

English Translation of Consolidated Financial Statements and a Report Originally Issued in Chinese

Ticker: 3715

**DYNAMIC HOLDING CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH REVIEW REPORT OF INDEPENDENT ACCOUNTANTS
AS OF MARCH 31, 2023 AND 2022
AND FOR THE THREE-MONTH PERIODS THEN ENDED**

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The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

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REVIEW REPORT OF INDEPENDENT AUDITORS

To: The Board of Directors
Dynamic Holding Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Dynamic Holding Co., LTD. (the “Company”) and its subsidiaries as of March 31, 2023 and 2022, the related consolidated statements of comprehensive income for the three-month periods then ended, the related consolidated statements of changes in equity and cash flows for the three-month periods then ended, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”). Management is responsible for the preparation and fair presentation of these 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” as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with TWSRE2410, “Review of Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. A review of 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 auditing standards generally accepted in the Republic of China 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.

Conclusion

Based on our reviews , 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 Company and its subsidiaries as of March 31, 2023 and 2022, and their consolidated financial performance for the three-month periods then ended and cash flows for the three-month periods then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Emphasis of matter

As stated in Note 1 of the consolidated financial report, Dynamic Holding Co., Ltd. acquired 100% equity of Dynamic Electronics Co., Ltd. by means of share swap on August 25, 2022. The above-mentioned share swap is an organizational restructuring under joint control. Dynamic Holdings Co., Ltd. is actually the continuation of Dynamic Electronics Co., Ltd., so the consolidated financial statements of Dynamic Holdings Co., Ltd. recognize the relevant assets and liabilities based on the book value of the consolidated financial statements of Dynamic Electronics Co., Ltd. The consolidated financial statements for the comparative period are prepared as if it had been merged with Dynamic Electronics Co., Ltd.

Chang, Chih Ming

Chen, Kuo Shuai

Ernst & Young

May 5th, 2023

Taipei, Taiwan,

Republic of China

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of March 31, 2023, December 31, 2022 and March 31, 2022 (March 31, 2023 and 2022 are reviewed but unaudited)

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets			As of March 31, 2023		As of December 31, 2022		As of March 31, 2022	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
11xx	Current assets							
1100	Cash and cash equivalents	6(1)	\$3,084,748	15	\$1,677,887	8	\$2,798,612	14
1110	Financial assets at fair value through profit or loss	6(2)	1	-	-	-	3,678	-
1136	Financial assets carried at amortized cost	6(3), 8	248,475	1	162,441	1	1,078,715	6
1150	Notes receivable, net	6(4)	23,479	-	40,165	-	78,598	1
1170	Accounts receivable, net	6(5)	3,997,536	19	4,365,314	22	4,665,757	24
1200	Other receivables		67,910	-	84,356	-	73,137	-
1310	Inventories, net	6(6)	2,410,110	12	2,706,870	14	2,784,096	14
1410	Prepayments		363,207	2	439,137	2	410,869	2
1470	Other current assets		3,335	-	2,103	-	4,123	-
	Total current assets		<u>10,198,801</u>	<u>49</u>	<u>9,478,273</u>	<u>47</u>	<u>11,897,585</u>	<u>61</u>
15xx	Non-current assets							
1510	Financial assets at fair value through profit or loss	6(2)	-	-	-	-	850	-
1600	Property, plant and equipment	6(7), 8, 9	9,942,928	48	9,947,463	50	7,072,551	36
1755	Right-of-use assets	6(21), 8	406,074	2	407,627	2	421,010	2
1780	Intangible assets	6(8)	61,615	-	67,801	-	106,227	-
1840	Deferred tax assets	4	122,182	1	110,334	1	129,766	1
1900	Other non-current assets	6(9)	12,986	-	2,207	-	1,516	-
	Total non-current assets		<u>10,545,785</u>	<u>51</u>	<u>10,535,432</u>	<u>53</u>	<u>7,731,920</u>	<u>39</u>
	Total Assets		<u>\$20,744,586</u>	<u>100</u>	<u>\$20,013,705</u>	<u>100</u>	<u>\$19,629,505</u>	<u>100</u>

(The accompanying notes are an integral part of the consolidated financial statements.)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (Continued)

As of March 31, 2023, December 31, 2022 and March 31, 2022 (March 31, 2023 and 2022 are reviewed but unaudited)

(Amounts Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			As of March 31, 2023		As of December 31, 2022		As of March 31, 2022	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
21xx	Current liabilities							
2100	Short-term loans	6(10)	\$3,849,347	19	\$3,918,562	20	\$5,171,168	26
2120	Financial liabilities at fair value through profit or loss	6(11)	2,155	-	77	-	-	-
2130	Contract liabilities	6(19)	1,410	-	1,359	-	4,295	-
2150	Notes payable		1,545	-	1,211	-	2,319	-
2170	Accounts payable		2,613,627	13	3,022,435	15	3,444,104	18
2200	Other payables	6(12)	2,506,857	12	2,658,529	13	1,300,691	7
2230	Current tax liabilities	4	45,267	-	63,420	-	86,822	-
2280	Lease liabilities	6(21)	4,423	-	4,910	-	2,025	-
2300	Other current liabilities		93,201	-	61,545	-	49,203	-
2321	Current portion of bonds payable	6(13)	2,373	-	2,363	-	-	-
2322	Current portion of long-term loans	6(14), 8	220,264	1	182,394	1	304,368	2
2365	Refund liabilities	6(15)	217,083	1	260,909	1	221,851	1
	Total current liabilities		<u>9,557,552</u>	<u>46</u>	<u>10,177,714</u>	<u>50</u>	<u>10,586,846</u>	<u>54</u>
25xx	Non-current liabilities							
2530	Bonds payable	6(13)	-	-	-	-	487,962	3
2540	Long-term loans	6(14), 8	3,990,845	20	2,607,712	13	1,967,389	10
2570	Deferred tax liabilities	4	424,233	2	395,643	2	301,719	2
2580	Lease liabilities	6(21)	933	-	1,654	-	1,536	-
2630	Long-term deferred revenue	6(16)	639,072	3	599,457	3	485,901	2
2645	Guarantee deposits		77,397	-	78,123	1	91,096	-
	Total non-current liabilities		<u>5,132,480</u>	<u>25</u>	<u>3,682,589</u>	<u>19</u>	<u>3,335,603</u>	<u>17</u>
	Total liabilities		<u>14,690,032</u>	<u>71</u>	<u>13,860,303</u>	<u>69</u>	<u>13,922,449</u>	<u>71</u>
31xx	Equity attributable to the parent company							
3100	Capital	6(18)						
3110	Common stock		2,775,490	13	2,775,490	14	2,775,184	14
3200	Capital surplus	6(18)	2,970,307	14	2,970,307	15	1,314,873	6
3300	Retained earnings	6(18)						
3310	Legal reserve		-	-	-	-	599,291	3
3320	Special reserve		438,825	2	438,825	2	299,666	2
3350	Accumulated profit or loss		35,503	-	162,092	1	941,609	5
3400	Other components of equity		(300,172)	(1)	(324,242)	(2)	(230,865)	(1)
36xx	Non-controlling interests	6(18)	134,601	1	130,930	1	7,298	-
	Total equity		<u>6,054,554</u>	<u>29</u>	<u>6,153,402</u>	<u>31</u>	<u>5,707,056</u>	<u>29</u>
	Total liabilities and equity		<u>\$20,744,586</u>	<u>100</u>	<u>\$20,013,705</u>	<u>100</u>	<u>\$19,629,505</u>	<u>100</u>

(The accompanying notes are an integral part of the consolidated financial statements.)

English Translation of Consolidated Financial Statements Originally Issued in Chinese
DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Three-Month Period Ended March 31, 2023 and 2022 (Reviewed but unaudited)
(Amounts Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code	Accounts	Notes	2023.01.01~2023.03.31		2022.01.01~2022.03.31	
			Amount	%	Amount	%
4000	Operating revenues	6(19)	\$3,684,621	100	\$4,092,018	100
5000	Operating costs	6(6)	(2,953,425)	(80)	(3,413,574)	(83)
5900	Gross profit		731,196	20	678,444	17
6000	Operating expenses					
6100	Sales and marketing expenses		(124,537)	(4)	(139,887)	(4)
6200	General and administrative expenses		(202,329)	(6)	(129,563)	(3)
6300	Research and development expenses		(197,569)	(5)	(162,137)	(4)
6450	Expected credit gains (losses)	6(20)	19,040	1	(3,565)	-
	Operating expenses total		(505,395)	(14)	(435,152)	(11)
6900	Operating income		225,801	6	243,292	6
7000	Non-operating income and expenses	6(23)				
7100	Interest income		3,321	-	3,378	-
7010	Other income		56,241	2	17,829	-
7020	Other gains and losses		(52,511)	(1)	12,137	-
7050	Finance costs		(98,377)	(3)	(56,987)	(1)
	Non-operating income and expenses total		(91,326)	(2)	(23,643)	(1)
7900	Income from continuing operations before income tax		134,475	4	219,649	5
7950	Income tax expense	4, 6(25)	(35,884)	(1)	(54,384)	(1)
8200	Net income		98,591	3	165,265	4
8300	Other comprehensive income (loss)	6(24)				
8360	May be reclassified to profit or loss in subsequent periods					
8361	Exchange differences arising on translation of foreign operations		24,600	1	207,960	5
	Total other comprehensive income (loss), net of tax		24,600	1	207,960	5
8500	Total comprehensive income (loss)		\$123,191	4	\$373,225	9
8600	Net income attributable to:					
8610	Shareholders of the parent		\$95,450	3	\$165,265	4
8620	Non-controlling interests		3,141	-	-	-
			\$98,591	3	\$165,265	4
8700	Total comprehensive income attributable to:					
8710	Shareholders of the parent		\$119,520	4	\$373,225	9
8720	Non-controlling interests		3,671	-	-	-
			\$123,191	4	\$373,225	9
9750	Earnings per share - basic (in NT\$)	6(26)	\$0.34		\$0.60	
9850	Earnings per share - diluted (in NT\$)	6(26)	\$0.34		\$0.55	

(The accompanying notes are an integral part of the consolidated financial statements.)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

From January 1 to March 31, 2023 and 2022 (Reviewed but unaudited)

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	Equity Attributable to the Parent Company								Non-controlling Interests	Total equity
		Capital	Capital collected in advance	Capital surplus	Retained Earnings			Other Components of equity	Total		
					Legal reserve	Special reserve	Accumulated profit or loss	Exchange differences arising on translation of foreign operations			
		3100	3140	3200	3310	3320	3350	3410	31XX	36XX	3XXX
A1	Balance as of January 1, 2022	\$2,775,141	\$43	\$1,314,873	\$599,291	\$299,666	\$970,607	\$(438,825)	\$5,520,796	\$-	\$5,520,796
	Appropriation and distribution of 2021 earnings										
B5	Cash dividends-common shares						(194,263)		(194,263)		(194,263)
D1	Net income for the period Jan. 1 to Mar. 31, 2022						165,265		165,265		165,265
D3	Other comprehensive income (loss) of the period Jan. 1 to Mar. 31, 2022							207,960	207,960		207,960
D5	Total comprehensive income (loss) of the current period	-	-	-	-	-	165,265	207,960	373,225	-	373,225
I1	Conversion of convertible bonds	43	(43)						-		-
O1	Non-controlling interests increase									7,298	7,298
Z1	Balance as of March 31, 2022	<u>\$2,775,184</u>	<u>\$-</u>	<u>\$1,314,873</u>	<u>\$599,291</u>	<u>\$299,666</u>	<u>\$941,609</u>	<u>\$(230,865)</u>	<u>\$5,699,758</u>	<u>\$7,298</u>	<u>\$5,707,056</u>
A1	Balance as of January 1, 2023	\$2,775,490	\$-	\$2,970,307	\$-	\$438,825	\$162,092	\$(324,242)	\$6,022,472	\$130,930	\$6,153,402
	Appropriation and distribution of 2022 earnings										
B5	Cash dividends-common shares						(222,039)		(222,039)		(222,039)
D1	Net income for the period Jan. 1 to Mar. 31, 2023						95,450		95,450	3,141	98,591
D3	Other comprehensive income (loss) of the period Jan. 1 to Mar. 31, 2023							24,070	24,070	530	24,600
D5	Total comprehensive income (loss) of the current period	-	-	-	-	-	95,450	24,070	119,520	3,671	123,191
Z1	Balance as of March 31, 2023	<u>\$2,775,490</u>	<u>\$-</u>	<u>\$2,970,307</u>	<u>\$-</u>	<u>\$438,825</u>	<u>\$35,503</u>	<u>\$(300,172)</u>	<u>\$5,919,953</u>	<u>\$134,601</u>	<u>\$6,054,554</u>

(The accompanying notes are an integral part of the consolidated financial statements.)

