

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

Consolidated Financial Statements

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

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

Independent Auditors' Review Report

To the Board of Directors of AUO Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of AUO Corporation (formerly AU Optronics Corp.) and its subsidiaries ("the Company") as of June 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2022 and 2021, as well as the changes in equity and cash flows for the six months ended June 30, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standard 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as of June 30, 2022 and 2021, and its consolidated financial performance for the three months and six months ended June 30, 2022 and 2021, as well as its consolidated cash flows for the six months ended June 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Hsinchu, Taiwan (Republic of China)
July 27, 2022

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards as of June 30, 2022 and 2021

AUO CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2022, December 31, 2021, and June 30, 2021

(Expressed in thousands of New Taiwan dollars)

Assets		June 30, 2022		December 31, 2021		June 30, 2021		Liabilities and Equity		June 30, 2022		December 31, 2021		June 30, 2021	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (Note 6(1))	\$ 84,942,092	21	79,944,686	19	99,551,438	22	2100	Short-term borrowings (Note 6(14))	\$ 52,100	-	45,324	-	52,000	-
1110	Financial assets at fair value through profit or loss – current (Note 6(2))	521,802	-	159,270	-	75,127	-	2120	Financial liabilities at fair value through profit or loss – current (Note 6(2))	162,903	-	132,797	-	189,667	-
1136	Financial assets at amortized cost – current (Note 6(4))	10,000,000	3	10,000,000	2	10,000,000	2	2170	Notes and accounts payable	43,912,644	11	54,574,143	13	48,702,088	11
1170	Notes and accounts receivable, net (Note 6(5))	29,453,025	7	59,093,573	14	60,320,210	14	2180	Accounts payable to related parties (Note 7)	7,639,149	2	8,825,361	2	8,013,417	2
1180	Accounts receivable from related parties, net (Notes 6(5)&7)	1,826,239	-	2,479,395	1	2,441,818	1	2213	Equipment and construction payable (Note 7)	5,696,110	1	4,317,199	1	3,281,801	1
1210	Other receivables from related parties (Note 7)	1,834,655	-	20,699	-	709,766	-	2220	Other payables to related parties (Note 7)	37,491	-	72,411	-	46,820	-
1220	Current tax assets	48,750	-	60,802	-	147,789	-	2230	Current tax liabilities	3,608,128	1	2,607,235	1	2,813,077	1
130X	Inventories (Note 6(6))	37,240,719	9	34,489,088	8	31,412,570	7	2250	Provisions – current (Note 6(16))	845,999	-	942,290	-	772,565	-
1460	Noncurrent assets held for sale (Note 6(9))	-	-	-	-	171,768	-	2280	Lease liabilities – current (Note 6(10))	570,379	-	534,706	-	523,689	-
1476	Other current financial assets (Notes 6(5),(7),(9),(20)&8)	2,852,526	1	2,186,682	-	875,661	-	2399	Other current liabilities (Notes 6(9),(18),(20)&(21))	40,073,063	10	34,869,439	8	27,896,404	6
1479	Other current assets (Note 6(13))	3,997,682	1	3,592,203	1	4,007,623	1	2322	Current installments of long-term borrowings (Notes 6(15)&8)	7,345,731	2	16,833,597	4	19,835,308	4
		<u>172,717,490</u>	<u>42</u>	<u>192,026,398</u>	<u>45</u>	<u>209,713,770</u>	<u>47</u>			<u>109,943,697</u>	<u>27</u>	<u>123,754,502</u>	<u>29</u>	<u>112,126,836</u>	<u>25</u>
Noncurrent assets:								Noncurrent liabilities:							
1517	Financial assets at fair value through other comprehensive income – noncurrent (Note 6(3))	1,404,735	-	1,308,157	-	651,471	-	2527	Contract liabilities – noncurrent (Note 6(20))	7,489,702	2	8,739,846	2	9,989,990	2
1550	Investments in equity-accounted investees (Notes 6(7)&7)	25,375,086	6	25,447,133	6	22,403,993	5	2540	Long-term borrowings, excluding current installments (Notes 6(15)&8)	45,381,972	11	37,821,267	9	84,215,436	19
1600	Property, plant and equipment (Notes 6(9),7&8)	174,553,561	43	171,222,045	40	176,099,505	40	2550	Provisions – noncurrent (Note 6(16))	888,272	-	946,018	-	988,789	-
1755	Right-of-use assets (Notes 6(10)&8)	10,375,488	3	10,638,373	3	10,925,558	3	2570	Deferred tax liabilities	4,678,540	1	4,224,720	1	3,051,967	1
1760	Investment property (Note 6(11))	1,409,986	-	1,437,692	-	1,462,784	-	2580	Lease liabilities – noncurrent (Note 6(10))	8,903,667	2	9,190,535	2	9,436,470	2
1780	Intangible assets (Note 6(12))	11,672,131	3	11,756,955	3	12,807,781	3	2600	Other noncurrent liabilities	1,862,654	1	2,167,687	1	2,016,134	1
1840	Deferred tax assets	6,578,820	2	6,466,588	2	6,020,831	1		Total liabilities	<u>179,148,504</u>	<u>44</u>	<u>186,844,575</u>	<u>44</u>	<u>221,825,622</u>	<u>50</u>
1900	Other noncurrent assets (Notes 6(4),(13)&8)	4,318,179	1	4,507,705	1	3,582,623	1	Equity (Note 6(18)):							
		<u>235,687,986</u>	<u>58</u>	<u>232,784,648</u>	<u>55</u>	<u>233,954,546</u>	<u>53</u>	Equity attributable to shareholders of AUO Corporation:							
								3100	Common stock	96,242,451	24	96,242,451	23	96,242,451	22
								3200	Capital surplus	60,563,956	15	60,057,001	14	60,387,991	13
								3300	Retained earnings	70,649,426	17	80,669,998	19	58,360,974	13
								3400	Other components of equity	(3,913,402)	(1)	(4,743,182)	(1)	(4,244,665)	(1)
								3500	Treasury shares	(392,369)	-	(439,228)	-	(981,164)	-
										<u>223,150,062</u>	<u>55</u>	<u>231,787,040</u>	<u>55</u>	<u>209,765,587</u>	<u>47</u>
								Non-controlling interests							
								36XX	Non-controlling interests	6,106,910	1	6,179,431	1	12,077,107	3
									Total equity	<u>229,256,972</u>	<u>56</u>	<u>237,966,471</u>	<u>56</u>	<u>221,842,694</u>	<u>50</u>
Total Assets		<u>\$ 408,405,476</u>	<u>100</u>	<u>424,811,046</u>	<u>100</u>	<u>443,668,316</u>	<u>100</u>	Total Liabilities and Equity		<u>\$ 408,405,476</u>	<u>100</u>	<u>424,811,046</u>	<u>100</u>	<u>443,668,316</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

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

AUO CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the Three and Six Months Ended June 30, 2022 and 2021

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

	Three Months Ended June 30,				Six Months Ended June 30,				
	2022		2021		2022		2021		
	Amount	%	Amount	%	Amount	%	Amount	%	
4110	Revenue	\$ 63,667,638	101	96,162,225	100	146,054,031	101	179,502,338	101
4190	Less: sales return and discount	783,196	1	506,725	-	1,641,727	1	906,219	1
	Net revenue (Notes 6(20)&7)	62,884,442	100	95,655,500	100	144,412,304	100	178,596,119	100
5000	Cost of sales (Notes 6(6),(10),(17),(21),(22)&7)	61,159,684	97	68,166,356	71	130,993,329	91	132,844,142	74
	Gross profit	1,724,758	3	27,489,144	29	13,418,975	9	45,751,977	26
	Operating expenses (Notes 6(10),(17),(19),(21),(22)&7):								
6100	Selling and distribution expenses	1,203,628	2	1,367,306	1	2,419,077	2	2,467,294	1
6200	General and administrative expenses	1,984,163	3	2,467,976	3	3,957,069	3	4,723,528	3
6300	Research and development expenses	3,182,021	5	3,368,755	4	6,389,686	4	6,257,823	4
	Total operating expenses	6,369,812	10	7,204,037	8	12,765,832	9	13,448,645	8
	Profit (loss) from operations	(4,645,054)	(7)	20,285,107	21	653,143	-	32,303,332	18
	Non-operating income and expenses:								
7100	Interest income (Note 6(23))	171,465	-	125,197	-	283,824	-	230,779	-
7010	Other income (Notes 6(10),(23)&7)	728,983	1	276,002	-	1,210,964	1	578,774	1
7020	Other gains and losses (Notes 6(7)&(23))	(62,051)	-	(93,753)	-	76,161	-	476,833	-
7050	Finance costs (Notes 6(9)&(23))	(275,406)	-	(617,037)	-	(673,969)	-	(1,286,207)	(1)
	Share of profit of equity-accounted investees (Note 6(7))	438,661	-	852,753	1	821,067	1	1,155,556	1
	Total non-operating income and expenses	1,001,652	1	543,162	1	1,718,047	2	1,155,735	1
7900	Profit (loss) before income tax	(3,643,402)	(6)	20,828,269	22	2,371,190	2	33,459,067	19
7950	Less: income tax expense (Note 6(24))	2,053,814	3	965,813	1	2,893,777	2	1,755,096	1
8200	Profit (loss) for the period	(5,697,216)	(9)	19,862,456	21	(522,587)	-	31,703,971	18
8300	Other comprehensive income (Notes 6(7),(18)&(24)):								
8310	Items that will never be reclassified to profit or loss								
8316	Unrealized gain (loss) on equity investments at fair value through other comprehensive income	(34,088)	-	(10,083)	-	(47,516)	-	(23,520)	-
8320	Equity-accounted investees – share of other comprehensive income	(641,462)	(1)	(275,558)	-	(1,135,336)	(1)	45,980	-
8349	Related tax	-	-	-	-	-	-	-	-
		(675,550)	(1)	(285,641)	-	(1,182,852)	(1)	22,460	-
8360	Items that are or may be reclassified subsequently to profit or loss								
8361	Foreign operations – foreign currency translation differences	(451,276)	(1)	(821,835)	(1)	2,138,716	1	(1,446,526)	(1)
8370	Equity-accounted investees – share of other comprehensive income	(39,177)	-	(89,171)	-	369,707	-	37,939	-
8399	Related tax	65,794	-	142,508	-	(460,024)	-	233,468	-
		(424,659)	(1)	(768,498)	(1)	2,048,399	1	(1,175,119)	(1)
8300	Other comprehensive income (loss), net of tax	(1,100,209)	(2)	(1,054,139)	(1)	865,547	-	(1,152,659)	(1)
8500	Total comprehensive income (loss) for the period	\$ (6,797,425)	(11)	18,808,317	20	342,960	-	30,551,312	17
	Profit (loss) attributable to:								
8610	Shareholders of AUO Corporation	\$ (5,632,459)	(9)	19,530,948	21	(468,083)	-	31,365,039	18
8620	Non-controlling interests	(64,757)	-	331,508	-	(54,504)	-	338,932	-
		\$ (5,697,216)	(9)	19,862,456	21	(522,587)	-	31,703,971	18
	Total comprehensive income (loss) attributable to:								
8710	Shareholders of AUO Corporation	\$ (6,676,789)	(11)	18,565,680	20	385,032	-	30,380,804	17
8720	Non-controlling interests	(120,636)	-	242,637	-	(42,072)	-	170,508	-
		\$ (6,797,425)	(11)	18,808,317	20	342,960	-	30,551,312	17
	Earnings (loss) per share (NT\$, Note 6(25))								
9750	Basic earnings (loss) per share	\$ (0.59)		2.06		(0.05)		3.30	
9850	Diluted earnings (loss) per share	\$ (0.59)		2.04		(0.05)		3.25	

See accompanying notes to consolidated financial statements.

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

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

Equity Attributable to Shareholders of AUO Corporation

	Retained Earnings						Other Components of Equity			Equity Attributable to Shareholders of AUO Corporation	Non-controlling Interests	Total Equity	
	Capital Stock Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Subtotal	Cumulative Translation Differences	Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income	Subtotal				Treasury Shares
Balance at January 1, 2021	\$ 96,242,451	60,587,684	7,691,688	2,005,384	20,561,210	30,258,282	(3,206,520)	(63,783)	(3,270,303)	(1,013,423)	182,804,691	10,985,674	193,790,365
Appropriation of earnings:													
Legal reserve	-	-	735,456	-	(735,456)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	1,264,919	(1,264,919)	-	-	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(2,850,967)	(2,850,967)	-	-	-	-	(2,850,967)	-	(2,850,967)
Profit for the period	-	-	-	-	31,365,039	31,365,039	-	-	-	-	31,365,039	338,932	31,703,971
Other comprehensive income (loss), net of tax	-	-	-	-	(8,030)	(8,030)	(1,006,695)	30,490	(976,205)	-	(984,235)	(168,424)	(1,152,659)
Total comprehensive income (loss) for the period	-	-	-	-	31,357,009	31,357,009	(1,006,695)	30,490	(976,205)	-	30,380,804	170,508	30,551,312
Changes in deemed contributions from shareholders	-	(39)	-	-	-	-	-	-	-	-	(39)	-	(39)
Adjustments for changes in investees' equity	-	(238,690)	-	-	(401,507)	(401,507)	-	-	-	-	(640,197)	-	(640,197)
Share-based payments	-	39,036	-	-	-	-	-	-	-	32,259	71,295	796	72,091
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	920,129	920,129
Disposal of equity investments measured at fair value through other comprehensive income	-	-	-	-	(1,843)	(1,843)	-	1,843	1,843	-	-	-	-
Balance at June 30, 2021	\$ 96,242,451	60,387,991	8,427,144	3,270,303	46,663,527	58,360,974	(4,213,215)	(31,450)	(4,244,665)	(981,164)	209,765,587	12,077,107	221,842,694
Balance at January 1, 2022	\$ 96,242,451	60,057,001	8,427,144	3,270,303	68,972,551	80,669,998	(4,873,573)	130,391	(4,743,182)	(439,228)	231,787,040	6,179,431	237,966,471
Appropriation of earnings:													
Legal reserve	-	-	5,326,268	-	(5,326,268)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	1,472,878	(1,472,878)	-	-	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(9,575,824)	(9,575,824)	-	-	-	-	(9,575,824)	-	(9,575,824)
Loss for the period	-	-	-	-	(468,083)	(468,083)	-	-	-	-	(468,083)	(54,504)	(522,587)
Other comprehensive income (loss), net of tax	-	-	-	-	(15,063)	(15,063)	2,035,967	(1,167,789)	868,178	-	853,115	12,432	865,547
Total comprehensive income (loss) for the period	-	-	-	-	(483,146)	(483,146)	2,035,967	(1,167,789)	868,178	-	385,032	(42,072)	342,960
Changes in deemed contributions from shareholders	-	(56)	-	-	-	-	-	-	-	-	(56)	-	(56)
Adjustments for changes in investees' equity	-	434,408	-	-	-	-	-	-	-	-	434,408	1	434,409
Share-based payments	-	72,603	-	-	-	-	-	-	-	46,859	119,462	5,058	124,520
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(35,508)	(35,508)
Disposal of equity investments measured at fair value through other comprehensive income	-	-	-	-	38,398	38,398	-	(38,398)	(38,398)	-	-	-	-
Balance at June 30, 2022	\$ 96,242,451	60,563,956	13,753,412	4,743,181	52,152,833	70,649,426	(2,837,606)	(1,075,796)	(3,913,402)	(392,369)	223,150,062	6,106,910	229,256,972

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Cash Flows

For the Six Months Ended June 30, 2022 and 2021

(Expressed in thousands of New Taiwan dollars)

	Six Months Ended June 30,	
	2022	2021
Cash flows from operating activities:		
Profit before income tax	\$ 2,371,190	33,459,067
Adjustments for:		
- depreciation	15,803,090	16,954,435
- amortization	103,450	104,433
- losses (gains) on financial instruments at fair value through profit or loss	(332,426)	54,929
- interest expense	567,849	1,241,618
- interest income	(283,824)	(230,779)
- compensation costs of share-based payments	77,835	39,929
- share of profit of equity-accounted investees	(821,067)	(1,155,556)
- gains on disposals of property, plant and equipment	(90,193)	(27,142)
- gains on disposals of investments	-	(886,589)
- unrealized foreign currency exchange losses	437,894	393,143
- others	(18,927)	144,385
Changes in operating assets and liabilities:		
- notes and accounts receivable	30,958,070	(14,101,794)
- receivables from related parties	660,147	(347,260)
- inventories	(2,761,788)	(4,661,917)
- other operating assets	(1,066,297)	(1,850,994)
- contract liabilities	(400,103)	10,629,800
- notes and accounts payable	(12,614,533)	(223,390)
- payables to related parties	(1,221,132)	726,688
- net defined benefit asset	(1,350)	(19,068)
- provisions	(201,945)	(23,383)
- other operating liabilities	(5,573,236)	3,392,808
Cash generated from operations	25,592,704	43,613,363
Interest received	273,346	219,880
Interest paid	(806,178)	(1,235,986)
Income taxes paid	(2,041,991)	(331,660)
Net cash provided by operating activities	23,017,881	42,265,597

(Continued)

See accompanying notes to consolidated financial statements.

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AUO CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

For the Six Months Ended June 30, 2022 and 2021

(Expressed in thousands of New Taiwan dollars)

	Six Months Ended June 30,	
	2022	2021
Cash flows from investing activities:		
Disposals of financial assets at fair value through profit or loss	-	553,391
Acquisitions of financial assets at fair value through other comprehensive income	(142,765)	(313,116)
Acquisitions of financial assets at amortized cost	(577,873)	(10,258,552)
Acquisitions of equity-accounted investees	(1,342,000)	(2,409,512)
Disposals of equity-accounted investees	-	61,422
Net cash inflow arising from disposal of subsidiaries	-	5,335
Acquisitions of property, plant and equipment	(16,439,291)	(6,531,131)
Disposals of property, plant and equipment	640,072	116,970
Increase in receipts in advance due to disposal of assets	150,000	464,000
Decrease in refundable deposits	63,270	79,929
Acquisitions of intangible assets	(105)	(38,000)
Increase in other financial assets	(102,315)	(30,497)
Net cash inflow arising from acquisition of subsidiaries	-	227,701
Net cash used in investing activities	(17,751,007)	(18,072,060)
Cash flows from financing activities:		
Proceeds from short-term borrowings	99,296	952,776
Repayments of short-term borrowings	(93,558)	(1,100,776)
Proceeds from long-term borrowings	22,272,638	1,910,544
Repayments of long-term borrowings	(24,725,819)	(15,309,904)
Payment of lease liabilities	(286,337)	(285,410)
Decrease in received guarantee deposits	(4,019)	(31,746)
Treasury shares sold to employees	46,718	32,162
Net change of non-controlling interests	30,950	33,000
Others	(56)	(39)
Net cash used in financing activities	(2,660,187)	(13,799,393)
Effect of exchange rate change on cash and cash equivalents	2,390,719	(1,117,393)
Net increase in cash and cash equivalents	4,997,406	9,276,751
Cash and cash equivalents at January 1	79,944,686	90,274,687
Cash and cash equivalents at June 30	\$ 84,942,092	99,551,438

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards as of June 30, 2022 and 2021

AUO CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

For the Six Months Ended June 30, 2022 and 2021

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

1. Organization

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

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

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

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

2. The Authorization of Financial Statements

These consolidated financial statements were approved and authorized for issue by the Board of Directors of AUO on July 27, 2022.

