

Stock Code : 3038

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

**EMERGING DISPLAY TECHNOLOGIES CORP. AND
SUBSIDIARIES**

**For the three months ended March 31, 2023 and 2022
(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 March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with ISRE 2410, "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 \$449,047 thousand and \$295,368 thousand, constituting 10.70% and 7.95% of consolidated total assets as of March 31, 2023 and 2022, respectively, total liabilities amounting to \$109,842 thousand and \$89,963 thousand, constituting 5.49% and 5.26% of consolidated total liabilities as of March 31, 2023 and 2022, respectively, and total comprehensive gain (loss) amounting to loss \$13,558 thousand and gain \$17,913 thousand, constituting (11.48)% and 15.06% of consolidated total comprehensive gain (loss) for the three months ended March 31, 2023 and 2022, 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 March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the audit resulting in this independent auditors’ review report are, Yung Hsiang, Chen and Yen Ta, Su.

KPMG

Taipei, Taiwan (Republic of China)

May 5, 2023

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

March 31, 2023, December 31, 2022, and March 31, 2022

(Reviewed, not audited)

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 ended March 31, 2023 and 2022

(Expressed in thousands of New Taiwan dollars, Except Earnings Per Share)

(Reviewed, not audited)

| | For the three months ended March 31 | | | |
|---|-------------------------------------|-----|------------|-----|
| | 2023 | | 2022 | |
| | Amount | % | Amount | % |
| Operating revenue (Note 6(v)) | \$ 1,132,253 | 100 | 1,027,899 | 100 |
| Operating cost (Notes 6(f, r and w) and 12) | 898,594 | 79 | 847,429 | 82 |
| Gross profit | 233,659 | 21 | 180,470 | 18 |
| Operating expenses (Notes 6(d, r and w) 7and 12) : | | | | |
| Selling expenses | 57,970 | 5 | 56,557 | 6 |
| General and administrative expenses | 36,975 | 3 | 37,892 | 4 |
| Research and development expenses | 30,923 | 3 | 28,613 | 3 |
| Expected credit impairment loss | (312) | - | (98) | - |
| Total operating expenses | 125,556 | 11 | 122,964 | 13 |
| Net other income and expenses(Note 6(x)) | 1,029 | - | 955 | - |
| Net operating income | 109,132 | 10 | 58,461 | 5 |
| Non-operating income and expenses(Notes 6(y)) : | | | | |
| Interest income | 10,610 | 1 | 112 | - |
| Other income | 2,062 | - | 1,624 | - |
| Other gains and losses | (14,383) | (2) | 33,600 | 3 |
| Finance costs | (4,088) | - | (2,196) | - |
| Total Non-operating income and expenses | (5,799) | (1) | 33,140 | 3 |
| Profit (loss) before income tax | 103,333 | 9 | 91,601 | 8 |
| Less: Income tax expense (Note 6(s)) | 13,735 | 1 | 14,078 | 1 |
| Profit (Loss) | 89,598 | 8 | 77,523 | 7 |
| 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 | 29,703 | 2 | 29,321 | 3 |
| Less : Income tax related to items that will not be reclassified subsequently (Note 6(s)) | - | - | (232) | - |
| | 29,703 | 2 | 29,553 | 3 |
| Items that may be reclassified subsequently to profit or loss | | | | |
| Exchange differences on translation of foreign financial statements | (1,226) | - | 11,887 | 1 |
| Less: Income tax related to items that will be reclassified subsequently (Note 6(s)) | - | - | - | - |
| | (1,226) | - | 11,887 | 1 |
| Other comprehensive income, net | 28,477 | 2 | 41,440 | 4 |
| Comprehensive income | 118,075 | 10 | 118,963 | 11 |
| Profit (loss) attributable to | | | | |
| Shareholders of the parent | 89,618 | 8 | 77,794 | 7 |
| Non-controlling interests | (20) | - | (271) | - |
| Net Profit (loss) | 89,598 | 8 | 77,523 | 7 |
| Comprehensive income attributable to : | | | | |
| Shareholders of the parent | 125,089 | 11 | 111,555 | 10 |
| Non-controlling interests | (7,014) | (1) | 7,408 | 1 |
| Total comprehensive income | \$ 118,075 | 10 | \$ 118,963 | 11 |
| Earnings per share (Note 6(u))(expressed in New Taiwan dollars) : | | | | |
| Basic earnings per share | \$ 0.60 | | \$ 0.52 | |
| Diluted earnings per share | \$ 0.60 | | \$ 0.52 | |

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 three months ended March 31, 2023 and 2022
(Expressed in thousands of New Taiwan dollars)
(Reviewed, not audited)

| | Equity attributable to shareholders of parent | | | | | Other equity interest | | Treasury stock | Total equity attributable to shareholders of parent | Non-controlling interests | Total Equity |
|--|---|-----------------|-----------------------|-------------------------|-------------------------|---|---|------------------|---|---------------------------|------------------|
| | Retained earnings | | | | | Exchange differences on translation of foreign financial statements | Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income | | | | |
| | Ordinary shares | Capital surplus | Legal capital reserve | Special capital reserve | Unappropriated earnings | | | | | | |
| Balance at January 1, 2022 | \$ 1,624,076 | 25,980 | 106,820 | 117,815 | 430,152 | (29,998) | (74,493) | (173,021) | 2,027,331 | 45,052 | 2,072,383 |
| Profit | - | - | - | - | 77,794 | - | - | - | 77,794 | (271) | 77,523 |
| Other comprehensive income | - | - | - | - | - | 11,532 | 22,229 | - | 33,761 | 7,679 | 41,440 |
| Total comprehensive income | - | - | - | - | 77,794 | 11,532 | 22,229 | - | 111,555 | 7,408 | 118,963 |
| Appropriation and distribution of retained earnings: | | | | | | | | | | | |
| Cash dividends of common stock | - | - | - | - | (188,889) | - | - | - | (188,889) | - | (188,889) |
| Proceeds from disposal equity instruments at FVOCI | - | - | - | - | 2,764 | - | (2,764) | - | - | - | - |
| Retirement of treasury stock | (50,000) | (739) | - | - | - | - | - | 50,739 | - | - | - |
| Return of employee stock ownership trust | - | 12 | - | - | - | - | - | - | 12 | - | 12 |
| Balance as of March 31, 2022 | \$ 1,574,076 | 25,253 | 106,820 | 117,815 | 321,821 | (18,466) | (55,028) | (122,282) | 1,950,009 | 52,460 | 2,002,469 |
| Balance at January 1, 2023 | \$ 1,574,076 | 35,840 | 132,078 | 104,491 | 661,214 | (4,429) | (115,914) | (122,282) | 2,265,074 | 62,769 | 2,327,843 |
| Profit | - | - | - | - | 89,618 | - | - | - | 89,618 | (20) | 89,598 |
| Other comprehensive income | - | - | - | - | - | (1,186) | 36,657 | - | 35,471 | (6,994) | 28,477 |
| Total comprehensive income | - | - | - | - | 89,618 | (1,186) | 36,657 | - | 125,089 | (7,014) | 118,075 |
| Appropriation and distribution of retained earnings: | | | | | | | | | | | |
| Cash dividends of common stock | - | - | - | - | (251,852) | - | - | - | (251,852) | - | (251,852) |
| Proceeds from disposal equity instruments at FVOCI | - | - | - | - | 561 | - | (561) | - | - | - | - |
| Return of employee stock ownership trust | - | 62 | - | - | - | - | - | - | 62 | - | 62 |
| Balance as of March 31, 2023 | \$ 1,574,076 | 35,902 | 132,078 | 104,491 | 499,541 | (5,615) | (79,818) | (122,282) | 2,138,373 | 55,755 | 2,194,128 |

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 years ended March 31, 2023 and 2022
(Expressed in thousands of New Taiwan Dollars)
(Reviewed, not audited)

| | For the three months ended March 31 | |
|---|--|-----------------|
| | 2023 | 2022 |
| Cash flows from (used in) operating activities : | | |
| Profit (Loss) before tax | \$ 103,333 | 91,601 |
| Adjustments : | | |
| Adjustments to reconcile profit (loss) : | | |
| Depreciation expense | 17,619 | 15,133 |
| Amortization expense | 330 | 332 |
| Expected credit impairment gain | (312) | (98) |
| Net (gains) losses on financial assets or liabilities at fair value through profit or loss | (3,626) | 73 |
| Interest expense | 4,088 | 2,196 |
| Interest income | (10,607) | (108) |
| Dividend income | (1,860) | (1,550) |
| Loss (gain) on disposal of property, plant, equipment | 17 | (385) |
| Unrealized foreign exchange loss (gain) | 3,186 | (12,378) |
| Others | 62 | 12 |
| Total adjustments to reconcile profit | 8,897 | 3,227 |
| Changes in operating assets and liabilities | | |
| Changes in operating assets: | | |
| Decrease in accounts receivable | 26,922 | 141,888 |
| Decrease in other notes and accounts receivable | 767 | 299 |
| Decrease (Increase) in inventories | 143,635 | (96,954) |
| Decrease in other current assets | 6,709 | 2,384 |
| Total net changes in operating assets | 178,033 | 47,617 |
| Changes in operating liabilities : | | |
| Increase (Decrease) in notes payable | 187 | (66) |
| (Decrease) Increase in accounts payable | (87,590) | 38,562 |
| Decrease in other payable | (103,697) | (41,992) |
| Increase (Decrease) in other current liabilities | 438 | (3,229) |
| Decrease in net defined benefit liability | (527) | (6,272) |
| Decrease in other non-current liabilities | (52) | (52) |
| Total changes in operating liabilities | (191,241) | (13,049) |
| Total changes in operating assets and liabilities | (13,208) | 34,568 |
| Total adjustments | (4,311) | 37,795 |
| Cash inflow generated from operations | 99,022 | 129,396 |
| Interest received | 8,525 | 66 |
| Dividends received | - | 34 |
| Interest paid | (3,986) | (2,604) |
| Income taxes paid | (618) | (430) |
| Net cash flows from (used in) operating activities | 102,943 | 126,462 |
| Cash flows from (used in) investing activities: | | |
| Acquisition of financial assets at fair value through other comprehensive income | (9,952) | (103,950) |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | - | 15,528 |
| Acquisition of financial assets at fair value through profit or loss | (30,870) | (10,000) |
| Proceeds from disposal of financial assets at fair value through profit or loss | - | 10,001 |
| Acquisition of property, plant and equipment | (22,008) | (9,535) |
| Proceeds from disposal of property, plant, equipment | 479 | 385 |
| Acquisition of intangible assets | (172) | (62) |
| Increase in Other financial assets | (8,235) | (241) |
| Net cash flows from (used in) investing activities | (70,758) | (97,874) |
| Cash flows from (used in) financing activities: | | |
| Decrease in short-term loans | (20,000) | - |
| Repayment of lease liabilities | (3,535) | (3,150) |
| Net cash flows from (used in) financing activities | (23,535) | (3,150) |
| Effects of changes in foreign exchange rates | (1,953) | 14,103 |
| Net increase in cash and cash equivalents | 6,697 | 39,541 |
| Cash and cash equivalents at beginning of period | 1,307,122 | 816,356 |
| Cash and cash equivalents at end of period | \$ 1,313,819 | 855,897 |

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 the Consolidated Financial Statements

For the three months ended March 31, 2023 and 2022

(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., Qianzhen 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 May 5, 2023.

