

Operating Result Report for Q3 of 2024

Oct. 28, 2024

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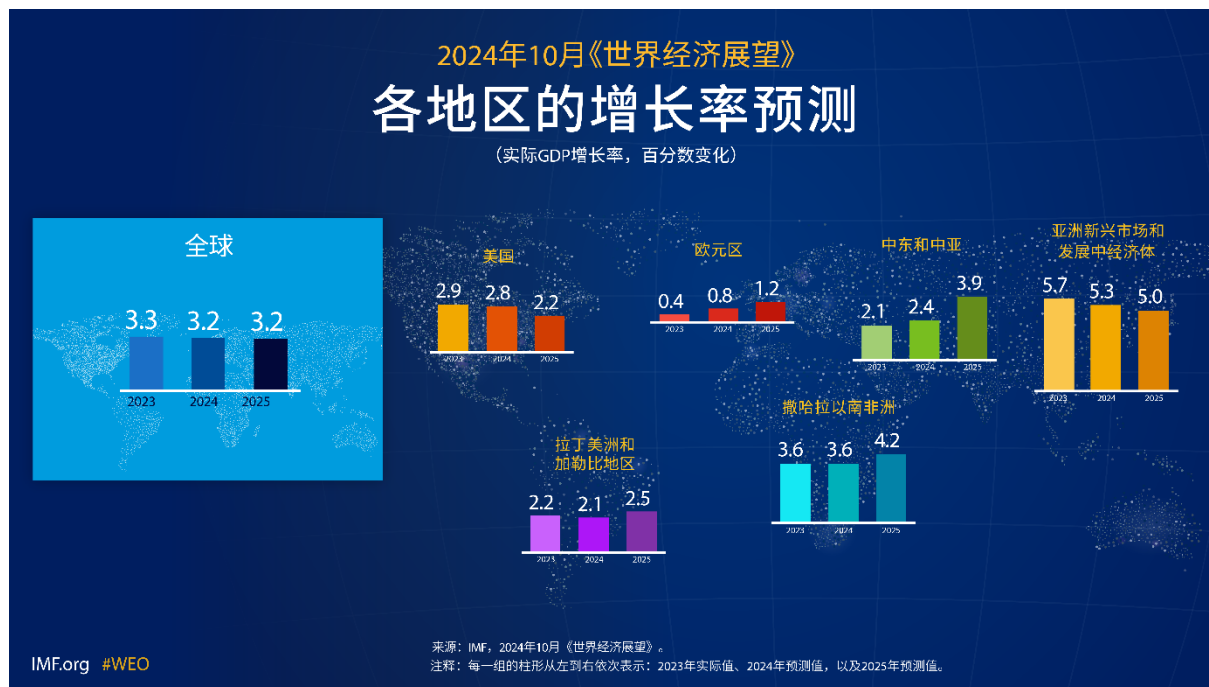
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Disclaimer

- 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

World Economic Outlook Update, October 2024



- The IMF projects global economic growth to remain around 3.2% in both 2024 and 2025, indicating a stable trend. In the U.S., strong consumer demand and resilience in the job market are expected to support economic growth in 2024. In contrast, Europe's recovery is constrained by pressures from high inflation, the energy crisis, and geopolitical risks. In China, the growth forecast has been adjusted downward due to a slowdown in the real estate market and weak consumer spending, despite policy measures aimed at supporting the economy, whose effectiveness remains to be seen.
- Key global risks include the escalation of geopolitical conflicts, a rise in trade protectionism, and ongoing threats from climate change and supply chain disruptions.

