

**EDISON OPTO CORPORATION
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2023 and 2022**

Address: 17F, No. 17, Qiaohe Rd., Zhonghe Dist., New Taipei City
Telephone: (02)8227-6996

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

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~9
(4) Summary of significant accounting policies	9~10
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	10
(6) Explanation of significant accounts	11~39
(7) Related-party transactions	39~40
(8) Pledged assets	40
(9) Commitments and contingencies	40~41
(10) Losses Due to Major Disasters	41
(11) Subsequent Events	41
(12) Other	41~42
(13) Other disclosures	
(a) Information on significant transactions	42~45
(b) Information on investees	45
(c) Information on investment in Mainland China	46~47
(d) Major shareholders	47
(14) Segment information	47~48



安侯建業聯合會計師事務所

KPMG

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

電話 Tel + 886 2 8101 6666
傳真 Fax + 886 2 8101 6667
網址 Web kpmg.com/tw

Independent Auditors' Review Report

To the Board of Directors of Edison Opto Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of EDISON OPTO CORPORATION and its subsidiaries as of September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2023 and 2022, as well as the changes in equity and cash flows for the nine months ended September 30, 2023 and 2022, 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 the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. 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 Standards on Auditing of the Republic of China 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 \$426,365 thousand and \$387,879 thousand, constituting 11.43% and 10.11% of consolidated total assets at September 30, 2023 and 2022, respectively, total liabilities amounting to \$96,582 thousand and \$73,640 thousand, constituting 13.21% and 7.46% of consolidated total liabilities at September 30, 2023 and 2022, respectively, and total comprehensive income (loss) amounting to \$10,052 thousand, \$15,852 thousand, \$2,601 thousand and \$35,648 thousand, constituting 12.72%, 33.06%, 3.60% and 28.15% of consolidated total comprehensive income (loss) for the three months and nine months ended September 30, 2023 and 2022, 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 September 30, 2023 and 2022, and of its consolidated financial performance for the three months and nine months ended September 30, 2023 and 2022, as well as its consolidated cash flows for the nine months ended September 30, 2023 and 2022 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)
November 10, 2023

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)

EDISON OPTO CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2023, December 31, 2022, and September 30, 2022

(Expressed in Thousands of New Taiwan Dollars)

	September 30, 2023		December 31, 2022		September 30, 2022			September 30, 2023		December 31, 2022		September 30, 2022	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Assets							Liabilities and Equity						
11xx Current assets:							21xx Current liabilities:						
1100 Cash and cash equivalents (note 6(a))	\$ 987,945	27	1,154,337	30	1,106,683	29	2100 Short-term borrowings (notes 6(j) and 8)	\$ -	-	92,130	2	-	-
1110 Current financial assets at fair value through profit or loss (note 6(b))	13,738	-	4,400	-	4,437	-	2170 Accounts and notes payable	293,874	8	240,920	6	256,837	7
1136 Current financial assets at amortised cost, net (note 6(d))	8,704	-	-	-	-	-	2200 Other payables (note 6(u))	157,648	4	127,078	3	133,342	3
1170 Accounts and notes receivable, net (notes 6(e)(t))	478,882	13	431,024	11	431,347	11	2230 Current tax liabilities	12,845	-	16,698	1	12,493	-
1200 Other receivables (notes 6(f) and 9)	2,377	-	1,459	-	23,850	1	2280 Current lease liabilities (note 6(m))	15,404	-	12,291	-	12,977	-
1310 Inventories (note 6(g))	310,002	8	297,723	8	295,387	8	2321 Bonds payable, current portion (notes 6(l) and 8)	18,748	1	-	-	-	-
1410 Prepayments	61,606	2	65,133	2	70,580	2	2322 Long-term borrowings within one year (notes 6(k) and 8)	16,080	1	16,080	-	16,080	1
1470 Other current assets (note 8)	22,060	1	23,367	-	15,208	-	2399 Other current liabilities, others	34,231	1	38,457	1	46,548	1
Total current assets	1,885,314	51	1,977,443	51	1,947,492	51	Total current liabilities	548,830	15	543,654	13	478,277	12
15xx Non-current assets:							25xx Non-current liabilities:						
1510 Non-current financial assets at fair value through profit or loss (notes 6(b)(l))	-	-	16	-	574	-	2530 Bonds payable (notes 6(l) and 8)	-	-	170,262	4	168,569	4
1517 Non-current financial assets at fair value through other comprehensive income (note 6(c))	1,732	-	2,453	-	-	-	2540 Long-term borrowings (notes 6(k) and 8)	122,240	3	274,700	7	278,720	7
1535 Non-current financial assets at amortized cost (note 6(d))	-	-	8,711	-	8,713	-	2570 Deferred tax liabilities	3,008	-	3,008	-	2,460	-
1550 Investments accounted for using equity method, net	-	-	-	-	3,557	-	2580 Non-current lease liabilities (note 6(m))	16,330	1	17,522	1	18,229	1
1600 Property, plant and equipment (notes 6(h), 8 and 9)	1,668,086	45	1,671,722	44	1,655,047	43	2600 Other non-current liabilities (note 6(n))	40,924	1	41,611	1	40,916	1
1755 Right-of-use assets (note 6(i))	57,455	1	55,496	1	57,203	1	Total non-current liabilities	182,502	5	507,103	13	508,894	13
1780 Intangible assets	2,775	-	2,793	-	2,827	-	Total liabilities	731,332	20	1,050,757	26	987,171	25
1840 Deferred tax assets	59,430	1	59,430	2	60,488	2	31xx Equity attributable to owners of parent (notes 6(c), (q)(r)):						
1915 Prepayments for business facilities	33,032	1	29,327	1	32,190	1	Share capital:						
1990 Other non-current assets, others (notes 8 and 9)	23,345	1	25,865	1	69,101	2	3110 Ordinary share	1,442,329	39	1,353,353	35	1,353,353	35
Total non-current assets	1,845,855	49	1,855,813	49	1,889,700	49	3200 Capital surplus	1,551,401	41	1,519,350	41	1,519,350	40
Total assets	\$ 3,731,169	100	3,833,256	100	3,837,192	100	3310 Legal reserve	5,835	-	16,903	-	16,903	1
							3320 Special reserve	-	-	112,126	3	112,126	3
							3350 Unappropriated retained earnings	41,031	1	(123,194)	(3)	52,051	1
							3410 Exchange differences on translation of foreign financial statements	(125,407)	(3)	(155,037)	(4)	(127,485)	(3)
							3420 Unrealized gains (loss) on financial assets at fair value through other comprehensive income	(721)	-	-	-	(152,240)	(4)
							3500 Treasury shares	(57,876)	(2)	(86,416)	(2)	(80,163)	(2)
							Total equity attributable to owners of parent	2,856,592	76	2,637,085	70	2,693,895	71
							36xx Non-controlling interests	143,245	4	145,414	4	156,126	4
							Total equity	2,999,837	80	2,782,499	74	2,850,021	75
							Total liabilities and equity	\$ 3,731,169	100	3,833,256	100	3,837,192	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
EDISON OPTO CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the nine months ended September 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars Except Earnings Per Share)

	For the three months ended September 30				For the nine months ended September 30				
	2023		2022		2023		2022		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue (note 6(t))	\$ 532,286	100	454,470	100	1,459,396	100	1,397,829	100
5000	Operating costs (notes 6(g)(h)(i)(o))	400,161	75	340,103	75	1,082,303	74	1,049,086	75
	Gross profit from operations	132,125	25	114,367	25	377,093	26	348,743	25
	Operating expenses (notes 6(e)(h)(i)(m)(o)(r)(u)):								
6100	Selling expenses	32,494	6	32,617	7	100,574	7	89,765	7
6200	Administrative expenses	57,027	11	46,725	10	145,345	10	132,091	9
6300	Research and development expenses	32,493	6	29,104	6	99,176	7	83,975	6
6450	Expected impairment loss (reversed)	1,752	-	2,118	-	(3,340)	-	6,796	-
	Total operating expenses	123,766	23	110,564	23	341,755	24	312,627	22
6900	Net operating income	8,359	2	3,803	2	35,338	2	36,116	3
	Non-operating income and expenses (notes 6(j)(k)(l)(m)(n)(v)):								
7100	Interest income	3,174	1	4,337	1	10,552	1	11,314	1
7010	Other income	920	-	6,366	1	3,546	-	11,580	1
7020	Other gain and losses	3,008	-	15,297	3	5,636	1	25,871	2
7050	Finance costs	(2,233)	-	(4,056)	(1)	(11,264)	(1)	(12,548)	(1)
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method, net (note 6(c))	-	-	(299)	-	-	-	(335)	-
	Total non-operating income and expenses	4,869	1	21,645	4	8,470	1	35,882	3
7900	Profit from continuing operations before tax	13,228	3	25,448	6	43,808	3	71,998	6
7950	Less: Income tax expenses (note 6(p))	(1,567)	-	1,077	-	3,535	-	9,118	1
	Profit	14,795	3	24,371	6	40,273	3	62,880	5
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))	(78)	-	-	-	(721)	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
		(78)	-	-	-	(721)	-	-	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss								
8361	Exchange differences on translation of foreign financial statements	64,316	12	23,582	5	32,719	2	63,768	5
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	64,316	12	23,582	5	32,719	2	63,768	5
8300	Other comprehensive income (loss)	64,238	12	23,582	5	31,998	2	63,768	5
8500	Total comprehensive income (loss)	\$ 79,033	15	47,953	11	72,271	5	126,648	10
	Profit (loss), attributable to:								
8610	Attributable to owners of parent	\$ 15,288	3	20,046	5	41,031	3	52,051	4
8620	Attributable to non-controlling interests	(493)	-	4,325	1	(758)	-	10,829	1
		\$ 14,795	3	24,371	6	40,273	3	62,880	5
	Comprehensive income (loss) attributable to:								
8710	Attributable to owners of parent	\$ 75,324	14	40,155	9	69,940	5	108,174	9
8720	Attributable to non-controlling interests	3,709	1	7,798	2	2,331	-	18,474	1
		\$ 79,033	15	47,953	11	72,271	5	126,648	10
	Earnings per share (note 6(s))								
9750	Basic earnings per share	\$ 0.11		0.15		0.31		0.40	
9850	Diluted earnings per share	\$ 0.11		0.15		0.31		0.39	

See accompanying notes to consolidated financial statements.

