

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

**EMERGING DISPLAY TECHNOLOGIES CORP. AND  
SUBSIDIARIES**

**For the three months ended March 31, 2022 and 2021  
(With Independent Auditors' Review Report Thereon)**

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## **Independent Auditors' Review Report**

The Board of Director's  
Emerging Display Technologies Corp

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Emerging Display Technologies Corp. (the Company) and subsidiaries as of March 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2022 and 2021, 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 Statement of Auditing Standards 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Basis for Qualified Conclusion**

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain nonsignificant subsidiaries, which were not reviewed by independent accountants. These financial statements reflect total assets amounting to \$295,368 thousand and \$250,359 thousand, constituting 7.95% and 7.16% of consolidated total assets as of March 31, 2022 and 2021, respectively, total liabilities amounting to \$89,963 thousand and \$84,730 thousand, constituting 5.26% and 5.25% of consolidated total liabilities as of March 31, 2022 and 2021, respectively, and total comprehensive gain (loss) amounting to gain \$17,913 thousand and loss \$3,268 thousand, constituting 15.06% and 3.58% of consolidated total comprehensive loss for the three months ended March 31, 2022 and 2021, respectively.

**Qualified Conclusion**

Based on our reviews, except for the effects of the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent accountants, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Emerging Display Technologies Corp. and subsidiaries as of March 31, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)

May 3, 2022

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

**Consolidated Balance Sheets**

**March 31, 2022, December 31, 2021, and March 31, 2021**

(Expressed in thousands of New Taiwan Dollars)

(Reviewed, not audited)

Assets		March 31, 2022		December 31, 2021		March 31, 2021		Liabilities and Equity		March 31, 2022		December 31, 2021		March 31, 2021	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Current assets :</b>								<b>Current liabilities :</b>							
1100	Cash and cash equivalents (Note 6(a))	\$ 855,897	23	816,356	23	818,323	23	2100	Short-term loans (Note 6(m))	\$ -	-	-	-	107,963	3
1110	Financial assets at fair value through profit or loss, current (Note 6(b))	31	-	42	-	87,518	3	2120	Financial liability at fair value through profit and loss (Note 6(b))	63	-	-	-	72	-
1120	Financial assets at fair value through other comprehensive income, current (Note 6(c))	402,375	11	302,101	8	359,583	10	2150	Notes payable	20	-	86	-	1,401	-
1170	Accounts receivable, net (Note 6(d) and (v))	621,889	17	749,530	21	695,426	20	2170	Accounts payable	611,226	16	559,800	16	409,920	12
1200	Other receivables (Notes 6(e))	4,185	-	2,823	-	7,986	-	2200	Other payables (Note 6(n))	436,417	12	290,708	8	413,890	12
1220	Income tax assets	116	-	104	-	11	-	2230	Income tax liabilities	43,434	1	29,744	1	62,948	2
130X	Inventories (Note 6(f))	1,156,704	31	1,056,165	29	845,059	24	2280	Lease liabilities, current (Notes 6(p))	11,208	-	11,644	-	12,338	-
1470	Other current assets (Notes 6(g) and 8)	50,642	1	51,997	2	60,547	2	2300	Other current liabilities (Notes 6(v))	52,554	1	55,718	2	42,446	2
<b>Total current assets</b>		<b>3,091,839</b>	<b>83</b>	<b>2,979,118</b>	<b>83</b>	<b>2,874,453</b>	<b>82</b>	<b>Total current liabilities</b>		<b>1,154,922</b>	<b>30</b>	<b>947,700</b>	<b>27</b>	<b>1,050,978</b>	<b>30</b>
<b>Non-current assets:</b>								<b>Non-current liabilities :</b>							
1517	Financial assets at fair value through other comprehensive income, non-current (Note 6(c))	130,869	4	113,460	3	105,139	3	2540	Long-term loans (Notes 6(o) and 8)	397,898	11	398,349	11	398,390	11
1600	Property, plant and equipment (Notes 6(i), 8 and 9)	331,622	9	332,762	9	328,815	9	2570	Deferred income tax liabilities	8	-	240	-	278	-
1755	Right-of-use assets (Notes 6(j))	70,097	2	77,475	2	86,031	3	2580	Lease liabilities, non-current (Notes 6(p))	62,040	2	68,730	2	75,789	2
1760	Investment property (Notes 6(k))	54,609	1	52,967	2	55,099	2	2640	Net defined benefit liabilities, non-current	94,705	3	100,977	3	86,276	3
1780	Intangible assets (Note 6(l))	3,416	-	3,685	-	3,883	-	2645	Guarantee deposits received	561	-	544	-	560	-
1840	Deferred income tax assets	21,743	1	21,737	1	31,904	1	2670	Other non-current liabilities—other	468	-	520	-	675	-
1980	Other non-current financial assets (Notes 6(g) and 8)	8,876	-	8,239	-	10,600	-	<b>Total non-current liabilities</b>		<b>555,680</b>	<b>16</b>	<b>569,360</b>	<b>16</b>	<b>561,968</b>	<b>16</b>
<b>Total non-current assets</b>		<b>621,232</b>	<b>17</b>	<b>610,325</b>	<b>17</b>	<b>621,471</b>	<b>18</b>	<b>Total liabilities</b>		<b>1,710,602</b>	<b>46</b>	<b>1,517,060</b>	<b>43</b>	<b>1,612,946</b>	<b>46</b>
								<b>Equity attributable to owners of parent (Note 6(t)) :</b>							
								3100	Capital stock	1,574,076	42	1,624,076	45	1,624,076	47
								3200	Capital surplus	25,253	1	25,980	1	15,423	-
								3300	Retained earnings	546,456	15	654,787	18	453,346	13
								3400	Other equity interest	(73,494)	(2)	(104,491)	(3)	(79,437)	(2)
								3500	Treasury stock	(122,282)	(3)	(173,021)	(5)	(173,021)	(5)
								<b>Total equity attributable to shareholders of the parent</b>		<b>1,950,009</b>	<b>53</b>	<b>2,027,331</b>	<b>56</b>	<b>1,840,387</b>	<b>53</b>
								36XX	Non-controlling interests (Note 6(h))	52,460	1	45,052	1	42,591	1
<b>Total assets</b>		<b>\$ 3,713,071</b>	<b>100</b>	<b>3,589,443</b>	<b>100</b>	<b>3,495,924</b>	<b>100</b>	<b>Total equity</b>		<b>2,002,469</b>	<b>54</b>	<b>2,072,383</b>	<b>57</b>	<b>1,882,978</b>	<b>54</b>
								<b>Total liabilities and equity</b>		<b>\$ 3,713,071</b>	<b>100</b>	<b>3,589,443</b>	<b>100</b>	<b>3,495,924</b>	<b>100</b>

See accompanying notes to financial statements.

(English Translation of Financial Statements and Report Originally Issued in Chinese)  
**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**For the three months ended March 31, 2022 and 2021**  
(Expressed in thousands of New Taiwan dollars, Except Earnings Per Share)  
(Reviewed, not audited)

	For the three months ended March 31			
	2022		2021	
	Amount	%	Amount	%
<b>Operating revenue (Note 6(v))</b>	\$ 1,027,899	100	944,762	100
<b>Operating cost (Notes 6(f, r and w) and 12)</b>	847,429	82	774,124	82
<b>Gross profit</b>	180,470	18	170,638	18
<b>Operating expenses (Notes 6(r and w) 7 and 12) :</b>				
Selling expenses	56,557	6	50,797	5
General and administrative expenses	37,892	4	30,342	3
Research and development expenses	28,613	3	25,374	3
Expected credit impairment loss (gain) (Note 6(d))	(98)	-	205	-
<b>Total operating expenses</b>	122,964	13	106,718	11
<b>Net other income and expenses (Note 6(x))</b>	955	-	968	-
<b>Net operating income</b>	58,461	5	64,888	7
<b>Non-operating income and expenses (Notes 6(y)) :</b>				
Interest income	112	-	741	-
Other income	1,624	-	2,246	-
Other gains and losses	33,600	3	(5,058)	(1)
Finance costs	(2,196)	-	(2,089)	-
<b>Total Non-operating income and expenses</b>	33,140	3	(4,160)	(1)
<b>Profit (loss) before income tax</b>	91,601	8	60,728	6
<b>Less: Income tax expense (Note 6(s))</b>	14,078	1	9,884	1
<b>Profit (Loss)</b>	77,523	7	50,844	5
<b>Other comprehensive income :</b>				
<b>Items that will not be reclassified subsequently to profit or loss</b>				
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	29,321	3	42,966	5
Less : Income tax related to items that will not be reclassified subsequently (Note 6(s))	(232)	-	(75)	-
	29,553	3	43,041	5
<b>Items that may be reclassified subsequently to profit or loss</b>				
Exchange differences on translation of foreign financial statements	11,887	1	(2,583)	-
Less: Income tax related to items that will be reclassified subsequently (Note 6(s))	-	-	-	-
	11,887	1	(2,583)	-
<b>Other comprehensive income, net</b>	41,440	4	40,458	5
<b>Comprehensive income</b>	<u>\$ 118,963</u>	<u>11</u>	<u>91,302</u>	<u>10</u>
<b>Profit (loss) attributable to</b>				
Shareholders of the parent	\$ 77,794	7	51,141	5
Non-controlling interests	(271)	-	(297)	-
<b>Net Profit (loss)</b>	<u>\$ 77,523</u>	<u>7</u>	<u>50,844</u>	<u>5</u>
<b>Comprehensive income attributable to :</b>				
Shareholders of the parent	\$ 111,555	10	89,519	10
Non-controlling interests	7,408	1	1,783	-
<b>Total comprehensive income</b>	<u>\$ 118,963</u>	<u>11</u>	<u>91,302</u>	<u>10</u>
<b>Earnings per share (Note 6(u))(expressed in New Taiwan dollars) :</b>				
<b>Basic earnings per share</b>	<u>\$ 0.52</u>		<u>0.34</u>	
<b>Diluted earnings per share</b>	<u>\$ 0.52</u>		<u>0.34</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 three months ended March 31, 2022 and 2021  
(Expressed in thousands of New Taiwan dollars)  
(Reviewed, not audited)

