

AU OPTRONICS CORP. AND SUBSIDIARIES

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 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 AU Optronics Corp.:

Introduction

We have reviewed the accompanying consolidated balance sheets of AU Optronics Corp. and its subsidiaries (“the Company”) as of March 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 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 March 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 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)

April 25, 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 March 31, 2022 and 2021

AU OPTRONICS CORP. AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2022, December 31, 2021, and March 31, 2021

(Expressed in thousands of New Taiwan dollars)

Assets		March 31, 2022		December 31, 2021		March 31, 2021		Liabilities and Equity		March 31, 2022		December 31, 2021		March 31, 2021	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (Note 6(1))	\$ 90,131,838	21	79,944,686	19	103,783,772	24	2100	Short-term borrowings (Note 6(14))	\$ 52,100	-	45,324	-	257,000	-
1110	Financial assets at fair value through profit or loss – current (Note 6(2))	44,153	-	159,270	-	53,246	-	2120	Financial liabilities at fair value through profit or loss – current (Note 6(2))	598,843	-	132,797	-	137,673	-
1136	Financial assets at amortized cost – current (Note 6(4))	10,257,598	3	10,000,000	2	-	-	2170	Notes and accounts payable	54,139,611	13	54,574,143	13	48,218,265	11
1170	Notes and accounts receivable, net (Note 6(5))	50,208,421	12	59,093,573	14	51,286,118	12	2180	Accounts payable to related parties (Note 7)	9,037,566	2	8,825,361	2	7,591,570	2
1180	Accounts receivable from related parties, net (Notes 6(5)&7)	1,658,378	-	2,479,395	1	2,096,758	-	2213	Equipment and construction payable (Note 7)	4,762,292	1	4,317,199	1	3,043,797	1
1210	Other receivables from related parties (Note 7)	1,654,610	-	20,699	-	1,609	-	2220	Other payables to related parties (Note 7)	39,726	-	72,411	-	19,406	-
1220	Current tax assets	87,303	-	60,802	-	142,629	-	2230	Current tax liabilities	2,266,711	1	2,607,235	1	2,045,349	1
130X	Inventories (Note 6(6))	37,803,024	9	34,489,088	8	29,069,799	7	2250	Provisions – current (Note 6(16))	873,785	-	942,290	-	633,005	-
1460	Noncurrent assets held for sale (Note 6(9))	-	-	-	-	150,566	-	2280	Lease liabilities – current (Note 6(10))	553,339	-	534,706	-	547,079	-
1476	Other current financial assets (Notes 6(9),(20)&8)	1,386,574	-	2,186,682	-	777,960	-	2399	Other current liabilities (Notes 6(18),(20)&(21))	40,716,239	9	34,869,439	8	23,144,039	5
1479	Other current assets (Note 6(13))	4,565,260	1	3,592,203	1	3,913,091	1	2322	Current installments of long-term borrowings (Notes 6(15)&8)	13,652,805	3	16,833,597	4	23,200,766	5
		<u>197,797,159</u>	<u>46</u>	<u>192,026,398</u>	<u>45</u>	<u>191,275,548</u>	<u>44</u>			<u>126,693,017</u>	<u>29</u>	<u>123,754,502</u>	<u>29</u>	<u>108,837,949</u>	<u>25</u>
Noncurrent assets:								Noncurrent liabilities:							
1517	Financial assets at fair value through other comprehensive income – noncurrent (Note 6(3))	1,439,725	-	1,308,157	-	647,240	-	2527	Contract liabilities – noncurrent (Note 6(20))	8,114,774	2	8,739,846	2	10,170,780	2
1550	Investments in equity-accounted investees (Notes 6(7)&7)	24,537,393	6	25,447,133	6	22,074,442	5	2540	Long-term borrowings, excluding current installments (Notes 6(15)&8)	44,940,317	11	37,821,267	9	92,134,378	22
1600	Property, plant and equipment (Notes 6(9),7&8)	173,755,627	40	171,222,045	40	181,360,441	42	2550	Provisions – noncurrent (Note 6(16))	912,943	-	946,018	-	1,028,342	-
1755	Right-of-use assets (Notes 6(10)&8)	10,348,591	2	10,638,373	3	11,147,287	3	2570	Deferred tax liabilities	4,721,576	1	4,224,720	1	3,178,108	1
1760	Investment property (Note 6(11))	1,447,629	-	1,437,692	-	1,487,157	-	2580	Lease liabilities – noncurrent (Note 6(10))	8,870,351	2	9,190,535	2	9,594,717	2
1780	Intangible assets (Note 6(12))	11,717,744	3	11,756,955	3	12,829,129	3	2600	Other noncurrent liabilities	1,907,675	-	2,167,687	1	2,089,293	1
1840	Deferred tax assets	6,459,648	2	6,466,588	2	6,014,930	2		Total liabilities	<u>196,160,653</u>	<u>45</u>	<u>186,844,575</u>	<u>44</u>	<u>227,033,567</u>	<u>53</u>
1900	Other noncurrent assets (Notes 6(4),(13)&8)	4,763,004	1	4,507,705	1	3,113,101	1	Equity (Note 6(18)):							
		<u>234,469,361</u>	<u>54</u>	<u>232,784,648</u>	<u>55</u>	<u>238,673,727</u>	<u>56</u>	Equity attributable to shareholders of AU Optronics Corp.:							
								3100	Common stock	96,242,451	22	96,242,451	23	96,242,451	22
								3200	Capital surplus	60,558,041	14	60,057,001	14	60,303,118	14
								3300	Retained earnings	76,265,867	18	80,669,998	19	38,824,348	9
								3400	Other components of equity	(2,853,054)	(1)	(4,743,182)	(1)	(3,273,719)	(1)
								3500	Treasury shares	(392,369)	-	(439,228)	-	(981,164)	-
										<u>229,820,936</u>	<u>53</u>	<u>231,787,040</u>	<u>55</u>	<u>191,115,034</u>	<u>44</u>
								Non-controlling interests							
								36XX	Non-controlling interests	6,284,931	2	6,179,431	1	11,800,674	3
									Total equity	<u>236,105,867</u>	<u>55</u>	<u>237,966,471</u>	<u>56</u>	<u>202,915,708</u>	<u>47</u>
Total Assets		<u>\$ 432,266,520</u>	<u>100</u>	<u>424,811,046</u>	<u>100</u>	<u>429,949,275</u>	<u>100</u>	Total Liabilities and Equity		<u>\$ 432,266,520</u>	<u>100</u>	<u>424,811,046</u>	<u>100</u>	<u>429,949,275</u>	<u>100</u>

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

AU OPTRONICS CORP. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the Three Months Ended March 31, 2022 and 2021

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

		Three Months Ended March 31,			
		2022		2021	
		Amount	%	Amount	%
4110	Revenue	\$ 82,386,393	101	83,340,113	101
4190	Less: sales return and discount	858,531	1	399,494	1
	Net revenue (Notes 6(20)&7)	81,527,862	100	82,940,619	100
5000	Cost of sales (Notes 6(6),(10),(17),(21),(22)&7)	69,833,645	86	64,677,786	78
	Gross profit	11,694,217	14	18,262,833	22
	Operating expenses (Notes 6(10),(17),(19),(21),(22)&7):				
6100	Selling and distribution expenses	1,215,449	2	1,099,988	1
6200	General and administrative expenses	1,972,906	2	2,255,552	3
6300	Research and development expenses	3,207,665	4	2,889,068	4
	Total operating expenses	6,396,020	8	6,244,608	8
	Profit from operations	5,298,197	6	12,018,225	14
	Non-operating income and expenses:				
7100	Interest income (Note 6(23))	112,359	-	105,582	-
7010	Other income (Notes 6(10),(23)&7)	481,981	1	302,772	-
7020	Other gains and losses (Notes 6(7)&(23))	138,212	-	570,586	1
7050	Finance costs (Notes 6(9)&(23))	(398,563)	-	(669,170)	(1)
7060	Share of profit of equity-accounted investees (Note 6(7))	382,406	-	302,803	1
	Total non-operating income and expenses	716,395	1	612,573	1
7900	Profit before income tax	6,014,592	7	12,630,798	15
7950	Less: income tax expense (Note 6(24))	839,963	1	789,283	1
8200	Profit for the period	5,174,629	6	11,841,515	14
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	(13,428)	-	(13,437)	-
8320	Equity-accounted investees – share of other comprehensive income	(493,874)	(1)	321,538	1
8349	Related tax	-	-	-	-
		(507,302)	(1)	308,101	1
8360	Items that are or may be reclassified subsequently to profit or loss				
8361	Foreign operations – foreign currency translation differences	2,589,992	4	(624,691)	(1)
8370	Equity-accounted investees – share of other comprehensive income	408,884	1	127,110	-
8399	Related tax	(525,818)	(1)	90,960	-
		2,473,058	4	(406,621)	(1)
8300	Other comprehensive income (loss), net of tax	1,965,756	3	(98,520)	-
8500	Total comprehensive income for the period	\$ 7,140,385	9	11,742,995	14
	Profit (loss) attributable to:				
8610	Shareholders of AU Optronics Corp.	\$ 5,164,376	6	11,834,091	14
8620	Non-controlling interests	10,253	-	7,424	-
		\$ 5,174,629	6	11,841,515	14
	Total comprehensive income (loss) attributable to:				
8710	Shareholders of AU Optronics Corp.	\$ 7,061,821	9	11,815,124	14
8720	Non-controlling interests	78,564	-	(72,129)	-
		\$ 7,140,385	9	11,742,995	14
	Earnings per share (NT\$, Note 6(25))				
9750	Basic earnings per share	\$	0.54	\$	1.25
9850	Diluted earnings per share	\$	0.52	\$	1.24

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

AU OPTRONICS CORP. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the Three Months Ended March 31, 2022 and 2021
(Expressed in thousands of New Taiwan dollars)

Equity Attributable to Shareholders of AU Optronics Corp.

	Retained Earnings						Other Components of Equity			Equity Attributable to Shareholders of AU Optronics Corp.	Non-controlling Interests	Total Equity	
	Capital Stock Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Subtotal	Cumulative Translation Differences	Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income	Subtotal				Treasury Shares
Balance at January 1, 2021	\$ 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:													
Cash dividends distributed to shareholders	-	-	-	-	(2,850,967)	(2,850,967)	-	-	-	-	(2,850,967)	-	(2,850,967)
Profit for the period	-	-	-	-	11,834,091	11,834,091	-	-	-	-	11,834,091	7,424	11,841,515
Other comprehensive income (loss), net of tax	-	-	-	-	(721)	(721)	(327,068)	308,822	(18,246)	-	(18,967)	(79,553)	(98,520)
Total comprehensive income (loss) for the period	-	-	-	-	11,833,370	11,833,370	(327,068)	308,822	(18,246)	-	11,815,124	(72,129)	11,742,995
Changes in deemed contributions from shareholders	-	(10)	-	-	-	-	-	-	-	-	(10)	-	(10)
Adjustments for changes in investees' equity	-	(323,592)	-	-	(401,507)	(401,507)	-	-	-	-	(725,099)	-	(725,099)
Share-based payments	-	39,036	-	-	-	-	-	-	-	32,259	71,295	-	71,295
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	887,129	887,129
Disposal of equity investments measured at fair value through other comprehensive income	-	-	-	-	(14,830)	(14,830)	-	14,830	14,830	-	-	-	-
Balance at March 31, 2021	\$ 96,242,451	60,303,118	7,691,688	2,005,384	29,127,276	38,824,348	(3,533,588)	259,869	(3,273,719)	(981,164)	191,115,034	11,800,674	202,915,708
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:													
Cash dividends distributed to shareholders	-	-	-	-	(9,575,824)	(9,575,824)	-	-	-	-	(9,575,824)	-	(9,575,824)
Profit for the period	-	-	-	-	5,164,376	5,164,376	-	-	-	-	5,164,376	10,253	5,174,629
Other comprehensive income (loss), net of tax	-	-	-	-	(13,104)	(13,104)	2,404,747	(494,198)	1,910,549	-	1,897,445	68,311	1,965,756
Total comprehensive income (loss) for the period	-	-	-	-	5,151,272	5,151,272	2,404,747	(494,198)	1,910,549	-	7,061,821	78,564	7,140,385
Changes in deemed contributions from shareholders	-	(39)	-	-	-	-	-	-	-	-	(39)	-	(39)
Adjustments for changes in investees' equity	-	428,476	-	-	-	-	-	-	-	-	428,476	-	428,476
Share-based payments	-	72,603	-	-	-	-	-	-	-	46,859	119,462	1,936	121,398
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	25,000	25,000
Disposal of equity investments measured at fair value through other comprehensive income	-	-	-	-	20,421	20,421	-	(20,421)	(20,421)	-	-	-	-
Balance at March 31, 2022	\$ 96,242,451	60,558,041	8,427,144	3,270,303	64,568,420	76,265,867	(2,468,826)	(384,228)	(2,853,054)	(392,369)	229,820,936	6,284,931	236,105,867

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

AU OPTRONICS CORP. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the Three Months Ended March 31, 2022 and 2021

