



2023

Annual Report

Company website <https://www.edison-opto.com>

Taiwan Stock Market Observation Post System

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Letter to Shareholders

Dear shareholders:

In 2023, the world grappled with persistent challenges of high inflation and soaring interest rates, alongside escalating international geopolitical risks. The ongoing Russo-Ukrainian conflict, coupled with the outbreak of the Israel-Palestine War, exacerbated supply chain bottlenecks, significantly impacting global economic performance. In response to the complicated international situation and to enhance the company's development, we have continued transforming our business into the development of finished lighting modules, automotive modules, and finished goods market, reducing orders for low-margin products and increasing the proportion of sales of high-margin products. In 2023, our consolidated revenue was NT\$1.991 billion, an 8% increase from the previous year. In addition, through changes in product combinations and control of production costs, our gross margin still increased by 0.6% compared to the previous year. Furthermore, as pandemic restrictions eased, we ramped up our exhibition and travel costs to explore the market, leading to increased operating expenses in the current period compared to the previous one. Despite the rise in operating expenses, the increase in operating revenue and gross profit margin resulted in higher net operating profit and net income after tax compared to the previous year.

Due to the fierce competition in the LED industry, we have continued to shift our areas of development to high-end commercial lighting, automotive lighting and special lighting for plant, seeking to build a differentiated business model from other competitors and adjust quickly with market changes to avoid the red ocean of price competition and maximize the interests of all shareholders. The following is a summary of the 2023 Business Report and the 2024 Business Plan:

1. 2023 Consolidated Business Report

(1) Results of implementation of the business plan

- I. Regarding the consolidated operating revenue, our consolidated net operating revenue in 2023 was NT\$1,991,061 thousand, marking an increase of NT\$149,078 thousand from NT\$1,841,983 thousand in 2022.
- II. Regarding the consolidated operating profit, our consolidated net operating profit in 2023 was NT\$47,793 thousand, an increase of NT\$4,232 thousand from the consolidated net operating profit of NT\$43,561 thousand in 2022.
- III. Regarding the consolidated net after-tax profit, our consolidated net after-tax profit (including non-controlling interests) in 2023 was NT\$44,502 thousand, an increase of \$10,659 thousand from the consolidated net after-tax profit of \$33,843 thousand in 2022.

(2) Implementation of budget

We have not published any financial forecast for 2023, so no disclosure of any information on such implementation is required.

(3) Analysis of Financial Revenues, Expenditures, and Profitability (consolidated companies)

Items			2023	2022
Financial structure	Ratio of liabilities to assets (%)		23.60	27.41
	Ratio of long-term capital to real estate, plants, and equipment (%)		193.07	196.78
Profitability	Return on assets (%)		1.43	1.21
	Return on equity (%)		1.55	1.22
	Proportion in paid-in capital (%)	Net operating profit	3.33	3.22
		Net profit before tax	3.44	3.76
	Net profit margin (%)		2.24	1.84
	Earnings per share (yuan)		0.35	0.20

(4) Research and Development Status

The consolidated Company's R&D expenses in 2023 amounted to NT\$129,774 thousand, marking an increase of NT\$14,715 thousand from 2022. The main reason lies in the continuous investment in product development of automotive lighting and new products, increasing the proportion of overall R&D expenses to 7% of consolidated revenue. We have focused on the research and development of lighting and automotive products and the improvement of packaging technology. Our professional R&D team has accumulated strong technical experience and obtained a number of domestic and foreign patents, from components to finished goods. We have continued to develop LED components with a high cost-performance ratio, smart lighting systems, long term energy saving street light finished goods, and automotive LED component modules to meet the market demands and in line with the future direction.

2. Summary of the 2024 Business Plan

With the continued expansion of LED lighting applications and the entry of competitors, we are moving from LED components to customer-driven modules and finished product services, and actively expanding other LED applications such as plant lighting, medical lighting, interconnect lighting, commercial lighting, and automotive lighting. According to the TrendForce report, the demand in the lighting market did not usher in the expected rebound in 2023 due to multiple factors, and the production value of LED lighting was revised down to USD 58.5 billion, which declined by 5% year-on-year. In 2024, approximately 5.788 billion LED light sources and lamps will reach the end of their service life, necessitating replacement and generating significant demand for secondary replacement. The global LED lighting market is projected to grow by 4% to reach US\$60.9 billion in 2024. Furthermore, Research Nester forecasts indicate that the global automotive lighting market is poised to expand from USD 34 billion in 2023 to USD 62 billion in 2033, representing a compound annual growth rate of 6%. The Company has been actively developing the LED automotive lighting market to avoid excessive price competition.

3. Our future development strategy

In 2024, although the global inflationary pressure has eased, the expected growth rate in 2024 will remain sluggish due to factors such as the ongoing Russo-Ukrainian conflicts and Israel-Palestine war, China-US trade sanctions, exacerbating supply chain bottlenecks, and the expected cycle of interest rate cuts by the U.S. Fed. At this stage, we will continue to maintain flexibility and responsiveness in our operations, with the continuous transformation of products and internal process improvement and efficiency enhancement, to build up its R&D strength and core technology, and move toward the goal of becoming an international professional optoelectronics manufacturing service provide.

4. Effects of external competition, legal environment and overall business environment

Due to intense market competition, the low price market has seriously eroded the profit. When supply and demand do not reach a balance, it will easily lead to overcapacity and a decline in profit. In the face of this situation, we will carefully evaluate our investments and continue to launch new products, reduce production costs, improve product quality, shorten delivery times for customers and develop new areas of application, including smart applications, in order to achieve substantial business growth. In addition, with the rise of global environmental awareness and changes in laws and regulations, we will strive to improve efficiency and recycle resources, and keep an eye on domestic and international policies and legal changes and propose timely countermeasures in order to minimize the adverse effects of the external competitive and regulatory environment on us.

We are appreciative of the support from all shareholders during the past year. Despite intense market competition and all kinds of challenges, our management team will focus on R&D and maximizing the interests of shareholders, and will remain committed to the missions of improving corporate governance and increasing social responsibility

Best wishes to you all,

Chairperson: Jason Wu

Company Profile

i. **Date of Incorporation:** October 4, 2001

ii. **Company History:**

- | | |
|----------------|--|
| October 2001 | Edison Opto Corporation (Edison Opto) was officially established with a paid-in capital of NT\$78,000 thousand. The Company was located in Zhonghe Dist., Taipei County, specializing in the manufacturing of light transmitting, lighting, and light sensing components, modules, and various LED components. |
| March 2002 | Edison Opto successfully developed 8M and 13M Datalink light transmitting units and introduced automated equipment for mass production. |
| April 2002 | Edison Opto initiated an investment plan on the production of “Light Transmitting and Receiving Modules,” which was approved by the Industrial Development Bureau under the Ministry of Economic Affairs as a project of “Newly emerging, Important and Strategic Industries.” |
| November 2002 | Edison Opto carried out a cash capital increase of NT\$17,000 thousand. Total paid-in capital was NT\$95,000 thousand. |
| December 2002 | Edison Opto’s products passed the lead-free test (SGS). |
| May 2003 | Edison Opto received the international accreditation of SGS ISO 9001 Quality Management. |
| June 2003 | Edison Opto successfully developed 25M Datalink light transmitting units and began mass production. |
| December 2003 | Edison Opto successfully developed EdiSensor optical mouse sensors and began mass production. |
| December 2003 | Edison Opto carried out a cash capital increase of NT\$55,000 thousand. Total paid-in capital was NT\$150,000 thousand. |
| January 2004 | Edison Opto successfully developed 50M Datalink light transmitting units and began mass production. |
| May 2004 | Edison Opto purchased an additional property, plant, and equipment of a five-story factory in Zhonghe Dist., expanding its total plant area to 1350 pings, and meanwhile committed to the manufacturing of high-power LED products. |
| June 2004 | Edison Opto successfully developed 1W–5W high-power LED components and began mass production. |
| September 2004 | Edison Opto carried out a capital increase of NT\$32,700 thousand through capitalization of earnings. Total paid-in capital was NT\$182,700 thousand. |
| November 2004 | Edison Opto successfully developed Tensor rotary sensors and began mass production. |
| January 2005 | Edison Opto successfully developed EdiPower 5W–20W high-power LED products and began mass production. |
| May 2005 | Edison Opto received the accreditation of SGS ISO 14001 Environmental Management System. |
| June 2005 | Edison Opto successfully developed 5W LED MR16 and began mass production. |

August 2005	Edison Opto carried out a capital increase of NT\$29,325 thousand through capitalization of earnings. Total paid-in capital was NT\$212,025 thousand.
August 2005	Edison Opto obtained the European Union's RoHS certification.
November 2005	The "100W Ultra-High Power LED Project" was approved for subsidy by the Department of Industrial Technology of the Ministry of Economic Affairs.
June 2006	Edison Opto made an investment in Ledison Opto Corporation, indirectly investing in Edison Opto (Dong Guan) Co., Ltd.
October 2006	Edison Opto (Dong Guan) Co., Ltd. announced its grand opening and officially operated for production.
October 2006	Edison Opto carried out a capital increase of NT\$20,975 thousand through capitalization of earnings and a cash capital increase of NT\$47,000 thousand. Total paid-in capital was NT\$280,000 thousand.
October 2006	Edison Opto successfully developed 50W EdiStar high-power LED products and began mass production.
November 2006	Edison Opto made an investment in Best Opto Corporation, indirectly investing in Yangzhou Edison Opto Corporation (formerly named as Yangzhou Ledison Opto Corporation).
December 2006	Edison Opto published its research and development result of the "100W Ultra-High Power LED Project" and successfully developed 100W EdiStar high-power LED products.
January 2007	Edison Opto was accredited by Chinese Management Association for research and development management.
February 2007	Edison Opto successfully developed EdiLine, the linear packaging high-power LED products, and began mass production.
April 2007	Edison Opto passed the evaluation of "100W Ultra-High Power LED Project."
August 2007	Edison Opto carried out a capital increase of NT\$67,000 thousand through capitalization of earnings. Total paid-in capital was NT\$357,000 thousand.
September 2007	Edison Opto was authorized for IPO by the Financial Supervisory Commission of the Executive Yuan.
October 2007	Edison Opto was registered on the emerging stock board at the Taipei Exchange (TPEx, formerly known as GreTai Securities Market).
January 2008	Edison Opto carried out a cash capital increase of NT\$48,000 thousand. Total paid-in capital was NT\$405,000 thousand.
September 2008	Edison Opto carried out a capital increase of NT\$94,200 thousand through capital surplus and capitalization of earnings. Total paid-in capital was NT\$499,200 thousand.
November 2008	Edison Opto successfully developed Federal series products and began mass production.
January 2009	Edison Opto successfully developed the ultra-high power 100W EdiStar modules and began mass production.
June 2009	Yangzhou Edison Opto Corporation announced its grand opening and officially operated for production.

September 2009	Edison Opto carried out a capital increase of NT\$100,800 thousand through capital surplus and capitalization of earnings. Total paid-in capital was NT\$600,000 thousand.
October 2009	Edison Opto successfully developed high-power PLCC 1W 5050 products and flash LED products (Flash Series).
November 2009	Edison Opto carried out a cash capital increase of NT\$60,000 thousand. Total paid-in capital was NT\$668,100 thousand.
June 2010	Edison Opto carried out a capital increase of NT\$110,215 thousand through capitalization of earnings, profit sharing bonus to employees, and capital surplus. Total paid-in capital was NT\$778,315 thousand.
September 2010	Edison Opto carried out an issuance of common shares of NT\$3,803 thousand from the exercise of employee stock options. Total paid-in capital was NT\$782,118 thousand.
November 2010	Edison Opto carried out a cash capital increase of NT\$105,882 thousand. Total paid-in capital was NT\$888,000 thousand.
November 2010	Edison Opto's shares was publicly listed on the Taiwan Stock Exchange.
March 2011	Edison Opto invested in Edison Fund Investment Corporation.
July 2011	Edison Opto carried out a capital increase of NT\$133,200 thousand through capital surplus and capitalization of earnings. Total paid-in capital was NT\$1,021,200 thousand.
September 2011	Edison Opto issued first-time unsecured domestic convertible bonds with a total issue amount of NT\$850,000 thousand.
October 2011	Edison Opto carried out a capital increase of NT\$2,492 thousand from the exercise of employee stock options. Total paid-in capital was NT\$1,023,692 thousand.
November 2011	The Company's Opto Testing Laboratory was certified by Taiwan Accreditation Foundation (TAF) for LED LM-80 (LMF) verification.
March 2012	Edison Opto carried out a capital increase of NT\$56,781 thousand from the exercise of employee stock options and the conversion of convertible bonds. Total paid-in capital was NT\$1,080,473 thousand.
April 2012	Edison Opto carried out a capital increase of NT\$22,973 thousand from the conversion of convertible bonds. Total paid-in capital was NT\$1,103,446 thousand.
July 2012	Edison Opto carried out a capital increase of NT\$1,567 thousand from the conversion of convertible bonds. Total paid-in capital was NT\$1,105,013 thousand.
August 2012	Edison Opto carried out a capital increase of NT\$55,500 thousand from capital surplus. Total paid-in capital was NT\$1,160,513 thousand.
September 2012	Edison Opto obtained UL's safety certification for testing laboratories.
October 2012	Edison Opto carried out a capital increase of NT\$30 thousand from the exercise of employee stock options. Total paid-in capital was NT\$1,160,543 thousand.
January 2013	Edison Opto carried out a capital increase of NT\$202 thousand from the conversion of convertible bonds. Total paid-in capital was NT\$1,160,745 thousand.

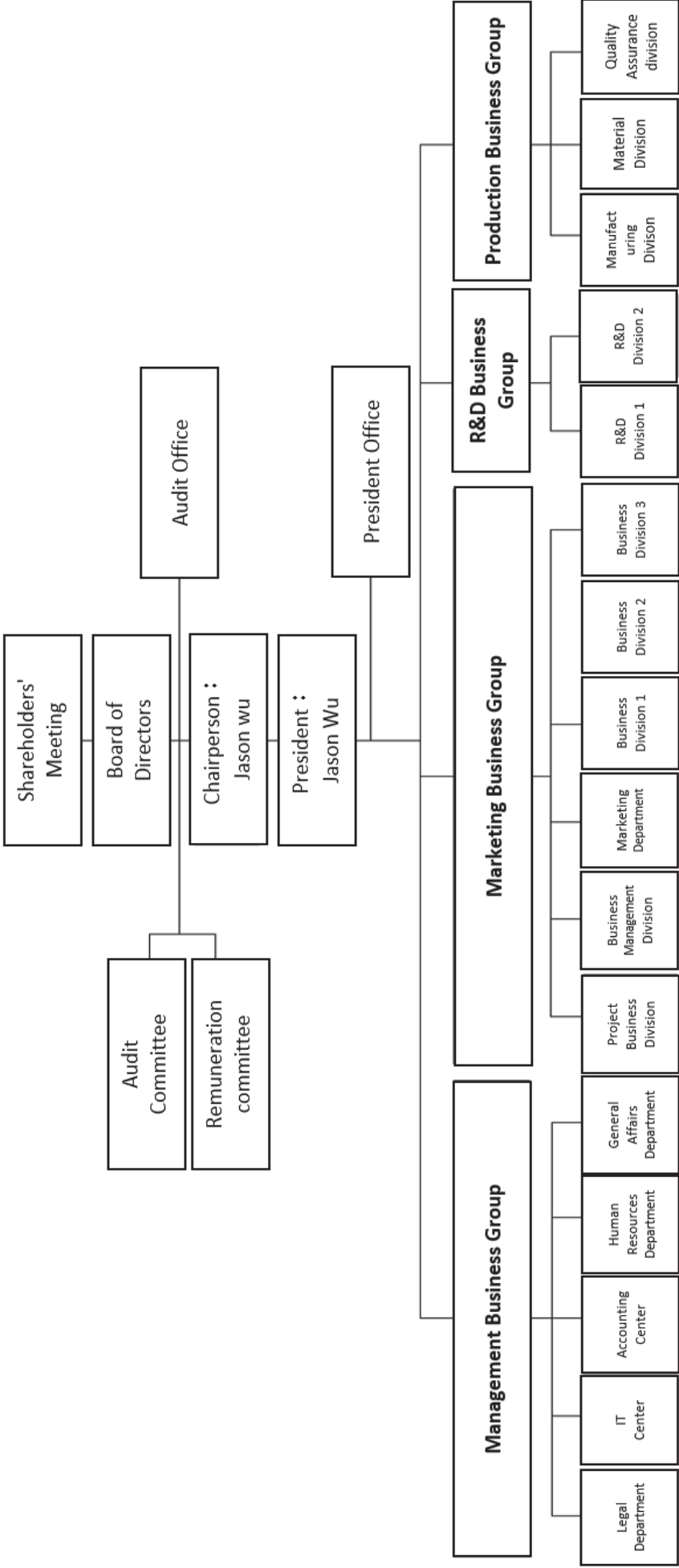
November 2013	Edison Opto issued second-time unsecured domestic convertible bonds with a total issue amount of NT\$1,000,000 thousand.
March 2014	Edison Opto carried out a capital increase of NT\$57,341 thousand from the conversion of convertible bonds. Total paid-in capital was NT\$1,218,086 thousand.
June 2014	Edison Opto carried out a capital increase of NT\$109,545 thousand from the conversion of convertible bonds. Total paid-in capital was NT\$1,327,632 thousand.
February 2015	The first-time unsecured domestic convertible bonds were fully redeemed and ceased trading on the OTC.
March 2015	Edison Opto issued a total of 2,000 thousand shares as employee restricted stock awards. Total paid-in capital was NT\$1,347,632 thousand.
June 2015	Yangzhou Edison Opto Corporation's phase II plant began mass production. Yangzhou Edison-Litek Opto Corporation announced its grand opening and officially operated for production.
October 2015	Edison Opto cancelled 120 thousand new restricted stock. Total paid-in capital was NT\$1,346,432 thousand.
January 2016	Edison Opto cancelled 20 thousand new restricted stock and 2,000 thousand treasury stock. Total paid-in capital was NT\$1,326,232 thousand.
February 2016	The second-time unsecured domestic convertible bonds were fully redeemed and ceased trading on the OTC.
May 2016	Ledionopto Lightning, Inc. was included in the consolidated entity.
July 2016	Edison Opto cancelled 86.8 thousand new restricted stock. Total paid-in capital was NT\$1,325,364 thousand.
October 2016	Edison Opto obtained the Operation Headquarters Certificates issued by the Industrial Development Bureau of the Ministry of Economic Affairs.
January 2017	Edison Opto cancelled 154 thousand new restricted stock. Total paid-in capital was NT\$1,323,824 thousand.
May 2017	Edison Opto was awarded the Best Improvement Award in the 3rd Corporate Governance Evaluation.
November 2017	Edison Opto invested in the establishment of Edison-Litek Opto Corporation.
February 2018	Edison Opto cancelled 80 thousand new restricted stock and 2,000 thousand treasury stock. Total paid-in capital was NT\$1,303,024 thousand.
July 2018	Edison Opto cancelled 282 thousand new restricted stock. Total paid-in capital was NT\$1,300,204 thousand.
August 2018	Edison Opto cancelled 5,000 thousand treasury stock. Total paid-in capital was NT\$1,250,204 thousand.
November 2018	Edison Opto invested in the establishment of Edison-Egypt Opto Corporation.
January 2019	Edison Opto cancelled 19 thousand new restricted stock. Total paid-in capital was NT\$1,250,014 thousand.

May 2019	Edison Opto cancelled 2,000 thousand treasury stock. Total paid-in capital was NT\$1,230,014 thousand.
July 2019	Edison Opto issued a total of 2,000 thousand shares as employee restricted stock awards. Total paid-in capital was NT\$1,250,014 thousand.
September 2019	Edison Opto obtained the Operation Headquarters Certificates issued by the Industrial Development Bureau of the Ministry of Economic Affairs.
October 2019	Edison Opto invested in the establishment of Yangzhou Aichuang Electronic Trade Corporation.
August 2020	Edison Opto cancelled 827 thousand new restricted stock and 1,618 thousand treasury stock. Total paid-in capital was NT\$1,225,564 thousand.
November 2020	Edison Opto purchased a new office at Taiwan Technology Plaza as its operation headquarters.
January 2021	Edison Opto issued third-time unsecured domestic convertible bonds with a total issue amount of NT\$300,000 thousand.
July 2021	Edison Opto carried out a capital increase of NT\$52 thousand from the conversion of convertible bonds and cancelled restricted stock of NT\$330 thousand. Total paid-in capital was NT\$1,225,286 thousand.
October 2021	Edison Opto carried out a capital increase of NT\$56,787 thousand from the conversion of convertible bonds. Total paid-in capital was NT\$1,282,073 thousand.
January 2022	Edison Opto relocated to the operation headquarters (Qiaoh Rd., Zhonghe Dist.)
March 2022	Edison Opto carried out a capital increase of NT\$6,544 thousand from the conversion of convertible bonds. Total paid-in capital was NT\$1,288,617 thousand.
August 2022	Edison Opto cancelled NT\$264 thousand new restricted stock . Total paid-in capital was NT\$1,288,353 thousand.
August 2022	Edison Opto obtained the Operation Headquarters Certificates issued by the Industrial Development Bureau of the Ministry of Economic Affairs.
September 2022	Edison Opto carried out a capital increase of NT\$65,000 thousand from capital surplus. Total paid-in capital was NT\$1,353,353 thousand.
May 2023	Edison Opto carried out a capital increase of NT\$23,799 thousand from the conversion of convertible bonds. Total paid-in capital was NT\$1,377,152 thousand.
August 2023	Edison Opto carried out a capital increase of NT\$41,732 thousand from the conversion of convertible bonds. Total paid-in capital was NT\$1,418,883 thousand.
December 2023	Edison Opto carried out a capital increase of NT\$34,011 thousand from the conversion of convertible bonds and cancelled NT\$16,800 thousand treasury stock.Total paid-in capital was NT\$1,436,094 thousand.

Corporate governance report

I. Organizational system

1. Corporate structure



2. Businesses operated by major departments

Department	Job responsibilities
Audit Office	<ul style="list-style-type: none"> • Planning, implementation and revision of the internal control system. • Preparation and implementation of the Group's annual audit plan. • Other matters to be implemented in accordance with laws and regulations.
President Office	<ul style="list-style-type: none"> • Assist the president in managing the Company's businesses. • The formulation and promotion of business objectives and market strategies. • Promotion and implementation of professional businesses.
Legal Office	<ul style="list-style-type: none"> • Formulation and review of various contract, implementation of legal litigation consulting services and others. • Preparation, implementation, management, maintenance and negotiation of various intellectual property operations.
IT Center	<ul style="list-style-type: none"> • Supervision of the management and implementation of the Company's information system and information security policy. • Analysis, planning, assessment, introduction, development and maintenance of information system. • Software and hardware equipment maintenance.
Accounting Center	<ul style="list-style-type: none"> • Planning and implementation of the Company's financial accounting management and capital management businesses. • Group tax planning and budget preparation and implementation and other related activities. • Subsidiary supervision and investment appraisal operations. • Handling of investor relations. • Responsible for the implementation and management of corporate governance related matters.
Human Resources Department	<ul style="list-style-type: none"> • Promotion and management of human resource and corporate culture. • Promotion, implementation and management of corporate social responsibility and corporate integrity.
General Affairs Department	<ul style="list-style-type: none"> • Execution and management of general affairs, industrial safety and other logistics related operations. • Maintenance, preservation and management of company assets.
Business Division	<ul style="list-style-type: none"> • Product promotion, sales and market information collection. • Development and management of customers and agents. • Development, implementation and management of customer service system
Business Management Division	<ul style="list-style-type: none"> • Planning and implementation of various business processes. • Operation and management of various logistics and import/export businesses. • Business order and administrative operation management.

Department	Job responsibilities
Project Business Division	<ul style="list-style-type: none"> • Collection of market information, analysis of development trend, and research of customer development directions. • Execute the planning, implementation, design and development progress control, cost control and closing procedures of new product development projects. • Assist various departments and facilities in promoting project execution, management, problem tracking and resolution.
R&D Division	<ul style="list-style-type: none"> • Feasibility assessment of the development projects • Planning and design of product marketing media • Market survey for new products • Research, development and design of new products. • Improvement of product functions and increase of added value.
Quality Assurance Division	<ul style="list-style-type: none"> • Establishment of the Company's quality management system and formulation of each inspection specifications. • Improvement and tracking of quality abnormalities and customer complaints. • Third-party quality audit, restriction of raw materials and finished products, and investigation of prohibited substances. • Product reliability verification and lumen maintenance rate estimation. • Calibration of gauge instrument and establishment of standard parts.
Materials Division	<ul style="list-style-type: none"> • Procurement of raw materials, production equipment, consumable supplies. • Development and management of suppliers and third-party manufacturers. • Management of production scheduling, inventory and warehousing operations.
Manufacturing Division	<ul style="list-style-type: none"> • Evaluation, planning and management of process technology and production workflow. • Development and management of machine equipment. • Responsible for the introduction of new products into the production line, capacity improvement, and product yield improvement. • Analysis of production abnormalities and improvement plans.

II. Profiles of directors, presidents, vice presidents, associate managers and heads of departments and branches

1. Director

(1) Information about directors and number of shares held

April 1, 2024; Unit: thousand shares

Position	Nationality or place of registration	Name	Gender	Date elected (inaugurated)	Term of office	Date first elected	Shareholding while elected		Current shareholding		Current shareholding of spouse and minor children		Shareholding in the name of others		Main experience (education)	Concurrent positions in the Company and other companies	Other officers, directors or supervisors who are spouses or relatives within the second degree of kinship			Remarks
							Shares	Shareholding percentage %	Shares	Shareholding percentage %	Shares	Shareholding percentage %	Shares	Shareholding percentage %			Position	Name	Relation	
Chairperson	Taiwan, Republic of China	Jason Wu	Male	June 22, 2022	3 years	September 13, 2001	1,798	1.36	3,594	2.50	999	0.70	0	0.00	Master of Chemistry, National Sun Yat-sen University Assistant Manager of R&D Department, Everlight Electronics Co., Ltd Chairperson/President, Yangzhou Ledison Trading Limited. Chairperson, Edison Opto USA Corp. President, Edison Opto (Dong Guan) Co., Ltd. / Yangzhou Edison Opto Corp./Yangzhou Edison-Litek Opto Corp.	President, Edison Opto Corp. Chairperson/President, Yangzhou Aichuang Electronic Trade Corporation Chairperson, Dongguan Edison Opto Corp./Yangzhou Edison Opto Corp./Yangzhou Edison-Litek Opto Corp. Chairperson, Weixin Investment Limited Representatives of corporate directors, Edison Opto Corp./Ledison Opto Corp./Best Opto Corp./Best Led Corp. Representatives of corporate directors, Edison FundInvestment Limited Chairperson, Edison-litek Opto Corp.Ltd. Chairperson/President, Edison-Litek Opto Corp./LEDIONOPTO Intelligent Technology Co., Ltd/EDISON-EGYPT OPTO CORP/EDISON AUTO LIGHTING CORP	None	None	None	Due to the lack of suitable candidates, the chairperson and the president are currently the same person, but more than half of the directors are not concurrently employees or managers, and an additional independent director is participate in the operation of the Board of Directors/pds
Corporate Director	Taiwan, Republic of China	YOUNGTEK ELECTRONICS CORP.	-	June 22, 2022	3 years	September 13, 2001	2,424	1.83	2,549	1.78	0	0.00	0	0.00	-	-	None	None	None	-
	Taiwan, Republic of China	Representative: June Wung	Female	-	-	-	0	0.00	0	0.00	0	0.00	0	0.00	Master of Economics, University of Southern California Manager, Huacheng Capital Corporation	Chief Manager, General Administrative Division, YOUNGTEK ELECTRONICS CORP.	None	None	None	-

Position	Nationality or place of registration	Name	Gender	Date elected (inaugurated)	Term of office	Date first elected	Shareholding while elected		Current shareholding		Current shareholding of spouse and minor children		Shareholding in the name of others		Main experience (education)	Concurrent positions in the Company and other companies	Other officers, directors or supervisors who are spouses or relatives within the second degree of kinship			Remarks
							Shares	Shareholding percentage %	Shares	Shareholding percentage %	Shares	Shareholding percentage %	Shares	Shareholding percentage %			Position	Name	Relation	
	Taiwan, Republic of China	Weixin Investment Limited	-	June 22, 2022	3 years	June 21, 2007	3,041	2.29	4,827	3.36	0	0.00	0	0.00	-	-	None	None	None	-
Corporate Director	Taiwan, Republic of China	Representative: Po-Chung Wang	Male	-	-	-	36	0.03	38	0.03	1	0.00	0	0.00	Bachelor of Electrical Engineering, Tamkang University Manager of Procurement Division, Powerchip Semiconductor Corp Director of Operations Division, Yuanheng Semiconductor Co., Ltd. President, Ledionopto Intelligent Technology Corp	Head of Kaiwei Investment Limited Representatives of corporate directors, Ledionoptointelligent Technology Corp Representatives of corporate directors, Qiyl Medical Electronics Co., Ltd.	None	None	None	-
Director	Taiwan, Republic of China	Wen-Ruel Cheng	Male	June 22, 2022	3 years	June 13, 2013	1,101	0.95	1,164	0.81	0	0.00	0	0.00	Master of Education Technology, West Michigan University, USA Optec Display Inc. Project Leader Chairperson, Light Vision Corp. Supervisor, Juji Investment Development Co., Ltd.	Chairperson/President, Edison Opto USA Corp.	None	None	None	-
Director	Taiwan, Republic of China	Nan-Yang Wu	Male	June 22, 2022	3 years	June 13, 2013	0	0.00	0	0.00	0	0.00	0	0.00	Master, Stanford University, USA Director, Epistar Corporation Director, PROLIGHT OPTO TECHNOLOGY CORPORATION	Director, Wafer Works Corporation Director, Guangdong Jinko Electronics Co., Ltd. Director, Advanced Photoelectronic Technology Ltd.	None	None	None	-
Independent Director	Taiwan, Republic of China	Wen-Chao Wang	Male	June 22, 2022	3 years	June 18, 2019	0	0	0	0.00	0	0.00	0	0.00	Doctor of Business Administration, Nova Southeastern University, USA Supervisor, MORTECH CORPORATION Supervisor, AMAZING MICROELECTRONIC CORP.	President, Wenkai Network Technology Marketing Limited Supervisor, Chingxingwang Industry Co., Ltd.	None	None	None	-
Independent Director	Taiwan, Republic of China	Tung-Hsiung Hung	Male	June 22, 2022	3 years	June 18, 2019	0	0.00	0	0.00	0	0.00	0	0.00	Bachelor of Laws, Department of Law, National Taiwan University Supervisor, JARLYTEC CO., LTD. Partner Attorney, Chienyeh Law Firm	Practicing Attorney, Lidong Law Firm Independent Director, NAN JUEN INTERNATIONAL CO., LTD.	None	None	None	-

Position	Nationality or place of registration	Name	Gender	Date elected (inaugurated)	Term of office	Date first elected	Shareholding while elected		Current shareholding		Current shareholding of spouse and minor children		Shareholding in the name of others		Main experience (education)	Concurrent positions in the Company and other companies	Other officers, directors or supervisors who are spouses or relatives within the second degree of kinship			Remarks
							Shares	Shareholding percentage %	Shares	Shareholding percentage %	Shares	Shareholding percentage %	Shares	Shareholding percentage %			Position	Name	Relation	
Independent Director	Taiwan, Republic of China	Yin-Fei Liu	Female	June 22, 2022	3 years	June 18, 2019	0	0.00	0	0.00	0	0.00	0	0.00	EMBA, National Chengchi University Partner, Audit Services Department, PwC	Senior Consultant, Audit Services Department, PwC Independent Director, Wafer Technology Corp. Independent Director, TYNTEK CORPORATION	None	None	None	-
Independent Director	Taiwan, Republic of China	Tseng-Nan Chou	Male	June 22, 2022	3 years	June 22, 2022	0	0.00	0	0.00	0	0.00	0	0.00	Department of Accounting, Tunghai University Associate Manager of Everlight Electronics Industry co., Ltd. CFO of Tons Lightology Inc. Supervisor of Hongyuan Securities Co., Ltd.	Independent Director of Junxing Electromechanical International co., Ltd	None	None	None	-

(2) The directors are the major shareholders of the corporate shareholders

April 1, 2024

Name of corporate shareholder	The major shareholder of corporate shareholder
YOUNGTEK ELECTRONICS CORP.	Chung Shih Industrial Corporation (6.60%) Lizi Investment Limited (5.23%) Li-Yang Investment Corporation (4.53%) Binglong Wang (3.73%) ATEN Investment Corporation (2.18%) Li Wei Investment Limited (1.94%) Li Fa Investment Limited (1.48%) Chinatrust Commercial Bank subject to Employee Stock Ownership Association of Youngtek Electronics Corp. (0.82%) Taipei Fubon Commercial Bank Corporation (0.66%) Yu Wang (0.60%)
Weixin Investment Limited	Jason Wu (100%)

(3) The directors are the major shareholders of the corporate shareholders

April 1, 2024

Name of legal person	Major shareholder of legal person
Chung Shih Industrial Corporation	Lizi Investment Limited (99.44%)
Lizi Investment Limited	Binglong Wang (90%), Yu Wang (10%)
Li-Yang Investment Corporation	Yu Wang (15.50%), Jingru Li (77.03%)
ATEN Investment Corporation	Harvatek Corporation (41.60%) – special shares, Lizi Investment Limited (26.62%), Li Fa Investment Limited (31.61%)
Li Fa Investment Limited	Li-Yang Investment Corporation (99.91%)
Li Wei Investment Limited	Peishi Chen (100%)

(4) Expertise and independence of directors:

Name	Professional Qualifications and Experience (Note 1)	Independence Situation	Number of concurrent independent directors in other public companies
Jason Wu	<ul style="list-style-type: none"> Organizational Leadership and Strategic Management LED Related Industry Experience 	Not applicable	0
June Wung	<ul style="list-style-type: none"> Financial Investment and Risk Management LED Industry experience 	Not applicable	0
Po-Chung Wang	<ul style="list-style-type: none"> Engineering Technology and Strategic Management LED Industry experience 	Not applicable	0
Wen-Ruei Cheng	<ul style="list-style-type: none"> Organizational Leadership and Strategic Management LED Industry experience 	Not applicable	0
Nan-Yang Wu	<ul style="list-style-type: none"> Financial Investment and Risk Management LED Industry experience 	Not applicable	0
Wen-Chao Wang	<ul style="list-style-type: none"> Financial Accounting and Strategic Management LED Industry experience 	Compliance with independence (Note 2)	0
Tung-Hsiung Hung	<ul style="list-style-type: none"> Law and Strategy Management Risk management 	Compliance with independence (note 2)	1
Yin-Fei Liu	<ul style="list-style-type: none"> Financial Accounting and Strategic Management Operational Judgment and Risk Management 	Compliance with independence (note 2)	2
Tseng-Nan Chou	<ul style="list-style-type: none"> Financial Accounting and Strategic Management LED Industry experience 	Compliance with independence (note 2)	1

Diversification and Independence of the Board of Directors:

- (I) Diversification of the Board of Directors: The nomination and selection of the members of the Board of Directors of the Company follows the provisions of the Articles of Association and adopts the candidate nomination system. In addition to evaluating the academic qualifications of each candidate, the Company's own operation, operational mode, development needs, and opinions of interested parties are considered, and the Measures for Election of Directors and Supervisors and the Code of Practice for Corporate Governance are observed to ensure the diversity and independence of directors. At present, there are two female directors (accounting for 22%) on the Board of Directors, and the number of female directors will be gradually increased according to the principle of gender equality in the future. Three of the company's four independent directors were newly elected at the Shareholders' Meeting on June 18, 2019, and one was newly elected at the Shareholders' Meeting on June 22, 2022, with a term of office not exceeding 3 years. The members of the Board of Directors of the Company have diverse backgrounds, including professionals in the LED industry, financial experts in financial accounting and strategic management, legal experts in the law field, and professionals in strategic management in the investment field. In addition to having basic conditions and professional knowledge and skills, through the operation of various functional committees, directors' experience can be used in corporate governance, environmental sustainability, corporate social responsibility, compliance with laws and regulations, and human rights protection. For information about the diversification policy of the Board of Directors of the Company, please refer to our website: https://www.edison-opto.com/board-organization_tw_1.php.

- (II) Independence of the Board of Directors: The Board of Directors of the Company is composed of nine directors with different professional backgrounds, including four independent directors, three directors who are not part-time managers of the Company, and two directors who are part-time managers of the Company. The number of independent directors accounts for more than one third (44.4%) of all directors.

(Note 1) The Audit Committee of the Company consists of four independent directors, including two financial experts, Wang Wen-chao and Liu Yin-Fei, one legal expert, Hong Tung-Hsiung, and one industrial expert, Chou Zhou -Nan. None of the directors are involved in any of the Paragraphs of Article 30 of the Company Act. For information about the diversification policy of the Board of Directors of the Company, please refer to the pages 12 to 14 and our website:
<https://www.edison-opto.com/board-organization/>.

(Note 2) None of the independent directors of the Company, their spouses or relatives within the second degree of kinship, are directors, supervisors, or employees of the Company or its affiliated enterprises; none of the independent directors, their spouses or relatives within the second degree of kinship (or in the name of others) hold shares in the Company, nor have they served as directors, supervisors, or employees of the Company with a specific relationship with the Company; the independent director him/herself, his/her spouse, and relatives within the second degree of kinship have not provided services such as business, legal affairs, finance, and accounting for the Company or its affiliated enterprises in the last two years.

2. Profiles of presidents, vice presidents, assistant managers, heads of departments and branches:

April 1, 2024; Unit: thousand shares

Position	Nationality	Name	Gender	Date elected (inaugurated)	Shareholding		Shareholding of spouse and minor children		Shareholding in the name of others		Main experience (education)	Concurrent positions in other companies	Managers who are spouses or relatives within the second degree of kinship			Remarks
					Shares	Shareholding percentage %	Shares	Shareholding percentage %	Shares	Shareholding percentage %			Position	Name	Relation	
President	Taiwan, Republic of China	Jason Wu	Male	Nov 1, 2011	3,594	2.50	999	0.70	0	0.00	Master of Chemistry, National Sun Yat-sen University Assistant Manager of R&D Department, Everlight Electronics Co., Ltd Chairperson/President, Yangzhou Ledison Trading Limited. Chairperson, Edison Opto USA Corp President, Edison Opto (Dong Guan) Co., Ltd. /Yangzhou Edison Opto Corp./Yangzhou Edison-Litek Opto Corp	President, Edison Opto Corp. Chairperson/President, Yangzhou Aichuang Electronic Trade Corporation Chairperson, Dongguan Edison Opto Corp./Yangzhou Edison Opto Corp./Yangzhou Edison-Litek Opto Corp Chairperson, Weixin Investment Limited Representatives of corporate directors, Edison Opto Corp./Ledison Opto Corp./Best Opto Corp./Best Led Corp. Representatives of corporate directors, Edison FundInvestment Limited Chairperson, Edison-Litek Opto Corp.Ltd. Chairperson/President, Edison-Litek Opto Corp./LEDIONOPTO Intelligent Technology Co., Ltd /EDISON-EGYPT OPTO CORP/EDISON AUTO LIGHTING CORP	None	None	None	Due to the lack of suitable candidate, the chairperson and the president are currently the same person, but more than half of the directors are not concurrently employees or managers, and an additional independent director is participate in the operation of the Board of Directors
Vice President,	Taiwan, Republic of China	Guolun Liao	Male	Jan 1, 2022	188	0.13	0	0.00	0	0.00	Institute of Marine Environmental Engineering, Sun Yat-Sen University Head of Facilities Division, Yangzhou Edison-Litek Opto Corporation Head of Quality Assurance Division, Edison Opto Corp. Representatives of corporate directors/associate manager of Business Division, Ledionopto Intelligent Technology Co., Ltd Head of Facilities Division/Vice President, Yangzhou Edison Opto Corporation	.None	None	None	None	-

Position	Nationality	Name	Gender	Date elected (inaugurated)	Shareholding		Shareholding of spouse and minor children		Shareholding in the name of others		Main experience (education)	Concurrent positions in other companies	Managers who are spouses or relatives within the second degree of kinship			Remarks
					Shares	Shareholding percentage %	Shares	Shareholding percentage %	Shares	Shareholding percentage %			Position	Name	Relation	
Vice President,	Taiwan, Republic of China	Qingyuan Liu	Male	Jan 1, 2021	180	0.13	0	0.00	0	0.00	Department of Electrical Engineering, Feng Chia University Head of Process Engineering Department, COMPEQ MANUFACTURING CO., LTD. Facility Manager, Edison Opto Corporation Representatives of corporate directors, Edison Opto Corporation Head of Facilities Division/Associate Manager, Vice President/Director, Yangzhou Edison Opto Corporation Associate Facility Manager/Vice President, Dongguan Edison Opto Corporation Associate Facility Manager, Edison-Egypt Opto Corporation	President, Yangzhou Edison Opto Corporation Director, Yangzhou Aichuang Electronic Trade Corporation	None	None	None	-
Vice President,	Taiwan, Republic of China	Cheng-Tien Hsu	Male	Jan 16, 2011	119	0.08	2	0.00	0	0.00	Institute of Accounting, Tamkang University Manager of Audit Department, KPMG Manager of Accounting Department, TAIWAN OASIS TECHNOLOGY CO., LTD Special Assistant to the General Manager/Manager of Accounting Department/Director of Finance/ Senior Associate Manager of Accounting Department, Edison Opto Corporation Director, Yangzhou Edison-Litek Opto Corporation. Director, LEDLike Co., Ltd.	Supervisor, Yangzhou Edison Opto Corp./Yangzhou Aichuang Electronic Trade Corporation/Yangzhou Edison-Litek Opto Corp. Representatives of corporate supervisors, Edison-Litek Opto Corp. Representatives of corporate supervisors, Edison FundInvestment Limited Representatives of corporate supervisors, LEDIONOPTO Intelligent Technology Co., Ltd /EDISON-EGYPT OPTO CORP/EDISON AUTO LIGHTING CORP Director, Taiwan Hydroxy Technology Co., Ltd.	None	None	None	-
Vice President,	Taiwan, Republic of China	Yaochuan Hong	Male	Jan 1, 2010	325	0.23	0	0.00	0	0.00	Department of Electronics, Oriental Institute of Technology Director of Manufacturing Department, Everlight Electronics Co., Ltd Vice Manager of Manufacturing Department, Lenovo Optoelectronics Co., Ltd. Head of Facilities Division/Representatives of corporate directors, Edison Opto Corp. Director, Yangzhou Ledison Trading Limited Vice President, Edison Opto (Dong Guan) Co., Ltd.	Director, Dongguan Edison Opto Corp./Yangzhou Edison Opto Corporation President, Edison Opto (Dong Guan) Co., Ltd. Representatives of corporate directors, Edison Fund Investment Limited	None	None	None	-

Position	Nationality	Name	Gender	Date elected (inaugurated)	Shareholding		Shareholding of spouse and minor children		Shareholding in the name of others		Main experience (education)	Concurrent positions in other companies	Managers who are spouses or relatives within the second degree of kinship			Remarks
					Shares	Shareholding percentage %	Shares	Shareholding percentage %	Shares	Shareholding percentage %			Position	Name	Relation	
Director	Taiwan, Republic of China	Kundian He	Male	Jan 1, 2021	105	0.08	0	0.00	0	0.00	Institute of Business Administration, National Taiwan University of Science and Technology R&D engineer, Tepo International Co., Ltd Business Manager, Edison Opto Corporation Associate Business Manager, Edison-Egypt Opto Corporation	Director, Yangzhou Aichuang Electronic Trade Corporation	None	None	None	-
Finance and Accounting Manager	Taiwan, Republic of China	Xi-Quan Hu	Male	Jan 1, 2024	6	0.04	0	0.00	0	0.00	EMBA, Business Administration of NTPU Deputy director of accounting department, Wafer Works Corporation. Senior manager of accounting center, Edison Opto Corporation.	None	None	None	None	-

3. Remuneration paid to directors, presidents and vice presidents in the last year

(1) Remuneration for general directors and independent directors (individual disclosure of names and remuneration methods)

Unit: TWD 1,000; thousand shares																								
Position	Name	Remuneration for directors						The total amount of A, B, C and D as a percentage of the net profit after tax		Remuneration for part-time employees				The total amount of A, B, C, D, E, F and G as a percentage of the net profit after tax		Any remuneration from reinvestment businesses other than subsidiaries received?								
		Remunerati on (A)		Retirement pension (B)		Remunerati on for directors (C)		Expenses on business operation (D)		Salary, bonus and special expenses, etc. (E)	Retirement pension (F)		Remuneration for employees (G)		All companies in the financial report		The Company							
		All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report	The Company	All companies in the financial report	The Company										
Chairperson	Jason Wu	0	0	0	0	60	0	0	0	60	60	0.13	0.13	7,428	12,237	108	0	0	0	0	7,596	12,405	26.10	None
Corporate Director	YOUNGTEK ELECTRONICS CORP.	0	0	0	0	60	0	0	0	60	60	0.13	0.13	0	0	0	0	0	0	0	60	60	0.13	None
	YOUNGTEK ELC. CORP Rept.: June Wung	220	220	0	0	0	42	42	262	0.55	262	0.55	0.55	0	0	0	0	0	0	0	262	262	0.55	None
Corporate Director	Weixin Investment Ltd	0	0	0	0	60	0	0	0	60	60	0.13	0.13	0	0	0	0	0	0	0	60	60	0.13	None
	Weixin Investment Ltd. Representative: Po-Chung Wang	220	220	0	0	0	42	42	262	0.55	262	0.55	0.55	0	0	0	0	0	0	0	262	262	0.55	None
Director	Wen-Ruei Cheng	0	0	0	0	60	42	42	102	0.21	102	0.21	0.21	317	4,344	19	0	0	0	0	438	4,465	9.40	None
Director	Nan-Yang Wu	220	220	0	0	60	42	42	322	0.68	322	0.68	0.68	0	0	0	0	0	0	0	322	322	0.68	None
Independent director	Wen-Chao Wang	300-	300-	0	0	60	42	42	402	0.85	402	0.85	0.85	0	0	0	0	0	0	0	402	402	0.85	None
Independent director	Tung-Hsiung Hung	300-	300-	0	0	60	42	42	402	0.85	402	0.85	0.85	0	0	0	0	0	0	0	402	402	0.85	None
Independent director	Yin-Fei Liu	300-	300-	0	0	60	42	42	402	0.85	402	0.85	0.85	0	0	0	0	0	0	0	402	402	0.85	None
Independent director	Tseng-Nan Chou	300	300	0	0	60	30	30	390	0.82	390	0.82	0.82	0	0	0	0	0	0	0	390	390	0.82	None
Note 1:		The remuneration policy, system, standard and structure for independent directors, and the correlation between the remuneration paid according to the responsibilities, risks, investment time and other factors undertaken: see Page 19 for details.																						
Note 2:		Except as disclosed in the above table, the remuneration received by the directors of the Company for providing services to all companies in the financial report (such as serving as a consultant for non-employees, etc. the last year: None.																						

Table of remuneration level

Unit: TWD

Level of remuneration for directors	Name of director			
	Total amount of the first four remunerations (A+B+C+D)		Total amount of the first seven remunerations (A+B+C+D+E+F+G)	
	The Company	All companies in the financial report	The Company	All companies in the financial report
Less than TWD 1,000	Jason Wu, YOUNGTEK ELECTRONICS CORP. and its representative June Wung Weixin Investment Limited and its representatives Po-Chung Wang, Wen-Ruei Cheng, Wen-Chao Wang, Nan-Yang Wu, , Wen-Chao Wang, Tung-Hsiung Hung , Yin-Fei Liu, Tseng-Nan Chou	Jason Wu, YOUNGTEK ELECTRONICS CORP. and its representative June Wung Weixin Investment Limited and its representatives Po-Chung Wang, Wen-Ruei Cheng, Nan-Yang Wu, Wen-Chao Wang, Tung-Hsiung Hung , Yin-Fei Liu, Tseng-Nan Chou	YOUNGTEK ELECTRONICS CORP and its representative June Wung, Weixin Investment Limited and its representatives Po-Chung Wang, Wen-Ruei Cheng, Nan-Yang Wu, Wen-Chao Wang, Tung-Hsiung Hung, Yin-Fei Liu, Tseng-Nan Chou	YOUNGTEK ELECTRONICS CORP and its representative June Wung, Weixin Investment Limited and its representatives Po-Chung Wang, Nan-Yang Wu, Wen-Chao Wang, Tung-Hsiung Hung, Yin-Fei Liu, Tseng-Nan Chou
TWD 1,000,000 (incl.) – TWD 2,000,000 (excl.)				
TWD 2,000,000 (incl.) – TWD 3,500,000 (excl.)				
TWD 3,500,000 (incl.) – TWD 5,000,000 (excl.)				
TWD 5,000,000 (incl.) – TWD 10,000,000 (excl.)			Jason Wu	Wen-Ruei Cheng
TWD 10,000,000 (incl.) – TWD 15,000,000 (excl.)				Jason Wu
TWD 15,000,000 (incl.) – TWD 30,000,000 (excl.)				
TWD 30,000,000 (incl.) – TWD 50,000,000 (excl.)				
TWD 50,000,000 (incl.) – TWD 100,000,000 (excl.)				
more than TWD 100,000,000				
Total	9	9	9	9

A: Remuneration for directors in 2023 (including director's salary, position bonus, severance pay, various bonuses and incentives).

B: The amount allocated for withdrawal.

C: The amount of remuneration for directors in 2023 is the amount distributed through the resolution of the Board of Directors on February 29, 2024.

D: Expenses related to business execution of directors in 2023 (including travel expenses, special expenses, various allowances, provision of dormitories, vehicles).

E: Expenses including salaries, job bonuses, severance pay, various bonuses, incentives, travel expenses, special expenses, various allowances, dormitories, vehicles and other in-kind provision, as well as the salary expenses as according to IFRS2 "Share-based payment" received by directors and part-time employees (including concurrently presidents, vice presidents, other managers and employees) in 2023.

F: The amount allocated for withdrawal.

G: The amount of remuneration for employees in 2023 is the amount distributed through the resolution of the Board of Directors on February 29, 2024.

Net profit after tax: refers to the net profit after tax of the standalone financial report in 2023, which is NT\$47,528 thousand.

- (2) Remuneration for supervisor: N/A. On June 13, 2013, when the Regular Shareholders' Meeting passed the general re-election of the Board of Directors, the Company established an Audit Committee and abolished the Supervisor.
- (3) Remuneration for president and vice president (and the individual remuneration of the top five remuneration executives)

Unit: TWD 1,000

Remuneration from reinvestment businesses other than subsidiaries or from parent company received															None
The total amount of A, B, C and D as a percentage of the net profit after tax												All companies in the financial report	The Company		
Position	Name	Salary (A)		Retirement pension (B)		Bonus and special expenses, etc. (C)		Remuneration for employees (D)							
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report					
								Cash amount	Stock amount	Cash amount	Stock amount				
President	Jason Wu	13,040	19,656	503	503	7,305	7,790	0	0	0	0	20,848 43.86	27,949 58.80		
Vice President	Guolun Liao														
Vice President	Qingyuan Liu														
Vice President	ChengTie n Hsu														
Vice President	Yaochuan Hong														

Unit: TWD

Level of remuneration for president and vice president	Name of president and vice president	
	The company	All companies in the financial report
Less than TWD 1,000,000		
TWD 1,000,000(incl) –TWD 2,000,000(excl.)		
TWD 2,000,000(incl) –TWD 3,500,000(excl.)	Yaochuan Hong ChengTien Hsu	Yaochuan Hong ChengTien Hsu
TWD 3,500,000(incl) –TWD 5,000,000(excl.)	Guolun Liao Qingyuan Liu	Guolun Liao Qingyuan Liu
TWD 5,000,000(incl) –TWD 10,000,000(excl.)	Jason Wu	
TWD 10,000,000(incl) –TWD 15,000,000(excl.)		Jason Wu
TWD 15,000,000(incl) –TWD 30,000,000(excl.)		
TWD 30,000,000(incl) –TWD 50,000,000(excl.)		
TWD 50,000,000(incl) –TWD 100,000,000(excl.)		
More than TWD 100,000,000		
Total	5	5

A: Salaries, position bonuses, severance pay for president and vice president in 2023

B: The amount allocated for withdrawal.

C: Various bonuses, incentives, travel expenses, special expenses, various allowances, dormitories, vehicles and other in-kind provision, as well as the salary expenses as according to IFRS2 "Share-based payment" received

by president and vice president in 2023.

D: The amount of remuneration for employees in 2023 is the amount distributed through the resolution of the Board of Directors on February 29, 2024.

Net profit after tax: refers to the net profit after tax of the standalone financial report in 2023, which is NT\$47,528 thousand.

(Note) The contents of the remuneration disclosed in this table are different from the income concept in the Income Tax Act, so this table is intended for information disclosure and not for taxation purposes.

(4) Name of the manager who distributes remuneration for employees and the situation of distribution:

March 31, 2024; Unit: TWD 1,000

	Position	Name	Stock amount	Cash amount	Total	Proportion of total amount to net profit after tax (%)
Manager	President	Jason Wu	0	0	0	0.00
	Vice President	Guolun Liao				
	Vice President	Qingyuan Liu				
	Vice President	Cheng-Tien Hsu				
	Vice President	Yaochuan Hong				
	Director	Kundian He				
	Finance and Accounting Manager	XI-Quan Hu				

Note 1 : Individual names and job titles should be disclosed, but profit distribution situations can be disclosed in an aggregated manner. °

Note 2 : The amount of remuneration for employees in 2023 is the amount distributed through the resolution of the Board of Directors on February 29, 2024.

Note 3 : Net profit after tax: refers to the net profit after tax of the standalone financial report in 2023, which is NT\$47,528 thousand.

- An analysis of the total remuneration paid to the Company's directors, presidents and vice presidents as a percentage of net income after tax for the last two years for the Company and all companies included in the consolidated financial statements, and an explanation of the policy, criteria and mix of remuneration payments, the process for setting remuneration, and the correlation with operating performance and future risks.

Position \ Year	Total amount of remuneration as a percentage of net income (loss) after tax in the standalone financial statements			
	2022		2023	
	The Company	All companies in the financial report	The Company	All companies in the financial report
Director	34.33	65.58	22.31	40.91
President and Vice President	52.26	74.80	43.86	58.80

Note: The net profit after tax of the standalone financial report for the year 2022 was NT\$25,648 thousand; the net profit after tax of the individual financial report for the year 2023 was NT\$47,528 thousand.

- (1) Remuneration for directors: The remuneration for directors is recommended by the Remuneration Committee and submitted to the Board of Directors for resolution; the remuneration for directors is determined by the Board of Directors in accordance with Article 18 of the Company's Articles of Incorporation (i.e. no more than 3% of the Company's profit for the year) and is distributed by a resolution of two-thirds of the Board of Directors with a majority of the directors present, and reported to the shareholders' meeting; the rest of the remuneration is paid only for attendance fees and no other additional variable remuneration is charged. For 2022 and 2023, the Board of Directors decided on May 4, 2023 and February 29, 2024, respectively, to set aside 1% as directors' remuneration according to the profit situation of each year, with an amount of NTD 0 thousand and NTD 540 thousand respectively, which will be paid in cash.
- (2) Remuneration for independent directors: The remuneration for independent directors is proposed by the Remuneration Committee and submitted to the Board of Directors for resolution by the management team with reference to the salary level in the industry market and the Company's operating conditions, but the members of the Remuneration Committee are not allowed to vote on their individual remuneration decisions and must be submitted to the Board of Directors for discussion and decision. After considering the Company's operating conditions, the Board of Directors shall pay the directors' remuneration for the year fiscal year 2023 based on the profitability of the Company, in addition to the basic monthly compensation and the travel expenses for attending meetings.
- (3) Remuneration of the General Manager and Deputy General Manager: Remuneration shall be given in accordance with the Company's Salary Management Measures and the salary level of the position in the peer market, with reference to the personal performance achievement rate and contribution to the Company's performance. Relevant performance appraisal and salary rationality shall be reviewed by the Salary Remuneration Committee and the Board of Directors, and the remuneration system shall be reviewed in due course according to the actual operating conditions and relevant laws and regulations. As of the publication date of the Annual Report, due to the addition of two deputy general managers from the previous year, the proportion of total remuneration to the after-tax net profit of individual financial statements has increased compared with the previous year because the calculation basis is different. Employees' remuneration is determined by the Board of Directors according to the Articles of Association, that is, 5%-15% of the current year's income, which is decided by two-thirds of the Board of Directors and more than half of the directors present, and reported to the Shareholders' Meeting. For 2022 and 2023, the Board of

Directors decided on May 4, 2023 and February 29, 2024, respectively, to set aside 5% as employee compensation according to the profit situation of each respective year, with an amount of NTD 0 thousand and NTD 2,660 thousand respectively, which were paid in cash. However, no compensation was given to managers, including the General Manager.

- (4) Relationship between remuneration and future risk: The remuneration of the directors and managers of the Company shall be in accordance with the scope of the Company's Articles of Incorporation and the provisions of the "Organizational Regulations of the Remuneration Committee" and the "Performance Evaluation Measures of the Board of Directors" adopted by the Board of Directors. The performance of the directors shall be based on the results of the performance evaluation of the directors, while the managers shall be based on factors such as the Company's business strategy, profitability, performance and contribution to their positions, as well as the market level of salaries, and shall be recommended by the Remuneration Committee and approved by the Board of Directors.

The Remuneration Committee and the Board of Directors regularly review the reasonableness of the remuneration, and review the relevant provisions of the remuneration from time to time in light of the actual operating conditions and relevant laws and regulations, and shall not lead the directors and president to engage in acts that exceed the Company's risk appetite in pursuit of remuneration, so as to avoid improper situations such as the company suffering losses after paying remuneration. In addition to the directors of the Company receiving travel expenses for the execution of business and the basic remuneration received by the independent directors on a monthly basis, the remuneration for directors is distributed according to the profits of the company, so there is no risk of significant impact on the company;

III. Operation of Corporate Governance

i. Operation of the Board of Directors

1. Last year (2023), the Board of Directors held 2(A) meetings, and the attendances of Directors and Independent Directors as voting and nonvoting delegates were shown as follows:

All the Directors (including the Independent Directors) should attend 63 meetings in total, and the number of actual attendances was 61 in total, with an average attendance rate of 96.83%.

Position	Name	Number of actual attendances as voting (and nonvoting) delegates (B)	Number of attendances by proxy (A)	Rate of actual attendances as voting (and nonvoting) delegates (%) (B/A)	Remarks
Chairperson	Jason Wu	7	0	100%	
Director	YOUNGTEK ELECTRONICS CORP. Representative: June Wung	7	0	100%	
Director	Weixin Investment Limited Representative: Po-Chung Wang	7	0	100%	
Director	Wen-Ruei Cheng	7	0	100%	
Director	Nan-Yang Wu	7	0	100%	
Independent director	Wen-Chao Wang	7	0	100%	
Independent director	Tung-Hsiung Hung	7	0	100%	
Independent director	Yin-Fei Liu	7	0	100%	
Independent director	Tseng-Nan Chou	5	2	71.4%	

Attendance of the Independent Directors at each meeting of the Board of Directors in 2023:

V: attendance in person O: attendance by proxy X: Not attendance

2023	2/23	3/9	5/4	5/30	8/3	11/10	12/21
Wen-Chao Wang	V	V	V	V	V	V	V
Tung-Hsiung Hung	V	V	V	V	V	V	V
Yin-Fei Liu	V	V	V	V	V	V	V
Tseng-Nan Chou	V	V	V	O	V	O	V

Other items which should be recorded:

In case of any of the following circumstances in the operation of the Board of Directors, the date and session of the meeting of the Board of Directors, contents of proposals, opinions of all the Independent Directors and the Company's treatment on the opinions of the Independent Directors should be stated:

(1) Items listed in Article 14-3 of the Securities and Exchange Act

Session / Date	Contents of Proposals and Subsequent Treatment	Items listed in § 14-3 of the Secur- ities & Exc hange Act	Independent Directors had objections or reservations
The 6th meeting of the eighth term 02/23/2023	1. 2022 achievement and assessment results of performance objectives of the Directors and Managerial Officers.	V	None
	2. Approval of 2022 remuneration of the Directors and employees by the Company.	V	None
	3. Approval of a fixed remuneration for the company's non-executive directors	V	None
	Opinions of the Independent Directors: none.		
	The Company's Treatment on the opinions of Independent Directors: not applicable.		
	Resolution results: all the Directors present adopted the resolution without dissent.		
The 8th meeting of the eighth term 05/04/2023	1. Amendments to the approval of the Company's 2022 directors' and employees' remuneration.	V	None
	Opinions of the Independent Directors: none.		
	The Company's Treatment on the opinions of Independent Directors: not applicable.		
	Resolution results: all the Directors present adopted the resolution without dissent.		
The 10th meeting of the eighth term 08/03/2023	1. Cancellation of the limit of lending of funds between the companies within the Group.	V	None
	2. New increase of fund loans between the companies within the group.	V	None
	3. Revision of the company's internal control system "Computerized Information System Processing Cycle"	V	None
	4. Proposal to transfer a portion of the shares repurchased by the company for the fifth time to employees for distribution.	V	None
	Opinions of the Independent Directors: none.		
	The Company's Treatment on the opinions of Independent Directors: not applicable.		
	Resolution results: all the Directors present adopted the resolution without dissent.		
The 11th meeting of the eighth term	1. The Company's plan to purchase directors' liability insurance for 2024.	V	None
	2. The company's subsidiary plans to conduct a cash capital increase.	V	None

Session / Date	Contents of Proposals and Subsequent Treatment	Items listed in § 14-3 of the Securities & Exchange Act	Independent Directors had objections or reservations
11/10/2023	3. Amendments to the relevant operating measures of the Company's "Internal Control Policy."	V	None
	Opinions of the Independent Directors: none.		
	The Company's Treatment on the opinions of Independent Directors: not applicable.		
	Resolution results: all the Directors present adopted the resolution without dissent.		
The 12th meeting of the eighth term 12/21/2023	1. Approval of the limit of lending of funds between the companies within the Group for 2024.	V	None
	2. Purchase of short-term derivatives by subsidiaries in 2024	V	None
	3. Appointment and remuneration of certified public accountants of the Group for 2024.	V	None
	4. Adjustments to the positions of the Company's accounting officer and financial officer	V	None
	Opinions of the Independent Directors: none.		
	The Company's Treatment on the opinions of Independent Directors: not applicable.		
	Resolution results: all the Directors present adopted the resolution without dissent.		

(2) In addition to the above items, other resolutions of the board meeting with objections or reservations of the Independent Directors and records or written statements: none.

