

**EDISON OPTO CORPORATION
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 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 June 30, 2021 and 2020, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2021 and 2020, as well as the changes in equity and cash flows for the six months ended June 30, 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 \$579,411 thousand and \$453,985 thousand, constituting 14.70% and 13.50% of consolidated total assets at June 30, 2021 and 2020, respectively, total liabilities amounting to \$195,025 thousand and \$129,462 thousand, constituting 14.72% and 15.37% of consolidated total liabilities at June 30, 2021 and 2020, respectively, and total comprehensive income (loss) amounting to \$6,360 thousand, \$2,314 thousand, \$15,877 thousand and \$(2,602) thousand, constituting 45.79%, (8.60)%, (21.75)% and 5.01% of consolidated total comprehensive income (loss) for the three months and six months ended June 30, 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 June 30, 2021 and 2020, and of its consolidated financial performance for the three months and six months ended June 30, 2021 and 2020, as well as its consolidated cash flows for the six months ended June 30, 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)
August 12, 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 generally accepted auditing standards

EDISON OPTO CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the six months ended June 30, 2021 and 2020

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

	For the three months ended June 30				For the six months ended June 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue (note 6(s))	\$ 579,183	100	484,312	100	1,120,730	100	980,786	100
5000 Operating costs (notes 6(f)(g)(h)(n))	<u>428,521</u>	<u>74</u>	<u>388,048</u>	<u>80</u>	<u>835,389</u>	<u>75</u>	<u>807,710</u>	<u>82</u>
Gross profit from operations	<u>150,662</u>	<u>26</u>	<u>96,264</u>	<u>20</u>	<u>285,341</u>	<u>25</u>	<u>173,076</u>	<u>18</u>
Operating expenses (note 6(e)(g)(h)(l)(n)(q)(t)):								
6100 Selling expenses	26,487	5	15,796	3	53,825	5	42,921	4
6200 Administrative expenses	47,808	8	38,354	8	91,707	8	78,134	8
6300 Research and development expenses	30,481	5	25,393	5	52,795	5	47,730	5
6450 Impairment loss (reversal of impairment losses)	<u>(5,615)</u>	<u>(1)</u>	<u>7,483</u>	<u>2</u>	<u>(5,675)</u>	<u>(1)</u>	<u>9,380</u>	<u>1</u>
Total operating expenses	<u>99,161</u>	<u>17</u>	<u>87,026</u>	<u>18</u>	<u>192,652</u>	<u>17</u>	<u>178,165</u>	<u>18</u>
6900 Net operating income (loss)	<u>51,501</u>	<u>9</u>	<u>9,238</u>	<u>2</u>	<u>92,689</u>	<u>8</u>	<u>(5,089)</u>	<u>-</u>
Non-operating income and expenses (note 6(g)(i)(j)(k)(l)(m)(u)):								
7100 Interest income	3,016	1	5,615	2	6,927	1	10,879	1
7010 Other income	93	-	1,989	-	2,616	-	6,034	1
7020 Other gains and losses	(9,807)	(2)	(1,915)	-	(8,399)	(1)	(2,921)	-
7050 Finance costs	<u>(5,768)</u>	<u>(1)</u>	<u>(1,943)</u>	<u>-</u>	<u>(10,686)</u>	<u>(1)</u>	<u>(4,519)</u>	<u>-</u>
Total non-operating income and expenses	<u>(12,466)</u>	<u>(2)</u>	<u>3,746</u>	<u>2</u>	<u>(9,542)</u>	<u>(1)</u>	<u>9,473</u>	<u>2</u>
7900 Profit from continuing operations before tax	39,035	7	12,984	4	83,147	7	4,384	2
7950 Less: Income tax expenses (note 6(o))	<u>1,026</u>	<u>-</u>	<u>4,011</u>	<u>1</u>	<u>7,342</u>	<u>1</u>	<u>6,376</u>	<u>1</u>
Profit (loss)	<u>38,009</u>	<u>7</u>	<u>8,973</u>	<u>3</u>	<u>75,805</u>	<u>6</u>	<u>(1,992)</u>	<u>1</u>
8300 Other comprehensive income:								
8310 Components of other comprehensive income that will not be reclassified to profit or loss								
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note 6(c))	(14,932)	(3)	-	-	(131,260)	(12)	(507)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(14,932)</u>	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>(131,260)</u>	<u>(12)</u>	<u>(507)</u>	<u>-</u>
8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss								
8361 Exchange differences on translation of foreign financial statements	(9,188)	(2)	(35,879)	(7)	(17,555)	(2)	(49,424)	(5)
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Components of other comprehensive income that will be reclassified to profit or loss	<u>(9,188)</u>	<u>(2)</u>	<u>(35,879)</u>	<u>(7)</u>	<u>(17,555)</u>	<u>(2)</u>	<u>(49,424)</u>	<u>(5)</u>
8300 Other comprehensive income	<u>(24,120)</u>	<u>(5)</u>	<u>(35,879)</u>	<u>(7)</u>	<u>(148,815)</u>	<u>(14)</u>	<u>(49,931)</u>	<u>(5)</u>
8500 Total comprehensive income	<u>\$ 13,889</u>	<u>2</u>	<u>(26,906)</u>	<u>(4)</u>	<u>(73,010)</u>	<u>(8)</u>	<u>(51,923)</u>	<u>(4)</u>
Profit (loss), attributable to:								
8610 Attributable to owners of parent	\$ 36,639	7	12,705	4	70,417	6	4,770	2
8620 Attributable to non-controlling interests	<u>1,370</u>	<u>-</u>	<u>(3,732)</u>	<u>(1)</u>	<u>5,388</u>	<u>-</u>	<u>(6,762)</u>	<u>(1)</u>
	<u>\$ 38,009</u>	<u>7</u>	<u>8,973</u>	<u>3</u>	<u>75,805</u>	<u>6</u>	<u>(1,992)</u>	<u>1</u>
Comprehensive income attributable to:								
8710 Attributable to owners of parent	\$ 13,623	2	(21,276)	(3)	(77,031)	(8)	(42,748)	(3)
8720 Attributable to non-controlling interests	<u>266</u>	<u>-</u>	<u>(5,630)</u>	<u>(1)</u>	<u>4,021</u>	<u>-</u>	<u>(9,175)</u>	<u>(1)</u>
	<u>\$ 13,889</u>	<u>2</u>	<u>(26,906)</u>	<u>(4)</u>	<u>(73,010)</u>	<u>(8)</u>	<u>(51,923)</u>	<u>(4)</u>
Basic earnings per share (note 6(r))								
9750 Basic earnings per share	<u>\$ 0.31</u>		<u>0.11</u>		<u>0.60</u>		<u>0.04</u>	
Diluted earnings per share								
9850 Diluted earnings per share	<u>\$ 0.29</u>		<u>0.10</u>		<u>0.56</u>		<u>0.04</u>	

See accompanying notes to consolidated financial statements.

