

**EDISON OPTO CORPORATION  
AND SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Three Months Ended March 31, 2022 and 2021**

Address: 5F., No. 800, Chung-Cheng Rd., Chung-Ho Dist., New Taipei City  
Telephone: (02)8227-6996

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

## Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8
(4) Summary of significant accounting policies	9~11
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	12
(6) Explanation of significant accounts	12~36
(7) Related-party transactions	36~37
(8) Pledged assets	37
(9) Commitments and contingencies	38
(10) Losses Due to Major Disasters	38
(11) Subsequent Events	38
(12) Other	38
(13) Other disclosures	
(a) Information on significant transactions	39~41
(b) Information on investees	42
(c) Information on investment in mainland China	42~43
(d) Major shareholders	43
(14) Segment information	44



安侯建業聯合會計師事務所  
KPMG

台北市110615信義路5段7號68樓(台北101大樓)  
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,  
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電 話 Tel	+ 886 2 8101 6666
傳 真 Fax	+ 886 2 8101 6667
網 址 Web	home.kpmg/tw

## Independent Auditors' Review Report

To the Board of Directors of Edison Opto Corporation:

### Introduction

We have reviewed the accompanying consolidated balance sheets of EDISON OPTO CORPORATION and its subsidiaries as of March 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

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

### Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$421,748 thousand and \$516,439 thousand, constituting 10.66% and 13.65% of consolidated total assets at March 31, 2022 and 2021, respectively, total liabilities amounting to \$79,477 thousand and \$165,996 thousand, constituting 7.32% and 14.03% of consolidated total liabilities at March 31, 2022 and 2021, respectively, and total comprehensive income (loss) amounting to \$12,380 thousand and \$9,517 thousand, constituting 14.55% and (10.95)% of consolidated total comprehensive income (loss) for the three months ended March 31, 2022 and 2021, respectively.

### **Qualified Conclusion**

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of EDISON OPTO CORPORATION and its subsidiaries as of March 31, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)

May 5, 2022

### **Notes to Readers**

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**Reviewed only, not audited in accordance with the generally accepted auditing standards as of March 31, 2022 and 2021**

**EDISON OPTO CORPORATION AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**March 31, 2022, December 31, 2021, and March 31, 2021**

(Expressed in Thousands of New Taiwan Dollars)

	March 31, 2022		December 31, 2021		March 31, 2021			March 31, 2022		December 31, 2021		March 31, 2021	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
<b>Assets</b>													
<b>Current assets:</b>													
11xx Cash and cash equivalents (note 6(a))	\$ 1,034,123	26	1,176,003	29	1,014,009	27	21xx Short-term borrowings (note 6(j) and 8)	\$ 100,413	3	214,456	6	29,241	1
1100 Current financial assets at fair value through profit or loss (note 6(b))	-	-	1,582	-	5,263	-	2170 Accounts and notes payable	277,198	7	315,614	8	329,207	9
1170 Accounts and notes receivable, net (note 6(c)(i))	476,607	12	444,266	11	438,993	12	2200 Other payables (note 6(u))	85,493	2	111,795	3	82,248	2
1200 Other receivables	23,343	1	6,205	-	6,882	-	2230 Current tax liabilities	17,833	-	14,775	-	24,545	1
1310 Inventories (note 6(f))	302,959	8	316,107	8	257,747	7	2280 Current lease liabilities (note 6(m))	16,687	-	16,117	-	13,758	-
1410 Prepayments	84,789	2	83,152	2	73,925	2	2322 Long-term borrowings within one year (note 6(k) and 8)	16,080	-	16,080	-	16,080	1
1470 Other current assets (note 8)	119,446	3	127,268	3	69,508	2	2399 Other current liabilities, others	54,542	1	48,173	1	39,064	1
<b>Total current assets</b>	<b>2,041,267</b>	<b>52</b>	<b>2,154,583</b>	<b>53</b>	<b>1,866,327</b>	<b>50</b>	<b>Total current liabilities</b>	<b>568,246</b>	<b>13</b>	<b>737,010</b>	<b>18</b>	<b>534,143</b>	<b>15</b>
<b>Non-current assets:</b>							<b>Non-Current liabilities:</b>						
15xx Non-current financial assets at fair value through profit or loss (note 6(b)(i))	574	-	574	-	574	-	25xx Bonds payable (note 6(l) and 8)	165,232	4	163,588	4	267,865	7
1517 Non-current financial assets at fair value through other comprehensive income (note 6(c))	-	-	-	-	13,657	-	2530 Long-term borrowings (note 6(k) and 8)	286,760	7	290,780	7	302,840	8
1535 Non-current financial assets at amortized cost (note 6(d))	8,718	-	8,720	-	8,727	-	2570 Deferred tax liabilities	2,460	-	2,460	-	2,035	-
1550 Investments accounted for using equity method, net (note 6(g))	3,600	-	-	-	-	-	2580 Non-current lease liabilities (notes 6(m))	22,488	1	25,173	1	35,572	1
							2600 Other non-current liabilities (notes 6(n)(o))	41,299	1	43,679	1	40,872	1
							<b>Total non-current liabilities</b>	<b>518,239</b>	<b>13</b>	<b>525,680</b>	<b>13</b>	<b>649,184</b>	<b>17</b>
1600 Property, plant and equipment (note 6(h), 8 and 9)	1,677,485	42	1,666,064	41	1,712,012	45	<b>Total liabilities</b>	<b>1,086,485</b>	<b>26</b>	<b>1,262,690</b>	<b>31</b>	<b>1,183,327</b>	<b>32</b>
1755 Right-of-use assets (note 6(i))	65,674	2	67,117	2	76,800	2	<b>Equity attributable to owners of parent (notes 6(q)(r)):</b>						
1780 Intangible assets	3,987	-	4,559	-	4,186	-	Capital stock	1,288,617	33	1,288,617	32	1,225,564	32
1840 Deferred tax assets	60,488	1	60,488	1	61,753	2	Capital surplus	1,619,038	41	1,619,038	40	1,585,939	42
1915 Prepayments for business facilities (note 9)	23,830	1	22,335	1	6,290	-	Legal reserve	4,841	-	4,841	-	-	-
1990 Other non-current assets, others (note 8 and 9)	70,691	2	62,313	2	32,074	1	Total unappropriated retained earnings	140,648	4	124,188	3	82,189	2
<b>Total non-current assets</b>	<b>1,915,047</b>	<b>48</b>	<b>1,892,170</b>	<b>47</b>	<b>1,916,073</b>	<b>50</b>	Exchange differences on translation of foreign financial statements	(120,709)	(3)	(183,608)	(5)	(185,129)	(5)
							Unrealized gains (loss) on financial assets at fair value through other comprehensive income	(152,240)	(4)	(152,240)	(4)	(133,754)	(3)
							Other equity, unearned compensation	(689)	-	(1,377)	-	(4,606)	-
							Treasury shares	(59,048)	(1)	(59,048)	(1)	(63,877)	(2)
							<b>Total equity attributable to owners of parent</b>	<b>2,720,458</b>	<b>70</b>	<b>2,640,411</b>	<b>65</b>	<b>2,506,326</b>	<b>66</b>
							Non-controlling interests	149,371	4	143,652	4	92,747	2
							<b>Total equity</b>	<b>2,869,829</b>	<b>74</b>	<b>2,784,063</b>	<b>69</b>	<b>2,599,073</b>	<b>68</b>
<b>Total assets</b>	<b>\$ 3,956,314</b>	<b>100</b>	<b>\$ 4,046,753</b>	<b>100</b>	<b>\$ 3,782,400</b>	<b>100</b>	<b>Total liabilities and equity</b>	<b>\$ 3,956,314</b>	<b>100</b>	<b>\$ 4,046,753</b>	<b>100</b>	<b>\$ 3,782,400</b>	<b>100</b>

See accompanying notes to consolidated financial statements.