(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, 2023:

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

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

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on the 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”
- IFRS16 “Requirements for Sale and Leaseback Transactions”
- Amendments to IAS 1 “Non current Liabilities with Covenants”

(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

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

applied in these consolidated financial statements is consistent with those applied in the consolidated financial statements for the year ended December 31, 2022. Please refer to Note 4 of 2022 consolidated financial statement for detail information.

(b) Basis of consolidation

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

| Name of investor | Name of the subsidiary | Business Activity | Percentage ownership | | | Remarks |
|--|--|---------------------------------------|----------------------|------------------|---------------|------------------|
| | | | March 31,2023 | December 31,2022 | March 31,2022 | |
| 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 |
| The Company | EDT-Europe ApS | Customer service and business support | 100.00% | 100.00% | 100.00% | Note |
| The Company | Emerging Display Technologies Korea | Sale of CTP and LCDs | 100.00% | 100.00% | 100.00% | Note |
| The Company | EDT-Japan Corp. | Customer service and business support | 100.00% | 100.00% | 100.00% | Note |
| The Company | Ying Dar Investment Development Corp. | Investment | 100.00% | 100.00% | 100.00% | Note |
| The Company | Bae Haw Investment Development Corp. | Investment | 100.00% | 100.00% | 100.00% | Note |
| The Company | Ying Cheng Investment Corp. | Investment | 52.50% | 52.50% | 52.50% | |
| Ying Dar Investment Development Corp. | Emerging Display International (Samoa) Corp. | Investment holding | 5.90% | 5.90% | 5.90% | Note |
| Bae Haw Investment Development Corp. | Emerging Display International (Samoa) Corp. | Investment holding | 11.41% | 11.41% | 11.41% | Note |
| Emerging Display International (Samoa) Corp. | Dong Guan Emerging Display Limited | Manufacturing of CTP and LCDs | 100.00% | 100.00% | 100.00% | Note |

Note : 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 all recognized as current income tax expense.

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.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(5) Significant accounting assumptions and judgments, and major sources of estimates 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, 2022.

(6) Explanation of significant accounting

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, 2022. Please refer to Note 6 of 2022 consolidated financial statements.

(a) Cash and cash equivalents

| | March 31,2023 | December 31,2022 | March 31,2022 |
|---------------------------|---------------------|---------------------|------------------|
| Cash and cash equivalents | \$ 405 | 325 | 479 |
| Demand deposits | 317,873 | 404,178 | 524,797 |
| Check deposits | 199 | 30 | 34 |
| Time deposits | 995,342 | 902,589 | 330,587 |
| Total | <u>\$ 1,313,819</u> | <u>1,307,122</u> | <u>855,897</u> |

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

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

| | March 31,2023 | December 31,2022 | March 31,2022 |
|--|------------------|---------------------|------------------|
| Current financial assets mandatorily measured at fair value through profit or loss : | | | |
| Open-end bond funds | \$ 30,540 | - | - |
| Forward exchange contract | - | - | 31 |
| Swap contract | 2,002 | 399 | - |
| Total | <u>\$ 32,542</u> | <u>399</u> | <u>31</u> |
| Current financial liabilities measured at fair value through profit or loss : | | | |
| Forward exchange contract | \$ - | - | 63 |
| Swap contract | - | 1,933 | - |
| Total | <u>\$ -</u> | <u>1,933</u> | <u>63</u> |

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

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

The abovementioned financial assets were not pledged as collateral.

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

Forward exchange contract :

| March 31,2023 | | | |
|---------------------------|--|-----------------|------------------------|
| | Contract amount (Thousand Dollar) | Currency | Maturity period |
| Swap contract | USD 4,000 | TWD to USD | 2023.4.12~2023.5.8 |
| December 31,2022 | | | |
| | Contract amount (Thousand Dollar) | Currency | Maturity period |
| Swap contract | USD 6,000 | TWD to USD | 2023.1.11~2023.3.13 |
| March 31,2022 | | | |
| | Contract amount (Thousand Dollar) | Currency | Maturity period |
| Forward exchange contract | | | |
| Sell | USD 1,000 | USD to CNY | 2022.4.6~2022.5.6 |

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

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

| | March 31,2023 | December 31,2022 | March 31,2022 |
|--|--------------------------|-----------------------------|--------------------------|
| Debt instruments at fair value through other comprehensive income— current : | | | |
| Corporate bonds— FORCAY | \$ 29,411 | 29,272 | - |
| Corporate bonds— TAISEM | 30,752 | 30,475 | - |
| Total | 60,163 | 59,747 | - |
| Equity instruments at fair value through other comprehensive income-current: | | | |
| Common stocks listed on domestic markets -current: | | | |
| Innolux Corp. | \$ 15,053 | 11,471 | 19,271 |
| Nan Ya Plastics Corporation | 23,250 | 21,300 | 9,320 |
| Pegatron Co., Ltd. | 15,055 | 13,716 | 15,638 |
| CoAsia Electronics Corp. | 5,391 | 5,556 | 6,109 |
| Quanta Computer Inc. | 62,281 | 50,538 | 61,722 |
| Shian Yih Electronic Co., Ltd. | 39,903 | 27,641 | 32,775 |
| Chicony Electronics Co., Ltd. | 28,590 | 25,890 | 26,940 |
| Lite-On Technology Corp. | 41,341 | 39,556 | 42,222 |

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

| | March 31,2023 | December 31,2022 | March 31,2022 |
|--|-------------------|---------------------|------------------|
| Mega Financial Holding Co., Ltd. | 41,808 | 38,450 | 53,024 |
| Taiwan Cement Corp., Ltd. | 31,629 | 29,240 | 39,421 |
| ASE Technology Holding Co., Ltd. | 33,187 | 27,701 | 30,533 |
| China Development Financial Holding Corp. | 22,590 | 22,680 | 13,440 |
| Advanced International Multitech Co.,Ltd | - | - | 23,610 |
| Evergreen Marine Corp. (Taiwan) Ltd. | 13,314 | 13,692 | 28,350 |
| Total | 373,392 | 327,431 | 402,375 |
| Total | <u>\$ 433,555</u> | <u>387,178</u> | <u>402,375</u> |
| Equity instruments at fair value through other comprehensive income-noncurrent: | | | |
| Common stocks unlisted on domestic markets – non-current: | | | |
| Ascendax Venture Capital Corp. | \$ 25,612 | 21,032 | 20,799 |
| Chenfeng Optronics Corp. | 116,830 | 133,910 | 109,200 |
| Total | 142,442 | 154,942 | 129,999 |
| Preference stocks listed on domestic markets- non-current : | | | |
| Fubon Financial Holding Co., Ltd | 838 | 796 | 870 |
| Total | <u>\$ 143,280</u> | <u>155,738</u> | <u>130,869</u> |

(i) Debt instruments at fair value through other comprehensive income

The Group has assessed that the above securities were held within a business model whose objective was achieved by both collecting contractual cash flows and selling securities. Therefore, they have been classified as debt instruments at fair value through other comprehensive income.

(ii) Equity instruments at fair value through other comprehensive income

The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for strategic purposes.

For the three months ended March 31, 2023 and 2022, the Group has recognized the dividend income of \$1,860 and \$1,550 from equity instruments designated at fair value through other comprehensive income, respectively.

For the three months ended March 31, 2023 and 2022, the Group with the objective of investment and financial management had sold financial assets at fair value of \$4,122 and \$15,528, respectively, and accumulated gain on disposal of investments were \$561 and \$2,764, respectively, which had been reclassified from other equity interest to retained earnings.

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 March 31, 2023, December 31, 2022 and March 31, 2022, the carrying amount of the listed stocks which were entrusted to financial institutions for security lending amounted to \$15,053, \$11,471 and \$19,271, respectively.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(d) Accounts receivable

| | March 31,2023 | December 31,2022 | March 31,2022 |
|---|-------------------|---------------------|------------------|
| Accounts receivable-measured as amortized cost | \$ 672,160 | 704,601 | 627,640 |
| Allowance for impairment | (984) | (6,119) | (5,751) |
| | <u>\$ 671,176</u> | <u>698,482</u> | <u>621,889</u> |

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 accounts receivable expected credit losses, accounts receivable 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 :

| March 31,2023 | | | |
|---------------------------|---|---|---|
| | Carrying amount of Accounts Receivable | Weighted-average expected credit loss rate | Loss allowance for lifetime expected credit losses |
| Current | \$ 637,200 | 0.12% | 745 |
| Overdue less than 90 days | 34,302 | 0.21% | 70 |
| Overdue 91~180 days | 658 | 25.68% | 169 |
| Overdue 181~270 days | - | - | - |
| Overdue 271~365 days | - | - | - |
| | <u>\$ 672,160</u> | | <u>984</u> |
| December 31,2022 | | | |
| | Carrying amount of Accounts Receivable | Weighted-average expected credit loss rate | Loss allowance for lifetime expected credit losses |
| Current | \$ 583,448 | 0.12% | 677 |
| Overdue less than 90 days | 111,988 | 0.55% | 617 |
| Overdue 91~180 days | - | - | - |
| Overdue 181~270 days | 4,343 | 0.07% | 3 |
| Overdue 271~365 days | - | - | - |
| Overdue 365 days | 4,822 | 100% | 4,822 |
| | <u>\$ 704,601</u> | | <u>6,119</u> |

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

| | March 31,2022 | | |
|---------------------------|---|--|--|
| | Carrying amount of Accounts Receivable | Weighted-average expected credit loss rate | Loss allowance for lifetime expected credit losses |
| Current | \$ 551,776 | 0.12% | 638 |
| Overdue less than 90 days | 68,861 | 0.42% | 289 |
| Overdue 91~180 days | 2,173 | 0.10% | 2 |
| Overdue 181~270 days | 8 | 0.10% | - |
| Overdue 271~365 days | - | - | - |
| Overdue 365 days | 4,822 | 100% | 4,822 |
| | <u>\$ 627,640</u> | | <u>5,751</u> |

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

| | For the three months ended March 31,2023 | For the three months ended March 31,2022 |
|--|--|--|
| Balance on January 1 | \$ 6,119 | 5,842 |
| Reversal of impairment loss | (312) | (98) |
| Write-off of account due to irrecoverable | (4,822) | - |
| Effect of changes in foreign currency exchange rates | (1) | 7 |
| Ending balance | <u>\$ 984</u> | <u>5,751</u> |

The abovementioned financial assets were not pledged as collateral.

