Stock Code:2409

# AU OPTRONICS CORP.

## Parent Company Only Financial Statements

## With Independent Auditors' Report
## For the Years Ended December 31, 2021 and 2020

The independent auditors' report and the accompanying parent company only 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' report and the parent company only financial statements shall prevail.

## Independent Auditors' Report

To the Board of Directors of AU Optronics Corp.:

**Opinion**

We have audited the parent company only financial statements of AU Optronics Corp. ("the Company"), which comprise the balance sheets as of December 31, 2021 and 2020, the statements of comprehensive income, statements of changes in equity, and statements of cash flows for the years ended December 31, 2021 and 2020, and notes to the parent company only financial statements including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for each of the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

**Basis for Opinion**

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Impairment of long-term non-financial assets (including goodwill)

   Refer to Note 4(16) "Impairment – non-financial assets", Note 5(1) and Note 5(2) "Critical accounting judgments and key sources of estimation and assumption uncertainty", Note 6(8) "Property, plant and equipment", Note 6(9) "Lease arrangements" and Note 6(11) "Intangible assets" to the parent company only financial statements.

Description of key audit matter:

The Company operates in an industry with high investment costs, has goodwill through the acquisition of subsidiaries, and may experience volatility in response to changes in the external market; hence, it is important to assess the impairment of its long-term non-financial assets (including goodwill). The impairment assessment includes identifying cash-generating units, determining a valuation model, determining significant assumptions, and computing recoverable amounts. With the complexity of the impairment assessment process and the involvement of significant management judgment regarding assumptions used, this is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding and testing the Company's controls surrounding the impairment assessment and testing process; assessing whether there are impairment indications for the identified cash-generating units of the Company and its related assets; understanding and assessing the appropriateness of the valuation model used by the management in the impairment assessment and the significant assumptions used to determine related assets' future cash flows projection, useful lives, and weighted-average cost of capital; retrospectively reviewing the accuracy of assumptions used in prior-period estimates and performing a sensitivity analysis of key assumptions and results; in addition to the above audit procedures, appointing specialists to evaluate the appropriateness of the weighted-average cost of capital used and related assumptions; performing an inquiry of the management and identifying any event after the balance sheet date if able to affect the results of the impairment assessment; and assessing the adequacy of the Company's disclosures of its policy on impairment of noncurrent non-financial assets and other related disclosures.

2. Revenue recognition

Refer to Note 4(19) "Revenue from contracts with customers" and Note 6(18) "Revenue from contracts with customers" to the parent company only financial statements.

Description of key audit matter:

Revenue is recognized when the control over a product has been transferred to the customer as specified in each individual contract with customers. The Company recognizes revenue depending on the various sales terms in each individual contract with customers to ensure the performance obligation has been satisfied by transferring control over a product to a customer. In addition, the Company operates in an industry in which revenue is considered to be complex in determining the timing of revenue recognition. Consequently, this is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding and testing the Company's controls surrounding revenue recognition; assessing whether appropriate revenue recognition policies are applied through comparison with accounting standards and understanding the Company's main revenue types, its related sales agreements, and sales terms; on a sample basis, inspecting contracts with customers or customers' orders and assessing whether the accounting treatment of the related contracts (including sales terms) is applied appropriately; performing a test of details of sales revenue and understanding the rationale for any identified significant sales fluctuations and any significant reversals of revenue through sales discounts and sales returns which incurred within a certain period before or after the balance sheet date; and assessing the adequacy of the Company's disclosures of its revenue recognition policy and other related disclosures.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercised professional judgment and maintained professional skepticism throughout the audit. We also:

1. Identified and assessed the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluated the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtained sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG

Hsinchu, Taiwan (Republic of China)
February 10, 2022

**Notes to Readers**

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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

# AU OPTRONICS CORP.

## Balance Sheets

## December 31, 2021 and 2020

## (Expressed in thousands of New Taiwan dollars)

| | | December 31, 2021 | | December 31, 2020 | |
|---|---|---|---|---|---|
| | **Assets** | **Amount** | **%** | **Amount** | **%** |
| | **Current assets:** | | | | |
| 1100 | Cash and cash equivalents (Note 6(1)) | $ 35,620,938 | 9 | 54,969,325 | 15 |
| 1110 | Financial assets at fair value through profit or loss－current (Note 6(2)) | 130,434 | - | 21,361 | - |
| 1136 | Financial assets at amortized cost－current (Note 6(4)) | 10,000,000 | 3 | - | - |
| 1170 | Accounts receivable, net (Note 6(5)) | 48,983,659 | 13 | 41,585,707 | 11 |
| 1180 | Accounts receivable from related parties, net (Notes 6(5)&7) | 7,475,344 | 2 | 2,258,704 | 1 |
| 1210 | Other receivables from related parties (Note 7) | 2,071,262 | 1 | 1,021,418 | - |
| 1220 | Current tax assets | 28,430 | - | 43,395 | - |
| 130X | Inventories (Note 6(6)) | 21,691,552 | 6 | 18,984,776 | 5 |
| 1476 | Other current financial assets (Notes 6(8)&(18)) | 1,771,363 | - | 221,461 | - |
| 1479 | Other current assets (Note 6(12)) | 1,881,797 | - | 1,938,708 | 1 |
| | | 129,654,779 | 34 | 121,044,855 | 33 |
| | **Noncurrent assets:** | | | | |
| 1517 | Financial assets at fair value through other comprehensive income－noncurrent (Note 6(3)) | 65,989 | - | - | - |
| 1550 | Investments in equity-accounted investees (Notes 6(7)&7) | 110,187,644 | 29 | 85,868,028 | 24 |
| 1600 | Property, plant and equipment (Notes 6(8),7&8) | 117,565,260 | 30 | 129,554,205 | 36 |
| 1755 | Right-of-use assets (Note 6(9)) | 8,325,689 | 2 | 8,790,075 | 2 |
| 1760 | Investment property (Note 6(10)) | 465,868 | - | 465,868 | - |
| 1780 | Intangible assets (Note 6(11)) | 10,688,986 | 3 | 11,806,450 | 3 |
| 1840 | Deferred tax assets (Note 6(22)) | 5,528,979 | 1 | 5,250,159 | 2 |
| 1900 | Other noncurrent assets (Notes 6(12),(15)&8) | 3,120,341 | 1 | 1,220,936 | - |
| | | 255,948,756 | 66 | 242,955,721 | 67 |
| | **Total Assets** | **$ 385,603,535** | **100** | **364,000,576** | **100** |

| | | December 31, 2021 | | December 31, 2020 | |
|---|---|---|---|---|---|
| | **Liabilities and Equity** | **Amount** | **%** | **Amount** | **%** |
| | **Current liabilities:** | | | | |
| 2120 | Financial liabilities at fair value through profit or loss－current (Note 6(2)) | 39,294 | - | 135,420 | - |
| 2170 | Accounts payable | 25,563,063 | 7 | 24,457,428 | 7 |
| 2180 | Accounts payable to related parties (Note 7) | 33,402,582 | 9 | 29,923,778 | 8 |
| 2213 | Equipment and construction payable (Note 7) | 2,037,379 | 1 | 2,201,328 | 1 |
| 2220 | Other payables to related parties (Note 7) | 285,903 | - | 645,371 | - |
| 2230 | Current tax liabilities | 62,580 | - | - | - |
| 2250 | Provisions－current (Note 6(14)) | 777,282 | - | 662,250 | - |
| 2280 | Lease liabilities－current (Note 6(9)) | 378,273 | - | 390,595 | - |
| 2399 | Other current liabilities (Notes 6(18)&(19)) | 28,097,647 | 7 | 14,523,627 | 4 |
| 2322 | Current installments of long-term borrowings (Notes 6(13)&8) | 12,267,653 | 3 | 11,184,508 | 3 |
| | | 102,911,656 | 27 | 84,124,305 | 23 |
| | **Noncurrent liabilities:** | | | | |
| 2527 | Contract liabilities－noncurrent (Note 6(18)) | 8,739,846 | 2 | - | - |
| 2540 | Long-term borrowings, excluding current installments (Notes 6(13)&8) | 28,379,592 | 8 | 84,455,010 | 23 |
| 2550 | Provisions－noncurrent (Note 6(14)) | 679,907 | - | 779,500 | - |
| 2570 | Deferred tax liabilities (Note 6(22)) | 3,331,803 | 1 | 2,334,898 | 1 |
| 2580 | Lease liabilities－noncurrent (Note 6(9)) | 8,153,713 | 2 | 8,542,357 | 3 |
| 2600 | Other noncurrent liabilities | 1,619,978 | - | 959,815 | - |
| | | 50,904,839 | 13 | 97,071,580 | 27 |
| | **Total liabilities** | 153,816,495 | 40 | 181,195,885 | 50 |
| | **Equity** (Note 6(16)): | | | | |
| 3100 | Common stock | 96,242,451 | 25 | 96,242,451 | 26 |
| 3200 | Capital surplus | 60,057,001 | 15 | 60,587,684 | 17 |
| 3300 | Retained earnings | 80,669,998 | 21 | 30,258,282 | 8 |
| 3400 | Other components of equity | (4,743,182) | (1) | (3,270,303) | (1) |
| 3500 | Treasury shares | (439,228) | - | (1,013,423) | - |
| | **Total equity** | 231,787,040 | 60 | 182,804,691 | 50 |
| | **Total Liabilities and Equity** | **$ 385,603,535** | **100** | **364,000,576** | **100** |

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

# AU OPTRONICS CORP.

## Statements of Comprehensive Income

## For the years ended December 31, 2021 and 2020

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

| | | 2021 | | 2020 | |
|---|---|---|---|---|---|
| | | Amount | % | Amount | % |
| 4110 | **Revenue** | $333,453,625 | 101 | 256,851,362 | 100 |
| 4190 | Less: sales return and discount | 2,223,070 | 1 | 762,017 | - |
| | **Net revenue** (Notes 6(18)&7) | 331,230,555 | 100 | 256,089,345 | 100 |
| 5000 | **Cost of sales** (Notes 6(6),(9),(15),(19),(20)&7) | 260,307,149 | 79 | 240,070,378 | 94 |
| | **Gross profit** | 70,923,406 | 21 | 16,018,967 | 6 |
| | **Operating expenses** (Notes 6(9),(15),(17),(19),(20)&7): | | | | |
| 6100 | Selling and distribution expenses | 3,540,549 | 1 | 2,702,022 | 1 |
| 6200 | General and administrative expenses | 6,357,095 | 2 | 4,139,655 | 2 |
| 6300 | Research and development expenses | 10,093,084 | 3 | 8,054,215 | 3 |
| | **Total operating expenses** | 19,990,728 | 6 | 14,895,892 | 6 |
| | **Profit from operations** | 50,932,678 | 15 | 1,123,075 | - |
| | **Non-operating income and expenses:** | | | | |
| 7100 | Interest income (Note 6(21)) | 159,594 | - | 158,965 | - |
| 7010 | Other income (Notes 6(3),(21)&7) | 565,952 | - | 895,740 | - |
| 7020 | Other gains and losses (Notes 6(7),(8),(9),(21)&7) | (206,835) | - | (182,115) | - |
| 7050 | Finance costs (Notes 6(8),(9)&(21)) | (1,447,159) | - | (1,771,273) | - |
| 7060 | Share of profit of equity-accounted investees (Note 6(7)) | 12,431,269 | 4 | 2,272,193 | 1 |
| | **Total non-operating income and expenses** | 11,502,821 | 4 | 1,373,510 | 1 |
| 7900 | **Profit before income tax** | 62,435,499 | 19 | 2,496,585 | 1 |
| 7950 | **Less: income tax expense (benefit)** (Note 6(22)) | 1,104,871 | - | (879,739) | - |
| 8200 | **Profit for the year** | 61,330,628 | 19 | 3,376,324 | 1 |
| 8300 | **Other comprehensive income** (Notes 6(3),(7),(15),(16)&(22)): | | | | |
| 8310 | **Items that will never be reclassified to profit or loss** | | | | |
| 8311 | Remeasurement of defined benefit obligations | 21,693 | - | 140,218 | - |
| 8316 | Unrealized gain on equity investments at fair value through other comprehensive income (loss) | (25,518) | - | 2,564,513 | 1 |
| 8330 | Equity-accounted investees – share of other comprehensive income | 236,236 | - | 113,167 | - |
| 8349 | Related tax | (4,664) | - | (28,043) | - |
| | | 227,747 | - | 2,789,855 | 1 |
| 8360 | **Items that are or may be reclassified subsequently to profit or loss** | | | | |
| 8361 | Foreign operations – foreign currency translation differences | (1,765,440) | (1) | (3,049,722) | (1) |
| 8380 | Equity-accounted investees – share of other comprehensive income | 523,293 | - | 2,961,666 | 1 |
| 8399 | Related tax | 328,538 | - | 11,518 | - |
| | | (913,609) | (1) | (76,538) | - |
| 8300 | **Other comprehensive income (loss), net of tax** | (685,862) | (1) | 2,713,317 | 1 |
| 8500 | **Total comprehensive income for the year** | **$ 60,644,766** | **18** | **6,089,641** | **2** |
| | **Earnings per share** (NT$, Note 6(23)) | | | | |
| 9750 | Basic earnings per share | **$** | **6.44** | | **0.36** |
| 9850 | Diluted earnings per share | **$** | **6.26** | | **0.35** |

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

**AU OPTRONICS CORP.**

**Statements of Changes in Equity**

**For the years ended December 31, 2021 and 2020**

**(Expressed in thousands of New Taiwan dollars)**

| | Capital Stock | | Retained Earnings | | | | Other Components of Equity | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 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 | Total Equity |
| **Balance at January 1, 2020** | $ 96,242,451 | 60,544,474 | 7,691,688 | 847,770 | 14,364,264 | 22,903,722 | (3,129,982) | 1,124,598 | (2,005,384) | (1,013,423) | 176,671,840 |
| Appropriation of earnings: | | | | | | | | | | | |
| Special reserve | - | - | - | 1,157,614 | (1,157,614) | - | - | - | - | - | - |
| Profit for the year | - | - | - | - | 3,376,324 | 3,376,324 | - | - | - | - | 3,376,324 |
| Other comprehensive income (loss), net of tax | - | - | - | - | 113,073 | 113,073 | (76,538) | 2,676,782 | 2,600,244 | - | 2,713,317 |
| Total comprehensive income (loss) for the year | - | - | - | - | 3,489,397 | 3,489,397 | (76,538) | 2,676,782 | 2,600,244 | - | 6,089,641 |
| Changes in deemed contributions from shareholders | - | 1,073 | - | - | - | - | - | - | - | - | 1,073 |
| Adjustments for changes in investees' equity | - | 42,137 | - | - | - | - | - | - | - | - | 42,137 |
| Disposal of equity investments measured at fair value through other comprehensive income | - | - | - | - | 3,865,163 | 3,865,163 | - | (3,865,163) | (3,865,163) | - | - |
| **Balance at December 31, 2020** | 96,242,451 | 60,587,684 | 7,691,688 | 2,005,384 | 20,561,210 | 30,258,282 | (3,206,520) | (63,783) | (3,270,303) | (1,013,423) | 182,804,691 |
| Appropriation of earnings: | | | | | | | | | | | |
| Legal reserve | - | - | 735,456 | - | (735,456) | - | - | - | - | - | - |
| Special reserve | - | - | - | 1,264,919 | (1,264,919) | - | - | - | - | - | - |
| Cash dividends distributed to shareholders | - | - | - | - | (2,850,967) | (2,850,967) | - | - | - | - | (2,850,967) |
| Profit for the year | - | - | - | - | 61,330,628 | 61,330,628 | - | - | - | - | 61,330,628 |
| Other comprehensive income (loss), net of tax | - | - | - | - | 8,223 | 8,223 | (913,609) | 219,524 | (694,085) | - | (685,862) |
| Total comprehensive income (loss) for the year | - | - | - | - | 61,338,851 | 61,338,851 | (913,609) | 219,524 | (694,085) | - | 60,644,766 |
| Changes in deemed contributions from shareholders | - | 449 | - | - | - | - | - | - | - | - | 449 |
| Adjustments for changes in investees' equity | - | (1,356,246) | - | - | (8,101,518) | (8,101,518) | (753,444) | - | (753,444) | - | (10,211,208) |
| Share-based payments | - | 825,114 | - | - | - | - | - | - | - | 574,195 | 1,399,309 |
| Disposal of equity investments measured at fair value through other comprehensive income | - | - | - | - | 25,350 | 25,350 | - | (25,350) | (25,350) | - | - |
| **Balance at December 31, 2021** | **$ 96,242,451** | **60,057,001** | **8,427,144** | **3,270,303** | **68,972,551** | **80,669,998** | **(4,873,573)** | **130,391** | **(4,743,182)** | **(439,228)** | **231,787,040** |

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

# AU OPTRONICS CORP.

## Statements of Cash Flows

## For the years ended December 31, 2021 and 2020

## (Expressed in thousands of New Taiwan dollars)

| | | 2021 | 2020 |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| **Profit before income tax** | $ | 62,435,499 | 2,496,585 |
| **Adjustments for:** | | | |
| - depreciation | | 22,394,148 | 23,787,296 |
| - amortization | | 170,775 | 245,311 |
| - losses (gains) on financial instruments at fair value through profit or loss | | (205,199) | 125,758 |
| - interest expense | | 1,371,931 | 1,699,576 |
| - interest income | | (159,594) | (158,965) |
| - dividend income | | (2,598) | (251,423) |
| - compensation costs of share-based payments | | 793,463 | - |
| - share of profit of equity-accounted investees | | (12,431,269) | (2,272,193) |
| - gains on disposals of property, plant and equipment, net | | (782,257) | (21,322) |
| - gains on disposals of investments, net | | (496,461) | - |
| - impairment losses on assets | | 1,017,725 | 36,788 |
| - unrealized foreign currency exchange losses (gains) | | (7,139) | 119,736 |
| - others | | 75,227 | 39,307 |
| **Changes in operating assets and liabilities:** | | | |
| - accounts receivable | | (11,734,364) | (14,422,629) |
| - receivables from related parties | | (399,806) | (329,567) |
| - inventories | | (2,973,563) | (1,728,515) |
| - net defined benefit assets | | (12,299) | (549,716) |
| - other operating assets | | (2,308,415) | 1,265,569 |
| - contract liabilities | | 11,503,416 | 187,100 |
| - accounts payable | | 1,041,259 | (94,420) |
| - payables to related parties | | 3,119,336 | 4,838,219 |
| - provisions | | 72,305 | (21,862) |
| - other operating liabilities | | 11,802,579 | 468,077 |
| Cash generated from operations | | 84,284,699 | 15,458,710 |
| Interest received | | 159,574 | 158,679 |
| Dividends received | | 813,819 | 371,371 |
| Interest paid | | (1,416,424) | (1,702,459) |
| Income taxes refunded (paid) | | 14,958 | (15,087) |
| **Net cash provided by operating activities** | | 83,856,626 | 14,271,214 |

(Continued)

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

# AU OPTRONICS CORP.

## Statements of Cash Flows (Continued)

## For the years ended December 31, 2021 and 2020

## (Expressed in thousands of New Taiwan dollars)

| | 2021 | 2020 |
|---|---|---|
| **Cash flows from investing activities:** | | |
| Acquisitions of financial assets at amortized cost | (20,000,000) | - |
| Disposals of financial assets at amortized cost | 10,000,000 | - |
| Acquisitions of financial assets at fair value through other comprehensive income | (91,507) | - |
| Acquisitions of equity-accounted investees | (23,104,090) | (3,758,797) |
| Proceeds from return of capital deduction | 90,212 | - |
| Acquisitions of property, plant and equipment | (10,221,675) | (11,137,182) |
| Disposals of property, plant and equipment | 311,229 | 25,695 |
| Decrease (increase) in refundable deposits | (572,337) | 160,169 |
| Decrease (increase) in other receivables from related parties | (510,000) | 200,000 |
| Net cash outflow arising from spin-off | (1,316,465) | - |
| **Net cash used in investing activities** | (45,414,633) | (14,510,115) |
| **Cash flows from financing activities:** | | |
| Proceeds from long-term borrowings | 10,770,000 | 14,519,350 |
| Repayments of long-term borrowings | (65,837,500) | (4,912,500) |
| Payment of lease liabilities | (390,835) | (390,812) |
| Guarantee deposits received (refunded) | (51,290) | 51,000 |
| Cash dividends | (2,850,967) | - |
| Treasury shares sold to employees | 572,472 | - |
| Others | 449 | 1,073 |
| **Net cash provided by (used in) financing activities** | (57,787,671) | 9,268,111 |
| **Effect of exchange rate change on cash and cash equivalents** | (2,709) | 12,045 |
| **Net increase (decrease) in cash and cash equivalents** | (19,348,387) | 9,041,255 |
| **Cash and cash equivalents at January 1** | 54,969,325 | 45,928,070 |
| **Cash and cash equivalents at December 31** | $ **35,620,938** | **54,969,325** |

See accompanying notes to parent company only financial statements.

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

## 1. Organization

AU Optronics Corp. ("AUO" or "the Company") 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 Company split the net operating assets amounted to $368,555 thousand in exchange for 36,856 thousand shares, with par value of NT$10 per share,of common shares of ADP. The carrying amounts of those assets and liabilities split off were as follows:

| | |
|---|---|
| Assets: | |
| Cash and cash equivalents | $ 1,316,465 |
| Accounts receivable, net | 4,325,057 |
| Accounts receivable from related parties, net | 273,706 |
| Inventories | 266,788 |
| Other current assets | 265 |
| Property, plant and equipment | 11,382 |
| Deferred tax assets | 23,763 |
| Liabilities: | |
| Accounts payable to related parties | (5,630,385) |
| Provisions－current | (42,279) |
| Other current liabilities | (139,775) |
| Deferred tax liabilities | (24,088) |
| Provisions－noncurrent | (12,344) |
| | **$ 368,555** |

**AU OPTRONICS CORP.**
**Notes to the Parent Company Only Financial Statements**

**2. The Authorization of Financial Statements**

These parent company only financial statements were approved and authorized for issue by the Board of Directors of AUO on February 10, 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, 2021. The adoption does not have a material impact on the Company's parent company only financial statements.

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

The Company assessed that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a material impact on its parent company only financial statements.

- Annual Improvements to IFRSs 2018–2020 Cycle
- Amendments to IFRS 3, *Reference to the Conceptual Framework*
- Amendments to IAS 16, *Property, Plant and Equipment —Proceeds before Intended Use*
- Amendments to IAS 37, *Onerous Contracts —Cost of Fulfilling a Contract*

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

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

- Amendments to IFRS 10 and IAS 28, *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture*
- IFRS 17, *Insurance Contracts* and amendments to IFRS 17
- Amendments to IAS 1, *Classification of Liabilities as Current or Noncurrent*
- Amendments to 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 parent company only 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.

(Continued)

**AU OPTRONICS CORP.**

**Notes to the Parent Company Only Financial Statements**

## 4. Summary of Significant Accounting Policies

The significant accounting policies applied in the preparation of these parent company only financial statements are set out as below. The significant accounting policies have been applied consistently to all periods presented in these parent company only financial statements.

(1) Statement of compliance

The parent company only 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").

(2) Basis of preparation

a. Basis of measurement

The parent company only financial statements have been prepared on the historical cost basis except for the following material items in the balance sheets:

(i) Financial instruments at fair value through profit or loss (including derivative financial instruments) (Note 6(2));

(ii) Financial assets at fair value through other comprehensive income (Note 6(3));

(iii) Defined benefit asset (liability) is recognized as the fair value of the plan assets less the present value of the defined benefit obligation (Note 6(15)).

b. Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The parent company only financial statements are presented in New Taiwan Dollar ("NTD"), which is also the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand, unless otherwise noted.

(3) Foreign currency transactions and operations

a. Transactions in foreign currencies are translated to the functional currencies of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date and the resulting exchange differences are included in profit or loss for the year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date when the fair value was determined. The resulting exchange differences are included in profit or loss for the year except for those arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items in foreign currencies that are measured at historical cost are translated using the exchange rate at the date of the transaction.

(Continued)

**AU OPTRONICS CORP.**
**Notes to the Parent Company Only Financial Statements**

Exchange differences arising from the effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges are recognized in other comprehensive income.

b. For the purpose of presenting parent company only financial statements, the assets and liabilities of the Company’s foreign operations are translated into NTD using the exchange rates at each reporting date. Income and expenses of foreign operations are translated at the average exchange rates for the period unless the exchange rates fluctuate significantly during the period; in that case, the exchange rates at the dates of the transactions are used. Foreign currency differences are recognized in other comprehensive income and accumulated in equity.

(4) Classification of current and non-current assets and liabilities

An asset is classified as current when:

a. The asset expected to realize, or intends to sell or consume, in its normal operating cycle;

b. The asset primarily held for the purpose of trading;

c. The asset expected to realize within twelve months after the reporting date; or

d. Cash and cash equivalent excluding the asset restricted to be exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non-current.

