

Stock Code : 3038

(English Translation of Financial Report Originally Issued in Chinese)

**EMERGING DISPLAY TECHNOLOGIES CORP. AND  
SUBSIDIARIES**

**For the nine months ended September 30, 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 September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and the nine months ended September 30, 2023 and 2022, and changes in equity and cash flows for the nine months ended September 30, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed 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 \$478,100 thousand and \$460,534 thousand, constituting 11.38% and 11.53% of consolidated total assets as of September 30, 2023 and 2022, respectively, total liabilities amounting to \$112,160 thousand and \$123,237 thousand, constituting 6.91% and 7.11% of consolidated total liabilities as of September 30, 2023 and 2022, respectively, and total comprehensive income amounting to gain \$32,880 thousand, gain \$35,704 thousand, gain \$5,406 thousand and gain \$59,470 thousand, constituting 15.70%, 19.71%, 1.11% and 16.18% of consolidated total comprehensive income for the three months and the nine months ended September 30, 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 September 30, 2023 and 2022, and its consolidated financial performance for the three months and nine months ended September 30, 2023 and 2022, as well as its consolidated cash flow for the nine months ended September 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)

November 2, 2023

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

**Consolidated Balance Sheets**

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

**(Expressed in thousands of New Taiwan Dollars)**

(Reviewed, not audited)

Assets		September 30,2023		December 31,2022		September 30,2022		Liabilities and Equity		September 30,2023		December 31,2022		September 30,2022			
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%		
Current assets :								Current liabilities :									
1100	Cash and cash equivalents (Note 6(a))	\$	1,316,587	31	1,307,122	30	1,066,283	27	2100	Short-term loans (Note 6(m))	\$	-	-	270,000	6	60,000	2
1110	Financial assets at fair value through profit or loss, current (Note 6(b))		93,642	2	399	-	5,461	-	2120	Financial liability at fair value through profit and loss (Note 6(b))		-	-	1,933	-	-	-
1120	Financial assets at fair value through other comprehensive income, current (Note 6(c))		375,855	9	387,178	9	320,218	8	2150	Notes payable		20	-	20	-	33	-
1170	Accounts receivable, net (Note 6(d) and (v))		748,891	18	698,482	16	728,413	18	2170	Accounts payable		541,043	13	581,980	14	565,694	14
1200	Other receivables (Notes 6(e))		2,602	-	3,378	-	1,498	-	2200	Other note and accounts payables (Note 6(n))		367,346	9	387,923	9	381,010	10
1220	Income tax assets		428	-	252	-	291	-	2230	Income tax liabilities		83,825	2	84,754	2	81,203	2
130X	Inventories (Note 6(f))		809,287	19	1,044,614	24	1,101,898	28	2280	Lease liabilities, current (Notes 6(p))		7,891	-	13,418	-	13,623	-
1470	Other current assets (Notes 6(g) and 8)		63,911	2	65,150	2	68,209	2	2300	Other current liabilities (Notes 6(v))		84,273	2	72,058	2	81,927	2
Total current assets			3,411,203	81	3,506,575	81	3,292,271	83	Total current liabilities			1,084,398	26	1,412,086	33	1,183,490	30
Non-current assets :								Non-current liabilities :									
1517	Financial assets at fair value through other comprehensive income, non-current (Note 6(c))		146,390	3	155,738	4	172,281	4	2540	Long-term loans (Notes 6(o) and 8)		398,180	10	399,013	9	397,959	10
1600	Property, plant and equipment (Notes 6(i) ,8 and 9)		489,865	12	461,222	11	364,355	9	2570	Deferred income tax liabilities		-	-	-	-	8	-
1755	Right-of-use assets (Notes 6(j))		55,483	1	64,786	2	68,269	1	2580	Lease liabilities, non-current (Notes 6(p))		51,459	1	55,052	1	58,186	1
1760	Investment property (Notes 6(k) and (q))		60,655	2	58,053	1	60,203	2	2640	Net defined benefit liabilities, non-current		89,210	2	90,867	3	91,926	2
1780	Intangible assets (Note 6(l))		4,613	-	5,247	-	5,522	-	2645	Guarantee deposits received		629	-	600	-	619	-
1840	Deferred income tax assets		24,557	1	24,559	1	21,741	1	2670	Other non-current liabilities — other		156	-	312	-	364	-
1980	Other non-current financial assets (Notes 6(g))		9,614	-	9,593	-	9,535	-	Total non-current liabilities			539,634	13	545,844	13	549,062	13
Total non-current assets			791,177	19	779,198	19	701,906	17	Total liabilities			1,624,032	39	1,957,930	46	1,732,552	43
								Equity attributable to owners of parent (Note 6(t)) :									
								3100	Ordinary shares		1,574,076	37	1,574,076	37	1,574,076	39	
								3200	Capital surplus		50,291	1	35,840	1	35,840	1	
								3300	Retained earnings		1,092,156	26	897,783	21	821,870	21	
								3400	Other equity interest		(72,097)	(2)	(120,343)	(3)	(117,575)	(3)	
								3500	Treasury stock		(122,282)	(3)	(122,282)	(3)	(122,282)	(3)	
								Total equity attributable to shareholders of the parent			2,522,144	59	2,265,074	53	2,191,929	55	
								36XX	Non-controlling interests (Note 6(h))		56,204	2	62,769	1	69,696	2	
Total assets		\$	4,202,380	100	4,285,773	100	3,994,177	100	Total equity			2,578,348	61	2,327,843	54	2,261,625	57
								Total liabilities and equity			\$	4,202,380	100	4,285,773	100	3,994,177	100

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)  
**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**For the three months and the nine months ended September 30, 2023 and 2022**  
**(Expressed in thousands of New Taiwan dollars, Except Earnings Per Share)**  
**(Reviewed, not audited)**

	For the three months ended September 30				For the nine months ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Operating revenue (Note 6(v))</b>	\$ 1,119,509	100	1,276,124	100	3,456,925	100	3,501,279	100
<b>Operating cost (Notes 6(f, r and w) and 12)</b>	853,017	76	1,026,394	80	2,705,317	78	2,831,353	81
<b>Gross profit</b>	266,492	24	249,730	20	751,608	22	669,926	19
<b>Operating expenses (Notes 6(d, r and w) 7and 12) :</b>								
Selling expenses	71,994	6	65,549	5	195,358	6	185,387	5
General and administrative expenses	45,489	4	47,462	3	128,026	4	125,394	4
Research and development expenses	41,265	4	38,945	3	110,047	3	98,662	3
Expected credit impairment loss(gain)	(827)	-	(130)	-	(420)	-	(135)	-
<b>Total operating expenses</b>	157,921	14	151,826	11	433,011	13	409,308	12
<b>Net other income and expenses(Note 6(x))</b>	1,082	-	1,053	-	3,152	-	3,020	-
<b>Net operating income</b>	109,653	10	98,957	9	321,749	9	263,638	7
<b>Non-operating income and expenses(Note 6(c, p and y) :</b>								
Interest income	7,880	1	1,084	-	28,639	1	1,606	-
Other income	7,580	1	15,709	1	25,579	1	26,341	1
Other gains and losses	50,095	3	76,410	6	66,974	1	138,384	4
Finance costs	(2,724)	-	(2,573)	-	(9,851)	-	(7,022)	-
<b>Total Non-operating income and expenses</b>	62,831	5	90,630	7	111,341	3	159,309	5
<b>Profit (loss) before income tax</b>	172,484	15	189,587	16	433,090	12	422,947	12
<b>Less: Income tax expense (Note 6(s))</b>	36,413	3	37,769	3	79,935	2	76,599	2
<b>Profit (Loss)</b>	136,071	12	151,818	13	353,155	10	346,348	10
<b>Other comprehensive income :</b>								
<b>Items that will not be reclassified subsequently to profit or loss</b>								
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income (Note 6(t))	62,182	6	18,096	1	125,062	4	(6,077)	-
Less : Income tax related to items that will not be reclassified subsequently (Note 6(s))	-	-	-	-	-	-	(232)	-
	62,182	6	18,096	1	125,062	4	(5,845)	-
<b>Items that may be reclassified subsequently to profit or loss</b>								
Exchange differences on translation of foreign financial statements(Note 6(t))	11,164	1	11,245	1	9,689	-	27,029	1
Less : Income tax related to items that will not be reclassified subsequently (Note 6(s))	-	-	-	-	-	-	-	-
	11,164	1	11,245	1	9,689	-	27,029	1
<b>Other comprehensive income, net</b>	73,346	7	29,341	2	134,751	4	21,184	1
<b>Comprehensive income</b>	<b>\$ 209,417</b>	<b>19</b>	<b>181,159</b>	<b>15</b>	<b>487,906</b>	<b>14</b>	<b>367,532</b>	<b>11</b>
<b>Profit (loss) attributable to</b>								
Shareholders of the parent	\$ 135,781	12	151,695	13	352,856	10	346,663	10
Non-controlling interests	290	-	123	-	299	-	(315)	-
<b>Net Profit (loss)</b>	<b>\$ 136,071</b>	<b>12</b>	<b>151,818</b>	<b>13</b>	<b>353,155</b>	<b>10</b>	<b>346,348</b>	<b>10</b>
<b>Comprehensive income attributable to :</b>								
Shareholders of the parent	\$ 204,156	19	168,549	14	494,471	14	342,888	10
Non-controlling interests	5,261	-	12,610	1	(6,565)	-	24,644	1
<b>Total comprehensive income</b>	<b>\$ 209,417</b>	<b>19</b>	<b>181,159</b>	<b>15</b>	<b>487,906</b>	<b>14</b>	<b>367,532</b>	<b>11</b>
<b>Earnings per share (Note 6(u))(expressed in New Taiwan dollars) :</b>								
<b>Basic earnings per share</b>	<b>\$ 0.91</b>		<b>1.02</b>		<b>2.37</b>		<b>2.33</b>	
<b>Diluted earnings per share</b>	<b>\$ 0.91</b>		<b>1.02</b>		<b>2.36</b>		<b>2.31</b>	

See accompanying notes to consolidated financial statements.