(Expressed in thousands of New Taiwan dollars)

	Three Months Ended March 31,	
	2022	2021
Cash flows from operating activities:		
Profit before income tax	\$ 6,014,592	12,630,798
Adjustments for:		
- depreciation	7,953,967	8,534,645
- amortization	51,618	51,632
- losses on financial instruments at fair value through profit or loss	581,164	24,811
- interest expense	314,560	650,591
- interest income	(112,359)	(105,582)
- compensation costs of share-based payments	74,700	39,133
- share of profit of equity-accounted investees	(382,406)	(302,803)
- losses (gains) on disposals of property, plant and equipment	(6,221)	500
- gains on disposals of investments	-	(886,583)
- unrealized foreign currency exchange gains	(387,954)	(238,647)
- others	(48,891)	33,622
Changes in operating assets and liabilities:		
- notes and accounts receivable	10,906,441	(3,721,066)
- receivables from related parties	823,174	598
- inventories	(3,325,028)	(2,319,930)
- other operating assets	(495,933)	(973,067)
- contract liabilities	(79,690)	10,580,853
- notes and accounts payable	(2,131,001)	(1,743,641)
- payables to related parties	179,520	277,426
- net defined benefit asset	182	(19,081)
- provisions	(124,261)	(132,993)
- other operating liabilities	(4,380,063)	(695,516)
Cash generated from operations	15,426,111	21,685,700
Interest received	111,616	102,676
Interest paid	(550,858)	(634,920)
Income taxes paid	(1,264,088)	(159,059)
Net cash provided by operating activities	13,722,781	20,994,397

(Continued)

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

AU OPTRONICS CORP. AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Continued)
For the Three Months Ended March 31, 2022 and 2021
(Expressed in thousands of New Taiwan dollars)

	Three Months Ended March 31,	
	2022	2021
Cash flows from investing activities:		
Disposals of financial assets at fair value through profit or loss	-	556,338
Acquisitions of financial assets at fair value through other comprehensive income	(142,765)	(298,259)
Acquisitions of financial assets at amortized cost	(588,685)	(260,844)
Acquisitions of equity-accounted investees	-	(1,946,963)
Disposals of equity-accounted investees	-	61,750
Acquisitions of property, plant and equipment	(8,386,510)	(3,300,496)
Disposals of property, plant and equipment	532,682	4,317
Decrease in refundable deposits	39,817	34,541
Decrease (increase) in other financial assets	13,640	(10,987)
Net cash inflow arising from acquisition of subsidiaries	-	227,701
Net cash used in investing activities	(8,531,821)	(4,932,902)
Cash flows from financing activities:		
Proceeds from short-term borrowings	52,000	929,299
Repayments of short-term borrowings	(46,897)	(872,299)
Proceeds from long-term borrowings	20,118,000	231,000
Repayments of long-term borrowings	(16,569,469)	(2,570,154)
Payment of lease liabilities	(136,059)	(147,410)
Increase (decrease) in received guarantee deposits	(416)	17,114
Treasury shares sold to employees	46,718	32,162
Net change of non-controlling interests	25,000	-
Others	(39)	(10)
Net cash provided by (used in) financing activities	3,488,838	(2,380,298)
Effect of exchange rate change on cash and cash equivalents	1,507,354	(172,112)
Net increase in cash and cash equivalents	10,187,152	13,509,085
Cash and cash equivalents at January 1	79,944,686	90,274,687
Cash and cash equivalents at March 31	\$ 90,131,838	103,783,772

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 as of March 31, 2022 and 2021

AU OPTRONICS CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the Three Months Ended March 31, 2022 and 2021

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

1. Organization

AU Optronics Corp. (“AUO”) 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 April 25, 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.

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

- (2) 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 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*

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.

- (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.

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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

Name of Investor	Name of Subsidiary	Main Activities and Location	Percentage of Ownership (%)		
			March 31, 2022	December 31, 2021	March 31, 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)	Renewable energy power generation (Taiwan ROC)	100.00	100.00	100.00
AUO	AUO Health Corporation (AHTW)	Manufacturing, development and sales company (Taiwan ROC)	100.00	100.00	100.00
AUO	AUO Digitech (CAYMAN) Limited (ADTCM)	Holding company (Cayman Islands)	100.00	100.00	100.00
AUO	AUO Care Inc. (ACTTW)	Intelligent health care services (Taiwan ROC)	100.00	100.00	100.00 ⁽¹⁾
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

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Main Activities and Location	Percentage of Ownership (%)		
			March 31, 2022	December 31, 2021	March 31, 2021
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)	75.00 ⁽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 company (Singapore)	100.00	100.00	100.00
ADTSG	AUO Digitech (Suzhou) Co., Ltd. (ADTSZ)	Business management 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
AUOLB	AU Optronics (Czech) s.r.o. (AUCZ) ⁽⁴⁾	Assembly activities (Czech Republic)	-	-	100.00
AUOLB	AU Optronics (Shanghai) Co., Ltd. (AUSH)	Sales support activities (PRC)	100.00	100.00	100.00

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Main Activities and Location	Percentage of Ownership (%)		
			March 31, 2022	December 31, 2021	March 31, 2021
AUOLB	AU Optronics (Xiamen) Corp. (AUXM)	Manufacturing and sales company (PRC)	100.00	100.00	100.00
AUOLB	AU Optronics (Suzhou) Corp., Ltd. (AUSZ)	Manufacturing and sales company (PRC)	100.00	100.00	100.00
AUOLB	AU Optronics Manufacturing (Shanghai) Corp. (AUSJ)	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 ⁽⁷⁾	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 ⁽¹⁾	-
ADP	AUO Display Plus Netherlands B.V. (ADPNL) ⁽⁵⁾	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
ADPNL	AUO Display Plus Japan Corp. (ADPJP)	Sales and sales support activities (Japan)	100.00	100.00	100.00

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Main Activities and Location	Percentage of Ownership (%)		
			March 31, 2022	December 31, 2021	March 31, 2021
AUXM	BriView (Xiamen) Corp. (BVXM)	Manufacturing, sales and leasing activities (PRC)	100.00	100.00	100.00
AUSH	AUO Care Information Tech. (Suzhou) Co., Ltd. (ACTSZ)	Intelligent health care services (PRC)	100.00	100.00	100.00
AUSH	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 ⁽¹⁾	-
ADTSZ	Edgetech Data Technologies (Suzhou) Corp., Ltd. (ATISZ) ⁽⁶⁾	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.) ⁽⁶⁾	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
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

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Main Activities and Location	Percentage of Ownership (%)		
			March 31, 2022	December 31, 2021	March 31, 2021
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)	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)	Manufacturing and sales company (PRC)	100.00	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.

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

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

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 4: As of March 31, 2022, AUCZ, FTKS, PMSA and DPSK have completed liquidation. The liquidation of ACMK is still in process.

Note 5: As part of a business restructuring, AUOSG sold all its shareholdings in ADPNL to ADP in January 2021.

Note 6: As part of a business restructuring, AUSH sold all its shareholdings in ATISZ and AMISZ to ADTSZ in January 2021.

Note 7: 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.

(3) Employee benefits

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

(4) Income taxes

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

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

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

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

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

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

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.

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
Cash on hand, demand deposits and checking accounts	\$ 62,247,796	48,949,652	58,087,969
Time deposits	<u>27,884,042</u>	<u>30,995,034</u>	<u>45,695,803</u>
	<u>\$ 90,131,838</u>	<u>79,944,686</u>	<u>103,783,772</u>

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

As at March 31, 2022, December 31, 2021, and March 31, 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>March 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
Financial assets mandatorily measured at FVTPL:			
Foreign currency forward contracts	\$ <u>44,153</u>	<u>159,270</u>	<u>53,246</u>
Financial liabilities held for trading:			
Foreign currency forward contracts	\$ <u>598,843</u>	<u>132,797</u>	<u>137,673</u>

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

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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

March 31, 2022		
Contract item	Maturity date	Contract amount
Sell USD / Buy NTD	Apr. 2022~Jun. 2022	USD 821,900 / NTD 23,116,643
Sell USD / Buy JPY	Apr. 2022~Jun. 2022	USD 142,500 / JPY 16,739,970
Sell USD / Buy CNY	Apr. 2022~Sep. 2022	USD 131,500 / CNY 840,852
Sell USD / Buy SGD	Apr. 2022~May 2022	USD 30,753 / SGD 41,390
Sell NTD / Buy USD	Apr. 2022	NTD 57,174 / USD 2,000
Sell NTD / Buy JPY	Apr. 2022	NTD 118,100 / JPY 500,000
Sell JPY / Buy NTD	Apr. 2022	JPY 750,000 / NTD 181,500
Sell CNY / Buy USD	Jun. 2022~Sep. 2022	CNY 3,250,000 / USD 507,915
Sell EUR / Buy JPY	May 2022~Jun. 2022	EUR 8,000 / JPY 1,047,360
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
March 31, 2021		
Contract item	Maturity date	Contract amount
Sell USD / Buy NTD	Apr. 2021~May 2021	USD 604,900 / NTD 17,183,094
Sell USD / Buy JPY	Apr. 2021~May 2021	USD 79,925 / JPY 8,648,480
Sell USD / Buy CNY	Apr. 2021~Oct. 2021	USD 143,500 / CNY 947,818
Sell USD / Buy SGD	Apr. 2021~May 2021	USD 33,661 / SGD 44,850
Sell CNY / Buy USD	May 2021~Jul. 2021	CNY 1,338,356 / USD 203,933
Sell EUR / Buy JPY	Apr. 2021	EUR 3,000 / JPY 389,885
Sell EUR / Buy NTD	Apr. 2021	EUR 2,000 / NTD 67,168

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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

	March 31, 2022	December 31, 2021	March 31, 2021
Investments in equity instruments at FVTOCI:			
Equity securities – listed stocks	\$ 278,514	149,177	117,236
Equity securities – non-listed stocks	<u>1,161,211</u>	<u>1,158,980</u>	<u>530,004</u>
	<u>\$ 1,439,725</u>	<u>1,308,157</u>	<u>647,240</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

	March 31, 2022	December 31, 2021	March 31, 2021
Domestic and foreign time deposits	\$ 11,313,881	10,706,340	261,792
Less: current	<u>(10,257,598)</u>	<u>(10,000,000)</u>	<u>-</u>
Noncurrent (recognized in other noncurrent assets)	<u>\$ 1,056,283</u>	<u>706,340</u>	<u>261,792</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 March 31, 2022, December 31, 2021, and March 31, 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)

	March 31, 2022	December 31, 2021	March 31, 2021
Notes receivable	\$ 48,275	80,584	85,996
Accounts receivable	51,833,142	61,508,437	53,315,214
Less: loss allowance	<u>(14,618)</u>	<u>(16,053)</u>	<u>(18,334)</u>
	<u>\$ 51,866,799</u>	<u>61,572,968</u>	<u>53,382,876</u>
Notes and accounts receivable, net	<u>\$ 50,208,421</u>	<u>59,093,573</u>	<u>51,286,118</u>
Accounts receivable from related parties, net	<u>\$ 1,658,378</u>	<u>2,479,395</u>	<u>2,096,758</u>

(Continued)

AU OPTRONICS CORP. 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:

	March 31, 2022		
	Carrying amount of notes and accounts receivable	Weighted- average loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 49,498,070	0.00%	84
Past due less than 60 days	2,214,963	0.01%	117
Past due 61~180 days	153,283	0.00%	6
Past due over 180 days	690	0.00%	-
	<u>\$ 51,867,006</u>		<u>207</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	3,749	0.00%	-
	<u>\$ 61,573,453</u>		<u>485</u>
	March 31, 2021		
	Carrying amount of notes and accounts receivable	Weighted- average loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 52,091,001	0.00%	93
Past due less than 60 days	1,279,680	0.00%	58
Past due 61~180 days	10,645	0.03%	3
Past due over 180 days	3,134	45.64%	1,430
	<u>\$ 53,384,460</u>		<u>1,584</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 \$14,411 thousand, \$15,568 thousand and \$16,750 thousand as of March 31, 2022, December 31, 2021, and March 31, 2021, respectively.

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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

	Three Months Ended	
	March 31,	
	2022	2021
Balance at beginning of the period	\$ 16,053	19,516
Reversals charged against expense	(1,507)	(1,140)
Effect of changes in foreign currency exchange rates	72	(42)
Balance at end of the period	<u><u>\$ 14,618</u></u>	<u><u>18,334</u></u>

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

(6) Inventories

	March 31,	December 31,	March 31,
	2022	2021	2021
Finished goods	\$ 13,328,179	12,141,844	9,277,890
Work-in-progress	13,433,788	12,683,485	11,698,316
Raw materials	11,041,057	9,663,759	8,093,593
	<u><u>\$ 37,803,024</u></u>	<u><u>34,489,088</u></u>	<u><u>29,069,799</u></u>

For the three months ended March 31, 2022 and 2021, the amounts recognized as cost of sales in relation to inventories were \$69,833,645 thousand and \$64,677,786 thousand, respectively. The net of provisions for inventories written down to net realizable value, which were also included in cost of sales, amounted to \$466,945 thousand and \$212,798 thousand for the three months ended March 31, 2022 and 2021, respectively.

