

**AUO CORPORATION (FORMERLY AU OPTRONICS CORP.)
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2022 and 2021**

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 (formerly AU Optronics Corp.) and its subsidiaries (“the Company”) as of September 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2022 and 2021, as well as the changes in equity and cash flows for the nine months ended September 30, 2022 and 2021, 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 Statement of Auditing Standard 65, “Review of Financial Information Performed by the Independent Auditor of the Entity”. 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 generally accepted auditing standards 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 September 30, 2022 and 2021, and its consolidated financial performance for the three months and nine months ended September 30, 2022 and 2021, as well as its consolidated cash flows for the nine months ended September 30, 2022 and 2021 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)
October 26, 2022

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 review 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)
Reviewed only, not audited in accordance with the generally accepted auditing standards as of September 30, 2022 and 2021

AUO CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2022, December 31, 2021, and September 30, 2021

(Expressed in thousands of New Taiwan dollars)

Assets		September 30, 2022		December 31, 2021		September 30, 2021		Liabilities and Equity		September 30, 2022		December 31, 2021		September 30, 2021	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (Note 6(1))	\$ 80,613,403	21	79,944,686	19	87,922,001	21	2100	Short-term borrowings (Note 6(14))	\$ 180,391	-	45,324	-	30,000	-
1110	Financial assets at fair value through profit or loss— current (Note 6(2))	595,797	-	159,270	-	38,873	-	2120	Financial liabilities at fair value through profit or loss—current (Notes 6(2)&8)	831,018	-	132,797	-	246,582	-
1136	Financial assets at amortised cost—current (Note 6(4))	-	-	10,000,000	2	10,000,000	2	2170	Notes and accounts payable	33,784,974	9	54,574,143	13	53,520,811	12
1170	Notes and accounts receivable, net (Note 6(5))	18,122,805	5	59,093,573	14	63,924,293	15	2180	Accounts payable to related parties (Note 7)	4,621,539	1	8,825,361	2	8,242,188	2
1180	Accounts receivable from related parties, net (Notes 6(5)&7)	1,161,687	-	2,479,395	1	1,719,905	-	2213	Equipment and construction payable (Note 7)	6,349,903	2	4,317,199	1	3,364,154	1
1210	Other receivables from related parties (Note 7)	6,598	-	20,699	-	9,090	-	2220	Other payables to related parties (Note 7)	49,289	-	72,411	-	21,859	-
1220	Current tax assets	78,037	-	60,802	-	188,421	-	2230	Current tax liabilities	2,650,330	1	2,607,235	1	3,440,319	1
130X	Inventories (Note 6(6))	29,813,800	8	34,489,088	8	34,736,308	8	2250	Provisions—current (Note 6(16))	819,687	-	942,290	-	638,647	-
1460	Noncurrent assets held for sale (Note 6(9))	-	-	-	-	171,769	-	2280	Lease liabilities—current (Note 6(10))	577,567	-	534,706	-	515,490	-
1476	Other current financial assets (Notes 6(5),(7),(9), (20)&8)	3,710,906	1	2,186,682	-	708,034	-	2399	Other current liabilities (Notes 6(8),(9),(20)&(21))	24,477,455	6	34,869,439	8	27,891,099	6
1479	Other current assets (Note 6(13))	4,670,688	1	3,592,203	1	4,527,776	1	2322	Current installments of long-term borrowings (Notes 6(15)&8)	9,261,745	3	16,833,597	4	25,218,210	6
		<u>138,773,721</u>	<u>36</u>	<u>192,026,398</u>	<u>45</u>	<u>203,946,470</u>	<u>47</u>	2522	Capital reduction payable (Note 6(18))	19,248,490	5	-	-	-	-
Noncurrent assets:								Noncurrent liabilities:							
1517	Financial assets at fair value through other comprehensive income—noncurrent (Note 6(3))	1,541,447	-	1,308,157	-	738,513	-	2527	Contract liabilities—noncurrent (Note 6(20))	6,864,630	2	8,739,846	2	9,989,990	2
1550	Investments in equity-accounted investees (Notes 6(7)&7)	31,873,635	8	25,447,133	6	22,093,920	5	2540	Long-term borrowings, excluding current installments (Notes 6(15)&8)	58,331,924	15	37,821,267	9	44,334,029	10
1600	Property, plant and equipment (Notes 6(9),7&8)	179,351,456	47	171,222,045	40	173,211,642	40	2550	Provisions—noncurrent (Note 6(16))	882,659	-	946,018	-	980,054	-
1755	Right-of-use assets (Notes 6(10)&8)	10,259,216	3	10,638,373	3	10,728,440	3	2570	Deferred tax liabilities	5,046,831	1	4,224,720	1	3,073,373	1
1760	Investment property (Note 6(11))	1,407,497	-	1,437,692	-	1,453,466	-	2580	Lease liabilities—noncurrent (Note 6(10))	8,785,638	2	9,190,535	2	9,273,142	2
1780	Intangible assets (Note 6(12))	12,561,381	3	11,756,955	3	12,756,737	3	2600	Other noncurrent liabilities	1,834,035	1	2,167,687	1	2,025,083	1
1840	Deferred tax assets	6,584,764	2	6,466,588	2	6,016,585	1		Total liabilities	<u>184,598,105</u>	<u>48</u>	<u>186,844,575</u>	<u>44</u>	<u>192,805,030</u>	<u>44</u>
1900	Other noncurrent assets (Notes 6(4),(13)&8)	4,912,422	1	4,507,705	1	4,142,067	1	Equity (Notes 6(7)&(18)):							
		<u>248,491,818</u>	<u>64</u>	<u>232,784,648</u>	<u>55</u>	<u>231,141,370</u>	<u>53</u>	Equity attributable to shareholders of AUO Corporation:							
								3100	Common stock	76,993,961	20	96,242,451	23	96,242,451	22
								3200	Capital surplus	61,899,611	16	60,057,001	14	61,195,362	14
								3300	Retained earnings	60,226,540	16	80,669,998	19	77,692,901	18
								3400	Other components of equity	(2,189,532)	(1)	(4,743,182)	(1)	(4,918,229)	(1)
								3500	Treasury shares	(392,370)	-	(439,228)	-	(439,228)	-
										<u>196,538,210</u>	<u>51</u>	<u>231,787,040</u>	<u>55</u>	<u>229,773,257</u>	<u>53</u>
								Non-controlling interests							
								36XX	Non-controlling interests	6,129,224	1	6,179,431	1	12,509,553	3
									Total equity	<u>202,667,434</u>	<u>52</u>	<u>237,966,471</u>	<u>56</u>	<u>242,282,810</u>	<u>56</u>
Total Assets		\$ 387,265,539	100	424,811,046	100	435,087,840	100	Total Liabilities and Equity		\$ 387,265,539	100	424,811,046	100	435,087,840	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
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AUO CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the Three and Nine Months Ended September 30, 2022 and 2021

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

	Three Months Ended September 30,				Nine Months Ended September 30,				
	2022		2021		2022		2021		
	Amount	%	Amount	%	Amount	%	Amount	%	
4110	Revenue	\$ 50,571,418	102	100,073,058	101	196,625,449	101	279,575,396	101
4190	Less: sales return and discount	839,077	2	1,018,072	1	2,480,804	1	1,924,291	1
	Net revenue (Notes 6(20)&7)	49,732,341	100	99,054,986	100	194,144,645	100	277,651,105	100
5000	Cost of sales (Notes 6(6),(10),(17),(21),(22)&7)	56,996,483	115	71,641,561	72	187,989,812	97	204,485,703	74
	Gross profit (loss)	(7,264,142)	(15)	27,413,425	28	6,154,833	3	73,165,402	26
	Operating expenses (Notes 6(10),(17),(19),(21),(22)&7):								
6100	Selling and distribution expenses	1,237,583	3	1,300,024	1	3,656,660	2	3,767,318	1
6200	General and administrative expenses	1,997,899	4	2,355,190	3	5,954,968	3	7,078,718	3
6300	Research and development expenses	3,215,007	6	3,331,479	3	9,604,693	5	9,589,302	3
	Total operating expenses	6,450,489	13	6,986,693	7	19,216,321	10	20,435,338	7
	Profit (loss) from operations	(13,714,631)	(28)	20,426,732	21	(13,061,488)	(7)	52,730,064	19
	Non-operating income and expenses:								
7100	Interest income (Note 6(23))	199,303	-	98,359	-	483,127	-	329,138	-
7010	Other income (Notes 6(10),(23)&7)	1,181,323	2	283,936	-	2,392,287	1	862,710	1
7020	Other gains and losses (Notes 6(23))	(37,881)	-	78,461	-	38,280	-	555,294	-
7050	Finance costs (Notes 6(9)&(23))	(330,927)	-	(522,899)	-	(1,004,896)	-	(1,809,106)	(1)
7060	Share of profit of equity-accounted investees (Note 6(7))	1,301,391	3	526,184	-	2,122,458	1	1,681,740	1
	Total non-operating income and expenses	2,313,209	5	464,041	-	4,031,256	2	1,619,776	1
7900	Profit (loss) before income tax	(11,401,422)	(23)	20,890,773	21	(9,030,232)	(5)	54,349,840	20
7950	Less: income tax expense (benefit) (Note 6(24))	(911,660)	(2)	926,890	1	1,982,117	1	2,681,986	1
8200	Profit (loss) for the period	(10,489,762)	(21)	19,963,883	20	(11,012,349)	(6)	51,667,854	19
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	(24,586)	-	(6,059)	-	(72,102)	-	(29,579)	-
8320	Equity-accounted investees – share of other comprehensive income	(239,547)	(1)	(665,453)	-	(1,374,883)	-	(619,473)	-
		(264,133)	(1)	(671,512)	-	(1,446,985)	-	(649,052)	-
8360	Items that are or may be reclassified subsequently to profit or loss								
8361	Foreign operations – foreign currency translation differences	2,024,850	4	141,908	-	4,163,566	2	(1,304,618)	(1)
8370	Equity-accounted investees – share of other comprehensive income	405,860	1	(67,819)	-	775,567	-	(29,880)	-
8399	Related tax	(389,637)	(1)	(26,353)	-	(849,661)	-	207,115	-
		2,041,073	4	47,736	-	4,089,472	2	(1,127,383)	(1)
8300	Other comprehensive income (loss), net of tax	1,776,940	3	(623,776)	-	2,642,487	2	(1,776,435)	(1)
8500	Total comprehensive income (loss) for the period	\$ (8,712,822)	(18)	19,340,107	20	(8,369,862)	(4)	49,891,419	18
	Profit (loss) attributable to:								
8610	Shareholders of AUO Corporation	\$ (10,425,620)	(21)	19,310,255	19	(10,893,703)	(6)	50,675,294	18
8620	Non-controlling interests	(64,142)	-	653,628	1	(118,646)	-	992,560	1
		\$ (10,489,762)	(21)	19,963,883	20	(11,012,349)	(6)	51,667,854	19
	Total comprehensive income (loss) attributable to:								
8710	Shareholders of AUO Corporation	\$ (8,699,016)	(18)	18,658,363	19	(8,313,984)	(4)	49,039,167	18
8720	Non-controlling interests	(13,806)	-	681,744	1	(55,878)	-	852,252	-
		\$ (8,712,822)	(18)	19,340,107	20	(8,369,862)	(4)	49,891,419	18
	Earnings (loss) per share (NT\$, Note 6(25))								
9750	Basic earnings (loss) per share	\$ (1.23)		2.03		(1.18)		5.33	
9850	Diluted earnings (loss) per share	\$ (1.23)		2.01		(1.18)		5.17	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

AUO CORPORATION AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the Nine Months Ended September 30, 2022 and 2021
(Expressed in thousands of New Taiwan dollars)

	Equity Attributable to Shareholders of AUO Corporation												
	Capital Stock Common Stock	Capital Surplus	Retained Earnings				Other Components of Equity			Treasury Shares	Equity Attributable to Shareholders of AUO Corporation	Non- controlling Interests	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Subtotal	Cumulative Translation Differences	Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income	Subtotal				
Balance at January 1, 2021	\$ 96,242,451	60,587,684	7,691,688	2,005,384	20,561,210	30,258,282	(3,206,520)	(63,783)	(3,270,303)	(1,013,423)	182,804,691	10,985,674	193,790,365
Appropriation of earnings:													
Legal reserve	-	-	735,456	-	(735,456)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	1,264,919	(1,264,919)	-	-	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(2,850,967)	(2,850,967)	-	-	-	-	(2,850,967)	-	(2,850,967)
Profit for the period	-	-	-	-	50,675,294	50,675,294	-	-	-	-	50,675,294	992,560	51,667,854
Other comprehensive income (loss), net of tax	-	-	-	-	(8,195)	(8,195)	(987,075)	(640,857)	(1,627,932)	-	(1,636,127)	(140,308)	(1,776,435)
Total comprehensive income (loss) for the period	-	-	-	-	50,667,099	50,667,099	(987,075)	(640,857)	(1,627,932)	-	49,039,167	852,252	49,891,419
Changes in deemed contributions from shareholders	-	(159)	-	-	-	-	-	-	-	-	(159)	-	(159)
Adjustments for changes in investees' equity	-	(217,146)	-	-	(401,507)	(401,507)	-	-	-	-	(618,653)	-	(618,653)
Share-based payments	-	824,983	-	-	-	-	-	-	-	574,195	1,399,178	2,913	1,402,091
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	668,714	668,714
Disposal of equity investments measured at fair value through other comprehensive income	-	-	-	-	19,994	19,994	-	(19,994)	(19,994)	-	-	-	-
Balance at September 30, 2021	\$ 96,242,451	61,195,362	8,427,144	3,270,303	65,995,454	77,692,901	(4,193,595)	(724,634)	(4,918,229)	(439,228)	229,773,257	12,509,553	242,282,810
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	-	-	-	-	(10,893,703)	(10,893,703)	-	-	-	-	(10,893,703)	(118,646)	(11,012,349)
Other comprehensive income (loss), net of tax	-	-	-	-	(14,987)	(14,987)	4,026,704	(1,431,998)	2,594,706	-	2,579,719	62,768	2,642,487
Total comprehensive income (loss) for the period	-	-	-	-	(10,908,690)	(10,908,690)	4,026,704	(1,431,998)	2,594,706	-	(8,313,984)	(55,878)	(8,369,862)
Changes in deemed contributions from shareholders	-	(114)	-	-	-	-	-	-	-	-	(114)	-	(114)
Adjustments for changes in investees' equity	-	1,770,121	-	-	-	-	-	-	-	-	1,770,121	14	1,770,135
Capital reduction	(19,248,490)	-	-	-	-	-	-	-	-	-	(19,248,490)	-	(19,248,490)
Share-based payments	-	72,603	-	-	-	-	-	-	-	46,858	119,461	8,181	127,642
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(2,524)	(2,524)
Disposal of equity investments measured at fair value through other comprehensive income	-	-	-	-	41,056	41,056	-	(41,056)	(41,056)	-	-	-	-
Balance at September 30, 2022	\$ 76,993,961	61,899,611	13,753,412	4,743,181	41,729,947	60,226,540	(846,869)	(1,342,663)	(2,189,532)	(392,370)	196,538,210	6,129,224	202,667,434

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
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AUO CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the Nine Months Ended September 30, 2022 and 2021

(Expressed in thousands of New Taiwan dollars)

	Nine Months Ended September 30,	
	2022	2021
Cash flows from operating activities:		
Profit (loss) before income tax	\$ (9,030,232)	54,349,840
Adjustments for:		
- depreciation	23,591,671	25,294,200
- amortization	145,000	155,961
- losses on financial instruments at fair value through profit or loss	180,409	148,101
- interest expense	876,690	1,748,303
- interest income	(483,127)	(329,138)
- dividend income	(6,571)	(5,478)
- compensation costs of share-based payments	80,966	829,614
- share of profit of equity-accounted investees	(2,122,458)	(1,681,740)
- gains on disposals of property, plant and equipment	(139,815)	(35,954)
- gains on disposals of investments	-	(893,435)
- unrealized foreign currency exchange losses	422,892	420,749
- others	42,484	171,190
Changes in operating assets and liabilities:		
- notes and accounts receivable	44,272,129	(17,426,332)
- receivables from related parties	1,331,809	369,970
- inventories	4,657,942	(7,997,357)
- other operating assets	(2,608,328)	(2,073,431)
- contract liabilities	(1,148,479)	10,260,242
- notes and accounts payable	(24,824,762)	4,277,236
- payables to related parties	(4,226,944)	930,498
- net defined benefit asset	(1,159)	(17,675)
- provisions	(283,401)	(169,047)
- other operating liabilities	(11,736,446)	6,219,326
Cash generated from operations	18,990,270	74,545,643
Interest received	467,832	302,061
Dividends received	1,827,279	917,827
Interest paid	(1,078,071)	(1,768,465)
Income taxes paid	(2,182,202)	(673,886)
Net cash provided by operating activities	18,025,108	73,323,180

(Continued)

See accompanying notes to consolidated financial statements.