Trends in the Electronic Market and PCB Market

	\$Bn	2022	'23/'22	2023	'24F/'23	2024F	'25F/'24F	2025F	2028F	CAAGR '23-'28*
Computers	PC	269	-16.0%	226	6.7%	241	2.5%	247	262	3.0%
	Server/Data Storage	210	-4.8%	200	24%	248	15%	286	325	10%
	Other Computer	151	-2.5%	147	2.5%	151	3.5%	156	176	3.7%
Communication	Mobile Phones	392	-0.7%	390	6.6%	415	8.1%	449	515	5.7%
	Wired Infrastructure	150	7.3%	161	-3.1%	156	5.8%	165	200	4.4%
	Wireless Infrastructure	86	-5.8%	81	-7.4%	75	5.1%	79	93	2.7%
Consumer	TV	94	-7.9%	87	0.8%	87	-3.3%	84	81	-1.3%
	AudioVideo/Personal	142	0.6%	143	1.9%	145	5.4%	153	173	4.0%
	Other Consumer	101	-1.6%	99	-1.0%	98	2.5%	101	116	3.1%
Automotive		252	11.8%	282	-4.0%	271	7.2%	290	346	4.2%
Industrial		290	5.9%	307	3.1%	316	5.3%	333	398	5.4%
Medical		131	5.1%	138	5.2%	145	4.5%	151	170	4.3%
Military/Aerospace		161	6.8%	172	8.1%	186	6.5%	198	224	5.4%
Total		\$2,428	0.1%	\$2,431	4.3%	\$2,534	6.2%	\$2,692	\$3,079	4.8%

Printed Circuit
Value Growth

2023	2024	2025	2026	2027	2028
-15.0%	5.5%	6.2%	CAAGR 2023-2028 +5.4%		

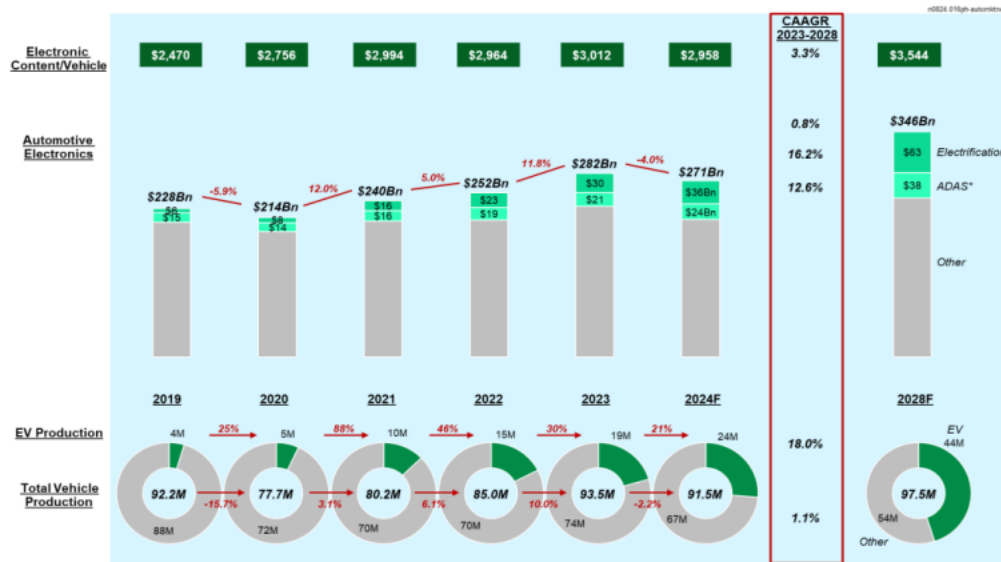
SERVER/STORAGE/AI PCB MARKET

Server/Storage/AI PCB Market

Server PCB Market 2023	\$8.2Bn
2023 - 2028 CAAGR	11.6%
Growth Drivers	Data centers, AI servers, High-performance computing
Leading Customers	Nvidia, Supermicro, CSP, Dell, ODM
Products	High layercount MLB, HDI, FCBGA substrates
Technologies	High-speed laminates, SAP FCBGA

Attribute	Range	Trend for Next 5 years
Layercount	8L for lower end 12-16L higher end rack >22L for Highest complexity	No change in the range, but more pressure to higher layercount
Max Layercount	24 to 28	Modest growth to 30-34
Trace to trace	4 mil → 3.5 mil	
Material Selection	Mid-loss to very-loss laminate Low profile copper required	Higher requirement on electric performance, ultra low-loss, extreme low-loss laminate needed, very-low-profile copper

