

AUO CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 2023 and 2022**

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

Independent Auditors' Review Report

To the Board of Directors of AUO Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of AUO Corporation and its subsidiaries ("the Company") as of June 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2023 and 2022, as well as the changes in equity and cash flows for the six months ended June 30, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as of June 30, 2023 and 2022, its consolidated financial performance for the three months and six months ended June 30, 2023 and 2022, as well as its consolidated cash flows for the six months ended June 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Hsinchu, Taiwan (Republic of China)
July 26, 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 International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. The standards, procedures and practices to such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

AUO CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2023, December 31, 2022, and June 30, 2022

(Expressed in thousands of New Taiwan dollars)

		June 30, 2023		December 31, 2022		June 30, 2022				June 30, 2023		December 31, 2022		June 30, 2022	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (Note 6(1))	\$ 90,530,945	23	80,613,120	21	84,942,092	21	2100	Short-term borrowings (Note 6(14))	\$ 96,707	-	128,487	-	52,100	-
1110	Financial assets at fair value through profit or loss—current (Note 6(2))	211,920	-	365,037	-	521,802	-	2120	Financial liabilities at fair value through profit or loss—current (Notes 6(2)&(8))	453,790	-	351,825	-	162,903	-
1136	Financial assets at amortized cost—current (Note 6(4))	-	-	-	-	10,000,000	3	2170	Accounts payable	43,915,765	11	41,479,524	11	43,912,644	11
1170	Notes and accounts receivable, net (Note 6(5))	21,979,562	6	18,620,248	5	29,453,025	7	2180	Accounts payable to related parties (Note 7)	6,463,632	2	5,890,185	2	7,639,149	2
1180	Accounts receivable from related parties, net (Notes 6(5)&7)	644,431	-	1,255,503	-	1,826,239	-	2213	Equipment and construction payable (Note 7)	7,708,020	2	7,882,627	2	5,696,110	1
1210	Other receivables from related parties (Note 7)	1,605,577	-	6,139	-	1,834,655	-	2220	Other payables to related parties (Note 7)	42,236	-	27,853	-	37,491	-
1220	Current tax assets	45,132	-	41,186	-	48,750	-	2230	Current tax liabilities	953,594	-	1,567,623	-	3,608,128	1
130X	Inventories (Note 6(6))	28,408,862	7	30,263,713	8	37,240,719	9	2250	Provisions—current (Note 6(16))	513,782	-	559,654	-	845,999	-
1410	Prepayments (Note 6(13))	2,586,648	1	3,440,926	1	3,143,359	1	2280	Lease liabilities—current (Note 6(10))	586,745	-	583,251	-	570,379	-
1460	Noncurrent assets held for sale (Note 6(9))	568,950	-	586,406	-	-	-	2399	Other current liabilities (Notes 6(9),(18),(20)&(21))	29,939,817	8	24,812,498	6	40,073,063	10
1476	Other current financial assets (Notes 6(5),(7),(9),(20)&8)	3,812,829	1	4,593,094	1	2,852,526	1	2322	Current installments of long-term borrowings (Notes 6(15)&8)	<u>14,432,377</u>	<u>4</u>	<u>13,884,634</u>	<u>4</u>	<u>7,345,731</u>	<u>2</u>
1479	Other current assets (Note 6(13))	<u>311,046</u>	<u>-</u>	<u>391,435</u>	<u>-</u>	<u>854,323</u>	<u>-</u>		Noncurrent liabilities:	<u>105,106,465</u>	<u>27</u>	<u>97,168,161</u>	<u>25</u>	<u>109,943,697</u>	<u>27</u>
		<u>150,705,902</u>	<u>38</u>	<u>140,176,807</u>	<u>36</u>	<u>172,717,490</u>	<u>42</u>	2527	Contract liabilities—noncurrent (Note 6(20))	7,489,702	2	8,739,846	3	7,489,702	2
	Noncurrent assets:							2540	Long-term borrowings, excluding current installments (Notes 6(15)&8)	99,815,305	25	72,930,817	19	45,381,972	11
1517	Financial assets at fair value through other comprehensive income—noncurrent (Note 6(3))	1,929,961	1	1,900,581	1	1,404,735	-	2550	Provisions—noncurrent (Note 6(16))	932,942	-	909,405	-	888,272	-
1550	Investments in equity-accounted investees (Notes 6(7)&7)	30,725,529	8	31,743,902	8	25,375,086	6	2570	Deferred tax liabilities	4,804,920	1	5,101,186	1	4,678,540	1
1600	Property, plant and equipment (Notes 6(9),7&8)	179,653,228	45	178,833,837	46	174,553,561	43	2580	Lease liabilities—noncurrent (Note 6(10))	8,515,302	2	8,661,640	2	8,903,667	2
1755	Right-of-use assets (Notes 6(10)&8)	9,596,610	2	9,800,458	3	10,375,488	3	2600	Other noncurrent liabilities	<u>1,959,195</u>	<u>1</u>	<u>1,918,971</u>	<u>1</u>	<u>1,862,654</u>	<u>1</u>
1760	Investment property (Note 6(11))	1,334,581	-	1,393,244	-	1,409,986	-		Total liabilities	<u>123,517,366</u>	<u>31</u>	<u>98,261,865</u>	<u>26</u>	<u>69,204,807</u>	<u>17</u>
1780	Intangible assets (Notes 6(8)&(12))	11,351,945	3	11,396,241	3	11,672,131	3		Equity (Note 6(18)):	<u>228,623,831</u>	<u>58</u>	<u>195,430,026</u>	<u>51</u>	<u>179,148,504</u>	<u>44</u>
1840	Deferred tax assets	6,686,927	2	6,649,457	2	6,578,820	2		Equity attributable to shareholders of AUO Corporation :						
1900	Other noncurrent assets (Notes 6(4),(13)&8)	<u>5,308,496</u>	<u>1</u>	<u>4,946,147</u>	<u>1</u>	<u>4,318,179</u>	<u>1</u>	3100	Common stock	76,993,961	19	76,993,961	20	96,242,451	24
		<u>246,587,277</u>	<u>62</u>	<u>246,663,867</u>	<u>64</u>	<u>235,687,986</u>	<u>58</u>	3200	Capital surplus	55,874,107	14	61,942,210	16	60,563,956	15
								3300	Retained earnings	34,398,061	9	50,078,752	13	70,649,426	17
								3400	Other components of equity	(4,357,334)	(1)	(3,620,305)	(1)	(3,913,402)	(1)
								3500	Treasury shares	<u>(240,424)</u>	<u>-</u>	<u>(295,527)</u>	<u>-</u>	<u>(392,369)</u>	<u>-</u>
										<u>162,668,371</u>	<u>41</u>	<u>185,099,091</u>	<u>48</u>	<u>223,150,062</u>	<u>55</u>
									Non-controlling interests						
								36XX	Non-controlling interests	<u>6,000,977</u>	<u>1</u>	<u>6,311,557</u>	<u>1</u>	<u>6,106,910</u>	<u>1</u>
									Total equity	<u>168,669,348</u>	<u>42</u>	<u>191,410,648</u>	<u>49</u>	<u>229,256,972</u>	<u>56</u>
Total Assets		<u>\$ 397,293,179</u>	<u>100</u>	<u>386,840,674</u>	<u>100</u>	<u>408,405,476</u>	<u>100</u>	Total Liabilities and Equity		<u>\$ 397,293,179</u>	<u>100</u>	<u>386,840,674</u>	<u>100</u>	<u>408,405,476</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

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

AUO CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the Three and Six Months Ended June 30, 2023 and 2022

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

		Three Months Ended June 30				Six Months Ended June 30			
		2023		2022		2023		2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4110	Revenue	\$ 63,700,773	101	63,667,638	101	115,364,223	101	146,054,031	101
4190	Less: sales return and discount	380,268	1	783,196	1	855,409	1	1,641,727	1
	Net revenue (Notes 6(20)&7)	63,320,505	100	62,884,442	100	114,508,814	100	144,412,304	100
5000	Cost of sales (Notes 6(6),(10),(17),(21),(22)&7)	61,328,555	97	61,159,684	97	117,373,609	103	130,993,329	91
	Gross profit	1,991,950	3	1,724,758	3	(2,864,795)	(3)	13,418,975	9
	Operating expenses (Notes 6(8),(10),(17),(19),(21),(22)&7):								
6100	Selling and distribution expenses	1,272,287	2	1,203,628	2	2,522,136	2	2,419,077	2
6200	General and administrative expenses	1,877,789	3	1,984,163	3	3,712,777	3	3,957,069	3
6300	Research and development expenses	3,266,361	5	3,182,021	5	6,462,377	6	6,389,686	4
	Total operating expenses	6,416,437	10	6,369,812	10	12,697,290	11	12,765,832	9
	Profit (loss) from operations	(4,424,487)	(7)	(4,645,054)	(7)	(15,562,085)	(14)	653,143	-
	Non-operating income and expenses:								
7100	Interest income (Note 6(23))	524,388	1	171,465	-	841,735	1	283,824	-
7010	Other income (Notes 6(23)&7)	286,351	-	728,983	1	559,368	-	1,210,964	1
7020	Other gains and losses (Notes 6(23)&7)	58,257	-	(62,051)	-	38,807	-	76,161	-
7050	Finance costs (Notes 6(9)&(23))	(751,201)	(1)	(275,406)	-	(1,288,184)	(1)	(673,969)	-
7060	Share of profit of equity-accounted investees (Note 6(7))	42,436	-	438,661	-	(147,051)	-	821,067	1
	Total non-operating income and expenses	160,231	-	1,001,652	1	4,675	-	1,718,047	2
7900	Profit (loss) before income tax	(4,264,256)	(7)	(3,643,402)	(6)	(15,557,410)	(14)	2,371,190	2
7950	Less: income tax expense (Note 6(24))	469,335	1	2,053,814	3	263,436	-	2,893,777	2
8200	Loss for the period	(4,733,591)	(8)	(5,697,216)	(9)	(15,820,846)	(14)	(522,587)	-
8300	Other comprehensive income (Notes 6(7),(18)&(24)):								
8310	Items that will never be reclassified to profit or loss								
8316	Unrealized gain (loss) on equity investments at fair value through other comprehensive income	174,983	-	(34,088)	-	165,006	-	(47,516)	-
8320	Equity-accounted investees – share of other comprehensive income	17,613	-	(641,462)	(1)	573,357	1	(1,135,336)	(1)
8349	Related tax	-	-	-	-	-	-	-	-
		192,596	-	(675,550)	(1)	738,363	1	(1,182,852)	(1)
8360	Items that are or may be reclassified subsequently to profit or loss								
8361	Foreign operations – foreign currency translation differences	(1,983,252)	(3)	(451,276)	(1)	(1,810,786)	(2)	2,138,716	1
8370	Equity-accounted investees – share of other comprehensive income	(47,322)	-	(39,177)	-	(66,371)	-	369,707	-
8399	Related tax	379,230	1	65,794	-	340,616	-	(460,024)	-
		(1,651,344)	(2)	(424,659)	(1)	(1,536,541)	(2)	2,048,399	1
8300	Other comprehensive income (loss), net of tax	(1,458,748)	(2)	(1,100,209)	(2)	(798,178)	(1)	865,547	-
8500	Total comprehensive income (loss) for the period	\$ (6,192,339)	(10)	(6,797,425)	(11)	(16,619,024)	(15)	342,960	-
	Profit (loss) attributable to:								
8610	Shareholders of AUO Corporation	\$ (4,807,335)	(8)	(5,632,459)	(9)	(15,717,955)	(14)	(468,083)	-
8620	Non-controlling interests	73,744	-	(64,757)	-	(102,891)	-	(54,504)	-
		\$ (4,733,591)	(8)	(5,697,216)	(9)	(15,820,846)	(14)	(522,587)	-
	Total comprehensive income (loss) attributable to:								
8710	Shareholders of AUO Corporation	\$ (6,147,933)	(10)	(6,676,789)	(11)	(16,417,720)	(15)	385,032	-
8720	Non-controlling interests	(44,406)	-	(120,636)	-	(201,304)	-	(42,072)	-
		\$ (6,192,339)	(10)	(6,797,425)	(11)	(16,619,024)	(15)	342,960	-
	Earnings (loss) per share (NT\$, Note 6(25))								
9750	Basic earnings (loss) per share	\$ (0.63)		(0.59)		(2.05)		(0.05)	
9850	Diluted earnings (loss) per share	\$ (0.63)		(0.59)		(2.05)		(0.05)	

See accompanying notes to consolidated financial statements.

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

AUO CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the Six Months Ended June 30, 2023 and 2022

(Expressed in thousands of New Taiwan dollars)

Equity Attributable to Shareholders of AUO Corporation

	Other Components of Equity												
	Capital Stock Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Retained Earnings Unappropriated Earnings	Subtotal	Cumulative Translation Differences	Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income	Subtotal	Treasury Shares	Equity Attributable to Shareholders of AUO Corporation	Non- controlling Interests	Total Equity
Balance at January 1, 2022	\$ 96,242,451	60,057,001	8,427,144	3,270,303	68,972,551	80,669,998	(4,873,573)	130,391	(4,743,182)	(439,228)	231,787,040	6,179,431	237,966,471
Appropriation of earnings:													
Legal reserve	-	-	5,326,268	-	(5,326,268)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	1,472,878	(1,472,878)	-	-	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(9,575,824)	(9,575,824)	-	-	-	-	(9,575,824)	-	(9,575,824)
Loss for the period	-	-	-	-	(468,083)	(468,083)	-	-	-	-	(468,083)	(54,504)	(522,587)
Other comprehensive income (loss), net of tax	-	-	-	-	(15,063)	(15,063)	2,035,967	(1,167,789)	868,178	-	853,115	12,432	865,547
Total comprehensive income (loss) for the period	-	-	-	-	(483,146)	(483,146)	2,035,967	(1,167,789)	868,178	-	385,032	(42,072)	342,960
Donations from shareholders	-	(56)	-	-	-	-	-	-	-	-	(56)	-	(56)
Adjustments for changes in investees' equity	-	434,408	-	-	-	-	-	-	-	-	434,408	1	434,409
Share-based payments	-	72,603	-	-	-	-	-	-	-	46,859	119,462	5,058	124,520
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(35,508)	(35,508)
Disposal of equity investments measured at fair value through other comprehensive income	-	-	-	-	38,398	38,398	-	(38,398)	(38,398)	-	-	-	-
Balance at June 30, 2022	\$ 96,242,451	60,563,956	13,753,412	4,743,181	52,152,833	70,649,426	(2,837,606)	(1,075,796)	(3,913,402)	(392,369)	223,150,062	6,106,910	229,256,972
Balance at January 1, 2023	\$ 76,993,961	61,942,210	13,753,412	4,743,181	31,582,159	50,078,752	(2,406,490)	(1,213,815)	(3,620,305)	(295,527)	185,099,091	6,311,557	191,410,648
Appropriation of earnings:													
Reversal of special reserve	-	-	-	(1,122,876)	1,122,876	-	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	(15,717,955)	(15,717,955)	-	-	-	-	(15,717,955)	(102,891)	(15,820,846)
Other comprehensive income (loss), net of tax	-	-	-	-	40,416	40,416	(1,429,975)	689,794	(740,181)	-	(699,765)	(98,413)	(798,178)
Total comprehensive income (loss) for the period	-	-	-	-	(15,677,539)	(15,677,539)	(1,429,975)	689,794	(740,181)	-	(16,417,720)	(201,304)	(16,619,024)
Cash dividends from capital surplus	-	(6,134,305)	-	-	-	-	-	-	-	-	(6,134,305)	-	(6,134,305)
Donations from shareholders	-	(78)	-	-	-	-	-	-	-	-	(78)	-	(78)
Differences between consideration and carrying amount arising from acquisition or disposal of interest in subsidiary	-	(16,137)	-	-	-	-	-	-	-	-	(16,137)	16,137	-
Adjustments for changes in investees' equity	-	4,313	-	-	-	-	-	-	-	-	4,313	(28,979)	(24,666)
Share-based payments	-	78,104	-	-	-	-	-	-	-	55,103	133,207	867	134,074
Disposal of equity investments measured at fair value through other comprehensive income	-	-	-	-	(3,152)	(3,152)	-	3,152	3,152	-	-	-	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(97,301)	(97,301)
Balance at June 30, 2023	\$ 76,993,961	55,874,107	13,753,412	3,620,305	17,024,344	34,398,061	(3,836,465)	(520,869)	(4,357,334)	(240,424)	162,668,371	6,000,977	168,669,348

See accompanying notes to consolidated financial statements.

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

AUO CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the Six Months Ended June 30, 2023 and 2022

(Expressed in thousands of New Taiwan dollars)

	Six Months Ended June 30,	
	2023	2022
Cash flows from operating activities:		
Profit (loss) before income tax	\$ (15,557,410)	2,371,190
Adjustments for:		
- depreciation	15,582,655	15,803,090
- amortization	62,302	103,450
- losses (gains) on financial instruments at fair value through profit or loss, net	262,314	(332,426)
- interest expense	1,253,940	567,849
- interest income	(841,735)	(283,824)
- compensation costs of share-based payments	61,075	77,835
- share of profit of equity-accounted investees	147,051	(821,067)
- gains on disposals of property, plant and equipment, net	(27,623)	(90,193)
- gains on disposals of investments	(116)	-
- unrealized foreign currency exchange (gains) losses	(435,314)	437,894
- others	93,738	(18,927)
Changes in operating assets and liabilities:		
- notes and accounts receivable	24,983	30,958,070
- receivables from related parties	608,593	660,147
- inventories	1,867,002	(2,761,788)
- other operating assets	(659,485)	(1,067,647)
- contract liabilities	142,508	(400,103)
- notes and accounts payable	(618,528)	(12,614,533)
- payables to related parties	587,830	(1,221,132)
- provisions	(27,744)	(201,945)
- other operating liabilities	(3,415,494)	(5,573,236)
Cash inflow (outflow) generated from operations	(889,458)	25,592,704
Interest received	813,626	273,346
Interest paid	(1,226,046)	(806,178)
Income taxes paid	(856,559)	(2,041,991)
Net cash provided by (used in) operating activities	(2,158,437)	23,017,881

(Continued)

See accompanying notes to consolidated financial statements.

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

AUO CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

For the Three and Six Months Ended June 30, 2023 and 2022

(Expressed in thousands of New Taiwan dollars)

	Six Months Ended June 30,	
	2023	2022
Cash flows from investing activities:		
Disposals of financial assets at fair value through other comprehensive income	53,762	-
Acquisitions of financial assets at fair value through other comprehensive income	(93,264)	(142,765)
Acquisitions of financial assets at amortized cost	(342,112)	(577,873)
Acquisitions of equity-accounted investees	(69,184)	(1,342,000)
Acquisitions of property, plant and equipment	(17,516,835)	(16,439,291)
Disposals of property, plant and equipment	2,256,608	640,072
Increase in receipts in advance due to disposal of assets	846,862	150,000
Decrease (increase) in refundable deposits	(47,154)	63,270
Acquisitions of intangible assets	(6,082)	(105)
Decrease (increase) in other financial assets	121,605	(102,315)
Increase in prepayments for investments	(17,000)	-
Net cash outflow arising from acquisition of subsidiaries	(7,232)	-
Net cash used in investing activities	(14,820,026)	(17,751,007)
Cash flows from financing activities:		
Proceeds from short-term borrowings	81,000	99,296
Repayments of short-term borrowings	(109,602)	(93,558)
Proceeds from long-term borrowings	51,776,100	22,272,638
Repayments of long-term borrowings	(24,084,901)	(24,725,819)
Payment of lease liabilities	(293,355)	(286,337)
Increase (decrease) in received guarantee deposits	3,099	(4,019)
Treasury shares sold to employees	73,011	46,718
Net change of non-controlling interests	13,620	30,950
Others	(78)	(56)
Net cash provided by (used in) financing activities	27,458,894	(2,660,187)
Effect of exchange rate change on cash and cash equivalents	(562,606)	2,390,719
Net increase in cash and cash equivalents	9,917,825	4,997,406
Cash and cash equivalents at January 1	80,613,120	79,944,686
Cash and cash equivalents at June 30	\$ 90,530,945	84,942,092

See accompanying notes to consolidated financial statements.

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

AUO CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the Six Months Ended June 30, 2023 and 2022

(Expressed in thousands of New Taiwan dollars, unless otherwise indicated)

1. Organization

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

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

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

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

2. The Authorization of Financial Statements

The consolidated financial statements were authorized for issue by the Board of Directors of AUO on July 26, 2023.

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

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

The Company has adopted the amendments to the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations (collectively, “IFRSs”) with effective date from January 1, 2023. The adoption does not have a material impact on the Company’s consolidated financial statements.