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

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

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

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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

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

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

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

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

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

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

4. Summary of Significant Accounting Policies

- (1) Statement of compliance

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

Except as described below, the significant accounting policies applied in the consolidated financial statements are the same as those applied in the consolidated financial statements for the year ended December 31, 2021 and have been applied consistently to all periods presented in the consolidated financial statements. Refer to Note 4 of the consolidated financial statements for the year ended December 31, 2021 for the details.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(2) Basis of consolidation

Principles of preparation of the consolidated financial statements are the same as those applied in the consolidated financial statements for the year ended December 31, 2021. Refer to Note 4(3) of the consolidated financial statements for the year ended December 31, 2021 for the details.

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

Name of Investor	Name of Subsidiary	Main Activities and Location	Percentage of Ownership (%)		
			June 30, 2022	December 31, 2021	June 30, 2021
AUO	AUO (L) Corp. (AUOLB, formerly AU Optronics (L) Corp.)	Holding company (Malaysia)	100.00	100.00	100.00
AUO	Konly Venture Corp. (Konly)	Investment (Taiwan ROC)	100.00	100.00	100.00
AUO	Ronly Venture Corp. (Ronly)	Investment (Taiwan ROC)	100.00	100.00	100.00
AUO	Space Money Inc. (S4M)	Sales and leasing activities (Taiwan ROC)	100.00	100.00	100.00
AUO	AUO Envirotech Inc. (AETTW, formerly U-Fresh Technology Inc.)	Construction project and related project management (Taiwan ROC)	100.00	100.00	100.00
AUO	ComQi Ltd. (CQIL)	Holding company (Israel)	100.00	100.00	100.00
AUO	AUO Europe B.V. (AUONL, formerly AU Optronics Europe B.V.)	Sales and sales support activities (Netherlands)	100.00	100.00	100.00
AUO	AUO Crystal Corp. (ACTW)	Manufacturing and sales company (Taiwan ROC)	100.00	100.00	100.00
AUO	AUO Display Plus Corporation (ADP)	Research and development and sales activities (Taiwan ROC)	100.00	100.00	100.00
AUO	Da Ping Green Energy Corporation (DPGE)	Renewable energy power generation (Taiwan ROC)	100.00	100.00	100.00
AUO	AUO Health Corporation (AHTW)	Manufacturing, development and sales company (Taiwan ROC)	100.00	100.00	100.00
AUO	AUO Digatech (CAYMAN) Limited (ADTCM)	Holding company (Cayman Islands)	100.00	100.00	100.00
AUO	AUO Care Inc. (ACTTW)	Intelligent health care services (Taiwan ROC)	100.00	100.00	100.00 ⁽¹⁾

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Main Activities and Location	Percentage of Ownership (%)		
			June 30, 2022	December 31, 2021	June 30, 2021
AUO and Konly	Star River Energy Corp. (SREC)	Investment (Taiwan ROC)	33.51	33.51	33.51 ⁽²⁾
AUO and ADTCM	AUO Digitech Holding Limited (ADTHLD)	Holding company (Cayman Islands)	100.00	100.00	100.00
AUO, Konly and Ronly	Darwin Precisions Corporation (DPTW)	Manufacturing and sales company (Taiwan ROC)	41.05 ⁽³⁾	41.05 ⁽³⁾	41.05 ⁽³⁾
AUO and AETT W	Yo-Pei Water Corporation (AET-YP)	Investment and construction in public construction, and wastewater (sewage) treatment (Taiwan ROC)	81.79 ⁽¹⁾	-	-
Konly	AUO Education Service Corp. (AUES)	Leasing and service company (Taiwan ROC)	100.00	100.00	100.00
ADTHLD	AUO Digitech Pte. Ltd. (ADTSG)	Holding company (Singapore)	100.00	100.00	100.00
ADTSG	AUO Digitech (Suzhou) Co., Ltd. (ADTSZ)	Business management consulting (PRC)	100.00	100.00	100.00
ADTSG	AUO Digitech Taiwan Inc. (ADTTW)	Design, sales and consulting (Taiwan ROC)	100.00	100.00	100.00 ⁽¹⁾
ACTW	Sanda Materials Corporation (SDMC)	Holding company (Taiwan ROC)	100.00	100.00	100.00
ACTW	AUO Crystal (Malaysia) Sdn. Bhd. (ACMK) ⁽⁴⁾	Manufacturing and sales company (Malaysia)	100.00	100.00	100.00
SDMC	M.Setek Co., Ltd. (M.Setek)	Manufacturing and sales company (Japan)	99.9991	99.9991	99.9991
AUOLB	AUO Corporation America (AUOUS, formerly AU Optronics Corporation America)	Sales and sales support activities (United States)	100.00	100.00	100.00
AUOLB	AUO Corporation Japan (AUOJP, formerly AU Optronics Corporation Japan)	Sales support activities (Japan)	100.00	100.00	100.00
AUOLB	AUO Korea Ltd. (AUOKR, formerly AU Optronics Korea Ltd.)	Sales support activities (South Korea)	100.00	100.00	100.00
AUOLB	AUO Singapore Pte. Ltd. (AUOSG, formerly AU Optronics Singapore Pte. Ltd.)	Holding company and sales support activities (Singapore)	100.00	100.00	100.00
AUOLB	AU Optronics (Czech) s.r.o. (AUCZ) ⁽⁴⁾	Assembly activities (Czech Republic)	-	-	100.00

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Main Activities and Location	Percentage of Ownership (%)		
			June 30, 2022	December 31, 2021	June 30, 2021
AUOLB	AU Optronics (Shanghai) Co., Ltd. (AUSH)	Sales support activities (PRC)	100.00	100.00	100.00
AUOLB	AUO (Xiamen) Co., Ltd. (AUOXM, formerly AU Optronics (Xiamen) Corp.)	Manufacturing and sales company (PRC)	100.00	100.00	100.00
AUOLB	AU Optronics (Suzhou) Corp., Ltd. (AUSZ)	Manufacturing and sales company (PRC)	100.00	100.00	100.00
AUOLB	AU Optronics Manufacturing (Shanghai) Corp. (AUSJ)	Manufacturing and leasing activities (PRC)	100.00	100.00	100.00
AUOLB	AU Optronics (Slovakia) s.r.o. (AUSK)	Repairing activities (Slovakia Republic)	100.00	100.00	100.00
AUOLB	AFPD Pte., Ltd. (AUST)	Manufacturing company (Singapore)	100.00	100.00	100.00
AUOLB	AUO (Kunshan) Co., Ltd. (AUOKS, formerly AU Optronics (Kunshan) Co., Ltd.)	Manufacturing and sales company (PRC)	100.00	100.00 ⁽⁷⁾	51.00
AUOLB	a.u. Vista Inc. (AUVI)	Research and development and IP related business (United States)	100.00	100.00	100.00
AUOLB and DPTW	BriView (L) Corp. (BVLB)	Holding company (Malaysia)	100.00	100.00	100.00
SREC	Sungen Power Corporation (SGPC)	Solar power generation (Taiwan ROC)	100.00	100.00	100.00 ⁽²⁾
SREC	Evergen Power Corporation (EGPC)	Solar power generation (Taiwan ROC)	100.00	100.00	100.00 ⁽²⁾
AUOSG	AUO Green Energy America Corp. (AEUS)	Sales support activities (United States)	100.00	100.00	100.00
ADP	Jector Digital Corporation (Jector)	Introduction of smart field construction and other solutions (Taiwan ROC)	78.43	78.43	78.43 ⁽¹⁾
ADP	AUO Display Plus Netherlands B.V. (ADPNL) ⁽⁵⁾	Holding, sales and sales support activities (Netherlands)	100.00	100.00	100.00
ADP	AUO Display Plus Technology (Suzhou) Co., Ltd. (ADPSZ)	Sales and sales support activities (PRC)	100.00	100.00	100.00 ⁽¹⁾
ADPNL	AUO Display Plus America Corp. (ADPUS)	Sales and sales support activities (United States)	100.00	100.00	100.00

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Main Activities and Location	Percentage of Ownership (%)		
			June 30, 2022	December 31, 2021	June 30, 2021
ADPNL	AUO Display Plus Japan Corp. (ADPJP)	Sales and sales support activities (Japan)	100.00	100.00	100.00
ADPSZ	Heilongjiang Talenda Smart Display Technology Co., Ltd. (Talenda)	Manufacturing of electronic components (PRC)	51.00 ⁽¹⁾	-	-
AUOXM	BriView (Xiamen) Corp. (BVXM)	Manufacturing, sales and leasing activities (PRC)	100.00	100.00	100.00
AUSH	AUO Care Information Tech. (Suzhou) Co., Ltd. (ACTSZ)	Intelligent health care services (PRC)	100.00	100.00	100.00
AUSH	AUO Envirotech (Suzhou) Co., Ltd. (AETSZ, formerly U-Fresh Technology (Suzhou) Co., Ltd.)	Construction project and related project management (PRC)	100.00	100.00	100.00
ADTSZ	AUO Megainsight (Xiamen) Co., Ltd. (AMIXM)	Sales of software and hardware and consulting services (PRC)	100.00	100.00	100.00 ⁽¹⁾
ADTSZ	Edgetech Data Technologies (Suzhou) Corp., Ltd. (ATISZ) ⁽⁶⁾	Integration service of software and hardware (PRC)	100.00	100.00	100.00
ADTSZ	AUO MegaInsight (Suzhou) Co., Ltd. (AMISZ, formerly Mega Insight Smart Manufacturing (Suzhou) Corp., Ltd.) ⁽⁶⁾	Development, sales and licensing of software and hardware and consulting services (PRC)	100.00	100.00	100.00
AETSZ	AUO Envirotech (Shandong) Co., Ltd. (AETSD, formerly U-Fresh Environmental Technology (Shandong) Co., Ltd.)	Construction project and related project management (PRC)	100.00	100.00	100.00
CQIL	ComQi Holdings Ltd. (CQHLD)	Holding company (United Kingdom)	100.00	100.00	100.00
CQHLD	ComQi UK Ltd. (CQUK)	Sales support activities (United Kingdom)	100.00	100.00	100.00
CQHLD	ComQi Inc. (CQUS)	Sales company (United States)	100.00	100.00	100.00
CQHLD	ComQi Canada Inc. (CQCA)	Research and development activities (Canada)	100.00	100.00	100.00
CQUS	JohnRyan Limited (JRUK)	Development and sales activities (United Kingdom)	100.00	100.00	100.00

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Main Activities and Location	Percentage of Ownership (%)		
			June 30, 2022	December 31, 2021	June 30, 2021
CQUS	JohnRyan Inc. (JRUS)	Development and sales activities (United States)	100.00	100.00	100.00
DPTW	Darwin Precisions (L) Corp. (DPLB)	Holding company (Malaysia)	100.00	100.00	100.00
DPTW	Forhouse International Holding Ltd. (FHVI)	Holding company (BVI)	100.00	100.00	100.00
DPTW	Forefront Corporation (FFMI)	Holding company (Mauritius)	100.00	100.00	100.00
FHVI	Fortech International Corp. (FTMI)	Holding company (Mauritius)	100.00	100.00	100.00
FHVI	Forward Optronics International Corp. (FWSA)	Holding company (Samoa)	100.00	100.00	100.00
FHVI	Prime Forward International Ltd. (PMSA) ⁽⁴⁾	Holding company (Samoa)	-	100.00	100.00
FFMI	Forhouse Electronics (Suzhou) Co., Ltd. (FHWJ)	Manufacturing and sales company (PRC)	100.00	100.00	100.00
FTMI	Fortech Electronics (Suzhou) Co., Ltd. (FTWJ)	Manufacturing and sales company (PRC)	100.00	100.00	100.00
FWSA and FTMI	Suzhou Forplax Optronics Co., Ltd. (FPWJ)	Manufacturing, sales and trading company (PRC)	100.00	100.00	100.00
PMSA	Fortech Electronics (Kunshan) Co., Ltd. (FTKS) ⁽⁴⁾	Manufacturing and sales company (PRC)	-	100.00	100.00
DPLB	Darwin Precisions (Hong Kong) Limited (DPHK)	Holding company (Hong Kong)	100.00	100.00	100.00
DPLB	Darwin Precisions (Slovakia) s.r.o. (DPSK) ⁽⁴⁾	Manufacturing and sales company (Slovakia Republic)	-	100.00	100.00
DPHK	Darwin Precisions (Suzhou) Corp. (DPSZ)	Manufacturing and sales company (PRC)	100.00	100.00	100.00
DPHK	Darwin Precisions (Xiamen) Corp. (DPXM)	Manufacturing and sales company (PRC)	100.00	100.00	100.00
BVLB	BriView (Hefei) Co., Ltd. (BVHF) ⁽⁴⁾	Manufacturing and sales company (PRC)	100.00	100.00	100.00

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

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

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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

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

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

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

Note 7: The Company purchased 49% equity interests of AUOKS from its joint venture partner in December 2021. Refer to Note 6(19) of the consolidated financial statements for the year ended December 31, 2021 for the relevant information.

(3) Employee benefits

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

(4) Income taxes

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

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

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

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

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

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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

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

In preparing the consolidated financial statements, critical accounting judgments and key sources of estimations and assumptions uncertainty used by management in the application of accounting policies are consistent with those described in Note 5 of the consolidated financial statements for the year ended December 31, 2021.

6. Description of Significant Accounts

Except as described below, the description of significant accounts in the accompanying consolidated financial statements is not materially different from those described in Note 6 of the consolidated financial statements for the year ended December 31, 2021.

(1) Cash and Cash Equivalents

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Cash on hand, demand deposits and checking accounts	\$ 62,402,341	48,949,652	66,928,348
Time deposits	<u>22,539,751</u>	<u>30,995,034</u>	<u>32,623,090</u>
	<u>\$ 84,942,092</u>	<u>79,944,686</u>	<u>99,551,438</u>

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

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

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Financial assets mandatorily measured at FVTPL:			
Foreign currency forward contracts	\$ <u>521,802</u>	<u>159,270</u>	<u>75,127</u>
Financial liabilities held for trading:			
Foreign currency forward contracts	\$ <u>162,903</u>	<u>132,797</u>	<u>189,667</u>

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

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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

June 30, 2022		
Contract item	Maturity date	Contract amount
Sell USD / Buy NTD	Jul. 2022~Aug. 2022	USD 353,900 / NTD 10,485,439
Sell USD / Buy JPY	Jul. 2022~Aug. 2022	USD 77,000 / JPY 10,118,797
Sell USD / Buy CNY	Jul. 2022~Sep. 2022	USD 111,500 / CNY 741,312
Sell USD / Buy SGD	Aug. 2022	USD 29,024 / SGD 40,440
Sell NTD / Buy USD	Aug. 2022~Sep. 2022	NTD 888,780 / USD 30,000
Sell NTD / Buy JPY	Jul. 2022	NTD 376,244 / JPY 1,700,000
Sell JPY / Buy NTD	Jul. 2022	JPY 500,000 / NTD 108,775
Sell CNY / Buy USD	Jul. 2022~Sep. 2022	CNY 3,015,467 / USD 467,525
Sell EUR / Buy JPY	Jul. 2022	EUR 7,000 / JPY 956,290
December 31, 2021		
Contract item	Maturity date	Contract amount
Sell USD / Buy NTD	Jan. 2022~Feb. 2022	USD 843,700 / NTD 23,496,028
Sell USD / Buy JPY	Jan. 2022~Feb. 2022	USD 188,117 / JPY 21,470,200
Sell USD / Buy CNY	Jan. 2022~Jul. 2022	USD 147,500 / CNY 947,875
Sell USD / Buy SGD	Jan. 2022~Feb. 2022	USD 33,517 / SGD 45,430
Sell JPY / Buy NTD	Jan. 2022	JPY 1,300,000 / NTD 316,850
Sell CNY / Buy USD	Jan. 2022~Mar. 2022	CNY 1,700,000 / USD 263,122
Sell EUR / Buy JPY	Jan. 2022~Feb. 2022	EUR 14,000 / JPY 1,814,893
June 30, 2021		
Contract item	Maturity date	Contract amount
Sell USD / Buy NTD	Jul. 2021~Sep. 2021	USD 1,269,400 / NTD 35,237,706
Sell USD / Buy JPY	Jul. 2021~Aug. 2021	USD 66,000 / JPY 7,266,992
Sell USD / Buy CNY	Jul. 2021~Dec. 2021	USD 114,500 / CNY 744,525
Sell USD / Buy SGD	Aug. 2021	USD 25,139 / SGD 33,520
Sell CNY / Buy USD	Aug. 2021~Nov. 2021	CNY 1,370,956 / USD 211,802
Sell EUR / Buy JPY	Jul. 2021~Sep. 2021	EUR 11,000 / JPY 1,466,135
Sell NTD / Buy JPY	Jul. 2021	NTD 50,525 / JPY 200,000

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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

	June 30, 2022	December 31, 2021	June 30, 2021
Investments in equity instruments at FVTOCI:			
Equity securities – listed stocks	\$ 244,426	149,177	122,009
Equity securities – non-listed stocks	<u>1,160,309</u>	<u>1,158,980</u>	<u>529,462</u>
	<u>\$ 1,404,735</u>	<u>1,308,157</u>	<u>651,471</u>

The purpose that the Company invests in the abovementioned equity securities is for long-term strategies, but rather for trading purpose. Therefore, those equity securities are designated as financial assets at FVTOCI.

