



TWSE : 2409
OTC Markets : AUOTY

AUO Corporation

Meeting Minutes Of 2023 Annual General Shareholders' Meeting

(Translation)

Time and date of the Meeting: May 26, 2023 at 9:30 A.M. (Local time)

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

Total shares represented by shareholders present: 5,286,602,782 shares (including 3,898,677,911 shares casted electronically and 3,318,000 shares casted by video conferencing)

Percentage of shares held by shareholders present: 68.94% of total outstanding shares

(The translated document is prepared in accordance with the Chinese version and is for reference only. In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.)



Resolution Notice

Dear Shareholders:

We are pleased to inform you that the following items were approved or acted as proposed at our 2023 Annual General Shareholders' Meeting held on May 26, 2023.

Truly yours,

A handwritten signature in black ink, appearing to read 'Paul Peng', written over a faint horizontal line.

Shuang-Lang (Paul) Peng,
Chair



AUO Corporation

2023 Annual General Shareholders' Meeting Minutes

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

Place: Meeting Room in AUO's Headquarters

(No. 1, Li-Hsin Rd. 2, East Dist., Hsinchu Science Park, Hsinchu City)

Total AUO outstanding shares: 7,667,880,972 shares

Total shares represented by shareholders present in person or by proxy: 5,286,602,782 shares (including 3,898,677,911 shares casted electronically and 3,318,000 shares represented by video conferencing)

Percentage of shares held by shareholders present in person or by proxy: 68.94%

Directors present:

Shuang-Lang (Paul) Peng, Chairman, Chief Strategy Officer and convener of the Corporate Governance Committee

Frank Ko, Director, Chief Executive Officer and President

Yen-Hsueh Su, Independent Director, convener of the Audit Committee, member of the Remuneration Committee and member of the Corporate Governance Committee

Chuang- Chuang Tsai, Director

Jang-Lin (John) Chen, Independent Director, member of the Audit Committee, member of the Remuneration Committee and member of the Corporate Governance Committee

Chiu-Ling Lu, Independent Director, member of the Audit Committee and member of the Corporate Governance Committee

Cathy Han, Independent Director, member of the Audit Committee and member of the Corporate Governance Committee

Attendees: Chi-Lung Yu, Certified Public Accountant

Bo-Sen Von, Attorney

Chair: Shuang-Lang (Paul) Peng, Chairman

Recorder: Benjamin Tseng, Chief Financial Officer, Corporate Governance Officer and Secretary of the Board.

1. **Commencement** (The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chair called the meeting to order.)
2. **Chair's Address** (omitted)
3. **Report Items**



- (1) To report the business of 2022 (omitted)

Summary of Shareholders' Statements :

Shareholder Mr. Tao (Shareholder No. 00025475) asked questions about matters regarding the adaptability to environment and whether there is a plan to relocate the factories in China.

Shareholders who attended by video conferencing (Shareholder No. 01223231 and 01061417) asked questions about the management of operating costs and factories.

Shareholder Ms. Lin (Shareholder No. 00815852) asked questions about matters regarding price increase of glass substrate.

The Chair explained and responded to the above statements made by the said shareholders.

- (2) Audit Committee's Review Report and Communication between members of Audit Committee and head of Internal Audit (omitted)

Summary of Shareholders' Statements :

Shareholder Mr. Tao (Shareholder No. 00025475) asked questions about matters regarding sales return and discount.

The convener of Audit Committee appointed CFO to explained and responded to the above statements made by the said shareholder.

- (3) To report the cash distribution from capital surplus (omitted)

Summary of Shareholders' Statements :

Shareholders who attended by video conferencing (Shareholder No. 01223231 and 01061417) asked questions about the shareholder return plan, production plan of Micro LED, and funding plan.

- (4) To report the indirect investments in China in 2022 (omitted)

Summary of Shareholders' Statements :

Shareholder Mr. Tao (Shareholder No. 00025475) asked questions about matters regarding the competition and cooperation relationship with other companies in China and whether there is a plan to relocate the factories in China.

Shareholder Ms. Lin (Shareholder No. 00815852) asked questions about the shareholder return plan.

The Chair explained and responded to the above statements made by the said shareholders.

4. Recognition Items

I. 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 (pages 6-10) and 3-4 (pages 12-29).

Voting Results: 5,286,602,782 shares were represented at the time of voting (including



3,898,677,911 shares casted electronically and 3,318,000 shares casted by video conferencing)

Voting Result	Voting rights	% of the total represented at the time of voting
Votes in favor	4,860,572,727	91.94%
Votes against	8,514,118	0.16%
Votes invalid	0	0.00%
Votes abstained	417,515,937	7.90%

RESOLVED, that the above proposal be and hereby was accepted as proposed.