	Equity attributable to shareholders of parent					Other equity interest		Treasury stock	Total equity attributable to shareholders of parent	Non-controlling interests	Total Equity
	Retained earnings					Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income				
	Capital stock	Capital surplus	Legal capital reserve	Special capital reserve	Unappropriated earnings						
<b>Balance at January 1, 2021</b>	<b>\$ 1,624,076</b>	<b>15,423</b>	<b>82,748</b>	<b>102,612</b>	<b>405,734</b>	<b>(18,296)</b>	<b>(99,519)</b>	<b>(173,021)</b>	<b>1,939,757</b>	<b>40,808</b>	<b>1,980,565</b>
Profit	-	-	-	-	51,141	-	-	-	51,141	(297)	50,844
Other comprehensive income	-	-	-	-	-	(2,497)	40,875	-	38,378	2,080	40,458
Total comprehensive income	-	-	-	-	51,141	(2,497)	40,875	-	89,519	1,783	91,302
Appropriation and distribution of retained earnings:											
Cash dividends of common stock	-	-	-	-	(188,889)	-	-	-	(188,889)	-	(188,889)
<b>Balance as of March 31, 2021</b>	<b>\$ 1,624,076</b>	<b>15,423</b>	<b>82,748</b>	<b>102,612</b>	<b>267,986</b>	<b>(20,793)</b>	<b>(58,644)</b>	<b>(173,021)</b>	<b>1,840,387</b>	<b>42,591</b>	<b>1,882,978</b>
<b>Balance at January 1, 2022</b>	<b>\$ 1,624,076</b>	<b>25,980</b>	<b>106,820</b>	<b>117,815</b>	<b>430,152</b>	<b>(29,998)</b>	<b>(74,493)</b>	<b>(173,021)</b>	<b>2,027,331</b>	<b>45,052</b>	<b>2,072,383</b>
Profit	-	-	-	-	77,794	-	-	-	77,794	(271)	77,523
Other comprehensive income	-	-	-	-	-	11,532	22,229	-	33,761	7,679	41,440
Total comprehensive income	-	-	-	-	77,794	11,532	22,229	-	111,555	7,408	118,963
Appropriation and distribution of retained earnings:											
Cash dividends of common stock	-	-	-	-	(188,889)	-	-	-	(188,889)	-	(188,889)
Proceeds from disposal equity instruments at FVOCI	-	-	-	-	2,764	-	(2,764)	-	-	-	-
Retirement of treasury stock	(50,000)	(739)	-	-	-	-	-	50,739	-	-	-
Return of employee stock ownership trust	-	12	-	-	-	-	-	-	12	-	12
<b>Balance as of March 31, 2022</b>	<b>\$ 1,574,076</b>	<b>25,253</b>	<b>106,820</b>	<b>117,815</b>	<b>321,821</b>	<b>(18,466)</b>	<b>(55,028)</b>	<b>(122,282)</b>	<b>1,950,009</b>	<b>52,460</b>	<b>2,002,469</b>

See accompanying notes to consolidated financial statements.



(English Translation of Financial Statements and Report Originally Issued in Chinese)  
**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
**For the years ended March 31, 2022 and 2021**  
(Expressed in thousands of New Taiwan Dollars)  
**(Reviewed, not audited)**

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
<b>Cash flows from (used in) operating activities :</b>		
<b>Profit (Loss) before tax</b>	\$ 91,601	60,728
<b>Adjustments :</b>		
<b>Adjustments to reconcile profit (loss) :</b>		
Depreciation expense	15,133	16,224
Amortization expense	332	324
Expected credit impairment loss (gain)	(98)	205
Net (gains) losses on financial assets or liabilities at fair value through profit or loss	73	(3,712)
Interest expense	2,196	2,089
Interest income	(108)	(730)
Dividend income	(1,550)	(2,160)
Gain on disposal of property, plant, equipment	(385)	(256)
Unrealized foreign exchange loss (gain)	(12,378)	10,902
Others	12	-
<b>Total adjustments to reconcile profit</b>	3,227	22,886
<b>Changes in operating assets and liabilities</b>		
Changes in operating assets:		
Decrease (increase) in accounts receivable	141,888	(100,903)
Decrease in other accounts receivable	299	178
Decrease (Increase) in inventories	(96,954)	25,543
Decrease in other current assets	2,384	20,525
<b>Total net changes in operating assets</b>	47,617	(54,657)
Changes in operating liabilities :		
Increase (Decrease) in notes payable	(66)	167
Increase in accounts payable	38,562	8,704
Decrease in other payable	(41,992)	(49,211)
Decrease in other current liabilities	(3,229)	(724)
Decrease in net defined benefit liability	(6,272)	(772)
Decrease in other non-current liabilities	(52)	(52)
<b>Total changes in operating liabilities</b>	(13,049)	(41,888)
<b>Total changes in operating assets and liabilities</b>	34,568	(96,545)
<b>Total adjustments</b>	37,795	(73,659)
Cash inflow generated from operations	129,396	(12,931)
Interest received	66	837
Dividends received	34	47
Interest paid	(2,604)	(2,216)
Income taxes refund (paid)	(430)	1,521
<b>Net cash flows from (used in) operating activities</b>	126,462	(12,742)
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(103,950)	(163,372)
Proceeds from disposal of financial assets at fair value through other comprehensive income	15,528	-
Acquisition of financial assets at fair value through profit or loss	(10,000)	(25,113)
Proceeds from disposal of financial assets at fair value through profit or loss	10,001	-
Acquisition of property, plant and equipment	(9,535)	(12,269)
Proceeds from disposal of property, plant, equipment	385	2,762
Acquisition of intangible assets	(62)	(96)
Increase in Other financial assets	(241)	(5)
<b>Net cash flows from (used in) investing activities</b>	(97,874)	(198,093)
<b>Cash flows from (used in) financing activities:</b>		
Decrease in short-term loans	-	(592,084)
Increase in long-term loans	-	400,000
Repayment of lease liabilities	(3,150)	(3,395)
<b>Net cash flows from (used in) financing activities</b>	(3,150)	(195,479)
<b>Effects of changes in foreign exchange rates</b>	14,103	(17,694)
<b>Net increase (decrease) in cash and cash equivalents</b>	39,541	(424,008)
<b>Cash and cash equivalents at beginning of period</b>	816,356	1,242,331
<b>Cash and cash equivalents at end of period</b>	<b>\$ 855,897</b>	<b>818,323</b>

See accompanying notes to financial statements.

**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**  
Notes to the Consolidated Financial Statements  
**For the three months ended March 31, 2022 and 2021**  
**(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 March 3, 2022.

**(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, 2022:

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

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- 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”

# 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, 2021. Please refer to Note 4 of 2021 consolidated financial statement for detail information.

#### (b) Basis of consolidation

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

Name of investor	Name of the subsidiary	Business Activity	Percentage ownership			Remarks
			March 31,2022	December 31,2021	March 31,2021	
The Company	Emerging Display Technologies Corp., U.S.A	Sale of CTP and LCDs	100.00%	100.00%	100.00%	Major Subsidiary
The Company	Emerging Display International (Samoa) Corp.	Investment holding	78.49%	78.49%	78.49%	Note
The Company	EDT-Europe ApS	Customer service and business support	100.00%	100.00%	100.00%	Note
The Company	Emerging Display Technologies Korea	Sale of CTP and LCDs	100.00%	100.00%	100.00%	Note
The Company	EDT-Japan Corp.	Customer service and business support	100.00%	100.00%	100.00%	Note
The Company	Ying Dar Investment Development Corp.	Investment	100.00%	100.00%	100.00%	Note
The Company	Bae Haw Investment Development Corp.	Investment	100.00%	100.00%	100.00%	Note
The Company	Ying Cheng Investment Corp.	Investment	52.50%	52.50%	52.50%	
Ying Dar Investment Development Corp.	Emerging Display International (Samoa) Corp.	Investment holding	5.90%	5.90%	5.90%	Note
Bae Haw Investment Development Corp.	Emerging Display International (Samoa) Corp.	Investment holding	11.41%	11.41%	11.41%	Note
Emerging Display International (Samoa) Corp.	Dong Guan Emerging Display Limited	Manufacturing of CTP and LCDs	100.00%	100.00%	100.00%	Note

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

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

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

### (c) Income tax

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

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

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

### (d) Employee benefit

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

### (5) Critical Accounting Judgement and Key Sources of Estimation and Uncertainty

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

In preparing the consolidated financial statements, critical accounting judgments and key sources of estimation uncertainty used by management in the application of accounting policies are consistent with those described in Note 5 of the consolidated financial statements for the year ended December 31, 2021.

### (6) Explanation of significant accounting items

The explanation of significant accounting items of this quarterly consolidated financial statements had no significant difference compared with the Group consolidated financial statements for the year ended December 31, 2021. Please refer to Note 6 of 2021 consolidated financial statements.

#### (a) Cash and cash equivalents

	<u>March 31,2022</u>	<u>December 31,2021</u>	<u>March 31,2021</u>
Cash and cash equivalents	\$ 479	304	378
Demand deposits	524,797	720,318	581,251
Check deposits	34	31	596
Time deposits	330,587	95,703	89,829
Repurchase agreement	-	-	146,269
Total	<u>\$ 855,897</u>	<u>816,356</u>	<u>818,323</u>

**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**

**Notes to consolidated financial statements**

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

	<b>March 31,2022</b>	<b>December 31,2021</b>	<b>March 31,2021</b>
Current financial assets mandatorily measured at fair value through profit or loss :			
Open-end mutual funds	\$ -	-	87,518
Forward exchange contract	31	42	-
<b>Total</b>	<b>\$ 31</b>	<b>42</b>	<b>87,518</b>
	<b>March 31,2022</b>	<b>December 31,2021</b>	<b>March 31,2021</b>
Current financial liabilities measured at fair value through profit or loss :			
Forward exchange contract	<b>\$ 63</b>	-	<b>72</b>

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 :

	<b>March 31,2022</b>		
	<b>Contract amount (Thousand Dollar)</b>	<b>Currency</b>	<b>Maturity period</b>
Forward exchange contract			
Sell	USD 1,000	USD to CNY	111.04.06~111.05.06
	<b>December 31,2021</b>		
	<b>Contract amount (Thousand Dollar)</b>	<b>Currency</b>	<b>Maturity period</b>
Forward exchange contract			
Sell	USD 800	USD to CNY	111.01.14
	<b>March 31,2021</b>		
	<b>Contract amount (Thousand Dollar)</b>	<b>Currency</b>	<b>Maturity period</b>
Forward exchange contract			
Sell	USD 300	USD to CNY	110.05.13