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AUO CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

For the Nine Months Ended September 30, 2022 and 2021

(Expressed in thousands of New Taiwan dollars)

	Nine Months Ended September 30,	
	2022	2021
Cash flows from investing activities:		
Disposals of financial assets at fair value through profit or loss	5,440	551,320
Acquisitions of financial assets at fair value through other comprehensive income	(313,412)	(406,032)
Disposals of financial assets at fair value through other comprehensive income	10,002	-
Acquisitions of financial assets at amortized cost	(675,443)	(10,259,326)
Disposals of financial assets at amortized cost	10,000,000	-
Acquisitions of equity-accounted investees	(5,036,895)	(2,491,234)
Disposals of equity-accounted investees	-	66,060
Net cash inflow arising from disposal of subsidiaries	-	5,314
Acquisitions of property, plant and equipment	(27,966,482)	(11,631,537)
Disposals of property, plant and equipment	783,088	125,366
Increase in receipts in advance due to disposal of assets	150,000	897,800
Decrease (increase) in refundable deposits	89,921	(605,162)
Acquisitions of intangible assets	(344)	(38,000)
Increase in other financial assets	(679,650)	(27,914)
Net cash inflow (outflow) arising from acquisition of subsidiaries	(710,018)	227,701
Net cash used in investing activities	(24,343,793)	(23,585,644)
Cash flows from financing activities:		
Proceeds from short-term borrowings	496,691	954,979
Repayments of short-term borrowings	(363,122)	(1,124,979)
Proceeds from long-term borrowings	38,441,624	2,602,993
Repayments of long-term borrowings	(26,433,706)	(50,588,534)
Payment of lease liabilities	(432,363)	(416,791)
Decrease in received guarantee deposits	(14,905)	(25,282)
Cash dividends	(9,575,824)	(2,850,967)
Treasury shares sold to employees	46,718	572,472
Net change of non-controlling interests	(2,524)	(218,416)
Others	(114)	(159)
Net cash provided by (used in) financing activities	2,162,475	(51,094,684)
Effect of exchange rate change on cash and cash equivalents	4,824,927	(995,538)
Net increase (decrease) in cash and cash equivalents	668,717	(2,352,686)
Cash and cash equivalents at January 1	79,944,686	90,274,687
Cash and cash equivalents at September 30	\$ 80,613,403	87,922,001

See accompanying notes to consolidated financial statements.

AUO CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the Nine Months Ended September 30, 2022 and 2021

(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

These consolidated financial statements were approved and authorized for issue by the Board of Directors of AUO on October 26, 2022.

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

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

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

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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

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

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

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

Standards and interpretations issued by the IASB but not yet endorsed by the FSC are listed below:

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

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

4. Summary of Significant Accounting Policies

- (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 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, 2021 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, 2021 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, 2021. Refer to Note 4(3) of the consolidated financial statements for the year ended December 31, 2021 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 (%)		
			September 30, 2022	December 31, 2021	September 30, 2021
AUO	AUO (L) Corp. (AUOLB, formerly AU Optronics (L) Corp.)	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)	Sales and leasing activities (Taiwan ROC)	100.00	100.00	100.00
AUO	AUO Envirotech Inc. (AETTW, formerly U-Fresh Technology Inc.)	Construction project and related project management (Taiwan ROC)	100.00	100.00	100.00
AUO	ComQi Ltd. (CQIL)	Holding company (Israel)	100.00	100.00	100.00
AUO	AUO Europe B.V. (AUONL, formerly AU Optronics Europe B.V.)	Sales and 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)	Solar 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 Digatech (CAYMAN) Limited (ADTCM)	Holding company (Cayman Islands)	100.00	100.00	100.00
AUO	AUO Care Inc. (ACTTW)	Intelligent health care services (Taiwan ROC)	100.00	100.00	100.00 ⁽¹⁾

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Main Activities and Location	Percentage of Ownership (%)		
			September 30, 2022	December 31, 2021	September 30, 2021
AUO and Konly	Star River Energy Corp. (SREC)	Investment (Taiwan ROC)	33.51	33.51	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 ⁽³⁾	41.05 ⁽³⁾	41.05 ⁽³⁾
AUO and AETTW	Yo-Pei Water Corporation (AET-YP)	Investment and construction in public construction, and wastewater (sewage) treatment (Taiwan ROC)	81.79 ⁽¹⁾	-	-
Konly	AUO Education Service Corp. (AUES)	Leasing and service company (Taiwan ROC)	100.00	100.00	100.00
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)	Design, sales and consulting (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 ⁽¹⁾
ACTW	Sanda Materials Corporation (SDMC)	Holding company (Taiwan ROC)	100.00	100.00	100.00
ACTW	AUO Crystal (Malaysia) Sdn. Bhd. (ACMK) ⁽⁴⁾	Manufacturing and sales company (Malaysia)	100.00	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, formerly AU Optronics Corporation America)	Sales and sales support activities (United States)	100.00	100.00	100.00
AUOLB	AUO Corporation Japan (AUOJP, formerly AU Optronics Corporation Japan)	Sales support activities (Japan)	100.00	100.00	100.00
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, formerly AU Optronics Singapore Pte. Ltd.)	Holding company and sales support activities (Singapore)	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 (%)		
			September 30, 2022	December 31, 2021	September 30, 2021
AUOLB	AUO (Shanghai) Co., Ltd. (AUOSH, formerly AU Optronics (Shanghai) Co., Ltd.)	Sales support activities (PRC)	100.00	100.00	100.00
AUOLB	AUO (Xiamen) Co., Ltd. (AUOXM, formerly AU Optronics (Xiamen) Corp.)	Manufacturing and sales company (PRC)	100.00	100.00	100.00
AUOLB	AUO (Suzhou) Co., Ltd. (AUOSZ, formerly AU Optronics (Suzhou) Corp., Ltd.)	Manufacturing and sales company (PRC)	100.00	100.00	100.00
AUOLB	AUO Manufacturing (Shanghai) Co., Ltd. (AUOSJ, formerly AU Optronics Manufacturing (Shanghai) Corp.)	Manufacturing and leasing activities (PRC)	100.00	100.00	100.00
AUOLB	AU Optronics (Slovakia) s.r.o. (AUSK)	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, formerly AU Optronics (Kunshan) Co., Ltd.)	Manufacturing and sales company (PRC)	100.00	100.00 ⁽⁵⁾	51.00
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)	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 ⁽²⁾
SREC	Evergen Power Corporation (EGPC)	Solar power generation (Taiwan ROC)	100.00	100.00	100.00 ⁽²⁾
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 ⁽¹⁾
ADP	AUO Display Plus Netherlands B.V. (ADPNL) ⁽⁶⁾	Holding, sales and sales support activities (Netherlands)	100.00	100.00	100.00
ADP	AUO Display Plus Technology (Suzhou) Co., Ltd. (ADPSZ)	Sales and sales support activities (PRC)	100.00	100.00	100.00 ⁽¹⁾
ADPNL	AUO Display Plus America Corp. (ADPUS)	Sales and sales support activities (United States)	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 (%)		
			September 30, 2022	December 31, 2021	September 30, 2021
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 ⁽⁷⁾	-	-
ADPNL	Rise Vision USA Inc. (RVU)	System design and sales support activities (United States)	100.00 ⁽⁷⁾	-	-
ADPSZ	Heilongjiang Talenda Smart Display Technology Co., Ltd. (Talenda)	Manufacturing of electronic components (PRC)	51.00 ⁽¹⁾	-	-
AUOXM	BriView (Xiamen) Corp. (BVXM)	Manufacturing, 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, formerly U-Fresh Technology (Suzhou) Co., Ltd.)	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 ⁽¹⁾
ADTSZ	Edgetech Data Technologies (Suzhou) Corp., Ltd. (ATISZ) ⁽⁸⁾	Integration service of software and hardware (PRC)	100.00	100.00	100.00
ADTSZ	AUO MegaInsight (Suzhou) Co., Ltd. (AMISZ, formerly Mega Insight Smart Manufacturing (Suzhou) Corp., Ltd.) ⁽⁸⁾	Development, sales and licensing of software and hardware and consulting services (PRC)	100.00	100.00	100.00
AETSZ	AUO Envirotech (Shandong) Co., Ltd. (AETSD, formerly U-Fresh Environmental Technology (Shandong) Co., Ltd.)	Construction project and related project management (PRC)	100.00	100.00	100.00
CQIL	ComQi Holdings Ltd. (CQHLD)	Holding company (United Kingdom)	100.00	100.00	100.00
CQHLD	ComQi UK Ltd. (CQUK)	Sales support activities (United Kingdom)	100.00	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

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Main Activities and Location	Percentage of Ownership (%)		
			September 30, 2022	December 31, 2021	September 30, 2021
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
FHVI	Prime Forward International Ltd. (PMSA) ⁽⁴⁾	Holding company (Samoa)	-	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
PMSA	Fortech Electronics (Kunshan) Co., Ltd. (FTKS) ⁽⁴⁾	Manufacturing and sales company (PRC)	-	100.00	100.00
DPLB	Darwin Precisions (Hong Kong) Limited (DPHK)	Holding company (Hong Kong)	100.00	100.00	100.00
DPLB	Darwin Precisions (Slovakia) s.r.o. (DPSK) ⁽⁴⁾	Manufacturing and sales company (Slovakia Republic)	-	100.00	100.00
DPHK	Darwin Precisions (Suzhou) Corp. (DPSZ) ⁽⁴⁾	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) ⁽⁴⁾	Manufacturing and sales company (PRC)	-	100.00	100.00

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

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

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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

Note 4: As of September 30, 2022, FTKS, PMSA, DPSK and BVHF have completed liquidation. The liquidation of ACMK and DPSZ are still in process.

Note 5: The Company purchased 49% equity interests of AUOKS from its joint venture partner in December 2021. Refer to Note 6(19) of the consolidated financial statements for the year ended December 31, 2021 for the relevant information.

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

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

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

(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.

AUO and its subsidiary ADP have filed a combined business income tax return in 2021. Nevertheless, the accounting treatment on income taxes are based on the abovementioned principles. A net income tax receivable (payable) resulting from the filing of combined business income tax return will be recorded as an adjustment of current tax asset or current tax liability.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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.

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, 2021.

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, 2021.

(1) Cash and Cash Equivalents

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Cash on hand, demand deposits and checking accounts	\$ 47,331,036	48,949,652	53,357,870
Time deposits	<u>33,282,367</u>	<u>30,995,034</u>	<u>34,564,131</u>
	<u>\$ 80,613,403</u>	<u>79,944,686</u>	<u>87,922,001</u>

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

As at September 30, 2022, December 31, 2021, and September 30, 2021, no cash and cash equivalents were pledged with banks as collaterals.

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Financial assets mandatorily measured at FVTPL:			
Foreign currency forward contracts	<u>\$ 595,797</u>	<u>159,270</u>	<u>38,873</u>
Financial liabilities designated as at FVTPL:			
Contingent consideration from business combination	\$ 81,285	-	-
Financial liabilities held for trading:			
Foreign currency forward contracts	<u>749,733</u>	<u>132,797</u>	<u>246,582</u>
	<u>\$ 831,018</u>	<u>132,797</u>	<u>246,582</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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 currency risk related to financial instruments.

As at September 30, 2022, December 31, 2021, and September 30, 2021, the Company's outstanding foreign currency forward contracts were as follows:

September 30, 2022		
Contract item	Maturity date	Contract amount
Sell USD / Buy NTD	Oct. 2022~Nov. 2022	USD 379,100 / NTD 11,519,129
Sell USD / Buy JPY	Oct. 2022~Nov. 2022	USD 70,901 / JPY 10,122,075
Sell USD / Buy CNY	Oct. 2022~Jan. 2023	USD 155,000 / CNY 1,077,420
Sell USD / Buy SGD	Oct. 2022~Nov. 2022	USD 30,967 / SGD 43,040
Sell NTD / Buy USD	Oct. 2022	NTD 904,400 / USD 30,000
Sell NTD / Buy JPY	Oct. 2022	NTD 33,045 / JPY 150,000
Sell JPY / Buy NTD	Oct. 2022	JPY 500,000 / NTD 107,400
Sell CNY / Buy USD	Oct. 2022~Mar. 2023	CNY 2,850,000 / USD 419,615
Sell EUR / Buy JPY	Oct. 2022	EUR 2,000 / JPY 286,252
Sell CNY / Buy NTD	Dec. 2022~Mar. 2023	CNY 650,000 / NTD 2,839,645
December 31, 2021		
Contract item	Maturity date	Contract amount
Sell USD / Buy NTD	Jan. 2022~Feb. 2022	USD 843,700 / NTD 23,496,028
Sell USD / Buy JPY	Jan. 2022~Feb. 2022	USD 188,117 / JPY 21,470,200
Sell USD / Buy CNY	Jan. 2022~Jul. 2022	USD 147,500 / CNY 947,875
Sell USD / Buy SGD	Jan. 2022~Feb. 2022	USD 33,517 / SGD 45,430
Sell JPY / Buy NTD	Jan. 2022	JPY 1,300,000 / NTD 316,850
Sell CNY / Buy USD	Jan. 2022~Mar. 2022	CNY 1,700,000 / USD 263,122
Sell EUR / Buy JPY	Jan. 2022~Feb. 2022	EUR 14,000 / JPY 1,814,893
September 30, 2021		
Contract item	Maturity date	Contract amount
Sell USD / Buy NTD	Oct. 2021~Dec. 2021	USD 1,475,800 / NTD 40,982,811
Sell USD / Buy JPY	Oct. 2021~Nov. 2021	USD 107,447 / JPY 11,837,866
Sell USD / Buy CNY	Oct. 2021~Mar. 2022	USD 111,000 / CNY 721,901
Sell USD / Buy SGD	Nov. 2021	USD 24,603 / SGD 33,520
Sell CNY / Buy USD	Oct. 2021~Jan. 2022	CNY 2,254,031 / USD 346,205
Sell EUR / Buy JPY	Oct. 2021~Nov. 2021	EUR 23,000 / JPY 2,986,265
Sell EUR / Buy NTD	Oct. 2021	EUR 9,000 / NTD 291,744
Sell NTD / Buy JPY	Oct. 2021	NTD 25,281 / JPY 100,000

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>
Investments in equity instruments at FVTOCI:			
Equity securities – listed stocks	\$ 1,176,164	149,177	153,158
Equity securities – non-listed stocks	<u>365,283</u>	<u>1,158,980</u>	<u>585,355</u>
	<u>\$ 1,541,447</u>	<u>1,308,157</u>	<u>738,513</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.

(4) Financial Assets at Amortized Cost

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>
Domestic and foreign time deposits	\$ 1,153,004	10,706,340	10,265,344
Less: current	<u>-</u>	<u>(10,000,000)</u>	<u>(10,000,000)</u>
Noncurrent (recognized in other noncurrent assets)	<u>\$ 1,153,004</u>	<u>706,340</u>	<u>265,344</u>

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

As at September 30, 2022, December 31, 2021, and September 30, 2021, none of the Company’s domestic and foreign time deposits was pledged as collateral.

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

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>
Notes receivable	\$ 4,477	80,584	95,019
Accounts receivable	19,296,901	61,508,437	65,562,453
Less: loss allowance	<u>(16,886)</u>	<u>(16,053)</u>	<u>(13,274)</u>
	<u>\$ 19,284,492</u>	<u>61,572,968</u>	<u>65,644,198</u>
Notes and accounts receivable, net	<u>\$ 18,122,805</u>	<u>59,093,573</u>	<u>63,924,293</u>
Accounts receivable from related parties, net	<u>\$ 1,161,687</u>	<u>2,479,395</u>	<u>1,719,905</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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:

	September 30, 2022		
	Carrying amount of notes and accounts receivable	Weighted- average loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 17,797,024	0.00%	-
Past due less than 60 days	1,422,354	0.00%	-
Past due 61~180 days	64,340	0.00%	-
Past due over 180 days	<u>2,351</u>	67.07%	<u>1,577</u>
	<u>\$ 19,286,069</u>		<u>1,577</u>
	December 31, 2021		
	Carrying amount of notes and accounts receivable	Weighted- average loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 60,241,697	0.00%	102
Past due less than 60 days	1,307,466	0.01%	72
Past due 61~180 days	20,541	1.51%	311
Past due over 180 days	<u>3,749</u>	0.00%	<u>-</u>
	<u>\$ 61,573,453</u>		<u>485</u>
	September 30, 2021		
	Carrying amount of notes and accounts receivable	Weighted- average loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 64,410,736	0.00%	111
Past due less than 60 days	1,145,826	0.02%	178
Past due 61~180 days	83,873	0.01%	5
Past due over 180 days	<u>4,057</u>	0.00%	<u>-</u>
	<u>\$ 65,644,492</u>		<u>294</u>

In addition, there was objective evidence indicating that, under reasonable expectation, some of the notes and accounts receivable would not be recovered in total; therefore, the Company recognized a loss allowance of \$15,309 thousand, \$15,568 thousand and \$12,980 thousand as of September 30, 2022, December 31, 2021, and September 30, 2021, respectively.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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

	Nine Months Ended	
	September 30,	
	2022	2021
Balance at beginning of the period	\$ 16,053	19,516
Provisions (reversals) charged to (against) expense	761	(2,585)
Write-offs	-	(3,583)
Effect of changes in foreign currency exchange rates	72	(74)
Balance at end of the period	\$ 16,886	13,274

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.

As at December 31, 2021 and September 30, 2021, the Company did not sell its accounts receivables to banks. As at September 30, 2022, the Company's accounts receivables sold and derecognized were as follows:

September 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 32,970	NTD 928,000	See Notes(a)~(d)		
DBS Bank	USD 170,000	USD 106,184	NTD 2,976,000	See Notes(a)~(d)		
Taipei Fubon Bank	USD 100,000	USD 93,705	NTD 2,625,000	See Notes(a)~(d)		
Bank of Taiwan	USD 250,000	USD 14,104	USD 12,820	See Notes(a)~(d)		
		EUR 2,422	EUR 2,200			
E.SUN Bank	USD 35,000	USD 34,991	USD 31,490	See Notes(a)~(d)		

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

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

Note (c): As of September 30, 2022, total outstanding receivables after the above transactions, net of fees charged by underwriting banks, of \$1,046,232 thousand was recognized under other current financial assets. In addition, interest rate for the balance of advanced amount as of September 30, 2022 was ranging from 1.48% to 4.29%.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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

	September 30, 2022	December 31, 2021	September 30, 2021
Finished goods	\$ 10,248,847	12,141,844	10,675,796
Work-in-progress	10,559,762	12,683,485	13,457,661
Raw materials	<u>9,005,191</u>	<u>9,663,759</u>	<u>10,602,851</u>
	<u>\$ 29,813,800</u>	<u>34,489,088</u>	<u>34,736,308</u>

For the three and nine months ended September 30, 2022 and 2021, the amounts recognized as cost of sales in relation to inventories were \$56,996,483 thousand, \$71,641,561 thousand, \$187,989,812 thousand and \$204,485,703 thousand, respectively. The net of provisions for inventories written down to net realizable value, which were also included in cost of sales, amounted to \$1,401,483 thousand, \$330,288 thousand, \$2,643,713 thousand and \$662,211 thousand for the three and nine months ended September 30, 2022 and 2021, respectively.