A liability is classified as current when:

a. The liability expected to settle in its normal operating cycle;

b. The liability primarily held for the purpose of trading;

c. The liability is due to be settled within twelve months after the reporting date; or

d. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments, do not affect its classification.

All other liabilities are classified as non-current.

(5) Cash and cash equivalents

Cash comprises cash balances and demand deposits. Cash equivalents comprise short-term highly liquid investments that are readily convertible into known amount of cash and are subject to an insignificant risk of changes in their fair value. Time deposits with short-term maturity but not for investments and other purposes and are qualified with the aforementioned criteria are classified as cash equivalent.

(Continued)

**AU OPTRONICS CORP.**
**Notes to the Parent Company Only Financial Statements**

(6) Financial instruments

a. Financial assets

(i) Classification of financial assets

The Company classifies financial assets into the following categories: financial assets at amortized cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss. When, and only when, the Company changes its business model for managing financial assets it shall reclassify all affected financial assets.

(a) Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

i. it is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and

ii. its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are initially recognized at fair value, plus any directly attributable transaction costs. Subsequently, these assets are measured at amortized cost using the effective interest method, less any impairment losses. Interest income, foreign exchange gains and losses, and recognition (reversal) of impairment losses, are recognized in profit or loss.

(b) Financial assets at fair value through other comprehensive income

On initial recognition, the Company is able to make an irrevocable election to present subsequent changes in the fair value of investments in equity instruments that is not held for trading in other comprehensive income. This election is made on an instrument-by-instrument basis.

Such financial assets are initially recognized at fair value, plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein are recognized in other comprehensive income and accumulated in equity－unrealized gains (losses) on financial assets at fair value through other comprehensive income, except for dividends deriving from equity investments which are recognized in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. When an investment is derecognized, the cumulative gain or loss in equity will not be reclassified to profit or loss, instead, is reclassified to retained earnings.

Dividends on investments in equity instruments are recognized on the date that the Company’s right to receive the dividends is established.

(c) Financial assets at fair value through profit or loss

All financial assets not classified as at amortized cost or at fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes all derivative financial assets.

Such financial assets are initially recognized at fair value, and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, they are measured at fair value and changes therein are recognized in profit or loss.

(ii) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets at amortized cost, including cash and cash equivalents, receivables, refundable deposits and other financial assets, etc., and contract assets. Loss allowances for financial assets are deducted from the gross carrying amount of the assets. The recognition or reversal of the loss allowance is recognized in profit or loss.

The expected credit loss is the weighted average of credit losses with the respective risks of a default occurring on the financial instrument as the weights.

The Company measures the loss allowance for a financial instrument at an amount equal to lifetime expected credit losses, except for the financial instrument that is determined to have low credit risk at the reporting date and the credit risk thereof has not increased significantly since initial recognition, which is measured at an amount equal to the 12-month expected credit losses. For trade receivables and contract assets, the Company measures their loss allowances at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant. This includes both qualitative and quantitative information and analysis, based on the Company's historical experience and credit assessment as well as forward-looking information.

In the circumstance that a financial asset is past due or the borrower is unlikely to pay its credit obligations to the Company in full, the Company considers the credit risk on that financial asset has significantly increased, or further, to be in default.

At each reporting date, the Company assesses whether financial assets at amortized cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

(iii) De-recognition of financial assets

The Company derecognizes financial assets when the contractual rights to the cash flows from the asset expire, or when the Company transfers substantially all the risks and rewards of ownership of the financial assets to another entity.

(Continued)

b. Financial liabilities

(i) Classification of financial liabilities

The Company classifies financial liabilities into the following categories: financial liabilities at fair value through profit or loss and other financial liabilities.

(a) Financial liabilities at fair value through profit or loss

The Company designates financial liabilities as held for trading for the purpose of hedging exposure to foreign exchange risk arising from operating and financing activities. When a financial liability is not effective as a hedge, the Company accounts for it as a financial liability at fair value through profit or loss.

The Company designates financial liabilities, other than the one mentioned above, as at fair value through profit or loss at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities in this category are subsequently measured at fair value and changes therein, which takes into account any interest expense, are recognized in profit or loss.

(b) Other financial liabilities

Financial liabilities not classified as held for trading, or not designated as at fair value through profit or loss (including loans and borrowings, trade and other payables), are measured at fair value, plus any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method, except for insignificant recognition of interest expense from short-term borrowings and payables. Interest expense not capitalized as an asset cost is recognized in profit or loss.

(ii) De-recognition of financial liabilities

The Company derecognizes financial liabilities when the contractual obligation has been discharged, cancelled or expired. The difference between the carrying amount and the consideration paid or payable, including any non-cash assets transferred or liabilities assumed is recognized in profit or loss.

c. Offsetting of financial assets and liabilities

The Company presents financial assets and liabilities on a net basis in the balance sheet when the Company has the legally enforceable rights to offset, and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(Continued)

**AU OPTRONICS CORP.**
**Notes to the Parent Company Only Financial Statements**

(7) Inventories

The cost of inventories includes all necessary expenditures and charges for bringing the inventory to a stable, useable and marketable condition and location. The production overhead is allocated to finished goods and work in progress based on the normal capacity of the production facilities. Subsequently, inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted-average method. Net realizable value is calculated based on the estimated selling price less all estimated costs of completion and the estimated costs necessary to make the sale.

(8) Investments in associates and joint ventures

Associates are those entities in which the Company and its subsidiaries have the power to exercise significant influence, but not control or joint control, over their financial and operating policies.

Joint venture is a joint arrangement whereby the Company and other parties agreed to share the control of the arrangement, and have rights to the net assets of the arrangement. Unanimous consent from the parties sharing control is required when making decisions for the relevant activities of the arrangement.

Investments in associates or joint ventures are accounted for using the equity method and are recognized initially at cost. The parent company only financial statements include the Company's share of the profit or loss and other comprehensive income of associates or joint ventures, after adjustments are made to align their accounting policies with those of the Company. When an associate or a joint venture incurs changes in its equity not derived from profit or loss and other comprehensive income, the Company recognizes all the equity changes in proportion to its ownership interest in the associate or joint venture as capital surplus provided that the ownership interest in the associate or joint venture remains unchanged.

The difference between acquisition cost and fair value of associates' or joint ventures' identifiable assets and liabilities as of the acquisition date is accounted for as goodwill. Goodwill is included in the original investment cost of acquired associates or joint ventures and is not amortized. If the fair value of identified assets and liabilities is in excess of acquisition cost, the remaining excess over acquisition cost is recognized as a gain in profit or loss.

The Company discontinues the use of the equity method from the date when its investment ceases to be an associate or a joint venture, and then measures the retained interests at fair value at that date. The difference between the carrying amount of the investment at the date the equity method was discontinued and the fair value of the retained interests along with any proceeds from disposing of a part interest in the associate or joint venture is recognized in profit or loss. Moreover, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would be required if the investee had directly disposed of the related assets or liabilities.

(Continued)

**AU OPTRONICS CORP.**
**Notes to the Parent Company Only Financial Statements**

When the Company subscribes for additional shares in an associate or a joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the net assets of the associate or joint venture. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the capital surplus arising from investment accounted for under the equity method in associates or joint ventures is insufficient to offset with the said corresponding amount, the differences will be charged or credited to retained earnings.

If the Company's ownership interest in an associate or a joint venture is reduced due to disposal of or disproportionate subscription to the shares, but the Company continues to apply the equity method, the Company shall reclassify to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest on the same basis as would be required if the investee had directly disposed of the related assets or liabilities.

At the end of each reporting period, if there is any indication of impairment, the entire carrying amount of the investment including goodwill is tested for impairment as a single asset, by comparing its recoverable amount with its carrying amount. An impairment loss recognized forms part of the carrying amount of the investment in associates or joint ventures. Accordingly, any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

Profits and losses resulting from the transactions between the Company and associates or joint ventures are recognized in the Company's parent company only financial statements only to the extent of interests in the associate or joint venture that are not related to the Company.

When the Company's share of losses exceeds its interest in an associate or a joint venture, the carrying amount of that interest, including any long-term investments that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has a legal or constructive obligation, or has made payments on behalf of the investee.

(9) Investment in subsidiaries

The investees which are controlled by the Company are measured under equity method in preparing the parent company only financial statement. The profit or loss, other comprehensive income and equity in the parent company only financial statement are equal to the profit or loss, other comprehensive income and equity attributable to the shareholders of parent in the consolidated financial statement. The Company prepares the consolidated financial statement quarterly comprising of AUO and its subsidiaries.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing of control over the subsidiary are accounted for as equity transaction.

**AU OPTRONICS CORP.**

**Notes to the Parent Company Only Financial Statements**

(10) Spin-off

The Company demerged and transferred assets, liabilities and the operations to its subsidiary in exchange of the shares issued by the subsidiary. The cost of acquiring the subsidiary is based on the net carrying amount of the Company's assets and liabilities split off. In the meanwhile, there was no gain or loss needed to be recognized.

In accordance with the FAQ issued by Accounting Research and Development Foundation dated January 30, 2019, the Company chose not to restate the parent company only and consolidated financial statements for the comparative period for such organizational restructuring.

(11) Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition. Subsequent to initial recognition, investment properties are measured using the cost model. Depreciation is charged and recognized in non-operating income and expenses based on the depreciable amount. Depreciation methods, useful lives and residual values are in accordance with the policy of property, plant and equipment. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

An investment property is reclassified to property, plant and equipment at its carrying amount when the use of the investment property changes.

(12) Property, plant and equipment

a. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset, any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and any borrowing cost that is eligible for capitalization. The cost of the software is capitalized as part of the equipment if the purchase of the software is necessary for the equipment to be capable of operating.

When part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item and the useful life or the depreciation method of the significant part is different from another significant part of that same item, it is accounted for as a separate item (significant component) of property, plant and equipment.

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and is recognized in profit or loss.

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b. Subsequent costs

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. Ongoing repairs and maintenance expenses are recognized in profit or loss as incurred.

c. Depreciation

Depreciation is determined by depreciable amount allocated over the estimated useful lives of the respective assets, considering significant components of an individual asset on a straight-line basis. If a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Depreciation charge is recognized in profit or loss.

Leased assets are depreciated over their useful lives if it is reasonably certain that the Company will obtain ownership by the end of the lease term. Otherwise, leased assets are depreciated over the shorter of the lease term and their useful lives.

Except for land, which is not depreciated, the estimated useful lives of the assets are as follows:

(i) Buildings: 20~50 years

(ii) Machinery and equipment: 3~9 years

(iii) Other equipment: 3~6 years

Depreciation methods, useful lives, and residual values are reviewed at each annual reporting date and, if necessary, adjusted as appropriate. Any changes therein are accounted for as changes in accounting estimates.

d. Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment purpose.

(13) Leases

a. Identifying a lease

A contract is, or contains, a lease when all the following conditions are satisfied:

(i) the contract involves the use of an identified asset, and the supplier does not have a substantive right to substitute the asset; and

(ii) the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use; and

(iii) the Company has the right to direct the use of the identified asset throughout the period of use.

(Continued)

b. As a lessee

Payments for leases of low-value assets and short-term leases are recognized as expenses on a straight-line basis during the lease term for which the recognition exemption is applied. Except for leases described above, a right-of-use asset and a lease liability shall be recognized for all other leases at the lease commencement date.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The lease liability is initially measured at the present value of the lease payments (including fixed payments and variable lease payments that depend on an index or a rate), discounted using the lessee's incremental borrowing rate. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred in restoring the underlying asset.

The right-of-use asset is subsequently depreciated using the straight-line method over the shorter of the useful life of the right-of-use asset or the lease term. The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured (i) if there is a change in the lease term; (ii) if there is a change in future lease payments arising from a change in an index or a rate; (iii) if there is a change in the amounts expected to be payable under a residual value guarantee; or (iv) if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in the circumstances aforementioned, a corresponding adjustment is made to the carrying amount of the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss.

Moreover, the lease liability is remeasured when lease modifications occur that decrease the scope of the lease. The Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognizes in profit or loss any gain or loss relating to the partial or full termination of the lease.

As a practical expedient, the Company elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

(i) the rent concessions occurring as a direct consequence of the COVID-19 pandemic;

(ii) the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(iii) any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2021; and

(iv) there is no substantive change in other terms and conditions of the lease.

Under the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

c. As a lessor

Lease income from an operating lease is recognized in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the asset leased to others and recognized as an expense on a straight-line basis over the lease term.

(14) Intangible assets

a. Goodwill

Goodwill is recognized when the purchase price exceeds the fair value of identifiable net assets acquired in a business combination. Goodwill is measured at cost less accumulated impairment losses.

Equity-method goodwill is included in the carrying amounts of the equity investments. The impairment losses for the goodwill within the equity-accounted investees are accounted for as deductions of carrying amounts of investments in equity-accounted investees.

b. Research and development

During the research phase, activities are carried out to obtain and understand new scientific or technical knowledge. Expenditures during this phase are recognized in profit or loss as incurred.

Expenditure arising from development is capitalized as an intangible asset when the Company demonstrates all of the following:

(i) the technical feasibility of completing the intangible asset so that it will be available for use or sale;

(ii) its intention to complete the intangible asset and use or sell it;

(iii) its ability to use or sell the intangible asset;

(iv) the probability that the intangible asset will generate probable future economic benefits;

(v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

(vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development expenditure which fails to meet the criteria for recognition as an intangible asset is reflected in profit or loss when incurred. Capitalized development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.

c. Other intangible assets

Other intangible assets acquired are measured at cost less accumulated amortization and any accumulated impairment losses.

d. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

e. Amortization

The depreciable amount of an intangible asset is the cost less its residual value. Other than goodwill and intangible assets with indefinite useful life, an intangible asset with a finite useful life is amortized over 3 to 20 years using the straight-line method from the date that the asset is made available for use. The amortization charge is recognized in profit or loss.

The residual value, amortization period, and amortization method are reviewed at least annually at each annual reporting date, and any changes therein are accounted for as changes in accounting estimates.

(15) Noncurrent assets held for sale

Noncurrent assets are classified as held for sale when their carrying amounts are expected to be recovered primarily through sale rather than through continuing use. Such noncurrent assets must be available for immediate sale in their present condition and the sale is highly probable within one year. When classified as held for sale, the assets are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognized in profit or loss. However, subsequent gains are not recognized in excess of the cumulative impairment loss that has been recognized.

When property, plant and equipment are classified as held for sale, they are no longer depreciated

(16) Impairment – non-financial assets

Other than inventories, deferred tax assets and noncurrent assets held for sale, the carrying amounts of the Company's investment property measured at cost and other long-term non-financial assets (property, plant and equipment, right-of-use assets and other intangible assets with finite useful lives), are reviewed at the reporting date to determine whether there is any indication of impairment. When there is an indication of impairment exists for the aforementioned assets, the recoverable amount of the asset is estimated. If it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset has been allocated to.

In performing an impairment test for other long-term non-financial assets, the estimated recoverable amount is evaluated in terms of an asset or a CGU. Any excess of the carrying amount of the asset or its related CGU over its recoverable amount is recognized as an impairment loss. The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value in use.

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If there is evidence that the accumulated impairment loss of an asset other than goodwill and intangible assets with indefinite useful lives in prior years no longer exists or has decreased, the amount previously recognized as an impairment loss is reversed, and the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount. The increased carrying amount shall not exceed the carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the asset in prior years.

For goodwill and intangible assets with indefinite useful lives or that are not yet available for use, are required to be tested for impairment at least annually. Any excess of the carrying amount of the asset over its recoverable amount is recognized as an impairment loss.

For the purpose of impairment test, goodwill acquired in a business combination is allocated to CGUs that are expected to benefit from the synergies of the combination. If the recoverable amount of a CGU is less than its carrying amount, the difference is allocated first to reduce the carrying amount of any goodwill allocated to the unit, then the carrying amounts of the other assets in the unit on a pro rata basis. The impairment loss recognized on goodwill is not reversed in a subsequent period.

(17) Provisions

A provision is recognized when the Company has a present obligation arising from a past event, it is probable that the Company will be required to make an outflow of resources embodying economic benefits to settle the obligation, and the amount of the obligation can be estimated reliably. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as interest expense.

a. Warranties

A provision for warranties is recognized when the underlying products or services are sold. The provision is weighting factors based on historical experience of warranty claims rate and other possible outcomes against their associated probabilities.

b. Decommissioning obligation

The Company is subject to decommissioning obligations related to certain items of property, plant and equipment. Such decommissioning obligations are primarily attributable to clean-up costs, including deconstruction, transportation, and recover costs. The unwinding of the discount based on original discount rate is recognized in profit or loss as interest expense over the periods with corresponding increase in the carrying amounts of the accrued decommissioning costs. The carrying amount of the accruals at the end of the assets' useful lives is the same as the estimated decommissioning costs.

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c. Litigation

Management periodically assesses the obligation of all litigation and claims and relative legal costs. Provision for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recognized when it is probable the present obligation as a result of a past event will result in an outflow of resources and the amount can be reasonably estimated.

Provisions recognized are the best estimates of the expenditure for settling the present obligation at each reporting date.

(18) Treasury shares

Where the Company repurchases its common stock that has been issued, the consideration paid, including all directly attributable costs is recorded as treasury share and deducted from equity. When treasury share is reissued, the excess of sales proceeds over cost is accounted for as capital surplus – treasury shares. If the sales proceeds are less than cost, the deficiency is accounted for as a reduction of capital surplus arising from similar types of treasury shares. If such capital surplus is insufficient to cover the deficiency, the remainder is recorded as a reduction of retained earnings. The carrying amount of treasury share is calculated using the weighted-average cost of different types of repurchase.

If treasury share is retired, the weighted-average cost of the retired treasury share is written off against the par value and the capital surplus premium, if any, of the stock retired on a pro rata basis. If the weighted-average cost written off exceeds the sum of the par value and the capital surplus premium, the difference is accounted for as a reduction of capital surplus – treasury shares, or a reduction of retained earnings for any deficiency where capital surplus – treasury shares is insufficient to cover the difference. If the weighted-average cost written off is less than the sum of the par value and the capital surplus premium, if any, of the stock retired, the difference is accounted for as an increase in capital surplus – treasury shares.

(19) Revenue from contracts with customers

Revenue is measured based on the consideration that the Company expects to be entitled in the transfer of goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. The following is a description of the Company's major revenues:

a. Sales of goods

Revenue is recognized when the control over a product has been transferred to the customer. The transfer of control refers to the product has been delivered to and accepted by the customer without remaining performance obligations from the Company. Delivery occurs when the product has been shipped to the specified location and the risk of loss over the product has been transferred to the customer, as well as when the product has been accepted by the customer according to the terms of sales contract, or when the Company has objective evidence that all criteria for acceptance have been satisfied.

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For certain contracts with volume discounts offer to customers, revenue is recognized on a net basis of contract price less estimated volume discounts, and only to the extent that it is highly probable that a significant reversal will not occur. The amount of volume discounts is estimated based on the expected value with reference to the historical experience, and is recorded as refund liability (presented under other current liabilities).

Trade receivable is recognized when the Company is entitled for unconditional right to receive payment upon delivery of goods to customers. The consideration received in advance from the customer according to the sales contract but without delivery of goods is recognized as a contract liability, for which revenue is recognized when the control over the goods is transferred to the customer.

The Company provides standard warranties for goods sold and has obligation to refund payments for defective goods, in which the Company has recognized provisions for warranties to fulfill the obligation. Refer to Note 4(17) for further details.

b. Construction contracts

For construction contracts, revenue is recognized progressively based on the progress towards complete satisfaction of contract activities, and only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

If the Company cannot reasonably measure its progress towards complete satisfaction of performance obligations in accordance with the construction contracts, revenue is recognized only to the extent of contract costs incurred that it is expected to be recoverable.

The consideration is paid by the customer according to the agreed payment terms. The excess of the amount that has been recognized as revenue over the amount that the Company has issued a bill is recognized as a contract asset. When the entitlement to the payment becomes unconditional, the contract asset is transferred to receivables.

A contract liability is recognized for an advance consideration that the Company has billed to customers arising from construction contracts. When the construction is completed and accepted by the customers, the contract liability is transferred to revenue.

If there are changes in circumstances, the estimates of revenue, cost and the progress towards complete satisfaction of contract will be amended. Any changes therein are recognized in profit or loss during the period in which the changes and amendments are made.

The Company provides standard warranties for construction contracts and has recognized provisions for warranties to fulfill the obligation. Refer to Note 4(17) for further details.

c. Financing components

The Company expects that the length of time when the Company transfers the goods or services to the customer and when the customer pays for those goods or services will be less than one year. Therefore, the amount of consideration is not adjusted for the time value of money.

(Continued)

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(20) Employee benefits

a. Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

b. Defined benefit plans

The Company' s net obligation in respect of defined benefit pension plans is calculated separately for each benefit plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. Discount rate is determined by reference to the yield rate of Taiwan government bonds at the reporting date. The calculation of defined benefit obligations is performed annually by a qualified actuary using the Projected Unit Credit Cost Method.

Remeasurements of the net defined benefit liability (asset) which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized in other comprehensive income in the period in which they occur, and which then are reflected in retained earnings and will not be reclassified to profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

c. Short-term employee benefits

Short-term employee benefit obligations, which are due to be settled within twelve months are measured on an undiscounted basis and are expensed as the related service is provided.

The expected cost of cash bonus or profit-sharing plans, which is anticipated to be paid within one year, are recognized as a liability when the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(21) Share based payment arrangements

The compensation cost of employee share based payment arrangements for which subsidiaries grant to their employees is measured based on the fair value at the date on which they are granted. The compensation cost is recognized, together with a corresponding increase in equity, over the periods in which the employees become unconditionally entitled to the awards in the consolidated financial statements.

The compensation is recognized as a liability in the parent company only financial statements when the Company has the obligation to settle the aforementioned share-based payment transactions. Subsequent to initial recognition, the liability is measured at fair value of the underlying shares on each reporting date and settlement date, and changes therein are recognized in profit or loss. The amount of the compensation cost recognized as an expense is adjusted to reflect the number of awards whose related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non market performance conditions at the vesting date.

(22) Income taxes

Income tax expense comprises current and deferred taxes.

a. Current taxes

Current taxes comprise the expected tax payable or receivable on the taxable income or losses for the year and any adjustments to tax payable or receivable in respect of previous years. It is measured using the statutory tax rate or the actual legislative tax rate at the reporting date.

In accordance with the ROC Income Tax Act, undistributed earnings from the companies located in the Republic of China, if any, is subject to an additional surtax. The surtax on unappropriated earnings is expensed in the year the shareholders approved the distributions which is the year subsequent to the year the earnings arise.

b. Deferred taxes

Deferred taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax liabilities are recognized for temporary difference of future taxable income. Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets are reviewed at annual reporting date, by considering global economic environment, industry environment, statutory tax deduction years and projected future taxable income, and reduced to the extent that it is no longer probable that future taxable profits will be available to allow all or part of the deferred tax asset to be recovered. Deferred tax assets which originally not recognized is also reviewed at annual reporting date and recognized to the extent that it is probable that future taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred taxes liabilities for taxable temporary differences related to investments in subsidiaries, associates and joint arrangements are recognized, unless the Company is able to control the timing of the reversal of the taxable temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when the reverse, using the statutory tax rate or the actual legislative tax rate on the reporting date. Deferred tax assets and liabilities are offset only if certain criteria are met.

Current taxes and deferred taxes are recognized in profit or loss except to the extent that it relates to items recognized directly in equity or other comprehensive income.

(23) Earnings per share

Basic earnings per share is computed by dividing profit or loss attributable to the shareholders of the Company by the weighted-average number of common shares outstanding during the period. In computing diluted earnings per share, profit or loss attributable to the shareholders of the Company and the weighted-average number of common shares outstanding during the period are adjusted for the effects of dilutive potential common stock, assuming dilutive share equivalents had been issued.The Company' s potential dilutive common stock comprise the estimate of employee compensation.

The weighted-average outstanding shares are retroactively adjusted for the effects of stock dividends transferred from retained earnings or capital surplus to common stock.

(24) Operating segments

The Company has provided the operating segments disclosure in the consolidated financial statements. Thus, disclosure of the segment information in the parent company only financial statements is waived.

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

The preparation of the parent company only financial statements in conformity with the Regulations 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.

Estimates and underlying assumptions are reviewed by management on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments, estimates and assumptions in applying accounting policies that have the significant effect on the amounts recognized in the parent company only financial statements is included in the following notes:

(1) Impairment of long-term non-financial assets, other than goodwill

In the process of evaluating the potential impairment of tangible and intangible assets other than goodwill, the Company is required to make subjective judgments in determining the independent cash flows, useful lives, expected future income and expenses related to the specific asset groups with the consideration of the usage mode of asset and the nature of industry. Any changes in these estimates based on changed economic conditions or business strategies could result in significant impairment charges or reversal in future years.

