

Operating Result Report for Q1 of 2024

May 8, 2024

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Disclaimer

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

Market Information

2024 End Products Shipment Estimates

桌上型電腦
2024預估

6,680萬台
+2.2%

筆記型電腦
2024預估

1.9億台
+5.4%

伺服器
2024預估

1,320萬台
+6.6%

AI伺服器
2024預估

160萬台
+33.0%

顯示器產值
2024預估

1,151億美元
+6.5%

汽車
2024預估

9,300萬輛
+3.8%

電動車
2024預估

2,189萬輛
+21.9%

ADAS
2024預估

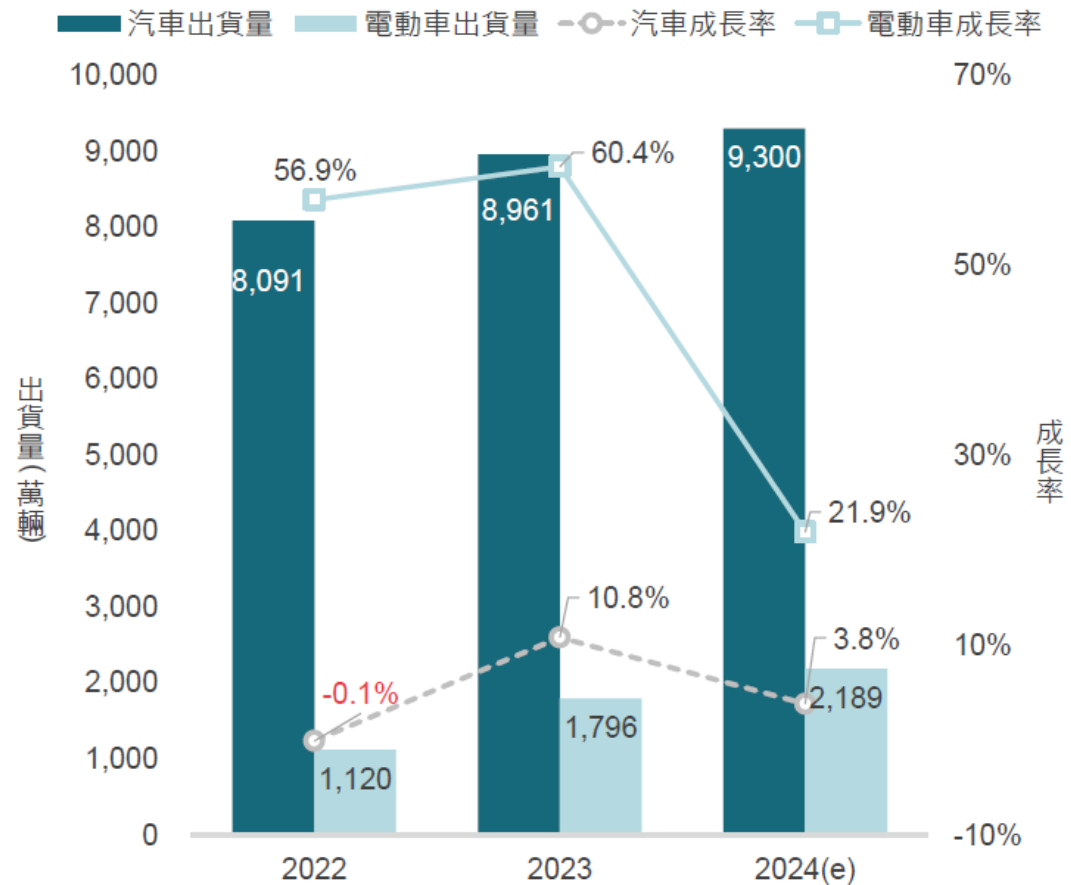
7,280萬顆
+5.4%

According to estimates from the International Institute of Obstetrics and of ITRI:

- In the server series, the growth rate of AI servers in 2024 is 33%, reaching 1.6 million units; the growth rate of servers is 6.6%, reaching 13.2 million units.
- In the automobile series, the growth rate of electric vehicles in 2024 is 21.9%, reaching 21.89 million units; the growth rate of ADAS is 5.4%, reaching 72.8 million units; the growth rate of automobiles is 3.8%, reaching 93 million units.

Global Automobile and Electric Vehicle Shipments

According to statistics from the research organization Global Data, global sales of electric vehicles (including pure electric, hybrid, new energy and other models) will reach approximately 17.96 million units in 2023, with an annual growth rate of 60.4%, accounting for 15% of overall vehicle shipments (89.61 million units). 20%, showing that electric vehicles are showing a strong growth trend in both sales and market share.



