

AU OPTRONICS CORP.

Parent Company Only Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2020 and 2019**

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

Independent Auditors' Report

To the Board of Directors of AU Optronics Corp.:

Opinion

We have audited the parent company only financial statements of AU Optronics Corp. (“the Company”), which comprise the balance sheets as of December 31, 2020 and 2019, the statements of comprehensive income, statements of changes in equity, and statements of cash flows for the years ended December 31, 2020 and 2019, and notes to the parent company only financial statements including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for each of the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

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

Refer to Note 4(14) “Impairment – non-financial assets”, Note 5(1) and Note 5(2) “Critical accounting judgments and key sources of estimation and assumption uncertainty”, Note 6(7) “Property, plant and equipment”, Note 6(8) “Lease arrangements” and Note 6(10) “Intangible assets” to the parent company only financial statements.

Description of key audit matter:

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

How the matter was addressed in our audit:

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

2. Revenue recognition

Refer to Note 4(17) "Revenue from contracts with customers" and Note 6(16) "Revenue from contracts with customers" to the parent company only financial statements.

Description of key audit matter:

Revenue is recognized when the control over a product has been transferred to the customer as specified in each individual contract with customers. The Company recognizes revenue depending on the various sales terms in each individual contract with customers to ensure the performance obligation has been satisfied by transferring control over a product to a customer. In addition, the Company operates in an industry in which sales revenue is easily influenced by various external factors such as supply and demand of the market, and this may impact the recognition of revenue. Consequently, this is one of the key areas our audit focused on.

How the matter was addressed in our audit:

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

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

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

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

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

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

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

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

1. Identified and assessed the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluated the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Wei, Shing-Hai and Lu, Chien-Hui.

KPMG

Hsinchu, Taiwan (Republic of China)
February 3, 2021

Notes to Readers

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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
AU OPTRONICS CORP.

Balance Sheets

December 31, 2020 and 2019

(Expressed in thousands of New Taiwan dollars)

		December 31, 2020		December 31, 2019				December 31, 2020		December 31, 2019	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets						Liabilities and Equity					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note 6(1))	\$ 54,969,325	15	45,928,070	13	2120	Financial liabilities at fair value through profit or loss— current (Note 6(2))	135,420	-	7,054	-
1110	Financial assets at fair value through profit or loss— current (Note 6(2))	21,361	-	18,753	-	2170	Accounts payable	24,457,428	7	24,296,415	7
1170	Accounts receivable, net (Note 6(4))	41,585,707	11	26,986,723	8	2180	Accounts payable to related parties (Note 7)	29,923,778	8	25,325,274	8
1180	Accounts receivable from related parties, net (Notes 6(4)&7)	2,258,704	1	1,938,966	1	2213	Equipment and construction payable (Note 7)	2,201,328	1	4,568,963	1
1210	Other receivables from related parties (Note 7)	1,021,418	-	1,211,588	-	2220	Other payables to related parties (Note 7)	645,371	-	405,656	-
1220	Current tax assets	43,395	-	28,303	-	2250	Provisions— current (Note 6(13))	662,250	-	666,896	-
130X	Inventories (Note 6(5))	18,984,776	5	17,256,261	5	2280	Lease liabilities — current (Note 6(8))	390,595	-	415,981	-
1476	Other current financial assets (Note 6(4))	221,461	-	1,111,904	-	2399	Other current liabilities	14,523,627	4	13,584,470	4
1479	Other current assets (Note 6(11))	<u>1,938,708</u>	<u>1</u>	<u>1,836,890</u>	<u>1</u>	2322	Current installments of long-term borrowings (Notes 6(12)&8)	<u>11,184,508</u>	<u>3</u>	<u>4,000,000</u>	<u>1</u>
		<u>121,044,855</u>	<u>33</u>	<u>96,317,458</u>	<u>28</u>			<u>84,124,305</u>	<u>23</u>	<u>73,270,709</u>	<u>21</u>
Noncurrent assets:						Noncurrent liabilities:					
1517	Financial assets at fair value through other comprehensive income— noncurrent (Note 6(3))	-	-	7,140,410	2	2540	Long-term borrowings, excluding current installments (Notes 6(12)&8)	84,455,010	23	81,966,110	24
1550	Investments in equity-accounted investees (Note 6(6))	85,868,028	24	70,184,815	20	2550	Provisions— noncurrent (Note 6(13))	779,500	-	805,729	-
1600	Property, plant and equipment (Notes 6(7),7&8)	129,554,205	36	144,142,738	42	2570	Deferred tax liabilities (Note 6(20))	2,334,898	1	2,213,429	1
1755	Right-of-use assets (Note 6(8))	8,790,075	2	9,346,877	3	2580	Lease liabilities — noncurrent (Note 6(8))	8,542,357	3	9,009,594	3
1760	Investment property (Note 6(9)&8)	465,868	-	465,868	-	2600	Other noncurrent liabilities (Note 6(14))	<u>959,815</u>	<u>-</u>	<u>1,727,456</u>	<u>-</u>
1780	Intangible assets (Note 6(10))	11,806,450	3	12,051,761	3			<u>97,071,580</u>	<u>27</u>	<u>95,722,318</u>	<u>28</u>
1840	Deferred tax assets (Note 6(20))	5,250,159	2	4,265,480	1		Total liabilities	<u>181,195,885</u>	<u>50</u>	<u>168,993,027</u>	<u>49</u>
1900	Other noncurrent assets (Notes 6(11),(14)&8)	<u>1,220,936</u>	<u>-</u>	<u>1,749,460</u>	<u>1</u>		Equity (Note 6(15)):				
		<u>242,955,721</u>	<u>67</u>	<u>249,347,409</u>	<u>72</u>	3100	Common stock	96,242,451	26	96,242,451	28
						3200	Capital surplus	60,587,684	17	60,544,474	18
						3300	Retained earnings	30,258,282	8	22,903,722	6
						3400	Other components of equity	(3,270,303)	(1)	(2,005,384)	(1)
						3500	Treasury shares	<u>(1,013,423)</u>	<u>-</u>	<u>(1,013,423)</u>	<u>-</u>
							Total equity	<u>182,804,691</u>	<u>50</u>	<u>176,671,840</u>	<u>51</u>
Total Assets		\$ <u>364,000,576</u>	<u>100</u>	<u>345,664,867</u>	<u>100</u>		Total Liabilities and Equity	\$ <u>364,000,576</u>	<u>100</u>	<u>345,664,867</u>	<u>100</u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
AU OPTRONICS CORP.

Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

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

		2020		2019	
		Amount	%	Amount	%
4110	Revenue	\$256,851,362	100	257,130,650	101
4190	Less: sales return and discount	<u>762,017</u>	-	<u>1,963,474</u>	1
	Net revenue (Notes 6(16)&7)	256,089,345	100	255,167,176	100
5000	Cost of sales (Notes 6(5),(8),(17),(18)&7)	<u>240,070,378</u>	94	<u>257,786,100</u>	101
	Gross profit (loss)	<u>16,018,967</u>	6	<u>(2,618,924)</u>	(1)
	Operating expenses (Notes 6(8),(17),(18)&7):				
6100	Selling and distribution expenses	2,702,022	1	2,873,009	1
6200	General and administrative expenses	4,139,655	2	4,244,405	2
6300	Research and development expenses	<u>8,054,215</u>	3	<u>7,989,907</u>	3
	Total operating expenses	<u>14,895,892</u>	6	<u>15,107,321</u>	6
	Profit (loss) from operations	<u>1,123,075</u>	-	<u>(17,726,245)</u>	(7)
	Non-operating income and expenses:				
7100	Interest income (Note 6(19))	158,965	-	300,199	-
7010	Other income (Notes 6(19)&7)	895,740	-	1,194,834	1
7020	Other gains and losses (Notes 6(7),(8),(19)&7)	(182,115)	-	618,172	-
7050	Finance costs (Notes 6(7),(8)&(19))	(1,771,273)	-	(1,546,400)	(1)
7060	Share of profit of equity-accounted investees (Note 6(6))	<u>2,272,193</u>	1	<u>(1,187,224)</u>	-
	Total non-operating income and expenses	<u>1,373,510</u>	1	<u>(620,419)</u>	-
7900	Profit (loss) before income tax	2,496,585	1	(18,346,664)	(7)
7950	Less: income tax expense (benefit) (Note 6(20))	<u>(879,739)</u>	-	<u>838,594</u>	-
8200	Profit (loss) for the year	<u>3,376,324</u>	1	<u>(19,185,258)</u>	(7)
8300	Other comprehensive income (Notes 6(6),(14),(15),(20)):				
8310	Items that will never be reclassified to profit or loss				
8311	Remeasurement of defined benefit obligations	140,218	-	188,110	-
8316	Unrealized gain on equity investments at fair value through other comprehensive income	2,564,513	1	536,369	-
8330	Equity-accounted investees – share of other comprehensive income (loss)	113,167	-	(13,981)	-
8349	Related tax	<u>(28,043)</u>	-	<u>(37,622)</u>	-
		<u>2,789,855</u>	1	<u>672,876</u>	-
8360	Items that are or may be reclassified subsequently to profit or loss				
8361	Foreign operations – foreign currency translation differences	(3,049,722)	(1)	(1,211,454)	-
8380	Equity-accounted investees – share of other comprehensive income	2,961,666	1	(846,480)	-
8399	Related tax	<u>11,518</u>	-	<u>377,862</u>	-
		<u>(76,538)</u>	-	<u>(1,680,072)</u>	-
8300	Other comprehensive income (loss), net of tax	<u>2,713,317</u>	1	<u>(1,007,196)</u>	-
8500	Total comprehensive income (loss) for the year	<u>\$ 6,089,641</u>	<u>2</u>	<u>(20,192,454)</u>	<u>(7)</u>
	Earnings (loss) per share (NT\$, Note 6(21))				
9750	Basic earnings (loss) per share	<u>\$ 0.36</u>		<u>(2.00)</u>	
9850	Diluted earnings (loss) per share	<u>\$ 0.35</u>		<u>(2.00)</u>	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
AU OPTRONICS CORP.

Statements of Changes in Equity
For the years ended December 31, 2020 and 2019
(Expressed in thousands of New Taiwan dollars)

							Other Components of Equity				
	Capital Stock		Retained Earnings				Cumulative Translation Differences	Unrealized Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income	Subtotal	Treasury Shares	Total Equity
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Subtotal					
Balance at January 1, 2019	\$ 96,242,451	60,622,043	6,675,628	-	40,170,363	46,845,991	(1,449,910)	602,140	(847,770)	-	202,862,715
Appropriation of earnings:											
Legal reserve	-	-	1,016,060	-	(1,016,060)	-	-	-	-	-	-
Special reserve	-	-	-	847,770	(847,770)	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	-	(4,812,122)	(4,812,122)	-	-	-	-	(4,812,122)
Loss for the year	-	-	-	-	(19,185,258)	(19,185,258)	-	-	-	-	(19,185,258)
Other comprehensive income (loss), net of tax	-	-	-	-	150,418	150,418	(1,680,072)	522,458	(1,157,614)	-	(1,007,196)
Total comprehensive income (loss) for the year	-	-	-	-	(19,034,840)	(19,034,840)	(1,680,072)	522,458	(1,157,614)	-	(20,192,454)
Changes in deemed contributions from shareholders	-	547	-	-	-	-	-	-	-	-	547
Adjustments for changes in investees' equity	-	(40,085)	-	-	-	-	-	-	-	-	(40,085)
Treasury shares acquired	-	-	-	-	-	-	-	-	-	(1,013,423)	(1,013,423)
Differences between acquisition price and carrying amount arising from acquisition of subsidiaries	-	(22,282)	-	-	-	-	-	-	-	-	(22,282)
Changes in ownership interest in subsidiaries	-	(15,749)	-	-	(95,307)	(95,307)	-	-	-	-	(111,056)
Balance at December 31, 2019	<u>96,242,451</u>	<u>60,544,474</u>	<u>7,691,688</u>	<u>847,770</u>	<u>14,364,264</u>	<u>22,903,722</u>	<u>(3,129,982)</u>	<u>1,124,598</u>	<u>(2,005,384)</u>	<u>(1,013,423)</u>	<u>176,671,840</u>
Appropriation of earnings:											
Special reserve	-	-	-	1,157,614	(1,157,614)	-	-	-	-	-	-
Profit for the year	-	-	-	-	3,376,324	3,376,324	-	-	-	-	3,376,324
Other comprehensive income (loss), net of tax	-	-	-	-	113,073	113,073	(76,538)	2,676,782	2,600,244	-	2,713,317
Total comprehensive income (loss) for the year	-	-	-	-	3,489,397	3,489,397	(76,538)	2,676,782	2,600,244	-	6,089,641
Changes in deemed contributions from shareholders	-	1,073	-	-	-	-	-	-	-	-	1,073
Adjustments for changes in investees' equity	-	42,137	-	-	-	-	-	-	-	-	42,137
Disposal of equity investments measured at fair value through other comprehensive income	-	-	-	-	3,865,163	3,865,163	-	(3,865,163)	(3,865,163)	-	-
Balance at December 31, 2020	<u>\$ 96,242,451</u>	<u>60,587,684</u>	<u>7,691,688</u>	<u>2,005,384</u>	<u>20,561,210</u>	<u>30,258,282</u>	<u>(3,206,520)</u>	<u>(63,783)</u>	<u>(3,270,303)</u>	<u>(1,013,423)</u>	<u>182,804,691</u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
AU OPTRONICS CORP.

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in thousands of New Taiwan dollars)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Profit (loss) before income tax	\$ 2,496,585	(18,346,664)
Adjustments for:		
- depreciation	23,787,296	23,520,703
- amortization	245,311	424,985
- losses on financial instruments at fair value through profit or loss	125,758	26,762
- interest expense	1,699,576	1,546,400
- interest income	(158,965)	(300,199)
- dividend income	(251,423)	(284,946)
- share of loss (profit) of equity-accounted investees	(2,272,193)	1,187,224
- gains on disposals of property, plant and equipment, net	(21,322)	(27,307)
- impairment losses on assets	36,788	67,778
- unrealized foreign currency exchange losses (gains)	119,736	(488,929)
- others	39,307	943
Changes in operating assets and liabilities:		
- accounts receivable	(14,422,629)	14,270,038
- receivables from related parties	(329,567)	2,702,681
- inventories	(1,728,515)	2,953,007
- other current assets	1,265,569	(718,394)
- accounts payable	(94,420)	(4,128,050)
- payables to related parties	4,838,219	(5,764,455)
- net defined benefit liability	(549,716)	(89,386)
- provisions	(21,862)	(690,939)
- other current liabilities	<u>655,177</u>	<u>(3,349,523)</u>
Cash generated from operations	15,458,710	12,511,729
Cash received from interest income	158,679	301,758
Cash received from dividends	371,371	604,468
Cash paid for interest	(1,702,459)	(1,319,874)
Cash paid for income taxes	<u>(15,087)</u>	<u>(1,024,452)</u>
Net cash provided by operating activities	<u>14,271,214</u>	<u>11,073,629</u>

(Continued)

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
AU OPTRONICS CORP.