- Amendments to IAS 1, *Disclosure of Accounting Policies*
- Amendments to IAS 8, *Definition of Accounting Estimates*

(Continued)

AUO CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

- Amendments to IAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- (2) The IFRSs issued by International Accounting Standards Board (“IASB”) but not yet endorsed by the FSC

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

- Amendments to IFRS 10 and IAS 28, *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture*
- Amendments to IFRS 16, *Lease Liability in a Sale and Leaseback*
- IFRS 17, *Insurance Contracts* and amendments to IFRS 17
- Amendments to IFRS 17, *Initial Application of IFRS 17 and IFRS 9 – Comparative Information*
- Amendments to IAS 1, *Classification of Liabilities as Current or Noncurrent*
- Amendments to IAS 1, *Noncurrent Liabilities with Covenants*
- Amendments to IAS 7 and IFRS 7, *Supplier Finance Arrangements*
- Amendments to IAS 12, *International Tax Reform – Pillar Two Model Rules*

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

4. Summary of Significant Accounting Policies

(1) Statement of compliance

The accompanying consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the IAS 34, Interim Financial Reporting, as endorsed and issued into effect by the FSC. The consolidated financial statements do not present all the disclosures required for a complete set of annual consolidated financial statements prepared under the IFRSs endorsed by the FSC with effective dates.

Except as described below, the significant accounting policies applied in the consolidated financial statements are the same as those applied in the consolidated financial statements for the year ended December 31, 2022 and have been applied consistently to all periods presented in the consolidated financial statements. Refer to Note 4 of the consolidated financial statements for the year ended December 31, 2022 for the details.

(Continued)

AUO CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(2) Basis of consolidation

Principles of preparation of the consolidated financial statements are the same as those applied in the consolidated financial statements for the year ended December 31, 2022. Refer to Note 4(3) of the consolidated financial statements for the year ended December 31, 2022 for the details.

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

Name of Investor	Name of Subsidiary	Main Activities and Location	Percentage of Ownership (%)		
			June 30, 2023	December 31, 2022	June 30, 2022
AUO	AUO (L) Corp. (AUOLB)	Holding company (Malaysia)	100.00	100.00	100.00
AUO	Konly Venture Corp. (Konly)	Investment (Taiwan ROC)	100.00	100.00	100.00
AUO	Ronly Venture Corp. (Ronly)	Investment (Taiwan ROC)	100.00	100.00	100.00
AUO	Space Money Inc. (S4M)	Design, sales and leasing activities (Taiwan ROC)	100.00	100.00	100.00
AUO	AUO Envirotech Inc. (AETTW)	Construction project and related project management (Taiwan ROC)	100.00	100.00	100.00
AUO	ComQi Ltd. (CQIL)	Holding company (Israel)	100.00	100.00	100.00
AUO	AUO Europe B.V. (AUONL)	Sales support activities (Netherlands)	100.00	100.00	100.00
AUO	AUO Crystal Corp. (ACTW)	Manufacturing and sales company (Taiwan ROC)	100.00	100.00	100.00
AUO	AUO Display Plus Corporation (ADP)	Research and development and sales activities (Taiwan ROC)	100.00	100.00	100.00
AUO	Da Ping Green Energy Corporation (DPGE)	Renewable energy power generation (Taiwan ROC)	100.00	100.00	100.00
AUO	AUO Health Corporation (AHTW)	Manufacturing, development and sales company (Taiwan ROC)	100.00	100.00	100.00
AUO	AUO Digitech (CAYMAN) Limited (ADTCM)	Holding company (Cayman Islands)	78.89 ⁽⁵⁾	100.00	100.00
AUO	AUO Care Inc. (ACTTW)	Intelligent health care services (Taiwan ROC)	100.00	100.00	100.00

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Main Activities and Location	Percentage of Ownership (%)		
			June 30, 2023	December 31, 2022	June 30, 2022
AUO and Konly	Star River Energy Corp. (SREC)	Investment (Taiwan ROC)	33.51 ⁽²⁾	33.51 ⁽²⁾	33.51 ⁽²⁾
AUO and ADTCM	AUO Digitech Holding Limited (ADTHLD)	Holding company (Cayman Islands)	100.00	100.00	100.00
AUO, Konly and Ronly	Darwin Precisions Corporation (DPTW)	Manufacturing and sales company (Taiwan ROC)	41.05 ⁽²⁾	41.05 ⁽²⁾	41.05 ⁽²⁾
AUO and AETTW	Yo-Pei Water Corporation (AET-YP)	Investment and construction in public construction, and wastewater (sewage) treatment (Taiwan ROC)	81.79	81.79	81.79 ⁽¹⁾
Konly	AUO Education Service Corp. (AUES)	Leasing and service company (Taiwan ROC)	100.00	100.00	100.00
Ronly	Feng Yao Power Corporation (FYPC)	Renewable energy power generation (Taiwan ROC)	100.00 ⁽¹⁾	-	-
Ronly	Zheng Yao Power Corporation (ZYPC)	Renewable energy power generation (Taiwan ROC)	100.00 ⁽¹⁾	-	-
ADTHLD	AUO Digitech Pte. Ltd. (ADTSG)	Holding and sales company, and software development (Singapore)	100.00	100.00	100.00
ADTSG	AUO Digitech (Suzhou) Co., Ltd. (ADTSZ)	Consulting and technology service (PRC)	100.00	100.00	100.00
ADTSG	AUO Digitech Taiwan Inc. (ADTTW)	Design, sales and consulting (Taiwan ROC)	100.00	100.00	100.00
ACTW	Sanda Materials Corporation (SDMC)	Holding company (Taiwan ROC)	100.00	100.00	100.00
ACTW	AUO Crystal (Malaysia) Sdn. Bhd. (ACMK) ⁽³⁾	Manufacturing and sales company (Malaysia)	-	100.00	100.00
SDMC	M.Setek Co., Ltd. (M.Setek)	Manufacturing and sales company (Japan)	99.9991	99.9991	99.9991
AUOLB	AUO Corporation America (AUOUS)	Sales and sales support activities (United States)	100.00	100.00	100.00
AUOLB	AUO Corporation Japan (AUOJP)	Sales support activities (Japan)	100.00	100.00	100.00

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Main Activities and Location	Percentage of Ownership (%)		
			June 30, 2023	December 31, 2022	June 30, 2022
AUOLB	AUO Korea Ltd. (AUOKR, formerly AU Optronics Korea Ltd.)	Sales support activities (South Korea)	100.00	100.00	100.00
AUOLB	AUO Singapore Pte. Ltd. (AUOSG)	Holding company and sales support activities (Singapore)	100.00	100.00	100.00
AUOLB	AUO (Shanghai) Co., Ltd. (AUOSH)	Sales support activities (PRC)	100.00	100.00	100.00
AUOLB	AUO (Xiamen) Co., Ltd. (AUOXM)	Manufacturing and sales company (PRC)	100.00	100.00	100.00
AUOLB	AUO (Suzhou) Co., Ltd. (AUOSZ)	Manufacturing and sales company (PRC)	100.00	100.00	100.00
AUOLB	AUO Manufacturing (Shanghai) Co., Ltd. (AUOSJ)	Leasing activities (PRC)	100.00	100.00	100.00
AUOLB	AUO (Slovakia) s.r.o (AUOSK, formerly AU Optronics (Slovakia) s.r.o.)	Repairing activities (Slovakia Republic)	100.00	100.00	100.00
AUOLB	AFPD Pte., Ltd. (AUST)	Manufacturing company (Singapore)	100.00	100.00	100.00
AUOLB	AUO (Kunshan) Co., Ltd. (AUOKS)	Manufacturing and sales company (PRC)	100.00	100.00	100.00
AUOLB	a.u. Vista Inc. (AUVI)	Research and development and IP related business (United States)	100.00	100.00	100.00
AUOLB and DPTW	BriView (L) Corp. (BVLB) ⁽³⁾	Holding company (Malaysia)	100.00	100.00	100.00
SREC	Sungen Power Corporation (SGPC)	Solar power generation (Taiwan ROC)	100.00	100.00	100.00
SREC	Evergen Power Corporation (EGPC)	Solar power generation (Taiwan ROC)	100.00	100.00	100.00
AUOSG	AUO Green Energy America Corp. (AEUS)	Sales support activities (United States)	100.00	100.00	100.00
ADP	Jector Digital Corporation (Jector)	Introduction of smart field construction and other solutions (Taiwan ROC)	78.43	78.43	78.43
ADP	AUO Display Plus Netherlands B.V. (ADPNL)	Holding, sales and sales support activities (Netherlands)	100.00	100.00	100.00

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Main Activities and Location	Percentage of Ownership (%)		
			June 30, 2023	December 31, 2022	June 30, 2022
ADP	AUO Display Plus Technology (Suzhou) Co., Ltd. (ADPSZ)	Sales and sales support activities (PRC)	100.00	100.00	100.00
ADPNL	AUO Display Plus America Corp. (ADPUS)	Sales and sales support activities (United States)	100.00	100.00	100.00
ADPNL	AUO Display Plus Japan Corp. (ADPJP)	Sales and sales support activities (Japan)	100.00	100.00	100.00
ADPNL	Rise Vision Incorporated (RVI)	System design, sales and sales support activities (Canada)	100.00	100.00 ⁽⁴⁾	-
ADPNL	Rise Vision USA Inc. (RVU)	System design and sales support activities (United States)	100.00	100.00 ⁽⁴⁾	-
ADPSZ	Heilongjiang Talenda Smart Display Technology Co., Ltd. (Talenda)	Manufacturing of electronic components (PRC)	51.00	51.00	51.00 ⁽¹⁾
AUOXM	BriView (Xiamen) Corp. (BVXM)	Sales and leasing activities (PRC)	100.00	100.00	100.00
AUOSH	AUO Care Information Tech. (Suzhou) Co., Ltd. (ACTSZ)	Intelligent health care services (PRC)	100.00	100.00	100.00
AUOSH	AUO Envirotech (Suzhou) Co., Ltd. (AETSZ)	Construction project and related project management (PRC)	100.00	100.00	100.00
ADTSZ	AUO Megainsight (Xiamen) Co., Ltd. (AMIXM)	Sales of software and hardware and consulting services (PRC)	100.00	100.00	100.00
ADTSZ	Edgetech Data Technologies (Suzhou) Corp., Ltd. (ATISZ)	Integration service of software and hardware (PRC)	100.00	100.00	100.00
ADTSZ	AUO MegaInsight (Suzhou) Co., Ltd. (AMISZ)	Development, sales and licensing of software and hardware and consulting services (PRC)	100.00	100.00	100.00
ATISZ	ProfetAI (Suzhou) Co., Ltd. (PFSZ)	Sales and consulting services (PRC)	51.00 ⁽¹⁾	-	-
AETSZ	AUO Envirotech (Shandong) Co., Ltd. (AETSD)	Construction project and related project management (PRC)	100.00	100.00	100.00
CQIL	ComQi Holdings Ltd. (CQHLD)	Holding company (United Kingdom)	100.00	100.00	100.00

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Main Activities and Location	Percentage of Ownership (%)		
			June 30, 2023	December 31, 2022	June 30, 2022
CQHLD	ComQi UK Ltd. (CQUK) ⁽³⁾	Sales support activities (United Kingdom)	-	100.00	100.00
CQHLD	ComQi Inc. (CQUS)	Sales company (United States)	100.00	100.00	100.00
CQHLD	ComQi Canada Inc. (CQCA)	Research and development activities (Canada)	100.00	100.00	100.00
CQUS	JohnRyan Limited (JRUK)	Development and sales activities (United Kingdom)	100.00	100.00	100.00
CQUS	JohnRyan Inc. (JRUS)	Development and sales activities (United States)	100.00	100.00	100.00
DPTW	Darwin Precisions (L) Corp. (DPLB)	Holding company (Malaysia)	100.00	100.00	100.00
DPTW	Forhouse International Holding Ltd. (FHVI)	Holding company (BVI)	100.00	100.00	100.00
DPTW	Forefront Corporation (FFMI)	Holding company (Mauritius)	100.00	100.00	100.00
FHVI	Fortech International Corp. (FTMI)	Holding company (Mauritius)	100.00	100.00	100.00
FHVI	Forward Optronics International Corp. (FWSA)	Holding company (Samoa)	100.00	100.00	100.00
FFMI	Forhouse Electronics (Suzhou) Co., Ltd. (FHWJ)	Manufacturing and sales company (PRC)	100.00	100.00	100.00
FTMI	Fortech Electronics (Suzhou) Co., Ltd. (FTWJ)	Manufacturing and sales company (PRC)	100.00	100.00	100.00
FWSA and FTMI	Suzhou Forplax Optronics Co., Ltd. (FPWJ)	Manufacturing, sales and trading company (PRC)	100.00	100.00	100.00
DPLB	Darwin Precisions (Hong Kong) Limited (DPHK)	Holding company (Hong Kong)	100.00	100.00	100.00
DPHK	Darwin Precisions (Suzhou) Corp. (DPSZ) ⁽³⁾	Manufacturing and sales company (PRC)	100.00	100.00	100.00
DPHK	Darwin Precisions (Xiamen) Corp. (DPXM)	Manufacturing and sales company (PRC)	100.00	100.00	100.00
BVLB	BriView (Hefei) Co., Ltd. (BVHF) ⁽³⁾	Manufacturing and sales company (PRC)	-	-	100.00

Note 1: AET-YP was incorporated in March 2022. Talenda was incorporated in June 2022. PFSZ was incorporated in February 2023. FYPC and ZYPC were incorporated in March 2023.

(Continued)

AUO CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note 2: Although the Company did not own more than 50% of the DPTW's and SERC's ownership interests, it was considered to have de facto control over the main operating policies of DPTW and SREC. As a result, DPTW and SREC were accounted for as subsidiaries of the Company.

Note 3: As of June 30, 2023, BVHF, CQUK and ACMK have completed liquidation. The liquidation of DPSZ and BVLB are still in process.

Note 4: In July 2022, the Company acquired 100% of shareholdings of RVI and RVU from third parties. Refer to Note 6(8) for the relevant information.

Note 5: In connection to the employee restricted stock plan, actual vesting occurred in March 2023, as a result, AUO's ownership interest in ADTCM went down to 78.89%. Refer to Note 6(19) for the relevant information.

(3) Employee benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially-determined pension cost rate at the end of prior fiscal year, adjusted for significant market fluctuations subsequent to the end of prior fiscal year and for significant curtailments, settlements, or other significant one-time events.

(4) Income taxes

The Company measures and discloses interim period income tax expense in accordance with paragraph B12 of IAS 34, Interim Financial Reporting.

Income tax expense for the period is best estimated by multiplying pre-tax income of the interim period by a projected annual effective tax rate, and is recognized as current tax expense.

For a change in the statutory tax rate during the interim period, the effect on deferred taxes is recognized immediately during the interim reporting period in which the change in tax rate occurs.

Income taxes that are recognized directly in equity or other comprehensive income are measured in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding tax bases at the tax rates that are expected to be applied in the year in which the asset is realized or the liability is settled.

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

The preparation of the consolidated financial statements in conformity with the Regulations and IAS 34, Interim Financial Reporting, as endorsed and issued into effect by the FSC requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

(Continued)

AUO CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

In preparing the consolidated financial statements, critical accounting judgments and key sources of estimations and assumptions uncertainty used by management in the application of accounting policies are consistent with those described in Note 5 of the consolidated financial statements for the year ended December 31, 2022.

6. Description of Significant Accounts

Except as described below, the description of significant accounts in the accompanying consolidated financial statements is not materially different from those described in Note 6 of the consolidated financial statements for the year ended December 31, 2022.

(1) Cash and Cash Equivalents

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Cash on hand, demand deposits and checking accounts	\$ 60,331,718	48,151,084	62,402,341
Time deposits	<u>30,199,227</u>	<u>32,462,036</u>	<u>22,539,751</u>
	<u>\$ 90,530,945</u>	<u>80,613,120</u>	<u>84,942,092</u>

Refer to Note 6(28) for the disclosure of currency risk and sensitivity analysis of the financial instruments of the Company.

As at June 30, 2023, December 31, 2022, and June 30, 2022, no cash and cash equivalents were pledged with banks as collaterals.

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Financial assets mandatorily measured at FVTPL:			
Foreign currency forward contracts	<u>\$ 211,920</u>	<u>365,037</u>	<u>521,802</u>
Financial liabilities measured at FVTPL:			
Contingent consideration from business combination	\$ 92,953	99,222	-
Financial liabilities held for trading:			
Foreign currency forward contracts	<u>360,837</u>	<u>252,603</u>	<u>162,903</u>
	<u>\$ 453,790</u>	<u>351,825</u>	<u>162,903</u>

The Company entered into derivative contracts to manage the exposure to currency risk arising from operating activities. Refer to Note 6(28) for the disclosure of the Company's credit and currency risks related to financial instruments.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

As at June 30, 2023, December 31, 2022, and June 30, 2022, the Company's outstanding foreign currency forward contracts were as follows:

June 30, 2023		
Contract item	Maturity date	Contract amount
Sell USD / Buy NTD	Jul. 2023~Aug. 2023	USD 198,700 / NTD 6,138,984
Sell USD / Buy JPY	Jul. 2023~Aug. 2023	USD 167,807 / JPY 23,311,886
Sell USD / Buy CNY	Jul. 2023~Nov. 2023	USD 162,000 / CNY 1,138,040
Sell USD / Buy SGD	Jul. 2023~Aug. 2023	USD 29,791 / SGD 39,840
Sell NTD / Buy USD	Aug. 2023~Sep. 2023	NTD 454,200 / USD 15,000
Sell CNY / Buy USD	Jul. 2023~Sep. 2023	CNY 1,400,000 / USD 199,373
Sell EUR / Buy JPY	Jul. 2023	EUR 1,000 / JPY 152,700
December 31, 2022		
Contract item	Maturity date	Contract amount
Sell USD / Buy NTD	Jan. 2023~Feb. 2023	USD 208,700 / NTD 6,465,622
Sell USD / Buy JPY	Jan. 2023~Feb. 2023	USD 93,000 / JPY 12,527,074
Sell USD / Buy CNY	Jan. 2023~Mar. 2023	USD 68,000 / CNY 487,743
Sell USD / Buy SGD	Jan. 2023~Feb. 2023	USD 26,938 / SGD 36,770
Sell NTD / Buy USD	Apr. 2023~May 2023	NTD 2,779,971 / USD 89,000
Sell NTD / Buy JPY	Jan. 2023~Mar. 2023	NTD 1,939,137 / JPY 8,600,000
Sell JPY / Buy NTD	Jan. 2023	JPY 1,000,000 / NTD 232,086
Sell CNY / Buy USD	Jan. 2023~May 2023	CNY 2,700,000 / USD 387,616
Sell EUR / Buy JPY	Jan. 2023	EUR 1,000 / JPY 140,530
June 30, 2022		
Contract item	Maturity date	Contract amount
Sell USD / Buy NTD	Jul. 2022~Aug. 2022	USD 353,900 / NTD 10,485,439
Sell USD / Buy JPY	Jul. 2022~Aug. 2022	USD 77,000 / JPY 10,118,797
Sell USD / Buy CNY	Jul. 2022~Sep. 2022	USD 111,500 / CNY 741,312
Sell USD / Buy SGD	Aug. 2022	USD 29,024 / SGD 40,440
Sell NTD / Buy USD	Aug. 2022~Sep. 2022	NTD 888,780 / USD 30,000
Sell NTD / Buy JPY	Jul. 2022	NTD 376,244 / JPY 1,700,000
Sell JPY / Buy NTD	Jul. 2022	JPY 500,000 / NTD 108,775
Sell CNY / Buy USD	Jul. 2022~Sep. 2022	CNY 3,015,467 / USD 467,525
Sell EUR / Buy JPY	Jul. 2022	EUR 7,000 / JPY 956,290

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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

	June 30, 2023	December 31, 2022	June 30, 2022
Investments in equity instruments at FVTOCI:			
Equity securities – listed stocks	\$ 1,282,841	1,305,625	244,426
Equity securities – non-listed stocks	<u>647,120</u>	<u>594,956</u>	<u>1,160,309</u>
	<u>\$ 1,929,961</u>	<u>1,900,581</u>	<u>1,404,735</u>

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

In consideration of the Company’s operational strategy, the Company increased its ownership interest in SINTRONES Technology Corp. (“SINTRONES”) in February 2023. Upon re-assessment, the Company considers that it has obtained the ability to exercise significant influence over SINTRONES; consequently, the Company derecognized the investment in SINTRONES as deemed disposal, and further recognized an investment accounted for using the equity method at fair value. The related cumulative loss of \$3,596 thousand previously recognized in other comprehensive income was reclassified to retained earnings.