(4) Financial Assets at Amortized Cost

	June 30, 2022	December 31, 2021	June 30, 2021
Domestic and foreign time deposits	\$ 11,050,684	10,706,340	10,262,008
Less: current	<u>(10,000,000)</u>	<u>(10,000,000)</u>	<u>(10,000,000)</u>
Noncurrent (recognized in other noncurrent assets)	<u>\$ 1,050,684</u>	<u>706,340</u>	<u>262,008</u>

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

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

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

	June 30, 2022	December 31, 2021	June 30, 2021
Notes receivable	\$ 19,440	80,584	114,934
Accounts receivable	31,277,136	61,508,437	62,664,095
Less: loss allowance	<u>(17,312)</u>	<u>(16,053)</u>	<u>(17,001)</u>
	<u>\$ 31,279,264</u>	<u>61,572,968</u>	<u>62,762,028</u>
Notes and accounts receivable, net	<u>\$ 29,453,025</u>	<u>59,093,573</u>	<u>60,320,210</u>
Accounts receivable from related parties, net	<u>\$ 1,826,239</u>	<u>2,479,395</u>	<u>2,441,818</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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

	June 30, 2022		
	Carrying amount of notes and accounts receivable	Weighted- average loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 30,216,780	0.00%	-
Past due less than 60 days	1,038,487	0.00%	-
Past due 61~180 days	21,262	0.00%	1
Past due over 180 days	<u>7,031</u>	61.09%	<u>4,295</u>
	<u>\$ 31,283,560</u>		<u>4,296</u>
	December 31, 2021		
	Carrying amount of notes and accounts receivable	Weighted- average loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 60,241,697	0.00%	102
Past due less than 60 days	1,307,466	0.01%	72
Past due 61~180 days	20,541	1.51%	311
Past due over 180 days	<u>3,749</u>	0.00%	<u>-</u>
	<u>\$ 61,573,453</u>		<u>485</u>
	June 30, 2021		
	Carrying amount of notes and accounts receivable	Weighted- average loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 59,394,113	0.00%	105
Past due less than 60 days	3,235,440	0.01%	231
Past due 61~180 days	129,724	0.00%	6
Past due over 180 days	<u>3,093</u>	0.00%	<u>-</u>
	<u>\$ 62,762,370</u>		<u>342</u>

In addition, there was objective evidence indicating that, under reasonable expectation, some of the notes and accounts receivable would not be recovered in total; therefore, the Company recognized a loss allowance of \$13,016 thousand, \$15,568 thousand and \$16,659 thousand as of June 30, 2022, December 31, 2021, and June 30, 2021, respectively.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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

	Six Months Ended	
	June 30,	
	2022	2021
Balance at beginning of the period	\$ 16,053	19,516
Provisions (reversals) charged to (against) expense	1,196	(2,438)
Effect of changes in foreign currency exchange rates	63	(77)
Balance at end of the period	<u>\$ 17,312</u>	<u>17,001</u>

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

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

June 30, 2022						
Underwriting bank	Factoring limit (in thousands)	Amount sold and derecognized (in thousands)	Amount advanced (in thousands)	Principal terms		
CTBC Bank	USD 78,000	USD 47,277	NTD 1,292,000	See Notes(a)~(d)		
DBS Bank	USD 170,000	USD 101,030	NTD 2,698,000	See Notes(a)~(d)		

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

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

Note (c): As of June 30, 2022, total outstanding receivables after the above transactions, net of fees charged by underwriting banks, of \$418,559 thousand was recognized under other current financial assets. In addition, interest rate for the balance of advanced amount as of June 30, 2022 was ranging from 1.20% to 1.35%.

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

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(6) Inventories

	June 30, 2022	December 31, 2021	June 30, 2021
Finished goods	\$ 14,729,876	12,141,844	9,788,172
Work-in-progress	12,488,165	12,683,485	12,723,448
Raw materials	10,022,678	9,663,759	8,900,950
	<u>\$ 37,240,719</u>	<u>34,489,088</u>	<u>31,412,570</u>

For the three and six months ended June 30, 2022 and 2021, the amounts recognized as cost of sales in relation to inventories were \$61,159,684 thousand, \$68,166,356 thousand, \$130,993,329 thousand and \$132,844,142 thousand, respectively. The net of provisions for inventories written down to net realizable value, which were also included in cost of sales, amounted to \$775,285 thousand, \$119,125 thousand, \$1,242,230 thousand and \$331,923 thousand for the three and six months ended June 30, 2022 and 2021, respectively.

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

(7) Investments in Equity-accounted Investees

	June 30, 2022	December 31, 2021	June 30, 2021
Associates	\$ 25,375,086	25,375,636	22,210,760
Joint ventures	-	71,497	193,233
	<u>\$ 25,375,086</u>	<u>25,447,133</u>	<u>22,403,993</u>

a. Associates

	June 30, 2022	December 31, 2021	June 30, 2021
Qisda Corporation ("Qisda")	\$ 10,976,669	12,424,480	11,218,413
Ennostar Inc. ("Ennostar")	5,241,955	5,358,394	4,609,643
ADLINK Technology Inc. ("ADLINK")	3,936,346	2,593,701	2,510,382
Star Shining Energy Corporation. ("SSEC")	2,352,265	2,353,520	1,710,707
Raydium Semiconductor Corporation ("Raydium")	2,057,849	1,800,034	1,256,314
Daxin Materials Corp. ("Daxin")	699,585	759,245	797,878
Others	110,417	86,262	107,423
	<u>\$ 25,375,086</u>	<u>25,375,636</u>	<u>22,210,760</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2022	2021	2022	2021
The Company's share of associates':				
Profit	\$ 424,865	847,168	809,412	1,148,059
Other comprehensive income (loss)	<u>(680,639)</u>	<u>(364,729)</u>	<u>(765,629)</u>	<u>83,919</u>
Total comprehensive income (loss)	<u>\$ (255,774)</u>	<u>482,439</u>	<u>43,783</u>	<u>1,231,978</u>

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

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

In connection with the Company's operational strategy, the Company continually increased its shareholdings in Qisda, Ennostar, Raydium and ADLINK with total investments of \$1,342,000 thousand and \$2,409,512 thousand for the six months ended June 30, 2022 and 2021, respectively.

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

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

b. Joint ventures

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2022	2021	2022	2021
The Company's share of joint ventures':				
Profit	\$ 13,796	5,585	11,655	7,497
Other comprehensive income (loss)	-	-	-	-
Total comprehensive income (loss)	<u>\$ 13,796</u>	<u>5,585</u>	<u>11,655</u>	<u>7,497</u>

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

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

(8) Acquisition of subsidiaries

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

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

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(9) Property, Plant and Equipment

Six Months Ended June 30, 2022					
	Balance, Beginning of Period	Additions (Deductions)	Disposal or write off	Reclassification, effect of change in exchange rate and others	Balance, End of Period
Cost:					
Land	\$ 8,763,260	-	-	(20,668)	8,742,592
Buildings	117,475,024	(84,976)	(28)	800,340	118,190,360
Machinery and equipment	832,882,543	495,273	(2,266,557)	10,706,649	841,817,908
Other equipment	37,174,884	2,232,246	(1,791,346)	1,756,138	39,371,922
	996,295,711	2,642,543	(4,057,931)	13,242,459	1,008,122,782
Accumulated depreciation and impairment loss:					
Buildings	42,819,944	1,388,626	(28)	533,499	44,742,041
Machinery and equipment	758,531,143	11,350,007	(2,234,036)	3,548,335	771,195,449
Other equipment	29,723,444	2,723,136	(1,783,512)	172,311	30,835,379
	831,074,531	15,461,769	(4,017,576)	4,254,145	846,772,869
Prepayments for purchase of land and equipment, and construction in progress	6,000,865	15,212,205	-	(8,009,422)	13,203,648
Net carrying amounts	\$ 171,222,045				174,553,561

Six Months Ended June 30, 2021						
	Balance, Beginning of Period	Effect of change in consolidated entities	Additions	Disposal or write off	Reclassification, effect of change in exchange rate and others	Balance, End of Period
Cost:						
Land	\$ 8,858,167	-	-	(61,194)	(24,274)	8,772,699
Buildings	120,107,200	-	6,439	(15,280)	(1,955,606)	118,142,753
Machinery and equipment	834,855,721	2,107,168	484,410	(1,774,779)	(2,557,930)	833,114,590
Other equipment	38,159,878	-	1,993,114	(2,539,533)	254,613	37,868,072
	1,001,980,966	2,107,168	2,483,963	(4,390,786)	(4,283,197)	997,898,114
Accumulated depreciation and impairment loss:						
Buildings	42,027,956	-	1,434,520	(2,675)	(1,540,935)	41,918,866
Machinery and equipment	745,962,397	-	12,266,543	(1,761,412)	(4,184,706)	752,282,822
Other equipment	30,065,978	-	2,898,244	(2,536,871)	(144,335)	30,283,016
	818,056,331	-	16,599,307	(4,300,958)	(5,869,976)	824,484,704
Prepayments for purchase of land and equipment, and construction in progress	1,555,481	-	3,720,891	-	(2,590,277)	2,686,095
Net carrying amounts	\$ 185,480,116					176,099,505

(Continued)

AUO CORPORATION AND SUBSIDIARIES
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AUO decided to dispose of part of its plants and related appendages to Vanguard International Semiconductor Corporation pursuant to the resolution of Board of Directors' meeting held on April 28, 2021, and meantime those assets have been reclassified as noncurrent assets held for sale. As of June 30, 2021, the consideration of the transaction received in advance amounted to \$415,000 thousand (recognized in other current liabilities). Both parties have completed the transaction in December 2021. The consideration of disposal (net of related transaction costs) and gain on disposal were \$808,662 thousand and \$787,460 thousand, respectively. The consideration aforementioned is to be received in installments. As of December 31, 2021, outstanding receivables totaled \$509,524 thousand (recognized in other current financial assets), which were fully received in January 2022.

ACTW decided to dispose of part of its plants and related appendages pursuant to the resolution of its Board of Directors' meeting held on March 16, 2021, and those assets were reclassified as noncurrent assets held for sale then. As of June 30, 2021, the consideration of the transaction received in advance amounted to \$49,000 thousand (recognized in other current liabilities). The aforementioned assets have been disposed of in October 2021. The consideration of disposal (net of related transaction costs) and gain on disposal were \$486,276 thousand and \$335,709 thousand, respectively. Such consideration was fully received in October 2021.

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

On June 22, 2022, the Board of Directors of DPTW resolved to dispose of part of real estate. DPTW has entered into an agreement with a non-related party on June 24, 2022 for the disposal of the related land and buildings. Since DPTW has not yet fulfilled the contractually agreed requirements, those assets did not meet the criteria to be classified as noncurrent assets held for sale. As of June 30, 2022, the consideration of the transaction received in advance amounted to \$150,000 thousand (recognized in other current liabilities).

Except for the aforementioned transactions, there was no significant change in the Company's property, plant and equipment for the six months ended June 30, 2022 and 2021. Refer to Note 6(10) of the consolidated financial statements for the year ended December 31, 2021 for the related disclosures.

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Capitalized borrowing costs	<u>\$ 18,932</u>	<u>6,836</u>	<u>34,206</u>	<u>11,652</u>
The interest rates applied for the capitalization			0.90%~ 1.60%	0.80%~ 1.63%

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AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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

(10) Lease Arrangements

a. Lessee

(i) Right-of-use assets

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Carrying amount of right-of-use assets			
Land	\$ 9,996,008	10,308,082	10,599,192
Buildings	365,308	314,517	307,899
Other equipment	<u>14,172</u>	<u>15,774</u>	<u>18,467</u>
	<u>\$ 10,375,488</u>	<u>10,638,373</u>	<u>10,925,558</u>
	<u>Three Months Ended June 30,</u>	<u>Six Months Ended June 30,</u>	
	<u>2022</u>	<u>2021^(*)</u>	<u>2022</u>
	<u>2021</u>	<u>2022</u>	<u>2021</u>
Additions to right-of-use assets	<u>\$ 196,308</u>	<u>(418)</u>	<u>284,700</u>
Depreciation charge for right-of-use assets			
Land	\$ 134,276	135,800	265,086
Buildings	37,340	35,360	73,562
Other equipment	<u>1,371</u>	<u>1,298</u>	<u>2,673</u>
	<u>\$ 172,987</u>	<u>172,458</u>	<u>341,321</u>
	<u>355,128</u>		

(*) Including the effect of exchange rate conversion.

(ii) Lease liabilities

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

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	December 31, 2021		
	Future minimum lease payments	Interests	Present value of minimum lease payments
Less than one year	\$ 709,127	174,421	534,706
Between one and five years	2,682,008	592,229	2,089,779
More than five years	8,184,783	1,084,027	7,100,756
	\$ 11,575,918	1,850,677	9,725,241
Lease liabilities – current			\$ 534,706
Lease liabilities – noncurrent			\$ 9,190,535
	June 30, 2021		
	Future minimum lease payments	Interests	Present value of minimum lease payments
Less than one year	\$ 701,394	177,706	523,688
Between one and five years	2,684,896	611,188	2,073,708
More than five years	8,513,627	1,150,864	7,362,763
	\$ 11,899,917	1,939,758	9,960,159
Lease liabilities – current			\$ 523,689
Lease liabilities – noncurrent			\$ 9,436,470

(iii) Significant lease agreements

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

(iv) Sublease of right-of-use assets

The Company subleased part of its right-of-use assets under operating leases. For the three months and six months ended June 30, 2022 and 2021, income from sublease were \$1,116 thousand, \$1,138 thousand, \$2,357 thousand and \$2,382 thousand, respectively. Right-of-use assets that meet the definition of investment properties are reclassified to investment properties. Refer to Note 6(12) of the consolidated financial statements for the year ended December 31, 2021 for further information on investment properties.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(v) Additional lease information

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Expenses relating to short-term leases	\$ <u>8,703</u>	<u>8,738</u>	<u>12,933</u>	<u>25,825</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>63</u>	<u>105</u>	<u>121</u>	<u>236</u>
Variable lease payments not included in the measurement of the lease liability	\$ <u>649</u>	<u>966</u>	<u>1,086</u>	<u>2,213</u>
COVID-19-related rent concessions (recognized as deduction of rent expense)	\$ <u>-</u>	<u>(5)</u>	<u>-</u>	<u>743</u>

Total cash outflow for the Company's leases in which it acts as a lessee for the six months ended June 30, 2022 and 2021 were \$378,328 thousand and \$406,189 thousand, respectively.

b. Lessor

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

(11) Investment Property

	June 30,	December 31,	June 30,
	2022	2021	2021
Land	\$ 674,560	695,429	704,958
Buildings	712,326	718,768	733,666
Right-of-use assets	<u>23,100</u>	<u>23,495</u>	<u>24,160</u>
	<u>\$ 1,409,986</u>	<u>1,437,692</u>	<u>1,462,784</u>

(Continued)

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

The fair value of the Company's investment property was not materially different from those disclosed in Note 6(12) of the consolidated financial statements for the year ended December 31, 2021.

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

(12) Intangible Assets

	June 30, 2022	December 31, 2021	June 30, 2021
Goodwill	\$ 11,076,792	11,067,794	12,016,069
Patent and technology fee	401,350	488,212	576,583
Others	<u>193,989</u>	<u>200,949</u>	<u>215,129</u>
	<u>\$ 11,672,131</u>	<u>11,756,955</u>	<u>12,807,781</u>

There was no significant change in the Company's intangible assets for the six months ended June 30, 2022 and 2021. Information on amortization for the periods presented is disclosed in Note 6(22). For other relevant information, refer to Note 6(13) of the consolidated financial statements for the year ended December 31, 2021.

(13) Other Current Assets and Other Noncurrent Assets

	June 30, 2022	December 31, 2021	June 30, 2021
Prepayments for purchases	\$ 1,482,119	1,181,680	1,217,380
Refundable and overpaid business tax	1,159,265	1,156,780	1,742,490
Noncurrent financial assets at amortized cost	1,050,684	706,340	262,008
Refundable deposits	963,714	980,390	323,570
Prepayments for equipment	13,813	474,636	403,751
Others	<u>3,646,266</u>	<u>3,600,082</u>	<u>3,641,047</u>
	8,315,861	8,099,908	7,590,246
Less: current	<u>(3,997,682)</u>	<u>(3,592,203)</u>	<u>(4,007,623)</u>
Noncurrent	<u>\$ 4,318,179</u>	<u>4,507,705</u>	<u>3,582,623</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(14) Short-term Borrowings

	June 30, 2022	December 31, 2021	June 30, 2021
Unsecured borrowings	\$ <u>52,100</u>	<u>45,324</u>	<u>52,000</u>
Unused credit facilities	\$ <u>31,117,495</u>	<u>27,648,756</u>	<u>27,104,263</u>
Interest rate range	1.47%~ 1.60%	0.90%~ 1.35%	0.95%~ 1.35%

In January 2021, the Company entered into an agreement with financial institutions for offsetting financial assets and financial liabilities. The agreement meets the offsetting criteria of IAS 32, whereby the financial assets and financial liabilities were offset and reported on a net basis in the balance sheet. Details of the offset as of June 30, 2021 were as follows:

June 30, 2021			
Description	Gross amount of recognized financial assets and liabilities	Gross amount of recognized financial assets and liabilities offset in the balance sheet	Net amount of financial assets and liabilities presented in the balance sheet
Bank deposits / bank loans	\$ <u>3,448,842</u>	<u>3,448,842</u>	<u>-</u>

(15) Long-term Borrowings

Bank or agent bank	Durations	June 30, 2022	December 31, 2021	June 30, 2021
Syndicated loans:				
Bank of Taiwan and others	From Feb. 2019 to Feb. 2022	\$ -	12,000,000	42,000,000
Bank of Taiwan and others	From Mar. 2019 to Apr. 2022	-	4,600,000	19,550,000
Bank of Taiwan and others	From Oct. 2021 to Oct. 2025	25,500,000	9,750,000	-
Bank of Taiwan and others	From Apr. 2022 to Apr. 2029	600,000	-	-
Bank of China and others	From Nov. 2015 to Nov. 2023	2,915,289	8,055,653	13,055,890
Unsecured bank loans	From Apr. 2017 to Dec. 2026	4,046,000	3,604,614	9,682,538
Secured bank loans	From Apr. 2017 to Apr. 2032	19,711,768	17,059,917	20,034,132
Secured other loans	From Apr. 2022 to Dec. 2023	267,534	-	-
		<u>53,040,591</u>	<u>55,070,184</u>	<u>104,322,560</u>
Less: transaction costs		(312,888)	(415,320)	(271,816)
		<u>52,727,703</u>	<u>54,654,864</u>	<u>104,050,744</u>
Less: current portion		(7,345,731)	(16,833,597)	(19,835,308)
		\$ <u>45,381,972</u>	<u>37,821,267</u>	<u>84,215,436</u>
Unused credit facilities		\$ <u>73,053,585</u>	<u>90,379,635</u>	<u>53,467,151</u>
Interest rate range		1.00%~ 5.32%	0.75%~ 5.15%	0.75%~ 5.15%

(Continued)

AUO CORPORATION AND SUBSIDIARIES
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These credit facilities contain covenants that require the Company to maintain certain financial ratios, calculating based on the Company's annual audited consolidated financial statements prepared in accordance with IFRSs endorsed and issued into effect by the FSC, such as current ratio, leverage ratio, interest coverage ratio, tangible net worth and others as specified in the loan agreements. As of June 30, 2022, December 31, 2021, and June 30, 2021, the Company complied with all financial covenants required under each of the loan agreements.