Statements of Cash Flows (Continued)

For the years ended December 31, 2020 and 2019

(Expressed in thousands of New Taiwan dollars)

	<u>2020</u>	<u>2019</u>
Cash flows from investing activities:		
Acquisitions of equity-accounted investees	(3,758,797)	(654,914)
Acquisitions of property, plant and equipment	(11,137,182)	(21,196,552)
Disposals of property, plant and equipment	25,695	16,855
Decrease in refundable deposits	160,169	40,026
Increase in other financial assets	-	(2,412)
Decrease (increase) in other receivables from related parties	<u>200,000</u>	<u>(1,200,000)</u>
Net cash used in investing activities	<u>(14,510,115)</u>	<u>(22,996,997)</u>
Cash flows from financing activities:		
Proceeds from long-term borrowings	14,519,350	75,900,000
Repayments of long-term borrowings	(4,912,500)	(42,087,000)
Payment of lease liabilities	(390,812)	(442,719)
Guarantee deposits received	51,000	-
Cash dividends	-	(4,812,122)
Repurchase of treasury shares	-	(1,013,423)
Others	<u>1,073</u>	<u>547</u>
Net cash provided by financing activities	<u>9,268,111</u>	<u>27,545,283</u>
Effect of exchange rate change on cash and cash equivalents	<u>12,045</u>	<u>(10,123)</u>
Net increase in cash and cash equivalents	9,041,255	15,611,792
Cash and cash equivalents at January 1	<u>45,928,070</u>	<u>30,316,278</u>
Cash and cash equivalents at December 31	<u><u>\$ 54,969,325</u></u>	<u><u>45,928,070</u></u>

See accompanying notes to parent company only financial statements.

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AU OPTRONICS CORP.

Notes to the Parent Company Only Financial Statements

For the years ended December 31, 2020 and 2019

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

1. Organization

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

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

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

2. The Authorization of Financial Statements

These parent company only financial statements were approved and authorized for issue by the Board of Directors of AUO on February 3, 2021.

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, 2020. The adoption does not have a material impact on the Company’s parent company only financial statements.

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(2) Impact of the IFRSs endorsed by the FSC but not yet effective

The Company assesses that the adoption of the following amendments to the IFRSs, effective for annual period beginning on January 1, 2021, would not have a material impact on its parent company only financial statements.

- Amendments to IFRS 4, *Extension of the Temporary Exemption from Applying IFRS 9*
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, *Interest Rate Benchmark Reform –Phase 2*

(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:

- Annual Improvements to IFRSs 2018–2020
- Amendments to IFRS 3, *Reference to the Conceptual Framework*
- 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, *Insurance Contracts*
- Amendments to IAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to IAS 16, *Property, Plant and Equipment –Proceeds before Intended Use*
- Amendments to IAS 37, *Onerous Contracts –Cost of Fulfilling a Contract*

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

4. Summary of Significant Accounting Policies

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

(1) Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”).

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AU OPTRONICS CORP.
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(2) Basis of preparation

a. Basis of measurement

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

- (i) Financial instruments at fair value through profit or loss (including derivative financial instruments) (Note 6(2));
- (ii) Financial assets at fair value through other comprehensive income (Note 6(3));
- (iii) Defined benefit asset (liability) is recognized as the fair value of the plan assets less the present value of the defined benefit obligation (Note 6(14)).

b. Functional and presentation currency

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

(3) Foreign currency transactions and operations

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

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

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

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

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

An asset is classified as current when:

- a. The asset expected to realize, or intends to sell or consume, in its normal operating cycle;
- b. The asset primarily held for the purpose of trading;
- c. The asset expected to realize within twelve months after the reporting date; or
- d. Cash and cash equivalent excluding the asset restricted to be exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non-current.

A liability is classified as current when:

- a. The liability expected to settle in its normal operating cycle;
- b. The liability primarily held for the purpose of trading;
- c. The liability is due to be settled within twelve months after the reporting date; or
- d. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments, do not affect its classification.

All other liabilities are classified as non-current.

(5) Cash and cash equivalents

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

(6) Financial instruments

a. Financial assets

(i) Classification of financial assets

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

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AU OPTRONICS CORP.
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(a) Financial assets at amortized cost

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

- i. it is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- ii. its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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

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

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

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

(Continued)

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

(ii) Impairment of financial assets

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

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

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

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

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

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

(iii) De-recognition of financial assets

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

b. Financial liabilities

(i) Classification of financial liabilities

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

(Continued)

AU OPTRONICS CORP.
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(a) Financial liabilities at fair value through profit or loss

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

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

(b) Other financial liabilities

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

(ii) De-recognition of financial liabilities

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

c. Offsetting of financial assets and liabilities

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

(7) Inventories

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

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AU OPTRONICS CORP.
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(8) Investments in associates and joint ventures

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

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

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

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

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

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

(Continued)

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

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

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

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

(9) Investment in subsidiaries

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

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

(10) Investment property

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

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

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AU OPTRONICS CORP.
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(11) Property, plant and equipment

a. Recognition and measurement

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

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

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

b. Subsequent costs

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

c. Depreciation

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

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

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

- (i) Buildings: 20~50 years
- (ii) Machinery and equipment: 3~9 years
- (iii) Other equipment: 3~6 years

(Continued)

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

d. Reclassification to investment property

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

(12) Leases

a. Identifying a lease

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

- (i) the contract involves the use of an identified asset, and the supplier does not have a substantive right to substitute the asset; and
- (ii) the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use; and
- (iii) the Company has the right to direct the use of the identified asset throughout the period of use.

b. As a lessee

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

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

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

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

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

- (i) the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- (ii) the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (iii) any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2021; and
- (iv) there is no substantive change in other terms and conditions of the lease.

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

c. As a lessor

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

(13) Intangible assets

a. Goodwill

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

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

b. Research and development

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

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

- (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (ii) its intention to complete the intangible asset and use or sell it;
- (iii) its ability to use or sell the intangible asset;
- (iv) the probability that the intangible asset will generate probable future economic benefits;
- (v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

c. Other intangible assets

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

d. Subsequent expenditure

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

e. Amortization

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

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

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(14) Impairment – non-financial assets

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

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

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

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

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

(15) Provisions

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

a. Warranties

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

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b. Decommissioning obligation

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

c. Litigation

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

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

(16) Treasury shares

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

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

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AU OPTRONICS CORP.
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(17) Revenue from contracts with customers

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

a. Sales of goods

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

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

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

The Company provides standard warranties for goods sold and has obligation to refund payments for defective goods, in which the Company has recognized provisions for warranties to fulfill the obligation. Refer to Note 4(15) for further details.

b. Construction contracts

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

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

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

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

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

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

The Company provides standard warranties for construction contracts and has recognized provisions for warranties to fulfill the obligation. Refer to Note 4(15) for further details.

c. **Financing components**

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

(18) **Employee benefits**

a. **Defined contribution plans**

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

b. **Defined benefit plans**

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

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

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

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c. Short-term employee benefits

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

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

(19) Income taxes

Income tax expense comprises current and deferred taxes.

a. Current taxes

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

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

b. Deferred taxes

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

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

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

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

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

(20) Earnings (loss) per share

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

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

(21) Operating segments

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

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

The preparation of the parent company only financial statements in conformity with the Regulations requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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

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

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

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(2) Impairment of goodwill

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

(3) Recognition of deferred tax assets

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

(4) Valuation of inventories

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

6. Description of Significant Accounts

(1) Cash and Cash Equivalents

	December 31, 2020	December 31, 2019
Cash on hand, demand deposits and checking accounts	\$ 32,484,255	32,188,485
Time deposits	22,485,070	13,739,585
	<u>\$ 54,969,325</u>	<u>45,928,070</u>

Refer to Note 6(24) for the disclosure of credit risk, currency risk and sensitivity analysis of the financial instruments of the Company.

As at December 31, 2020 and 2019, no cash and cash equivalents were pledged with banks as collaterals.

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

	December 31, 2020	December 31, 2019
Financial assets mandatorily measured at FVTPL:		
Foreign currency forward contracts	<u>\$ 21,361</u>	<u>18,753</u>
Financial liabilities held for trading:		
Foreign currency forward contracts	<u>\$ 135,420</u>	<u>7,054</u>

(Continued)

AU OPTRONICS CORP.
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The Company entered into derivative contracts to manage the exposure to currency risk arising from operating activities. Refer to Note 6(24) for the disclosure of the Company's credit and currency risks related to financial instruments.

As at December 31, 2020 and 2019, the Company's outstanding foreign currency forward contracts were as follows:

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

December 31, 2019		
Contract item	Maturity date	Contract amount (in thousands)
Sell USD / Buy NTD	Jan. 2020	USD 154,000 / NTD 4,640,720
Sell USD / Buy JPY	Jan. 2020	USD 27,000 / JPY 2,948,070
Sell CNY / Buy USD	Feb. 2020~Mar. 2020	CNY 1,285,305 / USD 184,000
Sell EUR / Buy JPY	Jan. 2020~Feb. 2020	EUR 23,000 / JPY 2,788,285
Sell HKD / Buy USD	Jan. 2020	HKD 60,177 / USD 7,721

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

	December 31, 2020	December 31, 2019
Investments in equity instruments at FVTOCI:		
Equity securities – listed stocks	\$ <u>-</u>	<u>7,140,410</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.

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

If the value of these equity securities appreciates or depreciates by 10% at the reporting date, other comprehensive income would increase or decrease by \$714,041 thousand for the year ended December 31, 2019.

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

	December 31, 2020	December 31, 2019
Accounts receivable	\$ 43,844,611	28,925,839
Less: loss allowance	(200)	(150)
	<u>\$ 43,844,411</u>	<u>28,925,689</u>
Accounts receivable, net	<u>\$ 41,585,707</u>	<u>26,986,723</u>
Accounts receivable from related parties, net	<u>\$ 2,258,704</u>	<u>1,938,966</u>

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

	December 31, 2020		
	Carrying amount of accounts receivable	Weighted- average loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 42,955,666	0.00%	88
Past due less than 60 days	887,804	0.01%	112
Past due 61~180 days	1,141	0.00%	-
	<u>\$ 43,844,611</u>		<u>200</u>
	December 31, 2019		
	Carrying amount of accounts receivable	Weighted- average loss rate	Loss allowance for lifetime expected credit losses
Not past due	\$ 28,140,278	0.00%	1
Past due less than 60 days	773,489	0.00%	4
Past due 61~180 days	12,072	1.20%	145
	<u>\$ 28,925,839</u>		<u>150</u>

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

	For the years ended December 31,	
	2020	2019
Balance at beginning of the year	\$ 150	15,291
Provisions (reversals) charged to (against) expense	50	(487)
Write-offs	-	(14,654)
Balance at end of the year	<u>\$ 200</u>	<u>150</u>

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

Information about the Company's exposure to credit risk is included in Note 6(24).

As at December 31, 2020, the Company did not sell its accounts receivables to banks. As at December 31, 2019, the Company's accounts receivables sold and derecognized were as follows:

December 31, 2019							
Underwriting bank	Factoring limit (in thousands)		Amount sold and derecognized (in thousands)		Amount advanced (in thousands)		Principal terms
CTBC Bank	USD	152,000	USD	18,526	NTD	500,000	See Notes(a)~(d)
Taipei Fubon Bank	USD	120,000	USD	56,020	NTD	1,500,000	See Notes(a)~(d)
DBS Bank	USD	154,000	USD	56,730	NTD	1,520,000	See Notes(a)~(d)
Bank of Taiwan	USD	250,000	USD	15,718	USD	14,000	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 December 31, 2019, total outstanding receivables after the above transactions, net of fees charged by underwriting banks, of \$487,754 thousand was recognized under other current financial assets. In addition, interest rate for the balance of advanced amount as of December 31, 2019 was ranging from 1.07% to 2.44%.

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.

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AU OPTRONICS CORP.
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(5) Inventories

	December 31, 2020	December 31, 2019
Finished goods	\$ 6,811,795	7,022,551
Work-in-progress	9,842,574	8,404,901
Raw materials	2,330,407	1,828,809
	<u>\$ 18,984,776</u>	<u>17,256,261</u>

For the years ended December 31, 2020 and 2019, the amounts recognized as cost of sales in relation to inventories were \$240,070,378 thousand and \$257,786,100 thousand, respectively. The net of provisions (reversals) for inventories written down (increased) to net realizable value, which were also included in cost of sales, amounted to \$(1,693,966) thousand and \$265,330 thousand for the years ended December 31, 2020 and 2019, respectively.

As at December 31, 2020 and 2019, none of the Company's inventories was pledged as collateral.

(6) Investments in Equity-accounted Investees

	December 31, 2020	December 31, 2019
Subsidiaries	\$ 70,287,701	67,163,450
Associates	15,580,327	3,021,365
	<u>\$ 85,868,028</u>	<u>70,184,815</u>

a. Subsidiaries

Refer to consolidated financial statements for the years ended December 31, 2020 and 2019 for the details.

b. Associates

Name of associate	Principal activities	Principal place of business	December 31, 2020		December 31, 2019	
			Amount	Ownership interest%	Amount	Ownership interest%
Qisda	Manufacturing and sales of LCD products and projectors; providing medical services	Taiwan ROC	\$ 9,704,923	17	-	-
ADLINK Technology Inc. ("ADLINK")	Manufacturing and sales of hardware, software and peripheral devices of industrial computers	Taiwan ROC	2,311,727	19	-	-
Star Shining Energy Corporation ("SSEC")	Investment	Taiwan ROC	1,586,817	31	953,966	31
Lextar Electronics Corp. ("Lextar")	Design, manufacturing, and sales of InGaN epi wafers and chips, and light emitting diode packages and modules	Taiwan ROC	1,549,703	15	1,642,746	15
Star River Energy Corp. ("SREC")	Investment	Taiwan ROC	427,157	32	424,653	32
			<u>\$ 15,580,327</u>		<u>3,021,365</u>	

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

	For the years ended December 31,	
	2020	2019
The Company's share of associates':		
Profit (loss)	\$ (49,033)	11,201
Other comprehensive income (loss)	(28,053)	(19,754)
Total comprehensive income (loss)	<u><u>\$ (77,086)</u></u>	<u><u>(8,553)</u></u>

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

Lextar, upon the resolution of its Board of Directors on June 18, 2020, carried out a joint share exchange with Epistar Corporation ("Epistar") for a newly incorporated company, Ennostar Inc. ("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.

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

As at December 31, 2020 and 2019, none of the Company's investments in equity-accounted investees was pledged as collateral.

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(7) Property, Plant and Equipment

For the year ended December 31, 2020					
	Balance, Beginning of Year	Additions (deductions)	Disposal or write off	Reclassification	Balance, End of Year
Cost:					
Land	\$ 6,344,658	-	-	-	6,344,658
Buildings	87,793,792	(10,291)	-	281,613	88,065,114
Machinery and equipment	706,595,480	932,776	(12,917,768)	6,177,416	700,787,904
Other equipment	25,764,841	3,283,671	(2,538,689)	530,839	27,040,662
	<u>826,498,771</u>	<u>4,206,156</u>	<u>(15,456,457)</u>	<u>6,989,868</u>	<u>822,238,338</u>
Accumulated depreciation and impairment loss:					
Buildings	24,767,492	1,798,359	-	-	26,565,851
Machinery and equipment	641,166,292	17,237,806	(12,915,830)	280,981	645,769,249
Other equipment	19,859,655	4,300,543	(2,536,254)	(280,981)	21,342,963
	<u>685,793,439</u>	<u>23,336,708</u>	<u>(15,452,084)</u>	<u>-</u>	<u>693,678,063</u>
Prepayments for purchase of land and equipment, and construction in progress	3,437,406	4,546,392	-	(6,989,868)	993,930
Net carrying amounts	<u>\$ 144,142,738</u>				<u>129,554,205</u>
For the year ended December 31, 2019					
	Balance, Beginning of Year	Additions	Disposal or write off	Reclassification	Balance, End of Year
Cost:					
Land	\$ 6,344,658	-	-	-	6,344,658
Buildings	87,696,804	-	-	96,988	87,793,792
Machinery and equipment	694,184,513	1,028,763	(2,678,152)	14,060,356	706,595,480
Other equipment	24,056,317	3,789,557	(3,444,483)	1,363,450	25,764,841
	<u>812,282,292</u>	<u>4,818,320</u>	<u>(6,122,635)</u>	<u>15,520,794</u>	<u>826,498,771</u>
Accumulated depreciation and impairment loss:					
Buildings	22,950,335	1,793,785	-	23,372	24,767,492
Machinery and equipment	626,632,857	17,204,842	(2,671,407)	-	641,166,292
Other equipment	19,233,488	4,068,438	(3,442,271)	-	19,859,655
	<u>668,816,680</u>	<u>23,067,065</u>	<u>(6,113,678)</u>	<u>23,372</u>	<u>685,793,439</u>
Prepayments for purchase of land and equipment, and construction in progress	4,983,020	13,879,180	-	(15,424,794)	3,437,406
Net carrying amounts	<u>\$ 148,448,632</u>				<u>144,142,738</u>

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As of December 31, 2020 and 2019, a non-irrigated farmland located in LongTan plant amounted to \$23,671 thousand was registered in the name of a farmer due to regulations. An agreement of pledge had been signed between the Company and the farmer clarifying the rights and obligations of each party.

