

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 AUDIT REPORT OF INDEPENDENT ACCOUNTANTS
AS OF DECEMBER 31, 2023 AND 2022
AND FOR THE YEARS THEN ENDED**

Address: 6F., No. 50, Minquan Rd., Luzhu Dist., Taoyuan City 338, Taiwan (R.O.C.)
Telephone: (03)349-3300

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.

**Consolidated Financial Statements
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MANAGEMENT REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Dynamic Holding Co., LTD. as of December 31, 2023 and for the year then ended under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard No. 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Dynamic Holding Co., LTD. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

DYNAMIC HOLDING CO., LTD.

By

KEN HUANG

Chairman

February 27th, 2024

English Translation of a Report Originally Issued in Chinese
AUDIT REPORT OF INDEPENDENT AUDITORS

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

Opinion

We have audited the accompanying consolidated balance sheets of Dynamic Holding Co., Ltd. (the “Company”) and its subsidiaries as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2023 and 2022, and their consolidated financial performance and cash flows for the years then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

As stated in Note 1 to 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 was an organizational restructuring under common control. Dynamic Holding Co., Ltd. was actually the continuation of Dynamic Electronics Co., Ltd., so the consolidated financial statements of Dynamic Holding Co., Ltd. recognized 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 were prepared as if the entities had been combined from the beginning.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

We determine that revenue recognition is one of the key audit matters. The Company's consolidated revenue amounting to NT\$15,713,954 thousand for the year ended December 31, 2023 is a significant account to the Company's consolidated financial statements. The Group has conducted these sale activities in multi-marketplace, including Taiwan, China, Asia and Europe, etc. Furthermore, the timing of fulfilling performance obligation needs to be determined based on varieties of sale terms and conditions enacted in the main sale contracts or sale orders. We therefore conclude that there are significant risks with respect to the topic of revenue recognition.

Our audit procedures therefore include, but not limit to, evaluating the properness of accounting policy for revenue recognition, assessing and testing the effectiveness of relevant internal controls related to revenue recognition, sampling-test of details, including obtaining major sale orders or agreements to inspect the terms and conditions, checking the consistency of the fulfillment timing, performing analytical review procedures on monthly sale revenues, and executing sale cut-off tests, etc. We have also evaluated the appropriateness of the related disclosure in Note 4 and 6 to the consolidated financial statements.

Provision against inventory

We determine that provision against inventory is also one of the key audit matters. The Company and its subsidiaries' inventory in amount of NT\$2,260,382 thousand, representing 10% of consolidated total assets, as of December 31, 2023 is significant to the Company's consolidated financial statements. The application market of the Group's main products, PCB, has been developing and changing rapidly and influenced significantly by end-customers' preference. The management therefore has to closely monitor the status of new products development and market demand for evaluating any significant impairment, including loss from market decline and slow-movement, incurred toward inventory. Also there was significant management judgement involved in determining the sufficiency of inventory loss provision. With respect to the key audit matter – provision against inventory, our audit procedures include, but not limit to, evaluating the appropriateness of inventory provision policy including how to identify the phased-out or slow-moving items, testing the correctness of inventory aging report, analyzing the reasons for slow-moving inventory, performing observation on the Company and its subsidiaries' inventory physical taking, and looking into the status of inventory utilization. Meanwhile, we have evaluated the appropriateness of the related disclosure in Note 5 and 6 to the consolidated financial statements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the ability to continue as a going concern of the Company and its subsidiaries, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2023 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Others

We have audited and expressed an unqualified opinion including an Emphasis of Matter Paragraph on the parent-company-only financial statements of the Company for the years ended December 31, 2023 and 2022.

/s/Lo, Hsiao Chin

/s/Chang, Chih Ming

Ernst & Young
February 27th, 2024
Taipei, Taiwan,
Republic of China

Notices to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China on Taiwan and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China on Taiwan.

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets			As of December 31, 2023		As of December 31, 2022	
Code	Accounts	Notes	Amount	%	Amount	%
11xx	Current assets					
1100	Cash and cash equivalents	4, 6(1)	\$3,374,862	15	\$1,677,887	8
1110	Financial assets at fair value through profit or loss	4, 6(2)	800	-	-	-
1136	Financial assets measured at amortized cost	4, 6(3), 8	29,046	-	162,441	1
1150	Notes receivable, net	4, 6(4), 8	341,528	2	40,165	-
1170	Accounts receivable, net	4, 6(5)	4,448,885	20	4,365,314	22
1200	Other receivables		97,898	-	84,356	-
1310	Inventories, net	4, 6(6)	2,260,382	10	2,706,870	14
1410	Prepayments		410,077	2	439,137	2
1470	Other current assets		11,635	-	2,103	-
	Total current assets		10,975,113	49	9,478,273	47
15xx	Non-current assets					
1600	Property, plant and equipment	4, 6(7), 8, 9	10,917,047	49	9,947,463	50
1755	Right-of-use assets	4, 6(23), 8	384,723	2	407,627	2
1780	Intangible assets	4, 6(8), 6(9)	47,652	-	67,801	-
1840	Deferred tax assets	4, 6(27)	103,667	-	110,334	1
1900	Other non-current assets	6(10)	10,877	-	2,207	-
	Total non-current assets		11,463,966	51	10,535,432	53
	Total Assets		\$22,439,079	100	\$20,013,705	100

(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 December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			As of December 31, 2023		As of December 31, 2022	
Code	Accounts	Notes	Amount	%	Amount	%
21xx	Current liabilities					
2100	Short-term loans	6(11)	\$3,906,953	18	\$3,918,562	20
2120	Financial liabilities at fair value through profit or loss	6(12)	-	-	77	-
2130	Contract liability	6(21)	23,132	-	1,359	-
2150	Notes payable		168	-	1,211	-
2170	Accounts payable		2,991,560	13	3,022,435	15
2200	Other payables	6(13)	2,431,561	11	2,658,529	13
2230	Current tax liabilities	4	62,351	-	63,420	-
2280	Lease liabilities	6(23)	1,833	-	4,910	-
2300	Other current liabilities		40,175	-	61,545	-
2321	Current portion of bonds payable	4, 6(14)	-	-	2,363	-
2322	Current portion of long-term loans	6(15), 8	219,903	1	182,394	1
2365	Refund liability	6(16)	328,085	1	260,909	1
	Total current liabilities		<u>10,005,721</u>	<u>44</u>	<u>10,177,714</u>	<u>50</u>
25xx	Non-current liabilities					
2540	Long-term loans	6(15), 8	4,129,166	18	2,607,712	13
2570	Deferred tax liabilities	4, 6(27)	664,756	3	395,643	2
2580	Lease liabilities	6(23)	741	-	1,654	-
2630	Long-term deferred revenue	6(17)	589,994	3	599,457	3
2645	Guarantee deposits		141,437	1	78,123	1
	Total non-current liabilities		<u>5,526,094</u>	<u>25</u>	<u>3,682,589</u>	<u>19</u>
	Total liabilities		<u>15,531,815</u>	<u>69</u>	<u>13,860,303</u>	<u>69</u>
31xx	Equity attributable to the parent company					
3100	Capital	6(19)				
3110	Common stock		2,776,746	13	2,775,490	14
3200	Capital surplus	6(19)	2,981,296	13	2,970,307	15
3300	Retained earnings	6(19)				
3310	Legal reserve		16,209	-	-	-
3320	Special reserve		324,242	1	438,825	2
3350	Accumulated profit or loss		1,041,825	5	162,092	1
3400	Other components of equity		(389,953)	(2)	(324,242)	(2)
36xx	Non-controlling interests	6(19)	156,899	1	130,930	1
	Total equity		<u>6,907,264</u>	<u>31</u>	<u>6,153,402</u>	<u>31</u>
	Total liabilities and equity		<u>\$22,439,079</u>	<u>100</u>	<u>\$20,013,705</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 Years Ended December 31, 2023 and 2022
(Amounts Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code	Accounts	Notes	2023		2022	
			Amount	%	Amount	%
4000	Operating revenues	4, 6(21)	\$15,713,954	100	\$15,297,012	100
5000	Operating costs	6(6)	(11,928,381)	(76)	(12,636,809)	(83)
5900	Gross profit		<u>3,785,573</u>	<u>24</u>	<u>2,660,203</u>	<u>17</u>
6000	Operating expenses					
6100	Sales and marketing expenses		(592,594)	(4)	(484,528)	(3)
6200	General and administrative expenses		(953,893)	(6)	(659,689)	(4)
6300	Research and development expenses		(618,511)	(3)	(660,154)	(4)
6450	Expected credit gains (losses)	4, 6(22)	20,691	-	(22,349)	-
	Operating expenses total		<u>(2,144,307)</u>	<u>(13)</u>	<u>(1,826,720)</u>	<u>(11)</u>
6900	Operating income		<u>1,641,266</u>	<u>11</u>	<u>833,483</u>	<u>6</u>
7000	Non-operating income and expenses	6(25)				
7100	Interest income		43,720	-	16,930	-
7010	Other income		274,922	2	169,925	1
7020	Other gains and losses		(83,392)	-	(7,707)	-
7050	Finance costs		(410,993)	(3)	(235,783)	(2)
	Non-operating income and expenses total		<u>(175,743)</u>	<u>(1)</u>	<u>(56,635)</u>	<u>(1)</u>
7900	Income from continuing operations before income tax		1,465,523	10	776,848	5
7950	Income tax expense	4, 6(27)	(434,870)	(3)	(224,214)	(1)
8200	Net income		<u>1,030,653</u>	<u>7</u>	<u>552,634</u>	<u>4</u>
8300	Other comprehensive income (loss)	6(26)				
8360	May be reclassified to profit or loss in subsequent periods					
8361	Exchange differences arising on translation of foreign operations		(67,213)	-	117,940	-
	Total other comprehensive income (loss), net of tax		<u>(67,213)</u>	<u>-</u>	<u>117,940</u>	<u>-</u>
8500	Total comprehensive income (loss)		<u>\$963,440</u>	<u>7</u>	<u>\$670,574</u>	<u>4</u>
8600	Net income attributable to:					
8610	Shareholders of the parent		\$1,003,398	7	\$547,238	4
8620	Non-controlling interests		27,255	-	5,396	-
			<u>\$1,030,653</u>	<u>7</u>	<u>\$552,634</u>	<u>4</u>
8700	Total comprehensive income attributable to:					
8710	Shareholders of the parent		\$937,687	7	\$661,821	4
8720	Non-controlling interests		25,753	-	8,753	-
			<u>\$963,440</u>	<u>7</u>	<u>\$670,574</u>	<u>4</u>
9750	Earnings per share - basic (in NT\$)	6(28)	<u>\$3.61</u>		<u>\$1.97</u>	
9850	Earnings per share - diluted (in NT\$)	6(28)	<u>\$3.61</u>		<u>\$1.96</u>	