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

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Consolidated Statements of Changes in Stockholders' Equity

For the nine months ended September 30, 2023 and 2022

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

(Reviewed, not audited)

	Equity attributable to shareholders of parent										
	Other equity interest										
	Retained earnings					Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Treasury stock	Total equity attributable to shareholders of parent	Non-controlling interests	Total Equity
	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	-	-	-	-	346,663	-	-	-	346,663	(315)	346,348
Other comprehensive income	-	-	-	-	-	26,637	(30,412)	-	(3,775)	24,959	21,184
Total comprehensive income	-	-	-	-	346,663	26,637	(30,412)	-	342,888	24,644	367,532
Appropriation and distribution of retained earnings:											
Legal capital reserve appropriated	-	-	25,258	-	(25,258)	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	(188,889)	-	-	-	(188,889)	-	(188,889)
Reversal of Special capital reserve	-	-	-	(13,324)	13,324	-	-	-	-	-	-
Cash dividends to subsidiaries	-	10,553	-	-	-	-	-	-	10,553	-	10,553
Proceeds from disposal equity instruments at FVOCI	-	-	-	-	9,309	-	(9,309)	-	-	-	-
Retirement of treasury stock	(50,000)	(739)	-	-	-	-	-	50,739	-	-	-
Return of employee stock ownership trust	-	46	-	-	-	-	-	-	46	-	46
Balance as of September 30, 2022	\$ 1,574,076	35,840	132,078	104,491	585,301	(3,361)	(114,214)	(122,282)	2,191,929	69,696	2,261,625
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	-	-	-	-	352,856	-	-	-	352,856	299	353,155
Other comprehensive income	-	-	-	-	-	9,741	131,874	-	141,615	(6,864)	134,751
Total comprehensive income	-	-	-	-	352,856	9,741	131,874	-	494,471	(6,565)	487,906
Appropriation and distribution of retained earnings:											
Legal capital reserve appropriated	-	-	43,188	-	(43,188)	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	(251,852)	-	-	-	(251,852)	-	(251,852)
Special capital reserve appropriated	-	-	-	15,852	(15,852)	-	-	-	-	-	-
Cash dividends to subsidiaries	-	14,071	-	-	-	-	-	-	14,071	-	14,071
Proceeds from disposal equity instruments at FVOCI	-	-	-	-	93,369	-	(93,369)	-	-	-	-
Return of employee stock ownership trust	-	380	-	-	-	-	-	-	380	-	380
Balance as of September 30, 2023	\$ 1,574,076	50,291	175,266	120,343	796,547	5,312	(77,409)	(122,282)	2,522,144	56,204	2,578,348

See accompanying notes to consolidated financial statements.

**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES****Consolidated Statements of Cash Flows****For the nine months ended September 30, 2023 and 2022**

(Expressed in thousands of New Taiwan Dollars)

**(Reviewed, not audited)**

	<b>For the nine months ended September 30</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash flows from (used in) operating activities :</b>		
Profit (Loss) before tax	\$ 433,090	422,947
Adjustments :		
Adjustments to reconcile profit (loss) :		
Depreciation expense	53,584	48,106
Amortization expense	986	1,063
Expected credit impairment loss(gain)	(420)	(135)
Net (gains) losses on financial assets or liabilities at fair value through profit or loss	(635)	(5,420)
Interest expense	9,851	7,022
Interest income	(28,632)	(1,594)
Dividend income	(23,412)	(25,799)
Gain on disposal of property, plant, equipment	(206)	(330)
Unrealized foreign exchange loss(gain)	(29,267)	(31,252)
Others	-	46
<b>Total adjustments to reconcile profit</b>	<b>(18,151)</b>	<b>(8,293)</b>
<b>Changes in operating assets and liabilities</b>		
Changes in operating assets:		
(Increase) decrease in accounts receivable	(28,176)	74,558
Decrease in other notes and accounts receivable	1,260	765
Decrease (Increase) in inventories	238,685	(33,171)
Decrease(Increase) in other current assets	2,495	(15,527)
<b>Total net changes in operating assets</b>	<b>214,264</b>	<b>26,625</b>
Changes in operating liabilities :		
Decrease in notes payable	-	(53)
Decrease in accounts payable	(52,967)	(17,960)
(Decrease) Increase in other payable	(14,324)	72,228
Increase in other current liabilities	12,181	25,966
Decrease in net defined benefit liability	(1,657)	(9,051)
Decrease in other non-current liabilities	(156)	(156)
<b>Total changes in operating liabilities</b>	<b>(56,923)</b>	<b>70,974</b>
<b>Total changes in operating assets and liabilities</b>	<b>157,341</b>	<b>97,599</b>
<b>Total adjustments</b>	<b>139,190</b>	<b>89,306</b>
Cash inflow generated from operations	572,280	512,253
Interest received	28,150	1,421
Dividends received	23,412	25,833
Interest paid	(11,466)	(7,456)
Income taxes paid	(81,101)	(25,521)
<b>Net cash flows from (used in) operating activities</b>	<b>531,275</b>	<b>506,530</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(43,407)	(138,307)
Proceeds from disposal of financial assets at fair value through other comprehensive income	192,640	55,603
Acquisition of financial assets at fair value through profit or loss	(91,480)	(10,000)
Proceeds from disposal of financial assets at fair value through profit or loss	-	10,001
Acquisition of property, plant and equipment	(73,804)	(50,253)
Proceeds from disposal of property, plant, equipment	722	2,114
Acquisition of intangible assets	(352)	(2,899)
Decrease in restricted time deposits	230	533
Increase in refundable deposits	(120)	(1,509)
<b>Net cash flows from (used in) investing activities</b>	<b>(15,571)</b>	<b>(134,717)</b>
<b>Cash flows from (used in) financing activities:</b>		
Decrease (increase) in short-term loans	(270,000)	60,000
Dividend paid	(237,781)	(178,336)
Return of employee stock ownership trust	380	-
Repayment of lease liabilities	(10,357)	(9,921)
<b>Net cash flows from (used in) financing activities</b>	<b>(517,758)</b>	<b>(128,257)</b>
<b>Effects of changes in foreign exchange rates</b>	<b>11,519</b>	<b>6,371</b>
<b>Net increase in cash and cash equivalents</b>	<b>9,465</b>	<b>249,927</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,307,122</b>	<b>816,356</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 1,316,587</b>	<b>1,066,283</b>

See accompanying notes to financial statements.



**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**For the nine months ended September 30, 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 November 2, 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”

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Taxation Reform-Pillar Two Model Rules”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of certain Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- IFRS16 “Requirements for Sale and Leaseback Transactions”

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or contribution of Assets between an Investor and its Associate of Joint Venture”
- IFRS 17 “Insurance contracts” and amendments to IFRS 17
- IAS 21 “The effects of changes in foreign exchange rate”

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

### (4) Summary of Significant Accounting Policies

#### (a) Statement of compliance

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

Except as described below, the significant accounting policies for the consolidated financial statement applied in these consolidated financial statements is consistent with those applied in the consolidated financial statements for the year ended December 31, 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
			September 30,2023	December 31,2022	September 30,2022	
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%	Note
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 to 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.

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

### (d) Employee benefit

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

### (5) Significant accounting assumptions and judgments, and major sources of estimates uncertainty

Management team prepared quarterly consolidated financial statements in conforming to 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 items

The explanation of significant accounting items of this quarterly consolidated financial statements had no significant difference compared with the Group consolidated financial statements for the year ended December 31, 2022. Please refer to Note 6 of 2022 consolidated financial statements.

#### (a) Cash and cash equivalents

	September 30, 2023	December 31, 2022	September 30, 2022
Cash and cash equivalents	\$ 579	325	372
Demand deposits	707,766	404,178	451,640
Check deposits	3	30	19
Time deposits	608,239	902,589	614,252
Total	<u>\$ 1,316,587</u>	<u>1,307,122</u>	<u>1,066,283</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

	September 30, 2023	December 31, 2022	September 30, 2022
Current financial assets mandatorily measured at fair value through profit or loss :			
Open-end bond funds	\$ 93,642	-	-
Forward exchange contract	-	399	5,461
Total	<u>\$ 93,642</u>	<u>399</u>	<u>5,461</u>
	September 30, 2023	December 31, 2022	September 30, 2022
Current financial liabilities measured at fair value through profit or loss :			
Swap contract	\$ -	1,933	-
Total	<u>\$ -</u>	<u>1,933</u>	<u>-</u>

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

The abovementioned financial assets were not pledged as collateral.