As at June 30, 2023, December 31, 2022, and June 30, 2022, none of the Company’s financial assets abovementioned was pledged as collateral.

(4) Financial Assets at Amortized Cost

	June 30, 2023	December 31, 2022	June 30, 2022
Domestic and foreign time deposits	\$ 1,473,577	1,142,218	11,050,684
Less: current	<u>-</u>	<u>-</u>	<u>(10,000,000)</u>
Noncurrent (recognized in other noncurrent assets)	<u>\$ 1,473,577</u>	<u>1,142,218</u>	<u>1,050,684</u>

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

As at June 30, 2023, December 31, 2022, and June 30, 2022, none of the Company’s domestic and foreign time deposits was pledged as collateral.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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

	June 30, 2023	December 31, 2022	June 30, 2022
Notes receivable	\$ 4,248	5,366	19,440
Accounts receivable—measured at amortized cost	16,067,103	19,887,995	31,277,136
Accounts receivable—measured at fair value through other comprehensive income	6,596,703	-	-
Less: loss allowance	(44,061)	(17,610)	(17,312)
	<u>\$ 22,623,993</u>	<u>19,875,751</u>	<u>31,279,264</u>
Notes and accounts receivable, net	<u>\$ 21,979,562</u>	<u>18,620,248</u>	<u>29,453,025</u>
Accounts receivable from related parties, net	<u>\$ 644,431</u>	<u>1,255,503</u>	<u>1,826,239</u>

The Company has assessed that part of its accounts receivable were held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Therefore, those accounts receivable were measured at fair value through other comprehensive income.

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

	June 30, 2023		
	Carrying amount of notes and accounts receivable	Weighted- average loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 21,241,606	0.00%	-
Past due less than 60 days	1,273,268	0.00%	-
Past due 61~180 days	96,428	0.00%	-
Past due over 180 days	13,068	26.79%	3,502
	<u>\$ 22,624,370</u>		<u>3,502</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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

	June 30, 2022		
	Carrying amount of notes and accounts receivable	Weighted- average loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 30,216,780	0.00%	-
Past due less than 60 days	1,038,487	0.00%	-
Past due 61~180 days	21,262	0.00%	1
Past due over 180 days	7,031	61.09%	4,295
	<u>\$ 31,283,560</u>		<u>4,296</u>

In addition, the Company expected that upon objective evidence, some notes and accounts receivable would not be recovered in total for which amounted to \$43,684 thousand, \$15,221 thousand and \$13,016 thousand as of June 30, 2023, December 31, 2022, and June 30, 2022, respectively. Consequently, the Company recognized a loss allowance of \$40,559 thousand, \$15,221 thousand and \$13,016 thousand, respectively.

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

	Six Months Ended June 30,	
	2023	2022
Balance at beginning of the period	\$ 17,610	16,053
Provisions charged to expense	27,207	1,196
Effect of changes in foreign currency exchange rates	(756)	63
Balance at end of the period	<u>\$ 44,061</u>	<u>17,312</u>

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

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

As at June 30, 2023, December 31, 2022, and June 30, 2022, the Company's accounts receivables sold and derecognized were as follows:

June 30, 2023						
Underwriting bank	Factoring limit (in thousands)		Amount sold and derecognized (in thousands)		Amount advanced (in thousands)	Principal terms
CTBC Bank	USD	175,000	USD	130,960	NTD 3,650,000	See Notes(a)~(d)
DBS Bank	USD	170,000	USD	146,858	NTD 4,048,000	See Notes(a)~(d)
Taipei Fubon Bank	USD	100,000	USD	92,305	NTD 2,520,000	See Notes(a)~(d)
Bank of Taiwan	USD	250,000	USD	26,269	USD 23,840	See Notes(a)~(d)
				EUR 4,195	EUR 3,813	
E.SUN Bank	USD	35,000	USD	154	-	See Notes(a)~(d)
December 31, 2022						
Underwriting bank	Factoring limit (in thousands)		Amount sold and derecognized (in thousands)		Amount advanced (in thousands)	Principal terms
CTBC Bank	USD	78,000	USD	38,091	NTD 1,056,000	See Notes(a)~(d)
DBS Bank	USD	170,000	USD	111,137	NTD 3,049,000	See Notes(a)~(d)
Taipei Fubon Bank	USD	100,000	USD	55,938	NTD 1,529,000	See Notes(a)~(d)
Bank of Taiwan	USD	250,000	USD	15,219	USD 13,830	See Notes(a)~(d)
				EUR 3,984	EUR 3,620	
E.SUN Bank	USD	35,000	USD	35,000	USD 31,490	See Notes(a)~(d)
June 30, 2022						
Underwriting bank	Factoring limit (in thousands)		Amount sold and derecognized (in thousands)		Amount advanced (in thousands)	Principal terms
CTBC Bank	USD	78,000	USD	47,277	NTD 1,292,000	See Notes(a)~(d)
DBS Bank	USD	170,000	USD	101,030	NTD 2,698,000	See Notes(a)~(d)

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

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

(Continued)

AUO CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Note (c): As of June 30, 2023, December 31, 2022, and June 30, 2022, total outstanding receivables after the above transactions, net of fees charged by underwriting banks, of \$1,372,919 thousand, \$862,484 thousand and \$418,559 thousand, respectively, were recognized under other current financial assets. In addition, interest rates for the balance of advanced amount as of June 30, 2023, December 31, 2022, and June 30, 2022, were ranging from 1.30%~6.54%, 1.48%~5.48% and 1.20%~1.35%, respectively.

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

(6) Inventories

	June 30, 2023	December 31, 2022	June 30, 2022
Finished goods	\$ 9,019,288	10,126,618	14,729,876
Work-in-progress	10,707,970	10,161,992	12,488,165
Raw materials	<u>8,681,604</u>	<u>9,975,103</u>	<u>10,022,678</u>
	<u>\$ 28,408,862</u>	<u>30,263,713</u>	<u>37,240,719</u>

For the three months and six months ended June 30, 2023 and 2022, the amounts recognized as cost of sales in relation to inventories were \$61,328,555 thousand, \$61,159,684 thousand, \$117,373,609 thousand and \$130,993,329 thousand, respectively. The net of provisions (reversals) for inventories written down (increased) to net realizable value, which were also included in cost of sales, amounted to \$1,268,974 thousand in reversals, \$775,285 thousand in provisions, \$1,722,716 thousand in reversals and \$1,242,230 thousand in provisions for the three months and six months ended June 30, 2023 and 2022, respectively.

As at June 30, 2023, December 31, 2022, and June 30, 2022, none of the Company's inventories was pledged as collateral.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(7) Investments in Equity-accounted Investees

a. Associates

	June 30, 2023	December 31, 2022	June 30, 2022
Qisda Corporation (“Qisda”)	\$ 11,979,932	12,056,578	10,976,669
Ennostar Inc. (“Ennostar”)	9,416,681	9,858,062	5,241,955
ADLINK Technology Inc. (“ADLINK”)	3,881,954	4,104,562	3,936,346
Star Shining Energy Corporation. (“SSEC”)	2,342,054	2,390,435	2,352,265
Raydium Semiconductor Corporation (“Raydium”)	1,779,221	2,194,517	2,057,849
Daxin Materials Corp. (“Daxin”)	707,659	729,966	699,585
Others	<u>618,028</u>	<u>409,782</u>	<u>110,417</u>
	<u>\$ 30,725,529</u>	<u>31,743,902</u>	<u>25,375,086</u>

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
The Company’s share of associates’:				
Profit (loss)	\$ 42,436	424,865	(147,051)	809,412
Other comprehensive income (loss)	<u>(29,709)</u>	<u>(680,639)</u>	<u>506,986</u>	<u>(765,629)</u>
Total comprehensive income (loss)	<u>\$ 12,727</u>	<u>(255,774)</u>	<u>359,935</u>	<u>43,783</u>

As of June 30, 2023, the Company held 32.84% of the voting rights of ADLINK and became the sole largest shareholder of it. Although the remaining voting rights are not concentrated in particular shareholders, the Company is still unable to obtain more than half of directors, and has not obtained more than half of the voting rights of the shareholders present in the shareholders’ meeting. Moreover, ADLINK’s key management is not designated by the Company. In view of the aforementioned facts, the Company only has significant influence, but not control, over ADLINK. Therefore, ADLINK is still accounted for using the equity method.

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AUO CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Upon re-assessment, the Company considers that it has obtained the ability to exercise significant influence over SINTRONES; consequently, the Company derecognized the investment in SINTRONES previously classified as financial assets at FVTOCI, and further recognized an investment accounted for using the equity method in February 2023. Refer to Note 6(3) for the relevant information.

The Company acquired shares of Crystalvue Medical Corporation through public tender offer.

As of April 10, 2023, the tender offer was not achieved due to the failure of meeting acquisition requirements. The prepaid investment of \$487,961 thousand previously paid to the security company was fully recovered on April 11, 2023.

b. Joint ventures

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
The Company's share of joint ventures':				
Profit	\$ -	13,796	-	11,655
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>\$ -</u>	<u>13,796</u>	<u>-</u>	<u>11,655</u>

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

As at June 30, 2023, December 31, 2022, and June 30, 2022, none of the Company's investments in equity-accounted investees was pledged as collateral.

(8) Acquisition of Subsidiaries

The Company obtained control over RVI and RVU (collectively as "RV Company") in July 2022 through acquisition of 100% equity interest of them. RV Company is engaged in the design and integration service of digital signage content management system. By taking an equity investment in RV Company, the Company expects to become the preferred supplier of field solutions via providing software and hardware integrated solutions and enhancing product competitiveness. Acquisition-related costs are at approximately \$8,820 thousand on legal fees and due diligence fees and were recognized in operating expenses in the consolidated statement of comprehensive income for the year ended December 31, 2022.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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

- a. Consideration transferred (translated at the exchange rates on December 31, 2022)

	<u>Amounts</u>
Cash	\$ 756,529
Contingent consideration (recognized in financial liabilities at FVTPL – current)	<u>85,579</u>
	<u>\$ 842,108</u>

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

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

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

In addition, both parties agreed that RV Company's possible tax refund that existed as of the acquisition date will be fully paid to the original shareholders of RV Company, provided that the tax refund is approved by the tax authority in the future. Under the aforesaid agreement, the potential undiscounted amount that the Company may have to pay in the future is between USD0 thousand and USD236 thousand. The Company estimated the fair value thereof at \$7,152 thousand based on the expected value. In the second quarter of 2023, the Company actually paid out \$7,232 thousand.

As of June 30, 2023, there were no changes to the amount of contingent consideration recognized, the range of estimation results and the assumptions used to estimate the contingent consideration. The fair value of the contingent consideration stated above as of June 30, 2023 was \$79,311 thousand.

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AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

b. Identifiable assets acquired and liabilities assumed

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

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

c. Goodwill

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

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

d. Intangible assets

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

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

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(9) Property, Plant and Equipment

Six Months Ended June 30, 2023					
	Balance, Beginning of Period	Additions	Disposal or write off	Reclassification, effect of change in exchange rate and others	Balance, End of Period
Cost:					
Land	\$ 7,757,962	-	-	(15,478)	7,742,484
Buildings	116,844,362	613	-	(479,278)	116,365,697
Machinery and equipment	847,409,281	2,539,790	(1,509,810)	16,337,028	864,776,289
Other equipment	39,751,729	2,180,031	(3,401,836)	448,190	38,978,114
	<u>1,011,763,334</u>	<u>4,720,434</u>	<u>(4,911,646)</u>	<u>16,290,462</u>	<u>1,027,862,584</u>
Accumulated depreciation and impairment loss:					
Buildings	45,437,618	1,268,234	-	(248,147)	46,457,705
Machinery and equipment	780,394,294	11,344,191	(1,511,211)	(1,880,016)	788,347,258
Other equipment	31,209,485	2,637,040	(3,402,290)	(225,238)	30,218,997
	<u>857,041,397</u>	<u>15,249,465</u>	<u>(4,913,501)</u>	<u>(2,353,401)</u>	<u>865,023,960</u>
Prepayments for purchase of land and equipment, and construction in progress	24,111,900	12,818,824	-	(20,116,120)	16,814,604
Net carrying amounts	<u>\$ 178,833,837</u>				<u>179,653,228</u>
Six Months Ended June 30, 2022					
	Balance, Beginning of Period	Additions (Deductions)	Disposal or write off	Reclassification, effect of change in exchange rate and others	Balance, End of Period
Cost:					
Land	\$ 8,763,260	-	-	(20,668)	8,742,592
Buildings	117,475,024	(84,976)	(28)	800,340	118,190,360
Machinery and equipment	832,882,543	495,273	(2,266,557)	10,706,649	841,817,908
Other equipment	37,174,884	2,232,246	(1,791,346)	1,756,138	39,371,922
	<u>996,295,711</u>	<u>2,642,543</u>	<u>(4,057,931)</u>	<u>13,242,459</u>	<u>1,008,122,782</u>
Accumulated depreciation and impairment loss:					
Buildings	42,819,944	1,388,626	(28)	533,499	44,742,041
Machinery and equipment	758,531,143	11,350,007	(2,234,036)	3,548,335	771,195,449
Other equipment	29,723,444	2,723,136	(1,783,512)	172,311	30,835,379
	<u>831,074,531</u>	<u>15,461,769</u>	<u>(4,017,576)</u>	<u>4,254,145</u>	<u>846,772,869</u>
Prepayments for purchase of land and equipment, and construction in progress	6,000,865	15,212,205	-	(8,009,422)	13,203,648
Net carrying amounts	<u>\$ 171,222,045</u>				<u>174,553,561</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

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

On June 22, 2022, the Board of Directors of DPTW resolved to dispose of part of real estate. DPTW has entered into an agreement with a non-related party on June 24, 2022 for the disposal of the related land and buildings. The aforementioned assets have been disposed of on December 28, 2022. The consideration of disposal (net of related transaction costs) and gain on disposal were \$2,285,894 thousand and \$950,874 thousand, respectively. Such cash consideration was entrusted by a bank with its real estate values trust service. As of June 30, 2022, the consideration of the transaction received in advance amounted to \$150,000 thousand (recognized in other current liabilities). As of December 31, 2022, outstanding receivables totaled \$2,230,840 thousand (recognized in other current financial assets), which were fully received from the specific account of the real estate values trust on January 3, 2023.

In order to enhance the utilization of assets and to strengthen the efficient use of working capital, AUOXM resolved to dispose of part of its land classified in right-of-use assets and employee dormitories on October 26, 2022. The aforementioned assets have been reclassified as noncurrent assets held for sale totaling \$568,950 thousand and \$586,406 thousand, respectively, as of June 30, 2023 and December 31, 2022. The relevant procedures are expected to be completed within twelve months. As of June 30, 2023 and December 31, 2022, the consideration of the transaction received in advance amounted to \$1,669,627 thousand and \$848,008 thousand, respectively (recognized in other current liabilities).

Except for the aforementioned transactions, there was no significant change in the Company's property, plant and equipment for the six months ended June 30, 2023 and 2022. Refer to Note 6(10) of the consolidated financial statements for the year ended December 31, 2022 for the related disclosures.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Capitalized borrowing costs	\$ <u>59,920</u>	<u>18,932</u>	<u>133,907</u>	<u>34,206</u>
The interest rates applied for the capitalization			1.50%~ 2.44%	0.90%~ 1.60%

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

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AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(10) Lease Arrangements

a. Lessee

(i) Right-of-use assets

	<u>June 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>June 30,</u> <u>2022</u>
Carrying amount of right-of-use assets			
Land	\$ 9,191,168	9,492,758	9,996,008
Buildings	395,840	295,209	365,308
Other equipment	<u>9,602</u>	<u>12,491</u>	<u>14,172</u>
	<u><u>\$ 9,596,610</u></u>	<u><u>9,800,458</u></u>	<u><u>10,375,488</u></u>
	<u>Three Months Ended</u> <u>June 30,</u>	<u>Six Months Ended</u> <u>June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u> <u>2022</u>
Additions to right-of-use assets	<u>\$ 18,530</u>	<u>196,308</u>	<u>163,050</u> <u>284,700</u>
Depreciation charge for right-of-use assets			
Land	\$ 133,237	134,276	266,419 265,086
Buildings	32,281	37,340	63,797 73,562
Other equipment	<u>1,494</u>	<u>1,371</u>	<u>2,974</u> <u>2,673</u>
	<u><u>\$ 167,012</u></u>	<u><u>172,987</u></u>	<u><u>333,190</u></u> <u><u>341,321</u></u>

(ii) Lease liabilities

	<u>June 30, 2023</u>	
	<u>Future minimum lease payments</u>	<u>Present value of minimum lease payments</u>
Less than one year	\$ 747,386	160,641 586,745
Between one and five years	2,728,575	538,983 2,189,592
More than five years	<u>7,208,293</u>	<u>882,583</u> <u>6,325,710</u>
	<u><u>\$ 10,684,254</u></u>	<u><u>1,582,207</u></u> <u><u>9,102,047</u></u>
Lease liabilities — current		\$ <u><u>586,745</u></u>
Lease liabilities — noncurrent		\$ <u><u>8,515,302</u></u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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

	June 30, 2022		
	Future minimum lease payments	Interests	Present value of minimum lease payments
Less than one year	\$ 738,273	167,894	570,379
Between one and five years	2,694,070	564,742	2,129,328
More than five years	7,777,120	1,002,781	6,774,339
	<u>\$ 11,209,463</u>	<u>1,735,417</u>	<u>9,474,046</u>
Lease liabilities — current			<u>\$ 570,379</u>
Lease liabilities — noncurrent			<u>\$ 8,903,667</u>

(iii) Significant lease agreements

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

(iv) Sublease of right-of-use assets

The Company subleased part of its right-of-use assets under operating leases. For the three months and six months ended June 30, 2023 and 2022, income from sublease were \$1,200 thousand, \$1,116 thousand, \$2,364 thousand and \$2,357 thousand, respectively. Right-of-use assets that meet the definition of investment properties are reclassified to investment properties. Refer to Note 6(11) of the consolidated financial statements for the year ended December 31, 2022 for further information on investment properties.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(v) Additional lease information

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Expenses relating to short-term leases	\$ <u>7,611</u>	<u>8,703</u>	<u>10,630</u>	<u>12,933</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>(9)</u>	<u>63</u>	<u>28</u>	<u>121</u>
Variable lease payments not included in the measurement of the lease liability	\$ <u>720</u>	<u>649</u>	<u>1,201</u>	<u>1,086</u>

Total cash outflow for the Company's leases in which it acts as a lessee for the six months ended June 30, 2023 and 2022, were \$385,699 thousand and \$378,328 thousand, respectively.

b. Lessor

There was no significant addition in the Company's operating lease contracts for the six months ended June 30, 2023 and 2022. Refer to Note 6(11) of the consolidated financial statements for the year ended December 31, 2022 for the relevant information.

(11) Investment Property

	June 30, 2023	December 31, 2022	June 30, 2022
Land	\$ 670,462	686,090	674,560
Buildings	643,612	685,124	712,326
Right-of-use assets	20,507	22,030	23,100
	<u>\$ 1,334,581</u>	<u>1,393,244</u>	<u>1,409,986</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
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There was no significant change in the Company's investment property for the six months ended June 30, 2023 and 2022. For other relevant information, refer to Note 6(12) of the consolidated financial statements for the year ended December 31, 2022.

The fair value of the Company's investment property was not materially different from those disclosed in Note 6(12) of the consolidated financial statements for the year ended December 31, 2022.

As at June 30, 2023, December 31, 2022, and June 30, 2022, there was no investment property that was pledged as collateral.

(12) Intangible Assets

	June 30, 2023	December 31, 2022	June 30, 2022
Goodwill	\$ 10,593,417	10,581,674	11,076,792
Patent and technology fee	330,302	359,337	401,350
Others	428,226	455,230	193,989
	<u>\$ 11,351,945</u>	<u>11,396,241</u>	<u>11,672,131</u>

There was no significant change in the Company's intangible assets for the six months ended June 30, 2023 and 2022. Information on amortization for the periods presented is disclosed in Note 6(22). In addition, the Company acquired goodwill and other intangible assets from the acquisition of subsidiaries in July 2022. For other relevant information, refer to Note 6(13) of the consolidated financial statements for the year ended December 31, 2022.

