

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, 2021 and 2020
(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, 2021 and 2020, and the related consolidated statements of comprehensive income for the three months and the nine months ended September 30, 2021 and 2020, and changes in equity and cash flows for the nine months ended September 30, 2021 and 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed 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 \$281,045 thousand and \$209,702 thousand, constituting 7.77% and 5.40% of consolidated total assets as of September 30, 2021 and 2020, respectively, total liabilities amounting to \$93,273 thousand and \$71,778 thousand, constituting 5.73% and 3.67% of consolidated total liabilities as of September 30, 2021 and 2020, respectively, and total comprehensive income amounting to loss \$7,672 thousand, profit \$12,126 thousand, loss \$26,172 thousand and loss \$46,735 thousand, constituting 11.97%, 32.57%, 14.04% and 30.98% of consolidated total comprehensive income for the three months and the nine months ended September 30, 2021 and 2020, 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, 2021 and 2020, and of its consolidated financial performance for the three months ended September 30, 2021 and 2020 and its consolidated financial performance, and its consolidated cash flows for the nine months ended September 30, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed 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 4, 2021

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, 2021, December 31, 2020, and September 30, 2020

(Expressed in thousands of New Taiwan Dollars)

(Reviewed, not audited)

Assets	September 30,2021		December 31,2020		September 30,2020		Liabilities and Equity	September 30,2021		December 31,2020		September 30,2020	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Current assets :							Current liabilities :						
Cash and cash equivalents (Note 6(a))	\$ 844,876	23	1,242,331	34	1,483,745	38	Short-term loans (Note 6(m))	\$ 194,445	5	700,000	19	1,006,469	26
Financial assets at fair value through profit or loss, current (Note 6(b))	5,517	-	58,817	2	89,306	2	Financial liability at fair value through profit and loss (Note 6(b))	12	-	195	-	1,580	-
Financial assets at fair value through other comprehensive income, current (Note 6(c))	348,253	10	159,760	5	170,036	5	Notes payable	185	-	1,234	-	1,416	-
Accounts receivable, net (Note 6(d) and (v))	713,241	20	589,550	16	620,052	16	Accounts payable	518,821	15	400,068	11	431,507	11
Other receivables (Notes 6(e) and 6 (y))	2,263	-	6,090	-	6,373	-	Other payables (Note 6(n))	258,962	7	274,518	8	257,941	7
Income tax assets	462	-	18	-	231	-	Income tax liabilities	31,721	1	51,559	2	52,516	1
Inventories (Note 6(f))	1,008,290	28	870,501	24	867,404	23	Lease liabilities, current (Notes 6(p))	12,195	-	7,325	-	9,316	-
Other current assets (Notes 6(g) and 8)	92,653	3	83,002	2	44,563	1	Other current liabilities (Notes 6(v))	59,593	2	43,204	1	43,493	1
Total current assets	3,015,555	84	3,010,069	83	3,281,710	85	Total current liabilities	1,075,934	30	1,478,103	41	1,804,238	46
Non-current assets:							Non-current liabilities :						
Financial assets at fair value through other comprehensive income, non-current (Note 6(c))	94,306	3	98,691	3	87,518	2	Long-term loans (Notes 6(o) and 8)	398,613	11	-	-	-	-
Property, plant and equipment (Notes 6(i) ,8 and 9)	327,575	9	331,314	9	334,629	9	Deferred income tax liabilities	242	-	354	-	156	-
Right-of-use assets (Notes 6(j))	79,928	2	67,228	2	70,651	2	Lease liabilities, non-current (Notes 6(p))	70,375	2	61,833	2	63,144	2
Investment property (Notes 6(k))	53,453	1	55,158	2	56,527	1	Net defined benefit liabilities, non-current	82,830	2	87,048	2	86,461	2
Intangible assets (Note 6(l))	3,457	-	4,111	-	4,210	-	Guarantee deposits received	547	-	558	-	570	-
Deferred income tax assets	31,905	1	31,928	1	32,824	1	Other non-current liabilities – other	572	-	728	-	779	-
Prepayments for business facilities	-	-	-	-	1,195	-	Total non-current liabilities	553,179	15	150,521	4	151,110	4
Other non-current financial assets (Notes 6(g) and 8)	11,519	-	10,690	-	10,603	-	Total liabilities	1,629,113	45	1,628,624	45	1,955,348	50
Total non-current assets	602,143	16	599,120	17	598,157	15	Equity attributable to owners of parent (Note 6(t)) :						
							Capital stock	1,624,076	45	1,624,076	45	1,624,076	42
							Capital surplus	25,977	1	15,423	-	14,950	-
							Retained earnings	608,284	17	591,094	17	562,715	15
							Other equity interest	(134,554)	(4)	(117,815)	(3)	(141,483)	(4)
							Treasury stock	(173,021)	(5)	(173,021)	(5)	(173,021)	(4)
							Total equity attributable to shareholders of the parent	1,950,762	54	1,939,757	54	1,887,237	49
							Non-controlling interests (Note 6(h))	37,823	1	40,808	1	37,282	1
							Total equity	1,988,585	55	1,980,565	55	1,924,519	50
Total assets	\$ 3,617,698	100	3,609,189	100	3,879,867	100	Total liabilities and equity	\$ 3,617,698	100	3,609,189	100	3,879,867	100

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, 2021 and 2020
(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			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
Operating revenue (Note 6(v))	\$ 1,094,234	100	969,887	100	3,080,613	100	2,843,294	100
Operating cost (Notes 6(f, r, w) and 12)	914,900	84	766,668	79	2,556,120	83	2,238,946	79
Gross profit	179,334	16	203,219	21	524,493	17	604,348	21
Operating expenses (Notes 6(r, w) ,7 and 12) :								
Selling expenses	46,200	4	46,620	5	147,682	5	154,473	6
General and administrative expenses	35,931	3	33,872	3	96,723	3	99,441	3
Research and development expenses	30,419	3	29,898	3	83,837	3	86,783	3
Expected credit impairment loss (gain) (Note 6(d))	1,210	-	(43)	-	1,822	-	626	-
Total operating expenses	113,760	10	110,347	11	330,064	11	341,323	12
Net other income (Note 6(x))	941	-	1,014	-	2,868	-	3,091	-
Net operating income	66,515	6	93,886	10	197,297	6	266,116	9
Non-operating income and expenses(Notes 6(c,y)) :								
Interest income	36	-	1,681	-	1,118	-	8,489	-
Other income	17,547	2	9,295	1	27,588	1	15,366	1
Other gains and losses	2,893	-	(28,860)	(3)	(15,804)	(1)	(35,910)	(1)
Finance costs	(2,415)	-	(3,018)	-	(6,840)	-	(8,793)	-
Total Non-operating income and expenses	18,061	2	(20,902)	(2)	6,062	-	(20,848)	-
Profit before income tax	84,576	8	72,984	8	203,359	6	245,268	9
Less: Income tax expense (Note 6(s))	13,383	1	10,923	1	21,687	1	38,748	1
Profit	71,193	7	62,061	7	181,672	5	206,520	8
Other comprehensive income :								
Items that will not be reclassified subsequently to profit or loss								
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	(4,124)	-	(25,115)	(3)	15,767	1	(51,551)	(2)
Less : Income tax related to items that will not be reclassified subsequently (Note 6(s))	29	-	(126)	-	(112)	-	156	-
	(4,153)	-	(24,989)	(3)	15,879	1	(51,707)	(2)
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translation of foreign financial statements	(2,946)	-	155	-	(11,196)	-	(3,939)	-
Less: Income tax related to items that will be reclassified subsequently (Note 6(s))	-	-	-	-	-	-	-	-
	(2,946)	-	155	-	(11,196)	-	(3,939)	-
Other comprehensive income, net	(7,099)	-	(24,834)	(3)	4,683	1	(55,646)	(2)
Comprehensive income	\$ 64,094	7	37,227	4	186,355	6	150,874	6
Profit attributable to :								
Shareholders of the parent	\$ 71,592	7	62,213	7	182,537	5	206,726	8
Non-controlling interests	(399)	-	(152)	-	(865)	-	(206)	-
Net Profit	\$ 71,193	7	62,061	7	181,672	5	206,520	8

See accompanying notes to consolidated financial statements.