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

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2023 and 2022
(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	Capital									
		Capital	Capital collected in advance	Capital surplus	Retained Earnings			Other Components of equity	Total	Non-controlling Interests	Total equity
					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										
B1	Legal reserve				47,045		(47,045)		-		-
B3	Special reserve					139,159	(139,159)		-		-
B5	Cash dividends-common shares						(194,263)		(194,263)		(194,263)
C5	Equity component of convertible bonds			(2,847)					(2,847)		(2,847)
D1	Net income for 2022						547,238		547,238	5,396	552,634
D3	Other comprehensive income (loss) for 2022							114,583	114,583	3,357	117,940
D5	Total comprehensive income (loss)	-	-	-	-	-	547,238	114,583	661,821	8,753	670,574
H3	Effect of joint share exchange	-	-	1,621,622	(646,336)	-	(975,286)	-	-		-
I1	Conversion of convertible bonds	349	(43)	379					685		685
M7	Charges in ownership interest in subsidiaries			36,280					36,280	114,879	151,159
O1	Non-controlling interests increase									7,298	7,298
Z1	Balance as of December 31, 2022	<u>\$2,775,490</u>	<u>\$-</u>	<u>\$2,970,307</u>	<u>\$-</u>	<u>\$438,825</u>	<u>\$162,092</u>	<u>\$(324,242)</u>	<u>\$6,022,472</u>	<u>\$130,930</u>	<u>\$6,153,402</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										
B1	Legal reserve				16,209		(16,209)		-		-
B3	Special reserve					(114,583)	114,583		-		-
B5	Cash dividends-common shares						(222,039)		(222,039)		(222,039)
D1	Net income for 2023						1,003,398		1,003,398	27,255	1,030,653
D3	Other comprehensive income (loss) for 2023							(65,711)	(65,711)	(1,502)	(67,213)
D5	Total comprehensive income (loss)	-	-	-	-	-	1,003,398	(65,711)	937,687	25,753	963,440
I1	Conversion of convertible bonds	1,256	-	1,130					2,386		2,386
M7	Charges in ownership interest in subsidiaries			9,859					9,859	216	10,075
Z1	Balance as of December 31, 2023	<u>\$2,776,746</u>	<u>\$-</u>	<u>\$2,981,296</u>	<u>\$16,209</u>	<u>\$324,242</u>	<u>\$1,041,825</u>	<u>\$(389,953)</u>	<u>\$6,750,365</u>	<u>\$156,899</u>	<u>\$6,907,264</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

For the Years Ended December 31, 2023 and 2022

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2023	2022	Code	Items	2023	2022
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Net income (loss) before tax	\$1,465,523	\$776,848	B00040	Disposal (acquisition) of financial assets measured at amortized cost	133,395	(161,223)
A20000	Adjustments:			B02700	Acquisition of property, plant and equipment	(3,083,521)	(3,057,249)
A20010	Income and expense adjustments:			B02800	Proceeds from disposal of property, plant and equipment	15,381	63,209
A20100	Depreciation (including right-of-use assets)	1,363,163	850,545	B03700	Decrease (increase) in refundable deposits	(839)	(715)
A20200	Amortization	20,928	26,838	B04500	Acquisition of intangible assets	(1,037)	(16,917)
A20300	Expected credit losses (gain)	(20,691)	22,349	B05000	Cash outflow from business combination	-	(67,622)
A20400	Net loss (gain) of financial assets at fair value through profit or loss	(888)	4,348	B06700	Increase in other non-current assets	(10,843)	-
A20900	Interest expense	410,993	235,783	B09900	Proceeds from disposal of right-of-use assets	74,727	-
A21200	Interest income	(43,720)	(16,930)	B09900	Increase (decrease) in long-term deferred revenue	49,986	243,566
A21900	Share-based payment expenses	10,075	-	BBBB	Net cash provided by (used in) investing activities	(2,822,751)	(2,996,951)
A22500	Loss on disposal of property, plant and equipment	103,574	53,697				
A23700	Impairment loss (reversal) on non-financial assets	609	33,715				
A24200	Losses on redemption of bonds	-	55,572				
A29900	Gains on disposal of right-of-use assets	(71,588)	-	CCCC	Cash flows from financing activities:		
A29900	Loss (gain) on government grants	(50,082)	(38,566)	C00100	Increase in (repayment of) short-term loans	(11,609)	(668,509)
A30000	Changes in operating assets and liabilities:			C01300	Repayment of bonds	-	(548,850)
A31130	Notes receivable	(301,363)	26,612	C01600	Increase in long-term loans	1,897,509	2,520,258
A31150	Accounts receivable	(63,071)	235,678	C01700	Repayment of long-term loans	(293,627)	(788,416)
A31180	Other receivables	(13,542)	19,259	C03000	Increase (decrease) in guarantee deposits	63,314	(43,001)
A31200	Inventories	446,488	246,186	C04020	Payments of lease liabilities	(5,149)	(3,382)
A31230	Prepayment	29,060	(73,110)	C04500	Cash dividends	(222,039)	(194,263)
A31240	Other current assets	(9,532)	(291)	C05800	Increase (decrease) in non-controlling interests	-	151,159
A32125	Contract liability	21,773	(2,707)	CCCC	Net cash provided by (used in) financing activities	1,428,399	424,996
A32130	Notes payable	(1,043)	(1,108)				
A32150	Accounts payable	(30,875)	(540,690)				
A32180	Other payables	261,454	(171,373)				
A32230	Other current liabilities	(21,370)	16,326	DDDD	Effect of exchange rate changes on cash and cash equivalents	31,410	30,155
A32990	Refund liability	67,176	27,747				
A32000	Cash generated from operations	3,573,051	1,786,728				
A33100	Interest received	43,720	16,930				
A33300	Interest paid	(397,708)	(221,908)	EEEE	Net Increase (decrease) in cash and cash equivalents	1,696,975	(1,051,673)
A33500	Income tax paid	(159,146)	(91,623)	E00100	Cash and cash equivalents at beginning of period	1,677,887	2,729,560
AAAA	Net cash provided by (used in) operating activities	3,059,917	1,490,127	E00200	Cash and cash equivalents at end of period	\$3,374,862	\$1,677,887

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

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2023 and 2022 and for the years then ended

(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 is to exchange 1 common share of Dynamic Electronics for 1 common share of the Company and 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 aforementioned share swap was an organizational restructuring under common control. The Company was actually the continuation of Dynamic Electronics Co., Ltd., and the parent company only financial statements for the comparative period were prepared as if the entities had been combined from the beginning.

The main activities of the Company and its subsidiaries (the "Group") are mainly 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 trading 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 of the Company and its subsidiaries ("the Group") were authorized to be issued in accordance with a resolution of the Board of Directors' meeting held on February 27, 2024.

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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 adoption of these new standards and amendments had no material impact on the Group.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are 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	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
B	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
C	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024
D	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	January 1, 2024

(A) 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.

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

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

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

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

(D) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2024. As the Group has determined the potential impact of the standards and interpretations, there is no material impact on the Group.

- (3) 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	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

(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 gain 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 amended in 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) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after January 1, 2025.

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. As the Group has determined the potential impact of the standards and interpretations, there is 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 years ended December 31, 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by the FSC.

(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.

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(3) Basis of consolidation

Preparation principle of consolidated financial statements

Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

- (a) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- (b) Exposure, or rights, to variable returns from its involvement with the investee, and
- (c) The ability to use its power over the investee to affect its returns

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) The contractual arrangement with the other vote holders of the investee
- (b) Rights arising from other contractual arrangements
- (c) The Company's voting rights and potential voting rights

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

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Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Company loses control of a subsidiary, it:

- (a) Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- (b) Derecognizes the carrying amount of any non-controlling interest;
- (c) Recognizes the fair value of the consideration received;
- (d) Recognizes the fair value of any investment retained;
- (e) Recognizes any surplus or deficit in profit or loss; and
- (f) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss, or transfer directly to retained earnings.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of Ownership (%)	
			Dec. 31, 2023	Dec. 31, 2022
The Company	Dynamic Electronics Co., Ltd.	Investing activities	100.00% (Note 1)	100.00% (Note 1)
The Company	CHIANAN TECHNOLOGY CO., LTD.	Mockup manufacture	70.00% (Note 11)	-% (Note 11)
The Company	CHENG CHONG TECHNOLOGY CO., LTD	Mockup manufacture	70.00% (Note 12)	-% (Note 12)
Dynamic Electronics Co., Ltd.	WINTEK (MAURITIUS) CO., LTD.	Investing activities	100.00%	100.00%

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(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Investor	Subsidiary	Main businesses	Percentage of Ownership (%)	
			Dec. 31, 2023	Dec. 31, 2022
Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	PCB and business which relates to import and export	-% (Note 2)	-% (Note 2)
Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Seychelles)	PCB and business which relates to import and export	-% (Note 3)	-% (Note 3)
Dynamic Electronics Co., Ltd.	Dynamic Electronics Overseas Investment Holding Pte. Ltd. (referred to: Dynamic Overseas Investment)	Management operations services	-% (Note 2, 9)	-% (Note 2, 9)
Dynamic Electronics Co., Ltd.	CHIANAN TECHNOLOGY CO., LTD.	Mockup manufacture	-% (Note 4, 11)	70.00% (Note 4, 11)
Dynamic Electronics Co., Ltd.	CHENG CHONG TECHNOLOGY CO., LTD	Mockup manufacture	-% (Note 5, 12)	70.00% (Note 5, 12)
WINTEK (MAURITIUS) CO., LTD.	Dynamic Electronics Holding Pte. Ltd.	Investing activities	100.00%	100.00%

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(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Investor	Subsidiary	Main businesses	Percentage of Ownership (%)	
			Dec. 31, 2023	Dec. 31, 2022
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)
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)
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)
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)
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Electronics Overseas Investment Holding Pte. Ltd. (referred to: Dynamic Overseas Investment)	Management operations services	100.00% (Note 2, 7, 8, 9)	100.00% (Note 2, 7, 8, 9)

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Investor	Subsidiary	Main businesses	Percentage of Ownership (%)	
			Dec. 31, 2023	Dec. 31, 2022
Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Technology Manufacturing (Thailand) Co., Ltd (referred to: Dynamic Technology (Thailand))	Manufacturing and selling of PCB	0.01% (Note 13)	-% (Note 13)
Dynamic Electronics Overseas Investment Holding Pte. Ltd. (referred to: Dynamic Overseas Investment)	Dynamic Technology Manufacturing (Thailand) Co., Ltd (referred to: Dynamic Technology (Thailand))	Manufacturing and selling of PCB	99.99% (Note 10)	-% (Note 10)

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.

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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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 NT\$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: Considering the needs of long-term development, 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.

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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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 Overseas Investment Holding Pte. Ltd. (Dynamic Overseas Investment). The registration procedures were completed on March 13, 2023.

Note 10: Considering the needs of long-term development, the Group passed the resolution of the board of directors on October 20, 2022, and established a Thai subsidiary, Dynamic Technology (Thailand), through the reinvested Dynamic Overseas Investment by Dynamic Electronics Co., Ltd. (Huangshi). The amount is US\$40 million, and the registration and establishment of the company was completed on April 25, 2023. As of December 31, 2023, a capital inflow of US\$40 million has been completed. The Group's percentage of ownership in Dynamic Technology (Thailand) is 99.99%. Additionally, on December 15, 2023, the board of directors of Dynamic Electronics Co., Ltd. (Huangshi) resolved to increase investment in the amount of US\$40 million. As of December 31, 2023, the amount was not remitted.

Note 11: Considering the needs of long-term development, the board of directors resolved on May 5, 2023 to change CHIANAN TECHNOLOGY CO., LTD., originally invested by Dynamic Electronics Co., Ltd., to an investment by the Company, stock delivery was completed on July 3, 2023. The aforementioned transaction is an equity adjustment under organizational reorganization.

