

# Operating Results Report for Q1 of 2022

May 17, 2022



# Content

---

**1. Market Information**

**2. Operating Overview for Q1 of  
2022**

**3. Outlook for Dynamic**

**4. Dynamic Actions in ESG**

# Disclaimer

---

- The forward-looking statements in this report contain unknown risks and uncertainties, which may cause actual operating results to be materially different from the forward-looking statements, the statements about historical events are excluded.
- The forward-looking statements in this report reflect the company's view of the future so far, the company is not responsible for reminding or updating on any changes or adjustments in these views in the future at any time.

# Market Information

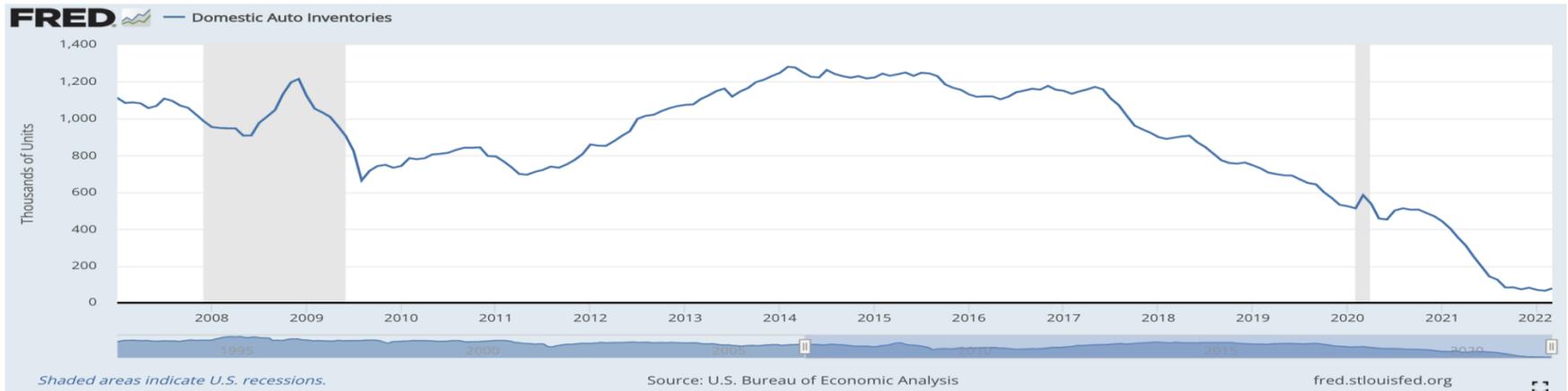
# Global light vehicle sales



LMC Automotive Mar. 2022

- Global light vehicle sales in 2021 was around 81 million.
- Affected by the global supply chain, the global light vehicle sales in 2022 declined from 84 million units/year in January to 75 million units/year in March. The average sales in 2022 Q1 was 79 million units/year, a decline of 14% YOY.

