

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

**EMERGING DISPLAY TECHNOLOGIES CORP. AND
SUBSIDIARIES**

**For the six months ended June 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 June 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and the six months ended June 30, 2023 and 2022, and changes in equity and cash flows for the six months ended June 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 \$448,005 thousand and \$332,272 thousand, constituting 10.72% and 8.46% of consolidated total assets as of June 30, 2023 and 2022, respectively, total liabilities amounting to \$107,151 thousand and \$109,449 thousand, constituting 5.87% and 5.89% of consolidated total liabilities as of June 30, 2023 and 2022, respectively, and total comprehensive income amounting to loss \$13,916 thousand, gain \$5,853 thousand, loss \$27,474 thousand and gain \$23,766 thousand, constituting (8.67%), 8.68%, (9.87%) and 12.75% of consolidated total comprehensive income for the three months and the six months ended June 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 June 30, 2023 and 2022, and its consolidated financial performance for the three months and six months ended June 30, 2023 and 2022, as well as its consolidated cash flow for the six months ended June 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)

August 3, 2023

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

June 30, 2023, December 31, 2022, and June 30, 2022

(Expressed in thousands of New Taiwan Dollars)

(Reviewed, not audited)

Assets		June 30, 2023		December 31, 2022		June 30, 2022		Liabilities and Equity		June 30, 2023		December 31, 2022		June 30, 2022	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%		
Current assets :								Current liabilities :							
1100	Cash and cash equivalents (Note 6(a))	\$ 1,269,024	30	1,307,122	30	838,470	21	2100	Short-term loans (Note 6(m))	\$ -	-	270,000	6	-	-
1110	Financial assets at fair value through profit or loss, current (Note 6(b))	62,943	2	399	-	138	-	2120	Financial liability at fair value through profit and loss (Note 6(b))	-	-	1,933	-	9	-
1120	Financial assets at fair value through other comprehensive income, current (Note 6(c))	468,046	11	387,178	9	345,794	9	2150	Notes payable	20	-	20	-	32	-
1170	Accounts receivable, net (Note 6(d) and (v))	712,106	17	698,482	16	785,482	20	2170	Accounts payable	528,793	13	581,980	14	711,776	18
1200	Other notes receivable and other receivables (Notes 6(e))	15,218	-	3,378	-	10,297	-	2200	Other payables (Note 6(n))	604,765	14	387,923	9	486,666	13
1220	Income tax assets	302	-	252	-	116	-	2230	Income tax liabilities	48,616	1	84,754	2	43,361	1
130X	Inventories (Note 6(f))	825,379	21	1,044,614	24	1,247,966	32	2280	Lease liabilities, current (Notes 6(p))	9,854	-	13,418	-	10,538	-
1470	Other current assets (Notes 6(g) and 8)	64,446	2	65,150	2	58,544	1	2300	Other current liabilities (Notes 6(v))	91,391	2	72,058	2	53,404	1
Total current assets		3,417,464	83	3,506,575	81	3,286,807	83	Total current liabilities		1,283,439	30	1,412,086	33	1,305,786	33
Non-current assets:								Non-current liabilities :							
1517	Financial assets at fair value through other comprehensive income, non-current (Note 6(c))	131,651	3	155,738	4	140,397	4	2540	Long-term loans (Notes 6(o) and 8)	398,710	10	399,013	9	398,442	10
1600	Property, plant and equipment (Notes 6(i) ,8 and 9)	474,647	11	461,222	11	340,020	9	2570	Deferred income tax liabilities	-	-	-	-	8	-
1755	Right-of-use assets (Notes 6(j))	57,964	1	64,786	2	66,467	2	2580	Lease liabilities, non-current (Notes 6(p))	51,938	1	55,052	1	59,270	2
1760	Investment property (Notes 6(k))	58,634	1	58,053	1	56,526	1	2640	Net defined benefit liabilities, non-current	89,765	2	90,867	3	92,893	2
1780	Intangible assets (Note 6(l))	4,874	-	5,247	-	5,850	-	2645	Guarantee deposits received	608	-	600	-	582	-
1840	Deferred income tax assets	24,780	1	24,559	1	21,714	1	2670	Other non-current liabilities—other	208	-	312	-	416	-
1980	Other non-current financial assets	9,444	-	9,593	-	9,524	-	Total non-current liabilities		541,229	13	545,844	13	551,611	14
Total non-current assets		761,994	17	779,198	19	640,498	17	Total liabilities		1,824,668	43	1,957,930	46	1,857,397	47
								Equity attributable to owners of parent (Note 6(t)) :							
								3100	Ordinary shares	1,574,076	38	1,574,076	37	1,574,076	40
								3200	Capital surplus	36,150	1	35,840	1	25,282	1
								3300	Retained earnings	869,432	21	897,783	21	668,661	17
								3400	Other equity interest	(53,529)	(1)	(120,343)	(3)	(132,915)	(3)
								3500	Treasury stock	(122,282)	(3)	(122,282)	(3)	(122,282)	(3)
								Total equity attributable to shareholders of the parent		2,303,847	56	2,265,074	53	2,012,822	52
								36XX	Non-controlling interests (Note 6(h))	50,943	1	62,769	1	57,086	1
Total assets		\$ 4,179,458	100	4,285,773	100	3,927,305	100	Total equity		2,354,790	57	2,327,843	54	2,069,908	53
								Total liabilities and equity		\$ 4,179,458	100	4,285,773	100	3,927,305	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 six months ended June 30, 2023 and 2022
(Expressed in thousands of New Taiwan dollars, Except Earnings Per Share)
(Reviewed, not audited)

	For the three months ended June 30				For the six months ended June 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
Operating revenue (Note 6(v))	\$ 1,205,163	100	1,197,256	100	2,337,416	100	2,225,155	100
Operating cost (Notes 6(f, r and w) and 12)	<u>953,706</u>	<u>79</u>	<u>957,530</u>	<u>80</u>	<u>1,852,300</u>	<u>79</u>	<u>1,804,959</u>	<u>81</u>
Gross profit	<u>251,457</u>	<u>21</u>	<u>239,726</u>	<u>20</u>	<u>485,116</u>	<u>21</u>	<u>420,196</u>	<u>19</u>
Operating expenses (Notes 6(d, r and w) 7and 12) :								
Selling expenses	65,394	6	63,281	5	123,364	5	119,838	5
General and administrative expenses	45,562	4	40,040	3	82,537	4	77,932	4
Research and development expenses	37,859	3	31,104	3	68,782	3	59,717	3
Expected credit impairment loss(gain)	719	-	93	-	407	-	(5)	-
Total operating expenses	<u>149,534</u>	<u>13</u>	<u>134,518</u>	<u>11</u>	<u>275,090</u>	<u>12</u>	<u>257,482</u>	<u>12</u>
Net other income and expenses(Note 6(x))	<u>1,041</u>	<u>-</u>	<u>1,012</u>	<u>-</u>	<u>2,070</u>	<u>-</u>	<u>1,967</u>	<u>-</u>
Net operating income	<u>102,964</u>	<u>8</u>	<u>106,220</u>	<u>9</u>	<u>212,096</u>	<u>9</u>	<u>164,681</u>	<u>7</u>
Non-operating income and expenses(Note 6(c, p and y) :								
Interest income	10,149	1	410	-	20,759	1	522	-
Other income	15,937	1	9,008	1	17,999	1	10,632	-
Other gains and losses	31,262	3	28,374	2	16,879	-	61,974	3
Finance costs	(3,039)	-	(2,253)	-	(7,127)	-	(4,449)	-
Total Non-operating income and expenses	<u>54,309</u>	<u>5</u>	<u>35,539</u>	<u>3</u>	<u>48,510</u>	<u>2</u>	<u>68,679</u>	<u>3</u>
Profit (loss) before income tax	<u>157,273</u>	<u>13</u>	<u>141,759</u>	<u>12</u>	<u>260,606</u>	<u>11</u>	<u>233,360</u>	<u>10</u>
Less: Income tax expense (Note 6(s))	<u>29,787</u>	<u>3</u>	<u>24,752</u>	<u>2</u>	<u>43,522</u>	<u>2</u>	<u>38,830</u>	<u>2</u>
Profit (Loss)	<u>127,486</u>	<u>10</u>	<u>117,007</u>	<u>10</u>	<u>217,084</u>	<u>9</u>	<u>194,530</u>	<u>8</u>
Other comprehensive income :								
Items that will not be reclassified subsequently to profit or loss								
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income (Note 6(t))	33,177	3	(53,494)	(4)	62,880	3	(24,173)	(1)
Less : Income tax related to items that will not be reclassified subsequently (Note 6(s))	-	-	-	-	-	-	(232)	-
	<u>33,177</u>	<u>3</u>	<u>(53,494)</u>	<u>(4)</u>	<u>62,880</u>	<u>3</u>	<u>(23,941)</u>	<u>(1)</u>
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translation of foreign financial statements(Note 6(t))	(249)	-	3,897	-	(1,475)	-	15,784	1
Less : Income tax related to items that will not be reclassified subsequently (Note 6(s))	-	-	-	-	-	-	-	-
	<u>(249)</u>	<u>-</u>	<u>3,897</u>	<u>-</u>	<u>(1,475)</u>	<u>-</u>	<u>15,784</u>	<u>1</u>
Other comprehensive income, net	<u>32,928</u>	<u>3</u>	<u>(49,597)</u>	<u>(4)</u>	<u>61,405</u>	<u>3</u>	<u>(8,157)</u>	<u>-</u>
Comprehensive income	<u>\$ 160,414</u>	<u>13</u>	<u>67,410</u>	<u>6</u>	<u>278,489</u>	<u>12</u>	<u>186,373</u>	<u>8</u>
Profit (loss) attributable to								
Shareholders of the parent	\$ 127,457	10	117,174	10	217,075	9	194,968	8
Non-controlling interests	29	-	(167)	-	9	-	(438)	-
Net Profit (loss)	<u>\$ 127,486</u>	<u>10</u>	<u>117,007</u>	<u>10</u>	<u>217,084</u>	<u>9</u>	<u>194,530</u>	<u>8</u>
Comprehensive income attributable to :								
Shareholders of the parent	\$ 165,226	13	62,784	6	290,315	12	174,339	8
Non-controlling interests	(4,812)	-	4,626	-	(11,826)	-	12,034	-
Total comprehensive income	<u>\$ 160,414</u>	<u>13</u>	<u>67,410</u>	<u>6</u>	<u>278,489</u>	<u>12</u>	<u>186,373</u>	<u>8</u>
Earnings per share (Note 6(u))(expressed in New Taiwan dollars) :								
Basic earnings per share	<u>\$ 0.86</u>		<u>0.79</u>		<u>1.46</u>		<u>1.31</u>	
Diluted earnings per share	<u>\$ 0.86</u>		<u>0.79</u>		<u>1.45</u>		<u>1.30</u>	

