

**EDISON OPTO CORPORATION
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 2023 and 2022**

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

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Independent Auditors' Review Report

To the Board of Directors of Edison Opto Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of EDISON OPTO CORPORATION and its subsidiaries as of June 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2023 and 2022, as well as the changes in equity and cash flows for the six months ended June 30, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$405,427 thousand and \$387,821 thousand, constituting 10.99% and 10.19% of consolidated total assets at June 30, 2023 and 2022, respectively, total liabilities amounting to \$75,698 thousand and \$68,885 thousand, constituting 8.99% and 7.01% of consolidated total liabilities at June 30, 2023 and 2022, respectively, and total comprehensive income (loss) amounting to \$1,034 thousand, \$7,416 thousand, \$(7,451) thousand and \$19,796 thousand, constituting (4.41)%, (116.18)%, 110.19% and 25.16% of consolidated total comprehensive income (loss) for the three months and six months ended June 30, 2023 and 2022, respectively.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of EDISON OPTO CORPORATION and its subsidiaries as of June 30, 2023 and 2022, and of its consolidated financial performance for the three months and six months ended June 30, 2023 and 2022, as well as its consolidated cash flows for the six months ended June 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the audit resulting in this independent auditors’ report are HENG-SHEN LIN and PEI-CHI CHEN.

KPMG

Taipei, Taiwan (Republic of China)
August 3, 2023

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

EDISON OPTO CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2023, December 31, 2022, and June 30, 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets		June 30, 2023		December 31, 2022		June 30, 2022		Liabilities and Equity		June 30, 2023		December 31, 2022		June 30, 2022	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
11xx	Current assets:							21xx	Current liabilities:						
1100	Cash and cash equivalents (note 6(a))	\$ 1,048,739	29	1,154,337	30	1,102,690	29	2100	Short-term borrowings (notes 6(j) and 8)	\$ 100,000	3	92,130	2	-	-
1110	Current financial assets at fair value through profit or loss (note 6(b))	12,143	-	4,400	-	5,680	-	2170	Accounts and notes payable	233,414	6	240,920	6	249,876	7
1136	Current financial assets at amortised cost, net (note 6(d))	8,706	-	-	-	-	-	2200	Other payables (note 6(u))	150,248	4	127,078	3	97,675	3
1170	Accounts and notes receivable, net (notes 6(e)(t))	409,876	11	431,024	11	397,539	10	2216	Dividends payable (note 6(q))	40,000	1	-	-	35,000	1
1200	Other receivables (notes 6(f) and 9)	1,650	-	1,459	-	22,189	1	2230	Current tax liabilities	14,019	-	16,698	1	10,968	-
1310	Inventories (note 6(g))	297,646	8	297,723	8	284,469	8	2280	Current lease liabilities (note 6(m))	11,739	-	12,291	-	14,797	-
1410	Prepayments	71,163	2	65,133	2	82,714	2	2321	Bonds payable, current portion (notes 6(l) and 8)	59,105	2	-	-	-	-
1470	Other current assets (note 8)	9,284	-	23,367	-	18,540	-	2322	Long-term borrowings within one year (notes 6(k) and 8)	16,080	1	16,080	-	16,080	-
	Total current assets	<u>1,859,207</u>	<u>50</u>	<u>1,977,443</u>	<u>51</u>	<u>1,913,821</u>	<u>50</u>	2399	Other current liabilities, others	34,961	1	38,457	1	45,187	1
15xx	Non-current assets:								Total current liabilities	<u>659,566</u>	<u>18</u>	<u>543,654</u>	<u>13</u>	<u>469,583</u>	<u>12</u>
1510	Non-current financial assets at fair value through profit or loss (notes 6(b)(l))	-	-	16	-	574	-	25xx	Non-Current liabilities:						
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	1,810	-	2,453	-	-	-	2530	Bonds payable (notes 6(l) and 8)	-	-	170,262	4	166,892	4
1535	Non-current financial assets at amortized cost (note 6(d))	-	-	8,711	-	8,715	-	2540	Long-term borrowings (notes 6(k) and 8)	126,260	4	274,700	7	282,740	8
1550	Investments accounted for using equity method, net	-	-	-	-	3,856	-	2570	Deferred tax liabilities	3,008	-	3,008	-	2,460	-
1600	Property, plant and equipment (notes 6(h), 8 and 9)	1,659,850	45	1,671,722	44	1,664,832	44	2580	Non-current lease liabilities (note 6(m))	13,815	-	17,522	1	19,828	1
1755	Right-of-use assets (note 6(i))	50,435	1	55,496	1	60,441	1	2600	Other non-current liabilities (notes 6(n)(o))	39,751	1	41,611	1	40,709	1
1780	Intangible assets	2,280	-	2,793	-	3,183	-		Total non-current liabilities	<u>182,834</u>	<u>5</u>	<u>507,103</u>	<u>13</u>	<u>512,629</u>	<u>14</u>
1840	Deferred tax assets	59,430	2	59,430	2	60,488	2		Total liabilities	<u>842,400</u>	<u>23</u>	<u>1,050,757</u>	<u>26</u>	<u>982,212</u>	<u>26</u>
1915	Prepayments for business facilities	31,048	1	29,327	1	20,441	1	31xx	Equity attributable to owners of parent (notes 6(c), (q)(r)):						
1990	Other non-current assets, others (notes 8 and 9)	23,652	1	25,865	1	69,288	2	3110	Ordinary share	1,418,884	38	1,353,353	35	1,288,617	33
	Total non-current assets	<u>1,828,505</u>	<u>50</u>	<u>1,855,813</u>	<u>49</u>	<u>1,891,818</u>	<u>50</u>	3150	Stock dividend to be distributed	-	-	-	-	65,000	2
	Total assets	<u>\$ 3,687,712</u>	<u>100</u>	<u>3,833,256</u>	<u>100</u>	<u>3,805,639</u>	<u>100</u>			<u>1,418,884</u>	<u>38</u>	<u>1,353,353</u>	<u>35</u>	<u>1,353,617</u>	<u>35</u>
								3200	Capital surplus	1,527,894	41	1,519,350	41	1,519,330	41
								3310	Legal reserve	5,835	-	16,903	-	16,903	-
								3320	Special reserve	-	-	112,126	3	112,126	3
								3350	Unappropriated retained earnings	25,743	1	(123,194)	(3)	32,005	1
								3410	Exchange differences on translation of foreign financial statements	(185,521)	(5)	(155,037)	(4)	(147,594)	(4)
								3420	Unrealized gains (loss) on financial assets at fair value through other comprehensive income	(643)	-	-	-	(152,240)	(4)
								3500	Treasury shares	(86,416)	(2)	(86,416)	(2)	(59,048)	(2)
									Total equity attributable to owners of parent	<u>2,705,776</u>	<u>73</u>	<u>2,637,085</u>	<u>70</u>	<u>2,675,099</u>	<u>70</u>
								36xx	Non-controlling interests	139,536	4	145,414	4	148,328	4
									Total equity	<u>2,845,312</u>	<u>77</u>	<u>2,782,499</u>	<u>74</u>	<u>2,823,427</u>	<u>74</u>
									Total liabilities and equity	<u>\$ 3,687,712</u>	<u>100</u>	<u>3,833,256</u>	<u>100</u>	<u>3,805,639</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
EDISON OPTO CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the six months ended June 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars Except Earnings Per Share)

	For the three months ended June 30				For the six months ended June 30				
	2023		2022		2023		2022		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue (note 6(t))								
	\$	477,722	100	469,034	100	927,110	100	943,359	100
5000	Operating costs (notes 6(g)(h)(i)(o))								
		355,845	74	346,470	74	682,142	74	708,983	75
	Gross profit from operations								
		121,877	26	122,564	26	244,968	26	234,376	25
	Operating expenses (notes 6(e)(h)(i)(m)(o)(r)(u)):								
6100	Selling expenses								
		37,344	8	31,443	7	68,080	7	57,148	6
6200	Administrative expenses								
		43,695	9	43,900	9	88,318	10	85,366	9
6300	Research and development expenses								
		37,604	8	29,367	6	66,683	7	54,871	6
6450	Expected impairment loss (reversed)								
		(4,502)	(1)	3,132	1	(5,092)	(1)	4,678	1
	Total operating expenses								
		114,141	24	107,842	23	217,989	23	202,063	22
6900	Net operating income								
		7,736	2	14,722	3	26,979	3	32,313	3
	Non-operating income and expenses (notes 6(j)(k)(l)(m)(n)(v)):								
7100	Interest income								
		4,201	1	3,631	1	7,378	1	6,977	1
7010	Other income								
		720	-	795	-	2,626	-	5,214	1
7020	Other gain and losses								
		9,351	2	10,459	2	2,628	-	10,574	1
7050	Finance costs								
		(3,711)	(1)	(4,109)	(1)	(9,031)	(1)	(8,492)	(1)
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method, net (note 6(c))								
		-	-	(36)	-	-	-	(36)	-
	Total non-operating income and expenses								
		10,561	2	10,740	2	3,601	-	14,237	2
7900	Profit from continuing operations before tax								
		18,297	4	25,462	5	30,580	3	46,550	5
7950	Less: Income tax expenses (note 6(p))								
		4,182	1	5,157	1	5,102	-	8,041	1
	Profit								
		14,115	3	20,305	4	25,478	3	38,509	4
8300	Other comprehensive income:								
8310	Components of other comprehensive income that will not be reclassified to profit or loss								
8316	Unrealized (gains) losses from investments in equity instruments measured at fair value through other comprehensive income (note 6(c))								
		(182)	-	-	-	(643)	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss								
		-	-	-	-	-	-	-	-
		(182)	-	-	-	(643)	-	-	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss								
8361	Exchange differences on translation of foreign financial statements								
		(37,415)	(8)	(26,688)	(6)	(31,597)	(3)	40,186	4
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss								
		-	-	-	-	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss								
		(37,415)	(8)	(26,688)	(6)	(31,597)	(3)	40,186	4
8300	Other comprehensive income (loss)								
		(37,597)	(8)	(26,688)	(6)	(32,240)	(3)	40,186	4
8500	Total comprehensive income (loss)								
	\$	(23,482)	(5)	(6,383)	(2)	(6,762)	-	78,695	8
	Profit (loss), attributable to:								
8610	Attributable to owners of parent								
		13,082	3	15,545	3	25,743	3	32,005	3
8620	Attributable to non-controlling interests								
		1,033	-	4,760	1	(265)	-	6,504	1
	\$	14,115	3	20,305	4	25,478	3	38,509	4
	Comprehensive income (loss) attributable to:								
8710	Attributable to owners of parent								
		(23,376)	(5)	(11,340)	(2)	(5,384)	-	68,019	7
8720	Attributable to non-controlling interests								
		(106)	-	4,957	-	(1,378)	-	10,676	1
	\$	(23,482)	(5)	(6,383)	(2)	(6,762)	-	78,695	8
	Earnings per share (note 6(s))								
9750	Basic earnings per share								
	\$	0.10		0.12		0.20		0.24	
9850	Diluted earnings per share								
	\$	0.10		0.12		0.20		0.24	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