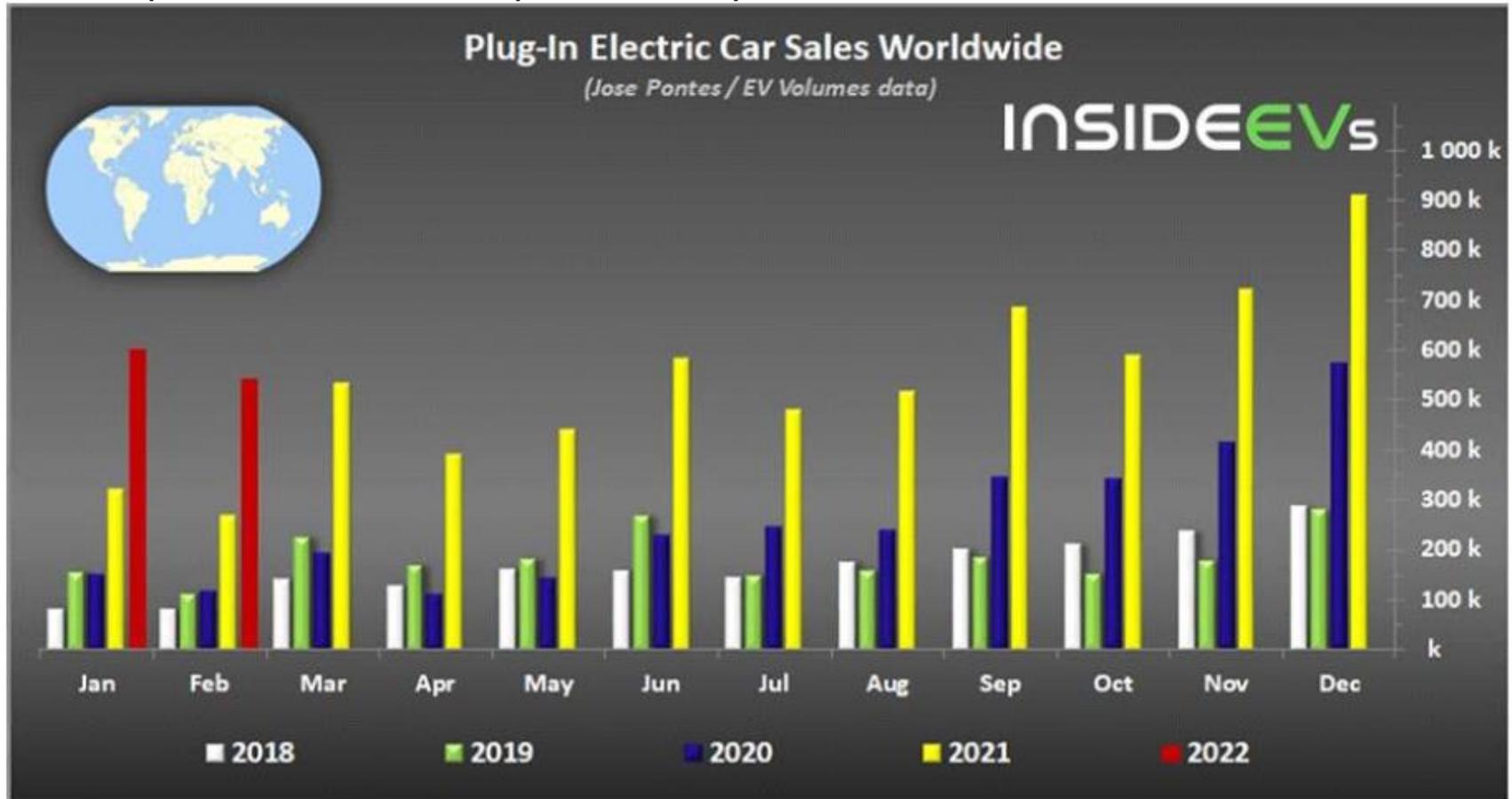
# Sales and Inventory Status in the U.S.



- U.S. inventories continue being tight, and transaction prices are still high.

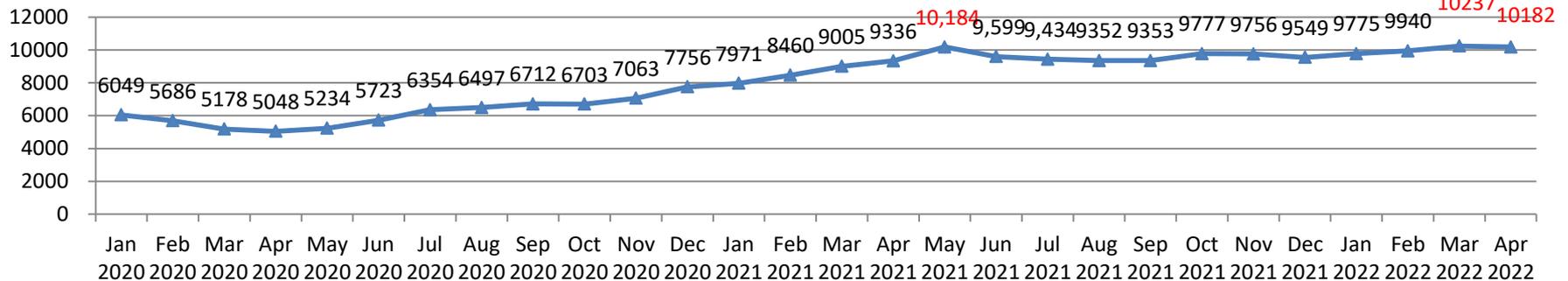
# Electric vehicle sales and growth forecast

- In 2021, the total global sales of electric vehicles (BEV and PHEV) was about 6.5 million units, accounting for 8% of total vehicle sales, and it is expected to reach 9 million units in 2022, an increase of 38%.
- The chart below shows 70% growth in January and February 2022 compared to the same period last year.