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

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

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

	<u>March 31,2022</u>	<u>December 31,2021</u>	<u>March 31,2021</u>
Equity instruments at fair value through other comprehensive income-current:			
Common stocks listed on domestic markets-current:			
Innolux Corp.	\$ 19,271	22,483	24,203
Fubon Financial Holding Co., Ltd.	-	-	17,040
Synnex Technology International Co., Ltd.	-	-	29,975
Nan Ya Plastics Corporation	9,320	-	16,758
Pegatron Co., Ltd.	15,638	14,925	16,006
CoAsia Electronics Corp.	6,109	7,120	6,102
E.SUN Financial Holding Co., Ltd.	-	-	19,726
Far Eastern New Century Corp.	-	-	30,200
Quanta Computer Inc.	61,722	66,195	46,060
Shian Yih Electronic Co., Ltd.	32,775	31,350	32,205
AGV Products Corporation	-	-	918
Getac Technology Corporation	-	-	34,515
CTBC Financial Holding Co., Ltd.	-	-	41,548
Chicony Electronics Co., Ltd.	26,940	24,690	30,450
Lite-On Technology Corp.	42,222	39,556	-
Mega Financial Holding Co., Ltd.	53,024	43,940	-
Taiwan Cement Corp., Ltd.	39,421	37,920	-
ASE Technology Holding Co., Ltd.	30,533	-	-
China Development Financial Holding Corp.	13,440	-	-
Advanced International Multitech Co.,Ltd	23,610	-	-
Evergreen Marine Corp. (Taiwan) Ltd.	28,350	-	-
Total	<u>402,375</u>	<u>288,179</u>	<u>345,706</u>
Common stocks listed on foreign markets-current :			
Becton, Dickinson and Company	-	13,922	13,877
Total	<u>\$ 402,375</u>	<u>302,101</u>	<u>359,583</u>
Equity instruments at fair value through other comprehensive income-noncurrent:			
Common stocks unlisted on domestic markets – non-current:			
Ascendax Venture Capital Corp.	\$ 20,799	21,376	20,698
Chenfeng Optronics Corp.	109,200	91,210	83,580
Total	<u>129,999</u>	<u>112,586</u>	<u>104,278</u>
Preference stocks listed on domestic markets- non-current :			
Fubon Financial Holding Co., Ltd	870	874	861
Total	<u>\$ 130,869</u>	<u>113,460</u>	<u>105,139</u>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

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

For the three months ended March 31, 2022 and 2021, the Group has recognized the dividend income of \$1,550 and \$2,160 from equity instruments designated at fair value through other comprehensive income, respectively.

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

None of the aforementioned stock investments were disposed for the three months ended March 31, 2021, therefore, there were no transfers of any cumulative gain or loss under equity relating to these investments.

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

The abovementioned financial assets were not pledged as collateral.

For the purpose of increasing investment profits, the Group entrusts partial listed companies as the beneficiary. According to the terms of the contract, the Group does not transfer risk and remuneration of these financial assets, and they had not been derecognized. As of March 31, 2022, December 31, 2021 and March 31, 2021, the carrying amount of the listed stocks which were entrusted to financial institutions for security lending amounted to \$19,271, \$22,483 and \$24,203, respectively.

#### (d) Accounts receivable

	<u>March 31,2022</u>	<u>December 31,2021</u>	<u>March 31,2021</u>
Accounts receivable-measured as amortized cost	\$ 627,640	755,372	701,244
Allowance for impairment	<u>(5,751)</u>	<u>(5,842)</u>	<u>(5,818)</u>
	<u><b>\$ 621,889</b></u>	<u><b>749,530</b></u>	<u><b>695,426</b></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 expected credit losses, accounts receivables have been grouped based on past default experience of the customers and shared credit risk characteristics, as well as incorporate forward looking information, including macroeconomic and relevant industry information. The loss allowance provision was determined as follows :

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

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

	<b>December 31,2021</b>		
	<b>Carrying amount of Accounts Receivable</b>	<b>Weighted-average expected credit loss rate</b>	<b>Loss allowance for lifetime expected credit losses</b>
Current	\$ 604,526	0.11%	686
Overdue less than 90 days	146,013	0.23%	334
Overdue 91~180 days	9	0.10%	-
Overdue 181~270 days	-	-	-
Overdue 271~365 days	2	21.39%	-
Overdue 365 days	4,822	100%	4,822
	<b>\$ 755,372</b>		<b>5,842</b>

	<b>March 31,2021</b>		
	<b>Carrying amount of Accounts Receivable</b>	<b>Weighted-average expected credit loss rate</b>	<b>Loss allowance for lifetime expected credit losses</b>
Current	\$ 588,068	0.12%	682
Overdue less than 90 days	108,295	0.29%	315
Overdue 91~180 days	750	92%	69
Overdue 181~270 days	4,131	100%	4,131
Overdue 271 days	-	-	-
	<b>\$ 701,244</b>		<b>5,818</b>

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

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Balance on January 1	\$ 5,842	5,613
Reversal of impairment loss	(98)	205
Effect of changes in foreign currency exchange rates	7	-
Ending balance	<b>\$ 5,751</b>	<b>5,818</b>

The abovementioned financial assets were not pledged as collateral.

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

**(e) Other receivables**

	<b>March 31,2022</b>	<b>December 31,2021</b>	<b>March 31,2021</b>
Loans to employee	\$ 1,305	1,475	4,984
Dividend receivables	1,550	34	2,146
Others	1,330	1,314	856
Allowance for impairment	-	-	-
	<b>\$ 4,185</b>	<b>2,823</b>	<b>7,986</b>

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



## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

#### (f) Inventories

	March 31,2022	December 31,2021	March 31,2021
Raw materials and supplies	\$ 521,390	525,651	342,598
Work in process	425,935	303,876	283,708
Finished goods	207,389	220,020	216,203
Inventories in transit	1,990	6,618	2,550
	<b>\$ 1,156,704</b>	<b>1,056,165</b>	<b>845,059</b>

The details of cost of sales are as follows :

	For the three months ended March 31	
	2022	2021
Reclassification to cost of sales and expenses	\$ 833,760	759,736
Inventory loss of write-down (gain on reversal of inventory)	(130)	(11,330)
Unamortized manufacturing expenses	3,596	4,708
Loss on scrap	10,257	21,080
Others	(54)	(70)
	<b>\$ 847,429</b>	<b>774,124</b>

The above gain from price recovery of inventory was due to the previous write-down inventories had been sold, therefore, the net realizable value of inventories lowered than cost was no longer existed, the reversal was recorded as operating costs.

Inventories were not pledged as collaterals.

#### (g) Other current assets

The details of other current assets are as follows :

	March 31,2022	December 31,2021	March 31,2021
Income tax refund receivable	\$ 2,173	2,067	2,468
Prepayment for purchases	6,403	12,968	33,409
Prepaid expense	6,606	5,111	5,125
Prepaid sales tax	28,768	24,547	14,124
Restricted time deposits	2,542	3,050	2,057
Refundable deposits	8,876	7,988	10,073
Others	4,150	4,505	3,891
	<b>\$ 59,518</b>	<b>60,236</b>	<b>71,147</b>
Book as:			
Other current assets	\$ 50,642	51,997	60,547
Other financial assets — non-current	8,876	8,239	10,600
	<b>\$ 59,518</b>	<b>60,236</b>	<b>71,147</b>

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

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

#### (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		
		March 31,2022	December 31,2021	March 31,2021
Ying Cheng Investment Corp.	Taiwan	47.5%	47.5%	47.5%
Emerging Display International (Samoa) Corp.	Samoa	4.2%	4.2%	4.2%

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

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

	March 31,2022	December 31,2021	March 31,2021
Current asset	\$ 9,870	9,902	9,970
Non-current asset	93,600	78,180	71,640
Current liability	(30)	(50)	(30)
Net asset	<u>\$ 103,440</u>	<u>88,032</u>	<u>81,580</u>
Non-controlling equity closing book amount	<u>\$ 49,134</u>	<u>41,815</u>	<u>38,751</u>

	For the three months ended March 31	
	2022	2021
Operating revenue	\$ -	-
Net loss	\$ (12)	(12)
Other comprehensive income	15,420	4,560
Comprehensive income	<u>\$ 15,408</u>	<u>4,548</u>
Loss attributable to non-controlling interest	<u>\$ (6)</u>	<u>(6)</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 7,319</u>	<u>2,160</u>

	For the three months ended March 31	
	2022	2021
Cash flow from operating activities	\$ (32)	(32)
Cash flow from investing activities	-	-
Cash flow from financing activities	-	-
Net increase(decrease) in cash and cash equivalents	<u>\$ (32)</u>	<u>(32)</u>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

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

	<b>March 31,2022</b>	<b>December 31,2021</b>	<b>March 31,2021</b>
Current asset	\$ 123,368	119,265	119,594
Non-current asset	39,059	39,522	36,477
Current liability	(75,625)	(72,464)	(49,751)
Non-current liability	(7,618)	(9,274)	(14,884)
Net asset	<u>\$ 79,184</u>	<u>77,049</u>	<u>91,436</u>
Non-controlling equity closing book amount	<u>\$ 3,326</u>	<u>3,237</u>	<u>3,840</u>

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Operating revenue	<u>\$ 54,762</u>	<u>20,083</u>
Net loss	\$ (6,324)	(6,930)
Other comprehensive income	8,460	(2,035)
Comprehensive income	<u>\$ 2,136</u>	<u>(8,965)</u>
Loss attributable to non-controlling interest	<u>\$ (265)</u>	<u>(291)</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 89</u>	<u>(377)</u>

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Cash flow from operating activities	\$ (6,736)	1,232
Cash flow from investing activities	(985)	(1,258)
Cash flow from financing activities	(1,837)	(1,659)
Effects of changes in foreign exchange rates	660	(68)
Net decrease in cash and cash equivalents	<u>\$ (8,898)</u>	<u>(1,753)</u>

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

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

	<b>Land</b>	<b>Building and construction</b>	<b>Machinery and equipment</b>	<b>Office equipment</b>	<b>Other</b>	<b>Total</b>
<b>Cost or deemed cost:</b>						
Balance at January 1, 2022	\$ 23,268	1,055,674	2,373,003	28,388	157,510	3,637,843
Additions	-	522	9	-	7,610	8,141
Disposals	-	-	-	-	(2,312)	(2,312)
Effect of changes in exchange rates	794	2,728	7,266	262	282	11,332
Balance at March 31, 2022	<u>\$ 24,062</u>	<u>1,058,924</u>	<u>2,380,278</u>	<u>28,650</u>	<u>163,090</u>	<u>3,655,004</u>
Balance at January 1, 2021	\$ 23,940	1,048,089	2,402,579	28,273	146,461	3,649,342
Additions	-	541	1,314	155	10,511	12,521
Reclassification	-	-	3,423	-	(3,423)	-
Disposals	-	(66)	-	-	(5,184)	(5,250)
Effect of changes in exchange rates	46	(339)	(1,494)	(75)	(73)	(1,935)
Balance at March 31, 2021	<u>\$ 23,986</u>	<u>1,048,225</u>	<u>2,405,822</u>	<u>28,353</u>	<u>148,292</u>	<u>3,654,678</u>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

