

**EDISON OPTO CORPORATION
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 2022 and 2021**

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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, 2022 and 2021, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2022 and 2021, as well as the changes in equity and cash flows for the six months ended June 30, 2022 and 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to \$387,821 thousand and \$579,411 thousand, constituting 10.19% and 14.70% of consolidated total assets at June 30, 2022 and 2021, respectively, total liabilities amounting to \$68,885 thousand and \$195,025 thousand, constituting 7.01% and 14.72% of consolidated total liabilities at June 30, 2022 and 2021, respectively, and total comprehensive income (loss) amounting to \$7,416 thousand, \$6,360 thousand, \$19,796 thousand and \$15,877 thousand, constituting (116.18)%, 45.79%, 25.16% and (21.75)% of consolidated total comprehensive income (loss) for the three months and six months ended June 30, 2022 and 2021, respectively.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of EDISON OPTO CORPORATION and its subsidiaries as of June 30, 2022 and 2021, and of its consolidated financial performance for the three months and six months ended June 30, 2022 and 2021, as well as its consolidated cash flows for the six months ended June 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)
August 4, 2022

Notes to Readers

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

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

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

Reviewed only, not audited in accordance with the generally accepted auditing standards as of June 30, 2022 and 2021**EDISON OPTO CORPORATION AND SUBSIDIARIES****Consolidated Balance Sheets****June 30, 2022, December 31, 2021, and June 30, 2021****(Expressed in Thousands of New Taiwan Dollars)**

		June 30, 2022		December 31, 2021		June 30, 2021				June 30, 2022		December 31, 2021		June 30, 2021	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
11xx	Current assets:							21xx	Current liabilities:						
1100	Cash and cash equivalents (note 6(a))	\$ 1,102,690	29	1,176,003	29	967,361	25	2100	Short-term borrowings (note 6(j) and 8)	\$ -	-	214,456	6	146,136	4
1110	Current financial assets at fair value through profit or loss (note 6(b))	5,680	-	1,582	-	9,850	-	2170	Accounts and notes payable	249,876	7	315,614	8	355,160	9
1170	Accounts and notes receivable, net (note 6(e)(t))	397,539	10	444,266	11	531,301	13	2200	Other payables (note 6(u))	97,675	3	111,795	3	101,648	3
1200	Other receivables	22,189	1	6,205	-	6,823	-	2216	Dividends payable (note 6(q))	35,000	1	-	-	-	-
1310	Inventories (note 6(f))	284,469	8	316,107	8	279,747	7	2230	Current tax liabilities	10,968	-	14,775	-	11,652	-
1410	Prepayments	82,714	2	83,152	2	79,920	2	2280	Current lease liabilities (note 6(m))	14,797	-	16,117	-	14,200	-
1470	Other current assets (note 8)	18,540	-	127,268	3	157,598	4	2322	Long-term borrowings within one year (note 6(k) and 8)	16,080	-	16,080	-	16,080	-
	Total current assets	1,913,821	50	2,154,583	53	2,032,600	51	2399	Other current liabilities, others	45,187	1	48,173	1	36,044	1
15xx	Non-current assets:								Total current liabilities	469,583	12	737,010	18	680,920	17
1510	Non-current financial assets at fair value through profit or loss (note 6(b)(l))	574	-	574	-	574	-	25xx	Non-Current liabilities:						
1535	Non-current financial assets at amortized cost (note 6(d))	8,715	-	8,720	-	8,724	-	2530	Bonds payable (note 6(l) and 8)	166,892	4	163,588	4	270,466	7
1550	Investments accounted for using equity method, net (notes 6(g))	3,856	-	-	-	-	-	2540	Long-term borrowings (note 6(k) and 8)	282,740	8	290,780	7	298,820	8
1600	Property, plant and equipment (note 6(h), 8 and 9)	1,664,832	44	1,666,064	41	1,686,912	43	2570	Deferred tax liabilities	2,460	-	2,460	-	2,035	-
1755	Right-of-use assets (note 6(i))	60,441	1	67,117	2	73,019	2	2580	Non-current lease liabilities (notes 6(m))	19,828	1	25,173	1	32,167	1
1780	Intangible assets	3,183	-	4,559	-	3,565	-	2600	Other non-current liabilities (notes 6(n)(o))	40,709	1	43,679	1	40,645	1
1840	Deferred tax assets	60,488	2	60,488	1	61,753	2		Total non-current liabilities	512,629	14	525,680	13	644,133	17
1915	Prepayments for business facilities (note 9)	20,441	1	22,335	1	36,574	1		Total liabilities	982,212	26	1,262,690	31	1,325,053	34
1990	Other non-current assets, others (note 8 and 9)	69,288	2	62,313	2	37,430	1	31xx	Equity attributable to owners of parent (notes 6(q)(r)):						
	Total non-current assets	1,891,818	50	1,892,170	47	1,908,551	49	3110	Ordinary share	1,288,617	34	1,288,617	32	1,225,616	31
								3150	Stock dividend to be distributed	65,000	2	-	-	-	-
										1,353,617	36	1,288,617	32	1,225,616	31
								3200	Capital surplus	1,519,330	40	1,619,038	40	1,585,977	41
								3310	Legal reserve	16,903	-	4,841	-	-	-
								3320	Special reserve	112,126	3	-	-	-	-
								3350	Unappropriated retained earnings	32,005	1	124,188	3	118,828	3
								3410	Exchange differences on translation of foreign financial statements	(147,594)	(4)	(183,608)	(5)	(193,213)	(5)
								3420	Unrealized gains (loss) on financial assets at fair value through other comprehensive income	(152,240)	(4)	(152,240)	(4)	(148,686)	(4)
								3491	Other equity, unearned compensation	-	-	(1,377)	-	(2,835)	-
								3500	Treasury shares	(59,048)	(2)	(59,048)	(1)	(62,602)	(2)
									Total equity attributable to owners of parent	2,675,099	70	2,640,411	65	2,523,085	64
								36xx	Non-controlling interests	148,328	4	143,652	4	93,013	2
									Total equity	2,823,427	74	2,784,063	69	2,616,098	66
	Total assets	\$ 3,805,639	100	4,046,753	100	3,941,151	100		Total liabilities and equity	\$ 3,805,639	100	4,046,753	100	3,941,151	100

See accompanying notes to consolidated financial statements.

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

EDISON OPTO CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the six months ended June 30, 2022 and 2021

