

Stock Code:3038

**(English Translation of Financial Report Originally Issued  
in Chinese)**

**EMERGING DISPLAY TECHNOLOGIES CORP. AND  
SUBSIDIARIES**

**For the nine months ended September 30, 2020 and 2019  
(With Independent Auditors' Review Report Thereon)**

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## **Independent Auditors' Review Report**

The Board of Director's  
Emerging Display Technologies Corp

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Emerging Display Technologies Corp. (the Company) and subsidiaries as of September 30, 2020 and 2019, and the related consolidated statements of comprehensive income for the three months and the nine months ended September 30, 2020 and 2019, and changes in equity and cash flows for the nine months ended September 30, 2020 and 2019, 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 issued into effect and by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

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

### **Basis for Qualified Conclusion**

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain nonsignificant subsidiaries, which were not reviewed by independent accountants. These financial statements reflect total assets amounting to \$209,702 thousand and \$266,751 thousand, constituting 5.40% and 7.31% of consolidated total assets as of September 30, 2020 and 2019, respectively, total liabilities amounting to \$71,778 thousand and \$77,265 thousand, constituting 3.67% and 4.53% of consolidated total liabilities as of September 30, 2020 and 2019, respectively, and total comprehensive income amounting to loss \$12,126 thousand, profit \$2,755 thousand, loss \$46,735 thousand and profit \$14,487 thousand, constituting 32.57%, 1.08%, 30.98% and 5.64% of consolidated total comprehensive income for the three months and the nine months ended September 30, 2020 and 2019, respectively.

## **Qualified Conclusion**

Based on our reviews, except for the effects of the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent accountants, 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 the Emerging Display Technologies Corp. and subsidiaries as of September 30, 2020 and 2019, and of its consolidated financial performance for the three months ended September 30, 2020 and 2019 and its consolidated financial performance, and its consolidated cash flows for the nine months ended September 30, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the audit resulting in this independent auditors’ review report are Po Jen, Yang and Yen Ta, Su

KPMG

Taipei, Taiwan (Republic of China)

November 3, 2020

## **Notes to Readers**

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

The independent auditors’ 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 Financial Statements and Report Originally Issued in Chinese)  
**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**September 30, 2020, December 31, 2019, and September 30, 2019**

(Expressed in thousands of New Taiwan Dollars)

(Reviewed, not audited)

Assets	September 30,2020		December 31,2019		September 30,2019		Liabilities and Equity	September 30,2020		December 31,2019		September 30,2019	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
<b>Current assets :</b>							<b>Current liabilities :</b>						
Cash and cash equivalents (Note 6(a))	\$ 1,483,745	38	1,368,252	38	1,213,941	33	Short-term loans (Note 6(m))	\$ 1,006,469	26	400,000	11	310,000	9
Financial assets at fair value through profit or loss, current (Note 6(b))	89,306	2	54,094	1	55,968	2	Financial liability at fair value through profit and loss (Note 6(b))	1,580	-	994	-	262	-
Financial assets at fair value through other comprehensive income, current (Note 6(c))	170,036	5	109,554	3	116,208	3	Notes payable	1,416	-	307	-	2,205	-
Accounts receivable, net (Note 6(d) and (u))	620,052	16	537,591	15	638,351	18	Accounts payable	431,507	11	431,437	12	473,892	13
Other receivables (Notes 6(e) and 6 (y))	6,373	-	18,684	-	10,751	-	Other payables	257,941	7	283,605	8	275,082	8
Income tax assets	231	-	95	-	93	-	Income tax liabilities	52,516	1	57,038	2	49,243	1
Inventories (Note 6(f))	867,404	23	803,035	22	826,157	23	Lease liabilities, current (Notes 6(o))	9,316	-	11,907	-	12,669	-
Other current assets (Notes 6(g) and 8)	44,563	1	59,389	2	73,540	2	Long-term loans, current portion (Notes 6(n) and 8)	-	-	319,555	9	399,388	11
<b>Total current assets</b>	<b>3,281,710</b>	<b>85</b>	<b>2,950,694</b>	<b>81</b>	<b>2,935,009</b>	<b>81</b>	Other current liabilities (Notes 6(u))	43,493	1	23,398	-	25,716	1
<b>Non-current assets:</b>							<b>Total current liabilities</b>	<b>1,804,238</b>	<b>46</b>	<b>1,528,241</b>	<b>42</b>	<b>1,548,457</b>	<b>43</b>
Financial assets at fair value through other comprehensive income, non-current (Note 6(c))	87,518	2	140,762	4	161,897	4	<b>Non-current liabilities :</b>						
Property, plant and equipment (Notes 6(i) (k),8 and 9)	334,629	9	365,955	10	370,117	10	Deferred income tax liabilities	156	-	-	-	932	-
Right-of-use assets (Notes 6(j))	70,651	2	77,207	2	80,917	2	Lease liabilities, non-current (Notes 6(o))	63,144	2	66,575	2	69,265	2
Investment property (Notes 6(k))	56,527	1	57,834	2	59,981	2	Net defined benefit liabilities, non-current	86,461	2	88,546	2	86,285	2
Intangible assets (Note 6(l))	4,210	-	3,777	-	1,844	-	Guarantee deposits received	570	-	587	-	606	-
Deferred income tax assets	32,824	1	33,003	1	28,167	1	Other non-current liabilities – other	779	-	936	-	1,014	-
Prepayments for business facilities	1,195	-	-	-	1,999	-	<b>Total non-current liabilities</b>	<b>151,110</b>	<b>4</b>	<b>156,644</b>	<b>4</b>	<b>158,102</b>	<b>4</b>
Other non-current financial assets (Notes 6(g) and 8)	10,603	-	7,634	-	7,704	-	<b>Total liabilities</b>	<b>1,955,348</b>	<b>50</b>	<b>1,684,885</b>	<b>46</b>	<b>1,706,559</b>	<b>47</b>
<b>Total non-current assets</b>	<b>598,157</b>	<b>15</b>	<b>686,172</b>	<b>19</b>	<b>712,626</b>	<b>19</b>	<b>Equity attributable to owners of parent (Note 6(c) and (s)) :</b>						
<b>Total assets</b>	<b>\$ 3,879,867</b>	<b>100</b>	<b>3,636,866</b>	<b>100</b>	<b>3,647,635</b>	<b>100</b>	Capital stock	1,624,076	42	1,624,076	45	1,624,076	45
							Capital surplus	14,950	-	4,397	-	4,397	-
							Retained earnings	562,715	15	539,266	15	509,414	14
							Other equity interest	(141,483)	(4)	(102,612)	(3)	(92,721)	(3)
							Treasury stock	(173,021)	(4)	(173,021)	(5)	(173,021)	(5)
							Total equity attributable to shareholders of the parent	1,887,237	49	1,892,106	52	1,872,145	51
							<b>Non-controlling interests (Note 6(h))</b>	<b>37,282</b>	<b>1</b>	<b>59,875</b>	<b>2</b>	<b>68,931</b>	<b>2</b>
							<b>Total equity</b>	<b>1,924,519</b>	<b>50</b>	<b>1,951,981</b>	<b>54</b>	<b>1,941,076</b>	<b>53</b>
							<b>Total liabilities and equity</b>	<b>\$ 3,879,867</b>	<b>100</b>	<b>3,636,866</b>	<b>100</b>	<b>3,647,635</b>	<b>100</b>

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)  
**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**For the three months and the nine months ended September 30, 2020 and 2019**  
(Expressed in thousands of New Taiwan dollars, Except Earnings Per Share)  
(Reviewed, not audited)

	For the three months ended September 30				For the nine months ended September 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Operating revenue (Note 6(u))</b>	\$ 969,887	100	1,179,102	100	2,843,294	100	3,082,673	100
<b>Operating cost (Notes 6(f, q and v) and 12 )</b>	<u>766,668</u>	<u>79</u>	<u>941,267</u>	<u>80</u>	<u>2,238,946</u>	<u>79</u>	<u>2,488,343</u>	<u>81</u>
<b>Gross profit</b>	<u>203,219</u>	<u>21</u>	<u>237,835</u>	<u>20</u>	<u>604,348</u>	<u>21</u>	<u>594,330</u>	<u>19</u>
<b>Operating expenses (Notes 6(d, q and v) and 12) :</b>								
Selling expenses	46,620	5	68,378	6	154,473	6	181,132	6
General and administrative expenses	33,872	3	37,905	3	99,441	3	102,167	3
Research and development expenses	29,898	3	32,092	3	86,783	3	82,839	3
Expected credit impairment loss (gain) (Note 6(d))	<u>(43)</u>	<u>-</u>	<u>3,094</u>	<u>-</u>	<u>626</u>	<u>-</u>	<u>1,969</u>	<u>-</u>
<b>Total operating expenses</b>	<u>110,347</u>	<u>11</u>	<u>141,469</u>	<u>12</u>	<u>341,323</u>	<u>12</u>	<u>368,107</u>	<u>12</u>
<b>Net other income (Note 6(w))</b>	<u>1,014</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,091</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net operating income</b>	<u>93,886</u>	<u>10</u>	<u>96,366</u>	<u>8</u>	<u>266,116</u>	<u>9</u>	<u>226,223</u>	<u>7</u>
<b>Non-operating income and expenses(Notes 6(c,x)) :</b>								
Interest income	1,681	-	4,571	-	8,489	-	14,396	1
Other income	9,295	1	9,734	1	15,366	1	10,032	-
Other gains and losses	(28,860)	(3)	3,455	-	(35,910)	(1)	29,933	1
Finance costs	<u>(3,018)</u>	<u>-</u>	<u>(3,420)</u>	<u>-</u>	<u>(8,793)</u>	<u>-</u>	<u>(10,661)</u>	<u>-</u>
<b>Total Non-operating income and expenses</b>	<u>(20,902)</u>	<u>(2)</u>	<u>14,340</u>	<u>1</u>	<u>(20,848)</u>	<u>-</u>	<u>43,700</u>	<u>2</u>
<b>Profit before income tax</b>	<u>72,984</u>	<u>8</u>	<u>110,706</u>	<u>9</u>	<u>245,268</u>	<u>9</u>	<u>269,923</u>	<u>9</u>
<b>Less: Income tax expense (Note 6(r))</b>	<u>10,923</u>	<u>1</u>	<u>18,279</u>	<u>1</u>	<u>38,748</u>	<u>1</u>	<u>43,251</u>	<u>2</u>
<b>Profit</b>	<u>62,061</u>	<u>7</u>	<u>92,427</u>	<u>8</u>	<u>206,520</u>	<u>8</u>	<u>226,672</u>	<u>7</u>
<b>Other comprehensive income :</b>								
<b>Items that will not be reclassified subsequently to profit or loss</b>								
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income (Note 6(s))	(25,115)	(3)	4,223	-	(51,551)	(2)	32,149	1
Less : Income tax related to items that will not be reclassified subsequently (Note 6(r))	<u>(126)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>156</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(24,989)</u>	<u>(3)</u>	<u>4,223</u>	<u>-</u>	<u>(51,707)</u>	<u>(2)</u>	<u>32,149</u>	<u>1</u>
<b>Items that may be reclassified subsequently to profit or loss</b>								
Exchange differences on translation of foreign financial statements (Note 6(s))	155	-	(4,775)	-	(3,939)	-	(1,859)	-
Less: Income tax related to items that will be reclassified subsequently (Note 6(r))	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>155</u>	<u>-</u>	<u>(4,775)</u>	<u>-</u>	<u>(3,939)</u>	<u>-</u>	<u>(1,859)</u>	<u>-</u>
<b>Other comprehensive income, net</b>	<u>(24,834)</u>	<u>(3)</u>	<u>(552)</u>	<u>-</u>	<u>(55,646)</u>	<u>(2)</u>	<u>30,290</u>	<u>1</u>
<b>Comprehensive income</b>	<u>\$ 37,227</u>	<u>4</u>	<u>91,875</u>	<u>8</u>	<u>150,874</u>	<u>6</u>	<u>256,962</u>	<u>8</u>
<b>Profit attributable to :</b>								
Shareholders of the parent	\$ 62,213	7	92,217	8	206,726	8	226,534	7
Non-controlling interests	<u>(152)</u>	<u>-</u>	<u>210</u>	<u>-</u>	<u>(206)</u>	<u>-</u>	<u>138</u>	<u>-</u>
<b>Net Profit</b>	<u>\$ 62,061</u>	<u>7</u>	<u>92,427</u>	<u>8</u>	<u>206,520</u>	<u>8</u>	<u>226,672</u>	<u>7</u>

See accompanying notes to consolidated financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)  
**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**For the three months and the nine months ended September 30, 2020 and 2019**  
(Expressed in thousands of New Taiwan dollars, Except Earnings Per Share)  
(Reviewed, not audited)

	For the three months ended September 30				For the nine months ended September 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Comprehensive income attributable to :</b>								
Shareholders of the parent	\$ 44,436	5	92,458	8	173,467	7	254,960	8
Non-controlling interests	(7,209)	(1)	(583)	-	(22,593)	(1)	2,002	-
<b>Total comprehensive income</b>	<b>\$ 37,227</b>	<b>4</b>	<b>91,875</b>	<b>8</b>	<b>150,874</b>	<b>6</b>	<b>256,962</b>	<b>8</b>
<b>Earnings per share (Note 6(t))(expressed in New Taiwan dollars) :</b>								
Basic earnings per share	<b>\$ 0.42</b>		<b>0.62</b>		<b>1.39</b>		<b>1.52</b>	
Diluted earnings per share	<b>\$ 0.42</b>		<b>0.62</b>		<b>1.38</b>		<b>1.51</b>	

See accompanying notes to consolidated financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)

**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**

**Consolidated Statements of Changes in Stockholders' Equity**

For the nine months ended September 30, 2020 and 2019

(Expressed in thousands of New Taiwan dollars)

(Reviewed, not audited)