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

From January 1 to March 31, 2023 and 2022 (Reviewed but unaudited)

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2023.01.01~2023.03.31	2022.01.01~2022.03.31	Code	Items	2023.01.01~2023.03.31	2022.01.01~2022.03.31
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Net income before tax	\$134,475	\$219,649	B00040	Disposal (acquisition) of financial assets carried at amortized cost	(86,034)	(1,077,497)
A20000	Adjustments:			B02700	Acquisition of property, plant and equipment	(595,492)	(851,709)
A20010	Income and expense adjustments:			B02800	Proceeds from disposal of property, plant and equipment	295	9,978
A20100	Depreciation (including right-of-use assets)	312,802	163,481	B03700	Decrease (increase) in refundable deposits	(4)	(24)
A20200	Amortization	6,661	5,521	B04500	Acquisition of intangible assets	(310)	(3,281)
A20300	Expected credit losses (gain)	(19,040)	3,565	B05000	Cash outflow from business combination	-	(67,622)
A20400	Net loss (gain) of financial assets at fair value through profit or loss	2,082	(468)	B09900	Increase (decrease) in long-term deferred revenue	49,073	88,228
A20900	Interest expense	98,377	56,987	BBBB	Net cash provided by (used in) investing activities	(632,472)	(1,901,927)
A21200	Interest income	(3,321)	(3,378)				
A22500	Gain on disposal of property, plant and equipment	(32)	(18)				
A23700	Impairment loss on non-financial assets	-	3,391				
A29900	Gain on government grants	(12,325)	(8,190)				
A30000	Changes in operating assets and liabilities:			CCCC	Cash flows from financing activities:		
A31130	Notes receivable	16,686	(11,821)	C00100	Increase in (repayment of) short-term loans	(69,215)	584,097
A31150	Accounts receivable	387,084	(44,889)	C01600	Increase in long-term loans	1,559,573	1,865,933
A31180	Other receivables	16,446	30,478	C01700	Repayment of long-term loans	(152,346)	(676,373)
A31200	Inventories	296,760	168,960	C03000	Increase (decrease) in guarantee deposits	(726)	(30,028)
A31230	Prepayment	75,930	(44,842)	C04020	Payments of lease liabilities	(1,230)	(515)
A31240	Other current assets	(1,232)	(2,311)	CCCC	Net cash provided by (used in) financing activities	1,336,056	1,743,114
A32125	Contract liabilities	51	229				
A32130	Notes payable	334	-				
A32150	Accounts payable	(408,808)	(119,021)				
A32180	Other payables	(38,485)	(128,475)				
A32230	Other current liabilities	31,656	3,984	DDDD	Effect of exchange rate changes on cash and cash equivalents	(11,819)	4,265
A32990	Refund liabilities	(43,826)	(11,311)				
A32000	Cash generated from operations	852,275	281,521				
A33100	Interest received	3,321	3,378				
A33300	Interest paid	(103,397)	(50,512)	EEEE	Net increase (decrease) in cash and cash equivalents	1,406,861	69,052
A33500	Income tax paid	(37,103)	(10,787)	E00100	Cash and cash equivalents at beginning of period	1,677,887	2,729,560
AAAA	Net cash provided by (used in) operating activities	715,096	223,600	E00200	Cash and cash equivalents at end of period	\$3,084,748	\$2,798,612

(The accompanying notes are an integral part of the consolidated financial statements.)

English Translation of Consolidated Financial Statements and Footnotes Originally Issued in Chinese
DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIODS THEN ENDED MARCH 31, 2023 AND 2022
(Reviewed but unaudited)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and organization

Dynamic Holding Co., Ltd. (hereinafter referred to as “the Company”) was approved and established on August 25, 2022 and listed for trading on the Taiwan Stock Exchange.

Dynamic Electronics Co., Ltd. (hereinafter referred to as “Dynamic Electronics”) applied for the establishment of Dynamic Holding Co., Ltd. by the board of directors on March 31, 2022 and the shareholders' meeting on May 20, 2022 to acquire 100% equity of Dynamic Electronics, the share swap consideration is to exchange 1 common share of Dynamic Electronics for 1 common share of the company, and the share swap transaction has been completed on August 25, 2022. On the same day, Dynamic Electronics became a 100% subsidiary of the company and terminated the stock listing and public offering. The company's common stock was listed and traded under the stock code “3715” from the same day.

The main activities of the Company and its subsidiaries (“the Group”) are mainly engaged in the manufacturing and processing of various electronic components, the design of microcomputers and peripheral equipment, the manufacturing and processing of integrated circuits and substrates, the manufacturing and processing of various circuit boards, the quotation, bidding, and distribution of products from domestic and foreign manufacturers as an agent, and the import and export trade business of the aforementioned products. The Company’s registered office and the main business location is at 6F., No. 50, Minquan Rd., Luzhu Dist., Taoyuan City 338, Taiwan (R.O.C.)

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements as of March 31, 2023 of the Company and its subsidiaries (“the Group”) were authorized to be issued in accordance with a resolution of the Board of Directors’ meeting on May 5th, 2023.

English Translation of Consolidated Financial Statements and Footnotes Originally Issued in Chinese
DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

3. Newly issued or revised standards and interpretations

- (1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2023. The new standards and amendments had no material impact on the Group.

- (2) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	January 1, 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
d	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
e	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024

- (A) IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of

non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(B) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

(C) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(D) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

This amendment is IFRS 16 "Lease" Seller-lessee adds additional accounting treatment for sale-and-leaseback transactions to improve the consistent application of the standard.

(E) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendment is to require the entity to disclose the information of long-term liability covenants. It specifies the covenants that an entity should comply with within twelve months after the reporting period, which does not affect classification of the corresponding liability as current or noncurrent at the end of reporting period.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The Group assesses all standards and interpretations have no material impact on the Group.

4. Summary of significant accounting policies

(1) Statement of compliance

The consolidated financial statements of the Group for the three-month periods ended March 31, 2023 and 2022 have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and IAS 34, "Interim Financial Reporting," as endorsed and became effective by the FSC.

Except for the following 4(3) to 4(5), the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2022. For more details, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2022.

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(2)Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are presented in thousands of New Taiwan Dollars (“NT\$”) unless otherwise specified.

(3)Basis of consolidation

The same principles of consolidation in the consolidated financial statements have been applied in the consolidated financial statements for the year ended December 31, 2022. For the principles of consolidation, please refer to Note 4(3) of the consolidated financial statements for the year ended December 31, 2022.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of Ownership (%)		
			2023.03.31	2022.12.31	2022.03.31
The Company	Dynamic Electronics Co., Ltd.	Investing activities	100.00% (Note 1)	100.00% (Note 1)	-% (Note 1)
Dynamic Electronics Co., Ltd.	WINTEK (MAURITIUS) CO., LTD.	Investing activities	100.00%	100.00%	100.00%
Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	PCB and business which relates to import and export	-% (Note 2)	-% (Note 2)	100.00% (Note 2)
Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Seychelles)	PCB and business which relates to import and export	-% (Note 3)	-% (Note 3)	100.00% (Note 3)

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Investor	Subsidiary	Main businesses	Percentage of Ownership (%)		
			2023.03.31	2022.12.31	2022.03.31
Dynamic Electronics Co., Ltd.	Dynamic Electronics Overseas Investment Holding Pte. Ltd. (referred to : Dynamic Overseas Investment)	Management and Operation Business	-% (Note 2 、 9)	-% (Note 2 、 9)	100.00% (Note 2 、 9)
Dynamic Electronics Co., Ltd.	CHIANAN TECHNOLOGY CO., LTD.	Mockup manufacture	70.00% (Note 4)	70.00% (Note 4)	70.00% (Note 4)
Dynamic Electronics Co., Ltd.	CHENG CHONG TECHNOLOGY CO., LTD.	Mockup manufacture	70.00% (Note 5)	70.00% (Note 5)	70.00% (Note 5)
WINTEK (MAURITIUS) CO., LTD.	Dynamic Electronics Holding Pte. Ltd.	Investing activities	100.00%	100.00%	100.00%
Dynamic Electronics Holding Pte. Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	Manufacturing and selling of PCB	97.8541% (Note 6 、 7 、 8)	97.8541% (Note 6 、 7 、 8)	100.00% (Note 6 、 7 、 8)
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Electronics (Kunshan) Co., Ltd.	Manufacturing and selling of PCB	100.00% (Note 7 、 8)	100.00% (Note 7 、 8)	100.00% (Note 7 、 8)

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Investor	Subsidiary	Main businesses	Percentage of Ownership (%)		
			2023.03.31	2022.12.31	2022.03.31
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic PCB Electronics Co., Ltd.	PCB and business which relates to import and export	100.00% (Note 2 、 7 、 8)	100.00% (Note 2 、 7 、 8)	-% (Note 2 、 7 、 8)
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Electronics Co., Ltd. (Seychelles)	PCB and business which relates to import and export	100.00% (Note 3 、 7 、 8)	100.00% (Note 3 、 7 、 8)	-% (Note 3 、 7 、 8)
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Electronics Overseas Investment Holding Pte. Ltd. (referred to : Dynamic Overseas Investment)	Management and Operation Business	100.00% (Note 2 、 7 、 8 、 9)	100.00% (Note 2 、 7 、 8 、 9)	-% (Note 2 、 7 、 8 、 9)

Note 1: The Company acquired 100% equity of Dynamic Electronics Co., Ltd. by way of share swap on August 25, 2022. Since it is reorganization under joint control, the consolidated financial statements for the comparative period were prepared as if the entities had been combined from the beginning.

Note 2: Considering the long-term development needs of the Group on August 4, 2022, the Board of Directors resolved to change the investment structure of Dynamic PCB Electronics Co., Ltd. and Dynamic Electronics Trading Pte. Ltd. That is to change Dynamic Electronics Co., Ltd.'s reinvestment in Dynamic PCB Electronics Co., Ltd. and Dynamic Electronics Trading Pte. Ltd. to Dynamic Electronics Co., Ltd. (Huangshi) 's reinvestment in Dynamic PCB Electronics Co., Ltd. and Dynamic Electronics Trading Pte. Ltd. The aforementioned transaction is an equity adjustment under organizational restructuring.

Note 3: Considering the long-term development needs of the Group, on July 20, 2022 the Board of Directors resolved to change the investment structure of Dynamic Electronics Co., Ltd. (Seychelles), the reinvested business in the third region. Dynamic Electronics Co., Ltd.'s reinvestment in Dynamic Electronics Co., Ltd. (Seychelles) is changed to Dynamic Electronics Co., Ltd. (Huangshi)'s reinvestment in Dynamic Electronics Co., Ltd. (Seychelles). The above transaction is an equity adjustment under organizational restructuring.

Note 4: Considering the needs of long-term development on February 23, 2022, the Board of Directors resolved to acquire 70% shares of CHIANAN TECHNOLOGY CO., LTD. and acquired the shares of CHIANAN TECHNOLOGY CO., LTD. on March 17, 2022 for NTD 46,060 thousand. The share acquisition ratio was 70%. The share settlement was completed on March 17, 2022. The Group has obtained the control of the company and included it when preparing the Group's consolidated financial statements.

Note 5: Considering the needs of long-term development, the Group acquired 70% shares in CHENG CHONG TECHNOLOGY CO., LTD. with the resolution of the board of directors on February 23, 2022, and acquired the shares of CHENG CHONG TECHNOLOGY CO., LTD. on March 17, 2022 for NTD 33,211 thousand. The share acquisition ratio is 70%. The share settlement was completed on March 17, 2022. The Group has obtained the control to include it in the Group's consolidated financial statements preparation.

Note 6: To consider long-term development needs, the Company's board meeting held on September 2, 2022 approved to conduct a cash issuance amounted RMB35,000 thousand and was completed on September 28, 2022. The Group surrendered its preempted right, while the Group's ownership interest on Dynamic Electronics (Huangshi) Co., Ltd. reduced from 100.00% to 97.8541%.

Note 7: Dynamic Electronics (Huangshi) Co., Ltd. has successfully applied for a shareholding restructure and became a company limited by shares during November 2022. The registration procedures were completed on December 7, 2022.

Note 8: Dynamic Electronics (Huangshi) Co., Ltd. passed a resolution at the extraordinary shareholder's meeting held on February 16, 2023 to apply for name change from Dynamic Electronics (Huangshi) Co., Ltd. to Dynamic Electronics Co., Ltd. (Huangshi). The registration procedures were completed on February 22, 2023.

Note 9: Dynamic Electronics (Huangshi) Co., Ltd. passed a resolution the extraordinary shareholder's meeting held on February 16, 2023 to apply for name change of its subsidiary from Dynamic Electronics Trading Pte. Ltd. to Dynamic Electronics Overseas Investment Holding Pte. Ltd. ("Dynamic Overseas Investment"). The registration procedures were completed on March 13, 2023.

(4)Income tax

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. Only current income tax expense is using the estimated average annual effective income tax rate while deferred income tax is recognized and measured in consistent with annual financial reporting in accordance with IAS 12, "Income Tax." The impact of tax rate change in interim period, if any, is recognized in earnings, other comprehensive income or directly equity.

(5)Business combinations and goodwill

Acquisitions of subsidiaries are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of acquisition) of assets transferred and liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in acquiree's host contracts.

Where the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured at fair value at the acquisition date and the resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the excess amount of the aggregate of the consideration transferred and the non-controlling interests over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

5. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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The main sources of significant accounting judgments, estimates and assumptions is consistent with the 2022 consolidated financial report of Dynamic Holding and its subsidiaries, please refer to Note 5 of Dynamic Holding and its subsidiaries' 2022 consolidated financial statements for the information.

6.Contents of significant accounts

(1)Cash and cash equivalents

	2023.03.31	2022.12.31	2022.03.31
Cash on hand	\$1,065	\$1,061	\$436
Checking and savings	3,083,287	1,676,427	2,597,804
Fixed-term deposits	396	399	200,372
Total	<u>\$3,084,748</u>	<u>\$1,677,887</u>	<u>\$2,798,612</u>

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

	2023.03.31	2022.12.31	2022.03.31
Measured at fair value through profit or loss :			
Convertible Bonds	\$1	\$-	\$850
Held for trading - current :			
Forward exchange contract	-	-	3,678
Total	<u>\$1</u>	<u>\$-</u>	<u>\$4,528</u>
Current	\$1	\$-	\$3,678
Non-current	-	-	850
Total	<u>\$1</u>	<u>\$-</u>	<u>\$4,528</u>

The Group's financial assets measured at fair value through profit and loss have no pledged collateral.

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(3) Financial assets carried at amortized cost

	2023.03.31	2022.12.31	2022.03.31
Restricted cash-current	\$247,135	\$161,090	\$1,077,455
Fixed-term deposits	1,340	1,351	1,260
Total	<u>\$248,475</u>	<u>\$162,441</u>	<u>\$1,078,715</u>
Current	<u>\$248,475</u>	<u>\$162,441</u>	<u>\$1,078,715</u>
Non-current	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>

The Group transacts with financial institutions with good credit rating. Consequently, there is no significant credit risk.