PCB Trend Outlook

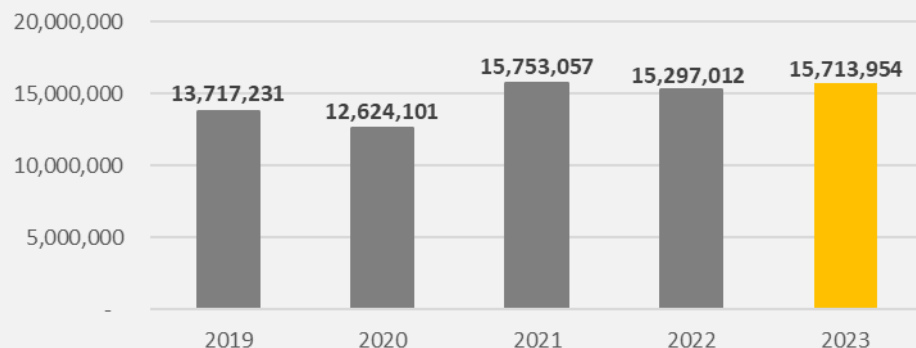
- From the cloud to the terminal, AI applications will continue to expand and drive demand for high-end PCB products. The technical application requirements are multi-layer boards above 18L and high-end HDI technology.
- Driven by policies, the penetration rate of electric vehicles is expected to increase further. The technical application requirements are high-frequency boards and high-end HDI technology above 12L.
- Development of other emerging applications (such as satellite communications, VR/AR, robots). The technical application requirements are high-frequency and high-end HDI technology.
- The recent decline in electric vehicle sales has made the market pessimistic about electric vehicle companies. However, British journal The Economist believes there are good reasons to expect demand to pick up and embark on a more sustainable path to carbon-free cars. Reasons for optimism include that the recent slowdown in sales is partly a consumption cycle phenomenon, that the green premium on many electric vehicles is shrinking while lithium prices are falling, and that charging is becoming easier.

Operating Overview for Q1 of 2024

Annual Financial Information

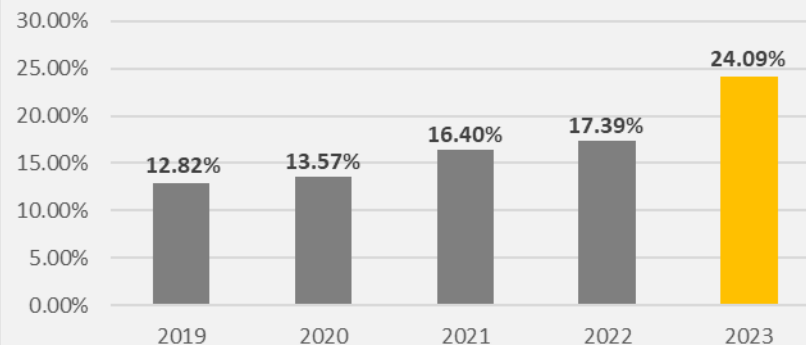
(NTD Thousands)

Revenue



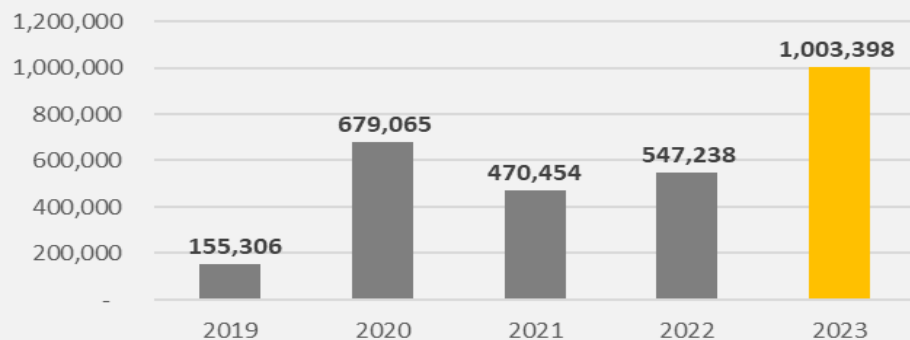
(% of Revenue)

Gross Profit



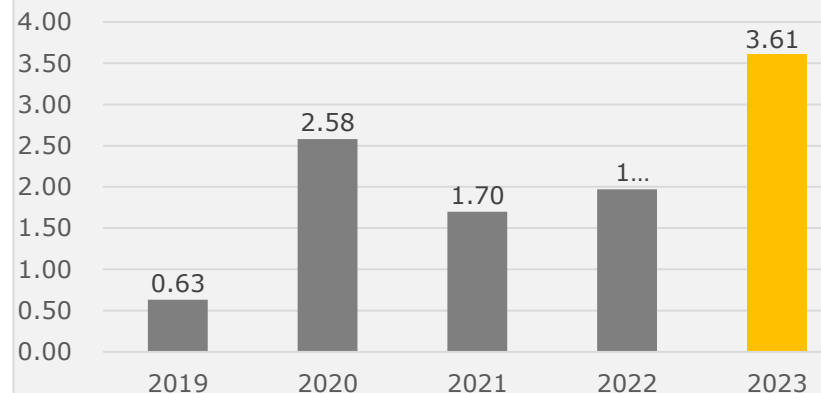
(NTD Thousands)