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Changes in Stockholders' Equity

For the six months ended June 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			Total equity attributable to shareholders of parent	Non-controlling interests	Total Equity
	Retained earnings					Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income				
	Ordinary shares	Capital surplus	Legal capital reserve	Special capital reserve	Unappropriated earnings		Treasury stock				
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	-	-	-	-	194,968	-	-	-	194,968	(438)	194,530
Other comprehensive income	-	-	-	-	-	15,424	(36,053)	-	(20,629)	12,472	(8,157)
Total comprehensive income	-	-	-	-	194,968	15,424	(36,053)	-	174,339	12,034	186,373
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	-	-	-	-	-	-
Proceeds from disposal equity instruments at FVOCI	-	-	-	-	7,795	-	(7,795)	-	-	-	-
Retirement of treasury stock	(50,000)	(739)	-	-	-	-	-	50,739	-	-	-
Return of employee stock ownership trust	-	41	-	-	-	-	-	-	41	-	41
Balance as of June 30, 2022	\$ 1,574,076	25,282	132,078	104,491	432,092	(14,574)	(118,341)	(122,282)	2,012,822	57,086	2,069,908
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	-	-	-	-	217,075	-	-	-	217,075	-	217,084
Other comprehensive income	-	-	-	-	-	(1,324)	74,564	-	73,240	(11,835)	61,405
Total comprehensive income	-	-	-	-	217,075	(1,324)	74,564	-	290,315	(11,826)	278,489
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)	-	-	-	-	-	-
Proceeds from disposal equity instruments at FVOCI	-	-	-	-	6,426	-	(6,426)	-	-	-	-
Return of employee stock ownership trust	-	310	-	-	-	-	-	-	310	-	310
Balance as of June 30, 2023	\$ 1,574,076	36,150	175,266	120,343	573,823	(5,753)	(47,776)	(122,282)	2,303,847	50,943	2,354,790

See accompanying notes to consolidated financial statements.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the six months ended June 30, 2023 and 2022
(Expressed in thousands of New Taiwan Dollars)
(Reviewed, not audited)

	For the six months ended June 30	
	2023	2022
Cash flows from (used in) operating activities :		
Profit (Loss) before tax	\$ 260,606	233,360
Adjustments :		
Adjustments to reconcile profit (loss) :		
Depreciation expense	35,695	30,410
Amortization expense	655	665
Expected credit impairment loss(gain)	407	(5)
Net (gains) losses on financial assets or liabilities at fair value through profit or loss	(2,197)	(87)
Interest expense	7,127	4,449
Interest income	(20,755)	(514)
Dividend income	(17,680)	(10,304)
Gain on disposal of property, plant, equipment	(226)	(330)
Unrealized foreign exchange loss(gain)	(10,797)	(5,791)
Others	-	41
Total adjustments to reconcile profit	(7,771)	18,534
Changes in operating assets and liabilities		
Changes in operating assets:		
Increase in accounts receivable	(3,309)	(15,117)
Decrease in other notes and accounts receivable	1,022	543
Decrease (Increase) in inventories	217,038	(184,997)
Decrease(Increase) in other current assets	927	(6,207)
Total net changes in operating assets	215,678	(205,778)
Changes in operating liabilities :		
Decrease in notes payable	-	(54)
(Decrease) Increase in accounts payable	(58,584)	141,478
(Decrease) Increase in other payable	(27,761)	2,141
Increase (Decrease) in other current liabilities	15,941	(2,404)
Decrease in net defined benefit liability	(1,102)	(8,084)
Decrease in other non-current liabilities	(104)	(104)
Total changes in operating liabilities	(71,610)	132,973
Total changes in operating assets and liabilities	144,068	(72,805)
Total adjustments	136,297	(54,271)
Cash inflow generated from operations	396,903	179,089
Interest received	19,519	493
Dividends received	6,054	1,584
Interest paid	(8,262)	(4,463)
Income taxes paid	(79,934)	(25,269)
Net cash flows from (used in) operating activities	334,280	151,434
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(39,524)	(139,327)
Proceeds from disposal of financial assets at fair value through other comprehensive income	45,850	44,524
Acquisition of financial assets at fair value through profit or loss	(61,480)	(10,000)
Proceeds from disposal of financial assets at fair value through profit or loss	-	10,002
Acquisition of property, plant and equipment	(45,281)	(24,374)
Proceeds from disposal of property, plant, equipment	723	2,114
Acquisition of intangible assets	(282)	(2,830)
Decrease(Increase) in Other financial assets	25	(982)
Net cash flows from (used in) investing activities	(99,969)	(120,873)
Cash flows from (used in) financing activities:		
Decrease in short-term loans	(270,000)	-
Return of employee stock ownership trust	310	-
Repayment of lease liabilities	(7,106)	(6,321)
Net cash flows from (used in) financing activities	(276,796)	(6,321)
Effects of changes in foreign exchange rates	4,387	(2,126)
Net increase in cash and cash equivalents	(38,098)	22,114
Cash and cash equivalents at beginning of period	1,307,122	816,356
Cash and cash equivalents at end of period	\$ 1,269,024	838,470

See accompanying notes to financial statements.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the six months ended June 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 August 3, 2023.

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

(a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted. The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

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

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS 1 “Classification of certain Liabilities as Current or Non-current”
- IFRS16 “Requirements for Sale and Leaseback Transactions”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IAS 12 “International Taxation Reform-Pillar Two Model Rules ”

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
			June 30,2023	December 31,2022	June 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.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

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

(d) Employee benefit

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

(5) Significant accounting assumptions and 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

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

	June 30,2023	December 31,2022	June 30,2022
Cash and cash equivalents	\$ 506	325	399
Demand deposits	873,909	404,178	792,340
Check deposits	11	30	22
Time deposits	394,598	902,589	45,709
Total	<u>\$ 1,269,024</u>	<u>1,307,122</u>	<u>838,470</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

	June 30,2023	December 31,2022	June 30,2022
Current financial assets mandatorily measured at fair value through profit or loss :			
Open-end bond funds	\$ 62,270	-	-
Forward exchange contract	-	-	138
Swap contract	673	399	-
Total	<u>\$ 62,943</u>	<u>399</u>	<u>138</u>

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

	June 30,2023	December 31,2022	June 30,2022
Current financial liabilities measured at fair value through profit or loss :			
Swap contract	\$ -	1,933	9
Total	<u>\$ -</u>	<u>1,933</u>	<u>9</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.

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 :

	June 30,2023		
	Contract amount (Thousand Dollar)	Currency	Maturity period
Swap contract	USD 1,000	TWD to USD	2023.8.2
	December 31,2022		
	Contract amount (Thousand Dollar)	Currency	Maturity period
Swap contract	USD 6,000	TWD to USD	2023.1.11~2023.3.13
	June 30,2022		
	Contract amount (Thousand Dollar)	Currency	Maturity period
Forward exchange contract			
Sell	USD 800	USD to CNY	2022.7.6
Swap contract	USD 1,000	TWD to USD	2022.9.27

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

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

	June 30,2023	December 31,2022	June 30,2022
Debt instruments at fair value through other comprehensive income—current :			
Corporate bonds—FORCAY	\$ 29,861	29,272	-
Corporate bonds—TAISEM	31,121	30,475	-
Corporate bonds—BAC	<u>29,845</u>	<u>-</u>	<u>-</u>
	<u>90,827</u>	<u>59,747</u>	<u>-</u>

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

	June 30,2023	December 31,2022	June 30,2022
Equity instruments at fair value through other comprehensive income-current:			
Common stocks listed on domestic markets -current:			
Innolux Corp.	\$ 15,831	11,471	13,880
Nan Ya Plastics Corporation	21,750	21,300	24,900
Pegatron Co., Ltd.	16,157	13,716	12,312
CoAsia Electronics Corp.	5,462	5,556	6,063
Quanta Computer Inc.	106,248	50,538	55,780
Shian Yih Electronic Co., Ltd.	38,141	27,641	33,131
Chicony Electronics Co., Ltd.	29,400	25,890	22,230
Lite-On Technology Corp.	-	39,556	35,898
Mega Financial Holding Co., Ltd.	48,396	38,450	43,631
Taiwan Cement Corp., Ltd.	33,063	29,240	31,205
ASE Technology Holding Co., Ltd.	32,597	27,701	22,538
China Development Financial Holding Corp.	22,320	22,680	26,460
Evergreen Marine Corp. (Taiwan) Ltd.	7,854	13,692	17,766
Total	377,219	327,431	345,794
Total	\$ 468,046	387,178	345,794
Equity instruments at fair value through other comprehensive income-noncurrent:			
Common stocks unlisted on domestic markets – non-current:			
Ascendax Venture Capital Corp.	\$ 25,612	21,032	18,577
Chenfeng Optronics Corp.	105,210	133,910	120,960
Total	130,822	154,942	139,537
Preference stocks listed on domestic markets- non-current :			
Fubon Financial Holding Co., Ltd	829	796	860
Total	\$ 131,651	155,738	140,397

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(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 six months ended June 30, 2023 and 2022, the Group has recognized dividend income \$15,820, \$8,754, \$17,680 and \$10,304 from equity instruments designated at fair value through other comprehensive income, respectively.

