

**EDISON OPTO CORPORATION
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2021 and 2020**

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

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Independent Auditors' Review Report

To the Board of Directors of Edison Opto Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of EDISON OPTO CORPORATION and its subsidiaries as of March 31, 2021 and 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2021 and 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$516,439 thousand and \$450,394 thousand, constituting 13.65% and 12.76% of consolidated total assets at March 31, 2021 and 2020, respectively, total liabilities amounting to \$165,996 thousand and \$131,253 thousand, constituting 14.03% and 13.79% of consolidated total liabilities at March 31, 2021 and 2020, respectively, and total comprehensive income(loss) amounting to \$9,517 thousand and \$(4,916) thousand, constituting (10.95)% and 19.65% of consolidated total comprehensive income (loss) for the three months ended March 31, 2021 and 2020, respectively.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of EDISON OPTO CORPORATION and its subsidiaries as of March 31, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)
May 13, 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 review such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards as of March 31, 2021 and 2020

EDISON OPTO CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2021, December 31, 2020, and March 31, 2020

(Expressed in Thousands of New Taiwan Dollars)

		March 31, 2021		December 31, 2020		March 31, 2020				March 31, 2021		December 31, 2020		March 31, 2020	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
11xx	Current assets:							21xx	Current liabilities:						
1100	Cash and cash equivalents (note 6(a))	\$ 1,014,009	27	1,249,755	33	1,091,957	31	2100	Short-term borrowings (note 6(i) and 8)	\$ 29,241	1	482,352	13	364,605	11
1110	Current financial assets at fair value through profit or loss (note 6(b))	5,263	-	-	-	-	-	2170	Accounts and notes payable	329,207	9	369,907	10	361,324	10
1170	Accounts and notes receivable, net (note 6(e)(s))	438,993	12	424,578	11	470,720	13	2200	Other payables (note 6(t))	82,248	2	110,128	3	112,973	3
1200	Other receivables	6,882	-	2,028	-	2,397	-	2230	Current tax liabilities	24,545	1	18,361	-	12,899	-
1310	Inventories (note 6(f))	257,747	7	265,522	7	325,596	9	2280	Current lease liabilities (note 6(l))	13,758	-	11,916	-	8,342	-
1410	Prepayments	73,925	2	64,526	2	46,046	1	2322	Long-term borrowings, current portion (note 6(j) and 8)	16,080	1	-	-	-	-
1470	Other current assets (note 8)	69,508	2	131,671	3	80,648	2	2399	Other current liabilities, others	39,064	1	35,523	1	29,485	1
	Total current assets	1,866,327	50	2,138,080	56	2,017,364	56		Total current liabilities	534,143	15	1,028,187	27	889,628	25
15xx	Non-current assets:							25xx	Non-Current liabilities:						
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	574	-	-	-	-	-	2530	Bonds payable(note 6(k) and 8)	267,865	7	-	-	-	-
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	13,657	-	131,960	4	106,124	3	2540	Long-term borrowings(note 6(j) and 8)	302,840	8	-	-	-	-
1535	Non-current financial assets at amortized cost, net (note 6(d))	8,727	-	-	-	-	-	2570	Deferred tax liabilities	2,035	-	2,035	-	2,035	-
1600	Property, plant and equipment (notes 6(g), 8 and 9)	1,712,012	45	1,206,246	32	1,237,840	35	2580	Non-current lease liabilities (notes 6(l))	35,572	1	39,229	1	13,094	-
1755	Right-of-use assets (note 6(h))	76,800	2	79,502	2	50,622	2	2600	Other non-current liabilities (notes 6(m))	40,872	1	41,140	1	47,127	2
1780	Intangible assets	4,186	-	3,757	-	5,670	-		Total non-current liabilities	649,184	17	82,404	2	62,256	2
1840	Deferred tax assets	61,753	2	61,753	2	61,753	2	31xx	Total liabilities	1,183,327	32	1,110,591	29	951,884	27
1915	Prepayments for business facilities (note 9)	6,290	-	5,318	-	21,239	1		Equity attributable to owners of parent (notes 6(p)(q)):						
1990	Other non-current assets, others (note 6(g) and 8)	32,074	1	137,637	4	28,005	1	3100	Capital stock	1,225,564	32	1,225,564	33	1,250,014	35
	Total non-current assets	1,916,073	50	1,626,173	44	1,511,253	44	3200	Capital surplus	1,585,939	42	1,553,577	41	1,841,558	52
								3310	Legal reserve	-	-	-	-	701	-
								3320	Special reserve	-	-	-	-	6,313	-
								3350	Total unappropriated retained earnings (accumulated deficit)	82,189	2	48,411	1	(297,689)	(8)
								3410	Exchange differences on translation of foreign financial statements	(185,129)	(5)	(177,025)	(4)	(211,948)	(6)
								3420	Unrealized gains (loss) on financial assets at fair value through other comprehensive income	(133,754)	(3)	(17,426)	-	(46,287)	(1)
								3491	Other equity, unearned compensation	(4,606)	-	(6,378)	-	(16,313)	-
								3500	Treasury shares	(63,877)	(2)	(61,902)	(2)	(58,877)	(2)
									Total equity attributable to owners of parent:	2,506,326	66	2,564,821	69	2,467,472	70
								36xx	Non-controlling interests	92,747	2	88,841	2	109,261	3
									Total equity	2,599,073	68	2,653,662	71	2,576,733	73
	Total assets	\$ 3,782,400	100	3,764,253	100	3,528,617	100		Total liabilities and equity	\$ 3,782,400	100	3,764,253	100	3,528,617	100

See accompanying notes to consolidated financial statements.

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

EDISON OPTO CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2021 and 2020

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

		For the three months ended March 31			
		2021		2020	
		Amount	%	Amount	%
4000	Operating revenue (note 6(s))	\$ 541,547	100	496,474	100
5000	Operating costs (notes 6(f)(g)(h)(n))	406,868	75	419,662	85
	Gross profit from operations	134,679	25	76,812	15
	Operating expenses (note 6(e)(g)(h)(l)(n)(q)(t)):				
6100	Selling expenses	27,338	5	27,125	5
6200	Administrative expenses	43,899	8	39,780	8
6300	Research and development expenses	22,314	4	22,337	5
6450	Impairment loss (reversal of impairment losses)	(60)	-	1,897	-
	Total operating expenses	93,491	17	91,139	18
6900	Net operating income (loss)	41,188	8	(14,327)	(3)
	Non-operating income and expenses (note 6(g)(i)(j)(k)(l)(m)(u)):				
7100	Interest income	3,911	1	5,264	1
7010	Other income	2,523	-	4,045	1
7020	Other gains and losses	1,408	-	(1,006)	-
7050	Finance costs	(4,918)	(1)	(2,576)	(1)
	Total non-operating income and expenses	2,924	-	5,727	1
7900	Profit (loss) from continuing operations before tax	44,112	8	(8,600)	(2)
7950	Less: Income tax expenses (note 6(o))	6,316	1	2,365	-
	Profit (loss)	37,796	7	(10,965)	(2)
8300	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income(note 6(c))	(116,328)	(21)	(507)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
		(116,328)	(21)	(507)	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(8,367)	(2)	(13,545)	(3)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	(8,367)	(2)	(13,545)	(3)
8300	Other comprehensive income	(124,695)	(23)	(14,052)	(3)
8500	Total comprehensive income	\$ (86,899)	(16)	(25,017)	(5)
	Profit (loss), attributable to:				
8610	Profit (loss), attributable to owners of parent	\$ 33,778	6	(7,935)	(2)
8620	Profit (loss), attributable to non-controlling interests	4,018	1	(3,030)	-
		\$ 37,796	7	(10,965)	(2)
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	\$ (90,654)	(17)	(21,472)	(4)
8720	Comprehensive income, attributable to non-controlling interests	3,755	1	(3,545)	(1)
		\$ (86,899)	(16)	(25,017)	(5)
	Basic earnings per share (note 6(r))				
9750	Basic earnings per share	\$ 0.29		(0.07)	
	Diluted earnings per share				
9850	Diluted earnings per share	\$ 0.27		(0.07)	

See accompanying notes to consolidated financial statements.