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

EDISON OPTO CORPORATION AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the nine months ended September 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent											Total equity
	Retained earnings					Other equity					Non-controlling interests	
	Ordinary shares	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, 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	-	-	-	-	52,051	-	-	-	-	52,051	10,829	62,880
Total comprehensive income	-	-	-	-	-	56,123	-	-	-	56,123	7,645	63,768
Other changes in capital surplus:					52,051	56,123	-	-	-	108,174	18,474	126,648
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)
Purchase of treasury shares	-	-	-	-	-	-	-	-	(21,115)	(21,115)	-	(21,115)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	139	-	-	-	-	-	-	-	139	-	139
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(6,000)	(6,000)
Expiration of restricted employee stocks	(264)	(119)	-	-	-	-	-	383	-	-	-	-
Share-based payments	-	-	-	-	-	-	-	994	-	994	-	994
Balance at September 30, 2022	\$ 1,353,353	1,519,350	16,903	112,126	52,051	(127,485)	(152,240)	-	(80,163)	2,693,895	156,126	2,850,021
Balance at January 1, 2023	\$ 1,353,353	1,519,350	16,903	112,126	(123,194)	(155,037)	-	-	(86,416)	2,637,085	145,414	2,782,499
Appropriation and distribution of retained earnings:												
Legal reserve appropriated for the net operating loss	-	-	(11,068)	-	11,068	-	-	-	-	-	-	-
Special reserve appropriated for the net operating loss	-	-	-	(112,126)	112,126	-	-	-	-	-	-	-
Net income	-	-	(11,068)	(112,126)	123,194	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	41,031	-	-	-	-	41,031	(758)	40,273
Total comprehensive income	-	-	-	-	-	29,630	(721)	-	-	28,909	3,089	31,998
Other changes in capital surplus:					41,031	29,630	(721)	-	-	69,940	2,331	72,271
Cash dividends from capital surplus	-	(40,000)	-	-	-	-	-	-	-	(40,000)	-	(40,000)
Other changes in capital surplus	-	(9,915)	-	-	-	-	-	-	9,915	-	-	-
Conversion of convertible bonds	88,976	65,973	-	-	-	-	-	-	-	154,949	-	154,949
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	153	-	-	-	-	-	-	-	153	-	153
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(4,500)	(4,500)
Share-based payments	-	15,840	-	-	-	-	-	-	18,625	34,465	-	34,465
Balance at September 30, 2023	\$ 1,442,329	1,551,401	5,835	-	41,031	(125,407)	(721)	-	(57,876)	2,856,592	143,245	2,999,837

See accompanying notes to consolidated financial statements.

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

EDISON OPTO CORPORATION AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the nine months ended September 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	For the nine months ended September 30	
	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	\$ 43,808	71,998
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	93,889	91,546
Amortization expense	1,611	1,867
Expect impairment loss (reversed)	(3,340)	6,796
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(1,046)	2,092
Interest expense	11,264	12,548
Interest income	(10,552)	(11,314)
Share-based payments	15,840	994
Share of loss of associates and joint ventures accounted for using the equity method	-	335
Loss on disposal of property, plant and equipment	6,689	1,849
Total adjustments to reconcile profit	<u>114,355</u>	<u>106,713</u>
Changes in operating assets and liabilities:		
Accounts and notes receivable	(51,528)	(1,737)
Other receivables	(911)	(17,049)
Inventories	(12,279)	20,720
Prepayments	4,479	15,988
Other current assets	(1,775)	(5,088)
Other operating assets	458	3,545
Accounts and notes payable	52,954	(58,777)
Other payable	30,809	21,528
Other current liabilities	(4,226)	(1,625)
Net defined benefit liability	531	424
Total changes in operating assets and liabilities	<u>18,512</u>	<u>(22,071)</u>
Cash inflow generated from operations	176,675	156,640
Interest received	10,552	11,301
Interest paid	(8,068)	(7,548)
Income taxes	(10,350)	(13,629)
Net cash flows from operating activities	<u>168,809</u>	<u>146,764</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss	(8,367)	(7,155)
Proceeds from disposal of financial assets at fair value through profit or loss	91	1,618
Acquisition of investments accounted for using equity method	-	(3,600)
Acquisition of property, plant and equipment	(63,974)	(28,110)
Proceeds from disposal of property, plant and equipment	3,154	2,492
Decrease in refundable deposits	2,007	2,125
Acquisition of intangible assets	(1,563)	-
Decrease in restricted deposits	9,992	124,746
Increase in other non-current assets	(36)	(15,108)
Increase in prepayments for business facilities	(15,870)	(29,837)
Net cash flows from (used in) investing activities	<u>(74,566)</u>	<u>47,171</u>
Cash flows from (used in) financing activities:		
Increase in short-term loans	379,393	103,822
Decrease in short-term loans	(474,601)	(324,191)
Repayments of long-term debt	(152,460)	(12,060)
Increase (decrease) in guarantee deposits received	899	(3,412)
Payment of lease liabilities	(11,051)	(12,513)
Cash dividends paid	(39,847)	(34,861)
Payments to acquire treasury shares	-	(21,115)
Treasury shares sold to employees	18,625	-
Change in non-controlling interests	(4,500)	(6,000)
Net cash flows used in financing activities	<u>(283,542)</u>	<u>(310,330)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>22,907</u>	<u>47,075</u>
Net decrease in cash and cash equivalents	<u>(166,392)</u>	<u>(69,320)</u>
Cash and cash equivalents at beginning of period	<u>1,154,337</u>	<u>1,176,003</u>
Cash and cash equivalents at end of period	<u>\$ 987,945</u>	<u>1,106,683</u>

See accompanying notes to consolidated financial statements

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

EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2023 and 2022

(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 November 10, 2023.

(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, 2023:

- 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”

- (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, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(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 IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of significant accounting policies:

- (a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

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, 2022. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2022.

- (b) Basis of consolidation

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

Name of investor	Name of subsidiary	Principal activity	Shareholding			Note
			September 30, 2023	December 31, 2022	September 30, 2022	
The Company	Edison Opto Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	Note 2
The Company	Ledison Opto Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	
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 2
The Company	Edison-Litek Opto Corporation	Business of opto-electronics	78.57 %	78.57 %	78.57 %	
The Company	Edison-Egypt Opto Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	Note 2
Ledison Opto Corporation	Edison Opto (Dong Guan) Co., Ltd.	Business of opto-electronics	100.00 %	100.00 %	100.00 %	
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
			September 30, 2023	December 31, 2022	September 30, 2022	
Yangzhou Edison Opto Corporation	Yangzhou Aichuang Electronic Trade Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	Note 2
Edison Fund Investment Corporation	Edison Opto USA Corporation	Business of opto-electronics	55.00 %	55.00 %	55.00 %	Note 2
Edison Fund Investment Corporation	Edison Auto Lighting Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	Note 2
Edison Fund Investment Corporation	Ledionopto intelligent Technology Co., Ltd.	Business of opto-electronics	100.00 %	100.00 %	100.00 %	Note 2
Edison-Litek Opto Corporation Limited	Yangzhou Edison-Litek Opto Corporation	Business of opto-electronics	100.00 %	100.00 %	100.00 %	Note 2
Edison-Litek Opto Corporation	Edison-Litek Opto Corporation Limited (note 1)	Investment	28.06 %	28.06 %	28.06 %	Note 2

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

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

(c) 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.

(d) 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.

(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, 2022. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2022.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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, 2022.

Please refer to note 6 in the consolidated financial statements for the year ended December 31, 2022.

