



TWSE : 2409  
OTC Markets : AUOTY

# AUO Corporation

## 2023 Annual General Shareholders' Meeting

### Meeting Agenda (Translation)

**Date: May 26, 2023**

#### NOTES TO SHAREHOLDERS:

1. For the Company's 2022 annual report, please refer to the Company's website at [https://www.auo.com/en-global/shareholder\\_information/index](https://www.auo.com/en-global/shareholder_information/index)
2. For the significant differences in the corporate governance between the practices of US and ROC, please refer to the above path of the Company's website.
3. Shareholders who wish to obtain the 2022 annual report may request a copy to be sent, free of charge, by contacting the Depositary at 1-888-301-6618 or <https://app.irdirect.net/company/49733/hotline/>
4. Minutes of the Company's 2023 Annual General Shareholders' Meeting will be available on the Company's website within 20 days after the Meeting at [https://www.auo.com/en-global/shareholder\\_information/index](https://www.auo.com/en-global/shareholder_information/index)



## Table of Contents

### **I. Meeting Procedure**

### **II. Meeting Agenda**

### **III. Attachments**

1. 2022 Business Report
2. Audit Committee's Review Report
3. Independent Auditors' Report and 2022 Parent Company Only Financial Statements
4. Independent Auditors' Report and 2022 Consolidated Financial Statements
5. 2022 Earnings Distribution Proposal
6. List of non-competition restrictions proposed to be lifted

### **IV. Appendices**

1. Shareholding of Directors
2. AUO Rules and Procedures for Shareholders' Meeting
3. Articles of Incorporation

-----Disclaimer-----

THIS IS A TRANSLATION OF THE AGENDA FOR THE 2023 ANNUAL GENERAL SHAREHOLDERS' MEETING OF AUO CORPORATION. THE TRANSLATION IS FOR REFERENCE ONLY. IF THERE IS ANY DISCREPANCY BETWEEN THE ENGLISH VERSION AND CHINESE VERSION, THE CHINESE VERSION SHALL PREVAIL.



## **I. Meeting Procedure**



## **AUO Corporation.**

### **2023 Annual General Shareholders' Meeting Procedure**

- Call Meeting to Order
- Chair's Address
- Report Items
- Recognition Items
- Discussion Items
- Extraordinary Motions
- Meeting Adjourn



## II. Meeting Agenda



## **AUO Corporation.**

### **2023 Annual General Shareholders' Meeting Agenda**

**Method of Convening the Meeting: Hybrid Shareholders' Meeting**

**Time: 9:30 a.m., May 26, 2023, Friday**

**Place: Meeting Room in AUO's Corporate Headquarters  
(No. 1, Li-Hsin Rd. 2, East Dist., Hsinchu Science Park, Hsinchu City)**

**e-Meeting Platform : "E-Voting platform" by Taiwan Depository & Clearing Corporation  
( <https://www.stockvote.com.tw> )**

**Attendants: All shareholders or their proxy holders**

**Chair: Shuang-Lang (Paul) Peng, Chairman**

#### **1. Chair's Address**

#### **2. Report Items**

- (1) To report the business of 2022
- (2) Audit Committee's Review Report and Communication between members of Audit Committee and head of Internal Audit
- (3) To report the cash distribution from capital surplus
- (4) To report the indirect investments in China in 2022

#### **3. Recognition Items**

- (1) To accept 2022 Business Report and Financial Statements
- (2) To accept the proposal for the distribution of 2022 earnings

#### **4. Discussion Items**

- (1) To lift non-competition restrictions on board members

#### **5. Extraordinary Motions**

#### **6. Meeting Adjourn**



## Report Items

### 1. To report the business of 2022

Explanation: The 2022 Business Report is attached hereto as Attachment 1 (pages 11-15).

### 2. Audit Committee's Review Report and Communication between members of Audit Committee and head of Internal Audit

Explanation: The Audit Committee's Review Report is attached hereto as Attachment 2 (page 16). Please refer to page 37 in 2022 Annual Report for the communication between members of Audit Committee and head of Internal Audit.

### 3. To report the cash distribution from capital surplus

Explanation:

- (1) It is proposed to distribute NT\$6,134,304,778 from capital surplus of the issuing premium of the par value of the common share pursuant to Article 241 of the Company Act (NT\$0.8 for every common share, i.e. NT\$800 for every 1,000 common shares held).
- (2) The total number of common shares outstanding may change and the ultimate amount of cash to be distributed from capital surplus to each common share may need to be adjusted accordingly. It is proposed that the Chair of Board of Directors shall be authorized by the 2023 Annual General shareholders' Meeting to adjust the amount of cash to be distributed from capital surplus to each common share based on the total amount resolved to be distributed and the number of actual common shares outstanding on the record date for the distribution.
- (3) The distribution will be based on the list of shareholders registered as of the record date of cash distribution of capital surplus. The aforementioned cash distribution will be paid to the rounded-down full NT dollar.



#### 4. To report the indirect investments in China in 2022

Explanation:

(1) Below please see the Company's indirect investments in China as of December 31, 2022:

Investee	Accumulated investment amount from R.O.C. (Note 1)	Method of investment	Caps for total investment amount in China (Note 2)
AU Optronics (Suzhou) Corp., Ltd.	NT\$6,146,400 thousand	Indirect investment through offshore entities	NT\$114,846,388 thousand
AU Optronics (Shanghai) Co., Ltd.	NT\$30,732 thousand		
AU Optronics (Xiamen) Corp.	NT\$7,683,000 thousand		
AU Optronics Manufacturing (Shanghai) Corp.	NT\$2,458,560 thousand		
AUO (Kunshan) Co., Ltd.	NT\$34,269,561 thousand		
AUO Digitech (Suzhou) Co., Ltd.	NT\$414,882 thousand		

Note 1: The amount of New Taiwan dollars ("NT\$") is calculated based on the exchange rate on the Company's balance sheet date.

Note 2: The cap shall be 60% of NT\$191,410,648 thousand (i.e., the Company's net worth as shown in the company's balance sheet as of December 31, 2022).

(2) For the information of investments in China, please refer to the table Information on Investment in Mainland China of the Company's financial statements. This report item will be excluded from the 2024 annual general shareholders' meeting henceforth.





## Recognition Items

### 1. To accept 2022 Business Report and Financial Statements (proposed by the Board)

#### Explanation:

- (1) The 2022 Financial Statements were audited by the independent auditors, Yu, Chi-Lung and Yu, Wan-Yuan of KPMG.
- (2) For the 2022 Business Report, Independent Auditors' Report, and the 2022 Financial Statements, please refer to Attachments 1 and 3-4 (pages 11-15 and pages 17-34).

#### Resolution:

### 2. To accept the proposal for the distribution of 2022 earnings (proposed by the Board)

#### Explanation:

- (1) The beginning balance of Unappropriated Retained Earnings was \$52,597,580,213, after adding Change in Remeasurement of Defined Benefit Obligation, Disposal of Equity Instruments at Fair Value through Other Comprehensive Income, and Reversal of Special reserve, and deducting Net Loss after tax of 2022, the retained earnings in 2022 available for distribution is \$32,705,034,866.
- (2) Not to distribute cash dividends for 2022.
- (3) The proposal for 2022 earnings distribution, please refer to Attachment 5 (page 35)

#### Resolution:



## **Discussion Items**

### **I. To lift non-competition restrictions on board members (proposed by the Board)**

#### Explanation:

- (1) According to Article 209 of the Company Act, any Director conducting business for himself/herself/itself or on behalf of other people that is within the Company's business scope, shall provide explanation for the essential contents of such conduct at the Shareholders' Meeting, and obtain approval therefrom.
- (2) List of non-competition restrictions proposed to be lifted in the 2023 annual shareholders' meeting is as Attachment 6 (pages 36).

