of 2024 Audit plan 3. Proposal to transfer the 3rd time of repurchased shares to employees	Approved by all committee members present as proposed	Approved by all directors present as proposed

(II) Other matters which were not approved by the audit committee but were approved by two-thirds or more of all directors: None.

III. If there are independent directors' avoidance of motions in conflict of interest, the independent directors' names, motion contents, reasons for avoidance of interests and voting should be specified: None.

IV. Communications between the independent directors, the Company's chief internal auditor and the CPAs:

(I) Communication between independent directors and chief internal auditor:

The independent directors of the Company and the chief internal auditor shall meet regularly at least once a quarter and submit the audit report and deficiency tracking report for the previous month by the end of each month to report on the implementation status of the Company's annual audit plan and the improvement of internal control deficiency tracking; a meeting may be convened at any time in case of material unusual matters.

(II) The 2023 major matters of the communications between independent directors (audit committee) and chief internal auditor

Date	Descriptions of the major matters	Resolution
2023.01.05	December 2022 Audit Report was submitted to independent directors for review	No objection
2023.02.03	January 2023 Audit Report was submitted to independent directors for review	No objection
2023.02.14 Audit Committee	1. Report on the implementation of the audit plan for the fourth quarter of 2022 2. Statement of Internal Control System for 2022	1. No objection 2. After review and submit to the Board for resolution

Date	Descriptions of the major matters	Resolution
2023.03.03	February 2023 Audit Report was submitted to independent directors for review	No objection
2023.04.07	March 2023 Audit Report was submitted to independent directors for review	No objection
2023.04.18 Audit Committee	Report on the implementation of the audit plan for the first quarter of 2023	No objection
2023.05.05	April 2023 Audit Report was submitted to independent directors for review	No objection
2023.06.02	May 2023 Audit Report was submitted to independent directors for review	No objection
2023.07.07	June 2023 Audit Report was submitted to independent directors for review	No objection
2023.07.27 Audit Committee	Report on the implementation of the audit plan for the second quarter of 2023	No objection
2023.08.07	July 2023 Audit Report was submitted to independent directors for review	No objection
2023.09.01	August 2023 Audit Report was submitted to independent directors for review	No objection
2023.10.06	September 2023 Audit Report was submitted to independent directors for review	No objection
2023.10.26 Audit Committee	Report on the implementation of the audit plan in the third quarter of 2023	No objection
2023.11.03	October 2023 Audit Report was submitted to independent directors for review	No objection
2023.12.01	November 2023 Audit Report was submitted to independent directors for review	No objection

(III) Communication between independent directors (Audit Committee) and the CPAs:

The Company's independent directors and CPAs meet regularly at least once a quarter. The CPAs discuss the results of the audit/review of the Company's financial reports at the Audit Committee meeting, and communicate fully with the Company regarding whether the amendments to laws have any material impact on the Company.

(IV) The 2023 major matters of the communications between independent directors (Audit Committee) and the CPAs:

Date	Attendees	Descriptions of the major matters	Resolution
2023.02.14 Separate meeting before the Audit Committee meeting	Independent Director, Chi-Chia Hsieh Independent Director, Chih-I Wu Independent Director, Chih-Wei Wu Independent Director, Hsin-Bei Shen Independent Director, Chi-Mo Huang CPA, Sheng-Chung Hsu	The audit results of the 2022 parent company only financial statements and consolidated financial statements	No objection
2023.04.18 Separate meeting before the Audit Committee meeting	Independent Director, Chi-Chia Hsieh Independent Director, Chih-I Wu Independent Director, Chih-Wei Wu Independent Director, Hsin-Bei Shen Independent Director, Chi-Mo Huang CPA, Sheng-Chung Hsu	The review results of the 2023 first quarter of the financial statements.	No objection
2023.07.27 Separate meeting before the Audit Committee meeting	Independent Director, Chi-Chia Hsieh Independent Director, Chih-I Wu Independent Director, Chih-Wei Wu Independent Director, Chi-Mo Huang CPA, Sheng-Chung Hsu	The review results of the 2023 second quarter of the financial statements.	No objection
2023.10.26 Separate meeting before the Audit Committee meeting	Independent Director, Chi-Chia Hsieh Independent Director, Chih-I Wu Independent Director, Chih-Wei Wu Independent Director, Hsin-Bei Shen Independent Director, Chi-Mo Huang CPA, Sheng-Chung Hsu	1. The review results of the 2023 third quarter of the financial statements 2. Communication of 2023 Audit Plan and Key Audit Matters with CPA	No objection

3.4.3 Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Does the Company establish and disclose the Corporate Governance Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		The Company has enacted Corporate Governance Principles in order to protect the rights and interests of shareholders, strengthen the powers of the Board of Directors, respect the rights and interests of stakeholders and enhance information transparency. The Company’s “Corporate Governance Principles” please refer to the official website.	No significant difference compared to Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
2. Shareholding structure & shareholders’ rights (1) Does the Company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure? (2) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares? (3) Does the Company establish and execute the risk management and firewall system within its conglomerate structure? (4) Will the Company set up internal norms to prohibit insiders from utilizing the undisclosed information to trade securities?	V V V V		(1) The Company has enacted the Procedures for Handling Material Inside Information and has, besides, set up spokesperson and acting spokesperson to take charge of proposals or disputes from shareholders. (2) The Company is in a position to dominate the name lists of the key shareholders and the terminal controllers of the key shareholders and has disclosure in accordance with legal requirements. (3) The Company has duly enacted the Regulations Governing Transaction with Related Parties, Regulations Governing Supervision over Subsidiaries and has, besides, set up relevant departments with sound mechanisms to evaluate and monitor potential risks with affiliated enterprises. (4) The Company has duly acted the Procedures for Handling Material Inside Information and Code of Ethics for Directors and Officers and further in accordance with the Company’s internal control system, enacted Operating Procedures to Prevent Inside Trading and Management over Major Information to ban insiders from trading securities by taking advantage of the information which has not yet been made public in the market.	No significant difference compared to Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
3. Composition and Responsibilities of the Board of Directors (1) Whether the Board of Directors has formulated diversity policy and specific management objectives, and implemented such policy?	V		(1) A. The Company stipulates guidelines for diversity in its Corporate Governance Principles to strengthen the function of the Board of Directors. The nomination and election of the Board of Directors of the Company is in accordance with the provisions of the Company’s Articles of Incorporation. In addition to assessing the qualifications of each candidate’s academic experience, and taking into account the opinions of interested parties, the Company’s Election Rules of Directors and Corporate Governance Principles are adhered to. To ensure the diversity and independence of the Board members.	No significant difference compared to Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>(2) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?</p> <p>(3) Does the Company establish standards and method for evaluating Board performance, conduct annual performance evaluations, submit performance evaluation results to the Board, and use the results as a basis for determining the remuneration and nomination of individual directors?</p> <p>(4) Does the Company regularly evaluate the independence of CPAs?</p>		V	<p>B. Please refer to on pages 29-30 of this annual report for the Company’s implementation of the diversification policy.</p> <p>(2) The Company has set up the Audit Committee and Remuneration Committee, the Company’s Independent Directors’ serve as the Committee members. For more details regarding the business performance of the Company’s Audit and Remuneration Committee, please refer to pages 40-42 & 51-52 of this Annual Report. The Company, nevertheless, has not yet set up committee of other functions to date.</p> <p>(3) The Board of Directors of the Company passed the Rules for Evaluating Board of Directors Performance on November 8, 2019, which stipulates that the Board of Directors shall perform performance evaluations for the Board of Directors, Board members, Remuneration Committee and Audit Committee at least once a year. Execution of Board performance evaluation, please refer to pages 38-39 of this annual report. The results of the performance evaluation were reported to the Board of Directors on February 22, 2024, and used as a basis for determining the remuneration and nomination of individual directors.</p> <p>(4) The Company’s Audit Committee and Board of Directors evaluate the independence and competency of the CPAs every year, based on the evaluation standards and reference audit quality indicator (AQI) in note 1 on page 49 of this annual report. The performance is evaluated in 5 major aspects and 13 indicators including professionalism, quality control, independence, supervision and innovation ability. The CPA is confirmed to be independent of the Company and can provide the Company with financial report auditing certification, as well as various financial, accounting, and tax consulting services. The evaluation results of the most recent year have been discussed and approved by the Audit Committee on February 22, 2024, and submitted to the Board of Directors, who approved a resolution on February 22, 2024 to evaluate the independence and competency of CPAs.</p>	
<p>4. Does the Company have a suitable number of competent corporate governance personnel, and has it appointed a corporate governance officer responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their duties, assisting directors and supervisors with regulatory compliance, handling matters related to</p>	V		<p>On August 5, 2020, the Board of Directors resolved to appoint Vice President Jun-Yi Yu as the Corporate Governance Officer to be responsible for supervision and planning of the corporate governance. His qualification meets the requirements of paragraph 1, Article 3-1 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.</p> <p>The affairs of the corporate governance officer include:</p> <p>I. Handling of matters relating to board of directors meetings and shareholders meetings in compliance with law.</p> <p>II. Preparation of minutes of the board of directors meetings and shareholders</p>	No significant difference compared to Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
Board meetings and shareholders’ meetings, and making minutes for Board meetings and shareholders’ meetings)?			<p>meetings.</p> <p>III.Assistance in onboarding and continuing education of the directors</p> <p>IV.Provision of information required for performance of duties by the directors</p> <p>V. Assistance in the directors' compliance of law</p> <p>VI.Reporting to the board of directors of its examination results as to whether the qualifications of independent directors upon their nomination and election and during their tenure conform to applicable laws and regulations</p> <p>VII. Addressing matter pertaining of changes of directors.</p> <p>VIII. Other matters described or established in the articles of incorporation or under contract.</p> <p>Report the operation of corporate governance to the Board of Directors on a regular basis every year. The detail of completed item in 2023 list as below, and is reported to the Board of Directors on February 22, 2024:</p> <ol style="list-style-type: none"> 1.The Company held 4 Board meetings, 4 Audit Committee meetings and 3 Remuneration Committee meetings in 2023. 2.Held 1 annual general shareholders’ meeting in 2023. 3.Assisted board members in developing annual continuing education plans and arranging continuing education courses. All the members of Board of Directors completed at least 6 hours of continuing education courses in 2023. 4.The Company maintains D&O insurance for its directors and key officers and report to the Board meeting. 5.Regularly communicate with independent directors and CPAs about the Company’s financial and business situation. Please refer to pages 41-42 of annual report and our website (http://www.innolux.com) for communication. 6.The agenda and meeting materials of Board meeting mail/send to all directors 7 days before of the Board meeting and remind in advance if the issues require interest avoidance, and finished the meeting minutes in 20 days after the meeting. 7.Booking the date of AGM, prepare meeting notice, meeting agenda and minutes within the statutory time limit, and handle change registration matters in the amendment of the Articles of Incorporation or the re-election of directors. 8.The internal performance evaluation of the Board of Directors and functional committees was conducted. For the evaluation results of the Board of Directors, the Audit Committee, the Remuneration Committee and their individual members, please refer to pages 38-39 of this annual report and the Company's website (http://www.innolux.com). 9.Please refer to page 73 of annual report for the training situation of corporate 	

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			governance officer.	
5. Does the Company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		The Company’s stakeholders include employees, shareholders/investors, customers, suppliers, society (communities, media, non-governmental organizations), etc. Relevant communication channels include the “Investor,” “Customer/Supplier Systems,” “Products & Tech” area set up on the Company’s official website, as well as mailboxes for media contact, anti-corruption reporting, and corporate social responsibility (csr@innolux.com). To fully respond to the needs of stakeholders, the Company also equates the communication status, implementation plan, goals and results of all stakeholders related to sustainable development with regular reports on the Board's agenda each year. The communication status of all stakeholders in 2023 was reported to the Board of Directors on February 22, 2024. The issues of stakeholders please refer the annual report pages 49-50 Note 2.	No significant difference compared to Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company mandates Registrar & Transfer Agency Department of Grand Fortune Securities Co., Ltd. to be the Company’s shareholder services agent, and to handle the affairs related to the shareholders’ meeting.	No significant difference compared to Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
7. Information Disclosure (1) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance? (2) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)? (3) Does the Company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?	V V		(1) Through the Company’s website (http://www.innolux.com) we provide financial, business, and corporate governance information and keep updating. (2) The Company’s English website announces information and our Stock Administration Department, Investors Relation Department, Corporate Communication Department and the related department responsible for collecting and disclosing the related information also set up positions for its spokesperson and acting spokesperson in accordance with the regulations and the Company provides Investor Conference report on the official website. (3) The Company announced and reported annual financial statements within two months after the end of each fiscal year, and announced the operating conditions of each month and the interim financial statements within the prescribed time limit.	No significant difference compared to Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies

8. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, Directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for Directors)?

(1) Employee's Rights

Please refer to pages 111 "V. Operational Highlights – 5.5 Labor Relations" of the annual report.

(2) Employee Care

The Company knows very well that employees are the cornerstone of sustainable growth and does not lag behind in caring for its employees. It adopts an integrated service model and collaborates with external professional EAP teams to provide unlimited 0809 toll-free hotlines, with the Company covering the associated fees. Additionally, we offer 24-hour Chinese and English language services, and also provide free one-on-one counseling services for all foreign colleagues, along with arranging a trustworthy protection mechanism.

The Company actively cares for the physical, mental and spiritual health of employees, organizes leisure and recreational activities, promotes employee club activities, and optimizes programs for food, housing, transportation, and recreation, so that employees can enjoy a healthy and balanced life while after work. In addition, to improve employees' health awareness, the Company conducts regular health checkups and provides employee health consultations every year. In response to occupational disasters, major injuries and illnesses, and major natural disasters, a sympathy and care mechanism will be launched. The recipients of sympathy include injured colleagues and their families. We will assist them in the application for labor, health, and group insurance.

In order to ensure the well-being of female employees, and in accordance with the labor regulations of the locality of the plant, the implementation of the maternity leave pay allowance, the strengthening of the fetus rest and the family care leave, etc., for the female employees of pregnancy, implement the health risk assessment, adjust the work as needed. Under the principle of maternity protection and employment equal rights, create a friendly working environment for female employees.

(3) Investor relations, the rights of suppliers and stakeholders

According to different interested groups, the Company has established multiple and unobstructed communication channels, such as setting up a stakeholders area on the Company's webpage, so that we can keep communicating and getting feedback from those interests groups' needs and expectations.

1. Employees:

Establish communication channels such as employee care hotline, employee care mailbox, APP-Employee Assistance Programs (EAPs), mobilization meeting communication meeting, government decrees on the system, labor-management meetings, job welfare meetings, seminars for various departments and satisfaction surveys, etc.

2. Shareholders/Investors:

The Company treats our shareholders with the principle of fairness and openness. We call the shareholders meetings according to the Company Act and other related laws every year, encourage stockholders to actively participate in the stockholders meeting with proposals and questions.

3. Customers:

We have salespeople and customer service units to reply to customers' demands effectively, establish a volume of customer (VOC) system, monitor the progress of handling issues, field audits and questionnaire feedback, and customers' satisfaction survey.

4. Suppliers:

Setting up an interactive platform for supplier purchasing and procurement management, and a buyer and procurement management department to host regular biweekly/monthly quality meetings with suppliers, and annual supplier conferences, and provide anti-corruption reporting mailboxes.

5. Society (communities, media, non-governmental organizations / non-profit organizations):

There are full-time departments to respond in a timely manner, and the media contact mailboxes and telephones to respond by specified personnel, issue press releases and statement from time to time, and hold press conferences. The Company also has Facebook and Instagram fan pages of "Innolux ESG DNA", where it publishes company-related news from time to time.

(4) Continuing education for directors

The Company's directors have both professional background and practical experience. The Company arranges continuing education for directors and every year. For the continuing education for directors in the latest year and as of the publication date of annual report, please refer to pages 72-73 of this annual report.

(5) Implementation of risk management policies and risk measurement standards

In order to strengthen the risk management mechanism, the Company approved the resolution of Risk Management Policy and Procedures in 2020. Define various risks according to the Company's overall operating policy, establish management procedures for early identification, accurate measurement, effective supervision and strict control, and regularly review relevant finance, regulations, climate change, water and electricity resources, industrial supply chain, cyber security and occupational safety and health, and other aspect risks. Take appropriate measures to prevent possible losses, and timely adjust and improve the best risk management practices based on changes in the internal and external environment to reduce the impact of risks on operations and create a more resilient operating environment. The implementation of risk management policies and risk measurement standards in 2023 was reported to the Audit Committee and the Board of Directors on February 22, 2024, and disclosed on the Company's website.

The risk management process mainly includes risk identification, risk assessment and risk response.

Risk identification: Identify relevant risk items according to regulations, industry standards and international development trends.

Risk assessment: The degree of risk is comprehensively considered according to the severity and frequency of occurrence.

Risk response: According to the degree of risk, formulate control measures and response plans. The criteria for evaluating control plans generally include effectiveness, feasibility and cost.

(6) The implementation of customer policy

In order to meet customer requirements and strive to exceed their expectations, the Company implements good products and services that combine software and hardware for terminal needs. Supplementing with intelligent tools and employing intelligent, flexible decision-making to adjust directions appropriately, we can continue to create a win-win situation among the Company, suppliers, and customers, collaboratively establishing a sustainable operating environment.

The Company attaches importance to the confidentiality and privacy of customer information, and establishes a complete information collection system, coupled with intelligent analysis and diagnosis to quickly drive improvements and satisfy customer needs, accurately predict customer rankings, and achieve customer satisfaction that is in the interests of the Company through risk warning with quality indicators and in-depth retaining customer relationships, to become a value-creating information center.

In addition, in-depth analyzes customers' requirements and expectations through customer satisfaction survey annually. Customers can report issues through onsite check and expect technical personnel on business trips to promptly and effectively address them. Task Force Team is established for major incidents to continuously improve shipment quality and simultaneously cooperate with customers to implement quality improvement projects, thereby improving customer satisfaction.

(7) Purchase of liability insurance for Directors: The Company has purchased liability insurance for its directors.

9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures for those unimproved:

The Company has set up its "Corporate Governance Principles" according to the revised Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies by the Taiwan Stock Exchange Corporation (TWSE). The Company has been working hard on sustainable economy, environment, and society and fulfilling long-term and sustainable responsibility to individual stakeholders and the whole society based on business core value of honesty and integrity.

The areas that require immediate improvement are described below:

Evaluation Indicators	Priority items to be improved and measures
Has the Company formulated a diversity policy for Board members and disclosed the specific management goals and implementation status of the diversity policy on the Company's website and annual report?	Disclose important items of the diversity policy for Board members, such as gender or expertise, on the Company website and in the annual report, respectively. Set a certain number of seats or proportions of directors who must have that background or expertise, specific management goals and current achievement status.

Note 1: Evaluation form of the independence of CPAs

No.	Evaluation Item	Results
1	No major financial interested relationship with the client.	■ Yes □ No
2	Avoiding any improper relationship with the client.	■ Yes □ No
3	The accountant should supervise their assistants to strictly comply with honesty, justice and independence.	■ Yes □ No
4	The accountant is prohibited from auditing certification for the Company's financial report where he/she served in within the previous two years.	■ Yes □ No
5	The accountant's identification is forbidden to be infringed by another individual.	■ Yes □ No
6	The accountant does not hold any shares in the Company or in its subsidiaries.	■ Yes □ No
7	The accountant does not owe any debt to the Company or its subsidiaries.	■ Yes □ No
8	The accountant is not in any joint investment or benefit-sharing relationship with the Company or its subsidiaries.	■ Yes □ No
9	The accountant is not employed and paid regularly by the Company or its subsidiaries.	■ Yes □ No
10	The accountant does not receive any commission which is occupational-related.	■ Yes □ No
11	The accountant is subject to disciplinary actions does not over 7 years or returning does not less than 2 years.	■ Yes □ No
12	The accountant audit experience obtain the Electronic industry.	■ Yes □ No

Note 2: The concerned issues of stakeholders, communication channel and response method

Stakeholder	Concerned issues	Major Communication Channel, Response Method, Frequency	Result in 2023
Employees	Recruitment and staffing Human rights Talent development and training Diversity and equality Occupational health and safety	Communication channel: Labor-management meeting: quarterly Unit meeting: irregularly Satisfaction survey: irregularly Care hotline and employee care Mailbox: irregularly APP-Employee Assistance Programs (EAPs): irregularly Contact person: North factory: Ms. Liu, hr.jn@innolux.com , 037-586000#64650 South factory: Ms. Wang, hr.tn@innolux.com , 06-5051888#47276	1. 65 labor-management meetings 2. 1,439 internal communication cases
Shareholders/ Investors	Financial performances ESG risk management Legal compliance Corporate Governance Energy management Emission of greenhouse gases	Communication channel: AGM: yearly Institutional investor conference: half-yearly Investor Forum: quarterly Annual report and ESG report: yearly Investors/Analysts conference: irregularly Investors' hotline and mailbox: irregularly Releasing material information on MOPS: irregularly Contact person: Investor Relations: Ms. Chen, ir@innolux.com , 06-5051888#47154 Stock Affairs: Ms. Chen, ir@innolux.com , 037-586000#63588	1. 1 annual general shareholders' meeting 2. 2 institutional investor conferences 3. 7 investor forums organized by securities firms 4. More than 30 investors and analysts communication conference 5. More than 100 hotline and mailbox response 6. 94 pieces of material information (Chinese/English) and 205 pieces of announcements

Stakeholder	Concerned issues	Major Communication Channel, Response Method, Frequency	Result in 2023
Customers	Supply chain management Legal compliance Cyber Security ESG risk management Innovation of products and techniques Integrity management	Communication channel: Customer meeting: irregular: biweekly Customer complaint handling and review: monthly Voice of customer (VOC): quarterly Customer satisfaction survey analysis: yearly Customer auditing: irregular Contact person: Ms. Huang, sales@innolux.com, 06-5051888#44856	1. Over 10 large-scale customer cooperative development and quality conferences 2. Over 100 VIP customers audit conferences of quality result 3. Over 1,000 routine communication meeting
Suppliers/ Contractors/ Outsourcers	Occupational health and safety Human rights Recruitment and staffing Cyber Security Diversity and equality	Communication channel: Supplier communication meeting: biweekly, monthly Annual supplier partners' meeting: yearly Suppliers, self-assessment questionnaire: yearly On-site audit guidance: irregularly Anti-corruption mailbox: irregularly Contact person: SRM (Supplier Relationship Management) website address: http://srm.innolux.com/ An interactive platform for information exchange between purchasing/material control units and suppliers	1. 497suppliers CIP meetings 2. 1,715 suppliers communication meetings 3. 1 annual supplier partners' meeting 4. 26 whistleblowing
Society (schools, communities, media, non- governmental organizations / non-profit organizations)	Social participation and Caring Human rights Legal compliance Occupational health and safety Diversity and equality	Communication channel: Volunteer Service: irregularly Project cooperation and visit: irregularly Neighborhood communication: irregularly Events and forums: irregularly "Innolux ESG DNA" Fan page on FACEBOOK and Instagram: irregularly Press conference and press releases: irregularly Hotline and mailbox: irregularly Contact person: Corporate Sustainability Division: Ms. Yu csr@innolux.com 06-5051888#47042 PR Ms. Chien, pr@innolux.com 06-5053760#47153 Innolux Education Foundation: Ms. Kuo Foundation@innolux.com 06-505-1888#47060	1. 14 net-zero carbon emission environmental education activities 2. 5 media events (press conference/ event guide) 3. 17 media interviews 4. 55 press releases 5. 134 fan page articles published 6. More than 300 media communications (letters, messages and phone calls)

3.4.4 Operations of the Remuneration Committee

A. Information on members of the Remuneration Committee

March 31, 2024

Identity		Qualification	Professional qualifications and experience	Independence	Number of public companies for which the committee member concurrently serves in their remuneration committees
Name					
Independent Director (Convener)	Chi-Chia Hsieh	Please refer to “Directors” in pages 18-19 and “Professional qualifications and experience for Directors” in pages 20-21 of annual report.	Please refer to “Independence of Directors” in pages 24-28 of annual report.	—	
Independent Director	Chih-Wei Wu			1	
Independent Director	Chi-Mo Huang			1	

B. Attendance of Members at Remuneration Committee Meetings

- (1) There are 3 members in the Remuneration Committee.
- (2) The term of office of the current committee members: July 1, 2022 to June 30, 2025. In the most recent year (2023), the Remuneration Committee met 3 times (A). The qualifications and attendance of the members are as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance rate (%) (B/A) (Note)	Remarks
Convener	Chi-Chia Hsieh	3	—	100.00%	
Member	Chih-Wei Wu	3	—	100.00%	
Member	Chi-Mo Huang	3	—	100.00%	

Note: The actual attendance (%) was calculated based on the number of the Remuneration Committee meetings and the actual number of attendances during his/hers tenure.

Other items to be recorded:

I. Scope of duties of the Remuneration Committee

- (I) Periodically reviewing the Remuneration Committee Charter and making recommendations for amendments.
- (II) Establishing and periodically reviewing the performance assessment standards, annual and long-term performance goals, and the policies, systems, standards, and structure for the compensation of the directors, and managerial officers of the Company.
- (III) Periodically assessing the degree to which performance goals for the directors, and managerial officers of the Company have been achieved, setting the types and amounts of their individual compensation based on the results of the reviews conducted in accordance with the performance assessment standards.

The Committee shall perform the duties under the preceding paragraph in accordance with the following principles:

- (I) Salary management should conform to the Company’s salary concept.
- (II) Performance assessments and compensation levels of directors, and managerial officers shall take into account the general pay levels in the industry, individual performance assessment results, and the reasonableness of the correlation between the individual's performance and the Company's operational performance and future risk exposure.
- (III) No member of the Committee may participate in discussion and voting when the Committee is deciding on that member's individual compensation.

II. If the Board of Directors declines to adopt or modifies a recommendation of the Remuneration Committee, it should specify the date of the meeting, term, motion contents, resolution by the Board of Directors, and the Company’s response to the Remuneration Committee’s opinion (e.g., the remuneration passed by the Board of Directors exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified): None.

III. The resolutions of the Remuneration Committee and the Company's response are as follows:

Board Meetings	Remuneration Committee Meetings	Motion Contents	Resolution of the Remuneration Committee	The Company's response to the members' opinions
4th meeting of the 9th term 2023.02.14	2nd meeting of the 5th term 2023.02.14	1. Proposal of reward and remuneration system for managerial officers 2. Proposal of the remuneration of managerial officers	Approved by all committee members present as proposed	Approved by all directors present as proposed
5th meeting of the 9th term 2023.04.18	3rd meeting of the 5th term 2023.04.18	1. Proposal for the remuneration of managerial officers and Directors	Approved by all committee members present as proposed	Approved by all directors present as proposed
7th meeting of the 9th term 2023.10.26	4th meeting of the 5th term 2023.10.26	1. Proposal for the individual remuneration of managerial officers in 2022 2. Proposal of the remuneration adjustment of managerial officers and employee directors in 2023 3. Proposal for the list of managerial officers and employee directors receiving treasury shares and the subscription amount	Approved by all committee members present as proposed	Approved by all directors present as proposed

3.4.5 Composition, Responsibilities and Operations of the Nominating Committee: N/A.

3.4.6 Sustainable Development Implementation Status and Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”

Implementation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
1. Whether or not the Company establishes a governance framework and sets up a dedicated (concurrent) unit that promotes sustainable development; whether or not senior management is delegated by the Board of Directors to deal with sustainable development issues and the supervision of the Board?	V		<p>The Company established the Sustainable Development Committee in 2011. Based on the principle of materiality, we will continue to conduct risk assessments on corporate governance, environmental and social issues related to the Company’s operations, and formulate sustainable development goals in conjunction with sustainable strategies to deepen its sustainable vision.</p> <p>The Sustainable Development Committee is chaired by the Chairman, with the President serving as the vice chair. The position of Chief Sustainability Officer was established in 2019. Committee members are divided into three major groups: environmental, social, and governance, based on their expertise. They are composed of the top executives of the manufacturing centers in Taiwan and Mainland China sites and the top executives of the relevant functional departments.</p> <p>The Sustainability Management Unit serves as the Affair Department and is responsible for writing annual ESG reports, understanding the needs of stakeholders, analyzing international sustainable development trends, formulating relevant management policies for major topics that may have an impact on operations, and coordinating with various functional departments to discuss and implement specific plans. In 2023, the Affair Department continued to optimize the ESG Control Tower in order to grasp the current status of ESG in real time.</p> <p>Through annual management review meetings, quarterly committee meetings and irregular group meetings, the Sustainability Committee reviews the possible risk impacts caused by major sustainability issues and discusses corresponding measures.</p> <p>The sustainable development implementation status in 2023 was reported to the Board of Directors on February 22, 2024.</p>	No significant difference compared to Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
2. Does the Company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	V		<p>The Company conducts materiality analysis every year through communication or negotiation with stakeholders, combined with its sustainable impact assessment, and also refers to the Global Risk Report issued by the World Economic Forum (WEF), conducts identification of major risks and formulate countermeasures for its Taiwan factories, Mainland China factories and subsidiaries, and also include ESG risk issues related to its operations. In this regard, in response to various risk issues, relevant departments monitor the risks and propose mitigation measures and countermeasures to continue the operations.</p> <p>The Company’s relevant risk management policies and effectiveness are disclosed in the ESG Report and the Company’s website.</p>	No significant difference compared to Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Implementation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
<p>3. Environmental issues</p> <p>(1) Does the Company establish proper environmental management systems based on the characteristics of industries?</p> <p>(2) Does the Company endeavor to utilize energy resources more efficiently and use renewable materials which have low impact on the environment?</p> <p>(3) Does the Company evaluate potential risks and opportunities brought by climate change, and take response measures to climate-related issues?</p>	V		<p>(1) The Company formulates environmental safety and health policies as the highest standards for promoting environmental protection, safety and health business. In order to effectively manage environmental protection and align with international standards, the Company has 100% completed the establishment of environmental management systems (ISO 14001:2015) in all factories and obtained verification certificates issued by impartial third-party verification agencies. The Company continues to maintain their effectiveness. The verification date: September 22, 2023, and the certificate validity period: December 11, 2025.</p> <p>The Company follows environmental safety and health policies, continues to comply with relevant laws and regulations, strengthens resource utilization and pollution prevention, and fulfills its corporate social responsibilities.</p>	No significant difference compared to Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	V		<p>(2) The Company has been promoting green manufacturing for a long time, and has been increasing the resource reuse rate, examining the effectiveness of water saving, electricity saving, greenhouse gas emission, waste reduction and chemical recycling to reduce the environmental impact. In order to implement responsible procurement and strengthen low-carbon management, as the three missions to promote sustainable development of the environment, the Company takes energy saving, material saving, and non-toxic as the elements of product design and manufacturing management; in addition to improving product functions, we also enhance the environmental friendly features of our products to achieve the sustainable goal of starting from product compliance, expanding the impact on society, and achieving mutual benefits with the environment.</p>	
	V		<p>(3) The Company has included climate change as one of its major corporate sustainability risks and has set and promoted climate action targets through the operation of the Sustainable Development Committee and Carbon Risk Management Committee under the supervision of the Board of Directors.</p> <p>The Company refers to the TCFD recommended report framework, combines international trends, research literature, evaluation indicators, and industry reports, and through cross-department discussions, conducts material identification at short, medium, and long-term time points to identify potential transition and physical risks and opportunities in March 2023, the Company officially signed up to the TCFD initiative and became a supporter. In order to reduce the risk of climate change, the Company divides the impact into physical and transition aspects according to each major risk for simulation.</p> <p>In response to climate change, the Company has formulated a corresponding</p>	

Implementation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons															
	Yes	No	Abstract Explanation																
(4) Does the Company compile statistics of greenhouse gas emissions, water use, and total weight of waste in the past two years, and does it establish policies for energy conservation, carbon reduction, greenhouse gas emission reduction, water use reduction, and other waste management?	V		<p>transition plan, which includes the construction of renewable energy equipment and carbon capture, storage and reuse technologies, and the purchase of carbon rights and certificates to reduce domestic carbon fees and overseas carbon tax pressure. At present, the Company has passed the SBTi of WB2C as of 2026, and has committed to achieve the long-term goal of RE20 and RE100 for Chinese factories in 2030, and will continue to make rolling revisions and adjustments in the future.</p> <p>The Company’s analysis of climate change risks and opportunities is disclosed in the ESG Report and the Company’s website.</p> <p>(4) Greenhouse gases:</p> <p>Facing the threat of climate change, net-zero carbon emissions have become a consensus around the world. In compliance with the regulations of the Financial Supervisory Committee, the Company has completed the greenhouse gas inventory of all factories and subsidiaries in 2023, and completed third-party verification in accordance with ISO14064-1:2018. In 2023, it achieved an A rating in the “Climate Change” aspect of the International Carbon Disclosure Project (CDP).</p> <p>In order to show its determination to actively reduce carbon emissions, the Company participated in domestic and foreign initiatives, applied to join SBTi in 2021, and adopted the carbon reduction target in May 2023, committing to well below 2°C. Taking 2020 as the base year, the challenge is to absolutely reduce greenhouse gases in Scope 1 and Scope 2 by 15% in 2026 and by 25% in 2030. We hope to demonstrate the Company’s determination to be net-zero through participation in initiatives and goal setting.</p> <p>The greenhouse gas emission data of the Company and its subsidiaries in the past two years were as follows:</p> <table border="1"> <thead> <tr> <th>Unit: million tons CO₂e</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Scope 1</td> <td>0.116</td> <td>0.108</td> </tr> <tr> <td>Scope 2</td> <td>2.606</td> <td>2.478</td> </tr> <tr> <td>Scope 3</td> <td>1.221</td> <td>1.629</td> </tr> <tr> <td>Total</td> <td>3.943</td> <td>4.215</td> </tr> </tbody> </table> <p>Water consumption:</p> <p>In the face of global climate warming and changes, as well as the increasingly severe water scarcity in Taiwan, the Company designated Factory E (FAB6) as the pilot factory in 2023. It prioritized the introduction of ISO 46001 water resource efficiency management system certification as a water risk</p>	Unit: million tons CO ₂ e	2022	2023	Scope 1	0.116	0.108	Scope 2	2.606	2.478	Scope 3	1.221	1.629	Total	3.943	4.215	
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Implementation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons																								
	Yes	No	Abstract Explanation																									
			<p>assessment tool for the impact of operational shocks, which can effectively improve water resource utilization efficiency and cut costs, and implement the United Nations Sustainable Development Goal SDG6: clean water and sanitation. In 2023, for the first time in the International Carbon Disclosure Project (CDP), “Water Security” received the top rating - Leadership level (A).</p> <p>The Company set water resources goals in 2023 and hopes to achieve a process water recovery rate of 97% by 2030.</p> <p>The water consumption data in the past two years were as follows:</p> <table border="1"> <thead> <tr> <th>Unit: million tons</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Taiwan factory</td> <td>15.8</td> <td>14.6</td> </tr> <tr> <td>Mainland China factory</td> <td>2.4</td> <td>1.3</td> </tr> <tr> <td>Total</td> <td>18.3</td> <td>15.9</td> </tr> </tbody> </table> <p>Waste:</p> <p>Green recycling is one of the Company’s key sustainability strategies. With the development of Innolux’s “green manufacturing = recycling × zero waste × low carbon” as the core, we build a high-efficiency recycling green factory. Its four major functions include energy recycling, water recycling, raw materials recycling, and packaging material recycling. By integrating suppliers and partners in the value chain, we create circular economy value through resource regeneration, recycling, and redesign. In addition to physical promotion, it also promotes digital management and develops a material efficiency improvement system for material flow analysis to help factories identify improvement opportunities for material reduction, recycling, and reuse, maximizing resource efficiency.</p> <p>Based on the strategy of waste reduction and recycling, the Company set waste management goals in 2023 and hopes to achieve a recycling rate of 95% of hazardous waste resources by 2030.</p> <p>The output of hazardous waste by the Company and its subsidiaries in the past two years:</p> <table border="1"> <thead> <tr> <th>Unit: metric tons</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Taiwan factory</td> <td>20,296</td> <td>19,086</td> </tr> <tr> <td>Mainland China factory</td> <td>343</td> <td>415</td> </tr> <tr> <td>Total</td> <td>20,639</td> <td>19,501</td> </tr> </tbody> </table> <p>The output of non-hazardous waste by the Company and its subsidiaries in the past two years:</p>	Unit: million tons	2022	2023	Taiwan factory	15.8	14.6	Mainland China factory	2.4	1.3	Total	18.3	15.9	Unit: metric tons	2022	2023	Taiwan factory	20,296	19,086	Mainland China factory	343	415	Total	20,639	19,501	
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Implementation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons												
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			<table border="1"> <thead> <tr> <th>Unit: metric tons</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Taiwan factory</td> <td>38,993</td> <td>37,037</td> </tr> <tr> <td>Mainland China factory</td> <td>14,103</td> <td>11,669</td> </tr> <tr> <td>Total</td> <td>53,096</td> <td>48,706</td> </tr> </tbody> </table> <p>The Company’s policies and effectiveness in greenhouse gas emissions, water consumption and waste management are disclosed in the ESG Report and the Company’s website.</p>	Unit: metric tons	2022	2023	Taiwan factory	38,993	37,037	Mainland China factory	14,103	11,669	Total	53,096	48,706	
Unit: metric tons	2022	2023														
Taiwan factory	38,993	37,037														
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<p>4.Social issues</p> <p>(1)Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p> <p>(2)Does the Company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?</p>	<p>V</p> <p>V</p>	<p>(1)The Company is committed to protecting human rights. In 2023, the policy of human rights and diversity and inclusion was formulated, supporting and respecting relevant international labor rights norms, including the Universal Declaration of Human Rights (UDHR), the United Nations Global Compact (Global Compact), the United Nations Guiding Principles on Business and Human Rights (UNGPs), and the International Labor Organization (ILO) and Code of Conduct - Responsible Business Alliance (RBA). Under the local laws and regulations and the spirit of international human rights standards, the Company formulates human rights protection and labor-related norms. These norms are designed to enable its global employees, contract employees, customers, and supplier partners to comply with consistent requirements. Its internal norms include Innolux’s code of conduct, employee handbook, work rules, recruitment/appointment procedures, sexual harassment prevention measures, complaints and management practices, measures to prevent illegal infringement while performing duties, employee care and assistance practices in Greater China sites. For external standards, it also formulates a supplier corporate social responsibility code of conduct and requires its suppliers and partners to follow it simultaneously.</p> <p>(2)The Company provides diversified and competitive remuneration and career development opportunities, and is committed to building a internally reasonable and externally competitive remuneration system. It also has an overview of the Company's financial and operating conditions, the industry's annual salary adjustment strategy and personal work performance, improves the planning and execution of annual salary adjustment operations, design and issue incentive bonuses to motivate and retain outstanding talents. At the same time, in order to motivate and employees to stay and create better value, we plan retention bonus and employee stock ownership trusts to achieve a win-win situation.</p> <p>Remuneration: The Company’s employee remuneration is calculated in accordance with its</p>	<p>No significant difference compared to Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies</p>													

Implementation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			<p>Articles of Incorporation and based on no less than 5% of the income before tax for the year. In addition to its operating conditions, it also takes into account the industry’s reward strategy, individual work performance, and other factors comprehensively. It is committed to constructing a remuneration and benefits system that is internally rational and externally competitive to recognize employees’ efforts. At the same time, incentives such as employee stock ownership trust plans and talent retention bonuses are planned for retained employees to encourage them to achieve their best, work together to create more value, and achieve a win-win goal.</p> <p>Take a leave:</p> <p>In order to allow colleagues to balance work and family care, in addition to statutory leave, employees are entitled to special leave on the day they arrive at work, and paid corporate welfare leave is also provided, so that they will not be absent at every important stage of their lives.</p> <p>A. Care leave (increase time spent with parents)</p> <p>B. Child study accompaniment leave (attendance with children entering school for the first time to reduce their insecurity)</p> <p>C. Pregnancy checkup accompaniment leave (accompanying partner for prenatal checkup)</p> <p>Work flexibility measures: Flexible working hours and location</p> <p>Diversity and equality in the workplace:</p> <p>Under the local laws and regulations and the spirit of international human rights standards, the Company formulates human rights protection and labor-related norms. These norms are designed to enable its global employees, contract employees, customers, and supplier partners to comply with consistent requirements. In 2023, the Company formulated a human rights and diversity and inclusion policy, requiring the Company and its subsidiaries, including all employees and overall operating activities, to work together with our suppliers, outsourcers, contractors, customers and other value chain partners to safeguard human rights.</p> <p>Care for employees and treat them equally regardless of nationality, gender and age. The first “Diversity and Inclusion Month” event was launched in 2023, to encourage employees with foreign nationalities to experience together, share knowledge about foreign cultures, and create a new workplace culture that is diverse, fair and inclusive. A total of 2,500 participants responded positively to establish employees’ integration into the international DEI (Diversity, Equity,</p>	

Implementation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons												
	Yes	No	Abstract Explanation													
(3) Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		<p>and Inclusion), a diverse and inclusive workplace culture; in 2024, we will expand our efforts to implement more diversified workplace-friendly measures, and enhance the DEI concept and literacy among all employees. We take the “Reduce Inequality within and among Countries” of SDGs as the goal of sustainable development.</p> <p>The Company respects gender equality in career development and takes practical actions to create a friendly workplace, such as multiple and smooth complaint channels and sexual harassment prevention and control measures, and providing a comprehensive maternal care plan so that female employees can balance work and life. Among the regular employees, the proportion of female employees of the Company and its subsidiaries is 40.50%; the number of female employees in management positions reaches 20.03%; the proportion of female senior managers is 9.55%, marking an upward trend compared with 2022. This reflects the Company’s ongoing progress toward becoming an equal, diverse and friendly corporation. In annual promotions, the promotion ratio of women was higher than that of men for three consecutive years from 2021 to 2023. The promotion ratio of women was 1.1 to 1.3 times that of men. This shows that colleagues with outstanding performance can receive appropriate promotions, and there is no limited development due to gender.</p> <table border="1"> <thead> <tr> <th>Women’s proportion in different roles</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>All employees</td> <td>40.65%</td> <td>40.50%</td> </tr> <tr> <td>Senior executives</td> <td>7.69%</td> <td>9.55%</td> </tr> <tr> <td>Supervisor</td> <td>19.61%</td> <td>20.03%</td> </tr> </tbody> </table> <p>(3)The Company sets up the environmental safety unit, which is responsible for planning, implementation, auditing and improvement of the Company’s environmental safety and health management system operation.It also formulates environmental safety and quality policies. All of the Company’s factories have obtained ISO 45001:2018 occupational health and safety management system certification; 100% of the Taiwan factory production bases have passed the TOSHMS management system certification and continue to maintain their effectiveness.</p> <p>In order to cultivate employees’ safety and health concepts and strengthen their awareness of occupational hazards, courses such as general safety and health knowledge, professional knowledge and skills training, and emergency response training are held. Tests or training awareness and satisfaction surveys are conducted after the classes to ensure safety in daily work and emergencies.</p>	Women’s proportion in different roles	2022	2023	All employees	40.65%	40.50%	Senior executives	7.69%	9.55%	Supervisor	19.61%	20.03%	
Women’s proportion in different roles	2022	2023														
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Implementation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons									
	Yes	No	Abstract Explanation										
(4) Does the Company provide its employees with career development and training sessions?	V		<p>The occupational safety and health education and training of the Company and its subsidiaries in the past two years.</p> <table border="1"> <thead> <tr> <th></th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Training sessions</td> <td>2,662</td> <td>3,619</td> </tr> <tr> <td>Number of trainees</td> <td>157,764</td> <td>335,888</td> </tr> </tbody> </table> <p>The Company’s disabling injury frequency (FR) in 2023 was 0.41, and its disabling injury severity rate (SR) was 10, which was far lower than the 0.85 reported by the Occupational Safety and Health Administration for the “electronic components manufacturing industry” in 2022. However, it did not reach the Company’s target of 0.22; the main cause was slip and fall accidents. To prevent accidents from recurring, the Company carries out specific theme inspections, work safety analysis, and operation safety observations to ensure worker safety and reduce operation risks.</p> <p>The Company had one fire with no casualties in 2023. The fire incident was caused by placing organic waste and defective lithium batteries together. After the accident, a review was launched and regulations for the safe use and disposal of lithium batteries were formulated, as well as safety and health re-education and training for operators to prevent the accident from recurring.</p>		2022	2023	Training sessions	2,662	3,619	Number of trainees	157,764	335,888	
	2022	2023											
Training sessions	2,662	3,619											
Number of trainees	157,764	335,888											
(5) Does the Company comply with relevant regulations and international standards in customer health and safety, customer privacy, and marketing and labeling its goods and services etc., and has it established consumer rights protection policies and complaint procedures?	V		<p>(4) Undertake the 3Vs of the operation strategy - “Create Value, Drive Value, Share Value”, plan diversified learning resources through Innolux University, and actively promote the goals of talent upgrading, cross-border learning and corporate sustainability. Innolux University provides supervisor/college learning to enhance knowledge learning in different fields such as digital transformation, management literacy, functional majors, and multi-task language. It has three colleges and one center, with a total of 20 courses, promoting personal career and company growth, achieving mutual prosperity and win-win. This systematic training mechanism enables employees to develop their talents and achieve continuous growth.</p> <p>(5) The Company is committed to meeting compliance requirements and complying with regional sales market safety and regulatory requirements in the product design process. In terms of regulatory identification, we establish control standards; in terms of material verification, we establish systems to ensure material compliance; in terms of product certification, we implement global market access requirements; in terms of customer demand management, we strive to meet customer’s compliance requirements, actively ensure product compliance. Establish a customer-oriented work philosophy and communicate</p>										

Implementation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
(6) Does the Company have a supplier management policy, require suppliers to comply with regulations on environmental protection, occupational safety and health, and labor rights, and what is its implementation status?	V		<p>through phone calls, emails, and face-to-face meetings to fully understand customer needs, formulate improvement strategies, and respond to customers quickly.</p> <p>(6) The Company formulates the “Supplier Corporate Social Responsibility Code of Conduct Operating Standard” based on the Responsible Business Alliance Code of Conduct (RBA) and expects suppliers to work together to implement ESG (environmental, social and governance) management in all aspects of business ethics, labor human rights, health, safety, environment and management systems, so as to improve the effectiveness of sustainable supply chain management and achieve operational risks control to establish a partnership of coexistence and mutual prosperity.</p> <p>The Company will conduct a preliminary assessment and analyze potential risks for new suppliers based on business relationships, product supply categories, location, and potential negative impact risks on the environment, society, governance, etc., and will need to go through on-site/written audit by the procurement, quality, technology, green product units and the sustainability team; in addition, new suppliers need to complete the “Sustainability Assessment Questionnaire (SAQ)” risk self-assessment and sign the “Manufacturer Commitment Letter” before they can become our official supplier. The process of selecting new suppliers takes into account environmental and social standards 100%. Key raw materials suppliers are required to fill in a corporate social responsibility risk questionnaire (SAQ) every year to assess compliance with the five major aspects of RBA, including labor, health and safety, environment, business ethics, and management system. According to the supplier’s response to the information, the Company will determine the sustainability risk. If a supplier is determined to be at high risk, on-site audits will be initiated and continuous follow-up and direction will be provided for improvement. We hope that our suppliers will not only comply with the relevant regulations of our Company, but also require the compliance of the next level of their supply chain.</p>	
5. Does the Company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the Company, such as ESG reports? Do the reports above obtain assurance from a third party verification unit?	V		<p>The Company’s 2023 ESG Report is based on the GRI Sustainability Reporting Standards (GRI Standards) published by the Global Sustainability Reporting Association on October 5, 2021 and passed the certification of the third-party verification unit SGS Taiwan Ltd. (SGS), which guaranteed that we are in line with the spirit of the AA1000 (2018) Assurance Standard second application type high assurance level, the In Accordance option of the GRI Standards 2021, and SASB sustainability indicators disclosure requirements.</p>	No significant difference compared to Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies

Implementation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
6. If the Company has established the Sustainable Development Best Practice Principles based on “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the Principles and their implementation: <p>In order to take corporate sustainable management responsibilities, the Company formulates the Company's corporate code of conduct according to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Responsible Business Alliance Code of Conduct (RBA Code of Conduct), and formulates the sustainable development management policy based on the above code , which covers five aspects: corporate governance, environmental protection, employee care, supply chain social and environmental responsibility management, and community involvement. It also emphasizes the inclusion of social and environmental opportunities and risks in the operational management considerations, and strive to strengthen communication and integration with our stakeholders to leverage the influence of corporate sustainability of the Company.</p>				
7. Other important information to facilitate better understanding of the Company’s sustainable development implementation: <p>The Company believes that a company should not only strive for sustainable operation, but also be able to work with society for mutual benefits and co-prosperity. We jointly promote with the Innolux Education Foundation. In community participation and social care, public welfare care and environmental education are the main axes to realize the synergy of sustainable management. In addition to issuance of report on the complete and detailed sustainable development performance, the relevant information is also published on the Company's website and MOPS.</p> <p>(1) Charity care: <p>Innolux Education Foundation maintains its consistent tradition of organizing the “Infinite Love for Charity” series of activities at the end of the year. It has launched the “Christmas Warmth x Gift Collection” activity for seven consecutive years, and has joined hands with Miaoli and Tainan Fund for Children and Families to collect Christmas wish gifts for disadvantaged children. So far, it has reached 9,000 disadvantaged children. Every year, our colleagues realize the children’s wishes by adopting children’s handwritten Christmas wishes, and at the same time, we also feel great satisfaction and touch in our hearts. In addition to caring for the needs of disadvantaged children, this year it has also expanded its scope to include the elderly. The foundation has integrated resources, and through the Company’s Senior Development Department and the Huashan Social Welfare Foundation, it has cooperated with the local community in Miaoli to offer woolen knitting courses. The Company’s colleagues are invited to work with local community experts in cross-border learning knitting, taking social classes, and participating in charity activities. At the end of the year, the Company’s volunteers donate the knitted products to the orphans and elders of the Huashan Social Welfare Foundation, creating a good cycle of mutual benefit. In addition, the foundation provided funds to sponsor the development and design of a set of exclusive “Seniors with 5 Excellent Qualities - Redesign Their Second Life” board games, and issued 60 copies of the board game. It was not only launched within the Company but also led senior colleagues to prepare their second life plan after retirement in advance. Meanwhile, we share this public welfare resource with the local community and lead the elderly to experience board game activities.</p> <p>There are many groups in need of help in the society. The Company believes that every generous choice can become a force to change society. In the simplest way, we invite colleagues to adopt a gift, donate funds, and start to volunteer to participate in social welfare, hoping to gather the power of everyone to create an impact and witness continuous changes.</p> </p>				
(2) Environmental education: <p>Net Zero Education Walk Start Plan</p> <p>In recent years, the Company has continued to work on ESG issues, implement our environmental commitments and deepen our environmental protection efforts by promoting various environmental protection issues and environmental engagement activities, to work towards a sustainable environment. In 2023, the Company continued the net-zero environmental education from the previous year and worked with its volunteers to promote the concept of environmental sustainability on more campuses. In 2023, a total of 14 net-zero promotion courses were held, benefiting a total of 1,185 school children, and participating in 88 volunteer services for 338 hours. A total of 1,699 students have experienced net-zero environmental education courses so far.</p>				

Implementation Item	Implementation Status			Deviations from “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
<p>Braving the Peak: Hiking Across the Central Mountain Range Plan</p> <p>The Company deeply recognizes the documentary’s promoting the beauty of Taiwan’s mountains and forests and the spirit of challenging oneself. We immediately provided funds to support the professional training of runners in the early stages of preparation for the film “Braving the Peak” and sponsored the filming and production costs in the later stages of the film. In addition to providing financial support, during the filming, we even took action to support the team in response to the summit mission. Our colleagues went up to the top of Nanhua Mountain to cheer up the two contestants!</p> <p>In order to convey the sustainability concept of friendly mountain and forest ecology, the Company cooperated with the National Central University and National Sun Yat-sen University USR units to hold 2 campus lectures, with a total of 250 teachers and students participating; after the movie was released, we made 4 block bookings in movie theaters in Miaoli and Tainan, respectively. Besides, we held 1 internal lecture, and invited a total of 600 employees and their families to the theater to watch the documentary. Experiencing the spirit of “Braving the Peak” together, entails having the courage to challenge oneself and achieve cross-generational cooperation, while also recognizing the importance of sustainable mountain ecology.</p>				

3.4.7 Climate-Related Information

1. Implementation of Climate-Related Information

Item	Implementation Status
1. Describe Board of Directors and management oversight and governance of climate-related risks and opportunities.	<p>The Company’s sustainable development unit summarizes the annual climate strategy results and climate risks and opportunities, and the corporate governance officer reports to the Board of Directors regularly every year, in conjunction with the review of relevant sustainability vision goals and results, and makes adjustments on a rolling basis as appropriate. Moreover, the Carbon Risk Management Committee tracks the response strategies and situations of each working group every quarter; if major climate-related decisions need to be made, irregular meetings will be held for review by the Board of Directors.</p>
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	
3. Describe the financial impact of extreme climate events and transition actions.	<p>The Company refers to the TCFD proposal report framework and uses eight aspects including revenue, direct cost, indirect cost, capital expenditure, capital acquisition, asset value, premium and liability to summarize potential financial impact risks.</p> <p>In 2023, the major transition actions also fall into the category of regulations. Cap control/emissions trading, mandatory declarations and the uncertainty of new regulations, all three may lead to increasing costs for the Company. Major physical extreme weather events, including tropical cyclones, not only impact costs but also contribute to a decrease in revenue.</p>
4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system.	<p>The Company’s risk management policies and procedures are based on the principle of three lines of defense. The business execution unit is responsible for identifying and controlling risks; the risk management unit ensures compliance with laws and mastery of risk management objectives; the audit office independently audits the business to ensure the effective operation of the internal control system.</p> <p>In 2023, the Company conducted major identification based on the four major risk categories of strategy, operation, finance and hazard. Climate change has been included as one of the long-term risks and will be comprehensively and holistically controlled according to the above system.</p>
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions,	<p>In order to effectively respond to climate impacts and face future uncertainties, climate scenario analysis is adopted, using the revenue of 2022 as the benchmark to reflect the possible effect of physical and transition impact</p>

Item	Implementation Status
analysis factors and main financial impacts used should be described.	<p>under various scenarios.</p> <p>Referring to the Sixth Assessment Report AR 6 issued by the IPCC in 2021, for the physical impact, the Company uses the Representative Concentration Pathway (RCP), excluding society, economy, and other factors, simply compares the changes in the radiation force to consider, and simulates using the Worst-case Scenario, that is, RCP 8.5; for transition impacts, the Company considered Nationally Determined Contributions (NDC), Shared Socioeconomic Pathway (SSP), and Science Based Targets (SBT). The simulation utilized the more representative SSP1-1.9 and SBT 1.5.</p>
6. If there is a transition plan to manage climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical and transition risks.	<p>In response to climate change, the Company has formulated a corresponding transition plan based on the baseline BAU (Business As Usual), which includes implementing energy-saving and carbon-reduction measures in combination, the construction of renewable energy equipment, the purchase of green power, certificates and carbon rights, carbon capture, storage and reuse technologies to reduce domestic carbon fees and overseas carbon tax pressure. At present, the Company has passed the SBTi of WB2C as of 2026, and has committed to achieve the long-term goal of RE20 and RE100 for Chinese factories in 2030, and will continue to make rolling revisions and adjustments in the future.</p>
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	<p>The basis for setting the Company's internal carbon pricing is as follows: $\{[\text{Investment amount (NT\\$)} \div \text{Number of amortization years (years)}] + \text{Freight cost (NT\\$)} + \text{Inspection fee (NT\\$)}\} / \text{Greenhouse gas emission reduction (ton CO}_2\text{e)}$</p>
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	<p>The Company's Greater China factory has set the following reduction targets and action plans:</p> <ol style="list-style-type: none"> 1. Greenhouse gas Scope 1 and Scope 2 emissions in 2026 will be absolutely reduced by 15% compared to 2020. Through improvements in energy efficiency, installation of fluorine-containing gas reduction equipment in the process, and installation of renewable energy devices and electricity purchase, it is estimated that emissions can be reduced by 23.3% in 2023 compared with the emission in 2020. 2. In 2030, the proportion of renewable energy usage will reach 20% (RE20). Through the installation of solar power equipment and renewable energy procurement, it is estimated that the renewable energy usage rate will reach approximately 2.5% in 2023.
9. Greenhouse gas inventory and assurance status, reduction goals, strategies and specific action plans are described below.	<ol style="list-style-type: none"> 1. The Company completed the 2022 greenhouse gas inventory and assurance work of the parent company and its subsidiaries in 2023. It will continue to implement the 2023 greenhouse gas inventory and assurance work in 2024. The inventory and verification work are planned to be completed by the end of April 2024 and the verification statement will be obtained by the end of August 2024. 2. The Company has set the SBTi reduction target for its Greater China factories. The absolute reduction of greenhouse gas Scope 1 and Scope 2 emissions in 2026 will be 15% compared to 2020. In 2030, this reduction will increase to 25% compared to the base year of 2020. Additionally, by 2030, the proportion of renewable energy usage will reach 20% (RE20). The carbon reduction strategy comprises three main components: 1. Low-carbonization of the process includes the installation of fluorine-containing gas reduction equipment in the process, reduced use of fluorine-containing gas, and energy-saving measures for the process, etc.; 2. Energy efficiency improvement includes the implementation of the ISO50001 energy management system and the replacement of old factory facilities.; 3. The use of renewable energy includes setting up biogas power generation equipment, solar power generation systems and purchasing renewable energy.

2. Greenhouse Gas Inventory and Assurance Status

(1) Greenhouse Gas Inventory Information: the emission volume (metric tons CO₂e), intensity (metric tons CO₂e/NT\$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years.

The results of the 2022 greenhouse gas inventory of the Company and its subsidiaries in 2022 were disclosed in the ESG Report. The Scope 1 and Scope 2 emissions were approximately 2.79 million metric tons of CO₂e. The density was about 12.46 metric tons CO₂e/NT\$ million.

The results of the greenhouse gas inventory of the company and its subsidiaries in 2023 were disclosed in the ESG Report. The Scope 1 and Scope 2 emissions were approximately 2.59 million metric tons of CO₂e. The density was about 12.21 metric tons CO₂e/NT\$ million.

(2) Greenhouse Gas Assurance Information: the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.

The results of the greenhouse gas inventory of the Company and its subsidiaries in 2022 were confirmed by a third party and showed that the Scope 1 and Scope 2 emissions of the Greater China factories were approximately 2.72 million metric tons of CO₂e; the intensity was 12.17 metric tons of CO₂e/NT\$ million.

The results of the greenhouse gas inventory of the Company and its subsidiaries in 2023 showed that the Scope 1 and Scope 2 emissions of the Greater China factories were approximately 2.59 million metric tons of CO₂e. The intensity was 12.21 metric tons CO₂e/NT\$ million; yet to be inspected by a third-party assurance agency.

The Company and its subsidiaries have completed the 2022 greenhouse gas inventory and assurance work in 2023 in compliance with the planning schedule of the Financial Supervisory Commission's "Sustainable Development Roadmap for TWSE- and TPEX-Listed Companies".

The Company plans to complete the 2023 greenhouse gas inventory by the end of April 2024 and entrust a third-party inspection agency (DNV GL Business Assurance Co., Ltd.) to conduct an inspection. It is expected to obtain the verification statement by the end of August 2024. Complete assurance information will be disclosed in the ESG Report.

3. Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Greenhouse gas reduction base year and its data, reduction goals, strategies, specific action plans and achievement of reduction goals

The Company's mid-term to long-term carbon reduction target is to reduce greenhouse gas Scope 1 and Scope 2 emissions by 25% in 2030 compared with the base year of 2020. The reduction strategy includes low-carbon transition of the process, improvement of energy efficiency, and installation of renewable energy devices. Actions taken include setting up high-efficiency exhaust gas reduction equipment, reducing the use of FCs gas and fossil fuels, replacing old equipment to improve energy efficiency, installing solar power generation devices, building biogas power generation devices, etc.

The Company's third-party inspection showed that the greenhouse gas emissions of the Greater China factories reached 2.72 million metric tons of CO₂e in 2022, a reduction of 19.3% compared with the base year. It is estimated that greenhouse gas emissions will reach 2.59 million metric tons of CO₂e in 2023, a reduction of about 23.3% compared with the base year.

3.4.8 Ethical Corporate Management Implementation Status and Deviations from “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>1.Establishment of ethical corporate management policies and programs</p> <p>(1) Does the Company establish an ethical corporate management policy that was approved by the Board of Directors, and declare its ethical corporate management policy and methods in its regulations and external documents, as well as the commitment of its Board and management to implementing the management policies?</p> <p>(2) Does the Company establish mechanisms for assessing the risk of unethical conduct, periodically analyze and assess operating activities within the scope of business with relatively high risk of unethical conduct, and formulate an unethical conduct prevention plan on this basis, which at least includes preventive measures for conduct specified in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?</p> <p>(3) Does the Company specify operating procedures, guidelines for conduct, punishments for violation, rules of appeal in the unethical conduct prevention plan, and does it implement</p>	V		<p>(1)Honesty and integrity are the Company’s most important operating stone, which consolidates the Company’s leadership role in the display industry and gains the trust and respect of customers, shareholders, employees, suppliers and society. The Company’s integrity management policy has been set out in the “Ethical Corporate Management Best Practice Principles for Innolux Corporation”, “Corporate Governance Principles”, “Sustainable Development Best Practice Principles”, “Code of Ethics for Directors and Officers” adopted by the Board of Directors. Various internal regulations and external documents, such as Employee Code of Conduct, and Supplier Corporate Social Responsibility Code of Conduct Operating Standard, express the policies and practices of operating in good faith, and strictly require employees of the Company to fulfill the Company’s integrity policy. At the same time, the Company’s annual report and ESG report and other documents also detail the Company’s integrity management policy and the Board of Directors and management’s commitment to actively implement the situation.</p> <p>(2)In order to prevent dishonesty, the Company has strengthened relevant prevention measures in regulations and external documents for business activities with a high risk of dishonesty, and regularly checks, analyzes and evaluates whether the prevention measures are operating effectively to review and correct the prevention measures. In addition, the Company requires all employees to understand the aforementioned specifications in detail, and publish the specifications on the Company’s official website and internal website for internal and external personnel to consult at any time. The Company continues to use regular education and training and diversified publicity methods to make employees clearly aware of the norms they should abide by, thereby reducing the occurrence of dishonest behavior.</p> <p>(3)Ethical Corporate Management Best Practice Principles for Innolux Corporation, Code of Ethics for Directors and Officers, Employee Code of Conduct and Supplier Corporate Social Responsibility Code of Conduct Operating Standard are set to prevent dishonesty norms, for all employees and suppliers to follow together, but also in the Innolux corruption</p>	No significant difference compared to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
and periodically review and revise the plan?			investigation and management practice norms for dishonest behavior of the whistle-off system, including whistleblowing law, whistleblowing channels and handling process, for internal and external personnel to file a complaint. The Company will take a fair attitude towards dishonesty and investigate and report cases in a rigorous manner, and in the event of a violation, the Company will take appropriate legal action in accordance with the relevant laws and work rules.	
2. Fulfill operations integrity policy				
(1) Does the Company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?	V		(1) The Company requires global suppliers to comply with the Supplier Corporate Social Responsibility Code of Conduct Operating Standard and sign a manufacturer's commitment to jointly practice the Company’s corporate culture of integrity management. In addition, the Company continues to conduct policy communications to suppliers and customers to communicate the Company’s integrity management culture to suppliers and customers, and to understand whether any misconduct has occurred.	No significant difference compared to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
(2) Does the Company establish a dedicated unit under the Board of Directors to promote ethical corporate management, and periodically (at least once a year) report to the Board of Directors and supervise the implementation of the ethical corporate management policy and unethical conduct prevention plan?	V		(2) The Company is led by the Corruption Incident Investigation Team as a responsible unit. It continues to promote various integrity management plans in accordance with company policies, and promotes integrity and cleanliness matters. Integrity management policies, prevention of dishonesty behavior plans, supervision, and implementation situation in 2023 have been conducted an annual report to the Board of Directors on February 22, 2024. If there is a case of violation of honesty and integrity, the Company will handle it in accordance with the regulations of the investigation and management of the corruption incident of Innolux.	
(3) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		(3) The Company has set out the relevant codes of conduct for the prevention of conflicts of interest in the Code of Ethics for Directors and Officers and Employee Code of Conduct. All colleagues are required to voluntarily declare and avoid any conflict of interest. In order to implement the policy, the Company also requires employees to fill out an annual questionnaire survey to voluntarily report any conflicts of interest.	
(4) Does the Company have effective accounting system and internal control systems set up to facilitate ethical corporate management, does the internal auditing unit formulate audit plans based on unethical conduct risk assessment results, and does it audit compliance	V		(4) The Company establishes a complete and effective accounting system and internal control system to ensure the continuous design and implementation of the system. In addition to regular audits by the internal auditing unit of the Company and its compliance with the anti-corruption measures formulated in accordance with the risk assessment results within the Company, there is also PricewaterhouseCoopers to regularly check the financial statements for the Company.	

