



April 22, 2026

Dear Shareholder,

AUO Corporation (AUO) will convene its Annual General Meeting (AGM) on May 28, 2026. To facilitate timely and convenient participation of shareholders in important corporate decisions, we will continue to employ a hybrid method for the meeting, thereby promoting shareholder engagement and activism.

We trust that you have received all the necessary documentation to make independent and informed decisions regarding the agenda items proposed by the Board of Directors (the "Board") for this year's AGM. Below please find AUO's 2026 AGM agenda, along with brief explanations for any items you may wish to inquire about.

**Recognition Item 1: To recognize 2025 Business Report and Financial Statements (proposed by the Board)**

For the full year, AUO reported annual revenue of NT\$281.4 billion, representing a 0.4% increase compared to 2024. The Company also returned to profitability, posting a net profit of NT\$6.8 billion, compared with a net loss in the prior year.

In 2025, global political and economic volatility intensified, changes in U.S. tariff policies, along with fluctuations in the New Taiwan dollar against the U.S. dollar, had a pronounced impact on export-oriented technology industries. Despite weaker-than-usual seasonal demand, overall performance continued to demonstrate AUO's operational resilience.

AUO is no longer solely a panel supplier, but a display-centric solution provider operating across three core operating pillars of "Display", "Mobility Solutions", and "Vertical Solutions". This strategic adjustment reflects years of forward-looking planning and proactive management of cyclical volatility and industry restructuring risks. It also represents the Company's fundamental growth strategy as it enters the next phase of development.

**Recognition Item 2: To recognize the proposal for the distribution of 2025 earnings (proposed by the Board)**

2025 revenue of NT\$281.4 billion was roughly unchanged from last year, though the revenue structure shifted meaningfully. The combined share from higher margin Mobility and Vertical Solutions rose from 38% in 2024 to 43% in 2025. Meanwhile, the Display segment's share declined from 56% to 52% during the same period. This optimization in our business mix drove up our gross margin. In 2025, net profit attributable to owner of the company was approximately NT\$ 6.8 billion, with EPS of NT\$0.9.

AUO plans to distribute NT\$0.4 per common share in order to deliver stable shareholder returns. Going forward, our shareholder return policy will be characterized by an assessment of free cash flow, with a portion returned to shareholders. At the same time, we will continue to optimize our capital structure.



**Discuss Item 1: To approve the demerger of the Company's energy business to the Company's wholly-owned subsidiary and the Demerger Proposal (proposed by the Board)**

**Discuss Item 2: To approve the sale of the equity of companies related to the energy business (proposed by the Board)**

AUO's Board of Directors has approved a restructuring of the organizational and investment framework for its energy business. By integrating both internal and external energy-related resources and advancing the corporatization of the energy business, operations will be undertaken through a more professionally focused platform, with the aim of further enhancing operational efficiency and market competitiveness.

Key resolutions approved by the Board and to be submitted to the shareholders' meeting include:

1. AUO plans to transfer, via demerger to Star Shining Enetek Corp. (hereinafter referred to as "Star Shining Enetek"), a wholly owned subsidiary of AUO, the energy business. The record date of the demerger is tentatively scheduled for August 1, 2026.

2. Upon completion of the demerger, AUO plans to dispose of its equity interests in Star Shining Enetek and its related investee companies to Star Shining Energy Holdings Corporation (hereinafter referred to as "Star Shining Holdings"). The transaction scope includes 100% equity interests in: Star Shining Enetek, AUO Power Corporation, Zheng Yao Power Corporation, Feng Yao Power Corporation, AEUS (AUO Green Energy America Corp.), and 20% equity interests in Zhao Feng Energy Co., Ltd.

The expected disposal amount for Star Shining Enetek is based on an enterprise value of NT\$780 million, while the aggregate disposal amount for the remaining transaction targets will be no less than NT\$80 million.

Execution of the above-mentioned resolutions relating to the demerger and disposal of the energy business is subject to approval by AUO's shareholders' meeting.

AUO has been investing in the energy sector for many years, spanning solar power plant investments, energy management, and related services. As the global energy transition moves toward large-scale deployment and system integration, this restructuring enables the energy business to operate independently with greater capital flexibility and operational efficiency.