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

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

Forward exchange contract :

<b>December 31,2022</b>			
	<b>Contract amount (Thousand Dollar)</b>	<b>Currency</b>	<b>Maturity period</b>
Swap contract	USD 6,000	TWD to USD	2023.01.11~2023.03.13
<b>September 30,2022</b>			
	<b>Contract amount (Thousand Dollar)</b>	<b>Currency</b>	<b>Maturity period</b>
Swap contract	USD 4,000	TWD to USD	2022.10.12~2022.12.27

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

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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Equity instruments at fair value through other comprehensive income-current:			
Corporate bonds – FORCAY	\$ 31,067	29,272	-
Corporate bonds – TAISEM	31,477	30,475	-
Corporate bonds – BAC	31,025	-	-
	<u>93,569</u>	<u>59,747</u>	<u>-</u>
Equity instruments at fair value through other comprehensive income-current:			
Common stocks listed on domestic markets-current:			
Innolux Corp.	\$ 12,969	11,471	11,987
Nan Ya Plastics Corporation	19,980	21,300	20,070
Pegatron Co., Ltd.	16,546	13,716	12,636
CoAsia Electronics Corp.	5,006	5,556	5,721
Quanta Computer Inc.	-	50,538	53,823
Shian Yih Electronic Co., Ltd.	48,293	27,641	25,377
Chicony Electronics Co., Ltd.	34,650	25,890	24,720
United Microelectronics Corp.	4,520	-	-
Lite-On Technology Corp.	-	39,556	39,556
Mega Financial Holding Co., Ltd.	48,144	38,450	39,464
Taiwan Cement Corp., Ltd.	28,892	29,240	29,370
ASE Technology Holding Co., Ltd.	32,302	27,701	23,630
China Development Financial Holding Corp.	21,240	22,680	21,600
Evergreen Marine Corp. (Taiwan) Ltd.	<u>9,744</u>	<u>13,692</u>	<u>12,264</u>
Total	<u>282,286</u>	<u>327,431</u>	<u>320,218</u>
Total	<u>\$ 375,855</u>	<u>387,178</u>	<u>320,218</u>

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

	September 30, 2023	December 31, 2022	September 30, 2022
Equity instruments at fair value through other comprehensive income-noncurrent:			
Common stocks unlisted on domestic markets – non-current:			
Ascendax Venture Capital Corp.	\$ 28,382	21,032	19,916
Chenfeng Optronics Corp.	117,180	133,910	151,550
Total	145,562	154,942	171,466
Preference stocks listed on domestic markets- non-current :			
Fubon Financial Holding Co., Ltd	828	796	815
Total	<u>\$ 146,390</u>	<u>155,738</u>	<u>172,281</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 and nine months ended September 30, 2023 and 2022, the Group has recognized dividend income \$5,732, \$15,495, \$23,412 and \$25,799 from equity instruments designated at fair value through other comprehensive income, respectively.

For the nine months ended September 30, 2023 and 2022, the Group with the objective of investment and financial management had sold financial assets at fair value of \$192,640 and \$55,603, respectively and accumulated gain on disposal of investments were \$93,369 and \$9,309, 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 September 30, 2023, December 31, 2022 and September 30, 2022, the carrying amount of the listed stocks which were entrusted to financial institutions for security lending amounted to \$12,969, \$11,471 and \$11,987 respectively.

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

### (d) Accounts receivable

	September 30, 2023	December 31, 2022	September 30, 2022
Accounts receivable-measured as amortized cost	\$ 749,784	704,601	734,157
Allowance for impairment	(893)	(6,119)	(5,744)
	<u>\$ 748,891</u>	<u>698,482</u>	<u>728,413</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 :

September 30, 2023			
	Carrying amount of Accounts Receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Current	\$ 615,163	0.11%	700
Overdue less than 90 days	134,438	0.11%	153
Overdue 91~180 days	101	40.10%	40
Overdue 181~270 days	82	0.10%	-
Overdue 271~365 days	-	- %	-
Overdue 365 days	-	- %	-
	<u>\$ 749,784</u>		<u>893</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>
September 30, 2022			
	Carrying amount of Accounts Receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Current	\$ 689,506	0.11%	787
Overdue less than 90 days	35,028	0.25%	87
Overdue 91~180 days	4,584	0.10%	4
Overdue 181~270 days	9	0.10%	-
Overdue 271~365 days	208	21.23%	44
Overdue 365 days	4,822	100%	4,822
	<u>\$ 734,157</u>		<u>5,744</u>

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

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

	For the nine months ended September 30	
	2023	2022
Balance on January 1	\$ 6,119	5,842
Reversal of impairment loss	(420)	(135)
Write-off of account due to irrecoverable	(4,822)	-
Effect of changes in foreign currency exchange rates	16	37
Ending balance	<u>\$ 893</u>	<u>5,744</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

	September 30, 2023	December 31, 2022	September 30, 2022
Loans to employee	\$ 315	795	965
Interest receivable	2,264	1,782	-
Others	23	801	533
Allowance for impairment	-	-	-
	<u>\$ 2,602</u>	<u>3,378</u>	<u>1,498</u>

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

### (f) Inventories

	September 30, 2023	December 31, 2022	September 30, 2022
Raw materials and supplies	\$ 296,132	449,879	492,266
Work in process	268,591	287,408	359,021
Finished goods	221,110	279,878	223,133
Inventories in transit	23,454	27,449	27,478
	<u>\$ 809,287</u>	<u>1,044,614</u>	<u>1,101,898</u>

The details of cost of sales are as follows :

	July to September, 2023	July to September, 2022	January to September, 2023	January to September, 2022
Reclassification to cost of sales and expenses	\$ 818,784	979,543	2,597,176	2,731,954
Write down of inventories	325	4,966	8,303	5,634
Unamortized manufacturing expenses	5,077	3,859	14,984	10,876
Loss on scrap	28,876	38,095	85,025	83,054
Others	(45)	(69)	(171)	(165)
	<u>\$ 853,017</u>	<u>1,026,394</u>	<u>2,705,317</u>	<u>2,831,353</u>

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

For the three months ended September 30, 2023 and 2022, and the nine months ended September 30, 2023 and 2022 write down of inventories due to the reduction of inventories cost to the net realizable value was recognized as an addition of operating costs.

Inventories were not pledged as collaterals.

### (g) Other current assets

The details of other current assets are as follows :

	September 30, 2023	December 31, 2022	September 30, 2022
Income tax refund receivable	\$ 6,090	3,347	2,990
Prepayment for purchases	11,625	11,649	13,503
Prepaid expense	7,368	5,974	6,682
Prepaid sales tax	36,413	36,779	37,200
Restricted time deposits	2,328	2,558	2,547
Refundable deposits	9,701	9,593	9,535
Others	-	4,843	5,287
	<u><u>\$ 73,525</u></u>	<u><u>74,743</u></u>	<u><u>77,744</u></u>
Book as:			
Other current assets	\$ 63,911	65,150	68,209
Other financial assets — non-current	9,614	9,593	9,535
	<u><u>\$ 73,525</u></u>	<u><u>74,743</u></u>	<u><u>77,744</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:

Name of subsidiaries	Principal place of business	Proportion of non-controlling interest voting equity		
		September 30, 2023	December 31, 2022	September 30, 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 Group:



# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

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

	September 30, 2023	December 31, 2022	September 30, 2022
Current asset	\$ 9,784	9,803	9,841
Non-current asset	100,440	114,780	129,900
Current liability	(20)	(50)	-
Net asset	<u>\$ 110,204</u>	<u>124,533</u>	<u>139,741</u>
Non-controlling equity closing book amount	<u>\$ 52,347</u>	<u>59,153</u>	<u>66,377</u>

	July to September, 2023	July to September, 2022	January to September, 2023	January to September, 2022
Operating revenue	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net gain (loss)	\$ -	-	11	(10)
Other comprehensive income	10,260	26,220	(14,340)	51,720
Comprehensive income	<u>\$ 10,260</u>	<u>26,220</u>	<u>(14,329)</u>	<u>51,710</u>
Gain (loss) attributable to non-controlling interest	<u>\$ -</u>	<u>-</u>	<u>5</u>	<u>(5)</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 4,873</u>	<u>12,454</u>	<u>(6,807)</u>	<u>24,562</u>

	For the nine months ended September 30	
	2023	2022
Cash flow from operating activities	\$ (21)	(61)
Cash flow from investing activities	-	-
Cash flow from financing activities	-	-
Net increase(decrease) in cash and cash equivalents	<u>\$ (21)</u>	<u>(61)</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Current asset	\$ 150,926	164,617	146,679
Non-current asset	33,625	36,515	35,796
Current liability	(92,709)	(113,663)	(99,967)
Non-current liability	-	(1,388)	(3,492)
Net asset	<u>\$ 91,842</u>	<u>86,081</u>	<u>79,016</u>
Non-controlling equity closing book amount	<u>\$ 3,857</u>	<u>3,616</u>	<u>3,319</u>
Current asset			

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

	July to September, 2023	July to September, 2022	January to September, 2023	January to September, 2022
Operating revenue	\$ 103,011	106,355	248,576	262,736
Net gain (loss)	\$ 6,902	2,954	6,997	(7,368)
Other comprehensive income	2,345	760	(1,236)	9,336
Comprehensive income	\$ 9,247	3,714	5,761	1,968
Gain (loss) attributable to non-controlling interest	\$ 290	123	294	(310)
Comprehensive income attributable to non-controlling interest	\$ 388	156	242	82

	For the nine months ended September 30	
	2023	2022
Cash flow from operating activities	\$ (8,105)	20,046
Cash flow from investing activities	(7,289)	(3,427)
Cash flow from financing activities	(5,951)	(5,628)
Effects of changes in foreign exchange rates	(32)	823
Net increase in cash and cash equivalents	\$ (21,377)	11,814

### (i) Property, plant and equipment

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

	Land	Building and construction	Machinery and equipment	Office equipment	Other	Total
<b>Cost or deemed cost:</b>						
Balance at January 1, 2023	\$ 39,122	1,119,400	2,399,606	178,370	73,639	3,810,137
Additions	161	6,657	6,952	8,225	43,982	65,977
Reclassification	-	1,432	8,564	8,706	(18,702)	-
Disposals	-	(365)	(103,635)	(3,141)	(9,395)	(116,536)
Effect of changes in exchange rates	1,966	4,202	305	56	244	6,773
Balance at September 30, 2023	\$ 41,249	1,131,326	2,311,792	192,216	89,768	3,766,351
Balance at January 1, 2022	\$ 23,268	1,055,674	2,373,003	153,079	32,819	3,637,843
Additions	-	1,356	6,223	19,874	34,868	62,321
Reclassification	-	1,176	7,280	6,303	(14,759)	-
Disposals	-	-	(1,332)	(7,499)	(1,526)	(10,357)
Effect of changes in exchange rates	3,421	5,261	5,821	166	701	15,370
Balance at September 30, 2022	\$ 26,689	1,063,467	2,390,995	171,923	52,103	3,705,177
<b>Depreciation:</b>						
Balance at January 1, 2023	\$ -	844,100	2,339,498	138,634	26,683	3,348,915
Depreciation	-	10,629	13,864	16,527	1,692	42,712
Disposals	-	(243)	(103,615)	(2,767)	(9,395)	(116,020)
Effect of changes in exchange rates	-	388	283	41	167	879
Balance at September 30, 2023	\$ -	854,874	2,250,030	152,435	19,147	3,276,486