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

EDISON OPTO CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the six months ended June 30, 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
Appropriation and distribution of retained earnings:	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve used to offset accumulated deficits	-	-	(701)	-	701	-	-	-	-	-	-	-
Special reserve used to offset accumulated deficits	-	-	-	(6,313)	6,313	-	-	-	-	-	-	-
Net income	-	-	-	-	4,770	-	-	-	-	4,770	(6,762)	(1,992)
Other comprehensive income	-	-	-	-	-	(47,011)	(507)	-	-	(47,518)	(2,413)	(49,931)
Total comprehensive income	-	-	-	-	-	(47,011)	(507)	-	-	(42,748)	(9,175)	(51,923)
Capital surplus used to offset accumulated deficits	-	(282,740)	-	-	4,770	-	-	-	-	-	-	-
Cash dividends from capital surplus	-	(12,300)	-	-	282,740	-	-	-	-	(12,300)	-	(12,300)
Purchase of treasury share	-	-	-	-	-	-	-	-	(19,832)	(19,832)	-	(19,832)
Share-based payments	-	-	-	-	-	-	-	6,525	(78,709)	6,525	-	6,525
Balance at June 30, 2020	\$ 1,250,014	1,546,518	-	-	4,770	(245,929)	(46,287)	(13,050)	(78,709)	2,417,327	103,631	2,520,958
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	-	-	-	-	70,417	-	-	-	-	70,417	5,388	75,805
Other comprehensive income	-	-	-	-	-	(16,188)	(131,260)	-	-	(147,448)	(1,367)	(148,815)
Total comprehensive income	-	-	-	-	70,417	(16,188)	(131,260)	-	-	(77,031)	4,021	(73,010)
Other changes in capital surplus:	-	-	-	-	-	-	-	-	-	-	-	-
Due to recognition of equity component of convertible bonds issued	-	31,990	-	-	-	-	-	-	-	31,990	-	31,990
Conversion of convertible bonds	52	38	-	-	-	-	-	-	-	90	-	90
Acquisition of company's share by subsidiaries recognized as treasury share	-	-	-	-	-	-	-	-	(700)	(700)	-	(700)
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	-	-	-	-	-	-	-	3,543	-	3,543	-	3,543
Balance at June 30, 2021	\$ 1,225,616	1,585,977	-	-	118,828	(193,213)	(148,686)	(2,835)	(62,602)	2,523,085	93,013	2,616,098

See accompanying notes to consolidated financial statements.

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EDISON OPTO CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the six months ended June 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2021	2020
Cash flows from (used in) operating activities:		
Profit before tax	\$ 83,147	4,384
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	62,628	59,916
Amortization expense	1,150	1,275
Impairment loss (reversal of impairment loss)	(5,675)	9,380
Net loss on financial assets or liabilities at fair value through profit or loss	(3,797)	-
Interest expense	10,686	4,519
Interest income	(6,927)	(10,879)
Share-based payments	3,543	6,525
Loss on disposal of property, plant and equipment	302	1,430
Gain on disposal of other assets	(25)	-
Gain on disposal of investments	(6,561)	-
Total adjustments to reconcile profit	55,324	72,166
Changes in operating assets and liabilities:		
Accounts and notes receivable	(100,945)	308
Other receivables	(4,747)	(48)
Inventories	(14,225)	3,898
Prepayments	(14,565)	(3,199)
Other current assets	(215)	(179)
Other operating assets	(182)	(134)
Accounts and notes payable	(14,747)	(42,367)
Other payable	(5,490)	(23,573)
Other current liabilities	521	10,284
Net defined benefit liability	281	401
Total changes in operating assets and liabilities	(154,314)	(54,609)
Cash inflow generated from (used in) operations	(15,843)	21,941
Interest received	6,835	12,327
Interest paid	(6,213)	(4,418)
Income taxes	(14,880)	(1,810)
Net cash flows from (used in) operating activities	(30,101)	28,040
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortised cost	(8,788)	-
Acquisition of financial assets at fair value through profit or loss	(23,108)	-
Proceeds from disposal of financial assets at fair value through profit or loss	23,616	-
Acquisition of property, plant and equipment	(438,008)	(14,954)
Proceeds from disposal of property, plant and equipment	946	842
Decrease in refundable deposits	-	(230)
Proceeds from disposal of intangible assets	(199)	-
Decrease in other financial assets	-	116,520
Increase in restricted deposits	(25,713)	-
Decrease in restricted deposits	-	5,472
Increase in other non-current assets	(2,151)	(967)
Increase in prepayments for business facilities	(32,441)	(5,151)
Net cash flows from (used in) investing activities	(505,846)	101,532
Cash flows from (used in) financing activities:		
Increase in short-term loans	863,315	1,027,814
Decrease in short-term loans	(1,205,917)	(996,143)
Proceeds from issuing bonds	297,503	-
Proceeds from long-term debt	321,600	-
Repayments of long-term debt	(6,700)	-
Increase in guarantee deposits received	(10)	(10)
Payment of lease liabilities	(6,769)	(6,765)
Payments to acquire treasury shares	-	(19,832)
Acquisition of ownership interests in subsidiaries	(2,470)	-
Net cash flows from financing activities	260,552	5,064
Effect of exchange rate changes on cash and cash equivalents	(6,999)	(27,849)
Net increase (decrease) in cash and cash equivalents	(282,394)	106,787
Cash and cash equivalents at beginning of period	1,249,755	1,000,536
Cash and cash equivalents at end of period	\$ 967,361	1,107,323

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

June 30, 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 in general lighting and automotive lighting area.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on August 12, 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”

The Group has initially adopted the (following) new amendments, which do not have a significant impact on its consolidated financial statements, from April 1, 2021 :

- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

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

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(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
			June 30, 2021	December 31, 2020	June 30, 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 %	

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			June 30, 2021	December 31, 2020	June 30, 2020	
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 %	
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 %	
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%.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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.

(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.

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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

	June 30, 2021	December 31, 2020	June 30, 2020
Cash	\$ 6,647	7,922	7,970
Demand Deposit	873,896	912,421	995,889
Time Deposit	86,818	329,412	103,464
	<u>\$ 967,361</u>	<u>1,249,755</u>	<u>1,107,323</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

	June 30, 2021	December 31, 2020	June 30, 2020
Financial assets at fair value through profit or loss:			
Securities of listed companies	<u>\$ 9,850</u>	<u>-</u>	<u>-</u>
Debt investments at fair value through profit or loss			
Convertible corporate bonds - call options	<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

	June 30, 2021	December 31, 2020	June 30, 2020
Debt investments at fair value through other comprehensive income			
Unlisted common shares—Foreign Company – LEDLitek Co., Ltd.	\$ -	131,960	106,124

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 \$131,960 under unrealized other comprehensive income (loss) from investments in equity instruments measured at fair value.

Ledionopto Lighting Inc., a sub-subsidiary of the Company, held 500 thousand shares of the Company and had recognized an unrealized gain of \$700. Please refer to note6(p).