Please refer to Note 8 for more details on financial assets carried at amortized cost pledged as collaterals.

(4) Notes receivable, net

	2023.03.31	2022.12.31	2022.03.31
Notes receivable from operating activities	\$23,479	\$40,165	\$78,598
Less: Loss allowance	-	-	-
Total	<u>\$23,479</u>	<u>\$40,165</u>	<u>\$78,598</u>

Notes receivables were not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(20) for more details on loss allowance and Note 12 for details on credit risk.

(5) Accounts receivable, net

(A) Accounts receivable, net consist of the follow :

	2023.03.31	2022.12.31	2022.03.31
Accounts receivable from operating activities	\$4,018,112	\$4,405,196	\$4,685,763

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	2023.03.31	2022.12.31	2022.03.31
Less: Loss allowance	(20,576)	(39,882)	(20,006)
Total	\$3,997,536	\$4,365,314	\$4,665,757

(B)Accounts receivable were not pledged.

(C)Accounts receivable are generally on 60 to 150 day terms. The total carrying amount as of March 31, 2023, December 31, 2022, and March 31, 2022, are NT\$4,018,112 thousand, NT\$4,405,196 thousand and NT\$4,685,763 thousand, respectively. Please refer to Note 6(20) for more details on loss allowance of accounts receivable for the three-month periods ended March 31, 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

(6)Inventories

(A)Details of inventory net amount are as below:

	2023.03.31	2022.12.31	2022.03.31
Raw materials and supplies	\$132,097	\$163,472	\$335,995
Work in progress	670,517	647,636	684,367
Finished goods	1,607,496	1,895,762	1,763,734
Total	\$2,410,110	\$2,706,870	\$2,784,096

(B)For the three-month periods ended March 31, 2023 and 2022, the Group recognized NT\$2,953,425 thousand and NT\$3,413,574 thousand under the costs of inventory including the following losses:

Item	2023.01.01~ 2023.03.31	2022.01.01~ 2022.03.31
Inventory valuation losses	\$35,020	\$4,648

(C)Above-mentioned inventories were not pledged.

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(7)Property, plant and equipment

			2023.03.31	2022.12.31	2022.03.31			
Owner occupied property, plant and equipment			\$9,942,928	\$9,947,463	\$7,072,551			
					Construction in progress and equipment to be examined			
	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Lease improvement		Total
Cost:								
2023.01.01	\$4,836,911	\$8,421,801	\$34,007	\$644,012	\$2,387,857	\$8,820	\$210,751	\$16,544,159
Additions	3,232	(1,185)	-	1,022	1,216	-	250,220	254,505
Disposals	-	(2,393)	-	(202)	(508)	-	-	(3,103)
Transfer	1,597	33,197	783	7,661	3,926	-	(47,164)	-
Exchange differences	23,882	42,825	160	3,146	11,766	-	1,041	82,820
2023.03.31	\$4,865,622	\$8,494,245	\$34,950	\$655,639	\$2,404,257	\$8,820	\$414,848	\$16,878,381
Depreciation and impairment:								
2023.01.01	\$909,302	\$4,188,726	\$26,319	\$267,199	\$1,196,330	\$8,820	\$-	\$6,596,696
Depreciation	55,583	134,724	667	29,135	89,130	-	-	309,239
Impairment loss	-	-	-	-	-	-	-	-
Disposals	-	(2,154)	-	(194)	(492)	-	-	(2,840)
Transfer	-	-	-	-	-	-	-	-
Exchange differences	4,348	21,007	120	1,219	5,664	-	-	32,358
2023.03.31	\$969,233	\$4,342,303	\$27,106	\$297,359	\$1,290,632	\$8,820	\$-	\$6,935,453
Cost:								
2022.01.01	\$2,742,170	\$6,902,330	\$30,031	\$344,299	\$1,351,744	\$8,820	\$1,233,152	\$12,612,546
Additions	(621)	-	-	5,545	9,149	-	744,096	758,169
Acquired through business merger	-	19,727	1,128	-	2,542	-	-	23,397
Disposals	-	(10,784)	-	(750)	(2,216)	-	-	(13,750)
Transfer	1,842	78,194	-	1,037	1,266	-	(82,339)	-
Exchange differences	105,895	276,628	1,132	13,039	52,071	-	47,620	496,385
2022.03.31	\$2,849,286	\$7,266,095	\$32,291	\$363,170	\$1,414,556	\$8,820	\$1,942,529	\$13,876,747

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	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Lease improvement	Construction in progress and equipment to be examined	Total
Depreciation and impairment:								
2022.01.01	\$733,505	\$4,390,260	\$22,366	\$201,137	\$1,014,815	\$8,820	\$-	\$6,370,903
Depreciation	30,268	85,498	984	13,734	30,175	-	-	160,659
Acquired through business merger	-	16,462	870	-	2,261	-	-	19,593
Impairment loss	-	3,391	-	-	-	-	-	3,391
Disposals	-	(1,078)	-	(691)	(2,021)	-	-	(3,790)
Transfer	-	-	-	-	-	-	-	-
Exchange differences	28,997	175,992	858	7,830	39,763	-	-	253,440
2022.03.31	<u>\$792,770</u>	<u>\$4,670,525</u>	<u>\$25,078</u>	<u>\$222,010</u>	<u>\$1,084,993</u>	<u>\$8,820</u>	<u>\$-</u>	<u>\$6,804,196</u>
Net carrying amount as at:								
2023.03.31	<u>\$3,896,389</u>	<u>\$4,151,942</u>	<u>\$7,844</u>	<u>\$358,280</u>	<u>\$1,113,625</u>	<u>\$-</u>	<u>\$414,848</u>	<u>\$9,942,928</u>
2022.12.31	<u>\$3,927,609</u>	<u>\$4,233,075</u>	<u>\$7,688</u>	<u>\$376,813</u>	<u>\$1,191,527</u>	<u>\$-</u>	<u>\$210,751</u>	<u>\$9,947,463</u>
2022.03.31	<u>\$2,056,516</u>	<u>\$2,595,570</u>	<u>\$7,213</u>	<u>\$141,160</u>	<u>\$329,563</u>	<u>\$-</u>	<u>\$1,942,529</u>	<u>\$7,072,551</u>

(A) For the three-month periods ended March 31, 2022, the NT\$3,391 thousand impairment loss is recognized due to the idleness of some real property, plant and equipment in the Group. This has been recognized in the statement of comprehensive income.

(B) Significant components of building include main building structure and additional expansion construction, which are depreciated over useful lives of 16~30 years and 20 years, respectively.

(C) Please refer to Note 8 for more details on property, plant and equipment under pledge.

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(8) Intangible assets

	Computer software	Technology expertise	Goodwill	Total
Cost:				
2023.01.01	\$69,827	\$10,737	\$62,244	\$142,808
Additions – acquired separately	310	-	-	310
Derecognized upon retirement	(4,619)	-	-	(4,619)
Exchange differences	294	53	-	347
2023.03.31	<u>\$65,812</u>	<u>\$10,790</u>	<u>\$62,244</u>	<u>\$138,846</u>
2022.01.01	\$59,799	\$10,607	\$-	\$70,406
Additions – acquired separately	3,281	-	-	3,281
Acquisition through business merger	1,151	-	62,244	63,395
Derecognized upon retirement	(1,072)	(36)	-	(1,108)
Exchange differences	2,060	409	-	2,469
2022.03.31	<u>\$65,219</u>	<u>\$10,980</u>	<u>\$62,244</u>	<u>\$138,443</u>
Amortization and impairment:				
2023.01.01	\$39,620	\$5,369	\$30,018	\$75,007
Amortization	6,120	541	-	6,661
Derecognized upon retirement	(4,619)	-	-	(4,619)
Exchange differences	157	25	-	182
2023.03.31	<u>\$41,278</u>	<u>\$5,935</u>	<u>\$30,018</u>	<u>\$77,231</u>
2022.01.01	\$22,618	\$3,205	\$-	\$25,823
Acquisition through business merger	946	-	-	946
Amortization	4,982	539	-	5,521
Derecognized upon retirement	(1,072)	(36)	-	(1,108)
Exchange differences	898	136	-	1,034
2022.03.31	<u>\$28,372</u>	<u>\$3,844</u>	<u>\$-</u>	<u>\$32,216</u>

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	Computer software	Technology expertise	Goodwill	Total
Net carrying amount as at:				
2023.03.31	\$24,534	\$4,855	\$32,226	\$61,615
2022.12.31	\$30,207	\$5,368	\$32,226	\$67,801
2022.03.31	\$36,847	\$7,136	\$62,244	\$106,227

Amounts of amortization recognized for intangible assets are as follows:

	2023.01.01~ 2023.03.31	2022.01.01~ 2022.03.31
Operating costs	\$709	\$623
Operating expenses	5,952	4,898
Total	\$6,661	\$5,521

(9)Other non-current assets

Other non-current assets as follows:

	2023.03.31	2022.12.31	2022.03.31
Refundable deposit	\$2,211	\$2,207	\$1,516
Long-term prepaid expenses	10,775	-	-
Total	\$12,986	\$2,207	\$1,516

(10)Short-term loans

(A)Short-term loans consist of the following:

	Interest rate (%)	2023.03.31	2022.12.31	2022.03.31
Unsecured bank loan	2.95% ~ 6.79%	\$3,849,347	\$3,918,562	\$5,171,168

(B)The Group's unused short-term lines of credits amounts to NT\$3,449,404 thousand, NT\$3,132,419 thousand and NT\$3,477,661 thousand as of March 31, 2023, December 31, 2022, and March 31, 2022, respectively.

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(11) Financial liabilities at fair value through profit or loss

	2023.03.31	2022.12.31	2022.03.31
Held for trading — current :			
Forward foreign exchange contracts	\$2,155	\$77	\$-

(12) Other payables

Other payables consist of the

following:	2023.03.31	2022.12.31	2022.03.31
Accrued expenses	\$613,008	\$651,493	\$694,391
Dividends payable	222,039	-	194,263
Accrued interest payable	21,919	16,158	14,447
Payables to equipment supplier	1,649,891	1,990,878	397,590
Total	\$2,506,857	\$2,658,529	\$1,300,691

(13) Bonds payable

(A) The details of the bonds payable are as follows:

	2023.03.31	2022.12.31	2022.03.31
Liability component			
Unsecured domestic bonds payable	\$2,400	\$2,400	\$499,900
Less: Discounts on bonds payable	(27)	(37)	(11,938)
Total	2,373	2,363	487,962
Less: Current portion	(2,373)	(2,363)	-
Net	\$-	\$-	\$487,962
Embedded derivative - redemption, put options	\$-	\$-	\$850
Equity component - Conversion right	\$281	\$281	\$63,923

For the details of the gain or loss from valuation through profit or loss on embedded derivative - redemption, put options and the interest expense on the convertible bonds payable, please refer to Note 6(23)(D) to the consolidated financial statement.

(B) On May 13, 2021, Dynamic Electronics issued the second unsecured domestic convertible bonds. The terms of the bonds are as follows:

- (a) Issue amount: NT\$500,000 thousand
- (b) Issue date: May 13, 2021
- (c) Issue price: Issued in 110.1% of par value
- (d) Coupon rate: 0%
- (e) Issue period: May 13, 2021 to May 13, 2024
- (f) Settlement: A converting bond holder can convert bonds into the Company's stock or execute put option based on the Company's conversion rules. The Company can also buy back cancellation from bonds dealers. Otherwise, bonds are repayable at 100.7519% of face value (0.25% income return) by cash when they mature.
- (g) Conversion period : The bondholders will have the right to convert their bonds at any time during the conversion period commencing August 14, 2022 (the next day of three months following the closing date) and ending at the close of business on May 13, 2024 (the maturity date), provided, however, that the conversion right during any closed period shall be suspended and the conversion period shall not include any such closed period, which means (i) the period during which the Company may be required to close its stock transfer books under ROC laws and regulations applicable from time to time; (ii) the period beginning on the 15th trading day prior to the record date for the distribution of stock or cash dividends, or subscription of new shares due to capital increase to the date on (and including) such record; (iii) the period beginning on the record date of a capital reduction to one day prior to the trading day on which the shares of the Company are reissued after

such capital reduction ; (iv) No request for conversion other than the starting date of the stop of conversion for the change of stock denomination to the day before the trading day before the start of the new stock exchange.

(h) Conversion price and adjustment: The conversion price was originally at NT\$23.5 per share. The conversion price will be subject to adjustments upon the occurrence of certain events set out in the indenture.

Because the cash dividend-common stock, distributed in 2021. According to the policies for the second domestic unsecured conversion of corporate bonds issued and conversion, the conversion price was subject to adjustments. Since August 13 2021, the conversion price was adjusted to NT\$23.1.

Because the cash dividend-common stock, distributed in 2022. According to the policies for the second domestic unsecured conversion of corporate bonds issued and conversion, the conversion price was subject to adjustments. Since July 18 2022, the conversion price was adjusted to NT\$22.4.

(i) Redemption clauses: a. The Company may redeem the convertible bonds from the next day (August 14, 2021) following a three-month period after the bonds are issued to 40 days before the maturity date (April 3, 2024) if the following terms are met: when the closing price of the Company's common shares is 30% above the convertible price for 30 consecutive trading days, the Company may, within the following 30 business days (the aforesaid period shall start from the day the letter is delivered by the Company, and the expiry date of the period shall be the measurement date for bond recovery, and the aforesaid period shall not fall in the period of conversion suspension stated in Article 9), send a bond redemption notification letter via registered mail to the bondholders. (The bondholders list shall be based on the updated list five business days before sending the redemption notification letter to the bondholders. Public announcements will be made for bondholders who acquire the convertible bonds subsequently from transactions or other reasons).