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EDISON OPTO CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the three months ended March 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										Non-controlling interests	Total equity
	Retained earnings					Other equity						
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Employees unrealized reward	Treasury shares	Total equity attributable to owners of parent		
Balance at January 1, 2020	\$ 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
Loss	-	-	-	-	(7,935)	-	-	-	-	(7,935)	(3,030)	(10,965)
Other comprehensive income	-	-	-	-	-	(13,030)	(507)	-	-	(13,537)	(515)	(14,052)
Total comprehensive income	-	-	-	-	(7,935)	(13,030)	(507)	-	-	(21,472)	(3,545)	(25,017)
Share-based payments	-	-	-	-	-	-	-	3,262	-	3,262	-	3,262
Balance at March 31, 2020	\$ 1,250,014	1,841,558	701	6,313	(297,689)	(211,948)	(46,287)	(16,313)	(58,877)	2,467,472	109,261	2,576,733
Balance at January 1, 2021	\$ 1,225,564	1,553,577	-	-	48,411	(177,025)	(17,426)	(6,378)	(61,902)	2,564,821	88,841	2,653,662
Net income	-	-	-	-	33,778	-	-	-	-	33,778	4,018	37,796
Other comprehensive income	-	-	-	-	-	(8,104)	(116,328)	-	-	(124,432)	(263)	(124,695)
Total comprehensive income	-	-	-	-	33,778	(8,104)	(116,328)	-	-	(90,654)	3,755	(86,899)
Other changes in capital surplus:												
Due to recognition of equity component of convertible bonds issued	-	31,990	-	-	-	-	-	-	-	31,990	-	31,990
Acquisition of company's share by subsidiaries recognized as treasury share	-	-	-	-	-	-	-	-	(1,975)	(1,975)	-	(1,975)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	78	-	-	-	-	-	-	-	78	(2,548)	(2,470)
Changes in ownership interests in subsidiaries	-	294	-	-	-	-	-	-	-	294	2,699	2,993
Share-based payments	-	-	-	-	-	-	-	1,772	-	1,772	-	1,772
Balance at March 31, 2021	\$ 1,225,564	1,585,939	-	-	82,189	(185,129)	(133,754)	(4,606)	(63,877)	2,506,326	92,747	2,599,073

See accompanying notes to consolidated financial statements.

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

EDISON OPTO CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months ended March 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2021	2020
Cash flows from (used in) operating activities:		
Profit (loss) before tax	\$ 44,112	(8,600)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	31,688	30,029
Amortization expense	556	650
Impairment loss (reversal of impairment loss)	(60)	1,897
Net loss on financial assets or liabilities at fair value through profit or loss	(1,138)	-
Interest expense	4,918	2,576
Interest income	(3,911)	(5,264)
Share-based payments	1,772	3,262
Loss (gain) on disposal of property, plant and equipment	46	(218)
Gain on disposal of investments	(250)	-
Total adjustments to reconcile profit	33,621	32,932
Changes in operating assets and liabilities:		
Accounts and notes receivable	(14,311)	(47,756)
Other receivables	(4,854)	(478)
Inventories	7,775	(80,882)
Prepayments	(9,369)	5,987
Other current assets	(176)	217
Other operating assets	(75)	99
Accounts and notes payable	(40,700)	41,584
Other payable	(24,912)	(27,949)
Other current liabilities	3,541	2,243
Net defined benefit liability	98	204
Total changes in operating assets and liabilities	(82,983)	(106,731)
Cash inflow generated from operations	(5,250)	(82,399)
Interest received	3,867	6,138
Interest paid	(3,115)	(2,249)
Income taxes	(162)	(1,757)
Net cash flows used in operating activities	(4,660)	(80,267)
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortized cost	(8,788)	-
Acquisition of financial assets at fair value through profit or loss	(4,950)	-
Proceeds from disposal of financial assets at fair value through profit or loss	1,075	-
Acquisition of property, plant and equipment	(430,405)	(8,782)
Proceeds from disposal of property, plant and equipment	-	288
Increase in refundable deposits	-	(230)
Acquisition of intangible assets	(200)	-
Increase in other financial assets	-	112,209
Decrease in restricted deposits	62,345	1,662
Increase in other non-current assets	(2,182)	(1,006)
Increase in prepayments for business facilities	(1,329)	(4,032)
Net cash flows from (used in) investing activities	(384,434)	100,109
Cash flows from (used in) financing activities:		
Increase in short-term loans	587,318	490,621
Decrease in short-term loans	(1,049,796)	(412,691)
Proceeds from issuing bonds	297,503	-
Proceeds from long-term debt	321,600	-
Repayments of long-term debt	(2,680)	-
Decrease in guarantee deposits received	(7)	-
Payment of lease liabilities	(3,321)	(3,372)
Acquisition of ownership interests in subsidiaries	(2,470)	-
Net cash flows from financing activities	148,147	74,558
Effect of exchange rate changes on cash and cash equivalents	5,201	(2,979)
Net increase (decrease) in cash and cash equivalents	(235,746)	91,421
Cash and cash equivalents at beginning of period	1,249,755	1,000,536
Cash and cash equivalents at end of period	\$ 1,014,009	1,091,957

See accompanying notes to consolidated financial statements

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

Notes to the Consolidated Financial Statements

March 31, 2021 and 2020

(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 May 13, 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, 2021:

- 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”

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 16 “Property, Plant and Equipment — Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts — Cost of Fulfilling a Contract”
- Amendments to IFRS 16 “A one-year extension to the practical expedient for COVID-19 related rent concessions”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(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).

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2020. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2020.