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

**EDISON OPTO CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

**For the three months ended March 31, 2022 and 2021**

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

		For the three months ended March 31			
		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (note 6(t))	\$ 474,325	100	541,547	100
5000	Operating costs (notes 6(f)(h)(i)(o))	<u>362,513</u>	<u>76</u>	<u>406,868</u>	<u>75</u>
	Gross profit from operations	<u>111,812</u>	<u>24</u>	<u>134,679</u>	<u>25</u>
	Operating expenses (note 6(e)(h)(i)(m)(o)(r)(u)):				
6100	Selling expenses	25,705	6	27,338	5
6200	Administrative expenses	41,466	9	43,899	8
6300	Research and development expenses	25,504	5	22,314	4
6450	Expected impairment loss (reversed)	<u>1,546</u>	<u>-</u>	<u>(60)</u>	<u>-</u>
	Total operating expenses	<u>94,221</u>	<u>20</u>	<u>93,491</u>	<u>17</u>
6900	Net operating income	<u>17,591</u>	<u>4</u>	<u>41,188</u>	<u>8</u>
	Non-operating income and expenses (note 6(j)(k)(l)(m)(n)(v)):				
7100	Interest income	3,346	1	3,911	1
7010	Other income	4,419	1	2,523	-
7020	Other gain and losses	115	-	1,408	-
7050	Finance costs	<u>(4,383)</u>	<u>(1)</u>	<u>(4,918)</u>	<u>(1)</u>
	Total non-operating income and expenses	<u>3,497</u>	<u>1</u>	<u>2,924</u>	<u>-</u>
7900	Profit from continuing operations before tax	21,088	5	44,112	8
7950	Less: Income tax expenses (note 6(p))	<u>2,884</u>	<u>1</u>	<u>6,316</u>	<u>1</u>
	Profit	<u>18,204</u>	<u>4</u>	<u>37,796</u>	<u>7</u>
8300	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note 6(c))	-	-	(116,328)	(21)
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>-</u>	<u>-</u>	<u>(116,328)</u>	<u>(21)</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	66,874	14	(8,367)	(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>66,874</u>	<u>14</u>	<u>(8,367)</u>	<u>(2)</u>
8300	Other comprehensive income (loss)	<u>66,874</u>	<u>14</u>	<u>(124,695)</u>	<u>(23)</u>
8500	Total comprehensive income (loss)	<u>\$ 85,078</u>	<u>18</u>	<u>(86,899)</u>	<u>(16)</u>
	Profit, attributable to:				
8610	Attributable to owners of parent	\$ 16,460	4	33,778	6
8620	Attributable to non-controlling interests	<u>1,744</u>	<u>-</u>	<u>4,018</u>	<u>1</u>
		<u>\$ 18,204</u>	<u>4</u>	<u>37,796</u>	<u>7</u>
	Comprehensive income (loss) attributable to:				
8710	Attributable to owners of parent	\$ 79,359	17	(90,654)	(17)
8720	Attributable to non-controlling interests	<u>5,719</u>	<u>1</u>	<u>3,755</u>	<u>1</u>
		<u>\$ 85,078</u>	<u>18</u>	<u>(86,899)</u>	<u>(16)</u>
	Earnings per share (note 6(s))				
9750	Basic earnings per share	<u>\$ 0.13</u>		<u>0.29</u>	
9850	Diluted earnings per share	<u>\$ 0.13</u>		<u>0.27</u>	

See accompanying notes to consolidated financial statements.

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

**EDISON OPTO CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**

**For the three months ended March 31, 2022 and 2021**

**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent									
	Retained earnings	Other equity								
		Unappropriated retained earnings (accumulated deficit)	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	
<b>Balance at January 1, 2021</b>										
Net income	\$ 1,225,564	48,411	(177,025)	(17,426)	(6,378)	(61,902)	2,564,821	88,841	2,653,662	
Other comprehensive income	-	33,778	-	-	-	-	33,778	4,018	37,796	
Total comprehensive income	-	-	(8,104)	(116,328)	-	-	(124,432)	(263)	(124,695)	
Other changes in capital surplus:	-	33,778	(8,104)	(116,328)	-	-	(90,654)	3,755	(86,899)	
Due to recognition of equity component of convertible bonds issued	-	-	-	-	-	-	31,990	-	31,990	
Acquisition of company's share by subsidiaries recognized as treasury share	-	-	-	-	-	(1,975)	(1,975)	-	(1,975)	
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	-	-	78	(2,548)	(2,470)	
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	294	2,699	2,993	
Share-based payments	-	-	-	-	-	-	1,772	-	1,772	
<b>Balance at March 31, 2021</b>	<b>\$ 1,225,564</b>	<b>82,189</b>	<b>(185,129)</b>	<b>(133,754)</b>	<b>(4,606)</b>	<b>(63,877)</b>	<b>2,506,326</b>	<b>92,747</b>	<b>2,599,072</b>	
<b>Balance at January 1, 2022</b>										
Net income	\$ 1,288,617	124,188	(183,608)	(152,240)	(1,377)	(59,048)	2,640,411	143,652	2,784,063	
Other comprehensive income	-	16,460	-	-	-	-	16,460	1,744	18,204	
Total comprehensive income	-	-	62,899	-	-	-	62,899	3,975	66,874	
Share-based payments	-	16,460	62,899	-	-	-	79,359	5,719	85,078	
<b>Balance at March 31, 2022</b>	<b>\$ 1,288,617</b>	<b>140,648</b>	<b>(120,709)</b>	<b>(152,240)</b>	<b>(688)</b>	<b>(59,048)</b>	<b>2,720,458</b>	<b>149,371</b>	<b>2,869,829</b>	

See accompanying notes to consolidated financial statements.

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

**EDISON OPTO CORPORATION AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the three months ended March 31, 2022 and 2021**

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2022	2021
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 21,088	44,112
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	29,634	31,688
Amortization expense	732	556
Expected impairment loss (reversed)	1,546	(60)
Net loss on financial assets or liabilities at fair value through profit or loss	(36)	(1,388)
Interest expense	4,383	4,918
Interest income	(3,346)	(3,911)
Share-based payments	688	1,772
Gain on disposal of property, plant and equipment	-	46
Total adjustments to reconcile profit	33,601	33,621
<b>Changes in operating assets and liabilities:</b>		
Accounts and notes receivable	(34,081)	(14,311)
Other receivables	(17,264)	(4,854)
Inventories	13,148	7,775
Prepayments	(147)	(9,369)
Other current assets	(244)	(176)
Other operating assets	1,130	(75)
Accounts and notes payable	(38,416)	(40,700)
Other payable	(26,377)	(24,912)
Other current liabilities	6,369	3,541
Net defined benefit liability	141	98
Total changes in operating assets and liabilities	(95,741)	(82,983)
Cash inflow generated from (used in) operations	(41,052)	(5,250)
Interest received	3,470	3,867
Interest paid	(2,664)	(3,115)
Income taxes	(1,262)	(162)
Net cash flows used in operating activities	(41,508)	(4,660)
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at amortised cost	-	(8,788)
Acquisition of financial assets at fair value through profit or loss	-	(4,950)
Proceeds from disposal of financial assets at fair value through profit or loss	1,618	1,075
Acquisition of investments accounted for using equity method	(3,600)	-
Acquisition of property, plant and equipment	(5,774)	(430,405)
Decrease in refundable deposits	1,507	-
Acquisition of intangible assets	-	(200)
Decrease in restricted deposits	8,064	62,345
Increase in other non-current assets	(10,467)	(2,182)
Increase in prepayments for business facilities	(4,178)	(1,329)
Net cash flows used in investing activities	(12,830)	(384,434)
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	102,833	587,318
Decrease in short-term loans	(220,899)	(1,049,796)
Proceeds from issuing bonds	-	297,503
Proceeds from long-term debt	-	321,600
Repayments of long-term debt	(4,020)	(2,680)
Decrease in guarantee deposits received	(3,414)	(7)
Payment of lease liabilities	(3,638)	(3,321)
Acquisition of ownership interests in subsidiaries	-	(2,470)
Net cash flows from (used in) financing activities	(129,138)	148,147
Effect of exchange rate changes on cash and cash equivalents	41,596	5,201
Net (decrease) in cash and cash equivalents	(141,880)	(235,746)
Cash and cash equivalents at beginning of period	1,176,003	1,249,755
Cash and cash equivalents at end of period	\$ 1,034,123	1,014,009



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

## **EDISON OPTO CORPORATION AND SUBSIDIARIES**

### **Notes to the Consolidated Financial Statements**

**March 31, 2022 and 2021**

**(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 5F, No.800, Chung-Cheng Rd., Chung-Ho Dist., New Taipei City, Taiwan. The Company’s shares were listed on the Taiwan Stock Exchange in November 2000. The company and its subsidiaries (hereinafter referred as Group) are mainly engaged in manufacturing, selling, research and development of LED components and modules in general lighting and automotive lighting area.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on May 5, 2022.

#### **(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, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “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”

(Continued)

## EDISON OPTO CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (4) Summary of significant accounting policies:

##### (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” (hereinafter referred to as the Regulations) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed by the FSC (hereinafter referred to as the IFRSs endorsed by the FSC).