(a) Cash and cash equivalents

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Cash	\$ 4,917	4,071	4,362
Demand Deposit	513,985	673,866	319,322
Time Deposit	<u>469,043</u>	<u>476,400</u>	<u>782,999</u>
	<u>\$ 987,945</u>	<u>1,154,337</u>	<u>1,106,683</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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Current financial assets at fair value through profit or loss:			
Common corporate bonds	\$ 6,708	-	-
Listed common shares — domestic companies	7,025	4,400	4,437
Convertible corporate bonds - call options	<u>5</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 13,738</u>	<u>4,400</u>	<u>4,437</u>
Non-current financial assets at fair value through profit or loss			
Convertible corporate bonds - call options	<u>\$ -</u>	<u>16</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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Unlisted common shares—Foreign Company – LEDLitek Co., Ltd.	\$ <u>-</u>	<u>-</u>	<u>-</u>
Unlisted common shares—Domestic Company – Taiwan Hydroxyl Technology Co., Ltd.	\$ <u>1,732</u>	<u>2,453</u>	<u>-</u>

The Group designated the investments shown above should recognize as fair value through other comprehensive income, because these investments were intended to be held for long-term strategic purposes.

The Group acquired 26.09% shares of Taiwan Hydroxyl Technology Co., Ltd. for \$3,600 thousand in March 2022, which was accounted for as an investment accounted for using the equity method. However, Taiwan Hydroxyl Technology Co., Ltd. increased its capital by a total of \$15,600 thousand in April, May and December 2022. Wherein the Group did not subscribe for shares, resulting in a decrease in the shareholding ratio to 12.50%, which were transferred to financial assets at fair value through other comprehensive income.

For the nine months ended September 30, 2023, due to changes in fair value, the amount of unrealized gain (loss) on investments in equity instruments measured at fair value through other comprehensive income was \$(721) thousand, which was recognized under "other equity".

The Group's original investment holding 15.39% of the common stock of LEDLitek Co., Ltd. in Korea, is recorded under financial assets at fair value through other comprehensive income. As of December 31, 2021, the Group recognized a cumulative valuation loss of \$149,719 thousand due to the significant operating loss of LEDLitek Co., Ltd. LEDLitek Co., Ltd. was proceeded rehabilitation procedures in 2021 and the Group obtained a ruling from a Korean Court to consent the rehabilitation procedure in November 2022. After the rehabilitation procedure fulfil, the Group's shareholding in LEDLitek Co., Ltd. was 0%. Therefore, the Group reclassified the unrealized valuation loss of \$149,719 thousand recorded in other equity - investments in equity instruments at fair value through other comprehensive income to retained earnings for the year ended December 31, 2022. In the 1st quarter of 2023, the Group commissioned a Korean lawyer to analyze and issue a legal opinion on the legality of the rehabilitation and notice delivery procedures. In the opinion of the lawyer, no procedural defects have been found in the rehabilitation procedure. There is no procedural defect that would affect its validity. The rehabilitation procedure has not yet had a material impact on the Group's financial and business affairs.

The above financial assets of the Group were not pledged.

(d) Financial assets measured at amortized cost

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Government international bonds	\$ <u>8,704</u>	<u>8,711</u>	<u>8,713</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable	\$ 10,496	21,837	20,020
Accounts receivable	472,547	429,011	435,672
Overdue receivable	-	-	10,867
Less: Loss allowance	(4,161)	(19,824)	(35,212)
	<u>\$ 478,882</u>	<u>431,024</u>	<u>431,347</u>

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:

	<u>September 30, 2023</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 468,677	0.002%	12
1 to 30 days past due	4,173	3.59%	150
31 to 90 days past due	3,844	9.05%	348
91 to 180 days past due	5,395	49.99%	2,697
Past due over 180 days	954	100%	954
	<u>\$ 483,043</u>		<u>4,161</u>
	<u>December 31, 2022</u>		
	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 426,332	0.003%	13
1 to 30 days past due	539	3.89%	21
31 to 90 days past due	4,584	9.21%	422
91 to 180 days past due	28	10.71%	3
Past due over 180 days	19,365	100%	19,365
	<u>\$ 450,848</u>		<u>19,824</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	September 30, 2022		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 425,110	0.0%	11
1 to 30 days past due	4,493	4.72%	212
31 to 90 days past due	1,296	8.87%	115
91 to 180 days past due	1,139	41.26%	470
Past due over 180 days	23,654	99.50%	23,537
	\$ 455,692		24,345
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
180 days past due	\$ 10,867	100%	10,867

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

	For the nine months ended September 30,	
	2023	2022
Balance at January 1	\$ 19,824	28,156
Impairment losses recognized (reversed)	2,947	6,796
Reclassify	(18,680)	-
Net income (losses) on foreign exchange	70	260
Balance at September 30	\$ 4,161	35,212

Other receivables of the Group were not pledged.

(f) Other receivables

	September 30, 2023	December 31, 2022	September 30, 2022
Other accounts receivable	\$ 46,656	33,231	34,718
Less: Loss allowance	(44,279)	(31,772)	(10,868)
Total	\$ 2,377	1,459	23,850

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

	For the nine months ended September 30,	
	2023	2022
Balance at January 1	\$ 31,772	10,615
Impairment losses recognized (reversed)	(6,287)	-
Reclassify	18,680	-
Net income (losses) on foreign exchange	114	253
Balance at September 30	<u>\$ 44,279</u>	<u>10,868</u>

Other receivables of the Group were not pledged.

(g) Inventories

	September 30, 2023	December 31, 2022	September 30, 2022
Raw materials	\$ 117,544	132,852	145,493
Supplies	3,044	3,537	3,175
Work in progress	129,790	78,035	78,854
Finished goods	59,624	83,299	67,865
	<u>\$ 310,002</u>	<u>297,723</u>	<u>295,387</u>

The details of the cost of sales were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Inventory that has been sold	\$ 391,014	329,426	1,056,707	1,010,614
Write-down of inventories (gain on reversal)	814	(2,265)	(1,170)	(3,947)
Unallocated production overheads	8,333	12,942	26,766	42,419
	<u>\$ 400,161</u>	<u>340,103</u>	<u>1,082,303</u>	<u>1,049,086</u>

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

(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 Group for the nine months ended September 30, 2023 and 2022, 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, 2023	\$ 637,862	1,037,179	1,189,890	33,553	216,604	3,115,088
Additions	-	4,030	53,011	673	6,260	63,974
Disposal	-	(2,953)	(134,274)	-	(18,224)	(155,451)
Reclassify	-	-	9,381	146	2,635	12,162
Effect of movements in exchange rates	-	11,786	13,101	610	3,528	29,025
Balance at September 30, 2023	<u>\$ 637,862</u>	<u>1,050,042</u>	<u>1,131,109</u>	<u>34,982</u>	<u>210,803</u>	<u>3,064,798</u>
Balance at January 1, 2022	\$ 637,862	967,691	1,174,362	38,482	207,140	3,025,537
Additions	-	8,959	15,829	-	3,322	28,110
Disposal	-	-	(31,516)	(2,105)	(1,282)	(34,903)
Reclassify	-	2,530	18,724	-	550	21,804
Effect of movements in exchange rates	-	21,150	25,675	1,094	2,807	50,726
Balance at September 30, 2022	<u>\$ 637,862</u>	<u>1,000,330</u>	<u>1,203,074</u>	<u>37,471</u>	<u>212,537</u>	<u>3,091,274</u>
Depreciation and impairments loss:						
Balance at January 1, 2023	\$ -	295,069	1,032,085	30,537	85,675	1,443,366
Depreciation	-	27,252	42,794	775	11,562	82,383
Disposal	-	(2,657)	(127,070)	-	(15,881)	(145,608)
Reclassify	-	-	-	-	(153)	(153)
Effect of movements in exchange rates	-	3,761	10,412	529	2,022	16,724
Balance at September 30, 2023	<u>\$ -</u>	<u>323,425</u>	<u>958,221</u>	<u>31,841</u>	<u>83,225</u>	<u>1,396,712</u>
Balance at January 1, 2022	\$ -	256,692	995,494	32,918	74,369	1,359,473
Depreciation	-	21,753	45,608	1,674	9,350	78,385
Disposal	-	-	(27,514)	(1,894)	(1,154)	(30,562)
Effect of movements in exchange rates	-	3,179	21,387	867	3,498	28,931
Balance at September 30, 2022	<u>\$ -</u>	<u>281,624</u>	<u>1,034,975</u>	<u>33,565</u>	<u>86,063</u>	<u>1,436,227</u>
Carrying amounts:						
Balance at January 1, 2023	<u>\$ 637,862</u>	<u>742,110</u>	<u>157,805</u>	<u>3,016</u>	<u>130,929</u>	<u>1,671,722</u>
Balance at September 30, 2023	<u>\$ 637,862</u>	<u>726,617</u>	<u>172,888</u>	<u>3,141</u>	<u>127,578</u>	<u>1,668,086</u>
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 September 30, 2022	<u>\$ 637,862</u>	<u>718,706</u>	<u>168,099</u>	<u>3,906</u>	<u>126,474</u>	<u>1,655,047</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, buildings 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, 2023	\$ 32,795	63,254	6,804	102,853
Additions	-	12,600	-	12,600
Disposals	-	(22,879)	(4,869)	(27,748)
Effect of changes in foreign exchange rates	634	788	-	1,422
Balance at September 30, 2023	<u>\$ 33,429</u>	<u>53,763</u>	<u>1,935</u>	<u>89,127</u>
Balance at January 1, 2022	\$ 32,276	59,358	6,373	98,007
Additions	-	753	630	1,383
Disposals	-	(199)	-	(199)
Effect of changes in foreign exchange rates	968	1,664	-	2,632
Balance at September 30, 2022	<u>\$ 33,244</u>	<u>61,576</u>	<u>7,003</u>	<u>101,823</u>
Accumulated depreciation:				
Balance at January 1, 2023	\$ 3,459	38,744	5,154	47,357
Depreciation	650	10,153	703	11,506
Disposals	-	(22,879)	(4,869)	(27,748)
Effect of changes in foreign exchange rates	78	479	-	557
Balance at September 30, 2023	<u>\$ 4,187</u>	<u>26,497</u>	<u>988</u>	<u>31,672</u>
Balance at January 1, 2022	\$ 2,553	24,366	3,971	30,890
Depreciation	658	11,012	1,491	13,161
Disposals	-	(199)	-	(199)
Effect of changes in foreign exchange rates	77	691	-	768
Balance at September 30, 2022	<u>\$ 3,288</u>	<u>35,870</u>	<u>5,462</u>	<u>44,620</u>
Carrying amount:				
Balance at January 1, 2023	<u>\$ 29,336</u>	<u>24,510</u>	<u>1,650</u>	<u>55,496</u>
Balance at September 30, 2023	<u>\$ 29,242</u>	<u>27,266</u>	<u>947</u>	<u>57,455</u>
Balance at January 1, 2022	<u>\$ 29,723</u>	<u>34,992</u>	<u>2,402</u>	<u>67,117</u>
Balance at September 30, 2022	<u>\$ 29,956</u>	<u>25,706</u>	<u>1,541</u>	<u>57,203</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:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Secured bank loans	\$ -	30,710	-
Unsecured bank loans	-	61,420	-
Total	<u>\$ -</u>	<u>92,130</u>	<u>-</u>
Unused short-term credit lines	<u>\$ 1,630,353</u>	<u>1,517,015</u>	<u>1,702,585</u>
Range of interest rates	<u>-</u>	<u>5.22%~5.35%</u>	<u>-</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