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EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the three months and the nine months ended September 30, 2021 and 2020
(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			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
Comprehensive income attributable to :								
Shareholders of the parent	\$ 63,539	7	44,436	5	189,340	6	173,467	7
Non-controlling interests	555	-	(7,209)	(1)	(2,985)	-	(22,593)	(1)
Total comprehensive income	\$ 64,094	7	37,227	4	186,355	6	150,874	6
Earnings per share (Note 6(u))(expressed in New Taiwan dollars) :								
Basic earnings per share	\$	0.48	0.42		1.23		1.39	
Diluted earnings per share	\$	0.48	0.42		1.22		1.38	

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, 2021 and 2020

(Expressed in thousands of New Taiwan dollars)

(Reviewed, not audited)

	Equity attributable to shareholders of parent										
	Retained earnings					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			
Balance at January 1, 2020	<u>\$ 1,624,076</u>	<u>4,397</u>	<u>57,015</u>	<u>151,307</u>	<u>330,944</u>	<u>(14,111)</u>	<u>(88,501)</u>	<u>(173,021)</u>	<u>1,892,106</u>	<u>59,875</u>	<u>1,951,981</u>
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)	-	-	-	-
Balance as of September 30, 2020	<u>\$ 1,624,076</u>	<u>14,950</u>	<u>82,748</u>	<u>102,612</u>	<u>377,355</u>	<u>(18,008)</u>	<u>(123,475)</u>	<u>(173,021)</u>	<u>1,887,237</u>	<u>37,282</u>	<u>1,924,519</u>
Balance at January 1, 2021	<u>\$ 1,624,076</u>	<u>15,423</u>	<u>82,748</u>	<u>102,612</u>	<u>405,734</u>	<u>(18,296)</u>	<u>(99,519)</u>	<u>(173,021)</u>	<u>1,939,757</u>	<u>40,808</u>	<u>1,980,565</u>
Profit	-	-	-	-	182,537	-	-	-	182,537	(865)	181,672
Other comprehensive income	-	-	-	-	-	(10,900)	17,703	-	6,803	(2,120)	4,683
Total comprehensive income	-	-	-	-	182,537	(10,900)	17,703	-	189,340	(2,985)	186,355
Appropriation and distribution of retained earnings :											
Legal reserve	-	-	24,072	-	(24,072)	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(188,889)	-	-	-	(188,889)	-	(188,889)
Special reserve	-	-	-	15,203	(15,203)	-	-	-	-	-	-
Cash dividends to subsidiaries	-	10,553	-	-	-	-	-	-	10,553	-	10,553
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	23,542	-	(23,542)	-	-	-	-
Return of employee stock ownership trust repayment cost	-	1	-	-	-	-	-	-	1	-	1
Balance as of September 30, 2021	<u>\$ 1,624,076</u>	<u>25,977</u>	<u>106,820</u>	<u>117,815</u>	<u>383,649</u>	<u>(29,196)</u>	<u>(105,358)</u>	<u>(173,021)</u>	<u>1,950,762</u>	<u>37,823</u>	<u>1,988,585</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 Cash Flows
For the nine months ended September 30, 2021 and 2020

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

	For the nine months ended September 30	
	2021	2020
Cash flows from (used in) operating activities :		
Profit (Loss) before tax	\$ 203,359	245,268
Adjustments :		
Adjustments to reconcile profit (loss) :		
Depreciation expense	48,262	57,915
Amortization expense	918	1,126
Expected credit impairment loss	1,822	626
Net (gains) losses on financial assets or liabilities at fair value through profit or loss	(5,668)	565
Interest expense	6,840	8,793
Interest income	(1,095)	(8,412)
Dividend income	(27,398)	(9,272)
Gain on disposal of property, plant and equipment	(436)	-
Unrealized foreign exchange (gain) loss	(3,224)	31,273
Others	1	-
Total adjustments to reconcile profit	20,022	82,614
Changes in operating assets and liabilities		
Changes in operating assets:		
Increase in Financial assets mandatorily measured at fair value through profit or loss	(5,532)	-
Increase in accounts receivable	(127,525)	(93,408)
Decrease in other accounts receivable	3,588	3,499
Increase in inventories	(139,171)	(67,650)
(Increase) decrease in other current assets	(12,355)	16,056
Total net changes in operating assets	(280,995)	(141,503)
Changes in operating liabilities :		
(Decrease) increase in notes payable	(1,049)	1,109
Increase in accounts payable	119,751	5,488
Decrease in other payable	(16,345)	(23,098)
Increase in other current liabilities	16,545	19,024
Decrease in net defined benefit liability	(4,218)	(2,085)
Decrease in other non-current liabilities	(156)	(157)
Total changes in operating liabilities	114,528	281
Total changes in operating assets and liabilities	(166,467)	(141,222)
Total adjustments	(146,445)	(58,608)
Cash inflow generated from operations	56,914	186,660
Interest received	1,412	10,022
Dividends received	27,309	9,240
Interest paid	(6,580)	(8,434)
Income taxes paid	(41,897)	(43,142)
Net cash flows (used in) from operating activities	37,158	154,346
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(339,254)	(101,773)
Proceeds from disposal of financial assets at fair value through other comprehensive income	170,914	50,203
Acquisition of financial assets at fair value through profit or loss	(30,135)	(60,350)
Proceeds from disposal of financial assets at fair value through profit or loss	94,451	25,161
Acquisition of property, plant and equipment	(34,444)	(20,645)
Proceeds from disposal of property, plant and equipment	2,941	-
Acquisition of intangible assets	(264)	(1,559)
Acquisition of Investment property	-	(895)
Increase in other financial assets	(1,058)	(3,033)
Increase in prepayments on purchase of equipment	-	(1,195)
Net cash flows from (used in) investing activities	(136,849)	(114,086)
Cash flows from (used in) financing activities:		
(Decrease) increase in short-term loans	(505,445)	606,727
Increase in long-term loans	400,000	-
Repayments of long-term loans	-	(320,000)
Cash dividends	(178,342)	(178,330)
Repayments the principal portion of lease liabilities	(10,464)	(8,356)
Net cash flows used in financing activities	(294,251)	100,041
Effect of exchange rate changes on cash and cash equivalents	(3,513)	(24,808)
Net (decrease) increase in cash and cash equivalents	(397,455)	115,493
Cash and cash equivalents at beginning of period	1,242,331	1,368,252
Cash and cash equivalents at end of period	\$ 844,876	1,483,745

See accompanying notes to financial statements.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

For the nine months ended September 30, 2021 and 2020

(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, Cianjhen Dist., 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 4, 2021.

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

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

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

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform – Phase 2”
- Amendments to IFRS 16 “COVID-19-Related Rent Concessions after June 30, 2021”

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

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

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

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

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

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

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

(4) Summary of Significant Accounting Policies

(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, 2020. Please refer to Note 4 of 2020 consolidated financial statement for detail information.

(b) Basis of consolidation

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

Name of investor	Name of the subsidiary	Business Activity	Percentage ownership			Remarks
			September 30, 2021	December 31, 2020	September 30, 2020	
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 2
The Company	EDT-Europe ApS	Customer service and business support	100.00%	100.00%	100.00%	Note 2
The Company	Emerging Display Technologies Korea	Business support	100.00%	100.00%	100.00%	Note 2
The Company	EDT-Japan Corp.	Customer service and business support	100.00%	100.00%	100.00%	Note 2
The Company	Ying Dar Investment Development Corp.	Investment	100.00%	100.00%	100.00%	Note 2
The Company	Bae Haw Investment Development Corp.	Investment	100.00%	100.00%	100.00%	Note 2
The Company	Ying Cheng Investment Corp.	Investment	52.50%	52.50%	52.50%	Note 2

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

<u>Name of investor</u>	<u>Name of the subsidiar</u>	<u>Business Activity</u>	<u>Percentage ownership</u>			<u>Remarks</u>
			<u>September 30 ,2021</u>	<u>December 31,2020</u>	<u>September 30,2020</u>	
YingDar Investment Development Corp.	Emerging Display International (Samoa) Corp.	Investment holding	5.90%	5.90%	5.90%	Note 2
Bae Haw Investment Development Corp.	Emerging Display International (Samoa) Corp.	Investment holding	11.41%	11.41%	11.41%	Note 2
Emerging Display International (Samoa) Corp.	Dong Guan Emerging Display Limited	Manufacturing of CTP and LCDs	100.00%	100.00%	100.00%	Note 2
The Company	Tremendous Explore Corp.	Trading	Note 1	Note 1	Note 1	Note 2

Note 1: Tremendous Explore Corp. was liquidated in July, 2020. The related liquidation procedures had been completed.

Note 2: Quarterly financial reports are unaudited for non-major subsidiaries.

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

(c) 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.

(d) 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.

(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, 2020.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(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, 2020. Please refer to Note 6 of 2020 consolidated financial statements.

(a) Cash and cash equivalents

	September 30,2021	December 31,2020	September 30,2020
Cash and cash equivalents	\$ 394	328	326
Demand deposits	835,653	565,624	393,803
Check deposits	9	82	284
Time deposits	8,820	273,962	125,664
Repurchase agreement	-	402,335	963,668
Total	<u>\$ 844,876</u>	<u>1,242,331</u>	<u>1,483,745</u>

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

	September 30,2021	December 31,2020	September 30,2020
Current financial assets mandatorily measured at fair value through profit or loss :			
Open-end mutual funds	\$ -	58,817	89,276
Swap Contract	-	-	30
Dual Currency Investment Contract	5,517	-	-
	<u>\$ 5,517</u>	<u>58,817</u>	<u>89,306</u>
Current financial liabilities measured at fair value through profit or loss :			
Forward exchange contract	\$ 12	-	-
Swap Contract	-	195	1,580
	<u>\$ 12</u>	<u>195</u>	<u>1,580</u>

Please refer to Note 6(y) 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

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

liabilities measured at FVTPL; presented under financial assets held for trading:

Forward exchange contract :

	September 30,2021		
	<u>Contract amount</u> <u>(in thousand)</u>	<u>Currency</u>	<u>Maturity period</u>
Forward exchange contract Sell	USD 250	USD to CNY	110.10.15
	December 31,2020		
	<u>Contract amount</u> <u>(in thousand)</u>	<u>Currency</u>	<u>Maturity period</u>
Swap contract	USD 1,000	TWD to USD	110.01.07
	September 30,2020		
	<u>Contract amount</u> <u>(in thousand)</u>	<u>Currency</u>	<u>Maturity period</u>
Swap contract	USD 7,000	TWD to USD	109.10.28~109.12.18

