Stock Code:2409

AUO CORPORATION (FORMERLY AU OPTRONICS CORP.) AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

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

Representation Letter

The entities that are required to be included in the combined financial statements of AUO Corporation (formerly AU Optronics Corp.) as of and for the year ended December 31, 2022 under the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard No. 10, "Consolidated Financial Statements" endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, AUO Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Hereby declare

Company name: AUO Corporation
Chairman: Shuang-Lang (Paul) Peng
Date: February 8, 2023

Independent Auditors' Report

To the Board of Directors of AUO Corporation:

Opinion

We have audited the consolidated financial statements of AUO Corporation (formerly AU Optronics Corp.) and its subsidiaries ("the Company"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for the years ended December 31, 2022 and 2021, and notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for each of the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

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

   Refer to Note 4(15) "Impairment – non-financial assets", Note 5(1) and Note 5(2) "Critical Accounting Judgments and Key Sources of Estimations and Assumptions Uncertainty", Note 6(10) "Property, Plant and Equipment", Note 6(11) "Lease Arrangements" and Note 6(13) "Intangible Assets" to the consolidated financial statements.

Description of key audit matter:

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

How the matter was addressed in our audit:

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

2. Revenue recognition

Refer to Note 4(18) “Revenue from contracts with customers” and Note 6(21) “Revenue from Contracts with Customers” to the consolidated financial statements.

Description of key audit matter:

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

How the matter was addressed in our audit:

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

Other Matters

AUO Corporation has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRS, IAS, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (inclusive of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtained sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Yu, Chi-Lung and Yu, Wan-Yuan.

KPMG

Hsinchu, Taiwan (Republic of China)
February 8, 2023

Notes to Readers

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

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

AUO CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in thousands of New Taiwan dollars)

		December 31, 2022		December 31, 2021	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Note 6(1))	$ 80,613,120	21	79,944,686	19
1110	Financial assets at fair value through profit or loss－current (Note 6(2))	365,037	-	159,270	-
1136	Financial assets at amortized cost－current (Note 6(4))	-	-	10,000,000	2
1170	Notes and accounts receivable, net (Note 6(5))	18,620,248	5	59,093,573	14
1180	Accounts receivable from related parties, net (Notes 6(5)&7)	1,255,503	-	2,479,395	1
1210	Other receivables from related parties (Note 7)	6,139	-	20,699	-
1220	Current tax assets	41,186	-	60,802	-
130X	Inventories (Note 6(6))	30,263,713	8	34,489,088	8
1460	Noncurrent assets held for sale (Note 6(10))	586,406	-	-	-
1476	Other current financial assets (Notes 6(5),(10),(21)&8)	4,593,094	1	2,186,682	-
1479	Other current assets (Note 6(14))	3,832,361	1	3,592,203	1
		140,176,807	36	192,026,398	45
	Noncurrent assets:				
1517	Financial assets at fair value through other comprehensive income－noncurrent (Note 6(3))	1,900,581	1	1,308,157	-
1550	Investments in equity-accounted investees (Notes 6(7)&7)	31,743,902	8	25,447,133	6
1600	Property, plant and equipment (Notes 6(10),7&8)	178,833,837	46	171,222,045	40
1755	Right-of-use assets (Notes 6(11)&8)	9,800,458	3	10,638,373	3
1760	Investment property (Note 6(12))	1,393,244	-	1,437,692	-
1780	Intangible assets (Note 6(13))	11,396,241	3	11,756,955	3
1840	Deferred tax assets (Note 6(25))	6,649,457	2	6,466,588	2
1900	Other noncurrent assets (Notes 6(4),(14),(18)&8)	4,946,147	1	4,507,705	1
		246,663,867	64	232,784,648	55
	Total Assets	**$ 386,840,674**	**100**	**424,811,046**	**100**

		December 31, 2022		December 31, 2021	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (Note 6(15))	$ 128,487	-	45,324	-
2120	Financial liabilities at fair value through profit or loss－current (Notes 6(2),(8)&(9))	351,825	-	132,797	-
2170	Notes and accounts payable	41,479,524	11	54,574,143	13
2180	Accounts payable to related parties (Note 7)	5,890,185	2	8,825,361	2
2213	Equipment and construction payable (Note 7)	7,882,627	2	4,317,199	1
2220	Other payables to related parties (Note 7)	27,853	-	72,411	-
2230	Current tax liabilities	1,567,623	-	2,607,235	1
2250	Provisions－current (Note 6(17))	559,654	-	942,290	-
2280	Lease liabilities－current (Note 6(11))	583,251	-	534,706	-
2399	Other current liabilities (Notes 6(10),(21)&(22))	24,812,498	6	34,869,439	8
2322	Current installments of long-term borrowings (Notes 6(16)&8)	13,884,634	4	16,833,597	4
		97,168,161	25	123,754,502	29
	Noncurrent liabilities:				
2527	Contract liabilities－noncurrent (Note 6(21))	8,739,846	3	8,739,846	2
2540	Long-term borrowings, excluding current installments (Notes 6(16)&8)	72,930,817	19	37,821,267	9
2550	Provisions－noncurrent (Note 6(17))	909,405	-	946,018	-
2570	Deferred tax liabilities (Note 6(25))	5,101,186	1	4,224,720	1
2580	Lease liabilities－noncurrent (Note 6(11))	8,661,640	2	9,190,535	2
2600	Other noncurrent liabilities (Note 6(18))	1,918,971	1	2,167,687	1
		98,261,865	26	63,090,073	15
	Total liabilities	195,430,026	51	186,844,575	44
	Equity (Note 6(19)):				
	Equity attributable to shareholders of AUO Corporation :				
3100	Common stock	76,993,961	20	96,242,451	23
3200	Capital surplus	61,942,210	16	60,057,001	14
3300	Retained earnings	50,078,752	13	80,669,998	19
3400	Other components of equity	(3,620,305)	(1)	(4,743,182)	(1)
3500	Treasury shares	(295,527)	-	(439,228)	-
		185,099,091	48	231,787,040	55
	Non-controlling interests				
36XX	Non-controlling interests	6,311,557	1	6,179,431	1
	Total equity	191,410,648	49	237,966,471	56
	Total Liabilities and Equity	**$ 386,840,674**	**100**	**424,811,046**	**100**

See accompanying notes to consolidated financial statements.

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

AUO CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

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

		2022		2021	
		Amount	**%**	**Amount**	**%**
4110	**Revenue**	$ 249,956,539	101	373,670,560	101
4190	Less: sales return and discount	3,163,865	1	2,985,419	1
	Net revenue (Notes 6(21)&7)	246,792,674	100	370,685,141	100
5000	**Cost of sales** (Notes 6(6),(11),(18),(22),(23)&7)	245,225,166	99	279,917,384	76
	Gross profit	1,567,508	1	90,767,757	24
	Operating expenses (Notes 6(8),(9),(11),(18),(20),(22),(23)&7)**:**				
6100	Selling and distribution expenses	4,817,426	2	5,095,946	1
6200	General and administrative expenses	7,852,697	3	9,526,519	3
6300	Research and development expenses	12,867,781	5	13,069,676	3
	Total operating expenses	25,537,904	10	27,692,141	7
	Profit (loss) from operations	(23,970,396)	(9)	63,075,616	17
	Non-operating income and expenses:				
7100	Interest income (Note 6(24))	878,975	-	495,332	-
7010	Other income (Notes 6(3),(24)&7)	3,211,169	1	1,389,680	-
7020	Other gains and losses (Notes 6(7),(10),(11),(13),(24)&7)	(121,274)	-	1,037,458	-
7050	Finance costs (Notes 6(10)&(24))	(1,507,963)	-	(2,217,565)	-
7060	Share of profit of equity-accounted investees (Note 6(7))	2,003,297	1	2,626,274	1
	Total non-operating income and expenses	4,464,204	2	3,331,179	1
7900	**Profit (loss) before income tax**	(19,506,192)	(7)	66,406,795	18
7950	**Less: income tax expense** (Note 6(25))	1,466,988	1	2,947,697	1
8200	**Profit (loss) for the year**	(20,973,180)	(8)	63,459,098	17
8300	**Other comprehensive income** (Notes 6(7),(18),(19)&(25))**:**				
8310	**Items that will never be reclassified to profit or loss**				
8311	Remeasurement of defined benefit obligations	58,455	-	21,260	-
8316	Unrealized gain (loss) on equity investments at fair value through other comprehensive income	57,359	-	(33,560)	-
8320	Equity-accounted investees – share of other comprehensive income	(1,362,377)	(1)	244,624	-
8349	Related tax	(11,691)	-	(4,577)	-
		(1,258,254)	(1)	227,747	-
8360	**Items that are or may be reclassified subsequently to profit or loss**				
8361	Foreign operations – foreign currency translation differences	2,388,106	1	(1,277,481)	-
8370	Equity-accounted investees – share of other comprehensive income	562,474	-	(59,103)	-
8399	Related tax	(490,056)	-	345,815	-
		2,460,524	1	(990,769)	-
8300	**Other comprehensive income (loss), net of tax**	1,202,270	-	(763,022)	-
8500	**Total comprehensive income (loss) for the year**	**$ (19,770,910)**	**(8)**	**62,696,076**	**17**
	Profit (loss) attributable to:				
8610	Shareholders of AUO Corporation	$ (21,101,374)	(8)	61,330,628	16
8620	Non-controlling interests	128,194	-	2,128,470	1
		$ (20,973,180)	**(8)**	**63,459,098**	**17**
	Total comprehensive income (loss) attributable to:				
8710	Shareholders of AUO Corporation	$ (19,892,545)	(8)	60,644,766	16
8720	Non-controlling interests	121,635	-	2,051,310	1
		$ (19,770,910)	**(8)**	**62,696,076**	**17**
	Earnings (loss) per share (NT$, Note 6(26))				
9750	Basic earnings (loss) per share	**$**	**(2.39)**		**6.44**
9850	Diluted earnings (loss) per share	**$**	**(2.39)**		**6.26**

See accompanying notes to consolidated financial statements.

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

AUO CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in thousands of New Taiwan dollars)

	Equity Attributable to Shareholders of AUO Corporation												
	Capital Stock		Retained Earnings				Other Components of Equity						
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Subtotal	Cumulative Translation Differences	Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income	Subtotal	Treasury Shares	Equity Attributable to Shareholders of AUO Corporation	Non-controlling Interests	Total Equity
Balance at January 1, 2021	$ 96,242,451	60,587,684	7,691,688	2,005,384	20,561,210	30,258,282	(3,206,520)	(63,783)	(3,270,303)	(1,013,423)	182,804,691	10,985,674	193,790,365
Appropriation of earnings:													
Legal reserve	-	-	735,456	-	(735,456)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	1,264,919	(1,264,919)	-	-	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(2,850,967)	(2,850,967)	-	-	-	-	(2,850,967)	-	(2,850,967)
Profit for the year	-	-	-	-	61,330,628	61,330,628	-	-	-	-	61,330,628	2,128,470	63,459,098
Other comprehensive income (loss), net of tax	-	-	-	-	8,223	8,223	(913,609)	219,524	(694,085)	-	(685,862)	(77,160)	(763,022)
Total comprehensive income (loss) for the year	-	-	-	-	61,338,851	61,338,851	(913,609)	219,524	(694,085)	-	60,644,766	2,051,310	62,696,076
Donations from shareholders	-	449	-	-	-	-	-	-	-	-	449	-	449
Adjustments for changes in investees' equity	-	(22,599)	-	-	(401,507)	(401,507)	-	-	-	-	(424,106)	-	(424,106)
Share-based payments	-	825,114	-	-	-	-	-	-	-	574,195	1,399,309	4,418	1,403,727
Disposal of equity investments measured at fair value through other comprehensive income	-	-	-	-	25,350	25,350	-	(25,350)	(25,350)	-	-	-	-
Acquisition of interest in subsidiary from non-controlling interests	-	(1,333,647)	-	-	(7,700,011)	(7,700,011)	(753,444)	-	(753,444)	-	(9,787,102)	(7,530,685)	(17,317,787)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	668,714	668,714
Balance at December 31, 2021	96,242,451	60,057,001	8,427,144	3,270,303	68,972,551	80,669,998	(4,873,573)	130,391	(4,743,182)	(439,228)	231,787,040	6,179,431	237,966,471
Appropriation of earnings:													
Legal reserve	-	-	5,326,268	-	(5,326,268)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	1,472,878	(1,472,878)	-	-	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(9,575,824)	(9,575,824)	-	-	-	-	(9,575,824)	-	(9,575,824)
Profit (loss) for the year	-	-	-	-	(21,101,374)	(21,101,374)	-	-	-	-	(21,101,374)	128,194	(20,973,180)
Other comprehensive income (loss), net of tax	-	-	-	-	44,298	44,298	2,467,083	(1,302,552)	1,164,531	-	1,208,829	(6,559)	1,202,270
Total comprehensive income (loss) for the year	-	-	-	-	(21,057,076)	(21,057,076)	2,467,083	(1,302,552)	1,164,531	-	(19,892,545)	121,635	(19,770,910)
Donations from shareholders	-	1,095	-	-	-	-	-	-	-	-	1,095	-	1,095
Adjustments for changes in investees' equity	-	1,812,907	-	-	-	-	-	-	-	-	1,812,907	604	1,813,511
Capital reduction	(19,248,490)	-	-	-	-	-	-	-	-	96,842	(19,151,648)	-	(19,151,648)
Share-based payments	-	71,207	-	-	-	-	-	-	-	46,859	118,066	12,699	130,765
Disposal of equity investments measured at fair value through other comprehensive income	-	-	-	-	41,654	41,654	-	(41,654)	(41,654)	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(2,812)	(2,812)
Balance at December 31, 2022	**$ 76,993,961**	**61,942,210**	**13,753,412**	**4,743,181**	**31,582,159**	**50,078,752**	**(2,406,490)**	**(1,213,815)**	**(3,620,305)**	**(295,527)**	**185,099,091**	**6,311,557**	**191,410,648**

See accompanying notes to consolidated financial statements.

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

AUO CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in thousands of New Taiwan dollars)

		2022	2021
Cash flows from operating activities:			
Profit (loss) before income tax	$	(19,506,192)	66,406,795
Adjustments for:			
- depreciation		31,281,587	33,457,081
- amortization		184,766	207,519
- gains on financial instruments at fair value through profit or loss		(85,959)	(86,083)
- interest expense		1,349,724	2,135,444
- interest income		(878,975)	(495,332)
- dividend income		(6,571)	(8,090)
- compensation costs of share-based payments		84,085	831,251
- share of profit of equity-accounted investees		(2,003,297)	(2,626,274)
- gains on disposals of property, plant and equipment, net		(1,024,832)	(1,841,771)
- gains on disposals of right-of-use assets		-	(8,294)
- gains on disposals of investments		-	(890,046)
- impairment losses on assets		1,179,565	1,046,693
- unrealized foreign currency exchange losses		158,438	413,858
- others		82,019	203,557
Changes in operating assets and liabilities:			
- notes and accounts receivable		39,381,310	(13,601,272)
- receivables from related parties		1,238,452	(401,129)
- inventories		4,214,575	(7,754,868)
- net defined benefit assets		1,829	(16,711)
- other operating assets		(49,986)	(1,913,817)
- contract liabilities		(1,507,156)	11,610,060
- notes and accounts payable		(12,705,469)	6,265,160
- payables to related parties		(2,979,734)	1,564,223
- provisions		(489,391)	103,273
- other operating liabilities		(9,677,630)	11,690,743
Cash generated from operations		28,241,158	106,291,970
Interest received		782,513	462,503
Dividends received		1,827,279	920,439
Interest paid		(1,522,704)	(2,143,663)
Income taxes paid		(2,357,288)	(810,013)
Net cash provided by operating activities		26,970,958	104,721,236

(Continued)

See accompanying notes to consolidated financial statements.

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

AUO CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

For the years ended December 31, 2022 and 2021

(Expressed in thousands of New Taiwan dollars)

	2022	2021
Cash flows from investing activities:		
Disposals of financial assets at fair value through profit or loss	5,440	551,841
Acquisitions of financial assets at fair value through other comprehensive income	(544,218)	(962,762)
Disposals of financial assets at fair value through other comprehensive income	10,002	-
Acquisitions of financial assets at amortized cost	(660,262)	(20,695,648)
Disposals of financial assets at amortized cost	10,000,000	10,000,000
Acquisitions of equity-accounted investees	(5,183,707)	(3,890,105)
Disposals of equity-accounted investees	83,152	66,117
Net cash inflow arising from disposal of subsidiaries	-	5,303
Acquisitions of property, plant and equipment	(35,950,205)	(17,033,027)
Disposals of property, plant and equipment	845,768	2,009,445
Disposals of right-of-use assets	-	12,752
Increase in receipts in advance due to disposal of assets	848,008	-
Decrease (increase) in refundable deposits	83,193	(579,745)
Acquisitions of intangible assets	(2,929)	-
Increase in other financial assets	(743,153)	(19,465)
Net cash inflow (outflow) arising from acquisition of subsidiaries	(704,049)	227,701
Net cash outflow arising from acquisition of business	-	(42,715)
Net cash used in investing activities	(31,912,960)	(30,350,308)
Cash flows from financing activities:		
Proceeds from short-term borrowings	539,963	1,568,737
Repayments of short-term borrowings	(457,499)	(1,723,311)
Proceeds from long-term borrowings	64,168,996	12,987,993
Repayments of long-term borrowings	(32,619,345)	(75,917,873)
Payment of lease liabilities	(574,590)	(551,367)
Decrease in received guarantee deposits	(20,819)	(20,409)
Cash dividends	(9,575,824)	(2,850,967)
Capital reduction	(19,151,648)	-
Treasury shares sold to employees	46,718	572,472
Acquisition of interest in subsidiary	-	(17,317,787)
Net change of non-controlling interests	(2,812)	(218,415)
Others	1,095	449
Net cash provided by (used in) financing activities	2,354,235	(83,470,478)
Effect of exchange rate change on cash and cash equivalents	3,256,201	(1,230,451)
Net increase (decrease) in cash and cash equivalents	668,434	(10,330,001)
Cash and cash equivalents at January 1	79,944,686	90,274,687
Cash and cash equivalents at December 31	$ **80,613,120**	**79,944,686**

See accompanying notes to consolidated financial statements.

1. Organization

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

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

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

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

2. The Authorization of Financial Statements

These consolidated financial statements were approved and authorized for issue by the Board of Directors of AUO on February 8, 2023.

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

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

The Company has adopted the amendments to the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations (collectively, "IFRSs") with effective date from January 1, 2022. The adoption does not have a material impact on the Company's consolidated financial statements.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(2) Impact of the IFRSs that have been endorsed by the FSC but not yet in effect

The Company assessed that the adoption of the following amendments, effective for annual period beginning on January 1, 2023, would not have a material impact on its consolidated financial statements.

- Amendments to IAS 1, *Disclosure of Accounting Policies*
- Amendments to IAS 8, *Definition of Accounting Estimates*
- Amendments to IAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

(3) The IFRSs issued by International Accounting Standards Board ("IASB") but not yet endorsed by the FSC

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

- Amendments to IFRS 10 and IAS 28, *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture*
- IFRS 17, *Insurance Contracts* and amendments to IFRS 17
- Amendments to IAS 1, *Classification of Liabilities as Current or Noncurrent*
- Amendments to IAS 1, *Noncurrent Liabilities with Covenants*
- Amendments to IFRS 17, *Initial Application of IFRS 17 and IFRS 9 – Comparative Information*
- Amendments to IFRS 16, *Lease Liability in a Sale and Leaseback*

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

4. Summary of Significant Accounting Policies

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

(1) Statement of compliance

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

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(2) Basis of preparation

a. Basis of measurement

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

(i) Financial instruments at fair value through profit or loss (including derivative financial instruments) (Note 6(2));

(ii) Financial assets at fair value through other comprehensive income (Note 6(3));

(iii) Defined benefit asset (liability) is recognized as the fair value of the plan assets less the present value of the defined benefit obligation (Note 6(18)).

b. Functional and presentation currency

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

(3) Basis of consolidation

a. Principle of preparation of the consolidated financial statements

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

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

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

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

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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

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

			Percentage of Ownership (%)	
Name of Investor	**Name of Subsidiary**	**Main Activities and Location**	**December 31, 2022**	**December 31, 2021**
AUO	AUO (L) Corp. (AUOLB, formerly AU Optronics (L) Corp.)	Holding company (Malaysia)	100.00	100.00
AUO	Konly Venture Corp. (Konly)	Investment (Taiwan ROC)	100.00	100.00
AUO	Ronly Venture Corp. (Ronly)	Investment (Taiwan ROC)	100.00	100.00
AUO	Space Money Inc. (S4M)	Design, sales and leasing activities (Taiwan ROC)	100.00	100.00
AUO	AUO Envirotech Inc. (AETTW, formerly U-Fresh Technology Inc.)	Construction project and related project management (Taiwan ROC)	100.00	100.00
AUO	ComQi Ltd. (CQIL)	Holding company (Israel)	100.00	100.00
AUO	AUO Europe B.V. (AUONL, formerly AU Optronics Europe B.V.)	Sales support activities (Netherlands)	100.00	100.00
AUO	AUO Crystal Corp. (ACTW)	Manufacturing and sales company (Taiwan ROC)	100.00	100.00
AUO	AUO Display Plus Corporation (ADP)	Research and development and sales activities (Taiwan ROC)	100.00	100.00
AUO	Da Ping Green Energy Corporation (DPGE)	Renewable energy power generation (Taiwan ROC)	100.00	100.00
AUO	AUO Health Corporation (AHTW)	Manufacturing, development and sales company (Taiwan ROC)	100.00	100.00
AUO	AUO Digitech (CAYMAN) Limited (ADTCM)	Holding company (Cayman Islands)	100.00	100.00
AUO	AUO Care Inc. (ACTTW)	Intelligent health care services (Taiwan ROC)	100.00	100.00(1)
AUO and Konly	Star River Energy Corp. (SREC)	Investment (Taiwan ROC)	33.51	33.51(2)
AUO and ADTCM	AUO Digitech Holding Limited (ADTHLD)	Holding company (Cayman Islands)	100.00	100.00

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Main Activities and Location	Percentage of Ownership (%) December 31, 2022	Percentage of Ownership (%) December 31, 2021
AUO, Konly and Ronly	Darwin Precisions Corporation (DPTW)	Manufacturing and sales company (Taiwan ROC)	41.05[3]	41.05[3]
AUO and AETTW	Yo-Pei Water Corporation (AET-YP)	Investment and construction in public construction, and wastewater (sewage) treatment (Taiwan ROC)	81.79[1]	-
Konly	AUO Education Service Corp. (AUES)	Leasing and service company (Taiwan ROC)	100.00	100.00
ADTHLD	AUO Digitech Pte. Ltd. (ADTSG)	Holding and sales company, and software development (Singapore)	100.00	100.00
ADTSG	AUO Digitech (Suzhou) Co., Ltd. (ADTSZ)	Design, sales and consulting (PRC)	100.00	100.00
ADTSG	AUO Digitech Taiwan Inc. (ADTTW)	Design, sales and consulting (Taiwan ROC)	100.00	100.00[1]
ACTW	Sanda Materials Corporation (SDMC)	Holding company (Taiwan ROC)	100.00	100.00
ACTW	AUO Crystal (Malaysia) Sdn. Bhd. (ACMK)[4]	Manufacturing and sales company (Malaysia)	100.00	100.00
SDMC	M.Setek Co., Ltd. (M.Setek)	Manufacturing and sales company (Japan)	99.9991	99.9991
AUOLB	AUO Corporation America (AUOUS, formerly AU Optronics Corporation America)	Sales and sales support activities (United States)	100.00	100.00
AUOLB	AUO Corporation Japan (AUOJP, formerly AU Optronics Corporation Japan)	Sales support activities (Japan)	100.00	100.00
AUOLB	AUO Korea Ltd. (AUOKR, formerly AU Optronics Korea Ltd.)	Sales support activities (South Korea)	100.00	100.00
AUOLB	AUO Singapore Pte. Ltd. (AUOSG, formerly AU Optronics Singapore Pte. Ltd.)	Holding company and sales support activities (Singapore)	100.00	100.00
AUOLB	AUO (Shanghai) Co., Ltd. (AUOSH, formerly AU Optronics (Shanghai) Co., Ltd.)	Sales support activities (PRC)	100.00	100.00
AUOLB	AUO (Xiamen) Co., Ltd. (AUOXM, formerly AU Optronics (Xiamen) Corp.)	Manufacturing and sales company (PRC)	100.00	100.00[5]
AUOLB	AUO (Suzhou) Co., Ltd. (AUOSZ, formerly AU Optronics (Suzhou) Corp., Ltd.)	Manufacturing and sales company (PRC)	100.00	100.00

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Main Activities and Location	Percentage of Ownership (%) December 31, 2022	Percentage of Ownership (%) December 31, 2021
AUOLB	AUO Manufacturing (Shanghai) Co., Ltd. (AUOSJ, formerly AU Optronics Manufacturing (Shanghai) Corp.)	Leasing activities (PRC)	100.00	100.00
AUOLB	AUO (Slovakia) s.r.o (AUOSK, formerly AU Optronics (Slovakia) s.r.o.)	Repairing activities (Slovakia Republic)	100.00	100.00
AUOLB	AFPD Pte., Ltd. (AUST)	Manufacturing company (Singapore)	100.00	100.00
AUOLB	AUO (Kunshan) Co., Ltd. (AUOKS, formerly AU Optronics (Kunshan) Co., Ltd.)	Manufacturing and sales company (PRC)	100.00	100.00(5)
AUOLB	a.u. Vista Inc. (AUVI)	Research and development and IP related business (United States)	100.00	100.00
AUOLB and DPTW	BriView (L) Corp. (BVLB)(4)	Holding company (Malaysia)	100.00	100.00
SREC	Sungen Power Corporation (SGPC)	Solar power generation (Taiwan ROC)	100.00	100.00(2)
SREC	Evergen Power Corporation (EGPC)	Solar power generation (Taiwan ROC)	100.00	100.00(2)
AUOSG	AUO Green Energy America Corp. (AEUS)	Sales support activities (United States)	100.00	100.00
ADP	Jector Digital Corporation (Jector)	Introduction of smart field construction and other solutions (Taiwan ROC)	78.43	78.43(1)
ADP	AUO Display Plus Netherlands B.V. (ADPNL)(6)	Holding, sales and sales support activities (Netherlands)	100.00	100.00
ADP	AUO Display Plus Technology (Suzhou) Co., Ltd. (ADPSZ)	Sales and sales support activities (PRC)	100.00	100.00(1)
ADPNL	AUO Display Plus America Corp. (ADPUS)	Sales and sales support activities (United States)	100.00	100.00
ADPNL	AUO Display Plus Japan Corp. (ADPJP)	Sales and sales support activities (Japan)	100.00	100.00
ADPNL	Rise Vision Incorporated (RVI)	System design, sales and sales support activities (Canada)	100.00(7)	-
ADPNL	Rise Vision USA Inc. (RVU)	System design and sales support activities (United States)	100.00(7)	-
ADPSZ	Heilongjiang Talenda Smart Display Technology Co., Ltd. (Talenda)	Manufacturing of electronic components (PRC)	51.00(1)	-
AUOXM	BriView (Xiamen) Corp. (BVXM)	Sales and leasing activities (PRC)	100.00	100.00