	Equity attributable to shareholders of parent					Other equity interest			Total equity attributable to shareholders of parent	Non-controlling interests	Total Equity
	Capital stock	Capital surplus	Legal capital reserve	Special capital reserve	Unappropriated Earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stock			
<b>Balance at January 1, 2019</b>	<b>\$ 1,744,076</b>	<b>28,226</b>	<b>45,822</b>	<b>109,212</b>	<b>200,673</b>	<b>(8,271)</b>	<b>(104,299)</b>	<b>(273,209)</b>	<b>1,742,230</b>	<b>66,929</b>	<b>1,809,159</b>
Profit	-	-	-	-	226,534	-	-	-	226,534	138	226,672
Other comprehensive income	-	-	-	-	-	(1,729)	30,155	-	28,426	1,864	30,290
Total comprehensive income	-	-	-	-	226,534	(1,729)	30,155	-	254,960	2,002	256,962
Appropriation and distribution of retained earnings :											
Legal reserve	-	-	11,193	-	(11,193)	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(78,704)	-	-	-	(78,704)	-	(78,704)
Special reserve	-	-	-	42,095	(42,095)	-	-	-	-	-	-
Purchase of treasury stock	-	-	-	-	-	-	-	(50,738)	(50,738)	-	(50,738)
Retirement of treasury stock	(120,000)	(28,226)	-	-	(2,700)	-	-	150,926	-	-	-
Cash dividends to subsidiaries	-	4,397	-	-	-	-	-	-	4,397	-	4,397
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	8,577	-	(8,577)	-	-	-	-
<b>Balance as of September 30, 2019</b>	<b>\$ 1,624,076</b>	<b>4,397</b>	<b>57,015</b>	<b>151,307</b>	<b>301,092</b>	<b>(10,000)</b>	<b>(82,721)</b>	<b>(173,021)</b>	<b>1,872,145</b>	<b>68,931</b>	<b>1,941,076</b>
<b>Balance at January 1, 2020</b>	<b>\$ 1,624,076</b>	<b>4,397</b>	<b>57,015</b>	<b>151,307</b>	<b>330,944</b>	<b>(14,111)</b>	<b>(88,501)</b>	<b>(173,021)</b>	<b>1,892,106</b>	<b>59,875</b>	<b>1,951,981</b>
Profit	-	-	-	-	206,726	-	-	-	206,726	(206)	206,520
Other comprehensive income	-	-	-	-	-	(3,897)	(29,362)	-	(33,259)	(22,387)	(55,646)
Total comprehensive income	-	-	-	-	206,726	(3,897)	(29,362)	-	173,467	(22,593)	150,874
Appropriation and distribution of retained earnings :											
Legal reserve	-	-	25,733	-	(25,733)	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(188,889)	-	-	-	(188,889)	-	(188,889)
Reversal of special reserve	-	-	-	(48,695)	48,695	-	-	-	-	-	-
Cash dividends to subsidiaries	-	10,553	-	-	-	-	-	-	10,553	-	10,553
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	5,612	-	(5,612)	-	-	-	-
<b>Balance as of September 30, 2020</b>	<b>\$ 1,624,076</b>	<b>14,950</b>	<b>82,748</b>	<b>102,612</b>	<b>377,355</b>	<b>(18,008)</b>	<b>(123,475)</b>	<b>(173,021)</b>	<b>1,887,237</b>	<b>37,282</b>	<b>1,924,519</b>

See accompanying notes to consolidated financial statements.



(English Translation of Financial Statements and Report Originally Issued in Chinese)  
**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**  
**For the nine months ended September 30, 2020 and 2019**

(expressed in thousands of New Taiwan Dollars)  
(Reviewed, not audited)

	<b>For the nine months ended September 30</b>	
	<b>2020</b>	<b>2019</b>
<b>Cash flows from (used in) operating activities :</b>		
<b>Profit (Loss) before tax</b>	\$ 245,268	269,923
<b>Adjustments :</b>		
<b>Adjustments to reconcile profit (loss) :</b>		
Depreciation expense	57,915	63,284
Amortization expense	1,126	796
Expected credit impairment loss	626	1,969
Net (gains) losses on financial assets or liabilities at fair value through profit or loss	565	(6,588)
Interest expense	8,793	10,661
Interest income	(8,412)	(14,264)
Dividend income	(9,272)	(8,716)
Gain on disposal of property, plant and equipment	-	(558)
Unrealized foreign exchange loss (gain)	31,273	(3,962)
<b>Total adjustments to reconcile profit</b>	82,614	42,622
<b>Changes in operating assets and liabilities</b>		
Changes in operating assets:		
Increase in accounts receivable	(93,408)	(170,481)
Decrease in other accounts receivable	3,499	5,411
Decrease (increase) in inventories	(67,650)	18,447
Decrease (increase) in other current assets	16,056	(18,155)
<b>Total net changes in operating assets</b>	(141,503)	(164,778)
Changes in operating liabilities :		
Increase in notes payable	1,109	1,485
Increase in accounts payable	5,488	17,310
(Decrease) increase in other payable	(23,098)	37,133
Increase in other current liabilities	19,024	10,817
Decrease in net defined benefit liability	(2,085)	(1,941)
Increase (decrease) in other non-current liabilities	(157)	1,014
<b>Total changes in operating liabilities</b>	281	65,818
<b>Total changes in operating assets and liabilities</b>	(141,222)	(98,960)
<b>Total adjustments</b>	(58,608)	(56,338)
Cash inflow generated from operations	186,660	213,585
Interest received	10,022	13,941
Dividends received	9,240	8,716
Interest paid	(8,434)	(10,016)
Income taxes paid	(43,142)	(7,669)
<b>Net cash flows (used in) from operating activities</b>	154,346	218,557
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(101,773)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	50,203	113,178
Acquisition of financial assets at fair value through profit or loss	(60,350)	(64,260)
Proceeds from disposal of financial assets at fair value through profit or loss	25,161	141,601
Acquisition of property, plant and equipment	(20,645)	(25,200)
Proceeds from disposal of property, plant and equipment	-	558
Acquisition of intangible assets	(1,559)	(169)
Acquisition of Investment property	(895)	-
Increase in other financial assets	(3,033)	(16)
Increase in prepayments on purchase of equipment	(1,195)	(1,999)
<b>Net cash flows from (used in) investing activities</b>	(114,086)	163,693
<b>Cash flows from (used in) financing activities:</b>		
Increase (decrease) in short-term loans	606,727	(60,000)
Repayments of long-term loans	(320,000)	-
Increase in guarantee deposits received	-	340
Cash dividends	(178,330)	(74,307)
Payments to acquire treasury stock	-	(50,738)
Repayments the principal portion of lease liabilities	(8,356)	(9,611)
<b>Net cash flows used in financing activities</b>	100,041	(194,316)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(24,808)	(3,106)
<b>Net decrease in cash and cash equivalents</b>	115,493	184,828
<b>Cash and cash equivalents at beginning of period</b>	1,368,252	1,029,113
<b>Cash and cash equivalents at end of period</b>	\$ 1,483,745	1,213,941

See accompanying notes to financial statements.

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

For the nine months ended September 30, 2020 and 2019

(All amounts expressed in thousands of New Taiwan dollars, unless otherwise specified)

(Reviewed, not audited)

## (1) Organization and Business Scope

Emerging Display Technologies Corp. (the Company) and its subsidiaries was incorporated as a limited liability Group under the laws of the Republic of China (ROC) on September 23, 1994. The address of its registered office and principal place of business is No.5, Central 1st Rd, Kaohsiung Economic Processing Zone, Kaohsiung City, Taiwan. The Consolidated financial statements comprise Emerging Display Technologies Corp. and its subsidiaries (jointly referred to as the Group). The Group is engaged in the manufacture and sale of Capacity Touch Panel and liquid crystal displays (LCDs).

## (2) Financial Statements Authorization Date and Authorization Process

The consolidated financial statements were authorized for issuance by the Board of Directors on November 3, 2020.

## (3) Application of New and Revised International Financial Reporting Standards and Interpretations

(a) The impact of new and revised International Financial Reporting Standards and Interpretations endorsed by the Financial Supervisory Commission, R.O.C. ("FSC")

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2020 :

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 9, IAS 39, and IFRS 7 "Interest Rate Benchmark Reform "	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020
Amendments to IFRS 16 "COVID-19-Related Rent Concessions"	June 1, 2020

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of significant changes are as follows :

Amendments to IFRS 16 "COVID-19-Related Rent Concessions"

As a practical expedient, a lessee may elect not to assess whether a rent concession that meets conditions is a lease modification and the change in lease liability is recognized in profit or loss. The amendments have been endorsed by the FSC in July 2020, earlier application from January 1, 2020 is permitted. Related accounting policy is explained in Note 4(c).

The Group has elected to apply the practical expedient for all rent concessions that meet the criteria beginning January 1, 2020, with early adoption. No adjustment was made upon the initial application of the amendments. The amounts recognized in profit or loss for the three months and the nine months ended September 30, 2020 were 174 and 1,355, respectively.

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

### (b) The impact of IFRS endorsed by the FSC but not yet effective

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2021 :

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	January 1, 2021

The Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements.

### (c) Newly released or amended standards and interpretations not yet endorsed by the FSC

A summary of the new standards and amendments issued by the IASB but have yet to be endorsed by the FSC :

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”	Effective date to be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022
Amendments to IAS 37 “Onerous Contracts–Cost of Fulfilling a Contract”	January 1, 2022
Annual Improvements to IFRS Standards 2018-2020	January 1, 2022
Amendments to IFRS 3 “References to the Conceptual Framework”	January 1, 2022
Amendments to IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform–Phase 2”	January 1, 2021

The Group is evaluating the impact on its financial position and financial performance upon its initial adoption of the above mentioned standards or interpretations. The results, thereof, will be disclosed when the Group completes its evaluation.

## (4) Summary of Significant Accounting Policies

### (a) Statement of compliance

The consolidated financial statements have been prepared in conforming with the Regulation Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, “Interim Financial Reporting,” endorsed by FSC. These consolidated financial statements do not include all of the information required by the Regulations and by the IFRS endorsed by the FSC for full annual consolidated financial statements.

Except as described below, the significant accounting policies for the consolidated financial statement applied in these consolidated financial statements is consistent with those applied in the consolidated financial statements for the year ended December 31, 2019. Please refer to Note 4 of 2019 consolidated financial statement for detail information.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

**(b) Basis of consolidation**

**(i)** Subsidiaries included in the consolidated financial statements were as follows:

<u>Name of investor</u>	<u>Name of the subsidiary</u>	<u>Business Activity</u>	<u>Percentage ownership</u>			<u>Remarks</u>
			<u>September 30, 2020</u>	<u>December 31, 2019</u>	<u>September 30, 2019</u>	
The Company	Emerging Display Technologies Corp., U.S.A	Sale of CTP and LCDs	100.00%	100.00%	100.00%	Major Subsidiary
The Company	Emerging Display International (Samoa) Corp.	Investment holding	78.49%	78.49%	78.49%	Note 1
The Company	EDT-Europe ApS	Customer service and business support	100.00%	100.00%	100.00%	Note 1
The Company	Tremendous Explore Corp.	Trading	Note 2	100.00%	100.00%	Note 1
The Company	Emerging Display Technologies Korea	Business support	100.00%	100.00%	100.00%	Note 1
The Company	EDT-Japan Corp.	Customer service and business support	100.00%	100.00%	100.00%	Note 1
The Company	Ying Dar Investment Development Corp.	Investment	100.00%	100.00%	100.00%	Note 1
The Company	Bae Haw Investment Development Corp.	Investment	100.00%	100.00%	100.00%	Note 1
The Company	Ying Cheng Investment Corp.	Investment	52.50%	52.50%	52.50%	Note 1
YingDar Investment Development Corp.	Emerging Display International (Samoa) Corp.	Investment holding	5.90%	5.90%	5.90%	Note 1
Bae Haw Investment Development Corp.	Emerging Display International (Samoa) Corp.	Investment holding	11.41%	11.41%	11.41%	Note 1
Emerging Display International (Samoa) Corp.	Dong Guan Emerging Display Limited	Manufacturing of CTP and LCDs	100.00%	100.00%	100.00%	Note 1

Note 1: Quarterly financial reports are unaudited for non-major subsidiaries.

Note 2: Tremendous Explore Corp. was liquidated in July, 2020. The related liquidation procedures had been completed.

**(ii)** Subsidiaries which are not included in the consolidated financial statements: None.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

#### (c) Leases

The Group elects to apply the practical expedient to all of these rent concessions, and therefore, does not assess whether the rent concessions are lease modifications:

- (I) The rent concessions occurring as a direct consequence of the COVID-19 pandemic.
- (II) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- (III) Any reduction in lease payments affects only payments originally due on or before 30 June, 2021; and
- (IV) There is no substantive change to other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

#### (d) Government grant

The grant without any term can be recognized gain at the time the Company acquires.

The grant relating to assets is recognized only when there is reasonable assurance that the group will comply with any conditions attached to the grant and the grant will be received. And the grant will be presented as deferred income at fair value.

The grant is related to depreciable assets, the grant is recognized over the useful life of the assets, on a systematic basis.

The government grant is recognized as income over the period necessary to match them with the related cost, for which they are intended to compensate, on a systematic basis.

#### (e) Income tax

The Group prepared income tax in conforming with interim income tax measurement and disclosure of paragraph B12 of IAS 34 "Interim Financial Reporting".

Income tax expense is calculated based on an interim period's pre-tax income multiplied by best estimation of the annual income tax rate expected for the full financial year and recognized as current income tax expense. Current income tax expense and deferred tax expense are recognized based on the prorated estimated annual current income tax expense and deferred tax.

Income tax expense is directly recognized in equity items or other comprehensive items which is the temporary difference between book value of assets and liabilities at reporting date and tax basis to measure by using appropriate tax of expected realize assets and settle the liabilities.

#### (f) Employee benefit

Interim defined benefit pension is calculated on a year-to-date basis using the actuarially determined pension cost rate adjusted for significant market fluctuations, curtailments, settlement or other one-time events.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

**(5) Significant accounting assumptions and judgement, and major sources of estimation uncertainty**

Management team prepared quarterly consolidated financial statements in conforming with IAS 34, “Interim Financial Reporting,” and make judgement, estimation and assumption and the reporting amount will be affected by accounting policies, assets, liabilities, revenue and expense. The actual outcome might be different from the estimation.

In preparing the consolidated financial statements, critical accounting judgments and key sources of estimation uncertainty used by management in the application of accounting policies are consistent with those described in Note 5 of the consolidated financial statements for the year ended December 31, 2019.

**(6) Explanation of significant accounting items**

The explanation of significant accounting items of this quarterly consolidated financial statements had no significant difference compared with the Group consolidated financial statements for the year ended December 31, 2019. Please refer to Note 6 of 2019 consolidated financial statements.