2. The Directors should state the name of the Directors, contents of proposals, reasons for avoidance of interests and participation in voting with respect to the execution of avoidance for proposals with related interests:

Session / Date	Contents of proposals	Avoidance for proposals Name of director	Reasons for avoidance of interests	Participation in voting
The 6th meeting of eighth Board of Directors 02/23/2023	Ratification of remuneration of the Directors and employees in 2022	Avoidance of interests by the Managers and the Chairman Jason Wu	The Chairperson Jason Wu also acts as the President	No such situation

The 10th meeting of eighth Board of Directors 08/03/2023	Proposal to transfer a portion of the shares repurchased by the company for the fifth time to employees for distribution.	Avoidance of interests by the Managers and the Chairman Jason Wu	The Chairperson Jason Wu also acts as the President	No such situation
The 12th meeting of eighth Board of Directors 12/21/2023	Proposal for the Company's 2023 managerial officer bonus	Avoidance of interests by the Managers and the Chairman Jason Wu	The Chairperson Jason Wu also acts as the President	No such situation

3. The objectives of strengthening the functions of the Board of Directors in the current year and the recent years (such as establishing an Audit Committee, and improving information transparency,) and the evaluation on the implementation:

- (1) The Company had established the Audit Committee in June 2013, to replace the functions and powers of supervisors. In addition, the Company entrusted KPMG to regularly audit and verify the financial statements of the Company, could correctly and promptly complete the information disclosure required by the laws, and designated a special person to be responsible for the collection and disclosure of the Company's information, so as to ensure that all major information could be disclosed in a timely and appropriate manner to improve the transparency of information.
 - (2) The Company adopted the performance assessment methods of the Board of Directors on April 28, 2015, and revised it on August 4, 2020. As of the date of publication of the annual report, the 2023 performance assessment on the Board of Directors, Directors and functional committees had been completed in the mid of February 2024. According to the assessment methods, the internal self-assessment questionnaires were adopted, all the assessment results were "Excellent" or above, and the performance assessment results had been submitted to the Board of Directors on February 29, 2024. The functions and efficiency of the Board of Directors and functional committees were strengthened through the performance assessment system.
 - (3) The Company established a Remuneration Committee to assist the Board of Directors in regularly evaluating and determining the salary and remuneration of the Directors and Managers, and regularly reviewing the policies, systems, standards and structures of performance assessment and salary and remuneration of the Directors and managers.
4. The listed or OTC Company should disclose information such as the assessment cycle and term, scope, methods and contents of the self-assessment (or peer assessment) of the Board of Directors, and fill in the implementation of the assessment on the Board of Directors:

2023 performance assessment results were shown as follows

Assessment cycle	Assessment term	Assessment scope	Assessment methods	Assessment contents	Assessment results
Made once each year	from January 1, 2023 to December 31, 2023	The overall Board of Directors	Internal self-assessment of the Board of Directors	<ol style="list-style-type: none"> 1. Participation in the operation of the Company. 2. Improvement of decision-making quality of the Board of Directors. 3. Composition and structure of the Board of Directors. 4. Election and continuing education of Directors. 5. Internal control. 	<p>The results of performance assessment: excellent or above, which was still good. The improvement schemes were recommended as follows:</p> <p>*Contents of items: The Board of Directors set up enough seats for the Independent Directors, and the number of Independent Directors met the relevant provisions (for example, if the Chairman or General Manager and officers at the equivalent level (top manager) were the same person, or spouses or first-degree relatives to each other, it was appropriate to increase the number of the Independent Directors, and more than half of the Directors did not have the status of employees or Managers)</p> <p>*Action plans: As the Company's Chairperson also concurrently serving the Company as the President, the Company added one independent director to the Board of Directors for the 8th term on June 22, 2022, and a majority of the directors are not concurrently employees or managerial officers in order to comply with the spirit of corporate governance.</p>

Assessment cycle	Assessment term	Assessment scope	Assessment methods	Assessment contents	Assessment results
Made once each year	from January 1, 2023 to December 31, 2023	Individual Directors	Self-assessment of the Directors	<ol style="list-style-type: none"> 1. Participation in the operation of the Company. 2. Awareness of the responsibilities of the functional Committees. 3. Improvement of the decision-making quality of functional committees. 4. Composition and member election of the functional Committees. 5. Internal control. 	The performance assessment results of the Remuneration Committee: excellent or above, which was still good. No improvement scheme was recommended this time.
Made once each year	from January 1, 2023, to December 31, 2023	Functional committees (Remuneration Committee)	Self-assessment of the Directors	<ol style="list-style-type: none"> 1. Participation in the operation of the Company. 2. Awareness of the responsibilities of the functional Committees. 3. Improvement of the decision-making quality of functional committees. 4. Composition and member election of the functional Committees. 5. Internal control. 	The performance assessment results of the Remuneration Committee: excellent or above, which was still good. No improvement scheme was recommended this time.

Assessment cycle	Assessment term	Assessment scope	Assessment methods	Assessment contents	Assessment results
Made once each year	from January 1, 2023, to December 31, 2023	Functional committees (Audit Committee)	Self-assessment of the Directors	<ol style="list-style-type: none"> 1. Participation in the operation of the Company. 2. Awareness of the responsibilities of the functional Committees. 3. Improvement of the decision-making quality of functional committees. 4. Composition and member election of the functional Committees. 5. Internal control. 	The performance assessment result of the Audit Committee: excellent or above, which was still good. No improvement scheme was recommended this time.

5. Succession plan for board members and important management:

(1) Succession plan for board members and its operation

Many years ago, the Company introduced an enterprise inheritance perspective of corporate governance and honest operation. The independent director system was introduced in 2008, the Remuneration Committee was established in 2011, and the Audit Committee was voluntarily established in advance in 2013. When the Directors were completely re-elected in 2019, the candidate nomination system was adopted by the shareholders, and the principle that the tenure of the Independent Directors should not exceed at most 9 years was carried out to avoid damaging the independence of the Independent Directors.

The company's "Articles of Incorporation" clearly stipulate that the election of directors shall fully adopt a nomination system for candidates, and the "Corporate Governance Practice Principles" and "Director Election Method" specify that the composition of the board of directors should consider diversity. It seeks to form a board consisting of elite professionals from various industries and experts from different fields based on the company's operations, business model, and development.

The selection criteria for board members, in addition to having the necessary knowledge, skills, and qualities for performing their duties, should also possess expertise relevant to the company's business planning and operations. This includes, but is not limited to, the following standards in two main aspects:

- (I) Basic criteria and values: gender, age, nationality and culture, etc.
- (II) Professional knowledge and skills: Professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills (such as operational judgment, accounting and financial analysis abilities,

business management, crisis handling, industry knowledge, international market perspective, leadership, and decision-making) and industry experience, etc.

To strengthen the board's functionality, the company organizes annual director training courses every year according to the industry characteristics, directors' needs, and future trends of the company. High-level managers are also arranged to participate in the training to continuously enrich their knowledge, ensuring they possess the professional knowledge and qualities necessary for succession. To help senior managers understand the operations of the board of directors, the company routinely arranges for senior managers to attend board meetings. This enables them to become familiar with the operations of various units and gain experience in participation.

The company has established a "Board Performance Evaluation Procedure" that includes assessment criteria such as control over company goals and tasks, awareness of responsibilities, participation in operations, management and communication of internal relations, professional competence and continuous learning, internal control, and expression of specific opinions. This is to ensure the effectiveness of the board's operations and to evaluate the performance of directors, serving as a reference for future director selections.

(2) Succession plan for important management and its operation

The Human Resources Department coordinates the establishment of a talent development mechanism, defining key positions and setting 1 to 2 successors for each key position. Depending on their succession roles, job responsibilities are arranged with short (1-2 years), medium (3-5 years), and long (>5 years) preparation periods provided. Since 2022, the company has been identifying key positions within the production, sales, research, and logistics units. By 2023, the succession planning for key positions was completed. Under the leadership of different function vice presidents, through competency evaluation combined with the company's and department's goals, a systematic job rotation is conducted. This enhances the strengths and capabilities of the succession team and prepares them adequately for future roles.

The company holds quarterly meetings led by the President, where Vice Presidents and the succession team discuss and formulate new business strategies. Discussion topics include (but are not limited to) performance evaluations, product development, technological direction, market development, production priorities, organizational adjustments, management changes, talent development, and strategy mapping. Besides building consensus, hands-on training is used to enhance the management, thinking, and future strategic planning abilities of the succession team.

The company also assigns managers from the finance, audit, legal, human resources, and IT departments to provide education and training in their respective fields for Vice Presidents and the succession team. This includes strategic planning, a variety of professional topic courses, performance management, compensation and reward management, green supply chain (carbon accounting, carbon footprint, and carbon tariffs), personnel system regulations, key points of corporate governance, etc. In 2023, six training sessions were held to strengthen the comprehensive management capabilities of Vice Presidents and the succession team. Additionally, through business management meetings and cross-departmental functional meetings, the understanding

of business philosophy is deepened, and various business management skills are cultivated.

According to the Group's organizational development and growth momentum, in addition to recruiting excellent cadres, the Company would also continue to actively cultivate potential middle and senior managerial officers, strengthen individual tutorship and work communication, and from time to time carry out work rotation and assignment plans to select all-round talents and strengthen the future operation team in a planned and targeted manner.

ii. Information about the operation of the Audit Committee:

1. Operation of the Audit Committee: The Audit Committee of the Company was composed of three members of all Independent Directors. It held a meeting before a meeting of the Board of Directors to examine the Company's important proposals and major financial and business activities, to truly supervise the Company's operation and risk control. The Audit Committee held Six meetings in 2023, and the items deliberated mainly included:

- (1) Financial statements auditing and accounting policies and procedures.
- (2) Internal control system and related policies and procedures.
- (3) Significant assets or derivatives transactions.
- (4) Compliance with laws and regulations.
- (5) Whether the Managers and the Directors made related party transactions and had possible conflict of interests.
- (6) Complaint reports.
- (7) Fraud prevention plan and fraud investigation report.
- (8) Information security.
- (9) Corporate risk management.
- (10) Qualification, independence and performance assessment of certified public accountants.
- (11) Appointment, dismissal or remuneration of certified public accountants.

2. Review of financial reports

The Board of Directors prepared the Company's 2023 business report, financial statements, earnings distribution and other proposals, among which the financial statements were audited by KPMG and an audit report was issued. The above-mentioned business report, financial statements and earnings distribution proposal had been audited by the Audit Committee and were not found to be inconsistent.

3. Evaluation on effectiveness of the Internal Control System

The Audit Committee evaluated the effectiveness of the policies and procedures of the Company's Internal Control System (including finance, operation, risk management, information security, outsourcing, compliance with laws and regulations and other control measures), and reviewed the regular reports of the Company's audit unit, certified public accountants and management, including risk management and compliance with laws and regulations. The Audit Committee believed that the Company's risk management and Internal Control System were effective, and the Company had adopted necessary control mechanisms to monitor and correct violations.

4. Appointment of Certified Public Accountants

The Audit Committee was vested with duties to supervise the independence of certified public accountants to ensure the fairness of financial statements. Generally, except for tax related services or items specially approved, a certified public accountant firm should not provide the Company with other services. All services provided by the certified public accountant firm must be approved by the Audit Committee.

The Audit Committee of the Company annually evaluates the independence and suitability of the CPAs to which they belong, and in addition to requesting the CPAs to provide a "Statement of Independence" and "Audit Quality Indicators (AQIs)", the Audit Committee also evaluates the CPAs based on 13 AQI indicators. It has been confirmed that the CPA has no other financial interests or business relationship with the company except for financial statement visa and taxation fees, and the CPA's family members do not violate the independence requirements. With reference to AQI index information. We also confirmed that the CPAs and the firm are better than the industry average in terms of audit experience and training hours with reference to the AQI indicators, and that we will continue to implement digital audit tools to improve the audit quality in the last three years, and that they meet the independence and appropriateness standards to be able to perform the audit and review of the Company's financial statements. The results of the most recent annual evaluation were discussed and approved by the Audit Committee on February 29, 2024, and were presented to the Board of Directors on February 29, 2024, for approval of the independence and appropriateness evaluation of CPAs.

5. In 2023 the Audit Committee held 6 meetings (A), and the number of attendances of the Independent Directors was shown as follows:

Position	Name	The number of actual attendances (B)	Number of attendances by proxy (A)	The actual attendance rate (%) (B/A)	Remarks
Independent director	Wen-Chao Wang	6	0	100%	Convening member
Independent director	Tung-Hsiung Hung	6	0	100%	
Independent director	Yin-Fei Liu	6	0	100%	
Independent director	Tseng-Nan Chou	5	1	83.33%	

Other items which should be recorded:

1. In case of any of the following circumstances in the operation of the Audit Committee, the date and session of the meeting of the Audit Committee, contents of proposals, resolution results of the Audit Committee and the Company's treatment on the opinions of the Audit Committee should be stated.

- (1) Items listed in Article 14-5 of the Securities and Exchange Act:

Audit Committee	Contents of Proposals and Subsequent Treatment	Items listed in Article 14-5 of the Securities and Exchange Act:	Resolutions not adopted by the Audit Committee but adopted by more than two thirds of all Directors
The 4th meeting of the 4th term 2/23/2023	1. The Company's 2022 final accounting reports and business report.	V	None
	2. The Company's 2022 "Statement of Internal Control Policy"	V	None
	Audit Committee Resolution Outcome: For the first case, as the accountant has not yet issued an audit report, the company's financial statements for 2022 are preliminarily reported, along with the individual financial statements and consolidated financial statements for 2022. These, along with three other motions, were unanimously approved by all members of the Audit Committee. The business report will be submitted to the Audit Committee for discussion once the certified accountant issues the audit report. The business report, pending the issuance of the audit report by the certified accountant, will be subsequently submitted to the Audit Committee for discussion.		
	The Company's treatment on the opinions of the Audit Committee: not applicable.		
The 5th meeting of the 4th term 3/9/2023	1. The Company's 2022 final accounting reports and business report.	V	None
	The Audit Committee's resolution outcome: The first case, the company's financial statements for the fiscal year 2022 were approved by the Audit Committee and the Board of Directors on February 23, 2023. After completion of the audit by the accountant with no discrepancies, there was no need for a re-resolution; this matter was noted and reported to the Board of Directors. The business report and two other motions were unanimously approved by all members of the Audit Committee.		
	The Company's treatment on the opinions of the Audit Committee: not applicable.		
The 6th meeting of the 4th term 5/4/2023	1. The Company's consolidated financial statements for the third quarter of 2023	V	None
	Results of the resolution of the Audit Committee: it was adopted by all members of the Audit Committee without dissent.		
	The Company's treatment on the opinions of the Audit Committee: not applicable.		
The 7th meeting of the 4th term 8/3/2023	1. The Company's consolidated financial statements for the second quarter of 2023	V	None
	2. Cancellation of the limit of lending of funds between the companies within the Group.	V	None

Audit Committee	Contents of Proposals and Subsequent Treatment	Items listed in Article 14-5 of the Securities and Exchange Act:	Resolutions not adopted by the Audit Committee but adopted by more than two thirds of all Directors
	3. New increase of fund loans between the companies within the group.	V	None
	4. Revision of the company's internal control system "Computerized Information System Processing Cycle"	V	None
	5. Establish a dedicated unit for information security and allocate personnel for information security.	V	None
	Results of the resolution of the Audit Committee: it was adopted by all members of the Audit Committee without dissent.		
	The Company's treatment on the opinions of the Audit Committee: not applicable.		
The 8th meeting of the 4th term 11/10/2023	1. The Company's consolidated financial statements for the third quarter of 2023	V	None
	2. The company's subsidiary plans to conduct a cash capital increase.	V	None
	3. Amendments to the relevant operating measures of the Company's "Internal Control System."	V	None
	Results of the resolution of the Audit Committee: it was adopted by all members of the Audit Committee without dissent.		
	The Company's treatment on the opinions of the Audit Committee: not applicable.		
The 9th meeting of the 4th term 12/21/2023	1. Audit plan for 2024.	V	None
	2. The limit of lending of funds between the companies within the Group for 2024.	V	None
	3. Purchase of short-term derivatives by subsidiaries in 2024.	V	None
	4. The company's subsidiaries participates in the cash capital increase operations of the group's subsidiaries.	V	None
	5. The Company's subsidiaries are expected to acquire right-of-use assets from related parties in 2024	V	None

Audit Committee	Contents of Proposals and Subsequent Treatment	Items listed in Article 14-5 of the Securities and Exchange Act:	Resolutions not adopted by the Audit Committee but adopted by more than two thirds of all Directors
	6. Appointment and remuneration of certified public accountants of the Group for 2024.	V	None
	7. Plan to establish general principles for the company's pre-approval policy for non-assurance services provided by the certified public accounting firm.	V	None
	8. Adjustment of the positions of the company's accounting director and finance director.	V	None
	Audit Committee Resolution Outcome: Except where not applicable, unanimously approved by all members of the Audit Committee.		
	Company's Response to the Audit Committee's Opinions: Except where not applicable, unanimously approved by all attending members.		

- (2) Except for the previous items, other items that had not been adopted by the Audit Committee but had been agreed by more than two-thirds of all the Directors: none.
2. For implementation of avoidance of interests related to the proposals by the Independent Directors, the name of the Independent Directors, contents of proposals, reasons for avoidance of interests and voting situation should be stated: no such situation.
3. Communication between the Independent Directors and the head of internal audit and certified public accountants (including major items, methods and results of communication on the Company's financial and business conditions):
- (1)The head of internal audit of the Company regularly (once each quarter) conducted audit business reports and discussions with the Independent Directors to submit the audit report results and the implementation of the follow-up report. When the meeting of the Audit Committee was held, the head of internal audit should attend and report as a nonvoting delegate;

Date	Communication items	Suggestions and results
2/23/2023 Audit Committee	1. Audit business execution report of the Group for January 2023	No objection
	2. Audit business execution report of the subsidiaries for 2022	No objection
	3. Description for 2022self-assessment result report	No objection
5/4/2023 Audit Committee	1. Audit business execution report of the Group for February to March 2023	No objection
	2. Audit business execution report of the subsidiaries for 1Q2023	No objection

Date	Communication items	Suggestions and results
	3. Greenhouse gas inventory planning for TWSE-listed companies	No objection
8/3/2023 Audit Committee	1. Audit business execution report of the Group for the second quarter of 2023	No objection
	2. Audit business execution report of the subsidiaries for 2Q2023	No objection
11/10/2023 Audit Committee	1. Audit business execution report of the Group for the third quarter of 2023	No objection
	2. Audit business execution report of the subsidiaries for 3Q2023	No objection
	3. Description for corporate governance promotion and execution for the 2023	No objection
12/21/2023 Audit Committee	1. Audit business execution report of the Group for October to November 2023	No objection
	2. Description for corporate governance and sustainable development promotion and execution for the 2023	No objection

(2) The head of internal audit should hold an audit workshop at least once a year to communicate and discuss the internal control system, internal audit, corporate governance, operational risk management and other contents; therefore, the communication between the Independent Directors and the head of internal audit of the Company was still good.

Communication of the head of audit with the Independent Directors in a separate meeting in 2023

Date	Attendants Independent Director	Communication items	Suggestions and results
8/3/2023 Audit Workshop	Wen-Chao Wang Tung-Hsiung Hung Yin-Fei Liu Tseng-Nan Chou Audit Officer Xiaojun Wang	1. Description for current situation and planning of audit organization in 2023	No objection
		2. Description for key points and planning of audit in 2023	No objection
		3. Explanation of the operation and audit monitoring of the group's information security management.	No objection
		4. Measures in response to climate change.	No objection

(3) The certified public accountants of the Company and the Independent Directors, communicated the audit and review results of the current quarter's financial statements (including consolidated financial statements) and other items as required by the relevant laws and regulations in the meeting of the Audit Committee. In addition to discussing the audit or review results of the annual and quarterly financial reports, key audit items and other items as required by the securities and tax laws and regulations, they fully exchanged views and gave suggestions on the topics communicated with the management unit.

Date	Attendants	Communication items	Communication results
2/23/2023 Pre-meeting of the Audit Committee	Wen-Chao Wang Tung-Hsiung Hung Yin-Fei Liu Certified public accountant Heng-Sheng Lin Shu-Chi Yang	Description on the 2022 audit results by CPAs: (1) Audit Scope (2) Audit adjustment (3) Analysis of Financial Statements for Two Periods (4) Key audit matters (5) Other significant audit matter	Good communication, with no objection raised by independent directors
11/22/2023 Separate communication between CPA and the Audit Committee	Wen-Chao Wang Tung-Hsiung Hung Yin-Fei Liu Tseng-Nan Chou Certified public accountant Heng-Sheng Lin Shu-Chi Yang Audit Officer Xiaojun Wang	The CPA shall explain the following items: (1) Analysis of the most recent financial statements (2) Key audit matters (3) Findings, recommendations, and significant issues (4) Measures taken in auditing the subsidiary in Mainland China for the fiscal year 2023	Independent directors provided opinions or suggestions on the evaluation of accounts receivable, judgment on related parties, and derivative financial instruments. The accountant clarified these based on professional judgment. The discussion and communication were good, with no objections from the independent directors.

- (4) The Independent Directors had fulfilled the obligation of perfect supervision with respect to the proper representations of the Company's financial statements and the compliance of the Company with relevant laws and rules.
4. The Supervisors' participation in the operation of the Board of Directors: after the shareholders' meeting on June 13, 2013, the Company established the Audit Committee to replace the functions and powers of supervisors, so it was not applicable.

iii. Deviation and causes of deviation of the Company's actual governance from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies:

Assessment criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
i. Has the Company established and disclosed its corporate governance principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"?	V		The Company has established its own "Corporate Governance Code of Conduct" based on "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies," and implemented them with the Board of Directors' approval on November 4, 2014. This policy is revised in a timely manner to conform with legal requirements; the most recent revision was approved by the Board on December 22, 2022 and has been disclosed on: (1) Official website of the Company (https://www.edison-opto.com/important-rules-and-regulations_tw_1.php) (2) Market Observation Post System (https://mops.twse.com.tw/mops/web/t100sb04_1)	No material deviation is found
ii. Shareholding structure and shareholders' interests				
(i) Has the Company implemented a set of internal procedures to handle shareholders' suggestions, queries, disputes, and litigations?	V		(i) The Company has implemented a spokesperson and acting spokesperson system to handle related issues, as required by laws. The Company has also set up contact windows and grievance channels on the Investors section of its website. Mail box for investor relations is investor@edison-opto.com.tw.	No material deviation is found
(ii) Is the Company constantly informed of the identities of its major shareholders and the ultimate controller?	V		(ii) The Company is constantly informed of changes in directors' and major shareholders' shareholding position, and the identity of its ultimate controller.	No material deviation is found
(iii) Has the Company established and implemented risk management practices and firewalls for companies it is affiliated with?	V		(iii) The Company has set up clear boundaries to distinguish between its responsibilities and those of the affiliates, and implemented "Related Party Transaction Management Policy," "Transaction Procedures for Group Affiliates, Special Entities, and Related Parties," and "Asset Acquisition and Disposal Procedures" for governance. All related party transactions are handled according to relevant laws and the internal control system.	No material deviation is found
(iv) Has the Company established internal policies that prevent insiders from trading securities against non-public information?	V		(iv) The Company has implemented "Insider Trading Management Procedures" to prevent insider trading. 1. Directors, managers, and employees are subjected to awareness enhancement on "Insider Trading Management Procedures" and relevant regulations; details of this procedure have been published on the Company's website. 2. In addition to annual awareness campaigns, the Company has created an "e-College" under the Employees section of the corporate intranet that offers online "Insider Trading Prevention" courses for all employees. Existing employees may access the courses at any time to learn new knowledge, whereas new employees are introduced to the concept during orientation. 3. The Company conveys awareness on an unscheduled basis using EMAIL.	No material deviation is found

Assessment criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
iii. Composition and responsibilities of board of directors (i) Has the board devised and implemented policies to ensure diversity of its members?	V		(i) 1 The Board of Directors passed the establishment of " Corporate Governance Best-Practice Principles " during the meeting held on November 4, 2014, and the diversity guidelines were mentioned in Chapter 3 - Enhancement of Board Function. Nomination and selection of Board members are carried out according to the Articles of Incorporation, using the candidate nomination approach that takes into consideration the career and academic backgrounds of each candidate, the nature of the Company's operations, growth requirements, and stakeholders' opinions. This process observes the "Director Election Policy" and "Corporate Governance Code of Conduct" to ensure diversity and independence of Board members. 2 The Company's Board of Directors for the 8th term consists of nine directors, including four independent directors, and two female directors (2/9 of the total number of directors). Among them, 5 specialize in the field of LED and lighting; 5 in the field of financial investment and analysis; 2 in the field of legal affairs; and 4 independent directors specialize in the field of LED packaging and lighting, financial investment analysis and legal affairs, and are knowledgeable in the LED industry, CPA and attorney practices. They have been very helpful to the Company in the development of LED field, legal compliance and operational risk management. All Board members possess the knowledge, skills, and character needed to execute their duties:	No material deviation is found

Assessment criteria	Actual governance															Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies				
	Yes	No	Summary																	
			Board members	Basic composition						Industry experience			Professional capabilities							
				Nationality	Gender	Concurrent employment at the Company	Age			Terms and years as independent director	LED	Lamp and Lighting	Asset management	Treasury investment	Accounting and financial analysis	Familiarity with regulations and laws	Operational judgment	Risk Management		
							Under 50 years old	51 to 60	61 to 70										Below 3 years	3 to 9 years
				Jason Wu	The Republic of China	Male	V		V					V	V	V			V	V
				Wen-Ruei Cheng	The Republic of China	Male	V	V						V	V	V			V	V
				June Wang	The Republic of China	Female		V							V	V	V			V
				Po-Chung Wang	The Republic of China	Male			V					V	V	V			V	V
				Nan-Yang Wu	The Republic of China	Male				V				V	V	V	V	V	V	V
				Wen-Chao Wang	The Republic of China	Male			V			V		V	V	V	V		V	V
				Tung-Hsiung Hung	The Republic of China	Male		V				V			V			V		V
				Yin-Fei Liu	The Republic of China	Female			V			V			V	V	V		V	V
				Tseng-Nan Chou	The Republic of China	Male				V	V				V	V	V		V	V
				3 Directors who are also employees of the company constitute 22% of the board (down from 25% in the previous term), independent directors make up 44% (up from 38% in the previous term), and female directors account for 22% (down from 25% in the previous term). Of the four independent directors, one was newly elected on June 22, 2022, with a tenure of less than 3 years, while the remaining three were re-elected, each with a tenure of less than 6 years. Two directors are aged over 61, 67 are between 54-60 years old, and one director is aged 41-50. The Company values gender equality of its board members, and requires female director(s) to account for at least 20% of director seats. Following the addition of one female director, the 7th board of directors has met the above requirement..																
4 The Company has devised policy to promote diversity of its board members and disclosed this policy on website and on MOPS.																				
(ii)	Apart from the Remuneration Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?		V	(ii)	Aside from assembling a Remuneration Committee (as required by law) and an Audit Committee (voluntarily ahead of legal requirements), the Company has no other functional committee and has assigned corporate governance responsibilities to accountable departments. The Company will assemble other functional committees according to legal and practical requirements in the future.													As explained in the summary		

Assessment criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
(iii) Has the Company established a set of policies and assessment tools for evaluating board performance, and conducted performance evaluations on a yearly basis? Are performance evaluation results reported to the board of directors and used as reference for compensation and nomination decisions?	V		<p>(iii) The Company passed its Board of Directors Performance Evaluation Policy on April 28, 2015 and later revised on August 4, 2020. The policy requires performance valuation to be performed on the board, individual board members, the Audit Committee, and the Remuneration Committee at least once a year. The board is required to complete internal performance assessment for the current year before the end of the first quarter of the following year.</p> <p>The Company completed the 2023 performance assessment for the Board of Directors, individual Board members, the Audit Committee, and the Remuneration Committee in mid-February 2024; outcomes of the assessment and improvements for 2024 were reported during the Board of Directors meeting held on February 29, 2024. Performance assessment of the Board of Directors covers the five main aspects below: Level of participation in the Company's operations.</p> <ol style="list-style-type: none"> 1. The degree of participation in company's operations 2. Improvement of board decision quality. 3. Composition of the board of directors. 4. Election and continuing education of directors. 5. Internal control. <p>Directors' individual performance assessment covers the following six main aspects:</p> <ol style="list-style-type: none"> 1. Comprehension of the Company's targets and missions. 2. Directors' duty awareness. 3. Level of participation in the Company's operations. 4. Management and communication of internal relations. 5. Professionalism and ongoing education of directors. 6. Internal control. <p>Assessment of functional committee (Audit Committee and Remuneration Committee) performance covers the following five main aspects:</p> <ol style="list-style-type: none"> 1. Level of participation in the Company's operations. 2. Awareness towards duties of the functional committee. 3. Improvements to the quality of decisions made by functional committees. 4. Composition of the functional committee and selection of committee members. 5. Internal control. <p>This assessment had proceeded using self-assessment questionnaire, in which the directors were asked to rate how the Board, the Remuneration Committee, and the Audit Committee had functioned and their individual participation. Outcome of the above performance evaluation will be taken into consideration when electing and nominating directors. Performance evaluation of individual directors and functional committees will be taken into consideration when compensating and nominating individual members. All ratings for 2023 were "Excellent and above," indicating good performance. For recommendations and improvements on Board of Directors and functional committee performance, please refer to the annual report: 3. Corporate governance (1)4. TWSE/TPEX listed companies are required to disclose the cycle, duration, scope, method, and details of board performance self (or peer) evaluations performed, and complete Execution of Board Performance Evaluation:</p>	No material deviation is found

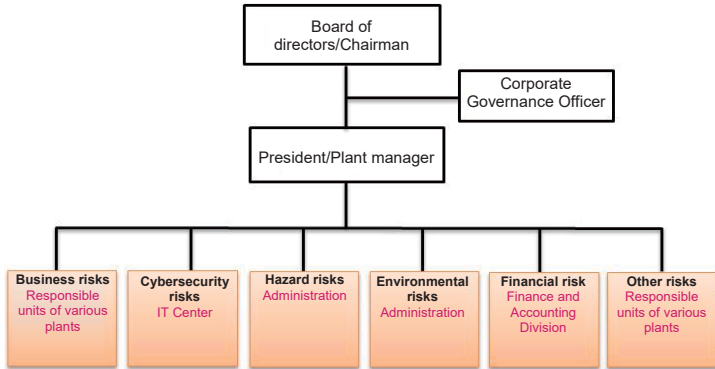
Assessment criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies																																	
	Yes	No	Summary																																		
(iv) Are external auditors' independence assessed on a regular basis?	V		<div><div>(iv) In accordance with Article 29 of the "Corporate Governance Best Practice Principles", the Financial Accounting Center regularly evaluates the independence and suitability of the CPAs on an annual basis, and confirms that the CPAs do not hold any shares of the Company or have control over the Company, and the CPAs do not hold any position in the Company. The Company also requested the CPAs to provide the "Transcendental Independent Statement" and "Audit Quality Indicators (AQIs)" and evaluated them against 13 AQI indicators of audit quality, while the Company, at the same time, evaluated a total of 10 items as follows:</div><table><tr><th>Assessment criteria</th><th>Assessment result</th><th>Compliance of independence</th></tr><tr><td>(1) As of the most recent audit, there was no incident where CPA was not reappointed for 7 years</td><td>Yes</td><td>Yes</td></tr><tr><td>(2) CPAs do not have any financial stake and inappropriate relationship with the client</td><td>Yes</td><td>Yes</td></tr><tr><td>(3) CPAs shall instruct their assistants to be honest, fair, and independent</td><td>Yes</td><td>Yes</td></tr><tr><td>(4) CPAs did not audit financial statements of companies they were formerly employed under during the two years prior to practice</td><td>Yes</td><td>Yes</td></tr><tr><td>(5) CPAs do not hold shares in the Company and affiliated enterprises, and are not related to the Company's management personnel in any relationship characterized as spouse, direct blood relative, relative by affinity, or relative of 2nd degree or closer</td><td>Yes</td><td>Yes</td></tr><tr><td>(6) CPAs neither borrow nor lend money with the Company and affiliated enterprises, and do not charge commission for any service offered</td><td>Yes</td><td>Yes</td></tr><tr><td>(7) CPAs do not concurrently hold permanent positions at the Company or affiliated enterprises, for which they are compensated with regular salary</td><td>Yes</td><td>Yes</td></tr><tr><td>(8) CPAs do not undertake decision-making managerial roles within the Company or affiliated enterprises</td><td>Yes</td><td>Yes</td></tr><tr><td>(9) Do not operate any other business that may compromise independence</td><td>Yes</td><td>Yes</td></tr><tr><td>(10) Free of penalty and conducts that compromise independence</td><td>Yes</td><td>Yes</td></tr></table><div>Assessment outcomes in the last two years are as follows: Outcomes of assessments conducted in the last two years were reviewed and passed by the Board of Directors on May 4, 2023 and February 29, 2024. The reports mentioned no finding that indicated the financial statement auditors being incompetent or having compromised independence.</div></div>	Assessment criteria	Assessment result	Compliance of independence	(1) As of the most recent audit, there was no incident where CPA was not reappointed for 7 years	Yes	Yes	(2) CPAs do not have any financial stake and inappropriate relationship with the client	Yes	Yes	(3) CPAs shall instruct their assistants to be honest, fair, and independent	Yes	Yes	(4) CPAs did not audit financial statements of companies they were formerly employed under during the two years prior to practice	Yes	Yes	(5) CPAs do not hold shares in the Company and affiliated enterprises, and are not related to the Company's management personnel in any relationship characterized as spouse, direct blood relative, relative by affinity, or relative of 2nd degree or closer	Yes	Yes	(6) CPAs neither borrow nor lend money with the Company and affiliated enterprises, and do not charge commission for any service offered	Yes	Yes	(7) CPAs do not concurrently hold permanent positions at the Company or affiliated enterprises, for which they are compensated with regular salary	Yes	Yes	(8) CPAs do not undertake decision-making managerial roles within the Company or affiliated enterprises	Yes	Yes	(9) Do not operate any other business that may compromise independence	Yes	Yes	(10) Free of penalty and conducts that compromise independence	Yes	Yes	No material deviation is found
Assessment criteria	Assessment result	Compliance of independence																																			
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Assessment criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
iv. Has the TWSE/TPEX listed company allocated adequate number of competent corporate governance staff and appointed a corporate governance officer to oversee corporate governance affairs (including but not limited to providing directors/supervisors with the information needed to perform their duties, convention of board meetings and shareholder meetings, and preparation of board/shareholder meeting minutes)?	V		<p>The company has set up a part-time unit for corporate governance within the Finance and Accounting Center and appointed a Corporate Governance Officer by the Board of Directors on May 6, 2019. The responsible manager, Xu Zhengdian, Deputy General Manager, has been designated to supervise. This individual has over ten years of experience in managing financial-related affairs as stipulated by the laws governing publicly traded companies, ensuring the effective execution of their duties in corporate governance without any conflict of interest or violation of the internal control system. Corporate governance personnel of the Company are mainly responsible for the following tasks:</p> <ol style="list-style-type: none"> 1. Handling of board meeting and shareholder meeting affairs. 2. Preparation of board/shareholder meeting minutes. 3. Assisting directors with their duties and ongoing education. 4. Providing directors with the information needed to perform duties. 5. Assisting directors with compliance issues. 6. Other tasks specified in Articles of Incorporation or contract. <p>Key corporate governance tasks completed in 2023:</p> <ol style="list-style-type: none"> 1. Company registration and change of registration. 2. Matters related to Board, functional committee, and shareholder meetings. 3. Assisting with Board, functional committee, and shareholder meeting minutes and directors' continuing education. 4. Setting the date for annual shareholder meeting in accordance with law, and preparing meeting advice, conference handbook, and minutes before the statutory due date. 5. Assisting directors with compliance issues. 6. Maintaining investor relations and communicating with major shareholders and institutional investors. 5 investor seminars were held in 2023 on March 9, May 11, August 9, November 17, and November 24 to provide institutional investors and corporate entities with better understanding of the Company's operations. <p>Education of the corporate governance officer in 2023: Mr. Cheng-Tien Hsu continued to undergo corporate governance-related training throughout 2023, as detailed in page 62 of the annual report. Subsequent updates will be disclosed on the corporate website.</p>	No material deviation is found
v. Has the Company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers and suppliers)?	V		<p>The Company respects stakeholders' interests and regularly identifies stakeholders and engages them in appropriate communication to learn their expectations and needs. By creating a Stakeholders section on website and setting up communication channels such as contact person, FAQ, and opinion box, the Company responds to issues that are of concern to stakeholders, and in doing so protects stakeholders' interests.</p> <p>Stakeholders including shareholders/investors, banks and other creditors, employees, suppliers, customers, community/non-profit organizations, the authority, media, and any party that holds stake in the Company may raise opinions and responses through the Stakeholders section for the protection of their interests. Dedicated personnel have been assigned to oversee each communication channel, and relevant information has been disclosed on the Company's website. (https://www.edison-opto.com/stakeholders_tw_1.php)</p> <p>The company communicates on the issues that are of concern to the different stakeholders listed above on a yearly basis. Outcomes of the communication are disclosed on website and reported to the Board of Directors at least once a year. Stakeholder communication in the most recent year was reported to the Board of Directors on Nov 10, 2023.</p>	No material deviation is found

Assessment criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
vi. Does the Company engage a stock transfer agent to handle shareholder meeting affairs?	V		The Company commissions the Shareholder Service Department of Fubon Securities Co., Ltd. to handle matters relating to shareholder meetings and ownership registration.	No material deviation is found
vii. (i) Information disclosure Has the Company established a website that discloses financial, business, and corporate governance-related information?	V		(i). The Company's website (www.edison-opto.com) has an Investors section that discloses financial, business, and corporate governance-related information.	No material deviation is found
(ii) Has the Company adopted other means to disclose information (e.g. English website, assignment of dedicated personnel to collect and disclose corporate information, implementation of a spokesperson system, and broadcasting of investor conferences via the Company website)?	V		(ii). The Company has spokesperson and acting spokesperson in place to address queries and needs of investors and shareholders. The Company was invited to participate in 5 investor seminars on Mar 9, 2023、May 11, 2023、Aug 9, 2023、Nov 17, 2023、Nov 24, 2023. Relevant information has been disclosed on Market Observation Post System and the corporate website. The Company has assigned dedicated personnel to gather and disclose information, and to ensure that all information relevant to shareholders' and stakeholders' decisions is adequately disclosed on website.	No material deviation is found
(iii) Does the Company publish and make official filing of annual financial report within two months after the end of an accounting period, and publish/file Q1, Q2 and Q3 financial reports along with monthly business performance before the required due dates?	V		(iii) Our company finalized the financial statements for the fiscal year 2022 by the end of January 2023. These statements, signed or sealed by the Chairman, the Manager, and the Head of Accounting, were presented to and approved by the Board of Directors on February 23, 2023, for the fiscal year 2022. Following the Board's approval, significant information regarding the self-consolidated financial statements for the fiscal year 2021 was released. The audited financial statements were issued by the certified public accountants on March 9, 2022, and the disclosure and filing of the fiscal year 2022 financial statements were completed on that day. The financial reports for the first, second, and third quarters of the fiscal year 2021 were announced on May 5, August 4, and November 10, 2021, respectively, all ahead of the deadlines set by the regulatory authorities. The announcements of monthly consolidated revenues were completed around the 5th of the following month, earlier than the regulatory deadline of the 10th.	No material deviation is found

Assessment criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
viii. Does the Company have other information that enables a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' interests, continuing education of directors/supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, and liability insurance for directors and supervisors)?	V		<p>Driven by its mission towards innovation, profitability, and mutual benefit, the Company has been able to achieve consistent growth in performance while supporting sustainability values by creating job opportunities and enforcing good corporate governance practices. By maintaining business operations at the optimal state, the Company is able to cater for the interests of all stakeholders at the right balance, and create values to the gains of its shareholders.</p> <p>1. Employees' rights and care to employees: The Company and subsidiaries are motivated by sustainability values, and place great emphasis on employees' wellbeing as they expand and create job opportunities in the society. "Work Rules" have been established to enforce compliance and commercial ethics; an "Employee Welfare Committee" has been assembled to arrange group insurance coverage and other benefits for employees; and "labor-management meetings" are being held regularly to learn employees' needs, discuss employment issues, build consensus, promote bilateral communication, and enhance employment relations. Regular "health checkups," fitness activities, and health seminars are organized to keep employees healthy and informed of relevant health knowledge; domestic/overseas trips and club activities are arranged as a form of stress relief, team-building, and gratitude for employees' service; training courses are held regularly to improve employees' character, skills, and capacity while helping them adapt; and Family Day events are organized on an unscheduled basis to help strengthen family bond and as a gratitude to family members for supporting employees in their work.</p> <p>2. Investor relations: Shareholders' interests are something that the Company values highly upon. In addition to a dedicated investor relations unit, the Company also has an Investors section created on website to bridge communication with its investors. The Company hosts investor seminars on an unscheduled basis, during which it assigns dedicated personnel to answer queries from individual shareholders. Directors, supervisors, and major shareholders take part in the Company's board meetings from time to time, and their involvements provide investors with better understanding of how the Company performs and its development strategies. Financial information is disclosed while observing principles of completeness, immediacy, accuracy, and transparency. Owing to strong business performance in recent years, the Company has been able to deliver excellent results in terms of dividend payout, return on equity, and yields.</p>	No material deviation is found

Assessment criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			<p>3. Supplier relations and stakeholders' interests:</p> <p>The Company adopts a corporate culture of "Integrity, Pragmatism, and Modesty," and strictly upholds its duty of commercial morality to suppliers and customers with "customer satisfaction" in mind. All suppliers are required to sign an "Integrity Commitment" as a show of commitment to this mindset, and the Company has reporting hotlines and mail boxes in place to enforce independence. The Company conducts regular "supplier assessments" on key suppliers, and evaluates different aspects of their services including price, quality, technology, delivery, and scope of service while offering appropriate guidance. Through these assessments, the Company is able to manage supply and demand of key parts more effectively to reduce risks. The Company fully understands customers' needs, helps them resolve problems, and strives to deliver more satisfactory products and services.</p> <p>The Company maintains open communication channels with banks, employees, customers, and suppliers, and respects and protects their rightful interests.</p> <p>The Company respects stakeholders' interests and regularly identifies stakeholders and engages them in appropriate communication to learn their expectations and needs. By creating a Stakeholders section on website and setting up communication channels such as a contact person, FAQ, and opinion box, the Company responds to issues that are of concern to stakeholders, and in doing so protects stakeholders' interests. Communication with stakeholders is reported to the Board of Directors at least once a year, and progress of the most recent year was reported during the Board of Directors meeting held on Nov 10, 2023 website: (https://www.edison-opto.com/stakeholders_tw_1.php)</p> <p>4. Directors' and supervisors' ongoing education:</p> <p>All directors of the Company have undergone training according to policies; please see "Directors' education" for details.</p> <p>5. Execution of risk management policies and risk assessment standards</p> <p>(1) The Company has established "Risk Management Policy" and "Risk Management Rules" and implemented them with approvals sought from the Board of Directors on May 12, 2020, to serve as the ultimate risk management guidelines. Together, they cover everything related to risk management from management objectives, organization, accountability, scope to operating procedures and are implemented to enable the Company to effectively identify, measure, and control risk exposures within tolerable levels.</p> <p>(2) The Company risk management efforts cover six main categories of risk, namely: "Business risks," "Cybersecurity risks," "Hazard risks," "Environmental risks," "Financial risks," and "Other risks."</p> <p>(3) Each risk response organization is responsible for identifying the risk factors it may face, setting appropriate risk measurements (quantitative and non-quantitative), thresholds, and standards to evaluate the frequency of risk incidents as well as the severity of impact on operations, so that risk management measures can be taken in response.</p> <p>(4) Organizational structur</p>	

Assessment criteria	Actual governance		Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	
			<p>Summary</p>  <p>(5) Progress is reported to the Board of Directors on a regular basis (at least once a year). Execution and outcomes of risk assessment were last reported to the Board of Directors on Nov 10, 2023. Relevant information has been disclosed on the Company's website:</p> <p>6. Customer policy The Company provides customized design and manufacturing services, and prides itself for being able to satisfy customers with perfect solutions in various lighting applications while catering for the four most important elements of LED lighting (thermal, electrical, mechanical, and lighting). The Company has transparent and effective customer complaint procedures in place to support the products and services offered. Customer satisfaction surveys are conducted on a yearly basis to gather customers' opinions and feedbacks, and thereby enhance customer relations. The Company highly values customer service and feedback. In February 2023, we conducted a customer satisfaction survey, achieving an overall satisfaction score of 89.18 (improving by 3 points from the previous year's score of 86.22), with headlight customers expressing a satisfaction level of 90.93, indicative of our ongoing efforts to maintain positive interactions with our clients.</p> <p>7. Liability insurance for directors The Company purchases liability insurance from Fubon Insurance Co., Ltd. to cover all directors and managerial officers for a sum of US\$5 million. The duration of coverage lasted: From December 10, 2022, to December 10, 2023; it was arranged in an attempt to enhance Board functionality, and has been renewed upon maturity for a sum of US\$5 million to cover the period from December 10, 2023 to December 10, 2024. All details of the insurance policy including sum assured, scope of coverage, and premium rate were approved during the 11th meeting of the 8th Board of Directors convened on Nov 10, 2023.</p> <p>8. Intellectual property management plan The Company has devised an intellectual property strategy that takes into consideration its operational goals and R&D resources, and implemented an intellectual property management system that aims to create values, protect business secrets, enhance competitive advantages, and improve profitability.</p> <p>(1) Intellectual property strategy The Company targets vehicle, commercial, and industrial lighting as the primary segments, and its intellectual property strategy mainly focuses on acquiring high-quality patents that are relevant to supporting its main product portfolio, and using patents as defense for product value and as means of gaining customers' trust. The Company also plans to claim R&D-related tax credits and subsidies through patent acquisition, which in turn raises profitability while supporting operational goals.</p>

Assessment criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			<p>(2) Intellectual property management system The Company has been developing intellectual property-related policies and systems since 2013, and has implemented "Intellectual Property Management Policy," "Patent and Trademark Application Policy," and "Reward Policy for Intellectual Property and Design Competitions" to date. In 2021, the Company implemented "Package Label and Trademark Management Policy" to support finished goods and customization. The "Reward Policy for Intellectual Property and Design Competitions," in particular, introduces the use of rewards to encourage innovation and development of invention patents, raise the quality and quantity of intellectual property rights proposals, and ensure optimal execution of intellectual properties. Dedicated personnel have been assigned to oversee the list of intellectual properties held on hand and the pipeline. Business secret, too, presents another critical control point, for which the Company has created online courses on business secrets management and made them accessible to employees over "e-College." Through creation, promotion, and execution of the above systems, the Company is able to protect its R&D outcomes and secure technological leadership over peers.</p> <p>(3) Possible intellectual property risks and response measures Edison Group cooperates with world-renowned business leaders including: LED Chip suppliers Epistar, San'an Optoelectronics, and Epileds and phosphor suppliers Mitsubishi and Intematix to avoid the risk of patent infringement of Edison Group's products by choosing materials that are free from the risk of patent infringement; and has dedicated personnel responsible for the layout and maintenance of intellectual property rights, such as the strategic planning of patents related to the Group's key products, such as automotive lighting, plant lighting, and infrared sensors, in addition to general lighting.</p> <p>(4) Intellectual property list or progress Edison Group had as of December 2023 acquired 213 patents including 36 invention patents that are mostly registered in Europe, USA, and Mainland China. By acquiring new technologies, the Company aims to avoid risk of patent infringement. We have strategically focused on patenting efforts for AC modules, securing 42 patents across various countries, including 18 invention patents in Europe and America.</p> <p>(5) Progress The Company had reported its intellectual property plan and execution to the Board of Directors on November 10, 2023. The following are the promotion and training on intellectual property rights in 2023. In March, we emphasized the importance of intellectual property clauses/guarantees (including IP guarantees from key material suppliers), the use of customer trademarks, customs declarations of trademarks, and the enforcement of trademark rights. July - Inventory of trade secrets, classification of confidentiality levels, and promotion of protection measures. August - Practical application and review process for patent applications. October - Advocacy for the correct use of software from Mainland China. December - Internal training courses on patent searches, among other educational and promotional activities.</p> <p>9. Cybersecurity risk management framework (1) Cybersecurity responsibilities and training The IT Center oversees cybersecurity within the Company. All resigned and transferred employees will have system access canceled and restricted according to procedures. The Company promotes internal cybersecurity awareness and conducts cybersecurity checks on a yearly basis; outcomes of which are circulated to the Chairman.</p>	

Assessment criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			<p>(2) Internet security control: The Company has set up firewalls to control transmission and access of data outside the organization. Virus codes are regularly updated at terminals and are centrally controlled established.</p> <p>(3) Cybersecurity response: The Company examines emergency response plans on a regular basis and organizes annual drills to ensure the effectiveness of data recovery procedures. A backup mechanism has been implemented, thereby allowing data and systems to be covered in the shortest time possible if an incident occurs.</p> <p>(4) Data access control: Addition and change of access to application systems are carried out according to the procedures outlined in the IT Cycle. Each department is granted different access rights depending on their duties and functions.</p> <p>10. Cybersecurity policy The Company has implemented Computer System Cycle and cybersecurity rules to enforce cybersecurity management. The IT Center oversees execution of cybersecurity tasks and operates with the following goals in mind:</p> <p>A. To maintain integrity and usability of data.</p> <p>B. To ensure that data is accessed by departments within their duties and functions.</p> <p>C. To prevent unauthorized use of data and system.</p> <p>D. To reduce intrusion risk for the Company's networks and systems.</p> <p>E. To prevent inappropriate use of network resources.</p> <p>F. To apply strict controls in accordance with the Personal Data Protection Act over access of any system where personal data is stored.</p> <p>G. To promote cybersecurity awareness among new and existing employee.</p> <p>H. Collection of cybersecurity patterns, risk assessment, and promotion of preventative measures</p> <p>(1) Management solutions The Company has adopted the following cybersecurity management actions to minimize cybersecurity risks and ensure that abnormalities are resolved and operations resumed in the shortest time possible when an incident occurs:</p> <p>A. External risk preventions: firewalls for filtering external access and blocking intrusions; spam filters for blocking social engineering mails; dual factor authentication for remote office sign-in.</p> <p>B. Equipment management and protection: update of antivirus software, operating system vulnerability scan and enhancement, continuous monitoring of cybersecurity trends, and timely responses and training.</p> <p>C. Response and recovery: establishment of system backups and recovery drill, and implementation of response plans (for hacker intrusion, power outage etc.).</p> <p>(2) 2023 progress:</p> <p>A. The IT Center examined the cybersecurity policy regularly, and made a report to the Board of Directors on November 10, 2023 concerning evaluation of the cybersecurity risk management framework, the cybersecurity policy, cybersecurity risks, and outcomes of existing management measures.</p> <p>B. Information security implementation in 2023 :</p> <p>(a) In August 2023, the company established a dedicated information security unit, including one information security manager and one information security officer.</p> <p>(b) To strengthen information security mechanisms and industry information security intelligence exchange, our company joined the Information Security Chiefs Fellowship of the Information Software Association of the Republic of China in August 2023 and the Taiwan Computer Emergency Response Team Coordination Center (TWCERT) in October 2023. Through participation in association exchanges and various information security activities, we have enhanced our company's awareness of information security and improved our defensive capabilities.</p>	

Assessment criteria	Actual governance			Deviation and causes of deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			(c) Completed data recovery drills to ensure availability. (d) A total of 50 personnel training sessions on information security were conducted, with periodic updates on the latest cybersecurity trends. (e) In 2023, arranged for the Group's IT employees to attend external training courses on information security and internal information security technology exchange. C. Considering that cybersecurity is a new risk category, the Company had temporarily forgone cybersecurity insurance in light of the costs and yields associated with the new insurance. Nevertheless, the Company had undertaken the three management solutions and preventive measures mentioned above to effectively reduce cybersecurity risks amidst the new challenge. D. The Company did not fall victim to hacker attack or encounter any cybersecurity incident in 2023 that impacted operations	
<p>(IX) Please explain the improvements made, based on the latest Corporate Governance Evaluation results published by TWSE Corporate Governance Center, and propose enhancement measures for any issues that are yet to be rectified.</p> <p>(i) According to the results of the 9th (2022) corporate governance evaluation announced by the Taiwan Stock Exchange, the Company scored 94.86 points, an improvement from the score of 92.53 points in the 8th (2022). Our ranking among listed companies falls within the top 6% to 20% range, consistent with the ranking range in the 9th evaluation results. For the fiscal year 2022, the company has seen tangible results from improvements made in the areas of safeguarding shareholder rights and ensuring equal treatment of shareholders, as well as enhancing information transparency. Going forward, the company will continue to strive for balanced development across the four main aspects to embody the spirit of corporate governance fully.</p> <p>(ii) Improvements made in 2023:</p> <ol style="list-style-type: none"> 1. Established the regulations on financial and business operations involving related parties. 2. Shareholders' meeting shall be convened before the end of May. 3. In 2023, the company held at least one corporate briefing session each quarter or organized separate sessions for each quarter (from Q4 2022 to Q3 2023) to discuss operational status. <p>(iii) Expected improvements for 2024:</p> <ol style="list-style-type: none"> 1. To publish material information both in English and Chinese simultaneously from 2024. 2. At the annual general shareholder's meeting, the remuneration received by the directors was reported, including the remuneration policy, individual remuneration contents, and amounts.. 3. The minutes of the shareholder's annual meeting include significant content related to shareholder queries and company responses. 4. The company is advancing the compilation of the sustainability report, expected to be announced on the Market Observation Post System and the company's official website by 2025. <p>(iv) All directors had completed the required training hours stipulated in "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies" in 2023. For more information, please see (8) Other information material to the understanding of corporate governance within the Company.</p> <p>(iv) The Company schedules regular board meetings ahead of time each year. Directors who are unable to attend the scheduled meeting may communicate on the proposed motions in advance and present opinions through the use of proxy form. If there is a need to reschedule the date of board meeting at the last minute, the Company would try to arrange a time when all board members are able to attend for the highest attendance rate.</p>				

iv. Composition, responsibilities and operation of the Remuneration Committee:

1. Information about members of the Remuneration Committee

Type of identity	Qualifications Name	Work experience and professional qualifications	compliance with independence	Number of other public companies in which they served as members of the remuneration committee	Remarks
Independent director	Wen-Chao Wang	Please refer to page 16 for information on professional qualifications of directors and independence of independent directors		0	Convener
Independent director	Tung- Hsiung Hung			1	
Independent director	Yin-Fei Liu			2	
Independent director	Tseng-Nan Chou			1	

2. Information about the responsibilities of the Remuneration Committee

The main duty of the Salary and Remuneration Committee is to faithfully perform the following functions and powers with the attention of a good manager, and submit the recommendations to the board of directors for discussion :

- (1) Formulate and regularly review the organizational regulations of the Salary and Remuneration Committee and propose amendments.
- (2) Formulate and regularly review the policies, systems, and standards for directors and managers' annual and long-term performance goals and salary remuneration.
- (3) Regularly evaluate the achievement of the performance goals of directors and managers, and determine the content and amount of their individual salaries °

3. Information about the operation of the Remuneration Committee

- (1) The Remuneration Committee of the Company had 4 members, all of whom were held by the Independent Directors
- (2) Term of office of the current members: The directors for the new term was re-elected at the shareholders' meeting on June 22, 2022, the fifth Remuneration Committee was from June 22, 2022 to June 21, 2025. During the most recent year (2023), the Remuneration Committee met 4 times (A), and the qualifications and attendance of the members were as follows :

Position	Name	The number of actual attendances (B)	Number of attendances by proxy (A)	Actual attendance rate (%) (B / A) (Note)	Remarks
Convener	Wen-Chao Wang	4	0	100%	Convener
Committee member	Tung-Hsiung Hung	4	0	100%	
Committee member	Yin-Fei Liu	4	0	100%	
Committee member	Tseng-Nan Chou	4	0	100%	

Other items which should be recorded:

1. If the Board of Directors did not adopt or amended the recommendations of the Remuneration Committee, it should state the date and session of the meeting of the Board of Directors, contents of proposals, resolution results and the Company's treatment on the opinions of the Remuneration Committee (if the remuneration adopted by the Board of Directors was better than the one recommended by the Remuneration Committee, it should state the difference and reasons): no such situation.
2. If the members of the Remuneration Committee had objections or reservations and had records or written statements, they should state the date and session of the meeting of the Remuneration Committee, contents of proposals, opinions of all the members and treatment on the opinions of members: no such situation.

Note: (1) if a member of the Remuneration Committee left before the end of a year, the date of his resignation should be indicated in the remark column. The actual attendance rate (%) was calculated based on the number of meetings of the Remuneration Committee and his actual attendances during his tenure.

(2) Before the end of the year, if any member of the Remuneration Committee was re-elected, the new and former members of the Remuneration Committee should be filled in, and the information that the member was formerly elected, newly elected or continuously elected and the re-election date should be indicated in the remark column. The actual attendance rate (%) was calculated based on the number of meetings of the Remuneration Committee and their actual attendances during their tenure.

(3) Regular review of salary and remuneration

The function of the Remuneration Committee of the Company was to assess the salary and remuneration policies and systems for the Directors and Managers of the Company in a professional and objective position. It met at least twice a year and may hold meetings at any time as necessary to make recommendations to the Board of Directors for reference upon its decision-making.

A. Functions and powers of the Remuneration Committee of the Company

- (a) To regularly review the remuneration measures of the Company and make suggestions for amendment.
- (b) To formulate and regularly review the policies, systems, standards and structure of the performance and salary and remuneration of the Directors and Managers of the Company.
- (c) To regularly evaluate the salary and remuneration of Directors and Managers of the Company.

B. When the Remuneration Committee performed its functions and powers, it should follow the following standards:

- (a) The remuneration management should conform to the remuneration concept of the Company.
- (b) The performance assessment on and salary and remuneration of the Directors and Managers should refer to the general level of payment in the industry, and consider the rationality of the connection between personal performance and the Company's operating performance and future risks.
- (c) The Directors and Managers should not be guided to be engaged in any acts beyond the risk appetite of the Company in pursuit of remuneration.
- (d) The proportion of dividends paid to the Directors and senior Managers for short-term performance and the payment time of some changeable remuneration should be decided by considering the characteristics of the industry and the nature of the Company's business.
- (e) The members of the Remuneration Committee should not participate in the discussion and voting on their personal remuneration decisions.

(4)The date and session of the meeting of the Remuneration Committee, contents of proposals, resolution results and the Company's treatment on the opinions of the Remuneration Committee in the most recent year:

Remuneration Committee	Contents of Proposals and Subsequent Treatment	Resolution results	The Company's treatment on the opinions of the Remuneration Committee
The 2nd meeting of the fifth term (2023.02.23)	<ol style="list-style-type: none"> 2022 achievement and assessment results of performance objectives of the Directors. The company's employee compensation and director remuneration approval for the fiscal year 2022. Approval of a fixed remuneration for the company's non-executive directors. 	All the members of the Remuneration Committee agreed to adopt	Submitted to the Board of Directors and adopted by all the Directors present
The 3rd meeting of the fifth term (2023.05.04)	<ol style="list-style-type: none"> Amendment to the remuneration of employees and Directors of the Company in 2022 	All the members of the Remuneration Committee agreed to adopt	Submitted to the Board of Directors and adopted by all the Directors present
The 4th meeting of the fifth term (2023.08.03)	<ol style="list-style-type: none"> Proposal to transfer a portion of the shares repurchased by the company for the fifth time to employees for distribution. 	All the members of the Remuneration Committee agreed to adopt	Submitted to the Board of Directors and adopted by all the Directors present
The 5th meeting of the fifth term (2023.12.21)	<ol style="list-style-type: none"> Submission of the Company's managerial officers' appraisal and bonus for 2023. Promotion of the Company's managerial officers 	All the members of the Remuneration Committee agreed to adopt	Submitted to the Board of Directors and adopted by all the Directors present

Other items which should be recorded:

1. If the Board of Directors did not adopt or amended the recommendations of the Remuneration Committee: none.
2. If the members had objections or reservations on the resolutions of the Remuneration Committee and had records or written statements: none.
3. The Company adjusted the employees' salary every year with reference to the market salary level and economic trend, and according to the Company's operating performance and personal performance. In the past, the salary adjustment range was higher than the increase of market salary in order to narrow the gap between the market salary and the benchmark salary of the Company. However, the current gap had been narrowed. Therefore, the annual salary adjustment range was recommended to be set at the increase of market salary, and the changeable bonus was provided as a tool for incentive reward; in addition, when the employees were promoted, their salary would also be immediately adjusted to encourage and retain outstanding talents.