Summary of Shareholders' Statements :

Shareholder Mr. Tao (Shareholder No. 00025475) asked questions about the finance structure in short, medium and long term.

The Chair explained and responded to the above statements made by the said shareholders.

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

Explanation: For the Proposal for 2022 Earnings Distribution, please refer to Attachment 5 (page 30).

Voting Results: 5,286,602,782 shares were represented at the time of voting (including 3,898,677,911 shares casted electronically and 3,318,000 shares casted by video conferencing)

Voting Result	Voting rights	% of the total represented at the time of voting
Votes in favor	4,873,085,413	92.18%
Votes against	5,084,239	0.10%
Votes invalid	0	0.00%
Votes abstained	408,433,130	7.73%

RESOLVED, that the above proposal be and hereby was accepted as proposed.

5. 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 (page 31).

Voting Results: 5,286,602,782 shares were represented at the time of voting (including



3,898,677,911 shares casted electronically and 3,318,000 shares casted by video conferencing)

Voting Result	Voting rights	% of the total represented at the time of voting
Votes in favor	4,743,495,238	89.73%
Votes against	10,691,488	0.20%
Votes invalid	0	0.00%
Votes abstained	532,416,056	10.07%

RESOLVED, that the above proposal be and hereby was accepted as proposed.

Summary of Shareholders' Statements :

Shareholder Mr. Tao (Shareholder No. 00025475) suggested that the Company should have a statement from the directors who were proposed to be lifted from non-competition restrictions.

The Chair explained and responded to the above statements made by the said shareholders.

6. Extraordinary Motions

Summary of Shareholders' Statements :

Shareholder Mr. Lee (Shareholder No. 00070030) asked questions about the market development of Micro LED and automotive application.

Shareholder Mr. Tao (Shareholder No. 00025475) expressed opinions on other company's management and suggested the Company should introduce diversified talent.

Shareholder who attended by video conferencing (Shareholder No. 01761043) asked questions about the calculation method of cash distribution from capital surplus and Shareholders' Meeting souvenirs next year.

The Chair explained and responded to the above statements made by the said shareholders.

There being no extraordinary motions, and the Chair announced the meeting was adjourned.

7. Meeting Adjourn

The meeting was adjourned at 11:42 a.m.

(Note 1: The content of the statement recorded in this meeting minutes is only a summary. The actual speech shall be subject to on-site video and audio recording.)

(Note 2: Because the percentage of approval votes, disapproval votes, invalid votes, abstention votes and no votes held by total votes is calculated rounded to the second decimal place, the total percentage might not be exactly equal to 100.00 %.)



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.¹ 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 Ennostar², Raydium³, and PlayNitride⁴. 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

1 Advanced Reflection Technology

2 Ennostar Inc.

3 Raydium Semiconductor Corporation

4 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 Darwin⁵, ADLINK⁶, SINTRONES⁷, and CAROTA⁸. 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 Plus⁹, 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, Cypress¹⁰, iMedtac¹¹, 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 ComQi¹² and Space Money¹³.

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 Jector¹⁴, a subsidiary of AUO Display Plus. Beyond this, AUO Display Plus also invested in Rise Vision¹⁵, 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

10 Cypress Technology Co., Ltd.

11 iMedtac Co., Ltd.

12 ComQi Inc.

13 Space Money Inc.

14 Jector Digital Corporation

15 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 Digitech¹⁶, 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

¹⁶ 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 CSO¹⁷

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

CEO and President¹⁷

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'.

¹⁷ 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', written in a cursive style.

Yen-Hsueh Su

February 23, 2023



Attachment 3:

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	%
Current assets:						Current liabilities:					
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>
Noncurrent assets:						Noncurrent liabilities:					
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			<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>						
							Total liabilities				
							Equity:				
						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)	-
							Total equity	<u>185,099,091</u>	<u>53</u>	<u>231,787,040</u>	<u>60</u>
							Total Liabilities and Equity	<u>\$ 351,960,703</u>	<u>100</u>	<u>\$ 385,603,535</u>	<u>100</u>
	Total Assets	<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
	Net revenue	215,170,366	100	331,230,555	100
5000	Cost of sales	225,776,767	105	260,307,149	79
	Gross profit (loss)	(10,606,401)	(5)	70,923,406	21
	Operating expenses:				
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
	Total operating expenses	17,790,661	8	19,990,728	6
	Profit (loss) from operations	(28,397,062)	(13)	50,932,678	15
	Non-operating income and expenses:				
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
	Total non-operating income and expenses	7,304,230	3	11,502,821	4
7900	Profit (loss) before income tax	(21,092,832)	(10)	62,435,499	19
7950	Less: income tax expense	8,542	-	1,104,871	-
8200	Profit (loss) for the year	(21,101,374)	(10)	61,330,628	19
8300	Other comprehensive income:				
8310	Items that will never be reclassified to profit or loss				
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)	-
		(1,258,254)	(1)	227,747	-
8360	Items that are or may be reclassified subsequently to profit or loss				
8361	Foreign operations – foreign currency translation differences	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	-
		2,467,083	1	(913,609)	(1)
8300	Other comprehensive income (loss), net of tax	1,208,829	-	(685,862)	(1)
8500	Total comprehensive income (loss) for the year	\$(19,892,545)	(10)	60,644,766	18
	Earnings (loss) per share (NT\$)				
9750	Basic earnings (loss) per share	\$ (2.39)		6.44	
9850	Diluted earnings (loss) per share	\$ (2.39)		6.26	



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

	Capital Stock		Retained Earnings			Cumulative Translation Differences	Other Components of Equity		Treasury Shares	Total Equity	
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings		Subtotal	Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income			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)

	2022	2021
Cash flows from operating activities:		
Profit (loss) before income tax	\$ (21,092,832)	62,435,499
Adjustments for:		
- 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
Changes in operating assets and liabilities:		
- 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
Net cash provided by operating activities	11,764,716	83,856,626

(Continued)



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

	2022	2021
Cash flows from investing activities:		
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)
Net cash used in investing activities	(13,652,547)	(45,414,633)
Cash flows from financing activities:		
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
Net cash provided by (used in) financing activities	8,688,025	(57,787,671)
Effect of exchange rate change on cash and cash equivalents	20,586	(2,709)
Net increase (decrease) in cash and cash equivalents	6,820,780	(19,348,387)
Cash and cash equivalents at January 1	35,620,938	54,969,325
Cash and cash equivalents at December 31	\$ 42,441,718	35,620,938



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)

Assets		December 31, 2022		December 31, 2021		Liabilities and Equity		December 31, 2022		December 31, 2021	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents	\$ 80,613,120	21	79,944,686	19	2100	Short-term borrowings	\$ 128,487	-	45,324	-
1110	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	-
1136	Financial assets at amortized cost—current	-	-	10,000,000	2	2170	Notes and accounts payable	41,479,524	11	54,574,143	13
1170	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
1180	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
1210	Other receivables from related parties	6,139	-	20,699	-	2220	Other payables to related parties	27,853	-	72,411	-
1220	Current tax assets	41,186	-	60,802	-	2230	Current tax liabilities	1,567,623	-	2,607,235	1
130X	Inventories	30,263,713	8	34,489,088	8	2250	Provisions—current	559,654	-	942,290	-
1460	Noncurrent assets held for sale	586,406	-	-	-	2280	Lease liabilities—current	583,251	-	534,706	-
1476	Other current financial assets	4,593,094	1	2,186,682	-	2399	Other current liabilities	24,812,498	6	34,869,439	8
1479	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>
Noncurrent assets:						Noncurrent liabilities:					
1517	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
1550	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
1600	Property, plant and equipment	178,833,837	46	171,222,045	40	2550	Provisions—noncurrent	909,405	-	946,018	-
1755	Right-of-use assets	9,800,458	3	10,638,373	3	2570	Deferred tax liabilities	5,101,186	1	4,224,720	1
1760	Investment property	1,393,244	-	1,437,692	-	2580	Lease liabilities—noncurrent	8,661,640	2	9,190,535	2
1780	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>
1840	Deferred tax assets	6,649,457	2	6,466,588	2		Total liabilities	<u>195,430,026</u>	<u>51</u>	<u>186,844,575</u>	<u>44</u>
1900	Other noncurrent assets	<u>4,946,147</u>	<u>1</u>	<u>4,507,705</u>	<u>1</u>		Equity:				
		<u>246,663,867</u>	<u>64</u>	<u>232,784,648</u>	<u>55</u>		Equity attributable to shareholders of AUO Corporation :				
						3100	Common stock	76,993,961	20	96,242,451	23
						3200	Capital surplus	61,942,210	16	60,057,001	14
						3300	Retained earnings	50,078,752	13	80,669,998	19
						3400	Other components of equity	(3,620,305)	(1)	(4,743,182)	(1)
						3500	Treasury shares	<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>
							Non-controlling interests				
						36XX	Non-controlling interests	<u>6,311,557</u>	<u>1</u>	<u>6,179,431</u>	<u>1</u>
							Total equity	<u>191,410,648</u>	<u>49</u>	<u>237,966,471</u>	<u>56</u>
Total Assets		\$ 386,840,674	100	424,811,046	100		Total Liabilities and Equity	\$ 386,840,674	100	424,811,046	100