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			March 31, 2021	December 31, 2020	March 31, 2020	
The Company	Edison Opto Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	6
The Company	Ledison Opto Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	6
The Company	Best Opto Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	
The Company	Edison Fund Investment Corporation	Investment	100.00 %	100.00 %	100.00 %	
The Company	Edison-Litek Opto Corporation Limited (note 1) (note 4)	Investment	44.58 %	44.58 %	61.80 %	
The Company	Edison-Litek Opto Corporation (note 5)	Business of opto-electronics	98.43 %	100.00 %	100.00 %	
The Company	Edison-Egypt Opto Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	6
Ledison Opto Corporation	Edison Opto (Dong Guan) Co., Ltd.	Business of opto-electronics	100.00 %	100.00 %	100.00 %	6
Best Opto Corporation	Best Led Corporation	Investment	100.00 %	100.00 %	100.00 %	

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			March 31, 2021	December 31, 2020	March 31, 2020	
Best Led Corporation	Yangzhou Edison Opto Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	
Yangzhou Edison Opto Corporation	Yangzhou Aichuang Electronic Trade Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	6
Edison Fund Investment Corporation	Edison Opto USA Corporation	Business of opto-electronics	55.00 %	55.00 %	55.00 %	6
Edison Fund Investment Corporation	Edison Auto Lighting Corporation	Business of opto-electronics	100.00 %	51.00 %	51.00 %	6
Edison Fund Investment Corporation	Davinci Opto Corporation(note 2)	Business of opto-electronics	- %	100.00 %	100.00 %	6
Edison Fund Investment Corporation	Ledionopto Lighting Inc.	Business of opto-electronics	100.00 %	100.00 %	100.00 %	6
Ledionopto Lighting Inc.	Led Plus Co., Ltd. (note 3)	Investment	- %	- %	100.00 %	6
Edison-Litek Opto Corporation Limited	Yangzhou Edison-Litek Opto Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	
Led Plus Co., Ltd.	Dong Guan Davinci Opto Corporation (note 3)	Business of opto-electronics	- %	- %	100.00 %	6
Edison-Litek Opto Corporation	Edison-Litek Opto Corporation Limited (note 1)(note 4)	Investment	28.06 %	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 dissolution of the Company has been registered in 2021.

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%.

Note 5: Edison-Litek Opto Corporation issued shares as employee compensation in 2021 which makes the shareholding ratio of the Company's decreased from 100% to 98.43%.

Note 6: The Company is a non-significant subsidiary, its financial statements have not been reviewed.

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

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(c) 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) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. Trade receivables that the Group intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the ‘trade receivables’ line item. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(ii) Financial liabilities and equity instruments

1) Compound financial instruments

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

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

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

(d) Employee benefits

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

(e) Income taxes

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

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

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

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

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

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

Except for the following, the preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2020. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2020.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(a) Fair value of financial instruments

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

(6) Explanation of significant accounts:

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2020.

Please refer to note 6 of the 2020 annual consolidated financial statements.

(a) Cash and cash equivalents

	March 31, 2021	December 31, 2020	March 31, 2020
Cash	\$ 7,030	7,922	9,936
Demand Deposit	789,438	912,421	886,461
Time Deposit	217,541	329,412	195,560
	<u>\$ 1,014,009</u>	<u>1,249,755</u>	<u>1,091,957</u>

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

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

	March 31, 2021	December 31, 2020	March 31, 2020
Financial assets at fair value through profit or loss:			
Securities of listed companies	\$ <u>5,263</u>	<u>-</u>	<u>-</u>
Debt investments at fair value through profit or loss			
Convertible corporate bonds	<u>574</u>	<u>-</u>	<u>-</u>

The above financial assets of the Group were not pledged.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	March 31, 2021	December 31, 2020	March 31, 2020
Debt investments at fair value through other comprehensive income			
Unlisted common shares—Foreign Company – LEDLitek Co., Ltd.	\$ <u>13,657</u>	<u>131,960</u>	<u>106,124</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. The Group recognized an evaluation loss at fair value amounting to \$118,303 under unrealized other comprehensive income (loss) from investments in equity instruments measured at fair value.

There were no disposed of investments for the three months ended March 31, 2021 and 2020 and there were no transfers of any cumulative gain or loss within equity relating to these investments.

The above financial assets of the Group were not pledged.

(d) Financial assets measured at amortized cost

	March 31, 2021	December 31, 2020	March 31, 2020
Government international bonds	\$ <u>8,727</u>	<u>-</u>	<u>-</u>

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

The above financial assets of the Group were not pledged.

(e) Notes and accounts receivable

	March 31, 2021	December 31, 2020	March 31, 2020
Notes receivable	\$ 16,283	23,068	4,649
Accounts receivable	454,843	433,748	474,396
Overdue receivable	2,027	2,027	56,079
Less: Loss allowance	<u>(34,160)</u>	<u>(34,265)</u>	<u>(64,404)</u>
	<u>\$ 438,993</u>	<u>424,578</u>	<u>470,720</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:

March 31, 2021			
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 434,118	0.01%	35
1 to 30 days past due	1,793	3.18%	57
31 to 90 days past due	3,450	9.97%	344
91 to 180 days past due	153	55.56%	85
Past due over 181 days	31,612	100.00%	31,612
	<u><u>\$ 471,126</u></u>		<u><u>32,133</u></u>
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
180 days past due	<u><u>\$ 2,027</u></u>	100%	<u><u>2,027</u></u>
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><u>\$ 456,816</u></u>		<u><u>32,238</u></u>
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
180 days past due	<u><u>\$ 2,027</u></u>	100%	<u><u>2,027</u></u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	March 31, 2020		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 454,845	0.01%	47
1 to 30 days past due	6,036	3.15%	190
31 to 90 days past due	2,995	6.01%	180
91 to 180 days past due	15,169	52.13%	7,908
	<u>\$ 479,045</u>		<u>8,325</u>
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
180 days past due	<u>\$ 56,079</u>	100%	<u>56,079</u>

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

	For the three months ended March 31,	
	2021	2020
Balance at January 1	\$ 34,265	62,522
Impairment losses recognized (reversed)	(60)	1,897
Foreign exchange losses	(45)	(15)
Balance at March 31	<u>\$ 34,160</u>	<u>64,404</u>

Note and account receivables of the Group were not pledged.

(f) Inventories

	March 31, 2021	December 31, 2020	March 31, 2020
Raw materials	\$ 102,775	100,716	123,421
Supplies	3,123	3,084	3,591
Work in progress	91,044	70,037	71,106
Finished goods	60,805	91,685	127,478
	<u>\$ 257,747</u>	<u>265,522</u>	<u>325,596</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The details of the cost of sales were as follows:

	For the three months ended March 31,	
	2021	2020
Inventory that has been sold	\$ 395,020	415,427
Write-down of inventories	216	611
Unallocated production overheads	11,632	3,624
	\$ 406,868	419,662

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

(g) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Consolidated Company for the three months ended March 31, 2021 and 2020, were as follows:

	Land	Building and construction	Machinery and equipment	Molding equipment	Other facilities	Total
Cost or decked cost:						
Balance at January 1, 2021	\$ 260,051	815,073	1,229,332	38,871	204,881	2,548,208
Additions	351,073	76,584	1,512	80	1,156	430,405
Disposal	-	-	(261)	(439)	(16)	(716)
Reclassify	26,738	77,775	2,397	186	-	107,096
Effect of movements in exchange rates	-	(3,158)	(4,837)	(193)	(938)	(9,126)
Balance at March 31, 2021	\$ 637,862	966,274	1,228,143	38,505	205,083	3,075,867
Balance at January 1, 2020	\$ 260,051	803,349	1,367,864	38,611	214,443	2,684,318
Additions	-	1,738	7,044	-	-	8,782
Disposal	-	-	(390)	-	(430)	(820)
Reclassify	-	3,660	12,991	-	-	16,651
Effect of movements in exchange rates	-	(4,373)	(7,831)	(269)	(1,337)	(13,810)
Balance at March 31, 2020	\$ 260,051	804,374	1,379,678	38,342	212,676	2,695,121
Depreciation and impairments loss:						
Balance at January 1, 2021	\$ -	231,044	1,014,435	30,964	65,519	1,341,962
Depreciation	-	6,545	14,153	3,665	3,282	27,645
Disposal	-	(215)	(45)	(410)	-	(670)
Effect of movements in exchange rates	-	(508)	(3,753)	(166)	(655)	(5,082)
Balance at March 31, 2021	\$ -	236,866	1,024,790	34,053	68,146	1,363,855