(V)Enforcement of sustainable development and differences and reasons from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Development Best Practice Principles for TWSE/TPEX Listed Companies							
Assessment criteria	Compliance (Note 1)			Deviation and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies			
	Yes	No	Summary (Note 2)				
一、Has the Company implemented a governance framework that supports sustainable development, and designated a unit that specializes (or is involved) in the promotion of sustainable development? Is the unit empowered by the board of directors and run by senior management, and how does the board supervise progress?	V		<p>The Company has established the "Sustainable Development Task Force" as part of the governance structure for sustainable development (the Chairperson will serve as the chief convener, and the VPs of relevant departments are responsible for each task force) for overseeing sustainable development within the organization. In addition to the proposal and execution of policies, systems, management guidelines, and plans relating to sustainable development, the task force is also responsible for the ongoing review of sustainable development practices and compliance, and promoting awareness within the organization. Any major violation or concern for material harm to the Company will be reported to the independent directors in writing immediately upon discovery, and brought to attention during regular Audit Committee and Board of Directors' meetings.</p> <p>(1) The Company has assembled 4 teams to support sustainable development; responsibilities and operation of each team are explained below:</p> <ol style="list-style-type: none">1. <u>Operational Management Team</u>: Business/financial risk and performance, corporate governance/internal audit and control, stakeholder communication, and compliance/ethics and integrity.2. <u>Social Care Team</u>: Community feedback/charity, workers' rights/workplace care, employee salary/benefits, and employee training/talent development and management.3. <u>Environmental Sustainability Team</u>: Energy efficiency/climate change, energy and carbon reduction/gas management, greenhouse gas/industrial waste management, occupational safety and health/environmental risk management.4. <u>Green Product Team</u>: Product planning/product quality, promotion of green product/R&D and technological innovation, green production/reducing pollution from manufacturing, procurement, and supply chain management. <p>(ii). Progress is reported to the board of directors at least once a year</p> <ol style="list-style-type: none">1. CSR report made to the board of directors on November 7, 20172. CSR report made to the board of directors on November 6, 20183. CSR report made to the board of directors on November 12, 20194. CSR report made to the board of directors on November 10, 20205. ESG(CSR) report made to the board of directors on November 12, 20216. ESG report made to the board of directors on December 22, 20227. ESG report made to the board of directors on Nov 10,2023、Dec 21,2023	No material deviation is found			
二、Has the Company conducted risk assessment on environmental, social, and corporate governance issues that are relevant to its operations, and implemented risk management	V		<p>The Company's "Risk Management Policy" and "Risk Management Rules" were passed during the 8th meeting of the 7th board of directors held on May 12, 2020. By applying principles of materiality on corporate social responsibilities and assessing risks of important issues, the Company has devised the following risk management policies or strategies for environmental, social, and governance issues that are likely to affect its operations, based on the outcomes of the assessment:</p> <table><tr><td>Material issues</td><td>Scope of risk assessment</td><td>Risk management policy and strategy</td></tr></table>	Material issues	Scope of risk assessment	Risk management policy and strategy	No material deviation is found
Material issues	Scope of risk assessment	Risk management policy and strategy					

Assessment criteria	Compliance (Note 1)			Deviation and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary (Note 2)	
policies or strategies based on principles of materiality? (Note 3)			<div>Environment</div> <div>Environmental protection and ecosystem conservation</div> <div> <p>1. The Company signs contracts with legally established general/industrial waste service providers. The office building is cleaned with resources recycled on a daily basis to enforce environmental protection and reuse. The Company also supports energy and carbon reduction and water resource protection initiatives through action. Toilets are fitted with sensor faucets, and employees are reminded to turn off light when not in use, adopt paperless processes, and conserve use of water. Greenhouse gas and water usage surveys are conducted on a yearly basis, and goals have been set to progressively reduce CO₂ emission and water consumption intensity.</p> <p>2. The Company has obtained ISO14001 - Environmental Management System certification.</p> <p>3. All products offered by the Company have complied with product and service regulations imposed by government agencies, and conform with EU RoHS standards to be free of hazardous substances. The EU Energy-Related Products Directive (ErP), the US CEC Title 20 and CEC Title 24 energy efficiency certification standards, and the Taiwan Environmental Energy Conservation Label are also incorporated to reduce the impact of production on the environment.</p> <p>4. The TCFD framework is used to establish the Company's climate risk identification process, and the results of inter-departmental discussions on climate risks and opportunities are used to identify the corresponding opportunities and risks.</p> </div>	
			<div>Social</div> <div>Occupational safety</div> <div> <p>The Company devotes great attention to issues concerning workers' health and healthy work environment. It complies with occupational safety and health regulations by hosting occupational safety and health training courses and "Fire Safety Seminars" on a regular basis. Exclusive parking lots, dormitories, nursing spaces, 24-hour security system, diners etc. have been provided for the comfort and health of employees. The Company recognizes how significantly a healthy workforce contributes to the organization's competitiveness, which is why it arranges regular health checkups and has medical personnel stationed on-site for health management and consultation.</p> </div>	
			<div>Product safety</div> <div> <p>1. All products offered by the Company have complied with local government rules and regulations, obtained certifications (such as BSMI, UL, CE etc.) that are necessary for sale in local regions, and are entirely free of hazardous substances (such as RoHS, REACH etc.). The Company also passes quality management</p> </div>	

Assessment criteria	Compliance (Note 1)				Deviation and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary (Note 2)		
					<p>systems to ensure the quality of products and services delivered to customers. Service hotlines and websites are used to communicate with customers for improved satisfaction, and the Company takes initiative in conducting annual satisfaction surveys to enhance business relationship with customers. It is the organization's belief that a mutually beneficial relationship provides the foundation for sustainable development.</p> <p>2. In an attempt to transfer product liability risk, minimize property losses, improve product safety, enhance corporate image, and protect consumers as part of corporate social responsibilities, the Company has even purchased global liability insurance on modules and final products for a coverage of US\$2 million (insurance certificate: 0800-12PDW00100L).</p>
			Corporate governance	Socioeconomics and compliance	<p>The Company enforces corporate governance according to its internal audit and internal control systems. Compliance courses covering a variety of issues and targeting all employees or senior managers are organized on a yearly basis. Through compliance education, the Company aims to promote legal awareness across employees of all levels and thereby avoid risk of violation..</p>
				Enhancement of the functions of directors Fulfillment of the responsibilities of directors	<p>1. The Company keeps directors up-to-date on their legal duties by organizing training courses covering issues such as the latest regulations, systems, and policies each year.</p> <p>2. The Company purchases liability insurance to protect directors from litigations and claims that may arise as a result of performing duties as a prudent manager.</p>
				Stakeholder engagement	<p>1. The Company used to favor relationship with investors, but as other stakeholders become more significant to the Company's growth, it is critical to communicate and respond adequately to issues that are of concern to key stakeholders, and therefore eliminate risk of conflict or litigation that may arise due to differences in stakeholders' perceptions from those of the Company.</p> <p>2. A broad range of communication channels have been created to support productive communication and reduce conflict and misunderstanding. The Company has created an investor mailbox and assigned the spokesperson to handle and respond to queries.</p> <p>3. Stakeholder grievance channels have been implemented. The Company and subsidiaries have issued statements that: All business activities must be carried out while observing corporate social responsibilities, corporate</p>

Assessment criteria	Compliance (Note 1)			Deviation and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary (Note 2)	
			<div>ethics, and government regulations. All employees are prohibited from engaging in any form of unfair commercial practice, and must refrain from any form of bribery, improper gain, fraud, coercion, illegal conduct, and possible conflict of interest for long-lasting partnership.</div> <div>The Company has implemented a set of Sustainable Development Code of Conduct, and makes relevant disclosures onto the corporate website.</div>	
三、Environmental issues (1) Has the company developed an appropriate environmental management system, given its distinctive characteristics?	V		(1)All major plant sites of the Company have been certified for ISO 14001 - Environmental Management System, and implemented environmental management systems, policies, and standards to enforce control and ensure compliance with respect to pollution sources and production process, and thereby minimize environmental impact across all types of pollutants. The Company has a specialized unit in place to educate and train new recruits as well as existing employees. By raising employees' awareness, the Company is able to enforce its environmental, safety, and health policies and goals. The Company's certification for ISO 14001 Environmental Management System The Company's certification for ISO 14001 Environmental Management System in 2020 Validity period: 2020/06/19 - 2023/05/16 Certification date: 2008/07/22 Certificate number: TW11/10239 The Company's certification for ISO 14001 Environmental Management System in 2023 Validity: September 19, 2023, to May 16, 2026 Date of certification: July 22, 2008 Certificate number: TW11/10239	No material deviation is found
(2) Is the Company committed to making efficient use of energy, and using renewable materials that produce less impact on the environment?	V		(1)The Company is committed to increasing energy efficiency. Some of the actions taken include: <ol style="list-style-type: none"> 1. Introducing LED solutions in line with EU Eco-Design Directives for Energy-related Products (ErP; formerly EuP). 2. Introducing LED solutions in line with U.S. CEC Title 20 and CEC Title 24. 3. Introducing LED solutions in line with Taiwan's environmental protection/Green mark and energy labels 4. The Company commits significant resources to increasing energy conversion efficiency, and continually develops advanced power converters that offer high conversion efficiency. (2)The Company uses resources in ways that have the least impact on the environment, including: <ol style="list-style-type: none"> 1. Recycling and reuse of packaging materials. 2. Recycling of used paper; printing of drafts and internal documents on used paper; and double-sided printing or multi-page shrink-printing for promotional documents and reports. 3. Total ban on the use of disposable/plastic utensils. The Company orders custom-made utensil sets made with Grade 304 stainless steel and gives them to employees as an encouragement for taking actions toward reducing energy, carbon, and pollution. 4. Implementation of an online, digital signature system to reduce the use 	No material deviation is found

Assessment criteria	Compliance (Note 1)			Deviation and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies								
	Yes	No	Summary (Note 2)									
			<p>of paper and promote a paperless office environment.</p> <p>5. Implementation of active room temperature control and changing lighting equipment to LED solutions in office and plant areas for energy conservation.</p> <p>6. The Company engages professional environmental service providers to recycle and reuse general as well as industrial waste at all plant sites, and therefore prevents secondary pollution and wastage of viable resources.</p> <p>7. Signs are being placed in office and plant areas to promote environmental protection awareness, and to serve as reminder for the importance of energy and carbon reduction.</p>									
(3) Does the Company assess potential risks and opportunities associated with climate change, and undertake measures in response to climate issues?	V		<p>(3) In response to climate change, the Company follows the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and adopts low-carbon transformations and climate adaptations through four main aspects (see the chart below). Driven by the conviction to grow in coexistence with nature, the Company not only implements a series of green manufacturing, green product, green innovation, and green management measures, but also continues to enforce energy management and water management practices in routine operations, thereby contributing toward global sustainability.</p> <p>TCFD disclosure comparison chart</p> <table><tr><th>Aspect</th><th>The 11 disclosure recommendations of TCFD</th><th>Management strategies and action plans of the Company</th><th>Execution progress in 2023</th></tr><tr><td>Governance</td><td><p>➢ The Board’s oversight of climate-related risks and opportunities</p><p>➢ Management’s role in assessing and managing climate-related risks and opportunities</p></td><td>A Sustainable Development Task Force comprising the Chairperson and the management team has been assembled. The Chairperson serves as convener while the corporate governance officer serves as deputy convener of the task force, and their responsibilities are to determine the long-term goals and management strategies for climate change and execute related actions. The task force makes regular reports to the Board of Directors (at least once a year).</td><td><p>1. The corporate governance officer held regular work meetings in 2023 to monitor the outcomes of energy and carbon reduction solutions. Meeting conclusions were subsequently reported to the Chairperson.</p><p>2. Energy and carbon reduction plans and execution were reported in the Board of director meetings in 2023:</p><p>2-1. During the Board meeting held on May 4, 2023, November 4, 2022, a report was made on the planning, execution, and certification of the GHG inventory for Q1Q3 20232022.</p><p>2-2. During the Board meeting held on August 3, 2023, a report was made on the planning, execution, and certification of the GHG inventory for Q2 2023.</p><p>2-3. During the Board meeting held on November 10, 2023, a</p></td></tr></table>	Aspect	The 11 disclosure recommendations of TCFD	Management strategies and action plans of the Company	Execution progress in 2023	Governance	<p>➢ The Board’s oversight of climate-related risks and opportunities</p> <p>➢ Management’s role in assessing and managing climate-related risks and opportunities</p>	A Sustainable Development Task Force comprising the Chairperson and the management team has been assembled. The Chairperson serves as convener while the corporate governance officer serves as deputy convener of the task force, and their responsibilities are to determine the long-term goals and management strategies for climate change and execute related actions. The task force makes regular reports to the Board of Directors (at least once a year).	<p>1. The corporate governance officer held regular work meetings in 2023 to monitor the outcomes of energy and carbon reduction solutions. Meeting conclusions were subsequently reported to the Chairperson.</p> <p>2. Energy and carbon reduction plans and execution were reported in the Board of director meetings in 2023:</p> <p>2-1. During the Board meeting held on May 4, 2023, November 4, 2022, a report was made on the planning, execution, and certification of the GHG inventory for Q1Q3 20232022.</p> <p>2-2. During the Board meeting held on August 3, 2023, a report was made on the planning, execution, and certification of the GHG inventory for Q2 2023.</p> <p>2-3. During the Board meeting held on November 10, 2023, a</p>	No material deviation is found
Aspect	The 11 disclosure recommendations of TCFD	Management strategies and action plans of the Company	Execution progress in 2023									
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					<p>report was made on the planning, execution, and certification of the GHG inventory for Q3 2023.</p> <p>2-4. During the Board meeting held on December 21, 2023, December 22, 2022, a report was made on the potential risks and opportunities of climate change on the Company's current and future operations, and response measures.</p>		
			Strategy	<p>➢ Climate-related risks and opportunities the organization has identified over the short, medium, and long term</p> <p>➢ Impact of climate related risks and opportunities on the organization's businesses, strategy, and financial planning</p> <p>➢ Resilience (including a 2°C or more severe scenario)</p>	<p>Scenario analyses will be used more extensively to learn the effect of climate change on the Company's operations. In response to the nation's emission reduction policy, the Company will make progressive plans and adjustments for future operations, and incorporate policy concerns into the decision-making process.</p>	<p>1. Climate-related risks and opportunities in the short, medium, and long term, as well as their effects on the Company's business model, strategy, and financial plan, have been identified for 2023 (see the following chart).</p> <p>2. Develop LED production technologies with low-carbon footprints, and explore low-carbon materials that are friendly to the environment.</p> <p>3. Develop energy-efficient, low-carbon, and smart lamp for lower environmental impact.</p> <p>4. Begin assessment of upstream/downstream supply chain partners</p>	
			Risk management	<p>➢ The processes for identifying and assessing climate-related risks</p> <p>➢ The processes for managing climate-related risks</p> <p>➢ How the above processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management</p>	<p>1. Take into consideration the industry TCFD report and identify and evaluate risk issues that are applicable to the Company.</p> <p>2. The Company has incorporated climate change as one of the significant issues and key risks in our enterprise sustainability development strategy. All plants, according to our risk management practices and policies, identify potential risk levels and scenarios, planning corresponding operational, product, and supply chain management measures among various aspects.</p>	<p>Establish short, medium, and long-term goals and formulate plans for these targets. The corporate governance officer regularly convenes working meetings to supervise various response measures and reports the outcomes to the Chairman. These are then compiled and presented during the Board of Directors' meetings for review.</p>	

Assessment criteria	Compliance (Note 1)			Deviation and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies																				
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			<table><tr><td>Metrics and targets</td><td><div>➤ Whether the metrics used are in line with the organization's strategy and risk management process</div><div>➤ Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks</div><div>➤ The targets used to manage climate-related risks and opportunities</div></td><td><div>1. In 2023, we initiated guidance under ISO 14064-1, with an internal inventory planned for 2024 and external verification expected in 2025.</div><div>2. Considering that the Company's capital is less than NTD 2 billion and operating conditions, Scope 1 and Scope 2 are prioritized first, and Scope 3 is included in the self-inventory but not included in the calculation of emission intensity.</div><div>The greenhouse gas emissions (in tonnes CO2e) for the first three quarters of 2023 are as follows:</div><div>Scope 1: 131.3317 (tons CO2e)</div><div>Scope 2: 1,051.0930 (tons CO2e)</div></td><td><div>1. GHG reduction</div><div>With 2023 as the baseline year, we aim to reduce our carbon emission intensity by 2% by 2025 compared to the baseline year (2023).</div><div>(As of October 2023, the carbon emission intensity for Scope 1 and Scope 2 is 1.3517)</div><div>2. Water management:</div><div>With 2023 as the baseline year, we aspire to reduce our total water consumption intensity by 1.5% by 2025 compared to the baseline year (2023).</div><div>(As of October 2023, the water consumption intensity is 9.1960)</div><div>3. The company continues to develop energy-saving, low-carbon, and intelligent LED products, such as solar street lights, ultra-high-efficiency energy-saving lamps, and LED automotive products.</div></td></tr></table> <p>In May 2020, the Company passed its own "Risk Management Policy" to facilitate response to the impact of climate change on business operations. By recognizing extreme weather and climate change as "environmental risks," we not only address them as part of the risk management framework, but also make annual reports to the Board of Directors on the risk assessment factors involved, the effects they have on the organization, and the responses taken so that the Board is constantly informed on related issues. The Company last presented its report to the Board of Directors on climate-related risks and opportunities for the short, medium, and long term, as well as the effects they have on the Company's business model, strategy, and financial plan, on December 22, 2023. Potential risks and opportunities of climate change on the Company's short, medium, and long-term operations, and response measures for climate-related issues</p> <table><tr><td rowspan="2">Risk category</td><td rowspan="2">Climate change issue of concern</td><td colspan="2">Potential risks (short/medium/long term)</td><td rowspan="2">Impact on business operations</td><td rowspan="2">Opportunities identified</td><td rowspan="2">Response measures</td></tr><tr><td>Short-term</td><td>Medium/long-term</td></tr><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>	Metrics and targets	<div>➤ Whether the metrics used are in line with the organization's strategy and risk management process</div> <div>➤ Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks</div> <div>➤ The targets used to manage climate-related risks and opportunities</div>	<div>1. In 2023, we initiated guidance under ISO 14064-1, with an internal inventory planned for 2024 and external verification expected in 2025.</div> <div>2. Considering that the Company's capital is less than NTD 2 billion and operating conditions, Scope 1 and Scope 2 are prioritized first, and Scope 3 is included in the self-inventory but not included in the calculation of emission intensity.</div> <div>The greenhouse gas emissions (in tonnes CO2e) for the first three quarters of 2023 are as follows:</div> <div>Scope 1: 131.3317 (tons CO2e)</div> <div>Scope 2: 1,051.0930 (tons CO2e)</div>	<div>1. GHG reduction</div> <div>With 2023 as the baseline year, we aim to reduce our carbon emission intensity by 2% by 2025 compared to the baseline year (2023).</div> <div>(As of October 2023, the carbon emission intensity for Scope 1 and Scope 2 is 1.3517)</div> <div>2. Water management:</div> <div>With 2023 as the baseline year, we aspire to reduce our total water consumption intensity by 1.5% by 2025 compared to the baseline year (2023).</div> <div>(As of October 2023, the water consumption intensity is 9.1960)</div> <div>3. The company continues to develop energy-saving, low-carbon, and intelligent LED products, such as solar street lights, ultra-high-efficiency energy-saving lamps, and LED automotive products.</div>	Risk category	Climate change issue of concern	Potential risks (short/medium/long term)		Impact on business operations	Opportunities identified	Response measures	Short-term	Medium/long-term								
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			Transition Risks	The impact of voluntary regulations (SBTi)	Voluntary regulations (SBTi commitment), market information uncertainty	(1) Interim: Enhanced emission reporting obligations; Enhanced emission reporting obligations; Cost of transition to a low-carbon economy; Changes in customer behavior; Increased concerns and negative feedback from stakeholders; Product and service requirements and supervision (2) Long-term: Increase in the price of greenhouse gas emissions (capital control/carbon tax/energy tax, etc.)	To address risks associated with legal compliance and shifts in green standards, the company has begun to align with international regulations, aiming to adhere to international standards progressively and fulfill commitments to reduce the cost risks associated with renewable energy.	1. Use of low-emission energy sources and equipment. 2. Expand the development of low-carbon products and services	1. The company has initiated efforts to understand and respond to relevant international norms, from voluntary standards (SBTi commitments, where SBTi stands for Science Based Targets initiative) to increasing costs of greenhouse gas emissions (cap-and-trade, carbon taxes, energy taxes, etc.), monitoring regulatory changes and responding accordingly. The company estimates the costs arising from these adaptations and regularly reports the findings to the Board of Directors. 2. In terms of green product design, the company is actively engaged in research and development, aiming for high energy conversion rates and a low-carbon product mix to help customers reduce costs and improve efficiency.	
			Environmental risks	The impact of extreme climate events on production and operations.	1. Power tripping of the chiller mainframe in the plant and damage to related facilities and water towers caused by typhoons, rainstorms, and strong	1. Increased frequency of extreme weather events 2. Climate change poses risk to supply and shipment	1. Emergency response measures for power outage and equipment damage have been implemented and are rehearsed, whereas equipment is routinely maintained and serviced	Replacement of outdated machinery entitles incentives and energy-saving subsidies from the local government	1. The Company makes rolling adjustments and reviews response measures to strengthen its resilience against force majeure events. Actions such as replacement of outdated machinery, advance inventory purchase, capacity	

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					winds 2. Floods disrupt suppliers' production, traffic, and sales activities		2. The Company has identified 2-3 alternative suppliers for each material and diversified sources of supply to minimize impact. Arrangements such as split shipment have been implemented		re-allocation etc. have been adopted. 2. Each factory regularly organizes disaster prevention education and training, and establishes emergency response teams and disaster recovery plans to ensure sustainable business operations when operations are interrupted by disasters. 3. The company insures its assets to mitigate potential losses caused by extreme weather conditions, utilizing insurance to transfer risk and compensate for damages. In 2023, the Yangzhou plant experienced an incident of heavy rain and strong wind. Thanks to routine emergency response measures, the plant equipment suffered minor damage (approximately RMB 80,000), which was partially compensated by the insurance company. 4. A supply chain backup system has been established.	
				Carbon reduction Emissions management Water management	1. The energy control policies implemented in China in an attempt to suppress carbon emission have led to a halt in	1. Increased risk of investing in high-carbon assets 2. Increased cost of greenhouse gas emissions 3. The Company acknowledges the ongoing	1. Energy control policies in China impact related supply and shipment activities 2. GHG reduction Since 2020, the company has been monitoring and inventorying	Replacement of air compressors and energy-intensive machinery presents opportunities for technological upgrade, local subsidy, energy	1. Green energy and green procurement solutions have been adopted to support the Company's goal of becoming a low-carbon business. 2. The new factory and office complex of the	

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					production activities, or caused suppliers to suspend supply 2. Excessive power consumption and management of outdated equipment 3. The production process uses organic solvents such as acetone and isopropyl alcohol for cleaning purpose, which may give rise to volatile organic compounds (VOCs) and require adequate monitoring and control	climate change and recognizes consistent water supply as a common goal in countries around the world	greenhouse gases, with 2023 as the baseline year. The goal is to reduce carbon dioxide emission intensity by 2% by 2025 compared to 2023. 3. The Company is required to pay a VOC surcharge on quarterly emissions that exceed the threshold (1 MT); emissions are currently under sound control. 4. Water Management: In response to sustainable development planning and global water scarcity issues, the company aims to reduce water consumption intensity by 1.5% by 2025, using 2023 as the baseline year.	conservation, cost-saving benefits, and production efficiency improvements	Taiwan headquarters is a silver-grade earthquake-resistant green building equipped with total heat exchanger and CO2 outdoor air control; furthermore, the basement has been designed to recover and store rainwater and condensed water for plant watering of the entire building. These design features help reduce water consumption and increase energy efficiency for a lower environmental impact. 3. The headquarters building, situated in the A Building of Technology Square in Taiwan, was awarded the "Smart Energy-Saving Feature Award" in the "2023 New Taipei City Excellent Apartment and Condominium Awards" for small communities by the New Taipei City Public Works Department. The selection announcement time: Effective on August 6, 2023, effective date: 2023. 4 In response to the energy control policies in China, the Company has been conducting ongoing evaluations and replacing outdated machinery and air compressors to reduce power consumption, cost, and carbon	

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								emissions and improve production efficiency.	
				Low-carbon products and services	Countries around the world are actively reducing greenhouse gas emission, exploring low-carbon products and applications , and supporting new product development and diversification in response to the Paris Agreement	1. Considering how the US and European countries are phasing out the sale of fossil fuel vehicles by 2030, the cost of transitioning to low-carbon technology has increased substantially. 2. Introduction of carbon tax (such as on high-carbon imports)	Increased costs and expenses	1. In response to ESG-related regulations and the promotion of net zero emissions, all walks of life have gradually replaced LED low-carbon, energy-saving , and smart products, which may bring a lot of business opportunities 2. Increased support for low-carbon and environmentally-friendly industries such as electric vehicles, bicycles, and road lamps, in which the Company has accumulated extensive experience through previous project involvements and by supplying energy-saving products to customers. 3. The Company joined the MIH alliance in 2021 4. LEDs are considered a green product for their energy efficiency and low carbon emissions.	Externally, we will actively promote e-services and develop low-carbon products. In 2023, many of the Company's products have passed the Energy Conservation Label and the CNS Certification to provide customers with more high-quality green products.

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								and they are used for power efficient lighting, electric vehicles, and medical applications at an increasing rate.	

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			Acquisition of renewable energy (green energy equipment)	1. Saving of power expense 2. Stabilized power source	1. Net-zero transformation in alignment with the nation's "2050 Net Zero Emissions" policy	Edison and its subsidiary Litek Opto: Investments in the purchase and replacement of green energy equipment	Reduce electricity bills and carbon emissions	1. In 2023, Edison's replacement of the chiller equipment and panel lights in Zhonghe Plant: (1) The total expenditure on chiller equipment is about NTD 3,696,000 (tax included). It is estimated that the electricity bill will be saved by NTD 260,000 and the greenhouse gas emission will be reduced by 42.8156 (tons of CO2e/year) in 2023. (2) The total investment of flat panel lights is NTD 112,200, with an estimated electricity cost saving of approximately NTD 30,000 in 2023. 2. In 2024, Edison expects to invest NTD 2.14 million to replace the old chiller, which is expected to save about 46,000 in electricity bills and reduce greenhouse gas emissions by 52,830 (t C	Acquisition of renewable energy (green energy equipment)	
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						Yangzhou Edison: Rooftop distributed photovoltaic power generation equipment in China's plants, with a long contract period (20 years), with high variables	solar power generation equipment can be used to power our own plants. Excess power can be sold to power plants	subsidiary Yangzhou Edison is working with local manufacturers to build rooftop solar powered power generation equipment in 2023, with an estimated electricity cost saving of approximately NTD 270,000 (approximately RMB 60,000) in 2023.																													
(4) Does the Company maintain statistics on greenhouse gas emission, water usage, and total waste volume in the last two years, and implement policies aimed at reducing greenhouse gas, water, and waste?	V		(4) The company, in its commitment to fulfilling corporate social responsibility, continues to promote greenhouse gas reduction policies and has established waste management practices, encouraging resource recycling to achieve the goal of reducing environmental pollution. The Company conducts annual greenhouse gas monitoring and survey, and engages Yu Da Technical Consultant Co., Ltd. to perform random tests on a regular basis.. 1. Greenhouse Gas Inventory: In response to the increasingly severe problem of climate change and global warming, the company has been monitoring and inventorying greenhouse gases since 2014. The target vs. actual emission results for the past three years are as follows <table><tr><th colspan="2">Item</th><th>2021</th><th>2022</th><th>2023 (Jan-Oct)</th></tr><tr><td rowspan="3">Greenhouse gas - total emissions</td><td>Scope 1</td><td>24</td><td>44</td><td>137</td></tr><tr><td>Scope 2</td><td>1,328</td><td>1,401</td><td>1,375</td></tr><tr><td>Subtotal</td><td>1,352</td><td>1,445</td><td>1,512</td></tr><tr><td colspan="2">Carbon emissions per product unit (MT CO2e/NT\$ million revenue)</td><td>*Not applicable</td><td>*Not applicable</td><td>1.3517</td></tr><tr><td colspan="2">Total waste volume (tonnes)</td><td>13.46</td><td>8.47</td><td>7.91</td></tr></table> Note 1: Unit: Tons of carbon dioxide equivalent (tons) Note 2: Data coverage: All of Edison Opto's plants located in Zhonghe plus the Zhonghe Plant of the subsidiary Edison-Litek Note 3: The data for all three years was internally inventoried. In 2023, due to the initiation of ISO14064-1 guidance and its designation as the base year, the figures are more accurate than the previous two years; The "direct emissions fugitive part" within Scope 1 was not included in the calculations for 2021 and 2022, thus the calculations for carbon emissions and carbon intensity per unit of product are temporarily not applicable for those two years. set the following quantitative goals on greenhouse gas reduction and water						Item		2021	2022	2023 (Jan-Oct)	Greenhouse gas - total emissions	Scope 1	24	44	137	Scope 2	1,328	1,401	1,375	Subtotal	1,352	1,445	1,512	Carbon emissions per product unit (MT CO2e/NT\$ million revenue)		*Not applicable	*Not applicable	1.3517	Total waste volume (tonnes)		13.46	8.47	7.91	No material deviation is found
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			<p>management</p> <p>(1) Greenhouse gas reduction: The total carbon dioxide emission intensity (electricity consumption/million output value) in 2025 will be reduced by 10% compared to 2020..</p> <p>(2) Water management: In response to global climate change, water supply stability has become an issue faced by countries around the world. In order to fulfill social responsibilities and in response to the global water resources shortage issue, the Company has set 2020 as the base year and (Water consumption/million production value) decreased by 10% by 2025.</p> <p>Measures for accomplishing goals:</p> <p>(1) Greenhouse gas reduction: Energy-saving measures are being implemented on three main aspects: air conditioning, electrical lighting, and others. Energy-intensive equipment is being inspected on a regular basis and replaced when appropriate.</p> <p>(2) Water management: Water conservation measures such as the use of sensor faucets, reduction of water dispense volume, etc. have been implemented to save water.</p> <p>Current progress:</p> <p>(1) CO2 emission intensity in 2022 had reduced by 33% compared to 2020 (the base year).</p> <p>(2) Water intensity in 2022 had reduced by 46% compared to 2020 (the base year).</p> <p>2.Total weight of water used:</p> <table><tr><th><div>Year</div><div>item</div></th><th>2021</th><th>2022</th><th>2023 (January - October)</th></tr><tr><td>Water usage</td><td>13,200</td><td>11,365</td><td>10,289</td></tr><tr><td>Water Consumption Intensity (Cubic meters per million NTD of revenue)</td><td>*Not applicable</td><td>*Not applicable</td><td>9.1960</td></tr><tr><td>Percentage change in water</td><td>*Not</td><td>*Not</td><td>Base year</td></tr></table> <p>Note 1: Unit: Water usage (cubic meters)</p> <p>Note 2: Data coverage: All of Edison Opto's plants located in Zhonghe plus the Zhonghe Plant of the subsidiary Edison-Litek</p> <p>Note 3: In 2023, due to the initiation of ISO14064-1 guidance and its designation as the base year, the figures are more accurate than in previous years; The water consumption intensity for 2021 and 2022, which were internally inventoried, is not applicable</p> <p>3. Total weight of waste:</p> <table><tr><th><div>Year</div><div>Items</div></th><th>2021</th><th>2022</th><th>2023 (January - October)</th></tr><tr><td>General industrial waste</td><td>7.92</td><td>7.19</td><td>14.26</td></tr><tr><td>Hazardous industrial waste</td><td>0.55</td><td>0.72</td><td>1.78</td></tr><tr><td>Total weight</td><td>8.47</td><td>7.91</td><td>16.05</td></tr></table>	<div>Year</div> <div>item</div>	2021	2022	2023 (January - October)	Water usage	13,200	11,365	10,289	Water Consumption Intensity (Cubic meters per million NTD of revenue)	*Not applicable	*Not applicable	9.1960	Percentage change in water	*Not	*Not	Base year	<div>Year</div> <div>Items</div>	2021	2022	2023 (January - October)	General industrial waste	7.92	7.19	14.26	Hazardous industrial waste	0.55	0.72	1.78	Total weight	8.47	7.91	16.05	
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Assessment criteria	Compliance (Note 1)			Deviation and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary (Note 2)	
			<p>Note 1: Unit: Gross weight (tons) Note 2: Data coverage: All of Edison Opto's plants located in Zhonghe plus the Zhonghe Plant of the subsidiary Edison-Litek and has set the following quantitative goals on greenhouse gas reduction and water management</p> <p>(1) Greenhouse Gas Reduction: With 2023 as the base year, the total carbon dioxide emission intensity (electricity consumption per million NTD of production value) is expected to decrease by 2% by 2025.</p> <p>(2) Water Management: With 2023 as the base year, the water consumption intensity (water usage per million NTD of production value) is expected to decrease by 1.5% by 2025. The goal is to take concrete actions to face the challenges of climate change together with global enterprises.</p> <p>Measures for accomplishing goals:</p> <p>(1) Greenhouse gas reduction: Energy-saving measures are being implemented on three main aspects: air conditioning, electrical lighting, and others. Energy-intensive equipment is being inspected on a regular basis and replaced when appropriate.</p> <p>(2) Water management: Water conservation measures such as the use of sensor faucets, reduction of water dispense volume, etc. have been implemented to save water.</p>	
四、 Social issues (1) Has the Company developed its policies and procedures in accordance with laws and International Bill of Human Rights?	V		(1) The Company respects and supports globally recognized human rights standards including the "Universal Declaration of Human Rights," "UN Global Compact," and "International Labour Organization Conventions," and prohibits any action that violates human rights. All individuals within and outside the organization are treated fairly with dignity. Our human rights policy encompasses the following commitments: 1. Recruitment policy: Edison Opto does not use child labor, forced labor, bonded labor, or involuntary labor. Furthermore, the Company enforces diversity and openness of the workplace and offers equal work opportunities without discrimination whether in terms of ethnicity, skin color, age, gender, sexual orientation, illness, disability, nationality, pregnancy, religion, political background, family profile, marital status, or other differences prohibited by laws. 2. Respect for human rights at the workplace: The Company complies with the requirements of local regulations, such as the Labor Standards Act and Act of Gender Equality in Employment, to eliminate all forms of forced labor, employment discrimination, and harassment. The Company respects privacy and is committed to creating a fair, dignified, safe, and equal work environment that is free of discrimination and harassment. 3. Reasonable work hours: Work hours are set according to local regulations, and rules on work time and overtime have been clearly outlined. 4. Healthy Workplace: Assist employees in maintaining physical and mental health and work-life balance, regularly organize health care lectures, and provide health examinations and employee care activities.	No material deviation is found

Assessment criteria	Compliance (Note 1)			Deviation and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary (Note 2)	
			<p>5. Labor-management communication: Opinion boxes have been made available and labor-management meetings are being held regularly to facilitate communication, so that issues can be resolved for the benefit of both sides.</p> <p>6. Training: Provides advocacy and professional technical courses related to human rights protection, deepening colleagues' understanding of human rights.</p> <p>One training course was completed in 2023 with a total of 221 participants.</p>	
(2) Has the Company developed and implemented reasonable employee welfare measures (including compensation, leave of absence and other benefits), and appropriately reflected business performance or outcome in employees' compensations?	V		<p>(2) It has been clearly stated in the Company's compensation policy that employees' compensation includes a performance bonus that is calculated based on attainment of performance targets on the organization level. Furthermore, to ensure that business results are shared with employees, it has been stated in the Articles of Incorporation that net profits reported in any given year are subject to employee remuneration of 5%-15%, which the board of directors may resolve to distribute in shares or in cash. Employees of subsidiaries who meet certain criteria are also entitled to receive remuneration.</p> <p>The Company has established work rules, attendance policy, and personnel management policy in accordance with Labor Standards Act, and implemented reasonable compensation policy and performance evaluation system that includes the use of performance interview. The outcome of which is taken into account to support decisions such as promotion and remuneration.</p> <p>The Company has implemented its own retirement policy in accordance with "Labor Standards Act" and "Labor Pension Act" to accommodate employees' life after retirement. A Labor Pension Fund Supervisory Committee has also been assembled to oversee management of pension fund, as well as execution of pension contributions and benefits.</p> <ol style="list-style-type: none"> Employees who adopt pension rules of the Labor Standards Act shall have years of service compensated using the following standards: two basis points are awarded for every year of service rendered. However, one basis point is awarded for every full year of service rendered beyond 15 years, subject to a maximum of 45 basis points. Services less than six months are counted as one half year, whereas services more than six months are counted as one full year. For employees who opted to continue adopting pension rules of the "Labor Standards Act" after the Labor Pension Act came into effect and those who opted to carry forward years of service from before enactment of Labor Pension Act, pension benefits are paid according to the rules outlined in the preceding Subparagraph. Employees who opted for pension rules of the Labor Standards Act and are compelled to retire under Subparagraph 2, Paragraph 1, Article 35 shall be given 20% additional pay if their mental or physical disability was caused while performing job duties. For employees who are subject to the pension rules of the Labor Pension Act, the Company makes contributions equal to 6% of their monthly salary into their personal pension accounts. Benefit claims are subject to the rules imposed by the authority. 	No material deviation is found

Assessment criteria	Compliance (Note 1)			Deviation and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary (Note 2)	
			<p>An Employee Welfare Committee has been assembled to promote labor-management relations, unite employees, and cater for employees' benefits. The committee is responsible for the planning and execution of welfare programs, as well as the planning and payment of annual employee benefits. The Company offers the following benefits to employees:</p> <ol style="list-style-type: none"> 1. Occasion-based benefit: includes birthday cash, Labor Day cash, Duanwu Festival cash, Mid-autumn Festival cash, new year cash, year-end banquet and lottery. 2. Long service reward: employees are given long service rewards upon accumulating 5 years or 10 years of service as a gratitude for their dedication. 3. Allowances and subsidies: employees are entitled to a comprehensive range of subsidies from wedding, funeral, child birth, hospitalization, on-job training, children's education, dormitory to car parking lot. 4. Work-life balance: the Company values employees' family relations, and organizes activities that employees may engage with family members, such as domestic/overseas group trip, barbecue in forest, mountain cleanup hike, karaoke competition, table tennis tournament, Wii tournament etc. These activities not only relieve employees' stress from work, but also promote stronger unity towards the Company. 	
(3) Does the Company provide employees with a safe and healthy work environment? Are employees trained regularly on safety and health issues?	V		<p>(3)The Company provides employees with a safe and healthy work environment according to rules, and has made the following arrangements:</p> <ol style="list-style-type: none"> 1. Group omnibus insurance: Each employee is covered by Labor Insurance and National Health Insurance from the day onboard as required by laws. In addition, the Company offers a group omnibus insurance package covering term life, accident, accident treatment, cancer treatment, and critical illness with 100% subsidized premiums to provide employees with more comprehensive protection. 2. Employee health checkup: The Company complies with Regulations Governing Worker Health Protection by subjecting employees to regular health checkups and follow-ups. Physicians are invited to provide consultation and interpret reports one-to-one on-site the work premise. 3. On-site services provided by contracted medical personnel The Company has contracted medical personnel to take care of health management, occupational disease prevention and other labor health protection matters; 4. Exclusive nursery room: Nursery rooms have been established exclusively for postpartum employees, thereby making the workplace friendly to child bearers. 5. Smoke-free workplace: The Company supports the government's smoke-free workplace policy and organizes a series of smoking cessation seminars, competitions, and incentives. 6. Premise security: All plant sites are protected with surveillance, access control, and security guards 24 hours a day, including night time and holidays. 	No material deviation is found

Assessment criteria	Compliance (Note 1)			Deviation and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary (Note 2)	
			<p>7. Servicing and cleaning of air conditioners: Service providers have been contracted to clean and service air conditioners on all floors of plant premise each year. Doing so not only increases energy efficiency of the central air conditioning system, but also reduces build-up of dust and fungus inside ventilation ducts to improve office air quality and prevent harm to employees' health.</p> <p>8. Testing of drinking water: Service providers have been contracted to replace filter and service water fountains on a quarterly basis. E. coli count and total bacteria count are tested regularly to ensure that water quality conforms with legal standards. Test results are posted beside each water fountain for employees' reference.</p> <p>9. Hazard-free work hours: The Company has 143 workers participating in the "Hazard-free Work Hours Campaign" introduced by the Occupational Safety and Health Administration, Ministry of Labor, and accumulated 263,284 hazard-free hours between January 14, 2023 and December 31, 2023.</p> <p>10. Key safety and health management tasks:</p> <ol style="list-style-type: none"> (1) The Company has designated "Safety and Health Officer/First-aid Officer/Fire Safety Officer/Organic Solvent Operations Officer" inside plant premises according to the Occupational Safety and Health Act. (2) All employees exposed to chemical substance are required to undergo training in order to develop proper knowledge on the use of chemical substance. (3) All plant premises are equipped with emergency eye wash stations that workers may use of wash off incidental contact of alcohol/acetone in the eye or face. (4) All plants are equipped with robust fire safety systems and equipment that are inspected and reported regularly in accordance with the Fire Services Act. Fire safety training and emergency response drills are carried out every six months at all plant premises. (5) All plants are required to conduct 5S environment inspections on a weekly basis, and exercise proper supervision and improvement of environment safety. (6) All plants are required to conduct regular inspections and tests on wiring and power usage to ensure electrical safety and prevent hazard. (7) All plants are required to conduct their own inspections and maintenance over machinery and equipment, and do so in daily, weekly, monthly, or yearly cycles as deemed appropriate to ensure the safety of machinery and equipment. <p>11. Occupational safety and health progress:</p> <ol style="list-style-type: none"> (1) Worker environment monitoring: Work environment tests are conducted twice a year to gather information on workers' environmental exposure, and thereby protect them from hazardous substances, giving them a healthy and comfortable environment to work in. (2) Equipment safety management: The Company classifies its machinery and equipment, and tightens management over hazardous machinery and equipment. 	

Assessment criteria	Compliance (Note 1)			Deviation and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary (Note 2)	
			<p>(3) Safety and health training and promotion: All new and transferring workers are required to undergo 3 hours of general safety and health training before commencing duty.</p> <p>(4) The company's workplace safety performance over the past three years - statistics on employee disability injuries: In 2021 (0 fatal accidents, 0 in-factory disability accidents); In 2022 (0 fatal accidents, 0 in-factory disability accidents); In 2023 (0 fatal accidents, 1 in-factory disability accident).</p> <p>12. All plant areas of the group pay attention to fire safety, with fire protection facilities established as required and annual drills conducted. Fire insurance is also purchased, and there were no fires or related casualties in 2023.</p>	
(4) Has the Company implemented an effective training program that helps employees develop skills over their career?	V		(4) The Company values employees' career development, and budgets and executes internal as well as external training programs on a yearly basis. Required skills and training courses have been outlined for each job role, so that line managers and employees themselves may take progressive steps toward improving practices or skills to ensure target accomplishment. The Company has well-defined plans in place to train and develop critical talents, and support their progression toward their desired positions. Besides promotion, the Company also offers job rotation and expatriate opportunities as viable career paths. Furthermore, the Company encourages employees to develop learning habits and build up professional knowledge in their free time, and offers on-job training incentives and subsidizes English language studies on a monthly basis.	No material deviation is found
(5) Has the Company complied with laws and international standards with respect to customers' health, safety, and privacy, marketing and labeling in all products and services offered, and implemented consumer/customer protection policies and complaint procedures?	V		(5) The Company takes responsibility in the products offered and values marketing ethics. All research, development, procurement, production, operation, and service processes observe government regulations and international rules. The Company has established consumer protection policies and created a Stakeholders section on its website where visitors may access grievance channels and e-mail links. The Company is able to resolve consumers' complaints in relatively short time, and has "Customer Complaint Handling Procedures" in place to analyze causes of complaint and make improvements to prevent similar occurrence.	No material deviation is found
(6) Has the Company implemented a supplier management policy that regulates suppliers' conducts with respect to	V		(6) The Company has implemented "Supplier Management Procedures" and disclosed "Supplier Management Policy" on its website that outlines suppliers' compliance requirements with respect to environmental protection, occupational safety and health, and work rights/human rights issues. The procurement form is printed with the Company's environmental goals of "Resource Conservation, Compliance, Pollution Prevention, and Carbon Reduction," for which suppliers are constantly reminded to observe	No material deviation is found

Assessment criteria	Compliance (Note 1)			Deviation and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary (Note 2)	
environmental protection, occupational safety and health or work rights/ human rights issues, and tracked suppliers' performance on a regular basis?			and take part in the creation of a green, environment-friendly, safe, healthy, and sustainable supply chain. All entities within the Group evaluate suppliers on a regular and irregular basis for the quality, timeliness, and scope of the services they deliver. Outcomes of the evaluation will determine how the relationship with each supplier is maintained. In 2023, the group conducted onsite, online, and document audits of 36 suppliers. Audit items included quality systems, design control, quality assurance, document control, supplier management, instrument calibration, hazardous substances, risk management, etc. Based on the actual audit findings, follow-up on improvement progress was made to jointly enhance quality and technology, refine processes, increase yield, and strengthen environmental, safety, and health performance, continuously implementing supplier management.	
五、 Does the Company prepare sustainability report or any report of non-financial information based on international reporting standards or guidelines? Are the abovementioned reports supported by assurance or opinion of a third-party certifier?		V	From 2024, the company will start to apply and compile sustainability reports. Currently, training for members of the sustainability development teams in all group plants and data collection are being arranged, with the goal to complete third-party verification by June 30, 2025, and then make an announcement.	As explained in the summary
六、 If the Company has established sustainability policies in accordance with "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" please describe its current practices and any deviations from the Best Practice Principles: No material deviation is found.				
七、 Other information useful to the understanding of sustainable practice: All of the Company's business activities are carried out according to laws and in line with social responsibilities. The Company has been observant of laws and social responsibilities since the day it was founded. The following is an overview of the practices currently adopted to fulfill social responsibilities: (一) Business performance The Company has effective internal control system, independent directors, and Audit Committee in place to enforce corporate governance. In addition to leveraging independent directors' professional expertise and the management's practical experience, the Company has also implemented Board of Directors Conference Rules and Board of Directors Performance Evaluation Policy, and purchased liability insurance for directors and supervisors to enhance board functionality. For protection of shareholders' interest and information transparency, the Company has designated a spokesperson and an acting spokesperson to make timely disclosure of material information. Dedicated personnel have been assigned to handle communication with shareholders. Furthermore, as the Company transitions from selling components to selling customized modules and products based on customers' needs, more attention is being directed toward innovation, research, development, new applications, and core competitiveness. These are the areas where the Company will commit its sustainability efforts and pursue performance improvements to maximize values for shareholders.				

Assessment criteria	Compliance (Note 1)			Deviation and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary (Note 2)	
<p>(二) Environmental protection</p> <p>1. As far as environmental protection is concerned, Edison Opto's high power LED is undoubtedly one of the most energy efficient and environment-friendly solutions in the lighting industry. Following the ban of energy-intensive light bulbs in many countries in 2010, LED lights have received immense support from governments around the world for their energy efficiency and environment friendliness. Edison Opto's high power LEDs are being sold in many parts of the world. The Company is dedicated to developing efficient and environment-friendly light sources and lighting equipment, and has been building up the technological capacity needed to assist customers in the design of environment-friendly lighting equipment. By making meaningful changes to people's lifestyle, the Company contributes to energy conservation and environmental protection as part of its social responsibilities. Furthermore, all floor lighting equipment within the office building have been replaced with LED lighting panels, whereas lighting in common areas are being replaced with LED alternatives to take full advantage of energy efficiency.</p> <p>2. The Company actively promotes lead-less production and the creation of green supply chain. All LED products sold to the EU conform with RoHS and REACH requirements. The Company has long been observant of changes in environmental protection laws around the world, and constantly redesigns products to conform with global trends. By reducing use of hazardous substances, the Company contributes efforts to the cause.</p> <p>3. The Company places great emphasis on product quality and has set goals to raise customers' satisfaction over time. The Company is dedicated to the development and promotion of LDMS; all products are made according to relevant procedures and policies, so that only the safest, most trusted, and best quality products are delivered to customers.</p> <p>4. To enforce the Company's environmental goals toward "Resource Conservation, Compliance, Pollution Prevention, and Waste Reduction," the Administration Department has provided each employee with a set of reusable dining utensils, and instructed all catering partners to discontinue use of disposable dining utensils (including disposable chopsticks and plastic spoons). All floors occupied by the Company have been replaced with LED lighting panels to take full advantage of energy efficiency.</p> <p>5. The Company has been certified for ISO14001 - Environmental Management System since 2005, and follows government rules in the treatment and recycling of wastewater, waste, and resources. The Company will continue making refinements to its management system, and create a safer work environment for employees as part of its social responsibilities.</p> <p>6. Recycling bins have been made available on each floor to recover different types of waste such as paper, aluminum can, PET bottle etc.; approximately KG of resources are recycled each year.</p> <p>7. As an advocate for environmental protection, the Company persistently promotes the idea of "bringing reusable utensils and reducing use of disposable utensils." When ordering food (lunch and dinner), caterers are reminded not to include disposable utensils (disposable chopsticks and plastic spoons).</p> <p>8. Dispense of toilet tissues and hand towels is being limited, and more intensive efforts are being taken to promote environmental protection, energy conservation, and forest preservation through paper reduction. Usage of paper has been reduced by more than 50%.</p> <p>(三) Community engagement, social contribution, social service, and charity</p> <p><u>Material Donation Initiative :</u> In June 2023, the company partnered with the Eden Social Welfare Foundation to organize a material donation drive, benefiting the elderly community in New Taipei City.</p> <p><u>Blood Donation Drive: Extending Love Through Action:</u> Blood donation drive was held in November 2023. In November 2023, the company conducted a blood donation drive in collaboration with the Taiwan Blood Services Foundation, inviting occupants of the building and the surrounding community to participate. A total of 85 generous individuals participated, with 70 successful donations, contributing 23,250 c.c. of precious blood.</p> <p>(四) Consumer interests</p> <p>In addition to purchasing insurance coverage such as non-life insurance and freight insurance, the Company and subsidiaries also offer adequate warranty on products to satisfy customers' needs.</p> <p>(五) Human rights protection</p> <p>The Company has assembled an Employee Welfare Committee, implemented a Sexual Harassment Prevention, Reporting and Disciplinary Policy, and amended its work rules to include requirements of the Act of Gender Equality in Employment.</p>				

Assessment criteria	Compliance (Note 1)			Deviation and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary (Note 2)	

Labor-management meetings and seminars are held regularly to promote awareness on prevention of sexual harassment and workplace violence. The Company has effective and appropriate grievance systems in place to reflect matters that violate workers' interests, and additional care is taken to ensure fairness and transparency of the grievance process while addressing employees' welfare, rights, and privacy.

(六) Investment in energy saving and green energy related equipment

The Company's plants in Mainland China have set up project teams to evaluate ground-mounted solar power equipment (such as rooftop panels) to power the Company's facilities and occasionally sell excess electricity to local power companies.

(七) Workplace diversity policy

The company is dedicated to providing a workplace that respects the dignity and safety of its employees. It upholds the principles of diversity in employment and equity in compensation and advancement opportunities, ensuring no employee faces discrimination or unequal treatment due to race, gender, religion, age, political beliefs, or any other status protected under law.

The company embraces workforce diversity, including the hiring of individuals with disabilities, exceeding the requirements set by Taiwan's People with Disabilities Rights Protection Act (in 2023, the company was required to hire 2 individuals but voluntarily employed 4, with each severely disabled individual counted as two towards the quota). The company also respects the cultural traditions of its Indigenous employee, ensuring their rights and cultural practices are honored, without any instances of rights or human rights violations.

Employee ethnicity indicator:

Category	Percentage of total workforce	Percentage within management levels
Republic of China Nationals	92.15%	100%
Foreign countries	7.42%	
Indigenous Peoples	0.43%	

Note: Statistics covering all Edison plants in Taiwan.

Female Diversity Indicators:

Indicator	2022	2023	2030 target
Female share of total employees (%)	52%	50%	60%
Female share of all management (%)	34%	37%	40%
Female share of senior management (%)	25%	25%	30%

Note: Includes statistics from all Edison's facilities in Taiwan.

Other Diversity Indicators:

Category		Percentage of total workforce
Individuals with Disabilities		1.75%
All employees	By age group: < 30 years old	11.30%
	By age group: 30 - 50 years old	72.10%
	By age group: > 50 years old	16.60%
	Total	100%

Note: Statistics covering all Edison plants in Taiwan.

Assessment criteria	Compliance (Note 1)			Deviation and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary (Note 2)	

(八) Support for local education

To support local education, increase students' practical work experience, and reduce the phenomenon of population migration, the Company actively cooperates with domestic universities and colleges to arrange students to receive practical work training. The following table summarizes the industrial-academic cooperation in 2023 °

Type	School	Number of persons	Period
Industrial-academic cooperation	Department of Industrial and Systems Engineering, Chung Yuan University	4	3/1/2023 to 5/31/2023
Industrial-academic cooperation	Department of Industrial and Systems Engineering, Chung Yuan University	1	7/17/2023 to 8/29/2023

Note: All students who participated in the internship have signed a non-disclose agreement on trade secret °

Note 1: If Actual Governance is specified "Yes," please explain the key policies, strategies, and measures taken and the execution progress. If Actual Governance is specified "No," please explain deviation and cause of deviation in the field titled "Deviation and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," and provide any policy, strategy and measure planned for the future.

Note 2: Materiality principle refers to environmental, social and corporate governance issues that are of material impact to the Company's investors and stakeholders.

Note 3: For method of disclosure, please refer to the best practice examples presented on the website of Taiwan Stock Exchange Corporate Governance Center.

(VI) The company's performance of ethical operations and the differences and reasons from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.

Assessment criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
1. Establishment of integrity policies and solutions				
(1) Has the Company established a set of board-approved business integrity policy, and stated in its Memorandum or external correspondence about the policies and practices it implements to maintain business integrity? Are the board of directors and the senior management committed to fulfilling this commitment?	V		(1)The Company adopts a corporate culture of "Integrity, Pragmatism, and Modesty," and conveys its integrity commitments to the public. The Company has established "Business Integrity Code of Conduct" and "Employee Ethics Code of Conduct" with the approval of the board of directors; they outline the Company's integrity policies and practices, and convey integrity commitments from the board of directors, the senior management, and all employees.	No material deviation is found
(2) Has the Company developed systematic practices for assessing integrity risks? Does the Company perform regular analyses and assessments on business activities that are prone to higher risk of dishonesty, and implement preventions against dishonest conducts that include at least the measures mentioned in Paragraph 2, Article 7 of "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?	V		(2)The Company has "Ethical Behavior Guidelines for Directors, Managers, and Employees," "Employee Ethics Guidelines," and "Fraud and Violation Reporting Policy" in place that specifically prohibit directors, managers, agents, and employees from engaging in any activities listed in Paragraph 2, Article 7 of "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" or any other business activities that are prone to higher integrity risk.	No material deviation is found
(3) Has the Company defined and enforced operating procedures, behavioral guidelines, penalties, and grievance systems as part of its preventive measures against dishonest conducts? Are the above measures reviewed and revised on a regular basis?	V		(3)The Company has "Ethical Behavior Guidelines for Directors, Managers, and Employees," "Employee Ethics Guidelines," and "Fraud and Violation Reporting Policy" in place that outline relevant operating procedures, behavioral guidelines, and penalties and grievance systems for violations. All of which are being enforced as intended. The Company has stated on its website the following contact methods that can be used to report illegal conducts involving any group employee or representative of the Company over the course of transaction: (1) Telephone: +886-2-8227-6996 ext 3325; Legal Affairs Office – Mr. Fan (2) E-mail: law@edison-opto.com.tw The above preventions against dishonest conduct are evaluated in the first quarter of each year for appropriate amendments at the time when previous year's financial statements are passed.	No material deviation is found

Assessment criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
2. Enforcement of business integrity				
(1) Does the Company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?	V		(1) Prior to commencing business relationship, the Company would evaluate its business partner for legitimacy and history of dishonest conduct, and thereby avoid dealing with vendors of poor integrity. Before making the initial transaction, the Company requires each supplier to sign an "Integrity Commitment" and comply with commercial ethics. The Company may, at any time, terminate or cancel contract with any counterparty that violates policy or terms of agreement or is involved in dishonest conduct, and blacklist them from future dealings.	No material deviation is found
(2) Does the Company have a unit that enforces business integrity directly under the board of directors? Does this unit report its progress (regarding implementation of business integrity policy and prevention against dishonest conducts) to the board of directors on a regular basis (at least once a year)?	V		(2) Below are the current arrangements: The Company's "General Administrative Division" assumes the concurrent role of business integrity enforcer directly under the Board of Directors. It assists the Board and the management in the establishment, supervision, and execution of business integrity policies as well as preventive measures, ensures that the Business Integrity Code of Conduct is duly implemented throughout the organization, and oversees division of responsibilities. The division reports its progress to the Board of Directors at least once per year, and progress for 2023 had already been reported to the Board of Directors on November 10, 2023. Progress for 2023: 1. Education and training In 2023, the Company organized 62 sessions of training on compliance, internal control, and risk management. Enrollment count for internal and external training courses totaled 1,285. Furthermore, the Company continues to advocate and enforce business integrity management, and encourages employees to participate in the management and prevention of dishonest conducts. Relevant information has been disclosed on the corporate website. 2. Compliance awareness The General Administrative Division organizes online courses each year to promote employee awareness on various topics such as: Business Integrity Code of Conduct, Business Integrity Procedures and Behavioral Guidelines, prohibition against dishonest conducts and harms to stakeholders' interests, and confidentiality over intellectual property rights. The educational materials have been placed in the "Charging e-Academy" for employees to read at any time.	No material deviation is found

Assessment criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			<p>3. Regular inspections The Company assesses corruption risk of business activities taking place at all locations. Relevant business units are required to conduct self-audits and compliance self-assessments each year to ensure effective control and proper execution of existing systems. Additionally, the Company has a separate auditing unit that conducts independent audits to prevent dishonest conducts.</p> <p>4. Whistleblower system and protection The Company has implemented a whistleblower system in its "Corporate Governance Code of Conduct" and "Business Integrity Code of Conduct" as a pro-active way of preventing dishonest conducts. Internal and external personnel may use various grievance channels to report dishonest or inappropriate conducts. The Legal Affairs Office has been designated as the unit responsible for handling misconduct reports. The Company also has a whistleblower protection system in place to maintain confidentiality over whistleblowers' identity and nature of report, and to protect informants from retaliation as a result of their report. The Company received 0 misconduct report from external sources and 0 misconduct report from employees in 2023. No dishonest action was found during the year.</p>	
(3) Does the Company have any policy that prevents conflict of interest, and channels that facilitate the report of conflicting interests?	V		(3)The Company has established "Business Integrity Code of Conduct," "Ethical Behavior Guidelines for Directors, Appointees, and Managers," "Employee Ethics Guidelines" with conflicting interest prevention policy, and "Fraud and Violation Reporting Policy," and implemented appropriate reporting channels and practices for enforcement.	No material deviation is found
(4) Has the Company implemented effective accounting policy and internal control system to maintain business integrity? Has an internal or external audit unit been assigned to devise audit plans based on the outcome of integrity risk assessment, and to audit employees' compliance with various preventions against dishonest conduct?	V		(4)The Company has established effective accounting policies and internal control system to enforce business integrity throughout the organization. Internal auditors are assigned to conduct regular audits to ensure compliance of the abovementioned policies/system, and thereby enforce the business integrity policy.	No material deviation is found
(5) Does the Company organize internal or external training on a regular basis to maintain business integrity?	V		(5) The Company organizes integrity training on a regular basis, and uses various meetings to convey the corporate culture and duties toward business integrity. The Company organized 351 sessions of training on compliance, financial security, and information security between 2014 and 2023 as part of its business integrity	No material deviation is found

Assessment criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
			efforts. Enrollment count for internal and external training courses totaled 4,327 during this period. Each department head has been tasked with the responsibility for promoting anti-corruption awareness among employees within their departments.	
3. Whistleblowing system				
(1) Does the Company provide incentives and means for employees to report misconducts? Does the Company assign dedicated personnel to investigate the reported misconducts?	V		(1)The Company has outlined in its "Employee Ethics Guidelines" and "Fraud and Violation Reporting Policy" a whistleblower system along with accessible reporting channels, and made available a broad variety of reporting channels over the corporate website including an integrity reporting hotline, physical mailing address, email address, and online opinion section. The Company has designated the Legal Affairs Office as the unit responsible for handling misconduct reports.	No material deviation is found
(2) Has the Company implemented any standard procedures for handling reported misconducts, and subsequent actions and confidentiality measures to be undertaken upon completion of an investigation?	V		(2)The Company has a "Fraud and Violation Reporting Policy" in place that outlines standard procedures and confidentiality measures for investigating misconduct reports.	No material deviation is found
(3) Has the Company adopted any measures to prevent whistleblowers from retaliation for filing reports?	V		(3)The Company has established a set of "Employee Ethics Guidelines" that contains protection measures for whistleblowers. The guidelines explicitly protect whistleblowers against retaliation that may arise as a result of their misconduct report.	No material deviation is found
4. Enhanced information disclosure				
(1) Has the Company disclosed its integrity principles and progress onto its website and MOPS?	V		(1)The Company conveys its corporate culture over its website and makes relevant disclosures on Market Observation Post System. Information is consolidated into annual shareholder meeting reports.	No material deviation is found
5. If the Company has established business integrity policies in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies," please describe its current practices and any deviations from the Best Practice Principles: No deviation is found.				
6. Other information useful to the understanding of integrity in business dealings:				
(1) Business integrity - training and performance				
The Company established "Ethical Behavior Guidelines for Directors and Managers" and "Employee Ethics Code of Conduct" in 2014. Its "Business Integrity Code of Conduct" was approved during the 7th meeting of the 6th board of directors held on March 6, 2017 and was later reported during the annual general meeting on June 22, 2017. The Company organized 351 sessions of training on compliance, financial security, and information security between 2014 and 2023 as part of its business integrity efforts. Enrollment count for internal and external training courses totaled 4,327 during this period. The Company persistently promotes and enforces integrity management, and encourages employees to take part in the management and prevention of dishonest conducts. Each department head has been tasked with the responsibility of promoting anti-corruption awareness among employees within their				

Assessment criteria	Actual governance			Deviation and causes of deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary	
<p>departments. Owing to the Company's effective awareness promotion efforts, no violation of Business Integrity Code of Conduct has occurred to date.</p> <p>(2) Business integrity - execution progress and approach</p> <ol style="list-style-type: none"> Promotion of integrity philosophy: "Integrity" forms part of Edison Opto's corporate culture. The Company not only conveys its respect for corporate social responsibilities using the corporate website, but also enforces business integrity, fairness, and ethics as a righteous organization. The Company complies with government regulations and does not tolerate any form of bribery, fraud, coercion, improper gain, or illegal conduct. Furthermore, it has confidential and secured whistleblowing channels in place to facilitate misconduct reports. Business integrity - commercial cooperations: <ol style="list-style-type: none"> Prior to commencing business relationship, the Company would evaluate its business partner for legitimacy and history of dishonest conduct, and thereby avoid dealing with vendors of poor integrity. The Company would cease further dealings with any counterparty that violates policy, and blacklist them from future dealings. The Company requires suppliers to sign "Integrity Commitment" for compliance with commercial ethics. Completion of this commitment is checked by the Audit Office on a quarterly basis with findings reported to the Chairman and the management. The Company may terminate or cancel contract at any time if a supplier is found to exhibit dishonest conduct or breach of contract terms. Work ethics - all employees: Starting from 2016, all existing and new employees are being required to comprehend "Employee Ethics Guidelines" and sign "Integrity Commitment." Meanwhile, employees are reminded to stay alert for any conduct that violates work ethics, and are obligated to report to their line managers when in doubt or upon discovering any violations. The Company requires all employees to comply with the guidelines, and thereby protect the interests of Edison Opto and all stakeholders. Violation of business integrity: The Company has "Ethical Behavior Guidelines for Directors and Managers" and "Employee Ethics Guidelines" available to guide directors, managers, and employees. Violators of business integrity will be disciplined according to the Company's "Fraud and Violation Reporting Policy." Business integrity training: Corporate governance and insider courses are arranged for directors and supervisors on a regular basis. The Company also organizes training programs to help employees develop awareness towards business integrity. <p>(3) Business integrity - Whistleblowing system</p> <p>All business activities must be carried out while observing corporate social responsibilities, corporate ethics, and government regulations. All employees are prohibited from engaging in any form of unfair commercial practice, and must refrain from any form of bribery, improper gain, fraud, coercion, illegal conduct, and possible conflict of interest for long-lasting partnership.</p>				

- (7) If the Company had formulated the codes of corporate governance and relevant rules, it should disclose their inquiry methods: The Company had formulated the codes of practice on corporate governance and other relevant rules, which should be announced on the Company's website. (website: https://www.edison-opto.com/important-rules-and-regulations_tw_1.php)

- (8) Other important information sufficient to enhance the understanding on the operation of corporate governance could be disclosed together:
1. The Company's operation procedures for internal major information processing: the "Operation Procedures for Management on Preventing Insider Transactions" was set forth in the Company's operation procedures for internal major information processing, which should be the principle followed by the Directors, Managers and employees.

2. The Directors' Continuing Education in 2023:

Course name	Organizer	Date of appointment	Continuing education date	Position	Name	Continuing education hours
2023 Cathay Sustainable Finance and Climate Change Summit	Taiwan Stock Exchange Co., Ltd.	2022.06.22	2023.07.04	Chairperson	Jason Wu	6.0
2023 Cathay Sustainable Finance and Climate Change Summit	Taiwan Stock Exchange Co., Ltd.	2022.06.22	2023.07.04	Director	Representative of YOUNGTEK ELECTRONICS CORP.: June Wung	6.0
2023 Cathay Sustainable Finance and Climate Change Summit	Taiwan Stock Exchange Co., Ltd.	2022.06.22	2023.07.04	Director	Wen-Ruei Cheng	6.0
2023 Cathay Sustainable Finance and Climate Change Summit	Taiwan Stock Exchange Co., Ltd.	2022.06.22	2023.07.04	Director	Representative of Weixin Investment Co., Ltd.: Po-Chung Wang	6.0
2023 KPMG Leadership Academy Forum - Business Opportunities and Challenges of Net Zero Boom	Taiwan Institute of Directors	2022.06.22	2023.04.13	Director	Nan-Yang Wu	3.0
Understanding and application of credit rating	Securities & Futures Institute of the Republic of China	2022.06.22	2023.06.06	Director	Nan-Yang Wu	3.0
2023 Cathay Sustainable Finance and Climate Change Summit	Taiwan Stock Exchange Co., Ltd.	2022.06.22	2023.07.04	Independent director	Wen-Chao Wang	6.0
2023 Cathay Sustainable Finance and Climate Change Summit	Taiwan Stock Exchange Co., Ltd.	2022.06.22	2023.07.04	Independent director	Tung-Hsiung Hung	6.0
2023 Cathay Sustainable Finance and Climate Change Summit	Taiwan Stock Exchange Co., Ltd.	2022.06.22	2023.07.04	Independent director	Yin-Fei Liu	6.0
Initiation of inheritance plan—employee reward plan and equity inheritance	China Corporate Governance Association	2022.06.22	2023.09.08	Independent director	Yin-Fei Liu	3.0
2023 Cathay Sustainable Finance and Climate Change Summit	Taiwan Stock Exchange Co., Ltd.	2022.06.22	2023.07.04	Independent director	Tseng-Nan Chou	6.0

3. 2023 Managers' (and their position agents') participation in continuing education and training related to corporate governance:

Position	Name	Continuing education date	Organizer	Course name	Continuing education hours
Accounting officer	Cheng-Dian Hsu	2023.03.30	Accounting Research and Development Foundation of the Republic of China	Continuing Education Course for Accounting Head of Issuers, Securities Firms and Stock Exchanges	12.0
Corporate governance officer	Cheng-Dian Hsu	2023.04.27	Taiwan Stock Exchange Co., Ltd.	Sustainability Action Plan Promotion Conference for TWSE Listed Companies	3.0
Corporate governance officer	Cheng-Dian Hsu	2023.07.04	Taiwan Stock Exchange Co., Ltd.	2023 Cathay Sustainable Finance and Climate Change Summit	6.0
Corporate governance officer	Cheng-Dian Hsu	2023.09.04	Financial Supervisory Commission	The 14th Taipei Corporate Governance Forum	6.0
Corporate governance officer	Cheng-Dian Hsu	2023.10.13	Taiwan Stock Exchange Co., Ltd.	2023 Listed Company Business Seminar	3.0
Corporate governance officer	Cheng-Dian Hsu	2023.10.20	Taiwan Stock Exchange Co., Ltd.	2023 Insider Trading Prevention Conference	3.0
Accounting head and his position agent	Xi-Quan Hu	2023.08.24	Accounting Research and Development Foundation of the Republic of China	Continuing Education Course for Accounting Head of Issuers, Securities Firms and Stock Exchanges	12.0
Accounting head and his position agent	Xi-Quan Hu	2023.11.27	Taiwan Stock Exchange Co., Ltd.	2023 Listed Company Business Seminar	3.0
Accounting head and his position agent	Xi-Quan Hu	2023.12.12	Taipei Exchange	2023 seminar to promote the adoption of IFRS in Taiwan	3.0
Audit Officer	Xiaojun Wang	2023.09.01	Accounting Research and Development Foundation of the Republic of China	How to use "Robot Process Automation" (RPA) to improve the efficiency of internal control	6.0
Audit Officer	Xiaojun Wang	2023.10.28	The Institute of Internal Auditors of Chinese Taiwan	Mastering ChatGPT (Required for Internal Auditors)	6.0
Audit Officer	Xiaojun Wang	2023.11.15	Taiwan Stock Exchange Co., Ltd.	2023 Advocacy and Instruction meeting for Compliance of Insider Equity Transactions with Laws(online seminar)	3.0
Acting person for audit officer	Pei-Yu Liao	2023.11.07	Accounting Research and Development Foundation of the Republic of China	Common Internal Control Deficiencies and Case Studies	6.0

Note 1: All the above-mentioned personnel met the qualification conditions for the accounting head of issuers, securities firms and stock exchanges, and provisions for each year's continuing education in the Professional Continuing Education Measures, the Guidelines for Establishment of Internal Control Systems by Public Companies and the provisions of Article 29 of the Company's Practical Codes for Corporate Governance. The accounting personnel related to the preparation of financial reports also took professional courses for more than 6 hours every year.

Note 2: The "Practical Codes for Corporate Governance" was adopted by the Board of Directors on November 4, 2014, and according to the resolution adopted by the Board of Directors on May 6, 2019, Mr. Zheng-Dian Xu was concurrently appointed as the head of corporate governance. He had at least 3 years of experience in acting as the head of legal, financial, stock or corporate governance related units of public companies, could ensure the effective implementation of his duties for corporate governance and other duties, and did not involve any conflict of interests or violation of the Internal Control System.