Note 12: Considering the needs of long-term development, the board of directors resolved on May 5, 2023 to change CHENG CHONG TECHNOLOGY CO., LTD., originally invested by Dynamic Electronics Co., Ltd., to an investment by the Company, stock delivery was completed on July 3, 2023. The aforementioned transaction is an equity adjustment under organizational reorganization.

Note 13: Considering the needs of long-term development, the board of directors of Dynamic Electronics Co., Ltd. (Seychelles) resolved on December 20, 2023 to acquire 0.01% of the shares of Dynamic Technology (Thailand) from other shareholders. Therefore, the Group's ownership in Dynamic Technology (Thailand) amounted to 100%.

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in New Taiwan Dollar, which is the parent Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

- (a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- (b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
- (c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into New Taiwan dollar at the closing rate of exchange prevailing at the balance sheet date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of the foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal recognized.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the NCIs in that foreign operation, instead of recognized in profit or loss. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

- (a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
- (b) The Group holds the asset primarily for the purpose of trading
- (c) The Group expects to realize the asset within twelve months after the reporting period
- (d) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- (a) The Group expects to settle the liability in its normal operating cycle
- (b) The Group holds the liability primarily for the purpose of trading
- (c) The liability is due to be settled within twelve months after the reporting period
- (d) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (include fixed-term deposits that have maturities equal to or less than three months from the date of acquisition).

(8) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(A) Financial assets: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

- a. The Group's business model for managing the financial assets and
- b. The contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

- a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- a. Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- b. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- a. The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- a. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- b. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

c. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(i) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

(ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

(B) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Group measures expected credit losses of a financial instrument in a way that reflects:

- a. An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- b. The time value of money; and
- c. Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follows:

- a. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- b. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- c. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

- d. For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

(C) Derecognition of financial assets

Financial asset is derecognized when:

- a. The rights to receive cash flows from the asset have expired
- b. The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- c. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(D) Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Group evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Company assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 Financial Instruments.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

- a. It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- b. On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- c. It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

- a. It eliminates or significantly reduces a measurement or recognition inconsistency; or
- b. A group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(E) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Derivative instrument

The Group uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss except for derivatives that are designated as and effective hedging instruments which are classified as financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value through profit or loss.

(10) Fair value measurement

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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (a) In the principal market for the asset or liability, or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(11) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials - By actual purchase cost with weighted average method

Finished goods and work in progress - Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(12) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 "Property, plant and equipment". When a major inspection is performed, its cost is recognized in the carrying

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amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	16~30 years
Machinery and equipment	1~10 years
transportation equipment	3~6 years
Office equipment	1~6 years
Other equipment	1~5 years
Leasehold improvement	1 year

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(13) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

- (a) The right to obtain substantially all of the economic benefits from use of the identified asset; and
- (b) The right to direct the use of the identified asset.

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For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (c) amounts expected to be payable by the lessee under residual value guarantees;
- (d) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;
- (c) any initial direct costs incurred by the lessee; and
- (d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statement of comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

(14) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit (CGU) level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

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A summary of the policies applied to the Group's intangible assets is as follows:

	Computer software	Technology Expertise
Useful lives	1~5 years	3~5 years
Amortization method used	Amortized on a straight-line basis over the estimated useful life	Amortized on a straight-line basis over the estimated useful life
Internally generated or acquired	Acquired	Acquired

(15) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the recoverable amount of the asset or CGU. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in prior years.

A CGU, or groups of CGUs, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The liability to pay a levy is recognized progressively if the obligating event occurs over a period of time.

(17) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods. The accounting policies are explained as follow:

Sales of goods

The Group mainly manufactures and sells of its products. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group is PCB and revenue is recognized based on the consideration stated in the contract. The remaining sales transactions are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the products expected to be returned.

The credit period of the Group's sale of goods is from 60 to 150 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Group has transferred the goods to customers but does not have a right to an amount of consideration that is unconditional, these contracts should be presented as contract assets. Besides, in accordance with IFRS 9, the Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

(18) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(19) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(20) Post-employment benefits

All regular employees of Dynamic and its domestic subsidiaries are entitled to pension plans that are managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with Dynamic and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, Dynamic and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations and the contribution is expensed as incurred.

(21) Income tax

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in balance sheet at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- (a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- (b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- (a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- (b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in

equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(22) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

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 host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through 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 Financial Instruments 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 amount of the excess of the aggregate of the consideration transferred and the non-controlling interest 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 require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Fair values of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(b) Accounts receivable-estimation of impairment loss

The Group estimates the impairment loss of trade receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(c) Inventory

Inventories are valued at the lower of cost and net realizable value item by item. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The change of market may also significantly influence the evaluation of inventory. For inventory details, please refer to Note 6 to the consolidated financial statements.

(d) Revenue recognition-sale returns and allowance

The Group estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, revenue is recognized to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Please refer to Note 6 for more details.

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(e) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of	
	December 31,	December 31,
	2023	2022
Cash on hand	\$1,050	\$1,061
Checking and savings	2,731,817	1,676,427
Fixed-term deposits	641,995	399
Total	<u>\$3,374,862</u>	<u>\$1,677,887</u>

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

	As of	
	December 31, 2023	December 31, 2022
Held for trading – current:		
Forward foreign exchange contracts	\$800	\$-
Current	\$800	\$-
Non-current	-	-
Total	\$800	\$-

No financial assets measured at fair value through profit or loss were pledged.

(3) Financial assets measured at amortized cost

	As of	
	December 31, 2023	December 31, 2022
Restricted deposits	\$27,695	\$161,090
Fixed-term deposits	1,351	1,351
Total	\$29,046	\$162,441
Current	\$29,046	\$162,441
Non-current	\$-	\$-

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

No financial assets measured at amortized cost were pledged. Please refer to Note 8.

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(4) Notes receivable, net

	As of	
	December 31, 2023	December 31, 2022
Notes receivable arising from operating activities	\$341,528	\$40,165
Less: loss allowance	-	-
Total	\$341,528	\$40,165

Notes receivables were not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(22) 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:

	As of	
	December 31, 2023	December 31, 2022
Accounts receivable arising from operating activities	\$4,467,519	\$4,405,196
Less: loss allowance	(18,634)	(39,882)
Total	\$4,448,885	\$4,365,314

(b) Accounts receivables were not pledged.

(c) Accounts receivables are generally on 60 to 150 day terms. As of December 31, 2023 and 2022, the total carrying amount were NT\$4,467,519 thousand and NT\$4,405,196 thousand, respectively. Please refer to Note 6(22) for more details on loss allowance of accounts receivable for the years ended December 31, 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

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(6) Inventories

(a) Details of inventories are as below:

	As of	
	December 31, 2023	December 31, 2022
Raw materials and Supplies	\$201,866	\$163,472
Work in progress	674,697	647,636
Finished goods	1,383,819	1,895,762
Total	<u>\$2,260,382</u>	<u>\$2,706,870</u>

(b) The cost of inventories recognized in expenses amounted to NT\$11,928,381 thousand and NT\$12,636,809 thousand for the years ended December 31, 2023 and 2022. The following losses were included in cost of sales:

Item	For the years ended December 31,	
	2023	2022
Inventory valuation losses (gains)	<u>\$(16,220)</u>	<u>\$(103,299)</u>

The Group recognized gains on recovery of inventory market decline because some of the inventories previously provided with market loss or obsolescence were disposed for the years ended December 31, 2023 and 2022.

(c) Inventories were not pledged.

(7) Property, plant and equipment

	As of	
	December 31, 2023	December 31, 2022
Owner occupied property, plant and equipment	<u>\$10,917,047</u>	<u>\$9,947,463</u>

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							Construction in progress and equipment to be examined	Total
	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Lease improvement		
Cost:								
As of January 1, 2023	\$4,836,911	\$8,421,801	\$34,007	\$644,012	\$2,387,857	\$8,820	\$210,751	\$16,544,159
Additions	529,054	619,017	1,740	118,440	28,442	-	1,288,779	2,585,472
Disposals	-	(269,118)	(6,628)	(11,061)	(16,156)	-	-	(302,963)
Other changes	1,811,890	925,968	-	(670,302)	(1,897,236)	-	(170,320)	-
Exchange differences	(81,422)	(142,100)	(447)	(10,565)	(39,874)	-	(3,547)	(277,955)
As of December 31, 2023	<u>\$7,096,433</u>	<u>\$9,555,568</u>	<u>\$28,672</u>	<u>\$70,524</u>	<u>\$463,033</u>	<u>\$8,820</u>	<u>\$1,325,663</u>	<u>\$18,548,713</u>
Cost:								
As of January 1, 2022	\$2,742,170	\$6,902,330	\$30,031	\$344,299	\$1,351,744	\$8,820	\$1,233,152	\$12,612,546
Additions	(64,145)	26,973	-	29,639	61,248	-	4,503,282	4,556,997
Acquisitions through business combinations	-	19,727	1,128	-	2,542	-	-	23,397
Disposals	-	(812,908)	(387)	(5,539)	(28,152)	-	-	(846,986)
Transfer	2,115,977	2,176,660	2,776	270,306	979,261	-	(5,544,980)	-
Other changes	-	(5,930)	-	-	-	-	-	(5,930)
Exchange differences	42,909	114,949	459	5,307	21,214	-	19,297	204,135
As of December 31, 2022	<u>\$4,836,911</u>	<u>\$8,421,801</u>	<u>\$34,007</u>	<u>\$644,012</u>	<u>\$2,387,857</u>	<u>\$8,820</u>	<u>\$210,751</u>	<u>\$16,544,159</u>
Depreciation and impairment:								
As of January 1, 2023	\$909,302	\$4,188,726	\$26,319	\$267,199	\$1,196,330	\$8,820	\$-	\$6,596,696
Depreciation	373,338	719,049	4,269	129,083	123,183	-	-	1,348,922
Impairment loss	-	530	-	-	79	-	-	609
Disposals	-	(152,747)	(6,345)	(10,443)	(14,473)	-	-	(184,008)
Other changes	786,087	443,915	-	(317,200)	(912,802)	-	-	-
Exchange differences	(20,700)	(81,721)	(383)	(6,109)	(21,640)	-	-	(130,553)
As of December 31, 2023	<u>\$2,048,027</u>	<u>\$5,117,752</u>	<u>\$23,860</u>	<u>\$62,530</u>	<u>\$370,677</u>	<u>\$8,820</u>	<u>\$-</u>	<u>\$7,631,666</u>

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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:								
As of January 1, 2022	\$733,505	\$4,390,260	\$22,366	\$201,137	\$1,014,815	\$8,820	\$-	\$6,370,903
Depreciation	164,879	410,849	3,130	68,337	190,591	-	-	837,786
Acquisitions through								
business combinations	-	16,462	870	-	2,261	-	-	19,593
Impairment loss	-	3,697	-	-	-	-	-	3,697
Disposals	-	(700,294)	(376)	(5,117)	(26,640)	-	-	(732,427)
Other changes	-	(3,583)	-	-	-	-	-	(3,583)
Exchange differences	10,918	71,335	329	2,842	15,303	-	-	100,727
December 31, 2022	<u>\$909,302</u>	<u>\$4,188,726</u>	<u>\$26,319</u>	<u>\$267,199</u>	<u>\$1,196,330</u>	<u>\$8,820</u>	<u>\$-</u>	<u>\$6,596,696</u>
Net carrying amount as of:								
December 31, 2023	<u>\$5,048,406</u>	<u>\$4,437,816</u>	<u>\$4,812</u>	<u>\$7,994</u>	<u>\$92,356</u>	<u>\$-</u>	<u>\$1,325,663</u>	<u>\$10,917,047</u>
December 31, 2022	<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>

- (a) For the year ended December 31, 2023, NT\$609 thousand impairment loss represented the write down of certain property, plant and equipment to the recoverable amount. This has been recognized in the statement of comprehensive income.