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

(7) Investments in Equity-accounted Investees

	March 31,	December 31,	March 31,
	2022	2021	2021
Associates	\$ 24,468,037	25,375,636	21,886,795
Joint ventures	69,356	71,497	187,647
	<u><u>\$ 24,537,393</u></u>	<u><u>25,447,133</u></u>	<u><u>22,074,442</u></u>

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

a. Associates

	March 31, 2022	December 31, 2021	March 31, 2021
Qisda Corporation (“Qisda”)	\$ 11,448,782	12,424,480	11,480,048
Ennostar Inc. (“Ennostar”)	5,319,640	5,358,394	4,581,934
ADLINK Technology Inc. (“ADLINK”)	2,583,980	2,593,701	2,326,650
Star Shining Energy Corporation. (“SSEC”)	2,371,280	2,353,520	1,697,635
Raydium Semiconductor Corporation (“Raydium”)	1,858,708	1,800,034	942,805
Daxin Materials Corp. (“Daxin”)	799,694	759,245	758,029
Others	<u>85,953</u>	<u>86,262</u>	<u>99,694</u>
	<u>\$ 24,468,037</u>	<u>25,375,636</u>	<u>21,886,795</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 March 31,	
	2022	2021
The Company’s share of associates’:		
Profit	\$ 384,547	300,891
Other comprehensive income (loss)	<u>(84,990)</u>	<u>448,648</u>
Total comprehensive income (loss)	<u>\$ 299,557</u>	<u>749,539</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.

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.

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

In connection with the Company's operational strategy, the Company continually increased its shareholdings in Qisda, Ennostar and ADLINK with total investments of \$1,946,963 thousand for the three months ended March 31, 2021, respectively.

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	
	March 31,	
	2022	2021
The Company's share of joint ventures':		
Profit (loss)	\$ (2,141)	1,912
Other comprehensive income (loss)	-	-
Total comprehensive income (loss)	\$ (2,141)	1,912

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

(8) Acquisition of subsidiaries

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 of identifiable assets acquired and liabilities assumed:	Fair value
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

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(9) Property, Plant and Equipment

	Three Months Ended March 31, 2022				
	Balance, Beginning of Period	Additions	Disposal or write off	Reclassification, effect of change in exchange rate and others	Balance, End of Period
Cost:					
Land	\$ 8,763,260	-	-	(5,285)	8,757,975
Buildings	117,475,024	4,149	-	951,550	118,430,723
Machinery and equipment	832,882,543	208,029	(1,129,695)	7,557,375	839,518,252
Other equipment	37,174,884	1,157,561	(792,684)	899,023	38,438,784
	<u>996,295,711</u>	<u>1,369,739</u>	<u>(1,922,379)</u>	<u>9,402,663</u>	<u>1,005,145,734</u>
Accumulated depreciation and impairment loss:					
Buildings	42,819,944	693,581	-	487,682	44,001,207
Machinery and equipment	758,531,143	5,756,466	(1,118,246)	3,316,789	766,486,152
Other equipment	29,723,444	1,335,586	(787,196)	266,258	30,538,092
	<u>831,074,531</u>	<u>7,785,633</u>	<u>(1,905,442)</u>	<u>4,070,729</u>	<u>841,025,451</u>
Prepayments for purchase of land and equipment, and construction in progress	6,000,865	7,384,023	-	(3,749,544)	9,635,344
Net carrying amounts	<u>\$ 171,222,045</u>				<u>173,755,627</u>

	Three Months Ended March 31, 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	-	-	-	(17,934)	8,840,233
Buildings	120,107,200	-	5,569	-	(714,920)	119,397,849
Machinery and equipment	834,855,721	2,107,168	233,988	(920,127)	(465,059)	835,811,691
Other equipment	38,159,878	-	990,849	(1,058,978)	170,477	38,262,226
	<u>1,001,980,966</u>	<u>2,107,168</u>	<u>1,230,406</u>	<u>(1,979,105)</u>	<u>(1,027,436)</u>	<u>1,002,311,999</u>
Accumulated depreciation and impairment loss:						
Buildings	42,027,956	-	723,139	-	(444,519)	42,306,576
Machinery and equipment	745,962,397	-	6,168,100	(916,832)	(1,024,317)	750,189,348
Other equipment	30,065,978	-	1,460,736	(1,057,457)	(63,805)	30,405,452
	<u>818,056,331</u>	<u>-</u>	<u>8,351,975</u>	<u>(1,974,289)</u>	<u>(1,532,641)</u>	<u>822,901,376</u>
Prepayments for purchase of land and equipment, and construction in progress	1,555,481	-	1,450,834	-	(1,056,497)	1,949,818
Net carrying amounts	<u>\$ 185,480,116</u>					<u>181,360,441</u>

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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

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

Except for the aforementioned transactions, there was no significant change in the Company's property, plant and equipment for the three months ended March 31, 2022 and 2021. Refer to Note 6(10) of the consolidated financial statements for the year ended December 31, 2021 for the related disclosures.

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

	Three Months Ended March 31,	
	2022	2021
Capitalized borrowing costs	\$ 15,274	4,816
The interest rates applied for the capitalization	0.90%~ 1.55%	0.80%~ 1.62%

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

(10) Lease Arrangements

a. Lessee

(i) Right-of-use assets

	March 31, 2022	December 31, 2021	March 31, 2021
Carrying amount of right-of-use assets			
Land	\$ 9,972,601	10,308,082	10,770,557
Buildings	361,014	314,517	356,500
Other equipment	14,976	15,774	20,230
	\$ 10,348,591	10,638,373	11,147,287

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	Three Months Ended		
	March 31,		
	2022	2021	
Additions to right-of-use assets	\$ 88,392	45,876	
Depreciation charge for right-of-use assets			
Land	\$ 130,810	136,497	
Buildings	36,222	44,723	
Other equipment	1,302	1,450	
	\$ 168,334	182,670	
(ii) Lease liabilities			
	March 31, 2022		
	Future minimum lease payments	Interests	Present value of minimum lease payments
Less than one year	\$ 720,987	167,648	553,339
Between one and five years	2,652,915	564,668	2,088,247
More than five years	7,802,582	1,020,478	6,782,104
	\$ 11,176,484	1,752,794	9,423,690
Lease liabilities – current			\$ 553,339
Lease liabilities – noncurrent			\$ 8,870,351
	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

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	March 31, 2021		
	Future minimum lease payments	Interests	Present value of minimum lease payments
Less than one year	\$ 727,984	180,905	547,079
Between one and five years	2,714,693	622,594	2,092,099
More than five years	8,688,857	1,186,239	7,502,618
	\$ 12,131,534	1,989,738	10,141,796
Lease liabilities – current			\$ 547,079
Lease liabilities – noncurrent			\$ 9,594,717

(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 ended March 31, 2022 and 2021, income from sublease were \$1,241 thousand and \$1,244 thousand, respectively. Right-of-use assets that meet the definition of investment properties are reclassified to investment properties. Refer to Note 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 March 31,	
	2022	2021
Expenses relating to short-term leases	\$ 4,230	17,087
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ 58	131
Variable lease payments not included in the measurement of the lease liability	\$ 437	1,247
COVID-19-related rent concessions (recognized as deduction of rent expense)	\$ -	748

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Total cash outflow for the Company's leases in which it acts as a lessee for the three months ended March 31, 2022 and 2021 were \$183,466 thousand and \$212,913 thousand, respectively.

b. Lessor

There was no significant addition in the Company's operating lease contracts for the three months ended March 31, 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

	March 31, 2022	December 31, 2021	March 31, 2021
Land	\$ 690,092	695,429	711,438
Buildings	733,649	718,768	750,904
Right-of-use assets	<u>23,888</u>	<u>23,495</u>	<u>24,815</u>
	<u>\$ 1,447,629</u>	<u>1,437,692</u>	<u>1,487,157</u>

There was no significant change in the Company's investment property for the three months ended March 31, 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 March 31, 2022, December 31, 2021, and March 31, 2021, there was no investment property that was pledged as collateral.

(12) Intangible Assets

	March 31, 2022	December 31, 2021	March 31, 2021
Goodwill	\$ 11,072,333	11,067,794	12,018,904
Patent and technology fee	448,114	488,212	624,370
Others	<u>197,297</u>	<u>200,949</u>	<u>185,855</u>
	<u>\$ 11,717,744</u>	<u>11,756,955</u>	<u>12,829,129</u>

There was no significant change in the Company's intangible assets for the three months ended March 31, 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.

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(13) Other Current Assets and Other Noncurrent Assets

	March 31, 2022	December 31, 2021	March 31, 2021
Prepayments for purchases	\$ 1,740,886	1,181,680	321,640
Refundable and overpaid business tax	1,585,845	1,156,780	1,729,195
Noncurrent financial assets at amortized cost	1,056,283	706,340	261,792
Refundable deposits	963,880	980,390	374,694
Prepayments for equipment	493,728	474,636	445,338
Others	<u>3,487,642</u>	<u>3,600,082</u>	<u>3,893,533</u>
	9,328,264	8,099,908	7,026,192
Less: current	<u>(4,565,260)</u>	<u>(3,592,203)</u>	<u>(3,913,091)</u>
Noncurrent	<u><u>\$ 4,763,004</u></u>	<u><u>4,507,705</u></u>	<u><u>3,113,101</u></u>

(14) Short-term Borrowings

	March 31, 2022	December 31, 2021	March 31, 2021
Unsecured borrowings	<u>\$ 52,100</u>	<u>45,324</u>	<u>257,000</u>
Unused credit facilities	<u>\$ 28,520,226</u>	<u>27,648,756</u>	<u>28,695,187</u>
Interest rate range	0.90%~ 1.47%	0.90%~ 1.35%	0.90%~ 1.40%

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 March 31, 2021 were as follows:

March 31, 2021			
Description	Gross amount of recognized financial assets and liabilities	Gross amount of recognized financial assets and liabilities offset in the balance sheet	Net amount of financial assets and liabilities presented in the balance sheet
Bank deposits / bank loans	<u>\$ 3,479,416</u>	<u>3,479,416</u>	<u>-</u>

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(15) Long-term Borrowings

<u>Bank or agent bank</u>	<u>Durations</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Syndicated loans:				
Bank of Taiwan and others	From Feb. 2019 to Feb. 2022	\$ -	12,000,000	42,000,000
Bank of Taiwan and others	From Mar. 2019 to Apr. 2023	600,000	4,600,000	23,000,000
Bank of Taiwan and others	From Oct. 2021 to Oct. 2025	25,500,000	9,750,000	-
Bank of Taiwan and others	From May 2017 to Apr. 2021	-	-	6,000,000
Bank of China and others	From Nov. 2015 to Nov. 2023	8,330,945	8,055,653	15,900,513
Unsecured loans	From Apr. 2017 to Dec. 2026	3,598,152	3,604,614	8,759,000
Secured loans	From Apr. 2017 to Apr. 2032	<u>20,897,675</u>	<u>17,059,917</u>	<u>19,973,117</u>
		58,926,772	55,070,184	115,632,630
Less: transaction costs		<u>(333,650)</u>	<u>(415,320)</u>	<u>(297,486)</u>
		58,593,122	54,654,864	115,335,144
Less: current portion		<u>(13,652,805)</u>	<u>(16,833,597)</u>	<u>(23,200,766)</u>
		<u>\$ 44,940,317</u>	<u>37,821,267</u>	<u>92,134,378</u>
Unused credit facilities		<u>\$ 70,717,003</u>	<u>90,379,635</u>	<u>55,287,847</u>
Interest rate range		0.75%~ 4.90%	0.75%~ 5.15%	0.80%~ 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 March 31, 2022, December 31, 2021, and March 31, 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.

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(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)	(43,733)	-	(43,733)
Usage	(40,528)	(40,000)	(80,528)
Effect of change in exchange rate	<u>832</u>	<u>21,849</u>	<u>22,681</u>
Balance at March 31, 2022	1,101,085	685,643	1,786,728
Less: current	<u>(431,828)</u>	<u>(441,957)</u>	<u>(873,785)</u>
Noncurrent	<u>\$ 669,257</u>	<u>243,686</u>	<u>912,943</u>
Balance at January 1, 2021	\$ 1,375,327	410,429	1,785,756
Additions (Reversals)	(52,198)	-	(52,198)
Usage	(80,369)	(426)	(80,795)
Effect of change in consolidated entities	-	8,555	8,555
Effect of change in exchange rate	<u>(305)</u>	<u>334</u>	<u>29</u>
Balance at March 31, 2021	1,242,455	418,892	1,661,347
Less: current	<u>(457,052)</u>	<u>(175,953)</u>	<u>(633,005)</u>
Noncurrent	<u>\$ 785,403</u>	<u>242,939</u>	<u>1,028,342</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 ended March 31, 2022 and 2021, the Company set aside \$1,429 thousand and \$1,676 thousand, respectively, of the pension costs under the defined benefit plans.

