

**EDISON OPTO CORPORATION
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 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 March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 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 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 \$403,116 thousand and \$421,748 thousand, constituting 10.81% and 10.66% of consolidated total assets at March 31, 2023 and 2022, respectively, total liabilities amounting to \$77,623 thousand and \$79,477 thousand, constituting 8.74% and 7.32% of consolidated total liabilities at March 31, 2023 and 2022, respectively, and total comprehensive income (loss) amounting to \$(8,486) thousand and \$12,380 thousand, constituting (50.75)% and 14.55% of consolidated total comprehensive income (loss) for the three months ended March 31, 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 March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 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)
May 4, 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)
Reviewed only, not audited in accordance with Standards on Auditing as of March 31, 2023 and 2022

EDISON OPTO CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2023, December 31, 2022, and March 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

	March 31, 2023		December 31, 2022		March 31, 2022			March 31, 2023		December 31, 2022		March 31, 2022	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Assets								Liabilities and Equity					
11xx Current assets:							21xx Current liabilities:						
1100 Cash and cash equivalents (note 6(a))	\$ 1,050,067	28	1,154,337	30	1,034,123	26	2100 Short-term borrowings (notes 6(j) and 8)	\$ 118,755	3	92,130	2	100,413	3
1110 Current financial assets at fair value through profit or loss (note 6(b))	5,716	-	4,400	-	-	-	2170 Accounts and notes payable	261,898	7	240,920	6	277,198	7
1170 Accounts and notes receivable, net (notes 6(e)(t))	412,473	11	431,024	11	476,607	12	2200 Other payables (note 6(u))	107,331	3	127,078	3	85,493	2
1200 Other receivables (notes 6(f) and 9)	1,689	-	1,459	-	23,343	1	2230 Current tax liabilities	17,593	1	16,698	1	17,833	-
1310 Inventories (note 6(g))	318,781	9	297,723	8	302,959	8	2280 Current lease liabilities (note 6(m))	11,671	-	12,291	-	16,687	-
1410 Prepayments	68,949	2	65,133	2	84,789	2	2321 Bonds payable, current portion (notes 6(l) and 8)	130,769	4	-	-	-	-
1470 Other current assets (note 8)	31,064	1	23,367	-	119,446	3	2322 Long-term borrowings within one year (notes 6(k) and 8)	16,080	-	16,080	-	16,080	-
Total current assets	<u>1,888,739</u>	<u>51</u>	<u>1,977,443</u>	<u>51</u>	<u>2,041,267</u>	<u>52</u>	2399 Other current liabilities, others	34,071	1	38,457	1	54,542	1
15xx Non-current assets:							25xx Total current liabilities	<u>698,168</u>	<u>19</u>	<u>543,654</u>	<u>13</u>	<u>568,246</u>	<u>13</u>
1510 Non-current financial assets at fair value through profit or loss (notes 6(b)(l))	-	-	16	-	574	-	2530 Non-current liabilities:						
1517 Non-current financial assets at fair value through other comprehensive income (note 6(c))	1,992	-	2,453	-	-	-	2530 Bonds payable (notes 6(l) and 8)	-	-	170,262	4	165,232	4
1535 Non-current financial assets at amortized cost (note 6(d))	8,708	-	8,711	-	8,718	-	2540 Long-term borrowings (notes 6(k) and 8)	130,280	3	274,700	7	286,760	7
1550 Investments accounted for using equity method, net	-	-	-	-	3,600	-	2570 Deferred tax liabilities	3,008	-	3,008	-	2,460	-
1600 Property, plant and equipment (notes 6(h), 8 and 9)	1,651,616	44	1,671,722	44	1,677,485	42	2580 Non-current lease liabilities (note 6(m))	16,921	1	17,522	1	22,488	1
1755 Right-of-use assets (note 6(i))	54,426	1	55,496	1	65,674	2	2600 Other non-current liabilities (notes 6(n)(o))	39,683	1	41,611	1	41,299	1
1780 Intangible assets	2,530	-	2,793	-	3,987	-	Total non-current liabilities	<u>189,892</u>	<u>5</u>	<u>507,103</u>	<u>13</u>	<u>518,239</u>	<u>13</u>
1840 Deferred tax assets	59,430	2	59,430	2	60,488	1	Total liabilities	<u>888,060</u>	<u>24</u>	<u>1,050,757</u>	<u>26</u>	<u>1,086,485</u>	<u>26</u>
1915 Prepayments for business facilities	36,316	1	29,327	1	23,830	1	31xx Equity attributable to owners of parent (notes 6(c), (q)(r)):						
1990 Other non-current assets, others (notes 8 and 9)	24,726	1	25,865	1	70,691	2	3100 Capital stock	1,377,152	37	1,353,353	35	1,288,617	33
Total non-current assets	<u>1,839,744</u>	<u>49</u>	<u>1,855,813</u>	<u>49</u>	<u>1,915,047</u>	<u>48</u>	3200 Capital surplus	1,536,755	41	1,519,350	41	1,619,038	41
Total assets	<u>\$ 3,728,483</u>	<u>100</u>	<u>3,833,256</u>	<u>100</u>	<u>3,956,314</u>	<u>100</u>	3310 Legal reserve	16,903	-	16,903	-	4,841	-
							3320 Special reserve	112,126	3	112,126	3	-	-
							3350 Unappropriated retained earnings	(110,533)	(3)	(123,194)	(3)	140,648	4
							3410 Exchange differences on translation of foreign financial statements	(149,245)	(4)	(155,037)	(4)	(120,709)	(3)
							3420 Unrealized gains (loss) on financial assets at fair value through other comprehensive income	(461)	-	-	-	(152,240)	(4)
							3491 Other equity, unearned compensation	-	-	-	-	(689)	-
							3500 Treasury shares	(86,416)	(2)	(86,416)	(2)	(59,048)	(1)
							Total equity attributable to owners of parent	<u>2,696,281</u>	<u>72</u>	<u>2,637,085</u>	<u>70</u>	<u>2,720,458</u>	<u>70</u>
							36xx Non-controlling interests	144,142	4	145,414	4	149,371	4
							Total equity	<u>2,840,423</u>	<u>76</u>	<u>2,782,499</u>	<u>74</u>	<u>2,869,829</u>	<u>74</u>
							Total liabilities and equity	<u>\$ 3,728,483</u>	<u>100</u>	<u>3,833,256</u>	<u>100</u>	<u>3,956,314</u>	<u>100</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing