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

(e) Other notes receivable and other receivables

| | March 31,2023 | December 31,2022 | March 31,2022 |
|--------------------------|------------------|---------------------|------------------|
| Loans to employee | \$ 625 | 795 | 1,305 |
| Interest receivable | 3,864 | 1,782 | 57 |
| Dividend receivable | 1,860 | - | 1,550 |
| Stock receivable | 4,122 | - | - |
| Others | 202 | 801 | 1,273 |
| Allowance for impairment | - | - | - |
| | <u>\$ 10,673</u> | <u>3,378</u> | <u>4,185</u> |

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

(f) Inventories

| | March 31,2023 | December 31,2022 | March 31,2022 |
|----------------------------|-------------------|---------------------|------------------|
| Raw materials and supplies | \$ 362,138 | 449,879 | 521,390 |
| Work in process | 282,327 | 287,408 | 425,935 |
| Finished goods | 231,308 | 279,878 | 207,389 |
| Inventories in transit | 23,714 | 27,449 | 1,990 |
| | <u>\$ 899,487</u> | <u>1,044,614</u> | <u>1,156,704</u> |

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Notes to consolidated financial statements

The details of cost of sales are as follows :

| | For the three months ended March 31,2023 | For the three months ended March 31,2022 |
|---|--|--|
| Reclassification to cost of sales and expenses | \$ 864,954 | 833,760 |
| Write down of inventories (Reversal of write downs) | 13,163 | (130) |
| Unamortized manufacturing expenses | 5,080 | 3,596 |
| Loss on scrap | 15,469 | 10,257 |
| Others | (72) | (54) |
| | <u><u>\$ 898,594</u></u> | <u><u>847,429</u></u> |

For the three months ended March 31, 2023, write down of inventories due to the reduction of inventories cost to the net realizable value was recognized as an addition of operating costs.

For the three months ended March 31, 2022, the previous write down inventories were sold, therefore, the net realizable value of inventories lowered than cost no longer existed. The reversal of write down was recognized as a reduction of operating costs.

Inventories were not pledged as collaterals.

(g) Other current assets

The details of other current assets are as follows :

| | March 31,2023 | December 31,2022 | March 31,2022 |
|--------------------------------------|-------------------------|----------------------|----------------------|
| Income tax refund receivable | \$ 2,240 | 3,347 | 2,173 |
| Prepayment for purchases | 11,634 | 11,649 | 6,403 |
| Prepaid expense | 7,124 | 5,974 | 6,606 |
| Prepaid sales tax | 36,120 | 36,779 | 28,768 |
| Restricted time deposits | 2,533 | 2,558 | 2,542 |
| Refundable deposits | 17,821 | 9,593 | 8,876 |
| Others | - | 4,843 | 4,150 |
| | <u><u>\$ 77,472</u></u> | <u><u>74,743</u></u> | <u><u>59,518</u></u> |
| Book as: | | | |
| Other current assets | \$ 67,893 | 65,150 | 50,642 |
| Other financial assets — non-current | 9,579 | 9,593 | 8,876 |
| | <u><u>\$ 77,472</u></u> | <u><u>74,743</u></u> | <u><u>59,518</u></u> |

The above mentioned restricted time deposits had been pledged as collateral. Please refer to note 8.

(h) Major non-controlling interests' share of subsidiaries

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

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

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| Name of subsidiaries | Principal place of business | Proportion of non-controlling interest voting equity | | |
|--|-----------------------------|--|------------------|---------------|
| | | March 31,2023 | December 31,2022 | March 31,2022 |
| 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. is as follows:

| | March 31,2023 | December 31,2022 | March 31,2022 |
|--|-------------------|------------------|----------------|
| Current asset | \$ 9,791 | 9,803 | 9,870 |
| Non-current asset | 100,140 | 114,780 | 93,600 |
| Current liability | (50) | (50) | (30) |
| Net asset | <u>\$ 109,881</u> | <u>124,533</u> | <u>103,440</u> |
| Non-controlling equity closing book amount | <u>\$ 52,194</u> | <u>59,153</u> | <u>49,134</u> |

| | For the three months ended March 31,2023 | For the three months ended March 31,2022 |
|---|--|--|
| Operating revenue | <u>\$ -</u> | <u>-</u> |
| Net loss | \$ (12) | (12) |
| Other comprehensive income | (14,640) | 15,420 |
| Comprehensive income | <u>\$ (14,652)</u> | <u>15,408</u> |
| Loss attributable to non-controlling interest | <u>\$ (6)</u> | <u>(6)</u> |
| Comprehensive income attributable to non-controlling interest | <u>\$ (6,960)</u> | <u>7,319</u> |

| | For the three months ended March 31,2023 | For the three months ended March 31,2022 |
|---|--|--|
| Cash flow from operating activities | \$ (12) | (32) |
| Cash flow from investing activities | - | - |
| Cash flow from financing activities | - | - |
| Net increase(decrease) in cash and cash equivalents | <u>\$ (12)</u> | <u>(32)</u> |

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

| | March 31,2023 | December 31,2022 | March 31,2022 |
|---|---|---|--------------------------|
| Current asset | \$ 149,136 | 164,617 | 123,368 |
| Non-current asset | 34,042 | 36,515 | 39,059 |
| Current liability | (98,393) | (113,663) | (75,625) |
| Non-current liability | - | (1,388) | (7,618) |
| Net asset | \$ 84,785 | 86,081 | 79,184 |
| Non-controlling equity closing book amount | | | |
| Current asset | \$ 3,561 | 3,616 | 3,326 |
| | For the three months ended March 31,2023 | For the three months ended March 31,2022 | |
| Operating revenue | \$ 50,411 | 54,762 | |
| Net loss | \$ (351) | (6,324) | |
| Other comprehensive income | (945) | 8,460 | |
| Comprehensive income | \$ (1,296) | 2,136 | |
| Loss attributable to non-controlling interest | \$ (14) | (265) | |
| Comprehensive income attributable to non-controlling interest | \$ (54) | 89 | |
| | For the three months ended March 31,2023 | For the three months ended March 31,2022 | |
| Cash flow from operating activities | \$ 5,752 | (6,736) | |
| Cash flow from investing activities | (9,011) | (985) | |
| Cash flow from financing activities | (1,973) | (1,837) | |
| Effects of changes in foreign exchange rates | 188 | 660 | |
| Net decrease in cash and cash equivalents | \$ (5,044) | (8,898) | |

(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, 2023 | \$ 39,122 | 1,119,400 | 2,399,606 | 38,265 | 213,744 | 3,810,137 |
| Additions | - | 3,379 | 1,916 | - | 11,322 | 16,617 |
| Reclassification | - | 718 | 5,634 | - | (6,352) | - |
| Disposals | - | (368) | (27,323) | (7,665) | (3,073) | (38,429) |
| Effect of changes in exchange rates | (120) | 447 | 1,051 | (16) | 26 | 1,388 |
| Balance at March 31, 2023 | \$ 39,002 | 1,123,576 | 2,380,884 | 30,584 | 215,667 | 3,789,713 |
| Balance at January 1, 2022 | \$ 23,268 | 1,055,674 | 2,373,003 | 28,388 | 157,510 | 3,637,843 |
| Additions | - | 522 | 9 | - | 7,610 | 8,141 |
| Disposals | - | - | - | - | (2,312) | (2,312) |

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

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| | Land | Building and construction | Machinery and equipment | Office equipment | Other | Total |
|-------------------------------------|------------------|------------------------------|----------------------------|---------------------|----------------|------------------|
| Effect of changes in exchange rates | 794 | 2,728 | 7,266 | 262 | 282 | 11,332 |
| Balance at March 31, 2022 | <u>\$ 24,062</u> | <u>1,058,924</u> | <u>2,380,278</u> | <u>28,650</u> | <u>163,090</u> | <u>3,655,004</u> |
| Depreciation: | | | | | | |
| Balance at January 1, 2023 | \$ - | 844,100 | 2,339,498 | 26,683 | 138,634 | 3,348,915 |
| Depreciation | - | 3,452 | 4,583 | 563 | 5,260 | 13,858 |
| Disposals | - | (246) | (27,323) | (7,665) | (2,699) | (37,933) |
| Effect of changes in exchange rates | - | 211 | 974 | (24) | 21 | 1,182 |
| Balance at March 31, 2023 | <u>\$ -</u> | <u>847,517</u> | <u>2,317,732</u> | <u>19,557</u> | <u>141,216</u> | <u>3,326,022</u> |
| Balance at January 1, 2022 | \$ - | 830,811 | 2,319,409 | 27,193 | 127,668 | 3,305,081 |
| Depreciation | - | 2,971 | 4,550 | 80 | 3,985 | 11,586 |
| Disposals | - | - | - | - | (2,312) | (2,312) |
| Effect of changes in exchange rates | - | 1,864 | 6,773 | 228 | 162 | 9,027 |
| Balance at March 31, 2022 | <u>\$ -</u> | <u>835,646</u> | <u>2,330,732</u> | <u>27,501</u> | <u>129,503</u> | <u>3,323,382</u> |
| Carrying amount: | | | | | | |
| Balance at January 1, 2023 | <u>\$ 39,122</u> | <u>275,300</u> | <u>60,108</u> | <u>11,582</u> | <u>75,110</u> | <u>461,222</u> |
| Balance at March 31, 2023 | <u>\$ 39,002</u> | <u>276,059</u> | <u>63,152</u> | <u>11,027</u> | <u>74,451</u> | <u>463,691</u> |
| Balance at January 1, 2022 | <u>\$ 23,268</u> | <u>224,863</u> | <u>53,594</u> | <u>1,195</u> | <u>29,842</u> | <u>332,762</u> |
| Balance at March 31, 2022 | <u>\$ 24,062</u> | <u>223,278</u> | <u>49,546</u> | <u>1,149</u> | <u>33,587</u> | <u>331,622</u> |

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 were as follows :

| | Land | Building and construction | Transportation equipment | Total |
|---|------------------|------------------------------|-----------------------------|----------------|
| Right-of-use assets cost: | | | | |
| Balance at January 1, 2023 | \$ 61,840 | 51,857 | 2,239 | 115,936 |
| Additions | - | - | 693 | 693 |
| Effect of changes in foreign exchange rates | - | 31 | 12 | 43 |
| Balance at March 31, 2023 | <u>\$ 61,840</u> | <u>51,888</u> | <u>2,944</u> | <u>116,672</u> |
| Balance at January 1, 2022 | \$ 66,409 | 51,684 | 658 | 118,751 |
| Additions | 106 | - | - | 106 |
| Disposals | (4,674) | (4,463) | - | (9,137) |
| Effect of changes in foreign exchange rates | - | 1,286 | 23 | 1,309 |
| Balance at March 31, 2022 | <u>\$ 61,841</u> | <u>48,507</u> | <u>681</u> | <u>111,029</u> |
| Depreciation: | | | | |
| Balance at January 1, 2023 | \$ 10,742 | 39,447 | 961 | 51,150 |
| Depreciation | 630 | 2,701 | 304 | 3,635 |
| Effect of changes in foreign exchange rates | - | 35 | 4 | 39 |
| Balance at March 31, 2023 | <u>\$ 11,372</u> | <u>42,183</u> | <u>1,269</u> | <u>54,824</u> |
| Balance at January 1, 2022 | \$ 8,204 | 32,761 | 311 | 41,276 |
| Depreciation | 648 | 2,667 | 70 | 3,385 |

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| | Land | Building and construction | Transportation equipment | Total |
|---|------------------|---------------------------|--------------------------|---------------|
| Disposals | - | (4,463) | - | (4,463) |
| Effect of changes in foreign exchange rates | - | 721 | 13 | 734 |
| Balance at March 31, 2022 | <u>\$ 8,852</u> | <u>31,686</u> | <u>394</u> | <u>40,932</u> |
| Carrying amount: | | | | |
| Balance at January 1, 2023 | <u>\$ 51,098</u> | <u>12,410</u> | <u>1,278</u> | <u>64,786</u> |
| Balance at March 31, 2023 | <u>\$ 50,468</u> | <u>9,705</u> | <u>1,675</u> | <u>61,848</u> |
| Balance at January 1, 2022 | <u>\$ 58,205</u> | <u>18,923</u> | <u>347</u> | <u>77,475</u> |
| Balance at March 31, 2022 | <u>\$ 52,989</u> | <u>16,821</u> | <u>287</u> | <u>70,097</u> |

(k) Investment property

Investment property includes 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 upon expiry. Subsequent lease term will consult with the lessee and didn't charge contingent rental. Please refer to Note 6(q) for information of the rental income.