As at September 30, 2022, December 31, 2021, and September 30, 2021, none of the Company's inventories was pledged as collateral.

(7) Investments in Equity-accounted Investees

	September 30, 2022	December 31, 2021	September 30, 2021
Associates	\$ 31,873,635	25,375,636	21,895,022
Joint ventures	<u>-</u>	<u>71,497</u>	<u>198,898</u>
	<u>\$ 31,873,635</u>	<u>25,447,133</u>	<u>22,093,920</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

a. Associates

	September 30, 2022	December 31, 2021	September 30, 2021
Qisda Corporation (“Qisda”)	\$ 12,251,570	12,424,480	10,705,440
Ennostar Inc. (“Ennostar”)	10,052,627	5,358,394	4,713,291
ADLINK Technology Inc. (“ADLINK”)	4,038,114	2,593,701	2,503,499
Star Shining Energy Corporation. (“SSEC”)	2,370,214	2,353,520	1,684,976
Raydium Semiconductor Corporation (“Raydium”)	2,132,282	1,800,034	1,474,916
Daxin Materials Corp. (“Daxin”)	708,342	759,245	717,751
Others	<u>320,486</u>	<u>86,262</u>	<u>95,149</u>
	<u>\$ 31,873,635</u>	<u>25,375,636</u>	<u>21,895,022</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 September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
The Company’s share of associates’:				
Profit	\$ 1,301,391	520,518	2,110,803	1,668,577
Other comprehensive income (loss)	<u>166,313</u>	<u>(733,272)</u>	<u>(599,316)</u>	<u>(649,353)</u>
Total comprehensive income (loss)	<u>\$ 1,467,704</u>	<u>(212,754)</u>	<u>1,511,487</u>	<u>1,019,224</u>

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

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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

In connection with the Company's operational strategy, the Company continually increased its shareholdings in Qisda, Ennostar, Raydium and ADLINK with total investments of \$5,036,895 thousand and \$2,491,234 thousand for the nine months ended September 30, 2022 and 2021, respectively. Among those, in July 2022, the Company participated in Ennostar's capital increase through a private placement offering with consideration of \$3,484,895 thousand. Due to the disproportionate subscription to the shares, the Company's ownership interest in Ennostar increased from 9.30% to 17.38%. The difference between the consideration and the carrying amount arising from the acquisition of interest was recognized in capital surplus with amount of \$1,398,054 thousand.

As of September 30, 2022, the Company held 32.84% of the voting rights of ADLINK and became the sole largest shareholder of it. Although the remaining voting rights are not concentrated in particular shareholders, the Company is still unable to obtain more than half of directors, and has not obtained more than half of the voting rights of the shareholders present in the shareholders' meeting. Moreover, ADLINK's key management is not designated by the Company. In view of the aforementioned facts, the Company only has significant influence, but not control, over ADLINK. Therefore, ADLINK is still accounted for using the equity method.

b. Joint ventures

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2022	2021	2022	2021
The Company's share of joint ventures':				
Profit	\$ -	5,666	11,655	13,163
Other comprehensive income (loss)	-	-	-	-
Total comprehensive income (loss)	<u>\$ -</u>	<u>5,666</u>	<u>11,655</u>	<u>13,163</u>

The joint venture has dissolved in January 2022, and resolved the liquidation date set on May 18, 2022. As of September 30, 2022, outstanding receivables for the liquidation amounting to \$83,152 thousand was recognized under other current financial assets.

As at September 30, 2022, December 31, 2021, and September 30, 2021, none of the Company's investments in equity-accounted investees was pledged as collateral.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(8) Acquisition of subsidiaries

a. Acquisition of subsidiaries – SREC

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

	Amount
Consideration transferred:	
Investments in equity-accounted investees	\$ 447,171
Non-controlling interests (measured by the fair value of identifiable net assets in proportion to non-controlling interests)	887,129
	\$ 1,334,300
	Fair value
Fair value of identifiable assets acquired and liabilities assumed:	
Cash and cash equivalents	\$ 227,701
Property, plant and equipment	2,107,168
Other assets	222,774
Total liabilities	(1,223,343)
	\$ 1,334,300

b. Acquisition of subsidiaries – RVI & RVU

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

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

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

- (i) Consideration transferred (translated at the exchange rates on September 30, 2022)

	Amounts
Cash	\$ 764,328
Purchase price adjustment (recognized in other current liabilities)	19,771
Contingent consideration (recognized in financial liabilities at FVTPL — current)	81,285
	\$ 865,384

Subject to the share purchase and sale agreement, both parties shall make a corresponding adjustment to the purchase price on an agreed calculation basis within four months after the closing date.

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 \$81,285 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%.

As of September 30, 2022, there were no changes to the amount of contingent consideration recognized, the range of estimation results and the assumptions used to estimate the contingent consideration.

- (ii) Identifiable assets acquired and liabilities assumed

The following table summarized the fair value of identifiable assets acquired and liabilities assumed recognized at the acquisition date (translated at the exchange rates on September 30, 2022):

	Fair value
Cash	\$ 54,310
Accounts receivable and other current assets	23,392
Property, plant and equipment	311
Intangible assets	290,017
Accounts payable and other current liabilities	(128,405)
	\$ 239,625

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(iii) Goodwill

Goodwill arising from the acquisition has been recognized as follows (translated at the exchange rates on September 30, 2022):

	Amounts
Consideration transferred	\$ 865,384
Less: Fair value of identifiable net assets	(239,625)
	\$ 625,759

The fair value of the assets acquired and the liabilities assumed by the Company were determined provisionally, and those amounts are subject to final evaluation. The Company will continue to review the aforesaid matters during the measurement period. If new information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date which leads to an adjustment to the above provisional amounts, or any additional provisions as at the acquisition date, then the accounting for the acquisition will be revised.

(iv) Intangible assets

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

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

(v) Pro forma information on results of operations

If the acquisition had taken place on January 1, 2022, management estimated that the Company's consolidated revenue and consolidated net loss for the nine months ended September 30, 2022 would have been \$194,240,477 thousand and \$11,066,511 thousand, respectively. In determining these amounts, management had assumed that the fair value adjustments, determined provisionally, that arose on the acquisition date would have been the same if the acquisition had taken place on January 1, 2022. The aforementioned pro forma information is presented for illustrative purposes only and is not necessarily an indication of consolidated revenue and results of operations of the Company that would have been achieved had the acquisition been completed on January 1, 2022, nor is it intended to be a projection of future results.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(9) Property, Plant and Equipment

Nine Months Ended September 30, 2022						
	Balance, Beginning of Period	Effect of change in consolidated entities	Additions (Deductions)	Disposal or write off	Reclassification, effect of change in exchange rate and others	Balance, End of Period
Cost:						
Land	\$ 8,763,260	-	-	-	(19,253)	8,744,007
Buildings	117,475,024	-	(82,275)	(70)	1,470,529	118,863,208
Machinery and equipment	832,882,543	-	927,758	(4,100,874)	18,480,079	848,189,506
Other equipment	37,174,884	311	3,296,387	(2,934,159)	2,346,785	39,884,208
	<u>996,295,711</u>	<u>311</u>	<u>4,141,870</u>	<u>(7,035,103)</u>	<u>22,278,140</u>	<u>1,015,680,929</u>
Accumulated depreciation and impairment loss:						
Buildings	42,819,944	-	2,044,391	(70)	1,044,822	45,909,087
Machinery and equipment	758,531,143	-	16,945,507	(3,984,928)	6,840,268	778,331,990
Other equipment	29,723,444	-	4,086,733	(2,916,356)	278,429	31,172,250
	<u>831,074,531</u>	<u>-</u>	<u>23,076,631</u>	<u>(6,901,354)</u>	<u>8,163,519</u>	<u>855,413,327</u>
Prepayments for purchase of land and equipment, and construction in progress	6,000,865	-	25,759,517	-	(12,676,528)	19,083,854
Net carrying amounts	<u>\$ 171,222,045</u>					<u>179,351,456</u>
Nine Months Ended September 30, 2021						
	Balance, Beginning of Period	Effect of change in consolidated entities	Additions	Disposal or write off	Reclassification, effect of change in exchange rate and others	Balance, End of Period
Cost:						
Land	\$ 8,858,167	-	-	(61,135)	(24,806)	8,772,226
Buildings	120,107,200	-	8,360	(15,280)	(1,891,761)	118,208,519
Machinery and equipment	834,855,721	2,107,168	923,652	(3,677,128)	(911,732)	833,297,681
Other equipment	38,159,878	-	3,022,004	(4,078,754)	508,554	37,611,682
	<u>1,001,980,966</u>	<u>2,107,168</u>	<u>3,954,016</u>	<u>(7,832,297)</u>	<u>(2,319,745)</u>	<u>997,890,108</u>
Accumulated depreciation and impairment loss:						
Buildings	42,027,956	-	2,137,070	(2,675)	(1,515,685)	42,646,666
Machinery and equipment	745,962,397	-	18,332,031	(3,665,849)	(4,009,931)	756,618,648
Other equipment	30,065,978	-	4,300,881	(4,074,361)	(122,125)	30,170,373
	<u>818,056,331</u>	<u>-</u>	<u>24,769,982</u>	<u>(7,742,885)</u>	<u>(5,647,741)</u>	<u>829,435,687</u>
Prepayments for purchase of land and equipment, and construction in progress	1,555,481	-	7,405,982	-	(4,204,242)	4,757,221
Net carrying amounts	<u>\$ 185,480,116</u>					<u>173,211,642</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
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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, and meantime those assets have been reclassified as noncurrent assets held for sale. As of September 30, 2021, the consideration of the transaction received in advance amounted to \$415,000 thousand (recognized in other current liabilities). Both parties have completed the transaction in December 2021. The consideration of disposal (net of related transaction costs) and gain on disposal were \$808,662 thousand and \$787,460 thousand, respectively. The consideration aforementioned is to be received in installments. As of December 31, 2021, outstanding receivables totaled \$509,524 thousand (recognized in other current financial assets), which were fully received in January 2022.

ACTW decided to dispose of part of its plants and related appendages pursuant to the resolution of its Board of Directors' meeting held on March 16, 2021, and those assets were reclassified as noncurrent assets held for sale then. As of September 30, 2021, the consideration of the transaction received in advance amounted to \$482,800 thousand (recognized in other current liabilities). The aforementioned assets have been disposed of in October 2021. The consideration of disposal (net of related transaction costs) and gain on disposal were \$486,276 thousand and \$335,709 thousand, respectively. Such consideration was fully received in October 2021.

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

On June 22, 2022, the Board of Directors of DPTW resolved to dispose of part of real estate. DPTW has entered into an agreement with a non-related party on June 24, 2022 for the disposal of the related land and buildings. Since DPTW has not yet fulfilled the contractually agreed requirements, those assets did not meet the criteria to be classified as noncurrent assets held for sale. As of September 30, 2022, the consideration of the transaction received in advance amounted to \$150,000 thousand (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 nine months ended September 30, 2022 and 2021. Refer to Note 6(10) of the consolidated financial statements for the year ended December 31, 2021 for the related disclosures.

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AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Capitalized borrowing costs	<u>\$ 28,774</u>	<u>11,237</u>	<u>62,980</u>	<u>22,889</u>
The interest rates applied for the capitalization			0.90%~ 1.73%	0.80%~ 1.63%

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

(10) Lease Arrangements

a. Lessee

(i) Right-of-use assets

	September 30,		December 31,	September 30,
	2022		2021	2021
Carrying amount of right-of-use assets				
Land	\$ 9,913,774		10,308,082	10,444,084
Buildings	331,737		314,517	267,186
Other equipment	<u>13,705</u>		<u>15,774</u>	<u>17,170</u>
	<u>\$ 10,259,216</u>		<u>10,638,373</u>	<u>10,728,440</u>
	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2022^(*)	2021	2022	2021
Additions to right-of-use assets	<u>\$ (183)</u>	<u>37</u>	<u>284,517</u>	<u>45,495</u>
Depreciation charge for right-of-use assets				
Land	\$ 135,175	134,533	400,261	406,830
Buildings	37,131	33,263	110,693	113,346
Other equipment	<u>1,413</u>	<u>1,294</u>	<u>4,086</u>	<u>4,042</u>
	<u>\$ 173,719</u>	<u>169,090</u>	<u>515,040</u>	<u>524,218</u>

(*) Including the effect of exchange rate conversion.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(ii) Lease liabilities

	September 30, 2022		
	Future minimum lease payments	Interests	Present value of minimum lease payments
Less than one year	\$ 743,161	165,594	577,567
Between one and five years	2,680,492	556,454	2,124,038
More than five years	7,634,399	972,799	6,661,600
	\$ 11,058,052	1,694,847	9,363,205
Lease liabilities — current			\$ 577,567
Lease liabilities — noncurrent			\$ 8,785,638
	December 31, 2021		
	Future minimum lease payments	Interests	Present value of minimum lease payments
Less than one year	\$ 709,127	174,421	534,706
Between one and five years	2,682,008	592,229	2,089,779
More than five years	8,184,783	1,084,027	7,100,756
	\$ 11,575,918	1,850,677	9,725,241
Lease liabilities — current			\$ 534,706
Lease liabilities — noncurrent			\$ 9,190,535
	September 30, 2021		
	Future minimum lease payments	Interests	Present value of minimum lease payments
Less than one year	\$ 690,052	174,562	515,490
Between one and five years	2,649,840	599,698	2,050,142
More than five years	8,339,898	1,116,898	7,223,000
	\$ 11,679,790	1,891,158	9,788,632
Lease liabilities — current			\$ 515,490
Lease liabilities — noncurrent			\$ 9,273,142

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(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 nine months ended September 30, 2022 and 2021, income from sublease were \$1,346 thousand, \$1,238 thousand, \$3,703 thousand and \$3,620 thousand, respectively. Right-of-use assets that meet the definition of investment properties are reclassified to investment properties. Refer to Notes 6(11) and 6(12) of the consolidated financial statements for the year ended December 31, 2021 for further information on investment properties.

(v) Additional lease information

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Expenses relating to short-term leases	\$ <u>4,046</u>	<u>7,413</u>	<u>16,979</u>	<u>33,238</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>57</u>	<u>97</u>	<u>178</u>	<u>333</u>
Variable lease payments not included in the measurement of the lease liability	\$ <u>729</u>	<u>712</u>	<u>1,815</u>	<u>2,925</u>
COVID-19-related rent concessions (recognized as deduction of rent expense)	\$ <u>-</u>	<u>(3)</u>	<u>-</u>	<u>740</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
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Total cash outflow for the Company's leases in which it acts as a lessee for the nine months ended September 30, 2022 and 2021 were \$572,517 thousand and \$590,925 thousand, respectively.

b. Lessor

There was no significant addition in the Company's operating lease contracts for the nine months ended September 30, 2022 and 2021. Refer to Note 6(11) of the consolidated financial statements for the year ended December 31, 2021 for the relevant information.

(11) Investment Property

	September 30, 2022	December 31, 2021	September 30, 2021
Land	\$ 675,989	695,429	704,482
Buildings	708,623	718,768	725,191
Right-of-use assets	<u>22,885</u>	<u>23,495</u>	<u>23,793</u>
	<u>\$ 1,407,497</u>	<u>1,437,692</u>	<u>1,453,466</u>

There was no significant change in the Company's investment property for the nine months ended September 30, 2022 and 2021. For other relevant information, refer to Note 6(12) of the consolidated financial statements for the year ended December 31, 2021.

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, 2021.

As at September 30, 2022, December 31, 2021, and September 30, 2021, there was no investment property that was pledged as collateral.

(12) Intangible Assets

	September 30, 2022	December 31, 2021	September 30, 2021
Goodwill	\$ 11,710,198	11,067,794	12,016,160
Patent and technology fee	374,444	488,212	532,210
Others	<u>476,739</u>	<u>200,949</u>	<u>208,367</u>
	<u>\$ 12,561,381</u>	<u>11,756,955</u>	<u>12,756,737</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
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Except for the disclosure in Note 6(8), there was no significant change in the Company's intangible assets for the nine months ended September 30, 2022 and 2021. Information on amortization for the periods presented is disclosed in Note 6(22). For other relevant information, refer to Note 6(13) of the consolidated financial statements for the year ended December 31, 2021.