EDISON OPTO CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars Except Earnings Per Share)

		For the three months ended March 31			
		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (note 6(t))	\$ 449,388	100	474,325	100
5000	Operating costs (notes 6(g)(h)(i)(o))	<u>326,297</u>	<u>73</u>	<u>362,513</u>	<u>76</u>
	Gross profit from operations	<u>123,091</u>	<u>27</u>	<u>111,812</u>	<u>24</u>
	Operating expenses (notes 6(e)(h)(i)(m)(o)(r)(u)):				
6100	Selling expenses	30,736	7	25,705	6
6200	Administrative expenses	44,623	10	41,466	9
6300	Research and development expenses	29,079	6	25,504	5
6450	Expected impairment loss (reversed)	<u>(590)</u>	<u>-</u>	<u>1,546</u>	<u>-</u>
	Total operating expenses	<u>103,848</u>	<u>23</u>	<u>94,221</u>	<u>20</u>
6900	Net operating income	<u>19,243</u>	<u>4</u>	<u>17,591</u>	<u>4</u>
	Non-operating income and expenses (notes 6(j)(k)(l)(m)(n)(v)):				
7100	Interest income	3,177	1	3,346	1
7010	Other income	1,906	-	4,419	1
7020	Other gain and losses	(6,723)	(1)	115	-
7050	Finance costs	<u>(5,320)</u>	<u>(1)</u>	<u>(4,383)</u>	<u>(1)</u>
	Total non-operating income and expenses	<u>(6,960)</u>	<u>(1)</u>	<u>3,497</u>	<u>1</u>
7900	Profit from continuing operations before tax	12,283	3	21,088	5
7950	Less: Income tax expenses (note 6(p))	<u>920</u>	<u>-</u>	<u>2,884</u>	<u>1</u>
	Profit	<u>11,363</u>	<u>3</u>	<u>18,204</u>	<u>4</u>
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))	(461)	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>(461)</u>	<u>-</u>	<u>-</u>	<u>-</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	5,818	1	66,874	14
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>5,818</u>	<u>1</u>	<u>66,874</u>	<u>14</u>
8300	Other comprehensive income (loss)	<u>5,357</u>	<u>1</u>	<u>66,874</u>	<u>14</u>
8500	Total comprehensive income (loss)	<u>\$ 16,720</u>	<u>4</u>	<u>85,078</u>	<u>18</u>
	Profit (loss), attributable to:				
8610	Attributable to owners of parent	\$ 12,661	3	16,460	4
8620	Attributable to non-controlling interests	<u>(1,298)</u>	<u>-</u>	<u>1,744</u>	<u>-</u>
		<u>\$ 11,363</u>	<u>3</u>	<u>18,204</u>	<u>4</u>
	Comprehensive income (loss) attributable to:				
8710	Attributable to owners of parent	\$ 17,992	4	79,359	17
8720	Attributable to non-controlling interests	<u>(1,272)</u>	<u>-</u>	<u>5,719</u>	<u>1</u>
		<u>\$ 16,720</u>	<u>4</u>	<u>85,078</u>	<u>18</u>
	Earnings per share (note 6(s))				
9750	Basic earnings per share	<u>\$ 0.10</u>		<u>0.13</u>	
9850	Diluted earnings per share	<u>\$ 0.10</u>		<u>0.12</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing

EDISON OPTO CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the three months ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										Total equity	
	Retained earnings					Other equity						
	Ordinary shares	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	Non-controlling interests	
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
Net income	-	-	-	-	16,460	-	-	-	-	16,460	1,744	18,204
Other comprehensive income	-	-	-	-	-	62,899	-	-	-	62,899	3,975	66,874
Total comprehensive income	-	-	-	-	16,460	62,899	-	-	-	79,359	5,719	85,078
Share-based payments	-	-	-	-	-	-	-	688	-	688	-	688
Balance at March 31, 2022	\$ 1,288,617	1,619,038	4,841	-	140,648	(120,709)	(152,240)	(689)	(59,048)	2,720,458	149,371	2,869,829
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
Net income	-	-	-	-	12,661	-	-	-	-	12,661	(1,298)	11,363
Other comprehensive income	-	-	-	-	-	5,792	(461)	-	-	5,331	26	5,357
Total comprehensive income	-	-	-	-	12,661	5,792	(461)	-	-	17,992	(1,272)	16,720
Conversion of convertible bonds	23,799	17,405	-	-	-	-	-	-	-	41,204	-	41,204
Balance at March 31, 2023	\$ 1,377,152	1,536,755	16,903	112,126	(110,533)	(149,245)	(461)	-	(86,416)	2,696,281	144,142	2,840,423