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(2) Impairment of goodwill

The assessment of impairment of goodwill requires the Company to make subjective judgment to determine the identified CGUs, allocate the goodwill to relevant CGUs and estimate the recoverable amount of relevant CGUs.

(3) Recognition of deferred tax assets

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred tax assets can be utilized. Assessment of the realization of the deferred tax assets requires management's subjective judgment and estimate, including the future revenue growth and profitability, the sources of taxable income, the amount of tax credits can be utilized and feasible tax planning strategies. Changes in the global economic environment, the industry trends and relevant laws and regulations may result in adjustments to the deferred tax assets.

(4) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories.

## 6. Description of Significant Accounts

(1) Cash and Cash Equivalents

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Cash on hand, demand deposits and checking accounts | $ 28,465,702 | 32,484,255 |
| Time deposits | 7,155,236 | 22,485,070 |
| | **$ 35,620,938** | **54,969,325** |

Refer to Note 6(26) for the disclosure of credit risk, currency risk and sensitivity analysis of the financial instruments of the Company.

As at December 31, 2021 and 2020, no cash and cash equivalents were pledged with banks as collaterals.

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

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Financial assets mandatorily measured at FVTPL: | | |
| Foreign currency forward contracts | **$ 130,434** | **21,361** |
| Financial liabilities held for trading: | | |
| Foreign currency forward contracts | **$ 39,294** | **135,420** |

(Continued)

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The Company entered into derivative contracts to manage the exposure to currency risk arising from operating activities. Refer to Note 6(26) for the disclosure of the Company's credit and currency risks related to financial instruments.

As at December 31, 2021 and 2020, the Company's outstanding foreign currency forward contracts were as follows:

| December 31, 2021 | | |
|---|---|---|
| **Contract item** | **Maturity date** | **Contract amount** |
| Sell USD / Buy NTD | Jan. 2022~Feb. 2022 | USD 754,000 / NTD 21,005,670 |
| Sell USD / Buy JPY | Jan. 2022~Feb. 2022 | USD 158,000 / JPY 18,016,025 |
| Sell EUR / Buy JPY | Jan. 2022~Feb. 2022 | EUR 14,000 / JPY 1,814,893 |

| December 31, 2020 | | |
|---|---|---|
| **Contract item** | **Maturity date** | **Contract amount** |
| Sell USD / Buy NTD | Jan. 2021~Feb. 2021 | USD 514,000 / NTD 14,520,265 |
| Sell USD / Buy JPY | Jan. 2021~Feb. 2021 | USD 108,000 / JPY 11,209,743 |
| Sell EUR / Buy JPY | Jan. 2021~Feb. 2021 | EUR 10,000 / JPY 1,253,050 |
| Sell HKD / Buy USD | Jan. 2021 | HKD 500 / USD 64 |
| Sell USD / Buy EUR | Jan. 2021 | USD 2,398 / EUR 2,000 |

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

| | **December 31, 2021** | **December 31, 2020** |
|---|---|---|
| Investments in equity instruments at FVTOCI: | | |
| Equity securities – listed stocks | $ **65,989** | **-** |

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.

Upon the re assessment, the Company considers that it has significant influence over Qisda Corporation ("Qisda"); consequently, at the end of December 2020 the equity investment in Qisda previously classified as financial assets at FVTOCI was reclassified as investments accounted for using the equity method. Refer to Note 6(7) for the relevant information.

If the value of these equity securities appreciates or depreciates by 10% at the reporting date, other comprehensive income would increase or decrease by $6,599 thousand for the year ended December 31, 2021.

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Dividends recognized from the investments in equity instruments at FVTOCI held by the Company were disclosed as follows:

| | For the years ended December 31, 2021 | For the years ended December 31, 2020 |
|---|---|---|
| Investments held at the balance sheet date | $ 2,598 | - |
| Investments disposed during the reporting period | - | 251,423 |
| | **$ 2,598** | **251,423** |

As at December 31, 2021, and 2020 none of the Company's aforementioned financial assets was pledged as collateral.

(4) Financial Assets at Amortized Cost

| | December 31, 2021 |
|---|---|
| Domestic time deposits | **$ 10,000,000** |

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 December 31, 2021, none of the Company's domestic time deposits was pledged as collateral.

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

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Accounts receivable | $ 56,459,488 | 43,844,611 |
| Less: loss allowance | (485) | (200) |
| | **$ 56,459,003** | **43,844,411** |
| Accounts receivable, net | **$ 48,983,659** | **41,585,707** |
| Accounts receivable from related parties, net | **$ 7,475,344** | **2,258,704** |

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The Company measures loss allowance for 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:

| | December 31, 2021 | | |
|---|---|---|---|
| | **Carrying amount of accounts receivable** | **Weighted-average loss rate** | **Loss allowance for lifetime expected credit losses** |
| Not past due | $ 55,595,884 | 0.00% | 102 |
| Past due less than 60 days | 851,595 | 0.01% | 72 |
| Past due 61~180 days | 12,009 | 2.59% | 311 |
| | **$ 56,459,488** | | **485** |

| | December 31, 2020 | | |
|---|---|---|---|
| | **Carrying amount of accounts receivable** | **Weighted-average loss rate** | **Loss allowance for lifetime expected credit losses** |
| Not past due | $ 42,955,666 | 0.00% | 88 |
| Past due less than 60 days | 887,804 | 0.01% | 112 |
| Past due 61~180 days | 1,141 | 0.00% | - |
| | **$ 43,844,611** | | **200** |

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

| | For the years ended December 31, | |
|---|---|---|
| | **2021** | **2020** |
| Balance at beginning of the year | $ 200 | 150 |
| Provisions charged to expense | 285 | 50 |
| Balance at end of the year | **$ 485** | **200** |

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.

Information about the Company’s exposure to credit risk is included in Note 6(26).

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(6) Inventories

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Finished goods | $ 8,613,195 | 6,811,795 |
| Work-in-progress | 10,293,672 | 9,842,574 |
| Raw materials | 2,784,685 | 2,330,407 |
| | $ 21,691,552 | 18,984,776 |

For the years ended December 31, 2021 and 2020, the amounts recognized as cost of sales in relation to inventories were $260,307,149 thousand and $240,070,378 thousand, respectively. The net of provisions (reversals) for inventories written down (increased) to net realizable value, which were also included in cost of sales, amounted to $865,868 thousand in provisions and $1,693,966 thousand in reversals for the years ended December 31, 2021 and 2020, respectively.

As at December 31, 2021 and 2020, none of the Company's inventories was pledged as collateral.

(7) Investments in Equity-accounted Investees

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Subsidiaries | $ 92,701,406 | 70,287,701 |
| Associates | 17,486,238 | 15,580,327 |
| | $ 110,187,644 | 85,868,028 |

a. Subsidiaries

Refer to consolidated financial statements for the years ended December 31, 2021 and 2020 for the details.

b. Associates

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Qisda | $ 10,807,806 | 9,704,923 |
| Ennostar Inc.("Ennostar") | 2,248,301 | - |
| ADLINK Technology Inc. ("ADLINK") | 2,219,249 | 2,311,727 |
| Star Shining Energy Corporation. ("SSEC") | 2,210,882 | 1,586,817 |
| Lextar Electronics Corp. ("Lextar") | - | 1,549,703 |
| Star River Energy Corp. (SREC) | - | 427,157 |
| | $ 17,486,238 | 15,580,327 |

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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.

| | For the years ended December 31, | |
|---|---|---|
| | **2021** | **2020** |
| The Company's share of associates': | | |
| Profit (loss) | $ 1,620,067 | (49,033) |
| Other comprehensive income (loss) | 50,315 | (28,053) |
| Total comprehensive income (loss) | **$ 1,670,382** | **(77,086)** |

On February 5, 2020, the Company's Board of Directors resolved to acquire common shares of ADLINK through tender offer. As of December 31, 2021, the Company holds a total of 42,310 thousand common shares of ADLINK for totaling of 19.45% equity interest in ADLINK.

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 $1,793,854 thousand and the gain on disposal was $498,701 thousand.

The Company is the sole largest shareholder of SREC with 32.01% 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 was treated as the subsidiary from January 2021.

In consideration of the Company's operational strategy, the Company and its subsidiary have continued to increase its shareholdings in Qisda through its subsidiary, Konly Venture Corp. ("Konly") since November 2020. Upon the re-assessment, the Company considers that it has obtained the ability to exercise significant influence over Qisda; consequently, at the end of December 2020, the Company derecognized the investment in Qisda previously classified as financial assets at FVTOCI, and further recognized an investment accounted for using the equity method at fair value. The related cumulative gain of $3,863,348 thousand that was previously recognized in other comprehensive income under items never be reclassified in profit or loss was reclassified to retained earnings.

As at December 31, 2021 and 2020, none of the Company's investments in equity-accounted investees was pledged as collateral.

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(8) Property, Plant and Equipment

| | For the year ended December 31, 2021 | | | | | |
|---|---|---|---|---|---|---|
| | **Balance, Beginning of Year** | **Additions (deductions)** | **Disposal or write off** | **Spin-off** | **Reclassification** | **Balance, End of Year** |
| Cost: | | | | | | |
| Land | $ 6,344,658 | - | - | - | - | 6,344,658 |
| Buildings | 88,065,114 | 180 | (903,202) | - | 12,903 | 87,174,995 |
| Machinery and equipment | 700,787,904 | 859,121 | (6,676,122) | (167) | 3,535,785 | 698,506,521 |
| Other equipment | 27,040,662 | 2,790,733 | (3,452,487) | (16,481) | 483,082 | 26,845,509 |
| | 822,238,338 | **3,650,034** | **(11,031,811)** | **(16,648)** | **4,031,770** | 818,871,683 |
| Accumulated depreciation and impairment loss: | | | | | | |
| Buildings | 26,565,851 | 1,761,391 | (883,013) | - | - | 27,444,229 |
| Machinery and equipment | 645,769,249 | 16,352,380 | (6,660,989) | (167) | - | 655,460,473 |
| Other equipment | 21,342,963 | 3,897,158 | (3,449,313) | (5,099) | - | 21,785,709 |
| | 693,678,063 | **22,010,929** | **(10,993,315)** | **(5,266)** | **-** | 704,690,411 |
| Prepayments for purchase of land and equipment, and construction in progress | 993,930 | **6,421,828** | **-** | **-** | **(4,031,770)** | 3,383,988 |
| Net carrying amounts | **$ 129,554,205** | | | | | **117,565,260** |

| | For the year ended December 31, 2020 | | | | |
|---|---|---|---|---|---|
| | **Balance, Beginning of Year** | **Additions (deductions)** | **Disposal or write off** | **Reclassification** | **Balance, End of Year** |
| Cost: | | | | | |
| Land | $ 6,344,658 | - | - | - | 6,344,658 |
| Buildings | 87,793,792 | (10,291) | - | 281,613 | 88,065,114 |
| Machinery and equipment | 706,595,480 | 932,776 | (12,917,768) | 6,177,416 | 700,787,904 |
| Other equipment | 25,764,841 | 3,283,671 | (2,538,689) | 530,839 | 27,040,662 |
| | 826,498,771 | **4,206,156** | **(15,456,457)** | **6,989,868** | 822,238,338 |
| Accumulated depreciation and impairment loss: | | | | | |
| Buildings | 24,767,492 | 1,798,359 | - | - | 26,565,851 |
| Machinery and equipment | 641,166,292 | 17,237,806 | (12,915,830) | 280,981 | 645,769,249 |
| Other equipment | 19,859,655 | 4,300,543 | (2,536,254) | (280,981) | 21,342,963 |
| | 685,793,439 | **23,336,708** | **(15,452,084)** | **-** | 693,678,063 |
| Prepayments for purchase of land and equipment, and construction in progress | 3,437,406 | **4,546,392** | **-** | **(6,989,868)** | 993,930 |
| Net carrying amounts | **$ 144,142,738** | | | | **129,554,205** |

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**AU OPTRONICS CORP.**

**Notes to the Parent Company Only Financial Statements**

As of December 31, 2021 and 2020, a non-irrigated farmland located in LongTan plant amounted to $23,671 thousand was registered in the name of a farmer due to regulations. An agreement of pledge had been signed between the Company and the farmer clarifying the rights and obligations of each party.

In 2021 and 2020, the Company wrote down certain long-term assets with extremely low capacity utilization associated with its display segment and recognized impairment losses of $44,227 thousand and $36,757 thousand, respectively.

In 2021 and 2020, the Company wrote down certain long-term assets with extremely low capacity utilization associated with its energy segment and recognized impairment losses of $26,809 thousand and $31 thousand, respectively.

Impairment losses as mentioned above were recognized under other gains and losses in the parent company only statements of comprehensive income.

The Company 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.

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

| | For the years ended December 31, 2021 | For the years ended December 31, 2020 |
|---|---|---|
| Capitalized borrowing costs | **$ 35,568** | **37,917** |
| The interest rates applied for the capitalization | **1.50%~ 1.63%** | **1.63%~ 1.77%** |

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

(9) Lease Arrangements

a. Lessee

(i) Right-of-use assets

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Carrying amount of right-of-use assets | | |
| Land | $ 8,260,763 | 8,685,550 |
| Buildings | 64,926 | 104,525 |
| | **$ 8,325,689** | **8,790,075** |

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| | For the years ended December 31, | |
|---|---|---|
| | **2021** | **2020** |
| Additions to right-of-use assets | **$ -** | **78,331** |
| Depreciation charge for right-of-use assets | | |
| Land | $ 414,656 | 418,269 |
| Buildings | 39,599 | 36,590 |
| Other equipment | - | 32,517 |
| | **$ 454,255** | **487,376** |

(ii) Lease liabilities

| | December 31, 2021 | | |
|---|---|---|---|
| | **Future minimum lease payments** | **Interests** | **Present value of minimum lease payments** |
| Less than one year | $ 530,417 | 152,144 | 378,273 |
| Between one and five years | 2,075,976 | 538,837 | 1,537,139 |
| More than five years | 7,680,569 | 1,063,995 | 6,616,574 |
| | **$ 10,286,962** | **1,754,976** | **8,531,986** |
| Lease liabilities－current | | | $ 378,273 |
| Lease liabilities－noncurrent | | | 8,153,713 |
| | | | **$ 8,531,986** |

| | December 31, 2020 | | |
|---|---|---|---|
| | **Future minimum lease payments** | **Interests** | **Present value of minimum lease payments** |
| Less than one year | $ 549,953 | 159,358 | 390,595 |
| Between one and five years | 2,101,865 | 567,418 | 1,534,447 |
| More than five years | 8,197,137 | 1,189,227 | 7,007,910 |
| | **$ 10,848,955** | **1,916,003** | **8,932,952** |
| Lease liabilities－current | | | $ 390,595 |
| Lease liabilities－noncurrent | | | 8,542,357 |
| | | | **$ 8,932,952** |

(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. In 2021 and 2020, AUO modified some of its lease contracts due to the decrease of the scope of the lease, and therefore, the carrying amounts of the right-of-use assets were reduced by $10,131 thousand and $147,371 thousand, respectively. The difference between the remeasurement of the lease liability and the reduction of the right-of-use asset was recognized in profit or loss.

(iv) 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:

| | For the years ended December 31, | |
|---|---|---|
| | **2021** | **2020** |
| Expenses relating to short-term leases | $ - | 1,539 |
| COVID-19-related rent concessions (recognized as deduction of rent expense) | $ - | 32,385 |

Total cash outflow for the Company's leases in which it acts as a lessee for the years ended December 31, 2021 and 2020 were $549,472 thousand and $579,531 thousand, respectively.

b. Lessor

The Company leased out part of its land, recognized as investment properties, and did not transfer substantially all the risks and rewards incidental to their ownership to the lessee, therefore, those leases were recognized as operating leases. Refer to Note 6(21) for the information of rental income from operating leases. In addition, the direct costs relating to the aforementioned operating leases for the years ended December 31, 2021 and 2020 were $541 thousand and $563 thousand, respectively.

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The maturity analysis of undiscounted operating lease receivable for the abovementioned assets are as follows:

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Year 1 | $ 8,052 | 8,052 |
| Year 2 | 8,052 | 8,052 |
| Year 3 | 8,052 | 8,052 |
| Year 4 | 8,052 | 8,052 |
| Year 5 | 8,052 | 8,052 |
| Year 6 onwards | 46,970 | 55,022 |
| Total undiscounted operating lease receivable | **$ 87,230** | **95,282** |

(10) Investment Property

| | For the year ended December 31, 2021 | | | |
|---|---|---|---|---|
| | **Balance, Beginning of Year** | **Additions** | **Reclassification** | **Balance, End of Year** |
| Cost: | | | | |
| Land | **$ 465,868** | **-** | **-** | **465,868** |
| Fair Value | **$ 1,578,838** | | | **1,705,905** |

| | For the year ended December 31, 2020 | | | |
|---|---|---|---|---|
| | **Balance, Beginning of Year** | **Additions** | **Reclassification** | **Balance, End of Year** |
| Cost: | | | | |
| Land | **$ 465,868** | **-** | **-** | **465,868** |
| Fair Value | **$ 1,578,838** | **-** | **-** | **1,578,838** |

The fair value of investment property is based on a valuation performed by a qualified independent appraiser who holds a recognized and relevant professional qualification and has recent valuation experience in the location and category of the investment property being valued. The valuation is performed using sales comparison approach and land development analysis approach with reference to available market information.

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The fair value measurement was categorized as a level 3 fair value based on the inputs in the valuation techniques used. Sales comparison approach is through comparison, analysis, adjustment and other means of value for comparable properties to estimate the value of the investment property. Land development analysis approach determine the fair value of investment property based on the value prior to development or construction, after deducting the direct cost, indirect cost, capital interest and profit during the development period, and also consider total sales price of properties after completion of development or construction. It also incorporates the possibility of changes in utility of land through development or improvement in accordance with legal use and density of the land.

The significant inputs used in the fair value measurement were as follows:

| | For the years ended December 31, | |
|---|---|---|
| | **2021** | **2020** |
| Overall capital interest rate | 1.91 % | 2.53 % |
| Rate of return | 15.00 % | 15.00 % |

As at December 31, 2021 and 2020, there was no investment property that was pledged as collateral.

(11) Intangible Assets

| | For the year ended December 31, 2021 | | | |
|---|---|---|---|---|
| | **Balance, Beginning of Year** | **Additions** | **Reclassification** | **Balance, End of Year** |
| Cost: | | | | |
| Goodwill | $ 11,280,595 | - | - | 11,280,595 |
| Patent and technology fee | 12,078,767 | - | - | 12,078,767 |
| | 23,359,362 | - | - | 23,359,362 |
| Accumulated amortization and impairment loss: | | | | |
| Goodwill | - | 946,689 | - | 946,689 |
| Patent and technology fee | 11,552,912 | 170,775 | - | 11,723,687 |
| | 11,552,912 | 1,117,464 | - | 12,670,376 |
| Net carrying amounts | **$ 11,806,450** | **(1,117,464)** | **-** | **10,688,986** |

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| | For the year ended December 31, 2020 | | | |
|---|---|---|---|---|
| | **Balance, Beginning of Year** | **Additions** | **Reclassification** | **Balance, End of Year** |
| Cost: | | | | |
| Goodwill | $ 11,280,595 | - | - | 11,280,595 |
| Patent and technology fee | 12,078,767 | - | - | 12,078,767 |
| | 23,359,362 | - | - | 23,359,362 |
| Accumulated amortization: | | | | |
| Patent and technology fee | 11,307,601 | 245,311 | - | 11,552,912 |
| Net carrying amounts | **$ 12,051,761** | **(245,311)** | **-** | **11,806,450** |

For the purpose of impairment test, the following table shows the information of the operating business that the Company's goodwill allocating to.

| | **December 31, 2021** | **December 31, 2020** |
|---|---|---|
| Display business | **$ 10,333,906** | **11,280,595** |

The Company's goodwill has been tested for impairment at least once at the end of the annual reporting period. The recoverable amount was determined based on value in use of the operating business.

The key assumptions used in the estimation of the recoverable amount included discount rate and terminal growth rate. The annual discount rates for the years ended December 31, 2021 and 2020 were 10.42% and 13.63%, respectively, based on industry weighted average cost of capital. The cash flow projections were determined based on the financial budgets approved by management covering the future five-year period and extrapolated with a steady annual terminal growth rate for subsequent years, which were negative 1% , for both 2021 and 2020. The key assumptions abovementioned represents the management's forecast of the future for the related industry by considering the history information from internal and external sources.

Based on the impairment assessment in 2021, as the recoverable amount of display CGU was lower than its carrying value, the Company recognized an impairment loss of NT$946,689 thousand on goodwill of display segment.

Based on the impairment assessment in 2020, no impairment loss was recognized as the recoverable amount of display CGU was higher than its carrying value.

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(12) Other Current Assets and Other Noncurrent Assets

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Prepayments for purchases | $ 960,171 | 101,534 |
| Refundable deposits | 922,576 | 381,528 |
| Refundable and overpaid tax | 235,373 | 360,688 |
| Others | 2,884,018 | 2,315,894 |
| | 5,002,138 | 3,159,644 |
| Less: current | (1,881,797) | (1,938,708) |
| Noncurrent | **$ 3,120,341** | **1,220,936** |

(13) Long-term Borrowings

| Bank or agent bank | Durations | December 31, 2021 | December 31, 2020 |
|---|---|---|---|
| Syndicated loans: | | | |
| Bank of Taiwan and others | From Feb. 2019 to Feb. 2024 | $ 12,000,000 | 42,000,000 |
| Bank of Taiwan and others | From Mar. 2019 to Apr. 2023 | 4,600,000 | 23,000,000 |
| Bank of Taiwan and others | From Oct. 2021 to Oct. 2025 | 9,750,000 | - |
| Bank of Taiwan and others | From May. 2017 to Apr. 2021 | - | 6,000,000 |
| Unsecured loans | From Aug. 2018 to May 2024 | 1,200,000 | 8,200,000 |
| Secured loans | From Nov. 2019 to Dec. 2026 | 13,500,000 | 16,737,500 |
| | | 41,050,000 | 95,937,500 |
| Less: transaction costs | | (402,755) | (297,982) |
| | | 40,647,245 | 95,639,518 |
| Less: current portion | | (12,267,653) | (11,184,508) |
| | | **$ 28,379,592** | **84,455,010** |
| Unused credit facilities | | **$ 87,100,000** | **51,050,000** |
| Interest rate range | | **0.7500%~ 1.7895%** | **0.7500%~ 1.7895%** |

The Company entered into the aforementioned long-term loan arrangements with banks and financial institutions to finance capital expenditures for purchase of machinery and equipment, and to fulfill working capital, as well as to repay the matured debts. A commitment fee is negotiated with the leading banks of syndicated loans and is calculated based on the committed-to-withdraw but unused balance, if any. No commitment fees were paid for the year ended December 31, 2021.

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 December 31, 2021 and 2020, the Company complied with all financial covenants required under each of the loan agreements.

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Refer to Note 6(26) for detailed information of exposures to interest rate, currency, and liquidity risks. Refer to Note 8 for assets pledged as collateral to secure the aforementioned long-term borrowings.

(14) Provisions

| | Warranties(i) | Litigation, claims and others | Total |
|---|---|---|---|
| Balance at January 1, 2021 | $ 1,276,284 | 165,466 | 1,441,750 |
| Additions | 244,926 | 324,203 | 569,129 |
| Usage | (463,218) | (33,606) | (496,824) |
| Spin-off | (54,623) | - | (54,623) |
| Effect of change in exchange rate | - | (2,243) | (2,243) |
| Balance at December 31, 2021 | 1,003,369 | 453,820 | 1,457,189 |
| Less: current | (323,462) | (453,820) | (777,282) |
| Noncurrent | **$ 679,907** | **-** | **679,907** |
| Balance at January 1, 2020 | $ 1,266,081 | 206,544 | 1,472,625 |
| Additions | 218,207 | - | 218,207 |
| Usage | (208,004) | (32,065) | (240,069) |
| Effect of change in exchange rate | - | (9,013) | (9,013) |
| Balance at December 31, 2020 | 1,276,284 | 165,466 | 1,441,750 |
| Less: current | (496,784) | (165,466) | (662,250) |
| Noncurrent | **$ 779,500** | **-** | **779,500** |

(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.

(15) Employee Benefits

a. Defined benefit plans

Pursuant to the ROC Labor Standards Act, the Company has established a defined benefit pension plan covering their full-time employees in the ROC. This plan provides for retirement benefits to retiring employees based on years of service and the average salaries and wages for the six-month period before the employee’s retirement. The funding of this retirement plan by the Company is contributed monthly based on a certain percentage of employees’ total salaries and wages. The fund is deposited with Bank of Taiwan.