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

	Land	Building and construction	Machinery and equipment	Office equipment	Other	Total
Balance at January 1, 2022	\$ -	830,811	2,319,409	127,668	27,193	3,305,081
Depreciation	-	8,882	14,304	13,563	297	37,046
Disposals	-	-	(1,332)	(6,481)	(1,526)	(9,339)
Effect of changes in exchange rates	-	2,001	5,403	113	517	8,034
Balance at September 30, 2022	<u>\$ -</u>	<u>841,694</u>	<u>2,337,784</u>	<u>134,863</u>	<u>26,481</u>	<u>3,340,822</u>
<b>Carrying amount:</b>						
Balance at January 1, 2023	<u>\$ 39,122</u>	<u>275,300</u>	<u>60,108</u>	<u>39,736</u>	<u>46,956</u>	<u>461,222</u>
Balance at September 30, 2023	<u>\$ 41,249</u>	<u>276,452</u>	<u>61,762</u>	<u>39,781</u>	<u>70,621</u>	<u>489,865</u>
Balance at January 1, 2022	<u>\$ 23,268</u>	<u>224,863</u>	<u>53,594</u>	<u>25,411</u>	<u>5,626</u>	<u>332,762</u>
Balance at September 30, 2022	<u>\$ 26,689</u>	<u>221,773</u>	<u>53,211</u>	<u>37,060</u>	<u>25,622</u>	<u>364,355</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
<b>Right-of-use assets cost:</b>				
Balance at January 1, 2023	\$ 61,840	51,857	2,239	115,936
Additions	-	-	1,288	1,288
Decrease	-	-	(354)	(354)
Effect of changes in foreign exchange rates	-	(166)	151	(15)
Balance at September 30, 2023	<u>\$ 61,840</u>	<u>51,691</u>	<u>3,324</u>	<u>116,855</u>
Balance at January 1, 2022	\$ 66,409	51,684	658	118,751
Additions	105	3,832	1,808	5,745
Decrease	(4,674)	(4,668)	-	(9,342)
Effect of changes in foreign exchange rates	-	671	91	762
Balance at September 30, 2022	<u>\$ 61,840</u>	<u>51,519</u>	<u>2,557</u>	<u>115,916</u>
<b>Depreciation:</b>				
Balance at January 1, 2023	\$ 10,742	39,447	961	51,150
Depreciation	1,891	7,660	990	10,541
Decrease	-	-	(334)	(334)
Effect of changes in foreign exchange rates	-	(46)	61	15
Balance at September 30, 2023	<u>\$ 12,633</u>	<u>47,061</u>	<u>1,678</u>	<u>61,372</u>

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

	Land	Building and construction	Transportation equipment	Total
Balance at January 1, 2022	\$ 8,204	32,761	311	41,276
Depreciation	1,908	7,990	652	10,550
Decrease	-	(4,668)	-	(4,668)
Effect of changes in foreign exchange rates	-	426	63	489
Balance at September 30, 2022	<u>\$ 10,112</u>	<u>36,509</u>	<u>1,026</u>	<u>47,647</u>
<b>Carrying amount:</b>				
Balance at January 1, 2023	<u>\$ 51,098</u>	<u>12,410</u>	<u>1,278</u>	<u>64,786</u>
Balance at September 30, 2023	<u>\$ 49,207</u>	<u>4,630</u>	<u>1,646</u>	<u>55,483</u>
Balance at January 1, 2022	<u>\$ 58,205</u>	<u>18,923</u>	<u>347</u>	<u>77,475</u>
Balance at September 30, 2022	<u>\$ 51,728</u>	<u>15,010</u>	<u>1,531</u>	<u>68,269</u>

### (k) Investment property

Investment property includes assets owned by 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 without charging 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
<b>Cost or deemed cost:</b>			
Balance at January 1, 2023	\$ 48,882	16,714	65,596
Effect of changes in foreign exchange rates	2,483	849	3,332
Balance at September 30, 2023	<u>\$ 51,365</u>	<u>17,563</u>	<u>68,928</u>
Balance at January 1, 2022	\$ 44,059	15,065	59,124
Effect of changes in foreign exchange rates	6,479	2,215	8,694
Balance at September 30, 2022	<u>\$ 50,538</u>	<u>17,280</u>	<u>67,818</u>
<b>Depreciation:</b>			
Balance at January 1, 2023	\$ -	7,543	7,543
Depreciation	-	331	331
Effect of changes in foreign exchange rates	-	399	399
Balance at September 30, 2023	<u>\$ -</u>	<u>8,273</u>	<u>8,273</u>

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

	Land	Building and construction	Total
Balance at January 1, 2022	\$ -	6,157	6,157
Depreciation	-	510	510
Effect of changes in foreign exchange rates	-	948	948
Balance at September 30, 2022	<u>\$ -</u>	<u>7,615</u>	<u>7,615</u>

### Carrying amount:

Balance at January 1, 2023	<u>\$ 48,882</u>	<u>9,171</u>	<u>58,053</u>
Balance at September 30, 2023	<u>\$ 51,365</u>	<u>9,290</u>	<u>60,655</u>
Balance at January 1, 2022	<u>\$ 44,059</u>	<u>8,908</u>	<u>52,967</u>
Balance at September 30, 2022	<u>\$ 50,538</u>	<u>9,665</u>	<u>60,203</u>

There was no significant differences of 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.

### (1) Intangible assets

The movements of intangible assets were as follows:

	Patent	Computer software cost	Membership card	Total amount
<b>Initial cost:</b>				
Balance as of January 1, 2023	\$ 3,203	9,057	2,750	15,010
Individual acquisition	233	119	-	352
Disposals	(410)	-	-	(410)
Effects of changes in foreign exchange rates	-	33	-	33
Balance as of September 30, 2023	<u>\$ 3,026</u>	<u>9,209</u>	<u>2,750</u>	<u>14,985</u>
Balance as of January 1, 2022	\$ 3,029	8,991	-	12,020
Individual acquisition	122	27	2,750	2,899
Effects of changes in foreign exchange rates	-	95	-	95
Balance as of September 30, 2022	<u>\$ 3,151</u>	<u>9,113</u>	<u>2,750</u>	<u>15,014</u>
<b>Amortization:</b>				
Balance as of January 1, 2023	\$ 1,831	7,932	-	9,763
Amortization	203	783	-	986
Disposals	(410)	-	-	(410)
Effects of changes in foreign exchange rates	-	33	-	33
Balance as of September 30, 2023	<u>\$ 1,624</u>	<u>8,748</u>	<u>-</u>	<u>10,372</u>
Balance as of January 1, 2022	\$ 1,494	6,841	-	8,335
Amortization	269	794	-	1,063
Effects of changes in foreign exchange rates	-	94	-	94
Balance as of September 30, 2022	<u>\$ 1,763</u>	<u>7,729</u>	<u>-</u>	<u>9,492</u>

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

	Patent	Computer software cost	Membership card	Total amount
Carrying amount:				
Balance as of January 1, 2023	\$ 1,372	1,125	2,750	5,247
Balance as of September 30, 2023	\$ 1,402	461	2,750	4,613
Balance as of January 1, 2022	\$ 1,535	2,150	-	3,685
Balance as of September 30, 2022	\$ 1,388	1,384	2,750	5,522

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

### (m) Short-term loans

The details of short-term loans were as follows:

	September 30,2023	December 31,2022	September 30,2022
Unsecured bank loans	\$ -	270,000	60,000
Unused lines of credit	\$ 1,928,008	1,565,680	1,784,000
Range of interest rates	-	1.21%~1.70%	1.05%~1.18%

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

	September 30,2023	December 31,2022	September 30,2022
Salaries and bonus payables	\$ 171,737	166,390	149,315
Employee remuneration payables	23,368	27,018	24,683
Directors' and supervisors' remuneration payables	14,020	12,786	13,778
Employee benefit liabilities	32,116	31,402	29,544
Notes and accounts payable for equipments	8,553	16,769	20,009
Others	117,552	133,558	143,681
	\$ 367,346	387,923	381,010

### (o) Long-term loans

The details of long-term loans were as follows:

	September 30,2023	December 31,2022	September 30,2022
Commercial paper payable	\$ 400,000	-	400,000
Secured bank loans	-	400,000	-
Less: discount on long-term loans	1,820	987	2,041
Total	\$ 398,180	399,013	397,959
Unused long-term credit lines	\$ 400,000	400,000	400,000
Range of interest rates	2.0380%	1.8965%	1.6757%

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

The Group signed a 5-year syndicated loan contract with E-SUN bank and six other banks 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 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 follow:

	September 30, 2023	December 31, 2022	September 30, 2022
Current	<u>\$ 7,891</u>	<u>13,418</u>	<u>13,623</u>
Non-Current	<u>\$ 51,459</u>	<u>55,052</u>	<u>58,186</u>

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

The amounts recognized in profit or loss were as follow:

	July to September, 2023	July to September, 2022	January to September, 2023	January to September, 2022
Interest on lease liabilities	<u>\$ 553</u>	<u>724</u>	<u>1,770</u>	<u>2,172</u>
Expenses relating to short-term leases	<u>\$ 823</u>	<u>83</u>	<u>1,237</u>	<u>1,466</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 79</u>	<u>67</u>	<u>203</u>	<u>319</u>

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

	For the nine months ended September 30	
	2023	2022
Total cash outflow for leases	<u>\$ 13,350</u>	<u>13,794</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.