AUTOMOTIVE PCB MARKET

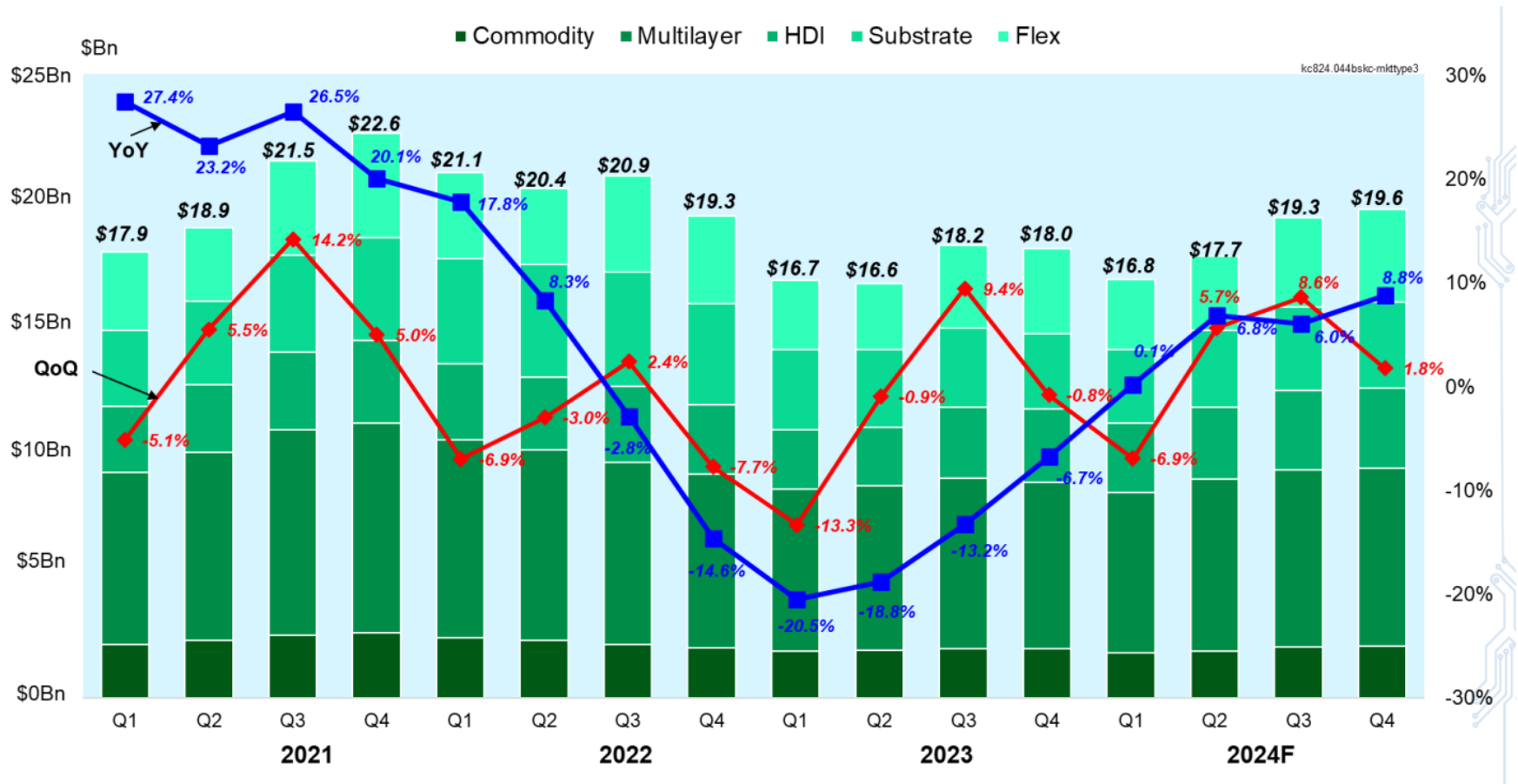


Automotive PCB Market	
Automotive PCB Market 2023	\$9.2Bn
2023 – 2028 CAAGR	4.7%
Growth Drivers	EV, ADAS
Leading Customers	Tesla, BYD, Bosch, Denso, Aptiv, etc.
Products	HDI, FPC, Thick Cu and RF ML boards
Technologies	High reliability, special materials

PRISMARK (2024.09.03)

- Product technology: HDI, above 10L, above level 2, high frequency, thick copper
- Product applications: autonomous driving, ADAS, smart cockpit, Internet of Vehicles computing, battery management modules, lens modules, etc.