Please refer to Note 6(z) 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 30,2021	December 31,2020	September 30,2020
Equity instruments at fair value through other comprehensive income-current:			
Common stocks listed on domestic markets-current:			
Innolux Corp.	\$ 19,501	16,174	10,748
Fubon Financial Holding Co., Ltd	-	14,025	12,570
Synnex Technology International Co. , Ltd.	46,458	-	27,176
Nan Ya Plastics Corporation	-	15,099	12,495
Pegatron Co., Ltd.	14,472	14,537	13,781
Coasia Microelectronics Corp.	5,834	5,764	5,033
E.SUN Financial Holding Co., Ltd.	21,092	19,310	19,348
Far Eastern New Century Corp.	-	28,950	25,300
Quanta Computer Inc.	54,172	-	-
Shian Yih Electronic Co., Ltd	31,278	30,637	29,284
AGV Products Corporation	-	1,011	759
Chicony Electronics Co., Ltd.	23,100	-	-
Lite-On Technology Corp.	38,750	-	-
MEGA FHC	39,614	-	-
Taiwan Cement Corp., Ltd.	40,290	-	-
Total	334,561	145,507	156,494
Common stocks listed on foreign markets-current:			
Becton, Dickinson and Company	13,692	14,253	13,542
Total	\$ 348,253	159,760	170,036
Equity instruments at fair value through other comprehensive income-noncurrent:			
Common stocks unlisted on domestic markets - non-current:			
Ascendax Venture Capital Corp.	\$ 19,662	19,566	17,493
Chenfeng Optronics Corp.	73,780	78,260	69,160
Total	93,442	97,826	86,653
Preference stocks listed on domestic markets - non-current:			
Fubon Financial Holding Co., Ltd	864	865	865
Total	\$ 94,306	98,691	87,518

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Notes to consolidated financial statements

The purpose that the Group invests in the abovementioned equity instruments is for long term strategies, but rather for trading purpose, and therefore, is accounted for as FVOCI.

For the three months and nine months ended September 30, 2021 and 2020, the Group has recognized dividend income \$17,528, \$6,542, \$27,398 and \$9,272 from the abovementioned equity instruments designated at fair value through other comprehensive income, respectively.

For the nine months ended September 30, 2021 and 2020, the Group with the objective of investment and financial management had sold financial assets at fair value of \$170,914 and \$42,985, and accumulated gain on disposal of investments were \$23,542 and \$5,612, which had been reclassified from other equity interest to retained earnings, respectively.

Please refer to Note 6(z) 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, 2021, December 31, 2020 and September 30, 2020, the carrying amount of the listed stocks which were entrusted to financial institutions for security lending amounted to \$19,501, \$16,174 and \$10,748, respectively.

(d) Accounts receivable

	September 30, 2021	December 31, 2020	September 30, 2020
Accounts receivables-measured at amortized cost	\$ 720,673	595,163	639,447
Allowance for impairment	(7,432)	(5,613)	(19,395)
	\$ 713,241	589,550	620,052

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, 2021		
Carrying amount of Accounts Receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses	
Not over due	\$ 618,382	0.11%	711
Overdue less than 90 days	97,340	1.95%	1,899
Overdue 91~180 days	127	0.37%	-
Overdue 181~270 days	2	0.12%	-
Overdue over 271 days	4,822	100%	4,822
	\$ 720,673		7,432

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

	December 31,2020		
	Carrying amount of Accounts Receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Not over due	\$ 495,965	0.12%	574
Overdue less than 90 days	95,060	0.96%	908
Overdue 91~180 days	4,138	100%	4,131
Overdue over 181days	-	-	-
	\$ 595,163		5,613
	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%	18,771
	\$ 639,447		19,395

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

	For the nine months ended September 30	
	2021	2020
Balance at January 1	\$ 5,613	18,771
Recognition of impairment loss	1,822	626
Effect of changes in foreign currency exchange rates	(3)	(2)
Ending balance	\$ 7,432	19,395

The abovementioned financial assets were not pledged as collateral.

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

(e) Other receivables

	September 30,2021	December 31,2020	September 30,2020
Loans to employee	\$ 1,645	5,154	5,324
Others	618	936	1,049
Allowance for impairment	-	-	-
	\$ 2,263	6,090	6,373

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

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(f) Inventories

	September 30,2021	December 31,2020	September 30,2020
Raw materials	\$ 468,769	346,225	333,945
Work in process	323,009	299,441	309,183
Finished goods	208,392	215,535	219,727
Inventories in transit	8,120	9,300	4,549
	<u>\$ 1,008,290</u>	<u>870,501</u>	<u>867,404</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	
	2021	2020	2021	2020
Reclassification to cost of goods sold	\$ 897,591	743,088	2,507,350	2,174,088
Inventory loss of write-down (gain on reversal of inventory)	(42)	987	(9,679)	(5,594)
Unallocated production overheads	2,845	4,770	11,459	14,515
Loss on scrap	14,573	17,869	47,154	56,051
Others	(67)	(46)	(164)	(114)
	<u>\$ 914,900</u>	<u>766,668</u>	<u>2,556,120</u>	<u>2,238,946</u>

For the three months ended September 30,2020, the Group recognized an inventory valuation loss, accounted for as cost of goods sold, due to the decreasing value from the carrying amount to the net realized value.

For the three months ended September 30,2021 and the nine months ended September 30, 2021, the Group recognized a 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, and thus the reversal 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 30,2021	December 31,2020	September 30,2020
Income tax refund receivable	\$ 1,938	1,954	1,851
Prepayment for purchases	55,938	63,725	28,205
Prepaid expense	3,865	6,757	5,880
Prepaid sales tax	24,898	5,496	3,244
Restricted time deposits	2,049	2,051	2,091
Refundable deposits	11,009	10,164	10,066
Others	4,475	3,545	3,829
	<u>\$ 104,172</u>	<u>93,692</u>	<u>55,166</u>

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

	September 30,2021	December 31,2020	September 30,2020
Book as :			
Other current assets	\$ 92,653	83,002	44,563
Other financial assets – non-current	11,519	10,690	10,603
	\$ 104,172	93,692	55,166

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 30,2021	December 31,2020	September 30,2020
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:

	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Current asset	\$ 9,941	10,002	10,041
Non-current asset	63,240	67,080	59,280
Current liability	-	(50)	-
Net asset	\$ 73,181	77,032	69,321
Non-controlling equity closing book amount	\$ 34,762	36,591	32,928
	July to September, 2021	July to September, 2020	January to September, 2021
Operating revenue	\$ -	-	-
Net profit (loss)	\$ (1)	(1)	(12)
Other comprehensive income	2,220	(15,000)	(3,840)
Comprehensive income	\$ 2,219	(15,001)	(3,852)
Profit (loss) attributable to non-controlling interest	\$ -	-	(6)
Comprehensive income attributable to non-controlling interest	\$ 1,055	(7,125)	(1,829)

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

	January to September, 2021	January to September, 2020
Cash flow from operating activities	\$ (61)	(61)
Cash flow from investing activities	-	-
Cash flow from financing activities	-	-
Net decrease in cash and cash equivalents	\$ (61)	(61)

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

	2021.9.30	2020.12.31	2020.9.30
Current asset	\$ 112,111	138,640	137,346
Non-current asset	40,355	15,264	17,162
Current liability	(68,504)	(53,503)	(50,837)
Non-current liability	(11,074)	-	-
Net asset	\$ 72,888	100,401	103,671
Non-controlling equity closing book amount	\$ 3,061	4,217	4,354

	July to September, 2021	July to September, 2020	January to September, 2021	January to September, 2020
Operating revenue	\$ 52,747	43,017	123,581	129,405
Net loss	\$ (9,522)	(3,612)	(20,473)	(4,792)
Other comprehensive income	(2,385)	1,618	(7,040)	(1,013)
Comprehensive income	\$ (11,907)	(1,994)	(27,513)	(5,805)
Loss attributable to non-controlling interest	\$ (399)	(152)	(859)	(201)
Comprehensive income attributable to non-controlling interest	\$ (500)	(84)	(1,156)	(244)

	January to September, 2021	January to September, 2020
Cash flow from operating activities	\$ 32,583	4,044
Cash flow from investing activities	(10,546)	(1,539)
Cash flow from financing activities	(5,121)	(3,480)
Effects of changes in foreign exchange rates	(303)	(94)
Net decrease in cash and cash equivalents	\$ 16,613	(1,069)

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
Cost or deemed cost:						
Balance at January 1, 2021	\$ 23,940	1,048,089	2,402,579	28,273	146,461	3,649,342
Additions	-	1,769	6,580	518	27,651	36,518
Reclassification	-	-	8,954	-	(8,954)	-
Disposals	-	(65)	(41,871)	-	(7,618)	(49,554)
Effect of movements in exchange rates	(529)	(1,253)	(3,285)	(243)	(207)	(5,517)
Balance at September 30, 2021	<u>\$ 23,411</u>	<u>1,048,540</u>	<u>2,372,957</u>	<u>28,548</u>	<u>157,333</u>	<u>3,630,789</u>
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>
Depreciation:						
Balance at January 1, 2021	\$ -	817,727	2,355,670	27,246	117,385	3,318,028
Depreciation for the year	-	10,641	14,009	248	11,693	36,591
Disposals	-	(65)	(41,871)	-	(5,113)	(47,049)
Effect of movements in exchange rates	-	(835)	(3,171)	(223)	(127)	(4,356)
Balance at September 30, 2021	<u>\$ -</u>	<u>827,468</u>	<u>2,324,637</u>	<u>27,271</u>	<u>123,838</u>	<u>3,303,214</u>
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>
Carrying amounts:						
Balance at January 1, 2021	<u>\$ 23,940</u>	<u>230,362</u>	<u>46,909</u>	<u>1,027</u>	<u>29,076</u>	<u>331,314</u>
Balance at September 30, 2021	<u>\$ 23,411</u>	<u>221,072</u>	<u>48,320</u>	<u>1,277</u>	<u>33,495</u>	<u>327,575</u>
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>

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Please refer to Note 6(y) for detail of disposal gain and loss.