(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			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue (note 6(t))	\$ 469,034	100	579,183	100	943,359	100	1,120,730	100
5000 Operating costs (notes 6(f)(h)(i)(o))	<u>346,470</u>	<u>74</u>	<u>428,521</u>	<u>74</u>	<u>708,983</u>	<u>75</u>	<u>835,389</u>	<u>75</u>
Gross profit from operations	<u>122,564</u>	<u>26</u>	<u>150,662</u>	<u>26</u>	<u>234,376</u>	<u>25</u>	<u>285,341</u>	<u>25</u>
Operating expenses (note 6(e)(h)(i)(m)(o)(r)(u)):								
6100 Selling expenses	31,443	7	26,487	5	57,148	6	53,825	5
6200 Administrative expenses	43,900	9	47,808	8	85,366	9	91,707	8
6300 Research and development expenses	29,367	6	30,481	5	54,871	6	52,795	5
6450 Expected impairment loss (reversed)	<u>3,132</u>	<u>1</u>	<u>(5,615)</u>	<u>(1)</u>	<u>4,678</u>	<u>1</u>	<u>(5,675)</u>	<u>(1)</u>
Total operating expenses	<u>107,842</u>	<u>23</u>	<u>99,161</u>	<u>17</u>	<u>202,063</u>	<u>22</u>	<u>192,652</u>	<u>17</u>
6900 Net operating income	<u>14,722</u>	<u>3</u>	<u>51,501</u>	<u>9</u>	<u>32,313</u>	<u>3</u>	<u>92,689</u>	<u>8</u>
Non-operating income and expenses (note 6(j)(k)(l)(m)(n)(v)):								
7100 Interest income	3,631	1	3,016	1	6,977	1	6,927	1
7010 Other income	795	-	93	-	5,214	1	2,616	-
7020 Other gain and losses	10,459	2	(9,807)	(2)	10,574	1	(8,399)	(1)
7050 Finance costs	(4,109)	(1)	(5,768)	(1)	(8,492)	(1)	(10,686)	(1)
7060 Share of profit (loss) of associates and joint ventures accounted for using equity method, net(note6(e))	<u>(36)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(36)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating income and expenses	<u>10,740</u>	<u>2</u>	<u>(12,466)</u>	<u>(2)</u>	<u>14,237</u>	<u>2</u>	<u>(9,542)</u>	<u>(1)</u>
7900 Profit from continuing operations before tax	<u>25,462</u>	<u>5</u>	<u>39,035</u>	<u>7</u>	<u>46,550</u>	<u>5</u>	<u>83,147</u>	<u>7</u>
7950 Less: Income tax expenses (note 6(p))	<u>5,157</u>	<u>1</u>	<u>1,026</u>	<u>-</u>	<u>8,041</u>	<u>1</u>	<u>7,342</u>	<u>1</u>
Profit	<u>20,305</u>	<u>4</u>	<u>38,009</u>	<u>7</u>	<u>38,509</u>	<u>4</u>	<u>75,805</u>	<u>6</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)
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>-</u>	<u>-</u>	<u>(14,932)</u>	<u>(3)</u>	<u>-</u>	<u>-</u>	<u>(131,260)</u>	<u>(12)</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	(26,688)	(6)	(9,188)	(2)	40,186	4	(17,555)	(2)
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Components of other comprehensive income that will be reclassified to profit or loss	<u>(26,688)</u>	<u>(6)</u>	<u>(9,188)</u>	<u>(2)</u>	<u>40,186</u>	<u>4</u>	<u>(17,555)</u>	<u>(2)</u>
8300 Other comprehensive income (loss)	<u>(26,688)</u>	<u>(6)</u>	<u>(24,120)</u>	<u>(5)</u>	<u>40,186</u>	<u>4</u>	<u>(148,815)</u>	<u>(14)</u>
8500 Total comprehensive income (loss)	<u>\$ (6,383)</u>	<u>(2)</u>	<u>13,889</u>	<u>2</u>	<u>78,695</u>	<u>8</u>	<u>(73,010)</u>	<u>(8)</u>
Profit, attributable to:								
8610 Attributable to owners of parent	\$ 15,545	3	36,639	7	32,005	3	70,417	6
8620 Attributable to non-controlling interests	<u>4,760</u>	<u>1</u>	<u>1,370</u>	<u>-</u>	<u>6,504</u>	<u>1</u>	<u>5,388</u>	<u>-</u>
	<u>\$ 20,305</u>	<u>4</u>	<u>38,009</u>	<u>7</u>	<u>38,509</u>	<u>4</u>	<u>75,805</u>	<u>6</u>
Comprehensive income (loss) attributable to:								
8710 Attributable to owners of parent	\$ (11,340)	(2)	13,623	2	68,019	7	(77,031)	(8)
8720 Attributable to non-controlling interests	<u>4,957</u>	<u>-</u>	<u>266</u>	<u>-</u>	<u>10,676</u>	<u>1</u>	<u>4,021</u>	<u>-</u>
	<u>\$ (6,383)</u>	<u>(2)</u>	<u>13,889</u>	<u>2</u>	<u>78,695</u>	<u>8</u>	<u>(73,010)</u>	<u>(8)</u>
Earnings per share (note 6(s))								
9750 Basic earnings per share	<u>\$ 0.12</u>		<u>0.31</u>		<u>0.26</u>		<u>0.60</u>	
9850 Diluted earnings per share	<u>\$ 0.12</u>		<u>0.29</u>		<u>0.25</u>		<u>0.56</u>	

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

Consolidated Statements of Changes in Equity

For the six months ended June 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											Non-controlling interests	Total equity
	Retained earnings					Other equity							
	Ordinary shares	Stock dividend to be distributed	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Employees unrealized reward	Treasury shares	Total equity attributable to owners of parent		
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
Balance at January 1, 2022	\$ 1,288,617	-	1,619,038	4,841	-	124,188	(183,608)	(152,240)	(1,377)	(59,048)	2,640,411	143,652	2,784,063
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	-	12,062	-	(12,062)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	-	112,126	(112,126)	-	-	-	-	-	-	-
Net income	-	-	-	12,062	112,126	(124,188)	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	32,005	6,504	38,509
Total comprehensive income	-	-	-	-	-	-	36,014	-	-	-	36,014	4,172	40,186
Other changes in capital surplus:						32,005	36,014	-	-	-	68,019	10,676	78,695
Changes in equity of associates and joint ventures accounted for using equity method	-	-	292	-	-	-	-	-	-	-	292	-	292
Stock dividends from capital surplus	-	65,000	(65,000)	-	-	-	-	-	-	-	-	-	-
Cash dividends from capital surplus	-	-	(35,000)	-	-	-	-	-	-	-	(35,000)	-	(35,000)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(6,000)	(6,000)
Share-based payments	-	-	-	-	-	-	-	-	1,377	-	1,377	-	1,377
Balance at June 30, 2022	\$ 1,288,617	65,000	1,519,330	16,903	112,126	32,005	(147,594)	(152,240)	-	(59,048)	2,675,099	148,328	2,823,427

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

Consolidated Statements of Cash Flows

For the six months ended June 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2022	2021
Cash flows from (used in) operating activities:		
Profit before tax	\$ 46,550	83,147
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	60,123	62,628
Amortization expense	1,479	1,150
Expect impairment loss (reversed)	4,678	(5,675)
Net loss on financial assets or liabilities at fair value through profit or loss	1,439	(10,358)
Interest expense	8,492	10,686
Interest income	(6,977)	(6,927)
Share-based payments	1,377	3,543
Share of loss (profit) of associates and joint ventures accounted for using the equity method	36	-
Gain on disposal of property, plant and equipment	8	302
Gain on disposal of other assets	-	(25)
Total adjustments to reconcile profit	70,655	55,324
Changes in operating assets and liabilities:		
Accounts and notes receivable	34,337	(100,945)
Other receivables	(16,067)	(4,747)
Inventories	31,638	(14,225)
Prepayments	746	(14,565)
Other current assets	(3,287)	(215)
Other operating assets	3,339	(182)
Accounts and notes payable	(65,738)	(14,747)
Other payable	(14,208)	(5,490)
Other current liabilities	(2,986)	521
Net defined benefit liability	283	281
Total changes in operating assets and liabilities	(31,943)	(154,314)
Cash inflow generated from (used in) operations	85,262	(15,843)
Interest received	7,055	6,835
Interest paid	(5,100)	(6,213)
Income taxes	(11,829)	(14,880)
Net cash flows from (used in) operating activities	75,388	(30,101)
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortized cost	-	(8,788)
Acquisition of financial assets at fair value through profit or loss	(7,155)	(23,108)
Proceeds from disposal of financial assets at fair value through profit or loss	1,618	23,616
Acquisition of investments accounted for using equity method	(3,600)	-
Acquisition of property, plant and equipment	(16,047)	(438,008)
Proceeds from disposal of property, plant and equipment	1,011	946
Decrease in refundable deposits	2,418	-
Proceeds from disposal of intangible assets	-	(199)
Decrease (increase) in restricted deposits	119,541	(25,713)
Increase in other non-current assets	(15,445)	(2,151)
Increase in prepayments for business facilities	(15,696)	(32,441)
Net cash flows from (used in) investing activities	66,645	(505,846)
Cash flows from (used in) financing activities:		
Increase in short-term loans	103,691	863,315
Decrease in short-term loans	(322,822)	(1,205,917)
Proceeds from issuing bonds	-	297,503
Proceeds from long-term debt	-	321,600
Repayments of long-term debt	(8,040)	(6,700)
Increase in guarantee deposits received	(3,415)	(10)
Payment of lease liabilities	(8,157)	(6,769)
Acquisition of ownership interests in subsidiaries	-	(2,470)
Change in non-controlling interests	(6,000)	-
Net cash flows from (used in) financing activities	(244,743)	260,552
Effect of exchange rate changes on cash and cash equivalents	29,397	(6,999)
Net decrease in cash and cash equivalents	(73,313)	(282,394)
Cash and cash equivalents at beginning of period	1,176,003	1,249,755
Cash and cash equivalents at end of period	\$ 1,102,690	967,361