Refer to Note 8 for assets pledged as collateral to secure the aforementioned long-term borrowings. For other relevant information, refer to Note 6(16) of the consolidated financial statements for the year ended December 31, 2021.

(16) Provisions

	<u>Warranties⁽ⁱ⁾</u>	<u>Litigation, claims and others</u>	<u>Total</u>
Balance at January 1, 2022	\$ 1,184,514	703,794	1,888,308
Additions (reversals)	(98,917)	18	(98,899)
Usage	(61,853)	(41,193)	(103,046)
Effect of change in exchange rate	<u>496</u>	<u>47,412</u>	<u>47,908</u>
Balance at June 30, 2022	1,024,240	710,031	1,734,271
Less: current	<u>(388,724)</u>	<u>(457,275)</u>	<u>(845,999)</u>
Noncurrent	<u>\$ 635,516</u>	<u>252,756</u>	<u>888,272</u>
Balance at January 1, 2021	\$ 1,375,327	410,429	1,785,756
Additions (Reversals)	318,754	-	318,754
Usage	(341,400)	(737)	(342,137)
Effect of change in consolidated entities	-	8,555	8,555
Effect of change in exchange rate	<u>(637)</u>	<u>(8,937)</u>	<u>(9,574)</u>
Balance at June 30, 2021	1,352,044	409,310	1,761,354
Less: current	<u>(600,764)</u>	<u>(171,801)</u>	<u>(772,565)</u>
Noncurrent	<u>\$ 751,280</u>	<u>237,509</u>	<u>988,789</u>

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

(Continued)

AUO CORPORATION AND SUBSIDIARIES
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(17) Employee Benefits

a. Defined benefit plans

Subsequent to December 31, 2021, there was no significant market volatility, significant curtailment, reimbursement and settlement or other significant one-time events. Therefore, the pension cost in the consolidated interim financial statements was measured and disclosed by the Company according to the pension cost valued by actuary as of December 31, 2021 and 2020.

For the three months and six months ended June 30, 2022 and 2021, the Company set aside \$1,407 thousand, \$1,647 thousand, \$2,836 thousand and \$3,323 thousand, respectively, of the pension costs under the defined benefit plans.

b. Defined contribution plans

AUO and its subsidiaries in the ROC have set up defined contribution plans in accordance with the ROC Labor Pension Act. For the three months and six months ended June 30, 2022 and 2021, these companies set aside \$257,111 thousand, \$238,526 thousand, \$509,373 thousand and \$473,290 thousand, respectively, of the pension costs under the pension plan to the ROC Bureau of Labor Insurance. Except for the aforementioned companies, other foreign subsidiaries recognized pension expenses of \$316,981 thousand, \$199,675 thousand, \$615,101 thousand and \$397,675 thousand for the three months and six months ended June 30, 2022 and 2021, respectively, for the defined contribution plans based on their respective local government regulations.

(18) Capital and Other Components of Equity

a. Common stock

AUO's authorized common stock, with par value of \$10 per share, all amounted to \$100,000,000 thousand as at June 30, 2022, December 31, 2021, and June 30, 2021.

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

In order to adjust AUO's capital structure to correspond with its corporate transformation, on June 17, 2022, AUO's shareholders' meeting resolved to reduce capital and refund cash to shareholders. Total amount of capital reduction is \$19,248,490 thousand, which translates to 1,924,849 thousand cancelled shares. The capital reduction percentage is approximately 20%. After the approval of this capital reduction from the relevant authorities, the Chairman authorized by the shareholders' meeting will determine the record dates of the capital reduction and replacement of shares.

As of June 30, 2022, AUO has issued 24,254 thousand ADSs, which represented 242,542 thousand shares of its common stock.

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AUO CORPORATION AND SUBSIDIARIES
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b. Capital surplus

The components of capital surplus were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
From common stock	\$ 52,756,091	52,756,091	52,756,091
From convertible bonds	6,049,862	6,049,862	6,049,862
From others	<u>1,758,003</u>	<u>1,251,048</u>	<u>1,582,038</u>
	<u>\$ 60,563,956</u>	<u>60,057,001</u>	<u>60,387,991</u>

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

c. Retained earnings and dividend policy

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

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

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

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AUO CORPORATION AND SUBSIDIARIES
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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.

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

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

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

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

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

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

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

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

d. Treasury shares

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

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

Six Months Ended June 30, 2021				
Reason for reacquisition	Number of shares, Beginning of Period	Additions	Reductions	Number of shares, End of Period
Transferring to employees	125,000	-	(3,978)	121,022

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

e. Other components of equity

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

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	Cumulative translation differences	Unrealized gains (losses) on financial assets at FVTOCI	Total
Balance at January 1, 2021	\$ (3,206,520)	(63,783)	(3,270,303)
Foreign operations – foreign currency translation differences	(1,259,170)	-	(1,259,170)
Net change in fair value of financial assets at FVTOCI	-	(23,520)	(23,520)
Equity-accounted investees – share of other comprehensive income	37,939	54,010	91,949
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	-	1,843	1,843
Related tax	<u>214,536</u>	<u>-</u>	<u>214,536</u>
Balance at June 30, 2021	<u><u>\$ (4,213,215)</u></u>	<u><u>(31,450)</u></u>	<u><u>(4,244,665)</u></u>
f. Non-controlling interests, net of tax			

	Six Months Ended June 30,	
	2022	2021
Balance at beginning of the period	\$ 6,179,431	10,985,674
Equity attributable to non-controlling interests:		
Profit (loss) for the period	(54,504)	338,932
Foreign currency translation differences, net of tax	12,432	(168,424)
Subsidiaries capital increase	30,950	33,000
Cash dividends from subsidiaries	(66,458)	-
Acquisition of subsidiaries	-	887,129
Share-based payments and others	<u>5,059</u>	<u>796</u>
Balance at end of the period	<u><u>\$ 6,106,910</u></u>	<u><u>12,077,107</u></u>

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AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(19) Share-based Payments

a. Employee treasury shares plan

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

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

The fair value of the share-based payments granted by AUO was measured at the date of grant using the Black-Scholes option pricing model. For the three months and six months ended June 30, 2022 and 2021, the related compensation costs recognized for the abovementioned plans amounted to nil, nil, \$72,744 thousand and \$39,133 thousand, respectively.

b. Employee restricted stock plan

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

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

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

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

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AUO CORPORATION AND SUBSIDIARIES
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The weighted average fair value per share estimated using the income approach for the abovementioned plan was USD1.105. The weighted average cost of capital which is the principal parameter was between 18.1% and 20.1%. For the three months and six months ended June 30, 2022, the compensation costs recognized for the abovementioned plan amounted to \$3,135 thousand, \$796 thousand, \$5,091 thousand and \$796 thousand, respectively.

(20) Revenue from Contracts with Customers

a. Disaggregation of revenue

	Three Months Ended June 30,					
	2022			2021		
	Display segment	Energy segment	Total segments	Display segment	Energy segment	Total segments
Primary geographical markets:						
PRC (including Hong Kong)	\$ 21,616,691	488,553	22,105,244	31,057,424	191,164	31,248,588
Taiwan	16,076,423	3,673,392	19,749,815	30,089,018	1,649,171	31,738,189
Singapore	5,439,794	-	5,439,794	16,272,740	-	16,272,740
Japan	4,239,698	34,253	4,273,951	6,118,946	61,287	6,180,233
United states	4,117,034	208	4,117,242	1,104,217	-	1,104,217
Others	5,953,857	1,244,539	7,198,396	8,391,309	720,224	9,111,533
	<u>\$ 57,443,497</u>	<u>5,440,945</u>	<u>62,884,442</u>	<u>93,033,654</u>	<u>2,621,846</u>	<u>95,655,500</u>
Major products:						
Products for Televisions	\$ 10,368,285	-	10,368,285	25,357,540	-	25,357,540
Products for Monitors	10,901,367	-	10,901,367	16,327,750	-	16,327,750
Products for Mobile PCs and Devices	14,754,079	-	14,754,079	26,940,816	-	26,940,816
Products for Automotive Solutions	8,619,802	-	8,619,802	7,297,640	-	7,297,640
Products for PID and General Display	8,578,236	-	8,578,236	11,504,097	-	11,504,097
Others	4,221,728	5,440,945	9,662,673	5,605,811	2,621,846	8,227,657
	<u>\$ 57,443,497</u>	<u>5,440,945</u>	<u>62,884,442</u>	<u>93,033,654</u>	<u>2,621,846</u>	<u>95,655,500</u>
Major customers:						
Customer A	\$ 4,501,625	-	4,501,625	9,988,696	-	9,988,696
Others (individually not greater than 10%)	52,941,872	5,440,945	58,382,817	83,044,958	2,621,846	85,666,804
	<u>\$ 57,443,497</u>	<u>5,440,945</u>	<u>62,884,442</u>	<u>93,033,654</u>	<u>2,621,846</u>	<u>95,655,500</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	Six Months Ended June 30,					
	2022			2021		
	Display segment	Energy segment	Total segments	Display segment	Energy segment	Total segments
Primary geographical markets:						
Taiwan	\$ 41,175,005	5,968,650	47,143,655	55,194,447	3,297,832	58,492,279
PRC (including Hong Kong)	45,153,171	1,093,693	46,246,864	59,147,262	307,907	59,455,169
Singapore	14,420,352	-	14,420,352	29,369,901	1,845	29,371,746
United states	13,420,752	773	13,421,525	1,934,531	95	1,934,626
Japan	8,706,146	45,812	8,751,958	11,205,964	134,782	11,340,746
Others	12,421,501	2,006,449	14,427,950	16,585,614	1,415,939	18,001,553
	\$ 135,296,927	9,115,377	144,412,304	173,437,719	5,158,400	178,596,119
Major products:						
Products for Televisions	\$ 24,399,294	-	24,399,294	47,934,087	-	47,934,087
Products for Monitors	24,021,648	-	24,021,648	30,698,485	-	30,698,485
Products for Mobile PCs and Devices	41,294,634	-	41,294,634	49,690,004	-	49,690,004
Products for Automotive Solutions	15,678,238	-	15,678,238	13,958,653	-	13,958,653
Products for PID and General Display	20,250,993	-	20,250,993	20,897,179	-	20,897,179
Others ⁽ⁱ⁾	9,652,120	9,115,377	18,767,497	10,259,311	5,158,400	15,417,711
	\$ 135,296,927	9,115,377	144,412,304	173,437,719	5,158,400	178,596,119
Major customers:						
Customer A	\$ 12,822,139	-	12,822,139	18,027,968	-	18,027,968
Others (individually not greater than 10%)	122,474,788	9,115,377	131,590,165	155,409,751	5,158,400	160,568,151
	\$ 135,296,927	9,115,377	144,412,304	173,437,719	5,158,400	178,596,119

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

b. Contract balances

	June 30, 2022	December 31, 2021	June 30, 2021
Contract assets — current (recorded in other current financial assets)	\$ 1,822,846	1,371,390	653,160
Contract liabilities — current (recorded in other current liabilities)	\$ 4,175,806	3,325,765	1,095,361
Contract liabilities — noncurrent	7,489,702	8,739,846	9,989,990
	\$ 11,665,508	12,065,611	11,085,351

(Continued)

AUO CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

The amounts of revenue recognized for the three months and six months ended June 30, 2022 and 2021 that previously included in the contract liability balance at the beginning of the year were \$680,336 thousand, \$27,107 thousand, \$2,841,519 thousand and \$253,571 thousand, respectively. Additionally, in the first quarter of 2021, AUO entered into long-term sales agreements with customers and has received payments in advance. Under the agreements, the customers should fulfill the requirement of minimum order quantity and AUO should fulfill the obligation of relevant delivery quantity as agreed. AUO accounted for such obligation as contract liabilities.

(21) Remuneration to Employees and Directors

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

AUO accrued remuneration to employees based on the profit before income tax excluding the remuneration to employees and directors for the period, multiplied by the percentage resolved by Board of Directors. For the three months ended June 30, 2022 and 2021, AUO made a reversal of \$388,792 thousand and an estimation of \$183,107 thousand, respectively, on the remuneration to employees. For the six months ended June 30, 2022 and 2021, AUO estimated the remuneration to employees amounting to \$2,015,080 thousand and \$3,253,826 thousand, respectively. Remuneration to directors was estimated based on the amount expected to pay and recognized together with the remuneration to employees as cost of sales or operating expenses. If remuneration to employees is resolved to be distributed in stock, the number of shares is determined by dividing the amount of remuneration by the closing price of the shares (ignoring ex-dividend effect) on the day preceding the Board of Directors' meeting. If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are accounted for as a change in accounting estimate and adjusted prospectively to next year's profit or loss.

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

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

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Notes to Consolidated Financial Statements

(22) Additional Information of Expenses by Nature

	Three Months Ended June 30,					
	2022			2021		
	Recognized in cost of sales	Recognized in operating expenses	Total	Recognized in cost of sales	Recognized in operating expenses	Total
Employee benefits expenses:						
Post-employment benefits	\$ 439,891	135,608	575,499	336,885	102,963	439,848
Salaries and other employee benefits	7,430,998	2,961,643	10,392,641	9,288,674	3,934,464	13,223,138
Depreciation	6,783,002	1,066,121	7,849,123	7,281,152	1,138,638	8,419,790
Amortization	46,385	5,447	51,832	48,080	4,721	52,801

	Six Months Ended June 30,					
	2022			2021		
	Recognized in cost of sales	Recognized in operating expenses	Total	Recognized in cost of sales	Recognized in operating expenses	Total
Employee benefits expenses:						
Post-employment benefits	\$ 858,928	268,382	1,127,310	671,890	202,398	874,288
Salaries and other employee benefits	15,940,832	6,031,540	21,972,372	17,698,215	7,141,297	24,839,512
Depreciation	13,699,437	2,103,653	15,803,090	14,652,423	2,302,012	16,954,435
Amortization	92,748	10,702	103,450	95,994	8,439	104,433

(23) Non-Operating Income and Expenses

a. Interest income

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	Interest income on bank deposits	\$ 171,203	125,782	283,510
Other interest income	<u>262</u>	<u>(585)</u>	<u>314</u>	<u>30</u>
	<u>\$ 171,465</u>	<u>125,197</u>	<u>283,824</u>	<u>230,779</u>

(Continued)

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Notes to Consolidated Financial Statements

b. Other income

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Rental income, net	\$ 121,958	145,007	245,308	274,776
Grants	505,421	50,854	564,469	106,480
Others	101,604	80,141	401,187	197,518
	<u>\$ 728,983</u>	<u>276,002</u>	<u>1,210,964</u>	<u>578,774</u>

c. Other gains and losses

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Foreign exchange gains (losses), net	\$ 40,152	(239,586)	782,047	(67,274)
Gains (losses) on valuation of financial instruments at FVTPL, net	(170,578)	182,130	(906,198)	(281,215)
Gains on disposals of property, plant and equipment, net	83,972	27,642	90,193	27,142
Gains on disposals of investments, net	-	6	-	886,589
Gains on liquidation of subsidiaries, net	3,651	-	143,204	-
Others	(19,248)	(63,945)	(33,085)	(88,409)
	<u>\$ (62,051)</u>	<u>(93,753)</u>	<u>76,161</u>	<u>476,833</u>

d. Finance costs

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Interest expense on bank borrowings	\$ 222,526	529,157	477,027	1,117,003
Interest expense on lease liabilities	35,169	45,467	77,851	92,505
Other interest expense	(4,406)	16,403	12,971	32,110
Finance expense	22,117	26,010	106,120	44,589
	<u>\$ 275,406</u>	<u>617,037</u>	<u>673,969</u>	<u>1,286,207</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(24) Income Taxes

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

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

The components of income tax expense were as follows:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Current income tax expense:				
Current year	\$ 505,752	930,472	1,307,598	1,714,741
Tax on undistributed earnings	1,864,118	-	1,864,118	-
Adjustment to prior years and others	<u>(316,056)</u>	<u>35,341</u>	<u>(277,939)</u>	<u>40,355</u>
	<u>\$ 2,053,814</u>	<u>965,813</u>	<u>2,893,777</u>	<u>1,755,096</u>

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Items that are or may be reclassified subsequently to profit or loss:				
Foreign operations – foreign currency translation differences	<u>\$ (65,794)</u>	<u>(142,508)</u>	<u>460,024</u>	<u>(233,468)</u>

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

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(25) Earnings (loss) per Share

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Basic earnings (loss) per share				
Profit (loss) attributable to AUO's shareholders	\$ <u>(5,632,459)</u>	<u>19,530,948</u>	<u>(468,083)</u>	<u>31,365,039</u>
Weighted-average number of common shares outstanding during the period	<u>9,575,824</u>	<u>9,503,223</u>	<u>9,573,494</u>	<u>9,501,619</u>
Basic earnings (loss) per share (NT\$)	\$ <u>(0.59)</u>	<u>2.06</u>	<u>(0.05)</u>	<u>3.30</u>
	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Diluted earnings (loss) per share				
Profit (loss) attributable to AUO's shareholders	\$ <u>(5,632,459)</u>	<u>19,530,948</u>	<u>(468,083)</u>	<u>31,365,039</u>
Weighted-average number of common shares outstanding during the period	9,575,824	9,503,223	9,573,494	9,501,619
Effect of employee remuneration in stock	-	88,966	157,098	149,289
	<u>9,575,824</u>	<u>9,592,189</u>	<u>9,730,592</u>	<u>9,650,908</u>
Diluted earnings (loss) per share (NT\$)	\$ <u>(0.59)</u>	<u>2.04</u>	<u>(0.05)</u>	<u>3.25</u>

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

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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

Except for otherwise disclosed in other notes to the consolidated financial statements, the reconciliation of liabilities to cash flows arising from financing activities for the six months ended June 30, 2022 and 2021 were as follows:

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

⁽ⁱ⁾ Including decrease in the current period of \$284,342 thousand.