In 2020, the Company reached an agreement with part of its employees for terminating their defined benefit pension plans and to settle its defined benefit obligation by relevant regulations. A gain on the settlement amounting to $458,854 thousand was thereby recognized in the statement of comprehensive income. The full settlement was withdrawn from the pension fund, of which $1,193,962 thousand that has not been withdrawn as of December 31, 2020 was fully withdrawn in January 2021.

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(i) Reconciliation of the present value of defined benefit obligation and the fair value of plan assets for the Company.

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Present value of defined benefit obligation | $ (152,728) | (146,554) |
| Fair value of plan assets | 299,374 | 256,878 |
| Net defined benefit asset (recognized in other noncurrent assets) | **$ 146,646** | **110,324** |

(ii) Movement in net defined benefit asset (liability)

| | Present value of defined benefit obligation | | Fair value of plan assets | | Net defined benefit asset (liability) | |
|---|---|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** | **2021** | **2020** |
| Balance at January 1 | $ (146,554) | (3,122,442) | 256,878 | 2,542,832 | 110,324 | (579,610) |
| Spin-off | 2,330 | - | - | - | 2,330 | - |
| Service cost | (4,032) | (1,033) | - | - | (4,032) | (1,033) |
| Interest cost | (572) | (27,478) | - | - | (572) | (27,478) |
| Gain on settlement | - | 458,854 | - | - | - | 458,854 |
| Expected return on plan assets | - | - | 1,002 | 22,377 | 1,002 | 22,377 |
| Included in profit or loss | (4,604) | 430,343 | 1,002 | 22,377 | (3,602) | 452,720 |
| Actuarial (loss) gain arising from: | | | | | | |
| - demographic assumptions | (1,759) | - | - | - | (1,759) | - |
| - financial assumptions | (16,648) | (10,652) | - | - | (16,648) | (10,652) |
| - experience adjustment | (7,263) | 68,531 | - | - | (7,263) | 68,531 |
| Return on plan assets excluding interest income | - | - | 47,363 | 82,339 | 47,363 | 82,339 |
| Included in other comprehensive income | (25,670) | 57,879 | 47,363 | 82,339 | 21,693 | 140,218 |
| Contributions paid by the employer | - | - | 15,901 | 96,996 | 15,901 | 96,996 |
| Benefits paid | 21,770 | 2,487,666 | (21,770) | (2,487,666) | - | - |
| | 21,770 | 2,487,666 | (5,869) | (2,390,670) | 15,901 | 96,996 |
| Balance at December 31 | **$ (152,728)** | **(146,554)** | **299,374** | **256,878** | **146,646** | **110,324** |

(iii) Plan assets

Pursuant to the ROC Labor Standards Act, the Company contributes an amount based on a certain percentage of employees' total salaries and wages paid every month to its pension fund (the "Fund"), which is administered by the Bureau of Labor Fund, Ministry of Labor and supervised by the employees' pension plan committee (the "Committee") and deposited in the Committee' s name with Bank of Taiwan. Under the ROC Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, the minimum return on the plan assets should not be lower than the average interest rate on two year time deposits published by the local banks. The government is not only responsible for the determination of the investment strategies and policies, but also for any shortfall in the event that the rate of return is less than the required rate of return.

As of December 31, 2021 and 2020, the Fund deposited in the Committee's name in the Bank of Taiwan amounted to $299,374 thousand and $1,450,840 thousand (including the un withdrawn balance aforementioned). Information on utilization of labor pension funds, including the yield rate of funds and the component of plan assets are available at the Bureau of Labor Funds, Ministry of Labor website.

(iv) Present value of defined benefit obligation

(a) Principal actuarial assumptions

| | **December 31, 2021** | **December 31, 2020** |
|---|---|---|
| Discount rate | 0.65% | 0.39% |
| Rate of increase in future salary | 4.00% | 2.90% |

The Company anticipates to make no contribution to the defined benefit plans in the next year starting from January 1, 2022.

As at December 31, 2021, the weighted-average duration of the defined benefit obligation was 15 years.

(b) Sensitivity analysis

Reasonably possible changes at December 31, 2021 and 2020 to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

| | **December 31, 2021** | | **December 31, 2020** | |
|---|---|---|---|---|
| | **Changes in assumptions** | | **Changes in assumptions** | |
| | **+ 0.25%** | **-0.25%** | **+0.25%** | **-0.25%** |
| Discount rate | $ (5,495) | 5,777 | (5,565) | 5,854 |
| Rate of increase in future salary | $ 5,573 | (5,335) | 5,693 | (5,445) |

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In practical, the relevant actuarial assumptions are correlated to each other. The approach to develop the sensitivity analysis as above is the same approach to recognize the net defined benefit asset (liability) in the balance sheet.

The approach to develop the sensitivity analysis and its relevant actuarial assumptions are the same as those in previous year.

b. Defined contribution plans

Commencing July 1, 2005, pursuant to the ROC Labor Pension Act (the "Act"), employees who elected to participate in the Act or joined the Company after July 1, 2005, are subject to a defined contribution plan under the Act. Under the defined contribution plan, the Company contributes monthly at a rate of no less than six percent of the employees' monthly salaries and wages to the employee' s individual pension fund account at the ROC Bureau of Labor Insurance.

The Company has set up defined contribution plan in accordance with the Act. For the years ended December 31, 2021 and 2020, $888,251 thousand and $866,143 thousand, respectively, of the pension costs under the pension plan to the ROC Bureau of the Labor Insurance.

(16) Capital and Other Components of Equity

a. Common stock

The Company's authorized common stock, with par value of $10 per share, both amounted to $100,000,000 thousand as at December 31, 2021 and 2020.

The Company' s issued common stock, with par value of $10 per share, both amounted to $96,242,451 thousand as at December 31, 2021 and 2020.

As of December 31, 2021, the Company has issued 24,815 thousand ADSs, which represented 248,147 thousand shares of its common stock.

b. Capital surplus

The components of capital surplus were as follows:

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| From common stock | $ 52,756,091 | 52,756,091 |
| From convertible bonds | 6,049,862 | 6,049,862 |
| From others | 1,251,048 | 1,781,731 |
| | **$ 60,057,001** | **60,587,684** |

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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 the Company's Articles of Incorporation, distribution of earnings by way of cash dividends should be approved by the Company's Board of Directors and reported to the Company'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 the Company'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 the Company'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.

The Company's dividend policy is to pay dividends from surplus considering factors such as the Company's current and future investment environment, cash requirements, domestic and overseas competitive conditions and capital budget requirements, while taking into account shareholders' interest, maintenance of balanced dividend and the Company's long-term financial plan. If the current-year retained earnings available for distribution reach 2% of the paid-in capital of the Company, 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 the Company, the Company 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.

The Company's annual shareholders' meeting held on June 17, 2020 resolved to set aside a special reserve of $1,157,614 thousand and not to distribute dividends for 2019.

The aforementioned appropriation of earnings for 2019 was consistent with the resolutions of the Board of Directors' meeting held on March 20, 2020.

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The Company' 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:

| | Appropriation of earnings | Dividends per share (NT$) |
|---|---|---|
| Legal reserve | $ 735,456 | |
| Special reserve | 1,264,919 | |
| Cash dividends to shareholders | 2,850,967 | 0.30 |
| | **$ 4,851,342** | |

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 the Company' s appropriations of earnings are available at the Market Observation Post System website.

d. Treasury shares

The Company 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):

**For the year ended December 31, 2021**

| Reason for reacquisition | Number of shares, Beginning of Year | Additions | Reductions | Number of shares, End of Year |
|---|---|---|---|---|
| Transferring to employees | 125,000 | - | (70,801) | 54,199 |

**For the year ended December 31, 2020**

| Reason for reacquisition | Number of shares, Beginning of Year | Additions | Reductions | Number of shares, End of Year |
|---|---|---|---|---|
| Transferring to employees | 125,000 | - | - | 125,000 |

Refer to Note 6(17) for information on employee treasury shares plan for 2021. A total of 70,801 thousand shares were transferred with total costs for treasury shares of $574,195 thousand and cost per share of $8.11.

Pursuant to the Securities and Exchange Act, the number of shares repurchased shall not exceed 10 percent of the number of the Company's issued and outstanding shares, and the total amount repurchased shall not exceed the sum of the Company' s retained earnings, share premium, and realized capital surplus. Also, the shares repurchased for transferring to employees shall be transferred within five years from the date of reacquisition and those shares not transferred within the five-year period are to be retired.

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In accordance with the Securities and Exchange Act, treasury shares held by the Company 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, 2021 | $ (3,206,520) | (63,783) | (3,270,303) |
| Foreign operations – foreign currency translation differences | (1,765,440) | - | (1,765,440) |
| Net change in fair value of financial assets at FVTOCI | - | (25,518) | (25,518) |
| Equity-accounted investees – share of other comprehensive income | 464,648 | 245,042 | 709,690 |
| Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal | - | (25,350) | (25,350) |
| Realized loss on sales of securities reclassified to profit or loss | 58,645 | - | 58,645 |
| Acquisition of interest in subsidiary | (753,444) | - | (753,444) |
| Related tax | 328,538 | - | 328,538 |
| Balance at December 31, 2021 | **$ (4,873,573)** | **130,391** | **(4,743,182)** |
| Balance at January 1, 2020 | $ (3,129,982) | 1,124,598 | (2,005,384) |
| Foreign operations – foreign currency translation differences | (3,049,722) | - | (3,049,722) |
| Net change in fair value of financial assets at FVTOCI | - | 2,564,513 | 2,564,513 |
| Equity-accounted investees – share of other comprehensive income | 2,961,666 | 112,269 | 3,073,935 |
| Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal | - | (3,865,163) | (3,865,163) |
| Related tax | 11,518 | - | 11,518 |
| Balance at December 31, 2020 | **$ (3,206,520)** | **(63,783)** | **(3,270,303)** |

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**Notes to the Parent Company Only Financial Statements**

(17) 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** |
|---|---|---|
| Grant date | February 18, 2021 | August 16, 2021~August 24, 2021 |
| Total shares granted | 3,978 thousand shares | 66,823 thousand shares |
| Contract term | - | - |
| Grant object | Employees of the Company and its subsidiaries | Employees of the Company and its subsidiaries |
| Vesting conditions | 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 year ended December 31, 2021, the related compensation costs recognized for the abovementioned plan amounted $793,312 thousand.

b. Employee restricted stock plan

As of December 31, 2021, the share-based payment rewards plan that AUO Digitech Holding Limited (ADTHLD), a subsidiary of AUO, granted to employees of AUO and its subsidiaries was totaled 1,250,000 units. 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.

The special shares of AUO Digitech (CAYMAN) Limited (ADTCM) 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. As of December 31, 2021, the carrying amount recognized for abovementioned employee restricted stock plan liabilities amounted to $4,418 thousand.

(Continued)

**AU OPTRONICS CORP.**
**Notes to the Parent Company Only Financial Statements**

(18) Revenue from Contracts with Customers

a. Disaggregation of revenue

| | For the years ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2021 | | | 2020 | | |
| | Display segment | Energy segment | Total segments | Display segment | Energy segment | Total segments |
| Primary geographical markets: | | | | | | |
| PRC (including Hong Kong) | $ 96,574,654 | 6,743 | 96,581,397 | 86,452,733 | 5,925 | 86,458,658 |
| Taiwan | 89,656,802 | 6,996,018 | 96,652,820 | 82,687,514 | 4,936,487 | 87,624,001 |
| Singapore | 54,476,932 | 1,845 | 54,478,777 | 41,957,591 | 484 | 41,958,075 |
| Japan | 15,123,688 | 15,877 | 15,139,565 | 18,582,706 | 70,223 | 18,652,929 |
| Others | 68,360,127 | 17,869 | 68,377,996 | 21,318,155 | 77,527 | 21,395,682 |
| | **$ 324,192,203** | **7,038,352** | **331,230,555** | **250,998,699** | **5,090,646** | **256,089,345** |
| Major products: | | | | | | |
| Products for Televisions | $ 85,242,039 | - | 85,242,039 | 69,879,294 | - | 69,879,294 |
| Products for Monitors | 63,811,427 | - | 63,811,427 | 41,888,242 | - | 41,888,242 |
| Products for Mobile PCs and Devices | 110,622,052 | - | 110,622,052 | 77,464,323 | - | 77,464,323 |
| Products for Automotive Solutions | 28,048,600 | - | 28,048,600 | 21,302,128 | - | 21,302,128 |
| Products for PID and General Display | 28,837,318 | - | 28,837,318 | 35,545,592 | - | 35,545,592 |
| Others[(i)] | 7,630,767 | 7,038,352 | 14,669,119 | 4,919,120 | 5,090,646 | 10,009,766 |
| | **$ 324,192,203** | **7,038,352** | **331,230,555** | **250,998,699** | **5,090,646** | **256,089,345** |
| Major customers: | | | | | | |
| Customer A | $ 34,674,572 | - | 34,674,572 | 32,117,615 | - | 32,117,615 |
| Customer B | 33,310,649 | - | 33,310,649 | 19,742,464 | - | 19,742,464 |
| Others (individually not greater than 10%) | 256,206,982 | 7,038,352 | 263,245,334 | 199,138,620 | 5,090,646 | 204,229,266 |
| | **$ 324,192,203** | **7,038,352** | **331,230,555** | **250,998,699** | **5,090,646** | **256,089,345** |

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

b. Contract balances

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Contract assets－current (recorded in other current financial assets) | **$ 1,163,174** | **51,007** |

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| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Contract liabilities－current (recorded in other current liabilities) | $ 3,051,364 | 287,794 |
| Contract liabilities－noncurrent | 8,739,846 | - |
| | $ 11,791,210 | 287,794 |

The amounts of revenue recognized for the years ended December 31, 2021 and 2020 that previously included in the contract liability balance at the beginning of the year were $227,110 thousand and $465,933 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.

(19) Remuneration to Employees and Directors

According to the Company's Articles of Incorporation, the Company 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.

The Company 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 years ended December 31, 2021 and 2020, the Company estimated the remuneration to employees amounting to $6,339,435 thousand and $253,493 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 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 2020 in the amounts of $253,493 thousand and $8,275 thousand, respectively, in cash for payment had been approved in the meeting of Board of Directors held on March 16, 2021. The aforementioned approved amounts are the same as the amounts charged against earnings of 2020.

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

(Continued)

**AU OPTRONICS CORP.**
**Notes to the Parent Company Only Financial Statements**

(20) Additional Information of Expenses by Nature

| | For the years ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2021 | | | 2020 | | |
| | Recognized in cost of sales | Recognized in operating expenses | Total | Recognized in cost of sales | Recognized in operating expenses | Total |
| Employee benefits expenses: | | | | | | |
| Salaries and wages | $20,540,303 | 8,728,512 | 29,268,815 | 14,077,575 | 5,490,687 | 19,568,262 |
| Labor and health insurances | 1,330,944 | 449,800 | 1,780,744 | 1,170,678 | 367,424 | 1,538,102 |
| Retirement benefits | 632,935 | 258,918 | 891,853 | 296,886 | 116,537 | 413,423 |
| Compensation to directors | - | 244,565 | 244,565 | - | 42,812 | 42,812 |
| Other employee benefits | 1,171,054 | 1,033,770 | 2,204,824 | 1,153,079 | 234,066 | 1,387,145 |
| Depreciation | 19,540,231 | 2,853,917 | 22,394,148 | 20,674,699 | 3,112,597 | 23,787,296 |
| Amortization | 170,775 | - | 170,775 | 245,311 | - | 245,311 |

Additional information on the number of the Company's employees and the average employee benefit expenses of the Company for the years ended December 31, 2021 and 2020 were as follows:

| | For the years ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| Number of employees | 20,322 | 20,616 |
| Number of non-employee directors | 6 | 7 |
| Average employee benefit expenses | $ 1,681 | 1,112 |
| Average salaries expenses | $ 1,441 | 950 |
| Average salary expense adjustment | 52% | 3% |
| Remuneration to supervisor | $ - | - |

The Company's compensation policies (including directors, managers and employees) were as follows:

a. Directors: compensation for directors have been authorized for distribution by the Board of Directors pursuant to the Company's Articles of Association, based on individual Director's level of participation and contributions to the Company operations, and have been paid pursuant to the "Compensation Policy to the Directors and Functional Committee Members" which is in reference to domestic and overseas industry standards. When earnings are present, the Board of Directors will resolve on the amount of Directors' remunerations based on the Company's Articles of Association.

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**AU OPTRONICS CORP.**
**Notes to the Parent Company Only Financial Statements**

b. Managers and employees:

(i) The Company provides diversified and competitive overall remuneration and career development opportunities. Apart from basic salary (including principal salary, meal allowance, etc.), various allowances and rewards, such as work allowances, duty allowances, performance bonuses, incentive bonuses and remuneration to employees based on annual profit, are designed for difference job nature and reward purpose.

(ii) The Company participates in international market salary surveys every year, and makes salary adjustment based on the market level of each job and individual performance to sustain our market competitiveness. Under the premise of enhancing the Company's overall operations and performance from team work and individual, the Company designs various short-term or long-term reward plans and profit sharing with employees to achieve the purpose of talent attraction, retention, motivation and programmatic cultivation of high-quality talents.

(iii) The remuneration for the managers is linked to the Company's operating performance and job duties. While designing the salary package, the Company refers to the salary market level and cooperates with long-term external professional consultants. According to the laws, the remuneration for the managers is proposed by the Remuneration Committee and approved by the Board of Directors. It is established to sustain shareholders' long-term value and build up a management team with entrepreneurial spirit.

(iv) Salaries for employees are determined by the factors such as the employees' educational background, professional knowledge and technology, and professional years of experience. Employees would not be discriminated regardless of their gender, race, religious beliefs, political stance, marital status and unions they participate.

(21) Non-Operating Income and Expenses

a. Interest income

| | For the years ended December 31, 2021 | 2020 |
|---|---|---|
| Interest income on bank deposits | $ 142,182 | 141,156 |
| Others | 17,412 | 17,809 |
| | **$ 159,594** | **158,965** |

b. Other income

| | For the years ended December 31, 2021 | 2020 |
|---|---|---|
| Rental income, net | $ 307,584 | 317,694 |
| Dividend income | 2,598 | 251,423 |
| Grants and others | 255,770 | 326,623 |
| | **$ 565,952** | **895,740** |

(Continued)

**AU OPTRONICS CORP.**
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c. Other gains and losses

| | For the years ended December 31, 2021 | 2020 |
|---|---|---|
| Foreign exchange losses, net | $ (52,341) | (632,825) |
| Gains (losses) on valuation of financial instruments at FVTPL, net | (121,873) | 530,999 |
| Gains on disposals of investments and financial assets, net | 496,461 | - |
| Gains on disposals of property, plant and equipment, net | 782,257 | 21,322 |
| Impairment losses on assets | (1,017,725) | (36,788) |
| Gains (losses) on litigation and others | (293,614) | (64,823) |
| | **$ (206,835)** | **(182,115)** |

d. Finance costs

| | For the years ended December 31, 2021 | 2020 |
|---|---|---|
| Interest expense on bank borrowings | $ 1,210,094 | 1,536,020 |
| Interest expense on lease liabilities | 158,637 | 154,795 |
| Other interest expense | 3,200 | 8,761 |
| Finance expense | 75,228 | 71,697 |
| | **$ 1,447,159** | **1,771,273** |

(22) Income Taxes

a. Income tax expense (benefit)

The components of income tax expense (benefit) for the years ended December 31, 2021 and 2020 were as follows:

| | For the years ended December 31, 2021 | 2020 |
|---|---|---|
| Current income tax expense (benefit): | | |
| Current year | $ 62,580 | - |
| Adjustment to prior years | 7 | (4) |
| | 62,587 | (4) |
| Deferred tax expense (benefit): | | |
| Temporary differences | 1,042,284 | (879,735) |
| | **$ 1,104,871** | **(879,739)** |

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**AU OPTRONICS CORP.**
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Income taxes expense (benefit) recognized directly in other comprehensive income for the years ended December 31, 2021 and 2020 were as follows:

| | For the years ended December 31, 2021 | For the years ended December 31, 2020 |
|---|---|---|
| Items that will never be reclassified to profit or loss: | | |
| Remeasurement of defined benefit obligations | **$ 4,664** | **28,043** |
| Items that are or may be reclassified subsequently to profit or loss: | | |
| Foreign operations – foreign currency translation differences | $ (353,088) | (609,944) |
| Equity-accounted investees – share of other comprehensive income | 24,550 | 598,426 |
| | **$ (328,538)** | **(11,518)** |

Reconciliation of the expected income tax expense (benefit) calculated based on the ROC statutory income tax rate compared with the actual income tax expense as reported in the statements of comprehensive income for the years ended December 31, 2021 and 2020, was as follows:

| | For the years ended December 31, 2021 | For the years ended December 31, 2020 |
|---|---|---|
| Income tax expense at statutory tax rate | $ 12,487,100 | 499,317 |
| Tax on undistributed earnings, net | 62,580 | - |
| Net of non-taxable income from domestic investments and non-deductible expense | (1,515,292) | 49,957 |
| Change of unrecognized deductible temporary differences | (9,929,524) | (1,429,009) |
| Adjustments to prior year | 7 | (4) |
| Income tax expense (benefit) | **$ 1,104,871** | **(879,739)** |

b. Deferred tax assets and liabilities

Deferred tax assets have not been recognized in respect of the following items.

| | December 31, 2021 | December 31, 2020 |
|---|---|---|
| Deductible temporary differences | $ 289,192 | 274,984 |
| Unused tax losses carryforwards | 5,154,251 | 14,167,214 |
| | **$ 5,443,443** | **14,442,198** |

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**AU OPTRONICS CORP.**

**Notes to the Parent Company Only Financial Statements**

Under the ROC tax laws, approved tax losses can be carried forward for 10 years to offset future taxable profits.

As of December 31, 2021, the expiration period for abovementioned unrecognized deferred tax assets of unused tax losses carryforwards were as follows:

| Year of assessment | Unrecognized deferred tax assets | Expiration in year |
|---|---|---|
| 2015 (assessed) | $ 1,389,860 | 2025 |
| 2016 (assessed) | 20,551 | 2026 |
| 2019 (assessed) | 3,594,747 | 2029 |
| 2020 (filed) | 149,093 | 2030 |
| | **$ 5,154,251** | |

As of December 31, 2021 and 2020, the aggregate taxable temporary differences associated with investments in subsidiaries not recognized as deferred tax liabilities amounted to nil and $832,350 thousand, respectively.

The components of and changes in deferred tax assets and liabilities were as follows:

| | **Deferred tax assets** | | **Deferred tax liabilities** | | **Total** | |
|---|---|---|---|---|---|---|
| | **December 31, 2021** | **December 31, 2020** | **December 31, 2021** | **December 31, 2020** | **December 31, 2021** | **December 31, 2020** |
| Tax losses carryforwards | $ 1,210,727 | 2,120,783 | - | - | 1,210,727 | 2,120,783 |
| Unrealized loss and expenses | 189,749 | 255,257 | - | - | 189,749 | 255,257 |
| Inventories write-down | 696,184 | 523,594 | - | - | 696,184 | 523,594 |
| Accumulated amortization of goodwill in accordance with local tax laws | - | - | (2,024,091) | (2,213,429) | (2,024,091) | (2,213,429) |
| Remeasurement of defined benefit plans | 124,509 | 129,173 | - | - | 124,509 | 129,173 |
| Foreign investment losses(gains) | - | - | (1,168,811) | - | (1,168,811) | - |
| Others | 3,307,810 | 2,221,352 | (138,901) | (121,469) | 3,168,909 | 2,099,883 |
| | **$ 5,528,979** | **5,250,159** | **(3,331,803)** | **(2,334,898)** | **2,197,176** | **2,915,261** |

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# AU OPTRONICS CORP.
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| | January 1, 2020 | Recognized in profit or loss | Recognized in other comprehensive income | December 31, 2020 | Spin-off | Recognized in profit or loss | Recognized in other comprehensive income | December 31, 2021 |
|---|---|---|---|---|---|---|---|---|
| Deferred tax assets (liabilities): | | | | | | | | |
| Tax losses carryforwards | $ 2,120,783 | - | - | 2,120,783 | - | (910,056) | - | 1,210,727 |
| Unrealized loss and expenses | 161,146 | 94,111 | - | 255,257 | (10,925) | (54,583) | - | 189,749 |
| Inventories write-down | 857,255 | (333,661) | - | 523,594 | (292) | 172,882 | - | 696,184 |
| Accumulated amortization of goodwill in accordance with local tax laws | (2,213,429) | - | - | (2,213,429) | - | 189,338 | - | (2,024,091) |
| Remeasurement of defined benefit plans | 157,216 | - | (28,043) | 129,173 | - | - | (4,664) | 124,509 |
| Foreign investment losses (gains) | - | - | - | - | - | (1,168,811) | - | (1,168,811) |
| Others | 969,080 | 1,119,285 | 11,518 | 2,099,883 | 11,542 | 728,946 | 328,538 | 3,168,909 |
| | **$ 2,052,051** | **879,735** | **(16,525)** | **2,915,261** | **325** | **(1,042,284)** | **323,874** | **2,197,176** |

c. Assessments by the tax authorities

As of December 31, 2021, the tax authorities have completed the examination of income tax returns of the Company through 2019.