Rental 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, 2023 | \$ 48,882 | 16,714 | 65,596 |
| Effect of changes in foreign exchange rates | (414) | (141) | (555) |
| Balance at March 31, 2023 | <u>\$ 48,468</u> | <u>16,573</u> | <u>65,041</u> |
| Balance at January 1, 2022 | \$ 44,059 | 15,065 | 59,124 |
| Effect of changes in foreign exchange rates | 1,504 | 514 | 2,018 |
| Balance at March 31, 2022 | <u>\$ 45,563</u> | <u>15,579</u> | <u>61,142</u> |
| Depreciation: | | | |
| Balance at January 1, 2023 | \$ - | 7,543 | 7,543 |
| Depreciation | - | 126 | 126 |
| Effect of changes in foreign exchange rates | - | (64) | (64) |
| Balance at March 31, 2023 | <u>\$ -</u> | <u>7,605</u> | <u>7,605</u> |
| Balance at January 1, 2022 | \$ - | 6,157 | 6,157 |
| Depreciation | - | 162 | 162 |
| Effect of changes in foreign exchange rates | - | 214 | 214 |
| Balance at March 31, 2022 | <u>\$ -</u> | <u>6,533</u> | <u>6,533</u> |
| Carrying amount: | | | |
| Balance at January 1, 2023 | <u>\$ 48,882</u> | <u>9,171</u> | <u>58,053</u> |
| Balance at March 31, 2023 | <u>\$ 48,468</u> | <u>8,968</u> | <u>57,436</u> |

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| | Land | Building and construction | Total |
|----------------------------|-----------|------------------------------|--------|
| Balance at January 1, 2022 | \$ 44,059 | 8,908 | 52,967 |
| Balance at March 31, 2022 | \$ 45,563 | 9,046 | 54,609 |

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, 2022.

The investment property was not pledged as collateral.

(I) Intangible assets

The movements of intangible assets were as follows:

| | Patent | Computer software cost | Golf membership card | Total amount |
|---|----------|---------------------------|-------------------------|-----------------|
| Initial cost: | | | | |
| Balance as of January 1, 2023 | \$ 3,203 | 9,057 | 2,750 | 15,010 |
| Individual acquisition | 146 | 26 | - | 172 |
| Disposals | (410) | - | - | (410) |
| Effects of changes in foreign exchange rates | - | (3) | - | (3) |
| Balance as of March 31, 2023 | \$ 2,939 | 9,080 | 2,750 | 14,769 |
| Balance as of January 1, 2022 | \$ 3,029 | 8,991 | - | 12,020 |
| Individual acquisition | 35 | 27 | - | 62 |
| Effects of changes in foreign exchange rates | - | 34 | - | 34 |
| Balance as of March 31, 2022 | \$ 3,064 | 9,052 | - | 12,116 |
| Amortization: | | | | |
| Balance as of January 1, 2023 | \$ 1,831 | 7,932 | - | 9,763 |
| Amortization | 72 | 258 | - | 330 |
| Disposals | (410) | - | - | (410) |
| Effects of changes in foreign exchange rates | - | (4) | - | (4) |
| Balance as of March 31, 2023 | \$ 1,493 | 8,186 | - | 9,679 |
| Balance as of January 1, 2022 | \$ 1,494 | 6,841 | - | 8,335 |
| Amortization | 67 | 265 | - | 332 |
| Effects of changes in foreign exchange rates | - | 33 | - | 33 |
| Balance as of March 31, 2022 | \$ 1,561 | 7,139 | - | 8,700 |
| Carrying amount: | | | | |
| Balance as of January 1, 2023 | \$ 1,372 | 1,125 | 2,750 | 5,247 |
| Balance as of March 31, 2023 | \$ 1,446 | 894 | 2,750 | 5,090 |
| Balance as of January 1, 2022 | \$ 1,535 | 2,150 | - | 3,685 |
| Balance as of March 31, 2022 | \$ 1,503 | 1,913 | - | 3,416 |

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The intangible assets of the group were not pledged as collateral.

(m) Short-term loans

The details of short-term loans were as follows:

| | March 31,2023 | December 31,2022 | March 31,2022 |
|-------------------------|---------------------|---------------------|------------------|
| Unsecured bank loans | <u>\$ 250,000</u> | <u>270,000</u> | <u>-</u> |
| Unused lines of credit | <u>\$ 1,581,852</u> | <u>1,565,680</u> | <u>1,989,000</u> |
| Range of interest rates | <u>1.36%~1.63%</u> | <u>1.21%~1.70%</u> | <u>-</u> |

Short-term loans were not pledged as collateral.

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

(n) Other payables

| | March 31,2023 | December 31,2022 | March 31,2022 |
|---|-------------------|---------------------|------------------|
| Salaries and bonus payables | \$ 75,211 | 166,390 | 68,985 |
| Employee remuneration payables | 32,618 | 27,018 | 19,460 |
| Directors' and supervisors' remuneration payables | 16,146 | 12,786 | 9,711 |
| Employee benefit liabilities | 32,530 | 31,402 | 31,383 |
| Dividends payable | 251,852 | - | 188,889 |
| Payables on equipment | 11,364 | 16,769 | 6,395 |
| Others | 110,717 | 133,558 | 111,594 |
| | <u>\$ 530,438</u> | <u>387,923</u> | <u>436,417</u> |

(o) Long-term loans

The details of long-term loans were as follows :

| | March 31,2023 | December 31,2022 | March 31,2022 |
|-----------------------------------|-------------------|---------------------|------------------|
| Commercial paper payable | \$ - | - | 400,000 |
| Secured bank loans | 400,000 | 400,000 | - |
| Less: discount on long-term loans | 907 | 987 | 2,102 |
| Total | <u>\$ 399,093</u> | <u>399,013</u> | <u>397,898</u> |
| Unused long-term credit lines | <u>\$ 400,000</u> | <u>400,000</u> | <u>400,000</u> |
| Range of interest rates | <u>1.8965%</u> | <u>1.8965%</u> | <u>1.4007%</u> |

The Group signed a 5-year syndicated loan contract with E-SUN bank and six other banks on 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 banks' own fund and \$600,000 by using Group-issued commercial paper guaranteed by the banks, and the combined credit line should not exceed \$800,000. According to the loan contract, 9 months after the date the contract was signed will be considered as the first appropriation date to calculate the revolving credit even if the credit line is unused after 9

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months. The credit line, with a total of five phases, decreases every 6 months, beginning the 36th month after the first appropriation date. The first to fourth phases of the total credit line amounting to \$800,000 will decrease by 12.5%, and the fifth phase will decrease by 50%. As the credit line decreases, the residual of the excess credit line will be repaid upon maturity. The Group issued a total of \$400,000 commercial paper on February 5, 2021. For the related information and concerned restricted terms, please refer to Note 6(o) of 2022 consolidated financial statements.

Assets pledged as collateral for long-term borrowings are disclosed in note 8.

(p) Lease liabilities

The details of lease liabilities were as follows :

| | <u>March 31,2023</u> | <u>December 31,2022</u> | <u>March 31,2022</u> |
|-------------|----------------------|-------------------------|----------------------|
| Current | \$ <u>12,655</u> | <u>13,418</u> | <u>11,208</u> |
| Non-Current | \$ <u>52,979</u> | <u>55,052</u> | <u>62,040</u> |

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

The amounts recognized in profit or loss were as follows :

| | <u>For the years ended March 31,2023</u> | <u>For the years ended March 31,2022</u> |
|---|--|--|
| Interest on lease liabilities | \$ <u>630</u> | <u>749</u> |
| Expenses relating to short-term leases | \$ <u>198</u> | <u>477</u> |
| Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets | \$ <u>64</u> | <u>186</u> |

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

| | <u>For the years ended March 31,2023</u> | <u>For the years ended March 31,2022</u> |
|-------------------------------|--|--|
| Total cash outflow for leases | \$ <u>4,222</u> | <u>4,485</u> |

(i) Lease of land, building and construction

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

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

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

(ii) Other leases

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

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

(q) Operating lease

There was no increase for operating lease for the three months ended March 31, 2023 and 2022, for detail of Investment property leases, please refer to Note 6(q) of the 2022 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, 2022 and 2021.

Cost recognized in expense was as below :

| | <u>For the years ended March 31,2023</u> | <u>For the years ended March 31,2022</u> |
|-------------------------------------|--|--|
| Operating cost | \$ 441 | 251 |
| Selling expenses | 32 | 15 |
| General and administrative expenses | 74 | 43 |
| Research and development expenses | <u>54</u> | <u>31</u> |
| | <u>\$ 601</u> | <u>340</u> |

(ii) Defined Contribution Plan

Cost recognized in expense was as below :

| | <u>For the years ended March 31,2023</u> | <u>For the years ended March 31,2022</u> |
|-------------------------------------|--|--|
| Operating cost | \$ 6,834 | 6,949 |
| Selling expenses | 1,650 | 1,725 |
| General and administrative expenses | 610 | 621 |
| Research and development expenses | <u>771</u> | <u>714</u> |
| | <u>\$ 9,865</u> | <u>10,009</u> |

(s) Income tax

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

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

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| | For the years ended March 31,2023 | For the years ended March 31,2022 |
|---|---|---|
| Current tax expense | | |
| Current | \$ 16,106 | 14,081 |
| Adjustment for prior periods | (1,932) | - |
| | <u>14,174</u> | <u>14,081</u> |
| Deferred tax expense (benefit) | | |
| Origination and reversal of temporary differences | (439) | (3) |
| | <u>(439)</u> | <u>(3)</u> |
| Income tax expense | <u>\$ 13,735</u> | <u>14,078</u> |

(ii) For the three months ended March 31,2023 and 2022 no income tax was recognized directly in equity.

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

| | For the years ended March 31,2023 | For the years ended March 31,2022 |
|---|--------------------------------------|--------------------------------------|
| Items that will not be reclassified subsequently to profit or loss : | | |
| Unrealized gains or losses from investments in equity instruments measured at FVOCI | \$ - | (232) |

(iv) Approval of income tax

The Company's income tax returns for all fiscal years up to 2021 have been examined and approved by the R.O.C. tax authority.

(t) Share capital and other equity

The Group had no share capital change for the three months ended March 31, 2023 and 2022 except below statement. Please refer to Note 6(t) of 2022 consolidated financial statements for detail information.