For the year ended December 31, 2022, NT\$3,697 thousand impairment loss represented the write down of certain property, plant and equipment to the recoverable amount. This has been recognized in the statement of comprehensive income.

- (b) Capitalized borrowing costs of property, plant and equipment are as follows:

Items	2023	2022
Building and construction in progress and Equipment awaiting examination	\$18,708	\$70,225
Capitalization rate of borrowing costs	3.95%-4.45%	3.95%~4.45%

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

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

(8) Intangible assets

	Computer software	Technology expertise	Goodwill	Total
Cost:				
As of January 1, 2023	\$69,827	\$10,737	\$62,244	\$142,808
Additions – acquired separately	1,037	-	-	1,037
Derecognized upon retirement	(27,068)	-	-	(27,068)
Exchange differences	(1,002)	(181)	-	(1,183)
As of December 31, 2023	<u>\$42,794</u>	<u>\$10,556</u>	<u>\$62,244</u>	<u>\$115,594</u>
As of January 1, 2022	\$59,799	\$10,607	\$-	\$70,406
Additions – acquired separately	16,917	-	-	16,917
Acquisition through business combinations	1,151	-	62,244	63,395
Derecognized upon retirement	(8,875)	(35)	-	(8,910)
Exchange differences	835	165	-	1,000
As of December 31, 2022	<u>\$69,827</u>	<u>\$10,737</u>	<u>\$62,244</u>	<u>\$142,808</u>
Amortization and impairment:				
As of January 1, 2023	\$39,620	\$5,369	\$30,018	\$75,007
Amortization	18,786	2,142	-	20,928
Derecognized upon retirement	(27,068)	-	-	(27,068)
Exchange differences	(804)	(121)	-	(925)
As of December 31, 2023	<u>\$30,534</u>	<u>\$7,390</u>	<u>\$30,018</u>	<u>\$67,942</u>

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	Computer software	Technology expertise	Goodwill	Total
As of January 1, 2022	\$22,618	\$3,205	\$-	\$25,823
Acquisition through business combinations	946	-	-	946
Amortization	24,681	2,157	-	26,838
Impairment loss	-	-	30,018	30,018
Derecognized upon retirement	(8,875)	(35)	-	(8,910)
Exchange differences	250	42	-	292
As of December 31, 2022	<u>\$39,620</u>	<u>\$5,369</u>	<u>\$30,018</u>	<u>\$75,007</u>
Net carrying amounts as of:				
December 31, 2023	<u>\$12,260</u>	<u>\$3,166</u>	<u>\$32,226</u>	<u>\$47,652</u>
December 31, 2022	<u>\$30,207</u>	<u>\$5,368</u>	<u>\$32,226</u>	<u>\$67,801</u>

Amortization of intangible assets is as follows:

	For the years ended December 31,	
	2023	2022
Operating costs	\$2,800	\$2,587
Operating expenses	18,128	24,251
Total	<u>\$20,928</u>	<u>\$26,838</u>

(9) Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to two cash-generating units, for impairment testing as follows:

	As of	
	December 31, 2023	December 31, 2022
Subsidiaries-CHENG CHONG TECHNOLOGY CO., LTD	\$24,385	\$24,385
Subsidiaries-CHIANAN TECHNOLOGY CO., LTD.	7,841	7,841
Total	<u>\$32,226</u>	<u>\$32,226</u>

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(A) The recoverable amount of CHENG CHONG TECHNOLOGY CO., LTD cash-generating unit is NT\$38,428 thousand as of December 31, 2023. This recoverable amount has been determined based on a value in use calculation using cash flow projections from financial budgets approved by management covering a five-year period. The projected cash flows have been updated to reflect the change in demand for product. The pre-tax discount rate applied to cash flow projections is 16.03% and cash flows beyond the five-year period are extrapolated using a 5.00% growth rate. As a result of the updated analysis, management did not identify an impairment for goodwill of NT\$24,385 thousand which is allocated to this cash-generating unit.

Key assumptions used in value-in-use calculations

The calculation of value-in-use for both electronics and fire prevention equipment units are most sensitive to the following assumptions:

- (a) Gross margin
- (b) Discount rates
- (c) Growth rate used to extrapolate revenue beyond the budget period.

Gross margins – Gross margins are estimated based on the value achieved in prior year and referencing the future market trends.

Discount rates – Discount rates reflect the current market assessment of the risks specific to each cash generating unit (including the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted). The discount rate was estimated based on the weighted average cost of capital (WACC) for the Group, taking into account the particular situations of the Group and its operating segments. The WACC includes both the cost of liabilities and cost of equities. The cost of equities is derived from the expected returns of the Group's investors on capital, where the cost of liabilities is measured by the interest-bearing loans that the Group has obligation to settle.

Growth rate estimates of revenue – Rates is estimated based on past experience, the long-term average growth rate has been adjusted based on the economic environment.

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Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of CHENG CHONG TECHNOLOGY CO., LTD, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

(B) The recoverable amount of CHIANAN TECHNOLOGY CO., LTD. cash-generating unit is NT\$20,057 thousand as of December 31, 2023. This recoverable amount has been determined based on a value in use calculation using cash flow projections from financial budgets approved by management covering a five-year period. The projected cash flows have been updated to reflect the change in demand for products. The pre-tax discount rate applied to cash flow projections is 16.03% and cash flows beyond the five-year period are extrapolated using a 5.00% growth rate. As of December 31, 2023, the impairment loss of NT\$30,018 thousand was recognized. Based on the results of this analysis, management evaluated that there is no impairment of goodwill.

Key assumptions used in value-in-use calculations

The calculation of value-in-use for both electronics and fire prevention equipment units are most sensitive to the following assumptions:

- (a) Gross margin
- (b) Discount rates
- (c) Growth rate used to extrapolate revenue beyond the budget period.

Gross margins – Gross margins are estimated based on the value achieved in prior year and referencing the future market trends.

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Discount rates – Discount rates reflect the current market assessment of the risks specific to each cash generating unit (including the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted). The discount rate was estimated based on the weighted average cost of capital (WACC) for the Group, taking into account the particular situations of the Group and its operating segments. The WACC includes both the cost of liabilities and cost of equities. The cost of equities is derived from the expected returns of the Group's investors on capital, where the cost of liabilities is measured by the interest-bearing loans that the Group has obligation to settle.

Growth rate estimates of revenue – Rates is estimated based on past experience, the long-term average growth rate has been adjusted based on the economic environment.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of CHIANAN TECHNOLOGY CO., LTD, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

(10) Other non-current assets

Other non-current assets consist of the following:

	As of	
	December 31, 2023	December 31, 2022
Refundable deposits	\$3,046	\$2,207
Long-term prepaid expenses	7,831	-
Total	\$10,877	\$2,207

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(11) Short-term loans

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

		As of	
		December 31,	December 31,
	Interest Rates (%)	2023	2022
Unsecured bank loans	2.95% ~ 7.15%	\$3,733,690	\$3,918,562
Secured bank loans	3.30% ~ 3.31%	173,263	-
Total		<u>\$3,906,953</u>	<u>\$3,918,562</u>

(b) The Group's unused short-term lines of credits amounts to NT\$4,694,574 thousand and NT\$3,132,419 thousand as of December 31, 2023 and 2022, respectively.

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

		As of	
		December 31,	December 31,
		2023	2022
Held for trading — current :			
Forward foreign exchange contracts		<u>\$-</u>	<u>\$77</u>
Current		\$-	\$77
Non-current		-	-
Total		<u>\$-</u>	<u>\$77</u>

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(13) Other payables

Other payables consist of the following:

	As of	
	December 31, 2023	December 31, 2022
Accrued expenses	\$912,947	\$651,493
Accrued interest payable	25,785	16,158
Payables to equipment suppliers	1,492,829	1,990,878
Total	<u>\$2,431,561</u>	<u>\$2,658,529</u>

(14) Bonds payable

A. The details of the bonds payable as of December 31, 2023 and 2022, are as follows:

	As of	
	December 31, 2023	December 31, 2022
Liability component:		
Unsecured domestic bonds payable	\$-	\$2,400
Less: Discounts on bonds payable	-	(37)
Subtotal	-	2,363
Less: Current portion	-	(2,363)
Net	<u>\$-</u>	<u>\$-</u>
Embedded derivative—redemption and put options	<u>\$-</u>	<u>\$-</u>
Equity component—conversion right	<u>\$-</u>	<u>\$281</u>

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(25)(d) to the consolidated financial statement.

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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, 2021 (the next day of three months following the closing date) and ending at the lose 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

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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.

Because the cash dividend-common stock, distributed in 2023. According to the policies for the second domestic unsecured conversion of corporate bonds issued and conversion, the conversion price was subject to adjustments. Since April 25, 2023, the conversion price was adjusted to NT\$19.1.

- (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

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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.

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- (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. For the year ended December 31, 2022, 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. For the year ended December 31, 2023, the second unsecured convertible bonds in the amount of NT\$2,400 thousand was applied to be converted into 126 thousand common shares of Dynamic Holding Co., Ltd. The surplus arising from the conversion amounted to NT\$1,130 thousand and were recorded under additional paid-in capital.

E. 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.

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F. 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.

(15) Long-term loans

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

Lenders	December 31, 2023	Interest Rate (%) (Note2)	Maturity and terms of repayment
Bank of Shanghai Co., Ltd. — Zhongli Branch — Unsecured bank loans	\$130,056	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)	2,883,347	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.

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Lenders	December 31, 2023	Interest Rate (%) (Note2)	Maturity and terms of repayment
Bank of Shanghai Co., Ltd. — Corporate Banking Business Credit Loan	1,335,666	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 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	(219,903)		
Non-current portion of long-term loans	<u>\$4,129,166</u>		

Lenders	December 31, 2022	Interest Rate (%) (Note2)	Maturity date 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.

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<u>Lenders</u>	<u>December 31, 2022</u>	<u>Interest Rate (%) (Note2)</u>	<u>Maturity date and terms of repayment</u>
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	<u>(182,394)</u>		
Non-current portion of long-term loans	<u><u>\$2,607,712</u></u>		

Note1: Please refer to Note 8 for more details regarding certain property, plant and equipment pledged for secured bank loans.

Note2: Interest rates of long-term loans are as follows:

	<u>As of</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Interest rate (%)	3.95%~7.51%	3.5047%~7.15%

(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.

(16) Refund liability

	<u>As of</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Refund liability	<u><u>\$328,085</u></u>	<u><u>\$260,909</u></u>

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(17) Long-term deferred revenue

Government grants

	For the years ended December 31,	
	2023	2022
Beginning balance	\$599,457	\$389,065
Received during the period	49,986	243,566
Released to the statement of comprehensive income	(50,082)	(38,566)
Exchange differences	(9,367)	5,392
Ending balance	<u>\$589,994</u>	<u>\$599,457</u>

	As of	
	December 31, 2023	December 31, 2022
Non-current deferred revenue - government grants related to assets	<u>\$589,994</u>	<u>\$599,457</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.