(13) Other Current Assets and Other Noncurrent Assets

	September 30, 2022	December 31, 2021	September 30, 2021
Prepayments for purchases	\$ 1,982,347	1,181,680	1,384,303
Refundable and overpaid business tax	1,102,007	1,156,780	1,875,030
Noncurrent financial assets at amortized cost	1,153,004	706,340	265,344
Refundable deposits	997,013	980,390	1,015,595
Prepayments for equipment	15,492	474,636	421,414
Others	<u>4,333,247</u>	<u>3,600,082</u>	<u>3,708,157</u>
	9,583,110	8,099,908	8,669,843
Less: current	<u>(4,670,688)</u>	<u>(3,592,203)</u>	<u>(4,527,776)</u>
Noncurrent	<u>\$ 4,912,422</u>	<u>4,507,705</u>	<u>4,142,067</u>

(14) Short-term Borrowings

	September 30, 2022	December 31, 2021	September 30, 2021
Unsecured borrowings	<u>\$ 180,391</u>	<u>45,324</u>	<u>30,000</u>
Unused credit facilities	<u>\$ 32,004,130</u>	<u>27,648,756</u>	<u>26,025,275</u>
Interest rate range	1.38%~ 4.00%	0.90%~ 1.35%	1.22%~ 1.35%

In January 2021, 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 September 30, 2021 were as follows:

September 30, 2021			
Description	Gross amount of 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>\$ 2,652,514</u>	<u>2,652,514</u>	<u>-</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
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(15) Long-term Borrowings

<u>Bank or agent bank</u>	<u>Durations</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Syndicated loans:				
Bank of Taiwan and others	From Oct. 2021 to Oct. 2025	\$ 32,500,000	9,750,000	-
Bank of China and others	From Nov. 2015 to Nov. 2023	3,115,942	8,055,653	10,087,329
Bank of Taiwan and others	From Apr. 2022 to Apr. 2029	600,000	-	-
Bank of Taiwan and others	From Feb. 2019 to Feb. 2022	-	12,000,000	22,000,000
Bank of Taiwan and others	From Mar. 2019 to Apr. 2022	-	4,600,000	8,050,000
Unsecured bank loans	From Apr. 2017 to Dec. 2026	4,941,000	3,604,614	9,676,076
Unsecured other loans	From Sep. 2022 to Sep. 2024	4,689	-	-
Secured bank loans	From Apr. 2017 to Apr. 2032	25,866,555	17,059,917	20,175,403
Secured other loans	From Apr. 2022 to Dec. 2023	859,869	-	-
		<u>67,888,055</u>	<u>55,070,184</u>	<u>69,988,808</u>
Less: transaction costs		<u>(294,386)</u>	<u>(415,320)</u>	<u>(436,569)</u>
		67,593,669	54,654,864	69,552,239
Less: current portion		<u>(9,261,745)</u>	<u>(16,833,597)</u>	<u>(25,218,210)</u>
		<u>\$ 58,331,924</u>	<u>37,821,267</u>	<u>44,334,029</u>
Unused credit facilities		<u>\$ 67,510,114</u>	<u>90,379,635</u>	<u>101,820,763</u>
Interest rate range		1.13%~ 6.80%	0.75%~ 5.15%	0.75%~ 5.15%

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 September 30, 2022, December 31, 2021, and September 30, 2021, 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, 2021.

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AUO CORPORATION AND SUBSIDIARIES
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(16) Provisions

	<u>Warranties⁽ⁱ⁾</u>	<u>Litigation, claims and others</u>	<u>Total</u>
Balance at January 1, 2022	\$ 1,184,514	703,794	1,888,308
Additions (reversals)	(140,180)	21	(140,159)
Usage	(99,418)	(43,824)	(143,242)
Effect of change in exchange rate	<u>740</u>	<u>96,699</u>	<u>97,439</u>
Balance at September 30, 2022	945,656	756,690	1,702,346
Less: current	<u>(333,177)</u>	<u>(486,510)</u>	<u>(819,687)</u>
Noncurrent	<u>\$ 612,479</u>	<u>270,180</u>	<u>882,659</u>
Balance at January 1, 2021	\$ 1,375,327	410,429	1,785,756
Additions (Reversals)	330,405	3,391	333,796
Usage	(467,856)	(34,987)	(502,843)
Effect of change in consolidated entities	-	8,555	8,555
Effect of change in exchange rate	<u>(525)</u>	<u>(6,038)</u>	<u>(6,563)</u>
Balance at September 30, 2021	1,237,351	381,350	1,618,701
Less: current	<u>(494,773)</u>	<u>(143,874)</u>	<u>(638,647)</u>
Noncurrent	<u>\$ 742,578</u>	<u>237,476</u>	<u>980,054</u>

(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.

(17) Employee Benefits

a. Defined benefit plans

Subsequent to December 31, 2021, 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, 2021 and 2020.

For the three months and nine months ended September 30, 2022 and 2021, the Company set aside \$1,360 thousand, \$1,642 thousand, \$4,196 thousand and \$4,965 thousand, respectively, of the pension costs under the defined benefit plans.

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AUO CORPORATION AND SUBSIDIARIES
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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 nine months ended September 30, 2022 and 2021, these companies set aside \$262,882 thousand, \$249,214 thousand, \$772,255 thousand and \$722,504 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 \$311,400 thousand, \$197,096 thousand, \$926,501 thousand and \$594,771 thousand for the three months and nine months ended September 30, 2022 and 2021, 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, \$100,000,000 thousand and \$100,000,000 thousand, respectively, as at September 30, 2022, December 31, 2021, and September 30, 2021.

AUO's issued common stock, with par value of \$10 per share, amounted to \$76,993,961 thousand, \$96,242,451 thousand and \$96,242,451 thousand, respectively, as at September 30, 2022, December 31, 2021, and September 30, 2021.

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 September 30, 2022, payable for capital reduction amounted to \$19,248,490 thousand. The date of returning share prices in relation to the aforementioned capital reduction was set on October 11, 2022.

As of September 30, 2022, AUO has issued 24,210 thousand ADSs, which represented 242,096 thousand shares of its common stock.

b. Capital surplus

The components of capital surplus were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
From common stock	\$ 52,756,091	52,756,091	52,756,091
From convertible bonds	6,049,862	6,049,862	6,049,862
From others	<u>3,093,658</u>	<u>1,251,048</u>	<u>2,389,409</u>
	<u>\$ 61,899,611</u>	<u>60,057,001</u>	<u>61,195,362</u>

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AUO CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

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

c. Retained earnings and dividend policy

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

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

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

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.

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AUO CORPORATION AND SUBSIDIARIES
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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:

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

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

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

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

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

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

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AUO CORPORATION AND SUBSIDIARIES
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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):

Nine Months Ended September 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

Nine Months Ended September 30, 2021				
Reason for reacquisition	Number of shares, Beginning of Period	Additions	Reductions	Number of shares, End of Period
Transferring to employees	125,000	-	(70,801)	54,199

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, 2022	\$ (4,873,573)	130,391	(4,743,182)
Foreign operations – foreign currency translation differences	4,194,987	-	4,194,987
Net change in fair value of financial assets at FVTOCI	-	(72,102)	(72,102)
Equity-accounted investees – share of other comprehensive income	775,567	(1,359,896)	(584,329)
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	-	(41,056)	(41,056)
Realized gain on sales of securities reclassified to profit or loss	(109,882)	-	(109,882)
Related tax	(833,968)	-	(833,968)
Balance at September 30, 2022	\$ (846,869)	(1,342,663)	(2,189,532)

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	<u>Cumulative translation differences</u>	<u>Unrealized gains (losses) on financial assets at FVTOCI</u>	<u>Total</u>
Balance at January 1, 2021	\$ (3,206,520)	(63,783)	(3,270,303)
Foreign operations – foreign currency translation differences	(1,224,858)	-	(1,224,858)
Net change in fair value of financial assets at FVTOCI	-	(29,579)	(29,579)
Equity-accounted investees – share of other comprehensive income	(137,298)	(611,278)	(748,576)
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	-	(19,994)	(19,994)
Realized loss on sales of securities reclassified to profit or loss	183,982	-	183,982
Related tax	<u>191,099</u>	<u>-</u>	<u>191,099</u>
Balance at September 30, 2021	<u>\$ (4,193,595)</u>	<u>(724,634)</u>	<u>(4,918,229)</u>
f. Non-controlling interests, net of tax			

	<u>Nine Months Ended September 30,</u>	
	<u>2022</u>	<u>2021</u>
Balance at beginning of the period	\$ 6,179,431	10,985,674
Equity attributable to non-controlling interests:		
Profit (loss) for the period	(118,646)	992,560
Foreign currency translation differences, net of tax	62,768	(140,308)
Acquisition of subsidiaries	-	887,129
Subsidiaries capital return and cash dividends	(66,458)	(251,415)
Subsidiaries capital increase and others	<u>72,129</u>	<u>35,913</u>
Balance at end of the period	<u>\$ 6,129,224</u>	<u>12,509,553</u>

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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:

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

The fair value of the share-based payments granted by AUO was measured at the date of grant using the Black-Scholes option pricing model. For the three months and nine months ended September 30, 2022 and 2021, the related compensation costs recognized for the abovementioned plans amounted to nil, \$787,572 thousand, \$72,744 thousand and \$826,705 thousand, respectively.

b. Employee restricted stock plan

As of September 30, 2022, information about the share-based payment rewards plan that ADTHLD, a subsidiary of AUO, granted to employees of AUO and its subsidiaries was as follows:

<u>Plan</u>	<u>Grant date</u>	<u>Granted units</u>	<u>Vesting conditions</u>
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.

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AUO CORPORATION AND SUBSIDIARIES
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The weighted average fair value per share estimated using the income approach for the abovementioned plan was USD1.105. The weighted average cost of capital which is the principal parameter was between 18.1% and 20.1%. For the three months and nine months ended September 30, 2022 and 2021, the compensation costs recognized for the abovementioned plan amounted to \$3,131 thousand, \$2,113 thousand, \$8,222 thousand and \$2,909 thousand, respectively.

(20) Revenue from Contracts with Customers

a. Disaggregation of revenue

	Three Months Ended September 30,					
	2022			2021		
	Display segment	Energy segment	Total segments	Display segment	Energy segment	Total segments
Primary geographical markets:						
PRC (including Hong Kong)	\$ 17,475,736	458,969	17,934,705	28,904,784	403,027	29,307,811
Taiwan	10,032,087	2,571,047	12,603,134	31,763,929	1,621,922	33,385,851
USA	5,974,133	13	5,974,146	5,323,891	8	5,323,899
Singapore	3,273,761	-	3,273,761	14,548,835	-	14,548,835
Japan	2,203,808	25,207	2,229,015	6,112,119	23,769	6,135,888
Others	6,352,298	1,365,282	7,717,580	9,554,652	798,050	10,352,702
	\$ 45,311,823	4,420,518	49,732,341	96,208,210	2,846,776	99,054,986
Major products:						
Products for Televisions	\$ 5,512,570	-	5,512,570	21,378,467	-	21,378,467
Products for Televisions	6,011,171	-	6,011,171	17,678,153	-	17,678,153
Products for Monitors	13,547,867	-	13,547,867	30,106,187	-	30,106,187
Products for Mobile PCs and Devices	8,688,802	-	8,688,802	7,651,712	-	7,651,712
Products for PID and General Display	7,592,278	-	7,592,278	13,470,568	-	13,470,568
Others ⁽ⁱ⁾	3,959,135	4,420,518	8,379,653	5,923,123	2,846,776	8,769,899
	\$ 45,311,823	4,420,518	49,732,341	96,208,210	2,846,776	99,054,986
Major customers:						
Customer A	\$ 2,112,607	-	2,112,607	10,934,817	-	10,934,817
Others (individually not greater than 10%)	43,199,216	4,420,518	47,619,734	85,273,393	2,846,776	88,120,169
	\$ 45,311,823	4,420,518	49,732,341	96,208,210	2,846,776	99,054,986

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	Nine Months Ended September 30,					
	2022			2021		
	Display segment	Energy segment	Total segments	Display segment	Energy segment	Total segments
Primary geographical markets:						
PRC (including Hong Kong)	\$ 62,628,907	1,552,662	64,181,569	88,052,046	710,934	88,762,980
Taiwan	51,207,092	8,539,697	59,746,789	86,958,376	4,919,754	91,878,130
USA	19,394,885	786	19,395,671	7,258,422	103	7,258,525
Singapore	17,694,113	-	17,694,113	43,918,736	1,845	43,920,581
Japan	10,909,954	71,019	10,980,973	17,318,083	158,551	17,476,634
Others	<u>18,773,799</u>	<u>3,371,731</u>	<u>22,145,530</u>	<u>26,140,266</u>	<u>2,213,989</u>	<u>28,354,255</u>
	<u>\$ 180,608,750</u>	<u>13,535,895</u>	<u>194,144,645</u>	<u>269,645,929</u>	<u>8,005,176</u>	<u>277,651,105</u>
Major products:						
Products for Televisions ⁽ⁱ⁾	\$ 29,911,864	-	29,911,864	69,312,554	-	69,312,554
Products for Televisions	30,032,819	-	30,032,819	48,376,638	-	48,376,638
Products for Monitors	54,842,501	-	54,842,501	79,796,191	-	79,796,191
Products for Automotive Solutions	24,367,040	-	24,367,040	21,610,365	-	21,610,365
Products for Automotive Solutions	27,843,271	-	27,843,271	34,367,747	-	34,367,747
Others ⁽ⁱ⁾	<u>13,611,255</u>	<u>13,535,895</u>	<u>27,147,150</u>	<u>16,182,434</u>	<u>8,005,176</u>	<u>24,187,610</u>
	<u>\$ 180,608,750</u>	<u>13,535,895</u>	<u>194,144,645</u>	<u>269,645,929</u>	<u>8,005,176</u>	<u>277,651,105</u>
Major customers:						
Customer A	\$ 14,934,746	-	14,934,746	28,962,785	-	28,962,785
Others (individually not greater than 10%)	<u>165,674,004</u>	<u>13,535,895</u>	<u>179,209,899</u>	<u>240,683,144</u>	<u>8,005,176</u>	<u>248,688,320</u>
	<u>\$ 180,608,750</u>	<u>13,535,895</u>	<u>194,144,645</u>	<u>269,645,929</u>	<u>8,005,176</u>	<u>277,651,105</u>

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

b. Contract balances

	September 30, 2022	December 31, 2021	September 30, 2021
Contract assets — current (recorded in other current financial assets)	<u>\$ 1,136,410</u>	<u>1,371,390</u>	<u>403,592</u>
Contract liabilities — current (recorded in other current liabilities)	\$ 4,052,502	3,325,765	725,803
Contract liabilities — noncurrent	<u>6,864,630</u>	<u>8,739,846</u>	<u>9,989,990</u>
	<u>\$ 10,917,132</u>	<u>12,065,611</u>	<u>10,715,793</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

The amounts of revenue recognized for the three months and nine months ended September 30, 2022 and 2021 that previously included in the contract liability balance at the beginning of the year were \$626,333 thousand, \$3,095 thousand, \$3,467,852 thousand and \$256,666 thousand, respectively. Additionally, in the first quarter of 2021, AUO entered into long-term sales agreements with customers and has received payments in advance. Under the agreements, the customers should fulfill the requirement of minimum order quantity and AUO should fulfill the obligation of relevant delivery quantity as agreed. AUO accounted for such obligation as contract liabilities.

(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 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 nine months ended September 30, 2022 and 2021, AUO estimated the remuneration to employees amounting to \$183,107 thousand in reversal, \$1,999,267 thousand, nil and \$5,253,093 thousand, respectively. 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 September 30,					
	2022			2021		
	Recognized in cost of sales	Recognized in operating expenses	Total	Recognized in cost of sales	Recognized in operating expenses	Total
Employee benefits expenses:						
Post-employment benefits	\$ 426,204	149,438	575,642	338,321	109,631	447,952
Salaries and other employee benefits	6,643,000	3,048,304	9,691,304	9,343,244	3,536,217	12,879,461
Depreciation	6,738,482	1,050,099	7,788,581	7,252,968	1,086,797	8,339,765
Amortization	29,733	11,817	41,550	46,293	5,235	51,528

	Nine Months Ended September 30,					
	2022			2021		
	Recognized in cost of sales	Recognized in operating expenses	Total	Recognized in cost of sales	Recognized in operating expenses	Total
Employee benefits expenses:						
Post-employment benefits	\$ 1,285,132	417,820	1,702,952	1,010,211	312,029	1,322,240
Salaries and other employee benefits	22,583,832	9,079,844	31,663,676	27,041,459	10,677,514	37,718,973
Depreciation	20,437,919	3,153,752	23,591,671	21,905,391	3,388,809	25,294,200
Amortization	122,481	22,519	145,000	142,287	13,674	155,961

(23) Non-Operating Income and Expenses

a. Interest income

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	Interest income on bank deposits	\$ 195,706	98,348	479,216
Other interest income	<u>3,597</u>	<u>11</u>	<u>3,911</u>	<u>41</u>
	<u>\$ 199,303</u>	<u>98,359</u>	<u>483,127</u>	<u>329,138</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

b. Other income

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Rental income, net	\$ 128,406	149,381	373,714	424,157
Dividend income	6,571	5,478	6,571	5,478
Grants	907,204	68,734	1,471,673	175,214
Others	139,142	60,343	540,329	257,861
	\$ 1,181,323	283,936	2,392,287	862,710

c. Other gains and losses

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Foreign exchange gains, net	\$ 218,103	205,404	1,000,150	138,130
Losses on valuation of financial instruments at FVTPL, net	(246,420)	(136,817)	(1,152,618)	(418,032)
Gains on disposals of property, plant and equipment, net	49,622	8,812	139,815	35,954
Gains on disposals of investments, net	-	6,846	-	893,435
Gains (losses) on liquidation of subsidiaries, net	(33,322)	-	109,882	-
Others	(25,864)	(5,784)	(58,949)	(94,193)
	\$ (37,881)	78,461	38,280	555,294

d. Finance costs

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Interest expense on bank borrowings	\$ 248,843	446,263	725,870	1,563,266
Interest expense on lease liabilities	43,331	45,133	121,182	137,638
Other interest expense	16,667	15,289	29,638	47,399
Finance expense	22,086	16,214	128,206	60,803
	\$ 330,927	522,899	1,004,896	1,809,106

(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 in 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 September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Current income tax expense:				
Current year	\$ (692,067)	923,467	615,531	2,638,208
Tax on undistributed earnings	(192,093)	-	1,672,025	-
Adjustment to prior years and others	<u>(27,500)</u>	<u>3,423</u>	<u>(305,439)</u>	<u>43,778</u>
	<u>\$ (911,660)</u>	<u>926,890</u>	<u>1,982,117</u>	<u>2,681,986</u>

Income taxes expense (benefit) recognized directly in other comprehensive income were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Items that are or may be reclassified subsequently to profit or loss:				
Foreign operations – foreign currency translation differences	<u>\$ 389,637</u>	<u>26,353</u>	<u>849,661</u>	<u>(207,115)</u>

As of September 30, 2022, the tax authorities have completed the examination of income tax returns of AUO through 2020.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(25) Earnings (loss) per Share

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Basic earnings (loss) per share				
Profit (loss) attributable to AUO's shareholders	\$ <u>(10,425,620)</u>	<u>19,310,255</u>	<u>(10,893,703)</u>	<u>50,675,294</u>
Weighted-average number of common shares outstanding during the period	<u>8,493,339</u>	<u>9,514,844</u>	<u>9,209,486</u>	<u>9,506,076</u>
Basic earnings (loss) per share (NT\$)	\$ <u>(1.23)</u>	<u>2.03</u>	<u>(1.18)</u>	<u>5.33</u>
	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Diluted earnings (loss) per share				
Profit (loss) attributable to AUO's shareholders	\$ <u>(10,425,620)</u>	<u>19,310,255</u>	<u>(10,893,703)</u>	<u>50,675,294</u>
Weighted-average number of common shares outstanding during the period	8,493,339	9,514,844	9,209,486	9,506,076
Effect of employee remuneration in stock	<u>-</u>	<u>113,273</u>	<u>-</u>	<u>301,360</u>
	<u>8,493,339</u>	<u>9,628,117</u>	<u>9,209,486</u>	<u>9,807,436</u>
Diluted earnings (loss) per share (NT\$)	\$ <u>(1.23)</u>	<u>2.01</u>	<u>(1.18)</u>	<u>5.17</u>

Since AUO incurred net loss for the nine months ended September 30, 2022, there were no potential ordinary shares with dilutive effect for the period.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(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 nine months ended September 30, 2022 and 2021 were as follows:

	Long-term borrowings (including current installments)	Short-term borrowings	Guarantee deposits	Lease liabilities	Total liabilities from financing activities
Balance at January 1, 2022	\$ 54,654,864	45,324	771,877	9,725,241	65,197,306
Cash flows	12,007,918	133,569	(14,905)	(432,363)	11,694,219
Non-cash changes:					
Additions	-	-	-	284,517	284,517
Changes in consolidated entities	-	-	524	-	524
Changes in exchange rate and others	930,887	1,498	(3,314)	(214,190) ⁽ⁱ⁾	714,881
Balance at September 30, 2022	<u>\$ 67,593,669</u>	<u>180,391</u>	<u>754,182</u>	<u>9,363,205</u>	<u>77,891,447</u>

⁽ⁱ⁾ Including decrease in the current period of \$284,403 thousand.