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

Notes to the Consolidated Financial Statements

June 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Edison Opto Corporation (the “Company”) was approved by the Ministry of Economic Affairs on October 4, 2001 and incorporated in 17F, No.17, Qiao he Rd., Zhong He Dist., New Taipei City, Taiwan. The Company’s shares were listed on the Taiwan Stock Exchange in November 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 4, 2022.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

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

- (b) The impact of IFRS issued by 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, 2023, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (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 IFRS 17 “Initial Applicable of IFRS 17 and IFRS 9 – Comparative Information”

(4) Summary of significant accounting policies:

- (a) Statement of compliance

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

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

- (b) Basis of consolidation

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

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			June 30, 2022	December 31, 2021	June 30, 2021	
The Company	Edison Opto Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	Note 5
The Company	Ledison Opto Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	Note 7
The Company	Best Opto Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	
The Company	Edison Fund Investment Corporation	Investment	100.00 %	100.00 %	100.00 %	
The Company	Edison-Litek Opto Corporation Limited (note 1)	Investment	44.58 %	44.58 %	44.58 %	Note 6
The Company	Edison-Litek Opto Corporation (note 3)	Business of opto-electronics	78.57 %	78.57 %	98.43 %	
The Company	Edison-Egypt Opto Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	Note 5
Ledison Opto Corporation	Edison Opto (Dong Guan) Co., Ltd.	Business of opto-electronics	100.00 %	100.00 %	100.00 %	Note 7
Best Opto Corporation	Best Led Corporation	Investment	100.00 %	100.00 %	100.00 %	
Best Led Corporation	Yangzhou Edison Opto Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			June 30, 2022	December 31, 2021	June 30, 2021	
Yangzhou Edison Opto Corporation	Yangzhou Aichuang Electronic Trade Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	Note 5
Edison Fund Investment Corporation	Edison Opto USA Corporation	Business of opto-electronics	55.00 %	55.00 %	55.00 %	Note 5
Edison Fund Investment Corporation	Edison Auto Lighting Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	Note 5
Edison Fund Investment Corporation	Davinci Opto Corporation (note 2)	Business of opto-electronics	- %	- %	- %	Note 5
Edison Fund Investment Corporation	Ledionopto intelligent Technology Co., Ltd.	Business of opto-electronics	100.00 %	100.00 %	100.00 %	Note 4 Note 5
Edison-Litek Opto Corporation Limited	Yangzhou Edison-Litek Opto Corporation	Business of optoelectronics	100.00 %	100.00	100.00 %	Note 6
Edison-Litek Opto Corporation	Edison-Litek Opto Corporation Limited (note 1)	Investment	28.06 %	28.06 %	28.06 %	Note 6

Note 1: The Company and Edison-Litek Opto Corp. directly and indirectly, respectively, held 66.63% shares of Edison-Litek Opto Corp. Ltd. in total.

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

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

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

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

Note 6: It has become a non-significant subsidiary in 2022, hence, its financial statements need not be reviewed by auditors.

Note 7: It has become a significant subsidiary in 2022, hence, its financial statements have been reviewed by auditors.

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

(c) Investment in associates

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

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

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

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

(d) Employee benefits

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

(e) Income taxes

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

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

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

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.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

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

(6) Explanation of significant accounts:

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2021.

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

(a) Cash and cash equivalents

	June 30, 2022	December 31, 2021	June 30, 2021
Cash	\$ 4,432	5,917	6,647
Demand Deposit	870,741	848,656	873,896
Time Deposit	227,517	321,430	86,818
	<u>\$ 1,102,690</u>	<u>1,176,003</u>	<u>967,361</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, 2022	December 31, 2021	June 30, 2021
Current financial assets at fair value through profit or loss:			
Listed common shares — domestic companies	<u>\$ 5,680</u>	<u>1,582</u>	<u>9,850</u>
Non-current financial assets at fair value through profit or loss			
Convertible corporate bonds - call options	<u>\$ 574</u>	<u>574</u>	<u>574</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

The Group holds 15.39% of common shares of LEDLitek Co., Ltd, and the main operating activities of the Company are Research and development, manufacturing, a Sales of the car lighting module. The Group designated the investments shown above should recognize as fair value through other comprehensive income, because these investments were intended to be held for long-term strategic purposes. Since the Company incurred significant losses due to the operation of the company in 2021, the Group recognized an evaluation loss at fair value amounting to \$131,960 thousand as unrealized other comprehensive income (loss) from investments in equity instruments measured at fair value for the period from January 1 to June 30, 2021. In addition, the above evaluation loss did not have any carrying amount as of June 30, 2022, December 31 and June 30, 2021.

There were no disposal of investments and transfers of any cumulative gain or loss within equity relating to these investments for the year 2022 and 2021.

The above financial assets of the Group were not pledged.

(d) Financial assets measured at amortized cost

	June 30, 2022	December 31, 2021	June 30, 2021
Government international bonds	\$ <u>8,715</u>	<u>8,720</u>	<u>8,724</u>

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

The above financial assets of the Group were not pledged.

(e) Notes and accounts receivable

	June 30, 2022	December 31, 2021	June 30, 2021
Notes receivable	\$ 10,667	10,856	18,480
Accounts receivable	409,077	450,951	530,917
Overdue receivable	10,786	10,615	10,391
Less: Loss allowance	<u>(32,991)</u>	<u>(28,156)</u>	<u>(28,487)</u>
	<u>\$ 397,539</u>	<u>444,266</u>	<u>531,301</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision in Taiwan was determined as follows:

June 30, 2022			
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 393,010	0.003%	11
1 to 30 days past due	2,197	1.73%	38
31 to 90 days past due	759	5.66%	43
91 to 180 days past due	3,217	53.99%	1,737
Past due over 180 days	20,561	99.10%	20,376
	\$ 419,744		22,205
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Past due over 180 days	\$ 10,786	100%	10,786
December 31, 2021			
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 434,833	0.03%	158
1 to 30 days past due	6,103	1.15%	70
31 to 90 days past due	3,867	8.00%	309
Past due over 180 days	17,004	100%	17,004
	\$ 461,807		17,541
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Past due over 180 days	\$ 10,615	100%	10,615

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	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 180 days	<u>17,275</u>	100.00%	<u>17,275</u>
	<u>\$ 549,397</u>		<u>18,096</u>

	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
180 days past due	<u>\$ 10,391</u>	100%	<u>10,391</u>

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

	For the six months ended June 30,	
	2022	2021
Balance at January 1	\$ 28,156	34,265
Impairment losses recognized (reversed)	4,678	(5,675)
Net income (losses) on foreign exchange	<u>157</u>	<u>(103)</u>
Balance at June 30	<u>\$ 32,991</u>	<u>28,487</u>

Note and account receivables of the Group were not pledged.

(f) Inventories

	June 30, 2022	December 31, 2021	June 30, 2021
Raw materials	\$ 137,642	122,107	121,657
Supplies	3,345	3,232	3,286
Work in progress	65,723	88,945	71,882
Finished goods	<u>77,759</u>	<u>101,823</u>	<u>82,922</u>
	<u>\$ 284,469</u>	<u>316,107</u>	<u>279,747</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,	
	2022	2021	2022	2021
Inventory that has been sold	\$ 331,979	422,082	681,188	817,102
Write-down of inventories (gain on reversal)	(117)	(2,999)	(1,682)	(2,783)
Unallocated production overheads	14,608	9,438	29,477	21,070
	<u>\$ 346,470</u>	<u>428,521</u>	<u>708,983</u>	<u>835,389</u>

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

(g) Investments accounted for using the equity method

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

	June 30, 2022	December 31, 2021	June 30, 2021
Associate	<u>\$ 3,856</u>	<u>-</u>	<u>-</u>

The Group's investments using the equity method were not held as collateral.