For the six months ended June 30, 2023 and 2022, the Group with the objective of investment and financial management had sold financial assets at fair value of \$45,850 and \$44,524, respectively and accumulated gain on disposal of investments were \$6,426 and \$7,795, 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 June 30,2023, December 31, 2022 and June 30, 2022, the carrying amount of the listed stocks which were entrusted to financial institutions for security lending amounted to \$15, 831, \$11,471and \$13, 880, respectively.

(d) Accounts receivable

	June 30,2023	December 31,2022	June 30,2022
Accounts receivable-measured as amortized cost	\$ 713,815	704,601	791,337
Allowance for impairment	(1,709)	(6,119)	(5,855)
	<u>\$ 712,106</u>	<u>698,482</u>	<u>785,482</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 :

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

	June 30,2023		
	Carrying amount of Accounts Receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Current	\$ 661,240	0.11%	746
Overdue less than 90 days	50,138	1.91%	960
Overdue 91~180 days	2,243	0.13%	3
Overdue 181~270 days	194	0.10%	-
Overdue 271~365 days	-	-	-
	\$ 713,815		1,709
	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
	\$ 704,601		6,119
	June 30,2022		
	Carrying amount of Accounts Receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Current	\$ 729,269	0.11%	837
Overdue less than 90 days	55,884	0.35%	193
Overdue 91~180 days	1,157	0.10%	1
Overdue 181~270 days	199	0.10%	-
Overdue 271~365 days	6	41.50%	2
Overdue 365 days	4,822	100%	4,822
	\$ 791,337		5,855

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 six months ended June 30	
	2023	2022
Balance on January 1	\$ 6,119	5,842
Reversal of impairment loss	407	(5)
Write-off of account due to irrecoverable	(4,822)	-
Effect of changes in foreign currency exchange rates	5	18
Ending balance	\$ 1,709	5,855

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

	June 30,2023	December 31,2022	June 30,2022
Loans to employee	\$ 470	795	1,135
Interest receivable	3,018	1,782	-
Dividend receivable	11,626	-	8,754
Others	104	801	408
Allowance for impairment	-	-	-
	\$ 15,218	3,378	10,297

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

(f) Inventories

	June 30,2023	December 31,2022	June 30,2022
Raw materials and supplies	\$ 336,763	449,879	599,763
Work in process	265,712	287,408	418,706
Finished goods	201,794	279,878	221,293
Inventories in transit	21,110	27,449	8,204
	\$ 825,379	1,044,614	1,247,966

The details of cost of sales are as follows :

	April to June, 2023	April to June, 2022	January to June, 2023	January to June, 2022
Reclassification to cost of sales and expenses	\$ 913,438	918,651	1,778,392	1,752,411
Write down of inventories (Reversal of write downs)	(5,185)	798	7,978	668
Unamortized manufacturing expenses	4,827	3,421	9,907	7,017
Loss on scrap	40,680	34,702	56,149	44,959
Others	(54)	(42)	(126)	(96)
	\$ 953,706	957,530	1,852,300	1,804,959

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

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

For the three months ended June 30, 2023, the previous write down inventories were sold, therefore, the net realizable value of inventories lowered than cost no longer existed. The reversal of write down was recognized as a reduction of operating costs

Inventories were not pledged as collaterals.

(g) Other current assets

The details of other current assets are as follows :

	June 30,2023	December 31,2022	June 30,2022
Income tax refund receivable	\$ 4,895	3,347	2,409
Prepayment for purchases	17,449	11,649	5,562
Prepaid expense	6,721	5,974	5,102
Prepaid sales tax	32,848	36,779	37,981
Restricted time deposits	2,533	2,558	2,542
Refundable deposits	9,444	9,593	9,524
Others	-	4,843	4,948
	\$ 73,890	74,743	68,068
Book as:			
Other current assets	\$ 64,446	65,150	58,544
Other financial assets – non-current	9,444	9,593	9,524
	\$ 73,890	74,743	68,068

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		
		June 30,2023	December 31,2022	June 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 the Group:

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

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

	June 30,2023	December 31,2022	June 30,2022
Current asset	\$ 9,784	9,803	9,841
Non-current asset	90,180	114,780	103,680
Current liability	(20)	(50)	-
Net asset	<u>\$ 99,944</u>	<u>124,533</u>	<u>113,521</u>
Non-controlling equity closing book amount	<u>\$ 47,474</u>	<u>59,153</u>	<u>53,923</u>
	April to June, 2023	April to June, 2022	January to June, 2023
Operating revenue	<u>\$ -</u>	<u>-</u>	<u>-</u>
Net gain (loss)	\$ 23	2	11
Other comprehensive income	(9,960)	10,080	(24,600)
Comprehensive income	<u>\$ (9,937)</u>	<u>10,082</u>	<u>(24,589)</u>
Gain (loss) attributable to non-controlling interest	<u>\$ 11</u>	<u>1</u>	<u>5</u>
Comprehensive income attributable to non-controlling interest	<u>\$ (4,720)</u>	<u>4,789</u>	<u>(11,680)</u>

	For the six months ended June 30	
	2023	2022
Cash flow from operating activities	\$ (20)	(60)
Cash flow from investing activities	-	-
Cash flow from financing activities	-	-
Net increase(decrease) in cash and cash equivalents	<u>\$ (20)</u>	<u>(60)</u>

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

	June 30,2023	December 31,2022	June 30,2022
Current asset	\$ 136,545	164,617	140,253
Non-current asset	34,450	36,515	37,899
Current liability	(88,400)	(113,663)	(97,349)
Non-current liability	-	(1,388)	(5,501)
Net asset	<u>\$ 82,595</u>	<u>86,081</u>	<u>75,302</u>
Non-controlling equity closing book amount	<u>\$ 3,469</u>	<u>3,616</u>	<u>3,163</u>
Current asset			
	April to June, 2023	April to June, 2022	January to June, 2023
Operating revenue	<u>\$ 95,154</u>	<u>101,619</u>	<u>145,565</u>
Net gain (loss)	\$ 446	(3,998)	95
Other comprehensive income	(2,636)	116	(3,581)
Comprehensive income	<u>\$ (2,190)</u>	<u>(3,882)</u>	<u>(3,486)</u>
Gain (loss) attributable to non-controlling interest	<u>\$ 18</u>	<u>(168)</u>	<u>4</u>
Comprehensive income attributable to non-controlling interest	<u>\$ (92)</u>	<u>(163)</u>	<u>(146)</u>

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

	For the six months ended June 30	
	2023	2022
Cash flow from operating activities	\$ 900	300
Cash flow from investing activities	(5,817)	(3,385)
Cash flow from financing activities	(3,947)	(3,721)
Effects of changes in foreign exchange rates	(656)	506
Net decrease in cash and cash equivalents	\$ (9,520)	(6,300)

(i) Property, plant and equipment

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

	Land	Building and construction	Machinery and equipment	Office equipment	Other	Total
Cost or deemed cost:						
Balance at January 1, 2023	\$ 39,122	1,119,400	2,399,606	38,265	213,744	3,810,137
Additions	155	2,583	5,939	112	32,551	41,340
Reclassification	-	719	6,706	-	(7,425)	-
Disposals	-	(365)	(102,926)	(9,402)	(3,107)	(115,800)
Effect of changes in exchange rates	529	(407)	(5,665)	(119)	(295)	(5,957)
Balance at June 30, 2023	\$ 39,806	1,121,930	2,303,660	28,856	235,468	3,729,720
Balance at January 1, 2022	\$ 23,268	1,055,674	2,373,003	28,388	157,510	3,637,843
Additions	-	1,139	3,010	701	22,921	27,771
Disposals	-	-	(1,285)	-	(4,836)	(6,121)
Reclassification	-	-	4,944	-	(4,944)	-
Effect of changes in exchange rates	1,715	2,977	4,270	330	147	9,439
Balance at June 30, 2022	\$ 24,983	1,059,790	2,383,942	29,419	170,798	3,668,932
Depreciation:						
Balance at January 1, 2023	\$ -	844,100	2,339,498	26,683	138,634	3,348,915
Depreciation	-	6,985	9,355	1,129	10,737	28,206
Disposals	-	(243)	(102,926)	(9,402)	(2,732)	(115,303)
Effect of changes in exchange rates	-	(1,303)	(5,259)	(47)	(136)	(6,745)
Balance at June 30, 2023	\$ -	849,539	2,240,668	18,363	146,503	3,255,073
Balance at January 1, 2022	\$ -	830,811	2,319,409	27,193	127,668	3,305,081
Depreciation	-	5,942	8,908	158	8,315	23,323
Disposals	-	-	(1,285)	-	(3,817)	(5,102)
Effect of changes in exchange rates	-	1,313	3,964	252	81	5,610
Balance at June 30, 2022	\$ -	838,066	2,330,996	27,603	132,247	3,328,912
Carrying amount:						
Balance at January 1, 2023	\$ 39,122	275,300	60,108	11,582	75,110	461,222
Balance at June 30, 2023	\$ 39,806	272,391	62,992	10,493	88,965	474,647
Balance at January 1, 2022	\$ 23,268	224,863	53,594	1,195	29,842	332,762
Balance at June 30, 2022	\$ 24,983	221,724	52,946	1,816	38,551	340,020