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 :

	Land	Building and construction	Transportation equipment	Total
Right-of-use assets cost :				
Balance at January 1, 2021	\$ 66,409	27,904	326	94,639
Additions	-	23,980	347	24,327
Effect of movements in exchange rates	-	(1,359)	(11)	(1,370)
Balance at September 30, 2021	<u>\$ 66,409</u>	<u>50,525</u>	<u>662</u>	<u>117,596</u>
Balance at January 1, 2020	\$ 67,226	23,509	214	90,949
Additions	-	4,321	341	4,662
Other reduction	(817)	-	-	(817)
Disposals	-	-	(213)	(213)
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>
Depreciation :				
Balance at January 1, 2021	\$ 5,482	21,893	36	27,411
Depreciation for the year	2,041	8,932	210	11,183
Effect of movements in exchange rates	-	(924)	(2)	(926)
Balance at September 30, 2021	<u>\$ 7,523</u>	<u>29,901</u>	<u>244</u>	<u>37,668</u>
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>
Carrying amounts:				
Balance at January 1, 2021	<u>\$ 60,927</u>	<u>6,011</u>	<u>290</u>	<u>67,228</u>
Balance at September 30, 2021	<u>\$ 58,886</u>	<u>20,624</u>	<u>418</u>	<u>79,928</u>
Balance at January 1, 2020	<u>\$ 64,469</u>	<u>12,652</u>	<u>86</u>	<u>77,207</u>
Balance at September 30, 2020	<u>\$ 61,608</u>	<u>8,720</u>	<u>323</u>	<u>70,651</u>

(k) Investment property

Investment property which assets owned by the Group such as office buildings leased to third party. 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 lease. Please refer to Note 6(q) for information of the lease income.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

Lease income of leased investment property has a fixed amount.

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

	Land	Building and construction	Total
Cost or deemed cost:			
Balance at January 1, 2021	\$ 45,333	15,500	60,833
Effect of changes in foreign exchange rates	(1,003)	(343)	(1,346)
Balance at September 30, 2021	<u><u>\$ 44,330</u></u>	<u><u>15,157</u></u>	<u><u>59,487</u></u>
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><u>\$ 46,319</u></u>	<u><u>15,838</u></u>	<u><u>62,157</u></u>
Depreciation:			
Balance at January 1, 2021	\$ -	5,675	5,675
Depreciation for the year	-	488	488
Effect of changes in foreign exchange rates	-	(129)	(129)
Balance at September 30, 2021	<u><u>\$ -</u></u>	<u><u>6,034</u></u>	<u><u>6,034</u></u>
Balance at January 1, 2020	\$ -	5,304	5,304
Depreciation	-	494	494
Effect of changes in foreign exchange rates	-	(168)	(168)
Balance at September 30, 2020	<u><u>\$ -</u></u>	<u><u>5,630</u></u>	<u><u>5,630</u></u>
Carrying amounts:			
Balance at January 1, 2021	<u><u>\$ 45,333</u></u>	<u><u>9,825</u></u>	<u><u>55,158</u></u>
Balance at September 30, 2021	<u><u>\$ 44,330</u></u>	<u><u>9,123</u></u>	<u><u>53,453</u></u>
Balance at January 1, 2020	<u><u>\$ 47,720</u></u>	<u><u>10,114</u></u>	<u><u>57,834</u></u>
Balance at September 30, 2020	<u><u>\$ 46,319</u></u>	<u><u>10,208</u></u>	<u><u>56,527</u></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, 2020.

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, 2021	\$ 2,888	9,477	12,365
Individual acquisition	209	55	264
Disposals	(162)	(953)	(1,115)
Effects of changes in foreign exchange rates	-	(18)	(18)
Balance at September 30, 2021	<u>\$ 2,935</u>	<u>8,561</u>	<u>11,496</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>
Amortization:			
Balance at January 1, 2021	\$ 1,433	6,821	8,254
Amortization	193	725	918
Disposals	(162)	(953)	(1,115)
Effects of changes in foreign exchange rates	-	(18)	(18)
Balance at September 30, 2021	<u>\$ 1,464</u>	<u>6,575</u>	<u>8,039</u>
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>
Carrying amounts:			
Balance at January 1, 2021	<u>\$ 1,455</u>	<u>2,656</u>	<u>4,111</u>
Balance at September 30, 2021	<u>\$ 1,471</u>	<u>1,986</u>	<u>3,457</u>
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>

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:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Letters of credit loans	\$ 44,445	-	17,469
Unsecured bank loans	150,000	700,000	989,000
Total	<u>\$ 194,445</u>	<u>700,000</u>	<u>1,006,469</u>
Unused lines of credit	<u>\$ 1,973,567</u>	<u>1,173,097</u>	<u>814,328</u>
Range of interest rates	<u>0.70%~0.8006%</u>	<u>0.80%~0.85%</u>	<u>0.80%~1.11%</u>

Short-term loans were not pledged as collateral.

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

(n) Other payables

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Salaries and wages payables	\$ 50,260	47,042	43,899
Year-end bonus payables	40,000	68,000	45,000
Employee remuneration payables	11,024	14,683	13,171
Directors' and supervisors' remuneration payables	6,615	8,810	7,903
Employee benefit liabilities	29,021	34,270	33,625
Others	122,042	101,713	114,343
	<u>\$ 258,962</u>	<u>274,518</u>	<u>257,941</u>

(o) Long-term loans

The details of long-term loans were as follows:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Commercial paper payable	\$ 400,000	-	-
Less: discount on long-term loans	(1,387)	-	-
Total	<u>\$ 398,613</u>	<u>-</u>	<u>-</u>
Recognized in:			
Long-term loans	\$ 398,613	-	-
Unused lines of credit	<u>\$ 400,000</u>	<u>800,000</u>	<u>800,000</u>
Range of interest rates	<u>1.1543%</u>	<u>-</u>	<u>-</u>

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

The Group signed a 5 year syndicated loan contract with E.SUN bank and six other banks at May 15, 2020, with a revolving credit line of \$800,000 from the first appropriation date to maturity date, wherein \$800,000 can be appropriated by using the bank's own fund and \$600,000 by issuing commercial paper, and the combined credit line should not exceed \$800,000. According to the loan contract, the date after 9 months when the contract was signed will be considered as the first appropriation date even if the credit line is unused after 9 months. The credit line will decrease every 6 months since 36-month after the first appropriation date with total five year to decrease the credit line. The first to fourth phase will decrease by 12.5% of the effective credit line and the fifth phase will decrease by 50% which will repay the total borrowing upon maturity. The Group borrowed the amount of \$400,000 on February 5, 2021, by issued Commercial paper. Restrictions related to the contract are as follows:

Pursuant to the loan contract, for the duration of the loan the Group must conform to the predetermined financial covenants involving special financial ratios calculated based on the annual consolidated financial statements. If the special financial ratios cannot meet the requirement, the Group should improve within nine months after the end of the fiscal year. If the adjusted financial ratios reviewed by the certified accountant meet the requirements, it will not be regarded as breach of the contract. During the period for adjustment, unused lines of credit, excluding the revolving credit extension, will be suspended until such ratios are in compliance with the contract requirement. But during the said period, the interest rate would increase additional 1.25%. If the special financial ratios cannot meet the requirement, the majority of the banks should resolve if they agree to waive the violation of the financial ratio. Before the decision of most credit banks, the violation of the financial ratio will not be regarded as breach of the contract.

- (i) A minimum current ratio of 100% should be maintained.
- (ii) A maximum debt ratio of 150% should be maintained.
- (iii) A minimum times interest earned ratio of 2.5 should be maintained.
- (iv) Minimum net tangible assets of \$140,000 should be maintained.

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

(p) Lease liabilities

The details of lease liabilities were as follows :

	September 30,2021	December 31,2020	September 30,2020
Current	<u>\$ 12,195</u>	<u>7,325</u>	<u>9,316</u>
Non-Current	<u>\$ 70,375</u>	<u>61,833</u>	<u>63,144</u>

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

The amounts recognized in profit or loss were as follows :

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

	July to September, 2021	July to September, 2020	January to September, 2021	January to September, 2020
Interest on lease liabilities	\$ 840	630	2,325	1,972
Expenses relating to short-term leases	\$ 510	540	1,324	1,532
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ 59	60	179	183
Rent concessions due to COVID-19	\$ -	174	-	1,355

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

	For the nine months ended September 30	
	2021	2020
Total cash outflow for leases	\$ 14,207	11,902

Please refer to Note 6(l) of 2020 consolidated financial statements for information of the lease.

(q) Operating lease

There was no increase for operating lease for the nine months ended September 30, 2021. Please refer to Note 6(q) of the 2020 consolidated financial statements.

(r) 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, 2020 and 2019.