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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 ended March 31, 2022 and 2021, these companies set aside \$252,262 thousand and \$234,764 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 \$298,120 thousand and \$198,000 thousand for the three months ended March 31, 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, all amounted to \$100,000,000 thousand as at March 31, 2022, December 31, 2021, and March 31, 2021.

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

In order to adjust the capital structure for corporate transformation, on March 28, 2022, the Board of Directors of AUO resolved to conduct capital reduction and refund cash to its shareholders. Total amount of capital reduction will be \$19,248,490 thousand, which translates to 1,924,849 thousand cancelled shares. The capital reduction percentage is approximately 20%. After the approval of this capital reduction from the shareholders' meeting and the relevant authorities, the Chairman will be authorized to determine the record dates of the capital reduction and replacement of shares.

As of March 31, 2022, AUO has issued 24,732 thousand ADSs, which represented 247,324 thousand shares of its common stock.

b. Capital surplus

The components of capital surplus were as follows:

	March 31, 2022	December 31, 2021	March 31, 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	1,752,088	1,251,048	1,497,165
	<u>\$ 60,558,041</u>	<u>60,057,001</u>	<u>60,303,118</u>

(Continued)

AU OPTRONICS CORP. 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.

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

The appropriations of 2021 earnings have been approved in the Board of Directors' meeting held on March 28, 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><u>\$ 16,374,970</u></u>	

Moreover, the abovementioned legal reserve and special reserve for 2021 are to be presented for approval in AUO's shareholder's meeting to be held on June 17, 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><u>\$ 4,851,342</u></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.

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):

Three Months Ended March 31, 2022				
<u>Reason for reacquisition</u>	<u>Number of shares, Beginning of Period</u>	<u>Additions</u>	<u>Reductions</u>	<u>Number of shares, End of Period</u>
Transferring to employees	54,199	-	(5,778)	48,421

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Three Months Ended March 31, 2021

Reason for reacquisition	Number of shares, Beginning of Period	Additions	Reductions	Number of shares, End of Period
Transferring to employees	125,000	-	(3,978)	121,022

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	2,504,603	-	2,504,603
Net change in fair value of financial assets at FVTOCI	-	(13,428)	(13,428)
Equity-accounted investees – share of other comprehensive income	408,884	(480,770)	(71,886)
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	-	(20,421)	(20,421)
Related tax	(508,740)	-	(508,740)
Balance at March 31, 2022	<u>\$ (2,468,826)</u>	<u>(384,228)</u>	<u>(2,853,054)</u>
Balance at January 1, 2021	\$ (3,206,520)	(63,783)	(3,270,303)
Foreign operations – foreign currency translation differences	(535,854)	-	(535,854)
Net change in fair value of financial assets at FVTOCI	-	(13,437)	(13,437)
Equity-accounted investees – share of other comprehensive income	19,692	322,259	341,951
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	-	14,830	14,830
Realized loss on sales of securities reclassified to profit or loss	107,418	-	107,418
Related tax	81,676	-	81,676
Balance at March 31, 2021	<u>\$ (3,533,588)</u>	<u>259,869</u>	<u>(3,273,719)</u>

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

f. Non-controlling interests, net of tax

	Three Months Ended	
	March 31,	
	2022	2021
Balance at beginning of the period	\$ 6,179,431	10,985,674
Equity attributable to non-controlling interests:		
Profit for the period	10,253	7,424
Foreign currency translation differences, net of tax	68,311	(79,553)
Subsidiaries capital increase	25,000	-
Acquisition of subsidiaries	-	887,129
Share-based payments	1,936	-
Balance at end of the period	<u>\$ 6,284,931</u>	<u>11,800,674</u>

(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:

	Plan 1	Plan 2	Plan 3
Grant date	February 18, 2021	August 16, 2021~ August 24, 2021	February 23, 2022
Total shares granted	3,978 thousand shares	66,823 thousand shares	5,778 thousand shares
Contract term	-	-	-
Grant object	Employees	Employees	Employees
Vesting conditions	Vest immediately	Vest immediately	Vest immediately

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 ended March 31, 2022 and 2021, the related compensation costs recognized for the abovementioned plans amounted to \$72,744 thousand and \$39,133 thousand, respectively.

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

b. Employee restricted stock plan

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

<u>Plan</u>	<u>Grant date</u>	<u>Granted units</u>	<u>Vesting conditions</u>
Employee restricted stock plan	April 1, 2021	850,000	Note
Employee restricted stock plan	December 2, 2021	400,000	Note

Note: Employees are granted restricted stocks without consideration, and are eligible to vest 100% of 250,000 units when they provide two years of service subsequent to the grant date. Further employees who provide two years and five years of service, respectively, subsequent to the grant date as well as fulfill specific performance conditions are eligible to vest 40% and 60% of 1,000,000 units, respectively.

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

The weighted average fair value per share estimated using the income approach for the abovementioned plan was USD1.105. The weighted average cost of capital which is the principal parameter was between 18.1% and 20.1%. For the three months ended March 31, 2022, the compensation costs recognized for the abovementioned plan amounted to \$1,956 thousand.

(20) Revenue from Contracts with Customers

a. Disaggregation of revenue

	<u>Three Months Ended March 31,</u>					
	<u>2022</u>			<u>2021</u>		
	<u>Display segment</u>	<u>Energy segment</u>	<u>Total segments</u>	<u>Display segment</u>	<u>Energy segment</u>	<u>Total segments</u>
Primary geographical markets:						
Taiwan	\$ 25,098,582	2,295,258	27,393,840	25,105,429	1,648,661	26,754,090
PRC (including Hong Kong)	23,536,480	605,140	24,141,620	28,089,838	116,743	28,206,581
United states	9,303,718	565	9,304,283	830,314	95	830,409
Singapore	8,980,558	-	8,980,558	13,097,161	1,845	13,099,006
Japan	4,466,448	11,559	4,478,007	5,087,018	73,495	5,160,513
Others	6,467,644	761,910	7,229,554	8,194,305	695,715	8,890,020
	<u>\$ 77,853,430</u>	<u>3,674,432</u>	<u>81,527,862</u>	<u>80,404,065</u>	<u>2,536,554</u>	<u>82,940,619</u>

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	Three Months Ended March 31,					
	2022			2021		
	Display segment	Energy segment	Total segments	Display segment	Energy segment	Total segments
Major products:						
Products for Televisions	\$ 14,031,009	-	14,031,009	22,576,547	-	22,576,547
Products for Monitors	13,120,281	-	13,120,281	14,370,735	-	14,370,735
Products for Mobile PCs and Devices	26,540,555	-	26,540,555	22,749,188	-	22,749,188
Products for Automotive Solutions	7,058,436	-	7,058,436	6,661,013	-	6,661,013
Products for PID and General Display	11,672,757	-	11,672,757	9,393,082	-	9,393,082
Others ⁽ⁱ⁾	<u>5,430,392</u>	<u>3,674,432</u>	<u>9,104,824</u>	<u>4,653,500</u>	<u>2,536,554</u>	<u>7,190,054</u>
	<u>\$ 77,853,430</u>	<u>3,674,432</u>	<u>81,527,862</u>	<u>80,404,065</u>	<u>2,536,554</u>	<u>82,940,619</u>
Major customers:						
Customer A	\$ 8,380,011	-	8,380,011	6,133,659	-	6,133,659
Customer B	8,340,973	-	8,340,973	6,342,222	-	6,342,222
Customer C	8,320,514	-	8,320,514	8,039,272	-	8,039,272
Others (individually not greater than 10%)	<u>52,811,932</u>	<u>3,674,432</u>	<u>56,486,364</u>	<u>59,888,912</u>	<u>2,536,554</u>	<u>62,425,466</u>
	<u>\$ 77,853,430</u>	<u>3,674,432</u>	<u>81,527,862</u>	<u>80,404,065</u>	<u>2,536,554</u>	<u>82,940,619</u>

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

b. Contract balances

	March 31, 2022	December 31, 2021	March 31, 2021
Contract assets — current (recorded in other current financial assets)	<u>\$ 1,045,240</u>	<u>1,371,390</u>	<u>506,651</u>
Contract liabilities — current (recorded in other current liabilities)	\$ 3,871,147	3,325,765	865,624
Contract liabilities — noncurrent	<u>8,114,774</u>	<u>8,739,846</u>	<u>10,170,780</u>
	<u>\$ 11,985,921</u>	<u>12,065,611</u>	<u>11,036,404</u>

The amounts of revenue recognized for the three months ended March 31, 2022 and 2021 that previously included in the contract liability balance at the beginning of the year were \$2,161,183 thousand and \$218,264 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.

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(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 ended March 31, 2022 and 2021, AUO estimated the remuneration to employees amounting to \$571,899 thousand and \$1,238,746 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.

(22) Additional Information of Expenses by Nature

	Three Months Ended March 31,					
	2022			2021		
	Recognized in cost of sales	Recognized in operating expenses	Total	Recognized in cost of sales	Recognized in operating expenses	Total
Employee benefits expenses:						
Post-employment benefits	419,037	132,774	551,811	335,005	99,435	434,440
Other employee benefits	8,509,834	3,069,897	11,579,731	8,409,541	3,206,833	11,616,374
Depreciation	6,916,435	1,037,532	7,953,967	7,371,271	1,163,374	8,534,645
Amortization	46,363	5,255	51,618	47,914	3,718	51,632

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(23) Non-Operating Income and Expenses

a. Interest income

	Three Months Ended March 31,	
	2022	2021
Interest income on bank deposits	\$ 112,307	104,967
Other interest income	<u>52</u>	<u>615</u>
	<u>\$ 112,359</u>	<u>105,582</u>

b. Other income

	Three Months Ended March 31,	
	2022	2021
Rental income, net	\$ 123,350	129,769
Grants	59,048	55,626
Others	<u>299,583</u>	<u>117,377</u>
	<u>\$ 481,981</u>	<u>302,772</u>

c. Other gains and losses

	Three Months Ended March 31,	
	2022	2021
Foreign exchange gains, net	\$ 741,895	172,312
Losses on valuation of financial instruments at FVTPL, net	(735,620)	(463,345)
Gains (losses) on disposals of property, plant and equipment, net	6,221	(500)
Gains on disposals of investments, net	-	886,583
Gains on liquidation of subsidiaries, net	139,553	-
Others	<u>(13,837)</u>	<u>(24,464)</u>
	<u>\$ 138,212</u>	<u>570,586</u>

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

d. Finance costs

	Three Months Ended	
	March 31,	
	2022	2021
Interest expense on bank borrowings	\$ 254,501	587,846
Interest expense on lease liabilities	42,682	47,038
Other interest expense	17,377	15,707
Finance expense	<u>84,003</u>	<u>18,579</u>
	<u>\$ 398,563</u>	<u>669,170</u>

(24) Income Taxes

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 were as follows:

	Three Months Ended	
	March 31,	
	2022	2021
Current income tax expense:		
Current year	\$ 801,846	784,269
Adjustment to prior years and others	<u>38,117</u>	<u>5,014</u>
	<u>\$ 839,963</u>	<u>789,283</u>

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

	Three Months Ended	
	March 31,	
	2022	2021
Items that are or may be reclassified subsequently to profit or loss:		
Foreign operations – foreign currency translation differences	<u>\$ 525,818</u>	<u>(90,960)</u>

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

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(25) Earnings per Share

	Three Months Ended March 31,	
	2022	2021
Basic earnings per share		
Profit attributable to AUO's shareholders	\$ 5,164,376	11,834,091
Weighted-average number of common shares outstanding during the period	9,571,137	9,499,996
Basic earnings per share (NT\$)	\$ 0.54	1.25
	Three Months Ended March 31,	
	2022	2021
Diluted earnings per share		
Profit attributable to AUO's shareholders	\$ 5,164,376	11,834,091
Weighted-average number of common shares outstanding during the period	9,571,137	9,499,996
Effect of employee remuneration in stock	322,162	70,176
	9,893,299	9,570,172
Diluted earnings per share (NT\$)	\$ 0.52	1.24

(26) Cash Flow Information

The reconciliation of liabilities to cash flows arising from financing activities was 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	3,548,531	5,103	(416)	(136,059)	3,417,159
Non-cash changes:					
Additions	-	-	-	88,392	88,392
Changes in exchange rate and others	389,727	1,673	4,998	(253,884) ⁽ⁱ⁾	142,514
Balance at March 31, 2022	\$ 58,593,122	52,100	776,459	9,423,690	68,845,371

⁽ⁱ⁾ Including decrease in the current period of \$281,230 thousand.

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	Long-term borrowings (including current installments)	Short-term borrowings	Guarantee deposits	Lease liabilities	Total liabilities from financing activities
Balance at January 1, 2021	\$ 116,594,969	200,000	864,868	10,297,272	127,957,109
Cash flows	(2,339,154)	57,000	17,114	(147,410)	(2,412,450)
Non-cash changes:					
Additions	-	-	-	44,620	44,620
Changes in consolidated entities	1,149,806	-	-	617	1,150,423
Changes in exchange rate and others	(70,477)	-	(31,765)	(53,303)	(155,545)
Balance at March 31, 2021	<u>\$ 115,335,144</u>	<u>257,000</u>	<u>850,217</u>	<u>10,141,796</u>	<u>126,584,157</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.