	Land	Building and construction	Machinery and equipment	Office equipment	Other	Total
<b>Depreciation:</b>						
Balance at January 1, 2022	\$ -	830,811	2,319,409	27,193	127,668	3,305,081
Depreciation	-	2,971	4,550	80	3,985	11,586
Disposals	-	-	-	-	(2,312)	(2,312)
Effect of changes in exchange rates	-	1,864	6,773	228	162	9,027
Balance at March 31, 2022	<u>\$ -</u>	<u>835,646</u>	<u>2,330,732</u>	<u>27,501</u>	<u>129,503</u>	<u>3,323,382</u>
Balance at January 1, 2021	\$ -	817,727	2,355,670	27,246	117,385	3,318,028
Depreciation	-	3,750	4,752	87	3,909	12,498
Disposals	-	(66)	-	-	(2,678)	(2,744)
Effect of changes in exchange rates	-	(336)	(1,453)	(77)	(53)	(1,919)
Balance at March 31, 2021	<u>\$ -</u>	<u>821,075</u>	<u>2,358,969</u>	<u>27,256</u>	<u>118,563</u>	<u>3,325,863</u>
<b>Carrying amount:</b>						
Balance at January 1, 2022	<u>\$ 23,268</u>	<u>224,863</u>	<u>53,594</u>	<u>1,195</u>	<u>29,842</u>	<u>332,762</u>
Balance at March 31, 2022	<u>\$ 24,062</u>	<u>223,278</u>	<u>49,546</u>	<u>1,149</u>	<u>33,587</u>	<u>331,622</u>
Balance at January 1, 2021	<u>\$ 23,940</u>	<u>230,362</u>	<u>46,909</u>	<u>1,027</u>	<u>29,076</u>	<u>331,314</u>
Balance at March 31, 2021	<u>\$ 23,986</u>	<u>227,150</u>	<u>46,853</u>	<u>1,097</u>	<u>29,729</u>	<u>328,815</u>

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

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

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

The movements in the cost and depreciation of the leased land, buildings, transportation equipment were as follows :

	Land	Building and construction	Transportation equipment	Total
<b>Right-of-use assets cost:</b>				
Balance at January 1, 2022	\$ 66,409	51,684	658	118,751
Additions	106	-	-	106
Disposals	(4,674)	(4,463)	-	(9,137)
Effect of changes in foreign exchange rates	-	1,286	23	1,309
Balance at March 31, 2022	<u>\$ 61,841</u>	<u>48,507</u>	<u>681</u>	<u>111,029</u>
Balance at January 1, 2021	\$ 66,409	27,904	326	94,639
Additions	-	22,695	-	22,695
Effect of changes in foreign exchange rates	-	(729)	-	(729)
Balance at March 31, 2021	<u>\$ 66,409</u>	<u>49,870</u>	<u>326</u>	<u>116,605</u>
<b>Depreciation:</b>				
Balance at January 1, 2022	\$ 8,204	32,761	311	41,276
Depreciation	648	2,667	70	3,385
	-	(4,463)	-	(4,463)
Effect of changes in foreign exchange rates	-	721	13	734
Balance at March 31, 2022	<u>\$ 8,852</u>	<u>31,686</u>	<u>394</u>	<u>40,932</u>
Balance at January 1, 2021	\$ 5,482	21,893	36	27,411
Depreciation	680	2,855	27	3,562
Effect of changes in foreign exchange rates	-	(399)	-	(399)
Balance at March 31, 2021	<u>\$ 6,162</u>	<u>24,349</u>	<u>63</u>	<u>30,574</u>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

	Land	Building and construction	Transportation equipment	Total
<b>Carrying amount:</b>				
Balance at January 1, 2022	\$ 58,205	18,923	347	77,475
Balance at March 31, 2022	<u>\$ 52,989</u>	<u>16,821</u>	<u>287</u>	<u>70,097</u>
Balance at January 1, 2021	<u>\$ 60,927</u>	<u>6,011</u>	<u>290</u>	<u>67,228</u>
Balance at March 31, 2021	<u>\$ 60,247</u>	<u>25,521</u>	<u>263</u>	<u>86,031</u>

**(k) Investment property**

Investment property includes assets owned by the Group such as office buildings leased to third party.

Based on original lease terms of investment property, non-cancellable lease term is four years and the lessee has the right to extend upon expiry. Subsequent lease term will consult with the lessee and didn't charge contingent rental. Please refer to Note 6(q) for information of the rental income.

Rental income of leased investment property has a fixed amount.

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

	Land	Building and construction	Total
<b>Cost or deemed cost:</b>			
Balance at January 1, 2022	\$ 44,059	15,065	59,124
Effect of changes in foreign exchange rates	1,504	514	2,018
Balance at March 31, 2022	<u>\$ 45,563</u>	<u>15,579</u>	<u>61,142</u>
Balance at January 1, 2021	\$ 45,333	15,500	60,833
Effect of changes in foreign exchange rates	87	30	117
Balance at March 31, 2021	<u>\$ 45,420</u>	<u>15,530</u>	<u>60,950</u>
<b>Depreciation:</b>			
Balance at January 1, 2022	\$ -	6,157	6,157
Depreciation	-	162	162
Effect of changes in foreign exchange rates	-	214	214
Balance at March 31, 2022	<u>\$ -</u>	<u>6,533</u>	<u>6,533</u>
Balance at January 1, 2021	\$ -	5,675	5,675
Depreciation	-	164	164
Effect of changes in foreign exchange rates	-	12	12
Balance at March 31, 2021	<u>\$ -</u>	<u>5,851</u>	<u>5,851</u>
<b>Carrying amount:</b>			
Balance at January 1, 2022	<u>\$ 44,059</u>	<u>8,908</u>	<u>52,967</u>
Balance at March 31, 2022	<u>\$ 45,563</u>	<u>9,046</u>	<u>54,609</u>
Balance at January 1, 2021	<u>\$ 45,333</u>	<u>9,825</u>	<u>55,158</u>
Balance at March 31, 2021	<u>\$ 45,420</u>	<u>9,679</u>	<u>55,099</u>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

There was no significant differences of the Group's fair value of investment property which compared with the consolidated financial statements Note 6(k) for the year ended December 31, 2021.

The investment property was not pledged as collateral.

#### (l) Intangible assets

The movements of intangible assets were as follows:

	<u>Patent</u>	<u>Computer software cost</u>	<u>Total amount</u>
<b>Initial cost:</b>			
Balance as of January 1, 2022	\$ 3,029	8,991	12,020
Individual acquisition	35	27	62
Effects of changes in foreign exchange rates	-	34	34
Balance as of March 31, 2022	<u>\$ 3,064</u>	<u>9,052</u>	<u>12,116</u>
Balance as of January 1, 2021	\$ 2,888	9,477	12,365
Individual acquisition	69	27	96
Disposals	(54)	-	(54)
Effects of changes in foreign exchange rates	-	(1)	(1)
Balance as of March 31, 2021	<u>\$ 2,903</u>	<u>9,503</u>	<u>12,406</u>
<b>Amortization:</b>			
Balance as of January 1, 2022	\$ 1,494	6,841	8,335
Amortization	67	265	332
Effects of changes in foreign exchange rates	-	33	33
Balance as of March 31, 2022	<u>\$ 1,561</u>	<u>7,139</u>	<u>8,700</u>
Balance as of January 1, 2021	\$ 1,433	6,821	8,254
Amortization	64	260	324
Disposals	(54)	-	(54)
Effects of changes in foreign exchange rates	-	(1)	(1)
Balance as of March 31, 2021	<u>\$ 1,443</u>	<u>7,080</u>	<u>8,523</u>
<b>Carrying amount:</b>			
Balance as of January 1, 2022	<u>\$ 1,535</u>	<u>2,150</u>	<u>3,685</u>
Balance as of March 31, 2022	<u>\$ 1,503</u>	<u>1,913</u>	<u>3,416</u>
Balance as of January 1, 2021	<u>\$ 1,455</u>	<u>2,656</u>	<u>4,111</u>
Balance as of March 31, 2021	<u>\$ 1,460</u>	<u>2,423</u>	<u>3,883</u>

Intangible assets were not pledged as collateral.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

#### (m) Short-term loans

The details of short-term loans were as follows:

	March 31,2022	December 31,2021	March 31,2021
Unsecured bank loans	\$ -	-	<u>107,963</u>
Unused lines of credit	<u>1,989,000</u>	<u>1,979,365</u>	<u>1,878,280</u>
Range of interest rates	-	-	<u>0.81%~1%</u>

Short-term loans were not pledged as collateral.

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

#### (n) Other payables

	March 31,2022	December 31,2021	March 31,2021
Salaries and wages payables	\$ 46,985	48,584	46,280
Year-end bonus payables	22,000	67,000	15,000
Employee remuneration payables	19,460	14,486	17,993
Directors' and supervisors' remuneration payables	9,711	6,727	10,796
Employee benefit liabilities	31,383	29,329	37,145
Dividends payable	188,889	-	188,895
Others	117,989	124,582	97,781
	<u>\$ 436,417</u>	<u>290,708</u>	<u>413,890</u>

#### (o) Long-term loans

The details of long-term loans were as follows :

	March 31,2022	December 31,2021	March 31,2021
Commercial paper payable	\$ 400,000	400,000	400,000
Less: discount on long-term loans	2,102	1,651	(1,610)
Total	<u>\$ 397,898</u>	<u>398,349</u>	<u>398,390</u>
Unused long-term credit lines	<u>\$ 400,000</u>	<u>400,000</u>	<u>400,000</u>
Range of interest rates	<u>1.4007%</u>	<u>1.1610%</u>	<u>1.1613%</u>

The Group signed a 5-year syndicated loan contract with E-SUN bank and six other banks on May 15, 2020, with a revolving credit line of \$800,000 from the first appropriation date to maturity date, wherein \$800,000 can be appropriated by using the banks' own fund and \$600,000 by using Group-issued commercial paper guaranteed by the banks, and the combined credit line should not exceed \$800,000. According to the loan contract, 9 months after the date the contract was signed will be considered as the first appropriation date to calculate the revolving credit even if the credit line is unused after 9 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

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

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 2021 consolidated financial statements.

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

#### (p) Lease liabilities

The details of lease liabilities were as follows :

	<b>March 31,2022</b>	<b>December 31,2021</b>	<b>March 31,2021</b>
Current	<b><u>\$ 11,208</u></b>	<b><u>11,644</u></b>	<b><u>12,338</u></b>
Non-Current	<b><u>\$ 62,040</u></b>	<b><u>68,730</u></b>	<b><u>75,789</u></b>

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

The amounts recognized in profit or loss were as follows :

	<b>For the years ended March 31,2022</b>	<b>For the years ended March 31,2021</b>
Interest on lease liabilities	<b><u>\$ 749</u></b>	<b><u>683</u></b>
Expenses relating to short-term leases	<b><u>\$ 477</u></b>	<b><u>542</u></b>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<b><u>\$ 186</u></b>	<b><u>60</u></b>

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

	<b>For the years ended March 31,2022</b>	<b>For the years ended March 31,2021</b>
Total cash outflow for leases	<b><u>\$ 4,485</u></b>	<b><u>4,890</u></b>

#### (i) Lease of land, building and construction

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

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



## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

The lease agreements for some of the 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 three months ended March 31, 2022 and 2021, for detail of Investment property leases, please refer to Note 6(q) of the 2021 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, 2021 and 2020.