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Cash Flows

For the three months ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	\$ 12,283	21,088
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	32,812	29,634
Amortization expense	834	732
Expect impairment loss (reversed)	(590)	1,546
Net loss on financial assets or liabilities at fair value through profit or loss	(1,299)	(36)
Interest expense	5,320	4,383
Interest income	(3,177)	(3,346)
Share-based payments	-	688
Loss on disposal of property, plant and equipment	4,864	-
Total adjustments to reconcile profit	<u>38,764</u>	<u>33,601</u>
Changes in operating assets and liabilities:		
Accounts and notes receivable	16,662	(34,081)
Other receivables	(148)	(17,264)
Inventories	(21,058)	13,148
Prepayments	(559)	(147)
Other current assets	28	(244)
Other operating assets	(1,440)	1,130
Accounts and notes payable	20,978	(38,416)
Other payable	(19,987)	(26,377)
Other current liabilities	(4,386)	6,369
Net defined benefit liability	177	141
Total changes in operating assets and liabilities	<u>(9,733)</u>	<u>(95,741)</u>
Cash inflow generated from (used in) operations	41,314	(41,052)
Interest received	3,098	3,470
Interest paid	(3,369)	(2,664)
Income taxes	(5,292)	(1,262)
Net cash flows from (used in) operating activities	<u>35,751</u>	<u>(41,508)</u>
Cash flows from (used in) investing activities:		
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	(5,709)	(5,774)
Proceeds from disposal of property, plant and equipment	234	-
Decrease in refundable deposits	2,509	1,507
Acquisition of intangible assets	(560)	-
Decrease in restricted deposits	(5,300)	8,064
Increase in other non-current assets	(7)	(10,467)
Increase in prepayments for business facilities	(11,531)	(4,178)
Net cash flows used in investing activities	<u>(20,364)</u>	<u>(12,830)</u>
Cash flows from (used in) financing activities:		
Increase in short-term loans	118,380	102,833
Decrease in short-term loans	(91,220)	(220,899)
Repayments of long-term debt	(144,420)	(4,020)
Decrease in guarantee deposits received	(1)	(3,414)
Payment of lease liabilities	(1,140)	(3,638)
Net cash flows from financing activities	<u>(118,401)</u>	<u>(129,138)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(1,256)</u>	<u>41,596</u>
Net decrease in cash and cash equivalents	<u>(104,270)</u>	<u>(141,880)</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>\$ 1,050,067</u>	<u>1,034,123</u>

See accompanying notes to consolidated financial statements

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing as of March 31, 2023 and 2022

EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

March 31, 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 May 4, 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”

(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>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 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

<u>Name of investor</u>	<u>Name of subsidiary</u>	<u>Principal activity</u>	<u>Shareholding</u>			<u>Note</u>
			<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>	
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>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>
Cash	\$ 4,472	4,071	7,012
Demand Deposit	527,841	673,866	678,892
Time Deposit	<u>517,754</u>	<u>476,400</u>	<u>348,219</u>
	<u>\$ 1,050,067</u>	<u>1,154,337</u>	<u>1,034,123</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>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>
Current financial assets at fair value through profit or loss:			
Listed common shares — domestic companies	\$ 5,569	4,400	-
Convertible corporate bonds - call options	<u>147</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 5,716</u>	<u>4,400</u>	<u>-</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.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	<u>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>March 31,</u> <u>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>1,992</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 three months ended March 31, 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 \$(461) 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>March 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>
Government international bonds	\$ <u>8,708</u>	<u>8,711</u>	<u>8,718</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

	March 31, 2023	December 31, 2022	March 31, 2022
Notes receivable	\$ 33,849	21,837	15,939
Accounts receivable	398,035	429,011	479,791
Less: Loss allowance	<u>(19,411)</u>	<u>(19,824)</u>	<u>(19,123)</u>
	<u>\$ 412,473</u>	<u>431,024</u>	<u>476,607</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:

	March 31, 2023		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 407,319	0.001%	6
1 to 30 days past due	3,241	5.03%	163
31 to 90 days past due	2,296	9.32%	214
Past due over 180 days	<u>19,028</u>	100%	<u>19,028</u>
	<u>\$ 431,884</u>		<u>19,411</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>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	March 31, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 469,810	0.01%	29
1 to 30 days past due	2,777	6.62%	184
31 to 90 days past due	2,938	9.39%	276
91 to 180 days past due	2,621	40.06%	1,050
Past due over 180 days	17,584	100%	17,584
	\$ 495,730		19,123

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

	For the three months ended March 31,	
	2023	2022
Balance at January 1	\$ 19,824	17,541
Impairment losses recognized (reversed)	(413)	1,546
Net income (losses) on foreign exchange	-	36
Balance at March 31	\$ 19,411	19,123

Note and account receivables of the Group were not pledged.

(f) Other receivables

	March 31, 2023	December 31, 2022	March 31, 2022
Other accounts receivable	\$ 33,339	33,231	34,284
Less: Loss allowance	(31,650)	(31,772)	(10,941)
Total	\$ 1,689	1,459	23,343

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

	For the three months ended March 31,	
	2023	2022
Balance at January 1	\$ 31,772	10,615
Impairment losses recognized (reversed)	(177)	-
Net income (losses) on foreign exchange	55	326
Balance at March 31	\$ 31,650	10,941

Other receivables of the Group were not pledged.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(g) Inventories

	March 31, 2023	December 31, 2022	March 31, 2022
Raw materials	\$ 129,361	132,852	131,373
Supplies	4,330	3,537	2,920
Work in progress	121,097	78,035	99,060
Finished goods	63,993	83,299	69,606
	<u>\$ 318,781</u>	<u>297,723</u>	<u>302,959</u>

The details of the cost of sales were as follows:

	For the three months ended March 31,	
	2023	2022
Inventory that has been sold	\$ 317,178	349,209
Write-down of inventories (gain on reversal)	(1,139)	(1,565)
Unallocated production overheads	10,258	14,869
	<u>\$ 326,297</u>	<u>362,513</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 three months ended March 31, 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	-	165	4,811	216	517	5,709
Disposal	-	(2,955)	(20,181)	-	(14,314)	(37,450)
Reclassify	-	-	4,203	146	84	4,433
Effect of movements in exchange rates	-	2,840	3,935	144	753	7,672
Balance at March 31, 2023	<u>\$ 637,862</u>	<u>1,037,229</u>	<u>1,182,658</u>	<u>34,059</u>	<u>203,644</u>	<u>3,095,452</u>
Balance at January 1, 2022	\$ 637,862	967,691	1,174,362	38,482	207,140	3,025,537
Additions	-	3,241	1,213	-	1,320	5,774
Reclassify	-	-	2,884	-	345	3,229
Effect of movements in exchange rates	-	26,430	33,172	1,413	3,840	64,855
Balance at March 31, 2022	<u>\$ 637,862</u>	<u>997,362</u>	<u>1,211,631</u>	<u>39,895</u>	<u>212,645</u>	<u>3,099,395</u>

(Continued)