In 2020 and 2019, the Company wrote down certain long-term assets with extremely low capacity utilization associated with its display segment and recognized impairment losses of \$36,757 thousand and \$52,829 thousand, respectively.

In 2020 and 2019, the Company wrote down certain long-term assets with extremely low capacity utilization associated with its energy segment and recognized impairment losses of \$31 thousand and \$14,949 thousand, respectively.

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

	For the years ended December 31,	
	2020	2019
Capitalized borrowing costs	\$ 37,917	127,318
The interest rates applied for the capitalization	1.63%~ 1.77%	1.77%~ 1.89%

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

(8) Lease Arrangements

a. Lessee

(i) Right-of-use assets

	December 31, 2020	December 31, 2019
Carrying amount of right-of-use assets		
Land	\$ 8,685,550	9,236,323
Buildings	104,525	78,037
Other equipment	-	32,517
	\$ 8,790,075	9,346,877

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	For the years ended December 31,	
	2020	2019
Additions to right-of-use assets	\$ <u>78,331</u>	<u>143,402</u>
Depreciation charge for right-of-use assets		
Land	\$ 418,269	431,013
Buildings	36,590	25,552
Other equipment	<u>32,517</u>	<u>64,851</u>
	<u>\$ 487,376</u>	<u>521,416</u>

(ii) Lease liabilities

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

	December 31, 2019		
	Future minimum lease payments	Interests	Present value of minimum lease payments
Less than one year	\$ 583,994	168,013	415,981
Between one and five years	2,143,485	601,155	1,542,330
More than five years	<u>8,797,303</u>	<u>1,330,039</u>	<u>7,467,264</u>
	<u>\$ 11,524,782</u>	<u>2,099,207</u>	<u>9,425,575</u>
Lease liabilities — current			\$ 415,981
Lease liabilities — noncurrent			<u>9,009,594</u>
			<u>\$ 9,425,575</u>

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(iii) Significant lease agreements

AUO has entered into various land lease agreements with Hsinchu Science Park Bureau, Central Science Park Administration Bureau and Southern Taiwan Science Park Bureau, respectively, for the construction of plant for operations. All lease amounts are adjusted in accordance with the land value announced by the government from time to time. In 2020 and 2019, AUO modified some of its lease contracts due to the decrease of the scope of the lease, and therefore, the carrying amounts of the right-of-use assets were reduced by \$147,371 thousand and \$1,064,094 thousand, respectively. The difference between the remeasurement of the lease liability and the reduction of the right-of-use asset was recognized in profit or loss.

(iv) Additional lease information

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

	For the years ended December 31,	
	2020	2019
Expenses relating to short-term leases	\$ <u><u>1,539</u></u>	<u><u>2,861</u></u>
COVID-19-related rent concessions (recognized as deduction of rent expense)	\$ <u><u>32,385</u></u>	<u><u>-</u></u>

Total cash outflow for the Company's leases in which it acts as a lessee for the years ended December 31, 2020 and 2019 were \$579,531 thousand and \$618,293 thousand, respectively.

b. Lessor

The Company leased out part of its land, recognized as investment properties, and did not transfer substantially all the risks and rewards incidental to their ownership to the lessee, therefore, those leases were recognized as operating leases. Refer to Note 6(19) for the information of rental income from operating leases. In addition, the direct costs relating to the aforementioned operating leases for the years ended December 31, 2020 and 2019 were \$563 thousand and \$1,803 thousand, respectively.

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

	December 31, 2020	December 31, 2019
Year 1	\$ 8,052	8,052
Year 2	8,052	8,052
Year 3	8,052	8,052
Year 4	8,052	8,052
Year 5	8,052	8,052
Year 6 onwards	55,022	63,074
Total undiscounted operating lease receivable	<u><u>\$ 95,282</u></u>	<u><u>103,334</u></u>

(9) Investment Property

For the year ended December 31, 2020			
	Balance, Beginning of Year	Additions	Reclassification
Cost:			Balance, End of Year
Land	\$ 465,868	-	465,868
Fair Value	<u><u>\$ 1,578,838</u></u>		<u><u>1,578,838</u></u>
For the year ended December 31, 2019			
	Balance, Beginning of Year	Additions	Reclassification
Cost:			Balance, End of Year
Land	\$ 465,868	-	465,868
Buildings	96,000	-	-
	561,868	-	465,868
Accumulated depreciation:			
Buildings	22,432	940	-
Net carrying amounts	<u><u>\$ 539,436</u></u>		<u><u>465,868</u></u>
Fair Value	<u><u>\$ 1,500,985</u></u>		<u><u>1,578,838</u></u>

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

The fair value measurement was categorized as a level 3 fair value based on the inputs in the valuation techniques used. Sales comparison approach is through comparison, analysis, adjustment and other means of value for comparable properties to estimate the value of the investment property. Land development analysis approach determine the fair value of investment property based on the value prior to development or construction, after deducting the direct cost, indirect cost, capital interest and profit during the development period, and also consider total sales price of properties after completion of development or construction. It also incorporates the possibility of changes in utility of land through development or improvement in accordance with legal use and density of the land. The overall capital interest rate and the rate of return used in the valuation were 2.53% and 15%, respectively.

As at December 31, 2020 and 2019, there was no investment property that was pledged as collateral.

(10) Intangible Assets

For the year ended December 31, 2020				
	Balance, Beginning of Year	Additions	Reclassification	Balance, End of Year
Cost:				
Goodwill	\$ 11,280,595	-	-	11,280,595
Patent and technology fee	12,078,767	-	-	12,078,767
	<u>23,359,362</u>	<u>-</u>	<u>-</u>	<u>23,359,362</u>
Accumulated amortization:				
Patent and technology fee	11,307,601	245,311	-	11,552,912
Net carrying amounts	<u>\$ 12,051,761</u>			<u>11,806,450</u>
For the year ended December 31, 2019				
	Balance, Beginning of Year	Additions	Reclassification	Balance, End of Year
Cost:				
Goodwill	\$ 11,280,595	-	-	11,280,595
Patent and technology fee	12,078,767	-	-	12,078,767
	<u>23,359,362</u>	<u>-</u>	<u>-</u>	<u>23,359,362</u>
Accumulated amortization:				
Patent and technology fee	10,882,616	424,985	-	11,307,601
Net carrying amounts	<u>\$ 12,476,746</u>			<u>12,051,761</u>

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

	December 31, 2020	December 31, 2019
Display business	\$ 11,280,595	11,280,595

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

The key assumptions used in the estimation of the recoverable amount included discount rate and terminal growth rate. The annual discount rates for the years ended December 31, 2020 and 2019 were 13.63% and 12.25%, respectively, based on industry weighted average cost of capital. The cash flow projections were determined based on the financial budgets approved by management covering the future five-year period and extrapolated with a steady annual terminal growth rate for subsequent years, which were negative 1% and negative 0.5% for the years ended December 31, 2020 and 2019, respectively. The key assumptions abovementioned represents the management's forecast of the future for the related industry by considering the history information from internal and external sources.

Based on the impairment assessment for the years ended December 31, 2020 and 2019, no impairment losses were recognized as the recoverable amount of the CGU was higher than its carrying value.

(11) Other Current Assets and Other Noncurrent Assets

	December 31, 2020	December 31, 2019
Refundable deposits	\$ 381,528	543,530
Refundable and overpaid tax	360,688	404,135
Prepayments for purchases	101,534	134,972
Others	<u>2,315,894</u>	<u>2,503,713</u>
	3,159,644	3,586,350
Less: current	<u>(1,938,708)</u>	<u>(1,836,890)</u>
Noncurrent	<u>\$ 1,220,936</u>	<u>1,749,460</u>

(Continued)

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(12) Long-term Borrowings

Bank or agent bank	Durations	December 31, 2020	December 31, 2019
Bank of Taiwan and others	From Feb. 2019 to Feb. 2024	\$ 42,000,000	42,000,000
Bank of Taiwan and others	From Mar. 2019 to Apr. 2023	23,000,000	23,000,000
Bank of Taiwan and others	From May 2017 to May 2022	6,000,000	10,000,000
Unsecured loans	From Aug. 2018 to Oct. 2023	8,200,000	5,000,000
Secured loans	From Nov. 2019 to Dec. 2026	<u>16,737,500</u>	<u>6,200,000</u>
		95,937,500	86,200,000
Less: transaction costs		<u>(297,982)</u>	<u>(233,890)</u>
		95,639,518	85,966,110
Less: current portion		<u>(11,184,508)</u>	<u>(4,000,000)</u>
		<u>\$ 84,455,010</u>	<u>81,966,110</u>
Unused credit facilities		<u>\$ 51,050,000</u>	<u>31,000,000</u>
Interest rate range		0.7500%~ 1.7895%	1.0000%~ 1.8822%

The Company entered into the aforementioned long-term loan arrangements with banks and financial institutions to finance capital expenditures for purchase of machinery and equipment, and to fulfill working capital, as well as to repay the matured debts. A commitment fee is negotiated with the leading banks of syndicated loans and is calculated based on the committed-to-withdraw but unused balance, if any. No commitment fees were paid for the year ended December 31, 2020.

These credit facilities contain covenants that require the Company to maintain certain financial ratios, calculating based on the Company's annual consolidated financial statements prepared in accordance with TIFRSs, such as current ratio, leverage ratio, interest coverage ratio, tangible net worth and others as specified in the loan agreements. As of December 31, 2020 and 2019, the Company complied with all financial covenants required under each of the loan agreements.

Refer to Note 6(24) for detailed information of exposures to interest rate, currency, and liquidity risks. Refer to Note 8 for assets pledged as collateral to secure the aforementioned long-term borrowings.

(13) Provisions

	Warranties⁽ⁱ⁾	Litigation, claims and others	Total
Balance at January 1, 2020	\$ 1,266,081	206,544	1,472,625
Additions (Reversals)	218,207	-	218,207
Usage	(208,004)	(32,065)	(240,069)
Effect of change in exchange rate	<u>-</u>	<u>(9,013)</u>	<u>(9,013)</u>
Balance at December 31, 2020	1,276,284	165,466	1,441,750
Less: current	<u>(496,784)</u>	<u>(165,466)</u>	<u>(662,250)</u>
Noncurrent	<u>\$ 779,500</u>	<u>-</u>	<u>779,500</u>

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	Warranties⁽ⁱ⁾	Litigation, claims and others	Total
Balance at January 1, 2019	\$ 1,433,887	739,248	2,173,135
Additions (Reversals)	126,356	(366,612)	(240,256)
Usage	(294,162)	(156,521)	(450,683)
Effect of change in exchange rate	-	(9,571)	(9,571)
Balance at December 31, 2019	1,266,081	206,544	1,472,625
Less: current	(460,352)	(206,544)	(666,896)
Noncurrent	<u>\$ 805,729</u>	<u>-</u>	<u>805,729</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.

(14) Employee Benefits

a. Defined benefit plans

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

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

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

	December 31, 2020	December 31, 2019
Present value of defined benefit obligation	\$ (146,554)	(3,122,442)
Fair value of plan assets	256,878	2,542,832
Net defined benefit asset (liability)	<u>\$ 110,324</u>	<u>(579,610)</u>

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

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

	Present value of defined benefit obligation		Fair value of plan assets		Net defined benefit asset (liability)	
	2020	2019	2020	2019	2020	2019
Balance at January 1	\$ (3,122,442)	(3,224,379)	2,542,832	2,367,273	(579,610)	(857,106)
Service cost	(1,033)	(1,177)	-	-	(1,033)	(1,177)
Interest cost	(27,478)	(39,337)	-	-	(27,478)	(39,337)
Gain on settlement	458,854	-	-	-	458,854	-
Expected return on plan assets	-	-	22,377	28,881	22,377	28,881
Included in profit or loss	430,343	(40,514)	22,377	28,881	452,720	(11,633)
Actuarial (loss) gain arising from:						
demographic assumptions	-	89,851	-	-	-	89,851
financial assumptions	(10,652)	(206,995)	-	-	(10,652)	(206,995)
experience adjustment	68,531	228,466	-	-	68,531	228,466
Return on plan assets excluding interest income	-	-	82,339	76,788	82,339	76,788
Included in other comprehensive income	57,879	111,322	82,339	76,788	140,218	188,110
Contributions paid by the employer	-	-	96,996	101,019	96,996	101,019
Benefits paid	2,487,666	31,129	(2,487,666)	(31,129)	-	-
	2,487,666	31,129	(2,390,670)	69,890	96,996	101,019
Balance at December 31	\$ (146,554)	(3,122,442)	256,878	2,542,832	110,324	(579,610)

(iii) Plan assets

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

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

(iv) Present value of defined benefit obligation

(a) Principal actuarial assumptions

	December 31, 2020	December 31, 2019
Discount rate	0.39%	0.88%
Rate of increase in future salary	2.90%	2.90%

The Company expects to make no contribution to the defined benefit plans in the next year starting from January 1, 2021.

As at December 31, 2020, the weighted-average duration of the defined benefit obligation was 16 years.

b) Sensitivity analysis

Reasonably possible changes at December 31, 2020 and 2019 to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	December 31, 2020		December 31, 2019	
	Changes in assumptions		Changes in assumptions	
	+ 0.25%	-0.25%	+0.25%	-0.25%
Discount rate	\$ <u>(5,565)</u>	<u>5,854</u>	<u>(150,518)</u>	<u>158,966</u>
Rate of increase in future salary	\$ <u>5,693</u>	<u>(5,445)</u>	<u>156,374</u>	<u>(147,992)</u>

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

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

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b. Defined contribution plans

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

The Company has set up defined contribution plan in accordance with the Act. For the years ended December 31, 2020 and 2019, \$866,143 thousand and \$902,578 thousand, respectively, of the pension costs under the pension plan to the ROC Bureau of the Labor Insurance.

(15) Capital and Other Components of Equity

a. Common stock

The Company’s authorized common stock, with par value of \$10 per share, all amounted to \$100,000,000 thousand as at December 31, 2020 and 2019.

The Company’s issued common stock, with par value of \$10 per share, all amounted to \$96,242,451 thousand as at December 31, 2020 and 2019.

On September 9, 2019, the Company’s Board of Directors approved the delisting of ADSs from the NYSE and trading on the OTC market. On and from October 1, 2019, the Company’s ADSs has begun trading on the OTC market. As of December 31, 2020, the Company’s has issued 28,060 thousand ADSs, which represented 280,599 thousand shares of its common stock.

b. Capital surplus

The components of capital surplus were as follows:

	December 31, 2020	December 31, 2019
From common stock	\$ 52,756,091	52,756,091
From convertible bonds	6,049,862	6,049,862
From others	1,781,731	1,738,521
	<u>\$ 60,587,684</u>	<u>60,544,474</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.

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c. Retained earnings and dividend policy

In accordance with the Company's Articles of Incorporation, after payment of income taxes and offsetting accumulated deficits, the legal reserve shall be set aside until the accumulated legal reserve equals the Company's paid-in capital. In addition, a special reserve in accordance with applicable laws and regulations shall also be set aside or reversed. The remaining current-year earnings together with accumulated undistributed earnings from preceding years can be distributed according to relevant laws and the Company's Articles of Incorporation.