4. Purchase of liability insurance by the Company for the Directors in 2023

Insured object	Insurance company	Insurance amount	Insurance term
All the Directors	Fubon Property Insurance Co., Ltd.	USD 5 million	From December 10, 2022 to December 10, 2023
All the Directors	Fubon Property Insurance Co., Ltd.	USD 5 million	From December 10, 2023 to December 10, 2024

Note: The insurance amount, coverage and premium rate of the renewed director liability insurance had been submitted to the Board of Directors on November 4, 2022.

(9) Execution situation of internal control

- For the statement of Internal Control Systems, see Appendix 1
- If a CPA was entrusted to conduct a special audit of the Internal Control System, the CPA's audit report should be disclosed: None.

(10) In the most recent year and by the end of the date of publishing the annual report, the punishment on the Company and its internal personnel in accordance with the law, punishment on its internal personnel by the Company for violating the provisions of the Internal Control System, main deficiencies and improvements: none.

(11) In the most recent year and by the end of the date of publishing the annual report, important resolutions of the shareholders' meeting and the Board of Directors:

- Contents and execution situation of important resolutions of the 2023 shareholders' general meeting:

Date	Contents and execution situation of important resolutions
2023.05.30	<ul style="list-style-type: none"> Adoption of 2022 final accounting reports. Execution situation: the business report and financial statements had been recognized and adopted by the shareholders' general meeting. Adoption of the 2022 earnings distribution proposal. Execution situation: Approved by vote as proposed.

Date	Contents and execution situation of important resolutions
	<ul style="list-style-type: none"> Adoption of the Company's 2022 cash dividend distribution from capital surplus Execution situation : The original proposition was adopted by voting, and the Board of Directors resolved on May 30, 2023 to set July 16, 2023 as the ex-dividend date, and cash dividends (NTD 0.29114551 per share) were distributed on August 3, 2023. Adopted the amendments to the Articles of Association of the Company. Execution situation: the original proposal was adopted by voting, the amendment measures had been uploaded onto the Company's website, and the amendments were made according to the amendment procedures. Adopted the amendments to the Company's "Rules of Procedure for Shareholders' Meetings." Execution situation: the original proposal was adopted by voting, the amendment measures had been uploaded onto the Company's website, and the amendments were made according to the amendment procedures. Adopted the amendments to the Company's "Rules of Procedure for Meetings of the Board of Directors." Execution situation: the original proposal was adopted by voting, the amendment measures had been uploaded onto the Company's website, and the amendments were made according to the amendment procedures.

2. In the most recent year and by the end of the date of publishing the annual report, important resolutions of the Board of Directors

Meetings	Date	Resolution Items
The 6th meeting of eighth Board of Directors	2022.02.23	<ul style="list-style-type: none"> Approved the achievement and assessment results of performance objectives of the directors in 2022. Approval of the remuneration of employees and Directors of the Company in 2022 Approval of a fixed remuneration for the company's non-executive directors. Approval of the Company's 2022 final accounting reports Approval of the Company's 2022 "Statement of Internal Control System" Amendment to the Company's "Articles of Incorporation" Amendment to the Company's "Rules of Procedure for Shareholder Meetings" Approval of the regular evaluation on the independence of certified public accountants Approved matters related to the convening of the 2023 shareholders' general meeting
The 7th meeting of eighth Board of Directors	2023.03.09	<ul style="list-style-type: none"> Approval of the Company's 2022 final accounting reports and business report Approval of the Company's 2022 earnings distribution proposal Approval of the distribution of cash dividend by the Company from capital reserve in 2022

Meetings	Date	Resolution Items
The 8th meeting of eighth Board of Directors	2023.05.04	<ul style="list-style-type: none"> Approval of the consolidated financial statements of the Company for the first quarter of 2023 Approval of the 2022 earnings distribution proposals of the Company's important subsidiaries Passed the regular assessment of the independence and suitability of CPAs Approval of the review of the shareholders' proposals for the 2023 shareholders' meeting Approval of the change registration of convertible corporate bonds converted into ordinary shares in the first quarter of 2023
The 9th meeting of eighth Board of Directors	2023.05.30	<ul style="list-style-type: none"> Adopted setting the cash dividend base date for the Company's 2022 capital reserve
The 10th meeting of eighth Board of Directors	2023.08.03	<ul style="list-style-type: none"> Approval of the Company's consolidated financial statements for the second quarter of 2023 Approved the cancellation of the quota for inter-company loaning of funds within the Group. Approved the motion for intercompany loaning of funds within the Group Approved the amendments to the Company's internal control system, "Computerized Information System Processing Cycles." Passed the establishment of a dedicated unit for information security and the allocation of information security manpower Approved the transfer of shares repurchased from the Company for the 5th instance to employees Adopted the change registration of convertible corporate bonds converted into ordinary shares in the second quarter of 2023
The 11th meeting of eighth Board of Directors	2023.11.10	<ul style="list-style-type: none"> Adopted the Company's consolidated financial statements for the third quarter of 2023 Approval of the Company's purchase of directors' liability insurance for 2024 Approved the subsidiary's planned cash capital increase. Adopted the amendments to the relevant operating measures of the Company's "Internal Control System" Adopted the change registration of convertible corporate bonds converted into ordinary shares in the third quarter of 2023 Approved the third domestic early redemption of secured convertible bonds issued by the Company and termination of trading over the Counter Approval of the change registration of convertible corporate bonds converted into ordinary shares in the fourth quarter of 2023 Approved the cancellation of the treasury shares repurchased for the 5th time in 2018 and yet to be transferred to employees

Meetings	Date	Resolution Items
The 12th meeting of eighth Board of Directors	2023.12.21	<ul style="list-style-type: none"> • Approval of the submission of the Company's managerial officers' appraisal and bonus for 2023. • Approved the promotion of the Company's managers • Approval of the formulation of the 2024 audit plan • Approval of the limit of lending of funds between the companies within the Group for 2024. • Approval of the renewal of contract after the expiration of the Company's bank facilities • Approval of the purchase of short-term derivatives by subsidiaries in 2024 • Approved the subsidiary of the Company's participation in the cash capital increase of the Group's subsidiaries • Approval of the intended acquisition of right-of-use assets by the subsidiaries of the Company from related parties in 2024. • Passed amendments to the Company's "Corporate Social Responsibility Best Practice Principles" • Approval of the appointment and remuneration of certified public accountants of the Group for 2024. • Approval of the formulation of the general principles of the Company's pre-approval policy for non-assurance services provided by the attesting CPA firm • Approved the adjustment of the duties of the Company's accounting officer and financial officer • Approval of the Company's 2024 business plan and budget
The 13th meeting of eighth Board of Directors	2024.02.29	<ul style="list-style-type: none"> • Approved the achievement and assessment results of performance objectives of the directors in 2023. • Approval of the Company's 2023 employee and director remuneration • Approval of the Company's 2023 final accounting reports and business report • Approval of the Company's 2023 earnings distribution proposal • Approval of the distribution of cash dividend by the Company from capital reserve in 2023 • Approval of the Company's 2023 "Statement of Internal Control System" • Approved the amendments to the Company's "Audit Committee Charter" • Approval of the amendments to the "Rules of Procedure for Meeting of the Board of Directors" • Approval of the amendments to the Company's "Rules of Procedure for Shareholders' Meetings" • Approval of the regular evaluation on the independence of certified public accountants • Approved the removal of restrictions on the non-competition of the Company's managers • Approved the issuance of RSAs • Approval of the issues relevant to holding the 2024 shareholders' general meeting

- (12) In the most recent year and by the end of the date of publishing the annual report, if the Directors or Supervisors had different opinions on the important resolutions adopted by the Board of Directors and had records or written statements, their main contents were: none.
- (13) Summary of resignations and dismissals of key positions up to the printing date of the annual report: The company's accounting and finance managers, previously Deputy General Manager Hsu Cheng-tien of the General Administration Department, who also served as the corporate governance manager, have been adjusted to Senior Manager Hu Hsi-chuan of the Finance and Accounting Center starting from January 1, 2024, to implement corporate governance more effectively.

4. Information about public expense items of CPA

- (1) If the proportion of non-audit public expenses paid to the certified public accountants, the firm to which the certified public accountants belonged and its affiliated enterprises accounted for more than one fourth of the audit public expenses, the amount of audit and non-audit public expenses and the contents of non-audit services should be disclosed:

Amount unit: NT \$1000

Name of CPA firm	Name of CPA	CPA Audit Term	Audit public expenses	Non-audit public expenses					Total	Remarks
				System design	Industrial and commercial registration	Human resources	Others	Subtotal		
KPMG	Heng-Sheng Lin	2023.01.01-2023.12.31	4,000	0	0	0	300	300	4,300	Other non-audit public expenses were reviewed for transfer pricing
	Bei-Qi Chen									

- (2) If the CPA firm was replaced and the audit public expenses paid in the year of replacement were lower than those in the previous year, the amount and reasons of audit public expenses before and after the replacement should be disclosed: no such situation.
- (3) If the audit public expenses were reduced by more than 15% compared to the previous year, the amount, proportion and reasons for the reduction of audit public expenses should be disclosed: no such situation.

5. Information about CPA replacement:

(1) For former CPA:

Replacement date	Not applicable		
Replacement reason and description	Not applicable		
To state that the appointment was terminated or not accepted by the principal or CPA	<div style="display: flex; justify-content: space-between;"> <div style="width: 60%;"> <div style="border-bottom: 1px solid black; padding-bottom: 5px;"> <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <div style="border-bottom: 1px solid black; padding-bottom: 5px;">Situation</div> <div style="border-bottom: 1px solid black; padding-bottom: 5px;">To voluntarily terminate the appointment</div> <div style="border-bottom: 1px solid black; padding-bottom: 5px;">To no longer accept (continue) the appointment</div> </div> <div style="width: 70%;"> <div style="border-bottom: 1px solid black; padding-bottom: 5px;"> <div style="display: flex; justify-content: space-between;"> <div style="width: 30%;">party</div> <div style="width: 30%;">Certified Public Accountant</div> <div style="width: 40%;">Principal</div> </div> </div> <div style="border-bottom: 1px solid black; padding-bottom: 5px;">Not applicable</div> <div style="border-bottom: 1px solid black; padding-bottom: 5px;">Not applicable</div> </div> </div> </div> </div></div>		
	Opinions and reasons for issuing audit reports other than the one with unqualified opinions within the latest two years		
	No such situation		
Was there any disagreement with the issuer?	Yes		Accounting principles or practices
			Disclosure of financial reports
			Audit scope or steps
			Others
	None	V	
		Description	
Other disclosures (Items 1-4 to 1-7 of paragraph 6 of Article 10 of the Standards should be disclosed)	No such situation		

(2) For the CPA succeeded:

Firm name	Not applicable
Name of CPA	Not applicable
Appointment date	Not applicable
Items and results of consultation on accounting treatment methods or accounting principles for specific transactions and possible opinions issued for the financial reports before appointment	Not applicable
Written opinions of the CPA succeeded on items on which the former CPA disagreed	Not applicable

(3) The reply of the former CPA to items 1 and 2-3 of paragraph 6 of Article 10 of the Standards: not applicable.

6. If the Chairman, General Manager or Managers in charge of financial or accounting affairs of the Company had worked in a firm to which the CPA belonged or its affiliated enterprise in the most recent year, his name, title and service term in the firm to which the certified public accountant belonged or its affiliated enterprise should be disclosed: None.

7. In the most recent year and by the end of the date of publishing the annual report, changes in equity transfer and equity pledge of the Directors, Managers and shareholders holding more than 10% of shares of the Company:

- (1) Changes in equity of the Directors, Managers and shareholders holding more than 10% of shares of the Company

April 30, 2024 unit: shares

Position	Name	2023		For the year ended April 30, 2024	
		Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged	Increase (decrease) in number of shares held	Increase (decrease) in number of shares pledged
Chairman / General Manager	Jason Wu	100,000	0	0	0
Director	YOUNGTEK ELECTRONICS CORP.	0	0	0	0
	Representative: June Wung	0	0	0	0
Director	Weixin Investment Limited	0	0	0	0
	Representative: Po-Chung Wang	0	0	0	0
Director	Wen-Ruei Cheng	0	0	0	0
Director	Nan-Yang Wu	0	0	0	0
Independent director	Wen-Chao Wang	0	0	0	0
Independent director	Tung-Hsiung Hung	0	0	0	0
Independent director	Yin-Fei Liu	0	0	0	0
Independent director	Tseng-Nan Chou	0	0	0	0
Vice President	Guolun Liao	90,000	0	0	0
Vice President	Qingyuan Liu	90,000	0	0	0
Vice-President	Yaochuan Hong	80,000	0	0	0
Vice-President and Corporate Officer	Cheng-Dian Hsu	60,000	0	0	0
Director	Kundian He	0	0	0	0
Finance and Accounting manager	Xi-Quan Hu (Note1)	0	0	0	0
Major shareholder	Liangdian Investment Co., Ltd.	0	0	(440,000)	0

(Note1). Managers since 2024/1/1

- (2) Information that the counterparty of equity transfer was a related party: None.

- (3) Information of the counterparty of the equity pledge was a related party: None.

8. Information about the relationship between the shareholders whose shareholding ratio was in the top 10 one:

April 1, 2024; unit: thousand shares

Name	Number of shares held by himself		Shareholding of spouse and minor children		Total number of shares held in the name of others		If the top 10 shareholders were a related person or a spouse or a relative within the second degree of kinship to each other, their name and relationship		Remarks
	Shares	Shareholding Ratio %	Shares	Shareholding percentage %	Shares	Shareholding percentage %	Name (or name)	Relation	
Liangdian Investment Company Person in charge: Jin-Yong Fan	17,181	11.96	0	0.00	0	0.00	None	None	-
Jun-Zhong cheng	10,376	7.23	0	0.00	0	0.00	None	None	
MasterLink Securities Corporation	6,869	4.78	0	0.00	0	0.00	None	None	
Xiu-Mei Hsu	5,857	4.08	0	0.00	0	0.00	None	None	
President Securities Corporation	5,769	4.02	0	0.00	0	0.00	None	None	
Weixin Investment Limited Person in charge: Jason Wu	4,827	3.36	0	0.00	0	0.00	Jason Wu	The same Chairman	
Jason Wu	3,594	2.50	999	0.70	0	0.00	Weixin Investment Limited	The same Chairman	
Harvatek Corporation Person in charge: Bing-Long Wang	3,415	2.38	0	0.00	0	0.00	None	None	
Chu Chi Investment and Development Co., Ltd.	2,834	1.97	0	0.00	0	0.00	None	None	-
Bi Ling Lee	2,600	1.87	0	0.00	0	0.00	None	None	-

9. The number of shares held by the Company, its Directors, Managers and enterprises directly or indirectly controlled by the Company in the same enterprises reinvested, and the comprehensive shareholding ratio should be consolidated to be calculated:

March 31, 2024 unit: thousand shares; %

Enterprises reinvested	Investment of the Company		Investment of the Directors, managers and enterprises directly or indirectly controlled		Comprehensive investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
Edison Opto Corporation	30	100%	0	0%	30	100%
Ledison Opto Corporation	4,500	100%	0	0%	4,500	100%
Best Opto Corporation	41,000	100%	0	0%	41,000	100%
Best Led Corporation (Note 2)	41,000	100%	0	0%	41,000	100%
Edison Fund investment Limited	25,000	100%	0	0%	25,000	100%
Edison-Litek Opto Corp. Limited	5,500	25%	13,463	60%	18,963	85%
Dongguan Edison Opto Co., Ltd.(Note 3)	(Note 1)	100%	0	0%	(Note 1)	100%
Yangzhou Edison Opto Co., Ltd. (Note 4)	(Note 1)	100%	0	0%	(Note 1)	100%
Yangzhou Aichuang Electronic Trading Co., Ltd. (Note 5)	(Note 1)	100%	0	0%	(Note 1)	100%
Edison Opto USA Corporation (Note 6)	220	55%	0	0%	220	55%
Yangzhou Edison-Litek Opto Co., Ltd. (Note 7)	(Note 1)	85%	0	0%	(Note 1)	85%
Ledionopto Intelligent Technology Co., Ltd. (Note 8)	2,200	100%	0	0%	2,200	100%
Edison-Auto Opto Corporation (Note 9)	1,000	100%	0	0%	1,000	100%
Edison-Litek Opto Corporation	14,700	82%	1,293	7%	15,993	89%
Edison-Egypt Opto Corporation	2,500	100%	0	0%	2,500	100%

Note 1: it is a limited Company, so there are no shares.

Note 2: Best Led Corporation is a 100% owned subsidiary of Best Opto Corporation.

Note 3: Dongguan Edison Opto Co., Ltd., is a 100% owned subsidiary of Ledison Opto Corporation.

Note 4: Yangzhou Edison Opto Co., Ltd., is a 100% owned subsidiary of Best Led Corporation.

Note 5: Yangzhou Aichuang Electronic Trading Co., Ltd. Is a 100% owned subsidiary of Yangzhou Edison Opto Co., Ltd.

Note 6: Edison Opto USA Corporation is a 55% subsidiary of Edison Fund Investment Limited.

Note 7: Yangzhou Edison-Litek Opto Co., Ltd. is a 100% owned subsidiary of Edison-Litek Opto Corporation Ltd.

Note 8: Ledionopto Intelligent Technology Co., Ltd. is a 100% subsidiary of Edison Fund Investment Limited.

Note 9: Edison-Auto Opto Corporation is a 100% owned subsidiary of Edison Fund Investment Limited

Capital Overview

1. Capital and shares

(1) Source of share capital

Year/Month	Issue Price	Authorized Shares		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	Non-cash assets in lieu of capital	Others
2001.10	10	20,000,000	200,000,000	7,800,000	78,000,000	Capital established	None	Note1
2002.11	10	20,000,000	200,000,000	9,500,000	95,000,000	Issuance of common stock of NT\$17,000,000	None	Note2
2003.12	15	20,000,000	200,000,000	15,000,000	150,000,000	Issuance of common stock of NT\$55,000,000	None	Note3
2004.09	10	20,000,000	200,000,000	18,270,000	182,700,000	Common stock dividends of NT\$32,700,000	None	Note4
2005.08	10	30,000,000	300,000,000	21,202,500	212,025,000	Common stock dividends of NT\$29,325,000	None	Note5
2006.10	10	50,000,000	500,000,000	23,300,000	233,000,000	Common stock dividends of NT\$20,975,000	None	Note6
2006.10	41	50,000,000	500,000,000	28,000,000	280,000,000	Issuance of common stock of NT\$47,000,000	None	Note6
2007.08	20	50,000,000	500,000,000	29,000,000	290,000,000	Stock warrant of NT\$10,000,000	None	Note7
2007.08	10	50,000,000	500,000,000	35,700,000	357,000,000	Common stock dividends of NT\$67,000,000	None	Note8
2008.02	90	50,000,000	500,000,000	40,500,000	405,000,000	Issuance of common stock of NT\$48,000,000	None	Note9
2008.09	10	100,000,000	1,000,000,000	49,920,000	499,200,000	Common stock dividends and capital reserve transferred to capital of NT\$94,200,000	None	Note10
2009.09	10	100,000,000	1,000,000,000	60,000,000	600,000,000	Common stock dividends and capital reserve transferred to capital of NT\$100,800,000	None	Note11
2009.10	15.4	100,000,000	1,000,000,000	60,810,000	608,100,000	Stock warrant of NT\$8,100,000	None	Note12
2009.11	80	100,000,000	1,000,000,000	66,810,000	668,100,000	Issuance of common stock of NT\$60,000,000	None	Note13
2010.07	10	100,000,000	1,000,000,000	77,831,500	778,315,000	Common stock dividends, employee stock bonus and capital reserve transferred to capital of NT\$110,215,000	None	Note14
2010.09	11	100,000,000	1,000,000,000	78,211,750	782,117,500	Stock warrant of NT\$3,802,500	None	Note15
2010.11	108	100,000,000	1,000,000,000	88,800,000	888,000,000	Issuance of common stock of NT\$105,882,500	None	Note16
2011.08	10	150,000,000	1,500,000,000	102,120,000	1,021,200,000	Common stock dividends and capital reserve transferred to capital of NT\$133,200,000	None	Note17
2011.10	10	150,000,000	1,500,000,000	102,369,200	1,023,692,000	Stock warrant of NT\$2,492,000	None	Note18
2012.03	10	150,000,000	1,500,000,000	108,047,309	1,080,473,090	Stock warrant of NT\$475,500 and convertible bond conversion of NT\$56,305,590	None	Note19
2012.04	10	150,000,000	1,500,000,000	110,344,583	1,103,445,830	Convertible bond conversion of NT\$22,972,740	None	Note20
2012.07	10	150,000,000	1,500,000,000	110,501,336	1,105,013,360	Convertible bond conversion of NT\$1,567,530	None	Note21
2012.08	10	200,000,000	2,000,000,000	116,051,336	1,160,513,360	Capital reserve transferred to capital of NT\$55,500,000	None	Note22

Year/Month	Issue Price	Authorized Shares		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	Non-cash assets in lieu of capital	Others
2012.10	10	200,000,000	2,000,000,000	116,054,336	1,160,543,360	Stock warrant of NT\$30,000	None	Note23
2013.01	10	200,000,000	2,000,000,000	116,074,538	1,160,745,380	Convertible bond conversion of NT\$202,020	None	Note24
2014.03	10	200,000,000	2,000,000,000	121,808,652	1,218,086,520	Convertible bond conversion of NT\$57,341,140	None	Note25
2014.07	10	200,000,000	2,000,000,000	132,763,179	1,327,631,790	Convertible bond conversion of NT\$109,545,270	None	Note26
2015.05	10	200,000,000	2,000,000,000	134,763,179	1,347,631,790	Issuance of restricted stock awards of NT\$20,000,000	None	Note27
2015.10	10	200,000,000	2,000,000,000	134,643,179	1,346,431,790	Retirement of restricted stock awards of NT\$1,200,000	None	Note28
2016.01	10	200,000,000	2,000,000,000	132,623,179	1,326,231,790	Retirement of treasury stocks and restricted stock awards of NT\$20,200,000	None	Note29
2016.07	10	200,000,000	2,000,000,000	132,536,379	1,325,363,790	Retirement of restricted stock awards of NT\$868,000	None	Note 30
2017.01	10	200,000,000	2,000,000,000	132,382,379	1,323,823,790	Retirement of restricted stock awards of NT\$1,540,000	None	Note 31
2017.05	10	200,000,000	2,000,000,000	132,354,379	1,323,543,790	Retirement of restricted stock awards of NT\$280,000	None	Note 32
2018.02	10	200,000,000	2,000,000,000	130,302,379	1,303,023,790	Retirement of treasury stocks and restricted stock awards of NT\$20,520,000	None	Note 33
2018.07	10	200,000,000	2,000,000,000	130,020,379	1,300,203,790	Retirement of restricted stock awards of NT\$2,820,000	None	Note 34
2019.08	10	200,000,000	2,000,000,000	125,020,379	1,250,203,790	Retirement of treasury stocks of NT\$50,000,000	None	Note 35
2019.01	10	200,000,000	2,000,000,000	125,001,379	1,250,013,790	Retirement of restricted stock awards of NT\$190,000	None	Note 36
2019.05	10	200,000,000	2,000,000,000	123,001,379	1,230,013,790	Retirement of treasury stocks of NT\$20,000,000	None	Note 37
2019.07	10	200,000,000	2,000,000,000	125,001,379	1,250,013,790	Issuance of restricted stock awards of NT\$20,000,000	None	Note 38
2020.08	10	200,000,000	2,000,000,000	122,556,379	1,225,563,790	Retirement of treasury stocks and restricted stock awards of NT\$24,450,000	None	Note 39
2021.07	10	200,000,000	2,000,000,000	122,528,560	1,225,285,600	Retirement of restricted stock awards of NT\$330,000 and convertible bond conversion of NT\$51,810	None	Note 40
2021.10	10	200,000,000	2,000,000,000	128,207,278	1,282,072,780	Convertible bond conversion of NT\$56,787,180	None	Note 41
2022.03	10	200,000,000	2,000,000,000	128,861,726	1,288,617,260	Convertible bond conversion of NT\$6,544,480	None	Note 42
2022.08	10	200,000,000	2,000,000,000	128,835,236	1,288,353,260	Retirement of restricted stock awards of NT\$264,000	None	Note 43
2022.09	10	200,000,000	2,000,000,000	135,335,326	1,353,353,260	Capital reserve transferred to capital of NT\$65,000,000	None	Note 44
2023.05	10	200,000,000	2,000,000,000	137,715,192	1,377,151,920	Convertible bond conversion of NT\$23,798,660	None	Note 45
2023.08	10	200,000,000	2,000,000,000	141,888,345	1,418,883,450	Convertible bond conversion of NT\$41,731,530	None	Note 46
2023.12	10	200,000,000	2,000,000,000	143,609,435	1,436,094,350	Retirement of treasury stocks of NT\$16,800,000 and Convertible bond conversion of NT\$34,010,900	None	Note 47

- Note1: Approval document, MOEACRO (90) No. 09032876610 dated October 4, 2001 issued by Central Region Office, Ministry of Economic Affairs.
- Note2: Approval document, MOEACRO No. 09132999770 dated November 19, 2002 issued by Central Region Office, Ministry of Economic Affairs.
- Note3: Approval document, MOEACRO No. 09233049910 dated December 3, 2003 issued by Central Region Office, Ministry of Economic Affairs.
- Note4: Approval document, MOEACRO No. 09332725070 dated September 22, 2004 issued by Central Region Office, Ministry of Economic Affairs.
- Note5: Approval document, MOEACRO No. 09432618530 dated August 8, 2005 issued by Central Region Office, Ministry of Economic Affairs.
- Note6: Approval document, MOEACRO No. 09533032650 dated October 25, 2006 issued by Central Region Office, Ministry of Economic Affairs.
- Note7: Approval document, MOEACRO No. 09632544990 dated August 6, 2007 issued by Central Region Office, Ministry of Economic Affairs. This was the first employee stock option (ESO) for 2006 issued in November 2006 of 1,000 units. Each unit subscribed amounted to 1,000 ordinary shares. The subscription price amounted to NT\$20 per share (in year end of 2005, EPS indicated in the audited financial statement amounted to NT\$13.0 per share). The subscribers were employees who had 3.5 month lapse since restricted stock awards were vested. The duration period amounted to 6.5 months.
- Note8: Approval document, MOEACRO No. 09632676610 dated August 27, 2007 issued by Central Region Office, Ministry of Economic Affairs.
- Note9: Approval documents, FSC I No. 0960067553 dated November 30, 2007 issued by Financial Supervisory Commission, and MOEAC No. 09731736800 issued by MOEA dated February 18, 2008.
- Note10: Approval documents, FSC I No. 0970035161 dated July 14, 2008 issued by Financial Supervisory Commission, and MOEAC No. 09733000070 issued by MOEA dated September 15, 2008.
- Note11: Approval documents, FSCF No. 0980033755 dated July 7, 2009 issued by Financial Supervisory Commission, and MOEAC No. 09801201710 issued by MOEA dated September 3, 2009.
- Note12: Approval document, FSC I No. 0960051593 dated September 27, 2007 issued by Financial Supervisory Commission. This was the first ESO for 2007 issued in 2,000 units. Each unit subscribed amounted to 1,000 ordinary shares. The subscription price amounted to NT\$25 per share (as of the year end of 2005, EPS indicated in the audited financial statement amounted to NT\$19.8 per share). The subscribers were employees who had 2 year lapse since restricted stock awards were vested. They may subscribe according to schedule and proportion. The duration period amounted to 6 years. This was the first exercise. A total of 810 thousand shares, with a striking price of NT\$15.4 per share (subsequent to earnings distribution for 2009, the subscription price dropped from NT\$19.47 per share to NT\$15.4 per share).
- Note13: Approval documents, FSCF No. 0980050701 dated September 28, 2009 issued by Financial Supervisory Commission, and MOEAC No. 09801272850 issued by MOEA dated November 25, 2010.
- Note14: Approval documents, FSCF No. 0990024463 dated May 14, 2010 issued by Financial Supervisory Commission, and MOEAC No. 09901141920 issued by MOEA dated July 6, 2010.
- Note15: Approval document, MOEAC No. 09901234190 issued by MOEA dated October 18, 2010. This was the second exercise for ESO issued in 2007 of 380 thousand shares with a striking price of NT\$11.0 per share (subsequent to earnings distribution for 2010, the subscription price dropped from NT\$15.4 per share to NT\$11.0 per share).
- Note16: Approval documents, FSCF No. 0990039027 dated July 26, 2010 issued by Financial Supervisory Commission, and MOEAC No. 09901266400 issued by MOEA dated October 18, 2010.
- Note17: Approval documents, FSCF No. 1000027166 dated June 17, 2011 issued by Financial Supervisory Commission, and MOEAC No. 10001171160 issued by MOEA dated August 1, 2011.
- Note18: Approval document, MOEAC No. 10001242400 issued by MOEA dated October 21, 2011. This was the third exercise for ESO issued in 2007 of 249 thousand shares with a striking price of NT\$10 per share (subsequent to earnings distribution for 2011, the subscription price dropped from NT\$11.0 per share to NT\$10 per share).
- Note19: Approval document, MOEAC No. 10101038520 issued by MOEA dated March 8, 2012. This was the fourth exercise for ESO issued in 2007 and a conversion of corporate bonds of 5,679 thousand shares in total with a striking price of NT\$10 per share and a conversion price of NT\$55.5 per share.
- Note20: Approval document, MOEAC No. 10101061950 issued by MOEA dated April 11, 2012. A conversion of corporate bonds of 2,297 thousand shares was performed, with a conversion price of NT\$55.5 per share.
- Note21: Approval document, MOEAC No. 10101140680 issued by MOEA dated July 17, 2012. A conversion of corporate bonds of 157 thousand shares was performed, with a conversion price of NT\$55.5 per share.
- Note22: Approval documents, FSCF No. 1010028684 dated June 28, 2012 issued by Financial Supervisory Commission, and MOEAC No. 10101181490 issued by MOEA dated August 31, 2012.
- Note23: Approval document, MOEAC No. 10101211200 issued by MOEA dated October 12, 2012. This was the fifth exercise for ESO issued in 2007 of 3 thousand shares in total with a striking price of NT\$10 per share.
- Note24: Approval document, MOEAC No. 10201002490 issued by MOEA dated January 8, 2013. A conversion of corporate bonds of 20 thousand shares was performed, with a conversion price of NT\$49.50 per share.
- Note25: Approval document, MOEAC No. 10301053520 issued by MOEA dated March 26, 2014. A conversion of corporate bonds of 5,734 thousand shares was performed, with a conversion price of NT\$34.46 per share.
- Note26: Approval document, MOEAC No. 10301142680 issued by MOEA dated July 18, 2014. A conversion of corporate bonds of 10,955 thousand shares was performed, with a conversion price of NT\$34.46 per share.
- Note27: Approval document, MOEAC No. 10401069270 issued by MOEA dated May 5, 2015. Restricted stock awards of 2,000 thousand shares were issued, with a par value of NT\$10 per share.
- Note28: Approval document, MOEAC No. 10401218730 issued by MOEA dated October 30, 2015. Restricted stock awards of 120 thousand shares were canceled, with a par value of NT\$10 per share.

Note29: Approval document, MOEAC No. 10501002430 issued by MOEA dated January 12, 2016. Treasury stocks and restricted stock awards of 2,000 thousand shares and 20 thousand shares respectively were canceled, both of which with a par value of NT\$10 per share.

Note30: Approval document, MOEAC No. 10501175540 issued by MOEA dated July 29, 2016. Restricted stock awards of 86.8 thousand shares were canceled, with a par value of NT\$10 per share.

Note31: Approval document, MOEAC No. 10601002440 issued by MOEA dated January 18, 2017. Restricted stock awards of 154 thousand shares were canceled, with a par value of NT\$10 per share.

Note32: Approval document, MOEAC No. 10601065050 issued by MOEA dated May 22, 2017. Restricted stock awards of 28 thousand shares were canceled, with a par value of NT\$10 per share.

Note33: Approval document, MOEAC No. 10701003310 issued by MOEA dated February 2, 2018. Treasury stocks and restricted stock awards of 2,000 thousand shares and 52 thousand shares respectively were canceled, both of which with a par value of NT\$10 per share.

Note34: Approval document, MOEAC No. 10701075880 issued by MOEA dated July 6, 2018. Restricted stock awards of 282 thousand shares were canceled, with a par value of NT\$10 per share.

Note35: Approval document, MOEAC No. 10701102410 issued by MOEA dated August 13, 2018. Treasury stocks of 5,000 thousand shares were canceled, with a par value of NT\$10 per share.

Note36: Approval document, MOEAC No. 10801002990 issued by MOEA dated January 11, 2019. Restricted stock awards of 19 thousand shares were canceled, with a par value of NT\$10 per share.

Note37: Approval document, MOEAC No. 10801055070 issued by MOEA dated May 16, 2019. Treasury stocks of 2,000 thousand shares were canceled, with a par value of NT\$10 per share.

Note38: Approval document, MOEAC No. 10801092600 issued by MOEA dated July 19, 2019. Restricted stock awards of 2,000 thousand shares were issued, with a par value of NT\$10 per share.

Note39: Approval document, MOEAC No. 10901156910 issued by MOEA dated August 27, 2020. Treasury stocks and restricted stock awards of 1,618 thousand shares and 827 thousand shares respectively were canceled, both of which with a par value of NT\$10 per share.

Note 40: Approval document, MOEAC No. 11001130500 issued by MOEA dated July 27, 2021. Restricted stock awards were canceled and capital reduced by 33 thousand shares. A conversion of corporate bonds of 5 thousand shares were performed, with a conversion price of NT\$19.30 per share and a par value of NT\$10 per share.

Note 41: Approval document, MOEAC No. 11001190150 issued by MOEA dated October 21, 2021. A conversion of corporate bonds of 5,679 thousand shares was performed, with a conversion price of NT\$19.30 per share.

Note 42: Approval document, MOEA No. 11101036760 issued by MOEA dated March 24, 2022. A conversion of corporate bonds of 654 thousand shares was performed, with a conversion price of NT\$19.10 per share.

Note43: Approval document, MOEAC No. 11101140870 issued by MOEA dated August 2, 2022. Treasury stocks and restricted stock awards of 26 thousand shares with a par value of NT\$10 per share.

Note44: Approval document, MOEAC No. 11101173850 issued by MOEA dated September 6, 2022. Capital reserve transferred to capital of 6.500 thousand shares with a par value of NT\$10 per share.

Note45: Approval document, MOEA No. 11230082860 issued by MOEA dated May 23, 2023. A conversion of corporate bonds of 2,380 thousand shares was performed, with a conversion price of NT\$17.90 per share.

Note46: Approval document, MOEA No. 11230156640 issued by MOEA dated August 23, 2023. A conversion of corporate bonds of 4,173 thousand shares was performed, with a conversion price of NT\$17.90 per share.

Note47: Approval document, MOEA No. 11230222400 issued by MOEA dated December 11, 2023. A conversion of corporate bonds of 3,401 thousand shares was performed, with a conversion price of NT\$17.70 per share and Retirement of treasury stocks of 1,680 thousand shares.

April 1, 2024; unit: share

Type of shares	Authorized Shares			Remarks
	Outstanding shares	Unissued shares	Total	
Common share	143,609,435	56,390,565	200,000,000	Publicly traded shares

(2) Shareholder structure

Shareholding record date: April 1, 2024

Unit: Person; Share; %

Shareholder structure; Volume	Government institution	Financial institution	Other juristic person	Foreign institution and foreigner	Individual	Total
Number of persons	0	7	254	62	34,560	34,883
Shares held	0	13,215,843	36,643,722	7,940,643	85,809,227	143,609,435
Shareholding ratio	0.00%	9.20%	25.52%	5.53%	59.75%	100.00%

(3) Distribution of shares

April 1, 2024; unit: share

Shareholding bracket	Number of shareholders	Shares held	Shareholding percentage (%)
1 to 999	27,415	633,184	0.44%
1,000 to 5,000	5,814	11,354,007	7.91%
5,001 to 10,000	945	6,586,868	4.59%
10,001 to 15,000	373	4,449,240	3.10%
15,001 to 20,000	161	2,876,063	2.00%
20,001 to 30,000	132	3,190,352	2.22%
30,001 to 40,000	84	2,941,137	2.05%
40,001 to 50,000	35	1,552,396	1.08%
50,001 to 100,000	97	6,428,389	4.48%
100,001 to 200,000	41	5,730,783	3.99%
200,001 to 400,000	20	5,465,285	3.81%
400,001 to 600,000	8	4,123,620	2.87%
600,001 to 800,000	1	671,345	0.47%
800,001 to 1,000,000	3	2,706,620	1.89%
More than 1,000,001	24	84,900,146	59.12%
Total	34,883	143,609,435	100.00%

(4) List of major shareholders:

April 1, 2024

Major shareholder \ Share	Shares held	Shareholding percentage (%)
Liangdian Investment Company	17,181,388	11.96%
Jun-Zhong Cheng	10,376,000	7.23%
MasterLink Securities Corporation	6,869,000	4.78%
Xiu-Mei Hsu	5,857,000	4.08%
President Securities Corporation	5,768,510	4.02%
Weixin Investment Limited	4,827,428	3.36%
Jason Wu	3,594,107	2.50%
Harvatek Corporation	3,415,453	2.38%
Chu Chi Investment and Development Co., Ltd.	2,833,524	1.97%
Bi Ling Lee	2,600,000	1.81%
Total	63,322,410	44.09%

- (5) Information relating to market price, net worth, earnings, and dividends per share for the last 2 years:

Unit: NT\$

Item \ Year			2022	2023	2024, as of April 30 (Note 8)
Market price per share (Note 1)	Highest		23.90	28.45	24.05
	Lowest		12.45	15.20	23.50
	Average		17.18	23.54	24.00
Net worth per share (Note 2)	Before distribution		19.50	19.75	-
	After distribution		19.25	(Note 9)	-
Earnings per share	Weighted average number of shares (thousand shares)		131,149	135,756	-
	Earnings per share (Note 3)	Before Retrospectively Adjustment	0.20	0.35	-
		After Retrospectively Adjustment	0.20	(Note 9)	-
Cash dividend per share	Cash dividends		0.29114551	0.500000 (Note 9)	Not distributed
	Stock dividend	Stock dividend from retained earnings	-	-	Not distributed
		Capital reserve dividend	-	-	Not distributed
	Accumulated unpaid dividend (Note 4)		-	-	-
Profitability analysis	Price-to-Earning Ratio (Note 5)		85.90	67.26	-
	Price-to-Dividend Ratio (Note 6)		59.01	47.08	-
	Cash dividend yield (Note 7)		1.69	2.12	-

Note 1: To indicate the highest and lowest market price for common shares. The yearly average market price is computed using yearly transaction amount and volume.

Note 2: Please indicate based on the number of shares issued as of year end and the distribution resolved by the Shareholders' Meeting in the following year.

Note 3: In the event that no retrospective adjustment is required due to issuance of stock dividend, indicate the EPS before and after adjustment.

Note 4: In the event that the criteria of equity securities issuance provide that undistributed dividend for the year may be accumulated and distributed in a profitable year, please disclose respectively the accumulated unpaid dividend for the year.

Note 5: Price / earnings ratio = average closing price per share for the year / earnings per share.

Note 6: Price / dividend ratio = average closing price per share for the year / cash dividend per share.

Note 7: Cash dividend yield rate = cash dividend per share / average closing price per share for the year.

Note 8: Please indicate the net worth per share and EPS based on information as of the publication date of the audited (reviewed) financial report for the latest quarter; for other information, please indicate based on information as of the publication date of the annual report. Financial statements for 2023Q1 have been audited.

Note 9: The proposal for 2023 earnings distribution awaited the approval of 2024 Shareholders' Meeting by resolution.

(6) Dividend Policy and Implementation Status

1. Dividend policy:

If the Company has any surplus in the earnings as concluded by the annual accounting book close, the Company shall pay tax and make up for the accumulated losses first, and then set aside 10% as legal reserve, but if the legal reserve has reached the amount of the Company's paid-in capital, no further provision shall be made, and the remainder shall be set aside or reversed as special reserve in accordance with the Securities and Exchange Act; if there is any remaining balance, the Board of Directors shall, together with the accumulated undistributed earnings, prepare an earnings distribution proposal and submit it to the shareholders' meeting for resolution on the distribution of dividends to shareholders.

The Company's dividend policy is to distribute dividends to shareholders at a rate of not less than 60% of the available-for-distribution earnings each year, with the capital, financial structure, operating conditions, future development plans, capital requirements, domestic and international competition taken into account, as well as the interests of shareholders. If the accumulated available-for-distribution earnings are less than 20% of the paid-in capital, no earnings distribution should be made. Dividends may be distributed to shareholders in cash or in stock, with cash dividends not less than 10% of the total dividends.

2. Distribution of dividend:

- (1) As per the Board of Directors resolution on February 29, 2024, the profit distribution table for 2024 submitting to the Shareholders' Meeting is as follows:

Edison Opto Corporation
PROFIT DISTRIBUTION TABLE

Unit: NT\$

Item	Amount	
	Sub-total	Toatal
Undistributed earnings at the beginning of the period		0
Add: Net profit after tax for 2023	47,528,196	
Change in actuarial gain and loss for the period	63,000	47,591,196
Available-for-distribution earnings for the period		47,591,196
Distributable items:		
Provision for legal reserve	(4,759,120)	
Provision of special reserve for deduction from equity	(26,391,873)	
Dividend to shareholders – cash (NT\$ 0.100000/share)	(14,210,944)	(45,361,937)
Unappropriated retained earnings		2,229,259

(2) Proposed dividend distribution in 2024 Shareholders' Meeting

Unit: NT\$

Dividend end Year	Dividend distribution date resolved by the Board resolution	Stock dividend			
		Cash dividends	Cash dividend from capital reserve	Stock dividend from capital reserve	Stock dividend from retained earnings
2023	2024.02.29	14,210,944 (NT\$ 0.10 Per share)	56,843,774 (NT\$0.40 per share)	0	0

3. Anticipated major change in dividend policy: None.

(7) Effect of the proposed stock dividends at the shareholders' meeting on the Company's operating results and earnings per share: Not applicable. As per the "Regulations Governing the Publication of Financial Forecasts of Public Companies," the Company is not required to disclose financial forecast.

(8) Amount or scope of employee compensation and Director remuneration

1. Amount or scope employee compensation and Director remuneration as per the Articles of Incorporation

Item	Amount or scope
Employee compensation	Each year, if the Company is profitable, 5% to 15% of the profit shall be appropriated as employee compensation. The Board of Directors shall determine by resolution to distribute the compensation in stock or cash. The eligible party shall be employees of the Company or its affiliates that meet certain criteria. However, if the Company has accumulated losses, the amount of losses make-up shall be reserved in advance and then the employees and Directors' profit-sharing remuneration shall be appropriated in accordance with the aforementioned percentages.
Director remuneration	The Board of Directors shall determine by resolution to distribute not more than 3% of the aforementioned profit amount as the Director remuneration.

2. The basis for the estimation of the amount of employee compensation and Director remuneration, computation basis of number of stock dividend for the current period (2023), and the accounting treatment in the event of a difference between the estimated amount and the actual compensation and remuneration paid in shares or cash:

For a profitable fiscal year (a profitable fiscal year refers to the annual profit before tax before deducting the profit-sharing remuneration for employees and profit-sharing remuneration for directors), the Company shall first offset the accumulated losses before appropriating and recognizing 5% and 1% of the profit as profit-sharing remuneration for employees and profit-sharing remuneration for directors, which are expenses for the year. In the event that the actual disbursement differs from the estimated amount, the deviation amount shall be recognized as a profit or loss in the following year.

3. Compensation and remuneration resolved by the Board of Directors:

- (1) Profit-sharing remuneration for employees and profit-sharing remuneration for directors in cash or shares. In the event that the actual disbursement differs from the estimated amount, the deviation amount, causes and measures taken shall be disclosed:

On February 29, 2024, the Board of Directors approved 2023 profit-sharing remuneration for employees and profit-sharing remuneration for directors by resolution as follows. The difference will be adjusted in 2024 as estimated changes:

Unit: NT\$

Item	Board resolution	Recognition of compensation and remuneration for the year	Deviation
Employee compensation (cash)	2,660,000	2,660,000	0
Director remuneration (cash)	540,000	540,000	0
Total	3,200,000	3,200,000	0

- (2) Employee compensation distributed in stock, and the said compensation as a percentage of the sum of after-tax profit and total employee compensation in the standalone financial statements: Not applicable as no distribution has been made.

4. Actual disbursement of employee compensation and Director remuneration for the preceding year (2021; including employee stocks, cash disbursement and share prices). Where the actual disbursed amount differs from the recognized amount, the deviation amount, causes and measures shall be disclosed:

Unit: NT\$

Item	Shareholders' Meeting (2023.05.30) Disbursed amount	Proposed distributed amount (2023.05.04) by the Board of Directors previously	Deviation	Cause of deviation
Employee compensation (cash)	0	0	0	None
Director remuneration (cash)	0	0	0	None
Total	0	0	0	None

(9) Repurchase of the Company's shares:

March 31, 2024

Repurchase round	5th round	6th round	7th round
Purpose for repurchase	Transfer of shares to employees	Protection of corporate credit and shareholders' interests	Transfer of shares to employees
Repurchase period	2018/11/7-2018/12/21	2020/04/01-2020/05/31	2022/9/5~2022/10/4
Repurchase price range	NT\$12 to NT\$19 per share	NT\$7.5 to NT\$15 per share	NT\$13 to NT\$22 per share
Type and number of shares repurchased	Common stock 3,000 thousand shares	Common stock 1,618 thousand shares	Common stock 1,500 thousand shares
Number of shares repurchased	NT\$42,337 thousand	NT\$19,832 thousand	NT\$24,847 thousand
Actual shares repurchased as a percentage of predetermined shares repurchased (%)	100.00%	53.93%	50%
Number of shares retired and transferred	3,000 thousand shares	1,618 thousand shares	0 thousand shares
Cumulative number of shares held in the Company	0 thousand shares	0 thousand shares	1,500 thousand shares
Cumulative number of shares held in the Company as a percentage of total issued shares (%)	0.00%	0.00%	1.04%

2. Corporate bonds:

Types of corporate bonds		Third domestic secured convertible corporate bonds
Date of issuance		2021/01/25
Issuance and trading location		Taipei Exchange
Issue price		Issued at 101% of the face value
Total principal		NT\$300,000,000
Interest rate		0% coupon rate
Tenure		Three-year; maturity date: January 25, 2024
Credit guarantee institution		Taipei Fubon Commercial Bank Co., Ltd.
Underwriter		Fubon Securities Co. Ltd.
Legal counsel		Not applicable
CPA		Not applicable
Repayment method		Apart from the bondholders exercising conversion to common shares as per article 10 and redemption as per article 18 of the terms of corporate bond issuance and conversion, and the Company recalling and retiring the bonds as per article 19, the repayment upon maturity shall be made with a bullet payment in cash at 100.7519% of the face value.
Unpaid principal		NT\$300,000,000
Criteria of redemption or early repayment		Please see article 18 of the terms of corporate bond issuance and conversion
Covenants		None
Credit rating agency, date of rating and rating of corporate bond		Not applicable
Other equity	The amount of converted (exchanged or subscribed) common shares	None
	Issuance and conversion	Please see the terms of corporate bond issuance and conversion
Dilution effect and other adverse effects on existing shareholders		Please see page 78 to 79 of the bond issuance prospectus.
Custodian		None

Convertible corporate bonds

Types of corporate bonds		Third domestic secured convertible corporate bonds
Year		2023
Market price of convertible corporate bonds	Highest	NT\$159.00
	Lowest	NT\$105.20
	Average	NT\$131.59
Conversion price		NT\$17.70
Date of issuance and conversion price at issuance		Date of issuance: January 25, 2021 Conversion price at issuance: NT\$19.30
Underwriter		Fubon Securities Co. Ltd.
Method by which conversion obligations will be satisfied		Issuance of new shares

- 3. Preferred shares: None.**
- 4. Overseas depositary receipts: None.**
- 5. Employee stock option: None.**
- 6. Restricted stock awards:**
 - (1) Restricted stock awards that have yet to meet the vesting conditions and effect on existing shareholders : None
 - (2) Name and accumulated restricted stock award acquisition of top ten managers and employees : None
- 7. Issuance of New Shares with Shares Acquired or Assigned from Other Companies: None.**
- 8. Implementation of the Fund Usage Plan:**

For the period as of the quarter preceding the date of publication of the annual report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent three years but have yet fully yielded the planned benefits: None.

Business Overview

i. Business Activities

(i) Scope of business

1. Principal business activities of the Company and subsidiaries:

- (1) Lighting Equipment Manufacturing.
- (2) Electronic Parts and Components Manufacturing
- (3) Electrical Appliance Construction (Grade A)
- (4) Electrical Appliance Installation
- (5) Traffic Signs Installation Engineering
- (6) Lighting Equipment Construction
- (7) Solar Thermal Energy Equipment Installation Engineering
- (8) Traffic Marking Engineering
- (9) Wholesale of Electronic Materials
- (10) Wholesale of Batteries
- (11) Retail Sale of Traffic Sign Equipment and Materials
- (12) Retail Sale of Batteries
- (13) Retail Sale of Electronic Materials
- (14) International Trade
- (15) Energy Technology Services
- (16) All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. Main products of the Company and subsidiaries and percentage relative to consolidated revenues - 2023:

Unit: NTD thousands; %

Main products	Operating revenues	Weight of operating revenues
LED transmitter component	137,801	6.92
LED lighting product	1,189,895	59.76
LED automotive product	621,332	31.21
Others	42,033	2.11
Consolidated operating revenues	1,991,061	100.00

3. Current main products of the Company and subsidiaries:

The company main products LED transmitter component、LED lighting product、LED automotive product, but are also committed to promoting proprietary LDMS (Lighting Design Manufacturing Service) for LED lighting solutions. LDMS is an integrated, customized design and manufacturing service that helps customers resolve technical challenges such as heat dissipation, circuitry, structural design, optical design etc. in their LED lighting

equipment, so that customers can more easily and more quickly develop next generation of stationary lighting solutions.

4 . New products planned for the future:

(1) LED components, modules, and products

- A. Slim, 40 ° beam angles, high luminance, IP67, flexible wall washer lightbar
- B. High efficiency, low-frequency flashover (low flicker), high-voltage linear module
- C. Commercial LED lighting module (including high-efficiency and high CRI LED components) for embedded light and ceiling applications. The lamp can reach a high-quality of light source with 140 lm/W or above, and above CRI95.
- D. SWIR short-wave infrared LEDs, including applications for detecting and monitoring vision, improving product automation and medical-related semi-conductor type detection and measurement equipment capability enhancement.
- E. Slim and Compact Automotive Low-power or High-power LED
- F. Various Automotive LED modules (such as: Turn signals, Ambient Light, etc.) with ultra-thin miniature design, provide excellent design flexibility for lamp manufacturers.
- G. High-penetration, daylight color sealed beam fog light module.

(2) Transducer components and modules.

(3) Human-Centric Health Lighting Fixture (High CRI Eye-caring Desk Lamp, Human-Centric Lighting Fixtures for Office, Education and Home Application).

(4) Photobiomodulation Health Lighting Solutions (Long term care, Skin care, Hair care 、 Sports care, etc.)

(5) Smart Full Spectrum lighting Solution (Full spectrum lamps combine intelligent control and platform.)

(6) Intelligent Street Lighting Solutions (The Internet of Things network and platform have multiple functions such as street lighting, monitoring, management, and information transmission.)

(7) Green Lighting Solutions

- A. Develop various Energy Label lighting fixtures, such as indoor lighting fixtures (Panel lights, Downlights, Tri-proof lights, etc.), outdoor lighting fixtures (Street lights, Floodlights, High Bay lights, etc.)
- B. Integrate renewable energy accessories such as solar panels.
- C. Integrate renewable battery accessories such as LiFePO₄.
- D. Develop all in one solar street light (Integrate solar controllers, solar modules, batteries and other accessories.).

(8) Environment-friendly materials lighting : Used eco-friendly materials and design lamps that are reusable or recyclable.

(ii) Industry Overview

1. Current and future industry prospects

Overall, Edison Opto and subsidiaries are mainly involved in the research, development, production, and sale of LED transmitter component 、 LED lighting product 、 LED automotive product. Below is a Edison Opto and subsidiaries, given their distinctive industry characteristics:

(1) Current and future industry prospects

A. Overview of the LED industry

"LED Manufacturing" refers to the business of producing various forms of LED components. Taiwan Industry Economics Services has classified "LED (Light Emitting

Diode) Manufacturing" as "Other Optical Components Manufacturing" under "Optical Materials and Components Manufacturing" based on Version 10 of "Standard Industrial Classification System of the Republic of China" published by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan.

LED is an electronic component made from semiconductor materials that emits light when electricity passes through. These materials use chemicals from groups III-V of the periodic table (such as: gallium phosphide (GaP), gallium arsenide (GaAs) etc.) to convert electrical energy into light. By applying electrical current on semiconductor compounds made with different materials and taking advantage of electrons and electron holes, excess energy can be released in the form of light to achieve illumination. Different materials produce light at different wavelengths, and are perceived by the eye as different colors. LED is a luminescent light source and has a life span of more than 100,000 hours. LED offers significant advantages including zero idling time, fast response (about 10 seconds), small size, power efficiency, low pollution, and scalable production. It is also highly reliable to be used in miniaturized components or arrays, and is therefore highly versatile in terms of application. LEDs are mainly used in lighting, LCD backlight, and signage; lighting application can be further distinguished into general lighting, commercial lighting, automotive lighting, outdoor lighting, landscape lighting, and horticulture lighting.

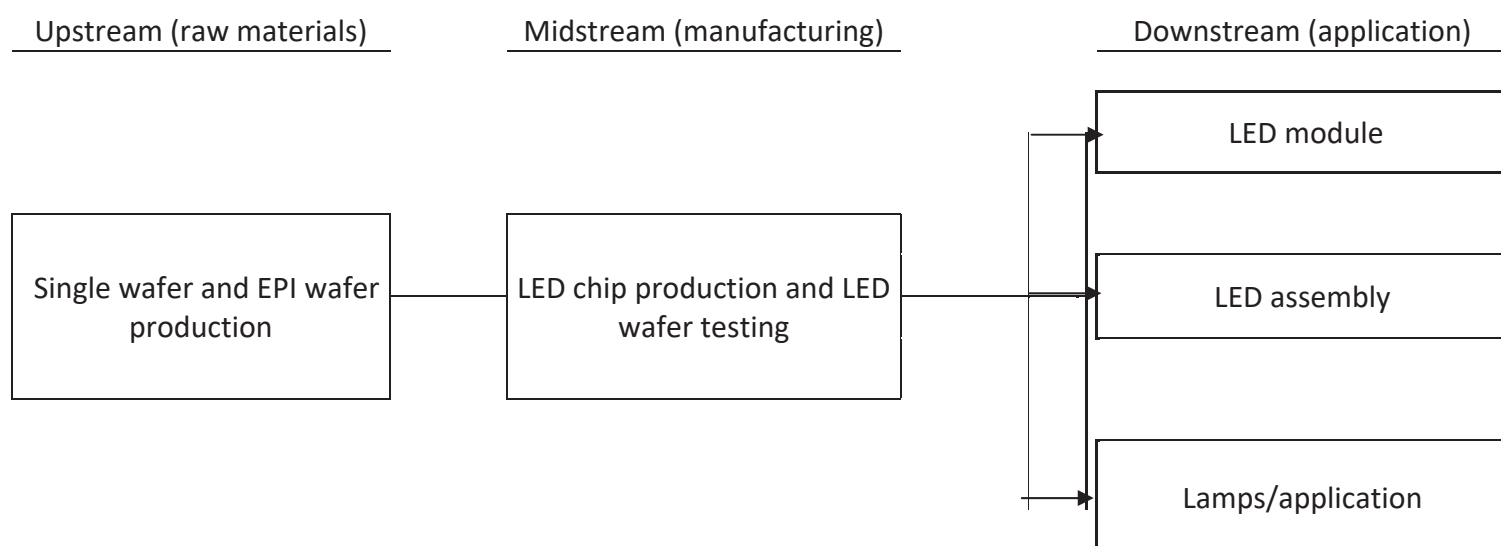
In 2022, the global LED industry faced significant challenges due to the Russia-Ukraine war, lockdowns in China, high inflation, and severe inventory issues, affecting demand throughout the year and continuing into 2023. Despite these external pressures, the overall LED packaging demand did not experience the anticipated increase. However, the overall LED commercial lighting industry has shown signs of recovery. Looking forward to 2024, with countries focusing on net-zero carbon emissions and climate risk management, and the energy-saving benefits of LED lighting over traditional lighting, government budgets for replacing lighting fixtures with LED are expected to improve from previous years. TrendForce analysis indicates that in 2024, approximately 5.788 billion LED light sources will be retired, generating substantial secondary replacement demand. The global LED lighting market is expected to grow by 4% to \$60.9 billion in 2024, making it a promising year for the industry.



Global demand for lighting has been growing at a slow rate in recent years. Population growth, economic growth, urbanization, and energy conservation needs are some of the key demand drivers. The faster the economic growth and the higher the rate of urbanization, the higher the demand for office buildings, plants, services, and residence. Furthermore, increased wealth is often associated with the need to travel at night, and higher demand for lighting. Lighting is a highly localized business and there are only few global players. Vertical integration efforts in recent years have opened up opportunities and diversity for smart lighting solutions, which may change the future of lighting products and market. Faced with the uprise of smart lighting, global players are actively changing their existing business models to transform into lighting system providers. In addition to refining the current lighting technology, these global players have committed additional resources into developing visible light communication and accurate indoor positioning, and devised a series of strategies to transition from supplying standalone products to providing integrated solutions, systems, platforms, and services, while at the same time expand application from lighting to smart building/campus/city solutions. Overall, the lighting industry as a whole is transforming toward sustainability by incorporating digital, networking, and smart features, and had made noticeable efforts to carbon neutrality in 2030.

2. Association between upstream, midstream, and downstream industry

LED manufacturing can be generally divided into EPI wafer production in the upstream, LED chip production in the midstream, LED assembly and module in the downstream, and end-user application. The Company offers LED modules, assembly services, and Lamps and applications, which places it in the downstream of the industry chain. Association between upstream, midstream, and downstream participants is illustrated below:



Source: LED manufacturers database, Taiwan Institute of Economic Research (2019/12)

3. Product trends

(1) LED market share continues to increase

A. Advancement of LED lighting technology

To date, continuous innovation and improvement in LED lighting technology have significantly enhanced the performance and efficiency of LED lighting products, including aspects such as optics, color temperature, color

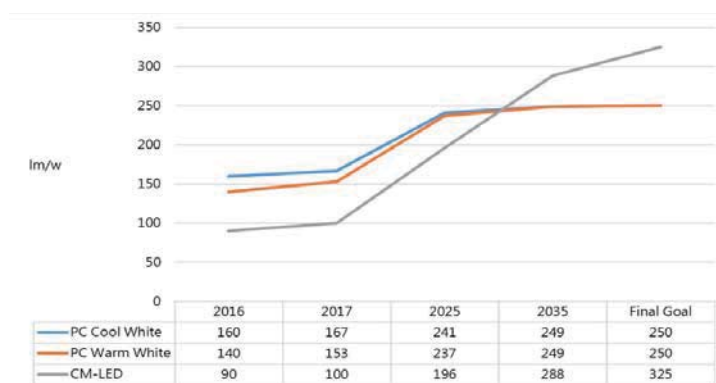
saturation, and product lifespan. This has enabled LED products to better meet consumers' demands for high-quality lighting, thereby increasing market competitiveness.

New technologies are constantly developing new applications across various fields, such as UV-LEDs used in medical settings to kill bacteria on the surface of medical equipment to prevent cross-infection; smart city lighting, where LEDs, combined with smart control systems, can automatically adjust brightness based on environmental conditions and pedestrian traffic; and stage and television lighting, where LEDs replace traditional incandescent lights, offering color adjustment and beam control capabilities to enrich stage lighting effects and enhance visual performance and atmosphere.

The advancement of LED lighting technology will continue to evolve with market demand, including energy efficiency, multifunctionality, etc., and is expected to keep growing.

B. Low price of LED lighting

As LED technology matures and production scales expand, replacing traditional lighting, LED products have been widely accepted by consumers, leading to continuously decreasing product costs. According to the U.S. Department of Energy's technology development roadmap, by 2025, the luminous efficacy of cool white light could potentially reach 240lm/W. Meanwhile, as prices of LED components fall and manufacturers invest additional resources into development, many indoor LED lighting products are now priced more competitively than conventional lighting products.



Source: U.S. Department of Energy (2020)

In summary, LED lighting far surpasses other lighting products in terms of price-to-performance ratio, and is being regarded as the ceiling of high efficiency lighting technology. Other light sources such as OLED and laser will have to overcome the current efficiency and price barriers in order to compete with LED, and new products will have to offer better efficiency at similar pricing to have a chance of being accepted by the market.

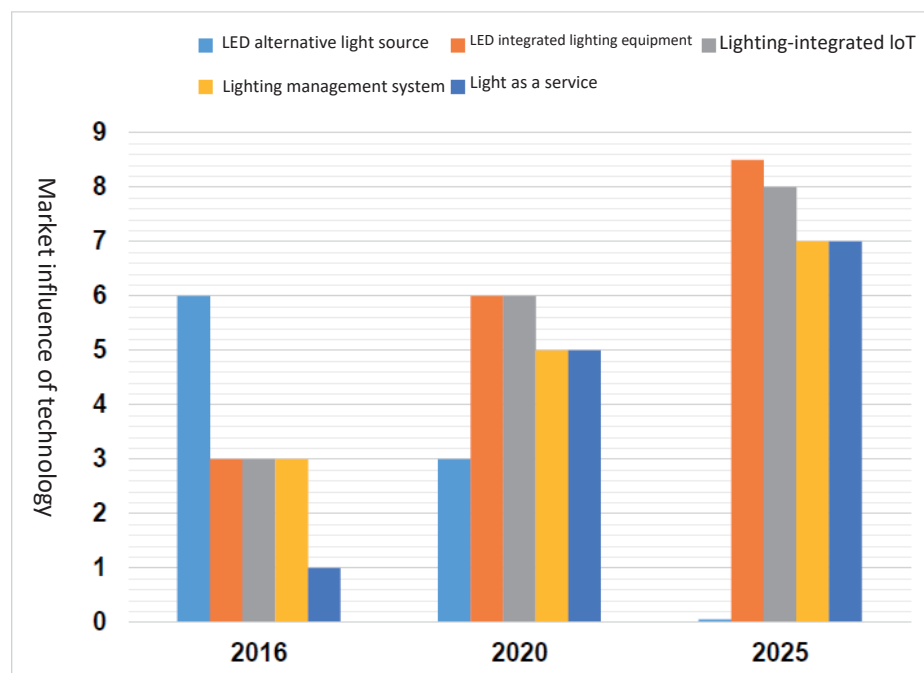
For these reasons, LED's should secure its dominance as the mainstream light source in the next 5 years.

(2) Increasing market influence from AI technologies

A. AI growing in significance

LED lighting has continually improved in efficiency and decreased in pricing in recent years to create a technological ceiling that make it difficult to compete for new lighting technologies such as OLED. Low price and high

efficiency of LED lighting also mean that the industry offers little margin in return. Given the ongoing price competition and uprise of smart city and IoT applications, the lighting industry will compete on integrated LED lighting equipment, IoT lighting, lighting management system, and light as a service (LaaSS) for the next growth phase. As AI becomes a part of lighting new features such as smart technology, sensor, communication module, interoperability/compatibility, safety technology, integrated technology etc. will receive greater attention in the future, as illustrated in the following figure.



Source: Industrial Technology Research Institute, IEK Consulting (2019/3)

B. Increasing technological barrier

IoT and smart city projects will invite more innovative suppliers to develop lighting equipment into connection hubs that transmit data and make cities/building smart. To realize this vision, manufacturers will have to find ways of integrating smart technologies into lighting products and bring "intelligence" into lighting. Considering how demand for lighting system varies between residential, commercial, and industrial applications, it is crucial for suppliers to explore customers' needs and satisfy them with lighting control systems that offer favorable price-to-performance ratio and stability. Smart lighting technology is more than just manufacturing and selling lighting equipment, but also involves integration of computing technology, wireless communication, automated control, and database. These integrations make products more difficult to develop by any single manufacturer, and would require strategic alliance or business partnership to succeed. Today, dominant manufacturers of lighting and light control solutions such as Osram, Lutron, and Legrand have made noticeable progress in terms of business acquisition or strategic alliance, which raised capital barrier of entry and made the technology too sophisticated to be single-handedly mastered by any single manufacturer. The industry has changed so much that it is no longer appropriate to classify LED as a conventional "hardware" industry. Instead, it

should be recognized as an important part of smart city, for it integrates communication, sensor, computing, and cloud technologies. The prospect of smart lighting has attracted not only lighting manufacturers, but also manufacturers from non-lighting industries, as they, too, try to expand application of their products and score an early win in the race. This conflict has prompted participants to form collaborative yet competitive business relationships within the smart lighting industry.