(13) Other Current Assets and Other Noncurrent Assets

	June 30, 2023	December 31, 2022	June 30, 2022
Prepayments for purchases	\$ 1,579,447	1,687,836	1,482,119
Noncurrent financial assets at amortized cost	1,473,577	1,142,218	1,050,684
Refundable deposits	1,053,816	985,770	963,714
Refundable and overpaid tax	624,748	957,798	1,159,265
Restricted cash in banks	662,319	766,226	200,606
Others	<u>2,812,283</u>	<u>3,238,660</u>	<u>3,459,473</u>
	8,206,190	8,778,508	8,315,861
Less: current	<u>(2,897,694)</u>	<u>(3,832,361)</u>	<u>(3,997,682)</u>
Noncurrent	<u>\$ 5,308,496</u>	<u>4,946,147</u>	<u>4,318,179</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(14) Short-term Borrowings

	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured borrowings	\$ <u>96,707</u>	<u>128,487</u>	<u>52,100</u>
Unused credit facilities	\$ <u>20,802,274</u>	<u>29,118,096</u>	<u>31,117,495</u>
Interest rate range	1.83%~3.85%	1.38%~4.00%	1.47%~1.60%

In March 2023, the Company entered into an agreement with financial institutions for offsetting financial assets and financial liabilities. The agreement meets the offsetting criteria of IAS 32, whereby the financial assets and financial liabilities were offset and reported on a net basis in the balance sheet. Details of the offset as of June 30, 2023 were as follows:

June 30, 2023			
Description	Gross amount of recognized financial assets and liabilities	Gross amount of recognized financial assets and liabilities offset in the balance sheet	Net amount of financial assets and liabilities presented in the balance sheet
Bank deposits / bank loans	\$ <u>1,512,961</u>	<u>1,512,961</u>	<u>-</u>

(15) Long-term Borrowings

Bank or agent bank	Durations	June 30, 2023	December 31, 2022	June 30, 2022
Syndicated loans:				
Bank of Taiwan and others	From Oct. 2021 to Oct. 2025	\$ 22,500,000	32,500,000	25,500,000
Bank of Taiwan and others	From Apr. 2022 to Apr. 2029	50,000,000	20,000,000	600,000
Bank of China and others	From Nov. 2015 to May 2023	-	2,001,456	2,915,289
Unsecured bank loans	From Oct. 2020 to Mar. 2028	18,448,800	6,126,000	4,046,000
Unsecured other loans	From Sep. 2022 to Sep. 2024	20,698	21,333	-
Secured bank loans	From Apr. 2017 to Apr. 2032	22,731,236	25,509,945	19,711,768
Secured other loans	From Apr. 2022 to Mar. 2026	<u>854,645</u>	<u>921,960</u>	<u>267,534</u>
		114,555,379	87,080,694	53,040,591
Less: transaction costs		<u>(307,697)</u>	<u>(265,243)</u>	<u>(312,888)</u>
		114,247,682	86,815,451	52,727,703
Less: current portion		<u>(14,432,377)</u>	<u>(13,884,634)</u>	<u>(7,345,731)</u>
		\$ <u>99,815,305</u>	<u>72,930,817</u>	<u>45,381,972</u>
Unused credit facilities		\$ <u>62,518,375</u>	<u>54,984,115</u>	<u>73,053,585</u>
Interest rate range		1.50%~8.15%	1.25%~7.95%	1.00%~5.32%

(Continued)

AUO CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

These credit facilities contain covenants that require the Company to maintain certain financial ratios, calculating based on the Company's annual audited consolidated financial statements prepared in accordance with IFRSs endorsed and issued into effect by the FSC, such as current ratio, leverage ratio, interest coverage ratio, tangible net worth and others as specified in the loan agreements. As of June 30, 2023, December 31, 2022, and June 30, 2022, the Company complied with all financial covenants required under each of the loan agreements.

Refer to Note 8 for assets pledged as collateral to secure the aforementioned long-term borrowings. For other relevant information, refer to Note 6(16) of the consolidated financial statements for the year ended December 31, 2022.

(16) Provisions

	Warranties⁽ⁱ⁾	Litigation, claims and others	Total
Balance at January 1, 2023	\$ 869,256	599,803	1,469,059
Additions (reversals)	8,235	121	8,356
Usage	(35,815)	(285)	(36,100)
Effect of change in exchange rate	(1,068)	6,477	5,409
Balance at June 30, 2023	840,608	606,116	1,446,724
Less: current	(196,447)	(317,335)	(513,782)
Noncurrent	\$ 644,161	288,781	932,942
Balance at January 1, 2022	\$ 1,184,514	703,794	1,888,308
Additions (reversals)	(98,917)	18	(98,899)
Usage	(61,853)	(41,193)	(103,046)
Effect of change in exchange rate	496	47,412	47,908
Balance at June 30, 2022	1,024,240	710,031	1,734,271
Less: current	(388,724)	(457,275)	(845,999)
Noncurrent	\$ 635,516	252,756	888,272

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

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AUO CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(17) Employee Benefits

a. Defined benefit plans

Subsequent to December 31, 2022, there was no significant market volatility, significant curtailment, reimbursement and settlement or other significant one-time events. Therefore, the pension cost in the consolidated interim financial statements was measured and disclosed by the Company according to the pension cost valued by actuary as of December 31, 2022 and 2021.

For the three months and six months ended June 30, 2023 and 2022, the Company set aside \$888 thousand, \$1,407 thousand, \$1,799 thousand and \$2,836 thousand, respectively, of the pension costs under the defined benefit plans.

b. Defined contribution plans

AUO and its subsidiaries in the ROC have set up defined contribution plans in accordance with the ROC Labor Pension Act. For the three months and six months ended June 30, 2023 and 2022, these companies set aside \$239,856 thousand, \$257,111 thousand, \$480,063 thousand and \$509,373 thousand, respectively, of the pension costs under the pension plan to the ROC Bureau of Labor Insurance. Except for the aforementioned companies, other foreign subsidiaries recognized pension expenses of \$367,346 thousand, \$316,981 thousand, \$719,772 thousand and \$615,101 thousand for the three months and six months ended June 30, 2023 and 2022, respectively, for the defined contribution plans based on their respective local government regulations.

(18) Capital and Other Components of Equity

a. Common stock

AUO's authorized common stock, with par value of \$10 per share, amounted to \$120,000,000 thousand, \$120,000,000 thousand and \$100,000,000 thousand as at June 30, 2023, December 31, 2022, and June 30, 2022, respectively.

AUO's issued common stock, with par value of \$10 per share, amounted to \$76,993,961 thousand, \$76,993,961 thousand and \$96,242,451 thousand as at June 30, 2023, December 31, 2022, and June 30, 2022, respectively.

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

As of June 30, 2023, AUO has issued 18,749 thousand ADSs, which represented 187,493 thousand shares of its common stock.

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AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

b. Capital surplus

The components of capital surplus were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
From common stock	\$ 46,621,786	52,756,091	52,756,091
From convertible bonds	6,049,862	6,049,862	6,049,862
From others	3,202,459	3,136,257	1,758,003
	<u>\$ 55,874,107</u>	<u>61,942,210</u>	<u>60,563,956</u>

According to the ROC Company Act, capital surplus, including premium from stock issuing and donations received, may be used to offset a deficit. When a company has no deficit, such capital surplus may be distributed by issuing common stock as stock dividends or by cash according to the proportion of shareholdings. In accordance with AUO's Articles of Incorporation, cash distribution from capital surplus should be approved by AUO's Board of Directors and reported to AUO's shareholders in its meeting. Pursuant to the ROC Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total sum of capital surplus capitalized per annum shall not exceed 10 percent of the paid-in capital.

c. Retained earnings and dividend policy

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

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

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AUO CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

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

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

On February 23, 2023, AUO's Board of Directors resolved not to distribute dividends for 2022. On May 26, 2023, the annual shareholders' meeting resolved the distribution of other earnings for 2022, comprising a reversal of special reserve of \$1,122,876 thousand and no dividend distribution. Details of cash dividends from capital surplus were as follows:

	Cash dividends from capital surplus	Cash distributed per share (NT\$)
Cash dividends from capital surplus	<u><u>\$ 6,134,305</u></u>	<u><u>0.80</u></u>

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

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

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

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

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AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

d. Treasury shares

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

Six Months Ended June 30, 2023				
Reason for reacquisition	Number of shares, Beginning of Period	Additions	Reductions	Number of shares, End of Period
Transferring to employees	38,737	-	(7,222)	31,515

Six Months Ended June 30, 2022				
Reason for reacquisition	Number of shares, Beginning of Period	Additions	Reductions	Number of shares, End of Period
Transferring to employees	54,199	-	(5,778)	48,421

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

e. Other components of equity

	Cumulative translation differences	Unrealized gains (losses) on financial assets at FVTOCI	Total
Balance at January 1, 2023	\$ (2,406,490)	(1,213,815)	(3,620,305)
Foreign operations – foreign currency translation differences	(1,714,768)	-	(1,714,768)
Net change in fair value of financial assets at FVTOCI	-	156,853	156,853
Equity-accounted investees – share of other comprehensive income	(65,997)	532,941	466,944
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	-	3,152	3,152
Realized loss on sales of securities reclassified to profit or loss	36,591	-	36,591
Related tax	314,199	-	314,199
Balance at June 30, 2023	<u>\$ (3,836,465)</u>	<u>(520,869)</u>	<u>(4,357,334)</u>

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AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	Cumulative translation differences	Unrealized gains (losses) on financial assets at FVTOCI	Total
Balance at January 1, 2022	\$ (4,873,573)	130,391	(4,743,182)
Foreign operations – foreign currency translation differences	2,123,176	-	2,123,176
Net change in fair value of financial assets at FVTOCI	-	(47,516)	(47,516)
Equity-accounted investees – share of other comprehensive income	369,707	(1,120,273)	(750,566)
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	-	(38,398)	(38,398)
Related tax	(456,916)	-	(456,916)
Balance at June 30, 2022	<u>\$ (2,837,606)</u>	<u>(1,075,796)</u>	<u>(3,913,402)</u>

f. Non-controlling interests, net of tax

	Six Months Ended June 30,	
	2023	2022
Balance at beginning of the period	\$ 6,311,557	6,179,431
Equity attributable to non-controlling interests:		
Profit (loss) for the period	(102,891)	(54,504)
Foreign currency translation differences, net of tax	(106,566)	12,432
Cash dividends from subsidiaries	(110,921)	(66,458)
Subsidiaries capital increase	13,620	30,950
Unrealized gain on financial assets at FVTOCI	8,153	-
Share-based payments and others	(11,975)	5,059
Balance at end of the period	<u>\$ 6,000,977</u>	<u>6,106,910</u>

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AUO CORPORATION AND SUBSIDIARIES
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(19) Share-based Payments

a. Employee treasury shares plan

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

Grant date	Total shares granted (in thousands)	Vesting conditions	Share price	Exercise price	Fair value per unit
Feb. 23, 2022	5,778	Vest immediately	20.7	8.11	12.59
Feb. 23, 2023	7,222	Vest immediately	18.3	10.14	8.16

The fair value of the share-based payments granted by AUO was measured at the date of grant using the Black-Scholes option pricing model. For the three months and six months ended June 30, 2023 and 2022, the related compensation costs recognized for the abovementioned plan amounted to \$0 thousand, \$0 thousand, \$58,931 thousand and \$72,744 thousand, respectively. The capital surplus generated from the difference between the subscription price and the repurchase cost of the abovementioned treasury shares for the six months ended June 30, 2023 amounted to \$18,127 thousand.

b. Employee restricted stock plan

As of June 30, 2023, information about the share-based payment rewards plan that ADTHLD, a subsidiary of AUO, granted to employees of AUO and its subsidiaries was as follows:

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

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

ADTCM's special shares without voting right which are held by AUO are the subject for the execution of the aforementioned plan. According to the relevant plan, one special share without voting right of ADTCM represents one common share right of ADTHLD. The weighted average fair value per share estimated using the income approach for the abovementioned plan was USD1.105. The weighted average cost of capital which is the principal parameter was between 18.1% and 20.1%.

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AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

For the six months ended June 30, 2023, 400,000 units abovementioned were fully vested upon completion of two years' service; 400,000 units which are based on completion of two years' service and bound with specific performance conditions were all unvested. Among the grant bound with five years of service and specific performance conditions, 360,000 units were early terminated in the first quarter of 2023, of which 170,000 units were vested immediately upon the agreement with employees. The difference between share price and carrying amount arising from the aforesaid employee vesting amounted to \$16,137 thousand. Moreover, in the second quarter of 2023, the remaining 240,000 units vesting were replaced in the form of bonuses upon the agreement with employees and therefore early terminated. As of June 30, 2023, the abovementioned employee restricted stock plans have been fully settled.

For the three months and six months ended June 30, 2023 and 2022, the compensation costs recognized were \$(26) thousand, \$3,135 thousand, \$2,144 thousand and \$5,091 thousand, respectively.

(20) Revenue from Contracts with Customers

a. Disaggregation of revenue

	Three Months Ended June 30,					
	2023			2022		
	Display segment	Energy segment	Total segments	Display segment	Energy segment	Total segments
Primary geographical markets:						
PRC (including Hong Kong)	\$ 22,518,404	353,605	22,872,009	21,616,691	488,553	22,105,244
Taiwan	16,620,976	3,203,812	19,824,788	16,076,423	3,673,392	19,749,815
Singapore	3,849,237	-	3,849,237	5,439,794	-	5,439,794
Japan	2,754,107	53,703	2,807,810	4,239,698	34,253	4,273,951
United States	5,995,825	1,297	5,997,122	4,117,034	208	4,117,242
Others	7,318,090	651,449	7,969,539	5,953,857	1,244,539	7,198,396
	<u>\$ 59,056,639</u>	<u>4,263,866</u>	<u>63,320,505</u>	<u>57,443,497</u>	<u>5,440,945</u>	<u>62,884,442</u>
Major products:						
Products for Televisions	\$ 12,031,633	-	12,031,633	10,654,808	-	10,654,808
Products for Monitors	9,157,468	-	9,157,468	10,971,054	-	10,971,054
Products for Mobile PCs and Devices	13,745,507	-	13,745,507	14,888,435	-	14,888,435
Products for Automotive Solutions	9,916,170	-	9,916,170	8,687,702	-	8,687,702
Products for PID and General Display	8,037,746	-	8,037,746	8,649,994	-	8,649,994
Products for Vertical Business ⁽ⁱ⁾	6,168,115	4,263,866	10,431,981	3,591,504	5,440,945	9,032,449
	<u>\$ 59,056,639</u>	<u>4,263,866</u>	<u>63,320,505</u>	<u>57,443,497</u>	<u>5,440,945</u>	<u>62,884,442</u>

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Notes to Consolidated Financial Statements

	Six Months Ended June 30,					
	2023			2022		
	Display segment	Energy segment	Total segments	Display segment	Energy segment	Total segments
Primary geographical markets:						
Taiwan	\$ 30,794,599	7,984,411	38,779,010	41,175,005	5,968,650	47,143,655
PRC (including Hong Kong)	37,419,143	526,460	37,945,603	45,153,171	1,093,693	46,246,864
United States	10,850,386	2,273	10,852,659	13,420,752	773	13,421,525
Singapore	6,643,938	-	6,643,938	14,420,352	-	14,420,352
Japan	4,655,214	207,708	4,862,922	8,706,146	45,812	8,751,958
Others	13,809,415	1,615,267	15,424,682	12,421,501	2,006,449	14,427,950
	<u>\$ 104,172,695</u>	<u>10,336,119</u>	<u>114,508,814</u>	<u>135,296,927</u>	<u>9,115,377</u>	<u>144,412,304</u>
Major products:						
Products for Televisions	\$ 19,133,355	-	19,133,355	25,007,258	-	25,007,258
Products for Monitors	15,553,197	-	15,553,197	24,243,154	-	24,243,154
Products for Mobile PCs and Devices	25,467,122	-	25,467,122	41,502,254	-	41,502,254
Products for Automotive Solutions	18,419,512	-	18,419,512	15,967,730	-	15,967,730
Products for PID and General Display	15,245,185	-	15,245,185	20,412,395	-	20,412,395
Products for Vertical Business ⁽ⁱ⁾	10,354,324	10,336,119	20,690,443	8,164,136	9,115,377	17,279,513
	<u>\$ 104,172,695</u>	<u>10,336,119</u>	<u>114,508,814</u>	<u>135,296,927</u>	<u>9,115,377</u>	<u>144,412,304</u>

- (i) Including energy, system design manufacturing service, FIDM, LED display, smart vertical and others.
- (ii) For the six months ended June 30, 2023 and 2022, the Company did not have major customer, that is, there was no such condition that the revenue from a single customer is greater than 10% of the Company's revenue.

b. Contract balances

	June 30, 2023	December 31, 2022	June 30, 2022
Contract assets — current (recorded in other current financial assets)	<u>\$ 1,597,215</u>	<u>877,375</u>	<u>1,822,846</u>
Contract liabilities — current (recorded in other current liabilities)	\$ 3,211,261	1,818,609	4,175,806
Contract liabilities — noncurrent	<u>7,489,702</u>	<u>8,739,846</u>	<u>7,489,702</u>
	<u>\$ 10,700,963</u>	<u>10,558,455</u>	<u>11,665,508</u>

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AUO CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

The amounts of revenue recognized for the three months and six months ended June 30, 2023 and 2022 that previously included in the contract liability balance at January 1, 2023 and 2022, were \$127,798 thousand, \$680,336 thousand, \$1,243,904 thousand and \$2,841,519 thousand, respectively. Additionally, in the first quarter of 2021, AUO entered into long-term sales agreements with customers and has received payments in advance. AUO accounted for such obligation as contract liabilities.

(21) Remuneration to Employees and Directors

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

AUO did not accrue remuneration to employees and directors due to the loss making position for the three months and six months ended June 30, 2023 and 2022. AUO accrued remuneration to employees based on the profit before income tax excluding the remuneration to employees and directors for the period, multiplied by the percentage resolved by Board of Directors. For the three months and six months ended June 30, 2022, AUO made a reversal of \$388,792 thousand and an estimation of \$183,107 thousand, respectively, on the remuneration to employees. Remuneration to directors was estimated based on the amount expected to pay and recognized together with the remuneration to employees as cost of sales or operating expenses. If remuneration to employees is resolved to be distributed in stock, the number of shares is determined by dividing the amount of remuneration by the closing price of the shares (ignoring ex-dividend effect) on the day preceding the Board of Directors' meeting. If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are accounted for as a change in accounting estimate and adjusted prospectively to next year's profit or loss.

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

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

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(22) Additional Information of Expenses by Nature

	Three Months Ended June 30,					
	2023			2022		
	Recognized in cost of sales	Recognized in operating expenses	Total	Recognized in cost of sales	Recognized in operating expenses	Total
Employee benefits expenses:						
Post-employment benefits	\$ 453,848	154,242	608,090	439,891	135,608	575,499
Salaries and other employee benefits	6,869,350	3,123,110	9,992,460	7,430,998	2,961,643	10,392,641
Depreciation	6,915,489	1,029,894	7,945,383	6,783,002	1,066,121	7,849,123
Amortization	14,266	16,932	31,198	46,385	5,447	51,832
	Six Months Ended June 30,					
	2023			2022		
	Recognized in cost of sales	Recognized in operating expenses	Total	Recognized in cost of sales	Recognized in operating expenses	Total
Employee benefits expenses:						
Post-employment benefits	\$ 894,046	307,588	1,201,634	858,928	268,382	1,127,310
Salaries and other employee benefits	13,847,938	6,278,424	20,126,362	15,940,832	6,031,540	21,972,372
Depreciation	13,549,377	2,033,278	15,582,655	13,699,437	2,103,653	15,803,090
Amortization	28,579	33,723	62,302	92,748	10,702	103,450

(23) Non-Operating Income and Expenses

a. Interest income

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Interest income on bank deposits	\$ 513,297	171,203	820,023	283,510
Other interest income	11,091	262	21,712	314
	<u>\$ 524,388</u>	<u>171,465</u>	<u>841,735</u>	<u>283,824</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

b. Other income

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Grants	\$ 80,374	505,421	152,349	564,469
Rental income, net	109,418	121,958	224,698	245,308
Others	96,559	101,604	182,321	401,187
	<u>\$ 286,351</u>	<u>728,983</u>	<u>559,368</u>	<u>1,210,964</u>

c. Other gains and losses

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Foreign exchange gains , net	\$ 395,549	40,152	388,154	782,047
Losses on valuation of financial instruments at FVTPL, net	(291,095)	(170,578)	(290,670)	(906,198)
Gains on disposals of property, plant and equipment, net	12,343	83,972	27,623	90,193
Gains on disposals of investments	116	-	116	-
Gains (losses) on liquidation of subsidiaries, net	(36,707)	3,651	(36,707)	143,204
Others	(21,949)	(19,248)	(49,709)	(33,085)
	<u>\$ 58,257</u>	<u>(62,051)</u>	<u>38,807</u>	<u>76,161</u>

d. Finance costs

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Interest expense on bank borrowings	\$ 675,671	222,526	1,135,069	477,027
Interest expense on lease liabilities	41,828	35,169	80,485	77,851
Other interest expense	15,657	(4,406)	38,386	12,971
Finance expense	18,045	22,117	34,244	106,120
	<u>\$ 751,201</u>	<u>275,406</u>	<u>1,288,184</u>	<u>673,969</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(24) Income Taxes

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

Income tax expense is best estimated by multiplying pretax income of the interim period by a projected annual effective tax rate as forecasted by the management.