**(a) Cash and cash equivalents**

	September 30,2020	December 31,2019	September 30,2019
Cash and cash equivalents	\$ 326	366	362
Demand deposits	393,803	272,823	369,580
Check deposits	284	15	562
Time deposits	125,664	1,063,943	811,472
Repurchase agreement	963,668	31,105	31,965
Total	<b>\$ 1,483,745</b>	<b>1,368,252</b>	<b>1,213,941</b>

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

	September 30,2020	December 31,2019	September 30,2019
Current financial assets mandatorily measured at fair value through profit or loss :			
Open-end mutual funds	\$ 89,276	54,018	55,616
Swap Contract	30	76	352
Total	<b>\$ 89,306</b>	<b>54,094</b>	<b>55,968</b>
Current financial liabilities measured at fair value through profit or loss :			
Swap Contract	<b>\$ 1,580</b>	<b>994</b>	<b>262</b>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

Please refer to Note 6(x) for the recognition of gain or loss at fair value.

The abovementioned financial assets were not pledged as collateral.

The Group entered into derivative instruments to manage exposure to currency risk arising from operating activities and doesn't applicable to hedge accounting. The Group's derivative instruments were as follows presented under financial assets mandatorily measured at FVTPL and financial liabilities measured at FVTPL; presented under financial assets held for trading:

Forward exchange contract :

<b>September 30,2020</b>			
	<b>Contract amount</b>	<b>Currency</b>	<b>Maturity period</b>
	<u>(in thousand)</u>		
Swap contract	USD7,000	TWD to USD	2020.10.28~2020.12.18
<b>December 31,2019</b>			
	<b>Contract amount</b>	<b>Currency</b>	<b>Maturity period</b>
	<u>(in thousand)</u>		
Swap contract	USD 5,000	TWD to USD	2020.01.17~2020.03.31
<b>September 30,2019</b>			
	<b>Contract amount</b>	<b>Currency</b>	<b>Maturity period</b>
	<u>(in thousand)</u>		
Swap contract	USD 6,000	TWD to USD	2019.10.29~2019.12.31

Please refer to Note 6(y) for credit risk and market risk.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

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

	September 30,2020	December 31,2019	September 30,2019
Equity instruments at fair value through other comprehensive income-current:			
Common stocks listed on domestic markets-current:			
Innolux Corp.	\$ 10,748	9,555	7,571
Fubon Financial Holding Co., Ltd	12,570	13,920	13,365
Taiwan Cement Corp., Ltd.	-	-	14,002
Synnex Technology International Co. , Ltd.	27,176	17,175	16,625
Nan Ya Plastics Corporation	12,495	15,288	14,637
Pegatron Co., Ltd.	13,781	14,775	11,664
Coasia Microelectronics Corp.	5,033	5,055	5,695
E.SUN Financial Holding Co., Ltd.	19,348	-	-
Far Eastern New Century Corp.	25,300	-	-
Shian Yih Electronic Co., Ltd.	29,284	33,064	31,937
AGV Products Corporation	759	722	712
Total	156,494	109,554	116,208
Common stocks listed on foreign markets-current:			
Becton, Dickinson and Company	13,542	-	-
Total	<b>\$ 170,036</b>	<b>109,554</b>	<b>116,208</b>
Equity instruments at fair value through other comprehensive income-noncurrent:			
Common stocks unlisted on domestic markets - non-current:			
Ascendax Venture Capital Corp.	\$ 17,493	15,832	15,832
Chenfeng Optronics Corp.	69,160	124,040	145,180
Total	86,653	139,872	161,012
Preference stocks listed on domestic markets - non-current:			
Fubon Financial Holding Co., Ltd	865	890	885
Total	<b>\$ 87,518</b>	<b>140,762</b>	<b>161,897</b>



## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

For the three months and nine months ended September 30, 2020 and 2019, the Group has recognized dividend income \$6,542, \$8,716, \$9,272 and \$8,716 from the abovementioned equity instruments designated at fair value through other comprehensive income, respectively.

For the nine months ended September 30, 2020 and 2019, the Group with the objective of investment and financial management had sold financial assets at fair value of \$42,985 and \$113,178, and accumulated gain on disposal of investments were \$5,612 and \$8,577, which had been reclassified from other equity interest to retained earnings, respectively.

Please refer to Note 6(y) for market risk.

The abovementioned financial assets were not pledged as collateral.

For the purpose of increasing investment profits, the Group entrusts partial listed companies as the beneficiary. According to the terms of the contract, the Group does not transfer risk and remuneration of these financial assets, and they had not been derecognized. As of September 30, 2020, December 31, 2019 and September 30, 2019, the carrying amount of the listed stocks which were entrusted to financial institutions for security lending amounted to \$10,748, \$9,555 and \$7,571, respectively.

#### (d) Accounts receivable

	September 30,2020	December 31,2019	September 30,2019
Accounts receivables-measured at amortized cost	\$ 639,447	556,362	660,654
Allowance for impairment	(19,395)	(18,771)	(22,303)
	<b>\$ 620,052</b>	<b>537,591</b>	<b>638,351</b>

The Group applies the simplified approach to provide for the loss allowance used for expected credit losses, which permit the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivables have been grouped based on past default experience of the customers and shared credit risk characteristics, as well as incorporate forward looking information, including macroeconomic and relevant industry information. The loss allowance provision was determined as follows :

	September 30,2020		
Carrying amount of Accounts Receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses	
Not over due	\$ 421,007	0.10%	421
Overdue less than 90 days	199,346	0.10%	200
Overdue 91~180 days	317	0.10%	-
Overdue 181~270 days	-	0.10%	-
Overdue 271~365 days	6	47.00%	3
Overdue over 365 days	18,771	100.00%	18,771
	<b>\$ 639,447</b>		<b>19,395</b>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

	<b>December 31,2019</b>		
	Carrying amount of Accounts Receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Not over due	\$ 392,384	-	-
Overdue less than 90 days	144,425	-	-
Overdue 91~180 days	782	-	-
Overdue 181~270 days	-	-	-
Overdue 271~365 days	-	-	-
Overdue over 365 days	18,771	100.00%	18,771
	<b>\$ 556,362</b>		<b>18,771</b>

  

	<b>September 30,2019</b>		
	Carrying amount of Accounts Receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Not over due	\$ 527,523	0.02%	126
Overdue less than 90 days	108,701	0.24%	261
Overdue 91~180 days	2,515	0.04%	1
Overdue 181~270 days	3,144	100.00%	3,144
Overdue 271~365 days	-	-	-
Overdue over 365 days	18,771	100.00%	18,771
	<b>\$ 660,654</b>		<b>22,303</b>

The movement in the provision for impairment loss with respect to trade receivables was as follows :

	<b>For the nine months ended September 30</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	\$ 18,771	20,327
Impairment loss recognized (reversed)	626	1,969
Effect of changes in foreign currency exchange rates	(2)	7
Ending balance	<b>\$ 19,395</b>	<b>22,303</b>

The abovementioned financial assets were not pledged as collateral.

Please refer to Note 6(y) for credit risk.

**(e) Other receivables**

	<b>September 30,2020</b>	<b>December 31,2019</b>	<b>September 30,2019</b>
Loans to employee	\$ 5,324	8,834	9,004
Receivable resulting from selling equity investments at fair value through other comprehensive income	-	7,218	-
Others	1,049	2,632	1,747
Allowance for impairment	-	-	-
	<b>\$ 6,373</b>	<b>18,684</b>	<b>10,751</b>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

Please refer to Note 6(y) for credit risk.

#### (f) Inventories

	September 30,2020	December 31,2019	September 30,2019
Raw materials and supplies	\$ 333,945	246,804	248,355
Work in process	309,183	293,737	286,774
Finished goods	219,727	251,522	280,968
Inventories in transit	4,549	10,972	10,060
	<u>\$ 867,404</u>	<u>803,035</u>	<u>826,157</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	
	2020	2019	2020	2019
Reclassification to cost of goods sold	\$ 743,088	920,051	2,174,088	2,410,688
Inventory loss of write-down (gain on reversal of inventory )	987	292	(5,594)	(4,306)
Unallocated production overheads	4,770	3,339	14,515	14,133
Loss on scrap	17,869	17,650	56,051	68,235
Others	(46)	(65)	(114)	(407)
	<u>\$ 766,668</u>	<u>941,267</u>	<u>2,238,946</u>	<u>2,488,343</u>

For the nine months ended September 30, 2020 and 2019, gain from price recovery of inventory was due to the previous write-down inventories had been sold, therefore, the net realizable value of inventories lowered than cost was no longer existed, the reversal was recorded as operating costs.

For the three months ended September 30, 2020 and 2019, write-down of Inventory to net realized value was recorded as operating costs.

Inventories were not pledged as collaterals.

#### (g) Other current assets

The details of other current assets were as follows:

	September 30,2020	December 31,2019	September 30,2019
Income tax refund receivable	\$ 1,851	2,659	3,021
Prepayment for purchases	28,205	39,259	55,311
Prepaid expense	5,880	5,374	4,794
Prepaid sales tax	3,244	6,438	4,138
Restricted time deposits	2,091	2,096	2,110
Refundable deposits	10,066	7,080	7,131
Others	3,829	4,117	4,739
	<u>\$ 55,166</u>	<u>67,023</u>	<u>81,244</u>
Book as :			
Other current assets	\$ 44,563	59,389	73,540
Other financial assets — non-current	10,603	7,634	7,704
	<u>\$ 55,166</u>	<u>67,023</u>	<u>81,244</u>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

The above mentioned restricted time deposits as collateral for loan was disclosed in Note 8.

**(h) Non-controlling interests' share of subsidiaries**

Significant to the Group of the non-controlling interest subsidiaries were as follows:

Name of subsidiaries	Principal place of business	Proportion of non-controlling interest voting equity		
		September 30,2020	December 31,2019	September 30,2019
Ying Cheng Investment Corp.	Taiwan	47.5%	47.5%	47.5%
Emerging Display International (Samoa) Corp.	Samoa	4.2%	4.2%	4.2%

Summarize above subsidiaries financial information as below which had prepared based on International Financial Reporting Standards endorsed by FSC. The below financial information was prior to the offset amount with the Group.

Summarized financial information for Ying Cheng Investment Corp. was as follows:

	<u>Sep. 30, 2020</u>	<u>Dec. 31, 2019</u>	<u>Sep. 30, 2019</u>
Current asset	\$ 10,041	10,102	10,140
Non-current asset	59,280	106,320	124,440
Current liability	-	(50)	-
Net asset	<u>\$ 69,321</u>	<u>116,372</u>	<u>134,580</u>
Non-controlling equity closing book amount	<u>\$ 32,928</u>	<u>55,277</u>	<u>63,926</u>
	<u>July to September, 2020</u>	<u>July to September, 2019</u>	<u>January to September, 2020</u>
Operating revenue	\$ -	-	-
Net loss	\$ (1)	(6)	(11)
Other comprehensive income	(15,000)	(1,260)	(47,040)
Comprehensive income	<u>\$ (15,001)</u>	<u>(1,266)</u>	<u>(47,051)</u>
Loss attributable to non-controlling interest	<u>\$ -</u>	<u>(3)</u>	<u>(5)</u>
Comprehensive income attributable to non-controlling interest	<u>\$ (7,125)</u>	<u>(601)</u>	<u>(22,349)</u>
	<u>January to September, 2020</u>	<u>January to September, 2019</u>	
Cash flow from operating activities	-	(61)	(67)
Cash flow from investing activities	-	-	-
Cash flow from financing activities	-	-	-
Net decrease in cash and cash equivalents	<u>(61)</u>	<u>(61)</u>	<u>(67)</u>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

Summarized financial information for Emerging Display International (Samoa) Corp. was as follows:

	<b>2020.9.30</b>	<b>2019.12.31</b>	<b>2019.9.30</b>
Current asset	\$ 137,346	149,362	179,936
Non-current asset	17,162	22,731	24,485
Current liability	(50,837)	(61,550)	(82,564)
Non-current liability	-	(1,068)	(2,676)
Net asset	<b>\$ 103,671</b>	<b>109,475</b>	<b>119,181</b>
Non-controlling equity closing book amount	<b>\$ 4,354</b>	<b>4,598</b>	<b>5,005</b>
	<b>July to September, 2020</b>	<b>July to September, 2019</b>	<b>January to September, 2020</b>
	<b>2020</b>	<b>2019</b>	<b>2019</b>
Operating revenue	<b>\$ 43,017</b>	<b>53,301</b>	<b>129,405</b>
Net profit (loss)	\$ (3,612)	5,072	(4,792)
Other comprehensive income	1,618	(4,631)	(3,107)
Comprehensive income	<b>\$ (1,994)</b>	<b>441</b>	<b>(5,805)</b>
Profit (loss) attributable to non-controlling interest	<b>\$ (152)</b>	<b>213</b>	<b>(201)</b>
Comprehensive income attributable to non-controlling interest	<b>\$ (84)</b>	<b>18</b>	<b>(244)</b>
	<b>January to September, 2020</b>	<b>January to September, 2019</b>	
Cash flow from operating activities	\$ 4,044	13,532	
Cash flow from investing activities	(1,539)	(4,917)	
Cash flow from financing activities	(3,480)	(4,511)	
Effects of changes in foreign exchange rates	(94)	(311)	
Net increase (decrease) in cash and cash equivalents	<b>\$ (1,069)</b>	<b>3,793</b>	

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

#### (i) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Group were as follows:

	Land	Building and construction	Machinery and equipment	Office equipment	Other	Total
<b>Cost or deemed cost:</b>						
Balance at January 1, 2020	\$ 25,201	1,047,550	2,384,197	28,331	133,476	3,618,755
Additions	-	438	3,802	170	14,157	18,567
Reclassification	-	272	6,075	-	(6,347)	-
Disposals	-	-	-	(29)	(84)	(113)
Effect of movements in exchange rates	(740)	(1,004)	(1,624)	(139)	(32)	(3,539)
Balance at September 30, 2020	<u>\$ 24,461</u>	<u>1,047,256</u>	<u>2,392,450</u>	<u>28,333</u>	<u>141,170</u>	<u>3,633,670</u>
Balance at January 1, 2019	\$ 74,709	1,026,177	2,398,090	28,164	148,931	3,676,071
Additions	-	3,666	2,491	681	19,379	26,217
Reclassification to investment property	(50,323)	(16,258)	-	-	-	(66,581)
Reclassification	-	30,113	4,939	-	(35,052)	-
Disposals	-	-	(19,706)	(244)	(2,578)	(22,528)
Effect of movements in exchange rates	1,706	(674)	(5,350)	(66)	(215)	(4,599)
Balance at September 30, 2019	<u>\$ 26,092</u>	<u>1,043,024</u>	<u>2,380,464</u>	<u>28,535</u>	<u>130,465</u>	<u>3,608,580</u>
<b>Depreciation:</b>						
Balance at January 1, 2020	\$ -	800,136	2,330,684	26,927	95,053	3,252,800
Depreciation for the year	-	13,225	16,403	420	18,478	48,526
Disposals	-	-	-	(29)	(84)	(113)
Effect of movements in exchange rates	-	(469)	(1,565)	(116)	(22)	(2,172)
Balance at September 30, 2020	<u>\$ -</u>	<u>812,892</u>	<u>2,345,522</u>	<u>27,202</u>	<u>113,425</u>	<u>3,299,041</u>
Balance at January 1, 2019	\$ -	790,562	2,332,102	26,642	70,927	3,220,233
Depreciation for the year	-	12,191	19,373	570	20,446	52,580
Reclassification to investment property	-	(5,419)	-	-	-	(5,419)
Disposals	-	-	(19,706)	(244)	(2,578)	(22,528)
Effect of movements in exchange rates	-	(1,052)	(5,161)	(69)	(121)	(6,403)
Balance at September 30, 2019	<u>\$ -</u>	<u>796,282</u>	<u>2,326,608</u>	<u>26,899</u>	<u>88,674</u>	<u>3,238,463</u>
<b>Carrying amounts:</b>						
Balance at January 1, 2020	<u>\$ 25,201</u>	<u>247,414</u>	<u>53,513</u>	<u>1,404</u>	<u>38,423</u>	<u>365,955</u>
Balance at September 30, 2020	<u>\$ 24,461</u>	<u>234,364</u>	<u>46,928</u>	<u>1,131</u>	<u>27,745</u>	<u>334,629</u>
Balance at January 1, 2019	<u>\$ 74,709</u>	<u>235,615</u>	<u>65,988</u>	<u>1,522</u>	<u>78,004</u>	<u>455,838</u>
Balance at September 30, 2019	<u>\$ 26,092</u>	<u>246,742</u>	<u>53,856</u>	<u>1,636</u>	<u>41,791</u>	<u>370,117</u>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

Property, plant and equipment pledged as collateral for long-term loans and finance were disclosed in note 8.