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>with the unethical conduct prevention plan or commission a CPA to perform the audit?</p> <p>(5) Does the Company regularly hold internal and external educational trainings on operational integrity?</p>	V		<p>(5) Education and training are the most important part of the Company’s implementation of the integrity policy. The Company continues to strengthen the compliance awareness of colleagues through the integrity management education and training courses, and at the same time uses the official website, startup screens, and screen savers to continue to promote integrity management standards. The Company regularly organizes internal education and training on anti-corruption policies. The theme of the 2023 course is the Company’s anti-corruption policy and related case analysis. It took about one hour (including lectures and quizzes), and the number of participants and completed training was 12,578. In addition, in order to ensure that suppliers follow the Company’s integrity management policy, in addition to drafting supplier's corporate social responsibility codes of conduct and operating specifications for suppliers to follow, the Company has also announced the specifications on the Company’s official website for their reference at any time.</p>	
<p>3. The operation of the Company's whistleblowing system</p> <p>(1) Does the Company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?</p> <p>(2) Does the Company establish standard operating procedures for investigating reported cases, and does it take subsequent measures and implement a confidentiality mechanism after</p>	V		<p>(1) In order to implement the corporate culture of integrity and protect the rights and interests of whistleblowers, the Company has formulated operating standards for the investigation and management of corruption incidents in Innolux Corporation. It sets up a report mailbox on the official website to provide whistleblowing channels, reception procedures and other information (speak-up@innolux.com) for internal and external personnel at any time to use. In addition, this reporting channel information is disclosed in the Company’s boot screen, internal advocacy posters and the Letter of Supplier’s Undertakings that suppliers should sign, so that internal and external people are informed and make full use of the whistleblowing channels to report. Report cases according to the Company’s corruption investigation and management practices set up an investigation team to investigate.</p> <p>(2) The Company has formulated detailed corruption investigations and management practice norms for the investigation and management of the corruption incidents of Innolux Corporation. For investigations of reported cases, the Company conducts investigations in a confidential and rigorous</p>	No significant difference compared to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>completing investigation?</p> <p>(3) Does the Company provide proper whistleblower protection?</p>	V		<p>manner. After the investigation of the reported cases is completed, the Company takes follow-up measures according to the severity of the internal rules. If criminal responsibility is involved, it will be transferred to the judicial office for investigation.</p> <p>1. Acceptance principle The investigation team starts an investigation as soon as it receives an accepted case. After the investigation, it should comprehensively determine whether the content of the case is specific or general on a case-by-case basis. If the content is specific and meets the criteria for filing a case, an investigation report must be submitted to state whether the case has been reported before the case can be closed; if the content is vague and does not meet the criteria for filing a case, there is no need to submit an investigation report. It should be noted that the case does not meet the criteria for filing a case. Therefore, the case has been closed.</p> <p>2. Investigation procedures The investigation team may question the whistleblower, the person being reported, or relevant personnel by email, phone, video, or in person, and shall keep records of the inquiries in an appropriate manner.</p> <p>3. Protection mechanism and confidentiality measures All investigators shall have the obligation to keep the investigation process and related information confidential (including but not limited to taking appropriate measures to protect the identity of the whistleblower and the content of the report from disclosure or awareness), and shall not publish or discuss it with third parties without authorization. Violators, their participation in the investigation should be terminated and they should be punished accordingly under the Company’s personnel regulations.</p> <p>(3) The Company strictly prohibits any form of retaliation in corruption investigations and management practice norms. In order to protect the whistleblower, the Company clearly stated in the Company’s corruption investigations and management practice norms that the Company will protect the whistleblower from any retaliation caused by the report, and prohibits colleagues from taking any retaliation measures. In the course of the investigation, the investigation team did abide by the relevant provisions of the confidentiality of the informant’s identity and anonymous reporting, strictly abided by the standard operating procedures for the investigation of the report, and related confidentiality mechanisms, to protect the</p>	

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			confidentiality of the informant’s identity, so that the informant would not suffer from the report improper disposal.	
4.Strengthening information disclosure Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company’s website and MOPS?	V		The Company discloses the Ethical Corporate Management Best Practice Principles on the Company’s official website and MOPS. It also discloses related information about operational integrity and implements results in the ESG Report and official website.	No significant difference compared to the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
5. If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation. The Company has enacted Ethical Corporate Management Best Practice Principles for Innolux Corporation in accordance with Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, and disclosed on the official website and MOPS. All of the Company’s colleagues and affiliates are required to comply with these provisions, there is not conformity with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.				
6. Other important information to facilitate a better understanding of the ethical corporate management operation of the Company (e.g., review and amend its policies.): (1)Strictly abide by the business conduct regulations and other relevant regulations for listing companies as the basis for the implementation of integrity management, and continue to identify and update the regulations to ensure the implementation of the regulations. (2)The Company continues to conduct business ethics regulatory risk assessments every year, and implements the Company’s business ethics risk management through the internal control system.				

3.4.8 Corporate Governance Guidelines and Regulations

The Company has established the Corporate Governance Principles, which addresses the protection of shareholders' rights and interests, strengthens the functions of the Board of Directors, respects the rights and interests of stakeholders, and enhances information transparency. It also reviews and evaluates the corporate governance evaluation. The actual implementation of the quantitative indicators is expected to assist the Company to gradually establish a good corporate governance system to enhance the effectiveness of corporate governance. For the Company's corporate governance operation, please refer to the annual report. For the Company's corporate governance operation, please refer to the annual report, 3.4 Implementation of Corporate Governance of III. Corporate Governance Report (pages 37-78). For the Company's Corporate Governance Principles and related regulations, please inquire on the MOPS or the Company's website.

3.4.9 Other Important Information Regarding Corporate Governance

1. The Company has established the Procedures for Handling Material Inside Information that clearly regulates the handling and disclosure of important internal information. Relevant procedures are regularly reviewed to meet the current laws and regulations and the practical management needs, and internal announcements have been made in the Company along with relevant trainings for all employees.
2. The Company began to plan the introduction of Taiwan Intellectual Property Management System (TIPS) at the end of 2021, and passed the TIPS-A certification again on October 12, 2023, which confirmed that the Company has established intellectual property management plan related to its business objectives and that the intellectual property management system conforms to industry trends and can protect the Company's interests and enhance its market competitiveness.

In order to strengthen our competitive edge, the Company continues to combine operational objectives and R&D resources to formulate intellectual property strategies and to implement intellectual property deployment and protection measures. In particular, we have established tactic deployment strategies for intellectual property management (including patent education and training, proposed evaluation mechanism, incentive system, post-approval evaluation, and patent revitalization strategy), and have also established a patent management system to create a comprehensive patent control framework to strengthen the control, utilization, and deployment of patents. As of printed date of annual report, the Company has an aggregate of approximately 13,400 patents worldwide.

In addition, for trademarks, copyrights, and trade secrets, the Company continues to actively perform trademark examination and arrangement in accordance with the relevant management regulations. As of printed date of annual report, the Company has obtained 114 registered trademarks worldwide. In addition, we control trade secrets and copyrights through strict security measures, and further extend the protection of all intellectual property to effectively control and integrate the superior resources of intellectual property, strengthen the Company's competitiveness, and ensure the competitive advantage.

The implementation of the Company's 2023 intellectual property management plan was reported to the Board of Directors on February 22, 2024.

3. Status of Directors' participation in corporate governance related courses and trainings in 2023:

Title	Name	Date	Sponsoring Organization	Course	Hours
Chairman	Jin-Yang Hung	2023.07.27	Corporate Operating and Sustainable Development Association	Trade Secrets Protection and Prevention of Insider Trading	3
		2023.10.26	Corporate Operating and Sustainable Development Association	Corporate Sustainable Governance - DEI in Workplace	3
Director	Chu-Hsiang Yang	2023.07.27	Corporate Operating and Sustainable Development Association	Trade Secrets Protection and Prevention of Insider Trading	3
		2023.10.26	Corporate Operating and Sustainable Development Association	Corporate Sustainable Governance - DEI in Workplace	3
Director	Jyh-Chau Wang	2023.07.27	Corporate Operating and Sustainable Development Association	Trade Secrets Protection and Prevention of Insider Trading	3
		2023.10.26	Corporate Operating and Sustainable Development Association	Corporate Sustainable Governance - DEI in Workplace	3
Director	Ching-Lung Ting	2023.07.27	Corporate Operating and Sustainable Development Association	Trade Secrets Protection and Prevention of Insider Trading	3
		2023.10.26	Corporate Operating and Sustainable Development Association	Corporate Sustainable Governance - DEI in Workplace	3
Independent Director	Chi-Chia Hsieh	2023.07.27	Corporate Operating and Sustainable Development Association	Trade Secrets Protection and Prevention of Insider Trading	3
		2023.10.26	Corporate Operating and Sustainable Development Association	Corporate Sustainable Governance - DEI in Workplace	3
Independent Director	Chih-I Wu	2023.07.27	Corporate Operating and Sustainable Development Association	Trade Secrets Protection and Prevention of Insider Trading	3
		2023.10.26	Corporate Operating and Sustainable Development Association	Corporate Sustainable Governance - DEI in Workplace	3
Independent Director	Chih-Wei Wu	2023.03.10	Taiwan Corporate Governance Association	2023 Global Economic and Prosperity Outlook	3
		2023.07.27	Corporate Operating and Sustainable Development Association	Trade Secrets Protection and Prevention of Insider Trading	3
		2023.08.14	Taiwan Corporate Governance Association	Response and Countermeasures for Enterprises under the Changing Global Financial Situation	3
		2023.09.21	Taiwan Corporate Governance Association	AI transformation: ushering in the real era of computer	3
		2023.10.26	Corporate Operating and Sustainable Development Association	Corporate Sustainable Governance - DEI in Workplace	3

Title	Name	Date	Sponsoring Organization	Course	Hours
Independent Director	Hsin-Bei Shen	2023.07.27	Corporate Operating and Sustainable Development Association	Trade Secrets Protection and Prevention of Insider Trading	3
		2023.10.26	Corporate Operating and Sustainable Development Association	Corporate Sustainable Governance - DEI in Workplace	3
Independent Director	Chi-Mo Huang	2023.07.27	Corporate Operating and Sustainable Development Association	Trade Secrets Protection and Prevention of Insider Trading	3
		2023.10.26	Corporate Operating and Sustainable Development Association	Corporate Sustainable Governance - DEI in Workplace	3

4. Status of senior executives participating in corporate governance related courses and trainings in 2023:

Title	Name	Date	Sponsoring Organization	Course	Hours
Chairman & CEO	Jin-Yang Hung	2023.07.27	Corporate Operating and Sustainable Development Association	Trade Secrets Protection and Prevention of Insider Trading	3
		2023.10.26	Corporate Operating and Sustainable Development Association	Corporate Sustainable Governance - DEI in Workplace	3
President & COO	Chu-Hsiang Yang	2023.07.27	Corporate Operating and Sustainable Development Association	Trade Secrets Protection and Prevention of Insider Trading	3
		2023.10.26	Corporate Operating and Sustainable Development Association	Corporate Sustainable Governance - DEI in Workplace	3
Vice President & Corporate Governance Officer	Jun-Yi Yu	2023.07.21	Securities and Futures Institute	Analysis of Common Violations of the Securities Exchange Law	3
		2023.07.27	Corporate Operating and Sustainable Development Association	Trade Secrets Protection and Prevention of Insider Trading	3
		2023.10.03	Taiwan Corporate Governance Association	Proxy fights, shareholder activism, and voting results: analyzing director responsibilities through global perspectives.	3
		2023.10.26	Corporate Operating and Sustainable Development Association	Corporate Sustainable Governance - DEI in Workplace	3
Executive VP	Hung-Wen Yang	2023.07.27	Corporate Operating and Sustainable Development Association	Trade Secrets Protection and Prevention of Insider Trading	3
		2023.10.26	Corporate Operating and Sustainable Development Association	Corporate Sustainable Governance - DEI in Workplace	3
Vice President	Chih-Ming Chen	2023.07.27	Corporate Operating and Sustainable Development Association	Trade Secrets Protection and Prevention of Insider Trading	3
		2023.10.26	Corporate Operating and Sustainable Development Association	Corporate Sustainable Governance - DEI in Workplace	3
Vice President	Tai-Chi Pan	2023.07.27	Corporate Operating and Sustainable	Trade Secrets Protection and Prevention of	3

Title	Name	Date	Sponsoring Organization	Course	Hours
			Development Association	Insider Trading	
		2023.10.26	Corporate Operating and Sustainable Development Association	Corporate Sustainable Governance - DEI in Workplace	3
Financial Officer	Wei-Cheng Chiu	2023.07.27	Corporate Operating and Sustainable Development Association	Trade Secrets Protection and Prevention of Insider Trading	3
		2023.10.26	Corporate Operating and Sustainable Development Association	Corporate Sustainable Governance - DEI in Workplace	3
Accounting Officer	Rou-Li Cheng	2023.07.27	Corporate Operating and Sustainable Development Association	Trade Secrets Protection and Prevention of Insider Trading	3
		2023.10.26	Corporate Operating and Sustainable Development Association	Corporate Sustainable Governance - DEI in Workplace	3

5. Certification Details of Employees, whose Jobs are Related to the Release of the Company’s Financial Information

Certification	Number of Employees	
	Finance& Accounting	Internal Audit
Certified Public Accountant, CPA	1	—
Certified Public Accountants of Singapore, CPA	1	—
Certified Internal Auditor, CIA	1	2
Chartered Financial Analyst, CFA	2	—
Certified Management Accountant, CMA	8	—
Tax Advisor, TA	2	—
Financial Risk Manager, FRM	1	—
Chinese Certified Public Accountant , CPA	1	—
Senior Securities Specialist	10	—
Securities Specialist	7	—
Internal controller test of SFI	4	—
Basic Competency Test of Corporate Governance of SFI	2	—

6. Succession planning and operation of Board members and important management members

The Company implements the diversification policy of Board members in accordance with the corporate governance code of practice. There are currently 9 directors (including 5 independent directors), all of whom have industry knowledge and international market views, and are good at leadership, operational judgment, operation management, crisis management and other professional capabilities. Two of them concurrently serve as senior management of the Company. In the future, the composition structure of the Board of Directors of the Company and the experience background of members will continue the current structure. The annual “Board Performance Evaluation Results” will be used as a reference for the nomination of directors for renewal.

Regarding the succession planning of the Board of Directors, the Company cultivates high-level managers to enter the Board to familiarize them with the operations of the Board and the business of the Company’s units, and deepen their industry experience through work rotation. At present, the Company has many high-level management professionals, so the Company has ample talent pool to be appointed as future directors. In addition to considering diversity, it will focus on gender equality and possess the knowledge, skills and literacy necessary for performing duties.

The Company adheres to embracing change and leading the market demand, with the three main directions of “cultivating innovation and arranging succession”, “deploying the leadership team” and “deepening the depth of positions”. In addition to excellent work ability, the successors should also have the values consistent with those of the Company.

Based on the talents’ future development and potential ability, the succession cultivation plan is divided into the three stages of experience cultivation, agency and observation, and formal succession. During the period, courses and action learning, project assignment and management authorization, and assignment and rotation are provided, and the feasibility of formal succession is assessed through performance evaluation and high-level personnel review. In addition to internal learning, senior executives and potential talents are also encouraged to study in top universities to deepen the knowledge and ability of business management.

3.4.10 Internal Control System

1. Statement of internal control system

Innolux Corporation
Statement of Internal Control System

February 22, 2024

According to the examination on internal control systems done by the Company itself in 2023, we hereby state as follows:

- I. The Company is aware that the establishment, execution, and maintenance of its internal control policies are the responsibilities the Company's board of directors and managers. These policies were implemented throughout the Company. The purpose is to provide a reasonable assurance on the achievement of the goals, including the effectiveness and efficiency of operations (including profitability, performance and security of assets, etc.) and the report with effectiveness, timeliness, transparency, and compliance with the relevant requirements and regulations and laws.
- II. Internal control policies are prone to limitations. No matter how robustly designed, effective internal control policies merely provide reasonable assurance to the achievements of the three goals above. Furthermore, environmental and situational changes may affect the effectiveness of internal control policies. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.
- III. Pursuant to the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "Governing Regulations"), the Company should study and judge whether the Company's internal control system is effective in design and implementation. The criteria introduced by "The Governing Principles" consisted of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk evaluation and response, 3. Procedural control, 4. Information and communication, 5. Supervision. Each factor also includes several items. Please refer to "The Governing Principles" for details.
- IV. The Company has adopted the aforementioned judgment items for the internal control system to evaluate the effectiveness of the Company's internal control system in both design and implementation.
- V. The evaluation results indicated that the Company's internal control system (including subsidiary governance) dated December 31, 2023 had effectively assured that the following objectives had been reasonably achieved during the assessing period: The degree of effectiveness and efficiency of business operation; The reliability, timeliness, transparency and compliance with relevant standards of the financial and related reports; The effective design and execution of internal control system related to compliance of the relevant laws/regulations.
- VI. This Statement is a significant part of the Company's annual report and prospectus available to the general public. If it contains false information or omits any material content, the Company is in violation of Article 20, Article 32, Article 171, and Article 174 set forth in the Taiwan's Securities and Exchange Act.
- VII. The present Declaration of Internal Control Policies was granted a pass in the board of directors meeting convened on February 22, 2024. That board of directors meeting was attended by 9 directors among whom 0 director objected. All present directors unanimously responded with consent to the contents of the Declaration. This is the another point duly clarified herewith.

Innolux Corporation
Chairman: Jin-Yang Hung
President: Chu-Hsiang Yang

2. Hire an accountant to audit the Company's internal control system and disclose the audit report made by accountants: None.

3.4.11 If any penalties are imposed on the Company and its personnel or punishments are imposed by the Company on personnel in violation of internal control system regulations in the past year and up to the date of report, and the results of the penalty may have a material effect on shareholders equity or stock price, specify the contents of the penalty, major deficiencies and improvement: None.

3.4.12 Major Resolutions of Shareholders' Meeting and Board Meetings

1. Important resolutions and implementation made by the 2023 Shareholders' Meeting as of the printed date of annual report

(1) Recognition of 2022 Business Report and Financial Statements

Status of execution: The voting result, the weight of approval was in accordance with the statutory requirements.

Implementation Status: The relevant forms have been submitted to the competent authority for reference and announcement in accordance with the Company Act and other relevant laws and regulations.

(2) Recognition of 2022 Profit and Loss Appropriation

Status of execution: The voting result, the weight of approval was in accordance with the statutory requirements.

Implementation Status: No dividends will be distributed in 2022.

(3) Proposal to proceed with cash capital reduction

Status of execution: The voting result, the weight of approval was in accordance with the statutory requirements.

Implementation Status: It has been approved by the letter of approval from Taiwan Stock Exchange Corporation with reference number 1121803192, dated July 10, 2023. The date of cash refund: September 1, 2023, which has been completed.

(4) Proposal to transfer shares to employees at less than the average actual share repurchase price

Status of execution: The voting result, the weight of approval was in accordance with the statutory requirements.

Implementation Status: The shares were transferred to employees on November 28, 2023, and January 3, 2024. A total of 38,360,000 shares were transferred, and the number of shares that have not yet been transferred was 4,627,500 shares, and were announced on the MOPS.

2. Major resolutions by the Board Meetings for 2023 as of the printed date of annual report

Date	Major Resolutions
4th meeting of the 9th term 2023.02.14	<ol style="list-style-type: none"> 1. The Company's Business Plan in 2023 2. Proposal of the capital expenditures for the Company in 2023 3. 2022 Parent Company only Financial Statements and Consolidated Financial Statements 4. The appointment, remuneration, and assessment of the independence and competency of CPAs 5. Proposal of the pre-approved non-assurance services provided from CPAs and its affiliates to the Company and its Subsidiaries 6. Proposal to convene 2023 Annual Shareholders' Meeting 7. The Company's 2022 Internal Control System Statement 8. Proposal to signed the Technology Transfer Agreement with Indian Company, Vedanta Group 9. Proposal of the substitution of Financial Officer and Accounting Officer 10. Amendments to some clauses of the Corporate Governance Principles and Procedures for the Rules Governing Financial and Business Matters Between the Company and its Related Parties 11. Proposal for executing loan agreements with financial institutions 12. Proposal for the reward system of managerial officers 13. Proposal for the remuneration of managerial officers
5th meeting of the 9th term 2023.04.18	<ol style="list-style-type: none"> 1. Prepare and compile business report for 2022 2. Proposal of 2022 Profit and Loss Appropriation 3. Proposal to proceed with cash capital reduction 4. Proposal to transfer shares to employees at less than the average actual share repurchase price 5. Proposal to convene 2023 Annual General Shareholders' Meeting (adding discussion motions) 6. Consolidated financial statements of the Company for the first quarter of 2023 7. To Set up INX Group Tax Policy and Management Guidelines 8. Proposal for executing loan agreements with financial institutions 9. Proposal for remunerations to employee directors and managerial officers
6th meeting of the 9th term	<ol style="list-style-type: none"> 1. Consolidated financial statements of the Company for the second quarter of 2023 2. Proposal to increase investment in its subsidiary Innolux Holding Limited

Date	Major Resolutions
2023.07.27	3. Proposal for executing syndicated loan agreements with financial institutions arranger, Taipei Fubon Bank and other financial institutions 4. Proposal for executing loan agreements with financial institutions
7th meeting of the 9th term 2023.10.26	1. Consolidated financial statements of the Company for the third quarter of 2023 2. Proposal of 2024 Audit plan 3. To Set up the Procedures for Preventing Insider Trading 4. Proposal for executing loan agreements with financial institutions 5. Proposal for the individual remuneration of managerial officers in 2022 6. Proposal for the remuneration adjustment of managerial officers and employee directors in 2023 7. Proposal to transfer the 3rd time of repurchased shares to employees
8th meeting of the 9th term 2024.02.22	1. 2023 Business Report and Financial Statements of the Company 2. Proposal of 2023 Profit and Loss Appropriation 3. The appointment, remuneration, and assessment of the independence and competency of CPAs 4. The Company's Business Plan in 2024 5. Proposal of the capital expenditures for the Company in 2024 6. Proposal to convene 2024 Annual General Shareholders' Meeting 7. Machinery and equipment proposed for disposal for business use 8. Proposal of the Company's 2023 Internal Control System Statement 9. Amendments to some clauses of the Audit Committee Charter and Rules and Procedures for Meeting of the Board of Directors 10. Proposal for executing loan agreements with financial institutions 11. Proposal for amendments to the managerial officers' pension management measures 12. Proposal for the remuneration of managerial officers and employee directors in 2023

3.4.13 Documented opinions or declarations made by directors or supervisors against board resolutions in the most recent year, up until the publication date of annual report: None.

3.4.14 A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of this Annual Report, of the Company's Chairman, President, Chief Accounting Officer, Chief Financial Officer, Chief Internal Auditor, Chief Corporate Governance Officer, and Chief R&D Officer:

Position	Name	Appointment Date	Termination Date	Reason for the change
Financial Officer	Jhieh-Siou Liu	2020.08.05	2023.02.15	Position Reassignment
Accounting Officer	Kun Ma	2020.05.05	2023.02.15	Position Reassignment

3.5 Disclosure of CPA Fees

3.5.1 Fee Information

Amount Unit: NT\$ thousand

Accounting Firm	Name of CPA	Audit Period	Audit Fee	Non-audit Fee	Total	Remarks
PwC Taiwan	Sheng-Chung Hsu	2023.01.01-2023.12.31	10,200	5,674	15,874	Transfer pricing, R & D credit, country report public expense, Robotic Process Automation (RPA) Consulting.
	Hua-Ling Liang					

1. Replaced the accounting firm and the audit fee paid to the new accounting firm was less than the payment of the previous year: None.
2. Audit fee reduced more than 10% year over year, required to disclose the reduced amount, proportion, and reason: None.

3.5.2 The professional fees for auditing services referred means the professional fees paid by the Company to a certified public accountant for auditing, review, and secondary reviews of financial reports, financial forecast reviews, and tax certification.

3.6 Replacement of CPA

3.6.1 Information regarding the former CPAs

Replacement Date	February 22, 2024		
Replacement reasons and explanations	The former CPAs were Sheng-Chung Hsu and Hua-Ling Liang of PwC Taiwan. Due to internal adjustments at PwC Taiwan, starting from the first quarter of 2024, the CPAs were adjusted to Sheng-Chung Hsu and Yung-Chih Lin.		
Describe whether the Company terminated or the CPA did not accept the engagement	Circumstances	Parties	The Company
	Terminated the engagement	CPA	—
	No longer accepted (discontinued) the engagement	—	—
If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the 2 most recent years, specify the opinion and the reasons	None		
Disagreement with the Company	Yes	—	Accounting principles or practices
		—	Disclosure of financial reports
		—	Audit scope or steps
		—	Other
	No	V	
	Specify details		
Other disclosures (Any matters required to be disclosed under sub-items d to g of Article 10.6.A)	None		

3.6.2 Information Regarding the Successor CPAs

Name of accounting firm	PwC Taiwan
Name of CPAs	Sheng-Chung Hsu, Yung-Chih Lin
Date of engagement	February 22, 2024
Subjects discussed and results of any consultation with the CPAs prior to the engagement, regarding the accounting treatment of or application of accounting principles to any specified transaction, or the type of audit opinion that might be issued on the company's financial report	None
Successor CPAs' written opinion regarding the matters of disagreement between the Company and the former CPAs	None

3.6.3 The reply letter from the former CPA regarding the Company's disclosures regarding the matters under Article 10.6.A and 10.6.B(c) of the Regulations: Not applicable.

3.7 The Company's Chairman, President, or any Managerial Officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its CPA or at an affiliated enterprise: None.

3.8 Changes in Shareholding of Directors, Managerial Officers and Major Shareholders

3.8.1 Changes in Shareholding of Directors, Managerial Officers and Major Shareholders

Unit: Per share

Title	Name (Note 1)	2023		In 2024, up to March 31, 2024	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman & CEO	Jin-Yang Hung	137,504	—	—	—
Director	Chu-Hsiang Yang (Note 2)	6,471	—	—	—
Director	Jyh-Chau Wang	(7,602)	—	—	—
Director	Ching-Lung Ting	(51,679)	—	—	—
Independent Director	Chi-Chia Hsieh	—	—	—	—
Independent Director	Chih-I Wu	—	—	—	—
Independent Director	Chih-Wei Wu	—	—	—	—
Independent Director	Hsin-Bei Shen	—	—	—	—
Independent Director	Chi-Mo Huang	—	—	—	—
Executive VP	Hung-Wen Yang	47,974	—	—	—
Vice President	Jun-Yi Yu (Note 3)	4,857	—	—	—
Vice President	Chih-Ming Chen	(8,475)	—	—	—
Vice President	Tai-Chi Pan	(36,738)	—	—	—
Vice President	Ching-Wen Huang	54,999	—	—	—
Sr. Associate VP	Ko-Yi Kao	19,475	—	—	—
Associate VP	Chih-Hsuan Wang	30,415	—	—	—
Associate VP	Chien-Hung Liao	19,590	—	—	—
Associate VP	Chueh-Ju Chen (Note 4)	—	—	—	—
Associate VP	Chiu-Lien Yang (Note 4)	—	—	—	—
Associate VP	Jun-Hao Peng (Note 4)	—	—	—	—
Associate VP	Yi-Ping Lee (Note 4)	—	—	—	—
Associate VP	Ching-Chien Chen (Note 4)	—	—	—	—
Financial Officer	Wei-Cheng Chiu (Note 5)	—	—	—	—
Accounting Officer	Rou-Li Cheng (Note 5)	—	—	—	—

Note 1: Existing managerial officers as of the printed date of the annual report.

Note 2: Concurrently as President & COO.

Note 3: Concurrently as Corporate Governance Officer.

Note 4: Newly appointed on February 1, 2024; therefore, the change in shareholding was not calculated.

Note 5: Newly appointed on February 15, 2023; therefore, the change in shareholding for the year 2023 was not calculated.

3.8.2 Where the counterpart of the equity transfer is a related party :

In the most recent year (2023) and as of the date of publication of the annual report, the Company's directors, managerial officers and shareholders holding more than 10% of the shares have not had any equity transfers to the Company's related parties.

3.8.3 Where the counterpart of the equity pledge is a related party :

In the most recent year (2023) and as of the date of publication of the annual report, the Company's directors, managerial officers and shareholders holding more than 10% of the shares have not had any equity pledges to the Company's related parties.

3.9 Relationship among the Top 10 shareholders

Name	Shares held		Shareholdings of spouse and underage children		Shares held through nominees		Familial relationships between top 10 shareholders who are either related parties, spouses, or relatives within the second degree of kinship, his/her/its title (or name) and relationships		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationships	
Taipei Fubon Bank in custody for Innolux Corporation Trust Account	166,039,204	1.83%	—	—	—	—	N.A.	N.A.	
Hyield Venture Capital Co., Ltd	151,583,570	1.67%	—	—	—	—	Hon Hai Precision Ind. Co., Ltd.	Subsidiary of Hon Hai Precision Ind. Co., Ltd.	
Representative: De-Cai Huang	182,799	—	—	—	—	—	N.A.	N.A.	
Hon Hai Precision Ind. Co., Ltd.	127,213,220	1.40%	—	—	—	—	Hyield Venture Capital Co., Ltd	Parent Company of Hyield Venture Capital Co., Ltd	
Representative: Young-Way Liu	—	—	—	—	—	—	N.A.	N.A.	
Citibank in custody for Norges Bank Investment Account	117,351,661	1.29%	—	—	—	—	N.A.	N.A.	
JPMorgan Chase Bank., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	116,329,183	1.28%	—	—	—	—	N.A.	N.A.	
JPMorgan Chase Bank, Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	112,886,109	1.24%	—	—	—	—	N.A.	N.A.	
Foxconn Technology Co., Ltd.	109,666,570	1.21%	—	—	—	—	Hon Hai Precision Ind. Co., Ltd.	Investee under the equity method	
Representative: Chun-Fu Lu	—	—	—	—	—	—	Hua Zhun Investments Co., Ltd.	Chairman of Hua Zhun Investments Co., Ltd.	
Hua Zhun Investments Co., Ltd.	104,061,388	1.15%	—	—	—	—	Foxconn Technology Co., Ltd.	Subsidiary of Foxconn Technology Co., Ltd.	
Representative: Chun-Fu Lu	—	—	—	—	—	—	Foxconn Technology Co., Ltd.	Chairman of Foxconn Technology Co., Ltd.	
Citibank in custody for Government of Singapore Investment Account	91,746,766	1.01%	—	—	—	—	N.A.	N.A.	
Standard Chartered Bank Business Department in custody for Standard Chartered Bank (Hong Kong) Limited - Stock Trading Investment Account	89,350,000	0.98%	—	—	—	—	N.A.	N.A.	

3.10 The total number of shares and total equity stake held in any single enterprise by the Company, its Directors, Managerial Officers, and any companies controlled either directly or indirectly by the Company

Unit: Shares; December 31, 2023

Investee Enterprises	Investment by the Company		Investment by the Directors, Managerial Officers and Directly or Indirectly Controlled Entities of the Company		Total Investment	
	Shares	%	Shares	%	Shares	%
CarUX Holding Limited	—	—	125,231,749	94.82%	125,231,749	94.82%
CarUX Technology Europe B.V.	—	—	375,810	100.00%	375,810	100.00%
CarUX Technology Germany GmbH	—	—	100,000	100.00%	100,000	100.00%
CarUX Technology Hong Kong Holding Limited	—	—	162,897,802	100.00%	162,897,802	100.00%
CarUX Technology Pte. Ltd.	—	—	128,431,749	100.00%	128,431,749	100.00%
Double Star Inc.	—	—	10,000,000	100.00%	10,000,000	100.00%
Innocare Optoelectronics Europe B.V.	—	—	500	100.00%	500	100.00%
InnoCare Optoelectronics Japan Co., Ltd.	—	—	30,010	100.00%	30,010	100.00%
InnoCare Optoelectronics USA, INC.	—	—	900,000	100.00%	900,000	100.00%
Innolux Holding Limited	225,568,185	100.00%	—	—	225,568,185	100.00%
Innolux Hong Kong Holding Limited	1,158,844,000	100.00%	—	—	1,158,844,000	100.00%
Innolux Hong Kong Limited	—	—	35,000,000	100.00%	35,000,000	100.00%
Innolux Japan Co., Ltd.	98	54.44%	82	45.56%	180	100.00%
Innolux Optoelectronics India Private Limited	—	—	144,095,500	100.00%	144,095,500	100.00%
Innolux Singapore Holding Pte. Ltd.	25,400,000	100.00%	—	—	25,400,000	100.00%
Innolux USA Inc.	—	—	12,842	100.00%	12,842	100.00%
Keyway Investment Management Limited	1,656,410	100.00%	—	—	1,656,410	100.00%
Landmark International Ltd.	709,450,000	100.00%	—	—	709,450,000	100.00%
Nets Trading Ltd.	—	—	900,001	100.00%	900,001	100.00%
Rockets Holding Ltd.	—	—	160,504,550	100.00%	160,504,550	100.00%
Stanford Developments Ltd.	—	—	164,000,000	100.00%	164,000,000	100.00%
Suns Holding Ltd.	—	—	18,177,052	100.00%	18,177,052	100.00%
Toppoly Optoelectronics (B.V.I.) Ltd.	146,847,000	100.00%	—	—	146,847,000	100.00%
Toppoly Optoelectronics (Cayman) Ltd.	—	—	146,817,000	100.00%	146,817,000	100.00%
Warriors Technology Investments Ltd.	—	—	18,177,052	100.00%	18,177,052	100.00%
Yuan Chi investment Ltd.	—	100.00%	—	—	—	100.00%
CarUX Technology Taiwan Inc.	—	—	150,000,000	100.00%	150,000,000	100.00%
Foshan Innolux Optoelectronics Ltd.	—	—	—	100.00%	—	100.00%
Foshan Innolux Logistics Ltd.	—	—	—	100.00%	—	100.00%
Nanjing Innolux Technology Ltd.	—	—	—	100.00%	—	100.00%
Nanjing Innolux Optoelectronics Ltd.	—	—	—	100.00%	—	100.00%
GIO (Maanshan) Optoelectronics Ltd.	—	—	—	100.00%	—	100.00%
GIO Optoelectronics Corp.	41,288,528	76.43%	438,798	0.81%	41,727,326	77.24%
InnoJoy Investment Corp.	167,405,392	100.00%	—	—	167,405,392	100.00%
Innocom Technology (Shenzhen) Ltd.	—	—	—	100.00%	—	100.00%
Inno Capital Corporation	—	—	1,500,000	100.00%	1,500,000	100.00%
CarUX Technology (Shanghai) Ltd.	—	—	—	100.00%	—	100.00%
Ningbo Innolux Electronics Ltd.	—	—	—	100.00%	—	100.00%
Ningbo Innolux Optoelectronics Ltd.	—	—	—	100.00%	—	100.00%
Ningbo Innolux Display LTD	—	—	—	100.00%	—	100.00%
Ningbo CarUX Technology Ltd.	—	—	—	100.00%	—	100.00%
InnoCare Optoelectronics Corporation	20,200,000	50.21%	643,720	1.60%	20,843,720	51.81%
INStek Corporation	2,647,507	40.01%	—	—	2,647,507	40.01%

Note: Long-term equity investment of the Company calculated according to the equity method.

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Capital and Shares

April 2, 2024; Unit: Shares

Share Type	Authorized Capital			Remarks
	Outstanding Shares	Un-issued Shares	Total	
Common Shares	9,078,633,338	2,921,366,662	12,000,000,000	

4.1.2 Source of Capital

Unit: thousand shares; NT\$ thousand

Year/ Month	Issue price (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital increase by assets other than cash	Effective Date (Approval No.)
2003.01	-	120,000	1,200,000	35,000	350,000	Created at inception	None	2003.01.14 Yuan- Shang-Zih No. 0920001669
2003.05	10	120,000	1,200,000	100,000	1,000,000	65 million shares from cash capital increase	None	2003.05.30 Yuan- Shang-Zih No. 0920013164
2003.10	10	1,000,000	10,000,000	300,000	3,000,000	200 million shares from cash capital increase	None	2003.11.07 Yuan- Shang-Zih No. 0920030835
2004.04	10	1,000,000	10,000,000	900,000	9,000,000	600 million shares from cash capital increase	None	2004.05.24 Yuan- Shang-Zih No. 0930013914
2004.09	12	2,500,000	25,000,000	1,500,000	15,000,000	600 million shares from cash capital increase	None	2004.10.26 Yuan- Shang-Zih No. 9300030355
2005.06	14	2,500,000	25,000,000	2,100,000	21,000,000	600 million shares from cash capital increase	None	2005.07.22 Yuan- Shang-Zih No. 0940019992
2006.01	-	2,500,000	25,000,000	2,106,624	21,066,240	6,624 thousand new shares issued upon the exercise of employee stock options	None	2006.02.13 Yuan- Shang-Zih No. 0950002674
2006.04	-	2,500,000	25,000,000	2,111,856	21,118,560	5,232 thousand new shares issued upon the exercise of employee stock options	None	2006.05.09 Yuan- Shang-Zih No. 0950011150
2006.09	-	2,500,000	25,000,000	2,112,129	21,121,290	273 thousand new shares issued upon the exercise of employee stock options	None	2006.10.16 Yuan- Shang-Zih No. 0950026853
2006.10	41	3,300,000	33,000,000	2,312,129	23,121,290	200 million shares from cash capital increase	None	2006.12.04 Yuan- Shang-Zih No. 0950032417
2007.01	-	3,300,000	33,000,000	2,326,056	23,260,560	13,927 thousand new shares issued upon the exercise of employee stock options	None	2007.02.09 Yuan- Shang-Zih No. 0960003715
2007.03	-	3,300,000	33,000,000	2,331,706	23,317,062	5,650 thousand shares from capital increase in connection with merger	None	2007.05.30 Yuan- Shang-Zih No. 0960014540
2007.04	-	3,300,000	33,000,000	2,331,761	23,317,612	55 thousand new shares issued upon the exercise of employee stock options	None	2007.05.31 Yuan- Shang-Zih No. 0960014605
2007.08	-	3,300,000	33,000,000	2,340,765	23,407,652	9,004 thousand new shares issued upon the exercise of employee stock options	None	2007.08.30 Yuan- Shang-Zih No. 0960023196
2007.09	-	3,300,000	33,000,000	2,442,155	24,421,550	101,390 thousand shares from capital increase through capitalization of retained earnings	None	2007.09.19 Yuan- Shang-Zih No. 0960025459
2007.10	-	3,300,000	33,000,000	2,442,372	24,423,720	217 thousand new shares issued upon the exercise of employee stock options	None	2007.10.29 Yuan- Shang-Zih No. 0960029080
2007.11	146	3,300,000	33,000,000	2,742,372	27,423,720	300 million shares from cash capital increase to participate in the issuance of overseas depository receipts	None	2007.12.10 Yuan- Shang-Zih No. 0960033616
2008.02	-	3,300,000	33,000,000	2,751,026	27,510,260	8,654 thousand new shares issued upon the exercise of employee stock options	None	2007.02.12 Yuan- Shang-Zih No. 0970003364
2008.05	-	3,300,000	33,000,000	2,757,583	27,575,830	6,557 thousand new shares issued upon the exercise of employee stock options	None	2008.05.14 Yuan- Shang-Zih No. 0970012623
2008.08	-	3,300,000	33,000,000	2,770,270	27,702,700	12,687 thousand new shares issued upon the exercise of employee stock options	None	2008.08.21 Yuan- Shang-Zih No. 0970023231
2008.09	-	4,500,000	45,000,000	3,112,297	31,122,970	342.027 million shares from capital increase through capitalization of retained earnings	None	2008.09.09 Yuan- Shang-Zih No. 0970025445
2008.11	-	4,500,000	45,000,000	3,113,147	31,131,470	850 thousand new shares issued upon the exercise of employee stock options	None	2008.11.18 Yuan- Shang-Zih No. 0970032346
2009.03	-	4,500,000	45,000,000	3,123,695	32,236,950	10,548 thousand new shares issued upon the exercise of employee stock options	None	2009.03.02 Yuan- Shang-Zih No. 0980005613
2009.05	-	4,500,000	45,000,000	3,128,546	31,285,460	4,851 thousand new shares issued upon the exercise of employee stock options	None	2009.05.18 Yuan- Shang-Zih No. 0980013470
2009.07	-	4,500,000	45,000,000	3,138,537	31,385,370	9,991 thousand new shares issued upon the exercise of employee stock options	None	2009.07.23 Yuan- Shang-Zih No. 0980020313
2009.09	-	4,500,000	45,000,000	3,243,122	32,431,222	104.585 million shares from capital increase through capitalization of retained earnings	None	2009.09.07 Yuan- Shang-Zih No. 0980024824
2009.11	-	4,500,000	45,000,000	3,244,596	32,445,960	1,474 thousand new shares issued upon the exercise of employee stock options	None	2009.11.19 Yuan- Shang-Zih No. 0980032198

Year/ Month	Issue price (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital increase by assets other than cash	Effective Date (Approval No.)
2010.02	-	4,500,000	45,000,000	3,254,841	32,548,410	10,245 thousand new shares issued upon the exercise of employee stock options	None	2010.02.12 Yuan- Shang-Zih No. 0990004357
2010.03	-	10,500,000	105,000,000	8,032,930	80,329,300	4,778,089 thousand common stocks from capital increase in connection with merger; private placement of 731.707 million preferred shares	None	2010.03.30 Yuan- Shang-Zih No. 0990008717
2010.04	-	10,500,000	105,000,000	8,040,837	80,408,370	7,907 thousand new shares issued upon the exercise of employee stock options	None	2010.04.29 Yuan- Shang-Zih No. 0990011506
2010.08	-	10,500,000	105,000,000	8,043,497	80,434,970	2,660 thousand new shares issued upon the exercise of employee stock options	None	2010.08.26 Yuan- Shang-Zih No. 0990025097
2010.11	-	10,500,000	105,000,000	7,311,789	73,117,890	Reduced capital by 731.707 million shares through private placement of preferred shares	None	2010.11.11 Yuan- Shang-Zih No. 0990033742
2011.01	-	10,500,000	105,000,000	7,311,809	73,118,090	20 thousand new shares issued upon the exercise of employee stock options	None	2011.01.03 Yuan- Shang-Zih No. 100000178
2011.03	-	10,500,000	105,000,000	7,312,674	73,126,740	865 thousand new shares issued upon the exercise of employee stock options	None	2011.03.25 Yuan- Shang-Zih No. 1000007874
2011.05	-	10,500,000	105,000,000	7,312,804	73,128,040	130 thousand new shares issued upon the exercise of employee stock options	None	2011.05.04 Yuan- Shang-Zih No. 1000012352
2011.07	-	10,500,000	105,000,000	7,312,904	73,129,040	100 thousand new shares issued upon the exercise of employee stock options	None	2011.07.26 Yuan- Shang-Zih No. 1000021596
2011.11	-	10,500,000	105,000,000	7,312,970	73,129,708	66 thousand new shares issued upon the exercise of employee stock options	None	2011.11.28 Yuan- Shang-Zih No. 1000035175
2012.10	9	10,500,000	105,000,000	7,912,970	79,129,700	600 million shares from cash capital increase	None	2012.10.15 Yuan- Shang-Zih No. 1010031831
2013.02	12.98	10,500,000	105,000,000	9,037,970	90,379,700	1.125 billion shares from cash capital increase to participate in the issuance of overseas depository receipts	None	2013.02.18 Yuan- Shang-Zih No. 1020005087
2013.02	5/-	10,500,000	105,000,000	9,100,272	91,002,720	Issuance of 31,151 thousand shares new shares with restricted employee rights at positive consideration Issuance of 31,151 thousand shares new shares with restricted employee rights at nil consideration	None	2013.02.21 Yuan- Shang-Zih No. 1020005099
2013.04	5/-	10,500,000	105,000,000	9,101,960	91,019,600	Issuance of 844 thousand shares new shares with restricted employee rights at positive consideration Issuance of 844 thousand shares new shares with restricted employee rights at nil consideration	None	2013.04.16 Yuan- Shang-Zih No. 1020010954
2013.08	-	10,500,000	105,000,000	9,101,670	91,016,700	Capital reduced by 290 thousand new shares with restricted employee rights	None	2013.08.23 Yuan- Shang-Zih No. 1020025484
2013.11	-	10,500,000	105,000,000	9,100,892	91,008,920	Capital reduced by 778 thousand new shares with restricted employee rights	None	2013.11.27 Yuan- Shang-Zih No. 1020036156
2013.12	5/-	10,500,000	105,000,000	9,109,428	91,094,280	Issuance of 4,268 thousand shares new shares with restricted employee rights at positive consideration Issuance of 4,268 thousand shares new shares with restricted employee rights at nil consideration	None	2013.12.27 Yuan- Shang-Zih No. 1020040096
2014.04	-	10,500,000	105,000,000	9,106,457	91,064,570	Capital reduced by 2,970 thousand new shares with restricted employee rights	None	2014.04.10 Zhu- Shang-Zih No.1030009955
2014.09	12.5	10,500,000	105,000,000	9,956,457	99,564,570	850 million shares from cash capital increase	None	2014.09.05 Zhu- Shang-Zih No.1030026932
2014.09	-	10,500,000	105,000,000	9,955,407	99,554,070	Capital reduced by 1,049 thousand new shares with restricted employee rights	None	2014.09.05 Zhu- Shang-Zih No.1030026932
2014.11	-	10,500,000	105,000,000	9,954,536	99,545,360	Capital reduced by 871 thousand new shares with restricted employee rights	None	2014.11.19 Zhu- Shang-Zih No.1030033761
2015.03	-	10,500,000	105,000,000	9,954,224	99,542,240	Capital reduced by 312 thousand new shares with restricted employee rights	None	2015.03.17 Zhu- Shang-Zih No.1040007082
2015.05	-	10,500,000	105,000,000	9,953,797	99,537,970	Capital reduced by 417 thousand new shares with restricted employee rights	None	2015.05.20 Zhu- Shang-Zih No.1040013755
2015.08	-	10,500,000	105,000,000	9,953,583	99,535,830	Capital reduced by 214 thousand new shares with restricted employee rights	None	2015.08.19 Zhu- Shang-Zih No.1040023797
2015.11	-	10,500,000	105,000,000	9,953,237	99,532,370	Capital reduced by 345 thousand new shares with restricted employee rights	None	2015.11.18 Zhu- Shang-Zih No.1040033254
2016.02	-	10,500,000	105,000,000	9,952,682	99,526,820	Capital reduced by 556 thousand new shares with restricted employee rights	None	2016.02.26 Zhu- Shang-Zih No.1050004985
2016.05	-	10,500,000	105,000,000	9,952,351	99,523,510	Capital reduced by 330 thousand new shares with restricted employee rights	None	2016.05.23 Zhu- Shang-Zih No.1050013777
2016.08	-	10,500,000	105,000,000	9,952,210	99,522,100	Capital reduced by 141 thousand new shares with restricted employee rights	None	2016.08.16 Zhu- Shang-Zih No.1050022641
2016.11	-	10,500,000	105,000,000	9,952,149	99,521,490	Capital reduced by 62 thousand new shares with restricted employee rights	None	2016.11.15 Zhu- Shang-Zih No.1050031553
2017.03	-	10,500,000	105,000,000	9,952,078	99,520,780	Capital reduced by 70 thousand new shares with restricted employee rights	None	2017.03.03 Zhu- Shang-Zih No.1060005404
2017.05	-	10,500,000	105,000,000	9,952,072	99,520,720	Capital reduced by 6 thousand new shares with restricted employee rights	None	2017.05.26 Zhu- Shang-Zih No.1060014186

Year/ Month	Issue price (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital increase by assets other than cash	Effective Date (Approval No.)
2019.11	-	10,500,000	105,000,000	9,711,072	97,110,720	Treasury shares canceled 241 million shares	None	2019.11.19 Zhu- Shang-Zih No.1080033144
2021.03	-	12,000,000	120,000,000	9,940,433	99,404,330	Exchanges to new shares (229,361 thousand shares) from overseas convertible corporate Bond	None	2021.03.08 Zhu- Shang-Zih No.1100005722
2021.05	-	12,000,000	120,000,000	10,248,320	102,483,196	Exchanges to new shares (307,886 thousand shares) from overseas convertible corporate Bond	None	2021.05.27 Zhu- Shang-Zih No.1100015162
2021.08	-	12,000,000	120,000,000	10,501,408	105,014,079	Exchanges to new shares (253,088 thousand shares) from overseas convertible corporate Bond	None	2021.08.19 Zhu- Shang-Zih No. 1100023382
2021.11	-	12,000,000	120,000,000	10,559,620	105,596,200	Exchanges to new shares (58,212 thousand shares) from overseas convertible corporate Bond	None	2021.11.16 Zhu- Shang-Zih No.1100033414
2022.08	-	12,000,000	120,000,000	9,556,456	95,564,560	1,003,164 thousand shares from cash capital reduction	None	2022.08.23 Zhu- Shang-Zih No. 1110027160
2023.07	-	12,000,000	120,000,000	9,078,633	90,786,330	477,823 thousand shares from cash capital reduction	None	2023.07.20 Zhu- Shang-Zih No. 1120023739

4.1.3 Information for Shelf Registration: None.

4.1.4 Shareholder structure

April 2, 2024

Shareholder Structure Number	Government Institutions	Financial Institutions	Other Corporation	Individual	Foreign Institutions & Foreigners	Total
Shareholders	11	98	576	529,396	1,168	531,249
Share Held	114,581,712	363,776,809	785,046,594	5,287,032,868	2,528,195,355	9,078,633,338
Shareholding (%)	1.26%	4.01%	8.65%	58.24%	27.84%	100.00%

4.1.5 Distribution of Equity Ownership

1. Common Shares

NT\$ 10 per share; April 2, 2024

Class of Shareholding (Shares)	Number of Shareholders	Number of Share Held	Percentage
1 ~ 999	153,236	83,252,979	0.92%
1,000 ~ 5,000	217,882	562,692,093	6.20%
5,001 ~ 10,000	75,020	562,159,825	6.19%
10,001 ~ 15,000	24,506	302,235,515	3.33%
15,001 ~ 20,000	18,201	321,648,870	3.54%
20,001 ~ 30,000	14,758	365,551,271	4.03%
30,001 ~ 40,000	7,496	259,722,065	2.86%
40,001 ~ 50,000	5,028	225,782,920	2.49%
50,001 ~ 100,000	8,486	595,446,858	6.56%
100,001 ~ 200,000	3,612	505,504,054	5.57%
200,001 ~ 400,000	1,588	440,120,951	4.85%
400,001 ~ 600,000	503	243,108,278	2.68%
600,001 ~ 800,000	223	152,126,986	1.67%
800,001 ~ 1,000,000	152	137,576,256	1.51%
1,000,001 or over	558	4,321,704,417	47.60%
Total	531,249	9,078,633,338	100.00%

2. Preferred Shares: The Company does not issue preferred shares.

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

April 2, 2024; Unit: Shares

Name of Shareholders	Number of Share Held	Percentage
Taipei Fubon Bank in custody for Innolux Corporation Trust Account	166,039,204	1.83%
Hyield Venture Capital Co., Ltd	151,583,570	1.67%
Hon Hai Precision Ind. Co., Ltd.	127,213,220	1.40%
Citibank in custody for Norges Bank Investment Account	117,351,661	1.29%
JPMorgan Chase Bank., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	116,329,183	1.28%
JPMorgan Chase Bank, Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	112,886,109	1.24%
Foxconn Technology Co., Ltd.	109,666,570	1.21%
Hua Zhun Investments Co., Ltd.	104,061,388	1.15%
Citibank in custody for Government of Singapore Investment Account	91,746,766	1.01%
Standard Chartered Bank Business Department in custody for Standard Chartered Bank (Hong Kong) Limited - Stock Trading Investment Account	89,350,000	0.98%

4.1.7 Market Price, Net Worth, Earnings, and Dividends in the Past Two Years

Unit: NT\$; thousand share

Item	Year	2022	2023	As of March 31, 2024
Market Price Per Share	Highest Market Price	19.8	17.3	17.2
	Lowest Market Price	10.15	11.0	13.85
	Average Market Price	13.81	13.95	15.63
Net Worth Per Share	Before Distribution	26.55	25.14	25.15
	After Distribution	26.55	(Note)	—
Earnings Per Share (EPS)	Weighted Average Shares (thousand shares)	10,152,560	9,291,353	9,074,006
	Earnings Per Share (in dollars)	(2.76)	(2.01)	(0.45)
Dividends Per Share	Cash Dividends	—	(Note)	N.A.
	Stock Dividends	—	—	—
		—	—	—
	Accumulated Unpaid Dividends	—	—	—
Return on Investment (ROI) Analysis	Price-to-Earnings Ratio	N.A.	N.A.	N.A.
	Price-Dividend Ratio	N.A.	N.A.	N.A.
	Cash Dividend Yield Rate	N.A.	N.A.	N.A.

Note: Proposal of 2023 profit and loss appropriation has approved from the Board of Directors, subject to the approval of the Shareholders' Meeting.

4.1.8 Dividend Policy and Implementation Status

1. Dividend Policy

The annual net profits of final accounts of the Company shall make up for loss first, shall secondly appropriate 10% of profit as legal reserve (however, if legal reserve reaches the total capital amount shall not apply), to make an appropriation of another sum as special reserve or make a reversal of special reserve in accordance with laws and regulation, to distribute dividend for special/preferred shares, and to add into the profit not yet distributed before, the allocation proposal shall be prepared by the board of directors and be submitted to and resolved by the shareholders' meeting.

The Company shall set aside to special reserve, from prior period's undistributed earnings, an amount equal to net deductions from other equity". If the amount is not sufficient, the Company should further set aside from the current period's net profits plus other items to be included in the current period's undistributed earnings.

Depending on the Company's long-term financial planning, investment environment, industry competition, capital expenditure budget, funding requirements and protection of shareholders' equity, dividends should be paid at a rate of no less than 20% of the current year's distributable earnings; however, if the distributable earnings are less than 2% of the paid-in capital, the Company may resolve to transfer the entire amount to retained earnings without distribution. For earnings distribution, cash dividends are preferred but it may also be in the form of stock dividends, with no less than 50% of the earnings to be distributed with cash dividends.

The aforementioned dividend distribution percentage may be adjusted based on financial, business and operating factors.

2. Proposed Distribution of Dividend

The beginning balance of 2023 unappropriated retained earnings was NT\$ 40,389,401 thousand, after deduction in net loss after tax, NT\$ 18,642,539 thousand, and adding re-measurements of defined benefit plans, NT\$ 7,265 thousand and set aside special reserve, NT\$ 1,633,546 thousand, the unappropriated retained earnings is NT\$ 20,120,582 thousand. No dividends will be distributed this year.

3. Significant changes of dividend policy: None.

4.1.9 Effect of the proposed stock dividends (to be adopted by the shareholders' meeting) on the business performance and earnings per share

Not applicable. There is no stock dividend distribution proposed in this shareholders' meeting.

4.1.10 Remuneration of Employees and Directors

1. The percentages or ranges with respect to Remuneration of Employees and Directors in the Articles of Incorporation

Article 21 of the Articles of Incorporation stipulates that: The distribution of employees' remuneration shall not be lower than 5% of and the directors' remuneration shall not be higher than 0.1% of the current year pre-tax income before deducting the distributable employees' and directors' remuneration of the Company. However, the Company's accumulated losses shall have been covered.

The Company shall, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' remuneration distributed in the form of shares or in cash and have the profit distributable as director's remuneration in the form of cash; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

The target to be distributed employees' remuneration in the form of shares or cash may include employees of subsidiary companies who conform to certain criteria. Relevant regulations shall be authorized to be prescribed by the board of directors.

2. The basis for estimating the amount of employee and director remuneration, for calculating the number of shares to be distributed as employee profit-sharing remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.

The Company has an amount equivalent to a certain percentage of the current net earnings (net income before tax before deducting the remuneration to employees and the remuneration to Directors) minus the accumulated losses estimated and appropriated as remuneration to employees and remuneration to Directors, which will be reported as operating cost or operating expense. The remuneration to employees paid with stock are with the number of shares calculated in accordance with the closing price of common stock in the day prior to the resolution reached by the Board of Directors, and the Company will no longer take account of ex-right and ex-dividend. Due to the loss before tax, the remunerations to employees and directors were not estimated in 2023. If there are any changes after the financial report is released in the following year, it will be treated as a change in accounting estimates, and the impact of the change will be recognized as profit or loss in the following year.

3. Information on any approval by the Board of Directors of Remuneration Distribution

- (1) The amount of any employee remuneration distributed in cash or shares and remuneration for directors. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed:

The Company did not distribute remuneration to employees and directors due to losses before tax in 2023.

If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed: None.

- (2) The amount of any employee remuneration distributed in shares, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee remuneration:

The Company has not had stock shares distributed as remuneration to employees in the current year; therefore, it is not applicable.

4. The actual distribution of employee and director remuneration for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee and director remuneration, additionally the discrepancy, cause, and how it is treated: The Company did not distribute remuneration to employees and directors due to losses before tax in 2022.

4.1.11 Share Repurchases by the Company:

March 31, 2024

Repurchase no.	Third
Resolution date of the Board Meeting	2022.05.11
Purpose of repurchase	Transfer shares to employees
Repurchase period	2022.05.12 ~ 2022.07.11
Repurchase price range	NT\$ 9.66 ~ NT\$ 22.98
Types and numbers of shares bought back	50,000,000 shares (Note 2)
Amount of shares bought back (NT\$)	NT\$650,415,681
Ratio of the number of shares already repurchased to the number of shares intended to be repurchased (%)	100%
The number of repurchased shares that have been cancelled or transferred	38,360,000 shares
Accumulated number of the Company's shares held by the Company	4,627,500 shares
Ratio of the accumulated number of the Company's shares held by the Company to the total number of issued shares (%)	0.52% (Note 2)

Note 1: The total number of issued shares is the total number of issued shares registered with the Ministry of Economic Affairs as of the printed date of the annual report.

Note 2: The Company originally repurchased a total of 50,000,000 shares. After the cash capital reduction in the 2022 and 2023, the number of repurchased shares were adjusted to 42,987,500 shares, accounts for 0.47% of the total number of issued shares.

4.2 Bonds:

4.2.1 Information regarding corporate bonds: None.

4.2.2 Information regarding convertible corporate bonds: None.

4.2.3 Information regarding exchangeable corporate bonds: None.

4.2.4 Information regarding issuance of corporate bonds under shelf registration: None.

4.2.5 Information regarding corporate bond with warrants: None.

4.3 Preferred Shares:

4.3.1 Information regarding preferred shares: None.

4.3.2 Information of preferred shares with warrants: None.

4.4 Global Depositary Receipts: None.

4.5 Employee Stock Options:

4.5.1 The processing situation and impact on shareholders' right from employee stock option that have not matured yet: None.

4.5.2 Names, acquisition, and subscription of managerial officers who have obtained employee stock option as well as employees who rank among the top 10 in terms of the number of shares obtained via employee stock option, cumulative as of the printed date of the Annual Report: None.

4.6 New Restricted Employee Shares:

4.6.1 New restricted employee shares that have not fully met the conditions and the impact on shareholders' right: None.

4.6.2 Names of managers and top 10 employees holding new restricted employee shares as of the publication: None.

4.7 Status of New Shares Issuance in Connection with Mergers and Acquisitions:

4.7.1 In the most recent year as of the publication date of the Annual Report, the Company has completed merger or acquisition of other corporations to issue new shares:

1. A clear opinion prepared by the managing underwriter concerning any issuance of new shares in connection with any merger or acquisition or with any acquisition of shares of any other company within the past quarter: None.
2. If the progress or benefits of such implementation were not as good as expected, the annual report shall explain specifically how the situation is likely to affect shareholders' equity, and shall put forward a plan for corrective action: N.A.

4.7.2 In the most recent year as of the publication date of the Annual Report, the Board of Directors of the Company has approved merger or acquisition of other corporations to issue new shares: None.

4.8 Financing Plans and Implementation:

The Company doesn't have any uncompleted issuance plan or completed plan with unrealized benefit within the latest three years.

V. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

1. Main areas of business operations

The combined operating revenue of the Company is derived from TFT-LCD Flat Panel Displays and its main commodities include large-sized (>9 inch) and small-to-medium-sized (<9 inch) TFT-LCD related products. Large-sized products are generally applied to liquid crystal displays, billboards, desktop monitors, and notebooks, and industrial control. Small-to-medium-sized products are used to manufacture tablet computers, portable audio players, GPS for automobiles, aviation, smart home and mobile phones, wearable devices and other applications, while various types of touch-control panels could be selected. Besides, for the purpose of special usage, the Company also provides products used for medical, military, educational purposes, and electronic paper application. Given that the business of the Company covers the entire world and the size mix of panels is complete, the Company is a comprehensive LCD provider.

2. Consolidated operating ratios of each business in 2023

Unit: NT\$ thousand

Products	Sales Revenue	(%) of Total Sales
TFT-LCD	211,740,557	100%
Total	211,740,557	100%

3. Main products (Services)

The Company's main products are TFT-LCD panels and touch-control modules and TV machine OEM. The products lines cover small, medium, and large sized panels mainly for a wide range of applications, such as LCD televisions, billboards, desktop monitors, notebooks, tablet computers, mobile phones, portable audio players, wearable devices, automotive displays, medical, X-Ray, industrial, aeronautic, and educational products. The whole machine OEM uses the LCD TV as the main axis to assist the TV brand's OEM manufacturing and realize the Company's vision from the panel to the whole machine. In September 2023, the Company announced its foray into semiconductor packaging, transforming the smallest 3.5-generation factory into the world's largest fan-out panel-level packaging production line (FOPLP), providing customers with more competitive costs and creativity, and creating greater profit value. In the future, we are looking to combine FOPLP technology with automotive panel displays and open up a new landscape through vertical integration of the supply chain.

4. New products (services) planned for development

New products the company plans to develop are derived from flat panel displays with high technology extensions. For large size applications, the Company will continue to improve on enlargement, high resolution, high color saturation, high contrast, narrow bezel, high refresh rate, low blue light, and power saving; for small and medium size applications, the Company will develop products with high pixel, shaped cut, and integrated touch technology panels. The Company will continue to develop consumer electronics products such as smart home applications, electronic labels, and wearable devices, as well as special applications such as large public displays, next-generation automotive displays, medical displays, X-Rays, and LCD antennas.