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Main Activities and Location	Percentage of Ownership (%) December 31, 2022	Percentage of Ownership (%) December 31, 2021
AUOSH	AUO Care Information Tech. (Suzhou) Co., Ltd. (ACTSZ)	Intelligent health care services (PRC)	100.00	100.00
AUOSH	AUO Envirotech (Suzhou) Co., Ltd. (AETSZ, formerly U-Fresh Technology (Suzhou) Co., Ltd.)	Construction project and related project management (PRC)	100.00	100.00
ADTSZ	AUO Megainsight (Xiamen) Co., Ltd. (AMIXM)	Sales of software and hardware and consulting services (PRC)	100.00	100.00(1)
ADTSZ	Edgetech Data Technologies (Suzhou) Corp., Ltd. (ATISZ)(8)	Integration service of software and hardware (PRC)	100.00	100.00
ADTSZ	AUO MegaInsight (Suzhou) Co., Ltd. (AMISZ, formerly Mega Insight Smart Manufacturing (Suzhou) Corp., Ltd.)(8)	Development, sales and licensing of software and hardware and consulting services (PRC)	100.00	100.00
AETSZ	AUO Envirotech (Shandong) Co., Ltd. (AETSD, formerly U-Fresh Environmental Technology (Shandong) Co., Ltd.)	Construction project and related project management (PRC)	100.00	100.00
CQIL	ComQi Holdings Ltd. (CQHLD)	Holding company (United Kingdom)	100.00	100.00
CQHLD	ComQi UK Ltd. (CQUK)(4)	Sales support activities (United Kingdom)	100.00	100.00
CQHLD	ComQi Inc. (CQUS)	Sales company (United States)	100.00	100.00
CQHLD	ComQi Canada Inc. (CQCA)	Research and development activities (Canada)	100.00	100.00
CQUS	JohnRyan Limited (JRUK)	Development and sales activities (United Kingdom)	100.00	100.00
CQUS	JohnRyan Inc. (JRUS)	Development and sales activities (United States)	100.00	100.00
DPTW	Darwin Precisions (L) Corp. (DPLB)	Holding company (Malaysia)	100.00	100.00
DPTW	Forhouse International Holding Ltd. (FHVI)	Holding company (BVI)	100.00	100.00
DPTW	Forefront Corporation (FFMI)	Holding company (Mauritius)	100.00	100.00
FHVI	Fortech International Corp. (FTMI)	Holding company (Mauritius)	100.00	100.00
FHVI	Forward Optronics International Corp. (FWSA)	Holding company (Samoa)	100.00	100.00
FHVI	Prime Forward International Ltd. (PMSA)(4)	Holding company (Samoa)	-	100.00

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Main Activities and Location	Percentage of Ownership (%) December 31, 2022	December 31, 2021
FFMI	Forhouse Electronics (Suzhou) Co., Ltd. (FHWJ)	Manufacturing and sales company (PRC)	100.00	100.00
FTMI	Fortech Electronics (Suzhou) Co., Ltd. (FTWJ)	Manufacturing and sales company (PRC)	100.00	100.00
FWSA and FTMI	Suzhou Forplax Optronics Co., Ltd. (FPWJ)	Manufacturing, sales and trading company (PRC)	100.00	100.00
PMSA	Fortech Electronics (Kunshan) Co., Ltd. (FTKS)(4)	Manufacturing and sales company (PRC)	-	100.00
DPLB	Darwin Precisions (Hong Kong) Limited (DPHK)	Holding company (Hong Kong)	100.00	100.00
DPLB	Darwin Precisions (Slovakia) s.r.o. (DPSK)(4)	Manufacturing and sales company (Slovakia Republic)	-	100.00
DPHK	Darwin Precisions (Suzhou) Corp. (DPSZ)(4)	Manufacturing and sales company (PRC)	100.00	100.00
DPHK	Darwin Precisions (Xiamen) Corp. (DPXM)	Manufacturing and sales company (PRC)	100.00	100.00
BVLB	BriView (Hefei) Co., Ltd. (BVHF)(4)	Manufacturing and sales company (PRC)	-	100.00

Note 1: ACTTW and ADPSZ were incorporated in February 2021. ADTTW was incorporated in March 2021. Jector and AMIXM were incorporated in April 2021. AET-YP was incorporated in March 2022. Talenda was incorporated in June 2022.

Note 2: The Company re-assessed the investment of SREC and considered that it has control over the main operating activities of SREC; consequently, SREC and its subsidiaries were included in the Company's consolidated financial statements from January 2021. Refer to Note 6(8) for the relevant information.

Note 3: Although the Company did not own more than 50% of the DPTW's ownership interests, it was considered to have de facto control over the main operating policies of DPTW. As a result, DPTW was accounted for as a subsidiary of the Company.

Note 4: As of December 31, 2022, FTKS, PMSA, DPSK and BVHF have completed liquidation. The liquidation of ACMK, DPSZ, BVLB and CQUK are still in process.

Note 5: The Company purchased 49% equity interests of AUOKS from its joint venture partner in December 2021. Refer to Note 6(19) for the relevant information.

Note 6: As part of a business restructuring, AUOSG sold all its shareholdings in ADPNL to ADP in January 2021.

Note 7: In July 2022, the Company acquired 100% of shareholdings of RVI and RVU from third parties. Refer to Note 6(8) for the relevant information.

Note 8: As part of a business restructuring, AUOSH sold all its shareholdings in ATISZ and AMISZ to ADTSZ in January 2021.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(4) Foreign currency transactions and operations

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

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

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

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

An asset is classified as current when:

a. The asset expected to realize, or intends to sell or consume, in its normal operating cycle;

b. The asset primarily held for the purpose of trading;

c. The asset expected to realize within twelve months after the reporting date; or

d. Cash and cash equivalent excluding the asset restricted to be exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non-current.

A liability is classified as current when:

a. The liability expected to settle in its normal operating cycle;

b. The liability primarily held for the purpose of trading;

c. The liability is due to be settled within twelve months after the reporting date; or

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

d. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments, do not affect its classification.

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

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

(7) Financial instruments

a. Financial assets

(i) Classification of financial assets

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

(a) Financial assets at amortized cost

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

i. it is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and

ii. its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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

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

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

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

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

(ii) Impairment of financial assets

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

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

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

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

(Continued)

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

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

(iii) De-recognition of financial assets

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

b. Financial liabilities

(i) Classification of financial liabilities

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

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

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

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

(b) Other financial liabilities

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

(Continued)

(ii) De-recognition of financial liabilities

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

c. Offsetting of financial assets and liabilities

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

(8) Inventories

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

(9) Investments in associates and joint ventures

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

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

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

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

(Continued)

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

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

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

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

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

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

(Continued)

(10) Investment property

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

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

(11) Property, plant and equipment

a. Recognition and measurement

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

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

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

b. Subsequent costs

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

c. Depreciation

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

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

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

(i) Buildings: 20~50 years

(ii) Machinery and equipment: 3~10 years

(iii) Other equipment: 3~6 years

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

d. Reclassification to investment property

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

(12) Leases

a. Identifying a lease

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

(i) the contract involves the use of an identified asset, and the supplier does not have a substantive right to substitute the asset; and

(ii) the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use; and

(iii) the Company has the right to direct the use of the identified asset throughout the period of use.

b. As a lessee

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

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

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

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

As a practical expedient, the Company elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

(i) the rent concessions occurring as a direct consequence of the COVID-19 pandemic;

(ii) the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(iii) any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2021; and

(iv) there is no substantive change in other terms and conditions of the lease.

Under the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(Continued)

c. As a lessor

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

(13) Intangible assets

a. Goodwill

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

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

b. Research and development

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

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

(i) the technical feasibility of completing the intangible asset so that it will be available for use or sale;

(ii) its intention to complete the intangible asset and use or sell it;

(iii) its ability to use or sell the intangible asset;

(iv) the probability that the intangible asset will generate probable future economic benefits;

(v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

(vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

c. Other intangible assets

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

d. Subsequent expenditure

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

e. Amortization

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

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

(14) Noncurrent assets held for sale

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

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

(15) Impairment – non-financial assets

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

(Continued)

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

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

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

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

(16) Provisions

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

a. Warranties

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

b. Decommissioning obligation

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

c. Litigation

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

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

(17) Treasury shares

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

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

(18) Revenue from contracts with customers

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

a. Sales of goods

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

(Continued)

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

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

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

b. Construction contracts

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

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

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

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

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

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

c. Financing components

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

(Continued)

(19) Government grants

a. Grants for compensating the research and development expenditures

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

b. Grants related to the purchase of assets

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

c. Other grants

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

(20) Employee benefits

a. Defined contribution plans

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

b. Defined benefit plans

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

Remeasurements of the net defined benefit liability (asset) which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized in other comprehensive income in the period in which they occur, and which then are reflected in retained earnings and will not be reclassified to profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(Continued)

c. Short-term employee benefits

Short-term employee benefit obligations, which are due to be settled within twelve months are measured on an undiscounted basis and are expensed as the related service is provided.

The expected cost of cash bonus or profit-sharing plans, which is anticipated to be paid within one year, are recognized as a liability when the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(21) Share-based payment arrangements

The fair value of equity-settled share-based payment arrangements at the grant date is recognized as compensation cost, together with a corresponding increase in equity, over the periods in which the employees become unconditionally entitled to the awards. The amount of the compensation cost recognized as an expense is adjusted to reflect the number of awards whose related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the fair value of the share-based payment at the grant date is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

(22) Income taxes

Income tax expense comprises current and deferred taxes.

a. Current taxes

Current taxes comprise the expected tax payable or receivable on the taxable income or losses for the year and any adjustments to tax payable or receivable in respect of previous years. It is measured using the statutory tax rate or the actual legislative tax rate at the reporting date.

In accordance with the ROC Income Tax Act, undistributed earnings from the companies located in the Republic of China, if any, is subject to an additional surtax. The surtax on unappropriated earnings is expensed in the year the shareholders approved the distributions which is the year subsequent to the year the earnings arise.

b. Deferred taxes

Deferred taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes at the reporting date. Deferred tax liabilities are recognized for temporary difference of future taxable income. Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at annual reporting date, by considering global economic environment, industry environment, statutory tax deduction years and projected future taxable income, and reduced to the extent that it is no longer probable that future taxable profits will be available to allow all or part of the deferred tax asset to be recovered. Deferred tax assets which originally not recognized is also reviewed at annual reporting date and recognized to the extent that it is probable that future taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred taxes liabilities for taxable temporary differences related to investments in subsidiaries, associates and joint arrangements are recognized, unless the Company is able to control the timing of the reversal of the taxable temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when the reverse, using the statutory tax rate or the actual legislative tax rate on the reporting date. Deferred tax assets and liabilities are offset only if certain criteria are met.

Current taxes and deferred taxes are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

(23) Business combinations

The consideration transferred in the acquisition is measured at fair value, as are identifiable net assets acquired. Goodwill is measured as the excess of the aggregate of the fair value of consideration transferred and the amount of any non-controlling interests in the acquiree over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred and the amount of any non-controlling interests in the acquiree, after reassessing all of the assets acquired and all of the liabilities assumed being properly identified, the difference is recognized in profit or loss as a gain on bargain purchase.

Acquisition-related costs are expensed as incurred, except that the costs are related to the issue of debt or equity instruments.

Non-controlling interests in an acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured, on a case-by-case basis, at either fair value or the present ownership instruments' proportionate share in the recognized amounts of the acquiree' s net identifiable assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by TIFRSs.

Any contingent consideration included in the consideration transferred is recognized at fair value at the date of acquisition. Subsequent changes to the fair value of the contingent consideration during the measurement period shall adjust to the cost of the acquisition and the resulting goodwill retrospectively. An adjustment made during the measurement period is to reflect additional information obtained by the Company about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date. The accounting treatment for those changes to the fair value of the contingent consideration that are not measurement period adjustments is depending on the classification of the contingent consideration. If the contingent consideration is classified as equity, it is not remeasured and the subsequent settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value are recognized in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the provisional amounts for the items for which the accounting has not yet completed are reported in financial statements. During the measurement period, the provisional amounts are retrospectively adjusted, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

(24) Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing profit or loss attributable to the shareholders of AUO by the weighted-average number of common shares outstanding during the period. In computing diluted earnings per share, profit or loss attributable to the shareholders of AUO and the weighted-average number of common shares outstanding during the period are adjusted for the effects of dilutive potential common stock, assuming dilutive share equivalents had been issued. The Company’s potential dilutive common shares comprise the estimate of employee compensation to be distributed in the form of stock.

The weighted-average outstanding shares are retroactively adjusted for the effects of stock dividends transferred from retained earnings or capital surplus to common stock.

(25) Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses (including revenues and expenses relating to transactions with other components of the same entity). Operating results of the operating segments are reviewed regularly by the Company’s chief operating decision maker (“CODM”) to make decisions pertaining to the allocation of resources to the segment and to assess its performance. Meanwhile, discrete financial information for operating results is available.

(Continued)

5. Critical Accounting Judgments and Key Sources of Estimations and Assumptions Uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and TIFRSs requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed by management on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments, estimates and assumptions in applying accounting policies that have the significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

(1) Impairment of long-term non-financial assets, other than goodwill

In the process of evaluating the potential impairment of tangible and intangible assets other than goodwill, the Company is required to make subjective judgments in determining the independent cash flows, useful lives, expected future income and expenses related to the specific asset groups with the consideration of the usage mode of asset and the nature of industry. Any changes in these estimates based on changed economic conditions or business strategies could result in significant impairment charges or reversal in future years.

(2) Impairment of goodwill

The assessment of impairment of goodwill requires the Company to make subjective judgment to determine the identified CGUs, allocate the goodwill to relevant CGUs and estimate the recoverable amount of relevant CGUs. Any changes in these estimates based on changed economic conditions or business strategies could result in significant adjustments.

(3) Recognition of deferred tax assets

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred tax assets can be utilized. Assessment of the realization of the deferred tax assets requires management’s subjective judgment and estimate, including the future revenue growth and profitability, the sources of taxable income, the amount of tax credits can be utilized and feasible tax planning strategies. Changes in the global economic environment, the industry trends and relevant laws and regulations may result in adjustments to the deferred tax assets.

(4) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories.

(Continued)

6. Description of Significant Accounts

(1) Cash and Cash Equivalents

	December 31, 2022	December 31, 2021
Cash on hand, demand deposits and checking accounts	$ 48,151,084	48,949,652
Time deposits	32,462,036	30,995,034
	$ 80,613,120	**79,944,686**

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

As at December 31, 2022 and 2021, no cash and cash equivalents were pledged with banks as collaterals.

(2) Financial Assets and Liabilities at Fair Value through Profit or Loss ("FVTPL")

	December 31, 2022	December 31, 2021
Financial assets mandatorily measured at FVTPL:		
Foreign currency forward contracts	**$ 365,037**	**159,270**
Financial liabilities measured at FVTPL:		
Contingent consideration from business combination	$ 99,222	-
Financial liabilities held for trading:		
Foreign currency forward contracts	252,603	132,797
	$ 351,825	**132,797**

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

As at December 31, 2022 and 2021, the Company's outstanding foreign currency forward contracts were as follows:

December 31, 2022		
Contract item	**Maturity date**	**Contract amount**
Sell USD / Buy NTD	Jan. 2023~Feb. 2023	USD 208,700 / NTD 6,465,622
Sell USD / Buy JPY	Jan. 2023~Feb. 2023	USD 93,000 / JPY 12,527,074
Sell USD / Buy CNY	Jan. 2023~Mar. 2023	USD 68,000 / CNY 487,743
Sell USD / Buy SGD	Jan. 2023~Feb. 2023	USD 26,938 / SGD 36,770
Sell NTD / Buy USD	Apr. 2023~May 2023	NTD 2,779,971 / USD 89,000
Sell NTD / Buy JPY	Jan. 2023~Mar. 2023	NTD 1,939,137 / JPY 8,600,000
Sell JPY / Buy NTD	Jan. 2023	JPY 1,000,000 / NTD 232,086

(Continued)

December 31, 2022

Contract item	Maturity date	Contract amount
Sell CNY / Buy USD	Jan. 2023~May 2023	CNY 2,700,000 / USD 387,616
Sell EUR / Buy JPY	Jan. 2023	EUR 1,000 / JPY 140,530

December 31, 2021

Contract item	Maturity date	Contract amount
Sell USD / Buy NTD	Jan. 2022~Feb. 2022	USD 843,700 / NTD 23,496,028
Sell USD / Buy JPY	Jan. 2022~Feb. 2022	USD 188,117 / JPY 21,470,200
Sell USD / Buy CNY	Jan. 2022~Jul. 2022	USD 147,500 / CNY 947,875
Sell USD / Buy SGD	Jan. 2022~Feb. 2022	USD 33,517 / SGD 45,430
Sell JPY / Buy NTD	Jan. 2022	JPY 1,300,000 / NTD 316,850
Sell CNY / Buy USD	Jan. 2022~Mar. 2022	CNY 1,700,000 / USD 263,122
Sell EUR / Buy JPY	Jan. 2022~Feb. 2022	EUR 14,000 / JPY 1,814,893

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

	December 31, 2022	December 31, 2021
Investments in equity instruments at FVTOCI:		
Equity securities – listed stocks	$ 1,305,625	149,177
Equity securities – non-listed stocks	594,956	1,158,980
	$ 1,900,581	**1,308,157**

The purpose that the Company invests in the abovementioned equity securities is for long-term strategies, but rather for trading purpose. Therefore, those equity securities are designated as financial assets at FVTOCI. Additionally, the Company holds shares in PlayNitride inc., and from August 2022, the stock of PlayNitride inc. has begun listing.

If the value of these equity securities appreciates or depreciates by 10% at the reporting date, other comprehensive income would increase or decrease by $190,058 thousand and $130,816 thousand for the years ended December 31, 2022 and 2021, respectively.

Dividends recognized from the investments in equity instruments at FVTOCI held by the Company were disclosed as follows:

	For the years ended December 31, 2022	For the years ended December 31, 2021
Investments held at the balance sheet date	**$ 6,571**	**8,090**

As at December 31, 2022 and 2021, none of the Company’s financial assets abovementioned was pledged as collateral.

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(4) Financial Assets at Amortized Cost

	December 31, 2022	December 31, 2021
Domestic and foreign time deposits	$ 1,142,218	10,706,340
Less: current	-	(10,000,000)
Noncurrent (recognized in other noncurrent assets)	$ 1,142,218	706,340

The Company has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of receivables of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets at amortized cost.

As at December 31, 2022 and 2021, none of the Company's domestic and foreign time deposits was pledged as collateral.

(5) Notes and Accounts Receivable, net (Including Related and Unrelated Parties)

	December 31, 2022	December 31, 2021
Notes receivable	$ 5,366	80,584
Accounts receivable	19,887,995	61,508,437
Less: loss allowance	(17,610)	(16,053)
	$ 19,875,751	61,572,968
Notes and accounts receivable, net	$ 18,620,248	59,093,573
Accounts receivable from related parties, net	$ 1,255,503	2,479,395

The Company measures loss allowance for notes and accounts receivable using the simplified approach under IFRS 9 with the lifetime expected credit losses. Analysis of expected credit losses which was measured based on the aforementioned method, was as follows:

	December 31, 2022		
	Carrying amount of notes and accounts receivable	Weighted-average loss rate	Loss allowance for lifetime expected credit losses
Not past due	$ 19,081,287	0.00%	-
Past due less than 60 days	655,603	0.00%	-
Past due 61~180 days	137,963	0.00%	-
Past due over 180 days	3,287	72.68%	2,389
	$ 19,878,140		2,389

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	December 31, 2021		
	Carrying amount of notes and accounts receivable	Weighted-average loss rate	Loss allowance for lifetime expected credit losses
Not past due	$ 60,241,697	0.00%	102
Past due less than 60 days	1,307,466	0.01%	72
Past due 61~180 days	20,541	1.51%	311
Past due over 180 days	3,749	0.00%	-
	$ 61,573,453		485

In addition, there was objective evidence indicating that, under reasonable expectation, some of the notes and accounts receivable would not be recovered in total; therefore, the Company recognized a loss allowance of $15,221 thousand and $15,568 thousand as of December 31, 2022 and 2021, respectively.

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

	For the years ended December 31,	
	2022	2021
Balance at beginning of the year	$ 16,053	19,516
Provisions charged to expense	1,513	213
Write-offs	-	(3,628)
Effect of changes in foreign currency exchange rates	44	(48)
Balance at end of the year	$ 17,610	16,053

The payment terms granted to customers are generally 25 to 60 days from the end of the month during which the invoice is issued. This term is consistent with practices in our industry, and thus, no financing components involved.

Information about the Company's exposure to credit risk is included in Note 6(29).

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

As at December 31, 2021, the Company did not sell its accounts receivables to banks. As at December 31, 2022, the Company's accounts receivables sold and derecognized were as follows:

December 31, 2022							
Underwriting bank	**Factoring limit (in thousands)**		**Amount sold and derecognized (in thousands)**		**Amount advanced (in thousands)**		**Principal terms**
CTBC Bank	USD	78,000	USD	38,091	NTD	1,056,000	See Notes(a)~(d)
DBS Bank	USD	170,000	USD	111,137	NTD	3,049,000	See Notes(a)~(d)
Taipei Fubon Bank	USD	100,000	USD	55,938	NTD	1,529,000	See Notes(a)~(d)
Bank of Taiwan	USD	250,000	USD	15,219	USD	13,830	See Notes(a)~(d)
			EUR	3,984	EUR	3,620	
E.SUN Bank	USD	35,000	USD	35,000	USD	31,490	See Notes(a)~(d)

Note (a): Under these facilities, the Company transferred accounts receivable to the respective underwriting banks, which are without recourse subject to the underwriting consents.

Note (b): The Company informed its customers pursuant to the respective facilities to make payment directly to the respective underwriting banks.

Note (c): As of December 31, 2022, total outstanding receivables after the above transactions, net of fees charged by underwriting banks, of $862,484 thousand was recognized under other current financial assets. In addition, interest rate for the balance of advanced amount as of December 31, 2022 was ranging from 1.48% to 5.48%.

Note (d): To the extent of the amount transferred to the underwriting banks, risks of non-collection or potential payment default by customers in the event of insolvency are borne by respective banks. The Company is not responsible for the collection of receivables subject to these facilities, or for any legal proceedings and costs thereof in collecting these receivables. In case any commercial dispute between the Company and customers or other reasons results in the Company's failure to perform the obligation under these facilities, the banks have requested the Company to issue promissory notes in the amounts equal to 10 percent of respective facilities or to transfer receivables in the amounts equal to 10 percent of respective facilities. Other than such arrangements, no collaterals were provided by the Company.

(6) Inventories

		December 31, 2022	**December 31, 2021**
Finished goods	$	10,126,618	12,141,844
Work-in-progress		10,161,992	12,683,485
Raw materials		9,975,103	9,663,759
	$	**30,263,713**	**34,489,088**

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

For the years ended December 31, 2022 and 2021, the amounts recognized as cost of sales in relation to inventories were $245,225,166 thousand and $279,917,384 thousand, respectively. The net of provisions for inventories written down to net realizable value, which were also included in cost of sales, amounted to $1,804,332 thousand and $782,060 thousand for the years ended December 31, 2022 and 2021, respectively.

As at December 31, 2022 and 2021, none of the Company's inventories was pledged as collateral.

(7) Investments in Equity-accounted Investees

	December 31, 2022	December 31, 2021
Associates	$ 31,743,902	25,375,636
Joint ventures	-	71,497
	$ 31,743,902	25,447,133

a. Associates

	December 31, 2022	December 31, 2021
Qisda Corporation ("Qisda")	$ 12,056,578	12,424,480
Ennostar Inc. ("Ennostar")	9,858,062	5,358,394
ADLINK Technology Inc. ("ADLINK")	4,104,562	2,593,701
Star Shining Energy Corporation. ("SSEC")	2,390,435	2,353,520
Raydium Semiconductor Corporation ("Raydium")	2,194,517	1,800,034
Daxin Materials Corp. ("Daxin")	729,966	759,245
Others	409,782	86,262
	$ 31,743,902	25,375,636

None of the above associates is considered individually material to the Company. The following table summarized the amount recognized by the Company at its share of those associates.

	For the years ended December 31, 2022	For the years ended December 31, 2021
The Company's share of associates':		
Profit	$ 1,991,642	2,740,512
Other comprehensive income (loss)	(799,903)	185,521
Total comprehensive income (loss)	$ 1,191,739	2,926,033

Lextar, upon the resolution of its Board of Directors on June 18, 2020, carried out a joint share exchange with Epistar Corporation ("Epistar") for a newly incorporated company, Ennostar. Such plan was also approved by Lextar's and Epistar's special shareholders' meetings held on August 7, 2020. In November 2020, Lextar received a written decision on anti-monopoly examination of the business operators' concentration from the Antitrust authority in China wherein the authority approved and decided not to prohibit the concentration. On the record date, January 6, 2021, Ennostar's shares have been publicly listed on the Taiwan Stock Exchange. In the meanwhile, Lextar's and Epistar's listing and public offering were terminated. Upon completion of the share exchange, the Company still remains significant influence over Ennostar.

When the share exchange took place on January 6, 2021, the Company deemed the conversion of shares of Lextar as disposal. The fair value at disposal was $3,577,076 thousand and the gain on disposal was $888,925 thousand.

In connection with the Company's operational strategy, the Company continually increased its shareholdings in Qisda, Ennostar, Raydium and ADLINK with total investments of $5,183,707 thousand and $3,890,105 thousand for the years ended December 31, 2022 and 2021, respectively. Among those, in July 2022, the Company participated in Ennostar's capital increase through a private placement offering with consideration of $3,484,895 thousand. Due to the disproportionate subscription to the shares, the Company's ownership interest in Ennostar increased from 9.30% to 17.38%. The difference between the consideration and the carrying amount arising from the acquisition of interest was recognized in capital surplus with amount of $1,398,054 thousand.