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 March 31, 2022, December 31, 2021, and March 31, 2021 were as follows:

	March 31, 2022		December 31, 2021		March 31, 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	\$ 44,153	44,153	159,270	159,270	53,246	53,246
Financial assets at FVTOCI	1,439,725	1,439,725	1,308,157	1,308,157	647,240	647,240
Financial assets at amortized cost:						
Domestic and foreign time deposits	11,313,881	11,313,881	10,706,340	10,706,340	261,792	261,792
Refundable deposits	963,880	963,880	980,390	980,390	374,694	374,694

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	March 31, 2022		December 31, 2021		March 31, 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities:						
Financial liabilities at FVTPL:						
Financial liabilities held for trading	598,843	598,843	132,797	132,797	137,673	137,673
Financial liabilities at amortized cost:						
Long-term borrowings (including current installments)	58,593,122	58,593,122	54,654,864	54,654,864	115,335,144	115,335,144
Guarantee deposits	776,459	776,459	771,877	771,877	850,217	850,217
Long-term payables (including current installments)	1,092,480	1,092,480	1,404,990	1,404,990	1,559,940	1,559,940

b. Valuation techniques and assumptions applied in fair value measurement

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

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

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

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

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

The fair value of floating-rate long-term borrowings 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.

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

- (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>
March 31, 2022				
Financial assets at FVTPL:				
Financial assets mandatorily measured at FVTPL	\$ -	44,153	-	44,153
Financial assets at FVTOCI	278,514	-	1,161,211	1,439,725
Financial assets at amortized cost:				
Domestic and foreign time deposits	-	11,313,881	-	11,313,881
Financial liabilities at FVTPL:				
Financial liabilities held for trading	-	598,843	-	598,843
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

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

March 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at FVTPL:				
Financial assets mandatorily measured at FVTPL	\$ -	53,246	-	53,246
Financial assets at FVTOCI	117,236	-	530,004	647,240
Financial assets at amortized cost:				
Domestic and foreign time deposits	-	261,792	-	261,792
Financial liabilities at FVTPL:				
Financial liabilities held for trading	-	137,673	-	137,673
Financial liabilities at amortized cost:				
Long-term payables (including current installments)	-	1,559,940	-	1,559,940

There were no transfers between Level 1 and 2 for the three months ended March 31, 2022 and 2021.

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

	Three Months Ended	
	March 31	
	<u>2022</u>	<u>2021</u>
Financial assets at FVTOCI— equity instruments without active market		
Balance at beginning of the period	\$ 1,158,980	328,156
Purchases	-	167,586
Reclassification	-	34,480
Effect of exchange rate change	2,231	(218)
Balance at end of the period	<u>\$ 1,161,211</u>	<u>530,004</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.

(Continued)

AU OPTRONICS CORP. 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 (1.33~17.06 at March 31, 2022, 1.44~17.85 at December 31, 2021 and 1.24~2.60 at March 31, 2021) · Price-Earnings ratio (9.36~20.18 at March 31, 2022, 8.82~26.12 at December 31, 2021 and 12.29~23.51 at March 31, 2021) · Discount for lack of marketability (9%~22% at March 31, 2022, 20% at December 31, 2021 and 20%~32% at March 31, 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.

(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.

a. Currency risk

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

	<u>March 31, 2022</u>			<u>December 31, 2021</u>			<u>March 31, 2021</u>		
	<u>Foreign currency amounts</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency amounts</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency amounts</u>	<u>Exchange rate</u>	<u>NTD</u>
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 2,744,330	28.6220	78,548,213	3,001,028	27.6880	83,092,463	2,652,901	28.5310	75,689,918
JPY	12,758,884	0.2353	3,002,165	4,543,754	0.2409	1,094,590	16,577,021	0.2577	4,271,898
EUR	31,102	31.6702	985,007	34,718	31.4203	1,090,850	26,664	33.4612	892,209
<u>Non-monetary items</u>									
USD	34,579	28.6220	989,720	34,579	27.6880	957,423	12,624	28.5310	360,175

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	March 31, 2022			December 31, 2021			March 31, 2021		
	Foreign currency amounts	Exchange rate	NTD	Foreign currency amounts	Exchange rate	NTD	Foreign currency amounts	Exchange rate	NTD
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	1,883,908	28.6220	53,921,215	1,944,481	27.6880	53,838,790	1,683,526	28.5310	48,032,680
JPY	20,806,876	0.2353	4,895,858	20,754,389	0.2409	4,999,732	20,126,550	0.2577	5,186,612
EUR	147	31.6702	4,656	28	31.4203	880	51	33.4612	1,707

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 March 31, 2022 and 2021, while all other variables were remained constant, would have increased or decreased the net profit before tax for the three months ended March 31, 2022 and 2021 as follows:

	Three Months Ended March 31,	
	2022	2021
1% of depreciation	\$ 237,137	276,330
1% of appreciation	(237,137)	(276,330)

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 (losses) for the three months ended March 31, 2022 and 2021 were \$741,895 thousand and \$172,312 thousand, respectively.

(29) Capital Management

The objectives, policies and procedures of the Company's capital management have been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2021. Also, there was no significant change in the Company's capital management information as disclosed 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.

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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
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
Daxin Materials Corp. (“Daxin”)	Associate
Darwin Summit Corporation Ltd. (“DSC”)	Associate
ADLINK Technology Inc. (“ADLINK”)	Associate

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

<u>Name of related party</u>	<u>Relationship with the Company</u>
ADLINK Technology (China) Co., Ltd. (“ADLINKCN”)	Subsidiary of ADLINK
IRIS Optronics Co., Ltd. (“IOC”)	Associate
Evonik Forhouse Optical Polymers Corp. (“EFOP”)	Joint venture
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
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. (“BQIs”)	Subsidiary of Qisda
Guru Systems (Suzhou) Co., Ltd. (“GSS”)	Subsidiary of Qisda
BenQ GURU Corp. (“GST”)	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
Sysage Technology Co., Ltd. (“Sysage”)	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
LILY Medical Corporation (“LILY”)	Subsidiary of Qisda

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

<u>Name of related party</u>	<u>Relationship with the Company</u>
Hitron Technologies Inc. (“HHC”)	Subsidiary of Qisda
AdvancedTEK International Corp. (“ADVANCEDTEK”)	Subsidiary of Qisda
AUO Foundation	Substantive related party
BenQ Foundation	Substantive related party ⁽ⁱ⁾
WishMobile, Inc. (“WMI”)	Konly represented as a director of WMI ⁽ⁱⁱ⁾
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 ⁽ⁱⁱⁱ⁾
Jector Digital System Inc. (“JDSI”)	The party which co invests with ADP in 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) BenQ Foundation is no longer a related party of the Company starting from the second quarter of 2021.
- (ii) The Company has not had significant influence over WMI since October 2021; therefore, WMI was changed from associate to other related party.
- (iii) 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:

	Three Months Ended	
	March 31,	
	2022	2021
Short-term employee benefits	\$ 31,155	28,215
Post-employment benefits	409	489
Share-based payments	39,592	17,276
	\$ 71,156	45,980

Please refer to Note 6(19) for further information on share-based payments.

(Continued)

AU OPTRONICS CORP. 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

	<u>Sales</u>		<u>Accounts receivable from related parties</u>		
	<u>Three Months Ended March 31,</u>				
	<u>2022</u>	<u>2021</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Associates	\$ 3,268,704	3,516,257	1,657,998	2,478,006	2,096,753
Others	425	9	380	1,389	5
	<u>\$ 3,269,129</u>	<u>3,516,266</u>	<u>1,658,378</u>	<u>2,479,395</u>	<u>2,096,758</u>

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

b. Purchases

	<u>Purchases</u>		<u>Accounts payable to related parties</u>		
	<u>Three Months Ended March 31,</u>				
	<u>2022</u>	<u>2021</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Associates	\$ 7,163,794	6,387,363	9,037,203	8,821,310	7,586,379
Joint ventures	-	195,086	-	-	-
Others	2,137	-	363	4,051	5,191
	<u>\$ 7,165,931</u>	<u>6,582,449</u>	<u>9,037,566</u>	<u>8,825,361</u>	<u>7,591,570</u>

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

	<u>Acquisition prices</u>	
	<u>Three Months Ended March 31,</u>	
	<u>2022</u>	<u>2021</u>
Associates	<u>\$ 5,191</u>	<u>1,367</u>

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

d. Other related party transactions

<u>Transaction type</u>	<u>Type of related party</u>	<u>Three Months Ended March 31,</u>	
		<u>2022</u>	<u>2021</u>
Rental income	Associates		
	BMC	\$ 24,114	23,678
	Others	8,808	9,196
	Joint ventures	-	1,653
	Others	-	3,749
		<u>\$ 32,922</u>	<u>38,276</u>
Other income	Associates	<u>\$ 8,787</u>	<u>1,967</u>
Cost of sales and operating expenses	Associates	\$ 18,846	21,196
	Others	53,149	-
		<u>\$ 71,995</u>	<u>21,196</u>

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.

<u>Transaction type</u>	<u>Type of related party</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Other receivables due from related parties, including dividends	Associates	\$ 1,654,610	20,682	753
	Others	-	17	856
		<u>\$ 1,654,610</u>	<u>20,699</u>	<u>1,609</u>

For the three months ended March 31, 2022, the Company entitled for cash dividends declared by associates of \$1,636,069 thousand. As of March 31, 2022, the aforementioned dividends were outstanding and classified under other receivables due from related parties.

<u>Transaction type</u>	<u>Type of related party</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Others payables due to related parties, including payable for equipment	Associates	\$ 18,781	62,110	20,941
	Others	22,190	11,734	-
		<u>\$ 40,971</u>	<u>73,844</u>	<u>20,941</u>

(Continued)

AU OPTRONICS CORP. 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>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Restricted cash in banks ⁽ⁱ⁾	Customs duties and guarantee for warranties	\$ 79,491	93,124	83,860
Land and buildings	Long-term borrowings limit	63,043,420	49,863,581	50,868,673
Machinery and equipment	Long-term borrowings limit	27,767,186	31,810,247	42,692,720
Right-of-use assets	Long-term borrowings limit	81,303	79,030	80,722
		<u>\$ 90,971,400</u>	<u>81,845,982</u>	<u>93,725,975</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 March 31, 2022, in addition to those disclosed in other notes to the consolidated financial statements, were as follows:

(1) Outstanding letters of credit

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

<u>Currency</u>	<u>March 31, 2022 (in thousands)</u>
USD	35,877
JPY	7,732,416

(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)

AU OPTRONICS CORP. 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. As at March 31, 2022, significant outstanding purchase commitments for construction in progress, property, plant and equipment totaled \$41,314,603 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 April 25, 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)

AU OPTRONICS CORP. 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 have proceeded to file an administrative action for invalidating the environmental assessment again. The matter is still under review by the court. Management does not believe that this event will have a material adverse effect on the Company's operation and 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 three months ended March 31, 2022.

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

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

- h. Receivables from related parties with amounts exceeding NT\$100 million or 20% of the paid-in capital: Please see Table 5 attached.
 - i. Information about trading in derivative instruments: Please see Note 6(2).
 - j. Business relationship and significant intercompany transactions: Please see Table 6 attached.
- (2) Information on investees (excluding information on investment in Mainland China): Please see Table 7 attached.
- (3) Information on investment in Mainland China:
- a. The related information on investment in Mainland China: Please see Table 8.1 and 8.2 attached.
 - b. Upper limit on investment in Mainland China: Please see Table 8.1 and 8.2 attached.
 - c. Significant transactions:

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

- (4) Major shareholders:

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

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 three months ended March 31, 2022 and 2021 with the financial results received by the Company's chief operating decision maker. The accounting policies for the operating segments are the same as those used in preparation of the consolidated financial statements of the Company. The Company uses the net revenue, profit (loss) from operations and segment profit (loss) excluding depreciation and amortization as the basis of segment performance assessment.