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Building and construction</u>	<u>Machinery and equipment</u>	<u>Molding equipment</u>	<u>Other facilities</u>	<u>Total</u>
Balance at January 1, 2020	\$ -	208,227	1,138,279	27,468	65,558	1,439,532
Depreciation	-	5,926	15,914	1,088	3,453	26,381
Disposal	-	-	(405)	-	(345)	(750)
Effect of movements in exchange rates	-	(993)	(6,090)	(188)	(611)	(7,882)
Balance at March 31, 2020	<u>\$ -</u>	<u>213,160</u>	<u>1,147,698</u>	<u>28,368</u>	<u>68,055</u>	<u>1,457,281</u>
Carrying amounts:						
Balance at January 1, 2021	<u>\$ 260,051</u>	<u>584,029</u>	<u>214,897</u>	<u>7,907</u>	<u>139,362</u>	<u>1,206,246</u>
Balance at March 31, 2021	<u>\$ 637,862</u>	<u>729,408</u>	<u>203,353</u>	<u>4,452</u>	<u>136,937</u>	<u>1,712,012</u>
Balance at January 1, 2020	<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>
Balance at March 31, 2020	<u>\$ 260,051</u>	<u>591,214</u>	<u>231,980</u>	<u>9,974</u>	<u>144,621</u>	<u>1,237,840</u>

(i) Guarantee

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

(ii) 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.

(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:

Cost:	<u>Land</u>	<u>Building and Construction</u>	<u>Machinery equipment</u>	<u>Vehicles</u>	<u>Total</u>
Balance at January 1, 2021	\$ 32,468	57,424	-	5,821	95,713
Additions	-	1,735	-	-	1,735
Effect of changes in foreign exchange rates	(171)	(291)	-	-	(462)
Balance at March 31, 2021	<u>\$ 32,297</u>	<u>58,868</u>	<u>-</u>	<u>5,821</u>	<u>96,986</u>
Balance at January 1, 2020	31,948	31,091	173	4,659	67,871
Additions	-	-	-	579	579
Effect of changes in foreign exchange rates	(232)	(214)	(1)	-	(447)
Balance at March 31, 2020	<u>\$ 31,716</u>	<u>30,877</u>	<u>172</u>	<u>5,238</u>	<u>68,003</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Building and Construction</u>	<u>Machinery equipment</u>	<u>Vehicles</u>	<u>Total</u>
Accumulated depreciation:					
Balance at January 1, 2021	\$ 1,712	12,264	-	2,235	16,211
Depreciation	213	3,403	-	427	4,043
Effect of changes in foreign exchange rates	(8)	(60)	-	-	(68)
Balance at March 31, 2021	<u>\$ 1,917</u>	<u>15,607</u>	<u>-</u>	<u>2,662</u>	<u>20,186</u>
Balance at January 1, 2020	\$ 842	12,208	112	657	13,819
Depreciation	209	3,050	27	362	3,648
Effect of changes in foreign exchange rates	(6)	(79)	(1)	-	(86)
Balance at March 31, 2020	<u>\$ 1,045</u>	<u>15,179</u>	<u>138</u>	<u>1,019</u>	<u>17,381</u>
Carrying amount:					
Balance at January 1, 2021	<u>\$ 30,756</u>	<u>45,160</u>	<u>-</u>	<u>3,586</u>	<u>79,502</u>
Balance at March 31, 2021	<u>\$ 30,380</u>	<u>43,261</u>	<u>-</u>	<u>3,159</u>	<u>76,800</u>
Balance at January 1, 2020	<u>\$ 31,106</u>	<u>18,883</u>	<u>61</u>	<u>4,002</u>	<u>54,052</u>
Balance at March 31, 2020	<u>\$ 30,671</u>	<u>15,698</u>	<u>34</u>	<u>4,219</u>	<u>50,622</u>

(i) Short-term borrowings

The short-term borrowings were summarized as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Secured bank loans	\$ 12,500	161,853	71,367
Unsecured bank loans	16,741	320,499	293,238
Total	<u>\$ 29,241</u>	<u>482,352</u>	<u>364,605</u>
Unused short-term credit lines	<u>\$ 897,711</u>	<u>1,152,195</u>	<u>1,406,086</u>
Range of interest rates	<u>0.155%~0.95%</u>	<u>0.16%~1.23%</u>	<u>1.05%~3.05%</u>

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

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

(j) Long-term borrowings

	<u>March 31, 2021</u>			
	<u>Currency</u>	<u>Rate</u>	<u>Maturity year</u>	<u>Amount</u>
Secured bank loans	TWD	1.1960%~1.1976%	2041	\$ 318,920
Less: current portion				(16,080)
Total				<u>\$ 302,840</u>

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

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(k) Bonds payable

	March 31, 2021	December 31, 2020	March 31, 2020
Total convertible corporate bonds issued	\$ 300,000	-	-
Less: Unamortized discounted corporate bonds payable	(32,135)	-	-
Cumulative converted amount	<u>\$ 267,865</u>	<u>-</u>	<u>-</u>
Embedded derivative-call options (included in financial assets at fair value through profit or loss)	<u>\$ 574</u>	<u>-</u>	<u>-</u>
Equity components — conversion options (included in capital surplus — share options)	<u>\$ 31,990</u>	<u>-</u>	<u>-</u>

	For the three months ended March 31,	
	2021	2020
Interest expense	<u>\$ 1,779</u>	<u>-</u>

Items	Third secured domestic convertible bonds
1.Total issue amount	300,000
2.Par value	100
3.Maturity date	January 25, 2021 ~ January 25, 2024
4.Outstanding period	3 years
5.Coupon rate	0%
6.Redemption at maturity	The Company redeems the convertible bond at par value by cash from the bondholders when it meets maturity.
7.Redemption method	<p>(1) If the closing price of shares for each of 30 consecutive trading days is at least 130% of the conversion price between the 3 months after the share issuance date and the 40th day before the maturity date, the Company may redeem all the outstanding bonds at their par value.</p> <p>(2) If the amount of bonds outstanding is less than 10% of the principal amount between the 3 months after the share issuance date and the 40th day before the maturity date, the Company may redeem the outstanding bonds at their principal amount within five business days before the maturity date.</p>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Items</u>	<u>Third secured domestic convertible bonds</u>
8. Conversion period	<p>(1) The bondholders can convert their bonds into shares at any time between 3 months after the issuance date and the day before the maturity day.</p> <p>(2) For the circumstances below, the conversion terminates in compliance with the method issued by the Company.</p> <p>The closing period in accordance with the applicable laws. The period that starts from the fifteen business days prior to the date of record for determination wherein the shareholders are entitled to receive the distributions or rights to subscribe for new shares in a capital increase for cash, and ends on the date of record for the distribution of the rights/benefits. The period starts from the date of record of the capital decrease and ends one day prior to the reissuance of the trading of shares after the capital decrease.</p>
9. Conversion price and adjustments	The conversion price is \$19.3 per share when issuance of bonds.
10. Pledge	For the collateral for bonds payable, please refer to note 8.