As of December 31, 2022, the Company held 32.84% of the voting rights of ADLINK and became the sole largest shareholder of it. Although the remaining voting rights are not concentrated in particular shareholders, the Company is still unable to obtain more than half of directors, and has not obtained more than half of the voting rights of the shareholders present in the shareholders' meeting. Moreover, ADLINK's key management is not designated by the Company. In view of the aforementioned facts, the Company only has significant influence, but not control, over ADLINK. Therefore, ADLINK is still accounted for using the equity method.

b. Joint ventures

None of the joint ventures is considered individually material to the Company. The following table summarized the amount recognized by the Company at its share of those joint ventures.

	For the years ended December 31, 2022	2021
The Company's share of joint ventures':		
Profit (loss)	$ 11,655	(114,238)
Other comprehensive income (loss)	-	-
Total comprehensive income (loss)	**$ 11,655**	**(114,238)**

(Continued)

The joint venture has dissolved in January 2022, and resolved the liquidation date set on May 18, 2022. The Company received the liquidation payment in November 2022.

As at December 31, 2022 and 2021, none of the Company’s investments in equity-accounted investees was pledged as collateral.

(8) Acquisition of Subsidiaries

a. Acquisition of subsidiaries－SREC

The Company is the sole largest shareholder of SREC with 33.51% of its voting shares. Upon the amendment to the joint venture agreement in January 2021, the Company re-assessed the investment of SREC and considered that it has control over the main operating activities of SREC. Consequently, SREC and its subsidiaries were included in the Company’s consolidated financial statements from January 2021.

		Amount
Consideration transferred:		
Investments in equity-accounted investees	$	447,171
Non-controlling interests (measured by the fair value of identifiable net assets in proportion to non-controlling interests)		887,129
	$	**1,334,300**

		Fair value
Fair value of identifiable assets acquired and liabilities assumed:		
Cash and cash equivalents	$	227,701
Property, plant and equipment		2,107,168
Other assets		222,774
Total liabilities		(1,223,343)
	$	**1,334,300**

b. Acquisition of subsidiaries－RVI & RVU

The Company obtained control over RVI and RVU (collectively as “RV Company”) in July 2022 through acquisition of 100% equity interest of them. RV Company is engaged in the design and integration service of digital signage content management system. By taking an equity investment in RV Company, the Company expects to become the preferred supplier of field solutions via providing software and hardware integrated solutions and enhancing product competitiveness. Acquisition-related costs are at approximately $8,820 thousand on legal fees and due diligence fees and were recognized in operating expenses in the consolidated statement of comprehensive income.

The following table summarized each major class of consideration transferred, the assets acquired and liabilities assumed at the acquisition date and the amount of goodwill recognized.

(Continued)

(i) Consideration transferred (translated at the exchange rates on December 31, 2022)

		Amounts
Cash	$	756,529
Contingent consideration (recognized in financial liabilities at FVTPL－current)		85,579
	$	**842,108**

The cash consideration above includes an adjustment to the purchase price on an agreed calculation basis within four months after the closing date upon the share purchase and sale agreement.

In accordance with the terms of the contingent consideration, in the event that the acquired entity achieves the conditions stated in the agreement within twelve months after the closing, the Company shall pay additional consideration of USD2,750 thousand or in pro rata to the original shareholders of RV Company. Under the arrangement of the contingent consideration, the potential undiscounted amount of the contingent payment that the Company may have to pay in the future is between USD0 thousand and USD2,750 thousand.

The fair value of the contingent consideration estimated using Monte Carlo simulation was $78,427 thousand. The fair value measurement was based on the significant unobservable inputs in the market and categorised as a Level 3 fair value under IFRS 13. The significant inputs in the valuation technique used are discount rate of 9.6% and revenue volatility rate of 20.0%.

In addition, both parties agreed that RV Company's possible tax refund that existed as of the acquisition date will be fully paid to the original shareholders of RV Company, provided that the tax refund is approved by the tax authority in the future. Under the aforesaid agreement, the potential undiscounted amount that the Company may have to pay in the future is between USD0 thousand and USD236 thousand. The Company estimated the fair value thereof at $7,152 thousand based on the expected value.

As of December 31, 2022, there were no changes to the amount of contingent consideration recognized, the range of estimation results and the assumptions used to estimate the contingent consideration.

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(ii) Identifiable assets acquired and liabilities assumed

The following table summarized the fair value of identifiable assets acquired and liabilities assumed recognized at the acquisition date (translated at the exchange rates on December 31, 2022):

	Fair value
Cash	$ 52,480
Accounts receivable and other current assets	34,540
Intangible assets	279,863
Accounts payable and other current liabilities	(135,963)
	$ 230,920

(iii) Goodwill

Goodwill arising from the acquisition has been recognized as follows (translated at the exchange rates on December 31, 2022):

	Amounts
Consideration transferred	$ 842,108
Less: Fair value of identifiable net assets	(230,920)
	$ 611,188

(iv) Intangible assets

Technology in development and customer relationship that are recognized as intangible assets are amortized using the straight-line method over its economic useful life of 7 and 10 years, respectively.

Goodwill is primarily derived from merger synergies, customer and technology integrations as well as employee value. However, such benefits do not meet the criteria for recognition of identifiable intangible assets, and are therefore not recognized separately.

(v) Pro forma information on results of operations

If the acquisition had taken place on January 1, 2022, management estimated that the Company's consolidated revenue and consolidated net loss for the year ended December 31, 2022 would have been $246,888,780 thousand and $21,041,493 thousand, respectively. In determining these amounts, management had assumed that the fair value adjustments, determined provisionally, that arose on the acquisition date would have been the same if the acquisition had taken place on January 1, 2022. The aforementioned pro forma information is presented for illustrative purposes only and is not necessarily an indication of consolidated revenue and results of operations of the Company that would have been achieved had the acquisition been completed on January 1, 2022, nor is it intended to be a projection of future results.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(9) Acquisition of Business

In April 2021, the Company acquired specific assets such as the operation and trademark right of Jector Digital System Inc. and Jector Technology Inc. (hereinafter referred to as "Jector Digital") through its newly incorporated company, Jector. Through this transaction, the Company expects to extend the business scale of the construction of smart fields.

If the acquisition had taken place on January 1, 2021, management estimated that the Company's consolidated revenue and consolidated net profit for the year ended December 31, 2021 would have been $370,742,945 thousand and $63,476,046 thousand, respectively. In determining these amounts, management had assumed that the fair value adjustments, determined provisionally, that arose on the acquisition date would have been the same if the acquisition had taken place on January 1, 2021. The aforementioned proforma information is presented for illustrative purposes only and is not necessarily an indication of consolidated revenue and results of operations of the Company that would have been achieved had the acquisition been completed on January 1, 2021, nor is it intended to be a projection of future results.

Acquisition-related costs amounted to $790 thousand on legal fees and due diligence fees and were recognized in operating expenses in the consolidated statement of comprehensive income.

The following table summarized each major class of consideration transferred, and the assets acquired and liabilities assumed at the acquisition date.

a. Consideration transferred

	Amounts
Cash	$ 42,715
Contingent consideration	16,371
	$ 59,086

In accordance with the terms of the contingent consideration, in the event that the annual revenues rendered from the acquired business for consecutive three years starting from 2021 are either greater than the agreed revenue targets or hit the agreed goals specified in the agreement, the Company shall issue additional convertible preferred shares of Jector to Jector Digital in the following year, with cumulative issued shares not greater than 180 thousand shares and with both par value and issuance amount of $10 per share, as additional consideration for the acquisition of the business. Under the arrangement of the contingent consideration, the potential undiscounted amount of the contingent payment that the Company may have to pay in the future is between $0 and $16,371 thousand.

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

The fair value of the contingent consideration estimated using binominal option pricing model and expected value was $16,371 thousand. The fair value measurement was based on the significant unobservable inputs in the market and categorised as a Level 3 fair value under IFRS 13. The significant inputs in the valuation technique used are expected stock price volatility rate of 42.57%, expected dividend yield of 0.0% and risk-free rate of 0.4%.

Owing to the fact that the annual revenue rendered from the acquired business for the year ended December 31, 2021 reached the agreed revenue targets specified in the agreement, the Company issued 30,000 shares of convertible preferred shares of Jector on October 19, 2022 to Jector Digital. As of December 31, 2022, the fair value of the contingent consideration aforementioned was $13,643 thousand and was recognized in financial liabilities at FVTPL－current.

b. Identifiable net assets acquired

The following table summarized the fair value of identifiable net assets acquired and recognized at the acquisition date:

	Fair value
Property, plant and equipment	$ 4,715
Intangible assets	54,371
	$ 59,086

c. Intangible assets

Trademark right and customer relationship that are recognized as intangible assets are amortized using the straight-line method over its economic useful life of 3~6 years.

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(10) Property, Plant and Equipment

For the year ended December 31, 2022

	Balance, Beginning of Year	Effect of change in consolidated entities	Additions (Deductions)	Disposal or write off	Reclassification, effect of change in exchange rate and others	Balance, End of Year
Cost:						
Land	$ 8,763,260	-	-	(996,049)	(9,249)	7,757,962
Buildings	117,475,024	-	(80,777)	(425,603)	(124,282)	116,844,362
Machinery and equipment	832,882,543	-	1,491,613	(4,893,149)	17,928,274	847,409,281
Other equipment	37,174,884	-	4,308,684	(4,097,513)	2,365,674	39,751,729
	996,295,711	-	5,719,520	(10,412,314)	20,160,417	1,011,763,334
Accumulated depreciation and impairment loss:						
Buildings	42,819,944	-	2,698,962	(86,632)	5,344	45,437,618
Machinery and equipment	758,531,143	-	22,534,747	(4,705,029)	4,033,433	780,394,294
Other equipment	29,723,444	-	5,431,251	(4,078,401)	133,191	31,209,485
	831,074,531	-	30,664,960	(8,870,062)	4,171,968	857,041,397
Prepayments for purchase of land and equipment, and construction in progress	6,000,865	-	33,683,927	-	(15,572,892)	24,111,900
Net carrying amounts	$ 171,222,045					178,833,837

For the year ended December 31, 2021

	Balance, Beginning of Year	Effect of change in consolidated entities	Additions	Disposal or write off	Reclassification, effect of change in exchange rate and others	Balance, End of Year
Cost:						
Land	$ 8,858,167	-	-	(61,062)	(33,845)	8,763,260
Buildings	120,107,200	-	18,313	(2,243,709)	(406,780)	117,475,024
Machinery and equipment	834,855,721	2,107,168	1,397,799	(10,060,441)	4,582,296	832,882,543
Other equipment	38,159,878	4,715	4,142,570	(5,906,564)	774,285	37,174,884
	1,001,980,966	2,111,883	5,558,682	(18,271,776)	4,915,956	996,295,711
Accumulated depreciation and impairment loss:						
Buildings	42,027,956	-	2,831,918	(1,749,054)	(290,876)	42,819,944
Machinery and equipment	745,962,397	-	24,370,471	(9,991,989)	(1,809,736)	758,531,143
Other equipment	30,065,978	-	5,661,314	(5,853,536)	(150,312)	29,723,444
	818,056,331	-	32,863,703	(17,594,579)	(2,250,924)	831,074,531
Prepayments for purchase of land and equipment, and construction in progress	1,555,481	-	12,104,276	-	(7,658,892)	6,000,865
Net carrying amounts	$ 185,480,116					171,222,045

As of December 31, 2022 and 2021, a non-irrigated farmland located in LongTan plant amounted to $23,671 thousand was registered in the name of a farmer due to regulations. An agreement of pledge had been signed between the Company and the farmer clarifying the rights and obligations of each party.

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

In 2022 and 2021, the Company wrote down certain long-term assets with extremely low capacity utilization associated with its display segment and recognized impairment losses of $70,686 thousand and $73,195 thousand, respectively.

In 2022 and 2021, the Company wrote down certain long-term assets with extremely low capacity utilization associated with its energy segment and recognized impairment losses of $2,879 thousand and $26,809 thousand, respectively.

Impairment losses as mentioned above were recognized under other gains and losses in the consolidated statements of comprehensive income.

AUO decided to dispose of part of its plants and related appendages to Vanguard International Semiconductor Corporation pursuant to the resolution of Board of Directors' meeting held on April 28, 2021. Both parties have completed the transaction in December 2021. The consideration of disposal (net of related transaction costs) and gain on disposal were $808,662 thousand and $787,460 thousand, respectively. The consideration aforementioned is to be received in installments. As of December 31, 2021, outstanding receivables totaled $509,524 thousand (recognized in other current financial assets), which were fully received in January 2022.

ACTW decided to dispose of part of its plants and related appendages pursuant to the resolution of its Board of Directors' meeting held on March 16, 2021, and those assets were reclassified as noncurrent assets held for sale then. The aforementioned assets have been disposed of in October 2021. The consideration of disposal (net of related transaction costs) and gain on disposal were $486,276 thousand and $335,709 thousand, respectively. Such consideration was fully received in October 2021.

DPSZ decided to dispose of part of its right-of-use assets, plants and related appendages pursuant to the resolution of its Board of Directors' meeting held on June 29, 2021. The aforementioned assets have been disposed of in December 2021. The consideration of disposal (net of related transaction costs) and gain on disposal were $951,543 thousand and $618,916 thousand, respectively. Such consideration was fully received in December 2021.

On June 22, 2022, the Board of Directors of DPTW resolved to dispose of part of real estate. DPTW has entered into an agreement with a non-related party on June 24, 2022 for the disposal of the related land and buildings. The aforementioned assets have been disposed of on December 28, 2022. The consideration of disposal (net of related transaction costs) and gain on disposal were $2,285,894 thousand and $950,874 thousand, respectively. Such cash consideration was entrusted by a bank with its real estate values trust service. As of December 31, 2022, outstanding receivables totaled $2,230,840 thousand (recognized in other current financial assets), which were fully received from the specific account of the real estate values trust on January 3, 2023.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

In order to enhance the utilization of assets and to strengthen the efficient use of working capital, AUOXM resolved to dispose of part of its land classified in right-of-use assets and employee dormitories on October 26, 2022. The aforementioned assets have been reclassified as noncurrent assets held for sale totaling $586,406 thousand. The relevant procedures are expected to be completed within twelve months. As of December 31, 2022, the consideration of the transaction received in advance amounted to $848,008 thousand (recognized in other current liabilities).

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

	For the years ended December 31,	
	2022	**2021**
Capitalized borrowing costs	**$ 114,671**	**35,662**
The interest rates applied for the capitalization	**0.9%~ 2.05%**	**0.75%~ 1.63%**

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

(11) Lease Arrangements

a. Lessee

(i) Right-of-use assets

	December 31, 2022	December 31, 2021
Carrying amount of right-of-use assets		
Land	$ 9,492,758	10,308,082
Buildings	295,209	314,517
Other equipment	12,491	15,774
	$ 9,800,458	**10,638,373**

	For the years ended December 31,	
	2022	**2021**
Additions to right-of-use assets	**$ 285,806**	**130,194**
Depreciation charge for right-of-use assets		
Land	$ 535,949	540,995
Buildings	148,584	147,052
Other equipment	5,659	5,335
	$ 690,192	**693,382**

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(ii) Lease liabilities

	December 31, 2022		
	Future minimum lease payments	**Interests**	**Present value of minimum lease payments**
Less than one year	$ 746,377	163,126	583,251
Between one and five years	2,667,019	549,425	2,117,594
More than five years	7,487,223	943,177	6,544,046
	$ 10,900,619	**1,655,728**	**9,244,891**
Lease liabilities－current			**$ 583,251**
Lease liabilities－noncurrent			**$ 8,661,640**

	December 31, 2021		
	Future minimum lease payments	**Interests**	**Present value of minimum lease payments**
Less than one year	$ 709,127	174,421	534,706
Between one and five years	2,682,008	592,229	2,089,779
More than five years	8,184,783	1,084,027	7,100,756
	$ 11,575,918	**1,850,677**	**9,725,241**
Lease liabilities－current			**$ 534,706**
Lease liabilities－noncurrent			**$ 9,190,535**

(iii) Significant lease agreements

AUO has entered into various land lease agreements with Hsinchu Science Park Bureau, Central Science Park Administration Bureau and Southern Taiwan Science Park Bureau, respectively, for the construction of plant for operations. All lease amounts are adjusted in accordance with the land value announced by the government from time to time.

In 2022 and 2021, AUO modified some of its lease contracts due to the decrease of the scope of the lease, and therefore, the carrying amounts of the right-of-use assets were reduced by $273,932 thousand and $10,131 thousand, respectively. The difference between the remeasurement of the lease liability and the reduction of the right-of-use asset was recognized in profit or loss.

(iv) Sublease of right-of-use assets

The Company subleased part of its right-of-use assets under operating leases. In 2022 and 2021, income from sublease were $4,973 thousand and $4,846 thousand, respectively. Right-of-use assets that meet the definition of investment properties are reclassified to investment properties. Refer to Note 6(12) for further information on investment properties.

(v) Additional lease information

The Company applies the recognition exemption to account for short-term leases and leases of low-value assets, primarily for some leases of office buildings and other sporadic leasing. The amounts recognized in profit or loss during the lease term were as follows:

	For the years ended December 31, 2022	For the years ended December 31, 2021
Expenses relating to short-term leases	$ **19,883**	**36,641**
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ **206**	**430**
Variable lease payments not included in the measurement of the lease liability	$ **2,363**	**3,559**
COVID-19-related rent concessions (recognized as deduction of rent expense)	$ **-**	**738**

Total cash outflow for the Company's leases in which it acts as a lessee for the years ended December 31, 2022 and 2021 were $760,957 thousand and $774,850 thousand, respectively.

b. Lessor

The Company leased out its investment properties and part of its land, buildings and equipment and did not transfer substantially all the risks and rewards incidental to their ownership to the lessee, therefore, those leases were recognized as operating leases. Refer to Note 6(24) for the information of rental income from operating leases. In addition, the direct costs relating to the aforementioned operating leases for the years ended December 31, 2022 and 2021 were $893 thousand and $895 thousand, respectively.

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

	December 31, 2022	December 31, 2021
Year 1	$ 98,387	99,506
Year 2	102,522	98,860
Year 3	102,458	98,800
Year 4	94,595	93,434
Year 5	94,492	93,354
Year 6 onwards	1,449,382	1,635,387
Total undiscounted operating lease receivable	$ **1,941,836**	**2,119,341**

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(12) Investment Property

	For the year ended December 31, 2022			
	Balance, Beginning of Year	**Additions**	**Reclassification and effect of change in exchange rate**	**Balance, End of Year**
Cost:				
Land	$ 695,429	-	(9,339)	686,090
Buildings	1,429,270	-	19,659	1,448,929
Right-of-use assets	28,784	-	395	29,179
	$ 2,153,483	-	10,715	2,164,198
Accumulated depreciation:				
Buildings	$ 710,502	43,693	9,610	763,805
Right-of-use assets	5,289	1,794	66	7,149
	$ 715,791	45,487	9,676	770,954
Net carrying amounts	$ 1,437,692			1,393,244
Fair Value	$ 4,119,728			4,065,791

	For the year ended December 31, 2021			
	Balance, Beginning of Year	**Additions**	**Reclassification and effect of change in exchange rate**	**Balance, End of Year**
Cost:				
Land	$ 729,163	-	(33,734)	695,429
Buildings	1,440,644	-	(11,374)	1,429,270
Right-of-use assets	29,013	-	(229)	28,784
	$ 2,198,820	-	(45,337)	2,153,483
Accumulated depreciation:				
Buildings	$ 672,875	42,902	(5,275)	710,502
Right-of-use assets	3,554	1,762	(27)	5,289
	$ 676,429	44,664	(5,302)	715,791
Net carrying amounts	$ 1,522,391			1,437,692
Fair Value	$ 4,035,907			4,119,728

The fair value of investment property is based on a valuation performed by a qualified independent appraiser who holds a recognized and relevant professional qualification and has recent valuation experience in the location and category of the investment property being valued. The valuation is performed using income approach, sales comparison approach and land development analysis approach with reference to available market information.

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

The fair value measurement was categorized as a level 3 fair value based on the inputs in the valuation techniques used. Income approach determines the fair value of the investment property based on the projected cash flows from the Company' s estimated future rentals collected and discounted using the capitalization rate of the property. Sales comparison approach is through comparison, analysis, adjustment and other means of value for comparable properties to estimate the value of the investment property. Land development analysis approach determine the fair value of investment property based on the value prior to development or construction, after deducting the direct cost, indirect cost, capital interest and profit during the development period, and also consider total sales price of properties after completion of development or construction. It also incorporates the possibility of changes in utility of land through development or improvement in accordance with legal use and density of the land. The overall capital interest rate and the rate of return used in the valuation were 1.91% and 15.00%, respectively. The capitalization rate was ranging from 8.00% to 12.00%.

As at December 31, 2022 and 2021, there was no investment property that was pledged as collateral.

(13) Intangible Assets

	For the year ended December 31, 2022				
	Balance, Beginning of Year	**Additions**	**Effect of change in consolidated entities**	**Effect of change in exchange rate**	**Balance, End of Year**
Cost:					
Goodwill	$ 12,190,064	-	611,188	8,692	12,809,944
Patent and technology fee	12,266,954	-	-	2,575	12,269,529
Others	385,742	2,929	296,234	12,599	697,504
	24,842,760	**2,929**	**907,422**	**23,866**	25,776,977
Accumulated amortization and impairment loss:					
Goodwill	1,122,270	1,106,000	-	-	2,228,270
Patent and technology fee	11,778,742	130,745	-	705	11,910,192
Others	184,793	54,021	-	3,460	242,274
	13,085,805	**1,290,766**	**-**	**4,165**	14,380,736
Net carrying amounts	**$ 11,756,955**				**11,396,241**

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	For the year ended December 31, 2021				
	Balance, Beginning of Year	**Additions**	**Effect of change in consolidated entities**	**Effect of change in exchange rate**	**Balance, End of Year**
Cost:					
Goodwill	$ 12,192,574	-	-	(2,510)	12,190,064
Patent and technology fee	12,268,444	-	-	(1,490)	12,266,954
Others	272,717	-	116,428	(3,403)	385,742
	24,733,735	**-**	**116,428**	**(7,403)**	24,842,760
Accumulated amortization and impairment loss:					
Goodwill	175,581	946,689	-	-	1,122,270
Patent and technology fee	11,596,538	182,535	-	(331)	11,778,742
Others	160,258	24,984	-	(449)	184,793
	11,932,377	**1,154,208**	**-**	**(780)**	13,085,805
Net carrying amounts	**$ 12,801,358**				**11,756,955**

The Company acquired goodwill and other intangible assets from the acquisition of subsidiaries in July 2022. Also, the Company acquired other intangible assets in January 2021 due to the inclusion of SREC and its subsidiaries in the Company's consolidated financial statements. See Notes 6(8) and 6(9) for further details.

For the purpose of impairment test, the following table shows the information of the operating business that the Company's goodwill allocating to.

	December 31, 2022	**December 31, 2021**
Display business	**$ 10,581,674**	**11,067,794**

The Company's goodwill has been tested for impairment at least once at the end of the annual reporting period. The recoverable amount was determined based on value in use of the operating business.

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

The key assumptions used in the estimation of the recoverable amount included discount rate and terminal growth rate. The annual discount rates for the years ended December 31, 2022 and 2021 were 11.44% and 10.42%, respectively, based on industry weighted average cost of capital. The cash flow projections were determined based on the financial budgets approved by management covering the future five-year period and extrapolated with a steady annual terminal growth rate for subsequent years, which were negative 1% for both 2022 and 2021. The key assumptions abovementioned represents the management's forecast of the future for the related industry by considering the history information from internal and external sources.

Based on the impairment assessments in 2022 and 2021, as the recoverable amount of display CGU was lower than its carrying value, the Company recognized an impairment loss of $1,106,000 thousand and $946,689 thousand on goodwill of display segment, respectively.

(14) Other Current Assets and Other Noncurrent Assets

	December 31, 2022	**December 31, 2021**
Prepayments for purchases	$ 1,687,836	1,181,680
Noncurrent financial assets at amortized cost	1,142,218	706,340
Refundable deposits	985,770	980,390
Refundable and overpaid tax	957,798	1,156,780
Restricted cash in banks－noncurrent	766,226	80,427
Prepayments for equipment	10,508	474,636
Others	3,228,152	3,519,655
	8,778,508	8,099,908
Less: current	(3,832,361)	(3,592,203)
Noncurrent	**$ 4,946,147**	**4,507,705**

(15) Short-term Borrowings

	December 31, 2022	**December 31, 2021**
Unsecured borrowings	**$ 128,487**	**45,324**
Unused credit facilities	**$ 29,118,096**	**27,648,756**
Interest rate range	**1.38%~4.00%**	**0.90%~1.35%**

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(16) Long-term Borrowings

Bank or agent bank	Durations	December 31, 2022	December 31, 2021
Syndicated loans:			
Bank of Taiwan and others	From Oct. 2021 to Oct. 2025	$ 32,500,000	9,750,000
Bank of Taiwan and others	From Apr. 2022 to Apr. 2029	20,000,000	-
Bank of China and others	From Nov. 2015 to Nov. 2023	2,001,456	8,055,653
Bank of Taiwan and others	From Feb. 2019 to Feb. 2022	-	12,000,000
Bank of Taiwan and others	From Mar. 2019 to Apr. 2022	-	4,600,000
Unsecured bank loans	From Apr. 2017 to Dec. 2026	6,126,000	3,604,614
Unsecured other loans	From Sep. 2022 to Sep. 2024	21,333	-
Secured bank loans	From Apr. 2017 to Apr. 2032	25,509,945	17,059,917
Secured other loans	From Apr. 2022 to Mar. 2026	921,960	-
		87,080,694	55,070,184
Less: transaction costs		(265,243)	(415,320)
		86,815,451	54,654,864
Less: current portion		(13,884,634)	(16,833,597)
		$ 72,930,817	**37,821,267**
Unused credit facilities		**$ 54,984,115**	**90,379,635**
Interest rate range		**1.25%~7.95%**	**0.75%~5.15%**

The Company entered into the aforementioned long-term loan arrangements with banks and financial institutions to finance capital expenditures for purchase of machinery and equipment, and to fulfill working capital, as well as to repay the matured debts. A commitment fee is negotiated with the leading banks of syndicated loans and is calculated based on the committed-to-withdraw but unused balance, if any. No commitment fees were paid for the year ended December 31, 2022.

These credit facilities contain covenants that require the Company to maintain certain financial ratios, calculating based on the Company’ s annual audited consolidated financial statements prepared in accordance with IFRSs endorsed and issued into effect by the FSC, such as current ratio, leverage ratio, interest coverage ratio, tangible net worth and others as specified in the loan agreements. As of December 31, 2022 and 2021, the Company complied with all financial covenants required under each of the loan agreements.

Refer to Note 6(29) for detailed information of exposures to interest rate, currency, and liquidity risks. Refer to Note 8 for assets pledged as collateral to secure the aforementioned long-term borrowings.