There were no disposed of investments for the six months ended June 30, 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

	June 30, 2021	December 31, 2020	June 30, 2020
Government international bonds	\$ 8,724	-	-

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

	June 30, 2021	December 31, 2020	June 30, 2020
Notes receivable	\$ 18,480	23,068	9,437
Accounts receivable	530,917	433,748	421,444
Overdue receivable	10,391	2,027	56,038
Less: Loss allowance	(28,487)	(34,265)	(71,728)
	\$ 531,301	424,578	415,191

(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:

June 30, 2021			
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 526,270	0.00%	13
1 to 30 days past due	3,004	3.53%	106
31 to 90 days past due	1,822	10.43%	190
91 to 180 days past due	1,026	49.90%	512
Past due over 181 days	17,275	100.00%	17,275
	<u><u>\$ 549,397</u></u>		<u><u>18,096</u></u>
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
180 days past due	<u><u>\$ 10,391</u></u>	100%	<u><u>10,391</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

	June 30, 2020		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 390,734	0.00%	7
1 to 30 days past due	3,261	7.35%	240
31 to 90 days past due	24,121	22.72%	5,481
91 to 180 days past due	12,765	78.04%	9,962
	<u>\$ 430,881</u>		<u>15,690</u>
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
180 days past due	<u>\$ 56,038</u>	100%	<u>56,038</u>

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

	For the six months ended June 30,	
	2021	2020
Balance at January 1	\$ 34,265	62,522
Impairment losses recognized (reversed)	(5,675)	9,380
Foreign exchange losses	(103)	(174)
Balance at June 30	<u>\$ 28,487</u>	<u>71,728</u>

Note and account receivables of the Group were not pledged.

(f) Inventories

	June 30, 2021	December 31, 2020	June 30, 2020
Raw materials	\$ 121,657	100,716	92,665
Supplies	3,286	3,084	2,969
Work in progress	71,882	70,037	42,475
Finished goods	82,922	91,685	102,707
	<u>\$ 279,747</u>	<u>265,522</u>	<u>240,816</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 June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Inventory that has been sold	\$ 422,082	373,711	817,102	789,138
Write-down of inventories	(2,999)	3,659	(2,783)	4,270
Unallocated production overheads	9,438	10,678	21,070	14,302
	<u>\$ 428,521</u>	<u>388,048</u>	<u>835,389</u>	<u>807,710</u>

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 six months ended June 30, 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	77,701	5,791	80	3,363	438,008
Disposal	-	-	(2,616)	(437)	(1,210)	(4,263)
Reclassify	26,738	77,775	3,060	186	-	107,759
Effect of movements in exchange rates	-	(7,336)	(11,219)	(450)	(2,266)	(21,271)
Balance at June 30, 2021	<u>\$ 637,862</u>	<u>963,213</u>	<u>1,224,348</u>	<u>38,250</u>	<u>204,768</u>	<u>3,068,441</u>
Balance at January 1, 2020	\$ 260,051	803,349	1,367,864	38,611	214,443	2,684,318
Additions	-	1,732	11,897	-	1,325	14,954
Disposal	-	(3,236)	(9,229)	(21)	(11,529)	(24,015)
Reclassify	-	3,612	27,512	-	325	31,449
Effect of movements in exchange rates	-	(15,049)	(26,935)	(940)	(4,622)	(47,546)
Balance at June 30, 2020	<u>\$ 260,051</u>	<u>790,408</u>	<u>1,371,109</u>	<u>37,650</u>	<u>199,942</u>	<u>2,659,160</u>
Depreciation and impairments loss:						
Balance at January 1, 2021	\$ -	231,044	1,014,435	30,964	65,519	1,341,962
Depreciation	-	13,043	33,852	1,293	6,307	54,495
Disposal	-	-	(1,556)	(393)	(1,066)	(3,015)
Effect of movements in exchange rates	-	(1,192)	(8,977)	(348)	(1,396)	(11,913)
Balance at June 30, 2021	<u>\$ -</u>	<u>242,895</u>	<u>1,037,754</u>	<u>31,516</u>	<u>69,364</u>	<u>1,381,529</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Building and construction</u>	<u>Machinery and equipment</u>	<u>Molding equipment</u>	<u>Other facilities</u>	<u>Total</u>
Balance at January 1, 2020	\$ -	208,227	1,138,279	27,468	65,558	1,439,532
Depreciation	-	11,756	32,217	2,017	6,723	52,713
Disposal	-	(2,925)	(8,539)	(16)	(10,263)	(21,743)
Effect of movements in exchange rates	-	(3,352)	(21,063)	(672)	(1,940)	(27,027)
Balance at June 30, 2020	<u>\$ -</u>	<u>213,706</u>	<u>1,140,894</u>	<u>28,797</u>	<u>60,078</u>	<u>1,443,475</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 June 30, 2021	<u>\$ 637,862</u>	<u>720,318</u>	<u>186,594</u>	<u>6,734</u>	<u>135,404</u>	<u>1,686,912</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 June 30, 2020	<u>\$ 260,051</u>	<u>576,702</u>	<u>230,215</u>	<u>8,853</u>	<u>139,864</u>	<u>1,215,685</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	-	1,934	-	1,134	3,068
Disposal	-	(770)	-	(582)	(1,352)
Effect of changes in foreign exchange rates	(396)	(682)	-	-	(1,078)
Balance at June 30, 2021	<u>\$ 32,072</u>	<u>57,906</u>	<u>-</u>	<u>6,373</u>	<u>96,351</u>
Balance at January 1, 2020	\$ 31,948	31,091	173	4,659	67,871
Additions	-	200	-	579	779
Effect of changes in foreign exchange rates	(814)	(744)	(4)	-	(1,562)
Balance at June 30, 2020	<u>\$ 31,134</u>	<u>30,547</u>	<u>169</u>	<u>5,238</u>	<u>67,088</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	423	6,798	-	912	8,133
Disposal	-	(706)	-	(146)	(852)
Effect of changes in foreign exchange rates	(21)	(139)	-	-	(160)
Balance at June 30, 2021	<u>\$ 2,114</u>	<u>18,217</u>	<u>-</u>	<u>3,001</u>	<u>23,332</u>
Balance at January 1, 2020	\$ 842	12,208	112	657	13,819
Depreciation	411	6,000	52	740	7,203
Effect of changes in foreign exchange rates	(21)	(281)	(3)	-	(305)
Balance at June 30, 2020	<u>\$ 1,232</u>	<u>17,927</u>	<u>161</u>	<u>1,397</u>	<u>20,717</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 June 30, 2021	<u>\$ 29,958</u>	<u>39,689</u>	<u>-</u>	<u>3,372</u>	<u>73,019</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 June 30, 2020	<u>\$ 29,902</u>	<u>12,620</u>	<u>8</u>	<u>3,841</u>	<u>46,371</u>

(i) Short-term borrowings

The short-term borrowings were summarized as follows:

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Secured bank loans	\$ 58,191	161,853	76,311
Unsecured bank loans	87,945	320,499	238,520
Total	<u>\$ 146,136</u>	<u>482,352</u>	<u>314,831</u>
Unused short-term credit lines	<u>\$ 794,494</u>	<u>1,152,195</u>	<u>1,228,677</u>
Range of interest rates	<u>0.155%~1.184%</u>	<u>0.16%~1.23%</u>	<u>1.00%~1.65%</u>

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

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

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(j) Long-term borrowings

	June 30, 2021			
	Currency	Rate	Maturity year	Amount
Secured bank loans	TWD	1.1960%~1.1977%	2041	\$ 314,900
Less: current portion				(16,080)
Total				<u><u>\$ 298,820</u></u>