Cost recognized in expense was as below :

	<u>For the years ended March 31,2022</u>	<u>For the years ended March 31,2021</u>
Operating cost	\$ 251	230
Selling expenses	15	12
General and administrative expenses	43	36
Research and development expenses	<u>31</u>	<u>27</u>
	<u><b>\$ 340</b></u>	<u><b>305</b></u>

(ii) Defined Contribution Plan

Cost recognized in expense was as below :

	<u>For the years ended March 31,2022</u>	<u>For the years ended March 31,2021</u>
Operating cost	\$ 6,949	5,776
Selling expenses	1,725	1,350
General and administrative expenses	621	584
Research and development expenses	<u>714</u>	<u>685</u>
	<u><b>\$ 10,009</b></u>	<u><b>8,395</b></u>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

#### (s) Income tax

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

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

	For the years ended March 31,2022	For the years ended March 31,2021
Current tax expense		
Current	\$ 14,081	9,879
Deferred tax expense (benefit)		
Origination and reversal of temporary differences	(3)	5
Income tax expense	\$ 14,078	9,884

(ii) For the three months ended March 31,2022 and 2021 no income tax was recognized directly in equity.

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

	For the years ended March 31,2022	For the years ended March 31,2021
Items that will not be reclassified subsequently to profit or loss :		
Unrealized gains or losses from investments in equity instruments measured at FVOCI	\$ (232)	(75)

#### Approval of income tax

The Company's income tax returns for all fiscal years up to 2020 have been examined and approved by the R.O.C. tax authority.

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

The Group had no share capital change for the three months ended March 31, 2022 and 2021 except below statement. Please refer to Note 6(t) of 2021 consolidated financial statements for detail information.

##### (i) Capital Stock

The Company's resolution of Board meeting held on Jan. 12, 2022, passed to retire 5,000 thousand shares of its treasury stocks bought back in 2019 for the purpose of transfer to employees, the related registration procedures had been finished. As of March 31, 2022, December 31 and March 31, 2021, the authorized share capital of the Company amounted to \$3,500,000 comprising 350,000 thousand shares with a par value of TWD10 per share, outstanding shares of stock are 157,408, 162,408 and 162,408 thousand shares. Excluding shares of treasury stock that had been purchased by the Company and shares of stock held by the subsidiaries, outstanding shares of stock are 148,613 thousand shares.

##### (ii) Capital surplus

Capital surplus was as follows :

	March 31,2022	December 31,2021	March 31,2021
Treasury stock	\$ 24,764	25,503	14,950
Disgorgement	473	473	473
Return of employee stock ownership trust	16	4	-
Total	\$ 25,253	25,980	15,423

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

(iii) Earnings distribution

The appropriations of earnings for 2021 and 2020 have been approved in the meeting of the board of directors held on March 10, 2022, and 2021, the appropriation and dividend per share were as follows :

	2021	2020
Dividends distributed to ordinary shareholders (TWD) :		
Cash	\$ 1.2	1.2

(iv) Other equity (net of tax)

	Foreign exchange differences arising from foreign operation	Unrealized gains (losses) on financial assets measured at FVOCI	Total
Balance at January 1, 2022	\$ (29,998)	(74,493)	(104,491)
— Changes of the Group	11,532	22,229	33,761
Disposal of investments in equity instrument measured at FVOCI	-	(2,764)	(2,764)
Balance at March 31, 2022	\$ (18,466)	(55,028)	(73,494)
Balance at January 1, 2021	\$ (18,296)	(99,519)	(117,815)
— Changes of the Group	(2,497)	40,875	38,378
Balance at March 31, 2021	\$ (20,793)	(58,644)	(79,437)

(v) Treasury stock

The changes of treasury stocks were as follows :

(Expressed in thousands of shares)

<b>Reason to buy back</b>	<b>Beginning Shares</b>	<b>Increase shares</b>	<b>Decrease shares</b>	<b>Ending share</b>
<b>January to March, 2022</b>				
Transfer to employees	5,000	-	(5,000)	-
<b>January to March, 2021</b>				
Transfer to employees	5,000	-	-	5,000

As of March 31, 2022, December 31 and March 31, 2021, the costs of treasury stocks amounted to \$0, \$50,739 and \$50,739 respectively.

In accordance with Securities and Exchange Act requirements, treasury stocks held by the Company should not be pledged, and do not hold shareholder rights before their transfer. Ying Dar Corp. and Bae Haw Corp., 100%-owned subsidiaries of the Company, held the Company's common stock. For the three months ended March 31, 2022 and 2021, Ying Dar Corp. and Bae Haw Corp. did not purchase or dispose any of the Company's shares. As of March 31, 2022, December 31 and March 31, 2021, Ying Dar Corp. and Bae Haw Corp. together held 8,794 thousand shares of the Company's common stock, The cost was \$122,282 which was recognized in treasury stocks. As of March 31, 2022, December 31 and March 31, 2021, their market values amounted to \$167,972, \$171,051 and \$175,888, 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 :

	For the three months ended March 31	
	2022	2021
<b>Basic earnings per share</b>		
Profit attributable to owners of parent	\$ 77,794	51,141
Weighted-average number of ordinary shares at end of year (expressed in thousands of shares)	<u>148,613</u>	<u>148,613</u>
Expressed in New Taiwan dollars	\$ 0.52	0.34
<b>Diluted earnings per share</b>		
Profit attributable to owners of parent	\$ 77,794	51,141
Weighted-average number of ordinary shares (expressed in thousands of shares)	148,613	148,613
Effect of potentially dilutive ordinary stock:		
– Employee bonus (expressed in thousands of shares)	835	737
Weighted-average number of ordinary shares- diluted (expressed in thousands of shares)	<u>149,448</u>	<u>149,350</u>
Expressed in New Taiwan dollars	\$ 0.52	0.34

In computing above basic earnings (loss) per share of ordinary stock for the three months ended March 31, 2022 and 2021, the weighted-average numbers of shares of common stock outstanding excluded 8,794 thousand shares of common stock held by the Company's subsidiaries as treasury stock.

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

##### (i) Disaggregation of revenue

	For the three months ended March 31			
	2022			
	Domestic	North America	Other operating department	Total
Primary geographical markets:				
Europe	\$ 573,533	-	82	573,615
USA	17	221,974	-	221,991
Others	<u>177,929</u>	<u>54,303</u>	<u>61</u>	<u>232,293</u>
Total	<u>\$ 751,479</u>	<u>276,277</u>	<u>143</u>	<u>1,027,899</u>
Major products:				
Liquid crystal display modules	\$ 243,354	110,053	-	353,407
Capacitive touch panel and capacitive touch panel module	485,688	147,619	-	633,307
Others	<u>22,437</u>	<u>18,605</u>	<u>143</u>	<u>41,185</u>
Total	<u>\$ 751,479</u>	<u>276,277</u>	<u>143</u>	<u>1,027,899</u>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

	For the three months ended March 31			
	2021			
	Domestic	North America	Other operating department	Total
Primary geographical markets:				
Europe	\$ 574,000	-	468	574,468
USA	172	170,588	-	170,760
Others	164,061	35,407	66	199,534
Total	<u>\$ 738,233</u>	<u>205,995</u>	<u>534</u>	<u>944,762</u>
Major products:				
Liquid crystal display modules	\$ 158,019	103,445	-	261,464
Capacitive touch panel and capacitive touch panel module	577,401	100,589	-	677,990
Others	2,813	1,961	534	5,308
Total	<u>\$ 738,233</u>	<u>205,995</u>	<u>534</u>	<u>944,762</u>

(ii) Contract balance

	March 31, 2022	December 31, 2021	March 31, 2021
Accounts receivable (including related parties)	\$ 627,640	755,372	701,244
Less: allowance for impairment	(5,751)	(5,842)	(5,818)
Total	<u>\$ 621,889</u>	<u>749,530</u>	<u>695,426</u>
Contract liability—Unearned revenue (recognized in other current liabilities)	<u>\$ 38,343</u>	<u>40,390</u>	<u>32,066</u>

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

The amount of revenue recognized for the three months ended March 31, 2022 and 2021, that was included in the contract liability balance at the beginning of the period were \$4,270 and \$1,982 respectively.

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

According to the Company's articles of association, the Company should contribute no less than 5% of the profit as employee remuneration and a maximum of 3% as directors' and supervisors' remuneration when there is profit for the year. However, certain amounts of the earnings should be reserved if there is an accumulated loss from operations in previous years in advance of the appropriation of the employee 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' and supervisors' amounted were as follows :

	For the three months ended March 31	
	2022	2021
Employee's remuneration	<u>\$ 4,974</u>	<u>3,310</u>
Directors' and supervisors' remuneration	<u>\$ 2,984</u>	<u>1,986</u>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

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

The accrued compensation of employees amounted to \$14,486 and \$14,683 for 2021 and 2020, respectively, and the accrued remuneration of directors' and supervisor's amounted to \$8,691 and \$8,810 respectively. Actual distribution had no difference with accrued amounts. The previous distribution of compensation to employees, remuneration of directors and supervisors approved by Board of Directors for related information, please go to website: <http://emops.twse.com.tw>.

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

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

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

##### (i) Interest income

The details of interest income were as follows :

	For the three months ended March 31	
	2022	2021
Bank deposits	\$ 108	730
Others	4	11
	<b>\$ 112</b>	<b>741</b>

##### (ii) Other income

The details of other income were as follows :

	For the three months ended March 31	
	2022	2021
Dividend income	\$ 1,550	2,160
Others	74	86
	<b>\$ 1,624</b>	<b>2,246</b>

##### (iii) Other gains and losses

Details of other gains and losses were as follows :

	For the three months ended March 31	
	2022	2021
Foreign exchange gains (losses)	\$ 33,535	(8,089)
Net gains on disposal of financial assets (liabilities) measured at fair value through profit or loss	328	2,775
Net gains on disposal of property, plant and equipment	385	256
Others	(648)	-
	<b>\$ 33,600</b>	<b>(5,058)</b>

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

(iv) Finance cost

Details of finance costs were as follows :

	For the three months ended March 31	
	2022	2021
Interest expenses	\$	
Bank loans	\$ 1,397	1,356
Lease liabilities	749	683
Management fee of syndicated loan	50	50
	\$ 2,196	2,089

(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 2021 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 March 31, 2022, and December 31, 2021, two customers accounted for 32.98% and 46.31% of total accounts receivable balance. As of March 31, 2021, one customer accounted for 38.69% of total accounts receivable balance.