The components of income tax expense (benefit) were as follows:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Current income tax expense (benefit):				
Current year	\$ 303,090	505,752	423,917	1,307,598
Tax on undistributed earnings	-	1,864,118	-	1,864,118
Adjustment to prior years and others	166,245	(316,056)	(160,481)	(277,939)
	<u>\$ 469,335</u>	<u>2,053,814</u>	<u>263,436</u>	<u>2,893,777</u>

Income taxes expense (benefit) recognized directly in other comprehensive income for the three months and six months ended June 30, 2023 and 2022 were as follows:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Items that are or may be reclassified subsequently to profit or loss:				
Foreign operations – foreign currency translation differences	\$ <u>(379,230)</u>	<u>(65,794)</u>	<u>(340,616)</u>	<u>460,024</u>

As of June 30, 2023, the tax authorities have completed the examination of income tax returns of AUO through 2020.

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AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(25) Earnings (loss) per Share

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Basic earnings (loss) per share				
Profit (loss) attributable to AUO's shareholders	\$ <u>(4,807,335)</u>	<u>(5,632,459)</u>	<u>(15,717,955)</u>	<u>(468,083)</u>
Weighted-average number of common shares outstanding during the period	<u>7,667,881</u>	<u>9,575,824</u>	<u>7,664,968</u>	<u>9,573,494</u>
Basic earnings (loss) per share (NT\$)	\$ <u>(0.63)</u>	<u>(0.59)</u>	<u>(2.05)</u>	<u>(0.05)</u>

Since AUO incurred net loss for the three months and six months ended June 30, 2023 and 2022, there were no potential ordinary shares with dilutive effect for the period.

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

Except for otherwise disclosed in other notes to the consolidated financial statements, the reconciliation of liabilities to cash flows arising from financing activities for the six months ended June 30, 2023 and 2022, were as follows:

	Long-term borrowings (including current installments)	Short-term borrowings	Guarantee deposits	Lease liabilities	Total liabilities from financing activities
Balance at January 1, 2023	\$ 86,815,451	128,487	778,426	9,244,891	96,967,255
Cash flows	27,691,199	(28,602)	3,099	(293,355)	27,372,341
Non-cash changes:					
Additions	-	-	-	163,050	163,050
Changes in exchange rate and others	(258,968)	(3,178)	19,994	(12,539) ⁽ⁱ⁾	(254,691)
Balance at June 30, 2023	\$ <u>114,247,682</u>	<u>96,707</u>	<u>801,519</u>	<u>9,102,047</u>	<u>124,247,955</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	Long-term borrowings (including current installments)	Short-term borrowings	Guarantee deposits	Lease liabilities	Total liabilities from financing activities
Balance at January 1, 2022	\$ 54,654,864	45,324	771,877	9,725,241	65,197,306
Cash flows	(2,453,181)	5,738	(4,019)	(286,337)	(2,737,799)
Non-cash changes:					
Additions	-	-	-	284,700	284,700
Changes in exchange rate and others	526,020	1,038	(5,231)	(249,558) ⁽ⁱⁱ⁾	272,269
Balance at June 30, 2022	<u>\$ 52,727,703</u>	<u>52,100</u>	<u>762,627</u>	<u>9,474,046</u>	<u>63,016,476</u>

(i) Including decrease in the current period of \$17,069 thousand.

(ii) Including decrease in the current period of 284,342 thousand.

(27) Financial Instruments

a. Fair value and carrying amount

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

Disclosures of fair value are not required for the financial instruments abovementioned and lease liabilities. Other than those, the carrying amount and fair value of other financial instruments of the Company as of June 30, 2023, December 31, 2022 and June 30, 2022 were as follows:

	June 30, 2023		December 31, 2022		June 30, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:						
Financial assets at FVTPL:						
Financial assets mandatorily measured at FVTPL	\$ 211,920	211,920	365,037	365,037	521,802	521,802
Financial assets at FVTOCI:						
Listed stocks	1,282,841	1,282,841	1,305,625	1,305,625	244,426	244,426
Non-listed stocks	647,120	647,120	594,956	594,956	1,160,309	1,160,309
Financial assets at amortized cost:						
Domestic and foreign time deposits	1,473,577	1,473,577	1,142,218	1,142,218	11,050,684	11,050,684
Refundable deposits	1,053,816	1,053,816	985,770	985,770	963,714	963,714

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	<u>June 30, 2023</u>		<u>December 31, 2022</u>		<u>June 30, 2022</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Financial liabilities:						
Financial liabilities at FVTPL:						
Contingent consideration from business combination	92,953	92,953	99,222	99,222	-	-
Financial liabilities held for trading	360,837	360,837	252,603	252,603	162,903	162,903
Financial liabilities at amortized cost:						
Long-term borrowings (including current installments)	114,247,682	114,247,682	86,815,451	86,815,451	52,727,703	52,727,703
Guarantee deposits	801,519	801,519	778,426	778,426	762,627	762,627
Long-term payables (including current installments)	625,020	625,020	968,520	968,520	1,092,480	1,092,480

b. Valuation techniques and assumptions applied in fair value measurement

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

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

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

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

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

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

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AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

c. Fair value measurements recognized in the consolidated balance sheets

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

- (i) Level 1 inputs: Unadjusted quoted prices for identical assets or liabilities in active markets.
- (ii) Level 2 inputs: Other than quoted prices included within Level 1, inputs are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (iii) Level 3 inputs: Derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
June 30, 2023				
Financial assets at FVTPL:				
Financial assets mandatorily measured at FVTPL	\$ -	211,920	-	211,920
Financial assets at FVTOCI:				
Listed stocks	1,282,841	-	-	1,282,841
Non-listed stocks	-	-	647,120	647,120
Financial assets at amortized cost:				
Domestic and foreign time deposits	-	1,473,577	-	1,473,577
Financial liabilities at FVTPL:				
Contingent consideration from business combination	-	-	92,953	92,953
Financial liabilities held for trading	-	360,837	-	360,837
Financial liabilities at amortized cost:				
Long term payables (including current installments)	-	625,020	-	625,020

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2022				
Financial assets at FVTPL:				
Financial assets mandatorily measured at FVTPL	\$ -	365,037	-	365,037
Financial assets at FVTOCI:				
Listed stocks	1,305,625	-	-	1,305,625
Non-listed stocks	-	-	594,956	594,956
Financial assets at amortized cost:				
Domestic and foreign time deposits	-	1,142,218	-	1,142,218
Financial liabilities at FVTPL:				
Contingent consideration from business combination	-	-	99,222	99,222
Financial liabilities held for trading	-	252,603	-	252,603
Financial liabilities at amortized cost:				
Long term payables (including current installments)	-	968,520	-	968,520
June 30, 2022				
Financial assets at FVTPL:				
Financial assets mandatorily measured at FVTPL	\$ -	521,802	-	521,802
Financial assets at FVTOCI				
Listed stocks	244,426	-	-	244,426
Non-listed stocks	-	-	1,160,309	1,160,309
Financial assets at amortized cost:				
Domestic and foreign time deposits	-	11,050,684	-	11,050,684
Financial liabilities at FVTPL:				
Financial liabilities held for trading	-	162,903	-	162,903
Financial liabilities at amortized cost:				
Long term payables (including current installments)	-	1,092,480	-	1,092,480

There were no transfers between Level 1 and 2 for the six months ended June 30, 2023 and 2022.

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AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

d. Reconciliation for fair value measurements categorized within Level 3

		Six Months Ended June 30,	
		2023	2022
Financial assets at FVTOCI—equity instruments without active market			
Balance at beginning of the period	\$	594,956	1,158,980
Net gains included in other comprehensive income		13,830	-
Purchases		93,264	-
Disposals		(53,762)	-
Effect of exchange rate change		(1,168)	1,329
Balance at end of the period	\$	<u><u>647,120</u></u>	<u><u>1,160,309</u></u>
Financial liabilities at FVTPL—contingent consideration from business combination			
Balance at beginning of the period	\$	99,222	-
Payment		(7,232)	-
Effect of exchange rate change		963	-
Balance at end of the period	\$	<u><u>92,953</u></u>	<u><u>-</u></u>

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

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

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at FVTOCI—equity instruments without active market	Market approach	· Price-Book ratio (1.09~9.04 at Jun. 30, 2023, 1.00~6.52 at Dec. 31, 2022 and 1.21~9.76 at Jun. 30, 2022) · Price-Earnings ratio (12.5~26.11 at Jun. 30, 2023, 7.57~23.38 at Dec. 31, 2022 and 7.16~17.36 at Jun. 30, 2022) · Discount for lack of marketability (15%~33% at Jun. 30, 2023, 16%~22% at Dec. 31, 2022 and 9%~22% at Jun. 30, 2022)	· The higher the price-book ratio is, the higher the fair value is. · The higher the price-earnings ratio is, the higher the fair value is. · The greater degree of lack of marketability is, the lower the fair value is.

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AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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

(28) Financial Risk Management

Except as described below, both the goals and policies of the Company's financial risk management and the Company's exposure to credit risk, liquidity risk and market risk were not materially different from those disclosed in Note 6(29) of the consolidated financial statements for the year ended December 31, 2022.

Refer to Note 6(5) for the information about credit risk exposure for notes and accounts receivable.

a. Currency risk

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

	<u>June 30, 2023</u>			<u>December 31, 2022</u>			<u>June 30, 2022</u>		
	<u>Foreign currency amounts</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency amounts</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency amounts</u>	<u>Exchange rate</u>	<u>NTD</u>
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 1,396,456	31.078	43,399,060	1,417,706	30.7320	43,568,941	1,722,109	29.7260	51,191,412
JPY	8,807,873	0.2147	1,891,050	9,536,579	0.2311	2,203,903	13,513,928	0.2190	2,959,550
EUR	21,351	33.7631	720,876	23,192	32.7634	759,849	28,973	31.1588	902,764
<u>Non-monetary items</u>									
USD	42,631	31.078	1,324,886	42,914	30.7320	1,318,833	34,579	29.7260	1,027,895
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	1,243,927	31.078	38,658,763	1,284,636	30.7320	39,479,434	1,500,973	29.7260	44,617,923
JPY	19,554,912	0.2147	4,198,440	15,658,556	0.2311	3,618,692	15,271,593	0.2190	3,344,479
EUR	-	-	-	319	32.7634	10,452	962	31.1588	29,975

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

b. Sensitivity analysis

The Company's exposure to foreign currency risk arises mainly from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade receivables, loans and borrowings and trade payables that are denominated in foreign currency. Depreciation or appreciation of the NTD by 1% against the USD, EUR and JPY at June 30, 2023 and 2022, while all other variables were remained constant, would have increased or decreased the net profit before tax for the six months ended June 30, 2023 and 2022 as follows:

	Six Months Ended June 30,	
	2023	2022
1% of depreciation	\$ 31,538	70,613
1% of appreciation	(31,538)	(70,613)

c. Foreign exchange gain (loss) on monetary items

With varieties of functional currencies within the Company, the Company disclosed foreign exchange gain (loss) on monetary items in aggregate. The aggregate of realized and unrealized foreign exchange gains for the three months and six months ended June 30, 2023 and 2022, were \$395,549 thousand, \$40,152 thousand, \$388,154 thousand and \$782,047 thousand, respectively.

(29) Capital Management

The objectives, policies and procedures of the Company's capital management have been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2022. Also, there was no significant change in the Company's capital management information as disclosed for the year ended December 31, 2022. Refer to Note 6(30) of the consolidated financial statements for the year ended December 31, 2022 for the relevant information.

7. Related-party Transactions

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

(1) Name and relationship of related parties

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

<u>Name of related party</u>	<u>Relationship with the Company</u>
Ennostar Inc. ("Ennostar")	Associate
Lextar Electronics Corporation ("Lextar")	Subsidiary of Ennostar
Lextar Electronics (Suzhou) Co., Ltd. ("LESZ")	Subsidiary of Ennostar

(Continued)

AUO CORPORATION AND SUBSIDIARIES
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<u>Name of related party</u>	<u>Relationship with the Company</u>
Lextar Electronics (Chuzhou) Corp. (“LEXCZ”)	Subsidiary of Ennostar
Epistar Corporation (“Epistar”)	Subsidiary of Ennostar
Yenrich Technology Corporation (“Yenrich”)	Subsidiary of Ennostar
Trendylite Corporation (“Trendylite”)	Subsidiary of Ennostar
Unikorn Semiconductor Corporation (“USC”)	Subsidiary of Ennostar
Raydium Semiconductor Corporation (“Raydium”)	Associate
Raydium Semiconductor (Kunshan) Co., Ltd. (“RKS”)	Subsidiary of Raydium
Star Shining Energy Corporation (“SSEC”)	Associate
Fargen Power Corporation (“FGPC”)	Subsidiary of SSEC
Sheng Li Energy Corporation (“SLEC”)	Subsidiary of SSEC
ChampionGen Power Corporation (“CGPC”)	Subsidiary of SSEC
TronGen Power Corporation (“TGPC”)	Subsidiary of SSEC
Ri Ji Power Corporation (“RJPC”)	Subsidiary of SSEC
Ri Jing Power Corporation (“RGPC”)	Subsidiary of SSEC
Mao Zheng Energy Corporation (“MZEC”)	Subsidiary of SSEC
Mao Xin Energy Corporation (“MXEC”)	Subsidiary of SSEC
Sheng Feng Power Corporation (“SFPC”)	Subsidiary of SSEC
Sheng He Power Corporation (“SHPC”)	Subsidiary of SSEC
Sheng Yao Power Corporation (“SYPC”)	Subsidiary of SSEC
Sheng Da Power Corporation (“SDPC”)	Subsidiary of SSEC
Shin Sheng Feng Investment Corp. (“SSFI”)	Subsidiary of SSEC
He Shuo Agricultural Biotech Corporation (“HSNC”)	Subsidiary of SSEC
Renovatio Pictures Co., Ltd. (“RP”)	Associate
YTTEK Technology Corp. (“YTTEK”)	Associate
Daxin Materials Corp. (“Daxin”)	Associate
Darwin Summit Corporation Ltd. (“DSC”)	Associate
ADLINK Technology Inc. (“ADLINK”)	Associate
ADLINK Technology (China) Co., Ltd. (“ADLINKCN”)	Subsidiary of ADLINK
ADLINK Technology GmbH (“ATG”)	Subsidiary of ADLINK
IRIS Optronics Co., Ltd. (“IOC”)	Associate
SINTRONES Technology Corp. (“SINTRONES”)	Associate ⁽ⁱ⁾
Qisda Corporation (“Qisda”)	Associate
Qisda Vietnam Co., Ltd (“QVH”)	Subsidiary of Qisda
BenQ Corporation (“BenQ”)	Subsidiary of Qisda
BenQ Materials Corp. (“BMC”)	Subsidiary of Qisda

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AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

<u>Name of related party</u>	<u>Relationship with the Company</u>
BenQ Medical Technology Corp. (“TMC”)	Subsidiary of Qisda
BenQ Healthcare Corporation (“BHS”)	Subsidiary of Qisda
Qisda (Suzhou) Co., Ltd. (“QCSZ”)	Subsidiary of Qisda
Qisda Electronics (Suzhou) Co., Ltd. (“QCES”)	Subsidiary of Qisda
Qisda Optronics (Suzhou) Co., Ltd. (“QCOS”)	Subsidiary of Qisda
Qisda Precision Industry (Suzhou) Co., Ltd. (“QCPS”)	Subsidiary of Qisda
Global Intelligence Network Co., Ltd. (“GINNET”)	Subsidiary of Qisda
Standard Technology Corp. (“STC”)	Subsidiary of Qisda
BenQ Europe B.V. (“BQE”)	Subsidiary of Qisda
BenQ Asia Pacific Corp. (“BQP”)	Subsidiary of Qisda
BenQ Co., Ltd. (“BQC”)	Subsidiary of Qisda
BenQ Technology (Shanghai) Co., Ltd. (“BQls”)	Subsidiary of Qisda
Guru Systems (Suzhou) Co., Ltd. (“GSS”)	Subsidiary of Qisda
Metaguru Corporation (“Metaguru”)	Subsidiary of Qisda
BenQ Material (WuHu) Co., Ltd. (“DNT”)	Subsidiary of Qisda
BenQ Material (Suzhou) Co., Ltd. (“BMS”)	Subsidiary of Qisda
Suzhou BenQ Hospital Co., Ltd. (“QCHS”)	Subsidiary of Qisda
DFI Inc. (“DFI”)	Subsidiary of Qisda
Data Image Corporation (“DIC”)	Subsidiary of Qisda
Data Image (Suzhou) Corporation (“DICSZ”)	Subsidiary of Qisda
Partner Tech Corp. (“PTT”)	Subsidiary of Qisda
Webest Solution Corp. (“WEBEST”)	Subsidiary of Qisda
ACE Pillar Co., Ltd. (“ACE”)	Subsidiary of Qisda
Tianjin ACE Pillar Co., Ltd. (“ACETJ”)	Subsidiary of Qisda
Golden Spirit Co., Ltd. (“GSC”)	Subsidiary of Qisda
Alpha Networks Inc. (“Alpha”)	Subsidiary of Qisda
Hitron Technologies Inc. (“Hitron”)	Subsidiary of Qisda
AdvancedTEK International Corp. (“AdvancedTEK”)	Subsidiary of Qisda
BenQ Intelligent Technology (Shanghai) Co., Ltd. (“BQC_RO”)	Subsidiary of Qisda
Metaage Corporation (“MTG”)	Subsidiary of Qisda
Concord Medical Co., Ltd. (“Concord”)	Subsidiary of Qisda
AUO Foundation	Substantive related party
WishMobile, Inc. (“WMI”)	Konly represented as a director of WMI

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

<u>Name of related party</u>	<u>Relationship with the Company</u>
WiBASE Industrial Solutions Inc. (“WIS”)	DPTW represented as a director of WIS ⁽ⁱⁱ⁾
ToYou Display (Suzhou) Co., Ltd. (“TYSZ”)	AUOSZ represented as a director of TYSZ
Jector Digital System Inc. (“JDSI”)	Director of Jector
Heilongjiang Tianyouwei Electronics Co., Ltd. (“TYW”)	Director of Talenda
Play Nitride Inc. (“PlayNitride”)	Konly represented as a director of PlayNitride
Carota Corporation (“Carota”)	Konly represented as a director of Carota
Profet AI Shanghai Co., Ltd. (“PFSH”)	Director of PFSZ
Profet AI Technology Co., Ltd. (“PFTW”)	PFTW and PFSH are members of the same Group
PlayNitride Display Co., Ltd. (“PND”)	Subsidiary of PlayNitride

- (i) The Company has had significant influence over SINTRONES since February 2023; therefore, SINTRONES was changed from other related party to associate.
- (ii) DPTW sold all of its ownership interests in WIS in May 2023. Therefore, WIS is no longer a related party of the Company starting from the date of disposal.

