

**EDISON OPTO CORPORATION
AND SUBSIDIARIES**

Consolidated Financial Statements

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

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

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Representation Letter

The entities that are required to be included in the combined financial statements of EDISON OPTO CORPORATION as of and for the year ended December 31, 2020 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, EDISON OPTO CORPORATION and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: EDISON OPTO CORPORATION

Chairman: Jason Wu

Date: February 25, 2021



安侯建業聯合會計師事務所

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Independent Auditors' Report

To the Board of Directors of Edison Opto Corporation:

Opinion

We have audited the consolidated financial statements of Edison Opto Corporation and its subsidiaries ("the Edison Group"), which comprise the consolidated statement of financial position as of December 31, 2020 and 2019, and the consolidated statement of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Edison Opto Corporation and subsidiaries as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the Consolidated financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1.Revenue recognition

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

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

Our principal audit procedures included:

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

Other Matter

Edison Opto Corporation has prepared its parent-company-only financial report for the year 2020 and 2019, on which we have issued an unmodified opinion.

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

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

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

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

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

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

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

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

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
February 25, 2021

Notes to Readers

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

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

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

Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2020		December 31, 2019				December 31, 2020		December 31, 2019	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets						Liabilities and Equity					
11xx	Current assets:					21xx	Current liabilities:				
1100	Cash and cash equivalents (note 6(a))	\$ 1,249,755	33	1,000,536	29	2100	Short-term borrowings (note 6(j) and 8)	\$ 482,352	13	283,395	8
1170	Accounts and notes receivable, net (note 6(c)(r))	424,578	11	424,706	12	2170	Accounts and notes payable	369,907	10	319,740	9
1200	Other receivables	2,028	-	2,793	-	2200	Other payables (note 6(s))	110,128	3	140,594	4
1310	Inventories (note 6(d))	265,522	7	244,714	7	2230	Current tax liabilities	18,361	-	12,049	-
1410	Prepayments	64,526	2	51,791	1	2280	Current lease liabilities (note 6(k))	11,916	-	10,115	-
1470	Other current assets (note 8)	131,671	3	198,119	6	2399	Other current liabilities, others	35,523	1	27,243	1
	Total current assets	<u>2,138,080</u>	<u>56</u>	<u>1,922,659</u>	<u>55</u>		Total current liabilities	<u>1,028,187</u>	<u>27</u>	<u>793,136</u>	<u>22</u>
15xx	Non-current assets:					25xx	Non-Current liabilities:				
1517	Non-current financial assets at fair value through other comprehensive income (note 6(b))	131,960	4	106,631	3	2570	Deferred tax liabilities (note 6(n))	2,035	-	2,035	1
1600	Property, plant and equipment (notes 6(g), 8 and 9)	1,206,246	32	1,244,786	36	2580	Non-current lease liabilities (note 6(k))	39,229	1	14,200	-
1755	Right-of-use assets (note 6(h))	79,502	2	54,052	2	2600	Other non-current liabilities (note 6(l)(m))	41,140	1	47,342	2
1780	Intangible assets (note 6(i))	3,757	-	6,354	-		Total non-current liabilities	<u>82,404</u>	<u>2</u>	<u>63,577</u>	<u>3</u>
1840	Deferred tax assets (note 6(n))	61,753	2	61,753	2		Total liabilities	<u>1,110,591</u>	<u>29</u>	<u>856,713</u>	<u>25</u>
1915	Prepayments for business facilities (note 9)	5,318	-	33,836	1	31xx	Equity attributable to owners of parent (notes 6(e)(f)(o)(p)):				
1990	Other non-current assets, others (note 6(g), 8)	137,637	4	25,130	1	3100	Capital stock	1,225,564	33	1,250,014	36
	Total non-current assets	<u>1,626,173</u>	<u>44</u>	<u>1,532,542</u>	<u>45</u>	3200	Capital surplus	1,553,577	41	1,841,558	53
						3310	Legal reserve	-	-	701	-
						3320	Special reserve	-	-	6,313	-
						3350	Total unappropriated retained earnings (accumulated deficit)	48,411	1	(289,754)	(8)
						3410	Exchange differences on translation of foreign financial statements	(177,025)	(4)	(198,918)	(6)
						3420	Unrealized gains (loss) on financial assets at fair value through other comprehensive income	(17,426)	-	(45,780)	(1)
						3491	Other equity, unearned compensation	(6,378)	-	(19,575)	-
						3500	Treasury shares	(61,902)	(2)	(58,877)	(2)
							Total equity attributable to owners of parent:	<u>2,564,821</u>	<u>69</u>	<u>2,485,682</u>	<u>72</u>
						36xx	Non-controlling interests	88,841	2	112,806	3
							Total equity	<u>2,653,662</u>	<u>71</u>	<u>2,598,488</u>	<u>75</u>
							Total liabilities and equity	<u>\$ 3,764,253</u>	<u>100</u>	<u>3,455,201</u>	<u>100</u>
	Total assets	<u>\$ 3,764,253</u>	<u>100</u>	<u>3,455,201</u>	<u>100</u>						

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

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

		2020		2019	
		Amount	%	Amount	%
4000	Operating revenue (note 6(r))	\$ 1,901,238	100	2,259,604	100
5000	Operating costs (notes 6(d)(g)(h)(i)(m))	<u>1,535,866</u>	<u>81</u>	<u>1,863,247</u>	<u>82</u>
	Gross profit from operations	<u>365,372</u>	<u>19</u>	<u>396,357</u>	<u>18</u>
	Operating expenses (note 6(g)(h)(i)(k)(m)(p)):				
6100	Selling expenses	82,358	4	115,599	5
6200	Administrative expenses	150,617	8	193,574	9
6300	Research and development expenses	102,909	5	142,741	6
6450	Impairment loss (notes 6(c))	<u>25,644</u>	<u>1</u>	<u>1,743</u>	<u>-</u>
	Total operating expenses	<u>361,528</u>	<u>18</u>	<u>453,657</u>	<u>20</u>
6900	Net operating income (loss)	<u>3,844</u>	<u>1</u>	<u>(57,300)</u>	<u>(2)</u>
	Non-operating income and expenses (note 6(g)(i)(t)):				
7100	Interest income	18,922	1	20,517	1
7010	Total other income (notes 6(l))	24,537	1	15,832	1
7020	Other gains and losses	5,821	-	(256,694)	(11)
7050	Finance costs	<u>(9,398)</u>	<u>-</u>	<u>(11,498)</u>	<u>(1)</u>
	Total non-operating income and expenses	<u>39,882</u>	<u>2</u>	<u>(231,843)</u>	<u>(10)</u>
7900	Profit (loss) from continuing operations before tax	43,726	3	(289,143)	(12)
7950	Less: Income tax expenses (note 6(n))	<u>10,903</u>	<u>1</u>	<u>(11,420)</u>	<u>(1)</u>
	Profit (loss)	<u>32,823</u>	<u>2</u>	<u>(277,723)</u>	<u>(11)</u>
8300	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans (note 6(m))	6,257	-	741	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note 6(u))	28,354	1	11,887	1
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>34,611</u>	<u>1</u>	<u>12,628</u>	<u>1</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(note 6(o))	21,640	1	(79,989)	(5)
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>21,640</u>	<u>1</u>	<u>(79,989)</u>	<u>(5)</u>
8300	Other comprehensive income	<u>56,251</u>	<u>2</u>	<u>(67,361)</u>	<u>(4)</u>
8500	Total comprehensive income	<u>\$ 89,074</u>	<u>4</u>	<u>(345,084)</u>	<u>(15)</u>
	Profit (loss), attributable to:				
8610	Profit (loss), attributable to owners of parent	\$ 42,154	2	(286,302)	(11)
8620	Profit (loss), attributable to non-controlling interests	<u>(9,331)</u>	<u>-</u>	<u>8,579</u>	<u>-</u>
		<u>\$ 32,823</u>	<u>2</u>	<u>(277,723)</u>	<u>(11)</u>
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	\$ 98,658	5	(349,522)	(15)
8720	Comprehensive income, attributable to non-controlling interests	<u>(9,584)</u>	<u>(1)</u>	<u>4,438</u>	<u>-</u>
		<u>\$ 89,074</u>	<u>4</u>	<u>(345,084)</u>	<u>(15)</u>
	Basic earnings per share (note 6(q))				
9750	Basic earnings per share	<u>\$ 0.35</u>		<u>(2.39)</u>	
	Diluted earnings per share				
9850	Diluted earnings per share	<u>\$ 0.35</u>		<u>(2.39)</u>	

See accompanying notes to consolidated financial statements.

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

EDISON OPTO CORPORATION AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the years ended December 31, 2020 and 2019****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent											
	Retained earnings					Other equity						
							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
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit))	Exchange differences on translation of foreign financial statements						
Balance at January 1, 2019	\$ 1,250,014	1,883,244	-	-	7,014	(123,070)	(57,667)	(526)	(93,570)	2,865,439	109,287	2,974,726
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	701	-	(701)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	6,313	(6,313)	-	-	-	-	-	-	-
Loss	-	-	-	-	(286,302)	-	-	-	-	(286,302)	8,579	(277,723)
Other comprehensive income	-	-	-	-	741	(75,848)	11,887	-	-	(63,220)	(4,141)	(67,361)
Total comprehensive income	-	-	-	-	(285,561)	(75,848)	11,887	-	-	(349,522)	4,438	(345,084)
Other changes in capital surplus:												
Cash dividends from capital surplus	-	(36,000)	-	-	-	-	-	-	-	(36,000)	-	(36,000)
Retirement of treasury share	(20,000)	(14,836)	-	-	-	-	-	-	34,836	-	-	-
Acquisition of company's share by subsidiaries recognized as treasury share	-	-	-	-	-	-	-	-	(143)	(143)	387	244
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	150	-	-	-	-	-	-	-	150	-	150
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	(4,193)	-	-	-	-	(4,193)	(6,206)	(10,399)
Share-based payments	20,000	9,000	-	-	-	-	-	(19,049)	-	9,951	-	9,951
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	4,900	4,900
Balance at December 31, 2019	1,250,014	1,841,558	701	6,313	(289,754)	(198,918)	(45,780)	(19,575)	(58,877)	2,485,682	112,806	2,598,488
Appropriation and distribution of retained earnings:												
Legal reserve used to offset accumulated deficits	-	-	(701)	-	701	-	-	-	-	-	-	-
Special reserve used to offset accumulated deficits	-	-	-	(6,313)	6,313	-	-	-	-	-	-	-
Net income	-	-	-	-	42,154	-	-	-	-	42,154	(9,331)	32,823
Other comprehensive income	-	-	-	-	6,257	21,893	28,354	-	-	56,504	(253)	56,251
Total comprehensive income	-	-	-	-	48,411	21,893	28,354	-	-	98,658	(9,584)	89,074
Capital surplus used to offset accumulated deficits	-	(282,740)	-	-	282,740	-	-	-	-	-	-	-
Cash dividends from capital surplus	-	(12,300)	-	-	-	-	-	-	-	(12,300)	-	(12,300)
Purchase of treasury share	-	-	-	-	-	-	-	-	(19,832)	(19,832)	-	(19,832)
Retirement of treasury share	(16,180)	(3,652)	-	-	-	-	-	-	19,832	-	-	-
Acquisition of company's share by subsidiaries recognized as treasury share	-	-	-	-	-	-	-	-	(3,025)	(3,025)	-	(3,025)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	51	-	-	-	-	-	-	-	51	-	51
Changes in ownership interests in subsidiaries	-	14,381	-	-	-	-	-	-	-	14,381	(14,381)	-
Share-based payments	(8,270)	(3,721)	-	-	-	-	-	13,197	-	1,206	-	1,206
Balance at December 31, 2020	\$ 1,225,564	1,553,577	-	-	48,411	(177,025)	(17,426)	(6,378)	(61,902)	2,564,821	88,841	2,653,662