The redemption price would be set at the face value and the bond is purchased by cash, which would be announced over Taipei Exchange. When the Company executes the recovery request, it shall redeem the outstanding convertible bonds in cash at the face value within five business days after the bond recovery measurement date.

b. The Company may redeem the convertible bonds from three months after bond issued to the 40 days before maturity date. The total value of outstanding convertible bonds becomes less than 10% of the total issues for 30 consecutive trading days. The Company will send a bond redeem notification letter via registered mail to the bondholders. (Bondholders list based on redeem notification letter before sending to the bondholders for five business days, but bondholders merely be announced to acquire convertible bonds for selling, purchasing, or other reasons). And the redemption price would be set as the par value and the bond is purchased by cash and would be announced over Taipei Exchange. When the Company executes the recovery request, it shall redeem the outstanding convertible bonds in cash at the face value within five business days after the bond recovery measurement date.

c. If the bondholders do not respond to the Company's stock affair agency in writing (effective upon delivery; postal mail shall be based on the stamp date) prior to the redemption date stated in the notification letter, the Company will redeem such bonds at the par value of the convertible bonds and pay in cash within 5 business days following the redemption date.

(j) Bond holder's sell-back right : From August 26, 2022 to September 24, 2022, creditors can sell the convertible bonds back to the issuer company at the issuer price of NT\$110.1 plus interest compensation (0.25% real yield).

(C) As of March 31, 2023, the second unsecured convertible bonds in the amount of NT\$800 thousand was applied to be converted into 35 thousand common shares. The surplus arising from the conversion amounted to NT\$533 thousand and were recorded under additional paid-in capital.

(D) In accordance with Article 11 (1) the share swap resolution passed at the regular shareholder's meeting on May 20, 2022: "After this share swap case is approved by the competent authority before the share swap date, the creditor may, within the designated period announced by the company, apply for a put-option or exercise the right of conversion in accordance with the issuance and conversion rules of the convertible bonds. The Dynamic II CB applied for a put-option will be redeemed in cash with each "bond face value" plus interest compensation. The interest compensation is calculated by multiplying the actual yield of 0.25% by the actual number of days of issuance, i. e. from the date of issuance until the put-option date." The resolution of the board of directors was adjusted on May 21, 2022 to " After this share swap case is approved by the competent authority, and before the share swap date, the creditor may, within the designated period announced by the company, apply for a put-option or exercise the right of conversion in accordance with the issuance and conversion rules of the convertible bonds. The Dynamic II CB applied for a put-option will be redeemed in cash with each "bond issued price" plus interest compensation. The interest compensation is calculated by multiplying the actual yield of 0.25% by the actual number of days of issuance, i. e., from the date of issuance until the put-option date." In the second quarter of 2022, the Company recognized gain on convertible bonds redemption in the amount of NT\$2,096 thousand in accordance with the revised issuance rules and the gain on convertible bonds redemption have been recognized in the statement of comprehensive income.

(E) As stated in Note 1 to the financial statement, Dynamic Electronics terminated its listing on August 25, 2022, so the second domestic unsecured convertible bonds issued by the Company on May 13, 2021 were also be terminated from the over-the-counter trading on the same day. According to Article 11 of the share swap resolution passed at the shareholders meeting, the Company allows the creditors to choose, within the period specified by the Company from August 26, 2022 to September 24, 2022, whether to apply to sell the bonds back to the company; or to apply for the right to convert into common shares of Dynamic Holdings Co., Ltd.; or to continue to hold Dynamic II until maturity in accordance with the Dynamic II issuance and conversion rules. As of December 31, 2022, the investor applied to a put-option in the amount of NT\$496,800 thousand, the redemption amount was NT\$548,850 thousand, the interest paid was NT\$1,873 thousand; and the loss of redemption of convertible bonds of NT\$57,668 thousand has been recognized in the statement of comprehensive income.

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(14) Long-term loans

(A) Details of long-term loans as of March 31, 2023, December 31, 2022 and March 31, 2022 are as follows:

Lenders	2023.03.31	Interest Rate (%) (Note2)	Maturity and terms of repayment
Bank of Shanghai Co., Ltd. — Zhongli Branch — Unsecured bank loans	\$232,638	RMB variable interest rate HIBOR 3M+0.9%	The grace period is 12 months upon first usage. After the grace period expires, principal is repayable in installments of the equal amount for eight terms. Pay interest quarterly.
Agricultural Bank of China — Kunshan Branch — Credit loans (Note1)	2,988,848	The benchmark interest rate of the People's Bank of China for a period of over five years - LPR-0.2%	After the grace period expires, the following terms are defined as every six months since then. The principle is repayable in installments of equal amount for eight years.
EnTie Bank — Offshore Banking Business Credit Loan	121,800	Taipei Foreign Exchange Trading Center Taifx3+2% for three months	The grace period is 12 months upon first usage. After the grace period expires, the principal is repayable in installments of the equal amount for eight terms.
Bank of Shanghai Co., Ltd. — Corporate Banking Business Credit Loan	867,823	TAIFX3+163BP to 165BP for three months	The first installment shall be paid upon 24 months after the first withdrawal, and thereafter Every 6 months as a term, a total of 3 terms. 15% of the principal of the credit line for withdrawal should be repaid in the first term and the in the second term ,70% of the principal of the credit line for withdrawal should be repaid in the third term.
Less: Current portion of long-term loans	(220,264)		
Non-current portion of long-term loans	<u>\$3,990,845</u>		

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Lenders	2022.12.31	Interest Rate (%) (Note2)	Maturity and terms of repayment
Bank of Shanghai Co., Ltd. — Zhongli Branch — Unsecured bank loans	\$264,566	RMB variable interest rate HIBOR 3M+0.9%	The grace period is 12 months upon first usage. After the grace period expires, principal is repayable in installments of the equal amount for eight terms. Pay interest quarterly.
Agricultural Bank of China — Kunshan Branch — Credit loans (Note1)	2,402,701	The benchmark interest rate of the People's Bank of China for a period of over five years - LPR-0.2%	After the grace period expires, the following terms are defined as every six months since then. The principle is repayable in installments of equal amount for eight years.
EnTie Bank — Offshore Banking Business Credit Loan	122,839	Taipei Foreign Exchange Trading Center Taifx3+2% for three months	The grace period is 12 months upon first usage. After the grace period expires, the principal is repayable in installments of the equal amount for eight terms.
Less: Current portion of long-term loans	(182,394)		
Non-current portion of long-term loans	<u>\$2,607,712</u>		

Lenders	2022.03.31	Interest Rate (%) (Note2)	Maturity and terms of repayment
China Construction Bank Corporation — Huangshi Branch — Credit loans	135,275	China Construction Bank Corporation benchmark interest rate, negotiate a price.	The loan is due to be settled.
China Merchants Bank — Huangshi Branch — Credit loans	135,275	The benchmark interest rate of the People's Bank of China for a period of over one year - LPR	The loan is due to be settled.

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Lenders	2022.03.31	Interest Rate (%) (Note2)	Maturity and terms of repayment
Bank of Shanghai Co., Ltd. — Zhongli Branch — Unsecured bank loans	270,549	RMB variable interest rate HIBOR 3M+0.9%	The grace period is 12 months upon first usage. After the grace period expires, principal is repayable in installments of the equal amount for eight terms. Pay interest quarterly.
Agricultural Bank of China — Kunshan Branch — Credit loans (Note1)	1,730,658	The benchmark interest rate of the People's Bank of China for a period of over five years - LPR-0.2%	After the grace period expires, the following terms are defined as every six months since then. The principle is repayable in installments of equal amount for eight years.
Less: Current portion of long-term loans	(304,368)		
Non-current portion of long-term loans	<u>\$1,967,389</u>		

Note 1: Please refer to Note 8 for more details regarding certain property, plant and equipment pledged for secured bank loans.

Note 2 : Interest rates of long-term loans are as follows:

	2023.03.31	2022.12.31	2022.03.31
Interest rate (%)	3.67076%~7.27%	3.5047%~7.15%	3.7%~4.45%

(B) On November 22, 2022, the Group has entered into a 3-year agreement of syndicated loans in credit line of USD 60,000 thousand, with Shanghai Bank and 3 other banks for the purpose of settling the unpaid loan balance mentioned above and replenishing operating capital.

(15) Refund liabilities

	2023.03.31	2022.12.31	2022.03.31
Refund liabilities	<u>\$217,083</u>	<u>\$260,909</u>	<u>\$221,851</u>

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(16) Long-term deferred revenue

Government grants			
	2023.01.01~2023.03.31	2022.01.01~2022.03.31	
Beginning balance	\$599,457	\$389,065	
Received during the period	49,073	88,228	
The recognition in profit or loss	(12,325)	(8,190)	
Exchange differences	2,867	16,798	
Ending Balance	<u>\$639,072</u>	<u>\$485,901</u>	
	2023.03.31	2022.12.31	2022.03.31
Non-current deferred revenue			
related to assets	<u>\$639,072</u>	<u>\$599,457</u>	<u>\$485,901</u>

Government grants have been received for purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to the grants.

(17) Post-employment benefits

Defined contribution plan

Expenses under the defined contribution plan for the three-month periods ended March 31, 2023 and 2022 were NT\$320 thousand and NT\$413 thousand, respectively.

Additional pension expenses recognized for the executives commissioned by the Group amounted to NT\$53 thousand and NT\$54 thousand, for the three-month periods ended March 31, 2023 and 2022.

(18) Equities

(A) Common stock

As of March 31, 2022, Dynamic Electronics's authorized capital was NT\$4,000,000 thousand. As of March 31, 2022, Dynamic Electronics's paid-in capital was NT\$2,775,141 thousand, each share at par value of NT\$10, divided into 277,514,032 shares.

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During 2021, the second unsecured convertible bonds in the amount of NT\$100 thousand were converted into 4 thousand common shares. On December 28, 2021, Dynamic Electronics's board meeting resolved to increase capital and the measurement date was on January 1, 2022.

As stated in Note 1 to the consolidated financial statements, the Company exchanged 1 common share of Dynamic Electronics for 1 common share of the Company through share conversion on August 25, 2022, and acquired 100% equity of Dynamic Electronics. As of March 31, 2023 and December 31, 2022, the Company's registered capital were both NTD4,000,000 thousand, and the issued share capital was NTD2,775,490 thousand, with a par value of NTD10 per share, divided into 277,548,934 shares.

(B)Capital surplus

	2023.03.31	2022.12.31	2022.03.31
Additional paid-in capital	\$1,176,745	\$1,176,745	\$1,176,745
Conversion premium of convertible bonds	533	533	67
Treasury share transactions	34,946	34,946	32,214
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control	51,811	51,811	15,531
Gain on sale of assets	155	155	155
Lapsed employee share option	6,528	6,528	6,528
Share options	77,967	77,967	83,633
Merger by share exchange	1,621,622	1,621,622	-
Total	<u>\$2,970,307</u>	<u>\$2,970,307</u>	<u>\$1,314,873</u>

According to the Company Act, the capital surplus shall not be used except for making good the deficit of the Company. When a company incurs no loss, it may distribute the capital surplus related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made either in cash or in the form of share dividend to its shareholders in proportion to the number of shares being held by each of them.

(C) Retained earnings and dividend policies

(a) Earning distribution

The promoters meeting of Dynamic Electronics Co., Ltd./Dynamic Holdings Co., Ltd. passed the company's articles of association through the shareholders' meeting on May 20, 2022. According to the company's articles of association, when allocating the current year's earnings, if any, after having paid all taxes and dues, shall first set aside 10% of said profits as legal reserve. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply; the rest shall be set aside as special surplus or reversal according to laws or the regulations of the competent authority; if there is any remaining portion, the board of directors shall, along with the accumulated undistributed earnings, submit a surplus distribution proposal to the shareholders meeting for a resolution to distribute shareholder dividends. The Company may, in accordance with Articles 240 and 241 of the Company Act, authorize the board of directors to issue cash dividends and bonuses by special resolutions, and distribute in cash the above-mentioned dividends or capital reserve or/and legal reserve in compliance with the Company Act and shall report the distribution in the most recent shareholder's meeting.

(b) Dividend policy

The company's dividend policy is based on the expansion of business scale, considering the company's capital expenditure and operating turnover needs and the degree of dilution of earnings per share to moderately distribute stock dividends or cash dividends, but cash dividends are paid at a rate not lower than the current 10% of total annual dividends.

(c) According to the Company Act, the Company shall set aside legal reserve from earnings unless where the amount of legal reserve reaches the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by shareholders.

(d)Special reserve

The special surplus reserve shall be set aside at the time of the assignment of the distributable surplus, on the basis of the difference between the balance of the special surplus reserve at the time of the first IFRS application and the net amount of other equity deductions. For any subsequent use, disposal or reclassification of related assets, the company can reverse the special reserve by proportion and transfer to retained earnings.

Following the adoption of T-IFRS, the FSC on March 31, 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance: On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, Dynamic Electronics shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, Dynamic Electronics can reverse the special reserve by proportion and transfer to retained earnings.

As of January 1, 2013, special reserve set aside for the first-time adoption of T-IFRS amounted to NT\$349,310 thousand. Furthermore, Dynamic Electronics has reversed special reserve in the amount of NT\$49,644 thousand to retained earnings during the year ended December 31, 2013 due to the use, disposal or reclassification of related assets. As of March 31, 2023 and 2022, special reserve set aside for the first-time adoption of T-IFRS reduced to NT\$299,666 thousand accordingly.

(e)The appropriations of earnings for the years 2022 and 2021 were approved through the Board meeting and stockholders' meeting held on March 15, 2023 and May 20, 2022, respectively. The details of the distributions are as follows.

	Appropriation of earnings		Dividend per share (in NT\$)	
	2022	2021	2022	2021
Legal reserve	\$16,209	\$47,045		
Special reserve	(114,583)	139,159		
Cash dividend(Note)	222,039	194,263	\$0.8	\$0.7
Total	<u>\$123,665</u>	<u>\$380,467</u>		

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Note: The board of directors of the company has been authorized by the articles of association to pass the 2022 common stock cash dividend case by special resolution on March 15, 2023.