The Group acquired 26.09% shares of Taiwan Hydroxyl Technology Co., Ltd. for \$3,600 thousand in March 2022. However, Taiwan Hydroxyl Technology Co., Ltd. increased its capital by a total of \$4,800 thousand in April and May 2022, wherein the Group did not partake in the purchase. Therefore, the Group's investments using the equity method had decreased by \$292 thousand, and the shareholding ratio had been reduced to 20.00%. As the result, the share of profit (loss) of associates and joint ventures accounted for using equity method of \$(36) thousand was recognized in the current period.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(h) 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, 2022 and 2021, were as follows:

	<u>Land</u>	<u>Building and construction</u>	<u>Machinery and equipment</u>	<u>Molding equipment</u>	<u>Other facilities</u>	<u>Total</u>
Cost or decked cost:						
Balance at January 1, 2022	\$ 637,862	967,691	1,174,362	38,482	207,140	3,025,537
Additions	-	7,654	7,076	-	1,317	16,047
Disposal	-	-	(1,898)	-	(927)	(2,825)
Reclassify	-	2,530	17,098	-	550	20,178
Effect of movements in exchange rates	-	15,306	17,352	739	779	34,176
Balance at June 30, 2022	<u>\$ 637,862</u>	<u>993,181</u>	<u>1,213,990</u>	<u>39,221</u>	<u>208,859</u>	<u>3,093,113</u>
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>
Depreciation and impairments loss:						
Balance at January 1, 2022	\$ -	256,692	995,494	32,918	74,369	1,359,473
Depreciation	-	14,430	29,700	1,137	6,167	51,434
Disposal	-	-	(972)	-	(834)	(1,806)
Effect of movements in exchange rates	-	2,049	14,361	570	2,200	19,180
Balance at June 30, 2022	<u>\$ -</u>	<u>273,171</u>	<u>1,038,583</u>	<u>34,625</u>	<u>81,902</u>	<u>1,428,281</u>
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>
Carrying amounts:						
Balance at January 1, 2022	<u>\$ 637,862</u>	<u>710,999</u>	<u>178,868</u>	<u>5,564</u>	<u>132,771</u>	<u>1,666,064</u>
Balance at June 30, 2022	<u>\$ 637,862</u>	<u>720,010</u>	<u>175,407</u>	<u>4,596</u>	<u>126,957</u>	<u>1,664,832</u>
Balance at January 1, 2021	<u>\$ 260,051</u>	<u>584,029</u>	<u>214,897</u>	<u>7,907</u>	<u>139,362</u>	<u>1,206,246</u>
Balance at 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>

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

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Right-of-use assets

The Group leases many assets including land and buildings, machinery and vehicles. Information about leases for which the Group as a lessee was presented below:

	<u>Land</u>	<u>Building and Construction</u>	<u>Vehicles</u>	<u>Total</u>
Cost:				
Balance at January 1, 2022	\$ 32,276	59,358	6,373	98,007
Additions	-	753	-	753
Disposals	-	(199)	-	(199)
Effect of changes in foreign exchange rates	655	1,125	-	1,780
Balance at June 30, 2022	<u>\$ 32,931</u>	<u>61,037</u>	<u>6,373</u>	<u>100,341</u>
Balance at January 1, 2021	\$ 32,468	57,424	5,821	95,713
Additions	-	1,934	1,134	3,068
Disposals	-	(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>6,373</u>	<u>96,351</u>
Accumulated depreciation:				
Balance at January 1, 2022	\$ 2,553	24,366	3,971	30,890
Depreciation	434	7,285	970	8,689
Disposals	-	(199)	-	(199)
Effect of changes in foreign exchange rates	52	468	-	520
Balance at June 30, 2022	<u>\$ 3,039</u>	<u>31,920</u>	<u>4,941</u>	<u>39,900</u>
Balance at January 1, 2021	\$ 1,712	12,264	2,235	16,211
Depreciation	423	6,798	912	8,133
Disposals	-	(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>3,001</u>	<u>23,332</u>
Carrying amount:				
Balance at January 1, 2022	<u>\$ 29,723</u>	<u>34,992</u>	<u>2,402</u>	<u>67,117</u>
Balance at June 30, 2022	<u>\$ 29,892</u>	<u>29,117</u>	<u>1,432</u>	<u>60,441</u>
Balance at January 1, 2021	<u>\$ 30,756</u>	<u>45,160</u>	<u>3,586</u>	<u>79,502</u>
Balance at June 30, 2021	<u>\$ 29,958</u>	<u>39,689</u>	<u>3,372</u>	<u>73,019</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(j) Short-term borrowings

The short-term borrowings were summarized as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Secured bank loans	\$ -	145,005	58,191
Unsecured bank loans	-	69,451	87,945
Total	<u>\$ -</u>	<u>214,456</u>	<u>146,136</u>
Unused short-term credit lines	<u>\$ 1,638,133</u>	<u>1,437,822</u>	<u>794,494</u>
Range of interest rates	<u>-</u>	<u>0.155%~1.0358%</u>	<u>0.155%~1.184%</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.

(k) Long-term borrowings

June 30, 2022				
	Currency	Rate	Maturity year	Amount
Secured bank loans	TWD	1.2011%~ 1.4497%	2041	\$ 298,820
Less: due within one year				(16,080)
Total				<u>\$ 282,740</u>
December 31, 2021				
	Currency	Rate	Maturity year	Amount
Secured bank loans	TWD	1.1966%~ 1.2011%	2041	\$ 306,860
Less: due within one year				(16,080)
Total				<u>\$ 290,780</u>
June 30, 2021				
	Currency	Rate	Maturity year	Amount
Secured bank loans	TWD	1.1960%~ 1.1977%	2041	\$ 314,900
Less: due within one year				(16,080)
Total				<u>\$ 298,820</u>

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

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(l) Bonds payable

	June 30, 2022	December 31, 2021	June 30, 2021
Total convertible corporate bonds issued	\$ 300,000	300,000	300,000
Less: Unamortized discounted corporate bonds payable	(10,908)	(14,212)	(29,434)
Cumulative converted amount	(122,200)	(122,200)	(100)
Convertible bonds issued balance	<u>\$ 166,892</u>	<u>163,588</u>	<u>270,466</u>
Embedded derivative-call options (included in financial assets at fair value through profit or loss)	<u>\$ 574</u>	<u>574</u>	<u>574</u>
Equity components — conversion options (included in capital surplus — share options)	<u>\$ 18,960</u>	<u>18,960</u>	<u>31,979</u>

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Interest expense	<u>\$ 1,660</u>	<u>2,692</u>	<u>3,304</u>	<u>4,471</u>

Items	Third secured domestic convertible bonds
1.Total issue amount	300,000 thousand
2.Par value	100 thousand
3.Maturity date	January 25, 2021 ~ January 25, 2024
4.Outstanding period	3 years
5.Coupon rate	0%
6.Redemption at maturity	The Company redeems the convertible bond at par value by cash from the bondholders when it meets maturity.
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>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Items</u>	<u>Third secured domestic convertible bonds</u>
8. Conversion period	<p>(1) The bondholder can convert its bonds into shares at any time between 3 months after the issuance date and the day before the maturity day.</p> <p>(2) For the circumstances below, the conversion terminates in compliance with the method issued by the Company.</p> <p>The closing period in accordance with the applicable laws. The period that starts from the fifteen business days prior to the date of record for determination wherein the shareholders are entitled to receive the distributions or rights to subscribe for new shares in a capital increase for cash, and ends on the date of record for the distribution of the rights/benefits. The period starts from the date of record of the capital decrease and ends one day prior to the reissuance of the trading of shares after the capital decrease.</p>
9. Conversion price	<p>The conversion price is 19.3 per share when issuance.</p> <p>The company announced on July 29th 2021 that due to the allotment of cash dividends on the ordinary shares, the conversion price has been adjusted from NTD 19.1 since August 21st 2021.</p>
10. Pledge	For the collateral for bonds payable, please refer to note 8.