(23) Earnings per Share

| | For the years ended December 31, 2021 | For the years ended December 31, 2020 |
|---|---|---|
| Basic earnings per share | | |
| Profit attributable to shareholders | **$ 61,330,628** | **3,376,324** |
| Weighted-average number of common shares outstanding during the year | **9,522,200** | **9,499,245** |
| Basic earnings per share (NT$) | **$ 6.44** | **0.36** |
| Diluted earnings per share | | |
| Profit attributable to shareholders | **$ 61,330,628** | **3,376,324** |
| Weighted-average number of common shares outstanding during the year | 9,522,200 | 9,499,245 |
| Effect of employee remuneration in stock | 279,624 | 18,107 |
| | **9,801,824** | **9,517,352** |
| Diluted earnings per share (NT$) | **$ 6.26** | **0.35** |

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(24) Cash Flow Information

The reconciliation of liabilities to cash flows arising from financing activities was as follows:

| | Long-term borrowings (including current installments) | Guarantee deposits | Lease liabilities | Total liabilities from financing activities |
|---|---|---|---|---|
| Balance at January 1, 2021 | $ 95,639,518 | 805,231 | 8,932,952 | 105,377,701 |
| Cash flows | (55,067,500) | (51,290) | (390,835) | (55,509,625) |
| Non-cash changes: | | | | |
| Deductions | - | - | (10,131) | (10,131) |
| Changes in exchange rate and others | 75,227 | (72,582) | - | 2,645 |
| Balance at December 31, 2021 | **$ 40,647,245** | **681,359** | **8,531,986** | **49,860,590** |
| Balance at January 1, 2020 | $ 85,966,110 | 728,087 | 9,425,575 | 96,119,772 |
| Cash flows | 9,606,850 | 51,000 | (390,812) | 9,267,038 |
| Non-cash changes: | | | | |
| Deductions | - | - | (69,426) | (69,426) |
| Changes in exchange rate and others | 66,558 | 26,144 | (32,385) | 60,317 |
| Balance at December 31, 2020 | **$ 95,639,518** | **805,231** | **8,932,952** | **105,377,701** |

(25) 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) and other current financial assets.

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 December 31, 2021 and 2020 were as follows:

| | December 31, 2021 | | December 31, 2020 | |
|---|---|---|---|---|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Financial assets: | | | | |
| Financial assets at FVTPL: | | | | |
| Financial assets mandatorily measured at FVTPL | $ 130,434 | 130,434 | 21,361 | 21,361 |
| Financial assets at FVTOCI | 65,989 | 65,989 | - | - |
| Financial assets at amortized cost: | | | | |
| Domestic time deposits | 10,000,000 | 10,000,000 | - | - |
| Refundable deposits | 922,576 | 922,576 | 381,528 | 381,528 |

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| | December 31, 2021 | | December 31, 2020 | |
|---|---|---|---|---|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Financial liabilities: | | | | |
| Financial liabilities at FVTPL: | | | | |
| Financial liabilities held for trading | 39,294 | 39,294 | 135,420 | 135,420 |
| Financial liabilities at amortized cost: | | | | |
| Long-term borrowings (including current installments) | 40,647,245 | 40,647,245 | 95,639,518 | 95,639,518 |
| Guarantee deposits | 681,359 | 681,359 | 805,231 | 805,231 |
| Long-term payables (including current installments) | 1,404,990 | 1,404,990 | 309,900 | 309,900 |

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 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 balance sheets

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

(i) Level 1 inputs: Unadjusted quoted prices for identical assets or liabilities in active markets.

(ii) Level 2 inputs: Other than quoted prices included within Level 1, inputs are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(iii) Level 3 inputs: Derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **December 31, 2021** | | | | |
| Financial assets at FVTPL: | | | | |
| Financial assets mandatorily measured at FVTPL | $ - | 130,434 | - | 130,434 |
| Financial assets at FVTOCI | 65,989 | - | - | 65,989 |
| Financial assets at amortized cost: | | | | |
| Domestic time deposits | - | 10,000,000 | - | 10,000,000 |
| Financial liabilities at FVTPL: | | | | |
| Financial liabilities held for trading | - | 39,294 | - | 39,294 |
| Financial liabilities at amortized cost: | | | | |
| Long-term payables (including current installments) | - | 1,404,990 | - | 1,404,990 |
| **December 31, 2020** | | | | |
| Financial assets at FVTPL: | | | | |
| Financial assets mandatorily measured at FVTPL | - | 21,361 | - | 21,361 |
| Financial liabilities at FVTPL: | | | | |
| Financial liabilities held for trading | - | 135,420 | - | 135,420 |
| Financial liabilities at amortized cost: | | | | |
| Long-term payables (including current installments) | - | 309,900 | - | 309,900 |

There were no transfers between Level 1 and 2 for the years ended December 31, 2021 and 2020.

(26) Financial Risk Management

a. Risk management framework

The managerial officers of related divisions are appointed to review, control, trace and monitor the strategic risks, financial risks and operational risks faced by the Company. The managerial officers report to executive officers the progress of risk controls from time to time and, if necessary, report to the board of directors, depending on the extent of impact of risks.

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b. Financial risk information

Hereinafter discloses information about the Company's exposure to variable risks, and the goals, policies and procedures of the Company's risk measurement and risk management.

The Company is exposed to the following risks due to usage of financial instruments:

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposures to credit risk are mainly from:

(a) The carrying amount of financial assets recognized in the balance sheets.

(b) The amount of contingent liabilities as a result from the Company providing financial guarantee to its customers.

The Company's potential credit risk is derived primarily from cash in bank, cash equivalents and trade receivables. The Company deposits its cash with various reputable financial institutions of high credit quality. There should be no major concerns for the performance capability of trading counterparts. Management performs periodic evaluations of the relative credit standing of these financial institutions and limits the amount of credit exposure with any one institution. Management believes that there is a limited concentration of credit risk in cash and cash equivalent investments.

The majority of the Company's customers are in high technology industries. Management continuously evaluates and controls the credit quality, credit limit and financial strength of its customers to ensure any overdue receivables are taken necessary procedures. The Company also flexibly makes use of advance receipt, accounts receivable factoring and credit insurance as credit enhancement instruments. If necessary, the Company will request collaterals or assurance from its customers in order to reduce the credit risk from particular customers.

Additionally, on the reporting date, the Company reviews the recoverability of its receivables to provide appropriate valuation allowances. Consequently, management believes there is a limited concentration of its credit risk.

For the years ended December 31, 2021 and 2020, the Company's five largest customers accounted for 41.3% and 41.8%, respectively, of the Company's net revenue. There is no other significant concentration of credit risk.

Refer to Note 6(5) for expected credit loss analysis of accounts receivable and the movement in the loss allowance of accounts receivable.

(Continued)

For credit of guarantee, the Company's policy is to provide financial guarantees only to subsidiaries. Refer to Note 13(1)b. for information about endorsements or guarantees provided by the Company to its subsidiaries as of December 31, 2021.

(ii) Liquidity risk

Liquidity risk is the risk that the Company has no sufficient working capital and unused credit facilities to meet its obligations associated with matured financial liabilities, that may resulting from an economic downturn or uneven demand and supply in the market and cause a significant decrease in product selling prices and market demands.

Liquidity risk of the Company is monitored through its corporate treasury department which tracks the development of the actual cash flow position for the Company and uses input from a number of sources in order to forecast the overall liquidity position both on a short and long term basis. Corporate treasury invests surplus cash in money market deposits with appropriate maturities to ensure sufficient liquidity is available to meet liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation.

The following, except for payables (including related parties) and equipment and construction payable, are the contractual maturities of other financial liabilities. The amounts include estimated interest payments but exclude the impact of netting agreements.

| | Contractual cash flows | 2022.1.1~ 2022.12.31 | 2023.1.1~ 2024.12.31 | 2025.1.1~ 2026.12.31 | 2027 and thereafter |
|---|---|---|---|---|---|
| **December 31, 2021** | | | | | |
| Non-derivative financial liabilities | | | | | |
| Long-term borrowings (including current installments) | $ 42,100,893 | 12,762,796 | 23,127,504 | 6,210,593 | - |
| Long-term payables (including current installments) | 1,404,990 | 467,460 | 625,020 | 312,510 | - |
| Guarantee deposits | 681,359 | - | - | - | 681,359 |
| Derivative financial instruments | | | | | |
| Foreign currency forward contracts－inflows | (25,782,939) | (25,782,939) | - | - | - |
| Foreign currency forward contracts－outflows | 25,691,340 | 25,691,340 | - | - | - |
| | **$ 44,095,643** | **13,138,657** | **23,752,524** | **6,523,103** | **681,359** |

# AU OPTRONICS CORP.
## Notes to the Parent Company Only Financial Statements

| | Contractual cash flows | 2021.1.1~ 2021.12.31 | 2022.1.1~ 2023.12.31 | 2024.1.1~ 2025.12.31 | 2026 and thereafter |
|---|---|---|---|---|---|
| **December 31, 2020** | | | | | |
| Non-derivative financial liabilities | | | | | |
| Long-term borrowings (including current installments) | $ 99,192,346 | 12,648,823 | 60,145,458 | 25,235,659 | 1,162,406 |
| Long-term payables (including current installments) | 309,900 | 154,950 | 154,950 | - | - |
| Guarantee deposits | 805,231 | - | - | - | 805,231 |
| Derivative financial instruments | | | | | |
| Foreign currency forward contracts－inflows | (18,035,672) | (18,035,672) | - | - | - |
| Foreign currency forward contracts－outflows | 18,152,046 | 18,152,046 | - | - | - |
| | **$ 100,423,851** | **12,920,147** | **60,300,408** | **25,235,659** | **1,967,637** |

The Company is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

As at December 31, 2021, the management believes the Company’s existing unused credit facilities under its existing loan agreements, together with net cash flows expected to be generated from its operating activities, will be sufficient for the Company to fulfill its payment obligations. Therefore, management believes that the Company does not have significant liquidity risk.

(iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, which will affect the Company’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable range.

The Company buys and sells derivatives, and also incurs financial assets and liabilities, in order to manage market risks. All such transactions are executed in accordance with the Company’s handling procedures for conducting derivative transactions, and also monitored by internal audit department.

(a) Currency risk

The Company is exposed to currency risk on foreign currency denominated financial assets and liabilities arising from operating, financing and investing activities such that the Company uses forward exchange contracts to hedge its currency risk. Gains and losses derived from the foreign currency fluctuations on underlying assets and liabilities are likely to offset. However, transactions of derivative financial instruments help minimize the impact of foreign currency fluctuations, but the risk cannot be fully eliminated.

**AU OPTRONICS CORP.**
**Notes to the Parent Company Only Financial Statements**

The Company periodically examines portions exposed to currency risks for individual asset and liability denominated in foreign currency and uses forward contracts as hedging instruments to hedge positions exposed to risks. The contracts have maturity dates that do not exceed one year, and do not meet the criteria for hedge accounting.

I. Exposure of currency risk

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

| | December 31, 2021 | | | December 31, 2020 | | |
|---|---|---|---|---|---|---|
| | Foreign currency amounts | Exchange rate | NTD | Foreign currency amounts | Exchange rate | NTD |
| Financial assets | | | | | | |
| Monetary items | | | | | | |
| USD | $ 2,360,707 | 27.6880 | 65,363,255 | 1,891,983 | 28.5070 | 53,934,759 |
| JPY | 2,330,699 | 0.2409 | 561,465 | 9,691,657 | 0.2763 | 2,677,805 |
| EUR | 34,030 | 31.4203 | 1,069,233 | 31,465 | 35.0494 | 1,102,829 |
| Non-monetary items | | | | | | |
| USD | 2,478,144 | 27.6880 | 68,614,851 | 1,971,109 | 28.5070 | 56,190,404 |
| Financial liabilities | | | | | | |
| Monetary items | | | | | | |
| USD | 1,715,893 | 27.6880 | 47,509,645 | 1,390,500 | 28.5070 | 39,638,984 |
| JPY | 19,876,946 | 0.2409 | 4,788,356 | 20,124,348 | 0.2763 | 5,560,357 |
| EUR | 2,033 | 31.4203 | 63,877 | 3,472 | 35.0494 | 121,692 |

II. 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 and trade payables that are denominated in foreign currency. Depreciation or appreciation of the NTD by 1% against the USD, EUR and JPY at December 31, 2021 and 2020, while all other variables were remained constant, would have increased or decreased the net profit before tax for the years ended December 31, 2021 and 2020 as follows:

| | For the years ended December 31, | |
|---|---|---|
| | 2021 | 2020 |
| 1% of depreciation | $ 146,321 | 123,944 |
| 1% of appreciation | (146,321) | (123,944) |

III. 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 losses for the years ended December 31, 2021 and 2020 were $52,341 thousand and $632,825 thousand, respectively.

(b) Interest rate risk

The Company's exposure to changes in interest rates is mainly from floating-rate long-term debt obligations. Any change in interest rates will cause the effective interest rates of long-term borrowings to change and thus cause the future cash flows to fluctuate over time. The Company will, depending on the market condition, enter into and designate interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk.

Assuming the amount of floating-rate debts at the end of the reporting period had been outstanding for the entire year and all other variables were remained constant, an increase or a decrease in the interest rate by 0.25% would have resulted in a decrease or an increase in the net profit before tax for the years ended December 31, 2021 and 2020 by $102,625 thousand and $239,844 thousand, respectively.

(c) Equity price risk

See Note 6(3) for disclosure of equity price risk analysis.

(27) Capital Management

Through clear understanding and managing of significant changes in external environment, related industry characteristics, and corporate growth plan, the Company manages its capital structure to ensure it has sufficient financial resources to sustain proper liquidity, to invest in capital expenditures and research and development expenses, to repay debts and to distribute dividends in accordance to its plan. The management pursues the most suitable capital structure by monitoring and maintaining proper financial ratios as below. The Company aims to enhance the returns of its shareholders through achieving an optimized debt-to-equity ratio from time to time.

| | December 31 | |
|---|---|---|
| | **2021** | **2020** |
| Long-term borrowings (including current installments) | $ 40,647,245 | 95,639,518 |
| Total liabilities | 153,816,495 | 181,195,885 |
| Total equity | 231,787,040 | 182,804,691 |
| Debt-to-equity ratio | 66 % | 99 % |
| Net debt-to-equity ratio[i] | 2 % | 22 % |

[i] Net debt-to-equity ratio is defined as long-term borrowings less cash and cash equivalents and divided by total equity.

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## 7. Related-party Transactions

(1) Name and relationship of related parties

The following is a summary of subsidiaries and related parties that have had transactions with the Company during the periods presented in the parent company only financial statements.

| Name of related party | Relationship with the Company |
|---|---|
| AUO (L) Corp. ("AUOLB", formerly AU Optronics (L) Corp. ("AULB")) | Subsidiary |
| Konly | Subsidiary |
| Ronly Venture Corp. ("Ronly") | Subsidiary |
| Darwin Precisions Corporation ("DPTW") | Subsidiary |
| AUO Crystal Corp. ("ACTW") | Subsidiary |
| ADP | Subsidiary |
| AUO Digitech Taiwan Inc. ("ADTTW") | Subsidiary |
| Jector Digital Corporation ("Jector") | Subsidiary |
| Space Money Inc. ("S4M") | Subsidiary |
| Da Ping Green Energy Corporation ("DPGE") | Subsidiary |
| AUO Health Corporation ("AHTW") | Subsidiary |
| AUO Envirotech Inc. ("AETTW", formerly U Fresh Technology Inc. ("UTI")) | Subsidiary |
| SREC | Subsidiary |
| Evergen Power Corporation ("EGPC") | Subsidiary |
| Sungen Power Corporation("(SGPC") | Subsidiary |
| AUO Corporation America ("AUOUS", formerly AU Optronics Corporation America ("AUUS")) | Subsidiary |
| AUO Corporation Japan ("AUOJP", formerly AU Optronics Corporation Japan ("AUJP")) | Subsidiary |
| AUO Europe B.V. ("AUONL", formerly AU Optronics Europe B.V. ("AUNL")) | Subsidiary |
| AU Optronics Korea Ltd. ("AUKR") | Subsidiary |
| AUO Singapore Pte. Ltd. ("AUOSG", formerly AU Optronics Singapore Pte. Ltd. ("AUSG")) | Subsidiary |
| AU Optronics (Czech) s.r.o. ("AUCZ") | Subsidiary |
| AU Optronics (Shanghai) Co., Ltd. ("AUSH") | Subsidiary |
| AU Optronics (Xiamen) Corp. ("AUXM") | Subsidiary |
| AU Optronics (Suzhou) Corp., Ltd. ("AUSZ") | Subsidiary |
| AU Optronics (Slovakia) s.r.o. ("AUSK") | Subsidiary |

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| Name of related party | Relationship with the Company |
|---|---|
| AFPD Pte., Ltd. (“AUST”) | Subsidiary |
| AUO (Kunshan) Co., Ltd. (“AUOKS”, formerly AU Optronics (Kunshan) Co., Ltd. (“AUOKS”)) | Subsidiary |
| a.u.Vista Inc. (“AUVI”) | Subsidiary |
| Fortech Electronics (Suzhou) Co., Ltd. (“FTWJ”) | Subsidiary |
| Darwin Precisions (Xiamen) Corp. (“DPXM”) | Subsidiary |
| AUO Green Energy America Corp.(“AEUS”) | Subsidiary |
| AUO Display Plus Netherlands B.V. (“ADPNL”) | Subsidiary |
| ComQi Inc. (“CQUS”) | Subsidiary |
| Edgetech Data Technologies (Suzhou) Corp., Ltd. (“ATISZ”) | Subsidiary |
| Ennostar | Associate |
| Epistar | Subsidiary of Ennostar |
| Yenrich Technology Corporation (“Yenrich”) | Subsidiary of Ennostar |
| Lextar | Subsidiary of Ennostar |
| Wellybond Corporation (“WBC”) | Subsidiary of Ennostar |
| TRENDYLITE CORPORATION (“TRENDYLITE”) | Subsidiary of Ennostar |
| Raydium Semiconductor Corporation (“Raydium”) | Associate |
| Star Shining Energy Corporation (“SSEC”) | Associate |
| TronGen Power Corporation (“TGPC”) | Subsidiary of SSEC |
| Fargen Power Corporation (“FGPC”) | Subsidiary of SSEC |
| Sheng Li Energy Corporation (“SLEC”) | 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 |
| ChampionGen Power Corporation (“CGPC”) | Subsidiary of SSEC |
| Daxin Materials Corp. (“Daxin”) | Associate |
| ADLINK | Associate |
| Qisda | Associate(ii) |
| 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 |
| Mainteq Europe B.V. (“MQE”) | Subsidiary of Qisda |
| BenQ Corporation (“BenQ”) | Subsidiary of Qisda |
| BenQ Materials Corp. (“BMC”) | Subsidiary of Qisda |

(Continued)

**AU OPTRONICS CORP.**
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| Name of related party | Relationship with the Company |
|---|---|
| BenQ Asia Pacific Corp. (“BQP”) | Subsidiary of Qisda |
| BenQ America Corporation (“BQA”) | Subsidiary of Qisda |
| DFI Inc. (“DFI”) | Subsidiary of Qisda |
| Data Image Corporation (“DIC”) | Subsidiary of Qisda |
| Data Image (Suzhou) Corporation (“DICSZ”) | Subsidiary of Qisda |
| Sysage Technology Co., Ltd. (“Sysage”) | Subsidiary of Qisda |
| ACE Pillar Co., Ltd. (“ACE”) | Subsidiary of Qisda |
| Qisda Vietnam Co., Ltd (“QVH”) | Subsidiary of Qisda |
| Golden Spirit Co., Ltd. (“GSC”) | Subsidiary of Qisda |
| ADVANCEDTEK INTERNATIONAL CORP. (“ADVANCEDTEK”) | Subsidiary of Qisda |
| IRIS Optronics Co., Ltd. (“IOC”) | Associate |
| 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 |
| BenQ Foundation | Substantive related party(iii) |
| AUO Foundation | Substantive related party |

(i) For the information in respect of the Company’s subsidiaries and related parties, please refer to the consolidated financial statements for the years ended December 31, 2021 and 2020.

(ii) The Company has accounted for the investment in Qisda using the equity method since December 31, 2020. Qisda and its subsidiaries are changed as the Company’s associates from the same date while previously they are categorized as other related parties. See Note 6(7) for the relevant information.

(iii) BenQ Foundation is no longer a related party of the Company starting from the second quarter of 2021.

(2) Compensation to key management personnel

Key management personnel’s compensation comprised:

| | For the years ended December 31, 2021 | 2020 |
|---|---|---|
| Short-term employee benefits | $ 869,292 | 218,723 |
| Post-employment benefits | 1,402 | 2,032 |
| Share-based payments | 17,276 | - |
| | $ 887,970 | 220,755 |

(Continued)

**AU OPTRONICS CORP.**

**Notes to the Parent Company Only Financial Statements**

Refer to Note 6(17) for information on share-based payments.

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

a. Sales

| | Sales | | Accounts receivable from related parties | |
|---|---|---|---|---|
| | For the years ended December 31, | | December 31, | |
| | 2021 | 2020 | 2021 | 2020 |
| Subsidiaries | $ 33,263,332 | 4,248,540 | 5,210,500 | 291,943 |
| Associates | 12,100,078 | 765,017 | 2,263,856 | 1,966,761 |
| Others | - | 10,775,744 | 988 | - |
| | $ 45,363,410 | 15,789,301 | 7,475,344 | 2,258,704 |

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

b. Purchases

| | Purchases | | Accounts payable to related parties | |
|---|---|---|---|---|
| | For the years ended December 31, | | December 31, | |
| | 2021 | 2020 | 2021 | 2020 |
| Subsidiaries | $ 99,800,127 | 87,988,257 | 29,053,948 | 26,039,202 |
| Associates | 16,082,012 | 3,237,827 | 4,348,634 | 3,884,576 |
| Others | - | 12,385,625 | - | - |
| | $ 115,882,139 | 103,611,709 | 33,402,582 | 29,923,778 |

The payment terms for purchases from related parties were 30 to 120 days. The pricing and payment terms with related parties were not materially different from those with third parties.

c. Acquisition of property, plant and equipment

| | Acquisition prices | |
|---|---|---|
| | For the years ended December 31, | |
| | 2021 | 2020 |
| Subsidiaries | $ 267,127 | 275,226 |
| Associates | 37,880 | 8,815 |
| Others | - | 9,560 |
| | $ 305,007 | 293,601 |

(Continued)

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d. Disposal of property, plant and equipment and others

| | Proceeds from disposal For the years ended December 31, 2021 | Proceeds from disposal For the years ended December 31, 2020 | Gains on disposal For the years ended December 31, 2021 | Gains on disposal For the years ended December 31, 2020 |
|---|---|---|---|---|
| Subsidiaries | $ 5,278 | 4 | 95 | 4 |

e. Other related party transactions

| Transaction type | Type of related party | December 31, 2021 | December 31, 2021 |
|---|---|---|---|
| Other receivables due from related parties | Subsidiaries | $ 2,051,484 | 1,004,613 |
| | Associates | 19,778 | 16,805 |
| | | $ 2,071,262 | 1,021,418 |
| Other payables due to related parties, including payables for equipment | Subsidiaries | $ 305,561 | 642,666 |
| | Associates | 52,825 | 15,154 |
| | Others | 11,455 | - |
| | | $ 369,841 | 657,820 |

| Transaction type | Type of related party | For the years ended December 31, 2021 | For the years ended December 31, 2020 |
|---|---|---|---|
| Rental income | Subsidiaries | $ 30,110 | 5,901 |
| | Associates | 127,341 | 44,408 |
| | Others | - | 114,383 |
| | | $ 157,451 | 164,692 |

| Transaction type | Type of related party | For the years ended December 31, 2021 | For the years ended December 31, 2020 |
|---|---|---|---|
| Administration and other income | Subsidiaries | $ 57,883 | 30,151 |
| | Associates | 9,312 | 11,986 |
| | Others | - | 6,155 |
| | | $ 67,195 | 48,292 |
| Other expenses | Subsidiaries | $ 678,931 | 671,967 |
| | Associates | 76,431 | 69,744 |
| | Others | 65,536 | 52,613 |
| | | $ 820,898 | 794,324 |

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

(Continued)

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The Company participated in capital increase of related parties in the aggregate of $22,713,270 thousand and $1,338,953 thousand, respectively, for 2021 and 2020. In addition, for the years ended December 31, 2021 and 2020, the Company entitled for cash dividends declared by related parties of $813,819 thousand and $371,371 thousand, respectively. As of December 31, 2021 and 2020, the aforementioned dividends were all received.