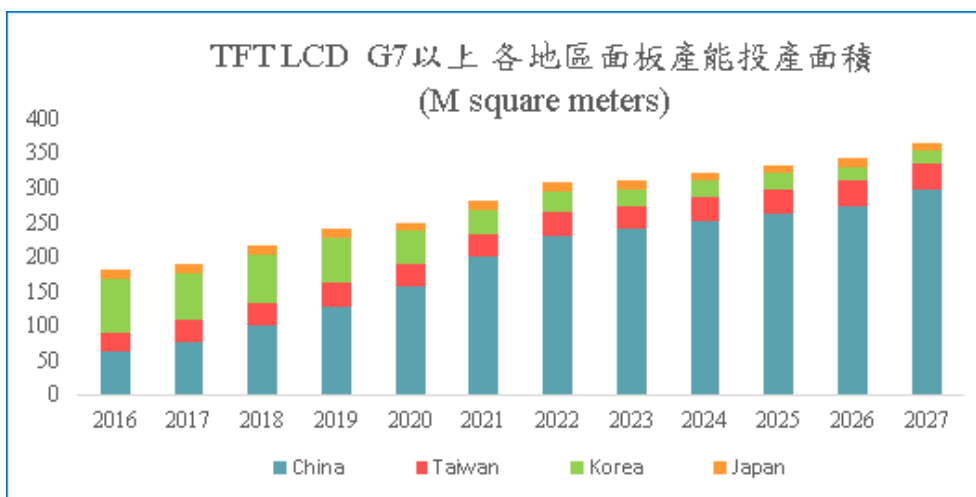
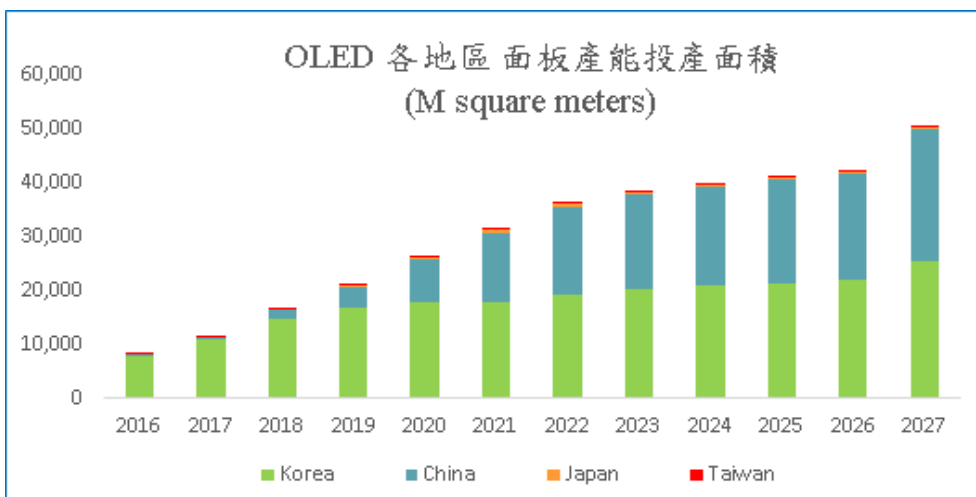
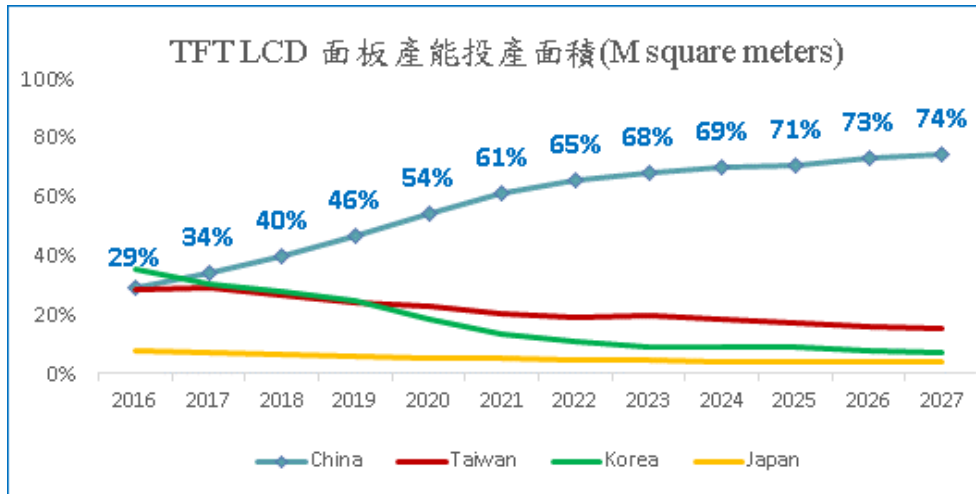
5.1.2 Industry Overview

1. Current status and development of the industry

Due to the excellent product characteristics, competitive costs, and constantly differentiated and refined products, TFT-LCD has become the mainstream of all kinds of displays, with the expansion of size and applications, making the demand for panels is increasing year by year. In recent years, China-based factories have been expanding their production capacity due to massive subsidies from the Chinese government. According to Omdia's data, TFT-LCD production capacity in China has surpassed that of Korea and Taiwan since 2016, and continued to climb until now. In 2023, China's production capacity accounted for 68% of the world, while Taiwan accounted for 19%. In terms of production capacity above G7, China's production

capacity accounted for 77% of the world in 2023, while Taiwan accounted for 11%. Korean manufacturers will gradually withdraw from LCD production. By 2023, its production capacity only accounted for 7% of the world, while Japanese manufacturers accounted for 4% of the world's production capacity.

From the perspective of OLED production capacity, it is mainly supplied by China and South Korea. Korean manufacturers focus on the improvement of OLED technology. In 2023, South Korea's production capacity accounted for 53% of the world, and China accounted for 46%. However, as the production capacity of China actively climbed, it is estimated that China's production capacity (49%) will nearly match South Korea's production capacity (50%).



Source: Omdia Research

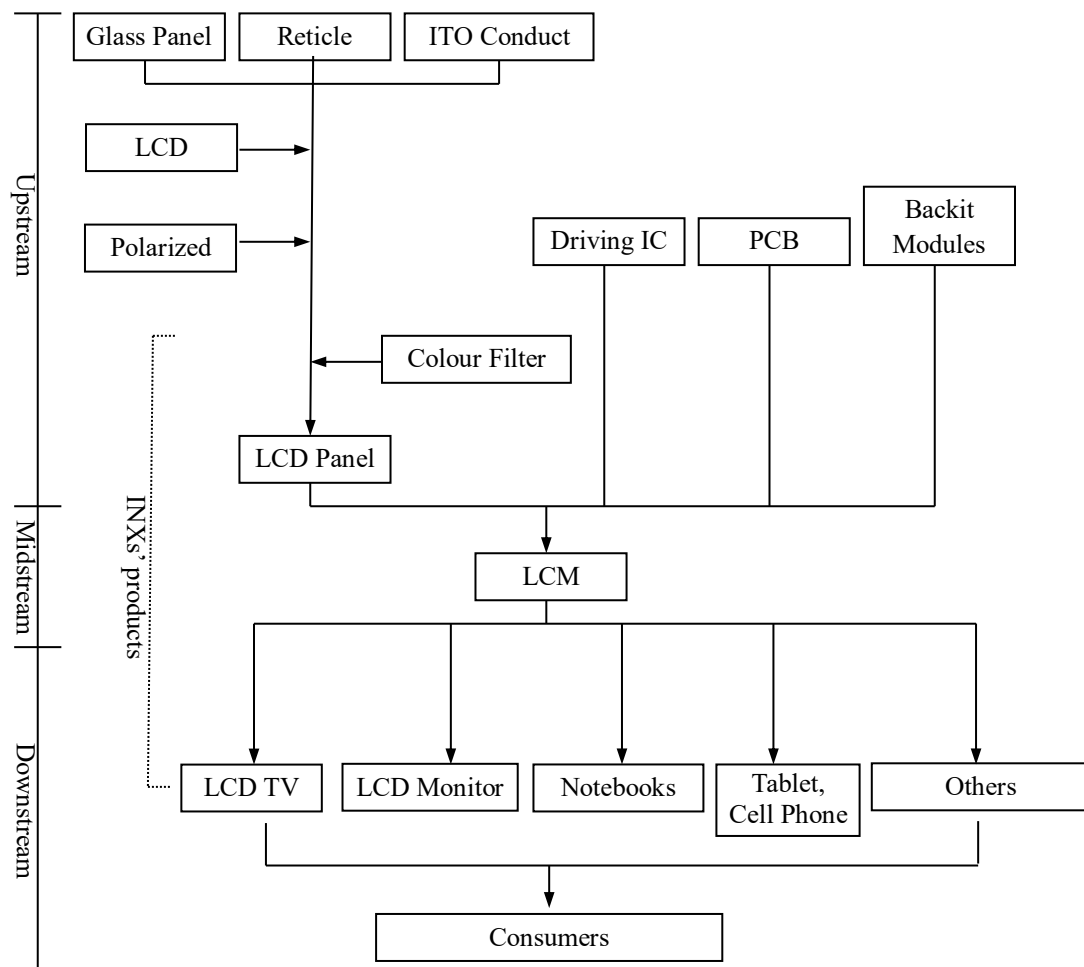
The stay-at-home-economy demand, driven by Covid-19, kept growing in the first half of 2021, but the supply of panels was limited due to the shortage of materials upstream, pushing the panel price to its peak in recent years. The market turned down quickly in the second half of 2021. With the rising costs of panel procurement and transportation and the weakening end-user demand, branding companies had slowed down their procurement which resulted in a rapid decline in prices due to oversupply and the shrink in profitability in the fourth quarter. However, in general, with the outstanding sales in 2021, the Company was still honored to have its highest profitability in the last decade. In early 2022, the overall economic environment was not good, such as the Russian-Ukrainian conflict, rising energy prices, and rising inflation and interest rates, resulting in a decrease in consumers' real purchasing power, which also triggered the accumulation of inventories of panel makers and brand manufacturers; From the third quarter of 2022, they have reduced their production capacity utilization rate in response to the rapid changes in the market, while brand manufacturers are also actively de-stocking their inventories. In 2023, interest rate hikes and inflationary pressures were still strong, leading to a decline in end demand. Especially during major promotional periods in the Chinese market, their sales performance declined sharply. The brand factories faced destocking and financial pressures against the difficult background, procurement plans have been rapidly scaled back. Panel manufacturers have continued to experience a decline in revenue and have continued to reduce production capacity utilization rates to keep panel prices stable. This has also contributed to the control of this trend of declining panel prices during the off-season. It is hoped that the decline will stop and rebound in the first quarter of 2024.

Looking forward to 2024, the panel industry is expected to usher in a new upward phase of the economic cycle. In addition to the blunted interest rate hikes and favorable conditions for a moderate recovery of the general environment, major panel manufacturers have significantly reduced production, and the trend of large-sized TVs is conducive to the reduction of production capacity. The three major sports events in the mid-year including the Paris Olympics, the Copa América and the European Football Championship are expected to drive demand for TVs. In addition, the innovation of AI terminal applications and the replacement wave of mobile phones/laptops will also help to increase the demand for IT panels. As major countries conclude their cycles of interest rate increases and negative effects such as inflation and inventories are gradually blunted, various factors are propelling the panel industry towards rejuvenation. The market atmosphere is also optimistic.

In September 2023, the Company reshaped its business organization into two major field groups: “display” and “non-display”. It will adhere to the core business philosophy of More than Panel, accelerate the dual-track transformation, and strive to enhance operating energy and corporate transformation value. The display domain group was mainly engaged in the panel module, aiming to continuously improve the cost yield, gross interest rate and stable market; the non-display domain group, including INCX and CarUX, as well as emerging application domains (FOPLP), was primarily focused on providing complete solutions for customers. In the future, the Company will continue to develop Niche product markets, reduce the impact of the business cycle via diversified development, and create better value for shareholders.

2. Association of upstream, mid-stream, and downstream industries

The Company is an IDM product manufacturer which covers the upstream TFT-LCD Panel production and the downstream System Assembly, the association diagram of upstream, mid-stream and downstream industries which the Company belongs to are shown below:



Source: Organized from Material Laboratories, ITRI

3. Development trend of products

TFT-LCD has a low energy consumption rate, small size, low weight, and low radiation features. With years of active investment and research and development by manufacturers in China, Korea, and Taiwan, the development of production technology has become more mature and diversified. At present, TFT-LCD is widely used in various display devices and related derivative products; among them, flat panel TVs, desktop monitors, notebooks and tablet PCs are still the most widely used. The future trends of each of these products are described below:

(1) Mobile Computers (Notebooks & Tablets)

During the pandemic, mobile computers benefited from the demand for working from home and distance learning, prompting their sales to show high growth for two consecutive years. In recent years, due to market saturation and economic weakness, low-to-mid-end products have the potential to boost sales. In the future, as the economy gradually recovers and the replacement period approaches, brands will accelerate the promotion of specification upgrades, thereby driving the willingness to replace computers in the business and consumer markets. With the AI trend fueling the fire, it is expected to push up the promotion of sales and specification upgrades of mobile computers. The brand continues to target users with different needs, designing and considering the needs of the business, mobility, word processing, education market, professional (e-sports, design workers) and audio-visual performance to conduct market segmentation. Among them, the LCD panels on board are differentiated by size, resolution, wide viewing angle, refresh rate, color saturation, power saving, and touch control.

Among the mobile computers, the smaller ones are tablets. The main market is for personalized mobile devices, work or service industry needs, mobile teaching, and audio-visual entertainment needs. They emphasize the characteristics of small size, strong endurance, light and thin, easy to carry, etc., and

continue to move toward the demand for display panels with large size, high quality, lightness and thinness, high screen-to-body ratio, low energy consumption and wide viewing angles is developing.

Nearly years high end tablets not only have improved computational efficiency and completeness of software function, in the same time there has been emphasized multi-tasking and stability. The demand of high-end tablets has increased significantly due to large size with high resolution, narrow border, wide viewing angle, high color saturation, stylus pen products continuing to be released.

For many mobile computer users, factors such as high stability, high processing performance, high storage capacity, software integrity, and the use of a keyboard as an input device contribute to the stable demand for traditional notebooks. In response to the rise of tablet PCs, PC manufacturers are actively introducing new concepts in notebook design, such as detachable laptops that can switch between tablet and combined with keyboard modes of use at any time, gaming laptops and designer laptops with high performance, high refresh rate, fast response time and high color saturation, anti-snooping laptops that focus on business secrets, touch-laptops that can be unfolded at a 360-degree angle, and dual-screen laptops with a main screen and touchpad screen to propel growth in different markets.

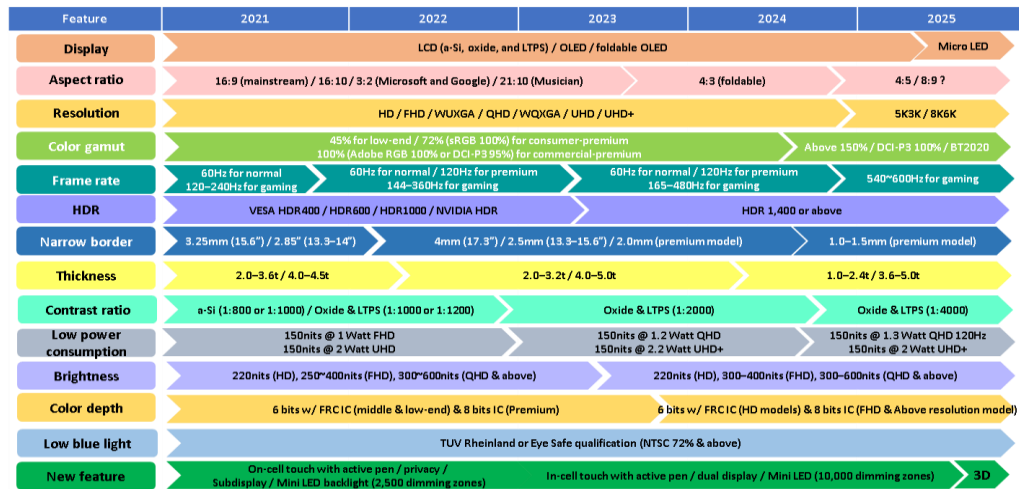
For the low-end education and business markets, the mainstream specifications for notebooks are thin and light, with low power consumption and touch functionality as the main demands. In the education market, the size is typically 11.6 inches with HD resolution, while for business, sizes of 13.3, 14 and 15.6 inches with FHD resolution. For the mid-to-high-end business market and mainstream consumer market, 13.3" to 16" products are the mainstream, with FHD resolution and above and IPS wide viewing angles, and narrow bezel design to reduce the size of the whole machine for easy portability. For the high-end market that emphasizes functionality such as design creation and gaming needs, larger sizes of 15" to 18" panels with high refresh rate, fast response time, high color gamut and above QHD resolution are available to differentiate the market needs.

In terms of panel specifications, the thin and narrow bezel design has become a must for notebook panels to match the trend of slim and stylish designs. The aspect ratio of 16:9 is still a considerable number of mainstream product, with a market share of 67% in 2023. However, the market trend is gradually shifting to the aspect ratio of 16:10, while the aspect ratio of 3:2 remains a niche market. As narrow bezels become mainstream, brands have reduced the thickness of the bottom bezel to further increase the screen-to-body ratio. This trend has led to the erosion of the market share of 16:9 specifications by 16:10 ratios year by year. It is estimated that the market share of 16:9 will decrease to 57.6% in 2024, and the market share of 16:10 will grow to 39%. The 16:10 is anticipated to surpass 16:9 and become the mainstream specification in 2025.

The penetration rate of IPS wide viewing angle is increasing year by year, with 74% of the products featuring wide viewing angle specifications in 2023, and the penetration rate is expected to continue climbing to 78% in 2024. The narrow bezel has become the standard specification for notebook panels in recent years. In addition, high refresh rate notebook panels, mainly targeted at the e-sports market, currently feature 144Hz and 165Hz as the mainstream specifications. They are gradually developing towards 240Hz or 360Hz with HDR1000 or higher, representing high-end models, and the development of privacy panels to protect trade secrets is the answer to the market for high-end models. Apple will match high-end models with 120Hz as a standard combination, which is expected to drive non-Apple brands to follow suit and make 120Hz laptop panels a standard specification for their high-end models. In terms of touch, Projected Capacitive is still the main focus. There are also technological developments such as On-cell touch and In-cell touch. Together with the development of touch ICs, the growth of In-cell touch in notebook panels is more promising in the future. There is also a Privacy panel developed to protect business secrets, which is also a market segment for high-end models.

Notebooks have always required good battery life. With the need to improve resolution, refresh rate and color saturation, the requirement to reduce panel power consumption has also become one of the key points of development. In the future, panels based on LTPS and Oxide production technologies will also grow year by year. There is also a demand for using mini LED as a backplane to improve resolution and

enhance contrast. Laptop panels are an application with higher technology contents, and in the future, specifications will become more diversified to meet different market needs and drive consumers' willingness to replace their laptops. Differentiate market demand with advanced products such as Super Low Power, HCR (High Contrast), HFR (High Refresh Rate), VRR (Variable Refresh Rate), Privacy, Oxide, LTPS, Mini LED, and Touch, and drive the market's willingness to change new laptop.



Source: Omdia Research

(2) LCD Monitor

LCD monitors mainly go with desktops; two mainstream markets are office use and personal video and audio entertainment use. Office use LCD monitors are generally price oriented. So, product specifications are relatively simple with moderate cost and small size to meet the budgets of enterprises and government agencies. In terms of personal video and entertainment products, as consumers focus on visual comfort and immersion, the size has been increasing year by year, and products equipped with wide viewing angles and borderless technology have become the standard specification. At the same time, consumer demand for high-definition products is expected to increase, and the market for QHD and UHD high resolution products is expected to continue to grow and gradually penetrate into the mainstream of the high-end market. Continuing to promote and develop low-power screens (ES9.0) is also the main direction of the product.

About size, due to an increase in the manufacturing efficiency and efficiency of product design structure, the price of TFT-LCD products is dropping and accelerating market demand for a transfer to the large size. Office use products have gradually shifted from below 21.5" models to 23.8" models. The average size of personal audio-video entertainment products has also gradually increased, with 27", 32" and over 34" increasing in proportion, and large size with curved specifications are becoming popular. In addition, the 21:9 and 32:9 aspect ratios of ultra-wide screens with curved design and dual-window multiplexing can improve work productivity in the commercial market and enhance the visual sensory organ enjoyment in the consumer market, promoting the high-end market to large size and resolution development.

As large sizes have made wide viewing angle technology a standard specification, the IPS market share reached 62.2% in 2023. In the future, Mainland manufacturers will continue to increase their investment in IPS production capacity. It is estimated that the market share will grow to 68% in 2024. VA uses low cost to seize TN market share year by year, resulting in VA's market penetration rate reaching 32.4% in 2023. In the future, IPS will capture the market. It is estimated that the market share will drop to 30% in 2024, and TN technology will be gradually replaced.

With the rise of the digital gaming market in recent years, e-sports has officially become one of the international sports events. Compared to mature desktop monitors, the average replacement cycle for gamers is 3-5 years, and the specifications and prices of e-sports monitors are higher than those of products in general demand, making brands actively deploy. Currently, gaming monitors are 27" and above, with 165Hz refresh rates as the mainstream, and in the future, the market will gradually develop

towards 240Hz or 360Hz and above, with larger sizes equipped with curved surfaces and Ultrawide to provide players with a more immersive experience. In addition, for people who use computers for a long time, low blue light protection function has been developed to prevent the damage of blue light to users' eyes.

In addition to the trends of large size, high resolution and wide viewing angle, LCD monitor specifications will also increase the refresh rate to 100Hz and IPS contrast ratio of 1500:1 as standard specifications in the future. We will increase the refresh rate, high color saturation, contrast and low blue light year by year. In order to achieve development goals, we are also committed to high-end products with four-sided narrow bezels, IGZO, Mini LED Monitor, Ultrawide Monitor and Portable Monitor as the future development direction. We are also committed to promoting ESG products and increasing the proportion of recycled materials to achieve the global trend of energy conservation and carbon reduction.

Except for standard LCD monitors, All-In-One (AIO) which is an integrated design of the desktop host and monitor. Because of advantages in functionality saving space, the product is winning customers. As the Windows 11 operating system penetration rate increases, it accompanies the All-in-One product with touch function and accessories design adding greater entertainment function. It also shows a new appearance for the market of LCD monitors.

Feature	2021	2022	2023	2024	2025
Display	LCD/QD OLED & WOLED				Micro LED
Aspect ratio	16:9 (1 st mainstream)/21:9 (2 nd mainstream) & 32:9 (Curve)			16:9 (Focus on consumer) 16:10 (Target to become commercial)	
Resolution	FHD/QHD/UHD/8K4K				QHD/UHD/8K4K
Color gamut	NTSC 72-110%	72% (100% sRGB) for consumer 100% (100% Adobe RGB or 95% DCI-P3) for commercial			Above 150% BT2020
Frame rate	60Hz for normal 120-360Hz for gaming		60Hz for normal / Plan 100Hz in commercial 165Hz-180Hz for light / 240-360Hz for heavy / 480-600Hz for expert		
Contrast ratio	IPS 1:1000 VA 1: 1500	IPS 1:2000 VA 1: 3000		IPS 1:3000 VA 1: 5000	IPS 1:5000 VA 1: 8000
HDR	VESA HDR 400/HDR 600/HDR 1000 (HDR1.0) NVIDIA HDR/HDR Pro	VESA HDR 400 /HDR 500/HDR 600/HDR 1000/ HDR 1400 (HDR1.1) /NVIDIA HDR			HDR2.0
Low blue light	TUV Rheinland (Change LED)	EyeSafe (Change LED/film/color resistance & restriction of LED Pin area)			
Low power consumption	a-Si with DEBF or IC	Oxide with DEBF or IC	LTPO with DEBF or IC support solution		
New feature	Borderless/curve/dual-cell/privacy/touch/low blue light/ Mini LED backlight (1152 dimming zones)		Transparent / Mini LED backlight (5000 dimming zones)		Rollable/ES9.0/ Micro LED backlight

Source: Omdia Research

(3) LCD TV

In recent years, LCD TVs fast popularization due to each manufacturer developing G8.5 and G10.5 capacity, goes with the improvement of each phase of production technology. It not only has become customers' first choice when buying a new TV, but also has stimulated the traditional TV refresh cycle.

Meanwhile, when the market is warming up and products becomes popular. Innolux is the pioneer of providing differentiated large size models (50-inch, 58-inch, 65-inch, 75-inch, 85-inch, and 100-inch), dedicated to effectively improving the technology of each product to significantly increase the panel's added value, gain customers' brand recognition, and market segmentation, and increase the market share of large sizes. Among them, the entire 43-inch to 100-inch series is equipped with 4K2K LCD panels, while the 65-inch and 85-inch are also equipped with 8K4K LCD panels. In addition, we also provide whole machine OEM services, so that panel manufacturing to complete machine assembly can be achieved in one go. Product portfolios with high quality and high competitive advantages are provided to our customers, delivering one-stop overall service.

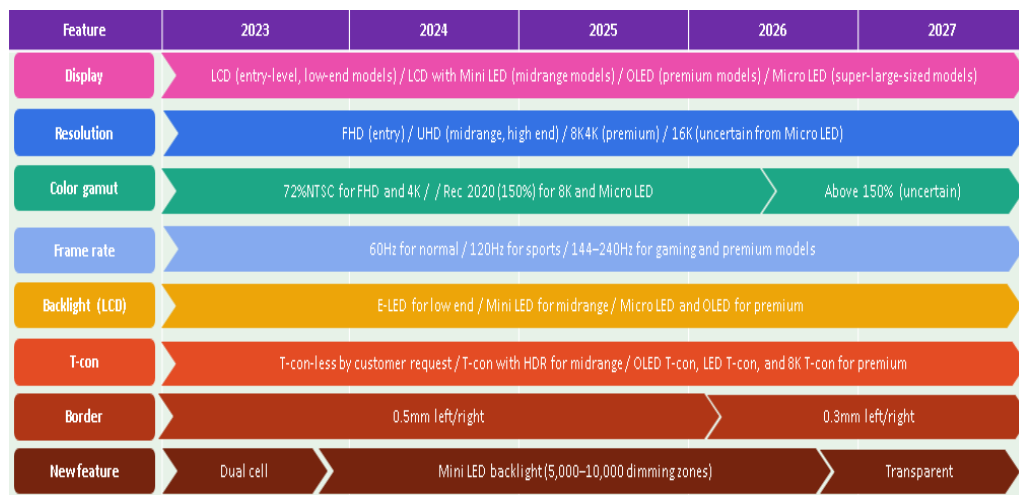
The Company provides a product portfolio of complete specifications and sizes, and is dedicated to designing products that follow energy-saving and environmentally friendly trends. Provides LED backlight design that saves energy, reduces weight and materials, mercury-free light source, low electromagnetic waves, etc., and is equipped with 60Hz/120Hz multiple drivers with excellent optical properties of ultra-high resolution, high contrast, high color saturation, and low response time, and also supports VRR ultra-high refresh rate, which increases the high added value of TV panels. In the second half of 2017, 4K2K ultra-high resolution products were launched, which is the fastest manufacturer and

the highest market share in the industry. The ultra-high resolution 8K4K (7680x 4320) with high color saturation (NTSC >100%) panel, which was promoted to customers in 2020, is expected to continue capturing the market. In terms of 8K2K, the European Union established energy consumption regulations for 8K products in 2023, those who do not meet the regulations will not be able to sell goods in the EU. Although it will inhibit the growth of 8K shipments in short term, with the development of 8K high-definition transmission protocol, 5G signal transmission standard, high-efficiency video coding and multimedia transmission interface specifications, and cooperated with audio and video media to launch 8K movies and broadcast programs, the 8K4K has become a must-have specification for large-size TVs subsequently, and with the new transmission specifications of 5G, it will create 8K+5G future life.

On the design of panel appearance, the company provides ultra-narrow frames (<5mm) and ultra-thin design (thickness <4mm) using on products over 40-inch, integrate paint design on appearance to make client rapid input and mass production. End customers not only enjoy the real 4K image, also provide the real high quality of excellent vision and sensual experience. Innolux provide client and customer comprehensive and high competitive TV panel by innovation continually, and continue to lead the market trend and become lead firm of the industry.

The Company is constantly developing new and improved TV products. In recent years, we have developed new models using technologies such as naked eye 3D, VRR (60Hz~240Hz), and rollable TVs using AM MiniLED, all of which are industry leaders. In addition, we increased the development of high-niche products (special product specifications: such as 24:9, 32:9, etc.), strengthened customer loyalty and mass-produced new technology products (MiniLED B/L Module, VRR and Outdoor PID).

With the changing market situations and customer demands, the Company is seeking for new changes in the TV display industry and creating the expectation of sustainable development in line with the spirit of continuous innovation and digital transformation. In response to ESG sustainable development, we are committed to the utilization of recycled materials to achieve the effect of energy saving and carbon reduction. In addition to promoting waterproof/dustproof/crashproof outdoor advertising screens, added HMI human-machine interface products, responding to the global layout of charging piles, and working with brands to capture market shares, we also expand the market of new models of long strip screens. Besides the demand for digitalization of rail transit applications, we also actively cooperate with the trend market in space-restricted information digitization, such as construction machinery and agricultural machinery, to expand the market of vehicle digitization. Thin curved technology is also a direction needing continuous efforts. We will continue to work on thin curved technology to meet the needs of different curvature display applications and expand niche product applications.



Source: Omdia Research

(4) Medium and small size panel

Since panel makers started mass production of cell phone panels in G6+ generation, the competition in the small and medium-sized display industry is not only price competition, but also the market demand

for higher resolution, higher quality panels and full-screen, customized designs, making it necessary for small and medium-sized panel makers to refine their product technologies, specifications and integration with other applications. In addition to the wide viewing angle technology that has become the standard for cell phone panels, with the increasing size of cell phone screens, manufacturers continue to launch high-resolution products and further promote thinner, narrower bezel and more power-efficient product specifications. At the same time, we are optimizing our competitiveness with embedded integrated touch technology, providing customers with high performance, extremely thin and light, and integrated touch and LCD module services to enhance product design flexibility and time-to- market advantages.

With the rapid penetration of full-screen cell phones, the Company is also rapidly adjusting its production lines and specifications, developing and producing a large number of competitive full-screen products to capture the market, shaped cutting and integrating touch technologies, introducing advanced technologies such as multi-touch, tactile feedback and underwater touch, and continuing to refine cell phone panel applications. In addition to this, the Company has been expanding into applications such as game consoles, wearable devices and smart living homes, developing ultra-high resolution smart watch panels, VR glasses, smart mirrors and other products.

We have been actively investing in the research and development of next-generation panel technologies. Among them, Mini-LED has entered mass production in 2021 and has become a new generation panel technology. We are committed to increase the product penetration, besides price competition, we have developed more niche and high value-added products; developed high-resolution and high-brightness technologies for VR, AR Dimmer, 3D printer application markets; for the VR market, we have also continued to develop high-resolution and high-brightness technologies for this application market. We hope to widen the gap with competitors with technology and achieve sustainable operation in the industry.

4. Competition in the market

Since panel makers started mass production of cell phone panels in G6+ generation, the competition in the small and medium-sized display industry is not only price competition, but also the market demand for higher resolution, higher quality panels and full-screen, customized designs, making it necessary for small and medium-sized panel makers to refine their product technologies, specifications and integration with other applications. In addition to the wide viewing angle technology that has become the standard for cell phone panels, with the increasing size of cell phone screens, manufacturers continue to launch high-resolution products and further promote thinner, narrower bezel and more power-efficient product specifications. At the same time, we are optimizing our competitiveness with embedded integrated touch technology, providing customers with high performance, extremely thin and light, and integrated touch and LCD module services to enhance product design flexibility and time-to- market advantages.

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5.1.3 Technology and R&D Overview

1. Technical Level and Research Development

We keep helping clients to intensify product competitiveness, fit market demand, and be friendly to the environment as our main objective of display technique development. About the development, it mainly includes environment protection materials, electronic saving and low power consumption, large-sized and high pixel, high chroma, thin, narrow frame, high dynamic displays, touch, wide viewing angle, curve and all-around system services integration. We already have obtained remarkable achievements. These results of technical development are applying to TV, desktop monitor, Notebook, Tablet, Cell Phone, Medical, Industrial Display and automobile. Moreover, the integrated development on the touch components and panels of more advanced techniques and portable and wearable product applications are the key points of our future product design and development.

2. Facts of research & development

With incessant efforts, the Company has insistently invested significant human resources, resources and funds in research & development to continually upgrade the quality of products, technology & know-how of new manufacturing process and application for new products. The Company would like to depict performance in research & development through three aspects below:

(1) In the aspect of upgrade of product quality:

Including the technology & know-how for wide viewing angle, high solution, low energy consumption, thin thickness, high hue, frame rate, high dynamic range, narrow frames, curved surface, new touch panel and soft display manufacture process.

(2) New material technical process:

Including Oxide, LTPS, Mini LED, Mirco LED, In-Cell Touch Technique, Copper Manufacture Procedure, COA (Color Filter on Array), Photo-Alignment, Horizontal Electronic Field High Transparency and High Contract Positive Magnetic Susceptibility, Reducing Mask and Automotive wide temperature range display material technique, material development and production process for curved touch control display.

(3) In the aspect of new product application:

The up-to-date technology & know-how developed by the Company have been put into volume production one after another and applied onto a good number of products, including notably general cell phones, cameras, MPD, electronic paper, tablets, notebooks, desk monitors, AIO, television, medical treatment services, vehicular carriage, aerospace, industrial control, smart home, outdoor PID and touch panel and the like, in the dimensions ranging from 1.36" to 120" TFT-LCD products. In the days and years ahead, we will continually invest in the research & development oriented human resources and fund to develop more and more TFT-LCD display and monitor products of added dimensions, application ranges, thinner, more environmental protection friendly and high efficiency to live up to the future trends in application and satisfy customers in varied ranges.

3. The consolidated research & development costs invested in during the current fiscal year up to the date of publication of the annual report.

Unit: NT\$ thousand; %

Item	2023
R & D expense	12,011,556
Sales Revenue	211,740,557
Percentage of Revenue	5.67%

4. Successful development technical or product

The Company's develop technical and products for each direction are listed below.

(1) LCD TV:

- A. The Company has mass produced 23.6-inch/40-inch/50-inch/65-inch the best cutting efficiency size, we creating market differentiation and improve add-value of product.
- B. Introduce 4Kx2K ultra high definition and high resolution TV display, the product line is complete, product size from 40-inch to 100-inch, providing higher quality TV image and better product competitiveness, lead 4K TV industry going to fast development and trend.
- C. Introduce new size 75-inch/85-inch/100-inch TV display, overall arrangement in big size application, creating more differentiation product than competitors.
- D. Develop high chroma technique, increasing to over 130% sRGB colour range and without increase energy consumption, not only increase the performance of display, but also make customers feeling more about the value-added of big size TV product. It has successfully developed a high-efficiency BT.2020 90% technology without Cd / Pb and other heavy metal materials, which can reduce the image distortion, caused by the adjustment of color and faithfully present all real-world images.
- E. Develop new MEMC improvement technique, apparent improving dynamic quality and integrate IC, increase dynamic picture quality and integrated technique.
- F. Develop and mass produce a series of over 40-inch thin TV model (<4mm), providing artistic and fashion appearance model to clients.
- G. Develop 0.5mm thin glass and apply to TV display, reduce glass usage and cost. Whole series big size TV import and mass production successfully.
- H. Develop narrow border model (<5MM) successfully, and provide customers with beautiful and stylish modular design.
- I. Mass produced of 65-inch/85-inch large 8K4K (7680X4320) panels with the highest resolution in the world, in order to show the next generation of ultra-high-resolution picture quality, make the picture more natural, so that end consumers can enjoy large-size high-resolution TV panel products with high-fidelity picture quality.
- J. In addition to steadily improving the development of high quality (8K), narrow bezels, high dynamic refresh rates, high penetration rates, high contrast, and high color saturation, new technology products such as Mini-LED B/L module, VRR, and outdoor PID high brightness applications have also been added.
- K. Mass produced of outdoor PID and promoted outdoor TV, and developed high-niche products (special product specifications: such as 24:9, 32:9, etc.), strengthened customer loyalty. In addition to waterproof/dustproof/anti-collision outdoor advertising screens, we have added HMI human-machine interface products. In response to the layout of global charging piles, we will continue to cooperate with brands and expand market share.
- L. We expand the market of new models of long strip screens. Besides the demand for digitalization of rail transit applications, we also actively cooperate with the trend market in space-restricted information digitization, such as construction machinery and agricultural machinery.
- M. Continue to develop the whole TV OEM business and strive for more brand cooperation to expand niche product opportunities.

(2) LCD Monitor:

- A. Launch whole series wide viewing angle VA/AAS bezel-less desktop monitor panels, continue to increase the production volume of large size 27", 28", 31.5" and 38" products, and strive to improve high-resolution QHD and UHD monitor panels, with high brightness, high contrast, high saturation, not only increase product quality and value, but also provide client the best choice of high end monitor LCD panel.
- B. In response to the demand of the gaming market, develop high refresh rate LCD monitors, introducing 27", 28" and 31.5" panels with 144Hz and 23.8" panels with 240Hz refresh rate, and improving the LCD response time to provide customers with the best visual experience during gaming.
- C. As the basic specifications of desktop monitors have improved, 21.5", 23.8" and 27" wide viewing angle IPS products with 100Hz refresh rates have been launched to promote the replacement wave in the business market and general consumer market with specification upgrades.
- D. Continue to invest in development, and launch differentiated products such as 27"IGZO screens and 32"Mini LED, and expect to develop 34" curved screens, in order to maintain the Company's leading position in desktop displays with these high-end products, and to increase profitability and improve overall revenue.

- E. Promote and develop low-power screens (Power Saving compliant with ES9.0, CEL-1).
- F. Expand Monitor's complete products, such as desktop monitors, gaming monitors, mobile monitors, smart monitors, etc.

(3) Notebook:

- A. Launch a full range of thin and light notebook panels with 2.0mm thickness for notebook sizes and differentiated with FHD, AAS wide viewing angle, narrow bezel, low power consumption and high color gamut specifications to provide a comprehensive solution for notebooks.
- B. Interface technical of Notebook panel is totally from LVDS to eDP. It can connect to high resolution trend, also can save space to help thinner design of the system and lower the energy consumption.
- C. Develop On-cell Touch and In-Cell Touch technical on notebook panel, through touch integration, notebook not only can be thinner but also can reduce produce process of the module and simplify the complexity of new product.
- D. Launched 12.2", 13.3", 14", 14.5", 16" and 18" sizes with 16:10 aspect ratio specifications and high resolution, realizing the trend of high screen-to-body ratio and high quality. Meanwhile, continue the design of shrinking the bezel and the thickness of the panel module for a smaller size, thus enhancing the portability of the mobile computer and driving changes in demand.
- E. Develop 15.6", 16", 16.1", 17.3", and 18" sizes with 120Hz, 144Hz, 165Hz, 240Hz, and 400Hz high refresh rates, low blue light, no color shift gaming panel, using the patented LED chip design of the Company, effectively reduce 70% of blue light energy, the product through the TUV Germany Rhein low blue light certification, can relieve eye fatigue and provide more comfortable enjoyment for long-time gamers.
- F. Developed dual 13.3" and 14" privacy panel, which does not affect the brightness and chroma of the panel under better concealment effect, and is adopted by high-end commercial laptops of first-line pen power plants.
- G. Continue to invest in high-end product development, launching 14", 16", 17.3", and 18" LTPS and Oxide high refresh rate products, while meeting the needs of low power consumption, high color saturation, thinness and lightness. This strategy aims to increase revenue from niche products and consolidate market share.
- H. Continue to develop new products such as high-tech Polar black and Mini LED to improve contrast and make color display more realistic and vivid, and develop power-saving and frequency conversion (30~120Hz) products, as well as ESG products that take into account environmental trends to take notebook panels to a higher level of development.

(4) Medium and small size panel:

- A. Develop a smart phone panel, which resolution can reach above 400ppi, in high yield and stable processes. The product successfully built advantage.
- B. Adopt less power hungry design to lower power consumption by the panel drive chip. Optimize panel production process and material with high color saturation, high transmittance color photo-resistor to ramp up panel efficiency and product competitiveness with balanced low power consumption and production costs.
- C. Launch a series of Touch On Display (TOD) and develop Touch In Display (TID) integrated touch control devices. Coupled with modular and compact design and good optical performance, the Company is providing customers with thin, lightweight, high-performance niche products and comprehensive and full range touch control integration services with vertically integrated LCD panels and touch control production.
- D. Mini-LED has entered mass production in 2021 and has become a new generation panel technology; its goal in 2022 is to increase the product penetration.

(5) Special Application

Release 21.3-inch to 30-inch (AAS; 5/6/10/14 MegaPixel) medical LCD display, with high resolution, high brightness, high contrast, adopt 10 bits drive new technology and high efficiency LED BL, to make the image more delicate and medical personnel can make more precise judgment.

Strengthen the layout of a full range of high-end medical products, including ultrasound, surgery, diagnostic and other displays, and combine 3D, high contrast, Mini LED and other technologies to maintain its world-leading position.

Large-size public displays span from 21" to 100" applications, present natural high color gamut and give consideration to both indoor and outdoor environment. It also provides a very narrow frame design

so that PID can be seamlessly spliced into different scenes to meet screen requirements. 85-inch UHD also support portrait. Also first release horizon LCD display (bar type) presents multiple sizes can fit for multiple environments. It has also been the first to launch a 100-inch 16K high-luminosity quantum dot public display module, which replaces the traditional splicing method of four 55-inch panels to present the visual effect of a large TV wall and is widely used in large-size advertising billboards.

5.1.4 Long- and Short-Term Business Development Plans

1. Short-term Business Development Plan

- (1) TV: Increase shipments of extra large size (85" and 100"), 8K, VRR, outdoor PID, and other products with high gold content, and increase the development of high-niche products (special product specifications: such as 24:9, 32:9); expand the market for long strip screen series models.
- (2) Desktop monitor: bulk size moved to 23.8" mainstream specifications, and continue to increase shipments of niche products with large size (27" or more), resolution QHD/UHD, and high refresh rate (Gaming). Increase the shipment percentage of wide viewing angle IPS, borderless, low blue light, and 100Hz in response to trends. It also mass-produces new product specifications such as Curve, Privacy, four-sided borderless, Portable Monitor, and Ultra-wide Monitor. At the same time, it promotes the development of low-power screens (ES9.0) and takes into account the trend of ESG environmental issues.
- (3) Mobile computer: Increase the shipments of high-resolution QHD or above, wide viewing angle IPS, high refresh rate (Gaming) and aspect ratio 16:10 panels, continue to reduce panel energy consumption and reduce thickness, while improving brightness, color saturation and contrast development. We will also amplify the shipment performance of high-end products such as LTPS, Oxide, the high refresh rates of 240Hz and above, and Privacy, develop high-specification products such as Polar black, Mini LED, and variable frequency (30~120Hz), as well as ESG products that take into account environmental trends.
- (4) Cell phone: Continuously improve cell phone panel pixel and color performance, and improve the need for cell phone panel refresh and high brightness performance.
- (5) In-vehicle: Deepen the cooperation model with car manufacturers to improve the shipment of integrated modules for automotive applications, expand the capacity of automotive applications and continue to penetrate into larger sizes, and reduce the cost of automotive panels by standardizing production.
- (6) Special applications: Provide full size and develop more life scenes applications, cooperate with government, medical institutions or private enterprises to provide a full range of solutions.

2. Long-term Business Development Plan

Continue to improve our advanced flat panel display technologies, enhance our manufacturing capabilities, and optimize our existing production capacity so that our panels can move toward larger sizes (120" and above), higher resolutions (16K), thinner and lighter, high color gamut, ultra-high contrast ratio, extreme borderlessness, and low power consumption. In response to the rise of new display technologies, we continue to invest in the development of integrated applications such as free-form and curved panel applications, Polar Black technology, under-screen fingerprint recognition, and naked-eye 3D technology, and we continue to aim to reduce the spacing of active Mini LEDs and to develop mass production of large-size AM Mini LEDs and Rollable panels, ultimately moving toward Micro LEDs.

We will focus on cross-domain expansion to the non-display field, and move towards Panel Semiconductor by developing new forms of business such as X-ray sensors, fingerprint recognition sensors, flat panel antennas, and fan-out panel packaging (FOPLP). The Company revitalizes assets through the transformation of old factories, hoping that when the supply of panels exceeds demand, it can reduce production without abandoning production lines, and can also achieve the benefits of innovative applications, such as: In 2023, the 3.5-generation line of Factory 1 was shifted to FOPLP panel level packaging. Carry out optimal strategic layouts in new application areas. Meanwhile, we stress value chain integration and development of products high added values, to make our products more competitive in both pricing and specifications to provide customers with added solutions and services.

5.2 Market and Sales Overview

5.2.1 Market Analysis

1. Main products selling area

Unit: NT\$ thousand; %

Area		Amount of Sales 2023	%
Domestic Sales		49,766,104	23.50%
Foreign Sales	China	24,064,897	11.37%
	HK	55,475,786	26.20%
	Europe	26,281,240	12.41%
	America	33,789,255	15.96%
	Others	22,363,275	10.56%
	Subtotal	161,974,453	76.50%
Total		211,740,557	100.00%

2. Market Share

According to statistic from the Omedia survey report, the Company's market share in panel shipments various products in 2023: global market share of LCD TV panel was 14.7%, world's 4th ranking; global market share of notebook (excluding tablet) was 19%, world's 3rd ranking; global market share of LCD screen panel was 7.3%, world's 6th ranking; global market share of tablet was 17%, world's 2nd ranking; global market share of car panel (excluding navigator) was 7.9%, world's 6th ranking; global market share of smart phone was 9.1%, world's 3rd ranking. In 2023, the overall sales performance was not as good as expected due to the effects of inflation and brands. In response to changes in the market, the Company has adopted a differentiated strategic layout and reduced its capacity utilization rate, refrained from engaging in a price war with Chinese panel makers to increase shipments, shifted to "smart manufacturing" and "smart operation" to promote digital transformation, and implemented the "Transformation Strategy" to move toward smart operation with automation, data and intelligence.

3. The supply and demand situation and growth of the future market

Impacted by the stay-at-home-economy in 2020 to 2021, the changes in lifestyle and work are expected to bring a wave of activity to the display market and boost end-user demand. However, from 2022 to 2023, the high degree of uncertainty in the global economy, the expansion of production and competition with new players, and the rapid changes in new technologies and product applications have caused the TFT-LCD industry to face a rapid cycle of high volatility in supply and demand.

In 2022, the Russia-Ukraine Conflict dragged down European demand and caused the rise of energy prices, and most countries around the world are still suffering from high inflation. The rise in interest rates in the USA leads to the appreciation of the US dollar, which reduces the purchasing power of consumers outside the USA. The resurgence of the epidemic and China's blockage affect the supply chain, which further worsen the situation. With all these unfavorable factors, the overall global economic outlook and sentiment confidence continue to decline, and consumers are constrained by their disposable income. Even though the brand manufacturers have taken significant price cuts and promotions to clear their inventories, the consumers' willingness to change units and purchase new units is still weak, and the global large-size panel shipments for various application decline significantly. In 2023, high interest rates and inflationary pressures still existed, and terminal demand remained weak. In terms of the terminal shipments of each product, LCD TV annual shipments were 201 million, with an annual decline of 1%; LCD screen annual shipments were 132 million, with an annual decline of 6.8%; mobile computers (notebooks and tablets) annual shipments were 278 million, with an annual decline of 13.7%.

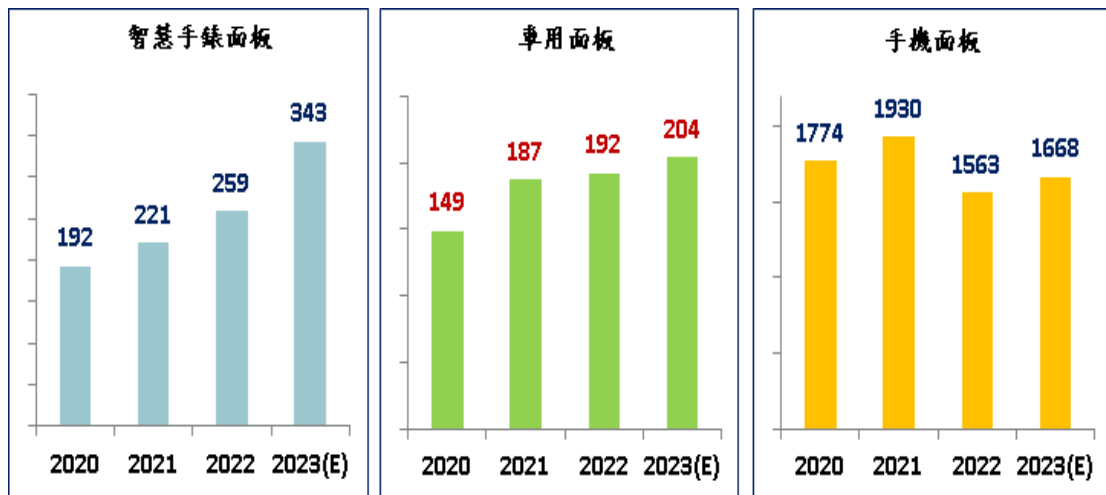


Source: Omdia Research (Unit:M)

Looking forward to 2024, high inflation and the blunted interest rate hikes are conducive to a moderate recovery of the general environment. Coupled with the three major sports events and the wave of replacements driven by AI applications, demand for terminals is expected to be stimulated, and the overall market will also shift from volume growth to growth in average size.

According to Omdia’s estimation, the global shipment of small and medium-sized (below 9", excluding 9") panels is 2.7 billion units (including OLEDs) in 2023, an increase of 6.3% from 2022. In terms of cell phone panels, in 2022, affected by the deterioration of sluggish sales in the Chinese market, the Russia-Ukraine war and inflation dragging down demand in Europe and emerging markets, the annual shipment volume declined to 1.56 billion units. In 2023, shipments rebounded to 1.68 billion units; as for vehicle panels, the automotive market recovered in 2021, with shipments growing significantly to 188 million units at an annual growth rate of 25%, which further increased to 192 million in 2022 at an annual growth rate of 2.7%; In 2023, shipments further increased to 204 million at an annual growth rate of 6.1%; as in the first half of 2020, automotive market was mainly affected by the epidemic, disruption of raw material supply and plant closures, and the global economic turmoil also affected end-use sales. However, with the recovery of automotive market demand, the penetration rate of automotive displays continues to rise and promotion of the environmental protection policies drive growth in the automotive displays from 2021 to 2023.

With the gradual opening of the 5G communication network, it is expected that the Internet lifestyle will drive the demand for panels for smartphones, automotive panels and wearable devices, becoming the main growth driver for small and medium-sized panels. As the pandemic gradually becomes influenza, the market will return to steady growth, driven by 5G deployment and the feature phone users in emerging markets to buy lower-priced smartphones, as well as the end of high inflation and interest rate increase in USA.



Source: Omdia Research (Unit:M)

In the face of the mounting cutthroat competition, we shall integrate resources through grouping, competitive costs, good quality, rapid market response, differentiated products and good cooperative supply partners to deal with all sorts of challenges. We will also use mainstream products to gain competitive advantages, continue to develop niche market products with advanced technology, and develop product applications in new fields, so as to expand profits and achieve the goals of stable growth and sustainable operations.

- (1) We shall boost marketing by means of improved operating efficiency, refined management, product development, customer services, technical research & development and such efforts. In turn, we will be able to intensify gross profit in sales, cost control to further intensify competitive edge.
- (2) Continued investment in research & development to suffice technical talents, improve product design and application of materials. We shall proceed with research & development of advanced and improved manufacturing process and new generation monitor technology & know-how so as to create added lead in know-how of products and production costs.
- (3) With wholehearted efforts, we shall deploy integrated product lines for new products. The products manufactured by our Company cover televisions, computers, mobile devices, vehicles- and medical treatment oriented products. We provide varied modes to sell panels, whole machines, touch integration and the like. Through such efforts, we virtually bring down the potential risks of fluctuation with single products.
- (4) Strengthen supply chain integration, work closely with suppliers to ensure stable supply of raw materials and cost competitiveness, and deepen the deployment of strategic customers and develop market niche products to boost end-user demand and increase our responsiveness to market changes, while enhancing customer satisfaction and consolidating market share.
- (5) Promote flexible decision making and digital transformation by digitally integrating production information, monitoring risk factors in real time and responding to them early, and combine big data and AI analysis to improve employee value, predict future uncertainty and explore potential opportunities to achieve the goal of sustainable development.

4. Competitive Niche

(1) Business model:

The Company takes TFT-LCD as its business, and uses the business policy of “leadership with know-how and quality, boosting of production efficiency and quality” to provide products with stable output, high quality and competitive prices, and is committed to expanding new application, stepping into new fields, in this fiercely competitive industry gradually break new ground.

(2) Vertical and horizontal integration:

In an attempt to strengthen integration of our products, boost cost competitiveness, demonstrate maximum possible benefit in supply chain management, other than production of TFT-LCD panel modules, we dominate a significant ratio of design and manufacture of parts & components, including LED panels, color filter, light guide plate, Backlight Module, PCBA and such structure pieces which could be manufactured inside our home factory or overseas subsidiaries. Meanwhile, we are developing automated assembly production technology to reduce dependence on basic manpower, improve our core competency in product design and quality, and strive to move toward the goal of an efficient factory. Thanks to such high level vertical integration, we have taken advantage in lowering costs, prompt response to assure top level quality.

(3) Product development:

The Company mainly produces TFT-LCD panel modules, and the bulk products cover large-size panels for LCD TVs, desktop monitors and notebooks, as well as small and medium-size mature display products for cell phones, tablet PCs and car monitors. We have advanced and complete production technologies for narrow-bezel, wide-angle and high-resolution panels to meet customers’ needs for various products, and are committed to expanding applications in new fields. We are committed to expanding into new applications. Continue to develop new products, use new manufacturing processes,

materials and technologies to develop differentiated high-value products and accelerate mass production in order to capture market share and increase profitability.

(4) Our advantages in costs:

Through our experienced technical and development team, we are constantly refining our processes to reduce production costs and improve yields, and integrating with suppliers to develop high performance, high quality raw materials to improve product performance and competitiveness; together with our aforementioned business model and the advantages of self-production and automated technology, we have a cost advantage over our competitors in production.

(5) Concerted performance (synergy) in marketing:

The Company has diversified products and good marketing channels, which can be quickly integrated with world-class customers. For world-class brand manufacturers, the Company also provides rapid design, timely delivery, machine manufacturing and global services. Integrated services give customers the convenience of a one-time purchase.

(6) Customization capability:

With our excellent R&D and design capabilities, modular manufacturing, excellent supply chain management, vertical integration management and manufacturing cost advantages, we provide customized products to our customers.

Our product line for each application panel size has become more complete, and the design and specifications are in line with the future trend, and we are able to provide customers with services from panel manufacturing to complete product OEM, and have the ability to develop new and high-end products. We have further improved our production capacity and scale, design capability, quality and yield, supply and logistics management and financial stability. In the future, we will continue to develop more diversified and cross-domain products, and continue to improve quality and expand into higher-end and multi-markets in order to maintain our market share.

5. Positive and Negative Factors for Future Development, and the Company's Response to such Factors

(1) Positive Factors

A. New application products continue to drive growth

With the rapid development of wireless communication technology and cloud computing, displays have become the core interface for content transmission and operation in the era of information explosion, and the new "5G+8K" lifestyle has become a strategic focus for manufacturers. The content of information becomes more sophisticated, which pushes up the consumer demand for size, resolution, wide viewing angle, and lightweight and thin design, and drives higher the unit value of TFT-LCD products, bringing new applications and demand growth.

With the increase of Internet audio and video services and the diversification of content to provide more real-time and high-definition programs, smart TV is a signal that cloud applications will start to enter the TV field rapidly. In the future, the Company will continue to launch more large 8K4K LCD TVs to provide consumers with a higher level of visual enjoyment. With the construction and popularization of 5G devices, 8K4K ultra-high resolution will be a must-have specification in mid-range and high-end products in the future, which will definitely trigger a wave of replacement. In terms of LCD monitors, the business market maintains steady replacement demand, while the emerging e-sports market, high-definition, curved and bezel-less elements are driving LCD monitors to larger sizes and driving consumers to upgrade their existing products. In terms of laptops, the business market will continue to see steady replacement demand, while the education market will continue to grow and the consumer market will continue to be driven by operating system upgrades, performance upgrades, energy efficiency, gaming, narrow bezels and privacy PCs.

For tablet PCs, the Company is targeting the education market to increase the shipment of medium-sized panels. In terms of small and medium-sized panels, as the price of mid- to low-end smartphones decreases, they will become the preferred choice in emerging regions for the mobile device consumer market. With the popularization of 5G wireless communication and the promotion of

bendable screens, smartphone shipments will continue to rise in the future.

B. Stable customer base

Our major customers are global consumer electronics companies, which have important stands in TV, PC and mobile communication, and special application industry globally. Moreover, the display market will still be dominated by the international big companies in the future, and develops with the direction of “the big ones get bigger”. Therefore, in the Company’s perspective, we not only can grow our revenue rapidly, the market share of us is also expected to keep increasing with our major customer basis. Under the synthesized effects of the three factors: rise of production line completion, stronger customer base, keep developing new customers in newly developed market on the current customer basis.

C. Globalized strategy and vertical integration in depth

Innolux has been recognized as the best LCD panel supplier in all aspects, and had been setting up global strategy aggressively. Now we have production base of post-production LCD panel module and monitor in Shenzhen, Ningbo, Foshan, Nanjing in China, and we also have delivery hubs in major cities in Asia, Europe, and America, so that we can achieve “deliver just in time” object and strengthen the long term cooperative relationship with customers.

The Company has been working in TFT-LCD industry for a long time, and we have the professional knowledge and managing capability in LCD panel, module, mechanism, and optical components’ R&D, production, and selling. We are more cost-effective and have better capability to service the customers timely than unitary TFT-LCD factory.

D. Growth in size, withdrawal of Korean manufacturers, slowdown in production expansion of China-based factories, long-term supply and demand balance

The cost of Korean panel makers is relatively high, so from a long term perspective, these less profitable players will gradually withdraw from TFT-LCD, and the production capacity of Chinese manufacturers will not be further expanded after 2022. With the increase of large size of each application, the demand for glass area will continue to grow, so the supply and demand of TFT-LCD will be balanced in the long run.

(2) Negative Factors and Response to such Factors

A. Fierce competition in the industry and rising uncertainty in supply and demand

As panel prices continue to rise, the prices of end products are also poised to increase, which in turn affects consumers' willingness to purchase, causing a slight correction in the originally high demand. In addition, the rising panel prices have increased the profitability of the industry, so that the industry, which was originally expected to withdraw or slow down the expansion of production, has become more aggressive and swarmed to the development of high-profit applications, making the supply and demand for each application more volatile and uncertain.

The Company follows the market trend and keeps an eye on the market risks, and uses a flexible manufacturing approach to respond to market changes and develop mainstream and profitable models to ensure product sales and stable profits, and prioritizes production capacity to high-profit products in order to maximize revenue and ensure the Company’s goal of sustainable operation.

B. The complicated technology and patent portfolio

The design and production of TFT-LCD requires highly professional technology. All companies that in this industry are aggressively making their portfolio in technology and patent applications. To avoid the violation of patent rights in the production process, Innolux has been developing our own patents and technology since the beginning of this company. We recruited domestic and international talents to join the research team, and evaluate the feasibility of getting the usage rights of some key technology from foreign companies at the same time.

Regarding to intellectual poverty, we not only aggressively conduct R&D and the patent applications, we also keep strong legal support team to protect our intellectual poverty.

C. The global economy affects consumption and supply

The International Monetary Fund (IMF) predicts that the global economy will remain highly uncertain, with economic indicators showing recession in all countries affected by the epidemic. Although a significant rebound is expected in 2021, the economy is still weak and the developed countries are heavily providing subsidies and easing monetary policies to stimulate strong demand in 2020. It is worth observing whether consumers are still willing to buy when subsidies are no longer available in the future, or whether the future stable demand will be moved earlier. In addition, the U.S.-China trade war originated in 2019 and extended to 2020 has become a technology war, and the future relationship between the U.S. and China will deepen uncertainty, and will also expand to other countries with cooperation or boycott between countries, leading to increased economic volatility, and will also have a considerable impact on consumer demand.

Although there are many uncertainties, the development of the needs of emerging markets is still the goal of consumer electronics brands. We provide products that are competitive for its cost and specifications by constantly optimizing our products and technology. We also help our supply chain partners to develop business to diminish the operation disadvantages of fluctuation of external demands.

D. Raw material shortage on the supply side

TFT-LCD has a mature manufacturing process, and as production capacity continues to expand with the expansion of display applications, the supply chain has not yet kept up with related materials production capacity, making the shortage of raw materials to limit the supply of display panels, but also the possibility of price increases at the end, which in turn affects the consumer's willingness to buy.

Taiwan has a well-established supply chain cluster, and we have been strengthening our supply chain partnerships and developing our own raw material production capability, so that our material supply is relatively stable and competitive in terms of cost.

5.2.2 Usage and Manufacturing Processes for the Main Products

1. Main Products and Their Main Usage

(1) TFT-LCD

TFT-LCD products are display application for digital information delivery, its wide application including information display equipment for business and industry, computer, telecom related and consumer electronics display equipment, etc. As the development of integrated digital age 3C market, the main area of TFT-LCD product are:

- A. Information Technology, IT: such as Desktop monitor and Notebooks, etc.
- B. LCD TV and PID
- C. Communications and Consumer Electronics: Tablet, smart phone, smart watch, digital camera, digital video, digital photo frame, portable game console, smart home and other high mobility and portable electronic products application.
- D. Automotive Display: Gauge board, dashboard, digital reflecting mirror, head-up display, audiovisual TV at back seat, and navigator.
- E. X-Ray
- F. Special application: medical display, Avionics display, automotive display and other touch panel application.

(2) Touch Panel business

- A. Small size (below 7 inch) products mainly apply to smart phone, multimedia player, GPS and digital camera, etc.
- B. Medium size (7 inch to 19 inch) products mainly apply to tablet, eBook, Ultrabook, notebook, etc.
- C. Large size (above 20 inch) products mainly apply to All-in-one computer (AIO), Public Information Display, etc.

(3) Other emerging businesses

- A. Manufacture of LCD TVs
- B. LC Meta-Surface Antenna
- C. Fan-out panel-level packaging (FOPLP)

2. Main Products and Their Manufacturing Processes

(1) Three steps in the TFT-LCD production process:

- A. In the Array or TFT Process mentioned in the preceding paragraph, injection and washing for glass baseplates→ gate metallic layer sputtered coating→ gate metallic layer lithography→ semiconductor layer continued filming→ Semiconductor lithography→ source/drain film-forming→ source/ drain metal sputtered coating→ source/drain lithography→ protection film manufacturing process→ Protection film lithography→ Transparent conducting layer sputtered coating transparent conducting layer lithography→ thin film transistor electrical analysis→ thin film transistor completion.
- B. Cell or LCD Process: The Cell process fits the Array substrate to a color-filter substrate; liquid crystal is then inserted between the two substrate layers.
- C. Module Assembly or LCM Process: taking the panel from the Cell process and bonding the assembling backlights, IC and frame and other components to make the Open cell, module and system and other types based on clients' demand.

(2) Touch panel business

- A. Sensor Process: Use Semiconductor Litho process to put sensor on the glass.
- B. Lamination & FPC Bonding Process: take the front-end sensor glass as the substrate, fully bond to the protective cover, and laminate with the FPC.
- C. Touch panel modules and LCD/LCM assembling process (TP & LCD/LCM Direct Bonding & Advanced Direct Bonding):
 - a. TP & LCM: taking LCM as the baseplates to be attached to the touch panel modules for overall combination.
 - b. TP & LCD: LCD (Open-Cell) as the baseplates to be attached to the touch panel modules for overall combination before being assembled with Back Light modules (BLM).