3) Accounts receivable of credit risk

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

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

(ii) Liquidity risk

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

	Carrying amount	Contracted cash flows	Due within 6 months	Due in 6- 12months	Due in 1- 2 years	Due in 2- 5 years	Due in over 5 years
<b>March 31, 2022</b>							
Non-derivative financial liabilities							
Secured Long-term loans							
(including long term loans, current portion)(floating rate)	\$ 397,898	(421,583)	(2,794)	(2,794)	(5,618)	(410,377)	-
Accounts payable (no interest)	611,226	(611,226)	(611,226)	-	-	-	-
Notes payable (no interest)	20	(20)	(20)	-	-	-	-
Other payable (no interest)	436,417	(436,417)	(436,417)	-	-	-	-
Lease liability (fixed interest rate)	73,248	(102,511)	(7,358)	(6,449)	(12,038)	(11,280)	(65,386)
Guarantee deposits received (no interest)	561	(561)	-	-	(561)	-	-

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

	<u>Carrying amount</u>	<u>Contracted cash flows</u>	<u>Due within 6 months</u>	<u>Due in 6-12months</u>	<u>Due in 1-2 years</u>	<u>Due in 2-5 years</u>	<u>Due in over 5 years</u>
Derivative financial liabilities							
Forward exchange contract :	63						
Cash in		28,601	28,601	-	-	-	-
Cash out		(28,625)	(28,625)	-	-	-	-
	<u>\$ 1,519,433</u>	<u>(1,572,342)</u>	<u>(1,057,839)</u>	<u>(9,243)</u>	<u>(18,217)</u>	<u>(421,657)</u>	<u>(65,386)</u>
<b>December 31, 2021</b>							
Non-derivative financial liabilities							
Secured Long-term loans							
(including long term loans, current portion)(floating rate)	\$ 398,349	(419,034)	(2,290)	(2,341)	(4,644)	(409,759)	-
Accounts payable (no interest)	559,800	(559,800)	(559,800)	-	-	-	-
Notes payable (no interest)	86	(86)	(86)	-	-	-	-
Other payable (no interest)	290,708	(290,708)	(290,708)	-	-	-	-
Lease liability (fixed interest)	80,374	(112,713)	(7,810)	(6,683)	(12,752)	(13,622)	(71,846)
Guarantee deposits received (no interest)	544	(544)	-	-	(510)	(34)	-
	<u>\$ 1,329,861</u>	<u>(1,382,885)</u>	<u>(860,694)</u>	<u>(9,024)</u>	<u>(17,906)</u>	<u>(423,415)</u>	<u>(71,846)</u>
<b>March 31, 2021</b>							
Non-derivative financial liabilities							
Secured loans (floating rate)	\$ 398,390	(422,538)	(2,316)	(2,316)	(4,645)	(413,261)	-
Unsecured loans (floating rate)	107,963	(108,180)	(108,180)	-	-	-	-
Accounts payable(no interest)	409,920	(409,920)	(409,920)	-	-	-	-
Notes payable (no interest)	1,401	(1,401)	(1,401)	-	-	-	-
Other payable (no interest)	413,890	(413,890)	(413,890)	-	-	-	-
Lease liability (fixed interest rate)	88,127	(122,888)	(8,303)	(7,283)	(12,929)	(19,548)	(74,825)
Guarantee deposits received (no interest)	560	(560)	-	-	-	(560)	-
Derivative financial liabilities							
Swap Contract:	72						
Cash in		8,510	8,510	-	-	-	-
Cash out		(8,561)	(8,561)	-	-	-	-
	<u>\$ 1,420,323</u>	<u>(1,479,428)</u>	<u>(944,061)</u>	<u>(9,599)</u>	<u>(17,574)</u>	<u>(433,369)</u>	<u>(74,825)</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 :

	March 31, 2022			December 31, 2021			March 31, 2021		
	Foreign currency	Exchange rate	TWD amount	Foreign currency	Exchange rate	TWD amount	Foreign currency	Exchange rate	TWD amount
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 45,746	28.625	1,309,490	55,966	27.68	1,549,141	47,626	28.535	1,358,998
JPY	32,876	0.2353	7,736	18,516	0.2405	4,453	66,205	0.2577	17,061
CNY	1,674	4.5060	7,542	1,061	4.344	4,610	5,495	4.344	23,869
EUR	62	31.92	1,977	61	31.32	1,911	59	33.48	1,969
<u>Non-monetary items</u>									
USD	250	28.625	7,156	503	27.68	13,922	2,615	28.535	74,612



# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

	March 31, 2022			December 31, 2021			March 31, 2021		
	Foreign currency	Exchange rate	TWD amount	Foreign currency	Exchange rate	TWD amount	Foreign currency	Exchange rate	TWD amount
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	25,183	28.625	720,877	19,232	27.68	532,329	14,170	28.535	404,341
JPY	15,613	0.2353	3,674	15,651	0.2405	3,764	12,770	0.2577	3,291
EUR	43	31.92	1,381	-	-	-	-	-	-
<u>Non-monetary items</u>									
USD	750	28.625	21,469	800	27.68	22,144	300	28.535	8,561

The Group's exposure to foreign currency risk arises from the translation of the cash and cash equivalents, accounts receivables, other receivables, financial assets and liabilities measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income, accounts payables, and other payables. As of March 31, 2022 and 2021, if the exchange rate of the TWD versus the USD, CNY, JPY, and EUR have increased or decreased by 1%, given no changes in other factors. For the three months ended March 31, 2022 and 2021, profit after tax would have increased or decreased by \$4,551 and \$7,383, and other comprehensive income after tax would have increased or decreased by \$0 and \$111, respectively. The analysis is performed on the same basis of prior year.

The Group has variety kinds of functional currencies, hence we use summarized method to disclose exchange gain (loss) of monetary items. For the three months ended March 31, 2022 and 2021, foreign exchange gain (including realized and unrealized) amounted to gain \$33,535 and loss \$8,089, respectively.

### 2) Interest rate analysis

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

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

If interest rates on loans had increased or decreased by 0.25% with all other variables held constantly, Profit after tax for the three months ended March 31, 2022 and 2021 would have been decreased or increased by \$200 and \$254, 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 :

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

	For the three months ended March 31			
	2022		2021	
Equity price at reporting date	Other comprehensive income after tax	Net profit (loss)	Other comprehensive income after tax	Net profit (loss)
Increase 3%	<u>\$ 15,999</u>	<u>-</u>	<u>13,858</u>	<u>2,261</u>
Decrease 3%	<u>\$ (15,999)</u>	<u>-</u>	<u>(13,858)</u>	<u>(2,261)</u>

(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.

	March 31, 2022				
	Carrying Amount	Level 1	Level 2	Level 3	Amount
<b>Financial assets at FVTPL</b>					
Forward exchange contracts	\$ 31	-	31	-	31
<b>Financial assets at FVOCI</b>					
Equity instrument with quoted market prices	403,245	403,245	-	-	403,245
Equity instrument at fair value without quoted market prices	129,999	-	-	129,999	129,999
Subtotal	<u>533,244</u>				
<b>Financial assets at amortized cost</b>					
Cash and cash equivalent	855,897	-	-	-	-
Account receivables	621,889	-	-	-	-
Other account receivables	4,185	-	-	-	-
Restricted deposit	2,542	-	-	-	-
Refundable deposits (recognized in other assets - noncurrent)	8,876	-	-	-	-
Subtotal	<u>1,493,389</u>				
<b>Total</b>	<u>\$ 2,026,664</u>				
<b>Financial liabilities at FVTPL</b>					
Forward exchange contracts	\$ 63	-	63	-	63
<b>Financial liabilities at amortized cost</b>					
Bank loans	\$ 397,898	-	-	-	-
Notes payable	20	-	-	-	-
Accounts payable	611,226	-	-	-	-
Other payable	436,417	-	-	-	-
Lease liabilities	73,248	-	-	-	-
Guarantee deposits	561	-	-	-	-
Subtotal	<u>1,519,370</u>				
<b>Total financial liabilities</b>	<u>\$ 1,519,433</u>				
		December 31, 2021			
	Carrying Amount	Level 1	Level 2	Level 3	Amount
<b>Financial assets at FVTPL</b>					
Forward exchange contracts	\$ 42	-	42	-	42
<b>Financial assets at FVOCI</b>					
Equity instrument with quoted market prices	302,975	302,975	-	-	302,975

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

		December 31, 2021				
		Carrying	Fair value			Amount
		Amount	Level 1	Level 2	Level 3	Amount
	Equity instrument at fair value without quoted market prices	112,586	-	-	112,586	112,586
	Subtotal	<u>415,561</u>				
<b>Financial assets at amortized cost</b>						
	Cash and cash equivalent	816,356	-	-	-	-
	Account receivables	749,530	-	-	-	-
	Other account receivables	2,823	-	-	-	-
	Restricted deposit	3,050	-	-	-	-
	Refundable deposits (recognized in other assets - noncurrent)	<u>7,988</u>	-	-	-	-
	Subtotal	<u>1,579,747</u>				
	<b>Total</b>	<b><u>\$ 1,995,350</u></b>				
<b>Financial liabilities at amortized cost</b>						
	Bank loans	398,349	-	-	-	-
	Notes payable	86	-	-	-	-
	Accounts payable	559,800	-	-	-	-
	Other payable	290,708	-	-	-	-
	Lease liabilities	80,374	-	-	-	-
	Guarantee deposits	<u>544</u>	-	-	-	-
	<b>Total financial liabilities</b>	<b><u>\$ 1,329,861</u></b>				
		March 31, 2021				
		Carrying	Fair value			Amount
		Amount	Level 1	Level 2	Level 3	Amount
<b>Financial assets at FVTPL</b>						
	Debt instrument with quoted market prices	\$ 87,518	87,518	-	-	87,518
<b>Financial assets at FVOCI</b>						
	Equity instrument with quoted market prices	360,444	360,444	-	-	360,444
	Equity instrument at fair value without quoted market prices	<u>104,278</u>	-	-	104,278	104,278
	Subtotal	<u>464,722</u>				
<b>Financial assets at amortized cost</b>						
	Cash and cash equivalent	\$ 818,323	-	-	-	-
	Account receivables	695,426	-	-	-	-
	Other account receivables	7,986	-	-	-	-
	Restricted deposit	2,057	-	-	-	-
	Refundable deposits (recognized in other assets - noncurrent)	<u>10,073</u>	-	-	-	-
	Subtotal	<u>1,533,865</u>				
	<b>Total</b>	<b><u>\$ 2,086,105</u></b>				
<b>Financial liabilities at FVTPL</b>						
	Swap Contract	\$ 72	-	72	-	72
<b>Financial liabilities at amortized cost</b>						
	Bank loans	506,353	-	-	-	-
	Notes payable	1,401	-	-	-	-
	Account payable	409,920	-	-	-	-
	Other payable	413,890	-	-	-	-
	Lease liability	88,127	-	-	-	-
	Guarantee deposits received	<u>560</u>	-	-	-	-
	Subtotal	<u>1,420,251</u>				
	<b>Total</b>	<b><u>\$ 1,420,323</u></b>				

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

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

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

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

##### Non-derivative instruments

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

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

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

##### Derivative instruments

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

#### 3) Transfer between level 1 and level 2

There was no transfer between the fair value hierarchy levels for the year ended March 31, 2022 and 2021.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

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

	<b>Financial assets at fair value through other comprehensive income</b>	
	<b>Unquoted equity instruments</b>	
<b>Balance at January 1, 2022</b>	\$	112,586
Recognized in other comprehensive income		17,413
<b>Balance at March 31, 2022</b>	<b>\$</b>	<b>129,999</b>
<b>Balance at January 1, 2021</b>	\$	97,826
Recognized in other comprehensive income		6,452
<b>Balance at March 31, 2021</b>	<b>\$</b>	<b>104,278</b>

- 5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include financial assets measured at fair value through other comprehensive income— equity investments.