# International Copper Price Trend

## LME Copper Price (USD/ton)

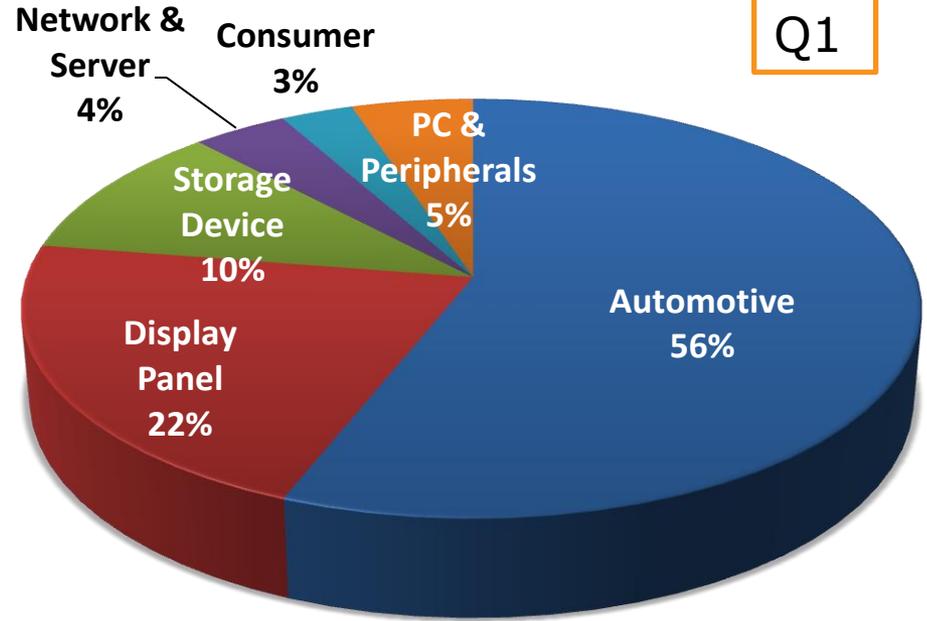


- Copper prices reached a new high in March, fell slightly in April, and to USD9,185 on 5/13. The reasons for the short-term decline in copper prices are a combination of stagflation, rise in US dollar interest rate, Russian-Ukrainian war, and increase in LME stock.
- The processing fee continued declining from the fourth quarter of last year to the first quarter of this year.
- Looking forward to 2022, under the influence of supply recovery and weak demand, the copper prices is expected to cool down, but the important role of copper in the green economy will still keep copper market thriving.