(3) Uprise of new business models

A. Transition toward lighting system service

Smart lighting technology presents a new blue ocean for reputable lighting manufacturers in the world. Driven by mankind's pursuit for convenience and comfort, lighting designs in the future will be custom-tailored to personal needs, and in order to achieve personalized design, lights will have to be combined with sensors to form smart systems, thereby allowing consumers to control and adjust according to preference. This level of customization means that light can no longer be presented in only one color as it used to, but diversified to accommodate system integrations and lighting designs. They may even incorporate AI technology in the future to further satisfy human needs. Faced with the uprise of smart lighting, large manufacturers are changing their business models progressively and taking the initiative to transform into lighting system providers. In other words, they are transitioning from selling lighting equipment to selling "light," as illustrated in the figure below.



Source: Industrial Technology Research Institute, IEK Consulting (2019/3)

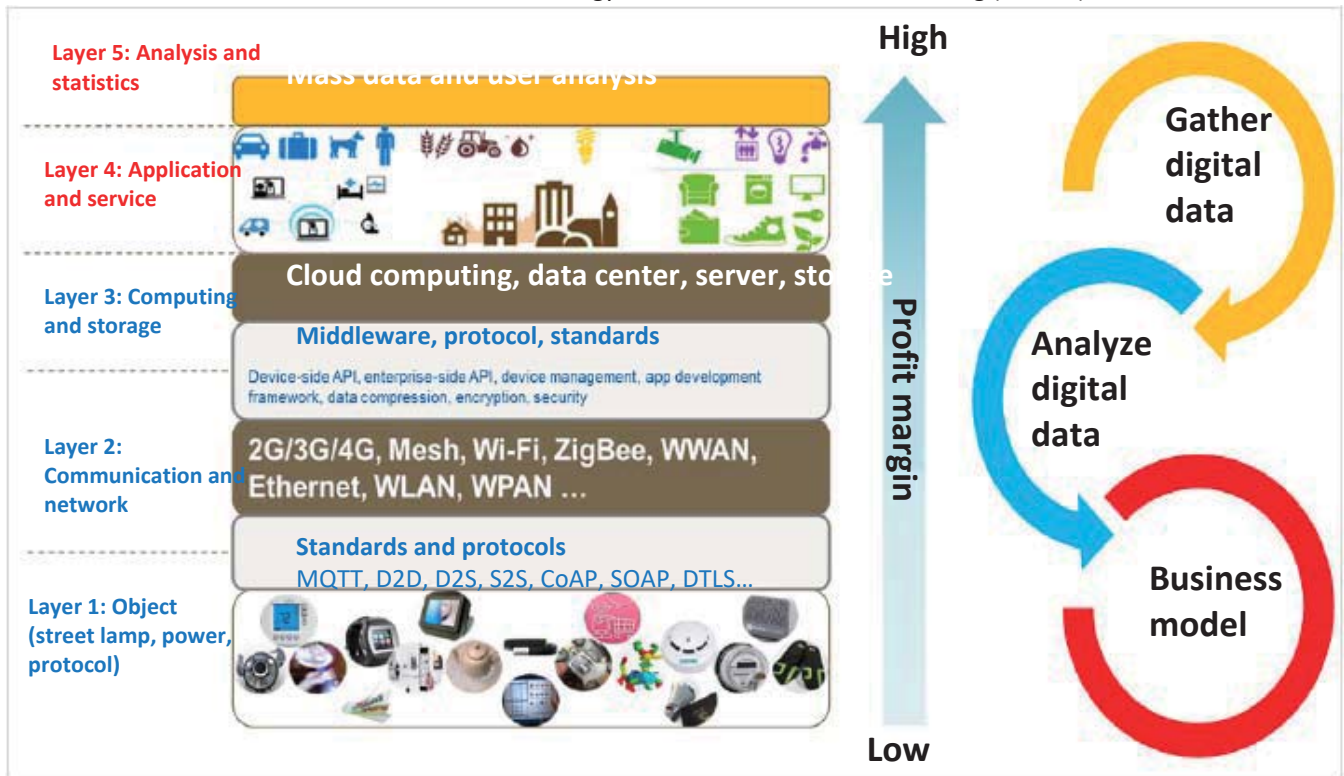
To provide the above products and services, Signify (formerly Philips Lighting) has made aggressive changes to its existing business model and transformed into a lighting system provider. For instance, the urban street lamp system and asset management service called City Touch launched in 2016 was one of its major offerings as a lighting system provider. In March 2018, Signify launched a new IoT platform called "Interact" that processes data

gathered through connected lighting devices, sensors, transmission equipment, and systems, and uploads data onto Signify Lighting Cloud where administrators may access, analyze, and make use of to create value and exercise better energy control. U.S. lighting manufacturer, Acuity Brands, also mentioned the arrival of artificial intelligence and IoT as part of its future roadmap, and in addition to refining its current lighting technology, Acuity Brands has committed additional resources into developing visible light communication and accurate indoor positioning, and devised a series of strategies to transition from supplying standalone products to providing integrated solutions, systems, platforms, and services.

B. Development of new business model

Promising as smart lighting may be, the concept is relatively new to the lighting market and solutions are still under development, not to mention the issues concerning consumers' awareness and user habits. So far, smart lighting is seen primarily in government projects (such as smart street lamp) or government-initiated demonstrations, and is therefore financed mainly by way of Private Finance Initiative (PFI). While PFI is a common model for public infrastructures in the past, it is not an innovative model developed specifically for smart lighting. There are also some conglomerates that develop smart lighting projects in collaboration with local governments using a leasing model (where long-term contracts are signed with local governments to lease out street lamp operations), but neither of the above methods devote much attention to data applications and opportunities given rise by AI or IoT technologies.

From the figure below, it can be seen that innovative business models and new opportunities associated with smart lighting are still under development, and that system operation and data analysis are where the most values can be derived. It is evident that future business models for smart lighting will focus on creating values from the massive volume of data gathered over a long period of time to the benefit of consumers and manufacturers/operators.



(4) Product competition

A. LED lighting components and modules

Currently, world's major manufacturers of high power LED include Nichia, Osram, Matsushita, Lumileds, Toyota Gosei, Stanley, Toshiba, and Citizen. In terms of market competitiveness and positioning, Nichia, Toyota Gosei, and Cree currently take the lead in high-end technologies such as blue light and white light; whereas European and American companies Lumileds and Osram are well-established in vertical integration. Considering the versatility of LEDs to be used in lighting, signage, and automotive applications, being able to secure market trends, distribution channels, and raw materials is critical to future success.

Lighting efficiency alone provides LED lights the reason to popularize, and as production cost and selling price reduce, they are making way into the average household. LED lights should continue to maintain dominant competitive advantage in the foreseeable future, and may even achieve higher degree of popularity among average households.

The Company, on the other hand, prioritizes on the assembly of high power LEDs (with operating current greater than 350mA) that are designed specifically for lighting. Driven by the LDMS (Lighting Design Manufacturing Service) concept, the Company provides a TEMO (Thermal Management, Electrical Driving Conditions, Mechanical Refinement and Optical Optimization) platform that helps customers develop all sorts of lighting equipment using LED light source, and contributes to the expansion of LED lighting applications. High power LEDs manufactured by the Company and subsidiaries are mainly used for lighting in applications such as: stage lighting, commercial lighting, building/landscape lighting, street lamp, decorative lighting, automotive

lighting, general indoor lighting, and special applications including curing light, horticulture lamp, medical light, and surgical light.

The company and its subsidiaries currently cover high-power LEDs ranging from 1 to 40 watts, extending our reach across various professional lighting sectors to fully meet diverse market demands. In the realm of stage, photography, and film lighting, we offer high CRI designs and can be paired with different secondary optical lenses to optimize mixed light quality and design flexibility. Our technical level is on par with other major international manufacturers, and the overall lighting market has reached economies of scale. Consequently, the overall cost of LEDs has relatively decreased, enhancing the cost-effectiveness of LEDs. In product development and application, we have gradually attracted and persuaded customers to incorporate high-power LED designs, possessing brand recognition and brand advantages, making our products highly competitive

B. LED automotive products

With the recent rise of the electric vehicle market, our company also possesses a comprehensive automotive lighting solution. By utilizing our specialized eutectic process in combination with an array approach, we reduce the light-emitting area to enhance the illumination of traditional LED headlights where low beams are insufficient and high beams have short illumination distances. Our full range of automotive products not only complies with regulatory standards in terms of light color and specifications but also demonstrates high reliability under extreme operating conditions, with product designs based on the IATF16949 process.

Having earned the trust of headlamp manufacturers in North America, the group was able to receive ODM and OEM orders for multiple car models, and continues to grow its customer base. Due to safety concerns, automobile manufacturers require genuine LED lighting modules to pass rigorous design and safety tests, and it takes as long as 1-2 years to design, develop, and certify a module. First-time dealing with Tier I manufacturer may take 2-3 years or longer just to review, certify, and deliver samples. However, it is because of the time-consuming and costly nature that deters competitors in the short term, and the rigorous automotive lighting standards imposed by Tier I manufacturers are not something that can be met by manufacturers of general consumer LED lights.

For Tier I manufacturers, discontinuing relationship with an existing supplier in favor of parts from an alternative supplier incurs additional time and cost to certify, not to mention that it is difficult to assess how the change of parts will affect lighting performance. Out of conservatism and concerns for cost and risk, it is unlikely for Tier I manufacturers to change part suppliers.

C. LED transmitter component

Sensor element Sensor element transmit information using light and optic fiber. As technologies evolve, light has become an important medium for transmitting data. Rapid growth in multimedia applications in recent years has raised consumers' demand for high-quality data audiovisual experience, and using light to transmit audio yields better quality, which satisfies consumers' needs.

As bandwidth increases, sensor elementare made smaller and used in high-end products that require higher bandwidths. Currently, plastic optic fiber modules are widely used as transmission interfaces for audio data on sound systems, Mini Disc (MD) devises, DVD players, PS2 consoles, PC motherboards, and laptop computers. Optic fiber transmission modules/systems are commonly used on consumer products as transmission interface for high definition digital audio, and serve as one of the standardized interfaces on IT products such as PC motherboards and laptops.

Considering how the concept of digital home will grow popular in the next few years, there will be additional needs to transmit data between various types of digital appliance. However, the need to transmit data at higher speed (bit rate) over longer distance makes conventional copper cables inadequate, whereas glass optic fibers are too expensive to be adopted in digital homes. This leaves a gap that can be filled in by plastic optic fiber connectors, and the market may expect at least 20% growth in light transmission products per year until demand saturates. The Company's datalink solutions have been widely used on sound systems, DVD players, and NB and PC motherboards. The Company currently ranks first in Taiwan in terms of shipment, and has accumulated substantial competitive advantage through economies of scale and low cost.

(iii)Technology and R&D overview:

1. R&D expenses made in the last year up until the publication date of annual report

Unit: NTD thousands

Item	2022	2023	2024 Q1
Consolidated R&D expense	115,059	129,774	Not applicable
Consolidated operating revenues	1,841,983	1,991,061	
Percentage of R&D expense	6.25%	6.51%	

2. Technologies or products successfully developed

The Company and subsidiaries have built up their existing production portfolio and developed their current competitive advantage after accumulating many years of technical know-how and making innovative designs and improvements according to customers' requirements. Aside from high power LED components, automotive applications such as headlamp and fog light modules will be the Group's next big focus. Recent development outcomes, future projects, and estimated budgets are explained below:

Unit: NTD thousands

Year	Project ID	Development project	Additional amounts to be committed into project
2022	S310018004	High CRI and High Optical Efficiency Stonehenge Module for Filming and Television Lighting	5,000
	S310020002	UVA Sterilizing Panel Light	3,000
	RD3	RFI immunity and Intelligent Control Dimming Street Light System	5,000
2023	RD4	SWIR short-wave infrared LED development	5,000
	RD5	Green energy supply lighting system	6,000
	RD6	Environmentally friendly lighting equipment	4,000

2024	S310017010	Slim and Compact Automotive Low-power or High-power LED Development	5,000
	S310024001	Human-Centric Health Lighting Fixture Development	6,000
	S320224003	Toolless detachable smart street light with flexible optics	6,000

(iv) Long and short-term business plans

1. Short-term business plans

- (1) Continue new product development; explore technologies that increase luminance and evenness; and develop LED headlamp modules according to the needs of automobile manufacturers.
- (2) In response to the push for ESG, we continue to expand our engagement in LED lighting projects, offering businesses higher quality and customized energy-saving and carbon reduction solutions.
- (3) Develop application modules for LED products; provide usage and application instructions that facilitate adoption of LED products.
- (4) Adopt modular production procedures for customization opportunities; adopt flexible production procedures to accommodate the needs of different customers.
- (5) Develop LED controller IC and circuitry design capabilities for improved structure, heat dissipation, and integration.
- (6) Continue adopting the LDMS (Lighting Design Manufacturing Service) approach to provide professional lighting design, manufacturing, and technical support; apply the T.E.M.O. platform and the concept of system integration to helping customers resolve problems in every stage of product development, and satisfy customers' needs.
- (7) SWIR short-wave infrared LEDs can be used with sensor imaging to obtain clearer images of objects at high temperatures of 200 to 500 degrees or in rain and fog, for semiconductor-based inspection and medical-related applications in the industry.
- (8) Continue optimization of production procedures; increase the level of automation and adopt digital management; and consolidate manpower for efficiency and product competitiveness.
- (9) Introduce new production procedures and measuring instruments; increase production capacity, improve product stability, and support new product development.
- (10) Enhance business and operational management for reduced operating cost and improved competitiveness.
- (11) Enhance corporate governance practices and raise visibility of the Company through marketing and participation in major exhibitions.

2. Long-term business plans

The Company and subsidiaries are dedicated to developing energy-efficient, environment-friendly, and high luminance LEDs, and providing customers with the most speedy services and best quality products that meet their needs. In light of future standards on energy-efficient lighting, the group will aim to develop LEDs of high luminance and high CRI that meet energy-saving requirements, and contribute to the competitiveness of Taiwan's LED industry.

With regards to production procedures, the Company will form stronger long-term relationship with upstream and downstream partners of Taiwan's LED industry as well as equipment suppliers to further reduce production cost, increase profitability, raise competitiveness, and improve market share.

Solar green power system with high performance outdoor lamp project, such as street light, patio light, flood light, etc., to provide the unit to the environment, society, corporate governance of ESG solutions. High-efficiency lighting equipment to reduce energy consumption and greatly extend the duration of green lighting, and the project is powered by solar energy, which does not require the consumption of traditional energy, and is very helpful in reducing carbon emissions and pollution to the environment, in line with the requirements of sustainable development. Solar green power system combined with high efficiency outdoor lamp, its plan can be introduced to government agencies, enterprises, schools, parks and other public places, and private homes, etc., become an important part of the future green energy market. The outdoor solar lighting lamp, for example, can intelligently monitor and adjust the lighting intensity, detect the surrounding environment and road conditions, etc., further promoting the market development of solar green power system combined with high efficiency outdoor lamp.

Smart street light project: a. Market expansion: Through cooperation with government departments and city construction companies, we will expand the market for smart street lights and apply them to public places such as city roads, parks, and communities. b. Strengthen technical innovation: continuously improve the technical level and functions of smart streetlights, enhance the ability of remote monitoring, automatic control and intelligent energy saving of smart streetlights, and develop more innovative products. c. Strengthen brand building: Increase brand exposure, improve brand awareness, expand domestic and international market share, and establish a solid brand advantage. d. Provide complete solutions: Provide comprehensive intelligent street lighting products and solutions, including street lighting, intelligent monitoring, intelligent energy saving, intelligent management and other services. e. Strengthen after-sales service: Provide perfect after-sales service, solve customers' problems in a timely manner, and provide customers with high-quality pre-sales, in-sales, and after-sales services. f. Develop international markets: Develop international markets to further expand the scale and market share of our products and increase international awareness. In general, the market for smart streetlamps has a promising prospect and will continue to grow in the next few years. By enhancing technological innovation, brand building, providing complete solutions, and strengthening after-sales services, we can effectively improve the market competitiveness of smart streetlights and achieve sustainable business development.

ii. Market, production, and sales overview

(i) Market analysis

1. Locations where products are mainly sold

Unit: NTD thousands

Location		2022		2023		2024Q1	
		Sales amount	Percentage (%)	Sales amount	Percentage (%)	Sales amount	Percentage (%)
Domestic sale		220,508	11.97	283,217	14.22	Not applicable(Note1)	
Export sale	America & Europe	792,467	43.02	743,266	37.33		
	China	587,416	31.89	640,470	32.17		
	Africa	29,039	1.58	33,999	1.71		
	Others	212,553	11.54	290,109	14.57		
Total		1,841,983	100.00	1,991,061	100.00		

Note1.As of the publication date of the annual report, the financial information for the first quarter of 2024 is still under review by CPA.

2. Market share of main products

Edison's main products currently include LED lighting products, LED automotive products, sensor components, and electronic circuit parts. As our company and its subsidiaries belong to the midstream and downstream packaging and assembly sectors of the LED industry, LED lighting products account for the highest proportion of revenue, with approximately 60% of the revenue in 2023. Due to the vast diversity of products sold, the Company was unable to obtain sufficient amount of direct and objective data to support calculation of product market share. Based on IEK's statistics on the production value of LEDs in Taiwan, the Company accounts for approximately 2.0-3.5% of LED production value in Taiwan. Faced with intensifying competition from around the world, the Company will continue to respond by focusing on innovative R&D, marketing products under the proprietary brand, and introducing products of exceptional quality and innovative features ahead of competitors to capture a higher market share.

3. Future market supply, demand and growth

(1) Demand for LED lighting

LED packaging components are applied in a wide range of fields, including alternative light source lighting, handheld lighting, architectural lighting, retail display lighting, residential lighting, entertainment lighting, outdoor lighting, commercial lighting, industrial lighting, image inspection, and security applications. The market share of white LEDs used in large or medium/small-sized LCD backlight modules has continued to decline, while the share used in lighting sources and fixtures has continued to grow significantly due to global demand.

The global emphasis on green energy has propelled the continuous growth of the LED industry. LEDs consume 50% less energy than Cold Cathode Fluorescent Lamps (CCFLs) and Compact Fluorescent Lamps (CFLs) under the same brightness conditions, potentially reducing carbon dioxide emissions by approximately 70 billion tons annually. LED lighting is increasingly becoming mainstream in the global lighting market, and as LED penetration rates rise, the reduction in carbon footprint also increases.

(2) Supply of LED lighting

LED lighting, due to its energy efficiency, durability, and versatility, is widely used in residential, commercial, outdoor, automotive, and decorative lighting. The variety of LED lighting fixtures includes traditional bulbs, tube lights, spotlights, floodlights, etc. In the future, LED systems can integrate with smart controls in homes, offices, etc., becoming part of intelligent lighting domains. LED plant lighting, driven by climate change and the reduction of arable land, is promoting the development of controlled environment agriculture, leading to a continuous increase in LED penetration rates. It is estimated that the LED plant lighting market size will be \$1.44 billion in 2023, reaching \$2.44 billion by 2027. As environmental conservation and energy saving become increasingly popular, the traditional lighting market will be replaced by LED lighting.

4. Competitive advantage

(1) Strong management team and proprietary technology

The Company and subsidiaries specialize in the research and development of LED lighting for general purpose as well as automotive use. The management team

averages more than 10 years of experience in the LED industry, and has extensive knowledge on industry changes, product trends, production procedures, and marketing to help raise overall competitiveness and ensure sustainability of business operations.

Optics, structural design, heat dissipation, and circuitry are some of the technologies involved in the development of LED products. Through LDMS, the Company and subsidiaries are able to provide professional lighting design, manufacturing, and technical support services to help customers resolve problems in every stage of product development. Using the T.E.M.O. platform, the group is able to apply the concept of system integration and help address customers' most critical concerns in LED lighting application (namely heat, electricity, structure, and optics), and thereby helping customers design new generation of semiconductor lighting products in the shortest time possible. The group already leads domestic peers in the research and development of high power LEDs and PLCC components, and has been expanding its involvement to automotive LED lighting in recent years to great results.

All of the group's technologies and products have been self-developed by a research team that possesses multiple years of practical experience in LED. From components to modules, the group has acquired multiple patents to protect the products developed. The Company and subsidiaries were the first in the industry to establish a LM-80 laboratory, which has been certified by UL for safety and energy efficiency. This laboratory allows products to be validated quickly for fast introduction to the international market. Most product lines today have passed certification and the scope of which is increasing continuously. The Company and subsidiaries have also introduced MES (manufacturing execution system) in recent years to optimize production procedures and strengthen the group's competitive advantage in LED lighting. The extensive experiences accumulated over time have enabled the Company and subsidiaries to develop unrivaled competitive advantage in the research, development, and innovation of high power LED components/modules and PLCC components.

(2)Diverse and complete product line

Main product lines of the Company and subsidiaries include: high power LED and PLCC components/modules, which can be used in a broad variety of lighting equipment such as portable lighting, building lighting, commercial lighting, entertainment lighting, street lamp, and indoor lighting; and datalinks, which can be used as transmission interface for digital audio signals in devices such as sound system, DVD player, PS2 console, and laptop computer. This broad diversity of product applications makes the Company less susceptible to the cyclicity of any single industry, which supports long-term stability. In terms of high power LEDs, the Company offers high power components ranging from 1W to 150W, and makes modules and products with thoroughly designed exterior based on these components. In addition to being the assembly plant with the most comprehensive lineup of high power and PLCC components, the Company also invests aggressively into automotive LED modules and products for greater competitiveness as well as the ability to satisfy customers' needs in any application.

(3) International marketing channels and sound customer relation

The Company and subsidiaries sell products to the domestic and overseas markets under the proprietary brand - "Edison." Having recognized the importance of globalization and the vastness and diversity of LED applications, the group actively explores global markets through distributors located in Europe and Asia, and offers professional services to help customers resolve issues concerning design and application in the shortest time possible. After many years of hard work, the group now has more than 70 sales locations worldwide and supplies LED components to reputable lighting brands on the foundation of strong business relationship. A complete marketing and after-sale service network have also been established to maintain reputation of the Edison brand.

In addition to providing customers with high-quality products at low cost, the Company and subsidiaries also offer professional planning on product and technical aspects as a value-adding service through a proprietary program called LDMS. From quality, yield, delivery to after-sale service, the group maintains positive, long-term relationship with customers in ways that shorten product development timeline and builds marketing channels that support mutual business growth.

(4) Economy of scale and high production efficiency

The Company and subsidiaries produce different lighting products at 3 locations (4 companies), including Taipei Zhonghe Plant in Taiwan and Dongguan Plant and Yangzhou Plant in Mainland China (2 companies). Being able to produce at economies of scale and having strong production management capabilities are the keys to reducing production cost and increasing competitiveness. For many years, the Company has devoted attention to improving production procedures and production line management, while shifting low-margin, standardized, and mass production activities to overseas locations where local resources can be used for maximum yield. By applying stringent production management in overseas plants, the group is able to mass-produce at economies of scale to maintain profit margin and compete for higher market share.

(5) Creation of LDMS platform

The Company and subsidiaries specialize in the development and design of LED lighting components, assembly processes, modules, products, and applications. High power LEDs achieve far higher luminance than conventional LEDs, and therefore require very different designs in terms of heat dissipation, circuitry, structure, and optics. Inspired by customers' needs and the concept of system integration, the Company and subsidiaries jointly introduced a new service called LDMS that emphasizes on bilateral communication with customers as a means to help them resolve technical issues that may arise during product development.

5. Future opportunities, threats, and response strategies

(1) Opportunities

A. LED lighting and applications continue to expand, which present growth potentials for the Company

LED bulbs offer several advantages including energy efficiency, environment friendliness, and longer lifespan. Not only do they require one-tenth of the power to generate the same luminance compared to incandescent bulbs, the light source

contains no hazardous substance such as mercury and lead, and has been widely recognized as a "green lighting solution." Furthermore, the potential to increase luminance continuously in the future has made LED the best replacement for incandescent bulbs in countries around the world. Australia, Canada, UK, Japan, and EU countries are progressively phasing out sale of incandescent bulbs. In Taiwan, the government has introduced LED subsidies for street lamps and certain constructions that will prove beneficial to the LED lighting industry. LED can also be used in a broad range of applications from displays, automobiles, laser treatment, retina scan to indoor/outdoor lighting, and is gradually replacing fluorescent lamp and other indoor lights as the preferred lighting solution due to price drops. As lighting efficiency and luminous flux improve, cost-per-lumen (lm) falls while issues concerning heat and structural integrity are resolved, thereby allowing LEDs to replace fluorescent lamps and tungsten bulbs at a faster rate particularly in a period of rising energy expenses and environmental/energy awareness, and support growth of the LED industry.

B. Complete supply chain

LED manufacturing in Europe, America, and Japan is dominated by few global players; Taiwan, on the other hand, has many participants in the LED industry that operate with high degree of specialization and form a complete supply chain. There are drastic differences in the types of business models adopted. Taiwan's LED industry is characterized by high level of specialization between upstream, midstream, and downstream participants, which presents advantages in terms of agility and flexibility. The industry as a whole is considered self-dependent and self-sufficient, whereas individual participants exercise exceptional production management and make up a complete supply chain to rival European, American, Japanese, and Korean competitors in pricing. For downstream assembly plants, almost all raw materials such as LED chip, lead frame, frame, and resin can be sourced from domestic suppliers, and compared to international competitors, Taiwanese assembly plants have adequate control over product quality, delivery time, and cost, and therefore are able to minimize risk of supply disruption and logistics delay.

C. R&D capability and LDMS platform

The domestic LED industry has many assembly plants operating in the midstream and downstream, but most of which are involved in low power or conventional LED assembly and matured applications such as smartphone backlight and traffic signals. The Company and subsidiaries, on the other hand, prioritizes on the assembly of high power LEDs and PLCC components, and constantly explores new lighting applications to tap into the immense opportunities of LED lighting in the future. High power LEDs achieve far higher luminance than conventional LEDs, and therefore require very different designs in terms of heat dissipation, optics, structure, and circuitry. These differences provide clear distinction between Edison group and other domestic LED assemblers in the downstream. The Company and subsidiaries share many years of practical experience in research and development, and specialize in the development, design, and manufacturing of high power LEDs and semiconductor lighting modules, applications, and products. The Company's technology team has accumulated extensive experience and built up strong knowledge in high power

LEDs through proprietary research, making it the earliest pioneer and the most technologically advanced manufacturer among domestic peers that rivals global competitors. Furthermore, in an attempt to help users minimize challenges over the course of development, Edison also introduces the industry's first "LDMS (Lighting Design Manufacturing Service)" that uses a modular system combined with the T.E.M.O (thermal, electrical, mechanical, and optical) platform to provide customers with professional customization, design, and manufacturing services. From heat dissipation, circuitry layout, structural planning to optical simulation, LDMS address the critical issues of lighting application all in one package. This gives Edison the ability to propose solutions on a per-product or per-application basis, and manufacture/develop new generation of lighting products with great efficiency while assuring customers with the best and highest quality alternative lighting solutions.

(2) Threats and response measures

A. Patent infringement risk

Patent has always been a major issue to the LED industry. Taiwan's LED development efforts began later than Japan, USA, and European nations, and considering the vast number of patents associated with LEDs, it is essential for businesses to acquire patents as a means to secure intellectual property rights. Patents also enable businesses to develop monopoly in the market, and serve as competitive advantage as competitors are forced to forgo use of critical technology and take more time to establish presence in the market. For this reason, patent infringement litigations are commonly used as a means to disrupt competitors, and as Edison group grows in size, it becomes more susceptible to patent infringement claim from global competitors.

Response strategies:

Edison Group cooperates with world-renowned business leaders including: LED chip suppliers Samsung, Bridgelux, Epistar, San'an Optoelectronics, and Epileds and phosphor suppliers Mitsubishi and Intematix to avoid the risk of patent infringement of Edison Group's products by choosing materials that are free from the risk of patent infringement; and has dedicated personnel responsible for the strategic planning and maintenance of patent rights, such as the strategic planning of patents related to the Group's key products. Besides general lighting, the Company also commits resources into developing patents on products such as vehicle lighting, horticulture lighting, street lighting and infrared sensors. Edison Group currently has 213 patents including 36 invention patents that are mostly registered in Europe, USA, and Mainland China. By acquiring new technologies, the Company aims to avoid risk of patent infringement.

B. Incoming competitors, price competition, and lower margins

1. Bridgelux, a major player, has acquired such a comprehensive portfolio of patents from around the world that it approached Chinese manufacturers Forest Lighting and Zhongshun Semiconductor for OEM service in the last two years. This change of business model not only gives Bridgelux the absolute advantage in terms of pricing, its comprehensive patent coverage allows the organization to dominate in general lighting molds and equipment even in markets such as India and North America.

2. LED lighting application presents such a large opportunity that manufacturers have emerged all over the world. Not only are existing LED manufacturers setting up barriers of entry, global non-LED players, too, are eager for a share of the market and have established their own semiconductor lighting subsidiaries. As far as the Company is concerned, increasing competitors in the market will ultimately result in price war.

Response strategies:

Most listed companies resolve to capital investment, joint venture, and business acquisition as ways to develop competitive advantage. Edison group, on the other hand, has been avoiding direct competition by targeting niche markets and special applications outside of basic portfolio and engaging large players in strategic collaboration in recent years. By relying on good market instinct, thorough planning, and unique sales channel, the group has been able to deliver favorable results in areas such as full-spectrum lighting, high luminance outdoor EMC, and horticulture lighting.

The Company and subsidiaries will continue developing new products and product lines to improve the diversity and completeness of the portfolio. Meanwhile, more efforts will be directed toward vertical technology integration and helping customers resolve the four most critical technical bottlenecks in LED lighting (namely thermal, electrical, mechanical, and optical). In order to provide added value to customers and avoid competing on price, the Company will continue exploring opportunities in components and products for special applications. Meanwhile, additional resources will be invested into new production technologies and procedure improvements to reduce production cost and widen technological advantage over competitors. For overseas markets, the Company and subsidiaries will aim to expand marketing channels and raise the quality of after-sale services for customer satisfaction as well as enhancements to corporate image and brand awareness.

(ii) Main product applications and production processes

1. Main product applications

LED products manufactured by the Company and subsidiaries are used for general lighting, automotive lighting, and datalink. The main uses are as follows:

Main products	Purpose
LED lighting components, modules, and products	Street lamp, horticulture lighting, biomedicine lighting, landscape lighting, stage lighting, commercial lighting, office lighting, household lighting, freezer lighting, emergency lighting, warning light, road lighting etc.
Automotive LED lighting modules	In-vehicle reading light, turn signal, fog light, brake light, tail light, and headlamp.
Sensor element	Sensor element are used to send and receive audio signals in the form of LED-generated infrared light. Sensor element produced by the Company conform with the SPDIF standard, and are widely used in consumer multimedia products such as: DVD, MP3, CD, MD, TV, cellphone, PC, NB, and game console.

2. Production processes of main products

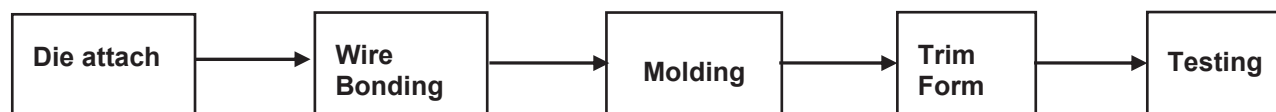
(1) LED lighting components



(2) LED lighting modules and products



(3) Sensor element



(iii) Supply of key materials

Main materials	Supply status
LED Chip	Good; quality is stable
PCB	Good; quality is stable
Phosphor	Good; quality is stable
Electronic parts	Good; quality is stable
Metal Hardware	Good; quality is stable

(iv) Customers accounting for 10 % or more of the company's total procurement (sales) volume in either of the 2 most recent fiscal years

1. Suppliers accounting for 10 % or more of the company's total procurement volume in either of the 2 most recent fiscal years

Unit: TWD 1,000

Item	2022				2023				2024 up until March 31			
	Supplier	Amount	As a % of Purchase	Relation with the Company	Supplier	Amount	As a % of Purchase	Relation with the Company	Supplier	Amount	As a % of Purchase	Relation with the Company
1	Other	1,008,319	100.00	None	Other	1,108,157	100.00	None	Not applicable(Note1)			
	Total	1,008,319	100.00		Total	1,108,157	100.00					

Note1. As of the publication date of the annual report, the financial information for the first quarter of 2024 is still under review by CPA.

Explanation of the changes:

Important materials for our core products, covering LED lighting components/modules, datalinks, automotive LED lighting components, and special lighting, range from LED chips, lead frames, metal wire, fluorescent powder, PCB substrates, IC components, plastic injections, etc. As shipments of LED modules continue to grow, procurement percentages of finished parts and ICs have risen as well.

Material procurements from suppliers changed according to our shipment mix over the past two years. To ensure stable sourcing, product quality, pricing, as well as risk diversification, the Company maintained its policy that the purchase amount from a single supplier is controlled below 10%, except for one particular supplier. No other significant changes occurred during the period.

2. Customers accounting for 10 % or more of the company's total sales volume in either of the 2 most recent fiscal years:

Unit: TWD 1,000

Item	2022				2023				2024 up until March 31			
	Customers	Sales Amount	As a % of Sales	Relation with the Company	Customers	Sales Amount	As a % of Sales	Relation with the Company	Customers	Sales Amount	As a % of Sales in Q1 for the period	Relation with the Company
1	104304	341,584	18.54	None	104304	137,107	6.89	None				
2	Others	1,500,399	81.46	None	Others	1,991,061	93.11	None				
	Total	1,841,983	100.00		Total	1,991,061	100.00					Not applicable(Note1)

Note1. As of the publication date of the annual report, the financial information for the first quarter of 2024 is still under review by CPA.

Explanation of the changes:

The Company and its subsidiaries operate in LED lighting fields, as manufacturers of and agents for automotive LED modules and datalinks. The top-customer ranking changes according to product mix. In light of its continuing application expansion in LED's downstream applications, the Company increased its focus on LED modules with the end products and application developments and automotive LED lighting modules to diversify customer concentration risks.

In the field of automotive LED lighting modules, due to the stringent quality requirements of automotive manufacturers for supplier components, once a relationship between automakers and suppliers is established, it tends to remain stable, maintaining a long-term and steady cooperation. In 2022, the terminal automotive market was impacted by upstream supplier shortages and port congestion, affecting the overall shipment value for the year, although the annual shipment proportion to that customer still remained above 10%. In 2023, aligning with the company's policy for transformation, we retained the original automotive module production line and strategized on automotive finished product assembly to diversify customer risk. There were no sales to any single customer in 2023 that exceeded ten percent of the net sales for the period.

(v) Production value in the 2 most recent fiscal years

Unit: KPCS; TWD 1,000

Production Item	Year	2022			2023		
		Capacity	Production Unit	Production value	Capacity	Production Unit	Production value
LED Transmitter component		144,000	68,095	137,038	144,000	76,189	133,233
LED Lighting product		960,000	425,467	679,231	960,000	370,824	813,707
LED automotive product		-	97,692	535,275	-	108,572	744,471
Other		-	2,757	9,653	-	2,526	21,222
Total		1,104,000	594,011	1,361,197	1,104,000	558,112	1,712,633

Thanks to the needs from various infrastructure projects worldwide and a trend toward automotive LED lightings, demands for LED products have inched up in recent years. Moreover, through global governmental efforts to eliminate incandescent-bulb products and growth in automotive applications, the LED industry has been further bolstered. To reduce impacts from excessive competition and rapid price drops, the Company and its subsidiaries will continue developments in LED module segments for lighting modules and automotive applications. Due to market competition in 2023, selection was made for customers and products, resulting in a decrease in LED lighting products compared to the previous year. However, LED automotive products, due to strong substitutability and entry into the mainstream market, saw an increase in total production value compared to the previous year.

(vi) Sales value in the two most recent fiscal years

Unit: KPCS; TWD 1,000

Sales Item	Year	2022				2023			
		Domestic sale		Export sale		Domestic sale		Export sale	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
LED Transmitter component		18	1,196	68,537	143,344	11	632	69,914	137,169
LED Lighting product		32,916	197,187	1,358,395	921,247	23,831	219,574	792,638	970,321
LED automotive product		5,803	14,718	76,617	537,376	9,152	58,900	92,875	562,432
Other		(319)	7,407	12,044	19,509	19	4,111	3,645	37,922
Total		38,418	220,508	1,515,780	1,621,476	33,013	283,217	959,072	1,707,844

Affected by the price-cutting competition in Mainland China, our company and subsidiaries conducted selection of existing customers and products, reducing low-price market strategies and developing high-unit-price lighting applications for automotive and special applications. Therefore, although the total order volume decreased in 2023 compared to 2022, overall revenue grew in 2023. Overall, LED lighting and the automotive market remain the focus of our company's development. We continue to refine our supply chain adjustments to diversify risks.

iii. Employees

Year		2022	2023	2024 up until April 30
Employee count	Direct employees	274	310	330
	Indirect employees	416	413	434
	Total	690	723	764
Average age		37.12	36.98	36.87
Average years of service		5.47	5.36	5.10
Academic background	Doctoral Degree	0.00%	0.14%	0.13%
	Master's Degree	4.20%	3.87%	3.80%
	Bachelor Degree	46.53%	58.78%	56.68%
	Senior high school	27.97%	17.01%	16.62%
	Below senior high school	21.30%	20.19%	22.77%

iv. Contribution to environmental protection

(i) Any losses (including compensations) or fines incurred due to pollution in the last year up till the publication date of annual report. State any future response strategies (including improvement measures) and possible expenses (including possible losses due to absence of response strategy, estimated amount of penalties and compensations etc.; provide explanation if amounts can not be reasonably estimated):

1. The Company and subsidiaries have devoted significant efforts to wastewater treatment and waste reduction since incorporated. The following is a description of accomplishments to date:

(1) Wastewater treatment

Pollutive facility installation permit or pollutant discharge permit relating to water treatment:

Company	Permit number
Edison Opto (Zhonghe Plant)	Wastewater and pollution permit No.: Jing-Huan-03201-00 (Class B water treatment technician certificate Responsible person: 80-Huan-Shu-Shui-B-0354)
Yangzhou Edison	Wastewater discharge permit:31321091793826207B001Y
Edison Opto (Dong Guan)	Fixed Source Pollution Registration Number: 91441900787972902A001W Permit No. Yue-Guan-Pai-(2020)-Zi No. 1060149

(2) Industrial waste reduction

The Company and subsidiaries support the government's industrial waste reduction initiatives by sorting and recycling waste and implementing relevant management policies. Valuable resources are sold, whereas recyclable materials are reused or handed over to qualified waste disposal service providers, thereby reducing the amount of waste produced. Approved permits and reference number:

EPA control No.: H43A7657

EPA approval No.: Environmental Protection Permit No. 1120236792

Company	Category	Permit number
Edison Opto (Zhonghe Plant) and Edison-Litek Opto	D-1801 waste from living activities	Waste Disposal Permit Number for New Taipei City: 2023 Waste Disposal No. 0096
	E-0218, E-0221 Stable solid waste	Waste Disposal Permit Number for Taoyuan City: 2023 Waste Disposal No. 0181 Processing Permit No.: Taichung City Waste Processing No. 0127 for the year 2023
	C-0301 Flammable industrial waste (liquid)	Erasure permit number: Taoyuan City Waste Disposal No. 0181 for the year 2023 Processing Permit No.: Taoyuan City Waste Processing No. 0108 for the year 2022
Yangzhou Edison	Hazardous chemicals	Huaian Huachang Gufei Mgt. Co.,Ltd.: Disposes of chemical waste packaging bottles and waste wipers. (Permit No.: JS082600I560-3) Jiangsu KinViho Recycling Co., Ltd.: Disposes of waste gas treatment facility waste activated carbon. (Permit No.: JSYZ108400D031-4)
Edison Opto (Dong Guan)	Hazardous chemicals	Dongguan Green Peak Environmental Technology Co., Ltd. Business license: 91441900MA55PG2N1K Hazardous Waste Management Permit: 4419000018 Dongguan Lu Shun An Transportation Co., Ltd. Business License No.: 91441900MA53852Y7M Road Transport Operating Permit Number: 441900137040
Yangzhou Edison-Litek Opto	Waste solder paste Waste PCB	Gaoyou Compro Environmental Resources Co., Ltd.(Permit No.: JS108400I549-4) CEP (Yangzhou) (Permit No.: JS108100I127-16)

2. Investment in pollution prevention equipment, the purpose of equipment, and possible benefits: None.

(ii) Describe the current state of pollution and how improvements may affect the Company's earnings, competitiveness, and capital expenditure; estimate major capital expenditures on environmental protection in the next 2 years: None.

v. Labor-management relations:

(i) Availability and execution of employee welfare, education, training and retirement policies. Elaborate on the agreements between employers and employees, and protection of employees' rights

1. Employee welfare

The Company and subsidiaries have established their own work rules and assembled employee welfare committees in accordance with the Labor Standards Act to promote labor-management relations, unite employees, and cater for employees' benefits. The committee is responsible for the planning and execution of welfare programs, as well as the planning and payment of annual employee benefits. The committee also arranges the following measures:

(1) Employee insurance:

Each employee is covered by Labor Insurance and National Health Insurance from the day onboard as required by laws. In addition, the Company offers a group omnibus insurance package covering term life, accident, accident treatment, cancer treatment, and critical illness, and business travel insurance covering medical and emergency aid for employees on overseas business trips, with 100% subsidized premiums to provide employees with more comprehensive protection.

(2) Pension system:

The Company has implemented its own retirement policy in accordance with "Labor Standards Act" and "Labor Pension Act" to accommodate employees' life after retirement.

(3) Employee health checkup:

Permanent employees are entitled to annual health checkups and follow-ups. Physicians are invited to provide consultation and interpret reports one-to-one on-site the work premise.

(4) Occasion-based benefit:

It includes birthday cash, Labor Day cash, Dragon Boat Festival cash, Mid-autumn Festival cash, year-end banquet and lottery as well as year-end bonus

(5) Long service reward:

The employees are given long service rewards upon accumulating 5 years, 10 years, 15 years and 20 years of service as a gratitude for their dedication.

(6) Allowances and subsidies:

The employees are entitled to a comprehensive range of subsidies for birthday, wedding, funeral, child birth, hospitalization, on-job training to children's education.

(7) Work-life balance:

The Company values employees' family relations, and organizes activities that employees may engage with family members, such as domestic/overseas group trip, barbecue in forest, mountain cleanup hike, parental cycling, group exercise at sports center etc and other club activities (yoga). These activities not only relieve employees' stress from work, but also promote stronger unity towards the Company.

2. Retirement system and implementation

The Company has implemented its own retirement policy in accordance with "Labor Standards Act" and "Labor Pension Act" to accommodate employees' life after retirement. A Labor Pension Fund Supervisory Committee has also been assembled to

oversee management of pension fund, as well as execution of pension contributions and benefits. Pension benefit and standards:

- (1) Employees who adopt pension rules of the Labor Standards Act shall have years of service compensated using the following standards: two basis points are awarded for every year of service rendered. However, one basis point is awarded for every full year of service rendered beyond 15 years, subject to a maximum of 45 basis points. Services less than six months are counted as one half year, whereas services more than six months are counted as one full year.
- (2) For employees who opted to continue adopting pension rules of the "Labor Standards Act" after the Labor Pension Act came into effect and those who opted to carry forward years of service from before enactment of Labor Pension Act, pension benefits are paid according to the rules outlined in the preceding Subparagraph.
- (3) Employees who opted for pension rules of the Labor Standards Act and are compelled to retire under Subparagraph 2, Paragraph 1, Article 35 shall be given 20% additional pay if their mental or physical disability was caused while performing job duties.
- (4) For employees who are subject to the pension rules of the Labor Pension Act, the Company makes contributions equal to 6% of their monthly salary into their personal pension accounts. Benefit claims are subject to the rules imposed by the authority.

3. Training and continuing education

The Company and subsidiaries have "Human Resources Control Procedures" in place to serve as guidance for employees' development and training. New recruits are given orientation training to familiarize with the Company's history, culture, work environment, policies, and systems. Internal management and specialist training courses are held on an unscheduled basis, and employees are assigned to training events organized by external institutions as necessary to complement the Company's own training and education program.

4. Employees' behavior and moral principles

- (1) Employees shall uphold professional ethics and comply with all policies and orders when carrying out services. All employees shall be modest and sincere to customers, and carry out tasks meticulously and efficiently without arrogance, negligence, and delay. Employees are expected to tidy up workplace and return any retrieved documents back to the designated places before leaving work for the day. Employees shall pay constant attention to maintaining ethics, presentable appearance, and proper etiquette. Employees shall also refrain from undesirable habits and are expected to make good use of company assets.
- (2) The Company has "Business Integrity Code of Conduct," "Ethical Behavior Guidelines for Directors, Managers and Mandataries" and "Employee Ethics Guidelines" available to guide directors, managers, and employees.

5. Enforcement of labor agreements and employee rights

The Company and subsidiaries have maintained harmonic employment relations, and use e-mail, employee opinion box, and labor-management meeting as ways to exchange opinions and maintain relationship between labor and management.

- (ii) Actual or estimated losses arising as a result of employment dispute in the last year up until the publication date of annual report, and any response measures taken. State the reasons if losses can not be reasonably estimated:

The Company did not suffer any loss due to employment dispute in the last two years up until the publication of annual report. Current and future response measures undertaken by the Company and subsidiaries to enhance employment relations:

1. Promoting employment ethics under the concept of a big family.
2. Implementation of interactive communication and grievance channels: The Company adopts a humane management approach that respects employees, and uses a number of communication channels such as opinion box and department meeting to facilitate one-way or bilateral communication or exchange of opinions between employees and managers.
3. Full compliance with employment regulations and enhanced welfare measures.
4. Current and future potential losses: The Company and subsidiaries adopt a rational management approach, and consider current employment relations to be harmonious and unlikely to incur monetary losses in the absence of other external variables.

vi. Cybersecurity management:

- (i) Explain the cybersecurity risk management framework, cybersecurity policy, management practices, and resources committed.

1. Cybersecurity risk management framework:

- (1) Cybersecurity responsibilities and training:

The IT Center oversees cybersecurity within the Company. All resigned and transferred employees will have system access canceled according to procedures. The Company promotes internal cybersecurity awareness and conducts cybersecurity checks; outcomes of which are reported to the Chairperson.

- (2) Internet security control:

The Company has set up firewalls to control transmission and access of data outside the organization. Virus codes are regularly updated at terminals and are centrally controlled established.

- (3) Cybersecurity response:

The Company examines emergency response plans on a regular basis and organizes annual drills to ensure the effectiveness of data recovery procedures. A backup mechanism has been implemented, thereby allowing data and systems to be covered in the shortest time possible if an incident occurs.

- (4) Data access control:

Addition and change of access to application systems are carried out according to the procedures outlined in the IT Cycle. Each department is granted different access rights depending on their duties and functions.

2. Cybersecurity policy:

The Company has implemented Computer System Cycle and cybersecurity rules to enforce cybersecurity management. The IT Center oversees execution of cybersecurity tasks and operates with the following goals in mind:

- (1) To maintain integrity and usability of data.
- (2) To ensure that data is accessed by departments within their duties and functions.
- (3) To prevent unauthorized use of data and system.
- (4) To reduce intrusion risk for the Company's networks and systems.
- (5) To prevent inappropriate use of network resources.
- (6) To apply strict controls in accordance with the Personal Data Protection Act over access of any system where personal data is stored.
- (7) To promote cybersecurity awareness among new and existing employees
- (8) Collection of information security status, risk assessment and promotion and prevention.

3. Management practices:

The Company has adopted the following cybersecurity management actions to minimize cybersecurity risks and ensure that abnormalities are resolved and operations resumed in the shortest time possible when an incident occurs.

- (1) External risk preventions: firewalls for filtering external access and blocking intrusions; spam filters for blocking social engineering mails; dual factor authentication for remote office sign-in.
- (2) Equipment management and protection: update of antivirus software, operating system vulnerability scan and enhancement, continuous monitoring of cybersecurity trends, and timely responses.
- (3) Response and recovery: establishment of system backups and recovery drill, and implementation of response plans (for hacker intrusion, power outage etc.).

4. Execution progress:

- (1) In August 2023, our company established a dedicated information security unit, comprising a chief information security officer and a dedicated information security staff member.
- (2) To strengthen our information security mechanisms and facilitate the exchange of cybersecurity intelligence within the industry, in August 2023, we joined the Information Security Chiefs Association of the Republic of China and in October 2023, the Taiwan Computer Emergency Response Team Coordination Center (TWCERT). Through participation in these associations and various cybersecurity activities, we have enhanced our cybersecurity awareness and defense capabilities.
- (3) Data recovery drills have been completed this year to ensure data availability.
- (4) The number of participants in information security training sessions this year totaled 50, with ongoing updates on the latest cybersecurity trends.

(5) In 2023, we completed a comprehensive review of our cybersecurity, and the report has been presented to the Chairman of the Board.

(6) There were no cybersecurity breaches affecting company operations in 2023.

(7) Our company regularly reviews its cybersecurity policies and reports to the Board of Directors. On November 10, 2023, the cybersecurity unit reported to the Board on our cybersecurity risk management framework, policies, risk assessment results, and the status of our planned actions.

(ii) Losses arising as a result of major cybersecurity incident in the last year and the current year up to the date of publication of the annual report, and possible impacts and response measures; state the reasons if losses can not be reasonably estimated: The Company did not succumb to hacker attack or encounter any cybersecurity incident in 2023 that affected company operations.

vii. Major contracts:

List the parties, main details, restrictive clauses, and duration of any material contractual arrangement (that are relevant to shareholders' interest), such as supply/sale agreement, technological collaboration contract, construction contract, long-term borrowing contract etc., that is currently effective or had expired in the last year: None.

Financial Highlights

1. Condensed Balance Sheet and Statement of Comprehensive Income for the most recent five years

(1) Condensed Consolidated Balance Sheet and Condensed Consolidated Statement of Comprehensive Income- IFRS

1. Condensed Consolidated Balance Sheet

Unit: TWD 1,000

Year		Financial data for the most recent five years (Note 1)					As of March 31, 2024
		2019	2020	2021	2022	2023	
Item							
Current Assets		1,922,659	2,138,080	2,154,583	1,977,443	2,105,630	Not Applicable (Note 2)
Property, plant & equipment		1,244,786	1,206,246	1,666,064	1,671,722	1,623,932	
Intangible asset		6,354	3,757	4,559	2,793	2,309	
Other Assets		281,402	416,170	221,547	181,298	146,637	
Total Assets		3,455,201	3,764,253	4,046,753	3,833,256	3,879,985	
Current liability	Before distribution	793,136	1,028,187	737,010	543,654	744,639	
	After distribution	805,436	1,068,187	772,010	583,654	(Note 1)	
Current liability		63,577	82,404	525,680	507,103	171,098	
Total Liabilities	Before distribution	856,713	1,110,591	1,262,690	1,050,757	915,737	
	After distribution	869,013	1,150,591	1,297,690	1,090,757	(Note 1)	
Equity attributable to owners of the parent		2,485,682	2,564,821	2,640,411	2,637,085	2,836,623	
Share Capital	Before distribution	1,250,014	1,225,564	1,288,617	1,353,353	1,436,094	
	After distribution	1,250,014	1,225,564	1,353,617	1,353,353	1,436,094	
Additional paid-in capital	Before distribution	1,841,558	1,553,577	1,619,038	1,519,350	1,562,759	
	After distribution	1,546,518	1,553,577	1,519,038	1,479,350	(Note1)	
Retained Earnings	Before distribution	(289,754)	48,411	129,029	5,835	53,426	
	After distribution	0	8,411	129,029	5,835	(Note 1)	
Other equity		(264,273)	(200,829)	(337,225)	(155,037)	(181,429)	
Treasury stock		(58,877)	(61,902)	(59,048)	(86,416)	(34,164)	
Non-controlling interests		112,806	88,841	143,652	145,414	127,625	
Total Equity	Before distribution	2,598,488	2,653,662	2,784,063	2,782,499	2,964,248	
	After distribution	2,586,188	2,613,662	2,749,063	2,742,499	(Note 1)	

Note 1: Resolution of 2023 earning distribution at the 2024/2/29 BOD Meeting, and then the company will report it for approval of the shareholders' meeting.

Note 2: As of the publication date of the annual report, the financial information for the first quarter of 2024 is still under review by CPA.

2. Condensed Consolidated Comprehensive Income

Unit: TWD 1,000
Earnings per share (dollars)

Item \ Year	Financial data for the most recent five years (Note 1)					As of March 31, 2024
	2019	2020	2021	2022	2023	
Revenue	2,259,604	1,901,238	2,105,864	1,841,983	1,991,061	Not Applicable (Note 1)
Gross profit	396,357	365,372	510,208	462,564	511,349	
Net operating profit (Loss)	(57,300)	3,844	150,073	43,561	47,793	
Non-operating income and expenses	(231,843)	39,882	(7,092)	7,382	1,620	
Net profit before tax	(289,143)	43,726	142,981	50,943	49,413	
Profit (Loss) from continuing operations for the year	(277,723)	32,823	127,745	33,843	44,502	
Losses from discontinued operations	0	0	0	0	0	
Profit (loss) for the year	(277,723)	32,823	127,745	33,843	44,502	
Other comprehensive income (loss), net of taxes (net of taxes)	(67,361)	56,251	(142,295)	37,008	(26,263)	
Total comprehensive income (loss) for the year	(345,084)	89,074	(14,550)	70,851	18,239	
Profit attributable to owners of the parent	(286,302)	42,154	120,258	25,648	47,528	
Profit attributable to noncontrolling interests	8,579	(9,331)	7,487	8,195	(3,026)	
Total comprehensive income (loss) attributable to owners of the parent	(349,522)	98,658	(20,779)	57,617	21,199	
Total comprehensive income (loss) attributable to non-controlling interests	4,438	(9,584)	6,229	13,234	(2,960)	
Earnings (Losses) Per Share (EPS)	(2.39)	0.35	1.00	0.20	0.35	

Note 1: As of the publication date of the annual report, the financial information for the first quarter of 2024 is still under review by CPA.

3. Condensed Parent Company Only Balance Sheet

Unit: TWD 1,000

Year Item		Financial data for the most recent five years (Note 1)				
		2019	2020	2021	2022	2023
Current Assets		388,084	643,776	606,015	722,196	673,618
Property, plant and equipment		408,822	414,447	934,220	964,974	946,437
Intangible asset		715	257	88	40	71
Other Assets		2,204,287	2,016,211	1,911,564	1,679,900	1,756,061
Total Assets		3,001,908	3,074,691	3,451,887	3,367,110	3,376,187
Current liability	Before distribution	494,293	494,638	341,814	270,194	404,666
	After distribution	506,593	534,638	376,814	230,194	(Note 2)
Current liability		21,933	15,232	469,662	459,831	134,835
Total Liabilities	Before distribution	516,226	509,870	811,476	730,025	539,501
	After distribution	528,526	549,870	846,476	770,025	(Note 2)
Share capital	Before distribution	1,250,014	1,225,564	1,288,617	1,353,353	1,436,094
	After distribution	1,250,014	1,225,564	1,353,617	1,353,353	1,436,094
Additional paid-in capital	Before distribution	1,841,558	1,553,577	1,619,038	1,519,350	1,562,759
	After distribution	1,546,518	1,553,577	1,519,038	1,479,350	(Note 2)
Retained Earnings	Before distribution	0	8,411	129,028	5,835	53,426
	After distribution	0	8,411	129,028	5,835	(Note 2)
Other equity		(264,273)	(200,829)	(337,225)	(155,037)	(181,429)
Treasury stock		(58,877)	(61,902)	(59,048)	(86,416)	(34,164)
Total Equity	Before distribution	2,485,682	2,564,821	2,640,411	2,637,085	2,836,686
	After distribution	2,473,382	2,524,821	2,605,411	2,597,085	(Note 2)

Note 1: The accompanying financial data has been audited and attested by CPAs.

Note 2: Resolution of 2023 earning distribution at the 2024/2/29 BOD Meeting, and then the company will report it for approval of the shareholders' meeting.

4. Condensed Parent Company Only Comprehensive Income

Unit: TWD 1,000
Earnings per share (dollars)

Item \ Year	Financial data for the most recent five years (Note 1)				
	2019	2020	2021	2022	2023
Revenue	998,160	917,985	959,314	908,361	1,043,571
Gross profit	100,464	106,536	170,291	145,897	197,071
Profit (Loss) from operations	(54,219)	(16,311)	16,319	(32,302)	(16,486)
Non-operating income and expenses	(258,132)	58,465	105,629	59,556	66,247
Net profit before tax (Loss)	(312,351)	42,154	121,948	27,254	49,761
Profit (Loss) from continuing operations for the year	(312,351)	42,154	120,258	25,648	47,528
Losses from discontinued operations	0	0	0	0	0
Profit (loss) for the year	(286,302)	42,154	120,258	25,648	47,528
Other comprehensive income (loss), net of taxes (net of taxes)	(63,220)	56,504	(141,037)	31,969	(26,329)
Total comprehensive income (loss) for the year	(349,522)	98,658	(20,779)	57,617	21,199
Earnings (Losses) Per Share (EPS)	(2.39)	0.35	1.00	0.20	0.35

Note 1: The accompanying financial data has been audited and attested by CPAs.

(2) The names of CPA and their opinions for the most recent five years.

Year	Accounting firm	Names of CPA	Opinion and content
2019	KPMG	LIN, HENG-SHENG; YANG, SHU-CHIH;	Unqualified opinion
2020	KPMG	LIN, HENG-SHENG; YANG, SHU-CHIH	Unqualified opinion
2021	KPMG	LIN, HENG-SHENG; CHEN, PEI-CHI	Unqualified opinion
2022	KPMG	LIN, HENG-SHENG; CHEN, PEI-CHI	Unqualified opinion
2023	KPMG	LIN, HENG-SHENG; CHEN, PEI-CHI	Unqualified opinion

2. Financial data for the most recent five years

(1) Consolidated Financial Analysis

Year Item analyzed		Financial analysis for the most recent five years (Note 1)					As of March 31, 2024	
		2019	2020	2021	2022	2023		
Financial structure	Ratio of debts to assets (%)	24.79	29.50	31.20	27.41	23.60	Not Applicable	
	Ratio of long-term capital to <u>property, plant and equipment</u> (%)	213.86	226.82	198.66	196.78	193.07		
Solvency	Current ratio (%)	242.41	207.95	292.34	363.73	282.77		
	Quick ratio (%)	205.03	175.85	238.17	296.99	230.96		
	Interest coverage ratio	(24.15)	5.65	8.17	3.96	4.77		
Operating ability	Receivables turnover rate (times)	4.98	4.28	4.58	3.94	3.88		
	Average collection days for receivables	73	85	80	92	94		
	Inventory turnover rate (times)	5.29	5.18	4.83	4.10	4.37		
	Payable turnover rate (times)	5.11	4.45	4.66	4.96	5.11		
	Average days for sales	69	70	76	89	84		
	<u>Property, plant and equipment</u> turnover rate (times)	1.58	1.55	1.47	1.10	1.21		
	Total asset turnover rate (times)	0.62	0.53	0.54	0.47	0.52		
Profitability	Return on assets (%)	(7.34)	1.12	3.68	1.21	1.43		
	Return on <u>equity</u> (%)	(9.97)	1.25	4.70	1.22	1.55		
	Ratio of profit before income tax to paid-in capital (%)	(23.13)	3.57	11.10	3.76	3.44		
	Profit margin (%)	(12.29)	1.73	6.07	1.84	2.24		
	Earnings per share (NT\$)	(2.39)	0.35	0.95	0.20	0.35		
Cash flow	Cash flow ratio (%)	28.77	14.58	17.23	29.95	18.28		
	Cash flow adequacy ratio (%)	143.89	161.25	81.68	89.68	79.40		
	Cash flow reinvestment ratio (%)	5.01	3.64	1.93	2.80	2.13		
Leveraging	Operating leverage	(9.41)	124.68	4.35	12.85	13.18		
	Financial leverage	0.83	(0.69)	1.15	1.65	1.38		
Reasons for changes in financial ratios in the most recent two annual periods. (if the difference exceeds 20%)								
1. The decrease in the current and quick ratios was due to the repayment of some long-term loans in 2023.								
2. The increase in the interest coverage ratio was due to a decrease in interest expenses in 2023.								
3. Shareholder returns on equity, net profit margin, and earnings per share increased due to higher profits in 2023.								
4. The decrease in the cash flow ratio from the previous period was caused by reduced cash flow from operating activities and an increase in current liabilities in 2023.								

Note 1: The accompanying financial data has been audited and attested by CPAs.

Note 2: Below are calculations:

1. Financial structure
 - (1) Ratio of debts to asset = Total liabilities / Total assets
 - (2) Ratio of long-term capital to property, plant, and equipment = (Total equity + Non-current liabilities) / Net property, plant and equipment
2. Solvency
 - (1) Current ratio = Current assets / Current liabilities.
 - (2) Quick ratio = (Current assets - Inventories - Prepaid expenses) / Current liabilities
 - (3) Interest coverage ratio = Net income before income tax and interest expense / Interest expenses over this period.
3. Operating ability
 - (1) Receivable (including accounts receivable and notes receivable due to business operations) turnover rate = Net sales / Balance of average accounts receivable for various periods (including accounts receivable and notes receivable due to business operations).
 - (2) Average collection days for receivables = 365/Receivables turnover rate.
 - (3) Inventory turnover rate = Cost of goods sold / Average inventory.
 - (4) Payable (including accounts payable and notes payable due to business operations) turnover rate = Cost of goods sold / Balance of average accounts payables of various periods (including accounts payable and notes payable due to business operations).
 - (5) Average days for sales = 365 / Inventory turnover rate.
 - (6) Property, plant and equipment turnover rate = Net sale/Average net property, plant and equipment.
 - (7) Total asset turnover rate = Net sales / Average total assets
4. Profitability
 - (1) Return on assets = [Net income after taxes + interest expense x (1 - tax rate)] / Average total assets
 - (2) Return on equity = Net income after taxes / Average total equity
 - (3) Profit margin = Net income after taxes / Net sales
 - (4) Earnings per share = (Net income attributable to shareholders of the parent company - preferred stock dividend) / Weighted average number of shares outstanding
5. Cash flow
 - (1) Cash flow ratio = Net cash flow of operating activities / Current liabilities.
 - (2) Cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (Capital expenditures + inventory increase + cash dividend) for the most recent five years.
 - (3) Cash flow reinvestment ratio = (Net cash flow from operating activities - cash dividends) / (Gross value of property, plant, and equipment + Long-term investments + Other non-current assets + working capital).
6. Leveraging
 - (1) Operating leverage = (Net operating revenue - variable operating cost and expenses) / Operating profit.
 - (2) Financial leverage = Operating profit / (Operating profit - interest expenses).

(2) Parent Company Only Financial Analysis

Year Item analyzed		Financial analysis for the most recent five years (Note 1)				
		2019	2020	2021	2022	2023
Financial structure	Ratio of debts to assets (%)	17.20	16.58	23.51	21.68	15.98
	Ratio of long-term capital to property, plant and equipment (%)	613.38	622.53	332.91	320.93	313.97
Solvency	Current ratio (%)	78.51	130.15	177.29	267.29	166.46
	Quick ratio (%)	72.62	121.47	157.09	235.92	149.86
	Interest coverage ratio	(61.63)	11.48	10.16	3.25	6.48
Operating ability	Receivables turnover rate (times)	5.15	5.56	5.77	5.40	5.46
	Average collection days for receivables	71	66	64	68	67
	Inventory turnover rate (times)	20.11	21.68	15.74	10.82	11.71
	Payable turnover rate (times)	3.59	5.57	5.87	5.16	6.75
	Average days for sales	18	17	23	34	31
	Property, plant and equipment turnover rate (times)	2.33	2.23	1.42	0.96	1.09
	Total asset turnover rate (times)	0.31	0.30	0.29	0.27	0.31
Profitability	Return on assets (%)	(8.64)	1.50	4.02	1.05	1.63
	Return on equity (%)	(10.7)	1.67	4.62	0.97	1.74
	Ratio of profit before income tax to paid-in capital (%)	(24.99)	3.44	9.46	2.01	3.47
	Profit margin (%)	(28.68)	4.59	12.54	2.82	4.55
	Earnings per share (NT\$)	(2.39)	0.35	0.95	0.20	0.35
Cash flow	Cash flow ratio (%)	(3.13)	(19.15)	39.22	(33.44)	9.37
	Cash flow adequacy ratio (%)	351.59	134.99	14.80	(4.83)	(4.10)
	Cash flow reinvestment ratio (%)	(1.84)	(3.72)	2.75	(3.65)	(0.06)
Leveraging	Operating leverage	(2.27)	(7.38)	10.91	(4.20)	(10.95)
	Financial leverage	0.92	0.80	5.44	0.73	(4.10)

Reasons for changes in financial ratios in the most recent two annual periods. (if the difference exceeds 20%)

1. The debt-to-asset ratio decreased due to the conversion of convertible bonds into ordinary shares in 2023.
2. The decrease in the current and quick ratios was due to the repayment of some long-term loans in 2023.
3. The increase in the interest coverage ratio was due to an increase in pre-tax profits and a decrease in interest expenses in 2023.
4. The increase in the accounts payable turnover rate is attributable to an increase in the cost of goods sold without a corresponding increase in accounts payable.
5. Increases in return on assets, return on equity, pre-tax net profit to paid-in capital ratio, net profit margin, and earnings per share were due to increased profits in 2023.
6. The increase in the cash flow ratio was caused by increased cash flow from operating activities and an increase in current liabilities in 2023.
7. The increase in the cash reinvestment ratio is due to increased cash flow from operating activities, which still falls short of the cash dividend distribution amount.
8. The decrease in operating leverage was due to a decrease in net income in 2023.