PCB MARKET Q/Q GROWTH

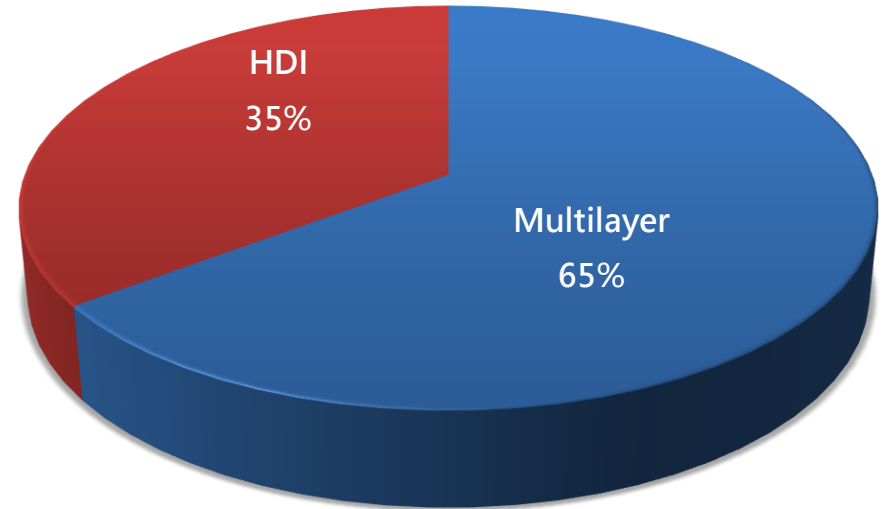
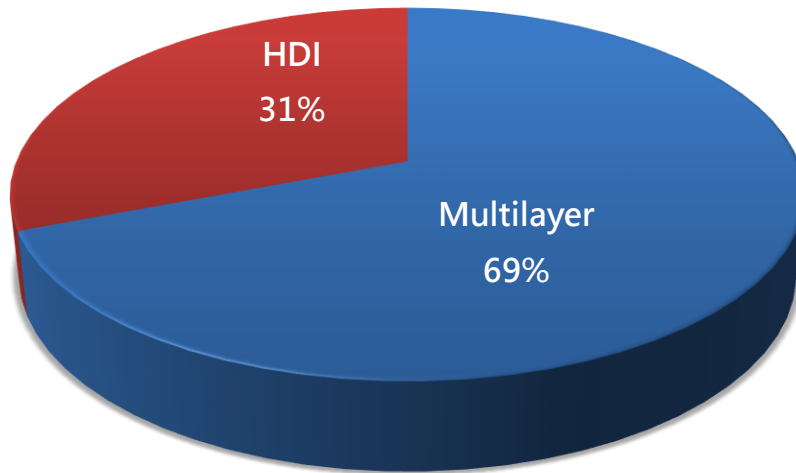