#### Resolution:

## **Extraordinary Motions**

## **Meeting Adjourn**



### **III. Attachments**



## Attachment I

### 2022 Business Report

Looking back at 2022, the Company's operations faced severe challenges. Demand from the robust stay-at-home economy in the past two years gradually faded. Additionally, war, inflation and rising interest rates led to lackluster end-market demand and this, combined with high channel inventory, led to a sudden slump in panel demand from brand customers. As a result, the Company's revenues were NT\$246.79 billion in 2022, a decline of 33.4% year-over-year. The profitability also turned into a loss in 2022 from an all-time high in 2021, with a net loss attributable to owners of the Company of NT\$21.10 billion and a basic loss per share of NT\$2.39. In the face of severe challenges, the Company responded early by actively carrying out cash flow and capital expenditure controls to maintain a stable overall financial structure and accumulate sufficient resources to continue promoting the deployment of the biaxial transformation strategy. At the same time, we also strengthened the operational resilience of the organization to respond to challenges and uncertainties and accelerate the transformation process.

Taking the Energy Business as an example, long-term transformation and adjustments have brought about a growth in revenue in 2022 to NT\$20.9 billion and an operating profit margin of 6.6%, which contributed to revenues and profits while Display Business suffered fluctuation. AUO's accumulated strength from the deployment of biaxial transformation in recent years has gradually shown results. In 2022, AUO's non-panel revenue contributed over 10% of the total. In the future, we will accelerate the transformation by expanding non-panel revenue and increasing profitability, thereby reducing the cyclical impact from panel business on operations and making AUO's operations more stable.

AUO will accelerate the pace of biaxial transformation in the future, and the non-panel business will be the Company's future growth engine. Here is a complete description of the development direction and the specific results accumulated in the past several years:

- Advanced LED display technology:

AUO's LED display business saw an important year of development in 2022 as the Company released a range of applications with LED backlights, as well as large-size LED displays, and high-end Micro LED transparent displays. In terms of LED display technology development, LED display controllers were also independently developed while improved display effects were obtained through AUO's display calibration technology. AUO's LED displays also incorporate A.R.T.<sup>1</sup> technology to create a clear distinction from traditional LED displays. In addition, AUO is actively integrating the LED-related R&D and production capabilities within the ecosystem of the Group companies, including those of Ennostar<sup>2</sup>, Raydium<sup>3</sup>, and PlayNitride<sup>4</sup>. We look forward to comprehensive future synergies as we combine them with AUO's own accumulated foundation in panel technology.

With respect to marketing, AUO has developed products in collaboration with the Company's ecosystem partners. In addition to using LEDs to create the ultimate immersive smart studio, which makes the production process of the film and television industry more digitalized and efficient, we have

---

<sup>1</sup> Advanced Reflection Technology

<sup>2</sup> Ennostar Inc.

<sup>3</sup> Raydium Semiconductor Corporation

<sup>4</sup> PlayNitride Inc.



also developed a spherical flight simulator and offered immersive games that gained quite positive market feedback and opened the way for application business opportunities in the Metaverse. In the commercial space and educational applications, AUO also provides high-quality LED displays in classrooms and conference rooms.

- Smart mobility

AUO's smart mobility deployment is centered on display technology, integrating and developing “vehicle-road-cloud” related display solutions. AUO currently stands as one of the world's top three automotive panel suppliers, mainly providing LCD display modules for passenger cars. In addition to offering integrated multi-screen all-in-one solutions in the future, we will also incorporate other automotive components such as lenses, touch panels, and mechanical components to gradually develop into FIDM+ (Fully Integrated Display Module Plus).

Regarding display technology development, AUO has introduced the current LCD panel into AmLED technology while also enlarging it to include touch technology to meet the needs of next-generation in-vehicle entertainment. In terms of future product planning, AUO will fully introduce Micro LED into the smart cockpit in multiple forms such as rollable, stretchable, and transparent applications. Meanwhile, as self-driving automobiles become a reality, we will create space that is more in line with daily needs using free-form display technology. We will also work with our customers to speed up commercialization of Micro LED free-form displays.

In smart mobility field applications, AUO has mobilized internal Group resources and teamed up with partners like Darwin<sup>5</sup>, ADLINK<sup>6</sup>, SINTRONES<sup>7</sup>, and CAROTA<sup>8</sup>. Together, we synchronize developing commercial fleet cockpit solutions (vehicle + cloud), charging stations, and solutions for various transportation applications. We will create more business opportunities in the field of smart transportation through such complementary cooperation.

- Smart healthcare

AUO Display Plus<sup>9</sup>, a subsidiary of AUO, focuses on medical field demand and smart healthcare trends with stable, reliable, high-quality, and high-efficiency comprehensive smart healthcare display solutions. Our focus is on smart operating rooms, detection and diagnosis, and integrated management of medical information. We shall expand 3D medical imaging and solutions such as telemedicine to actively assist medical staff in achieving accurate diagnosis and treatment. In 2022, AUO Display Plus won the appreciation of many customers in multiple exhibition venues and even won the Enterprise Innovation Award in the Smart Healthcare and Health Technology category of the 19th National Innovation Award. This was in recognition of our Wide-Viewing Angle 3D Medical Display, which demonstrated the innovation and value of AUO's technology and products.

Since medical field applications are very specialized and fragmented, while product certification and quality requirements are quite strict, AUO Display Plus operates in the medical field by combining the

---

5 Darwin Precisions Corporation

6 ADLINK Technology Inc.

7 SINTRONES Technology Corp.

8 CAROTA Corporation

9 AUO Display Plus Corporation



in-depth cultivation of experts in the field to bring forth its own display technology differentiation. We also complement and co-create with key partners to expand our fields and visibility, while working together to create more stable, safe, and efficient medical products and solutions. In 2022, AUO Display Plus was joined by several partners in the medical ecosystem to jointly demonstrate a number of innovative application solutions and medical display products in different fields. With partners including ADLINK, Cypress<sup>10</sup>, iMedtac<sup>11</sup>, and many others, we offered solutions and products such as 3D medical imaging, smart operating rooms, detection and diagnosis, and telemedicine. In the future, these solutions will be introduced to the global market.

- Smart retail

AUO's smart retail development focus is to utilize digital technology software and hardware integration to assist physical retail locations in improving store sales. We carry out value-added transformation of products and services based on top of the business models of our subsidiaries ComQi<sup>12</sup> and Space Money<sup>13</sup>.

ComQi takes existing content management service (CMS) as its core, and in the future will integrate the service into display screen hardware in the retail field (e.g., signage, kiosk, ESL, and EV charging). In doing so, it shall leverage AUO's strengths in hardware manufacturing to collaboratively develop related products and generate digital advertising marketing content, thereby creating greater spatial effects for customers in the field.

In 2022, Space Money undertook the deployment of an efficient cloud-based digital content public broadcast management system (WMS) for 4,000 stores under Taiwan's second largest convenience store operator. The customer could provide more consumer-centric services through all-channel integration of offline experiences with an online shopping guide. In the meantime, it also created considerable advertising benefits for advertisers. In the long term, Space Money will also develop the business model of a Digital Out of Home (DOOH) digital advertising push platform in the retail field, anticipating more diversified services and more stable income.

- Smart education and entertainment

In smart education and enterprise application development, AUO mainly provides display screen software and hardware solutions through AUO Display Plus while simultaneously cooperating with global ecosystem partners in a range of application fields to create business opportunities. In 2022, AUO Display Plus saw the overseas deployment of education display solutions by Jector<sup>14</sup>, a subsidiary of AUO Display Plus. Beyond this, AUO Display Plus also invested in Rise Vision<sup>15</sup>, a smart education content management system service provider in the United States. Such moves enhanced the completeness of AUO Display Plus's smart education solutions. Meanwhile, for enterprise users, AUO Display Plus also introduced the Smart Pod Solution (a solution to create dedicated independent work and meeting spaces for business people in public places or office areas) and began selling it in key

---

<sup>10</sup> Cypress Technology Co., Ltd.

<sup>11</sup> iMedtac Co., Ltd.

<sup>12</sup> ComQi Inc.

<sup>13</sup> Space Money Inc.

<sup>14</sup> Jector Digital Corporation

<sup>15</sup> Rise Vision Incorporated, Rise Vision USA Inc.



locations around the world. In the future, AUO Display Plus will continue to uphold the spirit of complementary cooperation and co-creation, and work with ecosystem partners to develop solutions that align with their values.