5.2.3 Supply Situation for the Major Raw Materials.

Major Raw Materials	Source of Supply	Supply Situation
Driver IC	Supplier U, Supplier O, Supplier Z	Good
Glass	Supplier S, Supplier P, Supplier J	Good
Polarizer	Supplier W, Supplier V, Supplier T	Good

5.2.4 Major Suppliers and Customers

1. Information of major suppliers in the last two years

Unit: NT\$ thousand; %

Item	2022				2023			
	Name	Amount	Percentage	Relation with the issuer	Name	Amount	Percentage	Relation with the issuer
1	Others	142,511,699	100.00	None	Others	134,113,963	100.00	None
	Net purchase	142,511,699	100.00	—	Net purchase	134,113,963	100.00	—

2. Information of major customers in the last two years

Unit: NT\$ thousand; %

Item	2022				2023			
	Name	Amount	Percentage	Relation with the issuer	Name	Amount	Percentage	Relation with the issuer
1	—	—	—	—	Customer A	21,644,175	10.22	None
2	Others	223,715,758	100.00	None	Others	190,096,382	89.78	None
	Net sales	223,715,758	100.00	—	Net sales	211,740,557	100.00	—

5.2.5 Production Volume and Value in the Most Recent Two Fiscal Years

Unit: thousand units; NT\$ thousand

Main Products	2022			2023		
	Capacity	Production Volume	Production Value	Capacity	Production Volume	Production Value
TFT-LCD	500,100	392,205	231,000,000	500,200	384,230	231,800,000
Total	500,100	392,205	231,000,000	500,200	384,230	231,800,000

5.2.6 Sales Volume and Value in the Most Recent Two Fiscal Years

Unit: thousand units; NT\$ thousand

Main Products	2022				2022			
	Local		Export		Local		Export	
	Volume	Amount	Volume	Amount	Volume	Amount	Volume	Amount
TFT-LCD	101,535	51,261,767	229,632	172,453,991	56,778	49,766,104	336,509	161,974,453
Total	101,535	51,261,767	229,632	172,453,991	56,778	49,766,104	336,509	161,974,453

5.3 Human Resources

Year		2022	2023	March 31, 2024
Number of Employees	Managerial Officers	2,895	2,775	2,647
	IDL	12,502	11,642	11,397
	DL	29,416	27,747	27,278
	Total	44,813	42,164	41,322
Average Age (Unit: years)		36.10	36.64	36.79
Average Years of Service (Unit: years)		8.63	9.11	9.20
Education Distribution Percentage (%)	Ph. D.	0.19%	0.19%	0.20%
	Masters	13.39%	14.20%	14.81%
	Bachelor's Degree	49.31%	48.06%	48.93%
	Senior High School	24.84%	24.20%	23.50%
	Below Senior High School	12.26%	13.34%	12.55%
	Total	100%	100%	100%

5.4 Environmental Protection Expenditures

5.4.1 Any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any remuneration paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

In the most recent fiscal year and up to the publication date of the annual report, the Company has not had any loss caused by environmental pollution event.

5.5 Labor Relations

5.5.1 List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests.

1. Employee benefit plans, continuing education, training, and the situation of implementation

Employee remuneration and benefits

Our Employees have the labor insurance, citizen health insurance, and group insurance from the very first day of employment. Besides the basic monthly salary, we also provide Luna Festival, dragon boat festival, New Year and retention bonus, and proper performance bonus according to the Company operation revenue; Employee remuneration is issued after the Board of Directors' resolution and the shareholders' meeting report. According to the position, performance and contribution, the amount of each employee is determined to motivate and retain outstanding talents.

The Company deems "talent" as its valued asset, and implements "Employee Stock Ownership Trust" to share the business results with employees and assist employees to start the long-term wealth management and saving plan in the early stage so that it can combine employee performance and shareholder interests to create a win-win situation; at the same time, we continue to create a friendly workplace environment that gives consideration to both work and life. In addition to providing employees with vacations better than the Labor Standards Act, we have continued to offer flexible working hours and the option to work from home since 2023. If employees need to take care of their families due to unexpected accidents, they can choose to work early or late according to the flexible work schedule; the work-from-home approach offers employees a more flexible work style, they can choose to work from home a few days a year. In addition, Taiwan provides filial leave, accompanying obstetric inspection leave, accompanying study leave and refresher leave, allows employees to schedule their leaves according to their personal needs, take care of both work and life balance, and make good use of the travel/study fund. The Company can provide the employees with a good life in InnoLux that brings them peace of mind at work, peace of mind for their families, and enriches their bodies and minds.

In welfare, we have employee restaurants in all factories, and provide meal substitutes according to the Company rules. At the same time provide convenience stores, cafes, banks, insurance, tourism, telecommunications and other diverse assistance. And with the concepts of energy, comfortable life, happiness and health, we built the employee's center, which provides leisure and exercise functions to release our employees' mental and physical stress. We cooperate with manufacturers in sports subsidy programs to provide employee with more flexible sports and leisure venues. We continue to implement various sports initiatives and activities. In order to create a friendly workplace, jointly inject the spark of cooperation created by elders and youth into the senior workplace, and empower employees to design and guide their second life. It should not only continue the good scenery of the first half of employees' lives, but also be fully prepared for the second half, and be more able to understand and respect multi-culture so that every colleague can feel comfortable and belonging in the Company, implement DEI in life, and make workplace life more vibrant, joyful and warm.

In addition, the Company holds regular health examinations, and provides consultation for anomaly and health guidance after the health examination and cancer screening to assist employees in early detection of diseases and early treatment; introduces personal medical images into health management APP, and provides complete and convenient information for employees when seeking medical treatment. Meanwhile, professional doctors are stationed in the plant to provide various health promotion and psychological consultation programs to care for the physical and mental well-being of employees. Besides, we provide multiple self-financed health check-up programs for family members, which not only takes care of employees, but also extends to family members, providing more comprehensive life care.

Based on adhering to the concept of sharing business results with employees, the Employee Welfare Committee is established in accordance with the law to be responsible for the planning and implementation of various welfare programs; including community activities, sports seasons, movie banquets, family days,

departmental dedication activities, seminars by talents from different industries, discounts for special stores, etc., and subsidies for festivals, weddings and funerals, emergency relief, etc. To encourage colleagues to cultivate personal interests outside of work and promote work-life balance, through the establishment of diversified clubs, and the three key points of enrichment, activism, and life-oriented management of the clubs, to meet the different preferences of employees through cross-field, same-interest activities and exchanges, and create both Energetic, creative, caring and joyful workplace environment.

Employee development

Established Innolux University, with 3 colleges and 1 center (Technology College, Management College and Pioneer College, and General Education Center) and covering 20 courses. In order to realize the Company's goal of creating sustainable value, we integrate company-wide learning resources, and offer a sound certification development framework, and continuously integrate and improve the system, process and development blueprint of human resources development, with professional positions and management functions certification as the cornerstone; including vertically promote quality, green products, legal affairs and other related courses, and then horizontally promote the training of various departments, and also develop business ability training in line with the Company's operation strategy. The Company carries out various talent development projects and expects to cultivate sufficient and high-quality talents to assist our colleagues to deepen their academic skills, learn interdisciplinary knowledge, and develop in multiple ways. In addition, by combining internal/external training channels, such as language learning, E-book learning, on-the-job training, cross-department rotation, overseas experience and other talent development networks, we aim to enhance the professional knowledge and skills of our employees, improve the talent development network, cultivate management talents, and develop the diversified career path of the Company's operating strategy and organization needs.

We continue to hold a series of digital transformation courses, plan learning blueprints based on different trainees, cooperate with external academic units to introduce courses, and collaborate with expert groups to optimize training plans, cultivating digital transformation talents from knowledge and tool learning, digital transformation decision-making thinking, and business model learning. The organizational goal is to achieve smart manufacturing and smart operations to achieve flexible decision-making and transformation revolution; In terms of individuals, we will encourage all colleagues to get on the transformation train to enhance personal value and diversified development. In addition to the standard learning blueprint courses, the series of digital transformation courses also incorporate sustainable development issues and are expected to be promoted through digital transformation projects to further achieve sustainable development.

At the same time, in line with the Company's operating goals and personal career development needs, we establish key tasks at each job level and their corresponding key management functions, and promote leadership management learning courses to improve the layout of the leadership management echelon. In addition to providing training on leadership and management capabilities, we also care about the physical and mental health of employees. We have expanded and promoted "training courses" (including courses on stress management and stress reduction, emotion management and relationship recovery) for middle-level and junior-level supervisors to help employees understand the sources of stress and identify risk factors, trace the source, face emotions, and practice recovery skills to regain resilience, perseverance, self-regulation and self-care.

In addition, we continue to implement ESG goals into business strategies. We have also invested in industry-academia cooperation and the government-promoted Youth Project to create practical talents for the industry, reduce the gap between learning and application, and cultivate fresh forces with integration of learning and application, and assist young students in employment and practical application. After completing their training, the trainees continue to serve in the Company. In order to spread positive energy to the teachers and students in rural schools, we donate materials to Ren Ai Junior High School of Nantou County every year to help the indigenous students in rural areas with insufficient resources, so as to achieve the goal of promoting sustainable joint development.

Facing the global aging trend, the Company is committed to promoting an ESG age-friendly workplace through its senior development unit. The first in the industry to introduce the industry's original Seniors with 5 Excellent Qualities - Redesign Their Second Life board game, a unique board game experience course specially tailored for senior colleagues. Through entertaining and educational methods, it focuses on work, life, health, family, finance and other aspects, we help colleagues realize their personal needs and design the second half of their lives, guide colleagues to understand the concept of retirement preparation in the process, and continue to create a win-win situation for individuals and the Company.

2. Retirement systems and implementation status

At present, there are two kinds of labor pension systems, the old system of retired labor implemented by the accordance with the Labor Standards Law and the new system of retired labor implemented by the accordance with the Labor Pension Regulations.

- (1) The company formulates employee retirement measures in accordance with the Labor Standards Act, and establishes a Labor Retirement Reserve Supervision Committee.
- (2) We hire actuary to evaluate our employees' retirement preparation fund and issue the evaluation report according to the IAS19R financial principles.
- (3) We transfer 2%~15% monthly salary to retirement preparation every month.
- (4) If a labor retirement pension system is established, the Company will allocate 6% of the insured salary to the employees' personal account established by the Labor Insurance Bureau on a monthly basis to fully protect employees' rights.

3. The status of labor-management agreements

The Company has always attached importance to labor relations and emphasized labor harmony. In order to maintain two-way communication, management and exchange, the company has been promoting zero distance communication with employees through various measures:

- (1) Quarterly labor-management meetings and employee welfare meetings are held, in which representatives from the employer side, composed of senior management, and representatives from the labor side, selected by employees, to communicate directly face-to-face and exchange opinions with each other in an open manner.
- (2) Regularly hold relevant communication meetings, as if the appointment is an obligation, inviting all management and employees to attend, so that employees can understand the current status of the Company's operations and align with the future goals and development.
- (3) Construct a comprehensive communication channel, announcing important information and issues through e-newsletters, boot and screen protection screens, the Wing HR app, iMedia video channels, and the iFB company Facebook; provide all-day communication platforms such as employee care hotline, employee care mailbox, Wing HR-I want to complain and suggestion boxes in each factory. Employees can choose to escalate their problems by name or anonymously, so that their problems can be solved immediately and effectively, and a harmonious labor relations can be established.

4. Working environment and individual safety protection

(1) Safety and Health organization and operation

The Company has set up a central coordinating unit for the promotion of environmental safety and health culture, the development of environmental safety and health management systems and establishing risk management strategies under the President's office, and a dedicated unit for comprehensive environmental and sanitation management affairs in the factory. Each factory invites the top executives of the plant area, various authorities and labor representatives to convene a "Safety, Health and Environmental Protection Committee" on a quarterly basis to discuss the vision and policy, target plan, risks and opportunities, internal and external concerns and communication, environmental safety and health and damage prevention management plans, occupational disease prevention and health promotion matters, infectious disease management matters, and performance appraisal.

In 2023, in meetings attended by factory labor representatives from the Company and its

subsidiaries, there were 1,606 participants, with a 63% attendance rate in Taiwan, and 460 participants, with a 70% attendance rate in the Mainland China sites.

All factories in Greater China sites have passed ISO45001 Occupational Safety and Health Management System and ISO14001 Environmental Management System certification. In order to reduce the impact of climate change and improve the resilience of the Company, the ISO50001 energy management system was introduced in 2019, and the pilot plant successfully passed the ISO50001 management system verification in 2020, and the system was continued to be implemented to the front-end process plant. In 2021, the Taiwan front-end process plant passed the verification to obtain the certificate. In 2022, it was implemented in the Taiwan back-end process plant, and the certificate was obtained in 2023 to make the environmental safety and health management system more comprehensive and complete, provide a better working environment for factory workers, fulfill social responsibilities, realize the sustainable development goals (SDGs) of the UN and enhance competitiveness to implement the sustainable business philosophy.

Reduce Occupational Hazards

Since 2016, an operational and intelligent environmental safety and health management system has been developed, to improve the communication efficiency of environmental safety and health information within the organization. Establish management indicators for environmental safety, health management and risk management in the plant, so as to measure the performance level of environmental safety and health management, and supervise the operation status of risk management to grasp the trend change.

Through the electronic system, the hazard identification and the risk assessment system are interconnected, as well as the operation safety observation system and the work safety analysis, in order to eliminate the potential hazard factors of the operation activities of employees and contractors, and improve the safety of the operation environment; in addition, the “parallel implementation system” is used to carry out in parallel the corrective and preventive measures of exceptional events to all plants in Greater China sites to avoid the recurrence of similar exceptional events.

In 2023, the number of disabling injury incidents caused by operating and non-operating processes and traffic incidents in the factory increased compared with 2022, resulting in an increase in the Disabling Injury Frequency Rate (FR) to 0.41. In 2023, the Company immediately promoted a safety and health improvement program to enhance the safety and health awareness of employees, and strengthen the safety and health management of the job sites through safety education and training, operational safety observation, operational safety analysis, inspections and other actions.

The Company will continue to promote the aforementioned improvement projects to improve the unsafe job sites and behaviors and enhance the intrinsic safety design of the equipment; promote process automation to reduce the human-machine interaction; implement improvement projects such as Human Factors Engineering Risk Assessment and Hazard Prevention, as well as encourage employees to participate in the plant performance evaluation and activities to reduce occupational hazards and provide a safe and healthy job site for employees.

In order to further improve and deepen the environmental, safety and health culture, the Company set up short-term and medium-term environmental, safety and health management indicators and annual KPI indicators for Greater China factories in 2024 to implement its commitment to caring for employee safety and health and SDGs sustainable development goals and pursue the vision of zero occupational diseases.

Contractor management

Through regular two-way communication meetings and irregular construction safety courses to strengthen contractors' awareness of environmental safety and health management, they also cooperate with contractors to complete high-risk operation hazard identification, risk assessment and analysis, and emergency response plans. In the event of an accident, the Company's “Accident Electronic

Management System” will conduct accident investigation and analysis and implement corrective and preventive measures.

In 2023, the Disabling Injury Frequency Rate (FR) of contractors of the Company and its subsidiaries was 0.51, the contractor accident rate (IR) was 0.12, and lost days rate (LDR) was 5.27, slightly higher than the rates compared with the year 2022 when the contractor accident rate was 0, IR was 0.07, and LDR was 0. Besides, the work-related fatalities rate was 0. The construction work of the contractor will continue to implement the education and training, safety analysis of the contractor’s work, take preventive measures, toolbox meetings and other measures to prevent the recurrence of accidents in 2024.

ESH Training and Contingency drill

Employees are the most valuable asset. Training is an investment that never depreciates. The Company and its subsidiaries continue to provide general safety and health knowledge and professional knowledge and skills training that colleagues should have, such as environmental management, damage prevention, continuous operations management, plant and equipment safety, chemical hazards and protection, fire management, occupational injury prevention and health lectures and other courses. In 2023, 3,619 ESH training sessions were held, for a total of 335,888 participants. On average, employees joined over 8 training sessions per person per year.

The Company builds emergency response organizations and develops contingency plans and preparation procedures for various situations such as fires, earthquakes, chemical leaks, and fires on renewable energy generation equipment etc., and through daily education, training and drills to enable the Company to deal with them quickly and effectively Disasters and loss reduction.

(2)Risk Management on Occupational Safety and Health

Loss Prevention Management Projects

The Company has long been committed to the establishment and improvement of damage prevention systems and regulations, annual damage prevention inspections and audits, and continuous implementation of improved technology in risk management and control standards, in order to continuously improve and strengthen the Company's physical fitness.

In recent years, the implementation of inspection projects for the construction or expansion of new plants, new processes, renewable energy systems and energy storage systems, and major changes, fire and natural disaster risks has comprehensively strengthened the Company’s physical risk management to enhance the Company's risk tolerance and recovery ability after facing shock.

The implementation plan for 2023 includes an electric vehicle safety management plan, workplace mental health promotion, Mainland factory environmental safety and health ESG audit plan and strengthening the integrity of the management system, including establishing hierarchical chemical exposure assessment as a chemical import risk assessment tool; developing pipeline inspection systems for silica, methane and natural gas pipelines; and maternal labor care systems in Mainland factories to ensure process safety and increase the resilience of environmental, safety and health management; in response to Taiwan’s water scarcity and drought, it launched a drought relief plan to strengthen operational risk management capabilities.

In the future, past experience will be continued, and major risk trend issues of internal, external and industry concern will be considered, such as the threat of climate change, fires and explosions, external service supply and other operational disruption threats; the Company will implement and optimize the continuous operation management system internally and implement the power system, renewable energy system safety audits, extending outward to environmental, safety and health and operational risk assessments of on-site suppliers.

In response to international concerns about climate change and ESG issues, we have strengthened the promotion of net-zero carbon reduction actions, shared the Company’s environmental, safety and

health management through industry-government-academic seminars, refined short-term and medium-term net-zero carbon reduction goals, continued to increase solar panel installation capacity, and expanded the ISO50001 energy management system introduction and improved energy efficiency to strengthen the mutually beneficial coexistence of internal and external stakeholders of the Company and implement sustainable business operations.

Prevention and Management of ergonomic hazards

In recent years, the proportion of occupational musculoskeletal disorders in the occupational disease benefits of labor insurance is increasing year by year. Prevention and control of ergonomic hazards is one of the key points of active management in the industry. In order to effectively prevent the occurrence of diseases caused by occupation-related factors, the Company has taken the following measures:

- A. Identification and analysis of the risk of job-specific processes of a systematic, resource and continuous improvement mode execution.
- B. Occupational Safety and Health Act will trigger repetitive operations, such as pre-musculoskeletal diseases Anti concept implanted “hazard identification and risk assessment norms” to implement career In order to effectively prevent and control concepts, health management must be through hazard awareness, assessment and control improvement.

Prevention and Management of overwork related illness

The Company aims to effectively prevent abnormal workloads from causing diseases and ensure the safety and health of employees as follow:

- A. Ensure that employees’ working hours, rest, and vacation conditions are in line with local labor regulations.
- B. Perform workload level assessment, including employee overload and work pattern assessment, and assess the risk of cardiovascular disease incidence of employees based on health examination results, and adopt health management.
- C. The health management system was implemented, including annual regular health checkups, risk case identification and management, anomaly tracking management, mental health management, matching work, fitness adjustment, etc.
- D. Actively promote mental health management and stress management-related preventive education and disseminate the rules of overload prevention, knowledge of preventing workplace fatigue related diseases, and health management strategies to employees through various ways.

Maternal health protection and management

In order to ensure the well-being of female employees and protect their health, Innolux Corporation, taking into consideration the impact of gender differences and pregnancy on health risks, has implemented maternal health protection activities and management, including:

- A. In conjunction with the local labor laws, parental leave allowance is implemented, miscarriage prevention leave and family care leave rights are reinforced, related health protection measures are established, internal standard operating procedures are set up. For pregnant female employees, health risk assessments are implemented, hazard control and risk communication are carried out, and work adjustments are made as needed.
- B. Health guidance during pregnancy and breastfeeding is provided to pregnant employees. Rest areas and breastfeeding rooms are provided to create a friendly working environment for female employees, taking into account the principles of maternity protection and gender equality in employment.

(3)Recruitment and Staffing

The Company’s goal is to employ qualified personnel to create the best possible performance. Our company cares about diversity and equal opportunity. We do not allow employment discrimination based on race, color, age, gender, sexual orientation, ethnicity, disability, pregnancy, religion, political affiliation, union membership, and marital status or otherwise. In our day-to-day operations, this means that we monitor and manage our human resources consciously. We analyze and improve turnover

patterns. We build a labor force with a balanced structure, which was also integrated into our recruiting policy.

At the same time, adhering to the “take from society, use to society” concept, promote employees with physical and mental disabilities, consider different physical and mental conditions to arrange work appropriately, provide a friendly working environment and strengthen their work functions, so that the work performance of colleagues with disabilities and general colleagues go hand in hand, and the Company also fully fulfill corporate social responsibility.

(4)Zero Distance Communication

Unblocked communication channel

The Company emphasizes harmonious labor relations. To this end, we convene quarterly meetings with the labor-capital committee and the Employee Welfare Committee. High-level managers from the capital side and grassroots level representatives from the labor side engage in two-way face-to-face communications, to exchange views in an open atmosphere. We also have built a full range of communication channels to accept and respect the voices of our employees, which employees can use under their names or anonymously, the Employee 24 hours Care Hotline, the Employee Care Mailbox, I Want to Speak-up, Two-way communication responds to issues such as human rights, labor management and sexual harassment, help employees to find quick solutions to their problems. And Sets up a special unit to handle appeal cases, supervise relevant positions, and protect employees’ rights.

Establish a friendly working environment to eliminate unlawful infringement in the workplace

To prevent the employees from the threat of workplace violence, the Company has continued to promote the "Workplace Violence Prevention Program" throughout its factories, establish a complete training and management mechanism, develop supervisors' sensitivity and advanced caring skills, so that it can actively create a physically and mentally healthy workplace, and provide a warm workplace life.

EAPs Employee Assistance Programs

Employees are company's most important asset. Employees are company’s most important asset. Innolux understands how difficulties may affect an individual’s work and life. Promote Employee Assistance Programs (EAPs), which are integrated into the Wing HR APP platform to provide employees with 24-hour uninterrupted consultation services to assist employees in real time, such as employee care, psychological counseling, healthcare and legal assistance, in an effort to reduce the impact that problems may have on our employees’ work and lives. We hope to enable our employees to work with a fit body and a healthy mind and improve productivity.

Diversity and equality in the workplace

The Company is committed to protecting human rights, supporting and respecting relevant international labor rights norms, including the Universal Declaration of Human Rights (UDHR), the United Nations Global Compact (Global Compact), the United Nations Guiding Principles on Business and Human Rights (UNGPs), and the International Labor Organization (ILO) and Code of Conduct - Responsible Business Alliance (RBA), following local laws and regulations and the spirit of international human rights standards, formulates human rights protection and labor-related norms, enables the Company’s global employees, contract employees, customers, and supplier partners to comply with consistent requirements. The Company’s human rights policy applies to the Company and its subsidiaries, including all employees and overall operating activities, to work together with our suppliers, outsourcers, contractors, customers and other value chain partners to safeguard human rights. The implementation policy is described as follows:

- A. Equal employment opportunities and treatment, no discrimination or difference based on race, ethnicity, color, nationality, gender, sexual orientation, gender identity, physical disability, marriage, pregnancy, age, political affiliation, religion and other status factors, practicing diversity and sharing inclusive workplace values.

- B. Forced labor, child labor and human trafficking are prohibited in business activities or supply chains.
- C. Comply with all applicable wage, benefit and working hour regulations and ensure freedom of employment.
- D. Provide a safe, healthy, humane working environment that prohibits harassment and bullying, and assist employees in maintaining a work-life balance.
- E. Respect employees' rights to associate freely and join various organizations.
- F. Maintain positive labor relations and provide a diverse communication platform.
- G. Respect and protect the collection and use of personal information in compliance with legal requirements.
- H. We uphold the principles of integrity and fairness, comply with the anti-corruption laws of the country where we operate, and prohibit any form of illicit gains.
- I. Responsible procurement and responsible production ensure that conflict minerals and illegal timber are not used in the supply chain, and create a sustainable supply chain.
- J. Regularly review and assess human rights-related risks, formulate mitigation and remedial measures, and provide multiple complaint channels.

5.5.2 List any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

The Company and its subsidiaries have recently and until the annual report dated, and the estimated cost of labor disputes is NT\$601 thousand. The lawsuit is a case-by-case judgment and does not involve labor inspection results that violate the Labor Standards Act. The amount involved in the dispute has no significant impact on the Company's finances and business.

5.6 Cyber Security Management

5.6.1 The cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management

In response to digital transformation, ensure cyber security and strengthen the protection of confidential information to maintain the Company's competitive advantage. To do this, we have established information management system operating procedures as the highest management basis to control the Company's cyber security, protect the Company's important information assets, and ensure the operations and important businesses Comply with laws and regulations to gain the trust of customers and enhance the Company's competitiveness.

1. Cyber Security Management Framework

The Company's cyber security protection objective is to implement cyber security management principles, set quantitative management objectives for cyber security, and strictly inspect the implementation status. To this end, the Company has established a dedicated cyber security unit in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" to coordinate the formulation, supervision and implementation of cyber security objectives, policies and related regulations. Regularly report to the Chief Information Security Officer, the President, the Chairman and the Board members of the operating results of the cyber security management system and the opportunities for further enhancement.

2. Cyber Security Policy

In accordance with the ISO27001 framework, the Company has formulated the "Information Security Management System" specification document and management system to promote enhanced information

security management for the computer mainframes, database systems, application software systems and personal computers, personal privacy information, and business secret on the Company's information service system. The Company also established a secure and reliable electronic information operating environment to ensure the three targets, including confidentiality, integrity and availability of information, and established an emergency response mechanisms that conducts timely notification and adoption of countermeasures when the Company's information system and operational information encounter an cyber security breach to recover to normal operation in the shortest possible time. The contents of the Company's enhancement of cyber security policy management are described as follows:

Item	Contents
Obtained ISO27001 certification for information management system	<ol style="list-style-type: none"> 1. Passed the ISO27001 certification in October 2021. 2. Passed the ISO27001 certification in an expanded scope in 2022. 3. The validity of the certificate will be maintained in 2023.
Promoting cyber security awareness	<ol style="list-style-type: none"> 1. Organize regular Month of Information Security activities to raise the information security awareness of employees. 2. Conducted online information security concept building and promotion education and training. The course duration was 1 hour, with a total of 12,576 participants. Education and training completion rate: 100% 3. Those who conduct social engineering drills and accidentally receive phishing emails must undergo repeated education and training and have an assessment score of 100 points to pass.

3. Cyber Security Management Measures and Invest Resources

(1) Establish a dedicated information security unit

The Associate VP of Digital Development and Information Security is assigned as the Chief Information Security Officer, overseeing the Cyber Security Department, which is responsible for regularly reviewing the Company's cyber security management plan and incident response.

(2) Enhance information security awareness education and training

Conduct regular cyber security education and training, social engineering drills and cyber security tests every year to enhance employees' cyber security risk awareness and prevent the occurrence of major information security incidents.

(3) Cultivate full-time professional cyber security talents

We have obtained a number of professional cyber security licenses according to the matters to be handled by the public authorities with A-level information security responsibilities, such as: EC-Council CSA (Certified SOC Analyst, Security Operation Center (SOC) Analyst), ISO/IEC 27001:2013 Information Security Management System (ISMS) Lead Auditor (ISMS Lead Auditor), ISO/IEC 20000 Information Technology Service Management (Information Technology Service Management System Lead Auditor) ISO/IEC 20000-1:2018 Lead Auditor.

(4) Cyber security training and exchange keep up with the times

Participate in national-level seminars and courses to enhance the professional functions of existing cyber security manpower, such as: participating in training courses for cyber security elites organized by the Ministry of Digital Affairs, and cyber security course organized by the ACW SOUTH in Tainan.

(5) Continuous improvement of equipment and system architecture

Build firewalls for key equipment and cross-factory firewalls and the privileged account management mechanism, and enhance the backup operation management mechanism to reduce the risk of virus infection affecting company operations. Drill for core systems at least once every three years, and perform emergency response and recovery drills to ensure continuous operations and reduce the impact of major failures or disasters on critical business processes.

(6) Actively join domestic and overseas organizations

Communicate with each other to obtain the latest intrusion threat indicators, and conduct interactive detection and defense with the global cyber security threat information protection network. Flexibly

adjust information security defense countermeasures. For example: domestically, we have joined TWCERT/CC (Taiwan Computer Emergency Response Team/Coordination Center), one of the government's eight key infrastructures SP-ISAC (Science Park Information Sharing and Analysis Center), and Taiwan Information Security Supervisors Alliance; internationally, we apply for joining FIRST (Forum of Incident Response and Security Teams), and we are the first member of FIRST in domestic high-tech manufacturing industry.

4. The actual results of promoting of information security implementation are as follows:

Item	Contents
Structure of Defense	<ol style="list-style-type: none"> 1. Prevent ransomware from entering and strengthen EDR endpoint protection. 2. To avoid hacker attacks, invest the construction of DDoS defense architecture. 3. Avoid the penetration of unknown phishing emails and strengthen SPAM optimization and MAIL APT equipment resources. 4. Plan and build a file cleaning system to filter suspicious and viral files from entering the Company. 5. Build information security threat detection and alarm mechanism to reduce the risk of unauthorized use, destruction or leakage of information. 6. Build a global threat information platform to block malicious connection traffic. 7. Strengthen the detection score of external information security risk exposure platforms. 8. Continuously strengthen information security protection detection in DMZ. 9. Construct web page weak scanning and source code detection. 10. Implemented container vulnerability scanning mechanism.
Cyber Security Governance and Advocacy	<ol style="list-style-type: none"> 1. Strengthen employees' information security awareness through the boot-up promotion platform, screensaver and LCS (Learning and Certification System). 2. Organize Month of Information Security to perform employee social engineering drills, and raise the email alertness and information security awareness of employees.
Cyber Security Information Keeps up with the Times	<ol style="list-style-type: none"> 1. Join FIRST, an international information security organization, becoming the first company in the high-tech manufacturing industry. 2. Join TWCERT as member of Information Security alliance, and exchange information with the other alliance members. 3. Join SP-ISAC as member of the Information Security Information Sharing and Analysis Center of Science Park, and exchange information security technology with other organization members. 4. Join Taiwan Information Security Supervisors Alliance and exchange with information security teams of listed companies. 5. Participate in information security training courses at Tainan Shalun Information Security Base organized by Industrial Development Bureau, Ministry of Economic Affairs. 6. Participate in training courses for information security elites organized by the Ministry of Digital Affairs. 7. Subscribe to domestic and international cyber security organizations to obtain information on hacking attacks in real time.
Grasp Information to Reduce Financial Losses	<p>Since 2020, we have been buying the cyber security insurance to prevent financial losses caused by major information security incidents and to protect the rights and interests of customers and investors.</p>
Awards	<ol style="list-style-type: none"> 1. Sent personnel to participate in the Administration for Cyber Security, moda - Cyber Threat Defense Competition and won the Potential Award. 2. Won the Information Security Leadership Award of the Taiwan Corporate Sustainability Awards (TCSA) in 2023.

5.6.2 List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

The Company has established a cyber security management system and standard procedures for handling cyber security incidents, and conducts cyber security incident response drills from time to time to implement procedures for pre-event warning, in-process protection, and post-event identification of cyber security incidents. In 2023 and as of the publication date of the annual report, there were no major information security incidents, nor any property losses or business interruptions caused by cyber security incidents.

5.7 Important Contracts

Contract nature	Counterparty	Contract start and end dates	Major Contents	Restrictions
Land Leasing Contract	Hsinchu Science Park Bureau(HSPB)	2003.05.28 – 2022.12.31	Land Leasing	Pursuant to the terms and conditions set forth under the Agreement
Land Leasing Contract	Hsinchu Science Park Bureau(HSPB)	2004.04.06 – 2023.12.31	Land Leasing	Pursuant to the terms and conditions set forth under the Agreement
Land Leasing Contract	Hsinchu Science Park Bureau(HSPB)	2007.12.01 – 2026.12.31	T2 Land leasing oriented for factory	Pursuant to the terms and conditions set forth under the Agreement
Land Leasing Contract	Southern Taiwan Science Park Bureau	Feb. , 2004 – Dec. , 2023	Land leasing for Zhunan Site, Hsinchu Science Park (Plant No. 2)	Pursuant to the terms and conditions set forth under the Agreement
Land Leasing Contract	Southern Taiwan Science Park Bureau	2015.03.09 – 2035.03.08	Land Leasing	Pursuant to the terms and conditions set forth under the Agreement
Land Leasing Contract	Southern Taiwan Science Park Bureau	2019.06.01 – 2031.04.30	Land Leasing	Pursuant to the terms and conditions set forth under the Agreement
Land Leasing Contract	Southern Taiwan Science Park Bureau	2020.01.01 – 2026.11.30	Land Leasing	Pursuant to the terms and conditions set forth under the Agreement
Land Leasing Contract	Southern Taiwan Science Park Bureau	2020.01.01 – 2028.04.30	Land Leasing	Pursuant to the terms and conditions set forth under the Agreement
Land Leasing Contract	Hsinchu Science Park Bureau(HSPB)	2020.01.01 – 2029.12.31	Land Leasing	Pursuant to the terms and conditions set forth under the Agreement
Land Leasing Contract	Hsinchu Science Park Bureau(HSPB)	2021.01.01 – 2028.09.30	Land leasing (Fab T3)	Pursuant to the terms and conditions set forth under the Agreement
Land Leasing Contract	Southern Taiwan Science Park Bureau	2023.01.01 - 2028.04.30	Land Leasing (FAB5)	Pursuant to the terms and conditions set forth under the Agreement
Land Leasing Contract	Southern Taiwan Science Park Bureau	2023.01.01 - 2028.04.30	Land Leasing (FAB2&3)	Pursuant to the terms and conditions set forth under the Agreement
Land Leasing Contract	Southern Taiwan Science Park Bureau	2023.01.01 - 2029.04.30	Land Leasing (N9 Fab)	Pursuant to the terms and conditions set forth under the Agreement
Land Leasing Contract	Hsinchu Science Park Bureau (HSPB)	2023.01.01 - 2030.08.31	Land Leasing (Land No. 58, Dingdapu Subsection, and Land No. 1219, Dingpu Section, Dapu Section, Zhunan Factory)	Pursuant to the terms and conditions set forth under the Agreement
Syndicated Loans	Bank of Taiwan, CTBC and other bank groups	2016.09.06 – 2021.12.06	1.To be used to reimburse the mid-term loan 2. In the amount of NT\$35 billion	Pursuant to the terms and conditions set forth under the Agreement
Syndicated Loans	CTBC Bank , Taipei Fubon bank, and other bank groups	2018.07.16 – 2023.07.16	1. To be used to reimburse the mid-term loan 2. In the amount of NT\$43.75 billion 3. Medium-term guarantee loan for 5 years (subject to 2 years under the joint credit agreement)	Pursuant to the terms and conditions set forth under the Agreement

Contract nature	Counterparty	Contract start and end dates	Major Contents	Restrictions
Syndicated Loans	Bank of CTBC, Mega Bank, and other bank groups	2020.06.24 – 2025.06.24	1. To be used to reimburse the mid-term loan 2. In the amount of NT\$37.5 billion 3. Medium-term guarantee loan for 5 years (subject to 2 years under the joint credit agreement)	Pursuant to the terms and conditions set forth under the Agreement
Syndicated Loans	Taipei Fubon bank and other bank groups	2023.09.06 - 2028.09.01	1. To be used to reimburse the mid-term loan and green expenditure 2. In the amount of NT\$40 billion 3. Medium-term guarantee loan for 5 years (subject to 2 years under the joint credit agreement)	Pursuant to the terms and conditions set forth under the Agreement
Cross-licensing	Multinational Enterprise A	2013.07.01 - 2023.07.01	LCD Relevant technology & know-how	Pursuant to the terms and conditions set forth under the Agreement
Patent authorization	Multinational Enterprise B	2019.01.01 - 2028.12.31	LCD Relevant technology & know-how	Pursuant to the terms and conditions set forth under the Agreement
Patent authorization	Multinational Enterprise C	2019.02.28 - Patent term	LCD Relevant technology & know-how	Pursuant to the terms and conditions set forth under the Agreement
Patent authorization	Multinational Enterprise D	2020.01.01 - 2024.12.31	LCD Relevant technology & know-how	Pursuant to the terms and conditions set forth under the Agreement
Cross-licensing	Multinational Enterprise E	2021.01.01 - 2030.12.31	IPS Relevant patents	Pursuant to the terms and conditions set forth under the Agreement
Patent authorization	Multinational Enterprise F	2022.05.03 - Patent term	Display of the relevant cross-patent licensing within the regions	Pursuant to the terms and conditions set forth under the Agreement
Cross-licensing	Multinational Enterprise G	2022.10.01 – Patent term	LCD Relevant technology & know-how	Pursuant to the terms and conditions set forth under the Agreement
Patent authorization	Multinational Enterprise H	2023.04.03 - Patent term	Display of the relevant cross-patent licensing within the regions	Pursuant to the terms and conditions set forth under the Agreement
Cross-licensing	Multinational Enterprise I	2022.07.02 - 2037.07.02	Display of the relevant cross-patent licensing within the regions	Pursuant to the terms and conditions set forth under the Agreement
Patent authorization	Multinational Enterprise J	2023.09.04 - Patent term	Display of the relevant cross-patent licensing within the regions	Pursuant to the terms and conditions set forth under the Agreement

VI. Financial Information

6.1 Five Years Financial Summary

6.1.1 Condensed Balance Sheets and Statements of Comprehensive Income - International Financial Reporting Standards

Condensed Consolidated Balance Sheet

Unit: NT\$ thousand

Fiscal Year		Financial Information for Most Recent 5 Fiscal Years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		133,118,249	159,162,307	175,821,223	165,301,665	133,650,139
Property, Plant and Equipment		194,382,436	178,901,675	162,607,908	157,533,518	149,253,011
Intangible assets		17,577,644	17,506,984	17,520,594	17,511,360	17,542,372
Other assets		24,686,017	23,988,871	111,569,865	43,394,953	57,084,920
Total assets		369,764,346	379,559,837	467,519,590	383,741,496	357,530,442
Current liabilities	Before distribution	110,818,145	109,170,648	116,553,507	92,723,013	87,558,750
	After distribution	111,781,252	113,359,009	127,641,108	92,723,013	(Note 2)
Non-current liabilities		26,836,172	32,822,143	46,169,152	38,023,763	41,086,431
Total liabilities	Before distribution	137,654,317	141,992,791	162,722,659	130,746,776	128,645,181
	After distribution	138,617,424	146,181,152	173,810,260	130,746,776	(Note 2)
Equity attributable to owners of the parent company		231,927,704	237,369,660	304,347,400	252,475,224	228,124,869
Share capital		97,110,720	99,404,332	105,596,201	95,564,562	90,786,334
Capital surplus		100,362,379	99,707,996	103,287,482	103,312,414	103,468,658
Retained earnings	Before distribution	42,398,622	44,317,003	98,667,853	59,766,316	41,131,043
	After distribution	42,398,622	41,175,732	87,580,252	59,766,316	(Note 2)
Other equity		(7,325,437)	(6,059,671)	(3,204,136)	(5,565,152)	(7,198,699)
Treasury shares		(618,580)	—	—	(602,916)	(62,467)
Non-controlling interests		182,325	197,386	449,531	519,496	760,392
Total equity	Before distribution	232,110,029	237,567,046	304,796,931	252,994,720	228,885,261
	After distribution	231,146,922	233,378,685	293,709,330	252,994,720	(Note 2)

Note 1: Financial summary for the last five years audited and certified by CPAs.

Note 2: Pending the resolution by the shareholders' meeting.

Condensed Consolidated Statement of Comprehensive Income

Unit: NT\$ thousand

Item	Fiscal Year	Financial Information for Most Recent 5 Fiscal Years (Note1)				
		2019	2020	2021	2022	2023 (Note2)
Operating revenue		251,971,209	269,911,051	350,076,690	223,715,758	211,740,557
Gross profit		3,014,080	23,833,098	91,499,680	(6,905,772)	3,109,044
Operating income (loss)		(19,933,896)	1,811,797	62,713,075	(31,664,998)	(18,708,934)
Non-operating income and expenses		3,408,468	745,334	(301,978)	5,442,545	2,345,803
Profit (loss) Before Income Tax		(16,525,428)	2,557,131	62,411,097	(26,222,453)	(16,363,131)
Net income (loss) for the period from continuing operations		(17,440,272)	1,639,824	57,545,123	(27,914,776)	(18,598,730)
Loss from discontinued operations		—	—	—	—	—
Net income (loss) for the period		(17,440,272)	1,639,824	57,545,123	(27,914,776)	(18,598,730)
Other comprehensive income (loss) for the period (net of Income Tax)		(2,709,329)	1,548,600	2,811,713	(2,182,942)	(1,632,336)
Total comprehensive income (loss) for the period		(20,149,601)	3,188,424	60,356,836	(30,097,718)	(20,231,066)
Net income (loss) attributable to owners of parent		(17,442,990)	1,636,144	57,534,461	(27,990,256)	(18,642,539)
Net income (loss) attributable to non-controlling interests		2,718	3,680	10,662	75,480	43,809
Total comprehensive income (loss) attributable to owners of parent		(20,151,561)	3,184,147	60,347,656	(30,174,952)	(20,268,820)
Total comprehensive income (loss) attributable to non-controlling interests		1,960	4,277	9,180	77,234	37,754
Earnings per share		(1.77)	0.17	5.53	(2.76)	(2.01)

Note 1: Financial summary for the last five years audited and certified by CPAs.

Note 2: Pending the resolution by the shareholders' meeting.

Condensed Balance Sheet

Unit: NT\$ thousand

Fiscal Year		Financial Information for Most Recent 5 Fiscal Years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		112,321,779	136,264,073	137,628,651	116,363,201	101,590,015
Property, Plant and Equipment		164,083,562	147,618,538	131,464,114	125,578,587	118,890,795
Intangible assets		17,446,858	17,365,850	17,378,711	17,342,393	17,344,919
Other assets		101,914,217	103,499,227	167,810,326	114,801,340	115,895,996
Total assets		395,766,416	404,747,688	454,281,802	374,085,521	353,721,725
Current liabilities	Before distribution	137,327,341	134,766,729	98,736,765	78,905,572	80,213,985
	After distribution	138,290,448	138,955,090	109,824,366	78,905,572	(Note 2)
Non-current liabilities		26,511,371	32,611,299	51,197,637	42,704,725	45,382,871
Total liabilities	Before distribution	163,838,712	167,378,028	149,934,402	121,610,297	125,596,856
	After distribution	164,801,819	171,566,389	161,022,003	121,610,297	(Note 2)
Equity attributable to owners of the parent company		231,927,704	237,369,660	304,347,400	252,475,224	228,124,869
Share capital		97,110,720	99,404,332	105,596,201	95,564,562	90,786,334
Capital surplus	Before distribution	100,362,379	99,707,996	103,287,482	103,312,414	103,468,658
	After distribution	99,399,272	98,660,906	103,287,482	103,312,414	(Note 2)
Retained earnings	Before distribution	42,398,622	44,317,003	98,667,853	59,766,316	41,131,043
	After distribution	42,398,622	41,175,732	87,580,252	59,766,316	(Note 2)
Other equity		(7,325,437)	(6,059,671)	(3,204,136)	(5,565,152)	(7,198,699)
Treasury shares		(618,580)	—	—	(602,916)	(62,467)
Non-controlling interests		—	—	—	—	—
Total equity	Before distribution	231,927,704	237,369,660	304,347,400	252,475,224	228,124,869
	After distribution	230,964,597	233,181,299	293,259,799	252,475,224	(Note 2)

Note 1: Financial summary for the last five years audited and certified by CPAs.

Note 2: Pending the resolution by the shareholders' meeting.

Condensed Statement of Comprehensive Income

Unit: NT\$ thousand

Item	Fiscal Year	Financial Information for Most Recent 5 Fiscal Years (Note1)				
		2019	2020	2021	2022	2023 (Note2)
Operating revenue		249,384,126	265,436,103	334,328,350	199,721,875	178,996,596
Gross profit		(5,413,355)	14,983,862	80,521,187	(17,010,003)	(10,013,392)
Operating income (loss)		(22,891,507)	(1,628,571)	59,312,062	(32,727,348)	(24,390,083)
Non-operating income and expenses		5,076,526	3,630,908	1,713,979	4,872,491	6,538,197
Profit (loss) Before Income Tax		(17,814,981)	2,002,337	61,026,041	(27,854,857)	(17,851,886)
Net income (loss) for the period from continuing operations		(17,442,990)	1,636,144	57,534,461	(27,990,256)	(18,642,539)
Loss from discontinued operations		—	—	—	—	—
Net income (loss) for the period		(17,442,990)	1,636,144	57,534,461	(27,990,256)	(18,642,539)
Other comprehensive income (loss) for the period (net of Income Tax)		(2,708,571)	1,548,003	2,813,195	(2,184,696)	(1,626,281)
Total comprehensive income (loss) for the period		(20,151,561)	3,184,147	60,347,656	(30,174,952)	(20,268,820)
Net income (loss) attributable to owners of parent		(17,442,990)	1,636,144	57,534,461	(27,990,256)	(18,642,539)
Net income (loss) attributable to non-controlling interests		—	—	—	—	—
Total comprehensive income (loss) attributable to owners of parent		(20,151,561)	3,184,147	60,347,656	(30,174,952)	(20,268,820)
Total comprehensive income (loss) attributable to non-controlling interests		—	—	—	—	—
Earnings per share		(1.77)	0.17	5.53	(2.76)	(2.01)

Note 1: Financial summary for the last four years audited and certified by CPAs.

Note 2: Pending the resolution by the shareholders' meeting.

6.1.2 CPA name and Audit Opinions of the Last 5 Years

Year	CPA	Opinion Content
2019	Han-Chi Wu & Hua-Ling Liang	Unqualified opinion
2020	Sheng-Chung Hsu & Hua-Ling Liang	Unqualified opinion
2021	Sheng-Chung Hsu & Hua-Ling Liang	Unqualified opinion
2022	Sheng-Chung Hsu & Hua-Ling Liang	Unqualified opinion
2023	Sheng-Chung Hsu & Hua-Ling Liang	Unqualified opinion

6.1.3 If there was change/replacement of the CPA within the most recent 5 fiscal years, explanation made by the Company's previous and current CPA over the causes for such change/replacement shall be set forth:

Year	Former CPA's Name	Current CPA's Name	Reason
2019		None	
2020	Han-Chi Wu & Hua-Ling Liang	Sheng-Chung Hsu & Hua-Ling Liang	Internal adjustment of the accounting firm
2021		None	
2022		None	
2023		None	

6.2 Five Years Financial Analysis

Consolidated Financial Analysis

Item		Fiscal Year (Note 1)				
		Five Years Financial Analysis				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt to asset ratio	37.23	37.41	34.81	34.07	35.98
	Ratio of long-term capital to property, plant and equipment	129.16	146.59	209.21	179.28	176.06
Solvency (%)	Current ratio	120.12	145.79	150.85	178.27	152.64
	Quick ratio	88.51	114.66	114.28	137.64	108.70
	Time interest earned	(15.02)	3.49	64.88	(27.64)	(8.60)
Operating performance	Accounts receivable turnover(times)	5.46	5.69	6.12	4.66	6.60
	Average collection days	67	64	60	78	55
	Inventory turnover(times)	7.58	7.50	7.05	5.86	5.36
	Accounts payable turnover (times)	4.68	4.97	5.07	5.05	5.41
	Average days in sales	48	49	52	62	68
	Property, plant and equipment turnover(times)	1.24	1.40	1.99	1.36	1.34
	Total assets turnover (times)	0.64	0.72	0.83	0.53	0.57
Profitability	Return on total assets (%)	(4.25)	0.66	13.77	(6.39)	(4.65)
	Return on equity (%)	(7.16)	0.70	21.22	(10.01)	(7.72)
	Ratio of income before tax to paid-in capital (%)	(17.02)	2.57	59.10	(27.44)	(18.02)
	Net profit margin (%)	(6.92)	0.61	16.44	(12.48)	(8.78)
	Earnings per share (NT\$)	(1.77)	0.17	5.53	(2.76)	(2.01)
Cash flow	Cash flow ratio (%)	12.48	20.52	87.30	(2.14)	10.91
	Cash flow adequacy ratio (%)	135.92	110.77	129.26	89.50	78.76
	Cash reinvestment ratio (%)	1.56	2.41	9.79	(1.36)	1.00
Leverage	Operating leverage	—	24.87	1.78	—	—
	Financial leverage	—	2.31	1.02	—	—

Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%)

1. Quick Ratio decrease: mainly due to the significant decrease in quick assets in 2023, compared with 2022.
2. Time interest earned and each profitability ratio increase: mainly due to the increased profits in 2023, compared with 2022.
3. The increase in accounts receivable turnover (times) and the decrease in average number of collection days: mainly due to decrease in accounts receivable (including related parties) in 2023 compared with 2022.
4. Cash flow and cash reinvestment ratio increase: The ratio increased in 2023, compared with 2022, which was mainly due to net cash inflow in operating activities in 2023.

Note 1: Financial data for the last five years were audited and attested by CPAs.

Note 2: Formulas for the calculation of the financial ratios

1. Financial structure

(1)Debt to assets ratio = total liabilities / total assets.

(2)Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.

2. Solvency

(1)Current ratio = current assets / current liabilities.

(2)Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.

(3)Times interest earned = earnings before tax and interest expenses / current interest expenses.

3. Operating performance

(1)Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).

(2)Average collection days = 365 / accounts receivable turnover.

(3)Inventory turnover = cost of goods sold / average inventory.

(4)Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).

(5)Average days in sales = 365 / inventory turnover.

(6)Property, plant and equipment turnover = net sales / average net property, plant and equipment.

(7)Total asset turnover = net sales / average total assets.

4. Profitability

(1)Return on total assets = (net income + interest expenses * (1 - effective tax rate)) / average total assets.

(2) Return on equity = net income after tax / average total equity.

(3) Net profit margin = net income after tax / net sales.

(4) Earnings per share = (income attributable to owners of parent - preferred stock dividends) / weighted average number of shares outstanding.

5. Cash flow

(1) Cash flow ratio = net cash flows from operating activities / current liabilities.

(2) Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / 5-year sum of (capital expenditures + increases in inventory + cash dividends).

(3) Cash reinvestment ratio = (cash from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital).

6. Leverage:

(1) Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income.

(2) Financial leverage = operating income / (operating income – interest expenses).

Financial Analysis

Item		Fiscal Year (Note 1)				
		Five Years Financial Analysis				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt to asset ratio	41.10	41.35	33.00	32.51	35.51
	Ratio of long-term capital to property, plant and equipment	152.53	177.10	261.76	227.74	223.83
Solvency (%)	Current ratio	81.79	101.11	139.39	147.47	126.65
	Quick ratio	60.16	80.72	108.96	118.03	98.61
	Time interest earned	(16.33)	2.95	62.24	(30.21)	(9.58)
Operating performance	Accounts receivable turnover(times)	5.69	5.79	5.83	4.00	5.24
	Average collection days	64	63	63	91	70
	Inventory turnover(times)	8.95	8.97	8.98	8.12	7.83
	Accounts payable turnover (times)	2.90	3.15	4.25	5.42	5.00
	Average days in sales	41	41	41	45	47
	Property, plant and equipment turnover(times)	1.47	1.70	2.40	1.55	1.46
	Total assets turnover (times)	0.60	0.66	0.78	0.48	0.49
Profitability	Return on total assets (%)	(3.99)	0.61	13.58	(6.59)	(4.75)
	Return on equity (%)	(7.16)	0.70	21.24	(10.05)	(7.76)
	Ratio of income before tax to paid-in capital (%)	(18.35)	2.01	57.79	(29.15)	(19.66)
	Net profit margin (%)	(6.99)	0.62	17.21	(14.01)	(10.42)
	Earnings per share (NT\$)	(1.77)	0.17	5.53	(2.76)	(2.01)
Cash flow	Cash flow ratio (%)	5.79	5.91	62.41	8.80	10.95
	Cash flow adequacy ratio (%)	122.84	107.31	121.46	79.48	66.76
	Cash reinvestment ratio (%)	0.92	0.84	6.09	(0.46)	0.98
Leverage	Operating leverage	—	—	1.74	—	—
	Financial leverage	—	—	1.02	—	—

Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%)

1. Time interest earned and each profitability ratio increase: mainly due to the decrease in losses compared with the 2022.
2. The increase in accounts receivable turnover (times) and the decrease in average number of collection days: mainly due to decrease in accounts receivable (including related parties) in 2023 compared with 2022.
3. Cash flow and cash reinvestment ratio increase: The ratio increased in 2023, compared with 2022, which was mainly due to net cash inflow in operating activities in 2023.

Note 1: Financial data for the last five years were audited and attested by CPAs.

Note 2: Formulas for the calculation of the financial ratios

1. Financial structure

(1) Debt to assets ratio = total liabilities / total assets.

(2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.

2. Solvency

(1) Current ratio = current assets / current liabilities.

(2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.

(3) Times interest earned = earnings before tax and interest expenses / current interest expenses.

3. Operating performance

(1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).

(2) Average collection days = 365 / accounts receivable turnover.

(3) Inventory turnover = cost of goods sold / average inventory.

(4) Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).

(5) Average days in sales = 365 / inventory turnover.

(6) Property, plant and equipment turnover = net sales / average net property, plant and equipment.

(7) Total asset turnover = net sales / average total assets.

4. Profitability

(1) Return on total assets = (net income + interest expenses * (1 - effective tax rate)) / average total assets.

(2) Return on equity = net income after tax / average total equity.

(3) Net profit margin = net income after tax / net sales.

(4) Earnings per share = (income attributable to owners of parent - preferred stock dividends) / weighted

average number of shares outstanding.

5. Cash flow

(1) Cash flow ratio = net cash flows from operating activities / current liabilities.

(2) Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / 5-year sum of (capital expenditures + increases in inventory + cash dividends).

(3) Cash reinvestment ratio = (cash from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital).

6. Leverage:

(1) Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income.

(2) Financial leverage = operating income / (operating income – interest expenses).

6.3 Audit Committee Review Report

Audit Committee Review Report

The Board of Directors has duly submitted the 2023 business report, financial statements, and the proposal of profit and loss appropriation. The financial statements has been duly reviewed and approved by CPAs of PwC Taiwan with the issuance of Independent Auditor's Report.

The Audit Committee of the Company, have completed the audit and review, and had found nothing inconsistent with any of the above business report, financial statements, and the proposal of profit and loss appropriation. Therefore, I issue this audit report for acknowledgment in accordance with the Securities and Exchange Act and the Company Act.

To

Annual Shareholders' Meeting of the Company in 2024

Convener of the Audit Committee
Hsieh, Chi-Chia
Date: February 22, 2024

6.4 Financial Statements and Independent Auditors' Report for the Most Recent Year: Please refer to page 149 of the annual report.

6.5 Parent Company only Financial Statements and Independent Auditors' Report for the Most Recent Year: Please refer to page 239 of the annual report.

6.6 Disclosure of Impact on Company's Financial Status Due to Financial Difficulties: None.

VII. Review of Financial Conditions, Operating Results, and Risk Management

7.1 Analysis of Financial Positions

Unit: NT\$ thousand

Fiscal Year	2022	2023	Difference Amount	Percentage (%)	Note
Current assets	165,301,665	133,650,139	(31,651,526)	(19.15)	—
Property, Plant and Equipment	157,533,518	149,253,011	(8,280,507)	(5.26)	—
Intangible assets	17,511,360	17,542,372	31,012	0.18	—
Other non-current assets	43,394,953	57,084,920	13,689,967	31.55	1
Total assets	383,741,496	357,530,442	(26,211,054)	(6.83)	—
Current liabilities	92,723,013	87,558,750	(5,164,263)	(5.57)	—
Other non-current liabilities	38,023,763	41,086,431	3,062,668	8.05	—
Total liabilities	130,746,776	128,645,181	(2,101,595)	(1.61)	—
Capital stock	95,564,562	90,786,334	(4,778,228)	(5.00)	—
Capital surplus	103,312,414	103,468,658	156,244	0.15	—
Retained earnings	59,766,316	41,131,043	(18,635,273)	(31.18)	2
Other equity	(5,565,152)	(7,198,699)	(1,633,547)	29.35	3
Treasury shares	(602,916)	(62,467)	540,449	(89.64)	4
Non-controlling equity	519,496	760,392	240,896	46.37	5
Total equity	252,994,720	228,885,261	(24,109,459)	(9.53)	—

Note: Analysis will be conducted only for major changes, namely, the change in financial ratios reaches 20% and the amount exceeds NT\$ 30,000,000.

Analysis of changes in financial ratios:

1. Mainly due to the increase in financial assets at amortized cost - non-current this year.
2. Mainly due to the net loss this year.
3. Mainly due to the decrease in financial statements translation differences of foreign operations this year.
4. Mainly due to the repurchased share transferred to employees.
5. Mainly due to the increase in recognition of changes in ownership interests in subsidiaries this year.

7.2 Analysis of Financial Performance

Unit: NT\$ thousand

Items	Fiscal Year		Difference Amount	Percentage (%)	Note
	2022	2023			
Operating revenue	223,715,758	211,740,557	(11,975,201)	(5.35)	—
Operating costs	230,621,530	208,631,513	(21,990,017)	(9.54)	—
Gross profit (loss)	(6,905,772)	3,109,044	10,014,816	(145.02)	1
Operating expenses	24,759,226	21,817,978	(2,941,248)	(11.88)	—
Operating income (loss)	(31,664,998)	(18,708,934)	12,956,064	(40.92)	2
Non-operating income (loss) and expenses	5,442,545	2,345,803	(3,096,742)	(56.90)	3
Profit (loss) before income tax	(26,222,453)	(16,363,131)	9,859,322	(37.60)	4
Income tax expense	1,692,323	2,235,599	543,276	32.10	5
Net income (loss)	(27,914,776)	(18,598,730)	9,316,046	(33.37)	5
Other comprehensive income (loss)(net of income tax)	(2,182,942)	(1,632,336)	550,606	(25.22)	6
Total comprehensive income (loss) for the period	(30,097,718)	(20,231,066)	9,866,652	(32.78)	7

Note: Analysis will be conducted only for major changes, namely, the change in financial ratios reaches 20% and the amount exceeds NT\$ 30,000,000.

Analysis of changes in financial ratios:

1. Mainly due to the fact that the fluctuation of the industry, changes of the market demand and price, resulting in a increase in gross profit.
2. Mainly due caused by the increase in gross profit this year.
3. Mainly due to the decrease in other revenue.
4. Mainly due to the decrease in operating income (loss).
5. Mainly due to decrease in profit (loss) before income tax.
6. Mainly caused by the increase in acquisition of investments in financial assets measured at fair value through other comprehensive income and the decrease in the financial statements translation differences of foreign operations .
7. Mainly caused by the decrease in net loss this year.

7.3 Analysis of Cash Flow

7.3.1 Cash flow changes for the most recent fiscal year

Unit: NT\$ thousand

Items	Fiscal Year		Analysis
	2023		
Cash inflow from operating activities	9,555,881		The net cash inflow was mainly due to depreciation benefits and reasonable control of operating turnover.
Cash outflow from investing activities	(24,377,399)		The net cash outflow was mainly due to acquisitions of financial assets at amortized cost and capital expenditures.
Cash outflow from financing activities	(2,959,942)		Mainly due to the refund of cash capital reduction and the repayment of long-term loans.

7.3.2 Cash Flow Analysis for the Coming Year

Unit: NT\$ thousand

Estimated Cash and Cash Equivalents, Beginning of Year(1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plan	Financing Plan
50,512,584	28,981,000	28,580,000	50,913,584	—	—
Analysis of cash flow changes for 2024: Operating activities: The net cash inflow was due to the Company continuously optimize product portfolio and adjust cost structure. Investing activities: The net cash outflow was mainly due to the continuing investment in new technology. Financing activities: The net cash inflow was mainly due to repayment of bank loans. Leverage of Cash Surplus (Deficit): None.					

7.4 Effect upon Financial Operations of Major Capital Expenditures

The Company's 2023 annual capital expenditure, it mainly consists of wide viewing angle production capacity/profile/curvature manufacturing process equipment, green environmental protection, advanced panel level package (PLP) process, automation and efficiency upgrade, LTPS production capacity expansion, yield quality improvement, cyber security and Micro-LED/Mini-LED new technology processes, etc., the actual capital expenditure is about NT\$ 21,351,840 thousand. It will help the Company's revenue growth and profit improvement in 2024.

7.5 Reinvestment Policy and its Main Reasons for Profits/Losses, Plans for Improving Reinvestment Profitability and the Investment Plans for the Coming Year

In terms of outward investment, the Company focused on the up- and down-streams of TFT-LCD industries to assure effective vertical integration as the final objectives. Given the great fluctuation of display industry and the mature development of the industrial chains, the Company held a policy of being increasingly conservative. Other than the efforts we try to refrain from investing toward the businesses irrelevant to the Company's principal business, the Company disposed non-core investment and investment insignificant in strategies. The Company will cooperate with the group's overall investment plan and make the most appropriate use of resources in the future.

In the consolidated financial report of the Company in 2023, the investment gain recognized in equity method came to NT\$ 33,912 thousand, which was mainly due to the continued profits in the special application field of panels and part of the disposal gains from investees. Overall, the performance with the Company's outward reinvestments have been well up to our expectation and have been continually integrated with our business development.

7.6 Analysis of Risk Management

7.6.1 The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future.

1. Change in interest rate

In order to avoid fluctuations caused by changes in interest rates, the Company continues to pay attention to changes in interest rate trends, and the principles of capital allocation are primarily conservative, stable and liquidity to ensure the safety of principal and liquidity.

2. Change in Foreign exchange rates

(1) To prevent a potential disadvantage to the foreign currencies in input, output, investment and financing activities to the Company's assets, liabilities values, operating results due to fluctuation in exchange rates, the Company, in due time, would undertake forward foreign exchange to evade potential risks in fluctuation in exchange rates.

- (2) The Company evades exchange rate risks by obtaining financial products with a simple structure and liquidity. The trading party are mainly financial institutions.
- (3) In the Company, majority the operating revenues came from US Dollars and other foreign currencies. For capital expenditures and manufacturing costs, the primary demand for foreign currencies came from US Dollars and Japanese yen. Any unfavorable significant change in exchange rate would lead to a passive impact upon the financial profit and/or loss.

3. Inflation or deflation

In 2023, the price of international raw materials fluctuated, experiencing a mix of ups and downs. Soft commodities, such as grains, showed weakness in prices, while metal mineral products remained steady. Energy prices experienced significant fluctuations, largely influenced by geopolitical factors. Overall, Taiwan's CPI and core CPI saw a gradual slowdown in annual growth rates. Looking ahead to 2024, the growth of raw materials is moderate due to base period factors. It is expected that the annual growth rate of Taiwan's CPI will slow down this year. However, geopolitical factors continue to contribute to the uncertainty surrounding global inflation. To prevent potential impact on the negative aspect from sharp price fluctuations, the Company has tried by all means to lower various costs to enhance its competitive edge and would be closely watchful the change in the supply and demand in the market, to flexibly adjust product portfolio to closely live up to actual demand in the market.

7.6.2 The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future.

1. The Company had not engaged in highly risky and high financial leverage investment. Exactly as required by the Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan and the laws and ordinances concerned, we have set up wholesome financial and operating grounds in the managerial regulations and operating procedures, including "Policies and Procedures for Financial Derivatives Transactions", "Procedures for Loaning of Funds to Others", "Procedures for Acquisition or Disposal of Assets" and "Procedures for Endorsement & Guarantee".
2. In an attempt to control potential risks in finance, we hold a very wholesome and conservative principle in derivative financial instruments to primarily evade the potential risks of the exchange rates in the substantial positions incurred by input, output and financing activities. In the days and years ahead, we shall stick to such same principle to coordinate with the trends of exchange rates and interest rates as well as the Company's business operation, we shall adjust the financial risk management in real time in accordance with laws and ordinances concerned, internal managerial rule and operating procedures.