	Long-term borrowings (including current installments)	Short-term borrowings	Guarantee deposits	Lease liabilities	Total liabilities from financing activities
Balance at January 1, 2021	\$ 116,594,969	200,000	864,868	10,297,272	127,957,109
Cash flows	(47,985,541)	(170,000)	(25,282)	(416,791)	(48,597,614)
Non-cash changes:					
Additions	-	-	-	44,246	44,246
Changes in consolidated entities	1,149,806	-	-	617	1,150,423
Changes in exchange rate and others	(206,995)	-	(55,556)	(136,712)	(399,263)
Balance at September 30, 2021	<u>\$ 69,552,239</u>	<u>30,000</u>	<u>784,030</u>	<u>9,788,632</u>	<u>80,154,901</u>

(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.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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 September 30, 2022, December 31, 2021, and September 30, 2021 were as follows:

	September 30, 2022		December 31, 2021		September 30, 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:						
Financial assets at FVTPL:						
Financial assets mandatorily measured at FVTPL	\$ 595,797	595,797	159,270	159,270	38,873	38,873
Financial assets at FVTOCI	1,541,447	1,541,447	1,308,157	1,308,157	738,513	738,513
Financial assets at amortized cost:						
Domestic and foreign time deposits	1,153,004	1,153,004	10,706,340	10,706,340	10,265,344	10,265,344
Refundable deposits	997,013	997,013	980,390	980,390	1,015,595	1,015,595
Financial liabilities:						
Financial liabilities at FVTPL:						
Contingent consideration from business combination	81,285	81,285	-	-	-	-
Financial liabilities held for trading	749,733	749,733	132,797	132,797	246,582	246,582
Financial liabilities at amortized cost:						
Long-term borrowings (including current installments)	67,593,669	67,593,669	54,654,864	54,654,864	69,552,239	69,552,239
Guarantee deposits	754,182	754,182	771,877	771,877	784,030	784,030
Long-term payables (including current installments)	1,092,480	1,092,480	1,404,990	1,404,990	1,404,990	1,404,990

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.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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

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

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

c. Fair value measurements recognized in the consolidated balance sheets

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

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

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>
September 30, 2022				
Financial assets at FVTPL:				
Financial assets mandatorily measured at FVTPL	\$ -	595,797	-	595,797
Financial assets at FVTOCI	1,176,164	-	365,283	1,541,447
Financial assets at amortized cost:				
Domestic and foreign time deposits	-	1,153,004	-	1,153,004
Financial liabilities at FVTPL:				
Contingent consideration from business combination	-	-	81,285	81,285
Financial liabilities held for trading	-	749,733	-	749,733

(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>
Financial liabilities at amortized cost:				
Long-term payables (including current installments)	-	1,092,480	-	1,092,480
December 31, 2021				
Financial assets at FVTPL:				
Financial assets mandatorily measured at FVTPL	\$ -	159,270	-	159,270
Financial assets at FVTOCI	149,177	-	1,158,980	1,308,157
Financial assets at amortized cost:				
Domestic and foreign time deposits	-	10,706,340	-	10,706,340
Financial liabilities at FVTPL:				
Financial liabilities held for trading	-	132,797	-	132,797
Financial liabilities at amortized cost:				
Long-term payables (including current installments)	-	1,404,990	-	1,404,990
September 30, 2021				
Financial assets at FVTPL:				
Financial assets mandatorily measured at FVTPL	\$ -	38,873	-	38,873
Financial assets at FVTOCI	153,158	-	585,355	738,513
Financial assets at amortized cost:				
Domestic and foreign time deposits	-	10,265,344	-	10,265,344
Financial liabilities at FVTPL:				
Financial liabilities held for trading	-	246,582	-	246,582
Financial liabilities at amortized cost:				
Long-term payables (including current installments)	-	1,404,990	-	1,404,990

There were no transfers between Level 1 and 2 for the nine months ended September 30, 2022 and 2021.

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AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

- d. Reconciliation for fair value measurements categorized within Level 3

	Nine Months Ended	
	September 30	
	2022	2021
Financial assets at FVTOCI— equity instruments without active market		
Balance at beginning of the period	\$ 1,158,980	328,156
Purchases	123,796	223,296
Disposals	(10,002)	-
Reclassification	(909,473)	34,280
Effect of exchange rate change	1,982	(377)
Balance at end of the period	<u>\$ 365,283</u>	<u>585,355</u>
Financial liabilities at FVTPL – contingent consideration from business combination		
Balance at beginning of the period	\$ -	-
Contingent consideration derived from business combination	81,285	-
Balance at end of the period	<u>\$ 81,285</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.

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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 assets at FVTOCI—equity instruments without active market	Market approach	<ul style="list-style-type: none"> · Price-Book ratio (1.20~8.04 at September 30, 2022, 1.44~17.85 at December 31, 2021 and 0.99~2.31 at September 30, 2021) · Price-Earnings ratio (6.43~20.60 at September 30, 2022, 8.82~26.12 at December 31, 2021 and 8.92~22.38 at September 30, 2021) · Discount for lack of marketability (16%~22% at September 30, 2022, 20% at December 31, 2021 and 20%~32% at September 30, 2021) 	<ul style="list-style-type: none"> · 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.
Financial liabilities at FVTPL—contingent consideration from business combination	Monte Carlo simulation	<ul style="list-style-type: none"> · Discount rate: 9.6% · Revenue volatility rate: 20.0% 	<ul style="list-style-type: none"> · 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, 2021.

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

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AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

a. Currency risk

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

	September 30, 2022			December 31, 2021			September 30, 2021		
	Foreign currency amounts	Exchange rate	NTD	Foreign currency amounts	Exchange rate	NTD	Foreign currency amounts	Exchange rate	NTD
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 1,280,961	31.8470	40,794,765	3,001,028	27.6880	83,092,463	3,354,115	27.8660	93,465,769
JPY	8,644,506	0.2205	1,906,114	4,543,754	0.2409	1,094,590	12,089,720	0.2504	3,027,266
EUR	22,426	31.2546	700,916	34,718	31.4203	1,090,850	52,473	32.2716	1,693,388
<u>Non-monetary items</u>									
USD	35,914	31.8470	1,143,753	34,579	27.6880	957,423	14,579	27.8660	406,258
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	1,088,835	31.8470	34,676,128	1,944,481	27.6880	53,838,790	1,912,890	27.8660	53,304,593
JPY	11,387,119	0.2205	2,510,860	20,754,389	0.2409	4,999,732	20,508,606	0.2504	5,135,355
EUR	15	31.2546	469	28	31.4203	880	154	32.2716	4,970

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 September 30, 2022 and 2021, while all other variables were remained constant, would have increased or decreased the net profit before tax for the nine months ended September 30, 2022 and 2021 as follows:

	Nine Months Ended September 30,	
	2022	2021
1% of depreciation	\$ 62,143	397,415
1% of appreciation	(62,143)	(397,415)

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 nine months ended September 30, 2022 and 2021 were \$218,103 thousand, \$205,404 thousand, \$1,000,150 thousand and \$138,130 thousand, respectively.

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AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(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, 2021. Refer to Note 6(30) of the consolidated financial statements for the year ended December 31, 2021 for the relevant information.

The following table summarized the Company's capital management information:

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>
Short-term borrowings	\$ 180,391	45,324	30,000
Long-term borrowings (including current installments)	67,593,669	54,654,864	69,552,239
Total liabilities	184,598,105	186,844,575	192,805,030
Total equity	202,667,434	237,966,471	242,282,810
Debt-to-equity ratio	91 %	79 %	80 %
Net debt-to-equity ratio ⁽ⁱ⁾	(6)%	(11)%	(8)%

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

7. Related-party Transactions

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

(1) Name and relationship of related parties

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

<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
Lextar Electronics (Chuzhou) Corp. ("LEXCZ")	Subsidiary of Ennostar
Epistar Corporation ("Epistar")	Subsidiary of Ennostar
Yenrich Technology Corporation ("Yenrich")	Subsidiary of Ennostar
Raydium Semiconductor Corporation ("Raydium")	Associate
Raydium Semiconductor (Kunshan) Co., Ltd. ("RKS")	Subsidiary of Raydium

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

<u>Name of related party</u>	<u>Relationship with the Company</u>
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
Zhao Feng Energy Co., Ltd. (“ZFE”)	Associate
Mega Green Energy Corporation (“MGE”)	Subsidiary of ZFE
Daxin Materials Corp. (“Daxin”)	Associate
Darwin Summit Corporation Ltd. (“DSC”)	Associate
ADLINK Technology Inc. (“ADLINK”)	Associate
ADLINK Technology (China) Co., Ltd. (“ADLINKCN”)	Subsidiary of ADLINK
ADLINK Technology GmbH (“ATG”)	Subsidiary of ADLINK
IRIS Optronics Co., Ltd. (“IOC”)	Associate
Ubitech Inc. (“Ubitech”)	Associate ⁽ⁱ⁾
Evonik Forhouse Optical Polymers Corp. (“EFOP”)	Joint venture ⁽ⁱⁱ⁾
Qisda Corporation (“Qisda”)	Associate
Qisda Vietnam Co., Ltd (“QVH”)	Subsidiary of Qisda
BenQ Corporation (“BenQ”)	Subsidiary of Qisda
BenQ Materials Corp. (“BMC”)	Subsidiary of Qisda
BenQ Medical Technology Corp. (“TMC”)	Subsidiary of Qisda
BenQ Healthcare Corporation (“BHS”)	Subsidiary of Qisda
Qisda (Suzhou) Co., Ltd. (“QCSZ”)	Subsidiary of Qisda
Qisda Electronics (Suzhou) Co., Ltd. (“QCES”)	Subsidiary of Qisda
Qisda Optronics (Suzhou) Co., Ltd. (“QCOS”)	Subsidiary of Qisda
Qisda Precision Industry (Suzhou) Co., Ltd. (“QCPS”)	Subsidiary of Qisda

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

<u>Name of related party</u>	<u>Relationship with the Company</u>
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
Mainteq Europe B.V.	Subsidiary of Qisda
Metaguru Corporation (“Metaguru”)	Subsidiary of Qisda
BenQ Material (Suzhou) Co., Ltd. (“BMS”)	Subsidiary of Qisda
Suzhou BenQ Hospital Co., Ltd. (“QCHS”)	Subsidiary of Qisda
DFI Inc. (“DFI”)	Subsidiary of Qisda
Data Image Corporation (“DIC”)	Subsidiary of Qisda
Data Image (Suzhou) Corporation (“DICSZ”)	Subsidiary of Qisda
Partner Tech Corp. (“PTT”)	Subsidiary of Qisda
Webest Solution Corp. (“WEBEST”)	Subsidiary of Qisda
AEWIN Technologies Co., Ltd. (“AEW”)	Subsidiary of Qisda
ACE Pillar Co., Ltd. (“ACE”)	Subsidiary of Qisda
Tianjin ACE Pillar Co., Ltd. (“ACETJ”)	Subsidiary of Qisda
Golden Spirit Co., Ltd. (“GSC”)	Subsidiary of Qisda
Alpha Networks Inc. (“Alpha”)	Subsidiary of Qisda
LILY Medical Corporation (“LILY”)	Subsidiary of Qisda
Hitron Technologies Inc. (“HHC”)	Subsidiary of Qisda
AdvancedTEK International Corp. (“ADVANCEDTEK”)	Subsidiary of Qisda
BenQ Intelligent Technology (Shanghai) Co., Ltd. (“BQC_RO”)	Subsidiary of Qisda
Metaage Corporation (“MTG”)	Subsidiary of Qisda
Concord Medical Co., Ltd. (“Concord”)	Subsidiary of Qisda
Daxon Biomedical (Suzhou) Co., Ltd. (“DTB”)	Subsidiary of Qisda
BenQ Materials Medical Supplies (Suzhou) Co., Ltd. (“BMM”)	Subsidiary of Qisda
AUO Foundation	Substantive related party
BenQ Foundation	Substantive related party ⁽ⁱⁱⁱ⁾
WishMobile, Inc. (“WMI”)	Konly represented as a director of WMI ^(iv)

(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
ToYou Display (Suzhou) Co., Ltd. (“TYSZ”)	AUSZ represented as a director of TYSZ ^(v)
Jector Digital System Inc. (“JDSI”)	Director of Jector
SINTRONES Technology Corp. (“SINTRONES”)	AUO represented as a director of SINTRONES
Play Nitride Inc. (“PlayNitride”)	Konly represented as a director of PlayNitride
PlayNitride Display Co., Ltd. (“PND”)	Subsidiary of PlayNitride

- (i) The Company sold all of its ownership interests in Ubitech in July 2021. Therefore, Ubitech is no longer a related party of the Company starting from the date of disposal.
- (ii) EFOP completed its liquidation in May 2022.
- (iii) BenQ Foundation is no longer a related party of the Company starting from the second quarter of 2021.
- (iv) The Company has not had significant influence over WMI since October 2021; therefore, WMI was changed from associate to other related party.
- (v) The Company sold part of its ownership interests in TYSZ in January 2021. After the disposal, the Company assessed and considered that it did not have significant influence over TYSZ; therefore, TYSZ was changed from joint venture to other related party.

(2) Compensation to key management personnel

Key management personnel’s compensation comprised:

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>September 30,</u>		<u>September 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 36,513	30,195	103,550	90,186
Post-employment benefits	324	324	1,057	1,164
Share-based payments	-	-	39,592	17,276
	<u>\$ 36,837</u>	<u>30,519</u>	<u>144,199</u>	<u>108,626</u>

Please refer to Note 6(19) for further 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		Nine Months Ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Associates	\$ 2,015,769	2,615,118	9,213,366	9,579,961
Others	5,126	1,138	6,553	1,407
	\$ 2,020,895	2,616,256	9,219,919	9,581,368

	Accounts receivable from related parties		
	September 30,	December 31,	September 30,
	2022	2021	2021
Associates	\$ 1,158,894	2,478,006	1,719,500
Others	2,793	1,389	405
	\$ 1,161,687	2,479,395	1,719,905

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		Nine Months Ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Associates	\$ 3,394,138	6,848,199	16,350,200	19,988,869
Joint ventures	-	263,142	-	714,058
Others	2,665	16,321	5,187	25,295
	\$ 3,396,803	7,127,662	16,355,387	20,728,222

	Accounts payable to related parties		
	September 30,	December 31,	September 30,
	2022	2021	2021
Associates	\$ 4,621,263	8,821,310	8,238,065
Others	276	4,051	4,123
	\$ 4,621,539	8,825,361	8,242,188

(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		Nine Months Ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Associates	\$ 17,228	19,541	44,055	26,227
Others	-	656	-	656
	\$ 17,228	20,197	44,055	26,883

d. Disposal of property, plant and equipment

	Proceeds from disposal			
	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Associates	\$ -	-	550	-

	Gains on disposal			
	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2022	2021	2022	2021
Associates	\$ -	-	550	-

e. Other related party transactions

Transaction type	Type of related party	Three Months Ended		Nine Months Ended	
		September 30,		September 30,	
		2022	2021⁽ⁱ⁾	2022	2021
Rental income	Associates				
	BMC	\$ 24,076	23,853	72,289	71,224
	Others	9,061	8,303	26,494	25,629
	Joint ventures	-	1,654	-	4,959
	Others	-	(14)	-	3,717
		\$ 33,137	33,796	98,783	105,529
Other income	Associates	\$ 41,366	8,334	58,623	15,141
	Others	72	50	72	50
		\$ 41,438	8,384	58,695	15,191

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Transaction type	Type of related party	Three Months Ended September 30,		Nine Months Ended September 30,	
		2022	2021	2022	2021
Cost of sales and operating expenses	Associates	\$ 16,419	28,167	51,246	71,069
	Joint ventures	-	23	-	23
	Others	34,834	2,200	128,738	2,233
		\$ 51,253	30,390	179,984	73,325

⁽ⁱ⁾ Including the effect of exchange rate conversion.