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

The lease agreements for some of the equipments 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. 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 nine months ended September 30, 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>July to September,2023</u>	<u>July to September,2022</u>	<u>January to September, 2023</u>	<u>January to September, 2022</u>
Operating cost	\$ 441	251	1,320	749
Selling expenses	31	17	95	49
General and administrative expenses	76	42	225	129
Research and development expenses	<u>54</u>	<u>31</u>	<u>164</u>	<u>94</u>
	<u>\$ 602</u>	<u>341</u>	<u>1,804</u>	<u>1,021</u>

#### (ii) Defined Contribution Plan

Cost recognized in expense was as below :

	<u>July to September,2023</u>	<u>July to September,2022</u>	<u>January to September, 2023</u>	<u>January to September, 2022</u>
Operating cost	\$ 6,858	7,077	20,604	21,643
Selling expenses	1,738	1,552	5,032	4,801
General and administrative expenses	652	576	1,889	1,831
Research and development expenses	<u>811</u>	<u>749</u>	<u>2,359</u>	<u>2,186</u>
	<u>\$ 10,059</u>	<u>9,954</u>	<u>29,884</u>	<u>30,461</u>



# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

### (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 :

	<u>July to September,2023</u>	<u>July to September,2022</u>	<u>January to September, 2023</u>	<u>January to September, 2022</u>
Current tax expense				
Current	\$ 36,274	40,517	81,831	79,338
Adjustment for prior periods	<u>139</u>	<u>(2,748)</u>	<u>(1,896)</u>	<u>(2,739)</u>
Income tax expense	<u>\$ 36,413</u>	<u>37,769</u>	<u>79,935</u>	<u>76,599</u>

(ii) For the nine months ended September 30, 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 :

	<u>July to September,2023</u>	<u>July to September,2022</u>	<u>January to September, 2023</u>	<u>January to September, 2022</u>
Items that will not be reclassified subsequently to profit or loss :				
Unrealized gains or losses from investments in equity instruments measured at FVOCI	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>(232)</u>

(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 nine months ended September 30, 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 September 30, 2023, December 31, 2022 and September 30, 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.

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

Reconciliation of shares issued by the Company was as follows:

	Expressed in thousands of thousand shares	
	<b>Ordinary shares</b>	
	<b>2023</b>	<b>2022</b>
Balance on January 1	157,408	162,408
Retirement of treasury shares	-	(5,000)
Balance on September 30	<b>157,408</b>	<b>157,408</b>

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 :

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Treasury stock	\$ 49,388	35,317	35,317
Disgorgement	473	473	473
Return of employee stock ownership trust	430	50	50
Total	<b>\$ 50,291</b>	<b>35,840</b>	<b>35,840</b>

### (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 :

	<b>2022</b>	<b>2021</b>
Dividends distributed to ordinary shareholders (TWD) :		
Cash	<b>\$ 1.6</b>	<b>1.2</b>

### (iv) Other equity (net of tax)

	<b>Foreign exchange differences arising from foreign operation</b>	<b>Unrealized gains (losses) on financial assets measured at FVOCI</b>	<b>Total</b>
Balance at January 1, 2023	\$ (4,429)	(115,914)	(120,343)
— Changes of the Group	9,741	131,874	141,615
Disposal of investments in equity instrument measured at FVOCI	-	(93,369)	(93,369)
Balance at September 30, 2023	<b>\$ 5,312</b>	<b>(77,409)</b>	<b>(72,097)</b>

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

	Foreign exchange differences arising from foreign operation	Unrealized gains (losses) on financial assets measured at FVOCI	Total
Balance at January 1, 2022	\$ (29,998)	(74,493)	(104,491)
— Changes of the Group	26,637	(30,412)	(3,775)
Disposal of investments in equity instrument measured at FVOCI	-	(9,309)	(9,309)
Balance at September 30, 2022	<u>\$ (3,361)</u>	<u>(114,214)</u>	<u>(117,575)</u>

### (v) Treasury stock

The changes of treasury stocks were as follows :

	(Expressed in thousands of shares)			
<u>Reason to buy back</u> <u>January to September, 2022</u>	<u>Beginning Shares</u>	<u>Increase shares</u>	<u>Decrease shares</u>	<u>Ending share</u>
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 September 30, 2023, December 31 and September 30, 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 nine months ended September 30, 2023 and 2022, Ying Dar Corp. and Bae Haw Corp. did not purchase or dispose any of the Company's shares. As of September 30, 2023, December 31 and September 30, 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 September 30, 2023, December 31 and September 30, 2022, their market values amounted to \$276,584, \$178,526 and \$175,448, respectively.

### (u) Earnings per share

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

	<u>July to September, 2023</u>	<u>July to September, 2022</u>	<u>January to September, 2023</u>	<u>January to September, 2022</u>
<b>Basic earnings per share</b>				
Profit attributable to owners of parent	<u>\$ 135,781</u>	<u>151,695</u>	<u>352,856</u>	<u>346,663</u>
Weighted-average number of ordinary shares at end of year (expressed in thousands of shares)	<u>148,614</u>	<u>148,614</u>	<u>148,614</u>	<u>148,614</u>
Expressed in New Taiwan dollars	<u>\$ 0.91</u>	<u>1.02</u>	<u>2.37</u>	<u>2.33</u>

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

	July to September, 2023	July to September, 2022	January to September, 2023	January to September, 2022
<b>Diluted earnings per share</b>				
Profit attributable to owners of parent	<u>\$ 135,781</u>	<u>151,695</u>	<u>352,856</u>	<u>346,663</u>
Weighted-average number of ordinary shares (expressed in thousands of shares)	148,614	148,614	148,614	148,614
Effect of potentially dilutive ordinary stock:				
— Employee bonus (expressed in thousands of shares)	293	604	1,021	1,426
Weighted-average number of ordinary shares- diluted (expressed in thousands of shares)	<u>148,907</u>	<u>149,218</u>	<u>149,635</u>	<u>150,040</u>
Expressed in New Taiwan dollars	<u>\$ 0.91</u>	<u>1.02</u>	<u>2.36</u>	<u>2.31</u>

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

July to September, 2023				
	Domestic	North America	Other operating department	Total
Primary geographical markets:				
Europe	\$ 508,423	12	106	508,541
USA	137	394,580	-	394,717
Others	132,552	83,663	36	216,251
Total	<u>\$ 641,112</u>	<u>478,255</u>	<u>142</u>	<u>1,119,509</u>
Major products:				
Liquid crystal display modules	\$ 154,291	132,409	-	286,700
Capacitive touch panel and capacitive touch panel modules	484,648	343,777	-	828,425
Others	2,173	2,069	142	4,384
Total	<u>\$ 641,112</u>	<u>478,255</u>	<u>142</u>	<u>1,119,509</u>
July to September, 2022				
	Domestic	North America	Other operating department	Total
Primary geographical markets:				
Europe	\$ 648,797	-	222	649,019
USA	-	347,436	-	347,436
Others	200,844	78,810	15	279,669
Total	<u>\$ 849,641</u>	<u>426,246</u>	<u>237</u>	<u>1,276,124</u>

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

July to September, 2022				
	Domestic	North America	Other operating department	Total
Major products:				
Liquid crystal display modules	\$ 245,959	146,921	-	392,880
Capacitive touch panel and capacitive touch panel modules	583,658	275,625	-	859,283
Others	20,024	3,700	237	23,961
Total	<u>\$ 849,641</u>	<u>426,246</u>	<u>237</u>	<u>1,276,124</u>
January to September, 2023				
	Domestic	North America	Other operating department	Total
Primary geographical markets:				
Europe	\$ 1,772,080	12	367	1,772,459
USA	4,542	879,004	-	883,546
Others	591,720	209,027	173	800,920
Total	<u>\$ 2,368,342</u>	<u>1,088,043</u>	<u>540</u>	<u>3,456,925</u>
Major products:				
Liquid crystal display modules	\$ 646,307	386,530	-	1,032,837
Capacitive touch panel and capacitive touch panel modules	1,696,945	692,509	-	2,389,454
Others	25,090	9,004	540	34,634
Total	<u>\$ 2,368,342</u>	<u>1,088,043</u>	<u>540</u>	<u>3,456,925</u>
January to September, 2022				
	Domestic	North America	Other operating department	Total
Primary geographical markets:				
Europe	\$ 1,830,742	-	479	1,831,221
USA	17	884,638	-	884,655
Others	591,677	193,648	78	785,403
Total	<u>\$ 2,422,436</u>	<u>1,078,286</u>	<u>557</u>	<u>3,501,279</u>
Major products:				
Liquid crystal display modules	\$ 769,609	400,836	-	1,170,445
Capacitive touch panel and capacitive touch panel modules	1,594,063	651,662	-	2,245,725
Others	58,764	25,788	557	85,109
Total	<u>\$ 2,422,436</u>	<u>1,078,286</u>	<u>557</u>	<u>3,501,279</u>

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

(ii) Contract balance

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Accounts receivable (including related parties)	\$ 749,784	704,601	734,157
Less: allowance for impairment	(893)	(6,119)	(5,744)
Total	<u>\$ 748,891</u>	<u>698,482</u>	<u>728,413</u>
Contract liability — Unearned revenue (recognized in other current liabilities)	<u>\$ 70,795</u>	<u>56,237</u>	<u>65,243</u>

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

The amount of revenue recognized for the three months and nine months ended September 30, 2023 and 2022, that was included in the contract liability balance at the beginning of the period were \$12,981, \$6,967, \$25,918 and \$17,597, 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 and directors' amount were as follows :

	<u>July to September, 2023</u>	<u>July to September, 2022</u>	<u>January to September, 2023</u>	<u>January to September, 2022</u>
Employee's remuneration	<u>\$ 9,232</u>	<u>12,051</u>	<u>23,368</u>	<u>24,683</u>
Directors' remuneration	<u>\$ 5,538</u>	<u>6,199</u>	<u>14,020</u>	<u>13,778</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://mops.twse.com.tw>.