See accompanying notes to consolidated financial statements.

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

EDISON OPTO CORPORATION AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the years ended December 31, 2020 and 2019****(Expressed in Thousands of New Taiwan Dollars)**

	2020	2019
Cash flows from (used in) operating activities:		
Profit (loss) before tax	\$ 43,726	(289,143)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	123,075	169,106
Amortization expense	2,495	2,310
Impairment loss	25,644	1,743
Interest expense	9,398	11,498
Interest income	(18,922)	(20,517)
Share-based payments	1,206	9,951
Loss (gain) on disposal of property, plant and equipment	(9,189)	1,167
Loss on disposal of intangible assets	144	-
Impairment loss on non-financial	-	248,945
Others	-	(35)
Total adjustments to reconcile profit	133,851	424,168
Changes in operating assets and liabilities:		
Accounts and notes receivable	(25,666)	44,678
Other receivables	(553)	2,251
Inventories	(20,808)	124,504
Prepayments	(14,223)	(6,562)
Other current assets	(3,842)	1,053
Other operating assets	(337)	1,593
Accounts and notes payable	50,167	(89,380)
Other payable	(30,476)	15,871
Other current liabilities	8,281	2,834
Net defined benefit liability	401	681
Total changes in operating assets and liabilities	(37,056)	97,523
Cash inflow generated from operations	140,521	232,548
Interest received	20,240	19,535
Interest paid	(9,389)	(11,545)
Income taxes	(1,477)	(12,382)
Net cash flows from operating activities	149,895	228,156
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(31,998)	(39,355)
Proceeds from disposal of property, plant and equipment	15,175	1,834
Increase in refundable deposits	(573)	(2,600)
Acquisition of intangible assets	-	(6,031)
Decrease in other financial assets	123,890	-
Increase in other financial assets	-	(119,396)
Increase in restricted deposits	(53,600)	(64,442)
Increase in other non-current assets	(111,934)	-
Increase in prepayments for business facilities	(4,756)	(36,084)
Net cash flows from (used in) investing activities	(63,796)	(266,074)
Cash flows from (used in) financing activities:		
Increase in short-term loans	1,919,977	1,403,470
Decrease in short-term loans	(1,719,760)	(1,357,397)
Increase in guarantee deposits received	(9)	(17)
Payment of lease liabilities	(12,498)	(12,260)
Cash dividends paid	(12,249)	(35,850)
Payments to acquire treasury shares	(19,832)	-
Acquisition of ownership interests in subsidiaries	-	(10,399)
Change in non-controlling interests	-	4,900
Net cash flows from (used in) financing activities	155,629	(7,553)
Effect of exchange rate changes on cash and cash equivalents	7,491	(47,401)
Net increase (decrease) in cash and cash equivalents	249,219	(92,872)
Cash and cash equivalents at beginning of period	1,000,536	1,093,408
Cash and cash equivalents at end of period	\$ 1,249,755	1,000,536

See accompanying notes to consolidated financial statements

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

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(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.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on February 25, 2021.

(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. (“FSC”) 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, 2020:

- Amendments to IFRS 3 “Definition of a Business”
- Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform”
- Amendments to IAS 1 and IAS 8 “Definition of Material”
- Amendments to IFRS 16 “COVID-19-Related Rent Concessions”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform — Phase 2”

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(4) Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(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).

(b) Basis of preparation

(i) Basis of measurement

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

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Fair value through other comprehensive income (Available-for-sale financial) are assets measured at fair value;
- 3) The defined benefit asset is recognized as plan assets, plus unrecognized past service cost and unrecognized actuarial losses, less the present value of the defined benefit obligation and the ceiling effects measurement as 4(q).

(ii) Functional and presentation currency

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

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

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

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

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

<u>Name of investor</u>	<u>Name of subsidiary</u>	<u>Principal activity</u>	<u>Shareholding</u>	
			<u>December 31, 2020</u>	<u>December 31, 2019</u>
The Company	Edison Opto Corporation	Business of opto-electronics	100.00 %	100.00 %
The Company	Ledison Opto Corporation	Business of opto-electronics	100.00 %	100.00 %
The Company	Best Opto Corporation	Business of opto-electronics	100.00 %	100.00 %
The Company	Edison Fund Investment Corporation	Investment	100.00 %	100.00 %
The Company	Edison-Litek Opto Corporation Limited (note 1)(note 4)	Investment	44.58 %	61.80 %
The Company	Edison-Litek Opto Corporation	Business of opto-electronics	100.00 %	100.00 %
The Company	Edison-Egypt Opto Corporation	Business of opto-electronics	100.00 %	100.00 %
Ledison Opto Corporation	Edison Opto (Dong Guan) Co., Ltd.	Business of opto-electronics	100.00 %	100.00 %
Best Opto Corporation	Best Led Corporation	Investment	100.00 %	100.00 %
Best Led Corporation	Yangzhou Edison Opto Corporation	Business of opto-electronics	100.00 %	100.00 %
Yangzhou Edison Opto Corporation	Yangzhou Aichuang Electronic Trade Corporation (note 2)	Business of opto-electronics	100.00 %	100.00 %
Edison Fund Investment Corporation	Edison Opto USA Corporation	Business of opto-electronics	55.00 %	55.00 %

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Name of investor</u>	<u>Name of subsidiary</u>	<u>Principal activity</u>	<u>Shareholding</u>	
			<u>December 31, 2020</u>	<u>December 31, 2019</u>
Edison Fund Investment Corporation	Edison Auto Lighting Corporation (note 2)	Business of opto-electronics	51.00 %	51.00 %
Edison Fund Investment Corporation	Davinci Opto Corporation	Business of opto-electronics	100.00 %	100.00 %
Edison Fund Investment Corporation	Ledionopto Lighting Inc.	Business of opto-electronics	100.00 %	100.00 %
Ledionopto Lighting Inc.	Led Plus Co., Ltd. (note 3)	Investment	- %	100.00 %
Edison-Litek Opto Corporation Limited	Yangzhou Edison-Litek Opto Corporation	Business of opto-electronics	100.00 %	100.00 %
Led Plus Co., Ltd.	Dong Guan Davinci Opto Corporation (note 3)	Business of opto-electronics	- %	100.00 %
Edison-Litek Opto Corporation	Edison-Litek Opto Corporation Limited (note 1)(note 4)	Investment	28.06 %	0.28 %

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

Note 2: The Company has been registered in 2019.

Note 3: The dissolution of the Company has been registered in 2020.

Note 4: Edison-Litek Opto Corporation purchased all the shares issued by Edison-Litek Opto Corporation Limited with the amount of USD1,100 thousand by cash, which makes the shareholding ratio increased from 0.28% to 28.06%.

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

(d) Foreign currency

(i) Foreign currency transactions

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

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

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

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Foreign operations

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

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

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

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

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

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

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

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

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Cash and cash equivalents

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

(g) Financial instruments

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

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

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

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

2) Fair value through other comprehensive income (FVOCI)

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

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

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

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

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

3) Impairment of financial assets

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

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

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

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

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

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

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

The Group has the deposit which considered as credit risk.

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

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

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

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

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

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

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

4) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Treasury shares

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

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Financial liabilities

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

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

5) Derecognition of financial liabilities

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

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

6) Offsetting of financial assets and liabilities

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

(h) Inventories

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

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

(i) Property, plant and equipment

(i) Recognition and measurement

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

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

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

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

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

(j) Leases

(i) Identifying a lease

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

- 1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
- 2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 3) the customer has the right to direct the use of the asset throughout the period of use only if either:
- the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
 - the relevant decisions about how and for what purpose the asset is used are predetermined and:
 - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
 - the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

(ii) As a lessee

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

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

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

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

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

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

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

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

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

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

(k) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

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

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

- | | |
|----------------------|-----------|
| 1) Computer software | 3~4 years |
|----------------------|-----------|

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

(l) Impairment of non-financial assets

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

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

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

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

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

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

(m) Revenue from contracts with customers

(i) Revenue from contracts with customer

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

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) Sale of goods

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

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

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

3) Financing components

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

(n) Government grants and government assistance

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

(o) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

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

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Share-based payment

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

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

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

Grant date of a share-based payment award is the date which the Company and its employees reach a consensus on the subscription price and the number of subscription shares.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(q) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

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

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

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

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

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

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(r) Earnings per share

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

(s) Operating segments

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

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

The preparation of the financial statements in conformity with IFRSs 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.

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

Information about judgments made in applying accounting policies that have no significant effects.

Information about assumptions and estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) Impairment of property, plant and equipment

In the process of evaluating the potential impairment of tangible and intangible assets other than goodwill, the Consolidated Company is required to make subjective judgments in determining the independent cash flows, expected future income and expenses related to the specific asset Consolidated Company considering of the nature of the industry. Any changes in these estimates based on changed economic conditions or business strategies and could result in significant impairment charges or reversal in future years. Refer to note 6(g) for further description.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash	\$ 7,922	7,337
Demand Deposit	912,421	776,127
Time Deposit	<u>329,412</u>	<u>217,072</u>
	<u>\$ 1,249,755</u>	<u>1,000,536</u>

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

Please refer to note6(u) for interest rate risk and sensitive analysis of financial assets and financial liabilities for the Group.