Cost recognized in expense was as below :

	July to September, 2021	July to September, 2020	January to September, 2021	January to September, 2020
Operating cost	\$ 227	291	686	866
Selling expenses	13	13	37	43
General and administrative expenses	38	45	110	136
Research and development expenses	27	33	81	102
	\$ 305	382	914	1,147

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(ii) Defined contribution plan

Cost recognized in expense was as below :

	July to September, 2021	July to September, 2020	January to September, 2021	January to September, 2020
Operating cost	\$ 6,717	4,825	18,454	14,756
Selling expenses	909	1,323	3,730	3,893
General and administrative expenses	464	392	1,640	1,209
Research and development expenses	689	709	2,067	2,083
	\$ 8,779	7,249	25,891	21,941

(s) **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, 2021	July to September, 2020	January to September, 2021	January to September, 2020
Current tax expense(benefit)				
Current	\$ 13,391	10,943	28,556	42,150
Adjust previous current tax	-	-	(6,878)	(3,578)
	13,391	10,943	21,678	38,572
Deferred tax expense (benefit)				
Origination and reversal of temporary differences	(8)	(20)	9	176
Income tax expense	\$ 13,383	10,923	21,687	38,748

For the nine months ended September 30, 2021 and 2020, 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, 2021	July to September, 2020	January to September, 2021	January to September, 2020
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gains or losses from investments in equity instruments measured at FVOCI	\$ 29	(126)	(112)	156

Approval of income tax

The Company's income tax returns for all fiscal years up to 2019 have been examined and approved by the R.O.C. tax authority.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(t) Share capital and other equity

The Group had no share capital change for the nine months ended September 30, 2021 and 2020 except below statement. Please refer to Note 6(t) of 2020 consolidated financial statements for detail information.

(i) Capital Stock

As of September 30, 2021, December 31 and September 30, 2020, 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 30,2021	December 31,2020	September 30,2020
Treasury stock	\$ 25,503	14,950	14,950
Disgorgement	473	473	-
Return of employee stock ownership trust repayment cost	1	-	-
	\$ 25,977	15,423	14,950

(iii) Earnings distribution

The appropriations of earnings for 2020 and 2019 have been approved to distribute cash dividend in the meeting of the board of directors held on March 10, 2021 and June 20, 2020, respectively. The appropriation and dividend per share were as follows :

	2020	2018
Cash dividend to shareholders (TWD)		
Cash	\$ 1.2	1.2

(iv) Other equity

	Foreign exchange differences arising from foreign operation	Unrealized gains (losses) on financial assets measured at FVOCI	Total
Balance at January 1, 2021	\$ (18,296)	(99,519)	(117,815)
— Changes of the Group	(10,900)	17,703	6,803
— Disposal of investments in equity instrument at FVOCI	-	(23,542)	(23,542)
Balance at September 30, 2021	\$ (29,196)	(105,358)	(134,554)

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

	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	\$ (18,008)	(123,475)	(141,483)

(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
January to September, 2021	5,000	-	-	5,000
Transfer to employees	5,000	-	-	5,000
January to September, 2020	5,000	-	-	5,000
Transfer to employees	5,000	-	-	5,000

As of September 30, 2021, December 31 and September 30, 2020, 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, 2021 and 2020, Ying Dar Corp. and Bae Haw Corp. did not purchase or dispose any of the Company's shares. As of September 30, 2021, December 31, 2020 and September 30, 2020, 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, 2021, December 31 and September 30, 2020, their market values amounted to \$156,980, \$169,292 and \$151,703, respectively.

(u) **Earnings per share**

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

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

	July to September, 2021	July to September, 2020	January to September, 2021	January to September, 2020
Basic earnings per share				
Profit attributable to owners of parent	\$ <u>71,592</u>	<u>62,213</u>	<u>182,537</u>	<u>206,726</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>148,613</u>
Expressed in New Taiwan dollars	\$ <u>0.48</u>	<u>0.42</u>	<u>1.23</u>	<u>1.39</u>
Diluted earnings per share				
Profit attributable to owners of parent	\$ <u>71,592</u>	<u>62,213</u>	<u>182,537</u>	<u>206,726</u>
Weighted-average number of ordinary shares at end of year (expressed in thousands of shares)	148,613	148,613	148,613	148,613
Effect of potentially dilutive ordinary stock:				
— Employee bonus (expressed in thousands of shares)	<u>256</u>	<u>231</u>	<u>806</u>	<u>1,029</u>
Weighted-average number of ordinary shares- diluted (expressed in thousands of shares)	<u>148,869</u>	<u>148,844</u>	<u>149,419</u>	<u>149,642</u>
Expressed in New Taiwan dollars	\$ <u>0.48</u>	<u>0.42</u>	<u>1.22</u>	<u>1.38</u>

In computing above basic earnings (loss) per share of ordinary stock for the nine months ended September 30, 2021 and 2020, 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

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

(i) Disaggregation of revenue

	July to September 2021			
	Domestic	North America	Other operating department	Total
	Primary geographical markets:			
Europe	\$ 606,225	-	746	606,971
USA	-	252,870	-	252,870
Others	170,438	63,847	108	234,393
Total	<u><u>\$ 776,663</u></u>	<u><u>316,717</u></u>	<u><u>854</u></u>	<u><u>1,094,234</u></u>
Major products:				
Liquid crystal display modules	\$ 212,108	115,956	-	328,064
Capacitive touch panel and module	549,287	187,695	-	736,982
Others	15,268	13,066	854	29,188
Total	<u><u>\$ 776,663</u></u>	<u><u>316,717</u></u>	<u><u>854</u></u>	<u><u>1,094,234</u></u>

	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><u>\$ 746,955</u></u>	<u><u>222,818</u></u>	<u><u>114</u></u>	<u><u>969,887</u></u>
Major products:				
Liquid crystal display modules	\$ 176,411	105,222	-	281,633
Capacitive touch panel and module	564,029	102,214	-	666,243
Others	6,515	15,382	114	22,011
Total	<u><u>\$ 746,955</u></u>	<u><u>222,818</u></u>	<u><u>114</u></u>	<u><u>969,887</u></u>

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

	January to September 2021			
	Domestic	North America	Other operating department	Total
	Primary geographical markets:			
Europe	\$ 1,770,892	-	1,696	1,772,588
USA	214	630,257	-	630,471
Others	531,325	145,913	316	677,554
Total	\$ 2,302,431	776,170	2,012	3,080,613
Major products:				
Liquid crystal display modules	\$ 540,561	328,968	-	869,529
Capacitive touch panel and module	1,730,172	426,629	-	2,156,801
Others	31,698	20,573	2,012	54,283
Total	\$ 2,302,431	776,170	2,012	3,080,613

	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	\$ 1,882,764	959,844	686	2,843,294
Major products:				
Liquid crystal display modules	\$ 570,452	372,669	-	943,121
Capacitive touch panel and module	1,291,474	562,461	-	1,853,935
Others	20,838	24,714	686	46,238
Total	\$ 1,882,764	959,844	686	2,843,294

(ii) Contract balance

	September 30,2021	December 31,2020	September 30,2020
Accounts receivable (including related parties)	\$ 720,673	595,163	639,447
Less: allowance for impairment	(7,432)	(5,613)	(19,395)
Total	\$ 713,241	589,550	620,052

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

	September 30,2021	December 31,2020	September 30,2020
Contract liability – Unearned revenue (recognized in other current liabilities)	<u>\$ 42,835</u>	<u>33,286</u>	<u>33,259</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, 2021 and 2020, that was included in the contract liability balance at the beginning of the period were \$1,331, \$937, \$4,059 and \$3,682 respectively.

(w) 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, 2021	July to September, 2020	January to September, 2021	January to September, 2020
Employee remuneration	<u>\$ 4,577</u>	<u>3,977</u>	<u>11,024</u>	<u>13,171</u>
Directors’ and supervisors’ remuneration	<u>\$ 2,747</u>	<u>2,387</u>	<u>6,615</u>	<u>7,903</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 \$14,683 and \$16,362 for 2020 and 2019, respectively, and the accrued remuneration of directors’ and supervisor’s amounted to \$8,810 and \$9,817 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>.

(x) Other operating income and expenses

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

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

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

(i) Interest income

Details of Interest income were as follows :

	July to September, 2021	July to September, 2020	January to September, 2021	January to September, 2020
Bank deposits	\$ 31	1,664	1,095	8,412
Others	5	17	23	77
	<u>\$ 36</u>	<u>1,681</u>	<u>1,118</u>	<u>8,489</u>

(ii) Other income

Details of other income were as follows :

	July to September, 2021	July to September, 2020	January to September, 2021	January to September, 2020
Dividend Revenue	\$ 17,528	6,542	27,398	9,272
Others	19	2,753	190	6,094
	<u>\$ 17,547</u>	<u>9,295</u>	<u>27,588</u>	<u>15,366</u>

(iii) Other gains and losses

Details of other gains and losses were as follows :

	July to September, 2021	July to September, 2020	January to September, 2021	January to September, 2020
Foreign exchange gains (losses)	\$ 2,532	(30,740)	(21,298)	(33,366)
Net gains (losses) on disposal of financial assets (liabilities) measured at fair value through profit or loss	1,152	1,880	5,853	(2,339)
Net gains on disposal of property, plant and equipment	-	-	436	-
Others	(791)	-	(795)	(205)
	<u>\$ 2,893</u>	<u>(28,860)</u>	<u>(15,804)</u>	<u>(35,910)</u>

(iv) Finance costs

Details of finance costs were as follows :

	July to September, 2021	July to September, 2020	January to September, 2021	January to September, 2020
Interest expenses				
Bank loans	\$ 1,525	2,263	4,365	6,571
Lease liability	840	630	2,325	1,972
Management fee of syndicated loan	50	125	150	250
	<u>\$ 2,415</u>	<u>3,018</u>	<u>6,840</u>	<u>8,793</u>

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(z) 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(z) of 2020 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, 2021, two customers accounted for 40.63%, of total accounts receivable balance. As of December 31, and September 30, 2020, one customer accounted for 45.56% and 43.19% of total 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) and 6(g).