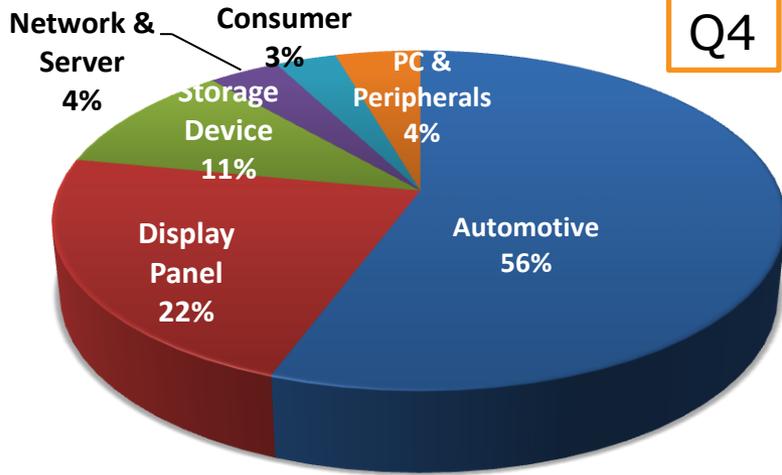
# Operating Overview for Q1 of 2022

# 2022Q1 Sales Analysis - Product

Q1

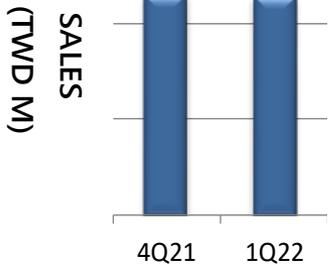


Q4



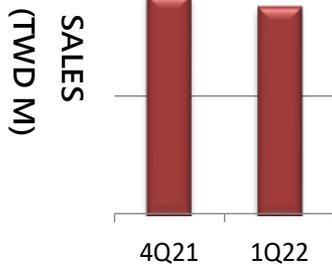
Automotive

Change -1%



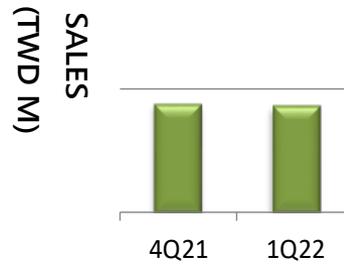
Display Panel

Change -6%



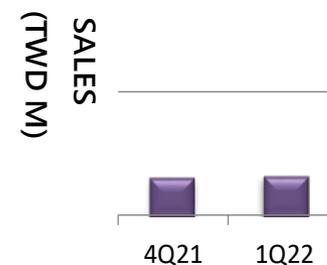
Storage Device

Change -2%



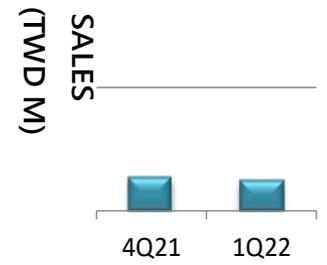
Network & Server

Change +5%



Consumer

Change -8%



# Consolidated Income Statement

Accounts (TWD 100M)	1Q22	4Q21	Q-o-Q Change%	1Q21	Y-o-Y Change%	Q1-Q1 2022	Q1-Q1 2021	Y-o-Y Change %
Sales Revenue	40.92	41.58	(1.6)%	35.62	14.9 %	40.92	35.62	14.9 %
<b>Gross Profit %</b>	<b>12.6 %</b>	<b>12.5 %</b>	<b>0.1 %</b>	<b>8.6 %</b>	<b>4.1 %</b>	<b>12.6 %</b>	<b>8.6 %</b>	<b>4.1 %</b> ppts
Operating expenses	2.74	3.09	(11.4)%	2.69	1.8 %	2.74	2.69	1.8 %
<b>Operating Income</b>	<b>5.9 %</b>	<b>5.1 %</b>	<b>0.8 %</b>	<b>1.0 %</b>	<b>4.9 %</b>	<b>5.9 %</b>	<b>1.0 %</b>	<b>4.9 %</b> ppts
Non-operating income	(0.24)	(0.27)	12.1 %	(0.03)	(789.8)%	(0.24)	(0.03)	789.8 %
Net Income (loss)	1.65	1.46	13.0 %	0.17	856.8 %	1.65	0.17	856.8 %
<b>Net Income (loss)</b>	<b>4.0 %</b>	<b>3.5 %</b>	<b>0.5 %</b>	<b>0.5 %</b>	<b>3.6 %</b>	<b>4.0 %</b>	<b>0.5 %</b>	<b>3.6 %</b> ppts
EPS(NTD)	0.60	0.53	13.2 %	0.06	900.0 %	0.60	0.06	900.0 %
ROE (%)	11.6 %	10.6 %	1.0 %	1.4 %	10.2 %	0.0 %	1.4 %	(1.4)% ppts
Average exchange rate	28.00	28.02	(0.1)%	28.39	(1.4)%	28.00	28.39	(1.4)%

\* The weighted average shares to 277,518,361 of ordinary shares outstanding during the first quarter of 2022.

\*\* The ROE is the annualized data calculated by the average equity of the parent company.