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

	December 31, 2020	December 31, 2019
Debt investments at fair value through other comprehensive income		
Unlisted common shares—Foreign Company – LEDLitek Co., Ltd.	<u>\$ 131,960</u>	<u>106,631</u>

The Group holds 15.39% of common shares of LEDLitek Co., Ltd, and the main operating activities of the Company are Sales 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.

There were no disposed of investments for the years ended December 31, 2020 and 2019 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.

(c) Notes and accounts receivable

	December 31, 2020	December 31, 2019
Notes receivable	\$ 23,068	1,145
Accounts receivable	433,748	429,988
Overdue receivable	2,027	56,095
Less: Loss allowance	<u>(34,265)</u>	<u>(62,522)</u>
	<u>\$ 424,578</u>	<u>424,706</u>

(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:

December 31, 2020			
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 412,255	0.38%	1,553
1 to 30 days past due	12,506	4.24%	530
31 to 90 days past due	437	10.30%	45
91 to 180 days past due	31,618	95.23%	30,110
	<u>\$ 456,816</u>		<u>32,238</u>
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
180 days past due	<u>\$ 2,027</u>	100%	<u>2,027</u>
December 31, 2019			
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 405,311	0.02%	94
1 to 30 days past due	7,345	3.50%	257
31 to 90 days past due	9,915	8.89%	881
91 to 180 days past due	8,562	60.86%	5,195
	<u>\$ 431,133</u>		<u>6,427</u>
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
180 days past due	<u>\$ 56,095</u>	100%	<u>56,095</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	2020	2019
Balance at January 1	\$ 62,522	61,054
Impairment losses recognized	25,644	1,743
Amounts written off	(54,051)	-
Foreign exchange gain (losses)	150	(275)
Balance at December 31	<u><u>\$ 34,265</u></u>	<u><u>62,522</u></u>

Note and account receivables of the Group were not pledged.

(d) Inventories

	December 31, 2020	December 31, 2019
Raw materials	\$ 100,716	84,934
Supplies	3,084	3,131
Work in progress	70,037	69,318
Finished goods	91,685	87,331
	<u><u>\$ 265,522</u></u>	<u><u>244,714</u></u>

The details of the cost of sales were as follows:

	2020	2019
Inventory that has been sold	\$ 1,489,923	1,809,173
Write-down of inventories	8,849	(13,214)
Unallocated production overheads	37,094	67,288
	<u><u>\$ 1,535,866</u></u>	<u><u>1,863,247</u></u>

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

(e) Changes in ownership interests in subsidiaries

- (i) Edison-Litek Opto Corporation Limited had processed a cash capital increase in July 2020. The Group purchased all the shares issued with the amount of \$32,417 thousand by cash through Edison-Litek Opto Corporation, which makes the shareholding ratio increased from 62.08% to 72.64%.

	2020
Capital surplus differences between consideration and carrying amounts subsidiaries acquired	<u><u>\$ 14,381</u></u>

- (ii) As of March, 2019, the Consolidated Company increased its ownership in Ledionopto Lighting Inc. through Edison Fund Corporation from 94.97% to 100%, which amounted \$10,399.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The effect of changes in shareholdings was as follows:

	2019
Carrying amount of non-controlling interest on acquisition	\$ 6,206
Consideration paid to non-controlling interests	(10,399)
Capital surplus differences between consideration and carrying amounts subsidiaries acquired	<u>\$ (4,193)</u>

(f) Material non-controlling interests of subsidiaries

Subsidiaries	Main operation place	Parentage of non-controlling interests	
		December 31, 2020	December 31, 2019
Edison-Litek Opto Corporation Limited	Hong Kong	27.36 %	37.92 %

The following information of the aforementioned subsidiaries have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in these information are the fair value adjustment made during the acquisition and relevant difference in accounting principles between the Consolidated Company as at the acquisition date. Intra-Consolidated Company transactions were not eliminated in this information.

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

	December 31, 2020	December 31, 2019
Current assets	\$ 260,583	238,809
Non-current assets	95,714	121,798
Current liabilities	(107,492)	(114,205)
Non-current liabilities	-	(3,297)
Net assets	<u>\$ 248,805</u>	<u>243,105</u>
Non-controlling interests	<u>\$ 68,073</u>	<u>92,186</u>
	2020	2019
Sales revenue	<u>\$ 224,219</u>	<u>523,928</u>
Net income (loss)	\$ (28,835)	19,370
Other comprehensive income	15,638	(10,014)
Comprehensive income	<u>\$ (13,197)</u>	<u>9,356</u>
Profit, attributable to non-controlling interests	<u>\$ (10,388)</u>	<u>7,345</u>
Comprehensive income, attributable to non-controlling	<u>\$ (9,732)</u>	<u>3,548</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	2020	2019
Net cash flows from operating activities	\$ (40,003)	64,293
Net cash flows from investing activities	(6,527)	4,942
Net cash flows from financing activities	53,399	-
Effect of exchange rate changes on cash and cash equivalents	2,117	(10,019)
Net increase in cash and cash equivalents	<u><u>\$ 8,986</u></u>	<u><u>59,216</u></u>

(g) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Consolidated Company for the years ended December 31, 2020 and 2019, were as follows:

	Land	Building and construction	Machinery and equipment	Molding equipment	Other facilities	Total
Cost or deemed cost:						
Balance at January 1, 2020	\$ 260,051	803,349	1,367,864	38,611	214,443	2,684,318
Additions	-	1,731	26,197	224	3,846	31,998
Disposal	-	(3,230)	(205,962)	(554)	(16,346)	(226,092)
Reclassify	-	3,605	27,679	-	366	31,650
Effect of movements in exchange rates	-	9,618	13,554	590	2,572	26,334
Balance at December 31, 2020	<u><u>\$ 260,051</u></u>	<u><u>815,073</u></u>	<u><u>1,229,332</u></u>	<u><u>38,871</u></u>	<u><u>204,881</u></u>	<u><u>2,548,208</u></u>
Balance at January 1, 2019	\$ 260,051	827,817	1,406,584	46,024	232,182	2,772,658
Additions	-	1,459	25,714	860	11,322	39,355
Disposal	-	(1,329)	(29,185)	(7,209)	(24,074)	(61,797)
Reclassify	-	-	8,552	474	2,922	11,948
Effect of movements in exchange rates	-	(24,598)	(43,801)	(1,538)	(7,909)	(77,846)
Balance at December 31, 2019	<u><u>\$ 260,051</u></u>	<u><u>803,349</u></u>	<u><u>1,367,864</u></u>	<u><u>38,611</u></u>	<u><u>214,443</u></u>	<u><u>2,684,318</u></u>
Depreciation and impairments loss:						
Balance at January 1, 2020	\$ -	208,227	1,138,279	27,468	65,558	1,439,532
Depreciation	-	88,789	(2,940)	3,308	19,292	108,449
Disposal	-	(2,921)	(202,174)	(408)	(14,603)	(220,106)
Effect of movements in exchange rates	-	(63,051)	81,270	596	(4,728)	14,087
Balance at December 31, 2020	<u><u>\$ -</u></u>	<u><u>231,044</u></u>	<u><u>1,014,435</u></u>	<u><u>30,964</u></u>	<u><u>65,519</u></u>	<u><u>1,341,962</u></u>

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Land	Building and construction	Machinery and equipment	Molding equipment	Other facilities	Total
Balance at January 1, 2019	\$ -	190,327	865,467	30,463	78,349	1,164,606
Depreciation	-	24,585	110,306	4,665	14,782	154,338
Disposal	-	(1,329)	(26,911)	(6,605)	(23,951)	(58,796)
impairment loss	-	-	223,859	-	-	223,859
Effect of movements in exchange rates	-	(5,356)	(34,442)	(1,055)	(3,622)	(44,475)
Balance at December 31, 2019	<u>\$ -</u>	<u>208,227</u>	<u>1,138,279</u>	<u>27,468</u>	<u>65,558</u>	<u>1,439,532</u>
Carrying amounts:						
Balance at December 31, 2020	<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 January 1, 2019	<u>\$ 260,051</u>	<u>637,490</u>	<u>541,117</u>	<u>15,561</u>	<u>153,833</u>	<u>1,608,052</u>
Balance at December 31, 2019	<u>\$ 260,051</u>	<u>595,122</u>	<u>229,585</u>	<u>11,143</u>	<u>148,885</u>	<u>1,244,786</u>

(i) Impairment Loss

Due to the product transformation of the Group in 2019, some of the machinery's production capacity were deemed as idle. Therefore, the Group conducted impairment evaluation for these property, plant and equipment.

In year 2019, the recoverable amount of the CGU was estimated based on its value in use, the carrying amount was higher than its recoverable amount, therefore, the company recognized the amount of impairment loss \$223,859 in other gain and loss of comprehensive income, please refer to note 6(t).

The estimate of value in use was determined using a pre tax discount rate of 9.66% percent.

(ii) Guarantee

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

(iii) Prepaid payments for land and buildings

The Company purchased a new office with 536,000 and had prepaid 107,571 as of December 31, 2020, which was recognized under other non-current assets-other. The remaining balances were paid, and the transferring procedures were completed on January 22, 2021. Please refer to note 9 and 11.