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

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

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

The Company's appropriations of earnings for 2018 had been approved in the shareholders' meeting held on June 14, 2019. The appropriations and dividends per share were as follows:

	Appropriation of earnings	Dividends per share (NT\$)
Legal reserve	\$ 1,016,060	
Special reserve	847,770	
Cash dividends to shareholders	4,812,122	0.50
	\$ 6,675,952	

The aforementioned appropriation of earnings for 2018 was consistent with the resolutions of the Board of Directors' meeting held on March 22, 2019.

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

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

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

d. Treasury shares

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

For the year ended December 31, 2020				
Reason for reacquisition	Number of shares, Beginning of Year	Additions	Reductions	Number of shares, End of Year
Transferring to employees	125,000	-	-	125,000
For the year ended December 31, 2019				
Reason for reacquisition	Number of shares, Beginning of Year	Additions	Reductions	Number of shares, End of Year
Transferring to employees	-	125,000	-	125,000

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

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

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e. Other components of equity

	Cumulative translation differences	Unrealized gains (losses) on financial assets at FVTOCI	Total
Balance at January 1, 2020	\$ (3,129,982)	1,124,598	(2,005,384)
Foreign operations – foreign currency translation differences	(3,049,722)	-	(3,049,722)
Net change in fair value of financial assets at FVTOCI	-	2,564,513	2,564,513
Equity-accounted investees – share of other comprehensive income	2,961,666	112,269	3,073,935
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	-	(3,865,163)	(3,865,163)
Related tax	11,518	-	11,518
Balance at December 31, 2020	<u><u>\$ (3,206,520)</u></u>	<u><u>(63,783)</u></u>	<u><u>(3,270,303)</u></u>
Balance at January 1, 2019	\$ (1,449,910)	602,140	(847,770)
Foreign operations – foreign currency translation differences	(1,211,454)	-	(1,211,454)
Net change in fair value of financial assets at FVTOCI	-	536,369	536,369
Equity-accounted investees – share of other comprehensive income	(846,480)	(13,911)	(860,391)
Related tax	377,862	-	377,862
Balance at December 31, 2019	<u><u>\$ (3,129,982)</u></u>	<u><u>1,124,598</u></u>	<u><u>(2,005,384)</u></u>

(16) Revenue from Contracts with Customers

	For the years ended December 31,					
	2020			2019		
	Display segment	Energy segment	Total segments	Display segment	Energy segment	Total segments
Primary geographical markets:						
PRC (including Hong Kong)	\$ 86,452,733	5,925	86,458,658	92,747,943	1,262,345	94,010,288
Taiwan	82,687,514	4,936,487	87,624,001	76,020,646	4,486,119	80,506,765
Singapore	41,957,591	484	41,958,075	38,550,665	7,666	38,558,331
Japan	18,582,706	70,223	18,652,929	18,861,590	280,429	19,142,019
Others	21,318,155	77,527	21,395,682	21,459,052	1,490,721	22,949,773
	<u><u>\$ 250,998,699</u></u>	<u><u>5,090,646</u></u>	<u><u>256,089,345</u></u>	<u><u>247,639,896</u></u>	<u><u>7,527,280</u></u>	<u><u>255,167,176</u></u>

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	2020			2019		
Major products:						
Products for Televisions ⁽ⁱ⁾	\$ 69,879,294	-	69,879,294	73,700,573	-	73,700,573
Products for Monitors	41,888,242	-	41,888,242	39,522,268	-	39,522,268
Products for Mobile PCs and Devices	77,464,323	-	77,464,323	69,290,266	-	69,290,266
Products for Automotive Solutions	21,302,128	-	21,302,128	26,355,694	-	26,355,694
Products for PID and General Display ⁽ⁱⁱ⁾	35,545,592	-	35,545,592	33,956,801	-	33,956,801
Others ⁽ⁱⁱⁱ⁾	<u>4,919,120</u>	<u>5,090,646</u>	<u>10,009,766</u>	<u>4,814,294</u>	<u>7,527,280</u>	<u>12,341,574</u>
	<u>\$ 250,998,699</u>	<u>5,090,646</u>	<u>256,089,345</u>	<u>247,639,896</u>	<u>7,527,280</u>	<u>255,167,176</u>
Major customers:						
Customer A	\$ 32,117,615	-	32,117,615	31,426,701	-	31,426,701
Others (individually not greater than 10%)	<u>218,881,084</u>	<u>5,090,646</u>	<u>223,971,730</u>	<u>216,213,195</u>	<u>7,527,280</u>	<u>223,740,475</u>
	<u>\$ 250,998,699</u>	<u>5,090,646</u>	<u>256,089,345</u>	<u>247,639,896</u>	<u>7,527,280</u>	<u>255,167,176</u>

- (i) Displays for public information that previously included in products for televisions were reclassified to products for PID and general display.
- (ii) Including displays for public information and general utilization.
- (iii) Including sales of solar related products, raw materials and components and from products for other applications and service charges.

(17) Remuneration to Employees and Directors

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

The Company did not accrue remuneration to employees and directors due to the loss making position for the year ended December 31, 2019. The Company accrued remuneration to employees based on the profit before income tax excluding the remuneration to employees and directors for the period, multiplied by the percentage resolved by Board of Directors. For the year ended December 31, 2020, the Company estimated the remuneration to employees amounting to \$253,493 thousand. Remuneration to directors was estimated based on the amount expected to pay and recognized together with the remuneration to employees as cost of sales or operating expenses. If remuneration to employees is resolved to be distributed in stock, the number of shares is determined by dividing the amount of remuneration by the closing price of the shares (ignoring ex dividend effect) on the day preceding the Board of Directors' meeting. If there is a change in the proposed amounts after the annual financial statements are authorized for issue, the differences are accounted for as a change in accounting estimate and adjusted prospectively to next year's profit or loss.

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Remuneration to employees and directors for 2018 in the amounts of \$1,215,696 thousand and \$27,780 thousand, respectively, in cash for payment had been approved in the meeting of Board of Directors held on March 22, 2019. The aforementioned approved amounts are the same as the amounts charged against earnings of 2018.

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

(18) Additional Information of Expenses by Nature

	For the years ended December 31,					
	2020			2019		
	Recognized in cost of sales	Recognized in operating expenses	Total	Recognized in cost of sales	Recognized in operating expenses	Total
Employee benefits expenses:						
Salaries and wages	\$14,077,575	5,490,687	19,568,262	14,352,414	5,242,481	19,594,895
Labor and health insurances	1,170,678	367,424	1,538,102	1,322,702	391,763	1,714,465
Retirement benefits	296,886	116,537	413,423	668,826	245,385	914,211
Remuneration to directors	-	42,812	42,812	-	31,681	31,681
Other employee benefits	1,153,079	234,066	1,387,145	1,275,784	214,908	1,490,692
Depreciation ⁽ⁱ⁾	20,674,699	3,112,597	23,787,296	20,708,657	2,812,046	23,520,703
Amortization	245,311	-	245,311	424,985	-	424,985

(i) The above depreciation did not include the depreciation of investment property.

Additional information on the number of the Company's employees and the average employee benefit expenses of the Company for the years ended December 31, 2020 and 2019 were as follows:

	For the years ended December 31,	
	2020	2019
Number of employees	<u>20,616</u>	<u>21,263</u>
Number of non-employee directors	<u>7</u>	<u>7</u>
Average employee benefit expenses	<u>\$ 1,112</u>	<u>1,115</u>
Average salaries expenses	<u>\$ 950</u>	<u>922</u>
Average salary expense adjustment	<u>3%</u>	<u>(1)%</u>
Remuneration to supervisor	<u>\$ -</u>	<u>-</u>

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

- a. Directors: compensation for directors have been authorized for distribution by the Board of Directors pursuant to the Company's Articles of Association, based on individual Director's level of participation and contributions to the Company operations, and have been paid pursuant to the "Compensation Policy to the Directors and Functional Committee Members" which is in reference to domestic and overseas industry standards. When earnings are present, the Board of Directors will resolve on the amount of Directors' remunerations based on the Company's Articles of Association.
- b. Managers and employees:
 - (i) The Company provides diversified and competitive overall remuneration and career development opportunities. Apart from basic salary (including principal salary, meal allowance, etc.), various allowances and rewards, such as work allowances, duty allowances, performance bonuses, incentive bonuses and remuneration to employees based on annual profit, are designed for difference job nature and reward purpose.
 - (ii) The Company participates in international market salary surveys every year, and makes salary adjustment based on the market level of each job and individual performance to sustain our market competitiveness. Under the premise of enhancing the Company's overall operations and performance from team work and individual, the Company designs various short-term or long-term reward plans and profit sharing with employees to achieve the purpose of talent attraction, retention, motivation and programmatic cultivation of high-quality talents.
 - (iii) The remuneration for the managers is linked to the Company's operating performance and job duties. While designing the salary package, the Company refers to the salary market level and cooperates with long-term external professional consultants. According to the laws, the remuneration for the managers is proposed by the Remuneration Committee and approved by the Board of Directors. It is established to sustain shareholders' long-term value and build up a management team with entrepreneurial spirit.
 - (iv) Salaries for employees are determined by the factors such as the employees' educational background, professional knowledge and technology, and professional years of experience. Employees would not be discriminated regardless of their gender, race, religious beliefs, political stance, marital status and unions they participate.

(19) Non-Operating Income and Expenses

- a. Interest income

	For the years ended December 31,	
	2020	2019
Interest income on bank deposits	\$ 141,156	272,320
Others	17,809	27,879
	<u>\$ 158,965</u>	<u>300,199</u>

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b. Other income

For the years ended December 31,	
2020	2019
Rental income, net	\$ 317,694
Dividend income	251,423
Grants and others	326,623
\$ 895,740	1,194,834

c. Other gains and losses

For the years ended December 31,	
2020	2019
Foreign exchange losses, net	\$ (632,825)
Gains on valuation of financial instruments at FVTPL, net	530,999
Gains on disposals of property, plant and equipment, net	21,322
Impairment losses on assets	(36,788)
Gains (losses) on litigation and others	(64,823)
\$ (182,115)	618,172

d. Finance costs

For the years ended December 31,	
2020	2019
Interest expense on bank borrowings	\$ 1,536,020
Interest expense on lease liabilities	154,795
Finance expense and other interest expense	80,458
\$ 1,771,273	1,546,400

(20) Income Taxes

a. Income tax expense (benefit)

The components of income tax expense (benefit) for the years ended December 31, 2020 and 2019 were as follows:

For the years ended December 31,	
2020	2019
Current income tax expense (benefit):	
Current year	\$ -
Adjustment to prior years and others	(4) (244,624)
	(4) (244,624)

(Continued)

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	For the years ended December 31,	
	2020	2019
Deferred tax expense (benefit):		
Temporary differences	(879,735)	553,216
Tax losses carryforwards	-	530,002
	<u>(879,735)</u>	<u>1,083,218</u>
	<u>\$ (879,739)</u>	<u>838,594</u>

Income taxes expense (benefit) recognized directly in other comprehensive income for the years ended December 31, 2020 and 2019 were as follows:

	For the years ended December 31,	
	2020	2019
Items that will never be reclassified to profit or loss:		
Remeasurement of defined benefit obligations	<u>\$ 28,043</u>	<u>37,622</u>
Items that are or may be reclassified subsequently to profit or loss:		
Foreign operations – foreign currency translation differences	\$ (609,944)	(242,291)
Equity-accounted investees – share of other comprehensive income	<u>598,426</u>	<u>(135,571)</u>
	<u>\$ (11,518)</u>	<u>(377,862)</u>

Reconciliation of the expected income tax expense (benefit) calculated based on the ROC statutory income tax rate compared with the actual income tax expense as reported in the statements of comprehensive income for the years ended December 31, 2020 and 2019, was as follows:

	For the years ended December 31,	
	2020	2019
Income tax expense (benefit) at statutory tax rate	\$ 499,317	(3,669,333)
Net of non-taxable income and non-deductible expense	49,957	442,825
Change of unrecognized deductible temporary differences	(1,429,009)	4,309,726
Adjustments to prior year	<u>(4)</u>	<u>(244,624)</u>
Income tax expense (benefit)	<u>\$ (879,739)</u>	<u>838,594</u>

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b. Deferred tax assets and liabilities

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

	December 31, 2020	December 31, 2019
Deductible temporary differences	\$ 274,984	1,253,853
Unused tax losses carryforwards	14,167,214	14,453,820
	<u>\$ 14,442,198</u>	<u>15,707,673</u>

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

As of December 31, 2020, the expiration period for abovementioned unrecognized deferred tax assets of unused tax losses carryforwards were as follows:

Year of assessment	Unrecognized deferred tax assets	Expiration in year
2011 (assessed)	\$ 804,946	2021
2012 (assessed)	9,667,511	2022
2019 (filed)	3,694,757	2029
	<u>\$ 14,167,214</u>	

As of December 31, 2020 and 2019, the aggregate taxable temporary differences associated with investments in subsidiaries not recognized as deferred tax liabilities amounted to \$832,350 thousand and \$277,670 thousand, respectively.

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

	Deferred tax assets		Deferred tax liabilities		Total	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Tax losses carryforwards	\$ 2,120,783	2,120,783	-	-	2,120,783	2,120,783
Unrealized loss and expenses	255,257	161,146	-	-	255,257	161,146
Inventories write-down	523,594	857,255	-	-	523,594	857,255
Accumulated amortization of goodwill in accordance with local tax laws	-	-	(2,213,429)	(2,213,429)	(2,213,429)	(2,213,429)
Remeasurement of defined benefit plans	129,173	157,216	-	-	129,173	157,216
Others	2,221,352	969,080	(121,469)	-	2,099,883	969,080
	<u>\$ 5,250,159</u>	<u>4,265,480</u>	<u>(2,334,898)</u>	<u>(2,213,429)</u>	<u>2,915,261</u>	<u>2,052,051</u>

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	January 1, 2019	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2019	Recognized in profit or loss	Recognized in other comprehensive income	December 31, 2020
Deferred tax assets (liabilities):							
Tax losses carryforwards	\$ 2,650,785	(530,002)	-	2,120,783	-	-	2,120,783
Unrealized loss and expenses	300,881	(139,735)	-	161,146	94,111	-	255,257
Inventories write-down	809,322	47,933	-	857,255	(333,661)	-	523,594
Accumulated amortization of goodwill in accordance with local tax laws	(2,213,429)	-	-	(2,213,429)	-	-	(2,213,429)
Remeasurement of defined benefit plans	194,838	-	(37,622)	157,216	-	(28,043)	129,173
Others	1,052,632	(461,414)	377,862	969,080	1,119,285	11,518	2,099,883
	<u>\$ 2,795,029</u>	<u>(1,083,218)</u>	<u>340,240</u>	<u>2,052,051</u>	<u>879,735</u>	<u>(16,525)</u>	<u>2,915,261</u>

c. Assessments by the tax authorities

As of December 31, 2020, the tax authorities have completed the examination of income tax returns of the Company through 2018.

(21) Earnings (loss) per Share

	For the years ended December 31,	
	2020	2019
Basic earnings (loss) per share		
Profit (loss) attributable to shareholders	<u>\$ 3,376,324</u>	<u>(19,185,258)</u>
Weighted-average number of common shares outstanding during the year	<u>9,499,245</u>	<u>9,597,268</u>
Basic earnings (loss) per share (NT\$)	<u>\$ 0.36</u>	<u>(2.00)</u>
Diluted earnings (loss) per share		
Profit (loss) attributable to AUO's shareholders	<u>\$ 3,376,324</u>	<u>(19,185,258)</u>
Weighted-average number of common shares outstanding during the year	9,499,245	9,597,268
Effect of employee remuneration in stock	18,107	-
	<u>9,517,352</u>	<u>9,597,268</u>
Diluted earnings (loss) per share (NT\$)	<u>\$ 0.35</u>	<u>(2.00)</u>

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Since the Company incurred net loss for the year ended December 31, 2019, there were no potential ordinary shares with dilutive effect for the year.