(i) Ordinary shares

As of March 31,2023, December 31,2022 and March 31, 2022, the authorized share capital of the Company amounted to \$3,500,000, comprising 350,000 thousand shares with a par value of New Taiwan dollars (TWD) 10 per share. Issued shares were both 157,408 thousand shares.

Reconciliation of shares issued by the Company was as follows:

| | Expressed in thousands of thousand shares | |
|-------------------------------|---|----------------|
| | Ordinary shares | |
| | 2023 | 2022 |
| Balance on January 1 | 157,408 | 162,408 |
| Retirement of treasury shares | - | (5,000) |
| Balance on March 31 | <u>157,408</u> | <u>157,408</u> |

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The 5,000 thousand treasury shares repurchased in 2019 to transfer to employees had been overdue, and therefore they were regarded as unissued. The Company retired the treasury shares based on a resolution approved during the board meeting held on January 12, 2022. The related registration procedures had been completed.

The weighted-average numbers of shares of common stock outstanding excluded treasury stock and the common stock held by the Company's subsidiaries were both 148,614 thousand shares.

(ii) Capital surplus

Capital surplus was as follows :

| | March 31,2023 | December 31,2022 | March 31,2022 |
|--|----------------------|-------------------------|----------------------|
| Treasury stock | \$ 35,317 | 35,317 | 24,764 |
| Disgorgement | 473 | 473 | 473 |
| Return of employee stock ownership trust | 112 | 50 | 16 |
| Total | \$ 35,902 | 35,840 | 25,253 |

(iii) Earnings distribution

The appropriations of earnings for 2022 and 2021 have been approved in the meeting of the board of directors held on March 9, 2023 and March 10, 2022, the appropriation and dividend per share were as follows :

| | 2022 | 2021 |
|--|---------------|-------------|
| Dividends distributed to ordinary shareholders (TWD) : | | |
| Cash | \$ 1.6 | 1.2 |

(iv) Other equity (net of tax)

| | Foreign exchange differences arising from foreign operation | Unrealized gains (losses) on financial assets measured at FVOCI | Total |
|--|--|--|-----------------|
| Balance at January 1, 2023 | \$ (4,429) | (115,914) | (120,343) |
| — Changes of the Group | (1,186) | 36,657 | 35,471 |
| Disposal of investments in equity instrument measured at FVOCI | - | (561) | (561) |
| Balance at March 31, 2023 | \$ (5,615) | (79,818) | (85,433) |

| | Foreign exchange differences arising from foreign operation | Unrealized gains (losses) on financial assets measured at FVOCI | Total |
|--|--|--|-----------------|
| Balance at January 1, 2022 | \$ (29,998) | (74,493) | (104,491) |
| — Changes of the Group | 11,532 | 22,229 | 33,761 |
| Disposal of investments in equity instrument measured at FVOCI | - | (2,764) | (2,764) |
| Balance at March 31, 2022 | \$ (18,466) | (55,028) | (73,494) |

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(v) Treasury stock

The changes of treasury stocks were as follows :

(Expressed in thousands of shares)

| <u>Reason to buy back</u> | <u>Beginning Shares</u> | <u>Increase shares</u> | <u>Decrease shares</u> | <u>Ending share</u> |
|-------------------------------|-------------------------|------------------------|------------------------|---------------------|
| January to March, 2022 | | | | |
| Transfer to employees | <u>5,000</u> | <u>-</u> | <u>(5,000)</u> | <u>-</u> |

In accordance with Article 28 2 of the Securities and Exchange Act requirements as stated above, the number of shares repurchased should not exceed 10 percent of all shares outstanding. Also, the value of the repurchased shares should not exceed the sum of the Company's retained earnings, share premium, and realized capital reserves. The aforementioned repurchased shares and amount did not exceed statutory limit.

As of March 31, 2023, December 31 and March 31, 2022, the costs of treasury stocks were \$0.

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 three months ended March 31, 2023 and 2022, Ying Dar Corp. and Bae Haw Corp. did not purchase or dispose any of the Company's shares. As of March 31, 2023, December 31 and March 31, 2022, 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 March 31, 2023, December 31 and March 31, 2022, their market values amounted to \$229,094, \$178,526 and \$167,972, respectively.

(u) Earnings per share

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

| | For the three months ended March 31 | |
|--|--|----------------|
| | 2023 | 2022 |
| Basic earnings per share | | |
| Profit attributable to owners of parent | <u>\$ 89,618</u> | <u>77,794</u> |
| Weighted-average number of ordinary shares at end of year (expressed in thousands of shares) | <u>148,614</u> | <u>148,614</u> |
| Expressed in New Taiwan dollars | <u>\$ 0.60</u> | <u>0.52</u> |
| Diluted earnings per share | | |
| Profit attributable to owners of parent | <u>\$ 89,618</u> | <u>77,794</u> |
| Weighted-average number of ordinary shares (expressed in thousands of shares) | 148,614 | 148,614 |
| Effect of potentially dilutive ordinary stock: | | |
| —Employee bonus (expressed in thousands of shares) | 1,060 | 835 |
| Weighted-average number of ordinary shares- diluted (expressed in thousands of shares) | <u>149,674</u> | <u>149,449</u> |
| Expressed in New Taiwan dollars | <u>\$ 0.60</u> | <u>0.52</u> |

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In computing above basic earnings (loss) per share of ordinary stock for the three months ended March 31, 2023 and 2022, 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.

(v) Revenue from Contracts with Customers

(i) Disaggregation of revenue

| For the three months ended March 31 | | | | |
|--|-------------------|----------------|----------------------------|------------------|
| 2023 | | | | |
| | Domestic | North America | Other operating department | Total |
| Primary geographical markets: | | | | |
| Europe | \$ 660,232 | - | 78 | 660,310 |
| USA | 4,405 | 175,757 | - | 180,162 |
| Others | 233,550 | 58,158 | 73 | 291,781 |
| Total | <u>\$ 898,187</u> | <u>233,915</u> | <u>151</u> | <u>1,132,253</u> |
| Major products: | | | | |
| Liquid crystal display modules | \$ 253,044 | 151,602 | - | 404,646 |
| Capacitive touch panel and capacitive touch panel module | 629,331 | 77,718 | - | 707,049 |
| Others | 15,812 | 4,595 | 151 | 20,558 |
| Total | <u>\$ 898,187</u> | <u>233,915</u> | <u>151</u> | <u>1,132,253</u> |
| For the three months ended March 31 | | | | |
| 2022 | | | | |
| | Domestic | North America | Other operating department | Total |
| Primary geographical markets: | | | | |
| Europe | \$ 573,533 | - | 82 | 573,615 |
| USA | 17 | 221,974 | - | 221,991 |
| Others | 177,929 | 54,303 | 61 | 232,293 |
| Total | <u>\$ 751,479</u> | <u>276,277</u> | <u>143</u> | <u>1,027,899</u> |
| Major products: | | | | |
| Liquid crystal display modules | \$ 243,354 | 110,053 | - | 353,407 |
| Capacitive touch panel and capacitive touch panel module | 485,688 | 147,619 | - | 633,307 |
| Others | 22,437 | 18,605 | 143 | 41,185 |
| Total | <u>\$ 751,479</u> | <u>276,277</u> | <u>143</u> | <u>1,027,899</u> |

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(ii) Contract balance

| | <u>March 31, 2023</u> | <u>December 31, 2022</u> | <u>March 31, 2022</u> |
|---|-----------------------|--------------------------|-----------------------|
| Accounts receivable (including related parties) | \$ 672,160 | 704,601 | 627,640 |
| Less: allowance for impairment | (984) | (6,119) | (5,751) |
| Total | <u>\$ 671,176</u> | <u>698,482</u> | <u>621,889</u> |
| Contract liability — Unearned revenue (recognized in other current liabilities) | <u>\$ 62,651</u> | <u>56,237</u> | <u>38,343</u> |

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

The amount of revenue recognized for the three months ended March 31, 2023 and 2022, that was included in the contract liability balance at the beginning of the period were \$7,105 and \$4,270 respectively.

(w) Employee's remuneration, and directors' 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' 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 bonuses. The aforementioned employee bonuses 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' amounted were as follows :

| | <u>For the three months ended March 31</u> | |
|-------------------------|--|--------------|
| | <u>2023</u> | <u>2022</u> |
| Employee's remuneration | <u>\$ 5,600</u> | <u>4,974</u> |
| Directors' remuneration | <u>\$ 3,360</u> | <u>2,984</u> |

The above amount were estimated as the Company's net income before tax, excluding remuneration of employees and remuneration of directors, 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 \$27,018 and \$14,486 for 2022 and 2021, respectively, and the accrued remuneration of directors' amounted to \$16,211 and \$8,691 respectively. Actual distribution had no difference with accrued amounts. The previous distribution of compensation to employees, remuneration of directors approved by Board of Directors for related information, please go to website: <http://emops.twse.com.tw>.

(x) Other operating income and expenses

Net other income (expenses) consists of rental income from investment property and lending space.

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Notes to consolidated financial statements

(y) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows :

| | For the three months ended March 31 | |
|---------------|-------------------------------------|------------|
| | 2023 | 2022 |
| Bank deposits | \$ 10,041 | 108 |
| Others | 569 | 4 |
| | <u>\$ 10,610</u> | <u>112</u> |

(ii) Other income

The details of other income were as follows :

| | For the three months ended March 31 | |
|-----------------|-------------------------------------|--------------|
| | 2023 | 2022 |
| Dividend income | \$ 1,860 | 1,550 |
| Others | 202 | 74 |
| | <u>\$ 2,062</u> | <u>1,624</u> |

(iii) Other gains and losses

Details of other gains and losses were as follows :

| | For the three months ended March 31 | |
|--|-------------------------------------|---------------|
| | 2023 | 2022 |
| Foreign exchange (losses) gains | \$ (12,945) | 33,535 |
| Net gains on disposal of financial assets (liabilities) measured at fair value through profit or loss | 1,684 | 328 |
| Net (losses) gains on disposal of property, plant and equipment | (17) | 385 |
| Others | (3,105) | (648) |
| | <u>\$ (14,383)</u> | <u>33,600</u> |

(iv) Finance cost

Details of finance costs were as follows :

| | For the three months ended March 31 | |
|-----------------------------------|-------------------------------------|--------------|
| | 2023 | 2022 |
| Interest expenses | | |
| Bank loans | \$ 3,408 | 1,397 |
| Lease liabilities | 630 | 749 |
| Management fee of syndicated loan | 50 | 50 |
| | <u>\$ 4,088</u> | <u>2,196</u> |

(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 2022 consolidated financial statements.

(i) Credit risk

1) Exposure to credit risk

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

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Notes to consolidated financial statements

2) Concentration of credit risk

As of March 31, 2023, three customers accounted for 45.73% of total accounts receivable balance. As of December 31 and March 31, 2022, two customer accounted for 38.90% and 32.98% of total accounts receivable balance.