(18) Post-employment benefits

Defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company and its domestic subsidiaries will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Subsidiaries located in the People's Republic of China will contribute social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts.

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Pension benefits for employees of overseas subsidiaries and branches are provided in accordance with the local regulations.

Expenses under the defined contribution plan for the years ended December 31, 2023 and 2022 amounted to NT\$1,319 thousand and NT\$1,804 thousand, respectively.

Additional pension expenses recognized for the executives commissioned by the Group amounted to NT\$217 thousand and NT\$2,833 thousand, for the years ended December 31, 2023 and 2022.

(19) Equities

(a) Common stock

As of December 31, 2021, the Dynamic Electronics Co., Ltd.'s authorized capital was NT\$4,000,000 thousand. As of December 31, 2021, the Dynamic Electronics Co., Ltd.'s paid-in capital was NT\$2,775,141 thousand, each share at par value of NT\$10, divided into 277,514,032 shares.

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.

During 2022, the second unsecured convertible bonds in the amount of NT\$700 thousand were converted into 31 thousand common shares.

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 December 31, 2023 and 2022, the Company's registered capital were both NT\$4,000,000 thousand, and the issued share capital were NT\$2,776,746 thousand and NT\$2,775,490 thousand, with a par value of NTD10 per share, divided into 277,674,584 shares and 277,548,934 shares, respectively.

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During 2023, the second unsecured convertible bonds in the amount of NT\$2,400 thousand were converted into 126 thousand common shares.

(b) Capital surplus

	As of	
	December 31, 2023	December 31, 2022
Additional paid-in capital	\$1,176,745	\$1,176,745
Conversion premium of convertible corporate bonds	1,943	533
Treasury share transactions	34,946	34,946
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control	61,670	51,811
Gain on sale of assets	155	155
Employee stock option	6,528	6,528
Share options	77,687	77,967
Merger by share exchange	1,621,622	1,621,622
Total	<u>\$2,981,296</u>	<u>\$2,970,307</u>

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the Company. When a company incurs no loss, it may distribute the capital reserves 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.

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(c) Retained earnings and dividend policies

- (1) 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.

(2) 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.

- (3) 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.

(4) 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 December 31, 2023 and 2022, special reserve set aside for the first-time adoption of T-IFRS reduced to NT\$299,666 thousand accordingly.

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- (5) The appropriations of earnings for the years ended December 31, 2023 and 2022 were approved through the Board meeting and stockholders' meeting held on February 27, 2024 and May 18, 2023, respectively. The details of the distributions are as follows.

	Appropriation of earnings		Dividend per share (in NT\$)	
	2023	2022	2023	2022
Legal reserve	\$100,340	\$16,209		
Special reserve	65,711	(114,583)		
Cash dividend	416,512	222,039	\$1.5	\$0.8
Total	<u>\$582,563</u>	<u>\$123,665</u>		

Please refer to Note 6(24) for details on employees' compensation and remuneration to directors and supervisors.

(d) Non-controlling interests

	For the years ended December 31,	
	2023	2022
Beginning balance	\$130,930	\$-
Profit attributable to non-controlling interests	27,255	5,396
Exchange differences resulting from translating the financial statements of a foreign operation	-	3,357
Acquisition off additional interest in subsidiary	-	7,298
Exchange differences arising from translation of foreign operations	(1,502)	-
Acquisition of new shares in a subsidiary	-	114,879
Issuance of employees share options by the subsidiary	216	-
Ending Balance	<u>\$156,899</u>	<u>\$130,930</u>

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(20) Share-based payment plans

The subsidiary of the Group, Dynamic Electronics Co., Ltd. (Huangshi), conducted a cash capital increase for the year ended December 31, 2022, of which 8,252 thousand shares were held by the platform of employee stock ownership in accordance with the regulations of Dynamic Electronics Co., Ltd. (Huangshi)'s employee stock ownership. For the year ended December 31, 2023, an expense of NT\$10,075 thousand was recognized due to the transfer of 682 thousand shares by the platform of employee stock ownership.

(21) Operating revenues

	For the years ended December 31,	
	2023	2022
Revenue from contracts with customers		
Sale of goods	\$15,702,869	\$15,294,099
Operating revenues	11,085	2,913
Total	<u>\$15,713,954</u>	<u>\$15,297,012</u>

Analysis of revenue from contracts with customers for the years ended December 31, 2023 and 2022 are as follows:

A. Disaggregation of revenue

For the year ended December 31, 2023

	PCB Segment	Mock-up Segment	Total
Sales of goods	\$15,638,196	\$64,673	\$15,702,869
Other	11,085	-	11,085
Total	<u>\$15,649,281</u>	<u>\$64,673</u>	<u>\$15,713,954</u>

The timing for revenue recognition:

At a point in time	<u>\$15,649,281</u>	<u>\$64,673</u>	<u>\$15,713,954</u>
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For the year ended December 31, 2022

	PCB Segment	Mock-up Segment	Total
Sales of goods	\$15,250,951	\$43,148	\$15,294,099
Others	2,913	-	2,913
Total	<u>\$15,253,864</u>	<u>\$43,148</u>	<u>\$15,297,012</u>

The timing for revenue recognition:

At a point in time	<u>\$15,253,864</u>	<u>\$43,148</u>	<u>\$15,297,012</u>
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B. Contract balances

(a) Contract liabilities - current

	As of	
	December 31, 2023	December 31, 2022
Sales of goods	<u>\$23,132</u>	<u>\$1,359</u>

The significant changes in the Group's balances of contract liabilities for the year ended December 31, 2023 are as follows:

	Sales of goods
The opening balance transferred to revenue	\$(341)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	22,114

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The significant changes in the Group's balances of contract liabilities for the year ended December 31, 2022 are as follows:

	<u>Sales of goods</u>
The opening balance transferred to revenue	\$(3,410)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	703

(22) Expected credit losses (gains)

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Operating expenses – Expected credit losses (gains)		
Accounts receivable	<u>\$(20,691)</u>	<u>\$22,349</u>

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 December 31, 2023 and 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:

As of December 31, 2023

		<u>Past due</u>					
	Not yet due						
	(Note)	≤30 days	31-60 days	61-90 days	91-120 days	≥121 days	Total
Gross carrying amount	\$4,721,822	\$76,212	\$3,896	\$244	\$1,283	\$5,590	\$4,809,047
Loss rate	-%	10%	100%	100%	100%	100%	
Lifetime expected credit losses	-	(7,621)	(3,896)	(244)	(1,283)	(5,590)	(18,634)
Carrying amount of trade receivables	\$4,721,822	\$68,591	\$-	\$-	\$-	\$-	\$4,790,413

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As of December 31, 2022

	Not yet due (Note)	Past due					Total
		<=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 rate	-%	-%	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

Note: All the Group's notes receivables were not past due.

- B. The movement in the provision for impairment of note receivable and accounts receivable for the years ended December 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	-	(20,691)
Write-off as unrecoverable	-	(748)
Effect of exchange rate changes	-	191
Ending balance as of December 31, 2023	\$-	\$18,634
Beginning balance as of January 1, 2022	\$-	\$15,919
Addition/(reversal) for the current period	-	22,349
Effect of exchange rate changes	-	1,614
Ending balance as of December 31, 2022	\$-	\$39,882

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(23) Leases

(a) Group as a lessee

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

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

The carrying amount of right-of-use assets

	Land	Buildings	Machinery and equipment	Transportation equipment	Total
Cost:					
As of January 1, 2023	\$463,347	\$1,178	\$4,573	\$6,056	\$475,154
Additions	-	-	-	1,082	1,082
Disposals	(5,490)	-	-	-	(5,490)
Exchange differences	(7,720)	(20)	(77)	-	(7,817)
As of December 31, 2023	<u>\$450,137</u>	<u>\$1,158</u>	<u>\$4,496</u>	<u>\$7,138</u>	<u>\$462,929</u>
Cost:					
As of January 1, 2022	\$456,208	\$-	\$-	\$6,056	\$462,264
Additions	-	1,178	4,573	-	5,751
Disposals	-	-	-	-	-
Exchange differences	7,139	-	-	-	7,139
As of December 31, 2022	<u>\$463,347</u>	<u>\$1,178</u>	<u>\$4,573</u>	<u>\$6,056</u>	<u>\$475,154</u>

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	Land	Buildings	Machinery and equipment	Transportation equipment	Total
Depreciation and impairment:					
As of January 1, 2023	\$62,052	\$294	\$1,143	\$4,038	\$67,527
Depreciation	9,208	587	2,281	2,165	14,241
Disposals	(2,351)	-	-	-	(2,351)
Exchange differences	(1,144)	(13)	(52)	(2)	(1,211)
As of December 31, 2023	<u>\$67,765</u>	<u>\$868</u>	<u>\$3,372</u>	<u>\$6,201</u>	<u>\$78,206</u>
Depreciation and impairment:					
As of January 1, 2022	\$51,972	\$-	\$-	\$2,019	\$53,991
Depreciation	9,298	295	1,147	2,019	12,759
Disposals	-	-	-	-	-
Exchange differences	782	(1)	(4)	-	777
As of December 31, 2022	<u>\$62,052</u>	<u>\$294</u>	<u>\$1,143</u>	<u>\$4,038</u>	<u>\$67,527</u>
Net carrying amount as at:					
December 31, 2023	<u>\$382,372</u>	<u>\$290</u>	<u>\$1,124</u>	<u>\$937</u>	<u>\$384,723</u>
December 31, 2022	<u>\$401,295</u>	<u>\$884</u>	<u>\$3,430</u>	<u>\$2,018</u>	<u>\$407,627</u>

In order to comply with the overall urban planning of Kunshan City and the regulatory plan and construction needs of Kunshan Economic and Technological Development Zone, Dynamic Electronics (Kunshan) Co., Ltd. agreed with the expropriation compensation agreement from the Kunshan Development Zone Housing Acquisition Implementation Center and authorized the chairman to sign the “Expropriation Compensation Agreement” with the aforementioned expropriator. An expropriation and compensation was agreed for all real estate assets held by the company covering an area of 10,000 square meters; The two parties also agreed to vacate the area and hand it over to the aforementioned expropriator for acceptance by August 31, 2023 at the latest. As of December 31, 2023, the aforementioned expropriation agreement has been fully completed with the expropriator and the cancellation of the real estate title was completed on September 13, 2023.

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

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b. Lease liabilities

	As of	
	December 31, 2023	December 31, 2022
Lease liabilities	\$2,574	\$6,564
Current	\$1,833	\$4,910
Non-current	741	1,654
Total	\$2,574	\$6,564

Please refer to Note 6(25)(d) for the interest on lease liabilities recognized during the years ended December 31, 2023 and 2022 refer to Note12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as of December 31, 2023 and 2022.

B. Income and costs relating to leasing activities

	For the years ended December 31,	
	2023	2022
The expenses relating to short-term leases	\$29,104	\$32,370

As of December 31, 2023 and 2022, the portfolio of short-term leases of the Group to which it is committed at the end of the reporting period is dissimilar to the portfolio of short-term leases to which the short-term lease expense disclosed above and the amount of its lease commitments is NT\$0.