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2021. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2021.

##### (b) Basis of consolidation

##### (i) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			March 31, 2022	December 31, 2021	March 31, 2021	
The Company	Edison Opto Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	5
The Company	Ledison Opto Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	7
The Company	Best Opto Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	
The Company	Edison Fund Investment Corporation	Investment	100.00 %	100.00 %	100.00 %	
The Company	Edison-Litek Opto Corporation Limited (note 1)	Investment	44.58 %	44.58 %	44.58 %	6
The Company	Edison-Litek Opto Corporation (note 3)	Business of opto-electronics	78.57 %	78.57 %	98.43 %	
The Company	Edison-Egypt Opto Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	5
Ledison Opto Corporation	Edison Opto (Dong Guan) Co., Ltd.	Business of opto-electronics	100.00 %	100.00 %	100.00 %	7
Best Opto Corporation	Best Led Corporation	Investment	100.00 %	100.00 %	100.00 %	
Best Led Corporation	Yangzhou Edison Opto Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	
Yangzhou Edison Opto Corporation	Yangzhou Aichuang Electronic Trade Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	5
Edison Fund Investment Corporation	Edison Opto USA Corporation	Business of opto-electronics	55.00 %	55.00 %	55.00 %	5
Edison Fund Investment Corporation	Edison Auto Lighting Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	5

(Continued)

**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			March 31, 2022	December 31, 2021	March 31, 2021	
Edison Fund Investment Corporation	Davinci Opto Corporation (note 2)	Business of opto-electronics	- %	- %	- %	5
Edison Fund Investment Corporation	Ledionopto intelligent Technology Co., Ltd.	Business of opto-electronics	100.00 %	100.00 %	100.00 %	4,5
Edison-Litek Opto Corporation Limited	Yangzhou Edison-Litek Opto Corporation	Business of optoelectronics	100.00 %	100.00	100.00 %	6
Edison-Litek Opto Corporation	Edison-Litek Opto Corporation Limited (note 1)	Investment	28.06 %	28.06 %	28.06 %	6

Note 1: The Company and Edison-Litek Opto Corporation held 72.64% of Edison-Litek Opto Corporation Limited in Total.

Note 2: The dissolution of the Company has been registered in March 2021.

Note 3: Edison-Litek Opto Corporation issued a total of 155 thousand shares in March 2021 as employee remuneration. Furthermore, 4,145 thousand shares were issued for cash capital increase in December 2021, wherein the Company acquired 1,300 thousand shares in cash amounting to \$15,600 thousand, resulting in the shareholding ratio of the Company to decrease from 100% to 78.57%.

Note 4: In December 2021, the Company has been renamed from Ledionopto lightning, Inc. to Ledionopto Intelligent Technology Co., Ltd.

Note 5: The Company is a non-significant subsidiary, its financial statements have not been reviewed.

Note 6: The financial statements of a non-significant subsidiary in the first quarter of 2022 have not been reviewed by auditors.

Note 7: In the first quarter of 2022 it has become a significant subsidiary, and its financial statements have been reviewed by auditors.

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

(c) Investment in associates

Associates are those entities in which the Consolidated Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less any accumulated impairment losses.

(Continued)

**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The consolidated financial statements include the Consolidated Company's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align their accounting policies with those of the Consolidated Company, from the date that significant influence commences until the date that significant influence ceases. The Consolidated Company recognizes proportionately with the shareholding ratio under additional paid-in capital, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual controlling power.

Unrealized profits resulting from transactions between the Consolidated Company and an associate are eliminated to the extent of the Consolidated Company's interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

When the Consolidated Company's share of losses exceeds its interests in an associate, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent the Consolidated Company has an obligation or has made payments on behalf of the associate.

(d) Employee benefits

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

(e) Income taxes

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

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

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

(Continued)

**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

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

In the preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2021. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2021.

**(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, 2021.

Please refer to note 6 in the consolidated financial statements for the year ended December 31, 2021.

**(a) Cash and cash equivalents**

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Cash	\$ 7,012	5,917	7,030
Demand Deposit	678,892	848,656	789,438
Time Deposit	348,219	321,430	217,541
	<b><u>\$ 1,034,123</u></b>	<b><u>1,176,003</u></b>	<b><u>1,014,009</u></b>

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

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

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Current financial assets at fair value through profit or loss:			
Listed common shares - domestic companies	\$ -	1,582	5,263
Non-current financial assets at fair value through profit or loss			
Convertible corporate bonds - call options	\$ 574	574	574

The above financial assets of the Group were not pledged.

(Continued)

**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Debt investments at fair value through other comprehensive income			
Unlisted common shares—Foreign Company – LEDLitek Co., Ltd.	\$ -	-	<b>13,657</b>

The Group holds 15.39% of common shares of LEDLitek Co., Ltd, and the main operating activities of the Company are R&D, manufacturing and sales of car lighting module. 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. Since the Company incurred significant losses due to the operation of the company in 2021. The Group recognized an evaluation loss at fair value amounting to \$118,303 thousand as unrealized other comprehensive income (loss) from investments in equity instruments measured at fair value.

There were no disposed of investments for the three months ended March 31, 2022 and 2021 and there were no transfers of any cumulative gain or loss within equity relating to these investments.

The above financial assets of the Group were not pledged.

(d) Financial assets measured at amortized cost

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Government international bonds	\$ <b>8,718</b>	<b>8,720</b>	<b>8,727</b>

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

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Notes receivable	\$ 15,939	10,856	16,283
Accounts receivable	479,791	450,951	454,843
Overdue receivable	10,941	10,615	2,027
Less: Loss allowance	(30,064)	(28,156)	(34,160)
	<b>\$ 476,607</b>	<b>444,266</b>	<b>438,993</b>

(Continued)

**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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:

<b>March 31, 2022</b>			
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 469,810	0.01%	29
1 to 30 days past due	2,777	6.62%	184
31 to 90 days past due	2,938	9.39%	276
91 to 180 days past due	2,621	40.06%	1,050
Past due over 180 days	17,584	100%	17,584
	<b>\$ 495,730</b>		<b>19,123</b>
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Past due over 180 days	<b>\$ 10,941</b>	100%	<b>10,941</b>
<b>December 31, 2021</b>			
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 434,833	0.03%	158
1 to 30 days past due	6,103	1.15%	70
31 to 90 days past due	3,867	8.00%	309
Past due over 180 days	17,004	100%	17,004
	<b>\$ 461,807</b>		<b>17,541</b>
	<b>Gross carrying amount</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Past due over 180 days	<b>\$ 10,615</b>	100%	<b>10,615</b>

(Continued)

**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>March 31, 2021</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
Current	\$ 434,118	0.01%	35
1 to 30 days past due	1,793	3.18%	57
31 to 90 days past due	3,450	9.97%	344
91 to 180 days past due	153	55.56%	85
Past due over 180 days	31,612	100.00%	31,612
	<u><u>\$ 471,126</u></u>		<u><u>32,133</u></u>

  

	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Loss allowance provision</b>
180 days past due	<u><u>\$ 2,027</u></u>	100%	<u><u>2,027</u></u>

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

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 28,156	34,265
Impairment losses recognized (reversed)	1,546	(60)
Net income (losses) on foreign exchange	362	(45)
Balance at March 31	<u><u>\$ 30,064</u></u>	<u><u>34,160</u></u>

Note and account receivables of the Group were not pledged.

(f) Inventories

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Raw materials	\$ 131,373	122,107	102,775
Supplies	2,920	3,232	3,123
Work in progress	99,060	88,945	91,044
Finished goods	69,606	101,823	60,805
	<u><u>\$ 302,959</u></u>	<u><u>316,107</u></u>	<u><u>257,747</u></u>

(Continued)



**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

The details of the cost of sales were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Inventory that has been sold	\$ 349,209	395,020
Write-down of inventories (gain on reversal)	(1,565)	216
Unallocated production overheads	14,869	11,632
	<b>\$ 362,513</b>	<b>406,868</b>

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

(g) Investments accounted for using equity method

The Group's investments using the equity method as of the reporting date are listed below:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Associate	\$ <u>3,600</u>	<u>-</u>	<u>-</u>

No guarantee was pledge for the Group's investment using the equity method.

The Group acquired 26.09% shares of Taiwan Hydroxyl Technology Co., Ltd. for \$3,600 thousand in 2022, resulting in the Company to have significant influence over it. Please refer to note 13(b) for details.