**(j) Right-of-use assets**

The movements in the cost and depreciation of the leased land, buildings, transportation equipment which were recognized in right-of-use assets were as follows :

	<u>Land</u>	<u>Building and construction</u>	<u>Transportation equipment</u>	<u>Total</u>
<b>Right-of-use assets cost :</b>				
Balance at January 1, 2020	\$ 67,226	23,509	214	90,949
Additions	-	4,321	341	4,662
Disposals	-	-	(213)	(213)
Other reduction	(817)	-	-	(817)
Effect of movements in exchange rates	-	(198)	(10)	( 208)
Balance at September 30, 2020	<u>\$ 66,409</u>	<u>27,632</u>	<u>332</u>	<u>94,373</u>
Balance at January 1, 2019	\$ 67,226	23,065	219	90,510
Additions	-	1,577	-	1,577
Effect of movements in exchange rates	-	(721)	2	(719)
Balance at September 30, 2019	<u>\$ 67,226</u>	<u>23,921</u>	<u>221</u>	<u>91,368</u>
<b>Depreciation :</b>				
Balance at January 1, 2020	\$ 2,757	10,857	128	13,742
Depreciation for the year	2,044	8,111	95	10,250
Disposals	-	-	(213)	(213)
Effect of movements in exchange rates	-	(56)	(1)	(57)
Balance at September 30, 2020	<u>\$ 4,801</u>	<u>18,912</u>	<u>9</u>	<u>23,722</u>
Balance at January 1, 2019	\$ -	-	-	-
Depreciation for the year	2,068	8,468	100	10,636
Effect of movements in exchange rates	-	(185)	-	(185)
Balance at September 30, 2019	<u>\$ 2,068</u>	<u>8,283</u>	<u>100</u>	<u>10,451</u>
<b>Carrying amounts:</b>				
Balance at September 30, 2020	<u>\$ 61,608</u>	<u>8,720</u>	<u>323</u>	<u>70,651</u>
Balance at September 30, 2019	<u>\$ 65,158</u>	<u>15,638</u>	<u>121</u>	<u>80,917</u>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

#### (k) Investment property

Investment property which assets owned by the Group such as office buildings leased to third party. The Group signed a lease contract in August 2019 to lease original office building of the USA subsidiary to a third party since October 2019. Based on original lease terms of investment property, non-cancellable lease term is four years and the lessee has the right to extend lease term upon expiry. Subsequent lease term will consult with the lessee and didn't charge contingent rental.

Rental income of leased investment property has a fixed amount.

Investment property cost and depreciation of the Group were as follows:

	<u>Land</u>	<u>Building and construction</u>	<u>Total</u>
<b>Cost or deemed cost:</b>			
Balance at January 1, 2020	\$ 47,720	15,418	63,138
Additions	-	895	895
Effect of changes in foreign exchange rates	(1,401)	(475)	(1,876)
Balance at September 30, 2020	<u>\$ 46,319</u>	<u>15,838</u>	<u>62,157</u>
Balance at January 1, 2019	\$ -	-	-
Reclassification from property, plant and equipment	50,323	16,258	66,581
Effect of changes in foreign exchange rates	(915)	(296)	(1,211)
Balance at September 30, 2019	<u>\$ 49,408</u>	<u>15,962</u>	<u>65,370</u>
<b>Depreciation:</b>			
Balance at January 1, 2020	\$ -	5,304	5,304
Depreciation for the year	-	494	494
Effect of changes in foreign exchange rates	-	(168)	(168)
Balance at September 30, 2020	<u>\$ -</u>	<u>5,630</u>	<u>5,630</u>
Balance at January 1, 2019	\$ -	-	-
Depreciation	-	68	68
Reclassification from property, plant and equipment	-	5,419	5,419
Effect of changes in foreign exchange rates	-	(98)	(98)
Balance at September 30, 2019	<u>\$ -</u>	<u>5,389</u>	<u>5,389</u>
<b>Carrying amounts:</b>			
Balance at January 1, 2020	<u>\$ 47,720</u>	<u>10,114</u>	<u>57,834</u>
Balance at September 30, 2020	<u>\$ 46,319</u>	<u>10,208</u>	<u>56,527</u>
Balance at January 1, 2019	<u>\$ -</u>	<u>-</u>	<u>-</u>
Balance at September 30, 2019	<u>\$ 49,408</u>	<u>10,573</u>	<u>59,981</u>

There was no significant differences of the Group's fair value of investment property which compared with the consolidated financial statements Note 6(k) for the year ended December 31, 2019.

The investment property was not pledged as collateral.



## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

#### (I) Intangible assets

Initial cost and accumulated amortization for intangible assets were as follows:

	<u>Patent</u>	<u>Computer software cost</u>	<u>Total</u>
Balance at January 1, 2020	\$ 3,557	8,018	11,575
Individual acquisition	191	1,368	1,559
Disposals	(965)	-	(965)
Effects of changes in foreign exchange rates	-	(19)	(19)
Balance at September 30, 2020	<u>\$ 2,783</u>	<u>9,367</u>	<u>12,150</u>
Balance at January 1, 2019	\$ 4,141	5,819	9,960
Individual acquisition	139	30	169
Effects of changes in foreign exchange rates	-	1	1
Balance at September 30, 2019	<u>\$ 4,280</u>	<u>5,850</u>	<u>10,130</u>
<b>Amortization:</b>			
Balance at January 1, 2020	\$ 2,137	5,661	7,798
Amortization	200	926	1,126
Disposals	(965)	-	(965)
Effects of changes in foreign exchange rates	-	(19)	(19)
Balance at September 30, 2020	<u>\$ 1,372</u>	<u>6,568</u>	<u>7,940</u>
Balance at January 1, 2019	\$ 2,438	5,051	7,489
Amortization	337	459	796
Effects of changes in foreign exchange rates	-	1	1
Balance at September 30, 2019	<u>\$ 2,775</u>	<u>5,511</u>	<u>8,286</u>
<b>Carrying amounts:</b>			
Balance at January 1, 2020	<u>\$ 1,420</u>	<u>2,357</u>	<u>3,777</u>
Balance at September 30, 2020	<u>\$ 1,411</u>	<u>2,799</u>	<u>4,210</u>
Balance at January 1, 2019	<u>\$ 1,703</u>	<u>768</u>	<u>2,471</u>
Balance at September 30, 2019	<u>\$ 1,505</u>	<u>339</u>	<u>1,844</u>

Intangible assets were not pledged as collateral.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

**(m) Short-term loans**

The details of short-term loans were as follows:

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Letters of credit loans	\$ 17,469	-	-
Unsecured bank loans	989,000	400,000	310,000
Total	<b>\$ 1,006,469</b>	<b>400,000</b>	<b>310,000</b>
Unused lines of credit	<b>\$ 814,328</b>	<b>1,272,106</b>	<b>1,370,219</b>
Range of interest rates	<b>0.80%~1.11%</b>	<b>0.95%~1.04%</b>	<b>0.95%~1.05%</b>

Short-term loans were not pledged as collateral.

Please refer to note 6(y) for the interest rate risk, foreign exchange rate risk and sensitivity analysis of the financial liabilities of the Group.

**(n) Long-term loans**

The details of long-term loans were as follows:

	<b>September 30, 2020</b>	<b>December 31, 2019</b>	<b>September 30, 2019</b>
Secured bank loans	\$ -	320,000	400,000
Less: discount on long-term loans	-	(445)	(612)
Total	<b>\$ -</b>	<b>319,555</b>	<b>399,388</b>
Recognized in:			
Long-term loans, current portion	<b>\$ -</b>	<b>319,555</b>	<b>399,388</b>
Unused lines of credit	<b>\$ 800,000</b>	<b>320,000</b>	<b>240,000</b>
Range of interest rates	<b>-</b>	<b>1.8085%</b>	<b>1.8085%</b>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

On November 17, 2016, the Group entered into a syndicated loan agreement with eight banks led by Tai Shin Bank for the period from the date of first borrowing to the three-year term with cycle use lines of credit. The credit line will decrease every 6 months since two years after the first appropriation date. The first and second phase will decrease by 20% of the effective credit line, and the third phase will decrease by 60%. The Group will repay the total borrowing upon maturity.

For the related information and concerned restricted terms, please refer to Note 6(n) of 2019 consolidated financial statements. The Group borrowed \$400,000 on August 15, 2017, as of September 30, 2020, the contract had been expired and fully repaid.

Assets pledged as collateral for long-term loans are disclosed in Note 8.

On May 15, 2020, the Group entered into a syndicated loan agreement with seven banks led by E.SUN Bank, total amount is \$800,000. For the period from the date of first borrowing to the five-year term with cycle use lines of credit.

According to the loan agreement, first borrowing should repay the syndicated loan in full first which made on November 17, 2016.

Besides, if line of credit is unused within nine months, the date of first borrowing will still be after nine months since signed date. And base on the date to calculate cycle use line of credit.

As of September 30, 2020, the lines of credit were unused.

#### (o) Lease liabilities

The details of lease liabilities were as follows :

	September 30,2020	December 31,2019	September 30,2019
Current	\$ 9,316	11,907	12,669
Non-Current	\$ 63,144	66,575	69,265

For maturity analysis, please refer to Note 6 (y) Financial Instruments.

The amounts recognized in profit or loss were as follows :

	July to September, 2020	July to September, 2019	January to September, 2020	January to September, 2019
Interest on lease liabilities	\$ 630	777	1,972	2,443
Expenses relating to short-term leases	\$ 540	407	1,532	1,002
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ 60	62	183	221
Rent concessions due to COVID-19 (reduce depreciation of right-of-use assets)	\$ 174	-	1,355	-

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

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

	<u>For the nine months ended September 30</u>	
	<u>2020</u>	<u>2019</u>
Total cash outflow for leases	<u>\$ 11,902</u>	<u>13,526</u>

(i) Lease of land, building and construction

As of September 30, 2020, the Group leases land and buildings for its office use. The leases of land and buildings run for approximately 2 to 10 years, and the lease period of office premises is usually 2 to 3 years.

Lease payments for certain contracts are subject to changes in the local price index, which usually occur once a year.

The lease agreements for some of the equipment include the option to extend the lease or terminate the lease, which are managed separately by each region, and therefore the individual terms and conditions agreed upon are different within the Group. These options are only for the Group to have enforceable rights and the lessor does not have this right. In the event that it is not possible to reasonably determined the period of the extended lease that will be exercisable, the related payments over the period covered by the option are not included in the lease liability.

(ii) Other leases

The lease period for the Group leased transportation equipment is one to two years.

In addition, the lease term of the Group leased machinery and equipment is one to three years. These leases are short-term or low-value leases. The Group chooses to apply the exemption recognition requirement without recognizing its related right-of-use assets and lease liabilities.

**(p) Operating lease**

There was no increase for operating lease for the nine months ended September 30, 2020. Please refer to Note 6(p) of the 2019 consolidated financial statements.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

#### (q) Employee benefits

##### (i) Defined benefit plan

There were no significant market fluctuations, curtailments, settlement or other one-time events after the end of the previous financial year, the pension cost measurement and disclosure of interim pension cost were calculated based on actuarial adopted on December 31, 2019 and 2018.

Cost recognized in expense was as below :

	July to September, 2020	July to September, 2019	January to September, 2020	January to September, 2019
Operating cost	\$ 291	327	866	989
Selling expenses	13	16	43	45
General and administrative expenses	45	49	136	143
Research and development expenses	33	39	102	115
	<u>\$ 382</u>	<u>431</u>	<u>1,147</u>	<u>1,292</u>

##### (ii) Defined contribution plan

Cost recognized in expense was as below :

	July to September, 2020	July to September, 2019	January to September, 2020	January to September, 2019
Operating cost	\$ 4,825	6,030	14,756	17,340
Selling expenses	1,323	1,319	3,893	3,865
General and administrative expenses	392	548	1,209	1,604
Research and development expenses	709	678	2,083	1,934
	<u>\$ 7,249</u>	<u>8,575</u>	<u>21,941</u>	<u>24,743</u>

#### (r) Income tax

Income tax expense for the period was best estimated by multiplying pretax income for the interim reporting period with the effective annual tax rate as forecasted by management.