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	September 30, 2022	December 31, 2021	September 30, 2021
Other receivables due from related parties	Associates	\$ 6,598	20,682	9,075
	Others	-	17	15
		\$ 6,598	20,699	9,090

Transaction type	Type of related party	September 30, 2022	December 31, 2021	September 30, 2021
Other payables due to related parties, including payable for equipment	Associates	\$ 32,014	62,110	23,972
	Others	17,750	11,734	-
		\$ 49,764	73,844	23,972

From January to September 2021, the Company participated in WMI's capital increase by \$15,000 thousand. For the nine months ended September 30, 2022 and 2021, the Company entitled for cash dividends declared by related parties of \$1,824,694 thousand and \$914,117 thousand, respectively. As of September 30, 2022, December 31, 2021, and September 30, 2021, the aforementioned dividends were all received.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

8. Pledged Assets

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

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Restricted cash in banks ⁽ⁱ⁾	Customs duties, guarantee for warranties and long-term borrowings limit	\$ 1,056,997	93,124	101,566
Land and buildings	Long-term borrowings limit	61,009,492	49,863,581	50,193,936
Machinery and equipment	Long-term borrowings limit	21,887,590	31,810,247	35,270,210
Right-of-use assets	Long-term borrowings limit	79,816	79,030	79,126
		<u>\$ 84,033,895</u>	<u>81,845,982</u>	<u>85,644,838</u>

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

9. Significant Contingent Liabilities and Unrecognized Commitments

The significant commitments and contingencies of the Company as of September 30, 2022, in addition to those disclosed in other notes to the consolidated financial statements, were as follows:

(1) Outstanding letters of credit

As at September 30, 2022, the Company had the following outstanding letters of credit for the purpose of purchasing machinery and equipment and materials:

<u>Currency</u>	<u>September 30, 2022 (in thousands)</u>
USD	107,067
JPY	15,705,150

(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.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(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 September 30, 2022, significant outstanding purchase commitments for construction in progress, property, plant and equipment totaled \$39,480,314 thousand.

(4) Litigation

Antitrust civil actions lawsuits in the United States and other jurisdictions

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

In September 2018, AUOUS received a complaint filed by the Government of Puerto Rico on its own behalf and on behalf of all consumers and governmental agencies of Puerto Rico against certain LCD manufacturers including AUO and AUOUS in the Superior Court of San Juan, Court of First Instance alleging unjust enrichment and claiming unspecified monetary damages. AUO has retained counsel to handle the related matter and intends to defend this lawsuit vigorously, and at this stage, the final outcome of these matters is uncertain. AUO is reviewing the merits of this lawsuit on an on-going basis.

As of October 26, 2022, 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.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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.

- (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 nine months ended September 30, 2022.

- a. Financings provided: Please see Table 1 attached.
- b. Endorsements/guarantees provided: Please see Table 2 attached.
- c. Marketable securities held (excluding investment in subsidiaries, associates and joint ventures): Please see Table 3 attached.
- d. Individual marketable securities acquired or disposed of with costs or prices exceeding NT\$300 million or 20% of the paid-in capital: Please see Table 4 attached.
- e. Acquisition of individual real estate with costs exceeding NT\$300 million or 20% of the paid-in capital: None
- f. Disposal of individual real estate with prices exceeding NT\$300 million or 20% of the paid-in capital: Please see Table 5 attached.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

- g. Purchases from or sales to related parties with amounts exceeding NT\$100 million or 20% of the paid-in capital: Please see Table 6 attached.
 - h. Receivables from related parties with amounts exceeding NT\$100 million or 20% of the paid-in capital: Please see Table 7 attached.
 - i. Information about trading in derivative instruments: Please see Note 6(2).
 - j. Business relationship and significant intercompany transactions: Please see Table 8 attached.
- (2) Information on investees (excluding information on investment in Mainland China): Please see Table 9 attached.
- (3) Information on investment in Mainland China:
- a. The related information on investment in Mainland China: Please see Table 10.1 and 10.2 attached.
 - b. Upper limit on investment in Mainland China: Please see Table 10.1 and 10.2 attached.
 - c. Significant transactions:

Significant direct or indirect transactions with the investees in Mainland China for the nine months ended September 30, 2022, for which intercompany transactions were eliminated upon consolidation, are disclosed in Note 13(1) "Information on significant transactions".

- (4) Major shareholders:

Major Shareholder	Shares	
	Total Shares Owned	Ownership Percentage
Qisda	663,598,620	6.89 %

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. On June 17, 2022, AUO's shareholders' meeting resolved to reduce capital and refund cash to shareholders. The record date of capital reduction was set on August 10, 2022. The record date of share replacement was set on October 7, 2022. Therefore, the shares owned by Qisda does not reflect the number of shares after the capital reduction.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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 nine months ended September 30, 2022 and 2021 with the financial results received by the Company's chief operating decision maker. The accounting policies for the operating segments are the same as those used in preparation of the consolidated financial statements of the Company. The Company uses the net revenue, profit (loss) from operations and segment profit (loss) excluding depreciation and amortization as the basis of segment performance assessment.

	Three Months Ended September 30, 2022		
	Display segment	Energy segment	Total segments
Net revenue from external customers	\$ <u>45,311,823</u>	<u>4,420,518</u>	<u>49,732,341</u>
Segment profit (loss)	\$ <u>(14,097,991)</u>	<u>383,360</u>	(13,714,631)
Net non-operating income and expenses			<u>2,313,209</u>
Consolidated profit (loss) before income tax			\$ <u>(11,401,422)</u>
Segment profit (loss) excluding depreciation and amortization	\$ <u>(6,386,662)</u>	<u>502,162</u>	<u>(5,884,500)</u>
Segment assets			\$ <u>387,265,539</u>
	Three Months Ended September 30, 2021		
	Display segment	Energy segment	Total segments
Net revenue from external customers	\$ <u>96,208,210</u>	<u>2,846,776</u>	<u>99,054,986</u>
Segment profit (loss)	\$ <u>20,110,624</u>	<u>316,108</u>	20,426,732
Net non-operating income and expenses			<u>464,041</u>
Consolidated profit (loss) before income tax			\$ <u>20,890,773</u>
Segment profit (loss) excluding depreciation and amortization	\$ <u>28,372,045</u>	<u>445,980</u>	<u>28,818,025</u>
Segment assets			\$ <u>435,087,840</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	<u>Nine Months Ended September 30, 2022</u>		
	<u>Display segment</u>	<u>Energy segment</u>	<u>Total segments</u>
Net revenue from external customers	\$ <u>180,608,750</u>	<u>13,535,895</u>	<u>194,144,645</u>
Segment profit (loss)	\$ <u>(14,003,147)</u>	<u>941,659</u>	(13,061,488)
Net non-operating income and expenses			4,031,256
Consolidated net profit (loss) before income tax			\$ <u>(9,030,232)</u>
Segment profit (loss) excluding depreciation and amortization	\$ <u>9,371,517</u>	<u>1,303,666</u>	<u>10,675,183</u>
Segment assets			\$ <u>387,265,539</u>
	<u>Nine Months Ended September 30, 2021</u>		
	<u>Display segment</u>	<u>Energy segment</u>	<u>Total segments</u>
Net revenue from external customers	\$ <u>269,645,929</u>	<u>8,005,176</u>	<u>277,651,105</u>
Segment profit (loss)	\$ <u>52,105,136</u>	<u>624,928</u>	52,730,064
Net non-operating income and expenses			1,619,776
Consolidated profit (loss) before income tax			\$ <u>54,349,840</u>
Segment profit (loss) excluding depreciation and amortization	\$ <u>77,125,266</u>	<u>1,054,959</u>	<u>78,180,225</u>
Segment assets			\$ <u>435,087,840</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Financings Provided
For the nine months ended September 30, 2022
(Amount in thousands of New Taiwan Dollars)

Table 1

No.	Financing Company	Borrowing Company	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 3)	Ending Balance (Notes 1 and 2)	Amount Actually Drawn Down (Notes 1 and 4)	Interest Rate	Nature of Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Notes 1 and 5)	Limits on Financing Company's Total Financing Amount (Notes 1 and 5)
													Item	Value		
0	AUO	S4M	Other receivables from related parties	Yes	130,000	100,000	50,000	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	19,653,821	78,615,284
0	AUO	DPTW	Other receivables from related parties	Yes	1,000,000	1,000,000	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	19,653,821	78,615,284
0	AUO	ACTW	Other receivables from related parties	Yes	2,400,000	1,400,000	1,400,000	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	19,653,821	78,615,284
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	-	-	-	19,653,821	78,615,284
0	AUO	AUOKS	Other receivables from related parties	Yes	9,010,200	8,975,000	8,975,000	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	19,653,821	78,615,284
1	AUOLB	AUOKS	Other receivables from related parties	Yes	16,629,750	12,116,250	6,731,250	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	76,374,665	76,374,665

No.	Financing Company	Borrowing Company	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 3)	Ending Balance (Notes 1 and 2)	Amount Actually Drawn Down (Notes 1 and 4)	Interest Rate	Nature of Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Notes 1 and 5)	Limits on Financing Company's Total Financing Amount (Notes 1 and 5)
													Item	Value		
2	AUOXM	AUOKS	Other receivables from related parties	Yes	4,782,580	1,570,625	673,125	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	15,843,549	15,843,549
3	BVXM	AUOKS	Other receivables from related parties	Yes	450,510	448,750	448,750	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	1,385,969	1,385,969
4	AUOSJ	AETSZ	Other receivables from related parties	Yes	450,510	359,000	246,813	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	4,286,320	4,286,320
4	AUOSJ	ACTSZ	Other receivables from related parties	Yes	108,122	107,700	31,413	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	4,286,320	4,286,320
4	AUOSJ	ATISZ	Other receivables from related parties	Yes	90,102	89,750	35,900	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	4,286,320	4,286,320
4	AUOSJ	AUOKS	Other receivables from related parties	Yes	1,576,785	1,570,625	1,570,625	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	4,286,320	4,286,320
4	AUOSJ	AMIXM	Other receivables from related parties	Yes	72,082	71,800	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	4,286,320	4,286,320
4	AUOSJ	ADTSZ	Other receivables from related parties	Yes	45,051	44,875	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	4,286,320	4,286,320
4	AUOSJ	AMISZ	Other receivables from related parties	Yes	112,628	67,313	44,875	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	4,286,320	4,286,320

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	AUOSZ	AUOKS	Other receivables from related parties	Yes	6,651,900	4,711,875	2,468,125	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	19,206,644	19,206,644
6	DPSZ	FTWJ	Other receivables from related parties	Yes	225,255	224,375	-	Adjusted by base lending rate of People's Bank of China	Needs for short-term financing	-	Operating capital	-	-	-	1,337,425	1,337,425
7	FPWJ	FTWJ	Other receivables from related parties	Yes	448,750	448,750	224,375	Based on base lending rate of People's Bank of China or China LPR	Needs for short-term financing	-	Operating capital	-	-	-	733,730	733,730
8	FTWJ	FHWJ	Other receivables from related parties	Yes	21,835	4,488	4,488	Adjusted by base lending rate of People's Bank of China	Needs for short-term financing	-	Operating capital	-	-	-	1,267,998	1,267,998

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

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

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

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

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

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

AUO CORPORATION AND SUBSIDIARIES
Endorsements/Guarantees Provided
For the nine months ended September 30, 2022
(Amount in thousands of New Taiwan Dollars)

Table 2

No.	Endorser/ Guarantor	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided for Each Party (Notes 4 and 5)	Maximum Endorsement/ Guarantee Balance for the Period (Note 2)	Ending Balance (Notes 3 and 4)	Amount Actually Drawn Down (Note 4)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Notes 4 and 5)	Endorsement/ Guarantee Provided by Parent Company to Subsidiary	Endorsement/ Guarantee Provided by Subsidiary to Parent Company	Endorsement/ Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship (Note 1)										
0	AUO	AUOKS	2	98,269,105	19,685,731	19,685,731	2,156,934	-	10.02%	196,538,210	Yes	No	Yes
1	DPXM	DPTW	3	1,697,252	436,700	-	-	-	-	1,697,252	No	No	No
2	FPWJ	FTWJ	4	293,492	225,255	224,375	-	-	30.58%	293,492	No	No	Yes

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

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

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

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

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

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

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

AUO CORPORATION AND SUBSIDIARIES
Marketable Securities Held (Excluding Investment in Subsidiaries, Associates and Joint Ventures)
September 30, 2022
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated, and shares in thousands)

Table 3

Name of Holder	Type and Name of Marketable Securities	Relationship with the Securities Issuer	Financial Statement Account	September 30, 2022				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
AUO	SINTRONES Technology Corp.'s stock	Related party	Financial assets at FVTOCI—noncurrent	1,338	75,595	7.06%	75,595	
ADPNL	Avocor Technologies USA, Inc.'s stock	-	Financial assets at FVTOCI—noncurrent	317	USD 2,001	4.59%	USD 2,001	
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	-	Financial assets at FVTOCI—noncurrent	813	55,710	2.48%	55,710	
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	671,335	7.03%	671,335	
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	3.96%	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	41,403	1.01%	41,403	
Konly	a2peak power Co., Ltd.'s stock	-	Financial assets at FVTPL—noncurrent	4,000	-	10.87%	-	
Konly	SINTRONES Technology Corp.'s stock	Related party	Financial assets at FVTOCI—noncurrent	1,402	79,188	7.40%	79,188	
DPTW	D8AI Holdings Corporation's stock	-	Financial assets at FVTOCI—noncurrent	7,000	8,649	4.59%	8,649	
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	

Name of Holder	Type and Name of Marketable Securities	Relationship with the Securities Issuer	Financial Statement Account	September 30, 2022				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	
DPTW	WiBASE Industrial Solutions Inc.'s stock	Related party	Financial assets at FVTOCI—noncurrent	3,536	42,432	9.07%	42,432	
Ronly	PlayNitride Inc.'s stock	Related party	Financial assets at FVTOCI—noncurrent	2,011	179,143	1.88%	179,143	
Ronly	ProfetAI Inc.'s stock	-	Financial assets at FVTOCI—noncurrent	511	10,139	10.16%	10,139	
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	GCS Holdings, Inc.'s stock	-	Financial assets at FVTOCI—noncurrent	3,500	129,500	3.16%	129,500	

AUO CORPORATION AND SUBSIDIARIES
Individual Marketable Securities Acquired or Disposed of with Costs or Prices Exceeding
NT\$300 Million or 20% of the Paid-in Capital
For the nine months ended September 30, 2022
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated, and shares in thousands)

Table 4

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance		Note
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain/Loss on Disposal	Shares	Amount	
AUO	Ennostar's stock	Investments in equity-accounted investees	-	-	26,319	2,248,301	67,250	3,484,895	-	-	-	-	93,569	7,094,898	Notes 1&2
AUO	Konly's stock	Investments in equity-accounted investees	-	-	409,008	8,207,625	60,550	1,304,853	-	-	-	-	469,558	9,422,885	Notes 1&3
AUO	Ronly's stock	Investments in equity-accounted investees	-	-	378,576	4,496,552	74,700	900,135	-	-	-	-	453,276	4,987,118	Notes 1&3
ADPNL	RVI's stock	Investments in equity-accounted investees	-	-	-	-	28,775	USD 26,975	-	-	-	-	28,775	USD 26,922	Notes 1&4
Konly	ADLINK's stock	Investments in equity-accounted investees	-	-	5,944	300,682	10,000	610,000	-	-	-	-	15,944	933,238	Notes 1&5
ADP	ADPNL's stock	Investments in equity-accounted investees	-	-	-	125,776	-	715,065	-	-	-	-	-	918,349	Notes 1&3
Ronly	ADLINK's stock	Investments in equity-accounted investees	-	-	1,175	73,771	12,000	732,000	-	-	-	-	13,175	838,459	Notes 1&5

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

Note 2: Acquisition was made through private placement offering.

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

Note 4: Acquisition was made from a third party.

Note 5: Acquisition was made on the open market.

AUO CORPORATION AND SUBSIDIARIES
Disposal of Individual Real Estate with Costs Exceeding NT\$300 Million or 20% of the Paid-in Capital
For the nine months ended September 30, 2022
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 5

Company Name	Property	Date of the Event	Date of Original Acquisition	Carrying Amount	Transaction Amount	Status of Proceeds Collection	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Pricing Reference	Other Terms	Note
DPTW	Land and buildings	June 2022	December 2005	1,337,323	2,380,952	150,000	-	Four natural persons	Non-related party	Activating assets and enhancing the efficient use of working capital	A report on the appraisal price of a real estate appraiser	None	Note

Note: 1. This transaction has not been completed, and the relevant transaction costs and taxes have not yet been determined. See Note 6(9).
2. The proceed collected in this period is the first installment of the consideration agreed in the contract.