(h) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Consolidated Company for the three months ended March 31, 2022 and 2021, were as follows:

	<b>Land</b>	<b>Building and construction</b>	<b>Machinery and equipment</b>	<b>Molding equipment</b>	<b>Other facilities</b>	<b>Total</b>
Cost or decked cost:						
Balance at January 1, 2022	\$ 637,862	967,691	1,174,362	38,482	207,140	3,025,537
Additions	-	3,241	1,213	-	1,320	5,774
Reclassify	-	-	2,884	-	345	3,229
Effect of movements in exchange rates	-	26,430	33,172	1,413	3,840	64,855
Balance at March 31, 2022	<b>\$ 637,862</b>	<b>997,362</b>	<b>1,211,631</b>	<b>39,895</b>	<b>212,645</b>	<b>3,099,395</b>
Balance at January 1, 2021	\$ 260,051	815,073	1,229,332	38,871	204,881	2,548,208
Additions	351,073	76,584	1,512	80	1,156	430,405
Disposal	-	-	(261)	(439)	(16)	(716)
Reclassify	26,738	77,775	2,397	186	-	107,096
Effect of movements in exchange rates	-	(3,158)	(4,837)	(193)	(938)	(9,126)
Balance at March 31, 2021	<b>\$ 637,862</b>	<b>966,274</b>	<b>1,228,143</b>	<b>38,505</b>	<b>205,083</b>	<b>3,075,867</b>

(Continued)

**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>Land</u>	<u>Building and construction</u>	<u>Machinery and equipment</u>	<u>Molding equipment</u>	<u>Other facilities</u>	<u>Total</u>
Deprecation and impairments loss:						
Balance at January 1, 2022	\$ -	256,692	995,494	32,918	74,369	1,359,473
Depreciation	-	6,816	14,703	578	3,135	25,232
Effect of movements in exchange rates	-	4,242	27,833	1,141	3,989	37,205
Balance at March 31, 2022	<u>\$ -</u>	<u>267,750</u>	<u>1,038,030</u>	<u>34,637</u>	<u>81,493</u>	<u>1,421,910</u>
Balance at January 1, 2021	\$ -	231,044	1,014,435	30,964	65,519	1,341,962
Depreciation	-	6,545	14,153	3,665	3,282	27,645
Disposal	-	(215)	(45)	(410)	-	(670)
Effect of movements in exchange rates	-	(508)	(3,753)	(166)	(655)	(5,082)
Balance at March 31, 2021	<u>\$ -</u>	<u>236,866</u>	<u>1,024,790</u>	<u>34,053</u>	<u>68,146</u>	<u>1,363,855</u>
Carrying amounts:						
Balance at January 1, 2022	<u>\$ 637,862</u>	<u>710,999</u>	<u>178,868</u>	<u>5,564</u>	<u>132,771</u>	<u>1,666,064</u>
Balance at March 31, 2022	<u>\$ 637,862</u>	<u>729,612</u>	<u>173,601</u>	<u>5,258</u>	<u>131,152</u>	<u>1,677,485</u>
Balance at January 1, 2021	<u>\$ 260,051</u>	<u>584,029</u>	<u>214,897</u>	<u>7,907</u>	<u>139,362</u>	<u>1,206,246</u>
Balance at March 31, 2021	<u>\$ 637,862</u>	<u>729,408</u>	<u>203,353</u>	<u>4,452</u>	<u>136,937</u>	<u>1,712,012</u>

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

(i) Right-of-use assets

The Group leases many assets including land and buildings, machinery 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>
<b>Cost:</b>				
Balance at January 1, 2022	\$ 32,276	59,358	6,373	98,007
Additions	-	552	-	552
Effect of changes in foreign exchange rates	1,251	2,150	-	3,401
Balance at March 31, 2022	<u>\$ 33,527</u>	<u>62,060</u>	<u>6,373</u>	<u>101,960</u>
Balance at January 1, 2021	\$ 32,468	57,424	5,821	95,713
Additions	-	1,735	-	1,735
Effect of changes in foreign exchange rates	(171)	(291)	-	(462)
Balance at March 31, 2021	<u>\$ 32,297</u>	<u>58,868</u>	<u>5,821</u>	<u>96,986</u>

(Continued)

**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<u>Land</u>	<u>Building and Construction</u>	<u>Vehicles</u>	<u>Total</u>
<b>Accumulated depreciation:</b>				
Balance at January 1, 2022	\$ 2,553	24,366	3,971	30,890
Depreciation	221	3,696	485	4,402
Effect of changes in foreign exchange rates	100	894	-	994
Balance at March 31, 2022	<u>\$ 2,874</u>	<u>28,956</u>	<u>4,456</u>	<u>36,286</u>
Balance at January 1, 2021	\$ 1,712	12,264	2,235	16,211
Depreciation	213	3,403	427	4,043
Effect of changes in foreign exchange rates	(8)	(60)	-	(68)
Balance at March 31, 2021	<u>\$ 1,917</u>	<u>15,607</u>	<u>2,662</u>	<u>20,186</u>
<b>Carrying amount:</b>				
Balance at January 1, 2022	<u>\$ 29,723</u>	<u>34,992</u>	<u>2,402</u>	<u>67,117</u>
Balance at March 31, 2022	<u>\$ 30,653</u>	<u>33,104</u>	<u>1,917</u>	<u>65,674</u>
Balance at January 1, 2021	<u>\$ 30,756</u>	<u>45,160</u>	<u>3,586</u>	<u>79,502</u>
Balance at March 31, 2021	<u>\$ 30,380</u>	<u>43,261</u>	<u>3,159</u>	<u>76,800</u>

(j) Short-term borrowings

The short-term borrowings were summarized as follows:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Secured bank loans	\$ 100,413	145,005	12,500
Unsecured bank loans	-	69,451	16,741
Total	<u>\$ 100,413</u>	<u>214,456</u>	<u>29,241</u>
Unused short-term credit lines	<u>\$ 1,592,011</u>	<u>1,437,822</u>	<u>897,711</u>
Range of interest rates	<u>0.155%~1.4929%</u>	<u>0.155%~1.0358%</u>	<u>0.155%~0.95%</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.

(Continued)

**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(k) Long-term borrowings

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

  

<b>December 31, 2021</b>				
	<b>Currency</b>	<b>Rate</b>	<b>Maturity year</b>	<b>Amount</b>
Secured bank loans	TWD	1.960%~ 1.2011%	2041	\$ 306,860
Less: due within one year				(16,080)
Total				<u><u>\$ 290,780</u></u>

  

<b>March 31, 2021</b>				
	<b>Currency</b>	<b>Rate</b>	<b>Maturity year</b>	<b>Amount</b>
Secured bank loans	TWD	1.966%~ 1.1976%	2041	\$ 318,920
Less: due within one year				(16,080)
Total				<u><u>\$ 302,840</u></u>

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

(l) Bonds payable

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Total convertible corporate bonds issued	\$ 300,000	300,000	300,000
Unamortized discounted corporate bonds payable	(12,568)	(14,212)	(32,135)
Cumulative converted amount	(122,200)	(122,200)	-
Convertible bonds issued balance	<u><u>\$ 165,232</u></u>	<u><u>163,588</u></u>	<u><u>267,865</u></u>
Embedded derivative-call options (included in financial assets at fair value through profit or loss)	<u><u>\$ 574</u></u>	<u><u>574</u></u>	<u><u>574</u></u>
Equity components — conversion options (included in capital surplus — share options)	<u><u>\$ 18,960</u></u>	<u><u>18,960</u></u>	<u><u>31,990</u></u>

(Continued)

**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$ 1,644</b>	<b>1,779</b>
Interest expense		

<b>Items</b>	<b>Third secured domestic convertible bonds</b>
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>
9.Conversion price	<p>The conversion price is 19.3 per share when issuance.</p> <p>The company announced on July 29th 2021 that due to the allotment of cash dividends on the ordinary shares, the conversion price has been adjusted from NTD 19.1 since August 21st 2021.</p>
10. Pledge	For the collateral for bonds payable, please refer to note 8.

(Continued)

**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(m) Lease liability

The carrying values of the lease liabilities were as follows:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Current	\$ <u>16,687</u>	<u>16,117</u>	<u>13,758</u>
Non-current	\$ <u>22,488</u>	<u>25,173</u>	<u>35,572</u>

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

The amounts recognized in profit or loss were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Interest on lease liabilities	\$ <u>1,363</u>	<u>1,710</u>
Expenses relating to short-term leases	\$ <u>276</u>	<u>331</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>57</u>	<u>71</u>

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

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Total cash outflow for leases	\$ <u>5,334</u>	<u>5,433</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 machinery and vehicle, with lease terms ranging for a period of 4 to 5 years. Some of the terms can be extended upon maturity. However, if the option of extension is uncertain, the related expenditures incurred in the covered period would not be accounted for as lease liabilities.