(l) Lease liability

The carrying values of the lease liabilities were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Current	\$ <u>13,758</u>	<u>11,916</u>	<u>8,342</u>
Non-current	\$ <u>35,572</u>	<u>39,229</u>	<u>13,094</u>

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

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31,	
	2021	2020
Interest on lease liabilities	\$ <u>1,710</u>	<u>773</u>
Expenses relating to short-term leases	\$ <u>331</u>	<u>265</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>71</u>	<u>44</u>

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	For the three months ended March 31,	
	2021	2020
Total cash outflow for leases	\$ 5,433	4,454

(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.

(m) Deferred income

The agreement between Yangzhou Edison Opto Corporation and Yangzhou Land And Resources Bureau entitled right of land use of Yangzhou Economic Development Zone, from December, 2006 to December, 2056. The right of land use of CNY \$9,788 thousand is subsidized by the Administrative Commission of Yangzhou Economic Development Zone, generating the long-term deferred revenue of CNY \$9,393 thousand recognized under other non-current liabilities and is amortized for 50 years to recognize revenue. As of March 31, 2021, December 31, 2020 and March 31, 2020, the amount of unamortized deferred revenue was \$29,155, \$29,514 and \$29,431, respectively.

(n) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2020 and 2019.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	For the three months ended March 31,	
	2021	2020
Operating cost	\$ 65	104
Operating expenses	110	145
	\$ 175	249

(ii) Defined contribution plans

The Group's expenses under the pension plan cost to the Bureau of Labor Insurance for the three months ended March 31, 2021 and 2020, were as follows:

	For the three months ended March 31,	
	2021	2020
Operating cost	\$ 2,909	2,060
Operating expenses	1,927	1,512
	\$ 4,836	3,572

(o) Income taxes

(i) The components of income tax for the three months ended March 31, 2021 and 2020, were as follows:

	For the three months ended March 31,	
	2021	2020
Current tax expense		
Current period	\$ 6,316	2,365
Adjustment for prior periods	-	-
Income tax expense	\$ 6,316	2,365

(ii) Assessment of tax

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

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(p) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the periods from January 1 to March 31, 2021 and 2020. For the related information, please refer to note 6(o) of the consolidated financial statements for the year ended December 31, 2020. Please refer to note 6(v) for changes of other equity.

(i) Capital surplus

The balances of capital surplus were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Share capital	\$ 1,439,858	1,439,858	1,738,499
Employee share options	72,142	72,142	72,142
Difference arising from subsidiary's share price and its carrying value	14,753	14,381	-
Restricted stock	27,196	27,196	30,917
Conversion options	31,990	-	-
	<u>\$ 1,585,939</u>	<u>1,553,577</u>	<u>1,841,558</u>

On June 16, 2020, the Company's shareholders approved to distribute the cash dividend of \$12,300 by capital surplus. Each share could receive a cash dividend of \$0.10081853 from capital reserve.

(ii) Retained earnings

1) Earnings distribution

A resolution was made during the Board of Directors' meeting held on February 25, 2021, to distribute the cash dividend of \$40,000. Each share could receive a cash dividend of \$0.33457. The resolution is waiting for the approval of the Board of Shareholders. A resolution was approved during the shareholders' meeting held on June 16, 2020, to cover the deficit, so there were no earnings distribution.

(iii) Treasury shares

- 1) Ledionopto Lighting Inc., sub-subsidiary of the Company, held 500 thousand shares of the Company's treasury share. As of March 31, 2021, all treasury shares were not sold and the market price on March 31, 2021, December 31 and March 31, 2020 was 23.25, 19.30 and 9.05 per share, respectively.
- 2) In compliance with the Securities and Exchange Act, treasury shares held by the Group should not be pledged, and shareholder rights are not entitled before the transfer.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(q) Share-based payment

Except for the following disclosure, there were no significant changes for share-based payment during the periods from January 1 to March 31, 2021 and 2020. For the related information, please refer to note 6(p) of the consolidated financial statements for the year ended December 31, 2020.

(i) Restricted stocks

Details of the restricted stock of the Company are as follows:

	For the three months ended March 31,	
	2021	2020
Outstanding at January 1 (number)	\$ 1,173	2,000
Vested during the year (number)	-	-
Forfeited during the year (number)	-	-
Outstanding at March 31 (number)	<u><u>\$ 1,173</u></u>	<u><u>1,173</u></u>

(ii) Expense recognized in profit or loss

The Group incurred expenses of share-based arrangements in 2021 and 2020 as follows:

	For the three months ended March 31,	
	2021	2020
Expenses resulting from restricted stocks	<u><u>\$ 1,772</u></u>	<u><u>3,262</u></u>

(r) Earnings (loss) per share

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

	For the three months ended March 31,	
	2021	2020
Basic earnings(loss) per share		
Profit (loss) of the Company for the year	<u><u>\$ 33,778</u></u>	<u><u>(7,935)</u></u>
Weighted average number of ordinary shares (in thousands of shares)	<u><u>117,883</u></u>	<u><u>119,501</u></u>
Basic earnings (loss) per share	<u><u>\$ 0.29</u></u>	<u><u>(0.07)</u></u>
Diluted earnings(loss) per share		
Profit (loss) of the Company for the year	\$ 33,778	(7,935)
Effect of dilutive potential ordinary share	<u>1,423</u>	<u>-</u>
Profit attributable to common stockholders of the Company (including effect of dilutive potential ordinary share)	<u><u>\$ 35,201</u></u>	<u><u>(7,935)</u></u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended March 31,	
Weighted average number of ordinary shares (in thousands of shares)	117,883	119,501
Effect of employee share bonus (in thousands of shares)	102	-
Effect of convertible bonds (in thousands of shares)	10,190	-
Effect of restricted employee shares unrested (in thousands of shares)	<u>1,173</u>	<u>-</u>
Weighted average number of ordinary shares (in thousands of shares)	<u>129,348</u>	<u>119,501</u>
Diluted earnings (loss) per share (in New Taiwan Dollars)	<u>\$ 0.27</u>	<u>(0.07)</u>

(s) Revenue from contracts with customers

(i) Revenue detail

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

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the three months ended March 31, 2020							
	The Company	Edison Opto (Dong Guan) Co., Ltd.	Yangzhou Edison Opto Corporation	Yangzhou Edison-Litek Opto Corporation	Edison-Litek Opto Corporation	Other	Total
Major market							
China	\$ 5,308	60,089	60,684	9,069	-	909	136,059
America and Europe	39,813	-	-	1,976	91,982	18,446	152,217
Taiwan	19,653	-	-	-	-	29	19,682
Africa	110,298	-	-	-	-	3,936	114,234
Others	73,133	-	115	18	887	129	74,282
	<u>\$ 248,205</u>	<u>60,089</u>	<u>60,799</u>	<u>11,063</u>	<u>92,869</u>	<u>23,449</u>	<u>496,474</u>
Major product:							
LED transmitter component	\$ 5,011	32,329	-	-	-	-	37,340
LED lighting component	70,377	27,435	53,294	-	-	4,916	156,022
LED lighting module and product	171,387	-	191	-	-	18,095	189,673
Automotive LED lighting module	-	-	-	11,058	92,869	-	103,927
Others	1,430	325	7,314	5	-	438	9,512
	<u>\$ 248,205</u>	<u>60,089</u>	<u>60,799</u>	<u>11,063</u>	<u>92,869</u>	<u>23,449</u>	<u>496,474</u>