- Smart manufacturing

In smart manufacturing, AUO through its subsidiary, AUO Digitech<sup>16</sup>, as a solution provider to assist in the industrial automation and intelligent upgrading of different industries and to provide one-stop services. Following its accumulated experiences in different industries, AUO Digitech further-advanced its business model in 2022. For example, AUO Digitech teamed up with Microsoft Azure to strengthen its flexibility in the development of various AI models and the utilization of resources through the Microsoft Azure service platform. It also sells its own smart manufacturing products globally through Azure. In terms of future development strategy, AUO Digitech's business model will also gradually transform from the existing on-premises solution to a platform service model that includes co-creation with ecosystem partners, thereby facilitating further improvements in the conversion efficiency of operating resources.

Becoming an outstanding sustainable enterprise has always been the Company's core goal. AUO has linked SDGs to 2025 CSR targets, thereby allowing ESG to develop in a balanced way. In 2022, AUO became a member of the RE100 global renewable energy initiative organization. Simultaneously, we were the first company in the global display manufacturing industry to commit to full use of renewable energy by 2050. In line with global carbon reduction trends, AUO has reduced carbon emissions gradually and targets towards a 2050 net zero goal in line with the world renowned Science-Based Targets (SBT). Furthermore, we call on our supply chain to work together on core capability of power savings, which is critical to carbon emission to achieve the goal of reducing carbon emissions by 20% by 2030. At the same time, we will work with brand customers to develop circular economy opportunities as we continue increasing the proportion of recycled materials used and develop low energy consumption products to meet the needs of green brand customers. Elsewhere, in regard to the promotion of corporate sustainability in 2022, AUO has been selected as a constituent company of the Dow Jones Sustainability World Index for the 13th consecutive year and has earned an MSCI ESG Rating of "A" and a CDP evaluation leadership level ranking. Furthermore, the Company continues to place in the top 5% of corporate governance evaluations by the Taiwan Stock Exchange Corporation. In terms of ESG appraisal, AUO has also demonstrated many outstanding performances and won several honors including recognition among "The Most Prestigious Sustainability Awards-Top Ten Domestic Corporate" by the Taiwan Corporate Sustainability Awards, earning a National Enterprise Environmental Protection Award, and was listed in the Bloomberg Gender-Equality Index.

Looking ahead to 2023, most economic forecasts point to very low growth or even recession. This indicates that the industry still faces many challenges and variables. In the future, the Company will focus on investing in the acceleration of our biaxial transformation and on value creation in our core competitiveness of display technology. Furthermore, we shall integrate the ecosystem we have built over the past few years and leverage the power of Group cooperation so that AUO is no longer seen only as a panel manufacturer

---

<sup>16</sup> AUO Digitech Taiwan Inc.



by the market. Rather, we shall stand out as a provider of smart field solutions. In addition to enabling the Company to operate more steadily and sustainably, this shall also create greater value for shareholders.

Chairman and Group CSO<sup>17</sup>

A handwritten signature in black ink, appearing to read 'Paul Peng'.

CEO and President<sup>17</sup>

A handwritten signature in black ink, appearing to read 'Frank Ko'.

Chief Financial Officer and  
Chief Accounting Officer

A handwritten signature in black ink, appearing to read 'Ben Lee'.

---

<sup>17</sup> On 23 February 2023, the Board of Directors of The Company approved the appointment of Mr. Shuang-Lang (Paul) Peng as the Group CSO and Frank Ko as the CEO and President with effect from 1 March 2023.





**Attachment 2:**

**Audit Committee's Review Report**

The Board of Directors has prepared the Company's Business Report, Financial Statements, and Earnings Distribution Proposal for the year of 2022. Yu, Chi-Lung and Yu, Wan-Yuan, Certified Public Accountants of KPMG, have audited the Financial Statements. The 2022 Business Report, Financial Statements, and Earnings Distribution Proposal have been reviewed and determined to be correct and accurate by the Audit Committee of AUO Corporation. I, as the Chair of the Audit Committee, hereby submit this report according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

**AUO Corporation**

**Chair of the Audit Committee**

A handwritten signature in blue ink, appearing to read 'Shawn Su'.

Yen-Hsueh Su

February 23, 2023

## Independent Auditors' Report

To the Board of Directors of AUO Corporation:

### Opinion

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

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for each of the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing 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 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 parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, 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(8) "Property, Plant and Equipment", Note 6(9) "Lease Arrangements" and Note 6(11) "Intangible Assets" to the parent company only 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(18) "Revenue from Contracts with Customers" to the parent company only 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.



## **Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements**

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## **Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 parent company only financial statements.

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

1. Identified and assessed the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
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 parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluated the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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 parent company only 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 parent company only 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 parent company only financial statements are intended only to present the financial position, financial performance, and cash flows in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The standards, procedures and practices to audit such parent company only financial statements are those generally accepted and applied in the Republic of China.*



**AUO CORPORATION**  
**Balance Sheets**  
**December 31, 2022 and 2021**  
(Expressed in thousands of New Taiwan dollars)

Assets		December 31, 2022		December 31, 2021				Liabilities and Equity		December 31, 2022		December 31, 2021	
		Amount	%	Amount	%					Amount	%	Amount	%
<b>Current assets:</b>								<b>Current liabilities:</b>					
1100	Cash and cash equivalents	\$ 42,441,718	12	35,620,938	9	2120		Financial liabilities at fair value through profit or loss—current		89,776	-	39,294	-
1110	Financial assets at fair value through profit or loss—current	169,455	-	130,434	-	2170		Accounts payable		18,037,634	5	25,563,063	7
1136	Financial assets at amortized cost—current	-	-	10,000,000	3	2180		Accounts payable to related parties		24,231,794	7	33,402,582	9
1170	Accounts receivable, net	12,408,519	4	48,983,659	13	2213		Equipment and construction payable		4,002,367	1	2,037,379	1
1180	Accounts receivable from related parties, net	5,347,662	2	7,475,344	2	2220		Other payables to related parties		249,047	-	285,903	-
1210	Other receivables from related parties	2,050,395	-	2,071,262	1	2230		Current tax liabilities		509,975	-	62,580	-
1220	Current tax assets	21,306	-	28,430	-	2250		Provisions—current		443,197	-	777,282	-
130X	Inventories	17,295,755	5	21,691,552	6	2280		Lease liabilities—current		401,297	-	378,273	-
1476	Other current financial assets	1,530,474	-	1,771,363	-	2399		Other current liabilities		17,913,439	5	28,097,647	7
1479	Other current assets	1,986,803	1	1,881,797	-	2322		Current installments of long-term borrowings		10,371,000	3	12,267,653	3
		<u>83,252,087</u>	<u>24</u>	<u>129,654,779</u>	<u>34</u>					<u>76,249,526</u>	<u>21</u>	<u>102,911,656</u>	<u>27</u>
<b>Noncurrent assets:</b>								<b>Noncurrent liabilities:</b>					
1517	Financial assets at fair value through other comprehensive income—noncurrent	85,362	-	65,989	-	2527		Contract liabilities—noncurrent		8,739,846	3	8,739,846	2
1550	Investments in equity-accounted investees	124,210,952	35	110,187,644	29	2540		Long-term borrowings, excluding current installments		68,197,393	19	28,379,592	8
1600	Property, plant and equipment	118,164,834	33	117,565,260	30	2550		Provisions—noncurrent		609,175	-	679,907	-
1755	Right-of-use assets	7,810,704	2	8,325,689	2	2570		Deferred tax liabilities		4,078,266	1	3,331,803	1
1760	Investment property	465,868	-	465,868	-	2580		Lease liabilities—noncurrent		7,654,368	2	8,153,713	2
1780	Intangible assets	9,464,184	3	10,688,986	3	2600		Other noncurrent liabilities		1,333,038	1	1,619,978	-
1840	Deferred tax assets	5,656,311	2	5,528,979	1					<u>90,612,086</u>	<u>26</u>	<u>50,904,839</u>	<u>13</u>
1900	Other noncurrent assets	2,850,401	1	3,120,341	1			<b>Total liabilities</b>		<u>166,861,612</u>	<u>47</u>	<u>153,816,495</u>	<u>40</u>
		<u>268,708,616</u>	<u>76</u>	<u>255,948,756</u>	<u>66</u>			<b>Equity:</b>					
						3100		Common stock		76,993,961	22	96,242,451	25
						3200		Capital surplus		61,942,210	18	60,057,001	15
						3300		Retained earnings		50,078,752	14	80,669,998	21
						3400		Other components of equity		(3,620,305)	(1)	(4,743,182)	(1)
						3500		Treasury shares		(295,527)	-	(439,228)	-
								<b>Total equity</b>		<u>185,099,091</u>	<u>53</u>	<u>231,787,040</u>	<u>60</u>
<b>Total Assets</b>		<u>\$ 351,960,703</u>	<u>100</u>	<u>385,603,535</u>	<u>100</u>			<b>Total Liabilities and Equity</b>		<u>\$ 351,960,703</u>	<u>100</u>	<u>385,603,535</u>	<u>100</u>