EDISON OPTO CORPORATION AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the six months ended June 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent											Non-controlling interests	Total equity
	Retained earnings						Other equity						
	Ordinary shares	Stock dividend to be distributed	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Employees unrealized reward	Treasury shares	Total equity attributable to owners of parent		
Balance at January 1, 2022	\$ 1,288,617	-	1,619,038	4,841	-	124,188	(183,608)	(152,240)	(1,377)	(59,048)	2,640,411	143,652	2,784,063
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	-	12,062	-	(12,062)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	-	112,126	(112,126)	-	-	-	-	-	-	-
Net income	-	-	-	12,062	112,126	(124,188)	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	32,005	-	-	-	-	32,005	6,504	38,509
Total comprehensive income	-	-	-	-	-	-	36,014	-	-	-	36,014	4,172	40,186
Other changes in capital surplus:													
Changes in equity of associates and joint ventures accounted for using equity method	-	-	292	-	-	-	-	-	-	-	292	-	292
Stock dividends from capital surplus	-	65,000	(65,000)	-	-	-	-	-	-	-	-	-	-
Cash dividends from capital surplus	-	-	(35,000)	-	-	-	-	-	-	-	(35,000)	-	(35,000)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(6,000)	(6,000)
Share-based payments	-	-	-	-	-	-	-	-	1,377	-	1,377	-	1,377
Balance at June 30, 2022	\$ 1,288,617	65,000	1,519,330	16,903	112,126	32,005	(147,594)	(152,240)	-	(59,048)	2,675,099	148,328	2,823,427
Balance at January 1, 2023	\$ 1,353,353	-	1,519,350	16,903	112,126	(123,194)	(155,037)	-	-	(86,416)	2,637,085	145,414	2,782,499
Appropriation and distribution of retained earnings:													
Legal reserve appropriated for the net operating loss	-	-	-	(11,068)	-	11,068	-	-	-	-	-	-	-
Special reserve appropriated for the net operating loss	-	-	-	-	(112,126)	112,126	-	-	-	-	-	-	-
Net income	-	-	-	(11,068)	(112,126)	123,194	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	25,743	-	-	-	-	25,743	(265)	25,478
Total comprehensive income	-	-	-	-	-	-	(30,484)	(643)	-	-	(31,127)	(1,113)	(32,240)
Other changes in capital surplus:													
Cash dividends from capital surplus	-	-	(40,000)	-	-	-	-	-	-	-	(40,000)	-	(40,000)
Conversion of convertible bonds	65,531	-	48,544	-	-	-	-	-	-	-	114,075	-	114,075
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(4,500)	(4,500)
Balance at June 30, 2023	\$ 1,418,884	-	1,527,894	5,835	-	25,743	(185,521)	(643)	-	(86,416)	2,705,776	139,536	2,845,312

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

EDISON OPTO CORPORATION AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the six months ended June 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	For the six months ended June 30	
	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	\$ 30,580	46,550
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	62,993	60,123
Amortization expense	1,210	1,479
Expect impairment loss (reversed)	(5,092)	4,678
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(1,637)	1,439
Interest expense	9,031	8,492
Interest income	(7,378)	(6,977)
Share-based payments	-	1,377
Share of loss of associates and joint ventures accounted for using the equity method	-	36
Loss on disposal of property, plant and equipment	4,732	8
Total adjustments to reconcile profit	<u>63,859</u>	<u>70,655</u>
Changes in operating assets and liabilities:		
Accounts and notes receivable	30,803	34,337
Other receivables	(106)	(16,067)
Inventories	77	31,638
Prepayments	(5,347)	746
Other current assets	(318)	(3,287)
Other operating assets	(1,543)	3,339
Accounts and notes payable	(7,506)	(65,738)
Other payable	23,402	(14,208)
Other current liabilities	(3,496)	(2,986)
Net defined benefit liability	354	283
Total changes in operating assets and liabilities	<u>36,320</u>	<u>(31,943)</u>
Cash inflow generated from operations	130,759	85,262
Interest received	7,298	7,055
Interest paid	(6,345)	(5,100)
Income taxes	(10,474)	(11,829)
Net cash flows from operating activities	<u>121,238</u>	<u>75,388</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss	(6,090)	(7,155)
Proceeds from disposal of financial assets at fair value through profit or loss	-	1,618
Acquisition of investments accounted for using equity method	-	(3,600)
Acquisition of property, plant and equipment	(53,195)	(16,047)
Proceeds from disposal of property, plant and equipment	692	1,011
Decrease in refundable deposits	2,718	2,418
Acquisition of intangible assets	(732)	-
Decrease (increase) in restricted deposits	9,992	119,541
Increase in other non-current assets	(7)	(15,445)
Increase in prepayments for business facilities	(12,117)	(15,696)
Net cash flows from (used in) investing activities	<u>(58,739)</u>	<u>66,645</u>
Cash flows from (used in) financing activities:		
Increase in short-term loans	278,675	103,691
Decrease in short-term loans	(273,505)	(322,822)
Repayments of long-term debt	(148,440)	(8,040)
Increase (decrease) in guarantee deposits received	858	(3,415)
Payment of lease liabilities	(7,584)	(8,157)
Change in non-controlling interests	(4,500)	(6,000)
Net cash flows from (used in) financing activities	<u>(154,496)</u>	<u>(244,743)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(13,601)</u>	<u>29,397</u>
Net decrease in cash and cash equivalents	<u>(105,598)</u>	<u>(73,313)</u>
Cash and cash equivalents at beginning of period	<u>1,154,337</u>	<u>1,176,003</u>
Cash and cash equivalents at end of period	<u>\$ 1,048,739</u>	<u>1,102,690</u>

See accompanying notes to consolidated financial statements

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Edison Opto Corporation (the “Company”) was approved by the Ministry of Economic Affairs on October 4, 2001 and incorporated in 17F, No.17, Qiao he Rd., Zhong He Dist., New Taipei City, Taiwan. The Company’s shares were listed on the Taiwan Stock Exchange in November 2000. The company and its subsidiaries (hereinafter referred as Group) are mainly engaged in manufacturing, selling, research and development of LED components and modules in general lighting and automotive lighting area.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issuance by the Board of Directors on August 3, 2023.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

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

- (b) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- 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 1 “Non-current Liabilities with Covenants”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- IFRS16 “Requirements for Sale and Leaseback Transactions”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IAS12 “International Tax Reform – Pillar Two Model Rules”

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(4) Summary of significant accounting policies:

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “ Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2022. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2022.

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

<u>Name of investor</u>	<u>Name of subsidiary</u>	<u>Principal activity</u>	<u>Shareholding</u>			<u>Note</u>
			<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>	
The Company	Edison Opto Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	Note 2
The Company	Ledison Opto Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	
The Company	Best Opto Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	
The Company	Edison Fund Investment Corporation	Investment	100.00 %	100.00 %	100.00 %	
The Company	Edison-Litek Opto Corporation Limited (note 1)	Investment	44.58 %	44.58 %	44.58 %	Note 2
The Company	Edison-Litek Opto Corporation	Business of opto-electronics	78.57 %	78.57 %	78.57 %	
The Company	Edison-Egypt Opto Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	Note 2
Ledison Opto Corporation	Edison Opto (Dong Guan) Co., Ltd.	Business of opto-electronics	100.00 %	100.00 %	100.00 %	
Best Opto Corporation	Best Led Corporation	Investment	100.00 %	100.00 %	100.00 %	
Best Led Corporation	Yangzhou Edison Opto Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	
Yangzhou Edison Opto Corporation	Yangzhou Aichuang Electronic Trade Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	Note 2
Edison Fund Investment Corporation	Edison Opto USA Corporation	Business of opto-electronics	55.00 %	55.00 %	55.00 %	Note 2
Edison Fund Investment Corporation	Edison Auto Lighting Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	Note 2

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			June 30, 2023	December 31, 2022	June 30, 2022	
Edison Fund Investment Corporation	Ledionopto intelligent Technology Co., Ltd.	Business of opto-electronics	100.00 %	100.00 %	100.00 %	Note 2
Edison-Litek Opto Corporation Limited	Yangzhou Edison-Litek Opto Corporation	Business of optoelectronics	100.00 %	100.00	100.00 %	Note 2
Edison-Litek Opto Corporation	Edison-Litek Opto Corporation Limited (note 1)	Investment	28.06 %	28.06 %	28.06 %	Note 2

Note 1: The Company and Edison-Litek Opto Corp. directly and indirectly, respectively, held 66.63% shares of Edison-Litek Opto Corp. Ltd. in total.

Note 2: The Company is a non-significant subsidiary, its financial statements have not been reviewed.

(ii) Subsidiaries excluded from the consolidated financial statements: None.

(c) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year.

(d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

For a change in tax rate that is substantively enacted in an interim period, the effect of the change should immediately be recognized in the interim period in which the change occurs.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

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

In the preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2022. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2022.

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts:

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2022.

Please refer to note 6 in the consolidated financial statements for the year ended December 31, 2022.

(a) Cash and cash equivalents

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Cash	\$ 3,934	4,071	4,432
Demand Deposit	868,832	673,866	870,741
Time Deposit	<u>175,973</u>	<u>476,400</u>	<u>227,517</u>
	<u>\$ 1,048,739</u>	<u>1,154,337</u>	<u>1,102,690</u>

For bank deposit which original maturity date of bank deposit is less than a year is not for investment but to meet its short-term commitment. It could be transferred into cash and the risk is considered low so was classified as cash and cash equivalents.

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Current financial assets at fair value through profit or loss:			
Common corporate bonds	\$ 6,336	-	-
Listed common shares — domestic companies	5,736	4,400	5,680
Convertible corporate bonds - call options	<u>71</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 12,143</u>	<u>4,400</u>	<u>5,680</u>
Non-current financial assets at fair value through profit or loss			
Convertible corporate bonds - call options	<u>\$ -</u>	<u>16</u>	<u>574</u>

The above financial assets of the Group were not pledged.