## 8. Pledged Assets

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

| Pledged assets | Pledged to secure | December 31, 2021 | December 31, 2020 |
|---|---|---|---|
| Restricted cash in banks(i) | Guarantee for warranties | $ 8,657 | 8,657 |
| Land and buildings | Long-term borrowings limit | 47,454,920 | 46,628,977 |
| Machinery and equipment | Long-term borrowings limit | 31,810,247 | 45,407,718 |
| | | **$ 79,273,824** | **92,045,352** |

(i) Classified as other noncurrent assets.

## 9. Significant Contingent Liabilities and Unrecognized Commitments

The significant commitments and contingencies of the Company as of December 31, 2021, in addition to those disclosed in other notes to the parent company only financial statements, were as follows:

(1) Outstanding letters of credit

As at December 31, 2021, the Company had the following outstanding letters of credit for the purpose of purchasing machinery and equipment and materials:

| Currency | December 31, 2021 (in thousands) |
|---|---|
| USD | 5,479 |
| JPY | 1,767,366 |
| EUR | 92 |

(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.

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(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 December 31, 2021, significant outstanding purchase commitments for construction in progress, property, plant and equipment totaled $15,620,186 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 February 10, 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.

**AU OPTRONICS CORP.**
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## 10. Significant Disaster Losses: None

## 11. Subsequent Event: None

## 12. Others

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 year ended December 31, 2021.

a. Financings provided: Please see Table 1 attached.

b. Endorsements/guarantees provided: Please see Table 2 attached.

c. Marketable securities held (excluding investment in subsidiaries, associates and joint ventures): Please see Table 3 attached.

d. Individual marketable securities acquired or disposed of with costs or prices exceeding NT$300 million or 20% of the paid-in capital: Please see Table 4 attached.

e. Acquisition of individual real estate with costs exceeding NT$300 million or 20% of the paid-in capital: None

f. Disposal of individual real estate with prices exceeding NT$300 million or 20% of the paid-in capital: Please see Table 5 attached.

g. Purchases from or sales to related parties with amounts exceeding NT$100 million or 20% of the paid-in capital: Please see Table 6 attached.

h. Receivables from related parties with amounts exceeding NT$100 million or 20% of the paid-in capital: Please see Table 7 attached.

i. Information about trading in derivative instruments: Please see Note 6(2).

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(2) Information on investees (excluding information on investment in Mainland China): Please see Table 8 attached.

(3) Information on investment in Mainland China:

a. The related information on investment in Mainland China: Please see Table 9.1 and 9.2 attached.

b. Upper limit on investment in Mainland China: Please see Table 9.1 and 9.2 attached.

c. Significant transactions:

Significant direct or indirect transactions with the investees in Mainland China for the year ended December 31, 2021, are disclosed in Note 13(1) " Information on significant transactions".

(4) Major shareholders:

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

**14. Segment Information**

The Company has provided the operating segments disclosure in the consolidated financial statements. Disclosure of the segment information in the parent company only financial statements is waived.

# AU OPTRONICS CORP. AND SUBSIDIARIES
## Financings Provided
## For the year ended December 31, 2020
### (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 | ACTW | Other receivables from related parties | Yes | 3,500,000 | 2,000,000 | 1,000,000 | Markup rate on short-term financing cost | Needs for short-term financing | - | Operating capital | - | - | - | 18,280,469 | 73,121,876 |
| 0 | AUO | AUKS | Other receivables from related parties | Yes | 1,300,920 | - | - | Markup rate on short-term financing cost | Needs for short-term financing | - | Operating capital | - | - | - | 18,280,469 | 73,121,876 |
| 0 | AUO | SMI | Other receivables from related parties | Yes | 30,000 | 30,000 | - | Markup rate on short-term financing cost | Needs for short-term financing | - | Operating capital | - | - | - | 18,280,469 | 73,121,876 |
| 0 | AUO | UTI | Other receivables from related parties | Yes | 200,000 | 200,000 | - | Markup rate on short-term financing cost | Needs for short-term financing | - | Operating capital | - | - | - | 18,280,469 | 73,121,876 |
| 1 | AULB | AUKS | Other receivables from related parties | Yes | 13,792,960 | 13,585,440 | 6,135,360 | Markup rate on short-term financing cost | Needs for short-term financing | - | Operating capital | - | - | - | 22,363,769 | 22,363,769 |
| 2 | AUXM | AUKS | Other receivables from related parties | Yes | 5,254,560 | 4,382,400 | 1,972,080 | Markup rate on short-term financing cost | Needs for short-term financing | - | Operating capital | - | - | - | 5,797,418 | 5,797,418 |
| 3 | BVXM | AUKS | Other receivables from related parties | Yes | 438,240 | 438,240 | 438,240 | Markup rate on short-term financing cost | Needs for short-term financing | - | Operating capital | - | - | - | 523,838 | 523,838 |

| 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 | | |
| 4 | AUSJ | AUKS | Other receivables from related parties | Yes | 1,446,192 | 1,446,192 | 788,832 | Markup rate on short-term financing cost | Needs for short-term financing | - | Operating capital | - | - | - | 1,587,158 | 1,587,158 |
| 4 | AUSJ | UFSD | Other receivables from related parties | Yes | 219,120 | 219,120 | - | Markup rate on short-term financing cost | Needs for short-term financing | - | Operating capital | - | - | - | 3,967,894 | 3,967,894 |
| 4 | AUSJ | UFSZ | Other receivables from related parties | Yes | 173,104 | 87,648 | 35,497 | Markup rate on short-term financing cost | Needs for short-term financing | - | Operating capital | - | - | - | 3,967,894 | 3,967,894 |
| 4 | AUSJ | A-Care | Other receivables from related parties | Yes | 86,552 | 43,824 | 4,382 | Markup rate on short-term financing cost | Needs for short-term financing | - | Operating capital | - | - | - | 3,967,894 | 3,967,894 |
| 5 | AUSZ | AUKS | Other receivables from related parties | Yes | 6,135,360 | 6,135,360 | 3,067,680 | Markup rate on short-term financing cost | Needs for short-term financing | - | Operating capital | - | - | - | 6,547,160 | 6,547,160 |
| 6 | BVHF | AUKS | Other receivables from related parties | Yes | 306,768 | 306,768 | 306,768 | Markup rate on short-term financing cost | Needs for short-term financing | - | Operating capital | - | - | - | 327,745 | 327,745 |
| 7 | DPSZ | AUKS | Other receivables from related parties | Yes | 438,240 | 438,240 | 438,240 | Adjusted by base lending rate of People's Bank of China | Needs for short-term financing | - | Operating capital | - | - | - | 523,662 | 523,662 |
| 8 | DPTW | DPSK | Other receivables from related parties | Yes | 52,863 | 52,574 | 29,441 | Adjusted by short-term average lending rate | Needs for short-term financing | - | Operating capital | - | - | - | 2,482,061 | 3,971,298 |
| 9 | FTKS | AUKS | Other receivables from related parties | Yes | 433,640 | - | - | Adjusted by base lending rate of People's Bank of China | Needs for short-term financing | - | Operating capital | - | - | - | 558,230 | 558,230 |
| 10 | FTWJ | FHWJ | Other receivables from related parties | Yes | 65,046 | 43,824 | 43,824 | Adjusted by base lending rate of People's Bank of China | Needs for short-term financing | - | Operating capital | - | - | - | 1,830,825 | 1,830,825 |

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 Dollar 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. AULB, AUSZ, AUXM, AUSJ, BVXM and BVHF: 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 shall not exceed the net worth of the lending company as stated in its latest financial statement.

d. DPTW: The total amount available for lending purposes shall not exceed 40% of DPTW's net worth as stated in its latest financial statement. The total amount for lending to a company shall not exceed 25% of DPTW's net worth as stated in its latest financial statement.

e. DPSZ, FTWJ and FTKS: 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.

f. 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 year ended December 31, 2020
### (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 | AUKS | 2 | 91,402,346 | 15,391,064 | 14,373,073 | 8,654,361 | - | 7.86% | 182,804,691 | Yes | No | Yes |
| 1 | AUXM | AUO | 3 | 14,493,546 | 6,354,480 | 6,354,480 | - | - | 43.84% | 14,493,546 | No | Yes | No |
| 2 | AUSZ | AUO | 3 | 16,367,899 | 4,470,048 | 4,470,048 | - | - | 27.31% | 16,367,899 | No | Yes | No |
| 3 | DPXM | DPTW | 3 | 1,739,404 | 438,240 | 438,240 | - | - | 10.08% | 1,739,404 | No | No | No |

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 Dollar 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. AUSZ and AUXM: The total endorsement/guarantee amount provided and the aggregate amount of endorsement/guarantee provided to each guaranteed party both shall not exceed the net worth of the endorser/guarantor as stated in its latest financial statement.

c. DPXM: The total endorsement/guarantee amount provided and the aggregate amount of endorsement/guarantee provided to each guaranteed party both shall not exceed 40% of DPXM's net worth as stated in its latest financial statement.

# AU OPTRONICS CORP. AND SUBSIDIARIES

## Marketable Securities Held (Excluding Investment in Subsidiaries, Associates and Joint Ventures)

## December 31, 2020

**(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 | December 31, 2020 | | | | Maximum Shareholding in the Interim | 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% | - | 17.00% | |
| AULB | Abakus Solar AG's stock | - | Financial assets at FVTPL－noncurrent | 3 | - | 2.22% | - | 2.22% | |
| AUSH | T-powertek Optronics Co., Ltd.'s stock | - | Financial assets at FVTOCI－noncurrent | 1,293 | CNY 6,250 | 1.66% | CNY 6,250 | 2.16% | |
| FPWJ | Structured deposit | - | Financial assets at FVTPL－current | - | CNY 54,227 | - | CNY 54,227 | - | |
| FTKS | Structured deposit | - | Financial assets at FVTPL－current | - | CNY 72,585 | - | CNY 72,585 | - | |
| Konly | PlayNitride Inc.'s stock | - | Financial assets at FVTOCI－noncurrent | 967 | 113,640 | 2.26% | 113,640 | 2.34% | |
| Konly | SnapBizz CloudTech Pte. Ltd.'s stock | - | Financial assets at FVTOCI－noncurrent | 13 | - | 4.74% | - | 5.33% | |
| Konly | Azotek Co., Ltd.'s stock | - | Financial assets at FVTOCI－noncurrent | 2,407 | 7,345 | 4.00% | 7,345 | 4.01% | |
| Konly | ChenFeng Optronics Corporation's stock | - | Financial assets at FVTPL－noncurrent | 1,500 | - | 2.35% | - | 2.63% | |
| Konly | Epistar Corporation's stock | - | Financial assets at FVTOCI－noncurrent | 7,037 | 294,668 | 0.65% | 294,668 | 0.65% | |
| Konly | a2peak power Co., Ltd.'s stock | - | Financial assets at FVTPL－noncurrent | 4,000 | - | 10.87% | - | 10.87% | |
| DPTW | D8AI Holdings Corporation's stock | - | Financial assets at FVTOCI－noncurrent | 7,000 | 8,649 | 4.59% | 8,649 | 4.59% | |
| DPTW | Disign Incorporated's stock | - | Financial assets at FVTOCI－noncurrent | 2 | 10,714 | 19.89% | 10,714 | 19.89% | |
| DPTW | Evertrust Technology Ltd.'s stock | - | Financial assets at FVTOCI－noncurrent | 150 | 1,500 | 16.13% | 1,500 | 16.13% | |
| DPTW | HUAI I Precision Technology Co., Ltd.'s stock | - | Financial assets at FVTOCI－noncurrent | 2,914 | 34,968 | 10.00% | 34,968 | 10.00% | |
| DPTW | WiBASE Industrial Solutions Inc.'s stock | Related party | Financial assets at FVTOCI－noncurrent | 3,536 | 42,432 | 9.11% | 42,432 | 12.11% | |
| Ronly | PlayNitride Inc.'s stock | - | Financial assets at FVTOCI－noncurrent | 359 | 71,517 | 0.84% | 71,517 | 0.87% | |
| Ronly | Exploit Technology Co., Ltd.'s stock | - | Financial assets at FVTPL－noncurrent | 41 | - | 0.49% | - | 0.49% | |
| Ronly | Profet AI Technology Co., Ltd.'s stock | - | Financial assets at FVTOCI－noncurrent | 511 | 10,002 | 10.16% | 10,002 | 10.16% | |

# AU OPTRONICS CORP. AND SUBSIDIARIES

## Individual Marketable Securities Acquired or Disposed of with Costs or Prices Exceeding NT$300 Million or 20% of the Paid-in Capital

## For the year ended December 31, 2020

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

Table 4

| Company Name | Type and Name of Marketable Securities | Financial Statement Account | Counterparty | Relationship | Beginning Balance | | Acquisition | | Disposal | | | | Ending Balance | | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Shares | Amount | Shares | Amount | Shares | Amount | Carrying Amount | Gain/Loss on Disposal | Shares | Amount | |
| AUO | CQIL's stock | Investments in equity-accounted investees | - | - | 39,974 | 576,111 | - | 305,963 | - | - | - | - | 39,974 | 881,300 | 2 |
| AUO | ADLINK's stock | Investments in equity-accounted investees | - | - | - | - | 42,310 | 2,411,693 | - | - | - | - | 42,310 | 2,311,727 | 1 |
| AUO | SSEC's stock | Investments in equity-accounted investees | - | - | 93,000 | 953,966 | 62,000 | 620,000 | - | - | - | - | 155,000 | 1,586,817 | 2 |
| CQHLD | CQUS's stock | Investments in equity-accounted investees | - | - | 11 | USD 3,863 | 2 | USD 10,250 | - | - | - | - | 13 | USD 14,126 | 2 |
| CQIL | CQHLD's stock | Investments in equity-accounted investees | - | - | 635,709 | USD 18,491 | 21 | USD 10,250 | - | - | - | - | 635,730 | USD 29,097 | 2 |
| DPSZ | Structured deposit | Financial assets at FVTPL－current | - | - | - | CNY 70,488 | - | - | - | CNY 71,372 | CNY 71,372 | - | - | - | |
| FPWJ | Structured deposit | Financial assets at FVTPL－current | - | - | - | CNY 100,642 | - | CNY 105,750 | - | CNY 154,403 | CNY 154,403 | - | - | CNY 54,227 | 3 |
| FTKS | Structured deposit | Financial assets at FVTPL－current | - | - | - | CNY 171,493 | - | CNY 448,500 | - | CNY 553,777 | CNY 553,777 | - | - | CNY 72,585 | 3 |

Note 1: a. The acquisition amount refers to the tender offer consideration for acquiring part of ADLINK's shares. See Note 6(6) for the relevant information.

b. The ending balance includes the recognition of investment gain (loss) and foreign currency translation differences under the equity method.

Note 2: The acquisition amount refers to the participation in the investees' capital increase. The ending balance includes the recognition of investment gain (loss) and foreign currency translation differences under the equity method.

Note 3: The ending balance includes the gain/loss on valuation of the financial asset.

# 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 year ended December 31, 2020

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

Table 5

| 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 | AUKS | Subsidiary of AUO | Purchases | 20,126,829 | 11% | EOM 30 days | - | | (3,728,045) | (7)% | |
| AUO | AUSK | Subsidiary of AUO | Purchases | 116,806 | - | EOM 45 days | - | | (16,849) | - | |
| AUO | AUST | Subsidiary of AUO | Purchases | 4,574,857 | 2% | EOM 45 days | - | | (676,280) | (1)% | |
| AUO | AUSZ | Subsidiary of AUO | Purchases | 35,317,575 | 19% | EOM 45 days | - | | (11,760,985) | (22)% | |
| AUO | AUXM | Subsidiary of AUO | Purchases | 24,270,146 | 13% | EOM 45 days | - | | (9,153,218) | (17)% | |
| AUO | Qisda | Associate | Purchases | 8,412,978 | 5% | EOM 45 days | - | | (1,622,435) | (3)% | |
| AUO | BMC | Subsidiary of Qisda | Purchases | 3,951,995 | 2% | EOM 90 days | - | | (1,119,694) | (2)% | |
| AUO | Raydium | Associate | Purchases | 874,933 | - | EOM 120 days | - | | (326,321) | (1)% | |
| AUO | Daxin | Associate | Purchases | 2,310,181 | 1% | EOM 120 days | - | | (787,616) | (1)% | |
| AUO | DPTW | Subsidiary of AUO | Purchases | 3,527,426 | 2% | EOM 60 days | - | | (698,675) | (1)% | |
| AUO | AUNL | Subsidiary of AUO | Sales | (1,354,682) | (1)% | EOM 45 days | - | | 184,233 | - | |
| AUO | AUSZ | Subsidiary of AUO | Sales | (1,399,835) | (1)% | EOM 45 days | - | | - | - | |
| AUO | AUUS | Subsidiary of AUO | Sales | (269,837) | - | EOM 75 days | - | | 63,767 | - | |
| AUO | AUXM | Subsidiary of AUO | Sales | (948,058) | - | EOM 45 days | - | | - | - | |
| AUO | DICSZ | Subsidiary of Qisda | Sales | (216,863) | - | EOM 45 days | - | | 38,126 | - | |
| AUO | QCOS | Subsidiary of Qisda | Sales | (333,463) | - | EOM 55 days | - | | 59,166 | - | |
| AUO | QCSZ | Subsidiary of Qisda | Sales | (7,192,754) | (3)% | EOM 55 days | - | | 1,103,551 | 3% | |
| AUO | RJPC | Subsidiary of SSEC | Sales | (254,572) | - | EOM 25 days | - | | 96,436 | - | |

| 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 | BenQ | Subsidiary of Qisda | Sales | | (2,962,512) | (1)% | EOM 55 days | - | | | 630,668 | 1% | |
| AUO | SLEC | Subsidiary of SSEC | Sales | | (221,114) | - | Payment in advance | - | | | - | - | |
| AUO | DPTW | Subsidiary of AUO | Sales | | (186,407) | - | EOM 45 days | - | | | 15,384 | - | |
| AUO | FGPC | Subsidiary of SSEC | Sales | | (121,267) | - | EOM 25 days | - | | | 22,130 | - | |
| ACMK | ACTW | Subsidiary of AUO | Purchases | USD | 20,085 | 95% | OA 45 days | - | | USD | (944) | (98)% | |
| AUKS | AUO | Ultimate parent company | Purchases | CNY | 47,732 | 2% | EOM 45 days | - | | CNY | (3,557) | - | |
| AUKS | AUSZ | Subsidiary of AUO | Purchases | CNY | 181,415 | 7% | EOM 60 days | - | | CNY | (57,359) | (7)% | |
| AUKS | Qisda | Associate | Purchases | CNY | 26,786 | 1% | EOM 120 days | - | | CNY | (14,258) | (2)% | |
| AUKS | AUO | Ultimate parent company | Sales | CNY | (4,777,267) | (100)% | EOM 30 days | - | | CNY | 857,238 | 100% | |
| AUNL | AUO | Ultimate parent company | Purchases | EUR | 42,597 | 100% | EOM 45 days | - | | EUR | (5,245) | (100)% | |
| AUSH | AUO | Ultimate parent company | Sales | CNY | (36,314) | (99)% | End of quarter 25 days | - | | | - | - | |
| AUSK | AUO | Ultimate parent company | Sales | EUR | (3,850) | (83)% | EOM 45 days | - | | EUR | 888 | 83% | |
| AUST | AUO | Ultimate parent company | Sales | USD | (154,779) | (100)% | EOM 45 days | - | | USD | 23,723 | 100% | |
| AUSZ | AUO | Ultimate parent company | Purchases | CNY | 395,440 | 5% | EOM 45 days | - | | | - | - | |
| AUSZ | Qisda | Associate | Purchases | CNY | 513,274 | 7% | EOM 120 days | - | | CNY | (181,382) | (7)% | |
| AUSZ | BMC | Subsidiary of Qisda | Purchases | CNY | 253,846 | 3% | EOM 90 days | - | | CNY | (69,087) | (3)% | |
| AUSZ | Raydium | Associate | Purchases | CNY | 591,588 | 8% | EOM 120 days | - | | CNY | (212,094) | (8)% | |
| AUSZ | DPTW | Subsidiary of AUO | Purchases | CNY | 204,540 | 3% | EOM 120 days | - | | CNY | (63,420) | (2)% | |
| AUSZ | AUO | Ultimate parent company | Sales | CNY | (8,393,763) | (94)% | EOM 45 days | - | | CNY | 2,693,520 | 97% | |
| AUSZ | AUKS | Subsidiary of AUO | Sales | CNY | (181,390) | (2)% | EOM 60 days | - | | CNY | 57,359 | 2% | |
| AUUS | AUO | Ultimate parent company | Purchases | USD | 8,104 | 100% | EOM 75 days | - | | USD | (2,235) | (100)% | |
| AUUS | AUO | Ultimate parent company | Sales | USD | (5,649) | (38)% | EOM 30 days | - | | | - | - | |
| AUXM | AUO | Ultimate parent company | Purchases | CNY | 200,895 | 4% | EOM 45 days | - | | | - | - | |
| AUXM | DPXM | Subsidiary of AUO | Purchases | CNY | 24,024 | - | EOM 120 days | - | | CNY | (10,098) | (1)% | |

| 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) | |
| AUXM | BMC | Subsidiary of Qisda | Purchases | CNY 165,621 | 3% | EOM 90 days | - | | CNY (50,157) | (3)% | |
| AUXM | Raydium | Associate | Purchases | CNY 416,679 | 8% | EOM 120 days | - | | CNY (183,374) | (9)% | |
| AUXM | DPTW | Subsidiary of AUO | Purchases | CNY 198,904 | 4% | EOM 120 days | - | | CNY (80,964) | (4)% | |
| AUXM | AUO | Ultimate parent company | Sales | CNY (5,750,142) | (91)% | EOM 45 days | - | | CNY 2,098,691 | 95% | |
| AUXM | BVXM | Subsidiary of AUO | Sales | CNY (74,146) | (1)% | EOM 45 days | - | | - | - | |
| BVXM | AUXM | Subsidiary of AUO | Purchases | CNY 74,146 | 100% | EOM 45 days | - | | - | - | |
| DPSZ | DPTW | Subsidiary of AUO | Sales | CNY (121,527) | (72)% | EOM 90 days | - | | CNY 45,615 | 78% | |
| DPXM | DPTW | Subsidiary of AUO | Purchases | CNY 37,633 | 3% | EOM 60 days | - | | CNY (28,412) | (6)% | |
| DPXM | Lextar | Associate | Purchases | CNY 37,521 | 3% | EOM 120 days | - | | CNY (14,937) | (3)% | |
| DPXM | AUXM | Subsidiary of AUO | Sales | CNY (24,006) | (1)% | EOM 120 days | - | | CNY 10,098 | 2% | |
| DPXM | DPSZ | Subsidiary of AUO | Sales | CNY (24,190) | (1)% | EOM 120 days | - | | CNY 15,743 | 3% | |
| DPXM | DPTW | Subsidiary of AUO | Sales | CNY (618,831) | (38)% | EOM 90 days | - | | CNY 287,335 | 58% | |
| FPWJ | DPTW | Subsidiary of AUO | Purchases | CNY 92,417 | 93% | EOM 60 days | - | | CNY (30,239) | (100)% | |
| FTWJ | DPTW | Subsidiary of AUO | Purchases | CNY 51,684 | 9% | EOM 60 days | - | | CNY (243,989) | (52)% | |
| FTWJ | Lextar | Associate | Purchases | CNY 63,749 | 11% | EOM 120 days | - | | CNY (23,544) | (5)% | |
| FTWJ | DPTW | Subsidiary of AUO | Sales | CNY (847,131) | (96)% | EOM 90 days | - | | CNY 623,056 | 100% | |
| M.Setek | ACTW | Subsidiary of AUO | Sales | JPY (3,856,705) | (99)% | EOM 45 days | - | | JPY 1,198,928 | 99% | |
| ACTW | M.Setek | Subsidiary of AUO | Purchases | 1,068,693 | 46% | EOM 45 days | - | | (331,171) | (67)% | |
| ACTW | ACMK | Subsidiary of AUO | Sales | (625,854) | (16)% | OA 45 days | - | | 26,908 | 5% | |
| DPTW | AUO | Ultimate parent company | Purchases | 185,387 | 2% | EOM 45 days | - | | (15,215) | (1)% | |
| DPTW | DPSZ | Subsidiary of AUO | Purchases | 516,782 | 5% | EOM 90 days | - | | (199,291) | (7)% | |
| DPTW | DPXM | Subsidiary of AUO | Purchases | 2,636,646 | 27% | EOM 90 days | - | | (1,007,440) | (37)% | |
| DPTW | FTWJ | Subsidiary of AUO | Purchases | 3,613,971 | 37% | EOM 90 days | - | | (1,152,320) | (42)% | |
| DPTW | EFOP | Joint Venture | Purchases | 900,611 | 9% | Payment in advance | - | | - | - | |

| 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) | |
| DPTW | AUO | Ultimate parent company | Sales | (3,668,313) | (36)% | EOM 60 days | - | | 657,251 | 28% | |
| DPTW | AUSZ | Subsidiary of AUO | Sales | (867,826) | (9)% | EOM 120 days | - | | 277,080 | 12% | |
| DPTW | AUXM | Subsidiary of AUO | Sales | (849,740) | (8)% | EOM 120 days | - | | 353,730 | 15% | |
| DPTW | DPXM | Subsidiary of AUO | Sales | (161,790) | (2)% | EOM 60 days | - | | 61,385 | 3% | |
| DPTW | FPWJ | Subsidiary of AUO | Sales | (391,979) | (4)% | EOM 60 days | - | | 132,114 | 6% | |
| DPTW | FTWJ | Subsidiary of AUO | Sales | (220,845) | (2)% | EOM 60 days | - | | 30,096 | 1% | |
| DPTW | QCES | Subsidiary of Qisda | Sales | (179,294) | (2)% | EOM 120 days | - | | 63,267 | 3% | |