Please refer to Note 6(22) for details on employees' compensation and remuneration to directors and supervisors.

(D)Non-controlling interests

	2023.01.01~2023.03.31	2022.01.01~2022.03.31
Beginning balance	\$130,930	\$-
Profit attributable to non-controlling interests	3,141	-
Increase (decrease) in non-controlling interests	-	7,298
Cumulative translation adjustment	530	-
Ending balance	<u>\$134,601</u>	<u>\$7,298</u>

(19)Operating revenues

	2023.01.01~2023.03.31	2022.01.01~2022.03.31
Revenue from contracts with customers		
Sales of goods	\$3,682,872	\$4,091,727
Other revenue	1,749	291
Total	<u>\$3,684,621</u>	<u>\$4,092,018</u>

Analysis of revenue from contracts with customers during the three-month periods ended March 31, 2023 and 2022 are as follows:

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(A) Disaggregation of revenue

	2023.01.01~2023.03.31	2022.01.01~2022.03.31
	Single department	Single department
Sale of goods	\$3,682,872	\$4,091,727
Other	1,749	291
Total	\$3,684,621	\$4,092,018
The timing for revenue recognition:		
At a point in time	\$3,684,621	\$4,092,018

(B) Contract balances

(a) Contract liabilities – current

	2023.03.31	2022.12.31	2022.03.31
Sale of goods	\$1,410	\$1,359	\$4,295

The significant changes in the Group's balances of contract liabilities of three-month period as of March 31, 2023 are as follows:

	Sales of goods
The opening balance transferred to revenue	\$(192)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	243

The significant changes in the Group's balances of contract liabilities of three-month period as of March 31, 2022 are as follows:

	Sales of goods
The opening balance transferred to revenue	\$(2,766)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	2,995

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(20) Expected credit losses (gains)

	2023.01.01~2023.03.31	2022.01.01~2022.03.31
Operating expenses –		
Expected credit losses (gains)		
Account receivables	\$(19,040)	\$3,565

Please refer to Note 12 for more details on credit risk.

The Group measures the loss allowance of its trade receivables (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of March 31, 2023, December 31, 2022 and March 31, 2022 are as follow:

(A) The Group considers the grouping of trade receivables by counter parties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix. Details are as follow:

2023.03.31	Not yet due	Past due					Total
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross carrying amount	\$3,990,304	\$30,711	\$6,365	\$47	\$580	\$13,584	\$4,041,591
Loss ratio	-%	-%	100%	100%	100%	100%	
Lifetime expected credit losses	-	-	(6,365)	(47)	(580)	(13,584)	(20,576)
Carrying amount of trade receivables	\$3,990,304	\$30,711	\$-	\$-	\$-	\$-	\$4,021,015

2022.12.31	Not yet due	Past due					Total
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross carrying amount	\$4,262,321	\$143,158	\$23,472	\$11,454	\$181	\$4,775	\$4,445,361
Loss ratio	-%	-%	100%	100%	100%	100%	
Lifetime expected credit losses	-	-	(23,472)	(11,454)	(181)	(4,775)	(39,882)
Carrying amount of trade receivables	\$4,262,321	\$143,158	\$-	\$-	\$-	\$-	\$4,405,479

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2022.03.31	Not yet due	Past due					Total
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross carrying amount	\$4,554,800	\$189,555	\$3,867	\$8,601	\$1,881	\$5,657	\$4,764,361
Loss ratio	-%	-%	100%	100%	100%	100%	
Lifetime expected credit losses	-	-	(3,867)	(8,601)	(1,881)	(5,657)	(20,006)
Carrying amount of trade receivables	\$4,554,800	\$189,555	\$-	\$-	\$-	\$-	\$4,744,355

Note: all the Group's notes receivable were not past due.

(B)The changes in the allowance for loss of notes receivable and accounts receivable for the during the three-month periods ended March 31, 2023 and 2022 are as follows:

	Notes receivable	Accounts receivable
Beginning balance as of January 1, 2023	\$-	\$39,882
Addition/ (reversal) for the current period	-	(19,040)
Effect of exchange rate changes	-	(266)
Ending balance as of March 31, 2023	\$-	\$20,576
Beginning balance as of January 1, 2022	\$-	\$15,919
Addition/ (reversal) for the current period	-	3,565
Effect of exchange rate changes	-	522
Ending balance as of March 31, 2022	\$-	\$20,006

(21)Leases

(A)Group as a lessee

The Group leases various properties, including real estate including land, houses and buildings, also machinery and transportation equipment. The lease terms range from 2 to 50 years. The Group is not allowed to loan, sub-lease or sell without obtaining the consent from the lessors.

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The Group's leases effect on the financial position, financial performance and cash flows are as follow:

(a) Amounts recognized in the balance sheet

a. Right-of-use assets

	Land	Buildings	Machinery and equipment	transportation equipment	Total
Cost :					
2023.01.01	\$463,347	\$1,178	\$4,573	\$6,056	\$475,154
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Exchange differences	2,288	6	22	-	2,316
2023.03.31	<u>\$465,635</u>	<u>\$1,184</u>	<u>\$4,595</u>	<u>\$6,056</u>	<u>\$477,470</u>

Cost :					
2022.01.01	\$456,208	\$-	\$-	\$6,056	\$462,264
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Exchange differences	17,617	-	-	-	17,617
2022.03.31	<u>\$473,825</u>	<u>\$-</u>	<u>\$-</u>	<u>\$6,056</u>	<u>\$479,881</u>

Depreciation and impairment:

2023.01.01	\$62,052	\$294	\$1,143	\$4,038	\$67,527
Depreciation	2,334	149	576	504	3,563
Disposals	-	-	-	-	-
Exchange differences	301	1	4	-	306
2023.03.31	<u>\$64,687</u>	<u>\$444</u>	<u>\$1,723</u>	<u>\$4,542</u>	<u>\$71,396</u>

Depreciation and impairment:

2022.01.01	\$51,972	\$-	\$-	\$2,019	\$53,991
Depreciation	2,318	-	-	504	2,822
Disposals	-	-	-	-	-
Exchange differences	2,058	-	-	-	2,058
2022.03.31	<u>\$56,348</u>	<u>\$-</u>	<u>\$-</u>	<u>\$2,523</u>	<u>\$58,871</u>

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	Land	Buildings	Machinery and equipment	transportation equipment	Total
Net carrying amount as at:					
2023.03.31	\$400,948	\$740	\$2,872	\$1,514	\$406,074
2022.12.31	\$401,295	\$884	\$3,430	\$2,018	\$407,627
2022.03.31	\$417,477	\$-	\$-	\$3,533	\$421,010

Please refer to Note 8 for more details on right-of-use assets under pledge.

b. Lease liabilities

	2023.03.31	2022.12.31	2022.03.31
Lease liabilities	\$5,356	\$6,564	\$3,561
Current	\$4,423	\$4,910	\$2,025
Non-current	933	1,654	1,536
Total	\$5,356	\$6,564	\$3,561

Please refer to Note 6(23)(D) for the interest on lease liabilities recognized for the three-month period ended March 31, 2023 and 2022; and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as of March 31, 2023, December 31, 2022 and March 31, 2022.

(b) Income and costs relating to leasing activities

	2023.01.01~ 2023.03.31	2022.01.01~ 2022.03.31
The expenses relating to short-term leases	\$7,300	\$11,529

The portfolio of short-term leases of the Group to which it is committed at of March 31, 2023, December 31, 2022 and March 31, 2022 is dissimilar to the portfolio of short-term leases to which the short-term lease expenses disclosed above, and the amount of its lease commitments is all NT\$0.

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(c)Cash outflow relating to leasing activities

The Group's total cash outflows for leases during the three-month periods ended March 31, 2023 and 2022 amounting to NT\$8,530 thousand and NT\$12,044 thousand, respectively.

(22)Summary of employee benefits, depreciation and amortization expenses by function during the three-month periods ended March 31, 2023 and 2022 is as follows:

Function Nature	2023.01.01~2023.03.31			2022.01.01~2022.03.31		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$301,062	\$220,213	\$521,275	\$339,589	\$186,855	\$526,444
Labor and health insurance	318	399	717	-	635	635
Pension	115	258	373	-	467	467
Other employee benefits	69	46	115	2	37	39
Depreciation	271,090	41,712	312,802	145,393	18,088	163,481
Amortization	709	5,952	6,661	623	4,898	5,521

The promoter meeting of Dynamic Electronics Co., Ltd./Dynamic Holding Co., Ltd. was passed the Company's articles of association (hereinafter the Articles of Incorporation) at the shareholders' meeting on May 20, 2022. According to the Articles of Incorporation, if there is profit in the year, no less than 0.1% shall be allocated as employee compensation and no more than 3% as director remuneration. However, when there are accumulated losses, the profit shall be used to cover the losses first. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto, a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profit of the three-month periods ended March 31, 2023, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the three-month periods ended March 31, 2023 to be not lower than 0.1% and not higher than

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3% of profit of the current year, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors and supervisors for the three-month periods ended March 31, 2023 amount to NT\$900 thousand and NT\$1,467 thousand, respectively.

Based on profit of the three-month periods ended March 31, 2022, Dynamic Electronics estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the three-month periods ended March 31, 2022 to be not lower than 6% and not higher than 3% of profit of the current year, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors and supervisors for the three-month periods ended March 31, 2022 amount to NT\$13,208 thousand and NT\$3,302 thousand, respectively.

The board of directors of the company resolved to pay the employees' compensation and remuneration to directors and supervisors amount NT\$2,619 thousand and NT\$2,508 thousand respectively on March 15, 2023. There is no difference in the amount of the expense for 2022.

The board of directors of Dynamic Electronics resolved to pay the employees' compensation and remuneration to directors and supervisors amount NT\$52,386 thousand and NT\$10,483 thousand respectively on February 23, 2022. There is no difference in the amount of the expense for 2021.

(23)Non-operating income and expenses

(A)Interest income

	2023.01.01~ 2023.03.31	2022.01.01~ 2022.03.31
Interest income		
Financial assets carried at amortized cost	\$3,321	\$3,378

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(B)Other income

	2023.01.01~ 2023.03.31	2022.01.01~ 2022.03.31
Other income — others	\$56,241	\$17,829

(C)Other gains and losses

	2023.01.01~ 2023.03.31	2022.01.01~ 2022.03.31
Gain (loss) on disposal of property, plant and equipment	\$32	\$18
Foreign exchange gains (losses), net	(45,692)	17,139
Gains (losses) on financial assets at fair value through profit or loss	(2,082)	468
Impairment loss	-	(3,391)
Others losses — others	(4,769)	(2,097)
Total	\$(52,511)	\$12,137

(D)Finance costs

	2023.01.01~ 2023.03.31	2022.01.01~ 2022.03.31
Interest on borrowings from bank	\$98,318	\$55,165
Interest on lease liabilities	49	12
Interest on bonds payable	10	1,810
Total	\$98,377	\$56,987

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(24) Components of other comprehensive income (loss)

2023.01.01~2023.03.31	Arising during the period	Reclassification during the period	Subtotal	Income tax benefit (expense)	OCI, Net of tax
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translation of foreign operations	\$24,600	\$-	\$24,600	\$-	\$24,600
2022.01.01~2022.03.31					
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translation of foreign operations	\$207,960	\$-	\$207,960	\$-	\$207,960

(25) Income tax

(A) The major components of income tax expense (income) are as follows:

Income tax expense (income) recognized in profit or loss

	2023.01.01~ 2023.03.31	2022.01.01~ 2022.03.31
Current income tax expense (income):		
Current income tax charge	\$19,142	\$33,632
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	16,742	20,752
Total income tax expense	\$35,884	\$54,384

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(B) The assessment of income tax returns

As of March 31, 2023, the assessment status of income tax returns of the Company and subsidiaries was as follows:

	<u>The assessment of income tax returns</u>
The Company	As the Company was established on August 25, 2022
Subsidiary - Dynamic Electronics Co., Ltd.	Assessed and approved up to 2020
Subsidiary - CHIANAN TECHNOLOGY CO., LTD.	Assessed and approved up to 2021
Subsidiary - CHENG CHONG TECHNOLOGY CO., LTD.	Assessed and approved up to 2021

(26) Earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting any influences) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	<u>2023.01.01~ 2023.03.31</u>	<u>2022.01.01~ 2022.03.31</u>
(A) Basic earnings per share		
Net income available to common shareholders of the parent (in thousand NT\$)	<u>\$95,450</u>	<u>\$165,265</u>
Weighted average number of common stocks outstanding (in thousand shares)	<u>277,549</u>	<u>277,518</u>
Basic earnings per share (in NT\$)	<u>\$0.34</u>	<u>\$0.60</u>

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	2023.01.01~ 2023.03.31	2022.01.01~ 2022.03.31
(B)Diluted earnings per share		
Net income available to common shareholders of the parent (in thousand NT\$)	\$95,450	\$165,265
Issued domestic bonds payable of valuation through profit or loss on redemption	(1)	(40)
Interest on convertible bonds	8	1,448
Net income available to common shareholders of the parent after dilution (in thousand NT\$)	<u>\$95,457</u>	<u>\$166,673</u>
Weighted average number of common stocks outstanding (in thousand shares)	277,549	277,518
Effect of dilution:		
Employee bonus (compensation) - stock (in thousand shares)	2,486	1,766
Convertible bonds (in thousand shares)	105	21,641
Weighted average number of common stocks outstanding after dilution (in thousand shares)	<u>280,140</u>	<u>300,925</u>
Diluted earnings per share (in NT\$)	<u>\$0.34</u>	<u>\$0.55</u>

There were no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

(27)Business combination

Acquisition of subsidiary – CHIANAN TECHNOLOGY CO., LTD.