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Unlisted common shares—Foreign Company – LEDLitek Co., Ltd.	\$ <u>-</u>	<u>-</u>	<u>-</u>
Unlisted common shares—Domestic Company – Taiwan Hydroxyl Technology Co., Ltd.	\$ <u>1,810</u>	<u>2,453</u>	<u>-</u>

The Group designated the investments shown above should recognize as fair value through other comprehensive income, because these investments were intended to be held for long-term strategic purposes.

The Group acquired 26.09% shares of Taiwan Hydroxyl Technology Co., Ltd. for \$3,600 thousand in March 2022, which was accounted for as an investment accounted for using the equity method. However, Taiwan Hydroxyl Technology Co., Ltd. increased its capital by a total of \$15,600 thousand in April, May and December 2022. Wherein the Group did not subscribe for shares, resulting in a decrease in the shareholding ratio to 12.50%, which were transferred to financial assets at fair value through other comprehensive income.

For the six months ended June 30, 2023, due to changes in fair value, the amount of unrealized gain (loss) on investments in equity instruments measured at fair value through other comprehensive income was \$(643) thousand, which was recognized under "other equity".

The Group's original investment holding 15.39% of the common stock of LEDLitek Co., Ltd. in Korea, is recorded under financial assets at fair value through other comprehensive income. As of December 31, 2021, the Group recognized a cumulative valuation loss of \$149,719 thousand due to the significant operating loss of LEDLitek Co., Ltd. LEDLitek Co., Ltd. was proceeded rehabilitation procedures in 2021 and the Group obtained a ruling from a Korean Court to consent the rehabilitation procedure in November 2022. After the rehabilitation procedure fulfil, the Group's shareholding in LEDLitek Co., Ltd. was 0%. Therefore, the Group reclassified the unrealized valuation loss of \$149,719 thousand recorded in other equity - investments in equity instruments at fair value through other comprehensive income to retained earnings for the year ended December 31, 2022. In the 1st quarter of 2023, the Group commissioned a Korean lawyer to analyze and issue a legal opinion on the legality of the rehabilitation and notice delivery procedures. In the opinion of the lawyer, no procedural defects have been found in the rehabilitation procedure. There is no procedural defect that would affect its validity. The rehabilitation procedure has not yet had a material impact on the Group's financial and business affairs.

The above financial assets of the Group were not pledged.

(d) Financial assets measured at amortized cost

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Government international bonds	\$ <u>8,706</u>	<u>8,711</u>	<u>8,715</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group have assessed that the financial assets are held to maturity to collect contractual cash flows, which consists of payments of principal and interest on principal amount outstanding. Therefore, the investments were classified as financial assets measured at amortized costs.

The above financial assets of the Group were not pledged.

(e) Notes and accounts receivable

	June 30, 2023	December 31, 2022	June 30, 2022
Notes receivable	\$ 13,290	21,837	10,667
Accounts receivable	398,709	429,011	409,077
Less: Loss allowance	<u>(2,123)</u>	<u>(19,824)</u>	<u>(22,205)</u>
	<u>\$ 409,876</u>	<u>431,024</u>	<u>397,539</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision in Taiwan was determined as follows:

	June 30, 2023		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 393,044	0.005%	21
1 to 30 days past due	17,625	5.3%	935
31 to 90 days past due	184	11.41%	21
Past due over 180 days	<u>1,146</u>	100%	<u>1,146</u>
	<u>\$ 411,999</u>		<u>2,123</u>
	December 31, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 426,332	0.003%	13
1 to 30 days past due	539	3.89%	21
31 to 90 days past due	4,584	9.21%	422
91 to 180 days past due	28	10.71%	3
Past due over 180 days	<u>19,365</u>	100%	<u>19,365</u>
	<u>\$ 450,848</u>		<u>19,824</u>

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	June 30, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 393,010	0.003%	11
1 to 30 days past due	2,197	1.73%	38
31 to 90 days past due	759	5.66%	43
91 to 180 days past due	3,217	53.99%	1,737
Past due over 180 days	20,561	99.10%	20,376
	\$ 419,744		22,205

Movements of the loss allowance for notes and accounts receivable were as follows:

	For the six months ended June 30,	
	2023	2022
Balance at January 1	\$ 19,824	17,541
Impairment losses recognized (reversed)	1,014	4,678
Reclassify	(18,680)	-
Net income (losses) on foreign exchange	(35)	(14)
Balance at June 30	\$ 2,123	22,205

Note and account receivables of the Group were not pledged.

(f) Other receivables

	June 30, 2023	December 31, 2022	June 30, 2022
Other accounts receivable	\$ 45,877	33,231	32,975
Less: Loss allowance	(44,227)	(31,772)	(10,786)
Total	\$ 1,650	1,459	22,189

Movements of the loss allowance for notes and accounts receivable were as follows:

	For the six months ended June 30,	
	2023	2022
Balance at January 1	\$ 31,772	10,615
Impairment losses recognized (reversed)	(6,106)	-
Reclassify	18,680	-
Net income (losses) on foreign exchange	(119)	171
Balance at June 30	\$ 44,227	10,786

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Other receivables of the Group were not pledged.

(g) Inventories

	June 30, 2023	December 31, 2022	June 30, 2022
Raw materials	\$ 123,931	132,852	137,642
Supplies	3,081	3,537	3,345
Work in progress	92,410	78,035	65,723
Finished goods	78,224	83,299	77,759
	<u>\$ 297,646</u>	<u>297,723</u>	<u>284,469</u>

The details of the cost of sales were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Inventory that has been sold	\$ 348,515	331,979	665,693	681,188
Write-down of inventories (gain on reversal)	(845)	(117)	(1,984)	(1,682)
Unallocated production overheads	8,175	14,608	18,433	29,477
	<u>\$ 355,845</u>	<u>346,470</u>	<u>682,142</u>	<u>708,983</u>

The Group did not provide any inventories as collateral for its loans.

(h) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the six months ended June 30, 2023 and 2022, were as follows:

	Land	Building and construction	Machinery and equipment	Molding equipment	Other facilities	Total
Cost or decked cost:						
Balance at January 1, 2023	\$ 637,862	1,037,179	1,189,890	33,553	216,604	3,115,088
Additions	-	3,685	45,440	423	3,647	53,195
Disposal	-	(2,951)	(81,481)	-	(17,855)	(102,287)
Reclassify	-	-	9,165	146	710	10,021
Effect of movements in exchange rates	-	(13,835)	(17,705)	(716)	(3,658)	(35,914)
Balance at June 30, 2023	<u>\$ 637,862</u>	<u>1,024,078</u>	<u>1,145,309</u>	<u>33,406</u>	<u>199,448</u>	<u>3,040,103</u>

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Building and construction</u>	<u>Machinery and equipment</u>	<u>Molding equipment</u>	<u>Other facilities</u>	<u>Total</u>
Balance at January 1, 2022	\$ 637,862	967,691	1,174,362	38,482	207,140	3,025,537
Additions	-	7,654	7,076	-	1,317	16,047
Disposal	-	-	(1,898)	-	(927)	(2,825)
Reclassify	-	2,530	17,098	-	550	20,178
Effect of movements in exchange rates	-	15,306	17,352	739	779	34,176
Balance at June 30, 2022	<u>\$ 637,862</u>	<u>993,181</u>	<u>1,213,990</u>	<u>39,221</u>	<u>208,859</u>	<u>3,093,113</u>
Depreciation and impairments loss:						
Balance at January 1, 2023	\$ -	295,069	1,032,085	30,537	85,675	1,443,366
Depreciation	-	18,123	28,778	532	7,759	55,192
Disposal	-	(2,656)	(78,640)	-	(15,567)	(96,863)
Reclassify	-	-	-	-	(153)	(153)
Effect of movements in exchange rates	-	(4,342)	(14,364)	(620)	(1,963)	(21,289)
Balance at June 30, 2023	<u>\$ -</u>	<u>306,194</u>	<u>967,859</u>	<u>30,449</u>	<u>75,751</u>	<u>1,380,253</u>
Balance at January 1, 2022	\$ -	256,692	995,494	32,918	74,369	1,359,473
Depreciation	-	14,430	29,700	1,137	6,167	51,434
Disposal	-	-	(972)	-	(834)	(1,806)
Effect of movements in exchange rates	-	2,049	14,361	570	2,200	19,180
Balance at June 30, 2022	<u>\$ -</u>	<u>273,171</u>	<u>1,038,583</u>	<u>34,625</u>	<u>81,902</u>	<u>1,428,281</u>
Carrying amounts:						
Balance at January 1, 2023	<u>\$ 637,862</u>	<u>742,110</u>	<u>157,805</u>	<u>3,016</u>	<u>130,929</u>	<u>1,671,722</u>
Balance at June 30, 2023	<u>\$ 637,862</u>	<u>717,884</u>	<u>177,450</u>	<u>2,957</u>	<u>123,697</u>	<u>1,659,850</u>
Balance at January 1, 2022	<u>\$ 637,862</u>	<u>710,999</u>	<u>178,868</u>	<u>5,564</u>	<u>132,771</u>	<u>1,666,064</u>
Balance at June 30, 2022	<u>\$ 637,862</u>	<u>720,010</u>	<u>175,407</u>	<u>4,596</u>	<u>126,957</u>	<u>1,664,832</u>

Some of the property, plant and equipment that belongs to the Group had been pledged as collateral for long-term borrowings and the issuance of the corporate bonds; please refer to note 8.