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

(k) Bonds payable

	June 30, 2021	December 31, 2020	June 30, 2020
Total convertible corporate bonds issued	\$ 300,000	-	-
Unamortized discounted corporate bonds payable	(29,434)	-	-
Cumulative converted amount	(100)	-	-
Convertible bonds issued balance	<u><u>\$ 270,466</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Embedded derivative-call options (included in financial assets at fair value through profit or loss)	<u><u>\$ 574</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Equity components — conversion options (included in capital surplus — share options)	<u><u>\$ 31,979</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
	For the three months ended June 30,	For the six months ended June 30,	
	2021	2020	2021
Interest expense	<u><u>\$ 2,692</u></u>	<u><u>-</u></u>	<u><u>4,471</u></u>
			2020
			<u><u>-</u></u>

Items	Third unsecured 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.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Items</u>	<u>Third unsecured domestic convertible bonds</u>
7.Redemption method	<p>(1) If the closing price of shares for each of 30 consecutive trading days is at least 130% of the conversion price between the 3 months after the share issuance date and the 40th day before the maturity date, the Company may redeem all the outstanding bonds at their par value.</p> <p>(2) If the amount outstanding of bonds is less than 10% of the principal amount between the 3 months after the share issuance date and the 40th day before the maturity date, the Company may redeem the outstanding bonds at their principal amount within five business days before the maturity date.</p>
8.Conversion period	<p>(1) The bondholder can convert its bonds into shares at any time between 3 months after the issuance date and the day before the maturity day.</p> <p>(2) For the circumstances below, the conversion terminates in compliance with the method issued by the Company. 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	The conversion price is 19.3 per share when issuance.
10. Pledge	For the collateral for bonds payable, please refer to note 8.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(l) Lease liability

The carrying values of the lease liabilities were as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Current	\$ <u>14,200</u>	<u>11,916</u>	<u>6,514</u>
Non-current	\$ <u>32,167</u>	<u>39,229</u>	<u>11,430</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 June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Interest on lease liabilities	\$ <u>1,632</u>	<u>652</u>	<u>3,342</u>	<u>1,425</u>
Expenses relating to short-term leases	\$ <u>263</u>	<u>264</u>	<u>594</u>	<u>529</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>26</u>	<u>53</u>	<u>97</u>	<u>97</u>

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

	For the six months ended June 30,	
	2021	2020
Total cash outflow for leases	\$ <u>10,802</u>	<u>8,816</u>

(i) Real estate leases

The Group leases building for its employee dormitories and plant offices. The lease terms ranged for a period of 1 to 2 years and 2 to 5 years for employee dormitories and plant offices, respectively. Some of the terms can be extended upon maturity. However, if the option of extension is uncertain, the related expenditures incurred in the covered period cannot be accounted for as lease liabilities.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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 June 30, 2021, December 31, 2020 and June 30, 2020, the amount of unamortized deferred revenue was \$28,748, \$29,514 and \$28,696, 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.

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

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Operating cost	\$ 68	95	133	199
Operating expenses	116	154	226	299
	<u>\$ 184</u>	<u>249</u>	<u>359</u>	<u>498</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Defined contribution plans

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

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Operating cost	\$ 2,831	391	5,740	2,451
Operating expenses	1,935	1,006	3,862	2,518
	<u>\$ 4,766</u>	<u>1,397</u>	<u>9,602</u>	<u>4,969</u>

(o) Income taxes

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

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Current tax expense				
Current period	\$ 1,026	4,011	7,342	6,376
Adjustment for prior periods	-	-	-	-
Income tax expense	<u>\$ 1,026</u>	<u>4,011</u>	<u>7,342</u>	<u>6,376</u>

(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 June 30, 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:

	June 30, 2021	December 31, 2020	June 30, 2020
Share capital	\$ 1,439,907	1,439,858	1,443,459
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	31,979	-	-
	<u><u>\$ 1,585,977</u></u>	<u><u>1,553,577</u></u>	<u><u>1,546,518</u></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 shareholders' meeting held on July 15, 2021, to distribute a cash dividend of \$40,000. Each share could receive a cash dividend of \$0.33457. 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 June 30, 2021, all treasury shares were not sold and the market price on June 30, 2021, December 31 and June 30, 2020, was \$20.70, \$19.30 and \$11.05 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 June 30, 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) 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		For the six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Expenses resulting from restricted stocks	\$ <u>1,771</u>	<u>3,263</u>	<u>3,543</u>	<u>6,525</u>

(r) Earnings per share

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

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Basic earnings per share				
Profit of the Company for the year	\$ <u>36,639</u>	<u>12,705</u>	<u>70,417</u>	<u>4,770</u>
Weighted average number of ordinary shares (in thousands of shares)	<u>117,883</u>	<u>119,642</u>	<u>117,883</u>	<u>119,732</u>
Basic earnings per share	\$ <u>0.31</u>	<u>0.11</u>	<u>0.60</u>	<u>0.04</u>
Diluted earnings per share				
Profit of the Company for the year	\$ 36,639	12,705	70,417	4,770
Effect of dilutive potential ordinary share	<u>2,153</u>	<u>-</u>	<u>3,576</u>	<u>-</u>
Profit attributable to common stockholders of the Company (including effect of dilutive potential ordinary share)	\$ <u>38,792</u>	<u>12,705</u>	<u>73,993</u>	<u>4,770</u>
Weighted average number of ordinary shares (in thousands of shares)	\$ 117,883	119,462	117,883	119,732
Effect of employee share bonus (in thousands of shares)	122	-	224	-
Effect of convertible bonds (in thousands of shares)	15,544	-	12,882	-

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the three months ended June 30,		For the six months ended June 30,	
Effect of restricted employee shares unrested (in thousands of shares)	1,173	2,000	1,173	2,000
Weighted average number of ordinary shares (in thousands of shares)	134,722	121,462	132,162	121,732
Diluted earnings per share (in New Taiwan Dollars)	\$ 0.29	0.10	0.56	0.04