(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

	<u>Carrying amount</u>	<u>Contracted cash flows</u>	<u>Due within 6 months</u>	<u>Due in 6-12months</u>	<u>Due in 1-2 years</u>	<u>Due in 2-5 years</u>	<u>Due in over 5 years</u>
September 30, 2021							
Non-derivative financial liabilities							
Secured Long-term							
loans(including long term loans, \$ 398,613	398,613	(420,088)	(2,290)	(2,315)	(4,617)	(410,866)	-
current portion)							
(floating rate)							
Unsecured loans (floating rate)	194,445	(194,619)	(194,619)	-	-	-	-
Accounts payable(non-interest	518,821	(518,821)	(518,821)	-	-	-	-
bearing)							
Notes payable (non-interest	185	(185)	(185)	-	-	-	-
bearing)							
Other payable (non-interest	258,962	(258,962)	(258,962)	-	-	-	-
bearing)							
Lease liability (fixed interest rate)	82,570	(115,632)	(8,017)	(7,133)	(12,310)	(15,333)	(72,839)
Guarantee deposits received	547	(547)	-	-	-	(547)	-
(non-interest bearing)							
Derivative financial liabilities							
Forward exchange contract :	12						
Cash in		6,961	6,961	-	-	-	-
Cash out		(6,963)	(6,963)	-	-	-	-
	<u>\$ 1,454,155</u>	<u>(1,508,856)</u>	<u>(982,896)</u>	<u>(9,448)</u>	<u>(16,927)</u>	<u>(426,746)</u>	<u>(72,839)</u>
December 31, 2020							
Non-derivative financial liabilities							
Unsecured loans (floating rate) \$ 700,000	700,000	(700,756)	(700,756)	-	-	-	-
Accounts payable(non-interest	400,068	(400,068)	(400,068)	-	-	-	-
bearing)							
Notes payable (non-interest	1,234	(1,234)	(1,234)	-	-	-	-
bearing)							
Other payable (non-interest	274,518	(274,518)	(274,518)	-	-	-	-
bearing)							
Lease liability (fixed interest rate)	69,158	(102,319)	(5,700)	(3,737)	(5,068)	(11,996)	(75,818)
Guarantee deposits received	558	(558)	-	-	-	(558)	-
(non-interest bearing)							
Derivative financial liabilities							
Swap Contract :	195						
Cash in		28,480	28,480	-	-	-	-
Cash out		(28,703)	(28,703)	-	-	-	-
	<u>\$ 1,445,731</u>	<u>(1,479,676)</u>	<u>(1,382,499)</u>	<u>(3,737)</u>	<u>(5,068)</u>	<u>(12,554)</u>	<u>(75,818)</u>
September 30, 2020							
Non-derivative financial liabilities							
Unsecured loans (floating rate) \$ 1,006,469	1,006,469	(1,007,218)	(1,007,218)	-	-	-	-
Accounts payable(non-interest	431,507	(431,507)	(431,507)	-	-	-	-
bearing)							
Notes payable (non-interest	1,416	(1,416)	(1,416)	-	-	-	-
bearing)							
Other payable (non-interest	257,941	(257,941)	(257,941)	-	-	-	-
bearing)							
Lease liability (fixed interest rate)	72,460	(106,105)	(7,273)	(4,241)	(5,861)	(11,918)	(76,812)
Guarantee deposits received	570	(570)	-	-	(34)	(536)	-
(non-interest bearing)							
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>

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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, 2021			December 31, 2020			September 30, 2020		
	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	\$ 56,062	27.85	1,561,324	62,555	28.48	1,781,570	75,809	29.10	2,206,042
JPY	26,474	0.249	6,592	52,538	0.2763	14,516	16,429	0.2756	4,528
CNY	763	4.305	3,284	4,021	4.377	17,601	1,837	4.270	7,843
EUR	115	32.32	3,711	75	35.02	2,627	288	34.15	9,846
<u>Non-monetary items</u>									
USD	692	27.85	19,262	2,566	28.48	73,070	3,385	29.10	98,498
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	23,783	27.85	662,354	14,997	28.48	427,119	16,009	29.10	465,853
JPY	17,281	0.249	4,303	16,437	0.2763	4,541	26,846	0.2756	7,399
EUR	-	-	-	72	35.02	2,534	-	-	-
<u>Non-monetary items</u>									
USD	250	27.85	6,963	1,000	28.48	28,480	6,000	29.10	174,600

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, 2021 and 2020, 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 \$6,839 and \$11,468, respectively, and equity will increase or decrease by \$110 and \$108, 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, 2021 and 2020, the exchange gains or loss (including realized and unrealized) that resulted from monetary items translated to the functional currency was \$2,532, (\$30,740), (\$21,298) and (\$33,366), 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.

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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			
2021		2020	
Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
After-tax loss	After-tax profit	After-tax loss	After-tax profit
\$ 892	892	1,510	1,510

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 :

Equity price at reporting date	For the nine months ended September 30			
	2021		2020	
	Other comprehensive income after tax	Net profit (loss)	Other comprehensive income after tax	Net profit (loss)
Increase 3%	\$ 13,195	133	7,647	2,344
Decrease 3%	\$ 13,195	133	7,647	2,344

(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, 2021				
	Carrying Amount	Fair value			Amount
		Level 1	Level 2	Level 3	
Financial assets at FVTPL					
Dual currency investment contract	\$ 5,517	-	5,517	-	5,517
Financial assets at FVOCI					
Equity instrument with quoted market prices	349,117	349,117	-	-	349,117
Equity instrument at fair value without quoted market prices	93,442	-	-	93,442	93,442
Subtotal	442,559				
Financial assets at amortized cost					
Cash and cash equivalent	844,876	-	-	-	-
Account receivables	713,241	-	-	-	-
Other account receivables	2,263	-	-	-	-
Restricted deposit	2,049	-	-	-	-
Refundable deposits (recognized in other assets - noncurrent)	11,009	-	-	-	-
Subtotal	1,573,438				
Total	\$ 2,021,514				

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	September 30, 2021				
	Carrying	Fair value			Amount
	Amount	Level 1	Level 2	Level 3	
Financial liabilities at FVTPL					
Forward exchange contract	\$ 12	-	12	-	12
Financial liabilities at amortized cost					
Bank loans	593,058	-	-	-	-
Notes payable	185	-	-	-	-
Account payable	518,821	-	-	-	-
Other payable	258,962	-	-	-	-
Lease liability	82,570	-	-	-	-
Guarantee deposits received	547	-	-	-	-
Subtotal	<u>1,454,143</u>				
Total	<u>\$ 1,454,155</u>				
	December 31, 2020				
	Carrying	Fair value			
	Amount	Level 1	Level 2	Level 3	Amount
Financial assets at FVTPL					
Debt instrument with quoted market prices	\$ 58,817	58,817	-	-	58,817
Financial assets at FVOCI					
Equity instrument with quoted market prices	160,625	160,625	-	-	160,625
Equity instrument at fair value without quoted market prices	<u>97,826</u>	-	-	97,826	97,826
Subtotal	<u>258,451</u>				
Financial assets at amortized cost					
Cash and cash equivalent	1,242,331	-	-	-	-
Account receivables	589,550	-	-	-	-
Other account receivables	6,090	-	-	-	-
Restricted deposit	2,051	-	-	-	-
Refundable deposits (recognized in other assets - noncurrent)	<u>10,164</u>	-	-	-	-
Subtotal	<u>1,850,186</u>				
Total	<u>\$ 2,167,454</u>				
Financial liabilities at FVTPL					
Swap Contract	\$ 195	-	195	-	195
Financial liabilities at amortized cost					
Bank loans	700,000	-	-	-	-
Notes payable	1,234	-	-	-	-
Accounts payable	400,068	-	-	-	-
Other payable	274,518	-	-	-	-
Lease liabilities	69,158	-	-	-	-
Guarantee deposits	<u>558</u>	-	-	-	-
Subtotal	<u>1,445,536</u>				
Total financial liabilities	<u>\$ 1,445,731</u>				

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Notes to consolidated financial statements

	September 30, 2020				
	Carrying	Fair value			Amount
	Amount	Level 1	Level 2	Level 3	
Financial assets at FVTPL					
Derivative financial assets	\$ 30	-	30	-	30
Debt instrument with quoted market prices	<u>89,276</u>	89,276	-	-	89,276
Subtotal	<u>89,306</u>				
Financial assets at FVOCI					
Equity instrument with quoted market prices	170,901	170,901	-	-	170,901
Equity instrument at fair value without quoted market prices	<u>86,653</u>	-	-	86,653	86,653
Subtotal	<u>257,554</u>				
Financial assets at amortized cost					
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)	<u>10,066</u>	-	-	-	-
Subtotal	<u>2,122,327</u>				
Total	<u>\$ 2,469,187</u>				
Financial liabilities at FVTPL					
Swap Contract	<u>\$ 1,580</u>	-	1,580	-	1,580
Financial liabilities at amortized cost					
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>				
Total	<u>\$ 1,771,943</u>				

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.