	Long-term borrowings (including current installments)	Short-term borrowings	Guarantee deposits	Lease liabilities	Total liabilities from financing activities
Balance at January 1, 2021	\$ 116,594,969	200,000	864,868	10,297,272	127,957,109
Cash flows	(13,399,360)	(148,000)	(31,746)	(285,410)	(13,864,516)
Non-cash changes:					
Additions	-	-	-	44,213	44,213
Changes in consolidated entities	1,149,806	-	-	617	1,150,423
Changes in exchange rate and others	<u>(294,671)</u>	<u>-</u>	<u>(40,191)</u>	<u>(96,533)</u>	<u>(431,395)</u>
Balance at June 30, 2021	<u>\$ 104,050,744</u>	<u>52,000</u>	<u>792,931</u>	<u>9,960,159</u>	<u>114,855,834</u>

(27) Financial Instruments

a. Fair value and carrying amount

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

(Continued)

AUO CORPORATION AND SUBSIDIARIES
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Disclosures of fair value are not required for the financial instruments abovementioned and lease liabilities. Other than those, the carrying amount and fair value of other financial instruments of the Company as of June 30, 2022, December 31, 2021, and June 30, 2021 were as follows:

	June 30, 2022		December 31, 2021		June 30, 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:						
Financial assets at FVTPL:						
Financial assets mandatorily measured at FVTPL	\$ 521,802	521,802	159,270	159,270	75,127	75,127
Financial assets at FVTOCI	1,404,735	1,404,735	1,308,157	1,308,157	651,471	651,471
Financial assets at amortized cost:						
Domestic and foreign time deposits	11,050,684	11,050,684	10,706,340	10,706,340	10,262,008	10,262,008
Refundable deposits	963,714	963,714	980,390	980,390	323,570	323,570
Financial liabilities:						
Financial liabilities at FVTPL:						
Financial liabilities held for trading	162,903	162,903	132,797	132,797	189,667	189,667
Financial liabilities at amortized cost:						
Long-term borrowings (including current installments)	52,727,703	52,727,703	54,654,864	54,654,864	104,050,744	104,050,744
Guarantee deposits	762,627	762,627	771,877	771,877	792,931	792,931
Long-term payables (including current installments)	1,092,480	1,092,480	1,404,990	1,404,990	1,404,990	1,404,990

b. Valuation techniques and assumptions applied in fair value measurement

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

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

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

(Continued)

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

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

The fair value of floating-rate long-term borrowings approximates to their carrying value.

c. Fair value measurements recognized in the consolidated balance sheets

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

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

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
June 30, 2022				
Financial assets at FVTPL:				
Financial assets mandatorily measured at FVTPL	\$ -	521,802	-	521,802
Financial assets at FVTOCI	244,426	-	1,160,309	1,404,735
Financial assets at amortized cost:				
Domestic and foreign time deposits	-	11,050,684	-	11,050,684
Financial liabilities at FVTPL:				
Financial liabilities held for trading	-	162,903	-	162,903
Financial liabilities at amortized cost:				
Long-term payables (including current installments)	-	1,092,480	-	1,092,480

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2021				
Financial assets at FVTPL:				
Financial assets mandatorily measured at FVTPL	\$ -	159,270	-	159,270
Financial assets at FVTOCI	149,177	-	1,158,980	1,308,157
Financial assets at amortized cost:				
Domestic and foreign time deposits	-	10,706,340	-	10,706,340
Financial liabilities at FVTPL:				
Financial liabilities held for trading	-	132,797	-	132,797
Financial liabilities at amortized cost:				
Long-term payables (including current installments)	-	1,404,990	-	1,404,990
June 30, 2021				
Financial assets at FVTPL:				
Financial assets mandatorily measured at FVTPL	\$ -	75,127	-	75,127
Financial assets at FVTOCI	122,009	-	529,462	651,471
Financial assets at amortized cost:				
Domestic and foreign time deposits	-	10,262,008	-	10,262,008
Financial liabilities at FVTPL:				
Financial liabilities held for trading	-	189,667	-	189,667
Financial liabilities at amortized cost:				
Long-term payables (including current installments)	-	1,404,990	-	1,404,990

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

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AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

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

	Six Months Ended	
	June 30	
	2022	2021
Financial assets at FVTOCI— equity instruments without active market		
Balance at beginning of the period	\$ 1,158,980	328,156
Purchases	-	167,586
Reclassification	-	34,177
Effect of exchange rate change	1,329	(457)
Balance at end of the period	\$ 1,160,309	529,462

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

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

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at FVTOCI—equity instruments without active market	Market approach	<ul style="list-style-type: none"> · Price-Book ratio (1.21~9.76 at June 30, 2022, 1.44~17.85 at December 31, 2021 and 0.96~2.65 at June 30, 2021) · Price-Earnings ratio (7.16~17.36 at June 30, 2022, 8.82~26.12 at December 31, 2021 and 10.75~22.23 at June 30, 2021) · Discount for lack of marketability (9%~22% at June 30, 2022, 20% at December 31, 2021 and 20%~32% at June 30, 2021) 	<ul style="list-style-type: none"> · The higher the price-book ratio is, the higher the fair value is. · The higher the price-earnings ratio is, the higher the fair value is. · The greater degree of lack of marketability is, the lower the fair value is.

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AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(28) Financial Risk Management

Except as described below, both the goals and policies of the Company's financial risk management and the Company's exposure to credit risk, liquidity risk and market risk were not materially different from those disclosed in Note 6(29) of the consolidated financial statements for the year ended December 31, 2021.

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

a. Currency risk

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

	June 30, 2022			December 31, 2021			June 30, 2021		
	Foreign currency amounts	Exchange rate	NTD	Foreign currency amounts	Exchange rate	NTD	Foreign currency amounts	Exchange rate	NTD
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 1,722,109	29.7260	51,191,412	3,001,028	27.6880	83,092,463	2,997,801	27.8700	83,548,714
JPY	13,513,928	0.2190	2,959,550	4,543,754	0.2409	1,094,590	17,844,745	0.2509	4,477,247
EUR	28,973	31.1588	902,764	34,718	31.4203	1,090,850	33,300	33.0399	1,100,229
<u>Non-monetary items</u>									
USD	34,579	29.7260	1,027,895	34,579	27.6880	957,423	12,593	27.8700	350,967
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	1,500,973	29.7260	44,617,923	1,944,481	27.6880	53,838,790	1,709,562	27.8700	47,645,493
JPY	15,271,593	0.2190	3,344,479	20,754,389	0.2409	4,999,732	20,370,403	0.2509	5,110,934
EUR	962	31.1588	29,975	28	31.4203	880	23	33.0399	760

b. Sensitivity analysis

The Company's exposure to foreign currency risk arises mainly from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade receivables, loans and borrowings and trade payables that are denominated in foreign currency. Depreciation or appreciation of the NTD by 1% against the USD, EUR and JPY at June 30, 2022 and 2021, while all other variables were remained constant, would have increased or decreased the net profit before tax for the six months ended June 30, 2022 and 2021 as follows:

	Six Months Ended	
	June 30,	
	2022	2021
1% of depreciation	\$ 70,613	363,690
1% of appreciation	(70,613)	(363,690)

(Continued)

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Notes to Consolidated Financial Statements

c. Foreign exchange gain (loss) on monetary items

With varieties of functional currencies within the Company, the Company disclosed foreign exchange gain (loss) on monetary items in aggregate. The aggregate of realized and unrealized foreign exchange gains (losses) for the three months and six months ended June 30, 2022 and 2021 were \$40,152 thousand in gains, \$239,586 thousand in losses, \$782,047 thousand in gains and \$67,274 thousand in losses, respectively.

(29) Capital Management

The objectives, policies and procedures of the Company's capital management have been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2021. Also, there was no significant change in the Company's capital management information as disclosed for the year ended December 31, 2021. Refer to Note 6(30) of the consolidated financial statements for the year ended December 31, 2021 for the relevant information.

7. Related-party Transactions

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

(1) Name and relationship of related parties

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

<u>Name of related party</u>	<u>Relationship with the Company</u>
EnnoStar Inc. ("EnnoStar")	Associate
Lextar Electronics Corporation ("Lextar")	Subsidiary of EnnoStar
Lextar Electronics (Suzhou) Co., Ltd. ("LESZ")	Subsidiary of EnnoStar
Lextar Electronics (Chuzhou) Corp. ("LEXCZ")	Subsidiary of EnnoStar
Epistar Corporation ("Epistar")	Subsidiary of EnnoStar
Yenrich Technology Corporation ("Yenrich")	Subsidiary of EnnoStar
Raydium Semiconductor Corporation ("Raydium")	Associate
Raydium Semiconductor (Kunshan) Co., Ltd. ("RKS")	Subsidiary of Raydium
Star Shining Energy Corporation ("SSEC")	Associate
Fargen Power Corporation ("FGPC")	Subsidiary of SSEC
Sheng Li Energy Corporation ("SLEC")	Subsidiary of SSEC
ChampionGen Power Corporation ("CGPC")	Subsidiary of SSEC
TronGen Power Corporation ("TGPC")	Subsidiary of SSEC
Ri Ji Power Corporation ("RJPC")	Subsidiary of SSEC
Ri Jing Power Corporation ("RGPC")	Subsidiary of SSEC

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AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

<u>Name of related party</u>	<u>Relationship with the Company</u>
Mao Zheng Energy Corporation (“MZEC”)	Subsidiary of SSEC
Mao Xin Energy Corporation (“MXEC”)	Subsidiary of SSEC
Sheng Feng Power Corporation (“SFPC”)	Subsidiary of SSEC
Sheng He Power Corporation (“SHPC”)	Subsidiary of SSEC
Sheng Yao Power Corporation (“SYPC”)	Subsidiary of SSEC
Sheng Da Power Corporation (“SDPC”)	Subsidiary of SSEC
Shin Sheng Feng Investment Corp. (“SSFI”)	Subsidiary of SSEC
Daxin Materials Corp. (“Daxin”)	Associate
Darwin Summit Corporation Ltd. (“DSC”)	Associate
ADLINK Technology Inc. (“ADLINK”)	Associate
ADLINK Technology (China) Co., Ltd. (“ADLINKCN”)	Subsidiary of ADLINK
IRIS Optronics Co., Ltd. (“IOC”)	Associate
Ubitech Inc. (“Ubitech”)	Associate ⁽ⁱ⁾
Evonik Forhouse Optical Polymers Corp. (“EFOP”)	Joint venture ⁽ⁱⁱ⁾
Qisda Corporation (“Qisda”)	Associate
Qisda Vietnam Co., Ltd (“QVH”)	Subsidiary of Qisda
BenQ Corporation (“BenQ”)	Subsidiary of Qisda
BenQ Materials Corp. (“BMC”)	Subsidiary of Qisda
BenQ Medical Technology Corp. (“TMC”)	Subsidiary of Qisda
BenQ Healthcare Corporation (“BHS”)	Subsidiary of Qisda
Qisda (Suzhou) Co., Ltd. (“QCSZ”)	Subsidiary of Qisda
Qisda Electronics (Suzhou) Co., Ltd. (“QCES”)	Subsidiary of Qisda
Qisda Optronics (Suzhou) Co., Ltd. (“QCOS”)	Subsidiary of Qisda
Qisda Precision Industry (Suzhou) Co., Ltd. (“QCPS”)	Subsidiary of Qisda
Global Intelligence Network Co., Ltd. (“GINNET”)	Subsidiary of Qisda
Standard Technology Corp. (“STC”)	Subsidiary of Qisda
BenQ Europe B.V. (“BQE”)	Subsidiary of Qisda
BenQ Asia Pacific Corp. (“BQP”)	Subsidiary of Qisda
BenQ Co., Ltd. (“BQC”)	Subsidiary of Qisda
BenQ Technology (Shanghai) Co., Ltd. (“BQls”)	Subsidiary of Qisda
Guru Systems (Suzhou) Co., Ltd. (“GSS”)	Subsidiary of Qisda
BenQ GURU Corp. (“GST”)	Subsidiary of Qisda
BenQ Material (Suzhou) Co., Ltd. (“BMS”)	Subsidiary of Qisda
Suzhou BenQ Hospital Co., Ltd. (“QCHS”)	Subsidiary of Qisda

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<u>Name of related party</u>	<u>Relationship with the Company</u>
DFI Inc. (“DFI”)	Subsidiary of Qisda
Data Image Corporation (“DIC”)	Subsidiary of Qisda
Data Image (Suzhou) Corporation (“DICSZ”)	Subsidiary of Qisda
Partner Tech Corp. (“PTT”)	Subsidiary of Qisda
Webest Solution Corp. (“WEBEST”)	Subsidiary of Qisda
AEWIN Technologies Co., Ltd. (“AEW”)	Subsidiary of Qisda
ACE Pillar Co., Ltd. (“ACE”)	Subsidiary of Qisda
Tianjin ACE Pillar Co., Ltd. (“ACETJ”)	Subsidiary of Qisda
Golden Spirit Co., Ltd. (“GSC”)	Subsidiary of Qisda
LILY Medical Corporation (“LILY”)	Subsidiary of Qisda
Hitron Technologies Inc. (“HHC”)	Subsidiary of Qisda
AdvancedTEK International Corp. (“ADVANCEDTEK”)	Subsidiary of Qisda
BenQ Intelligent Technology (Shanghai) Co., Ltd. (“BQC_RO”)	Subsidiary of Qisda
Metaage Corporation (“MTG”)	Subsidiary of Qisda
Concord Medical Co., Ltd. (“Concord”)	Subsidiary of Qisda
Daxon Biomedical (Suzhou) Co., Ltd. (“DTB”)	Subsidiary of Qisda
BenQ Materials Medical Supplies (Suzhou) Co., Ltd. (“BMM”)	Subsidiary of Qisda
AUO Foundation	Substantive related party
BenQ Foundation	Substantive related party ⁽ⁱⁱⁱ⁾
WishMobile, Inc. (“WMI”)	Konly represented as a director of WMI ^(iv)
WiBASE Industrial Solutions Inc. (“WIS”)	DPTW represented as a director of WIS
ToYou Display (Suzhou) Co., Ltd. (“TYSZ”)	AUSZ represented as a director of TYSZ ^(v)
Jector Digital System Inc. (“JDSI”)	Director of Jector
SINTRONES Technology Corp. (“SINTRONES”)	AUO represented as a director of SINTRONES
Play Nitride Inc. (“PlayNitride”)	Konly represented as a director of PlayNitride
PlayNitride Display Co., Ltd. (“PND”)	Subsidiary of PlayNitride

(i) The Company sold all of its ownership interests in Ubitech in July 2021. Therefore, Ubitech is no longer a related party of the Company starting from the date of disposal.

(ii) EFOP completed its liquidation in May 2022.

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AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

- (iii) BenQ Foundation is no longer a related party of the Company starting from the second quarter of 2021.
- (iv) The Company has not had significant influence over WMI since October 2021; therefore, WMI was changed from associate to other related party.
- (v) The Company sold part of its ownership interests in TYSZ in January 2021. After the disposal, the Company assessed and considered that it did not have significant influence over TYSZ; therefore, TYSZ was changed from joint venture to other related party.
- (2) Compensation to key management personnel

Key management personnel's compensation comprised:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Short-term employee benefits	\$ 35,882	31,776	67,037	59,991
Post-employment benefits	324	351	733	840
Share-based payments	-	-	39,592	17,276
	<u>\$ 36,206</u>	<u>32,127</u>	<u>107,362</u>	<u>78,107</u>

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

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

	Sales			
	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Associates	\$ 3,928,893	3,448,586	7,197,597	6,964,843
Others	1,002	260	1,427	269
	<u>\$ 3,929,895</u>	<u>3,448,846</u>	<u>7,199,024</u>	<u>6,965,112</u>
	<u>Accounts receivable from related parties</u>			
	June 30,	December 31,	June 30,	
	2022	2021	2021	
Associates	\$ 1,825,636	2,478,006	2,441,741	
Others	603	1,389	77	
	<u>\$ 1,826,239</u>	<u>2,479,395</u>	<u>2,441,818</u>	

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

b. Purchases

	Purchases			
	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Associates	\$ 5,792,268	6,753,307	12,956,062	13,140,670
Joint ventures	-	255,830	-	450,916
Others	385	8,974	2,522	8,974
	\$ 5,792,653	7,018,111	12,958,584	13,600,560
	Accounts payable to related parties			
	June 30,	December 31,	June 30,	
	2022	2021	2021	
Associates	\$ 7,639,040	8,821,310	7,849,268	
Joint ventures	-	-	153,972	
Others	109	4,051	10,177	
	\$ 7,639,149	8,825,361	8,013,417	

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

c. Acquisition of property, plant and equipment

	Acquisition prices			
	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Associates	\$ 21,636	5,319	26,827	6,686

d. Disposal of property, plant and equipment

	Proceeds from disposal			
	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2022	2021	2022	2021
Associates	\$ 550	-	550	-

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

		Gains on disposal			
		Three Months Ended		Six Months Ended	
		June 30,		June 30,	
		2022	2021	2022	2021
	Associates	\$ 550	-	550	-
e. Other related party transactions					
Transaction type	Type of related party	Three Months Ended		Six Months Ended	
		June 30,		June 30,	
		2022	2021⁽ⁱ⁾	2022	2021
Rental income	Associates				
	BMC	\$ 24,099	23,693	48,213	47,371
	Others	8,625	8,130	17,433	17,326
	Joint ventures	-	1,652	-	3,305
	Others	-	(18)	-	3,731
		\$ 32,724	33,457	65,646	71,733
Other income	Associates	\$ 8,470	4,840	17,257	6,807
Cost of sales and operating expenses	Associates	\$ 15,981	21,706	34,827	42,902
	Others	40,755	33	93,904	33
		\$ 56,736	21,739	128,731	42,935

⁽ⁱ⁾ Including the effect of exchange rate conversion.

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

Transaction type	Type of related party	June 30,	December 31,	June 30,
		2022	2021	2021
Other receivables due from related parties, including dividends	Associates	\$ 1,834,655	20,682	709,766
	Others	-	17	-
		\$ 1,834,655	20,699	709,766

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

From January to June 2021, the Company participated in WMI's capital increase by \$15,000 thousand. For the six months ended June 30, 2022 and 2021, the Company entitled for cash dividends declared by associates of \$1,820,947 thousand and \$705,359 thousand, respectively. As of June 30, 2022, December 31, 2021, and June 30, 2021, total outstanding dividend receivables classified under other receivables due from related parties amounted to \$1,820,947 thousand, nil and \$705,359 thousand, respectively.