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	Three Months Ended March 31, 2022		
	Display segment	Energy segment	Total segments
Net revenue from external customers	<u>\$ 77,853,430</u>	<u>3,674,432</u>	<u>81,527,862</u>
Segment profit (loss)	<u>\$ 5,154,309</u>	<u>143,888</u>	5,298,197
Net non-operating income and expenses			716,395
Consolidated profit (loss) before income tax			<u>\$ 6,014,592</u>
Segment profit (loss) excluding depreciation and amortization	<u>\$ 13,036,826</u>	<u>266,956</u>	<u>13,303,782</u>
Segment assets			<u>\$ 432,266,520</u>
	Three Months Ended March 31, 2021		
	Display segment	Energy segment	Total segments
Net revenue from external customers	<u>\$ 80,404,065</u>	<u>2,536,554</u>	<u>82,940,619</u>
Segment profit (loss)	<u>\$ 11,946,550</u>	<u>71,675</u>	12,018,225
Net non-operating income and expenses			612,573
Consolidated profit (loss) before income tax			<u>\$ 12,630,798</u>
Segment profit (loss) excluding depreciation and amortization	<u>\$ 20,373,368</u>	<u>231,134</u>	<u>20,604,502</u>
Segment assets			<u>\$ 429,949,275</u>

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Financings Provided
For the three months ended March 31, 2022
(Amount in thousands of New Taiwan Dollars)

Table 1

No.	Financing Company	Borrowing Company	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 3)	Ending Balance (Notes 1 and 2)	Amount Actually Drawn Down (Notes 1 and 4)	Interest Rate	Nature of Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Notes 1 and 5)	Limits on Financing Company's Total Financing Amount (Notes 1 and 5)
													Item	Value		
0	AUO	S4M	Other receivables from related parties	Yes	130,000	130,000	30,000	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	22,982,094	91,928,374
0	AUO	ACTW	Other receivables from related parties	Yes	2,400,000	1,800,000	1,500,000	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	22,982,094	91,928,374
0	AUO	AETTW	Other receivables from related parties	Yes	400,000	400,000	100,000	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	22,982,094	91,928,374
0	AUO	AUOKS	Other receivables from related parties	Yes	9,010,200	9,010,200	4,505,100	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	22,982,094	91,928,374
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	-	-	-	22,982,094	91,928,374
1	AUOLB	AUOKS	Other receivables from related parties	Yes	12,664,300	10,136,475	10,136,475	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	72,785,438	72,785,438
2	AUXM	AUOKS	Other receivables from related parties	Yes	4,782,580	2,477,805	1,576,785	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	15,255,732	15,255,732

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		
3	BVXM	AUOKS	Other receivables from related parties	Yes	450,510	450,510	450,510	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	1,377,042	1,377,042
4	AUSJ	AMIXM	Other receivables from related parties	Yes	72,082	72,082	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	4,234,717	4,234,717
4	AUSJ	ADTSZ	Other receivables from related parties	Yes	45,051	45,051	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	4,234,717	4,234,717
4	AUSJ	AUOKS	Other receivables from related parties	Yes	1,576,785	1,576,785	450,510	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	4,234,717	4,234,717
4	AUSJ	ATISZ	Other receivables from related parties	Yes	90,102	90,102	22,526	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	4,234,717	4,234,717
4	AUSJ	ACTSZ	Other receivables from related parties	Yes	108,122	108,122	4,505	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	4,234,717	4,234,717
4	AUSJ	AMISZ	Other receivables from related parties	Yes	112,628	112,628	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	4,234,717	4,234,717
4	AUSJ	AETSZ	Other receivables from related parties	Yes	450,510	450,510	58,566	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	4,234,717	4,234,717
5	AUSZ	AUOKS	Other receivables from related parties	Yes	5,434,750	4,505,100	2,027,295	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	18,886,095	18,886,095

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		
6	DPSZ	FTWJ	Other receivables from related parties	Yes	225,255	225,255	225,255	Adjusted by base lending rate of People's Bank of China	Needs for short-term financing	-	Operating capital	-	-	-	1,542,989	1,542,989
7	FPWJ	FTWJ	Other receivables from related parties	Yes	225,255	225,255	-	Adjusted by base lending rate of People's Bank of China	Needs for short-term financing	-	Operating capital	-	-	-	726,738	726,738
8	FTWJ	FHWJ	Other receivables from related parties	Yes	21,835	18,020	18,020	Adjusted by base lending rate of People's Bank of China	Needs for short-term financing	-	Operating capital	-	-	-	1,480,131	1,480,131

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, AUSZ, AUXM, AUSJ 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.

AU OPTRONICS CORP. AND SUBSIDIARIES
Endorsements/Guarantees Provided
For the three months ended March 31, 2022
(Amount in thousands of New Taiwan Dollars)

Table 2

No.	Endorser/ Guarantor	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided for Each Party (Notes 4 and 5)	Maximum Endorsement/ Guarantee Balance for the Period (Note 2)	Ending Balance (Notes 3 and 4)	Amount Actually Drawn Down (Note 4)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Notes 4 and 5)	Endorsement/ Guarantee Provided by Parent Company to Subsidiary	Endorsement/ Guarantee Provided by Subsidiary to Parent Company	Endorsement/ Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship (Note 1)										
0	AUO	AUOKS	2	114,910,468	14,644,495	14,644,495	4,761,195	-	6.37%	229,820,936	Yes	No	Yes
1	DPXM	DPTW	3	1,645,410	436,700	-	-	-	-	1,645,410	No	No	No
2	FPWJ	FTWJ	4	290,695	225,255	225,255	-	-	31.00%	290,695	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.

AU OPTRONICS CORP. AND SUBSIDIARIES
Marketable Securities Held (Excluding Investment in Subsidiaries, Associates and Joint Ventures)
March 31, 2022
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated, and shares in thousands)

Table 3

Name of Holder	Type and Name of Marketable Securities	Relationship with the Securities Issuer	Financial Statement Account	March 31, 2022				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
AUO	BenQ ESCO Corp.'s stock	Related party	Financial assets at FVTPL – noncurrent	1,700	-	17.00%	-	
AUO	SINTRONES Technology Corp.'s stock	Related party	Financial assets at FVTOCI – noncurrent	1,299	62,742	7.06%	62,742	
AUOLB	Abakus Solar AG's stock	-	Financial assets at FVTPL – noncurrent	3	-	2.22%	-	
AUSH	T-powertek Optronics Co., Ltd.'s stock	-	Financial assets at FVTOCI – noncurrent	1,293	CNY 6,250	1.58%	CNY 6,250	
AUSZ	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	2.63%	55,710	
Konly	PlayNitride Inc.'s stock	Related party	Financial assets at FVTOCI – noncurrent	7,535	698,991	7.47%	698,991	
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	3.98%	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	-	1.79%	-	
Konly	GCS Holdings, Inc.'s stock	-	Financial assets at FVTOCI – noncurrent	1,119	45,767	1.01%	45,767	
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	556	26,855	3.02%	26,855	
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	
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	9.11%	42,432	
Ronly	PlayNitride Inc.'s stock	Related party	Financial assets at FVTOCI – noncurrent	2,011	210,482	1.99%	210,482	
Ronly	Exploit Technology Co., Ltd.'s stock	-	Financial assets at FVTPL – noncurrent	41	-	0.49%	-	
Ronly	Profet AI Technology Co., Ltd.'s stock	-	Financial assets at FVTOCI – noncurrent	511	10,002	10.16%	10,002	
Ronly	GCS Holdings, Inc.'s stock	-	Financial assets at FVTOCI – noncurrent	3,500	143,150	3.16%	143,150	

AU OPTRONICS CORP. AND SUBSIDIARIES
Purchases from or Sales to Related Parties with Amounts Exceeding NT\$100 Million or 20% of the Paid-in Capital
For the three months ended March 31, 2022
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 4

Company Name	Counterparty	Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchases /Sales	Amount (Note 2)	Percentage of Total Purchases /Sales	Credit Terms	Unit Price (Note 1)	Credit Terms (Note 1)	Ending Balance (Note 2)	Percentage of Total Notes /Accounts Receivable (Payable)	
AUO	AUOKS	Subsidiary of AUO	Purchases	7,283,241	15%	EOM 30 days	-		(4,803,440)	(9)%	
AUO	AUST	Subsidiary of AUO	Purchases	864,696	2%	EOM 45 days	-		(599,035)	(1)%	
AUO	AUSZ	Subsidiary of AUO	Purchases	8,378,961	17%	EOM 45 days	-		(10,116,985)	(19)%	
AUO	AUXM	Subsidiary of AUO	Purchases	6,576,764	13%	EOM 45 days	-		(7,298,095)	(14)%	
AUO	Qisda	Associate	Purchases	1,961,707	4%	EOM 45 days	-		(1,606,168)	(3)%	
AUO	BMC	Subsidiary of Qisda	Purchases	1,042,707	2%	EOM 90 days	-		(1,196,995)	(2)%	
AUO	Raydium	Associate	Purchases	468,440	1%	EOM 120 days	-		(697,753)	(1)%	
AUO	Daxin	Associate	Purchases	624,847	1%	EOM 120 days	-		(855,215)	(2)%	
AUO	DPTW	Subsidiary of AUO	Purchases	895,591	2%	EOM 60 days	-		(719,018)	(1)%	
AUO	AUSZ	Subsidiary of AUO	Sales	(2,545,439)	(4)%	EOM 45 days	-		-	-	
AUO	AUXM	Subsidiary of AUO	Sales	(1,072,865)	(2)%	EOM 45 days	-		-	-	
AUO	QCSZ	Subsidiary of Qisda	Sales	(1,272,490)	(2)%	EOM 55 days	-		887,713	2%	
AUO	CGPC	Subsidiary of SSEC	Sales	(122,586)	-	EOM 25 days	-		109,817	-	
AUO	BenQ	Subsidiary of Qisda	Sales	(496,672)	(1)%	EOM 55 days	-		372,397	1%	
AUO	SLEC	Subsidiary of SSEC	Sales	(111,360)	-	EOM 25 days	-		13,761	-	
AUO	SFPC	Subsidiary of SSEC	Sales	(532,724)	(1)%	EOM 25 days	-		-	-	
AUO	MZEC	Subsidiary of SSEC	Sales	(284,092)	-	EOM 25 days	-		-	-	
AUO	ADP	Subsidiary of AUO	Sales	(3,912,293)	(6)%	EOM 45 days	-		2,683,542	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)	
ADPNL	ADP	Subsidiary of AUO	Purchases	USD 26,468	100%	EOM 30 days	-	USD (6,272)	(100)%		
AETSZ	AUOKS	Subsidiary of AUO	Sales	CNY (41,809)	(99)%	EOM 30 days	-	CNY 20,214	99%		
AUOKS	AUSZ	Subsidiary of AUO	Purchases	CNY 93,261	10%	EOM 60 days	-	CNY (92,584)	(7)%		
AUOKS	Qisda	Associate	Purchases	CNY 25,161	3%	EOM 120 days	-	CNY (35,721)	(3)%		
AUOKS	Raydium	Associate	Purchases	CNY 28,593	3%	EOM 120 days	-	CNY (37,681)	(3)%		
AUOKS	AUO	Ultimate parent company	Sales	CNY (1,658,129)	(90)%	EOM 30 days	-	CNY 1,071,518	90%		
AUOKS	AUXM	Subsidiary of AUO	Sales	CNY (184,094)	(10)%	EOM 30 days	-	CNY 114,767	10%		
AUST	AUO	Ultimate parent company	Sales	USD (30,910)	(100)%	EOM 45 days	-	USD 20,929	97%		
AUSZ	AUO	Ultimate parent company	Purchases	CNY 601,576	21%	EOM 45 days	-	-	-		
AUSZ	Qisda	Associate	Purchases	CNY 106,627	4%	EOM 120 days	-	CNY (160,214)	(5)%		
AUSZ	BMC	Subsidiary of Qisda	Purchases	CNY 68,573	2%	EOM 90 days	-	CNY (87,661)	(3)%		
AUSZ	Raydium	Associate	Purchases	CNY 209,782	7%	EOM 120 days	-	CNY (338,329)	(10)%		
AUSZ	DPTW	Subsidiary of AUO	Purchases	CNY 82,487	3%	EOM 120 days	-	CNY (127,445)	(4)%		
AUSZ	AUO	Ultimate parent company	Sales	CNY (1,929,318)	(58)%	EOM 45 days	-	CNY 2,246,418	72%		
AUSZ	AUOKS	Subsidiary of AUO	Sales	CNY (93,261)	(3)%	EOM 60 days	-	CNY 92,584	3%		
AUSZ	ADP	Subsidiary of AUO	Sales	CNY (1,286,802)	(39)%	EOM 45 days	-	CNY 747,549	24%		
AUXM	AUO	Ultimate parent company	Purchases	CNY 250,919	13%	EOM 45 days	-	-	-		
AUXM	AUOKS	Subsidiary of AUO	Purchases	CNY 178,934	9%	EOM 30 days	-	CNY (114,767)	(5)%		
AUXM	BMC	Subsidiary of Qisda	Purchases	CNY 38,149	2%	EOM 90 days	-	CNY (50,566)	(2)%		
AUXM	Raydium	Associate	Purchases	CNY 150,935	8%	EOM 120 days	-	CNY (223,744)	(10)%		
AUXM	DPTW	Subsidiary of AUO	Purchases	CNY 57,368	3%	EOM 120 days	-	CNY (93,754)	(4)%		
AUXM	AUO	Ultimate parent company	Sales	CNY (1,506,789)	(74)%	EOM 45 days	-	CNY 1,627,351	83%		
AUXM	ADP	Subsidiary of AUO	Sales	CNY (232,804)	(11)%	EOM 45 days	-	CNY 157,038	8%		
DPXM	DPTW	Subsidiary of AUO	Sales	CNY (91,293)	(13)%	EOM 90 days	-	CNY 157,485	43%		
FTWJ	DPTW	Subsidiary of AUO	Sales	CNY (298,647)	(99)%	EOM 90 days	-	CNY 895,501	100%		

Company Name	Counterparty	Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchases /Sales	Amount (Note 2)	Percentage of Total Purchases /Sales	Credit Terms	Unit Price (Note 1)	Credit Terms (Note 1)	Ending Balance (Note 2)	Percentage of Total Notes /Accounts Receivable (Payable)	
M.Setek	ACTW	Subsidiary of AUO	Sales	JPY (1,290,880)	(95)%	EOM 45 days	-	JPY 3,289,786	99%		
ACTW	M.Setek	Subsidiary of AUO	Purchases	326,534	27%	EOM 45 days	-	(774,025)	(75)%		
ADP	AUO	Ultimate parent company	Purchases	3,908,582	37%	EOM 45 days	-	(2,678,511)	(39)%		
ADP	AUSZ	Subsidiary of AUO	Purchases	5,634,555	53%	EOM 45 days	-	(3,366,322)	(50)%		
ADP	AUXM	Subsidiary of AUO	Purchases	1,026,978	10%	EOM 45 days	-	(712,171)	(10)%		
ADP	ADPNL	Subsidiary of AUO	Sales	(732,251)	(6)%	EOM 30 days	-	293,424	5%		
ADP	QCOS	Subsidiary of Qisda	Sales	(105,362)	(1)%	EOM 55 days	-	88,558	1%		
DPTW	DPXM	Subsidiary of AUO	Purchases	399,735	19%	EOM 90 days	-	(572,557)	(24)%		
DPTW	FTWJ	Subsidiary of AUO	Purchases	1,308,262	64%	EOM 90 days	-	(1,625,591)	(67)%		
DPTW	AUO	Ultimate parent company	Sales	(989,189)	(43)%	EOM 60 days	-	629,099	27%		
DPTW	AUSZ	Subsidiary of AUO	Sales	(357,743)	(16)%	EOM 120 days	-	573,681	24%		
DPTW	AUXM	Subsidiary of AUO	Sales	(250,598)	(11)%	EOM 120 days	-	422,708	18%		

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.