(22) Cash Flow Information

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

	Long-term borrowings (including current installments)	Guarantee deposits	Lease liabilities	Total liabilities from financing activities
Balance at January 1, 2020	\$ 85,966,110	728,087	9,425,575	96,119,772
Cash flows	9,606,850	51,000	(390,812)	9,267,038
Non-cash changes:				
Addition (decrease) of leases	-	-	(69,426)	(69,426)
Changes in lease payments	-	-	(32,385)	(32,385)
Changes in exchange rate	-	26,144	-	26,144
Amortization on transaction costs	66,558	-	-	66,558
Balance at December 31, 2020	<u>\$ 95,639,518</u>	<u>805,231</u>	<u>8,932,952</u>	<u>105,377,701</u>
Balance at January 1, 2019	\$ 51,945,545	757,315	10,788,985	63,491,845
Cash flows	33,813,000	-	(442,719)	33,370,281
Non-cash changes:				
Addition (decrease) of leases	-	-	(920,691)	(920,691)
Changes in exchange rate	-	(29,228)	-	(29,228)
Amortization on transaction costs	207,565	-	-	207,565
Balance at December 31, 2019	<u>\$ 85,966,110</u>	<u>728,087</u>	<u>9,425,575</u>	<u>96,119,772</u>

(23) Financial Instruments

a. Fair value and carrying amount

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

Disclosures of fair value are not required for the financial instruments abovementioned and lease liabilities. Other than those, the carrying amount and fair value of other financial instruments of the Company as of December 31, 2020 and 2019 were as follows:

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	December 31, 2020		December 31, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Financial assets at FVTPL:				
Financial assets mandatorily measured at FVTPL	\$ 21,361	21,361	18,753	18,753
Financial assets at FVTOCI	-	-	7,140,410	7,140,410
Financial assets at amortized cost:				
Refundable deposits	381,528	381,528	543,530	543,530
Financial liabilities:				
Financial liabilities at FVTPL:				
Financial liabilities held for trading	135,420	135,420	7,054	7,054
Financial liabilities at amortized cost:				
Long-term borrowings (including current installments)	95,639,518	95,639,518	85,966,110	85,966,110
Long-term payables (including current installments)	309,900	309,900	464,850	464,850
Guarantee deposits	805,231	805,231	728,087	728,087

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.

Fair value of long-term payable is determined by discounting the expected cash flows at a market interest rate.

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

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

c. Fair value measurements recognized in the balance sheets

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

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

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- (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>
December 31, 2020				
Financial assets at FVTPL:				
Financial assets mandatorily measured at FVTPL	\$ -	21,361	-	21,361
Financial liabilities at FVTPL:				
Financial liabilities held for trading	-	135,420	-	135,420
Financial liabilities at amortized cost:				
Long-term payables (including current installments)	-	309,900	-	309,900
December 31, 2019				
Financial assets at FVTPL:				
Financial assets mandatorily measured at FVTPL	-	18,753	-	18,753
Financial assets at FVTOCI	7,140,410	-	-	7,140,410
Financial liabilities at FVTPL:				
Financial liabilities held for trading	-	7,054	-	7,054
Financial liabilities at amortized cost:				
Long-term payables (including current installments)	-	464,850	-	464,850

There were no transfers between Level 1 and 2 for the years ended December 31, 2020 and 2019.

(24) Financial Risk Management

a. Risk management framework

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

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b. Financial risk information

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

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

(i) Credit risk

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

- (a) The carrying amount of financial assets recognized in the balance sheets.
- (b) The amount of contingent liabilities as a result from the Company providing financial guarantee to its customers.

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

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

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

For the years ended December 31, 2020 and 2019, the Company's five largest customers accounted for 41.8% and 38.7%, respectively, of the Company's net revenue. There is no other significant concentration of credit risk.

Refer to Note 6(4) for expected credit loss analysis of accounts receivable and the movement in the loss allowance of accounts receivable.

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For credit of guarantee, the Company's policy is to provide financial guarantees only to subsidiaries. Refer to Note 13(1)b. for information about endorsements or guarantees provided by the Company to its subsidiaries as of December 31, 2020.

(ii) Liquidity risk

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

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

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

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

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	<u>Contractual cash flows</u>	<u>2020.1.1~ 2020.12.31</u>	<u>2021.1.1~ 2022.12.31</u>	<u>2023.1.1~ 2024.12.31</u>	<u>2025 and thereafter</u>
December 31, 2019					
Non-derivative financial liabilities					
Long-term borrowings (including current installments)	\$ 90,585,552	5,494,005	39,068,031	45,000,942	1,022,574
Long-term payables (including current installments)	464,850	154,950	309,900	-	-
Guarantee deposits	728,087	-	-	-	728,087
Derivative financial instruments					
Foreign currency forward contracts — inflows	(12,006,046)	(12,006,046)	-	-	-
Foreign currency forward contracts — outflows	<u>12,010,120</u>	<u>12,010,120</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 91,782,563</u>	<u>5,653,029</u>	<u>39,377,931</u>	<u>45,000,942</u>	<u>1,750,661</u>

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

As at December 31, 2020, the management believes the Company's existing unused credit facilities under its existing loan agreements, together with net cash flows expected to be generated from its operating activities, will be sufficient for the Company to fulfill its payment obligations. Therefore, management believes that the Company does not have significant liquidity risk.

(iii) Market risk

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

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

(a) Currency risk

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

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

I. Exposure of currency risk

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

	December 31, 2020			December 31, 2019		
	Foreign currency amounts	Exchange rate	NTD	Foreign currency amounts	Exchange rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 1,891,983	28.507	53,934,759	1,133,061	30.1350	34,144,793
JPY	9,691,657	0.2763	2,677,805	19,604,815	0.2768	5,426,613
EUR	31,465	35.0494	1,102,829	45,485	33.7422	1,534,764
<u>Non-monetary items</u>						
USD	1,971,109	28.507	56,190,404	1,765,302	30.1350	53,197,376
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	1,390,500	28.507	39,638,984	1,236,623	30.1350	37,265,634
JPY	20,124,348	0.2763	5,560,357	23,792,658	0.2768	6,585,808
EUR	3,472	35.0494	121,692	2,910	33.7422	98,190

II. Sensitivity analysis

The Company's exposure to foreign currency risk arises mainly from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade receivables and trade payables that are denominated in foreign currency. Depreciation or appreciation of the NTD by 1% against the USD, EUR and JPY at December 31, 2020 and 2019, while all other variables were remained constant, would have increased or decreased the net profit before tax for the years ended December 31, 2020 and 2019 as follows:

	For the years ended December 31,	
	2020	2019
1% of depreciation	\$ 123,944	(28,435)
1% of appreciation	(123,944)	28,435

III. Foreign exchange gain (loss) on monetary items

With varieties of functional currencies within the Company, the Company disclosed foreign exchange gain (loss) on monetary items in aggregate. The aggregate of realized and unrealized foreign exchange losses for the years ended December 31, 2020 and 2019 were \$632,825 thousand and \$57,872 thousand, respectively.

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(b) Interest rate risk

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

Assuming the amount of floating-rate debts at the end of the reporting period had been outstanding for the entire year and all other variables were remained constant, an increase or a decrease in the interest rate by 0.25% would have resulted in a decrease or an increase in the net profit before tax for the years ended December 31, 2020 and 2019 by \$239,844 thousand and \$215,500 thousand, respectively.

(c) Equity price risk

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

(25) Capital Management

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

	December 31	
	2020	2019
Long-term borrowings (including current installments)	\$ 95,639,518	85,966,110
Total liabilities	181,195,885	168,993,027
Total equity	182,804,691	176,671,840
Debt-to-equity ratio	99 %	96 %
Net debt-to-equity ratio ⁽ⁱ⁾	22 %	23 %

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

(Continued)

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

7. Related-party Transactions

(1) Name and relationship of related parties

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

Name of related party	Relationship with the Company
AU Optronics (L) Corp. (“AULB”)	Subsidiary
Konly	Subsidiary
Ronly Venture Corp. (“Ronly”)	Subsidiary
Darwin Precisions Corporation (“DPTW”)	Subsidiary
AUO Crystal Corp. (“ACTW”)	Subsidiary
Space Money Inc. (“SMI”)	Subsidiary
Da Ping Green Energy Corporation (“DPGE”)	Subsidiary
AUO Health Corporation (“AHTW”)	Subsidiary
U-Fresh Technology Inc. (“UTI”)	Subsidiary
AU Optronics Corporation America (“AUUS”)	Subsidiary
AU Optronics Corporation Japan (“AUJP”)	Subsidiary
AU Optronics Europe B.V. (“AUNL”)	Subsidiary
AU Optronics Korea Ltd. (“AUKR”)	Subsidiary
AU Optronics Singapore Pte. Ltd. (“AUSG”)	Subsidiary
AU Optronics (Czech) s.r.o. (“AUCZ”)	Subsidiary
AU Optronics (Shanghai) Co., Ltd. (“AUSH”)	Subsidiary
AU Optronics (Xiamen) Corp. (“AUXM”)	Subsidiary
AU Optronics (Suzhou) Corp., Ltd. (“AUSZ”)	Subsidiary
AU Optronics (Slovakia) s.r.o. (“AUSK”)	Subsidiary
AFPD Pte., Ltd. (“AUST”)	Subsidiary
AU Optronics (Kunshan) Co., Ltd. (“AUKS”)	Subsidiary
a.u.Vista Inc. (“AUVI”)	Subsidiary
Fortech Electronics (Suzhou) Co., Ltd. (“FTWJ”)	Subsidiary
Darwin Precisions (Xiamen) Corp. (“DPXM”)	Subsidiary
BriView (Xiamen) Corp. (“BVXM”)	Subsidiary
AUO Green Energy America Corp. (“AEUS”)	Subsidiary
AUO Display Plus Netherlands B.V. (“ADPNL”, formerly AUO Green Energy Europe B.V. (“AENL”))	Subsidiary

(Continued)

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

Name of related party	Relationship with the Company
ComQi Inc. (“CQUS”)	Subsidiary
Edgetech Data Technologies (Suzhou) Corp., Ltd. (“EDT”)	Subsidiary
Lextar Electronics Corporation (“Lextar”)	Associate
Wellybond Corporation (“WBC”)	Subsidiary of Lextar
TRENDYLITE CORPORATION (“TRENDYLITE”)	Subsidiary of Lextar
Raydium Semiconductor Corporation (“Raydium”)	Associate
Star River Energy Corp. (“SREC”)	Associate
Evergen Power Corporation (“EGPC”)	Subsidiary of SREC
Star Shining Energy Corporation (“SSEC”)	Associate
TronGen Power Corporation (“TGPC”)	Subsidiary of SSEC
Fargen Power Corporation (“FGPC”)	Subsidiary of SSEC
Sheng Li Energy Corporation (“SLEC”)	Subsidiary of SSEC
Ri Ji Power Corporation (“RJPC”)	Subsidiary of SSEC
Ri Jing Power Corporation (“RGPC”)	Subsidiary of SSEC
Mao Zheng Energy Corporation (“MZEC”)	Subsidiary of SSEC
Mao Xin Energy Corporation (“MXEC”)	Subsidiary of SSEC
Sheng Feng Power Corporation (“SFPC”)	Subsidiary of SSEC
ChampionGen Power Corporation (“CGPC”)	Subsidiary of SSEC
Daxin Materials Corp. (“Daxin”)	Associate
ADLINK Technology Inc. (“ADLINK”)	Associate
Qisda Corporation (“Qisda”)	Associate ⁽ⁱⁱ⁾
Qisda (Suzhou) Co., Ltd. (“QCSZ”)	Subsidiary of Qisda
Qisda Electronics (Suzhou) Co., Ltd. (“QCES”)	Subsidiary of Qisda
Qisda Optonics (Suzhou) Co., Ltd. (“QCOS”)	Subsidiary of Qisda
Qisda Japan Co., Ltd. (“QJTO”)	Subsidiary of Qisda
Mainteq Europe B.V. (“MQE”)	Subsidiary of Qisda
BenQ Corporation (“BenQ”)	Subsidiary of Qisda
BenQ Materials Corp. (“BMC”)	Subsidiary of Qisda
BenQ Asia Pacific Corp. (“BQP”)	Subsidiary of Qisda
BenQ America Corporation (“BQA”)	Subsidiary of Qisda
DFI Inc. (“DFI”)	Subsidiary of Qisda
Data Image Corporation (“DIC”)	Subsidiary of Qisda
Data Image (Suzhou) Corporation (“DICSZ”)	Subsidiary of Qisda
Sysage Technology Co., Ltd. (“Sysage”)	Subsidiary of Qisda

(Continued)

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

<u>Name of related party</u>	<u>Relationship with the Company</u>
ACE Pillar Co., Ltd. ("ACE")	Subsidiary of Qisda
Qisda Vietnam Co., Ltd ("QVH")	Subsidiary of Qisda
Golden Spirit Co., Ltd. ("GSC")	Subsidiary of Qisda
IRIS Optronics Co., Ltd. ("IOC")	Associate
BenQ Foundation	Substantive related party
AUO Foundation	Substantive related party

- (i) For the information in respect of the Company's subsidiaries and related parties, please refer to the consolidated financial statements for the years ended December 31, 2020 and 2019.
- (ii) The Company has accounted for the investment in Qisda using the equity method since December 31, 2020. Qisda and its subsidiaries are changed as the Company's associates from the same date while previously they are categorized as other related parties. See Note 6(6) for the relevant information.

(2) Compensation to key management personnel

Key management personnel's compensation comprised:

	<u>For the years ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
Short-term employee benefits	\$ 218,723	238,873
Post-employment benefits	2,032	2,633
	<u>\$ 220,755</u>	<u>241,506</u>

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

a. Sales

	<u>Sales</u>		<u>Accounts receivable from related parties</u>	
	<u>For the years ended December 31,</u>		<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Subsidiaries	\$ 4,248,540	4,053,100	291,943	313,465
Associates	765,017	1,124,483	1,966,761	236,971
Others	10,775,744	10,051,582	-	1,388,530
	<u>\$ 15,789,301</u>	<u>15,229,165</u>	<u>2,258,704</u>	<u>1,938,966</u>

(Continued)

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

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

b. Purchases

	Purchases		Accounts payable to related parties	
	For the years ended		December 31,	
	2020	2019	2020	2019
Subsidiaries	\$ 87,988,257	86,620,411	26,039,202	21,808,772
Associates	3,237,827	3,687,643	3,884,576	1,089,448
Others	12,385,625	12,380,236	-	2,427,054
	\$ 103,611,709	102,688,290	29,923,778	25,325,274

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

c. Acquisition of property, plant and equipment

	Acquisition prices	
	For the years ended	
	December 31,	
	2020	2019
Subsidiaries	\$ 275,226	474,357
Associates	8,815	6,555
Others	9,560	5,909
	\$ 293,601	486,821

d. Disposal of property, plant and equipment and others

	Proceeds from disposal		Gains on disposal	
	For the years ended		For the years ended	
	December 31,		December 31,	
	2020	2019	2020	2019
Subsidiaries	\$ 4	2,261	4	50

(Continued)

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

e. Other related party transactions

Transaction type	Type of related party	December 31, 2020	December 31, 2020
Other receivables due from related parties	Subsidiaries	\$ 1,004,613	1,211,067
	Associates	16,805	328
	Others	-	193
		<u>\$ 1,021,418</u>	<u>1,211,588</u>
Other payables due to related parties, including payables for equipment	Subsidiaries	\$ 642,666	398,081
	Associates	15,154	13,163
	Others	-	22,450
		<u>\$ 657,820</u>	<u>433,694</u>

		For the years ended December 31,	
Transaction type	Type of related party	2020	2019
Rental income	Subsidiaries	\$ 5,901	26,764
	Associates	44,408	40,684
	Others	114,383	107,074
		<u>\$ 164,692</u>	<u>174,522</u>

		For the years ended December 31,	
Transaction type	Type of related party	2020	2019
Administration and other income	Subsidiaries	\$ 30,151	41,585
	Associates	11,986	8,154
	Others	6,155	6,476
		<u>\$ 48,292</u>	<u>56,215</u>
Other expenses	Subsidiaries	\$ 671,967	696,208
	Associates	69,744	17,491
	Others	52,613	46,781
		<u>\$ 794,324</u>	<u>760,480</u>

The Company leased portion of its facilities to related parties. The collection term was 15 days from quarter-end, and the pricing was not materially different from that with third parties.