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(h) 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>Machinery equipment</u>	<u>Vehicles</u>	<u>Total</u>
Cost:					
Balance at January 1, 2020	\$ 31,948	31,091	173	4,659	67,871
Additions	-	38,179	-	1,162	39,341
Disposal	-	(12,256)	(176)	-	(12,432)
Effect of changes in foreign exchange rates	<u>520</u>	<u>410</u>	<u>3</u>	<u>-</u>	<u>933</u>
Balance at December 31, 2020	<u><u>\$ 32,468</u></u>	<u><u>57,424</u></u>	<u><u>-</u></u>	<u><u>5,821</u></u>	<u><u>95,713</u></u>
Balance at January 1, 2019	33,280	33,273	779	-	67,332
Additions	-	147	-	4,659	4,806
Disposals	-	(1,111)	(599)	-	(1,710)
Effect of changes in foreign exchange rates	<u>(1,332)</u>	<u>(1,218)</u>	<u>(7)</u>	<u>-</u>	<u>(2,557)</u>
Balance at December 31, 2019	<u><u>\$ 31,948</u></u>	<u><u>31,091</u></u>	<u><u>173</u></u>	<u><u>4,659</u></u>	<u><u>67,871</u></u>
Accumulated depreciation:					
Balance at January 1, 2020	\$ 842	12,208	112	657	13,819
Depreciation	858	12,127	63	1,578	14,626
Disposal	-	(12,256)	(176)	-	(12,432)
Effect of changes in foreign exchange rates	<u>12</u>	<u>185</u>	<u>1</u>	<u>-</u>	<u>198</u>
Balance at December 31, 2020	<u><u>\$ 1,712</u></u>	<u><u>12,264</u></u>	<u><u>-</u></u>	<u><u>2,235</u></u>	<u><u>16,211</u></u>
Balance at January 1, 2019	\$ -	-	-	-	-
Depreciation	892	12,994	225	657	14,768
Disposals	-	(131)	(107)	-	(238)
Effect of changes in foreign exchange rates	<u>(50)</u>	<u>(655)</u>	<u>(6)</u>	<u>-</u>	<u>(711)</u>
Balance at December 31, 2019	<u><u>\$ 842</u></u>	<u><u>12,208</u></u>	<u><u>112</u></u>	<u><u>657</u></u>	<u><u>13,819</u></u>
Carrying amount:					
Balance at December 31, 2020	<u><u>\$ 30,756</u></u>	<u><u>45,160</u></u>	<u><u>-</u></u>	<u><u>3,586</u></u>	<u><u>79,502</u></u>
Balance at January 1, 2019	<u><u>\$ 33,280</u></u>	<u><u>33,273</u></u>	<u><u>779</u></u>	<u><u>-</u></u>	<u><u>67,332</u></u>
Balance at December 31, 2019	<u><u>\$ 31,106</u></u>	<u><u>18,883</u></u>	<u><u>61</u></u>	<u><u>4,002</u></u>	<u><u>54,052</u></u>

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Intangible assets

The cost, amortization and impairment of the intangible assets of the Group for the years ended December 31, 2020 and 2019 were as follows:

	<u>Goodwill</u>	<u>Computer Software</u>	<u>Total</u>
Costs			
Balance at January 1, 2020	\$ 25,086	29,741	54,827
Disposals	-	(1,420)	(1,420)
Effect of movement in exchange rates	-	124	124
Balance at December 31, 2020	<u>\$ 25,086</u>	<u>28,445</u>	<u>53,531</u>
Balance at January 1, 2019	\$ 25,086	24,524	49,610
Additions	-	6,031	6,031
Reclassify	-	287	287
Disposals	-	(1,596)	(1,596)
Effect of movement in exchange rates	-	495	495
Balance at December 31, 2019	<u>\$ 25,086</u>	<u>29,741</u>	<u>54,827</u>
Accumulated amortization and impairment losses			
Balance at January 1, 2020	\$ 25,086	23,387	48,473
Impairment loss	-	2,495	2,495
Impairment loss	-	(1,276)	(1,276)
Effect of movement in exchange rates	-	82	82
Balance at December 31, 2020	<u>\$ 25,086</u>	<u>24,688</u>	<u>49,774</u>
Balance at January 1, 2019	\$ -	21,926	21,926
Acquisition through business combinations	-	2,310	2,310
Impairment loss	25,086	-	25,086
Disposals	-	(1,596)	(1,596)
Effect of movement in exchange rates	-	747	747
Balance at December 31, 2019	<u>\$ 25,086</u>	<u>23,387</u>	<u>48,473</u>
Carrying value			
Balance at December 31, 2020	<u>\$ -</u>	<u>3,757</u>	<u>3,757</u>
Balance at January 1, 2019	<u>\$ 25,086</u>	<u>2,598</u>	<u>27,684</u>
Balance at December 31, 2019	<u>\$ -</u>	<u>6,354</u>	<u>6,354</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Impairment loss

Goodwill arising from the acquisition of Ledionopto Lighting Inc. on May 1, 2016 amounted to \$25,086. According to IAS 36, goodwill acquired in a business combination is tested for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the acquirer's cash-generating units that are expected to benefit from the synergies of the combination. Ledionopto Lighting Inc, itself is a separate cash-generating unit that can generate independent cash inflows; therefore, goodwill is tested for impairment by comparing the recoverable amount of Ledionopto Lighting Inc, with its carrying amount and impairment loss of \$25,086, classified under other gains and losses. Please refer to note6(t).

(ii) Guarantee

As of December 31, 2020 and 2019, the intangible assets of the Group were not pledged.

(j) Short-term borrowings

The short-term borrowings were summarized as follows:

	December 31, 2020	December 31, 2019
Secured bank loans	\$ 161,853	126,455
Unsecured bank loans	320,499	156,940
Total	\$ 482,352	283,395
Unused short-term credit lines	\$ 1,152,195	1,491,747
Range of interest rates	0.16%~1.23%	1.07%~2.96%

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

(k) Lease liability

The carrying values of the lease liabilities were as follows:

	December 31, 2020	December 31, 2019
Current	\$ 11,916	10,115
Non-current	\$ 39,229	14,200

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

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amounts recognized in profit or loss were as follows:

	2020	2019
Interest on lease liabilities	\$ <u><u>4,162</u></u>	<u><u>3,979</u></u>
Expenses relating to short-term leases	\$ <u><u>2,298</u></u>	<u><u>1,505</u></u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u><u>219</u></u>	<u><u>60</u></u>

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

	2020	2019
Total cash outflow for leases	\$ <u><u>19,177</u></u>	<u><u>17,804</u></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.

(l) 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 December 31, 2020 and December 31, 2019, the amount of unamortized deferred revenue was \$29,514 and \$29,851, respectively.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(m) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

	December 31, 2020	December 31, 2019
Present value of the defined benefit obligations	\$ 21,118	27,168
Fair value of plan assets	(9,536)	(9,731)
	<u>\$ 11,582</u>	<u>17,437</u>

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

1) Composition of plan assets

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

The Group's Bank of Taiwan labor pension reserve account amounted to \$9,536 as of December 31, 2020. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

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

	2020	2019
Defined benefit obligations at January 1	\$ 27,168	26,648
Current service costs and interest cost	761	977
Re-measurements of the net defined benefit liability	(5,978)	(457)
Payment of benefit obligations	(833)	-
Defined benefit obligations at December 31	<u>\$ 21,118</u>	<u>27,168</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Movements of defined benefit plan assets

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

	2020	2019
Fair value of plan assets at January 1	\$ 9,731	9,150
Interest income	110	127
Re-measurements of the net defined benefit liability	279	284
Contributed to plan	249	170
Payment of benefit obligation	(833)	-
Fair value of plan assets at December 31	<u><u>\$ 9,536</u></u>	<u><u>9,731</u></u>

4) Expenses recognized in profit or loss

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

	2020	2019
Current service costs	\$ 457	613
Net interest of net liabilities (assets) for defined benefit	194	237
	<u><u>\$ 651</u></u>	<u><u>850</u></u>
Operating cost	\$ 302	354
Operating expenses	349	496
	<u><u>\$ 651</u></u>	<u><u>850</u></u>

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

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

	2020	2019
Accumulated amount at January 1	\$ 11,602	12,343
Recognized during the period	(6,257)	(741)
Accumulated amount at December 31	<u><u>\$ 5,345</u></u>	<u><u>11,602</u></u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

6) Actuarial assumptions

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

	December 31, 2020	December 31, 2019
Discount rate	0.750 %	1.125 %
Future salary increase rate	2.500 %	3.000 %

The expected allocation payment to be made by the Consolidated Company to the defined benefit plans for the one-year period after the reporting date is \$551.

The weighted-average lifetime of the defined benefits plans is 15.73 years.

7) Sensitivity analysis

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

	Influences of defined benefit obligation	
	Increased 0.25%	Decreased 0.25%
December 31, 2020		
Discount rate (movement of 0.25%)	(681)	707
Future salary increasing rate (movement of 0.25%)	683	(660)
December 31, 2019		
Discount rate (movement of 0.25%)	(912)	950
Future salary increasing rate (movement of 0.25%)	915	(887)

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

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2020 and 2019.

(ii) Defined contribution plans

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

The pension costs incurred from the contribution to the Bureau of the Labor Insurance amounted to \$8,378 thousand and \$21,689 thousand in 2020 and 2019.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) Income taxes

(i) Tax expense

The components of income tax were as follows:

	For the years ended December 31,	
	2020	2019
Current tax expense		
Current period	\$ 10,903	14,629
Adjustment for prior periods	-	-
	<u>10,903</u>	<u>14,629</u>
Deferred tax income	-	(26,049)
Income tax expense (gain)	<u>\$ 10,903</u>	<u>(11,420)</u>

Reconciliation of income tax and income before tax in 2020 and 2019, was as follows:

	2020	2019
Gain or (loss) before income tax	<u>\$ 43,726</u>	<u>(289,143)</u>
Income tax using subsidiaries tax rate	\$ 8,745	(57,829)
Effect of tax rate in foreign jurisdiction	3,702	15,348
Tax-exempt income	6,706	(11,131)
Loss of investing foreign company	(2,004)	54,050
Current-year losses for which no deferred tax asset was recognized	(6,544)	(7,180)
Change in unrecognized temporary differences	6,052	(5,575)
Tax incentives	(1,647)	-
Others	<u>(4,107)</u>	<u>897</u>
Total	<u>\$ 10,903</u>	<u>(11,420)</u>

(ii) Deferred tax assets and liabilities

1) Unrecognized Deferred Tax Liabilities

The consolidated entity is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as at 31 December 2020 and 2019. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	December 31,	December 31,
	2020	2019
Unrecognized deferred tax liabilities	<u>\$ 19,087</u>	<u>22,108</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Unrecognized deferred tax assets

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

	December 31, 2020	December 31, 2019
Tax effect of deductible Temporary Differences	\$ 20,375	14,323
The carry forward of unused tax losses	108,764	115,308
	<u>\$ 129,139</u>	<u>129,631</u>

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

3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2020 and 2019 were as follows:

	<u>Allowance for obsolete inventory</u>	<u>Others</u>	<u>Tax deduction</u>	<u>Total</u>
Deferred tax assets :				
December 31, 2020 (as beginnings of year)	\$ <u>3,815</u>	<u>7,584</u>	<u>50,354</u>	<u>61,753</u>
December 31, 2019 (as beginnings of year)	\$ <u>3,815</u>	<u>7,584</u>	<u>50,354</u>	<u>61,753</u>
	<u>Equity investment</u>			
Deferred tax liabilities :				
December 31, 2020 (as beginnings of year)	\$ <u>2,035</u>			
January 1, 2019	\$ 28,084			
Recognized in profit or loss	<u>(26,049)</u>			
December 31, 2019	\$ <u>2,035</u>			

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 4) As at December 31, 2020, the expiry years of the Company's unutilized business losses for which no deferred tax assets were recognized are as follows:

Year of loss	Unutilized business loss					Total	Expiry year
	Edison Opto Corporation	Edison Fund Investment Corporation	Ledionopto Lighting Inc.	Edison-Egypt Opto Corporation	Edison Auto Lighting Corporation		
2013	\$ -	82,096	-	-	-	82,096	2023
2014	98,302	-	4,454	-	-	102,756	2024
2015	75,078	2,451	22,384	-	-	99,913	2025
2016	93,672	-	-	-	-	93,672	2026
2017	90,158	-	16,630	-	-	106,788	2027
2018	47,537	123,117	14,670	80	-	185,404	2028
2019	42,752	66,135	316	5,810	-	115,013	2029
2020	-	171	-	9,579	197	9,947	2030
	<u>\$ 447,499</u>	<u>273,970</u>	<u>58,454</u>	<u>15,469</u>	<u>197</u>	<u>795,589</u>	

(iii) Assessment of tax

The Company's tax returns for the years through 2018 were assessed by the Taipei National Tax Administration.

(o) Capital and other equity

As of December 31, 2020 and 2019, the number of authorized ordinary shares were 200,000 thousand shares with par value of \$10 per share. The total value of authorized ordinary shares was amounted to \$2,000,000 thousand. As of December 31, 2020 and 2019, 122,556 thousand and 125,001 thousand of ordinary shares were issued. All issued shares were paid up upon issuance.

(in thousands of shares)	Ordinary shares	
	December 31, 2020	December 31, 2019
Balance on January 1	125,001	125,001
Issuance of restricted stocks	-	2,000
Retirement of restricted stocks	(827)	-
Retirement of treasury stocks	(1,618)	(2,000)
Balance on December 31	<u>122,556</u>	<u>125,001</u>

(i) Ordinary shares

The Group issued 2,000 thousand new shares of restricted stock in 2019.

The Company purchased and retired 827 thousand restricted stocks and 1,618 thousand treasury shares in August 2020. The related registration procedures were completed.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Capital surplus

The balances of capital surplus were as follows:

	December 31, 2020	December 31, 2019
Share capital	\$ 1,439,858	1,738,499
Employee share options	72,142	72,142
Difference arising from subsidiary's share price and its carrying value	14,381	-
Restricted stock	27,196	30,917
	<u>\$ 1,553,577</u>	<u>1,841,558</u>

According to the ROC Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock, and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring paid-in capital in excess of par value should not exceed 10% of the total common stock outstanding.

A resolution was decided during the Board of Shareholders' meeting held on June 16, 2020 to distribute the cash dividend of \$12,300. Each share could receive a cash dividend of \$0.10081853 from capital reserve. On June 18, 2019, the Company's shareholders approved to distribute the cash dividend of \$36,000 by capital surplus. Each share could receive a cash dividend of \$0.2999 from capital reserve.

(iii) Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The dividend policy of the Company is coordinated with the share capital, financial structure, operating status, future development plan, fund requirements, competitions, shareholders' benefits, etc. by distributing no less than 60% of the distributable earnings every year. Nonetheless, when the distributable earnings are lower than 20% of the common stock outstanding, no distribution shall be made during the year. Dividends may be distributed either by cash or by share. However, if the dividends are to be distributed in cash, it shall be no less than 10% of the total dividends issued.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with Rule No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

A resolution was approved during the shareholders' meeting on June 16, 2020, to cover the deficit, so there were no earnings distribution. A resolution was approved during the shareholders' meeting on June 18, 2019 to reclassify the distributable earnings of the Company to legal reserve and special reserve. Therefore, no earnings were distributed for 2018.

(iv) Treasury shares

- 1) The Company has decided to retire 2,000 thousand treasury shares via the Board Meeting in May 2019. The amount was \$34,836, and the related registration procedures were completed. As of December 31, 2019, 3,000 thousand shares of treasury shares had not been sold.
- 2) The Group purchased 1,618 thousand treasury shares to maintain the credit of the Company and shareholders' benefits through April to May 2020. The Company decided to retire 1,618 thousand treasury shares via the Board Meeting in August 2020. The amount retired was \$19,832, and the related registration procedures were completed. As of December 31, 2020, 3,000 thousand shares of treasury share has not been sold.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- 3) Ledionopto Lighting Inc., sub subsidiary of the Company, held 500 thousand shares of the Company's treasury stock. The amount on December 31, 2020 and 2019, was \$9,650 and \$6,625, respectively. As of December 31, 2020, all treasury stocks were not sold and the market price on December 31, 2020 and 2019 was 19.30 and 13.25 per share, respectively. Ledionopto Lighting Inc., collected \$51 and \$150 cash dividend in 2020 and 2019 respectively.
- 4) 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.
- (v) OCI accumulated in reserves, net of tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Deferred compensation arising from issuance of restricted stock	Total
Balance at January 1, 2020	\$ (198,918)	(45,780)	(19,575)	(264,273)
Share-based payment	-	-	13,197	13,197
Exchange differences on foreign operations	\$ 21,893	-	-	21,893
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	28,354	-	28,354
Balance at December 31, 2020	<u>\$ (177,025)</u>	<u>(17,426)</u>	<u>(6,378)</u>	<u>(200,829)</u>

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Deferred compensation arising from issuance of restricted stock	Total
Balance at January 1, 2019	\$ (123,070)	(57,667)	(526)	(181,263)
Effects of retrospective application	-	-	-	-
Exchange differences on translation of foreign financial statements	(75,848)	-	-	(75,848)
Unrealized loss of financial assets measured at fair value through other comprehensive income	-	11,887	-	11,887
Balance at December 31, 2019	<u>\$ (198,918)</u>	<u>(45,780)</u>	<u>(19,575)</u>	<u>(264,273)</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(p) Share-based payment

(i) Restricted stocks

- 1) At the Board of Directors' meeting held on June 20, 2018, the Company decided to award 2,000 thousand new shares of restricted stock to those full-time employees who meet the Company's requirements. The restricted stock has been registered with and approved by the Securities and Futures Bureau of the Financial Supervisory Commission, R.O.C.. On July 2, 2019, the Board of Directors issued all the restricted stock. The fair value on the grant date was 14.50 per share.

Employees with restricted stock awards are entitled to purchase the Company's shares at the price of 10 with the condition that these employees continue to work for the Company for the following three years. 40%, 30% and 30% of the restricted shares of stock is vested in year 1, 2 and 3 respectively. The restricted stock is kept by a trust, which is appointed by the Company, before it is vested. These shares of stock shall not be sold, pledged, transferred, gifted or by any other means of disposal to third parties during the custody period. If the shares remain unvested after the vesting period, the Company will repurchase all the unvested shares at the issue price, and cancel the shares thereafter.

- 2) Details of the restricted stock of the Company are as follows:

	For the three months ended December 31,	
	2020	2019
Outstanding at January 1 (number)	\$ 2,000	263
Vested during the year (number)	-	(263)
Granted during the year (number)	-	2,000
Forfeited during the year (number)	(827)	-
Outstanding at December 31 (number)	<u><u>\$ 1,173</u></u>	<u><u>2,000</u></u>

(ii) Expense recognized in profit or loss

The Group incurred expenses of share-based arrangements in 2020 and 2019 as follows:

	2020	2019
Expenses resulting from restricted stocks	<u><u>\$ 1,206</u></u>	<u><u>9,951</u></u>

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(q) Earnings (loss) per share

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

	<u>2020</u>	<u>2019</u>
Basic earnings per share		
Profit/(loss) of the Company for the year	\$ <u>42,154</u>	<u>(286,302)</u>
Weighted average number of ordinary shares (in thousands of shares)	<u>119,058</u>	<u>119,936</u>
Basic earn(loss) per share (in New Taiwan Dollars)	\$ <u>0.35</u>	<u>(2.39)</u>
Diluted earnings per share		
Profit/(loss) of the Company for the year	\$ <u>42,154</u>	<u>(286,302)</u>
Weighted average number of ordinary shares (in thousands of shares)	119,058	119,936
Effect of employee share bonus (in thousands of shares)	140	-
Effect of restricted employee shares unrested (in thousands of shares)	<u>1,589</u>	<u>-</u>
Weighted average number of ordinary shares (in thousands of shares)	<u>120,787</u>	<u>119,936</u>
Diluted earn (loss) per share (in New Taiwan Dollars)	\$ <u>0.35</u>	<u>(2.39)</u>