### (x) Other operating income and expenses

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

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

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

#### (i) Interest income

The details of interest income were as follows :

	July to September, 2023	July to September, 2022	January to September, 2023	January to September, 2022
Bank deposits	\$ 6,971	1,080	26,486	1,594
Others	909	4	2,153	12
	<u>\$ 7,880</u>	<u>1,084</u>	<u>28,639</u>	<u>1,606</u>

#### (ii) Other income

The details of other income were as follows :

	July to September, 2023	July to September, 2022	January to September, 2023	January to September, 2022
Dividend income	\$ 5,732	15,495	23,412	25,799
Others	1,848	214	2,167	542
	<u>\$ 7,580</u>	<u>15,709</u>	<u>25,579</u>	<u>26,341</u>

#### (iii) Other gains and losses

Details of other gains and losses were as follows :

	July to September, 2023	July to September, 2022	January to September, 2023	January to September, 2022
Foreign exchange gains	\$ 50,887	69,285	66,219	132,380
Net gains (losses) on disposal of financial assets (liabilities) measured at fair value through profit or loss	(122)	7,768	4,386	7,071
Net gain (losses) gains on disposal of property, plant and equipment	(20)	-	206	330
Others	(650)	(643)	(3,837)	(1,397)
	<u>\$ 50,095</u>	<u>76,410</u>	<u>66,974</u>	<u>138,384</u>

#### (iv) Finance cost

Details of finance costs were as follows :

	July to September, 2023	July to September, 2022	January to September, 2023	January to September, 2022
Interest expenses				
Bank loans	\$ 2,121	1,799	7,931	4,700
Lease liabilities	553	724	1,770	2,172
Management fee of syndicated loan	50	50	150	150
	<u>\$ 2,724</u>	<u>2,573</u>	<u>9,851</u>	<u>7,022</u>

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

### (z) Financial instruments

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

##### 2) Concentration of credit risk

As of September 30, 2023, December 31, 2022, and September 30, 2022, two customers accounted for 37.73%、38.90% and 37.17% 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(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 6-12 months</u>	<u>Due in 1-2 years</u>	<u>Due in 2-5 years</u>	<u>Due in over 5 years</u>
<b>September 30, 2023</b>							
Non-derivative financial liabilities							
Secured Long-term loans							
(including long term loans, current portion)(floating rate)	\$ 398,180	(419,163)	(4,065)	(4,087)	(8,152)	(402,859)	-
Accounts payable (no interest)	541,043	(541,043)	(541,043)	-	-	-	-
Notes payable (no interest)	20	(20)	(20)	-	-	-	-
Other payable (no interest)	367,346	(367,346)	(367,346)	-	-	-	-
Lease liability (fixed interest rate)	59,350	(85,118)	(6,870)	(2,871)	(4,195)	(10,611)	(60,571)
Guarantee deposits received (no interest)	629	(629)	-	(34)	-	(595)	-
	<u>\$ 1,366,568</u>	<u>(1,413,319)</u>	<u>(919,344)</u>	<u>(6,992)</u>	<u>(12,347)</u>	<u>(414,065)</u>	<u>(60,571)</u>



# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

	Carrying amount	Contracted cash flows	Due within 6 months	Due in 6-12 months	Due in 1-2 years	Due in 2-5 years	Due in over 5 years
<b>December 31, 2022</b>							
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)	-
Derivative financial liabilities							
Swap Contract	1,933						
Cash in		93,835	93,835	-	-	-	-
Cash out		(92,130)	(92,130)	-	-	-	-
	<u>\$ 1,709,939</u>	<u>(1,759,008)</u>	<u>(1,251,035)</u>	<u>(11,229)</u>	<u>(14,162)</u>	<u>(419,705)</u>	<u>(62,877)</u>
<b>September 30, 2022</b>							
Non-derivative financial liabilities							
Secured Long-term loans (including long term loans, current portion)(floating rate)	\$ 397,959	(422,459)	(3,324)	(3,361)	(6,721)	(409,053)	-
Unsecured short term borrowings (floating rate)	60,000	(60,062)	(60,062)	-	-	-	-
Accounts payable (no interest)	565,694	(565,694)	(565,694)	-	-	-	-
Notes payable (no interest)	33	(33)	(33)	-	-	-	-
Other notes payable and other payables (no interest)	381,010	(381,010)	(381,010)	-	-	-	-
Lease liability (fixed interest)	71,809	(99,833)	(8,218)	(7,794)	(9,218)	(10,958)	(63,645)
Guarantee deposits received (no interest)	619	(619)	-	-	(619)	-	-
	<u>\$ 1,477,124</u>	<u>(1,529,710)</u>	<u>(1,018,341)</u>	<u>(11,155)</u>	<u>(16,558)</u>	<u>(420,011)</u>	<u>(63,645)</u>

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 :

	September 30, 2023			December 31, 2022			September 30, 2022			
	Foreign currency	Exchange rate	TWD amount	Foreign currency	Exchange rate	TWD amount	Foreign currency	Exchange rate	TWD amount	
<u>Financial assets</u>										
<u>Monetary items</u>										
USD	\$	58,510	32.27	1,888,133	70,108	30.71	2,153,031	58,112	31.75	1,845,066
JPY		17,624	0.2162	3,810	3,900	0.2324	906	4,369	0.2201	962
CNY		3,045	4.415	13,446	5,426	4.408	23,916	7,352	4.473	32,886
<u>Non-monetary items</u>										
USD		1,995	32.27	64,392	3,000	30.71	92,130	4,000	31.75	127,000
<u>Financial liabilities</u>										
<u>Monetary items</u>										
USD	\$	18,259	32.27	589,222	20,382	30.71	625,933	21,119	31.75	670,541
JPY		20,714	0.2162	4,478	16,711	0.2324	3,884	19,251	0.2201	4,237
<u>Non-monetary items</u>										
USD	-	-	-	3,000	30.71	92,130	-	-	-	-

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

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 September 30, 2023 and 2022, if the exchange rate of the TWD versus the USD, CNY and JPY have increased or decreased by 1%, given no changes in other factors. For the nine months ended September 30, 2023 and 2022, profit after tax would have increased or decreased by \$9,583 and \$8,022, and other comprehensive income after tax would have increased or decreased by \$749 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 and the nine months ended September 30, 2023 and 2022, foreign exchange gain or loss (including realized and unrealized) amounted to gain \$50,887, gain \$69,285, gain \$66,219 and gain \$132,380, respectively.

### 2) Interest rate analysis

Please refer to liquidity risk management for the detail of 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 nine months ended September 30, 2023 and 2022 would have been decreased or increased by \$600 and \$690, 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 nine months ended September 30			
	2023		2022	
	Other comprehensive income after tax	Net profit (loss)	Other comprehensive income after tax	Net profit (loss)
Increase 3%	\$ 15,104	2,248	14,777	-
Decrease 3%	\$ (15,104)	(2,248)	(14,777)	-

### (iv) Fair value

#### 1) Categories and fair values of financial instruments

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

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

	September 30, 2023				
	Carrying	Fair value			Amount
	Amount	Level 1	Level 2	Level 3	
<b>Financial assets at FVTPL</b>					
Debt instrument with quoted market prices	\$ 93,642	93,462	-	-	93,462
<b>Financial assets at FVOCI</b>					
Debt instrument with quoted market prices	93,569	93,569	-	-	93,569
Equity instrument with quoted market prices	283,114	283,114	-	-	283,114
Equity instrument at fair value without quoted market prices	<u>145,562</u>	-	-	145,562	145,562
Subtotal	<u>522,245</u>				
<b>Financial assets at amortized cost</b>					
Cash and cash equivalent	1,316,587	-	-	-	-
Account receivables	748,891	-	-	-	-
Other account receivables	2,602	-	-	-	-
Restricted deposit	2,328	-	-	-	-
Refundable deposit	<u>9,701</u>	-	-	-	-
Subtotal	<u>2,080,109</u>				
<b>Total financial assets</b>	<u>\$ 2,695,996</u>				
<b>Financial liabilities at amortized cost</b>					
Bank loans	\$ 398,180	-	-	-	-
Notes payable	20	-	-	-	-
Accounts payable	541,043	-	-	-	-
Other payable	367,346	-	-	-	-
Lease liabilities	59,350	-	-	-	-
Guarantee deposits	<u>629</u>	-	-	-	-
<b>Total financial liabilities</b>	<u>\$ 1,366,568</u>				
	December 31, 2022				
	Carrying	Fair value			Amount
	Amount	Level 1	Level 2	Level 3	
<b>Financial assets at FVTPL</b>					
Swap contract	\$ 399	-	399	-	399
<b>Financial assets at FVOCI</b>					
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	<u>154,942</u>	-	-	154,942	154,942
Subtotal	<u>542,916</u>				
<b>Financial assets at amortized cost</b>					
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)	<u>9,593</u>	-	-	-	-
Subtotal	<u>2,021,133</u>				
<b>Total financial assets</b>	<u>\$ 2,564,448</u>				
<b>Financial liabilities at FVTPL</b>					
Swap contract	\$ 1,933	-	1,933	-	1,933
<b>Financial liabilities at amortized cost</b>					
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	<u>600</u>	-	-	-	-
Subtotal	<u>1,708,006</u>				
<b>Total financial liabilities</b>	<u>\$ 1,709,939</u>				

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

	September 30, 2022				
	Carrying	Fair value			Amount
	Amount	Level 1	Level 2	Level 3	
<b>Financial assets at FVTPL</b>					
Swap contract	5,461	-	5,461	-	5,461
<b>Financial assets at FVOCI</b>					
Equity instrument with quoted market prices	321,033	321,033	-	-	321,033
Equity instrument at fair value without quoted market prices	171,466	-	-	171,466	171,466
Subtotal	492,499				
<b>Financial assets at amortized cost</b>					
Cash and cash equivalent	1,066,283	-	-	-	-
Account receivables	728,413	-	-	-	-
Other account receivables	1,498	-	-	-	-
Restricted deposit	2,547	-	-	-	-
Refundable deposits (recognized in other assets - noncurrent)	9,535	-	-	-	-
Subtotal	1,808,276				
<b>Total financial assets</b>	<b>\$ 2,306,236</b>				
<b>Financial liabilities at amortized cost</b>					
Bank loans	457,959	-	-	-	-
Notes payable	33	-	-	-	-
Account payable	565,694	-	-	-	-
Other notes payable and other payables	381,010	-	-	-	-
Lease liability	71,809	-	-	-	-
Guarantee deposits received	619	-	-	-	-
Subtotal	1,477,124				
<b>Total financial liabilities</b>	<b>\$ 1,477,124</b>				

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

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

### 2) Valuation techniques and assumptions 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.

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

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 September 30, 2023 and 2022.