(i) Right-of-use assets

The Group leases many assets including land, buildings and vehicles. Information about leases for which the Group as a lessee was presented below:

	<u>Land</u>	<u>Building and Construction</u>	<u>Vehicles</u>	<u>Total</u>
Cost:				
Balance at January 1, 2023	\$ 32,795	63,254	6,804	102,853
Additions	-	3,793	-	3,793
Disposals	-	(21,061)	(4,421)	(25,482)
Effect of changes in foreign exchange rates	-	(745)	(872)	(1,617)
Balance at June 30, 2023	<u>\$ 32,050</u>	<u>45,114</u>	<u>2,383</u>	<u>79,547</u>

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Building and Construction</u>	<u>Vehicles</u>	<u>Total</u>
Balance at January 1, 2022	\$ 32,276	59,358	6,373	98,007
Additions	-	753	-	753
Disposals	-	(199)	-	(199)
Effect of changes in foreign exchange rates	655	1,125	-	1,780
Balance at June 30, 2022	<u>\$ 32,931</u>	<u>61,037</u>	<u>6,373</u>	<u>100,341</u>
Accumulated depreciation:				
Balance at January 1, 2023	\$ 3,459	38,744	5,154	47,357
Depreciation	433	6,843	525	7,801
Disposals	-	(21,061)	(4,421)	(25,482)
Effect of changes in foreign exchange rates	(89)	(475)	-	(564)
Balance at June 30, 2023	<u>\$ 3,803</u>	<u>24,051</u>	<u>1,258</u>	<u>29,112</u>
Balance at January 1, 2022	\$ 2,553	24,366	3,971	30,890
Depreciation	434	7,285	970	8,689
Disposals	-	(199)	-	(199)
Effect of changes in foreign exchange rates	52	468	-	520
Balance at June 30, 2022	<u>\$ 3,039</u>	<u>31,920</u>	<u>4,941</u>	<u>39,900</u>
Carrying amount:				
Balance at January 1, 2023	<u>\$ 29,336</u>	<u>24,510</u>	<u>1,650</u>	<u>55,496</u>
Balance at June 30, 2023	<u>\$ 28,247</u>	<u>21,063</u>	<u>1,125</u>	<u>50,435</u>
Balance at January 1, 2022	<u>\$ 29,723</u>	<u>34,992</u>	<u>2,402</u>	<u>67,117</u>
Balance at June 30, 2022	<u>\$ 29,892</u>	<u>29,117</u>	<u>1,432</u>	<u>60,441</u>

(j) Short-term borrowings

The short-term borrowings were summarized as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Secured bank loans	\$ -	30,710	-
Unsecured bank loans	100,000	61,420	-
Total	<u>\$ 100,000</u>	<u>92,130</u>	<u>-</u>
Unused short-term credit lines	<u>\$ 1,489,798</u>	<u>1,517,015</u>	<u>1,638,133</u>
Range of interest rates	<u>1.776%</u>	<u>5.22%~5.35%</u>	<u>-</u>

For the collateral for short-term borrowings, please refer to note 8.

A key management personnel provided a joint guarantee for the borrowings of the Group from certain financial institutions. Please refer to note 7.

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(k) Long-term borrowings

June 30, 2023				
	Currency	Rate	Maturity year	Amount
Secured bank loans	TWD	1.98%~ 2.06430%	2041	\$ 142,340
Less: due within one year				(16,080)
Total				<u>\$ 126,260</u>
December 31, 2022				
	Currency	Rate	Maturity year	Amount
Secured bank loans	TWD	1.1963%~ 1.8996%	2041	\$ 290,780
Less: due within one year				(16,080)
Total				<u>\$ 274,700</u>
June 30, 2022				
	Currency	Rate	Maturity year	Amount
Secured bank loans	TWD	1.2011%~1.4497%	2041	\$ 298,820
Less: due within one year				(16,080)
Total				<u>\$ 282,740</u>

For the collateral for long-term borrowings, please refer to note 8.

(l) Bonds payable

	June 30, 2023	December 31, 2022	June 30, 2022
Total convertible corporate bonds issued	\$ 300,000	300,000	300,000
Less: Unamortized discounted corporate bonds payable	(1,395)	(7,538)	(10,908)
Cumulative converted amount	(239,500)	(122,200)	(122,200)
Convertible bonds issued balance	<u>\$ 59,105</u>	<u>170,262</u>	<u>166,892</u>
Embedded derivative-call options (included in financial assets at fair value through profit or loss)	<u>\$ 71</u>	<u>16</u>	<u>574</u>
Equity components – conversion options (included in capital surplus – share options)	<u>\$ 6,451</u>	<u>18,960</u>	<u>18,960</u>
	For the three months ended June 30,	For the six months ended June 30,	
	2023	2022	2023
Interest expense	<u>\$ 1,207</u>	<u>1,660</u>	<u>2,918</u>
			<u>3,304</u>

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Items</u>	<u>Third secured domestic convertible bonds</u>
1.Total issue amount	300,000 thousand
2.Par value	100 thousand
3.Maturity date	January 25, 2021 ~ January 25, 2024
4.Outstanding period	3 years
5.Coupon rate	0%
6.Redemption at maturity	The Company redeems the convertible bond at par value by cash from the bondholders when it meets maturity.
7.Redemption method	<p>(1) If the closing price of shares for each of 30 consecutive trading days is at least 130% of the conversion price between the 3 months after the share issuance date and the 40th day before the maturity date, the Company may redeem all the outstanding bonds at their par vale.</p> <p>(2) If the amount outstanding of bonds is less than 10% of the principal amount between the 3 months after the share issuance date and the 40th day before the maturity date, the Company may redeem the outstanding bonds at their principal amount within five business days before the maturity date.</p>
8.Conversion period	<p>(1) The bondholder can convert its bonds into shares at any time between 3 months after the issuance date and the day before the maturity day.</p> <p>(2) For the circumstances below, the conversion terminates in compliance with the method issued by the Company. The closing period in accordance with the applicable laws. The period that starts from the fifteen business days prior to the date of record for determination wherein the shareholders are entitled to receive the distributions or rights to subscribe for new shares in a capital increase for cash, and ends on the date of record for the distribution of the rights/benefits. The period starts from the date of record of the capital decrease and ends one day prior to the reissuance of the trading of shares after the capital decrease.</p>
9.Conversion price	<p>The conversion price is 19.3 per share when issuance.</p> <p>(1) The Company announced on July 29, 2021, that due to the allotment of cash dividends on the ordinary shares, the conversion price has been adjusted from NTD 19.3 per share to NTD 19.1 per share since August 21, 2021.</p> <p>(2) The Company announced on August 8, 2022, that due to the allotment of cash dividends and stock dividends on the ordinary shares, the conversion price has been adjusted from NTD 19.1 per share to NTD 17.9 per share since August 30, 2022.</p>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Items	Third secured domestic convertible bonds
	(3)The Company announced on June 20, 2023 that due to the allotment of cash dividends on ordinary shares, the conversion price has been adjusted from NTD 17.9 per share to NTD 17.7 per share since July 16, 2023.
10. Pledge	For the collateral for bonds payable, please refer to note 8.

(m) Lease liability

The carrying values of the lease liabilities were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Current	\$ <u>11,739</u>	<u>12,291</u>	<u>14,797</u>
Non-current	\$ <u>13,815</u>	<u>17,522</u>	<u>19,828</u>

For the maturity analysis, please refer to note 6(w).

The amounts recognized in profit or loss were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Interest on lease liabilities	\$ <u>931</u>	<u>1,257</u>	<u>1,938</u>	<u>2,620</u>
Expenses relating to short-term leases	\$ <u>296</u>	<u>290</u>	<u>677</u>	<u>566</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>69</u>	<u>102</u>	<u>143</u>	<u>159</u>

The amounts recognized in the statement of cash flows for the Group were as follows:

	For the six months ended June 30,	
	2023	2022
Total cash outflow for leases	\$ <u>10,342</u>	<u>11,502</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Real estate leases

The Group leases building for its employee dormitories and plant offices. The lease terms ranged for a period of 1 to 2 years and 2 to 5 years for employee dormitories and plant offices, respectively. Some of the terms can be extended upon maturity. However, if the option of extension is uncertain, the related expenditures incurred in the covered period cannot be accounted for as lease liabilities.

(ii) Other leases

The Group leases vehicle, with lease terms ranging for a period of 4 to 5 years. Some of the terms can be extended upon maturity. However, if the option of extension is uncertain, the related expenditures incurred in the covered period would not be accounted for as lease liabilities.

Some buildings leased by the Group have a term with no more than a year are considered as short-term leases. Therefore, the Group decided to apply the exemption for recognition to recognize its right of use assets and lease liabilities.

(n) Deferred income

The agreement between Yangzhou Edison Opto Corporation and Yangzhou Land And Resources Bureau entitled right of land use of Yangzhou Economic Development Zone, from December, 2006 to December, 2056. The right of land use of CNY 9,788 thousand is subsidized by the Administrative Commission of Yangzhou Economic Development Zone, generating the long-term deferred revenue of CNY 9,393 thousand recognized under other non-current liabilities and is amortized for 50 years to recognize revenue. As of June 30, 2023, December 31 and June 30, 2022 the amount of unamortized deferred revenue was \$27,106 thousand, \$28,151 thousand and \$28,685 thousand, respectively.

(o) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2022 and 2021.

The expenses recognized in profit or loss for the Group were as follows:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Operating cost	\$ 27	19	53	39
Operating expenses	150	122	301	244
	<u>\$ 177</u>	<u>141</u>	<u>354</u>	<u>283</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Defined contribution plans

The Group's expenses under the pension plan cost to the Bureau of Labor Insurance were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Operating cost	\$ 3,350	3,150	6,612	6,323
Operating expenses	2,849	2,254	5,677	4,446
	<u>\$ 6,199</u>	<u>5,404</u>	<u>12,289</u>	<u>10,769</u>

(p) Income taxes

(i) The components of income tax were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Current tax expense				
Current period	\$ 4,182	5,157	5,102	8,041
Adjust the current income tax of the previous period	-	-	-	-
Income tax expense	<u>\$ 4,182</u>	<u>5,157</u>	<u>5,102</u>	<u>8,041</u>

(ii) Assessment of tax

The Company's tax returns for the years through 2019 were assessed by the Taipei National Tax Administration.

(q) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the periods from January 1 to June 30, 2023 and 2022. For the related information, please refer to note 6(s) of the consolidated financial statements for the year ended December 31, 2022.

(i) Issuance and cancellation of ordinary shares

The domestic secured convertible bonds issued by the Company were converted in 2,380 thousand shares and 4,173 thousand ordinary shares in the 1st and 2nd quarter, respectively, of 2023. All the statutory registration procedures above had been completed as of the reporting date.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Capital surplus

The balances of capital surplus were as follows:

	<u>June 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>June 30,</u> <u>2022</u>
Premium on issuance of capital stock	\$ 1,448,548	1,400,567	1,400,428
Employee share options	72,142	72,142	72,142
Difference arising from subsidiary's share price and its carrying value	461	461	461
Restricted stock	-	26,928	27,047
Changes in net equity of related companies accounted for using the equity method	292	292	292
Conversion options	<u>6,451</u>	<u>18,960</u>	<u>18,960</u>
	<u>\$ 1,527,894</u>	<u>1,519,350</u>	<u>1,519,330</u>

A resolution was approved during the shareholders' meeting held on May 30, 2023 to distribute the cash dividends of \$40,000 thousand by using the capital surplus. Each share could receive a cash dividends of 0.30572782 from the capital reserve.