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

## December 31, 2020

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

Table 6

| 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 | AUNL | Subsidiary of AUO | 184,233 | 8.46 | 62 | Collected in subsequent period | 115,652 | - |
| AUO | QCSZ | Subsidiary of Qisda | 1,103,551 | 7.07 | 339 | Will be collected in next period | - | - |
| AUO | ACTW | Subsidiary of AUO | 1,001,440 | (Note 2) | - | - | - | - |
| AUO | BenQ | Subsidiary of Qisda | 630,668 | 5.75 | 30 | Will be collected in next period | - | - |
| AUKS | AUO | Ultimate parent company | CNY 857,238 | 7.03 | CNY 17,285 | Collected in subsequent period | CNY 470,258 | - |
| AULB | AUKS | Subsidiary of AUO | USD 220,489 | (Note 2) | - | - | - | - |
| AUSJ | AUKS | Subsidiary of AUO | CNY 183,146 | (Note 2) | - | - | - | - |
| AUST | AUO | Ultimate parent company | USD 33,525 | (Note 2) | USD 20 | Will be collected in next period | - | - |
| AUSZ | AUO | Ultimate parent company | CNY 2,693,520 | 3.43 | CNY 39,752 | Collected in subsequent period | CNY 1,541,995 | - |
| AUSZ | AUKS | Subsidiary of AUO | CNY 769,017 | (Note 2) | CNY 13,861 | Collected in subsequent period | CNY 17,381 | - |
| AUXM | AUO | Ultimate parent company | CNY 2,098,693 | (Note 2) | CNY 47,660 | Collected in subsequent period | CNY 1,469,960 | - |
| AUXM | AUKS | Subsidiary of AUO | CNY 459,274 | (Note 2) | - | - | - | - |
| BVHF | AUKS | Subsidiary of AUO | CNY 70,591 | (Note 2) | - | - | - | - |
| BVXM | AUKS | Subsidiary of AUO | CNY 102,936 | (Note 2) | - | - | - | - |
| DPSZ | AUKS | Subsidiary of AUO | CNY 104,956 | (Note 2) | - | - | - | - |
| DPSZ | DPTW | Subsidiary of AUO | CNY 45,615 | 2.97 | CNY 6,072 | Will be collected in next period | - | - |
| DPXM | DPTW | Subsidiary of AUO | CNY 287,342 | (Note 2) | - | - | - | - |
| FTWJ | DPTW | Subsidiary of AUO | CNY 623,056 | 1.44 | - | - | CNY 123,973 | - |
| M.Setek | ACTW | Subsidiary of AUO | JPY 1,198,975 | (Note 2) | JPY 246,932 | Will be collected in next period | - | - |

| 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 | | |
| ACTW | M.Setek | Subsidiary of AUO | 239,156 | (Note 2) | - | - | - | - |
| DPTW | AUO | Ultimate parent company | 659,144 | (Note 2) | 14,382 | Will be collected in next period | - | - |
| DPTW | AUSZ | Subsidiary of AUO | 277,080 | 3.06 | - | - | - | - |
| DPTW | AUXM | Subsidiary of AUO | 353,730 | 1.99 | - | - | - | - |
| DPTW | DPXM | Subsidiary of AUO | 124,129 | (Note 2) | 533 | Will be collected in next period | - | - |
| DPTW | FPWJ | Subsidiary of AUO | 132,114 | 5.93 | 58,861 | Will be collected in next period | - | - |
| DPTW | FTWJ | Subsidiary of AUO | 1,073,393 | (Note 2) | - | - | 413,975 | - |

Note 1: Until the end of January 2021.

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 year ended December 31, 2020
### (Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 7

| No. | Company Name | Counterparty | Nature of Relationship | Inter-company Transactions | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | Financial Statement Account | Amount | | Trading Terms | Percentage of Consolidated Net Revenue or Total Assets |
| 0 | AUKS | AUO | Subsidiary to parent | Net revenue | CNY | 4,777,267 | The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 30 days | 8% |
| 0 | AUKS | AUO | Subsidiary to parent | Receivables from related parties | CNY | 857,238 | - | 1% |
| 1 | AULB | AUKS | Subsidiary to subsidiary | Receivables from related parties | USD | 220,489 | - | 2% |
| 2 | AUST | AUO | Subsidiary to parent | Net revenue | USD | 154,779 | The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days | 2% |
| 3 | AUSZ | AUO | Subsidiary to parent | Net revenue | CNY | 8,393,763 | The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days | 13% |
| 3 | AUSZ | AUO | Subsidiary to parent | Receivables from related parties | CNY | 2,693,520 | - | 3% |
| 3 | AUSZ | AUKS | Subsidiary to subsidiary | Receivables from related parties | CNY | 769,017 | - | 1% |
| 4 | AUXM | AUO | Subsidiary to parent | Net revenue | CNY | 5,750,142 | The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days | 9% |
| 4 | AUXM | AUO | Subsidiary to parent | Receivables from related parties | CNY | 2,098,693 | - | 2% |
| 5 | DPXM | DPTW | Subsidiary to subsidiary | Net revenue | CNY | 618,831 | The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 90 days | 1% |
| 6 | FTWJ | DPTW | Subsidiary to subsidiary | Net revenue | CNY | 847,131 | The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 90 days | 1% |

| No. | Company Name | Counterparty | Nature of Relationship | Inter-company Transactions | | | |
|---|---|---|---|---|---|---|---|
| | | | | Financial Statement Account | Amount | Trading Terms | Percentage of Consolidated Net Revenue or Total Assets |
| 6 | FTWJ | DPTW | Subsidiary to subsidiary | Receivables from related parties | CNY 623,056 | - | 1% |
| 7 | AUO | AUSZ | Parent to subsidiary | Net revenue | 1,399,835 | The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days | 1% |
| 8 | DPTW | AUO | Subsidiary to parent | Net revenue | 3,668,313 | 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 year ended December 31, 2020

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

Table 8

| Investor Company | Investee Company | Location | Main Activities | Original Investment Amount | | December 31, 2020 | | | Maximum Shareholding in the Interim | Net Income (Loss) of Investee | Investor's Share of Profit (Loss) of Investee (Notes 1 and 2) | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2020 | December 31, 2019 | Shares | Percentage of Ownership | Carrying Amount (Notes 1 and 2) | | | | |
| AUO | AULB | Malaysia | Holding company | 59,058,698 | 59,058,698 | 1,882,189 | 100.00% | 55,909,421 | 100.00% | 2,789,496 | 2,789,496 | Subsidiary |
| AUO | AUNL | Netherlands | Sales and sales support of TFT-LCD panels | 24,275 | 24,275 | 50 | 100.00% | 66,537 | 100.00% | 26,306 | 26,306 | Subsidiary |
| AUO | Konly | Taiwan ROC | Investment | 4,227,070 | 4,227,070 | 299,764 | 100.00% | 5,471,340 | 100.00% | 132,133 | 132,133 | Subsidiary |
| AUO | Ronly | Taiwan ROC | Investment | 2,078,682 | 1,778,692 | 185,576 | 100.00% | 2,277,770 | 100.00% | (76,865) | (76,865) | 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% | 2,835,886 | 28.56% | (1,240,799) | (354,420) | Subsidiary |
| AUO | ACTW | Taiwan ROC | Manufacturing and sales of ingots and solar wafers | 15,687,921 | 15,687,921 | 418,583 | 100.00% | 2,686,843 | 100.00% | (91,475) | (91,475) | Subsidiary |
| AUO | SREC | Taiwan ROC | Investment | 379,040 | 379,040 | 37,904 | 32.01% | 427,157 | 32.01% | 107,060 | 34,274 | Associate |
| AUO | Lextar | Taiwan ROC | Design, manufacturing, and sales of InGaN epi wafers and chips, and light emitting diode packages and modules | 889,227 | 881,076 | 78,781 | 15.30% | 1,549,703 | 15.30% | (629,358) | (95,746) | Associate |
| AUO | Qisda | Taiwan ROC | Manufacturing and sales of LCD products and projectors; providing medical services | 9,505,477 | - | 335,231 | 17.04% | 9,704,923 | 17.04% | - | - | Associate (Note 7) |
| AUO | SMI | Taiwan ROC | Sales and leasing of content management system and hardware | 30,000 | 30,000 | 3,000 | 100.00% | 14,235 | 100.00% | (4,012) | (4,012) | Subsidiary |
| AUO | UTI | Taiwan ROC | Planning, design and development of construction for environmental protection and related project management | 200,000 | 100,000 | 20,000 | 100.00% | 132,024 | 100.00% | (56,882) | (56,882) | Subsidiary |
| AUO | SSEC | Taiwan ROC | Investment | 1,550,000 | 930,000 | 155,000 | 31.00% | 1,586,817 | 31.00% | 107,523 | 33,332 | Associate |
| AUO | CQIL | Israel | Holding company | 1,182,621 | 876,659 | 39,974 | 100.00% | 881,300 | 100.00% | (42,400) | (42,400) | Subsidiary |

| Investor Company | Investee Company | Location | Main Activities | Original Investment Amount | | December 31, 2020 | | | Maximum Shareholding in the Interim | Net Income (Loss) of Investee | Investor's Share of Profit (Loss) of Investee (Notes 1 and 2) | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2020 | December 31, 2019 | Shares | Percentage of Ownership | Carrying Amount (Notes 1 and 2) | | | | |
| AUO | ADLINK | Taiwan ROC | Manufacturing and sales of hardware, software and peripheral devices of industrial computers | 2,411,693 | - | 42,310 | 19.45% | 2,311,727 | 19.45% | 243,665 | (20,893) | Associate |
| AUO | DPGE | Taiwan ROC | Renewable energy power generation | 7,000 | - | 700 | 100.00% | 6,985 | 100.00% | (15) | (15) | Subsidiary |
| AUO | ADHLD | Cayman | Holding company | - | - | - | 70.00% | - | 70.005% | - | - | Subsidiary (Note 5) |
| AUO | ADCM | Cayman | Holding company | - | - | - | 100.00% | - | 100.00% | - | - | Subsidiary (Note 5) |
| AUO | AHTW | Taiwan ROC | Manufacturing, development and sales of medical equipment | 5,000 | - | 500 | 100.00% | 4,985 | 100.00% | (15) | (15) | Subsidiary |
| AUO | ADP | Taiwan ROC | Research, development and sales of TFT-LCD panels | 1,000 | - | 100 | 100.00% | 375 | 100.00% | (625) | (625) | 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% | 635,446 | 6.40% | (1,240,799) | (79,416) | Subsidiary |
| Konly | SREC | Taiwan ROC | Investment | 17,760 | 17,760 | 1,776 | 1.50% | 20,015 | 1.50% | 107,060 | 1,606 | Associate |
| Konly | Raydium | Taiwan ROC | IC Design | 175,857 | 175,857 | 11,454 | 17.11% | 809,137 | 17.11% | 854,600 | 146,206 | Associate |
| Konly | Daxin | Taiwan ROC | Research, manufacturing and sales of display related chemicals | 154,748 | 154,748 | 19,114 | 18.61% | 539,718 | 18.61% | 631,304 | 117,475 | Associate |
| Konly | Lextar | Taiwan ROC | Design, manufacturing, and sales of InGaN epi wafers and chips, and light emitting diode packages and modules | 565,616 | 450,674 | 31,182 | 6.06% | 628,659 | 6.06% | (629,358) | (32,417) | Associate |
| Konly | Qisda | Taiwan ROC | Manufacturing and sales of LCD products and projectors; providing medical services | 437,875 | - | 17,817 | 0.91% | 515,805 | 0.91% | - | - | Associate (Note 7) |
| Konly | Ubitech Inc. | Taiwan ROC | Development and sales of software for POS system | 27,000 | 27,000 | 357 | 24.41% | 1,308 | 26.31% | (7,435) | (1,904) | Associate |
| Konly | SSEC | Taiwan ROC | Investment | 100,000 | 60,000 | 10,000 | 2.00% | 102,375 | 2.00% | 107,523 | 2,150 | Associate |
| Konly | WishMobile, Inc. | Taiwan ROC | Developing and providing CRM APP | 15,000 | 15,000 | 5,625 | 12.50% | 5,844 | 12.50% | 1,991 | 249 | Associate |
| Konly | SkyREC Ltd. | BVI | Data consulting service for retail | 46,016 | 46,016 | 188 | 16.12% | 2,097 | 16.12% | (14,423) | (2,326) | Associate |

| Investor Company | Investee Company | Location | Main Activities | Original Investment Amount | | December 31, 2020 | | | Maximum Shareholding in the Interim | Net Income (Loss) of Investee | Investor's Share of Profit (Loss) of Investee (Notes 1 and 2) | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2020 | December 31, 2019 | Shares | Percentage of Ownership | Carrying Amount (Notes 1 and 2) | | | | |
| Konly | ADLINK | Taiwan ROC | Manufacturing and sales of hardware, software and peripheral devices of industrial computers | 80,542 | - | 1,191 | 0.55% | 24,718 | 0.55% | 243,665 | (55,704) | Associate |
| Konly | AUES | Taiwan ROC | Services related to educational activities and site rental | 4,000 | - | 400 | 100.00% | 4,000 | 100.00% | - | - | Subsidiary |
| Konly | IOC | Taiwan ROC | R&D and design of flexible electronics technology and processing equipment development | 20,000 | - | 1,000 | 5.00% | 19,483 | 5.00% | (37,211) | (517) | 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% | 604,283 | 6.09% | (1,240,799) | (75,521) | Subsidiary |
| Ronly | Daxin | Taiwan ROC | Research, manufacturing and sales of display related chemicals | 70,021 | 70,021 | 6,312 | 6.15% | 178,235 | 6.15% | 631,304 | 38,795 | Associate |
| Ronly | Lextar | Taiwan ROC | Design, manufacturing, and sales of InGaN epi wafers and chips, and light emitting diode packages and modules | 323,431 | 323,431 | 34,338 | 6.67% | 675,025 | 6.67% | (629,358) | (41,909) | Associate |
| Ronly | IOC | Taiwan ROC | R&D and design of flexible electronics technology and processing equipment development | 68,400 | - | 3,420 | 17.10% | 66,634 | 17.10% | (37,211) | (1,766) | Associate |
| DPTW | BVLB | Malaysia | Holding company | 1,051,289 | 1,051,289 | 36,000 | 29.71% | 243,885 | 29.71% | (9,160) | (2,721) | Subsidiary |
| DPTW | DPLB | Malaysia | Holding company | 4,362,627 | 4,362,627 | 92,267 | 100.00% | 5,595,202 | 100.00% | (256,864) | (237,730) | Subsidiary |
| DPTW | FHVI | BVI | Holding company | 2,362,321 | 2,362,321 | 22,006 | 100.00% | 3,846,168 | 100.00% | (216,776) | (220,204) | Subsidiary |
| DPTW | FFMI | Mauritius | Holding company | 274,700 | 274,700 | 653 | 100.00% | 101,001 | 100.00% | 6,826 | 6,656 | Subsidiary |
| DPTW | EFOP | Taiwan ROC | Manufacturing and sales of polymer plasticized raw materials | 338,729 | 338,729 | 33,873 | 49.00% | 185,735 | 49.00% | 14,318 | 7,016 | Joint Venture |
| DPTW | Darwin Summit Corporation Ltd. | Thailand | International trade | 3,740 | 3,740 | 40 | 40.00% | 11,185 | 40.00% | 3,357 | 1,343 | Associate |
| ACTW | ACMK | Malaysia | Manufacturing and sales of solar wafers | 449,975 | 449,975 | 46,196 | 100.00% | 393,218 | 100.00% | (75,081) | (75,081) | Subsidiary |

| Investor Company | Investee Company | Location | Main Activities | Original Investment Amount | | December 31, 2020 | | | Maximum Shareholding in the Interim | Net Income (Loss) of Investee | Investor's Share of Profit (Loss) of Investee (Notes 1 and 2) | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2020 | December 31, 2019 | Shares | Percentage of Ownership | Carrying Amount (Notes 1 and 2) | | | | |
| ACTW | SDMC | Taiwan ROC | Holding company | 1,988,488 | 1,988,488 | 116,836 | 100.0000% | 1,945,204 | 100.0000% | 134,827 | 166,521 | Subsidiary |
| SDMC | M.Setek | Japan | Manufacturing and sales of ingots | 23,596,398 | 23,596,398 | 11,404,184 | 99.9991% | 1,907,607 | 99.9991% | 154,333 | 154,332 | Subsidiary |
| ADCM | ADHLD | Cayman | Holding company | - | - | - | 30.00% | - | 30.00% | - | - | Subsidiary (Note 5) |
| ADHLD | ADSG | Singapore | Holding company | - | - | - | 100.00% | - | 100.00% | - | - | Subsidiary (Note 6) |
| AULB | AUUS | United States | Sales and sales support of TFT-LCD panels | USD 1,000 | USD 1,000 | 1,000 | 100.00% | USD 2,741 | 100.00% | USD 678 | USD 678 | Subsidiary |
| AULB | AUJP | Japan | Sales support of TFT-LCD panels | USD 276 | USD 276 | 1 | 100.00% | USD 1,943 | 100.00% | USD 78 | USD 78 | Subsidiary |
| AULB | AUKR | South Korea | Sales support of TFT-LCD panels | USD 155 | USD 155 | - | 100.00% | USD 1,026 | 100.00% | USD (50) | USD (50) | Subsidiary |
| AULB | AUCZ | Czech Republic | Assembly of solar modules | USD 20,531 | USD 20,531 | - | 100.00% | USD 11,275 | 100.00% | USD 60 | USD 60 | Subsidiary |
| AULB | AUSK | Slovakia Republic | Repairing of TFT-LCD modules | USD 1,359 | USD 1,359 | - | 100.00% | USD 25,415 | 100.00% | USD 272 | USD 272 | Subsidiary |
| AULB | AUST | Singapore | Manufacturing TFT-LCD panels based on low temperature polysilicon technology | USD 241,487 | USD 276,543 | 907,114 | 100.00% | USD 89,224 | 100.00% | USD 4,917 | USD 4,917 | Subsidiary |
| AULB | AUVI | United States | Research and development and IP related business | USD 5,000 | USD 5,000 | 5,000 | 100.00% | USD 6,001 | 100.00% | USD 127 | USD 127 | Subsidiary |
| AULB | BVLB | Malaysia | Holding company | USD 85,171 | USD 85,171 | 85,171 | 70.29% | USD 20,241 | 70.29% | USD (310) | USD (218) | Subsidiary |
| AULB | AUSG | Singapore | Holding company and sales support of TFT-LCD panels | USD 9,958 | USD 48,321 | 266,268 | 100.00% | USD 6,870 | 100.00% | USD 2,322 | USD 2,322 | Subsidiary |
| AUSG | AEUS | United States | Sales support of solar-related products | USD 3,510 | USD 3,510 | 9,510 | 100.00% | USD 3,088 | 100.00% | USD 2,274 | USD 2,274 | Subsidiary |
| AUSG | ADPNL | Netherlands | Sales support of solar-related products; sales and sales support of TFT-LCD panels; holding company | USD 3,245 | USD 45 | - | 100.00% | USD 3,398 | 100.00% | USD (76) | USD (76) | Subsidiary |
| DPLB | DPHK | Hong Kong | Holding company | USD 103,785 | USD 103,785 | 10 | 100.00% | USD 198,466 | 100.00% | USD (6,892) | USD (6,892) | Subsidiary (Note 4) |
| DPLB | DPSK | Slovakia Republic | Manufacturing and sales of automotive parts | USD 4,216 | USD 4,216 | - | 100.00% | USD 864 | 100.00% | USD (1,795) | USD (1,795) | Subsidiary |
| FHVI | FTMI | Mauritius | Holding company | USD 6,503 | USD 6,503 | 6,503 | 100.00% | USD 72,121 | 100.00% | USD (8,706) | USD (8,706) | Subsidiary |
| FHVI | FWSA | Samoa | Holding company | USD 19,000 | USD 19,000 | 19,000 | 100.00% | USD 16,015 | 100.00% | USD 586 | USD 586 | Subsidiary |

| Investor Company | Investee Company | Location | Main Activities | Original Investment Amount | | December 31, 2020 | | | Maximum Shareholding in the Interim | Net Income (Loss) of Investee | Investor's Share of Profit (Loss) of Investee (Notes 1 and 2) | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | December 31, 2020 | December 31, 2019 | Shares | Percentage of Ownership | Carrying Amount (Notes 1 and 2) | | | | |
| FHVI | PMSA | Samoa | Holding company | USD 39,673 | USD 39,673 | 31,993 | 100.00% | USD 48,956 | 100.00% | USD 789 | USD 789 | Subsidiary |
| M.Setek | Ichijo Seisakusyo Co., Ltd. | Japan | Manufacturing of semiconductor equipment and related parts | JPY 5,000 | JPY 5,000 | - | 38.46% | - | 38.46% | - | - | Associate (Note 3) |
| ADPNL | ADPUS | United States | Sales and sales support of TFT-LCD panels | EUR 1,241 | - | 1 | 100.00% | EUR 1,220 | 100.00% | - | - | Subsidiary |
| ADPNL | ADPJP | Japan | Sales support of TFT-LCD panels | EUR 414 | - | 1 | 100.00% | EUR 394 | 100.00% | - | - | Subsidiary |
| CQIL | CQHLD | United Kingdom | Holding company | USD 29,118 | USD 18,868 | 635,730 | 100.00% | USD 29,097 | 100.00% | USD (26) | USD (26) | Subsidiary |
| CQHLD | CQUK | United Kingdom | Sales and sales support of content management system | GBP 1,874 | GBP 1,874 | - | 100.00% | USD 139 | 100.00% | USD 4 | USD 4 | Subsidiary |
| CQHLD | CQUS | United States | Sales of content management system and hardware | USD 25,857 | USD 15,607 | 13 | 100.00% | USD 14,126 | 100.00% | USD (1,474) | USD (1,474) | Subsidiary |
| CQHLD | CQCA | Canada | Research and development of content management system | CAD 1,310 | CAD 1,310 | - | 100.00% | USD 660 | 100.00% | USD 123 | USD 123 | Subsidiary |
| CQUS | JRUK | United Kingdom | Development and sales of content management system and sales of related hardware | USD 1,500 | - | 1 | 100.00% | USD 1,526 | 100.00% | USD 57 | USD 57 | Subsidiary |
| CQUS | JRUS | United States | Development and sales of content management system and sales of related hardware | USD 8,000 | - | 18 | 100.00% | USD 7,856 | 100.00% | USD (145) | USD (145) | 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: ADCM and ADHLD are new subsidiaries incorporated in August 2020. As of the end of December 2020, no capital injection has been made for these companies.

Note 6: ADSG is a new subsidiary incorporated in October 2020. As of the end of December 2020, no capital injection has been made for this company.

Note 7: On and from December 31, 2020, the investment in Qisda has been accounted for using the equity method. See Note 6(6) for the relevant information.