Note 1: The accompanying financial data has been audited and attested by CPAs.

Note 2: The calculations formula are the same as below.

3. **The Audit Committee's Review Report:** please refer to Appendices 2.
4. **Consolidated Financial Statements with Independent Auditors' Report of the most recent year:** please refer to Appendices 3 and 4.
5. **Parent Company only Financial Statements with Independent Auditors' Report for the most recent year:** Please refer to Appendices 5.
6. **Any financial difficulties experienced by the Company and its affiliate businesses during the most recent year up to the publication date of this report need to be stated as well as the impact on the Company's financial position need to be outlined:** None.

Review and Analysis of Financial Position and Financial Performance, and Risk Management

1. Financial position Analysis

Unit: TWD 1,000

Item \ Year	2023	2022	Difference	
			Amount	%
Current Assets	2,105,630	1,977,443	128,187	6.48
Property, plant and equipment	1,623,932	1,671,722	(47,790)	(2.86)
Intangible asset	2,309	2,793	(484)	(17.33)
Other Assets	146,637	181,298	(34,661)	(19.12)
Total Assets	3,879,985	3,833,256	46,729	1.22
Current liability	744,639	543,654	200,985	36.97
Non-Current liability	171,098	507,103	(336,005)	(66.26)
Total Liabilities	915,737	1,050,757	(135,020)	(12.85)
Equity attributable to owners of the parent	2,836,623	2,637,085	199,538	7.57
Share capital	1,436,094	1,353,353	82,741	6.11
Additional paid-in capital	1,562,759	1,519,350	43,409	2.86
Retained earnings unappropriated	53,426	5,835	47,591	815.61
Other equity	(181,429)	(155,037)	(26,392)	(17.02)
Treasury stock	(34,164)	(86,416)	52,252	60.47
Non-controlling interests	127,625	145,414	(17,789)	(12.23)
Total Equity	2,964,248	2,782,499	181,749	6.53
Reasons for changes in proportion exceeding 20% and over NT\$10 million in the most recent two years:				
1. The increase in current liabilities compared to the previous period was mainly due to increase in short-term loans and account payable in 2023.				
2. The decrease in non-current liabilities was primarily due to the conversion of corporate bonds and repayment of long-term loans in 2023.				
3. The increase in retained earnings from the previous period was mainly due to increased profits for the period.				
4. The decrease in treasury stock from the previous period was due to the transfer of 1,320 thousand shares to employees and the cancellation of 1,680 thousand shares of treasury stock in 2023.				

2. Financial performance

(1) Financial performance analysis

Unit: TWD 1,000

Item \ Year	2023	2022	Difference	
			Amount	%
Revenue	1,991,061	1,841,983	149,078	8.09
Gross profit	511,349	462,564	48,785	10.55
Operating expenses	463,556	419,003	44,553	10.63
Net operating profit	47,793	43,561	4,232	9.72
Non-operating income & expenses	1,620	7,382	(5,762)	(78.05)
Net pre-tax profit	49,413	50,943	(1,530)	(3.00)
Income tax expense	4,911	17,100	(12,189)	(71.28)
Profit for the year	44,502	33,843	10,659	31.50
Reasons for changes in proportion exceeding 20% and over NT\$10 million in the most recent two years:				
1. Income Tax Expenses Decreased: Mainly due to the subsidiary's purchase of production line equipment in 2023, revenue did not reach economies of scale, resulting in decreased profits compared to the previous period, and estimated reduction in income tax expenses.				
2. Net Profit Increased: Mainly due to the growth in consolidated revenue and an increase in gross margin in 2023, which improved the overall profit structure.				

- (2) A sales volume forecast and the basis therefor, and describe the effect upon the Company's financial operations as well as measures to be taken in response.

Information of research institutions such as PIDA, research of company's business department indicates that:

1. LED Lighting Products: In recent years, the international community has paid attention to the issue of greenhouse gas reduction. With the global rise in energy prices, governments around the world have started to realize the importance of energy-saving and environmental protection. LED, being energy-efficient and a rapidly developing alternative lighting technology, is actively promoted in Europe, America, and Japan. However, affected by the low-price competition from mainland Chinese manufacturers, the company and its subsidiaries continue to cultivate the existing components, modules, and finished products market, and actively transform to seek new applications and markets. In 2024, under the existing capacity and cooperating with outsourcing factories while considering profit, the sales of lighting products are expected to increase by 15% compared to 2023.
2. LED Automotive Products: In 2023, the global automotive market continued to be affected by end-demand and the stability of raw materials, as well as a strike in the US market in the fourth quarter that impacted shipments. However, new energy vehicles remain a future growth trend, with the sales of automotive lighting product expected to increase by 20% in 2024 compared to 2023.
3. Optical Transmission Components: Due to the rapid development of multimedia products and the increasing demand for audio and video quality in consumer

electronics, coupled with the advent of the 5G era and the popularity of digital audio sources, the usage of optical transmission components has grown. However, affected by the low-price competition from mainland Chinese manufacturers, the company and its subsidiaries continue to seek new applications and technologies, with the sales volume in 2024 expected to remain level with 2023.

3. Cash flow

(1) Change in consolidated cash flow in 2023

Item \ Year	2023	2022	Change in proportion
Cash flow ratio	18.28%	29.95%	(39%)
Cash flow adequacy ratio (%)	79.79%	89.68%	(11%)
Cash flow reinvestment ratio (%)	2.58%	2.80%	(8%)
Remarks for analysis of changes:			
1. The cash flow ratio decreased compared to the previous period, due to a decrease in cash flow from operating activities and an increase in short-term bank loans of current liabilities in 2023.			

(2) Liquidity improvement plan:

The net cash inflow from operating activities of the Company in 2023 was stable, and the net cash inflow from operating activities was higher than the cash outflow from investment activities for the acquisition of property, plant and equipment, and prepayment for equipment. At present, there is no problem of insufficient liquidity. In case of cash shortage in the future, the Company will give priority to bank borrowings. The borrowing facilities negotiated with banks can still meet the Group's operating requirements.

(3) Analysis of cash liquidity in the coming year:

Unit: TWD 1,000

Cash balance at the beginning of 2023	Expected net cash flow from business activities	Expected cash outflow	Expected surplus or shortage in cash	Expected remedies for shortage in cash	
				Investment plan	Wealth management plan
1,086,224	150,000	135,055	1,101,169	0	0
Remarks:					
1. Cash Flow Analysis for the Coming Year					
(1) Operating Activities: It is mainly expected that in 2024, with the continued adjustment of the product mix, the gross margin and profitability will improve, resulting in net cash inflow from operating activities.					
(2) Investment Activities: The cash outflow from investment activities mainly anticipates capital expenditures of approximately NT\$64 million in 2024 for the continuous development of the automotive lighting and commercial lighting markets, including the purchase of production line machinery, experimental equipment, and replacement of old equipment for fixed assets.					
(3) Financing activities: the cash outflow from financing activities was mainly due to distribution of cash dividends of 71,055 thousand.					
2. Expected remedies for shortage in cash and liquidity analysis: As we expected shortage in cash, we will make bank loans in priority.					

4. Major Capital Expenditure Items and Source of Capital:

(1) The situation of utilization of major Capital Expenditure Items and Source of Capital

Unit: TWD 1,000

Project items	Actual or expected capital sources	Expected completion Date	Total capital required	Schedule of utilization of actual or expected capital				
				2023	2024	2025	2026	2027
Fixed assets	Own funds	2023.01-2027.12	314,569	70,569	64,000	60,000	60,000	60,000

(2) Expected benefits:

To align with the group's business development and transformation towards lighting products and automotive LED modules and finished products as the sales focus, the group continues to enhance production efficiency and optimize processes. In 2023, the group added assembly production lines and testing equipment, which began to yield benefits from the fourth quarter of 2023 onwards. It is expected that in 2024 and subsequent years, the group will continue to lay out more complete automotive LED module and finished product assembly lines to expand the group's layout in the automotive lighting market.

5. The annual report shall describe the company's reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year.

(1) The company's reinvestment policy

According to factors, such as operational requirements and consideration of future growth, The management team of the company and its subsidiaries conduct reinvestment, set a detailed assessment and evaluation recommendations for reinvestment cases, by the organization type, investment purpose, setting location, market conditions, business development, possible joint venture partners, shareholding ratio, reference price and financial status of the reinvested enterprises, for management making investment decisions. As for the invested enterprises, we can keep understand their operating conditions at times, and analyze investment results, so as to help management conduct due diligence.

The re-investment enterprises of the company and its subsidiaries are based on suppliers or customers who transact with the company, directly or indirectly. We can acquire capacity required for production, or keep a cooperative relationship in the present markets, through investments. The group has changed from component manufacturing of LED to the trend of cooperation between modules of the downstream and applications of the finished product. By a relationship of re-investments, we keep a stable source of supplies, and support customers to increase the scale of the markets, to achieve a win-win purpose. At present, the Company and its subsidiaries have no plans for reinvestment companies for financial operations.

(2) The main reasons for the profits/losses generated thereby, the improvement plan

2023/12/31 Unit: NT\$1000

Reinvested Company	Shareholding ratio	Amount of long-term investment	Investment Profit (loss) in 2021	Major reasons for profit or loss	Improvement plan	Other future investment plan
Edison Opto Corporation	100.00%	10,224	(121)	Mainly due to exchange gains or losses	None	None
Ledison Opto Corporation	100.00%	246,157	13,118	Recognition of investment income of Dongguan Edison	None	None
Edison Opto (Dong Guan) Co., Ltd. (Note 1)	100.00%	252,416	14,215	The product portfolio has a higher weight of high-margin products, which resulted in net profit	None	None
Best Opto Corporation	100.00%	978,918	39,393	Recognized investment income of Best LED	None	None
Best Led Corporation (Note 2)	100.00%	984,321	38,004	Recognized the investment income of Yangzhou Edison	None	None
Edison Opto (Yangzhou) Co., Ltd. (Note 3)	100.00%	984,317	38,004	Mainly due to integration of resources and the product combination with higher margin, so profits will be increased.	None	None
Yangzhou Aichuang Electronic Trade Corporation (Note 4)	100.00%	2,308	40	Mainly due to the recognition of interest income	None	None
Edison Fund Investment Limited	100.00%	85,779	3,617	Mainly due to recognition of investment income in subsidiaries and income on disposal of shares	None	None
Edison Opto USA Corporation (Note 5)	55.00%	33,868	957	Net profit is generated mainly by customers with better gross margins as counterparties	None	None

Reinvested Company	Shareholding ratio	Amount of long-term investment	Investment Profit (loss) in 2021	Major reasons for profit or loss	Improvement plan	Other future investment plan
Ledionopto Intelligent Technology Co., Ltd (Note 5)	100.00%	21,045	231	Mainly the dividend income from holding the parent company's shares	None	None
Edison Auto Lighting Corporation (Note 5)	100.00%	5,118	964	Mainly due to exchange gains or losses	None	None
Edison-Litek Opto Corporation Limited (Note 6)	84.89%	210,862	(10,186)	Investment losses recognized by Yangzhou Edison Opto Corporation	To help earn profits of subsidiaries	None
Yangzhou Edison-Litek Opto Corporation (Note 6)	84.89%	150,852	(2,226)	Losses induced by revenues that do not reach economic scales	To expand markets	None
Edison-Litek Opto Corp.	81.67%	277,877	43	The automotive lighting products have not reached the economic scale and have not yet generated obvious profits.	Continue to increase utilization	None
Edison-Egypt Opto Corporation	100.00%	25,700	213	Mainly due to the recognition of interest income	None	None

Note 1: The Company holds shares of Edison Opto (Dong Guan) Co., Ltd. through Ledison Opto Corporation.

Note 2: The Company holds shares of Best Led Corporation through Best Opto Corporation.

Note 3: The Company holds shares of Yangzhou Edison Opto Corporation through Best Led Corporation.

Note 4: The Company holds shares of Yangzhou Aichuang Electronic Trade Corporation through Yangzhou Edison Opto Corporation.

Note 5: The Company invests and holds shares of Edison Opto USA Corporation, Ledionopto Intelligent Technology Co., Ltd, and Edison Auto Lighting Corporation through Edison Fund Investment Limited.

Note 6: Edison-Litek Opto Corporation Limited is jointly invested and established by the company and two shareholders. The company and its subsidiary, Edison-Litek Opto Corp., hold 84.89% of shares, and 100% invested Yangzhou Edison-Litek Opto Corporation through it.

(3) Investment plans for the coming year:

The company and its subsidiaries have improved their competitiveness by considering conditions of the market and operating, for business expansion and global layout, changing from component sales to the finished product of modules in various fields such as LED lighting and automotive applications in the markets, leading requirements of customers in the LED lighting of end-users' market, and improving the operating strategy by transformation of old business model as component manufacturers of LED. Taiwan and China will continue to invest in research and development of new equipment in new application fields in the future. As the group has a certain production capacity, we will reduce the investment in equipment of packaging components and increase automotive modules and SMT equipment.

6. Matters for Analysis and Assessment for Risks

(1) Risk factors:

1.The impact of recent changes in interest rates, exchange rate changes and inflation on the profit and loss of the Company and its subsidiaries and future countermeasures

(1) Interest rate:Interest expenses of the Company and its subsidiaries were 17,183 thousand and 13,109 thousand separately, in 2022 and 2023, accounting for 0.93% and 0.66% of sales revenues, with a less ratio, and no significant impact on profit or loss of the consolidated financial statements. With the growth of performance and the expansion of the operating scale, it is necessary to continuously invest in capital expenditures such as R&D equipment to increase the Company's competitiveness. However, the Company and its subsidiaries reference opinions of various research institutions, pay attention to the trend of interest rates, and establish good cooperative relations with financial institutions to receive lower capital costs. Except for keeping conservative principles and sincere use of working capital, we will continue to improve the financial structure to control the cost of capital.

(2) Exchange rate: Exchange losses of the company and its subsidiaries accounted for 1.51% and 0.32% of the operating revenues, in 2022 and 2023. The company and its subsidiaries have a high proportion of export sales and are mostly denominated in US dollars. Thus, changes in the exchange rate of NTD and RMB may affect the profit or loss. Management of exchange risks adopts the conservative principle and stable balance of assets and liabilities to reduce the impact of fluctuations of exchange rates on the company's operating profits.

The group's countermeasures in exchange changes:

A. As the business division makes a quotation to the customer, it will consider the trend of the exchange rate, by comprehensive consideration of the impact, with a more stable quotation, in order to avoid the huge change in the company's profits, triggered by the change in the exchange rate.

B. The financial division keeps a close relationship with financial institutions, observes changes in exchange rates, adjusts foreign currency assets and liabilities at times, manages foreign exchange positions, and adjusts foreign currency positions held to balance assets and liabilities of the foreign currency. Hence, we expect to decrease the impact on the profit and loss.

(3) Inflation: The Company and its subsidiaries pay close attention to inflation, continue to reduce costs, pay attention to the supply and demand of raw materials and price changes, adjust inventories at times, and develop high value-added products, etc., for countermeasures.

2.The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future.

(1) The company and its subsidiaries have set "Regulations Governing the Acquisition and Disposal of Assets," "Regulations Governing Making of Endorsements/Guarantees" and "Regulations Governing Loaning of Funds to others," approved by the shareholders' meeting, as for the company to do relevant transactions.

- (2) The Company and its subsidiaries haven't invested high-risk and high-leverage investments in 2023 and the current year as of the date of publication of the annual report.
 - (3) For 2023 and as of the print date of this annual report, the Company and its subsidiaries loaned NTD 50 million to Litek Opto Co., Ltd. due to a need for a short-term financing facility. Yangzhou Edison Opto Corporation lent to Yangzhou Litek Opto Co., Ltd. RMB 10 million for the necessary funds for short-term financing. As of the publication date of the annual report, RMB 5 million had been used by Yangzhou-Litek Opto Corporation; of which US\$1.4 million had been loaned to Aerotech Corporation. As of the publication date of the annual report, US\$1.4 million had been used in accordance with the "Procedures for Loaning Funds to Others" of the Company and its subsidiaries.
 - (4) The Company and its subsidiaries haven't made endorsements/guarantees in 2023 and the current year as of the date of publication of the annual report.
 - (5) In 2023 and the current year up to the date of publication of the annual report, the Company purchased short-term (within 3 months) principal-guaranteed wealth management products denominated in RMB to receive higher gains. As its income is relevant to SHIBOR interest rate, exchange rate or gold, etc., it shall be seemed a derivative, according to the Company's "Regulations Governing the Acquisition and Disposal of Assets" for derivatives, with regular evaluation and report to the Board of Directors and do public announcements. Except for the above operations, the Company and its subsidiaries have not invested in other derivatives transactions.
3. Research and development work to be carried out in the future, and further expenditures expected for research and development work.
- (1) The company and its subsidiaries engage in the research, development and production of high-power LED components, LED lighting and automotive module products, optical transmission components and invisible light (infrared and ultraviolet) products, etc. The relevant plans in the future go as follows:
 - A. High luminous efficiency of LED element (150lm/W or above).
 - B. Ultra-small LED, for high-efficiency of secondary optical design and improvement of cost structure, development of the smallest-sized and high-power LED.
 - C. LED modules for commercial lighting (including LED components with high luminous efficacy, high CRI, low-frequency and wide voltage, in line with EU and US safety regulations) are used in wall lamps, ceiling lamps and other applications. The lamp can reach a high-quality of light source with 90lm/W or above, and above CRI 90.
 - D. A component of surface source of LED with high-power, high-CRI, high-efficiency, ranging from 9W to 35W, are designed for indoor lighting (recessed lights, bulbs, etc.), with an efficiency of more than 140lm/W, and an average CRI of 90.
 - E. The company has acquired the IATF 16949 for LED module of car lamp, for assuring the stable quality of automotive products to customers. At present, the company has launched a series of components and modules for automotive headlights, fog lights and turn signals, with thin miniature designs and provide manufacturers of the automotive with flexibility of design.

- F. Specific lighting components and modules, except for general lighting products, the company also increases the application field of LED and develops various special lighting products, such as street lighting, medical beauty, situational decoration, plant lighting, intelligent lighting, UVC cleaning, and LD IR laser.
- (2) The Company and its subsidiaries have always been committed to improvement of the luminous efficiency, light output quality and production procedure of LED, and applied for patents of the component packaging technology, module low-frequency flicker technology, and module wide voltage of LED in many countries, in order to improve Industrial competitiveness of LED packaging and module technologies in Taiwan. In addition, we also develop new packaging materials with hardware and software equipment with high-stability, high-precision, to decrease the difficulty of the packaging process of LED, and time for LED development, promote upgrading the industries of LED, and get closer to the international markets. In the future, we will continue to focus on the development of core technologies, research and development of innovative product lines, related to LED lighting technology. We expect that expenses and capital expenditure on equipment of research and development in 2023 will be over 5% of the operating revenues, for enhancing the competitive advantage.
4. Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response.

The operation of the Company and its subsidiaries obey relevant domestic and foreign laws and regulations, and always aware of changes in domestic and foreign policies and laws, and has a profession for legal and intellectual property and pays attention to changes in important domestic and foreign policies and laws at any time, and provides countermeasures. In 2023 and the current year up to the date of publication of the annual report, the Company and its subsidiaries have not been affected by changes in important domestic and foreign policies and laws, which affect the Company's financial and business.

5. Effect on the Company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response.

The required technical level shall be different from ordinary LEDs, as requirements of global environmental protection, energy saving and changes in technology, the application field of energy-saving and environmentally friendly high-power of LED lighting has increased. The Company and its subsidiaries improve and innovate their own technology, and focus on research and development of new products and technologies. Our developed technologies are applied for multi-national patents to correspond to changes in the technological environments, and we will continue to invest in technological research and development in the future. The Company and its subsidiaries have concentrated on the market for many years, and have a high degree of understand of the demand and changes in the market. We can adjust the business strategies for changes in industries, in order to keep the Company's competitiveness and decrease the impact on our finance and business. In 2023 and the current year up to the date of publication of the annual report, changes

in science and technology as well as industrial change has no significant impact on the Company.

The company established a dedicated information security unit in August 2023, including a dedicated information security supervisor and a dedicated information security staff member. In order to reduce information security risks, eliminate abnormalities in the shortest possible time when an incident occurs, and maintain the company's normal operations, information security management will be carried out from the following aspects:

A. External risk prevention: Build a firewall to regulate external access and block intrusion channels; build a spam filtering mechanism to prevent social fraud emails; and introduce two-factor authentication into the remote office sign-off mechanism.

B. Equipment management and protection: Anti-virus software updates, operating system vulnerability scanning and enhancement, continuous attention to information security changing trends, and timely adoption of response plans and training, etc.

C. Contingency recovery: System backup mechanism establishment and restoration drills, contingency plan formulation (such as hacker intrusion/power problems, etc.).

In 2023 and as of the date of publication of the public prospectus, the company and its subsidiaries had no hackers or information security issues that affected the company's operations.

6. Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response.

Since our establishment, the company and its subsidiaries have taken the corporate culture of "Integrity & honesty, action & pragmatism, modesty & steadfastness" as our development goals. Except for the development of the industry, the company continues to focus on development of energy-saving LED lighting, and pays attention to quality of products, promotes customer service, and we have established a good market reputation. By putting much effort in public welfare activities, we committed to keeping corporate image, and obey relevant laws and regulations. As of now, we don't have any matters which make changes in the company's corporate image.

7. Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken.

As of the recent year and the date of publication of the annual report of the company and its subsidiaries, we don't have any plan of acquisition. Except for conducting a plan of acquisition in the future, we will follow relevant laws and regulations, and our internal management procedures, with a sincere attitude, in order to consider if it brings synergies for the company, and assure rights of ordinary shareholders.

8. Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken.

The company and its subsidiaries have not planned any mergers or acquisitions for the latest fiscal year up to the date of this annual report publication. However, if there are plans related to factory expansion in the future, they will be conducted in accordance with relevant laws and the company's internal management protocols. The company will adopt a cautious evaluation approach to consider whether a merger

can bring tangible synergies to the company, ensuring the protection of shareholder rights.

9. Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken.

The company and its subsidiaries purchased materials, such as chips, phosphors, brackets, PCB substrates, semiconductor ICs, electronic parts, lenses, heat sinks, mechanical components, plastic injection materials, and lighting modules required by customers. As for the purchases in the recent two years, it has no single supplier whose purchase amount accounted for over 10%, hence no risk of concentration of purchases.

In order to maintain the stability, quality, price and delivery time of our supply, the company not only pays on time to win trust of suppliers, but also keeps a good relationship with purchasers. Due to factors, such as the cost, scale of economical procurement, and cooperation between the two parties, we purchase from suppliers with good quality, a good application with production, and stable supplies. The company and its subsidiaries are also actively developing other suppliers. At present, raw materials come from more than two suppliers, to reduce the risk of concentration of material sources, and kept a good cooperative relationship with suppliers. The quality and delivery time of each supplier are normal over years, with no shortage or interruption of the supply.

The company and its subsidiaries sell products, such as LED lighting components and modules, LED automotive modules and optical transmission components. For the last two years, except for a customer of Tier I of automotive modules whose sales amount accounted for more than 10% of revenues, there is no other customer whose sales ratio exceeds 10% of revenues. Hence, there is no risk of concentration on sales.

10. Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the Company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken. In 2023 and the current year up to the date of publication of the Annual Report, there were no significant transfers of shares in excess of 10% of the capital of the Company by the directors and major shareholders holding more than 10% of the shares.
11. Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken.

As for the establishment of the company, management has held important positions related to the company for a long while. For spirit of corporate governance, the directors and supervisors were re-elected on June 13, 2013, and we voluntarily adopted the audit committee (it will be 4th period after re-election of the shareholders' meeting in 2022) for Supervision of the decision-making content of the board of directors and the operation of the company. The management of the company will support the company's business philosophy and good ethic, improve the company's operating performance and profit growth to earn shareholders' recognition of the management team in the future. As of now, the company's management rights are stable. As of the publication date of the annual report, the Company has no change in governance personnel or top management.

12. Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director,

any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report.

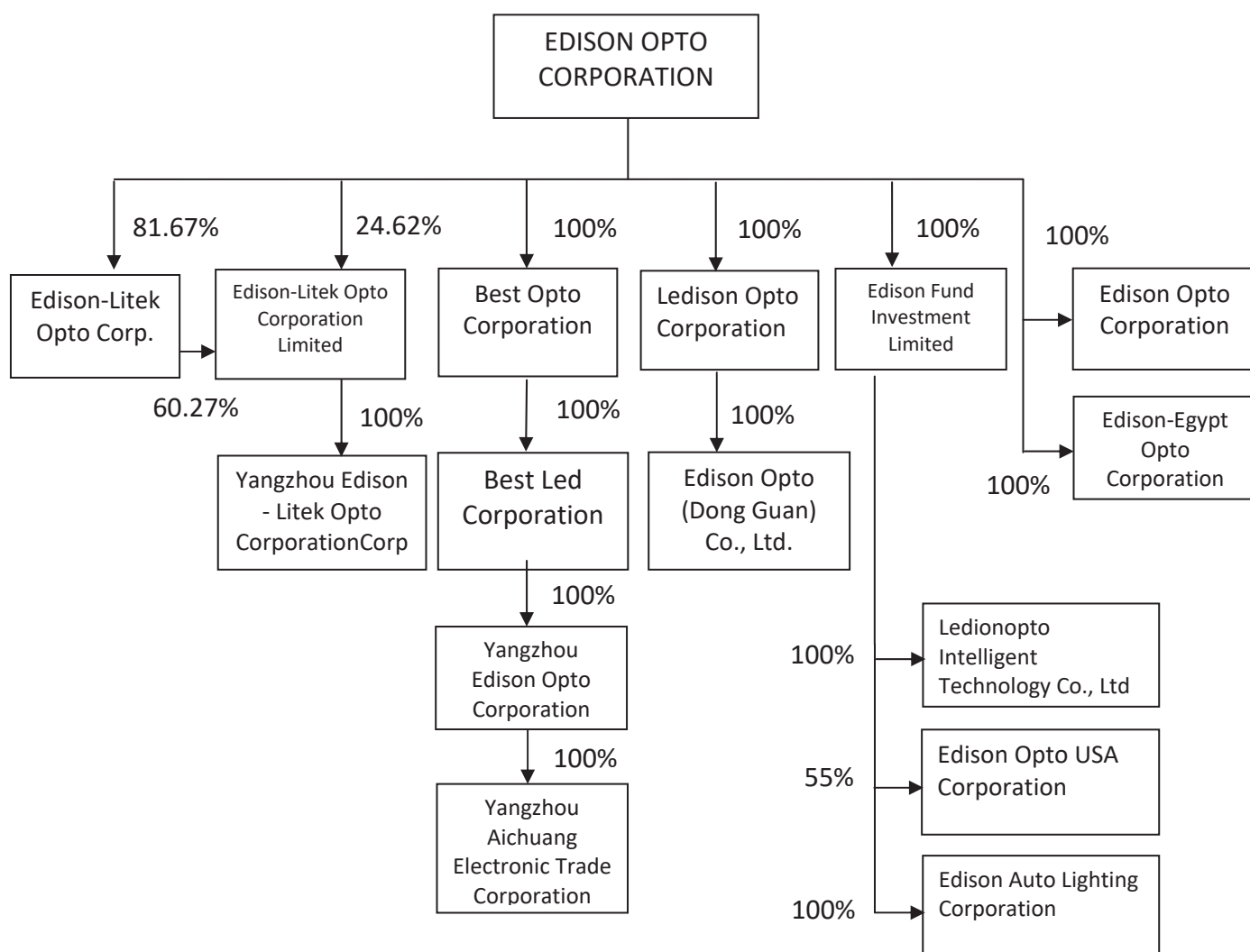
13. Other important risks, and mitigation measures being or to be taken.

7. Other material matters: None.

Affiliated companies and special Notes

1. Summary of affiliated companies:

(1) Affiliated companies chart (2023/12/31)



(2) Information of affiliated companies

2023/12/31 Unit: NT\$1,000

Company	Date of Incorporation	Place of Registration	Capital Stock (NT\$)	Main business or production activities
Ledison Opto Corporation	2005.08.11	Offshore chambers, Po Box 217, Apia, Samoa	USD 4,500	Investment
Edison Opto Corporation	2003.06.19	Offshore chambers, Po Box 217, Apia, Samoa	USD 30	Sales of optoelectronic products
Best Opto Corporation	2006.08.04	Portcullis TrustNet chambers, Po Box 1225, Apia, Samoa	USD 41,000	Investment
Best LED Corporation	2006.08.08	Portcullis TrustNet chambers, Po Box 1225, Apia, Samoa	USD 41,000	Investment
Edison Opto (Dong Guan) Co., Ltd.	2006.05.17	Section 1, Xicheng Industrial, Hengli Town, Dongguan City, Guangdong Province, China	USD 4,500	Optoelectronic products' production and sales
Yangzhou Edison Opto Corporation	2006.11.10	No. 101, Huayang West Road, Yangzhou City, Jiangsu Province, China	USD 41,000	Optoelectronic products' production and sales
Yangzhou Aichuang Electronic Trade Corporation	2019.09.23	No. 101, Huayang West Road, Yangzhou City, Jiangsu Province, China	RMB 500	Sales of optoelectronic products
Edison Fund Investment Limited	2011.04.22	17F., No. 17, Qiaohe Rd., Zhonghe Dist., New Taipei City	NTD 250,000	Investment
Edison Opto USA Corporation	2009.10.15	1809 Excise Avenue, Suite 201, Ontario CA 91761	USD 400	Sales of optoelectronic products
Edison-Litek Opto Corporation Limited	2014.06.30	Units 3306-12 33/F Shui On CTR 6-8 Harbour Rd Wanchai Honh Kong	USD 11,000	Investment
Yangzhou Edison-Litek Opto Corporation	2014.07.22	No. 101, Huayang West Road, Yangzhou City, Jiangsu Province, China	USD 8,875	Optoelectronic products' production and sales
Ledionopto Intelligent Technology Co., Ltd	2008.06.05	17F., No. 13, Qiaohe Rd., Zhonghe Dist., New Taipei City	NTD 22,000	Sales of optoelectronic products
Edison-Litek Opto Corp.	2017.11.14	17F., No. 13, Qiaohe Rd., Zhonghe Dist., New Taipei City	NTD 180,000	Optoelectronic products' production and sales
Edison-Egypt Opto Corporation	2018.11.08	17F., No. 13, Qiaohe Rd., Zhonghe Dist., New Taipei City	NTD 25,000	Sales of optoelectronic products
Edison Auto Lighting Corporation	2019.10.03	17F., No. 13, Qiaohe Rd., Zhonghe Dist., New Taipei City	NTD 10,000	Sales of optoelectronic products

- (3) Information on the same shareholders, who have control and affiliated relationship with the company, according to Article 369-3 of the Company Act: None.
- (4) The type of industries and its connection of the affiliated companies: investment, holding, manufacturing, and merchandising-sector companies.

Company	the orientation strategy of the company	Main products	Among affiliated enterprises business relationship	Sales partners
Ledison Opto Corporation	Holding company	Ordinary investments	Holding company	-
Edison Opto Corporation	Sales company	Optoelectronic products	Sales of optoelectronic products	The sales partner is the company around the world
Best Opto Corporation	Holding company	Ordinary investments	Holding company	-
Best LED Corporation	Holding company	Ordinary investments	Holding company	-
Edison Opto (Dong Guan) Co., Ltd.	Foreign production and sales	Optoelectronic products	Produces and sales of Optoelectronic products	Selling to EDISON OPTO and the company in China
Yangzhou Edison Opto Corporation	Foreign production and sales	Optoelectronic products	Produces and sales of Optoelectronic products	Selling to EDISON OPTO and the company in China
Yangzhou Aichuang Electronic Trade Corporation	Sales company	Optoelectronic products	Sales of optoelectronic products	Selling to Yangzhou Edison Opto Corporation
Edison Fund Investment Limited	Reinvested Company	Ordinary investments	Holding company	-
Edison Opto USA Corporation	Sales company	Optoelectronic products	Sales of optoelectronic products	The sales partner is the company in America
Edison-Litek Opto Corporation Limited	Holding company	Ordinary investments	Holding company	-
Yangzhou Edison-Litek Opto Corporation	Foreign production and sales	Optoelectronic products	Produces and sales of Optoelectronic products	The sales partner is the company around the world
Ledionopto Intelligent Technology Co., Ltd	Sales company	Optoelectronic products	Sales of optoelectronic products	The sales partner is the company around the world
Edison-Litek Opto Corp.	production and sales	Optoelectronic products	Produces and sales of Optoelectronic products	The sales partner is the company around the world
Edison-Egypt Opto Corporation	design and sales	Optoelectronic products	Sales of optoelectronic products	The sales partner is the company around the world
Edison Auto Lighting Corporation	design and sales	Optoelectronic products	Sales of optoelectronic products	The sales partner is the company around the world

(5) Directors, supervisors, and presidents of affiliates:

2023/12/31 Unit: NT\$1,000 shares

Company	Position	Name or representative					Shares held	
							Shares	Shareholding percentage (%)
Ledison Opto Corporation	Director	Jason Wu					4,500	100
Edison Opto Corporation	Director	Jason Wu					30	100
Best Opto Corporation	Director	Jason Wu					41,000	100
Best LED Corporation	Director	Jason Wu					41,000	100
Edison Opto (Dong Guan) Co., Ltd.	Chairperson	Jason Wu	Director	Yaochuan Hong	Director	Qingyuan Liu	-	100
Yangzhou Edison Opto Corporation	Chairperson	Jason Wu	Director	Yaochuan Hong	Director	Qingyuan Liu	-	100
	Supervisor	Cheng-Tien Hsu						
Yangzhou Aichuang Electronic Trade Corporation	Chairperson	Jason Wu	Director	Qingyuan Liu	Director	Kundian He	-	100
	Supervisor	Cheng-Tien Hsu						
Edison Fund Investment Limited	Chairperson	Edison Opto Corp., representative: WU, CHIEN-JUNG					25,000	100
	Director	Edison Opto Corp., representative: Hong, YAO-CHUAN						
	Director	Edison Opto Corp., representative: Guolun Liao						
	Supervisor	Edison Opto Corp., representative: HSU, CHENG-TIEN						
Edison Opto USA Corp.	Chairperson	Wen-Ruei Cheng					220	55
	Director	Wang, Li-Li		Director	Ashley Cheng			
Edison-Litek Opto Corporation Limitd	Chairperson	Jason Wu					18,963	74
Yangzhou Edison-Litek Opto Corporation	Chairperson	Jason Wu	Director	KAO, CHANG-CHIN	Director	YOO JUN SANG	-	74
	Supervisor	Cheng-Tien Hsu						
Ledionopto Intelligent Technology Co., Ltd	Chairperson	Edison Opto Corp., representative: WU, CHIEN-JUNG					2,200	100
	Director	Edison Opto Corp., representative: WANG, LI-LI						
	Director	Edison Opto Corp., representative: WANG, PO-CHUNG						
	Supervisor	Edison Opto Corp., representative: HSU, CHENG-TIEN						
Edison-Litek Opto Corp.	Chairperson	WU, CHIEN-JUNG					715	4
	Director	KAO, CHANG-CHING					754	4
	Director	Edison Opto Corp., representative: XI- Quan Hu					14,700	82
	Supervisor	HSU, CHENG-TIEN					33	-
Edison-Egypt Opto Corporation	Chairperson	Edison Opto Corp., representative: WU, CHIEN-JUNG					2,500	100
	Supervisor	Edison Opto Corp., representative: HSU, CHENG-TIEN						
Edison Auto Lighting Corporation	Chairperson	Edison Opto Corp., representative: WU, CHIEN-JUNG					1,000	100
	Supervisor	Edison Opto Corp., representative: HSU, CHENG-TIEN						

(6) Consolidated financial statements of affiliated companies

2023/12/31 Unit: NT\$1,000

Company	Capital Stock (NT\$)	Total Assets	Total Liabilities	Net worth	Revenue	Operating profit	Profit or loss for the year (After income tax)	Proforma earnings per share (NT\$) (After income tax)
Ledison Opto Corporation	USD 4,500	USD 8,227	USD 0	USD 8,227	USD 0	USD 0	USD 456	-
Edison Opto Corporation	USD 30	USD 542	USD 209	USD 333	USD 0	USD (6)	USD (4)	-
Best Opto Corporation	USD 41,000	USD 32,058	USD 0	USD 32,058	USD 0	USD 0	USD 1,220	-
Best LED Corporation	USD 41,000	USD 32,057	USD 0	USD 32,057	USD 0	USD 0	USD 1,220	-
Edison Opto (Dong Guan) Co., Ltd.	RMB 33,534	RMB 90,471	RMB 32,251	RMB 58,220	RMB 126,835	RMB 7,246	RMB 3,213	-
Yangzhou Edison Opto Corporation	RMB 272,681	RMB 256,846	RMB 29,812	RMB 227,034	RMB 142,087	RMB 4,298	RMB 8,590	-
Yangzhou Aichuang Electronic Trade Corporation	RMB 500	RMB 532	RMB 0	RMB 532	RMB 0	RMB 0	RMB 9	-
Edison Fund Investment Limited	NTD 250,000	NTD 98,611	NTD 3	NTD 98,608	NTD 0	NTD (218)	NTD 3,770	-
Edison Opto USA Corporation	USD 400	USD 2,272	USD 267	USD 2,005	USD 2,481	USD 47	USD 56	-
Edison-Litek Opto Corporation	USD 11,000	USD 8,090	USD 0	USD 8,090	USD 0	USD (360)	USD (450)	-
Yangzhou Edison-Litek Opto Corporation	RMB 55,259	RMB 72,126	RMB 25,006	RMB 47,120	RMB 60,237	RMB (991)	RMB (681)	-
Ledionopto Intelligent Technology Co., Ltd	NTD 22,000	NTD 21,067	NTD 23	NTD 21,044	NTD 0	NTD (55)	NTD 231	-
Edison-Litek Opto Corp.	NTD 180,000	NTD 454,031	NTD 113,774	NTD 340,257	NTD 321,794	NTD (8,836)	NTD 132	0.01
Edison-Egypt Opto Corporation	NTD 25,000	NTD 26,292	NTD 591	NTD 25,700	NTD 0	NTD 84	NTD 213	-
Edison Auto Lighting Corporation	NTD 10,000	NTD 13,913	NTD 8,796	NTD 5,117	NTD 34,972	NTD 833	NTD 964	-

(7) Consolidated financial statements of affiliated companies: Please refer to Appendices 3.

(8) Report of affiliated companies: None.

2. Private Placement Securities in the Most Recent Years: None.

3. Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years:

The company's subsidiary – Radi Young Lighting Co., Ltd. – held 526 thousand shares of the company, which were acquired before 2016. As of December 31, 2023, it carrying amount was 12,830 thousand, and it hasn't been disposed in the most recent year and as of the date of publication of the annual report. Stock not under pledge, the company has not made guarantee/endorsement or lent funds to the subsidiary as of the date of publication of the annual report.

4. Other supplementary information: None.

5. Any of the situations listed in Article 36, paragraph 2, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

Edison Opto Corporation
Statement of Internal Control System

Date: February 29, 2024

Based on the findings of a self-assessment, the company states the following with regard to its internal control system during the year 2023:

1. The company's board of directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the company takes immediate remedial actions in response to any identified deficiencies.
3. The company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communications, and (5) monitoring activities. each element includes each item. Please see regulations for the above items.
4. Sysage has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, the company believes that, on December 31, 2023, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of the company's annual report for the year 2023 and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This statement was passed by the board of directors in their meeting held on February 29, 2024, with nine attending directors all affirming the content of this Statement.

Edison Opto Corporation

Chairperson: Jason Wu

President: Jason Wu

Edison Opto Corporation
Audit Committee's Report

The Board of Directors has prepared the 2023 Business Report, financial statements and earnings distribution proposal, where the financial statements have been audited by CPAs Heng-Sheng Lin and Bei-Chi Chen from KPMG Taiwan with the Auditor's Report issued. The above report, statements and proposal have been reviewed by the Audit Committee and found to be in conformity. We hereby present the above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act for your scrutiny.

Sincerely,

The 2024 Regular Shareholders' Meeting of Edison Opto Corporation

Audit Committee

Convener: Wen-Chao Wang

February 29, 2024

Representation Letter

The entities that are required to be included in the combined financial statements of EDISON OPTO CORPORATION as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 , "Consolidated Financial Statements." endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, EDISON OPTO CORPORATION and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: EDISON OPTO CORPORATION

Chairman: Jason Wu

Date: February 29, 2024.



安侯建業聯合會計師事務所
KPMG

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Independent Auditors' Report

To the Board of Directors of Edison Opto Corporation:

Opinion

We have audited the consolidated financial statements of Edison Opto Corporation and its subsidiaries (“the Edison Group”), which comprise the consolidated statement of financial position as of December 31, 2023 and 2022, and the consolidated statement of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Edison Opto Corporation and subsidiaries as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key auditor matters that, in our professional judgment, should be communicated are as follows:

1. Impairment evaluation of accounts receivable

Please refer to Note 4(g) “Financial instruments”, Note 5(b) “Significant accounting assumptions and judgments, and major sources of estimation uncertainty”, and Note 6(e) “Notes and accounts receivable”.

For the year ended December 31, 2023, the accounts receivable accounted for 11% of the total assets are material to the financial statements. In addition, the provision of bad debt allowance is a subject to the management’s judgment. Therefore, it has been identified as a key audit matter.

Our principal audit procedures included:

- Assess the impairment of accounts receivable and whether the impairment has been modified by policy.
- Examine the aging analysis table, analyze the reason of overdue collection and the situation of subsequent collection.
- Evaluate the adequacy of impairment on the financial report date Edison Opto Corporation and subsidiaries.

2.Revenue recognition

Please refer to Note 4(n) Revenue from contracts with customers, and Note 6(u) “Revenue”.

The major business activities of Edison Opto Corporation and subsidiaries are manufacturing, selling, research and development of LED components and modules. Operating Revenue is the main indicator for the management of Edison Consolidated Company and investor to evaluate the financial and business performance of Edison Consolidated Company. Therefore, it has been identified as a key audit matter.

Our principal audit procedures included:

- Evaluate the Consolidated Company’s accounting policy of revenue recognition.
- Test the design and implementation of internal controls related with revenue recognition.
- A sample of the whole year is selected, and the income transaction records and various vouchers are checked to confirm that the operating income is recognized.
- Analyzing the change in sales revenue from top ten clients and examining significant contracts to assess whether there are significant exceptions.
- Choose the period between the financial reporting, then examine the recognition of income transactions and vouchers cover for the appropriate period.

Other Matter

Edison Opto Corporation has prepared its parent-company-only financial report for the year 2023 and 2022, on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Edison Opto Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

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



6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Edison Opto Corporation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Consolidated Company audit.

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
February 29, 2024

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 audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit 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' audit report and consolidated financial statements, the Chinese version shall prevail.

EDISON OPTO CORPORATION AND SUBSIDIARIES

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Total assets

174

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

EDISON OPTO CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

	2023		2022	
	Amount	%	Amount	%
4000 Operating revenue (note 6(v))	\$ 1,991,061	100	1,841,983	100
5000 Operating costs (notes 6(g)(j)(k)(q))	<u>1,479,712</u>	<u>74</u>	<u>1,379,419</u>	<u>75</u>
Gross profit from operations	<u>511,349</u>	<u>26</u>	<u>462,564</u>	<u>25</u>
Operating expenses (notes 6(e)(j)(k)(o)(q)(t)(w)):				
6100 Selling expenses	143,761	7	124,876	7
6200 Administrative expenses	196,562	10	173,715	9
6300 Research and development expenses	129,774	7	115,059	6
6450 Expected impairment loss (reversed)	<u>(6,541)</u>	<u>-</u>	<u>5,353</u>	<u>-</u>
Total operating expenses	<u>463,556</u>	<u>24</u>	<u>419,003</u>	<u>22</u>
6900 Net operating income	<u>47,793</u>	<u>2</u>	<u>43,561</u>	<u>3</u>
Non-operating income and expenses (notes 6(l)(m)(n)(o)(p)(x)):				
7100 Interest income	15,595	1	15,040	1
7010 Other income	5,582	-	12,881	1
7020 Other gain and losses	(6,448)	-	(2,774)	(1)
7050 Finance costs	(13,109)	(1)	(17,183)	(1)
7060 Share of profit (loss) of associates and joint ventures accounted for using equity method, net (note 6(c))	<u>-</u>	<u>-</u>	<u>(582)</u>	<u>-</u>
Total non-operating income and expenses	<u>1,620</u>	<u>-</u>	<u>7,382</u>	<u>-</u>
7900 Profit from continuing operations before tax	<u>49,413</u>	<u>2</u>	<u>50,943</u>	<u>3</u>
7950 Less: Income tax expenses (note 6(r))	<u>4,911</u>	<u>-</u>	<u>17,100</u>	<u>1</u>
Profit	<u>44,502</u>	<u>2</u>	<u>33,843</u>	<u>2</u>
8300 Other comprehensive income:				
8310 Components of other comprehensive income that will not be reclassified to profit or loss				
8311 Gains (losses) on remeasurements of defined benefit plans	63	-	877	-
8316 Unrealized (gains) losses from investments in equity instruments measured at fair value through other comprehensive income (note 6(c))	(976)	-	2,521	-
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>(913)</u>	<u>-</u>	<u>3,398</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	(25,350)	(1)	33,610	2
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>(25,350)</u>	<u>(1)</u>	<u>33,610</u>	<u>2</u>
8300 Other comprehensive income (loss)	<u>(26,263)</u>	<u>(1)</u>	<u>37,008</u>	<u>2</u>
8500 Total comprehensive income	<u>\$ 18,239</u>	<u>1</u>	<u>70,851</u>	<u>4</u>
Profit (loss), attributable to:				
8610 Attributable to owners of parent	\$ 47,528	2	25,648	1
8620 Attributable to non-controlling interests	<u>(3,026)</u>	<u>-</u>	<u>8,195</u>	<u>1</u>
	<u>\$ 44,502</u>	<u>2</u>	<u>33,843</u>	<u>2</u>
Comprehensive income (loss) attributable to:				
8710 Attributable to owners of parent	\$ 21,199	1	57,617	3
8720 Attributable to non-controlling interests	<u>(2,960)</u>	<u>-</u>	<u>13,234</u>	<u>1</u>
	<u>\$ 18,239</u>	<u>1</u>	<u>70,851</u>	<u>4</u>
Earnings per share (note 6(u))				
9750 Basic earnings per share	<u>\$ 0.35</u>		<u>0.20</u>	
9850 Diluted earnings per share	<u>\$ 0.35</u>		<u>0.19</u>	

See accompanying notes to consolidated financial statements.

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

EDISON OPTO CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent					Equity attributable to owners of parent						
	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	Total equity
\$	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
Balance at January 1, 2022	-	-	12,062	-	(12,062)	-	-	-	-	-	-	-
Appropriation and distribution of retained earnings:	-	-	-	112,126	(112,126)	-	-	-	-	-	-	-
Legal reserve appropriated	-	-	12,062	112,126	(124,188)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	-	25,648	-	2,521	-	-	25,648	8,195	33,843
Net income	-	-	-	-	877	28,571	2,521	-	-	31,969	5,039	37,008
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	26,525	28,571	2,521	-	-	57,617	13,234	70,851
Other changes in capital surplus:	-	-	-	-	-	-	-	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	292	-	-	-	-	-	-	-	292	-	292
Stock dividends from capital surplus	65,000	(65,000)	-	-	-	-	-	-	-	-	-	-
Cash dividends from capital surplus	-	(35,000)	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	(24,847)	(35,000)	-	(35,000)
Acquisition of company's share by subsidiaries recognized as treasury share	-	-	-	-	-	-	-	-	(24,847)	(24,847)	-	(24,847)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	139	-	-	-	-	-	-	(2,521)	(2,521)	-	(2,521)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	139	-	139
Expiration of restricted employee stocks	-	-	-	-	-	-	-	-	-	-	(11,472)	(11,472)
Share-based payments	(264)	(119)	-	-	-	-	-	383	-	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(149,719)	-	149,719	994	-	994	-	994
Balance at December 31, 2022	1,353,353	1,519,350	16,903	112,126	(123,194)	(155,037)	-	-	(86,416)	2,637,085	145,414	2,782,499
Appropriation and distribution of retained earnings:	-	-	(11,068)	-	11,068	-	-	-	-	-	-	-
Legal reserve appropriated for the net operating loss	-	-	-	(112,126)	112,126	-	-	-	-	-	-	-
Special reserve appropriated for the net operating loss	-	-	(11,068)	(112,126)	123,194	-	-	-	-	-	-	-
Net income	-	-	-	-	47,528	-	(976)	-	-	47,528	(3,026)	44,502
Other comprehensive income	-	-	-	-	63	(25,416)	(976)	-	-	(26,329)	66	(26,263)
Total comprehensive income	-	-	-	-	47,591	(25,416)	(976)	-	-	21,199	(2,960)	18,239
Other changes in capital surplus:	-	-	-	-	-	-	-	-	-	-	-	-
Stock dividends from capital surplus	-	(40,000)	-	-	-	-	-	-	-	(40,000)	-	(40,000)
Other changes in capital surplus	-	(9,915)	-	-	-	-	-	-	9,915	-	-	-
Conversion of convertible bonds	99,541	73,914	-	-	-	-	-	-	-	173,455	-	173,455
Retirement of treasury share	(16,800)	(6,912)	-	-	-	-	-	-	23,712	-	-	-
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	153	-	-	-	-	-	-	-	153	-	153
Changes in ownership interests in subsidiaries	-	10,329	-	-	-	-	-	-	-	10,329	(10,329)	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(4,500)	(4,500)
Share-based payments	-	15,840	-	-	-	-	-	-	-	34,465	-	34,465
Balance at December 31, 2023	\$ 1,436,094	1,562,759	5,835	-	47,591	(180,453)	(976)	-	(34,164)	2,836,686	127,625	2,964,311

See accompanying notes to consolidated financial statements.

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

EDISON OPTO CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	\$ 49,413	50,943
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	124,565	130,170
Amortization expense	2,028	2,150
Expect impairment loss (reversed)	(6,541)	5,353
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(1,415)	2,688
Interest expense	13,109	17,183
Interest income	(15,595)	(15,040)
Share-based payments	15,840	994
Share of loss of associates and joint ventures accounted for using the equity method	-	582
Loss on disposal of property, plant and equipment	8,192	2,406
Loss on disposal of intangible assets	7	-
Loss on disposal of investment	-	857
Loss on bond redemption	3	-
Total adjustments to reconcile profit	140,193	147,343
Changes in operating assets and liabilities:		
Accounts and notes receivable	(131,109)	3,365
Accounts receivable due from related parties	(13,218)	-
Other receivables	(115)	4,554
Inventories	(30,668)	18,384
Prepayments	5,577	19,768
Other current assets	2,777	(6,571)
Other operating assets	(280)	427
Accounts and notes payable	97,416	(74,694)
Other payable	22,598	15,095
Other current liabilities	319	(9,716)
Net defined benefit liability	708	566
Total changes in operating assets and liabilities	(45,995)	(28,822)
Cash inflow generated from operations	143,611	169,464
Interest received	15,604	15,241
Interest paid	(9,796)	(10,320)
Income taxes	(13,333)	(11,558)
Net cash flows from operating activities	136,086	162,827
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortized cost	(27,669)	-
Proceeds from disposal of financial assets at amortised cost	8,702	-
Acquisition of financial assets at fair value through profit or loss	(8,367)	(7,155)
Proceeds from disposal of financial assets at fair value through profit or loss	2,367	2,207
Acquisition of investments accounted for using equity method	-	(3,600)
Acquisition of property, plant and equipment	(68,357)	(63,759)
Proceeds from disposal of property, plant and equipment	3,162	4,062
Decrease in refundable deposits	3,004	2,031
Acquisition of intangible assets	(1,563)	(294)
Increase in other financial assets	-	(2,339)
Decrease in restricted deposits	10,000	117,246
Increase in other non-current assets	(36)	4,315
Increase in prepayments for business facilities	(2,212)	(28,077)
Net cash flows from (used in) investing activities	(80,969)	24,637
Cash flows from (used in) financing activities:		
Increase in short-term loans	681,009	257,544
Decrease in short-term loans	(595,259)	(384,542)
Repayments of bonds	(300)	-
Repayments of long-term debt	(156,480)	(16,080)
Increase (decrease) in guarantee deposits received	(3)	(3,412)
Payment of lease liabilities	(14,867)	(17,152)
Cash dividends paid	(39,847)	(34,861)
Payments to acquire treasury shares	-	(24,847)
Treasury shares sold to employees	18,625	-
Change in non-controlling interests	(4,500)	(11,472)
Net cash flows used in financing activities	(111,622)	(234,822)
Effect of exchange rate changes on cash and cash equivalents	(11,608)	25,692
Net decrease in cash and cash equivalents	(68,113)	(21,666)
Cash and cash equivalents at beginning of period	1,154,337	1,176,003
Cash and cash equivalents at end of period	\$ 1,086,224	1,154,337

See accompanying notes to consolidated financial statements

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

EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 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 2010. The company and its subsidiaries (hereinafter referred as Group) are mainly engaged in manufacturing, selling, research and development of LED components, modules and finished products 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 February 29, 2024.

(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”

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (c) 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 IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material 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.

- (b) Basis of preparation

- (i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Fair value through other comprehensive income (Available-for-sale financial) are assets measured at fair value;
- 3) The defined benefit asset is recognized as plan assets, plus unrecognized past service cost and unrecognized actuarial losses, less the present value of the defined benefit obligation.

- (ii) Functional and presentation currency

The functional currency of a consolidated entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan dollars, which is the Company’s functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding		Note
			December 31, 2023	December 31, 2022	
The Company	Edison Opto Corporation	Business of opto-electronics	100.00 %	100.00 %	
The Company	Ledison Opto Corporation	Business of opto-electronics	100.00 %	100.00 %	
The Company	Best Opto Corporation	Business of opto-electronics	100.00 %	100.00 %	
The Company	Edison Fund Investment Corporation	Investment	100.00 %	100.00 %	
The Company	Edison-Litek Opto Corporation Limited (note 1)	Investment	24.62 %	44.58 %	
The Company	Edison-Litek Opto Corporation	Business of opto-electronics	81.67 %	78.57 %	Note 3
The Company	Edison-Egypt Opto Corporation	Business of opto-electronics	100.00 %	100.00 %	
Ledison Opto Corporation	Edison Opto (Dong Guan) Co., Ltd.	Business of opto-electronics	100.00 %	100.00 %	
Best Opto Corporation	Best Led Corporation	Investment	100.00 %	100.00 %	
Best Led Corporation	Yangzhou Edison Opto Corporation	Business of opto-electronics	100.00 %	100.00 %	
Yangzhou Edison Opto Corporation	Yangzhou Aichuang Electronic Trade Corporation	Business of opto-electronics	100.00 %	100.00 %	
Edison Fund Investment Corporation	Edison Opto USA Corporation	Business of opto-electronics	55.00 %	55.00 %	
Edison Fund Investment Corporation	Edison Auto Lighting Corporation	Business of opto-electronics	100.00 %	100.00 %	
Edison Fund Investment Corporation	Ledionopto intelligent Technology Co., Ltd.	Business of opto-electronics	100.00 %	100.00 %	
Edison-Litek Opto Corporation Limited	Yangzhou Edison-Litek Opto Corporation	Business of optoelectronics	100.00 %	100.00 %	

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Shareholding		Note
			December 31, 2023	December 31, 2022	
Edison-Litek Opto Corporation	Edison-Litek Opto Corporation Limited (note 1)	Investment	60.27 %	28.06 %	Note 2

Note 1: The Company and Edison-Litek Opto Corp. directly and indirectly, respectively, held 73.84% shares of Edison-Litek Opto Corp. Ltd. in total.

Note 2: In December, 2023, Edison-Litek Opto Corp. acquired the equity interest in Edison Litek Opto Corporation Limited with cash of USD1,000 thousand increasing the shareholding ratio from 28.06% to 60.27%.

Note 3: In December, 2023, Edison-Litek Opto Corp. handled a cash capital increase of 2,600 thousand shares, and the Company fully subscribed for 52,000 thousand in cash, and the shareholding ratio of the Company increased from 78.57% to 81.67%

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

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1. an investment in equity securities designated as at fair value through other comprehensive income;

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to noncontrolling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Assets and liabilities classified as current and non-current

An asset is classified as current under one of the following criteria, and all other assets are classified as non current.

- (i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) It holds the asset primarily for the purpose of trading;
- (iii) It expects to realize the asset within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non current.

- (i) It expects to settle the liability in its normal operating cycle;
- (ii) It holds the liability primarily for the purpose of trading;
- (iii) The liability is due to be settled within twelve months after the reporting period.
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment, or other purposes, should be recognized as cash equivalents.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- it is contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivable, leases receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- Bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when the financial asset is unlikely to pay its credit obligations to the Group in full.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Compound financial instruments

Compound financial instruments issued by the Group comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

5) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

6) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

7) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted-average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straightline basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings and construction	3 to 45 years
2) Machinery and equipment	3 to 10 years
3) Molding Equipment	2 to 6 years
4) Office and Other equipment	2 to 6 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Leases

(i) Identifying a lease

At inception of a contract, the Group assesses whether a contract is (or contains) a lease. A contract is (or contains) a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery and plant that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(k) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(l) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Sale of goods

The Group manufactures and sells LED components. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(ii) The average credit term for sale of goods is 60 days to 90 days. It is consistent with industry practice. so it does not contain financing element.

The Group recognized accounts receivables while delivery, because the Group has the right to collect the consideration.

(iii) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money

(m) Government grants and government assistance

The Company recognizes an unconditional government grant related to a biological asset in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset.

(n) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

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

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided.

(o) Share-based payment

The grant-date fair value of share-based payment awards granted to employees is recognized as employee expenses, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards whose related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share based payment awards with non-vesting conditions, the grant date fair value of the share based payment is measured to reflect such conditions, and there is no true up for differences between expected and actual outcomes.

The fair value of the amount payable of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

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EDISON OPTO CORPORATION AND SUBSIDIARIES
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(p) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss. The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary difference.
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or

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- 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(q) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee remuneration and convertible corporate bonds.

(r) Operating segments

An operating segment is a component of the Consolidated Company that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Consolidated Company). Operating results of the operating segment are regularly reviewed by the Consolidated Company's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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

In preparing these consolidated financial statements, management has made 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.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about assumptions and estimation uncertainty that have significant effect on the amounts recognized in the consolidated financial statements is as follow:

(a) Fair value of financial instruments

The fair value of non-active market or non-quoted financial instruments is determined using valuation techniques. The management had to determine the valuation techniques and the non-observable market parameters to ensure the output result reflects the actual market price. Please refer to note 6(x).

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EDISON OPTO CORPORATION AND SUBSIDIARIES
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(b) The loss allowance of trade receivable

The Company has estimated the loss allowance of trade receivable that is based on the risk of a default occurring and the rate of expected credit loss.

The Company has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to note 6(e).

(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.

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash	\$ 5,432	4,071
Demand Deposit	488,498	673,866
Time Deposit	592,294	476,400
	\$ 1,086,224	1,154,337

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.

Please refer to note 6(y) for interest rate risk and sensitive analysis of financial assets and financial liabilities for the Group.

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

	December 31, 2023	December 31, 2022
Current financial assets at fair value through profit or loss:		
Convertible corporate bonds	\$ 6,468	-
Listed common shares — domestic companies	5,363	4,400
Total	\$ 11,831	4,400
Non-current financial assets at fair value through profit or loss		
Convertible corporate bonds - call options	\$ -	16

The above financial assets of the Group were not pledged.

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EDISON OPTO CORPORATION AND SUBSIDIARIES
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(c) Financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Unlisted common shares—Foreign Company – LEDLitek Co., Ltd.	\$ <u>-</u>	<u>-</u>
Unlisted common shares—Domestic Company – Taiwan Hydroxyl Technology Co., Ltd.	\$ <u>1,477</u>	<u>2,453</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 December 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 \$(976) 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

	December 31, 2023	December 31, 2022
More than three months' time Deposit	\$ 27,669	-
Government international bonds	<u>-</u>	<u>8,711</u>
	\$ <u>27,669</u>	<u>8,711</u>

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EDISON OPTO CORPORATION AND SUBSIDIARIES
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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

	December 31, 2023	December 31, 2022
Notes receivable	\$ 65,922	21,837
Accounts receivable	498,375	429,011
Less: Loss allowance	<u>(2,535)</u>	<u>(19,824)</u>
	<u>\$ 561,762</u>	<u>431,024</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:

	December 31, 2023		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 523,591	0.003%	17
1 to 30 days past due	24,121	4.29%	1,036
31 to 90 days past due	15,749	4.12%	649
91 to 180 days past due	3	0%	-
Past due over 180 days	<u>833</u>	100%	<u>833</u>
	<u>\$ 564,297</u>		<u>2,535</u>

	December 31, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 426,332	0.003%	13
1 to 30 days past due	539	3.89%	21
31 to 90 days past due	4,584	9.21%	422
91 to 180 days past due	28	10.71%	3
Past due over 180 days	<u>19,365</u>	100%	<u>19,365</u>
	<u>\$ 450,848</u>		<u>19,824</u>

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EDISON OPTO CORPORATION AND SUBSIDIARIES
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Movements of the loss allowance for notes and accounts receivable were as follows:

	2023	2022
Balance at January 1	\$ 19,824	17,541
Impairment losses recognized	1,410	2,277
Reclassify	(18,680)	-
Net income (losses) on foreign exchange	(19)	6
Balance at December 31	<u><u>\$ 2,535</u></u>	<u><u>19,824</u></u>

Note and account receivables of the Group were not pledged.

(f) Other receivables

	December 31, 2023	December 31, 2022
Other accounts receivable	\$ 44,040	33,231
Less: Loss allowance	(42,466)	(31,772)
Total	<u><u>\$ 1,574</u></u>	<u><u>1,459</u></u>

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

	2023	2022
Balance at January 1	\$ 31,772	10,615
Impairment losses recognized	-	21,050
Receipt of payment	(7,951)	-
Reclassify	18,680	-
Net income (losses) on foreign exchange	(35)	107
Balance at December 31	<u><u>\$ 42,466</u></u>	<u><u>31,772</u></u>

Other receivables of the Group were not pledged.

(g) Inventories

	December 31, 2023	December 31, 2022
Raw materials	\$ 133,927	132,852
Supplies	3,703	3,537
Work in progress	112,361	78,035
Finished goods	78,400	83,299
	<u><u>\$ 328,391</u></u>	<u><u>297,723</u></u>

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The details of the cost of sales were as follows:

	2023	2022
Inventory that has been sold	1,447,981	1,331,321
Write-down of inventories (gain on reversal)	(2,212)	(6,609)
Unallocated production overheads	33,943	54,707
	<u>1,479,712</u>	<u>1,379,419</u>

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

(h) Changes in ownership interests in subsidiaries

- (i) In May 2023, Edison-Litek Opto Corporation a subsidiary of the Company, distributed a stock dividend of 14,000 thousand to shareholders as decided at the shareholders' meeting. As a result, the Company's holding of Edison-Litek Opto Corporation's shares increased from 11,000 thousand shares to 12,100 thousand shares, while maintaining the same ownership percentage.
- (ii) In December 2023, Edison-Litek Opto Corporation, a subsidiary of the Company, a total of 2,600 thousand shares of Edison-Litek Opto Corporation were issued for cash capital increase, wherein the Company fully subscribed in cash amounting to \$52,000 thousand, resulting in the shareholding ratio of the Company's ownership in Edison-Litek Opto Corporation to increase from 78.57% to 81.67%.
- (iii) In December 2023, Edison-Litek Opto Corporation fully subscribed the equity of Edison Litek Opto Corporation Limited for cash capital increase with cash amounting to \$31,285 thousand, which made an increase in the combined interest of the Company and Edison-Litek Opto Corporation Limited from 72.64% to 84.89%.

The effect of changes in shareholdings was as follows:

	2023
Capital surplus differences between consideration and carrying amounts subsidiaries acquired	<u>\$ 10,329</u>

(i) Subsidiaries with material non-controlling interests

Subsidiaries	Main operation place	Parentage of non-controlling interests	
		December 31, 2023	December 31, 2022
Edison-Litek Opto Corporation Limited	Hong Kong	15.11 %	27.36 %
Edison-Litek Opto Corporation	Taiwan	18.33 %	21.43 %

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The following information on the aforementioned subsidiaries has been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in these information are the fair value adjustments made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intragroup transactions were not eliminated in this information.