<u>Transaction type</u>	<u>Type of related party</u>	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Others payables due to related parties, including payable for equipment	Associates	\$ 19,621	62,110	48,057
	Others	18,709	11,734	37
		<u>\$ 38,330</u>	<u>73,844</u>	<u>48,094</u>

8. Pledged Assets

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

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Restricted cash in banks ⁽ⁱ⁾	Customs duties, guarantee for warranties and long-term borrowings limit	\$ 461,934	93,124	103,823
Land and buildings	Long-term borrowings limit	62,559,025	49,863,581	50,526,461
Machinery and equipment	Long-term borrowings limit	24,312,665	31,810,247	38,925,568
Right-of-use assets	Long-term borrowings limit	79,576	79,030	79,452
		<u>\$ 87,413,200</u>	<u>81,845,982</u>	<u>89,635,304</u>

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

9. Significant Contingent Liabilities and Unrecognized Commitments

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

(1) Outstanding letters of credit

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

<u>Currency</u>	<u>June 30, 2022 (in thousands)</u>
USD	72,730
JPY	19,489,650

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(2) Technology licensing agreements

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

(3) Purchase commitments

- a. In 2021, AUO entered into a long-term materials supply agreement with a supplier, under which, AUO and the supplier agreed on the supply of certain IC chip at agreed prices and quantities.
- b. As at June 30, 2022, significant outstanding purchase commitments for construction in progress, property, plant and equipment totaled \$45,943,434 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.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

As of July 27, 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.

10. Significant Disaster Losses: None

11. Subsequent Event: None

12. Others

(1) Seasonality of operations

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

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

13. Additional Disclosures

(1) Information on significant transactions:

Following are the additional disclosures required by the Regulations for the Company for the six months ended June 30, 2022.

- a. Financings provided: Please see Table 1 attached.
- b. Endorsements/guarantees provided: Please see Table 2 attached.

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

- 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).
- j. Business relationship and significant intercompany transactions: Please see Table 8 attached.
- (2) Information on investees (excluding information on investment in Mainland China): Please see Table 9 attached.
- (3) Information on investment in Mainland China:
- a. The related information on investment in Mainland China: Please see Table 10.1 and 10.2 attached.
- b. Upper limit on investment in Mainland China: Please see Table 10.1 and 10.2 attached.
- c. Significant transactions:
- Significant direct or indirect transactions with the investees in Mainland China for the six months ended June 30, 2022, for which intercompany transactions were eliminated upon consolidation, are disclosed in Note 13(1) "Information on significant transactions".
- (4) Major shareholders:

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

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

14. Segment Information

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

Segment results are excluding non-operating income and expenses and income tax expense (benefit). There are no differences between the consolidated financial statements for the six months ended June 30, 2022 and 2021 with the financial results received by the Company's chief operating decision maker. The accounting policies for the operating segments are the same as those used in preparation of the consolidated financial statements of the Company. The Company uses the net revenue, profit (loss) from operations and segment profit (loss) excluding depreciation and amortization as the basis of segment performance assessment.

	Three Months Ended June 30, 2022		
	Display segment	Energy segment	Total segments
Net revenue from external customers	\$ <u>57,443,497</u>	<u>5,440,945</u>	<u>62,884,442</u>
Segment profit (loss)	\$ <u>(5,059,465)</u>	<u>414,411</u>	(4,645,054)
Net non-operating income and expenses			<u>1,001,652</u>
Consolidated profit (loss) before income tax			\$ <u>(3,643,402)</u>
Segment profit (loss) excluding depreciation and amortization	\$ <u>2,721,353</u>	<u>534,548</u>	<u>3,255,901</u>
Segment assets			\$ <u>408,405,476</u>
	Three Months Ended June 30, 2021		
	Display segment	Energy segment	Total segments
Net revenue from external customers	\$ <u>93,033,654</u>	<u>2,621,846</u>	<u>95,655,500</u>
Segment profit (loss)	\$ <u>20,047,962</u>	<u>237,145</u>	20,285,107
Net non-operating income and expenses			<u>543,162</u>
Consolidated profit (loss) before income tax			\$ <u>20,828,269</u>
Segment profit (loss) excluding depreciation and amortization	\$ <u>28,379,853</u>	<u>377,845</u>	<u>28,757,698</u>
Segment assets			\$ <u>443,668,316</u>

(Continued)

AUO CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

	Six Months Ended June 30, 2022		
	Display segment	Energy segment	Total segments
Net revenue from external customers	<u>\$ 135,296,927</u>	<u>9,115,377</u>	<u>144,412,304</u>
Segment profit (loss)	<u>\$ 94,844</u>	<u>558,299</u>	653,143
Net non-operating income and expenses			1,718,047
Consolidated net profit (loss) before income tax			<u>\$ 2,371,190</u>
Segment profit (loss) excluding depreciation and amortization	<u>\$ 15,758,179</u>	<u>801,504</u>	<u>16,559,683</u>
Segment assets			<u>\$ 408,405,476</u>
	Six Months Ended June 30, 2021		
	Display segment	Energy segment	Total segments
Net revenue from external customers	<u>\$ 173,437,719</u>	<u>5,158,400</u>	<u>178,596,119</u>
Segment profit (loss)	<u>\$ 31,994,512</u>	<u>308,820</u>	32,303,332
Net non-operating income and expenses			1,155,735
Consolidated profit (loss) before income tax			<u>\$ 33,459,067</u>
Segment profit (loss) excluding depreciation and amortization	<u>\$ 48,753,221</u>	<u>608,979</u>	<u>49,362,200</u>
Segment assets			<u>\$ 443,668,316</u>

(Continued)

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

Table 1

No.	Financing Company	Borrowing Company	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 3)	Ending Balance (Notes 1 and 2)	Amount Actually Drawn Down (Notes 1 and 4)	Interest Rate	Nature of Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Notes 1 and 5)	Limits on Financing Company's Total Financing Amount (Notes 1 and 5)
													Item	Value		
0	AUO	AETTW	Other receivables from related parties	Yes	400,000	200,000	100,000	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	22,315,006	89,260,025
0	AUO	AUOKS	Other receivables from related parties	Yes	9,010,200	8,883,000	4,441,500	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	22,315,006	89,260,025
0	AUO	DPTW	Other receivables from related parties	Yes	1,000,000	1,000,000	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	22,315,006	89,260,025
0	AUO	ACTW	Other receivables from related parties	Yes	2,400,000	1,400,000	1,400,000	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	22,315,006	89,260,025
0	AUO	S4M	Other receivables from related parties	Yes	130,000	130,000	30,000	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	22,315,006	89,260,025
1	AUOLB	AUOKS	Other receivables from related parties	Yes	16,629,750	15,101,100	8,438,850	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	73,820,075	73,820,075
2	AUOXM	AUOKS	Other receivables from related parties	Yes	4,782,580	2,442,825	1,554,525	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	15,172,090	15,172,090

No.	Financing Company	Borrowing Company	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 3)	Ending Balance (Notes 1 and 2)	Amount Actually Drawn Down (Notes 1 and 4)	Interest Rate	Nature of Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Notes 1 and 5)	Limits on Financing Company's Total Financing Amount (Notes 1 and 5)
													Item	Value		
3	BVXM	AUOKS	Other receivables from related parties	Yes	450,510	444,150	444,150	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	1,364,888	1,364,888
4	AUSJ	ATISZ	Other receivables from related parties	Yes	90,102	88,830	35,532	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	4,206,503	4,206,503
4	AUSJ	ADTSZ	Other receivables from related parties	Yes	45,051	44,415	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	4,206,503	4,206,503
4	AUSJ	AMISZ	Other receivables from related parties	Yes	112,628	66,623	17,766	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	4,206,503	4,206,503
4	AUSJ	AETSZ	Other receivables from related parties	Yes	450,510	355,320	173,219	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	4,206,503	4,206,503
4	AUSJ	AUOKS	Other receivables from related parties	Yes	1,576,785	1,554,525	1,554,525	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	4,206,503	4,206,503
4	AUSJ	ACTSZ	Other receivables from related parties	Yes	108,122	106,596	13,325	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	4,206,503	4,206,503
4	AUSJ	AMIXM	Other receivables from related parties	Yes	72,082	71,064	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	4,206,503	4,206,503
5	AUSZ	AUOKS	Other receivables from related parties	Yes	6,651,900	5,773,950	2,442,825	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	18,796,164	18,796,164

No.	Financing Company	Borrowing Company	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 3)	Ending Balance (Notes 1 and 2)	Amount Actually Drawn Down (Notes 1 and 4)	Interest Rate	Nature of Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Notes 1 and 5)	Limits on Financing Company's Total Financing Amount (Notes 1 and 5)
													Item	Value		
6	DPSZ	FTWJ	Other receivables from related parties	Yes	225,255	222,075	222,075	Adjusted by base lending rate of People's Bank of China	Needs for short-term financing	-	Operating capital	-	-	-	1,549,381	1,549,381
7	FPWJ	FTWJ	Other receivables from related parties	Yes	225,255	222,075	-	Adjusted by base lending rate of People's Bank of China	Needs for short-term financing	-	Operating capital	-	-	-	720,590	720,590
8	FTWJ	FHWJ	Other receivables from related parties	Yes	21,835	8,883	8,883	Adjusted by base lending rate of People's Bank of China	Needs for short-term financing	-	Operating capital	-	-	-	1,358,297	1,358,297

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

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

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

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

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

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

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

Table 2

No.	Endorser/ Guarantor	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided for Each Party (Notes 4 and 5)	Maximum Endorsement/ Guarantee Balance for the Period (Note 2)	Ending Balance (Notes 3 and 4)	Amount Actually Drawn Down (Note 4)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Notes 4 and 5)	Endorsement /Guarantee Provided by Parent Company to Subsidiary	Endorsement /Guarantee Provided by Subsidiary to Parent Company	Endorsement /Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship (Note 1)										
0	AUO	AUOKS	2	111,575,031	14,726,940	14,726,940	2,013,283	-	6.60%	223,150,062	Yes	No	Yes
1	DPXM	DPTW	3	1,672,142	436,700	-	-	-	-	1,672,142	No	No	No
2	FPWJ	FTWJ	4	288,236	225,255	222,075	-	-	30.82%	288,236	No	No	Yes

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

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

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

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

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

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

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

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

Table 3

Name of Holder	Type and Name of Marketable Securities	Relationship with the Securities Issuer	Financial Statement Account	June 30, 2022				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
AUO	ACE Energy Co., Ltd.'s stock	Related party	Financial assets at FVTPL—noncurrent	1,700	-	17.00%	-	
AUO	SINTRONES Technology Corp.'s stock	Related party	Financial assets at FVTOCI—noncurrent	1,299	62,807	7.06%	62,807	
AUOLB	Abakus Solar AG's stock	-	Financial assets at FVTPL—noncurrent	3	-	2.22%	-	
AUSH	T-powertek Optronics Co.,Ltd.'s stock	-	Financial assets at FVTOCI—noncurrent	1,293	CNY 6,250	1.58%	CNY 6,250	
AUSZ	ToYou Display (Suzhou) Co., Ltd's stock	Related party	Financial assets at FVTOCI—noncurrent	-	CNY 7,931	18.00%	CNY 7,931	
Konly	Carota Corporation's stock	-	Financial assets at FVTOCI—noncurrent	813	55,710	2.63%	55,710	
Konly	PlayNitride Inc.'s stock	Related party	Financial assets at FVTOCI—noncurrent	7,535	698,991	7.47%	698,991	
Konly	SnapBizz CloudTech Pte. Ltd.'s stock	-	Financial assets at FVTOCI—noncurrent	13	-	4.61%	-	
Konly	Azotek Co., Ltd.'s stock	-	Financial assets at FVTOCI—noncurrent	2,407	7,345	3.96%	7,345	
Konly	WishMobile, Inc.'s stock	Related party	Financial assets at FVTOCI—noncurrent	8,625	16,531	14.38%	16,531	
Konly	Chenfeng Optronics Corporation's stock	-	Financial assets at FVTPL—noncurrent	1,500	-	1.79%	-	
Konly	GCS Holdings, Inc.'s stock	-	Financial assets at FVTOCI—noncurrent	1,119	37,487	1.01%	37,487	
Konly	a2peak power Co., Ltd.'s stock	-	Financial assets at FVTPL—noncurrent	4,000	-	10.87%	-	
Konly	SINTRONES Technology Corp.'s stock	Related party	Financial assets at FVTOCI—noncurrent	556	26,883	3.02%	26,883	
DPTW	D8AI Holdings Corporation's stock	-	Financial assets at FVTOCI—noncurrent	7,000	8,649	4.59%	8,649	
DPTW	Disign Incorporated's stock	-	Financial assets at FVTOCI—noncurrent	2	10,714	19.89%	10,714	
DPTW	Evertrust Technology Ltd.'s stock	-	Financial assets at FVTOCI—noncurrent	150	1,500	16.13%	1,500	
DPTW	HUAI I Precision Technology Co., Ltd.'s stock	-	Financial assets at FVTOCI—noncurrent	2,914	34,968	10.00%	34,968	
DPTW	WiBASE Industrial Solutions Inc.'s stock	Related party	Financial assets at FVTOCI—noncurrent	3,536	42,432	9.11%	42,432	

Name of Holder	Type and Name of Marketable Securities	Relationship with the Securities Issuer	Financial Statement Account	June 30, 2022				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
Ronly	PlayNitride Inc.'s stock	Related party	Financial assets at FVTOCI—noncurrent	2,011	210,482	1.99%	210,482	
Ronly	Exploit Technology Co., Ltd.'s stock	-	Financial assets at FVTPL—noncurrent	41	-	0.49%	-	
Ronly	Profet AI Technology Co., Ltd.'s stock	-	Financial assets at FVTOCI—noncurrent	511	10,002	10.16%	10,002	
Ronly	GCS Holdings, Inc.'s stock	-	Financial assets at FVTOCI—noncurrent	3,500	117,250	3.16%	117,250	

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

Table 4

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance		Note
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain/Loss on Disposal	Shares	Amount	
AUO	Konly's stock	Investments in equity-accounted investees	-	-	409,008	8,207,625	60,550	1,304,853	-	-	-	-	469,558	9,178,132	Note 1
AUO	Ronly's stock	Investments in equity-accounted investees	-	-	378,576	4,496,552	74,700	900,135	-	-	-	-	453,276	5,028,883	Note 1
Konly	ADLINK's stock	Investments in equity-accounted investees	-	-	5,944	300,682	10,000	610,000	-	-	-	-	15,944	906,235	Note 2
Ronly	ADLINK's stock	Investments in equity-accounted investees	-	-	1,175	73,771	12,000	732,000	-	-	-	-	13,175	805,230	Note 2

Note 1: The acquisition amount refers to the participation in the investees' capital increase. The ending balance includes the recognition of investment gain (loss) and other related adjustments under the equity method.

Note 2: a. Acquisition was made on the open market.

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

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

Table 5

Company Name	Property	Date of the Event	Date of Original Acquisition	Carrying Amount	Transaction Amount	Status of Proceeds Collection	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Pricing Reference	Other Terms	Note
DPTW	Land and buildings	June 2022	December 2005	1,339,626	2,380,952	150,000	-	Four natural persons	Non-related party	Activating assets and enhancing the efficient use of working capital	A report on the appraisal price of a real estate appraiser	None	Note

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

AUO CORPORATION AND SUBSIDIARIES
Purchases from or Sales to Related Parties with Amounts Exceeding NT\$100 Million or 20% of the Paid-in Capital
For the six months ended June 30, 2022
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 6

Company Name	Counterparty	Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchases /Sales	Amount (Note 2)	Percentage of Total Purchases /Sales	Credit Terms	Unit Price (Note 1)	Credit Terms (Note 1)	Ending Balance (Note 2)	Percentage of Total Notes /Accounts Receivable (Payable)	
AUO	AUOKS	Subsidiary of AUO	Purchases	12,482,908	13%	EOM 30 days	-		(3,867,955)	(8)%	
AUO	AUOXM	Subsidiary of AUO	Purchases	14,782,600	16%	EOM 45 days	-		(10,663,787)	(21)%	
AUO	AUST	Subsidiary of AUO	Purchases	1,873,635	2%	EOM 45 days	-		(681,301)	(1)%	
AUO	AUSZ	Subsidiary of AUO	Purchases	17,255,599	19%	EOM 45 days	-		(12,564,245)	(24)%	
AUO	Qisda	Associate	Purchases	3,707,632	4%	EOM 45 days	-		(1,501,344)	(3)%	
AUO	BMC	Subsidiary of Qisda	Purchases	1,925,025	2%	EOM 90 days	-		(948,180)	(2)%	
AUO	Raydium	Associate	Purchases	719,301	1%	EOM 120 days	-		(459,717)	(1)%	
AUO	Daxin	Associate	Purchases	1,138,020	1%	EOM 120 days	-		(749,376)	(1)%	
AUO	DPTW	Subsidiary of AUO	Purchases	1,483,244	2%	EOM 60 days	-		(455,455)	(1)%	
AUO	AUOXM	Subsidiary of AUO	Sales	(1,529,674)	(1)%	EOM 45 days	-		-	-	
AUO	AUSZ	Subsidiary of AUO	Sales	(2,949,975)	(2)%	EOM 45 days	-		-	-	
AUO	DICSZ	Subsidiary of Qisda	Sales	(122,030)	-	EOM 45 days	-		8,071	-	
AUO	QCSZ	Subsidiary of Qisda	Sales	(2,221,946)	(2)%	EOM 55 days	-		649,473	2%	
AUO	CGPC	Subsidiary of SSEC	Sales	(180,640)	-	EOM 25 days	-		108,150	-	
AUO	BenQ	Subsidiary of Qisda	Sales	(975,943)	(1)%	EOM 55 days	-		394,629	1%	
AUO	SLEC	Subsidiary of SSEC	Sales	(127,532)	-	EOM 25 days	-		(3,382)	-	
AUO	SFPC	Subsidiary of SSEC	Sales	(1,655,422)	(1)%	EOM 25 days	-		471,275	2%	
AUO	MXEC	Subsidiary of SSEC	Sales	(496,185)	-	EOM 25 days	-		-	-	
AUO	MZEC	Subsidiary of SSEC	Sales	(909,754)	(1)%	EOM 25 days	-		-	-	
AUO	ADP	Subsidiary of AUO	Sales	(10,642,663)	(8)%	EOM 45 days	-		6,169,039	21%	