The amounts of income tax expense (benefit) were as follows :

	July to September, 2020	July to September, 2019	January to September, 2020	January to September, 2019
Current tax expense				
Current	\$ 10,943	18,283	38,572	43,283
Deferred tax expense (benefit)				
Origination and reversal of temporary differences	(20)	(4)	176	(32)
Income tax expense	<u>\$ 10,923</u>	<u>18,279</u>	<u>38,748</u>	<u>43,251</u>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

For the nine months ended September 30, 2020 and 2019, no income tax was recognized directly in equity.

The amount of income tax benefit recognized in other comprehensive income (loss) were as follows:

	July to September, 2020	July to September, 2019	January to September, 2020	January to September, 2019
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gains or losses from investments in equity instruments measured at FVOCI	\$ (126)	-	156	-

#### Approval of income tax

The Company's income tax returns for all fiscal years up to 2018 have been examined and approved by the R.O.C. tax authority.

#### (s) Share capital and other equity

The Group had no share capital change for the nine months ended September 30, 2020 and 2019 except below statement. Please refer to Note 6(s) of 2019 consolidated financial statements for detail information.

##### (i) Capital Stock

As of September 30, 2020, December 31 and September 30, 2019, the authorized share capital of the Company amounted to \$3,500,000 comprising 350,000 thousand shares with a par value of TWD10 per share, outstanding shares of stock were 162,408 thousand shares. Excluding shares of treasury stock that had been purchased by the Company and shares of stock held by the subsidiaries, outstanding shares of stock were 148,613 thousand shares.

##### (ii) Capital surplus

Capital surplus was as follows :

	September 30,2020	December 31,2019	September 30,2019
Treasury stock	\$ 14,950	4,397	4,397

##### (iii) Earnings distribution

The appropriations of earnings for 2019 and 2018 had been approved in the shareholders' meeting held on June 12, 2020 and June 4, 2019, respectively. The appropriation and dividend per share were as follows :

	2019	2018
Cash dividend to shareholders (TWD)		
Cash	\$ 1.2	0.5

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

(iv) Other equity

	Foreign exchange differences arising from foreign operation	Unrealized gains (losses) on financial assets measured at FVOCI	Total
Balance at January 1, 2020	\$ (14,111)	(88,501)	(102,612)
— Changes of the Group	(3,897)	(29,362)	(33,259)
— Disposal of investments in equity instrument at FVOCI	-	(5,612)	(5,612)
Balance at September 30, 2020	<b>\$ (18,008)</b>	<b>(123,475)</b>	<b>(141,483)</b>
	Foreign exchange differences arising from foreign operation	Unrealized gains (losses) on financial assets measured at FVOCI	Total
Balance at January 1, 2019	\$ (8,271)	(104,299)	(112,570)
— Changes of the Group	(1,729)	30,155	28,426
— Disposal of investments in equity instrument at FVOCI	-	(8,577)	(8,577)
Balance at September 30, 2019	<b>\$ (10,000)</b>	<b>(82,721)</b>	<b>(92,721)</b>

(v) Treasury stock

The changes of treasury stocks were as follows :

(Expressed in thousands of shares)

Reason to buy back	Beginning Shares	Increase shares	Decrease shares	Ending share
<b>January to September, 2020</b>				
Transfer to employees	<b>5,000</b>	-	-	<b>5,000</b>
<b>January to September, 2019</b>				
Transfer to employees	<b>12,000</b>	<b>5,000</b>	<b>12,000</b>	<b>5,000</b>

The Board of Directors had resolved during the board meeting held on January 8, 2019 for the Company to repurchase its share as treasury stocks.

The Company's Board of Directors approved resolutions to retire treasury stocks amounting to 12,000 thousand shares on March 8, 2019. The related registration procedures had been completed. As of September 30, 2020, December 31 and September 30, 2019, the cost of treasury stocks amounted to \$50,739.

In accordance with Securities and Exchange Act requirements, treasury stocks held by the Company should not be pledged, and do not hold shareholder rights before their transfer.

Ying Dar Corp. and Bae Haw Corp., 100%-owned subsidiaries of the Company, held the Company's common stock. For the nine months ended September 30, 2020 and 2019, Ying Dar Corp. and Bae Haw Corp. did not purchase or dispose any of the Company's shares. As of September 30, 2020, December 31, 2019 and September 30, 2019, Ying Dar Corp. and Bae Haw Corp. together held 8,794 thousand shares of the Company's common stock, The cost was \$122,282 which was recognized in treasury stocks. As of September 30, 2020, December 31 and September 30, 2019, their market values amounted to \$151,703, \$154,781 and \$157,859, respectively.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

(t) **Earnings per share**

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

	July to September, 2020	July to September, 2019	January to September, 2020	January to September, 2019
<b>Basic earnings per share</b>				
Profit attributable to owners of parent	<u>\$ 62,213</u>	<u>92,217</u>	<u>206,726</u>	<u>226,534</u>
Weighted-average number of ordinary shares at end of year (expressed in thousands of shares)	<u>148,613</u>	<u>148,613</u>	<u>148,613</u>	<u>148,927</u>
Expressed in New Taiwan dollars	<u>\$ 0.42</u>	<u>0.62</u>	<u>1.39</u>	<u>1.52</u>
<b>Diluted earnings per share</b>				
Profit attributable to owners of parent	<u>\$ 62,213</u>	<u>92,217</u>	<u>206,726</u>	<u>226,534</u>
Weighted-average number of ordinary shares at end of year (expressed in thousands of shares)	148,613	148,613	148,613	148,927
Effect of potentially dilutive ordinary stock:				
— Employee bonus (expressed in thousands of shares)	<u>231</u>	<u>809</u>	<u>1,029</u>	<u>934</u>
Weighted-average number of ordinary shares- diluted (expressed in thousands of shares)	<u>148,844</u>	<u>149,422</u>	<u>149,642</u>	<u>149,861</u>
Expressed in New Taiwan dollars	<u>\$ 0.42</u>	<u>0.62</u>	<u>1.38</u>	<u>1.51</u>

In computing above basic earnings (loss) per share of ordinary stock for the nine months ended September 30, 2020 and 2019, the weighted-average numbers of shares of common stock outstanding excluded 8,794 thousand shares of common stock held by the Company's subsidiaries as treasury stock.



## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

(u) **Revenue from Contracts with Customers**

(i) Disaggregation of revenue

	July to September 2020			
	Domestic	North America	Other operating department	Total
	Primary geographical markets:			
Europe	\$ 625,137	1,688	108	626,933
USA	-	140,588	-	140,588
Others	121,818	80,542	6	202,366
Total	<u><b>\$ 746,955</b></u>	<u><b>222,818</b></u>	<u><b>114</b></u>	<u><b>969,887</b></u>
Major products:				
Liquid crystal display modules	\$ 176,411	105,222	-	281,633
Capacitive touch panel and capacitive touch panel module	564,029	102,214	-	666,243
Others	6,515	15,382	114	22,011
Total	<u><b>\$ 746,955</b></u>	<u><b>222,818</b></u>	<u><b>114</b></u>	<u><b>969,887</b></u>

	July to September 2019			
	Domestic	North America	Other operating department	Total
	Primary geographical markets:			
Europe	\$ 682,410	-	44	682,454
USA	84	232,527	-	232,611
Others	181,882	81,856	299	264,037
Total	<u><b>\$ 864,376</b></u>	<u><b>314,383</b></u>	<u><b>343</b></u>	<u><b>1,179,102</b></u>
Major products:				
Liquid crystal display modules	\$ 181,340	212,129	-	393,469
Capacitive touch panel and capacitive touch panel module	658,714	100,560	-	759,274
Others	24,322	1,694	343	26,359
Total	<u><b>\$ 864,376</b></u>	<u><b>314,383</b></u>	<u><b>343</b></u>	<u><b>1,179,102</b></u>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

	January to September 2020			
	Domestic	North America	Other operating department	Total
	Primary geographical markets:			
Europe	\$ 1,512,075	1,724	357	1,514,156
USA	536	738,069	-	738,605
Others	370,153	220,051	329	590,533
Total	<b><u>\$ 1,882,764</u></b>	<b><u>959,844</u></b>	<b><u>686</u></b>	<b><u>2,843,294</u></b>
Major products:				
Liquid crystal display modules	\$ 570,452	372,669	-	943,121
Capacitive touch panel and capacitive touch panel module	1,291,474	562,461	-	1,853,935
Others	20,838	24,714	686	46,238
Total	<b><u>\$ 1,882,764</u></b>	<b><u>959,844</u></b>	<b><u>686</u></b>	<b><u>2,843,294</u></b>

	January to September 2019			
	Domestic	North America	Other operating department	Total
	Primary geographical markets:			
Europe	\$ 1,681,496	2,869	277	1,684,642
USA	84	713,056	-	713,140
Others	448,388	236,141	362	684,891
Total	<b><u>\$ 2,129,968</u></b>	<b><u>952,066</u></b>	<b><u>639</u></b>	<b><u>3,082,673</u></b>
Major products:				
Liquid crystal display modules	\$ 655,253	604,342	-	1,259,595
Capacitive touch panel and capacitive touch panel module	1,431,188	341,828	-	1,773,016
Others	43,527	5,896	639	50,062
Total	<b><u>\$ 2,129,968</u></b>	<b><u>952,066</u></b>	<b><u>639</u></b>	<b><u>3,082,673</u></b>

(ii) Contract balance

	September 30,2020	December 31,2019	September 30,2019
Accounts receivable (including related parties)	\$ 639,447	556,362	660,654
Less: allowance for impairment	(19,395)	(18,771)	(22,303)
Total	<b><u>\$ 620,052</u></b>	<b><u>537,591</u></b>	<b><u>638,351</u></b>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

	September 30,2020	December 31,2019	September 30,2019
Contract liability – Unearned revenue (recognized in other current liabilities)	<u>\$ 33,259</u>	<u>13,031</u>	<u>13,721</u>

Please refer to Note 6(d) for accounts receivables and impairment.

The amount of revenue recognized for the three months and nine months ended September 30, 2020 and 2019, that was included in the contract liability balance at the beginning of the period were \$937, \$0, \$3,682 and \$1,577 respectively.

#### (v) Employee’s remuneration, and directors’ and supervisors’ remuneration

According to the Company’s articles of association, the Company should contribute no less than 5% of the profit as employee remuneration and a maximum of 3% as directors’ and supervisors’ remuneration when there is profit for the year. However, certain amounts of the earnings should be reserved if there is an accumulated loss from operations in previous years in advance of the appropriation of the employee remuneration. The aforementioned employee remuneration will be distributed in cash or stock to employees who satisfy certain specifications of the Group and its affiliates.

The Company accrued the remuneration of employees amounted and the remuneration of directors' and supervisors' amounted were as follows :

	July to September, 2020	July to September, 2019	January to September, 2020	January to September, 2019
Employee remuneration	<u>\$ 3,977</u>	<u>5,908</u>	<u>13,171</u>	<u>14,512</u>
Directors’ and supervisors’ remuneration	<u>\$ 2,387</u>	<u>3,544</u>	<u>7,903</u>	<u>8,707</u>

The above amount were estimated as the Company’s net income before tax, excluding remuneration of employees and remuneration of directors and supervisors, multiplied by the appropriate percentage in compliance with the Company’s articles. These expenses were recognized in operating costs and operating expenses for the respective period. In case the variances between actual and estimated expenses occur during next year, the variances concerned will be recognized in next year’s profit. If the Company’s Board of Directors resolve to issue its stocks as the remuneration of employees, it will be calculated based on the closing price of its stock on the day before the approval by of Directors.

The accrued compensation of employees amounted to \$16,362 and \$6,704 for 2019 and 2018, respectively, and the accrued remuneration of directors’ and supervisor’s amounted to \$9,817 and \$4,023 respectively. Actual distribution had no difference with accrued amounts. The previous distribution of compensation to employees, remuneration of directors and supervisors approved by Board of Directors for related information, please go to website:

<http://emops.twse.com.tw>.

#### (w) Other operating income and expenses

Other operating income and expenses were rental income of leased investment property.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

(x) **Non-operating income and expenses**

(i) Interest income

Details of Interest income were as follows :

	July to September, 2020	July to September, 2019	January to September, 2020	January to September, 2019
Bank deposits	\$ 1,664	4,534	8,412	14,264
Others	17	37	77	132
	<u>\$ 1,681</u>	<u>4,571</u>	<u>8,489</u>	<u>14,396</u>

(ii) Other income

Details of other income were as follows :

	July to September, 2020	July to September, 2019	January to September, 2020	January to September, 2019
Dividend Revenue	\$ 6,542	8,716	9,272	8,716
Others	2,753	1,018	6,094	1,316
	<u>\$ 9,295</u>	<u>9,734</u>	<u>15,366</u>	<u>10,032</u>

(iii) Other gains and losses

Details of other gains and losses were as follows :

	July to September, 2020	July to September, 2019	January to September, 2020	January to September, 2019
Foreign exchange gains (losses)	\$ (30,740)	3,219	(33,366)	20,471
Net gains (losses) on disposal of financial assets (liabilities) measured at fair value through profit or loss	1,880	457	(2,339)	9,405
Net gains (losses) on disposal of property, plant and equipment	-	(2)	-	558
Others	-	(219)	(205)	(501)
	<u>\$ (28,860)</u>	<u>3,455</u>	<u>(35,910)</u>	<u>29,933</u>

(iv) Finance costs

Details of finance costs were as follows :

	July to September, 2020	July to September, 2019	January to September, 2020	January to September, 2019
Interest expenses				
Bank loans	\$ 2,263	2,581	6,571	8,031
Lease liability	630	777	1,972	2,443
Management fee of syndicated loan	125	62	250	187
	<u>\$ 3,018</u>	<u>3,420</u>	<u>8,793</u>	<u>10,661</u>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

#### (y) Financial instruments

There was no significant change of the Group's fair value of financial instruments, exposure to credit risk, liquidity risk and market risk except below statements. Please refer to Note 6(y) of 2019 consolidated financial statements.

##### (i) Credit risk

###### 1) Exposure to credit risk

The Group's maximum exposure to credit risk is the carrying amount of financial assets and contract assets.

###### 2) Concentration of credit risk

As of September 30, 2020, one customer accounted for 43.19%, of total accounts receivable balance. As of December 31, and September 30, 2019, there was no significant concentration of its accounts receivable.

###### 3) Accounts receivable of credit risk

Please refer to Note 6(d) for accounts receivable and notes receivable of credit risk exposure.

Other financial assets measured at amortized cost including other accounts receivable, refundable deposits, and certificate deposit recognized as debt instrument without active market. All of these financial assets are considered to be low risk, and thus the impairment provision recognized during the period was limited to 12 months expected credit losses. None of the expected credit losses that should be included in the assessment. Please refer to Note 6(e).