(ii) Contract balances

	March 31, 2021	December 31, 2020	March 31, 2020
Note receivables	\$ 16,283	23,068	4,649
Accounts receivables	454,843	433,748	474,396
Less: Loss allowance	(32,133)	(32,238)	(8,325)
Total	<u>\$ 438,993</u>	<u>424,578</u>	<u>470,720</u>

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

(t) 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 abovementioned 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.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The employees' compensation and directors' remuneration for the three months period ended March 31, 2021, were \$500 and \$100, respectively. The calculation is based on the Company's net income before tax excluding employees' compensation, directors' remuneration, and recovery of deficit then multiplied by the percentage of employees' compensation and remuneration to directors. The compensations and remunerations were expensed under operating costs or operating expenses during the period. The Company had suffered in the loss, so there were no employees' compensation and directors' remuneration for the three months period ended March 31, 2020. The employees' compensation and directors' remuneration for the year ended December 31, 2021, were \$2,250 and \$450, respectively. The actual allocation is waiting for the resolution of the shareholders' meeting. There were no employees' compensation and directors' remuneration for the three months period ended March 31, 2020, as the Company had suffered in the loss. Related information would be available at the Market Observation Post System website.

(u) Non-operating income and expenses

(i) Interest income

The details of net other income were as follows:

	For the three months ended March 31,	
	2021	2020
Interest income from bank deposits	\$ 2,806	2,095
Other interest income	1,105	3,169
	\$ 3,911	5,264

(ii) Other income

The details of net other income were as follows:

	For the three months ended March 31,	
	2021	2020
Other income-others	\$ 2,523	4,045

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Other gains and losses

The details of other gains and losses were as follows:

	For the three months ended March 31,	
	2021	2020
Net gains (losses) on disposal of Property, plant, and equipment	\$ (46)	218
Net gain on financial assets at fair value	1,138	-
Net gains on foreign exchange	2,216	860
Others	(1,900)	(2,084)
	<u>\$ 1,408</u>	<u>(1,006)</u>

(iv) Finance costs

The details of finance costs were as follows:

	For the three months ended March 31,	
	2021	2020
Interest expenses	<u>\$ 4,918</u>	<u>2,576</u>

(v) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note 6(u) of the consolidated financial statements for the year ended December 31, 2020.

(i) Credit risk

1) Concentration of credit risk

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

2) Receivable

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

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g) of the consolidated financial statements for the year ended December 31, 2020.

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
March 31, 2021							
Non-derivative financial liabilities							
Secured loans	\$ 331,420	(369,435)	(22,450)	(9,884)	(19,605)	(57,691)	(259,805)
Unsecured loans	16,741	(16,770)	(16,770)	-	-	-	-
Lease liabilities	49,330	(62,320)	(9,937)	(9,538)	(18,392)	(24,453)	-
Notes payable and accounts payable	329,207	(329,207)	(329,207)	-	-	-	-
Other payable	82,248	(82,248)	(82,248)	-	-	-	-
Bonds payable	267,865	(300,000)	-	-	-	(300,000)	-
	<u>\$ 1,076,811</u>	<u>(1,159,980)</u>	<u>(460,612)</u>	<u>(19,422)</u>	<u>(37,997)</u>	<u>(382,144)</u>	<u>(259,805)</u>
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>
March 31, 2020							
Non-derivative financial liabilities							
Secured loans	\$ 71,367	(71,561)	(71,561)	-	-	-	-
Unsecured loans	293,238	(293,437)	(293,437)	-	-	-	-
Lease liabilities	21,436	(25,369)	(6,704)	(3,828)	(7,640)	(7,197)	-
Notes payable and accounts Payable	361,324	(361,324)	(361,324)	-	-	-	-
Other payable	112,973	(112,973)	(112,973)	-	-	-	-
	<u>\$ 860,338</u>	<u>(864,664)</u>	<u>(845,999)</u>	<u>(3,828)</u>	<u>(7,640)</u>	<u>(7,197)</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.

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Currency risk

1) Exposure to foreign currency risk

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

	March 31, 2021				December 31, 2020				March 31, 2020			
	Foreign currency	Exchange rate		TWD	Foreign currency	Exchange rate		TWD	Foreign currency	Exchange rate		TWD
<u>Financial assets</u>												
<u>Monetary items</u>												
USD	\$	9,631 USD/TWD=	28.5350	274,821	6,769 USD/TWD=	28.4800	192,781	11,641 USD/TWD=	30.2250	351,849		
USD		5,416 USD/CNY=	6.5713	154,569	4,448 USD/CNY=	6.5249	126,679	6,842 USD/CNY=	7.0851	206,737		
CNY		27,536 CNY/TWD=	4.3430	118,808	28,045 CNY/TWD=	4.3770	122,753	29,631 CNY/TWD=	4.2647	126,367		
<u>Financial liabilities</u>												
<u>Monetary items</u>												
USD		9,124 USD/TWD=	28.5350	260,353	15,722 USD/TWD=	28.4800	447,763	15,211 USD/TWD=	30.2250	459,752		
USD		450 USD/CNY=	6.5713	12,843	3,424 USD/CNY=	6.5249	97,516	2,301 USD/CNY=	7.0851	69,527		
CNY		232 CNY/TWD=	4.3430	1,008	129 CNY/TWD=	4.3770	565	2,227 CNY/TWD=	4.2647	9,497		

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, financial assets at fair value through other comprehensive income, loans and borrowings; and trade and other payables that are denominated in foreign currency.

A strengthening (weakening) of 5% of the TWD against the USD and CNY as at March 31, 2021 and 2020 would have increased (decreased) the equity by \$13,700 and \$7,309 due to cash flow hedges. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for prior year.

Since the Consolidated Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months ended March 31, 2021 and 2020, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$2,216 and \$860, respectively.