Company Name	Counterparty	Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchases /Sales	Amount (Note 2)	Percentage of Total Purchases /Sales	Credit Terms	Unit Price (Note 1)	Credit Terms (Note 1)	Ending Balance (Note 2)	Percentage of Total Notes /Accounts Receivable (Payable)	
ADPNL	ADP	Subsidiary of AUO	Purchases	USD 40,483	100%	EOM 30 days	-	USD (8,612)	(100)%		
AETSZ	AUOKS	Subsidiary of AUO	Sales	CNY (57,868)	(99)%	EOM 30 days	-	CNY 1,799	85%		
AUOKS	AUSZ	Subsidiary of AUO	Purchases	CNY 144,622	9%	EOM 60 days	-	CNY (58,037)	(6)%		
AUOKS	Qisda	Associate	Purchases	CNY 41,555	3%	EOM 120 days	-	CNY (32,469)	(3)%		
AUOKS	Raydium	Associate	Purchases	CNY 64,120	4%	EOM 120 days	-	CNY (55,367)	(5)%		
AUOKS	DPTW	Subsidiary of AUO	Purchases	CNY 30,948	2%	EOM 120 days	-	CNY (28,208)	(3)%		
AUOKS	AUO	Ultimate parent company	Sales	CNY (2,822,102)	(88)%	EOM 30 days	-	CNY 878,836	90%		
AUOKS	AUOXM	Subsidiary of AUO	Sales	CNY (361,393)	(11)%	EOM 30 days	-	CNY 101,867	10%		
AUOXM	AUO	Ultimate parent company	Purchases	CNY 342,715	9%	EOM 45 days	-	CNY (18)	-		
AUOXM	AUOKS	Subsidiary of AUO	Purchases	CNY 357,161	10%	EOM 30 days	-	CNY (101,867)	(5)%		
AUOXM	DPXM	Subsidiary of AUO	Purchases	CNY 23,897	1%	EOM 120 days	-	CNY (18,863)	(1)%		
AUOXM	BMC	Subsidiary of Qisda	Purchases	CNY 94,646	3%	EOM 90 days	-	CNY (67,257)	(3)%		
AUOXM	Raydium	Associate	Purchases	CNY 284,144	8%	EOM 120 days	-	CNY (236,914)	(11)%		
AUOXM	DPTW	Subsidiary of AUO	Purchases	CNY 119,092	3%	EOM 120 days	-	CNY (91,879)	(4)%		
AUOXM	AUO	Ultimate parent company	Sales	CNY (3,324,782)	(78)%	EOM 45 days	-	CNY 2,410,327	91%		
AUOXM	ADP	Subsidiary of AUO	Sales	CNY (280,438)	(7)%	EOM 45 days	-	-	-		
AUST	AUO	Ultimate parent company	Sales	USD (65,141)	(100)%	EOM 45 days	-	USD 22,919	100%		
AUSZ	AUO	Ultimate parent company	Purchases	CNY 694,078	15%	EOM 45 days	-	-	-		
AUSZ	Qisda	Associate	Purchases	CNY 164,229	4%	EOM 120 days	-	CNY (103,963)	(4)%		
AUSZ	BMC	Subsidiary of Qisda	Purchases	CNY 118,163	3%	EOM 90 days	-	CNY (73,103)	(3)%		
AUSZ	Raydium	Associate	Purchases	CNY 353,061	8%	EOM 120 days	-	CNY (244,737)	(10)%		
AUSZ	DPTW	Subsidiary of AUO	Purchases	CNY 136,246	3%	EOM 120 days	-	CNY (97,934)	(4)%		
AUSZ	AUO	Ultimate parent company	Sales	CNY (3,901,010)	(70)%	EOM 45 days	-	CNY 2,841,180	98%		
AUSZ	AUOKS	Subsidiary of AUO	Sales	CNY (144,622)	(3)%	EOM 60 days	-	CNY 58,037	2%		
AUSZ	ADP	Subsidiary of AUO	Sales	CNY (1,502,252)	(27)%	EOM 45 days	-	-	-		
DPXM	DPTW	Subsidiary of AUO	Purchases	CNY 24,200	2%	EOM 60 days	-	CNY (19,710)	(5)%		
DPXM	AUOXM	Subsidiary of AUO	Sales	CNY (23,964)	(2)%	EOM 120 days	-	CNY 18,863	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)	
DPXM	DPTW	Subsidiary of AUO	Sales	CNY (173,621)	(14)%	EOM 90 days	-	CNY 202,470	57%		
FTWJ	Lextar	Subsidiary of Ennostar	Purchases	CNY 36,618	12%	EOM 120 days	-	CNY (27,346)	(5)%		
FTWJ	DPTW	Subsidiary of AUO	Sales	CNY (502,825)	(99)%	EOM 90 days	-	CNY 684,594	100%		
M.Setek	ACTW	Subsidiary of AUO	Sales	JPY (2,041,675)	(93)%	EOM 45 days	-	JPY 3,226,569	99%		
AETTW	AUO	Ultimate parent company	Sales	(157,560)	(53)%	EOM 60 days	-	167,443	79%		
ACTW	M.Setek	Subsidiary of AUO	Purchases	515,328	18%	EOM 45 days	-	(706,619)	(66)%		
ADP	AUO	Ultimate parent company	Purchases	10,656,095	57%	EOM 45 days	-	(6,176,187)	(99)%		
ADP	AUOXM	Subsidiary of AUO	Purchases	1,239,246	7%	EOM 45 days	-	-	-		
ADP	AUSZ	Subsidiary of AUO	Purchases	6,617,129	35%	EOM 45 days	-	-	-		
ADP	ADPNL	Subsidiary of AUO	Sales	(1,143,728)	(6)%	EOM 30 days	-	255,972	5%		
ADP	QCOS	Subsidiary of Qisda	Sales	(237,575)	(1)%	EOM 55 days	-	128,622	3%		
ADP	Jector	Subsidiary of AUO	Sales	(107,072)	(1)%	EOM 45 days	-	84,658	2%		
DPTW	DPXM	Subsidiary of AUO	Purchases	767,208	21%	EOM 90 days	-	(749,776)	(34)%		
DPTW	FTWJ	Subsidiary of AUO	Purchases	2,211,521	61%	EOM 90 days	-	(1,239,500)	(56)%		
DPTW	AUO	Ultimate parent company	Sales	(1,594,821)	(43)%	EOM 60 days	-	355,812	21%		
DPTW	AUOKS	Subsidiary of AUO	Sales	(134,424)	(4)%	EOM 120 days	-	123,624	7%		
DPTW	AUOXM	Subsidiary of AUO	Sales	(526,274)	(14)%	EOM 120 days	-	406,948	24%		
DPTW	AUSZ	Subsidiary of AUO	Sales	(596,501)	(16)%	EOM 120 days	-	433,744	26%		
DPTW	DPXM	Subsidiary of AUO	Sales	(106,733)	(3)%	EOM 60 days	-	26,948	2%		

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

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

AUO CORPORATION AND SUBSIDIARIES
Receivables from Related Parties with Amounts Exceeding NT\$100 Million or 20% of the Paid-in Capital
June 30, 2022
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 7

Company Name	Counterparty	Relationship	Ending Balance of Receivables (Note 3)	Turnover Rate	Overdue Receivables		Amounts Received in Subsequent Period (Note 1)	Allowance for Bad Debts
					Amount	Action Taken		
AUO	AUOKS	Subsidiary of AUO	4,509,142	(Note 2)	1,673	Will be collected in next period	-	-
AUO	QCSZ	Subsidiary of Qisda	649,473	6.52	-	-	-	-
AUO	Qisda	Associate	839,822	(Note 2)	-	-	-	-
AUO	AETTW	Subsidiary of AUO	103,212	(Note 2)	-	-	-	-
AUO	ACTW	Subsidiary of AUO	1,407,028	(Note 2)	-	-	-	-
AUO	Konly	Subsidiary of AUO	1,074,699	(Note 2)	-	-	-	-
AUO	CGPC	Subsidiary of SSEC	108,150	6.68	108,150	Will be collected in next period	-	-
AUO	BenQ	Subsidiary of Qisda	394,629	4.82	-	-	-	-
AUO	SFPC	Subsidiary of SSEC	471,275	14.05	-	-	-	-
AUO	ADP	Subsidiary of AUO	8,041,022	(Note 2)	101,029	Will be collected in next period	-	-
AUO	Ronly	Subsidiary of AUO	406,102	(Note 2)	-	-	-	-
AUOKS	AUO	Ultimate parent company	CNY 878,836	5.33	CNY 66,595	Collected in subsequent period	CNY 473,962	-
AUOKS	AUOXM	Subsidiary of AUO	CNY 101,867	7.36	CNY 8,491	Will be collected in next period	-	-
AUOLB	AUOKS	Subsidiary of AUO	USD 289,650	(Note 2)	-	-	-	-
AUOXM	AUO	Ultimate parent company	CNY 2,410,327	2.71	CNY 25,657	Collected in subsequent period	CNY 1,049,684	-
AUOXM	AUOKS	Subsidiary of AUO	CNY 354,236	(Note 2)	CNY 74	Will be collected in next period	-	-
AUSJ	AETSZ	Subsidiary of AUO	CNY 39,138	(Note 2)	-	-	-	-
AUSJ	AUOKS	Subsidiary of AUO	CNY 353,069	(Note 2)	-	-	-	-
AUST	AUO	Ultimate parent company	USD 22,919	5.58	-	-	-	-
AUSZ	AUO	Ultimate parent company	CNY 2,841,180	2.86	CNY 28,447	Collected in subsequent period	CNY 1,137,993	-

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		
AUSZ	AUOKS	Subsidiary of AUO	CNY 615,736	(Note 2)	CNY 13,347	Collected in subsequent period	CNY 25,626	-
BVXM	AUOKS	Subsidiary of AUO	CNY 101,089	(Note 2)	-	-	-	-
DPSZ	FTWJ	Subsidiary of AUO	CNY 50,120	(Note 2)	-	-	-	-
DPXM	DPTW	Subsidiary of AUO	CNY 202,470	1.58	-	-	-	-
FTWJ	DPTW	Subsidiary of AUO	CNY 684,594	1.25	-	-	CNY 177,359	-
M.Setek	ACTW	Subsidiary of AUO	JPY 3,226,569	1.33	JPY 1,213,384	Will be collected in next period	-	-
AETTW	AUO	Ultimate parent company	167,443	2.58	4,244	Will be collected in next period	-	-
ACTW	M.Setek	Subsidiary of AUO	697,190	(Note 2)	-	-	-	-
Konly	Qisda	Associate	125,363	(Note 2)	-	-	-	-
Konly	Raydium	Associate	515,449	(Note 2)	-	-	-	-
Konly	Daxin	Associate	101,303	(Note 2)	-	-	-	-
ADP	ADPNL	Subsidiary of AUO	255,972	9.52	23,353	Will be collected in next period	-	-
ADP	QCOS	Subsidiary of Qisda	128,622	4.46	1,119	Will be collected in next period	-	-
DPTW	AUO	Ultimate parent company	357,690	(Note 2)	31,970	Will be collected in next period	-	-
DPTW	AUOKS	Subsidiary of AUO	123,624	2.63	-	-	-	-
DPTW	AUOXM	Subsidiary of AUO	406,948	2.39	3,825	Will be collected in next period	-	-
DPTW	AUSZ	Subsidiary of AUO	433,744	2.49	-	-	-	-
DPTW	FTWJ	Subsidiary of AUO	1,106,548	(Note 2)	3,523	Collected in subsequent period	408,140	-

Note 1: Until the mid of July 2022.

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

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

AUO CORPORATION AND SUBSIDIARIES
Business Relationship and Significant Intercompany Transactions
For the six months ended June 30, 2022
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 8

No.	Company Name	Counterparty	Nature of Relationship	Inter-company Transactions			
				Financial Statement Account	Amount	Trading Terms	Percentage of Consolidated Net Revenue or Total Assets
0	AUO	AUOKS	Parent to subsidiary	Receivables from related parties	4,509,142	-	1%
0	AUO	AUOXM	Parent to subsidiary	Net revenue	1,529,674	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days.	1%
0	AUO	AUSZ	Parent to subsidiary	Net revenue	2,949,975	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days.	2%
0	AUO	ADP	Parent to subsidiary	Net revenue	10,642,663	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days.	7%
0	AUO	ADP	Parent to subsidiary	Receivables from related parties	8,041,022	-	2%
1	AUOKS	AUO	Subsidiary to parent	Net revenue	CNY 2,822,102	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 30 days.	9%
1	AUOKS	AUO	Subsidiary to parent	Receivables from related parties	CNY 878,836	-	1%
1	AUOKS	AUOXM	Subsidiary to subsidiary	Net revenue	CNY 361,393	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 30 days.	1%
2	AUOLB	AUOKS	Subsidiary to subsidiary	Receivables from related parties	USD 289,650	-	2%
3	AUOXM	AUO	Subsidiary to parent	Net revenue	CNY 3,324,782	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days.	10%
3	AUOXM	AUO	Subsidiary to parent	Receivables from related parties	CNY 2,410,327	-	3%

No.	Company Name	Counterparty	Nature of Relationship	Inter-company Transactions				
				Financial Statement Account	Amount	Trading Terms	Percentage of Consolidated Net Revenue or Total Assets	
3	AUOXM	ADP	Subsidiary to subsidiary	Net revenue	CNY	280,438	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days.	1%
4	AUST	AUO	Subsidiary to parent	Net revenue	USD	65,141	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days.	1%
5	AUSZ	AUO	Subsidiary to parent	Net revenue	CNY	3,901,010	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days.	12%
5	AUSZ	AUO	Subsidiary to parent	Receivables from related parties	CNY	2,841,180	-	3%
5	AUSZ	AUOKS	Subsidiary to subsidiary	Receivables from related parties	CNY	615,736	-	1%
5	AUSZ	ADP	Subsidiary to subsidiary	Net revenue	CNY	1,502,252	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days.	5%
6	DPXM	DPTW	Subsidiary to subsidiary	Net revenue	CNY	173,621	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 90 days.	1%
7	FTWJ	DPTW	Subsidiary to subsidiary	Net revenue	CNY	502,825	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 90 days.	2%
7	FTWJ	DPTW	Subsidiary to subsidiary	Receivables from related parties	CNY	684,594	-	1%
8	ADP	ADPNL	Subsidiary to subsidiary	Net revenue		1,143,728	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 30 days.	1%
9	DPTW	AUO	Subsidiary to parent	Net revenue		1,594,821	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 60 days.	1%

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

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

AUO CORPORATION AND SUBSIDIARIES
Information on Investees (Excluding Information on Investment in Mainland China)
For the six months ended June 30, 2022

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

Table 9

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		June 30, 2022			Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
				June 30, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)			
AUO	AUOLB	Malaysia	Holding company	76,491,558	76,491,558	2,507,189	100.00%	73,820,075	3,533,770	3,533,770	Subsidiary
AUO	AUONL	Netherlands	Sales and sales support of TFT-LCD panels	24,275	24,275	50	100.00%	29,399	(4,322)	(4,322)	Subsidiary
AUO	Konly	Taiwan ROC	Investment	7,226,603	5,921,750	469,558	100.00%	9,178,132	508,537	508,537	Subsidiary
AUO	Ronly	Taiwan ROC	Investment	5,078,047	4,177,912	453,276	100.00%	5,028,883	26,812	26,812	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%	2,602,528	(123,074)	(35,155)	Subsidiary
AUO	ACTW	Taiwan ROC	Manufacturing and sale of ingots and solar wafers	15,687,921	15,687,921	242,565	100.00%	3,610,338	307,986	307,986	Subsidiary
AUO	Qisda	Taiwan ROC	Manufacturing, sales and service of high-end displays, optical precision electronic products and functional film products; manufacturing, sales and service of products related to intelligent solutions; medical equipment and services; research, development, design, manufacturing and sales of network communication products	9,505,477	9,505,477	335,231	17.04%	9,548,384	1,516,156	197,686	Associate
AUO	S4M	Taiwan ROC	Sales and leasing of content management system and hardware	50,000	30,000	5,000	100.00%	15,209	(11,765)	(11,765)	Subsidiary
AUO	AETTW	Taiwan ROC	Planning, design and development of construction project for environmental protection and related project management	424,050	300,000	42,405	100.00%	292,191	(24,119)	(24,119)	Subsidiary
AUO	SSEC	Taiwan ROC	Investment	2,170,000	2,170,000	217,000	31.00%	2,209,704	83,143	25,774	Associate
AUO	CQIL	Israel	Holding company	1,182,621	1,182,621	39,974	100.00%	894,919	(13,566)	(13,566)	Subsidiary
AUO	ADLINK	Taiwan ROC	Manufacturing and sales of hardware, software and peripheral devices of industrial computers	2,411,693	2,411,693	42,310	19.45%	2,224,881	489,101	1,345	Associate
AUO	DPGE	Taiwan ROC	Renewable energy power generation	350,000	350,000	35,000	100.00%	350,440	353	353	Subsidiary
AUO	ADTHLD	Cayman Islands	Holding company	317,063	317,063	11,300	80.71%	159,170	(101,481)	(81,910)	Subsidiary