September 30, 2023				
	<u>Currency</u>	<u>Rate</u>	<u>Maturity year</u>	<u>Amount</u>
Secured bank loans	TWD	1.98%	2032	\$ 138,320
Less: due within one year				(16,080)
Total				<u>\$ 122,240</u>
December 31, 2022				
	<u>Currency</u>	<u>Rate</u>	<u>Maturity year</u>	<u>Amount</u>
Secured bank loans	TWD	1.1963%~ 1.8996%	2041	\$ 290,780
Less: due within one year				(16,080)
Total				<u>\$ 274,700</u>
September 30, 2022				
	<u>Currency</u>	<u>Rate</u>	<u>Maturity year</u>	<u>Amount</u>
Secured bank loans	TWD	1.2007%~ 1.5864%	2041	\$ 294,800
Less: due within one year				(16,080)
Total				<u>\$ 278,720</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

	<u>September 30,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>September 30,</u> <u>2022</u>
Total convertible corporate bonds issued	\$ 300,000	300,000	300,000
Less: Unamortized discounted corporate bonds payable	(252)	(7,538)	(9,231)
Cumulative converted amount	<u>(281,000)</u>	<u>(122,200)</u>	<u>(122,200)</u>
Convertible bonds issued balance	<u>\$ 18,748</u>	<u>170,262</u>	<u>168,569</u>
Embedded derivative-call options (included in financial assets at fair value through profit or loss)	<u>\$ 5</u>	<u>16</u>	<u>574</u>
Embedded derivative-call options (included in financial assets at fair value through profit or loss)	<u>\$ 2,026</u>	<u>18,960</u>	<u>18,960</u>
	<u>For the three months ended</u> <u>September 30,</u>	<u>For the nine months ended</u> <u>September 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>
Interest expense	<u>\$ 517</u>	<u>1,667</u>	<u>3,435</u>
		<u>2022</u>	<u>4,981</u>

<u>Items</u>	<u>Third secured domestic convertible bonds</u>
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 vale.</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

Items	Third secured domestic convertible bonds												
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>(1) The Company announced on July 29, 2021, that due to the allotment of cash dividends on the ordinary shares, the conversion price has been adjusted from NTD 19.3 per share to NTD 19.1 per share since August 21, 2021.</p> <p>(2) The Company announced on August 8, 2022, that due to the allotment of cash dividends and stock dividends on the ordinary shares, the conversion price has been adjusted from NTD 19.1 per share to NTD 17.9 per share since August 30, 2022.</p> <p>(3) The Company announced on June 20, 2023 that due to the allotment of cash dividends on ordinary shares, the conversion price has been adjusted from NTD 17.9 per share to NTD 17.7 per share since July 16, 2023.</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:												
	<table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;">September 30, 2023</th> <th style="text-align: center;">December 31, 2022</th> <th style="text-align: center;">September 30, 2022</th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">Current</td> <td style="text-align: right;"><u>\$ 15,404</u></td> <td style="text-align: right;"><u>12,291</u></td> <td style="text-align: right;"><u>12,977</u></td> </tr> <tr> <td style="text-align: left;">Non-current</td> <td style="text-align: right;"><u>\$ 16,330</u></td> <td style="text-align: right;"><u>17,522</u></td> <td style="text-align: right;"><u>18,229</u></td> </tr> </tbody> </table>		September 30, 2023	December 31, 2022	September 30, 2022	Current	<u>\$ 15,404</u>	<u>12,291</u>	<u>12,977</u>	Non-current	<u>\$ 16,330</u>	<u>17,522</u>	<u>18,229</u>
	September 30, 2023	December 31, 2022	September 30, 2022										
Current	<u>\$ 15,404</u>	<u>12,291</u>	<u>12,977</u>										
Non-current	<u>\$ 16,330</u>	<u>17,522</u>	<u>18,229</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 September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Interest on lease liabilities	\$ <u>1,000</u>	<u>1,115</u>	<u>2,938</u>	<u>3,735</u>
Expenses relating to short-term leases	\$ <u>304</u>	<u>290</u>	<u>981</u>	<u>865</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>53</u>	<u>72</u>	<u>196</u>	<u>238</u>

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

	For the nine months ended September 30,	
	2023	2022
Total cash outflow for leases	\$ <u>15,166</u>	<u>17,335</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 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 the amount of unamortized deferred revenue was \$28,061 thousand, \$28,151 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, 2022 and 2021.

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Operating cost	\$ 26	19	79	58
Operating expenses	<u>151</u>	<u>122</u>	<u>452</u>	<u>366</u>
	<u>\$ 177</u>	<u>141</u>	<u>531</u>	<u>424</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 September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Operating cost	\$ 3,563	2,873	10,175	9,196
Operating expenses	<u>2,942</u>	<u>2,195</u>	<u>8,619</u>	<u>6,641</u>
	<u>\$ 6,505</u>	<u>5,068</u>	<u>18,794</u>	<u>15,837</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 September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Current tax expense				
Current period	\$ (1,567)	1,077	3,535	9,118
Adjust the current income tax of the previous period	-	-	-	-
Income tax expense	<u>\$ (1,567)</u>	<u>1,077</u>	<u>3,535</u>	<u>9,118</u>

(ii) Assessment of tax

The Company's tax returns for the years through 2021 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 September 30, 2023 and 2022. For the related information, please refer to note 6(s) of the consolidated financial statements for the year ended December 31, 2022.

(i) Issuance and cancellation of ordinary shares

The domestic secured convertible bonds issued by the Company were converted in 2,380 thousand shares, 4,173 thousand shares and 2,345 thousand shares ordinary shares in the 1st, 2nd and 3rd quarter, respectively, of 2023. All the statutory registration procedures above had been completed as of the reporting date.

(ii) Capital surplus

The balances of capital surplus were as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Premium on issuance of capital stock	\$ 1,460,640	1,400,567	1,400,567
Employee share options	72,142	72,142	72,142
Difference arising from subsidiary's share price and its carrying value	461	461	461
Restricted stock	-	26,928	26,928
Treasury shares transferred to employees of the Company	15,840	-	-
Changes in net equity of related companies accounted for using the equity method	292	292	292
Conversion options	2,026	18,960	18,960
	<u>\$ 1,551,401</u>	<u>1,519,350</u>	<u>1,519,350</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

A resolution was approved during the shareholders' meeting held on May 30, 2023 to distribute the cash dividends of \$40,000 thousand by using the capital surplus. Each share could receive a cash dividends of 0.30572782 from the capital reserve.

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 proposed was made during the shareholders' meeting held on May 30, 2023, after the net operating loss there is no more surplus to be distributed.

A proposed was made during the shareholders' meeting held on June 22, 2022, after the legal reserve and special reserve are established by legal, there is no more surplus to be distributed.

(iv) Treasury shares

- 1) The Company purchased 4,500 thousand shares of treasury stock, for the purpose of motivating employees, in accordance with Article 28-2 of the Securities and Exchange Act. As of September 30, 2023, the above treasury shares have not been cancelled. In August 2023, the Company transferred treasury stock to employees, the total amount of treasury stock transferred was 1,320 thousand shares, and the purchase cost was \$18,625 thousand, the treasury stock was recognized by employees on August 10, 2023, and was delivered to employees on September 1, 2023, date of shares granted. The Company recognize capital surplus - treasury shares on the date that the shares was delivered to employees.
 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.
- 2) Ledionopto intelligent Technology Co., Ltd., sub-subsidiary of the Company, held 526 thousand shares of the Company's treasury shares. As of September 30, 2023, all treasury shares were not sold. The market price on September 30, 2023, December 31, and September 30, 2022 were \$22.40,\$15.65 and \$16.65 per share, respectively.
- 3) 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 September 30, 2023 and 2022. For the related information, please refer to note 6(t) of the consolidated financial statements for the year ended December 31, 2022.