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

(Continued)

**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(n) Deferred income

The agreement between Yangzhou Edison Opto Corporation and Yangzhou Land And Resources Bureau entitled right of land use of Yangzhou Economic Development Zone, from December, 2006 to December, 2056. The right of land use of CNY 9,788 thousand is subsidized by the Administrative Commission of Yangzhou Economic Development Zone, generating the long-term deferred revenue of CNY 9,393 thousand recognized under other non-current liabilities and is amortized for 50 years to recognize revenue. As of March 31, 2022, December 31 and March 31, 2021 the amount of unamortized deferred revenue was \$29,416 thousand, \$28,523 thousand and \$29,155 thousand, respectively.

(o) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2021 and 2020.

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

	For the three months ended March 31,	
	2022	2021
Operating cost	\$ 20	65
Operating expenses	122	110
	<u>\$ 142</u>	<u>175</u>

(ii) Defined contribution plans

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

	For the three months ended March 31,	
	2022	2021
Operating cost	3,173	2,909
Operating expenses	2,192	1,927
	<u>5,365</u>	<u>4,836</u>

(Continued)

**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(p) Income taxes

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

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Current tax expense		
Current period	\$ 2,884	6,316
Adjust the current income tax of the previous period	-	-
Income tax expense	<u><u>\$ 2,884</u></u>	<u><u>6,316</u></u>

(ii) Assessment of tax

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

(q) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the periods from January 1 to March 31, 2022 and 2021. For the related information, please refer to note 6(r) of the consolidated financial statements for the year ended December 31, 2021. Please refer to note 6(v) for changes of other equity.

(i) Issuance and cancellation of ordinary shares

The Company cancelled 33 thousand new restricted stock in July 2021. All the statutory registration procedures above had been completed as of the reporting date.

The unsecured domestic convertible bonds issued by the Company were converted into 5 thousand shares, 5,679 thousand shares and 655 thousand ordinary shares in the 2nd, 3rd and 4th quarter, respectively, of 2021. 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:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Share capital	\$ 1,500,428	1,500,428	1,439,858
Employee share options	72,142	72,142	72,142
Difference arising from subsidiary's share price and its carrying value	461	461	14,753
Restricted stock	27,047	27,047	27,196
Conversion options	<u>18,960</u>	<u>18,960</u>	<u>31,990</u>
	<u><u>\$ 1,619,038</u></u>	<u><u>1,619,038</u></u>	<u><u>1,585,939</u></u>

(Continued)



**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

On February 24, 2022, the Company's board of directors approved 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. Both resolutions above have yet to be decided during the shareholders' meeting as of the reporting date.

(iii) Retained earnings

1) Earnings distribution

A resolution was made during the shareholders' meeting held on July 15, 2021, to distribute a cash dividend of \$40,000 thousand. Each share could receive a cash dividend of \$0.33457.

(iv) Treasury shares

- 1) Ledionopto Intelligent Technology Corporation, sub-subsidiary of the Company, held 500 thousand shares of the Company's treasury share. As of March 31, 2022, all treasury shares were not sold. The market price on March 31, 2022, December 31 and March 31, 2021 were \$19.75 thousand, \$23.60 thousand and \$23.25 per share, respectively.
- 2) In compliance with the Securities and Exchange Act, treasury shares held by the Group should not be pledged, and shareholder rights are not entitled before the transfer.

(r) Share-based payment

Except for the following disclosure, there were no significant changes for share-based payment during the periods from January 1 to March 31, 2022 and 2021. For the related information, please refer to note 6(s) of the consolidated financial statements for the year ended December 31, 2021.

(i) Expense recognized in profit or loss

The Group incurred expenses of share-based arrangements in 2022 and 2021 as follows:

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Expenses resulting from restriction of employee stock options	\$ <b>688</b>	<b>1,772</b>

(Continued)

**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(s) Earnings per share

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

	For the three months ended March 31,	
	2022	2021
<b>Basic earnings per share</b>		
Profit of the Company for the year	\$ <u>16,460</u>	<u>33,778</u>
Weighted average number of ordinary shares (in thousands of shares)	<u>124,792</u>	<u>117,883</u>
Basic earnings per share	\$ <u>0.13</u>	<u>0.29</u>
<b>Diluted earnings per share</b>		
Profit of the Company for the year	\$ 16,460	33,778
Effect of dilutive potential ordinary share	-	1,423
Profit attributable to common stockholders of the Company (including effect of dilutive potential ordinary share)	\$ <u>16,460</u>	<u>35,201</u>
Weighted average number of ordinary shares (in thousands of shares)	<u>124,792</u>	<u>117,883</u>
Effect of employee share bonus (in thousands of shares)	252	102
Effect of convertible bonds (in thousands of shares)	-	10,190
Effect of restricted employee shares unrested (in thousands of shares)	<u>570</u>	<u>1,173</u>
Weighted average number of ordinary shares (in thousands of shares)	<u>125,614</u>	<u>129,348</u>
Diluted earnings per share (in New Taiwan Dollars)	\$ <u>0.13</u>	<u>0.27</u>

(t) Revenue from contracts with customers

(i) Revenue detail

	For the three months ended March 31, 2022						
	The Company	Edison Opto (Dong Guan) Co., Ltd.	Yangzhou Edison Opto Corporation	Yangzhou Edison-Litek Opto Corporation	Edison- Litek Opto Corporation	Other	Total
Major market							
China	\$ 18,358	85,588	29,279	21,575	-	3,373	158,173
America and Europe	55,615	-	-	-	77,589	34,193	167,397
Taiwan	31,696	-	-	-	1,243	225	33,164
Africa	5,150	-	-	-	-	-	5,150
Others	<u>96,263</u>	<u>3,761</u>	<u>1,034</u>	<u>-</u>	<u>3,289</u>	<u>6,094</u>	<u>110,441</u>
	\$ <u>207,082</u>	<u>89,349</u>	<u>30,313</u>	<u>21,575</u>	<u>82,121</u>	<u>43,885</u>	<u>474,325</u>
Major product:							
LED transmitter component	\$ 4,538	31,494	-	-	-	-	36,032
LED lighting component	44,948	1,952	18,207	-	-	5,050	70,157
LED lighting module and product	137,835	55,298	11,611	-	-	34,982	239,726
Automotive LED lighting module	-	-	-	20,825	82,121	-	102,946
Others	<u>19,761</u>	<u>605</u>	<u>495</u>	<u>750</u>	<u>-</u>	<u>3,853</u>	<u>25,464</u>
	\$ <u>207,082</u>	<u>89,349</u>	<u>30,313</u>	<u>21,575</u>	<u>82,121</u>	<u>43,885</u>	<u>474,325</u>

(Continued)

## EDISON OPTO CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

		For the three months ended March 31, 2021						
		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	\$	14,681	85,564	65,786	12,006	-	3,924	181,961
America and Europe		61,245	-	-	356	141,475	34,881	237,957
Taiwan		36,609	-	-	-	1,378	265	38,252
Africa		7,066	-	-	-	-	-	7,066
Others		66,956	-	1,955	-	1,388	6,012	76,311
	\$	<u>186,557</u>	<u>85,564</u>	<u>67,741</u>	<u>12,362</u>	<u>144,241</u>	<u>45,082</u>	<u>541,547</u>
Major product:								
LED transmitter component	\$	13,116	48,882	-	-	-	-	61,998
LED lighting component		77,998	1,931	56,513	-	-	6,436	142,878
LED lighting module and product		91,959	26,657	10,937	-	-	37,929	167,482
Automotive LED lighting module		-	-	-	12,335	142,854	265	155,454
Others		3,484	8,094	291	27	1,387	452	13,735
	\$	<u>186,557</u>	<u>85,564</u>	<u>67,741</u>	<u>12,362</u>	<u>144,241</u>	<u>45,082</u>	<u>541,547</u>

(ii) Contract balances

	March 31, 2022	December 31, 2021	March 31, 2021
Note receivables	\$ 15,939	10,856	16,283
Accounts receivables	479,791	450,951	454,843
Less: Loss allowance	(19,123)	(17,541)	(32,133)
Total	<u>\$ 476,607</u>	<u>444,266</u>	<u>438,993</u>

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

(u) Employee compensation and directors' remuneration

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

(Continued)

**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

For the three months period ended March 31, 2022 and 2021, the Company accrued and recognized its employee remuneration amounting to \$871 thousand and \$500 thousand, respectively; as well as its remuneration to directors amounting to \$174 thousand and \$100 thousand, respectively. These amounts were calculated by using the Company's pre-tax net profit for the period before deducting the amounts of the remuneration to employees and directors, multiplied by the distribution of ratio of the remuneration to employees and directors based on the Company's articles of incorporation, and expensed under operating costs or expenses.