# AU OPTRONICS CORP. AND SUBSIDIARIES
## Information on Investment in Mainland China
## For the year ended December 31, 2020
### (Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 9

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, 2020 (Note 2) | Investment Flows | | Accumulated Outflow of Investment from Taiwan as of December 31, 2020 (Note 2) | Net Income (Loss) of Investee (Notes 4 and 5) | % Ownership through Direct or Indirect Investment | Maximum Shareholding in the Interim | Investor's Share of Profit (Loss) of Investee (Notes 4 and 5) | Carrying Amount of the Investment as of December 31, 2020 (Note 2) | Accumulated Inward Remittance of Earnings as of December 31, 2020 | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outflow | Inflow | | | | | | | | |
| A-Care | Design, development and sales of software and hardware for health care industry | 65,736 | (Note 1) | - | - | - | - | (20,503) | 100% | 100% | (20,503) | 19,209 | - | |
| AUKS | Manufacturing and sales of TFT-LCD panels | 27,395,227 | (Note 1) | 13,971,566 | - | - | 13,971,566 | 535,802 | 51% | 51% | 273,259 | 5,342,537 | - | |
| AUSH | Sales support of TFT-LCD panels | 85,521 | (Note 1) | 28,507 | - | - | 28,507 | (79,696) | 100% | 100% | (79,696) | 342,049 | - | |
| AUSJ | Manufacturing and assembly of TFTLCD modules; leasing | 3,078,756 | (Note 1) | 2,280,560 | - | - | 2,280,560 | 122,802 | 100% | 100% | 122,802 | 3,967,894 | - | |
| AUSZ | Manufacturing, assembly and sales of TFT-LCD modules | 7,924,946 | (Note 1) | 5,701,400 | - | - | 5,701,400 | 1,392,835 | 100% | 100% | 1,392,835 | 16,367,899 | - | |
| AUXM | Manufacturing, assembly and sales of TFT-LCD modules | 7,126,750 | (Note 1) | 7,126,750 | - | - | 7,126,750 | 867,929 | 100% | 100% | 867,929 | 14,493,546 | - | |
| BVHF | Manufacturing and sales of liquid crystal products and related parts | 2,093,839 | (Note 1) | - | - | - | - | (8,870) | 100% | 100% | (8,870) | 819,362 | - | Note 6 |
| BVXM | Manufacturing and sales of liquid crystal products and related parts | 2,629,440 | (Note 1) | - | - | - | - | 16,506 | 100% | 100% | 16,506 | 1,309,594 | - | |
| EDT | Design and sales of software and hardware integration system and equipment relating to intelligent manufacturing | 21,912 | (Note 1) | - | - | - | - | (8,955) | 100% | 100% | (8,955) | 7,971 | - | |
| MIS | Development and licensing of software relating to intelligent manufacturing, and related consulting services | 87,648 | (Note 1) | - | - | - | - | (40,387) | 100% | 100% | (40,387) | 33,252 | - | |

| 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, 2020 (Note 2) | Investment Flows | | Accumulated Outflow of Investment from Taiwan as of December 31, 2020 (Note 2) | Net Income (Loss) of Investee (Notes 4 and 5) | % Ownership through Direct or Indirect Investment | Maximum Shareholding in the Interim | Investor's Share of Profit (Loss) of Investee (Notes 4 and 5) | Carrying Amount of the Investment as of December 31, 2020 (Note 2) | Accumulated Inward Remittance of Earnings as of December 31, 2020 | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outflow | Inflow | | | | | | | | |
| TYSZ | Design, manufacturing and sales of large-size touch LCD modules | 219,120 | (Note 1) | - | - | - | - | (23,057) | 50% | 50% | (11,528) | 97,778 | - | |
| UFSD | Planning, design and development of construction for environmental protection and related project management | 8,765 | (Note 1) | - | - | - | - | (3,396) | 100% | 100% | (3,396) | 2,420 | - | |
| UFSZ | Planning, design and development of construction for environmental protection and related project management | 52,589 | (Note 1) | - | - | - | - | (12,956) | 100% | 100% | (12,956) | 31,846 | - | |
| ADSZ | Management consulting | - | (Note 1) | - | - | - | - | - | 100% | 100% | - | - | - | Note 7 |

(2) Upper limit on investment in Mainland China

| Accumulated Investment in Mainland China as of December 31, 2020 (Note 2) | Investment Amounts Authorized by the Investment Commission, MOEA (Note 2) | Upper Limit on Investment Stipulated by the Investment Commission, MOEA (Note 3) |
|---|---|---|
| 29,108,783 (USD 1,021,110) | 38,534,120 (USD 1,344,003 and HKD 60,000) | 116,274,219 |

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' audited financial statements except for TYSZ.

Note 5: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the average exchange rates for the year of 2020.

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

Note 7: ADSZ is a new subsidiary incorporated in December 2020. As of the end of December 2020, no capital injection has been made for this company.

2. DPTW:

(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, 2020 (Note 4) | Investment Flows | | Accumulated Outflow of Investment from Taiwan as of December 31, 2020 (Note 4) | Net Income (Loss) of Investee (Notes 2 and 6) | % Ownership through Direct or Indirect Investment | Maximum Shareholding in the Interim | Investor's Share of Profit (Loss) of Investee (Notes 2 and 6) | Carrying Amount of the Investment as of December 31, 2020 (Note 4) | Accumulated Inward Remittance of Earnings as of December 31, 2020 (Note 4) | Note |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Outflow (Note 4) | Inflow (Note 4) | | | | | | | | |
| BVHF | Manufacturing and sales of liquid crystal products and related parts | 2,093,839 | (Note 1) | 456,112 | - | - | 456,112 | (8,870) | 29.71% | 29.71% | (8,870) | 819,362 | - | Note 5 |
| DPSZ | Manufacturing and sales of backlight modules and related parts | 712,675 | (Note 1) | 427,605 | - | - | 427,605 | (58,256) | 100% | 100% | (58,256) | 1,309,155 | 1,309,439 | Note 9 |
| DPXM | Manufacturing and sales of backlight modules and related parts | 1,995,490 | (Note 1) | 1,995,490 | - | - | 1,995,490 | (139,536) | 100% | 100% | (139,536) | 4,348,510 | 1,475,238 | |
| FHWJ | Manufacturing and sales of backlight modules and related parts | 185,296 | (Note 1) | 233,757 | - | - | 233,757 | 6,826 | 100% | 100% | 6,826 | 50,955 | - | |
| FPWJ | Manufacturing, sales and trading of precision plastic parts | 826,703 | (Note 1) | 541,633 | - | - | 541,633 | 26,431 | 100% | 100% | 26,431 | 681,619 | - | Note 8 |
| FTKS | Manufacturing and sales of backlight modules and related parts | 1,026,252 | (Note 1) | 1,026,252 | - | - | 1,026,252 | 23,320 | 100% | 100% | 23,320 | 1,395,576 | - | |
| FTWJ | Manufacturing and sales of backlight modules and related parts | 997,745 | (Note 1) | 185,296 | - | - | 185,296 | (266,528) | 100% | 100% | (266,528) | 1,830,825 | 401,223 | Note 7 |

(2) Upper limit on investment in Mainland China

| Accumulated Investment in Mainland China as of December 31, 2020 (Note 4) | Investment Amounts Authorized by the Investment Commission, MOEA (Note 4) | Upper Limit on Investment Stipulated by the Investment Commission, MOEA (Note 3) |
|---|---|---|
| 4,866,145 (USD 170,700) | 5,008,252 (USD 175,685) | 5,956,947 |

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

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

Note 3: Pursuant to the Regulations Governing Permission for Investment and Technical Cooperation in the Mainland Area, DPTW'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 December 31, 2020 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 year of 2020.

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.

**AU OPTRONICS CORP.**

**Statement of Cash and Cash Equivalents**

**December 31, 2021**

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

| Item | Description | Amount |
|---|---|---|
| Cash on hand | | $ 8 |
| Cash in banks | Checking accounts | 37,262 |
| | Demand deposits | 14,517,860 |
| | Foreign currency deposits (note) | 13,910,572 |
| | USD: 460,883 thousand | |
| | JPY: 1,946,930 thousand | |
| | EUR: 21,398 thousand | |
| | CNY: 18 thousand | |
| | HKD: 2,311 thousand | |
| | Time deposits | 6,200,000 |
| | Foreign currency time deposits (note) | |
| | USD: 34,500 thousand | 955,236 |
| | | **$ 35,620,938** |

Note: Exchange rate at balance sheet date was as follows:

USD: 27.688

JPY: 0.2409

EUR: 31.4203

CNY: 4.3478

HKD: 3.5513

**AU OPTRONICS CORP.**

**Statement of Financial Assets at FVTPL－Current**

**December 31, 2021**

Please refer to Note 6(2) to this parent company only financial statements for the details.

**Statement of Financial Assets at Amortized Cost－Current**

Please refer to Note 6(4) to this parent company only financial statements for the details.

**AU OPTRONICS CORP.**

**Statement of Accounts Receivable**

**December 31, 2021**

**(Expressed in thousands of New Taiwan Dollars)**

| Customer Name | Description | Amount | Remark |
|---|---|---|---|
| Customer A | From operating activities | $ 10,444,734 | |
| Customer B | From operating activities | 10,299,516 | |
| Customer C | From operating activities | 7,233,881 | |
| Customer D | From operating activities | 7,171,975 | |
| Customer E | From operating activities | 3,505,202 | |
| Others (less than 5% for each customer) | From operating activities | 10,328,836 | |
| Less: loss allowance | | (485) | |
| | | **$ 48,983,659** | |

**Statement of Inventories**

| Item | Amount | | Remark |
|---|---|---|---|
| | Book value (note) | Net realizable value | |
| Finished goods | $ 8,613,195 | 12,870,467 | For the determination of net realizable value, please refer to Note 4(7) to this parent company only financial statements. |
| Work-in-progress | 10,293,672 | 13,649,151 | |
| Raw materials | 2,784,685 | 2,828,824 | |
| | **$ 21,691,552** | **29,348,442** | |

Note：Provision of inventory obsolescence has been deducted.

**AU OPTRONICS CORP.**

**Statement of Changes in Financial Assets at FVOCI －Noncurrent**

**December 31, 2021**

**(Expressed in thousands of New Taiwan Dollars and share in thousands)**

| Name of financial instrument | Beginning balance | | Additions (Deductions) | | Gains (losses) on valuation | Ending balance | |
|---|---|---|---|---|---|---|---|
| | Shares | Fair value | Shares | Amount | Amount | Shares | Fair value |
| SINTRONES | - | $ - | 1,299 | 91,507 | (25,518) | 1,299 | 65,989 |

**Statement of Other Noncurrent Assets**

Please refer to Note 6(12) to this parent company only financial statements for the details.

# AU OPTRONICS CORP.

## Statement of Changes in Investments in Equity-accounted Investees

## For the year ended December 31, 2021

## (Expressed in thousands of New Taiwan Dollars unless otherwise indicated, and share in thousands)

| Investee Name | Beginning balance (Note (a)) | | Additions (Deductions) (Note (b)) | | Reclassification (Note (c)) | | Share of profit (loss) | Cash dividend | Capital surplus | Cumulative translation differences | Unrealized gains (losses) on financial assets at fair value through other comprehensive income | Other adjustments (Note (d)) | Ending balance (Note (a)) | | | Market value or net asset value | | Guarantee or pledged |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Shares | Amount | Shares | Amount | Shares | Amount | | | | | | | Shares | Amount | % of Ownership | Unit price | Total price | |
| Subsidiaries: | | | | | | | | | | | | | | | | | | |
| AUOLB | 1,882,189 | $ 55,909,421 | 625,000 | 17,432,860 | - | - | 5,354,435 | - | (2,080,669) | (873,526) | - | (7,700,011) | 2,507,189 | 68,042,510 | 100.00 | - | 68,042,510 | None |
| Konly | 299,764 | 5,471,340 | 109,244 | 1,694,680 | - | - | 1,199,670 | (205,220) | 33,036 | (32,141) | 51,820 | (5,560) | 409,008 | 8,207,625 | 100.00 | - | 8,207,625 | None |
| ADP | 100 | 375 | - | - | 36,856 | 368,555 | 3,304,816 | - | (2,681) | (669) | - | 33,046 | 36,956 | 3,703,442 | 100.00 | - | 3,703,442 | None |
| DPTW | 190,108 | 2,835,886 | - | - | - | - | (185,445) | - | - | (18,782) | - | - | 190,108 | 2,631,659 | 28.56 | 16.00 | 3,041,727 | None |
| ACTW | 418,583 | 2,686,843 | - | - | - | - | 1,051,352 | - | - | (266,114) | - | - | 418,583 | 3,472,081 | 100.00 | - | 3,472,081 | None |
| Ronly | 185,576 | 2,277,770 | 193,000 | 2,099,230 | - | - | 202,853 | - | (94,227) | 8,071 | 6,734 | (3,879) | 378,576 | 4,496,552 | 100.00 | - | 4,469,552 | None |
| ComQi Ltd. | 39,974 | 881,300 | - | - | - | - | 12,753 | - | - | (4,890) | - | - | 39,974 | 889,163 | 100.00 | - | 288,838 | None |
| ADTHLD | - | - | 11,300 | 317,063 | - | - | (75,933) | - | (12,866) | (2,870) | - | 3,446 | 11,300 | 228,840 | 80.71 | - | 228,840 | None |
| AETTW | 20,000 | 132,024 | 10,000 | 100,000 | - | - | (39,762) | - | - | - | - | - | 30,000 | 192,262 | 100.00 | - | 192,262 | None |
| AUONL | 50 | 66,537 | - | - | - | - | (565) | - | - | (6,861) | - | - | 50 | 59,111 | 100.00 | - | 59,111 | None |
| ACTTW | - | - | 3,000 | 30,000 | - | - | (9,066) | - | - | - | - | - | 3,000 | 20,934 | 100.00 | - | 20,934 | None |
| ADTCM | - | - | 2,700 | 76,437 | - | - | (31,150) | - | 9,670 | (1,101) | - | 823 | 2,700 | 54,679 | 100.00 | - | 54,679 | None |
| S4M | 3,000 | 14,235 | | - | | - | (7,260) | - | - | - | - | - | 3,000 | 6,975 | 100.00 | | 6,975 | None |
| DPGE | 700 | 6,985 | 34,300 | 343,000 | | - | 102 | - | - | - | - | - | 35,000 | 350,087 | 100.00 | | 350,087 | None |
| AHTW | 500 | 4,985 | | - | | - | (1,153) | - | - | - | - | - | 500 | 3,832 | 100.00 | | 3,832 | None |
| SREC | - | - | (9,021) | (90,212) | 37,904 | 427,157 | 35,555 | (30,846) | - | - | - | - | 28,883 | 341,654 | 32.01 | | 341,654 | None |
| | | 70,287,701 | | 22,003,058 | | 795,712 | 10,811,202 | (236,066) | (2,147,737) | (1,198,883) | 58,554 | (7,672,135) | | 92,701,406 | | | 92,484,149 | |
| Associates: | | | | | | | | | | | | | | | | | | |
| Qisda | 335,231 | 9,704,923 | - | - | - | - | 1,614,449 | (502,846) | (106,390) | (89,955) | 152,222 | 35,403 | 335,231 | 10,807,806 | 17.04 | 30.45 | 10,207,769 | None |
| Ennostar | - | - | 4,654 | 390,820 | 21,665 | 1,793,854 | 26,893 | - | 49,901 | (15,686) | 2,863 | (344) | 26,319 | 2,248,301 | 3.86 | 76.70 | 2,018,659 | None |
| ADLINK | 42,310 | 2,311,727 | - | - | - | - | (51,223) | (42,310) | - | 3,731 | (2,043) | (633) | 42,310 | 2,219,249 | 19.45 | 64.80 | 2,741,714 | None |
| SSEC | 155,000 | 1,586,817 | 62,000 | 620,000 | - | - | 29,948 | (29,999) | 4,116 | - | - | - | 217,000 | 2,210,882 | 31.00 | - | 2,210,882 | None |
| Lextar | 78,781 | 1,549,703 | - | - | (78,781) | (1,549,703) | - | - | - | - | - | - | - | - | - | - | - | None |
| SREC | 37,904 | 427,157 | - | - | (37,904) | (427,157) | - | - | - | - | - | - | - | - | - | - | - | |
| | | 15,580,327 | | 1,010,820 | | (183,006) | 1,620,067 | (575,155) | (52,373) | (101,910) | 153,042 | 34,426 | | 17,486,238 | | | 17,179,024 | |
| | | $ 85,868,028 | | 23,013,878 | | 612,706 | 12,431,269 | (811,221) | (2,200,110) | (1,300,793) | 211,596 | (7,637,709) | | 110,187,644 | | | | |

Note (a): The amount is net of accumulated impairment.

Note (b): Additions (deductions) includes: (1) The Company participated in the capital increase of AUOLB, Konly, Ronly, AETTW, DPGE, ADTHLD, ADTCM and SSEC; (2) ACTTW, 100% owned by the Company, was incorporated in February 2021; (3) SREC returned the proceeds due to capital deduction; (4) The Company acquired total of 0.68% equity interest in Ennostar.

Note (c): (1) The Company split the net operating assets amounted to $368,555 thousand in exchange for 36,856 thousand shares, with par value of NT$10 per share, of common shares of ADP; (2) SREC was treated as the subsidiary of the Company from January 2021. Please refer to the consolidated financial statements for the years ended December 31, 2021 and 2020 for the details; (3) Lextar carried out a joint share exchange with Epistar for a newly incorporated company, Ennostar in January 2021. Please refer to Note 6(7) for the details.

Note (d): Including share of remeasurement of defined benefit obligation and share-based payments of subsidiaries and associates.

**AU OPTRONICS CORP.**

**Statement of Changes in Property, Plant and Equipment**

Please refer to Note 6(8) to this parent company only financial statements for the details.

**Statement of Changes in Right-of-use Assets**

**For the year ended December 31, 2021**

**(Expressed in thousands of New Taiwan Dollars)**

| Item | Beginning balance | Additions | Deductions | Ending balance |
|---|---|---|---|---|
| Cost: | | | | |
| Land | $ 9,534,832 | - | (10,131) | 9,524,701 |
| Buildings | 166,667 | - | - | 166,667 |
| | 9,701,499 | - | (10,131) | 9,691,368 |
| Accumulated Depreciation: | | | | |
| Land | 849,282 | 414,656 | - | 1,263,938 |
| Buildings | 62,142 | 39,599 | - | 101,741 |
| | 911,424 | 454,255 | - | 1,365,679 |
| Net carrying amounts | **$ 8,790,075** | **(454,255)** | **(10,131)** | **8,325,689** |

**AU OPTRONICS CORP.**

**Statement of Changes in Intangible Assets**

Please refer to Note 6(11) to this parent company only financial statements for the details.

**Statement of Accounts Payable**

**December 31, 2021**

**(Expressed in thousands of New Taiwan Dollars)**

| Vendor name | Description | Amount | Remark |
|---|---|---|---|
| Company I | From Operating activities | $ 2,621,725 | |
| Company J | From Operating activities | 2,512,579 | |
| Company K | From Operating activities | 1,438,865 | |
| Company L | From Operating activities | 1,418,213 | |
| Others (less than 5% for each vendor) | From Operating activities | 17,571,681 | |
| | | **$ 25,563,063** | |

**AU OPTRONICS CORP.**

**Statement of Other Current Liabilities**

**December 31, 2021**

**(Expressed in thousands of New Taiwan Dollars)**

| Item | Description | Amount | Remark |
|---|---|---|---|
| Remuneration to employees payable | | $ 6,339,435 | |
| Accrued payroll and bonus | | 5,619,598 | |
| Refund liabilities | | 3,637,460 | |
| Contract liabilities | | 3,051,364 | |
| Accrued royalty and others | | 9,449,790 | |
| | | **$ 28,097,647** | |

**Statement of Equipment and Construction Payable**

| Vendor name | Amount |
|---|---|
| Company W | $ 183,640 |
| Company X | 153,939 |
| Company Y | 130,067 |
| Others (less than 5% for each vendor) | 1,569,733 |
| | **$ 2,037,379** |

# AU OPTRONICS CORP.

## Statement of Long-term Borrowings

## December 31, 2021

## (Expressed in thousands of New Taiwan Dollars)

| Financial institution | Limit of credit facility | Amount | Duration and repayment terms | Interest rate | Collateral |
|---|---|---|---|---|---|
| Bank of Taiwan (agent bank of Syndicated loan) | 42,000,000 | $ 12,000,000 | From Feb. 2019 to Feb. 2024 | | Note 8 |
| Bank of Taiwan (agent bank of Syndicated loan) | 23,000,000 | 4,600,000 | From Mar. 2019 to Apr. 2023 | | Note 8 |
| Bank of Taiwan (agent bank of Syndicated loan) | 32,500,000 | 9,750,000 | From Oct. 2021 to Oct 2025 | | Note 8 |
| Taipei Fubon Bank | 6,000,000 | 4,000,000 | From Dec. 2019 to Dec. 2024 | | Note 8 |
| Land Bank | 4,500,000 | 2,950,000 | From Nov. 2019 to Nov. 2026 | | Note 8 |
| First Bank | 4,600,000 | 2,600,000 | From Dec. 2019 to Dec. 2026 | | Note 8 |
| Chang Hwa Bank | 4,000,000 | 1,000,000 | From Jan. 2020 to Dec. 2024 | | Note 8 |
| KGI Bank | 1,200,000 | 1,200,000 | From Jun. 2021 to May. 2024 | | Unsecured loans |
| Taiwan Cooperative Bank | 3,500,000 | 1,500,000 | From Mar. 2020 to Mar. 2025 | | Note 8 |
| Hua Nan Bank | 1,000,000 | 1,000,000 | From Jun. 2020 to Jun. 2025 | | Note 8 |
| Taiwan Business Bank | 1,250,000 | 450,000 | From Jun. 2020 to Jun. 2025 | | Note 8 |
| Subtotal | | 41,050,000 | | 0.7500%~ 1.7895% | |
| Less: transaction costs | | (402,755) | | | |
| Less: current installments of long-term borrowings | | (12,267,653) | | | |
| | | **$ 28,379,592** | | | |

**AU OPTRONICS CORP.**

**Statement of Lease Liabilities**

**December 31, 2021**

**(Expressed in thousands of New Taiwan Dollars)**

| Item | Durations | Discount Rate | Amount |
|---|---|---|---|
| Land | From Sep. 2001 to Dec. 2045 | 1.8203~1.8853% | $ 8,464,547 |
| Buildings | From Dec. 2018 to May 2025 | 1.7381%~1.8853% | 67,439 |
| | | | **$ 8,531,986** |

**Statement of Net Revenue**

**For the year ended December 31, 2021**

| Item | Quantity (Panels in thousands) | Amount | Remark |
|---|---|---|---|
| TFT-LCD Panels ten inches and above in diagonal length | 136,130 | $ 290,071,405 | |
| TFT-LCD Panels under ten inches in diagonal length | 92,365 | 27,147,783 | |
| Sales of raw material and others | 396,021 | 14,011,367 | |
| Total | | **$ 331,230,555** | |

**AU OPTRONICS CORP.**

**Statement of Cost of Sales**

**For the year ended December 31, 2021**

**(Expressed in thousands of New Taiwan Dollars)**

| Item | Amount |
|---|---|
| Raw materials used | |
| Raw materials, beginning of year (Note) | $ 3,436,822 |
| Add: Purchases | 81,608,513 |
| Less: Raw materials, end of year (Note) | (4,226,353) |
| Sale of raw materials | (3,370,723) |
| Transferred to other expenses and others | (28,460,131) |
| Raw materials used | 48,988,128 |
| Direct labor | 13,743,763 |
| Manufacturing expenses | 100,501,529 |
| Manufacturing cost | 163,233,420 |
| Work in process, beginning of year (Note) | 10,280,519 |
| Add: Purchases | 92,119,497 |
| Less: Work in process, end of year (Note) | (11,283,746) |
| Transferred to other expenses and others | (4,249,493) |
| Cost of finished goods | 250,100,197 |
| Finished goods, beginning of year (Note) | 7,885,407 |
| Add: Purchases | 958,631 |
| Less: Finished goods, end of year (Note) | (9,663,834) |
| Transferred to other expenses and others | (1,721,120) |
| Cost of goods sold | 247,559,281 |
| Add: Cost of raw materials sold | 3,370,723 |
| Other operating cost | 7,905,633 |
| Cost of idle capacity | 605,644 |
| Inventories write-down | 865,868 |
| Cost of Sales | **$ 260,307,149** |

Note: The amounts were stated at cost.

**AU OPTRONICS CORP.**

**Statement of Selling and Distribution Expenses**

**For the year ended December 31, 2021**

**(Expressed in thousands of New Taiwan Dollars)**

| Item | Description | Amount | Remark |
|---|---|---|---|
| Salary expenses | | $ 1,394,170 | |
| Freight expenses | | 1,283,409 | |
| Warranty expenses | | 530,614 | |
| Others (less than 5% for each item) | | 332,356 | |
| | | **$ 3,540,549** | |

**Statement of General and Administrative Expenses**

| Item | Description | Amount | Remark |
|---|---|---|---|
| Salary expenses | | $ 2,352,601 | |
| Compensation costs | | 793,463 | |
| Professional service fees | | 544,877 | |
| Depreciation expenses | | 335,271 | |
| Others (less than 5% for each item) | | 2,330,883 | |
| | | **$ 6,357,095** | |

**AU OPTRONICS CORP.**

**Statement of Research and Development Expenses**

**For the year ended December 31, 2021**

**(Expressed in thousands of New Taiwan Dollars)**

| Item | Description | Amount | Remark |
|---|---|---|---|
| Salary expenses | | $ 4,981,741 | |
| Depreciation expenses | | 2,499,618 | |
| Indirect material expenses | | 1,194,911 | |
| Others (less than 5% for each item) | | 1,416,814 | |
| | | **$ 10,093,084** | |