Operating Overview for Q3 of 2024

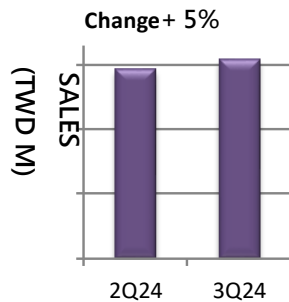
2024Q3 Sales Analysis - Technology

Q3

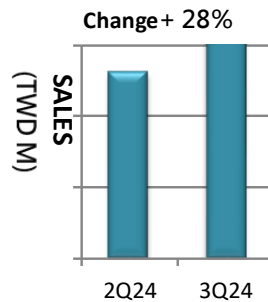
Q2



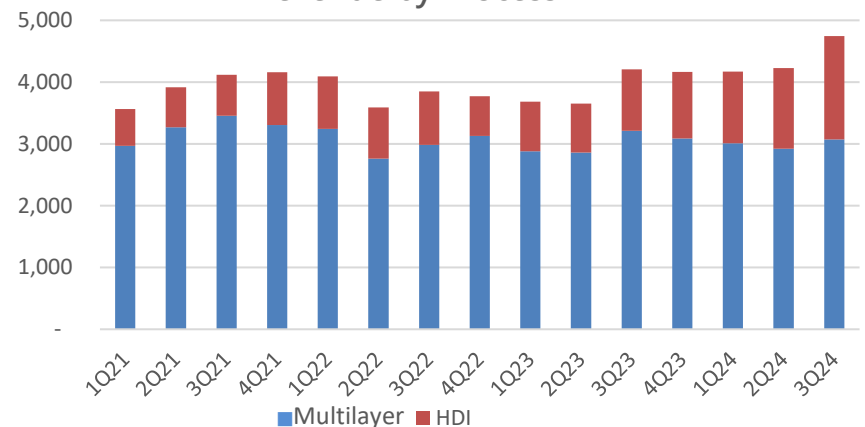
Multilayer



HDI



Revenue by Process



Consolidated Income Statement

Accounts (TWD 100M)	3Q24	2Q24	Q-o-Q Change%	3Q23	Y-o-Y Change%	Q1-Q3 2024	Q1-Q3 2023	Y-o-Y Change%
Sales Revenue	47.48	42.28	12.3 %	42.09	12.8 %	131.47	115.48	13.8 %
Gross Profit %	23.8 %	27.4 %	(3.6)%	26.8 %	(3.0)%	24.6 %	22.4 %	2.2 % ppts
Operating expenses	6.76	6.11	10.6 %	4.89	38.1 %	18.39	15.08	22.0 %
Operating Income%	9.6 %	13.0 %	(3.4)%	15.2 %	(5.6)%	10.6 %	9.4 %	1.3 % ppts
Non-operating income/expenses	(0.78)	(0.20)	(298.0)%	(0.08)	(854.8)%	(0.80)	0.07	(1,294.2)%
Net Income (loss)	2.57	3.40	(24.3)%	4.19	(38.6)%	8.80	7.51	17.2 %
Net Income (loss)%	5.4 %	8.0 %	(2.6)%	10.0 %	(4.5)%	6.7%	6.5 %	0.2 % ppts
EPS(NTD)	0.93	1.23	(24.4)%	1.51	(38.4)%	3.17	2.71	17.0 %
ROE (%)	13.0 %	18.4 %	(5.4)%	24.6 %	(11.6)%	14.8 %	14.7 %	0.1 % ppts
Average exchange	32.03	31.90	0.4 %	30.93	3.6 %	32.03	30.93	3.6 %

* The weighted average thousand shares to 277,675 of ordinary shares outstanding during the third quarter of 2024.

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

Consolidated BS & Important Financial Indicator

Accounts (TWD 100M)	3Q24		2Q24		3Q23	
	Amount	%	Amount	%	Amount	%
Cash and cash equivalents	38.06	13.6%	43.28	16.2%	32.04	14.9%
Accounts receivable	49.62	17.7%	45.54	17.0%	45.74	21.3%
Inventories	29.23	10.4%	27.35	10.2%	21.21	9.9%
Property, plant and equipment	146.99	52.4%	134.09	50.2%	99.79	46.5%
Total Assets	280.66	100.0%	267.36	100.0%	214.42	100.0%
Current liabilities	151.45	54.0%	143.97	53.8%	89.29	41.6%
Long-term loans	33.43	11.9%	33.58	12.6%	43.80	20.4%
Total liabilities	201.42	71.8%	193.47	72.4%	146.13	68.2%
Total equity	79.24	28.2%	73.89	27.6%	68.29	31.8%
Important Financial Indicator						
A/R turnover days	106		106		108	
Average inventory turnover days	75		76		79	
Current ratio (Times)	0.8		0.9		1.2	
Asset productivity (Times)	0.8		0.7		0.8	

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

Consolidated Cash Flow Statement

(TWD 100M)	3Q24	2Q24	3Q23
Cash at beginning of period	43.28	41.72	30.49
Cash Flow from Operating	6.87	5.41	3.17
Capital Expenditure	(11.92)	(16.55)	(5.82)
Cash Dividends Paid	(4.17)	0.00	(2.22)
Cash Flow from Financing	1.58	15.04	3.63
Investment & Other	2.17	(2.45)	(0.18)
Cash at end of period	38.06	43.28	32.04
Free Cash Flow	(5.04)	(11.14)	(2.66)