**AUO CORPORATION**  
**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	\$ 217,686,089	101	333,453,625	101
4190	Less: sales return and discount	2,515,723	1	2,223,070	1
	<b>Net revenue</b>	<b>215,170,366</b>	<b>100</b>	<b>331,230,555</b>	<b>100</b>
5000	<b>Cost of sales</b>	<b>225,776,767</b>	<b>105</b>	<b>260,307,149</b>	<b>79</b>
	<b>Gross profit (loss)</b>	<b>(10,606,401)</b>	<b>(5)</b>	<b>70,923,406</b>	<b>21</b>
	<b>Operating expenses:</b>				
6100	Selling and distribution expenses	3,029,807	1	3,540,549	1
6200	General and administrative expenses	4,631,479	2	6,357,095	2
6300	Research and development expenses	10,129,375	5	10,093,084	3
	<b>Total operating expenses</b>	<b>17,790,661</b>	<b>8</b>	<b>19,990,728</b>	<b>6</b>
	<b>Profit (loss) from operations</b>	<b>(28,397,062)</b>	<b>(13)</b>	<b>50,932,678</b>	<b>15</b>
	<b>Non-operating income and expenses:</b>				
7100	Interest income	386,558	-	159,594	-
7010	Other income	862,214	-	565,952	-
7020	Other gains and losses	(1,200,499)	(1)	(206,835)	-
7050	Finance costs	(1,127,843)	-	(1,447,159)	-
7060	Share of profit of equity-accounted investees	8,383,800	4	12,431,269	4
	<b>Total non-operating income and expenses</b>	<b>7,304,230</b>	<b>3</b>	<b>11,502,821</b>	<b>4</b>
7900	<b>Profit (loss) before income tax</b>	<b>(21,092,832)</b>	<b>(10)</b>	<b>62,435,499</b>	<b>19</b>
7950	<b>Less: income tax expense</b>	<b>8,542</b>	<b>-</b>	<b>1,104,871</b>	<b>-</b>
8200	<b>Profit (loss) for the year</b>	<b>(21,101,374)</b>	<b>(10)</b>	<b>61,330,628</b>	<b>19</b>
8300	<b>Other comprehensive income:</b>				
8310	<b>Items that will never be reclassified to profit or loss</b>				
8311	Remeasurement of defined benefit obligations	58,558	-	21,693	-
8316	Unrealized gain (loss) on equity investments at fair value through other comprehensive income	19,373	-	(25,518)	-
8330	Equity-accounted investees – share of other comprehensive income	(1,324,473)	(1)	236,236	-
8349	Related tax	(11,712)	-	(4,664)	-
		<b>(1,258,254)</b>	<b>(1)</b>	<b>227,747</b>	<b>-</b>
8360	<b>Items that are or may be reclassified subsequently to profit or loss</b>				
8361	Foreign operations – foreign currency translation differences	7,463,944	3	(1,765,440)	(1)
8380	Equity-accounted investees – share of other comprehensive income	(4,511,574)	(2)	523,293	-
8399	Related tax	(485,287)	-	328,538	-
		<b>2,467,083</b>	<b>1</b>	<b>(913,609)</b>	<b>(1)</b>
8300	<b>Other comprehensive income (loss), net of tax</b>	<b>1,208,829</b>	<b>-</b>	<b>(685,862)</b>	<b>(1)</b>
8500	<b>Total comprehensive income (loss) for the year</b>	<b>\$ (19,892,545)</b>	<b>(10)</b>	<b>60,644,766</b>	<b>18</b>
	<b>Earnings (loss) per share (NT\$)</b>				
9750	Basic earnings (loss) per share	<b>\$ (2.39)</b>		<b>6.44</b>	
9850	Diluted earnings (loss) per share	<b>\$ (2.39)</b>		<b>6.26</b>	



**AUO CORPORATION**  
**Statements of Changes in Equity**  
For the years ended December 31, 2022 and 2021  
(Expressed in thousands of New Taiwan dollars)

						Other Components of Equity					
	Capital Stock			Retained Earnings				Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income		Treasury Shares	Total Equity
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Subtotal	Cumulative Translation Differences		Subtotal		
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
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)
Profit for the year	-	-	-	-	61,330,628	61,330,628	-	-	-	-	61,330,628
Other comprehensive income (loss), net of tax	-	-	-	-	8,223	8,223	(913,609)	219,524	(694,085)	-	(685,862)
Total comprehensive income (loss) for the year	-	-	-	-	61,338,851	61,338,851	(913,609)	219,524	(694,085)	-	60,644,766
Donations from shareholders	-	449	-	-	-	-	-	-	-	-	449
Adjustments for changes in investees' equity	-	(1,356,246)	-	-	(8,101,518)	(8,101,518)	(753,444)	-	(753,444)	-	(10,211,208)
Share-based payments	-	825,114	-	-	-	-	-	-	-	574,195	1,399,309
Disposal of equity investments measured at fair value through other comprehensive income	-	-	-	-	25,350	25,350	-	(25,350)	(25,350)	-	-
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
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)
Loss for the year	-	-	-	-	(21,101,374)	(21,101,374)	-	-	-	-	(21,101,374)
Other comprehensive income (loss), net of tax	-	-	-	-	44,298	44,298	2,467,083	(1,302,552)	1,164,531	-	1,208,829
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)
Donations from shareholders	-	1,095	-	-	-	-	-	-	-	-	1,095
Adjustments for changes in investees' equity	-	1,812,907	-	-	-	-	-	-	-	-	1,812,907
Capital reduction	(19,248,490)	-	-	-	-	-	-	-	-	96,842	(19,151,648)
Share-based payments	-	71,207	-	-	-	-	-	-	-	46,859	118,066
Disposal of equity investments measured at fair value through other comprehensive income	-	-	-	-	41,654	41,654	-	(41,654)	(41,654)	-	-
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





**AUO CORPORATION**  
**Statements of Cash Flows**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in thousands of New Taiwan dollars)**

	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities:</b>		
<b>Profit (loss) before income tax</b>	\$ (21,092,832)	62,435,499
<b>Adjustments for:</b>		
- depreciation	19,845,290	22,394,148
- amortization	118,802	170,775
- losses (gains) on financial instruments at fair value through profit or loss	11,461	(205,199)
- interest expense	976,170	1,371,931
- interest income	(386,558)	(159,594)
- dividend income	(1,559)	(2,598)
- compensation costs of share-based payments	70,352	793,463
- share of profit of equity-accounted investees	(8,383,800)	(12,431,269)
- gains on disposals of property, plant and equipment, net	(3,192)	(782,257)
- gains on disposals of investments, net	-	(496,461)
- impairment losses on assets	1,121,772	1,017,725
- unrealized foreign currency exchange losses (gains)	560,099	(7,139)
- others	138,935	75,227
<b>Changes in operating assets and liabilities:</b>		
- accounts receivable	36,027,128	(11,734,364)
- receivables from related parties	2,550,124	(399,806)
- inventories	4,395,797	(2,973,563)
- net defined benefit assets	3,090	(12,299)
- other operating assets	255,505	(2,308,415)
- contract liabilities	(1,551,093)	11,503,416
- accounts payable	(7,438,696)	1,041,259
- payables to related parties	(9,207,644)	3,119,336
- provisions	(449,572)	72,305
- other operating liabilities	(9,058,509)	11,802,579
Cash generated from operations	8,501,070	84,284,699
Interest received	389,937	159,574
Dividends received	3,810,426	813,819
Interest paid	(930,473)	(1,416,424)
Income taxes refunded (paid)	(6,244)	14,958
<b>Net cash provided by operating activities</b>	<u>11,764,716</u>	<u>83,856,626</u>