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>
Depreciation and impairments loss:						
Balance at January 1, 2023	\$ -	295,069	1,032,085	30,537	85,675	1,443,366
Depreciation	-	9,037	14,993	285	4,052	28,367
Disposal	-	(2,659)	(17,312)	-	(12,381)	(32,352)
Reclassify	-	-	-	-	(153)	(153)
Effect of movements in exchange rates	-	862	3,214	126	406	4,608
Balance at March 31, 2023	<u>\$ -</u>	<u>302,309</u>	<u>1,032,980</u>	<u>30,948</u>	<u>77,599</u>	<u>1,443,836</u>
Balance at January 1, 2022	\$ -	256,692	995,494	32,918	74,369	1,359,473
Depreciation	-	6,816	14,703	578	3,135	25,232
Effect of movements in exchange rates	-	4,242	27,833	1,141	3,989	37,205
Balance at March 31, 2022	<u>\$ -</u>	<u>267,750</u>	<u>1,038,030</u>	<u>34,637</u>	<u>81,493</u>	<u>1,421,910</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 March 31, 2023	<u>\$ 637,862</u>	<u>734,920</u>	<u>149,678</u>	<u>3,111</u>	<u>126,045</u>	<u>1,651,616</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 March 31, 2022	<u>\$ 637,862</u>	<u>729,612</u>	<u>173,601</u>	<u>5,258</u>	<u>131,152</u>	<u>1,677,485</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	-	3,140	-	3,140
Disposals	-	(21,083)	(4,421)	(25,504)
Effect of changes in foreign exchange rates	153	224	-	377
Balance at March 31, 2023	<u>\$ 32,948</u>	<u>45,535</u>	<u>2,383</u>	<u>80,866</u>
Balance at January 1, 2022	\$ 32,276	59,358	6,373	98,007
Additions	-	552	-	552
Effect of changes in foreign exchange rates	1,251	2,150	-	3,401
Balance at March 31, 2022	<u>\$ 33,527</u>	<u>62,060</u>	<u>6,373</u>	<u>101,960</u>

(Continued)

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>
Accumulated depreciation:				
Balance at January 1, 2023	\$ 3,459	38,744	5,154	47,357
Depreciation	217	3,914	314	4,445
Disposals	-	(21,083)	(4,421)	(25,504)
Effect of changes in foreign exchange rates	17	125	-	142
Balance at March 31, 2023	<u>\$ 3,693</u>	<u>21,700</u>	<u>1,047</u>	<u>26,440</u>
Balance at January 1, 2022	\$ 2,553	24,366	3,971	30,890
Depreciation	221	3,696	485	4,402
Effect of changes in foreign exchange rates	100	894	-	994
Balance at March 31, 2022	<u>\$ 2,874</u>	<u>28,956</u>	<u>4,456</u>	<u>36,286</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 March 31, 2023	<u>\$ 29,255</u>	<u>23,835</u>	<u>1,336</u>	<u>54,426</u>
Balance at January 1, 2022	<u>\$ 29,723</u>	<u>34,992</u>	<u>2,402</u>	<u>67,117</u>
Balance at March 31, 2022	<u>\$ 30,653</u>	<u>33,104</u>	<u>1,917</u>	<u>65,674</u>

(j) Short-term borrowings

The short-term borrowings were summarized as follows:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Secured bank loans	\$ 27,405	30,710	100,413
Unsecured bank loans	91,350	61,420	-
Total	<u>\$ 118,755</u>	<u>92,130</u>	<u>100,413</u>
Unused short-term credit lines	<u>\$ 1,481,655</u>	<u>1,517,015</u>	<u>1,592,011</u>
Range of interest rates	<u>5.6%~6.03%</u>	<u>5.22%~5.35%</u>	<u>0.155%~1.4929%</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

March 31, 2023				
	Currency	Rate	Maturity year	Amount
Secured bank loans	TWD	1.9287%~ 2.0643%	2041	\$ 146,360
Less: due within one year				(16,080)
Total				<u>\$ 130,280</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>
March 31, 2022				
	Currency	Rate	Maturity year	Amount
Secured bank loans	TWD	1.2007%	2041	\$ 302,840
Less: due within one year				(16,080)
Total				<u>\$ 286,760</u>

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

(l) Bonds payable

	March 31, 2023	December 31, 2022	March 31, 2022
Total convertible corporate bonds issued	\$ 300,000	300,000	300,000
Less: Unamortized discounted corporate bonds payable	(4,431)	(7,538)	(12,568)
Cumulative converted amount	(164,800)	(122,200)	(122,200)
Convertible bonds issued balance	<u>\$ 130,769</u>	<u>170,262</u>	<u>165,232</u>
Embedded derivative-call options (included in financial assets at fair value through profit or loss)	<u>\$ 147</u>	<u>16</u>	<u>574</u>
Equity components – conversion options (included in capital surplus – share options)	<u>\$ 14,417</u>	<u>18,960</u>	<u>18,960</u>
		For the three months ended March 31,	
		2023	2022
Interest expense		<u>\$ 1,711</u>	<u>1,644</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 value.</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 29th 2021 that due to the allotment of cash dividends on the ordinary shares, the conversion price has been adjusted from NTD 19.3 to NTD 19.1 since August 21, 2021.</p> <p>(2) The company announced on August 8th 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 to NTD 17.9 since August 30th 2022.</p>
10. Pledge	For the collateral for bonds payable, please refer to note 8.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(m) Lease liability

The carrying values of the lease liabilities were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Current	\$ <u>11,671</u>	<u>12,291</u>	<u>16,687</u>
Non-current	\$ <u>16,921</u>	<u>17,522</u>	<u>22,488</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 March 31,	
	2023	2022
Interest on lease liabilities	\$ <u>1,007</u>	<u>1,363</u>
Expenses relating to short-term leases	\$ <u>381</u>	<u>276</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>74</u>	<u>57</u>

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

	For the three months ended March 31,	
	2023	2022
Total cash outflow for leases	\$ <u>2,602</u>	<u>5,334</u>

(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.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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 March 31, 2023, December 31 and March 31, 2022 the amount of unamortized deferred revenue was \$28,074 thousand, \$28,151 thousand and \$29,416 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 March 31,	
	2023	2022
Operating cost	\$ 26	20
Operating expenses	151	122
	\$ 177	142

(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 March 31,	
	2023	2022
Operating cost	\$ 3,262	3,173
Operating expenses	2,828	2,192
	\$ 6,090	5,365

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(p) Income taxes

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

	For the three months ended March 31,	
	2023	2022
Current tax expense		
Current period	\$ 920	2,884
Adjust the current income tax of the previous period	-	-
Income tax expense	\$ 920	2,884

(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 March 31, 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 into 2,380 thousand ordinary shares in the 1st quarter of 2023 upon the exercise of the conversion rights by the bondholders. All the statutory registration procedures above had been completed.