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 nine months ended September 30, 2022
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 6

Company Name	Counterparty	Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchases /Sales	Amount (Note 2)	Percentage of Total Purchases /Sales	Credit Terms	Unit Price (Note 1)	Credit Terms (Note 1)	Ending Balance (Note 2)	Percentage of Total Notes /Accounts Receivable (Payable)	
AUO	AUOKS	Subsidiary of AUO	Purchases	16,911,923	13%	EOM 30 days	-	-	(2,911,236)	(7)%	
AUO	AUOSZ	Subsidiary of AUO	Purchases	25,458,093	20%	EOM 45 days	-	-	(10,857,086)	(27)%	
AUO	AUOXM	Subsidiary of AUO	Purchases	22,036,265	17%	EOM 45 days	-	-	(9,920,849)	(25)%	
AUO	AUSK	Subsidiary of AUO	Purchases	104,211	-	EOM 45 days	-	-	(22,055)	-	
AUO	AUST	Subsidiary of AUO	Purchases	2,777,031	2%	EOM 45 days	-	-	(630,066)	(2)%	
AUO	Qisda	Associate	Purchases	4,553,834	4%	EOM 45 days	-	-	(680,442)	(2)%	
AUO	BMC	Subsidiary of Qisda	Purchases	2,445,970	2%	EOM 90 days	-	-	(629,443)	(2)%	
AUO	Raydium	Associate	Purchases	804,126	1%	EOM 120 days	-	-	(161,009)	-	
AUO	Daxin	Associate	Purchases	1,461,558	1%	EOM 120 days	-	-	(469,320)	(1)%	
AUO	DPTW	Subsidiary of AUO	Purchases	1,857,158	1%	EOM 60 days	-	-	(295,396)	(1)%	
AUO	AUOSZ	Subsidiary of AUO	Sales	(2,949,740)	(2)%	EOM 45 days	-	-	-	-	
AUO	AUOXM	Subsidiary of AUO	Sales	(1,938,540)	(1)%	EOM 45 days	-	-	-	-	
AUO	DICSZ	Subsidiary of Qisda	Sales	(161,487)	-	EOM 45 days	-	-	18,710	-	
AUO	QCSZ	Subsidiary of Qisda	Sales	(2,862,802)	(2)%	EOM 55 days	-	-	276,604	2%	
AUO	QVH	Subsidiary of Qisda	Sales	(174,672)	-	EOM 55 days	-	-	182,776	1%	
AUO	CGPC	Subsidiary of SSEC	Sales	(241,526)	-	EOM 25 days	-	-	180,821	1%	
AUO	BenQ	Subsidiary of Qisda	Sales	(1,085,225)	(1)%	EOM 55 days	-	-	12,936	-	
AUO	SLEC	Subsidiary of SSEC	Sales	(165,956)	-	EOM 25 days	-	-	(3,382)	-	
AUO	SFPC	Subsidiary of SSEC	Sales	(2,080,245)	(1)%	EOM 25 days	-	-	362,118	2%	

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	MXEC	Subsidiary of SSEC	Sales	(630,279)	-	EOM 25 days	-	-	-	-	
AUO	MZEC	Subsidiary of SSEC	Sales	(1,104,414)	(1)%	EOM 25 days	-	-	-	-	
AUO	ADP	Subsidiary of AUO	Sales	(17,893,479)	(11)%	EOM 45 days	-	5,191,435	29%		
ADPNL	ADP	Subsidiary of AUO	Purchases	USD 52,648	100%	EOM 30 days	-	USD (6,797)	(100)%		
AETSZ	AUOKS	Subsidiary of AUO	Sales	CNY (96,855)	(98)%	EOM 30 days	-	CNY 1,398	72%		
AUOKS	AUOSZ	Subsidiary of AUO	Purchases	CNY 200,623	9%	EOM 60 days	-	CNY (63,281)	(8)%		
AUOKS	Qisda	Associate	Purchases	CNY 55,728	3%	EOM 120 days	-	CNY (20,250)	(2)%		
AUOKS	Raydium	Associate	Purchases	CNY 73,997	3%	EOM 120 days	-	CNY (23,355)	(3)%		
AUOKS	DPTW	Subsidiary of AUO	Purchases	CNY 46,193	2%	EOM 120 days	-	CNY (28,350)	(3)%		
AUOKS	AUO	Ultimate parent company	Sales	CNY (3,818,011)	(86)%	EOM 30 days	-	CNY 653,348	86%		
AUOKS	AUOXM	Subsidiary of AUO	Sales	CNY (538,407)	(12)%	EOM 30 days	-	CNY 86,611	11%		
AUOSH	AUO	Ultimate parent company	Sales	CNY (29,942)	(99)%	End of quarter 25 days	-	-	-		
AUOSZ	AUO	Ultimate parent company	Purchases	CNY 696,731	12%	EOM 45 days	-	-	-		
AUOSZ	Qisda	Associate	Purchases	CNY 210,372	4%	EOM 120 days	-	CNY (78,087)	(4)%		
AUOSZ	BMC	Subsidiary of Qisda	Purchases	CNY 163,521	3%	EOM 90 days	-	CNY (59,887)	(3)%		
AUOSZ	Raydium	Associate	Purchases	CNY 424,165	7%	EOM 120 days	-	CNY (134,454)	(7)%		
AUOSZ	DPTW	Subsidiary of AUO	Purchases	CNY 174,188	3%	EOM 120 days	-	CNY (65,826)	(3)%		
AUOSZ	Lextar	Subsidiary of Ennostar	Purchases	CNY 31,521	1%	EOM 120 days	-	CNY (17,082)	(1)%		
AUOSZ	AUO	Ultimate parent company	Sales	CNY (5,743,264)	(77)%	EOM 45 days	-	CNY 2,421,549	96%		
AUOSZ	AUOKS	Subsidiary of AUO	Sales	CNY (200,622)	(3)%	EOM 60 days	-	CNY 63,281	3%		
AUOSZ	ADP	Subsidiary of AUO	Sales	CNY (1,502,074)	(20)%	EOM 45 days	-	CNY (198)	-		

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)	
AUOUS	AUO	Ultimate parent company	Sales	USD (3,914)	(59)%	EOM 30 days	-	-	-		
AUOXM	AUO	Ultimate parent company	Purchases	CNY 436,554	8%	EOM 45 days	-	-	-		
AUOXM	AUOKS	Subsidiary of AUO	Purchases	CNY 533,604	10%	EOM 30 days	-	CNY (86,611)	(4)%		
AUOXM	DPXM	Subsidiary of AUO	Purchases	CNY 33,999	1%	EOM 120 days	-	CNY (16,038)	(1)%		
AUOXM	BMC	Subsidiary of Qisda	Purchases	CNY 136,173	3%	EOM 90 days	-	CNY (53,197)	(3)%		
AUOXM	Raydium	Associate	Purchases	CNY 383,786	7%	EOM 120 days	-	CNY (169,496)	(8)%		
AUOXM	DPTW	Subsidiary of AUO	Purchases	CNY 172,743	3%	EOM 120 days	-	CNY (93,667)	(4)%		
AUOXM	AUO	Ultimate parent company	Sales	CNY (4,943,493)	(79)%	EOM 45 days	-	CNY 2,214,224	91%		
AUOXM	ADP	Subsidiary of AUO	Sales	CNY (280,436)	(4)%	EOM 45 days	-	CNY (2)	-		
AUSK	AUO	Ultimate parent company	Sales	EUR (3,590)	(80)%	EOM 45 days	-	EUR 761	87%		
AUST	AUO	Ultimate parent company	Sales	USD (95,009)	(100)%	EOM 45 days	-	USD 19,784	100%		
DPXM	DPTW	Subsidiary of AUO	Purchases	CNY 24,213	2%	EOM 60 days	-	CNY (5,671)	(3)%		
DPXM	AUOXM	Subsidiary of AUO	Sales	CNY (33,965)	(2)%	EOM 120 days	-	CNY 16,038	7%		
DPXM	DPTW	Subsidiary of AUO	Sales	CNY (241,531)	(14)%	EOM 90 days	-	CNY 140,363	59%		
FTWJ	Lextar	Subsidiary of Ennostar	Purchases	CNY 44,109	11%	EOM 120 days	-	CNY (12,327)	(3)%		
FTWJ	DPTW	Subsidiary of AUO	Sales	CNY (657,264)	(99)%	EOM 90 days	-	CNY 481,932	99%		
M.Setek	ACTW	Subsidiary of AUO	Sales	JPY (3,603,699)	(92)%	EOM 45 days	-	JPY 3,372,648	99%		
Jector	ADP	Subsidiary of AUO	Purchases	122,695	38%	EOM 45 days	-	-	-		
AETTW	AUO	Ultimate parent company	Sales	(238,039)	(51)%	EOM 60 days	-	67,952	48%		
ACTW	M.Setek	Subsidiary of AUO	Purchases	869,403	20%	EOM 45 days	-	(743,669)	(64)%		

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)	
ADP	AUO	Ultimate parent company	Purchases	17,867,990	69%	EOM 45 days	-	-	(5,163,408)	(99)%	
ADP	AUOSZ	Subsidiary of AUO	Purchases	6,617,129	26%	EOM 45 days	-	-	-	-	
ADP	AUOXM	Subsidiary of AUO	Purchases	1,239,246	5%	EOM 45 days	-	-	-	-	
ADP	ADPNL	Subsidiary of AUO	Sales	(1,521,603)	(5)%	EOM 30 days	-	-	215,782	6%	
ADP	QCOS	Subsidiary of Qisda	Sales	(384,230)	(1)%	EOM 55 days	-	-	102,511	3%	
ADP	Jector	Subsidiary of AUO	Sales	(118,223)	-	EOM 45 days	-	-	1,349	-	
DPTW	DPXM	Subsidiary of AUO	Purchases	1,067,600	22%	EOM 90 days	-	-	(540,002)	(33)%	
DPTW	FTWJ	Subsidiary of AUO	Purchases	2,885,872	59%	EOM 90 days	-	-	(903,145)	(54)%	
DPTW	AUO	Ultimate parent company	Sales	(2,009,633)	(39)%	EOM 60 days	-	-	191,832	12%	
DPTW	AUOKS	Subsidiary of AUO	Sales	(202,184)	(4)%	EOM 120 days	-	-	126,952	8%	
DPTW	AUOSZ	Subsidiary of AUO	Sales	(764,184)	(15)%	EOM 120 days	-	-	295,272	19%	
DPTW	AUOXM	Subsidiary of AUO	Sales	(763,108)	(15)%	EOM 120 days	-	-	419,330	27%	
DPTW	DPXM	Subsidiary of AUO	Sales	(106,793)	(2)%	EOM 60 days	-	-	8,514	1%	

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
September 30, 2022
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 7

Company Name	Counterparty	Relationship	Ending Balance of Receivables (Note 3)	Turnover Rate	Overdue Receivables		Amounts Received in Subsequent Period (Note 1)	Allowance for Bad Debts
					Amount	Action Taken		
AUO	AUOKS	Subsidiary of AUO	9,107,619	(Note 2)	-	-	-	-
AUO	QCSZ	Subsidiary of Qisda	276,604	7.70	-	-	-	-
AUO	QVH	Subsidiary of Qisda	182,776	2.55	-	-	-	-
AUO	AETTW	Subsidiary of AUO	200,424	(Note 2)	-	-	-	-
AUO	ACTW	Subsidiary of AUO	1,410,737	(Note 2)	-	-	-	-
AUO	CGPC	Subsidiary of SSEC	180,821	3.56	-	-	-	-
AUO	SFPC	Subsidiary of SSEC	362,118	15.32	-	-	-	-
AUO	ADP	Subsidiary of AUO	5,402,364	(Note 2)	774,444	Will be collected in next period	-	-
AUOKS	AUO	Ultimate parent company	CNY 653,348	5.39	CNY 39,975	Collected in subsequent period	CNY 302,494	-
AUOKS	AUOXM	Subsidiary of AUO	CNY 86,611	7.92	CNY 1,289	Will be collected in next period	-	-
AUOLB	AUOKS	Subsidiary of AUO	USD 215,410	(Note 2)	-	-	-	-
AUOSJ	AETSZ	Subsidiary of AUO	CNY 55,584	(Note 2)	-	-	-	-
AUOSJ	AUOKS	Subsidiary of AUO	CNY 356,404	(Note 2)	-	-	-	-
AUOSZ	AUO	Ultimate parent company	CNY 2,421,549	3.04	CNY 8,019	Collected in subsequent period	CNY 1,045,014	-
AUOSZ	AUOKS	Subsidiary of AUO	CNY 618,846	(Note 2)	CNY 22,297	Collected in subsequent period	CNY 23,813	-
AUOXM	AUO	Ultimate parent company	CNY 2,214,224	2.80	CNY 14,476	Collected in subsequent period	CNY 913,775	-
AUOXM	AUOKS	Subsidiary of AUO	CNY 153,165	(Note 2)	CNY 67	Will be collected in next period	-	-
AUST	AUO	Ultimate parent company	USD 19,784	5.82	-	-	-	-
BVXM	AUOKS	Subsidiary of AUO	CNY 102,035	(Note 2)	-	-	-	-
DPXM	DPTW	Subsidiary of AUO	CNY 140,363	1.71	-	-	-	-

Company Name	Counterparty	Relationship	Ending Balance of Receivables (Note 3)	Turnover Rate	Overdue Receivables		Amounts Received in Subsequent Period (Note 1)	Allowance for Bad Debts
					Amount	Action Taken		
FPWJ	FTWJ	Subsidiary of AUO	CNY 50,686	(Note 2)	-	-	-	-
FTWJ	DPTW	Subsidiary of AUO	CNY 482,530	(Note 2)	-	-	CNY 85,162	-
M.Setek	ACTW	Subsidiary of AUO	JPY 3,372,648	1.52	JPY 709,017	Will be collected in next period	-	-
ACTW	M.Setek	Subsidiary of AUO	588,432	0.04	-	-	-	-
ADP	ADPNL	Subsidiary of AUO	215,782	9.22	73,843	Will be collected in next period	-	-
ADP	QCOS	Subsidiary of Qisda	102,511	5.48	4,013	Will be collected in next period	-	-
DPTW	AUO	Ultimate parent company	191,832	5.76	24,449	Will be collected in next period	-	-
DPTW	AUOKS	Subsidiary of AUO	126,952	2.59	-	-	-	-
DPTW	AUOSZ	Subsidiary of AUO	295,272	2.49	-	-	-	-
DPTW	AUOXM	Subsidiary of AUO	419,330	2.28	5,640	Will be collected in next period	-	-
DPTW	FTWJ	Subsidiary of AUO	683,163	(Note 2)	14	Collected in subsequent period	261,037	-

Note 1: Until the mid of October 2022.

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 nine months ended September 30, 2022
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 8

No.	Company Name	Counterparty	Nature of Relationship	Inter-company Transactions				
				Financial Statement Account	Amount	Trading Terms	Percentage of Consolidated Net Revenue or Total Assets	
0	AUO	AUOKS	Parent to subsidiary	Receivables from related parties		9,107,619	-	2%
0	AUO	AUOSZ	Parent to subsidiary	Net revenue		2,949,740	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days.	2%
0	AUO	AUOXM	Parent to subsidiary	Net revenue		1,938,540	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days.	1%
0	AUO	ADP	Parent to subsidiary	Net revenue		17,893,479	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days.	9%
0	AUO	ADP	Parent to subsidiary	Receivables from related parties		5,402,364	-	1%
1	AUOKS	AUO	Subsidiary to parent	Net revenue	CNY	3,818,011	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 30 days.	9%
1	AUOKS	AUO	Subsidiary to parent	Receivables from related parties	CNY	653,348	-	1%
1	AUOKS	AUOXM	Subsidiary to subsidiary	Net revenue	CNY	538,407	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 30 days.	1%
2	AUOLB	AUOKS	Subsidiary to subsidiary	Receivables from related parties	USD	215,410	-	2%
3	AUOSZ	AUO	Subsidiary to parent	Net revenue	CNY	5,743,264	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days.	13%

No.	Company Name	Counterparty	Nature of Relationship	Inter-company Transactions				
				Financial Statement Account	Amount	Trading Terms	Percentage of Consolidated Net Revenue or Total Assets	
3	AUOSZ	AUO	Subsidiary to parent	Receivables from related parties	CNY	2,421,549	-	3%
3	AUOSZ	AUOKS	Subsidiary to subsidiary	Receivables from related parties	CNY	618,846	-	1%
3	AUOSZ	ADP	Subsidiary to subsidiary	Net revenue	CNY	1,502,074	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days.	3%
4	AUOXM	AUO	Subsidiary to parent	Net revenue	CNY	4,943,493	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days.	11%
4	AUOXM	AUO	Subsidiary to parent	Receivables from related parties	CNY	2,214,224	-	3%
4	AUOXM	ADP	Subsidiary to subsidiary	Net revenue	CNY	280,436	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days.	1%
5	AUST	AUO	Subsidiary to parent	Net revenue	USD	95,009	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days.	1%
6	DPXM	DPTW	Subsidiary to subsidiary	Net revenue	CNY	241,531	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	657,264	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	Receivables from related parties	CNY	482,530	-	1%
8	ADP	ADPNL	Subsidiary to subsidiary	Net revenue		1,521,603	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 30 days.	1%
9	DPTW	AUO	Subsidiary to parent	Net revenue		2,009,633	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 60 days.	1%

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

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

AUO CORPORATION AND SUBSIDIARIES
Information on Investees (Excluding Information on Investment in Mainland China)
For the nine months ended September 30, 2022
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated, and shares in thousands)

Table 9

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		September 30, 2022			Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
				September 30, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)			
AUO	AUOLB	Malaysia	Holding company	76,491,558	76,491,558	2,507,189	100.00%	76,374,665	4,271,319	4,271,319	Subsidiary
AUO	AUONL	Netherlands	Sales and sales support of TFT-LCD panels	24,275	24,275	50	100.00%	30,456	(3,323)	(3,323)	Subsidiary
AUO	Konly	Taiwan ROC	Investment	7,226,603	5,921,750	469,558	100.00%	9,422,885	776,506	776,506	Subsidiary
AUO	Ronly	Taiwan ROC	Investment	5,078,047	4,177,912	453,276	100.00%	4,987,118	10,907	10,907	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%	2,582,749	(277,708)	(79,324)	Subsidiary
AUO	ACTW	Taiwan ROC	Manufacturing and sale of ingots and solar wafers	15,687,921	15,687,921	242,565	100.00%	3,847,789	530,695	530,695	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%	10,657,394	7,880,318	1,266,757	Associate
AUO	S4M	Taiwan ROC	Sales and leasing of content management system and hardware	50,000	30,000	5,000	100.00%	16,226	(10,749)	(10,749)	Subsidiary
AUO	AETTW	Taiwan ROC	Planning, design and development of construction project for environmental protection and related project management	424,050	300,000	42,405	100.00%	284,758	(31,528)	(31,528)	Subsidiary
AUO	SSEC	Taiwan ROC	Investment	2,170,000	2,170,000	217,000	31.00%	2,226,565	137,534	42,636	Associate
AUO	CQIL	Israel	Holding company	1,182,621	1,182,621	39,974	100.00%	907,052	(17,441)	(17,441)	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%	2,266,417	720,612	30,419	Associate