On February 23, 2022, the board of directors of the Group resolved to acquire 70% of the voting shares of CHIANAN TECHNOLOGY CO., LTD. It is a Taiwan based unlisted company specializing in mockup manufacturing. The Group's acquisition of CHIANAN TECHNOLOGY CO., LTD., is to achieve the goal of long-term expansion, improve the overall operating performance, and carry out diversified development.

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The fair value of the identifiable assets and liabilities of CHIANAN TECHNOLOGY CO., LTD. at date of acquisition were:

	Fair value recognized on the acquisition date
Assets	
Cash and cash equivalents	\$6,114
Notes and accounts receivable	10,205
Prepayments	51
Property, plant and equipment	927
Intangible assets	101
Subtotal	17,398
Liabilities	
Notes and accounts payable	2,134
Other payables	2,404
Income tax liabilities	1,106
Other current liabilities	38
Subtotal	5,682
Net identifiable assets	\$11,716

The Company has elected to measure the non-controlling interest in CHIANAN TECHNOLOGY CO., LTD. at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

From the acquisition date, CHIANAN TECHNOLOGY CO., LTD. has contributed NT\$0 of revenue and NT\$0 to the net loss before tax of the Group. If the combination had taken place at the beginning of the year, revenue from the continuing operations would have been NT\$4,097,689 thousand and the profit from continuing operations for the Group would have been NT\$165,277 thousand.

The goodwill of NT\$37,859 thousand comprises the fair value of expected synergies arising from acquisition.

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The amount of goodwill of CHIANAN TECHNOLOGY CO., LTD. is as follows:

Consideration transferred	\$46,060
Plus: Value of non-controlling interests	3,515
Less: Fair value of net identifiable assets	(11,716)
Goodwill	<u>\$37,859</u>
Cash flow from acquisition	
Net cash received from subsidiaries	\$6,114
Amount of cash payments	(46,060)
Net cash outflow	<u>\$(39,946)</u>

Acquisition of Subsidiary – CHENG CHONG TECHNOLOGY CO., LTD.

On February 23, 2022, the board of directors of the Group resolved to acquire 70% of the voting shares of Cheng Chong Technology Co., Ltd. It is a Taiwan based unlisted company specializing in mockup manufacturing. The Group's acquisition of Cheng Chong Technology Co., Ltd. is to achieve the goal of long-term expansion, improve the overall operating performance, and carry out diversified development.

The fair value of the identifiable assets acquired and liabilities of CHENG CHONG TECHNOLOGY CO., LTD. at date of acquisition were:

	<u>Fair value recognized on the acquisition date</u>
Assets	
Cash and cash equivalents	\$5,535
Notes and accounts receivable	13,325
Prepayments	123
Property, plant and equipment	2,877
Intangible assets	104
Subtotal	<u>21,964</u>
Liabilities	
Notes and accounts payable	2,386
Other payables	4,927
Income tax liabilities	1,786

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	Fair value recognized on the acquisition date
Other current liabilities	256
Subtotal	9,355
Net identifiable assets	\$12,609

The Company has elected to measure the non-controlling interest in CHENG CHONG TECHNOLOGY CO., LTD. at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

From the acquisition date, CHENG CHONG TECHNOLOGY CO., LTD. has contributed NT\$0 of revenue and NT\$0 to the net profit before tax of the Group. If the combination had taken place at the beginning of the year, revenue from the continuing operations would have been NT\$4,100,405 thousand and the profit from continuing operations for the Group would have been NT\$166,525 thousand.

The goodwill of NT\$24,385 thousand comprises the fair value of expected synergies arising from acquisition.

The amount of goodwill of CHENG CHONG TECHNOLOGY CO., LTD. is as follows:

Consideration transferred	\$33,211
Plus: Value of non-controlling interests	3,783
Less: Fair value of net identifiable assets	(12,609)
Goodwill	\$24,385
Cash flow from acquisition	
Net cash received from subsidiaries	\$5,535
Amount of cash payments	(33,211)
Net cash outflow	\$(27,676)

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7. Related party transactions

Significant transactions with related parties

Key management personnel compensation

	2023.01.01~ 2023.03.31	2022.01.01~ 2022.03.31
Short-term employee benefits	\$5,667	\$10,925
Post-employment benefits	113	137
Total	<u>\$5,780</u>	<u>\$11,062</u>

8. Assets pledged as collateral

As of March 31, 2023, December 31, 2022 and March 31, 2022, the assets pledged for the Group's loans consist of the following:

Assets	Book value	Purpose of pledge
<u>2023.03.31</u>		
Property, plant and equipment – Buildings	\$2,715,233	Secured loans
Property, plant and equipment – Machinery and equipment	1,130,199	Secured loans
Property, plant and equipment – Office equipment	38,279	Secured loans
Property, plant and equipment – Other equipment	8,844	Secured loans
Construction in progress	74,602	Secured loans
Right-of-use assets	371,567	Secured loans
Financial assets carried at amortized cost	<u>247,135</u>	Secured loans
Total	<u>\$4,585,859</u>	
<u>2022.12.31</u>		
Property, plant and equipment – Buildings	\$2,689,655	Secured loans
Property, plant and equipment – Machinery and equipment	1,175,690	Secured loans
Property, plant and equipment – Office equipment	46,447	Secured loans

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Assets	Book value	Purpose of pledge
Property, plant and equipment – Other equipment	13,814	Secured loans
Construction in progress	74,235	Secured loans
Right-of-use assets	371,807	Secured loans
Financial assets carried at amortized cost	162,441	Secured loans
Total	<u>\$4,534,089</u>	

2022.03.31

Property, plant and equipment – Buildings	\$1,464,646	Secured loans
Property, plant and equipment – Machinery and equipment	1,355,418	Secured loans
Property, plant and equipment – Office equipment	73,134	Secured loans
Property, plant and equipment – Other equipment	27,351	Secured loans
Construction in progress	74,586	Secured loans
Right-of-use assets	386,549	Secured loans
Financial assets carried at amortized cost	1,077,455	Secured loans
Total	<u>\$4,459,139</u>	

9. Significant contingencies and unrecognized contract commitments

As of March 31, 2023, the Group's outstanding contracts relating to purchased property, plant and equipment were as follows:

Type of Asset	Total Amount	Amount paid	Amount unpaid
Machinery and construction contracts	<u>\$293,637</u>	<u>\$171,296</u>	<u>\$122,341</u>

Amount paid was recorded under construction in progress and equipment to be examined.

10. Losses due to major disasters

None.

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11. Significant subsequent events

(1) On May 5, 2023, the Company's board of directors resolved to acquire the entire equities of CHIANAN TECHNOLOGY CO., LTD. and CHENG CHONG TECHNOLOGY CO., LTD from the subsidiary "Dynamic Electronics Co., Ltd." based on the book value on March 31, 2023. The Company owns CHIANAN TECHNOLOGY CO., LTD. and CHENG CHONG TECHNOLOGY CO., LTD since then.

(2) In order to establish a global layout, the company passed the resolution of the board of directors on October 20, 2022 to establish Thai subsidiary Dynamic Technology Manufacturing (Thailand) Co., Ltd. by Dynamic Electronics Overseas Investment Holding Pte. Ltd. reinvested by Dynamic Electronics Co., Ltd. (Huangshi) which reinvested by Dynamic Electronics Holding Pte. Ltd., a reinvestment of the offshore subsidiary "WINTEK (MAURITIUS) CO., LTD. invested by the Company' s subsidiary Dynamic Electronics Co., Ltd. The investment amount is about 9 million US dollars, and the registration and establishment have been completed on April 25, 2023, and the first remittance of 3 million US dollars was made on May 2, 2023.

12. Others

(1) Categories of financial instruments

	2023.03.31	2022.12.31	2022.03.31
<u>Financial assets</u>			
Financial assets measured at amortized cost:			
Cash and cash equivalents (exclude cash on hand)	\$3,083,683	\$1,676,826	\$2,798,176
Financial assets carried at amortized cost	248,475	162,441	1,078,715
Notes receivables	23,479	40,165	78,598
Account receivables	3,997,536	4,365,314	4,665,757
Other receivables	67,910	84,356	73,137
Refundable deposits	2,211	2,207	1,516
Subtotal	7,423,294	6,331,309	8,695,899
Financial assets at fair value through profit or loss:			
Held for trading	1	-	4,528
Total	\$7,423,295	\$6,331,309	\$8,700,427

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	2023.03.31	2022.12.31	2022.03.31
<u>Financial liabilities</u>			
Financial liabilities measured at amortized cost:			
Short-term loans	\$3,849,347	\$3,918,562	\$5,171,168
Payables	5,122,029	5,682,175	4,745,053
Bonds payable (including current portion with maturity less than 1 year)	2,373	2,363	487,962
Long-term loans (including current portion with maturity less than 1 year)	4,211,109	2,790,106	2,271,757
Lease liabilities (including current portion with maturity less than 1 year)	5,356	6,564	3,561
Subtotal	<u>13,190,214</u>	<u>12,399,770</u>	<u>12,679,501</u>
Financial liabilities at fair value through profit or loss:			
Held for trading	<u>2,155</u>	<u>77</u>	<u>-</u>
Total	<u><u>\$13,192,369</u></u>	<u><u>\$12,399,847</u></u>	<u><u>\$12,679,501</u></u>

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before the Group enters into significant transactions, the Board of Directors and Audit Committee must carry out due approval process based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from

other risk variables. There are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for foreign currency. The information of the sensitivity analyses is as follows:

When NTD strengthens/weakens against USD by 1%, the profit for the three-month periods ended March 31, 2023 and 2022 is decreased/increased by NT\$11,265 thousand and NT\$12,000 thousand, respectively.

When NTD strengthens/weakens against RMB by 1%, the profit for the three-month periods ended March 31, 2023 and 2022 is increased /decreased by NT\$79,465 thousand and NT\$55,644 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's loans and receivables at

variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 0.1% of interest rate in a reporting period could cause the profit for the three-month periods ended March 31, 2023 and 2022 to decrease/increase by NT\$7,012 thousand and NT\$5,905 thousand, respectively.

Equity price risk

As of March 31, 2023 and 2022, the Group does not hold equity securities at fair value; therefore the Group is not subject to equity price risk.

(4)Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of March 31, 2023, December 31, 2022 and March 31, 2022, accounts receivable from top ten customers represent 63.91%, 65.41% and 63.07% of the total accounts receivables of the Group, respectively. The credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

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The Group adopted IFRS 9 to assess the expected credit losses. Except for the loss allowance of trade receivables is measured at lifetime expected credit losses, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(5)Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, bank borrowings and finance leases. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	< 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
<u>2023.03.31</u>					
Loans	\$4,345,568	\$986,990	\$1,867,839	\$1,819,521	\$9,019,918
Payables	5,122,029	-	-	-	5,122,029
Bonds payable	2,400	-	-	-	2,400
Lease liabilities	4,526	938	-	-	5,464
<u>2022.12.31</u>					
Loans	\$4,327,936	\$579,157	\$1,123,642	\$1,410,788	\$7,441,523
Payables	5,682,175	-	-	-	5,682,175
Bonds payable	2,400	-	-	-	2,400
Lease liabilities	5,049	1,671	-	-	6,720
<u>2022.03.31</u>					
Loans	\$5,652,762	\$477,681	\$250,299	\$1,712,541	\$8,093,283
Payables	4,745,053	-	-	-	4,745,053
Bonds payable	-	499,900	-	-	499,900
Lease liabilities	2,057	1,543	-	-	3,600

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(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities from January 1, 2023 to March 31, 2023:

	Short-term loans	Bonds payable	Long-term loans	Refundable deposits	Lease liabilities	Total liabilities from financing activities
2023.01.01	\$3,918,562	\$2,363	\$2,790,106	\$78,123	\$6,564	\$6,795,718
Cash flows	(69,215)	-	1,407,227	(726)	(1,230)	1,336,056
Non-cash changes						
Interest expense	-	10	-	-	49	59
Foreign exchange movement	-	-	13,776	-	(27)	13,749
2023.03.31	<u>\$3,849,347</u>	<u>\$2,373</u>	<u>\$4,211,109</u>	<u>\$77,397</u>	<u>\$5,356</u>	<u>\$8,145,582</u>

Reconciliation of liabilities from January 1, 2022 to March 31, 2022:

	Short-term loans	Bonds payable	Long-term loans	Refundable deposits	Lease liabilities	Total liabilities from financing activities
2022.01.01	\$4,587,071	\$486,152	\$1,041,959	\$121,124	\$4,064	\$6,240,370
Cash flows	584,097	-	1,189,560	(30,028)	(515)	1,743,114
Non-cash changes						
Interest expense	-	1,810	-	-	12	1,822
Foreign exchange movement	-	-	40,238	-	-	40,238
2022.03.31	<u>\$5,171,168</u>	<u>\$487,962</u>	<u>\$2,271,757</u>	<u>\$91,096</u>	<u>\$3,561</u>	<u>\$8,025,544</u>

(7) Fair values of financial instruments

(A) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

- (a) The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.
 - (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
 - (c) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
 - (d) Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)
 - (e) The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).
- (B) Fair value of financial instruments measured at amortized cost

Other than the item is listed in the table below, the carrying amount of the Group's financial assets and liabilities measured at amortized cost approximate their fair value:

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	Carrying amount		
	2023.03.31	2022.12.31	2022.03.31
Financial liabilities:			
Bonds payable	\$2,373	\$2,363	\$487,962
	Fair value		
	2023.03.31	2022.12.31	2022.03.31
Financial liabilities:			
Bonds payable	\$2,382	\$2,361	\$485,053

(C) Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Group.

(8) Derivative financial instruments

The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as of March 31, 2023, December 31, 2022 and March 31, 2022 are as follows:

Embedded derivatives

The embedded derivatives arising from issuing convertible bonds have been separated from the host contract and carried at fair value through profit or loss. Please refer to Note 6 for further information on this transaction.