(ii) Capital surplus

The balances of capital surplus were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Premium on issuance of capital stock	\$ 1,449,443	1,400,567	1,500,428
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	-
Conversion options	14,417	18,960	18,960
	\$ 1,536,755	1,519,350	1,619,038

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

On March 9, 2023, the Company's Board of Directors approved to distribute the cash dividend of \$40,000 thousand by the capital surplus. Each share could receive a cash dividend of \$0.30572782 from the capital surplus at no cost. Resolution above has yet to be decided by the shareholders' meeting as of the reporting date.

(iii) Retained earnings

1) Earnings distribution

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.

2) Ledionopto Lighting Inc., sub-subsidiary of the Company, held 526 thousand shares of the Company' s treasury share. As of March 31, 2023, all treasury shares were not sold. The market price on March 31, 2023, December 31, and March 31, 2022 were \$22.65, \$15.65 and \$19.75 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 March 31, 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	
	March 31,	
	2023	2022
Expenses resulting from restricted employee stock option	\$ -	688

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(s) Earnings per share

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

	For the three months ended March 31,	
	2023	2022
Basic earnings per share		
Profit of the Company for the year	\$ <u>12,661</u>	<u>16,460</u>
Weighted average number of ordinary shares (in thousands of shares)	<u>130,309</u>	<u>131,292</u>
Basic earnings per share (in New Taiwan Dollars)	\$ <u>0.10</u>	<u>0.13</u>
Diluted earnings per share		
Profit of the Company for the year	\$ 12,661	16,460
Effect of dilutive potential ordinary share (note)	-	-
Profit attributable to common stockholders of the Company (including effect of dilutive potential ordinary share)	\$ <u>12,661</u>	<u>16,460</u>
Weighted average number of ordinary shares (in thousands of shares)	130,309	131,292
Effect of employee share bonus (in thousands of shares)	-	252
Effect of convertible bonds (in thousands of shares) (note)	-	-
Effect of restricted employee shares unvested (in thousands of shares)	-	570
Weighted average number of ordinary shares (in thousands of shares)	<u>130,309</u>	<u>132,114</u>
Diluted earnings per share (in New Taiwan Dollars)	\$ <u>0.10</u>	<u>0.12</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 March 31, 2023 and 2022. The calculation of diluted earnings per share is not included.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(t) Revenue from contracts with customers

(i) Revenue detail

		For the three months ended March 31, 2023						
		Edison Opto (Dong Guan) Co., Ltd.	Yangzhou Edison Opto Corporation	Yangzhou Edison-Litek Opto Corporation	Edison-Litek Opto Corporation	Other	Total	
		<u>The Company</u>	<u>Edison Opto (Dong Guan) Co., Ltd.</u>	<u>Yangzhou Edison Opto Corporation</u>	<u>Yangzhou Edison-Litek Opto Corporation</u>	<u>Edison-Litek Opto Corporation</u>	<u>Other</u>	<u>Total</u>
Major market:								
China	\$	11,645	43,745	61,683	23,658	-	-	140,731
America and Europe		93,808	1,002	-	-	79,242	19,223	193,275
Taiwan		60,470	1,097	36	-	1,640	-	63,243
Africa		9,175	-	-	-	-	-	9,175
Others		39,062	-	3,902	-	-	-	42,964
	\$	<u>214,160</u>	<u>45,844</u>	<u>65,621</u>	<u>23,658</u>	<u>80,882</u>	<u>19,223</u>	<u>449,388</u>
Major product:								
LED transmitter component	\$	3,683	24,932	-	-	-	-	28,615
LED lighting component		38,412	166	52,544	-	-	5,069	96,191
LED lighting module and product		164,162	18,860	13,025	-	-	10,353	206,400
Automotive LED lighting module		-	-	-	22,793	79,506	-	102,299
Others		7,903	1,886	52	865	1,376	3,801	15,883
	\$	<u>214,160</u>	<u>45,844</u>	<u>65,621</u>	<u>23,658</u>	<u>80,882</u>	<u>19,223</u>	<u>449,388</u>
		For the three months ended March 31, 2022						
		Edison Opto (Dong Guan) Co., Ltd.	Yangzhou Edison Opto Corporation	Yangzhou Edison-Litek Opto Corporation	Edison-Litek Opto Corporation	Other	Total	
		<u>The Company</u>	<u>Edison Opto (Dong Guan) Co., Ltd.</u>	<u>Yangzhou Edison Opto Corporation</u>	<u>Yangzhou Edison-Litek Opto Corporation</u>	<u>Edison-Litek Opto Corporation</u>	<u>Other</u>	<u>Total</u>
Major market:								
China	\$	24,276	85,588	29,279	21,575	-	3,373	164,091
America and Europe		85,011	-	-	-	77,589	34,193	196,793
Taiwan		32,553	-	-	-	1,243	225	34,021
Africa		8,158	-	-	-	-	-	8,158
Others		57,084	3,761	1,034	-	3,289	6,094	71,262
	\$	<u>207,082</u>	<u>89,349</u>	<u>30,313</u>	<u>21,575</u>	<u>82,121</u>	<u>43,885</u>	<u>474,325</u>
Major product:								
LED transmitter component	\$	4,538	31,494	-	-	-	-	36,032
LED lighting component		44,948	1,952	18,207	-	-	5,050	70,157
LED lighting module and product		137,835	55,298	11,611	-	-	34,982	239,726
Automotive LED lighting module		-	-	-	20,825	82,121	-	102,946
Others		19,761	605	495	750	-	3,853	25,464
	\$	<u>207,082</u>	<u>89,349</u>	<u>30,313</u>	<u>21,575</u>	<u>82,121</u>	<u>43,885</u>	<u>474,325</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Contract balances

	March 31, 2023	December 31, 2022	March 31, 2022
Note receivables	\$ 33,849	21,837	15,939
Accounts receivables	398,035	429,011	479,791
Less: Loss allowance	<u>(19,411)</u>	<u>(19,824)</u>	<u>(19,123)</u>
Total	<u>\$ 412,473</u>	<u>431,024</u>	<u>476,607</u>

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.