7.6.3 Future Research & Development Work and Expenditures

The Company's future technology development continues to be in the field of display applications. Mainly wide viewing angle TFT LCD display technology to improve the contrast and color of TFT LCD large viewing angle; high transmittance to improve the optical utilization of display; Mega Zone, Mini-LED technology to improve the color saturation, brightness and contrast; TFT LCD module technology with thin and narrow frame/frameless for display panel; continuous improvement with high resolution, high brightness, wide temperature and low energy consumption technology; endeavor to develop high-end technologies such as Privacy, Mirco-LED, etc. to continuously lead TFT-LCD in new field applications; simultaneous construction of back-end high-precision module lines, intelligent logistics, automatic inspection and production automation. In addition, we will also strengthen the development of new products and new technologies (PLP advanced encapsulation process/Sensor/Liquid crystal antenna/Epaper) and solar power systems to achieve net zero carbon reduction goal. The Company's research and development expenditure in 2023 is NT\$12,011,556 thousand. In 2024, the Company expects to invest another R&D fee of NT\$ 14.3 billion. However, it will adjust according to the global market conditions and actual operating conditions, and continue to maintain its leading edge in technological development.

7.6.4 Effects of and Response to Changes in Policies and Legal Environment at Home and Abroad Relating to Financial Operations

All the Company's teammates are closely watchful of potential changes in major policies laws and ordinances concerned at home and abroad and set up legal personnel to help with such issues. Through such efforts, we shall be able to take right countermeasures in real-time to minimize the potential impact upon the Company's financial standing which might be incurred by major policies at home and abroad and changes in laws.

The relevant European Parliament legislation passed the European Union to trial the Carbon Border Adjustment Mechanism (CBAM) from October 2023 and set the transitional period for the implementation of CBAM from October 2023 to December 2025. During the transitional period, there is no need to purchase CBAM certificates. However, if specific goods that meet the control conditions (such as steel, screw and nut parts, cement, aluminum, fertilizers, electricity, and hydrogen.) are intended to be imported into the EU, the direct and indirect emissions embedded in the goods must be declared. As of the printed date of the annual report, the Company's products have not yet fallen within the scope of control mentioned above.

In order to keep in line with the international green trend, our Climate Change Response Act (formerly known as the Greenhouse Gas Reduction and Management Act) was amended and came into effect in February 2023. This amendment has clearly set the country's long-term greenhouse gas emission reduction target to achieve net-zero greenhouse gas emissions by 2050. Based on this, in order to achieve the national long-term greenhouse gas reduction goals and the control goals of each phase, starting from 2024, the annual greenhouse gas emissions of specific control objects with annual greenhouse gas emissions of 25,000 metric tons of carbon dioxide equivalent will begin to levy carbon fees. The Company is also within the scope of the aforementioned first wave of carbon fees. Although the competent authorities are still working intensively to establish relevant regulations, the Company has organized a special team to respond and continues to pay attention to regulatory developments. Based on its overall green energy strategy, it will strive for preferential rates, or reduce the quota to deduct emissions, and so forth. Implementing the most appropriate response plan to mitigate the impact of this amendment on the Company's operations.

As of the Annual Report's publication date, there has been no adversely impact on financial or business due to any policy and Act changed.

7.6.5 Effects of and Response to Changes in Science and Technology (including Cyber Security Risks) and the Industry Relating to Financial Operations

1. Technology Change

The TFT-LCD industry is challenged by the constantly upgraded know-how and new products while the mainstream products are being replaced by new generation at a quickening pace. Should we fail to deal with the impact incurred by the change in science and technology that would be an impact upon the business and financial standing on the seamy sides. Since the Company first came into being, we have spared no effort to accumulate the technical capability of TFT-LCD displays to deal with the impact incurred by the change in science and technology. Other than investment in high level research & development toward high display quality, high solution, broad vision angles, high open rates, quick response, thin and light designs, narrow frames, ultra energy conservation, flexible display and such technology & know-how, we have, as well, tried to develop low temperature LTPS, Oxide, Mini LED, and organic lighting display OLED and such technology & know-how to assure firm competitive edge and effective growth in the Company's business and financial standing.

2. Industry Change

TFT-LCD features high economic cycle and drastic fluctuation. Any sort of economic trend drops, competitor dynamics, and changes in end-user demand all might lead to a shock to the Company's business operation on the seamy side. Here at the Company, all our teammates would be closely watchful of fluctuation that might hit the Company into passive aspect and work out sound countermeasures beforehand. In terms of financial operation, we adopt sound and stable financial operation to deal with potential fluctuation in the businesses.

3. The Control Measure and Response to the Cyber Security Risk

Digital transformation starts with information security. In response to the wave of digital transformation, the Company has accelerated the transformation of IT application services and started to implement the SECPAAS information security maturity assessment by ITRI in 2020 to enhance the energy and overall maturity of information security in different aspects to prevent and reduce the impact of information security incidents; the information security maturity rating improved from Level B to Level A. Furthermore, the Company is listed as the benchmark enterprise for the current rating. At the same time, we continue to invest in information security insurance, regularly perform information security risk assessments, formulate an information security development strategy blueprint based on the severity of the risk impact, and adopt the Plan-Do-Check-Act (PDCA) method to gradually enhance the information security defense structure.

7.6.6 The Impact of Changes in Corporate Image on Crisis Management, and Corresponding Measures

Faithful law compliance, focus on employees' and shareholders' equity represents the very bounden duties to the Company's management. In case of a contingency, the Company's ranking department head would serve as the emergency convener to immediately set up the Crisis Task Force to defuse the crisis forthwith. As of the Annual Report's publication date, there has been no event that adversely impacts Innolux's corporate image and impacts on corporate risk management.

7.6.7 Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans

At the moment, the Company has no plan to launch a merger with another enterprise. Toward potential strategic investment or vertical integration, and the cost benefit and the potential risk so arising, the Company's management would conduct appropriate evaluation and evasion as appropriate.

7.6.8 Expected Benefits from, Risks Relating to and Response to Plant Expansion Plans

We all have those related technical groups to perform the professional feasibility assessment for expansion and build out of new generation factory.

7.6.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

There is no risk associated with excessive customer concentration, due to the plenty production line and the main customers are international brand manufacturers. Innolux's usually have two or more suppliers for main material. Therefore, there is no risk associated with excessive concentration of purchasing. We will keep developing new products and new customers in the future and seeking for the better quality and the lower cost of purchase sources to reduce the risk of excessive customer concentration or excessive purchasing concentration.

7.6.10 Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors or Shareholders with Shareholdings of over 10%

As of the printed date of the annual report, there has been no large share transfers or changes in shareholdings by directors or shareholders with shareholdings of over 10%.

7.6.11 Effects of, Risks Relating to and Response to Changes in Management Rights

As of the printed date of the annual report, there has been no changes in management rights of directors or shareholders with shareholdings of over 10%.

7.6.12 Litigation or Non-litigation Matters

1. The lawsuits, non-contentious cases, administrative litigation that are decided by the court or still in proceeding in the most recent years until this report was issued:
 - (1) The Company's subsidiary in U.S. received a civil complaint from the government of Puerto Rico in September 2018, claiming that the company, together with other defendants of Taiwan, Japan and South Korea TFT-LCD companies, had unjustified enrichment from the TFT-LCD pricing collaborations in 2006 and requested monetary remuneration. The U.S. subsidiary of the company has appointed a lawyer to handle the lawsuit. On October 31, 2022, the Court dismissed the plaintiff's lawsuit for failure to actively pursue its claims.

(2) 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.

(3) 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 Innolux Corporation's operations and financial position.

2. List litigious, non-litigious or administrative disputes that: (1) involve any company director, the president, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment in the most recent year and as of the publication date of the annual report, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities: None.

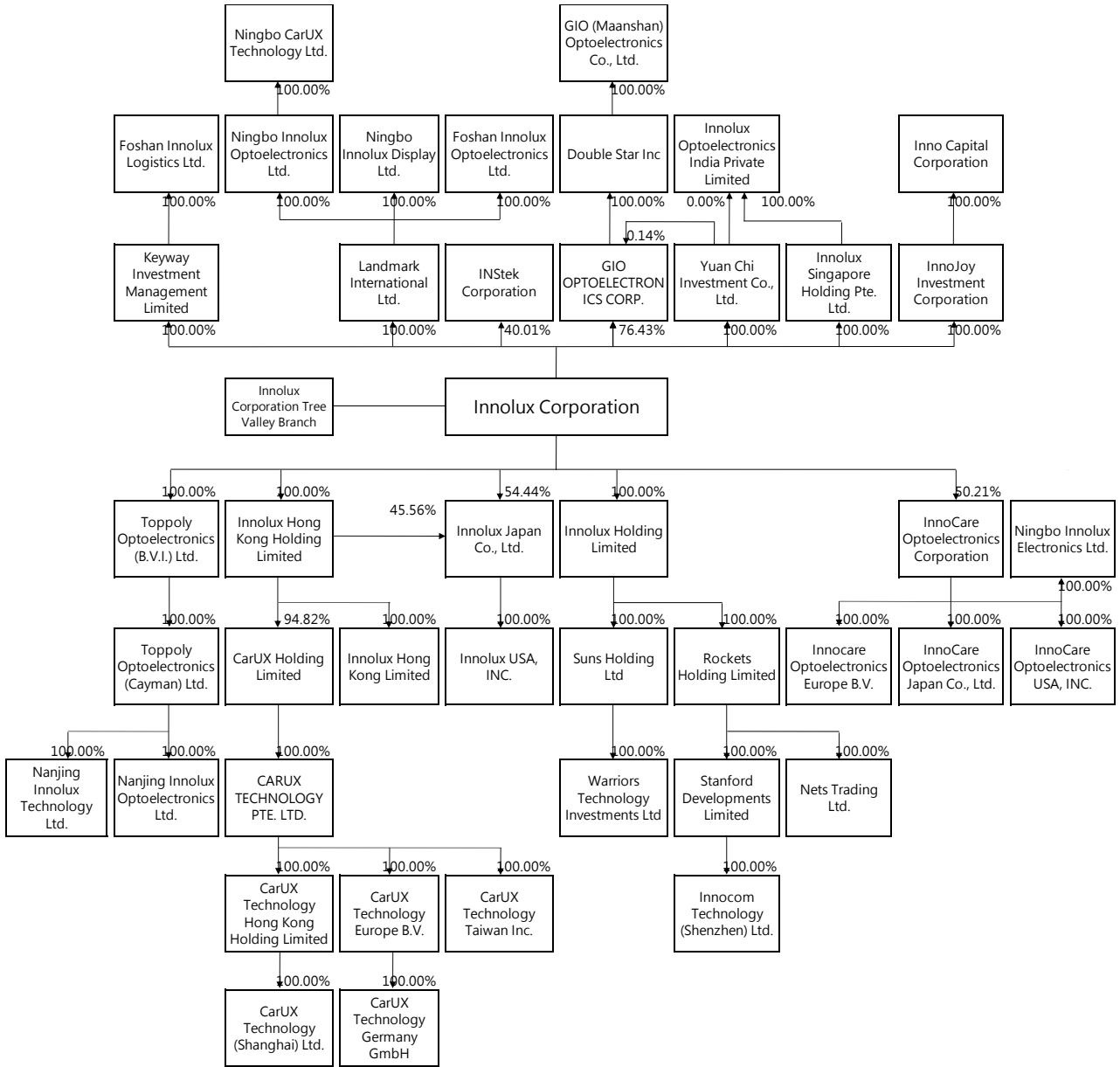
7.6.13 Other Important Risks, and Mitigation Measures: None.

7.7 Other Important Matters: None.

VIII. Special Disclosures

8.1 Summary of Affiliated Companies

8.1.1 Organization chart of affiliate



8.1.2 Basic information of affiliates

Unit: \$; Date: December 31, 2023

Company	Date of Incorporation	Address	Paid-in Capital	Business Activities
CarUX Holding Limited	2019.08.23	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands	USD132,076	Investment holdings
CarUX Technology Europe B.V.	2006.03.08	Stationstraat 39G, 6411 NK, Heerlen, The Netherlands	EUR 3,006,480	Holding and R&D testing company
CarUX Technology Germany GmbH	2006.02.17	Kaiserswerther Strasse 115, D-40880 Ratingen, Germany	EUR 100,000	Testing and maintenance company
CarUX Technology Hong Kong Holding Limited	2001.11.16	Unit 2003, 20/F., Millennium City 3, 370 Kwun Tong Road, Kowloon, Hong Kong	HKD 162,897,802	Investment holdings
CarUX Technology Pte. Ltd.	2019.10.02	10 Kallang Avenue #09-16/18 Aperia Singapore (339510)	USD 128,431,749	Holdings and distribution company
Double Star Inc.	2009.07.15	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius	USD 10,000,000	Investment holdings
Innocare Optoelectronics Europe B.V.	2020.08.11	Stationstraat 39 G, 6411NK Heerlen, The Netherlands	EUR 50,000	After-sales service company
InnoCare Optoelectronics Japan Co., Ltd.	2019.06.17	14F, Kawasaki Nisshin-cho Bldg., 7-1, Nisshin-cho, Kawasaki-ku, Kawasaki-shi, Kanagawa 210-0024 Japan	JPY 300,100,000	X-ray flat panel detector
InnoCare Optoelectronics USA, INC.	2018.02.09	101 Metro Drive, Suite 365, San Jose, CA 95110, United States	USD 900,000	X-ray flat panel detector
Innolux Holding Limited	2002.02.28	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD 236,927,259	Investment holdings
Innolux Hong Kong Holding Limited	2005.12.14	Unit 2003, 20/F., Millennium City 3, 370 Kwun Tong Road, Kowloon, Hong Kong	HKD 1,441,092,339	Investment holdings
Innolux Hong Kong Limited	2006.02.15	Unit 2003, 20/F., Millennium City 3, 370 Kwun Tong Road, Kowloon, Hong Kong	HKD 453,342,352	Broker company
Innolux Japan Co., Ltd.	1991.08.20	8F, kowa kawasaki-nishiguchi Bldg., 66-2 horikawa-cho, Saiwai-ku, Kawasaki-City, Kanagawa 212-0013, Japan	JPY 314,258,270	Development, manufacture and sale of thin-film transistor LCD
Innolux Optoelectronics India Private Limited	2018.03.07	HD-021, WeWork Enam Sambhav, C - 20, G Block Rd, G Block BKC, Bandra Kurla Complex, Bandra East, Mumbai, Maharashtra 400051	INR 1,440,955,000	Distribution company
Innolux Singapore Holding Pte. Ltd.	2017.06.28	6 TEMASEK BOULEVARD, #09-05, SUNTEC TOWER FOUR, SINGAPORE (038986)	USD 25,400,000	Investment holdings
Innolux USA, INC.	2002.05.09	101 Metro Drive Suite 510, San Jose, CA 95110, United States	USD 11,842,010	Sales of electronic components and computer displays
Keyway Investment Management Limited	2005.03.30	Portcullis TrustNet Chambers, P.O Box 1225, Apia, Samoa	USD 1,656,410	Investment holdings
Landmark International Ltd.	2003.04.24	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD 709,450,000	Investment holdings

Company	Date of Incorporation	Address	Paid-in Capital	Business Activities
Nets Trading Ltd.	2008.05.02	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD 900,001	Investment Company
Rockets Holding Limited	2002.12.18	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD 171,669,290	Investment holdings
Stanford Developments Limited	1999.08.12	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD 164,000,000	Investment holdings
Suns Holding Ltd.	2006.12.18	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD 18,177,052	Investment holdings
Toppoly Optoelectronics (B.V.I.) Ltd.	2001.07.17	Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands	USD 146,847,000	Investment holdings
Toppoly Optoelectronics (Cayman) Ltd.	2001.07.17	Grand Pavilion, Hibiscus Way, 802 West Bay Road, P. O. Box 31119, KY1-1205, Cayman Islands	USD 146,817,000	Investment holdings
Warriors Technology Investments Ltd.	2007.01.03	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD 18,177,052	Investment Company
Yuan Chi investment Co., Ltd	2005.07.06	No.8, Zhongxin Rd., Xinshi Dist., Tainan City 74148, Taiwan (R.O.C.)	NTD 2,100,000,000	Investment Company
CarUX Technology Taiwan Inc.	2019.03.15	Rm. A No. 12, Nanke 8th Rd., Shanhua Dist., Tainan City 741, Taiwan (R.O.C.)	NTD 1,500,000,000	R&D, manufacturing and distribution company
Foshan Innolux Optoelectronics Ltd.	2006.04.21	Xingye North Rd., Foshan Science & Technology Industry Garden, Foshan, Guangdong, 528325, China	USD 383,000,000	Manufacturing & selling LCD back-end module related technologies and products.
Foshan Innolux Logistics Ltd.	2008.07.17	North Factory, Xingye Rd., Nanhai Economic Zone, Foshan, Guangdong, 528325, China	USD 1,500,000	Warehousing Company
Nanjing Innolux Technology Ltd.	2007.10.24	No. 93, Fu Cheng West Road, Jiangning Economic and Technical Development Zone, Nanjing, Jiangsu, China	USD 2,100,000	Business of display and related product.
Nanjing Innolux Optoelectronics Ltd.	2001.05.23	No. 93, Fu Cheng West Road, Jiangning Economic and Technical Development Zone, Nanjing, Jiangsu, China	USD 156,000,000	Manufacturing & selling LCD back-end module related technologies and products.
GIO (Maanshan) Optoelectronics Co., Ltd	2010.09.15	Cihu Economic Development Zone, Ma'anshan City, Anhui, China	USD 10,000,000	Manufacturing Company
GIO Optoelectronics Corp.	2004.04.21	No. 5, Titanggang Rd., Xinshi Dist., Tainan City 744, Taiwan (R.O.C.)	NTD 540,236,110	Manufacture and sale of TFT-LCD related components
InnoJoy Investment Corp.	2007.06.26	No.8, Zhongxin Rd., Xinshi Dist., Tainan City 74148, Taiwan (R.O.C.)	NTD\$1,674,053,920	Investment Company

Company	Date of Incorporation	Address	Paid-in Capital	Business Activities
Innocom Technology (Shenzhen) Ltd.	2004.06.24	1F, Zone 4, G2 Zone 2F A region, 3F, 4F and 5F Foxconn Technology Industrial Park E, Bao'an District, Shenzhen City, Guangdong Province, China	USD 164,000,000	Manufacturing & selling LCD back-end module related technologies and products
Inno Capital Corporation	2021.07.28	No.8, Zhongxin Rd., Xinshi Dist., Tainan City 74148, Taiwan (R.O.C.)	NTD 15,000,000	Investment consultant
CarUX Technology (Shanghai) Ltd.	2006.01.09	No. 272-2, Ba Sheng Road, New Customs, Wai Gao Qiao Free Trade Zone, 200131 Pudong, Shanghai, China	USD 21,000,000	Manufacturing & sales of LCD back-end modules and components
Ningbo Innolux Electronics Ltd.	2015.11.04	2F, Building 2, No.8, Cao E River Rd., Ningbo Bonded Zone, Zhejiang, China	CNY 15,370,000	R&D, manufacturing & sales of LCD back-end modules and components
Ningbo Innolux Optoelectronics Co., LTD	2004.12.14	No.16, YangZi River North Rd., Ningbo Export Processing Zone, 315800, China; No. 6, YangZi River South Rd., Ningbo Export Processing Zone, Zhejiang, China	USD 310,000,000	Manufacturing & sales of LCD back-end modules and components
Ningbo Innolux Display LTD	2006.12.05	No.8, Cao E River Rd., Ningbo Bonded Zone, Zhejiang, China	USD 160,000,000	Manufacturing & sales of LCD back-end modules and components
Ningbo CarUX Technology Ltd.	2020.03.25	3F, Building 2, No.8, Cao E River Rd., Ningbo Bonded Zone, Zhejiang, China	CNY 280,000,000	Manufacturing & sales of LCD back-end modules and components
InnoCare Optoelectronics Corporation	2019.04.02	Rm. B, No. 2, Sec. 2, Huanxi Rd., Xinshi Dist., Tainan City 744, Taiwan (R.O.C.)	NTD 402,285,000	Holdings, R&D, manufacturing and distribution company
INStek Corporation	2021.06.07	1F., No. 2, Ln. 258, Sec. 5, Anhe Rd., Annan Dist., Tainan City 709019, Taiwan (R.O.C.)	NTD 66,175,070	Manufacturing of sporting goods

8.1.3 Concluded as the existence of the controlling and Subordinate Relation: None.

8.1.4 Business Scope of INX and its overall affiliated companies:

The Company and its subsidiary operating business include the development, manufacture, after service and sale of TFT-LCD.

By the layout of globalization, combine the distribution of Taiwan and China production base; provide downstream manufacturer or panel module manufacturer to have high flexibility supply capacity.

There are a small number of affiliated companies are setting investment business as operating scope, to strength vertical integration and strategy investment and coordinate the Company's future operation.

8.1.5 Directors, supervisors, and presidents of affiliates

As of December 31, 2023

Name of Company	Title	Name or representative	Shareholding (Shares)	
			Shares	%
CarUX Holding Limited	Chairman	Jin-Yang Hung	—	100%
	Director	Chu-Hsiang Yang	—	100%
	Director	Ching-Lung Ting	—	100%
CarUX Technology Europe B.V.	Director	Tien-Jen Lin	—	100%
	Director	van Riel, Lucien Franciscus Henricus	—	100%
	Director	Jun-Yi Yu	—	100%
CarUX Technology Germany GmbH	Director	Tien-Jen Lin	—	100%
	Director	van Riel, Lucien Franciscus Henricus	—	100%
	Director	Roger van Weersch	—	100%
CarUX Technology Hong Kong Holding Limited	Director	Jin-Yang Hung	—	100%
	Director	Jun-Yi Yu	—	100%
	Director	Shu-Mei Ho	—	100%
CarUX Technology Pte. Ltd.	Chairman	Jin-Yang Hung	—	100%
	Director	Chu-Hsiang Yang	—	100%
	Director	Ching-Lung Ting	—	100%
	Director	Ngoo Sin Hung Justin	—	100%
Double Star Inc.	Director	Ching-Lung Ting	—	76%
Innocare Optoelectronics Europe B.V.	Director	Lu-Ting Yang	—	50%
InnoCare Optoelectronics Japan Co., Ltd.	Director	Chih-Sheng Lee	—	50%
	Director	Ming-Hsien Sun	—	50%
	Director	Chien-Lang Lo	—	50%
InnoCare Optoelectronics USA, INC.	Director	Ishii Junichi	—	50%
	Director	Chu-Hsiang Yang	—	50%
	Director	Chih-Sheng Lee	—	50%
Innolux Holding Limited	Director	Jin-Yang Hung	—	100%
Innolux Hong Kong Holding Limited	Director	Jin-Yang Hung	—	100%
	Director	Jun-Yi Yu	—	100%
	Director	Chao-Hsien Liu	—	100%
Innolux Hong Kong Limited	Director	Jin-Yang Hung	—	100%
	Director	Pei-Yu Lu	—	100%
	Director	Rou-Li Cheng	—	100%
Innolux Japan Co., Ltd.	Director	Makoto Kaneta	—	100%
	Director	Chu-Hsiang Yang	—	100%
	Director	Ching-Lung Ting	—	100%
	Supervisor	Jun-Hao Peng	—	100%
	Supervisor	Rou-Li Cheng	—	100%
Innolux Optoelectronics India Private Limited	Director	Wen-Hsien Lee	—	100%
	Director	Chien-Hung Liao	—	100%
	Director	Sonu	—	100%
Innolux Singapore Holding Pte. Ltd.	Director	Chu-Hsiang Yang	—	100%
	Director	Chao-Hsien Liu	—	100%
	Director	Tan Sze Lian Celine	—	100%
Innolux USA Inc.	Director	Yu-Hao Wu	—	100%
	Director	Makoto Kaneta	—	100%
	Director	Sato Takahiro	—	100%
Keyway Investment Management Limited	Director	Jin-Yang Hung	—	100%
Landmark International Ltd.	Director	Jin-Yang Hung	—	100%
Nets Trading Ltd.	Director	Kuang-Hsiang Li	—	100%
Rockets Holding Limited	Director	Jin-Yang Hung	—	100%

Name of Company	Title	Name or representative	Shareholding (Shares)	
			Shares	%
Stanford Developments Limited	Director	Jin-Yang Hung	—	100%
Suns Holding Ltd.	Director	Jin-Yang Hung	—	100%
Toppoly Optoelectronics (B.V.I.) Ltd.	Director	Jin-Yang Hung	—	100%
Toppoly Optoelectronics (Cayman) Ltd.	Director	Jin-Yang Hung	—	100%
Warriors Technology Investments Ltd.	Director	Jin-Yang Hung	—	100%
Yuan Chi investment Co., Ltd	Chairman	Innolux Corporation	—	100%
		Representative: Jin-Yang Hung	—	—
	Director	Innolux Corporation	—	100%
		Representative: Chu-Hsiang Yang	—	—
Director	Innolux Corporation	—	100%	
	Representative: Chien-Lang Lo	—	—	
CarUX Technology Taiwan Inc.	Chairman	CarUX Technology Pte. Ltd.	150,000,000	100%
		Representative: Ching-Lung Ting	—	—
	Director	CarUX Technology Pte. Ltd.	150,000,000	100%
		Representative: Chu-Hsiang Yang	—	—
	Director	CarUX Technology Pte. Ltd.	150,000,000	100%
		Representative: Jin-Yang Hung	—	—
Supervisor	CarUX Technology Pte. Ltd.	150,000,000	100%	
	Representative: Chao-Hsien Liu	—	—	
Foshan Innolux Optoelectronics Ltd.	Chairman	Chin-Neng Chen	—	100%
	Director	Hsiao-Min Ouyang	—	100%
	Director	Jun-Yi Yu	—	100%
	Supervisor	Jhieh-Siou Liu	—	100%
Foshan Innolux Logistics Ltd.	Chairman	Chin-Neng Chen	—	100%
	Director	Chiung Ku	—	100%
	Director	Ai-Chun Wang	—	100%
	Supervisor	Jhieh-Siou Liu	—	100%
Nanjing Innolux Technology Ltd.	Chairman	Tzu ChenYang	—	100%
	Director	Jhieh-Siou Liu	—	100%
	Director	Chih-Chiang Lu	—	100%
	Supervisor	Kun Ma	—	100%
Nanjing Innolux Optoelectronics Ltd.	Chairman	Tzu ChenYang	—	100%
	Director	Jun-Yi Yu	—	100%
	Director	Jhieh-Siou Liu	—	100%
	Supervisor	Kun Ma	—	100%
GIO (Maanshan) Optoelectronics Co., Ltd	Chairman	Cheng-Che Pan	—	76%
	Director	Min-Chih Fan	—	76%
	Director	Chi-Chih Hsu	—	76%
	Supervisor	Yu-Yuan Huang	—	76%
GIO Optoelectronics Corp.	Chairman	Innolux Corporation	41,288,528	76%
		Representative: Ching-Lung Ting	326,529	1%
	Director	Innolux Corporation	41,288,528	76%
		Representative: Chu-Hsiang Yang	4,879	—
	Director	Innolux Corporation	41,288,528	76%
Supervisor	Representative: Chih-Ming Chen	—	—	
InnoJoy Investment Corp.	Chairman	Innolux Corporation	167,405,392	100%
		Representative: Jin-Yang Hung	—	—
	Director	Innolux Corporation	167,405,392	100%
		Representative: Chu-Hsiang Yang	—	—
	Director	Innolux Corporation	167,405,392	100%
		Representative: Chao-Hsien Liu	—	—
Supervisor	Innolux Corporation	167,405,392	100%	
	Representative: Kun Ma	—	—	

Name of Company	Title	Name or representative	Shareholding (Shares)	
			Shares	%
Innocom Technology (Shenzhen) Ltd.	Chairman	Jen-Yung Chang	—	100%
	Director	Jun-Yi Yu	—	100%
	Director	Chueh-Ju Chen	—	100%
Inno Capital Corporation	Chairman	InnoJoy Investment Corp.	1,500,000	100%
		Representative: Li-Wei Hsu	—	—
	Supervisor	InnoJoy Investment Corp.	1,500,000	100%
		Representative: Chao-Hsien Liu	—	—
CarUX Technology (Shanghai) Ltd.	Chairman	Kun-Yu Tsai	—	100%
	Director	Jun-Yi Yu	—	100%
	Director	Chia-Chang Tasi	—	100%
Ningbo Innolux Electronics Ltd.	Chairman	Chih-Sheng Lee	—	50%
	Supervisor	Chung-Wei Huang	—	50%
Ningbo Innolux Optoelectronics Co., LTD	Chairman	Chung-Hsin Ho	—	100%
	Director	Jun-Yi Yu	—	100%
	Director	Chien-Lang Lo	—	100%
	Supervisor	Rou-Li Cheng	—	100%
Ningbo Innolux Display LTD	Chairman	Cheng Yin Hsu	—	100%
	Director	Chien-Lang Lo	—	100%
	Director	Kun Ma	—	100%
	Supervisor	Rou-Li Cheng	—	100%
Ningbo CarUX Technology Ltd.	Chairman	Kuo-Hsiang Kuo	—	100%
	Director	Chu-Hsiang Yang	—	100%
	Director	Jun-Yi Yu	—	100%
	Supervisor	Kun Ma	—	100%
InnoCare Optoelectronics Corporation	Chairman	Innolux Corporation	20,200,000	50%
		Representative: Chu-Hsiang Yang	308,388	1%
	Director	Innolux Corporation	20,200,000	50%
		Representative: Tien-Jen Lin	32,000	—
	Director	Jyh-Chau Wang	58,838	—
	Director	Ta-Lun Huang	—	—
	Independent Director	Hung-Chi Li	—	—
Independent Director	Chi-Tsung Huang	—	—	
Independent Director	Yi-Hung Chou	—	—	
INStek Corporation	Supervisor	Chao-Hsien Liu	—	—
	Supervisor	Yi-Ming Huang	—	—

8.1.6 Overview of subsidiaries' operations

Unit: NT\$ thousand, December, 31, 2023

Company Name	Paid-in Capital	Total assets	Total liabilities	Net Worth	Revenue	Profit (Loss) from Operation	Profit (Loss) (After Tax)	Earnings (Loss) Per Share (After Tax)
CarUX Holding Limited	3,950,312	4,078,667	105,075	3,973,592	—	406	2,385,777	19.05
CarUX Technology Europe B.V.	102,160	752,534	188,352	564,182	1,006,752	64,140	48,481	129.01
CarUX Technology Germany GmbH	3,398	76,850	49,021	27,829	35,162	2,092	1,552	15.52
CarUX Technology Hong Kong Holding Limited	640,025	2,715,364	—	2,715,364	—	—	516,257	3.17
CARUX TECHNOLOGY PTE. LTD.	3,943,497	22,419,772	18,348,895	4,070,877	48,015,456	1,928,889	2,383,118	18.92
Double Star Inc.	307,050	102,180	—	102,180	—	—	802	0.08
Innocare Optoelectronics Europe B.V.	1,699	6,230	2,799	3,431	14,100	760	603	1,205.75
InnoCare Optoelectronics Japan Co., Ltd.	65,182	659,863	533,729	126,134	1,618,886	33,759	33,580	1,118.98
InnoCare Optoelectronics USA, INC.	27,635	164,368	127,214	37,154	334,381	(849)	(2,057)	(2.29)
Innolux Holding Limited	7,274,851	19,508,728	—	19,508,728	—	—	277,299	1.23
Innolux Hong Kong Holding Limited	5,662,052	9,233,628	1,712,055	7,521,573	—	(417)	2,543,990	2.20
Innolux Hong Kong Limited	1,781,182	1,712,400	—	1,712,400	—	(510)	568	0.02
Innolux Japan Co., Ltd.	68,257	3,986,089	119,018	3,867,071	334,048	18,732	184,514	1,025,077.78
INNOLUX OPTOELECTRONICS INDIA PRIVATE LIMITED	531,424	6,956	60	6,896	—	296	296	—
Innolux Singapore Holding Pte. Ltd.	779,907	160,124	446	159,678	—	(2,560)	3,588	0.14
Innolux USA Inc.	363,609	5,564,921	4,305,848	1,259,073	11,631,491	169,423	129,682	10,098.29
Keyway Investment Management Limited	50,860	112,392	—	112,392	—	—	6,211	3.75
Landmark International Ltd.	21,783,662	57,300,651	—	57,300,651	—	—	3,048,713	4.30
Nets Trading Ltd.	27,635	4,438	—	4,438	—	—	(20,019)	(22.24)
Rockets Holding Limited	5,271,106	12,190,523	—	12,190,523	—	—	166,566	1.04
Stanford Developments Limited	5,035,620	12,185,947	—	12,185,947	—	—	186,585	1.14
Suns Holding Ltd	558,126	5,702,443	—	5,702,443	—	—	110,733	6.09
Toppoly Optoelectronics (B.V.I.) Ltd.	4,508,937	6,814,039	—	6,814,039	—	—	299,880	2.04
Toppoly Optoelectronics (Cayman) Ltd.	4,508,016	6,813,680	—	6,813,680	—	—	299,880	2.04
Ultimate Fantasy Limited	3	1,350	1,347	3	—	—	—	—
Warriors Technology Investments Ltd	558,126	5,702,441	—	5,702,441	—	—	110,733	6.09
Yuan Chi Investment Co., Ltd.	2,100,000	856,180	380	855,800	—	(265)	8,176	—
CarUX Technology Taiwan Inc.	1,500,000	5,979,184	3,559,219	2,419,965	10,132,834	441,894	370,667	2.60
Foshan Innolux Optoelectronics Ltd.	11,760,015	45,427,025	21,641,926	23,785,099	49,768,437	938,287	978,403	—
Foshan Innolux Logistics Ltd.	46,058	110,590	3,540	107,050	27,173	3,812	5,945	—
Nanjing Innolux Technology Ltd.	64,481	650,012	1,285	648,727	—	(56)	13,105	—
Nanjing Innolux Optoelectronics Ltd.	4,789,980	7,984,266	1,819,335	6,164,931	6,519,225	119,975	286,776	—
GIO (Maanshan) Optoelectronics Co., Ltd.	307,050	102,362	—	102,362	—	(452)	807	—
GIO Optoelectronics Corp.	540,236	640,971	158,596	482,375	101,338	(45,794)	(34,982)	(0.65)
InnoJoy Investment Corporation	1,674,054	2,974,698	3,329	2,971,369	—	(245)	212,809	1.27
Innocom Technology (Shenzhen) Ltd.	5,035,620	12,734,500	548,604	12,185,896	291,021	5,095	186,585	—
Inno Capital Corporation	15,000	29,624	11,629	17,995	—	(10,111)	1,361	0.91
CarUX Technology (Shanghai) Ltd.	644,805	12,848,837	10,133,473	2,715,364	30,600,664	755,983	516,257	—

Company Name	Paid-in Capital	Total assets	Total liabilities	Net Worth	Revenue	Profit (Loss) from Operation	Profit (Loss) (After Tax)	Earnings (Loss) Per Share (After Tax)
Ningbo Innolux Electronics Ltd.	66,632	206,579	84,441	122,138	299,606	7,475	14,294	—
Ningbo Innolux Optoelectronics Ltd.	9,518,550	35,592,522	9,031,194	26,561,328	29,803,924	584,387	1,400,481	—
Ningbo Innolux Display Ltd.	4,912,800	15,712,336	8,676,724	7,035,612	34,400,380	656,095	667,383	—
Ningbo CarUX Technology Ltd.	1,213,856	5,481,885	4,399,889	1,081,996	3,247,441	59,552	58,176	—
InnoCare Optoelectronics Corporation	402,285	2,062,927	778,178	1,284,749	1,648,608	(9,978)	116,658	3.00
INStek Corporation	66,175	—	—	—	—	(5,946)	(5,620)	(0.85)

8.1.7 Consolidated Financial Statements of Affiliated Enterprises

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10 “Consolidated Financial Statements.” Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

INNOLUX CORPORATION
Chairman: Jin-Yang Hung
February 22, 2024

8.1.8 Reports on Affiliations: None.

8.2 Private Placement Securities in the Most Recent Years: None.

8.3 Holding or Disposal of Shares in the Company by the Subsidiaries During the Most Recent Years: None.

8.4 Other Matters Required Additional Description: None.

IX. Materially might affect shareholders' equity or the price of the Company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, such situations shall be listed one by one: None.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Innolux Corporation:

Opinion

We have audited the accompanying consolidated balance sheets of Innolux Corporation and its subsidiaries (the "Group") as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the Other matter section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors (please refer to the Other matter section), we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2023 consolidated financial statements. These matters

were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters. Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

Inventory valuation

Description

The industry is characterized in its significant fluctuations closely in connection with the economic environment. As the technology evolves rapidly, the launch of new products may cause major changes in consumer demand or due to the update of production approach, the existing products may become obsolete or no longer meet market needs. The Group has evaluated the inventory by taking into account of allowance, obsolescence or trivial sales amount and the cost has been written down to the net realizable value. The abovementioned allowance for inventory valuation losses mainly arose from the excess of the cost of inventory over the net realizable value of inventory. For details of inventory, please refer to Note 6(6). There is a risk of the excess of the cost of inventory over the net realizable value of inventory as a result of that the amounts of inventories are material and the sales prices of related products may have significant fluctuations because of market demand, we consider inventory valuation a key audit matter.

How our audit addressed the matter

We compared financial statements to ascertain the provision policy on allowance for inventory valuation losses has been consistently applied, obtained the net realizable value report of inventory used by management for evaluation and obtained an understanding of sales price basis adopted by management for abovementioned inventory along with the related supporting documents; sampled individual inventory item numbers and checked them against historical data on inventory clearance and discount to assess the reasonableness of net realizable value and the appropriateness of valuation basis.

Valuation and impairment of property, plant and equipment and goodwill

Description

For details of the impairment valuation of property, plant and equipment and goodwill, please refer to Notes 6(8) and 6(11).

The Group measures the recoverable amount of the cash generating unit to determine whether goodwill and property, plant and equipment may be impaired based on future cash flows with appropriate discount rates, and future cash flows are estimated based on how assets are utilized, duration years of assets and projected income and expenses in the future. As these estimates, which are uncertain and dependent upon significant judgement from management, involve several assumptions such as determination of discount rates, expected growth rate and

future financial projections, we consider management's assessment of impairment of property, plant and equipment and goodwill a key audit matter.

How our audit addressed the matter

We assessed the key assumptions used by management in estimating expected future cash flows, including the reasonableness of expected operating revenue, gross profit, changes in expenses, and the basic assumptions applied in expected future cash flows. We also examined the parameters of discount rates, including the risk-free rate of return on equity capital, the risk factor of the industry and the rate of return on similar investments in the market.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain subsidiaries and investments accounted for under the equity method of the Company, which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts and Note 13 included in respect of these subsidiaries and investments accounted for under the equity method, is based solely on the reports of the other auditors. Total assets of these subsidiaries and the balances of these investments accounted for under the equity method included in the Group's consolidated financial statements amounted to NT\$29,713,386 thousand and NT\$24,559,041 thousand, constituting 8.3% and 6.4% of the consolidated total assets of the Group as at December 31, 2023 and 2022, respectively, and sales revenue of these subsidiaries included in the Group's consolidated financial statements amounted to NT\$50,202,785 thousand and NT\$35,019,337 thousand, constituting 23.7% and 15.7% of the consolidated total sales revenue of the Group for the years ended December 31, 2023 and 2022, respectively.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion with other matter paragraph on the parent company only financial statements of Innolux Corporation as at and for the years ended December 31, 2023 and 2022.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal

control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

- A. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists,

we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

PricewaterhouseCoopers, Taiwan

February 22, 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 independent auditors' report 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
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2023	December 31, 2022
Current Assets			
1100	Cash and cash equivalents	\$ 50,512,584	\$ 68,490,588
1110	Financial assets at fair value through profit or loss - current	460,767	385,503
1136	Financial assets at amortized cost - current	12,112,991	22,238,541
1170	Accounts receivable, net	29,584,510	32,877,767
1180	Accounts receivable, net - related parties	430,861	714,522
1200	Other receivables	1,958,858	1,995,830
130X	Inventory	37,150,576	35,917,279
1410	Prepayments	1,319,982	1,757,532
1479	Other current assets	119,010	924,103
11XX	Total current assets	133,650,139	165,301,665
Non-current assets			
1510	Financial assets at fair value through profit or loss - non-current	5,300,152	4,841,428
1517	Financial assets at fair value through other comprehensive income - non-current	6,665,014	5,331,006
1535	Financial assets at amortized cost - non-current	18,813,183	2,871,573
1550	Investments accounted for under equity method	703,591	1,536,817
1600	Property, plant and equipment	149,253,011	157,533,518
1755	Right-of-use assets	4,091,841	4,789,753
1760	Investment property, net	416,077	443,866
1780	Intangible assets	17,542,372	17,511,360
1840	Deferred income tax assets	2,845,935	3,547,360
1990	Other non-current assets	18,249,127	20,033,150
15XX	Total non-current assets	223,880,303	218,439,831
1XXX	Total assets	\$ 357,530,442	\$ 383,741,496

(Continued)

INNOLUX CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2023	December 31, 2022
Current Liabilities			
2100	Short-term borrowings	\$ 170,000	\$ 425,000
2120	Financial liabilities at fair value through profit or loss - current	44,596	329,181
2170	Accounts payable	39,178,762	35,612,347
2180	Accounts payable - related parties	1,205,003	1,161,824
2200	Other payables	28,336,062	31,947,840
2230	Current income tax liabilities	1,907,319	2,453,028
2250	Provisions - current	3,372,767	5,668,367
2280	Lease liabilities - current	593,127	662,818
2320	Long-term liabilities, current portion	7,575,503	8,774,740
2399	Other current liabilities	5,175,611	5,687,868
21XX	Total current liabilities	<u>87,558,750</u>	<u>92,723,013</u>
Non-current liabilities			
2540	Long-term borrowings	31,977,559	26,838,109
2570	Deferred income tax liabilities	1,738,759	1,570,091
2580	Lease liabilities - non-current	3,125,352	3,882,389
2600	Other non-current liabilities	4,244,761	5,733,174
25XX	Total non-current liabilities	<u>41,086,431</u>	<u>38,023,763</u>
2XXX	Total liabilities	<u>128,645,181</u>	<u>130,746,776</u>
Equity attributable to owners of the parent			
Share capital			
3110	Common stock	90,786,334	95,564,562
3200	Capital surplus	103,468,658	103,312,414
Retained earnings			
3310	Legal reserve	13,811,763	13,811,763
3320	Special reserve	5,565,152	3,204,136
3350	Unappropriated retained earnings	21,754,128	42,750,417
3400	Other equity interest	(7,198,699)	(5,565,152)
3500	Treasury shares	(62,467)	(602,916)
31XX	Equity attributable to owners of the parent	<u>228,124,869</u>	<u>252,475,224</u>
36XX	Non-controlling interests	<u>760,392</u>	<u>519,496</u>
3XXX	Total equity	<u>228,885,261</u>	<u>252,994,720</u>
3X2X	Total liabilities and equity	<u>\$ 357,530,442</u>	<u>\$ 383,741,496</u>

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

INNOLUX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022

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

Items	Notes	2023	2022
4000 Sales revenue	6(22) and 7	\$ 211,740,557	\$ 223,715,758
5000 Operating costs	6(6)(27) and 7	(208,631,513)	(230,621,530)
5900 Net operating margin (loss)		<u>3,109,044</u>	<u>(6,905,772)</u>
Operating expenses	6(27)		
6100 Selling expenses		(2,519,314)	(3,565,393)
6200 General and administrative expenses		(7,287,108)	(8,148,430)
6300 Research and development expenses		(12,011,556)	(13,045,403)
6000 Total operating expenses		<u>(21,817,978)</u>	<u>(24,759,226)</u>
6900 Operating loss		<u>(18,708,934)</u>	<u>(31,664,998)</u>
Non-operating income and expenses			
7100 Interest income	6(23)	2,507,561	1,589,283
7010 Other income	6(24)	2,189,040	5,940,109
7020 Other gains and losses	6(25)	(679,985)	(1,161,232)
7050 Finance costs	6(26)	(1,704,725)	(915,668)
7060 Share of profit (loss) of associates and joint ventures accounted for under equity method	6(7)	33,912	(9,947)
7000 Total non-operating income and expenses		<u>2,345,803</u>	<u>5,442,545</u>
7900 Loss before income tax		<u>(16,363,131)</u>	<u>(26,222,453)</u>
7950 Income tax expense	6(29)	(2,235,599)	(1,692,323)
8200 Loss for the year		<u>\$ (18,598,730)</u>	<u>\$ (27,914,776)</u>

(Continued)

INNOLUX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022

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

Items	Notes	2023	2022
Other comprehensive income (net)			
Components of other comprehensive income (loss) that will not be reclassified to profit or loss			
8311	Remeasurement of defined benefit plans	\$ 8,928	\$ 220,400
8316	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	15,786	(4,581,277)
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	—	13,499
8349	Income tax related to components of other comprehensive (loss) income that will not be reclassified to profit or loss	(16,589)	474,360
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss	8,125	(3,873,018)
Components of other comprehensive (loss) income that will be reclassified to profit or loss			
8361	Financial statements translation differences of foreign operations	(1,608,183)	1,589,007
8370	Share of other comprehensive (loss) income of associates and joint ventures accounted for under equity method	(32,278)	101,069
8360	Other comprehensive (loss) income that will be reclassified to profit or loss	(1,640,461)	1,690,076
8300	Other comprehensive loss for the year, net of tax	<u>\$ (1,632,336)</u>	<u>\$ (2,182,942)</u>
8500	Total comprehensive loss for the year	<u>\$ (20,231,066)</u>	<u>\$ (30,097,718)</u>
Loss attributable to:			
8610	Owners of the parent	<u>\$ (18,642,539)</u>	<u>\$ (27,990,256)</u>
8620	Non-controlling interest	<u>\$ 43,809</u>	<u>\$ 75,480</u>
Other comprehensive (loss) income attributable to:			
8710	Owners of the parent	<u>\$ (20,268,820)</u>	<u>\$ (30,174,952)</u>
8720	Non-controlling interest	<u>\$ 37,754</u>	<u>\$ 77,234</u>
Loss per share (in dollars)			
9750	Basic loss per share	<u>\$ (2.01)</u>	<u>\$ (2.76)</u>

INNOLUX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent										
		Share Capital		Retained Earnings			Other Equity Interest					
		Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	Total	Non-controlling interests	Total
Notes												
2022												
		\$ 105,596,201	\$103,287,482	\$ 8,062,551	\$ 6,059,671	\$ 84,545,631	\$ (9,862,144)	\$ 6,658,008	\$ —	\$304,347,400	\$ 449,531	\$304,796,931
		—	—	—	—	(27,990,256)	—	—	—	(27,990,256)	75,480	(27,914,776)
		—	—	—	—	176,320	1,688,322	(4,049,338)	—	(2,184,696)	1,754	(2,182,942)
		—	—	—	—	(27,813,936)	1,688,322	(4,049,338)	—	(30,174,952)	77,234	(30,097,718)
		Appropriations of 2021 earnings:										
		—	—	5,749,212	—	(5,749,212)	—	—	—	—	—	—
		—	—	—	(2,855,535)	2,855,535	—	—	—	—	—	—
		—	—	—	—	(11,087,601)	—	—	—	(11,087,601)	—	(11,087,601)
		(10,031,639)	—	—	—	—	—	—	47,500	(9,984,139)	—	(9,984,139)
		—	247	—	—	—	—	—	—	247	—	247
		—	10,169	—	—	—	—	—	—	10,169	8,664	18,833
		—	—	—	—	—	—	—	(650,416)	(650,416)	—	(650,416)
		—	—	—	—	—	—	—	—	—	(15,933)	(15,933)
		—	14,516	—	—	—	—	—	—	14,516	—	14,516
		\$ 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
2023												
		\$ 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
		—	—	—	—	(18,642,539)	—	—	—	(18,642,539)	43,809	(18,598,730)
		—	—	—	—	7,266	(1,635,525)	1,978	—	(1,626,281)	(6,055)	(1,632,336)
		—	—	—	—	(18,635,273)	(1,635,525)	1,978	—	(20,268,820)	37,754	(20,231,066)
		Appropriation of 2022 earnings:										
		—	—	—	2,361,016	(2,361,016)	—	—	—	—	—	—
		(4,778,228)	—	—	—	—	—	—	22,625	(4,755,603)	—	(4,755,603)
		—	6,556	—	—	—	—	—	—	6,556	—	6,556
		—	155,910	—	—	—	—	—	—	155,910	256,655	412,565
		—	11,475	—	—	—	—	—	—	11,475	9,462	20,937
		—	(55,038)	—	—	—	—	—	517,824	462,786	—	462,786
		—	—	—	—	—	—	—	—	—	(62,975)	(62,975)
		—	37,341	—	—	—	—	—	—	37,341	—	37,341
		\$ 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

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

INNOLUX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		\$ (16,363,131)	\$ (26,222,453)
Adjustments			
Adjustments to reconcile (profit) loss			
Depreciation and amortization	6(27)	30,773,369	32,457,777
Net gain on financial assets or liabilities at fair value through profit or loss		(710,218)	(235,831)
Compensation cost of share-based payments	6(27)	233,954	7,226
Expected credit loss	12(2)	5,331	16,158
Share of (profit) loss of associates and joint ventures accounted for under equity method	6(7)	(33,912)	9,947
Loss on disposal of investments	6(25)	—	3,709
Loss on disposal of property, plant and equipment	6(25)	113,895	134,544
Loss on lease modification		202	—
Gain on disposal of intangible assets		(60)	—
Non-financial asset impairment loss	6(8)	1,535,225	—
Interest expense	6(26)	1,704,725	915,668
Interest income	6(23)	(2,507,561)	(1,589,283)
Dividend income	6(24)	(190,326)	(1,907,153)
Foreign exchange loss (gain)		31,085	(2,426,277)
Others		—	197
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets /liabilities at fair value through profit or loss		(359,849)	(69,969)
Accounts receivable		3,124,395	27,633,753
Accounts receivable - related parties		283,661	636,853
Other receivables		148,217	460,552
Inventories		(1,233,297)	2,360,942
Prepayments		(637,607)	(8,884,814)
Other current assets		(59,989)	224,446
Others non-current assets		(369,595)	—
Changes in operating liabilities			
Accounts payable		3,729,707	(16,709,131)
Accounts payable - related parties		43,179	(1,028,484)
Other payables		(3,491,283)	(5,933,554)
Provisions		(1,979,501)	(1,090,895)
Other current liabilities		(2,328,225)	61,386
Other non-current liabilities		228,023	711,153
Cash inflow (outflow) generated from operations		11,690,414	(463,533)
Cash paid for income tax		(2,134,533)	(1,519,560)
Net cash flows from (used in) operating activities		9,555,881	(1,983,093)

(Continued)

INNOLUX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss		\$ (7,278,730)	\$ (428,786)
Proceeds from disposal of financial assets at fair value through profit or loss		7,477,994	17,330,195
Acquisition of investments in financial assets measured at fair value through other comprehensive income		(1,349,789)	—
(Increase) decrease in financial assets at amortized cost - current		(5,576,817)	8,240,038
Acquisitions of financial assets at amortized cost - non-current		(19,196,684)	—
Proceeds from disposal of financial assets at amortized cost		7,028,289	61,712,578
Proceeds from repayments of financial assets at amortized cost		11,511,327	4,928,494
Decrease (increase) in refundable deposits		272,006	(1,088,493)
Proceeds from capital reduction of investments accounted for under equity method		873,619	—
Increase in investment accounted for under equity method		(70,000)	(86,829)
Acquisition of property, plant and equipment	6(31)	(21,351,840)	(21,048,162)
Proceeds from disposal of property, plant and equipment		135,876	96,739
Acquisition of intangible assets	6(11)	(103)	(6,006)
Proceeds from disposal of intangible assets		201	—
Interest received		2,884,629	1,671,092
Dividends received		228,775	1,980,909
Others		33,848	—
Net cash flows (used in) from investing activities		<u>(24,377,399)</u>	<u>73,301,769</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term borrowings		(255,000)	173,328
Proceeds from long-term borrowings		39,058,412	—
Repayments of long-term borrowings		(35,049,959)	(8,786,833)
Interest paid		(1,628,492)	(878,578)
Repayment of the principal portion of lease liabilities		(671,936)	(657,345)
Cash dividends paid	6(20)	—	(11,087,601)
Proceeds from disposal of shares of subsidiaries		20,937	—
Net change of non-controlling interests		(62,969)	(18,001)
Share-based payments		98,352	11,607
Payments to acquire treasury shares	6(18)	—	(602,916)
Treasury shares transferred to employees	6(18)	248,975	—
Cash capital reduction	6(18)	(4,755,603)	(10,031,639)
Others	6(19)	37,341	14,516
Net cash flows used in financing activities		<u>(2,959,942)</u>	<u>(31,863,462)</u>
Effect of changes in foreign currency exchange		<u>(196,544)</u>	<u>367,628</u>
Net (decrease) increase in cash and cash equivalents		<u>(17,978,004)</u>	<u>39,822,842</u>
Cash and cash equivalents at beginning of year		<u>68,490,588</u>	<u>28,667,746</u>
Cash and cash equivalents at end of year		<u>\$ 50,512,584</u>	<u>\$ 68,490,588</u>

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

INNOLUX CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

(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 authorized for issuance by the Board of Directors on February 22, 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 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS12, ‘International tax reform - pillar two model rules’	May 23, 2023

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 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.

(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 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
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
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.

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

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations as endorsed and issued into effect by the FSC (collectively referred herein as the "IFRSs").

(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 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

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Significant inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2023	December 31, 2022	
Innolux Corporation	Innolux Holding Limited	Investment holdings	100	100	—
	Keyway Investment Management Limited	Investment holdings	100	100	—

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2023	December 31, 2022	
Innolux Corporation	Landmark International Ltd.	Investment holdings	100	100	—
	Toppoly Optoelectronics (B.V.I.) Ltd.	Investment holdings	100	100	—
	Innolux Hong Kong Holding Limited	Investment holdings	100	100	—
	Yuan Chi Investment Co., Ltd.	Investment company	100	100	—
	InnoJoy Investment Corporation	Investment company	100	100	—
	Innolux Japan Co., Ltd.	Investment, R&D and distribution company	54	54	—
	Innolux Singapore Holding Pte. Ltd.	Investment holdings	100	100	—
	InnoCare Optoelectronics Corporation	Investment, R&D, manufacturing and distribution company	50	57	(a) and (b)
	GIO Optoelectronics Corp.	Investment, R&D, manufacturing and distribution company	76	76	—
	INStek Corporation	R&D, manufacturing and distribution company	40	40	—
Innolux Holding Limited	Rockets Holding Limited	Investment holdings	100	100	—
Keyway Investment Management Limited	Suns Holding Ltd	Investment holdings	100	100	—
	Foshan Innolux Logistics Ltd.	Warehousing company	100	100	—
Landmark International Ltd.	Ningbo Innolux Optoelectronics Ltd.	Processing company	100	100	—
	Foshan Innolux Optoelectronics Ltd.	Processing company	100	100	—
	Ningbo Innolux Display Ltd.	Processing company	100	100	—
Toppoly Optoelectronics (B.V.I.) Ltd.	Toppoly Optoelectronics (Cayman) Ltd.	Investment holdings	100	100	—
Innolux Hong Kong Holding Limited	Innolux Hong Kong Limited	Distribution company	100	100	—
	Innolux Japan Co., Ltd.	Investment, R&D and distribution company	46	46	—
	CarUX Holding Limited	Investment holdings	95	100	—

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2023	December 31, 2022	
InnoJoy Investment Corporation	Inno Capital Corporation	Investment company	100	100	—
Innolux Japan Co., Ltd.	Innolux USA, Inc.	Distribution company	100	100	—
Innolux Singapore Holding Pte. Ltd.	INNOLUX OPTOELECTRONICS INDIA PRIVATE LIMITED	Distribution company	100	100	—
Rockets Holding Limited	Stanford Developments Limited	Investment holdings	100	100	—
	Nets Trading Ltd.	Investment company	100	100	—
Suns Holding Ltd	Warriors Technology Investments Ltd	Investment company	100	100	—
Toppoly Optoelectronics (Cayman) Ltd.	Nanjing Innolux Technology Ltd.	Distribution company	100	100	—
	Nanjing Innolux Optoelectronics Ltd.	Processing company	100	100	—
CarUX Holding Limited	CARUX TECHNOLOGY PTE. LTD.	Investment and distribution company	100	100	—
	Ultimate Fantasy Limited	Investment holdings	—	—	(c)
Ultimate Fantasy Limited	CarUX Holding Limited	Investment holdings	5	—	—
CARUX TECHNOLOGY PTE. LTD.	CarUX Technology Hong Kong Holding Limited	Investment holdings	100	100	(d)
	CarUX Technology Europe B.V.	Investment, distribution, and R&D testing company	100	100	(g)
CarUX Technology Taiwan Inc.	CarUX Technology Taiwan Inc.	R&D, manufacturing and distribution company	100	100	(e)
	CarUX Technology Hong Kong Holding Limited	Processing company	100	100	(f)
CarUX Technology Europe B.V.	CarUX Technology Germany GmbH	Testing and maintenance company	100	100	(h)
Stanford Developments Limited	Innocom Technology (Shenzhen) Co., Ltd.	Processing company	100	100	—
Ningbo Innolux Optoelectronics Ltd.	Ningbo CarUX Technology Ltd.	Processing company	100	100	—
InnoCare Optoelectronics Corporation	InnoCare Optoelectronics Japan Co., Ltd.	Distribution company	100	100	—

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%)		Description
			December 31, 2023	December 31, 2022	
InnoCare Optoelectronics Corporation	InnoCare Optoelectronics USA, INC.	Distribution company	100	100	—
	Ningbo Innolux Electornics Ltd.	Manufacturing and distribution company	100	100	—
	Innocare Optoelectronics Europe B.V.	After-sales service company	100	100	—
GIO Optoelectronics Corp.	Double Star Inc.	Investment holdings	100	100	—
	GIO (Maanshan) Optoelectronics Co., Ltd.	Processing company	100	100	—

- (a) In the first quarter of 2023, InnoCare Optoelectronics Corporation (“InnoCare Company”) issued 3,600 thousand common stock in cash capital increase before the initial listing and the Company was granted an over-allotment of 300 thousand shares, thereby decreasing the Company’s shareholding ratio from 57% to 51%.
- (b) 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%.
- (c) Ultimate Fantasy Limited was established in the first quarter of 2023 and was included in the consolidated financial statements since the date of establishment.
- (d) Innolux Optoelectronics Hong Kong Holding Limited changed its name to CarUX Technology Hong Kong Holding Limited in the second quarter of 2023.
- (e) CarUX Technology Inc. changed its name to CarUX Technology Taiwan Inc. in the second quarter of 2023.
- (f) Shanghai Innolux Optoelectronics Ltd. changed its name to CarUX Technology (Shanghai) Ltd. in the second quarter of 2023.
- (g) Innolux Europe B.V. changed its name to CarUX Technology Europe B.V. in the third quarter of 2023.
- (h) Innolux Technology Germany GmbH changed its name to CarUX Technology Germany GmbH in the third quarter of 2023.

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.

(4) Foreign currency translation

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in New Taiwan dollars, which is the Company’s functional and the Group’s presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognized in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group retains partial interest in the former foreign associate after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realized within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
- (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
- D. The Group recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:
The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortized cost

- A. Financial assets at amortized cost are those that meet all of the following criteria:
- (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

For financial assets at amortized cost, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(13) Operating leases (lessor)

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(14) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(15) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. When the Group dispose its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the

associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(16) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	2~51 years
Machinery and equipment	1~11 years
Other equipment	1~6 years

(17) Leasing arrangements (lessee) - right-of-use assets / lease liabilities

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:
 - (a) Fixed payments, less any lease incentives receivable; and
 - (b) Variable lease payments that depend on an index or a rate.

The Group subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
 - (a) The amount of the initial measurement of lease liability;

- (b) Any lease payments made at or before the commencement date; and
- (c) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognize the difference in profit or loss.

(18) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 25 ~ 51 years.

(19) Intangible assets

- A. Goodwill arises in a business combination accounted for by applying the acquisition method.
- B. Patent, royalties and other intangible assets are amortized on a straight-line basis over their estimated useful lives of 2 ~ 10 years.

(20) Impairment of non-financial assets

- A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.
- B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(21) Borrowings

- A. Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

(22) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

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

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges.
- B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognized in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognized in profit or loss.

(24) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(25) Provisions

Provisions (including warranties, litigations, etc.) are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(26) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.
- ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognizes expense as it can no longer withdraw an offer of termination benefits or it recognizes relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(27) Employee share-based payment

- A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

B. Restricted stocks

- (a). Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period.
- (b). There are no limits with participate dividend distribute rights, the Group increase non-controlling interest when the dividend returned by the employees resign during the vesting period.
- (c). For restricted stocks where employees have to pay to acquire those stocks, if employees resign during the vesting period, they must return the stocks to the Group and the Group must refund their payments on the stocks, the Group recognizes the payments from the employees who are expected to resign during the vesting period as liabilities at the grant date, and recognizes the payments from the employees who are expected to be eventually vested with the stocks in capital surplus.

(28) Income tax

- A. The tax expense for the year comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
- E. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(29) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs, is included in equity attributable to the Company's equity holders.

(30) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders' meeting. Cash dividends are recorded as liabilities.

(31) Revenue recognition

- A. The Group is primarily engaged in manufacture and sale of TFT-LCD panel products. The Group recognizes revenue when the right of control is transferred to the customer when the products are delivered to customer and the Group has no unperformed obligation that could affect customer acceptance of the product. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
- B. Sales revenue is calculated based on the contract price, net of volume discounts and sales returns and discounts. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts and sales discounts and allowances. Accumulated experience is used to estimate and provide for the volume discounts, sales discounts and allowances, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognized for expected volume discounts, sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made, which is consistent with market practice.
- C. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(32) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognized as current

liabilities or non-current liabilities according to liquidity and are amortized to profit or loss over the estimated useful lives of the related assets using the straight-line method.

(33) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

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

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. For the information of critical accounting judgments, estimates and key sources of assumption uncertainty is addressed below:

(1) Critical accounting estimates and assumptions

The Group makes estimates and assumptions based on the expectation of future events that are believed to be reasonable under the circumstances at the end of the reporting period. The resulting accounting estimates might be different from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

A. Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group's subjective judgment, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units. Please refer to Note 6(11) for the information on goodwill impairment.

B. Impairment assessment of tangible and intangible assets (excluding goodwill)

The Group assesses impairment based on its subjective judgment and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilized and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future. Please refer to Notes 6(11) for the information on impairment assessment .

C. Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgments and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand, demand deposits and checking accounts	\$ 35,642,578	\$ 32,480,275
Time deposits	14,870,006	35,733,923
Fixed income financial products in 3 months	—	276,390
	<u>\$ 50,512,584</u>	<u>\$ 68,490,588</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

<u>Assets</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current items</u>		
Financial assets mandatorily measured at fair value through profit or loss		
Forward foreign exchange contracts	\$ 396,892	\$ 342,475
Foreign exchange swap contracts	63,875	43,028
	<u>\$ 460,767</u>	<u>\$ 385,503</u>
<u>Non-current items</u>		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 3,788,437	\$ 3,261,581
Unlisted stocks	1,131,716	1,271,077
Financial products	177,261	114,782
Convertible bonds	202,738	193,988
	<u>\$ 5,300,152</u>	<u>\$ 4,841,428</u>
<u>Liabilities</u>		
<u>Current items</u>		
Financial liabilities held for trading		
Forward foreign exchange contracts	\$ 44,596	\$ 289,691
Foreign exchange swap contracts	—	39,490
	<u>\$ 44,596</u>	<u>\$ 329,181</u>

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

Derivative financial assets and liabilities	December 31, 2023			December 31, 2022		
	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)	\$ 257,000	2023/11-2024/02	USD (sell)	\$ 250,000	2022/12-2023/01
	RMB (buy)	1,850,771	2023/11-2024/02	RMB (buy)	1,748,133	2022/12-2023/01
Forward foreign exchange contracts	RMB (sell)	325,000	2023/11-2024/02	RMB (sell)	550,000	2022/10-2023/01
	TWD (buy)	1,414,638	2023/11-2024/02	TWD (buy)	2,417,714	2022/10-2023/01
Forward foreign exchange contracts	USD (sell)	35,000	2023/12-2024/01	USD (sell)	30,000	2022/12-2023/01
	JPY (buy)	5,018,000	2023/12-2024/01	JPY (buy)	4,049,825	2022/12-2023/01
Forward foreign exchange contracts	TWD (sell)	5,708,377	2023/08-2024/05	TWD (sell)	4,850,675	2022/10-2023/03
	JPY (buy)	26,350,000	2023/08-2024/05	JPY (buy)	22,000,000	2022/10-2023/03
Forward foreign exchange contracts	EUR (sell)	4,700	2023/12-2024/01	EUR (sell)	7,700	2022/11-2023/02
	USD (buy)	5,176	2023/12-2024/01	USD (buy)	7,994	2022/11-2023/02
Forward foreign exchange contracts	HKD (sell)	70,198	2023/12-2024/01	HKD (sell)	37,500	2022/11-2023/01
	USD (buy)	9,000	2023/12-2024/01	USD (buy)	4,800	2022/11-2023/01
Forward foreign exchange contracts	USD (sell)	261,000	2023/10-2024/01	USD (sell)	871,860	2022/12-2023/02
	TWD (buy)	8,166,841	2023/10-2024/01	TWD (buy)	26,492,656	2022/12-2023/02
Foreign exchange swap contracts	USD (sell)	137,000	2023/11-2024/02	USD (sell)	457,000	2022/11-2023/02
	TWD (buy)	4,257,216	2023/11-2024/02	TWD (buy)	14,022,914	2022/11-2023/02

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

	December 31, 2023	December 31, 2022
<u>Non-current items</u>		
Equity instruments		
Listed stocks	\$ 6,532,864	\$ 5,309,890
Unlisted stocks	132,150	21,116
	<u>\$ 6,665,014</u>	<u>\$ 5,331,006</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 years ended December 31, 2023 and 2022, please refer to Note 6(21) "Other equity".

(4) Financial assets at amortized cost

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current items</u>		
Principal guaranteed financial assets	\$ 11,236,955	\$ 15,031,515
Corporate bonds	876,036	5,186,488
Fixed income financial products	—	2,020,538
	<u>\$ 12,112,991</u>	<u>\$ 22,238,541</u>
<u>Non-current items</u>		
Principal guaranteed financial assets	\$ 18,813,183	\$ 1,984,480
Corporate bonds	—	887,093
	<u>\$ 18,813,183</u>	<u>\$ 2,871,573</u>

A. The Group recognized \$846,726 and \$921,172 of interest income arising from the financial assets at amortized cost for the years ended December 31, 2023 and 2022, 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 defaults is remote.

(5) Notes receivable and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	\$ 256,908	\$ 161,976
Accounts receivable	29,612,190	32,995,051
	<u>29,869,098</u>	<u>33,157,027</u>
Less: Allowance for uncollectible accounts	(284,588)	(279,260)
	<u>\$ 29,584,510</u>	<u>\$ 32,877,767</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Not past due	\$ 28,745,416	\$ 29,766,334
Up to 60 days	1,048,924	2,224,780
61 to 180 days	50,902	820,381
Over 180 days	23,856	345,532
	<u>\$ 29,869,098</u>	<u>\$ 33,157,027</u>

The above aging analysis was based on past due date.

B. As of December 31, 2023 and 2022, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to \$60,790,780.

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

(6) Inventories

	December 31, 2023	December 31, 2022
Raw materials and supplies	\$ 4,953,641	\$ 5,919,722
Work in progress	13,595,294	14,418,978
Finished goods	18,601,641	15,578,579
	<u>\$ 37,150,576</u>	<u>\$ 35,917,279</u>

For the years ended December 31, 2023 and 2022, the Group recognized cost of goods sold for inventories that have been sold at \$208,532,061 and \$230,097,172 and recognized net inventory loss at \$99,452 and \$524,358 due to write down of cost of scrap inventories to net realizable value, respectively.

(7) Investments accounted for under the equity method

	December 31, 2023	December 31, 2022
FI Medical Device Manufacturing Co., Ltd.	\$ 308,214	\$ 304,356
CDIB-Innolux Limited Partnership	243,859	139,072
PanelSemi Corporation	95,884	162,329
Ampower Holding Ltd.	48,561	904,206
Others	7,073	26,854
	<u>\$ 703,591</u>	<u>\$ 1,536,817</u>

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

	Years ended December 31,	
	2023	2022
Profit (loss) for the year from continuing operations	\$ 33,912	\$ (9,947)
Other comprehensive (loss) income - net of tax	(32,278)	114,568
Total comprehensive income	<u>\$ 1,634</u>	<u>\$ 104,621</u>

(8) Property, plant and equipment

	2023				
	At January 1	Additions	Disposals	Transfer, net exchange differences and others	At December 31
Cost:					
Land	\$ 4,093,726	\$ —	\$ —	\$ —	\$ 4,093,726
Buildings	208,111,269	766,081	(2,660,835)	2,477,312	208,693,827
Machinery and equipment	545,736,320	3,442,458	(6,002,796)	17,704,715	560,880,697
Other equipment	51,037,607	5,606	(2,832,571)	3,546,953	51,757,595
	<u>808,978,922</u>	<u>4,214,145</u>	<u>(11,496,202)</u>	<u>23,728,980</u>	<u>825,425,845</u>
Accumulated depreciation and impairment:					
Buildings	(156,000,139)	(7,215,418)	2,632,901	310,717	(160,271,939)
Machinery and equipment	(467,000,256)	(20,420,820)	5,676,084	689,764	(481,055,228)
Other equipment	(44,540,303)	(3,979,727)	2,785,955	64,044	(45,670,031)
	<u>(667,540,698)</u>	<u>(31,615,965)</u>	<u>11,094,940</u>	<u>1,064,525</u>	<u>(686,997,198)</u>
Unfinished construction and equipment under acceptance	16,095,294	17,545,916	—	(22,816,846)	10,824,364
	<u>\$ 157,533,518</u>				<u>\$ 149,253,011</u>

	2022				
	At January 1	Additions	Disposals	Transfer, net exchange differences and others	At December 31
Cost:					
Land	\$ 4,093,726	\$ —	\$ —	\$ —	\$ 4,093,726
Buildings	205,568,161	613,182	(134,314)	2,064,240	208,111,269
Machinery and equipment	537,561,904	3,503,973	(6,330,550)	11,000,993	545,736,320
Other equipment	50,862,400	15,367	(4,096,390)	4,256,230	51,037,607
	<u>798,086,191</u>	<u>4,132,522</u>	<u>(10,561,254)</u>	<u>17,321,463</u>	<u>808,978,922</u>
Accumulated depreciation and impairment:					
Buildings	(147,599,956)	(8,275,945)	132,370	(256,608)	(156,000,139)
Machinery and equipment	(453,390,220)	(19,285,056)	6,214,901	(539,881)	(467,000,256)
Other equipment	(44,323,458)	(4,202,855)	4,065,993	(79,983)	(44,540,303)
	<u>(645,313,634)</u>	<u>(31,763,856)</u>	<u>10,413,264</u>	<u>(876,472)</u>	<u>(667,540,698)</u>
Unfinished construction and equipment under acceptance	9,835,351	17,502,620	—	(11,242,677)	16,095,294
	<u>\$ 162,607,908</u>				<u>\$ 157,533,518</u>

- A. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.
- B. As of December 31, 2023 and 2022, the prepayments for business facilities which have not yet entered the factory (shown as ‘other non-current assets’) amounted to \$914,846 and \$3,704,935, respectively.
- C. In 2023, the Company implemented the impairment assessment on non-financial assets whose capacity utilization was extremely low. An impairment loss of \$1,535,225 is recognized as the asset’s carrying amount exceeds its recoverable amount under the assessment.

(9) Leasing arrangements - lessee

- A. The Group leases various assets including land, offices and business vehicles. 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 amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Land	\$ 3,942,352	\$ 4,693,516
Buildings	149,272	95,060
Other equipment	217	1,177
	<u>\$ 4,091,841</u>	<u>\$ 4,789,753</u>
	Year ended	Year ended
	December 31, 2023	December 31, 2022
	Depreciation Charge	Depreciation Charge
Land	\$ 470,256	\$ 488,612
Buildings	63,235	42,445
Other equipment	997	1,236
	<u>\$ 534,488</u>	<u>\$ 532,293</u>

D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were \$40,420 and \$33,236, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 73,193	\$ 81,331
Expense on variable lease payments	189,357	156,621
Expense on short-term lease contracts	57,571	73,159
Expense on leases of low-value assets	28,200	48,636

F. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were \$1,010,641 and \$965,005, respectively.

(10) Investment property

	2023		
	At January 1	Additions	At December 31
Cost:			
Land	\$ 188,247	\$ —	\$ 188,247
Buildings	439,228	—	439,228
	<u>627,475</u>	<u>—</u>	<u>627,475</u>
Accumulated depreciation:			
Buildings	(183,609)	(27,789)	(211,398)
	<u>\$ 443,866</u>	<u>\$ (27,789)</u>	<u>\$ 416,077</u>
	2022		
	At January 1	Additions	At December 31
Cost:			
Land	\$ 188,247	\$ —	\$ 188,247
Buildings	439,228	—	439,228
	<u>627,475</u>	<u>—</u>	<u>627,475</u>
Accumulated depreciation:			
Buildings	(155,820)	(27,789)	(183,609)
	<u>\$ 471,655</u>	<u>\$ (27,789)</u>	<u>\$ 443,866</u>

The fair value of the investment property held by the Group as at December 31, 2023 and 2022 was \$1,751,066 and \$1,670,276, 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:

		2023				
		At January 1	Additions	Disposals	Transfer, net exchange differences and others	At December 31
Cost:						
Patents and royalty	\$	8,229,854	\$ —	\$ —	\$ 800	\$ 8,230,654
Goodwill		17,117,339	—	—	—	17,117,339
Others		4,677,996	103	(374,280)	156,749	4,460,568
		<u>30,025,189</u>	<u>103</u>	<u>(374,280)</u>	<u>157,549</u>	<u>29,808,561</u>
Accumulated amortization and impairment:						
Patents and royalty		(8,188,585)	(20,156)	—	—	(8,208,741)
Others		(4,325,244)	(110,196)	374,139	3,853	(4,057,448)
		<u>(12,513,829)</u>	<u>(130,352)</u>	<u>374,139</u>	<u>3,853</u>	<u>(12,266,189)</u>
	\$	<u>17,511,360</u>	<u>(130,249)</u>	<u>(141)</u>	<u>161,402</u>	<u>17,542,372</u>
		2022				
		At January 1	Additions	Disposals	Transfer, net exchange differences and others	At December 31
Cost:						
Patents and royalty	\$	8,232,454	\$ —	\$ (3,000)	\$ 400	\$ 8,229,854
Goodwill		17,117,339	—	—	—	17,117,339
Others		4,862,691	6,006	(313,305)	122,604	4,677,996
		<u>30,212,484</u>	<u>6,006</u>	<u>(316,305)</u>	<u>123,004</u>	<u>30,025,189</u>
Accumulated amortization and impairment:						
Patents and royalty		(8,171,928)	(19,656)	3,000	(1)	(8,188,585)
Others		(4,519,962)	(114,183)	313,305	(4,404)	(4,325,244)
		<u>(12,691,890)</u>	<u>(133,839)</u>	<u>316,305</u>	<u>(4,405)</u>	<u>(12,513,829)</u>
	\$	<u>17,520,594</u>	<u>(127,833)</u>	<u>—</u>	<u>118,599</u>	<u>17,511,360</u>

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

	Years ended December 31,	
	2023	2022
Operating costs	\$ 42,650	\$ 40,165
Operating expenses	87,203	93,674
	<u>\$ 129,853</u>	<u>\$ 133,839</u>

C. The Company is primarily engaged in the manufacture of TFT-LCD products, which is a single cash-generating unit. The Group performed impairment analysis for recoverable amount of the goodwill and property, plant and equipment at each reporting date 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, which was discounted at the discount rate of 9.89% and 9.38% , respectively, for the years ended December 31, 2023 and 2022, to reflect the specific risks of the related cash generating units. The future cash flows were estimated based on the future revenue, gross profit, and other operating costs each year.

(12) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	\$ 170,000	\$ 425,000	None
Range of interest rates	1.78%~1.80%	1.95%~2.07%	

(13) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other personnel expenses	\$ 8,372,824	\$ 11,943,471
Payable on machinery and equipment	5,167,549	4,759,328
Repairs and maintenance expense payable	2,475,747	2,636,678
Utilities expense payable	1,128,837	1,116,532
Other payables	11,191,105	11,491,831
	<u>\$ 28,336,062</u>	<u>\$ 31,947,840</u>

(14) Long-term borrowings

<u>Type of borrowings</u>	<u>Period</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Syndicated bank borrowings	2019/4/15 ~2026/3/24	\$ 37,500,000	\$ 35,000,000
Unsecured borrowings	2021/12/2 ~2029/2/15	2,141,760	600,000
Secured borrowings	2021/9/22 ~2024/9/22	25,000	58,333
Less:			
Administrative expenses charged by syndicated banks		(113,698)	(45,484)
Current portion (includes administrative expenses)		(7,575,503)	(8,774,740)
		<u>\$ 31,977,559</u>	<u>\$ 26,838,109</u>
Range of interest rates		1.38%~3.80%	0.75%~2.26%

- 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 years ended December 31, 2023 and 2022 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 December 31, 2023, the borrowing has yet to be drawn down.

(15) Pensions

A. Defined benefit pension plan

- (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 choose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March.
- (b) In February 2023, the Science Park, Ministry of Science and Technology has approved the temporary suspension of the Company's contributions to the retirement fund.
- (c) In the first half of 2022, the Company reached an agreement with part of its employees for terminating their defined benefit pension plans and settled its defined benefit obligation. Total pension payment paid from the plan assets was \$2,166,345. Accordingly, the Company re-assessed the actuarial assumptions and recognized gain on the settlement amounting to \$127,244 and gain on remeasurement of net defined benefit liability amounting to \$232,321.
- (d) The amounts recognized in the balance sheet are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligation	\$ 242,016	\$ 239,075
Fair value of plan assets	(527,070)	(516,955)
Net defined benefit asset	<u>\$ (285,054)</u>	<u>\$ (277,880)</u>

- (e) Movements in net defined benefit liabilities (asset) are as follows:

	<u>Present value of defined benefit obligation</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit asset</u>
Year ended December 31, 2023			
Balance at January 1	\$ 239,075	\$ 516,955	\$ (277,880)
Current service cost	5,388	—	5,388
Interest expense/income	3,110	6,721	(3,611)
	<u>8,498</u>	<u>6,721</u>	<u>1,777</u>

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit asset
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	\$ —	\$ 17,769	\$ (17,769)
Change in demographic assumptions	80	—	80
Change in financial assumptions	2,650	—	2,650
Experience adjustments	6,111	—	6,111
Paid pension	(14,398)	(14,398)	—
	<u>(5,557)</u>	<u>3,371</u>	<u>(8,928)</u>
Contribution for the year	—	23	(23)
Balance at December 31	<u>\$ 242,016</u>	<u>\$ 527,070</u>	<u>\$ (285,054)</u>
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
Year ended December 31, 2022			
Balance at January 1	\$ 2,568,347	\$ 2,501,876	\$ 66,471
Current service cost	5,514	—	5,514
Interest expense/income	10,494	12,699	(2,205)
Gain on settlement	(127,244)	—	(127,244)
	<u>(111,236)</u>	<u>12,699</u>	<u>(123,935)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	—	176,654	(176,654)
Change in demographic assumptions	9,952	—	9,952
Change in financial assumptions	(15,912)	—	(15,912)
Experience adjustments	(37,786)	—	(37,786)
Paid pension	(2,174,290)	(2,174,290)	—
	<u>(2,218,036)</u>	<u>(1,997,636)</u>	<u>(220,400)</u>
Contribution for the year	—	16	(16)
Balance at December 31	<u>\$ 239,075</u>	<u>\$ 516,955</u>	<u>\$ (277,880)</u>

- (f) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and domestic subsidiaries have no

right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(g) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2023	2022
Discount rate	1.20%~1.50%	1.30%~2.25%
Future salary increases	2.40%~3.50%	2.40%~3.50%

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	\$ (6,328)	\$ 6,575	\$ 5,876	\$ (5,694)

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2022				
Effect on present value of defined benefit obligation	\$ (6,603)	\$ 6,864	\$ 6,173	\$ (5,980)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(h) As of December 31, 2023, the weighted average duration of the retirement plan is 11~30.2 years.

B. Defined contribution pension plan

(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. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The Company's foreign subsidiaries have provided the pension in accordance with statutory laws and regulations.

(c) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022 were \$1,914,360 and \$1,957,289, respectively.

(16) Share-based payment

A. For the years ended December 31, 2023 and 2022, 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

As of December 31, 2023, 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 December 31, 2023, 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 March 24, 2023, the issue price was USD 0.5 dollars per share, and the fair value of the restricted stock was USD 1.21 dollars per share on the grant date. The CarUX Company resolved to increase its capital by issuing 6,844 thousand shares, at a par value of USD 0.001 dollars, for a total

amount of USD 7,000 dollars. The limited right of the beneficiaries to allocate or acquisition before vesting conditions are as follows:

(1)The limit before vesting condition:

- (a) Before vesting conditions, all of the employees who were allocated restricted stock shall be in custody by the trust institution which was designated by CarUX Company, and the employees needs 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 vesting condition are met.

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

After employees are allocated the restricted stocks, they still 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:

	2023
Discount rate	<u>13.7%</u>
Discount for turnover	<u>12%</u>
Discount for control right	<u>20%</u>

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 December 31, 2023, no related expense and other equity - unearned remuneration was recognized.

(b) Employee stock options - InnoCare Company

	2023		2022	
	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 year	2,614	\$ 14.5	3,414	\$ 14.5
Options exercised	<u>(851)</u>	14.5	<u>(800)</u>	14.5
Options outstanding at the end of the year	<u>1,763</u>	14.5	<u>2,614</u>	14.5
Options exercisable at the end of the year	<u>397</u>	14.5	<u>224</u>	14.5

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

		December 31, 2023	
Issue date approved	Expiry date	Quantity (in thousand units)	Exercise price (in dollars)
2020.07.07	2026.07.06	1,763	\$ 14.5

		December 31, 2022	
Issue date approved	Expiry date	Quantity (in thousand units)	Exercise price (in dollars)
2020.07.07	2026.07.06	2,614	\$ 14.5

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	22.50	35.59~ 37.23	4~5	0.34~ 0.37
Capital increase for employee stock options	99.69	70.00	33.09	5 days	0.98

E. The information on fair value of treasury stock transferred to the employees is as follows:

Type of arrangement	Grant Date	Price (in dollars)	Exercise Price (in dollars)	Fair value per unit (in dollars)
Treasury stock transferred to employees	2023.10.26	\$11.80	\$6.51	\$5.29

F. For the years ended December 31, 2023 and 2022, the Group recognized expenses on share-based payment transaction (equity settlement) amounting to \$233,954 and \$7,226, respectively.

(17) Provisions-current

	Warranty	Litigation and others	Total
At January 1, 2023	\$ 2,682,510	\$ 2,985,857	\$ 5,668,367
Additions during the year	722,953	272,432	995,385
Used (unused amounts reversed) during the year	(1,711,291)	(1,579,691)	(3,290,982)
Effect of change in exchange rate	(3)	—	(3)
At December 31, 2023	<u>\$ 1,694,169</u>	<u>\$ 1,678,598</u>	<u>\$ 3,372,767</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 and anti-trust litigations. For information on estimation of provisions, please refer to Note 9(1).

(18) Share capital

A. As of December 31, 2023, 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.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	2023	2022
	<u>Number of ordinary shares (in thousand units)</u>	<u>Number of ordinary shares (in thousand units)</u>
At January 1	9,511,206	10,559,620
Cash capital reduction	(475,560)	(998,414)
Treasury stock transferred to employees	38,360	—
Shares retired	—	(50,000)
At December 31	<u>9,074,006</u>	<u>9,511,206</u>

B. Capital reduction

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.

To adjust the capital structure, the stockholders of the Company during their meeting on June 24, 2022 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-1111803817, dated August 10, 2022.

The capital reduction amounted to \$10,031,639 for a total of 1,003,164 thousand shares, and the ratio of capital reduction was 9.5%. The effective date of the capital reduction was August 15, 2022. The change of registration was completed on August 23, 2022. The effective date of the replacement of shares due to the capital reduction was October 7, 2022.

C. Treasury shares

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

	2023		2022	
	Number of ordinary shares (in thousands)	Book value	Number of ordinary shares (in thousands)	Book value
At January 1	45,250	\$ 602,916	—	\$ —
Treasury stock transferred to employees	(38,360)	(517,824)	—	—
Retirement for the year	—	—	50,000	650,416
Cash capital reduction	(2,263)	(22,625)	(4,750)	(47,500)
At December 31	<u>4,627</u>	<u>\$ 62,467</u>	<u>45,250</u>	<u>\$ 602,916</u>

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.

	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	—	—	155,910	—	—	155,910
Recognition of change in equity of associates in proportion to the Group's ownership	—	—	—	6,556	—	6,556
Treasury stock transferred to employees	10,886	(65,924)	—	—	—	(55,038)
Difference between consideration and carrying amount of subsidiaries disposed	—	—	—	—	11,475	11,475
Others	37,341	—	—	—	—	37,341
At December 31	<u>\$100,054,920</u>	<u>\$ 3,117,490</u>	<u>\$ 172,563</u>	<u>\$ 48,080</u>	<u>\$ 75,605</u>	<u>\$103,468,658</u>
	2022					
	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	\$ 99,992,177	\$ 3,183,414	\$ 6,484	\$ 41,277	\$ 64,130	\$103,287,482
Recognition of changes in ownership interests in subsidiaries	—	—	10,169	—	—	10,169
Recognition of change in equity of associates in proportion to the Group's ownership	—	—	—	247	—	247
Others	14,516	—	—	—	—	14,516
At December 31	<u>\$100,006,693</u>	<u>\$ 3,183,414</u>	<u>\$ 16,653</u>	<u>\$ 41,524</u>	<u>\$ 64,130</u>	<u>\$103,312,414</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 year plus the amount of items other than post-tax profit for the year, and the amount was included in the unappropriated earnings for the year.

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 less 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 2022 deficit compensation which was approved at the stockholders' meeting in May 2023 and the appropriation of 2021 net income which was approved at the stockholders' meeting in June 2022 are as follows:

	Years ended December 31,			
	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ —		\$ 5,749,212	
Provision for (reversal of) special reserve	2,361,016		(2,855,535)	
Cash dividends	—	\$ —	11,087,601	\$ 1.05
	<u>\$ 2,361,016</u>		<u>\$ 13,981,278</u>	

(21) Other equity items

	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)
Revaluation - gross	—	16,781	16,781
Currency translation differences	(1,603,247)	—	(1,603,247)
Share of other comprehensive income of associates	(32,278)	—	(32,278)
Effect of income tax	—	(14,803)	(14,803)
At December 31	<u>\$ (9,809,347)</u>	<u>\$ 2,610,648</u>	<u>\$ (7,198,699)</u>

	2022		
	Currency translation	Financial assets at fair value through other comprehensive income	Total
At January 1	\$ (9,862,144)	\$ 6,658,008	\$ (3,204,136)
Revaluation - gross	—	(4,581,277)	(4,581,277)
Currency translation differences	1,587,253	—	1,587,253
Share of other comprehensive income of associates	101,069	13,499	114,568
Effect of income tax	—	518,440	518,440
At December 31	<u>\$ (8,173,822)</u>	<u>\$ 2,608,670</u>	<u>\$ (5,565,152)</u>

(22) Operating income

	Years ended December 31,	
	2023	2022
TFT-LCD products	<u>\$ 211,740,557</u>	<u>\$ 223,715,758</u>

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

(23) Interest income

	Years ended December 31,	
	2023	2022
Interest income from bank deposits	\$ 1,660,835	\$ 668,111
Interest income from financial assets at amortized cost	846,726	921,172
	<u>\$ 2,507,561</u>	<u>\$ 1,589,283</u>

(24) Other income

	Years ended December 31,	
	2023	2022
Service revenue	\$ 655,740	\$ 1,440,856
Grant revenue	334,125	877,054
Dividend income	190,326	1,907,153
Rental revenue	139,958	156,306
Compensation income	119,279	115,655
Other income	749,612	1,443,085
	<u>\$ 2,189,040</u>	<u>\$ 5,940,109</u>

(25) Other gains and losses

	Years ended December 31,	
	2023	2022
Net loss on financial assets and liabilities at fair value through profit or loss	\$ (1,448,463)	\$ (6,653,432)
Net currency exchange gain	1,230,193	5,794,907
Loss on disposal of investments	—	(3,709)
Loss on disposal of property, plant and equipment	(113,895)	(134,544)
Other losses	(347,820)	(164,454)
	<u>\$ (679,985)</u>	<u>\$ (1,161,232)</u>

(26) Finance costs

	Years ended December 31,	
	2023	2022
Interest expense:		
Bank borrowings	\$ 1,631,442	\$ 833,137
Others	73,283	82,531
	<u>\$ 1,704,725</u>	<u>\$ 915,668</u>

(27) Expenses by nature

	Years ended December 31,	
	2023	2022
Employee benefit expense:		
Salaries and other short-term employee benefits	\$ 35,677,128	\$ 40,772,718
Share-based payments	233,954	7,226
Post-employment benefits	1,916,137	1,833,354
Depreciation	30,643,516	32,323,938
Amortization	129,853	133,839
	<u>\$ 68,600,588</u>	<u>\$ 75,071,075</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 years ended December 31, 2023 and 2022, 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 and February 14, 2023, respectively.

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:

	Years ended December 31,	
	2023	2022
Current tax:		
Current tax on profit for the year	\$ 1,475,339	\$ 1,752,075
Tax on undistributed surplus earnings	3,861	205,862
Prior year income tax overestimation	(97,105)	(171,439)
Total current tax	<u>1,382,095</u>	<u>1,786,498</u>
Deferred tax:		
Origination and reversal of temporary differences	\$ 853,504	\$ (94,175)
Income tax expense	<u>\$ 2,235,599</u>	<u>\$ 1,692,323</u>

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

	Years ended December 31,	
	2023	2022
Changes in fair value of financial assets at fair value through other comprehensive income	\$ 14,803	\$ (518,440)
Remeasurements of defined benefit obligations	1,847	44,080
Others	(61)	—
	<u>\$ 16,589</u>	<u>\$ (474,360)</u>

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	\$ (2,071,412)	\$ (3,811,595)
Effects from items disallowed by tax regulation	(1,357,708)	(774,576)
Prior year income tax overestimation	(97,105)	(171,439)
Separate taxation	15,354	3,821
Tax on undistributed surplus earnings	3,861	205,862
Change in assessment of realization of deferred tax assets	5,742,609	6,240,250
Tax expense	<u>\$ 2,235,599</u>	<u>\$ 1,692,323</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and loss carryforward are as follows:

	2023			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
-Temporary differences:				
Sales returns and discount provisions	\$ 549,598	\$ (178,403)	\$ —	\$ 371,195
Accrued royalties and warranty provisions	1,734,931	(539,144)	—	1,195,787
Unrealized exchange loss	71,528	(26,339)	—	45,189
Unrealized loss on financial instruments	517,342	—	—	517,342
Others	673,961	42,400	61	716,422
	<u>\$ 3,547,360</u>	<u>\$ (701,486)</u>	<u>\$ 61</u>	<u>\$ 2,845,935</u>
-Deferred tax liabilities:				
Unrealized exchange gain	\$ (1,770)	\$ (348)	\$ —	\$ (2,118)
Unrealized gain on financial instruments	(273,137)	(55,106)	(14,803)	(343,046)
Amortization charges on goodwill	(1,239,579)	(96,906)	—	(1,336,485)
Others	(55,605)	342	(1,847)	(57,110)
	<u>\$ (1,570,091)</u>	<u>\$ (152,018)</u>	<u>\$ (16,650)</u>	<u>\$ (1,738,759)</u>
	<u>\$ 1,977,269</u>	<u>\$ (853,504)</u>	<u>\$ (16,589)</u>	<u>\$ 1,107,176</u>

	2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
-Temporary differences:				
Sales returns and discount provisions	\$ 686,356	\$ (136,758)	\$ —	\$ 549,598
Accrued royalties and warranty provisions	1,579,496	155,435	—	1,734,931
Unrealized exchange loss	559	70,969	—	71,528
Unrealized loss on financial instruments	520,072	(2,730)	—	517,342
Others	625,655	48,306	—	673,961
	<u>\$ 3,412,138</u>	<u>\$ 135,222</u>	<u>\$ —</u>	<u>\$ 3,547,360</u>
- Deferred tax liabilities:				
Unrealized exchange gain	\$ (17,220)	\$ 15,450	\$ —	\$ (1,770)
Unrealized gain on financial instruments	(813,416)	21,839	518,440	(273,137)
Amortization charges on goodwill	(1,142,674)	(96,905)	—	(1,239,579)
Others	(30,094)	18,569	(44,080)	(55,605)
	<u>\$ (2,003,404)</u>	<u>\$ (41,047)</u>	<u>\$ 474,360</u>	<u>\$ (1,570,091)</u>
	<u>\$ 1,408,734</u>	<u>\$ 94,175</u>	<u>\$ 474,360</u>	<u>\$ 1,977,269</u>

D. Expiration dates of unused loss carryforward and amounts of unrecognized deferred tax assets are as follows:

December 31, 2023				
Year incurred	Amount filed / assessed	Unused amount	Unrecognized deferred tax assets	Usable until year
2016	\$ 1,051,680	\$ 1,051,680	\$ 1,051,680	2026
2019	21,206,403	21,206,403	21,206,403	2029
2022	33,476,537	33,476,537	33,476,537	2032
2023	27,410,458	27,410,458	27,410,458	2033
	<u>\$ 83,145,078</u>	<u>\$ 83,145,078</u>	<u>\$ 83,145,078</u>	
December 31, 2022				
Year incurred	Amount filed / assessed	Unused amount	Unrecognized deferred tax assets	Usable until year
2016	\$ 1,051,680	\$ 1,051,680	\$ 1,051,680	2026
2019	21,206,403	21,206,403	21,206,403	2029
2022	32,774,644	32,774,644	32,774,644	2032
	<u>\$ 55,032,727</u>	<u>\$ 55,032,727</u>	<u>\$ 55,032,727</u>	

E. The amounts of deductible temporary differences that were not recognized as deferred tax assets are as follows:

	December 31, 2023	December 31, 2022
Deductible temporary differences	<u>\$ 1,481,950</u>	<u>\$ 1,483,018</u>

F. The Company has not recognized taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2023 and 2022, the amounts of temporary differences unrecognized as deferred tax liabilities were \$43,162,832 and \$39,360,172 respectively.

G. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

H. 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 will come into effect from the fiscal year of 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 the fiscal year of 2025. Therefore, the Company and subsidiaries have no related current tax exposure as of December 31, 2023.

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 year ended December 31, 2023. However, due to 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 are still assessing the relevant matters for applying Pillar Two legislation.

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

(30) Loss per share

	Year ended December 31, 2023		
Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)	
<u>Basic loss per share</u>			
Loss attributable to ordinary shareholders of the parent	<u>\$ (18,642,539)</u>	<u>9,291,353</u>	<u>\$ (2.01)</u>

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic loss per share</u>			
Loss attributable to ordinary shareholders of the parent	\$ (27,990,256)	10,152,560	\$ (2.76)

(31) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Years ended December 31,	
	2023	2022
Purchase of property, plant and equipment	\$ 21,760,061	\$ 21,635,142
Add: Opening balance of payable on equipment	4,759,328	4,172,348
Less: Ending balance of payable on equipment	(5,167,549)	(4,759,328)
Cash paid during the year	\$ 21,351,840	\$ 21,048,162

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
PanelSemi Corporation and its subsidiaries	Associate
InnVasLinx Inc.	Associate

(2) Significant related party transactions

A. Operating revenue

	Years ended December 31,	
	2023	2022
Sales of goods:		
Other related parties	\$ 1,572,073	\$ 2,642,879
Associates	387,360	464,628
	\$ 1,959,433	\$ 3,107,507

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

	Years ended December 31,	
	2023	2022
Purchases of goods:		
Other related parties	\$ 4,029,521	\$ 4,472,845
Associates	141,123	229,233
	\$ 4,170,644	\$ 4,702,078

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable:		
Other related parties	\$ 351,153	\$ 606,765
Associates	79,708	107,757
	<u>\$ 430,861</u>	<u>\$ 714,522</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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable:		
Other related parties	\$ 1,139,994	\$ 1,072,075
Associates	65,009	89,749
	<u>\$ 1,205,003</u>	<u>\$ 1,161,824</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:

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Associates	\$ 20,080	\$ 11,363
Other related parties	3,491	11,311
	<u>\$ 23,571</u>	<u>\$ 22,674</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Associates	\$ 1,059	\$ —
Other related parties	—	791
	<u>\$ 1,059</u>	<u>\$ 791</u>

Disposal of other assets

For the year ended December 31, 2022, the Company and its subsidiaries sold certain other assets to associates and recognised gain on disposal of \$15,453.

(3) Key management compensation

	Years ended December 31,	
	2023	2022
Salaries and other short-term employee benefits	\$ 140,400	\$ 125,528
Share-based payments	24,325	895
Post-employment benefits	1,471	1,430
	<u>\$ 166,196</u>	<u>\$ 127,853</u>

8. PLEDGED ASSETS

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

Pledged asset	Book value		Purpose
	December 31, 2023	December 31, 2022	
Property, plant and equipment	\$ 52,079,922	\$ 53,818,998	Long-term borrowings
Other assets - others			
-Time deposits	18,090	15,620	Tariff guarantee and performance bond
-Refundable deposits	—	846,036	Litigation guarantee
	<u>\$ 52,098,012</u>	<u>\$ 54,680,654</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies - Significant Litigations

- A. The Company's subsidiary in U.S. received a civil complaint from the government of Puerto Rico in September 2018, claiming that the company, together with other defendants of Taiwan, Japan and South Korea TFT - LCD companies, had unjustified enrichment from the TFT-LCD price conspiracy in 2006 and requested monetary compensation. The U.S. subsidiary of the Company retained lawyers to handle the lawsuit. On October 31, 2022, the court dismissed the case for lack of diligent prosecution.
- B. 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.
- C. 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.

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 expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Property, plant and equipment	<u>\$ 16,858,243</u>	<u>\$ 27,044,460</u>

B. Outstanding letters of credit

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Outstanding letters of credit	<u>\$ 38,636</u>	<u>\$ 349,512</u>

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 December 31, 2023, the remaining amount the Group has not yet 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 ‘other non-current assets’ based on liquidity amounting to \$11,917,004 and \$12,617,153 as of December 31, 2023 and 2022, respectively.

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

The Group's objectives are to maintain an optimal capital structure, and constructively reduce the debt ratio and the cost of capital in order to maximize shareholders' equity.

(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

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance. The Group uses derivative financial instruments to hedge certain risk exposures (see Note 6(2)).
- (b) Risk management is carried out by the treasury department under policies approved by the board of directors. The Group's treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides principles for overall risk management, as well as policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment by excess liquidity.

C. Significant financial risks and degrees of financial risks

(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. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure via the Group's treasury departments. To manage their foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, entities in the Group use forward foreign exchange contracts and foreign exchange swap contracts. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.
- iii. 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 \$194,502 and \$518,750 for the years ended December 31, 2023 and 2022, 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:

	December 31, 2023			December 31, 2022		
	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	\$ 3,301,397	30.71	\$ 101,385,902	\$ 3,883,581	30.71	\$ 119,264,773
JPY	9,272,243	0.22	2,039,893	1,447,149	0.23	332,844
RMB	356,070	4.34	1,545,344	571,131	4.41	2,518,688
EUR	27,029	33.98	918,445	17,966	32.72	587,848
HKD	91,618	3.93	360,059	53,706	3.94	211,602
SGD	8,038	23.29	187,205	2,819	22.88	64,499
<u>Non-monetary items</u>						
USD	\$ 3,027,259	30.71	\$ 92,967,124	\$ 2,886,671	30.71	\$ 88,649,666
JPY	9,692,603	0.22	2,132,373	9,051,976	0.23	2,081,954
RMB	239,440	4.34	1,039,170	252,911	4.41	1,115,338
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	\$ 2,576,704	30.71	\$ 79,130,580	\$ 2,107,450	30.71	\$ 64,719,790
JPY	33,051,980	0.22	7,271,436	25,853,886	0.23	5,946,394
EUR	17,205	33.98	584,626	11,449	32.72	374,611

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

- iv. Total exchange gain, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022 amounted to \$1,230,193 and \$5,794,907, 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 years ended December 31, 2023 and 2022 would have increased/decreased by \$1,019,483 and \$929,488, respectively; other comprehensive gains and losses would have increased/decreased by \$1,333,003 and \$1,066,201, respectively.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During the years ended December 31, 2023 and 2022, the Group's borrowings at variable rate were denominated in the NTD.

- ii. The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.
 - iii. If the borrowing interest rate of NTD had increased/decreased by 0.25% with all other variables held constant, pre-tax profit for the years ended December 31, 2023 and 2022 would have decreased/increased by \$99,167 and \$89,146, respectively. The main factor is that changes in interest expense result in 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 December 31, 2023 and 2022, 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 assumptions 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:

	2023	
	<u>Accounts receivable</u>	
At January 1	\$	279,260
Provision for impairment		5,331
Effect on exchange rate changes		(3)
At December 31	<u>\$</u>	<u>284,588</u>
	2022	
	<u>Accounts receivable</u>	
At January 1	\$	262,610
Provision for impairment		16,158
Effect on exchange rate changes		492
At December 31	<u>\$</u>	<u>279,260</u>

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

- i. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and external regulatory or legal requirements.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group's treasury. Group treasury invests surplus cash in interest bearing savings accounts, time deposits, money market deposits and marketable securities. The Group chooses instruments that are with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. These are expected to readily generate cash inflows for managing liquidity risk.
- iii. The information below analysis 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:

<u>December 31, 2023</u>	<u>Less than 1 year</u>	<u>Between 1 and 3 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
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
<u>December 31, 2022</u>	<u>Less than 1 year</u>	<u>Between 1 and 3 years</u>	<u>Between 3 and 5 years</u>	<u>Over 5 years</u>	<u>Total</u>
Lease liability (Note)	\$ 736,175	\$ 1,216,128	\$ 1,022,382	\$ 1,947,699	\$ 4,922,384
Long-term borrowings (including current portion)	8,786,111	26,612,500	259,722	—	35,658,333

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		
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial assets:				
Corporate bonds	\$ 876,036	\$ —	\$ 870,967	\$ —
		December 31, 2022		
	Book value	Level 1	Level 2	Level 3
Financial assets:				
Corporate bonds	\$6,073,581	\$ —	\$5,943,761	\$ —

D. The related information on 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:

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

December 31, 2022	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	\$ 3,261,581	\$ —	\$ 1,271,077	\$ 4,532,658
Forward foreign exchange contracts	—	342,475	—	342,475
Convertible bonds	—	—	193,988	193,988
Foreign exchange swap contracts	—	43,028	—	43,028
Financial instruments	—	114,782	—	114,782
Financial assets at fair value through other comprehensive income				
Equity securities	5,309,890	—	21,116	5,331,006
	<u>\$ 8,571,471</u>	<u>\$ 500,285</u>	<u>\$ 1,486,181</u>	<u>\$ 10,557,937</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	\$ —	\$ 289,691	\$ —	\$ 289,691
Foreign exchange swap contracts	—	39,490	—	39,490
	<u>\$ —</u>	<u>\$ 329,181</u>	<u>\$ —</u>	<u>\$ 329,181</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:

	<u>Listed shares</u>	<u>Emerging stocks</u>	<u>Corporate bond</u>
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 years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

F. The following table presents the changes in Level 3 instruments for the years ended December 31, 2023 and 2022:

	2023		
	Equity securities	Hybrid instrument	Total
Financial assets at fair value through profit or loss / Financial assets at fair value through other comprehensive income			
At January 1	\$ 1,292,193	\$ 193,988	\$ 1,486,181
Gains and losses recognized in profit or loss	(22,861)	8,910	(13,951)
Gains and losses recognized in other comprehensive income	(84,802)	—	(84,802)
Acquired during the year	198,944	—	198,944
Investment cost return	(117,431)	—	(117,431)
Proceeds from capital reduction	(2,348)	—	(2,348)
Effect on exchange rate changes	171	(160)	11
At December 31	<u>\$ 1,263,866</u>	<u>\$ 202,738</u>	<u>\$ 1,466,604</u>

	Equity securities	Hybrid instrument	Total
Financial assets at fair value through profit or loss / Financial assets at fair value through other comprehensive income			
At January 1	\$ 3,093,322	\$ —	\$ 3,093,322
Gains and losses recognized in profit or loss	(1,512,572)	9,441	(1,503,131)
Gains and losses recognized in other comprehensive income	(26,377)	—	(26,377)
Acquired during the year	29,526	178,320	207,846
Investment cost return	(125,260)	—	(125,260)
Transfers to Level 1	(231,827)	—	(231,827)
Effect on exchange rate changes	65,381	6,227	71,608
At December 31	<u>\$ 1,292,193</u>	<u>\$ 193,988</u>	<u>\$ 1,486,181</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. Convertible bonds derivative instruments are evaluated through outsourced appraisal performed by the external valuer.

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 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	0.76~4.81 (1.30)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	30%~80% (32%)	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	56~68.2 (62.1)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	23.8% (23.8%)	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 December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$1,209,140	Market comparable companies	Price to sales ratio multiple, price to book ratio multiple	0.86~5.69 (1.30)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	30%~80% (32%)	The higher the discount for lack of marketability, the lower the fair value
	15,407	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
Venture capital shares Private equity fund investment	21,997	Net asset value	Not applicable	Not applicable	Not applicable
Hybrid instrument:					
Convertible bond	193,988	Discounted cash flow method and Option pricing model	Discount and Volatility rate	4.39%~28. 48% (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 of other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

		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)	\$ —	\$ —

		December 31, 2022				
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%	\$ 19,245	\$ (19,245)	\$ 302	\$ (302)
Hybrid instrument	Discount and Volatility rate	± 1%	4,658	(4,506)	—	—

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: Please refer to Table 3.
- 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 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to Table 5.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(2).
- J. Significant inter-company transactions during the reporting periods: Please refer to Table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to Table 7.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to Table 8.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to Table 1, 4, 5 and 6.

(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 discontinued 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:

	Years ended December 31,	
	2023	2022
	TFT LCD	TFT LCD
Segment revenue	\$ 211,740,557	\$ 223,715,758
Segment loss	\$ (16,363,131)	\$ (26,222,453)
Depreciation and amortization	\$ 30,773,369	\$ 32,457,777
Capital expenditure- property, plant and equipment	\$ 21,351,840	\$ 21,048,162
Segment assets	\$ 357,530,442	\$ 383,741,496

(3) Reconciliation for segment income

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

(4) Information on products

Revenue from external customers is mainly from sale of TFT-LCD products, and the sales amount is in agreement with operating revenue.

(5) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	Years ended December 31,			
	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 49,766,104	\$ 145,831,100	\$ 51,261,767	\$ 154,933,938
Hong Kong	55,475,786	—	64,529,052	—
US	33,789,255	1,782	39,995,184	4,190
Europe	26,281,240	109,243	16,025,049	86,430
China	24,064,897	39,721,897	25,219,962	41,340,918
Others	22,363,275	1,006,741	26,684,744	841,020
Total	<u>\$ 211,740,557</u>	<u>\$ 186,670,763</u>	<u>\$ 223,715,758</u>	<u>\$ 197,206,496</u>

(6) Major customer information

The individual sales to the Group's customers that exceed 10% of the sales in the statements of comprehensive income for the year ended December 31, 2023 are set forth below:

	Year ended December 31, 2023	
	Sales amount	Percentage of sales
A	<u>\$ 21,644.175</u>	10%

There are no individual sales to the Group's customers that exceed 10% of the sales in the statement of comprehensive income for the year ended December 31, 2022.

Innolux Corporation and Subsidiaries
Loans to others
For the year ended December 31, 2023

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2023	Balance as at December 31, 2023	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	\$ 6,503,319	\$ 6,503,319	\$ 6,503,319	2.00%	Short-term financing	\$ —	Operating support	\$ —	—	\$ —	24,371,792	24,371,792	A
1	Innocom Technology (Shenzhen) Co., Ltd.	Ningbo Innolux Optoelectronics Ltd.	Other receivables	Yes	2,167,773	2,167,773	2,055,048	2.00%	Short-term financing	—	Operating support	—	—	—	24,371,792	24,371,792	A
1	Innocom Technology (Shenzhen) Co., Ltd.	Ningbo Innolux Display Ltd.	Other receivables	Yes	3,034,882	3,034,882	1,560,797	2.00%	Short-term financing	—	Operating support	—	—	—	24,371,792	24,371,792	A
1	Innocom Technology (Shenzhen) Co., Ltd.	CarUX Technology (Shanghai) Ltd.	Other receivables	Yes	1,300,664	1,300,664	1,127,242	2.00%	Short-term financing	—	Operating support	—	—	—	24,371,792	24,371,792	A
1	Innocom Technology (Shenzhen) Co., Ltd.	Nanjing Innolux Optoelectronics Ltd.	Other receivables	Yes	3,034,882	3,034,882	—	2.00%	Short-term financing	—	Operating support	—	—	—	24,371,792	24,371,792	A
1	Innocom Technology (Shenzhen) Co., Ltd.	Ningbo CarUX Technology Ltd.	Other receivables	Yes	2,427,906	2,427,906	520,265	2.00%	Short-term financing	—	Operating support	—	—	—	24,371,792	24,371,792	A
2	Innolux Japan Co., Ltd.	Innolux Corporation	Other receivables	Yes	2,194,425	2,194,425	2,194,425	1.00%	Long-term and short-term financing	—	Operating support	—	—	—	7,734,142	7,734,142	A
3	Innolux Holding Limited	Innolux Corporation	Other receivables	Yes	1,615,733	1,615,733	1,615,733	0.00%	Long-term and short-term financing	—	Operating support	—	—	—	39,017,456	39,017,456	A
4	Warriors Technology Investments Ltd	Innolux Corporation	Other receivables	Yes	3,623,190	3,623,190	3,623,190	0.00%	Long-term and short-term financing	—	Operating support	—	—	—	11,404,882	11,404,882	A
5	Innolux Hong Kong Limited	Innolux Hong Kong Holding Limited	Other receivables	Yes	1,711,861	1,711,861	1,711,861	0.00%	Long-term and short-term financing	—	Operating support	—	—	—	3,424,800	3,424,800	A
6	Innolux Hong Kong Holding Limited	CARUX TECHNOLOGY PTE. LTD.	Other receivables	Yes	1,697,987	1,697,987	1,697,987	3.82%~5.35%	Long-term and short-term financing	—	Operating support	—	—	—	15,043,146	15,043,146	A

Note A:

- 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.
- 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.
- 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)
December 31, 2023

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 December 31, 2023				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	649,045	8	649,045	
Innolux Corporation	General Interface Solution (GIS) Holding Limited	None	Financial assets at fair value through profit or loss	1,669,000	110,154	—	110,154	
Innolux Corporation	Obsidian Sensors, Inc.	None	Financial assets at fair value through profit or loss	715,713	4,708	17	4,708	
Innolux Corporation	VIZIO Holding Corp.	None	Financial assets at fair value through other comprehensive income	8,347,068	1,973,485	4	1,973,485	
Innolux Corporation	Cathay Financial Holding Co., Ltd. Preferred Stock A	None	Financial assets at fair value through other comprehensive income	1,872,000	111,571	—	111,571	
Innolux Corporation	TAISHIN FINANCIAL HOLDING CO., LTD. Preferred Stock E	None	Financial assets at fair value through other comprehensive income	263,000	13,439	—	13,439	
Innolux Corporation	Chailease Holding Company Limited Class A Preferred Shares	None	Financial assets at fair value through other comprehensive income	915,000	89,579	1	89,579	
Innolux Corporation	Fubon Financial Holding Co., Ltd. Preferred Shares B	None	Financial assets at fair value through other comprehensive income	2,247,000	134,595	—	134,595	
Innolux Corporation	ENNOSTAR Inc.	None	Financial assets at fair value through profit or loss	2,750,000	127,325	—	127,325	
Innolux Corporation	Cathay Financial Holding Co., Ltd. Preferred Stock B	None	Financial assets at fair value through other comprehensive income	1,006,000	60,058	—	60,058	
Innolux Corporation	CTBC Financial Holding Co., Ltd. Preferred Shares B	None	Financial assets at fair value through other comprehensive income	414,000	24,592	—	24,592	
Innolux Corporation	CTBC Financial Holding Co., Ltd. Preferred Shares C	None	Financial assets at fair value through other comprehensive income	417,000	24,686	—	24,686	
Innolux Corporation	Fubon Financial Holding Co., Ltd. Preferred Shares C	None	Financial assets at fair value through other comprehensive income	2,000	110	—	110	
InnoCare Optoelectronics Corporation	DEEP01 LIMITED	None	Financial assets at fair value through other comprehensive income	200,323	34,000	6	34,000	

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023				Footnote
				Shares/Units	Book value	Ownership (%)	Fair value	
	Common stock							
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	3,574	—	3,574	
Yuan Chi Investment Co., Ltd.	VISIONATICS INC.	Other related party	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	115,855	1	115,855	
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	58,249	1	58,249	
Yuan Chi Investment Co., Ltd.	Taiwan Cement Corp. 2nd Preferred Shares	None	Financial assets at fair value through other comprehensive income	2,110,000	101,913	1	101,913	
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	6,768	1	6,768	
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	127,820	1	127,820	
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	53,144	—	53,144	
Yuan Chi Investment Co., Ltd.	HOTAI FINANCE CO., LTD. PREFERRED SHARES A	None	Financial assets at fair value through other comprehensive income	440,000	42,108	1	42,108	
Yuan Chi Investment Co., Ltd.	HOTAI FINANCE CO., LTD. PREFERRED SHARES B	None	Financial assets at fair value through other comprehensive income	410,000	38,909	1	38,909	
InnoJoy Investment Corporation	Advanced Optoelectronic Technology, Inc.	None	Financial assets at fair value through profit or loss	6,964,222	206,141	5	206,141	
InnoJoy Investment Corporation	ENNOSTAR Inc.	None	Financial assets at fair value through profit or loss	954,000	44,170	—	44,170	
InnoJoy Investment Corporation	EPILEDS Co., Ltd.	Other related party	Financial assets at fair value through other comprehensive income	7,347,144	121,595	7	121,595	
InnoJoy Investment Corporation	Fitipower Integrated Technology Inc.	None	Financial assets at fair value through other comprehensive income	5,850,000	1,506,375	5	1,506,375	
InnoJoy Investment Corporation	BE Epitaxy Semiconductor Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income	10,150,147	91,723	15	91,723	
InnoJoy Investment Corporation	CTBC Financial Holding Co., Ltd. Preferred Shares B	None	Financial assets at fair value through other comprehensive income	1,435,000	85,239	—	85,239	
InnoJoy Investment Corporation	CTBC Financial Holding Co., Ltd. Preferred Shares C	None	Financial assets at fair value through other comprehensive income	60,000	3,552	—	3,552	
InnoJoy Investment Corporation	Cathay Financial Holding Co., Ltd. Preferred Stock A	None	Financial assets at fair value through other comprehensive income	1,442,000	85,943	—	85,943	
InnoJoy Investment Corporation	Cathay Financial Holding Co., Ltd. Preferred Stock B	None	Financial assets at fair value through other comprehensive income	1,627,000	97,132	—	97,132	
InnoJoy Investment Corporation	Fubon Financial Holding Co., Ltd. Preferred Shares B	None	Financial assets at fair value through other comprehensive income	1,194,000	71,521	—	71,521	

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023				Footnote
				Shares/Units	Book value	Ownership (%)	Fair value	
	<u>Common stock</u>							
InnoJoy Investment Corporation	Fubon Financial Holding Co., Ltd. Preferred Shares C	None	Financial assets at fair value through other comprehensive income	33,000	\$ 1,815	—	\$ 1,815	
InnoJoy Investment Corporation	Chailease Holding Company Limited Class A Preferred Shares	None	Financial assets at fair value through other comprehensive income	415,000	40,629	—	40,629	
InnoJoy Investment Corporation	Yulon Finance Corporation, Preferred Shares A	None	Financial assets at fair value through other comprehensive income	1,123,000	55,532	1	55,532	
Ningbo Innolux Optoelectronics Ltd.	Shenzhen Tiandeyu Electronics Co., Ltd.	None	Financial assets at fair value through profit or loss	30,599,775	2,648,028	7	2,648,028	
Warriors Technology Investments Ltd	OED Holding Ltd.	None	Financial assets at fair value through profit or loss	16,000,000	56,682	6	56,682	
Warriors Technology Investments Ltd	Obsidian Sensors, Inc.	None	Financial assets at fair value through profit or loss	414,136	2,724	10	2,724	
Warriors Technology Investments Ltd	Reco Technology Holding Limited	None	Financial assets at fair value through profit or loss	2,016,000	20,632	2	20,632	
Warriors Technology Investments Ltd	Kymeta Corporation	None	Financial assets at fair value through other comprehensive income	1,027,371	4,818	—	4,818	
Warriors Technology Investments Ltd	General Interface Solution (GIS) Holding Limited	None	Financial assets at fair value through other comprehensive income	22,525,000	1,486,650	7	1,486,650	
Warriors Technology Investments Ltd	CJK Associates Co., Ltd.	None	Financial assets at fair value through other comprehensive income	4,000	724	14	724	
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	885	10	885	
Nets Trading Ltd.	PilotTech Global Fund	None	Financial assets at fair value through profit or loss	90	—	—	—	
	<u>Convertible bonds</u>							
Warriors Technology Investments Ltd	KA Imaging Inc.	Other related party	Financial assets at fair value through profit or loss	—	103,262	Not applicable	103,262	
Warriors Technology Investments Ltd	Obsidian Sensors, Inc.	None	Financial assets at fair value through profit or loss	—	99,476	Not applicable	99,476	
	<u>Financial products</u>							
Ningbo Innolux Display Ltd.	Chang Jiang Sheng Shih Ru Yi Serials A congregated group pension plan	None	Financial assets at fair value through profit or loss	—	13,096	Not applicable	13,096	
Foshan Innolux Optoelectronics Ltd.	Chang Jiang Sheng Shih Ru Yi Serials A congregated group pension plan	None	Financial assets at fair value through profit or loss	—	52,546	Not applicable	52,546	
Ningbo Innolux Electronics Ltd.	Chang Jiang Sheng Shih Ru Yi Serials A congregated group pension plan	None	Financial assets at fair value through profit or loss	—	476	Not applicable	476	
Ningbo Innolux Optoelectronics Ltd.	Chang Jiang Sheng Shih Ru Yi Serials A congregated group pension plan	None	Financial assets at fair value through profit or loss	—	65,118	Not applicable	65,118	
Ningbo CarUX Technology Ltd.	Chang Jiang Sheng Shih Ru Yi Serials A congregated group pension plan	None	Financial assets at fair value through profit or loss	—	2,879	Not applicable	2,879	
Nanjing Innolux Optoelectronics Ltd.	Chang Jiang Sheng Shih Ru Yi Serials A congregated group pension plan	None	Financial assets at fair value through profit or loss	—	23,073	Not applicable	23,073	

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023				Footnote
				Shares/Units	Book value	Ownership (%)	Fair value	
	<u>Financial products</u>							
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	—	\$ 10,733	Not applicable	\$ 10,733	
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	—	9,340	Not applicable	9,340	
	<u>Bonds</u>							
Innolux Corporation	Agricultural Bank of China (New York Branch)	None	Financial assets at amortized cost	—	291,736	Not applicable	291,056	
Innolux Corporation	Saudi Electricity Global SUKUK Company 4	None	Financial assets at amortized cost	—	277,078	Not applicable	276,171	
Innolux Corporation	Sumitomo Mitsui Trust Bank	None	Financial assets at amortized cost	—	307,222	Not applicable	303,740	

Innolux Corporation and Subsidiaries
Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital
For the year ended December 31, 2023

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2023		Addition (Note 3)		Disposal (Note 3)			Balance as at December 31, 2023		
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Selling price	Book value	Gain (loss) on disposal	Shares/Units	Amount
Innolux Corporation	CTBC Hwa-win Money Market Fund	Note 4	—	—	—	\$ —	44,615,371	\$ 500,000	44,615,371	\$ 503,948	\$ 503,948	\$ —	—	\$ —
Innolux Corporation	Fubon Chi-Hsiang Money Market Fund	Note 4	—	—	—	—	31,345,997	500,000	31,345,997	503,915	503,915	—	—	—
Innolux Corporation	Jih Sun Money Market Fund	Note 4	—	—	—	—	99,282,299	1,500,000	99,282,299	1,511,851	1,511,851	—	—	—
Innolux Corporation	Capital Money Market Fund	Note 4	—	—	—	—	91,304,931	1,500,000	91,304,931	1,511,809	1,511,809	—	—	—
Innolux Corporation	Taishin 1699 Money Market Fund	Note 4	—	—	—	—	145,031,058	2,000,000	145,031,058	2,018,499	2,018,499	—	—	—
Innolux Corporation	UPAMC James Bond Money Market Fund	Note 4	—	—	—	—	29,432,541	500,000	29,432,541	503,812	503,812	—	—	—
Innolux Corporation	Hua Nan Phoenix Money Market Fund	Note 4	—	—	—	—	30,187,221	500,000	30,187,221	503,991	503,991	—	—	—
Innolux Corporation	Fixed Income Structured Linked Deposit	Note 5	—	—	—	1,535,500	—	—	—	1,533,203	1,594,750	14,203	—	—
Innolux Corporation	Fixed Income RMB-Structured Deposits	Note 5	—	—	—	485,038	—	—	—	474,463	475,530	2,563	—	—
Innolux Corporation	Innolux Holding Limited	Note 6	Innolux Holding Limited	A subsidiary of the Company	180,568,185	18,569,845	45,000,000	1,426,050	—	—	—	—	225,568,185	19,508,728

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for using the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT\$300 million or 20% of paid-in capital or more.

Note 4: Code of general ledger account is "financial assets at fair value through profit or loss". Due to adoption of IFRS, it would be valued at fair value rather than recognized disposal gain or loss. The carrying amount as at December 31, 2023 included gains or losses on valuation.

Note 5: Code of general ledger account is "financial assets at amortized cost", and its carrying amount includes the effect of exchange rate. The gain or loss due to disposal is interest income.

Note 6: Code of general ledger account is "Investments accounted for under the equity method". The carrying amount as at December 31, 2023 included the realized gain/loss on equity investment and other related adjustment.