The Group's equity investments without active market in Level 3 have more than one significant unobservable input. The significant unobservable inputs of equity investments without active market are individually independent, and there is no correlation between them.

Quantified information of significant unobservable inputs was as follows :

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income-equity investments without an active market	Discounted Cash Flow Method	<ul style="list-style-type: none"> <li>• Continuing growth rate (as of March 31,2022, December 31,2021 and March 31, 2021 ranged from 1.44%、1.44% and 0.48% respectively)</li> <li>• Weighted average cost of capital (as of March 31,2022, December 31,2021 and March 31, 2021 ranged from 9.01%、9.75% and 10.16% respectively)</li> <li>• Market illiquidity discount rate (as of March 31,2022, December 31,2021 and March 31, 2021 ranged from 53.63%、58.64% and 59.80% respectively)</li> <li>• Non-controlling interests discount rate (as of March 31,2022, December 31,2021 and March 31, 2021 ranged from 29.48%、29.48% and 29.87% respectively)</li> </ul>	<ul style="list-style-type: none"> <li>• If the continuing growth rate was higher, the estimated fair value would increase.</li> <li>• If WACC were higher, the estimated fair value would decrease.</li> <li>• If the market illiquidity discount rate was higher, the estimated fair value would decrease.</li> <li>• If the non-controlling interests discount rate was higher, the estimated fair value would decrease.</li> </ul>

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

<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	Net Asset Value Method	• Net Asset Value	N/A

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

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

<u>Inputs</u>	<u>Fluctuation in inputs</u>	<u>Changes in fair value reflected in OCI</u>	
		<u>Favorable</u>	<u>Unfavorable</u>
<b>March 31, 2022</b>			
Continuing growth rate 1.44%	0.1%	\$ 1,260	1,190
Weighted average cost of capital 9.01%	0.1%	1,680	1,540
Market illiquidity discount rate 53.63%	1%	2,380	2,380
Non-controlling interests discount rate 29.48%	1%	1,540	1,540
<b>December 31, 2021</b>			
Continuing growth rate 1.44%	0.1%	\$ 1,050	1,050
Weighted average cost of capital 9.75%	0.1%	1,400	1,400
Market illiquidity discount rate 58.64%	1%	2,240	2,170
Non-controlling interests discount rate 29.48%	1%	1,260	1,260
<b>March 31, 2021</b>			
Continuing growth rate 0.48%	0.1%	\$ 630	560
Weighted average cost of capital 10.16%	0.1%	840	700
Market illiquidity discount rate 59.80%	1%	2,100	2,100
Non-controlling interests discount rate 29.87%	1%	1,190	1,190

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 2021 consolidated report. Please refer to Note 6(aa) of 2021 consolidated financial statements.

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

### (ab) Capital management

The Group's capital management objectives, policies and procedures were compliance with 2021 consolidated financial statements. Further, there was no significant change of the summary quantitative information as disclosed in 2021 consolidated financial statements. Please refer to Note 6(ab) of 2021 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 :

	<u>January 1, 2022</u>	<u>Cash flows</u>	<u>Non-cash changes</u>			<u>March 31, 2022</u>
			<u>Foreign exchange movement</u>	<u>Amortized</u>	<u>Other (Note2)</u>	
Long-term loans (including long term loans, current portion)	\$398,349	-	-	(451)	-	397,898
Lease liabilities	80,374	(3,150)	592	-	(4,568)	73,248
Guarantee deposits	544	-	17	-	-	561
Total liabilities from financing activities	<u>\$ 479,267</u>	<u>(3,150)</u>	<u>609</u>	<u>(451)</u>	<u>(4,568)</u>	<u>471,707</u>

	<u>January 1, 2021</u>	<u>Cash flows</u>	<u>Non-cash changes</u>			<u>March 31, 2021</u>
			<u>Foreign exchange movement</u>	<u>Amortized</u>	<u>Other (Note2)</u>	
Short-term loans	\$ 700,000	(592,084)	47	-	-	107,963
Long-term loans (including long term loans, current portion)	(1,600) (Note1)	400,000	-	(10)	-	398,390
Lease liabilities	69,158	(3,395)	(331)	-	22,695(Note2)	88,127
Guarantee deposits	558	-	2	-	-	560
Total liabilities from financing activities	<u>\$ 768,116</u>	<u>(195,479)</u>	<u>(282)</u>	<u>(10)</u>	<u>22,695</u>	<u>595,040</u>

(Note 1) Previous prepaid syndicated related expense

(Note 2) Obtain (Reduce) the right-of-use assets

### (7) Transactions with Related Parties

Compensation of key management personnel

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

	<u>For the three months ended March 31</u>	
	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 11,047	8,819
Post-employment benefits	131	105
	<u>\$ 11,178</u>	<u>8,924</u>

**EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES**  
**Notes to consolidated financial statements**

**(8) Pledged Assets**

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

<u>Pledged Assets</u>	<u>Purpose</u>	<u>March 31,2022</u>	<u>December 31,2021</u>	<u>March 31,2021</u>
Restricted time deposits-current	Guarantee for customs	\$ 2,542	2,538	1,530
Restricted time deposits-non-current	Performance guarantee	-	512	527
Property, plant and equipment— buildings	Guarantee for long-term loans	<u>172,041</u>	<u>173,195</u>	<u>178,008</u>
		<u>\$ 174,583</u>	<u>176,245</u>	<u>180,065</u>

**(9) Commitments and Contingencies: None**

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

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

**(12) Other**

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

By function	For the three months ended March 31					
	2022			2021		
	Recorded as operating cost	Recorded as operating expenses	Total	Recorded as operating cost	Recorded as operating expenses	Total
By item						
Employee benefits (Note)	143,420	72,843	216,263	125,218	61,954	187,172
Depreciation	11,975	3,158	15,133	12,776	3,448	16,224
Amortization	71	261	332	74	250	324

(b) Seasonal operation :

The operation of the Group hadn't been affected by either seasonal or periodical factors.



## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

#### (13) Supplementary Disclosure Requirements

(a) Information on significant transactions :

In accordance with the ROC “Guidelines Governing the Preparation of Financial Reports by Securities Issuers”, the required disclosures for the three months ended March 31, 2022 were as follows :

(i) Loans extended to other parties : None

(ii) Guarantees provided to other parties: None

(iii) Securities owned as of March 31, 2022 (subsidiaries, associates and joint ventures not included) :

Name of security holder	Name of security and type	Relationship between issuer of security and the security holder	Financial statement account	March 31, 2022				Remarks
				Units (shares)	Carrying Value	Percentage of ownership	Fair value	
The Company	Ascendax Venture Capital Corp. stock	-	Financial assets at FVOCI – noncurrent	1,749,300	20,799	5.25%	20,799	-
The Company	Chenfeng Optronics Corp. stock	-	Financial assets at FVOCI – noncurrent	1,000,000	15,600	1.19%	15,600	-
The Company	Fubon Financial Holding Co., Ltd. Preferred Shares B	-	Financial assets at FVOCI – noncurrent	13,845	870	-	870	-
The Company	Innolux Corp. stock	-	Financial assets at FVOCI – current	1,147,089	19,271	0.01%	19,271	-
The Company	Quanta Computer Inc. stock	-	Financial assets at FVOCI – current	699,000	61,722	0.02%	61,722	-
The Company	Pegatron Co., Ltd. stock	-	Financial assets at FVOCI – current	216,000	15,638	0.01%	15,638	-
The Company	Chicony Electronics Co., Ltd. stock	-	Financial assets at FVOCI – current	300,000	26,940	0.04%	26,940	-
The Company	Lite-On Technology Corp. stock	-	Financial assets at FVOCI – current	620,000	42,222	0.03%	42,222	-
The Company	Mega Financial Holding Co., Ltd. stock	-	Financial assets at FVOCI – current	1,236,000	53,024	0.01%	53,024	-
The Company	Taiwan Cement Corp., Ltd. stock	-	Financial assets at FVOCI – current	790,000	39,421	0.01%	39,421	-
The Company	ASE Technology Holding Co., Ltd. stock	-	Financial assets at FVOCI – current	295,000	30,533	0.01%	30,533	-
The Company	Nan Ya Plastics Corporation. stock	-	Financial assets at FVOCI – current	100,000	9,320	-	9,320	-
The Company	China Development Financial Holding Corp. stock	-	Financial assets at FVOCI – current	700,000	13,440	-	13,440	-
The Company	Advanced International Multitech Co., Ltd. stock	-	Financial assets at FVOCI – current	300,000	23,610	0.22%	23,610	-
The Company	Evergreen Marine Corp. (Taiwan) Ltd. stock	-	Financial assets at FVOCI – current	210,000	28,350	-	28,350	-
The Company	Coasia Microelectronics Corp. stock	-	Financial assets at FVOCI – current	459,344	6,109	0.32%	6,109	-
The Company	Shian Yih Electronic Co., Ltd. stock	-	Financial assets at FVOCI – current	480,000	11,040	0.78%	11,040	-
Ying Dar Investment Development Corp	Shian Yih Electronic Co., Ltd. stock	-	Financial assets at FVOCI – current	550,000	12,650	0.90%	12,650	-
Ying Dar Investment Development Corp	The Company’s stock	The Company	Financial assets at FVOCI – noncurrent	5,346,672	102,121	3.40%	102,121	(Note)
Bae Haw Investment Development Corp	Everest Technology Inc.	-	Financial assets at FVOCI – noncurrent	1,000,000	-	1.47%	-	-
Bae Haw Investment Development Corp	Shian Yih Electronic Co., Ltd. stock	-	Financial assets at FVOCI – current	395,000	9,085	0.65%	9,085	-
Bae Haw Investment Development Corp	The Company’s stock	The Company	Financial assets at FVOCI – noncurrent	3,447,716	65,851	2.19%	65,851	(Note)
Ying Cheng Investment Corp.	Chenfeng Optronics Corp. stock	-	Financial assets at FVOCI – noncurrent	6,000,000	93,600	7.14%	93,600	-

Note: It was eliminated in the consolidation

(iv) Accumulated trading amount of a single security in excess of \$300 million or 20% of the Group’s issued share capital: None.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

(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	269,488	26.39%	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.	225,366	33.31%	(Note)
Emerging Display Technologies Corp., U.S.A.	The Company	Subsidiary of the Company	Purchase	269,488	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.	(225,366)	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 225,366	4.02	-	-	44,791	-	(Note)

Note: It was eliminated in the consolidation.