(m) Lease liability

The carrying values of the lease liabilities were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Current	\$ <u>14,797</u>	<u>16,117</u>	<u>14,200</u>
Non-current	\$ <u>19,828</u>	<u>25,173</u>	<u>32,167</u>

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

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amounts recognized in profit or loss were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Interest on lease liabilities	\$ <u>1,257</u>	<u>1,632</u>	<u>2,620</u>	<u>3,342</u>
Expenses relating to short-term leases	\$ <u>290</u>	<u>263</u>	<u>566</u>	<u>594</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>102</u>	<u>26</u>	<u>159</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,	
	2022	2021
Total cash outflow for leases	\$ <u>11,502</u>	<u>10,802</u>

(i) Real estate leases

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

(ii) Other leases

The Group leases machinery and vehicle, with lease terms ranging for a period of 4 to 5 years. Some of the terms can be extended upon maturity. However, if the option of extension is uncertain, the related expenditures incurred in the covered period would not be accounted for as lease liabilities.

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

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) Deferred income

The agreement between Yangzhou Edison Opto Corporation and Yangzhou Land And Resources Bureau entitled right of land use of Yangzhou Economic Development Zone, from December, 2006 to December, 2056. The right of land use of CNY 9,788 thousand is subsidized by the Administrative Commission of Yangzhou Economic Development Zone, generating the long-term deferred revenue of CNY 9,393 thousand recognized under other non-current liabilities and is amortized for 50 years to recognize revenue. As of June 30, 2022, December 31 and June 30, 2021 the amount of unamortized deferred revenue was \$28,685 thousand, \$28,523 thousand and \$28,748 thousand, respectively.

(o) Employee benefits

(i) Defined benefit plans

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

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

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Operating cost	\$ 19	68	39	133
Operating expenses	122	116	244	226
	<u>\$ 141</u>	<u>184</u>	<u>283</u>	<u>359</u>

(ii) Defined contribution plans

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

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Operating cost	\$ 3,150	2,831	6,323	5,740
Operating expenses	2,254	1,935	4,446	3,862
	<u>\$ 5,404</u>	<u>4,766</u>	<u>10,769</u>	<u>9,602</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(p) Income taxes

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

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Current tax expense				
Current period	\$ 5,157	1,026	8,041	7,342
Adjust the current income tax of the previous period	-	-	-	-
Income tax expense	<u>\$ 5,157</u>	<u>1,026</u>	<u>8,041</u>	<u>7,342</u>

(ii) Assessment of tax

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

(q) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the periods from January 1 to June 30, 2022 and 2021. For the related information, please refer to note 6(r) of the consolidated financial statements for the year ended December 31, 2021. Please refer to note 6(w) for changes of other equity.

(i) Issuance and cancellation of ordinary shares

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

The unsecured domestic convertible bonds issued by the Company were converted into 5 thousand shares, 5,679 thousand shares and 655 thousand ordinary shares in the 2nd, 3rd and 4th quarter, respectively, of 2021. All the statutory registration procedures above had been completed as of the reporting date.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Capital surplus

The balances of capital surplus were as follows:

	June 30, 2022	December 31, 2021	June 30, 2021
Paid-in capital	\$ 1,400,428	1,500,428	1,439,907
Employee share options	72,142	72,142	72,142
Difference arising from subsidiary's share price and its carrying value	461	461	14,753
Restricted stock	27,047	27,047	27,196
Changes in net equity of related companies and joint ventures accounted for using the equity method	292	-	-
Conversion options	18,960	18,960	31,979
	\$ 1,519,330	1,619,038	1,585,977

A resolution was approved during the shareholders' meeting held on June 22, 2022 to distribute the cash dividend of \$35,000 thousand by using the capital surplus. Each share could receive a cash dividend of \$0.27808294 from the capital reserve. Also, 6,500 thousand shares amounting to \$65,000 thousand will be distributed as stock dividend, and each thousand shares could receive a stock dividend of 51.6439 shares from the capital reserve.

(iii) Retained earnings

1) Earnings distribution

A resolution was approved during the shareholders' meeting held on June 22, 2022. After listing the legal reserve and the special reserve in accordance with the law, there were no earnings distribution left. A resolution was made during the shareholders' meeting held on July 15, 2021, to distribute a cash dividend of \$40,000 thousand. Each share could receive a cash dividend of \$0.33457.

(iv) Treasury shares

- 1) Ledionopto Intelligent Technology Corporation, sub-subsidiary of the Company, held 500 thousand shares of the Company's treasury share. As of June 30, 2022, all treasury shares were not sold. The market price on June 30, 2022, December 31 and June 30, 2021 were \$15.30, \$23.60 and \$20.70 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

(r) Share-based payment

Except for the following disclosure, there were no significant changes for share-based payment during the periods from January 1 to June 30, 2022 and 2021. For the related information, please refer to note 6(s) of the consolidated financial statements for the year ended December 31, 2021.

(i) Expense recognized in profit or loss

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

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Expenses resulting from restriction of employee stock options	\$ <u>689</u>	<u>1,771</u>	<u>1,377</u>	<u>3,543</u>

(s) Earnings per share

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

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Basic earnings per share				
Profit of the Company for the year	\$ <u>15,545</u>	<u>36,639</u>	<u>32,005</u>	<u>70,417</u>
Weighted average number of ordinary shares (in thousands of shares)	<u>124,792</u>	<u>117,883</u>	<u>124,792</u>	<u>117,883</u>
Basic earnings per share	\$ <u>0.12</u>	<u>0.31</u>	<u>0.26</u>	<u>0.60</u>
Diluted earnings per share				
Profit of the Company for the year	\$ 15,545	36,639	32,005	70,417
Effect of dilutive potential ordinary share	-	2,153	-	3,576
Profit attributable to common stockholders of the Company (including effect of dilutive potential ordinary share)	\$ <u>15,545</u>	<u>38,792</u>	<u>32,005</u>	<u>73,993</u>
Weighted average number of ordinary shares (in thousands of shares)	\$ 124,792	117,883	124,792	117,883
Effect of employee share bonus (in thousands of shares)	54	122	215	224
Effect of convertible bonds (in thousands of shares)	-	15,544	-	12,882
Effect of restricted employee shares unrested (in thousands of shares)	570	1,173	570	1,173
Weighted average number of ordinary shares (in thousands of shares)	<u>125,416</u>	<u>134,762</u>	<u>125,577</u>	<u>132,162</u>
Diluted earnings per share (in New Taiwan Dollars)	\$ <u>0.12</u>	<u>0.29</u>	<u>0.25</u>	<u>0.56</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Company was granted a free allotment of shares, with the capital increase date set on August 30, 2022, based on a resolution approved during the shareholders' meeting held on June 22, 2022. If above resolution occurs before the approval of the financial report, the retrospective restatement on earnings per share would have been as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Basic earnings per share	\$ <u>0.12</u>	<u>0.29</u>	<u>0.24</u>	<u>0.57</u>
Diluted earnings per share	\$ <u>0.12</u>	<u>0.27</u>	<u>0.24</u>	<u>0.53</u>