(Continued)



**AUO CORPORATION**  
**Statements of Cash Flows**  
**For the years ended December 31, 2022 and 2021**  
**(Expressed in thousands of New Taiwan dollars)**

	<u>2022</u>	<u>2021</u>
<b>Cash flows from investing activities:</b>		
Disposals of financial assets at fair value through profit or loss	5,440	-
Acquisitions of financial assets at amortized cost	-	(20,000,000)
Disposals of financial assets at amortized cost	10,000,000	10,000,000
Acquisitions of financial assets at fair value through other comprehensive income	-	(91,507)
Acquisitions of equity-accounted investees	(5,993,878)	(23,104,090)
Proceeds from return of capital deduction	-	90,212
Acquisitions of property, plant and equipment	(18,135,881)	(10,221,675)
Disposals of property, plant and equipment	516,127	311,229
Decrease (increase) in refundable deposits	95,645	(572,337)
Increase in other receivables from related parties	(140,000)	(510,000)
Net cash outflow arising from spin-off	-	(1,316,465)
<b>Net cash used in investing activities</b>	<u>(13,652,547)</u>	<u>(45,414,633)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from long-term borrowings	59,583,475	10,770,000
Repayments of long-term borrowings	(21,814,000)	(65,837,500)
Payment of lease liabilities	(401,791)	(390,835)
Decrease in received guarantee deposits	-	(51,290)
Cash dividends	(9,575,824)	(2,850,967)
Capital reduction	(19,151,648)	-
Treasury shares sold to employees	46,718	572,472
Others	1,095	449
<b>Net cash provided by (used in) financing activities</b>	<u>8,688,025</u>	<u>(57,787,671)</u>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<u>20,586</u>	<u>(2,709)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	6,820,780	(19,348,387)
<b>Cash and cash equivalents at January 1</b>	<u>35,620,938</u>	<u>54,969,325</u>
<b>Cash and cash equivalents at December 31</b>	<u><b>\$ 42,441,718</b></u>	<u><b>35,620,938</b></u>

## Attachment 5

### 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.*



**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				December 31, 2022		December 31, 2021	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
<b>Current assets:</b>						<b>Current liabilities:</b>					
I100	Cash and cash equivalents	\$ 80,613,120	21	79,944,686	19	2100	Short-term borrowings	\$ 128,487	-	45,324	-
I110	Financial assets at fair value through profit or loss—current	365,037	-	159,270	-	2120	Financial liabilities at fair value through profit or loss—current	351,825	-	132,797	-
I136	Financial assets at amortized cost—current	-	-	10,000,000	2	2170	Notes and accounts payable	41,479,524	11	54,574,143	13
I170	Notes and accounts receivable, net	18,620,248	5	59,093,573	14	2180	Accounts payable to related parties	5,890,185	2	8,825,361	2
I180	Accounts receivable from related parties, net	1,255,503	-	2,479,395	1	2213	Equipment and construction payable	7,882,627	2	4,317,199	1
I210	Other receivables from related parties	6,139	-	20,699	-	2220	Other payables to related parties	27,853	-	72,411	-
I220	Current tax assets	41,186	-	60,802	-	2230	Current tax liabilities	1,567,623	-	2,607,235	1
I30X	Inventories	30,263,713	8	34,489,088	8	2250	Provisions—current	559,654	-	942,290	-
I460	Noncurrent assets held for sale	586,406	-	-	-	2280	Lease liabilities—current	583,251	-	534,706	-
I476	Other current financial assets	4,593,094	1	2,186,682	-	2399	Other current liabilities	24,812,498	6	34,869,439	8
I479	Other current assets	<u>3,832,361</u>	<u>1</u>	<u>3,592,203</u>	<u>1</u>	2322	Current installments of long-term borrowings	<u>13,884,634</u>	<u>4</u>	<u>16,833,597</u>	<u>4</u>
		<u>140,176,807</u>	<u>36</u>	<u>192,026,398</u>	<u>45</u>			<u>97,168,161</u>	<u>25</u>	<u>123,754,502</u>	<u>29</u>
<b>Noncurrent assets:</b>						<b>Noncurrent liabilities:</b>					
I517	Financial assets at fair value through other comprehensive income—noncurrent	1,900,581	1	1,308,157	-	2527	Contract liabilities—noncurrent	8,739,846	3	8,739,846	2
I550	Investments in equity-accounted investees	31,743,902	8	25,447,133	6	2540	Long-term borrowings, excluding current installments	72,930,817	19	37,821,267	9
I600	Property, plant and equipment	178,833,837	46	171,222,045	40	2550	Provisions—noncurrent	909,405	-	946,018	-
I755	Right-of-use assets	9,800,458	3	10,638,373	3	2570	Deferred tax liabilities	5,101,186	1	4,224,720	1
I760	Investment property	1,393,244	-	1,437,692	-	2580	Lease liabilities—noncurrent	8,661,640	2	9,190,535	2
I780	Intangible assets	11,396,241	3	11,756,955	3	2600	Other noncurrent liabilities	<u>1,918,971</u>	<u>1</u>	<u>2,167,687</u>	<u>1</u>
I840	Deferred tax assets	6,649,457	2	6,466,588	2			<u>98,261,865</u>	<u>26</u>	<u>63,090,073</u>	<u>15</u>
I900	Other noncurrent assets	<u>4,946,147</u>	<u>1</u>	<u>4,507,705</u>	<u>1</u>		<b>Total liabilities</b>	<u>195,430,026</u>	<u>51</u>	<u>186,844,575</u>	<u>44</u>
		<u>246,663,867</u>	<u>64</u>	<u>232,784,648</u>	<u>55</u>		<b>Equity:</b>				
							<b>Equity attributable to shareholders of AUO Corporation :</b>				
						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	<u>(295,527)</u>	<u>-</u>	<u>(439,228)</u>	<u>-</u>
								<u>185,099,091</u>	<u>48</u>	<u>231,787,040</u>	<u>55</u>
							<b>Non-controlling interests</b>				
						36XX	Non-controlling interests	<u>6,311,557</u>	<u>1</u>	<u>6,179,431</u>	<u>1</u>
							<b>Total equity</b>	<u>191,410,648</u>	<u>49</u>	<u>237,966,471</u>	<u>56</u>
<b>Total Assets</b>		<u>\$ 386,840,674</u>	<u>100</u>	<u>424,811,046</u>	<u>100</u>		<b>Total Liabilities and Equity</b>	<u>\$ 386,840,674</u>	<u>100</u>	<u>424,811,046</u>	<u>100</u>