3) Accounts receivable of credit risk

Please refer to Note 6(d) for notes receivable and accounts 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(c, 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.

| | <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> |
|--|----------------------------|--------------------------------------|------------------------------------|-------------------------------|------------------------------|------------------------------|------------------------------------|
| March 31, 2023 | | | | | | | |
| Non-derivative financial liabilities | | | | | | | |
| Secured Long-term loans | | | | | | | |
| (including long term loans, current portion)(floating rate) | \$ 399,093 | 421,095 | 3,242 | 3,803 | 7,586 | 406,464 | - |
| Unsecured short term borrowings | | | | | | | |
| (floating rate) | 250,000 | 250,764 | 250,764 | - | - | - | - |
| Accounts payable (no interest) | 493,828 | 493,828 | 493,828 | - | - | - | - |
| Notes payable (no interest) | 207 | 207 | 207 | - | - | - | - |
| Other payable (no interest) | 530,438 | 530,438 | 530,438 | - | - | - | - |
| Lease liability | | | | | | | |
| (fixed interest rate) | 65,634 | 92,456 | 7,964 | 6,770 | 4,744 | 10,870 | 62,108 |
| Guarantee deposits received (no interest) | 595 | 595 | - | - | 34 | 561 | - |
| | <u>\$ 1,739,795</u> | <u>1,789,383</u> | <u>1,286,443</u> | <u>10,573</u> | <u>12,364</u> | <u>417,895</u> | <u>62,108</u> |
| December 31, 2022 | | | | | | | |
| Non-derivative financial liabilities | | | | | | | |
| Secured Long-term loans | | | | | | | |
| (including long term loans, current portion)(floating rate) | \$ 399,013 | (423,506) | (3,741) | (3,824) | (7,607) | (408,334) | - |
| Unsecured short term borrowings | | | | | | | |
| (floating rate) | 270,000 | (270,854) | (270,854) | - | - | - | - |
| Accounts payable (no interest) | 581,980 | (581,980) | (581,980) | - | - | - | - |
| Notes payable (no interest) | 20 | (20) | (20) | - | - | - | - |
| Other payable (no interest) | 387,923 | (387,923) | (387,923) | - | - | - | - |
| Lease liability (fixed interest) | 68,470 | (95,830) | (8,222) | (7,405) | (6,521) | (10,805) | (62,877) |
| Guarantee deposits received (no interest) | 600 | (600) | - | - | (34) | (566) | - |

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Derivative financial liabilities

| | | | | | | | |
|---------------|---------------------|--------------------|--------------------|-----------------|-----------------|------------------|-----------------|
| Swap Contract | 1,933 | | | | | | |
| Cash in | | 93,835 | 93,835 | - | - | - | - |
| Cash out | | (92,130) | (92,130) | - | - | - | - |
| | \$ 1,709,939 | (1,759,008) | (1,251,035) | (11,229) | (14,162) | (419,705) | (62,877) |

March 31, 2022

Non-derivative financial liabilities

Secured Long-term loans

(including long term loans, current

| | | | | | | | |
|---|------------|-----------|-----------|---------|----------|-----------|----------|
| portion)(floating rate) | \$ 397,898 | (421,583) | (2,794) | (2,794) | (5,618) | (410,377) | - |
| Accounts payable(no interest) | 611,226 | (611,226) | (611,226) | - | - | - | - |
| Notes payable (no interest) | 20 | (20) | (20) | - | - | - | - |
| Other payable (no interest) | 436,417 | (436,417) | (436,417) | - | - | - | - |
| Lease liability (fixed interest rate) | 73,248 | (102,511) | (7,358) | (6,449) | (12,038) | (11,280) | (65,386) |
| Guarantee deposits received (no interest) | 561 | (561) | - | - | (561) | - | - |

Derivative financial liabilities

Forward exchange contract

| | | | | | | | |
|---------------------------|---------------------|--------------------|--------------------|----------------|-----------------|------------------|-----------------|
| Forward exchange contract | 63 | | | | | | |
| Cash in | | 28,601 | 28,601 | - | - | - | - |
| Cash out | | (28,625) | (28,625) | - | - | - | - |
| | \$ 1,519,433 | (1,572,342) | (1,057,839) | (9,243) | (18,217) | (421,657) | (65,386) |

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

(iii) Market Risk

1) Currency risk

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

| | March 31, 2023 | | | December 31, 2022 | | | March 31, 2022 | | |
|------------------------------|------------------|---------------|------------|-------------------|---------------|------------|------------------|---------------|------------|
| | Foreign currency | Exchange rate | TWD amount | Foreign currency | Exchange rate | TWD amount | Foreign currency | Exchange rate | TWD amount |
| Financial assets | | | | | | | | | |
| <u>Monetary items</u> | | | | | | | | | |
| USD | \$ 69,577 | 30.45 | 2,118,618 | 70,108 | 30.71 | 2,153,031 | 45,746 | 28.625 | 1,309,490 |
| JPY | 24,918 | 0.2288 | 5,701 | 3,900 | 0.2324 | 906 | 32,876 | 0.2353 | 7,736 |
| CNY | 5,307 | 4.431 | 23,516 | 5,426 | 4.408 | 23,916 | 1,674 | 4.5060 | 7,542 |
| EUR | 104 | 33.15 | 3,445 | 32 | 32.72 | 1,061 | 62 | 31.92 | 1,977 |
| <u>Non-monetary items</u> | | | | | | | | | |
| USD | 5,003 | 30.45 | 152,340 | 3,000 | 30.71 | 92,130 | 250 | 28.625 | 7,156 |
| Financial liabilities | | | | | | | | | |
| <u>Monetary items</u> | | | | | | | | | |
| USD | \$ 18,818 | 30.45 | 573,007 | 20,382 | 30.71 | 625,933 | 25,183 | 28.625 | 720,877 |
| JPY | 17,348 | 0.2288 | 3,969 | 16,711 | 0.2324 | 3,884 | 15,613 | 0.2353 | 3,674 |
| EUR | - | - | - | 119 | 32.72 | 3,884 | 43 | 31.92 | 1,381 |
| <u>Non-monetary items</u> | | | | | | | | | |
| USD | - | - | - | 3,000 | 30.71 | 92,130 | 750 | 28.625 | 21,469 |

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The Group's exposure to foreign currency risk arises from the translation of the cash and cash equivalents, accounts receivable, other receivables, financial assets and liabilities measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income, accounts payables, and other payables. As of March 31, 2023 and 2022, if the exchange rate of the TWD versus the USD, CNY, JPY, and EUR have increased or decreased by 1%, given no changes in other factors. For the three months ended March 31, 2023 and 2022, profit after tax would have increased or decreased by \$11,043 and \$4,551, and other comprehensive income after tax would have increased or decreased by \$481 and \$0, respectively. The analysis is performed on the same basis of prior year.

The Group has variety kinds of functional currencies, hence we use summarized method to disclose exchange gain (loss) of monetary items. For the three months ended March 31, 2023 and 2022, foreign exchange gain (including realized and unrealized) amounted to lose \$12,945 and gain \$33,535, respectively.

2) Interest rate analysis

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.

If interest rates on loans had increased or decreased by 0.25% with all other variables held constantly, Profit after tax for the three months ended March 31, 2023 and 2022 would have been decreased or increased by \$325 and \$200, respectively, mainly as a result of liabilities bearing floating interest rates.

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 three months ended March 31 | | | |
|--------------------------------|--------------------------------------|-------------------|--------------------------------------|-------------------|
| | 2023 | | 2022 | |
| | Other comprehensive income after tax | Net profit (loss) | Other comprehensive income after tax | Net profit (loss) |
| Increase 3% | \$ 16,946 | 733 | 15,999 | - |
| Decrease 3% | \$ (16,946) | (733) | (15,999) | - |

(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

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

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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.

| March 31, 2023 | | | | | |
|---|----------------------------|------------|---------|---------|---------|
| | Carrying Amount | Fair value | | | Amount |
| | | Level 1 | Level 2 | Level 3 | |
| Financial assets at FVTPL | | | | | |
| Swap contract | \$ 2,002 | - | 2,002 | - | 2,002 |
| Debt instrument with quoted market prices | 30,540 | 30,540 | - | - | 30,540 |
| Subtotal | <u>32,542</u> | | | | |
| Financial assets at FVOCI | | | | | |
| Debt instrument with quoted market prices | 60,163 | 60,163 | - | - | 60,163 |
| Equity instrument with quoted market prices | 374,230 | 374,230 | - | - | 374,230 |
| Equity instrument at fair value without quoted market prices | 142,442 | - | - | 142,442 | 142,442 |
| Subtotal | <u>576,835</u> | | | | |
| Financial assets at amortized cost | | | | | |
| Cash and cash equivalent | 1,313,819 | - | - | - | - |
| Account receivables | 671,176 | - | - | - | - |
| Other account receivables | 10,673 | - | - | - | - |
| Restricted deposit | 2,533 | - | - | - | - |
| Refundable deposits (recognized in other assets - noncurrent) | 17,821 | - | - | - | - |
| Subtotal | <u>2,016,022</u> | | | | |
| Total financial assets | <u>\$ 2,625,399</u> | | | | |
| Financial liabilities at amortized cost | | | | | |
| Bank loans | \$ 649,093 | - | - | - | - |
| Notes payable | 207 | - | - | - | - |
| Accounts payable | 493,828 | - | - | - | - |
| Other payable | 530,438 | - | - | - | - |
| Lease liabilities | 65,634 | - | - | - | - |
| Guarantee deposits | 595 | - | - | - | - |
| Total financial liabilities | <u>\$ 1,739,795</u> | | | | |

| December 31, 2022 | | | | | |
|--|--------------------|------------|---------|---------|---------|
| | Carrying Amount | Fair value | | | Amount |
| | | Level 1 | Level 2 | Level 3 | |
| Financial assets at FVTPL | | | | | |
| Swap contract | \$ 399 | - | 399 | - | 399 |
| Financial assets at FVOCI | | | | | |
| Debt instrument with quoted market prices | 59,747 | 59,747 | - | - | 59,747 |
| Equity instrument with quoted market prices | 328,227 | 328,227 | - | - | 328,227 |
| Equity instrument at fair value without quoted market prices | 154,942 | - | - | 154,942 | 154,942 |
| Subtotal | <u>542,916</u> | | | | |