(s) Revenue from contracts with customers

(i) Revenue detail

For the three months ended June 30, 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	\$ 26,465	118,586	87,532	7,256	-	-	239,839
America and Europe	50,295	-	-	-	106,191	35,601	192,087
Taiwan	64,552	-	-	-	1,266	-	65,818
Africa	7,974	-	-	-	-	-	7,974
Others	63,530	-	1,263	-	2,533	6,139	73,465
	<u>\$ 212,816</u>	<u>118,586</u>	<u>88,795</u>	<u>7,256</u>	<u>109,990</u>	<u>41,740</u>	<u>579,183</u>
Major product:							
LED transmitter component	\$ 12,443	55,715	-	-	-	-	68,158
LED lighting component	67,175	1,369	64,238	-	-	16,746	149,528
LED lighting module and product	119,772	56,186	14,498	-	-	14,311	204,767
Automotive LED lighting module	-	-	-	7,184	107,456	10,431	125,071
Others	13,426	5,316	10,059	72	2,534	252	31,659
	<u>\$ 212,816</u>	<u>118,586</u>	<u>88,795</u>	<u>7,256</u>	<u>109,990</u>	<u>41,740</u>	<u>579,183</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the three months ended June 30, 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>Other</u>	<u>Total</u>
Major market							
China	\$ 13,318	99,590	72,354	12,223	-	714	198,199
America and Europe	60,423	-	-	434	56,168	27,939	144,964
Taiwan	25,660	-	-	-	15	-	25,675
Africa	28,954	-	-	-	-	-	28,954
Others	79,720	-	116	-	1,721	4,963	86,520
	<u>\$ 208,075</u>	<u>99,590</u>	<u>72,470</u>	<u>12,657</u>	<u>57,904</u>	<u>33,616</u>	<u>484,312</u>
Major product:							
LED transmitter component	\$ 8,133	43,624	-	-	-	-	51,757
LED lighting component	77,176	3,416	40,518	-	-	4,072	125,182
LED lighting module and product	117,303	52,462	23,396	-	-	25,391	218,552
Automotive LED lighting module	-	-	-	11,752	57,904	3,845	73,501
Others	5,463	88	8,556	905	-	308	15,320
	<u>\$ 208,075</u>	<u>99,590</u>	<u>72,470</u>	<u>12,657</u>	<u>57,904</u>	<u>33,616</u>	<u>484,312</u>
For the six months ended June 30, 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>Other</u>	<u>Total</u>
Major market							
China	\$ 41,146	204,150	153,318	19,262	-	3,924	421,800
America and Europe	111,540	-	-	356	247,666	70,482	430,044
Taiwan	101,161	-	-	-	2,644	265	104,070
Africa	15,040	-	-	-	-	-	15,040
Others	130,486	-	3,218	-	3,921	12,151	149,776
	<u>\$ 399,373</u>	<u>204,150</u>	<u>156,536</u>	<u>19,618</u>	<u>254,231</u>	<u>86,822</u>	<u>1,120,730</u>
Major product:							
LED transmitter component	\$ 25,559	104,597	-	-	-	-	130,156
LED lighting component	145,173	3,300	120,751	-	-	23,182	292,406
LED lighting module and product	211,731	82,843	25,435	-	-	52,240	372,249
Automotive LED lighting module	-	-	-	19,519	250,310	10,696	280,525
Others	16,910	13,411	10,350	99	3,921	703	45,394
	<u>\$ 399,373</u>	<u>204,151</u>	<u>156,536</u>	<u>19,618</u>	<u>254,231</u>	<u>86,821</u>	<u>1,120,730</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the six months ended June 30, 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	\$ 18,626	159,679	133,038	21,293	-	1,623	334,259
America and Europe	100,236	-	-	2,410	148,150	46,385	297,181
Taiwan	45,313	-	-	-	15	29	45,357
Africa	139,252	-	-	-	-	3,937	143,189
Others	152,853	-	231	17	2,608	5,091	160,800
	<u>\$ 456,280</u>	<u>159,679</u>	<u>133,269</u>	<u>23,720</u>	<u>150,773</u>	<u>57,065</u>	<u>980,786</u>
Major product:							
LED transmitter component	\$ 13,144	75,953	-	-	-	-	89,097
LED lighting component	147,553	4,530	93,812	-	-	8,988	254,883
LED lighting module and product	288,690	78,783	23,587	-	-	43,486	434,546
Automotive LED lighting module	-	-	-	22,810	150,773	3,845	177,428
Others	6,893	413	15,870	910	-	746	24,832
	<u>\$ 456,280</u>	<u>159,679</u>	<u>133,269</u>	<u>23,720</u>	<u>150,773</u>	<u>57,065</u>	<u>980,786</u>

(ii) Contract balances

	June 30, 2021	December 31, 2020	June 30, 2020
Note receivables	\$ 18,480	23,068	9,437
Accounts receivables	530,917	433,748	421,444
Less: Loss allowance	(18,096)	(32,238)	(15,690)
Total	<u>\$ 531,301</u>	<u>424,578</u>	<u>415,191</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.

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The employees' compensation for the three months and six months period ended June 30, 2021, were \$3,300 and \$3,800, respectively. The directors' remuneration for the three months and six months period ended June 30, 2021, were \$1,000 and \$1,100, respectively. The calculation is based on the Company's net income before tax excluding employees' compensation, directors' remuneration and recovery of deficit that multiplied by the percentage of employees' compensation and remuneration to directors. The compensations and remunerations were expensed under operating costs or operating expenses during the period. There were no estimated employees' compensation and directors' remuneration for the three months and six months period ended June 30, 2020, as the amount were immaterial. The employees' compensation and directors' remuneration for the year ended December 31, 2020, were \$2,250 and \$450, respectively. There were no employees' compensation and directors' remuneration for the year ended December 31, 2019, as the Company had suffered in 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 June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Interest income from bank deposits	\$ 1,548	2,077	4,354	4,172
Other interest income	1,468	3,538	2,573	6,707
	<u>\$ 3,016</u>	<u>5,615</u>	<u>6,927</u>	<u>10,879</u>

(ii) Other income

The details of net other income were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Other income- others	\$ 93	1,989	2,616	6,034

(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 June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Net losses on disposal of Property, plant, and equipment	\$ (256)	(1,648)	(302)	(1,430)
Net gain on financial assets at fair value	2,659	-	3,797	-
Net losses on foreign exchange	(8,013)	(1,287)	(5,797)	(427)
Others	(4,197)	1,020	(6,097)	(1,064)
	<u>\$ (9,807)</u>	<u>(1,915)</u>	<u>(8,399)</u>	<u>(2,921)</u>

(iv) Finance costs

The details of finance costs were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Interest expenses	\$ <u>5,768</u>	<u>1,943</u>	<u>10,686</u>	<u>4,519</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>
June 30, 2021							
Non-derivative financial liabilities							
Secured loans	\$ 373,091	(410,184)	(68,141)	(9,860)	(19,557)	(57,547)	(255,078)
Unsecured loans	87,945	(88,064)	(88,064)	-	-	-	-
Lease liabilities	46,367	(57,840)	(9,845)	(9,664)	(16,396)	(21,935)	-
Notes payable and accounts payable	355,160	(355,160)	(355,160)	-	-	-	-
Other payable	101,648	(101,648)	(101,648)	-	-	-	-
Bonds payable	270,466	(299,900)	-	-	-	(299,900)	-
	<u><u>\$ 1,234,677</u></u>	<u><u>(1,312,796)</u></u>	<u><u>(622,858)</u></u>	<u><u>(19,524)</u></u>	<u><u>(35,953)</u></u>	<u><u>(379,382)</u></u>	<u><u>(255,078)</u></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><u>\$ 1,013,532</u></u>	<u><u>(1,028,340)</u></u>	<u><u>(972,319)</u></u>	<u><u>(9,204)</u></u>	<u><u>(18,051)</u></u>	<u><u>(28,766)</u></u>	<u><u>-</u></u>
June 30, 2020							
Non-derivative financial liabilities							
Secured loans	\$ 76,311	(76,362)	(76,362)	-	-	-	-
Unsecured loans	238,520	(238,663)	(238,663)	-	-	-	-
Lease liabilities	17,944	(21,185)	(4,615)	(3,829)	(7,521)	(5,220)	-
Notes payable and accounts Payable	277,373	(277,373)	(277,373)	-	-	-	-
Other payable	117,123	(117,123)	(117,123)	-	-	-	-
Dividends payable	12,300	(12,300)	(12,300)	-	-	-	-
	<u><u>\$ 739,571</u></u>	<u><u>(743,006)</u></u>	<u><u>(726,436)</u></u>	<u><u>(3,829)</u></u>	<u><u>(7,521)</u></u>	<u><u>(5,220)</u></u>	<u><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:

	June 30, 2021				December 31, 2020			June 30, 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	\$	9,766 USD/TWD=	27.8600	272,081	6,769 USD/TWD=	28.4800	192,781	11,673 USD/TWD=	29.6300	345,871	
USD		4,229 USD/CNY=	6.4601	117,822	4,448 USD/CNY=	6.5249	126,679	7,391 USD/CNY=	7.0795	219,068	
CNY		25,603 CNY/TWD=	4.3127	110,418	28,045 CNY/TWD=	4.3770	122,753	16,324 CNY/TWD=	4.1867	68,344	
<u>Financial liabilities</u>											
<u>Monetary items</u>											
USD		11,090 USD/TWD=	27.8600	308,967	15,722 USD/TWD=	28.4800	447,763	13,823 USD/TWD=	29.6300	409,575	
USD		1,425 USD/CNY=	6.4601	39,701	3,424 USD/CNY=	6.5249	97,516	522 USD/CNY=	7.0795	15,472	
CNY		272 CNY/TWD=	4.3127	1,173	129 CNY/TWD=	4.3770	565	2,551 CNY/TWD=	4.1867	10,680	

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 June 30, 2021 and 2020 would have increased (decreased) the equity by \$7,524 and \$9,878 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 six months ended June 30, 2021 and 2020, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$(5,797) and \$(427), 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 :

	June 30, 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	\$ 9,850	9,850	-	-	9,850
Financial assets at fair value through profit or loss-non-current-Embedded derivative of convertible bonds	\$ 574	-	574	-	574
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 967,361	-	-	-	-
Notes and trade receivables	531,301	-	-	-	-
Other receivables	6,823	-	-	-	-
Corporate bonds	8,724	-	-	-	-
Subtotal	1,514,209	-	-	-	-
Total	<u>\$ 1,524,633</u>	<u>9,850</u>	<u>574</u>	<u>-</u>	<u>10,424</u>
Financial liabilities at amortized cost					
Bank loans	\$ 461,036	-	-	-	-
Notes and trade payables	355,160	-	-	-	-
Other payables	101,648	-	-	-	-
Bonds payables	270,466	-	-	-	-
Lease liabilities	46,367	-	-	-	-
Total	<u>\$ 1,234,677</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		December 31, 2020			
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
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	-	-	-	-
		June 30, 2020			
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
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	\$ 1,107,323	-	-	-	-
Notes and trade receivables	415,191	-	-	-	-
Other receivables	1,393	-	-	-	-
Subtotal	1,523,907	-	-	-	-
Total	\$ 1,630,031	-	-	106,124	106,124
Financial liabilities at amortized cost					
Bank loans	\$ 314,831	-	-	-	-
Notes and trade payables	277,373	-	-	-	-
Other payables	117,123	-	-	-	-
Dividends payable	12,300	-	-	-	-
Lease liabilities	17,944	-	-	-	-
Total	\$ 739,571	-	-	-	-

(Continued)

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	(131,960)
June 30, 2021	\$ -
January 1, 2020	\$ 106,631
Total gains and losses recognized:	
In other comprehensive income	(507)
June 30, 2020	\$ <u><u>106,124</u></u>

For the six months ended June 30, 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 June 30,		For the six months ended June 30,	
	2021	2020	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”	\$ (13,657)	-	(131,960)	(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.

(Continued)

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
June 30, 2021				
Financial assets fair value through other comprehensive income	1.95	1%	112	(112)
December 31, 2020				
Financial assets fair value through other comprehensive income	2.28	1%	1,320	(1,320)
June 30, 2020				
Financial assets fair value through other comprehensive income	1.90	1%	1,205	(1,205)

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 June 30, 2021 and 2020, were as follows:

	January 1, 2021	Cash Flows	Non-cash changes		June 30, 2021
			Foreign exchange movement	Changes in lease payments	
Short-term borrowings	\$ 482,352	(342,602)	6,386	-	146,136
Lease liabilities	51,145	(6,769)	(551)	2,542	46,367
Long-term borrowings (including current portion)	-	314,900	-	-	314,900
Total liabilities from financing activities	<u>\$ 533,497</u>	<u>(34,471)</u>	<u>5,835</u>	<u>2,542</u>	<u>507,403</u>

	January 1, 2020	Cash Flows	Non-cash changes		June 30, 2020
			Foreign exchange movement	Changes in lease payments	
Short-term borrowings	\$ 283,395	31,671	(235)	-	314,831
Lease liabilities	24,315	(6,765)	(385)	779	17,944
Total liabilities from financing activities	<u>\$ 307,710</u>	<u>24,906</u>	<u>(620)</u>	<u>779</u>	<u>332,775</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 June 30,		For the six months ended June 30,	
	2021	2020	2021	2020
Short-term employee benefits	\$ 7,036	5,518	16,034	19,002
Share-based payments	591	722	1,183	1,445
	<u>\$ 7,627</u>	<u>6,240</u>	<u>17,217</u>	<u>20,447</u>

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	June 30, 2021	December 31, 2020	June 30, 2020
Deposits (classified under current assets)	The guarantee letter of credit	\$ 12,338	17,312	17,832
Deposits (classified under current assets)	Tender deposit	20,000	-	-
Deposits (classified under current assets)	Short-term loans	124,965	114,278	52,554
Deposits (classified under non-current assets)	Deposit to customs	10,330	8,179	7,980
Property, plant, and equipment	Guarantee of Corporate Bonds	201,182	202,015	-
Property, plant, and equipment	Short-term loans	-	-	131,761
Property, plant, and equipment	Long-term loans	530,627	-	-
		<u>\$ 899,442</u>	<u>341,784</u>	<u>210,127</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(9) Commitments and contingencies:

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

	June 30, 2021	December 31, 2020	June 30, 2020
Acquisition of property, plant and equipment	\$ <u>39,997</u>	<u>429,869</u>	<u>9,952</u>

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events:

A resolution was made during the Board of Directors meeting held on July 15, 2021, which appointed that August 21, 2021 would be the Ex-Dividend Date. Also, from July 27, 2021 to August 21, 2021, was the period during which the conversion of convertible corporate bonds ceased. The holders of the Company's convertible bonds had exercised 1,096 conversion rights and converted 5,679 thousand ordinary shares with a conversion price of \$19.3 per share in the period of July 1, 2021 to July 26, 2021, which the process has not yet been completed. The Company announced to distribute cash dividend on July 29, 2021, therefore the conversion price decreased from \$19.3 per share to \$19.1 per share since August 21, 2021. Related information would be available at the Market Observation Post System website.