**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
	<b>Net revenue</b>	<b>246,792,674</b>	<b>100</b>	<b>370,685,141</b>	<b>100</b>
5000	Cost of sales	245,225,166	99	279,917,384	76
	<b>Gross profit</b>	<b>1,567,508</b>	<b>1</b>	<b>90,767,757</b>	<b>24</b>
	<b>Operating expenses:</b>				
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
	<b>Total operating expenses</b>	<b>25,537,904</b>	<b>10</b>	<b>27,692,141</b>	<b>7</b>
	<b>Profit (loss) from operations</b>	<b>(23,970,396)</b>	<b>(9)</b>	<b>63,075,616</b>	<b>17</b>
	<b>Non-operating income and expenses:</b>				
7100	Interest income	878,975	-	495,332	-
7010	Other income	3,211,169	1	1,389,680	-
7020	Other gains and losses	(121,274)	-	1,037,458	-
7050	Finance costs	(1,507,963)	-	(2,217,565)	-
7060	Share of profit of equity-accounted investees	2,003,297	1	2,626,274	1
	<b>Total non-operating income and expenses</b>	<b>4,464,204</b>	<b>2</b>	<b>3,331,179</b>	<b>1</b>
7900	<b>Profit (loss) before income tax</b>	<b>(19,506,192)</b>	<b>(7)</b>	<b>66,406,795</b>	<b>18</b>
7950	Less: income tax expense	1,466,988	1	2,947,697	1
8200	<b>Profit (loss) for the year</b>	<b>(20,973,180)</b>	<b>(8)</b>	<b>63,459,098</b>	<b>17</b>
8300	<b>Other comprehensive income:</b>				
8310	<b>Items that will never be reclassified to profit or loss</b>				
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	(1,362,277)	(1)	244,624	-
8349	Related tax	(11,691)	-	(4,577)	-
		<b>(1,258,254)</b>	<b>(1)</b>	<b>227,747</b>	<b>-</b>
8360	<b>Items that are or may be reclassified subsequently to profit or loss</b>				
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	-
		<b>2,460,524</b>	<b>1</b>	<b>(990,769)</b>	<b>-</b>
8300	<b>Other comprehensive income (loss), net of tax</b>	<b>1,202,270</b>	<b>-</b>	<b>(763,022)</b>	<b>-</b>
8500	<b>Total comprehensive income (loss) for the year</b>	<b>\$ (19,770,910)</b>	<b>(8)</b>	<b>62,696,076</b>	<b>17</b>
	<b>Profit (loss) attributable to:</b>				
8610	Shareholders of AUO Corporation	\$ (21,201,374)	(8)	61,330,628	16
8620	Non-controlling interests	128,194	-	2,128,470	1
		<b>\$ (21,073,180)</b>	<b>(8)</b>	<b>63,459,098</b>	<b>17</b>
	<b>Total comprehensive income (loss) attributable to:</b>				
8710	Shareholders of AUO Corporation	\$ (19,892,545)	(8)	60,644,766	16
8720	Non-controlling interests	121,635	-	2,051,310	1
		<b>\$ (19,770,910)</b>	<b>(8)</b>	<b>62,696,076</b>	<b>17</b>
	<b>Earnings (loss) per share (NT\$)</b>				
9750	Basic earnings (loss) per share	\$ (2.39)		6.44	
9850	Diluted earnings (loss) per share	\$ (2.39)		6.26	





**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**

	Equity Attributable to Shareholders of AUO Corporation						Other Components of Equity				Equity Attributable to Shareholders of AUO Corporation	Non-controlling Interests	Total Equity
	Capital Stock Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Subtotal	Cumulative Translation Differences	Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income	Subtotal	Treasury Shares			
<b>Balance at January 1, 2021</b>	<u>\$ 96,242,451</u>	<u>60,587,684</u>	<u>7,691,688</u>	<u>2,005,384</u>	<u>20,561,210</u>	<u>30,258,282</u>	<u>(3,206,520)</u>	<u>(63,783)</u>	<u>(3,270,303)</u>	<u>(1,013,423)</u>	<u>182,804,691</u>	<u>10,985,674</u>	<u>193,790,365</u>
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
<b>Balance at December 31, 2021</b>	<u>96,242,451</u>	<u>60,057,001</u>	<u>8,427,144</u>	<u>3,270,303</u>	<u>68,972,551</u>	<u>80,669,998</u>	<u>(4,873,573)</u>	<u>130,391</u>	<u>(4,743,182)</u>	<u>(439,228)</u>	<u>231,787,040</u>	<u>6,179,431</u>	<u>237,966,471</u>
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)
<b>Balance at December 31, 2022</b>	<u>\$ 76,993,961</u>	<u>61,942,210</u>	<u>13,753,412</u>	<u>4,743,181</u>	<u>31,582,159</u>	<u>50,078,752</u>	<u>(2,406,490)</u>	<u>(1,213,815)</u>	<u>(3,620,305)</u>	<u>(295,527)</u>	<u>185,099,091</u>	<u>6,311,557</u>	<u>191,410,648</u>



**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
<b>Cash flows from operating activities:</b>		
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
<b>Changes in operating assets and liabilities:</b>		
- 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)
<b>Net cash provided by operating activities</b>	<b>26,970,958</b>	<b>104,721,236</b>

(Continued)



**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
<b>Cash flows from investing activities:</b>		
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)
<b>Net cash used in investing activities</b>	<b>(31,912,960)</b>	<b>(30,350,308)</b>
<b>Cash flows from financing activities:</b>		
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
<b>Net cash provided by (used in) financing activities</b>	<b>2,354,235</b>	<b>(83,470,478)</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>3,256,201</b>	<b>(1,230,451)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>668,434</b>	<b>(10,330,001)</b>
<b>Cash and cash equivalents at January 1</b>	<b>79,944,686</b>	<b>90,274,687</b>
<b>Cash and cash equivalents at December 31</b>	<b>\$ 80,613,120</b>	<b>79,944,686</b>

## 2022 Earnings Distribution Proposal

Amount in NT\$

Items	Amount
<b>Unappropriated Retained Earnings, Beginning Balance</b>	<b>52,597,580,213</b>
Add: Change in Remeasurement of Defined Benefit Plan <small>(Note 1)</small>	44,298,194
Disposal of Equity Instruments at Fair Value through Other Comprehensive Income	41,653,782
Reversal of Special Reserve <small>(Note 2)</small>	1,122,876,238
Less: Net Loss after Tax of 2022	(21,101,373,561)
<b>Unappropriated Retained Earnings, Ending Balance</b>	<b>32,705,034,866</b>

Note 1. Including the Company's and the adjustments of investments accounted under equity method.

Note 2. The special reserve is set aside based on the balance of special reserve deducting the other components of equity as of December 31, 2022.



## Attachment 6

### List of non-competition restrictions proposed to be lifted

Title	Name	Released restriction
Director	Han-Chou (Joe) Huang, Representative of Qisda Corporation	Director, Alpha Networks Inc.
Independent Director	Chin-Bing (Philip) Peng	Director, CruiseIO Co., Ltd.



## IV. Appendices



## Appendix I: Shareholding of Directors

- (1) As of March 28, 2023 the first date of local book-close period for the 2023 Annual Shareholders' Meeting, the issued capital of the Company is NT\$76,993,960,920 representing 7,699,396,092 common shares. The independent directors of the Company exceed one-half of the total director seats, and the audit committee has been established. Therefore, the provision in Article 26 of the Securities and Exchange Act that the total shares held by all directors and supervisors shall not be less than a specified percentage of its total issued shares, shall not apply.
- (2) As of March 28, 2023, the actual collective shareholdings of directors were shown as below:

Title	Name	Shareholders Represented	No. of Shareholding	Shareholding %
Chairman	Shuang-Lang (Paul) Peng		8,913,940	0.12
Director	Frank Ko	AUO Foundation	249,600	0.00
Director	Han-Chou (Joe) Huang	Qisda Corporation	530,878,896	6.90
Director	Chuang-Chuang Tsai	E Ink Holdings Inc.	7,975,188	0.10
Independent Director	Chin-Bing (Philip) Peng		77,336	0.00
Independent Director	Yen-Hsueh Su		0	-
Independent Director	Jang-Lin (John) Chen		0	-
Independent Director	Chiu-ling Lu		0	-
Independent Director	Cathy Han		0	-
Total			548,094,960	7.12