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Notes to consolidated financial statements

Please refer to Note6(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 leased land, buildings, transportation equipment were as follow:

	Land	Building and construction	Transportation equipment	Total
Right-of-use assets cost:				
Balance at January 1, 2023	\$ 61,840	51,857	2,239	115,936
Additions	-	-	696	696
Effect of changes in foreign exchange rates	-	(1,545)	42	(1,503)
Balance at June 30, 2023	<u>\$ 61,840</u>	<u>50,312</u>	<u>2,977</u>	<u>115,129</u>
Balance at January 1, 2022	\$ 66,409	51,684	658	118,751
Additions	106	-	-	106
Disposals	(4,674)	(4,579)	-	(9,253)
Effect of changes in foreign exchange rates	-	425	49	474
Balance at June 30, 2022	<u>\$ 61,841</u>	<u>47,530</u>	<u>707</u>	<u>110,078</u>
Depreciation:				
Balance at January 1, 2023	\$ 10,742	39,447	961	51,150
Depreciation	1,260	5,370	632	7,262
Effect of changes in foreign exchange rates	-	(1,263)	16	(1,247)
Balance at June 30, 2023	<u>\$ 12,002</u>	<u>43,554</u>	<u>1,609</u>	<u>57,165</u>
Balance at January 1, 2022	\$ 8,204	32,761	311	41,276
Depreciation	1,278	5,333	143	6,754
Disposals	-	(4,579)	-	(4,579)
Effect of changes in foreign exchange rates	-	131	29	160
Balance at June 30, 2022	<u>\$ 9,482</u>	<u>33,646</u>	<u>483</u>	<u>43,611</u>
Carrying amount:				
Balance at January 1, 2023	<u>\$ 51,098</u>	<u>12,410</u>	<u>1,278</u>	<u>64,786</u>
Balance at June 30, 2023	<u>\$ 49,838</u>	<u>6,758</u>	<u>1,368</u>	<u>57,964</u>
Balance at January 1, 2022	<u>\$ 58,205</u>	<u>18,923</u>	<u>347</u>	<u>77,475</u>
Balance at June 30, 2022	<u>\$ 52,359</u>	<u>13,884</u>	<u>224</u>	<u>66,467</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 didn't charge contingent rental. Please refer to Note 6(q) for information of the rental income. Rental income of leased investment property has a fixed amount.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

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

	<u>Land</u>	<u>Building and construction</u>	<u>Total</u>
Cost or deemed cost:			
Balance at January 1, 2023	\$ 48,882	16,714	65,596
Effect of changes in foreign exchange rates	<u>684</u>	<u>234</u>	<u>918</u>
Balance at June 30, 2023	<u>\$ 49,566</u>	<u>16,948</u>	<u>66,514</u>
Balance at January 1, 2022	\$ 44,059	15,065	59,124
Effect of changes in foreign exchange rates	<u>3,248</u>	<u>1,110</u>	<u>4,358</u>
Balance at June 30, 2022	<u>\$ 47,307</u>	<u>16,175</u>	<u>63,482</u>
Depreciation:			
Balance at January 1, 2023	\$ -	7,543	7,543
Depreciation	-	227	227
Effect of changes in foreign exchange rates	<u>-</u>	<u>110</u>	<u>110</u>
Balance at June 30, 2023	<u>\$ -</u>	<u>7,880</u>	<u>7,880</u>
Balance at January 1, 2022	\$ -	6,157	6,157
Depreciation	-	333	333
Effect of changes in foreign exchange rates	<u>-</u>	<u>466</u>	<u>466</u>
Balance at June 30, 2022	<u>\$ -</u>	<u>6,956</u>	<u>6,956</u>
Carrying amount:			
Balance at January 1, 2023	<u>\$ 48,882</u>	<u>9,171</u>	<u>58,053</u>
Balance at June 30, 2023	<u>\$ 49,566</u>	<u>9,068</u>	<u>58,634</u>
Balance at January 1, 2022	<u>\$ 44,059</u>	<u>8,908</u>	<u>52,967</u>
Balance at June 30, 2022	<u>\$ 47,307</u>	<u>9,219</u>	<u>56,526</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:

	<u>Patent</u>	<u>Computer software cost</u>	<u>Golf membership card</u>	<u>Total amount</u>
Initial cost:				
Balance as of January 1, 2023	\$ 3,203	9,057	2,750	15,010
Individual acquisition	163	119	-	282
Disposals	(410)	-	-	(410)
Effects of changes in foreign exchange rates	<u>-</u>	<u>(2)</u>	<u>-</u>	<u>(2)</u>
Balance as of June 30, 2023	<u>\$ 2,956</u>	<u>9,174</u>	<u>2,750</u>	<u>14,880</u>

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

	Patent	Computer software cost	Golf membership card	Total amount
Balance as of January 1, 2022	\$ 3,029	8,991	-	12,020
Individual acquisition	53	27	2,750	2,830
Effects of changes in foreign exchange rates	-	50	-	50
Balance as of June 30, 2022	<u>\$ 3,082</u>	<u>9,068</u>	<u>2,750</u>	<u>14,900</u>
Amortization:				
Balance as of January 1, 2023	\$ 1,831	7,932	-	9,763
Amortization	136	519	-	655
Disposals	(410)	-	-	(410)
Effects of changes in foreign exchange rates	-	(2)	-	(2)
Balance as of June 30, 2023	<u>\$ 1,557</u>	<u>8,449</u>	<u>-</u>	<u>10,006</u>
Balance as of January 1, 2022	\$ 1,494	6,841	-	8,335
Amortization	135	530	-	665
Effects of changes in foreign exchange rates	-	50	-	50
Balance as of June 30, 2022	<u>\$ 1,629</u>	<u>7,421</u>	<u>-</u>	<u>9,050</u>
Carrying amount:				
Balance as of January 1, 2023	<u>\$ 1,372</u>	<u>1,125</u>	<u>2,750</u>	<u>5,247</u>
Balance as of June 30, 2023	<u>\$ 1,399</u>	<u>725</u>	<u>2,750</u>	<u>4,874</u>
Balance as of January 1, 2022	<u>\$ 1,535</u>	<u>2,150</u>	<u>-</u>	<u>3,685</u>
Balance as of June 30, 2022	<u>\$ 1,453</u>	<u>1,647</u>	<u>2,750</u>	<u>5,850</u>

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

(m) Short-term loans

The details of short-term loans were as follows:

	June 30,2023	December 31,2022	June 30,2022
Unsecured bank loans	\$ -	270,000	-
Unused lines of credit	<u>\$ 1,832,894</u>	<u>1,565,680</u>	<u>1,822,945</u>
Range of interest rates	-	1.21%~1.70%	-

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

	June 30,2023	December 31,2022	June 30,2022
Salaries and bonus payables	\$ 128,290	166,390	93,765
Employee remuneration payables	41,154	27,018	27,118
Directors' and supervisors' remuneration payables	21,268	12,786	16,270
Employee benefit liabilities	34,528	31,402	31,098
Dividends payable	251,852	-	188,889
Payables on equipment	12,830	16,769	11,265
Others	114,843	133,558	118,261
	<u>\$ 604,765</u>	<u>387,923</u>	<u>486,666</u>

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Notes to consolidated financial statements

(o) Long-term loans

The details of long-term loans were as follows:

	June 30,2023	December 31,2022	June 30,2022
Commercial paper payable	\$ 400,000	-	400,000
Secured bank loans	-	400,000	-
Less: discount on long-term loans	1,290	987	1,558
Total	\$ 398,710	399,013	398,442
Unused long-term credit lines	\$ 400,000	400,000	400,000
Range of interest rates	2.0080%	1.8965%	1.4393%

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:

	June 30,2023	December 31,2022	June 30,2022
Current	\$ 9,854	13,418	10,538
Non-Current	\$ 51,938	55,052	59,270

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

The amounts recognized in profit or loss were as follows :

	April to June,2023	April to June,2022	January to June, 2023	January to June, 2022
Interest on lease liabilities	\$ 587	699	1,217	1,448
Expenses relating to short-term leases	\$ 216	906	414	1,383
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ 60	66	124	252

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

	For the six months ended June 30	
	2023	2022
Total cash outflow for leases	<u>\$ 8,661</u>	<u>9,319</u>

(i) Lease of land, building and construction

The Group leases land and buildings for its office use. The leases of land and buildings run for approximately 2 to 10 years, and the lease period of office premises is usually 2 to 3 years. Lease payments for certain contracts are subject to changes in the local price index, which usually occur once a year.