For the years ended December 31, 2020 and 2019, the Company had received cash dividends from related parties of \$371,371 thousand and \$604,468 thousand, respectively.

(Continued)

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

8. Pledged Assets

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

<u>Pledged assets</u>	<u>Pledged to secure</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Restricted cash in banks(i)	Guarantee for warranties	\$ 8,657	8,657
Land and buildings	Long-term borrowings limit	46,628,977	27,800,133
Machinery and equipment	Long-term borrowings limit	45,407,718	42,952,902
		<u>\$ 92,045,352</u>	<u>70,761,692</u>

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

9. Significant Contingent Liabilities and Unrecognized Commitments

The significant commitments and contingencies of the Company as of December 31, 2020, in addition to those disclosed in other notes to the parent company only financial statements, were as follows:

(1) Outstanding letters of credit

As at December 31, 2020, the Company had the following outstanding letters of credit for the purpose of purchasing machinery and equipment and materials:

<u>Currency</u>	<u>December 31, 2020 (in thousands)</u>
USD	457
JPY	1,767,270

(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

As at December 31, 2020, significant outstanding purchase commitments for construction in progress, property, plant and equipment totaled \$4,309,081 thousand.

(Continued)

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

(4) Litigation

• **Antitrust civil actions lawsuits in the United States and other jurisdictions**

A lawsuit was filed by certain consumers in Israel against certain LCD manufacturers including AUO in the District Court of the Central District in Israel ("Israeli Court"). The defendants contested various issues including whether the lawsuit was properly served. In December 2016, the Israeli Court overturned the original decision and revoked the permission for this case to serve out of Israeli jurisdiction. The plaintiffs lodged an appeal to the Israeli Supreme Court but the Israeli Supreme Court overruled the appeal in August 2017. In January 2018, the parties reached a settlement agreement and agreed to commence the required proceedings for withdrawing the lawsuit. In April 2019, the Central District Court of Israel in Lod approved the settlement. 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, AUUS 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 AUUS in the Superior Court of San Juan, Court of First Instance alleging unjust enrichment and claiming unspecified monetary damages. AUO has retained counsel to handle the related matter and intends to defend this lawsuit vigorously, and at this stage, the final outcome of these matters is uncertain. AUO is reviewing the merits of this lawsuit on an on-going basis.

As of February 3, 2021, 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

(Continued)

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

12. Others

Since 2010, there have been environmental proceedings relating to the development project of the Central Taiwan Science Park in Houli, Taichung, which AUO's second 8.5-generation fab is located at (the "Project"). The Environmental Protection Administration ("EPA") of the Executive Yuan of Taiwan issued the environmental assessment and development approval in 2010. On October 24, 2019, the Appeal Review Committee of the Executive Yuan rejected the administrative appeal filed by five local residents. On December 24, 2019, the residents have proceeded to file an administrative action for invalidating the environmental assessment again. The matter is still under review by the court. Management does not believe that this event will have a material adverse effect on the Company's operation and will continue to monitor the development of this event.

13. Additional Disclosures

(1) Information on significant transactions:

Following are the additional disclosures required by the Regulations for the Company for the year ended December 31, 2020.

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

(Continued)

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

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

Significant direct or indirect transactions with the investees in Mainland China for the year ended December 31, 2020, are disclosed in “Information on significant transactions”.

- (4) Major shareholders:

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

14. Segment Information

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

(Continued)

AU OPTRONICS CORP. AND SUBSIDIARIES
Financings Provided
For the year ended December 31, 2020
(Amount in thousands of New Taiwan Dollars)

Table 1

No.	Financing Company	Borrowing Company	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 3)	Ending Balance (Notes 1 and 2)	Amount Actually Drawn Down (Notes 1 and 4)	Interest Rate	Nature of Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Notes 1 and 5)	Limits on Financing Company's Total Financing Amount (Notes 1 and 5)
													Item	Value		
0	AUO	ACTW	Other receivables from related parties	Yes	3,500,000	2,000,000	1,000,000	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	18,280,469	73,121,876
0	AUO	AUKS	Other receivables from related parties	Yes	1,300,920	-	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	18,280,469	73,121,876
0	AUO	SMI	Other receivables from related parties	Yes	30,000	30,000	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	18,280,469	73,121,876
0	AUO	UTI	Other receivables from related parties	Yes	200,000	200,000	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	18,280,469	73,121,876
1	AULB	AUKS	Other receivables from related parties	Yes	13,792,960	13,585,440	6,135,360	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	22,363,769	22,363,769
2	AUXM	AUKS	Other receivables from related parties	Yes	5,254,560	4,382,400	1,972,080	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	5,797,418	5,797,418
3	BVXM	AUKS	Other receivables from related parties	Yes	438,240	438,240	438,240	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	523,838	523,838

No.	Financing Company	Borrowing Company	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 3)	Ending Balance (Notes 1 and 2)	Amount Actually Drawn Down (Notes 1 and 4)	Interest Rate	Nature of Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Notes 1 and 5)	Limits on Financing Company's Total Financing Amount (Notes 1 and 5)
													Item	Value		
4	AUSJ	AUKS	Other receivables from related parties	Yes	1,446,192	1,446,192	788,832	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	1,587,158	1,587,158
4	AUSJ	UFSD	Other receivables from related parties	Yes	219,120	219,120	-	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	3,967,894	3,967,894
4	AUSJ	UFSZ	Other receivables from related parties	Yes	173,104	87,648	35,497	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	3,967,894	3,967,894
4	AUSJ	A-Care	Other receivables from related parties	Yes	86,552	43,824	4,382	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	3,967,894	3,967,894
5	AUSZ	AUKS	Other receivables from related parties	Yes	6,135,360	6,135,360	3,067,680	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	6,547,160	6,547,160
6	BVHF	AUKS	Other receivables from related parties	Yes	306,768	306,768	306,768	Markup rate on short-term financing cost	Needs for short-term financing	-	Operating capital	-	-	-	327,745	327,745
7	DPSZ	AUKS	Other receivables from related parties	Yes	438,240	438,240	438,240	Adjusted by base lending rate of People's Bank of China	Needs for short-term financing	-	Operating capital	-	-	-	523,662	523,662
8	DPTW	DPSK	Other receivables from related parties	Yes	52,863	52,574	29,441	Adjusted by short-term average lending rate	Needs for short-term financing	-	Operating capital	-	-	-	2,482,061	3,971,298
9	FTKS	AUKS	Other receivables from related parties	Yes	433,640	-	-	Adjusted by base lending rate of People's Bank of China	Needs for short-term financing	-	Operating capital	-	-	-	558,230	558,230
10	FTWJ	FHWJ	Other receivables from related parties	Yes	65,046	43,824	43,824	Adjusted by base lending rate of People's Bank of China	Needs for short-term financing	-	Operating capital	-	-	-	1,830,825	1,830,825

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

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

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

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

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

- a. AUO: The total amount available for lending purposes shall not exceed 40% of AUO's net worth as stated in its latest financial statement. The total amount for lending to a company shall not exceed 10% of AUO's net worth as stated in its latest financial statement.
- b. AULB, AUSZ, AUXM, AUSJ, BVXM and BVHF: The total amount available for lending purposes shall not exceed 40% of the net worth of the lending company as stated in its latest financial statement. The total amount for lending to a company shall not exceed 40% of the net worth of the lending company as stated in its latest financial statement.
- c. In the event that the financing is between foreign subsidiaries whose voting shares are 100% owned, directly or indirectly, by AUO, the aggregate amount available for lending to such borrowers and total amount lendable to a company shall not exceed the net worth of the lending company as stated in its latest financial statement.
- d. DPTW: The total amount available for lending purposes shall not exceed 40% of DPTW's net worth as stated in its latest financial statement. The total amount for lending to a company shall not exceed 25% of DPTW's net worth as stated in its latest financial statement.
- e. DPSZ, FTWJ and FTKS: The total amount available for lending purposes shall not exceed 40% of the net worth of the lending company. The total amount for lending to a company shall not exceed 40% of the net worth of the lending company.
- f. In the event that the financing is between foreign subsidiaries whose voting shares are 100% owned, directly and indirectly, by DPTW, the aggregate amount available for lending to such borrowers and the total amount lendable to each of such borrowers shall not exceed the net worth of the lending company.

AU OPTRONICS CORP. AND SUBSIDIARIES
Endorsements/Guarantees Provided
For the year ended December 31, 2020
(Amount in thousands of New Taiwan Dollars)

Table 2

No.	Endorser/ Guarantor	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided for Each Party (Notes 4 and 5)	Maximum Endorsement/ Guarantee Balance for the Period (Note 2)	Ending Balance (Notes 3 and 4)	Amount Actually Drawn Down (Note 4)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Notes 4 and 5)	Endorsement/ Guarantee Provided by Parent Company to Subsidiary	Endorsement/ Guarantee Provided by Subsidiary to Parent Company	Endorsement/ Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship (Note 1)										
0	AUO	AUKS	2	91,402,346	15,391,064	14,373,073	8,654,361	-	7.86%	182,804,691	Yes	No	Yes
1	AUXM	AUO	3	14,493,546	6,354,480	6,354,480	-	-	43.84%	14,493,546	No	Yes	No
2	AUSZ	AUO	3	16,367,899	4,470,048	4,470,048	-	-	27.31%	16,367,899	No	Yes	No
3	DPXM	DPTW	3	1,739,404	438,240	438,240	-	-	10.08%	1,739,404	No	No	No

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

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

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

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

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

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

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

AU OPTRONICS CORP. AND SUBSIDIARIES
Marketable Securities Held (Excluding Investment in Subsidiaries, Associates and Joint Ventures)
December 31, 2020
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated, and shares in thousands)

Table 3

Name of Holder	Type and Name of Marketable Securities	Relationship with the Securities Issuer	Financial Statement Account	December 31, 2020				Maximum Shareholding in the Interim	Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value		
AUO	BenQ ESCO Corp.'s stock	Related party	Financial assets at FVTPL – noncurrent	1,700	-	17.00%	-	17.00%	
AULB	Abakus Solar AG's stock	-	Financial assets at FVTPL – noncurrent	3	-	2.22%	-	2.22%	
AUSH	T-powertek Optronics Co., Ltd.'s stock	-	Financial assets at FVTOCI – noncurrent	1,293	CNY 6,250	1.66%	CNY 6,250	2.16%	
FPWJ	Structured deposit	-	Financial assets at FVTPL – current	-	CNY 54,227	-	CNY 54,227	-	
FTKS	Structured deposit	-	Financial assets at FVTPL – current	-	CNY 72,585	-	CNY 72,585	-	
Konly	PlayNitride Inc.'s stock	-	Financial assets at FVTOCI – noncurrent	967	113,640	2.26%	113,640	2.34%	
Konly	SnapBizz CloudTech Pte. Ltd.'s stock	-	Financial assets at FVTOCI – noncurrent	13	-	4.74%	-	5.33%	
Konly	Azotek Co., Ltd.'s stock	-	Financial assets at FVTOCI – noncurrent	2,407	7,345	4.00%	7,345	4.01%	
Konly	ChenFeng Optronics Corporation's stock	-	Financial assets at FVTPL – noncurrent	1,500	-	2.35%	-	2.63%	
Konly	Epistar Corporation's stock	-	Financial assets at FVTOCI – noncurrent	7,037	294,668	0.65%	294,668	0.65%	
Konly	a2peak power Co., Ltd.'s stock	-	Financial assets at FVTPL – noncurrent	4,000	-	10.87%	-	10.87%	
DPTW	D8AI Holdings Corporation's stock	-	Financial assets at FVTOCI – noncurrent	7,000	8,649	4.59%	8,649	4.59%	
DPTW	Disign Incorporated's stock	-	Financial assets at FVTOCI – noncurrent	2	10,714	19.89%	10,714	19.89%	
DPTW	Evertrust Technology Ltd.'s stock	-	Financial assets at FVTOCI – noncurrent	150	1,500	16.13%	1,500	16.13%	
DPTW	HUAI I Precision Technology Co., Ltd.'s stock	-	Financial assets at FVTOCI – noncurrent	2,914	34,968	10.00%	34,968	10.00%	
DPTW	WiBASE Industrial Solutions Inc.'s stock	Related party	Financial assets at FVTOCI – noncurrent	3,536	42,432	9.11%	42,432	12.11%	
Ronly	PlayNitride Inc.'s stock	-	Financial assets at FVTOCI – noncurrent	359	71,517	0.84%	71,517	0.87%	
Ronly	Exploit Technology Co., Ltd.'s stock	-	Financial assets at FVTPL – noncurrent	41	-	0.49%	-	0.49%	
Ronly	Profet AI Technology Co., Ltd.'s stock	-	Financial assets at FVTOCI – noncurrent	511	10,002	10.16%	10,002	10.16%	

AU OPTRONICS CORP. AND SUBSIDIARIES
Individual Marketable Securities Acquired or Disposed of with Costs or Prices Exceeding
NT\$300 Million or 20% of the Paid-in Capital
For the year ended December 31, 2020
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated, and shares in thousands)

Table 4

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

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

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

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

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

AU OPTRONICS CORP. AND SUBSIDIARIES
Purchases from or Sales to Related Parties with Amounts Exceeding NT\$100 Million or 20% of the Paid-in Capital
For the year ended December 31, 2020
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 5

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

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

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

Company Name	Counterparty	Relationship	Transaction Details				Transactions with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchases /Sales	Amount (Note 2)	Percentage of Total Purchases /Sales	Credit Terms	Unit Price (Note 1)	Credit Terms (Note 1)	Ending Balance (Note 2)	Percentage of Total Notes /Accounts Receivable (Payable)	
DPTW	AUO	Ultimate parent company	Sales	(3,668,313)	(36)%	EOM 60 days	-		657,251	28%	
DPTW	AUSZ	Subsidiary of AUO	Sales	(867,826)	(9)%	EOM 120 days	-		277,080	12%	
DPTW	AUXM	Subsidiary of AUO	Sales	(849,740)	(8)%	EOM 120 days	-		353,730	15%	
DPTW	DPXM	Subsidiary of AUO	Sales	(161,790)	(2)%	EOM 60 days	-		61,385	3%	
DPTW	FPWJ	Subsidiary of AUO	Sales	(391,979)	(4)%	EOM 60 days	-		132,114	6%	
DPTW	FTWJ	Subsidiary of AUO	Sales	(220,845)	(2)%	EOM 60 days	-		30,096	1%	
DPTW	QCES	Subsidiary of Qisda	Sales	(179,294)	(2)%	EOM 120 days	-		63,267	3%	

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

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

AU OPTRONICS CORP. AND SUBSIDIARIES
Receivables from Related Parties with Amounts Exceeding NT\$100 Million or 20% of the Paid-in Capital
December 31, 2020
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 6