## Appendix 2: AUO Rules and Procedures for Shareholders' Meeting

1. Shareholders' meeting of the Company shall be conducted in accordance with the Rules and Procedures.
2. Shareholders or their proxies attending the shareholders' meeting (the "Meeting") shall submit the attendance card for the purpose of signing in. The number of shares represented by shareholders or their proxies attending the Meeting shall be calculated in accordance with the attendance cards submitted by the shareholders or their proxies plus the number of shares exercised by correspondence or electronic means.
3. The quorum required for the Meeting and the votes cast by the shareholders shall be calculated in accordance with the number of shares representing by shareholders attending the Meeting.
4. The Meeting shall be held at the head office of the Company or at any other appropriate place that is convenient for the shareholders to attend. The time to start the Meeting shall not be earlier than 9:00 a.m. or later than 3:00 p.m. The restrictions on the place of the meeting shall not apply when this Corporation convenes a virtual-only shareholders meeting.
5. The chairman of the Board of Directors shall be the chair presiding at the Meeting in the case that the Meeting is convened by the Board of Directors. In case the chairman of the Board of Directors is on leave or cannot exercise his power and authority for any reason, the vice chairman shall act on behalf of the chair. In case the Company has no vice chairman, or the vice chairman is also on leave or unable to exercise his and authority for any reason, the chairman of the Board of Directors shall designate one of the directors to act on behalf of the chair. If the chairman does not make such designation, the directors shall elect from and among themselves an acting chair. If the Meeting is convened by the person other than the Board of Directors who is permitted to convene such Meeting, such person shall be the chair presiding the Meeting.
6. The Company may appoint designated counsel, Certified Public Accountant or other related persons to attend the Meeting.
7. The process of the Meeting shall be tape-recorded or videotaped and these tapes or videos shall be preserved for at least one year.
8. Chair shall call the Meeting to order at the time scheduled for the meeting. If the number of shares represented by the shareholders present at the Meeting has not yet constituted the quorum at the time scheduled for the Meeting, the chair may postpone the time for the Meeting. The postponements shall be limited to two times at the most and Meeting shall not be postponed for longer than one hour in the aggregate. If after two postponements no quorum can yet be constituted but the shareholders present at the Meeting represent more than one-third of the total outstanding shares of the Company, tentative resolutions may be made in accordance with Paragraph 1, Article 175 of the Company Act of the Republic of China. If during the process of the Meeting the number of shares represented by the shareholders present becomes sufficient to constitute the quorum, the chair may submit the tentative resolutions to the Meeting--- for approval in accordance with Article 174 of the Company Act of the Republic of China.
9. The agenda of the Meeting shall be set by the Board of Directors, if the Meeting is convened by the Board of Directors. Relevant resolutions (including extraordinary motions and the amendment to the original motion) should be voted by poll. The Meeting shall proceed in accordance with the agenda unless otherwise resolved at the Meeting.

If the shareholders' meeting is convened by a convening party other than the Board of Directors, the provisions of the preceding paragraph shall apply.

During the Meeting, the chair may, at his/her discretion, set time for intermission. Unless otherwise resolved at the Meeting, the chair cannot announce adjournment of the Meeting before all the discussion items listed in the agenda are resolved. The shareholders cannot designated any other person as chair and continue the Meeting in the same or other place after the Meeting is adjourned.

10. When a shareholder present at the Meeting wishes to speak, a speech note should be filled out with summary of the speech, the shareholder's number, and the name of the shareholder. The sequence of speeches by





shareholders should be decided by the chair. If any shareholder presenting the Meeting submits a speech note but does not speak, no speech should be deemed to have been made by such shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the speech note, the contents of actual speech shall prevail. Unless otherwise permitted by the chair and the shareholder in speaking, no shareholder shall interrupt the speeches of the other shareholder, otherwise the chair shall stop such interruption.

11. Unless otherwise permitted by the chair, each shareholder shall not, for each discussion item, speak more than two times or longer than 5 minutes each time. In case the speech of any shareholder violates this provision or exceeds the scope of the discussion item, the chair may stop the speech of such shareholder. Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words.
12. Any legal entity designated as proxy by a shareholder(s) to be present at the Meeting may appoint only one representative to attend the Meeting. If a legal entity is a shareholder and designates two or more representatives to attend the Meeting, only one representative can speak for each discussion item.
13. After the speech of a shareholder, the chair may respond him/herself or appoint an appropriate person to respond.
14. The chair may announce to end the discussion of any item and amendment or extraordinary motions proposed by the shareholders, to go into voting if the chair deems it appropriate.
15. The voting method and procedures shall be announced by the chair or a person designated by the chair. The person(s) to monitor and the person(s) to count the ballots shall be appointed by the chair. The person(s) monitoring the ballots shall be a shareholder(s). The result of voting shall be announced at the Meeting and recorded in the minutes of the Meeting.
16. Except otherwise provided in the Company Act of the Republic of China or the Articles of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting. The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced after solicitation by the chair.
17. If there is amendment to or substitute for a discussion item, the chair shall decide the sequence of voting for such discussion item, the amendment or the substitute. If any of them has been adopted, the other shall be deemed vetoed and no further voting is necessary.
18. The chair may require or supervise the disciplinary officers or the security guards to assist in keeping order of the Meeting place. Such disciplinary officers or security guards shall wear badges marked "Disciplinary Officer" for identification purpose.
19. In case of incident due to force majeure, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed. If the meeting venue is no longer available for continued use and not all of the items on the meeting agenda have been addressed, the shareholders meeting may adopt a resolution to resume the meeting at another venue.
20. Any matter not provided in the Rules and Procedures shall be handled in accordance with the Company Act of Republic of China and the Articles of Incorporation of the Company.
21. The Rules and Procedures shall become effective from the date on which the Rules and Procedures are approved by the Meeting. The same shall apply to amendments to the Rules and Procedures.
22. These Rules were enacted on April 17, 1997; the first amendment was made on April 23, 1999; the second amendment was made on June 6, 2014; the third amendment was made on June 17, 2020; the fourth amendment was made on June 17, 2022.



## Appendix 3: Articles of Incorporation

### Chapter I: General Provisions

#### Article 1

The Company is incorporated, registered and organized as a company limited by shares and permanently existing in accordance with the Company Law of the Republic of China (the "Company Law") and the Company's English name is AUO Corporation.

#### Article 2

The scope of business of the Company shall be as follows:

1. CC01080 Electronic parts and components manufacturing business
2. FI19010 Electronic material wholesale business (for operations outside the Science Park only)
3. CC01030 Electronic appliances and AV electronics products manufacturing business
4. CC01010 Electric Power Supply, Electric Transmission and Power Distribution Machinery Manufacturing
5. CC01090 Batteries Manufacturing
6. IG03010 Energy Technical Services
7. CA02990 Other Fabricated Metal Products Manufacturing
8. C801990 Other Chemical Materials Manufacturing

To research, develop, produce, manufacture and sell the following products:

- (1) Plasma display and related systems
- (2) Liquid crystal display and related systems
- (3) Organic light emitting diodes and related systems
- (4) Amorphous silicon photo sensor device parts and components
- (5) Thin film photo diode sensor device parts and components
- (6) Thin film transistor photo sensor device parts and components
- (7) Touch imaging sensors
- (8) Full color active matrix flat panel displays
- (9) Field emission displays
- (10) Single crystal liquid crystal displays
- (11) Original equipment manufacturing for amorphous silicon thin film transistor process and flat panel display modules
- (12) Original design manufacturing and original equipment manufacturing business for flat panel display modules
- (13) Solar Cell, modules, and related system and service.
- (14) New green energy related system and service (for operations outside the Science Park only)
- (15) Color Filters
- (16) The simultaneous operation of a trade business and maintenance service relating to the Company's business
- (17) The simultaneous operation of metals, Refuse Derived Fuel and chemical products from the Company's manufacturing recycle processes

The operation of the businesses listed above shall be conducted in accordance with the relevant laws and regulations.

#### Article 3

The head office of the Company shall be in the Science-Based Industrial Park, Hsinchu, Taiwan, the Republic of China ("R.O.C.") or such other appropriate place as may be decided by the board of directors (the "Board"). Subject to the approval of the Board and other relevant authorities, the Company may, if necessary, set up branches, factories,



branch operation offices or branch business offices both inside and outside of the R.O.C.

#### Article 4

The total amount of the Company's investment is not subject to the restriction of Article 13 of the Company Act. The Company may provide guarantees or endorsements on behalf of third parties due to business or investment relationships with such third parties.

### **Chapter 2: Shares**

#### Article 5

The total capital of the Company is One Hundred and Twenty Billion New Taiwan Dollars (NT\$120,000,000,000), divided into Twelve Billion (12,000,000,000) shares with a par value of Ten New Taiwan Dollars (NT\$10) each and in registered form. The Board of Directors is authorized to issue the un-issued shares in installments.

A total of 100,000,000 shares among the above total capital should be reserved for issuance of new shares for performing obligation under the employee stock options, which may be issued in installments.