(2) Compensation to key management personnel

Key management personnel’s compensation comprised:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Short-term employee benefits	\$ 36,523	35,882	73,040	67,037
Post-employment benefits	323	324	752	733
Share-based payments	-	-	35,301	39,592
	\$ 36,846	36,206	109,093	107,362

Refer to Note 6(19) for information on share-based payments.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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

a. Sales

Sales				
	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Associates	\$ 2,647,006	3,928,893	6,229,075	7,197,597
Others	277	1,002	590	1,427
	<u>\$ 2,647,283</u>	<u>3,929,895</u>	<u>6,229,665</u>	<u>7,199,024</u>
Accounts receivable from related parties				
	June 30,	December 31,	June 30,	
	2023	2022	2022	
Associates	\$ 644,337	1,254,686	1,825,636	
Others	94	817	603	
	<u>\$ 644,431</u>	<u>1,255,503</u>	<u>1,826,239</u>	

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

b. Purchases

Purchases				
	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Associates	\$ 4,812,246	5,792,268	8,883,312	12,956,062
Others	533	385	935	2,522
	<u>\$ 4,812,779</u>	<u>5,792,653</u>	<u>8,884,247</u>	<u>12,958,584</u>
Accounts payable to related parties				
	June 30,	December 31,	June 30,	
	2023	2022	2022	
Associates	\$ 6,463,260	5,889,460	7,639,040	
Others	372	725	109	
	<u>\$ 6,463,632</u>	<u>5,890,185</u>	<u>7,639,149</u>	

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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

c. Acquisition of property, plant and equipment

	Acquisition prices			
	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Associates	<u>\$ 2,625</u>	<u>21,636</u>	<u>8,423</u>	<u>26,827</u>

d. Disposal of property, plant and equipment

	Proceeds from disposal			
	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Associates	<u>\$ 384</u>	<u>550</u>	<u>384</u>	<u>550</u>

	Gains on disposal			
	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Associates	<u>\$ 384</u>	<u>550</u>	<u>384</u>	<u>550</u>

e. Other related party transactions

Transaction type	Type of related party	Three Months Ended		Six Months Ended	
		June 30,		June 30,	
		2023	2022	2023	2022
Rental income	Associates				
	BMC	\$ 25,425	24,099	50,777	48,213
	Others	<u>8,726</u>	<u>8,625</u>	<u>17,808</u>	<u>17,433</u>
		<u>\$ 34,151</u>	<u>32,724</u>	<u>68,585</u>	<u>65,646</u>
Other income	Associates	<u>\$ 9,738</u>	<u>8,470</u>	<u>13,549</u>	<u>17,257</u>
Cost of sales and operating expenses	Associates				
		\$ 14,399	15,981	25,547	34,827
	Others	<u>46,349</u>	<u>40,755</u>	<u>87,169</u>	<u>93,904</u>
		<u>\$ 60,748</u>	<u>56,736</u>	<u>112,716</u>	<u>128,731</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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

Transaction type	Type of related party	June 30, 2023	December 31, 2022	June 30, 2022
Other receivables due from related parties, including dividends	Associates	<u>\$ 1,605,577</u>	<u>6,139</u>	<u>1,834,655</u>
Other payables due to related parties, including payables for equipment	Associates	\$ 19,743	20,177	19,621
	Others	27,042	11,614	18,709
		<u>\$ 46,785</u>	<u>31,791</u>	<u>38,330</u>

For the six months ended June 30, 2023 and 2022, the Company entitled for cash dividends declared by related parties of \$1,596,959 thousand and \$1,820,947 thousand, respectively. As of June 30, 2023, December 31, 2022 and June 30, 2022, total outstanding dividend receivables classified under other receivables due from related parties amounted to \$1,596,959 thousand, nil and \$1,820,947 thousand, respectively.

8. Pledged Assets

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

Pledged assets	Pledged to secure	June 30, 2023	December 31, 2022	June 30, 2022
Restricted cash in banks ⁽ⁱ⁾	Customs duties, guarantee for warranties, long-term borrowings limit, and outstanding letters of credit	\$ 985,797	1,109,414	461,934
Land and buildings	Long-term borrowings limit	59,737,665	60,580,031	62,559,025
Machinery and equipment	Long-term borrowings limit	15,077,233	21,373,787	24,312,665
Right-of-use assets	Long-term borrowings limit	74,390	77,821	79,576
		<u>\$ 75,875,085</u>	<u>83,141,053</u>	<u>87,413,200</u>

⁽ⁱ⁾ Classified as other current financial assets and other noncurrent assets by its liquidity.

(Continued)

AUO CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

9. Significant Contingent Liabilities and Unrecognized Commitments

The significant commitments and contingencies of the Company as of June 30, 2023, in addition to those disclosed in other notes to the consolidated financial statements, were as follows:

(1) Outstanding letters of credit

As at June 30, 2023, the Company had the following outstanding letters of credit for the purpose of purchasing machinery and equipment and materials:

<u>Currency</u>	<u>June 30, 2023</u> <u>(in thousands)</u>
USD	56,943
JPY	11,805,700
EUR	1,347

(2) Technology licensing agreements

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

(3) Purchase commitments

- a. In 2021, AUO entered into a long-term materials supply agreement with a supplier, under which, AUO and the supplier agreed on the supply of certain IC chip at agreed prices and quantities.
- b. Starting from the third quarter of 2022, ACTW has entered into long-term materials supply agreements with suppliers. Under the agreements, ACTW and the suppliers agreed on the supply of silicon materials at respective agreed prices and quantities.
- c. As at June 30, 2023, significant outstanding purchase commitments for construction in progress, property, plant and equipment totaled \$24,818,421 thousand.

(Continued)

AUO CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(4) Litigation

Antitrust civil actions lawsuits in the United States and other jurisdictions

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

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

As of July 26, 2023, the Company has made certain provisions with respect to certain of the above lawsuits as the management deems appropriate, considering factors such as the nature of the litigation or claims, the materiality of the amount of possible loss, the progress of the cases and the opinions or views of legal counsel and other advisors. Management will reassess all litigation and claims at each reporting date based on the facts and circumstances that exist at that time, and will make additional provisions or adjustments to previous provisions. The ultimate amount cannot be ascertained until the relevant cases are closed. The ultimate resolution of the legal proceedings and/or lawsuits cannot be predicted with certainty. While management intends to defend certain of the lawsuits described above vigorously, there is a possibility that one or more legal proceedings or lawsuits may result in an unfavorable outcome to the Company. In addition to the matters described above, the Company is also a party to other litigations or proceedings that arise during the ordinary course of business. Except as mentioned above, the Company, to its knowledge, is not involved as a defendant in any material litigation or proceeding which could be expected to have a material adverse effect on the Company's business or results of operations.

10. Significant Disaster Losses: None

11. Subsequent Event: None

12. Others

(1) Seasonality of operations

The Company's operations are not materially influenced by seasonality or cyclicity.

(Continued)

AUO CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

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

13. Additional Disclosures

- (1) Information on significant transactions:

Following are the additional disclosures required by the Regulations for the Company for the six months ended June 30, 2023.

- a. Financings provided: Please see Table 1 attached.
- b. Endorsements/guarantees provided: Please see Table 2 attached.
- c. Marketable securities held (excluding investment in subsidiaries, associates and joint ventures): Please see Table 3 attached.
- d. Individual marketable securities acquired or disposed of with costs or prices exceeding NT\$300 million or 20% of the paid-in capital: None.
- e. Acquisition of individual real estate with costs exceeding NT\$300 million or 20% of the paid-in capital: None
- f. Disposal of individual real estate with prices exceeding NT\$300 million or 20% of the paid-in capital: None.
- g. Purchases from or sales to related parties with amounts exceeding NT\$100 million or 20% of the paid-in capital: Please see Table 4 attached.
- h. Receivables from related parties with amounts exceeding NT\$100 million or 20% of the paid-in capital: Please see Table 5 attached.
- i. Information about trading in derivative instruments: Please see Note 6(2).
- j. Business relationship and significant intercompany transactions: Please see Table 6 attached.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

- (2) Information on investees (excluding information on investment in Mainland China): Please see Table 7 attached.
- (3) Information on investment in Mainland China:
- a. The related information on investment in Mainland China: Please see Table 8.1 and 8.2 attached.
 - b. Upper limit on investment in Mainland China: Please see Table 8.1 and 8.2 attached.
 - c. Significant transactions:

Significant direct or indirect transactions with the investees in Mainland China for the six months ended June 30, 2023, for which intercompany transactions were eliminated upon consolidation, are disclosed in Note 13(1) “Information on significant transactions”.

- (4) Major shareholders:

Major Shareholder	Shares	
	Total Shares Owned	Ownership Percentage
Qisda	530,878,896	6.89 %
Trust Holding for Employees of AUO Corporation	413,807,616	5.37 %

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

14. Segment Information

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

Segment results are excluding non-operating income and expenses and income tax expense (benefit). There are no differences between the consolidated financial statements for the six months ended June 30, 2023 and 2022 with the financial results received by the Company’s chief operating decision maker. The accounting policies for the operating segments are the same as those used in preparation of the consolidated financial statements of the Company. The Company uses the net revenue, profit (loss) from operations and segment profit (loss) excluding depreciation and amortization as the basis of segment performance assessment.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	Three Months Ended June 30, 2023		
	Display segment	Energy segment	Total segments
Net revenue from external customers	<u>\$ 59,056,639</u>	<u>4,263,866</u>	<u>63,320,505</u>
Segment profit (loss)	<u>\$ (4,462,100)</u>	<u>37,613</u>	<u>(4,424,487)</u>
Net non-operating income and expenses			160,231
Consolidated profit (loss) before income tax			<u>\$ (4,264,256)</u>
Segment profit (loss) excluding depreciation and amortization	<u>\$ 3,390,140</u>	<u>161,954</u>	<u>3,552,094</u>
Segment assets			<u>\$ 397,293,179</u>

	Three Months Ended June 30, 2022		
	Display segment	Energy segment	Total segments
Net revenue from external customers	<u>\$ 57,443,497</u>	<u>5,440,945</u>	<u>62,884,442</u>
Segment profit (loss)	<u>\$ (5,059,465)</u>	<u>414,411</u>	<u>(4,645,054)</u>
Net non-operating income and expenses			1,001,652
Consolidated profit (loss) before income tax			<u>\$ (3,643,402)</u>
Segment profit (loss) excluding depreciation and amortization	<u>\$ 2,721,353</u>	<u>534,548</u>	<u>3,255,901</u>
Segment assets			<u>\$ 408,405,476</u>

	Six Months Ended June 30, 2023		
	Display segment	Energy segment	Total segments
Net revenue from external customers	<u>\$ 104,172,695</u>	<u>10,336,119</u>	<u>114,508,814</u>
Segment profit (loss)	<u>\$ (15,945,865)</u>	<u>383,780</u>	<u>(15,562,085)</u>
Net non-operating income and expenses			4,675
Consolidated net profit (loss) before income tax			<u>\$ (15,557,410)</u>
Segment profit (loss) excluding depreciation and amortization	<u>\$ (547,822)</u>	<u>630,694</u>	<u>82,872</u>
Segment assets			<u>\$ 397,293,179</u>

	Six Months Ended June 30, 2022		
	Display segment	Energy segment	Total segments
Net revenue from external customers	<u>\$ 135,296,927</u>	<u>9,115,377</u>	<u>144,412,304</u>
Segment profit (loss)	<u>\$ 94,844</u>	<u>558,299</u>	<u>653,143</u>
Net non-operating income and expenses			1,718,047
Consolidated profit (loss) before income tax			<u>\$ 2,371,190</u>
Segment profit (loss) excluding depreciation and amortization	<u>\$ 15,758,179</u>	<u>801,504</u>	<u>16,559,683</u>
Segment assets			<u>\$ 408,405,476</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Financings Provided
For the six months ended June 30, 2023
(Amount in thousands of New Taiwan Dollars)

Table 1

No.	Financing Company	Borrowing Company	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 3)	Ending Balance (Notes 1 and 2)	Amount Actually Drawn Down (Notes 1 and 4)	Interest Rate	Nature of Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Notes 1 and 5)	Limits on Financing Company's Total Financing Amount (Notes 1 and 5)
													Item	Value		
0	AUO	AUOKS	Other receivables from related parties	Yes	7,562,450	5,131,680	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	16,266,837	65,067,349
0	AUO	ACTW	Other receivables from related parties	Yes	1,800,000	1,200,000	1,200,000	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	16,266,837	65,067,349
0	AUO	ADTTW	Other receivables from related parties	Yes	100,000	100,000	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	16,266,837	65,067,349
0	AUO	AETTW	Other receivables from related parties	Yes	400,000	200,000	200,000	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	16,266,837	65,067,349
0	AUO	S4M	Other receivables from related parties	Yes	200,000	200,000	80,000	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	16,266,837	65,067,349
1	AUOLB	AUOKS	Other receivables from related parties	Yes	16,459,450	14,112,120	5,986,960	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	74,043,200	74,043,200

No.	Financing Company	Borrowing Company	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 3)	Ending Balance (Notes 1 and 2)	Amount Actually Drawn Down (Notes 1 and 4)	Interest Rate	Nature of Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Notes 1 and 5)	Limits on Financing Company's Total Financing Amount (Notes 1 and 5)
													Item	Value		
1	AUOLB	AUOSZ	Other receivables from related parties	Yes	886,260	855,280	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	74,043,200	74,043,200
1	AUOLB	AUOXM	Other receivables from related parties	Yes	886,260	855,280	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	74,043,200	74,043,200
2	AUOKS	AUOSZ	Other receivables from related parties	Yes	2,658,780	2,565,840	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	16,011,569	16,011,569
2	AUOKS	AUOXM	Other receivables from related parties	Yes	3,545,040	3,421,120	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	16,011,569	16,011,569
3	AUOXM	AUOKS	Other receivables from related parties	Yes	6,203,820	5,986,960	1,710,560	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	15,734,393	15,734,393
3	AUOXM	AUOSZ	Other receivables from related parties	Yes	1,772,520	1,710,560	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	15,734,393	15,734,393
4	BVXM	AUOKS	Other receivables from related parties	Yes	889,700	855,280	427,640	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	1,333,145	1,333,145
5	AUOSJ	ATISZ	Other receivables from related parties	Yes	88,628	42,764	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	1,663,520	1,663,520

No.	Financing Company	Borrowing Company	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 3)	Ending Balance (Notes 1 and 2)	Amount Actually Drawn Down (Notes 1 and 4)	Interest Rate	Nature of Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Notes 1 and 5)	Limits on Financing Company's Total Financing Amount (Notes 1 and 5)
													Item	Value		
5	AUOSJ	AMIXM	Other receivables from related parties	Yes	139,734	68,422	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	1,663,520	1,663,520
5	AUOSJ	AMISZ	Other receivables from related parties	Yes	88,628	64,146	21,382	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	1,663,520	1,663,520
5	AUOSJ	ACTSZ	Other receivables from related parties	Yes	119,648	115,463	21,382	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	4,158,800	4,158,800
5	AUOSJ	ADTSZ	Other receivables from related parties	Yes	155,099	149,674	25,658	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	1,663,520	1,663,520
5	AUOSJ	AUOKS	Other receivables from related parties	Yes	2,658,780	2,565,840	855,280	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	4,158,800	4,158,800
5	AUOSJ	AETSZ	Other receivables from related parties	Yes	797,652	427,640	320,730	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	4,158,800	4,158,800
6	AUOSZ	AUOKS	Other receivables from related parties	Yes	15,287,985	13,470,660	4,917,860	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	19,166,271	19,166,271
6	AUOSZ	AUOXM	Other receivables from related parties	Yes	1,772,520	1,710,560	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	19,166,271	19,166,271

No.	Financing Company	Borrowing Company	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 3)	Ending Balance (Notes 1 and 2)	Amount Actually Drawn Down (Notes 1 and 4)	Interest Rate	Nature of Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Notes 1 and 5)	Limits on Financing Company's Total Financing Amount (Notes 1 and 5)
													Item	Value		
7	FPWJ	FTWJ	Other receivables from related parties	Yes	444,850	427,640	213,820	Based on base lending rate of People's Bank of China or China LPR	Needs for short-term financing	-	Operating capital	-	-	-	718,940	718,940

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

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

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

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

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

- a. AUO: The amount available for lending to an investee or a company with needs for short-term financing shall not exceed 10% of AUO's net worth as stated in its latest financial statement. The aggregate amount available for lending to borrowers shall not exceed 40% of AUO's net worth as stated in its latest financial statement.
- b. AUOLB, AUOKS, AUOSZ, AUOXM, AUOSJ and BVXM: The amount available for lending to an investee or a company with needs for short-term financing and the aggregate amount available for lending to borrowers both shall not exceed 40% of the net worth of the lending company as stated in its latest financial statement.
- c. In the event that the financing is between foreign subsidiaries whose voting shares are 100% owned, directly or indirectly, by AUO, the amount lendable to each of such borrowers and the aggregate amount available for lending to such borrowers both shall not exceed the net worth of the lending company as stated in its latest financial statement.
- d. In the event that the financing is between foreign subsidiaries whose voting shares are 100% owned, directly or indirectly, by DPTW, the amount lendable to each of such borrowers and the aggregate amount available for lending to such borrowers both shall not exceed the net worth of the lending company as stated in its latest financial statement.

FPWJ and FTWJ are foreign subsidiaries whose voting shares are 100% owned, directly or indirectly, by DPTW.

AUO CORPORATION AND SUBSIDIARIES
Endorsements/Guarantees Provided
For the six months ended June 30, 2023
(Amount in thousands of New Taiwan Dollars)

Table 2

No.	Endorser/ Guarantor	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided for Each Party (Notes 4 and 5)	Maximum Endorsement/ Guarantee Balance for the Period (Note 2)	Ending Balance (Notes 3 and 4)	Amount Actually Drawn Down (Note 4)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Notes 4 and 5)	Endorsement/ Guarantee Provided by Parent Company to Subsidiary	Endorsement/ Guarantee Provided by Subsidiary to Parent Company	Endorsement/ Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship (Note 1)										
0	AUO	AUOKS	2	81,334,186	32,406,097	17,180,120	8,552,800	-	10.56%	162,668,371	Yes	No	Yes
1	AUOXM	AUO	3	15,734,393	8,862,800	8,552,800	-	-	54.36%	15,734,393	No	Yes	No
2	FPWJ	FTWJ	4	287,576	222,425	-	-	-	-	287,576	No	No	Yes

Note 1: The relationship between the endorser/guarantor and the guaranteed party:

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

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

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

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

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

- a. AUO: The total endorsement/guarantee amount provided shall not exceed the net worth of AUO as stated in its latest financial statement. The aggregate amount of endorsement/guarantee provided to each guaranteed party shall not exceed 50% of AUO's net worth as stated in its latest financial statement.
- b. AUOXM: The total endorsement/guarantee amount provided and the aggregate amount of endorsement/guarantee provided to each guaranteed party both shall not exceed the net worth of the endorser/guarantor as stated in its latest financial statement.
- c. FPWJ: The total endorsement/guarantee amount provided and the aggregate amount of endorsement/guarantee provided to each guaranteed party both shall not exceed 40% of the net worth of the endorser/guarantor as stated in its latest financial statement.