(r) Revenue from contracts with customers

(i) Revenue detail

	<u>2020</u>						
	<u>The Company</u>	<u>Edison Opto (Dong Guan) Co., Ltd.</u>	<u>Yangzhou Edison Opto Corporation</u>	<u>Yangzhou Edison-Litek Opto Corporation</u>	<u>Edison- Litek Opto Corporation</u>	<u>Other</u>	<u>Total</u>
Major market							
China	\$ 55,139	333,671	269,985	52,706	-	3,429	714,930
America and Europe	192,207	-	-	2,583	293,828	102,729	591,347
Taiwan	98,395	-	-	-	625	573	99,593
Africa	154,401	-	-	-	-	17,789	172,190
Others	<u>280,150</u>	<u>8,245</u>	<u>336</u>	<u>17</u>	<u>22,182</u>	<u>12,248</u>	<u>323,178</u>
	<u>\$ 780,292</u>	<u>341,916</u>	<u>270,321</u>	<u>55,306</u>	<u>316,635</u>	<u>136,768</u>	<u>1,901,238</u>
Major product:							
LED transmitter component	\$ 35,217	189,064	-	-	-	-	224,281
LED lighting component	269,977	9,111	221,882	-	-	24,701	525,671
LED lighting module and product	464,950	141,997	40,098	-	-	86,034	733,079
Automotive LED lighting module	-	-	-	54,351	316,037	23,861	394,249
Others	<u>10,148</u>	<u>1,744</u>	<u>8,341</u>	<u>955</u>	<u>598</u>	<u>2,172</u>	<u>23,958</u>
	<u>\$ 780,292</u>	<u>341,916</u>	<u>270,321</u>	<u>55,306</u>	<u>316,635</u>	<u>136,768</u>	<u>1,901,238</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	2019						Total
	The Company	Edison Opto (Dong Guan) Co., Ltd.	Yangzhou Edison Opto Corporation	Yangzhou Edison-Litek Opto Corporation	Edison-Litek Opto Corporation	Other	
Major market							
China	\$ 52,272	306,429	312,783	27,458	-	3,216	702,158
America and Europe	282,749	-	-	5,823	595,255	104,176	988,003
Taiwan	75,219	-	-	-	30	48	75,297
Africa	43,216	-	-	-	-	32,129	75,345
Others	379,581	21,957	71	2	3,859	13,331	418,801
	<u>\$ 833,037</u>	<u>328,386</u>	<u>312,854</u>	<u>33,283</u>	<u>599,144</u>	<u>152,900</u>	<u>2,259,604</u>
Major product:							
LED transmitter component	\$ 21,639	181,539	-	-	-	-	203,178
LED lighting component	\$ 443,582	10,563	265,908	-	-	33,055	753,108
LED lighting module and product	316,197	135,919	26,714	-	-	118,861	597,691
Automotive LED lighting module	-	-	-	31,684	595,944	-	627,628
Others	51,619	365	20,232	1,599	3,200	984	77,999
	<u>\$ 833,037</u>	<u>328,386</u>	<u>312,854</u>	<u>33,283</u>	<u>599,144</u>	<u>152,900</u>	<u>2,259,604</u>

(ii) Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Note receivables	\$ 23,068	1,145	1,917
Accounts receivables	433,748	429,988	473,921
Less: Loss allowance	(32,238)	(6,427)	(4,866)
Total	<u>\$ 424,578</u>	<u>424,706</u>	<u>470,972</u>

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

(s) Employee compensation and directors' remuneration

In accordance with the Articles of incorporation, the Company should contribute 5%~15% of the profit as employee compensation 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 compensation for employees entitled to receive the above-mentioned employee compensation 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.

The employees' compensation and directors' remuneration for the year ended December 31, 2020, were \$2,250 and \$450, respectively. The calculation is based on the Company's net income before tax excluding employees' compensation, directors' remuneration and recovery of deficit that multiplied by the percentage of employees' compensation and remuneration to directors. The compensations and remunerations were expensed under operating costs or operating expenses during 2020. If there is difference between the actual amount paid and the estimated amount, it will be dealt as changes in accounting estimation and be recognized in the following period. Related information would be available at the Market Observation Post System website which is no different with the resolution of Board of Directors.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Company has suffered in loss so there is no estimated employee and directors' remuneration in 2019.

(t) Non-operating income and expenses

(i) Interest income

The details of net other income were as follows:

	<u>2020</u>	<u>2019</u>
Interest income from bank deposits	\$ 7,754	6,508
Other interest income	11,168	14,009
	<u>\$ 18,922</u>	<u>20,517</u>

(ii) Other income

The details of net other income were as follows:

	<u>2020</u>	<u>2019</u>
Other income-others	\$ 24,537	15,832

(iii) Other gains and losses

The details of other gains and losses were as follows:

	<u>2020</u>	<u>2019</u>
Net gains (losses) on disposal of Property, plant, and equipment	\$ 9,189	(1,167)
Net losses on foreign exchange	(566)	(5,161)
Impairment loss	-	(248,945)
Others	(2,802)	(1,421)
	<u>\$ 5,821</u>	<u>(256,694)</u>

(iv) Finance costs

The details of finance costs were as follows:

	<u>2020</u>	<u>2019</u>
Interest expenses	\$ 9,398	11,498

(u) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Concentration of credit risk

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

3) Receivable

For credit risk exposure of note and trade receivables, please refer to note 6(c). 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).

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
December 31, 2020							
Non-derivative financial liabilities							
Secured loans	\$ 161,853	(161,999)	(161,999)	-	-	-	-
Unsecured loans	320,499	(320,622)	(320,622)	-	-	-	-
Lease liabilities	51,145	(65,684)	(9,663)	(9,204)	(18,051)	(28,766)	-
Notes payable and accounts payable	369,907	(369,907)	(369,907)	-	-	-	-
Other payable	110,128	(110,128)	(110,128)	-	-	-	-
	<u>\$ 1,013,532</u>	<u>(1,028,340)</u>	<u>(972,319)</u>	<u>(9,204)</u>	<u>(18,051)</u>	<u>(28,766)</u>	<u>-</u>
December 31, 2019							
Non-derivative financial liabilities							
Secured loans	\$ 126,455	(126,860)	(126,860)	-	-	-	-
Unsecured loans	156,940	(157,035)	(157,035)	-	-	-	-
Lease liabilities	24,135	(28,914)	(8,076)	(4,480)	(7,463)	(8,895)	-
Notes payable and accounts Payable	319,740	(319,740)	(319,740)	-	-	-	-
Other payable	140,594	(140,594)	(140,594)	-	-	-	-
	<u>\$ 767,864</u>	<u>(773,143)</u>	<u>(752,305)</u>	<u>(4,480)</u>	<u>(7,463)</u>	<u>(8,895)</u>	<u>-</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:

	December 31, 2020				December 31, 2019			
	Foreign currency	Exchange rate	TWD		Foreign currency	Exchange rate	TWD	
<u>Financial assets</u>								
<u>Monetary items</u>								
USD	\$ 6,769	USD/TWD= 28.4800	192,781		11,106	USD/TWD= 29.9800	332,958	
USD	4,448	USD/CNY= 6.5249	126,679		8,380	USD/CNY= 6.9762	251,154	
CNY	28,045	CNY/TWD= 4.3770	122,753		36,288	CNY/TWD= 4.2961	155,988	
<u>Financial liabilities</u>								
<u>Monetary items</u>								
USD	15,722	USD/TWD= 28.4800	447,763		12,455	USD/TWD= 29.9800	373,401	
USD	3,424	USD/CNY= 6.5249	97,516		799	USD/CNY= 6.9762	23,947	
CNY	129	CNY/TWD= 4.3770	565		3,574	CNY/TWD= 4.2961	15,354	

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, financial assets at fair value through other comprehensive income, loans and borrowings; and trade and other payables that are denominated in foreign currency. A strengthening (weakening) of 5% of the TWD against the USD and CNY as at December 31, 2020 and 2019 would have increased (decreased) the equity by \$(5,182) and \$16,365 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 years ended December 31, 2020 and 2019, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$(566) and \$(5,161), respectively.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Consolidated Company's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.5% when reporting to management internally, which also represents the Consolidated Company management's assessment of the reasonably possible interest rate change.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

If the interest rate had increased / decreased by 50 basis points, the Consolidated Company's net loss would have increased / decreased by \$2,411 thousand and \$1,417 thousand for the year ended December 31, 2020 and 2019, with all other variable factors remaining constant. This is mainly due to the Consolidated Company's borrowing at variable rates and investment in variable-rate bills.

(v) Fair value of financial instruments

- 1) The fair value of financial assets and liabilities at fair value through profit or loss, derivative financial instruments used for hedging, 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 :

December 31, 2020				
Book Value	Fair Value			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	\$ <u>131,960</u>	<u>-</u>	<u>-</u>	<u>131,960</u>

December 31, 2019				
Book value	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	\$ <u>106,631</u>	<u>-</u>	<u>-</u>	<u>106,631</u>

2) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
January 1, 2020	\$ 106,631
Total gains and losses recognized:	
In other comprehensive income	25,329
December 31, 2020	\$ <u>131,960</u>
January 1, 2019	\$ 94,499
Total gains and losses recognized:	
In other comprehensive income	12,132
December 31, 2019	\$ <u>106,631</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
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For the years ended December 31, 2020 and 2019, 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:

	<u>2020</u>	<u>2019</u>
Total gains and losses recognized:		
In other comprehensive income, and presented in “unrealized gains and losses from financial assets at fair value through other comprehensive income”	\$ 25,329	12,132

- 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:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income equity investments without an active market	Market comparable companies	<ul style="list-style-type: none"> · Assets multiple (2.28% and 1.56% on December 31, 2020 and 2019, respectively) · Discount for lack of marketability (25% on December 31, 2020 and 2019) 	<ul style="list-style-type: none"> · The higher the assets multiple, the higher the fair value · The higher the discount for lack of marketability, the lower the fair value

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

The fair value measurement of financial instruments by the 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:

	<u>Input</u>	<u>Change</u>	<u>Recognized in other comprehensive income</u>	
			<u>Favorable change</u>	<u>Unfavorable change</u>
December 31, 2020				
Financial assets fair value through other comprehensive income	2.28	1%	1,320	(1,320)
December 31, 2019				
Financial assets fair value through other comprehensive income	1.56	1%	1,066	(1,066)

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.

(v) Financial risk management

(i) Overview

The Consolidated Company have exposures to the following risks from its financial instruments:

- 1) credit risk
- 2) liquidity risk
- 3) market risk

The following likewise discusses the Consolidated Company's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Consolidated Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Consolidated Company's risk management policies are established to identify and analyze the risks faced by the Consolidated Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Consolidated Company's activities. the Consolidated Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(iii) Credit risk

Credit risk is the risk of financial loss to the Consolidated Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Consolidated Company's receivables from customers and investments in debt securities.

As the Consolidated Company has a large number of Consolidated Company of customers, not significantly focused on dealing with a single customer and the sales area are scattered, so there is no significant concentration of the risk of account receivable. In order to reduce the credit risk, the Company also regularly assess the financial status of customers, if necessary, will require customers to provide security or guarantee.

The credit risk of bank deposits and other financial instruments is measured and monitored by the Consolidated Company finance department. As a result of the Consolidated Company's transactions and compliance with others are good credit banks, no significant compliance concerns, so there is no significant credit risk.

(iv) Liquidity risk

Liquidity risk is the risk that the Consolidated Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Consolidated Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Company's reputation. At present, the capital and working capital of the merged company is sufficient to meet all the contractual obligations, so there is no liquidity risk due to the inability to raise funds to meet the contractual obligations.