C. Cash outflow relating to leasing activities

For the years ended December 31, 2023 and 2022, the Group's total cash outflows for leases amounting to NT\$34,523 thousand and NT\$35,752 thousand, respectively.

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(24) Summary of employee benefits, depreciation and amortization expenses by function for the years ended December 31, 2023 and 2022 is as follows:

Function Nature	2023			2022		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$1,268,487	\$953,674	\$2,222,161	\$1,301,614	\$703,268	\$2,004,882
Labor and health insurance	1,408	2,077	3,485	1,615	1,967	3,582
Pension	308	1,228	1,536	574	4,063	4,637
Other employee benefits	266	234	500	182	145	327
Depreciation	1,203,574	159,589	1,363,163	763,359	87,186	850,545
Amortization	2,800	18,128	20,928	2,587	24,251	26,838

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.

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Based on profit of the years ended December 31, 2023 and 2022, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the years ended December 31, 2023 and 2022 to be not lower than 0.1% 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 year ended December 31, 2023 amounted to NT\$6,897 thousand and NT\$15,385 thousand, respectively; for the year ended December 31, 2022 amounted to NT\$2,619 thousand and NT\$2,508 thousand, respectively. A resolution was passed at a board meeting to distribute in the form of stocks as employees' compensation; the number of stocks distributed was calculated based on the closing price one day before the date of resolution. If there is a discrepancy between the estimated number and the actual distribution amount determined by the board of directors, it will be recognized as a gain or loss in the following year.

No material differences existed between the actual distribution amount of the employee compensation and remuneration to directors and supervisors and the amount expensed in the financial statements for the year ended December 31, 2023.

No material differences exist between the actual distribution amount of the employee compensation and remuneration to directors and supervisors and the amount expensed in the financial statements for the year ended December 31, 2022.

(25) Non-operating income and expenses

(A) Interest income

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Interest revenue		
Financial assets measured at amortized cost	<u>\$43,720</u>	<u>\$16,930</u>

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(B) Other income

	For the years ended December 31,	
	2023	2022
Other income — others	\$190,502	\$96,247
Other income — Gain on government grants	84,420	73,678
Total	\$274,922	\$169,925

(C) Other gains and losses

	For the years ended December 31,	
	2023	2022
Gain (loss) on disposal of property, plant and equipment	\$(103,574)	\$(53,697)
Foreign exchange (losses) gains, net	45,383	215,192
Gains (loss) on financial assets at fair value through profit or loss	888	(4,348)
Impairment loss	(609)	(33,715)
Gain on disposal of right-of-use assets	71,588	-
Loss on bonds redemption	-	(57,668)
Other losses — others	(97,068)	(73,471)
Total	\$(83,392)	\$(7,707)

(D) Finance costs

	For the years ended December 31,	
	2023	2022
Interest on borrowings from bank	\$410,809	\$228,610
Interest on lease liabilities	161	127
Interest on bonds payable	23	7,046
Total	\$410,993	\$235,783

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(26) Components of other comprehensive income (loss)

For the year ended December 31, 2023

	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	<u>\$(67,213)</u>	<u>\$-</u>	<u>\$(67,213)</u>	<u>\$-</u>	<u>\$(67,213)</u>

For the year ended December 31, 2022

	Arising during the period	Reclassificat ion 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	<u>\$117,940</u>	<u>\$-</u>	<u>\$117,940</u>	<u>\$-</u>	<u>\$117,940</u>

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(27) Income tax

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

Income tax expense (income) recognized in profit or loss

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Current income tax expense (income):		
Current income tax charge	\$130,959	\$106,556
Adjustments in respect of current income tax of prior periods	28,159	(17,667)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	275,752	135,325
Total income tax expense	<u>\$434,870</u>	<u>\$224,214</u>

(b) A reconciliation between income tax expense and income before tax at the Company's applicable tax rates is as follows:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Income before tax	<u>\$1,465,523</u>	<u>\$776,848</u>
Tax at the domestic rates applicable to profits in the country concerned	\$645,174	\$254,264
Other adjustments according to the Tax Law	(213,567)	(35,523)
Tax on undistributed earnings	383	4,633
Tax effect of deferred tax assets/liabilities	(25,279)	18,507
Prior years' tax adjustments	28,159	(17,667)
Total income tax expense recognized in profit or loss	<u>\$434,870</u>	<u>\$224,214</u>

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(c) Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2023

	Beginning balance as of January 1, 2023	Deferred tax income (expense) recognized in profit or loss	Exchange adjustment	Ending balance as of December 31, 2023
Temporary differences				
Bad debts loss	\$456	\$(401)	\$(1)	\$54
Unrealized loss on inventory valuation	20,030	(11,510)	(171)	8,349
Investments accounted for using the equity method	(392,342)	(274,073)	1,659	(664,756)
Unrealized exchange loss (gain)	(3,301)	3,301	-	-
Sales returns and allowances	-	6,771	-	6,771
Government grants revenue	89,848	160	(1,515)	88,493
Deferred tax income (expense)		<u>\$(275,752)</u>	<u>\$(28)</u>	
Net deferred tax assets (liabilities)	<u>\$(285,309)</u>			<u>\$(561,089)</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$110,334</u>			<u>\$103,667</u>
Deferred tax liabilities	<u>\$(395,643)</u>			<u>\$(664,756)</u>

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For the year ended December 31, 2022

	Beginning balance as of January 1, 2022	Deferred tax income (expense) recognized in profit or loss	Exchange adjustment	Ending balance as of December 31, 2022
Temporary differences				
Bad debts loss	\$345	\$105	\$6	\$456
Unrealized loss on inventory valuation	24,793	(5,168)	405	20,030
Investments accounted for using the equity method	(266,559)	(125,783)	-	(392,342)
Gain on disposal of property, plant and equipment	30,652	(30,652)	-	-
Unrealized exchange loss (gain)	366	(3,667)	-	(3,301)
Sales returns and allowances	986	(986)	-	-
Government grants revenue	58,216	30,826	806	89,848
Deferred tax income (expense)		<u>\$(135,325)</u>	<u>\$1,217</u>	
Net deferred tax assets (liabilities)	<u>\$(151,201)</u>			<u>\$(285,309)</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$115,358</u>			<u>\$110,334</u>
Deferred tax liabilities	<u>\$(266,559)</u>			<u>\$(395,643)</u>

(d) Unrecognized deferred tax assets

As of December 31, 2023 and 2022, deferred tax assets that have not been recognized amounted to NT\$251,573 thousand and NT\$380,455 thousand, respectively.

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(e) The following tables contain information of the net operating losses of the Company:

<u>Year incurred</u>	<u>Net Operating Loss</u>	<u>Expiration year</u>
2022	\$22,202	2032
2023 (proposed)	12,643	2033
Total	<u>\$34,845</u>	

The following tables contain information of the net operating losses of the Subsidiaries:

<u>Year incurred</u>	<u>Net Operating Loss</u>	<u>Expiration year</u>
2018	\$52,504	2028
2019	198,948	2029
2023 (proposed)	7,566	2033
Total	<u>\$259,018</u>	

(f) The assessment of income tax returns

As of December 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	The first-time assessment of 2022 has not yet been approved.
Subsidiary - Dynamic Electronics Co., Ltd.	Assessed and approved up to 2021
Subsidiary - CHIANAN TECHNOLOGY CO., LTD.	Assessed and approved up to 2021
Subsidiary - CHENG CHONG TECHNOLOGY CO., LTD.	Assessed and approved up to 2021

(28) 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.

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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.

	For the years ended December 31,	
	2023	2022
(a) Basic earnings per share		
Net income available to common shareholders of the parent (in thousand NT\$)	\$1,003,398	\$547,238
Weighted average number of common stocks outstanding (in thousand shares)	277,607	277,531
Basic earnings per share (in NT\$)	\$3.61	\$1.97
(b) Diluted earnings per share		
Net income available to common shareholders of the parent (in thousand NT\$)	\$1,003,398	\$547,238
Issued domestic bonds payable of valuation through profit or loss on redemption	-	865
Interest on convertible bonds	18	20
Gains on redemption of bonds	-	(1,677)
Losses on redemption of bonds	-	(Note)
Net income available to common shareholders of the parent after dilution (in thousand NT\$)	\$1,003,416	\$546,446

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	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Weighted average number of common stocks outstanding (in thousand shares)	277,607	277,531
Effect of dilution:		
Employee bonus (compensation) - stock (in thousand shares)	110	500
Convertible bonds (in thousands shares)	68	121
Redemption of bonds (in thousands shares)	-	(Note)
Weighted average number of common stocks outstanding after dilution (in thousand shares)	<u>277,785</u>	<u>278,152</u>
Diluted earnings per share (in NT\$)	<u>\$3.61</u>	<u>\$1.96</u>

Note: It is not applicable due to anti-dilutive effect.

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.

(29) 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 to December 31, 2022, CHIANAN TECHNOLOGY CO., LTD. has contributed NT\$20,237 thousand of revenue and NT\$798 thousand 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\$15,302,683 thousand and the profit from continuing operations for the Group would have been NT\$583,579 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

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	Fair value recognized on the acquisition date
Income tax liabilities	1,786
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 to December 31, 2022, CHENG CHONG TECHNOLOGY CO., LTD. has contributed NT\$22,910 thousand of revenue and NT\$737 thousand 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\$15,305,399 thousand and the profit from continuing operations for the Group would have been NT\$586,035 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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(30) Changes in ownership equity of subsidiaries

Acquisition of new shares in a subsidiary not in proportionate to ownership interest

Dynamic Electronics Co., Ltd. (Huangshi) issued new shares on September 27, 2022. The Group did not participate in the subscription, so its ownership was reduced to 97.8541%. The capital increase cash obtained by the Group was NT\$156,279 thousand, and the book value of the net assets of Dynamic Electronics Co., Ltd. (Huangshi) (on initial acquisition and excluding goodwill) was NT\$5,472,007 thousand. The Group's reduction of relevant equity in Dynamic Electronics Co., Ltd. (Huangshi) including the increase in non-controlling equity is as follows:

Additional cash received from the issuance of new shares	\$156,279
Increase to non-controlling interests	<u>(119,999)</u>
Difference recognized in capital surplus within equity	<u><u>\$36,280</u></u>

7. Related party transactions

(1) Significant transactions with related parties

(a) Key management personnel compensation

	For the years ended December 31,	
	2023	2022
Short-term employee benefits	\$62,757	\$33,386
Post-employment benefits	461	521
Total	<u><u>\$63,218</u></u>	<u><u>\$33,907</u></u>

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8. Assets pledged as collateral

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

Item	Book value	Purpose of pledge
<u>2023.12.31</u>		
Property, plant and equipment – Buildings	\$2,638,008	Secured loans
Property, plant and equipment – Machinery and equipment	955,662	Secured loans
Property, plant and equipment – Office equipment	19,549	Secured loans
Property, plant and equipment – Other equipment	4,077	Secured loans
Construction in progress	72,986	Secured loans
Right-of-use assets	357,428	Secured loans
Financial assets measured at amortized cost	27,695	Secured loans
Notes receivable	173,263	Secured loans
Total	<u>\$4,248,668</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
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 measured at amortized cost	162,441	Secured loans
Total	<u>\$4,534,089</u>	

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9. Significant contingencies and unrecognized contract commitments

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

<u>Type of Asset</u>	<u>Total Amount</u>	<u>Amount paid</u>	<u>Amount unpaid</u>
Machinery and construction contracts	<u>\$2,676,210</u>	<u>\$931,655</u>	<u>\$1,744,555</u>

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

10. Losses due to major disasters

None.