(i)

	<u>Equity-settled</u> <u>Treasury shares</u> <u>transferred to</u> <u>employees</u>
Date of shares granted	August 3, 2023
Number of shares granted	1,320,000
Contract term	1 months
Grant object	employee
Vesting conditions	Provide future service of 1 years

1) Determining the fair value of equity instruments granted

The Consolidated Company used the Black-Scholes model in measuring the fair value of the share-based payment at the grant date. The measurement inputs were as follows:

	<u>Treasury shares</u> <u>transferred to</u> <u>employees</u>
Fair value on date of grant	12.00
Share price on grant day	26.15
Exercise price	14.11
Expected volatility (%)	36.48%
Share option duration	0.079
Risk-free interest rate (%)	1.015%

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Number of treasury shares transferred to employees:

	For the nine months ended September 30,	
	2023	2022
Outstanding at January 1 (number)	4,500,000	3,000,000
Repurchase (number)	-	1,280,000
Exercise (number)	<u>(1,320,000)</u>	<u>-</u>
Outstanding at September 30 (number)	<u>3,180,000</u>	<u>4,280,000</u>

(ii) The expenses incurred by the Consolidated company for Share-based Payment are as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Expenses resulting from restricted employee stocks options	\$ <u>-</u>	<u>(383)</u>	<u>-</u>	<u>994</u>
Treasury shares transferred to employees	<u>\$ 15,840</u>	<u>-</u>	<u>15,840</u>	<u>-</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 September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Basic earnings per share				
Profit of the Company for the year	\$ <u>15,286</u>	<u>20,046</u>	<u>41,031</u>	<u>52,051</u>
Weighted average number of ordinary shares (in thousands of shares)	<u>138,181</u>	<u>131,072</u>	<u>133,931</u>	<u>131,428</u>
Basic earnings per share (in New Taiwan Dollars)	<u>\$ 0.11</u>	<u>0.15</u>	<u>0.31</u>	<u>0.40</u>
Diluted earnings per share				
Profit of the Company for the year	\$ 15,286	20,046	41,031	52,051
Effect of dilutive potential ordinary share (note)	<u>-</u>	<u>1,341</u>	<u>-</u>	<u>3,984</u>
Profit attributable to common stockholders of the Company (including effect of dilutive potential ordinary share)	<u>\$ 15,286</u>	<u>21,387</u>	<u>41,031</u>	<u>56,035</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30,</u>	
Weighted average number of ordinary shares (in thousands of shares)	\$ 138,181	131,702	133,931	131,428
Effect of employee share bonus (in thousands of shares)	33	78	98	249
Effect of convertible bonds (in thousands of shares) (note)	-	9,933	-	9,933
Effect of restricted employee shares unvested (in thousands of shares)	-	-	-	381
Weighted average number of ordinary shares (in thousands of shares)	<u>138,214</u>	<u>141,713</u>	<u>134,029</u>	<u>141,991</u>
Diluted earnings per share (in New Taiwan Dollars)	<u>\$ 0.11</u>	<u>0.15</u>	<u>0.31</u>	<u>0.39</u>

Note. The effect of convertible bonds would have been anti-dilutive if included in the calculation of the Group's earnings per share from January 1, to September 30, 2023. Therefore, the calculation of diluted earnings per share is not included.

(t) Revenue from contracts with customers

(i) Revenue detail

		<u>For the three months ended September 30, 2023</u>						
		<u>The Company</u>	<u>Edison Opto (Dong Guan) Co., Ltd.</u>	<u>Yangzhou Edison Opto Corporation</u>	<u>Yangzhou Edison-Litek Opto Corporation</u>	<u>Edison-Litek Opto Corporation</u>	<u>Other</u>	<u>Total</u>
Major market								
China	\$	14,724	47,283	54,364	69,499	-	-	185,870
America and Europe		109,229	2,967	-	-	61,185	20,256	193,637
Taiwan		57,757	96	-	-	6,626	-	64,479
Africa		5,125	-	-	-	-	-	5,125
Others		78,546	-	4,629	-	-	-	83,175
		<u>\$ 265,381</u>	<u>50,346</u>	<u>58,993</u>	<u>69,499</u>	<u>67,811</u>	<u>20,256</u>	<u>532,286</u>
Major product:								
LED transmitter component	\$	1,574	29,240	1	-	-	-	30,815
LED lighting component		46,898	125	52,397	-	-	5,767	105,187
LED lighting module and product		214,513	19,706	6,474	-	-	14,145	254,838
Automotive LED lighting module		-	-	-	69,188	66,528	-	135,716
Others		2,396	1,275	121	311	1,283	344	5,730
		<u>\$ 265,381</u>	<u>50,346</u>	<u>58,993</u>	<u>69,499</u>	<u>67,811</u>	<u>20,256</u>	<u>532,286</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		For the three months ended September 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	\$	12,780	38,301	63,761	22,905	-	137,747
	America and Europe		81,132	1,964	-	838	103,770	205,578
	Taiwan		52,170	3,327	-	-	1,249	56,758
	Africa		3,778	-	-	-	-	3,778
	Others		45,823	1,743	1,191	-	1,852	50,609
		\$	<u>195,683</u>	<u>45,335</u>	<u>64,952</u>	<u>23,743</u>	<u>17,886</u>	<u>454,470</u>
Major product:								
	LED transmitter component	\$	1,043	24,712	-	-	-	25,755
	LED lighting component		48,436	572	34,837	-	-	87,991
	LED lighting module and product		145,252	19,563	29,245	-	-	207,538
	Automotive LED lighting module		-	-	-	23,479	100,147	123,626
	Others		952	488	870	264	6,724	9,560
		\$	<u>195,683</u>	<u>45,335</u>	<u>64,952</u>	<u>23,743</u>	<u>17,886</u>	<u>454,470</u>
		For the nine months ended September 30, 2023						
		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	\$	42,692	141,308	151,419	130,520	-	465,939
	America and Europe		293,330	8,454	-	-	216,393	582,338
	Taiwan		154,754	1,193	36	-	10,648	166,631
	Africa		29,687	-	-	-	-	29,687
	Others		200,332	1,574	12,895	-	-	214,801
		\$	<u>720,795</u>	<u>152,529</u>	<u>164,350</u>	<u>130,520</u>	<u>227,041</u>	<u>1,459,396</u>
Major product:								
	LED transmitter component	\$	8,861	91,335	-	-	-	100,196
	LED lighting component		128,390	427	137,926	-	-	285,223
	LED lighting module and product		570,499	56,673	25,239	-	-	690,873
	Automotive LED lighting module		-	-	-	129,065	224,382	353,447
	Others		13,045	4,094	1,185	1,455	2,659	29,657
		\$	<u>720,795</u>	<u>152,529</u>	<u>164,350</u>	<u>130,520</u>	<u>227,041</u>	<u>1,459,396</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		For the nine months ended September 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	\$	48,981	180,635	150,038	59,969	-	3,373	442,996
America and Europe		220,017	2,901	-	838	282,009	84,575	590,340
Taiwan		126,379	4,457	-	-	3,554	1,698	136,088
Africa		18,179	-	-	-	-	-	18,179
Others		186,308	8,632	2,244	-	5,472	7,570	210,226
	\$	599,864	196,625	152,282	60,807	291,035	97,216	1,397,829
Major product:								
LED transmitter component	\$	11,209	89,069	-	-	-	-	100,278
LED lighting component		143,218	3,135	92,744	-	-	17,441	256,538
LED lighting module and product		421,828	102,481	58,122	-	-	72,445	654,876
Automotive LED lighting module		-	-	-	59,622	284,311	-	343,933
Others		23,609	1,940	1,416	1,185	6,724	7,330	42,204
	\$	599,864	196,625	152,282	60,807	291,035	97,216	1,397,829

(ii) Contract balances

	September 30, 2023	December 31, 2022	September 30, 2022
Note receivables	\$ 10,496	21,837	20,020
Accounts receivables	472,547	429,011	435,672
Less: Loss allowance	(4,161)	(19,824)	(24,345)
Total	\$ 478,882	431,024	431,347

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

(u) Remuneration to employees, directors

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

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the three months and nine months ended September 30, 2023 and 2022, the Company accrued and recognized its employee remuneration amounting to \$745 thousand, \$1,299 thousand, \$2,200 thousand and \$3,000 thousand, respectively; as well as its remuneration to directors amounting to \$145 thousand, \$261 thousand, \$440 thousand and \$600 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, 2022 and 2021, the Company accrued and recognized its employee remuneration amounting to \$1,500 thousand and \$6,500 thousand, respectively; as well as its remuneration to directors amounting to \$300 thousand and \$1,500 thousand. The Board of Directors resolved not to distribute employee compensation and director's remuneration due to the Company has accumulated deficits in 2022, and recognized the difference between the actual distribution and the estimated profit or loss in the 1st quarter of 2023. 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		For the nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Interest income from bank deposits	\$ 1,882	1,678	6,378	4,370
Other interest income	1,292	2,659	4,174	6,944
	\$ 3,174	4,337	10,552	11,314

(ii) Other income

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Other income-others	\$ 920	6,366	3,546	11,580

(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 September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Net gain (losses) \$ on disposal of Property, plant, and equipment	(1,957)	(1,841)	(6,689)	(1,849)
Net gain (losses) on financial assets at fair value	(591)	(653)	1,046	(2,092)
Net gain (losses) on foreign exchange	7,828	20,829	13,790	34,189
Others	(2,272)	(3,038)	(2,511)	(4,377)
	<u>\$ 3,008</u>	<u>15,297</u>	<u>5,636</u>	<u>25,871</u>

(iv) Finance costs

The details of finance costs were as follows:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Interest expenses \$	<u>2,233</u>	<u>4,056</u>	<u>11,264</u>	<u>12,548</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(y) of the consolidated financial statements for the year ended December 31, 2022.