(17) Provisions

	Warranties[i]	Litigation, claims and others	Total
Balance at January 1, 2022	$ 1,184,514	703,794	1,888,308
Reversals	(177,597)	(128,114)	(305,711)
Usage	(137,978)	(45,702)	(183,680)
Effect of change in exchange rate	317	69,825	70,142
Balance at December 31, 2022	869,256	599,803	1,469,059
Less: current	(245,513)	(314,141)	(559,654)
Noncurrent	**$ 623,743**	**285,662**	**909,405**
Balance at January 1, 2021	$ 1,375,327	410,429	1,785,756
Additions	325,090	328,774	653,864
Usage	(515,602)	(34,989)	(550,591)
Effect of change in consolidated entities	-	8,555	8,555
Effect of change in exchange rate	(301)	(8,975)	(9,276)
Balance at December 31, 2021	1,184,514	703,794	1,888,308
Less: current	(474,509)	(467,781)	(942,290)
Noncurrent	**$ 710,005**	**236,013**	**946,018**

[i] The provisions for warranties were estimated based on historical experience of warranty claims rate associated with similar products and services. The Company expects most warranty claims will be made within two years from the date of the sale of the product.

(18) Employee Benefits

a. Defined benefit plans

Pursuant to the ROC Labor Standards Act, AUO and ADP have established defined benefit pension plans covering their full-time employees in the ROC. Such plans provide for retirement benefits to retiring employees based on years of service and the average salaries and wages for the six-month period before the employee' s retirement. The funding of these retirement plans by AUO and ADP are contributed monthly based on a certain percentage of their respective employees' total salaries and wages. The funds are deposited with Bank of Taiwan.

M.Setek has established defined benefit pension plans providing for retirement benefits to retiring employees based on years of service, position, and certain other factors in accordance with the regulations of its country of establishment.

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	$ (152,421)	(188,699)
Fair value of plan assets	322,137	301,790
Net defined benefit asset	**$ 169,716**	**113,091**

The recognition of net defined benefit asset was as follows:

	December 31, 2022	December 31, 2021
Other noncurrent assets	$ 202,114	146,646
Other noncurrent liabilities	(32,398)	(33,555)
	$ 169,716	**113,091**

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

	Present value of defined benefit obligation		Fair value of plan assets		Net defined benefit asset (liability)	
	2022	2021	2022	2021	2022	2021
Balance at January 1	$ (188,699)	(181,758)	301,790	256,878	113,091	75,120
Service cost	(6,529)	(6,104)	-	-	(6,529)	(6,104)
Interest cost	(1,011)	(581)	-	-	(1,011)	(581)
Expected return on plan assets	-	-	1,962	1,002	1,962	1,002
Included in profit or loss	(7,540)	(6,685)	1,962	1,002	(5,578)	(5,683)
Actuarial (loss) gain arising from:						
- demographic assumptions	22	(1,804)	-	-	22	(1,804)
- financial assumptions	31,110	(16,558)	-	-	31,110	(16,558)
- experience adjustment	958	(7,754)	-	-	958	(7,754)
Return on plan assets excluding interest income	-	-	26,365	47,376	26,365	47,376
Included in other comprehensive income	32,090	(26,116)	26,365	47,376	58,455	21,260
Contributions paid by the employer	-	-	339	18,304	339	18,304
Benefits paid	10,419	21,236	(8,319)	(21,770)	2,100	(534)
Others	1,309	4,624	-	-	1,309	4,624
	11,728	25,860	(7,980)	(3,466)	3,748	22,394
Balance at December 31	**$ (152,421)**	**(188,699)**	**322,137**	**301,790**	**169,716**	**113,091**

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(iii) Plan assets

Pursuant to the ROC Labor Standards Act, AUO and ADP contribute an amount based on a certain percentage of employees' total salaries and wages paid every month to their respective pension funds (the "Funds"), which are administered by the Bureau of Labor Fund, Ministry of Labor and supervised by the employees' pension plan committee (the "Committee") and deposited in the Committee's name with Bank of Taiwan. Under the ROC Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, the minimum return on the plan assets should not be lower than the average interest rate on two-year time deposits published by the local banks. The government is not only responsible for the determination of the investment strategies and policies, but also for any shortfall in the event that the rate of return is less than the required rate of return.

As of December 31, 2022 and 2021, the Funds deposited in AUO Committee's name and ADP Committee's name in the Bank of Taiwan amounted to $322,137 thousand and $301,790 thousand, respectively. Information on utilization of labor pension funds, including the yield rate of funds and the component of plan assets are available at the Bureau of Labor Funds, Ministry of Labor website.

Under the defined benefit plans in Japan, M.Setek is responsible to pay to employees when they are retired.

(iv) Present value of defined benefit obligation

(a) Principal actuarial assumptions

	December 31, 2022	**December 31, 2021**
Discount rate	0.80%~1.37%	0.50%~0.65%
Rate of increase in future salary	0.47%~4.80%	0.77%~4.49%

The Company anticipates contributing $125 thousand to the defined benefit plans in the next year starting from January 1, 2023.

As at December 31, 2022, the weighted-average duration of the defined benefit obligation was between 10 years to 13 years.

(b) Sensitivity analysis

Reasonably possible changes at December 31, 2022 and 2021 to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	December 31, 2022		**December 31, 2021**	
	Changes in assumptions		**Changes in assumptions**	
	+ 0.25%	**-0.25%**	**+0.25%**	**-0.25%**
Discount rate	$ (4,849)	5,065	(6,059)	6,354

	December 31, 2022		December 31, 2021	
	Changes in assumptions		Changes in assumptions	
	+ 0.25%	-0.25%	+0.25%	-0.25%
Rate of increase in future salary	$ 4,986	(4,785)	6,109	(5,856)

In practical, the relevant actuarial assumptions are correlated to each other. The approach to develop the sensitivity analysis as above is the same approach to recognize the net defined benefit asset (liability) in the balance sheet.

The approach to develop the sensitivity analysis and its relevant actuarial assumptions are the same as those in previous year.

b. Defined contribution plans

Commencing July 1, 2005, pursuant to the ROC Labor Pension Act (the "Act"), employees who elected to participate in the Act or joined the Company after July 1, 2005, are subject to a defined contribution plan under the Act. Under the defined contribution plan, AUO and its subsidiaries located in the ROC contribute monthly at a rate of no less than six percent of the employees' monthly salaries and wages to the employee's individual pension fund account at the ROC Bureau of Labor Insurance. Besides, matters that are not addressed in the Company's defined contribution plan should be governed by the Act. The Company's foreign subsidiaries have set up their retirement plans, if necessary, based on their respective local government regulations.

AUO and its subsidiaries in the ROC have set up defined contribution plans in accordance with the Act. For the years ended December 31, 2022 and 2021, these companies set aside, $1,022,581 thousand and $972,301 thousand, respectively, of the pension costs under the pension plan to the ROC Bureau of Labor Insurance. Except for the aforementioned companies, other foreign subsidiaries recognized pension expenses of $1,224,046 thousand and $837,885 thousand for the years ended December 31, 2022 and 2021, respectively, for the defined contribution plans based on their respective local government regulations.

(19) Capital and Other Components of Equity

a. Common stock

AUO's authorized common stock, with par value of $10 per share, amounted to $120,000,000 thousand and $100,000,000 thousand as at December 31, 2022 and 2021, respectively.

AUO's issued common stock, with par value of $10 per share, amounted to $76,993,961 thousand and $96,242,451 thousand as at December 31, 2022 and 2021, respectively.

In order to adjust AUO's capital structure to correspond with its corporate transformation, on June 17, 2022, AUO's shareholders' meeting resolved to reduce capital and refund cash to shareholders. Total amount of capital reduction is $19,248,490 thousand, which translates to 1,924,849 thousand cancelled shares and represents approximately 20% capital reduction ratio. The record date of capital reduction was set on August 10, 2022 and the relevant legal registration procedures have been completed.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

As of December 31, 2022, AUO has issued 19,368 thousand ADSs, which represented 193,677 thousand shares of its common stock.

b. Capital surplus

The components of capital surplus were as follows:

	December 31, 2022	December 31, 2021
From common stock	$ 52,756,091	52,756,091
From convertible bonds	6,049,862	6,049,862
From others	3,136,257	1,251,048
	$ 61,942,210	**60,057,001**

According to the ROC Company Act, capital surplus, including premium from stock issuing and donations received, may be used to offset a deficit. When a company has no deficit, such capital surplus may be distributed by issuing common stock as stock dividends or by cash according to the proportion of shareholdings. Pursuant to the ROC Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total sum of capital surplus capitalized per annum shall not exceed 10 percent of the paid-in capital.

c. Retained earnings and dividend policy

In accordance with AUO's Articles of Incorporation, distribution of earnings by way of cash dividends should be approved by AUO's Board of Directors and reported to AUO's shareholders in its meeting. After payment of income taxes and offsetting accumulated deficits, the legal reserve shall be set aside until the accumulated legal reserve equals AUO's paid-in capital. In addition, a special reserve in accordance with applicable laws and regulations shall also be set aside or reversed. The remaining current-year earnings together with accumulated undistributed earnings from preceding years can be distributed according to relevant laws and AUO's Articles of Incorporation.

Legal reserve may be used to offset a deficit. When the Company incurs no loss, it may distribute its legal reserve by issuing new shares or by cash in accordance with the proportion of shareholdings for the portion in excess of 25% of the paid-in capital.

AUO's dividend policy is to pay dividends from surplus considering factors such as AUO's current and future investment environment, cash requirements, domestic and overseas competitive conditions and capital budget requirements, while taking into account shareholders' interest, maintenance of balanced dividend and AUO's long-term financial plan. If the current-year retained earnings available for distribution reach 2% of the paid-in capital of AUO, dividend to be distributed shall be no less than 20% of the current-year retained earnings available for distribution. If the current-year retained earnings available for distribution do not reach 2% of the paid-in capital of AUO, AUO may decide not to distribute dividend. The cash portion of the dividend, which may be in the form of cash and stock, shall not be less than 10% of the total dividend distributed during the year. The dividend distribution ratio aforementioned could be adjusted after taking into consideration factors such as finance, business and operations, etc.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Pursuant to relevant laws or regulations or as requested by the local authority, total net debit balance of the other components of equity shall be set aside from current earnings as special reserve, and not for distribution. Subsequent decrease pertaining to items that are accounted for as a reduction to the other components of equity shall be reclassified from special reserve to undistributed earnings.

AUO's appropriation of earnings for 2021 by way of cash dividends has been approved in the Board of Directors' meeting held on March 28, 2022. The appropriation of 2021 earnings by other ways has been approved in the annual shareholders' meeting held on June 17, 2022. Details of distribution were as follows:

	Appropriation of earnings	Dividends per share (NT$)
Legal reserve	$ 5,326,268	
Special reserve	1,472,878	
Cash dividends to shareholders	9,575,824	1.00
	$ 16,374,970	

The aforementioned appropriation of earnings for 2021 was consistent with the resolutions of the Board of Directors' meeting held on March 28, 2022.

AUO's appropriation of earnings for 2020 by way of cash dividends has been approved in the Board of Directors' meeting held on March 16, 2021. The appropriation of 2020 earnings by other ways has been approved in the annual shareholders' meeting held on August 19, 2021. Details of distribution were as follows:

	Appropriation of earnings	Dividends per share (NT$)
Legal reserve	$ 735,456	
Special reserve	1,264,919	
Cash dividends to shareholders	2,850,967	0.30
	$ 4,851,342	

The aforementioned appropriation of earnings for 2020 was consistent with the resolutions of the Board of Directors' meeting held on March 16, 2021.

Information on the approval of Board of Directors and shareholders for AUO's appropriations of earnings are available at the Market Observation Post System website.

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

d. Treasury shares

AUO repurchased 125,000 thousand shares as treasury shares transferred to employees in accordance with Securities and Exchange Act requirements. The related information on treasury share transactions was as follows (shares in thousands):

For the year ended December 31, 2022					
Reason for reacquisition	**Number of shares, Beginning of Year**	**Additions**	**Reductions**	**Capital Reduction**	**Number of shares, End of Year**
Transferring to employees	54,199	-	(5,778)	(9,684)	38,737

For the year ended December 31, 2021				
Reason for reacquisition	**Number of shares, Beginning of Year**	**Additions**	**Reductions**	**Number of shares, End of Year**
Transferring to employees	125,000	-	(70,801)	54,199

Refer to Note 6(20) for information on employee treasury shares plan for 2022 and 2021. A total of 5,778 thousand and 70,801 thousand shares were transferred with total costs for treasury shares of $46,859 thousand and $574,195 thousand, respectively, and with both cost per share of $8.11.

Pursuant to the Securities and Exchange Act, the number of shares repurchased shall not exceed 10 percent of the number of the company’s issued and outstanding shares, and the total amount repurchased shall not exceed the sum of the company’ s retained earnings, share premium, and realized capital surplus. Also, the shares repurchased for transferring to employees shall be transferred within five years from the date of reacquisition and those shares not transferred within the five-year period are to be retired.

In accordance with the Securities and Exchange Act, treasury shares held by AUO shall not be pledged, and do not hold any shareholder rights before their transfer.

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

e. Other components of equity

	Cumulative translation differences	Unrealized gains (losses) on financial assets at FVTOCI	Total
Balance at January 1, 2022	$ (4,873,573)	130,391	(4,743,182)
Foreign operations – foreign currency translation differences	2,508,167	-	2,508,167
Net change in fair value of financial assets at FVTOCI	-	57,359	57,359
Equity-accounted investees – share of other comprehensive income	562,474	(1,359,911)	(797,437)
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	-	(41,654)	(41,654)
Realized gain on sales of securities reclassified to profit or loss	(111,862)	-	(111,862)
Related tax	(491,696)	-	(491,696)
Balance at December 31, 2022	**$ (2,406,490)**	**(1,213,815)**	**(3,620,305)**
Balance at January 1, 2021	$ (3,206,520)	(63,783)	(3,270,303)
Foreign operations – foreign currency translation differences	(1,267,032)	-	(1,267,032)
Net change in fair value of financial assets at FVTOCI	-	(33,560)	(33,560)
Equity-accounted investees – share of other comprehensive income	(166,521)	253,084	86,563
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	-	(25,350)	(25,350)
Acquisition of interest in subsidiary	(753,444)	-	(753,444)
Realized loss on sales of securities reclassified to profit or loss	183,820	-	183,820
Related tax	336,124	-	336,124
Balance at December 31, 2021	**$ (4,873,573)**	**130,391**	**(4,743,182)**

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

f. Non-controlling interests, net of tax

	For the years ended December 31, 2022	2021
Balance at beginning of the year	$ 6,179,431	10,985,674
Equity attributable to non-controlling interests:		
Profit for the year	128,194	2,128,470
Foreign currency translation differences, net of tax	(6,559)	(77,160)
Acquisition of subsidiaries	-	887,129
Acquisition of interest in subsidiary from non-controlling interests	-	(7,530,685)
Subsidiaries capital return and cash dividends	(66,458)	(251,415)
Subsidiaries capital increase and others	76,949	37,418
Balance at end of the year	**$ 6,311,557**	**6,179,431**

AUO, upon the resolution of the Board of Directors on April 28, 2021, decided to purchase 49% equity interests of AUOKS from its joint venture partner through a capital injection of USD625,462 thousand (equivalent to RMB3,995,210 thousand) in its subsidiary AUOLB. The aforementioned equity transaction has been approved by the Investment Commission, Ministry of Economic Affairs on October 21, 2021, and completed on December 24, 2021. The procedure of change of shareholder has been completed on December 27, 2021, and therefore AUOKS became a 100%-owned subsidiary of AUOLB.

	For the year ended December 31, 2021
Carrying amount of the equity interests acquired	$ 7,530,685
Consideration paid to non-controlling interests	(17,317,787)
Capital surplus－changes in ownership interest of subsidiary	534
Other equity－effect from foreign currency translation differences arising from foreign operations	753,444
Capital surplus and retained earnings – differences between consideration and carrying amount arising from acquisition of interest in subsidiary	**$ (9,033,124)**

(Continued)

(20) Share-based Payments

a. Employee treasury shares plan

AUO granted the treasury shares to eligible employees, including those of AUO and its subsidiaries in accordance with the relevant plan. The key terms and conditions related to the grants were disclosed as follows:

Grant date	Total shares granted (in thousands)	Vesting conditions	Share price	Exercise price	Fair value per unit
Feb. 18, 2021	3,978	Vest immediately	16.4	8.11	9.84
Aug. 16, 2021~ Aug. 24, 2021	66,823	Vest immediately	17.8~20.7	8.11	9.69~12.59
Feb. 23, 2022	5,778	Vest immediately	20.7	8.11	12.59

The fair value of the share-based payments granted by AUO was measured at the date of grant using the Black-Scholes option pricing model. For the years ended December 31, 2022 and 2021, the related compensation costs recognized for the abovementioned plan amounted to $72,744 thousand and $826,705 thousand, respectively.

b. Employee restricted stock plan

As of December 31, 2022, information about the share-based payment rewards plan that ADTHLD, a subsidiary of AUO, granted to employees of AUO and its subsidiaries was as follows:

Plan	Grant date	Granted units	Vesting conditions
Employee restricted stock plan	Apr. 1, 2021	850,000	Note
Employee restricted stock plan	Dec. 2, 2021	400,000	Note
Employee restricted stock plan	Apr. 1, 2022	150,000	Note

Note: Employees are granted restricted stocks without consideration, and are eligible to vest 100% of 400,000 units when they provide two years of service subsequent to the grant date. Further employees who provide two years and five years of service, respectively, subsequent to the grant date as well as fulfill specific performance conditions are eligible to vest 40% and 60% of 1,000,000 units, respectively.

ADTCM's special shares without voting right which are held by AUO are the subject for the execution of the aforementioned plan. According to the relevant plan, one special share without voting right of ADTCM represents one common share right of ADTHLD.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

The weighted average fair value per share estimated using the income approach for the abovementioned plan was USD1.105. The weighted average cost of capital which is the principal parameter was between 18.1% and 20.1%. For the years ended December 31, 2022 and 2021, the compensation costs recognized for the abovementioned plan amounted to $11,341 thousand and $4,546 thousand, respectively.

(21) Revenue from Contracts with Customers

a. Disaggregation of revenue

	For the years ended December 31,					
	2022			2021		
	Display segment	Energy segment	Total segments	Display segment	Energy segment	Total segments
Primary geographical markets:						
PRC (including Hong Kong)	$ 80,041,681	1,815,017	81,856,698	111,848,026	1,268,984	113,117,010
Taiwan	62,020,560	14,543,895	76,564,455	114,629,475	7,824,949	122,454,424
United States	26,233,911	1,256	26,235,167	18,497,167	116	18,497,283
Singapore	19,845,620	-	19,845,620	55,035,626	2,173	55,037,799
Japan	13,474,576	115,877	13,590,453	22,628,900	174,862	22,803,762
Others	24,274,086	4,426,195	28,700,281	35,774,907	2,999,956	38,774,863
	$ 225,890,434	**20,902,240**	**246,792,674**	**358,414,101**	**12,271,040**	**370,685,141**
Major products:						
Products for Televisions	$ 36,814,146	-	36,814,146	85,372,809	-	85,372,809
Products for Monitors	35,883,320	-	35,883,320	63,797,402	-	63,797,402
Products for Mobile PCs and Devices	67,517,517	-	67,517,517	110,617,765	-	110,617,765
Products for Automotive Solutions	33,209,443	-	33,209,443	29,389,600	-	29,389,600
Products for PID and General Display	35,197,516	-	35,197,516	47,375,823	-	47,375,823
Others(i)	17,268,492	20,902,240	38,170,732	21,860,702	12,271,040	34,131,742
	$ 225,890,434	**20,902,240**	**246,792,674**	**358,414,101**	**12,271,040**	**370,685,141**
Major customers:						
Customer A	$ 17,931,911	-	17,931,911	38,556,227	-	38,556,227
Others (individually not greater than 10%)	207,958,523	20,902,240	228,860,763	319,857,874	12,271,040	332,128,914
	$ 225,890,434	**20,902,240**	**246,792,674**	**358,414,101**	**12,271,040**	**370,685,141**

(i) Including sales of solar-related products, raw materials and components and from products for other applications and service charges.

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

b. Contract balances

		December 31, 2022	December 31, 2021
Contract assets－current (recorded in other current financial assets)	$	**877,375**	**1,371,390**
Contract liabilities－current (recorded in other current liabilities)	$	1,818,609	3,325,765
Contract liabilities－noncurrent		8,739,846	8,739,846
	$	**10,558,455**	**12,065,611**

The amounts of revenue recognized for the years ended December 31, 2022 and 2021 that previously included in the contract liability balance at the beginning of the year were $3,498,784 thousand and $264,480 thousand, respectively. Additionally, in the first quarter of 2021, AUO entered into long-term sales agreements with customers and has received payments in advance. Under the agreements, the customers should fulfill the requirement of minimum order quantity and AUO should fulfill the obligation of relevant delivery quantity as agreed. AUO accounted for such obligation as contract liabilities.

(22) Remuneration to Employees and Directors

According to AUO’s Articles of Incorporation, AUO should distribute remuneration to employees and directors no less than 5% and no more than 1% of annual profits before income tax, respectively, after offsetting accumulated deficits, if any. Only employees, including employees of affiliate companies that meet certain conditions are entitled to the abovementioned remuneration which to be distributed in stock or cash. The said conditions and distribution method are decided by Board of Directors or the personnel authorized by Board of Directors.

AUO did not accrue remuneration to employees and directors due to the loss making position for the year ended December 31, 2022. AUO accrued remuneration to employees based on the profit before income tax excluding the remuneration to employees and directors for the period, multiplied by the percentage resolved by Board of Directors. For the year ended December 31, 2021, AUO estimated the remuneration to employees amounting to $6,339,435 thousand. Remuneration to directors was estimated based on the amount expected to pay and recognized together with the remuneration to employees as cost of sales or operating expenses. If remuneration to employees is resolved to be distributed in stock, the number of shares is determined by dividing the amount of remuneration by the closing price of the shares (ignoring ex-dividend effect) on the day preceding the Board of Directors’ meeting. If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are accounted for as a change in accounting estimate and adjusted prospectively to next year’s profit or loss.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Remuneration to employees and directors for 2021 in the amounts of $6,339,435 thousand and $206,946 thousand, respectively, in cash for payment had been approved in the meeting of Board of Directors held on March 28, 2022. The aforementioned approved amounts are the same as the amounts charged against earnings of 2021.

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

(23) Additional Information of Expenses by Nature

	For the years ended December 31,					
	2022			2021		
	Recognized in cost of sales	**Recognized in operating expenses**	**Total**	**Recognized in cost of sales**	**Recognized in operating expenses**	**Total**
Employee benefits expenses:						
Post-employment benefits	$ 1,686,657	565,548	2,252,205	1,384,747	431,122	1,815,869
Salaries and other employee benefits	28,552,896	11,750,466	40,303,362	35,882,188	14,309,024	50,191,212
Depreciation	27,080,628	4,200,959	31,281,587	29,022,101	4,434,980	33,457,081
Amortization	136,823	47,943	184,766	188,613	18,906	207,519

(24) Non-Operating Income and Expenses

a. Interest income

	For the years ended December 31,	
	2022	**2021**
Interest income on bank deposits	$ 849,230	495,281
Other interest income	29,745	51
	$ 878,975	**495,332**

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

b. Other income

	For the years ended December 31,	
	2022	**2021**
Grants	$ 2,032,775	374,445
Rental income, net	491,954	569,970
Dividend income	6,571	8,090
Others	679,869	437,175
	$ 3,211,169	**1,389,680**

c. Other gains and losses

	For the years ended December 31,	
	2022	**2021**
Foreign exchange gains , net	$ 937,064	144,679
Losses on valuation of financial instruments at FVTPL, net	(1,069,905)	(376,949)
Gains on disposals of property, plant and equipment, net	1,024,832	1,841,771
Gains on disposals of investments, net	-	890,046
Gains on liquidation of subsidiaries, net	111,862	-
Impairment losses on assets	(1,179,565)	(1,046,693)
Others	54,438	(415,396)
	$ (121,274)	**1,037,458**

d. Finance costs

	For the years ended December 31,	
	2022	**2021**
Interest expense on bank borrowings	$ 1,138,211	1,889,834
Interest expense on lease liabilities	163,915	182,853
Other interest expense	47,598	62,757
Finance expense	158,239	82,121
	$ 1,507,963	**2,217,565**

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(25) Income Taxes

AUO and its subsidiary ADP have filed a combined business income tax return since 2021. Other subsidiaries filed their income tax return individually. The Company cannot file a consolidated tax return under local regulations; therefore, AUO and its subsidiaries calculate their income taxes liabilities individually on a stand-alone basis using the enacted tax rates in their respective tax jurisdictions.

a. Income tax expense

The components of income tax expense for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31, 2022	For the years ended December 31, 2021
Current income tax expense:		
Current year	$ 1,442,516	2,052,141
Adjustment to prior years and others	(201,190)	62,676
	1,241,326	2,114,817
Deferred tax expense:		
Temporary differences	225,662	832,880
	$ 1,466,988	**2,947,697**

Income taxes expense recognized directly in other comprehensive income for the years ended December 31, 2022 and 2021 were as follows:

	For the years ended December 31, 2022	For the years ended December 31, 2021
Items that will never be reclassified to profit or loss:		
Remeasurement of defined benefit obligations	**$ 11,691**	**4,577**
Items that are or may be reclassified subsequently to profit or loss:		
Foreign operations – foreign currency translation differences	**$ 490,056**	**(345,815)**

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Reconciliation of the expected income tax expense (benefit) calculated based on the ROC statutory income tax rate compared with the actual income tax expense as reported in the consolidated statements of comprehensive income for the years ended December 31, 2022 and 2021, was as follows:

	For the years ended December 31, 2022	For the years ended December 31, 2021
Income tax expense (benefit) at AUO's statutory tax rate	$ (3,901,238)	13,281,359
Tax on undistributed earnings, net	510,244	62,580
Effect of different subsidiaries income tax rate	489,505	728,228
Share of profit of equity-accounted subsidiaries	2,259,866	3,365,832
Net of non-taxable income from domestic investments and non-deductible expense	(2,091,387)	(2,979,703)
Change of unrecognized deductible temporary differences	4,666,296	(11,604,638)
Effect of combined business income tax return	(261,574)	-
Adjustments to prior years	(202,529)	62,676
Others	(2,195)	31,363
Income tax expense	**$ 1,466,988**	**2,947,697**

The above reconciliation is prepared based on each individual entity of the Company and presented on an aggregate basis.

b. Deferred tax assets and liabilities

Deferred tax assets have not been recognized in respect of the following items.