(v) Market risk

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

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) Currency risk

The Consolidated Company is exposed to currency risk on sales, purchases, and borrowings. The functional currency of the Consolidated Company is dominated by TWD and also has USD and CNY. The main currency of the transaction is TWD, USD and CNY.

The Consolidated Company borrows money in USD from banks to balance the accounts receivable against USD and reduces the risk of loss of USD accounts receivable assets due to exchange rate fluctuations.

The monetary assets and liabilities denominated in other foreign currencies, when a short-term imbalance occurs, the Consolidated Company is required to buy or sell foreign currency at instant exchange rate to ensure that the net risk is maintained at an acceptable level.

The Consolidated Company do not use derivative financial assets for hedging.

2) Interest rate risk

The borrowing of the Consolidated Company is a floating interest rate debt, so the market interest rate changes will make the effective interest rate changes, and the future cash flow fluctuations. The Consolidated Company do not hedge through interest rate swap contracts.

3) Other market price risk

In addition to supporting the expected consumption and sales demand, the Consolidated Company did not sign a commodity contract.

(w) Capital management

The Group's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Group and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group's debt-to-equity ratio at the end of the reporting period as at December 31, 2020 and 2019, is as follows:

	December 31, 2020	December 31, 2019
Total liabilities	\$ 1,110,591	856,713
Less: cash and cash equivalents	(1,249,755)	(1,000,536)
Net debt	\$ (139,164)	(143,823)
Total equity	\$ 2,653,662	2,598,488
Less: hedging reserve	-	-
Adjusted equity	\$ 2,653,662	2,598,488
Debt-to-equity ratio	- %	- %

(x) Financing activities not affecting current cash flow

The Group's financing activities which did not affect the current cash flow in the years ended December 31, 2020 and 2019, were as follows:

	January 1, 2020	Cash Flows	Non-cash changes Foreign exchange movement	Changes in lease payments	December 31, 2020
Short-term borrowings	\$ 283,395	200,217	(1,260)	-	482,352
Lease liabilities	24,315	(12,498)	(13)	39,341	51,145
Total liabilities from financing activities	\$ 307,710	187,719	(1,273)	39,341	533,497

	January 1, 2019	Cash Flows	Non-cash changes Foreign exchange movement	Changes in lease payments	December 31, 2019
Short-term borrowings	\$ 239,145	46,073	(1,823)	-	283,395
Lease liabilities	34,052	(12,260)	(776)	3,299	24,315
Total liabilities from financing activities	\$ 273,197	33,813	(2,599)	3,299	307,710

(7) Related-party transactions:

(a) Names and relationship with related parties

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

Name of related party	Relationship with the Group
Wu, Chien-Jung	The Company's chairman
Wu, Pei-Chun	First degree kinship of the Company's chairman

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31,	
	2020	2019
Short-term employee benefits	\$ 35,580	46,510
Share-based payments	273	4,097
	<u>\$ 35,853</u>	<u>50,607</u>

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

(c) Significant transactions with related parties

(i) The acquisitions of shares from related parties in 2019 are summarized as follows:

	Number of shares	Company	Price of acquisition
Other related parties	336 thousand of shares	LedionOpto Lighting Inc.	<u>\$ 3,695</u>

Price per share from related parties, which is similar to one from non-related parties, is determined by Board of Directors with reference of external appraisal.

(ii) Guarantee

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

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2020	December 31, 2019
Deposits (classified under current assets)	The guarantee letter of credit	\$ 17,312	9,252
Deposits (classified under current assets)	Short-term loans	114,278	64,442
Deposits (classified under non-current assets)	Deposit to customs	8,179	2,787
Property, plant, and equipment	Guarantee of Corporate Bonds	72,654	-
Property, plant, and equipment	Short-term loans	-	56,452
		<u>\$ 212,423</u>	<u>132,933</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(9) Commitments and contingencies:

The Consolidated Company's unrecognized contractual commitments are as follows:

	December 31, 2020	December 31, 2019
Acquisition of property, plant and equipment	\$ 429,869	18,023

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events:

Due to the need of repaying bank loans, the Board of Directors made a resolution on November 10, 2020, that the Company would issue the third domestic secured convertible bonds with a total denomination of \$300,000. The issuance was approved by the authority on December 14, 2020, and were issued on January 25, 2021. The actual issued price was \$303,000, which is 101% of the total denomination of the corporate bonds, the interest rate is 0% within the three-year period.

In response to the demand of operating space, the Board of Directors made a resolution on November 10, 2020, that the Company would purchase new plant and office amounting to \$536,000. The Company had prepaid \$107,571 as of December 31, 2020 then paid the remaining balance on January 22, 2021, while the transfer procedures were completed.

(12) Other:

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

By item	2020			2019		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	152,708	145,422	298,130	176,831	178,531	355,362
Labor and health insurance	7,825	9,702	17,527	8,607	10,444	19,051
Pension	3,991	5,038	9,029	13,918	8,621	22,539
Director's remuneration	-	924	924	-	714	714
Others	15,367	8,865	24,232	16,243	10,926	27,169
Depreciation	95,184	27,891	123,075	132,191	36,915	169,106
Amortization	140	2,355	2,495	138	2,172	2,310

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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 (Note 3)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	Yangzhou Edison Opto Corporation	Yangzhou Edison-Litek Opto Corporation	Other receivables due from related parties	Yes	26,302 (CNY6,000 thousand)	26,262 (CNY6,000 thousand)	-	0%-2.5%	2	-	Short-term financing	-	-	-	233,879 (Note1)	467,757 (Note1)
2	Edison-Litek Opto Corporation Limited	Edison-Litek Opto Corporation	Other receivables due from related parties	Yes	32,439 (USD1,100 thousand)	31,328 (USD1,100 thousand)	-	0%-1%	2	-	Short-term financing	-	-	-	49,761 (Note1)	99,522 (Note1)

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

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

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

(1) Loan arrangement for business transaction

(2) Short-term financing purpose

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

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

(iii) Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of shares)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value (Note)		
Edison Fund Investment Corporation	LED Litek Co., Ltd.	NO	Financial assets through other fair value measurements- non-current	124	131,960	15.39 %	131,960	15.39 %	

Note: Those without public market price will be shown in market approach.

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EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
Yangzhou Edison Opto Corporation	Bank of Communications Co., Ltd. RMB structured deposits through profit or loss	Current financial assets at fair value	-	-	-	-	-	525,240 (RMB120,000 thousand)	-	528,231 (RMB120,683 thousand)	525,240	2,991	-	-
Yangzhou Edison Opto Corporation	FUBON BANK(CHINA) CO., LTD. structured deposits through profit or loss	Current financial assets at fair value	-	-	-	-	-	700,320 (RMB160,000 thousand)	-	704,207 (RMB160,888 thousand)	700,320	3,887	-	-
Yangzhou Edison Opto Corporation	Bank of Communication Co., Ltd. RMB structured deposits through profit or loss	Current financial assets at fair value	-	-	-	-	-	1,063,611 (RMB243,000 thousand)	-	1,064,895 (RMB243,000 thousand)	1,063,611	1,284	-	-

- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship with the Company	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	Taiwan Tech. Square	2020.11	536,000	107,571	Telin Construction Group	Non-related				-	Appraisal of real estate	Group operating demand	None

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

- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sales	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Edison Opto Corporation	Subsidiary company	Purchase	126,595	15.35 %	90 days	No purchase from other suppliers	-	(25,670)	(25.79) %	
Edison Opto Corporation	The Company	Parents	Sales	(126,595)	(100.00) %	90 days	No sales to other clients	-	25,670	100.00 %	
Edison Opto (Dong Guan) Co., Ltd.	The Company	Parents	Sales	(143,290)	(32.56) %	90 days	No significant difference	-	-	- %	

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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)	
The Company	Edison Opto (Dong Guan) Co., Ltd.	sub-subsidiary	Purchase	143,290	21.34 %	90 days	No significant difference	-	-	-	%
Yangzhou Edison Opto Corporation	The Company	Parent Company	Sales	(357,161)	(50.45)%	90 days	No significant difference	-	23,469	15.96 %	
The Company	Yangzhou Edison Opto Corporation	Subsidiary	Purchase	357,161	46.67 %	90 days	No significant difference	-	(23,469)	(23.58)%	
Yangzhou Edison-Litek Opto Corporation	Edison-Litek Opto Corporation	Subsidiary	Sales	(168,913)	(75.33)%	90 days	No significant difference	-	40,271	46.56 %	
Edison-Litek Opto Corporation	Yangzhou Edison-Litek Opto Corporation	Subsidiary	Purchase	168,913	78.07 %	90 days	No significant difference	-	(40,271)	(73.00)%	

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None

(ix) Trading in derivative instruments: None

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Yangzhou Edison Opto Corporation	1	Sales	20,546	90 days	1.08%
0	The Company	Edison Opto (Dong Guan) Co., Ltd.	1	Sales	60,709	90 days	3.19%
0	The Company	Edison Opto USA Corporation	1	Sales	41,230	90 days	2.16%
0	The Company	Edison Opto USA Corporation	1	Accounts receivable	14,439	90 days	0.38%
0	The Company	Edison-Egypt Opto Corporation	1	Sales	12,158	90 days	0.64%
1	Edison Opto Corporation	The Company	2	Sales	126,595	90 days	6.54%
1	Edison Opto Corporation	The Company	2	Accounts receivable	25,670	90 days	0.08%
2	Yangzhou Edison Opto Corporation	The Company	2	Sales	357,161	90 days	18.76%
2	Yangzhou Edison Opto Corporation	The Company	2	Accounts receivable	23,469	90 days	0.62%
2	Yangzhou Edison Opto Corporation	Edison Opto (Dong Guan) Co., Ltd.	3	Sales	28,705	90 days	1.51%
2	Yangzhou Edison Opto Corporation	Edison Opto (Dong Guan) Co., Ltd.	3	Accounts receivable	4,815	90 days	0.13%
2	Yangzhou Edison Opto Corporation	Edison-Egypt Opto Corporation	3	Sales	37,111	90 days	1.95%
2	Yangzhou Edison Opto Corporation	Edison-Egypt Opto Corporation	3	Accounts receivable	20,997	90 days	0.56%
3	Edison Opto (Dong Guan) Co., Ltd.	The Company	2	Sales	143,290	90 days	1.00%
4	Yangzhou Edison-litek Opto Corporation	Edison Litek Opto Corporation	3	Sales	168,913	90 days	8.88%
4	Yangzhou Edison-litek Opto Corporation	Edison Litek Opto Corporation	3	Accounts receivable	40,271	90 days	1.06%