(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.

(Continued)

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, 2022.

(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>
September 30, 2023							
Non-derivative financial liabilities							
Secured short and long term loans	\$ 138,320	(145,206)	(8,845)	(8,801)	(17,454)	(51,208)	(58,898)
Lease liabilities	31,734	(35,954)	(9,483)	(9,084)	(15,614)	(1,773)	-
Notes payable and accounts payable	293,874	(293,874)	(293,874)	-	-	-	-
Other payable	157,648	(157,648)	(157,648)	-	-	-	-
Bonds payable	18,748	(19,000)	(19,000)	-	-	-	-
	<u>\$ 640,324</u>	<u>(651,682)</u>	<u>(488,850)</u>	<u>(17,885)</u>	<u>(33,068)</u>	<u>(52,981)</u>	<u>(58,898)</u>
December 31, 2022							
Non-derivative financial liabilities							
Secured short and long term loans	\$ 321,490	(353,139)	(40,514)	(9,725)	(19,278)	(56,679)	(226,943)
Unsecured short term loans	61,420	(61,947)	(61,947)	-	-	-	-
Lease liabilities	29,813	(34,824)	(8,767)	(6,617)	(12,140)	(7,300)	-
Notes payable and accounts payable	240,920	(240,920)	(240,920)	-	-	-	-
Other payable	127,078	(127,078)	(127,078)	-	-	-	-
Bonds payable	170,262	(177,800)	-	-	(177,800)	-	-
	<u>\$ 950,983</u>	<u>(995,708)</u>	<u>(479,226)</u>	<u>(16,342)</u>	<u>(209,218)</u>	<u>(63,979)</u>	<u>(226,943)</u>
September 30, 2022							
Non-derivative financial liabilities							
Secured long term loans	\$ 294,800	(327,265)	(9,769)	(9,740)	(19,326)	(56,824)	(231,606)
Lease liabilities	31,206	(36,733)	(10,183)	(5,963)	(10,858)	(9,729)	-
Notes payable and accounts payable	256,837	(256,837)	(256,837)	-	-	-	-
Other payable	133,342	(133,342)	(133,342)	-	-	-	-
Bonds payable	168,569	(177,800)	-	-	(177,800)	-	-
	<u>\$ 884,754</u>	<u>(931,977)</u>	<u>(410,131)</u>	<u>(15,703)</u>	<u>(207,984)</u>	<u>(66,553)</u>	<u>(231,606)</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 Group's significant exposure to foreign currency risk was as follows:

	September 30, 2023			December 31, 2022			September 30, 2022					
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD			
<u>Financial assets</u>												
<u>Monetary items</u>												
USD	\$ 14,794	USD/TWD=	32.270	477,402	10,710	USD/TWD=	30.710	328,904	13,473	USD/TWD=	31.7500	427,768
USD	7,128	USD/CNY=	7.1798	230,054	4,416	USD/CNY=	6.9646	135,631	7,743	USD/CNY=	7.0998	245,755
CNY	14,422	CNY/TWD=	4.4952	64,830	68,409	CNY/TWD=	4.4100	301,681	13,333	CNY/TWD=	4.4704	59,604
<u>Financial liabilities</u>												
<u>Monetary items</u>												
USD	9,975	USD/TWD=	32.270	321,893	9,228	USD/TWD=	30.710	283,392	10,398	USD/TWD=	31.750	330,137
USD	336	USD/CNY=	7.1798	10,844	570	USD/CNY=	6.9646	17,507	458	USD/CNY=	7.0998	14,536
CNY	24	CNY/TWD=	4.4952	108	-	CNY/TWD=	-	-	-	CNY/TWD=	-	-

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 September 30, 2023 and 2022 would have increased (decreased) the equity by \$21,972 thousand and \$19,423 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 Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months and nine months ended September 30, 2023 and 2022, foreign exchange gains and losses (including realized and unrealized) were \$7,828 thousand、\$20,829 thousand、\$13,790 thousand、\$34,189 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 :

	September 30, 2023				
	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	\$ 7,025	7,025	-	-	7,025
Embedded derivative of convertible bonds	\$ 5	-	5	-	5
Corporate bonds	\$ 6,708	6,708	-	-	6,708
Financial assets at fair value through other comprehensive income-securities of unlisted companies	1,732	-	-	1,732	1,732
Cash and cash equivalents	987,945	-	-	-	-
Notes and trade receivables	478,882	-	-	-	-
Other receivables	2,377	-	-	-	-
Corporate bonds	8,704	-	-	-	-
Subtotal	<u>1,477,908</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,493,378</u>	<u>13,733</u>	<u>5</u>	<u>1,732</u>	<u>15,470</u>
Financial liabilities at amortized cost:					
Long-term bank loans (including due within one year)	\$ 138,320	-	-	-	-
Notes and trade payables	293,874	-	-	-	-
Other payables	157,648	-	-	-	-
Bonds payable (including due within one year)	18,748	-	-	-	-
Lease liabilities	31,734	-	-	-	-
Total	<u>\$ 640,324</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 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	\$ 4,400	4,400	-	-	4,400
Financial assets at fair value through profit or loss-non current- Embedded derivative of convertible bonds	\$ 16	-	16	-	16
Financial assets at fair value through other comprehensive income- Securities of unlisted companies	\$ 2,453	-	-	2,453	2,453
Financial assets measured at amortized cost					
Cash and cash equivalents	\$ 1,154,337	-	-	-	-
Notes and trade receivables	431,024	-	-	-	-
Othe receivables	1,459	-	-	-	-
Corporate bonds	8,711	-	-	-	-
Subtotal	1,595,531	-	-	-	-
Total	<u>\$ 1,602,400</u>	<u>4,400</u>	<u>16</u>	<u>2,453</u>	<u>6,869</u>
Financial liabilities at amortized cost					
Short-term bank loans	\$ 92,130	-	-	-	-
Long-term bank loans (including due within one year)	290,780	-	-	-	-
Notes and trade payables	240,920	-	-	-	-
Other payables	127,078	-	-	-	-
Bonds payable	170,262	-	-	-	-
Lease liabilities	29,813	-	-	-	-
Total	<u>\$ 950,983</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	September 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	\$ 4,437	4,437	-	-	4,437
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	\$ 1,106,683	-	-	-	-
Notes and trade receivables	431,347	-	-	-	-
Other receivables	23,850	-	-	-	-
Corporate bonds	8,713	-	-	-	-
Subtotal	1,570,593	-	-	-	-
Total	<u>\$ 1,575,604</u>	<u>4,437</u>	<u>574</u>	<u>-</u>	<u>5,011</u>
Financial liabilities at amortized cost					
Long-term bank loans (including due within one year)	\$ 294,800	-	-	-	-
Notes and trade payables	256,837	-	-	-	-
Other payables	133,342	-	-	-	-
Bonds payables	168,569	-	-	-	-
Lease liabilities	31,206	-	-	-	-
Total	<u>\$ 884,754</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
January 1, 2023	\$ 2,453
Total gains and losses recognized:	
In other comprehensive income	(721)
September 30, 2023	<u>\$ 1,732</u>
September 30, 2022(the beginning period)	<u>\$ -</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the years ended September 30, 2023 and 2022, 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 nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
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”	\$ (78)	-	(721)	-

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

	<u>Input</u>	<u>Change</u>	<u>Recognized in other comprehensive income</u>	
			<u>Favorable change</u>	<u>Unfavorable change</u>
September 30, 2023				
Financial assets fair value through other comprehensive income	1.20	1%	\$ <u>17</u>	<u>(17)</u>
December 31, 2022				
Financial assets fair value through other comprehensive income	1.20	1%	\$ <u>25</u>	<u>(25)</u>
September 30, 2022				
Financial assets fair value through other comprehensive income	1.49	1%	\$ <u>395</u>	<u>(395)</u>

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(z) of the consolidated financial statements for the year ended December 31, 2022.

- (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, 2022. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2022. Please refer to Note 6(aa) of the consolidated financial statements for the year ended December 31, 2022 for further details.