Following the restructuring, Star Shining Enetek will assume all existing operations and contractual relationships of AUO's energy business. Customer services, supply arrangements, and partnership rights will remain unaffected, including ongoing international collaborations.

AUO will continue its participation in the energy sector as a green ecosystem partner of Star Shining Holdings. AUO will leverage its group resources and cross-domain capabilities to support the long-term development of the energy business and sustainable value creation in line with net-zero and green energy trends.

**Discuss Item 3: To amend the Articles of Incorporation (proposed by the Board)**

To strengthen the Company's expansion into vertical solutions, it is proposed to add new business items -medical-related business to the Articles of Incorporation. Additionally, in accordance with the applicable provisions of the Company Act, certain articles of the Articles of Incorporation will be amended concurrently.

**Discuss Item 4: To amend the Handling Procedures for Acquisition or Disposal of Assets (proposed by the Board)**



## **Explanations for Major Revisions to the Limits on Securities Investment:**

### **(1) Simplification and Aggregate Exposure Reduction**

The proposed amendment transforms previously fragmented investment categories into a unified structure with a single 100% aggregate ceiling and a 25% individual investment limit across all securities categories. Previously, each category carried separate aggregate and individual limits which, in theory, could have allowed for an aggregate exposure of up to 220% of the equity. The amended framework reduces this to a single 100% aggregate ceiling, representing a meaningful reduction in maximum permissible market exposure. At the same time, the standardized individual investment limit of 25% of equity provides a clear and consistent guardrail at the transaction level, replacing a range of category-specific limits that previously varied from 5% to 50%. The Board believes this consolidated structure enhances risk oversight, simplifies compliance monitoring, and provides the operational flexibility necessary to execute AUO's strategic transformation.

### **(2) Optimizing Capital Allocation for "3 Pillars Transformation"**

To effectively execute AUO's long-term "3 Pillars Transformation" strategy, the Company is streamlining individual category sub-limits (previously ranging from 5% to 50%) into a standardized 25% individual investment limit. This alignment allows for agile capital deployment into strategic growth targets without expanding the Company's total risk appetite. The 100% aggregate equity cap acts as a definitive safeguard, ensuring that core financial stability is never compromised by securities investments. Notably, the individual investment limit applicable to non-wholly-owned subsidiary investments is tightened from the previous 50% to the standardized 25%, representing a meaningful strengthening of per-transaction risk controls for this category.

### **(3) Removal of Caps for 100% Owned Subsidiaries**

The removal of investment caps for 100% owned subsidiaries is essential for seamless intra-group capital deployment and resource optimization. As these entities are fully consolidated and remain under the Company's absolute financial and operational control, this amendment facilitates strategic R&D and capacity expansions without diluting shareholder value or bypassing risk oversight. This change eliminates administrative bottlenecks, allowing AUO to maintain its competitive edge through faster execution of various operational decisions. While wholly owned subsidiary investments are exempt from aggregate and individual investment limits, investments exceeding NT\$300 million continue to require Board of Directors approval, and all intra-group transactions remain subject to the Company's related-party transaction procedures.

### **(4) Calibrating Authorization Levels for Operational Productivity**

The amendment introduces a tiered approval structure for acquisitions of real property, equipment, intangible assets, right-of-use assets, and memberships. Transactions at or above NT\$300 million continue to require Board of Directors approval. Transactions below NT\$300 million are delegated to Internal Approval Authority as designated in the Company's internal authorization procedures. The calibration is designed to optimize day-to-day operational productivity without compromising Board-level oversight. Given the Company's significant asset base, this threshold is considered immaterial and is consistent with industry peer benchmarks. All transactions executed under this delegated authority remain subject to internal audit and are reported periodically to the Board to ensure ongoing transparency and accountability.