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

	<b>Financial assets at fair value through other comprehensive income</b>
	<b>Unquoted equity instruments</b>
<b>Balance at January 1, 2023</b>	\$ 154,942
Recognized in other comprehensive income	(9,380)
<b>Balance at September 30, 2023</b>	<b>\$ 145,562</b>
<b>Balance at January 1, 2022</b>	\$ 112,586
Recognized in other comprehensive income	58,880
<b>Balance at September 30, 2022</b>	<b>\$ 171,466</b>

### 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 follow :

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

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"> <li>Continuing growth rate (as of September 30, 2023, December 31, 2022 and September 30, 2022 was 1.44%)</li> <li>Weighted average cost of capital (as of September 30, 2023, December 31, 2022 and September 30, 2022 ranged from 14.3428%、12.0298% and 9.80%, respectively)</li> <li>Market illiquidity discount rate (as of September 30, 2023, December 31, 2022 and September 30, 2022 ranged from 30.34%、33.76% and 34.53%, respectively)</li> <li>Non-controlling interests discount rate (as of September 30, 2023, December 31, 2022 and September 30, 2022 was 29.48%)</li> </ul>	<ul style="list-style-type: none"> <li>If the continuing growth rate was higher, the estimated fair value would increase.</li> <li>If WACC were higher, the estimated fair value would decrease.</li> <li>If the market illiquidity discount rate was higher, the estimated fair value would decrease.</li> <li>If the non-controlling interests discount rate was higher, the estimated fair value would decrease.</li> </ul>
Financial assets at fair value through other comprehensive income-equity investments without an active market	Net Asset Value Method	<ul style="list-style-type: none"> <li>Net Asset Value</li> </ul>	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 :

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

Inputs	Fluctuation in inputs	Changes in fair value reflected in OCI	
		Favorable	Unfavorable
September 30, 2023			
Continuing growth rate 1.44%	0.1 %	\$ 630	700
Weighted average cost of capital 14.3428%	0.1 %	1,050	980
Market illiquidity discount rate 30.34%	1 %	1,680	1,680
Non-controlling interests discount rate 29.48%	1 %	1,680	1,610
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
September 30, 2022			
Continuing growth rate 1.44%	0.1 %	\$ 1,470	1,540
Weighted average cost of capital 9.80%	0.1 %	1,890	1,890
Market illiquidity discount rate 34.53%	1 %	2,310	2,310
Non-controlling interests discount rate 29.48%	1 %	2,170	2,170

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.

### (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.

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to 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)	September 30, 2023
Short-term loans	\$ 270,000	(270,000)	-	-	-	-
Long-term loans (including long term loans, current portion)	399,013	-	-	(833)	-	398,180
Lease liabilities	68,470	(10,357)	(31)	-	1,268	59,350
Guarantee deposits	600	-	29	-	-	629
Total liabilities from financing activities	<u>\$ 738,083</u>	<u>(280,357)</u>	<u>(2)</u>	<u>(833)</u>	<u>1,268</u>	<u>458,159</u>

	Non-cash changes					
	January 1, 2022	Cash flows	Foreign exchange movement	Amortized	Other (Note)	September 30, 2022
Short-term loans	\$ -	60,000	-	-	-	60,000
Long-term loans (including long term loans, current portion)	398,349	-	-	(390)	-	397,959
Lease liabilities	80,374	(9,921)	285	-	1,071	71,809
Guarantee deposits	544	-	75	-	-	619
Total liabilities from financing activities	<u>\$ 479,267</u>	<u>50,079</u>	<u>360</u>	<u>(390)</u>	<u>1,071</u>	<u>530,387</u>

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

### (7) Transactions with Related Parties

Compensation of key management personnel

The information on key management personnel compensation was as follows :

	July to September, 2023	July to September, 2022	January to September, 2023	January to September, 2022
Short-term employee benefits \$	13,805	14,292	39,519	35,660
Post-employment benefits	166	136	490	401
	<u>\$ 13,971</u>	<u>14,428</u>	<u>40,009</u>	<u>36,061</u>

### (8) Pledged Assets

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

Pledged Assets	Purpose	September 30, 2023	December 31, 2022	September 30, 2022
Restricted time deposits-current	Guarantee for customs	\$ 2,328	2,558	2,547
Property, plant and equipment— buildings	Guarantee for long- term loans	172,409	169,893	169,367
		<u>\$ 174,737</u>	<u>172,451</u>	<u>171,914</u>



# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

### (9) Commitments and Contingencies:

- (a) As of September 30, 2023, December 31, 2022 and September 30, 2022, the Group has signed contracts for the purchase of equipments. The unrecognized contingencies of those contracts amounted to \$26,531, \$27,801 and \$14,878, respectively.
- (b) As of September 30, 2022, the Group has signed contracts for significant office real estate. The unrecognized contingencies of this contracts amounted to \$64,132.

### (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 :

	For the three months ended September 30					
By function	2023			2022		
By item	Recorded as operating cost	Recorded as operating expenses	Total	Recorded as operating cost	Recorded as operating expenses	Total
Employee benefits (Note)	152,882	87,306	240,188	172,604	84,713	257,317
Depreciation	14,154	3,735	17,889	14,047	3,649	17,696
Amortization	72	259	331	140	258	398

	For the nine months ended September 30					
By function	2023			2022		
By item	Recorded as operating cost	Recorded as operating expenses	Total	Recorded as operating cost	Recorded as operating expenses	Total
Employee benefits (Note)	459,659	256,951	716,610	467,952	232,069	700,021
Depreciation	41,726	11,858	53,584	38,211	9,895	48,106
Amortization	218	768	986	284	779	1,063

- (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 nine months ended September 30, 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 September 30, 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	September 30, 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 FVOCI—current	8,202,773	32,474		32,474	
The Company	Franklin Templeton Investment Funds-Franklin Strategic Income Fund Class A (acc) USD	-	Financial assets at FVOCI—current	64,184,852	31,918	-	31,918	-
The Company	Yuanta Japan Leaders Equity Fund-TWD (A)	-	Financial assets at FVOCI—current	3,000,000	29,250	-	29,250	-
The Company	Corporate bonds FORCAY	-	Financial assets at FVOCI—current	1,000,000	31,067	-	31,067	-
The Company	Corporate bonds TAISEM	-	Financial assets at FVOCI—current	1,020,000	31,477	-	31,477	-
The Company	Corporate bonds BAC	-	Financial assets at FVOCI—current	1,000,000	31,025	-	31,025	-
The Company	Ascendax Venture Capital Corp. stock	-	Financial assets at FVOCI—noncurrent	1,924,230	28,382	5.25 %	28,382	-
The Company	Chenfeng Optronics Corp. stock	-	Financial assets at FVOCI—noncurrent	1,000,000	16,740	1.06 %	16,740	-
The Company	Fubon Financial Holding Co., Ltd. Preferred Shares B	-	Financial assets at FVOCI—noncurrent	13,845	828	-	828	-
The Company	Innolux Corp. stock	-	Financial assets at FVOCI—current	986,209	12,969	0.01 %	12,969	-
The Company	Pegatron Co., Ltd. stock	-	Financial assets at FVOCI—current	216,000	16,546	0.01 %	16,546	-
The Company	Chicony Electronics Co., Ltd. stock	-	Financial assets at FVOCI—current	300,000	34,650	0.04 %	34,650	-
The Company	Mega Financial Holding Co., Ltd. stock	-	Financial assets at FVOCI—current	1,277,035	48,144	0.01 %	48,144	-
The Company	Taiwan Cement Corp., Ltd. stock	-	Financial assets at FVOCI—current	868,943	28,892	0.01 %	28,892	-
The Company	ASE Technology Holding Co., Ltd. stock	-	Financial assets at FVOCI—current	295,000	32,302	0.01 %	32,302	-
The Company	Nan Ya Plastics Corporation. stock	-	Financial assets at FVOCI—current	300,000	19,980	-	19,980	-
The Company	China Development Financial Holding Corp. stock	-	Financial assets at FVOCI—current	1,800,000	21,240	0.01 %	21,240	-
The Company	Evergreen Marine Corp. (Taiwan) Ltd. stock	-	Financial assets at FVOCI—current	84,000	9,744	-	9,744	-
The Company	United Microelectronics Corp. stock	-	Financial assets at FVOCI—current	100,000	4,520	-	4,520	-
The Company	Coasia Microelectronics Corp. stock	-	Financial assets at FVOCI—current	472,239	5,006	0.32 %	5,006	-
The Company	Shian Yih Electronic Co., Ltd. stock	-	Financial assets at FVOCI—current	480,000	16,440	0.78 %	16,440	-
Ying Dar Investment Development Corp	Shian Yih Electronic Co., Ltd. stock	-	Financial assets at FVOCI—current	550,000	18,838	0.90 %	18,838	-
Ying Dar Investment Development Corp	The Company's stock	The Company	Financial assets at FVOCI—noncurrent	5,346,672	168,153	3.40 %	168,153	(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	13,015	0.62 %	13,015	-
Bae Haw Investment Development Corp	The Company's stock	The Company	Financial assets at FVOCI—noncurrent	3,447,716	108,431	2.19 %	108,431	(Note)
Ying Cheng Investment Corp.	Chenfeng Optronics Corp. stock	-	Financial assets at FVOCI—noncurrent	6,000,000	100,440	6.38 %	100,440	-