#### Article 6

The share certificates of the Company shall be all in registered form. The share certificates, after due registration with the competent authority, shall be signed or sealed by at least three directors and shall be legally authenticated prior to issue.

The Company may, pursuant to the applicable laws and regulations, deliver shares or other securities in book-entry form, instead of delivering physical certificates evidencing shares or other securities.

#### Article 7

Unless otherwise provided by applicable law and regulations, the shareholders services shall be handled in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies.

### **Chapter 3: Shareholders' Meetings**

#### Article 8

Shareholders' meetings shall be of two types, ordinary meetings and extraordinary meetings. Ordinary meetings shall be convened annually by the Board within six months of the end of each fiscal year. Extraordinary meetings shall be convened in accordance with the relevant laws, whenever necessary. The Company's shareholders meeting may be held by video conference or other methods announced by the competent authority.

#### Article 9

Unless otherwise provided in applicable law and regulations, a resolution shall be adopted at a meeting attended by the shareholders holding and representing a majority of the total issued and outstanding shares and at which meeting a majority of the attending shareholders shall vote in favor of the resolution. In case a shareholder is unable to attend a shareholders' meeting, such shareholder may issue a proxy in the form issued by the Company, setting forth the scope of authorization by signing and affixing such shareholder's seal on the proxy form for the representative to be present on such shareholder's behalf. Except for trust enterprises or other stock transfer agencies approved by the securities authorities, if a person is designated as proxy by more than two shareholders, any of such person's voting rights representing in excess of 3% of the total issued and outstanding shares shall not be considered. The relevant matters related to the use and rescission of the proxy shall be conducted in accordance with the Company Act and applicable rules.



## **Chapter 4: Board of Directors and Audit Committee**

### **Article 10**

The Company shall have seven to eleven directors. Directors shall be elected from a slate of director candidates, which are nominated under the Candidate Nomination System, at shareholders' meetings. Within the entire Board, the Company shall have at least three independent directors on the Board. The professional qualifications, restrictions on the shareholdings and concurrent positions held, method of nomination and election, and other matters with respect to independent directors shall be in compliance with applicable laws and regulations. The term of office for all directors shall be three (3) years. The directors are eligible for re-election. The number of the directors shall be decided by the board of directors.

The Board is authorized to determine the compensation for the directors, taking into account the extent and value of the services provided for the Company's operation and with reference to the standards of local and overseas industry.

The Company may take out liability insurance for the directors with respect to the liabilities resulting from exercising their duties during their terms of office.

### **Article 10-1**

Pursuant to Article 14-4 of the Securities and Exchange Act, the Company shall have the audit committee which shall be composed of all independent directors.

### **Article 11**

The Company shall have a chairman of the Board. The chairman of the Board shall be elected by and among the directors by a majority of directors present at a meeting attended by more than two thirds of directors. As necessary, a vice chairman may be elected by and among the directors in the same manner. The chairman of the Board shall preside internally at the meetings of the Board and shall externally represent the Company. In case the chairman of the Board asks for leave or for other reason cannot exercise his power and authority, the vice chairman shall act on his behalf. In case there is no vice chairman or the vice chairman is also on leave or cannot exercise his power and authority for any reason, the chairman of the Board may designate one of the directors to act on his behalf. In the absence of such a designation, the directors shall elect a designee from among themselves.

### **Article 12**

Where a director is unable to attend a meeting of the Board, he may appoint another director to represent him by proxy in accordance with Article 205 of the Company Act. Each director may act as a proxy for one other director only.

The meeting of the Board of Directors shall be convened in accordance with the Company Act. In calling a meeting of the Board of Directors, a notice may be given to each director by means of electronic mail or facsimile.

## **Chapter 5: President & Vice Presidents**

### **Article 13**

The Company shall have one or more managerial personnel. Appointment, dismissal, and remuneration of the president and vice presidents shall be subject to the provisions of the Company Act.

## Chapter 6: Accounting

### Article 14

After the end of each fiscal year, the Board shall prepare and submit the following documents: (1) business report, (2) financial statements, (3) proposal for allocation of earnings or recovery of loss to the shareholders in accordance with applicable laws at the ordinary meeting of shareholders for their acceptance.

### Article 15

Where the Company has a profit before tax for each fiscal year, the Company shall first reserve certain amount of the profit to recover losses for preceding years, and then set aside no less than 5% of the remaining profit for distribution to employees as remuneration and no more than 1% of the remaining profit for distribution to directors as remuneration.

### Article 15-1

Where the Company has a profit at the end of each fiscal year, the Company shall first allocate the profit to pay taxes and cover accumulated losses, and then 10% of the remaining net earnings shall be allocated as the Company's legal reserve unless and until the accumulated legal reserve reaches the paid in capital. Certain amount shall be further allocated as special reserve or the special reserve shall be reversed in accordance with applicable laws and regulations or as requested by the competent authority. The balance (if any) together with accumulated unappropriated retained earnings can be distributed after the distribution plan proposed and approved. Dividend distribution in the form of shares (in whole or in part) shall be approved by the shareholders' meeting. Dividend distribution in the form of cash shall be approved by the Board and a report of such distribution shall be submitted to the shareholders' meeting.

The Company's dividend policy is to pay dividends from surplus considering factors such as the Company's current and future investment environment, cash requirements, domestic and overseas competitive conditions and capital budget requirements, and taking into account the shareholders' interest, maintenance of a balanced dividend and the Company's long term financial plan. If the retained earnings available for distribution of the current year reaches 2% of the paid in capital of the Company, no less than 20% of the retained earnings available for distribution of the current year shall be distributed as dividend. If the retained earnings available for distribution of the current year does not reach 2% of the paid in capital of the Company, the Company may distribute no dividend. The cash portion of the dividend shall not be less than 10% of the total dividend in the form of cash and stock.

The dividend distribution ratio in the preceding paragraph could be adjusted taking into consideration finance, business and operations, etc.

### Article 15-2

Where the Company incurs no loss, the Company may distribute the portion of legal reserve which exceeds 25% of the Company's paid-in capital and the capital reserves permitted for distribution under the Company Act, in whole or in part, in the form of cash, to the shareholders in proportion to their shareholdings by the resolution adopted by the Board and a report of such distribution shall be submitted to the shareholders' meeting.

### Article 15-3

The employees who are entitled to employees remunerations in the form of shares or cash, employee stock option, restricted employee stock, the bought back shares to be transferred by the Company and the new shares reserved for employees subscription in the Company's share offering include employees of subsidiaries of the Company meeting certain specific qualifications and the Board or the person duly designated by the Board is authorized to decide such qualifications and allocation.



## Chapter 7: Supplementary Articles

### Article 16

With respect to the matters not provided herein, the Company Act and other applicable laws and regulations shall govern.

### Article 17

These Articles of Incorporation were enacted by the incorporators in the incorporators meeting held on July 18, 1996 and were effectively approved by the competent authority.

The first amendment was made on September 18, 1996.  
The second amendment was made on September 15, 1997.  
The third amendment was made on April 23, 1998.  
The fourth amendment was made on April 23, 1999.  
The fifth amendment was made on March 9, 2000.  
The sixth amendment was made on May 10, 2001.  
The seventh amendment was made on May 10, 2001.  
The eighth amendment was made on October 17, 2001.  
The ninth amendment was made on May 21, 2002.  
The tenth amendment was made on May 29, 2003.  
The eleventh amendment was made on April 29, 2004.  
The twelfth amendment was made on June 14, 2005.  
The thirteenth amendment was made on June 15, 2006.  
The fourteenth amendment was made on June 13, 2007.  
The fifteenth amendment was made on June 19, 2009.  
The sixteenth amendment was made on June 10, 2011.  
The seventeen amendment was made on June 13, 2012.  
The eighteenth amendment was made on June 19, 2013.  
The nineteenth amendment was made on June 16, 2016.  
The twentieth amendment was made on June 15, 2017.  
The twenty-first amendment was made on June 14, 2019.  
The twenty-second amendment was made on June 17, 2020.  
The twenty-third amendment was made on June 17, 2022.