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| | December 31, 2022 | | | | |
|---|---------------------|------------|---------|---------|--------|
| | Carrying Amount | Fair value | | | Amount |
| | | Level 1 | Level 2 | Level 3 | |
| Financial assets at amortized cost | | | | | |
| Cash and cash equivalent | 1,307,122 | - | - | - | - |
| Account receivables | 698,482 | - | - | - | - |
| Other notes receivable and other receivables | 3,378 | - | - | - | - |
| Restricted deposit | 2,558 | - | - | - | - |
| Refundable deposits (recognized in other assets - noncurrent) | 9,593 | - | - | - | - |
| Subtotal | 2,021,133 | | | | |
| Total financial assets | \$ 2,564,448 | | | | |
| Financial liabilities at FVTPL | | | | | |
| Swap contract | \$ 1,933 | - | 1,933 | - | 1,933 |
| Financial liabilities at amortized cost | | | | | |
| Bank loans | 669,013 | - | - | - | - |
| Notes payable | 20 | - | - | - | - |
| Accounts payable | 581,980 | - | - | - | - |
| Other notes payable and other payables | 387,923 | - | - | - | - |
| Lease liabilities | 68,470 | - | - | - | - |
| Guarantee deposits | 600 | - | - | - | - |
| Subtotal | 1,708,006 | | | | |
| Total financial liabilities | \$ 1,709,939 | | | | |

| | March 31, 2022 | | | | |
|---|---------------------|------------|---------|---------|---------|
| | Carrying Amount | Fair value | | | Amount |
| | | Level 1 | Level 2 | Level 3 | |
| Financial assets at FVTPL | | | | | |
| Forward exchange contracts | \$ 31 | - | 31 | - | 31 |
| Financial assets at FVOCI | | | | | |
| Equity instrument with quoted market prices | 403,245 | 403,245 | - | - | 403,245 |
| Equity instrument at fair value without quoted market prices | 129,999 | - | - | 129,999 | 129,999 |
| Subtotal | 533,244 | | | | |
| Financial assets at amortized cost | | | | | |
| Cash and cash equivalent | 855,897 | - | - | - | - |
| Account receivables | 621,889 | - | - | - | - |
| Other account receivables | 4,185 | - | - | - | - |
| Restricted deposit | 2,542 | - | - | - | - |
| Refundable deposits (recognized in other assets - noncurrent) | 8,876 | - | - | - | - |
| Subtotal | 1,493,389 | | | | |
| Total financial assets | \$ 2,026,664 | | | | |
| Financial liabilities at FVTPL | | | | | |
| Forward exchange contracts | \$ 63 | - | 63 | - | 63 |
| Financial liabilities at amortized cost | | | | | |
| Bank loans | \$ 397,898 | - | - | - | - |
| Notes payable | 20 | - | - | - | - |
| Account payable | 611,226 | - | - | - | - |
| Other payable | 436,417 | - | - | - | - |
| Lease liability | 73,248 | - | - | - | - |
| Guarantee deposits received | 561 | - | - | - | - |
| Subtotal | 1,519,370 | | | | |
| Total financial liabilities | \$ 1,519,433 | | | | |

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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 used in fair value determination

Non-derivative instruments

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

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

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

Derivative instruments

The fair value of Swap contracts and Forward exchange contract is based on quoted prices from the counterparty.

3) Transfer between level 1 and level 2

There was no transfer between the fair value hierarchy levels for the year ended March 31, 2023 and 2022.

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- 4) 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, 2023 | \$ | 154,942 |
| Recognized in other comprehensive income | | (12,500) |
| Balance at March 31, 2023 | \$ | 142,442 |
| Balance at January 1, 2022 | \$ | 112,586 |
| Recognized in other comprehensive income | | 17,413 |
| Balance at March 31, 2022 | \$ | 129,999 |

- 5) 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 fair value through other comprehensive income—equity investments without an active market | Discounted Cash Flow Method | <ul style="list-style-type: none"> Continuing growth rate (as of March 31, 2023, December 31, 2022 and March 31, 2022 was 1.44%) Weighted average cost of capital (as of March 31, 2023, December 31, 2022 and March 31, 2022 ranged from 13.7754% 、12.0298% and 9.01% respectively) Market illiquidity discount rate (as of March 31, 2023, December 31, 2022 and March 31, 2022 ranged from 32.51% 、33.76% and 53.63% respectively) Non-controlling interests discount rate (as of March 31, 2023, December 31, 2022 and March 31, 2022 was 29.48%) | <ul style="list-style-type: none"> If the continuing growth rate was higher, the estimated fair value would increase. If WACC were higher, the estimated fair value would decrease. If the market illiquidity discount rate was higher, the estimated fair value would decrease. If the non-controlling interests discount rate was higher, the estimated fair value would decrease. |

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| Item | Valuation technique | Significant unobservable inputs | Inter-relationship between significant unobservable inputs and fair value measurement |
|---|------------------------|---------------------------------|---|
| Financial assets at fair value through other comprehensive income-equity investments without an active market | Net Asset Value Method | • Net Asset Value | N/A |

6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumption

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 :

| | | Changes in fair value reflected in OCI | | |
|--|--------------------------|--|-----------|-------------|
| Inputs | Fluctuation in inputs | | Favorable | Unfavorable |
| March 31, 2023 | | | | |
| Continuing growth rate 1.44% | 0.1% | \$ | 630 | 700 |
| Weighted average cost of capital 13.7754% | 0.1% | | 1,050 | 1,050 |
| Market illiquidity discount rate 32.51% | 1% | | 1,750 | 1,750 |
| Non-controlling interests discount rate 29.48% | 1% | | 1,610 | 1,680 |
| December 31, 2022 | | | | |
| Continuing growth rate 1.44% | 0.1% | \$ | 910 | 910 |
| Weighted average cost of capital 12.0298% | 0.1% | | 1,470 | 1,470 |
| Market illiquidity discount rate 33.76% | 1% | | 2,030 | 2,030 |
| Non-controlling interests discount rate 29.48% | 1% | | 1,890 | 1,890 |
| March 31, 2022 | | | | |
| Continuing growth rate 1.44% | 0.1% | \$ | 1,260 | 1,190 |
| Weighted average cost of capital 9.01% | 0.1% | | 1,680 | 1,540 |
| Market illiquidity discount rate 53.63% | 1% | | 2,380 | 2,380 |
| Non-controlling interests discount rate 29.48% | 1% | | 1,540 | 1,540 |

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 2022 consolidated report. Please refer to Note 6(aa) of 2022 consolidated financial statements.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(ab) Capital management

The Group's capital management objectives, policies and procedures were compliance with 2022 consolidated financial statements. Further, there was no significant change of the summary quantitative information as disclosed in 2022 consolidated financial statements. Please refer to Note 6(ab) of 2022 consolidated financial statements.

(ac) 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 :

| | | | Non-cash changes | | | |
|--|--------------------|-----------------|---------------------------------|-----------|-----------------|-------------------|
| | January 1, 2023 | Cash flows | Foreign exchange movement | Amortized | Other (Note) | March 31, 2023 |
| Short-term loans | \$ 270,000 | (20,000) | - | - | - | 250,000 |
| Long-term loans (including long term loans, current portion) | 399,013 | - | - | 80 | - | 399,093 |
| Lease liabilities | 68,470 | (3,535) | 6 | - | 693 | 65,634 |
| Guarantee deposits | 600 | - | (5) | - | - | 595 |
| Total liabilities from financing activities | <u>\$ 738,083</u> | <u>(23,535)</u> | <u>1</u> | <u>80</u> | <u>693</u> | <u>715,322</u> |

| | | | Non-cash changes | | | |
|---|--------------------|----------------|---------------------------------|--------------|-----------------|-------------------|
| | January 1, 2022 | Cash flows | Foreign exchange movement | Amortized | Other (Note) | March 31, 2022 |
| Long-term loans (including long term loans, \$ current portion) | 398,349 | - | - | (451) | - | 397,898 |
| Lease liabilities | 80,374 | (3,150) | 592 | - | (4,568) | 73,248 |
| Guarantee deposits | 544 | - | 17 | - | - | 561 |
| Total liabilities from financing activities | <u>\$ 479,267</u> | <u>(3,150)</u> | <u>609</u> | <u>(451)</u> | <u>(4,568)</u> | <u>471,707</u> |

(Note) Obtain (Reduce) the right-of-use assets

(7) Transactions with Related Parties

Compensation of key management personnel

(i) The information on key management personnel compensation was as follows :

| | For the three months ended March 31 | |
|------------------------------|-------------------------------------|---------------|
| | 2023 | 2022 |
| Short-term employee benefits | \$ 11,443 | 11,047 |
| Post-employment benefits | 542 | 131 |
| | <u>\$ 11,985</u> | <u>11,178</u> |

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Notes to consolidated financial statements

(8) Pledged Assets

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

| Pledged Assets | Purpose | March 31,2023 | December 31,2022 | March 31,2022 |
|--|----------------------------------|--------------------------|-----------------------------|--------------------------|
| Restricted time deposits-current | Guarantee for customs | \$ 2,533 | 2,558 | 2,542 |
| Property, plant and equipment — buildings | Guarantee for long-term loans | 171,206 | 169,893 | 172,041 |
| | | <u>\$ 173,739</u> | <u>172,451</u> | <u>174,583</u> |

(9) Commitments and Contingencies:

As of March 31, 2023 and 2022, the Group has signed contracts for the purchase of equipments. The unrecognized contingencies of those contracts amounted to \$22,934 and \$3,498, respectively.

(10) Losses Due to Major Disasters: None

(11) Significant Subsequent Events: None

(12) Other

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

| By function | For the three months ended March 31 | | | | | |
|--------------------------|--|---|--------------|---|---|--------------|
| | 2023 | | | 2022 | | |
| | Recorded as operating cost | Recorded as operating expenses | Total | Recorded as operating cost | Recorded as operating expenses | Total |
| By item | | | | | | |
| Employee benefits (Note) | 142,001 | 79,441 | 221,442 | 143,420 | 72,843 | 216,263 |
| Depreciation | 13,599 | 4,020 | 17,619 | 11,975 | 3,158 | 15,133 |
| Amortization | 77 | 253 | 330 | 71 | 261 | 332 |

(b) Seasonal operation :

The operation of the Group hadn't been affected by either seasonal or periodical 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 three months ended March 31, 2023 were as follows :

- (i) Loans extended to other parties : None
- (ii) Guarantees provided to other parties: None