A resolution was approved during the shareholders' meeting held on June 22, 2022 to distribute the cash dividend of \$35,000 thousand by using the capital surplus. Each share could receive a cash dividend of \$0.27808294 from the capital reserve. Also, 6,500 thousand shares amounting to \$65,000 thousand will be distributed as stock dividend, and each thousand shares could receive a stock dividend of 51.6439 shares from the capital reserve.

(iii) Retained earnings

1) Earnings distribution

A proposed was made during the shareholders' meeting held on May 30, 2023, after the net operating loss there is no more surplus to be distributed.

A proposed was made during the shareholders' meeting held on June 22, 2022, after the legal reserve and special reserve are established by legal, there is no more surplus to be distributed.

(iv) Treasury shares

- 1) From September to October, 2022, the Company purchased 1,500 thousand shares of treasury stock, at the amount of \$24,847 thousand, for the purpose of motivating employees and enhancing their morale, in accordance with Article 28-2 of the Securities and Exchange Act. The total number of un-transferred treasury shares was 4,500 thousand shares.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 2) Ledionopto Lighting Inc., sub-subsidiary of the Company, held 526 thousand shares of the Company's treasury share. As of June 30, 2023, all treasury shares were not sold. The market price on June 30, 2023, December 31, and June 30, 2022 were \$27.35, \$15.65 and \$15.30 per share, respectively.
- 3) In compliance with the Securities and Exchange Act, treasury shares held by the Group should not be pledged, and shareholder rights are not entitled before the transfer.

(r) Share-based payment

Except for the following disclosure, there were no significant changes for share-based payment during the periods from January 1 to June 30, 2023 and 2022. For the related information, please refer to note 6(t) of the consolidated financial statements for the year ended December 31, 2022.

The Group incurred expenses of share-based arrangements in 2023 and 2022 as follows:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Expenses resulting from restricted employee stock option	\$ -	689	-	1,377

(s) Earnings per share

The calculation of basic earnings per share and diluted earnings per share is as follows:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Basic earnings per share				
Profit of the Company for the year	\$ 13,082	15,545	25,743	32,005
Weighted average number of ordinary shares (in thousands of shares)	133,302	131,292	131,806	131,292
Basic earnings per share (in New Taiwan Dollars)	\$ 0.10	0.12	0.20	0.24
Diluted earnings per share				
Profit of the Company for the year	\$ 13,082	15,545	25,743	32,005
Effect of dilutive potential ordinary share (note)	-	-	-	-
Profit attributable to common stockholders of the Company (including effect of dilutive potential ordinary share)	\$ 13,082	15,545	25,743	32,005

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended June 30,		For the six months ended June 30,	
Weighted average number of ordinary shares (in thousands of shares)	\$ 133,302	131,292	131,806	131,292
Effect of employee share bonus (in thousands of shares)	53	54	53	215
Effect of restricted employee shares unvested (in thousands of shares)	-	570	-	570
Weighted average number of ordinary shares (in thousands of shares)	<u>133,355</u>	<u>131,916</u>	<u>131,859</u>	<u>132,077</u>
Diluted earnings per share (in New Taiwan Dollars)	<u>\$ 0.10</u>	<u>0.12</u>	<u>0.20</u>	<u>0.24</u>

Note. The effect of convertible bonds would have been anti-dilutive if included in the calculation of the Group's earnings per share from January 1, to June 30, 2023 and 2022. The calculation of diluted earnings per share is not included.

(t) Revenue from contracts with customers

(i) Revenue detail

		For the three months ended June 30, 2023					
		Edison Opto (Dong Guan) Co., Ltd.	Yangzhou Edison Opto Corporation	Yangzhou Edison-Litek Opto Corporation	Edison-Litek Opto Corporation	Other	Total
Major market	The Company						
China	\$	16,324	50,280	35,372	37,363	-	139,339
America and Europe		90,293	4,485	-	-	75,966	195,426
Taiwan		36,527	-	-	-	2,382	38,909
Africa		15,386	-	-	-	-	15,386
Others		82,724	1,574	4,364	-	-	88,662
	\$	<u>241,254</u>	<u>56,339</u>	<u>39,736</u>	<u>37,363</u>	<u>78,348</u>	<u>477,722</u>
Major product:							
LED transmitter component	\$	3,603	37,163	-	-	-	40,766
LED lighting component		43,080	137	32,984	-	-	83,845
LED lighting module and product		191,824	18,107	5,740	-	-	229,636
Automotive LED lighting module		-	-	-	37,085	78,348	115,433
Others		2,747	932	1,012	278	-	8,042
	\$	<u>241,254</u>	<u>56,339</u>	<u>39,736</u>	<u>37,363</u>	<u>78,348</u>	<u>477,722</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		For the three months ended June 30, 2022						
		The Company	Edison Opto (Dong Guan) Co., Ltd.	Yangzhou Edison Opto Corporation	Yangzhou Edison-Litek Opto Corporation	Edison- Litek Opto Corporation	Other	Total
Major market								
	China	\$	17,843	56,746	56,998	15,489	-	147,076
	America and Europe		83,270	937	-	-	100,649	217,364
	Taiwan		42,514	1,130	-	-	1,062	46,167
	Africa		9,250	-	-	-	-	9,250
	Others		44,222	3,128	19	-	332	49,177
		\$	<u>197,099</u>	<u>61,941</u>	<u>57,017</u>	<u>15,489</u>	<u>102,043</u>	<u>469,034</u>
Major product:								
	LED transmitter component	\$	5,628	32,863	-	-	-	38,491
	LED lighting component		49,834	1,459	39,700	-	-	99,238
	LED lighting module and product		138,741	27,619	17,266	-	-	207,611
	Automotive LED lighting module		-	-	-	15,318	102,043	117,361
	Others		2,896	-	51	171	-	6,333
		\$	<u>197,099</u>	<u>61,941</u>	<u>57,017</u>	<u>15,489</u>	<u>102,043</u>	<u>469,034</u>
		For the six months ended June 30, 2023						
		The Company	Edison Opto (Dong Guan) Co., Ltd.	Yangzhou Edison Opto Corporation	Yangzhou Edison-Litek Opto Corporation	Edison-Litek Opto Corporation	Other	Total
Major market								
	China	\$	27,969	94,025	97,055	61,021	-	280,070
	America and Europe		184,101	5,487	-	-	155,208	388,701
	Taiwan		96,997	1,097	36	-	4,022	102,152
	Africa		24,561	-	-	-	-	24,561
	Others		121,786	1,574	8,266	-	-	131,626
		\$	<u>455,414</u>	<u>102,183</u>	<u>105,357</u>	<u>61,021</u>	<u>159,230</u>	<u>927,110</u>
Major product:								
	LED transmitter component	\$	7,286	62,095	-	-	-	69,381
	LED lighting component		81,492	303	85,528	-	-	180,036
	LED lighting module and product		355,986	36,967	18,765	-	-	436,036
	Automotive LED lighting module		-	-	-	59,878	157,854	217,732
	Others		10,650	2,818	1,064	1,143	1,376	23,925
		\$	<u>455,414</u>	<u>102,183</u>	<u>105,357</u>	<u>61,021</u>	<u>159,230</u>	<u>927,110</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		For the six months ended June 30, 2022						
		The Company	Edison Opto (Dong Guan) Co., Ltd.	Yangzhou Edison Opto Corporation	Yangzhou Edison-Litek Opto Corporation	Edison-Litek Opto Corporation	Other	Total
Major market								
China	\$	36,201	142,334	86,277	37,064	-	3,373	305,249
America and Europe		138,885	937	-	-	178,239	66,701	384,762
Taiwan		74,210	1,130	-	-	2,305	1,686	79,331
Africa		14,400	-	-	-	-	-	14,400
Others		140,485	6,889	1,053	-	3,620	7,570	159,617
	\$	404,181	151,290	87,330	37,064	184,164	79,330	943,359
Major product:								
LED transmitter component	\$	10,166	64,357	-	-	-	-	74,523
LED lighting component		94,782	2,563	57,907	-	-	13,295	168,547
LED lighting module and product		276,576	82,918	28,877	-	-	58,967	447,338
Automotive LED lighting module		-	-	-	36,143	184,164	-	220,307
Others		22,657	1,452	546	921	-	7,068	32,644
	\$	404,181	151,290	87,330	37,064	184,164	79,330	943,359

(ii) Contract balances

	June 30, 2023	December 31, 2022	June 30, 2022
Note receivables	\$ 13,290	21,837	10,667
Accounts receivables	398,709	429,011	409,077
Less: Loss allowance	(2,123)	(19,824)	(22,205)
Total	\$ 409,876	431,024	397,539

For details on accounts receivable and allowance for impairment, please refer to note 6(e).

(u) Remuneration to employees, directors

In accordance with the Articles of incorporation, the Company should contribute 5%~15% of the profit as employee remuneration and less than 3% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration of each director and of remuneration for employees entitled to receive the abovementioned employee remuneration is approved by the Board of Directors. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the three months and six months ended June 30, 2023 and 2022, the Company accrued and recognized its employee remuneration amounting to \$1,455 thousand, \$830 thousand, \$1,455 thousand and \$1,701 thousand, respectively; as well as its remuneration to directors amounting to \$295 thousand, \$165 thousand, \$295 thousand and \$339 thousand, respectively. These amounts were calculated by using the Company's pre-tax net profit for the period before deducting the amounts of the remuneration to employees and directors, multiplied by the distribution of ratio of the remuneration to employees and directors based on the Company's articles of incorporation, and expensed under operating costs or expenses.

For the years ended December 31, 2022 and 2021, the Company accrued and recognized its employee remuneration amounting to \$1,500 thousand and \$6,500 thousand, respectively; as well as its remuneration to directors amounting to \$300 thousand and \$1,500 thousand. The Board of Directors resolved not to distribute employee compensation and director's remuneration due to the Company has accumulated deficits in 2022, and recognized the difference between the actual distribution and the estimated profit or loss in the 1st quarter of 2023. The related information can be accessed from the Market Observation Post System website.