For the years ended December 31, 2021 and 2020, the Company accrued and recognized its employee remuneration amounting to \$6,500 thousand and \$2,250 thousand, respectively; as well as its remuneration to directors amounting to \$1,500 thousand and \$450 thousand, respectively. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2021 and 2020. The related information can be accessed from the Market Observation Post System website.

(v) Non-operating income and expenses

(i) Interest income

The details of net other income were as follows:

	For the three months ended March 31,	
	2022	2021
Interest income from bank deposits	\$ 1,246	2,806
Other interest income	2,100	1,105
	<u>\$ 3,346</u>	<u>3,911</u>

(ii) Other income

	For the three months ended March 31,	
	2022	2021
Other income-others	\$ 4,419	2,523

(iii) Other gains and losses

The details of other gains and losses were as follows:

	For the three months ended March 31,	
	2022	2021
Net losses on disposal of Property, plant, and equipment	\$ -	(46)
Net gain on financial assets at fair value	36	1,138
Net gain on foreign exchange	986	2,216
Others	(907)	(1,900)
	<u>\$ 115</u>	<u>1,408</u>

(Continued)

**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iv) Finance costs

The details of finance costs were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Interest expenses	\$ <u><u>4,383</u></u>	<u><u>4,918</u></u>

(w) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note 6(x) of the consolidated financial statements for the year ended December 31, 2021.

(i) Credit risk

1) Concentration of credit risk

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

2) Receivable

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

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g) of the consolidated financial statements for the year ended December 31, 2021.

(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>
<b>March 31, 2022</b>							
Non-derivative financial liabilities							
Secured short and long term loans	\$ 403,253	(437,638)	(110,372)	(9,769)	(19,423)	(57,114)	(240,960)
Lease liabilities	39,175	(46,976)	(10,788)	(10,019)	(11,336)	(14,833)	-
Notes payable and accounts payable	277,198	(277,198)	(277,198)	-	-	-	-
Other payable	85,493	(85,493)	(85,493)	-	-	-	-
Bonds payable	165,232	(177,800)	-	-	(177,800)	-	-
	<u>\$ 970,351</u>	<u>(1,025,105)</u>	<u>(483,851)</u>	<u>(19,788)</u>	<u>(208,559)</u>	<u>(71,947)</u>	<u>(240,960)</u>
<b>December 31, 2021</b>							
Non-derivative financial liabilities							
Secured short and long term loans	\$ 451,865	(487,200)	(155,018)	(9,812)	(19,470)	(57,256)	(245,644)
Unsecured short term loans	69,451	(69,605)	(69,605)	-	-	-	-
Lease liabilities	41,290	(50,081)	(10,376)	(10,218)	(12,616)	(16,871)	-
Notes payable and accounts payable	315,614	(315,614)	(315,614)	-	-	-	-
Other payable	111,795	(111,795)	(111,795)	-	-	-	-
Bonds payable	163,588	(177,800)	-	-	-	(177,800)	-
	<u>\$ 1,153,603</u>	<u>(1,212,095)</u>	<u>(662,408)</u>	<u>(20,030)</u>	<u>(32,086)</u>	<u>(251,927)</u>	<u>(245,644)</u>
<b>March 31, 2021</b>							
Non-derivative financial liabilities							
Secured short and long term loans	\$ 331,420	(369,435)	(22,450)	(9,884)	(19,605)	(57,691)	(259,805)
Unsecured short term loans	16,741	(16,770)	(16,770)	-	-	-	-
Leases liabilities	49,330	(62,320)	(9,937)	(9,538)	(18,392)	(24,453)	-
Notes payable and accounts payable	329,207	(329,207)	(329,207)	-	-	-	-
Other payable	82,248	(82,248)	(82,248)	-	-	-	-
Bonds payable	267,865	(300,000)	-	-	-	(300,000)	-
	<u>\$ 1,076,811</u>	<u>(1,159,980)</u>	<u>(460,612)</u>	<u>(19,422)</u>	<u>(37,997)</u>	<u>(382,144)</u>	<u>(259,805)</u>

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

(Continued)

**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iii) Currency risk

1) Exposure to foreign currency risk

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

	March 31, 2022				December 31, 2021				March 31, 2021			
	Foreign currency	Exchange rate	TWD		Foreign currency	Exchange rate	TWD		Foreign currency	Exchange rate	TWD	
<u>Financial assets</u>												
<u>Monetary items</u>												
USD	\$	11,943 USD/TWD=	28.6250	341,868	11,161 USD/TWD=	27.6800	308,936	9,631 USD/TWD=	28.5350	274,821		
USD		9,397 USD/CNY=	6.3482	268,946	10,264 USD/CNY=	6.5757	284,272	5,416 USD/CNY=	6.5713	154,569		
CNY		19,093 CNY/TWD=	4.5084	86,080	31,420 CNY/TWD=	4.3440	136,488	27,536 CNY/TWD=	4.3430	118,808		
<u>Financial liabilities</u>												
<u>Monetary items</u>												
USD		13,285 USD/TWD=	28.6250	380,283	15,932 USD/TWD=	27.6800	440,988	9,124 USD/TWD=	28.5350	260,353		
USD		2,797 USD/CNY=	6.3482	80,051	2,709 USD/CNY=	6.3757	75,029	450 USD/CNY=	6.5713	12,843		

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, financial assets at fair value through other comprehensive income, loans and borrowings; and trade and other payables that are denominated in foreign currency. A strengthening (weakening) of 5% of the TWD against the USD and CNY as at March 31, 2022 and 2021 would have increased (decreased) the equity by \$11,828 thousand and \$13,700 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 Consolidated Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months ended March 31, 2022 and 2021, foreign exchange loss (including realized and unrealized portions) amounted to \$986 thousand and \$2,216 thousand, respectively.

(Continued)

**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(iv) Fair value of financial instruments

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

	<b>March 31, 2022</b>				
	<b>Book Value</b>	<b>Fair Value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Financial assets at fair value through profit or loss-non current-Embedded derivative of convertible bonds	\$ 574	-	574	-	574
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,034,123	-	-	-	-
Notes and trade receivables	476,607	-	-	-	-
Other receivables	23,343	-	-	-	-
Corporate bonds	8,718	-	-	-	-
Subtotal	1,542,791	-	-	-	-
Total	<u>\$ 1,543,365</u>	<u>-</u>	<u>574</u>	<u>-</u>	<u>574</u>
Financial liabilities at amortized cost					
Short-term bank loans	\$ 100,413	-	-	-	-
Long-term bank loans (included due within one year)	302,840	-	-	-	-
Notes and trade payables	277,198	-	-	-	-
Other payables	85,493	-	-	-	-
Bonds payables	165,232	-	-	-	-
Lease liabilities	39,175	-	-	-	-
Total	<u>\$ 970,351</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)



**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	December 31, 2021				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss-current securities of listed companies	\$ 1,582	1,582	-	-	1,582
Financial assets at fair value through profit or loss-non current-Embedded derivative of convertible bonds	574	-	574	-	574
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,176,003	-	-	-	-
Notes and trade receivables	444,266	-	-	-	-
Other receivables	6,205	-	-	-	-
Corporate bonds	8,720	-	-	-	-
Subtotal	1,635,194	-	-	-	-
Total	\$ 1,637,350	1,582	574	-	2,156
Financial liabilities at amortized cost					
Bank loans	\$ 214,456	-	-	-	-
Long-term bank loans (included due within one year)	306,860	-	-	-	-
Notes and trade payables	315,614	-	-	-	-
Other payables	111,795	-	-	-	-
Bonds payables	163,588	-	-	-	-
Leases liabilities	41,290	-	-	-	-
Total	\$ 1,153,603	-	-	-	-

(Continued)