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(iii) Securities owned as of March 31, 2023 (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 | March 31, 2023 | | | | Remarks |
|--------------------------------------|---|---|--|----------------|----------------|-------------------------|------------|---------|
| | | | | Units (shares) | Carrying Value | Percentage of ownership | Fair value | |
| The Company | FTGF Western Asset Short Duration Blue Chip Bond Fund-A USD Acc USD | - | Financial assets at FVTPL – current | 8,202,773 | 30,540 | - | 30,540 | - |
| The Company | Corporate bonds FORCAY | - | Financial assets at FVOCI – current | - | 29,411 | - | 29,411 | - |
| The Company | Corporate bonds TAISEM | - | Financial assets at FVOCI – current | - | 30,752 | - | 30,752 | - |
| The Company | Ascendax Venture Capital Corp. stock | - | Financial assets at FVOCI – noncurrent | 1,924,230 | 25,612 | 5.25% | 25,612 | - |
| The Company | Chenfeng Optronics Corp. stock | - | Financial assets at FVOCI – noncurrent | 1,000,000 | 16,690 | 1.06% | 16,690 | - |
| The Company | Fubon Financial Holding Co., Ltd. Preferred Shares B | - | Financial assets at FVOCI – noncurrent | 13,845 | 838 | - | 838 | - |
| The Company | Innolux Corp. stock | - | Financial assets at FVOCI – current | 1,038,115 | 15,053 | 0.01% | 15,053 | - |
| The Company | Quanta Computer Inc. stock | - | Financial assets at FVOCI – current | 699,000 | 62,281 | 0.02% | 62,281 | - |
| The Company | Pegatron Co., Ltd. stock | - | Financial assets at FVOCI – current | 216,000 | 15,055 | 0.01% | 15,055 | - |
| The Company | Chicony Electronics Co., Ltd. stock | - | Financial assets at FVOCI – current | 300,000 | 28,590 | 0.04% | 28,590 | - |
| The Company | Lite-On Technology Corp. stock | - | Financial assets at FVOCI – current | 564,000 | 41,341 | 0.02% | 41,341 | - |
| The Company | Mega Financial Holding Co., Ltd. stock | - | Financial assets at FVOCI – current | 1,266,900 | 41,808 | 0.01% | 41,808 | - |
| The Company | Taiwan Cement Corp., Ltd. stock | - | Financial assets at FVOCI – current | 868,943 | 31,629 | 0.01% | 31,629 | - |
| The Company | ASE Technology Holding Co., Ltd. stock | - | Financial assets at FVOCI – current | 295,000 | 33,187 | 0.01% | 33,187 | - |
| The Company | Nan Ya Plastics Corporation. stock | - | Financial assets at FVOCI – current | 300,000 | 23,250 | - | 23,250 | - |
| The Company | China Development Financial Holding Corp. stock | - | Financial assets at FVOCI – current | 1,800,000 | 22,590 | 0.01% | 22,590 | - |
| The Company | Evergreen Marine Corp. (Taiwan) Ltd. stock | - | Financial assets at FVOCI – current | 84,000 | 13,314 | - | 13,314 | - |
| The Company | Coasia Microelectronics Corp. stock | - | Financial assets at FVOCI – current | 470,827 | 5,391 | 0.32% | 5,391 | - |
| The Company | Shian Yih Electronic Co., Ltd. stock | - | Financial assets at FVOCI – current | 480,000 | 13,584 | 0.78% | 13,584 | - |
| Ying Dar Investment Development Corp | Shian Yih Electronic Co., Ltd. stock | - | Financial assets at FVOCI – current | 550,000 | 15,565 | 0.90% | 15,565 | - |
| Ying Dar Investment Development Corp | The Company's stock | The Company | Financial assets at FVOCI – noncurrent | 5,346,672 | 139,281 | 3.40% | 139,281 | (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 | 380,000 | 10,754 | 0.62% | 10,754 | - |
| Bae Haw Investment Development Corp | The Company's stock | The Company | Financial assets at FVOCI – noncurrent | 3,447,716 | 89,813 | 2.19% | 89,813 | (Note) |
| Ying Cheng Investment Corp. | Chenfeng Optronics Corp. stock | - | Financial assets at FVOCI – noncurrent | 6,000,000 | 100,140 | 6.38% | 100,140 | - |

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 | 215,512 | 19.33% | 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. | 208,945 | 27.92% | (Note) |
| Emerging Display Technologies Corp., U.S.A. | The Company | Subsidiary of the Company | Purchase | 215,512 | 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. | (208,945) | 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 | Status | | | |
| The Company | Emerging Display Technologies Corp., U.S.A. | Subsidiary of the Company | Account receivables of 208,945 | 3.50 | - | - | 53,236 | - | (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 1) | 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 payable | 215,512 208,945 | 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. | | 19.03% 4.98% |
| 0 | The Company | EDT-Europe ApS | 1 | Selling expenses-Commission Other payable | 20,361 5,341 | No non-related-party transaction to compare to. | | 1.80% 0.13% |
| 0 | The Company | Emerging Display Technologies Korea | 1 | Selling expenses-Commission | 975 | No non-related-party transaction to compare to. | | 0.09% |
| 0 | The Company | EDT-Japan Corp. | 1 | Selling expenses-Commission | 3,188 | No non-related-party transaction to compare to. | | 0.28% |
| 0 | The Company | Dong Guan Emerging Display Limited | 1 | Processing cost Accounts payable (Note 2) | 50,411 4,397 | No non-related-party transaction to compare to. | | 4.55% 0.10% |

Note 1 : Relationship notes as follows :

- 1) Parent Group to subsidiary
- 2) Subsidiary to parent Group
- 3) Subsidiary to subsidiary

Note 2 : The group's sales of raw material (including the group purchased on behalf of the related parties) and semi finished products to Dong Guan Emerging Display Limited were considered as contracted processing. The relative resulting transactions listed in accounts receivable (payable).

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(b) Information on investees (excluding information on investees in Mainland China) :

Relevant information about investees for the three months ended March 31, 2023 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 |
|---------------------------------------|--|----------|---------------------------------------|-----------------------------|-------------------|-------------------------|------------------|------------------|-----------------------------------|-------------------------------------|--------------------|
| | | | | March 31, 2023 | December 31, 2022 | 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% | 100,164 (Note 1) | (1,536) | (1,787) | Subsidiary (Note2) |
| The Company | Emerging Display International (Samoa) Corp. | Samoa | Investment holding | 180,503 | 180,503 | 5,984,071 | 78.49% | 66,548 | (351) | (276) | Subsidiary (Note2) |
| The Company | EDT-Europe ApS | Denmark | Customer service and business support | 71,172 | 71,172 | 1,825,000 | 100.00% | 79,915 | 63 | 63 | Subsidiary (Note2) |
| The Company | Emerging Display Technologies Korea | Korea | Business support | 1,677 | 1,677 | 58,212,500 | 100.00% | 1,584 | 54 | 54 | Subsidiary (Note2) |
| The Company | EDT-Japan Corp. | Japan | Customer service and business support | 17,401 | 17,401 | 5,000 | 100.00% | 6,828 | 328 | 328 | Subsidiary (Note2) |
| The Company | Ying Dar Investment Development Corp. | Taiwan | Investment | 89,000 | 89,000 | 8,900,000 | 100.00% | 31,712 | (33) | (33) | Subsidiary (Note2) |
| The Company | Bae Haw Investment Development Corp. | Taiwan | Investment | 89,000 | 89,000 | 8,900,000 | 100.00% | 44,413 | (52) | (52) | Subsidiary (Note2) |
| The Company | Ying Cheng Investment Corp. | Taiwan | Investment | 84,000 | 84,000 | 8,400,000 | 52.50% | 57,687 | (12) | (6) | Subsidiary (Note2) |
| Ying Dar Investment Development Corp. | Emerging Display International (Samoa) Corp. | Samoa | Investment holding | 13,234 | 13,234 | 450,000 | 5.90% | 5,002 | (351) | (21) | Subsidiary (Note2) |
| Bae Haw Investment Development Corp. | Emerging Display International (Samoa) Corp. | Samoa | Investment holding | 25,488 | 25,488 | 870,000 | 11.41% | 9,674 | (351) | (40) | Subsidiary (Note2) |

Note1: It was deducted unrealized profit from sales \$18,351.

Note2: It was eliminated in the consolidation.

(c) Information on investments 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 Jan. 1, 2023 | Invested capital remitted from or repatriated to Taiwan | | Accumulated amount invested in Mainland China as of March. 31, 2023 | 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 March. 31, 2023 | Accumulated investment income repatriated to Taiwan as of March. 31, 2023 |
|------------------------------------|---------------------------------------|-------------------------|---|--|---|--------------|---|------------------------|---|---|--|---|
| | | | | | 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) | (343) | 95.80% (Note2) | loss of \$328 Based on the investee's financial statements audited by the same auditor as the Group (Note3) | 71,820 (Note4) | - |

(ii) Limitation on investments in Mainland China :

| Accumulated investment amount remitted from Taiwan to Mainland China as of March 31, 2023 | 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 |
|---|---|--|
| 211,161 (Note8) (USD6,934,668) (Note5) | 424,830 (Note8) (USD13,951,732) (Note6) | 1,466,155 (Note7) |

Note1 : 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.

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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 \$20 which was recognized by Ying Dar Investment Development Corp. and a loss of \$40 which was recognized by Bae Haw Investment Development Corp.

Note 4 : The amount includes \$4,423 which was invested by Ying Dar Investment Development Corp. and \$8,554 which was invested by Bae Haw Investment Development Corp.

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

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

Note 7 : The amount includes \$102,596 for Ying Dar Investment Development Corp. and \$80,535 for Bae Haw Investment Development Corp.

Note 8 : Transactions denominated in foreign currencies were recorded using the rate of exchange at March 31, 2023.

(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 three months ended March 31, 2023.

(d) Major shareholder :

| Shareholder's Name | Shareholding | Shares | Percentage |
|--------------------|--------------|------------|------------|
| Tseng, Jui-Ming | | 11,043,723 | 7.01% |

Note1: 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 financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note2: 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 :

| For the three months ended March 31 | | | | | | |
|---|---------------------|----------------|----------------|----------------------------|------------------------------|------------------|
| 2023 | | | | | | |
| | Domestic | North America | Mainland China | Other operating Department | Adjustments and Eliminations | Total |
| Revenue: | | | | | | |
| Sales to customers other than consolidated entities | \$ 898,187 | 233,915 | - | 151 | - | 1,132,253 |
| Sales among consolidated entities | 216,860 | - | 50,411 | 24,524 | (291,795) | - |
| Total revenue | \$ 1,115,047 | 233,915 | 50,411 | 24,675 | (291,795) | 1,132,253 |
| Segment Income | \$ 107,859 | (1,963) | 43 | 616 | (3,222) | 103,333 |
| For the three months ended March 31 | | | | | | |
| 2022 | | | | | | |
| | Domestic | North America | Mainland China | Other operating Department | Adjustments and Eliminations | Total |
| Revenue: | | | | | | |
| Sales to customers other than consolidated entities | \$ 751,479 | 276,277 | - | 143 | - | 1,027,899 |
| Sales among consolidated entities | 269,771 | - | 54,762 | 18,619 | (343,152) | - |
| Total revenue | \$ 1,021,250 | 276,277 | 54,762 | 18,762 | (343,152) | 1,027,899 |
| Segment Income | \$ 95,401 | 1,725 | (6,347) | (420) | 1,242 | 91,601 |
| | Domestic | North America | Mainland China | Other operating Department | Adjustments and Eliminations | Total |
| Segment Assets | | | | | | |
| March 31,2023 | \$ 3,808,164 | 333,440 | 173,362 | 102,832 | (222,357) | 4,195,441 |
| December 31,2022 | \$ 3,907,668 | 417,953 | 191,306 | 110,272 | (341,426) | 4,285,773 |
| March 31,2022 | \$ 3,457,351 | 354,649 | 153,357 | 21,016 | (273,302) | 3,713,071 |
| Segment Liabilities | | | | | | |
| March 31,2023 | \$ 1,892,276 | 214,925 | 98,393 | 14,401 | (218,682) | 2,001,313 |
| December 31,2022 | \$ 1,849,373 | 296,874 | 115,050 | 22,930 | (326,297) | 1,957,930 |
| March 31,2022 | \$ 1,620,455 | 247,312 | 83,243 | 11,028 | (251,436) | 1,710,602 |

The following is the explanation of material reconciliation item :

- For the three months ended March 31, 2023 and 2022, the operating segments revenue eliminated from the consolidated entities were \$291,795 and \$343,152, respectively.
- For the three months ended March 31, 2023 and 2022, the operating segments profit and loss eliminated from the consolidated entities were \$3,222 and \$1,242, respectively.
- As of March 31, 2023, December 31, 2022 and March 31, 2022, the operating segments assets eliminated from the consolidated entities were \$222,357, \$341,426 and \$273,302, respectively.
- As of March 31, 2023, December 31, 2022 and March 31, 2022, the operating segments liabilities eliminated from the consolidated entities were \$218,682, \$326,297 and \$251,436, respectively.