	December 31, 2022	December 31, 2021
Deductible temporary differences	$ 2,544,698	2,480,011
Unused investment tax credits	1,140,038	952,111
Unused tax losses carryforwards	21,992,267	19,541,669
	$ 25,677,003	**22,973,791**

As of December 31, 2022, the unused investment tax credits include $1,130 thousand from AUST with no expiration, and $10,001 thousand from a domestic subsidiary, DPTW.

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Tax loss carryforwards is utilized in accordance with the relevant jurisdictional tax laws and regulations. Net losses from foreign subsidiaries are approved by tax authorities in respective jurisdiction to offset future taxable profits. Under the ROC tax laws, approved tax losses of AUO and its domestic subsidiaries can be carried forward for 10 years to offset future taxable profits.

As of December 31, 2022, the expiration period for abovementioned unrecognized deferred tax assets of unused tax losses carryforwards were as follows:

Year of assessment	Unrecognized deferred tax assets	Expiration in year
2012	$ 9,234	(i)
2013	1,124,191	2023
2014	2,135,942	2023~ 2024
2015	1,747,247	2024 ~ 2025
2016	3,317,029	2025 ~ 2026
2017	994,608	2026~ 2027(i)
2018	1,266,138	2023~ 2028(i)
2019	4,998,289	2023~ 2029(i)
2020	522,292	2025 ~ 2030
2021	199,955	2026~ 2031(i)
2022	5,677,342	2027 ~ 2032(i)
	$ 21,992,267	

(i) As of December 31, 2022, the unrecognized deferred tax assets of unused tax losses carryforwards include $10,662 thousand with no expiration.

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

The components of and changes in deferred tax assets and liabilities were as follows:

	Deferred tax assets		Deferred tax liabilities		Total	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Investment tax credits	$ 259,993	299,861	-	-	259,993	299,861
Tax losses carryforwards	2,313,338	1,289,775	-	-	2,313,338	1,289,775
Unrealized loss and expenses	208,723	233,405	(63,053)	(74,637)	145,670	158,768
Inventories write-down	1,097,026	740,795	-	-	1,097,026	740,795
Foreign investment gains under the equity method	-	-	(3,099,695)	(2,007,545)	(3,099,695)	(2,007,545)
Accumulated amortization of goodwill in accordance with local tax laws	-	-	(1,802,891)	(2,024,091)	(1,802,891)	(2,024,091)
Remeasurement of defined benefit plans	112,905	124,596	-	-	112,905	124,596
Foreign operations – foreign currency translation differences	731,679	1,215,022	(6,713)	-	724,966	1,215,022
Others	1,925,793	2,563,134	(128,834)	(118,447)	1,796,959	2,444,687
	$ 6,649,457	**6,466,588**	**(5,101,186)**	**(4,224,720)**	**1,548,271**	**2,241,868**

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	January 1, 2021	Recognized in profit or loss	Recognized in other comprehensive income	Effect of change in consolidated entities, exchange rate and others	December 31, 2021	Recognized in profit or loss	Recognized in other comprehensive income	Effect of change in consolidated entities, exchange rate and others	December 31, 2022
Deferred tax assets (liabilities):									
Investment tax credits	$ 228,056	79,276	-	(7,471)	299,861	(70,740)	-	30,872	259,993
Tax losses carryforwards	2,209,244	(912,719)	-	(6,750)	1,289,775	1,025,126	-	(1,563)	2,313,338
Unrealized loss and expenses	233,963	(75,171)	-	(24)	158,768	(13,256)	-	158	145,670
Inventories write-down	559,809	181,006	-	(20)	740,795	356,188	-	43	1,097,026
Foreign investment losses (gains) under the equity method	(869,124)	(1,138,421)	-	-	(2,007,545)	(1,092,149)	-	(1)	(3,099,695)
Accumulated amortization of goodwill in accordance with local tax laws	(2,213,429)	189,338	-	-	(2,024,091)	221,200	-	-	(1,802,891)
Remeasurement of defined benefit plans	129,173	-	(4,577)	-	124,596	-	(11,691)	-	112,905
Foreign operations –foreign currency translation differences	869,207	-	345,815	-	1,215,022	-	(490,056)	-	724,966
Others	1,645,121	843,811	-	(44,245)	2,444,687	(652,031)	-	4,303	1,796,959
	$ 2,792,020	**(832,880)**	**341,238**	**(58,510)**	**2,241,868**	**(225,662)**	**(501,747)**	**33,812**	**1,548,271**

c. Assessments by the tax authorities

As of December 31, 2022, the tax authorities have completed the examination of income tax returns of AUO through 2020.

(26) Earnings (loss) per Share

	For the years ended December 31, 2022	For the years ended December 31, 2021
Basic earnings (loss) per share		
Profit (loss) attributable to AUO's shareholders	**$ (21,101,374)**	**61,330,628**
Weighted-average number of common shares outstanding during the year	**8,819,096**	**9,522,200**
Basic earnings (loss) per share (NT$)	**$ (2.39)**	**6.44**

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

		For the Years ended December 31, 2022	2021
Diluted earnings (loss) per share			
Profit (loss) attributable to AUO's shareholders	$	(21,101,374)	61,330,628
Weighted-average number of common shares outstanding during the year		8,819,096	9,522,200
Effect of employee remuneration in stock		-	279,624
		8,819,096	9,801,824
Diluted earnings (loss) per share (NT$)	$	(2.39)	6.26

Since AUO incurred net loss for the year ended December 31, 2022, there were no potential ordinary shares with dilutive effect for the year.

(27) Non-cash Transactions of Investing and Financing Activities

Except for otherwise disclosed in other notes to the consolidated financial statements, the reconciliation of liabilities to cash flows arising from financing activities for the years ended December 31, 2022 and 2021, were as follows:

		Long-term borrowings (including current installments)	Short-term borrowings	Guarantee deposits	Lease liabilities	Total liabilities from financing activities
Balance at January 1, 2022	$	54,654,864	45,324	771,877	9,725,241	65,197,306
Cash flows		31,549,651	82,464	(20,819)	(574,590)	31,036,706
Non-cash changes:						
Additions		-	-	-	285,806	285,806
Changes in consolidated entities		-	-	506	-	506
Changes in exchange rate and others		610,936	699	26,862	(191,566)[i]	446,931
Balance at December 31, 2022	$	86,815,451	128,487	778,426	9,244,891	96,967,255

[i] Including decrease in the current year of $284,460 thousand.

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	Long-term borrowings (including current installments)	Short-term borrowings	Guarantee deposits	Lease liabilities	Total liabilities from financing activities
Balance at January 1, 2021	$ 116,594,969	200,000	864,868	10,297,272	127,957,109
Cash flows	(62,929,880)	(154,574)	(20,409)	(551,367)	(63,656,230)
Non-cash changes:					
Additions	-	-	-	123,715	123,715
Changes in consolidated entities	1,149,806	-	-	617	1,150,423
Changes in exchange rate and others	(160,031)	(102)	(72,582)	(144,996)	(377,711)
Balance at December 31, 2021	$ 54,654,864	45,324	771,877	9,725,241	65,197,306

(28) Financial Instruments

a. Fair value and carrying amount

The carrying amounts of the Company' s current non-derivative financial instruments, including financial assets and financial liabilities at amortized cost, were considered to approximate their fair value due to their short-term nature. This methodology applies to cash and cash equivalents, receivables or payables (including related parties), other current financial assets, and short-term borrowings.

Disclosures of fair value are not required for the financial instruments abovementioned and lease liabilities. Other than those, the carrying amount and fair value of other financial instruments of the Company as of December 31, 2022 and 2021 were as follows:

	December 31, 2022		December 31, 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Financial assets at FVTPL:				
Financial assets mandatorily measured at FVTPL	$ 365,037	365,037	159,270	159,270
Financial assets at FVTOCI	1,900,581	1,900,581	1,308,157	1,308,157
Financial assets at amortized cost:				
Domestic and foreign time deposits	1,142,218	1,142,218	10,706,340	10,706,340
Refundable deposits	985,770	985,770	980,390	980,390
Financial liabilities:				
Financial liabilities at FVTPL:				
Contingent consideration from business combination	99,222	99,222	-	-
Financial liabilities held for trading	252,603	252,603	132,797	132,797
Financial liabilities at amortized cost:				
Long-term borrowings (including current installments)	86,815,451	86,815,451	54,654,864	54,654,864
Guarantee deposits	778,426	778,426	771,877	771,877
Long-term payables (including current installments)	968,520	968,520	1,404,990	1,404,990

(Continued)

b. Valuation techniques and assumptions applied in fair value measurement

The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market prices. The fair values of other financial assets and financial liabilities without quoted market prices are estimated using valuation approach. The estimates and assumptions used are the same as those used by market participants in the pricing of financial instruments.

Fair value of foreign currency forward contract is measured based on the maturity date of each contract with quoted spot rate and quoted swap points from Reuters quote system.

For domestic and foreign time deposits, their fair value approximate to their carrying amount.

Fair value of long-term payable, which approximates to its carrying value is determined by discounting the expected cash flows at a market interest rate.

The refundable deposits and guarantee deposits are based on carrying amount as there is no fixed maturity.

Long-term borrowings are mainly at floating rate, whose fair value approximates to their carrying value.

c. Fair value measurements recognized in the consolidated balance sheets

The Company determines fair value based on assumptions that market participants would use in pricing an asset or a liability in the principal market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

(i) Level 1 inputs: Unadjusted quoted prices for identical assets or liabilities in active markets.

(ii) Level 2 inputs: Other than quoted prices included within Level 1, inputs are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(iii) Level 3 inputs: Derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

The fair value measurement level of an asset or a liability within their fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Company uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

	Level 1	Level 2	Level 3	Total
December 31, 2022				
Financial assets at FVTPL:				
Financial assets mandatorily measured at FVTPL	$ -	365,037	-	365,037
Financial assets at FVTOCI	1,305,625	-	594,956	1,900,581
Financial assets at amortized cost:				
Domestic and foreign time deposits	-	1,142,218	-	1,142,218
Long-term receivables	-	3,462	-	3,462
Financial liabilities at FVTPL:				
Contingent consideration from business combination	-	-	99,222	99,222
Financial liabilities held for trading	-	252,603	-	252,603
Financial liabilities at amortized cost:				
Long-term payables (including current installments)	-	968,520	-	968,520
December 31, 2021				
Financial assets at FVTPL:				
Financial assets mandatorily measured at FVTPL	$ -	159,270	-	159,270
Financial assets at FVTOCI	149,177	-	1,158,980	1,308,157
Financial assets at amortized cost:				
Domestic and foreign time deposits	-	10,706,340	-	10,706,340
Financial liabilities at FVTPL:				
Financial liabilities held for trading	-	132,797	-	132,797
Financial liabilities at amortized cost:				
Long-term payables (including current installments)	-	1,404,990	-	1,404,990

There were no transfers between Level 1 and 2 for the years ended December 31, 2022 and 2021.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

d. Reconciliation for fair value measurements categorized within Level 3

	For the years ended December 31, 2022	2021
Financial assets at FVTOCI－equity instruments without active market		
Balance at beginning of the year	$ 1,158,980	328,156
Purchases	354,603	780,026
Disposals	(10,002)	-
Reclassification	(909,473)	51,015
Effect of exchange rate change	848	(217)
Balance at end of the year	**$ 594,956**	**1,158,980**
Financial liabilities at FVTPL－contingent consideration from business combination		
Balance at beginning of the year	$ -	-
Contingent consideration derived from business combination	99,222	-
Balance at end of the year	**$ 99,222**	**-**

e. Description of valuation processes and quantitative disclosures for fair value measurements categorized within Level 3

The Company's management reviews the policy and procedures of fair value measurements at least once at the end of the annual reporting period, or more frequently as deemed necessary. When a fair value measurement involves one or more significant inputs that are unobservable, the Company monitors the valuation process discreetly and examines whether the inputs are used the most relevant market data available.

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at FVTOCI–equity instruments without active market	Market approach	· Price-Book ratio (1.00~6.52 at Dec. 31, 2022 and 1.44~17.85 at Dec. 31, 2021)	· The higher the price-book ratio is, the higher the fair value is.
		· Price-Earnings ratio (7.57~23.38 at Dec. 31, 2022 and 8.82~26.12 at Dec. 31, 2021)	· The higher the price-earnings ratio is, the higher the fair value is.
		· Discount for lack of marketability (16%~22% at Dec. 31, 2022 and 20% at Dec. 31, 2021)	· The greater degree of lack of marketability is, the lower the fair value is.

(Continued)

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial liabilities at FVTPL－contingent consideration from business combination	Monte Carlo simulation	· Discount rate: 9.6% · Revenue volatility rate: 20.0%	· Not applicable
Financial liabilities at FVTPL－contingent consideration from business combination	Binominal option pricing model	· Expected stock price volatility rate: 42.57% · Expected dividend yield: 0.0% · Risk-free rate: 0.4%	· Not applicable

(29) Financial Risk Management

a. Risk management framework

The managerial officers of related divisions are appointed to review, control, trace and monitor the strategic risks, financial risks and operational risks faced by the Company. The managerial officers report to executive officers the progress of risk controls from time to time and, if necessary, report to the board of directors, depending on the extent of impact of risks.

b. Financial risk information

Hereinafter discloses information about the Company's exposure to variable risks, and the goals, policies and procedures of the Company's risk measurement and risk management.

The Company is exposed to the following risks due to usage of financial instruments:

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposures to credit risk are mainly from:

(a) The carrying amount of financial assets recognized in the consolidated balance sheets.

(b) The amount of contingent liabilities as a result from the Company providing financial guarantee to its customers.

The Company' s potential credit risk is derived primarily from cash in bank, cash equivalents and trade receivables. The Company deposits its cash with various reputable financial institutions of high credit quality. The Company also entered into reverse repurchase agreements with securities firms or banks in Taiwan covering government bonds that classified as cash equivalents. There should be no major concerns for the performance capability of trading counterparts. Management performs periodic evaluations of the relative credit standing of these financial institutions and limits the amount of credit exposure with any one institution. Management believes that there is a limited concentration of credit risk in cash and cash equivalent investments.

The majority of the Company' s customers are in high technology industries. Management continuously evaluates and controls the credit quality, credit limit and financial strength of its customers to ensure any overdue receivables are taken necessary procedures. The Company also flexibly makes use of advance receipts, accounts receivable factoring and credit insurance as credit enhancement instruments. If necessary, the Company will request collaterals or assurance from its customers in order to reduce the credit risk from particular customers.

Additionally, on the reporting date, the Company reviews the recoverability of its receivables to provide appropriate valuation allowances. Consequently, management believes there is a limited concentration of its credit risk.

For the years ended December 31, 2022 and 2021, the Company's five largest customers accounted for 37.6% and 43.0%, respectively, of the Company' s consolidated net revenue. There is no other significant concentration of credit risk.

Refer to Note 6(5) for expected credit loss analysis of accounts receivable and the movement in the loss allowance of accounts receivable.

For credit of guarantee, the Company's policy is to provide financial guarantees only to subsidiaries. Refer to Note 13(1)b. for information about endorsements or guarantees provided by the Company to its subsidiaries as of December 31, 2022.

(ii) Liquidity risk

Liquidity risk is the risk that the Company has no sufficient working capital and unused credit facilities to meet its obligations associated with matured financial liabilities, that may resulting from an economic downturn or uneven demand and supply in the market and cause a significant decrease in product selling prices and market demands.

Liquidity risk of the Company is monitored through its corporate treasury department which tracks the development of the actual cash flow position for the Company and uses input from a number of sources in order to forecast the overall liquidity position both on a short and long term basis. Corporate treasury invests surplus cash in money market deposits with appropriate maturities to ensure sufficient liquidity is available to meet liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

The following, except for payables (including related parties) and equipment and construction payable, are the contractual maturities of other financial liabilities. The amounts include estimated interest payments (except for short-term borrowings) but exclude the impact of netting agreements.

	Contractual cash flows	2023.1.1~ 2023.12.31	2024.1.1~ 2025.12.31	2026.1.1~ 2027.12.31	2028 and thereafter
December 31, 2022					
Non-derivative financial liabilities					
Short-term borrowings	$ 128,487	128,487	-	-	-
Long-term borrowings (including current installments)	93,260,848	16,104,803	49,964,973	14,791,410	12,399,662
Guarantee deposits	778,426	40,178	-	3,640	734,608
Long-term payables (including current installments)	968,520	343,500	625,020	-	-
Derivative financial instruments					
Foreign currency forward contracts－inflows	(9,961,496)	(9,961,496)	-	-	-
Foreign currency forward contracts－outflows	9,783,507	9,783,507	-	-	-
	$ 94,958,292	16,438,979	50,589,993	14,795,050	13,134,270

	Contractual cash flows	2022.1.1~ 2022.12.31	2023.1.1~ 2024.12.31	2025.1.1~ 2026.12.31	2027 and thereafter
December 31, 2021					
Non-derivative financial liabilities					
Short-term borrowings	$ 45,324	45,324	-	-	-
Long-term borrowings (including current installments)	56,690,221	17,682,179	31,778,153	6,742,119	487,770
Guarantee deposits	771,877	53,319	3,590	717	714,251
Long-term payables (including current installments)	1,404,990	467,460	625,020	312,510	-
Derivative financial instruments					
Foreign currency forward contracts－inflows	(30,039,393)	(30,039,393)	-	-	-
Foreign currency forward contracts－outflows	30,005,597	30,005,597	-	-	-
	$ 58,878,616	18,214,486	32,406,763	7,055,346	1,202,021

The Company is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

As at December 31, 2022, the management believes the Company’s existing unused credit facilities under its existing loan agreements, together with net cash flows expected to be generated from its operating activities, will be sufficient for the Company to fulfill its payment obligations. Therefore, management believes that the Company does not have significant liquidity risk.

(Continued)

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, which will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable range.

The Company buys and sells derivatives, and also incurs financial assets and liabilities, in order to manage market risks. All such transactions are executed in accordance with the Company's handling procedures for conducting derivative transactions, and also monitored by internal audit department.

(a) Currency risk

The Company is exposed to currency risk on foreign currency denominated financial assets and liabilities arising from operating, financing and investing activities such that the Company uses forward exchange contracts to hedge its currency risk. Gains and losses derived from the foreign currency fluctuations on underlying assets and liabilities are likely to offset. However, transactions of derivative financial instruments help minimize the impact of foreign currency fluctuations, but the risk cannot be fully eliminated.

The Company periodically examines portions exposed to currency risks for individual asset and liability denominated in foreign currency and uses forward contracts as hedging instruments to hedge positions exposed to risks. The contracts have maturity dates that do not exceed one year, and do not meet the criteria for hedge accounting.

I. Exposure of currency risk

The Company's significant exposure to foreign currency risk was as follows:

	December 31, 2022			December 31, 2021		
	Foreign currency amounts	**Exchange rate**	**NTD**	**Foreign currency amounts**	**Exchange rate**	**NTD**
Financial assets						
Monetary items						
USD	$ 1,417,706	30.7320	43,568,941	3,001,028	27.6880	83,092,463
JPY	9,536,579	0.2311	2,203,903	4,543,754	0.2409	1,094,590
EUR	23,192	32.7634	759,849	34,718	31.4203	1,090,850
Non-monetary items						
USD	42,914	30.7320	1,318,833	34,579	27.6880	957,423
Financial liabilities						
Monetary items						
USD	1,284,636	30.7320	39,479,434	1,944,481	27.6880	53,838,790
JPY	15,658,556	0.2311	3,618,692	20,754,389	0.2409	4,999,732
EUR	319	32.7634	10,452	28	31.4203	880

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

II. Sensitivity analysis

The Company's exposure to foreign currency risk arises mainly from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade receivables, loans and borrowings and trade payables that are denominated in foreign currency. Depreciation or appreciation of the NTD by 1% against the USD, EUR and JPY at December 31, 2022 and 2021, while all other variables were remained constant, would have increased or decreased the net profit before tax for the years ended December 31, 2022 and 2021 as follows:

	For the years ended December 31,	
	2022	**2021**
1% of depreciation	$ 34,241	264,385
1% of appreciation	(34,241)	(264,385)

III. Foreign exchange gain (loss) on monetary items

With varieties of functional currencies within the Company, the Company disclosed foreign exchange gain (loss) on monetary items in aggregate. The aggregate of realized and unrealized foreign exchange gains for the years ended December 31, 2022 and 2021 were $937,064 thousand and $144,679 thousand, respectively.

(b) Interest rate risk

The Company's exposure to changes in interest rates is mainly from floating-rate long-term debt obligations. Any change in interest rates will cause the effective interest rates of long-term borrowings to change and thus cause the future cash flows to fluctuate over time. The Company will, depending on the market condition, enter into and designate interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk.

Assuming the amount of floating-rate debts at the end of the reporting period had been outstanding for the entire year and all other variables were remained constant, an increase or a decrease in the interest rate by 0.25% would have resulted in a decrease or an increase in the net profit before tax for the years ended December 31, 2022 and 2021 by $214,330 thousand and $137,675 thousand, respectively.

(c) Equity price risk

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

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(30) Capital Management

Through clear understanding and managing of significant changes in external environment, related industry characteristics, and corporate growth plan, the Company manages its capital structure to ensure it has sufficient financial resources to sustain proper liquidity, to invest in capital expenditures and research and development expenses, to repay debts and to distribute dividends in accordance to its plan. The management pursues the most suitable capital structure by monitoring and maintaining proper financial ratios as below. The Company aims to enhance the returns of its shareholders through achieving an optimized debt-to-equity ratio from time to time.

	December 31, 2022	December 31, 2021
Short-term borrowings	$ 128,487	45,324
Long-term borrowings (including current installments)	86,815,451	54,654,864
Total liabilities	195,430,026	186,844,575
Total equity	191,410,648	237,966,471
Debt-to-equity ratio	102 %	79 %
Net debt-to-equity ratio(i)	3 %	(11)%

(i) Net debt-to-equity ratio is defined as short-term borrowings plus long-term borrowings less cash and cash equivalents and divided by total equity.

7. Related-party Transactions

All inter-company transactions and balances between AUO and its subsidiaries have been eliminated upon consolidation, and therefore, are not disclosed in this note. The transactions between the Company and other related parties are set out as follows:

(1) Name and relationship of related parties

The following is a summary of related parties that have had transactions with the Company during the periods presented in the consolidated financial statements.

Name of related party	Relationship with the Company
Ennostar Inc. ("Ennostar")	Associate
Lextar Electronics Corporation ("Lextar")	Subsidiary of Ennostar
Lextar Electronics (Suzhou) Co., Ltd. ("LESZ")	Subsidiary of Ennostar
Lextar Electronics (Chuzhou) Corp. ("LEXCZ")	Subsidiary of Ennostar
Epistar Corporation ("Epistar")	Subsidiary of Ennostar
Yenrich Technology Corporation ("Yenrich")	Subsidiary of Ennostar
Trendylite Corporation ("Trendylite")	Subsidiary of Ennostar
Unikorn Semiconductor Corporation ("USC")	Subsidiary of Ennostar
Raydium Semiconductor Corporation ("Raydium")	Associate
Raydium Semiconductor (Kunshan) Co., Ltd. ("RKS")	Subsidiary of Raydium
Star Shining Energy Corporation ("SSEC")	Associate

(Continued)

Name of related party	Relationship with the Company
Fargen Power Corporation (“FGPC”)	Subsidiary of SSEC
Sheng Li Energy Corporation (“SLEC”)	Subsidiary of SSEC
ChampionGen Power Corporation (“CGPC”)	Subsidiary of SSEC
TronGen Power Corporation (“TGPC”)	Subsidiary of SSEC
Ri Ji Power Corporation (“RJPC”)	Subsidiary of SSEC
Ri Jing Power Corporation (“RGPC”)	Subsidiary of SSEC
Mao Zheng Energy Corporation (“MZEC”)	Subsidiary of SSEC
Mao Xin Energy Corporation (“MXEC”)	Subsidiary of SSEC
Sheng Feng Power Corporation (“SFPC”)	Subsidiary of SSEC
Sheng He Power Corporation (“SHPC”)	Subsidiary of SSEC
Sheng Yao Power Corporation (“SYPC”)	Subsidiary of SSEC
Sheng Da Power Corporation (“SDPC”)	Subsidiary of SSEC
Shin Sheng Feng Investment Corp. (“SSFI”)	Subsidiary of SSEC
Renovatio Pictures Co., Ltd. (“RP”)	Associate
Zhao Feng Energy Co., Ltd. (“ZFE”)	Associate
Mega Green Energy Corporation (“MGE”)	Subsidiary of ZFE
YTTEK Technology Corp. (“YTTEK”)	Associate
Daxin Materials Corp. (“Daxin”)	Associate
Darwin Summit Corporation Ltd. (“DSC”)	Associate
ADLINK Technology Inc. (“ADLINK”)	Associate
ADLINK Technology (China) Co., Ltd. (“ADLINKCN”)	Subsidiary of ADLINK
ADLINK Technology GmbH (“ATG”)	Subsidiary of ADLINK
IRIS Optronics Co., Ltd. (“IOC”)	Associate
Ubitech Inc. (“Ubitech”)	Associate(i)
Evonik Forhouse Optical Polymers Corp. (“EFOP”)	Joint venture(ii)
Qisda Corporation (“Qisda”)	Associate
Qisda Vietnam Co., Ltd (“QVH”)	Subsidiary of Qisda
BenQ Corporation (“BenQ”)	Subsidiary of Qisda
BenQ Materials Corp. (“BMC”)	Subsidiary of Qisda
BenQ Medical Technology Corp. (“TMC”)	Subsidiary of Qisda
BenQ Healthcare Corporation (“BHS”)	Subsidiary of Qisda
Qisda (Suzhou) Co., Ltd. (“QCSZ”)	Subsidiary of Qisda
Qisda Electronics (Suzhou) Co., Ltd. (“QCES”)	Subsidiary of Qisda
Qisda Optronics (Suzhou) Co., Ltd. (“QCOS”)	Subsidiary of Qisda

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of related party	Relationship with the Company
Qisda Precision Industry (Suzhou) Co., Ltd. ("QCPS")	Subsidiary of Qisda
Global Intelligence Network Co., Ltd. ("GINNET")	Subsidiary of Qisda
Standard Technology Corp. ("STC")	Subsidiary of Qisda
BenQ Europe B.V. ("BQE")	Subsidiary of Qisda
BenQ America Corporation ("BQA")	Subsidiary of Qisda
BenQ Asia Pacific Corp. ("BQP")	Subsidiary of Qisda
BenQ Co., Ltd. ("BQC")	Subsidiary of Qisda
BenQ Technology (Shanghai) Co., Ltd. ("BQls")	Subsidiary of Qisda
Guru Systems (Suzhou) Co., Ltd. ("GSS")	Subsidiary of Qisda
Mainteq Europe B.V.	Subsidiary of Qisda
Metaguru Corporation ("Metaguru")	Subsidiary of Qisda
BenQ Material (Suzhou) Co., Ltd. ("BMS")	Subsidiary of Qisda
Suzhou BenQ Hospital Co., Ltd. ("QCHS")	Subsidiary of Qisda
DFI Inc. ("DFI")	Subsidiary of Qisda
Data Image Corporation ("DIC")	Subsidiary of Qisda
Data Image (Suzhou) Corporation ("DICSZ")	Subsidiary of Qisda
Partner Tech Corp. ("PTT")	Subsidiary of Qisda
Webest Solution Corp. ("WEBEST")	Subsidiary of Qisda
AEWIN Technologies Co., Ltd. ("AEWIN")	Subsidiary of Qisda
ACE Pillar Co., Ltd. ("ACE")	Subsidiary of Qisda
Tianjin ACE Pillar Co., Ltd. ("ACETJ")	Subsidiary of Qisda
Golden Spirit Co., Ltd. ("GSC")	Subsidiary of Qisda
Alpha Networks Inc. ("Alpha")	Subsidiary of Qisda
LILY Medical Corporation ("LILY")	Subsidiary of Qisda
Hitron Technologies Inc. ("Hitron")	Subsidiary of Qisda
AdvancedTEK International Corp. ("AdvancedTEK")	Subsidiary of Qisda
BenQ Intelligent Technology (Shanghai) Co., Ltd. ("BQC_RO")	Subsidiary of Qisda
Metaage Corporation ("MTG")	Subsidiary of Qisda
Concord Medical Co., Ltd. ("Concord")	Subsidiary of Qisda
Daxon Biomedical (Suzhou) Co., Ltd. ("DTB")	Subsidiary of Qisda
BenQ Materials Medical Supplies (Suzhou) Co., Ltd. ("BMM")	Subsidiary of Qisda
Qisda Optronics Corp. ("QTOS")	Subsidiary of Qisda
AUO Foundation	Substantive related party
BenQ Foundation	Substantive related party[iii]

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of related party	Relationship with the Company
WishMobile, Inc. ("WMI")	Konly represented as a director of WMI[(iv)]
WiBASE Industrial Solutions Inc. ("WIS")	DPTW represented as a director of WIS
ToYou Display (Suzhou) Co., Ltd. ("TYSZ")	AUOSZ represented as a director of TYSZ[(v)]
Jector Digital System Inc. ("JDSI")	Director of Jector
Heilongjiang Tianyouwei Electronics Co., Ltd. ("TYW")	Director of Talenda
SINTRONES Technology Corp. ("SINTRONES")	AUO represented as a director of SINTRONES
Play Nitride Inc. ("PlayNitride")	Konly represented as a director of PlayNitride
Carota Corporation ("Carota")	Konly represented as a director of Carota
PlayNitride Display Co., Ltd. ("PND")	Subsidiary of PlayNitride

(i) The Company sold all of its ownership interests in Ubitech in July 2021. Therefore, Ubitech is no longer a related party of the Company starting from the date of disposal.