(v) Non-operating income and expenses

(i) Interest income

The details of net other income were as follows:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Interest income from bank deposits	\$ 2,760	1,446	4,496	2,692
Other interest income	1,441	2,185	2,882	4,285
	\$ 4,201	3,631	7,378	6,977

(ii) Other income

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Other income-others	\$ 720	795	2,626	5,214

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Other gains and losses

The details of other gains and losses were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Net gain (losses) \$	132	(8)	(4,732)	(8)
on disposal of Property, plant, and equipment				
Net gain (losses) on financial assets at fair value	338	(1,475)	1,637	(1,439)
Net gain (losses) on foreign exchange	8,378	12,374	5,962	13,360
Others	503	(432)	(239)	(1,339)
	<u>\$ 9,351</u>	<u>10,459</u>	<u>2,628</u>	<u>10,574</u>

(iv) Finance costs

The details of finance costs were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Interest expenses \$	<u>3,711</u>	<u>4,109</u>	<u>9,031</u>	<u>8,492</u>

(w) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note 6(y) of the consolidated financial statements for the year ended December 31, 2022.

(i) Credit risk

1) Concentration of credit risk

Accounts receivable were due from many customers. Therefore, there was no concentration of credit risk. In order to reduce the credit risk of accounts receivable, the Company continually evaluates each customer's financial situation. Otherwise, the customer will have to provide bank guarantees or collaterals.

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Receivable

For credit risk exposure of note and trade receivables, please refer to note 6(e). Other financial assets at amortized cost includes other receivables and time deposits.

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g) of the consolidated financial statements for the year ended December 31, 2022.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
June 30, 2023							
Non-derivative financial liabilities							
Secured short and long term loans	\$ 142,340	(149,651)	(8,878)	(8,817)	(17,503)	(51,354)	(63,099)
Unsecured short term loans	100,000	(100,015)	(100,015)	-	-	-	-
Lease liabilities	25,554	(29,808)	(7,599)	(7,041)	(12,798)	(2,370)	-
Notes payable and accounts payable	233,414	(233,414)	(233,414)	-	-	-	-
Other payable	150,248	(150,248)	(150,248)	-	-	-	-
Bonds payable	59,105	(60,500)	(60,500)	-	-	-	-
	<u>\$ 710,661</u>	<u>(723,636)</u>	<u>(560,654)</u>	<u>(15,858)</u>	<u>(30,301)</u>	<u>(53,724)</u>	<u>(63,099)</u>
December 31, 2022							
Non-derivative financial liabilities							
Secured short and long term loans	\$ 321,490	(353,139)	(40,514)	(9,725)	(19,278)	(56,679)	(226,943)
Unsecured short term loans	61,420	(61,947)	(61,947)	-	-	-	-
Lease liabilities	29,813	(34,824)	(8,767)	(6,617)	(12,140)	(7,300)	-
Notes payable and accounts payable	240,920	(240,920)	(240,920)	-	-	-	-
Other payable	127,078	(127,078)	(127,078)	-	-	-	-
Bonds payable	170,262	(177,800)	-	-	(177,800)	-	-
	<u>\$ 950,983</u>	<u>(995,708)</u>	<u>(479,226)</u>	<u>(16,342)</u>	<u>(209,218)</u>	<u>(63,979)</u>	<u>(226,943)</u>
June 30, 2022							
Non-derivative financial liabilities							
Secured short and long term loans	\$ 298,820	(332,182)	(9,812)	(9,745)	(19,375)	(56,970)	(236,280)
Lease liabilities	34,625	(41,072)	(10,643)	(7,689)	(10,742)	(11,998)	-
Notes payable and accounts payable	249,876	(249,876)	(249,876)	-	-	-	-
Other payable	97,675	(97,675)	(97,675)	-	-	-	-
Bonds payable	166,892	(177,800)	-	-	(177,800)	-	-
	<u>\$ 847,888</u>	<u>(898,605)</u>	<u>(368,006)</u>	<u>(17,434)</u>	<u>(207,917)</u>	<u>(68,968)</u>	<u>(236,280)</u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Currency risk

1) Exposure to foreign currency risk

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

	June 30, 2023			December 31, 2022			June 30, 2022		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 13,062	USD/TWD= 31.140	406,751	10,710	USD/TWD= 30.710	328,904	13,418	USD/TWD= 29.7200	398,783
USD	6,560	USD/CNY= 7.2258	204,289	4,416	USD/CNY= 6.9646	135,631	8,026	USD/CNY= 6.7114	238,532
CNY	14,934	CNY/TWD= 4.3098	64,362	68,409	CNY/TWD= 4.4100	301,681	13,791	CNY/TWD= 4.4283	61,070
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	8,899	USD/TWD= 31.140	277,115	9,228	USD/TWD= 30.710	283,392	11,484	USD/TWD= 29.720	341,304
USD	372	USD/CNY= 7.2258	11,585	570	USD/CNY= 6.9646	17,507	494	USD/CNY= 6.7114	14,682

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, financial assets at fair value through other comprehensive income, loans and borrowings; and trade and other payables that are denominated in foreign currency. A strengthening (weakening) of 5% of the TWD against the USD and CNY as at June 30, 2023 and 2022 would have increased (decreased) the equity by \$19,335 thousand and \$17,120 thousand due to cash flow hedges. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for prior year.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the six months ended June 30, 2023 and 2022, foreign exchange loss (including realized and unrealized portions) amounted to \$5,962 thousand and \$13,360 thousand, respectively.

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Fair value of financial instruments

- 1) The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income (available for sale financial assets) is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required :

	June 30, 2023				
	Book Value	Fair Value			Total
	Level 1	Level 2	Level 3		
Financial assets at fair value through profit or loss-current-securities of listed companies	\$ 5,736	5,736	-	-	5,736
Embedded derivative of convertible bonds	\$ 71	-	71	-	71
Corporate bonds	\$ 6,336	6,336	-	-	6,336
Financial assets at fair value through other comprehensive income-securities of unlisted companies	1,810	-	-	1,810	1,810
Cash and cash equivalents	1,048,739	-	-	-	-
Notes and trade receivables	409,876	-	-	-	-
Other receivables	1,650	-	-	-	-
Corporate bonds	8,706	-	-	-	-
Subtotal	<u>1,468,971</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,482,924</u>	<u>12,072</u>	<u>71</u>	<u>1,810</u>	<u>13,953</u>
Financial liabilities at amortized cost:					
Short-term bank loans	\$ 100,000	-	-	-	-
Long-term bank loans (including due within one year)	142,340	-	-	-	-
Notes and trade payables	233,414	-	-	-	-
Other payables	150,248	-	-	-	-
Bonds payable (including due within one year)	59,105	-	-	-	-
Lease liabilities	25,554	-	-	-	-
Total	<u>\$ 710,661</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2022				
	Book Value	Fair Value			Total
	Level 1	Level 2	Level 3		
Financial assets at fair value through profit or loss-current- Securities of listed companies	\$ 4,400	4,400	-	-	4,400
Financial assets at fair value through profit or loss-non current- Embedded derivative of convertible bonds	\$ 16	-	16	-	16
Financial assets at fair value through other comprehensive income- Securities of unlisted companies	\$ 2,453	-	-	2,453	2,453
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,154,337	-	-	-	-
Notes and trade receivables	431,024	-	-	-	-
Othe receivables	1,459	-	-	-	-
Corporate bonds	8,711	-	-	-	-
Subtotal	1,595,531	-	-	-	-
Total	<u>\$ 1,602,400</u>	<u>4,400</u>	<u>16</u>	<u>2,453</u>	<u>6,869</u>
Financial liabilities at amortized cost					
Short-term bank loans	\$ 92,130	-	-	-	-
Long-term bank loans (including due within one year)	290,780	-	-	-	-
Notes and trade payables	240,920	-	-	-	-
Other payables	127,078	-	-	-	-
Bonds payable	170,262	-	-	-	-
Lease liabilities	29,813	-	-	-	-
Total	<u>\$ 950,983</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	June 30, 2022				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss-current-securities of listed companies	\$ 5,680	5,680	-	-	5,680
Financial assets at fair value through profit or loss-non current-Embedded derivative of convertible bonds	\$ 574	-	574	-	574
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,102,690	-	-	-	-
Notes and trade receivables	397,539	-	-	-	-
Other receivables	22,189	-	-	-	-
Corporate bonds	8,715	-	-	-	-
Subtotal	1,531,133	-	-	-	-
Total	<u>\$ 1,537,387</u>	<u>5,680</u>	<u>574</u>	<u>-</u>	<u>6,254</u>
Financial liabilities at amortized cost					
Long-term bank loans (including due within one year)	\$ 298,820	-	-	-	-
Notes and trade payables	249,876	-	-	-	-
Other payables	97,675	-	-	-	-
Dividends payables	35,000	-	-	-	-
Bonds payables	166,892	-	-	-	-
Lease liabilities	34,625	-	-	-	-
Total	<u>\$ 882,888</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
January 1, 2023	\$ 2,453
Total gains and losses recognized:	
In other comprehensive income	(643)
June 30, 2023	<u>\$ 1,810</u>
June 30, 2022(the beginning period)	<u>\$ -</u>

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended June 30, 2023 and 2022, total gains and losses that were included in unrealized gains and losses from financial assets at fair value through other comprehensive income were as follows:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2023	2022	2023	2022
Total gains and losses recognized:				
In other comprehensive income, and presented in “unrealized gains and losses from financial assets at fair value through other comprehensive income”	\$ (182)	-	(643)	-

3) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group’s financial instruments that use Level 3 inputs to measure fair value include “financial assets measured at fair value through profit or loss – debt investments” and “fair value through other comprehensive income (available-for-sale financial assets) – equity investments”.

Most fair values in Level 3 include one significant unobservable input, and the fair values of investments in equity instrument without active market consist of multiple significant unobservable inputs. Therefore, significant unobservable inputs of investments in equity instrument without active market are independent with no inter-relationship.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income equity investments without an active market	Weighted average of market comparable companies and asset-based approach	<ul style="list-style-type: none"> · equity ratio multiple · Discount for lack of marketability · Discount of control 	<ul style="list-style-type: none"> · The higher multiple, the higher the fair value · The higher the discount for lack of marketability, the lower the fair value · The higher the discount of control, the lower the fair value

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 4) Fair value measurements in Level 3— sensitivity analysis of reasonably possible alternative assumptions

The fair value measurement of financial instruments by the Group is reasonable, but the use of different evaluation models or evaluation parameters may result in different evaluation results. For fair value measurements in Level 3, if the evaluation parameters change, would have the following effects of profit or loss or other comprehensive income:

	<u>Input</u>	<u>Change</u>	<u>Recognized in other comprehensive income</u>	
			<u>Favorable change</u>	<u>Unfavorable change</u>
June 30, 2023				
Financial assets fair value through other comprehensive income	1.19	1%	\$ <u>18</u>	<u>(18)</u>
December 31, 2022				
Financial assets fair value through other comprehensive income	1.20	1%	\$ <u>25</u>	<u>(25)</u>
June 30, 2022				
Financial assets fair value through other comprehensive income	1.12	1%	\$ <u>317</u>	<u>(317)</u>

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

- (x) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in Note 6(z) of the consolidated financial statements for the year ended December 31, 2022.