From January 1, 2023 to March 31, 2023, the Company had no estimated remuneration for employees and directors due to the Company's accumulated losses. From January 1, 2022 to March 31, 2022 the Company accrued and recognized its employee and director remuneration amounting to \$871 thousand and \$174 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 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 remuneration and director 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.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Non-operating income and expenses

(i) Interest income

The details of net other income were as follows:

	For the three months ended March 31,	
	2023	2022
Interest income from bank deposits	\$ 1,736	1,246
Other interest income	1,441	2,100
	\$ 3,177	3,346

(ii) Other income

	For the three months ended March 31,	
	2023	2022
Other income-others	\$ 1,906	4,419

(iii) Other gains and losses

The details of other gains and losses were as follows:

	For the three months ended March 31,	
	2023	2022
Net gain (losses) on disposal of Property, plant, and equipment	\$ (4,864)	-
Net gain on financial assets at fair value	1,299	36
Net gain (losses) on foreign exchange	(2,416)	986
Others	(742)	(907)
	\$ (6,723)	115

(iv) Finance costs

The details of finance costs were as follows:

	For the three months ended March 31,	
	2023	2022
Interest expenses	\$ 5,320	4,383

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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.

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>
March 31, 2023							
Non-derivative financial liabilities							
Secured short and long term loans	\$ 173,765	(181,661)	(36,455)	(8,845)	(17,551)	(51,498)	(67,312)
Unsecured short term loans	91,350	(91,998)	(91,998)	-	-	-	-
Lease liabilities	28,592	(33,238)	(7,706)	(7,021)	(13,169)	(5,342)	-
Notes payable and accounts payable	261,898	(261,898)	(261,898)	-	-	-	-
Other payable	107,331	(107,331)	(107,331)	-	-	-	-
Bonds payable	<u>130,769</u>	<u>(135,200)</u>	<u>-</u>	<u>(135,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 793,705</u>	<u>(811,326)</u>	<u>(505,388)</u>	<u>(151,066)</u>	<u>(30,720)</u>	<u>(56,840)</u>	<u>(67,312)</u>

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<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>
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>
March 31, 2022							
Non-derivative financial liabilities							
Secured short and long term loans	\$ 403,253	(437,638)	(110,372)	(9,769)	(19,423)	(57,114)	(240,960)
Lease liabilities	39,175	(46,976)	(10,788)	(10,019)	(11,336)	(14,833)	-
Notes payable and accounts payable	277,198	(277,198)	(277,198)	-	-	-	-
Other payable	85,493	(85,493)	(85,493)	-	-	-	-
Bonds payable	165,232	(177,800)	-	-	(177,800)	-	-
	<u>\$ 970,351</u>	<u>(1,025,105)</u>	<u>(483,851)</u>	<u>(19,788)</u>	<u>(208,559)</u>	<u>(71,947)</u>	<u>(240,960)</u>

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

(iii) Currency risk

1) Exposure to foreign currency risk

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

	<u>March 31, 2023</u>			<u>December 31, 2022</u>			<u>March 31, 2022</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 11,427	USD/TWD= 30.4500	347,952	10,710	USD/TWD= 30.7100	328,904	11,943	USD/TWD= 28.6250	341,868
USD	3,599	USD/CNY= 6.8717	109,571	4,416	USD/CNY= 6.9646	135,631	9,397	USD/CNY= 6.3482	268,946
CNY	34,404	CNY/TWD= 4.4305	152,426	68,409	CNY/TWD= 4.4100	301,681	19,093	CNY/TWD= 4.5084	86,080
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	10,387	USD/TWD= 30.4500	316,284	9,228	USD/TWD= 30.7100	283,392	13,285	USD/TWD= 28.6250	380,283
USD	524	USD/CNY= 6.8717	15,953	570	USD/CNY= 6.9646	17,507	2,797	USD/CNY= 6.3482	80,051

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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 March 31, 2023 and 2022 would have increased (decreased) the equity by \$13,886 thousand and \$11,828 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 three months ended March 31, 2023 and 2022, foreign exchange loss (including realized and unrealized portions) amounted to \$(2,416) thousand and \$986 thousand, respectively.

(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 :

	March 31, 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	\$ 5,569	5,569	-	-	5,569
Embedded derivative of convertible bonds	\$ 147	-	147	-	147
Financial assets at fair value through other comprehensive income-securities of unlisted companies	\$ 1,992	-	-	1,992	1,992
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,050,067	-	-	-	-
Notes and trade receivables	412,473	-	-	-	-
Othe receivables	1,689	-	-	-	-
Corporate bonds	8,708	-	-	-	-
Subtotal	<u>1,472,937</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,480,645</u>	<u>5,569</u>	<u>147</u>	<u>1,992</u>	<u>7,708</u>

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		March 31, 2023				
		Book Value	Fair Value			Total
		Level 1	Level 2	Level 3		
Financial liabilities at amortized cost						
Short-term bank loans	\$ 118,755	-	-	-	-	
Long-term bank loans (including due within one year)	146,360	-	-	-	-	
Notes and trade payables	261,898	-	-	-	-	
Other payables	107,331	-	-	-	-	
Bonds payable (including due within one year)	130,769	-	-	-	-	
Lease liabilities	28,592	-	-	-	-	
Total	\$ 793,705	-	-	-	-	
		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	
Embedded derivative of convertible bonds						
	\$ 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	-	-	-	-	
Other receivables	1,459	-	-	-	-	
Corporate bonds	8,711	-	-	-	-	
Subtotal	1,595,531	-	-	-	-	
Total	\$ 1,602,400	4,400	16	2,453	6,869	
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	\$ 950,983	-	-	-	-	