##### (ii) Liquidity risk

Details of financial liabilities categorized by due dates were as follows. The amounts include interest expenses but exclude the impacts of negotiated net amounts.

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

	Carrying amount	Contracted cash flows	Due within 6 months	Due in 6- 12months	Due in 1- 2 years	Due in 2- 5 years	Due in over 5 years
<b>September 30, 2020</b>							
Non-derivative financial liabilities							
Unsecured loans (floating rate)	\$ 1,006,469	(1,007,218)	(1,007,218)	-	-	-	-
Accounts payable(non-interest bearing)	431,507	(431,507)	(431,507)	-	-	-	-
Notes payable (non-interest bearing)	1,416	(1,416)	(1,416)	-	-	-	-
Other payable (non-interest bearing)	257,941	(257,941)	(257,941)	-	-	-	-
Lease liability (fixed interest rate)	72,460	(106,105)	(7,273)	(4,241)	(5,861)	(11,918)	(76,812)
Guarantee deposits received (non-interest bearing )	570	(570)	-	-	(34)	(536)	-
Derivative financial liabilities							
Swap Contract :	1,580						
Cash in		174,600	174,600	-	-	-	-
Cash out		(175,935)	(175,935)	-	-	-	-
	<u>\$ 1,771,943</u>	<u>(1,806,092)</u>	<u>(1,706,690)</u>	<u>(4,241)</u>	<u>(5,895)</u>	<u>(12,454)</u>	<u>(76,812)</u>
<b>December 31, 2019</b>							
Non-derivative financial liabilities							
Secured loans (floating rate)	\$ 319,555	(323,599)	(2,886)	(320,713)	-	-	-
Unsecured loans (floating rate)	400,000	(400,534)	(400,534)	-	-	-	-
Accounts payable(non-interest bearing)	431,437	(431,437)	(431,437)	-	-	-	-
Notes payable (non-interest bearing)	307	(307)	(307)	-	-	-	-
Other payable (non-interest bearing)	109,644	(109,644)	(109,644)	-	-	-	-
Lease liability (fixed interest rate)	78,482	(114,543)	(7,843)	(6,602)	(7,224)	(12,070)	(80,804)
Guarantee deposits received (non-interest bearing )	587	(587)	-	-	(34)	(553)	-
Derivative financial liabilities							
Swap Contract :	994						
Cash in		89,940	89,940	-	-	-	-
Cash out		(91,191)	(91,191)	-	-	-	-
	<u>\$ 1,341,006</u>	<u>(1,381,902)</u>	<u>(953,902)</u>	<u>(327,315)</u>	<u>(7,258)</u>	<u>(12,623)</u>	<u>(80,804)</u>
<b>September 30, 2019</b>							
Non-derivative financial liabilities							
Secured loans (floating rate)	\$ 399,388	(406,322)	(3,627)	(402,695)	-	-	-
Unsecured loans (floating rate)	310,000	(310,375)	(310,375)	-	-	-	-
Accounts payable(non-interest bearing)	473,892	(473,892)	(473,892)	-	-	-	-
Notes payable (non-interest bearing)	2,205	(2,205)	(2,205)	-	-	-	-
Other payable (non-interest bearing)	117,246	(117,246)	(117,246)	-	-	-	-
Lease liability (fixed interest rate)	81,934	(118,734)	(7,924)	(7,442)	(9,033)	(12,526)	(81,809)
Guarantee deposits received (non-interest bearing )	606	(606)	-	-	(34)	(572)	-
Derivative financial liabilities							
Swap Contract :	262						
Cash in		62,137	62,137	-	-	-	-
Cash out		(62,080)	(62,080)	-	-	-	-
	<u>\$ 1,385,533</u>	<u>(1,429,323)</u>	<u>(915,212)</u>	<u>(410,137)</u>	<u>(9,067)</u>	<u>(13,098)</u>	<u>(81,809)</u>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

The Group does not expect that the cash flows could occur significantly earlier or at significantly different amount.

#### (iii) Market Risk

##### 1) Exchange rate risk

Significant financial assets and liabilities exposed to foreign currency risk were as follows :

	September 30, 2020			December 31, 2019			September 30, 2019		
	Foreign currency	Exchange rate	TWD amount	Foreign currency	Exchange rate	TWD amount	Foreign currency	Exchange rate	TWD amount
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 75,809	29.10	2,206,042	69,372	29.98	2,079,789	64,164	31.04	1,991,635
JPY	16,429	0.2756	4,528	18,491	0.276	5,104	7,692	0.2878	2,214
CNY	1,837	4.270	7,843	176	4.305	757	77	4.35	333
EUR	288	34.15	9,846	7	33.59	225	103	33.95	3,504
<u>Non-monetary items</u>									
USD	3,385	29.10	98,498	3,802	29.98	113,978	1,803	31.04	55,968
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	16,009	29.10	465,853	14,135	29.98	423,768	13,361	31.04	414,710
JPY	26,846	0.2756	7,399	40,745	0.276	11,246	38,565	0.2878	11,090
EUR	-	-	-	11	33.59	386	139	33.95	4,704
<u>Non-monetary items</u>									
USD	6,000	29.10	174,600	3,000	29.98	89,940	8	31.04	262

The foreign currency risk was mainly incurred from the translation of cash and cash equivalents, accounts receivable, other receivables, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, accounts payable, and other payables. As of September 30, 2020 and 2019, the exchange rate of the TWD versus the USD, CNY, JPY, and EUR increases or decreases by 1%, given no changes in other factors, profit after tax will increase or decrease by \$11,468 and \$11,707, respectively, and equity will increase or decrease by \$108 and \$0, respectively. The analysis assumes that all other variables remain constant.

The Group has variety kinds of functional currencies; hence we use summarized method to disclose exchange gain or loss of monetary items. For the three months and the nine months ended September 30, 2020 and 2019, the exchange gains or loss (including realized and unrealized) that resulted from monetary items translated to the functional currency was (\$30,740), \$3,219, (\$33,366) and \$20,471, respectively.

##### 2) Interest rate risk

Please refer to liquidity risk management for the detail of the Group's financial liabilities' interest exposure.

The sensitivity analysis of interest was made based on the interest rate of derivative and non-derivative instruments at the reporting date. The analysis of liabilities bearing floating interest rates was prepared based on the assumption that the outstanding amount at the reporting date had existed for the whole year.

When internal report to the Group's top management regarding the interest rate change, they use 0.25% increase or decrease of interest rate assumption as the interest rate change which also represents this is the reasonable interest rate range assessed by the top management.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

If interest rates on loans had increased or decreased by 0.25% with all other variables held constantly. The impact on the Group will be as follows :

For the nine months ended September 30			
2020		2019	
Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
After-tax loss	After-tax profit	After-tax loss	After-tax profit
<b>\$ 1,510</b>	<b>1,510</b>	<b>1,065</b>	<b>1,065</b>

The above-mentioned variables attribute to the Group's change of interest rate on loan.

3) Other price risk

If the prices of financial instrument change at reporting date, with all other variables held constant, the influences were as follows :

For the nine months ended September 30				
2020			2019	
Equity price at reporting date	Other comprehensive income after tax	Net profit (loss)	Other comprehensive income after tax	Net profit (loss)
Increase 3%	<b>\$ 7,647</b>	<b>2,344</b>	<b>8,343</b>	<b>1,335</b>
Decrease 3%	<b>\$ 7,647</b>	<b>2,344</b>	<b>8,343</b>	<b>1,335</b>

(iv) Fair value

1) Categories and fair values of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss, and financial assets at fair value through other comprehensive income, are measured on a recurring basis. The following table shows the carrying amount and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information on financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value and on investments in equity instruments which do not have any quoted price in an active market and lease liability.

	September 30, 2020				
	Carrying Amount	Fair value			Amount
		Level 1	Level 2	Level 3	
<b>Financial assets at FVTPL</b>					
Derivative financial instruments	\$30	-	30	-	30
Debt instrument with quoted market prices	89,276	89,276	-	-	89,276
Subtotal	89,306				
<b>Financial assets at FVOCI</b>					
Equity instrument with quoted market prices	170,901	170,901	-	-	170,901
Equity instrument at fair value without quoted market prices	86,653	-	-	86,653	86,653
Subtotal	257,554				
<b>Financial assets at amortized cost</b>					
Cash and cash equivalent	1,483,745	-	-	-	-
Account receivables	620,052	-	-	-	-
Other account receivables	6,373	-	-	-	-
Restricted deposit	2,091	-	-	-	-
Refundable deposits (recognized in other assets - noncurrent)	10,066	-	-	-	-
Subtotal	2,122,327				
<b>Total</b>	<b>\$ 2,469,187</b>				



# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

	September 30, 2020				
	Carrying	Fair value			Amount
	Amount	Level 1	Level 2	Level 3	
<b>Financial liabilities at FVTPL</b>					
Swap Contract	\$ 1,580	-	1,580	-	1,580
<b>Financial liabilities at amortized cost</b>					
Bank loans	\$ 1,006,469	-	-	-	-
Notes payable	1,416	-	-	-	-
Account payable	431,507	-	-	-	-
Other payable	257,941	-	-	-	-
Lease liability	72,460	-	-	-	-
Guarantee deposits received	<u>570</u>	-	-	-	-
Subtotal	<u>1,770,363</u>				
<b>Total</b>	<b><u>\$ 1,771,943</u></b>				
	December 31, 2019				
	Carrying	Fair value			
	Amount	Level 1	Level 2	Level 3	Amount
<b>Financial assets at FVTPL</b>					
Derivative financial assets	\$ 76	-	76	-	76
Debt instrument with quoted market prices	<u>54,018</u>	54,018	-	-	54,018
Subtotal	<u>54,094</u>				
<b>Financial assets at FVOCI</b>					
Equity instrument with quoted market prices	110,444	110,444	-	-	110,444
Equity instrument at fair value without quoted market prices	<u>139,872</u>	-	-	139,872	139,872
Subtotal	<u>250,316</u>				
<b>Financial assets at amortized cost</b>					
Cash and cash equivalent	1,368,252	-	-	-	-
Account receivables	537,591	-	-	-	-
Other account receivables	18,684	-	-	-	-
Restricted deposit	2,096	-	-	-	-
Refundable deposits (recognized in other assets - noncurrent)	<u>7,080</u>	-	-	-	-
Subtotal	<u>1,933,703</u>				
<b>Total</b>	<b><u>\$ 2,238,113</u></b>				
<b>Financial liabilities at FVTPL</b>					
Swap Contract	\$ 994	-	994	-	994
<b>Financial liabilities at amortized cost</b>					
Bank loans	719,555	-	-	-	-
Notes payable	307	-	-	-	-
Accounts payable	431,437	-	-	-	-
Other payable	109,644	-	-	-	-
Lease liabilities	78,482	-	-	-	-
Guarantee deposits	<u>587</u>	-	-	-	-
Subtotal	<u>1,340,012</u>				
<b>Total financial liabilities</b>	<b><u>\$ 1,341,006</u></b>				

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

	September 30, 2019				
	Carrying	Fair value			Amount
	Amount	Level 1	Level 2	Level 3	
<b>Financial assets at FVTPL</b>					
Derivative financial assets	\$ 352	-	352	-	352
Debt instrument with quoted market prices	<u>55,616</u>	55,616	-	-	55,616
Subtotal	<u>55,968</u>				
<b>Financial assets at FVOCI</b>					
Equity instrument with quoted market prices	117,093	117,093	-	-	117,093
Equity instrument at fair value without quoted market prices	<u>161,012</u>	-	-	161,012	161,012
Subtotal	<u>278,105</u>				
<b>Financial assets at amortized cost</b>					
Cash and cash equivalent	1,213,941	-	-	-	-
Account receivables	638,351	-	-	-	-
Other account receivables	10,751	-	-	-	-
Restricted deposit	2,110	-	-	-	-
Refundable deposits (recognized in other assets - noncurrent)	<u>7,131</u>	-	-	-	-
Subtotal	<u>1,872,284</u>				
<b>Total</b>	<b><u>\$ 2,206,357</u></b>				
<b>Financial liabilities at FVTPL</b>					
Derivative financial liabilities	\$ 262	-	262	-	262
<b>Financial liabilities at amortized cost</b>					
Bank loans	\$ 709,388	-	-	-	-
Notes payable	2,205	-	-	-	-
Account payable	473,892	-	-	-	-
Other payable	117,246	-	-	-	-
Lease liability	81,934	-	-	-	-
Guarantee deposits received	<u>606</u>	-	-	-	-
Subtotal	<u>1,385,271</u>				
<b>Total</b>	<b><u>\$ 1,385,533</u></b>				

The Group measures its assets and liabilities use input observable market data. The fair value hierarchy categorizes the inputs used in valuation techniques are as follows:

- Level 1: quoted prices (unadjusted) in the active markets for identified assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

### 2) Valuation techniques and assumptions unused in fair value determination

#### A. Financial assets measured at amortized cost

If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the fair value will be estimated by valuation technique or the prices quoted by competitors.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

B. Financial assets and financial liabilities measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation techniques and assumptions used in fair value determination

Non-derivative instruments

If a financial instrument has a quoted price in an active market, the quoted price is used as fair value. Quoted prices of major stock exchanges and quoted prices of government bonds are the basis for measuring the fair value of stocks listed on an exchange, stocks listed on the OTC, and debt instruments with quoted prices in an active market.

The fair values of the Group's listed securities and open-end funds with standard terms and conditions and traded in active markets are determined by the quoted market prices.

Measurements of fair value of financial instruments without active market are based on valuation technique or quoted price from competitor. Fair value measured by valuation technique can be extrapolated from similar financial instruments, discounted cash flow method or other valuation technique. Using discounted cash flow method to calculate fair value, the main assumption is to reflect monetary time value and return of invest risk to discount and measure based on investee's estimated future cash flow.

Derivative instruments

The fair value of Swap contracts is based on quoted prices from the counterparty.

4) Transfer between level 1 and level 2

There was no transfer between the fair value hierarchy levels for the nine months ended September 30, 2020 and 2019.

5) Movement of financial assets through other comprehensive income categorized within Level 3.

	<b>Financial assets at fair value through other comprehensive income</b>	
	<b>Unquoted equity instruments</b>	
<b>Balance at January 1, 2020</b>	\$	139,872
Recognized in other comprehensive income		(53,219)
<b>Balance at September 30, 2020</b>	<b>\$</b>	<b>86,653</b>
<b>Balance at January 1, 2019</b>	\$	151,668
Prepaid investment		2,700
Recognized in other comprehensive income		6,644
<b>Balance at September 30, 2019</b>	<b>\$</b>	<b>161,012</b>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

6) 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 other comprehensive income— equity investments.