Note 1: (a) 0 represents The Company

(b) 1 and thereafter represent subsidiaries

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

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (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 for the years ended December 31, 2020 (excluding information on investees in Mainland China):

(In Thousands of Shares)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Highest	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2020	December 31, 2019	Shares (thousands)	Percentage of ownership	Carrying value	Percentage of ownership			
The Company	Edison Opto Corporation	Samoa	Selling of LED components and modules	1,041	1,041	30	100.00 %	6,525	100.00 %	2,494	2,494	-
The Company	Ledison Opto Corporation	Samoa	Selling of LED components and modules	145,991	145,991	4,500	100.00 %	220,457	100.00 %	16,984	16,604	-
The Company	Best Opto Corporation	Samoa	Selling of LED components and modules	1,550,826	1,841,964	50,000	100.00 %	1,149,610	100.00 %	8,164	8,676	-
The Company	Edison Fund Investment Corporation	Taiwan	Investment	655,000	655,000	21,900	100.00 %	166,872	100.00 %	653	602	-
The Company	Edison-Litek Opto Corporation Limited	Hong Kong	Investment	167,661	167,661	5,500	44.58 %	110,917	61.80 %	(28,835)	(17,622)	-
The Company	Edison-Litek Opto Corporation	Taiwan	Selling of LED components and modules	48,900	48,900	9,000	100.00 %	174,444	100.00 %	32,446	32,825	-
The Company	Edison-Egypt Opto Corporation	Taiwan	Selling of LED components and modules	47,940	47,940	4,794	100.00 %	8,772	100.00 %	(31,298)	(31,298)	-
Best Opto Corporation	Best Led Corporation	Samoa	Investment	1,550,826	1,841,964	50,000	100.00 %	1,166,454	100.00 %	8,134	8,134	-
Edison Fund Investment Corporation	Edison Opto USA Corporation	USA	Selling of LED components and modules	6,392	6,392	220	55.00 %	22,221	55.00 %	7,275	4,001	-
Edison Fund Investment Corporation	Ledion Opto Lighting Inc.	Taiwan	Selling of LED components and modules	113,185	113,185	2,200	100.00 %	17,714	100.00 %	(642)	(642)	-
Edison Fund Investment Corporation	Davinci Opto Corporation	Taiwan	Selling of LED components and modules	5,000	5,000	500	100.00 %	730	100.00 %	(228)	(228)	-
Ledion Opto Lighting Inc.	Led Plus Limited	Samoa	Investment	-	61,715	-	- %	-	- %	-	-	1
Edison-Litek Opto Corporation	Edison-Litek Opto Corporation Limited	Hong Kong	Investment	33,187	770	3,463	28.06 %	72,265	28.06 %	(28,835)	(1,770)	-
Edison Fund Investment Corporation	Edison Auto Lighting Corporation (Note1)	Taiwan	Selling of LED components and modules	5,100	5,100	510	51.00 %	2,692	51.00 %	(4,522)	(2,308)	-

Note 1: The dissolution of Company has registered in 2020.

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

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(c) Information on investment in mainland China:

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

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Highest Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Edison Opto (Dong Guan) Co., Ltd.	Manufacturing and selling of LED components and modules	USD 145,991 (4,500 thousand)	(b)	USD 145,991 (4,500 thousand)	-	34,583 (USD 1,183 thousand)	USD 111,408 (3,317 thousand)	USD 20,849 (706 thousand)	100.00%	100.00 %	USD 20,849 (706 thousand)	USD 225,886 (7,931 thousand)	USD 34,583 (1,183 thousand)
DongGuan Davinci Opto Co., Ltd. (note 2)	Manufacturing and selling of LED components and modules	-	(b)	USD 60,767 (2,000 thousand)	-	8,512 (USD 286 thousand)	USD 52,255 (1,714 thousand)	USD (82) (3 thousand)	-%	100.00 %	USD (82) (3 thousand)	-	-
Yangzhou Edison Opto Corporation	Manufacturing and selling of LED components and modules	USD 1,550,826 (50,000 thousand)	(b)	USD 1,841,964 (60,000 thousand)	-	291,138 (USD 10,000 thousand)	USD 1,550,826 (50,000 thousand)	USD 8,132 (275 thousand)	100.00%	100.00 %	USD 8,132 (275 thousand)	USD 1,166,450 (49,957 thousand)	-
Yangzhou Aichuan Electronic Trade Corporation	Selling of LED components and modules	RMB 2,148 (500 thousand)	(c)	-	-	-	-	RMB 20 (5 thousand)	100.00%	100.00 %	RMB 20 (5 thousand)	RMB 2,209 (505 thousand)	-
Yangzhou Edison-Litek Opto Corporation	Manufacturing and selling of LED components and modules	USD 270,552 (8,875 thousand)	(b)	USD 167,661 (5,500 thousand)	-	-	USD 167,661 (5,500 thousand)	USD (28,947) (980 thousand)	72.64%	72.64 %	USD (21,027) (712 thousand)	USD 157,379 (5,526 thousand)	-

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

(a) Direct investment from Mainland China

(b) Indirect investment from third-party country

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

(c) Others

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

Note 2: The dissolution has registered in 2020.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Limitation on investment in Mainland China:

Company Name	Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	1,829,895 (USD58,817 thousand)	1,702,249 (note 3) (USD69,770 thousand)	Note 1
Ledionopto Lighting Inc.	52,255 (note 2) (USD1,714 thousand)	52,255 (USD1,714 thousand)	10,628

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 Lighting Inc. indirectly invested USD2,000 thousand, had completed the cancellation of its business registration and liquidation with the approval of Investment Commission in June 2020. The investment capital amounting to USD286 thousand had been remitted to Ledionopto. However, according to the regulation, the remittance to Mainland China amounting to USD1,174 thousand had been included in the accumulated investment amount.

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

(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	13.50 %
Epistar Corporation		9,424,000	7.68 %

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Information on investment in mainland China:

(a) General information

The Company uses the income from operations as the measurement for segment profit and the basis of performance assessment. The Consolidated Company has six reportable segments, which are respectively the Company, Edison Opto (Dong Guan) Co., Ltd., Yangzhou Edison Opto Corporation, Yangzhou Edison-Litek Opto Corporation, Edison-Litek Opto Corporation and other subsidiaries. The Company engages mainly in the research, manufacturing, and selling of the LED components and modules, and lightning transmitter; Edison Opto (Dong Guan) Co., Ltd. engages mainly in the manufacturing and selling of the lightning transmitter; Yangzhou Edison Opto Corporation mainly engages in selling and manufacturing of LED components and modules; Yangzhou Edison-Litek Opto Corporation mainly engages in selling and manufacturing of lightning devices for vehicle.

The reportable segments are the Consolidated Company's strategic divisions. They offer different products and services, and are managed separately because they require different technology and marketing strategies. Most of the strategic divisions were acquired separately. The management of the acquired divisions remains employed by the Consolidated Company.

(b) Information about reportable segments and their measurement and reconciliations

The Consolidated Company uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before of taxation, but not includes any extraordinary activity and foreign exchange gain or losses because of taxation, extraordinary activity, and foreign exchange gain or losses are managed on a Consolidated Company basis, and hence they are not able to be allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

The operating segment accounting policies are similar to those described in note 4 "significant accounting policies" except for the recognition and measurement of pension cost, which is on a cash basis.

The Consolidated Company treated intersegment sales and transfers as third-party transactions. They are measured at market price.

The Consolidated Company operating segment information and reconciliation are as follows:

For the years ended December 31, 2020								
	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	\$ 780,292	341,916	270,321	55,306	316,635	136,768	-	1,901,238
Intersegment revenues	137,693	188,878	444,409	168,912	763	-	(940,655)	-
Total revenue	<u>\$ 917,985</u>	<u>530,794</u>	<u>714,730</u>	<u>224,218</u>	<u>317,398</u>	<u>136,768</u>	<u>(940,655)</u>	<u>1,901,238</u>
Reportable segment profit or loss	<u>\$ 42,154</u>	<u>23,327</u>	<u>8,164</u>	<u>(28,531)</u>	<u>39,482</u>	<u>(24,971)</u>	<u>(15,899)</u>	<u>43,726</u>

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended December 31, 2019								
	<u>The Company</u>	<u>Edison Opto (Dong Guan) Co., Ltd.</u>	<u>Yangzhou Edison Opto Corporation</u>	<u>Yangzhou Edison-Litek Opto Corporation</u>	<u>Edison-Litek Opto Corporation</u>	<u>Others</u>	<u>Reconciliation and elimination</u>	<u>Total</u>
Revenues:								
Revenue from external customers	\$ 833,037	328,386	312,854	33,283	599,144	152,900	-	2,259,604
Intersegment revenues	165,123	186,515	589,546	490,645	-	3,989	(1,435,818)	-
Total revenue	<u>\$ 998,160</u>	<u>514,901</u>	<u>902,400</u>	<u>523,928</u>	<u>599,144</u>	<u>156,889</u>	<u>(1,435,818)</u>	<u>2,259,604</u>
Reportable segment profit or loss	<u>\$ (312,351)</u>	<u>15,055</u>	<u>(299,522)</u>	<u>22,500</u>	<u>52,329</u>	<u>122,757</u>	<u>110,089</u>	<u>(289,143)</u>

(c) Product and service information

For revenue from the external customers of the Consolidated Company please refer to note 6(r).

(d) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers in note 6(r), and segment assets are based on the geographical location of the assets.

<u>Geographical information</u>	<u>2020</u>	<u>2019</u>
Revenue from external customers:		
China	\$ 875,252	907,950
Taiwan	548,850	452,945
Others	179	476
Total	<u>\$ 1,424,281</u>	<u>1,361,371</u>

Non-current assets include property, plant and equipment, investment property, intangible assets, rental prepayment, and other assets, not including financial instruments, deferred tax assets, and other non-current assets.

(e) Major customers

As of December 31, 2020 and 2019, the customer contributing 10% or higher of Consolidated Company's revenue.

	<u>2020</u>	<u>2019</u>
Customer 104304	<u>\$ 284,017</u>	<u>606,863</u>