Forward currency contracts

The Group entered into forward currency contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments. The table below lists the information related to forward currency contracts:

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Items (by contract)	Notional Amount (in thousand dollars)	Contract Period
2023.03.31		
Forward currency contract	USD 3,000	2023.02.06~2023.04.26
Forward currency contract	USD 3,000	2023.02.15~2023.04.26
Forward currency contract	USD 2,000	2023.02.22~2023.05.22
2022.12.31		
Forward currency contract	USD 3,000	2022.12.22~2023.03.20
2022.03.31		
Forward currency contract	USD 1,500	2022.01.28~2022.04.26
Forward currency contract	USD 3,500	2022.01.28~2022.04.26
Forward currency contract	USD 2,000	2022.03.11~2022.05.26
Forward currency contract	USD 3,000	2022.03.11~2022.05.26
Forward currency contract	USD 3,500	2022.03.14~2022.05.26
Forward currency contract	USD 3,500	2022.03.29~2022.06.27

The counterparties for the aforementioned derivatives transactions are well known local or overseas banks, as they have sound credit ratings, the credit risk is insignificant.

With regard to the forward foreign exchange contracts, as they have been entered into to hedge the foreign currency risk of net assets or net liabilities, and there will be corresponding cash inflow or outflows upon maturity and the Group has sufficient operating funds, the cash flow risk is insignificant.

(9) Fair value measurement hierarchy

(A) Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

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Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(B) Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As of March 31, 2023:

<u>Financial assets:</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through profit or loss				
Convertible bonds	\$-	\$-	\$1	\$1
<u>Financial liabilities:</u>				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	\$-	\$2,155	\$-	\$2,155

As of December 31, 2022:

<u>Financial liabilities:</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	\$-	\$77	\$-	\$77

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As of March 31, 2022:

<u>Financial assets:</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	\$-	\$3,678	\$-	\$3,678
Convertible bonds	-	-	850	850
Total	<u>\$-</u>	<u>\$3,678</u>	<u>\$850</u>	<u>\$4,528</u>

Transfers between Level 1 and Level 2 during the period

During the three-month periods ended March 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

The recurring assets and liabilities measured at fair value that fall into level 3 of the fair value hierarchy as of March 31, 2023 and 2022, the reconciliation of the balance from the beginning to the end of the period is as follows:

	<u>Assets</u>
	<u>At fair value through profit or loss</u>
Beginning balances as of January 1, 2023	\$-
Acquisition/issues for the period	-
Total gains and losses for the period	
Amount recognized in gains/losses (report on other gains and losses)	<u>1</u>
Ending balances as of March 31, 2023	<u>\$1</u>
Beginning balances as of January 1, 2022	\$800
Acquisition/issues for the period	-
Total gains and losses for the period	
Amount recognized in gains/losses (report on other gains and losses)	50

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	Assets
	At fair value through profit or loss
Ending balances as of March 31, 2022	\$850

Total gains and losses recognized in profit or loss for the ended March 31, 2023 and 2022 in the table above contain gains and losses related to assets or liabilities on hand in the amount of NT\$1 thousand and NT\$50 thousand, respectively.

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of March 31, 2023:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial liabilities: At fair value through profit or loss					
Embedded derivatives	Binary tree-based model for valuation of convertible bonds	Volatility	37.48%	The higher the volatility, the higher the fair value of the embedded derivatives	5% increase (decrease) in the volatility would result in increase (decrease) in the Group's profit or loss by NT\$15 thousand

As of December 31, 2022:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial liabilities: At fair value through profit or loss					

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	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Embedded derivatives	Binary tree-based model for valuation of convertible bonds	Volatility	39.06%	The higher the volatility, the higher the fair value of the embedded derivatives	5% increase (decrease) in the volatility would result in increase (decrease) in the Group's profit or loss by NT\$10 thousand

As of March 31, 2022:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial liabilities: At fair value through profit or loss					
Embedded derivatives	Binary tree-based model for valuation of convertible bonds	Volatility	44.88%	The higher the volatility, the higher the fair value of the embedded derivatives	5% increase (decrease) in the volatility would result in increase (decrease) in the Group's profit or loss by NT\$60 thousand

(C) Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value is disclosed

As of March 31, 2023:

	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payables (Please refer to the Note 6(13))	\$-	\$-	\$2,382	\$2,382

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As of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payables (Please refer to the Note 6(13))	\$-	\$-	\$2,361	\$2,361

As of March 31, 2022:

	Level 1	Level 2	Level 3	Total
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Bonds payables (Please refer to the Note 6(13))	\$-	\$-	\$485,053	\$485,053

(10) Significant assets and liabilities denominated in foreign currencies (in thousand dollars)

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	2023.03.31			2022.03.31		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>						
Monetary items:						
USD	\$125,709	30.45	\$3,827,833	\$156,557	28.625	\$4,481,436
RMB	\$730,775	4.4312	\$3,238,216	\$799,580	4.5092	\$3,605,430
<u>Financial liabilities</u>						
Monetary items:						
USD	\$56,406	30.45	\$1,717,547	\$94,653	28.625	\$2,709,430
RMB	\$2,524,074	4.4312	\$11,184,694	\$2,033,604	4.5092	\$9,169,830

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	2022.12.31		
	Foreign	Foreign	
	currencies	exchange	NTD
		rate	
<u>Financial assets</u>			
Monetary items:			
USD	<u>\$132,717</u>	30.71	<u>\$4,076,297</u>
RMB	<u>\$467,464</u>	4.4094	<u>\$2,061,251</u>
<u>Financial liabilities</u>			
Monetary items:			
USD	<u>\$62,529</u>	30.71	<u>\$1,920,275</u>
RMB	<u>\$2,362,399</u>	4.4094	<u>\$10,416,840</u>

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

Since there were varieties of foreign currency transactions of the Group, the Group was unable to disclose foreign exchange gain (loss) towards each foreign currency with significant impact. The Group recognized exchange gain (loss) amounted to NT\$(45,692) thousand and NT\$17,139 thousand for the three-month periods ended March 31, 2023 and 2022, respectively.

(11)Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13.Other disclosures

- (1)The following are additional disclosures for the Company as required by the R.O.C. Securities and Futures Bureau:

- (A) Financing provided to others for the three-month periods ended March 31, 2023: None.
- (B) Endorsement/Guarantee provided to others for the three-month periods ended March 31, 2023: Please refer to Attachment 1.
- (C) Securities held as of March 31, 2023 (excluding subsidiaries, associates and joint ventures): None.
- (D) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of capital stock for the three-month periods ended March 31, 2023: None.
- (E) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of capital stock for the three-month periods ended March 31, 2023: None.
- (F) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of capital stock for the three-month periods ended March 31, 2023: None.
- (G) Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20% of capital stock for the three-month periods ended March 31, 2023: None.
- (H) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock as of March 31, 2023: None.
- (I) Financial instruments and derivative transactions: None.
- (J) Significant intercompany transactions between the parent with subsidiaries or among subsidiaries: Please refer to Attachment 6.
- (2) Information on investees :
- (A) If an investor controls operating, investing and financial decisions of an investee or an investor has the ability to exercise significant influence over operating and financial policies of an investee, the related information for the investee is disclosed (not including investment in Mainland China): Please refer to Attachment 2.

(B)An investor controls operating; investing and financial decisions of an investee, the related information Note 13(1) for the investee shall be disclosed as below:

(a)Financing provided to others for the three-month periods ended March 31, 2023: Please refer to Attachment 3.

(b)Endorsement/Guarantee provided to others for the three-month periods ended March 31, 2023: Attachment 1.

(c)Securities held as of March 31, 2023 (excluding subsidiaries, associates and joint ventures): None.

(d)Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of capital stock for the three-month periods ended March 31, 2023: None.

(e)Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of capital stock for the three-month periods ended March 31, 2023: None.

(f)Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of capital stock for the three-month periods ended March 31, 2023: None.

(g)Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20% of capital stock for the three-month periods ended March 31, 2023: Please refer to Attachment 4.

(h)Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock as of March 31, 2023: Please refer to Attachment 5.

(i)Financial instruments and derivative transactions: Please refer to Note 12(8).

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(3) Information on investments in Mainland China:

(A) Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, net income (loss) of investee company, percentage of ownership, investment income (loss), carrying value of investments, cumulated inward remittance of earnings and limits on investment in Mainland China:

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2023	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of March 31, 2023	Accumulated Inward Remittance of Earnings as of March 31, 2023	Accumulated Outflow of Investment from Taiwan as of March 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
					Outflow	Inflow									
Dynamic Electronics (Kunshan) Co., Ltd.	Manufacturing and selling of PCB	\$2,436,000 (Note 2、3 and 6)	(Note 12)	\$2,260,265	\$-	\$-	\$2,260,265	\$(116,843) (Note 2)	100%	\$(111,853) (Note 2、4、5 and 11)	\$2,737,850 (Note 2、4、5 and 11)	\$1,836,318 (Note 2)	\$2,260,265	\$- (Note 12)	No upper limit (Note 10)

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Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2023	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of March 31, 2023	Accumulated Inward Remittance of Earnings as of March 31, 2023	Accumulated Outflow of Investment from Taiwan as of March 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
					Outflow	Inflow									
Dynamic Electronics Co., Ltd. (Huangshi)	Manufacturing and selling of PCB	\$1,773,713 (Note 2、6、7、8 and 9)	(Note 1)	\$504,167	\$-	\$-	\$504,167	\$130,676 (Note 2)	97.8541%	\$80,682 (Note 2、4、5 and 11)	\$5,918,267 (Note 2、4、5 and 11)	\$-	\$504,167	\$3,397,582	

Note 1: Investment in Mainland China through WINTEK (MAURITIUS) CO., LTD. and Dynamic Holding Pte. Ltd., companies established in the third area.

Note 2: Foreign currencies were converted into New Taiwan dollars based on exchanged rate of balance sheet date.

Note 3: Total amount of paid-in capital is USD 80,000 thousand.

Note 4: The investment income (loss) recognized under equity method and by calculation was based on audited financial statements.

Note 5: WINTEK (MAURITIUS) CO., LTD. recognized investment income (loss) and book value by Dynamic Electronics (Kunshan) Co. Ltd. and Dynamic Electronics Co., Ltd., (Huangshi) through Dynamic Electronics Holding Pte. Ltd.

Note 6: The difference between investments remitted from Taiwan in amount of USD 69,500 thousand and the received paid-in capital of USD 80,000 thousand was cash capital increase of USD 10,500 thousand made by WINTEK (MAURITIUS) CO., LTD.

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Note 7: The difference between investments remitted from Taiwan in amount of USD 16,060 thousand and the paid-in capital of USD50,000 thousand is an indirect investment of USD33,940 thousand made by WINTEK (MAURITIUS) CO., LTD. by using cash dividends received from Dynamic Electronics (Kunshan) Co. Ltd.

Note 8: Dynamic Electronics Co., Ltd. (Huangshi) passed the resolution of the board of directors on August 4, 2022 to reduce the capital of USD 73,000 thousand, which was booked under capital surplus. In addition, on September 2, 2022 , the board of directors approved a cash capital increase of RMB 35,000 thousand of which RMB 8,888 thousand (equivalent to USD 1,250 thousand) was booked as capital, and the remaining RMB 26,112 thousand was booked as capital surplus.

Note 9: Total amount of paid-in capital is USD58,250 thousand.

Note 10: The Company meets the conditions of corporate operation headquarter in the Principle of Evaluation for Investment and Technical Cooperation in Mainland China. Thus, there is no upper limit on investment amount.

Note 11: Transactions between consolidated entities are eliminated in the consolidated financial statements.

Note 12: The Company previously indirectly invested in its China subsidiary, Dynamic Electronics (Kunshan) Co. Ltd., through Dynamic Electronics Holding Pte. Ltd. The Company now indirectly invests in Dynamic Electronics (Kunshan) Co. Ltd., through Dynamic Electronics Co., Ltd. (Huangshi).

(B) Purchases and accounts payable with the related parties: Please refer to Attachment 6.

(C) Sales and accounts receivable with the related parties: None.

(D) The profit and loss produced by transaction of the property:

As of March 31, 2023, the Company wrote off the profit of property, plant and equipment amounted to NT\$113,285 thousand, because of unrealized under the investment balance using the equity method.

(E) The purpose and balance of a note guarantee and a guarantee endorsement or providing for secure: Please refer to Attachment 1.

(F) The amount of maximum financing, the balance interest rates, and lump sum interest expense: Please refer to Attachment 3.

(G) The other events impact over current profit or loss or have the significant influence over the financial conditions, such as provided service or received service: Please refer to Attachment 6.

(H) The aforementioned transaction had been eliminated in the consolidated financial statements. Please refer to Attachment 6.

(4) Information on major shareholders:

None.

14. Segment information

(1) For management purposes, the Group is organized into business units based on their products and services and has three reportable operating segments as follows:

PCB segment: The segment is primarily responsible for the manufacturing of PCBs and selling them to electronic producers.

Mock-up segment: This segment is responsible for mock-up manufacturing and sales to electronic product manufacturers.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured based on accounting policies consistent with those in the consolidated financial statements.

The transfer pricing between operating segments is based on conventional transactions similar to external third parties.