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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. 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 and Forward exchange contract 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, 2021 and 2020.

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

	Financial assets at fair value through other comprehensive income	
	Unquoted equity instruments	
Balance at January 1, 2021	\$	97,826
Recognized in other comprehensive income		(4,384)
Balance at September 30, 2021	\$	93,442
Balance at January 1, 2020	\$	139,872
Recognized in other comprehensive income		(53,219)
Balance at September 30, 2020	\$	86,653

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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"> • Continuing growth rate (as of September 30,2021, December 31,2020 and September 30, 2020 ranged from 0.48% 、0.48% and 2.10% respectively) • Weighted average cost of capital (as of September 30,2021, December 31,2020 and September 30, 2020 ranged from 10.20% 、10.52% and 9.79% respectively) • Market illiquidity discount rate (as of September 30,2021, December 31,2020 and September 30, 2020 ranged from 65.40% 、60.73% and 52.61% respectively) • Non-controlling interests discount rate (as of September 30,2021, December 31,2020 and September 30, 2020 were 29.87%) 	<ul style="list-style-type: none"> • The higher the continuing growth rate, the higher the fair value. • The higher the WACC, the lower the fair value. • The higher the market illiquidity discount rate, the lower the fair value. • The higher the non-controlling interests discount rate, the lower the fair value.
Financial assets at FVOCI - equity investments without an active market	Net assets value Method	<ul style="list-style-type: none"> • Net assets value 	<ul style="list-style-type: none"> • 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
September 30, 2021			
Continuing growth rate 0.48%	0.1%	\$ 700	700
Weighted average cost of capital 10.20%	0.1%	910	910
Market illiquidity discount rate 65.40%	1%	2,100	2,100
Non-controlling interests discount rate 29.87%	1%	1,050	1,050

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Inputs	Fluctuation in inputs	Changes in fair value reflected in OCI	
		Favorable	Unfavorable
December 31, 2020			
Continuing growth rate 0.48%	0.1%	\$ 700	700
Weighted average cost of capital 10.52%	0.1%	350	350
Market illiquidity discount rate 60.73%	1%	1,960	1,960
Non-controlling interests discount rate 29.87%	1%	1,120	1,120

Inputs	Fluctuation in inputs	Changes in fair value reflected in OCI	
		Favorable	Unfavorable
September 30, 2020			
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

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.

(aa) Financial risk management

There was no significant change of the Group's financial risk management objectives and policy as disclosed in 2020 consolidated report. Please refer to Note 6(aa) of 2020 consolidated financial statements.

(bb) Capital management

The Group's capital management objectives, policies and procedures were compliance with 2020 consolidated financial statements. Further, there was no significant change of the summary quantitative information as disclosed in 2020 consolidated financial statements. Please refer to Note 6(ab) of 2020 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 :

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	January 1, 2021	Cash flows	Non-cash changes				September 30, 2021
			Foreign exchange movement	Amortized	Other (Note2)	Changes of lease payments	
Short-term loans	\$ 700,000	(505,445)	(110)	-	-	-	194,445
Long-term loans (including long term loans, current portion)	(1,600) (Note1)	400,000	-	213	-	-	398,613
Lease liabilities	69,158	(10,464)	(451)	-	24,327	-	82,570
Guarantee deposits	558	-	(11)	-	-	-	547
Total liabilities from financing activities	<u>\$ 768,116</u>	<u>(115,909)</u>	<u>(572)</u>	<u>213</u>	<u>24,327</u>	<u>-</u>	<u>676,175</u>

	January 1, 2020	Cash flows	Non-cash changes				September 30, 2020
			Foreign exchange movement	Amortized	Other	Changes of lease payments	
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
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>

(Note 1) Prepaid expense related to syndicated loan

(Note 2) Obtain (Reduce) 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, 2021	July to September, 2020	January to September, 2021	January to September, 2020
Short-term employee benefits	\$ 10,339	5,280	24,941	18,569
Post-employment benefits	170	104	382	311
Termination benefits	-	-	-	-
Other long-term benefits	-	-	-	-
Share-based payments	-	-	-	-
	<u>\$ 10,509</u>	<u>5,384</u>	<u>25,323</u>	<u>18,880</u>

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(8) Pledged Assets

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

<u>Pledged Assets</u>	<u>Purpose</u>	<u>September 30,2021</u>	<u>December 31,2020</u>	<u>September 30,2020</u>
Restricted time deposits-current	Guarantee for customs	\$ 1,534	1,525	1,554
Restricted time deposits-non-current	Performance guarantee	515	526	537
Property, plant and equipment – buildings	Guarantee for long-term loans	174,872	-	-
		<u>\$ 176,921</u>	<u>2,051</u>	<u>2,091</u>

(9) Commitments and Contingencies

- (a) As of September 30, 2021, December 31, 2020 and September 30, 2020, the Group's unused letters of credit for purchases of raw materials, machinery and equipment amounted to \$ 4,788, \$ 4,422 and \$ 7,445, respectively.
- (b) As of September 30, 2021, December 31, 2020 and September 30, 2020, the Group has signed contracts for the purchase of equipment. The unrecognized contingencies of contracts for the purchase of equipment amounted to \$ 7,647, \$ 1,995 and \$ 1,567, respectively.
- (c) As of September 30, 2021, the Group has signed contracts for the purchase of office. The unrecognized contingencies of contracts for the purchase of equipment amounted to \$ 6,127.

(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					
	2021			2020		
	Recorded as operating cost	Recorded as operating expenses	Total	Recorded as operating cost	Recorded as operating expenses	Total
By item						
Employee benefits (NOTE)	144,535	58,620	203,155	127,155	62,275	189,430
Depreciation	12,234	3,491	15,725	15,250	3,379	18,629
Amortization	71	228	299	69	293	362

By function	January to September					
	2021			2020		
	Recorded as operating cost	Recorded as operating expenses	Total	Recorded as operating cost	Recorded as operating expenses	Total
By item						
Employee benefits (NOTE)	390,523	180,556	571,079	360,805	188,845	549,650
Depreciation	37,725	10,537	48,262	48,147	9,768	57,915
Amortization	213	705	918	237	889	1,126

NOTE: The Government subsidy related to COVID-19 for the three months and nine months ended September 30, 2021 and 2020, amounted to \$7,832, \$ 1,259, \$7,832 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

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factors.

(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, 2021 were as follows :

- (i) Loans extended to other parties : None
- (ii) Guarantees provided to other parties: None
- (iii) Securities owned as of September 30, 2021 (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, 2021				Remarks
				Units (shares)	Carrying Value	Percentage of ownership	Fair value	
The Company	Ascendax Venture Capital Corp. stock	-	Financial assets at FVOCI—noncurrent	1,749,300	19,662	5.25%	19,662	-
The Company	Chenfeng Optronics Corp. stock	-	Financial assets at FVOCI—noncurrent	1,000,000	10,540	1.37%	10,540	-
The Company	Fubon Financial Holding Co., Ltd. Preferred Shares B	-	Financial assets at FVOCI—noncurrent	13,845	864	-	864	-
The Company	Innolux Corp. stock	-	Financial assets at FVOCI—current	1,147,089	19,501	0.01%	19,501	-
The Company	E.SUN Financial Holding Co., Ltd.	-	Financial assets at FVOCI—current	801,972	21,092	0.01%	21,092	-
The Company	Quanta Computer Inc. stock	-	Financial assets at FVOCI—current	699,000	54,172	0.02%	54,172	-
The Company	Synnex Technology International Co., Ltd. stock	-	Financial assets at FVOCI—current	890,000	46,458	0.05%	46,458	-
The Company	Pegatron Co., Ltd. stock	-	Financial assets at FVOCI—current	216,000	14,472	0.01%	14,472	-
The Company	Chicony electronics co., Ltd. stock	-	Financial assets at FVOCI—current	300,000	23,100	0.04%	23,100	-
The Company	Lite-On Technology Corp. stock	-	Financial assets at FVOCI—current	620,000	38,750	0.03%	38,750	-
The Company	MEGA FHC. stock	-	Financial assets at FVOCI—current	1,236,000	39,614	0.01%	39,614	-
The Company	Taiwan Cement Corp., Ltd. stock	-	Financial assets at FVOCI—current	790,000	40,290	0.01%	40,290	-
The Company	Coasia Microelectronics Corp. stock	-	Financial assets at FVOCI—current	459,345	5,834	0.32%	5,834	-
The Company	Shian Yih Electronic Co., Ltd. stock	-	Financial assets at FVOCI—current	480,000	10,536	0.78%	10,536	-
The Company	Becton, Dickinson and Company stock	-	Financial assets at FVOCI—current	2,000	13,692	0.01%	13,692	-
The Company	Dual Currency Investment contract	-	Financial assets at FVTPL—current	-	5,517	-	5,517	-
Ying Dar Investment Development Corp	Shian Yih Electronic Co., Ltd. stock	-	Financial assets at FVOCI—current	550,000	12,072	0.90%	12,072	-
Ying Dar Investment Development Corp	The Company's stock	The Company	Financial assets at FVOCI—noncurrent	5,346,672	95,438	3.29%	95,438	(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	8,670	0.65%	8,670	-
Bae Haw Investment Development Corp	The Company's stock	The Company	Financial assets at FVOCI—noncurrent	3,447,716	61,542	2.12%	61,542	(Note)
Ying Cheng Investment Corp.	Chenfeng Optronics Corp. stock	-	Financial assets at FVOCI—noncurrent	6,000,000	63,240	8.22%	63,240	-

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.