(ix) Derivative financial instrument transactions :

Please refer to note 6(b).

(x) Significant inter-Group transactions :

No.	Name	Counterparty	Relationship (Note)	Details of transaction			% of total consolidated revenue or total asset
				Subject	Amount	Term of trading	
0	The Company	Emerging Display Technologies Corp., U.S.A.	1	Sales revenue Accounts payable	269,488 225,366	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.	26.22% 6.07%
0	The Company	Emerging Display Technologies Corp., U.S.A.	1	Other payable	22	No non-related-party transaction to compare to.	-
0	The Company	EDT-Europe ApS	1	Selling expenses-Commission Other payable	14,858 4,422	No non-related-party transaction to compare to.	1.45% 0.12%
0	The Company	Emerging Display Technologies Korea	1	Selling expenses-Commission	875	No non-related-party transaction to compare to.	0.09%
0	The Company	EDT-Japan Corp.	1	Selling expenses-Commission	2,886	No non-related-party transaction to compare to.	0.28%
0	The Company	Dong Guan Emerging Display Limited	1	Processing cost Accounts payable	54,762 20,410	No non-related-party transaction to compare to.	5.33% 0.55%

Note : Relationship notes as follows :

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

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

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

Relevant information about investees for the three months ended March 31, 2022 was as follows :

Name of investor	Name of investee	Location	Business scope	Original cost of investment		Held at the end of term			Net income (loss) of the investee	Investment income (less) recognized	Remarks
				March 31, 2022	December 31, 2021	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%	96,402 (Note1)	1,386	1,375	Subsidiary (Note2)
The Company	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	180,503	180,503	5,984,071	78.49%	62,152	(6,324)	(4,964)	Subsidiary (Note2)
The Company	EDT-Europe ApS	Denmark	Customer service and business support	2,077	2,077	125,000	100.00%	2,076	(707)	(707)	Subsidiary (Note2)
The Company	Emerging Display Technologies Korea	Korea	Business support	1,677	1,677	58,212,500	100.00%	1,560	4	4	Subsidiary (Note2)
The Company	EDT-Japan Corp.	Japan	Customer service and business support	17,401	17,401	5,000	100.00%	6,352	252	252	Subsidiary (Note2)
The Company	Ying Dar Investment Development Corp.	Taiwan	Investment	89,000	89,000	8,900,000	100.00%	20,720	(385)	(385)	Subsidiary (Note2)
The Company	Bae Haw Investment Development Corp.	Taiwan	Investment	89,000	89,000	8,900,000	100.00%	36,274	(734)	(734)	Subsidiary (Note2)
The Company	Ying Cheng Investment Corp.	Taiwan	Investment	84,000	84,000	8,400,000	52.50%	54,306	(6)	(6)	Subsidiary (Note2)
Ying Dar Investment Development Corp.	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	13,234	13,234	450,000	5.90%	4,672	(6,324)	(373)	Subsidiary (Note2)
Bae Haw Investment Development Corp.	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	25,488	25,488	870,000	11.41%	9,035	(6,324)	(722)	Subsidiary (Note2)

Note1: It was deducted unrealized profit from sales \$11,058.

Note2: It was eliminated in the consolidation.

**(c) Information on investees in Mainland China :**

**(i) Information on investments in Mainland China :**

Investee company	Main businesses and products	Received capital	Investment method	Accumulated amount invested in Mainland China as of Jan. 1, 2022	Invested capital remitted from or repatriated to Taiwan		Accumulated amount invested in Mainland China as of March. 31, 2022	Net income of investee	The Group's direct or indirect investment ratio	Investment gain (loss) recognized by the Group	Book value of the investment as of March. 31, 2022	Accumulated investment income repatriated to Taiwan as of March. 31, 2022
					Remittance	Repatriation						
Dong Guan Emerging Display Limited	Manufacturing of LCDs and Touch panel	248,516 (USD 7,625,300)	Investing through a third country by establishing a holding Group in a third country.	219,225 (USD 6,746,936) (Note1)	-	-	219,225 (USD 6,746,936)	(6,626)	95.80% (Note2)	loss of \$6,348 Based on the investee's financial statements audited by the same auditor as the Group (Note3)	67,169 (Note4)	-

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

Accumulated investment amount remitted from Taiwan to Mainland China as of March 31, 2022	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
198,505 (Note8) (USD6,934,668) (Note5)	399,368 (Note8) (USD13,951,732) (Note6)	1,304,985 (Note7)

Note1 : The amount includes \$13,234 which was invested by Ying Dar Investment Development Corp. and \$25,488 which was invested by Bae Haw Investment Development Corp.

## EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

### Notes to consolidated financial statements

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 \$391 which was recognized by Ying Dar Investment Development Corp. and a loss of \$756 which was recognized by Bae Haw Investment Development Corp.

Note 4 : The amount includes \$4,137 which was invested by Ying Dar Investment Development Corp. and \$8,000 which was invested by Bae Haw Investment Development Corp.

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

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

Note 7 : The amount includes \$73,705 for Ying Dar Investment Development Corp. and \$61,275 for Bae Haw Investment Development Corp.

Note 8 : Transactions denominated in foreign currencies were recorded using the rate of exchange at March 31, 2022.

(iii) Significant transactions :

The significant inter-Group transactions with the subsidiary in Mainland China, which were eliminated in the preparation of the consolidated financial statements, was disclosed in "information on significant transactions" for the three months ended March 31, 2022.

(d) Major shareholder :

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

Note1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustee who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, refer to Market Observation Post System.

# EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

## Notes to consolidated financial statements

### (14) Segment Information

Reportable segment information was as follows :

	For the three months ended March 31					
	2022					
	Domestic	North America	Mainland China	Other operating Department	Adjustments and Eliminations	Total
Revenue:						
Sales to customers other than consolidated entities	\$ 751,479	276,277	-	143	-	1,027,899
Sales among consolidated entities	<u>269,771</u>	<u>-</u>	<u>54,762</u>	<u>18,619</u>	<u>(343,152)</u>	<u>-</u>
<b>Total revenue</b>	<b><u>\$ 1,021,250</u></b>	<b><u>276,277</u></b>	<b><u>54,762</u></b>	<b><u>18,762</u></b>	<b><u>(343,152)</u></b>	<b><u>1,027,899</u></b>
<b>Segment Income</b>	<b><u>\$ 95,401</u></b>	<b><u>1,725</u></b>	<b><u>(6,347)</u></b>	<b><u>(420)</u></b>	<b><u>1,242</u></b>	<b><u>91,601</u></b>
	For the three months ended March 31					
	2021					
	Domestic	North America	Mainland China	Other operating Department	Adjustments and Eliminations	Total
Revenue:						
Sales to customers other than consolidated entities	\$ 738,233	205,995	-	534	-	944,762
Sales among consolidated entities	<u>184,939</u>	<u>21</u>	<u>20,083</u>	<u>20,763</u>	<u>(225,806)</u>	<u>-</u>
<b>Total revenue</b>	<b><u>\$ 923,172</u></b>	<b><u>206,016</u></b>	<b><u>20,083</u></b>	<b><u>21,297</u></b>	<b><u>(225,806)</u></b>	<b><u>944,762</u></b>
<b>Segment Income</b>	<b><u>\$ 59,391</u></b>	<b><u>431</u></b>	<b><u>(7,018)</u></b>	<b><u>1,067</u></b>	<b><u>6,857</u></b>	<b><u>60,728</u></b>
	Domestic	North America	Mainland China	Other operating Department	Adjustments and Eliminations	Total
<b>Segment Assets</b>						
March 31,2022	<b><u>\$ 3,457,351</u></b>	<b><u>354,649</u></b>	<b><u>153,357</u></b>	<b><u>21,016</u></b>	<b><u>(273,302)</u></b>	<b><u>3,713,071</u></b>
December 31,2021	<b><u>\$ 3,328,326</u></b>	<b><u>444,707</u></b>	<b><u>150,018</u></b>	<b><u>27,009</u></b>	<b><u>(360,617)</u></b>	<b><u>3,589,443</u></b>
March 31,2021	<b><u>\$ 3,274,815</u></b>	<b><u>341,208</u></b>	<b><u>147,009</u></b>	<b><u>29,001</u></b>	<b><u>(296,109)</u></b>	<b><u>3,495,924</u></b>
<b>Segment Liabilities</b>						
March 31,2022	<b><u>\$ 1,620,455</u></b>	<b><u>247,312</u></b>	<b><u>83,243</u></b>	<b><u>11,028</u></b>	<b><u>(251,436)</u></b>	<b><u>1,710,602</u></b>
December 31,2021	<b><u>\$ 1,427,514</u></b>	<b><u>342,284</u></b>	<b><u>81,739</u></b>	<b><u>16,470</u></b>	<b><u>(350,947)</u></b>	<b><u>1,517,060</u></b>
March 31,2021	<b><u>\$ 1,568,769</u></b>	<b><u>248,132</u></b>	<b><u>64,634</u></b>	<b><u>19,173</u></b>	<b><u>(287,762)</u></b>	<b><u>1,612,946</u></b>

The following is the explanation of material reconciliation item :

- (a) For the three months ended March 31, 2022 and 2021, the operating segments revenue eliminated from the consolidated entities were \$343,152 and \$225,806, respectively.
- (b) For the three months ended March 31, 2022 and 2021, the operating segments profit and loss eliminated from the consolidated entities were \$1,242 and \$6,857, respectively.
- (c) As of March 31, 2022, December 31, 2021 and March 31, 2021, the operating segments assets eliminated from the consolidated entities were \$273,302, \$360,617 and \$296,109, respectively.
- (d) As of March 31, 2022, December 31, 2021 and March 31, 2021, the operating segments liabilities eliminated from the consolidated entities were \$251,436, \$350,947 and \$287,762, respectively.