**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

	<b>March 31, 2021</b>				
	<b>Book value</b>	<b>Fair value</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>		
Financial assets at fair value through profit or loss-current securities of listed companies	\$ 5,263	5,263	-	-	5,263
Financial assets at fair value through profit or loss-non current-Embedded derivative of convertible bonds	574	-	574	-	574
Financial assets at fair value through other comprehensive income-securities of unlisted companies	13,657	-	-	13,657	13,657
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,014,009	-	-	-	-
Notes and trade receivables	438,993	-	-	-	-
Other receivables	6,882	-	-	-	-
Corporate bonds	8,727	-	-	-	-
Subtotal	1,468,611	-	-	-	-
Total	<u>\$ 1,488,105</u>	<u>5,263</u>	<u>574</u>	<u>13,657</u>	<u>19,494</u>
Financial liabilities at amortized cost					
Bank loans	\$ 348,161	-	-	-	-
Notes and trade payables	329,207	-	-	-	-
Other payables	82,248	-	-	-	-
Corporate bonds	267,865	-	-	-	-
Lease liabilities	49,330	-	-	-	-
Total	<u>\$ 1,076,811</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2) Reconciliation of Level 3 fair values

	<b>Fair value through other comprehensive income</b>
March 31, 2022(the beginning period)	\$ -
January 1, 2021	\$ 131,960
Total gains and losses recognized:	
In other comprehensive income	(118,303)
March 31, 2021	<u>\$ 13,657</u>

(Continued)

## EDISON OPTO CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

For the three months ended March 31, 2022 and 2021, 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:

		<b>For the three months ended March 31,</b>	
		<b>2022</b>	<b>2021</b>
Total gains and losses recognized:			
In other comprehensive income, and presented \$		-	(118,303)
in “unrealized gains and losses from			
financial assets at fair value through other			
comprehensive income”			
3)	Quantified information on significant unobservable inputs (Level 3) used in fair value measurement		

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

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

Quantified information of significant unobservable inputs was as follows:

<b>Item</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between significant unobservable inputs and fair value measurement</b>
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"> <li>· equity ratio multiple</li> <li>· Discount for lack of marketability</li> <li>· Discount of control</li> </ul>	<ul style="list-style-type: none"> <li>· The higher multiple, the higher the fair value</li> <li>· The higher the discount for lack of marketability, the lower the fair value</li> <li>· The higher the discount of control, the lower the fair value</li> </ul>

(Continued)

**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

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

The fair value measurement of financial instruments by the Consolidated Company 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
<b>March 31, 2022</b>				
Financial assets fair value through other comprehensive income	1.42	1%	256	(256)
<b>December 31, 2021</b>				
Financial assets fair value through other comprehensive income	1.76	1%	219	(219)
<b>March 31, 2021</b>				
Financial assets fair value through other comprehensive income	2.27	1%	108	(108)

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

- (x) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in Note 6(y) of the consolidated financial statements for the year ended December 31, 2021.

- (y) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2021. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2021. Please refer to Note 6(z) of the consolidated financial statements for the year ended December 31, 2021 for further details.

(Continued)

**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(z) Financing activities not affecting current cash flow

The Group's financing activities which did not affect the current cash flow in the years ended March 31, 2022 and 2021, were as follows:

	January 1, 2022	Cash Flows	Non-cash changes			March 31, 2022
			Foreign exchange movement	Changes in lease payments	Discount and premium amortization	
Short-term borrowings	\$ 214,456	(118,066)	4,023	-	-	100,413
Lease liabilities	41,290	(5,001)	971	1,915	-	39,175
Long-term borrowings (including current portion)	306,860	(4,020)	-	-	-	302,840
Bonds payable	163,588	-	-	-	1,644	165,232
Total liabilities from financing activities	<u>\$ 726,194</u>	<u>(127,087)</u>	<u>4,994</u>	<u>1,915</u>	<u>1,644</u>	<u>607,660</u>

  

	January 1, 2021	Cash Flows	Non-cash changes			March 31, 2021
			Foreign exchange movement	Changes in lease payments	Discount and premium amortization	
Short-term borrowings	\$ 482,352	(462,478)	9,367	-	-	29,241
Lease liabilities	51,145	(3,321)	(230)	1,736	-	49,330
Long-term borrowings (including current portion)	-	318,920	-	-	-	318,920
Bonds payable	-	303,000	-	-	(32,135)	270,865
Total liabilities from financing activities	<u>\$ 533,497</u>	<u>156,121</u>	<u>9,137</u>	<u>1,736</u>	<u>(32,135)</u>	<u>668,356</u>

**(7) Related-party transactions:**

(a) Names and relationship with related parties

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

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

(b) Significant transactions with related parties

(i) Guarantee

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

(Continued)

**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(c) Key management personnel compensation

Key management personnel compensation comprised:

	<b>For the three months ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Short-term employee benefits	\$ 9,415	8,662
Post employment benefits	180	186
Share-based payments	226	391
	<b>\$ 9,821</b>	<b>9,239</b>

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:

<b>Pledged assets</b>	<b>Object</b>	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Deposits (classified under current assets)	The guarantee letter of credit	\$ 12,677	12,259	12,637
Deposits (classified under current assets)	Tender deposit (note)	-	20,000	-
Deposits (classified under current assets)	Short-term loans	106,505	94,987	56,609
Deposits (classified under non-current assets)	Deposit to customs	6,041	10,376	10,361
Property, plant, and equipment	Guarantee of Corporate Bonds	199,305	199,931	201,807
Property, plant, and equipment	Long-term loans	528,311	529,083	531,398
		<b>\$ 852,839</b>	<b>866,636</b>	<b>812,812</b>

note: please refer to note 9 for further explanations.

(Continued)

**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(9) Commitments and contingencies:**

- (a) The Consolidated Company's unrecognized contractual commitments are as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Acquisition of property, plant and equipment	\$ <u>17,405</u>	<u>32,639</u>	<u>1,394</u>

- (b) The Company won the bid for "The third District of Tainan's city LED light construction project" in May 2021, and according to the agreement between both parties, the pledge of the fixed deposit is provided as a performance bond amounting to \$20,000 thousand, recognized as "other current asset". However, the Company failed to meet certain conditions stipulated in the contract. Hence, in November 2021, the Company received a letter from the Tainan City Government Works Bureau stating that the aforesaid contract will be terminated; moreover, implementing that the pledged deposit of \$20,000 thousand will be confiscated, plus, an additional of \$5,000 thousand will be demanded from the Company as compensation. In January 2022, the Company has filed an objection against the decision made by the Tainan City Government Work, and demanded a full refund of its pledged deposit and to disregard of the compensation amounting to \$5,000 thousand. The Company evaluated that it has a big probability of winning the case. A legal process has yet to be carried out depending on the outcome of the situation. The aforesaid pledged deposit was classified to other receivables. The Company received a letter from Tainan City Government Works Bureau in April 2022, stating that the first mediation meeting will be held on May 6th, 2022.

**(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 three months ended March 31,					
	2022			2021		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	34,066	38,932	72,998	39,235	43,361	82,596
Labor and health insurance	2,362	2,646	5,008	2,408	2,666	5,074
Pension	3,193	2,314	5,507	2,974	2,037	5,011
Directors' remuneration	-	441	441	-	250	250
Others	3,809	2,396	6,205	3,916	2,091	6,007
Depreciation	21,070	8,564	29,634	23,935	7,753	31,688
Amortization	3	729	732	23	533	556

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

(Continued)

## EDISON OPTO CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (13) Other disclosures:

##### (a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Consolidated 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	31,488 (USD1,100 thousand)	31,488 (USD1,100 thousand)	31,488 (USD1,100 thousand)	1%	2	-	Short-term financing	-	-	-	50,340 (Note1)	100,680 (Note1)
2	Yangzhou Edison Opto Corporation	Edison-Opto (Dong Guan) Co., Ltd.	Other receivable due from related parties	Yes	45,084 (CNY10,000 thousand)	45,804 (CNY10,000 thousand)	45,804 (CNY10,000 thousand)	1%	2	-	Short-term financing	-	-	-	39,162 (Note1)	78,323 (Note1)

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

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

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

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

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

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

##### (iii) Securities held as of March 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of shares)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Edison Fund Investment Corporation	Taipei Fubon Bank-Qatar Government International Bonds	NO	Financial assets measured at amortized cost-current	-	8,718	- %	8,718	
Edison Fund Investment Corporation	LED Litek Co., Ltd.	NO	Financial assets through other fair value measurements-non-current	124	-	15.39 %	-	

##### (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

##### (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

(Continued)



## EDISON OPTO CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- (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	Parent Company	Sales	(106,232)	(57.11)%	60 days	No significant difference	-	124,720	59.32 %	
The Company	Yangzhou Edison Opto Corporation	Subsidiary	Purchase	106,232	48.02 %	60 days	No significant difference	-	(124,720)	(52.74)%	

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:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (note 1)	Allowance for bad debts
					Amount	Action taken		
Yangzhou Edison Opto Corporation	The Company	Sub-subsidiary company	124,720 (USD4,357 thousand)	0.92	-		31,955 (USD 1,116 thousand)	-

Note 1: As of April 20, 2022.