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

(ii) Other leases

The lease period for the Group leased transportation equipment is two to three years. 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 six months ended June 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:

	April to June,2023	April to June,2022	January to June, 2023	January to June, 2022
Operating cost	\$ 438	247	879	498
Selling expenses	32	17	64	32
General and administrative expenses	75	44	149	87
Research and development expenses	<u>56</u>	<u>32</u>	<u>110</u>	<u>63</u>
	<u>\$ 601</u>	<u>340</u>	<u>1,202</u>	<u>680</u>

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(ii) Defined Contribution Plan

Cost recognized in expense was as below :

	<u>April to June,2023</u>	<u>April to June,2022</u>	<u>January to June, 2023</u>	<u>January to June, 2022</u>
Operating cost	\$ 6,912	7,617	13,746	14,566
Selling expenses	1,644	1,524	3,294	3,249
General and administrative expenses	627	634	1,237	1,255
Research and development expenses	<u>777</u>	<u>723</u>	<u>1,548</u>	<u>1,437</u>
	<u>\$ 9,960</u>	<u>10,498</u>	<u>19,825</u>	<u>20,507</u>

(s) Income tax

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

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

	<u>April to June,2023</u>	<u>April to June,2022</u>	<u>January to June, 2023</u>	<u>January to June, 2022</u>
Current tax expense				
Current	\$ 29,669	24,714	45,775	38,795
Adjustment for prior periods	<u>(103)</u>	<u>9</u>	<u>(2,035)</u>	<u>9</u>
	<u>29,566</u>	<u>24,723</u>	<u>43,740</u>	<u>38,804</u>
Deferred tax expense (benefit)				
Origination and reversal of temporary differences	<u>221</u>	<u>29</u>	<u>(218)</u>	<u>26</u>
Income tax expense	<u>\$ 29,787</u>	<u>24,752</u>	<u>43,522</u>	<u>38,830</u>

(ii) For the six months ended June 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>April to June,2023</u>	<u>April to June,2022</u>	<u>January to June, 2023</u>	<u>January to June, 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.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(t) Share capital and other equity

The Group had no share capital change for the six months ended June 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 June 30, 2023, December 31, 2022 and June 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. Reconciliation of shares issued by the Company was as follows:

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

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 :

	June 30,2023	December 31,2022	June 30,2022
Treasury stock	\$ 35,317	35,317	24,764
Disgorgement	473	473	473
Return of employee stock ownership trust	360	50	45
Total	<u>\$ 36,150</u>	<u>35,840</u>	<u>25,282</u>

(iii) Earnings distribution

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

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

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(iv) Other equity (net of tax)

	Foreign exchange differences arising from foreign operation	Unrealized gains (losses) on financial assets measured at FVOCI	Total
Balance at January 1, 2023	\$ (4,429)	(115,914)	(120,343)
— Changes of the Group	(1,324)	74,564	73,240
Disposal of investments in equity instrument measured at FVOCI	-	(6,426)	(6,426)
Balance at June 30, 2023	<u>\$ (5,753)</u>	<u>(47,776)</u>	<u>(53,529)</u>
Balance at January 1, 2022	\$ (29,998)	(74,493)	(104,491)
— Changes of the Group	15,424	(36,053)	(20,629)
Disposal of investments in equity instrument measured at FVOCI	-	(7,795)	(7,795)
Balance at June 30, 2022	<u>\$ (14,574)</u>	<u>(118,341)</u>	<u>(132,915)</u>

(v) Treasury stock

The changes of treasury stocks were as follows :

(Expressed in thousands of shares)

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

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

As of June 30, 2023, December 31 and June 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 six months ended June 30, 2023 and 2022, Ying Dar Corp. and Bae Haw Corp. did not purchase or dispose any of the Company's shares. As of June 30, 2023, December 31 and June 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 June 30, 2023, December 31 and June 30, 2022, their market values amounted to \$368,485, \$178,526 and \$184,243, respectively.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(u) Earnings per share

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

	April to June, 2023	April to June, 2022	January to June, 2023	January to June, 2022
Basic earnings per share				
Profit attributable to owners of parent	\$ <u>127,457</u>	<u>117,174</u>	<u>217,075</u>	<u>194,968</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>0.86</u>	<u>0.79</u>	<u>1.46</u>	<u>1.31</u>
Diluted earnings per share				
Profit attributable to owners of parent	\$ <u>127,457</u>	<u>117,174</u>	<u>217,075</u>	<u>194,968</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)	<u>203</u>	<u>366</u>	<u>757</u>	<u>889</u>
Weighted-average number of ordinary shares- diluted (expressed in thousands of shares)	<u>148,817</u>	<u>148,980</u>	<u>149,371</u>	<u>149,503</u>
Expressed in New Taiwan dollars	\$ <u>0.86</u>	<u>0.79</u>	<u>1.45</u>	<u>1.30</u>

In computing above basic earnings (loss) per share of ordinary stock for the six months ended June 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

	April to June, 2023			Total
	Domestic	North America	Other operating department	
Primary geographical markets:				
Europe	\$ 603,425	-	183	603,608
USA	-	308,667	-	308,667
Others	225,618	67,206	64	292,888
Total	<u>\$ 829,043</u>	<u>375,873</u>	<u>247</u>	<u>1,205,163</u>
Major products:				
Liquid crystal display modules	\$ 238,972	102,519	-	341,491
Capacitive touch panel and capacitive touch panel module	582,966	271,014	-	853,980
Others	7,105	2,340	247	9,692
Total	<u>\$ 829,043</u>	<u>375,873</u>	<u>247</u>	<u>1,205,163</u>

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

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	April to June,2022			
	Domestic	North America	Other operating department	Total
Primary geographical markets:				
Europe	\$ 608,412	-	175	608,587
USA	-	315,228	-	315,228
Others	212,904	60,535	2	273,441
Total	<u>\$ 821,316</u>	<u>375,763</u>	<u>177</u>	<u>1,197,256</u>
Major products:				
Liquid crystal display modules	\$ 280,296	143,862	-	424,158
Capacitive touch panel and capacitive touch panel module	524,717	228,418	-	753,135
Others	16,303	3,483	177	19,963
Total	<u>\$ 821,316</u>	<u>375,763</u>	<u>177</u>	<u>1,197,256</u>
	January to June,2023			
	Domestic	North America	Other operating department	Total
Primary geographical markets:				
Europe	\$ 1,263,657	-	261	1,263,918
USA	4,405	484,424	-	488,829
Others	459,168	125,364	137	584,669
Total	<u>\$ 1,727,230</u>	<u>609,788</u>	<u>398</u>	<u>2,337,416</u>
Major products:				
Liquid crystal display modules	\$ 492,016	254,121	-	746,137
Capacitive touch panel and capacitive touch panel module	1,212,297	348,732	-	1,561,029
Others	22,917	6,935	398	30,250
Total	<u>\$ 1,727,230</u>	<u>609,788</u>	<u>398</u>	<u>2,337,416</u>
	January to June,2022			
	Domestic	North America	Other operating department	Total
Primary geographical markets:				
Europe	\$ 1,181,945	-	257	1,182,202
USA	17	537,202	-	537,219
Others	390,833	114,838	63	505,734
Total	<u>\$ 1,572,795</u>	<u>652,040</u>	<u>320</u>	<u>2,225,155</u>

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

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	January to June, 2022			Total
	Domestic	North America	Other operating department	
Major products:				
Liquid crystal display modules	\$ 523,650	253,915	-	777,565
Capacitive touch panel and capacitive touch panel module	1,010,405	376,037	-	1,386,442
Others	38,740	22,088	320	61,148
Total	\$ 1,572,795	652,040	320	2,225,155

(ii) Contract balance

	June 30, 2023	December 31, 2022	June 30, 2022
Accounts receivable (including related parties)	\$ 713,815	704,601	791,337
Less: allowance for impairment	(1,709)	(6,119)	(5,855)
Total	\$ 712,106	698,482	785,482
Contract liability – Unearned revenue (recognized in other current liabilities)	\$ 81,356	56,237	38,313

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

The amount of revenue recognized for the three months and six months ended June 30, 2023 and 2022, that was included in the contract liability balance at the beginning of the period were \$5,832, \$6,360, \$12,937 and \$10,630, respectively.

(w) Employee's remuneration, and directors' remuneration

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

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

	April to June, 2023	April to June, 2022	January to June, 2023	January to June, 2022
Employee's remuneration	\$ 8,536	7,658	14,136	12,632
Directors' remuneration	\$ 5,122	4,595	8,482	7,579

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.

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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.

(y) Non-operating income and expenses

(i) Non-operating income and expenses

The details of interest income were as follows :

	April to June, 2023	April to June, 2022	January to June, 2023	January to June, 2022
Bank deposits	\$ 9,474	406	19,515	514
Others	675	4	1,244	8
	<u>\$ 10,149</u>	<u>410</u>	<u>20,759</u>	<u>522</u>

(ii) Other income

The details of other income were as follows :

	April to June, 2023	April to June, 2022	January to June, 2023	January to June, 2022
Dividend income	\$ 15,820	8,754	17,680	10,304
Others	117	254	319	328
	<u>\$ 15,937</u>	<u>9,008</u>	<u>17,999</u>	<u>10,632</u>

(iii) Other gains and losses

Details of other gains and losses were as follows :

	April to June, 2023	April to June, 2022	January to June, 2023	January to June, 2022
Foreign exchange (losses) gains	\$ 28,277	29,560	15,332	63,095
Net gains (losses) on disposal of financial assets (liabilities) measured at fair value through profit or loss	2,824	(1,025)	4,508	(697)
Net gain (losses) gains on disposal of property, plant and equipment	243	(55)	226	330
Others	(82)	(106)	(3,187)	(754)
	<u>\$ 31,262</u>	<u>28,374</u>	<u>16,879</u>	<u>61,974</u>

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

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(iv) Finance cost

Details of finance costs were as follows :

	<u>April to June, 2023</u>	<u>April to June, 2022</u>	<u>January to June, 2023</u>	<u>January to June, 2022</u>
Interest expenses				
Bank loans	\$ 2,402	1,504	5,810	2,901
Lease liabilities	587	699	1,217	1,448
Management fee of syndicated loan	50	50	100	100
	<u>\$ 3,039</u>	<u>2,253</u>	<u>7,127</u>	<u>4,449</u>

(z) Financial instruments

There was no significant change of the Group's fair value of financial instruments, exposure to credit risk, liquidity risk and market risk except below statements. Please refer to Note 6(z) of 2022 consolidated financial statements.