11. Significant subsequent events

For the needs of business development, the Company increased the capital of Dynamic Overseas Investment Holding Pte. Ltd. by US\$13 million through its subsidiary Dynamic Electronics Co., Ltd. (Huangshi) on January 16 and February 20, 2024, and also increased capital of Dynamic Technology Manufacturing (Thailand) Co., Ltd. by US\$13 million through Dynamic Overseas Investment on January 17 and February 21, 2024.

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12. Others

(1) Categories of financial instruments

Financial assets

	As of	
	December 31, 2023	December 31, 2022
Financial assets measured at amortized cost:		
Cash and cash equivalents (excluding cash on hand)	\$3,373,812	\$1,676,826
Financial assets measured at amortized cost	29,046	162,441
Notes receivable	341,528	40,165
Accounts receivable	4,448,885	4,365,314
Other receivables	97,898	84,356
Refundable deposits	3,046	2,207
Subtotal	8,294,215	6,331,309
Financial assets at fair value through profit or loss:		
Held for trading	800	-
Total	<u>\$8,295,015</u>	<u>\$6,331,309</u>

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Financial liabilities:

	As of	
	December 31, 2023	December 31, 2022
Financial liabilities at amortized cost:		
Short-term loan	\$3,906,953	\$3,918,562
Payables	5,423,289	5,682,175
Bonds payable (including current portion with maturity less than 1 year)	-	2,363
Leased liabilities (including current portion with maturity less than 1 year)	2,574	6,564
Long-term loan (including current portion with maturity less than 1 year)	4,349,069	2,790,106
Subtotal	13,681,885	12,399,770
Financial liabilities at fair value through profit or loss:		
Held for trading	-	77
Total	\$13,681,885	\$12,399,847

(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 of 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 analysis is as follows:

When NTD strengthens/weakens against USD by 1%, the profit for the years ended December 31, 2023 and 2022 is decreased/increased by NT\$31,794 thousand and NT\$11,033 thousand, respectively.

When NTD strengthens/weakens against RMB by 1%, the profit for the years ended December 31, 2023 and 2022 is increased/decreased by NT\$99,568 thousand and NT\$83,556 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 years ended December 31, 2023 and 2022 to decrease/increase by NT\$6,728 thousand and NT\$5,868 thousand, respectively.

Equity price risk

As of December 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 December 31, 2023 and 2022, accounts receivable from top ten customers represent 46.77% and 65.41% 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.

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.

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Non-derivative financial liabilities

	<u>< 1 year</u>	<u>2 to 3 years</u>	<u>4 to 5 years</u>	<u>> 5 years</u>	<u>Total</u>
<u>2023.12.31</u>					
Loans	\$4,262,103	\$2,271,565	\$1,270,931	\$1,153,469	\$8,958,068
Payables	5,423,289	-	-	-	5,423,289
Lease liabilities	1,879	762	-	-	2,641
<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

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2023:

	<u>Short-term loans</u>	<u>Bonds payable</u>	<u>Long-term loans</u>	<u>Refundable deposits</u>	<u>Lease liabilities</u>	<u>Total liabilities from financing activities</u>
As of January 1, 2023	\$3,918,562	\$2,363	\$2,790,106	\$78,123	\$6,564	\$6,795,718
Cash flows	(11,609)	-	1,603,882	63,314	(5,149)	1,650,438
Non-cash changes						
Lease modification	-	-	-	-	1,082	1,082
Others	-	(2,386)	-	-	-	(2,386)
Interest expense	-	23	-	-	161	184
Foreign exchange movement	-	-	(44,919)	-	(84)	(45,003)
As of December 31, 2023	<u>\$3,906,953</u>	<u>\$-</u>	<u>\$4,349,069</u>	<u>\$141,437</u>	<u>\$2,574</u>	<u>\$8,400,033</u>

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Reconciliation of liabilities for the year ended December 31, 2022:

	Short-term loans	Bonds payable	Long-term loans	Refundable deposits	Lease liabilities	Total liabilities from financing activities
As of January 1, 2022	\$4,587,071	\$486,152	\$1,041,959	\$121,124	\$4,064	\$6,240,370
Cash flows	(668,509)	(548,850)	1,731,842	(43,001)	(3,382)	468,100
Non-cash changes						
Lease modification	-	-	-	-	5,751	5,751
Others	-	58,015	-	-	-	58,015
Interest expense	-	7,046	-	-	127	7,173
Foreign exchange movement	-	-	16,305	-	4	16,309
As of December 31, 2022	\$3,918,562	\$2,363	\$2,790,106	\$78,123	\$6,564	\$6,795,718

(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:

- 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.
- 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.

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- iii. 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)
- iv. 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.)
- v. 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:

	Carrying amount	
	As of	
	December 31, 2023	December 31, 2022
Financial liabilities:		
Bonds payable	\$-	\$2,363

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	Fair value	
	As of	
	December 31, 2023	December 31, 2022
Financial liabilities:		
Bonds payable	\$-	\$2,361

(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 December 31, 2023 and 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.

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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:

Items (by contract)	Notional Amount (in thousand dollars)	Contract Period
2023.12.31		
Forward currency contracts	Sell foreign currency USD 3,000	2023.11.23~2024.01.26
Forward currency contracts	Sell foreign currency USD 3,000	2023.12.07~2024.02.26
Forward currency contracts	Sell foreign currency USD 3,000	2023.12.27~2024.03.26
2022.12.31		
Forward currency contracts	Sell foreign currency USD 3,000	2022.12.22~2023.03.20

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.

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(9) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All asset 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.

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 December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets:</u>				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	\$-	\$800	\$-	\$800

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As of December 31, 2022

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

Transfers between Level 1 and Level 2 during the period

During the years ended December 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:

For the year ended December 31, 2023, there were no reconciliation for fair value measurements in Level 3 of the fair value measurements. The recurring assets and liabilities measured at fair value that fall into level 3 of the fair value hierarchy for the year ended December 31, 2022, the reconciliation of the balance from the beginning to the end of the period is as follows:

	Assets
	At fair value through profit or loss
Beginning balances as of January 1, 2022	\$800
Acquisition/issues for the period	(2,347)
Disposal/settlements for the period	(500)
Total gains and losses for the period	
Amount recognized in gains/losses (report on other gains and losses)	2,047
Ending balances as of December 31, 2022	\$-

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Total gains and losses recognized in profit or loss for the year ended December 31, 2022 in the table above contain gains and losses related to assets or liabilities on hand in the amount of NT\$2,047 thousand.

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 December 31, 2023: None.

As of December 31, 2022

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

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- (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 December 31, 2023: None.

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 payable (Please refer to the Note6(14))	\$-	\$-	\$2,361	\$2,361

- (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:

	As of					
	December 31, 2023			December 31, 2022		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>						
Monetary items:						
USD	\$157,110	30.71	\$4,824,246	\$132,717	30.71	\$4,076,297
RMB	\$652,445	4.3352	\$2,828,480	\$467,464	4.4094	\$2,061,251
<u>Financial liabilities:</u>						
Monetary items:						
USD	\$53,569	30.71	\$1,644,843	\$62,529	30.71	\$1,920,275
RMB	\$2,676,139	4.3352	\$11,601,620	\$2,362,399	4.4094	\$10,416,840

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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\$45,383 thousand and NT\$215,192 thousand for the years ended December 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 year ended December 31, 2023: None.
- b. Endorsement/Guarantee provided to others for the year ended December 31, 2023: Please refer to Attachment 1.
- c. Securities held as of December 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 year ended December 31, 2023: None.

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- e. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of capital stock for the year ended December 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 year ended December 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 year ended December 31, 2023: None.
- h. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock as of December 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 7.

(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 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 Note13(1) for the investee shall be disclosed as below:
 - (a) Financing provided to others for the year ended December 31, 2023: Please refer to Attachment 3.
 - (b) Endorsement/Guarantee provided to others for the year ended December 31, 2023: Attachment 1.

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- (c) Securities held as of December 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 year ended December 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 year ended December 31, 2023: Please refer to Attachment 4.
- (f) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of capital stock for the year ended December 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 year ended December 31, 2023: Please refer to Attachment 5.
- (h) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock as of December 31, 2023: Please refer to Attachment 6.
- (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 Flow		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023	Accumulated Outflow of Investment from Taiwan as of December 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	\$2,456,400 (Note 2, 3 and 6)	(Note 12)	\$2,260,265	\$-	\$-	\$2,260,265	\$(87,108) (Note 2)	97.8541%	\$(90,825) (Note 2, 4, 5 and 11)	\$2,705,741 (Note 2, 4, 5 and 11)	\$1,851,696 (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 Flow		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of December 31, 2023	Accumulated Inward Remittance of Earnings as of December 31, 2023	Accumulated Outflow of Investment from Taiwan as of December 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	\$1,788,566 (Note 2, 6, 7, 8 and 9)	(Note 1)	\$504,167	\$-	\$-	\$504,167	\$1,168,918 (Note 2)	97.8541%	\$722,869 (Note 2, 4, 5 and 11)	\$6,527,356 (Note 2, 4, 5 and 11)	\$-	\$504,167	\$3,397,582	No upper limit (Note 10)

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.

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- 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.
- 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).

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b. Purchases and accounts payable with the related parties: Please refer to Attachment 7.

c. Sales and accounts receivable with the related parties: None.

d. The profit and loss produced by transaction of the property:

As of December 31, 2023, the Company wrote off the profit of property, plant and equipment amounted to NT\$66,165 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 7.

h. The aforementioned transaction had been eliminated in the consolidated financial statements. Please refer to Attachment 7.

(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.

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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

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

The Group's operating segments adopts the same accounting policies as the ones in Note 4. 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.

Transfer prices between operating segment are on an arm's length basis in a manner similar to transactions with third parties.

	PCB Segment	Mock-up Segment	Subtotal	Adjustments and eliminations (Note 1)	Consolidated
<u>2023</u>					
Revenues					
External customers	\$15,649,281	\$64,673	\$15,713,954	\$-	\$15,713,954
Inter-segment	15,200,533	-	15,200,533	(15,200,533)	-
Interest revenue	83,724	74	83,798	(40,078)	43,720
Total	<u>\$30,933,538</u>	<u>\$64,747</u>	<u>\$30,998,285</u>	<u>\$(15,240,611)</u>	<u>\$15,757,674</u>
Segment income (loss)	<u>\$1,024,641</u>	<u>\$6,012</u>	<u>\$1,030,653</u>	<u>\$-</u>	<u>\$1,030,653</u>
<u>2022</u>					
Revenues					
External customers	\$15,253,864	\$43,148	\$15,297,012	\$-	\$15,297,012
Inter-segment	24,956,885	-	24,956,885	(24,956,885)	-
Interest revenue	62,275	17	62,292	(45,362)	16,930
Total	<u>\$40,273,024</u>	<u>\$43,165</u>	<u>\$40,316,189</u>	<u>\$(25,002,247)</u>	<u>\$15,313,942</u>
Segment income (loss)	<u>\$552,721</u>	<u>\$(87)</u>	<u>\$552,634</u>	<u>\$-</u>	<u>\$552,634</u>

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)

Note: Inter-segment revenues are eliminated upon consolidation and recorded under the “adjustments and eliminations” column.