# Consolidated BS & Important Financial Indicator

Accounts (TWD 100M)	1Q22		4Q21		1Q21	
	Amount	%	Amount	%	Amount	%
Cash and cash equivalents	27.99	14.3%	27.30	15.5%	18.19	12.4%
Accounts receivable	46.66	23.8%	46.25	26.2%	39.33	26.8%
Inventories	27.84	14.2%	29.53	16.7%	20.33	13.9%
Property, plant and equipment	70.73	36.0%	62.42	35.4%	54.08	36.9%
<b>Total Assets</b>	<b>196.30</b>	<b>100.0%</b>	<b>176.39</b>	<b>100.0%</b>	<b>146.76</b>	<b>100.0%</b>
Current liabilities	105.85	53.9%	104.60	59.3%	88.63	60.4%
Long-term loans	24.55	12.5%	8.77	5.0%	-	0.0%
<b>Total liabilities</b>	<b>139.22</b>	<b>70.9%</b>	<b>121.18</b>	<b>68.7%</b>	<b>96.59</b>	<b>65.8%</b>
<b>Total equity</b>	<b>57.07</b>	<b>29.1%</b>	<b>55.21</b>	<b>31.3%</b>	<b>50.16</b>	<b>34.2%</b>
<b>Important Financial Indicator</b>						
Average collection turn	105		101		103	
Average inventory turn	80		64		54	
Current ratio (Times)	1.1		1.0		1.0	
Asset productivity(Times)	0.9		1.1		1.0	

Ps. Asset productivity= Sales Revenue/ Average total Assets.

# Consolidated Statements Of Cash Flows

(TWD 100M)	1Q22	4Q21	1Q21
<b>Cash at beginning of period</b>	27.30	18.34	9.99
Cash Flow from Operating	2.24	(2.43)	2.48
Capital Expenditure	(8.52)	(7.16)	(3.76)
Cash Dividends Paid	0.00	0.00	0.00
Cash Flow from Financing	17.43	18.09	7.46
Investment & Other	0.04	0.02	0.11
<b>Cash at end of period</b>	<b>27.99</b>	<b>27.30</b>	<b>18.19</b>
Free Cash Flow	(6.28)	(9.59)	(1.27)