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 year ended December 31, 2023

Table 4

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 wholly-owned subsidiary	Sales	\$ 19,534,737	11	60 days	Similar with general sales	No material difference	\$ 9,750,923	31	
Innolux Corporation	Innolux USA Inc.	An indirect wholly-owned subsidiary	Sales	9,124,323	5	120 days	Similar with general sales	No material difference	1,909,712	6	
Innolux Corporation	Foshan Innolux Optoelectronics Ltd.	An indirect wholly-owned subsidiary	Sales	833,352	—	60-90 days	Similar with general sales	No material difference	36	—	
Innolux Corporation	HONGFUJIN PRECISION ELECTRONICS (YANTAI) CO., LTD.	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Sales	744,883	—	90 days	Similar with general sales	No material difference	7,184	—	
Innolux Corporation	InnoCare Optoelectronics Corporation	A subsidiary of the Company	Sales	414,996	—	90 days	Similar with general sales	No material difference	130,410	—	
Innolux Corporation	Honfujin Precision Electronics (Chongqing) Co., Ltd.	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Sales	372,783	—	90 days	Similar with general sales	No material difference	109,825	—	
Innolux Corporation	FIH (Hong Kong) Limited	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Sales	220,244	—	60 days	Similar with general sales	No material difference	—	—	
Innolux Corporation	InnVasLinx Inc.	Associates	Sales	198,287	—	60 days	Similar with general sales	No material difference	28,689	—	
Innolux Corporation	PanelSemi Corporation	Associates	Sales	173,332	—	60 days	Similar with general sales	No material difference	46,583	—	
Innolux Corporation	Hon Hai Precision Industry Co., Ltd.	Other related party	Sales	162,080	—	90 days	Similar with general sales	No material difference	197,076	1	
Innolux Corporation	Fortunebay Technology Pte. Ltd.	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Purchases	162,496	—	60 days	Similar with general transactions	No material difference	(13,035)	—	

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	Hon Hai Precision Industry Co., Ltd.	Other related party	Purchases	\$ 144,355	—	90 days	Similar with general transactions	No material difference	\$ (236,455)	1	
Innolux Corporation	Ningbo Innolux Display Ltd.	An indirect wholly-owned subsidiary	Processing expense	20,764,100	11	60 days	Cost plus	No material difference	(5,598,437)	13	
Innolux Corporation	Foshan Innolux Optoelectronics Ltd.	An indirect wholly-owned subsidiary	Processing expense	20,669,257	11	60 days	Cost plus	No material difference	(6,782,589)	16	
Innolux Corporation	Ningbo Innolux Optoelectronics Ltd.	An indirect wholly-owned subsidiary	Processing expense	13,661,548	7	60 days	Cost plus	No material difference	(9,095,979)	21	
Innolux Corporation	Nanjing Innolux Optoelectronics Ltd.	An indirect wholly-owned subsidiary	Processing expense	5,206,947	3	60 days	Cost plus	No material difference	(518,815)	1	
Innolux Corporation	Ningbo CarUX Technology Ltd.	An indirect wholly-owned subsidiary	Processing expense	2,609,650	1	60 days	Cost plus	No material difference	(258,485)	1	
Innolux Corporation	Innocom Technology (Shenzhen) Co., Ltd.	An indirect wholly-owned subsidiary	Processing expense	308,319	—	60 days	Cost plus	No material difference	(712,276)	3	
CARUX TECHNOLOGY PTE. LTD.	CarUX Technology (Shanghai) Ltd.	An indirect wholly-owned subsidiary	Sales	3,363,108	7	60 days	Similar with general transactions	No material difference	—	—	
CarUX Technology (Shanghai) Ltd.	CARUX TECHNOLOGY PTE. LTD.	An indirect wholly-owned subsidiary	Processing revenue	13,872,848	79	60 days	Similar with general transactions	No material difference	491,875	23	
CarUX Technology Taiwan Inc.	CARUX TECHNOLOGY PTE. LTD.	An indirect wholly-owned subsidiary	Processing revenue	10,132,834	100	60 days	Similar with general transactions	No material difference	2,596,810	90	
Innolux Japan Co., Ltd.	Innolux Corporation	Ultimate parent company	Service revenue	287,974	86	60 days	Similar with general transactions	No material difference	52,024	91	
Ningbo Innolux Optoelectronics Ltd.	Ningbo Innolux Display Ltd.	An indirect wholly-owned subsidiary	Sales	6,032,061	20	60 days	Similar with general transactions	No material difference	1,046,602	9	
Ningbo Innolux Display Ltd.	Ningbo Innolux Optoelectronics Ltd.	An indirect wholly-owned subsidiary	Sales	738,682	2	60 days	Similar with general transactions	No material difference	122,685	2	
InnoCare Optoelectronics Corporation	InnoCare Optoelectronics Japan Co., Ltd.	An indirect wholly-owned subsidiary	Sales	720,069	44	60 days	Similar with general transactions	No material difference	343,920	62	
InnoCare Optoelectronics Corporation	InnoCare Optoelectronics USA, INC.	An indirect wholly-owned subsidiary	Sales	294,863	18	60 days	Similar with general transactions	No material difference	103,786	19	
InnoCare Optoelectronics Corporation	Ningbo Innolux Electronics Ltd.	An indirect wholly-owned subsidiary	Sales	184,628	11	60 days	Similar with general transactions	No material difference	40,821	7	

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)	
Foshan Innolux Optoelectronics Ltd.	Nanjing Innolux Optoelectronics Ltd.	An indirect wholly-owned subsidiary	Sales	\$ 177,413	—	60 days	Similar with general transactions	No material difference	\$ 25,386	—	
Ningbo Innolux Optoelectronics Ltd.	Ningbo CarUX Technology Ltd.	An indirect wholly-owned subsidiary	Sales	155,043	1	60 days	Similar with general transactions	No material difference	60,364	1	
InnoCare Optoelectronics Japan Co., Ltd.	InnoCare Optoelectronics Corporation	A subsidiary of the Company	Sales	153,343	9	60 days	Similar with general transactions	No material difference	31,468	7	
Ningbo Innolux Display Ltd.	Hon Hai Precision Industry Co., Ltd.	Other related party	Purchases	2,165,267	6	90 days	Similar with general transactions	No material difference	(519,452)	9	
Ningbo Innolux Optoelectronics Ltd.	Hon Hai Precision Industry Co., Ltd.	Other related party	Purchases	891,587	3	90 days	Similar with general transactions	No material difference	(213,362)	3	
Ningbo Innolux Optoelectronics Ltd.	Fortunebay Technology Pte. Ltd.	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Purchases	377,746	1	60 days	Similar with general transactions	No material difference	(72,408)	1	
CarUX Technology Europe B.V.	CARUX TECHNOLOGY PTE. LTD.	An indirect wholly-owned subsidiary	Service revenue	1,001,165	99	60 days	Similar with general transactions	No material difference	180,337	99	

Innolux Corporation and Subsidiaries
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
December 31, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023 (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 wholly-owned subsidiary	\$ 9,750,923	2.12	\$ 6,083,607	Subsequent collection	\$ 1,557,588	\$ —
Innolux Corporation	Innolux USA Inc.	An indirect wholly-owned subsidiary	1,909,712	3.95	—	—	977,579	—
Innolux Corporation	CarUX Technology Taiwan Inc.	An indirect wholly-owned subsidiary	322,774	—	283,381	Subsequent collection	—	—
Innolux Corporation	CARUX TECHNOLOGY PTE. LTD.	An indirect wholly-owned subsidiary	(Shown as other receivables) 198,813	—	98,383	Subsequent collection	12,887	—
Innolux Corporation	Hon Hai Precision Industry Co., Ltd.	Other related parties	(Shown as other receivables) 197,076	0.74	869	Subsequent collection	67,487	—
Innolux Corporation	InnoCare Optoelectronics	A subsidiary of the Company	130,410	3.17	—	—	58,626	—
Innolux Corporation	Honfujin Precision Electronics (Chongqing) Co., Ltd.	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	109,825	4.84	—	—	47,629	—
Ningbo Innolux Optoelectronics Ltd.	Innolux Corporation	Ultimate parent company	9,095,979	1.77	5,259,751	Subsequent collection	3,531,220	—
Foshan Innolux Optoelectronics Ltd.	Innolux Corporation	Ultimate parent company	6,782,589	4.21	—	—	6,782,589	—
Ningbo Innolux Display Ltd.	Innolux Corporation	Ultimate parent company	5,598,437	5.06	—	—	5,531,074	—
CarUX Technology Taiwan Inc.	CARUX TECHNOLOGY PTE. LTD.	An indirect wholly-owned subsidiary	2,596,810	4.28	—	—	2,406,720	—

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023 (Note A)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Ningbo Innolux Optoelectronics Ltd.	Ningbo Innolux Display Ltd.	An indirect wholly-owned subsidiary	\$ 1,046,602	7.52	\$ —	—	\$ 546,457	\$ —
Innocom Technology (Shenzhen) Co., Ltd.	Innolux Corporation	Ultimate parent company	712,276	0.54	693,262	Subsequent collection	—	—
Nanjing Innolux Optoelectronics Ltd.	Innolux Corporation	Ultimate parent company	518,815	3.36	—	—	333,044	—
CarUX Technology (Shanghai) Ltd.	CARUX TECHNOLOGY PTE. LTD.	An indirect wholly-owned subsidiary	491,875	15.78	—	—	491,875	—
InnoCare Optoelectronics Corporation	InnoCare Optoelectronics Japan Co., Ltd.	An indirect wholly-owned subsidiary	343,920	4.84	96,876	Subsequent collection	225,865	—
Ningbo CarUX Technology Ltd.	Innolux Corporation	Ultimate parent company	258,485	13.91	—	—	258,485	—
CarUX Technology Europe B.V.	CARUX TECHNOLOGY PTE. LTD.	An indirect wholly-owned subsidiary	180,337	6.25	—	—	100,935	—
Ningbo Innolux Display Ltd.	Ningbo Innolux Optoelectronics Ltd.	An indirect wholly-owned subsidiary	122,685	7.02	—	—	58,918	—
InnoCare Optoelectronics Corporation	InnoCare Optoelectronics USA, INC.	An indirect wholly-owned subsidiary	103,786	3.45	30,162	Subsequent collection	74,074	—

Note A : For the information on receivables of loans to related parties reaching NTS100 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 year ended December 31, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

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
0	Innolux Corporation	Innocom Technology (Shenzhen) Co., Ltd.	1	Processing expense	\$ 308,319	—	—
0	Innolux Corporation	Innocom Technology (Shenzhen) Co., Ltd.	1	Accrued expenses	(712,276)	—	—
0	Innolux Corporation	Nanjing Innolux Optoelectronics Ltd.	1	Processing expense	5,206,947	—	2
0	Innolux Corporation	Nanjing Innolux Optoelectronics Ltd.	1	Accrued expenses	(518,815)	—	—
0	Innolux Corporation	Ningbo Innolux Optoelectronics Ltd.	1	Processing expense	13,661,548	—	6
0	Innolux Corporation	Ningbo Innolux Optoelectronics Ltd.	1	Accrued expenses	(9,095,979)	—	3
0	Innolux Corporation	Foshan Innolux Optoelectronics Ltd.	1	Sales	833,352	—	—
0	Innolux Corporation	Foshan Innolux Optoelectronics Ltd.	1	Processing expense	20,669,257	—	10
0	Innolux Corporation	Foshan Innolux Optoelectronics Ltd.	1	Accrued expenses	(6,782,589)	—	2
0	Innolux Corporation	Ningbo Innolux Display Ltd.	1	Processing expense	20,764,100	—	10
0	Innolux Corporation	Ningbo Innolux Display Ltd.	1	Accrued expenses	(5,598,437)	—	2
0	Innolux Corporation	Innolux USA Inc.	1	Sales	9,124,323	—	4
0	Innolux Corporation	Innolux USA Inc.	1	Accounts receivable	1,909,712	—	1
0	Innolux Corporation	CarUX Technology Taiwan Inc.	1	Other receivables	322,774	—	—
0	Innolux Corporation	InnoCare Optoelectronics Corporation	1	Sales	414,996	—	—
0	Innolux Corporation	InnoCare Optoelectronics Corporation	1	Accounts receivable	130,410	—	—
0	Innolux Corporation	CARUX TECHNOLOGY PTE. LTD.	1	Sales	19,534,737	—	9
0	Innolux Corporation	CARUX TECHNOLOGY PTE. LTD.	1	Service revenue	209,686	—	—

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
0	Innolux Corporation	CARUX TECHNOLOGY PTE. LTD.	1	Accounts receivable	\$ 9,750,923	—	3
0	Innolux Corporation	CARUX TECHNOLOGY PTE. LTD.	1	Other receivables	198,813	—	—
0	Innolux Corporation	Ningbo CarUX Technology Ltd.	1	Processing expense	2,609,650	—	1
0	Innolux Corporation	Ningbo CarUX Technology Ltd.	1	Accrued expenses	(258,485)	—	—
1	CarUX Technology (Shanghai) Ltd.	CARUX TECHNOLOGY PTE. LTD.	3	Processing revenue	13,872,848	—	7
1	CarUX Technology (Shanghai) Ltd.	CARUX TECHNOLOGY PTE. LTD.	3	Accounts receivable	491,875	—	—
2	CarUX Technology Europe B.V.	CARUX TECHNOLOGY PTE. LTD.	3	Service revenue	1,001,165	—	—
2	CarUX Technology Europe B.V.	CARUX TECHNOLOGY PTE. LTD.	3	Accounts receivable	180,337	—	—
3	Ningbo Innolux Optoelectronics Ltd.	Ningbo Innolux Display Ltd.	3	Sales	6,032,061	—	3
3	Ningbo Innolux Optoelectronics Ltd.	Ningbo Innolux Display Ltd.	3	Accounts receivable	1,046,602	—	—
3	Ningbo Innolux Optoelectronics Ltd.	Ningbo CarUX Technology Ltd.	3	Sales	155,043	—	—
4	Foshan Innolux Optoelectronics Ltd.	Nanjing Innolux Optoelectronics Ltd.	3	Sales	177,413	—	—
5	Ningbo Innolux Display Ltd.	Ningbo Innolux Optoelectronics Ltd.	3	Sales	738,682	—	—
5	Ningbo Innolux Display Ltd.	Ningbo Innolux Optoelectronics Ltd.	3	Accounts receivable	122,685	—	—
6	Innolux Japan Co., Ltd.	Innolux Corporation	3	Service revenue	287,974	—	—
7	CarUX Technology Taiwan Inc.	CARUX TECHNOLOGY PTE. LTD.	3	Processing revenue	10,132,834	—	5
7	CarUX Technology Taiwan Inc.	CARUX TECHNOLOGY PTE. LTD.	3	Accounts receivable	2,596,810	—	1
8	InnoCare Optoelectronics Corporation	Ningbo Innolux Electronics Ltd.	3	Sales	184,628	—	—
8	InnoCare Optoelectronics Corporation	InnoCare Optoelectronics Japan Co., Ltd.	3	Sales	720,069	—	—
8	InnoCare Optoelectronics Corporation	InnoCare Optoelectronics Japan Co., Ltd.	3	Accounts receivable	343,920	—	—
8	InnoCare Optoelectronics Corporation	InnoCare Optoelectronics USA, INC.	3	Sales	294,863	—	—
8	InnoCare Optoelectronics Corporation	InnoCare Optoelectronics USA, INC.	3	Accounts receivable	103,786	—	—
9	InnoCare Optoelectronics Japan Co., Ltd.	InnoCare Optoelectronics Corporation	3	Sales	153,343	—	—

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
10	CARUX TECHNOLOGY PTE. LTD.	CarUX Technology (Shanghai) Ltd.	3	Sales	\$ 3,363,108	—	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 year ended December 31, 2023

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Innolux Corporation	Innolux Holding Limited	Samoa	Investment holdings	\$ 7,618,559	\$ 6,192,509	225,568,185	100	\$ 19,508,728	\$ 277,299	\$ 277,299	
Innolux Corporation	Keyway Investment Management Limited	Samoa	Investment holdings	62,197	62,197	1,656,410	100	112,392	6,211	6,211	
Innolux Corporation	Landmark International Ltd.	Samoa	Investment holdings	33,438,542	33,438,542	709,450,000	100	57,300,651	3,048,713	3,048,713	
Innolux Corporation	Toppoly Optoelectronics (B.V.I.) Ltd.	BVI	Investment holdings	3,674,115	3,674,115	146,847,000	100	6,814,039	299,880	299,880	
Innolux Corporation	Innolux Hong Kong Holding Limited	Hong Kong	Investment holdings	3,231,780	3,231,780	1,158,844,000	100	7,029,733	2,543,990	2,544,672	
Innolux Corporation	Innolux Singapore Holding Pte. Ltd.	Singapore	Investment holdings	754,943	754,943	25,400,000	100	159,678	3,588	3,588	
Innolux Corporation	Yuan Chi Investment Co., Ltd.	Taiwan	Investment company	1,217,235	1,217,235	—	100	855,800	8,176	8,176	
Innolux Corporation	InnoJoy Investment Corporation	Taiwan	Investment company	1,674,054	1,674,054	167,405,392	100	2,971,369	212,809	212,809	
Innolux Corporation	InnoCare Optoelectronics Corporation	Taiwan	Holdings, R&D, manufacturing and distribution company	202,000	205,000	20,200,000	50	645,369	116,658	61,281	
Innolux Corporation	Innolux Japan Co., Ltd.	Japan	Holdings, R&D and distribution company	1,682,751	1,682,751	98	54	2,105,233	184,514	100,450	
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 distribution company	451,168	451,168	41,288,528	76	385,219	(34,982)	(23,236)	
Innolux Corporation	INStek Corporation	Taiwan	R&D, manufacturing and distribution company	—	35,300	2,647,507	40	—	(5,620)	(2,248)	
Innolux Corporation	Ampower Holding Ltd.	Cayman	Investment holdings	844,091	1,717,714	1	50	48,561	95,995	47,997	
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	308,214	69,552	34,081	
Innolux Corporation	eLux Inc.	USA	R&D of MicroLED technology	91,155	91,155	300,000	28	—	(69,177)	(20,798)	
Innolux Corporation	PanelSemi Corporation	Taiwan	Design, manufacturing and sales of electronic parts	250,000	250,000	25,000,000	45	95,884	(154,714)	(70,325)	
Innolux Holding Limited	Rockets Holding Limited	Samoa	Investment holdings	5,222,180	5,222,180	160,504,550	100	12,190,523	166,566	166,566	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Innolux Holding Limited	Suns Holding Ltd	Samoa	Investment holdings	\$ 555,422	\$ 555,422	18,177,052	100	\$ 5,702,443	\$ 110,733	\$ 110,733	
Toppoly Optoelectronics (B.V.I.) Ltd.	Toppoly Optoelectronics (Cayman) Ltd.	Cayman	Investment holdings	3,650,192	3,650,192	146,817,000	100	6,813,680	299,880	299,880	
Innolux Hong Kong Holding Limited	Innolux Hong Kong Limited	Hong Kong	Distribution company	—	—	35,000,000	100	1,712,400	568	568	
Innolux Hong Kong Holding Limited	Innolux Japan Co., Ltd.	Japan	Holdings, R&D and distribution company	1,815,603	1,815,603	82	46	1,761,838	184,514	84,064	
Innolux Hong Kong Holding Limited	CarUX Holding Limited	Cayman	Investment holdings	3,772,473	3,772,473	125,231,749	95	3,973,592	2,385,777	2,385,777	
CarUX Holding Limited	CARUX TECHNOLOGY PTE. LTD.	Singapore	Holdings and distribution company	3,875,499	3,769,371	128,431,419	100	4,070,877	2,383,118	2,383,118	
CarUX Holding Limited	Ultimate Fantasy Limited	BVI	Investment holdings	3	—	—	—	3	—	—	
CARUX TECHNOLOGY PTE. LTD.	CarUX Technology Hong Kong Holding Limited	Hong Kong	Investment holdings	1,818,180	1,818,180	162,897,802	100	2,323,099	516,257	109,838	
CARUX TECHNOLOGY PTE. LTD.	CarUX Technology Europe B.V.	Netherlands	Holding, distribution and R&D testing company	464,341	464,341	375,810	100	564,182	48,481	48,481	
CARUX TECHNOLOGY PTE. LTD.	CarUX Technology Taiwan Inc.	Taiwan	R&D, manufacturing and distribution company	1,500,000	1,400,000	150,000,000	100	2,250,376	370,667	227,186	
Innolux Japan Co., Ltd.	Innolux USA Inc.	USA	Distribution company	369,092	369,092	12,842	100	1,259,073	129,682	129,682	
Rockets Holding Limited	Stanford Developments Limited	Samoa	Investment holdings	5,391,125	5,391,125	164,000,000	100	12,185,947	186,585	186,585	
Rockets Holding Limited	Nets Trading Ltd.	Samoa	Investment company	27,477	27,477	900,001	100	4,438	(20,019)	(20,019)	
Suns Holding Ltd	Warriors Technology Investments Ltd	Samoa	Investment company	555,422	555,422	18,177,052	100	5,702,441	110,733	110,733	
CarUX Technology Europe B.V.	CarUX Technology Germany GmbH	Germany	Testing and maintenance company	33,735	33,735	100,000	100	27,829	1,552	1,552	
Innolux Singapore Holding Pte. Ltd.	INNOLUX OPTOELECTRONICS INDIA PRIVATE LIMITED	India	Distribution company	607,284	607,284	144,095,499	100	6,896	296	296	
Yuan Chi Investment Co., Ltd.	INNOLUX OPTOELECTRONICS INDIA PRIVATE LIMITED	India	Distribution company	—	—	1	—	—	296	—	
Yuan Chi Investment Co., Ltd.	GIO Optoelectronics Corp.	Taiwan	Holdings, R&D, manufacturing and distribution company	858	858	77,235	—	726	(34,982)	(50)	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	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	\$ 7,073	\$ 1,293	\$ 582	
InnoJoy Investment Corporation	Inno Capital Corporation	Taiwan	Investment company	15,000	15,000	1,500,000	100	17,995	1,361	1,361	
InnoJoy Investment Corporation	CDIB-Innolux Limited Partnership	Taiwan	Investment company	186,794	122,561	—	16	229,905	242,477	39,950	
Inno Capital Corporation	CDIB-Innolux Limited Partnership	Taiwan	Investment company	11,338	7,439	—	1	13,954	242,477	2,425	
InnoCare Optoelectronics Corporation	InnoCare Optoelectronics Japan Co., Ltd.	Japan	Distribution company	87,149	87,149	30,010	100	126,134	33,580	33,580	
InnoCare Optoelectronics Corporation	InnoCare Optoelectronics USA, INC.	USA	Distribution company	27,963	27,963	900,000	100	25,925	(2,057)	(2,057)	
InnoCare Optoelectronics Corporation	Innocare Optoelectronics Europe B.V.	Netherlands	After-sales service company	1,662	1,662	500	100	3,431	603	603	
GIO Optoelectronics Corp.	Double Star Inc.	Mauritius	Investment holdings	298,113	298,113	10,000,000	100	102,180	802	802	
Ultimate Fantasy Limited	CarUX Holding Limited	Cayman	Investment holdings	106,560	—	6,843,900	5	—	2,385,777	—	

Innolux Corporation and Subsidiaries
Information on investments in Mainland China
For the year ended December 31, 2023

Table 8

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, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2023 (Note B)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Innocom Technology (Shenzhen) Co., Ltd.	Manufacturing and selling of LCD backend module and related components	\$ 5,035,620	2	\$ 3,896,825	\$ —	\$ —	\$ 3,896,825	\$ 186,585	100	\$ 186,585	\$ 12,185,896	\$ 1,138,795	2.1
Ningbo Innolux Optoelectronics Ltd.	Manufacturing and selling of LCD backend module and related components	9,518,550	2	226,144	—	—	226,144	1,400,481	100	1,400,481	26,561,328	5,300,756	2.2
Foshan Innolux Optoelectronics Ltd.	Manufacturing and selling of LCD backend module and related components	11,760,015	2	11,760,015	—	—	11,760,015	978,403	100	980,837	23,702,533	—	2.2
Ningbo Innolux Display Ltd.	Manufacturing and selling of LCD backend module and related components	4,912,800	2	4,912,800	—	—	4,912,800	667,383	100	667,383	7,035,612	—	2.2
Nanjing Innolux Technology Ltd.	Purchases and sales of monitor-related components company	64,481	2	64,481	—	—	64,481	13,105	100	13,105	648,727	—	2.3
Nanjing Innolux Optoelectronics Ltd.	Manufacturing and selling of LCD backend module and related components	4,789,980	2	4,422,613	—	—	4,422,613	286,776	100	286,776	6,164,931	—	2.3
CarUX Technology (Shanghai) Ltd.	Manufacturing and selling of LCD backend module and related components	644,805	2	—	—	—	—	516,257	95	516,257	2,715,364	—	2.4
Foshan Innolux Logistics Ltd.	Warehousing services	46,058	2	46,058	—	—	46,058	5,945	100	5,945	107,050	—	2.5
GIO (Maanshan) Optoelectronics Co., Ltd.	Manufacturing	307,050	2	307,050	—	—	307,050	807	77	618	78,379	—	2.6
Ningbo CarUX Technology Ltd.	Manufacturing and selling of LCD backend module and related components	1,213,856	3	—	—	—	—	58,176	100	58,481	1,083,787	—	
Ningbo Innolux Electronics Ltd.	Manufacturing and selling of medical equipment	66,632	1	97,396	—	—	97,396	14,294	50	7,176	61,319	—	

Ceiling on investments in Mainland China:

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	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	\$ 25,079,251	\$ 30,657,619	(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 year ended December 31, 2023 was audited 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.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Innolux Corporation:

Opinion

We have audited the accompanying parent company only balance sheets of Innolux Corporation (the "Company") as at December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the Other matter section), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors (please refer to the Other matter section), we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2023 parent company only financial statements are stated as follows:

Inventory valuation

Description

The industry is characterized in its significant fluctuations closely in connection with the economic environment. As the technology evolves rapidly, the launch of new products may cause major changes in consumer demand or due to the update of production approach, the existing products may become obsolete or no longer meet market needs. The Company has evaluated the inventory by taking into account of allowance, obsolescence or trivial sales amount and the cost has been written down to the net realizable value. The abovementioned allowance for inventory valuation losses mainly arose from the excess of the cost of inventory over the net realizable value of inventory. For details of inventory, please refer to Note 6(6). There is a risk of the excess of the cost of inventory over the net realizable value of inventory as a result of that the amounts of inventories are material and the sales prices of related products may have significant fluctuations because of market demand, we consider inventory valuation a key audit matter.

How our audit addressed the matter

We compared financial statements to ascertain the provision policy on allowance for inventory valuation losses has been consistently applied, obtained the net realizable value report of inventory used by management for evaluation and obtained an understanding of sales price basis adopted by management for abovementioned inventory along with the related supporting documents; sampled individual inventory item numbers and checked them against historical data on inventory clearance and discount to assess the reasonableness of net realizable value and the appropriateness of valuation basis.

Valuation and impairment of property, plant and equipment and goodwill

Description

For details of the impairment valuation of property, plant and equipment and goodwill, please refer to Notes 6(8) and 6(11).

Innolux Corporation measures the recoverable amount of the cash generating unit to determine whether goodwill and property, plant and equipment may be impaired based on future cash flows with appropriate discount rates, and future cash flows are estimated based on how assets are utilized, duration years of assets and projected income and expenses in the future. As these estimates, which are uncertain and dependent upon significant judgement from management, involve several assumptions such as determination of discount rates, expected growth rate and future financial projections, we consider management's assessment of impairment of goodwill and property, plant and equipment a key audit matter.

How our audit addressed the matter

We assessed the key assumptions used by management in estimating expected future cash flows, including the reasonableness of expected operating revenue, gross profit, changes in expenses, and the basic assumptions applied in expected future cash flows. We also examined the parameters of discount rates, including the risk-free rate of return on equity capital, the risk factor of the industry and the rate of return on similar investments in the market.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain investments accounted for under the equity method of the Company, which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts and Note 13 included in respect of these investments accounted for under the equity method, is based solely on the reports of the other auditors. The balances of these investments accounted for under the equity method included in the Company's financial statements amounted to NT\$5,178,107 thousand and NT\$ 2,388,523 thousand, constituting 1.5% and 0.6% of the total assets of the Company as at December 31, 2023 and 2022, respectively, and other comprehensive income (loss) of these investments accounted for under the equity method and associates included in the Company's financial statements amounted to NT\$2,510,409 thousand and (NT\$1,499,789) thousand, constituting (12.4%) and 5.0% of the total other comprehensive income loss of the Company for the years ended December 31, 2023 and 2022, respectively.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

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

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

- A. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- E. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers, Taiwan

February 22, 2024

The accompanying parent company only 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 parent company only financial statements and independent auditors' report 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
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2023	December 31, 2022
Current Assets			
1100	Cash and cash equivalents	\$ 34,290,630	\$ 42,742,345
1110	Financial assets at fair value through profit or loss - current	460,767	385,503
1136	Financial assets at amortized cost - current	11,376,036	10,892,226
1170	Accounts receivable, net	18,885,236	24,468,596
1180	Accounts receivable, net - related parties	12,216,032	12,243,100
1200	Other receivables	1,224,024	852,123
1210	Other receivables - related parties	629,730	688,721
130X	Inventory	21,955,057	22,427,356
1410	Prepayments	533,787	803,956
1479	Other current assets	18,716	859,275
11XX	Total current assets	<u>101,590,015</u>	<u>116,363,201</u>
Non-current assets			
1510	Financial assets at fair value through profit or loss - non-current	1,937,420	2,011,821
1517	Financial assets at fair value through other comprehensive income - non-current	2,432,115	2,100,977
1535	Financial assets at amortized cost - non-current	—	887,093
1550	Investments accounted for under equity method	98,340,870	93,254,285
1600	Property, plant and equipment	118,890,795	125,578,587
1755	Right-of-use assets	3,304,834	4,033,355
1760	Investment property, net	416,077	443,866
1780	Intangible assets	17,344,919	17,342,393
1840	Deferred income tax assets	2,797,335	3,513,457
1990	Other non-current assets	6,667,345	8,556,486
15XX	Total non-current assets	<u>252,131,710</u>	<u>257,722,320</u>
1XXX	Total assets	<u>\$ 353,721,725</u>	<u>\$ 374,085,521</u>

(Continued)

INNOLUX CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2023	December 31, 2022
Current Liabilities			
2120	Financial liabilities at fair value through profit or loss - current	\$ 44,596	\$ 329,181
2170	Accounts payable	19,868,799	18,139,842
2180	Accounts payable - related parties	22,515,767	15,069,365
2200	Other payables	22,119,418	25,091,705
2230	Current income tax liabilities	—	142,765
2250	Provisions - current	3,344,901	5,634,974
2280	Lease liabilities - current	539,873	622,990
2320	Long-term liabilities, current portion	7,531,427	8,741,407
2399	Other current liabilities	4,249,204	5,133,343
21XX	Total current liabilities	80,213,985	78,905,572
Non-current liabilities			
2540	Long-term borrowings	30,452,097	26,813,109
2570	Deferred income tax liabilities	1,736,640	1,568,321
2580	Lease liabilities - non-current	3,029,595	3,829,647
2670	Other non-current liabilities	10,164,539	10,493,648
25XX	Total non-current liabilities	45,382,871	42,704,725
2XXX	Total liabilities	125,596,856	121,610,297
Equity			
Share capital			
3110	Common stock	90,786,334	95,564,562
3200	Capital surplus	103,468,658	103,312,414
Retained earnings			
3310	Legal reserve	13,811,763	13,811,763
3320	Special reserve	5,565,152	3,204,136
3350	Unappropriated retained earnings	21,754,128	42,750,417
3400	Other equity interest	(7,198,699)	(5,565,152)
3500	Treasury shares	(62,467)	(602,916)
3XXX	Total equity	228,124,869	252,475,224
3X2X	Total liabilities and equity	\$ 353,721,725	\$ 374,085,521

The accompanying notes are an integral part of these parent company only financial statements.

INNOLUX CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for loss per share amounts)

Items	Notes	2023	2022
4000 Sales revenue	6(21) and 7	\$ 178,996,596	\$ 199,721,875
5000 Operating costs	6(6)(26) and 7	<u>(189,009,988)</u>	<u>(216,731,878)</u>
5900 Net operating loss		<u>(10,013,392)</u>	<u>(17,010,003)</u>
Operating expenses	6(26) and 7		
6100 Selling expenses		(801,603)	(1,007,569)
6200 General and administrative expenses		(3,789,096)	(3,949,817)
6300 Research and development expenses		(9,785,992)	(10,759,959)
6000 Total operating expenses		<u>(14,376,691)</u>	<u>(15,717,345)</u>
6900 Operating loss		<u>(24,390,083)</u>	<u>(32,727,348)</u>
Non-operating income and expenses			
7100 Interest income	6(22)	1,423,725	660,432
7010 Other income	6(23) and 7	1,751,375	2,290,247
7020 Other gains and losses	6(24)	(1,477,596)	(1,460,558)
7050 Finance costs	6(25)	(1,687,857)	(892,380)
7070 Share of profit of subsidiaries, associates and joint ventures accounted for under equity method		6,528,550	4,274,750
7000 Total non-operating income and expenses		<u>6,538,197</u>	<u>4,872,491</u>
7900 Loss before income tax		<u>(17,851,886)</u>	<u>(27,854,857)</u>
7950 Income tax expense	6(28)	(790,653)	(135,399)
8200 Loss for the year		<u>\$ (18,642,539)</u>	<u>\$ (27,990,256)</u>
Other comprehensive income (net)			
Components of other comprehensive income (loss) that will not be reclassified to profit or loss			
8311 Remeasurement of defined benefit plans	6(14)	\$ 9,237	\$ 220,400
8316 Unrealized gains (losses) on financial assets at fair value through other comprehensive income	6(20)	79,109	(2,605,279)
8330 Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for under equity method	6(20)	(62,452)	(1,962,499)
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(28)	(16,650)	474,360
8310 Other comprehensive income (loss) that will not be reclassified to profit or loss		<u>9,244</u>	<u>(3,873,018)</u>
Components of other comprehensive income (loss) that will be reclassified to profit or loss			
8361 Financial statements translation differences of foreign operations	6(20)	(1,603,247)	1,587,253
8380 Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for under equity method	6(7)(20)	(32,278)	101,069
8360 Other comprehensive income (loss) that will be reclassified to profit or loss		<u>(1,635,525)</u>	<u>1,688,322</u>
8300 Other comprehensive loss for the year, net of tax		<u>\$ (1,626,281)</u>	<u>\$ (2,184,696)</u>
8500 Total comprehensive loss for the year		<u>\$ (20,268,820)</u>	<u>\$ (30,174,952)</u>
Loss per share (in dollars)	6(29)		
9750 Basic loss per share		<u>\$ (2.01)</u>	<u>\$ (2.76)</u>

The accompanying notes are an integral part of these parent company only financial statements.

INNOLUX CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Share Capital		Retained Earnings			Other Equity Interest			Total
		Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury shares	
2022										
Balance at January 1		\$ 105,596,201	\$ 103,287,482	\$ 8,062,551	\$ 6,059,671	\$ 84,545,631	\$ (9,862,144)	\$ 6,658,008	\$ —	\$ 304,347,400
Loss for the year		—	—	—	—	(27,990,256)	—	—	—	(27,990,256)
Other comprehensive income (loss) for the year	6(20)	—	—	—	—	176,320	1,688,322	(4,049,338)	—	(2,184,696)
Total comprehensive income (loss)		—	—	—	—	(27,813,936)	1,688,322	(4,049,338)	—	(30,174,952)
Appropriations of 2021 earnings:	6(19)									
Legal reserve		—	—	5,749,212	—	(5,749,212)	—	—	—	—
Special reserve		—	—	—	(2,855,535)	2,855,535	—	—	—	—
Cash dividends		—	—	—	—	(11,087,601)	—	—	—	(11,087,601)
Capital reduction by cash	6(17)	(10,031,639)	—	—	—	—	—	—	47,500	(9,984,139)
Recognition of change in equity of associates in proportion to the Company's ownership	6(18)	—	247	—	—	—	—	—	—	247
Recognition of changes in ownership interests in subsidiaries	6(18)	—	10,169	—	—	—	—	—	—	10,169
Purchase of treasury shares	6(17)	—	—	—	—	—	—	—	(650,416)	(650,416)
Others	6(18)	—	14,516	—	—	—	—	—	—	14,516
Balance at December 31		\$ 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
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
Loss for the year		—	—	—	—	(18,642,539)	—	—	—	(18,642,539)
Other comprehensive income (loss) for the year	6(20)	—	—	—	—	7,266	(1,635,525)	1,978	—	(1,626,281)
Total comprehensive income (loss)		—	—	—	—	(18,635,273)	(1,635,525)	1,978	—	(20,268,820)
Appropriation of 2022 earnings:	6(19)									
Special reserve		—	—	—	2,361,016	(2,361,016)	—	—	—	—
Capital reduction by cash	6(17)	(4,778,228)	—	—	—	—	—	—	22,625	(4,755,603)
Recognition of change in equity of associates in proportion to the Company's ownership	6(18)	—	6,556	—	—	—	—	—	—	6,556
Recognition of changes in ownership interests in subsidiaries	6(18)	—	155,910	—	—	—	—	—	—	155,910
Difference between consideration and carrying amount of subsidiaries disposed	6(18)	—	11,475	—	—	—	—	—	—	11,475
Treasury shares transferred to employees	6(17)(18)	—	(55,038)	—	—	—	—	—	517,824	462,786
Others	6(18)	—	37,341	—	—	—	—	—	—	37,341
Balance at December 31		\$ 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

The accompanying notes are an integral part of these parent company only financial statements.

INNOLUX CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		\$ (17,851,886)	\$ (27,854,857)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation and amortization	6(26)	25,073,738	26,864,122
Net (gain) loss on financial assets or liabilities at fair value through profit or loss		(185,502)	378,875
Compensation cost of share-based payments	6(26)	187,242	2,435
Share of profit of subsidiaries and associates accounted for under equity method		(6,528,550)	(4,274,750)
(Gain) loss on disposal of property, plant and equipment		(33,237)	12,908
Gain on disposal of intangible assets		(60)	—
Non-financial asset impairment loss	6(8)	1,535,225	—
Interest income	6(22)	(1,423,725)	(660,432)
Dividend income	6(23)	(30,097)	(44,895)
Interest expense	6(25)	1,687,857	892,380
Foreign exchange gain		(131,868)	(2,310,657)
Unrealized profit from sale		394,143	251,937
Others		—	—
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets /liabilities at fair value through profit or loss		(359,849)	(69,970)
Accounts receivable		5,419,829	27,987,737
Accounts receivable - related parties		27,068	(2,111,324)
Other receivables		(108,918)	323,060
Other receivables - related parties		29,859	1,285,810
Inventories		472,299	4,644,794
Prepayments		(1,033,062)	1,748,372
Other current assets		936	(753)
Changes in operating liabilities			
Accounts payable		1,892,249	(5,987,080)
Accounts payable - related parties		7,446,402	(7,528,266)
Other payables		(3,025,057)	(5,324,980)
Provisions - current		(1,974,117)	(1,095,267)
Other current liabilities		(2,647,416)	(73,152)
Other non-current liabilities		128,366	(49,809)
Cash inflow generated from operations		8,961,869	7,006,238
Cash paid for income tax		(178,510)	(64,641)
Net cash flows from operating activities		8,783,359	6,941,597

(Continued)

INNOLUX CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through profit or loss		\$ (7,203,079)	\$ (142,505)
Proceeds from disposal of financial assets at fair value through profit or loss		7,462,982	13,948,744
Acquisition of investments in equity instruments measured at fair value through other comprehensive income		(252,029)	—
(Increase) decrease in financial assets at amortized cost - current		(5,316,350)	3,330,220
Proceeds from disposal of financial assets at amortized cost		—	47,284,750
Proceeds from repayments of financial assets at amortized cost		5,655,818	2,010,343
Increase in investment accounted for under equity method		(1,426,050)	—
Proceeds from capital reduction of investments accounted for under equity method		898,981	—
Proceeds from disposal of investments accounted for under equity method		20,937	—
Decrease (increase) in refundable deposits		216,789	(666,798)
Acquisition of property, plant and equipment	6(30)	(16,366,151)	(15,532,404)
Proceeds from disposal of property, plant and equipment		201,740	318,936
Proceeds from disposal of intangible assets		60	23,013
Interest received		1,549,213	796,163
Dividends received		86,580	147,945
Net cash flows (used in) from investing activities		<u>(14,470,559)</u>	<u>51,518,407</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings		37,500,000	—
Repayments of long-term borrowings		(35,002,778)	(8,750,000)
Increase in other non-current liabilities	7	1,426,050	—
Cash dividends paid	6(19)	—	(11,087,601)
Interest paid		(1,613,495)	(855,012)
Repayment of the principal portion of lease liabilities		(605,005)	(614,669)
Treasury shares transferred to employees		248,975	—
Payments to acquire treasury shares	6(17)	—	(602,916)
Cash capital reduction	6(17)	(4,755,603)	(10,031,639)
Others	6(18)	37,341	14,516
Net cash flows used in financing activities		<u>(2,764,515)</u>	<u>(31,927,321)</u>
Net (decrease) increase in cash and cash equivalents		(8,451,715)	26,532,683
Cash and cash equivalents at beginning of year		42,742,345	16,209,662
Cash and cash equivalents at end of year		<u>\$ 34,290,630</u>	<u>\$ 42,742,345</u>

The accompanying notes are an integral part of these parent company only financial statements.

INNOLUX CORPORATION
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

(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 engages 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 PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These parent company only financial statements were authorized for issuance by the Board of Directors on February 22, 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 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS12, ‘International tax reform - pillar two model rules’	May 23, 2023

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

New standards, interpretations and amendments endorsed by the FSC and will become 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 Company's financial condition and financial performance based on the Company'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 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
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
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

These parent company only financial statements are prepared by the Company in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basis of preparation

A. Except for the following items, these parent company only 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 as endorsed and issued into effect 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 Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional and presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognized in other comprehensive income.

- (b) When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Company retains partial interest in the former foreign associate after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realized within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

- C. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.
- D. The Company recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

- A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:
The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Financial assets at amortized cost

- A. Financial assets at amortized cost are those that meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.
- D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Accounts receivable

- A. Accounts receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

For financial assets at amortized cost, at each reporting date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant

increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Company recognizes the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) Operating leases (lessor)

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(13) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(14) Investments accounted for using equity method / subsidiaries and associates

A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses proportionate to its ownership.

D. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

E. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

- F. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
 - G. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
 - H. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
 - I. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
 - J. Pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.
- (15) Property, plant and equipment
- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
 - B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
 - C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful

lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	3~51years
Machinery and equipment	5~9 years
Other equipment	2~6 years

(16) Leasing arrangements (lessee) - right-of-use assets / lease liabilities

- A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:
- (a) Fixed payments, less any lease incentives receivable; and
 - (b) Variable lease payments that depend on an index or a rate.

The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (a) The amount of the initial measurement of lease liability; and
 - (b) Any lease payments made at or before the commencement date.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

(17) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model.

Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 25 ~ 51 years.

(18) Intangible assets

- A. Goodwill arises in a business combination accounted for by applying the acquisition method.
- B. Patent, royalties and other intangible assets are amortized on a straight-line basis over their estimated useful lives of 2 ~ 10 years.

(19) Impairment of non-financial assets

- A. The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.
- B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.
- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(20) Borrowings

- A. Borrowings comprise long-term and short-term bank borrowings and other long-term loans. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.
- B. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

(21) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

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

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges.
- B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognized in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognized in profit or loss.

(23) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(24) Provisions

Provisions (including warranties, litigations, etc.) are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(25) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) that are denominated in the currency in

which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

- ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognizes expense as it can no longer withdraw an offer of termination benefits or it recognizes relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(26) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

(27) Income tax

- A. The tax expense for the year comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
- E. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(28) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs, is included in equity attributable to the Company's equity holders.

(29) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders' meeting. Cash dividends are recorded as liabilities.

(30) Revenue recognition

- A. The Company is primarily engaged in manufacture and sale of TFT-LCD panel products. The Company recognizes revenue when the right of control is transferred to the customer when the products are delivered to customer and the Company has no unperformed obligation that could affect customer acceptance of the product. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- B. Sales revenue is calculated based on the contract price, net of volume discounts and sales returns and discounts. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts and sales discounts and allowances. Accumulated experience is used to estimate and provide for the volume discounts, sales discounts and allowances, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. The estimation is

subject to an assessment at each reporting date. A refund liability is recognized for expected volume discounts, sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made, which is consistent with market practice.

- C. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

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

The preparation of these parent company only financial statements requires management to make critical judgments in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. For the information of critical accounting judgments, estimates and key sources of assumption uncertainty is addressed below:

Critical accounting estimates and assumptions

The Company makes estimates and assumptions based on the expectation of future events that are believed to be reasonable under the circumstances at the end of the reporting period. The resulting accounting estimates might be different from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(1) Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Company's subjective judgment, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units. Please refer to Note 6(11) for the information on goodwill impairment.

(2) Impairment assessment of tangible and intangible assets (excluding goodwill)

The Company assesses impairment based on its subjective judgment and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilized and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Company strategy might cause material impairment on assets in the future. Please refer to Note 6(11) for the information on impairment assessment.

(3) Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgments and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand, demand deposits and checking accounts	\$ 21,834,230	\$ 24,679,045
Time deposits	12,456,400	18,063,300
	<u>\$ 34,290,630</u>	<u>\$ 42,742,345</u>

A. The Company 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	December 31, 2023	December 31, 2022
<u>Current items</u>		
Financial assets mandatorily measured at fair value through profit or loss		
Forward foreign exchange contracts	\$ 396,892	\$ 342,475
Forward exchange swap contracts	63,875	43,028
	<u>\$ 460,767</u>	<u>\$ 385,503</u>
<u>Non-current items</u>		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 886,524	\$ 834,038
Unlisted stocks	1,050,896	1,177,783
	<u>\$ 1,937,420</u>	<u>\$ 2,011,821</u>
<u>Liabilities</u>		
<u>Current items</u>		
Financial liabilities held for trading		
Forward foreign exchange contracts	\$ 44,596	\$ 289,691
Forward exchange swap contracts	—	39,490
	<u>\$ 44,596</u>	<u>\$ 329,181</u>

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

Derivative financial assets and liabilities	December 31, 2023			December 31, 2022		
	Contract Amount (Notional Principal)		Contract Period	Contract Amount (Notional Principal)		Contract Period
		(in thousands)			(in thousands)	
<u>Current items</u>						
Forward foreign exchange contracts	USD (sell)	\$ 257,000	2023/11-2024/02	USD (sell)	\$ 250,000	2022/12-2023/01
	RMB (buy)	1,850,771	2023/11-2024/02	RMB (buy)	1,748,133	2022/12-2023/01
Forward foreign exchange contracts	RMB (sell)	325,000	2023/11-2024/02	RMB (sell)	550,000	2022/10-2023/01
	TWD (buy)	1,414,638	2023/11-2024/02	TWD (buy)	2,417,714	2022/10-2023/01
Forward foreign exchange contracts	USD (sell)	35,000	2023/12-2024/01	USD (sell)	30,000	2022/12-2023/01
	JPY (buy)	5,018,000	2023/12-2024/01	JPY (buy)	4,049,825	2022/12-2023/01

Derivative financial assets and liabilities	December 31, 2023			December 31, 2022		
	Contract Amount (Notional Principal) (in thousands)		Contract Period	Contract Amount (Notional Principal) (in thousands)		Contract Period
<u>Current items</u>						
Forward foreign exchange contracts	TWD (sell)	\$ 5,708,377	2023/08-2024/05	TWD (sell)	\$ 4,850,675	2022/10-2023/03
	JPY (buy)	26,350,000	2023/08-2024/05	JPY (buy)	22,000,000	2022/10-2023/03
Forward foreign exchange contracts	EUR (sell)	4,700	2023/12-2024/01	EUR (sell)	7,700	2022/11-2023/02
	USD (buy)	5,176	2023/12-2024/01	USD (buy)	7,994	2022/11-2023/02
Forward foreign exchange contracts	HKD (sell)	70,198	2023/12-2024/01	HKD (sell)	37,500	2022/11-2023/01
	USD (buy)	9,000	2023/12-2024/01	USD (buy)	4,800	2022/11-2023/01
Forward foreign exchange contracts	USD (sell)	261,000	2023/10-2024/01	USD (sell)	871,860	2022/12-2023/02
	TWD (buy)	8,166,841	2023/10-2024/01	TWD (buy)	26,492,656	2022/12-2023/02
Foreign exchange swap contracts	USD (sell)	137,000	2023/11-2024/02	USD (sell)	457,000	2022/11-2023/02
	TWD (buy)	4,257,216	2023/11-2024/02	TWD (buy)	14,022,914	2022/11-2023/02

The Company 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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Non-current items</u>		
Equity instruments		
Listed stocks	<u>\$ 2,432,115</u>	<u>\$ 2,100,977</u>

- A. The Company 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 Company for the years ended December 31, 2023 and 2022, please refer to Note 6(20) "Other equity".

(4) Financial assets at amortized cost

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current items</u>		
Principal guaranteed financial assets	\$ 10,500,000	\$ 3,685,200
Corporate bonds	876,036	5,186,488
Fixed income financial products	—	2,020,538
	<u>\$ 11,376,036</u>	<u>\$ 10,892,226</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Non-current items</u>		
Corporate bonds	\$ —	\$ 887,093
	<u>\$ —</u>	<u>\$ 887,093</u>

- A. The Company recognized \$361,175 and \$375,203 of interest income arising from the financial assets at amortized cost for the years ended December 31, 2023 and 2022, respectively.
- B. The Company 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 defaults is remote.

(5) Accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable	\$ 19,147,800	\$ 24,731,160
Less: Allowance for uncollectible accounts	(262,564)	(262,564)
	<u>\$ 18,885,236</u>	<u>\$ 24,468,596</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Not past due	\$ 18,737,602	\$ 21,919,761
Up to 60 days	406,529	1,790,590
61 to 180 days	—	752,577
Over 180 days	3,669	268,232
	<u>\$ 19,147,800</u>	<u>\$ 24,731,160</u>

The above aging analysis was based on past due date.

- B. As of December 31, 2023 and 2022, accounts receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to \$52,718,897.
- C. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(6) Inventories

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Raw materials and supplies	\$ 2,465,471	\$ 2,921,419
Work in progress	10,389,342	10,024,876
Finished goods	9,100,244	9,481,061
	<u>\$ 21,955,057</u>	<u>\$ 22,427,356</u>

For the years ended December 31, 2023 and 2022, the Company recognized cost of goods sold for inventories that have been sold at \$189,106,358 and \$216,308,550 and recognized net inventory gain (loss) at \$96,370 and (\$423,328) 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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiaries:		
Landmark International Ltd.	\$ 57,300,651	\$ 55,243,844
Innolux Holding Limited	19,508,728	18,569,845
Innolux Hong Kong Holding Limited	7,029,733	4,984,990
Toppoly Optoelectronics (B.V.I.) Ltd.	6,814,039	6,631,666
Others	7,235,060	6,432,687
Associates:		
FI Medical Device Manufacturing Co., Ltd.	308,214	304,356
PanelSemi Corporation	95,884	162,329
Ampower Holding Ltd.	48,561	904,206
Others	—	20,362
	<u>\$ 98,340,870</u>	<u>\$ 93,254,285</u>

A. The Company's subsidiaries

Details of the Company's subsidiaries are provided in Note 4(3) of the Company's consolidated financial statements as of and for the year ended December 31, 2023.

B. The Company's associates

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

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Loss for the year from continuing operations	\$ (9,045)	\$ (6,721)
Other comprehensive (loss) income - net of tax	(32,278)	101,069
Total comprehensive (loss) income	<u>\$ (41,323)</u>	<u>\$ 94,348</u>

(8) Property, plant and equipment

	2023				
	<u>At January 1</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfer</u>	<u>At December 31</u>
Cost:					
Land	\$ 3,852,792	\$ —	\$ —	\$ —	\$ 3,852,792
Buildings	181,146,039	760,822	(1,750,242)	2,269,187	182,425,806
Machinery and equipment	488,276,521	3,303,543	(4,731,821)	14,699,102	501,547,345
Other equipment	43,068,716	2,925	(2,337,701)	3,014,741	43,748,681
	<u>716,344,068</u>	<u>4,067,290</u>	<u>(8,819,764)</u>	<u>19,983,030</u>	<u>731,574,624</u>
Accumulated depreciation and impairment:					
Buildings	(137,813,363)	(5,985,657)	1,750,188	—	(142,048,832)
Machinery and equipment	(428,568,266)	(16,943,073)	4,448,539	10,380	(441,052,420)
Other equipment	(38,528,249)	(3,112,417)	2,330,175	(9,292)	(39,319,783)
	<u>(604,909,878)</u>	<u>(26,041,147)</u>	<u>8,528,902</u>	<u>1,088</u>	<u>(622,421,035)</u>
Unfinished construction and equipment under acceptance	14,144,397	12,882,130	—	(17,289,321)	9,737,206
	<u>\$ 125,578,587</u>				<u>\$ 118,890,795</u>

	2022				
	At January 1	Additions	Disposals	Transfer	At December 31
Cost:					
Land	\$ 3,852,792	\$ —	\$ —	\$ —	\$ 3,852,792
Buildings	179,699,574	605,185	(124,891)	966,171	181,146,039
Machinery and equipment	484,375,727	3,331,414	(5,658,583)	6,227,963	488,276,521
Other equipment	43,483,603	535	(3,824,012)	3,408,590	43,068,716
	<u>711,411,696</u>	<u>3,937,134</u>	<u>(9,607,486)</u>	<u>10,602,724</u>	<u>716,344,068</u>
Accumulated depreciation and impairment:					
Buildings	(131,005,345)	(6,932,091)	123,865	208	(137,813,363)
Machinery and equipment	(418,170,549)	(16,016,928)	5,620,246	(1,035)	(428,568,266)
Other equipment	(38,755,341)	(3,312,432)	3,535,268	4,256	(38,528,249)
	<u>(587,931,235)</u>	<u>(26,261,451)</u>	<u>9,279,379</u>	<u>3,429</u>	<u>(604,909,878)</u>
Unfinished construction and equipment under acceptance	7,983,653	12,026,858	—	(5,866,114)	14,144,397
	<u>\$ 131,464,114</u>				<u>\$ 125,578,587</u>

- A. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.
- B. As of December 31, 2023 and 2022, the prepayments for business facilities which have not yet entered the factory (shown as ‘other non-current assets’) amounted to \$901,320 and \$3,688,314, respectively.
- C. In 2023, the Company implemented the impairment assessment on non-financial assets whose capacity utilization was extremely low. An impairment loss of \$1,535,225 was recognized as the asset’s carrying amount exceeds its recoverable amount under the assessment.

(9) Leasing arrangements - lessee

- A. The Company leases various assets including land. Rental contracts are typically made for periods of 9 to 28 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 and equipment. Low-value assets comprise computer equipment.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Land	<u>\$ 3,304,834</u>	<u>\$ 4,033,355</u>
	Years ended December 31,	
	2023	2022
	Depreciation Charge	Depreciation Charge
Land	<u>\$ 450,356</u>	<u>\$ 469,041</u>

D. The information on profit and loss accounts relating to lease contracts is as follows:

	Years ended December 31,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 69,314	\$ 79,747
Expense on variable lease payments	65,041	45,934
Expense on leases of low-value assets	8,461	28,069
Expense on short-term lease contracts	17,203	30,090

E. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were \$758,057 and \$738,199, respectively.

(10) Investment property

	2023		
	At January 1	Additions	At December 31
Cost:			
Land	\$ 188,247	\$ —	\$ 188,247
Buildings	439,228	—	439,228
	<u>627,475</u>	<u>—</u>	<u>627,475</u>
Accumulated depreciation and impairment:			
Buildings	(183,609)	(27,789)	(211,398)
	<u>\$ 443,866</u>	<u>\$ (27,789)</u>	<u>\$ 416,077</u>
	2022		
	At January 1	Additions	At December 31
Cost:			
Land	\$ 188,247	\$ —	\$ 188,247
Buildings	439,228	—	439,228
	<u>627,475</u>	<u>—</u>	<u>627,475</u>
Accumulated depreciation and impairment:			
Buildings	(155,820)	(27,789)	(183,609)
	<u>\$ 471,655</u>	<u>\$ (27,789)</u>	<u>\$ 443,866</u>

The fair value of the investment property held by the Company as at December 31, 2023 and 2022 was \$1,751,066 and \$1,670,276, 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:

	2023				
	At January 1	Additions	Disposals	Transfer	At December 31
Cost:					
Patents and royalty	\$ 8,229,854	\$ —	\$ —	\$ 800	\$ 8,230,654
Goodwill	17,096,628	—	—	—	17,096,628
Others	4,202,301	—	(371,927)	92,485	3,922,859
	<u>29,528,783</u>	<u>—</u>	<u>(371,927)</u>	<u>93,285</u>	<u>29,250,141</u>
Accumulated amortization and impairment:					
Patents and royalty	(8,188,585)	(20,156)	—	—	(8,208,741)
Others	(3,997,805)	(69,515)	371,927	(1,088)	(3,696,481)
	<u>(12,186,390)</u>	<u>(89,671)</u>	<u>371,927</u>	<u>(1,088)</u>	<u>(11,905,222)</u>
	<u>\$ 17,342,393</u>	<u>\$ (89,671)</u>	<u>\$ —</u>	<u>\$ 92,197</u>	<u>\$ 17,344,919</u>
	2022				
	At January 1	Additions	Disposals	Transfer	At December 31
Cost:					
Patents and royalty	\$ 8,232,454	\$ —	\$ (3,000)	\$ 400	\$ 8,229,854
Goodwill	17,096,628	—	—	—	17,096,628
Others	4,446,483	—	(336,318)	92,136	4,202,301
	<u>29,775,565</u>	<u>—</u>	<u>(339,318)</u>	<u>92,536</u>	<u>29,528,783</u>
Accumulated amortization and impairment:					
Patents and royalty	(8,171,928)	(19,657)	3,000	—	(8,188,585)
Others	(4,224,926)	(86,184)	313,305	—	(3,997,805)
	<u>(12,396,854)</u>	<u>(105,841)</u>	<u>316,305</u>	<u>—</u>	<u>(12,186,390)</u>
	<u>\$ 17,378,711</u>	<u>\$ (105,841)</u>	<u>\$ (23,013)</u>	<u>\$ 92,536</u>	<u>\$ 17,342,393</u>

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

	Years ended December 31,	
	2023	2022
Operating costs	\$ 30,410	\$ 28,720
Operating expenses	58,762	77,121
	<u>\$ 89,172</u>	<u>\$ 105,841</u>

C. The Company is primarily engaged in the manufacture of TFT-LCD products, which is a single cash-generating unit. The Company performed impairment analysis for recoverable amount of the goodwill and property, plant and equipment at each reporting date 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, which was discounted at the discount rate of 9.89% and 9.38%, respectively, for the years ended December 31, 2023 and 2022, to reflect the specific risks of the related cash generating units. The future cash flows were estimated based on the future revenue, gross profit, and other operating costs each year.

(12) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other personnel expenses	\$ 6,358,006	\$ 9,518,891
Payable on machinery and equipment	4,105,952	3,522,683
Repairs and maintenance expense payable	2,227,232	2,317,720
Utilities expense payable	1,082,457	1,044,406
Processing fee payable	825,094	527,983
Other payables	7,520,677	8,160,022
	<u>\$ 22,119,418</u>	<u>\$ 25,091,705</u>

(13) Long-term borrowings

<u>Type of borrowings</u>	<u>Period</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Syndicated bank borrowings	2019/4/15 ~2026/3/24	\$ 37,500,000	\$ 35,000,000
Unsecured borrowings	2021/12/2 ~2026/11/15	597,222	600,000
Less:			
Administrative expenses charged by syndicated banks		(113,698)	(45,484)
Current portion (includes administrative expenses)		<u>(7,531,427)</u>	<u>(8,741,407)</u>
		<u>\$ 30,452,097</u>	<u>\$ 26,813,109</u>
Range of interest rates		<u>1.38%~2.68%</u>	<u>0.75%~2.26%</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 years ended December 31, 2023 and 2022 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 December 31, 2023, the borrowing has yet to be drawn down.

(14) Pensions

A. Defined benefit pension plan

- (a) The Company has 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 choose to continue to be subject to the pension mechanism under the Law. Under the defined benefit

pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

- (b) In February 2023, the Science Park, Ministry of Science and Technology has approved the temporary suspension of the Company's contributions to the retirement fund.
- (c) In the first half of 2022, the Company reached an agreement with part of its employees for terminating their defined benefit pension plans and settled its defined benefit obligation. Total pension payment paid from the plan assets was \$2,166,345. Accordingly, the Company re-assessed the actuarial assumptions and recognized gain on the settlement amounting to \$127,244 and gain on remeasurement of net defined benefit liability amounting to \$232,321.
- (d) The amounts recognized in the balance sheet are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	\$ 241,458	\$ 238,892
Fair value of plan assets	(527,003)	(516,912)
Net defined benefit asset	<u>\$ (285,545)</u>	<u>\$ (278,020)</u>

- (e) Movements in net defined benefit liabilities (asset) are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit asset
Year ended December 31, 2023			
Balance at January 1	\$ 238,892	\$ 516,912	\$ (278,020)
Current service cost	5,326	—	5,326
Interest expense/income	3,106	6,720	(3,614)
	<u>8,432</u>	<u>6,720</u>	<u>1,712</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	—	17,769	(17,769)
Change in financial assumptions	2,543	—	2,543
Experience adjustments	5,989	—	5,989
Paid pension	(14,398)	(14,398)	—
	<u>(5,866)</u>	<u>3,371</u>	<u>(9,237)</u>
Balance at December 31	<u>\$ 241,458</u>	<u>\$ 527,003</u>	<u>\$ (285,545)</u>

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
Year ended December 31, 2022			
Balance at January 1	\$ 2,568,227	\$ 2,501,851	\$ 66,376
Current service cost	5,454	—	5,454
Interest expense/income	10,493	12,699	(2,206)
Gain on settlement	(127,244)	—	(127,244)
	<u>(111,297)</u>	<u>12,699</u>	<u>(123,996)</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	—	176,652	(176,652)
Change in demographic assumptions	9,909	—	9,909
Change in financial assumptions	(15,839)	—	(15,839)
Experience adjustments	(37,818)	—	(37,818)
Paid pension	(2,174,290)	(2,174,290)	—
	<u>(2,218,038)</u>	<u>(1,997,638)</u>	<u>(220,400)</u>
Balance at December 31	<u>\$ 238,892</u>	<u>\$ 516,912</u>	<u>\$ (278,020)</u>

(f) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(g) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2023	2022
Discount rate	1.20%	1.30%
Future salary increases	2.40%	2.40%

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2023</u>				
Effect on present value of defined benefit obligation	\$ (6,286)	\$ 6,530	\$ 5,832	\$ (5,653)
	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	\$ (6,589)	\$ 6,848	\$ 6,158	\$ (5,966)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

- (h) As of December 31, 2023, the weighted average duration of the retirement plan is 11 years.
- (i) During the years ended December 31, 2023 and 2022, the subsidiary of the Company recognized other comprehensive loss amounting to \$124 and \$0 for remeasurements arising from the defined benefit plan, respectively.

B. Defined contribution pension plan

- (a) Effective July 1, 2005, the Company has 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. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2023 and 2022 were \$905,792 and \$958,788, respectively.

(15) Share-based payment

- A. For the year ended December 31, 2023, the share-based payment arrangements of the Company were as follows. Refer to Note 6(16) of the consolidated financial statements for the year ended December 31, 2023 for the information regarding the share-based payment arrangements of the Company’s subsidiaries.

Type of loans arrangement	Grant date	Quantity granted (in thousand units)	Contract period (in years)	Vesting conditions
Treasury stock transferred to employees	2023/10/26	40,418	—	Vested immediately

As of December 31, 2023, the treasury stock transferred to employees had expired and 2,058 thousand shares became invalid.

B. The information on fair value of treasury stock transferred to the employees is as follows:

Type of loans arrangement	Grant Date	Price (in dollars)	Exercise Price (in dollars)	Fair value per unit (in dollars)
Treasury stock transferred to employees	2023/10/26	\$ 11.80	\$ 6.51	\$ 5.29

C. For the years ended December 31, 2023 and 2022, the Company recognized expenses on share-based payment transaction (equity settlement) amounting to \$187,242 and \$2,435, respectively.

(16) Provisions-current

	Warranty	Litigation and others	Total
At January 1, 2023	\$ 2,649,117	\$ 2,985,857	\$ 5,634,974
Additions during the year	601,874	272,432	874,306
Reversed during the year	(1,584,688)	(1,579,691)	(3,164,379)
At December 31, 2023	\$ 1,666,303	\$ 1,678,598	\$ 3,344,901

A. Warranty

The Company 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 Company are related to patents of TFT-LCD panel products and anti-trust litigations. For information on estimation of provisions, please refer to Note 9(1).

(17) Share capital

A. As of December 31, 2023, 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.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	2023	2022
	Number of ordinary shares (in thousand units)	Number of ordinary shares (in thousand units)
At January 1	9,511,206	10,559,620
Cash capital reduction	(475,560)	(998,414)
Treasury stock transferred to employees	38,360	—
Shares retired	—	(50,000)
At December 31	9,074,006	9,511,206

B. Capital reduction

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.

To adjust the capital structure, the stockholders of the Company during their meeting on June 24, 2022 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-1111803817, dated August 10, 2022. The capital reduction amounted to \$10,031,639 for a total of 1,003,164 thousand shares, and the ratio of capital reduction was 9.5%. The effective date of the capital reduction was August 15, 2022. The change of registration was completed on August 23, 2022. The effective date of the replacement of shares due to the capital reduction was October 7, 2022.

C. Treasury shares

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

	2023		2022	
	Number of ordinary shares (in thousands)	Book value	Number of ordinary shares (in thousands)	Book value
At January 1	45,250	\$ 602,916	—	\$ —
Treasury stock transferred to employees	(38,360)	(517,824)	—	—
Retirement for the year	—	—	50,000	650,416
Cash capital reduction	(2,263)	(22,625)	(4,750)	(47,500)
At December 31	<u>4,627</u>	<u>\$ 62,467</u>	<u>45,250</u>	<u>\$ 602,916</u>

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.

(18) 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.

	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	—	—	155,910	—	—	155,910
Recognition of change in equity of associates in proportion to the Company's ownership	—	—	—	6,556	—	6,556
Treasury shares transferred to employees	10,886	(65,924)	—	—	—	(55,038)
Difference between consideration and carrying amount of subsidiaries disposed	—	—	—	—	11,475	11,475
Others	37,341	—	—	—	—	37,341
At December 31	<u>\$100,054,920</u>	<u>\$ 3,117,490</u>	<u>\$ 172,563</u>	<u>\$ 48,080</u>	<u>\$ 75,605</u>	<u>\$103,468,658</u>
	2022					
	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	\$ 99,992,177	\$ 3,183,414	\$ 6,484	\$ 41,277	\$ 64,130	\$103,287,482
Recognition of changes in ownership interests in subsidiaries	—	—	10,169	—	—	10,169
Recognition of change in equity of associates in proportion to the Company's ownership	—	—	—	247	—	247
Others	14,516	—	—	—	—	14,516
At December 31	<u>\$100,006,693</u>	<u>\$ 3,183,414</u>	<u>\$ 16,653</u>	<u>\$ 41,524</u>	<u>\$ 64,130</u>	<u>\$103,312,414</u>

(19) 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 year plus the amount of items other than post-tax profit for the year, and the amount was included in the unappropriated earnings for the year.