(12) Other:

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

By item	By function	For the three months ended June 30,					
		2021			2020		
		Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits							
Salary		42,903	45,404	88,307	36,744	32,594	69,338
Labor and health insurance		2,256	2,681	4,937	1,395	1,871	3,266
Pension		2,899	2,051	4,950	486	1,160	1,646
Directors' remuneration		-	1,192	1,192	-	192	192
Others		4,234	2,129	6,363	3,603	1,914	5,517
Depreciation		23,041	7,899	30,940	22,138	7,749	29,887
Amortization		46	595	641	20	605	625

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

By item	By function	For the six months ended June 30,					
		2021			2020		
		Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits							
Salary		82,138	88,765	170,903	72,872	75,053	147,925
Labor and health insurance		4,664	5,347	10,011	3,620	4,831	8,451
Pension		5,873	4,088	9,961	2,650	2,817	5,467
Directors' remuneration		-	1,442	1,442	-	384	384
Others		8,150	4,220	12,370	7,604	4,418	12,022
Depreciation		46,976	15,652	62,628	46,021	13,895	59,916
Amortization		46	1,104	1,150	70	1,205	1,275

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

(13) Other disclosures:

(a) Information on significant transactions:

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

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 2)	Ending balance (Note 2)	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	Yangzhou Edison Opto Corporation	Yangzhou Edison-Litek Opto Corporation	Other receivables due from related parties	Yes	26,318 (CNY6,000 thousand)	25,876 (CNY6,000 thousand)	-	1%	2	-	Short-term financing	-	-	-	231,571 (Note1)	463,141 (Note1)
2	Edison-Litek Opto Corporation Limited	Edison-Litek Opto Corporation	Other receivables due from related parties	Yes	31,389 (USD1,100 thousand)	30,646 (USD1,100 thousand)	30,646 (USD1,100 thousand)	1%	2	-	Short-term financing	-	-	-	50,839 (Note1)	101,679 (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.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (iii) Securities held as of June 30, 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	
Edison Fund Investment Corporation	Evergreen Marine Corp.	NO	Current financial assets at fair value through profit or loss	50	9,850	- %	9,850	
Edison Fund Investment Corporation	Taipei Fubon Bank-Qatar Government International Bond	NO	Financial assets measured at amortized cost- non-current	-	8,724	- %	8,724	
Edison Fund Investment Corporation	LED Litek Co., Ltd.	NO	Financial assets through other fair value measurements- non-current	124	-	15.39 %	-	

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

- (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	Bank of Communication Co., Ltd.	-	-	-	-	918,605 (RMB213,000 thousand)	-	920,966 (RMB213,547 thousand)	918,605	2,361	-	-

- (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 17F	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.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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)	
Edison Opto (Dong Guan) Co., Ltd.	The Company	Parents	Sales	(136,201)	39.33 %	90 days	No significant difference	-	20,978	16.47 %	
The Company	Edison Opto (Dong Guan) Co., Ltd.	Subsidiary	Purchase	136,201	33.64 %	90 days	No significant difference	-	(20,978)	18.77 %	
Yangzhou Edison Opto Corporation	The Company	Parent Company	Sales	(181,161)	46.14 %	90 days	No significant difference	-	19,985	14.87 %	
The Company	Yangzhou Edison Opto Corporation	Subsidiary	Purchase	181,161	44.61 %	90 days	No significant difference	-	(19,985)	26.03 %	
Yangzhou Edison-Litek Opto Corporation	Edison-Litek Opto Corporation	Sub-subsidiary	Sales	(135,515)	87.35 %	90 days	No significant difference	-	49,677	62.15 %	
Edison-Litek Opto Corporation	Yangzhou Edison-Litek Opto Corporation	Sub-subsidiary	Purchase	135,515	76.27 %	90 days	No significant difference	-	(49,677)	70.76 %	

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

(ix) Trading in derivative instruments: None

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Yangzhou Edison Opto Corporation	1	Sales	29,070	90 days	2.59%
0	The Company	Edison Opto (Dong Guan) Co., Ltd.	1	Sales	60,692	90 days	5.42%
0	The Company	Edison Opto (Dong Guan) Co., Ltd.	1	Accounts receivable	20,978	90 days	0.53%
0	The Company	Edison Opto USA Corporation	1	Sales	30,495	90 days	2.72%
0	The Company	Edison Opto USA Corporation	1	Accounts receivable	21,353	90 days	0.54%
1	Yangzhou Edison Opto Corporation	The Company	2	Sales	181,161	90 days	16.16%
1	Yangzhou Edison Opto Corporation	The Company	2	Accounts receivable	19,985	90 days	0.51%
1	Yangzhou Edison Opto Corporation	Edison-Egypt Opto Corporation	3	Sales	27,843	90 days	2.48%
1	Yangzhou Edison Opto Corporation	Edison-Egypt Opto Corporation	3	Accounts receivable	19,100	90 days	0.48%
2	Edison Opto (Dong Guan) Co., Ltd.	The Company	2	Sales	136,202	90 days	12.15%

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
3	Yangzhou Edison-Litek Opto Corporation	Edison Litek Opto Corporation	3	Sales	135,515	90 days	12.09%
3	Yangzhou Edison-Litek Opto Corporation	Edison Litek Opto Corporation	3	Accounts receivable	49,677	90 days	1.26%
5	Edison-Litek Opto Corporation Limited	Edison Litek Opto Corporation	3	Other receivables	30,646	base on contract	0.77%
3	Yangzhou Edison Opto Corporation	Edison Opto (Dong Guan) Co., Ltd.	3	Sales	11,575	90 days	1.03%
3	Yangzhou Edison Opto Corporation	Edison Opto (Dong Guan) Co., Ltd.	3	Accounts receivable	10,123	90 days	0.26%

Note 1: (a) 0 represents The Company

(b) 1 and thereafter represent subsidiaries

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

(a) 1 represents parent to subsidiary

(b) 2 represents subsidiary to parent

(c) 3 represents subsidiary to subsidiary

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

(b) Information on investees:

The following is the information on investees for the six months ended June 30, 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 June 30, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 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 %	6,378	(6)	(6)	-
The Company	Edison Opto Corporation	Samoa	Selling of LED components and modules	145,991	145,991	4,500	100.00 %	225,092	7,453	7,453	-
The Company	Best Opto Corporation	Samoa	Selling of LED components and modules	1,550,826	1,550,826	50,000	100.00 %	1,143,359	5,676	5,676	-
The Company	Edison Fund Investment Corporation	Taiwan	Investment	686,000	655,000	25,000	100.00 %	78,944	9,436	9,436	-
The Company	Edison-Litek Opto Corporation Limited	Hong Kong	Investment	167,661	167,661	5,500	44.58 %	113,321	8,804	3,925	-
The Company	Edison-Litek Opto Corporation	Taiwan	Selling of LED components and modules	48,900	48,900	9,700	98.43 %	180,559	29,191	29,036	-
The Company	Edison-Egypt Opto Corporation	Taiwan	Selling of LED components and modules	47,940	47,940	4,794	100.00 %	19,125	10,353	10,353	-
Best Opto Corporation	Best Led Corporation	Samoa	Investment	1,550,826	1,550,826	50,000	100.00 %	1,157,856	5,676	5,676	-
Edison Fund Investment Corporation	Edison Opto USA	USA	Selling of LED components and modules	6,392	6,392	220	55.00 %	25,167	6,307	3,469	-
Edison Fund Investment Corporation	Edisonopto Lighting Inc.	Taiwan	Selling of LED components and modules	113,185	113,185	2,200	100.00 %	18,194	4,261	4,261	-
Edison Fund Investment Corporation	Davinci Opto Corporation (Note 1)	Taiwan	Selling of LED components and modules	5,000	5,000	500	100.00 %	-	-	-	-