(t) Revenue from contracts with customers

(i) Revenue detail

		For the three months ended June 30, 2022						
		The Company	Edison Opto (Dong Guan) Co., Ltd	Yangzhou Edison Opto Corporation	Yangzhou Edison-Litek Opto Corporation	Edison- Litek Opto Corporation	Other	Total
Major market:								
China	\$	17,843	56,746	56,998	15,489	-	-	147,076
America and Europe		83,270	937	-	-	100,649	32,508	217,364
Taiwan		42,514	1,130	-	-	1,062	1,461	46,167
Africa		9,250	-	-	-	-	-	9,250
Others		44,222	3,128	19	-	332	1,476	49,177
	\$	<u>197,099</u>	<u>61,941</u>	<u>57,017</u>	<u>15,489</u>	<u>102,043</u>	<u>35,445</u>	<u>469,034</u>
Major product:								
LED transmitter component	\$	5,628	32,863	-	-	-	-	38,491
LED lighting component		49,834	1,459	39,700	-	-	8,245	99,238
LED lighting module and product		138,741	27,619	17,266	-	-	23,985	207,611
Automotive LED lighting module		-	-	-	15,318	102,043	-	117,361
Others		2,896	-	51	171	-	3,215	6,333
	\$	<u>197,099</u>	<u>61,941</u>	<u>57,017</u>	<u>15,489</u>	<u>102,043</u>	<u>35,445</u>	<u>469,034</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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>
For the six months ended June 30, 2022							
	The Company	Edison Opto (Dong Guan) Co., Ltd.	Yangzhou Edison Opto Corporation	Yangzhou Edison-Litek Opto Corporation	Edison-Litek Opto Corporation	Other	Total
Major market							
China	\$ 36,201	142,334	86,277	37,064	-	3,373	305,249
America and Europe	138,885	937	-	-	178,239	66,701	384,762
Taiwan	74,210	1,130	-	-	2,305	1,686	79,331
Africa	14,400	-	-	-	-	-	14,400
Others	140,485	6,889	1,053	-	3,620	7,570	159,617
	<u>\$ 404,181</u>	<u>151,290</u>	<u>87,330</u>	<u>37,064</u>	<u>184,164</u>	<u>79,330</u>	<u>943,359</u>
Major product:							
LED transmitter component	\$ 10,166	64,357	-	-	-	-	74,523
LED lighting component	94,782	2,563	57,907	-	-	13,295	168,547
LED lighting module and product	276,576	82,918	28,877	-	-	58,967	447,338
Automotive LED lighting module	-	-	-	36,143	184,164	-	220,307
Others	22,657	1,452	546	921	-	7,068	32,644
	<u>\$ 404,181</u>	<u>151,290</u>	<u>87,330</u>	<u>37,064</u>	<u>184,164</u>	<u>79,330</u>	<u>943,359</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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>

(ii) Contract balances

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Note receivables	\$ 10,667	10,856	18,480
Accounts receivables	409,077	450,951	530,917
Less: Loss allowance	(22,205)	(17,541)	(18,096)
Total	<u>\$ 397,539</u>	<u>444,266</u>	<u>531,301</u>

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

(u) Employee compensation and directors' remuneration

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

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the periods April 1 to June 30, 2022 and 2021, and January 1 to June 30, 2022 and 2021, the Company accrued and recognized its employee remuneration amounting to \$830 thousand, 3,300 thousand, \$1,701 thousand and \$3,800 thousand, respectively; as well as its remuneration to directors amounting to \$165 thousand, \$1,000 thousand, \$339 thousand and \$1,100 thousand, respectively. These amounts were calculated by using the Company's pre-tax net profit for the period before deducting the amounts of the remuneration to employees and directors, multiplied by the distribution of ratio of the remuneration to employees and directors based on the Company's articles of incorporation, and expensed under operating costs or expenses.

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

(v) Non-operating income and expenses

(i) Interest income

The details of net other income were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Interest income from bank deposits	\$ 1,446	1,548	2,692	4,354
Other interest income	2,185	1,468	4,285	2,573
	<u>\$ 3,631</u>	<u>3,016</u>	<u>6,977</u>	<u>6,927</u>

(ii) Other income

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Other income-others \$	<u>795</u>	<u>93</u>	<u>5,214</u>	<u>2,616</u>

(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,	
	2022	2021	2022	2021
Net losses on disposal \$ of Property, plant, and equipment	(8)	(256)	(8)	(302)
Net gain (losses) on financial assets at fair value	(1,475)	2,659	(1,439)	3,797
Net gain (losses) on foreign exchange	12,374	(8,013)	13,360	(5,797)
Others	(432)	(4,197)	(1,339)	(6,097)
	<u>\$ 10,459</u>	<u>(9,807)</u>	<u>10,574</u>	<u>(8,399)</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,	
	2022	2021	2022	2021
Interest expenses \$	<u>4,109</u>	<u>5,768</u>	<u>8,492</u>	<u>10,686</u>

(w) Financial instruments

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

(i) Credit risk

1) Concentration of credit risk

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

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Receivable

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

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

(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, 2022							
Non-derivative financial liabilities							
Secured Short and long term loans	\$ 298,820	(332,182)	(9,812)	(9,745)	(19,375)	(56,970)	(236,280)
Lease liabilities	34,623	(41,072)	(10,643)	(7,689)	(10,742)	(11,998)	-
Notes payable and accounts payable	249,876	(249,876)	(249,876)	-	-	-	-
Other payable	97,675	(97,675)	(97,675)	-	-	-	-
Bonds payable	166,892	(177,800)	-	-	(177,800)	-	-
	<u>\$ 847,886</u>	<u>(898,605)</u>	<u>(368,006)</u>	<u>(17,434)</u>	<u>(207,917)</u>	<u>(68,968)</u>	<u>(236,280)</u>
December 31, 2021							
Non-derivative financial liabilities							
Secured short and long term loans	\$ 451,865	(487,200)	(155,018)	(9,812)	(19,470)	(57,256)	(245,644)
Unsecured short term loans	69,451	(69,605)	(69,605)	-	-	-	-
Lease liabilities	41,290	(50,081)	(10,376)	(10,218)	(12,616)	(16,871)	-
Notes payable and accounts payable	315,614	(315,614)	(315,614)	-	-	-	-
Other payable	111,795	(111,795)	(111,795)	-	-	-	-
Bonds payable	163,588	(177,800)	-	-	-	(177,800)	-
	<u>\$ 1,153,603</u>	<u>(1,212,095)</u>	<u>(662,408)</u>	<u>(20,030)</u>	<u>(32,086)</u>	<u>(251,927)</u>	<u>(245,644)</u>
June 30, 2021							
Non-derivative financial liabilities							
Short and long term loans	\$ 373,091	(410,184)	(68,141)	(9,860)	(19,557)	(57,547)	(255,078)
Unsecured short term 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>\$ 1,234,677</u>	<u>(1,312,796)</u>	<u>(622,858)</u>	<u>(19,524)</u>	<u>(35,953)</u>	<u>(379,382)</u>	<u>(255,078)</u>

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

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Currency risk

1) Exposure to foreign currency risk

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

June 30, 2022					December 31, 2021			June 30, 2021		
Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD		
<u>Financial assets</u>										
<u>Monetary items</u>										
USD	\$ 13,418 USD/TWD=	29.7200	398,783	11,161 USD/TWD=	27.6800	308,936	9,766 USD/TWD=	27.8600	272,081	
USD	8,026 USD/CNY=	6.7114	238,532	10,264 USD/CNY=	6.5757	284,272	4,229 USD/CNY=	6.4601	117,822	
CNY	13,791 CNY/TWD=	4.4283	61,070	31,420 CNY/TWD=	4.3440	136,488	25,603 CNY/TWD=	4.3127	110,418	
<u>Financial liabilities</u>										
<u>Monetary items</u>										
USD	11,484 USD/TWD=	29.7200	341,304	15,932 USD/TWD=	27.6800	440,988	11,090 USD/TWD=	27.8600	308,967	
USD	494 USD/CNY=	6.7114	14,682	2,709 USD/CNY=	6.3757	75,029	1,425 USD/CNY=	6.4601	39,701	

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, 2022 and 2021 would have increased (decreased) the equity by \$17,120 thousand and \$7,524 thousand due to cash flow hedges. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for prior year.