- (y) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2022. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2022. Please refer to Note 6(aa) of the consolidated financial statements for the year ended December 31, 2022 for further details.

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(z) Financing activities not affecting current cash flow

The Group's financing activities which did not affect the current cash flow in the years ended June 30, 2023 and 2022, were as follows:

	January 1, 2022	Cash Flows	Non-cash changes				June 30, 2023
			Foreign exchange movement	Changes in lease payments	Discount and premium amortization	Conversion options	
Short-term borrowings	\$ 92,130	5,170	2,700	-	-	-	100,000
Lease liabilities	29,813	(7,584)	(468)	3,793	-	-	25,554
Long-term borrowings (including current portion)	290,780	(148,440)	-	-	-	-	142,340
Bonds payable (included due within one year)	170,262	-	-	-	2,918	(114,075)	59,105
Total liabilities from financing activities	<u>\$ 582,985</u>	<u>(150,854)</u>	<u>2,232</u>	<u>3,793</u>	<u>2,918</u>	<u>(114,075)</u>	<u>326,999</u>

	January 1, 2021	Cash Flows	Non-cash changes				June 30, 2022
			Foreign exchange movement	Changes in lease payments	Discount and premium amortization		
Short-term borrowings	\$ 214,456	(219,131)	4,675	-	-	-	-
Lease liabilities	41,290	(8,157)	740	752	-	-	34,625
Long-term borrowings(including current portion)	306,860	(8,040)	-	-	-	-	298,820
Bonds payable (included due within one year)	163,588	-	-	-	3,304	-	166,892
Total liabilities from financing activities	<u>\$ 726,194</u>	<u>(235,328)</u>	<u>5,415</u>	<u>752</u>	<u>3,304</u>	<u>-</u>	<u>500,337</u>

(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements:

Name of related party	Relationship with the Group
Wu, Chien-Jung	The Company's chairman

(b) Significant transactions with related parties

(i) Guarantee

A key management personnel provided a joint guarantee for the borrowings of the Group from certain financial institutions.

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Short-term employee benefits	\$ 7,444	6,267	18,531	15,682
Post employment benefits	196	184	381	364
Share-based payments	-	227	-	453
	<u>\$ 7,640</u>	<u>6,678</u>	<u>18,912</u>	<u>16,499</u>

Please refer to note 6(r) for further explanations related to share-based payment transactions.

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	June 30, 2023	December 31, 2022	June 30, 2022
Notes receivable (classified under other current assets)	Bank Acceptance	\$ -	4,410	7,528
Deposits (classified under other current assets)	Short-term loans	-	10,000	7,705
Deposits (classified under other non-current assets)	Deposit to customs	6,068	6,061	6,041
Property, plant, and equipment	Guarantee of Corporate Bonds	196,177	197,428	198,680
Property, plant, and equipment	Long-term loans	246,485	525,996	527,539
		<u>\$ 448,730</u>	<u>743,895</u>	<u>747,493</u>

(9) Commitments and contingencies:

(a) The Group unrecognized contractual commitments are as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Acquisition of property, plant and equipment	<u>\$ 29,278</u>	<u>39,939</u>	<u>15,740</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (b) The Company obtained the tender for the "Tainan City LED Street Light Replacement Project, District 3" in May 2021, and provided a deposit of \$20,000 thousand as a performance guarantee. In November 2021, the Company received a letter from the Public Works Bureau of Tainan City Government ("Works Bureau") to terminate the aforementioned contract, and in January of 2022, the Works Bureau forfeited the aforementioned security deposit and recovered the tender bond of \$5,000 thousand. The Group proceed the relevant relief procedures and requested for the return of the performance deposit and the revocation of the administrative sanction of the deposit. In March 2023, the Group filed a civil litigation and an administrative litigation processed by the Tainan District Court (return of the performance deposit) and the Kaohsiung High Administrative Court (revocation of the administrative sanction of the deposit).

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other:

- (a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By item	By function	For the three months ended June 30,					
		2023			2022		
		Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits							
Salary		42,176	48,842	91,018	35,329	44,949	80,278
Labor and health insurance		2,795	3,489	6,284	2,231	4,347	6,578
Pension		3,377	2,999	6,376	3,169	2,376	5,545
Directors' remuneration		-	865	865	-	480	480
Others		4,039	2,580	6,619	3,907	3,889	7,796
Depreciation		21,043	9,138	30,181	21,400	9,089	30,489
Amortization		-	376	376	2	745	747

By item	By function	For the six months ended June 30,					
		2023			2022		
		Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits							
Salary		77,981	97,000	174,981	69,395	83,881	153,276
Labor and health insurance		5,525	6,800	12,325	4,593	6,993	11,586
Pension		6,665	5,978	12,643	6,362	4,690	11,052
Directors' remuneration		-	1,081	1,081	-	921	921
Others		7,627	5,424	13,051	7,716	6,285	14,001
Depreciation		43,322	19,671	62,993	42,470	17,653	60,123
Amortization		-	1,210	1,210	5	1,474	1,479

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) The operation of the Group is not affected by seasonal or periodic factors.

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 2)	Ending balance (Note 2)	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 3)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	Edison-litek Opto Corporation Limited	Edison-litek Opto Corporation	Other receivables due from related parties	Yes	21,798 (USD700 thousand)	21,798 (USD700 thousand)	21,798 (USD700 thousand)	1%	2	-	Short-term financing	-	-	-	44,846 (Note1)	89,693 (Note1)
2	Yangzhou Edison Opto Corporation	Edison-Opto (Dong Guan) Co., Ltd.	Other receivable due from related parties	Yes	44,422 (CNY10,000 thousand)	43,098 (CNY10,000 thousand)	43,098 (CNY10,000 thousand)	1%	2	-	Short-term financing	-	-	-	191,864 (Note1)	383,729 (Note1)

Note 1: The allowable aggregate amount of financing provided to others cannot exceed 40% of the lender's stockholders' equity, the maximum amount of financing provided to an individual counterparty cannot exceed 20% of the lender's stockholders' equity.

Note 2: The amount was the financing facility approved by the Board of Directors.

Note 3: Based on the Company's guidelines, the allowable amounts of financing are as follows:

- (1) Loan arrangement for business transaction
- (2) Short-term financing purpose

Note 4: The amount was eliminated in the consolidated financial statements.

(ii) Guarantees and endorsements for other parties: None.

(iii) Securities held as of June 30, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of shares)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Edison Fund Investment Corporation	Taipei Fubon Bank-Qatar Government International Bonds	NO	Financial assets measured at amortized cost- non-current	-	8,706	- %	8,706	
The Company	AeBel Polytech Inc.	NO	Current financial assets at fair value through profit or loss	-	6,336	- %	6,336	
Edison Fund Investment Corporation	Taiwan Hydroxyl Technology Co., Ltd	NO	Financial assets through other fair value measurements- non-current	300	1,810	12.50 %	1,810	
Edison Fund Investment Corporation	AUO Corporation	NO	Current financial assets at fair value through profit or loss	160	2,976	- %	2,976	
Edison Fund Investment Corporation	Innolux Corporation	NO	Current financial assets at fair value through profit or loss	181	2,760	- %	2,760	

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
Yangzhou Edison Opto Corporation	Bank of Communications Co., Ltd. - structured deposits - RMB financial product (Exchange rate and binary structure)	Current financial assets at fair value through profit or loss	"	"	-	-	-	728,356 (RMB169,000 thousand)	-	729,147 (RMB169,183 thousand)	728,356	791	-	-

- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sales	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Yangzhou Edison Opto Corporation	The Company	Parents	Sales	(190,211)	(63.75)%	60 days	No significant difference	-	100,511	69.37 %	
The Company	Yangzhou Edison Opto Corporation	Subsidiary	Purchase	190,211	48.31 %	60 days	No significant difference	-	(100,511)	(52.48)%	
Edison Opto (Dong Guan) Co., Ltd.	The Company	Parents	Sales	(153,447)	(54.10)%	60 days	No significant difference	-	57,077	50.42 %	
The Company	Edison Opto (Dong Guan) Co., Ltd.	Subsidiary	Purchase	153,447	38.97 %	60 days	No significant difference	-	(57,077)	(29.80)%	

Note: The above transactions have been written off during the preparation of the consolidated report.

- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None
- (ix) Trading in derivative instruments: None
- (x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Edison Opto USA Corporation	1	Sales	22,782	60 days	2.46%

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
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No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Edison- Opto USA Corporation	1	Accounts receivable	11,049	60 days	0.30%
1	Yangzhou Edison Opto Corporation	The Company	2	Sales	190,211	60 days	20.52%
1	Yangzhou Edison Opto Corporation	The Company	2	Accounts receivable	100,511	60 days	2.73%
1	Yangzhou Edison Opto Corporation	Edison Opto (Dong Guan) Co., Ltd.	3	Other receivables	43,307	Base on contract	1.17%
2	Edison Opto (Dong Guan) Co., Ltd.	The Company	2	Sales	153,477	60 days	16.55%
2	Edison Opto (Dong Guan) Co., Ltd.	The Company	2	Accounts receivable	57,077	60 days	1.55%
2	Edison Opto (Dong Guan) Co., Ltd.	Edison Auto Lighting Corporation	3	Sales	14,433	60 days	1.56%
2	Edison Opto (Dong Guan) Co., Ltd.	Edison Auto Lighting Corporation	3	Accounts receivable	6,069	60 days	0.16%
3	Yangzhou Edison Litek Opto Corporation	Edison-litek Opto Corporation	3	sales	54,590	60 days	5.89%
3	Yangzhou Edison Litek Opto Corporation	Edison-litek Opto Corporation	3	Accounts receivable	13,026	60 days	0.35%
4	Edison Auto Lighting Corporation	The Company	2	sales	17,859	60 days	1.93%
4	Edison Auto Lighting Corporation	The Company	2	Accounts receivable	4,309	60 days	0.12%
5	Edison-Litek Opto Corporation Limited	Edison-litek Opto Corporation	3	Other receivables	21,903	Base on contract	0.59%

Note 1: (a) 0 represents The Company

(b) 1 and thereafter represent subsidiaries

Note 2: The relationships between guarantor and guarantee are as follows:

(a) 1 represents parent to subsidiary

(b) 2 represents subsidiary to parent

(c) 3 represents subsidiary to subsidiary

Note 3: Disclose only operating revenue and accounts receivable; related purchase, expense, and prepayment are neglected.