AUO CORPORATION AND SUBSIDIARIES
Marketable Securities Held (Excluding Investment in Subsidiaries, Associates and Joint Ventures)
June 30, 2023
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated, and shares in thousands)

Table 3

Name of Holder	Type and Name of Marketable Securities	Relationship with the Securities Issuer	Financial Statement Account	June 30, 2023				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
ADPNL	Avocor Technologies USA, Inc.'s stock	Related party	Financial assets at FVTOCI—noncurrent	793	USD 5,002	10.39%	USD 5,002	
AUOLB	Abakus Solar AG's stock	-	Financial assets at FVTPL—noncurrent	3	-	2.22%	-	
AUOSH	T-powertek Optronics Co., Ltd.'s stock	-	Financial assets at FVTOCI—noncurrent	1,293	CNY 6,250	1.58%	CNY 6,250	
AUOSZ	ToYou Display (Suzhou) Co., Ltd.'s stock	Related party	Financial assets at FVTOCI—noncurrent	-	CNY 7,931	18.00%	CNY 7,931	
Konly	Carota Corporation's stock	Related party	Financial assets at FVTOCI—noncurrent	2,997	247,038	8.58%	247,038	
Konly	Mindtronic AI Co. Ltd.'s stock	-	Financial assets at FVTOCI—noncurrent	36	29,943	3.17%	29,943	
Konly	PlayNitride Inc.'s stock	Related party	Financial assets at FVTOCI—noncurrent	7,535	892,853	7.03%	892,853	
Konly	SkyREC Ltd.'s stock	-	Financial assets at FVTOCI—noncurrent	188	-	16.12%	-	
Konly	SnapBizz CloudTech Pte. Ltd.'s stock	-	Financial assets at FVTOCI—noncurrent	13	-	4.61%	-	
Konly	Azotek Co., Ltd.'s stock	-	Financial assets at FVTOCI—noncurrent	2,407	7,345	3.93%	7,345	
Konly	WishMobile, Inc.'s stock	Related party	Financial assets at FVTOCI—noncurrent	8,625	16,531	14.38%	16,531	
Konly	Chenfeng Optronics Corporation's stock	-	Financial assets at FVTPL—noncurrent	1,500	-	1.60%	-	
Konly	GCS Holdings, Inc.'s stock	-	Financial assets at FVTOCI—noncurrent	1,119	36,759	1.01%	36,759	
Konly	a2peak power Co., Ltd.'s stock	-	Financial assets at FVTPL—noncurrent	4,000	-	10.87%	-	
DPTW	Disign Incorporated's stock	-	Financial assets at FVTOCI—noncurrent	2	10,714	19.89%	10,714	
DPTW	Evertrust Technology Ltd.'s stock	-	Financial assets at FVTOCI—noncurrent	150	1,500	16.13%	1,500	
DPTW	D8AI Inc.'s stock	-	Financial assets at FVTOCI—noncurrent	8,400	11,149	4.64%	11,149	

Name of Holder	Type and Name of Marketable Securities	Relationship with the Securities Issuer	Financial Statement Account	June 30, 2023				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
DPTW	HUAI I Precision Technology Co., Ltd.'s stock	-	Financial assets at FVTOCI—noncurrent	2,914	34,968	10.00%	34,968	
Ronly	PlayNitride Inc.'s stock	Related party	Financial assets at FVTOCI—noncurrent	2,011	238,254	1.88%	238,254	
Ronly	ProfetAI Inc.'s stock	Related party	Financial assets at FVTOCI—noncurrent	911	40,823	12.89%	40,823	
Ronly	Exploit Technology Co., Ltd.'s stock	-	Financial assets at FVTPL—noncurrent	41	-	0.49%	-	
Ronly	Cruise10 Co., Ltd.'s stock	-	Financial assets at FVTOCI—noncurrent	1,250	20,000	10.53%	20,000	
Ronly	Prognosis Technology Inc.'s stock	-	Financial assets at FVTOCI—noncurrent	245	11,025	11.16%	11,025	
Ronly	GCS Holdings, Inc.'s stock	-	Financial assets at FVTOCI—noncurrent	3,500	114,975	3.15%	114,975	

AUO CORPORATION AND SUBSIDIARIES
Purchases from or Sales to Related Parties with Amounts Exceeding NT\$100 Million or 20% of the Paid-in Capital
For the six months ended June 30, 2023
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated, and shares in thousands)

Table 4

Company Name	Counterparty	Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchases /Sales	Amount (Note 2)	Percentage of Total Purchases /Sales	Credit Terms	Unit Price (Note 1)	Credit Terms (Note 1)	Ending Balance (Note 2)	Percentage of Total Notes /Accounts Receivable (Payable)	
AUO	AUOKS	Subsidiary of AUO	Purchases	7,095,421	9%	EOM 30 days	-	-	(2,578,188)	(6)%	
AUO	AUOSZ	Subsidiary of AUO	Purchases	19,124,957	23%	EOM 45 days	-	-	(11,122,803)	(24)%	
AUO	AUOXM	Subsidiary of AUO	Purchases	19,007,944	23%	EOM 45 days	-	-	(10,270,074)	(22)%	
AUO	AUST	Subsidiary of AUO	Purchases	1,916,644	2%	EOM 45 days	-	-	(646,824)	(1)%	
AUO	Qisda	Associate	Purchases	1,550,821	2%	EOM 45 days	-	-	(597,021)	(1)%	
AUO	BMC	Subsidiary of Qisda	Purchases	1,716,982	2%	EOM 90 days	-	-	(1,000,382)	(2)%	
AUO	Raydium	Associate	Purchases	532,496	1%	EOM 120 days	-	-	(511,148)	(1)%	
AUO	Daxin	Associate	Purchases	983,460	1%	EOM 120 days	-	-	(894,704)	(2)%	
AUO	DPTW	Subsidiary of AUO	Purchases	1,140,517	1%	EOM 60 days	-	-	(517,354)	(1)%	
AUO	AUOUS	Subsidiary of AUO	Sales	(158,965)	-	EOM 75 days	-	-	68,847	-	
AUO	AUOXM	Subsidiary of AUO	Sales	(560,208)	(1)%	EOM 45 days	-	-	-	-	
AUO	QCSZ	Subsidiary of Qisda	Sales	(1,571,131)	(2)%	EOM 55 days	-	-	378,612	2%	
AUO	CGPC	Subsidiary of SSEC	Sales	(348,184)	-	EOM 25 days	-	-	4,035	-	
AUO	BenQ	Subsidiary of Qisda	Sales	(554,503)	(1)%	EOM 55 days	-	-	236,190	1%	
AUO	SFPC	Subsidiary of SSEC	Sales	(320,163)	-	EOM 25 days	-	-	-	-	
AUO	MXEC	Subsidiary of SSEC	Sales	(2,088,356)	(2)%	EOM 25 days	-	-	-	-	
AUO	MZEC	Subsidiary of SSEC	Sales	(1,135,506)	(1)%	EOM 25 days	-	-	-	-	
AUO	ADP	Subsidiary of AUO	Sales	(12,779,273)	(13)%	EOM 45 days	-	-	4,356,230	23%	

Company Name	Counterparty	Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchases /Sales	Amount (Note 2)	Percentage of Total Purchases /Sales	Credit Terms	Unit Price (Note 1)	Credit Terms (Note 1)	Ending Balance (Note 2)	Percentage of Total Notes /Accounts Receivable (Payable)	
ADPNL	ADP	Subsidiary of AUO	Purchases	USD 28,437	100%	EOM 45 days	-	-	USD (7,862)	(100)%	
ADPSZ	ADP	Subsidiary of AUO	Purchases	CNY 26,264	59%	EOM 45 days	-	-	CNY (6,825)	(47)%	
AUOKS	AUOSZ	Subsidiary of AUO	Purchases	CNY 120,197	10%	EOM 60 days	-	-	CNY (58,839)	(7)%	
AUOKS	Qisda	Associate	Purchases	CNY 28,113	2%	EOM 120 days	-	-	CNY (26,517)	(3)%	
AUOKS	DPTW	Subsidiary of AUO	Purchases	CNY 55,782	5%	EOM 120 days	-	-	CNY (50,211)	(6)%	
AUOKS	AUO	Ultimate parent company	Sales	CNY (1,611,900)	(74)%	EOM 30 days	-	-	CNY 604,077	79%	
AUOKS	AUOXM	Subsidiary of AUO	Sales	CNY (444,699)	(20)%	EOM 30 days	-	-	CNY 136,767	18%	
AUOSH	AUO	Ultimate parent company	Sales	CNY (26,961)	(91)%	EOM 25 days	-	-	-	-	
AUOSZ	Qisda	Associate	Purchases	CNY 114,959	3%	EOM 120 days	-	-	CNY (99,814)	(4)%	
AUOSZ	BMC	Subsidiary of Qisda	Purchases	CNY 109,985	3%	EOM 90 days	-	-	CNY (73,663)	(3)%	
AUOSZ	Raydium	Associate	Purchases	CNY 205,360	6%	EOM 120 days	-	-	CNY (194,935)	(7)%	
AUOSZ	DPTW	Subsidiary of AUO	Purchases	CNY 157,270	5%	EOM 120 days	-	-	CNY (126,187)	(5)%	
AUOSZ	AUO	Ultimate parent company	Sales	CNY (4,352,436)	(97)%	EOM 45 days	-	-	CNY 2,594,643	97%	
AUOSZ	AUOKS	Subsidiary of AUO	Sales	CNY (120,197)	(3)%	EOM 60 days	-	-	CNY 58,839	2%	
AUOUS	AUO	Ultimate parent company	Purchases	USD 5,192	100%	EOM 75 days	-	-	USD (2,215)	(100)%	
AUOUS	AUO	Ultimate parent company	Sales	USD (3,799)	(41)%	EOM 30 days	-	-	-	-	
AUOXM	AUO	Ultimate parent company	Purchases	CNY 132,252	3%	EOM 45 days	-	-	-	-	
AUOXM	AUOKS	Subsidiary of AUO	Purchases	CNY 437,624	11%	EOM 30 days	-	-	CNY (136,767)	(5)%	
AUOXM	QCOS	Subsidiary of Qisda	Purchases	CNY 38,050	1%	EOM 120 days	-	-	CNY (33,015)	(1)%	
AUOXM	BMC	Subsidiary of Qisda	Purchases	CNY 97,730	2%	EOM 90 days	-	-	CNY (72,966)	(3)%	
AUOXM	Raydium	Associate	Purchases	CNY 217,111	5%	EOM 120 days	-	-	CNY (212,605)	(7)%	
AUOXM	DPTW	Subsidiary of AUO	Purchases	CNY 181,593	4%	EOM 120 days	-	-	CNY (153,767)	(5)%	
AUOXM	AUO	Ultimate parent company	Sales	CNY (4,325,823)	(85)%	EOM 45 days	-	-	CNY 2,392,483	91%	
AUST	AUO	Ultimate parent company	Sales	USD (62,847)	(99)%	EOM 45 days	-	-	USD 20,839	100%	

Company Name	Counterparty	Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchases /Sales	Amount (Note 2)	Percentage of Total Purchases /Sales	Credit Terms	Unit Price (Note 1)	Credit Terms (Note 1)	Ending Balance (Note 2)	Percentage of Total Notes /Accounts Receivable (Payable)	
DPXM	DPTW	Subsidiary of AUO	Sales	CNY (208,478)	(18)%	EOM 90 days	-	-	CNY 159,481	38%	
FTWJ	Lextar	Subsidiary of Ennostar	Purchases	CNY 48,801	16%	EOM 120 days	-	-	CNY (40,334)	(7)%	
FTWJ	DPTW	Subsidiary of AUO	Sales	CNY (476,631)	(98)%	EOM 90 days	-	-	CNY 347,150	99%	
M.Setek	ACTW	Subsidiary of AUO	Sales	JPY (2,405,845)	(74)%	EOM 45 days	-	-	JPY 2,690,331	98%	
AETTW	AUO	Ultimate parent company	Sales	(289,347)	(60)%	EOM 60 days	-	-	132,629	75%	
ACTW	M.Setek	Subsidiary of AUO	Purchases	567,329	35%	EOM 45 days	-	-	(577,614)	(81)%	
ADP	AUO	Ultimate parent company	Purchases	12,718,348	98%	EOM 45 days	-	-	(4,292,558)	(97)%	
ADP	ADPNL	Subsidiary of AUO	Sales	(891,311)	(6)%	EOM 45 days	-	-	247,034	6%	
DPTW	DPXM	Subsidiary of AUO	Purchases	916,372	25%	EOM 90 days	-	-	(685,703)	(28)%	
DPTW	FTWJ	Subsidiary of AUO	Purchases	2,096,763	57%	EOM 90 days	-	-	(1,493,072)	(61)%	
DPTW	AUO	Ultimate parent company	Sales	(1,184,630)	(32)%	EOM 60 days	-	-	421,049	19%	
DPTW	AUOKS	Subsidiary of AUO	Sales	(243,029)	(7)%	EOM 120 days	-	-	215,746	10%	
DPTW	AUOSZ	Subsidiary of AUO	Sales	(687,203)	(18)%	EOM 120 days	-	-	542,729	24%	
DPTW	AUOXM	Subsidiary of AUO	Sales	(793,020)	(21)%	EOM 120 days	-	-	660,410	29%	

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

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

AUO CORPORATION AND SUBSIDIARIES
Receivables from Related Parties with Amounts Exceeding NT\$100 Million or 20% of the Paid-in Capital
June 30, 2023
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 5

Company Name	Counterparty	Relationship	Ending Balance of Receivables (Note 3)	Turnover Rate	Overdue Receivables		Amounts Received in Subsequent Period (Note 1)	Allowance for Bad Debts
					Amount	Action Taken		
AUO	QCSZ	Subsidiary of Qisda	378,612	10.34	-	-	-	-
AUO	Qisda	Associate	671,129	(Note 2)	186	Will be collected in next period	-	-
AUO	ADLINK	Associate	105,776	(Note 2)	-	-	-	-
AUO	AETTW	Subsidiary of AUO	265,380	(Note 2)	-	-	-	-
AUO	ACTW	Subsidiary of AUO	1,409,412	(Note 2)	-	-	-	-
AUO	Konly	Subsidiary of AUO	1,528,052	(Note 2)	-	-	-	-
AUO	BenQ	Subsidiary of Qisda	236,190	6.07	-	-	-	-
AUO	ADP	Subsidiary of AUO	5,572,242	(Note 2)	-	-	-	-
AUOKS	AUO	Ultimate parent company	CNY 604,077	6.09	CNY 19,730	Collected in subsequent period	CNY 252,454	-
AUOKS	AUOXM	Subsidiary of AUO	CNY 136,767	6.68	CNY 3,583	Will be collected in next period	-	-
AUOLB	AUOKS	Subsidiary of AUO	USD 194,870	(Note 2)	-	-	-	-
AUOSJ	AETSZ	Subsidiary of AUO	CNY 75,357	(Note 2)	-	-	-	-
AUOSJ	AUOKS	Subsidiary of AUO	CNY 203,934	(Note 2)	-	-	-	-
AUOSZ	AUO	Ultimate parent company	CNY 2,594,704	(Note 2)	CNY 19,405	Collected in subsequent period	CNY 1,348,767	-
AUOSZ	AUOKS	Subsidiary of AUO	CNY 1,236,204	(Note 2)	CNY 10,602	Collected in subsequent period	CNY 21,903	-
AUOXM	AUO	Ultimate parent company	CNY 2,392,732	(Note 2)	CNY 3,170	Collected in subsequent period	CNY 1,160,407	-
AUOXM	AUOKS	Subsidiary of AUO	CNY 405,907	(Note 2)	-	-	-	-
AUST	AUO	Ultimate parent company	USD 20,839	5.97	-	-	-	-
BVXM	AUOKS	Subsidiary of AUO	CNY 101,389	(Note 2)	-	-	-	-

Company Name	Counterparty	Relationship	Ending Balance of Receivables (Note 3)	Turnover Rate	Overdue Receivables		Amounts Received in Subsequent Period (Note 1)	Allowance for Bad Debts
					Amount	Action Taken		
DPXM	DPTW	Subsidiary of AUO	CNY 168,696	(Note 2)	-	-	-	-
FPWJ	FTWJ	Subsidiary of AUO	CNY 50,642	(Note 2)	-	-	-	-
FTWJ	DPTW	Subsidiary of AUO	CNY 738,301	(Note 2)	-	-	CNY 123,544	-
M.Setek	ACTW	Subsidiary of AUO	JPY 2,690,331	1.59	JPY 951,035	Will be collected in next period	-	-
AETTW	AUO	Ultimate parent company	132,629	5.17	88,148	Will be collected in next period	-	-
ACTW	M.Setek	Subsidiary of AUO	425,291	(Note 2)	-	-	-	-
Konly	Qisda	Associate	100,290	(Note 2)	-	-	-	-
Konly	Raydium	Associate	469,632	(Note 2)	-	-	-	-
ADP	ADPNL	Subsidiary of AUO	247,034	10.96	2,366	Will be collected in next period	-	-
DPTW	AUO	Ultimate parent company	421,049	5.33	35,037	Will be collected in next period	-	-
DPTW	AUOKS	Subsidiary of AUO	215,746	3.23	-	-	-	-
DPTW	AUOSZ	Subsidiary of AUO	542,729	3.05	-	-	-	-
DPTW	AUOXM	Subsidiary of AUO	660,410	3.01	-	-	-	-
DPTW	DPXM	Subsidiary of AUO	107,812	(Note 2)	-	-	-	-
DPTW	FTWJ	Subsidiary of AUO	1,362,865	(Note 2)	-	-	434,708	-

Note 1: Until the mid of July 2023.

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

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

AUO CORPORATION AND SUBSIDIARIES
Business Relationship and Significant Intercompany Transactions
For the six months ended June 30, 2023
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 6

No.	Company Name	Counterparty	Nature of Relationship	Inter-company Transactions			
				Financial Statement Account	Amount	Trading Terms	Percentage of Consolidated Net Revenue or Total Assets
0	AUO	ADP	Parent to subsidiary	Net revenue	12,779,273	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days.	11%
0	AUO	ADP	Parent to subsidiary	Receivables from related parties	5,572,242	-	1%
1	AUOKS	AUO	Subsidiary to parent	Net revenue	CNY 1,611,900	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 30 days.	6%
1	AUOKS	AUO	Subsidiary to parent	Receivables from related parties	CNY 604,077	-	1%
1	AUOKS	AUOXM	Subsidiary to subsidiary	Net revenue	CNY 444,699	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 30 days.	2%
2	AUOLB	AUOKS	Subsidiary to subsidiary	Receivables from related parties	USD 194,870	-	2%
3	AUOSZ	AUO	Subsidiary to parent	Net revenue	CNY 4,352,436	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days.	17%
3	AUOSZ	AUO	Subsidiary to parent	Receivables from related parties	CNY 2,594,704	-	3%
3	AUOSZ	AUOKS	Subsidiary to subsidiary	Receivables from related parties	CNY 1,236,204	-	1%

No.	Company Name	Counterparty	Nature of Relationship	Inter-company Transactions				
				Financial Statement Account	Amount		Trading Terms	Percentage of Consolidated Net Revenue or Total Assets
4	AUOXM	AUO	Subsidiary to parent	Net revenue	CNY	4,325,823	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days.	17%
4	AUOXM	AUO	Subsidiary to parent	Receivables from related parties	CNY	2,392,732		-
5	AUST	AUO	Subsidiary to parent	Net revenue	USD	62,847	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days.	2%
6	DPXM	DPTW	Subsidiary to subsidiary	Net revenue	CNY	208,478	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 90 days.	1%
7	FTWJ	DPTW	Subsidiary to subsidiary	Net revenue	CNY	476,631	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 90 days.	2%
7	FTWJ	DPTW	Subsidiary to subsidiary	Receivables from related parties	CNY	738,301	-	1%
8	ADP	ADPNL	Subsidiary to subsidiary	Net revenue		891,311	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days.	1%
9	DPTW	AUO	Subsidiary to parent	Net revenue		1,184,630	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 60 days.	1%
9	DPTW	AUOSZ	Subsidiary to subsidiary	Net revenue		687,203	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 120 days.	1%
9	DPTW	AUOXM	Subsidiary to subsidiary	Net revenue		793,020	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 120 days.	1%

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

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

AUO CORPORATION AND SUBSIDIARIES
Information on Investees (Excluding Information on Investment in Mainland China)
For the six months ended June 30, 2023
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated, and shares in thousands)

Table 7

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		June 30, 2023			Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
				June 30, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)			
AUO	AUOLB	Malaysia	Holding company	76,491,558	76,491,558	2,507,189	100.00%	74,043,200	381,204	381,204	Subsidiary
AUO	AUONL	Netherlands	Sales support of TFT-LCD panels	24,275	24,275	50	100.00%	33,902	330	330	Subsidiary
AUO	Konly	Taiwan ROC	Investment	6,462,603	7,226,603	393,158	100.00%	8,285,236	55,904	55,904	Subsidiary
AUO	Ronly	Taiwan ROC	Investment	5,078,047	5,078,047	453,276	100.00%	4,844,422	(121,277)	(121,277)	Subsidiary
AUO	DPTW	Taiwan ROC	Design, manufacturing, and sales of TFT-LCD modules, backlight modules, TV set and related parts	3,569,155	3,569,155	190,108	28.56%	2,529,909	(203,366)	(58,089)	Subsidiary
AUO	ACTW	Taiwan ROC	Manufacturing and sale of ingots and solar wafers	15,687,921	15,687,921	242,565	100.00%	3,563,762	(179,444)	(179,444)	Subsidiary
AUO	Qisda	Taiwan ROC	Manufacturing, sales and service of high-end displays, optical precision electronic products and functional film products; manufacturing, sales and service of products related to intelligent solutions; medical equipment and services; research, development, design, manufacturing and sales of network communication products	9,505,477	9,505,477	335,231	17.04%	10,421,102	1,348,022	172,570	Associate
AUO	S4M	Taiwan ROC	Sales and leasing of content management system and hardware, and design of digital signage content and field curation	50,000	50,000	5,000	100.00%	7,309	(9,204)	(9,204)	Subsidiary
AUO	AETTW	Taiwan ROC	Planning and design of water treatment technology and EPC project, energy saving equipment and energy efficiency project, facility intelligent management and environmental sustainability solution	424,050	424,050	42,405	100.00%	268,301	(2,045)	(12,867)	Subsidiary