Note 2: The amount was eliminated in the consolidated financial statements.

- (ix) Trading in derivative instruments: None
- (x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Edison Opto (Dong Guan) Co., Ltd.	1	Sales	18,940	60 days	3.99%
0	The Company	Edison Opto USA Corporation	1	Sales	14,601	60 days	3.08%
0	The Company	Edison- Opto USA Corpotation	1	Accounts receivable	14,922	60 days	0.38%
1	Yangzhou Edison Opto Corporation	The Company	2	Sales	106,232	60 days	22.40%
1	Yangzhou Edison Opto Corporation	The Company	2	Accounts receivable	124,720	60 days	3.15%
1	Yangzhou Edison Opto Corporation	Edison-Egypt Opto Corporation	3	Sales	19,214	60 days	4.05%
1	Yangzhou Edison Opto Corporation	Edison-Egypt Opto Corporation	3	Accounts receivable	19,687	60 days	0.50%
1	Yangzhou Edison Opto Corporation	Edison Opto (Dong Guan) Co., Ltd.	3	Other receivable	45,804	base on contracts	1.16%

(Continued)

## EDISON OPTO CORPORATION AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
2	Edison Opto (Dong Guan) Co., Ltd.	The Company	2	Sales	63,351	60 days	13.36%
3	Edison Opto (Dong Guan) Co., Ltd.	The Company	2	Accounts receivable	39,828	60 days	1.01%
3	Yangzhou Edison-Litek Opto Corporation	Edison Litek Opto Corporation	3	Sales	25,270	60 days	5.33%
3	Yangzhou Edison-Litek Opto Corporation	Edison Litek Opto Corporation	3	Accounts receivable	25,888	60 days	0.65%
4	Edison-Litek Opto Corporation Limited	Edison Litek Opto Corporation	3	Other receivable	31,488	base on contracts	0.80%

Note 1: (a) 0 represents The Company

(b) 1 and thereafter represent subsidiaries

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

(a) 1 represents parent to subsidiary

(b) 2 represents subsidiary to parent

(c) 3 represents subsidiary to subsidiary

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

#### (b) Information on investees:

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

(In Thousands of Shares)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2022	December 31, 2021	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 %	6,398	(17)	(17)	-
The Company	Ledison Opto Corporation	Samoa	Selling of LED components and modules	145,991	145,991	4,500	100.00 %	240,306	1,785	1,785	-
The Company	Best Opto Corporation	Samoa	Selling of LED components and modules	1,550,826	1,550,826	50,000	100.00 %	1,232,485	8,156	8,156	-
The Company	Edison Fund Investment Corporation	Taiwan	Investment	686,000	686,000	25,000	100.00 %	80,105	1,090	1,090	-
The Company	Edison-Litek Opto Corporation Limited	Hong Kong	Investment	167,661	167,661	5,500	44.58 %	112,208	(2,257)	(1,006)	-
The Company	Edison-Litek Opto Corporation	Taiwan	Selling of LED components and modules	64,500	64,500	11,000	78.57 %	197,431	7,100	5,480	-
The Company	Edison-Egypt Opto Corporation	Taiwan	Selling of LED components and modules	25,000	25,000	2,500	100.00 %	24,899	3,694	3,694	-
Best Opto Corporation	Best Led Corporation	Samoa	Investment	1,550,826	1,550,826	50,000	100.00 %	1,243,233	8,164	8,164	-
Edison Fund Investment Corporation	Edison Opto USA Corporation	USA	Selling of LED components and modules	6,392	6,392	220	55.00 %	32,776	1,866	1,026	-
Edison Fund Investment Corporation	Ledionopto Intelligent Technology Corporation	Taiwan	Selling of LED components and modules	113,185	113,185	2,200	100.00 %	17,798	39	39	-
Edison Fund Investment Corporation	Edison Auto Lighting Corporation	Taiwan	Selling of LED components and modules	7,570	7,570	1,000	100.00 %	3,950	(70)	(70)	-

(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 March 31, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying value			
Edison Fund Investment Corporation	Taiwan Hydroxyl Technology Co., Ltd	Taiwan	Authorized reseller of consumer products	3,600	-	300	26.09 %	3,600	-	-	
Edison-Litek Opto Corporation	Edison-Litek Opto Corporation Limited	Hongkong	Investment	33,187	33,187	3,463	28.06 %	70,627	(2,257)	(633)	-

(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 March 31, 2022	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Edison Opto (Dong Guan) Co., Ltd.	Manufacturing and selling of LED components and modules	145,991 (USD 4,500 thousand)	( b )	111,408 (USD 3,317 thousand)	-	-	111,408 (USD 3,317 thousand)	1,785 (USD 64 thousand)	100.00%	1,785 (USD 64 thousand)	246,473 (USD 8,610 thousand)	34,583 (USD 1,183 thousand)
DongGuan Davinci Opto Co., Ltd. (note 2)	Manufacturing and selling of LED components and modules	-	( b )	52,255 (USD 1,714 thousand)	-	-	52,255 (USD 1,714 thousand)	-	-%	-	-	-
Yangzhou Edison Opto Corporation	Manufacturing and selling of LED components and modules	1,550,826 (USD 50,000 thousand)	( b )	1,550,826 (USD 50,000 thousand)	-	-	1,550,826 (USD 50,000 thousand)	8,164 (USD 292 thousand)	100.00%	8,164 (USD 292 thousand)	1,243,229 (USD 43,432 thousand)	-
Yangzhou Aichuan Electronic Trade Corporation	Selling of LED components and modules	2,148 (RMB 500 thousand)	( c )	-	-	-	-	10 (RMB 2 thousand)	100.00%	10 (RMB 2 thousand)	2,328 (RMB 516 thousand)	-
Yangzhou Edison-Litek Opto Corporation	Manufacturing and selling of LED components and modules	270,552 (USD 8,875 thousand)	( b )	167,661 (USD 5,500 thousand)	-	-	167,661 (USD 5,500 thousand)	(2,331) (USD 83 thousand)	72.64%	(1,694) (USD 83 thousand)	159,091 (USD 5,558 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 March 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	1,829,895 (USD58,817 thousand)	1,710,916 (note 3) (USD59,770 thousand)	Note 1
Ledionopto Intelligent Technology Corporation	52,255 (note 2) (USD1,714 thousand)	49,063 (USD1,714 thousand)	-

Note 1: Since the Company acquired the permission from Industrial Development Bureau at September 9, 2019, 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: 10820423850).

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		16,556,182	12.84 %

(Continued)

**EDISON OPTO CORPORATION AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

**(14) Segment information:**

For the three months ended March 31, 2022								
	The Company	Edison Opto (Dong Guan) Co., Ltd.	Yangzhou Edison Opto Corporation	Yangzhou Edison-Litek Opto Corporation	Edison-Litek Opto Corporation	Others	Reconciliation and elimination	Total
Revenues:								
Revenue from external customers	\$ 207,082	89,349	30,313	21,575	82,121	43,885	-	474,325
Intersegment revenues	44,981	72,176	155,692	25,271	-	3,452	(301,572)	-
Total revenue	<u>\$ 252,063</u>	<u>161,525</u>	<u>186,005</u>	<u>46,846</u>	<u>82,121</u>	<u>47,337</u>	<u>(301,572)</u>	<u>474,325</u>
Reportable segment profit or loss	<u>\$ 16,460</u>	<u>2,100</u>	<u>8,164</u>	<u>(2,331)</u>	<u>8,876</u>	<u>7,412</u>	<u>(19,593)</u>	<u>21,088</u>
For the three months ended March 31, 2021								
	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	\$ 186,557	85,564	67,741	12,362	144,241	45,082	-	541,547
Intersegment revenues	40,241	56,505	121,115	76,538	-	-	(294,399)	-
Total revenue	<u>\$ 226,798</u>	<u>142,069</u>	<u>188,856</u>	<u>88,900</u>	<u>144,241</u>	<u>45,082</u>	<u>(294,399)</u>	<u>541,547</u>
Reportable segment profit or loss	<u>\$ 33,778</u>	<u>4,199</u>	<u>11</u>	<u>9,919</u>	<u>22,081</u>	<u>7,719</u>	<u>(33,595)</u>	<u>44,112</u>

Note: The eliminated amount among reportable segments for the three months ended March 31, 2022 and 2021 were \$301,572 and \$294,399, respectively.