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Fair value of financial instruments

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

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

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		December 31, 2020				
		Book value	Fair value			Total
			Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income-securities of unlisted companies	\$	131,960	-	-	131,960	131,960
Financial assets measured at amortized cost						
Cash and cash equivalents	\$	1,249,755	-	-	-	-
Notes and trade receivables		424,578	-	-	-	-
Other receivables		2,028	-	-	-	-
Subtotal		1,676,361	-	-	-	-
Total	\$	1,808,321	-	-	131,960	131,960
Financial liabilities at amortized cost						
Bank loans	\$	482,352	-	-	-	-
Notes and trade payables		369,907	-	-	-	-
Other payables		110,128	-	-	-	-
Lease liabilities		51,145	-	-	-	-
Total	\$	1,013,532	-	-	-	-
		March 31, 2020				
		Book value	Fair value			Total
			Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income-securities of unlisted companies	\$	106,124	-	-	106,124	106,124
Financial assets measured at amortized cost						
Cash and cash equivalents	\$	1,091,957	-	-	-	-
Notes and trade receivables		470,720	-	-	-	-
Other receivables		2,397	-	-	-	-
Subtotal		1,565,074	-	-	-	-
Total	\$	1,671,198	-	-	106,124	106,124
Financial liabilities at amortized cost						
Bank loans	\$	364,605	-	-	-	-
Notes and trade payables		361,324	-	-	-	-
Other payables		112,973	-	-	-	-
Lease liabilities		21,436	-	-	-	-
Total	\$	860,338	-	-	-	-

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
January 1, 2021	\$ 131,960
Total gains and losses recognized:	
In other comprehensive income	(118,303)
March 31, 2021	<u>\$ 13,657</u>
January 1, 2020	\$ 106,631
Total gains and losses recognized:	
In other comprehensive income	(507)
March 31, 2020	<u>\$ 106,124</u>

For the three months ended March 31, 2021 and 2020, total gains and losses that were included in unrealized gains and losses from financial assets at fair value through other comprehensive income were as follows:

	For the three months ended March 31,	
	2021	2020
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”	(118,303)	(507)

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

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

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

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EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Quantified information of significant unobservable inputs was as follows:

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

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

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

	Input	Change	Recognized in other comprehensive income	
			Favorable change	Unfavorable change
March 31, 2021				
Financial assets fair value through other comprehensive income	2.27	1%	108	(108)
December 31, 2020				
Financial assets fair value through other comprehensive income	2.28	1%	1,320	(1,320)
March 31, 2020				
Financial assets fair value through other comprehensive income	1.45	1%	1,061	(1,061)

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.

- (w) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in Note 6(v) of the consolidated financial statements for the year ended December 31, 2020.

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(x) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2020. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2020. Please refer to Note 6(w) of the consolidated financial statements for the year ended December 31, 2020 for further details.

(y) Financing activities not affecting current cash flow

The Group's financing activities which did not affect the current cash flow in the years ended March 31, 2021 and 2020, were as follows:

	January 1, 2021	Cash Flows	Non-cash changes		March 31, 2021
			Foreign exchange movement	Changes in lease payments	
Short-term borrowings	\$ 482,352	(462,478)	9,367	-	29,241
Lease liabilities	51,145	(3,321)	(230)	1,736	49,330
Long-term borrowings (including current portion)	-	318,920	-	-	318,920
Total liabilities from financing activities	<u>\$ 533,497</u>	<u>(146,879)</u>	<u>9,137</u>	<u>1,736</u>	<u>397,491</u>

	January 1, 2020	Cash Flows	Non-cash changes		March 31, 2020
			Foreign exchange movement	Changes in lease payments	
Short-term borrowings	\$ 283,395	77,930	3,280	-	364,605
Lease liabilities	24,315	(3,372)	(86)	579	21,436
Total liabilities from financing activities	<u>\$ 307,710</u>	<u>74,558</u>	<u>3,194</u>	<u>579</u>	<u>386,041</u>

(7) Related-party transactions:

(a) Names and relationship with related parties

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

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

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended March 31,	
	2021	2020
Short-term employee benefits	8,998	13,484
Share-based payments	391	723
	9,389	14,207

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

(c) Significant transactions with related parties

(i) Guarantee

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

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	March 31, 2021	December 31, 2020	March 31, 2020
Deposits (classified under current assets)	The guarantee letter of credit	\$ 12,637	17,312	19,419
Deposits (classified under current assets)	Short-term loans	56,609	114,278	53,309
Deposits (classified under non-current assets)	Deposit to customs	10,361	8,179	5,926
Property, plant, and equipment	Guarantee of Corporate Bonds	201,807	202,015	-
Property, plant, and equipment	Short-term loans	-	-	132,203
Property, plant, and equipment	Long-term loans	531,398	-	-
		\$ 812,812	341,784	210,857

(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:

	March 31, 2021	December 31, 2020	March 31, 2020
Acquisition of property, plant and equipment	<u>\$ 1,394</u>	<u>429,869</u>	<u>15,036</u>

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other:

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

By item	For the three months ended March 31,					
	2021			2020		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	39,235	43,361	82,596	36,128	42,459	78,587
Labor and health insurance	2,408	2,666	5,074	2,225	2,960	5,185
Pension	2,974	2,037	5,011	2,164	1,657	3,821
Director's remuneration	-	250	250	-	192	192
Others	3,916	2,091	6,007	4,001	2,504	6,505
Depreciation	23,935	7,753	31,688	23,883	6,146	30,029
Amortization	23	533	556	50	600	650

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

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

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

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 2)	Ending balance (Note 2)	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (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	26,318 (CNY6,000 thousand)	26,058 (CNY6,000 thousand)	-	1%	2	-	Short-term financing	-	-	-	232,065 (Note1)	464,130 (Note1)
2	Edison-Litek Opto Corporation Limited	Edison-Litek Opto Corporation	Other receivables due from related parties	Yes	31,389 (USD1,100 thousand)	31,389 (USD1,100 thousand)	31,389 (USD1,100 thousand)	1%	2	-	Short-term financing	-	-	-	51,518 (Note1)	103,037 (Note1)

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

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

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

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

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

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

(iii) Securities held as of March 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of shares)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value (Note)	
Edison Fund Investment Corporation	AU Optronics Corp.	NO	Current financial assets at fair value through profit or loss	250	5,263	- %	5,263	
Edison Fund Investment Corporation	Taipei Fubon Bank-Qatar Government International Bond	NO	Financial assets measured at amortized cost- non-current	-	8,727	- %	8,727	
Edison Fund Investment Corporation	LED Litek Co., Ltd.	NO	Financial assets through other fair value measurements- non-current	124	13,657	15.39 %	13,657	

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

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
Yangzhou Edison Opto Corporation	Bank of Communication Co., Ltd. RMB structured deposits of Bank of communications-RMB financial product (exchange rate and binary option related)	Current financial assets at fair value through profit or loss	-	-	-	-	-	651,450 (RMB150,000 thousand)	-	652,444 (RMB150,000 thousand)	651,450	994	-	-

- (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	536,000	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)	
Yangzhou Edison Opto Corporation	The Company	Parent Company	Sales	(102,614)	(52.66)%	90 days	No significant difference	-	41,784	30.70 %	
The Company	Yangzhou Edison Opto Corporation	Subsidiary	Purchase	102,614	52.08 %	90 days	No significant difference	-	(41,784)	(35.65)%	