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	March 31, 2022				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
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	\$ 1,034,123	-	-	-	-
Notes and trade receivables	476,607	-	-	-	-
Other receivables	23,343	-	-	-	-
Corporate bonds	8,718	-	-	-	-
Subtotal	1,542,791	-	-	-	-
Total	\$ 1,543,365	-	574	-	574
Financial liabilities at amortized cost					
Short-term bank loans	\$ 100,413	-	-	-	-
Long-term bank loans (including due within one year)	302,840	-	-	-	-
Notes and trade payables	277,198	-	-	-	-
Other payables	85,493	-	-	-	-
Bonds payables	165,232	-	-	-	-
Lease liabilities	39,175	-	-	-	-
Total	\$ 970,351	-	-	-	-

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	(461)
March 31, 2023	\$ 1,992
March 31, 2022(the beginning period)	\$ -

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended March 31, 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	
	March 31,	
	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”	\$ (461)	-

- 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

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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>
March 31, 2023				
Financial assets fair value through other comprehensive income	1.15	1%	\$ <u>20</u>	<u>(20)</u>
December 31, 2022				
Financial assets fair value through other comprehensive income	1.20	1%	\$ <u>25</u>	<u>(25)</u>
March 31, 2022				
Financial assets fair value through other comprehensive income	1.42	1%	\$ <u>256</u>	<u>(256)</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
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(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 March 31, 2023 and 2022, were as follows:

	January 1, 2023	Cash Flows	Non-cash changes				March 31, 2023
			Foreign exchange movement	Changes in lease payments	Discount and premium amortization	Conversion options	
Short-term borrowings	\$ 92,130	27,160	(535)	-	-	-	118,755
Lease liabilities	29,813	(1,140)	(3,221)	3,140	-	-	28,592
Long-term borrowings (including current portion)	290,780	(144,420)	-	-	-	-	146,360
Bonds payable (included due within one year)	170,262	-	-	-	1,711	(41,204)	130,769
Total liabilities from financing activities	<u>\$ 582,985</u>	<u>(118,400)</u>	<u>(3,756)</u>	<u>3,140</u>	<u>1,711</u>	<u>(41,204)</u>	<u>424,476</u>

	January 1, 2022	Cash Flows	Non-cash changes				March 31, 2022
			Foreign exchange movement	Changes in lease payments	Discount and premium amortization		
Short-term borrowings	\$ 214,456	(118,066)	4,023	-	-	-	100,413
Lease liabilities	41,290	(3,638)	971	552	-	-	39,175
Long-term borrowings(including current portion)	306,860	(4,020)	-	-	-	-	302,840
Bonds payable (included due within one year)	163,588	-	-	-	1,644	-	165,232
Total liabilities from financing activities	<u>\$ 726,194</u>	<u>(125,724)</u>	<u>4,994</u>	<u>552</u>	<u>1,644</u>	<u>-</u>	<u>607,660</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
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(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended March 31,	
	2023	2022
Short-term employee benefits	\$ 11,087	9,415
Post employment benefits	185	180
Share-based payments	-	226
	\$ 11,272	9,821

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	March 31, 2023	December 31, 2022	March 31, 2022
Deposits (classified under other current assets)	The guarantee letter of credit	\$ -	-	12,677
Notes receivable (classified under other current assets)	Bank Acceptance	6,835	4,410	-
Deposits (classified under other current assets)	Short-term loans	15,300	10,000	106,505
Deposits (classified under other non-current assets)	Deposit to customs	6,068	6,061	6,041
Property, plant, and equipment	Guarantee of Corporate Bonds	196,803	197,428	199,305
Property, plant, and equipment	Long-term loans	246,848	525,996	528,311
		\$ 471,854	743,895	852,839

(9) Commitments and contingencies:

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

	March 31, 2023	December 31, 2022	March 31, 2022
Acquisition of property, plant and equipment	\$ 31,886	39,939	17,405

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EDISON OPTO CORPORATION AND SUBSIDIARIES
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- (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 March 31,					
		2023			2022		
		Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits							
Salary		35,805	48,158	83,963	34,066	38,932	72,998
Labor and health insurance		2,730	3,311	6,041	2,362	2,646	5,008
Pension		3,288	2,979	6,267	3,193	2,314	5,507
Directors' remuneration		-	216	216	-	441	441
Others		3,588	2,844	6,432	3,809	2,396	6,205
Depreciation		22,279	10,533	32,812	21,070	8,564	29,634
Amortization		-	834	834	3	729	732

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

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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	21,336 (USD700 thousand)	21,315 (USD700 thousand)	21,315 (USD700 thousand)	1%	2	-	Short-term financing	-	-	-	45,925 (Note1)	91,850 (Note1)
2	Yangzhou Edison Opto Corporation	Edison-Opto (Dong Guan) Co., Ltd.	Other receivable due from related parties	Yes	44,422 (CNY10,000 thousand)	44,305 (CNY10,000 thousand)	44,305 (CNY10,000 thousand)	1%	2	-	Short-term financing	-	-	-	196,686 (Note1)	393,372 (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 March 31, 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			Fair value	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)		
Edison Fund Investment Corporation	Taipei Fubon Bank-Qatar Government International Bonds	NO	Financial assets measured at amortized cost- non-current	-	8,708	- %	8,708	
Edison Fund Investment Corporation	Taiwan Hydroxyl Technology Co., Ltd	NO	Financial assets through other fair value measurements- non-current	300	1,992	12.50 %	1,992	
Edison Fund Investment Corporation	AUO Corporation	NO	Current financial assets at fair value through profit or loss	160	2,944	- %	2,944	
Edison Fund Investment Corporation	Innolux Corporation	NO	Current financial assets at fair value through profit or loss	181	2,625	- %	2,625	