(i) Credit risk

1) Exposure to credit risk

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

2) Concentration of credit risk

As of June 30, 2023, three customers accounted for 40.27% of total accounts receivable balance. As of December 31 and June 30, 2022, two customers accounted for 38.90% and 31.21% of total accounts receivable balance.

3) Accounts receivable of credit risk

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

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contracted cash flows</u>	<u>Due within 6 months</u>	<u>Due in 6-12 months</u>	<u>Due in 1-2 years</u>	<u>Due in 2-5 years</u>	<u>Due in over 5 years</u>
June 30, 2023							
Non-derivative financial liabilities							
Secured Long-term loans (including long term loans, current portion)(floating rate)	\$ 398,710	(420,905)	(4,027)	(4,005)	(8,032)	(404,841)	-
Accounts payable (no interest)	528,793	(528,793)	(528,793)	-	-	-	-
Notes payable (no interest)	20	(20)	(20)	-	-	-	-
Other payable (no interest)	604,765	(604,765)	(604,765)	-	-	-	-
Lease liability (fixed interest rate)	61,792	(88,023)	(7,372)	(4,402)	(4,255)	(10,654)	(61,340)
Guarantee deposits received (no interest)	608	(608)	-	-	(34)	(574)	-
	<u>\$ 1,594,688</u>	<u>(1,643,114)</u>	<u>(1,144,977)</u>	<u>(8,407)</u>	<u>(12,321)</u>	<u>(416,069)</u>	<u>(61,340)</u>

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	<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>
December 31, 2022							
Non-derivative financial liabilities							
Secured Long-term loans (including long term loans, current portion)(floating rate)	\$ 399,013	(423,506)	(3,741)	(3,824)	(7,607)	(408,334)	-
Unsecured short term borrowings (floating rate)	270,000	(270,854)	(270,854)	-	-	-	-
Accounts payable (no interest)	581,980	(581,980)	(581,980)	-	-	-	-
Notes payable (no interest)	20	(20)	(20)	-	-	-	-
Other payable (no interest)	387,923	(387,923)	(387,923)	-	-	-	-
Lease liability (fixed interest)	68,470	(95,830)	(8,222)	(7,405)	(6,521)	(10,805)	(62,877)
Guarantee deposits received (no interest)	600	(600)	-	-	(34)	(566)	-
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>
June 30, 2022							
Non-derivative financial liabilities							
Secured Long-term loans (including long term loans, current portion)(floating rate)	\$ 398,442	(420,742)	(2,887)	(2,855)	(5,773)	(409,227)	-
Accounts payable(no interest)	711,776	(711,776)	(711,776)	-	-	-	-
Notes payable (no interest)	32	(32)	(32)	-	-	-	-
Other payable (no interest)	486,666	(486,666)	(486,666)	-	-	-	-
Lease liability (fixed interest rate)	69,808	(98,358)	(6,616)	(6,343)	(9,767)	(11,167)	(64,465)
Guarantee deposits received (no interest)	582	(582)	-	-	(582)	-	-
Derivative financial liabilities							
Forward exchange contract	9						
Cash in		53,541	53,541	-	-	-	-
Cash out		(53,496)	(53,496)	-	-	-	-
	<u>\$ 1,667,315</u>	<u>(1,718,111)</u>	<u>(1,207,932)</u>	<u>(9,198)</u>	<u>(16,122)</u>	<u>(420,394)</u>	<u>(64,465)</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 :

	<u>June 30, 2023</u>			<u>December 31, 2022</u>			<u>June 30, 2022</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD amount</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD amount</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD amount</u>
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 55,505	31.14	1,728,421	70,108	30.71	2,153,031	56,544	29.72	1,680,485
JPY	35,841	0.2150	7,706	3,900	0.2324	906	31,234	0.2182	6,815
CNY	9,844	4.282	42,151	5,426	4.408	23,916	1,601	4.439	7,106
<u>Non-monetary items</u>									
USD	3,000	31.14	93,410	3,000	30.71	92,130	800	29.72	23,776
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	\$ 18,916	31.14	589,036	20,382	30.71	625,933	26,464	29.72	786,523
JPY	19,417	0.2150	4,175	16,711	0.2324	3,884	13,469	0.2182	2,939
<u>Non-monetary items</u>									
USD	-	-	-	3,000	30.71	92,130	1,000	29.72	29,720

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The Group's exposure to foreign currency risk arises from the translation of the cash and cash equivalents, accounts receivable, other receivables, financial assets and liabilities measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income, accounts payables, and other payables. As of June 30, 2023 and 2022, if the exchange rate of the TWD versus the USD, CNY, JPY, EUR, and VND have increased or decreased by 1%, given no changes in other factors. For the six months ended June 30, 2023 and 2022, profit after tax would have increased or decreased by \$8,622 and \$6,313, and other comprehensive income after tax would have increased or decreased by \$727 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 six months ended June 30, 2023 and 2022, foreign exchange gain or loss (including realized and unrealized) amounted to gain \$28,277, gain \$29,560, gain \$15,332 and gain \$63,095, respectively.

2) Interest rate analysis

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

The sensitivity analysis of interest was made based on the interest rate of derivative and non-derivative instruments at the reporting date. The analysis of liabilities bearing floating interest rates was prepared based on the assumption that the outstanding amount at the reporting date had existed for the whole year. When internal report to the Group's top management regarding the interest rate change, they use 0.25% increase or decrease of interest rate assumption as the interest rate change which also represents this is the reasonable interest rate range assessed by the top management.

If interest rates on loans had increased or decreased by 0.25% with all other variables held constantly, profit after tax for the six months ended June 30, 2023 and 2022 would have been decreased or increased by \$400 and \$400, 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 six months ended June 30			
	2023		2022	
	Other comprehensive income after tax	Net profit (loss)	Other comprehensive income after tax	Net profit (loss)
Increase 3%	\$ 17,446	1,494	14,585	-
Decrease 3%	\$ (17,446)	(1,494)	(14,585)	-

(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.

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	June 30, 2023					
	Carrying	Fair value				
	Amount	Level 1	Level 2	Level 3	Amount	
Financial assets at FVTPL						
Swap contract	\$ 673	-	673	-	673	
Debt instrument with quoted market prices	<u>62,270</u>	62,270	-	-	62,270	
Subtotal	<u>62,943</u>					
Financial assets at FVOCI						
Debt instrument with quoted market prices	90,827	90,827	-	-	90,827	
Equity instrument with quoted market prices	378,048	378,048	-	-	378,048	
Equity instrument at fair value without quoted market prices	<u>130,822</u>	-	-	130,822	130,822	
Subtotal	<u>599,697</u>					
Financial assets at amortized cost						
Cash and cash equivalent	1,269,024	-	-	-	-	
Account receivables	712,106	-	-	-	-	
Other account receivables	15,218	-	-	-	-	
Restricted deposit	2,533	-	-	-	-	
Refundable deposits (recognized in other assets - noncurrent)	<u>9,444</u>	-	-	-	-	
Subtotal	<u>2,008,325</u>					
Total financial assets	<u>\$ 2,670,965</u>					
Financial liabilities at amortized cost						
Bank loans	\$ 398,710	-	-	-	-	
Notes payable	20	-	-	-	-	
Accounts payable	528,793	-	-	-	-	
Other payable	604,765	-	-	-	-	
Lease liabilities	61,792	-	-	-	-	
Guarantee deposits	<u>608</u>	-	-	-	-	
Total financial liabilities	<u>\$ 1,594,688</u>					
		December 31, 2022				
	Carrying	Fair value				
	Amount	Level 1	Level 2	Level 3	Amount	
Financial assets at FVTPL						
Swap contract	\$ <u>399</u>	-	399	-	399	
Financial assets at FVOCI						
Debt instrument with quoted market prices	59,747	59,747	-	-	59,747	
Equity instrument with quoted market prices	328,227	328,227	-	-	328,227	
Equity instrument at fair value without quoted market prices	<u>154,942</u>	-	-	154,942	154,942	
Subtotal	<u>542,916</u>					
Financial assets at amortized cost						
Cash and cash equivalent	1,307,122	-	-	-	-	
Account receivables	698,482	-	-	-	-	
Other notes receivable and other receivables	3,378	-	-	-	-	
Restricted deposit	2,558	-	-	-	-	
Refundable deposits (recognized in other assets - noncurrent)	<u>9,593</u>	-	-	-	-	
Subtotal	<u>2,021,133</u>					
Total financial assets	<u>\$ 2,564,448</u>					
Financial liabilities at FVTPL						
Swap contract	\$ <u>1,933</u>	-	1,933	-	1,933	
Financial liabilities at amortized cost						
Bank loans	669,013	-	-	-	-	
Notes payable	20	-	-	-	-	
Accounts payable	581,980	-	-	-	-	
Other notes payable and other payables	387,923	-	-	-	-	
Lease liabilities	68,470	-	-	-	-	
Guarantee deposits	<u>600</u>	-	-	-	-	
Subtotal	<u>1,708,006</u>					
Total financial liabilities	<u>\$ 1,709,939</u>					