Company Name	Counterparty	Relationship	Ending Balance of Receivables (Note 3)	Turnover Rate	Overdue Receivables		Amounts Received in Subsequent Period (Note 1)	Allowance for Bad Debts
					Amount	Action Taken		
AUO	AUNL	Subsidiary of AUO	184,233	8.46	62	Collected in subsequent period	115,652	-
AUO	QCSZ	Subsidiary of Qisda	1,103,551	7.07	339	Will be collected in next period	-	-
AUO	ACTW	Subsidiary of AUO	1,001,440	(Note 2)	-	-	-	-
AUO	BenQ	Subsidiary of Qisda	630,668	5.75	30	Will be collected in next period	-	-
AUKS	AUO	Ultimate parent company	CNY 857,238	7.03	CNY 17,285	Collected in subsequent period	CNY 470,258	-
AULB	AUKS	Subsidiary of AUO	USD 220,489	(Note 2)	-	-	-	-
AUSJ	AUKS	Subsidiary of AUO	CNY 183,146	(Note 2)	-	-	-	-
AUST	AUO	Ultimate parent company	USD 33,525	(Note 2)	USD 20	Will be collected in next period	-	-
AUSZ	AUO	Ultimate parent company	CNY 2,693,520	3.43	CNY 39,752	Collected in subsequent period	CNY 1,541,995	-
AUSZ	AUKS	Subsidiary of AUO	CNY 769,017	(Note 2)	CNY 13,861	Collected in subsequent period	CNY 17,381	-
AUXM	AUO	Ultimate parent company	CNY 2,098,693	(Note 2)	CNY 47,660	Collected in subsequent period	CNY 1,469,960	-
AUXM	AUKS	Subsidiary of AUO	CNY 459,274	(Note 2)	-	-	-	-
BVHF	AUKS	Subsidiary of AUO	CNY 70,591	(Note 2)	-	-	-	-
BVXM	AUKS	Subsidiary of AUO	CNY 102,936	(Note 2)	-	-	-	-
DPSZ	AUKS	Subsidiary of AUO	CNY 104,956	(Note 2)	-	-	-	-
DPSZ	DPTW	Subsidiary of AUO	CNY 45,615	2.97	CNY 6,072	Will be collected in next period	-	-
DPXM	DPTW	Subsidiary of AUO	CNY 287,342	(Note 2)	-	-	-	-
FTWJ	DPTW	Subsidiary of AUO	CNY 623,056	1.44	-	-	CNY 123,973	-
M.Setek	ACTW	Subsidiary of AUO	JPY 1,198,975	(Note 2)	JPY 246,932	Will be collected in next period	-	-

Company Name	Counterparty	Relationship	Ending Balance of Receivables (Note 3)	Turnover Rate	Overdue Receivables		Amounts Received in Subsequent Period (Note 1)	Allowance for Bad Debts
					Amount	Action Taken		
ACTW	M.Setek	Subsidiary of AUO	239,156	(Note 2)	-	-	-	-
DPTW	AUO	Ultimate parent company	659,144	(Note 2)	14,382	Will be collected in next period	-	-
DPTW	AUSZ	Subsidiary of AUO	277,080	3.06	-	-	-	-
DPTW	AUXM	Subsidiary of AUO	353,730	1.99	-	-	-	-
DPTW	DPXM	Subsidiary of AUO	124,129	(Note 2)	533	Will be collected in next period	-	-
DPTW	FPWJ	Subsidiary of AUO	132,114	5.93	58,861	Will be collected in next period	-	-
DPTW	FTWJ	Subsidiary of AUO	1,073,393	(Note 2)	-	-	413,975	-

Note 1: Until the end of January 2021.

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

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

AU OPTRONICS CORP. AND SUBSIDIARIES
Business Relationship and Significant Intercompany Transactions
For the year ended December 31, 2020
(Amount in thousands of New Taiwan Dollars and foreign currencies indicated)

Table 7

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

No.	Company Name	Counterparty	Nature of Relationship	Inter-company Transactions			
				Financial Statement Account	Amount	Trading Terms	Percentage of Consolidated Net Revenue or Total Assets
6	FTWJ	DPTW	Subsidiary to subsidiary	Receivables from related parties	CNY 623,056	-	1%
7	AUO	AUSZ	Parent to subsidiary	Net revenue	1,399,835	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 45 days	1%
8	DPTW	AUO	Subsidiary to parent	Net revenue	3,668,313	The prices of inter-company sales are not comparable with those of third parties. The credit term is EOM 60 days	1%

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

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

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

Table 8

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		December 31, 2020			Maximum Shareholding in the Interim	Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
				December 31, 2020	December 31, 2019	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)				
AUO	AULB	Malaysia	Holding company	59,058,698	59,058,698	1,882,189	100.00%	55,909,421	100.00%	2,789,496	2,789,496	Subsidiary
AUO	AUNL	Netherlands	Sales and sales support of TFT-LCD panels	24,275	24,275	50	100.00%	66,537	100.00%	26,306	26,306	Subsidiary
AUO	Konly	Taiwan ROC	Investment	4,227,070	4,227,070	299,764	100.00%	5,471,340	100.00%	132,133	132,133	Subsidiary
AUO	Ronly	Taiwan ROC	Investment	2,078,682	1,778,692	185,576	100.00%	2,277,770	100.00%	(76,865)	(76,865)	Subsidiary
AUO	DPTW	Taiwan ROC	Design, manufacturing, and sales of TFT-LCD modules, backlight modules, TV set and related parts	3,569,155	3,569,155	190,108	28.56%	2,835,886	28.56%	(1,240,799)	(354,420)	Subsidiary
AUO	ACTW	Taiwan ROC	Manufacturing and sales of ingots and solar wafers	15,687,921	15,687,921	418,583	100.00%	2,686,843	100.00%	(91,475)	(91,475)	Subsidiary
AUO	SREC	Taiwan ROC	Investment	379,040	379,040	37,904	32.01%	427,157	32.01%	107,060	34,274	Associate
AUO	Lextar	Taiwan ROC	Design, manufacturing, and sales of InGaN epi wafers and chips, and light emitting diode packages and modules	889,227	881,076	78,781	15.30%	1,549,703	15.30%	(629,358)	(95,746)	Associate
AUO	Qisda	Taiwan ROC	Manufacturing and sales of LCD products and projectors; providing medical services	9,505,477	-	335,231	17.04%	9,704,923	17.04%	-	-	Associate (Note 7)
AUO	SMI	Taiwan ROC	Sales and leasing of content management system and hardware	30,000	30,000	3,000	100.00%	14,235	100.00%	(4,012)	(4,012)	Subsidiary
AUO	UTI	Taiwan ROC	Planning, design and development of construction for environmental protection and related project management	200,000	100,000	20,000	100.00%	132,024	100.00%	(56,882)	(56,882)	Subsidiary
AUO	SSEC	Taiwan ROC	Investment	1,550,000	930,000	155,000	31.00%	1,586,817	31.00%	107,523	33,332	Associate
AUO	CQIL	Israel	Holding company	1,182,621	876,659	39,974	100.00%	881,300	100.00%	(42,400)	(42,400)	Subsidiary

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		December 31, 2020			Maximum Shareholding in the Interim	Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
				December 31, 2020	December 31, 2019	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)				
AUO	ADLINK	Taiwan ROC	Manufacturing and sales of hardware, software and peripheral devices of industrial computers	2,411,693	-	42,310	19.45%	2,311,727	19.45%	243,665	(20,893)	Associate
AUO	DPGE	Taiwan ROC	Renewable energy power generation	7,000	-	700	100.00%	6,985	100.00%	(15)	(15)	Subsidiary
AUO	ADHLD	Cayman	Holding company	-	-	-	70.00%	-	70.005%	-	-	Subsidiary (Note 5)
AUO	ADCM	Cayman	Holding company	-	-	-	100.00%	-	100.00%	-	-	Subsidiary (Note 5)
AUO	AHTW	Taiwan ROC	Manufacturing, development and sales of medical equipment	5,000	-	500	100.00%	4,985	100.00%	(15)	(15)	Subsidiary
AUO	ADP	Taiwan ROC	Research, development and sales of TFT-LCD panels	1,000	-	100	100.00%	375	100.00%	(625)	(625)	Subsidiary
Konly	DPTW	Taiwan ROC	Design, manufacturing, and sales of TFT-LCD modules, backlight modules, TV set and related parts	703,795	703,795	42,598	6.40%	635,446	6.40%	(1,240,799)	(79,416)	Subsidiary
Konly	SREC	Taiwan ROC	Investment	17,760	17,760	1,776	1.50%	20,015	1.50%	107,060	1,606	Associate
Konly	Raydium	Taiwan ROC	IC Design	175,857	175,857	11,454	17.11%	809,137	17.11%	854,600	146,206	Associate
Konly	Daxin	Taiwan ROC	Research, manufacturing and sales of display related chemicals	154,748	154,748	19,114	18.61%	539,718	18.61%	631,304	117,475	Associate
Konly	Lextar	Taiwan ROC	Design, manufacturing, and sales of InGaN epi wafers and chips, and light emitting diode packages and modules	565,616	450,674	31,182	6.06%	628,659	6.06%	(629,358)	(32,417)	Associate
Konly	Qisda	Taiwan ROC	Manufacturing and sales of LCD products and projectors; providing medical services	437,875	-	17,817	0.91%	515,805	0.91%	-	-	Associate (Note 7)
Konly	Ubitech Inc.	Taiwan ROC	Development and sales of software for POS system	27,000	27,000	357	24.41%	1,308	26.31%	(7,435)	(1,904)	Associate
Konly	SSEC	Taiwan ROC	Investment	100,000	60,000	10,000	2.00%	102,375	2.00%	107,523	2,150	Associate
Konly	WishMobile, Inc.	Taiwan ROC	Developing and providing CRM APP	15,000	15,000	5,625	12.50%	5,844	12.50%	1,991	249	Associate
Konly	SkyREC Ltd.	BVI	Data consulting service for retail	46,016	46,016	188	16.12%	2,097	16.12%	(14,423)	(2,326)	Associate

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		December 31, 2020			Maximum Shareholding in the Interim	Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
				December 31, 2020	December 31, 2019	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)				
Konly	ADLINK	Taiwan ROC	Manufacturing and sales of hardware, software and peripheral devices of industrial computers	80,542	-	1,191	0.55%	24,718	0.55%	243,665	(55,704)	Associate
Konly	AUES	Taiwan ROC	Services related to educational activities and site rental	4,000	-	400	100.00%	4,000	100.00%	-	-	Subsidiary
Konly	IOC	Taiwan ROC	R&D and design of flexible electronics technology and processing equipment development	20,000	-	1,000	5.00%	19,483	5.00%	(37,211)	(517)	Associate
Ronly	DPTW	Taiwan ROC	Design, manufacturing, and sales of TFT-LCD modules, backlight modules, TV set and related parts	845,510	845,510	40,509	6.09%	604,283	6.09%	(1,240,799)	(75,521)	Subsidiary
Ronly	Daxin	Taiwan ROC	Research, manufacturing and sales of display related chemicals	70,021	70,021	6,312	6.15%	178,235	6.15%	631,304	38,795	Associate
Ronly	Lextar	Taiwan ROC	Design, manufacturing, and sales of InGaN epi wafers and chips, and light emitting diode packages and modules	323,431	323,431	34,338	6.67%	675,025	6.67%	(629,358)	(41,909)	Associate
Ronly	IOC	Taiwan ROC	R&D and design of flexible electronics technology and processing equipment development	68,400	-	3,420	17.10%	66,634	17.10%	(37,211)	(1,766)	Associate
DPTW	BVLB	Malaysia	Holding company	1,051,289	1,051,289	36,000	29.71%	243,885	29.71%	(9,160)	(2,721)	Subsidiary
DPTW	DPLB	Malaysia	Holding company	4,362,627	4,362,627	92,267	100.00%	5,595,202	100.00%	(256,864)	(237,730)	Subsidiary
DPTW	FHVI	BVI	Holding company	2,362,321	2,362,321	22,006	100.00%	3,846,168	100.00%	(216,776)	(220,204)	Subsidiary
DPTW	FFMI	Mauritius	Holding company	274,700	274,700	653	100.00%	101,001	100.00%	6,826	6,656	Subsidiary
DPTW	EFOP	Taiwan ROC	Manufacturing and sales of polymer plasticized raw materials	338,729	338,729	33,873	49.00%	185,735	49.00%	14,318	7,016	Joint Venture
DPTW	Darwin Summit Corporation Ltd.	Thailand	International trade	3,740	3,740	40	40.00%	11,185	40.00%	3,357	1,343	Associate
ACTW	ACMK	Malaysia	Manufacturing and sales of solar wafers	449,975	449,975	46,196	100.00%	393,218	100.00%	(75,081)	(75,081)	Subsidiary

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

Investor Company	Investee Company	Location	Main Activities	Original Investment Amount		December 31, 2020			Maximum Shareholding in the Interim	Net Income (Loss) of Investee	Investor's Share of Profit (Loss) of Investee (Notes 1 and 2)	Note
				December 31, 2020	December 31, 2019	Shares	Percentage of Ownership	Carrying Amount (Notes 1 and 2)				
FHVI	PMSA	Samoa	Holding company	USD 39,673	USD 39,673	31,993	100.00%	USD 48,956	100.00%	USD 789	USD 789	Subsidiary
M.Setek	Ichijo Seisakusyo Co., Ltd.	Japan	Manufacturing of semiconductor equipment and related parts	JPY 5,000	JPY 5,000	-	38.46%	-	38.46%	-	-	Associate (Note 3)
ADPNL	ADPUS	United States	Sales and sales support of TFT-LCD panels	EUR 1,241	-	1	100.00%	EUR 1,220	100.00%	-	-	Subsidiary
ADPNL	ADPJP	Japan	Sales support of TFT-LCD panels	EUR 414	-	1	100.00%	EUR 394	100.00%	-	-	Subsidiary
CQIL	CQHLD	United Kingdom	Holding company	USD 29,118	USD 18,868	635,730	100.00%	USD 29,097	100.00%	USD (26)	USD (26)	Subsidiary
CQHLD	CQUK	United Kingdom	Sales and sales support of content management system	GBP 1,874	GBP 1,874	-	100.00%	USD 139	100.00%	USD 4	USD 4	Subsidiary
CQHLD	CQUS	United States	Sales of content management system and hardware	USD 25,857	USD 15,607	13	100.00%	USD 14,126	100.00%	USD (1,474)	USD (1,474)	Subsidiary
CQHLD	CQCA	Canada	Research and development of content management system	CAD 1,310	CAD 1,310	-	100.00%	USD 660	100.00%	USD 123	USD 123	Subsidiary
CQUS	JRUK	United Kingdom	Development and sales of content management system and sales of related hardware	USD 1,500	-	1	100.00%	USD 1,526	100.00%	USD 57	USD 57	Subsidiary
CQUS	JRUS	United States	Development and sales of content management system and sales of related hardware	USD 8,000	-	18	100.00%	USD 7,856	100.00%	USD (145)	USD (145)	Subsidiary

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

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

Note 3: The carrying amount includes accumulated impairment loss.

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

Note 5: ADCM and ADHLD are new subsidiaries incorporated in August 2020. As of the end of December 2020, no capital injection has been made for these companies.

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

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

AU OPTRONICS CORP. AND SUBSIDIARIES

Information on Investment in Mainland China

For the year ended December 31, 2020

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

Table 9

1. AUO :

(1) Related information on investment in Mainland China

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

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

(2) Upper limit on investment in Mainland China

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

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

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

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

Note 4: Amounts were recognized based on the investees' audited financial statements except for TYSZ.