Note : It was eliminated in the consolidation

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

- (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.
- (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	1,025,689	30.21 %	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.	399,161	48.42%	(Note)
Emerging Display Technologies Corp., U.S.A.	The Company	Subsidiary of the Company	Purchase	(1,025,689)	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.	(399,161)	100.00%	(Note)
The Company	Dong Guan Emerging Display Limited	Sub-sidiary of the Company	Purchase (processing expense)	(248,576)	13.81 %	1~3 months	The company is the only entity the sub-subsidiary provides processing service to. There is no comparable transaction.	The company is the only entity the sub-subsidiary provides processing service to.	(20,004)	4.15%	(Note)
Dong Guan Emerging Display Limited	The Company	Sub-sidiary of the Company	Sale (processing revenue)	248,576	100.00%	1~3 months	The company is the only entity the sub-subsidiary provides processing service to. There is no comparable transaction.	The company is the only entity the sub-subsidiary provides processing service to.	20,004	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 399,161	4.01	-	-	148,378	-	(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	1,025,689 399,161	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.		29.67% 9.50%
0	The Company	EDT-Europe Aps		1 Selling expenses-Commission Other payable	57,505 9,918	No non-related-party transaction to compare to.		1.66% 0.22%

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

No.	Name	Counterparty	Relationship (Note 1)	Details of transaction			
				Subject	Amount	Term of trading	% of total consolidated revenue or total asset
0	The Company	Emerging Display Technologies Korea	1	Selling expenses-Commission	2,784	No non-related-party transaction to compare to.	0.08%
0	The Company	EDT- Japan Corp.	1	Selling expenses-Commission	9,243	No non-related-party transaction to compare to.	0.27%
0	The Company	Dong Guan Emerging Display Limited	1	Processing cost	248,576	No non-related-party transaction to compare to.	7.19%
0	The Company	Dong Guan Emerging Display Limited	1	Accounts payable (Note 2)	20,004	No non-related-party transaction to compare to.	0.48%

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).

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

Relevant information about investees for the nine months ended September 30, 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
				September 30, 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%	110,685 (Note 1)	2,890	2,638	Subsidiary (Note2)
The Company	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	180,503	180,503	5,984,071	78.49%	72,087	6,997	5,492	Subsidiary (Note2)
The Company	EDT-Europe Aps	Denmark	Customer service and business support	101,872	71,172	2,000,000	100.00%	117,869	2,854	2,854	Subsidiary (Note2)
The Company	Emerging Display Technologies Korea	Korea	Business support	1,677	1,677	58,212,500	100.00%	1,554	(36)	(36)	Subsidiary (Note2)
The Company	EDT- Japan Corp.	Japan	Customer service and business support	17,401	17,401	5,000	100.00%	6,455	473	473	Subsidiary (Note2)
The Company	Ying Dar Investment Development Corp.	Taiwan	Investment	89,000	89,000	8,900,000	100.00%	36,357	8,354	8,354	Subsidiary (Note2)
The Company	Bae Haw Investment Development Corp.	Taiwan	Investment	89,000	89,000	8,900,000	100.00%	46,758	6,207	6,207	Subsidiary (Note2)
The Company	Ying Cheng Investment Corp.	Taiwan	Investment	84,000	84,000	8,400,000	52.50%	57,857	11	6	Subsidiary (Note2)
Ying Dar Investment Development Corp.	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	13,234	13,234	450,000	5.90%	5,419	6,997	413	Subsidiary (Note2)
Bae Haw Investment Development Corp.	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	25,488	25,488	870,000	11.41%	10,479	6,997	798	Subsidiary (Note2)

Note1: It was deducted unrealized profit from sales \$19,559

Note2: It was eliminated in the consolidation.

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

### (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 September 30, 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 September 30, 2023	Accumulated investment income repatriated to Taiwan as of September 30, 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)	6,242	95.80% (Note2)	Gain of \$5,980 Based on the investee's financial statements audited by the same auditor as the Group (Note3)	77,849 (Note4)	-

#### (ii) Limitation on investments in Mainland China :

Accumulated investment amount remitted from Taiwan to Mainland China as of September 30, 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
223,782(Note8) (USD 6,934,668) (Note5)	450,222(Note8) (USD 13,951,732) (Note6)	1,729,105 (Note7)

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

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

Note 3 : The amount includes a gain of \$368 which was recognized by Ying Dar Investment Development Corp. and a gain of \$712 which was recognized by Bae Haw Investment Development Corp.

Note 4 : The amount includes \$4,794 which was invested by Ying Dar Investment Development Corp. and \$9,272 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 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 \$122,706 for Ying Dar Investment Development Corp. and \$93,113 for Bae Haw Investment Development Corp.

Note 8 : Transactions denominated in foreign currencies were recorded using the rate of exchange at September 30, 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 nine months ended September 30, 2023.

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

(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.

### (14) Segment Information

Reportable segment information was as follows :

July to September, 2023						
	Domestic	North America	Mainland China	Other operating Department	Adjustments and Eliminations	Total
Revenue:						
Sales to customers other than consolidated entities	\$ 641,112	478,255	-	142	-	1,119,509
Sales among consolidated entities	464,527	-	103,011	22,850	(590,388)	-
<b>Total revenue</b>	<b>\$ 1,105,639</b>	<b>478,255</b>	<b>103,011</b>	<b>22,992</b>	<b>(590,388)</b>	<b>1,119,509</b>
<b>Segment Income</b>	<b>\$ 160,086</b>	<b>4,786</b>	<b>7,297</b>	<b>4,069</b>	<b>(3,754)</b>	<b>172,484</b>
July to September, 2022						
	Domestic	North America	Mainland China	Other operating Department	Adjustments and Eliminations	Total
Revenue:						
Sales to customers other than consolidated entities	\$ 849,641	426,246	-	237	-	1,276,124
Sales among consolidated entities	390,110	-	106,355	19,492	(515,957)	-
<b>Total revenue</b>	<b>\$ 1,239,751</b>	<b>426,246</b>	<b>106,355</b>	<b>19,729</b>	<b>(515,957)</b>	<b>1,276,124</b>
<b>Segment Income</b>	<b>\$ 179,310</b>	<b>2,803</b>	<b>2,929</b>	<b>3,196</b>	<b>1,349</b>	<b>189,587</b>

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

January to September, 2023						
	Domestic	North America	Mainland China	Other operating Department	Adjustments and Eliminations	Total
Revenue:						
Sales to customers other than consolidated entities	\$ 2,368,342	1,088,043	-	540	-	3,456,925
Sales among consolidated entities	1,027,037	-	248,576	69,532	(1,345,145)	-
<b>Total revenue</b>	<b>\$ 3,395,379</b>	<b>1,088,043</b>	<b>248,576</b>	<b>70,072</b>	<b>(1,345,145)</b>	<b>3,456,925</b>
<b>Segment Income</b>	<b>\$ 421,887</b>	<b>3,690</b>	<b>7,626</b>	<b>4,318</b>	<b>(4,431)</b>	<b>433,090</b>
January to September, 2022						
	Domestic	North America	Mainland China	Other operating Department	Adjustments and Eliminations	Total
Revenue:						
Sales to customers other than consolidated entities	\$ 2,422,436	1,078,286	-	557	-	3,501,279
Sales among consolidated entities	1,050,076	-	262,736	58,345	(1,371,157)	-
<b>Total revenue</b>	<b>\$ 3,472,512</b>	<b>1,078,286</b>	<b>262,736</b>	<b>58,902</b>	<b>(1,371,157)</b>	<b>3,501,279</b>
<b>Segment Income</b>	<b>\$ 424,670</b>	<b>9,187</b>	<b>(7,427)</b>	<b>2,613</b>	<b>(6,096)</b>	<b>422,947</b>
Segment Assets						
	Domestic	North America	Mainland China	Other operating Department	Adjustments and Eliminations	Total
September 30,2023	<b>\$ 3,772,124</b>	<b>543,060</b>	<b>173,971</b>	<b>145,250</b>	<b>(432,025)</b>	<b>4,202,380</b>
December 31,2022	<b>\$ 3,907,668</b>	<b>417,953</b>	<b>191,306</b>	<b>110,272</b>	<b>(341,426)</b>	<b>4,285,773</b>
September 30,2022	<b>\$ 3,599,739</b>	<b>490,794</b>	<b>172,376</b>	<b>103,165</b>	<b>(371,897)</b>	<b>3,994,177</b>
Segment Liabilities						
	Domestic	North America	Mainland China	Other operating Department	Adjustments and Eliminations	Total
September 30,2023	<b>\$ 1,527,499</b>	<b>412,816</b>	<b>92,709</b>	<b>19,372</b>	<b>(428,364)</b>	<b>1,624,032</b>
December 31,2022	<b>\$ 1,849,373</b>	<b>296,874</b>	<b>115,050</b>	<b>22,930</b>	<b>(326,297)</b>	<b>1,957,930</b>
September 30,2022	<b>\$ 1,614,006</b>	<b>365,440</b>	<b>103,459</b>	<b>19,456</b>	<b>(369,809)</b>	<b>1,732,552</b>