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		June 30, 2022			Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
				June 30, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)			
AUO	ADTCM	Cayman Islands	Holding company	76,437	76,437	2,700	100.00%	38,032	(19,571)	(19,571)	Subsidiary
AUO	AHTW	Taiwan ROC	Manufacturing, development and sales of medical equipments	5,000	5,000	500	100.00%	3,486	(346)	(346)	Subsidiary
AUO	ADP	Taiwan ROC	Research, development and sales of display	369,555	369,555	200,000	100.00%	3,224,272	848,915	848,915	Subsidiary
AUO	SREC	Taiwan ROC	Investment	288,828	288,828	28,883	32.01%	319,199	29,814	9,545	Subsidiary
AUO	Ennostar	Taiwan ROC	Holding company	1,280,047	1,280,047	26,319	3.86%	2,196,852	1,147,544	15,462	Associate
AUO	ACTTW	Taiwan ROC	Design, development and sales of software and hardware for health care industry	30,000	30,000	3,000	100.00%	17,541	(3,393)	(3,393)	Subsidiary
AUO	AET-YP	Taiwan ROC	Investment and construction in public construction, and wastewater (sewage) treatment	15,000	-	1,500	8.82%	14,997	(33)	(4)	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%	583,157	(123,074)	(7,877)	Subsidiary
Konly	Raydium	Taiwan ROC	IC Design	175,857	175,857	11,454	15.10%	1,806,942	2,917,611	440,564	Associate
Konly	Daxin	Taiwan ROC	Research, manufacturing and sales of display and semiconductor related chemicals	154,748	154,748	19,114	18.61%	525,910	303,378	56,454	Associate
Konly	Qisda	Taiwan ROC	Manufacturing, sales and service of high-end displays, optical precision electronic products and functional film products; manufacturing, sales and service of products related to intelligent solutions; medical equipment and services; research, development, design, manufacturing and sales of network communication products	1,363,481	1,363,481	50,145	2.55%	1,428,285	1,516,156	29,571	Associate
Konly	SSEC	Taiwan ROC	Investment	140,000	140,000	14,000	2.00%	142,562	83,143	1,663	Associate
Konly	SkyREC Ltd.	BVI	Business intelligence and AI video management system	46,016	46,016	188	16.12%	-	(6,536)	-	Associate
Konly	ADLINK	Taiwan ROC	Manufacturing and sales of hardware, software and peripheral devices of industrial computers	988,837	378,837	15,944	7.33%	906,235	489,101	(3,244)	Associate
Konly	AUES	Taiwan ROC	Services related to educational activities and site rental	4,000	4,000	400	100.00%	4,050	(1,497)	(1,497)	Subsidiary
Konly	IOC	Taiwan ROC	R&D and design of flexible electronics technology and processing equipment development	20,000	20,000	1,000	3.94%	18,902	(22,319)	(2,351)	Associate

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		June 30, 2022			Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
				June 30, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)			
Konly	SREC	Taiwan ROC	Investment	13,533	13,533	1,353	1.50%	14,956	29,814	447	Subsidiary
Konly	Ennostar	Taiwan ROC	Holding company	1,180,491	1,180,491	16,413	2.41%	1,337,187	1,147,544	14,182	Associate
Konly	Naidun-tech Co., Ltd.	Taiwan ROC	Solution provider to improve the performance and reliability of semiconductor components	39,997	39,997	8,733	22.03%	16,022	(8,941)	(2,021)	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%	554,558	(123,074)	(7,491)	Subsidiary
Ronly	Raydium	Taiwan ROC	IC Design	240,647	240,647	669	0.88%	250,907	2,917,611	7,173	Associate
Ronly	Daxin	Taiwan ROC	Research, manufacturing and sales of display and semiconductor related chemicals	70,021	70,021	6,312	6.15%	173,675	303,378	18,643	Associate
Ronly	ADLINK	Taiwan ROC	Manufacturing and sales of hardware, software and peripheral devices of industrial computers	809,508	77,508	13,175	6.06%	805,230	489,101	1,508	Associate
Ronly	IOC	Taiwan ROC	R&D and design of flexible electronics technology and processing equipment development	68,400	68,400	3,420	13.49%	64,645	(22,319)	(8,039)	Associate
Ronly	Ennostar	Taiwan ROC	Holding company	1,245,456	1,245,456	20,686	3.03%	1,707,916	1,147,544	15,146	Associate
DPTW	BVLB	Malaysia	Holding company	1,051,289	1,051,289	36,000	29.71%	256,775	11,624	3,454	Subsidiary
DPTW	DPLB	Malaysia	Holding company	4,350,631	4,362,627	91,846	100.00%	5,658,511	12,231	73,228	Subsidiary
DPTW	FHVI	BVI	Holding company	2,362,321	2,362,321	22,006	100.00%	2,142,431	(34,807)	81,497	Subsidiary
DPTW	FFMI	Mauritius	Holding company	274,700	274,700	653	100.00%	110,182	5,488	5,403	Subsidiary
DPTW	RFOP	Taiwan ROC	Manufacturing and sales of polymer plasticized raw materials	-	338,729	-	-	-	23,786	11,655	(Note 6)
DPTW	Darwin Summit Corporation Ltd.	Thailand	International trade	3,740	3,740	40	40.00%	10,847	(256)	(103)	Associate
ACTW	ACMK	Malaysia	Manufacturing and sale of solar wafers	169,197	169,197	46,196	100.00%	74,591	(308)	(308)	Subsidiary
ACTW	SDMC	Taiwan ROC	Holding company	1,988,488	1,988,488	148,053	100.00%	1,813,968	85,782	120,314	Subsidiary
SDMC	M.Setek	Japan	Manufacturing and sale of ingots	23,596,398	23,596,398	11,404,184	99.9991%	1,775,422	86,011	86,010	Subsidiary
ADP	ADPNL	Netherlands	Sales and sales support of display and holding company	96,733	96,733	-	100.00%	150,227	16,748	16,748	Subsidiary
ADP	Jector	Taiwan ROC	Introduction of smart field construction and other related software and hardware solutions	120,000	120,000	12,000	78.43%	118,252	(8,204)	(6,435)	Subsidiary

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		June 30, 2022			Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
				June 30, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)			
SREC	SGPC	Taiwan ROC	Solar power generation	820,000	820,000	56,811	100.00%	691,770	27,261	25,224	Subsidiary
SREC	EGPC	Taiwan ROC	Solar power generation	280,000	280,000	24,500	100.00%	296,955	6,130	5,129	Subsidiary
AETTW	AET-YP	Taiwan ROC	Investment and construction in public construction, and wastewater (sewage) treatment	124,050	-	12,405	72.97%	124,026	(33)	(22)	Subsidiary
AUOLB	AUOUS	United States	Sales and sales support of TFT-LCD panels	USD 1,000	USD 1,000	1,000	100.00%	USD 2,271	USD (191)	USD (191)	Subsidiary
AUOLB	AUOJP	Japan	Sales support of TFT-LCD panels	USD 276	USD 276	1	100.00%	USD 1,520	USD 16	USD 16	Subsidiary
AUOLB	AUOKR	South Korea	Sales support of TFT-LCD panels	USD 155	USD 155	-	100.00%	USD 1,224	USD 153	USD 153	Subsidiary
AUOLB	AUSK	Slovakia Republic	Repairing of TFT-LCD modules	USD 1,359	USD 1,359	-	100.00%	USD 4,498	USD 317	USD 317	Subsidiary
AUOLB	AUST	Singapore	Manufacturing TFT-LCD panels based on low temperature polysilicon technology	USD 241,487	USD 241,487	907,114	100.00%	USD 98,092	USD 2,055	USD 2,055	Subsidiary
AUOLB	AUVI	United States	Research and development and IP related business	USD 5,000	USD 5,000	5,000	100.00%	USD 6,349	USD 134	USD 134	Subsidiary
AUOLB	BVLB	Malaysia	Holding company	USD 85,171	USD 85,171	85,171	70.29%	USD 20,437	USD 404	USD 284	Subsidiary
AUOLB	AUOSG	Singapore	Holding company and sales support of TFT-LCD panels	USD 9,958	USD 9,958	266,268	100.00%	USD 6,794	USD 2	USD 2	Subsidiary
AUOSG	AEUS	United States	Sales support of solar-related products	USD 1,194	USD 1,194	1,194	100.00%	USD 580	USD 19	USD 19	Subsidiary
DPLB	DPHK	Hong Kong	Holding company	USD 103,785	USD 103,785	10	100.00%	USD 192,752	USD 86	USD 86	Subsidiary (Note 4)
DPLB	DPSK	Slovakia Republic	Manufacturing and sales of automotive parts	-	USD 4,216	-	-	-	USD (2)	USD (2)	(Note 5)
FHVI	FTMI	Mauritius	Holding company	USD 6,503	USD 6,503	6,503	100.00%	USD 53,705	USD (6,281)	USD (6,281)	Subsidiary
FHVI	FWSA	Samoa	Holding company	USD 19,000	USD 19,000	19,000	100.00%	USD 16,231	USD 206	USD 206	Subsidiary
FHVI	PMSA	Samoa	Holding company	-	USD 39,673	-	-	-	USD 12,772	USD 12,772	(Note 5)
ADTCM	ADTHLD	Cayman Islands	Holding company	USD 2,700	USD 2,700	2,700	19.29%	USD 1,279	USD (3,528)	USD (680)	Subsidiary
ADPNL	ADPUS	United States	Sales and sales support of display	USD 1,500	USD 1,500	1	100.00%	USD 1,580	USD 15	USD 15	Subsidiary
ADPNL	ADPJP	Japan	Sales and sales support of display	USD 508	USD 508	1	100.00%	USD 403	USD 24	USD 24	Subsidiary
ADTHLD	ADTSG	Singapore	Holding company	USD 12,300	USD 12,300	12,300	100.00%	USD 4,966	USD (3,530)	USD (3,530)	Subsidiary
ADTSG	ADTTW	Taiwan ROC	Design and sales of software and hardware integration system and equipment, software development and consulting services relating to intelligent manufacturing	USD 1,080	USD 1,080	3,000	100.00%	USD 597	USD (248)	USD (248)	Subsidiary
M.Setek	Ichijo Seisakusyo Co., Ltd.	Japan	Manufacturing of semiconductor equipment and related parts	JPY 5,000	JPY 5,000	-	38.46%	-	-	-	Associate (Note 3)

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		June 30, 2022			Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
				June 30, 2022	December 31, 2021	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)			
CQIL	CQHLD	United Kingdom	Holding company	USD 26,548	USD 26,548	635,730	100.00%	USD 29,683	USD (8)	USD (8)	Subsidiary
CQHLD	CQUK	United Kingdom	Sales and sales support of content management system	GBP 1,874	GBP 1,874	-	100.00%	GBP 74	GBP (1)	GBP (1)	Subsidiary
CQHLD	CQUS	United States	Sales of content management system and hardware	GBP 19,948	GBP 19,948	13	100.00%	GBP 11,312	GBP (102)	GBP (102)	Subsidiary
CQHLD	CQCA	Canada	Research and development of content management system	GBP 798	GBP 798	-	100.00%	GBP 694	GBP 56	GBP 56	Subsidiary
CQUS	JRUK	United Kingdom	Development and sales of content management system and sales of the related hardware	USD 1,500	USD 1,500	1	100.00%	USD 1,667	USD 4	USD 4	Subsidiary
CQUS	JRUS	United States	Development and sales of content management system and sales of the related hardware	USD 8,000	USD 8,000	18	100.00%	USD 6,835	USD (384)	USD (384)	Subsidiary

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

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

Note 3: The carrying amount includes accumulated impairment loss.

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

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

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

AUO CORPORATION AND SUBSIDIARIES
Information on Investment in Mainland China
For the six months ended June 30, 2022

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

Table 10

1. AUO :

(1) Related information on investment in Mainland China

Investee Company	Main Activities	Total Amount of Paid-in Capital (Note 2)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2022 (Note 2)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2022 (Note 2)	Net Income (Loss) of Investee (Notes 4 and 5)	% Ownership through Direct or Indirect Investment	Investor's Share of Profit (Loss) of Investee (Notes 4 and 5)	Carrying Amount of the Investment as of June 30, 2022 (Note 2)	Accumulated Inward Remittance of Earnings as of June 30, 2022	Note
					Outflow	Inflow							
ACTSZ	Design, development and sales of software and hardware for health care industry	111,038	(Note 1)	-	-	-	-	(29,167)	100%	(29,167)	(1,515)	-	
ADTSZ	Business management consulting and services of technology promotion and application	267,534	(Note 1)	267,534	-	-	267,534	(95,055)	100%	(95,055)	63,188	-	
AETSD	Planning, design and development of construction project for environmental protection and related project management	8,883	(Note 1)	-	-	-	-	4	100%	4	2,455	-	
AETSZ	Planning, design and development of construction project for environmental protection and related project management	53,298	(Note 1)	-	-	-	-	(4,849)	100%	(4,849)	15,901	-	
AMISZ	Development, sales and licensing of software and hardware relating to intelligent manufacturing, and related consulting services	133,245	(Note 1)	-	-	-	-	(36,284)	100%	(36,284)	(10,494)	-	
AMIXM	Sales of software and hardware relating to intelligent manufacturing, and related consulting services	22,208	(Note 1)	-	-	-	-	(7,561)	100%	(7,561)	1,867	-	
ATISZ	Design and sales of software and hardware integration system and equipment relating to intelligent manufacturing	44,415	(Note 1)	-	-	-	-	(27,827)	100%	(27,827)	(11,691)	-	
AUOKS	Manufacturing and sales of TFT-LCD panels	28,566,686	(Note 1)	33,147,760	-	-	33,147,760	2,376,726	100%	2,376,726	18,082,908	-	
AUOXM	Manufacturing, assembly and sales of TFT-LCD modules	13,495,604	(Note 1)	7,431,500	-	-	7,431,500	409,129	100%	409,129	15,085,626	-	
AUSH	Sales support of TFT-LCD Panels	445,890	(Note 1)	29,726	-	-	29,726	(24,245)	100%	(24,245)	292,992	-	

Investee Company	Main Activities	Total Amount of Paid-in Capital (Note 2)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2022 (Note 2)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2022 (Note 2)	Net Income (Loss) of Investee (Notes 4 and 5)	% Ownership through Direct or Indirect Investment	Investor's Share of Profit (Loss) of Investee (Notes 4 and 5)	Carrying Amount of the Investment as of June 30, 2022 (Note 2)	Accumulated Inward Remittance of Earnings as of June 30, 2022	Note
					Outflow	Inflow							
AUSJ	Manufacturing and assembly of TFT-LCD modules; leasing	3,210,408	(Note 1)	2,378,080	-	-	2,378,080	70,406	100%	59,004	3,680,925	-	
AUSZ	Manufacturing, assembly and sales of TFT-LCD modules	13,852,316	(Note 1)	5,945,200	-	-	5,945,200	589,264	100%	595,632	18,796,164	-	
BVHF	Manufacturing and sale of liquid crystal products and related parts	2,183,375	(Note 1)	-	-	-	-	11,758	100%	11,758	863,016	-	
BVXM	Manufacturing and sales of liquid crystal products and related parts; leasing	2,664,900	(Note 1)	-	-	-	-	12,337	100%	12,337	1,364,888	-	

(2) Upper limit on investment in Mainland China

Accumulated Investment in Mainland China as of June 30, 2022 (Note 2)	Investment Amounts Authorized by the Investment Commission, MOEA (Note 2)	Upper Limit on Investment Stipulated by the Investment Commission, MOEA (Note 3)
49,199,800 (USD1,655,110)	80,039,612 (USD1,702,948 and HKD60,000 and CNY6,572,210)	137,554,183

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

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

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

Note 4: Amounts were recognized based on the investees' reviewed financial statements and inclusive of the amortization of differences between the investment cost and the entity's share of the net value of investee as well as the effect of upstream and sidestream transactions.

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

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

2. DPTW and ADP:

(1) Related information on investment in Mainland China

Investee Company	Main Activities	Total Amount of Paid-in Capital (Note 4)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2022 (Note 4)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2022 (Note 4)	Net Income (Loss) of Investee (Notes 2 and 6)	% Ownership through Direct or Indirect Investment	Investor's Share of Profit (Loss) of Investee (Notes 2 and 6)	Carrying Amount of the Investment as of June 30, 2022 (Note 4)	Accumulated Inward Remittance of Earnings as of June 30, 2022	Note
					Outflow	Inflow							
ADPSZ	Sales and sales support of display	59,452	(Note 1(1))	22,295	37,158	-	59,452	4,561	100%	4,561	66,073	-	
Talenda	Manufacturing of electronic components	-	-	-	-	-	-	-	51%	-	-	-	(Note 11)
BVHF	Manufacturing and sale of liquid crystal products and related parts	2,183,375	(Note 1(2))	475,616	-	-	475,616	11,758	29.71%	11,758	863,016	-	(Note 5)
DPSZ	Manufacturing and sale of backlight modules and related parts	743,150	(Note 1(2))	445,890	-	-	445,890	35,684	100%	35,684	1,549,381	1,474,740	(Note 9)
DPXM	Manufacturing and sale of backlight modules and related parts	2,080,820	(Note 1(2))	2,080,820	-	-	2,080,820	(33,291)	100%	(33,291)	4,180,355	1,869,591	
FHWJ	Manufacturing and sale of backlight modules and related parts	193,219	(Note 1(2))	243,753	-	-	243,753	5,488	100%	5,488	60,392	-	
FPWJ	Manufacturing, sales and trading of precision plastic parts	862,054	(Note 1(2))	564,794	-	-	564,794	9,057	100%	9,057	720,590	-	(Note 8)
FTKS	Manufacturing and sale of backlight modules and related parts	-	(Note 1(2))	1,070,136	-	(1,070,136)	-	7,583	-	7,583	-	404,712	(Note 10)
FTWJ	Manufacturing and sale of backlight modules and related parts	1,040,410	(Note 1(2))	193,219	-	-	193,219	(183,771)	100%	(183,771)	1,358,297	418,380	(Note 7)

(2) Upper limit on investment in Mainland China

Entity	Accumulated Investment in Mainland China as of June 30, 2022 (Note 4)	Investment Amounts Authorized by the Investment Commission, MOEA (Note 4)	Upper Limit on Investment Stipulated by the Investment Commission, MOEA (Note 3)
DPTW	4,004,092 (USD134,700)	3,306,998 (USD111,249)	5,466,766
ADP	59,452 (USD2,000)	148,630 (USD5,000)	1,954,075

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

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

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

- Note 3: Pursuant to the Regulations Governing Permission for Investment and Technical Cooperation in the Mainland Area, DPTW's and ADP's accumulated investments in Mainland China did not exceed the upper limit on investment amount or ratio stipulated by the Investment Commission, Ministry of Economic Affairs ("MOEA").
- Note 4: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the exchange rates at the reporting date.
- Note 5: BVHF is 100% owned by BVLB, a jointly-owned subsidiary of AUO and DPTW. Accordingly, the share of profit (loss) of investee and the carrying amount of the investment as of June 30, 2022 disclosed in the table are presented based on 100% held.
- Note 6: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the average exchange rates for the six months ended June 30, 2022.
- Note 7: The amount of paid-in capital includes the capitalization of retained earnings amounting to USD28,500 thousand for the years from 2005 to 2007.
- Note 8: The amount of paid-in capital includes the capital injection of USD10,000 thousand from the offshore holding company, which was originally from FTWJ's appropriation of earnings.
- Note 9: The amount of paid-in capital includes the capital injection of USD1,000 thousand from DPLB in 2010 and the capitalization of retained earnings of USD9,000 thousand from DPSZ in 2012.
- Note 10: The liquidation process was completed in January 2022.
- Note 11: Talenda is a new subsidiary of ADPSZ in June 2022. As of end of June, no capital injection has been made for Talenda.