AU OPTRONICS CORP. AND SUBSIDIARIES
Receivables from Related Parties with Amounts Exceeding NT\$100 Million or 20% of the Paid-in Capital
March 31, 2022
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 5

Company Name	Counterparty	Relationship	Ending Balance of Receivables (Note 3)	Turnover Rate	Overdue Receivables		Amounts Received in Subsequent Period (Note 1)	Allowance for Bad Debts
					Amount	Action Taken		
AUO	AUOKS	Subsidiary of AUO	4,539,927	(Note 2)	2,416	Will be collected in next period	-	-
AUO	QCSZ	Subsidiary of Qisda	887,713	6.35	-	-	-	-
AUO	Qisda	Associate	839,423	(Note 2)	-	-	-	-
AUO	AETTW	Subsidiary of AUO	102,632	(Note 2)	-	-	-	-
AUO	ACTW	Subsidiary of AUO	1,507,693	(Note 2)	-	-	-	-
AUO	CGPC	Subsidiary of SSEC	109,832	(Note 2)	-	-	-	-
AUO	BenQ	Subsidiary of Qisda	372,397	5.05	52	Will be collected in next period	-	-
AUO	ADP	Subsidiary of AUO	3,295,642	(Note 2)	127,481	Will be collected in next period	-	-
AUOKS	AUO	Ultimate parent company	CNY 1,071,518	5.75	CNY 51,675	Collected in subsequent period	CNY 512,023	-
AUOKS	AUXM	Subsidiary of AUO	CNY 114,767	7.03	CNY 4,738	Will be collected in next period	-	-
AUOLB	AUOKS	Subsidiary of AUO	USD 358,687	(Note 2)	-	-	-	-
AUSJ	AUOKS	Subsidiary of AUO	CNY 100,823	(Note 2)	-	-	-	-
AUST	AUO	Ultimate parent company	USD 20,929	5.53	-	-	-	-
AUSZ	AUO	Ultimate parent company	CNY 2,246,418	3.18	CNY 39,244	Collected in subsequent period	CNY 1,369,365	-
AUSZ	AUOKS	Subsidiary of AUO	CNY 553,508	(Note 2)	CNY 17,781	Collected in subsequent period	CNY 30,118	-
AUSZ	ADP	Subsidiary of AUO	CNY 747,549	6.49	CNY 4	Collected in subsequent period	CNY 410,820	-
AUXM	AUO	Ultimate parent company	CNY 1,627,351	2.92	CNY 31,141	Collected in subsequent period	CNY 920,976	-
AUXM	AUOKS	Subsidiary of AUO	CNY 350,741	(Note 2)	CNY 12	Will be collected in next period	-	-
AUXM	ADP	Subsidiary of AUO	CNY 157,038	6.77	-	-	-	-
BVXM	AUOKS	Subsidiary of AUO	CNY 100,154	(Note 2)	-	-	-	-

Company Name	Counterparty	Relationship	Ending Balance of Receivables (Note 3)	Turnover Rate	Overdue Receivables		Amounts Received in Subsequent Period (Note 1)	Allowance for Bad Debts
					Amount	Action Taken		
DPSZ	FTWJ	Subsidiary of AUO	CNY 53,649	(Note 2)	-	-	-	-
DPXM	DPTW	Subsidiary of AUO	CNY 157,485	1.86	-	-	-	-
FTWJ	DPTW	Subsidiary of AUO	CNY 895,501	1.31	-	-	CNY 127,065	-
M.Setek	ACTW	Subsidiary of AUO	JPY 3,289,786	1.66	JPY 890,262	Will be collected in next period	-	-
ACTW	M.Setek	Subsidiary of AUO	572,049	(Note 2)	-	-	-	-
Konly	Qisda	Associate	125,363	(Note 2)	-	-	-	-
Konly	Raydium	Associate	515,449	(Note 2)	-	-	-	-
ADP	ADPNL	Subsidiary of AUO	293,424	11.31	-	-	-	-
DPTW	AUO	Ultimate parent company	631,558	(Note 2)	26,506	Will be collected in next period	-	-
DPTW	AUSZ	Subsidiary of AUO	573,681	2.61	-	-	-	-
DPTW	AUXM	Subsidiary of AUO	422,708	2.23	-	-	-	-
DPTW	DPXM	Subsidiary of AUO	168,915	(Note 2)	-	-	-	-
DPTW	FTWJ	Subsidiary of AUO	1,818,309	(Note 2)	21,499	Collected in subsequent period	536,001	-

Note 1: Until the mid of April 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.

AU OPTRONICS CORP. AND SUBSIDIARIES
Business Relationship and Significant Intercompany Transactions
For the three months ended March 31, 2022
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 6

No.	Company Name	Counterparty	Nature of Relationship	Inter-company Transactions			Percentage of Consolidated Net Revenue or Total Assets
				Financial Statement Account	Amount	Trading Terms	
0	AUO	AUOKS	Parent to subsidiary	Receivables from related parties	4,539,927	-	1%
0	AUO	AUSZ	Parent to subsidiary	Net revenue	2,545,439	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days.	3%
0	AUO	AUXM	Parent to subsidiary	Net revenue	1,072,865	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	3,912,293	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days.	5%
0	AUO	ADP	Parent to subsidiary	Receivables from related parties	3,295,642	-	1%
1	AUOKS	AUO	Subsidiary to parent	Net revenue	CNY 1,658,129	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 1,071,518	-	1%
1	AUOKS	AUXM	Subsidiary to subsidiary	Net revenue	CNY 184,094	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 358,687	-	2%
3	AUST	AUO	Subsidiary to parent	Net revenue	USD 30,910	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days.	1%
4	AUSZ	AUO	Subsidiary to parent	Net revenue	CNY 1,929,318	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days.	10%

No.	Company Name	Counterparty	Nature of Relationship	Inter-company Transactions				
				Financial Statement Account	Amount	Trading Terms	Percentage of Consolidated Net Revenue or Total Assets	
4	AUSZ	AUO	Subsidiary to parent	Receivables from related parties	CNY	2,246,418	-	2%
4	AUSZ	AUOKS	Subsidiary to subsidiary	Net revenue	CNY	93,261	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 60 days.	1%
4	AUSZ	AUOKS	Subsidiary to subsidiary	Receivables from related parties	CNY	553,508	-	1%
4	AUSZ	ADP	Subsidiary to subsidiary	Net revenue	CNY	1,286,802	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days.	7%
4	AUSZ	ADP	Subsidiary to subsidiary	Receivables from related parties	CNY	747,549	-	1%
5	AUXM	AUO	Subsidiary to parent	Net revenue	CNY	1,506,789	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days.	8%
5	AUXM	AUO	Subsidiary to parent	Receivables from related parties	CNY	1,627,351	-	2%
5	AUXM	ADP	Subsidiary to subsidiary	Net revenue	CNY	232,804	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days.	1%
6	FTWJ	DPTW	Subsidiary to subsidiary	Net revenue	CNY	298,647	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 90 days.	2%
6	FTWJ	DPTW	Subsidiary to subsidiary	Receivables from related parties	CNY	895,501	-	1%
7	ADP	ADPNL	Subsidiary to subsidiary	Net revenue		732,251	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 30 days.	1%
8	DPTW	AUO	Subsidiary to parent	Net revenue		989,189	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.

AU OPTRONICS CORP. AND SUBSIDIARIES
Information on Investees (Excluding Information on Investment in Mainland China)
For the three months ended March 31, 2022

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

Table 7

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		March 31, 2022			Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
				March 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)			
AUO	AUOLB	Malaysia	Holding company	76,491,558	76,491,558	2,507,189	100.00%	72,785,438	2,276,068	2,276,068	Subsidiary
AUO	AUONL	Netherlands	Sales and sales support of TFT-LCD panels	24,275	24,275	50	100.00%	34,875	625	625	Subsidiary
AUO	Konly	Taiwan ROC	Investment	5,921,750	5,921,750	409,008	100.00%	8,814,363	260,912	260,912	Subsidiary
AUO	Ronly	Taiwan ROC	Investment	4,177,912	4,177,912	378,576	100.00%	4,563,630	23,037	23,037	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%	2,668,836	14,272	4,077	Subsidiary
AUO	ACTW	Taiwan ROC	Manufacturing and sale of ingots and solar wafers	15,687,921	15,687,921	418,583	100.00%	3,516,524	88,243	88,243	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%	9,959,065	534,431	62,967	Associate
AUO	S4M	Taiwan ROC	Sales and leasing of content management system and hardware	50,000	30,000	5,000	100.00%	20,832	(6,143)	(6,143)	Subsidiary
AUO	AETTW	Taiwan ROC	Planning, design and development of construction project for environmental protection and related project management	300,000	300,000	30,000	100.00%	177,549	(14,713)	(14,713)	Subsidiary
AUO	SSEC	Taiwan ROC	Investment	2,170,000	2,170,000	217,000	31.00%	2,227,566	53,817	16,683	Associate
AUO	CQIL	Israel	Holding company	1,182,621	1,182,621	39,974	100.00%	893,621	(4,529)	(4,529)	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%	2,219,085	50,687	(10,911)	Associate
AUO	DPGE	Taiwan ROC	Renewable energy power generation	350,000	350,000	35,000	100.00%	350,232	145	145	Subsidiary

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		March 31, 2022			Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
				March 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)			
AUO	ADTHLD	Cayman Islands	Holding company	317,063	317,063	11,300	80.71%	199,067	(46,600)	(37,613)	Subsidiary
AUO	ADTCM	Cayman Islands	Holding company	76,437	76,437	2,700	100.00%	47,565	(8,987)	(8,987)	Subsidiary
AUO	AHTW	Taiwan ROC	Manufacturing, development and sales of medical equipments	5,000	5,000	500	100.00%	3,579	(253)	(253)	Subsidiary
AUO	ADP	Taiwan ROC	Research, development and sales of display	369,555	369,555	36,956	100.00%	4,410,779	698,443	698,443	Subsidiary
AUO	SREC	Taiwan ROC	Investment	288,828	288,828	28,883	32.01%	343,237	4,945	1,583	Subsidiary
AUO	Ennostar	Taiwan ROC	Holding company	1,280,047	1,280,047	26,319	3.86%	2,230,654	758,795	14,299	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%	18,395	(2,539)	(2,539)	Subsidiary
AUO	AET-YP	Taiwan ROC	Investment and construction in public construction, and wastewater (sewage) treatment	15,000	-	1,500	15.00%	15,000	-	-	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%	598,014	14,272	913	Subsidiary
Konly	Raydium	Taiwan ROC	IC Design	175,857	175,857	11,454	15.10%	1,610,023	1,575,200	237,854	Associate
Konly	Daxin	Taiwan ROC	Research, manufacturing and sales of display and semiconductor related chemicals	154,748	154,748	19,114	18.61%	601,166	163,409	30,408	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%	1,489,717	534,431	9,419	Associate
Konly	SSEC	Taiwan ROC	Investment	140,000	140,000	14,000	2.00%	143,714	53,817	1,076	Associate
Konly	SkyREC Ltd.	BVI	Business intelligence and AI video management system	46,016	46,016	188	16.12%	-	(3,503)	-	Associate
Konly	ADLINK	Taiwan ROC	Manufacturing and sales of hardware, software and peripheral devices of industrial computers	378,837	378,837	5,944	2.73%	293,301	50,687	(8,891)	Associate
Konly	AUES	Taiwan ROC	Services related to educational activities and site rental	4,000	4,000	400	100.00%	6,533	986	986	Subsidiary