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- (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	Relationship	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	713,056	23.65%	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.	238,781	31.14%	(Note)
Emerging Display Technologies Corp., U.S.A.	The Company	Subsidiary of the Company	Purchase	713,056	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.	(238,781)	100.00%	(Note)
The Company	Dong Guan Emerging Display Limited	Sub-subsidiary of the Company	Purchase (processing cost)	123,581	6.00%	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.	(16,755)	3.47%	(Note)
Dong Guan Emerging Display Limited	The Company	Sub-subsidiary of the Company	Sale (processing revenue)	123,581	100.00%	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.	16,755	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	Relationship	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 238,781	4.31	-	-	31,976	-	(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	713,056 238,781	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.	23.15% 6.60%
0	The Company	Emerging Display Technologies Corp., U.S.A.	1	Selling expenses -Commission	21	No non-related-party transaction to compare to.	-
0	The Company	EDT-Europe ApS	1	Selling expenses -Commission Other payable	48,096 7,607	No non-related-party transaction to compare to.	1.56% 0.21%

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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	2,955	No non-related-party transaction to compare to.	0.10%
0	The Company	EDT-Japan Corp.	1	Selling expenses -Commission	10,280	No non-related-party transaction to compare to.	0.33%
0	The Company	Dong Guan Emerging Display Limited	1	Processing cost Accounts payable	123,581 16,755	No non-related-party transaction to compare to.	4.01% 0.46%

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, 2021 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, 2021	December 31, 2020	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%	90,031 (Note 1)	10,014	10,088	Subsidiary (Note 2)
The Company	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	180,503	180,503	5,984,071	78.49%	57,210	(20,473)	(16,069)	Subsidiary (Note 2)
The Company	EDT-Europe ApS	Denmark	Customer service and business support	2,077	2,077	125,000	100.00%	5,338	3,826	3,826	Subsidiary (Note 2)
The Company	Emerging Display Technologies Korea	Korea	Business support	1,677	1,677	58,212,500	100.00%	1,509	224	224	Subsidiary (Note 2)
The Company	EDT-Japan Corp.	Japan	Customer service and business support	17,401	17,401	5,000	100.00%	6,459	1,705	1,705	Subsidiary (Note 2)
The Company	Ying Dar Investment Development Corp.	Taiwan	Investment	89,000	89,000	8,900,000	100.00%	25,123	5,645	5,645	Subsidiary (Note 2)
The Company	Bae Haw Investment Development Corp.	Taiwan	Investment	89,000	89,000	8,900,000	100.00%	37,352	2,081	2,081	Subsidiary (Note 2)
The Company	Ying cheng Investment Corp.	Taiwan	Investment	84,000	84,000	8,400,000	52.50%	38,420	(12)	(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%	4,300	(20,473)	(1,208)	Subsidiary (Note 2)
Bae Haw Investment Development Corp.	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	25,488	25,488	870,000	11.41%	8,316	(20,473)	(2,336)	Subsidiary (Note 2)

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Notes to consolidated financial statements

Note 1: It was deducted unrealized profit from sales \$10,592.

Note 2: It was eliminated in the consolidation.

(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, 2021	Invested capital remitted from or repatriated to Taiwan		Accumulated amount invested in Mainland China as of September 30, 2021	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, 2021	Accumulated investment income repatriated to Taiwan as of September 30, 2021
					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)	(20,288)	95.80% (Note2)	loss of \$19,435 Based on the investee's financial statements audited by the same auditor as the Group (Note 3)	61,344 (Note4)	-

(ii) Limitation on investments in Mainland China:

Accumulated investment amount remitted from Taiwan to Mainland China as of September 30, 2021	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
193,131 (Note 8) (US\$6,934,668)(Note 5)	388,556 (Note 8) (US\$13,951,732)(Note 6)	1,302,130 (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 \$1,197 which was recognized by Ying Dar Investment Development Corp. and a loss of \$2,315 which was recognized by Bae Haw Investment Development Corp.

Note 4: The amount includes \$3,778 which was invested by Ying Dar Investment Development Corp. and \$7,306 which was invested by Bae Haw Investment Development Corp.

Note 5: The amount includes the remaining capital amounting to US\$188 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 \$72,337 for Ying Dar Investment Development Corp. and \$59,336 for Bae Haw Investment Development Corp.

Note 8: Transactions denominated in foreign currencies were recorded using the rate of exchange

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at September 30, 2021.

(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, 2021.

(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:

Shareholder's Name	Shareholding	Shares	Percentage
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.

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(14) Segment Information

Reportable segment information was as follows :

	July to September, 2021					Total
	Domestic	North America	Mainland China	Other operating Department	Adjustments and Eliminations	
Revenue:						
Sales to customers other than consolidated entities	\$ 776,663	316,717	-	854	-	1,094,234
Sales among consolidated entities	<u>300,612</u>	<u>-</u>	<u>52,747</u>	<u>18,979</u>	<u>(372,338)</u>	<u>-</u>
Total revenue	<u>\$ 1,077,275</u>	<u>316,717</u>	<u>52,747</u>	<u>19,833</u>	<u>(372,338)</u>	<u>1,094,234</u>
Segment Income	<u>\$ 79,875</u>	<u>9,395</u>	<u>(9,636)</u>	<u>2,938</u>	<u>2,004</u>	<u>84,576</u>

	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	<u>199,197</u>	<u>44</u>	<u>43,017</u>	<u>19,476</u>	<u>(261,734)</u>	<u>-</u>
Total revenue	<u>\$ 946,152</u>	<u>222,862</u>	<u>43,017</u>	<u>19,590</u>	<u>(261,734)</u>	<u>969,887</u>
Segment Income	<u>\$ 73,675</u>	<u>(224)</u>	<u>(3,641)</u>	<u>3,086</u>	<u>88</u>	<u>72,984</u>

	January to September, 2021					Total
	Domestic	North America	Mainland China	Other operating Department	Adjustments and Eliminations	
Revenue:						
Sales to customers other than consolidated entities	\$ 2,302,431	776,170	-	2,012	-	3,080,613
Sales among consolidated entities	<u>712,357</u>	<u>21</u>	<u>123,581</u>	<u>61,331</u>	<u>(897,290)</u>	<u>-</u>
Total revenue	<u>\$ 3,014,788</u>	<u>776,191</u>	<u>123,581</u>	<u>63,343</u>	<u>(897,290)</u>	<u>3,080,613</u>
Segment Income	<u>\$ 211,344</u>	<u>10,605</u>	<u>(20,734)</u>	<u>6,787</u>	<u>(4,643)</u>	<u>203,359</u>

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	January to September, 2020					
	Domestic	North America	Mainland China	Other operating Department	Adjustments and Eliminations	Total
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)	-
Total revenue	<u>\$ 2,781,243</u>	<u>959,979</u>	<u>129,405</u>	<u>58,634</u>	<u>(1,085,967)</u>	<u>2,843,294</u>
Segment Income	<u>\$ 239,347</u>	<u>10,871</u>	<u>(4,187)</u>	<u>4,805</u>	<u>(5,568)</u>	<u>245,268</u>
	Domestic	North America	Mainland China	Other operating Department	Adjustments and Eliminations	Total
Segment Assets						
September 30, 2021	<u>\$ 3,351,188</u>	<u>367,993</u>	<u>143,612</u>	<u>29,903</u>	<u>(274,998)</u>	<u>3,617,698</u>
December 31, 2020	<u>\$ 3,441,342</u>	<u>310,291</u>	<u>144,865</u>	<u>31,559</u>	<u>(318,868)</u>	<u>3,609,189</u>
September 30, 2020	<u>\$ 3,698,503</u>	<u>302,884</u>	<u>145,243</u>	<u>33,284</u>	<u>(300,047)</u>	<u>3,879,867</u>
Segment Liabilities						
September 30, 2021	<u>\$ 1,529,994</u>	<u>267,549</u>	<u>79,578</u>	<u>16,577</u>	<u>(264,585)</u>	<u>1,629,113</u>
December 31, 2020	<u>\$ 1,639,092</u>	<u>217,736</u>	<u>53,503</u>	<u>21,956</u>	<u>(303,663)</u>	<u>1,628,624</u>
September 30, 2020	<u>\$ 1,956,664</u>	<u>208,053</u>	<u>50,837</u>	<u>20,941</u>	<u>(281,147)</u>	<u>1,955,348</u>

The following is the explanation of material reconciliation item :

- (a) For the three and nine months ended September 30, 2021 and 2020, the operating segments revenue eliminated from the consolidated entities were \$ 372,338, \$ 261,734, \$ 897,290 and \$ 1,085,967, respectively.
- (b) For the three months and nine months ended September 30, 2021 and 2020, the operating segments profit and loss eliminated from the consolidated entities were loss \$2,004, loss \$88, profit \$4,643 and profit \$5,568, respectively.
- (c) As of September 30, 2021, December 31, 2020 and September 30, 2020, the operating segments assets eliminated from the consolidated entities were \$274,998, \$318,868 and \$300,047, respectively.
- (d) As of September 30, 2021, December 31, 2020 and September 30, 2020, the operating segments liabilities eliminated from the consolidated entities were \$264,585, \$303,663 and \$281,147, respectively.