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	June 30, 2022				Amount
	Carrying Amount	Level 1	Level 2	Fair value Level 3	
Financial assets at FVTPL					
Forward exchange contracts	\$ 138	-	138	-	138
Financial assets at FVOCI					
Equity instrument with quoted market prices	346,654	346,654	-	-	346,654
Equity instrument at fair value without quoted market prices	139,537	-	-	139,537	139,537
Subtotal	486,191				
Financial assets at amortized cost					
Cash and cash equivalent	838,470	-	-	-	-
Account receivables	785,482	-	-	-	-
Other account receivables	10,297	-	-	-	-
Restricted deposit	2,542	-	-	-	-
Refundable deposits (recognized in other assets - noncurrent)	9,524	-	-	-	-
Subtotal	1,646,315				
Total financial assets	\$ 2,132,644				
Financial liabilities at FVTPL					
Forward exchange contracts	\$ 9	-	9	-	9
Financial liabilities at amortized cost					
Bank loans	398,442	-	-	-	-
Notes payable	32	-	-	-	-
Account payable	711,776	-	-	-	-
Other payable	486,666	-	-	-	-
Lease liability	69,808	-	-	-	-
Guarantee deposits received	582	-	-	-	-
Subtotal	1,667,306				
Total financial liabilities	\$ 1,667,315				

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.

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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 June 30, 2023 and 2022.

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

	Financial assets at fair value through other comprehensive income	
	Unquoted equity instruments	
Balance at January 1, 2023	\$	154,942
Recognized in other comprehensive income		(24,120)
Balance at June 30, 2023	\$	130,822
Balance at January 1, 2022	\$	112,586
Recognized in other comprehensive income		26,951
Balance at June 30, 2022	\$	139,537

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 :

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<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income-equity investments without an active market	Discounted Cash Flow Method	<ul style="list-style-type: none"> • Continuing growth rate (as of June 30,2023, December 31,2022 and June 30, 2022 was 1.44%) 	<ul style="list-style-type: none"> • If the continuing growth rate was higher, the estimated fair value would increase.
		<ul style="list-style-type: none"> • Weighted average cost of capital (as of June 30,2023, December 31,2022 and June 30, 2022 ranged from 15.378%、12.0298% and 9.57%, respectively) 	<ul style="list-style-type: none"> • If WACC were higher, the estimated fair value would decrease.
		<ul style="list-style-type: none"> • Market illiquidity discount rate (as of June 30,2023, December 31,2022 and June 30, 2022 ranged from 30.29%、33.76% and 45.33%, respectively) 	<ul style="list-style-type: none"> • If the market illiquidity discount rate was higher, the estimated fair value would decrease.
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"> • Non-controlling interests discount rate (as of June 30,2023, December 31,2022 and June 30, 2022 was 29.48%) 	<ul style="list-style-type: none"> • If the non-controlling interests discount rate was higher, the estimated fair value would decrease.
		<ul style="list-style-type: none"> • Net Asset Value 	N/A

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

The Group's measurement on the fair value of financial instruments is deemed reasonable despite different valuation models or assumptions may lead to different results. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on other comprehensive income :

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<u>Inputs</u>	<u>Fluctuation in inputs</u>	<u>Changes in fair value reflected in OCI</u>	
		<u>Favorable</u>	<u>Unfavorable</u>
June 30, 2023			
Continuing growth rate 1.44%	0.1%	\$ 490	560
Weighted average cost of capital 15.378%	0.1%	840	840
Market illiquidity discount rate 30.29%	1%	1,540	1,540
Non-controlling interests discount rate 29.48%	1%	1,470	1,470
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
June 30, 2022			
Continuing growth rate 1.44%	0.1%	\$ 1,260	1,260
Weighted average cost of capital 9.57%	0.1%	1,680	1,680
Market illiquidity discount rate 45.33%	1%	2,240	2,240
Non-controlling interests discount rate 29.48%	1%	1,680	1,680

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.

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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 :

	January 1, 2023	Cash flows	Non-cash changes			June 30, 2023
			Foreign exchange movement	Amortized	Other (Note)	
Short-term loans	\$ 270,000	(270,000)	-	-	-	-
Long-term loans (including long term loans, current portion)	399,013	-	-	(303)	-	398,710
Lease liabilities	68,470	(7,106)	(268)	-	696	61,792
Guarantee deposits	600	-	8	-	-	608
Total liabilities from financing activities	<u>\$ 738,083</u>	<u>(277,106)</u>	<u>(260)</u>	<u>(303)</u>	<u>696</u>	<u>461,110</u>

	January 1, 2022	Cash flows	Non-cash changes			June 30, 2022
			Foreign exchange movement	Amortized	Other (Note)	
Long-term loans (including long term loans, current portion)	\$ 398,349	-	-	93	-	398,442
Lease liabilities	80,374	(6,321)	323	-	(4,568)	69,808
Guarantee deposits	544	-	38	-	-	582
Total liabilities from financing activities	<u>\$ 479,267</u>	<u>(6,321)</u>	<u>361</u>	<u>93</u>	<u>(4,568)</u>	<u>468,832</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 :

	April to June, 2023	April to June, 2022	January to June, 2023	January to June, 2022
Short-term employee benefits	\$ 14,271	10,321	25,714	21,368
Post-employment benefits	33	134	575	265
	<u>\$ 14,304</u>	<u>10,455</u>	<u>26,289</u>	<u>21,633</u>

(8) Pledged Assets

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

Pledged Assets	Purpose	June 30,2023	December 31,2022	June 30,2022
Restricted time deposits-current	Guarantee for customs	\$ 2,533	2,558	2,542
Property, plant and equipment – buildings	Guarantee for long-term loans	169,742	169,893	170,880
		<u>\$ 172,275</u>	<u>172,451</u>	<u>173,422</u>

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(9) Commitments and Contingencies:

As of June 30, 2023, December 31, 2022 and June 30, 2022, the Group has signed contracts for the purchase of equipments. The unrecognized contingencies of those contracts amounted to \$29,642, \$27,801 and \$16,101, respectively.

(10) Losses Due to Major Disasters: None

(11) Significant Subsequent Events: None

(12) Other

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

By function	For the three months ended June 30					
By item	2023			2022		
	Recorded as operating cost	Recorded as operating expenses	Total	Recorded as operating cost	Recorded as operating expenses	Total
Employee benefits (Note)	164,776	90,204	254,980	151,928	74,513	226,441
Depreciation	13,973	4,103	18,076	12,189	3,088	15,277
Amortization	69	256	325	73	260	333

By function	For the six months ended June 30					
By item	2023			2022		
	Recorded as operating cost	Recorded as operating expenses	Total	Recorded as operating cost	Recorded as operating expenses	Total
Employee benefits (Note)	306,777	169,645	476,422	295,348	147,356	442,704
Depreciation	27,572	8,123	35,695	24,164	6,246	30,410
Amortization	146	509	655	144	521	665

(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 six months ended June 30, 2023 were as follows :

(i) Loans extended to other parties : None

(ii) Guarantees provided to other parties: None

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(iii) Securities owned as of June 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	Financial statement account	June 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	31,130	-	31,130	-
The Company	Franklin Templeton Investment Funds-Franklin Strategic Income Fund Class A (acc) USD	-	Financial assets at FVOCI – current	64,184,852	31,140	-	31,140	
The Company	Corporate bonds FORCAY	-	Financial assets at FVOCI – current	-	29,861	-	29,861	-
The Company	Corporate bonds TAISEM	-	Financial assets at FVOCI – current	-	31,121	-	31,121	-
The Company	Corporate bonds BAC	-	Financial assets at FVOCI – current	-	29,845	-	29,845	
The Company	Ascendax Venture Capital Corp. stock	-	Financial assets at FVOCI – noncurrent	1,924,230	25,612	5.25 %	25,612	-
The Company	Chenfeng Optronics Corp. stock	-	Financial assets at FVOCI – noncurrent	1,000,000	15,030	1.06 %	15,030	-
The Company	Fubon Financial Holding Co., Ltd. Preferred Shares B	-	Financial assets at FVOCI – noncurrent	13,845	829	-	829	-
The Company	Innolux Corp. stock	-	Financial assets at FVOCI – current	1,038,115	15,831	0.01 %	15,831	-
The Company	Quanta Computer Inc. stock	-	Financial assets at FVOCI – current	699,000	106,248	0.02 %	106,248	-
The Company	Pegatron Co., Ltd. stock	-	Financial assets at FVOCI – current	216,000	16,157	0.01 %	16,157	-
The Company	Chicony Electronics Co., Ltd. stock	-	Financial assets at FVOCI – current	300,000	29,400	0.04 %	29,400	-
The Company	Mega Financial Holding Co., Ltd. stock	-	Financial assets at FVOCI – current	1,266,900	48,396	0.01 %	48,396	-
The Company	Taiwan Cement Corp., Ltd. stock	-	Financial assets at FVOCI – current	868,943	33,063	0.01 %	33,063	-
The Company	ASE Technology Holding Co., Ltd. stock	-	Financial assets at FVOCI – current	295,000	32,597	0.01 %	32,597	-
The Company	Nan Ya Plastics Corporation. stock	-	Financial assets at FVOCI – current	300,000	21,750	-	21,750	-
The Company	China Development Financial Holding Corp. stock	-	Financial assets at FVOCI – current	1,800,000	22,320	0.01 %	22,320	-
The Company	Evergreen Marine Corp. (Taiwan) Ltd. stock	-	Financial assets at FVOCI – current	84,000	7,854	-	7,854	-
The Company	Coasia Microelectronics Corp. stock	-	Financial assets at FVOCI – current	470,827	5,462	0.32 %	5,462	-
The Company	Shian Yih Electronic Co., Ltd. stock	-	Financial assets at FVOCI – current	480,000	12,984	0.78 %	12,984	-
Ying Dar Investment Development Corp	Shian Yih Electronic Co., Ltd. stock	-	Financial assets at FVOCI – current	550,000	14,878	0.90 %	14,878	-
Ying Dar Investment Development Corp	The Company's stock	The Company	Financial assets at FVOCI – noncurrent	5,346,672	224,026	3.40 %	224,026	(Note)
Bae Haw Investment Development Corp	Everest Technology Inc.	-	Financial assets at FVOCI – noncurrent	1,000,000	-	1.47 %	-	-
Bae Haw Investment Development Corp	Shian Yih Electronic Co., Ltd. stock	-	Financial assets at FVOCI – current	380,000	10,279	0.62 %	10,279	-
Bae Haw Investment Development Corp	The Company's stock	The Company	Financial assets at FVOCI – noncurrent	3,447,716	144,459	2.19 %	144,459	(Note)
Ying Cheng Investment Corp.	Chenfeng Optronics Corp. stock	-	Financial assets at FVOCI – noncurrent	6,000,000	90,180	6.38 %	90,180	-