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	<u>3,163,865</u>	<u>1</u>	<u>2,985,419</u>	<u>1</u>
Net revenue	246,792,674	100	370,685,141	100
5000 Cost of sales	<u>245,225,166</u>	<u>99</u>	<u>279,917,384</u>	<u>76</u>
Gross profit	<u>1,567,508</u>	<u>1</u>	<u>90,767,757</u>	<u>24</u>
Operating expenses:				
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	<u>12,867,781</u>	<u>5</u>	<u>13,069,676</u>	<u>3</u>
Total operating expenses	<u>25,537,904</u>	<u>10</u>	<u>27,692,141</u>	<u>7</u>
Profit (loss) from operations	<u>(23,970,396)</u>	<u>(9)</u>	<u>63,075,616</u>	<u>17</u>
Non-operating income and expenses:				
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	<u>2,003,297</u>	<u>1</u>	<u>2,626,274</u>	<u>1</u>
Total non-operating income and expenses	<u>4,464,204</u>	<u>2</u>	<u>3,331,179</u>	<u>1</u>
7900 Profit (loss) before income tax	(19,506,192)	(7)	66,406,795	18
7950 Less: income tax expense	<u>1,466,988</u>	<u>1</u>	<u>2,947,697</u>	<u>1</u>
8200 Profit (loss) for the year	<u>(20,973,180)</u>	<u>(8)</u>	<u>63,459,098</u>	<u>17</u>
8300 Other comprehensive income:				
8310 Items that will never be reclassified to profit or loss				
8311 Remeasurement of defined benefit obligations	58,455	-	21,260	-
8316 Unrealized gain (loss) on equity investments at fair value through other comprehensive income	57,359	-	(33,560)	-
8320 Equity-accounted investees – share of other comprehensive income	(1,362,277)	(1)	244,624	-
8349 Related tax	<u>(11,691)</u>	<u>-</u>	<u>(4,577)</u>	<u>-</u>
	<u>(1,258,254)</u>	<u>(1)</u>	<u>227,747</u>	<u>-</u>
8360 Items that are or may be reclassified subsequently to profit or loss				
8361 Foreign operations – foreign currency translation differences	2,388,106	1	(1,277,481)	-
8370 Equity-accounted investees – share of other comprehensive income	562,474	-	(59,103)	-
8399 Related tax	<u>(490,056)</u>	<u>-</u>	<u>345,815</u>	<u>-</u>
	<u>2,460,524</u>	<u>1</u>	<u>(990,769)</u>	<u>-</u>
8300 Other comprehensive income (loss), net of tax	<u>1,202,270</u>	<u>-</u>	<u>(763,022)</u>	<u>-</u>
8500 Total comprehensive income (loss) for the year	<u>\$ (19,770,910)</u>	<u>(8)</u>	<u>62,696,076</u>	<u>17</u>
Profit (loss) attributable to:				
8610 Shareholders of AUO Corporation	\$ (21,201,374)	(8)	61,330,628	16
8620 Non-controlling interests	<u>128,194</u>	<u>-</u>	<u>2,128,470</u>	<u>1</u>
	<u>\$ (21,073,180)</u>	<u>(8)</u>	<u>63,459,098</u>	<u>17</u>
Total comprehensive income (loss) attributable to:				
8710 Shareholders of AUO Corporation	\$ (19,892,545)	(8)	60,644,766	16
8720 Non-controlling interests	<u>121,635</u>	<u>-</u>	<u>2,051,310</u>	<u>1</u>
	<u>\$ (19,770,910)</u>	<u>(8)</u>	<u>62,696,076</u>	<u>17</u>
Earnings (loss) per share (NT\$)				
9750 Basic earnings (loss) per share	<u>\$ (2.39)</u>		<u>6.44</u>	
9850 Diluted earnings (loss) per share	<u>\$ (2.39)</u>		<u>6.26</u>	



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

(Continued)



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

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



Attachment 5

2022 Earnings Distribution Proposal

Amount in NT\$

Items	Amount
Unappropriated Retained Earnings, Beginning Balance	52,597,580,213
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)
Unappropriated Retained Earnings, Ending Balance	32,705,034,866

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, CruiseI0 Co., Ltd.