(ii) EFOP completed its liquidation in May 2022.

(iii) BenQ Foundation is no longer a related party of the Company starting from the second quarter of 2021.

(iv) The Company has not had significant influence over WMI since October 2021; therefore, WMI was changed from associate to other related party.

(v) The Company sold part of its ownership interests in TYSZ in January 2021. After the disposal, the Company assessed and considered that it did not have significant influence over TYSZ; therefore, TYSZ was changed from joint venture to other related party.

(2) Compensation to key management personnel

Key management personnel's compensation comprised:

	For the years ended December 31,	
	2022	**2021**
Short-term employee benefits	$ 471,604	872,527
Post-employment benefits	1,359	1,402
Share-based payments	39,592	17,276
	$ 512,555	**891,205**

Refer to Note 6(20) for information on share-based payments.

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(3) Except for otherwise disclosed in other notes to the consolidated financial statements, the Company's significant related party transactions and balances were as follows:

a. Sales

	Sales		Accounts receivable from related parties	
	For the years ended December 31,		December 31,	
	2022	2021	2022	2021
Associates	$ 12,869,886	12,904,965	1,254,686	2,478,006
Others	8,306	2,101	817	1,389
	$ 12,878,192	**12,907,066**	**1,255,503**	**2,479,395**

The collection terms for sales to related parties were 25 to 55 days from the end of the month during which the invoice is issued. The pricing for sales to related parties were not materially different from those with third parties.

b. Purchases

	Purchases		Accounts payable to related parties	
	For the years ended December 31,		December 31,	
	2022	2021	2022	2021
Associates	$ 20,938,477	27,141,672	5,889,460	8,821,310
Joint ventures	-	797,785	-	-
Others	5,999	31,226	725	4,051
	$ 20,944,476	**27,970,683**	**5,890,185**	**8,825,361**

The payment terms for purchases from related parties were 45 to 120 days. The pricing and payment terms with related parties were not materially different from those with third parties.

c. Acquisition of property, plant and equipment

	Acquisition prices	
	For the years ended December 31,	
	2022	2021
Associates	$ 62,306	37,972
Others	-	656
	$ 62,306	**38,628**

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

d. Disposal of property, plant and equipment

	Proceeds from disposal For the years ended December 31, 2022	2021	Gains on disposal For the years ended December 31, 2022	2021
Associates	$ 550	-	550	-

e. Other related party transactions

Transaction type	Type of related party	For the years ended December 31, 2022	2021
Rental income	Associates		
	BMC	$ 96,391	95,345
	Others	35,547	33,953
	Joint ventures	-	5,509
	Others	-	3,720
		$ 131,938	138,527
Other income	Associates	$ 64,106	23,955
	Others	142	66
		$ 64,248	24,021
Cost of sales and operating expenses	Associates	$ 107,342	101,001
	Joint ventures	-	23
	Others	157,204	66,150
		$ 264,546	167,174

The Company leased portion of its offices and plants to related parties. The collection term was receipts in advance, and the pricing was not materially different from that with third parties.

Transaction type	Type of related party	December 31, 2022	2021
Other receivables due from related parties	Associates	$ 6,139	20,682
	Others	-	17
		$ 6,139	20,699
Other payables due to related parties,	Associates	$ 20,177	62,110
including payables for equipment	Others	11,614	11,734
		$ 31,791	73,844

(Continued)

The Company participated in capital increase of related parties, including Ennostar for 2022 by $3,484,895 thousand, and PlayNitride, SSEC and WMI for 2021 in the aggregate of $1,231,730 thousand. In addition, for the years ended December 31, 2022 and 2021, the Company entitled for cash dividends declared by related parties of $1,824,694 thousand and $914,322 thousand, respectively. As of December 31, 2022 and 2021, the aforementioned dividends were all received.

8. Pledged Assets

The carrying amounts of the assets which the Company pledged as collateral were as follows:

Pledged assets	Pledged to secure	December 31, 2022	December 31, 2021
Restricted cash in banks[i]	Customs duties, guarantee for warranties, long-term borrowings limit, and outstanding letters of credit	$ 1,109,414	93,124
Land and buildings	Long-term borrowings limit	60,580,031	49,863,581
Machinery and equipment	Long-term borrowings limit	21,373,787	31,810,247
Right-of-use assets	Long-term borrowings limit	77,821	79,030
		$ 83,141,053	81,845,982

[i] Classified as other current financial assets and other noncurrent assets by its liquidity.

9. Significant Contingent Liabilities and Unrecognized Commitments

The significant commitments and contingencies of the Company as of December 31, 2022, in addition to those disclosed in other notes to the consolidated financial statements, were as follows:

(1) Outstanding letters of credit

As at December 31, 2022, the Company had the following outstanding letters of credit for the purpose of purchasing machinery and equipment and materials:

Currency	December 31, 2022 (in thousands)
USD	129,831
JPY	12,988,000

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(2) Technology licensing agreements

Starting in 1998, AUO has entered into technical collaboration, patent licensing, and/or patent cross licensing agreements with Fujitsu Display Technologies Corp. (subsequently assumed by Fujitsu Limited), Toppan Printing Co., Ltd. ("Toppan Printing"), Semiconductor Energy Laboratory Co., Ltd., Japan Display Inc. (formerly Japan Display East Inc./Hitachi Displays, Ltd.), Panasonic Liquid Crystal Display Co., Ltd. (formerly IPS Alpha Technology, Ltd.), LG Display Co., Ltd., Sharp Corporation, Samsung Electronics Co., Ltd., Hydis Technologies Co., Ltd., Sanyo Electronic Co., Ltd., Seiko Epson Corporation and others. AUO believes that it is in compliance with the terms and conditions of the aforementioned agreements.

(3) Purchase commitments

a. In 2021, AUO entered into a long-term materials supply agreement with a supplier, under which, AUO and the supplier agreed on the supply of certain IC chip at agreed prices and quantities.

b. Starting from the third quarter of 2022, ACTW has entered into long-term materials supply agreements with suppliers. Under the agreements, ACTW and the suppliers agreed on the supply of silicon materials at respective agreed prices and quantities.

c. As at December 31, 2022, significant outstanding purchase commitments for construction in progress, property, plant and equipment totaled $33,907,397 thousand.

(4) Litigation

Antitrust civil actions lawsuits in the United States and other jurisdictions

In May 2014, LG Electronics Nanjing Display Co., Ltd. and seven of its affiliates filed a lawsuit in Seoul Central District Court against certain LCD manufacturers including AUO, alleging overcharge and claiming damages. AUO does not believe service has been properly made, but in order to protect its rights, AUO has retained counsel to handle the related matter, and at this stage, the final outcome of these matters is uncertain. AUO has been reviewing the merits of this lawsuit on an on-going basis.

In September 2018, AUOUS received a complaint filed by the Government of Puerto Rico on its own behalf and on behalf of all consumers and governmental agencies of Puerto Rico against certain LCD manufacturers including AUO and AUOUS in the Superior Court of San Juan, Court of First Instance alleging unjust enrichment and claiming unspecified monetary damages. AUO has retained counsel to handle the related matter and intends to defend this lawsuit vigorously. In October 2022, the Superior Court of San Juan, Court of First Instance entered a judgment dismissing the case.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

As of February 8, 2023, the Company has made certain provisions with respect to certain of the above lawsuits as the management deems appropriate, considering factors such as the nature of the litigation or claims, the materiality of the amount of possible loss, the progress of the cases and the opinions or views of legal counsel and other advisors. Management will reassess all litigation and claims at each reporting date based on the facts and circumstances that exist at that time, and will make additional provisions or adjustments to previous provisions. The ultimate amount cannot be ascertained until the relevant cases are closed. The ultimate resolution of the legal proceedings and/or lawsuits cannot be predicted with certainty. While management intends to defend certain of the lawsuits described above vigorously, there is a possibility that one or more legal proceedings or lawsuits may result in an unfavorable outcome to the Company. In addition to the matters described above, the Company is also a party to other litigations or proceedings that arise during the ordinary course of business. Except as mentioned above, the Company, to its knowledge, is not involved as a defendant in any material litigation or proceeding which could be expected to have a material adverse effect on the Company's business or results of operations.

10. Significant Disaster Losses: None

11. Subsequent Event: None

12. Others

Since 2010, there have been environmental proceedings relating to the development project of the Central Taiwan Science Park in Houli, Taichung, which AUO's second 8.5 generation fab is located at (the "Project"). The Environmental Protection Administration ("EPA") of the Executive Yuan of Taiwan issued the environmental assessment and development approval on November 6, 2018. On October 24, 2019, the Appeal Review Committee of the Executive Yuan rejected the administrative appeal filed by five local residents. On December 24, 2019, the residents filed an administrative action for invalidating the environmental assessment again and the Appeal Review Committee of the Executive Yuan ruled in the residents' favor on July 21, 2022 and invalidated the environmental assessment approval. The EPA filed an appeal in the Supreme Administrative Court on August 17, 2022. The Company will continue to monitor the development of this event.

13. Additional Disclosures

(1) Information on significant transactions:

Following are the additional disclosures required by the Regulations for the Company for the year ended December 31, 2022.

a. Financings provided: Please see Table 1 attached.

b. Endorsements/guarantees provided: Please see Table 2 attached.

c. Marketable securities held (excluding investment in subsidiaries, associates and joint ventures): Please see Table 3 attached.

d. Individual marketable securities acquired or disposed of with costs or prices exceeding NT$300 million or 20% of the paid-in capital: Please see Table 4 attached.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

e. Acquisition of individual real estate with costs exceeding NT$300 million or 20% of the paid-in capital: None

f. Disposal of individual real estate with prices exceeding NT$300 million or 20% of the paid-in capital: Please see Table 5 attached.

g. Purchases from or sales to related parties with amounts exceeding NT$100 million or 20% of the paid-in capital: Please see Table 6 attached.

h. Receivables from related parties with amounts exceeding NT$100 million or 20% of the paid-in capital: Please see Table 7 attached.

i. Information about trading in derivative instruments: Please see Note 6(2).

j. Business relationship and significant intercompany transactions: Please see Table 8 attached.

(2) Information on investees (excluding information on investment in Mainland China): Please see Table 9 attached.

(3) Information on investment in Mainland China:

a. The related information on investment in Mainland China: Please see Table 10.1 and 10.2 attached.

b. Upper limit on investment in Mainland China: Please see Table 10.1 and 10.2 attached.

c. Significant transactions:

Significant direct or indirect transactions with the investees in Mainland China for the year ended December 31, 2022, for which intercompany transactions were eliminated upon consolidation, are disclosed in Note 13(1) "Information on significant transactions".

(4) Major shareholders:

Major Shareholder	**Shares**	
	Total Shares Owned	**Ownership Percentage**
Qisda	530,878,896	6.89 %
Trust Holding for Employees of AUO Corporation	395,478,284	5.13 %

Note: This table discloses the information that shareholders who hold in total, more than 5% of AUO's common shares and preferred shares that are in dematerialized form and with the registration being completed. The aforesaid information was provided by Taiwan Depository & Clearing Corporation and calculated based on the data on the last business day at the end of each quarter.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

14. Segment Information

(1) Operating segment information

The Company has two operating segments: display and energy. The display segment generally is engaged in the research, development, design, manufacturing and sale of flat panel displays and most of our products are TFT-LCD panels. The energy segment primarily is engaged in the design, manufacturing and sale of ingots, solar wafers and solar modules, as well as providing technical engineering services and maintenance services for solar system projects.

Segment results are excluding non-operating income and expenses and income tax expense (benefit). There are no differences between the consolidated financial statements for the years ended December 31, 2022 and 2021 with the financial results received by the Company's chief operating decision maker. The accounting policies for the operating segments are the same as those used in preparation of the consolidated financial statements of the Company. The Company uses the net revenue, profit (loss) from operations and segment profit (loss) excluding depreciation and amortization as the basis of segment performance assessment.

	For the year ended December 31, 2022		
	Display segment	**Energy segment**	**Total segments**
Net revenue from external customers	$ 225,890,434	20,902,240	246,792,674
Segment profit (loss)	$ (25,346,461)	1,376,065	(23,970,396)
Net non-operating income and expenses			4,464,204
Consolidated profit (loss) before income tax			$ (19,506,192)
Segment profit (loss) excluding depreciation and amortization	$ 5,634,505	1,861,452	7,495,957
Segment assets			$ 386,840,674

	For the year ended December 31, 2021		
	Display segment	**Energy segment**	**Total segments**
Net revenue from external customers	$ 358,414,101	12,271,040	370,685,141
Segment profit (loss)	$ 62,040,808	1,034,808	63,075,616
Net non-operating income and expenses			3,331,179
Consolidated profit (loss) before income tax			$ 66,406,795
Segment profit (loss) excluding depreciation and amortization	$ 95,148,029	1,592,187	96,740,216
Segment assets			$ 424,811,046

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(2) Geographic information

a. Net revenue from external customers: See Note 6(21).

b. Consolidated noncurrent assets(i)

Region	December 31, 2022	December 31, 2021
Taiwan	$ 145,471,577	148,037,327
PRC (including Hong Kong)	55,329,413	47,035,469
Others	4,224,605	3,636,987
	$ 205,025,595	**198,709,783**

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

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

AUO CORPORATION AND SUBSIDIARIES
Financings Provided
For the year ended December 31, 2022
(Amount in thousands of New Taiwan Dollars)

Table 1

No.	Financing Company	Borrowing Company	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 3)	Ending Balance (Notes 1 and 2)	Amount Actually Drawn Down (Notes 1 and 4)	Interest Rate	Nature of Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Notes 1 and 5)	Limits on Financing Company's Total Financing Amount (Notes 1 and 5)
													Item	Value		
0	AUO	AETTW	Other receivables from related parties	Yes	400,000	200,000	200,000	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	18,509,909	74,039,636
0	AUO	ACTW	Other receivables from related parties	Yes	2,600,000	1,800,000	1,400,000	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	18,509,909	74,039,636
0	AUO	S4M	Other receivables from related parties	Yes	130,000	100,000	50,000	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	18,509,909	74,039,636
0	AUO	DPTW	Other receivables from related parties	Yes	1,000,000	-	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	18,509,909	74,039,636
0	AUO	AUOKS	Other receivables from related parties	Yes	16,246,330	7,492,920	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	18,509,909	74,039,636
1	AUOLB	AUOKS	Other receivables from related parties	Yes	18,071,160	16,308,120	11,900,520	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	75,152,215	75,152,215

No.	Financing Company	Borrowing Company	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 3)	Ending Balance (Notes 1 and 2)	Amount Actually Drawn Down (Notes 1 and 4)	Interest Rate	Nature of Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Notes 1 and 5)	Limits on Financing Company's Total Financing Amount (Notes 1 and 5)
													Item	Value		
2	AUOKS	AUOXM	Other receivables from related parties	Yes	1,763,040	1,763,040	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	17,614,705	17,614,705
2	AUOKS	AUOSZ	Other receivables from related parties	Yes	881,520	881,520	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	17,614,705	17,614,705
3	AUOXM	AUOSZ	Other receivables from related parties	Yes	881,520	881,520	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	15,723,188	15,723,188
3	AUOXM	AUOKS	Other receivables from related parties	Yes	4,782,580	2,424,180	661,140	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	15,723,188	15,723,188
4	BVXM	AUOKS	Other receivables from related parties	Yes	881,520	881,520	440,760	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	1,366,135	1,366,135
5	AUOSJ	AMIXM	Other receivables from related parties	Yes	72,082	70,522	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	4,230,358	4,230,358
5	AUOSJ	AMISZ	Other receivables from related parties	Yes	112,628	22,038	13,223	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	4,230,358	4,230,358
5	AUOSJ	ACTSZ	Other receivables from related parties	Yes	108,122	52,891	8,815	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	4,230,358	4,230,358

No.	Financing Company	Borrowing Company	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 3)	Ending Balance (Notes 1 and 2)	Amount Actually Drawn Down (Notes 1 and 4)	Interest Rate	Nature of Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Notes 1 and 5)	Limits on Financing Company's Total Financing Amount (Notes 1 and 5)
													Item	Value		
5	AUOSJ	ATISZ	Other receivables from related parties	Yes	90,102	44,076	44,076	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	4,230,358	4,230,358
5	AUOSJ	AUOKS	Other receivables from related parties	Yes	2,424,180	1,983,420	1,983,420	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	4,230,358	4,230,358
5	AUOSJ	ADTSZ	Other receivables from related parties	Yes	45,051	44,076	4,408	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	4,230,358	4,230,358
5	AUOSJ	AETSZ	Other receivables from related parties	Yes	450,510	352,608	242,418	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	4,230,358	4,230,358
6	AUOSZ	AUOXM	Other receivables from related parties	Yes	881,520	881,520	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	19,230,531	19,230,531
6	AUOSZ	AUOKS	Other receivables from related parties	Yes	9,035,580	9,035,580	5,509,500	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	19,230,531	19,230,531
7	DPSZ	FTWJ	Other receivables from related parties	Yes	225,255	-	-	Adjusted by base lending rate of People's Bank of China	Needs for short-term financing	-	Operating capital	-	-	-	1,322,407	1,322,407
8	FPWJ	FTWJ	Other receivables from related parties	Yes	448,750	440,760	220,380	Based on base lending rate of People's Bank of China or China LPR	Needs for short-term financing	-	Operating capital	-	-	-	727,463	727,463

No.	Financing Company	Borrowing Company	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 3)	Ending Balance (Notes 1 and 2)	Amount Actually Drawn Down (Notes 1 and 4)	Interest Rate	Nature of Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Notes 1 and 5)	Limits on Financing Company's Total Financing Amount (Notes 1 and 5)
													Item	Value		
9	FTWJ	FHWJ	Other receivables from related parties	Yes	21,835	-	-	Adjusted by base lending rate of People's Bank of China	Needs for short-term financing	-	Operating capital	-	-	-	1,251,588	1,251,588

Note 1: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the exchange rates at the reporting date.

Note 2: The ending balance represents the amounts approved by the Board of Directors.

Note 3: The maximum balance for the period represents the highest amount in New Taiwan Dollars announced or occurred during the period.

Note 4: All inter-company transactions among AUO and its subsidiaries have been eliminated in the consolidated financial statements.

Note 5: The policy for the limit on total financing amount and the financing limit for any individual entity are prescribed as follows:

a. AUO: The total amount available for lending purposes shall not exceed 40% of AUO's net worth as stated in its latest financial statement. The total amount for lending to a company shall not exceed 10% of AUO's net worth as stated in its latest financial statement.

b. AUOLB, AUOKS, AUOSZ, AUOXM, AUOSJ and BVXM: The total amount available for lending purposes shall not exceed 40% of the net worth of the lending company as stated in its latest financial statement. The total amount for lending to a company shall not exceed 40% of the net worth of the lending company as stated in its latest financial statement.

c. In the event that the financing is between foreign subsidiaries whose voting shares are 100% owned, directly or indirectly, by AUO, the aggregate amount available for lending to such borrowers and total amount lendable to a company both shall not exceed the net worth of the lending company as stated in its latest financial statement.

d. DPSZ, FPWJ and FTWJ: The total amount available for lending purposes shall not exceed 40% of the net worth of the lending company. The total amount for lending to a company shall not exceed 40% of the net worth of the lending company.

e. In the event that the financing is between foreign subsidiaries whose voting shares are 100% owned, directly and indirectly, by DPTW, the aggregate amount available for lending to such borrowers and the total amount lendable to each of such borrowers shall not exceed the net worth of the lending company.

AUO CORPORATION AND SUBSIDIARIES
Endorsements/Guarantees Provided
For the year ended December 31, 2022
(Amount in thousands of New Taiwan Dollars)

Table 2

No.	Endorser/ Guarantor	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided for Each Party (Notes 4 and 5)	Maximum Endorsement/ Guarantee Balance for the Period (Note 2)	Ending Balance (Notes 3 and 4)	Amount Actually Drawn Down (Note 4)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Notes 4 and 5)	Endorsement/ Guarantee Provided by Parent Company to Subsidiary	Endorsement/ Guarantee Provided by Subsidiary to Parent Company	Endorsement/ Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship (Note 1)										
0	AUO	AUOKS	2	92,549,545	19,685,731	19,153,434	1,570,467	-	10.35%	185,099,091	Yes	No	Yes
1	DPXM	DPTW	3	1,628,926	436,700	-	-	-	-	1,628,926	No	No	No
2	FPWJ	FTWJ	4	290,985	225,255	220,380	-	-	30.29%	290,985	No	No	Yes

Note 1: The relationship between the endorser/guarantor and the guaranteed party:
1. A company with which it does business.
2. A company in which the Company directly and indirectly holds more than 50% of the voting shares.
3. A company that directly and indirectly holds more than 50% of the voting shares in the Company.
4. Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares.
5. A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
6. A company that all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 2: The maximum endorsement/guarantee balance for the period represents the highest amount in New Taiwan Dollars announced or occurred during the period.

Note 3: The ending balance represents the amounts approved by the Board of Directors.

Note 4: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the exchange rates at the reporting date.

Note 5: The policy for the limit of total endorsement/guarantee amount and the limit on endorsement/guarantee amount provided to each party are prescribed as follows:

a. AUO: The total endorsement/guarantee amount provided shall not exceed the net worth of AUO as stated in its latest financial statement. The aggregate amount of endorsement/guarantee provided to each guaranteed party shall not exceed 50% of AUO’s net worth as stated in its latest financial statement.

b. DPXM and FPWJ: The total endorsement/guarantee amount provided and the aggregate amount of endorsement/guarantee provided to each guaranteed party both shall not exceed 40% of the net worth of the endorser/guarantor as stated in its latest financial statement.