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		March 31, 2022			Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
				March 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)			
Konly	IOC	Taiwan ROC	R&D and design of flexible electronics technology and processing equipment development	20,000	20,000	1,000	5.00%	13,022	(3,747)	(824)	Associate
Konly	SREC	Taiwan ROC	Investment	13,533	13,533	1,353	1.50%	16,082	4,945	74	Subsidiary
Konly	Ennostar	Taiwan ROC	Holding company	1,180,491	1,180,491	16,413	2.41%	1,355,998	758,795	11,187	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%	17,270	(3,276)	(760)	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%	568,687	14,272	869	Subsidiary
Ronly	Raydium	Taiwan ROC	IC Design	240,647	240,647	669	0.88%	248,685	1,575,200	4,613	Associate
Ronly	Daxin	Taiwan ROC	Research, manufacturing and sales of display and semiconductor related chemicals	70,021	70,021	6,312	6.15%	198,528	163,409	10,042	Associate
Ronly	ADLINK	Taiwan ROC	Manufacturing and sales of hardware, software and peripheral devices of industrial computers	77,508	77,508	1,175	0.54%	71,593	50,687	(2,476)	Associate
Ronly	IOC	Taiwan ROC	R&D and design of flexible electronics technology and processing equipment development	68,400	68,400	3,420	17.10%	44,535	(3,747)	(2,819)	Associate
Ronly	Ennostar	Taiwan ROC	Holding company	1,245,456	1,245,456	20,686	3.03%	1,732,987	758,795	12,735	Associate
DPTW	BVLB	Malaysia	Holding company	1,051,289	1,051,289	36,000	29.71%	257,959	3,427	1,018	Subsidiary
DPTW	DPLB	Malaysia	Holding company	4,350,631	4,362,627	91,846	100.00%	5,584,189	(140,128)	(80,230)	Subsidiary
DPTW	FHVI	BVI	Holding company	2,362,321	2,362,321	22,006	100.00%	2,270,395	58,499	174,784	Subsidiary
DPTW	FFMI	Mauritius	Holding company	274,700	274,700	653	100.00%	108,266	2,702	2,660	Subsidiary
DPTW	RFOP	Taiwan ROC	Manufacturing and sales of polymer plasticized raw materials	338,729	338,729	33,873	49.00%	69,356	(4,369)	(2,141)	Joint Venture
DPTW	Darwin Summit Corporation Ltd.	Thailand	International trade	3,740	3,740	40	40.00%	11,125	(138)	(55)	Associate
ACTW	ACMK	Malaysia	Manufacturing and sale of solar wafers	169,197	169,197	46,196	100.00%	71,855	(267)	(267)	Subsidiary
ACTW	SDMC	Taiwan ROC	Holding company	1,988,488	1,988,488	128,971	100.00%	1,982,048	125,155	159,687	Subsidiary
SDMC	M.Setek	Japan	Manufacturing and sale of ingots	23,596,398	23,596,398	11,404,184	99.9991%	1,943,392	125,274	125,273	Subsidiary
ADP	ADPNL	Netherlands	Sales and sales support of display and holding company	96,733	96,733	-	100.00%	144,111	14,526	14,526	Subsidiary

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		March 31, 2022			Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
				March 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)			
ADP	Jector	Taiwan ROC	Introduction of smart field construction and other related software and hardware solutions	120,000	120,000	12,000	78.43%	119,415	(5,272)	(5,272)	Subsidiary
SREC	SGPC	Taiwan ROC	Solar power generation	820,000	820,000	56,811	100.00%	741,019	8,100	7,081	Subsidiary
SREC	EGPC	Taiwan ROC	Solar power generation	280,000	280,000	24,500	100.00%	328,965	(1,365)	(1,866)	Subsidiary
AETTW	AET-YP	Taiwan ROC	Investment and construction in public construction, and wastewater (sewage) treatment	60,000	-	6,000	60.00%	60,000	-	-	Subsidiary
AUOLB	AUOUS	United States	Sales and sales support of TFT-LCD panels	USD 1,000	USD 1,000	1,000	100.00%	USD 2,351	USD (111)	USD (111)	Subsidiary
AUOLB	AUOJP	Japan	Sales support of TFT-LCD panels	USD 276	USD 276	1	100.00%	USD 1,701	USD 22	USD 22	Subsidiary
AUOLB	AUOKR	South Korea	Sales support of TFT-LCD panels	USD 155	USD 155	-	100.00%	USD 1,203	USD 61	USD 61	Subsidiary
AUOLB	AUSK	Slovakia Republic	Repairing of TFT-LCD modules	USD 1,359	USD 1,359	-	100.00%	USD 4,624	USD 200	USD 200	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 97,018	USD 981	USD 981	Subsidiary
AUOLB	AUVI	United States	Research and development and IP related business	USD 5,000	USD 5,000	5,000	100.00%	USD 6,271	USD 57	USD 57	Subsidiary
AUOLB	BVLB	Malaysia	Holding company	USD 85,171	USD 85,171	85,171	70.29%	USD 21,323	USD 122	USD 86	Subsidiary
AUOLB	AUOSG	Singapore	Holding company and sales support of TFT-LCD panels	USD 9,958	USD 9,958	266,268	100.00%	USD 6,804	USD 12	USD 12	Subsidiary
AUOSG	AEUS	United States	Sales support of solar-related products	USD 1,194	USD 1,194	1,194	100.00%	USD 584	USD 23	USD 23	Subsidiary
DPLB	DPHK	Hong Kong	Holding company	USD 103,785	USD 103,785	10	100.00%	USD 197,628	USD (5,339)	USD (5,339)	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 60,121	USD (2,893)	USD (2,893)	Subsidiary
FHVI	FWSA	Samoa	Holding company	USD 19,000	USD 19,000	19,000	100.00%	USD 16,984	USD 115	USD 115	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 1,662	USD (1,663)	USD (321)	Subsidiary
ADPNL	ADPUS	United States	Sales and sales support of display	USD 1,500	USD 1,500	1	100.00%	USD 1,599	USD 34	USD 34	Subsidiary
ADPNL	ADPJP	Japan	Sales and sales support of display	USD 508	USD 508	1	100.00%	USD 450	USD 25	USD 25	Subsidiary
ADTHLD	ADTSG	Singapore	Holding company	USD 12,300	USD 12,300	12,300	100.00%	USD 6,950	USD (1,663)	USD (1,663)	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 794	USD (63)	USD (63)	Subsidiary

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		March 31, 2022			Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
				March 31, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)			
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 30,483	USD (6)	USD (6)	Subsidiary
CQHLD	CQUK	United Kingdom	Sales and sales support of content management system	GBP 1,874	GBP 1,874	-	100.00%	GBP 74	-	-	Subsidiary
CQHLD	CQUS	United States	Sales of content management system and hardware	GBP 19,948	GBP 19,948	13	100.00%	GBP 11,049	GBP (69)	GBP (69)	Subsidiary
CQHLD	CQCA	Canada	Research and development of content management system	GBP 798	GBP 798	-	100.00%	GBP 633	GBP 28	GBP 28	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 1,740	USD 31	USD 31	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 7,101	USD (118)	USD (118)	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.

AU OPTRONICS CORP. AND SUBSIDIARIES
Information on Investment in Mainland China
For the three months ended March 31, 2022

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

Table 8

1. AUO :

(1) Related information on investment in Mainland China

Investee Company	Main Activities	Total Amount of Paid-in Capital (Note 2)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2022 (Note 2)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 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 March 31, 2022 (Note 2)	Accumulated Inward Remittance of Earnings as of March 31, 2022	Note
					Outflow	Inflow							
ACTSZ	Design, development and sales of software and hardware for health care industry	112,628	(Note 1)	-	-	-	-	(14,036)	100%	(14,036)	13,797	-	
ADTSZ	Business management consulting and services of technology promotion and application	257,598	(Note 1)	257,598	-	-	257,598	(44,867)	100%	(44,867)	112,618	-	
AETSD	Planning, design and development of construction project for environmental protection and related project management	9,010	(Note 1)	-	-	-	-	2	100%	2	2,488	-	
AETSZ	Planning, design and development of construction project for environmental protection and related project management	54,061	(Note 1)	-	-	-	-	(1,030)	100%	(1,030)	20,008	-	
AMISZ	Development, sales and licensing of software and hardware relating to intelligent manufacturing, and related consulting services	135,153	(Note 1)	-	-	-	-	(18,762)	100%	(18,762)	6,411	-	
AMIXM	Sales of software and hardware relating to intelligent manufacturing, and related consulting services	22,526	(Note 1)	-	-	-	-	(3,972)	100%	(3,972)	5,140	-	
ATISZ	Design and sales of software and hardware integration system and equipment relating to intelligent manufacturing	45,051	(Note 1)	-	-	-	-	(12,664)	100%	(12,664)	2,824	-	
AUOKS	Manufacturing and sales of TFT-LCD panels	27,505,742	(Note 1)	31,916,678	-	-	31,916,678	1,536,216	100%	1,536,216	17,493,015	-	

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 March 31, 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 March 31, 2022 (Note 2)	Accumulated Inward Remittance of Earnings as of March 31, 2022	Note
					Outflow	Inflow							
AUSH	Sales support of TFT-LCD panels	429,330	(Note 1)	28,622	-	-	28,622	(12,765)	100%	(12,765)	308,813	-	
AUSJ	Manufacturing and assembly of TFT-LCD modules; leasing	3,091,176	(Note 1)	2,289,760	-	-	2,289,760	38,772	100%	27,661	3,728,658	-	
AUSZ	Manufacturing, assembly and sales of TFT-LCD modules	13,337,852	(Note 1)	5,724,400	-	-	5,724,400	411,469	100%	417,675	18,886,095	-	
AUXM	Manufacturing, assembly and sales of TFT-LCD modules	12,994,388	(Note 1)	7,155,500	-	-	7,155,500	257,409	100%	257,409	15,172,479	-	
BVHF	Manufacturing and sale of liquid crystal products and related parts	2,102,286	(Note 1)	-	-	-	-	3,463	100%	3,463	866,952	-	
BVXM	Manufacturing and sales of liquid crystal products and related parts; leasing	2,703,060	(Note 1)	-	-	-	-	5,050	100%	5,050	1,377,042	-	

(2) Upper limit on investment in Mainland China

Accumulated Investment in Mainland China as of March 31, 2022 (Note 2)	Investment Amounts Authorized by the Investment Commission, MOEA (Note 2)	Upper Limit on Investment Stipulated by the Investment Commission, MOEA (Note 3)
47,372,558 (USD1,655,110)	79,286,617 (USD1,728,003 and HKD60,000 and CNY6,572,210)	141,663,520

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 three months ended March 31, 2022.

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

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 March 31, 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 March 31, 2022 (Note 4)	Accumulated Inward Remittance of Earnings as of March 31, 2022	Note
					Outflow	Inflow							
ADPSZ	Sales and sales support of display	21,467	(Note 1(1))	21,467	-	-	21,467	1,605	100%	1,605	26,225	-	
BVHF	Manufacturing and sale of liquid crystal products and related parts	2,102,286	(Note 1(2))	457,952	-	-	457,952	3,463	29.71%	3,463	866,952	-	(Note 5)
DPSZ	Manufacturing and sale of backlight modules and related parts	715,550	(Note 1(2))	429,330	-	-	429,330	7,554	100%	7,554	1,542,989	1,419,970	(Note 9)
DPXM	Manufacturing and sale of backlight modules and related parts	2,003,540	(Note 1(2))	2,003,540	-	-	2,003,540	(157,267)	100%	(157,267)	4,113,525	1,800,156	
FHWJ	Manufacturing and sale of backlight modules and related parts	186,043	(Note 1(2))	234,700	-	-	234,700	2,702	100%	2,702	58,433	-	
FPWJ	Manufacturing, sales and trading of precision plastic parts	830,038	(Note 1(2))	543,818	-	-	543,818	4,937	100%	4,937	726,739	-	(Note 8)
FTKS	Manufacturing and sale of backlight modules and related parts	-	(Note 1(2))	1,030,392	-	(1,030,392)	-	7,389	-	7,389	-	389,682	(Note 10)
FTWJ	Manufacturing and sale of backlight modules and related parts	1,001,770	(Note 1(2))	186,043	-	-	186,043	(82,780)	100%	(82,780)	1,480,131	402,841	(Note 7)

(2) Upper limit on investment in Mainland China

Entity	Accumulated Investment in Mainland China as of March 31, 2022 (Note 4)	Investment Amounts Authorized by the Investment Commission, MOEA (Note 4)	Upper Limit on Investment Stipulated by the Investment Commission, MOEA (Note 3)
DPTW	3,855,383 (USD134,700)	3,184,179 (USD111,249)	5,606,048
ADP	21,467 (USD750)	143,110 (USD5,000)	2,666,171

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 March 31, 2022 disclosed in the table are presented based on 100% held.
- Note 6: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the average exchange rates for the three months ended March 31, 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.