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

2024Q3 Summary

- By product category, the share of network communication and server products increased by 2 percentage points, and computers and peripherals by 1 percentage point. In contrast, the share of automotive boards decreased by 1 percentage point, display panels by 2 percentage points, while storage and consumer electronics remained unchanged. In terms of value, all product types showed growth except for display panels, with automotive and network communication/server products seeing the most significant growth.
- From a technical perspective, HDI (High-Density Interconnect) accounted for 35% of the share, an increase of 4 percentage points from the previous quarter, with a 28% growth in value, reflecting ongoing optimization in product structure.
- Third-quarter revenue reached 4.748 billion NTD, up 12.3% from the previous quarter, mainly due to increased HDI contributions.
- The gross profit margin was 23.8%, down 3.6 percentage points from the previous quarter. This decline was primarily due to initial operating costs at the Thailand facility, which impacted about 2 percentage points. Additionally, increased challenges due to advancements in HDI technology, along with the early-stage operations at the second phase of the Huangshi plant, affected the margin. However, as the learning curve progresses, the gross profit margin is expected to recover.
- Operating expenses increased by approximately 65 million yuan, mainly due to higher management costs at the Thailand facility. The operating expense ratio was 14.2%, a decrease of 0.2 percentage point from the previous quarter.

2024Q3 Summary (Continued)

- The operating net profit margin was 9.6%, down by 3.4 percentage points from the previous quarter.
- Non-operating income and expenses amounted to -78 million yuan, with an exchange gain of approximately 600,000 yuan. This was mainly due to exchange losses from the appreciation of the RMB and TWD, partially offset by exchange gains from the appreciation of the Thai baht.
- Net profit for the period was 257 million yuan, a decrease of 24.3% from the previous quarter. The net profit margin was 5.4%, down by 2.6 percentage points from the previous quarter. Earnings per share (EPS) were 0.93 yuan, a decrease of 24.4% from the previous quarter.
- **Comparison of the first to third quarters of 2024 with the same period last year:** Shows a 13.8% increase in revenue, a 2.2 percentage point increase in gross profit margin, a 1.3 percentage point increase in operating net profit margin, a 0.2 percentage point increase in net profit margin, and a 17% increase in EPS.

Dynamic Technology Manufacturing (Thailand) Co., Ltd.



This mural illustrates the following messages:

Bottom:

Under the threat of extreme climate, we strive to save energy and reduce carbon, and contribute our part to help mankind keep beautiful oceans and green fields.

Left to middle:

Thailand's auspicious elephant irrigates our circuit eternal tree, allowing our business to grow sustainably. Distinguished guests landed here from afar with hope and joy, you've found the right place, **dtmc** (Dynamic Technology Manufacturing Co., Ltd.). Our goal is to develop on the path of high-end PCB and sustainable operation following the target of ESG.

Right:

Respected Mahābrahmā blesses the prosperity of environment, society and economy, and protects the beautiful garden of **dtmc**.

Outlook for Dynamic

Future Outlook

- In the fourth quarter, customer demand is expected to remain stable, with projected revenue on par with Q3. However, actual results will depend on customer pull-in patterns.
- As for the gross margin, the full ramp-up of the 150,000 SF HDI production capacity at Huangshi Plant 2 in October is set to have a positive impact, thanks to product mix optimization and a rise on the learning curve. Meanwhile, the start of mass production at our Thailand plant may have a slight negative effect on gross margin in the short term. Nevertheless, we remain confident in our long-term gross margin, and the new facilities and technologies coming online will steadily boost our operational performance and competitive edge.
- Operating expenses are expected to remain stable for the fourth quarter, mainly due to the Thailand plant's initial operational stage. Once the Thailand plant reaches steady operations and begins contributing to revenue, we anticipate a decrease in the overall operating expense ratio.
- Currently, several double-digit clients are undergoing factory audits at the Thailand facility for products including AI servers, general servers, switches, and automotive boards. Feedback has been positive, and after the audit phase, product certification will commence, which generally takes around two to three quarters, depending on the client.
- Based on current customer demand, Q4 2024 should align with Q3. We remain optimistic for 2025, though much will depend on overall economic conditions.

Dynamic Actions in ESG

2024Q3 ESG Actions

- Our commitment to the Science-Based Targets initiative (SBTi) has officially entered the target-setting stage. The goals were submitted on September 18, 2024, and we anticipate approval by January 2025.
- On October 1, 2024, we also submitted our CDP report, allowing multiple clients to track our carbon emissions and product carbon footprint on this platform, demonstrating our firm commitment to environmental responsibility.
- Through increased in-house solar power generation and green electricity procurement, the use of green energy at our Huangshi plant has reached 33.57% in 2024. We are committed to advancing further toward a green energy transition.



Biological pond roof



Dormitory roof

Q&A