(i) Edison-Litek Opto Corporation Limited's collective financial information

	December 31, 2023	December 31, 2022
Current assets	\$ 278,704	215,892
Non-current assets	78,109	80,837
Current liabilities	(108,417)	(61,672)
Net assets	<u>\$ 248,396</u>	<u>235,057</u>
Non-controlling interests	<u>\$ 37,533</u>	<u>64,312</u>
	2023	2022
Sales revenue	<u>\$ 266,487</u>	<u>238,389</u>
Net income	\$ (14,023)	(16,226)
Other comprehensive income	(3,922)	6,612
Total Comprehensive income	<u>\$ (17,945)</u>	<u>(9,614)</u>
Profit, attributable to non-controlling interests	<u>\$ (3,837)</u>	<u>(4,439)</u>
Comprehensive income, attributable to non-controlling	<u>\$ (3,556)</u>	<u>(2,630)</u>
	2023	2022
Net cash flows from operating activities	\$ (33,602)	1,716
Net cash flows from investing activities	(29,290)	11,650
Net cash flows from financing activities	31,155	(17,877)
Effect of exchange rate changes on cash and cash equivalents	(1,706)	(11,073)
Net decrease in cash and cash equivalents	<u>\$ (33,443)</u>	<u>(15,584)</u>

(ii) Edison-Litek Opto Corporation's collective financial information

	December 31, 2023	December 31, 2022
Current assets	\$ 225,848	248,691
Non-current assets	228,183	132,803
Current liabilities	(110,979)	(128,099)
Non-current liabilities	(2,795)	(670)
Net assets	<u>\$ 340,257</u>	<u>252,725</u>
Non-controlling interests	<u>\$ 62,380</u>	<u>54,155</u>

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EDISON OPTO CORPORATION AND SUBSIDIARIES
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	2023	2022
Sales revenue	\$ <u>321,794</u>	<u>384,035</u>
Net income	\$ 132	38,025
Other comprehensive income	(938)	1,855
Total comprehensive income	\$ <u>(806)</u>	<u>39,880</u>
Profit, attributable to non-controlling interests	\$ <u>28</u>	<u>8,148</u>
Comprehensive income, attributable to non-controlling	\$ <u>(169)</u>	<u>8,546</u>
	2023	2022
Net cash flows from operating activities	\$ 17,702	58,266
Net cash flows from investing activities	(77,564)	(32,225)
Net cash flows from financing activities	(11,460)	(86,312)
Net decrease in cash and cash equivalents	\$ <u>(71,322)</u>	<u>(60,271)</u>

(j) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 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	-	4,266	56,168	877	7,046	68,357
Disposal	-	(2,958)	(142,720)	(1,032)	(20,107)	(166,817)
Reclassify	-	-	11,686	146	2,638	14,470
Effect of movements in exchange rates	-	(10,275)	(10,533)	(522)	(2,802)	(24,132)
Balance at December 31, 2023	\$ <u>637,862</u>	<u>1,028,212</u>	<u>1,104,491</u>	<u>33,022</u>	<u>203,379</u>	<u>3,006,966</u>
Balance at January 1, 2022	\$ 637,862	967,691	1,174,362	38,482	207,140	3,025,537
Additions	-	30,588	23,700	-	9,471	63,759
Disposal	-	-	(41,213)	(5,564)	(3,574)	(50,351)
Reclassify	-	29,303	19,128	-	204	48,635
Effect of movements in exchange rates	-	9,597	13,913	635	3,363	27,508
Balance at December 31, 2022	\$ <u>637,862</u>	<u>1,037,179</u>	<u>1,189,890</u>	<u>33,553</u>	<u>216,604</u>	<u>3,115,088</u>

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EDISON OPTO CORPORATION AND SUBSIDIARIES
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	<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	-	36,416	56,326	980	15,331	109,053
Disposal	-	(2,662)	(134,678)	(945)	(17,178)	(155,463)
Reclassify	-	-	-	-	(155)	(155)
Effect of movements in exchange rates	-	(3,425)	(8,322)	(453)	(1,567)	(13,767)
Balance at December 31, 2023	<u>\$ -</u>	<u>325,398</u>	<u>945,411</u>	<u>30,119</u>	<u>82,106</u>	<u>1,383,034</u>
Balance at January 1, 2022	\$ -	256,692	995,494	32,918	74,369	1,359,473
Depreciation	-	36,060	61,610	2,131	12,761	112,562
Disposal	-	-	(35,682)	(4,985)	(3,216)	(43,883)
Effect of movements in exchange rates	-	2,317	10,663	473	1,761	15,214
Balance at December 31, 2022	<u>\$ -</u>	<u>295,069</u>	<u>1,032,085</u>	<u>30,537</u>	<u>85,675</u>	<u>1,443,366</u>
Carrying amounts:						
Balance at December 31, 2023	<u>\$ 637,862</u>	<u>702,814</u>	<u>159,080</u>	<u>2,903</u>	<u>121,273</u>	<u>1,623,932</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 December 31, 2022	<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>

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.

(k) 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	-	12,857	-	12,857
Disposals	-	(24,052)	(4,869)	(28,921)
Effect of changes in foreign exchange rates	(553)	(602)	-	(1,155)
Balance at December 31, 2023	<u>\$ 32,242</u>	<u>51,457</u>	<u>1,935</u>	<u>85,634</u>
Balance at January 1, 2022	\$ 32,276	59,358	6,373	98,007
Additions	-	3,742	1,248	4,990
Disposals	-	(735)	(817)	(1,552)
Effect of changes in foreign exchange rates	519	889	-	1,408
Balance at December 31, 2022	<u>\$ 32,795</u>	<u>63,254</u>	<u>6,804</u>	<u>102,853</u>

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EDISON OPTO CORPORATION AND SUBSIDIARIES
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	<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	868	13,780	864	15,512
Disposals	-	(23,806)	(4,869)	(28,675)
Effect of changes in foreign exchange rates	(76)	(405)	-	(481)
Balance at December 31, 2023	<u>\$ 4,251</u>	<u>28,313</u>	<u>1,149</u>	<u>33,713</u>
Balance at January 1, 2022	\$ 2,553	24,366	3,971	30,890
Depreciation	865	14,743	2,000	17,608
Disposals	-	(735)	(817)	(1,552)
Effect of changes in foreign exchange rates	41	370	-	411
Balance at December 31, 2022	<u>\$ 3,459</u>	<u>38,744</u>	<u>5,154</u>	<u>47,357</u>
Carrying amount:				
Balance at December 31, 2023	<u>\$ 27,991</u>	<u>23,144</u>	<u>786</u>	<u>51,921</u>
Balance at January 1, 2022	<u>\$ 29,723</u>	<u>34,992</u>	<u>2,402</u>	<u>67,117</u>
Balance at December 31, 2022	<u>\$ 29,336</u>	<u>24,510</u>	<u>1,650</u>	<u>55,496</u>

(l) Short-term borrowings

The short-term borrowings were summarized as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Secured bank loans	\$ -	30,710
Unsecured bank loans	180,705	61,420
Total	<u>\$ 180,705</u>	<u>92,130</u>
Unused short-term credit lines	<u>\$ 1,099,740</u>	<u>1,517,015</u>
Range of interest rates	<u>1.8%~6.44%</u>	<u>5.22%~5.35%</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.

(m) Long-term borrowings

	<u>December 31, 2023</u>			
	<u>Currency</u>	<u>Rate</u>	<u>Maturity year</u>	<u>Amount</u>
Secured bank loans	TWD	1.1960%~ 1.9805%	2041	\$ 134,300
Less: due within one year				(16,080)
Total				<u>\$ 118,220</u>
Unused long-term credit lines				<u>-</u>

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	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><u>\$ 274,700</u></u>
Unused long-term credit lines				<u><u>-</u></u>

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

(n) Bonds payable

	December 31, 2023	December 31, 2022
Total convertible corporate bonds issued	\$ 300,000	300,000
Less: Unamortized discounted corporate bonds payable	-	(7,538)
Cumulative converted amount	(299,700)	(122,200)
Cumulative creditors repurchase amount	<u><u>\$ (300)</u></u>	<u><u>-</u></u>
Convertible bonds issued balance	<u><u>\$ -</u></u>	<u><u>170,262</u></u>
Embedded derivative-call options (included in financial assets at fair value through profit or loss)	<u><u>\$ -</u></u>	<u><u>16</u></u>
Equity components-conversion options (included in capital surplus-share options)	<u><u>\$ -</u></u>	<u><u>18,960</u></u>
Interest expense	<u><u>\$ 3,490</u></u>	<u><u>6,674</u></u>

Items	Third secured domestic convertible bonds
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.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Items</u>	<u>Third secured domestic convertible bonds</u>
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.</p> <p>The closing period in accordance with the applicable laws. The period that starts from the fifteen business days prior to the date of record for determination wherein the shareholders are entitled to receive the distributions or rights to subscribe for new shares in a capital increase for cash, and ends on the date of record for the distribution of the rights/benefits. The period starts from the date of record of the capital decrease and ends one day prior to the reissuance of the trading of shares after the capital decrease.</p>
9.Conversion price	<p>The conversion price is 19.3 per share when issuance.</p> <p>(1) The Company announced on July 29, 2021, that due to the allotment of cash dividends on the ordinary shares, the conversion price has been adjusted from NTD 19.3 per share to NTD 19.1 per share since August 21, 2021.</p> <p>(2) The Company announced on August 8, 2022, that due to the allotment of cash dividends and stock dividends on the ordinary shares, the conversion price has been adjusted from NTD 19.1 per share to NTD 17.9 per share since August 30, 2022.</p> <p>(3)The Company announced on June 20, 2023 that due to the allotment of cash dividends on ordinary shares, the conversion price has been adjusted from NTD 17.9 per share to NTD 17.7 per share since July 16, 2023.</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

(o) Lease liability

The carrying values of the lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	\$ <u>15,243</u>	<u>12,291</u>
Non-current	\$ <u>12,075</u>	<u>17,522</u>

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

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest on lease liabilities	\$ <u>3,985</u>	<u>4,747</u>
Expenses relating to short-term leases	\$ <u>1,340</u>	<u>1,169</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>286</u>	<u>352</u>

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

	2023	2022
Total cash outflow for leases	\$ <u>20,478</u>	<u>23,419</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

(p) 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 the amount of unamortized deferred revenue was \$26,860 thousand and \$28,151 thousand, respectively.

(q) Employee benefits

(i) Defined benefit plans

The reconciliation of defined benefit obligation at present value and plant asset at fair value are as follows:

	For the years ended December 31,	
	2023	2022
Present value of the defined benefit obligations	\$ 21,649	20,804
Fair value of plan assets	(9,605)	(9,405)
Net defined benefit liabilities	<u><u>\$ 12,044</u></u>	<u><u>11,399</u></u>

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account amounted to \$9,605 thousand as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Consolidated Company were as follows:

	<u>2023</u>	<u>2022</u>
Defined benefit obligations at January 1	\$ 20,804	20,345
Current service costs and interest cost	873	631
Re-measurements of the net defined benefit liability	<u>(28)</u>	<u>(172)</u>
Defined benefit obligations at December 31	<u><u>\$ 21,649</u></u>	<u><u>20,804</u></u>

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Consolidated Company were as follows:

	<u>2023</u>	<u>2022</u>
Fair value of plan assets at January 1	\$ 9,405	8,635
Interest income	165	65
Re-measurements of the net defined benefit liability	<u>35</u>	<u>705</u>
Fair value of plan assets at December 31	<u><u>\$ 9,605</u></u>	<u><u>9,405</u></u>

4) Expenses recognized in profit or loss

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

	<u>2023</u>	<u>2022</u>
Current service costs	\$ 509	478
Net interest of net liabilities (assets) for defined benefit	<u>199</u>	<u>88</u>
	<u><u>\$ 708</u></u>	<u><u>566</u></u>
Operating cost	\$ 105	77
Operating expenses	<u>603</u>	<u>489</u>
	<u><u>\$ 708</u></u>	<u><u>566</u></u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 5) Re-measurement of net defined benefit liability (asset) recognized in other comprehensive income

The Group's re-measurement of the net defined benefit liability (asset) recognized in other comprehensive income, was as follows:

	2023	2022
Accumulated amount at January 1	\$ 4,108	4,985
Recognized during the period	(63)	(877)
Accumulated amount at December 31	<u>\$ 4,045</u>	<u>4,108</u>

- 6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Discount rate	1.625 %	1.750 %
Future salary increase rate	2.500 %	2.500 %

The expected allocation payment to be made by the Consolidated Company to the defined benefit plans for the one-year period after the reporting date is \$709 thousand.

The weighted-average lifetime of the defined benefits plans is 13.27 years.

- 7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligation	
	Increased 0.25%	Decreased 0.25%
December 31, 2023		
Discount rate (movement of 0.25%)	\$ (537)	555
Future salary increasing rate (movement of 0.25%)	537	(523)
December 31, 2022		
Discount rate (movement of 0.25%)	(565)	586
Future salary increasing rate (movement of 0.25%)	570	(533)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022 .

(ii) Defined contribution plans

The pension expense under the Consolidated Company's defined contribution pension plan were as follows:

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The consolidated subsidiary implements the method of determining the withdrawal of retirement funds, appropriate pensions in accordance with local laws, and recognizes the pensions each period as current expenses.

The pension costs incurred from the contribution to the Bureau of the Labor Insurance amounted were \$25,314 thousand and \$17,329 thousand.

(r) Income taxes

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

	For the years ended December 31,	
	2023	2022
Current tax expense		
Current period	\$ 5,296	15,883
Adjust the current income tax of the previous period	<u>(2,558)</u>	<u>(389)</u>
	2,738	15,494
Deferred tax income		
Occurrence and reversal of temporary difference	<u>2,173</u>	<u>1,606</u>
Income tax expense	<u>\$ 4,911</u>	<u>17,100</u>

Reconciliation of income tax and income before tax in 2022 and 2023, was as follows:

	2023	2022
Gain before income tax	<u>\$ 49,413</u>	<u>50,943</u>
Income tax using subsidiaries tax rate	\$ 9,882	10,190
Effect of tax rate in foreign jurisdiction	2,728	(224)
Tax-exempt income	8,109	(26,692)
Unrecognized tax loss	(907)	33,377
Changes in unrecognized temporary differences	4,602	3,568
Used tax loss	(6,779)	-
Gain of investing foreign company	(8,880)	(4,694)
Prior year income tax adjustment	(2,558)	(389)
Others	<u>(1,286)</u>	<u>1,965</u>
Total	<u>\$ 4,911</u>	<u>17,100</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Deferred tax assets and liabilities

1) Unrecognized Deferred Tax Liabilities

The consolidated entity is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as at 31 December 2023 and 2022. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	December 31, 2023	December 31, 2022
Aggregated amount of temporary differences related to investment subsidiaries	\$ <u>121,411</u>	<u>107,196</u>

2) Unrecognized deferred tax assets

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

	December 31, 2023	December 31, 2022
Tax effect of deductible Temporary Differences	\$ 88,882	88,894
Unrecognized tax loss	<u>624,164</u>	<u>711,652</u>
	\$ <u>713,046</u>	<u>800,546</u>

The R.O.C Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Consolidated Company can utilize the benefits therefrom.

3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

	Allowance for obsolete inventory	Others	Tax deduction	Total
Deferred tax assets :				
January 1, 2023	\$ 1,608	4,172	53,650	59,430
Recognized in profit or loss	<u>(268)</u>	<u>2,279</u>	<u>(5,387)</u>	<u>(3,376)</u>
December 31, 2023	\$ <u>1,340</u>	<u>6,451</u>	<u>48,263</u>	<u>56,054</u>
January 1, 2022	\$ 2,544	2,315	55,629	60,488
Recognized in profit or loss	<u>(936)</u>	<u>1,857</u>	<u>(1,979)</u>	<u>(1,058)</u>
December 31, 2022	\$ <u>1,608</u>	<u>4,172</u>	<u>53,650</u>	<u>59,430</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	Equity investment	Others	Total
Deferred tax liabilities :			
January 1, 2023	\$ 1,829	1,179	3,008
Recognized in profit or loss	(24)	(1,179)	(1,203)
December 31, 2023	<u>\$ 1,805</u>	<u>-</u>	<u>1,805</u>
January 1, 2022	\$ 1,157	1,303	2,460
Recognized in profit or loss	672	(124)	548
December 31, 2022	<u>\$ 1,829</u>	<u>1,179</u>	<u>3,008</u>

- 4) As at December 31, 2023, the expiry years of the Company's unutilized business losses for which no deferred tax assets were recognized are as follows:

Unutilized business loss							
	Edison Opto Corporation	Edison Fund Investment Corporation	Ledionopto Intelligent Technology Corporation	Edison-Egypt Opto Corporation	Edison Auto Lighting Corporation	Total	Expiry year
Year of loss							
2014	\$ 47,390	-	4,454	-	-	51,844	2024
2015	75,078	2,451	22,384	-	-	99,913	2025
2016	93,672	-	-	-	-	93,672	2026
2017	90,158	-	16,630	-	-	106,788	2027
2018	47,537	123,117	14,670	-	-	185,324	2028
2019	28,818	66,135	316	-	197	95,466	2029
2020	-	171	53,303	4,219	4,692	62,385	2030
2021	-	4,041	240	-	925	5,206	2031
2022	21,793	142,760	40	-	289	164,882	2032
	<u>\$ 404,446</u>	<u>338,675</u>	<u>112,037</u>	<u>4,219</u>	<u>6,103</u>	<u>865,480</u>	

(iii) Assessment of tax

The Company's tax returns for the years through 2021 were assessed by the Taipei National Tax Administration.

(s) Capital and other equity

As of December 31, 2023 and 2022, the number of authorized ordinary shares were \$2,000,000 thousand shares with par value of \$10 per share. The total value of authorized ordinary shares was amounted to 200,000 thousand shares. As of December 31, 2023 and 2022, 143,609 thousand and 135,335 thousand of ordinary shares were issued, respectively. All issued shares were paid up upon issuance.

	Ordinary shares December 31, 2023	December 31, 2022
(in thousands of shares)		
Balance on January 1	135,335	128,862
Capital surplus transferred to ordinary shares	-	6,500
Conversion of convertible bonds to ordinary shares	9,954	-
Retirement of treasury share	(1,680)	-
Retirement of restricted stocks	-	(27)
Balance on December 31	<u>143,609</u>	<u>135,335</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Issuance and cancellation of ordinary shares

The secured domestic convertible bonds issued by the Company were converted into 2,380 thousand shares, 4,173 thousand shares, 2,345 thousand shares and 1,056 thousand shares of ordinary shares in the 1st, 2nd, 3th and 4th quarters of 2023, total 9,954 thousand shares, respectively, upon the exercise of the conversion rights by the bondholders. The above legal registration procedures have been completed.

The Company retired 1,680 thousand treasury share in November 10, 2023 , respectively. All the statutory registration procedures above had been completed as of the reporting date.

The Company cancelled 27 thousand new restricted stocks in July 2022 , respectively. All the statutory registration procedures above had been completed as of the reporting date.

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2023	December 31, 2022
Premium on issuance of capital stock	\$ 1,463,695	1,400,567
Employee share options	72,142	72,142
Difference arising from subsidiary's share price and its carrying value	10,790	461
Restricted stock	-	26,928
Treasury shares transferred to employees of the Company	15,840	-
Changes in net equity of related companies accounted for using the equity method	292	292
Conversion options	-	18,960
	<u>\$ 1,562,759</u>	<u>1,519,350</u>

According to the ROC Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock, and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring paid-in capital in excess of par value should not exceed 10% of the total common stock outstanding.

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

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(iii) Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

The dividend policy of the Company is coordinated with the share capital, financial structure, operating status, future development plan, fund requirements, competitions, shareholders' benefits, etc. by distributing no less than 60% of the distributable earnings every year. Nonetheless, when the distributable earnings are lower than 20% of the common stock outstanding, no distribution shall be made during the year. Dividends may be distributed either by cash or by share. However, if the dividends are to be distributed in cash, it shall be no less than 10% of the total dividends issued.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with the regulation of the Financial Supervisory Commission, a portion of the current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during the earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve, which does not qualify for earnings distribution, to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Earnings distribution

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

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

(iv) Treasury shares

- 1) The Company purchased 4,500 thousand shares of treasury stock, for the purpose of motivating employees, in accordance with Article 28-2 of the Securities and Exchange Act. As of December 31, 2023, the total number of untransferred shares was 1500 thousand shares.

In December 2023, the Company decided to retire 1,680 thousand treasury shares, at the amount of \$23,712 thousand. The related registration procedures were completed as of the reporting date. In August 2023, the Company transferred treasury stock to employees, the total amount of treasury stock transferred was 1,320 thousand shares, and the purchase cost was \$18,625 thousand, the treasury stock was recognized by employees on August 10, 2023, and was delivered to employees on September 1, 2023, date of shares delivery. The Company recognized capital surplus - treasury shares of \$15,840 thousand for employee remuneration on the date of shares delivery.

- 2) Ledionopto intelligent Technology Co., Ltd., sub-subsidiary of the Company, held 526 thousand shares of the Company's shares. As of December 31, 2023, none of the shares were sold. The market price on December 31, 2023 and 2022, was \$24.40 and \$15.65 per share, respectively.

- 3) In compliance with the Securities and Exchange Act, treasury shares held by the Group should not be pledged, and shareholders' rights are not entitled before the transfer.

(v) OCI accumulated in reserves, net of tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Deferred compensation arising from issuance of restricted stock	Total
Balance at January 1, 2023	\$ (155,037)	-	-	(155,037)
Exchange differences on foreign operations	(25,416)	-	-	(25,416)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(976)	-	(976)
Balance at December 31, 2023	<u>\$ (180,453)</u>	<u>(976)</u>	<u>-</u>	<u>(181,429)</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Deferred compensation arising from issuance of restricted stock	Total
Balance at January 1, 2022	\$ (183,608)	(152,240)	(1,377)	(337,225)
Share-based payment	-	-	994	994
Exchange differences on translation of foreign financial statements	28,571	-	-	28,571
Unrealized loss of financial assets measured at fair value through other comprehensive income	-	2,521	-	2,521
Restrict employee rights stock failure	-	-	383	383
Disposal of equity instruments designed at fair value through other comprehensive income	-	149,719	-	149,719
Balance at December 31, 2022	<u>\$ (155,037)</u>	<u>-</u>	<u>-</u>	<u>(155,037)</u>

(t) Share-based payment

(i) Treasury stock transfer employee plan

	<u>Equity-settled</u> <u>Treasury shares</u> <u>transferred to employees</u>
Date of shares granted	August 3, 2023
Number of shares granted	1,320,000
Contract term	1 months
Grant object	employee
Vesting conditions	Provide future service of 1 years

1) Determining the fair value of equity instruments granted

The Consolidated Company used Black-Scholes method in measuring the fair value of the share-based payment at the grant date. The measurement inputs were as follows:

	<u>Treasury shares</u> <u>transferred to employees</u>
Fair value on date of grant	12.00
Stock price on grant day	26.15
Exercise price	14.11
Expected volatility (%)	36.48%
Stock option duration	0.079
Risk-free rate (%)	1.015%

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 2) Number of treasury shares transferred to employees:

	For the years ended December 31,	
	2023	2022
Outstanding at January 1 (number)	4,500,000	3,000,000
Current period repurchase quantity	-	1,500,000
Current period exercise quantity	(1,320,000)	-
Current period cancellation quantity	(1,680,000)	-
Outstanding at December 31 (number)	<u>1,500,000</u>	<u>4,500,000</u>

(ii) Restricted Stocks

- 1) At the board of directors' meeting held on June 20, 2018, the Company decided to award 2,000 thousand new shares of restricted stock to those full-time employees who meet the Company's requirements. The restricted stock has been registered with and approved by the Securities and Futures Bureau of the Financial Supervisory Commission, R.O.C.. On July 2, 2019, the board of directors issued all the restricted stock. The fair value on the grant date was 14.50 per share.

Employees with restricted stock awards are entitled to purchase the Company's shares at the price of 10 with the condition that these employees continue to work for the Company for the following four years. 40%, 30% and 30% of the restricted shares of stock is vested in year 1, 2 and 3 respectively. The restricted stock is kept by a trust, which is appointed by the Company, before it is vested. These shares of stock shall not be sold, pledged, transferred, gifted or by any other means of disposal to third parties during the custody period.

If the shares remain unvested after the vesting period, the Company will repurchase all the unvested shares at the issue price, and cancel the shares thereafter.

- 2) Details of the restricted stock of the Company are as follows:

	For the years ended December 31,	
	2023	2022
Outstanding at 1 January (number)	\$ -	570
Granted during the year (number)	-	(544)
Forfeited during the year (number)	-	(26)
Outstanding at 31 December (number)	<u>\$ -</u>	<u>-</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Restricted Stocks

The expenses incurred by the merged company for Share-based Payment are as follows:

	For the years ended December 31,	
	2023	2022
Expenses resulting from granted employee share options	\$ <u>-</u>	<u>994</u>
Expenses resulting from treasury shares transferred to employees	\$ <u>-</u>	<u>1,988</u>

(u) Earnings per share

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

	For the years ended December 31,	
	2023	2022
Basic earnings per share		
Profit of the Company for the year	\$ <u>47,528</u>	<u>25,648</u>
Weighted average number of ordinary shares (in thousands of shares)	<u>135,756</u>	<u>131,149</u>
Basic earnings per share (in New Taiwan Dollars)	\$ <u>0.35</u>	<u>0.20</u>
Diluted earnings per share		
Profit of the Company for the year	\$ 47,528	25,648
Effect of dilutive potential ordinary share (note)	-	-
Profit attributable to common stockholders of the Company (including effect of dilutive potential ordinary share)	\$ <u>47,528</u>	<u>25,648</u>
Weighted average number of ordinary shares (in thousands of shares)	135,756	131,149
Effect of employee share bonus (in thousands of shares)	109	148
Effect of restricted employee shares unrested (in thousands of shares)	-	285
Weighted average number of ordinary shares (in thousands of shares)	<u>135,865</u>	<u>131,582</u>
Diluted earnings per share (in New Taiwan Dollars)	\$ <u>0.35</u>	<u>0.19</u>

Note. The effect of convertible bonds would have been anti-dilutive if included in the calculation of the Group's diluted earnings per share in 2023 and 2022, and were therefore not included in the calculation of diluted earnings per share.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Revenue from contracts with customers

(i) Revenue detail

For the years ended December 31, 2023							
	The Company	Edison Opto (Dong Guan) Co., Ltd.	Yangzhou Edison Opto Corporation	Yangzhou Edison-Litek Opto Corporation	Edison-Litek Opto Corporation	Other	Total
Major market							
China	\$ 57,487	192,288	203,073	187,622	-	-	640,470
America and Europe	381,743	17,245	-	505	266,486	77,287	743,266
Taiwan	231,101	2,932	-	-	49,185	-	283,218
Africa	33,999	-	-	-	-	-	33,999
Others	269,007	2,164	13,333	-	5,604	-	290,108
	<u>\$ 973,337</u>	<u>214,629</u>	<u>216,406</u>	<u>188,127</u>	<u>321,275</u>	<u>77,287</u>	<u>1,991,061</u>
Major product:							
LED transmitter component	\$ 18,631	119,170	-	-	-	-	137,801
LED lighting product	907,208	90,481	124,880	-	-	67,326	1,189,895
LED automotive product	33,105	-	90,399	185,666	310,218	1,944	621,332
Others	14,393	4,978	1,127	2,461	11,057	8,017	42,033
	<u>\$ 973,337</u>	<u>214,629</u>	<u>216,406</u>	<u>188,127</u>	<u>321,275</u>	<u>77,287</u>	<u>1,991,061</u>

For the years ended December 31, 2022							
	The Company	Edison Opto (Dong Guan) Co., Ltd.	Yangzhou Edison Opto Corporation	Yangzhou Edison-Litek Opto Corporation	Edison-Litek Opto Corporation	Other	Total
Major market							
China	\$ 72,738	194,890	232,775	84,047	-	2,966	587,416
America and Europe	309,437	4,427	-	804	367,479	110,320	792,467
Taiwan	199,638	5,582	-	-	7,429	7,859	220,508
Africa	29,039	-	-	-	-	-	29,039
Others	187,119	8,598	3,872	-	5,395	7,569	212,553
	<u>\$ 797,971</u>	<u>213,497</u>	<u>236,647</u>	<u>84,851</u>	<u>380,303</u>	<u>128,714</u>	<u>1,841,983</u>
Major product:							
LED transmitter component	\$ 27,421	117,115	5	-	-	-	144,541
LED lighting product	737,256	94,888	172,588	-	-	113,701	1,118,433
LED automotive product	32,451	-	62,413	83,701	373,529	-	552,094
Others	843	1,494	1,641	1,150	6,774	15,013	26,915
	<u>\$ 797,971</u>	<u>213,497</u>	<u>236,647</u>	<u>84,851</u>	<u>380,303</u>	<u>128,714</u>	<u>1,841,983</u>

(ii) Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Note receivables	\$ 65,922	21,837	10,856
Accounts receivables	498,375	429,011	450,951
Less: Loss allowance	(2,535)	(19,824)	(17,541)
Total	<u>\$ 561,762</u>	<u>431,024</u>	<u>444,266</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(w) 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.

For the years ended December 31, 2023 and 2022, the Company accrued and recognized its employee remuneration amounting to 2,660 thousand and 1,500 thousand, respectively; as well as its remuneration to directors amounting to 540 thousand and 300 thousand. These amounts were calculated by using the Company's pre-tax net profit for the period before deducting the amounts of the remuneration to employees and directors, multiplied by the distribution of ratio of the remuneration to employees and directors based on the Company's articles of incorporation, and expensed under operating costs or expenses. The Board of Directors resolved not to distribute employee compensation and director's remuneration due to the Company has accumulated deficits in 2022, and recognized the difference between the actual distribution and the estimated profit or loss in the 1st quarter of 2023. The related information can be accessed from the Market Observation Post System website.

(x) Non-operating income and expenses

(i) Interest income

The details of net other income were as follows:

	For the years ended December 31,	
	2023	2022
Interest income from bank deposits	\$ 10,616	6,613
Other interest income	4,979	8,427
	\$ 15,595	15,040

(ii) Other income

	For the years ended December 31,	
	2023	2022
Other income	\$ 5,582	12,881

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Other gains and losses

The details of other gains and losses were as follows:

	For the years ended December 31,	
	2023	2022
Losses on disposal of Property, plant, and equipment	\$ (8,192)	(2,406)
Net gain (losses) on financial assets at fair value	1,415	(2,688)
Net gain on foreign exchange	6,401	27,858
Others	(6,072)	(25,538)
	<u><u>\$ (6,448)</u></u>	<u><u>(2,774)</u></u>

(iv) Finance costs

The details of finance costs were as follows:

	For the years ended December 31,	
	2023	2022
Interest expenses	\$ <u><u>13,109</u></u>	<u><u>17,183</u></u>

(y) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) 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.

3) 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).

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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>
December 31, 2023							
Non-derivative financial liabilities							
Short term loans	\$ 180,705	(181,599)	(181,599)	-	-	-	-
Long term loans	134,300	(140,773)	(8,817)	(8,781)	(17,406)	(51,063)	(54,706)
Lease liabilities	27,318	(31,168)	(9,203)	(9,023)	(11,950)	(992)	-
Notes payable and accounts payable	338,336	(338,336)	(338,336)	-	-	-	-
Other payable	149,499	(149,499)	(149,499)	-	-	-	-
	<u>\$ 830,158</u>	<u>(841,375)</u>	<u>(687,454)</u>	<u>(17,804)</u>	<u>(29,356)</u>	<u>(52,055)</u>	<u>(54,706)</u>
December 31, 2022							
Non-derivative financial liabilities							
Short term loans	\$ 321,490	(353,138)	(40,514)	(9,725)	(19,278)	(56,679)	(226,943)
Long 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>(995,707)</u>	<u>(479,226)</u>	<u>(16,342)</u>	<u>(209,218)</u>	<u>(63,979)</u>	<u>(226,943)</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:

	December 31, 2023					December 31, 2022				
	Foreign currency	Exchange rate		TWD		Foreign currency	Exchange rate		TWD	
Financial assets										
Monetary items										
USD	\$ 9,271	USD/TWD=	30.705	284,666	10,710	USD/TWD=	30.7100	328,904		
USD	3,730	USD/CNY=	7.0827	114,537	4,416	USD/CNY=	6.9646	135,631		
CNY	8,819	CNY/TWD=	4.3355	38,235	68,409	CNY/TWD=	4.4100	301,681		
Financial liabilities										
Monetary items										
USD	7,368	USD/TWD=	30.705	226,234	9,228	USD/TWD=	30.710	283,392		
USD	477	USD/CNY=	7.0827	14,647	570	USD/CNY=	6.9646	17,507		
CNY	9	CNY/TWD=	4.3355	39						

(Continued)

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 December 31, 2023 and 2022 would have increased (decreased) the equity by \$9,826 thousand and \$23,266 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 nine months ended December 31, 2023 and 2022, foreign exchange loss (including realized and unrealized portions) amounted to \$6,401 thousand and \$27,858 thousand, respectively.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Consolidated Company's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.5% when reporting to management internally, which also represents the Consolidated Company management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 50 basis points, the Group's net loss would have increased / decreased by \$1,575 thousand and \$1,915 thousand for the year ended December 31, 2023 and 2022, with all other variable factors remaining constant. This is mainly due to the Group's borrowing at variable rates and investment in variable rate bills.

(v) 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 :

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		December 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	\$	5,363	5,363	-	-	5,363
Corporate bonds		6,468	6,468	-	-	6,468
Subtotal		11,831	11,831	-	-	11,831
Financial assets at fair value through other comprehensive income-securities of unlisted companies	\$	1,477	-	-	1,477	1,477
Financial assets measured at amortized cost						
Cash and cash equivalents	\$	1,086,224	-	-	-	-
Fixed deposits with original maturity exceeding three months		27,669	-	-	-	-
Notes and trade receivables		561,762	-	-	-	-
Othe receivables		1,574	-	-	-	-
Subtotal		1,677,229	-	-	-	-
Total	\$	1,690,537	11,831	-	1,477	13,308
Financial liabilities at amortized cost:						
Short-term bank loans	\$	180,705	-	-	-	-
Long-term bank loans (including due within one year)		134,300	-	-	-	-
Notes and trade payables		338,336	-	-	-	-
Other payables		149,499	-	-	-	-
Lease liabilities		27,318	-	-	-	-
Total	\$	830,158	-	-	-	-

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		December 31, 2022				
		Book Value	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss-current-						
Securities of listed companies	\$	4,400	4,400	-	-	4,400
Financial assets at fair value through profit or loss-non current-						
Embedded derivative of convertible bonds	\$	16	-	16	-	16
Financial assets at fair value through other comprehensive income-						
Securities of unlisted companies	\$	2,453	-	-	2,453	2,453
Financial assets measured at amortized cost						
Cash and cash equivalents	\$	1,154,337	-	-	-	-
Notes and trade receivables		431,024	-	-	-	-
Othe receivables		1,459	-	-	-	-
Corporate bonds		8,711	-	-	-	-
Subtotal		1,595,531	-	-	-	-
Total	\$	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

2) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
January 1, 2023	\$ 2,453
In other comprehensive income	(976)
December 31, 2023	<u>\$ 1,477</u>
January 1, 2022	\$ -
Purchase	2,453
December 31, 2022	<u>\$ 2,453</u>

For the years ended December 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 years ended December 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”	\$ <u>(976)</u>	<u>-</u>

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.

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EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

- 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:

	Input	Change	Recognized in other comprehensive income	
			Favorable change	Unfavorable change
December 31, 2023				
Financial assets fair value through other comprehensive income	1.22	1%	\$ <u>15</u>	<u>(15)</u>
December 31, 2022				
Financial assets fair value through other comprehensive income	1.20	1%	\$ <u>25</u>	<u>(25)</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.

(z) Financial risk management

(i) Overview

The Consolidated Company have exposures to the following risks from its financial instruments:

- 1) credit risk
- 2) liquidity risk
- 3) market risk

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The following likewise discusses the Consolidated Company's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Consolidated Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Consolidated Company's risk management policies are established to identify and analyze the risks faced by the Consolidated Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Consolidated Company's activities. the Consolidated Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(iii) Credit risk

Credit risk is the risk of financial loss to the Consolidated Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Consolidated Company's receivables from customers and investments in debt securities.

As the Consolidated Company has a large number of Consolidated Company of customers, not significantly focused on dealing with a single customer and the sales area are scattered, so there is no significant concentration of the risk of account receivable. In order to reduce the credit risk, the Company also regularly assess the financial status of customers, if necessary, will require customers to provide security or guarantee.

The credit risk of bank deposits and other financial instruments is measured and monitored by the Consolidated Company finance department. As a result of the Consolidated Company's transactions and compliance with others are good credit banks, no significant compliance concerns, so there is no significant credit risk.

(iv) Liquidity risk

Liquidity risk is the risk that the Consolidated Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Consolidated Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Company's reputation. At present, the capital and working capital of the merged company is sufficient to meet all the contractual obligations, so there is no liquidity risk due to the inability to raise funds to meet the contractual obligations.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Market risk

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

1) Currency risk

The Consolidated Company is exposed to currency risk on sales, purchases, and borrowings. The functional currency of the Consolidated Company is dominated by TWD and also has USD and CNY. The main currency of the transaction is TWD, USD and CNY.

The Consolidated Company borrows money in USD from banks to balance the accounts receivable against USD and reduces the risk of loss of USD accounts receivable assets due to exchange rate fluctuations.

The monetary assets and liabilities denominated in other foreign currencies, when a short-term imbalance occurs, the Consolidated Company is required to buy or sell foreign currency at instant exchange rate to ensure that the net risk is maintained at an acceptable level.

The Consolidated Company do not use derivative financial assets for hedging.

2) Interest rate risk

The borrowing of the Consolidated Company is a floating interest rate debt, so the market interest rate changes will make the effective interest rate changes, and the future cash flow fluctuations. The Consolidated Company do not hedge through interest rate swap contracts.

3) Other market price risk

In addition to supporting the expected consumption and sales demand, the Consolidated Company did not sign a commodity contract.

(aa) Capital management

The Group's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Group and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group's debt-to-equity ratio at the end of the reporting period as at December 31, 2023 and 2022, were as follows:

	December 31, 2023	December 31, 2022
Total liabilities	\$ 915,674	1,050,757
Less: cash and cash equivalents	(1,086,224)	(1,154,337)
Net debt	\$ (170,550)	(103,580)
Total equity	\$ 2,964,311	2,782,499
Less: hedging reserve	-	-
Adjusted equity	\$ 2,964,311	2,782,499
Debt-to-equity ratio	- %	- %

(ab) Financing activities not affecting current cash flow

The Group's financing activities which did not affect the current cash flow in the years ended December 31, 2023 and 2022, were as follows:

	January 1, 2023	Cash Flows	Foreign exchange movement	Changes in lease payments	Non-cash changes Discount and premium amortization	Conversion options	Other	December 31, 2023
Short-term borrowings	\$ 92,130	85,750	2,825	-	-	-	-	180,705
Lease liabilities	29,813	(14,867)	(485)	12,857	-	-	-	27,318
Long-term borrowings (including current portion)	290,780	(156,480)	-	-	-	-	-	134,300
Bonds payable (included due within one year)	170,262	(300)	-	-	3,490	(173,455)	3	-
Deposits received	34	(3)	-	-	-	-	-	31
Total liabilities from financing activities	\$ 583,019	(85,900)	2,340	12,857	3,490	(173,455)	3	342,354

	January 1, 2022	Cash Flows	Foreign exchange movement	Changes in lease payments	Non-cash changes Discount and premium amortization	December 31, 2022
Short-term borrowings	\$ 214,456	(126,998)	4,672	-	-	92,130
Lease liabilities	41,290	(17,152)	688	4,987	-	29,813
Long-term borrowings(including current portion)	306,860	(16,080)	-	-	-	290,780
Bonds payable (included due within one year)	163,588	-	-	-	6,674	170,262
Deposits received	3,446	(3,412)	-	-	-	34
Total liabilities from financing activities	\$ 729,640	(163,642)	5,360	4,987	6,674	583,019

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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:

<u>Name of related party</u>	<u>Relationship with the Group</u>
Wu, Chien-Jung	The Company's chairman
Yangzhou Airui Optoelectronics Co., Ltd.	Related parties
Taiwan Hydroxyl Technology Co., Ltd.	Related parties

(b) Significant transactions with related parties

(i) Sales

The amounts of significant sales by the Consolidated Company to related parties were as follows:

	<u>2023</u>	<u>2022</u>
Yangzhou Airui Optoelectronics Co., Ltd.	\$ <u><u>13,844</u></u>	<u><u>-</u></u>

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other sellers.

(ii) Others

1) Manage services revenue

	<u>2023</u>	<u>2022</u>
Taiwan Hydroxyl Technology Co., Ltd..	\$ <u><u>600</u></u>	<u><u>160</u></u>

2) Rental Revenue

	<u>2023</u>	<u>2022</u>
Taiwan Hydroxyl Technology Co., Ltd.	\$ <u><u>240</u></u>	<u><u>160</u></u>

(iii) Receivables from related parties

The receivables from related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Accounts receivable	Yangzhou Airui Optoelectronics Co., Ltd.	\$ <u><u>13,218</u></u>	<u><u>-</u></u>
Other receivable	Taiwan Hydroxyl Technology Co., Ltd.	\$ <u><u>129</u></u>	<u><u>168</u></u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Significant transaction with other parties

(i) Guarantee

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

(d) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31,	
	2023	2022
Short-term employee benefits	\$ 35,279	32,519
Post employment benefits	774	696
Share-based payments	5,040	453
	\$ 41,093	33,668

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	December 31, 2023	December 31, 2022
Notes receivable (classified under other current assets)	Bank Acceptance	\$ 24,596	4,410
Deposits (classified under other current assets)	Short-term loans	-	10,000
Deposits (classified under other non-current assets)	Deposit to customs	6,096	6,061
Property, plant, and equipment	Issuance of corporate bonds guarantee	-	197,428
Property, plant, and equipment	Long-term loans	245,760	525,996
		\$ 276,452	743,895

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(9) Commitments and contingencies:

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

	December 31, 2023	December 31, 2022
Acquisition of property, plant and equipment	\$ <u>23,993</u>	<u>39,939</u>

- (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	For the years ended December 31,					
	2023			2022		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	162,179	213,050	375,229	141,465	176,359	317,824
Labor and health insurance	11,551	13,796	25,347	9,675	11,210	20,885
Pension	13,911	12,111	26,022	8,928	8,967	17,895
Directors' remuneration	-	2,424	2,424	-	1,674	1,674
Others	15,767	10,570	26,337	15,423	10,233	25,656
Depreciation	86,383	38,182	124,565	88,320	41,850	130,170
Amortization	-	2,028	2,028	5	2,145	2,150

(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	22,698 (USD700 thousand)	21,494 (USD700 thousand)	-	1%	2	-	Short-term financing	-	-	-	49,679 (Note1)	99,359 (Note1)
2	Yangzhou Edison Opto Corporation	Edison-Opto (Dong Guan) Co., Ltd.	Other receivable due from related parties	Yes	44,422 (CNY10,000 thousand)	-	-	1%	2	-	Short-term financing	-	-	-	196,863 (Note1)	393,727 (Note1)
3	Yangzhou Edison Opto Corporation	Yangzhou Edison - Litek Opto Corporation	Other receivable due from related parties	Yes	45,168 (CNY10,000 thousand)	43,355 (CNY10,000 thousand)	-	1%	2	-	Short-term financing	-	-	-	196,863 (Note1)	393,727 (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 December 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				Highest Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	AcBel Polytech Inc.	NO	Current financial assets at fair value through profit or loss	-	6,468	- %	6,468	- %	
Edison Fund Investment Corporation	Taiwan Hydroxyl Technology Co., Ltd	NO	Financial assets through other fair value measurements-non-current	300	1,477	12.50 %	1,477	- %	
Edison Fund Investment Corporation	AUO Corporation	NO	Current financial assets at fair value through profit or loss	160	2,904	- %	2,904	- %	
Edison Fund Investment Corporation	Innolux Corporation	NO	Current financial assets at fair value through profit or loss	172	2,459	- %	2,459	- %	

(Continued)

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 (Gold and binary-three-segment structure)	Current financial assets at fair value through profit or loss	Bank of Communications Co., Ltd.	None	-	-	-	1,027,524 (RMB237,000 thousand)	-	1,028,655 (RMB237,261 thousand)	1,027,524	1,131	-	-
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	Bank of Communications Co., Ltd.	None	-	-	-	398,870 (RMB92,000 thousand)	-	401,425 (RMB92,589 thousand)	398,870	2,555	-	-
Yangzhou Edison-Litek Opto Corporation	Bank of Communications Co., Ltd. - structured deposits - RMB financial product (binary segment structure)	Current financial assets at fair value through profit or loss	Bank of Communications Co., Ltd.	None	-	-	-	316,495 (RMB73,000 thousand)	-	316,907 (RMB73,095 thousand)	316,495	412	-	-

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

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sales	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Yangzhou Edison Opto Corporation	The Company	Parents	Sales	(381,707)	(60.72)%	60 days	No significant difference	-	45,674	39.80 %	
The Company	Yangzhou Edison Opto Corporation	Parents	Purchase	381,707	46.15 %	60 days	No significant difference	-	(45,674)	(35.40)%	
Edison Opto (Dong Guan) Co., Ltd.	The Company	Parents	Sales	(276,217)	(49.23)%	60 days	No significant difference	-	27,428	31.90 %	
The Company	Edison Opto (Dong Guan) Co., Ltd.	Parents	Purchase	276,217	33.39 %	60 days	No significant difference	-	(27,428)	(21.26)%	

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

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

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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	38,304	60 days	1.92%
0	The Company	Edison- Opto USA Corporation	1	Accounts receivable	7,466	60 days	0.19%
1	Yangzhou Edison Opto Corporation	The Company	2	Sales	381,707	60 days	19.17%
1	Yangzhou Edison Opto Corporation	The Company	2	Accounts receivable	45,674	60 days	1.17%
2	Edison Opto (Dong Guan) Co., Ltd.	The Company	2	Sales	276,217	60 days	13.87%
2	Edison Opto (Dong Guan) Co., Ltd.	The Company	2	Accounts receivable	27,428	60 days	0.70%
2	Edison Opto (Dong Guan) Co., Ltd.	Edison Auto Lighting Corporation	3	Sales	29,484	60 days	1.48%
2	Edison Opto (Dong Guan) Co., Ltd.	Edison Auto Lighting Corporation	3	Accounts receivable	8,535	60 days	0.22%
3	Yangzhou Edison Litek Opto Corporation	Edison-litek Opto Corporation	3	sales	78,135	60 days	3.92%
3	Yangzhou Edison Litek Opto Corporation	Edison-litek Opto Corporation	3	Accounts receivable	9,799	60 days	0.25%
4	Edison Auto Lighting Corporation	The Company	2	sales	34,972	60 days	1.76%
4	Edison Auto Lighting Corporation	The Company	2	Accounts receivable	9,962	60 days	0.26%

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 December 31, 2023			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 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	100.00 %	(121)	(121)	-
The Company	Edison Opto Corporation	Samoa	Selling of LED components and modules	145,991	145,991	4,500	100.00 %	246,157	100.00 %	14,215	13,118	-
The Company	Best Opto Corporation	Samoa	Selling of LED components and modules	1,277,226	1,277,226	41,000	100.00 %	978,918	100.00 %	38,004	39,393	-
The Company	Edison Fund Investment Corporation	Taiwan	Investment	686,000	686,000	25,000	100.00 %	85,779	100.00 %	3,617	3,617	-
The Company	Edison-Litek Opto Corporation Limited	Hong Kong	Investment	167,661	167,661	5,500	24.62 %	61,153	44.58 %	(14,023)	(6,252)	-
The Company	Edison-Litek Opto Corporation	Taiwan	Selling of LED components and modules	116,500	64,500	14,700	81.67 %	277,877	81.67 %	132	43	-

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2023	December 31, 2022	Shares (thousands)	Percentage of ownership	Carrying value				
The Company	Edison-Egypt Opto Corporation	Taiwan	Selling of LED components and modules	25,000	25,000	2,500	100.00 %	25,700	100.00 %	213	213	-
Best Opto Corporation	Best Led Corporation	Samoa	Investment	1,277,226	1,277,226	41,000	100.00 %	984,321	100.00 %	38,004	38,004	-
Edison Fund Investment Corporation	Edison Opto USA Corporation	USA	Selling of LED components and modules	6,392	6,392	220	55.00 %	33,868	55.00 %	1,740	957	-
Edison Fund Investment Corporation	Ledionopto Intelligent Technology Corporation	Taiwan	Selling of LED components and modules	113,185	113,185	2,200	100.00 %	21,045	100.00 %	231	231	-
Edison Fund Investment Corporation	Edison Auto Lighting Corporation	Taiwan	Selling of LED components and modules	7,570	7,570	1,000	100.00 %	5,118	100.00 %	964	964	-
Edison-Litek Opto Corporation	Edison-Litek Opto Corporation Limited	Hong Kong	Investment	64,472	33,187	13,463	60.27 %	149,709	60.27 %	(14,023)	(3,934)	-

(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 December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Highest 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	USD 145,991 (4,500 thousand)	(b)	USD 111,408 (3,317 thousand)	-	-	USD 111,408 (3,317 thousand)	14,215 (456 thousand)	100.00%	100.00 %	14,215 (456 thousand)	USD 252,416 (8,221 thousand)	34,583 (1,183 thousand)
Dong Guan Davinci Opto Co., Ltd. (note 2)	Manufacturing and selling of LED components and modules	-	(b)	USD 52,255 (1,714 thousand)	-	-	USD 52,255 (1,714 thousand)	-	-	-	-	-	-
Yangzhou Edison Opto Corporation	Manufacturing and selling of LED components and modules	USD 1,277,226 (41,000 thousand)	(b)	USD 1,277,226 (41,000 thousand)	-	-	USD 1,277,226 (41,000 thousand)	38,004 (1,220 thousand)	100.00%	100.00 %	38,004 (1,220 thousand)	USD 984,317 (32,057 thousand)	-
Yangzhou Aichuan Electronic Trade Corporation	Selling of LED components and modules	RMB 2,148 (500 thousand)	(c)	-	-	-	-	40 (RMB 9 thousand)	100.00%	100.00 %	40 (RMB 9 thousand)	RMB 2,308 (532 thousand)	-
Yangzhou Edison-Litek Opto Corporation	Manufacturing and selling of LED components and modules	USD 270,552 (8,875 thousand)	(b)	USD 167,661 (5,500 thousand)	-	-	USD 167,661 (5,500 thousand)	(3,014) (97 thousand)	73.84%	73.84 %	(2,226) (71 thousand)	USD 150,852 (4,913 thousand)	-

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

- (a) Direct investment from Mainland China
- (b) Indirect investment from third-party country
 1. Edison Opto (Dong Guan) Co., Ltd. is indirectly invested by the company through Ledison Opto Corporation.
 2. Dong Guan Davinci Opto Corporation is indirectly invested by Ledion Opto Lighting Inc. through Led Plus Limited.
 3. Yangzhou Edison Opto Corporation is indirectly invested by Best Opto Corporation and Best Led Corporation.
 4. Yangzhou Edison-Litek Opto Corporation is indirectly invested by the Company and Edison-Litek Opto Corporation Limited.
- (c) Others
 1. Yangzhou Aichuan Trade Corporation is 100% invested by Yangzhou Edison Opto Corporation.

Note 2: The dissolution has registered in 2020.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Limitation on investment in Mainland China:

Company Name	Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	1,556,295 (USD49,817 thousand)	1,558,893 (note 3) (USD50,770 thousand)	Note 1
Ledionopto Intelligent Technology Corporation	52,255 (note 2) (USD1,714 thousand)	52,628 (USD1,714 thousand)	-

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

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

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

(iii) Significant transactions:

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

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Lighting Investment Corporation		17,411,388	12.12 %
Jeng, Jiun-jung		10,841,790	7.54 %

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(14) Segment information:

(a) General information

The Company uses the income from operations as the measurement for segment profit and the basis of performance assessment. The Consolidated Company has six reportable segments, which are respectively the Company, Edison Opto (Dong Guan) Co., Ltd., Yangzhou Edison Opto Corporation, Yangzhou Edison-Litek Opto Corporation, Edison-Litek Opto Corporation and other subsidiaries. The Company engages mainly in the research, manufacturing, and selling of the LED components and modules, and lightning transmitter; Edison Opto (Dong Guan) Co., Ltd. engages mainly in the manufacturing and selling of the lightning transmitter; Yangzhou Edison Opto Corporation mainly engages in selling and manufacturing of LED components and modules; Yangzhou Edison-Litek Opto Corporation mainly engages in selling and manufacturing of lightning devices for vehicle.

The reportable segments are the Consolidated Company's strategic divisions. They offer different products and services, and are managed separately because they require different technology and marketing strategies. Most of the strategic divisions were acquired separately. The management of the acquired divisions remains employed by the Consolidated Company.

(b) Information about reportable segments and their measurement and reconciliations

The Consolidated Company uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before of taxation, but not includes any extraordinary activity and foreign exchange gain or losses because of taxation, extraordinary activity, and foreign exchange gain or losses are managed on a Consolidated Company basis, and hence they are not able to be allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

The operating segment accounting policies are similar to those described in note 4 "significant accounting policies" except for the recognition and measurement of pension cost, which is on a cash basis.

The Consolidated Company treated intersegment sales and transfers as third-party transactions. They are measured at market price.

The Consolidated Company operating segment information and reconciliation are as follows:

	For the years ended December 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	\$ 973,337	214,629	216,406	188,127	321,275	77,287	-	1,991,061
Intersegment revenues	70,234	334,108	412,192	78,360	519	34,972	(930,385)	-
Total revenue	<u>\$ 1,043,571</u>	<u>548,737</u>	<u>628,598</u>	<u>266,487</u>	<u>321,794</u>	<u>112,259</u>	<u>(930,385)</u>	<u>1,991,061</u>
Reportable segment profit or loss	<u>\$ 49,761</u>	<u>18,770</u>	<u>38,004</u>	<u>(3,014)</u>	<u>132</u>	<u>7,370</u>	<u>(61,610)</u>	<u>49,413</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the years ended December 31, 2022							
	<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>Others</u>	<u>Reconciliation and elimination</u>	<u>Total</u>
Revenues:								
Revenue from external customers	\$ 797,971	213,497	236,647	84,851	380,303	128,714	-	1,841,983
Intersegment revenues	110,390	255,682	371,807	153,539	3,732	15,456	(910,606)	-
Total revenue	<u>\$ 908,361</u>	<u>469,179</u>	<u>608,454</u>	<u>238,390</u>	<u>384,035</u>	<u>144,170</u>	<u>(910,606)</u>	<u>1,841,983</u>
Reportable segment profit or loss	<u>\$ 27,254</u>	<u>3,592</u>	<u>31,955</u>	<u>(5,810)</u>	<u>47,631</u>	<u>30,566</u>	<u>(84,245)</u>	<u>50,943</u>

Note: The eliminated amount among reportable segments for the year ended December 31, 2023 and 2022 were \$930,385 and \$910,606 respectively.

(c) Product and service information

For revenue from the external customers of the Consolidated Company please refer to note 6(v).

(d) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers in the note 6(v) and segment assets are based on the geographical location of the assets.

Geographical information	2023	2022
Revenue from external customers:		
China	\$ 676,027	748,440
Taiwan	1,033,085	1,030,082
Other countries	1,616	620
Total	<u>\$ 1,710,728</u>	<u>1,779,142</u>

Non-current assets include property, plant and equipment, investment property, intangible assets, rental prepayment, and other assets, not including financial instruments, deferred tax assets, and other non-current assets.

(e) Major customers

For the years ended December 31, 2023 and 2022, the customer contributing 10% or higher of Consolidated Company's revenue.

	2023	2022
Customer 104304	<u>\$ 137,107</u>	<u>341,585</u>



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Independent Auditors' Report

To the Board of Directors of Edison Opto Corporation:

Opinion

We have audited the financial statements of Edison Opto Corporation("the Company"), which comprise the balance sheet as of December 31, 2023 and 2022, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Edison Opto Corporation as of December 31, 2023 and 2022, and its financial performance and its cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key auditor matters that, in our professional judgment, should be communicated are as follows:

Description of key audit matter:

1. Impairment evaluation of accounts receivable

Please refer to Note 4(f) "Financial instruments", Note 5(a) "Significant accounting assumptions and judgments, and major sources of estimation uncertainty", and Note 6(c) "Notes and accounts receivable".

For the year ended December 31, 2023, the accounts receivable accounted for 6% of the total assets are material to the financial statements. In addition, the provision of bad debt allowance is a subject to the management's judgment. Therefore, it has been identified as a key audit matter.

How the matter was addressed in our audit:

Our principal audit procedures included:

- Assess the impairment of accounts receivable and whether the impairment has been modified by policy.
- Examine the aging analysis table, analyze the reason of overdue collection and the situation of subsequent collection.
- Evaluate the adequacy of impairment on the financial report date.

2. Revenue recognition

Please refer to Note 4(m) Revenue from contracts with customers, and Note 6(s) “Revenue”.

Description of key audit matter:

The major business activities of Edison Opto Corporation are manufacturing, selling, research and development of LED components, modules and products. Operating Revenue is the main indicator for the management of Edison Opto Corporation and investor to evaluate the financial and business performance of Edison Opto Company. Therefore, it has been identified as a key audit matter.

How the matter was addressed in our audit:

Our principal audit procedures included:

- Evaluate the Company’s accounting policy of revenue recognition.
- Test the design and implementation of internal controls related with revenue recognition.
- A sample of whole year is selected, and the income transaction records and various vouchers are checked to confirm that the operating income is recognized.
- Analyzing the change in sales revenue from top ten clients and examining significant contracts to assess whether there are significant exceptions.
- Choose the period between the financial reporting, then examine the recognition of income transactions and vouchers cover for the appropriate period.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Edison Opto Corporation’s financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Edison Opto Corporation's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Edison Opto Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Edison Opto Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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



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

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

KPMG

Taipei, Taiwan (Republic of China)
February 29, 2024

Notes to Readers

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

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

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

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollar)

	Assets	December 31, 2023		December 31, 2022		Liabilities and Equity	December 31, 2023		December 31, 2022						
		Amount	%	Amount	%		Amount	%	Amount	%					
11xx	Current assets:					21xx									
1100	Cash and cash equivalents (note 6(a))	\$	383,870	11	458,222	14	2100	Short-term borrowings (note 6(j))		\$	180,705	5	61,420	2	
1110	Current financial assets at fair value through profit or loss (note 6(b))		6,468	-	-	-	2150	Notes payable			250	-	-	-	
1150	Notes receivable, net (note 6(c))		6,036	-	6,707	-	2170	Accounts payable			33,388	1	33,929	1	
1170	Accounts receivable, net (note 6(c))		194,145	6	152,485	5	2180	Accounts payable to related parties (note 7)			95,388	3	88,153	3	
1180	Accounts receivable due from related parties, net (note 6(c) and 7)		7,466	-	13,871	-	2200	Other payables (note 6(i))			49,760	1	45,647	1	
1200	Other receivables, net (note 6(d) and 7)		7,411	-	2,917	-	2280	Current lease liabilities (note 6(m))			3,547	-	1,860	-	
1310	Inventories (note 6(e))		57,746	2	72,299	2	2322	Long-term borrowing due within one year (note 6(k) and 8)			16,080	-	16,080	1	
1410	Prepayments		9,447	1	12,465	-	2399	Other current liabilities, others			25,548	1	23,105	1	
1220	Current tax asset		1,006	-	3,188	-		Total current liabilities			404,666	11	270,194	9	
1470	Other current assets (note 8 and 11)		23	-	42	-	25xx	Non-Current liabilities:							
	Total current assets		673,618	20	722,196	21	2530	Bonds payable (note 6(l) and 8)			-	-	170,262	5	
15xx	Non-current assets:						2540	Long-term borrowing (note 6(k) and 8)			118,220	5	274,700	8	
1510	Non-current financial assets at fair value through profit or loss (note 6(b))		-	-	16	-	2570	Deferred tax liabilities (note 6(o))			1,805	-	3,008	-	
1550	Investments accounted for using equity method, net (note 6(f))		1,685,808	50	1,612,407	48	2580	Non-current lease liabilities (note 6(m))			2,745	-	435	-	
1600	Property, plant and equipment (note 6(h), 7, 8 and 9)		946,437	28	964,974	29	2600	Other non-current liabilities (note 6(n))			12,065	-	11,426	-	
1755	Right-of-use asset (notes 6(i))		6,033	-	2,128	-		Total non-current liabilities			134,835	5	459,831	13	
1780	Intangible assets		71	-	40	-		Total liabilities			539,501	16	730,025	22	
1840	Deferred tax assets (note 6(o))		56,054	2	59,430	2	31xx	Equity (notes 6(g)(p)(q)):							
1915	Prepayments for business facilities		3,819	-	-	-	3100	Capital stock			1,436,094	43	1,353,353	40	
1990	Other non-current assets, others (notes 8 and 9)		4,347	-	5,919	-	3200	Capital surplus			1,562,759	46	1,519,350	45	
	Total non-current assets		2,702,569	80	2,644,914	79	3310	Legal reserve			5,835	-	16,903	2	
							3320	Special reserve			-	-	112,126	3	
							3350	Unappropriated retained earnings			47,591	1	(123,194)	(4)	
							3410	Exchange differences on translation of foreign financial statements			(180,453)	(5)	(155,037)	(5)	
							3420	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income			(976)	-	-	-	
							3500	Treasury shares			(34,164)	(1)	(86,416)	(3)	
	Total assets		\$	3,376,187	100	3,367,110	100	Total equity			2,836,686	84	2,637,085	78	
								Total liabilities and equity			\$	3,376,187	100	3,367,110	100

See accompanying notes to consolidated financial statements.

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

EDISON OPTO CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

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

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (note 6(s) and 7)	\$ 1,043,571	100	908,361	100
5000	Operating costs (note 6(e)(h)(i)(m)(n) and 7)	<u>847,890</u>	<u>81</u>	<u>764,327</u>	<u>84</u>
5900	Gross profit from operations	195,681	19	144,034	16
5910	Unrealized profit (loss) from sales (note 7)	<u>1,390</u>	<u>-</u>	<u>1,863</u>	<u>-</u>
5950	Gross profit from operations, net	<u>197,071</u>	<u>19</u>	<u>145,897</u>	<u>16</u>
	Operating expenses (note 6(h)(i)(m)(n)(q)):				
6100	Selling expenses	79,330	8	66,772	7
6200	Administrative expenses	105,702	10	82,420	9
6300	Research and development expenses	29,225	3	28,100	3
6450	Expected credit loss(reversed) (note 6(c))	<u>(700)</u>	<u>-</u>	<u>907</u>	<u>-</u>
	Total operating expenses	<u>213,557</u>	<u>21</u>	<u>178,199</u>	<u>19</u>
6900	Net operating income (loss)	<u>(16,486)</u>	<u>(2)</u>	<u>(32,302)</u>	<u>(3)</u>
	Non-operating income and expenses (note 6(g)(l)(u) and 7):				
7100	Total interest income	3,799	-	748	-
7010	Other income	16,767	2	14,548	2
7020	Other gains and losses, net	4,751	-	(6,338)	(1)
7050	Finance costs, net	(9,081)	(1)	(12,135)	(1)
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method, net (note 6(f))	<u>50,011</u>	<u>5</u>	<u>62,733</u>	<u>7</u>
	Total non-operating income and expenses	<u>66,247</u>	<u>6</u>	<u>59,556</u>	<u>7</u>
7900	Profit from continuing operations before tax	49,761	4	27,254	4
7950	Less: Income tax expenses (note 6(o))	<u>2,233</u>	<u>-</u>	<u>1,606</u>	<u>-</u>
	Profit	<u>47,528</u>	<u>4</u>	<u>25,648</u>	<u>4</u>
8300	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans (note 6(n))	63	-	877	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note 6(p))	(976)	-	2,521	-
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>
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>(913)</u>	<u>-</u>	<u>3,398</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	(25,416)	(2)	28,571	3
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>(25,416)</u>	<u>(2)</u>	<u>28,571</u>	<u>3</u>
8300	Other comprehensive income (loss)	<u>(26,329)</u>	<u>(2)</u>	<u>31,969</u>	<u>3</u>
8500	Total comprehensive income	<u>\$ 21,199</u>	<u>2</u>	<u>57,617</u>	<u>7</u>
	Earnings per share (note 6(r))				
9750	Basic earnings per share	<u>\$ 0.35</u>		<u>0.20</u>	
9850	Diluted earnings per share	<u>\$ 0.35</u>		<u>0.19</u>	

See accompanying notes to consolidated financial statements.