## **Explanations for Revision regarding the Relaxation of Public Announcement and Reporting Thresholds:**

In accordance with the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies promulgated by the Financial Supervisory Commission (FSC) on July 24, 2025 (FSC Securities Issuing Letter No. 1140383333), AUO proposes to relax its public announcement and reporting thresholds under its Procedures for Acquisition or Disposal of Assets. Specifically, the disclosure threshold for equipment acquisitions and disposals for business use will be revised to 5% of the Company's paid-in capital, and the disclosure threshold for government bonds, ordinary corporate bonds, and general bank debentures without equity characteristics (excluding subordinated debt) traded on securities exchanges or OTC markets, where the counterparty is not a related party, will also be raised to 5% of the Company's paid-in capital. The major reasons for these amendments are as follows:

- **Why the Changes Are Necessary:**

AUO's annual revenue exceeds NT\$280 billion. Under the current Handling Procedures, the disclosure threshold for acquisitions or disposals of equipment used in business operations where the counterparty is not a related party is NT\$1 billion, while the general disclosure threshold for fixed income securities transactions is NT\$300 million. Relative to AUO's operational scale, these absolute thresholds represent a very small proportion of annual revenue — NT\$300 million represents approximately 0.1% of annual revenue, while NT\$1 billion represents approximately 0.35%. As a result, a significant volume of routine, non-material transactions are currently subject to mandatory public disclosure, creating unnecessary administrative burden and potentially diluting investor attention away from transactions of genuine strategic significance. The display panel industry is furthermore capital-intensive in nature, with facility construction and production line equipment transactions routinely involving several billion NT dollars as a core and recurring component of AUO's capital allocation. AUO also regularly deploys surplus funds into fixed income instruments to optimize cash yield, and the current NT\$300 million threshold results in repetitive disclosure of individually non-material treasury management activities.

- **Internal Controls and Board Oversight Remain Unchanged**

The adjustment of external disclosure thresholds operates entirely independently of AUO's internal governance framework and risk control mechanisms. All transactions continue to follow the structured internal review and approval process set out in Article 3 of the Handling Procedures. Transactions at or above NT\$300 million continue to require Audit Committee and Board of Directors approval before execution. Pre-transaction independent valuation requirements under Article 5 — including the requirement for two or more independent appraisers for transactions exceeding NT\$1 billion — remain fully intact.

- **No Material Change to Balance of Power**

This amendment does not alter the balance of power among shareholders, the Board, and management. Internal approval thresholds are unchanged — management cannot bypass Board-level oversight on the basis of higher disclosure thresholds, as these are two independent parallel mechanisms. Any transactions requiring shareholder authorization under the Company Act or AUO's Articles of Incorporation continue to be submitted for shareholder resolution. The scope of management discretion is not expanded by this amendment.

## **Discuss Item 5: To lift non-competition restrictions on board members (proposed by the Board)**



According to Article 209 of the Company Act of the Republic of China, any Director conducting business for himself/herself/itself or on behalf of other people that is within AUO's business scope, shall provide explanation for the essential contents of such conduct at the shareholders' meeting, and obtain approval therefrom. The following is the list of non-competition restrictions proposed to be lifted at the 2026 AGM:

Name	Released restriction items
Qisda Corporation	- Director, ECOLUX Technology Co., Ltd. (unrelated industry) - Director, Patungkuon Aerospace and Technology Co., Ltd. (unrelated industry) - Director, Dunpin NO5. Innovation Investment Corp. (unrelated industry) - Director, Dragonfly Unmanned Aircraft System Co., Ltd. (unrelated industry) - Director, Fong Huang 7 Innovation Corp. (unrelated industry) - Director, Earthgen Technology Co., Ltd. (unrelated industry)
Yen-Hsi Lin	- Director, Greenvines Biotech Co., Ltd. (unrelated industry)

Should you have any concerns or questions regarding the AGM proposals, please do not hesitate to contact us via email at [ting.hung@auo.com](mailto:ting.hung@auo.com). Additionally, if you're interested in learning more about AUO's ESG achievements, please visit the ESG Insight Report on AUO's website at <https://csr.auo.com/en>. We look forward to seeing you in person at the General Meeting, but if you are unable to attend onsite, please remember that you have the right to vote by proxy through your respective agents.

Yours Sincerely,

David Chang  
Chief Financial Officer  
AUO Corporation