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		September 30, 2022			Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
				September 30, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)			
AUO	DPGE	Taiwan ROC	Renewable energy power generation	350,000	350,000	35,000	100.00%	350,639	552	552	Subsidiary
AUO	ADTHLD	Cayman Islands	Holding company	317,063	317,063	11,300	80.71%	108,082	(175,790)	(141,887)	Subsidiary
AUO	ADTCM	Cayman Islands	Holding company	76,437	76,437	2,700	100.00%	25,825	(33,902)	(33,902)	Subsidiary
AUO	AHTW	Taiwan ROC	Manufacturing, development and sales of medical equipments	5,000	5,000	500	100.00%	3,481	(351)	(351)	Subsidiary
AUO	ADP	Taiwan ROC	Research, development and sales of display	369,555	369,555	200,000	100.00%	3,417,838	980,557	980,557	Subsidiary
AUO	SREC	Taiwan ROC	Investment	288,828	288,828	28,883	32.01%	331,607	68,573	21,953	Subsidiary
AUO	Ennostar	Taiwan ROC	Holding company	4,764,942	1,280,047	93,569	12.45%	7,094,898	789,822	(43,490)	Associate
AUO	ACTTW	Taiwan ROC	Design, development and sales of software and hardware for health care industry	30,000	30,000	3,000	100.00%	14,794	(6,140)	(6,140)	Subsidiary
AUO	AET-YP	Taiwan ROC	Investment and construction in public construction, and wastewater (sewage) treatment	15,000	-	1,500	8.82%	14,937	(709)	(75)	Subsidiary
Konly	DPTW	Taiwan ROC	Design, manufacturing, and sales of TFT-LCD modules, backlight modules, TV set and related parts	703,795	703,795	42,598	6.40%	578,725	(277,708)	(17,774)	Subsidiary
Konly	Raydium	Taiwan ROC	IC Design	175,857	175,857	11,454	15.10%	1,886,034	3,468,072	523,687	Associate
Konly	Daxin	Taiwan ROC	Research, manufacturing and sales of display and semiconductor related chemicals	154,748	154,748	19,114	18.61%	532,493	338,755	63,037	Associate
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%	1,594,175	7,880,318	189,487	Associate
Konly	SSEC	Taiwan ROC	Investment	140,000	140,000	14,000	2.00%	143,649	137,534	2,751	Associate
Konly	SkyREC Ltd.	BVI	Business intelligence and AI video management system	46,016	46,016	188	16.12%	-	(8,910)	-	Associate
Konly	ADLINK	Taiwan ROC	Manufacturing and sales of hardware, software and peripheral devices of industrial computers	988,837	378,837	15,944	7.33%	933,238	720,612	16,670	Associate
Konly	AUES	Taiwan ROC	Services related to educational activities and site rental	4,000	4,000	400	100.00%	5,199	1,044	1,044	Subsidiary

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		September 30, 2022			Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
				September 30, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)			
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%	19,319	(55,864)	(4,704)	Associate
Konly	SREC	Taiwan ROC	Investment	13,533	13,533	1,353	1.50%	15,538	68,573	1,029	Subsidiary
Konly	Ennostar	Taiwan ROC	Holding company	1,180,491	1,180,491	16,413	2.18%	1,299,135	789,822	(1,749)	Associate
Konly	Naidun-tech Co., Ltd.	Taiwan ROC	Solution provider to improve the performance and reliability of semiconductor components	39,997	39,997	8,733	22.03%	15,900	(9,498)	(2,128)	Associate
Ronly	DPTW	Taiwan ROC	Design, manufacturing, and sales of TFT-LCD modules, backlight modules, TV set and related parts	845,510	845,510	40,509	6.09%	550,344	(277,708)	(16,903)	Subsidiary
Ronly	Raydium	Taiwan ROC	IC Design	240,647	240,647	669	0.88%	246,248	3,468,072	2,749	Associate
Ronly	Daxin	Taiwan ROC	Research, manufacturing and sales of display and semiconductor related chemicals	70,021	70,021	6,312	6.15%	175,849	338,755	20,817	Associate
Ronly	ADLINK	Taiwan ROC	Manufacturing and sales of hardware, software and peripheral devices of industrial computers	809,508	77,508	13,175	6.06%	838,459	720,612	27,985	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%	66,070	(55,864)	(16,087)	Associate
Ronly	Ennostar	Taiwan ROC	Holding company	1,245,456	1,245,456	20,686	2.75%	1,658,594	789,822	(6,295)	Associate
Ronly	Zhao Feng Energy Co., Ltd.	Taiwan ROC	Energy technical services	160,000	-	16,000	20.00%	158,360	(35,521)	(1,640)	Associate
Ronly	Renovatio Pictures Co., Ltd.	Taiwan ROC	Production/visual effects	50,000	-	315	23.95%	50,000	1,356	-	Associate
DPTW	BVLB	Malaysia	Holding company	1,051,289	1,051,289	36,000	29.71%	259,773	(64,532)	(19,172)	Subsidiary
DPTW	DPLB	Malaysia	Holding company	4,350,631	4,362,627	91,846	100.00%	5,515,394	99,779	166,838	Subsidiary
DPTW	FHVI	BVI	Holding company	2,362,321	2,362,321	22,006	100.00%	2,065,187	(129,538)	(13,325)	Subsidiary
DPTW	FFMI	Mauritius	Holding company	274,700	274,700	653	100.00%	113,746	8,432	8,304	Subsidiary
DPTW	RFOP	Taiwan ROC	Manufacturing and sales of polymer plasticized raw materials	-	338,729	-	-	-	23,786	11,655	(Note 6)
DPTW	Darwin Summit Corporation Ltd.	Thailand	International trade	3,740	3,740	40	40.00%	10,837	(244)	(98)	Associate

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		September 30, 2022			Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
				September 30, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)			
ACTW	ACMK	Malaysia	Manufacturing and sale of solar wafers	169,197	169,197	46,196	100.00%	79,694	(516)	(516)	Subsidiary
ACTW	SDMC	Taiwan ROC	Holding company	1,988,488	1,988,488	148,053	100.00%	1,947,882	210,265	244,798	Subsidiary
SDMC	M.Setek	Japan	Manufacturing and sale of ingots	23,596,398	23,596,398	11,404,184	99.9991%	1,909,501	210,661	210,659	Subsidiary
ADP	ADPNL	Netherlands	Sales and sales support of display and holding company	811,798	96,733	-	100.00%	918,349	8,620	8,620	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%	122,890	(2,292)	(1,797)	Subsidiary
SREC	SGPC	Taiwan ROC	Solar power generation	820,000	820,000	56,811	100.00%	716,033	52,543	49,486	Subsidiary
SREC	EGPC	Taiwan ROC	Solar power generation	280,000	280,000	24,500	100.00%	311,722	21,397	19,895	Subsidiary
AETTW	AET-YP	Taiwan ROC	Investment and construction in public construction, and wastewater (sewage) treatment	124,050	-	12,405	72.97%	123,533	(709)	(491)	Subsidiary
AUOLB	AUOUS	United States	Sales and sales support of TFT-LCD panels	USD 1,000	USD 1,000	1,000	100.00%	USD 2,264	USD (198)	USD (198)	Subsidiary
AUOLB	AUOJP	Japan	Sales support of TFT-LCD panels	USD 276	USD 276	1	100.00%	USD 1,438	USD 26	USD 26	Subsidiary
AUOLB	AUOKR	South Korea	Sales support of TFT-LCD panels	USD 155	USD 155	-	100.00%	USD 1,311	USD 384	USD 384	Subsidiary
AUOLB	AUSK	Slovakia Republic	Repairing of TFT-LCD modules	USD 1,359	USD 1,359	-	100.00%	USD 4,385	USD 496	USD 496	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 99,234	USD 3,197	USD 3,197	Subsidiary
AUOLB	AUVI	United States	Research and development and IP related business	USD 5,000	USD 5,000	5,000	100.00%	USD 6,409	USD 194	USD 194	Subsidiary
AUOLB	BVLB	Malaysia	Holding company	USD 85,171	USD 85,171	85,171	70.29%	USD 19,298	USD (2,201)	USD (1,547)	Subsidiary
AUOLB	AUOSG	Singapore	Holding company and sales support of TFT-LCD panels	USD 9,958	USD 9,958	266,268	100.00%	USD 6,866	USD 74	USD 74	Subsidiary
AUOSG	AEUS	United States	Sales support of solar-related products	USD 1,194	USD 1,194	1,194	100.00%	USD 578	USD 17	USD 17	Subsidiary
DPLB	DPHK	Hong Kong	Holding company	USD 103,785	USD 103,785	10	100.00%	USD 175,230	USD 3,064	USD 3,064	Subsidiary (Note 4)
DPLB	DPSK	Slovakia Republic	Manufacturing and sales of automotive parts	-	USD 4,216	-	-	-	USD (2)	USD (2)	(Note 5)
FHVI	FTMI	Mauritius	Holding company	USD 6,503	USD 6,503	6,503	100.00%	USD 47,412	USD (9,610)	USD (9,610)	Subsidiary
FHVI	FWSA	Samoa	Holding company	USD 19,000	USD 19,000	19,000	100.00%	USD 15,444	USD 328	USD 328	Subsidiary
FHVI	PMSA	Samoa	Holding company	-	USD 39,673	-	-	-	USD 12,772	USD 12,772	(Note 5)
ADTCM	ADTHLD	Cayman Islands	Holding company	USD 2,700	USD 2,700	2,700	19.29%	USD 811	USD (5,996)	USD (1,156)	Subsidiary

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		September 30, 2022			Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
				September 30, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)			
ADPNL	ADPUS	United States	Sales and sales support of display	USD 1,500	USD 1,500	1	100.00%	USD 1,604	USD 38	USD 38	Subsidiary
ADPNL	ADPJP	Japan	Sales and sales support of display	USD 508	USD 508	1	100.00%	USD 401	USD 48	USD 48	Subsidiary
ADPNL	RVI	Canada	Design, sales and sales support of digital signage content management system	USD 26,975	-	28,775	100.00%	USD 26,922	USD (1,224)	USD (150)	Subsidiary
ADPNL	RVU	United States	Design and sales support of digital signage content management system	USD 198	-	1	100.00%	USD 203	USD 207	USD 5	Subsidiary
ADTHLD	ADTSG	Singapore	Holding company, and sales of software and hardware integration system relating to intelligent manufacturing and software development	USD 12,300	USD 12,300	12,300	100.00%	USD 2,531	USD (6,003)	USD (6,003)	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 1,080	USD 1,080	3,000	100.00%	USD 54	USD (802)	USD (802)	Subsidiary
M.Setek	Ichijo Seisakusyo Co., Ltd.	Japan	Manufacturing of semiconductor 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 27,517	USD (8)	USD (8)	Subsidiary
CQHLD	CQUK	United Kingdom	Sales and sales support of content management system	GBP 1,874	GBP 1,874	-	100.00%	GBP 74	GBP (1)	GBP (1)	Subsidiary
CQHLD	CQUS	United States	Sales of content management system and hardware	GBP 19,948	GBP 19,948	13	100.00%	GBP 12,130	GBP (171)	GBP (171)	Subsidiary
CQHLD	CQCA	Canada	Research and development of content management system	GBP 798	GBP 798	-	100.00%	GBP 775	GBP 103	GBP 103	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 1,560	USD 19	USD 19	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 6,729	USD (490)	USD (490)	Subsidiary

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

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

Note 3: The carrying amount includes accumulated impairment loss.

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

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

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

AUO CORPORATION AND SUBSIDIARIES
Information on Investment in Mainland China
For the nine months ended September 30, 2022
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 10

1. AUO :

(1) Related information on investment in Mainland China

Investee Company	Main Activities	Total Amount of Paid-in Capital (Note 2)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2022 (Note 2)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2022 (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 September 30, 2022 (Note 2)	Accumulated Inward Remittance of Earnings as of September 30, 2022	Note
					Outflow	Inflow							
ACTSZ	Design, development and sales of software and hardware for health care industry	112,188	(Note 1)	-	-	-	-	(36,668)	100%	(36,668)	(9,125)	-	
ADTSZ	Business management consulting and services of technology promotion and application	286,623	(Note 1)	286,623	-	-	286,623	(154,371)	100%	(154,371)	6,105	-	
AETSD	Planning, design and development of construction project for environmental protection and related project management	8,975	(Note 1)	-	-	-	-	(3)	100%	(3)	2,473	-	
AETSZ	Planning, design and development of construction project for environmental protection and related project management	53,850	(Note 1)	-	-	-	-	13,174	100%	13,174	34,322	-	
AMISZ	Development, sales and licensing of software and hardware relating to intelligent manufacturing, and related consulting services	134,625	(Note 1)	-	-	-	-	(50,944)	100%	(50,944)	(24,759)	-	
AMIXM	Sales of software and hardware relating to intelligent manufacturing, and related consulting services	22,438	(Note 1)	-	-	-	-	(12,907)	100%	(12,907)	(3,142)	-	
ATISZ	Design and sales of software and hardware integration system and equipment relating to intelligent manufacturing	44,875	(Note 1)	-	-	-	-	(43,074)	100%	(43,074)	(26,566)	-	
AUOKS	Manufacturing and sales of TFT-LCD panels	30,604,967	(Note 1)	35,512,908	-	-	35,512,908	2,261,424	100%	2,261,424	18,153,130	-	

Investee Company	Main Activities	Total Amount of Paid-in Capital (Note 2)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2022 (Note 2)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2022 (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 September 30, 2022 (Note 2)	Accumulated Inward Remittance of Earnings as of September 30, 2022	Note
					Outflow	Inflow							
AUOSH	Sales support of TFT-LCD panels	477,705	(Note 1)	31,847	-	-	31,847	(7,324)	100%	(7,324)	313,168	-	
AUOSJ	Manufacturing and assembly of TFT-LCD modules; leasing	3,439,476	(Note 1)	2,547,760	-	-	2,547,760	106,203	100%	94,580	3,723,240	-	
AUOSZ	Manufacturing, assembly and sales of TFT-LCD modules	14,840,702	(Note 1)	6,369,400	-	-	6,369,400	802,395	100%	723,604	19,114,011	-	
AUOXM	Manufacturing, assembly and sales of TFT-LCD modules	14,458,538	(Note 1)	7,961,750	-	-	7,961,750	1,019,429	100%	1,019,429	15,843,549	-	
BVHF	Manufacturing and sale of liquid crystal products and related parts	-	(Note 1)	-	-	-	-	12,857	-	12,857	-	-	Notes 6&7
BVXM	Manufacturing and sales of liquid crystal products and related parts; leasing	2,692,500	(Note 1)	-	-	-	-	19,195	100%	19,195	1,385,969	-	

(2) Upper limit on investment in Mainland China

Accumulated Investment in Mainland China as of June 30, 2022 (Note 2)	Investment Amounts Authorized by Investment Commission, MOEA (Note 2)	Upper Limit on Investment Stipulated by Investment Commission, MOEA (Note 3)
52,710,288 (USD1,655,110)	83,969,990 (USD1,702,948 and HKD60,000 and CNY6,572,210)	121,600,460

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 and inclusive of the amortization of differences between the investment cost and the entity's share of the net value of investee as well as the effect of upstream and sidestream transactions.

Note 5: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the average exchange rates for the nine months ended September 30, 2022.

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

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

2. DPTW and ADP:

(1) Related information on investment in Mainland China

Investee Company	Main Activities	Total Amount of Paid-in Capital (Note 4)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2022 (Note 4)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2022 (Note 4)	Net Income (Loss) of Investee (Notes 2 and 6)	% Ownership through Direct or Indirect Investment	Investor's Share of Profit (Loss) of Investee (Notes 2 and 6)	Carrying Amount of the Investment as of September 30, 2022 (Note 4)	Accumulated Inward Remittance of Earnings as of September 30, 2022 (Note 4)	Note
					Outflow	Inflow							
ADPSZ	Sales and sales support of display	63,694	(Note 1(1))	23,885	39,809	-	63,694	8,847	100%	8,847	71,098	-	
BVHF	Manufacturing and sale of liquid crystal products and related parts	-	(Note 1(2))	509,552	-	-	509,552	12,857	-	12,857	-	-	Notes 5 & 11
DPSZ	Manufacturing and sale of backlight modules and related parts	796,175	(Note 1(2))	477,705	-	-	477,705	111,853	100%	111,853	1,337,425	1,860,936	Note 9
DPXM	Manufacturing and sale of backlight modules and related parts	2,229,290	(Note 1(2))	2,229,290	-	-	2,229,290	(14,062)	100%	(14,062)	4,243,131	2,002,990	
FHWJ	Manufacturing and sale of backlight modules and related parts	207,006	(Note 1(2))	261,145	-	-	261,145	8,432	100%	8,432	63,998	-	
FPWJ	Manufacturing, sales and trading of precision plastic parts	923,563	(Note 1(2))	605,093	-	-	605,093	14,662	100%	14,662	733,730	-	Note 8
FTKS	Manufacturing and sale of backlight modules and related parts	-	(Note 1(2))	1,146,492	-	(1,146,492)	-	7,730	-	7,730	-	433,589	Note 10
FTWJ	Manufacturing and sale of backlight modules and related parts	1,114,645	(Note 1(2))	207,006	-	-	207,006	(286,830)	100%	(286,830)	1,267,998	448,232	Note 7
Talenda	Manufacturing of electronic components	67,313	(Note 1(2))	-	-	-	-	212	51%	108	34,439	-	

(2) Upper limit on investment in Mainland China

Entity	Accumulated Investment in Mainland China as of September 30, 2022 (Note 4)	Investment Amounts Authorized by the Investment Commission, MOEA (Note 4)	Upper Limit on Investment Stipulated by the Investment Commission, MOEA (Note 3)
DPTW	4,289,791 (USD134,700)	3,261,988 (USD102,427)	5,425,218
ADP	63,694 (USD2,000)	159,235 (USD5,000)	2,090,833

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: BVHF is 100% owned by BVLB, a jointly-owned subsidiary of AUO and DPTW. Accordingly, the share of profit (loss) of investee and the carrying amount of the investment as of September 30, 2022 disclosed in the table are presented based on 100% held.

Note 6: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the average exchange rates for the nine months ended September 30, 2022.

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

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

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

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

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