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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	"	"	-	-	-	438,620 (RMB99,000 thousand)	-	438,984 (RMB99,082 thousand)	438,620	364	-	-

- (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: None.
- (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	11,916	60 days	2.65%
0	The Company	Edison- Opto USA Corporation	1	Accounts receivable	11,650	60 days	0.31%
1	Yangzhou Edison Opto Corporation	The Company	2	Sales	83,884	60 days	18.67%
1	Yangzhou Edison Opto Corporation	The Company	2	Accounts receivable	45,949	60 days	1.23%
1	Yangzhou Edison Opto Corporation	Edison Opto (Dong Guan) Co., Ltd.	3	Other receivables	44,409	Base on contract	1.19%
2	Edison Opto (Dong Guan) Co., Ltd.	The Company	2	Sales	66,182	60 days	14.73%
2	Edison Opto (Dong Guan) Co., Ltd.	The Company	2	Accounts receivable	16,294	60 days	0.44%
3	Yangzhou Edison Litek Opto Corporation	Edison Litek Opto Corporation	3	Sales	34,400	60 days	7.65%
3	Yangzhou Edison Litek Opto Corporation	Edison Litek Opto Corporation	3	Accounts receivable	18,539	60 days	0.50%

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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
4	Edison Auto Lighting Corporation	The Company	2	Sales	11,597	60 days	2.58%
4	Edison Auto Lighting Corporation	The Company	2	Accounts receivable	8,076	60 days	0.22%
5	Edison-Litek Opto Corporation Limited	Edison Litek Opto Corporation	3	Other receivables	21,364	Base on contract	0.57%

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 March 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 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 %	10,224	(33)	(33)	
The Company	Ledison Opto Corporation	Samoa	Selling of LED components and modules	145,991	145,991	4,500	100.00 %	238,504	1,172	1,172	-
The Company	Best Opto Corporation	Samoa	Selling of LED components and modules	1,277,226	1,277,226	41,000	100.00 %	974,379	15,581	15,581	-
The Company	Edison Fund Investment Corporation	Taiwan	Investment	686,000	686,000	25,000	100.00 %	84,102	1,837	1,837	-
The Company	Edison-Litek Opto Corporation Limited	Hong Kong	Investment	167,661	167,661	5,500	44.58 %	102,367	(6,193)	(2,761)	-
The Company	Edison-Litek Opto Corporation	Taiwan	Selling of LED components and modules	64,500	64,500	11,000	78.57 %	199,335	510	538	-
The Company	Edison-Egypt Opto Corporation	Taiwan	Selling of LED components and modules	25,000	25,000	2,500	100.00 %	26,099	51	51	-
Best Opto Corporation	Best Led Corporation	Samoa	Investment	1,277,226	1,277,226	41,000	100.00 %	983,433	15,581	15,581	-
Edison Fund Investment Corporation	Edison Opto USA Corporation	USA	Selling of LED components and modules	6,392	6,392	220	55.00 %	33,004	638	351	-
Edison Fund Investment Corporation	Ledionopto Intelligent Technology Corporation	Taiwan	Selling of LED components and modules	113,185	113,185	2,200	100.00 %	19,893	-	-	-
Edison Fund Investment Corporation	Edison Auto Lighting Corporation	Taiwan	Selling of LED components and modules	7,570	7,570	1,000	100.00 %	4,533	379	379	-
Edison-Litek Opto Corporation	Edison-Litek Opto Corporation Limited	Hongkong	Investment	33,187	33,187	3,463	28.06 %	64,433	(6,193)	(1,738)	-

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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 March 31, 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)	1,172 (USD 39 thousand)	100.00%	1,172 (USD 39 thousand)	244,881 (USD 8,042 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)	15,581 (USD 513 thousand)	100.00%	15,581 (USD 513 thousand)	983,429 (USD 32,297 thousand)	-
Yangzhou Aichuan Electronic Trade Corporation	Selling of LED components and modules	2,148 (RMB 500 thousand)	(c)	-	-	-	-	10 (RMB 2 thousand)	100.00%	10 (RMB 2 thousand)	2,329 (RMB 526 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)	(3,506) (USD (115) thousand)	66.63%	(2,336) (USD (77) thousand)	138,768 (USD 4,557 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.

(ii) Limitation on investment in Mainland China:

Company Name	Accumulated Investment in Mainland China as of March 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	1,556,295 (USD49,817 thousand)	1,545,947 (note 3) (USD50,770 thousand)	Note 1
Ledionopto Intelligent Technology Corpoation	52,255 (note 2) (USD1,714 thousand)	52,191 (USD1,714 thousand)	-

ote 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).

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EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Note 2: DongGuan Davinci Opto Co., Ltd., in which Ledionopto Intelligent Technology Corpoation 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	12.64 %

(14) Segment information:

For the three months ended March 31, 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	214,160	45,844	65,621	23,658	80,882	19,223	-	449,388
Intersegment revenues	17,713	76,356	85,395	34,400	-	11,597	(225,461)	-
Total revenue	<u>\$ 231,873</u>	<u>122,200</u>	<u>151,016</u>	<u>58,058</u>	<u>80,882</u>	<u>30,820</u>	<u>(225,461)</u>	<u>449,388</u>
Reportable segment profit or loss	<u>\$ 12,661</u>	<u>200</u>	<u>15,581</u>	<u>(3,506)</u>	<u>952</u>	<u>3,177</u>	<u>(16,782)</u>	<u>12,283</u>
For the three months ended March 31, 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	207,082	89,349	30,313	21,575	82,121	43,885	-	474,325
Intersegment revenues	44,981	72,176	155,692	25,271	-	3,452	(301,572)	-
Total revenue	<u>\$ 252,063</u>	<u>161,525</u>	<u>186,005</u>	<u>46,846</u>	<u>82,121</u>	<u>47,337</u>	<u>(301,572)</u>	<u>474,325</u>
Reportable segment profit or loss	<u>\$ 16,460</u>	<u>2,100</u>	<u>8,164</u>	<u>(2,331)</u>	<u>8,876</u>	<u>7,412</u>	<u>(19,593)</u>	<u>21,088</u>