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

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

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

2. DPTW:

(1) Related information on investment in Mainland China

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

(2) Upper limit on investment in Mainland China

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

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

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

- Note 3: Pursuant to the Regulations Governing Permission for Investment and Technical Cooperation in the Mainland Area, DPTW's accumulated investments in Mainland China did not exceed the upper limit on investment amount or ratio stipulated by the Investment Commission, Ministry of Economic Affairs ("MOEA").
- Note 4: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the exchange rates at the reporting date.
- Note 5: BVHF is 100% owned by BVLB, a jointly-owned subsidiary of AUO and DPTW. Accordingly, the share of profit (loss) of investee and the carrying amount of the investment as of December 31, 2020 disclosed in the table are presented based on 100% held.
- Note 6: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the average exchange rates for the year of 2020.
- Note 7: The amount of paid-in capital includes the capitalization of retained earnings amounting to USD28,500 thousand for the years from 2005 to 2007.
- Note 8: The amount of paid-in capital includes the capital injection of USD10,000 thousand from the offshore holding company, which was originally from FTWJ's appropriation of earnings.
- Note 9: The amount of paid-in capital includes the capital injection of USD1,000 thousand from DPLB in 2010 and the capitalization of retained earnings of USD9,000 thousand from DPSZ in 2012.

AU OPTRONICS CORP.**Cash and Cash Equivalents****December 31, 2020****(Expressed in thousands of New Taiwan Dollars,
unless otherwise indicated)**

Item	Description	Amount
Cash on hand		\$ 2
Cash in banks	Checking accounts	94,074
	Demand deposits	18,233,884
	Foreign currency deposits (note)	14,156,295
	USD : 373,562 thousand	
	JPY : 9,404,584 thousand	
	EUR : 25,834 thousand	
	CNY : 692 thousand	
	HKD : 49 thousand	
	Time deposits	22,200,000
	Foreign currency time deposits (note)	<u>285,070</u>
	USD : 10,000 thousand	
		<u>\$ 54,969,325</u>

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

USD: 28.507

JPY: 0.2763

EUR: 35.0494

CNY: 4.3824

HKD: 3.6773

AU OPTRONICS CORP.**Accounts Receivable****December 31, 2020****(Expressed in thousands of New Taiwan Dollars)**

Customer Name	Description	Amount	Remark
Customer A	From operating activities	\$ 5,702,117	
Customer B	From operating activities	5,514,797	
Customer C	From operating activities	4,581,339	
Customer D	From operating activities	4,461,325	
Customer E	From operating activities	3,503,189	
Customer F	From operating activities	2,550,423	
Customer G	From operating activities	2,241,219	
Customer H	From operating activities	2,117,685	
Others (less than 5% for each customer)	From operating activities	10,913,813	
Less: loss allowance		(200)	
		\$ 41,585,707	

AU OPTRONICS CORP.**Inventories****December 31, 2020****(Expressed in thousands of New Taiwan Dollars)**

Item	Amount		Remark
	Book value (note)	Net realizable value	
Finished goods	\$ 6,811,795	9,710,338	The determination of net realizable value, please refer to Note 4(7) to this parent company only financial statements.
Work-in-progress	9,842,574	12,922,272	
Raw materials	<u>2,330,407</u>	<u>2,350,473</u>	
	<u>\$ 18,984,776</u>	<u>24,983,083</u>	

Note : Provision of inventory obsolescence has been deducted.

Other Noncurrent Assets

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

AU OPTRONICS CORP.

Statement of Changes in Investments in Equity-accounted Investees

For the year ended December 31, 2020

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

Investee Name	Beginning balance		Additions (Deductions)		Reclassification		Share of profit (loss)	Cash dividend	Capital surplus	Cumulative translation differences	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Other adjustments	Ending balance (note 1)			Market value or net asset value		Guarantee or pledged		
	(Note (a))		(Note (b))		(Note (c))								Other adjustments (Note (d))			Ending balance (note 1)			Market value or net asset value	
	Shares	Amount	Shares	Amount	Shares	Amount							Shares	Amount	% of Ownership	Unit price	Total price			
Subsidiaries:																				
AULB	1,882,189	\$ 53,221,601	-	-	-	-	2,789,496	-	-	(101,676)	-	-	1,882,189	55,909,421	100.00	-	55,909,421	None		
Konly	284,302	5,208,936	15,462	-	-	-	132,133	-	26,091	(3,924)	107,690	414	299,764	5,471,340	100.00	-	5,471,340	None		
DPTW	190,108	3,156,574	-	-	-	-	(354,420)	-	-	32,418	1,314	-	190,108	2,835,886	28.56	14.10	2,680,522	None		
ACTW	418,583	2,805,441	-	-	-	-	(91,475)	-	-	(27,123)	-	-	418,583	2,686,843	100.00	-	2,686,843	None		
Ronly	154,757	2,049,860	30,819	299,990	-	-	(76,865)	-	4,817	(1,372)	1,200	140	185,576	2,277,770	100.00	-	2,277,770	None		
CQIL	39,974	576,111	-	305,963	-	-	(42,400)	-	-	41,626	-	-	39,974	881,300	100.00	-	280,975	None		
UTI	10,000	88,906	10,000	100,000	-	-	(56,882)	-	-	-	-	-	20,000	132,024	100.00	-	132,024	None		
AUNL	50	37,774	-	-	-	-	26,306	-	-	2,457	-	-	50	66,537	100.00	-	66,537	None		
SMI	3,000	18,247	-	-	-	-	(4,012)	-	-	-	-	-	3,000	14,235	100.00	-	14,235	None		
DPGE	-	-	700	7,000	-	-	(15)	-	-	-	-	-	700	6,985	100.00	-	6,985	None		
AHTW	-	-	500	5,000	-	-	(15)	-	-	-	-	-	500	4,985	100.00	-	4,985	None		
ADP	-	-	100	1,000	-	-	(625)	-	-	-	-	-	100	375	100.00	-	375	None		
		<u>67,163,450</u>		<u>718,953</u>		<u>-</u>	<u>2,321,226</u>	<u>-</u>	<u>30,908</u>	<u>(57,594)</u>	<u>110,204</u>	<u>554</u>		<u>70,287,701</u>			<u>69,532,012</u>			
Associates:																				
Qisda	-	-	-	-	335,231	9,704,923	-	-	-	-	-	-	335,231	9,704,923	17.04	28.95	9,704,923	None		
ADLINK	-	-	42,310	2,411,693	-	-	(20,893)	(67,697)	(91)	(11,285)	-	-	42,310	2,311,727	19.45	63.40	2,682,480	None		
SSEC	93,000	953,966	62,000	620,000	-	-	33,332	(20,481)	-	-	-	-	155,000	1,586,817	31.00	-	1,586,817	None		
Lextar	78,418	1,642,746	363	8,151	-	-	(95,746)	-	11,320	(19,177)	2,065	344	78,781	1,549,703	15.30	22.25	1,752,887	None		
SREC	37,904	424,653	-	-	-	-	34,274	(31,770)	-	-	-	-	37,904	427,157	32.01	-	427,157	None		
		<u>3,021,365</u>		<u>3,039,844</u>		<u>9,704,923</u>	<u>(49,033)</u>	<u>(119,948)</u>	<u>11,229</u>	<u>(30,462)</u>	<u>2,065</u>	<u>344</u>		<u>15,580,327</u>			<u>16,154,264</u>			
		<u>\$ 70,184,815</u>		<u>3,758,797</u>		<u>9,704,923</u>	<u>2,272,193</u>	<u>(119,948)</u>	<u>42,137</u>	<u>(88,056)</u>	<u>112,269</u>	<u>898</u>		<u>85,868,028</u>						

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

Note (b): Additions (deductions) includes: (1) 15,462 thousands shares of stock dividends from Konly; (2) 820 thousands shares of stock dividends from Ronly; (3) The Company participated in the capital increase of Ronly, CQIL, UTI and SSEC; (4) DPGE, 100% owned by the Company, was incorporated in August 2020; (5) AHTW, 100% owned by the Company, was incorporated in September 2020; (6) ADP, 100% owned by the Company, was incorporated in May 2020; (7) The Company acquired total of 19.45% equity interest in ADLINK through tender offer; (8) The Company acquired total of 0.07% equity interest in Lextar.

Note (c): The equity investment in Qisda previously classified as financial assets at FVTOCI was reclassified as investments accounted for using the equity method at the end of in December 2020.

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

AU OPTRONICS CORP.
Statement of Changes in Property, Plant and
Equipment

Please refer to Note 6(7) to this parent company only financial statements for the details.

Statement of Changes in Right-of-use Assets
For the year ended December 31, 2020
(Expressed in thousands of New Taiwan Dollars)

Item	Balance, Beginning of Year	Additions	Deductions	Balance, End of Year
Cost:				
Land	\$ 9,667,336	14,867	(147,371)	9,534,832
Buildings	103,589	63,464	(386)	166,667
Other equipment	97,368	-	(97,368)	-
	<u>9,868,293</u>	<u>78,331</u>	<u>(245,125)</u>	<u>9,701,499</u>
Accumulated Depreciation:				
Land	431,013	418,269	-	849,282
Buildings	25,552	36,590	-	62,142
Other equipment	64,851	32,517	(97,368)	-
	<u>521,416</u>	<u>487,376</u>	<u>(97,368)</u>	<u>911,424</u>
Net carrying amounts	<u>\$ 9,346,877</u>	<u>(409,045)</u>	<u>(147,757)</u>	<u>8,790,075</u>

AU OPTRONICS CORP.**Statement of Changes in Intangible Assets**

Please refer to Note 6(10) to this parent company only financial statements for the details.

Accounts Payable**December 31, 2020****(Expressed in thousands of New Taiwan Dollars)**

Vendor name	Description	Amount	Remark
Company I	From Operating activities	\$ 2,702,731	
Company J	From Operating activities	2,430,731	
Company K	From Operating activities	1,624,432	
Company L	From Operating activities	1,287,603	
Others (less than 5% for each vendor)	From Operating activities	<u>16,411,931</u>	
		<u>\$ 24,457,428</u>	

AU OPTRONICS CORP.**Other Current Liabilities****December 31, 2020****(Expressed in thousands of New Taiwan Dollars)**

Item	Description	Amount	Remark
Accrued payroll and bonus		\$ 4,685,780	
Refund liability		1,557,474	
Accrued royalty and others		<u>8,280,373</u>	
		<u>\$ 14,523,627</u>	

Equipment and Construction Payable

Vendor name	Amount
Company W	\$ 206,186
Others (less than 5% for each vendor)	<u>1,995,142</u>
	<u>\$ 2,201,328</u>

AU OPTRONICS CORP.

Long-term Borrowings

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

<u>Financial institution</u>	<u>Limit of credit facility</u>	<u>Amount</u>	<u>Duration and repayment terms</u>	<u>Interest rate</u>	<u>Collateral</u>
Bank of Taiwan (agent bank of Syndicated loan)	42,000,000	\$ 42,000,000	From Feb. 2019 to Feb. 2024		Notes 8
Bank of Taiwan (agent bank of Syndicated loan)	23,000,000	23,000,000	From Mar. 2019 to Apr. 2023		Notes 8
Bank of Taiwan (agent bank of Syndicated loan)	10,000,000	6,000,000	From May 2017 to May 2022		Notes 8
Taipei Fubon Bank	6,000,000	4,000,000	From Dec. 2019 to Dec. 2024		Notes 8
ING Bank	1,200,000	1,200,000	From Mar. 2019 to Mar. 2022		Unsecured loans
DBS Bank	2,000,000	2,000,000	From Dec. 2019 to Dec. 2022		Unsecured loans
O-Bank	1,000,000	1,000,000	From Aug. 2018 to Aug. 2023		Unsecured loans
Far Eastern Int'l Bank	1,000,000	1,000,000	From Dec. 2020 to Oct. 2023		Unsecured loans
Land Bank	6,000,000	4,387,500	From Nov. 2019 to Nov. 2026		Notes 8
First Bank	4,600,000	2,600,000	From Dec. 2019 to Dec. 2026		Notes 8
Chang Hwa Bank	4,000,000	1,000,000	From Jan. 2020 to Dec. 2024		Notes 8
CTBC Bank	3,000,000	2,000,000	From Jan. 2020 to Jan. 2023		Unsecured loans
Yuanta Bank	1,000,000	1,000,000	From Jan. 2020 to Jan. 2023		Unsecured loans
Taiwan Cooperative Bank	3,500,000	1,500,000	From Mar. 2020 to Mar. 2025		Notes 8
Hua Nan Bank	1,000,000	1,000,000	From Jun. 2020 to Jun. 2025		Notes 8
Taiwan Business Bank	1,250,000	1,250,000	From Jun. 2020 to Jun. 2025		Notes 8
Shin Kong Bank	1,500,000	<u>1,000,000</u>	From Jun. 2020 to Jun. 2025		Notes 8
Subtotal		95,937,500		0.7500%~ 1.7895%	
Less: transaction costs		(297,982)			
Less: current installments of long-term borrowings		<u>(11,184,508)</u>			
		<u><u>\$ 84,455,010</u></u>			

AU OPTRONICS CORP.**Lease Liabilities****December 31, 2020****(Expressed in thousands of New Taiwan Dollars)**

Item	Durations	Discount Rate	Amount
Land	From Sep. 2001 to Dec. 2045	1.8203~1.8853%	\$ 8,825,292
Buildings	From Dec. 2018 to May 2025	1.7381%~1.8853%	107,660
			<u>\$ 8,932,952</u>

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

Item	Quantity (Panels in thousands)	Amount	Remark
TFT-LCD Panels ten inches and above in diagonal length	120,154	\$ 212,236,416	
TFT-LCD Panels under ten inches in diagonal length	117,642	34,244,145	
Sales of raw material and others	372,415	<u>9,608,784</u>	
Total		<u>\$ 256,089,345</u>	

AU OPTRONICS CORP.**Cost of Sales****For the year ended December 31, 2020****(Expressed in thousands of New Taiwan Dollars)**

Item	Amount
Raw materials used	
Raw materials, beginning of year (Note)	\$ 2,811,760
Add: Purchases	77,701,324
Less: Raw materials, end of year (Note)	(3,436,822)
Sale of raw materials	(2,744,092)
Transferred to other expenses and others	<u>(28,085,740)</u>
Raw materials used	46,246,430
Direct labor	10,143,326
Manufacturing expenses	<u>98,307,158</u>
Manufacturing cost	154,696,914
Work in process, beginning of year (Note)	9,862,806
Add : Purchases	79,688,809
Less : Work in process, end of year (Note)	(10,280,519)
Transferred to other expenses and others	<u>(5,395,013)</u>
Cost of finished goods	228,572,997
Finished goods, beginning of year (Note)	8,893,633
Add : Purchases	539,146
Less : Finished goods, end of year (Note)	(7,885,407)
Transferred to other expenses and others	<u>(1,598,377)</u>
Cost of goods sold	228,521,992
Add : Cost of raw materials sold	2,744,092
Other operating cost	8,849,273
Cost of idle capacity	1,648,987
Less: Gain on reversal of decline in inventory valuation	<u>(1,693,966)</u>
Cost of Sales	<u><u>\$ 240,070,378</u></u>

Note : The amounts were stated at cost.

AU OPTRONICS CORP.**Selling and Distribution Expenses****For the year ended December 31, 2020****(Expressed in thousands of New Taiwan Dollars)**

Item	Description	Amount	Remark
Salary expenses		\$ 1,003,768	
Freight expenses		795,220	
Warranty expenses		576,581	
Others (less than 5% for each item)		<u>326,453</u>	
		<u>\$ 2,702,022</u>	

General and Administrative Expenses

Item	Description	Amount	Remark
Salary expenses		\$ 1,531,714	
Professional service fees		524,097	
Depreciation expenses		303,631	
Management fees of the Science Park Administration		236,034	
Computer usage expenses		213,495	
Others (less than 5% for each item)		<u>1,330,684</u>	
		<u>\$ 4,139,655</u>	

AU OPTRONICS CORP.**Research and Development Expenses****For the year ended December 31, 2020****(Expressed in thousands of New Taiwan Dollars)**

Item	Description	Amount	Remark
Salary expenses		\$ 2,955,205	
Depreciation expenses		2,781,216	
Indirect material expenses		1,104,330	
Others (less than 5% for each item)		<u>1,213,464</u>	
		<u>\$ 8,054,215</u>	