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

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Yangzhou Edison Opto Corporation	1	Sales	14,254	90 days	2.63%
0	The Company	Edison Opto (Dong Guan) Co., Ltd.	1	Sales	30,644	90 days	5.66%
0	The Company	Edison Opto (Dong Guan) Co., Ltd.	1	Accounts receivable	19,458	90 days	0.51%
0	The Company	Edison Opto USA Corporation	1	Sales	14,267	90 days	2.63%
0	The Company	Edison Opto USA Corporation	1	Accounts receivable	16,139	90 days	0.42%
1	Yangzhou Edison Opto Corporation	The Company	2	Sales	102,614	90 days	18.95%
1	Yangzhou Edison Opto Corporation	The Company	2	Accounts receivable	41,784	90 days	1.10%
1	Yangzhou Edison Opto Corporation	Edison-Egypt Opto Corporation	3	Sales	15,320	90 days	2.83%
1	Yangzhou Edison Opto Corporation	Edison-Egypt Opto Corporation	3	Accounts receivable	15,389	90 days	0.41%
2	Edison Opto (Dong Guan) Co., Ltd.	The Company	2	Sales	53,129	90 days	9.81%
3	Yangzhou Edison-Litek Opto Corporation	Edison Litek Opto Corporation	3	Sales	76,538	90 days	14.13%
3	Yangzhou Edison-Litek Opto Corporation	Edison Litek Opto Corporation	3	Accounts receivable	46,226	90 days	1.22%

Note 1: (a) 0 represents The Company

(b) 1 and thereafter represent subsidiaries

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

(a) 1 represents parent to subsidiary

(b) 2 represents subsidiary to parent

(c) 3 represents subsidiary to subsidiary

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

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2021 (excluding information on investees in Mainland China):

(In Thousands of Shares)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Edison Opto Corporation	Samoa	Selling of LED components and modules	1,041	1,041	30	100.00 %	6,529	(9)	(9)	-
The Company	Edison Opto Corporation	Samoa	Selling of LED components and modules	145,991	145,991	4,500	100.00 %	222,818	3,570	3,570	-
The Company	Best Opto Corporation	Samoa	Selling of LED components and modules	1,550,826	1,550,826	50,000	100.00 %	1,144,659	9	9	-
The Company	Edison Fund Investment Corporation	Taiwan	Investment	686,000	655,000	25,000	100.00 %	82,692	2,993	2,993	-
The Company	Edison-Litek Opto Corporation Limited	Hong Kong	Investment	167,661	167,661	5,500	44.58 %	114,835	9,921	4,423	-

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Edison-Litek Opto Corporation	Taiwan	Selling of LED components and modules	48,900	48,900	9,700	98.43 %	169,816	17,664	17,664	-
The Company	Edison-Egypt Opto Corporation	Taiwan	Selling of LED components and modules	47,940	47,940	4,794	100.00 %	10,931	2,159	2,159	-
Best Opto Corporation	Best Led Corporation	Samoa	Investment	1,550,826	1,550,826	50,000	100.00 %	1,160,329	9	9	-
Edison Fund Investment Corporation	Edison Opto USA Corporation	USA	Selling of LED components and modules	6,392	6,392	220	55.00 %	23,915	2,985	1,642	-
Edison Fund Investment Corporation	Ledion Opto Lighting Inc.	Taiwan	Selling of LED components and modules	113,185	113,185	2,200	100.00 %	19,667	(13)	(13)	-
Edison Fund Investment Corporation	Davinci Opto Corporation (Note 1)	Taiwan	Selling of LED components and modules	5,000	5,000	500	100.00 %	730	-	-	-
Edison-Litek Opto Corporation	Edison-Litek Opto Corporation Limited	Hong Kong	Investment	33,187	33,187	3,463	28.06 %	72,280	9,921	2,784	-
Edison Fund Investment Corporation	Edison Auto Lighting Corporation	Taiwan	Selling of LED components and modules	7,570	5,100	1,000	100.00 %	5,221	(60)	(20)	-

Note 1: The dissolution of Company has registered in February, 2021.

Note 2: The amount was eliminated in 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, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2021	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Edison Opto (Dong Guan) Co., Ltd.	Manufacturing and selling of LED components and modules	145,991 (USD 4,500 thousand)	(b)	111,408 (USD 3,317 thousand)	-	-	111,408 (USD 3,317 thousand)	3,570 (USD 126 thousand)	100.00%	3,570 (USD 126 thousand)	228,248 (USD 7,999 thousand)	34,583 (USD 1,183 thousand)
DongGuan Davinci Opto Co., Ltd. (note 2)	Manufacturing and selling of LED components and modules	-	(b)	52,255 (USD 1,714 thousand)	-	-	52,255 (USD 1,714 thousand)	-	-%	-	-	-
Yangzhou Edison Opto Corporation	Manufacturing and selling of LED components and modules	1,550,826 (USD 50,000 thousand)	(b)	1,550,826 (USD 50,000 thousand)	-	-	1,550,826 (USD 50,000 thousand)	9 (USD 0 thousand)	100.00%	9 (USD 0 thousand)	1,160,326 (USD 40,663 thousand)	-
Yangzhou Aichuan Electronic Trade Corporation	Selling of LED components and modules	2,148 (RMB 500 thousand)	(c)	-	-	-	-	10 (RMB 2 thousand)	100.00%	10 (RMB 2 thousand)	2,202 (RMB 507 thousand)	-
Yangzhou Edison-Litek Opto Corporation	Manufacturing and selling of LED components and modules	270,552 (USD 8,875 thousand)	(b)	167,661 (USD 5,500 thousand)	-	-	167,661 (USD 5,500 thousand)	9,858 (USD 348 thousand)	72.64%	7,161 (USD 252 thousand)	163,671 (USD 5,736 thousand)	-

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

(a) Direct investment from Mainland China

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EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(b) Indirect investment from third-party country

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

(c) Others

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

Note 2: The dissolution has registered in 2020.

(ii) Limitation on investment in Mainland China:

Company Name	Accumulated Investment in Mainland China as of March 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	1,829,895 (USD58,817 thousand)	1,705,537 (note 3) (USD59,770 thousand)	Note 1
Ledionopto Lighting Inc.	52,255 (note 2) (USD1,714 thousand)	52,255 (USD1,714 thousand)	11,806

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	13.51 %
Epistar Corporation		9,424,000	7.69 %

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information:

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

For the three months ended March 31, 2021								
	<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	\$ 186,557	85,564	67,741	12,362	144,241	45,082	-	541,547
Intersegment revenues	40,241	56,505	121,115	76,538	-	-	(294,399)	-
Total revenue	<u>\$ 226,798</u>	<u>142,069</u>	<u>188,856</u>	<u>88,900</u>	<u>144,241</u>	<u>45,082</u>	<u>(294,399)</u>	<u>541,547</u>
Reportable segment profit or loss	<u>\$ 33,778</u>	<u>4,199</u>	<u>11</u>	<u>9,919</u>	<u>22,081</u>	<u>7,719</u>	<u>(33,595)</u>	<u>44,112</u>
For the three months ended March 31, 2020								
	<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	\$ 248,205	60,089	60,799	11,063	92,869	23,449	-	496,474
Intersegment revenues	35,276	28,124	101,504	60,935	-	-	(225,839)	-
Total revenue	<u>\$ 283,481</u>	<u>88,213</u>	<u>162,303</u>	<u>71,998</u>	<u>92,869</u>	<u>23,449</u>	<u>(225,839)</u>	<u>496,474</u>
Reportable segment profit or loss	<u>\$ (7,936)</u>	<u>1,170</u>	<u>(6,832)</u>	<u>(4,895)</u>	<u>10,803</u>	<u>(4,427)</u>	<u>3,517</u>	<u>(8,600)</u>