AUO CORPORATION AND SUBSIDIARIES

Marketable Securities Held (Excluding Investment in Subsidiaries, Associates and Joint Ventures)

December 31, 2022

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

Table 3

Name of Holder	Type and Name of Marketable Securities	Relationship with the Securities Issuer	Financial Statement Account	December 31, 2022				Maximum Shareholding in the Interim	Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value		
AUO	SINTRONES Technology Corp.'s stock	Related party	Financial assets at FVTOCI—noncurrent	1,338	85,362	7.06 %	85,362	7.06 %	
ADPNL	Avocor Technologies USA, Inc.'s stock	-	Financial assets at FVTOCI—noncurrent	317	USD 2,001	4.43 %	USD 2,001	4.59 %	
AUOLB	Abakus Solar AG's stock	-	Financial assets at FVTPL—noncurrent	3	-	2.22 %	-	2.22 %	
AUOSH	T-powertek Optronics Co., Ltd.'s stock	-	Financial assets at FVTOCI—noncurrent	1,293	CNY 6,250	1.58 %	CNY 6,250	1.58 %	
AUOSZ	ToYou Display (Suzhou) Co., Ltd.'s stock	Related party	Financial assets at FVTOCI—noncurrent	-	CNY 7,931	18.00 %	CNY 7,931	18.00 %	
Konly	Carota Corporation's stock	Related party	Financial assets at FVTOCI—noncurrent	2,997	247,038	8.58 %	247,038	8.58 %	
Konly	Mindtronic AI Co. Ltd.'s stock	-	Financial assets at FVTOCI—noncurrent	36	29,943	3.17 %	29,943	3.17 %	
Konly	PlayNitride Inc.'s stock	Related party	Financial assets at FVTOCI—noncurrent	7,535	750,449	7.03 %	750,449	7.47 %	
Konly	SnapBizz CloudTech Pte. Ltd.'s stock	-	Financial assets at FVTOCI—noncurrent	13	-	4.61 %	-	4.61 %	
Konly	Azotek Co., Ltd.'s stock	-	Financial assets at FVTOCI—noncurrent	2,407	7,345	3.96 %	7,345	3.98 %	
Konly	WishMobile, Inc.'s stock	Related party	Financial assets at FVTOCI—noncurrent	8,625	16,531	14.38 %	16,531	14.38 %	
Konly	Chenfeng Optronics Corporation's stock	-	Financial assets at FVTPL—noncurrent	1,500	-	1.60 %	-	2.06 %	
Konly	GCS Holdings, Inc.'s stock	-	Financial assets at FVTOCI—noncurrent	1,119	43,641	1.01 %	43,641	1.23 %	
Konly	a2peak power Co., Ltd.'s stock	-	Financial assets at FVTPL—noncurrent	4,000	-	10.87 %	-	10.87 %	
Konly	SINTRONES Technology Corp.'s stock	Related party	Financial assets at FVTOCI—noncurrent	1,402	89,419	7.40 %	89,419	7.40 %	
DPTW	Disign Incorporated's stock	-	Financial assets at FVTOCI—noncurrent	2	10,714	19.89 %	10,714	19.89 %	
DPTW	Evertrust Technology Ltd.'s stock	-	Financial assets at FVTOCI—noncurrent	150	1,500	16.13 %	1,500	16.13 %	
DPTW	D8AI Inc.'s stock	-	Financial assets at FVTOCI—noncurrent	8,400	8,649	4.91 %	8,649	4.91 %	Note
DPTW	HUAI I Precision Technology Co., Ltd.'s stock	-	Financial assets at FVTOCI—noncurrent	2,914	34,968	10.00 %	34,968	10.00 %	

Name of Holder	Type and Name of Marketable Securities	Relationship with the Securities Issuer	Financial Statement Account	December 31, 2022				Maximum Shareholding in the Interim	Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value		
DPTW	WiBASE Industrial Solutions Inc.'s stock	Related party	Financial assets at FVTOCI－noncurrent	3,536	42,432	9.05 %	42,432	9.11 %	
Ronly	PlayNitride Inc.'s stock	Related party	Financial assets at FVTOCI－noncurrent	2,011	200,254	1.88 %	200,254	1.99 %	
Ronly	ProfetAI Inc.'s stock	-	Financial assets at FVTOCI－noncurrent	911	40,823	13.58 %	40,823	13.58 %	
Ronly	Exploit Technology Co., Ltd.'s stock	-	Financial assets at FVTPL－noncurrent	41	-	0.49 %	-	0.49 %	
Ronly	Cruise10 Co., Ltd.'s stock	-	Financial assets at FVTOCI－noncurrent	1,250	20,000	10.53 %	20,000	10.53 %	
Ronly	Prognosis Technology Inc.'s stock	-	Financial assets at FVTOCI－noncurrent	245	11,025	11.16 %	11,025	11.16 %	
Ronly	GCS Holdings, Inc.'s stock	-	Financial assets at FVTOCI－noncurrent	3,500	136,500	3.16 %	136,500	3.17 %	

Note: DPTW previously held 7,000 thousand shares of D8AI Holdings Corporation. In December, 2022, due to D8AI’s business restructuring, DPTW acquired shares of D8AI Inc. according to the share exchange ratio of 1:1.2.

AUO CORPORATION AND SUBSIDIARIES

Individual Marketable Securities Acquired or Disposed of with Costs or Prices Exceeding NT$300 Million or 20% of the Paid-in Capital

For the year ended December 31, 2022

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

Table 4

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance		Note
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain/Loss on Disposal	Shares	Amount	
AUO	Ennostar's stock	Investments in equity-accounted investees	-	-	26,319	2,248,301	67,250	3,484,895	-	-	-	-	93,569	6,963,339	Notes 1&2
AUO	Konly's stock	Investments in equity-accounted investees	-	-	409,008	8,207,625	60,550	1,304,853	-	-	-	-	469,558	9,565,450	Notes 1&3
AUO	Ronly's stock	Investments in equity-accounted investees	-	-	378,576	4,496,552	74,700	900,135	-	-	-	-	453,276	4,962,670	Notes 1&3
ADPNL	RVI's stock	Investments in equity-accounted investees	-	-	-	-	28,775	USD 27,204	-	-	-	-	28,775	USD 26,403	Notes 1&4
Konly	ADLINK's stock	Investments in equity-accounted investees	-	-	5,944	300,682	10,000	610,000	-	-	-	-	15,944	941,814	Notes 1&5
ADP	ADPNL's stock	Investments in equity-accounted investees	-	-	-	125,776	-	715,065	-	-	-	-	-	881,401	Notes 1&3
Ronly	ADLINK's stock	Investments in equity-accounted investees	-	-	1,175	73,771	12,000	732,000	-	-	-	-	13,175	848,721	Notes 1&5

Note 1: The ending balance includes the recognition of investment gain (loss) and other related adjustments under the equity method.

Note 2: Acquisition was made through private placement offering.

Note 3: Acquisition was made through participating in capital increase.

Note 4: Acquisition was made from a third party.

Note 5: Acquisition was made on the open market.

AUO CORPORATION AND SUBSIDIARIES

Disposal of Individual Real Estate with Costs Exceeding NT$300 Million or 20% of the Paid-in Capital

For the year ended December 31, 2022

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

Table 5

Company Name	Property	Date of the Event	Date of Original Acquisition	Carrying Amount	Transaction Amount	Status of Proceeds Collection	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Pricing Reference	Other Terms	Note
DPTW	Land and buildings	June 2022	December 2005	1,335,020	2,285,894	150,000	950,874	Four natural persons	Non-related party	Activating assets and enhancing the efficient use of working capital	A report on the appraisal price of a real estate appraiser	None	Note 1
AUOXM	Land and buildings	October 2022	July 2006~ July 2010~	CNY 133,041	CNY 318,966	CNY 163,610	-	Xiamen Torch Hi-Tech Industrial Development Zone Investment Service Center Co., Ltd.	Non-related party	Activating assets	A report on the appraisal price of a real estate appraiser	None	Note 2

Note: 1. The transaction amount is the disposal amount net of relevant costs and taxes. See Note 6(10).

2. This transaction has not been completed, and the relevant transaction costs and taxes have not yet been determined. See Note 6(10).

AUO CORPORATION AND SUBSIDIARIES
Purchases from or Sales to Related Parties with Amounts Exceeding NT$100 Million or 20% of the Paid-in Capital
For the year ended December 31, 2022
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 6

Company Name	Counterparty	Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchases /Sales	Amount (Note 2)	Percentage of Total Purchases /Sales	Credit Terms	Unit Price (Note 1)	Credit Terms (Note 1)	Ending Balance (Note 2)	Percentage of Total Notes /Accounts Receivable (Payable)	
AUO	AUOKS	Subsidiary of AUO	Purchases	20,407,615	12%	EOM 30 days	-		(1,977,483)	(5)%	
AUO	AUOSK	Subsidiary of AUO	Purchases	134,091	-	EOM 45 days	-		(20,412)	-	
AUO	AUOSZ	Subsidiary of AUO	Purchases	34,603,976	21%	EOM 45 days	-		(9,896,076)	(23)%	
AUO	AUOXM	Subsidiary of AUO	Purchases	29,608,493	18%	EOM 45 days	-		(8,482,244)	(20)%	
AUO	AUST	Subsidiary of AUO	Purchases	3,719,819	2%	EOM 45 days	-		(653,618)	(2)%	
AUO	Qisda	Associate	Purchases	5,389,542	3%	EOM 45 days	-		(604,052)	(1)%	
AUO	BMC	Subsidiary of Qisda	Purchases	3,286,211	2%	EOM 90 days	-		(1,013,320)	(2)%	
AUO	Raydium	Associate	Purchases	1,029,679	1%	EOM 120 days	-		(317,705)	(1)%	
AUO	Daxin	Associate	Purchases	1,893,001	1%	EOM 120 days	-		(658,846)	(2)%	
AUO	DPTW	Subsidiary of AUO	Purchases	2,521,229	2%	EOM 60 days	-		(576,468)	(1)%	
AUO	AUOSZ	Subsidiary of AUO	Sales	(2,950,678)	(1)%	EOM 45 days	-		-	-	
AUO	AUOUS	Subsidiary of AUO	Sales	(121,759)	-	EOM 75 days	-		25,029	-	
AUO	AUOXM	Subsidiary of AUO	Sales	(2,312,706)	(1)%	EOM 45 days	-		-	-	
AUO	DICSZ	Subsidiary of Qisda	Sales	(208,453)	-	EOM 45 days	-		19,727	-	
AUO	QCSZ	Subsidiary of Qisda	Sales	(3,457,619)	(2)%	EOM 55 days	-		229,432	1%	
AUO	QVH	Subsidiary of Qisda	Sales	(195,601)	-	EOM 55 days	-		6,788	-	
AUO	CGPC	Subsidiary of SSEC	Sales	(242,892)	-	EOM 25 days	-		(130)	-	

Company Name	Counterparty	Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchases /Sales	Amount (Note 2)	Percentage of Total Purchases /Sales	Credit Terms	Unit Price (Note 1)	Credit Terms (Note 1)	Ending Balance (Note 2)	Percentage of Total Notes /Accounts Receivable (Payable)	
AUO	BenQ	Subsidiary of Qisda	Sales	(1,271,750)	(1)%	EOM 55 days	-		129,177	1%	
AUO	SLEC	Subsidiary of SSEC	Sales	(149,465)	-	EOM 25 days	-		(3,382)	-	
AUO	SFPC	Subsidiary of SSEC	Sales	(2,640,414)	(1)%	EOM 25 days	-		-	-	
AUO	MXEC	Subsidiary of SSEC	Sales	(903,509)	-	EOM 25 days	-		89,918	1%	
AUO	MZEC	Subsidiary of SSEC	Sales	(2,929,069)	(1)%	EOM 25 days	-		683,385	4%	
AUO	ADP	Subsidiary of AUO	Sales	(24,710,610)	(11)%	EOM 45 days	-		4,178,523	24%	
ADPNL	ADP	Subsidiary of AUO	Purchases	USD 59,038	100%	EOM 30 days	-		USD (2,511)	(100)%	
ADPSZ	ADP	Subsidiary of AUO	Sales	CNY (27,087)	(62)%	EOM 45 days	-		-	-	
ADPUS	ADP	Subsidiary of AUO	Sales	USD (4,490)	(99)%	EOM 30 days	-		-	-	
AETSZ	AUOKS	Subsidiary of AUO	Sales	CNY (123,712)	(97)%	EOM 30 days	-		CNY 35,366	95%	
AMIXM	AUOXM	Subsidiary of AUO	Sales	CNY (23,991)	(72)%	EOM 30 days	-		CNY 14,053	82%	
AUOKS	AUOSZ	Subsidiary of AUO	Purchases	CNY 264,355	10%	EOM 60 days	-		CNY (72,017)	(8)%	
AUOKS	Qisda	Associate	Purchases	CNY 74,740	3%	EOM 120 days	-		CNY (27,293)	(3)%	
AUOKS	Raydium	Associate	Purchases	CNY 96,137	4%	EOM 120 days	-		CNY (31,652)	(4)%	
AUOKS	DPTW	Subsidiary of AUO	Purchases	CNY 59,219	2%	EOM 120 days	-		CNY (19,393)	(2)%	
AUOKS	AUO	Ultimate parent company	Sales	CNY (4,614,050)	(83)%	EOM 30 days	-		CNY 454,472	74%	
AUOKS	AUOXM	Subsidiary of AUO	Sales	CNY (745,304)	(13)%	EOM 30 days	-		CNY 129,433	21%	
AUOSH	AUO	Ultimate parent company	Sales	CNY (44,369)	(96)%	End of quarter 25 days	-		-	-	
AUOSK	AUO	Ultimate parent company	Sales	EUR (4,655)	(81)%	EOM 45 days	-		EUR 1,040	84%	
AUOSZ	AUO	Ultimate parent company	Purchases	CNY 697,816	9%	EOM 45 days	-		-	-	
AUOSZ	Qisda	Associate	Purchases	CNY 278,450	4%	EOM 120 days	-		CNY (91,682)	(4)%	
AUOSZ	BMC	Subsidiary of Qisda	Purchases	CNY 219,855	3%	EOM 90 days	-		CNY (77,494)	(3)%	
AUOSZ	Raydium	Associate	Purchases	CNY 553,860	7%	EOM 120 days	-		CNY (186,296)	(8)%	

Company Name	Counterparty	Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchases /Sales	Amount (Note 2)	Percentage of Total Purchases /Sales	Credit Terms	Unit Price (Note 1)	Credit Terms (Note 1)	Ending Balance (Note 2)	Percentage of Total Notes /Accounts Receivable (Payable)	
AUOSZ	DPTW	Subsidiary of AUO	Purchases	CNY 234,775	3%	EOM 120 days	-		CNY (81,109)	(3)%	
AUOSZ	Lextar	Subsidiary of Ennostar	Purchases	CNY 38,278	1%	EOM 120 days	-		CNY (10,684)	-	
AUOSZ	AUO	Ultimate parent company	Sales	CNY (7,837,816)	(82)%	EOM 45 days	-		CNY 2,248,898	96%	
AUOSZ	AUOKS	Subsidiary of AUO	Sales	CNY (264,354)	(3)%	EOM 60 days	-		CNY 72,017	3%	
AUOSZ	ADP	Subsidiary of AUO	Sales	CNY (1,502,074)	(16)%	EOM 45 days	-		CNY (194)	-	
AUOUS	AUO	Ultimate parent company	Purchases	USD 4,085	100%	EOM 75 days	-		USD (814)	(100)%	
AUOUS	AUO	Ultimate parent company	Sales	USD (5,796)	(58)%	EOM 30 days	-		-	-	
AUOXM	AUO	Ultimate parent company	Purchases	CNY 533,832	7%	EOM 45 days	-		-	-	
AUOXM	AUOKS	Subsidiary of AUO	Purchases	CNY 743,908	10%	EOM 30 days	-		CNY (129,433)	(5)%	
AUOXM	DPXM	Subsidiary of AUO	Purchases	CNY 45,824	1%	EOM 120 days	-		CNY (18,956)	(1)%	
AUOXM	BMC	Subsidiary of Qisda	Purchases	CNY 192,437	3%	EOM 90 days	-		CNY (78,122)	(3)%	
AUOXM	Raydium	Associate	Purchases	CNY 499,607	7%	EOM 120 days	-		CNY (192,589)	(8)%	
AUOXM	DPTW	Subsidiary of AUO	Purchases	CNY 241,775	3%	EOM 120 days	-		CNY (89,363)	(4)%	
AUOXM	Lextar	Subsidiary of Ennostar	Purchases	CNY 24,741	-	EOM 120 days	-		CNY (8,257)	-	
AUOXM	AUO	Ultimate parent company	Sales	CNY (6,683,793)	(80)%	EOM 45 days	-		CNY 1,929,145	90%	
AUOXM	ADP	Subsidiary of AUO	Sales	CNY (280,436)	(3)%	EOM 45 days	-		CNY (2)	-	
AUST	AUO	Ultimate parent company	Sales	USD (125,446)	(100)%	EOM 45 days	-		USD 21,268	99%	
DPXM	DPTW	Subsidiary of AUO	Purchases	CNY 24,241	2%	EOM 60 days	-		CNY (17,946)	(7)%	
DPXM	AUOXM	Subsidiary of AUO	Sales	CNY (45,789)	(2)%	EOM 120 days	-		CNY 18,956	6%	
DPXM	DPTW	Subsidiary of AUO	Sales	CNY (324,254)	(16)%	EOM 90 days	-		CNY 126,742	42%	
FTWJ	Lextar	Subsidiary of Ennostar	Purchases	CNY 57,962	11%	EOM 120 days	-		CNY (18,257)	(3)%	
FTWJ	DPTW	Subsidiary of AUO	Sales	CNY (882,568)	(98)%	EOM 90 days	-		CNY 642,477	99%	
M.Setek	ACTW	Subsidiary of AUO	Sales	JPY (4,830,445)	(91)%	EOM 45 days	-		JPY 3,357,988	99%	

Company Name	Counterparty	Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchases /Sales	Amount (Note 2)	Percentage of Total Purchases /Sales	Credit Terms	Unit Price (Note 1)	Credit Terms (Note 1)	Ending Balance (Note 2)	Percentage of Total Notes /Accounts Receivable (Payable)	
Jector	ADP	Subsidiary of AUO	Purchases	192,978	42%	EOM 45 days	-		(49,505)	(30)%	
AETTW	AUO	Ultimate parent company	Sales	(359,384)	(49)%	EOM 60 days	-		91,035	53%	
ACTW	M.Setek	Subsidiary of AUO	Purchases	1,149,060	19%	EOM 45 days	-		(776,031)	(65)%	
ADP	AUO	Ultimate parent company	Purchases	24,672,047	75%	EOM 45 days	-		(4,167,272)	(99)%	
ADP	AUOSZ	Subsidiary of AUO	Purchases	6,617,129	20%	EOM 45 days	-		-	-	
ADP	AUOXM	Subsidiary of AUO	Purchases	1,239,246	4%	EOM 45 days	-		-	-	
ADP	ADPNL	Subsidiary of AUO	Sales	(1,722,724)	(5)%	EOM 30 days	-		78,201	2%	
ADP	QCOS	Subsidiary of Qisda	Sales	(458,483)	(1)%	EOM 55 days	-		64,273	2%	
ADP	Jector	Subsidiary of AUO	Sales	(194,018)	(1)%	EOM 45 days	-		57,183	2%	
DPTW	DPXM	Subsidiary of AUO	Purchases	1,412,554	22%	EOM 90 days	-		(474,921)	(25)%	
DPTW	FTWJ	Subsidiary of AUO	Purchases	3,871,365	59%	EOM 90 days	-		(1,180,377)	(63)%	
DPTW	AUO	Ultimate parent company	Sales	(2,662,674)	(39)%	EOM 60 days	-		467,150	27%	
DPTW	AUOKS	Subsidiary of AUO	Sales	(259,455)	(4)%	EOM 120 days	-		85,573	5%	
DPTW	AUOSZ	Subsidiary of AUO	Sales	(1,027,514)	(15)%	EOM 120 days	-		357,899	21%	
DPTW	AUOXM	Subsidiary of AUO	Sales	(1,064,997)	(16)%	EOM 120 days	-		394,321	23%	
DPTW	DPXM	Subsidiary of AUO	Sales	(106,910)	(2)%	EOM 60 days	-		586	-	

Note 1: Transaction terms with related parties were similar to those with third parties, except for particular transactions with no similar transactions to compare with. For those transactions, transaction terms were determined in accordance with mutual agreements.

Note 2: All inter-company transactions among AUO and its subsidiaries have been eliminated in the consolidated financial statements.

AUO CORPORATION AND SUBSIDIARIES

Receivables from Related Parties with Amounts Exceeding NT$100 Million or 20% of the Paid-in Capital

December 31, 2022

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

Table 7

Company Name	Counterparty	Relationship	Ending Balance of Receivables (Note 3)	Turnover Rate	Overdue Receivables		Amounts Received in Subsequent Period (Note 1)	Allowance for Bad Debts
					Amount	Action Taken		
AUO	QCSZ	Subsidiary of Qisda	229,432	7.32	-	-	-	-
AUO	AETTW	Subsidiary of AUO	201,014	(Note 2)	-	-	-	-
AUO	ACTW	Subsidiary of AUO	1,407,208	(Note 2)	-	-	-	-
AUO	BenQ	Subsidiary of Qisda	129,177	4.67	-	-	-	-
AUO	MZEC	Subsidiary of SSEC	683,385	4.37	-	-	-	-
AUO	ADP	Subsidiary of AUO	4,546,425	(Note 2)	79,561	Will be collected in next period	-	-
AETSZ	AUOKS	Subsidiary of AUO	CNY 35,366	7.00	CNY 35,366	Will be collected in next period	-	-
AUOKS	AUO	Ultimate parent company	CNY 454,472	5.45	CNY 9,207	Collected in subsequent period	CNY 303,646	-
AUOKS	AUOXM	Subsidiary of AUO	CNY 129,433	6.65	CNY 6,724	Will be collected in next period	-	-
AUOLB	AUOKS	Subsidiary of AUO	USD 392,157	(Note 2)	-	-	-	-
AUOSJ	AETSZ	Subsidiary of AUO	CNY 56,104	(Note 2)	-	-	-	-
AUOSJ	AUOKS	Subsidiary of AUO	CNY 456,276	(Note 2)	-	-	-	-
AUOSZ	AUO	Ultimate parent company	CNY 2,248,898	3.22	CNY 26,265	Collected in subsequent period	CNY 1,232,958	-
AUOSZ	AUOKS	Subsidiary of AUO	CNY 1,335,378	(Note 2)	CNY 24,417	Collected in subsequent period	CNY 36,224	-
AUOXM	AUO	Ultimate parent company	CNY 1,929,145	3.02	CNY 99,453	Collected in subsequent period	CNY 981,395	-
AUOXM	AUOKS	Subsidiary of AUO	CNY 154,593	(Note 2)	CNY 25	Will be collected in next period	-	-
AUST	AUO	Ultimate parent company	USD 21,268	5.57	-	-	-	-
BVXM	AUOKS	Subsidiary of AUO	CNY 102,981	(Note 2)	-	-	-	-
DPXM	DPTW	Subsidiary of AUO	CNY 126,742	1.79	-	-	-	-

Company Name	Counterparty	Relationship	Ending Balance of Receivables (Note 3)		Turnover Rate	Overdue Receivables			Amounts Received in Subsequent Period (Note 1)		Allowance for Bad Debts
						Amount		Action Taken			
FPWJ	FTWJ	Subsidiary of AUO	CNY	50,547	(Note 2)		-	-		-	-
FTWJ	DPTW	Subsidiary of AUO	CNY	642,477	1.13		-	-	CNY	62,753	-
M.Setek	ACTW	Subsidiary of AUO	JPY	3,357,988	1.54	JPY	1,043,335	Will be collected in next period		-	-
ACTW	M.Setek	Subsidiary of AUO		685,364	(Note 2)		-	-		-	-
DPTW	AUO	Ultimate parent company		467,150	4.41		25,976	Will be collected in next period		-	-
DPTW	AUOSZ	Subsidiary of AUO		357,899	2.33		-	-		-	-
DPTW	AUOXM	Subsidiary of AUO		394,321	2.45		-	-		-	-
DPTW	FTWJ	Subsidiary of AUO		1,426,858	(Note 2)		-	-		265,276	-

Note 1: Until the mid of January 2023.

Note 2: The ending balance includes other receivables from transactions not related to ordinary sales.

Note 3: All inter-company transactions among AUO and its subsidiaries have been eliminated in the consolidated financial statements.

AUO CORPORATION AND SUBSIDIARIES
Business Relationship and Significant Intercompany Transactions
For the year ended December 31, 2022
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 8

No.	Company Name	Counterparty	Nature of Relationship	Inter-company Transactions				
				Financial Statement Account	Amount		Trading Terms	Percentage of Consolidated Net Revenue or Total Assets
0	AUO	AUOSZ	Parent to subsidiary	Net revenue		2,950,678	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days.	1 %
0	AUO	AUOXM	Parent to subsidiary	Net revenue		2,312,706	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days.	1 %
0	AUO	ADP	Parent to subsidiary	Net revenue		24,710,610	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days.	10 %
0	AUO	ADP	Parent to subsidiary	Receivables from related parties		4,546,425	-	1 %
1	AUOKS	AUO	Subsidiary to parent	Net revenue	CNY	4,614,050	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 30 days.	8 %
1	AUOKS	AUO	Subsidiary to parent	Receivables from related parties	CNY	454,472	-	1 %
1	AUOKS	AUOXM	Subsidiary to subsidiary	Net revenue	CNY	745,304	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 30 days.	1 %
2	AUOLB	AUOKS	Subsidiary to subsidiary	Receivables from related parties	USD	392,157	-	3 %
3	AUOSJ	AUOKS	Subsidiary to subsidiary	Receivables from related parties	CNY	456,276	-	1 %
4	AUOSZ	AUO	Subsidiary to parent	Net revenue	CNY	7,837,816	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days.	14 %

No.	Company Name	Counterparty	Nature of Relationship	Inter-company Transactions				
				Financial Statement Account	Amount		Trading Terms	Percentage of Consolidated Net Revenue or Total Assets
4	AUOSZ	AUO	Subsidiary to parent	Receivables from related parties	CNY	2,248,898	-	3 %
4	AUOSZ	AUOKS	Subsidiary to subsidiary	Receivables from related parties	CNY	1,335,378	-	2 %
4	AUOSZ	ADP	Subsidiary to subsidiary	Net revenue	CNY	1,502,074	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days.	3 %
5	AUOXM	AUO	Subsidiary to parent	Net revenue	CNY	6,683,793	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days.	12 %
5	AUOXM	AUO	Subsidiary to parent	Receivables from related parties	CNY	1,929,145	-	2 %
5	AUOXM	ADP	Subsidiary to subsidiary	Net revenue	CNY	280,436	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days.	1 %
6	AUST	AUO	Subsidiary to parent	Net revenue	USD	125,446	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days.	2 %
7	DPXM	DPTW	Subsidiary to subsidiary	Net revenue	CNY	324,254	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 90 days.	1 %
8	FTWJ	DPTW	Subsidiary to subsidiary	Net revenue	CNY	882,568	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 90 days.	2 %
8	FTWJ	DPTW	Subsidiary to subsidiary	Receivables from related parties	CNY	642,477	-	1 %
9	ADP	ADPNL	Subsidiary to subsidiary	Net revenue		1,722,724	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 30 days.	1 %
10	DPTW	AUO	Subsidiary to parent	Net revenue		2,662,674	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 60 days.	1 %

Note 1: This table discloses the information on inter-company sales and receivables which are accounted for 1% or more of the consolidated net revenue or the consolidated total assets, respectively. The information of the corresponding inter-company purchases and payables is no more disclosed herein.

Note 2: All inter-company transactions have been eliminated in the consolidated financial statements.