Since the Consolidated Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the six months ended June 30, 2022 and 2021, foreign exchange loss (including realized and unrealized portions) amounted to \$13,360 thousand and \$(5,797) thousand, respectively.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Fair value of financial instruments

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

	June 30, 2022				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss-current-securities of listed companies	\$ 5,680	5,680	-	-	5,680
Financial assets at fair value through profit or loss-non current-Embedded derivative of convertible bonds	\$ 574	-	574	-	574
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,102,690	-	-	-	-
Notes and trade receivables	397,539	-	-	-	-
Othe receivables	22,189	-	-	-	-
Corporate bonds	8,715	-	-	-	-
Subtotal	1,531,133	-	-	-	-
Total	<u>\$ 1,537,387</u>	<u>5,680</u>	<u>574</u>	<u>-</u>	<u>6,254</u>
Financial liabilities at amortized cost					
Long-term bank loans (including due within one year)	\$ 298,820	-	-	-	-
Notes and trade payables	249,876	-	-	-	-
Other payables	97,675	-	-	-	-
Dividends payable	35,000	-	-	-	-
Bonds payable	166,892	-	-	-	-
Lease liabilities	34,625	-	-	-	-
Total	<u>\$ 882,888</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

2) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
June 30, 2022(the beginning period)	<u><u>\$ -</u></u>
January 1, 2021	\$ 131,960
Total gains and losses recognized:	
In other comprehensive income	<u>(131,960)</u>
June 30, 2021	<u><u>\$ -</u></u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the six months ended June 30, 2022 and 2021, total gains and losses that were included in unrealized gains and losses from financial assets at fair value through other comprehensive income were as follows:

	For the three months ended		For the six months ended	
	June 30,		June 30,	
	2022	2021	2022	2021
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)

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

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

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

Quantified information of significant unobservable inputs was as follows:

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

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

	Input	Change	Recognized in other comprehensive income	
			Favorable change	Unfavorable change
June 30, 2022				
Financial assets fair value through other comprehensive income	1.12	1%	317	(317)
December 31, 2021				
Financial assets fair value through other comprehensive income	1.76	1%	219	(219)
June 30, 2021				
Financial assets fair value through other comprehensive income	1.95	1%	112	(112)

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

- (x) Financial risk management

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

- (y) Capital management

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

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(z) Financing activities not affecting current cash flow

The Group's financing activities which did not affect the current cash flow in the years ended June 30, 2022 and 2021, were as follows:

	January 1, 2022	Cash Flows	Non-cash changes			June 30, 2022
			Foreign exchange movement	Changes in lease payments	Discount and premium amortization	
Short-term borrowings	\$ 214,456	(219,131)	4,675	-	-	-
Lease liabilities	41,290	(8,157)	740	752	-	34,625
Long-term borrowings (including current portion)	306,860	(8,040)	-	-	-	298,820
Bonds payable	163,588	-	-	-	3,304	166,892
Total liabilities from financing activities	<u>\$ 726,194</u>	<u>(235,328)</u>	<u>5,415</u>	<u>752</u>	<u>3,304</u>	<u>500,337</u>

	January 1, 2021	Cash Flows	Non-cash changes			June 30, 2021
			Foreign exchange movement	Changes in lease payments	Discount and premium amortization	Conversion options
Short-term borrowings	\$ 482,352	(342,602)	6,386	-	-	-
Lease liabilities	51,145	(6,769)	(551)	2,542	-	-
Long-term borrowings(including current portion)	-	314,900	-	-	-	-
Bonds payable	-	303,000	-	-	(32,434)	(100)
Total liabilities from financing activities	<u>\$ 533,497</u>	<u>268,529</u>	<u>5,835</u>	<u>2,542</u>	<u>(32,434)</u>	<u>(100)</u>

(7) Related-party transactions:

(a) Names and relationship with related parties

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

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

(b) Significant transactions with related parties

(i) Guarantee

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

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended June 30,		For the six months ended June 30,	
	2022	2021	2022	2021
Short-term employee benefits	\$ 6,267	6,856	15,682	15,668
Post employment benefits	184	180	364	366
Share-based payments	227	591	453	1,183
	<u>\$ 6,678</u>	<u>7,627</u>	<u>16,499</u>	<u>17,217</u>

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

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	June 30, 2022	December 31, 2021	June 30, 2021
Deposits (classified under other current assets)	The guarantee letter of credit	\$ -	12,259	12,338
Deposits (classified under other current assets)	Tender deposit (note)	-	20,000	20,000
Notes receivable (classified under other current assets)	Bank Acceptance	7,528	-	-
Deposits (classified under other current assets)	Short-term loans	7,705	94,987	124,965
Deposits (classified under other non-current assets)	Deposit to customs	6,041	10,376	10,330
Property, Plant and equipment	Guarantee of Corporate Bonds	198,680	199,931	201,182
Property, plant, and equipment	Long-term loans	527,539	529,083	530,627
		<u>\$ 747,493</u>	<u>866,636</u>	<u>899,442</u>

note: please refer to note 9 for further explanations.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(9) Commitments and contingencies:

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

	June 30, 2022	December 31, 2021	June 30, 2021
Acquisition of property, plant and equipment	\$ <u>15,740</u>	<u>32,639</u>	<u>39,997</u>

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

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other:

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

By item	For the three months ended June 30,					
	2022			2021		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	35,329	44,949	80,278	42,903	45,404	88,307
Labor and health insurance	2,231	4,347	6,578	2,256	2,681	4,937
Pension	3,169	2,376	5,545	2,899	2,051	4,950
Directors' remuneration	-	480	480	-	1,192	1,192
Others	3,907	3,889	7,796	4,234	2,129	6,363
Depreciation	21,400	9,089	30,489	23,041	7,899	30,940
Amortization	2	745	747	46	595	641

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

By item	By function	For the six months ended June 30,					
		2022			2021		
		Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits							
Salary		69,395	83,881	153,276	82,138	88,765	170,903
Labor and health insurance		4,593	6,993	11,586	4,664	5,347	10,011
Pension		6,362	4,690	11,052	5,873	4,088	9,961
Directors' remuneration		-	921	921	-	1,442	1,442
Others		7,716	6,285	14,001	8,150	4,220	12,370
Depreciation		42,470	17,653	60,123	46,976	15,652	62,628
Amortization		5	1,474	1,479	46	1,104	1,150

(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 (Note 3)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding limits	Maximum limit of fund financing
													Item	Value		
1	Edison-litek Opto Corporation Limited	Edison-litek Opto Corporation	Other receivables due from related parties	Yes	32,692 (USD1,100 thousand)	32,692 (USD1,100 thousand)	32,692 (USD1,100 thousand)	1%	2	-	Short-term financing	-	-	-	50,116 (Note1)	100,232 (Note1)
2	Yangzhou Edison Opto Corporation	Edison-Opto (Dong Guan) Co., Ltd.	Other receivable due from related parties	Yes	45,084 (CNY10,000 thousand)	44,283 (CNY10,000 thousand)	44,283 (CNY10,000 thousand)	1%	2	-	Short-term financing	-	-	-	245,790 (Note1)	491,580 (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.

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EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (iii) Securities held as of June 30, 2022 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of shares)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
Edison Fund Investment Corporation	Taipei Fubon Bank-Qatar Government International Bonds	NO	Financial assets measured at amortized cost-current	-	8,715	- %	8,715	
Edison Fund Investment Corporation	LED Litek Co., Ltd.	NO	Financial assets through other fair value measurements-non-current	124	-	15.39 %	-	
Edison Fund Investment Corporation	AUO Corporation	NO	Current Financial assets at fair value through profit or loss	200	3,260	- %	3,260	
Edison Fund Investment Corporation	Innolux Corporation	NO	Current financial assets at fair value through profit or loss	200	2,420	- %	2,420	

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

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
Yangzhou Edison Opto Corporation	Bank of Communications Co., Ltd. - structured deposits - RMB financial product (Gold and binary-three-segment structure)	Current financial assets at fair value through profit or loss	-	-	-	-	-	376,406 (RMB85,000 thousand)	-	378,924 (RMB85,569 thousand)	376,406	2,518	-	-

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

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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	(143,606)	46.79 %	60 days	No significant difference	-	62,328	54.74 %	
The Company	Edison Opto (Dong Guan) Co., Ltd.	Subsidiary	Purchase	143,606	34.57 %	60 days	No significant difference	-	(62,328)	(32.55)%	
Yangzhou Edison Opto Corporation	The Company	Parents	Sales	(187,738)	(56.16)%	60 days	No significant difference	-	69,066	47.81 %	
The Company	Yangzhou Edison Opto Corporation	Subsidiary	Purchase	187,738	45.19 %	60 days	No significant difference	-	(69,066)	(36.05)%	

Note: The above transactions have been written off during the preparation of the consolidated report.

- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None
- (ix) Trading in derivative instruments: None
- (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	22,839	60 days	2.42%
0	The Company	Edison Opto (Dong Guan) Co., Ltd.	1	Sales	36,963	60 days	3.92%
0	The Company	Edison Opto USA Corporation	1	Sales	31,787	60 days	3.37%
0	The Company	Edison- Opto USA Corporation	1	Accounts receivable	17,430	60 days	0.46%
1	Yangzhou Edison Opto Corporation	The Company	2	Sales	187,738	60 days	19.90%
1	Yangzhou Edison Opto Corporation	The Company	2	Accounts receivable	69,066	60 days	1.81%
1	Yangzhou Edison Opto Corporation	Edison-Egypt Opto Corporation	3	Sales	21,638	60 days	2.29%
1	Yangzhou Edison Opto Corporation	Edison-Egypt Opto Corporation	3	Accounts receivable	9,101	60 days	0.24%
1	Yangzhou Edison Opto Corporation	Edison Opto (Dong Guan) Co., Ltd.	3	Other receivables	44,283	Base on contract	1.16%
2	Edison Opto (Dong Guan) Co., Ltd.	The Company	2	Sales	143,606	60 days	1.16%
3	Edison Opto (Dong Guan) Co., Ltd.	The Company	2	Accounts receivable	62,328	60 days	15.22%
3	Yangzhou Edison-Litek Opto Corporation	Edison Litek Opto Corporation	3	Sales	74,232	60 days	7.87%

(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	Accounts receivable	49,506	60 days	1.30%
4	Edison Litek Opto Corporation Limited	Edison Litek Opto Corporation	3	Other receivables	32,692	Base on contract	0.86%

Note 1: (a) 0 represents The Company

(b) 1 and thereafter represent subsidiaries

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

(a) 1 represents parent to subsidiary

(b) 2 represents subsidiary to parent

(c) 3 represents subsidiary to subsidiary

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

(b) Information on investees:

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

(In Thousands of Shares)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Edison Opto Corporation	Samoa	Selling of LED components and modules	1,041	1,041	30	100.00 %	6,632	(28)	(28)	-
The Company	Ledison Opto Corporation	Samoa	Selling of LED components and modules	145,991	145,991	4,500	100.00 %	239,426	5,329	5,329	-
The Company	Best Opto Corporation	Samoa	Selling of LED components and modules	1,550,826	1,550,826	50,000	100.00 %	1,219,091	16,138	16,138	-
The Company	Edison Fund Investment Corporation	Taiwan	Investment	686,000	686,000	25,000	100.00 %	82,433	1,818	1,818	-
The Company	Edison-Litek Opto Corporation Limited	Hong Kong	Investment	167,661	167,661	5,500	44.58 %	111,709	(750)	(335)	-
The Company	Edison-Litek Opto Corporation	Taiwan	Selling of LED components and modules	64,500	64,500	11,000	78.57 %	183,150	18,323	13,778	-
The Company	Edison-Egypt Opto Corporation	Taiwan	Selling of LED components and modules	25,000	25,000	2,500	100.00 %	25,238	4,034	4,034	-
Best Opto Corporation	Best Led Corporation	Samoa	Investment	1,550,826	1,550,826	50,000	100.00 %	1,228,954	16,147	16,147	-
Edison Fund Investment Corporation	Edison Opto USA Corporation	USA	Selling of LED components and modules	6,392	6,392	220	55.00 %	36,460	6,185	3,402	-
Edison Fund Investment Corporation	Ledionopto Intelligent Technology Corporation	Taiwan	Selling of LED components and modules	113,185	113,185	2,200	100.00 %	15,543	9	9	-
Edison Fund Investment Corporation	Edison Auto Lighting Corporation	Taiwan	Selling of LED components and modules	7,570	7,570	1,000	100.00 %	3,809	(211)	(211)	-
Edison Fund Investment Corporation	Taiwan Hydroxyl Technology co., Ltd	Taiwan	Authorized reseller of consumer products	3,600	-	300	20.00 %	3,856	(2,030)	(36)	-
Edison-Litek Opto Corporation	Edison-Litek Opto Corporation Limited	Hongkong	Investment	33,187	33,187	3,463	28.06 %	70,313	(750)	(211)	-

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EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(c) Information on investment in Mainland China:

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

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2022	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Edison Opto (Dong Guan) Co., Ltd.	Manufacturing and selling of LED components and modules	USD 145,991 (4,500 thousand)	(b)	USD 111,408 (3,317 thousand)	-	-	USD 111,408 (3,317 thousand)	USD 5,331 (186 thousand)	100.00%	USD 5,331 (186 thousand)	USD 245,587 (8,263 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 16,147 (562 thousand)	100.00%	USD 16,147 (562 thousand)	USD 1,228,950 (41,351 thousand)	-
Yangzhou Aichuan Electronic Trade Corporation	Selling of LED components and modules	RMB 2,148 (500 thousand)	(c)	-	-	-	-	RMB 20 (4 thousand)	100.00%	RMB 20 (4 thousand)	RMB 2,297 (518 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 (905) (32) thousand	66.63%	USD (603) (21) thousand	USD 144,295 (4,855 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.

(ii) Limitation on investment in Mainland China:

Company Name	Accumulated Investment in Mainland China as of June 30, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	1,829,895 (USD58,817 thousand)	1,776,364 (note 3) (USD59,770 thousand)	Note 1
Ledionopto Intelligent Technology Corpoation	52,255 (note 2) (USD1,714 thousand)	50,940 (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).

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Notes to the Consolidated Financial Statements

Note 2: DongGuan Davinci Opto Co., Ltd., in which Ledionopto Intelligent Technology Corporation indirectly invested USD2,000 thousand, had completed the cancellation of its business registration and liquidation with the approval of Investment Commission in June 2020. The investment capital amounting to USD286 thousand had been remitted to Ledionopto. However, according to the regulation, the remittance to Mainland China amounting to USD1,714 thousand had been included in the accumulated investment amount.

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

(iii) Significant transactions:

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

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Lighting Investment Corporation		16,556,182	12.84 %

(14) Segment information:

For the three months ended June 30, 2022								
	The Company	Edison Opto (Dong Guan) Co., Ltd.	Yangzhou Edison Opto Corporation	Yangzhou Edison-Litek Opto Corporation	Edison-Litek Opto Corporation	Others	Reconciliation and elimination	Total
Revenues:								
Revenue from external customers	\$ 197,099	61,941	57,017	15,489	102,043	35,445	-	469,034
Intersegment revenues	50,077	83,420	91,270	48,961	3,478	6,260	(283,466)	-
Total revenue	<u>\$ 247,176</u>	<u>145,361</u>	<u>148,287</u>	<u>64,450</u>	<u>105,521</u>	<u>41,705</u>	<u>(283,466)</u>	<u>469,034</u>
Reportable segment profit or loss	<u>\$ 15,545</u>	<u>4,171</u>	<u>7,973</u>	<u>1,581</u>	<u>14,026</u>	<u>6,915</u>	<u>(24,749)</u>	<u>25,462</u>
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>

(Continued)

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Notes to the Consolidated Financial Statements

For the six months ended June 30, 2022								
	The Company	Edison Opto (Dong Guan) Co., Ltd.	Yangzhou Edison Opto Corporation	Yangzhou Edison-Litek Opto Corporation	Edison-Litek Opto Corporation	Others	Reconciliation and elimination	Total
Revenues:								
Revenue from external \$ customers	404,181	151,290	87,330	37,064	184,164	79,330	-	943,359
Intersegment revenues	95,058	155,596	246,962	74,232	3,478	9,712	(585,038)	-
Total revenue	<u>\$ 499,239</u>	<u>306,886</u>	<u>334,292</u>	<u>111,296</u>	<u>187,642</u>	<u>89,042</u>	<u>(585,038)</u>	<u>943,359</u>
Reportable segment profit or loss	<u>\$ 32,005</u>	<u>6,271</u>	<u>16,137</u>	<u>(750)</u>	<u>22,902</u>	<u>14,327</u>	<u>(44,342)</u>	<u>46,550</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>

Note: The eliminated amounts among reportable segments for the three months and six months ended June 30, 2022 and 2021 were \$283,467 thousand, \$288,979 thousand, \$585,039 thousand and \$583,378 thousand, respectively.