Ps. Free Cash Flow = Cash Flow from Operating - Capital Expenditure

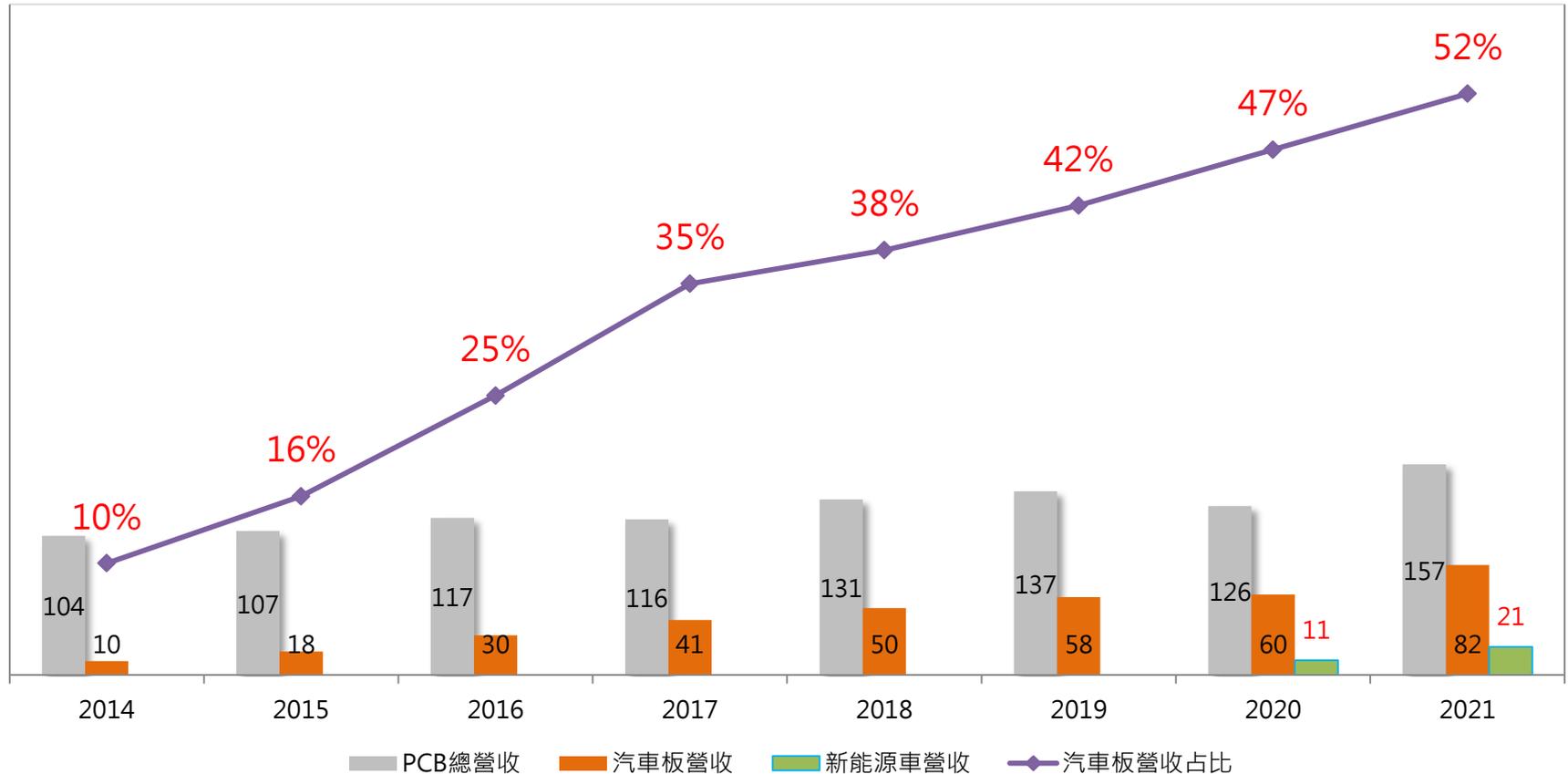
# 2022Q1 Summary

---

- Compared with 2021Q4, most of the product applications remain unchanged, and the demand for automotive boards is still strong.
- The ratio of electric vehicles to total revenue continued to increase, reaching 18% in Q1 (15% in Q4).
- In terms of technology, HDI remains at 21%, and will increase after the production capacity of Huangshi Plant II in Q3 is ready.
- Q1 revenue was affected by the Spring Festival in February, which was slightly lower than Q4 by 1.6%; gross profit held steady; lower operating expenses increased operating net profit margin by 0.8%, the reduction in operation expense was due to lower manpower cost in low season. Non-operating income gained about NTD17million due to the depreciation of the Taiwan dollar. The net profit after tax was NTD165million, and the EPS was \$0.60, a slight increase from Q4.

# Dynamic's PCB Growth Trend of Automotive and Electric Vehicle

Unit : NTD 100million



**Dynamic's global automotive PCB sales ranking in 2021 has improved from 13th to 10th!**

# Outlook for Dynamic

# 2022 Outlook

---

- The revenue target for 2022 is low double digit growth. Our revenue and profit in 2022 keep an increase compared to 2021, and the growth momentum mainly come from the addition of capacity of Huangshi Smart Factory II and the continuous growth of electric vehicle revenue
- Planning of Huangshi Plant II :
  - ✓ The construction of the plant has started in 2021Q1, with HDI and high-end manufacturing processes set up, and product applications: electric vehicles, ADAS, servers and Netcom.
  - ✓ The currently announced capital expenditure budget for the plant and equipment for phase 1 is approximately NT\$3.6 billion, and will be built phase by phase in the future depending on customer demand.
  - ✓ Phase 1 is scheduled to start mass production in Q3 of 2022, and the production capacity will be expanded month by month, the current production capacity will increase by 10~15%.
  - ✓ Source of funds: the Group's own funds and bank loans used for financing.
- Product technology continues to be developed in a high-level direction:
  - ✓ Technology categories: Type-3 and above and any layer HDI, high-frequency materials, thick copper, etc.
  - ✓ The product categories: ADAS, high-end electric vehicles, high-end notebooks, VR/AR/MR, microcell, ground satellite receivers, Mini LEDs, etc.