The Group's equity investments without active market in Level 3 have more than one significant unobservable input. The significant unobservable inputs of equity investments without active market are individually independent, and there is no correlation between them. 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 FVOCI - equity investments without an active market	Discounted Cash Flow Method	<ul style="list-style-type: none"> <li>• Continuing growth rate (as of September 30,2020, December 31,2019 and September 30, 2019 ranged from 2.10%、2.10% and 2.14% respectively)</li> <li>• Weighted average cost of capital (as of September 30,2020, December 31,2019 and September 30, 2019 ranged from 9.79%、9.47% and 11.50% respectively)</li> <li>• Market illiquidity discount rate (as of September 30,2020, December 31,2019 and September 30, 2019 ranged from 52.61%、37.21% and 41.86% respectively)</li> <li>• Non-controlling interests discount rate (as of September 30,2020, December 31,2019 and September 30, 2019 were 29.87%)</li> </ul>	<ul style="list-style-type: none"> <li>• The higher the continuing growth rate, the higher the fair value.</li> <li>• The higher the WACC, the lower the fair value.</li> <li>• The higher the market illiquidity discount rate, the lower the fair value.</li> <li>• The higher the non-controlling interests discount rate, the lower the fair value.</li> </ul>
Financial assets at FVOCI - equity investments without an active market	Net assets value Method	• Net assets value	• Not applicable

7) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Group's measurement on the fair value of financial instruments is deemed reasonable despite different valuation models or assumptions may lead to different results.

For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on other comprehensive income :

Inputs	Fluctuation in inputs	Changes in fair value reflected in OCI	
		Favorable	Unfavorable
<b>September 30, 2020</b>			
Continuing growth rate 2.10%	0.1%	\$ 1,050	1,050
Weighted average cost of capital 9.79%	0.1%	1,260	1,260
Market illiquidity discount rate 52.61%	1%	1,470	1,470
Non-controlling interests discount rate 29.87%	1%	980	980

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

Inputs	Fluctuation in inputs	Changes in fair value reflected in OCI	
		Favorable	Unfavorable
<b>December 31, 2019</b>			
Continuing growth rate 2.10%	0.1%	\$ 1,890	1,750
Weighted average cost of capital 9.47%	0.1%	2,380	2,240
Market illiquidity discount rate 37.21%	1%	1,960	1,960
Non-controlling interests discount rate 29.87%	1%	1,750	1,750

Inputs	Fluctuation in inputs	Changes in fair value reflected in OCI	
		Favorable	Unfavorable
<b>September 30, 2019</b>			
Continuing growth rate 2.14%	0.1%	\$ 1,330	1,400
Weighted average cost of capital 11.50%	0.1%	1,750	1,890
Market illiquidity discount rate 41.86%	1%	2,520	2,520
Non-controlling interests discount rate 29.87%	1%	2,030	2,100

The favorable and unfavorable effects represented the changes in fair value, and fair value was based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflected the effects of changes in a single input, and it did not include the interrelationships and variances with another input.

**(z) Financial risk management**

There was no significant change of the Group's financial risk management objectives and policy as disclosed in 2019 consolidated report. Please refer to Note 6(z) of 2019 consolidated financial statements.

**(aa) Capital management**

The Group's capital management objectives, policies and procedures were compliance with 2019 consolidated financial statements. Further, there was no significant change of the summary quantitative information as disclosed in 2019 consolidated financial statements. Please refer to Note 6(aa) of 2019 consolidated financial statements.

**(ab) Financing activities of non-cash transaction**

The Group's investing and financing activities which did not affect the current cash flow were as follows:

- (i) Please refer to Note 6(j) for right of use assets.
- (ii) Reconciliation of liabilities arising from financing activities were as follows :

**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**

**Notes to consolidated financial statements**

	January 1, 2020	Cash flows	Non-cash changes			Changes of lease payments	September 30, 2020
			Foreign exchange movement	Amortized	Other		
Short-term loans	\$ 400,000	606,727	(258)	-	-	-	1,006,469
Long-term loans (including long term loans, current portion)	319,555	(320,000)	-	445	-	-	-
Lease liabilities	78,482	(8,356)	(156)	-	3,845	(1,355)	72,460
					(Note)		
Guarantee deposits	587	-	(17)	-	-	-	570
Total liabilities from financing activities	<u>\$ 798,624</u>	<u>278,371</u>	<u>(431)</u>	<u>445</u>	<u>3,845</u>	<u>(1,355)</u>	<u>1,079,499</u>

	January 1, 2019	Cash flows	Non-cash changes			September 30, 2019
			Foreign exchange movement	Amortized	Other	
Short-term loans	\$ 370,000	(60,000)	-	-	-	310,000
Long-term loans (including long term loans, current portion)	398,888	-	-	500	-	399,388
Lease liabilities	90,510	(9,611)	(542)	-	1,577	81,934
					(Note)	
Guarantee deposits	264	340	2	-	-	606
Total liabilities from financing activities	<u>\$ 859,662</u>	<u>(69,271)</u>	<u>(540)</u>	<u>500</u>	<u>1,577</u>	<u>791,928</u>

Note: Increased the right-of-use assets

**(7) Transactions with Related Parties**

Compensation of key management personnel

The information on key management personnel compensation was as follows :

	July to September, 2020	July to September, 2019	January to September, 2020	January to September, 2019
Short-term employee benefits	\$ 5,280	8,382	18,569	22,175
Post-employment benefits	104	129	311	384
Termination benefits	-	-	-	-
Other long-term benefits	-	-	-	-
Share-based payments	-	-	-	-
	<u>\$ 5,384</u>	<u>8,511</u>	<u>18,880</u>	<u>22,559</u>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

#### (8) Pledged Assets

The details and carrying values of pledged assets were as follows :

<u>Pledged Assets</u>	<u>Purpose</u>	September 30,2020	December 31,2019	September 30,2019
Restricted time deposits-current	Guarantee for customs	\$ 1,554	1,543	1,537
Restricted time deposits-non-current	Performance guarantee	537	553	573
Property, plant and equipment – buildings	Guarantee for long-term loans	-	225,474	224,534
		<u>\$ 2,091</u>	<u>227,570</u>	<u>226,644</u>

#### (9) Commitments and Contingencies

- (a) As of September 30, 2020, December 31, 2019 and September 30, 2019, the Group's unused letters of credit for purchases of raw materials, machinery and equipment amounted to \$7,445, \$16,074 and \$11,976, respectively.
- (b) As of September 30, 2020, December 31, 2019 and September 30, 2019, the Group has signed contracts for the purchase of equipment. The unrecognized contingencies of contracts for the purchase of equipment amounted to \$1,567, \$806 and \$6,618, respectively.

#### (10) Losses Due to Major Disasters: None

#### (11) Significant Subsequent Events: None

#### (12) Other

- (a) The details of the Group's employee benefits, depreciation, and amortization were as follows :

By function	July to September					
	2020			2019		
	Recorded as operating cost	Recorded as operating expenses	Total	Recorded as operating cost	Recorded as operating expenses	Total
<b>By item</b>						
Employee benefits (NOTE)	127,155	62,275	189,430	138,496	67,328	205,824
Depreciation	15,250	3,379	18,629	18,046	3,204	21,250
Amortization	69	293	362	113	101	214

By function	January to September					
	2020			2019		
	Recorded as operating cost	Recorded as operating expenses	Total	Recorded as operating cost	Recorded as operating expenses	Total
<b>By item</b>						
Employee benefits (NOTE)	360,805	188,845	549,650	369,084	183,732	552,816
Depreciation	48,147	9,768	57,915	53,660	9,624	63,284
Amortization	237	889	1,126	461	335	796

NOTE: The Government subsidy related to COVID-19 for the three months and nine months ended September 30, 2020, amounted to \$1,259 and \$3,318, respectively, and was recognized in decrease of Employee benefits.

- (b) Seasonal operation : The operation of the Group hadn't been affected by either seasonal or periodical factors.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

#### (13) Supplementary Disclosure Requirements

(a) Information on significant transactions:

In accordance with the ROC “Guidelines Governing the Preparation of Financial Reports by Securities Issuers”, the required disclosures for the nine months ended September 30, 2020 were as follows :

(i) Loans extended to other parties :

No.	Lender	Counter-party	Financial statement account	Related Party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of Financing	Amount of sales to (purchases from) counter-party	Reason for financing	Loss allowance	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount	Remark
					(Note1)	(Note1)	(Note1)						Item	Item			
0	The Company	Emerging Display Technologies Corp., U.S.A.	Other receivable-related parties	Yes	42,195 (USD 1,450,000)	-	-	3.96%	The need for short-term financing	-	Working capital	-	-	-	188,724 (Note 2)	754,895 (Note 2)	(Note 3)

Note1: It used the rate of exchange at September 30, 2020.

Note2: Limit of financing amount for individual counter-party shall not exceed 10% of the lender's net assets value as of the period. Limit of total financing amount shall not exceed 40% of the Company's net asset value.

Note 3: It was eliminated in the consolidation.

(ii) Guarantees provided to other parties: None



# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

(iii) Securities owned as of September 30, 2020 (subsidiaries, associates and joint ventures not included):

Name of security holder	Name of security and type	Relationship between issuer of security and the security holder	Financial statement account	September 30, 2020				Remarks
				Units (shares)	Carrying Value	Percentage of ownership	Fair value	
The Company	Ascendax Venture Capital Corp. stock	-	Financial assets at FVOCI – noncurrent	1,470,000	17,493	5.25%	17,493	-
The Company	Chenfeng Optronics Corp. stock	-	Financial assets at FVOCI – noncurrent	1,000,000	9,880	1.56%	9,880	-
The Company	Fubon Financial Holding Co., Ltd. Preferred Shares B	-	Financial assets at FVOCI – noncurrent	13,845	865	-	865	-
The Company	Innolux Corp. stock	-	Financial assets at FVOCI – current	1,147,089	10,748	0.01%	10,748	-
The Company	Fubon Financial Holding Co., Ltd. stock	-	Financial assets at FVOCI – current	300,000	12,570	-	12,570	-
The Company	E.SUN Financial Holding Co., Ltd.	-	Financial assets at FVOCI – current	755,785	19,348	0.01%	19,348	-
The Company	Far Eastern New Century Corp.	-	Financial assets at FVOCI – current	1,000,000	25,300	0.02%	25,300	-
The Company	Synnex Technology International Co., Ltd. stock	-	Financial assets at FVOCI – current	658,000	27,176	0.04%	27,176	-
The Company	Nan Ya Plastics Corporation stock	-	Financial assets at FVOCI – current	210,000	12,495	-	12,495	-
The Company	Pegatron Co., Ltd. stock	-	Financial assets at FVOCI – current	216,000	13,781	0.01%	13,781	-
The Company	Coasia Microelectronics Corp. stock	-	Financial assets at FVOCI – current	450,338	5,033	0.32%	5,033	-
The Company	Shian Yih Electronic Co., Ltd. stock	-	Financial assets at FVOCI – current	480,000	9,864	0.78%	9,864	-
The Company	Becton, Dickinson and Company stock	-	Financial assets at FVOCI – current	2,000	13,542	0.01%	13,542	-
The Company	JPMorgan Multiple Income Fund (USD)	-	Financial assets at FVTPL – current	10,053.08	55,856	-	55,856	-
The Company	Yuanta Taiwan High-yield Leading Company Fund A	-	Financial assets at FVTPL – current	3,000,000	33,420	-	33,420	-
Ying Dar Investment Development Corp	Shian Yih Electronic Co., Ltd. stock	-	Financial assets at FVOCI – current	550,000	11,303	0.90%	11,303	-
Ying Dar Investment Development Corp	AGV Products Corporation stock	-	Financial assets at FVOCI – current	101,500	759	0.02%	759	-
Ying Dar Investment Development Corp	The Company's stock	The Company	Financial assets at FVOCI – noncurrent	5,346,672	92,230	3.29%	92,230	(Note)
Bae Haw Investment Development Corp	Everest Technology Inc.	-	Financial assets at FVOCI – noncurrent	1,000,000	-	1.47%	-	-
Bae Haw Investment Development Corp	Shian Yih Electronic Co., Ltd. stock	-	Financial assets at FVOCI – current	395,000	8,117	0.65%	8,117	-
Bae Haw Investment Development Corp	The Company's stock	The Company	Financial assets at FVOCI – noncurrent	3,447,716	59,473	2.12%	59,473	(Note)
Ying Cheng Investment Corp.	Chenfeng Optronics Corp. stock	-	Financial assets at FVOCI – noncurrent	6,000,000	59,280	9.38%	59,280	-

Note: It was eliminated in the consolidation.

- (iv) Accumulated trading amount of a single security in excess of \$300 million or 20% of the Group's issued share capital: None.
- (v) Acquisition of property, plant and equipment in excess of \$300 million or 20% of issued share capital: None.
- (vi) Disposal of property, plant and equipment in excess of \$300 million or 20% of issued share capital: None.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

- (vii) Sales to and purchases from related parties in excess of \$100 million or 20% of issued share capital was as follows :

Purchasing (selling) company	Counter party	Relations hip	Detail of transaction				Circumstances of and reasons for deviation from regular trading conditions		Resulting receivables (payables)		Remarks
			Purchase (sale)	Amount	% of net purchase (sales)	Credit line	Unit price	Period for credit	Balance	% of notes and accounts receivable (payable)	
The Company	Emerging Display Technologies Corp., U.S.A.	Subsidiary of the Company	Sale	898,479	32.30%	3 months	Sales prices offered to Emerging Display Technologies Corp., U.S.A. was not significantly different from those offered to other customers	Considering the trading practices in North American market, the company set credit duration as three months for North American market, which is slightly longer than one to three months set in other markets.	184,409	25.55%	(Note)
Emerging Display Technologies Corp., U.S.A.	The Company	Subsidiary of the Company	Purchase	898,479	100.00%	3 months	The company is the major supplier for Emerging Display Technologies Corp., U.S.A.	The company is the major supplier for Emerging Display Technologies Corp., U.S.A.	(184,409)	100.00%	(Note)
The Company	Dong Guan Emerging Display Limited	Sub-subsidiary of the Company	Purchase (processing cost)	129,405	7.43%	1-3 months	The Company is the only entity that Dong Guan Emerging Display Limited provides processing service to. There is no comparable transaction.	The Company is the only entity the sub-subsidiary provides processing service to.	(89,428)	18.61%	(Note)
Dong Guan Emerging Display Limited	The Company	Sub-subsidiary of the Company	Sale (processing revenue)	129,405	100%	1-3 months	The Company is the only entity the sub-subsidiary provides processing service to. There is no comparable transaction.	The Company is the only entity the sub-subsidiary provides processing service to.	89,428	100.00%	(Note)

Note: It was eliminated in the consolidation.