Note : It was eliminated in the consolidation

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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	561,162	24.51 %	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.	308,590	39.68%	(Note)
Emerging Display Technologies Corp. U.S.A.	The Company	Subsidiary of the Company	Purchase	561,162	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.	(308,590)	100.00%	(Note)
The Company	Dong Guan Emerging Display Limited	Sub-sidiary of the Company	Purchase (processing expense)	145,565	12.41 %	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.	3,853	0.84%	(Note)
Dong Guan Emerging Display Limited	The Company	Sub-sidiary of the Company	Sale (processing revenue)	145,565	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.	(3,853)	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 308,590	3.79	-	-	83,008	-	(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	561,162 308,590	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.	24.01% 7.38%
0	The Company	EDT-Europe Aps		1 Selling expenses-Commission Other payable	38,630 7,337	No non-related-party transaction to compare to.	1.65% 0.18%

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	1,884	No non-related-party transaction to compare to.	0.08%
0	The Company	EDT- Japan Corp.	1	Selling expenses-Commission	6,168	No non-related-party transaction to compare to.	0.26%
0	The Company	Dong Guan Emerging Display Limited	1	Processing cost	145,565	No non-related-party transaction to compare to.	6.23%
0	The Company	Dong Guan Emerging Display Limited	1	Accounts payable (Note 2)	3,853	No non-related-party transaction to compare to.	0.09%

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 six months ended June 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
				June 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%	106,063 (Note 1)	(888)	(1,139)	Subsidiary (Note2)
The Company	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	180,503	180,503	5,984,071	78.49%	64,829	95	74	Subsidiary (Note2)
The Company	EDT-Europe Aps	Denmark	Customer service and business support	101,872	71,172	2,000,000	100.00%	110,426	(410)	(410)	Subsidiary (Note2)
The Company	Emerging Display Technologies Korea	Korea	Business support	1,677	1,677	58,212,500	100.00%	1,563	-	-	Subsidiary (Note2)
The Company	EDT- Japan Corp.	Japan	Customer service and business support	17,401	17,401	5,000	100.00%	6,443	477	477	Subsidiary (Note2)
The Company	Ying Dar Investment Development Corp.	Taiwan	Investment	89,000	89,000	8,900,000	100.00%	23,918	13	13	Subsidiary (Note2)
The Company	Bae Haw Investment Development Corp.	Taiwan	Investment	89,000	89,000	8,900,000	100.00%	37,597	50	50	Subsidiary (Note2)
The Company	Ying Cheng Investment Corp.	Taiwan	Investment	84,000	84,000	8,400,000	52.50%	52,470	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%	4,873	95	6	Subsidiary (Note2)
Bae Haw Investment Development Corp.	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	25,488	25,488	870,000	11.41%	9,424	95	11	Subsidiary (Note2)

Note1: It was deducted unrealized profit from sales \$15,807

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 June 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 June 30, 2023	Accumulated investment income repatriated to Taiwan as of June 30,
					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)	(204)	95.80% (Note2)	loss of \$195 Based on the investee's financial statements audited by the same auditor as the Group (Note3)	69,428 (Note4)	-

(ii) Limitation on investments in Mainland China :

Accumulated investment amount remitted from Taiwan to Mainland China as of June 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
215,946 (Note8) (USD 6,934,668) (Note5)	434,457(Note8) (USD 13,951,732) (Note6)	1,640,308 (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 loss of \$12 which was recognized by Ying Dar Investment Development Corp. and a loss of \$23 which was recognized by Bae Haw Investment Development Corp.

Note 4: The amount includes \$4,276 which was invested by Ying Dar Investment Development Corp. and \$8,269 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 \$148,766 for Ying Dar Investment Development Corp. and \$109,234 for Bae Haw Investment Development Corp.

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

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(d) Major shareholder :

Shareholder's Name	Sharehold	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 :

	April to June, 2023					Total
	Domestic	North America	Mainland China	Other operating Department	Adjustments and Eliminations	
Revenue:						
Sales to customers other than consolidated entities	\$ 829,043	375,873	-	247	-	1,205,163
Sales among consolidated entities	345,650	-	95,154	22,158	(462,962)	-
Total revenue	<u>\$ 1,174,693</u>	<u>375,873</u>	<u>95,154</u>	<u>22,405</u>	<u>(462,962)</u>	<u>1,205,163</u>
Segment Income	<u>\$ 153,942</u>	<u>867</u>	<u>286</u>	<u>(367)</u>	<u>2,545</u>	<u>157,273</u>
	April to June, 2022					Total
	Domestic	North America	Mainland China	Other operating Department	Adjustments and Eliminations	
Revenue:						
Sales to customers other than consolidated entities	\$ 821,316	375,763	-	177	-	1,197,256
Sales among consolidated entities	390,195	-	101,619	20,234	(512,048)	-
Total revenue	<u>\$ 1,211,511</u>	<u>375,763</u>	<u>101,619</u>	<u>20,411</u>	<u>(512,048)</u>	<u>1,197,256</u>
Segment Income	<u>\$ 149,959</u>	<u>4,659</u>	<u>(4,009)</u>	<u>(163)</u>	<u>(8,687)</u>	<u>141,759</u>

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		January to June, 2023					
		Domestic	North America	Mainland China	Other operating Department	Adjustments and Eliminations	Total
Revenue:							
Sales to customers other than consolidated entities	\$	1,727,230	609,788	-	398	-	2,337,416
Sales among consolidated entities		562,510	-	145,565	46,682	(754,757)	-
Total revenue		<u>\$ 2,289,740</u>	<u>609,788</u>	<u>145,565</u>	<u>47,080</u>	<u>(754,757)</u>	<u>2,337,416</u>
Segment Income		<u>\$ 261,801</u>	<u>(1,096)</u>	<u>329</u>	<u>249</u>	<u>(677)</u>	<u>260,606</u>
		January to June, 2022					
		Domestic	North America	Mainland China	Other operating Department	Adjustments and Eliminations	Total
Revenue:							
Sales to customers other than consolidated entities	\$	1,572,795	652,040	-	320	-	2,225,155
Sales among consolidated entities		659,966	-	156,381	38,853	(855,200)	-
Total revenue		<u>\$ 2,232,761</u>	<u>652,040</u>	<u>156,381</u>	<u>39,173</u>	<u>(855,200)</u>	<u>2,225,155</u>
Segment Income		<u>\$ 245,360</u>	<u>6,384</u>	<u>(10,356)</u>	<u>(583)</u>	<u>(7,445)</u>	<u>233,360</u>
Segment Assets							
June 30,2023		<u>\$ 3,759,161</u>	<u>440,125</u>	<u>160,871</u>	<u>140,589</u>	<u>(321,288)</u>	<u>4,179,458</u>
December 31,2022		<u>\$ 3,907,668</u>	<u>417,953</u>	<u>191,306</u>	<u>110,272</u>	<u>(341,426)</u>	<u>4,285,773</u>
June 30,2022		<u>\$ 3,636,548</u>	<u>468,157</u>	<u>168,723</u>	<u>21,742</u>	<u>(367,865)</u>	<u>3,927,305</u>
Segment Assets							
June 30,2023		<u>\$ 1,715,635</u>	<u>318,256</u>	<u>88,400</u>	<u>22,156</u>	<u>(319,779)</u>	<u>1,824,668</u>
December 31,2022		<u>\$ 1,849,373</u>	<u>296,874</u>	<u>115,050</u>	<u>22,930</u>	<u>(326,297)</u>	<u>1,957,930</u>
June 30,2022		<u>\$ 1,753,017</u>	<u>352,974</u>	<u>102,851</u>	<u>12,341</u>	<u>(363,786)</u>	<u>1,857,397</u>