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		June 30, 2023			Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
				June 30, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)			
AUO	SSEC	Taiwan ROC	Investment	2,170,000	2,170,000	217,000	31.00%	2,200,111	32,319	10,019	Associate
AUO	CQIL	Israel	Holding company	1,182,621	1,182,621	39,974	100.00%	882,434	(10,263)	(10,263)	Subsidiary
AUO	ADLINK	Taiwan ROC	Manufacturing and sales of hardware, software and peripheral devices of industrial computers	2,411,693	2,411,693	42,310	19.45%	2,194,932	148,137	(9,013)	Associate
AUO	DPGE	Taiwan ROC	Renewable energy power generation	350,000	350,000	35,000	100.00%	350,466	385	385	Subsidiary
AUO	ADTHLD	Cayman Islands	Holding company	462,008	462,008	15,800	85.41%	93,876	(141,702)	(121,021)	Subsidiary
AUO	ADTCM	Cayman Islands	Holding company	60,300	76,437	2,130	78.89%	12,656	(20,681)	(18,891)	Subsidiary
AUO	AHTW	Taiwan ROC	Manufacturing, development and sales of medical equipments	5,000	5,000	500	100.00%	2,708	(82)	(82)	Subsidiary
AUO	ADP	Taiwan ROC	Research, development and sales of display	369,555	369,555	200,000	100.00%	4,058,627	1,526,317	1,526,317	Subsidiary
AUO	SREC	Taiwan ROC	Investment	288,828	288,828	28,883	32.01%	324,228	37,032	11,855	Subsidiary
AUO	Ennostar	Taiwan ROC	Holding company	4,764,942	4,764,942	93,569	12.45%	6,662,805	(2,154,973)	(292,025)	Associate
AUO	ACTTW	Taiwan ROC	Design, development and sales of software and hardware for health care industry	30,000	30,000	3,000	100.00%	9,512	(5,114)	(5,114)	Subsidiary
AUO	AET-YP	Taiwan ROC	Investment and construction in public construction, and wastewater (sewage) treatment	15,000	15,000	1,500	8.82%	14,831	(803)	(71)	Subsidiary
AUO	SINTRONES	Taiwan ROC	Research, development, manufacturing and sales of in-vehicle computers and peripherals and other applications	91,507	-	1,338	7.04%	83,786	28,690	1,361	Associate (Note 6)
Konly	DPTW	Taiwan ROC	Design, manufacturing, and sales of TFT-LCD modules, backlight modules, TV set and related parts	703,795	703,795	42,598	6.40%	566,884	(203,366)	(13,016)	Subsidiary
Konly	Raydium	Taiwan ROC	IC Design	175,857	175,857	11,454	15.10%	1,578,757	588,639	88,887	Associate
Konly	Daxin	Taiwan ROC	Research, development, manufacturing and sales of display and semiconductor related fine chemicals	154,748	154,748	19,114	18.61%	531,979	248,845	46,306	Associate

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		June 30, 2023			Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
				June 30, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)			
Konly	Qisda	Taiwan ROC	Manufacturing, sales and service of high-end displays, optical precision electronic products and functional film products; manufacturing, sales and service of products related to intelligent solutions; medical equipment and services; research, development, design, manufacturing and sales of network communication products	1,363,481	1,363,481	50,145	2.55%	1,558,830	1,348,022	25,814	Associate
Konly	SSEC	Taiwan ROC	Investment	140,000	140,000	14,000	2.00%	141,943	32,319	646	Associate
Konly	SkyREC Ltd.	BVI	Business intelligence and AI video management system	-	46,016	-	-	-	(3,005)	-	(Note 7)
Konly	ADLINK	Taiwan ROC	Manufacturing and sales of hardware, software and peripheral devices of industrial computers	988,837	988,837	15,944	7.33%	881,072	148,137	(19,259)	Associate
Konly	AUES	Taiwan ROC	Services related to educational activities and site rental	4,000	4,000	400	100.00%	6,247	784	784	Subsidiary
Konly	IOC	Taiwan ROC	R&D of color e-paper related technology, and processing product design and development	20,000	20,000	1,000	5.00%	6,157	(54,187)	(1,833)	Associate
Konly	SREC	Taiwan ROC	Investment	13,533	13,533	1,353	1.50%	15,192	37,032	555	Subsidiary
Konly	Ennostar	Taiwan ROC	Holding company	1,180,491	1,180,491	16,413	2.18%	1,210,757	(2,154,973)	(59,614)	Associate
Konly	Naidun-tech Co., Ltd.	Taiwan ROC	Solution provider to improve the performance and reliability of semiconductor components	39,997	39,997	8,733	22.03%	13,635	(7,962)	(1,754)	Associate
Konly	SINTRONES	Taiwan ROC	Research, development, manufacturing and sales of in-vehicle computers and peripherals and other applications	155,233	-	2,483	13.07%	155,991	28,690	2,514	Associate (Note 6)
DPTW	BVLB	Malaysia	Holding company	1,051,289	1,051,289	36,000	29.71%	248,698	-	-	Subsidiary
DPTW	DPLB	Malaysia	Holding company	4,350,631	4,350,631	91,846	100.00%	5,414,210	244,561	249,093	Subsidiary
DPTW	FHVI	BVI	Holding company	2,362,321	2,362,321	22,006	100.00%	1,804,046	(73,311)	(73,891)	Subsidiary
DPTW	FFMI	Mauritius	Holding company	274,700	274,700	653	100.00%	118,564	5,327	5,242	Subsidiary
DPTW	Darwin Summit Corporation Ltd.	Thailand	International trade	3,740	3,740	40	40.00%	11,410	322	129	Associate

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		June 30, 2023			Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
				June 30, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)			
ACTW	ACMK	Malaysia	Manufacturing and sale of solar wafers	-	121,444	-	-	-	(370)	(369)	(Note 5)
ACTW	SDMC	Taiwan ROC	Holding company	1,988,488	1,988,488	167,216	100.00%	2,026,767	130,664	167,308	Subsidiary
SDMC	M.Setek	Japan	Manufacturing and sale of ingots	23,596,398	23,596,398	11,404,184	99.9991%	2,013,636	130,831	130,830	Subsidiary
ADP	ADPNL	Netherlands	Sales and sales support of display and holding company	903,022	811,798	-	100.00%	1,000,804	18,236	18,236	Subsidiary
ADP	Jector	Taiwan ROC	Introduction of smart field construction and other related software and hardware solutions	120,000	120,000	12,000	78.43%	104,464	(21,774)	(16,749)	Subsidiary
SREC	SGPC	Taiwan ROC	Solar power generation	820,000	820,000	56,811	100.00%	698,500	31,445	29,407	Subsidiary
SREC	EGPC	Taiwan ROC	Solar power generation	280,000	280,000	24,500	100.00%	300,567	9,151	8,150	Subsidiary
AETTW	AET-YP	Taiwan ROC	Investment and construction in public construction, and wastewater (sewage) treatment	124,050	124,050	12,405	72.97%	122,656	(803)	(586)	Subsidiary
Ronly	DPTW	Taiwan ROC	Design, manufacturing, and sales of TFT-LCD modules, backlight modules, TV set and related parts	845,510	845,510	40,509	6.09%	539,084	(203,366)	(12,378)	Subsidiary
Ronly	Raydium	Taiwan ROC	IC Design	240,647	240,647	669	0.88%	200,464	588,639	(13,367)	Associate
Ronly	Daxin	Taiwan ROC	Research, development, manufacturing and sales of display and semiconductor related fine chemicals	70,021	70,021	6,312	6.15%	175,680	248,845	15,292	Associate
Ronly	ADLINK	Taiwan ROC	Manufacturing and sales of hardware, software and peripheral devices of industrial computers	809,508	809,508	13,175	6.06%	805,950	148,137	(8,492)	Associate
Ronly	IOC	Taiwan ROC	R&D of color e-paper related technology, and processing product design and development	68,400	68,400	3,420	17.10%	21,056	(54,187)	(6,269)	Associate
Ronly	Ennostar	Taiwan ROC	Holding company	1,245,456	1,245,456	20,686	2.75%	1,543,120	(2,154,973)	(77,859)	Associate
Ronly	Zhao Feng Energy Co., Ltd.	Taiwan ROC	Energy technical services	160,000	160,000	16,000	20.00%	153,361	(14,619)	(2,924)	Associate
Ronly	Renovatio Pictures Co., Ltd.	Taiwan ROC	Production/visual effects/LED virtual production	50,000	50,000	315	23.95%	44,928	(527)	(3,605)	Associate

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		June 30, 2023			Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
				June 30, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)			
Ronly	YTTEK Technology Corp.	Taiwan ROC	5G SDR platform-a pure software platform, 5G non-signaling tester, 5G mm wave FEM, 28GHz 2-way up/down converter, beam calibration solution	146,812	146,812	6,673	27.53%	127,705	(17,825)	(14,575)	Associate
Ronly	FYPC	Taiwan ROC	Renewable energy power generation	11,000	-	1,100	100.00%	10,959	(41)	(41)	Subsidiary
Ronly	ZYPC	Taiwan ROC	Renewable energy power generation	3,000	-	300	100.00%	2,958	(42)	(42)	Subsidiary
AUOLB	AUOUS	United States	Sales and sales support of TFT-LCD panels	USD 1,000	USD 1,000	1,000	100.00%	USD 3,120	USD 374	USD 374	Subsidiary
AUOLB	AUOJP	Japan	Sales support of TFT-LCD panels	USD 276	USD 276	1	100.00%	USD 1,519	USD 41	USD 41	Subsidiary
AUOLB	AUOKR	South Korea	Sales support of TFT-LCD panels	USD 155	USD 155	-	100.00%	USD 1,297	USD 66	USD 66	Subsidiary
AUOLB	AUOSK	Slovakia Republic	Repairing of TFT-LCD modules	USD 1,359	USD 1,359	-	100.00%	USD 4,864	USD (52)	USD (52)	Subsidiary
AUOLB	AUST	Singapore	Manufacturing TFT-LCD panels based on low temperature polysilicon technology	USD 241,487	USD 241,487	907,114	100.00%	USD 101,098	USD 2,974	USD 2,974	Subsidiary
AUOLB	AUVI	United States	Research and development and IP related business	USD 5,000	USD 5,000	5,000	100.00%	USD 6,535	USD 141	USD 141	Subsidiary
AUOLB	BVLB	Malaysia	Holding company	USD 85,171	USD 85,171	85,171	70.29%	USD 18,933	-	-	Subsidiary
AUOLB	AUOSG	Singapore	Holding company and sales support of TFT-LCD panels	USD 9,958	USD 9,958	266,268	100.00%	USD 7,103	USD 183	USD 183	Subsidiary
AUOSG	AEUS	United States	Support of solar-related products	USD 1,194	USD 1,194	1,194	100.00%	USD 568	USD (5)	USD (5)	Subsidiary
DPLB	DPHK	Hong Kong	Holding company	USD 103,785	USD 103,785	10	100.00%	USD 176,058	USD 8,003	USD 8,003	Subsidiary (Note 4)
FHVI	FTMI	Mauritius	Holding company	USD 6,503	USD 6,503	6,503	100.00%	USD 43,991	USD (2,689)	USD (2,689)	Subsidiary
FHVI	FWSA	Samoa	Holding company	USD 19,000	USD 19,000	19,000	100.00%	USD 15,505	USD 290	USD 290	Subsidiary
ADTCM	ADTHLD	Cayman Islands	Holding company	USD 2,700	USD 2,700	2,700	14.59%	USD 516	USD (4,637)	USD (677)	Subsidiary
ADPNL	ADPUS	United States	Sales and sales support of display	USD 1,500	USD 1,500	1	100.00%	USD 1,710	USD 68	USD 68	Subsidiary
ADPNL	ADPJP	Japan	Sales and sales support of display	USD 508	USD 508	1	100.00%	USD 374	USD (8)	USD (8)	Subsidiary
ADPNL	RVI	Canada	Design, sales and sales support of digital signage content management system	USD 27,204	USD 27,204	28,775	100.00%	USD 25,746	USD 24	USD (616)	Subsidiary
ADPNL	RVU	United States	Design and sales support of digital signage content management system	USD 198	USD 198	1	100.00%	USD 293	USD 68	USD 68	Subsidiary

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		June 30, 2023			Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
				June 30, 2023	December 31, 2022	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)			
ADTHLD	ADTSG	Singapore	Holding company, and sales of software and hardware integration system relating to intelligent manufacturing and software development	USD 16,800	USD 16,800	16,800	100.00%	USD 1,833	USD (4,669)	USD (4,669)	Subsidiary
ADTSG	ADTTW	Taiwan ROC	Design and sales of software and hardware integration system and equipment, software development and consulting services relating to intelligent manufacturing	USD 2,013	USD 2,013	6,000	100.00%	USD 224	USD (524)	USD (524)	Subsidiary
M.Setek	Ichijo Seisakusyo Co., Ltd.	Japan	Manufacturing of automatic machinery and equipment and related parts	JPY 5,000	JPY 5,000	-	38.46%	-	-	-	Associate (Note 3)
CQIL	CQHLD	United Kingdom	Holding company	USD 26,548	USD 26,548	635,730	100.00%	USD 25,760	-	-	Subsidiary
CQHLD	CQUK	United Kingdom	Sales and sales support of content management system	-	GBP 1,874	-	-	-	GBP (74)	GBP (74)	(Note 5)
CQHLD	CQUS	United States	Sales of content management system and hardware	GBP 19,948	GBP 19,948	13	100.00%	GBP 11,545	GBP (238)	GBP (238)	Subsidiary
CQHLD	CQCA	Canada	Research and development of content management system	GBP 798	GBP 798	-	100.00%	GBP 829	GBP 74	GBP 74	Subsidiary
CQUS	JRUK	United Kingdom	Development and sales of content management system and sales of the related hardware	USD 1,500	USD 1,500	1	100.00%	USD 1,666	USD (66)	USD (66)	Subsidiary
CQUS	JRUS	United States	Development and sales of content management system and sales of the related hardware	USD 8,000	USD 8,000	18	100.00%	USD 6,479	USD (63)	USD (63)	Subsidiary

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

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

Note 3: The carrying amount includes accumulated impairment loss.

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

Note 5: The liquidation process of CQUK and ACMK were completed in February 2023 and June 2023, respectively.

Note 6: On and from February 2023, the investment in SINTRONES Technology Corp. has been accounted for using the equity method. See Note 6(3) for the relevant information.

Note 7: Ceased applying the equity method in March 2023.

AUO CORPORATION AND SUBSIDIARIES
Information on Investment in Mainland China
For the six months ended June 30, 2023
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 8

1. AUO :

(1) Related information on investment in Mainland China

Investee Company	Main Activities	Total Amount of Paid-in Capital (Note 2)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023 (Note 2)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2023 (Note 2)	Net Income (Loss) of Investee (Notes 4 and 5)	% Ownership through Direct or Indirect Investment	Investor's Share of Profit (Loss) of Investee (Notes 4 and 5)	Carrying Amount of the Investment as of June 30, 2023 (Note 2)	Accumulated Inward Remittance of Earnings as of June 30, 2023	Note
					Outflow	Inflow							
ACTSZ	Design, development and sales of software and hardware for health care industry	149,674	(Note 1)	-	-	-	-	(22,996)	100%	(22,996)	2,740	-	
ADTSZ	Business management consulting and services of technology promotion and application	419,553	(Note 1)	419,553	-	-	419,553	(131,227)	100%	(131,227)	1,070	-	
AETSD	Planning, design and development of construction project for environmental protection and related project management	8,553	(Note 1)	-	-	-	-	(5)	100%	(5)	2,353	-	
AETSZ	Planning, design and development of construction project for environmental protection and related project management	51,317	(Note 1)	-	-	-	-	(13,635)	100%	(13,635)	22,516	-	
AMISZ	Development, sales and licensing of software and hardware relating to intelligent manufacturing, and related consulting services	192,438	(Note 1)	-	-	-	-	(61,697)	100%	(61,697)	(11,385)	-	
AMIXM	Sales of software and hardware relating to intelligent manufacturing, and related consulting services	42,764	(Note 1)	-	-	-	-	(317)	100%	(317)	17,795	-	
ATISZ	Design and sales of software and hardware integration system and equipment relating to intelligent manufacturing	113,325	(Note 1)	-	-	-	-	(22,186)	100%	(22,186)	17,385	-	
AUOKS	Manufacturing and sales of TFT-LCD panels	29,865,958	(Note 1)	34,655,389	-	-	34,655,389	(1,111,421)	100%	(1,111,421)	16,011,569	-	

Investee Company	Main Activities	Total Amount of Paid-in Capital (Note 2)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023 (Note 2)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2023 (Note 2)	Net Income (Loss) of Investee (Notes 4 and 5)	% Ownership through Direct or Indirect Investment	Investor's Share of Profit (Loss) of Investee (Notes 4 and 5)	Carrying Amount of the Investment as of June 30, 2023 (Note 2)	Accumulated Inward Remittance of Earnings as of June 30, 2023	Note
					Outflow	Inflow							
AUOSH	Sales support of TFT-LCD panels	466,170	(Note 1)	31,078	-	-	31,078	(26,292)	100%	(26,292)	266,538	-	
AUOSJ	Leasing	3,356,424	(Note 1)	2,486,240	-	-	2,486,240	56,010	100%	56,010	3,609,318	-	
AUOSZ	Manufacturing, assembly and sales of TFT-LCD modules	14,482,348	(Note 1)	6,215,600	-	-	6,215,600	523,536	100%	523,536	19,075,874	-	
AUOXM	Manufacturing, assembly and sales of TFT-LCD modules	14,109,412	(Note 1)	7,769,500	-	-	7,769,500	493,723	100%	493,723	15,734,393	-	
BVXM	Sales of liquid crystal products and related parts; leasing	2,565,840	(Note 1)	-	-	-	-	7,908	100%	7,908	1,333,145	-	
PFSZ	Sales and consulting services of virtual data scientist platform for manufacturing	27,797	(Note 1)	-	-	-	-	(755)	51%	(385)	13,802	-	

(2) Upper limit on investment in Mainland China

Accumulated Investment in Mainland China as of June 30, 2023 (Note 2)	Investment Amounts Authorized by Investment Commission, MOEA (Note 2)	Upper Limit on Investment Stipulated by Investment Commission, MOEA (Note 3)
51,577,360 (USD 1,659,610)	81,267,498 (USD 1,702,948 and HKD 60,000 and CNY 6,572,210)	101,201,609

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

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

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

Note 4: Amounts were recognized based on the investees' reviewed financial statements.

Note 5: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the average exchange rates for the six months ended June 30, 2023.

2. DPTW and ADP:

(1) Related information on investment in Mainland China

Investee Company	Main Activities	Total Amount of Paid-in Capital (Note 4)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023 (Note 4)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2023 (Note 4)	Net Income (Loss) of Investee (Notes 2 and 5)	% Ownership through Direct or Indirect Investment	Investor's Share of Profit (Loss) of Investee (Notes 2 and 5)	Carrying Amount of the Investment as of June 30, 2023 (Note 4)	Accumulated Inward Remittance of Earnings as of June 30, 2023 (Note 4)	Note
					Outflow	Inflow							
ADPSZ	Sales and sales support of display	62,156	(Note 1(1))	62,156	-	-	62,156	11,736	100%	11,736	80,315	-	(Note 8)
DPSZ	Manufacturing and sale of backlight modules and related parts	776,950	(Note 1(2))	466,170	-	-	466,170	20,146	100%	20,146	1,302,599	1,816,001	
DPXM	Manufacturing and sales of liquid crystal products, backlight modules and related parts	2,175,460	(Note 1(2))	2,175,460	-	-	2,175,460	224,414	100%	224,414	4,168,924	1,954,624	
FHWJ	Manufacturing and sale of backlight modules and related parts	202,007	(Note 1(2))	254,840	-	-	254,840	5,327	100%	5,327	68,944	-	
FPWJ	Manufacturing, sales and trading of precision plastic parts	901,262	(Note 1(2))	590,482	-	-	590,482	13,529	100%	13,529	718,941	-	(Note 7)
FTWJ	Manufacturing and sale of backlight modules and related parts	1,087,730	(Note 1(2))	202,007	-	-	202,007	(86,839)	100%	(86,839)	1,130,042	437,408	(Note 6)
Talenda	Manufacturing of electronic components	64,146	(Note 1(1))	-	-	-	-	(614)	51%	(313)	31,966	-	

(2) Upper limit on investment in Mainland China

Entity	Accumulated Investment in Mainland China as of June 30, 2023 (Note 4)	Investment Amounts Authorized by the Investment Commission, MOEA (Note 4)	Upper Limit on Investment Stipulated by the Investment Commission, MOEA (Note 3)
DPTW	3,688,959 (USD 118,700)	2,937,184 (USD 94,510)	5,314,224
ADP	62,156 (USD 2,000)	155,390 (USD 5,000)	2,470,685

Note 1: (1) Direct investments in Mainland China.

(2) Indirect investments in Mainland China through companies registered in a third region.

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

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

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

Note 5: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the average exchange rates for the six months ended June 30, 2023.

Note 6: The amount of paid-in capital includes the capitalization of retained earnings amounting to USD28,500 thousand for the years from 2005 to 2007.

Note 7: The amount of paid-in capital includes the capital injection of USD10,000 thousand from the offshore holding company, which was originally from FTWJ's appropriation of earnings.

Note 8: The amount of paid-in capital includes the capital injection of USD1,000 thousand from DPLB in 2010 and the capitalization of retained earnings of USD9,000 thousand from DPSZ in 2012.