- (viii) Receivables from related parties in excess of \$100 million or 20% of issued share capital were as follows :

Name of company the has the receivables	Counterparty	Relations hip	Balance of amount	Turnover ratio	Overdue		Amount collected in the subsequent period	Allowance for doubtful accounts	Remarks
					Amount	Amount			
The Company	Emerging Display Technologies Corp., U.S.A.	Subsidiary of the Company	Account receivables of 184,409	5.05	-	-	35,765	-	(Note)

Note: It was eliminated in the consolidation.

- (ix) Derivative financial instrument transactions :

Please refer to note 6(b).

- (x) Significant inter-Group transactions :

No.	Name	Counterparty	Relationship (Note)	Details of transaction			% of total consolidated revenue or total asset
				Subject	Amount	Term of trading	
0	The Company	Emerging Display Technologies Corp., U.S.A.	1	Sales revenue Accounts receivable	898,479 184,409	Considering the trading practices in North American market, the Group set credit duration as three months for North American market, which is slightly longer than one to three months set in other markets.	31.60% 4.75%
0	The Company	Emerging Display Technologies Corp., U.S.A.	1	Selling expenses - Commission Other payable	135 88	No non-related-party transaction to compare to.	- -
0	The Company	EDT-Europe ApS	1	Selling expenses - Commission Other payable	44,049 6,293	No non-related-party transaction to compare to.	1.55% 0.16%

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

No.	Name	Counterparty	Relationship (Note)	Details of transaction			
				Subject	Amount	Term of trading	% of total consolidated revenue or total asset
0	The Company	Emerging Display Technologies Korea	1	Selling expenses - Commission	2,960	No non-related-party transaction to compare to.	0.10%
0	The Company	EDT-Japan Corp.	1	Selling expenses - Commission	10,939	No non-related-party transaction to compare to.	0.38%
0	The Company	Emerging Display Technologies Corp., U.S.A.	1	Interest revenue Other receivable	103	Adjust by floating interest rate of Bank of America.	-
0	The Company	Dong Guan Emerging Display Limited	1	Processing cost Accounts payable	129,405 89,428	No non-related-party transaction to compare to.	4.55% 2.30%

Note: Relationship notes as follows :

- 1) Parent Group to subsidiary

- (b) Information on investees :

Relevant information about investees for the nine months ended September 30, 2020 was as follows:

Name of investor	Name of investee	Location	Business Scope	Original cost of investment		Held at the end of term			Net income (loss) of the investee	Investment income (less) recognized	Remarks
				September 30, 2020	December 31, 2019	Shares owned	Percentage owned	Carrying value			
The Company	Emerging Display Technologies Corp., U.S.A	USA	Trading	121,656	121,656	3,500,000	100.00%	75,931 (Note 1)	8,626	8,559	Subsidiary (Note 2)
The Company	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	180,503	180,503	5,984,071	78.49%	81,371	(4,792)	(3,761)	Subsidiary (Note 2)
The Company	EDT-Europe ApS	Denmark	Customer service and business support	2,077	2,077	125,000	100.00%	5,430	3,252	3,252	Subsidiary (Note 2)
The Company	Tremendous Explore Corp.	BVI	Trading	-	-	-	-	- (Note 3)	(65)	(65)	Subsidiary (Note 2)
The Company	Emerging Display Technologies Korea	Korea	Business support	1,677	1,677	58,212,500	100.00%	1,314	178	178	Subsidiary (Note 2)
The Company	EDT-Japan Corp.	Japan	Customer service and business support	17,401	17,401	5,000	100.00%	5,599	1,257	1,257	Subsidiary (Note 2)
The Company	Ying Dar Investment Development Corp.	Taiwan	Investment	89,000	89,000	8,900,000	100.00%	25,993	8,411	8,411	Subsidiary (Note 2)
The Company	Bae Haw Investment Development Corp.	Taiwan	Investment	89,000	89,000	8,900,000	100.00%	40,262	5,582	5,582	Subsidiary (Note 2)
The Company	Ying cheng Investment Corp.	Taiwan	Investment	84,000	84,000	8,400,000	52.50%	36,394	(11)	(6)	Subsidiary (Note 2)
Ying Dar Investment Development Corp.	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	13,234	13,234	450,000	5.90%	6,116	(4,792)	(283)	Subsidiary (Note 2)
Bae Haw Investment Development Corp.	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	25,488	25,488	870,000	11.41%	11,829	(4,792)	(547)	Subsidiary (Note 2)

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

Note 1: It was deducted unrealized profit from sales \$19,068.

Note 2: It was eliminated in the consolidation.

Note 3: Tremendous Explore Corp. was dissolved in July,2020.The related liquidation procedures had been completed.

(c) Information on investees in Mainland China:

(i) Information on investments in Mainland China :

Investee company	Main businesses and products	Received capital	Investment method	Accumulated amount invested in Mainland China as of January 1, 2020	Invested capital remitted from or repatriated to Taiwan		Accumulated amount invested in Mainland China as of September 30, 2020	Net income of investee	The Group's direct or indirect investment ratio	Investment gain (loss) recognized by the Group	Book value of the investment as of September 30, 2020	Accumulated investment income repatriated to Taiwan as of September 30, 2020
					Remittance	Repatriation						
Dong Guan Emerging Display Limited	Manufacturing of LCDs and Touch panel	248,516 (USD 7,625,300)	Investing through a third country by establishing a holding Group in a third country.	219,225 (USD 6,746,936) (Note1)	-	-	219,225 (USD 6,746,936)	(4,587)	95.80% (Note2)	loss of \$4,395 Based on the investee's financial statements audited by the same auditor as the Group (Note 3)	90,441 (Note4)	-

(ii) Limitation on investments in Mainland China:

Accumulated investment amount remitted from Taiwan to Mainland China as of September 30, 2020	Investment amount approved by the Investment Commission, Ministry of Economic Affairs	Limit on investment in Mainland China set by the Investment Commission, Ministry of Economic Affairs
201,799 (Note 8) (US\$6,934,668)( Note 5)	405,995 (Note 8) (US\$13,951,732)( Note 6)	1,263,118 (Note 7)

Note 1: The amount includes \$13,234 which was invested by Ying Dar Investment Development Corp. and \$25,488 which was invested by Bae Haw Investment Development Corp.

Note 2: The ratio includes 5.90% which was held by Ying Dar Investment Development Corp. and 11.41% which was held by Bae Haw Investment Development Corp.

Note 3: The amount includes a loss of \$271 which was recognized by Ying Dar Investment Development Corp. and a loss of \$523 which was recognized by Bae Haw Investment Development Corp.

Note 4: The amount includes \$5,570 which was invested by Ying Dar Investment Development Corp. and \$10,772 which was invested by Bae Haw Investment Development Corp.

Note 5: The amount includes the remaining capital amounting to US\$187,732 of Emerging Technologies Int'l Trading (Shanghai) Co., Ltd. didn't remit back after it had completed liquidation in 2009 due to net loss.

Note 6: The approved amount includes US\$637,732 obtained from Ying Dar Investment Development Corp. and US\$870,000 obtained from Bae Haw Investment Development Corp. The amount obtained from Ying Dar Investment Development Corp. includes the remaining capital amounting to US\$187,732 of Emerging Technologies Int'l Trading (Shanghai) Co., Ltd. didn't remit back after it had completed liquidation in 2009 due to net loss.

Note 7: The amount includes \$70,934 for Ying Dar Investment Development Corp. and \$59,841 for Bae Haw Investment Development Corp.

Note 8: Transactions denominated in foreign currencies were recorded using the rate of exchange at September 30, 2020.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

(iii) Significant transactions:

The significant inter-Group transactions with the subsidiary in Mainland China, which were eliminated in the preparation of the consolidated financial statements, was disclosed in “information on significant transactions” for the nine months ended September 30, 2020.

(d) Major shareholders

List of all shareholders with ownership of 5 percent or greater showing the names and the number of shares and percentage of ownership held by each shareholder:

<b>Shareholder's Name</b>	<b>Shareholding</b>	<b>Shares</b>	<b>Percentage</b>
Tseng, Jui-Ming		11,043,723	6.8%

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustee who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, refer to Market Observation Post System.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

#### (14) Segment Information

Reportable segment information was as follows :

	July to September, 2020					Total
	Domestic	North America	Mainland China	Other operating Department	Adjustments and Eliminations	
Revenue:						
Sales to customers other than consolidated entities	\$ 746,955	222,818	-	114	-	969,887
Sales among consolidated entities	199,197	44	43,017	19,476	(261,734)	-
<b>Total revenue</b>	<b><u>\$ 946,152</u></b>	<b><u>222,862</u></b>	<b><u>43,017</u></b>	<b><u>19,590</u></b>	<b><u>(261,734)</u></b>	<b><u>969,887</u></b>
<b>Segment Income</b>	<b><u>\$ 73,675</u></b>	<b><u>(224)</u></b>	<b><u>(3,641)</u></b>	<b><u>3,086</u></b>	<b><u>88</u></b>	<b><u>72,984</u></b>

	July to September, 2019					Total
	Domestic	North America	Mainland China	Other operating Department	Adjustments and Eliminations	
Revenue:						
Sales to customers other than consolidated entities	\$ 864,376	314,383	-	343	-	1,179,102
Sales among consolidated entities	269,898	52	106,599	17,176	(393,725)	-
<b>Total revenue</b>	<b><u>\$ 1,134,274</u></b>	<b><u>314,435</u></b>	<b><u>106,599</u></b>	<b><u>17,519</u></b>	<b><u>(393,725)</u></b>	<b><u>1,179,102</u></b>
<b>Segment Income</b>	<b><u>\$ 98,564</u></b>	<b><u>3,426</u></b>	<b><u>6,038</u></b>	<b><u>1,152</u></b>	<b><u>1,526</u></b>	<b><u>110,706</u></b>

	January to September, 2020					Total
	Domestic	North America	Mainland China	Other operating Department	Adjustments and Eliminations	
Revenue:						
Sales to customers other than consolidated entities	\$ 1,882,764	959,844	-	686	-	2,843,294
Sales among consolidated entities	898,479	135	129,405	57,948	(1,085,967)	-
<b>Total revenue</b>	<b><u>\$ 2,781,243</u></b>	<b><u>959,979</u></b>	<b><u>129,405</u></b>	<b><u>58,634</u></b>	<b><u>(1,085,967)</u></b>	<b><u>2,843,294</u></b>
<b>Segment Income</b>	<b><u>\$ 239,347</u></b>	<b><u>10,871</u></b>	<b><u>(4,187)</u></b>	<b><u>4,805</u></b>	<b><u>(5,568)</u></b>	<b><u>245,268</u></b>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

	January to September, 2019					
	Domestic	North America	Mainland China	Other operating Department	Adjustments and Eliminations	Total
Revenue:						
Sales to customers other than consolidated entities	\$ 2,129,968	952,066	-	639	-	3,082,673
Sales among consolidated entities	<u>853,701</u>	<u>264</u>	<u>213,921</u>	<u>52,972</u>	<u>(1,120,858)</u>	<u>-</u>
<b>Total revenue</b>	<b><u>\$ 2,983,669</u></b>	<b><u>952,330</u></b>	<b><u>213,921</u></b>	<b><u>53,611</u></b>	<b><u>(1,120,858)</u></b>	<b><u>3,082,673</u></b>
<b>Segment Income</b>	<b><u>\$ 255,661</u></b>	<b><u>8,048</u></b>	<b><u>6,673</u></b>	<b><u>2,769</u></b>	<b><u>(3,228)</u></b>	<b><u>269,923</u></b>
	Domestic	North America	Mainland China	Other operating Department	Adjustments and Eliminations	Total
<b>Segment Assets</b>						
September 30,2020	<b><u>\$ 3,698,503</u></b>	<b><u>302,884</u></b>	<b><u>145,243</u></b>	<b><u>33,284</u></b>	<b><u>(300,047)</u></b>	<b><u>3,879,867</u></b>
December 31,2019	<b><u>\$ 3,465,228</u></b>	<b><u>413,535</u></b>	<b><u>162,884</u></b>	<b><u>24,805</u></b>	<b><u>(429,586)</u></b>	<b><u>3,636,866</u></b>
September 30,2019	<b><u>\$ 3,503,203</u></b>	<b><u>434,097</u></b>	<b><u>173,363</u></b>	<b><u>25,791</u></b>	<b><u>(488,819)</u></b>	<b><u>3,647,635</u></b>
<b>Segment Liabilities</b>						
September 30,2020	<b><u>\$ 1,956,664</u></b>	<b><u>208,053</u></b>	<b><u>50,837</u></b>	<b><u>20,941</u></b>	<b><u>(281,147)</u></b>	<b><u>1,955,348</u></b>
December 31,2019	<b><u>\$ 1,544,022</u></b>	<b><u>324,510</u></b>	<b><u>62,618</u></b>	<b><u>17,042</u></b>	<b><u>(263,307)</u></b>	<b><u>1,684,885</u></b>
September 30,2019	<b><u>\$ 1,749,285</u></b>	<b><u>343,141</u></b>	<b><u>91,907</u></b>	<b><u>15,781</u></b>	<b><u>(493,555)</u></b>	<b><u>1,706,559</u></b>

The following is the explanation of material reconciliation item :

- (a) For the three and nine months ended September 30, 2020 and 2019, the operating segments revenue eliminated from the consolidated entities were \$261,734, \$393,725, \$1,085,967 and \$1,120,858, respectively.
- (b) For the three months and nine months ended September 30, 2020 and 2019, the operating segments profit and loss eliminated from the consolidated entities were loss \$88, loss \$1,526, profit \$5,568 and profit \$3,228, respectively.
- (c) As of September 30, 2020, December 31, 2019 and September 30, 2019, the operating segments assets eliminated from the consolidated entities were \$300,047, \$429,586 and \$488,819, respectively.
- (d) As of September 30, 2020, December 31, 2019 and September 30, 2019, the operating segments liabilities eliminated from the consolidated entities were \$281,147, \$263,307 and \$493,555, respectively.