	PCB Segment	Mock-up Segment	Sub-total	Adjustments and eliminations (Note 1)	Consolidated
<u>2023.01.01~2023.03.31</u>					
Revenues					
External customers	\$3,669,648	\$14,973	\$3,684,621	\$-	\$3,684,621
Inter-segment	3,902,725	-	3,902,725	(3,902,725)	-
Interest revenue	15,199	-	15,199	(11,878)	3,321
Total	<u>\$7,587,572</u>	<u>\$14,973</u>	<u>\$7,602,545</u>	<u>\$(3,914,603)</u>	<u>\$3,687,942</u>
Segment income (loss)	<u>\$97,492</u>	<u>\$1,099</u>	<u>\$98,591</u>	<u>\$-</u>	<u>\$98,591</u>
<u>2022.01.01~2022.03.31</u>					
Revenues					
External customers	\$4,092,018	\$-	\$4,092,018	\$-	\$4,092,018
Inter-segment	3,737,770	-	3,737,770	(3,737,770)	-
Interest revenue	14,397	-	14,397	(11,019)	3,378
Total	<u>\$7,844,185</u>	<u>\$-</u>	<u>\$7,844,185</u>	<u>\$(3,748,789)</u>	<u>\$4,095,396</u>
Segment income (loss)	<u>\$165,265</u>	<u>\$-</u>	<u>\$165,265</u>	<u>\$-</u>	<u>\$165,265</u>

Note 1: Inter-segment revenues are eliminated upon consolidation.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Details of operational asset-related information as of March 31, 2023, December 31, 2022 and March 31, 2022 are as follows:

Segment assets	PCB	Mock-up		Adjustments	
	Segment	Segment	Sub-total	and eliminations	Consolidated
<u>2023.03.31</u>	<u>\$20,986,278</u>	<u>\$39,408</u>	<u>\$21,025,686</u>	<u>\$(281,100)</u>	<u>\$20,744,586</u>
<u>2022.12.31</u>	<u>\$20,246,761</u>	<u>\$39,955</u>	<u>\$20,286,716</u>	<u>\$(273,011)</u>	<u>\$20,013,705</u>
<u>2022.03.31</u>	<u>\$28,784,482</u>	<u>\$-</u>	<u>\$28,784,482</u>	<u>\$(9,154,977)</u>	<u>\$19,629,505</u>

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

Endorsement/Guarantee Provided to Others

For the Three-Month Period Ended March 31, 2023

Attachment 1

(In Thousands of New Taiwan Dollars)

Endorsement/ Guarantee Provider		Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 3)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee secured by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowed (Note 3)	Endorsement provided by parent company to subsidiaries	Endorsement provided by subsidiaries to parent company	Endorsement provided to entities in China
No. (Note 1)	Name	Name	Relationship (Note2)										
0	Dynamic Holding Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	2	\$5,919,953	\$2,483,460	\$2,371,200	\$957,600	\$-	40.05%	\$5,919,953	Y	N	Y
1	Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	2	\$6,176,802	\$1,734,660	\$933,160	\$808,915	\$-	15.76%	\$6,176,802	N	N	Y
1	Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Seychelles)	2	\$6,176,802	\$61,320	\$60,800	\$-	\$-	1.03%	\$6,176,802	N	N	N

Note 1: Dynamic Holding Co., Ltd. and subsidiaries are coded as follows:

1. Dynamic Holding Co., Ltd. is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: The relationship between the guarantor of the endorsement and the object to be guaranteed is as follows:

- 1.The company with business contacts.
- 2.The company directly and indirectly holds more than 50% of the shares with voting rights.
- 3.Companies that directly and indirectly holds more than 50% of the shares of the company with voting rights.
- 4.The company directly and indirectly holds more than 90% of the shares with voting rights.
- 5.Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry.
- 6.A company whose co-investment relationship is endorsed by all shareholders in proportion to their shareholding ratio.
- 7.The performance guarantee of the preconstruction real estate contract between the same industry in accordance with the Consumer Protection Law is jointly guaranteed.

Note 3: According to the procedures of Endorsement and Guarantee, the limitation of endorsement or guarantee for other subsidiaries shall not exceed the current net value of the Company.

Also, the limitation of endorsement or guarantee for one of the subsidiaries shall not exceed the current net value of Company.

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

Investees over Which the Company Exercise Significant Influence or Control Directly or Indirectly (Excluding Investees in Mainland China)

As of March 31, 2023

Attachment 2

(In Thousands of Foreign Currency / New Taiwan Dollars)

Investor	Investee	Address	Main Business and Product	Original Investment Amount		Balance as of March 31, 2023			Net Income (Loss) of the Investee	Share of Income (Loss) of the	Note
				As of March 31, 2023	As of December 31, 2022	Shares	%	Carrying Value			
Dynamic Holding Co., Ltd.	Dynamic Electronics Co., Ltd.	33846 6F., No. 50, Minquan Rd., Luzhu Dist., Taoyuan City, Taiwan	Investing activities	\$6,148,342	\$6,148,342	277,548,934	100.00%	\$6,176,802	\$107,446	\$107,446	Note 2
Dynamic Electronics Co., Ltd.	WINTEK (MAURITIUS) CO., LTD.	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius	Investing activities	\$2,783,433	\$2,783,433	8,581,000	100.00%	\$5,595,014	\$(44,456)	\$145,536 (Note 1)	Note 2
Dynamic Electronics Co., Ltd.	CHIANAN TECHNOLOGY CO., LTD.	24257 2F, No. 649, Zhongzheng Road, Xinzhuang District, New Taipei City, Taiwan	Mockup manufacture	\$46,060	\$46,060	7	70.00%	\$16,428	\$1,692	\$1,184	Note 2
Dynamic Electronics Co., Ltd.	CHENG CHONG TECHNOLOGY CO., LTD	24260 17F, No. 545, Longan Road, Xinzhuang District, New Taipei City, Taiwan	Mockup manufacture	\$33,211	\$33,211	7	70.00%	\$33,533	\$(592)	\$(415)	Note 2
WINTEK (MAURITIUS) CO., LTD.	Dynamic Electronics Holding Pte. Ltd.	151 CHIN SWEE ROAD #01-48 MANHATTAN HOUSE SINGAPORE(169876)	Investing activities	\$1,559,261	\$1,559,261	141,917,000	100.00%	USD 183,677	(USD 1,457)	(USD 1,457)	Note 2
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic PCB Electronics Co., Ltd.	1st Floor, #5 DEKK House, De Zippora Street, P.O. Box 456, Providence Industrial Estate, Mahe, Republic of Seychelles	PCB and business which relates to import and export	\$1,957	\$1,957	50,000	100.00%	CNY 417	(CNY 20)	(CNY 20)	Note 2
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Electronics Co., Ltd. (Seychelles)	1st Floor, #5 DEKK House, De Zippora Street, Providence Industrial Estate, Mahe, Republic of Seychelles	PCB and business which relates to import and export	\$82,967	\$82,967	50,000	100.00%	CNY 111,264	CNY 40,781	CNY 40,781	Note 2
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Electronics Overseas Investment Holding Pte. Ltd. (referred to : Dynamic Overseas Investment)	151 CHIN SWEE ROAD #01-48 MANHATTAN HOUSE SINGAPORE(169876)	Management operations services	\$2,930	\$2,930	50,000	100.00%	CNY 630	(CNY 51)	(CNY 51)	Note 2

Note1: Including investment loss recognized under equity method amounted to NT\$44,456 thousand and realized profit on transaction between subsidiaries amounted to NT\$189,992 thousand.

Note2: Transactions are eliminated when preparing the consolidated financial statements.

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

Financing Provided to Others

For the Three-Month Period Ended March 31, 2023

Attachment 3

(In Thousands of New Taiwan Dollars)

NO. (Note1)	Lender	Counter-party	Financial accounting account	Related Party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing (Note 2)	Amount of sales to(purchases from) counter-party	Reason for financing	Loss Allowance	Collateral		Limit of financing amount for individual counter- party	Limit of total financing amount
													Item	Value		
1	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co. Ltd.(Huangshi)	Other receivables -related parties	Yes	\$1,149,200	\$1,145,560	\$1,145,560	3.65-4.35%	2	\$-	Business turnover	\$-	-	\$-	\$1,642,710 (Note 3)	\$1,642,710 (Note 3)
2	Dynamic Electronics Co., Ltd.	Dynamic Holding Co., Ltd.	Other receivables -related parties	Yes	\$80,000	\$80,000	\$30,000	2.867%	2	\$-	Business turnover	\$-	-	\$-	\$6,176,802 (Note 4)	\$6,176,802 (Note 4)

Note 1: Dynamic Holding Co., Ltd. and subsidiaries are coded as follows:

1. Dynamic Holding Co., Ltd. is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Nature of financing is coded as follows:

1. Need for operating is coded "1".
2. Need for short term financing is coded "2".

Note 3: Limit of total financing amount shall not exceed 60% of the lender's net assets of value as of March 31, 2023.

Limit of financing amount for individual counter-party shall not exceed 60% of the lender's net assets value as of March, 2023.

Note 4: Limit of total financing amount shall not exceed 100% of the lender's net assets of value as of March 31, 2023.

Limit of financing amount for individual counter-party shall not exceed 100% of the lender's net assets value as of March 31, 2023.

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

Related Party Transactions for Purchases and Sales Amounts exceeding the lower of NT\$100 Million or 20% of Capital Stock

For the Three-Month Period Ended March 31, 2023

Attachment 4

(In Thousands of Foreign Currency)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment/ Collection Term	Unit Price	Payment/ Collection Term	Ending Balance	% to Total	
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd (Seychelles)	Subsidiary	Sales	RMB 326,829	69.77%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably compared.	Non relative parties are 60~150 days after monthly closing.	Accounts receivable RMB 324,813	55.87%	Note1
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	Subsidiary	Purchases	RMB 293,446	78.63%	90 days after monthly closing.	Specs of goods purchased are different from others. Cannot be reasonably compared.	Non relative parties are 90~120 days after monthly closing.	Accounts payable RMB 331,594	71.09%	Note1
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	Sales	RMB 293,446	48.03%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably compared.	Non relative parties are 120 days after monthly closing.	Accounts receivable RMB 331,594	47.83%	Note1
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Electronics Co., Ltd (Seychelles)	Subsidiary	Sales	RMB 245,379	40.16%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably compared.	Non relative parties are 120 days after monthly closing.	Accounts receivable RMB 245,259	35.37%	Note1
Dynamic Electronics Co., Ltd (Seychelles)	Dynamic Electronics Co., Ltd. (Huangshi)	Subsidiary	Purchases	USD 35,684	43.02%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts payable USD 35,684	37.81%	Note1
Dynamic Electronics Co., Ltd (Seychelles)	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	Purchases	USD 47,268	56.98%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts payable USD 47,268	50.08%	Note1

Note1: Transactions are eliminated when preparing the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

Receivables from Related Parties with Amounts exceeding the lower of NT\$100 Million or 20% of Capital Stock

As of March 31, 2023

Attachment 5

(In Thousands of Foreign Currency)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Ratio	Overdue		Amount Received in Subsequent Periods	Loss Allowance
					Amount	Action Taken		
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd (Seychelles)	Subsidiary	RMB 324,813	8.05	\$-	-	\$-	\$-
			(Note1, 2)					
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	RMB 78,562	-	\$-	-	\$-	\$-
			(Note1, 2)					
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Electronics Co., Ltd (Seychelles)	Subsidiary	RMB 245,259	3.81	\$-	-	\$-	\$-
			(Note1, 2)					
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	RMB 331,594	3.68	\$-	-	\$-	\$-
			(Note1, 2)					
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd (Seychelles)	Subsidiary	USD 11,433	-	\$-	-	\$-	\$-
			(Note1, 2)					

Note1: Accounts receivable.

Note2: Transactions are eliminated when preparing the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

Intercompany Relationships and Significant Intercompany Transactions

For the Three-Month Period Ended March 31, 2023

Attachment 6

(In Thousands of Foreign Currency / New Taiwan Dollars)

No. (Note 1)	Company Name	Counter-Party	Nature of Relationship (Note 2)	Intercompany Transaction			
				Financial Statement Account	Amount	Terms	Percentage to Consolidated Net Revenue or Total Assets (Note 3)
	<u>2023.01.01~2023.03.31</u>						
0	Dynamic Holding Co., Ltd.	Dynamic Electronics Co., Ltd.	1	Other payable	\$30,073	-	0.14%
0	Dynamic Holding Co., Ltd.	Dynamic Electronics Co., Ltd.	1	Interest income	\$172	-	-%
1	Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Seychelles)	3	Other receivables	\$708,353	-	3.41%
2	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Electronics (Kunshan) Co., Ltd.	3	Purchases	USD 47,268	90 days after monthly closing	39.06%
2	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Electronics (Kunshan) Co., Ltd.	3	Accounts payable	USD 47,268	90 days after monthly closing	6.94%
2	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Electronics Co., Ltd. (Huangshi)	3	Purchases	USD 35,684	90 days after monthly closing	29.49%
2	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Electronics Co., Ltd. (Huangshi)	3	Accounts payable	USD 35,684	90 days after monthly closing	5.24%
2	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Electronics Overseas Investment Holding Pte. Ltd. (referred to : Dynamic Overseas Investment)	3	Other managing expenses	USD 11	-	-%
2	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic PCB Electronics Co., Ltd.	3	Accounts payable	USD 11,433	90 days after monthly closing	1.68%
3	Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	3	Accounts payable	USD 11,433	90 days after monthly closing	1.68%
4	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	3	Purchases	RMB 293,446	90 days after monthly closing	35.29%
4	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	3	Accounts payable	RMB 331,594	90 days after monthly closing	7.08%
4	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	3	Other receivables	RMB 10,448	-	0.22%
4	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	3	Other receivables	RMB 260,000	-	5.55%
4	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	3	Other interest income	RMB 2,635	-	0.32%
4	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	3	Other operating revenue	RMB 663	-	0.08%
4	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	3	Outsourced manufacturing expenses	RMB 123	-	0.01%
4	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	3	Accounts receivable	RMB 16,119	90 days after monthly closing	0.34%
4	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	3	Sales	RMB 12,768	90 days after monthly closing	1.54%

Note 1: Dynamic Holding Co., Ltd. and subsidiaries are coded as follows:

1. Dynamic Holding Co., Ltd. is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Transactions are categorized as follows :

1. Investor to investee
2. Investee to investor.
3. Investee to investee.

Note 3: The percentage base with respect to the total consolidated revenue-weighted average (about income statement accounts) or total assets (about balance sheet accounts).

Note 4: Foreign currencies were converted into New Taiwan dollars based on exchanged rate of balance sheet date.