(b) Information on investees:

The following is the information on investees of The Company (excluding information on investees in Mainland China):

(In Thousands of Shares)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Edison Opto Corporation	Samoa	Selling of LED components and modules	1,041	1,041	30	100.00 %	10,478	(12)	(12)	
The Company	Edison Opto Corporation	Samoa	Selling of LED components and modules	145,991	145,991	4,500	100.00 %	241,859	11,434	11,434	-
The Company	Best Opto Corporation	Samoa	Selling of LED components and modules	1,277,226	1,277,226	41,000	100.00 %	953,992	18,314	21,166	-
The Company	Edison Fund Investment Corporation	Taiwan	Investment	686,000	686,000	25,000	100.00 %	86,239	3,390	3,390	-
The Company	Edison-Litek Opto Corporation Limited	Hong Kong	Investment	167,661	167,661	5,500	44.58 %	99,962	(6,291)	(2,805)	-

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Edison-Litek Opto Corporation	Taiwan	Selling of LED components and modules	64,500	64,500	11,000	78.57 %	182,391	1,382	1,261	-
The Company	Edison-Egypt Opto Corporation	Taiwan	Selling of LED components and modules	25,000	25,000	2,500	100.00 %	25,560	72	72	-
Best Opto Corporation	Best Led Corporation	Samoa	Investment	1,277,226	1,277,226	41,000	100.00 %	959,328	18,314	18,314	-
Edison Fund Investment Corporation	Edison Opto USA Corporation	USA	Selling of LED components and modules	6,392	6,392	220	55.00 %	34,838	2,579	1,418	-
Edison Fund Investment Corporation	Ledionopto Intelligent Technology Corporation	Taiwan	Selling of LED components and modules	113,185	113,185	2,200	100.00 %	22,379	15	15	-
Edison Fund Investment Corporation	Edison Auto Lighting Corporation	Taiwan	Selling of LED components and modules	7,570	7,570	1,000	100.00 %	4,711	557	557	-
Edison-Litek Opto Corporation	Edison-Litek Opto Corporation Limited	Hongkong	Investment	33,187	33,187	3,463	28.06 %	62,900	(6,291)	(1,765)	-

(c) Information on investment in Mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2023	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Edison Opto (Dong Guan) Co., Ltd.	Manufacturing and selling of LED components and modules	145,991 (USD 4,500 thousand)	(b)	111,408 (USD 3,317 thousand)	-	-	111,408 (USD 3,317 thousand)	11,435 (USD 374 thousand)	100.00%	11,435 (USD 374 thousand)	248,231 (USD 7,971 thousand)	34,583 (USD 1,183 thousand)
DongGuan Davinci Opto Co., Ltd. (note 2)	Manufacturing and selling of LED components and modules	-	(b)	52,255 (USD 1,714 thousand)	-	-	52,255 (USD 1,714 thousand)	-	-%	-	-	-
Yangzhou Edison Opto Corporation	Manufacturing and selling of LED components and modules	1,277,226 (USD 41,000 thousand)	(b)	1,277,226 (USD 41,000 thousand)	-	-	1,277,226 (USD 41,000 thousand)	18,314 (USD 599 thousand)	100.00%	18,314 (USD 599 thousand)	959,323 (USD 30,807 thousand)	-
Yangzhou Aichuan Electronic Trade Corporation	Selling of LED components and modules	2,148 (RMB 500 thousand)	(c)	-	-	-	-	21 (RMB 5 thousand)	100.00%	21 (RMB 5 thousand)	2,276 (RMB 528 thousand)	-
Yangzhou Edison-Litek Opto Corporation	Manufacturing and selling of LED components and modules	270,552 (USD 8,875 thousand)	(b)	167,661 (USD 5,500 thousand)	-	-	167,661 (USD 5,500 thousand)	(895) (USD (29) thousand)	66.63%	(596) (USD (20) thousand)	136,684 (USD 4,389 thousand)	-

Note 1: Investments are made through one of three ways:

(a) Direct investment from Mainland China

(b) Indirect investment from third-party country

1. Edison Opto (Dong Guan) Co., Ltd. is indirectly invested by the company through Ledison Opto Corporation.
2. Dong Guan Davinci Opto Corporation is indirectly invested by Ledion Opto Lighting Inc. through Led Plus Limited.
3. Yangzhou Edison Opto Corporation is indirectly invested by Best Opto Corporation and Best Led Corporation.
4. Yangzhou Edison-Litek Opto Corporation is indirectly invested by the Company and Edison-Litek Opto Corporation Limited.

(c) Others

1. Yangzhou Aichuan Trade Corporation is 100% invested by Yangzhou Edison Opto Corporation.

Note 2: The dissolution has registered in 2020.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Limitation on investment in Mainland China:

Company Name	Accumulated Investment in Mainland China as of June 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	1,556,295 (USD49,817 thousand)	1,580,977 (note 3) (USD50,770 thousand)	Note 1
Ledionopto Intelligent Technology Corporation	52,255 (note 2) (USD1,714 thousand)	53,373 (USD1,714 thousand)	-

Note 1: Since the Company acquired the permission from Industrial Development Bureau at August 25, 2022, Ministry of Economic Affairs, the upper limit on investment is not applicable, under “Regulations Governing The Permission of Commercial Behavior in Mainland China”, Article 3 (documentation reference number: 11120426210).

Note 2: DongGuan Davinci Opto Co., Ltd., in which Ledionopto Intelligent Technology Corporation indirectly invested USD2,000 thousand, had completed the cancellation of its business registration and liquidation with the approval of Investment Commission in June 2020. The investment capital amounting to USD286 thousand had been remitted to Ledionopto. However, according to the regulation, the remittance to Mainland China amounting to USD1,714 thousand had been included in the accumulated investment amount.

Note 3: The indirect investment in Yangzhou Ledison Opto Corporation through the Company, with the amount of USD1,000 thousand, was authorized by the Investment Commission. Yangzhou Ledison had completed its liquidation in 2017 and the remitted capital amount of USD1,230 thousand had been cancelled by the Investment Commission. Therefore, the difference between the Accumulated Investment in Mainland China and Investment Amounts Authorized by Investment Commission amounting to USD230 thousand had been deducted by the Company.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions” and “Business relationships and significant intercompany transactions.”

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Lighting Investment Corporation		17,411,388	12.27 %

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information:

For the three months ended June 30, 2023								
	The Company	Edison Opto (Dong Guan) Co., Ltd.	Yangzhou Edison Opto Corporation	Yangzhou Edison-Litek Opto Corporation	Edison-Litek Opto Corporation	Others	Reconciliation and elimination	Total
Revenues:								
Revenue from external customers	\$ 241,254	56,339	39,736	37,363	78,348	24,682	-	477,722
Intersegment revenues	19,868	95,122	107,635	20,222	120	6,262	(249,229)	-
Total revenue	<u>\$ 261,122</u>	<u>151,461</u>	<u>147,371</u>	<u>57,585</u>	<u>78,468</u>	<u>30,944</u>	<u>(249,229)</u>	<u>477,722</u>
Reportable segment profit or loss	<u>\$ 13,082</u>	<u>14,863</u>	<u>2,733</u>	<u>2,611</u>	<u>862</u>	<u>2,767</u>	<u>(18,621)</u>	<u>18,297</u>
For the three months ended June 30, 2022								
	The Company	Edison Opto (Dong Guan) Co., Ltd.	Yangzhou Edison Opto Corporation	Yangzhou Edison-Litek Opto Corporation	Edison-Litek Opto Corporation	Others	Reconciliation and elimination	Total
Revenues:								
Revenue from external customers	\$ 197,099	61,941	57,017	15,489	102,043	35,445	-	469,034
Intersegment revenues	50,077	83,420	91,270	48,961	3,478	6,260	(283,466)	-
Total revenue	<u>\$ 247,176</u>	<u>145,361</u>	<u>148,287</u>	<u>64,450</u>	<u>105,521</u>	<u>41,705</u>	<u>(283,466)</u>	<u>469,034</u>
Reportable segment profit or loss	<u>\$ 15,545</u>	<u>4,171</u>	<u>7,973</u>	<u>1,581</u>	<u>14,026</u>	<u>6,915</u>	<u>(24,749)</u>	<u>25,462</u>
For the six months ended June 30, 2023								
	The Company	Edison Opto (Dong Guan) Co., Ltd.	Yangzhou Edison Opto Corporation	Yangzhou Edison-Litek Opto Corporation	Edison-Litek Opto Corporation	Others	Reconciliation and elimination	Total
Revenues:								
Revenue from external customers	\$ 455,414	102,183	105,357	61,021	159,230	43,905	-	927,110
Intersegment revenues	37,581	171,478	193,030	54,622	120	17,859	(474,690)	-
Total revenue	<u>\$ 492,995</u>	<u>273,661</u>	<u>298,387</u>	<u>115,643</u>	<u>159,350</u>	<u>61,764</u>	<u>(474,690)</u>	<u>927,110</u>
Reportable segment profit or loss	<u>\$ 25,743</u>	<u>15,063</u>	<u>18,314</u>	<u>(895)</u>	<u>1,814</u>	<u>5,943</u>	<u>(35,402)</u>	<u>30,580</u>
For the six months ended June 30, 2022								
	The Company	Edison Opto (Dong Guan) Co., Ltd.	Yangzhou Edison Opto Corporation	Yangzhou Edison-Litek Opto Corporation	Edison-Litek Opto Corporation	Others	Reconciliation and elimination	Total
Revenues:								
Revenue from external customers	\$ 404,181	151,290	87,330	37,064	184,164	79,330	-	943,359
Intersegment revenues	95,058	155,596	246,962	74,232	3,478	9,712	(585,038)	-
Total revenue	<u>\$ 499,239</u>	<u>306,886</u>	<u>334,292</u>	<u>111,296</u>	<u>187,642</u>	<u>89,042</u>	<u>(585,038)</u>	<u>943,359</u>
Reportable segment profit or loss	<u>\$ 32,005</u>	<u>6,271</u>	<u>16,137</u>	<u>(750)</u>	<u>22,902</u>	<u>14,327</u>	<u>(44,342)</u>	<u>46,550</u>

Note: The eliminated amounts among reportable segments for the three months and six months ended June 30, 2023 and 2022 were \$249,229 thousand, \$283,466 thousand, \$474,690 thousand and \$585,038 thousand, respectively.