**For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollar)**

See accompanying notes to consolidated financial statements.

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

Statements of Cash Flows
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollar)

	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	\$ 49,761	27,254
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	28,653	32,032
Amortization expense	52	48
Expected credit loss (reversal)	(700)	907
Net loss (gain) on financial assets at fair value through profit or loss	(362)	558
Interest expense	9,081	12,135
Interest income	(3,799)	(748)
Share-based payments	15,840	994
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(50,011)	(62,733)
Gain on disposal of property, plant and equipment	(2,971)	(3,553)
Unrealized profit from sales	2,959	4,350
Realized profit on from sales	(4,349)	(6,213)
Loss (gain) on bond redemption	3	-
Total adjustments to reconcile loss	(5,604)	(22,223)
Changes in operating assets and liabilities:		
Notes receivable	671	(1,910)
Accounts receivable	(40,960)	(8,044)
Accounts receivable due from related parties	6,405	(4,020)
Other receivable	(4,494)	382
Inventories	14,553	(24,136)
Prepayments	3,018	8,485
Other current assets	19	10
Notes payable	250	(17)
Accounts payable	(541)	(10,009)
Accounts payable to related parties	7,235	(42,255)
Other payable	4,292	950
Other current liabilities	2,443	(10,850)
Net defined benefit liability	708	566
Total changes in operating assets and liabilities	(6,401)	(90,848)
Cash flows from (used in) operations	37,756	(85,817)
Interest received	3,799	784
Interest paid	(5,770)	(5,272)
Income taxes refund (paid)	2,122	(39)
Net cash flows from (used in) operating activities	37,907	(90,344)
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(6,090)	-
Acquisition of investments accounted for using equity method	(52,000)	-
Proceeds from capital reduction of investments accounted for using equity method	-	273,600
Acquisition of property, plant and equipment	(6,460)	(29,316)
Proceeds from disposal of property, plant and equipment	-	10
Increase in refundable deposits	1,607	(122)
Acquisition of intangible assets	(83)	-
Increase in restricted deposits	(35)	32,234
Increase in prepayments for business facilities	(3,819)	-
Dividends received	17,060	22,000
Net cash flows from (used in) investing activities	(49,820)	298,406
Cash flows from (used in) financing activities:		
Increase in short-term loans	621,815	154,280
Decrease in short-term loans	(504,910)	(159,355)
Repayments of bonds	(300)	-
Repayments of long-term debt	(156,480)	(16,080)
Increase (decrease) in guarantee deposits received	(6)	2
Payment of lease liabilities	(3,564)	(4,301)
Cash dividends paid	(40,000)	(35,000)
Payments to acquire treasury shares	-	(24,847)
Treasury shares sold to employees	18,625	-
Net cash flows used in financing activities	(64,820)	(85,301)
Effect of exchange rate changes on cash and cash equivalents	2,381	(2,704)
Net increase (decrease) in cash and cash equivalents	(74,352)	120,057
Cash and cash equivalents at beginning of period	458,222	338,165
Cash and cash equivalents at end of period	\$ 383,870	458,222

See accompanying notes to consolidated financial statements

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

EDISON OPTO CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollar, 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 2010. The company 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 financial statements:

These financial statements were authorized for issuance by the Board of Directors on February 29, 2024.

(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 Company has initially adopted the following new amendments, which do not have a significant impact on its 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”

The Company has initially adopted the new amendment, which do not have a significant impact on its financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(Continued)

EDISON OPTO CORPORATION
Notes to the Financial Statements

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

The Company 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 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 IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies:

The significant accounting policies presented in the financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

- (a) Statement of compliance

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

- (b) Basis of preparation

- (i) Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis:

- 1) Financial assets at fair value through other comprehensive income are measured at fair value;
- 2) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation.

- (ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The financial statements are presented in New Taiwan dollar, which is the Company’s functional currency. All financial information presented in New Taiwan dollar has been rounded to the nearest thousand.

(Continued)

EDISON OPTO CORPORATION
Notes to the Financial Statements

(c) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for investments in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income:

- an investment in equity securities designated as at fair value through other comprehensive income;

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to noncontrolling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non current.

- (i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- (ii) It holds the asset primarily for the purpose of trading;

(Continued)

EDISON OPTO CORPORATION
Notes to the Financial Statements

- (iii) It expects to realize the asset within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It expects to settle the liability in its normal operating cycle;
- (ii) It holds the liability primarily for the purpose of trading;
- (iii) The liability is due to be settled within twelve months after the reporting period.
- (iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. Time deposits with an original maturities of three months to less than one year which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(Continued)

EDISON OPTO CORPORATION
Notes to the Financial Statements

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses are recognized in profit or loss.

(Continued)

EDISON OPTO CORPORATION

Notes to the Financial Statements

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivable, leases receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Company considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Company in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(Continued)

EDISON OPTO CORPORATION
Notes to the Financial Statements

5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible bonds denominated in NTD that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognized at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognized at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

(Continued)

EDISON OPTO CORPORATION

Notes to the Financial Statements

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognized in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognized.

5) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

6) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

7) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(Continued)

EDISON OPTO CORPORATION
Notes to the Financial Statements

(h) Investment in subsidiary

When making the Parent-only Financial Report, the Company evaluates its investees who have controlling power by using equity method. According to equity method, the amount of amortization in current profit or loss and other profit or loss in Parent-only Financial Report is the same with Parent Company in the Financial Report, and the equity on Parent-only Financial Report is the same with Parent Company in Financial Report.

Changes in a parent's ownership interest in a subsidiary, that do not result in the Parent losing control of the subsidiary, are considered transaction of interests between businesses.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straightline basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings and construction	3 to 45 years
2) Machinery and equipment	3 to 10 years
3) Molding Equipment	2 to 6 years
4) Office and Other equipment	2 to 6 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(Continued)

EDISON OPTO CORPORATION

Notes to the Financial Statements

(j) Leases

At inception of a contract, the Company assesses whether a contract is (or contains) a lease. A contract is (or contains) a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- there is any lease modifications

(Continued)

EDISON OPTO CORPORATION

Notes to the Financial Statements

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery and plant that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(k) Intangible assets

(i) Recognition and measurement

Intangible assets acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

(Continued)

EDISON OPTO CORPORATION

Notes to the Financial Statements

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

- | | |
|----------------------|-----------|
| 1) Computer software | 3~4 years |
|----------------------|-----------|

Amortization methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(l) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, and deferred tax assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

(Continued)

EDISON OPTO CORPORATION
Notes to the Financial Statements

(i) Sale of goods

The Company manufactures and sells LED components to customer. The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The average credit term for sale of goods is 60 days to 120 days, which is consistent with the industry practice, thus, it does not contain any financing element.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

(ii) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(n) Government grant

The Company recognizes an unconditional government grant in profit or loss as other income when the grant becomes receivable.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

(Continued)

EDISON OPTO CORPORATION

Notes to the Financial Statements

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

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

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided.

(p) Share-based payment

The grant-date fair value of share-based payment awards granted to employees is recognized as employee expenses, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards whose related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share based payment awards with non-vesting conditions, the grant date fair value of the share based payment is measured to reflect such conditions, and there is no true up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

Grant date of a share-based payment award is the date which the Company and its employees reach a consensus on the subscription price and the number of subscription shares.

(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

(Continued)

EDISON OPTO CORPORATION

Notes to the Financial Statements

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary difference.
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(r) **Earnings per share**

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee remuneration and convertible corporate bonds.

(Continued)

EDISON OPTO CORPORATION

Notes to the Financial Statements

(s) Segment information

Please refer to the financial report of Edison Opto Corporation for the years ended December 31, 2023 and 2022, for operating segments information.

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

In preparing these consolidated financial statements, management has made 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.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about assumptions and estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) The loss allowance of trade receivable

The Company has estimated the loss allowance of trade receivable that is based on the risk of a default occurring and the rate of expected credit loss.

The Company has considered historical experience, current economic conditions and forward looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to note 6(c).

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash	\$ 3,879	2,164
Demand Deposit	339,991	369,938
Time Deposit	40,000	86,120
	\$ 383,870	458,222

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 equivalent.

Please refer to note 6(v) for the disclosure of the interest rate risk and the sensitivity analysis for financial assets and liabilities.

(Continued)

EDISON OPTO CORPORATION
Notes to the Financial Statements

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

	December 31, 2023	December 31, 2022
Current financial assets at fair value through profit or loss:		
Convertible corporate bonds	\$ 6,468	-
Non-current financial assets at fair value through profit or loss		
Convertible corporate bonds - call options	\$ -	16

Please refer to note 6(l) for financial assets of fair value through profit or loss and the disposal of cost benefits. The financial assets of the Company were not pledged.

(c) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	\$ 6,036	6,707
Accounts receivable	194,399	153,439
Accounts receivable from related parties	7,466	13,871
Less: Loss allowance	(254)	(954)
	\$ 207,647	173,063

The Company 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 were determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 201,550	0%	8
1 to 30 days past due	6,351	3.87%	246
31 to 90 days past due	-	0%	-
91 to 180 days past due	-	0%	-
	\$ 207,901		254

(Continued)

EDISON OPTO CORPORATION
Notes to the Financial Statements

	December 31, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 169,287	0%	12
30 days past due	115	0%	-
31 to 90 days past due	4,069	9.73%	396
91 to 180 days past due	<u>546</u>	100%	<u>546</u>
	<u>\$ 174,017</u>		<u>954</u>

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

	2023	2022
Balance at January 1	\$ 954	47
Impairment losses recognized (reversed)	<u>(700)</u>	<u>907</u>
Balance at December 31	<u>\$ 254</u>	<u>954</u>

Note and account receivables of the Company were not pledged.

(d) Other receivables

	December 31, 2023	December 31, 2022
Other receivables	\$ 20,350	20,470
Other receivables from related parties	7,231	2,617
Less: Loss allowance	<u>(20,170)</u>	<u>(20,170)</u>
Total	<u>\$ 7,411</u>	<u>2,917</u>

Other receivables of the Company were not pledged as collateral.

(e) Inventories

	December 31, 2023	December 31, 2022
Raw materials	\$ 27,336	37,548
Supplies	440	545
Work in progress	7,369	7,371
Finished goods	<u>22,601</u>	<u>26,835</u>
	<u>\$ 57,746</u>	<u>72,299</u>

(Continued)

EDISON OPTO CORPORATION
Notes to the Financial Statements

The details of the cost of sales were as follows:

	<u>2023</u>	<u>2022</u>
Inventory that has been sold	\$ 834,131	754,955
Write-down of inventories reversal of write-downs	(1,344)	(4,676)
Unallocated production overheads	<u>15,103</u>	<u>14,048</u>
	<u><u>\$ 847,890</u></u>	<u><u>764,327</u></u>

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

(f) Investments accounted for using equity method

A summary of the Company's financial information for investments accounted for using the equity method at the reporting date is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiary	<u><u>\$ 1,685,808</u></u>	<u><u>1,612,407</u></u>

In November 2022, Best Opto Corporation, a subsidiary of the Company, completed a capital reduction and returned the shares. In December 2022, the Company received \$273,600 from the capital reduction. The Company's equity-method investments were not pledged as collateral.

(g) Changes in a parent's ownership interest in a subsidiary

(i) In May 2023, Edison-Litek Opto Corporation, a subsidiary of the Company, distributed a stock dividend of \$14,000 thousand to shareholders as decided at the shareholders' meeting. As a result, the Company's holding of Edison-Litek Opto Corporation's shares increased from 11,000 thousand shares to 12,100 thousand shares, while maintaining the same ownership percentage.

(ii) In December 2023, Edison-Litek Opto Corporation, a subsidiary of the Company, a total of 2,600 thousand shares of Edison-Litek Opto Corporation were issued for cash capital increase, wherein the Company fully subscribed in cash amounting to \$52,000 thousand, resulting in the shareholding ratio of the Company's ownership in Edison-Litek Opto Corporation to increase from 78.57% to 81.67%. °

(iii) In December 2023, Edison-Litek Opto Corporation fully subscribed the equity of Edison Litek Opto Corporation Limited for cash capital increase with cash amounting to \$31,285 thousand, which made an increase in the combined interest of the Company and Edison-Litek Opto Corporation Limited from 72.64% to 84.89%. °

The effect of changes in shareholdings was as follows:

	<u>2023</u>
Capital surplus differences between consideration and carrying amounts subsidiaries acquired	<u><u>\$ 10,329</u></u>

(Continued)

EDISON OPTO CORPORATION
Notes to the Financial Statements

(h) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2023 and 2022, were as follows:

	<u>Land</u>	<u>Building and construction</u>	<u>Machinery and equipment</u>	<u>Molding equipment</u>	<u>Other facilities</u>	<u>Total</u>
Cost or deemed cost:						
Balance at January 1, 2023	\$ 637,862	425,131	278,017	1,482	16,791	1,359,283
Additions	-	3,920	2,406	-	134	6,460
Disposal	-	-	(361)	(285)	(286)	(932)
Balance at December 31, 2023	<u>\$ 637,862</u>	<u>429,051</u>	<u>280,062</u>	<u>1,197</u>	<u>16,639</u>	<u>1,364,811</u>
Balance at January 1, 2022	\$ 637,862	368,709	289,252	1,482	15,894	1,313,199
Additions	-	27,119	1,300	-	897	29,316
Disposal	-	-	(12,603)	-	-	(12,603)
Reclassify	-	29,303	68	-	-	29,371
Balance at December 31, 2022	<u>\$ 637,862</u>	<u>425,131</u>	<u>278,017</u>	<u>1,482</u>	<u>16,791</u>	<u>1,359,283</u>
Depreciation and impairments loss:						
Balance at January 1, 2023	\$ -	112,693	264,389	1,460	15,767	394,309
Depreciation	-	18,016	6,506	22	453	24,997
Disposal	-	-	(361)	(285)	(286)	(932)
Balance at December 31, 2023	<u>\$ -</u>	<u>130,709</u>	<u>270,534</u>	<u>1,197</u>	<u>15,934</u>	<u>418,374</u>
Balance at January 1, 2022	\$ -	95,114	267,010	1,301	15,554	378,979
Depreciation	-	17,579	9,982	159	213	27,933
Disposal	-	-	(12,603)	-	-	(12,603)
Balance at December 31, 2022	<u>\$ -</u>	<u>112,693</u>	<u>264,389</u>	<u>1,460</u>	<u>15,767</u>	<u>394,309</u>
Carrying amounts:						
Balance at December 31, 2023	<u>\$ 637,862</u>	<u>298,342</u>	<u>9,528</u>	<u>-</u>	<u>705</u>	<u>946,437</u>
Balance at December 31, 2022	<u>\$ 637,862</u>	<u>312,438</u>	<u>13,628</u>	<u>22</u>	<u>1,024</u>	<u>964,974</u>
Balance at January 1, 2022	<u>\$ 637,862</u>	<u>273,595</u>	<u>22,242</u>	<u>181</u>	<u>340</u>	<u>934,220</u>

(i) Guarantee

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

(Continued)

EDISON OPTO CORPORATION
Notes to the Financial Statements

(i) Right-of-use asset

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

	<u>Building and construction</u>	<u>Vehicles</u>	<u>Total</u>
Cost:			
Balance at January 1, 2023	\$ 4,297	6,185	10,482
Additions	7,561	-	7,561
Disposal	<u>(4,297)</u>	<u>(4,869)</u>	<u>(9,166)</u>
Balance at December 31, 2023	<u>\$ 7,561</u>	<u>1,316</u>	<u>8,877</u>
Balance at January 1, 2022	3,523	5,555	9,078
Additions	1,159	630	1,789
Disposal	<u>(385)</u>	<u>-</u>	<u>(385)</u>
Balance at December 31, 2022	<u>\$ 4,297</u>	<u>6,185</u>	<u>10,482</u>
Accumulated depreciation and impairment losses:			
Balance at January 1, 2023	\$ 3,217	5,137	8,354
Depreciation for the year	2,998	658	3,656
Disposal	<u>(4,297)</u>	<u>(4,869)</u>	<u>(9,166)</u>
Balance at December 31, 2023	<u>\$ 1,918</u>	<u>926</u>	<u>2,844</u>
Balance at January 1, 2022	\$ 1,259	3,381	4,640
Depreciation for the year	2,343	1,756	4,099
Disposal	<u>(385)</u>	<u>-</u>	<u>(385)</u>
Balance at December 31, 2022	<u>3,217</u>	<u>5,137</u>	<u>8,354</u>
Carrying amount:			
Balance at December 31, 2023	<u>\$ 5,643</u>	<u>390</u>	<u>6,033</u>
Balance at December 31, 2022	<u>\$ 1,080</u>	<u>1,048</u>	<u>2,128</u>
Balance at January 1, 2022	<u>\$ 2,264</u>	<u>2,174</u>	<u>4,438</u>

The company leases offices, warehouse and dormitory for the year 2023 and 2022, please refer to note 6(m).

(Continued)

EDISON OPTO CORPORATION
Notes to the Financial Statements

(j) Short-term borrowings

The short-term borrowings were summarized as follows:

	December 31, 2023	December 31, 2022
Unsecured bank loans	\$ <u>180,705</u>	<u>61,420</u>
Unused short-term credit lines	\$ <u>948,330</u>	<u>1,395,305</u>
Range of interest rates	<u>1.8%~6.44%</u>	<u>5.22%</u>

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

(k) Long-term borrowings

December 31, 2023				
	Currency	Rate	Maturity year	Amount
Secured bank loans	NTD	1.1963%~1.9805%	2041	\$ 134,300
Less: due within one year				(16,080)
Total				\$ <u>118,220</u>
December 31, 2022				
	Currency	Rate	Maturity year	Amount
Secured bank loans	NTD	1.1963%~1.8996%	2041	\$ 290,780
Less: due within one year				(16,080)
Total				\$ <u>274,700</u>

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

(l) Bonds payable

	December 31, 2023	December 31, 2022
Total convertible corporate bonds issued	\$ 300,000	300,000
Less: unamortized discounted corporate bonds payable	-	(7,538)
Cumulative converted amount	(299,700)	(122,200)
Cumulative creditors repurchase amount	(300)	-
Convertible bonds issued balance	\$ <u>-</u>	<u>170,262</u>
Embedded derivative-call options (included in financial assets at fair value through profit or loss)	\$ <u>-</u>	<u>16</u>
Equity components — conversion options (included in capital surplus — share options)	\$ <u>-</u>	<u>18,960</u>
	<u>2023</u>	<u>2022</u>
Interest expense	\$ <u>3,490</u>	<u>6,674</u>

(Continued)

EDISON OPTO CORPORATION
Notes to the Financial Statements

Items	Third secured domestic convertible bonds
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.</p> <p>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>

(Continued)

EDISON OPTO CORPORATION
Notes to the Financial Statements

<u>Items</u>	<u>Third secured domestic convertible bonds</u>
9. Conversion price	<p>The conversion price is \$19.3 per share when issuance.</p> <p>1) The Company announced on July 29, 2021 that due to the allotment of cash dividends on the ordinary shares, the conversion price has been adjusted from \$19.3 to \$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 19.1 to 17.9 since August 30th 2022.</p> <p>3) The company announced on June 20th 2023 that due to the allotment of cash dividends and stock dividends on the ordinary shares, the conversion price has been adjusted from 17.9 to 17.7 since July 16th 2023.</p>
10. Pledge	For the collateral for bonds payable, please refer to note 8.

(m) Lease liabilities

The Company's finance lease liabilities was as follows :

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Current	\$ <u>3,547</u>	<u>1,860</u>
Non-current	\$ <u>2,745</u>	<u>435</u>

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

The amounts recognized in profit or loss were as follows:

	<u>2023</u>	<u>2022</u>
Interest on lease liabilities	\$ <u>680</u>	<u>514</u>
Expenses relating to short term leases	\$ <u>98</u>	<u>36</u>
Expenses relating to leases of low value assets, excluding short term leases of low value assets	\$ <u>163</u>	<u>170</u>

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

	<u>2023</u>	<u>2022</u>
Total cash outflow for leases	\$ <u>4,506</u>	<u>5,021</u>

(Continued)

EDISON OPTO CORPORATION

Notes to the Financial Statements

(i) Real estate leases

As of December 31, 2023, the Company leases building as employees' dormitories, the lease terms are ranged for a period of one to two years. Some of the terms can be extended upon maturity. However, if the option of extension is uncertain, the related expenditures occurred in the covered period would not be accounted for as lease liabilities.

(ii) Other leases

The Company leases machinery and vehicle, the lease terms are ranged for a period of three to four years. Some of the terms can be extended upon maturity. However, if the option of extension is uncertain, the related expenditures occurred in the covered period would not be accounted for as lease liabilities.

Some buildings leased by the Company have a term of less than a year and are considered as short-term leases. The Company decided to apply the exemption of recognition and not to recognize its right-of-use assets and lease liabilities.

(n) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	\$ 21,649	20,804
Fair value of plan assets	(9,605)	(9,405)
Net defined benefit liabilities	<u><u>\$ 12,044</u></u>	<u><u>11,399</u></u>

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account amounted to \$9,605 thousand. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(Continued)

EDISON OPTO CORPORATION
Notes to the Financial Statements

2) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Company were as follows:

	<u>2023</u>	<u>2022</u>
Defined benefit obligations at January 1	\$ 20,804	20,345
Current service costs and interest cost	873	631
Re-measurements of the net defined benefit liability	<u>(28)</u>	<u>(172)</u>
Defined benefit obligations at December 31	<u><u>\$ 21,649</u></u>	<u><u>20,804</u></u>

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company were as follows:

	<u>2023</u>	<u>2022</u>
Fair value of plan assets at January 1	\$ 9,405	8,635
Interest income	165	65
Re-measurements of the net defined benefit liability	<u>35</u>	<u>705</u>
Fair value of plan assets at December 31	<u><u>\$ 9,605</u></u>	<u><u>9,405</u></u>

4) Expenses recognized in profit or loss

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

	<u>2023</u>	<u>2022</u>
Current service costs	\$ 509	478
Net interest of net liabilities (assets) for defined benefit	<u>199</u>	<u>88</u>
	<u><u>\$ 708</u></u>	<u><u>566</u></u>
	<u>2023</u>	<u>2022</u>
Operating cost	\$ 105	77
Operating expense	<u>603</u>	<u>489</u>
	<u><u>\$ 708</u></u>	<u><u>566</u></u>

(Continued)

EDISON OPTO CORPORATION
Notes to the Financial Statements

- 5) Re-measurement of net defined benefit liability (asset) recognized in other comprehensive income

The Company's re-measurement of the net defined benefit liability (asset) recognized in other comprehensive income were as follows:

	<u>2023</u>	<u>2022</u>
Accumulated amount at January 1	\$ 4,108	4,985
Recognized during the period	(63)	(877)
Accumulated amount at December 31	<u>\$ 4,045</u>	<u>4,108</u>

- 6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate	1.625 %	1.750 %
Future salary increase rate	2.500 %	2.500 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is \$709 thousand.

The weighted average lifetime of the defined benefits plans is 13.27 years.

- 7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	<u>Influences of defined benefit obligation</u>	
	<u>Increased 0.25%</u>	<u>Decreased 0.25%</u>
December 31, 2023		
Discount rate (movement of 0.25%)	\$ (537)	555
Future salary increasing rate (movement of 0.25%)	537	(523)
December 31, 2022		
Discount rate (movement of 0.25%)	(565)	586
Future salary increasing rate (movement of 0.25%)	570	(533)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

(Continued)

EDISON OPTO CORPORATION
Notes to the Financial Statements

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted were \$5,958 thousand and \$5,400 thousand in 2023 and 2022.

(o) Income taxes

(i) The components of income tax in the years 2023 and 2022 were as follows:

	For the years ended December 31	
	2023	2022
Current tax expense		
Current period	\$ 60	-
Adjust the current income tax of the previous period	60	-
	120	-
Deferred tax income	-	-
Occurences and reversal of temporary differences	3,445	9,410
Recognition of unrecognized tax loss in prior periods	2,173	1,606
	2,233	1,606
Tax income	<u><u>\$ 2,353</u></u>	<u><u>1,606</u></u>

Reconciliation of income tax and income before tax for 2023 and 2022, were as follows:

	2023	2022
Gain before income tax	<u><u>\$ 49,761</u></u>	<u><u>27,254</u></u>
Income tax using subsidiaries tax rate	\$ 9,952	5,451
Tax-exempt income	(908)	(7,650)
Gain of investing foreign company	(9,666)	(5,605)
Change in unrecognized deductible temporary difference	3,445	9,410
Prior year income tax adjustment	60	-
Used tax deduction	(972)	-
Other	322	-
Total	<u><u>\$ 2,233</u></u>	<u><u>1,606</u></u>

(Continued)

EDISON OPTO CORPORATION
Notes to the Financial Statements

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The consolidated entity is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as at 31 December 2023 and 2022. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details were as follows:

	December 31, 2023	December 31, 2022
Aggregated amount of temporary differences related to investment subsidiaries	\$ <u>121,411</u>	<u>107,196</u>

2) Unrecognized deferred tax assets

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

	December 31, 2023	December 31, 2022
Unrecognized tax loss	\$ 163,130	168,925
	\$ <u>163,130</u>	<u>168,925</u>

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

	Allowance for obsolete inventory	Others	Tax deduction	Total
Deferred tax assets:				
January 1, 2023	\$ 1,608	4,172	53,650	59,430
Recognized in profit or loss	(268)	2,279	(5,387)	(3,376)
December 31, 2023	\$ <u>1,340</u>	<u>6,451</u>	<u>48,263</u>	<u>56,054</u>
January 1, 2022	\$ 2,544	2,315	55,629	60,488
Recognized in profit or loss	(936)	1,857	(1,979)	(1,058)
December 31, 2022	\$ <u>1,608</u>	<u>4,172</u>	<u>53,650</u>	<u>59,430</u>

(Continued)

EDISON OPTO CORPORATION
Notes to the Financial Statements

	<u>Equity investment</u>	<u>Others</u>	<u>Total</u>
Deferred tax liabilities:			
January 1, 2023	\$ 1,829	1,179	3,008
Recognized in profit or loss	(24)	(1,179)	(1,203)
December 31, 2023	<u>\$ 1,805</u>	<u>-</u>	<u>1,805</u>
January 1, 2022	\$ 1,157	1,303	2,460
Recognized in profit or loss	672	(124)	548
December 31, 2022	<u>\$ 1,829</u>	<u>1,179</u>	<u>3,008</u>

- 4) As at December 31, 2023, the expiry years of the Company's unutilized business losses for which no deferred tax assets were recognized are as follows:

<u>Year of loss</u>	<u>Before loss deduction</u>	<u>Year after deduction</u>
2014	\$ 47,390	2024
2015	75,078	2025
2016	93,672	2026
2017	90,158	2027
2018	47,537	2028
2019	28,818	2029
2022	21,793	2032
	<u>\$ 404,446</u>	

(iii) Assessment of tax

The Company's tax returns for the year through 2021 were assessed by the Taipei National Tax Administration.

(p) Capital and other equity

As of December 31, 2023 and 2022, the number of authorized ordinary shares were \$2,000,000 thousand with par value of \$10 per share. The total value of authorized ordinary shares was amounted to 200,000 thousand shares. As of December 31, 2023 and 2022, 143,609 thousand and 135,335 thousand of ordinary shares were issued, respectively. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding for 2023 and 2022 was as follows:

	<u>Ordinary shares</u>	
(in thousands of shares)	<u>2023</u>	<u>2022</u>
Balance at January 1	135,335	128,862
Capital surplus transferred to ordinary shares	-	6,500
converting corporate bonds	9,954	-
Retirement of treasury stock	(1,680)	-
Retirement of restrict employee stock	-	(27)
Balance at December 31	<u>143,609</u>	<u>135,335</u>

(Continued)

EDISON OPTO CORPORATION

Notes to the Financial Statements

(i) Issuance and cancellation of ordinary shares

The secured domestic convertible bonds issued by the Company were converted into 2,380 thousand shares, 4,173 thousand shares, 2,345 thousand shares and 1,056 thousand shares of ordinary shares in the 1st, 2nd, 3th and 4th quarters of 2023, total 9,954 thousand shares, respectively, upon the exercise of the conversion rights by the bondholders. The above legal registration procedures have been completed.

The Company retired 1,680 thousand treasury share in November 10, 2023 , respectively. All the statutory registration procedures above had been completed as of the reporting date.

The Company cancelled 27 thousand new restricted stocks in July 2022 , respectively. All the statutory registration procedures above had been completed as of the reporting date.

(ii) Capital surplus

The balances of capital surplus as of December 31, 2023 and 2022, were as follows:

	December 31, 2023	December 31, 2022
Premium on issuance of capital stock	\$ 1,463,695	1,400,567
Employee share options	72,142	72,142
Difference arising from subsidiary's share price and its carrying value	10,790	461
Restricted employee	-	26,928
Treasury shares transferred to employees of the Company	15,840	-
Changes in net equity of related companies accounted for using the equity method	292	292
Conversion options	-	18,960
	<u>\$ 1,562,759</u>	<u>1,519,350</u>

According to the ROC Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the ordinary shares or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock, and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring paid-in capital in excess of par value should not exceed 10% of the total ordinary shares outstanding.

(Continued)

EDISON OPTO CORPORATION

Notes to the Financial Statements

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

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

(iii) Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

The dividend policy of the Company is coordinated with the share capital, financial structure, operating status, future development plan, fund requirements, competitions, shareholders' benefits, etc. by distributing no less than 60% of the distributable earnings every year.

Nonetheless, when the distributable earnings are lower than 20% of the ordinary shares outstanding, no distribution shall be made during the year. Dividends may be distributed either by cash or by share. However, if the dividends are to be distributed in cash, it shall be no less than 10% of the total dividends issued.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with the regulation of the Financial Supervisory Commission, a portion of the current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during the earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve, which does not qualify for earnings distribution, to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(Continued)

EDISON OPTO CORPORATION

Notes to the Financial Statements

3) Earnings distribution

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

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

(iv) Treasury shares

- 1) The Company purchased 4,500 thousand shares of treasury stock, for the purpose of motivating employees, in accordance with Article 28-2 of the Securities and Exchange Act. As of December 31, 2023, the total number of untransformed treasury stock was 1,500 thousand shares.

In December 2023, the Company decided to retire 1,680 thousand treasury shares, at the amount of \$23,712 thousand. The related registration procedures were completed as of the reporting date. In August 2023, the Company transferred treasury stock to employees, the total amount of treasury stock transferred was 1,320 thousand shares, and the purchase cost was \$18,625 thousand, the treasury stock was recognized by employees on August 10, 2023, and was delivered to employees on September 1, 2023, date of shares delivery. The Company recognized capital surplus - treasury shares of \$15,840 thousand for employee remuneration on the date of shares delivery.

- 2) Ledionopto intelligent Technology Co., Ltd., sub-subsidiary of the Company, held 526 thousand shares of the Company's shares. As of December 31, 2023, none of the shares were sold. The market price on December 31, 2023 and 2022, was \$24.40 and \$15.65 per share, respectively.
- 3) In compliance with the Securities and Exchange Act, treasury shares held by the Group should not be pledged, and shareholders' rights are not entitled before the transfer.

(v) OCI accumulated in reserves, net of tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Deferred compensation arising from issuance of restricted stock	Total
Balance at January 1, 2023	\$ (155,037)	-	-	(155,037)
Exchange differences on foreign operations	(25,416)	-	-	(25,416)
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	(976)	-	(976)
Balance at December 31, 2023	<u>\$ (180,453)</u>	<u>(976)</u>	<u>-</u>	<u>(181,429)</u>

(Continued)

EDISON OPTO CORPORATION

Notes to the Financial Statements

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Deferred compensation arising from issuance of restricted stock	Total
Balance at January 1, 2022	\$ (183,608)	(152,240)	(1,377)	(337,225)
Share-based payment	-	-	994	994
Disposal of equity instruments designed at fair value through other comprehensive income	-	149,719	-	149,719
Exchange differences on foreign operations	28,571	-	-	28,571
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	2,521	-	2,521
Restrict employee rights stock failure	-	-	383	383
Balance at December 31, 2022	<u>\$ (155,037)</u>	<u>-</u>	<u>-</u>	<u>(155,037)</u>

According to the Company's subsidiary, Edison Fund Investment Corporation, which originally held 15.39% of the ordinary shares of LEDLitek Co., Ltd. in Korea, the investment is recorded under financial assets at fair value through other comprehensive income. As of December 31, 2021, the Company recognized a cumulative valuation loss of \$149,719 thousand due to the significant operating loss of LEDLitek Co. LEDLitek Co., Ltd. was reorganized in 2021 and Edison Fund Investment Corporation obtained a ruling from a Korean Court to complete the bankruptcy reorganization process in November 2022. After the reorganization, Edison Fund Investment Corporation's shareholding in LEDLitek Co., Ltd. was 0%.

Therefore, the Company and Edison Fund Investment Corporation 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. Edison Fund Investment Corporation did not receive any notice from LEDLitek Co., Ltd. during the aforementioned reorganization period regarding the reduction or elimination of Edison Fund Investment Corporation's shareholding in LEDLitek Co. Edison Fund Investment Corporation has only received a final Court ruling and has proceeded to investigate the legality of the share cancellation of the LEDLitek Co., Ltd. reorganization, and has taken procedures to protect the Company's interests. It is expected that there will be no significant impact on the Company's financial and business performance.

(Continued)

EDISON OPTO CORPORATION
Notes to the Financial Statements

(q) Share-based payment

(i) Restricted stock

	Equity-settled Treasury shares transferred to employees
Date of shares granted	August 3, 2023
Number of shares granted	1,320,000
Contract term	1 months
grant object	employee
Vesting conditions	Provide future service of 1 years

1) Treasury shares transferred to employees

The Company used Black-Scholes method in measuring the fair value of the share-based payment at the grant date. The measurement inputs were as follows:

	Treasury shares transferred to employees
Fair value on date of grant	12.00
Stock price on grant day	26.15
Exercise price	14.11
Expected volatility (%)	36.48%
Stock option duration	0.079
Risk-free rate (%)	1.015%

2) Number of treasury shares transferred to employees:

	For the years ended December 31	
	2023	2022
Outstanding at January 1 (number)	4,500,000	3,000,000
Buy-back (number)	-	1,500,000
Exercise (number)	(1,320,000)	-
Cancellation (number)	(1,680,000)	-
Outstanding at December 31(number)	1,500,000	4,500,000

(ii) Restricted Stocks

- 1) At the Board of Directors' meeting held on June 20, 2018, the Company decided to award 2,000 thousand new shares of restricted stock to those full-time employees who meet the Company's requirements. The restricted stock has been registered with and approved by the Securities and Futures Bureau of the Financial Supervisory Commission, R.O.C.. On July 2, 2019, the Board of Directors issued all the restricted stock. The fair value on the grant date was 14.50 per share.

(Continued)

EDISON OPTO CORPORATION
Notes to the Financial Statements

Employees with restricted stock awards are entitled to purchase the Company's shares at the price of 10 with the condition that these employees continue to work for the Company for the following three years. 40%, 30% and 30% of the restricted shares of stock is vested in year 1, 2 and 3 respectively. The restricted stock is kept by a trust, which is appointed by the Company, before it is vested. These shares of stock shall not be sold, pledged, transferred, gifted or by any other means of disposal to third parties during the custody period.

If the shares remain unvested after the vesting period, the Company will repurchase all the unvested shares at the issue price, and cancel the shares thereafter.

- 2) Details of the restricted stock of the Company were as follows:

	For the years ended December 31	
	2023	2022
Outstanding at January 1 (number)	\$ -	570
Granted during the year (number)	-	(544)
Forfeited during the year (number)	-	(26)
Outstanding at December 31 (number)	<u>\$ -</u>	<u>-</u>

- (iii) Expense recognized in profit or loss

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

	For the years ended December 31	
	2023	2022
Expenses resulting from restriction of employee stock options	\$ -	994
Expenses resulting from treasury shares transferred to employees	<u>\$ 15,840</u>	<u>-</u>

- (r) Earnings per share

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

Basic earnings per share	For the years ended December 31	
	2023	2022
Profit of the Company for the year	<u>\$ 47,528</u>	<u>25,648</u>
Weighted average number of ordinary shares (in thousands of shares)	<u>135,756</u>	<u>131,149</u>
Basic earn per share (in New Taiwan Dollars)	<u>\$ 0.35</u>	<u>0.20</u>

(Continued)

EDISON OPTO CORPORATION
Notes to the Financial Statements

	For the years ended December 31	
	2023	2022
Diluted earnings per share		
Profit of the Company for the year	\$ 47,528	25,648
Effect of dilutive potential ordinary shares	-	-
Profit attributable to common stockholders of the Company (including effect of dilutive potential ordinary share)	<u>\$ 47,528</u>	<u>25,648</u>
Weighted average number of ordinary shares (in thousand of shares)	135,756	131,149
Effect of employee share bonus (in thousand of shares)	109	148
Effect of restricted employee shares unrested (in thousand of shares)	-	285
Weighted average number of ordinary shares (in thousand of shares)	<u>135,865</u>	<u>131,582</u>
Diluted earn per share (in New Taiwan Dollars)	<u>\$ 0.35</u>	<u>0.19</u>

Note: The effect of convertible bonds would have been anti-dilutive if included in the calculation of the Group's earnings per share in fiscal 2023 and 2022. The calculation of diluted earnings per share is not included

(s) Revenue from contracts with customers

(i) Revenue detail

	For the years ended December 31	
	2023	2022
Major market:		
China	\$ 134,149	180,292
America and Europe	420,047	363,122
Taiwan	231,120	205,677
Africa	33,999	29,039
Others	224,256	130,231
	<u>\$ 1,043,571</u>	<u>908,361</u>
Major product:		
LED transmitter component	\$ 18,631	36,215
LED lighting product	948,485	786,970
LED automotive product	54,761	65,918
Others	21,694	19,258
	<u>\$ 1,043,571</u>	<u>908,361</u>

(Continued)

EDISON OPTO CORPORATION
Notes to the Financial Statements

(ii) Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Note receivables - non related party	\$ 6,036	6,707	4,797
Accounts receivables - non related party	194,399	153,439	145,395
Accounts receivables-related party	7,466	13,871	9,851
Less: loss allowances	(254)	(954)	(47)
Total	<u>\$ 207,647</u>	<u>173,063</u>	<u>159,996</u>

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

(t) 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 above-mentioned 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.

For the years ended December 31, 2023 and 2022, the Company accrued and recognized its employee remuneration amounting to \$2,660 thousand and \$1,500 thousand, respectively; as well as its remuneration to directors amounting to \$540 thousand and \$300 thousand, respectively. These amounts were calculated by using the Company's pre-tax net profit for the period before deducting the amounts of the remuneration to employees and directors, multiplied by the distribution of ratio of the remuneration to employees and directors based on the Company's articles of incorporation, and expensed under operating costs or expenses. If there would be any changes after the reporting date, the changes shall be accounted for as changes in accounting estimates and recognized as profit or loss in the following year. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2023 and 2022. The related information can be accessed from the Market Observation Post System website. The Board of Directors resolved not to distribute employee compensation and director's remuneration due to the Company has accumulated deficits in 2022, and recognized the difference between the actual distribution and the estimated profit or loss in the 1st quarter of 2023. The related information can be accessed from the Market Observation Post System website.

(Continued)

EDISON OPTO CORPORATION
Notes to the Financial Statements

(u) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the years ended December 31	
	2023	2022
Interest income from bank deposits	\$ <u>3,799</u>	<u>748</u>

(ii) Other income

The details of other income were as follows:

	For the years ended December 31	
	2023	2022
Other income	\$ <u>16,767</u>	<u>14,548</u>

(iii) Other gains and losses

The details of other gains and losses were as follows:

	For the years ended December 31	
	2023	2022
Gains on disposal of property, plant and equipment	\$ 2,971	3,553
Net gains on foreign exchange	1,606	12,752
Net gains (losses) on financial assets at fair value through profit or loss	362	(558)
Others	(188)	(22,085)
	\$ <u>4,751</u>	<u>(6,338)</u>

(iv) Finance costs

The details of finance costs were as follows:

	For the years ended December 31	
	2023	2022
Interest expense	\$ <u>9,081</u>	<u>12,135</u>

(v) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(Continued)

EDISON OPTO CORPORATION

Notes to the Financial Statements

2) Concentration of credit risk

As the Company has a large number of customers, not significantly focuses on dealing with a single customer and the sales area is scattered, so there is no significant concentration of the risk of accounts receivable. In order to reduce the credit risk, the Company also regularly assesses the financial status of customers, if necessary, will require customers to provide security or guarantee.

3) Receivable

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

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(f).

(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>
December 31, 2023							
Non-derivative financial liabilities							
Long term loans	\$ 134,300	(140,773)	(8,817)	(8,781)	(17,406)	(51,063)	(54,706)
Short term loans	180,705	(181,599)	(181,599)	-	-	-	-
Lease liabilities	6,292	(7,088)	(2,179)	(2,019)	(2,890)	-	-
Notes payable and accounts payable (including related parties)	129,026	(129,026)	(129,026)	-	-	-	-
Other payable	49,760	(49,760)	(49,760)	-	-	-	-
	<u>\$ 500,083</u>	<u>(508,246)</u>	<u>(371,381)</u>	<u>(10,800)</u>	<u>(20,296)</u>	<u>(51,063)</u>	<u>(54,706)</u>
December 31, 2022							
Non-derivative financial liabilities							
Long term loans	\$ 290,780	(322,370)	(9,745)	(9,725)	(19,278)	(56,679)	(226,943)
Short term loans	61,420	(61,947)	(61,947)	-	-	-	-
Lease liabilities	2,295	(2,486)	(1,343)	(668)	(326)	(149)	-
Notes payable and accounts payable (including related parties)	122,082	(122,082)	(122,082)	-	-	-	-
Other payable	45,647	(45,647)	(45,647)	-	-	-	-
Bonds payable	170,262	(177,800)	-	-	(177,800)	-	-
	<u>\$ 692,486</u>	<u>(732,332)</u>	<u>(240,764)</u>	<u>(10,393)</u>	<u>(197,404)</u>	<u>(56,828)</u>	<u>(226,943)</u>

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

(Continued)

EDISON OPTO CORPORATION

Notes to the Financial Statements

(iii) Currency risk

1) Exposure to foreign currency risk

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

		December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate		TWD	Foreign currency	Exchange rate	TWD
<u>Financial assets</u>							
<u>Monetary items</u>							
USD	\$ 6,237	USD/TWD=	30.705	191,497	6,415	USD/TWD=	30.710 197,005
CNY	8,667	CNY/TWD=	4.3355	37,576	61,296	CNY/TWD=	4.4100 270,313
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD	5,584	USD/TWD=	30.705	171,466	6,420	USD/TWD=	30.710 197,158
CNY	9	CNY/TWD=	4.3355	38	-	CNY/TWD=	- -

2) Sensitivity analysis

The Company'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, 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 December 31, 2023 and 2022 would have increased (decreased) the equity by \$2,878 thousand and \$13,508 thousand due to cash flow hedges. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the reporting date. 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.

3) Foreign exchange gain and loss on monetary items

		2023		2022	
		Exchange losses/gains	Exchange rate	Exchange losses/gains	Exchange rate
NTD	\$	1,606	-	12,752	-

(Continued)

EDISON OPTO CORPORATION
Notes to the Financial Statements

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.5% when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 50 basis points, the Company's net income would have increased / decreased by \$1,575 thousand and \$1,761 thousand for the year ended December 31, 2023 and 2022, with all other variable factors remaining constant. This is mainly due to the Company's borrowing at variable rates and investment in variable-rate bills.

(v) Fair value of financial instruments

The management of the Company considers that the carrying amount of the financial assets and financial liabilities of the Company in this financial report approximates its fair value.

(w) Financial risk management

(i) Overview

The Company have exposures to the following risks from its financial instruments:

- 1) credit risk
- 2) liquidity risk
- 3) market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

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EDISON OPTO CORPORATION

Notes to the Financial Statements

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company ratios, and arises principally from the Company's receivables from customers and investments in debt securities.

As the Company has a large Company of customers, not significantly focused on dealing with a single customer and the sales area are scattered, so there is no significant concentration of the risk of account receivable. In order to reduce the credit risk, the Company also regularly assess the financial status of customers, if necessary, will require customers to provide security or guarantee.

The credit risk of bank deposits and other financial instruments is measured and monitored by the Company finance department. As a result of the Company's transactions and compliance with others are good credit banks, no significant compliance concerns, so there is no significant credit risk.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. At present, the capital and working capital of the merged company is sufficient to meet all the contractual obligations, so there is no liquidity risk due to the inability to raise funds to meet the contractual obligations.

(v) Market risk

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

1) Currency risk

The Company is exposed to currency risk on sales, purchases, and borrowings. The functional currency of the Company is dominated by TWD and also has USD and CNY. The main currency of the transaction is TWD, USD and CNY.

The Company borrows money in USD from banks to balance the accounts receivable against USD and reduces the risk of loss of USD accounts receivable assets due to exchange rate fluctuations.

(Continued)

EDISON OPTO CORPORATION

Notes to the Financial Statements

The monetary assets and liabilities denominated in other foreign currencies, when a short-term imbalance occurs, the Company is required to buy or sell foreign currency at instant exchange rate to ensure that the net risk is maintained at an acceptable level.

The Company do not use derivative financial assets for hedging.

2) Interest rate risk

The borrowing of the Company is a floating interest rate debt, so the market interest rate changes will make the effective interest rate changes, and the future cash flow fluctuations. The Company do not hedge through interest rate swap contracts.

3) Other market price risk

In addition to supporting the expected consumption and sales demand, the Company did not sign a commodity contract.

(x) Capital management

The Company's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Company and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

The Company's debt-to-equity ratio at the end of the reporting period as at December 31, 2023 and 2022, were as follows:

	December 31, 2023	December 31, 2022
Total liabilities	\$ 539,501	730,025
Less: cash and cash equivalents	<u>(383,870)</u>	<u>(458,222)</u>
Net debt	<u>\$ 155,631</u>	<u>271,803</u>
Total equity	\$ 2,836,686	2,637,085
Less: hedging reserve	<u>-</u>	<u>-</u>
Adjusted equity	<u>\$ 2,836,686</u>	<u>2,637,085</u>
Debt-to-equity ratio	<u>5.49 %</u>	<u>10.31 %</u>

(Continued)

EDISON OPTO CORPORATION

Notes to the Financial Statements

(y) Financing activities not affecting current cash flow

The Company's financing activities which did not affect the current cash flow in the years ended December 31, 2023 and 2022, were as follows:

			Non-cash changes					
	January 1, 2023	Cash Flow	Foreign exchange movement	Changes in lease payments	Discount and premium amortization	Conversion option	Other	December 31, 2023
Short-term borrowings	\$ 61,420	116,905	2,380	-	-	-	-	180,705
Lease liabilities	2,295	(3,564)	-	7,561	-	-	-	6,292
Long term borrowings (including current portion)	290,780	(156,480)	-	-	-	-	-	134,300
Bonds payable	170,262	(300)	-	-	3,490	(173,455)	3	-
Deposits received	27	(6)	-	-	-	-	-	21
Total liabilities from financing activities	<u>\$ 524,784</u>	<u>(43,445)</u>	<u>2,380</u>	<u>7,561</u>	<u>3,490</u>	<u>(173,455)</u>	<u>3</u>	<u>321,318</u>

			Non-cash changes					
	January 1, 2022	Cash Flow	Foreign exchange movement	Changes in lease payments	Discount and premium amortization	Conversion options		December 31, 2022
Short-term borrowings	\$ 69,200	(5,075)	(2,705)	-	-	-	-	61,420
Lease liabilities	4,807	(4,301)	-	1,789	-	-	-	2,295
Long term borrowings (including current portion)	306,860	(16,080)	-	-	-	-	-	290,780
Bonds payable	163,588	-	-	-	6,674	-	-	170,262
Deposits received	25	2	-	-	-	-	-	27
Total liabilities from financing activities	<u>\$ 544,480</u>	<u>(25,454)</u>	<u>(2,705)</u>	<u>1,789</u>	<u>6,674</u>	<u>-</u>	<u>-</u>	<u>524,784</u>

(7) Related-party transactions:

(a) Parent company and ultimate controlling company

The Company is the ultimate controller of the Company and its subsidiaries.

(b) Names and relationship with related parties

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

Name of related party	Relationship with the Company
Best Opto Corporation	Subsidiary of the company
Ledison Opto Corporation	Subsidiary of the company
Edison Opto Corporation	Subsidiary of the company
Edison Fund Investment Corporation	Subsidiary of the company
Edison-Litek Opto Corporation	Subsidiary of the company
Edison-Egypt Opto Corporation	Subsidiary of the company
Edison Opto USA Corporation	Sub-subsidiary of the company
Ledionopto Intelligent Technology Corporation	Sub-subsidiary of the company

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EDISON OPTO CORPORATION
Notes to the Financial Statements

<u>Name of related party</u>	<u>Relationship with the Company</u>
Yangzhou Edison-Litek Opto Limited Company	Sub-subsidiary of the company
Edison Opto (Dong Guan) Limited Company	Sub-subsidiary of the company
Yangzhou Edison Opto Limited Company	Sub-subsidiary of the company
Best Led Corporation	Sub-subsidiary of the company
Edison-Litek Opto Corporation	Sub-subsidiary of the company
Edison Auto Lighting Corporation	Sub-subsidiary of the company
Yangzhou Aichuang Electronic Trade Limited Company	Sub-subsidiary of the company
Wu Chien-Jung	Chairman of the company
Taiwan HYdroxyl Technology Corporation	Related parties

(c) Significant transactions with related parties

(i) Sale

	<u>2023</u>	<u>2022</u>
Sub-subsidiary-Edison Opto USA	\$ 38,304	53,686
Sub-subsidiary-Edison Opto (Dong Guan)	19,430	30,738
Sub-subsidiary-Yangzhou Edison Opto	12,481	19,927
Other	19	6,039
	<u>\$ 70,234</u>	<u>110,390</u>

The raw materials which the Company sells to subsidiaries are not sold to other customers, and the sales price is not comparable to other customers, the collection conditions and sales are not significantly different from those of ordinary customers.

The sales prices and collection terms of the Company's sales of finished goods to subsidiaries and other related parties are not significantly different from those of ordinary customers.

The receivables of the related parties are not pledged, and no impairment loss (bad debt expenses) is required after the assessment.

(ii) Purchases

The amounts of significant purchases by the Company from related parties were as follows:

	<u>2023</u>	<u>2022</u>
Sub-subsidiary-Edison Opto (Dong Guan)	\$ 276,217	234,990
Sub-subsidiary-Yangzhou Edison Opto	381,707	337,453
Other	34,972	15,456
	<u>\$ 692,896</u>	<u>587,899</u>

(Continued)

EDISON OPTO CORPORATION
Notes to the Financial Statements

The products which the Company purchases from the above-mentioned subsidiaries are not purchased from other vendors, resulting in no purchase price to compare with other vendors. The payment terms are not significantly different from general vendors.

The Company sold raw materials to the subsidiaries, repurchased some of the finished products then sold them to the Company's customers, which is not considered as purchases and sales.

The sales amount in 2023 and 2022 was \$44,752 thousand and \$56,890 thousand respectively, the repurchased amount of finished products in 2023 and 2022 were \$54,027 thousand and \$66,145 thousand respectively.

(iii) Other

1) Manager service revenue

	<u>2023</u>	<u>2022</u>
Subsidiary company-Edison-Litek Opto	\$ 3,960	4,429
Other	<u>600</u>	<u>160</u>
	<u><u>\$ 4,560</u></u>	<u><u>4,589</u></u>

2) Rental revenue

	<u>2023</u>	<u>2022</u>
Subsidiary company-Edison-Litek Opto	\$ 11,267	8,624
Other	<u>376</u>	<u>296</u>
	<u><u>\$ 11,643</u></u>	<u><u>8,920</u></u>

The rent collected by the company is based on the market of neighborhood office.

- 3) As of December 31, 2023 and 2022, the unrealized gains of downstream deferred transactions between the parent and subsidiary companies were \$4,495 thousand and \$8,855 thousand respectively, which were included under long-term equity investment.
- 4) As of December 31, 2023 and 2022, the unrealized gains of upstream deferred transactions between the parent and subsidiary companies were \$9,750 thousand and \$7,679 thousand, respectively, which were included under long-term equity investment and share of profit of associates & joint ventures accounted for using equity method, respectively.

(Continued)

EDISON OPTO CORPORATION
Notes to the Financial Statements

(iv) Receivables from Related Parties

The receivables from related parties were as follows:

Account	Relationship	December 31, 2023	December 31, 2022
Accounts receivable	Subsidiary company-Edison Opto USA	\$ 7,466	9,235
Accounts receivable	Subsidiary-Edison-Litek Opto	-	1,510
Accounts receivable	Sub-Subsidiary-Edison Auto Lighting	-	3,126
Subtotal		<u>7,466</u>	<u>13,871</u>
Other receivables	Subsidiary company-Edison-Litek Opto	6,256	2,566
Other receivables	Other	<u>1,104</u>	<u>219</u>
Subtotal		<u>7,360</u>	<u>2,617</u>
		<u>\$ 14,826</u>	<u>16,488</u>

(v) Payables to Related Parties

The payables to related parties were as follows:

Account	Relationship	December 31, 2023	December 31, 2022
Accounts payable	Sub-subsidiary-Yangzhou Edison Opto	\$ 45,674	46,072
Accounts payable	Sub-subsidiary-Edison Opto (Dong Guan)	27,428	27,438
Accounts payable	Other	<u>22,286</u>	<u>14,643</u>
Total		<u>\$ 95,388</u>	<u>88,153</u>

(vi) Guarantee

The Company's loan from financial institutions is guaranteed by the key management in accordance with the requirements of the loan contract.

(Continued)

EDISON OPTO CORPORATION
Notes to the Financial Statements

(d) Key management personnel compensation

Key management personnel compensation comprised:

	2023	2022
Short-term employee benefits	\$ 21,087	18,983
Post-retirement benefits	673	615
Share-based payments	5,040	453
	<u>\$ 26,800</u>	<u>20,051</u>

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

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2023	December 31, 2022
Deposits (classified under other non-current financial assets)	Deposit to customs	\$ 2,896	2,861
Property, plant, and equipment	Issuance of corporate bonds guarantee	-	197,428
Property, plant, and equipment	Long-term borrowing	245,760	525,996
		<u>\$ 248,656</u>	<u>726,285</u>

(9) Commitments and contingencies:

- (a) 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

(Continued)

EDISON OPTO CORPORATION
Notes to the Financial Statements

(12) Other:

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

By item	By function	2023			2022		
		Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits							
Salary		30,696	111,862	142,558	29,136	83,436	112,572
Labor and health insurance		3,585	8,069	11,654	3,334	7,120	10,454
Pension		1,606	5,060	6,666	1,509	4,457	5,966
Director's remuneration		-	2,424	2,424	-	1,674	1,674
Others		2,178	3,976	6,154	2,768	4,349	7,117
Depreciation		9,040	19,613	28,653	15,324	16,708	32,032
Amortization		-	52	52	-	48	48

Further information of the number of employees and employee benefits as of December 31, 2023 and 2022 were as follows:

	2023	2022
Employees	151	144
Directors not in concurrent employment	7	7
Average employee benefits	\$ 1,160	993
Average employee salary	\$ 990	822
Average raise of employee salary	20.44 %	4.98 %
Supervisors' remuneration	\$ -	-

The Company's compensation policies for directors, managements and employees are as follows, which include basic salary (principal salary, food allowance, special environmental allowance), year-end bonus and performance bonus.

(a) Principles of compensation policies

The salary payment standard considers the market average, operation of the Company and company structure, the standard will be adjusted when necessary. The compensation of employees is determined by their professionalism and experience. Bonuses will be granted considering the Company's operation and personal performance. The basic salary payment for graduates and foreign employees complies with government regulations.

(b) Connection among compensation policies, procedure of determination and operating results

According to the policy, the Company will appropriate 5% to 15% of the net income as employees' compensation, but the Company has to recover the accumulated deficit first in any. Compensation policy for general manager, deputy general manager and the equivalents is determined by the remuneration committee considering the operating results of the Company, personal contribution and market average, then agreed by the Board of Directors.

(Continued)

EDISON OPTO CORPORATION

Notes to the Financial Statements

The Company has a reward system by giving performance bonus to employee who meets the condition, and year-end bonus will be granted considering the Company's profitability.

(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 Company:

(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	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	22,698 (USD700 thousand)	21,494 (USD700 thousand)	-	1%	2	-	Short-term financing	-	-	-	49,679 (Note1)	99,359 (Note1)
2	Yangzhou Edison Opto Corporation	Edison Opto (Dong Guan) Co., Ltd.	Other receivables due from related parties	Yes	44,422 (CNY10,000 thousand)	-	-	1%	2	-	Short-term financing	-	-	-	196,863 (Note1)	393,727 (Note1)
3	Yangzhou Edison Opto Corporation	Yangzhou Edison - Litek Opto Corporation	Other receivable due from related parties	Yes	45,168 (CNY10,000 thousand)	43,355 (CNY10,000 thousand)	-	1%	2	-	Short-term financing	-	-	-	196,863 (Note1)	393,727 (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.

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

(ii) Guarantees and endorsements for other parties: None

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	AcBel Polytech Inc.	NO	Current financial assets at fair value through profit or loss	-	6,468	- %	6,468	
Edison Fund Investment Corporation	Taiwan Hydroxyl Technology Co., Ltd	NO	Financial assets through other fair value measurements-non-current	300	1,476	12.50 %	1,476	
Edison Fund Investment Corporation	AUO corporation	NO	Current financial assets at fair value through profit or loss	160	2,904	- %	2,904	
Edison Fund Investment Corporation	Innolux Corporation	NO	Current financial assets at fair value through profit or loss	172	2,459	- %	2,459	

Note: Show market price if public traded; show book value if private held.

(Continued)

EDISON OPTO CORPORATION

Notes to the 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 (Gold and binary-threesegment structure)	Current financial assets at fair value through profit or loss	Bank of Communications Co., Ltd	None	-	-	-	1,027,524 (RMB237,000 thousand)	-	1,028,655 (RMB237,000 thousand)	1,027,524	1,131	-	-
Yangzhou Edison Opto Corporation	Bank of Communications Co., Ltd. - structured deposits - RMB financial product (Gold and binary-threesegment structure)	Current financial assets at fair value through profit or loss	Bank of Communications Co., Ltd	None	-	-	-	398,870 (RMB92,000 thousand)	-	401,425 (RMB92,589 thousand)	398,870	2,555	-	-
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	Bank of Communications Co., Ltd	None	-	-	-	316,495 (RMB73,000 thousand)	-	316,907 (RMB73,095 thousand)	316,495	412	-	-

- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None

- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None

- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Yangzhou Edison Opto Corporation	The company	Parents	Sales	(381,707)	(60.72)%	60 days	No significant difference	-	45,674	39.80 %	
The company	Yangzhou Edison Opto Corporation	Parents	Purchase	381,707	46.15 %	60 days	No significant difference	-	(45,674)	(35.40)%	
Edison Opto (Dong Guan) Co., Ltd.	The company	Parents	Sales	(276,217)	(49.23)%	60 days	No significant difference	-	27,428	31.90 %	
The company	Edison Opto (Dong Guan) Co., Ltd.	Parents	Purchase	276,217	33.39 %	60 days	No significant difference	-	(27,428)	(21.26)%	

- (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

(Continued)

EDISON OPTO CORPORATION

Notes to the Financial Statements

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2023 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 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	(121)	(121)	
The Company	Ledison Opto Corporation	Samoa	Selling of LED components and modules	145,991	145,991	4,500	100.00 %	246,157	14,215	13,118	
The Company	Best Opto Corporation	Samoa	Selling of LED components and modules	1,277,226	1,277,226	41,000	100.00 %	978,918	38,004	39,393	
The Company	Edison Fund Investment Corporation	Taiwan	Investment	686,000	686,000	25,000	100.00 %	85,779	3,617	3,617	
The Company	Edison-Litek Opto Corporation Limited	Hong Kong	Investment	167,661	167,661	5,500	24.62 %	61,153	(14,023)	(6,252)	
The Company	Edison-Litek Opto Corporation	Taiwan	Selling of LED components and modules	116,500	64,500	14,700	81.67 %	277,877	132	43	
The Company	Edison Egypt Opto Corporation	Taiwan	Selling of LED components and modules	25,000	25,000	2,500	100.00 %	25,700	213	213	
Best Opto Corporation	Best Led Corporation	Samoa	Investment	1,277,226	1,277,226	41,000	100.00 %	984,321	38,004	38,004	
Edison Fund Investment Corporation	Edison Opto USA Corporation	USA	Selling of LED components and modules	6,392	6,392	220	55.00 %	33,868	1,740	957	
Edison Fund Investment Corporation	Ledionopto Intelligent Technology	Taiwan	Selling of LED components and modules	113,185	113,185	2,200	100.00 %	21,045	231	231	
Edison Fund Investment Corporation	Edison Auto Lighting Corporation	Taiwan	Selling of LED components and modules	7,570	7,570	1,000	100.00 %	5,118	964	964	
Edison-Litek Opto Corporation	Edison-Litek Opto Corporation Limited	Hong Kong	Investment	64,472	33,187	13,463	60.27 %	149,709	(14,023)	(3,934)	

(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, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Book value	Investment income (losses)	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Edison Opto (Dong Guan) Co., Ltd.	Manufacturing and selling of LED components and modules	USD 145,991 (4,500 thousand)	(2)	USD 111,408 (3,317 thousand)	-	-	USD 111,408 (3,317 thousand)	USD 14,215 (456 thousand)	100.00%	USD 14,215 (456 thousand)	USD 252,416 (8,221 thousand)	USD 34,583 (1,183 thousand)
DongGuan Davinci Opto Co., Ltd. (note 2)	Manufacturing and selling of LED components and modules	-	(2)	USD 52,255 (1,714 thousand)	-	-	USD 52,255 (1,714 thousand)	-	-	-	-	-
Yangzhou Edison Opto Corporation	Manufacturing and selling of LED components and modules	USD 1,277,226 (41,000 thousand)	(2)	USD 1,277,226 (41,000 thousand)	-	-	USD 1,277,226 (41,000 thousand)	USD 38,004 (1,200 thousand)	100.00%	USD 38,004 (1,220 thousand)	USD 984,317 (32,057 thousand)	-

(Continued)

EDISON OPTO CORPORATION

Notes to the Financial Statements

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, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Book value	Investment income (losses)	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Yangzhou Aichuan Electronic Trade Corporation	Selling of LED components and modules	RMB 2,148 (500 thousand)	(3)	-	-	-	-	40 (RMB 9 thousand)	100.00%	40 (RMB 9 thousand)	2,308 (RMB 532 thousand)	-
Yangzhou Edison Litek Opto Corporation	Manufacturing and selling of LED components and modules	USD 270,552 (8,875 thousand)	(2)	USD 167,661 (5,500 thousand)	-	-	USD 167,661 (5,500 thousand)	(3,014) (USD 97 thousand)	73.84%	(2,226) (USD 71 thousand)	150,852 (USD 4,913 thousand)	-

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

- (a) Direct investment from Mainland China
- (b) Indirect investment from third-party country
 - i) Edison Opto (Dong Guan) Co., Ltd. is indirectly invested by the Company through Ledison Opto Corporation.
 - ii) Dong Guan Davinci Opto Corporation is indirectly invested by Ledion Opto Lighting Inc. through Led Plus Limited.
 - iii) Yangzhou Edison Opto Corporation is indirectly invested by Best Opto Corporation and Best Ltd. Corporation.
 - iv) Yangzhou Edison-Litek Opto Corporation is indirectly invested by the Company and Edison-Litek Opto Corporation Limited.
- (c) Others
 - i) 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 December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	1,556,295 (USD49,817 thousand)	1,558,893 (note 3) (USD50,770 thousand)	Note 1
Ledionopto Intelligent Technology Corporation	52,255 (note 2) (USD1,714 thousand)	52,628 (USD1,714 thousand)	-

Note 1: Since The Company acquired the permission from Industrial Development Bureau at August 25 2022, Ministry of Economic Affairs, the upper limit on investment is not applicable, under “Regulations Governing The Permission of Commercial Behavior in Mainland China”, Article 3 (documentation reference number: 1112046210).

Note 2: DongGuan Davinci Opto Co., Ltd., in which Ledionopto Intelligent Technology Corporation indirectly invested USD2,000 thousand, had completed the cancellation of its business registration and liquidation with the approval of Investment Commission in June 2020. The investment capital amounting to USD286 thousand had been remitted to Ledionopto. However, according to the regulation, the remittance to Mainland China amounting to USD1,174 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.

(Continued)

EDISON OPTO CORPORATION
Notes to the Financial Statements

(iii) Significant transactions:

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

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Lighting Investment Corporation		17,411,388	12.12 %
Jeng, Jiun-jung		10,841,790	7.54 %

(14) Segment information:

Please refer to 2023 consolidated financial report.

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Edison Opto Corporation

Chairperson: Jason Wu



Edison Opto Corporation

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