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 less 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 2022 deficit compensation which was approved at the stockholders' meeting in May 2023 and the appropriation of 2021 net income which was approved at the stockholders' meeting in June 2022 are as follows:

	Years ended December 31,			
	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ —		\$ 5,749,212	
Provision for (reversal of) special reserve	2,361,016		(2,855,535)	
Cash dividends	—	\$ —	11,087,601	\$ 1.05
	<u>\$ 2,361,016</u>		<u>\$ 13,981,278</u>	

(20) Other equity items

	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)
Revaluation - gross	—	79,109	79,109
Currency translation differences	(1,603,247)	—	(1,603,247)
Share of other comprehensive loss of subsidiaries and associates	(32,278)	(62,328)	(94,606)
Effect of income tax	—	(14,803)	(14,803)
At December 31	<u>\$ (9,809,347)</u>	<u>\$ 2,610,648</u>	<u>\$ (7,198,699)</u>
	2022		
	Currency translation	Financial assets at fair value through other comprehensive income	Total
At January 1	\$ (9,862,144)	\$ 6,658,008	\$ (3,204,136)
Revaluation - gross	—	(2,605,279)	(2,605,279)
Currency translation differences	1,587,253	—	1,587,253
Share of other comprehensive loss of subsidiaries and associates	101,069	(1,962,499)	(1,861,430)
Effect of income tax	—	518,440	518,440
At December 31	<u>\$ (8,173,822)</u>	<u>\$ 2,608,670</u>	<u>\$ (5,565,152)</u>

(21) Operating income

	Years ended December 31,	
	2023	2022
TFT-LCD products	<u>\$ 178,996,596</u>	<u>\$ 199,721,875</u>

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

(22) Interest income

	Years ended December 31,	
	2023	2022
Interest income from bank deposits	\$ 1,062,550	\$ 285,229
Interest income from financial assets at amortized cost	361,175	375,203
	<u>\$ 1,423,725</u>	<u>\$ 660,432</u>

(23) Other income

	Years ended December 31,	
	2023	2022
Service revenue	\$ 838,791	\$ 1,242,398
Rental revenue	183,393	198,573
Compensation income	110,023	81,961
Dividend income	30,097	44,895
Other income	589,071	722,420
	<u>\$ 1,751,375</u>	<u>\$ 2,290,247</u>

(24) Other gains and losses

	Years ended December 31,	
	2023	2022
Net loss on financial assets and liabilities at fair value through profit or loss	\$ (1,968,200)	\$ (7,280,022)
Net currency exchange gain	373,524	5,741,912
Other gains	117,080	77,552
	<u>\$ (1,477,596)</u>	<u>\$ (1,460,558)</u>

(25) Finance costs

	Years ended December 31,	
	2023	2022
Interest expense:		
Bank borrowings	\$ 1,596,100	\$ 789,855
Others	91,757	102,525
	<u>\$ 1,687,857</u>	<u>\$ 892,380</u>

(26) Expenses by nature

	Years ended December 31,	
	2023	2022
Employee benefit expense:		
Salaries and other short-term employee benefits	\$ 22,833,454	\$ 26,355,057
Post-employment benefits	907,504	834,792
Share-based payments	187,242	2,435
Depreciation	24,984,566	26,758,281
Amortization	89,172	105,841
	<u>\$ 49,001,938</u>	<u>\$ 54,056,406</u>

(27) 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 years ended December 31, 2023 and 2022, 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 and February 14, 2023, respectively.

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

(28) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2023	2022
Current tax:		
Current tax on profit for the year	\$ 2,506	\$ 3,714
Tax on undistributed surplus earnings	—	196,544
Prior year income tax (overestimation) underestimation	(79,644)	17,215
Total current tax	<u>(77,138)</u>	<u>217,473</u>
Deferred tax:		
Origination and reversal of temporary differences	867,791	(82,074)
Income tax expense	<u>\$ 790,653</u>	<u>\$ 135,399</u>

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

	Years ended December 31,	
	2023	2022
Changes in fair value of financial assets at fair value through other comprehensive income	\$ 14,803	\$ (518,440)
Remeasurements of defined benefit obligations	1,847	44,080
	<u>\$ 16,650</u>	<u>\$ (474,360)</u>

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	\$ (3,570,377)	\$ (5,570,971)
Effects from items disallowed by tax regulation	(1,304,441)	(751,353)
Prior year income tax (overestimation) underestimation	(79,644)	17,215
Separate taxation	2,506	3,714
Tax on undistributed surplus earnings	—	196,544
Change in assessment of realization of deferred tax assets	5,742,609	6,240,250
Income tax expense	<u>\$ 790,653</u>	<u>\$ 135,399</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and loss carryforward are as follows:

	2023			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
-Temporary differences:				
Sales returns and discount provisions	\$ 549,598	\$ (178,403)	\$ —	\$ 371,195
Accrued royalties and warranty provisions	1,731,651	(539,227)	—	1,192,424
Unrealized exchange loss	68,369	(28,819)	—	39,550
Unrealized loss on financial instruments	517,343	—	—	517,343
Others	646,496	30,327	—	676,823
	<u>\$ 3,513,457</u>	<u>\$ (716,122)</u>	<u>\$ —</u>	<u>\$ 2,797,335</u>
- Deferred tax liabilities:				
Unrealized gain on financial instruments	\$ (273,138)	\$ (55,106)	\$ (14,803)	\$ (343,047)
Amortization charges on goodwill	(1,239,579)	(96,905)	—	(1,336,484)
Others	(55,604)	342	(1,847)	(57,109)
	<u>\$ (1,568,321)</u>	<u>\$ (151,669)</u>	<u>\$ (16,650)</u>	<u>\$ (1,736,640)</u>
	<u>\$ 1,945,136</u>	<u>\$ (867,791)</u>	<u>\$ (16,650)</u>	<u>\$ 1,060,695</u>
2022				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
-Temporary differences:				
Sales returns and discount provisions	\$ 686,356	\$ (136,758)	\$ —	\$ 549,598
Accrued royalties and warranty provisions	1,579,496	152,155	—	1,731,651
Unrealized exchange loss	—	68,369	—	68,369
Unrealized loss on financial instruments	520,072	(2,729)	—	517,343
Others	605,512	40,984	—	646,496
	<u>\$ 3,391,436</u>	<u>\$ 122,021</u>	<u>\$ —</u>	<u>\$ 3,513,457</u>
- Deferred tax liabilities:				
Unrealized exchange gain	\$ (16,551)	\$ 16,551	\$ —	\$ —
Unrealized gain on financial instruments	(813,416)	21,838	518,440	(273,138)
Amortization charges on goodwill	(1,142,674)	(96,905)	—	(1,239,579)
Others	(30,093)	18,569	(44,080)	(55,604)
	<u>\$ (2,002,734)</u>	<u>\$ (39,947)</u>	<u>\$ 474,360</u>	<u>\$ (1,568,321)</u>
	<u>\$ 1,388,702</u>	<u>\$ 82,074</u>	<u>\$ 474,360</u>	<u>\$ 1,945,136</u>

D. Expiration dates of unused loss carryforward and amounts of unrecognized deferred tax assets are as follows:

December 31, 2023				
Year incurred	Amount filed / assessed	Unused amount	Unrecognized deferred tax assets	Usable until year
2016	\$ 1,051,680	\$ 1,051,680	\$ 1,051,680	2026
2019	21,206,403	21,206,403	21,206,403	2029
2022	33,476,537	33,476,537	33,476,537	2032
2023	27,410,458	27,410,458	27,410,458	2033
	<u>\$ 83,145,078</u>	<u>\$ 83,145,078</u>	<u>\$ 83,145,078</u>	
December 31, 2022				
Year incurred	Amount filed / assessed	Unused amount	Unrecognized deferred tax assets	Usable until year
2016	\$ 1,051,680	\$ 1,051,680	\$ 1,051,680	2026
2019	21,206,403	21,206,403	21,206,403	2029
2022	32,774,644	32,774,644	32,774,644	2032
	<u>\$ 55,032,727</u>	<u>\$ 55,032,727</u>	<u>\$ 55,032,727</u>	

E. The amounts of deductible temporary differences that were not recognized as deferred tax assets are as follows:

	December 31, 2023	December 31, 2022
Deductible temporary differences	<u>\$ 1,481,950</u>	<u>\$ 1,483,018</u>

F. The Company has not recognized taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2023 and 2022, the amounts of temporary differences unrecognized as deferred tax liabilities were \$43,162,832 and \$39,360,172, respectively.

G. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

H. 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 will come into effect from the fiscal year of 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 the fiscal year of 2025. Therefore, the Company and subsidiaries have no related current tax exposure as of December 31, 2023.

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 year ended December 31, 2023. However, due to 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 are still assessing the relevant matters for applying Pillar Two legislation.

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

(29) Loss per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic loss per share</u>			
Net loss for the year	\$ (18,642,539)	9,291,353	\$ (2.01)

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic loss per share</u>			
Net loss for the year	\$ (27,990,256)	10,152,560	\$ (2.76)

(30) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31,	
	2023	2022
Purchase of property, plant and equipment	\$ 16,949,420	\$ 15,963,992
Add: Opening balance of payable on equipment	3,522,683	3,091,095
Less: Ending balance of payable on equipment	(4,105,952)	(3,522,683)
Cash paid during the year	\$ 16,366,151	\$ 15,532,404

7. RELATED PARTY TRANSACTIONS

(1) Names and relationship of related parties

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Hon Hai Precision Industry Co., Ltd. and its subsidiaries	Other related party
PanelSemi Corporation	Associate
InnVasLinx Inc.	Associate
Foshan Innolux Optoelectronics Ltd.	The Company's subsidiary
CARUX TECHNOLOGY PTE. LTD.	The Company's subsidiary
CarUX Technology Taiwan Inc.	The Company's subsidiary
Ningbo Innolux Optoelectronics Ltd.	The Company's subsidiary
Ningbo Innolux Display Ltd.	The Company's subsidiary
Warriors Technology Investments Ltd	The Company's subsidiary
Innolux Japan Co., Ltd.	The Company's subsidiary
Innolux Holding Limited	The Company's subsidiary

For more information about the Company and other subsidiaries, please refer to Note 4(3) of the consolidated financial statements for the year ended December 31, 2023.

(2) Significant related party transactions

A. Operating revenue

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Sales of goods:		
Subsidiaries		
-CARUX TECHNOLOGY PTE. LTD.	\$ 19,534,737	\$ 14,285,493
-Others	10,473,356	16,224,962
Other related parties	1,532,106	2,543,723
Associates	371,620	451,833
	<u>\$ 31,911,819</u>	<u>\$ 33,506,011</u>

The collection period was mainly 30~120 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

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Purchases of goods:		
Other related parties	\$ 309,054	\$ 670,248
Subsidiaries	45,663	50,773
Associates	26,635	434
	<u>\$ 381,352</u>	<u>\$ 721,455</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. Consigned processing

(a) Consigned processing

	Years ended December 31,	
	2023	2022
Processing expense:		
Subsidiaries		
- Foshan Innolux Optoelectronics Ltd.	\$ 20,669,257	\$ 26,847,900
- Ningbo Innolux Display Ltd.	20,764,100	21,075,839
- Others	21,798,962	32,658,044
Other related parties	25,937	25,207
Associates	—	56
	<u>\$ 63,258,256</u>	<u>\$ 80,607,046</u>

(b) Balance of consigned processing at the end of year (shown as “other payables”)

	December 31, 2023	December 31, 2022
Payables to related parties:		
Subsidiaries	\$ 716,950	\$ 442,901
Other related parties	87,490	63,554
Associates	—	58
	<u>\$ 804,440</u>	<u>\$ 506,513</u>

The Company subcontracted the processing of products of associates in Mainland China.

The processing fees were mainly charged based on cost plus method.

D. Service revenue (Shown as “other revenue”)

	Years ended December 31,	
	2023	2022
Service revenue:		
Subsidiaries		
- CARUX TECHNOLOGY PTE. LTD.	\$ 209,686	\$ 322,919
- Others	49,099	54,757
Other related parties	3,707	—
Associates	119,752	128,249
	<u>\$ 382,244</u>	<u>\$ 505,925</u>

E. Service expense (Shown as “manufacturing costs and operating expenses”)

	Years ended December 31,	
	2023	2022
Service expense:		
Subsidiaries	\$ 293,269	\$ 294,561

F. Receivables from related parties

	December 31, 2023	December 31, 2022
Accounts receivable:		
Subsidiaries		
- CARUX TECHNOLOGY PTE. LTD.	\$ 9,750,923	\$ 8,636,351
- Others	2,049,928	2,928,070
Other related parties	339,909	572,491
Associates	75,272	106,188
	<u>\$ 12,216,032</u>	<u>\$ 12,243,100</u>

The receivables from related parties arise mainly from sales transactions. The receivables are due 30~120 days after the date of sale. The receivables are unsecured in nature and bear no interest.

G. Other receivables from related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other receivables:		
Subsidiaries		
- CarUX Technology Taiwan Inc.	\$ 322,774	\$ 214,551
- CARUX TECHNOLOGY PTE. LTD.	198,813	359,471
- Others	89,574	92,714
Associates	16,153	21,022
Other related parties	2,416	963
	<u>\$ 629,730</u>	<u>\$ 688,721</u>

H. Payables to related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable:		
Subsidiaries		
- Ningbo Innolux Optoelectronics Ltd.	\$ 9,095,979	\$ 6,315,270
- Foshan Innolux Optoelectronics Ltd.	6,782,589	3,036,042
- Ningbo Innolux Display Ltd.	5,598,437	2,614,755
- Others	788,317	2,708,594
Other related parties	250,295	390,482
Associates	150	4,222
	<u>\$ 22,515,767</u>	<u>\$ 15,069,365</u>

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

I. Property transactions

Purchase of property

(a) Acquisition of property, plant and equipment:

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Associates	\$ 7,424	\$ 8,258
Subsidiaries	12,659	6,957
Other related parties	3,491	4,202
	<u>\$ 23,574</u>	<u>\$ 19,417</u>

(b) Period-end balances arising from purchases of property (shown as “other payables”):

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiaries	\$ 2,966	\$ 1,406

Sale of property

(a) Proceeds from sale of property and gain on disposal:

	<u>Year ended December 31, 2023</u>		<u>Year ended December 31, 2022</u>	
	<u>Disposal</u>	<u>Gain (loss)</u>	<u>Disposal</u>	<u>Gain (loss)</u>
	<u>proceeds</u>	<u>on disposal</u>	<u>proceeds</u>	<u>on disposal</u>
Subsidiaries	<u>\$ 64,737</u>	<u>\$ (953)</u>	<u>\$ 337,898</u>	<u>\$ 1,228</u>

(b) Period-end balances arising from sale of property (shown as 'other receivables-related parties'):

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiaries	\$ 86,156	\$ 115,288

J. Loans to/from related parties

Loans from related parties

(a) For the years ended December 31, 2023 and 2022, outstanding balance shown as 'other non-current liabilities':

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiaries		
- Warriors Technology Investments Ltd	\$ 3,623,190	\$ 3,623,780
- Innolux Japan Co., Ltd.	2,194,425	2,311,550
- Innolux Holding Limited	1,615,733	234,046
	<u>\$ 7,433,348</u>	<u>\$ 6,169,376</u>

For the years ended December 31, 2023 and 2022, the loans from subsidiaries are repayable in five years. Refer to table 1 for information on loans to/from related parties.

(b) Interest expense

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Subsidiaries	\$ 22,443	\$ 22,585

(3) Key management compensation

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Salaries and other short-term employee benefits	\$ 91,488	\$ 76,078
Share-based payments	17,273	354
Post-employment benefits	499	540
	<u>\$ 109,260</u>	<u>\$ 76,972</u>

8. PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>	
Property, plant and equipment	\$ 51,804,409	\$ 53,534,257	Long-term borrowings
Other assets - others			
-Time deposits	500	—	Performance bond
-Refundable deposits	—	846,036	Litigation guarantee
	<u>\$ 51,804,909</u>	<u>\$ 54,380,293</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies - Significant Litigations

A. The Company's subsidiary in U.S. received a civil complaint from the government of Puerto Rico in September 2018, claiming that the company, together with other defendants of Taiwan, Japan and South Korea TFT - LCD companies, had unjustified enrichment from the TFT-LCD

price conspiracy in 2006 and requested monetary compensation. The U.S. subsidiary of the Company retained lawyers to handle the lawsuit. On October 31, 2022, the court dismissed the case for lack of diligent prosecution.

- B. 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.
- C. 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.
- 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 expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Property, plant and equipment	<u>\$ 14,625,687</u>	<u>\$ 21,412,542</u>

- B. Outstanding letters of credit

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Outstanding letters of credit	<u>\$ 38,636</u>	<u>\$ 349,512</u>

- 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 December 31, 2023, the remaining amount the Group has not yet 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 Company are shown as 'other non-current assets' based on liquidity amounting to \$1,511,694 and \$2,033,258 as of December 31, 2023 and 2022, respectively.
- 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

The Company's objectives are to maintain an optimal capital structure, and constructively reduce the debt ratio and the cost of capital in order to maximize shareholders' equity.

(2) Financial instruments

A. Financial instruments by category

For information on the Company'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 (including related parties) and partial other assets-others (including current and non-current portion)) and financial liability (financial liabilities at fair value through profit or loss, accounts payable (including related parties), other payables, lease liability, long-term borrowings (including current portion) and certain other non-current liabilities), please refer to Note 6 and parent company only balance sheets.

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance. The Company uses derivative financial instruments to hedge certain risk exposures (see Note 6(2)).

(b) Risk management is carried out by the treasury department under policies approved by the board of directors. The Company's treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides principles for overall risk management, as well as policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment by excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company 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. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure via the Company's treasury departments. To manage their foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, entities in the Company use forward foreign exchange contracts and foreign exchange swap contracts. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.
- iii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). Based on the simulations performed, the impact on pre-tax profit of a 1% exchange rate fluctuation would be an increase of \$86,106 and \$408,148 for the years ended December 31, 2023 and 2022, 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:

	December 31, 2023			December 31, 2022		
	(In Thousands)	(Note)	(NTD)	(In Thousands)	(Note)	(NTD)
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 1,797,082	30.71	\$ 55,188,388	\$ 2,627,500	30.71	\$ 80,690,525
JPY	8,625,761	0.22	1,897,667	862,142	0.23	198,293
RMB	356,066	4.34	1,545,326	571,119	4.41	2,518,635
HKD	89,637	3.93	352,273	53,706	3.94	211,602
EUR	2,655	33.98	90,217	3,908	32.72	127,870
<u>Non-monetary items</u>						
USD	\$ 3,027,259	30.71	\$ 92,967,124	\$ 2,885,671	30.71	\$ 88,618,956
JPY	9,692,603	0.22	2,132,373	9,051,976	0.23	2,081,954
RMB	239,440	4.34	1,039,170	252,911	4.41	1,115,338
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	\$ 1,405,255	30.71	\$ 43,155,381	\$ 1,200,928	30.71	\$ 36,880,499
JPY	32,445,106	0.22	7,137,923	25,663,387	0.23	5,902,579
EUR	5,003	33.98	170,002	4,556	32.72	149,072

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

- iv. Total exchange gain including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022 amounted to \$373,524 and \$5,741,912, respectively.

Price risk

- i. The Company is exposed to equity securities price risk because of investments held by the Company and classified on the parent company only 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 Company diversifies its portfolio. Diversification of the portfolio is done by the Company in respect of the targets and stages.
- ii. The Company's investments in equity securities comprise domestic listed and unlisted stocks and beneficiary certificates. 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 years ended December 31, 2023 and 2022 would have increased/decreased by \$387,484 and \$402,364, respectively; other comprehensive gains and losses would have increased/decreased by \$486,423 and \$420,195, respectively.

Cash flow and fair value interest rate risk

- i. The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During the years ended December 31, 2023 and 2022, the Company's borrowings at variable rate were denominated in the NTD.
- ii. The Company analysis its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.
- iii. If the borrowing interest rate of NTD had increased/decreased by 0.25% with all other variables held constant, pre-tax profit for the years ended December 31, 2023 and 2022 would have decreased/increased by \$95,243 and \$89,000, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company 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 December 31, 2023 and 2022, 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 Company was its carrying amount.
- ii. According to the Company's credit policy, each local entity in the Company 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 Company 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 Company adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
- v. The Company classifies customer's accounts receivable in accordance with credit rating of customer, credit risk on trade and customer types. The Company 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 Company uses the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable.
According to abovementioned consideration and information, the Company does not expect any significant default possibility of accounts receivable.
- viii. Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2023
	Accounts receivable
At December 31 (January 1)	\$ 262,564
	2022
	Accounts receivable
At December 31 (January 1)	\$ 262,564

- ix. The Company's financial assets at amortized cost have low credit risk, and the Company did not recognize significant loss allowance in accordance with 12 months expected credit losses.
- (c) Liquidity risk
- i. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and external regulatory or legal requirements.
 - ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Company's treasury. Company treasury invests surplus cash in interest bearing savings accounts, time deposits, money market deposits and marketable securities. The Company chooses instruments that are with appropriate maturities or sufficient liquidity to provide sufficient headroom as

determined by the abovementioned forecasts. These are expected to readily generate cash inflows for managing liquidity risk.

iii. The information below analysis the Company'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 :

	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years	Total
December 31, 2023					
Lease liability (Note)	\$ 599,039	\$ 968,771	\$ 876,052	\$ 1,410,992	\$ 3,854,854
Long-term borrowings (including current portion)	7,554,167	30,543,055	—	—	38,097,222
Other non-current liabilities	—	6,051,623	1,381,725	—	7,433,348
December 31, 2022					
Lease liability (Note)	\$ 694,870	\$ 1,162,466	\$ 1,022,382	\$ 1,947,699	\$ 4,827,417
Long-term borrowings (including current portion)	8,752,778	26,587,500	259,722	—	35,600,000
Other non-current liabilities	—	—	6,169,376	—	6,169,376

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 Company 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 Company'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 Company's investment in derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market 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 (including related parties), financial assets at amortized cost, partial other assets-others (including current and non-current portion), accounts payable (including related parties), other payables, lease liability, long-term borrowings (including current portion) and partial other non-current liabilities 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	\$ —
		December 31, 2022		
	Book value	Fair value		
		Level 1	Level 2	Level 3
Financial assets:				
Corporate bonds	\$ 6,073,581	\$ —	\$ 5,943,761	\$ —

D. The related information on 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:

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	\$ 886,524	\$ —	\$ 1,050,896	\$ 1,937,420
Forward foreign exchange contracts	—	396,892	—	396,892
Foreign exchange swap contracts	—	63,875	—	63,875
Financial assets at fair value through other comprehensive income				
Equity securities	2,432,115	—	—	2,432,115
	<u>\$ 3,318,639</u>	<u>\$ 460,767</u>	<u>\$ 1,050,896</u>	<u>\$ 4,830,302</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

December 31, 2022	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	\$ 834,038	\$ —	\$ 1,177,783	\$ 2,011,821
Forward foreign exchange contracts	—	342,475	—	342,475
Foreign exchange swap contracts	—	43,028	—	43,028
Financial assets at fair value through other comprehensive income				
Equity securities	2,100,977	—	—	2,100,977
	<u>\$ 2,935,015</u>	<u>\$ 385,503</u>	<u>\$ 1,177,783</u>	<u>\$ 4,498,301</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	\$ —	\$ 289,691	\$ —	\$ 289,691
Foreign exchange swap contracts	—	39,490	—	39,490
	<u>\$ —</u>	<u>\$ 329,181</u>	<u>\$ —</u>	<u>\$ 329,181</u>

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

- i. The instruments the Company 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 parent company only balance sheet date.
- iii. When assessing non-standard and low-complexity financial instruments, for example, foreign exchange swap contracts, the Company 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.
- 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 Company'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 Company'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 parent company only balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

- vi. The Company 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 Company's credit quality.
- E. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.
- F. The following table presents the changes in Level 3 instruments for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Financial assets at fair value through profit or loss / Financial assets at fair value through other comprehensive income	<u>Equity securities</u>	
At January 1	\$ 1,177,783	\$ 1,325,375
Gains and losses recognized in profit or loss	(12,535)	(147,592)
Acquired during the year	3,079	—
Investment cost return	(117,431)	—
At December 31	<u>\$ 1,050,896</u>	<u>\$ 1,177,783</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 December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 1,050,896	Market comparable companies	Price to sales ratio multiple, price to book ratio multiple	1.03~2.34 (1.04)	The higher the multiple, the higher the fair value
			Discount for lack of marketability	30% (30%)	The higher the discount for lack of marketability, the lower the fair value
	Fair value at December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 1,132,134	Market comparable companies	Price to sales ratio multiple, price to book ratio multiple	1.04~2.40 (1.19)	The higher the multiple, the higher the fair value
			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

I. The Company 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 of other comprehensive income from financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

Financial assets	Input	Change	December 31, 2023			
			Recognized in profit or loss		Recognized in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
Equity instrument	Liquidity discount	± 1%	\$ 15,013	\$ (15,013)	\$ —	\$ —

				December 31, 2022			
				Recognized in profit or loss		Recognized in other comprehensive income	
Financial assets	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change	
Equity instrument	Liquidity discount	± 1%	\$ 16,796	\$ (16,796)	\$ —	\$ —	

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: Please refer to Table 3.
- 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 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to Table 5.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(2).
- J. Significant inter-company transactions during the reporting periods: Please refer to Table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to Table 7.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to Table 8.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to Table 1, 4, 5 and 6.

(4) Major shareholders information

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

14. SEGMENT INFORMATION

None.

Innolux Corporation
Loans to others
For the year ended December 31, 2023

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2023	Balance as at December 31, 2023	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	\$ 6,503,319	\$ 6,503,319	\$ 6,503,319	2.00%	Short-term financing	\$ —	Operating support	\$ —	—	\$ —	24,371,792	24,371,792	A
1	Innocom Technology (Shenzhen) Co., Ltd.	Ningbo Innolux Optoelectronics Ltd.	Other receivables	Yes	2,167,773	2,167,773	2,055,048	2.00%	Short-term financing	—	Operating support	—	—	—	24,371,792	24,371,792	A
1	Innocom Technology (Shenzhen) Co., Ltd.	Ningbo Innolux Display Ltd.	Other receivables	Yes	3,034,882	3,034,882	1,560,797	2.00%	Short-term financing	—	Operating support	—	—	—	24,371,792	24,371,792	A
1	Innocom Technology (Shenzhen) Co., Ltd.	CarUX Technology (Shanghai) Ltd.	Other receivables	Yes	1,300,664	1,300,664	1,127,242	2.00%	Short-term financing	—	Operating support	—	—	—	24,371,792	24,371,792	A
1	Innocom Technology (Shenzhen) Co., Ltd.	Nanjing Innolux Optoelectronics Ltd.	Other receivables	Yes	3,034,882	3,034,882	—	2.00%	Short-term financing	—	Operating support	—	—	—	24,371,792	24,371,792	A
1	Innocom Technology (Shenzhen) Co., Ltd.	Ningbo CarUX Technology Ltd.	Other receivables	Yes	2,427,906	2,427,906	520,265	2.00%	Short-term financing	—	Operating support	—	—	—	24,371,792	24,371,792	A
2	Innolux Japan Co., Ltd.	Innolux Corporation	Other receivables	Yes	2,194,425	2,194,425	2,194,425	1.00%	Long-term and short-term financing	—	Operating support	—	—	—	7,734,142	7,734,142	A
3	Innolux Holding Limited	Innolux Corporation	Other receivables	Yes	1,615,733	1,615,733	1,615,733	0.00%	Long-term and short-term financing	—	Operating support	—	—	—	39,017,456	39,017,456	A
4	Warriors Technology Investments Ltd	Innolux Corporation	Other receivables	Yes	3,623,190	3,623,190	3,623,190	0.00%	Long-term and short-term financing	—	Operating support	—	—	—	11,404,882	11,404,882	A
5	Innolux Hong Kong Limited	Innolux Hong Kong Holding Limited	Other receivables	Yes	1,711,861	1,711,861	1,711,861	0.00%	Long-term and short-term financing	—	Operating support	—	—	—	3,424,800	3,424,800	A
6	Innolux Hong Kong Holding Limited	CARUX TECHNOLOGY PTE. LTD.	Other receivables	Yes	1,697,987	1,697,987	1,697,987	3.82%~5.35%	Long-term and short-term financing	—	Operating support	—	—	—	15,043,146	15,043,146	A

Note A:

- 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.
- 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.
- 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
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
December 31, 2023

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 December 31, 2023				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	649,045	8	649,045	
Innolux Corporation	General Interface Solution (GIS) Holding Limited	None	Financial assets at fair value through profit or loss	1,669,000	110,154	—	110,154	
Innolux Corporation	Obsidian Sensors, Inc.	None	Financial assets at fair value through profit or loss	715,713	4,708	17	4,708	
Innolux Corporation	VIZIO Holding Corp.	None	Financial assets at fair value through other comprehensive income	8,347,068	1,973,485	4	1,973,485	
Innolux Corporation	Cathay Financial Holding Co., Ltd. Preferred Stock A	None	Financial assets at fair value through other comprehensive income	1,872,000	111,571	—	111,571	
Innolux Corporation	TAISHIN FINANCIAL HOLDING CO., LTD. Preferred Stock E	None	Financial assets at fair value through other comprehensive income	263,000	13,439	—	13,439	
Innolux Corporation	Chailease Holding Company Limited Class A Preferred Shares	None	Financial assets at fair value through other comprehensive income	915,000	89,579	1	89,579	
Innolux Corporation	Fubon Financial Holding Co., Ltd. Preferred Shares B	None	Financial assets at fair value through other comprehensive income	2,247,000	134,595	—	134,595	
Innolux Corporation	ENNOSTAR Inc.	None	Financial assets at fair value through profit or loss	2,750,000	127,325	—	127,325	
Innolux Corporation	Cathay Financial Holding Co., Ltd. Preferred Stock B	None	Financial assets at fair value through other comprehensive income	1,006,000	60,058	—	60,058	
Innolux Corporation	CTBC Financial Holding Co., Ltd. Preferred Shares B	None	Financial assets at fair value through other comprehensive income	414,000	24,592	—	24,592	
Innolux Corporation	CTBC Financial Holding Co., Ltd. Preferred Shares C	None	Financial assets at fair value through other comprehensive income	417,000	24,686	—	24,686	
Innolux Corporation	Fubon Financial Holding Co., Ltd. Preferred Shares C	None	Financial assets at fair value through other comprehensive income	2,000	110	—	110	
InnoCare Optoelectronics Corporation	DEEP01 LIMITED	None	Financial assets at fair value through other comprehensive income	200,323	34,000	6	34,000	

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023				Footnote
				Shares/Units	Book value	Ownership (%)	Fair value	
	Common stock							
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	3,574	—	3,574	
Yuan Chi Investment Co., Ltd.	VISIONATICS INC.	Other related party	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	115,855	1	115,855	
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	58,249	1	58,249	
Yuan Chi Investment Co., Ltd.	Taiwan Cement Corp. 2nd Preferred Shares	None	Financial assets at fair value through other comprehensive income	2,110,000	101,913	1	101,913	
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	6,768	1	6,768	
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	127,820	1	127,820	
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	53,144	—	53,144	
Yuan Chi Investment Co., Ltd.	HOTAI FINANCE CO., LTD. PREFERRED SHARES A	None	Financial assets at fair value through other comprehensive income	440,000	42,108	1	42,108	
Yuan Chi Investment Co., Ltd.	HOTAI FINANCE CO., LTD. PREFERRED SHARES B	None	Financial assets at fair value through other comprehensive income	410,000	38,909	1	38,909	
InnoJoy Investment Corporation	Advanced Optoelectronic Technology, Inc.	None	Financial assets at fair value through profit or loss	6,964,222	206,141	5	206,141	
InnoJoy Investment Corporation	ENNOSTAR Inc.	None	Financial assets at fair value through profit or loss	954,000	44,170	—	44,170	
InnoJoy Investment Corporation	EPILEDS Co., Ltd.	Other related party	Financial assets at fair value through other comprehensive income	7,347,144	121,595	7	121,595	
InnoJoy Investment Corporation	Fitipower Integrated Technology Inc.	None	Financial assets at fair value through other comprehensive income	5,850,000	1,506,375	5	1,506,375	
InnoJoy Investment Corporation	BE Epitaxy Semiconductor Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income	10,150,147	91,723	15	91,723	
InnoJoy Investment Corporation	CTBC Financial Holding Co., Ltd. Preferred Shares B	None	Financial assets at fair value through other comprehensive income	1,435,000	85,239	—	85,239	
InnoJoy Investment Corporation	CTBC Financial Holding Co., Ltd. Preferred Shares C	None	Financial assets at fair value through other comprehensive income	60,000	3,552	—	3,552	
InnoJoy Investment Corporation	Cathay Financial Holding Co., Ltd. Preferred Stock A	None	Financial assets at fair value through other comprehensive income	1,442,000	85,943	—	85,943	
InnoJoy Investment Corporation	Cathay Financial Holding Co., Ltd. Preferred Stock B	None	Financial assets at fair value through other comprehensive income	1,627,000	97,132	—	97,132	
InnoJoy Investment Corporation	Fubon Financial Holding Co., Ltd. Preferred Shares B	None	Financial assets at fair value through other comprehensive income	1,194,000	71,521	—	71,521	

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023				Footnote
				Shares/Units	Book value	Ownership (%)	Fair value	
	<u>Common stock</u>							
InnoJoy Investment Corporation	Fubon Financial Holding Co., Ltd. Preferred Shares C	None	Financial assets at fair value through other comprehensive income	33,000	\$ 1,815	—	\$ 1,815	
InnoJoy Investment Corporation	Chailease Holding Company Limited Class A Preferred Shares	None	Financial assets at fair value through other comprehensive income	415,000	40,629	—	40,629	
InnoJoy Investment Corporation	Yulon Finance Corporation, Preferred Shares A	None	Financial assets at fair value through other comprehensive income	1,123,000	55,532	1	55,532	
Ningbo Innolux Optoelectronics Ltd.	Shenzhen Tiandeyu Electronics Co., Ltd.	None	Financial assets at fair value through profit or loss	30,599,775	2,648,028	7	2,648,028	
Warriors Technology Investments Ltd	OED Holding Ltd.	None	Financial assets at fair value through profit or loss	16,000,000	56,682	6	56,682	
Warriors Technology Investments Ltd	Obsidian Sensors, Inc.	None	Financial assets at fair value through profit or loss	414,136	2,724	10	2,724	
Warriors Technology Investments Ltd	Reco Technology Holding Limited	None	Financial assets at fair value through profit or loss	2,016,000	20,632	2	20,632	
Warriors Technology Investments Ltd	Kymeta Corporation	None	Financial assets at fair value through other comprehensive income	1,027,371	4,818	—	4,818	
Warriors Technology Investments Ltd	General Interface Solution (GIS) Holding Limited	None	Financial assets at fair value through other comprehensive income	22,525,000	1,486,650	7	1,486,650	
Warriors Technology Investments Ltd	CJK Associates Co., Ltd.	None	Financial assets at fair value through other comprehensive income	4,000	724	14	724	
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	885	10	885	
Nets Trading Ltd.	PilotTech Global Fund	None	Financial assets at fair value through profit or loss	90	—	—	—	
	<u>Convertible bonds</u>							
Warriors Technology Investments Ltd	KA Imaging Inc.	Other related party	Financial assets at fair value through profit or loss	—	103,262	Not applicable	103,262	
Warriors Technology Investments Ltd	Obsidian Sensors, Inc.	None	Financial assets at fair value through profit or loss	—	99,476	Not applicable	99,476	
	<u>Financial products</u>							
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	—	13,096	Not applicable	13,096	
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	—	52,546	Not applicable	52,546	
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	—	476	Not applicable	476	
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	—	65,118	Not applicable	65,118	
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	—	2,879	Not applicable	2,879	
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	—	23,073	Not applicable	23,073	

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023				Footnote
				Shares/Units	Book value	Ownership (%)	Fair value	
	Financial products							
Innocom Technology (Shenzhen) Co., Ltd.	Chang Jiang Sheng Shih Ru Yi Serials A congregated group pension plan	None	Financial assets at fair value through profit or loss	—	\$ 10,733	Not applicable	\$ 10,733	
CarUX Technology (Shanghai) Ltd.	Chang Jiang Sheng Shih Ru Yi Serials A congregated group pension plan	None	Financial assets at fair value through profit or loss	—	9,340	Not applicable	9,340	
	Bonds							
Innolux Corporation	Agricultural Bank of China (New York Branch)	None	Financial assets at amortized cost	—	291,736	Not applicable	291,056	
Innolux Corporation	Saudi Electricity Global SUKUK Company 4	None	Financial assets at amortized cost	—	277,078	Not applicable	276,171	
Innolux Corporation	Sumitomo Mitsui Trust Bank	None	Financial assets at amortized cost	—	307,222	Not applicable	303,740	

Innolux Corporation
Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital
For the year ended December 31, 2023

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2023		Addition (Note 3)		Disposal (Note 3)			Balance as at December 31, 2023		
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Selling price	Book value	Gain (loss) on disposal	Shares/Units	Amount
Innolux Corporation	CTBC Hwa-win Money Market Fund	Note 4	—	—	—	\$ —	44,615,371	\$ 500,000	44,615,371	\$ 503,948	\$ 503,948	\$ —	—	\$ —
Innolux Corporation	Fubon Chi-Hsiang Money Market Fund	Note 4	—	—	—	—	31,345,997	500,000	31,345,997	503,915	503,915	—	—	—
Innolux Corporation	Jih Sun Money Market Fund	Note 4	—	—	—	—	99,282,299	1,500,000	99,282,299	1,511,851	1,511,851	—	—	—
Innolux Corporation	Capital Money Market Fund	Note 4	—	—	—	—	91,304,931	1,500,000	91,304,931	1,511,809	1,511,809	—	—	—
Innolux Corporation	Taishin 1699 Money Market Fund	Note 4	—	—	—	—	145,031,058	2,000,000	145,031,058	2,018,499	2,018,499	—	—	—
Innolux Corporation	UPAMC James Bond Money Market Fund	Note 4	—	—	—	—	29,432,541	500,000	29,432,541	503,812	503,812	—	—	—
Innolux Corporation	Hua Nan Phoenix Money Market Fund	Note 4	—	—	—	—	30,187,221	500,000	30,187,221	503,991	503,991	—	—	—
Innolux Corporation	Fixed Income Structured Linked Deposit	Note 5	—	—	—	1,535,500	—	—	—	1,533,203	1,594,750	14,203	—	—
Innolux Corporation	Fixed Income RMB-Structured Deposits	Note 5	—	—	—	485,038	—	—	—	474,463	475,530	2,563	—	—
Innolux Corporation	Innolux Holding Limited	Note 6	Innolux Holding Limited	A subsidiary of the Company	180,568,185	18,569,845	45,000,000	1,426,050	—	—	—	—	225,568,185	19,508,728

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for using the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT\$300 million or 20% of paid-in capital or more.

Note 4: Code of general ledger account is "financial assets at fair value through profit or loss". Due to adoption of IFRS, it would be valued at fair value rather than recognized disposal gain or loss. The carrying amount as at December 31, 2023 included gains or losses on valuation.

Note 5: Code of general ledger account is "financial assets at amortized cost", and its carrying amount includes the effect of exchange rate. The gain or loss due to disposal is interest income.

Note 6: Code of general ledger account is "Investments accounted for under the equity method". The carrying amount as at December 31, 2023 included the realized gain/loss on equity investment and other related adjustment.

Innolux Corporation
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
For the year ended December 31, 2023

Table 4

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 wholly-owned subsidiary	Sales	\$ 19,534,737	11	60 days	Similar with general sales	No material difference	\$ 9,750,923	31	
Innolux Corporation	Innolux USA Inc.	An indirect wholly-owned subsidiary	Sales	9,124,323	5	120 days	Similar with general sales	No material difference	1,909,712	6	
Innolux Corporation	Foshan Innolux Optoelectronics Ltd.	An indirect wholly-owned subsidiary	Sales	833,352	—	60-90 days	Similar with general sales	No material difference	36	—	
Innolux Corporation	HONGFUJIN PRECISION ELECTRONICS (YANTAI)	An indirect wholly-owned subsidiary of	Sales	744,883	—	90 days	Similar with general sales	No material difference	7,184	—	
Innolux Corporation	InnoCare Optoelectronics Corporation	A subsidiary of the Company	Sales	414,996	—	90 days	Similar with general sales	No material difference	130,410	—	
Innolux Corporation	Honfujin Precision Electronics (Chongqing) Co., Ltd.	An indirect wholly-owned subsidiary of	Sales	372,783	—	90 days	Similar with general sales	No material difference	109,825	—	
Innolux Corporation	FIH (Hong Kong) Limited	An indirect wholly-owned subsidiary of	Sales	220,244	—	60 days	Similar with general sales	No material difference	—	—	
Innolux Corporation	InnVasLinx Inc.	Associates	Sales	198,287	—	60 days	Similar with general sales	No material difference	28,689	—	
Innolux Corporation	PanelSemi Corporation	Associates	Sales	173,332	—	60 days	Similar with general sales	No material difference	46,583	—	
Innolux Corporation	Hon Hai Precision Industry Co., Ltd.	Other related party	Sales	162,080	—	90 days	Similar with general sales	No material difference	197,076	1	
Innolux Corporation	Fortunebay Technology Pte. Ltd.	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Purchases	162,496	—	60 days	Similar with general transactions	No material difference	(13,035)	—	
Innolux Corporation	Hon Hai Precision Industry Co., Ltd.	Other related party	Purchases	144,355	—	90 days	Similar with general transactions	No material difference	(236,455)	1	
Innolux Corporation	Ningbo Innolux Display Ltd.	An indirect wholly-owned subsidiary	Processing expense	20,764,100	11	60 days	Cost plus	No material difference	(5,598,437)	13	

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	Foshan Innolux Optoelectronics Ltd.	An indirect wholly-owned subsidiary	Processing expense	\$ 20,669,257	11	60 days	Cost plus	No material difference	\$ (6,782,589)	16	
Innolux Corporation	Ningbo Innolux Optoelectronics Ltd.	An indirect wholly-owned subsidiary	Processing expense	13,661,548	7	60 days	Cost plus	No material difference	(9,095,979)	21	
Innolux Corporation	Nanjing Innolux Optoelectronics Ltd.	An indirect wholly-owned subsidiary	Processing expense	5,206,947	3	60 days	Cost plus	No material difference	(518,815)	1	
Innolux Corporation	Ningbo CarUX Technology Ltd.	An indirect wholly-owned subsidiary	Processing expense	2,609,650	1	60 days	Cost plus	No material difference	(258,485)	1	
Innolux Corporation	Innocom Technology (Shenzhen) Co., Ltd.	An indirect wholly-owned subsidiary	Processing expense	308,319	—	60 days	Cost plus	No material difference	(712,276)	3	
CARUX TECHNOLOGY PTE. LTD.	CarUX Technology (Shanghai) Ltd.	An indirect wholly-owned subsidiary	Sales	3,363,108	7	60 days	Similar with general transactions	No material difference	—	—	
CarUX Technology (Shanghai) Ltd.	CARUX TECHNOLOGY PTE. LTD.	An indirect wholly-owned subsidiary	Processing revenue	13,872,848	79	60 days	Similar with general transactions	No material difference	491,875	23	
CarUX Technology Taiwan Inc.	CARUX TECHNOLOGY PTE. LTD.	An indirect wholly-owned subsidiary	Processing revenue	10,132,834	100	60 days	Similar with general transactions	No material difference	2,596,810	90	
Innolux Japan Co., Ltd.	Innolux Corporation	Ultimate parent company	Service revenue	287,974	86	60 days	Similar with general transactions	No material difference	52,024	91	
Ningbo Innolux Optoelectronics Ltd.	Ningbo Innolux Display Ltd.	An indirect wholly-owned subsidiary	Sales	6,032,061	20	60 days	Similar with general transactions	No material difference	1,046,602	9	
Ningbo Innolux Display Ltd.	Ningbo Innolux Optoelectronics Ltd.	An indirect wholly-owned subsidiary	Sales	738,682	2	60 days	Similar with general transactions	No material difference	122,685	2	
InnoCare Optoelectronics Corporation	InnoCare Optoelectronics Japan Co., Ltd.	An indirect wholly-owned subsidiary	Sales	720,069	44	60 days	Similar with general transactions	No material difference	343,920	62	
InnoCare Optoelectronics Corporation	InnoCare Optoelectronics USA, INC.	An indirect wholly-owned subsidiary	Sales	294,863	18	60 days	Similar with general transactions	No material difference	103,786	19	
InnoCare Optoelectronics Corporation	Ningbo Innolux Electronics Ltd.	An indirect wholly-owned subsidiary	Sales	184,628	11	60 days	Similar with general transactions	No material difference	40,821	7	
Foshan Innolux Optoelectronics Ltd.	Nanjing Innolux Optoelectronics Ltd.	An indirect wholly-owned subsidiary	Sales	177,413	—	60 days	Similar with general transactions	No material difference	25,386	—	
Ningbo Innolux Optoelectronics Ltd.	Ningbo CarUX Technology Ltd.	An indirect wholly-owned subsidiary	Sales	155,043	1	60 days	Similar with general transactions	No material difference	60,364	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)	
InnoCare Optoelectronics Japan Co., Ltd.	InnoCare Optoelectronics Corporation	A subsidiary of the Company	Sales	\$ 153,343	9	60 days	Similar with general transactions	No material difference	\$ 31,468	7	
Ningbo Innolux Display Ltd.	Hon Hai Precision Industry Co., Ltd.	Other related party	Purchases	2,165,267	6	90 days	Similar with general transactions	No material difference	(519,452)	9	
Ningbo Innolux Optoelectronics Ltd.	Hon Hai Precision Industry Co., Ltd.	Other related party	Purchases	891,587	3	90 days	Similar with general transactions	No material difference	(213,362)	3	
Ningbo Innolux Optoelectronics Ltd.	Fortunebay Technology Pte. Ltd.	An indirect wholly-owned subsidiary of Hon Hai Precision	Purchases	377,746	1	60 days	Similar with general transactions	No material difference	(72,408)	1	
CarUX Technology Europe B.V.	CARUX TECHNOLOGY PTE. LTD.	An indirect wholly-owned subsidiary	Service revenue	1,001,165	99	60 days	Similar with general transactions	No material difference	180,337	99	

Innolux Corporation
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
December 31, 2023

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023 (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 wholly-owned subsidiary	\$ 9,750,923	2.12	\$ 6,083,607	Subsequent collection	\$ 1,557,588	\$ —
Innolux Corporation	Innolux USA Inc.	An indirect wholly-owned subsidiary	1,909,712	3.95	—	—	977,579	—
Innolux Corporation	CarUX Technology Taiwan Inc.	An indirect wholly-owned subsidiary	322,774 (Shown as other receivables)	—	283,381	Subsequent collection	—	—
Innolux Corporation	CARUX TECHNOLOGY PTE. LTD.	An indirect wholly-owned subsidiary	198,813 (Shown as other	—	98,383	Subsequent collection	12,887	—
Innolux Corporation	Hon Hai Precision Industry Co., Ltd.	Other related parties	197,076	0.74	869	Subsequent collection	67,487	—
Innolux Corporation	InnoCare Optoelectronics	A subsidiary of the Company	130,410	3.17	—	—	58,626	—
Innolux Corporation	Honfujin Precision Electronics (Chongqing) Co., Ltd.	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	109,825	4.84	—	—	47,629	—
Ningbo Innolux Optoelectronics Ltd.	Innolux Corporation	Ultimate parent company	9,095,979	1.77	5,259,751	Subsequent collection	3,531,220	—
Foshan Innolux Optoelectronics Ltd.	Innolux Corporation	Ultimate parent company	6,782,589	4.21	—	—	6,782,589	—
Ningbo Innolux Display Ltd.	Innolux Corporation	Ultimate parent company	5,598,437	5.06	—	—	5,531,074	—
CarUX Technology Taiwan Inc.	CARUX TECHNOLOGY PTE. LTD.	An indirect wholly-owned subsidiary	2,596,810	4.28	—	—	2,406,720	—
Ningbo Innolux Optoelectronics Ltd.	Ningbo Innolux Display Ltd.	An indirect wholly-owned subsidiary	1,046,602	7.52	—	—	546,457	—

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023 (Note A)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Innocom Technology (Shenzhen) Co., Ltd.	Innolux Corporation	Ultimate parent company	\$ 712,276	0.54	\$ 693,262	Subsequent collection	\$ —	\$ —
Nanjing Innolux Optoelectronics Ltd.	Innolux Corporation	Ultimate parent company	518,815	3.36	—	—	333,044	—
CarUX Technology (Shanghai) Ltd.	CARUX TECHNOLOGY PTE. LTD.	An indirect wholly-owned subsidiary	491,875	15.78	—	—	491,875	—
InnoCare Optoelectronics Corporation	InnoCare Optoelectronics Japan Co., Ltd.	An indirect wholly-owned subsidiary	343,920	4.84	96,876	Subsequent collection	225,865	—
Ningbo CarUX Technology Ltd.	Innolux Corporation	Ultimate parent company	258,485	13.91	—	—	258,485	—
CarUX Technology Europe B.V.	CARUX TECHNOLOGY PTE. LTD.	An indirect wholly-owned subsidiary	180,337	6.25	—	—	100,935	—
Ningbo Innolux Display Ltd.	Ningbo Innolux Optoelectronics Ltd.	An indirect wholly-owned subsidiary	122,685	7.02	—	—	58,918	—
InnoCare Optoelectronics Corporation	InnoCare Optoelectronics USA, INC.	An indirect wholly-owned subsidiary	103,786	3.45	30,162	Subsequent collection	74,074	—

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
Significant inter-company transactions during the reporting period
For the year ended December 31, 2023

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note A)	Company name	Counterparty	Relationship (Note B)	Transaction (Note D and E)			Percentage of consolidated total operating revenues or total assets
				General ledger account	Amount	Transaction terms (Note C)	
0	Innolux Corporation	Innocom Technology (Shenzhen) Co., Ltd.	1	Processing expense	\$ 308,319	—	—
0	Innolux Corporation	Innocom Technology (Shenzhen) Co., Ltd.	1	Accrued expenses	(712,276)	—	—
0	Innolux Corporation	Nanjing Innolux Optoelectronics Ltd.	1	Processing expense	5,206,947	—	2
0	Innolux Corporation	Nanjing Innolux Optoelectronics Ltd.	1	Accrued expenses	(518,815)	—	—
0	Innolux Corporation	Ningbo Innolux Optoelectronics Ltd.	1	Processing expense	13,661,548	—	6
0	Innolux Corporation	Ningbo Innolux Optoelectronics Ltd.	1	Accrued expenses	(9,095,979)	—	3
0	Innolux Corporation	Foshan Innolux Optoelectronics Ltd.	1	Sales	833,352	—	—
0	Innolux Corporation	Foshan Innolux Optoelectronics Ltd.	1	Processing expense	20,669,257	—	10
0	Innolux Corporation	Foshan Innolux Optoelectronics Ltd.	1	Accrued expenses	(6,782,589)	—	2
0	Innolux Corporation	Ningbo Innolux Display Ltd.	1	Processing expense	20,764,100	—	10
0	Innolux Corporation	Ningbo Innolux Display Ltd.	1	Accrued expenses	(5,598,437)	—	2
0	Innolux Corporation	Innolux USA Inc.	1	Sales	9,124,323	—	4
0	Innolux Corporation	Innolux USA Inc.	1	Accounts receivable	1,909,712	—	1
0	Innolux Corporation	CarUX Technology Taiwan Inc.	1	Other receivables	322,774	—	—
0	Innolux Corporation	InnoCare Optoelectronics Corporation	1	Sales	414,996	—	—
0	Innolux Corporation	InnoCare Optoelectronics Corporation	1	Accounts receivable	130,410	—	—
0	Innolux Corporation	CARUX TECHNOLOGY PTE. LTD.	1	Sales	19,534,737	—	9
0	Innolux Corporation	CARUX TECHNOLOGY PTE. LTD.	1	Service revenue	209,686	—	—

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
0	Innolux Corporation	CARUX TECHNOLOGY PTE. LTD.	1	Accounts receivable	\$ 9,750,923	—	3
0	Innolux Corporation	CARUX TECHNOLOGY PTE. LTD.	1	Other receivables	198,813	—	—
0	Innolux Corporation	Ningbo CarUX Technology Ltd.	1	Processing expense	2,609,650	—	1
0	Innolux Corporation	Ningbo CarUX Technology Ltd.	1	Accrued expenses	(258,485)	—	—
1	CarUX Technology (Shanghai) Ltd.	CARUX TECHNOLOGY PTE. LTD.	3	Processing revenue	13,872,848	—	7
1	CarUX Technology (Shanghai) Ltd.	CARUX TECHNOLOGY PTE. LTD.	3	Accounts receivable	491,875	—	—
2	CarUX Technology Europe B.V.	CARUX TECHNOLOGY PTE. LTD.	3	Service revenue	1,001,165	—	—
2	CarUX Technology Europe B.V.	CARUX TECHNOLOGY PTE. LTD.	3	Accounts receivable	180,337	—	—
3	Ningbo Innolux Optoelectronics Ltd.	Ningbo Innolux Display Ltd.	3	Sales	6,032,061	—	3
3	Ningbo Innolux Optoelectronics Ltd.	Ningbo Innolux Display Ltd.	3	Accounts receivable	1,046,602	—	—
3	Ningbo Innolux Optoelectronics Ltd.	Ningbo CarUX Technology Ltd.	3	Sales	155,043	—	—
4	Foshan Innolux Optoelectronics Ltd.	Nanjing Innolux Optoelectronics Ltd.	3	Sales	177,413	—	—
5	Ningbo Innolux Display Ltd.	Ningbo Innolux Optoelectronics Ltd.	3	Sales	738,682	—	—
5	Ningbo Innolux Display Ltd.	Ningbo Innolux Optoelectronics Ltd.	3	Accounts receivable	122,685	—	—
6	Innolux Japan Co., Ltd.	Innolux Corporation	3	Service revenue	287,974	—	—
7	CarUX Technology Taiwan Inc.	CARUX TECHNOLOGY PTE. LTD.	3	Processing revenue	10,132,834	—	5
7	CarUX Technology Taiwan Inc.	CARUX TECHNOLOGY PTE. LTD.	3	Accounts receivable	2,596,810	—	1
8	InnoCare Optoelectronics Corporation	Ningbo Innolux Electronics Ltd.	3	Sales	184,628	—	—
8	InnoCare Optoelectronics Corporation	InnoCare Optoelectronics Japan Co., Ltd.	3	Sales	720,069	—	—
8	InnoCare Optoelectronics Corporation	InnoCare Optoelectronics Japan Co., Ltd.	3	Accounts receivable	343,920	—	—
8	InnoCare Optoelectronics Corporation	InnoCare Optoelectronics USA, INC.	3	Sales	294,863	—	—
8	InnoCare Optoelectronics Corporation	InnoCare Optoelectronics USA, INC.	3	Accounts receivable	103,786	—	—
9	InnoCare Optoelectronics Japan Co., Ltd.	InnoCare Optoelectronics Corporation	3	Sales	153,343	—	—

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
10	CARUX TECHNOLOGY PTE. LTD.	CarUX Technology (Shanghai) Ltd.	3	Sales	\$ 3,363,108	—	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
Information on investees
For the year ended December 31, 2023

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Innolux Corporation	Innolux Holding Limited	Samoa	Investment holdings	\$ 7,618,559	\$ 6,192,509	225,568,185	100	\$ 19,508,728	\$ 277,299	\$ 277,299	
Innolux Corporation	Keyway Investment Management Limited	Samoa	Investment holdings	62,197	62,197	1,656,410	100	112,392	6,211	6,211	
Innolux Corporation	Landmark International Ltd.	Samoa	Investment holdings	33,438,542	33,438,542	709,450,000	100	57,300,651	3,048,713	3,048,713	
Innolux Corporation	Toppoly Optoelectronics (B.V.I.) Ltd.	BVI	Investment holdings	3,674,115	3,674,115	146,847,000	100	6,814,039	299,880	299,880	
Innolux Corporation	Innolux Hong Kong Holding Limited	Hong Kong	Investment holdings	3,231,780	3,231,780	1,158,844,000	100	7,029,733	2,543,990	2,544,672	
Innolux Corporation	Innolux Singapore Holding Pte. Ltd.	Singapore	Investment holdings	754,943	754,943	25,400,000	100	159,678	3,588	3,588	
Innolux Corporation	Yuan Chi Investment Co., Ltd.	Taiwan	Investment company	1,217,235	1,217,235	—	100	855,800	8,176	8,176	
Innolux Corporation	InnoJoy Investment Corporation	Taiwan	Investment company	1,674,054	1,674,054	167,405,392	100	2,971,369	212,809	212,809	
Innolux Corporation	InnoCare Optoelectronics Corporation	Taiwan	Holdings, R&D, manufacturing and distribution company	202,000	205,000	20,200,000	50	645,369	116,658	61,281	
Innolux Corporation	Innolux Japan Co., Ltd.	Japan	Holdings, R&D and distribution company	1,682,751	1,682,751	98	54	2,105,233	184,514	100,450	
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 distribution company	451,168	451,168	41,288,528	76	385,219	(34,982)	(23,236)	
Innolux Corporation	INStek Corporation	Taiwan	R&D, manufacturing and distribution company	—	35,300	2,647,507	40	—	(5,620)	(2,248)	
Innolux Corporation	Ampower Holding Ltd.	Cayman	Investment holdings	844,091	1,717,714	1	50	48,561	95,995	47,997	
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	308,214	69,552	34,081	
Innolux Corporation	eLux Inc.	USA	R&D of MicroLED technology	91,155	91,155	300,000	28	—	(69,177)	(20,798)	
Innolux Corporation	PanelSemi Corporation	Taiwan	Design, manufacturing and sales of electronic parts	250,000	250,000	25,000,000	45	95,884	(154,714)	(70,325)	
Innolux Holding Limited	Rockets Holding Limited	Samoa	Investment holdings	5,222,180	5,222,180	160,504,550	100	12,190,523	166,566	166,566	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Innolux Holding Limited	Suns Holding Ltd	Samoa	Investment holdings	\$ 555,422	\$ 555,422	18,177,052	100	\$ 5,702,443	\$ 110,733	\$ 110,733	
Toppoly Optoelectronics (B.V.I.) Ltd.	Toppoly Optoelectronics (Cayman) Ltd.	Cayman	Investment holdings	3,650,192	3,650,192	146,817,000	100	6,813,680	299,880	299,880	
Innolux Hong Kong Holding Limited	Innolux Hong Kong Limited	Hong Kong	Distribution company	—	—	35,000,000	100	1,712,400	568	568	
Innolux Hong Kong Holding Limited	Innolux Japan Co., Ltd.	Japan	Holdings, R&D and distribution company	1,815,603	1,815,603	82	46	1,761,838	184,514	84,064	
Innolux Hong Kong Holding Limited	CarUX Holding Limited	Cayman	Investment holdings	3,772,473	3,772,473	125,231,749	95	3,973,592	2,385,777	2,385,777	
CarUX Holding Limited	CARUX TECHNOLOGY PTE. LTD.	Singapore	Holdings and distribution company	3,875,499	3,769,371	128,431,419	100	4,070,877	2,383,118	2,383,118	
CarUX Holding Limited	Ultimate Fantasy Limited	BVI	Investment holdings	3	—	—	—	3	—	—	
CARUX TECHNOLOGY PTE. LTD.	CarUX Technology Hong Kong Holding Limited	Hong Kong	Investment holdings	1,818,180	1,818,180	162,897,802	100	2,323,099	516,257	109,838	
CARUX TECHNOLOGY PTE. LTD.	CarUX Technology Europe B.V.	Netherlands	Holding, distribution and R&D testing company	464,341	464,341	375,810	100	564,182	48,481	48,481	
CARUX TECHNOLOGY PTE. LTD.	CarUX Technology Taiwan Inc.	Taiwan	R&D, manufacturing and distribution company	1,500,000	1,400,000	150,000,000	100	2,250,376	370,667	227,186	
Innolux Japan Co., Ltd.	Innolux USA Inc.	USA	Distribution company	369,092	369,092	12,842	100	1,259,073	129,682	129,682	
Rockets Holding Limited	Stanford Developments Limited	Samoa	Investment holdings	5,391,125	5,391,125	164,000,000	100	12,185,947	186,585	186,585	
Rockets Holding Limited	Nets Trading Ltd.	Samoa	Investment company	27,477	27,477	900,001	100	4,438	(20,019)	(20,019)	
Suns Holding Ltd	Warriors Technology Investments Ltd	Samoa	Investment company	555,422	555,422	18,177,052	100	5,702,441	110,733	110,733	
CarUX Technology Europe B.V.	CarUX Technology Germany GmbH	Germany	Testing and maintenance company	33,735	33,735	100,000	100	27,829	1,552	1,552	
Innolux Singapore Holding Pte. Ltd.	INNOLUX OPTOELECTRONICS INDIA PRIVATE LIMITED	India	Distribution company	607,284	607,284	144,095,499	100	6,896	296	296	
Yuan Chi Investment Co., Ltd.	INNOLUX OPTOELECTRONICS INDIA PRIVATE LIMITED	India	Distribution company	—	—	1	—	—	296	—	
Yuan Chi Investment Co., Ltd.	GIO Optoelectronics Corp.	Taiwan	Holdings, R&D, manufacturing and distribution company	858	858	77,235	—	726	(34,982)	(50)	

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognized by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	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	\$ 7,073	\$ 1,293	\$ 582	
InnoJoy Investment Corporation	Inno Capital Corporation	Taiwan	Investment company	15,000	15,000	1,500,000	100	17,995	1,361	1,361	
InnoJoy Investment Corporation	CDIB-Innolux Limited Partnership	Taiwan	Investment company	186,794	122,561	—	16	229,905	242,477	39,950	
Inno Capital Corporation	CDIB-Innolux Limited Partnership	Taiwan	Investment company	11,338	7,439	—	1	13,954	242,477	2,425	
InnoCare Optoelectronics Corporation	InnoCare Optoelectronics Japan Co., Ltd.	Japan	Distribution company	87,149	87,149	30,010	100	126,134	33,580	33,580	
InnoCare Optoelectronics Corporation	InnoCare Optoelectronics USA, INC.	USA	Distribution company	27,963	27,963	900,000	100	25,925	(2,057)	(2,057)	
InnoCare Optoelectronics Corporation	Innocare Optoelectronics Europe B.V.	Netherlands	After-sales service company	1,662	1,662	500	100	3,431	603	603	
GIO Optoelectronics Corp.	Double Star Inc.	Mauritius	Investment holdings	298,113	298,113	10,000,000	100	102,180	802	802	
Ultimate Fantasy Limited	CarUX Holding Limited	Cayman	Investment holdings	106,560	—	6,843,900	5	—	2,385,777	—	

Innolux Corporation
Information on investments in Mainland China
For the year ended December 31, 2023

Table 8

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, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2023 (Note B)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Innocom Technology (Shenzhen) Co., Ltd.	Manufacturing and selling of LCD backend module and related components	\$ 5,035,620	2	\$ 3,896,825	\$ —	\$ —	\$ 3,896,825	\$ 186,585	100	\$ 186,585	\$ 12,185,896	\$ 1,138,795	2.1
Ningbo Innolux Optoelectronics Ltd.	Manufacturing and selling of LCD backend module and related components	9,518,550	2	226,144	—	—	226,144	1,400,481	100	1,400,481	26,561,328	5,300,756	2.2
Foshan Innolux Optoelectronics Ltd.	Manufacturing and selling of LCD backend module and related components	11,760,015	2	11,760,015	—	—	11,760,015	978,403	100	980,837	23,702,533	—	2.2
Ningbo Innolux Display Ltd.	Manufacturing and selling of LCD backend module and related components	4,912,800	2	4,912,800	—	—	4,912,800	667,383	100	667,383	7,035,612	—	2.2
Nanjing Innolux Technology Ltd.	Purchases and sales of monitor-related components company	64,481	2	64,481	—	—	64,481	13,105	100	13,105	648,727	—	2.3
Nanjing Innolux Optoelectronics Ltd.	Manufacturing and selling of LCD backend module and related components	4,789,980	2	4,422,613	—	—	4,422,613	286,776	100	286,776	6,164,931	—	2.3
CarUX Technology (Shanghai) Ltd.	Manufacturing and selling of LCD backend module and related components	644,805	2	—	—	—	—	516,257	95	516,257	2,715,364	—	2.4
Foshan Innolux Logistics Ltd.	Warehousing services	46,058	2	46,058	—	—	46,058	5,945	100	5,945	107,050	—	2.5
GIO (Maanshan) Optoelectronics Co., Ltd.	Manufacturing	307,050	2	307,050	—	—	307,050	807	77	618	78,379	—	2.6
Ningbo CarUX Technology Ltd.	Manufacturing and selling of LCD backend module and related components	1,213,856	3	—	—	—	—	58,176	100	58,481	1,083,787	—	
Ningbo Innolux Electronics Ltd.	Manufacturing and selling of medical equipment	66,632	1	97,396	—	—	97,396	14,294	50	7,176	61,319	—	

Ceiling on investments in Mainland China:

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	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	\$ 25,079,251	\$ 30,657,619	(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 year ended December 31, 2023 was audited 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.