# Dynamic Actions in ESG

# Ranked the top 5% for six consecutive years

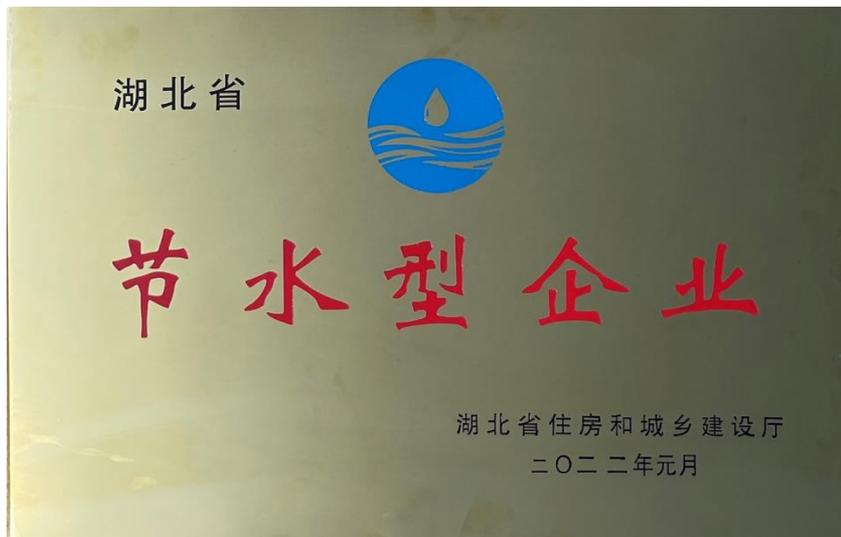
Securities and Futures Institute announced on Apr. 28: 2021 (the 8th) "Corporate Governance Review" Dynamic ranked the top 5% for six consecutive times (Among 46 listed companies)

【評鑑結果列為前 5%，計 46 家上市公司】

代號	簡稱	代號	簡稱	代號	簡稱	代號	簡稱	代號	簡稱
1402	遠東新	1504	東元	1605	華新	1707	葡萄王	1712	興農
2002	中鋼	2201	裕隆	2204	中華	2301	光寶科	2303	聯電
2308	台達電	2330	台積電	2395	研華	2408	南亞科	2409	友達
2412	中華電	2454	聯發科	2633	台灣高鐵	2801	彰銀	2809	京城銀
2812	台中銀	2845	遠東銀	2882	國泰金	2884	玉山金	2885	元大金
2890	永豐金	2891	中信金	2892	第一金	2897	王道銀行	2912	統一超
3036	文晔	3045	台灣大	3231	緯創	3665	貿聯-KY	3711	日月光投控
4904	遠傳	4915	致伸	5880	合庫金	6251	定穎	6409	旭隼
8150	南茂	8454	富邦媒	8926	台汽電	9933	中鼎	9940	信義
9941	裕融								

# Honorable Awards of Huangshi Plant

Huangshi Plant was awarded "Water-saving Enterprise" and "Advanced Company of Safe Production" in January and April this year respectively



# Greenhouse Gas Inventory and Verification

On May 6, the board of directors passed the scheduled timeline of the Group's greenhouse gas inventory and verification, and achieved the target before the timeline required by the FSC.

**According to the "Roadmap for the Sustainable Development of Listed OTC Companies" issued by FSC on March 3, 2022, Dynamic is a company with less than 5 billion consolidated statement, and should complete the individual verification in 2026 and the verification of the subsidiaries in the consolidated statement in 2027; and The verification of individual companies must be completed in 2028, and the verification of subsidiaries in the consolidated statements should be completed in 2029.**

Item No.	Item of verification	Schedule	Explanation
1	Set up the verification and its schedule and submit it to the board of directors for approval	2022 Q2	The FSC requires the company's board of directors to formulate a schedule for verification in Q2 this year.
2	Set the parent company's greenhouse gas reduction target	2022 Q3	
3	Internal inspection and verification of the parent company's greenhouse gas	2023 Q1	Inspection of greenhouse gas emissions in 2022 and external verification is carried out. In the future, relevant operations will continue to be implemented in Q1 each year. Achieving the target schedule required by the FSC in advanced..
4	Internal inspection and verification of greenhouse gas in subsidiaries	Ongoing	Already met the target schedule required by the FSC
5	Inspection data collection, plan implementation progress, reduction effect result	Jan./Apr./Jul./Oct. every year	From Q3 in 2022, the implementation results will be reviewed quarterly at the Management meeting, and reported to the board for supervision by the board of directors.

---

# Thank You!

2022 © Dynamic Electronics Co., Ltd. All Rights Reserved.

2022 © Dynamic Electronics Co., Ltd. All Rights Reserved.