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(z) Financing activities not affecting current cash flow

The Group's financing activities which did not affect the current cash flow in the years ended September 30, 2023 and 2022, were as follows:

	January 1, 2022	Cash Flows	Non-cash changes				September 30, 2023
			Foreign exchange movement	Changes in lease payments	Discount and premium amortization	Conversion options	
Short-term borrowings	\$ 92,130	(95,208)	3,078	-	-	-	-
Lease liabilities	29,813	(11,051)	372	12,600	-	-	31,734
Long-term borrowings (including current portion)	290,780	(152,460)	-	-	-	-	138,320
Bonds payable (included due within one year)	170,262	-	-	-	3,435	(154,949)	18,748
Deposits received	34	899	-	-	-	-	933
Total liabilities from financing activities	<u>\$ 583,019</u>	<u>(257,820)</u>	<u>3,450</u>	<u>12,600</u>	<u>3,435</u>	<u>(154,949)</u>	<u>189,735</u>

	January 1, 2021	Cash Flows	Non-cash changes				September 30, 2022
			Foreign exchange movement	Changes in lease payments	Discount and premium amortization		
Short-term borrowings	\$ 214,456	(220,369)	5,913	-	-	-	-
Lease liabilities	41,290	(12,513)	822	1,607	-	-	31,206
Long-term borrowings(including current portion)	306,860	(12,060)	-	-	-	-	294,800
Bonds payable (included due within one year)	163,588	-	-	-	4,981	-	168,569
Deposits received	3,446	(3,412)	-	-	-	-	34
Total liabilities from financing activities	<u>\$ 729,640</u>	<u>(248,354)</u>	<u>6,735</u>	<u>1,607</u>	<u>4,981</u>	<u>-</u>	<u>494,609</u>

(7) Related-party transactions:

(a) Names and relationship with related parties

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

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

(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 September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Short-term employee benefits	\$ 7,881	9,549	26,411	25,231
Post employment benefits	196	180	577	544
Share-based payments	5,040	-	5,040	453
	<u>\$ 13,117</u>	<u>9,729</u>	<u>32,028</u>	<u>26,228</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	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable (classified under other current assets)	Bank Acceptance	\$ 11,238	4,410	7,600
Deposits (classified under other current assets)	Short-term loans	-	10,000	2,500
Deposits (classified under other non-current assets)	Deposit to customs	6,096	6,061	6,061
Property, plant, and equipment	Guarantee of Corporate Bonds	195,552	197,428	198,054
Property, plant, and equipment	Long-term loans	246,122	525,996	526,768
		<u>\$ 459,008</u>	<u>743,895</u>	<u>740,983</u>

(9) Commitments and contingencies:

(a) The Group unrecognized contractual commitments are as follows:

	September 30, 2023	December 31, 2022	September 30, 2022
Acquisition of property, plant and equipment	<u>\$ 21,769</u>	<u>39,939</u>	<u>41,868</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (b) The Company obtained the tender for the "Tainan City LED Street Light Replacement Project, District 3" in May 2021, and provided a deposit of \$20,000 thousand as a performance guarantee. In November 2021, the Company received a letter from the Public Works Bureau of Tainan City Government ("Works Bureau") to terminate the aforementioned contract, and in January of 2022, the Works Bureau forfeited the aforementioned security deposit and recovered the tender bond of \$5,000 thousand. The Group proceed the relevant relief procedures and requested for the return of the performance deposit and the revocation of the administrative sanction of the deposit. In March 2023, the Group filed a civil litigation and an administrative litigation processed by the Tainan District Court (return of the performance deposit) and the Kaohsiung High Administrative Court (revocation of the administrative sanction of the deposit).

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events:

The Corporation 3rd Secured Convertible Bonds will cease TPEX trading on October 30, 2023, and will be pay back in cash at the face value of the bonds.

(12) Other:

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

By item	By function	For the three months ended September 30,					
		2023			2022		
		Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits							
Salary		42,076	56,943	99,019	34,115	46,960	81,075
Labor and health insurance		2,866	3,389	6,255	2,548	1,403	3,951
Pension		3,589	3,093	6,682	2,892	2,317	5,209
Directors' remuneration		-	673	673	-	657	657
Others		3,990	2,540	6,530	3,712	1,065	4,777
Depreciation		21,718	9,178	30,896	22,398	9,025	31,423
Amortization		-	401	401	-	388	388

By item	By function	For the nine months ended September 30,					
		2023			2022		
		Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits							
Salary		120,057	153,943	274,000	103,510	130,841	234,351
Labor and health insurance		8,391	10,189	18,580	7,141	8,396	15,537
Pension		10,254	9,071	19,325	9,254	7,007	16,261
Directors' remuneration		-	1,754	1,754	-	1,578	1,578
Others		11,617	7,964	19,581	11,428	7,350	18,778
Depreciation		65,040	28,849	93,889	64,868	26,678	91,546
Amortization		-	1,611	1,611	5	1,862	1,867

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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 Group:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 2)	Ending balance (Note 2)	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 3)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	Edison-litek Opto Corporation Limited	Edison-litek Opto Corporation	Other receivables due from related parties	Yes	22,589 USD700 thousand	22,589 USD700 thousand	22,589 USD700 thousand	1%	2	-	Short-term financing	-	-	-	46,086 (Note1)	92,171 (Note1)
2	Yangzhou Edison Opto Corporation	Edison-Opto (Dong Guan) Co., Ltd.	Other receivable due from related parties	Yes	44,422 CNY10,000 thousand	-	-	1%	2	-	Short-term financing	-	-	-	202,010 (Note1)	404,021 (Note1)
3	Yangzhou Edison Opto Corporation	Yangzhou Edison - Litek Opto Corporation	Other receivable due from related parties	Yes	44,952 CNY10,000 thousand	44,952 CNY10,000 thousand	-	1%	2	-	Short-term financing	-	-	-	202,010 (Note1)	404,021 (Note1)

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

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

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

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

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

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

(iii) Securities held as of September 30, 2023 (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 (%)	
Edison Fund Investment Corporation	Taipei Fubon Bank-Qatar Government International Bonds	NO	Financial assets measured at amortized cost-current	-	8,704	- %	8,704
The Company	AcBel Polytech Inc.	NO	Current financial assets at fair value through profit or loss	-	6,708	- %	6,708
Edison Fund Investment Corporation	Taiwan Hydroxyl Technology Co., Ltd	NO	Financial assets through other fair value measurements-non-current	300	1,732	12.50 %	1,732
Edison Fund Investment Corporation	AUO Corporation	NO	Current financial assets at fair value through profit or loss	160	2,624	- %	2,624

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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	Innolux Corporation	NO	Current financial assets at fair value through profit or loss	172	2,261	- %	2,261	
Edison Fund Investment Corporation	Ledlink Optics, Inc.	NO	Current financial assets at fair value through profit or loss	100	2,140	- %	2,140	

- (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	Bank of Communications Co., Ltd.	"	-	-	-	1,065,362 (CNY237,000 thousand)	-	1,066,534 (CNY237,261 thousand)	1,065,362	1,172	-	-
Yangzhou Edison Opto Corporation	Bank of Communications Co., Ltd. - structured deposits - RMB financial product (Exchange rate and binary structure)	Current financial assets at fair value through profit or loss	Bank of Communications Co., Ltd.	"	-	-	-	413,558 (CNY92,000 thousand)	-	416,207 (CNY92,589 thousand)	413,558	2,649	-	-
Yangzhou Edison-Litek Opto Corporation	Bank of Communications Co., Ltd. - structured deposits - RMB financial product (binary segment structure)	Current financial assets at fair value through profit or loss	Bank of Communications Co., Ltd.	"	-	-	-	328,150 (CNY73,000 thousand)	-	328,578 (CNY73,095 thousand)	328,150	428	-	-

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

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sales	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Yangzhou Edison Opto Corporation	The Company	Parents	Sales	(313,235)	(64.94)%	60 days	No significant difference	-	113,995	66.70 %	
The Company	Yangzhou Edison Opto Corporation	Parents	Purchase	313,235	50.26 %	60 days	No significant difference	-	(113,995)	(47.95)%	
Edison Opto (Dong Guan) Co., Ltd.	The Company	Parents	Sales	(229,679)	(54.58)%	60 days	No significant difference	-	64,993	54.41 %	

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sales	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Edison Opto (Dong Guan) Co., Ltd.	Parents	Purchase	229,679	36.85 %	60 days	No significant difference	-	(64,933)	(27.31)%	

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

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (note 1)	Allowance for bad debts
					Amount	Action taken		
Yangzhou Edison Opto Corporation	The Company	Sub-subsidiary company	113,995 (USD3,533 thousand)	3.91	- (USD- thousand)		50,771 (USD 1,573 thousand)	- (USD-thousand)

Note 1: As of October 27, 2023.