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

	PCB Segment	Mock-up Segment	Subtotal	Adjustments and eliminations	Consolidated
<u>2023.12.31</u>					
Segment assets	<u>\$22,644,380</u>	<u>\$43,225</u>	<u>\$22,687,605</u>	<u>\$(248,526)</u>	<u>\$22,439,079</u>
<u>2022.12.31</u>					
Segment assets	<u>\$20,246,761</u>	<u>\$39,955</u>	<u>\$20,286,716</u>	<u>\$(273,011)</u>	<u>\$20,013,705</u>

(2) Geographical information

(a) Revenues from external customers (Note)

	For the years ended December 31,	
	2023	2022
China	\$6,109,842	\$6,381,200
Korea	1,178,761	1,118,564
Germany	773,043	927,756
Mexico	819,806	805,614
Other countries	6,832,502	6,063,878
Total	<u>\$15,713,954</u>	<u>\$15,297,012</u>

Note: The revenue information above is based on the location of the customer.

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DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) Non-current assets

	As of	
	December 31, 2023	December 31, 2022
Taiwan	\$39,405	\$46,232
China	10,417,418	10,378,866
Thailand	903,476	-
Total	\$11,360,299	\$10,425,098

(3) Information about major customers

	For the years ended December 31,	
	2023	2022
Customer A	(Note)	\$2,634,307

Note: The net revenue from sales to the customer during the year did not reach 10% or more of the consolidated net revenue of the Group. Therefore, it is not disclosed.

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

Endorsement/Guarantee Provided to Others

For the Year Ended December 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	\$6,750,365	\$3,172,750	\$3,004,190	\$1,425,458	\$-	44.50%	\$6,750,365	Y	N	Y
0	Dynamic Holding Co., Ltd.	Dynamic Electronics Co., Ltd. (Seychelles)	2	\$6,750,365	\$744,625	\$-	\$-	\$-	-%	\$6,750,365	Y	N	N
1	Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	2	\$6,032,931	\$1,734,660	\$258,120	\$129,060	\$-	4.28%	\$6,032,931	Y	N	Y
1	Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Seychelles)	2	\$6,032,931	\$61,320	\$-	\$-	\$-	-%	\$6,032,931	Y	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.

Note2 : The relationship between the guarantor of the endorsement and the object to be guaranteed is as follows:

1. A company with which it does business.
2. A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.
3. A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.
4. A company in which the public company holds, directly or indirectly, 90 percent or more of the voting shares.
5. A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
6. A company whose co-investment relationship is endorsed by all shareholders in proportion to their shareholding ratio.
7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

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 December 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 December 31, 2023			Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee	Note
				As of December 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%	\$6,032,932	\$1,044,835	\$1,044,835	Note 2
Dynamic Holding Co., Ltd.	CHIANAN TECHNOLOGY CO., LTD.	24257 2F, No. 649, Zhongzheng Road, Xinzhuang District, New Taipei City, Taiwan	Mockup manufacture	\$16,428 (Note 3)	\$-	7	70.00%	\$16,353	\$1,586	\$(233)	Note 2
Dynamic Holding Co., Ltd.	CHENG CHONG TECHNOLOGY CO., LTD	24260 17F, No. 545, Longan Road, Xinzhuang District, New Taipei City, Taiwan	Mockup manufacture	\$33,533 (Note 3)	\$-	7	70.00%	\$37,046	\$4,426	\$1,789	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%	\$6,528,519	\$968,971	\$1,158,963 (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	\$- (Note 3)	\$46,060	-	0.00%	\$-	\$1,586	\$1,343	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	\$- (Note 3)	\$33,211	-	0.00%	\$-	\$4,426	\$1,310	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 212,557	USD 31,108	USD 31,108	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 423	(CNY 28)	(CNY 28)	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 198,379	CNY 125,921	CNY 125,921	Note 2
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Overseas Investment Holding Pte. Ltd.	151 CHIN SWEE ROAD #01-48 MANHATTAN HOUSE SINGAPORE(169876)	Management operations services	\$1,251,478	\$2,930	40,050,000	100.00%	CNY 289,664	(CNY 4,915)	(CNY 4,915)	Note 2
Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Technology Manufacturing (Thailand) Co., Ltd.	106 Moo 7 Thatoom, Srimahaphot, Prachinburi 25140	PCB Manufacturing	\$-	\$-	2	0.01%	USD 0	USD (681)	USD 0	Note 2
Dynamic Overseas Investment Holding Pte. Ltd.	Dynamic Technology (Thailand) (Thailand) Co., Ltd.	106 Moo 7 Thatoom, Srimahaphot, Prachinburi 25140	PCB Manufacturing	\$1,241,803	\$-	14,131,749	99.99%	USD 40,811	(USD 681)	(USD 681)	Note 2

Note 1: Including investment loss recognized under equity method amounted to NT\$968,971 thousand and realized profit on transaction between subsidiaries amounted to NT\$189,992 thousand

Note 2: Transactions are eliminated when preparing the consolidated financial statements.

Note 3: Considering the needs of long-term development, the investment structure of Chianan Technology Co., Ltd. and Cheng Chong Technology Co., Ltd. is changed from Dynamic Electronics Co., Ltd. to Dynamic Holding Co., Ltd.

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

Financing provided to others

For the year ended December 31, 2023

Attachment 3

(In Thousands of New Taiwan Dollars)

NO. (Note 1)	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	Yes	\$1,149,200	\$1,118,520	\$1,118,520	3.45-3.65%	2	\$-	Business turnover	\$-	-	\$-	\$1,623,445 (Note 3)	\$1,623,445 (Note 3)
2	Dynamic Electronics Co., Ltd.	Dynamic Holding Co., Ltd.	Other receivables	Yes	\$80,000	\$-	\$-	-%	2	\$-	Business turnover	\$-	-	\$-	\$6,032,931 (Note 4)	\$6,032,931 (Note 4)

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

1. The Company is "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 December 31, 2023. Limit of financing amount for individual counter-party shall not exceed 60% of the lender's net assets value as of December 31, 2023.

Note 4: Limit of total financing amount shall not exceed 100% of the lender's net assets of value as of December 31, 2023. Limit of financing amount for individual counter-party shall not exceed 100% of the lender's net assets value as of December 31, 2023.

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DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

Acquired of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital

For the Year Ended December 31, 2023

Attachment 4

(In Thousands of New Taiwan Dollars)

Acquired Company	Name of Property	Transaction Date	Transaction Amount	Payment Status	Counter-party	Relationship	Prior Transaction of Related Counter-party				Price Reference	Purpose and Use of Acquisition	Other Terms
							Owner	Relationship	Transfer Date	Amount			
Dynamic Technology (Thailand)	<u>Land</u> Land of Thailand Plant	2023.08.09	THB 352,639	As of December 31, 2023, THB 282,111 was paid	304 INDUSTRIAL PARK 7 COMPANY LIMITED	None	None	None	None	None	Negotiation	Land for plant expansion	None
Dynamic Technology (Thailand)	<u>Buildings</u> Construction of Thailand Plan	2023.08.31	THB 1,344,776	As of December 31, 2023, THB 439,880 was paid	China State Construction (Thailand) Co., Ltd.	None	None	None	None	None	By Bidding	Production expansion and operation planning	None

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 Year Ended December 31, 2023

Attachment 5

(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 1,151,547	65.68%	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 330,217	54.41%	Note 1
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	Subsidiary	Sales	RMB 62,760	3.58%	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 26,833	4.73%	Note 1
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	Subsidiary	Purchases	RMB 984,271	73.40%	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 348,170	68.50%	Note 1
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	Sales	RMB 984,271	37.80%	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 348,170	39.83%	Note 1
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	Purchases	RMB 62,760	4.30%	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 26,833	4.33%	Note 1
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Electronics Co., Ltd. (Seychelles)	Subsidiary	Sales	RMB 1,256,753	48.27%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably compared.	Non relative parties are 120 days after	Accounts receivable RMB 361,112	41.31%	Note 1
Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Electronics Co., Ltd. (Huangshi)	Subsidiary	Purchases	USD 177,737	52.37%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts payable USD 50,753	52.40%	Note 1
Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	Purchases	USD 161,650	47.63%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts payable USD 38,101	39.34%	Note 1

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

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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 December 31, 2023

Attachment 6

(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 330,217	6.97	\$-	-	\$-	\$-
			(Note 1 amd 2)					
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	Subsidiary	RMB 26,833	3.68	\$-	-	\$-	\$-
			(Note 1 amd 2)					
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Subsidiary	RMB 56,662	-	\$-	-	\$-	\$-
			(Note 1 amd 2)					
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Electronics Co., Ltd (Seychelles)	Subsidiary	RMB 361,112	6.96	\$-	-	\$-	\$-
			(Note 1 amd 2)					
Dynamic Electronics Co., Ltd. (Huangshi)	Dynamic Electronics (Kunshan) Co., Ltd.	Subsidiary	RMB 348,170	3.01	\$-	-	\$-	\$-
			(Note 1 amd 2)					
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd (Seychelles)	Subsidiary	USD 8,000	-	\$-	-	\$-	\$-
			(Note 1 amd 2)					

Note1: Accounts receivable.

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

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

Intercompany relationships and significant intercompany transactions

For the year Ended December 31, 2023

Attachment 7

(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>Year 2023</u>						
0	Dynamic Holding Co., Ltd.	Dynamic Electronics Co., Ltd.	1	Interest expense	\$300	-	-%
1	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Electronics (Kunshan) Co., Ltd.	3	Purchases	USD 161,650	90 days after monthly closing	31.59%
1	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Electronics (Kunshan) Co., Ltd.	3	Accounts payable	USD 38,101	90 days after monthly closing	5.21%
1	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Electronics Co., Ltd. (Huangshi)	3	Purchases	USD 177,737	90 days after monthly closing	34.73%
1	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Electronics Co., Ltd. (Huangshi)	3	Accounts payable	USD 50,753	90 days after monthly closing	6.94%
1	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Overseas Investment Holding Pte. Ltd.	3	Other managing expenses	USD 45	-	0.01%
1	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic PCB Electronics Co., Ltd.	3	Accounts payable	USD 8,000	90 days after monthly closing	1.09%
2	Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	3	Accounts payable	USD 8,000	90 days after monthly closing	1.09%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	3	Purchases	RMB 984,271	90 days after monthly closing	27.15%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	3	Accounts payable	RMB 348,170	90 days after monthly closing	6.73%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	3	Other receivables	RMB 3,810	-	0.07%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	3	Other receivables (financing)	RMB 260,000	-	5.02%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	3	Other Interest income	RMB 9,043	-	0.25%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	3	Other operating revenue	RMB 1,098	-	0.03%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	3	Outsourced manufacturing expenses	RMB 314	-	0.01%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	3	Accounts receivable	RMB 26,833	90 days after monthly closing	0.52%
3	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics Co., Ltd. (Huangshi)	3	Sales	RMB 62,760	90 days after monthly closing	1.73%

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.