(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 June 30, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value			
Edison-Litek Opto Corporation	Edison-Litek Opto Corporation Limited	Hong Kong	Investment	33,187	33,187	3,463	28.06 %	71,328	8,805	2,471	-
Edison Fund Investment Corporation	Edison Auto Lighting Corporation	Taiwan	Selling of LED components and modules	7,570	5,100	1,000	100.00 %	5,199	(81)	(41)	-

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 June 30, 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	USD 145,991 (4,500 thousand)	(b)	USD 111,408 (3,317 thousand)	-	-	USD 111,408 (3,317 thousand)	USD 7,452 (265 thousand)	100.00%	USD 7,452 (265 thousand)	USD 230,525 (8,274 thousand)	USD 34,583 (1,183 thousand)
DongGuan Davinci Opto Co., Ltd. (note 2)	Manufacturing and selling of LED components and modules	-	(b)	USD 52,255 (1,714 thousand)	-	-	USD 52,255 (1,714 thousand)	-	-%	-	-	-
Yangzhou Edison Opto Corporation	Manufacturing and selling of LED components and modules	USD 1,550,826 (50,000 thousand)	(b)	USD 1,550,826 (50,000 thousand)	-	-	USD 1,550,826 (50,000 thousand)	USD 5,676 (201 thousand)	100.00%	USD 5,676 (201 thousand)	USD 1,157,853 (41,560 thousand)	-
Yangzhou Aichuan Electronic Trade Corporation	Selling of LED components and modules	RMB 2,148 (500 thousand)	(c)	-	-	-	-	RMB 20 (5 thousand)	100.00%	RMB 20 (5 thousand)	RMB 2,196 (509 thousand)	-
Yangzhou Edison-Litek Opto Corporation	Manufacturing and selling of LED components and modules	USD 270,552 (8,875 thousand)	(b)	USD 167,661 (5,500 thousand)	-	-	USD 167,661 (5,500 thousand)	USD 8,664 (308 thousand)	72.64%	USD 6,294 (224 thousand)	USD 161,704 (5,804 thousand)	-

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

(a) Direct investment from Mainland China

(b) Indirect investment from third-party country

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

(c) Others

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

Note 2: The dissolution has registered in 2020.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Limitation on investment in Mainland China:

Company Name	Accumulated Investment in Mainland China as of June 30, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	1,829,895 (USD58,817 thousand)	1,665,192 (note 3) (USD59,770 thousand)	Note 1
Ledionopto Lighting Inc.	52,255 (note 2) (USD1,714 thousand)	52,255 (USD1,714 thousand)	-

Note 1: Since the Company acquired the permission from Industrial Development Bureau at September 9, 2019, Ministry of Economic Affairs, the upper limit on investment is not applicable, under “Regulations Governing The Permission of Commercial Behavior in Mainland China”, Article 3 (documentation reference number: 10820423850).

Note 2: DongGuan Davinci Opto Co., Ltd., in which Ledionopto 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 USD1,714 thousand had been included in the accumulated investment amount.

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

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions” and “Business relationships and significant intercompany transactions.”

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Lighting Investment Corporation		16,556,182	13.50 %
Epistar Corporation		9,068,000	7.39 %

(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 June 30, 2021								
	The Company	Edison Opto (Dong Guan) Co., Ltd.	Yangzhou Edison Opto Corporation	Yangzhou Edison-Litek Opto Corporation	Edison-Litek Opto Corporation	Others	Reconciliation and elimination	Total
Revenues:								
Revenue from external customers	\$ 212,816	118,586	88,795	7,256	109,990	41,740	-	579,183
Intersegment revenues	43,261	85,672	100,975	58,978	93	-	(288,979)	-
Total revenue	<u>\$ 256,077</u>	<u>204,258</u>	<u>189,770</u>	<u>66,234</u>	<u>110,083</u>	<u>41,740</u>	<u>(288,979)</u>	<u>579,183</u>
Reportable segment profit or loss	<u>\$ 36,640</u>	<u>1,866</u>	<u>5,666</u>	<u>(1,115)</u>	<u>13,316</u>	<u>17,387</u>	<u>(34,725)</u>	<u>39,035</u>
For the three months ended June 30, 2020								
	The Company	Edison Opto (Dong Guan) Co., Ltd.	Yangzhou Edison Opto Corporation	Yangzhou Edison-Litek Opto Corporation	Edison-Litek Opto Corporation	Others	Reconciliation and elimination	Total
Revenues:								
Revenue from external customers	\$ 208,075	99,590	72,470	12,657	57,904	33,616	-	484,312
Intersegment revenues	27,765	52,652	135,129	24,001	762	-	(240,309)	-
Total revenue	<u>\$ 235,840</u>	<u>152,242</u>	<u>207,599</u>	<u>36,658</u>	<u>58,666</u>	<u>33,616</u>	<u>(240,309)</u>	<u>484,312</u>
Reportable segment profit or loss	<u>\$ 12,706</u>	<u>18,485</u>	<u>4,705</u>	<u>(10,671)</u>	<u>2,095</u>	<u>(7,305)</u>	<u>(7,031)</u>	<u>12,984</u>
For the six months ended June 30, 2021								
	The Company	Edison Opto (Dong Guan) Co., Ltd.	Yangzhou Edison Opto Corporation	Yangzhou Edison-Litek Opto Corporation	Edison-Litek Opto Corporation	Others	Reconciliation and elimination	Total
Revenues:								
Revenue from external customers	\$ 399,373	204,150	156,536	19,618	254,231	86,822	-	1,120,730
Intersegment revenues	83,502	142,177	222,090	135,516	93	-	(583,378)	-
Total revenue	<u>\$ 482,875</u>	<u>346,327</u>	<u>378,626</u>	<u>155,134</u>	<u>254,324</u>	<u>86,822</u>	<u>(583,378)</u>	<u>1,120,730</u>
Reportable segment profit or loss	<u>\$ 70,418</u>	<u>6,065</u>	<u>5,677</u>	<u>8,804</u>	<u>35,397</u>	<u>25,106</u>	<u>(68,320)</u>	<u>83,147</u>
For the six months ended June 30, 2020								
	The Company	Edison Opto (Dong Guan) Co., Ltd.	Yangzhou Edison Opto Corporation	Yangzhou Edison-Litek Opto Corporation	Edison-Litek Opto Corporation	Others	Reconciliation and elimination	Total
Revenues:								
Revenue from external customers	\$ 456,280	159,679	133,269	23,720	150,773	57,065	-	980,786
Intersegment revenues	63,041	80,776	236,633	84,936	762	-	(466,148)	-
Total revenue	<u>\$ 519,321</u>	<u>240,455</u>	<u>369,902</u>	<u>108,656</u>	<u>151,535</u>	<u>57,065</u>	<u>(466,148)</u>	<u>980,786</u>
Reportable segment profit or loss	<u>\$ 4,770</u>	<u>19,655</u>	<u>(2,127)</u>	<u>(15,566)</u>	<u>12,898</u>	<u>(11,732)</u>	<u>(3,514)</u>	<u>4,384</u>

Note : The eliminated amount among reportable segments for the three months and six months ended June 30, 2021 and 2020 were \$288,979, \$240,309, \$583,378 and \$466,148 respectively.