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

(ix) Trading in derivative instruments: None

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Edison Opto USA Corporation	1	Sales	30,213	60 days	2.07%
0	The Company	Edison- Opto USA Corporation	1	Accounts receivable	7,552	60 days	0.20%
1	Yangzhou Edison Opto Corporation	The Company	2	Sales	313,325	60 days	21.47%
1	Yangzhou Edison Opto Corporation	The Company	2	Accounts receivable	113,995	60 days	3.06%
2	Edison Opto (Dong Guan) Co., Ltd.	The Company	2	Sales	229,679	60 days	15.74%
2	Edison Opto (Dong Guan) Co., Ltd.	The Company	2	Accounts receivable	64,933	60 days	1.74%
2	Edison Opto (Dong Guan) Co., Ltd.	Edison Auto Lighting Corporation	3	Sales	20,851	60 days	1.43%
2	Edison Opto (Dong Guan) Co., Ltd.	Edison Auto Lighting Corporation	3	Accounts receivable	6,851	60 days	0.18%
3	Yangzhou Edison Litek Opto Corporation	Edison-litek Opto Corporation	3	sales	70,920	60 days	4.86%
3	Yangzhou Edison Litek Opto Corporation	Edison-litek Opto Corporation	3	Accounts receivable	15,270	60 days	0.41%
4	Edison Auto Lighting Corporation	The Company	2	sales	25,062	60 days	1.72%
4	Edison Auto Lighting Corporation	The Company	2	Accounts receivable	7,748	60 days	0.21%

(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
5	Edison-Litek Opto Corporation Limited	Edison-litek Opto Corporation	3	Other receivables	22,589	Base on contract	0.61%

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 September 30, 2023			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 30, 2023	December 31, 2022	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 %	10,710	(154)	(154)	
The Company	Edison Opto Corporation	Samoa	Selling of LED components and modules	145,991	145,991	4,500	100.00 %	255,092	13,940	13,940	-
The Company	Best Opto Corporation	Samoa	Selling of LED components and modules	1,277,226	1,277,226	41,000	100.00 %	1,005,650	27,610	30,217	-
The Company	Edison Fund Investment Corporation	Taiwan	Investment	686,000	686,000	25,000	100.00 %	87,877	3,676	3,676	-
The Company	Edison-Litek Opto Corporation Limited	Hong Kong	Investment	167,661	167,661	5,500	44.58 %	102,723	(9,557)	(4,261)	-
The Company	Edison-Litek Opto Corporation	Taiwan	Selling of LED components and modules	64,500	64,500	11,000	78.57 %	183,820	629	605	-
The Company	Edison-Egypt Opto Corporation	Taiwan	Selling of LED components and modules	25,000	25,000	2,500	100.00 %	25,632	144	144	-
Best Opto Corporation	Best Led Corporation	Samoa	Investment	1,277,226	1,277,226	41,000	100.00 %	1,010,057	27,610	27,610	-
Edison Fund Investment Corporation	Edison Opto USA Corporation	USA	Selling of LED components and modules	6,392	6,392	220	55.00 %	36,799	3,827	2,105	-
Edison Fund Investment Corporation	Ledionopto Intelligent Technology Corporation	Taiwan	Selling of LED components and modules	113,185	113,185	2,200	100.00 %	19,947	186	186	-
Edison Fund Investment Corporation	Edison Auto Lighting Corporation	Taiwan	Selling of LED components and modules	7,570	7,570	1,000	100.00 %	4,991	837	837	-
Edison-Litek Opto Corporation	Edison-Litek Opto Corporation Limited	Hongkong	Investment	33,187	33,187	3,463	28.06 %	64,658	(9,557)	(2,682)	-

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Information on investment in Mainland China:

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

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2023	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Edison Opto (Dong Guan) Co., Ltd.	Manufacturing and selling of LED components and modules	145,991 (USD 4,500 thousand)	(b)	111,408 (USD 3,317 thousand)	-	-	111,408 (USD 3,317 thousand)	13,941 (USD 451 thousand)	100.00%	13,941 (USD 451 thousand)	261,457 (USD 8,102 thousand)	34,583 (USD 1,183 thousand)
DongGuan Davinci Opto Co., Ltd. (note 2)	Manufacturing and selling of LED components and modules	-	(b)	52,255 (USD 1,714 thousand)	-	-	52,255 (USD 1,714 thousand)	-	-%	-	-	-
Yangzhou Edison Opto Corporation	Manufacturing and selling of LED components and modules	1,277,226 (USD 41,000 thousand)	(b)	1,277,226 (USD 41,000 thousand)	-	-	1,277,226 (USD 41,000 thousand)	27,610 (USD 893 thousand)	100.00%	27,610 (USD 893 thousand)	1,010,052 (USD 31,300 thousand)	-
Yangzhou Aichuan Electronic Trade Corporation	Selling of LED components and modules	2,148 (RMB 500 thousand)	(c)	-	-	-	-	31 (RMB 7 thousand)	100.00%	31 (RMB 7 thousand)	2,385 (RMB 531 thousand)	-
Yangzhou Edison-Litek Opto Corporation	Manufacturing and selling of LED components and modules	270,552 (USD 8,875 thousand)	(b)	167,661 (USD 5,500 thousand)	-	-	167,661 (USD 5,500 thousand)	(1,364) (USD (44) thousand)	66.63%	(909) (USD (29) thousand)	142,246 (USD 4,408 thousand)	-

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

(a) Direct investment from Mainland China

(b) Indirect investment from third-party country

- Edison Opto (Dong Guan) Co., Ltd. is indirectly invested by the company through Ledison Opto Corporation.
- Dong Guan Davinci Opto Corporation is indirectly invested by Ledionopto intelligent Technology Co., Ltd. through Led Plus Limited.
- Yangzhou Edison Opto Corporation is indirectly invested by Best Opto Corporation and Best Led Corporation.
- Yangzhou Edison-Litek Opto Corporation is indirectly invested by the Company and Edison-Litek Opto Corporation Limited.

(c) Others

- 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 September 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	1,556,295 (USD 49,817 thousand)	1,638,348 (note 3) (USD 50,770 thousand)	Note 1
Ledionopto Intelligent Technology Corporation	52,255 (note 2) (USD 1,714 thousand)	55,311 (USD 1,714 thousand)	-

Note 1: Since the Company acquired the permission from Industrial Development Bureau at August 25, 2022, 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: 11120426210).

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Note 2: DongGuan Davinci Opto Co., Ltd., in which Ledionopto Intelligent Technology Corpoation 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		17,411,388	12.07 %
Jeng, Jiun-jung		11,123,229	7.71 %

(14) Segment information:

For the three months ended September 30, 2023								
	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	\$ 265,381	50,346	58,993	69,499	67,811	20,256	-	532,286
Intersegment revenues	16,523	84,424	125,138	16,352	-	7,203	(249,640)	-
Total revenue	<u>\$ 281,904</u>	<u>134,770</u>	<u>184,131</u>	<u>85,851</u>	<u>67,811</u>	<u>27,459</u>	<u>(249,640)</u>	<u>532,286</u>
Reportable segment profit or loss	<u>\$ 15,348</u>	<u>3,341</u>	<u>9,297</u>	<u>(470)</u>	<u>(1,185)</u>	<u>4,265</u>	<u>(17,368)</u>	<u>13,228</u>

For the three months ended September 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	\$ 195,683	45,335	64,952	23,743	106,871	17,886	-	454,470
Intersegment revenues	36,874	68,280	101,028	40,800	246	2,287	(249,515)	-
Total revenue	<u>\$ 232,557</u>	<u>113,615</u>	<u>165,980</u>	<u>64,543</u>	<u>107,117</u>	<u>20,173</u>	<u>(249,515)</u>	<u>454,470</u>
Reportable segment profit or loss	<u>\$ 20,046</u>	<u>(5,869)</u>	<u>14,049</u>	<u>2,233</u>	<u>17,310</u>	<u>1,142</u>	<u>(23,463)</u>	<u>25,448</u>

(Continued)

EDISON OPTO CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the nine months ended September 30, 2023								
	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	\$ 720,795	152,529	164,350	130,520	227,040	64,162	-	1,459,396
Intersegment revenues	54,104	255,902	318,168	70,974	120	25,061	(724,329)	-
Total revenue	<u>\$ 774,899</u>	<u>408,431</u>	<u>482,518</u>	<u>201,494</u>	<u>227,160</u>	<u>89,223</u>	<u>(724,329)</u>	<u>1,459,396</u>
Reportable segment profit or loss	<u>\$ 41,091</u>	<u>18,404</u>	<u>27,611</u>	<u>(1,364)</u>	<u>629</u>	<u>10,208</u>	<u>(52,771)</u>	<u>43,808</u>

For the nine months ended September 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	\$ 599,864	196,625	152,282	60,807	291,035	97,216	-	1,397,829
Intersegment revenues	131,932	223,876	347,990	115,032	3,724	11,999	(834,553)	-
Total revenue	<u>\$ 731,796</u>	<u>420,501</u>	<u>500,272</u>	<u>175,839</u>	<u>294,759</u>	<u>109,215</u>	<u>(834,553)</u>	<u>1,397,829</u>
Reportable segment profit or loss	<u>\$ 52,051</u>	<u>402</u>	<u>30,186</u>	<u>1,483</u>	<u>40,212</u>	<u>15,469</u>	<u>(67,805)</u>	<u>71,998</u>

Note: The eliminated amounts among reportable segments for the three months and nine months ended September 30, 2023 and 2022 were \$249,640 thousand, \$249,515 thousand, \$724,329 thousand and \$834,553 thousand, respectively.