AUO CORPORATION AND SUBSIDIARIES

Information on Investees (Excluding Information on Investment in Mainland China)

For the year ended December 31, 2022

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

Table 9

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		December 31, 2022			Maximum Shareholding in the Interim	Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)				
AUO	AUOLB	Malaysia	Holding company	76,491,558	76,491,558	2,507,189	100.00 %	75,152,215	100.00 %	4,720,099	4,720,099	Subsidiary
AUO	AUONL	Netherlands	Sales support of TFT-LCD panels	24,275	24,275	50	100.00 %	32,570	100.00 %	(2,732)	(2,732)	Subsidiary
AUO	Konly	Taiwan ROC	Investment	7,226,603	5,921,750	469,558	100.00 %	9,565,450	100.00 %	843,958	843,958	Subsidiary
AUO	Ronly	Taiwan ROC	Investment	5,078,047	4,177,912	453,276	100.00 %	4,962,670	100.00 %	(13,996)	(13,996)	Subsidiary
AUO	DPTW	Taiwan ROC	Design, manufacturing, and sales of TFT-LCD modules, backlight modules, TV set and related parts	3,569,155	3,569,155	190,108	28.56 %	2,664,374	28.56 %	125,664	35,894	Subsidiary
AUO	ACTW	Taiwan ROC	Manufacturing and sale of ingots and solar wafers	15,687,921	15,687,921	242,565	100.00 %	4,057,753	100.00 %	647,846	647,846	Subsidiary
AUO	Qisda	Taiwan ROC	Manufacturing, sales and service of high-end displays, optical precision electronic products and functional film products; manufacturing, sales and service of products related to intelligent solutions; medical equipment and services; research, development, design, manufacturing and sales of network communication products	9,505,477	9,505,477	335,231	17.04 %	10,487,775	17.04 %	8,251,930	1,258,862	Associate
AUO	S4M	Taiwan ROC	Sales and leasing of content management system and hardware, and design of digital signage content and field curation	50,000	30,000	5,000	100.00 %	16,513	100.00 %	(10,462)	(10,462)	Subsidiary

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount December 31, 2022	Original Investment Amount December 31, 2021	December 31, 2022 Shares	December 31, 2022 Percentage of Ownership	December 31, 2022 Carrying Amount (Notes 1 and 2)	Maximum Shareholding in the Interim	Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
AUO	AETTW	Taiwan ROC	Planning, design and development of construction project for environmental protection and related project management	424,050	300,000	42,405	100.00 %	281,168	100.00 %	(35,116)	(35,116)	Subsidiary
AUO	SSEC	Taiwan ROC	Investment	2,170,000	2,170,000	217,000	31.00 %	2,245,560	31.00 %	198,808	61,631	Associate
AUO	CQIL	Israel	Holding company	1,182,621	1,182,621	39,974	100.00 %	883,555	100.00 %	(23,705)	(23,705)	Subsidiary
AUO	ADLINK	Taiwan ROC	Manufacturing and sales of hardware, software and peripheral devices of industrial computers	2,411,693	2,411,693	42,310	19.45 %	2,314,027	19.45 %	807,541	26,377	Associate
AUO	DPGE	Taiwan ROC	Renewable energy power generation	350,000	350,000	35,000	100.00 %	350,731	100.00 %	722	722	Subsidiary
AUO	ADTHLD	Cayman Islands	Holding company	462,008	317,063	15,800	85.41 %	210,479	85.41 %	(207,083)	(168,769)	Subsidiary
AUO	ADTCM	Cayman Islands	Holding company	76,437	76,437	2,700	100.00 %	35,968	100.00 %	(38,314)	(38,314)	Subsidiary
AUO	AHTW	Taiwan ROC	Manufacturing, development and sales of medical equipments	5,000	5,000	500	100.00 %	2,790	100.00 %	(1,042)	(1,042)	Subsidiary
AUO	ADP	Taiwan ROC	Research, development and sales of display	369,555	369,555	200,000	100.00 %	3,617,648	100.00 %	1,218,354	1,218,354	Subsidiary
AUO	SREC	Taiwan ROC	Investment	288,828	288,828	28,883	32.01 %	336,838	32.01 %	84,914	27,184	Subsidiary
AUO	Ennostar	Taiwan ROC	Holding company	4,764,942	1,280,047	93,569	12.45 %	6,963,339	12.45 %	38,024	(156,572)	Associate
AUO	ACTTW	Taiwan ROC	Design, development and sales of software and hardware for health care industry	30,000	30,000	3,000	100.00 %	14,626	100.00 %	(6,308)	(6,308)	Subsidiary
AUO	AET-YP	Taiwan ROC	Investment and construction in public construction, and wastewater (sewage) treatment	15,000	-	1,500	8.82 %	14,902	15.00 %	(1,108)	(111)	Subsidiary
Konly	DPTW	Taiwan ROC	Design, manufacturing, and sales of TFT-LCD modules, backlight modules, TV set and related parts	703,795	703,795	42,598	6.40 %	597,015	6.40 %	125,664	8,043	Subsidiary
Konly	Raydium	Taiwan ROC	IC Design	175,857	175,857	11,454	15.10 %	1,953,602	17.11 %	3,862,336	583,223	Associate
Konly	Daxin	Taiwan ROC	Research, manufacturing and sales of display and semiconductor related chemicals	154,748	154,748	19,114	18.61 %	548,749	18.61 %	426,120	79,294	Associate

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount December 31, 2022	Original Investment Amount December 31, 2021	December 31, 2022 Shares	December 31, 2022 Percentage of Ownership	December 31, 2022 Carrying Amount (Notes 1 and 2)	Maximum Shareholding in the Interim	Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
Konly	Qisda	Taiwan ROC	Manufacturing, sales and service of high-end displays, optical precision electronic products and functional film products; manufacturing, sales and service of products related to intelligent solutions; medical equipment and services; research, development, design, manufacturing and sales of network communication products	1,363,481	1,363,481	50,145	2.55 %	1,568,803	2.55 %	8,251,930	188,306	Associate
Konly	SSEC	Taiwan ROC	Investment	140,000	140,000	14,000	2.00 %	144,875	2.00 %	198,808	3,976	Associate
Konly	SkyREC Ltd.	BVI	Business intelligence and AI video management system	46,016	46,016	188	16.12 %	-	16.12 %	(12,488)	-	Associate
Konly	ADLINK	Taiwan ROC	Manufacturing and sales of hardware, software and peripheral devices of industrial computers	988,837	378,837	15,944	7.33 %	941,814	7.33 %	807,541	5,782	Associate
Konly	AUES	Taiwan ROC	Services related to educational activities and site rental	4,000	4,000	400	100.00 %	5,463	100.00 %	1,308	1,308	Subsidiary
Konly	IOC	Taiwan ROC	R&D of color e-paper related technology, and processing product design and development	20,000	20,000	1,000	5.00 %	7,990	5.00 %	(83,907)	(5,857)	Associate
Konly	SREC	Taiwan ROC	Investment	13,533	13,533	1,353	1.50 %	15,783	1.50 %	84,914	1,274	Subsidiary
Konly	Ennostar	Taiwan ROC	Holding company	1,180,491	1,180,491	16,413	2.18 %	1,271,863	2.41 %	38,024	(26,954)	Associate
Konly	Naidun-tech Co., Ltd.	Taiwan ROC	Solution provider to improve the performance and reliability of semiconductor components	39,997	39,997	8,733	22.03 %	15,389	26.67 %	(11,816)	(2,637)	Associate
Ronly	DPTW	Taiwan ROC	Design, manufacturing, and sales of TFT-LCD modules, backlight modules, TV set and related parts	845,510	845,510	40,509	6.09 %	567,737	6.09 %	125,664	7,649	Subsidiary
Ronly	Raydium	Taiwan ROC	IC Design	240,647	240,647	669	0.88 %	240,915	1.00 %	3,862,336	(3,053)	Associate
Ronly	Daxin	Taiwan ROC	Research, manufacturing and sales of display and semiconductor related chemicals	70,021	70,021	6,312	6.15 %	181,218	6.15 %	426,120	26,186	Associate

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount: December 31, 2022	Original Investment Amount: December 31, 2021	December 31, 2022: Shares	December 31, 2022: Percentage of Ownership	December 31, 2022: Carrying Amount (Notes 1 and 2)	Maximum Shareholding in the Interim	Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
Ronly	ADLINK	Taiwan ROC	Manufacturing and sales of hardware, software and peripheral devices of industrial computers	809,508	77,508	13,175	6.06 %	848,721	6.06 %	807,541	22,163	Associate
Ronly	IOC	Taiwan ROC	R&D of color e-paper related technology, and processing product design and development	68,400	68,400	3,420	17.10 %	27,324	17.10 %	(83,907)	(20,030)	Associate
Ronly	Ennostar	Taiwan ROC	Holding company	1,245,456	1,245,456	20,686	2.75 %	1,622,860	3.03 %	38,024	(39,425)	Associate
Ronly	Zhao Feng Energy Co., Ltd.	Taiwan ROC	Energy technical services	160,000	-	16,000	20.00 %	156,285	20.00 %	(45,896)	(3,715)	Associate
Ronly	Renovatio Pictures Co., Ltd.	Taiwan ROC	Production/visual effects	50,000	-	315	23.95 %	48,532	23.95 %	42	(1,467)	Associate
Ronly	YTTEK Technology Corp.	Taiwan ROC	5G SDR platform-a pure software platform, 5G non-signaling tester, 5G mm wave FEM, 28GHz 2-way up/down converter, beam calibration solution	146,812	-	6,673	27.81 %	142,781	27.81 %	(19,701)	(4,389)	Associate
DPTW	BVLB	Malaysia	Holding company	1,051,289	1,051,289	36,000	29.71 %	245,929	29.71 %	(81,218)	(24,130)	Subsidiary
DPTW	DPLB	Malaysia	Holding company	4,350,631	4,362,627	91,846	100.00 %	5,332,878	100.00 %	12,881	83,257	Subsidiary
DPTW	FHVI	BVI	Holding company	2,362,321	2,362,321	22,006	100.00 %	1,934,694	100.00 %	(113,564)	(105,164)	Subsidiary
DPTW	FFMI	Mauritius	Holding company	274,700	274,700	653	100.00 %	115,436	100.00 %	11,302	11,132	Subsidiary
DPTW	RFOP	Taiwan ROC	Manufacturing and sales of polymer plasticized raw materials	-	338,729	-	-	-	49.00 %	23,786	11,655	(Note 6)
DPTW	Darwin Summit Corporation Ltd.	Thailand	International trade	3,740	3,740	40	40.00 %	11,481	40.00 %	(146)	(58)	Associate
ACTW	ACMK	Malaysia	Manufacturing and sale of solar wafers	121,444	169,197	46,196	100.00 %	30,796	100.00 %	(535)	(535)	Subsidiary
ACTW	SDMC	Taiwan ROC	Holding company	1,988,488	1,988,488	148,053	100.00 %	2,035,615	100.00 %	240,702	238,591	Subsidiary
SDMC	M.Setek	Japan	Manufacturing and sale of ingots	23,596,398	23,596,398	11,404,184	99.9991 %	2,033,962	99.9991 %	241,182	241,180	Subsidiary

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount December 31, 2022	Original Investment Amount December 31, 2021	December 31, 2022 Shares	December 31, 2022 Percentage of Ownership	December 31, 2022 Carrying Amount (Notes 1 and 2)	Maximum Shareholding in the Interim	Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
ADP	ADPNL	Netherlands	Sales and sales support of display and holding company	811,798	96,733	-	100.00 %	881,401	100.00 %	2,908	2,908	Subsidiary
ADP	Jector	Taiwan ROC	Introduction of smart field construction and other related software and hardware solutions	120,000	120,000	12,000	78.43 %	121,213	78.43 %	(7,298)	(5,614)	Subsidiary
SREC	SGPC	Taiwan ROC	Solar power generation	820,000	820,000	56,811	100.00 %	728,692	100.00 %	66,221	62,145	Subsidiary
SREC	EGPC	Taiwan ROC	Solar power generation	280,000	280,000	24,500	100.00 %	315,754	100.00 %	25,930	23,928	Subsidiary
AETTW	AET-YP	Taiwan ROC	Investment and construction in public construction, and wastewater (sewage) treatment	124,050	-	12,405	72.97 %	123,241	72.97 %	(1,108)	(780)	Subsidiary
AUOLB	AUOUS	United States	Sales and sales support of TFT-LCD panels	USD 1,000	USD 1,000	1,000	100.00 %	USD 2,746	100.00 %	USD 284	USD 284	Subsidiary
AUOLB	AUOJP	Japan	Sales support of TFT-LCD panels	USD 276	USD 276	1	100.00 %	USD 1,613	100.00 %	USD 77	USD 77	Subsidiary
AUOLB	AUOKR	South Korea	Sales support of TFT-LCD panels	USD 155	USD 155	-	100.00 %	USD 1,294	100.00 %	USD 189	USD 189	Subsidiary
AUOLB	AUOSK	Slovakia Republic	Repairing of TFT-LCD modules	USD 1,359	USD 1,359	-	100.00 %	USD 4,825	100.00 %	USD 552	USD 552	Subsidiary
AUOLB	AUST	Singapore	Manufacturing TFT-LCD panels based on low temperature polysilicon technology	USD 241,487	USD 241,487	907,114	100.00 %	USD 98,124	100.00 %	USD 2,087	USD 2,087	Subsidiary
AUOLB	AUVI	United States	Research and development and IP related business	USD 5,000	USD 5,000	5,000	100.00 %	USD 6,394	100.00 %	USD 180	USD 180	Subsidiary
AUOLB	BVLB	Malaysia	Holding company	USD 85,171	USD 85,171	85,171	70.29 %	USD 18,933	70.29 %	USD (2,721)	USD (1,913)	Subsidiary
AUOLB	AUOSG	Singapore	Holding company and sales support of TFT-LCD panels	USD 9,958	USD 9,958	266,268	100.00 %	USD 6,920	100.00 %	USD 128	USD 128	Subsidiary
AUOSG	AEUS	United States	Sales support of solar-related products	USD 1,194	USD 1,194	1,194	100.00 %	USD 574	100.00 %	USD 13	USD 13	Subsidiary
DPLB	DPHK	Hong Kong	Holding company	USD 103,785	USD 103,785	10	100.00 %	USD 175,541	100.00 %	USD 93	USD 93	Subsidiary (Note 4)
DPLB	DPSK	Slovakia Republic	Manufacturing and sales of automotive parts	-	USD 4,216	-	-	-	100.00 %	USD (2)	USD (2)	(Note 5)
FHVI	FTMI	Mauritius	Holding company	USD 6,503	USD 6,503	6,503	100.00 %	USD 48,541	100.00 %	USD (9,140)	USD (9,140)	Subsidiary
FHVI	FWSA	Samoa	Holding company	USD 19,000	USD 19,000	19,000	100.00 %	USD 15,858	100.00 %	USD 471	USD 471	Subsidiary

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount: December 31, 2022	Original Investment Amount: December 31, 2021	December 31, 2022: Shares	December 31, 2022: Percentage of Ownership	December 31, 2022: Carrying Amount (Notes 1 and 2)	Maximum Shareholding in the Interim	Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
FHVI	PMSA	Samoa	Holding company	-	USD 39,673	-	-	-	100.00 %	USD 12,772	USD 12,772	(Note 5)
ADTCM	ADTHLD	Cayman Islands	Holding company	USD 2,700	USD 2,700	2,700	14.59 %	USD 1,170	19.29 %	USD (6,938)	USD (1,284)	Subsidiary
ADPNL	ADPUS	United States	Sales and sales support of display	USD 1,500	USD 1,500	1	100.00 %	USD 1,642	100.00 %	USD 76	USD 76	Subsidiary
ADPNL	ADPJP	Japan	Sales and sales support of display	USD 508	USD 508	1	100.00 %	USD 415	100.00 %	USD 26	USD 26	Subsidiary
ADPNL	RVI	Canada	Design, sales and sales support of digital signage content management system	USD 27,204	-	28,775	100.00 %	USD 26,403	100.00 %	USD (1,648)	USD (903)	Subsidiary
ADPNL	RVU	United States	Design and sales support of digital signage content management system	USD 198	-	1	100.00 %	USD 226	100.00 %	USD 229	USD 28	Subsidiary
ADTHLD	ADTSG	Singapore	Holding company, and sales of software and hardware integration system relating to intelligent manufacturing and software development	USD 16,800	USD 12,300	16,800	100.00 %	USD 6,347	100.00 %	USD (6,944)	USD (6,944)	Subsidiary
ADTSG	ADTTW	Taiwan ROC	Design and sales of software and hardware integration system and equipment, software development and consulting services relating to intelligent manufacturing	USD 2,013	USD 1,080	6,000	100.00 %	USD 726	100.00 %	USD (1,116)	USD (1,116)	Subsidiary
M.Setek	Ichijo Seisakusyo Co., Ltd.	Japan	Manufacturing of automatic machinery and equipment and related parts	JPY 5,000	JPY 5,000	-	38.46 %	-	38.46 %	-	-	Associate (Note 3)
CQIL	CQHLD	United Kingdom	Holding company	USD 26,548	USD 26,548	635,730	100.00 %	USD 25,122	100.00 %	USD (8)	USD (8)	Subsidiary
CQHLD	CQUK	United Kingdom	Sales and sales support of content management system	GBP 1,874	GBP 1,874	-	100.00 %	GBP 74	100.00 %	GBP (1)	GBP (1)	Subsidiary
CQHLD	CQUS	United States	Sales of content management system and hardware	GBP 19,948	GBP 19,948	13	100.00 %	GBP 13,120	100.00 %	GBP (322)	GBP (322)	Subsidiary
CQHLD	CQCA	Canada	Research and development of content management system	GBP 798	GBP 798	-	100.00 %	GBP 834	100.00 %	GBP 138	GBP 138	Subsidiary
CQUS	JRUK	United Kingdom	Development and sales of content management system and sales of the related hardware	USD 1,500	USD 1,500	1	100.00 %	USD 1,553	100.00 %	USD 165	USD 165	Subsidiary

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		December 31, 2022			Maximum Shareholding in the Interim	Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
				December 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)				
CQUS	JRUS	United States	Development and sales of content management system and sales of the related hardware	USD 8,000	USD 8,000	18	100.00 %	USD 6,542	100.00 %	USD (677)	USD (677)	Subsidiary

Note 1: All inter-company transactions among AUO and its subsidiaries have been eliminated in the consolidated financial statements.

Note 2: Inclusive of the amortization of differences between the investment cost and the entity's share of the net value of investee, and the effect of upstream and sidestream transactions.

Note 3: The carrying amount includes accumulated impairment loss.

Note 4: The registration of the alteration of DPHK's common stock has not been completed.

Note 5: The liquidation process was completed in March 2022.

Note 6: The liquidation process was completed in May 2022.

AUO CORPORATION AND SUBSIDIARIES
Information on Investment in Mainland China
For the year ended December 31, 2022
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 10

1. AUO：

(1) Related information on investment in Mainland China

Investee Company	Main Activities	Total Amount of Paid-in Capital (Note 2)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2022 (Note 2)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022 (Note 2)	Net Income (Loss) of Investee (Notes 4 and 5)	% Ownership through Direct or Indirect Investment	Maximum Shareholding in the Interim	Investor's Share of Profit (Loss) of Investee (Notes 4 and 5)	Carrying Amount of the Investment as of December 31, 2022 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2022	Note
					Outflow	Inflow								
ACTSZ	Design, development and sales of software and hardware for health care industry	154,266	(Note 1)	-	-	-	-	(45,933)	100 %	100 %	(45,933)	25,830	-	
ADTSZ	Business management consulting and services of technology promotion and application	414,882	(Note 1)	276,588	138,294	-	414,882	(178,021)	100 %	100 %	(178,021)	128,955	-	
AETSD	Planning, design and development of construction project for environmental protection and related project management	8,815	(Note 1)	-	-	-	-	(2)	100 %	100 %	(2)	2,431	-	
AETSZ	Planning, design and development of construction project for environmental protection and related project management	52,891	(Note 1)	-	-	-	-	16,303	100 %	100 %	16,303	36,848	-	
AMISZ	Development, sales and licensing of software and hardware relating to intelligent manufacturing, and related consulting services	198,342	(Note 1)	-	-	-	-	(44,295)	100 %	100 %	(44,295)	49,023	-	

Investee Company	Main Activities	Total Amount of Paid-in Capital (Note 2)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2022 (Note 2)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022 (Note 2)	Net Income (Loss) of Investee (Notes 4 and 5)	% Ownership through Direct or Indirect Investment	Maximum Shareholding in the Interim	Investor's Share of Profit (Loss) of Investee (Notes 4 and 5)	Carrying Amount of the Investment as of December 31, 2022 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2022	Note
					Outflow	Inflow								
AMIXM	Sales of software and hardware relating to intelligent manufacturing, and related consulting services	44,076	(Note 1)	-	-	-	-	(14,247)	100 %	100 %	(14,247)	17,979	-	
ATISZ	Design and sales of software and hardware integration system and equipment relating to intelligent manufacturing	116,801	(Note 1)	-	-	-	-	(51,196)	100 %	100 %	(51,196)	39,151	-	
AUOKS	Manufacturing and sales of TFT-LCD panels	29,533,452	(Note 1)	34,269,561	-	-	34,269,561	2,042,148	100 %	100 %	2,042,148	17,614,705	-	
AUOSH	Sales support of TFT-LCD panels	460,980	(Note 1)	30,732	-	-	30,732	(13,912)	100 %	100 %	(13,912)	301,019	-	
AUOSJ	Leasing	3,319,056	(Note 1)	2,458,560	-	-	2,458,560	126,482	100 %	100 %	114,649	3,686,993	-	
AUOSZ	Manufacturing, assembly and sales of TFT-LCD modules	14,321,112	(Note 1)	6,146,400	-	-	6,146,400	1,168,458	100 %	100 %	1,088,248	19,141,140	-	
AUOXM	Manufacturing, assembly and sales of TFT-LCD modules	13,952,328	(Note 1)	7,683,000	-	-	7,683,000	1,199,571	100 %	100 %	1,199,571	15,723,188	-	
BVHF	Manufacturing and sale of liquid crystal products and related parts	-	(Note 1)	-	-	-	-	13,088	-	100 %	13,088	-	-	Notes 6&7
BVXM	Sales of liquid crystal products and related parts; leasing	2,644,560	(Note 1)	-	-	-	-	24,028	100 %	100 %	24,028	1,366,135	-	

(2) Upper limit on investment in Mainland China

Accumulated Investment in Mainland China as of December 31, 2022 (Note 2)	Investment Amounts Authorized by Investment Commission, MOEA (Note 2)	Upper Limit on Investment Stipulated by Investment Commission, MOEA (Note 3)
51,003,135 (USD1,659,610)	81,539,184 (USD1,702,948 and HKD60,000 and CNY6,572,210)	114,846,388

Note 1: Indirect investments in Mainland China through companies registered in a third region.

Note 2: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the exchange rates at the reporting date.

Note 3: Pursuant to the Regulations Governing Permission for Investment and Technical Cooperation in the Mainland Area, AUO's accumulated investments in Mainland China did not exceed the upper limit on investment amount or ratio stipulated by the Investment Commission, Ministry of Economic Affairs ("MOEA").

Note 4: Amounts were recognized based on the investees' audited financial statements and inclusive of the amortization of differences between the investment cost and the entity's share of the net value of investee as well as the effect of upstream and sidestream transactions.

Note 5: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the average exchange rates for the year of 2022.

Note 6: BVHF is 100% owned by BVLB, a jointly-owned subsidiary of AUO and DPTW.

Note 7: The liquidation process was completed in July 2022.

2. DPTW and ADP:

(1) Related information on investment in Mainland China

Investee Company	Main Activities	Total Amount of Paid-in Capital (Note 4)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2022 (Note 4)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022 (Note 4)	Net Income (Loss) of Investee (Notes 2 and 6)	% Ownership through Direct or Indirect Investment	Maximum Shareholding in the Interim	Investor's Share of Profit (Loss) of Investee (Notes 2 and 6)	Carrying Amount of the Investment as of December 31, 2022 (Note 4)	Accumulated Inward Remittance of Earnings as of December 31, 2022 (Note 4)	Note
					Outflow	Inflow								
ADPSZ	Sales and sales support of display	61,464	(Note 1(1))	23,049	38,415	-	61,464	10,044	100 %	100 %	10,044	71,038	-	
BVHF	Manufacturing and sale of liquid crystal products and related parts	-	(Note 1(2))	491,712	-	(243,298)	248,414	13,088	-	29.71 %	13,088	-	-	Notes 5 & 11
DPSZ	Manufacturing and sale of backlight modules and related parts	768,300	(Note 1(2))	460,980	-	-	460,980	120,520	100 %	100 %	120,520	1,322,407	1,795,783	Note 9
DPXM	Manufacturing and sales of liquid crystal products, backlight modules and related parts	2,151,240	(Note 1(2))	2,151,240	-	-	2,151,240	(109,662)	100 %	100 %	(109,662)	4,072,316	1,932,863	
FHWJ	Manufacturing and sale of backlight modules and related parts	199,758	(Note 1(2))	252,002	-	-	252,002	11,302	100 %	100 %	11,302	65,730	-	
FPWJ	Manufacturing, sales and trading of precision plastic parts	891,228	(Note 1(2))	583,908	-	-	583,908	21,464	100 %	100 %	21,464	727,463	-	Note 8
FTKS	Manufacturing and sale of backlight modules and related parts	-	(Note 1(2))	1,106,352	-	(1,106,352)	-	7,869	-	100 %	7,869	-	418,409	Note 10
FTWJ	Manufacturing and sale of backlight modules and related parts	1,075,620	(Note 1(2))	199,758	-	-	199,758	(280,225)	100 %	100 %	(280,225)	1,251,588	432,539	Note 7
Talenda	Manufacturing of electronic components	66,114	(Note 1(2))	-	-	-	-	(902)	51 %	51 %	(460)	33,260	-	

(2) Upper limit on investment in Mainland China

Entity	Accumulated Investment in Mainland China as of December 31, 2022 (Note 4)	Investment Amounts Authorized by the Investment Commission, MOEA (Note 4)	Upper Limit on Investment Stipulated by the Investment Commission, MOEA (Note 3)
DPTW	3,896,303 (USD126,783)	2,904,484 (USD94,510)	5,596,677
ADP	61,464 (USD2,000)	153,660 (USD5,000)	2,209,858

Note 1: (1) Direct investments in Mainland China.
(2) Indirect investments in Mainland China through companies registered in a third region.

Note 2: Amounts were recognized based on the investees' audited financial statements.

Note 3: Pursuant to the Regulations Governing Permission for Investment and Technical Cooperation in the Mainland Area, DPTW's and ADP's accumulated investments in Mainland China did not exceed the upper limit on investment amount or ratio stipulated by the Investment Commission, Ministry of Economic Affairs ("MOEA").

Note 4: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the exchange rates at the reporting date.

Note 5: BVHF is 100% owned by BVLB, a jointly-owned subsidiary of AUO and DPTW. Accordingly, the share of profit (loss) of investee and the carrying amount of the investment as of December 31, 2022 disclosed in the table are presented based on 100% held.

Note 6: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the average exchange rates for the year of 2022.

Note 7: The amount of paid-in capital includes the capitalization of retained earnings amounting to USD28,500 thousand for the years from 2005 to 2007.

Note 8: The amount of paid-in capital includes the capital injection of USD10,000 thousand from the offshore holding company, which was originally from FTWJ's appropriation of earnings.

Note 9: The amount of paid-in capital includes the capital injection of USD1,000 thousand from DPLB in 2010 and the capitalization of retained earnings of USD9,000 thousand from DPSZ in 2012.

Note 10: The liquidation process was completed in January 2022.

Note 11: The liquidation process was completed in July 2022.