Net Profit



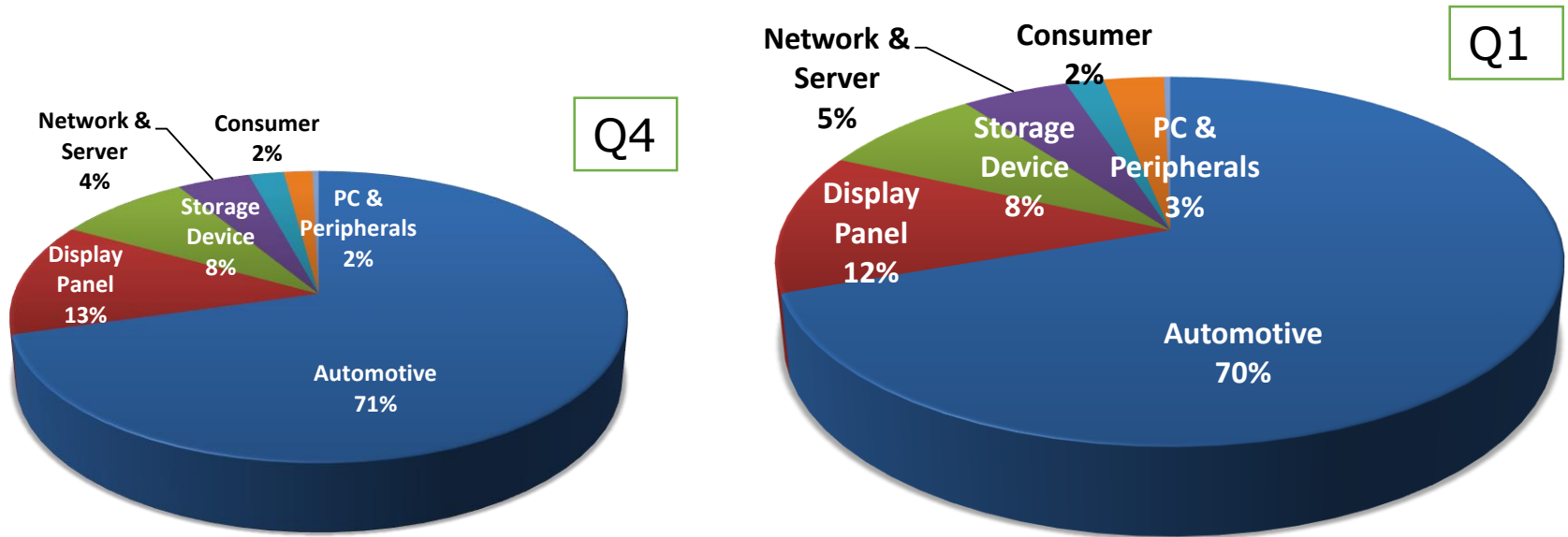
(NTD)

ESP

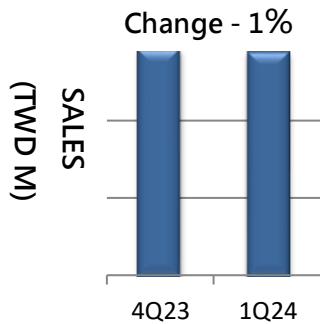


Note: The net profit after tax in 2020 was 679 million, of which the Company's business profit was 253 million (EPS \$0.96) and the sale's profit of the Taoyuan factory was 426 million (EPS \$1.62).

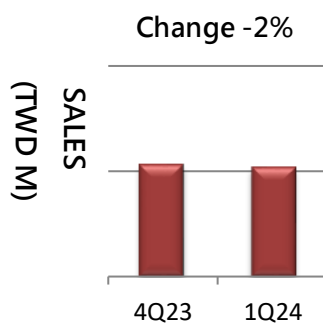
2024Q1 Sales Analysis - Product



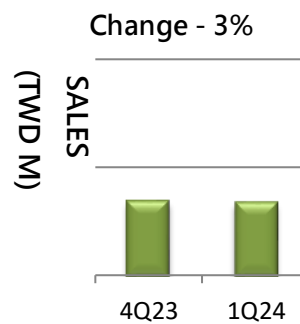
Automotive



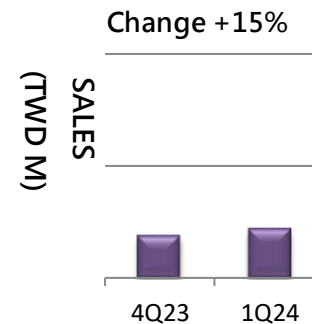
Display Panel



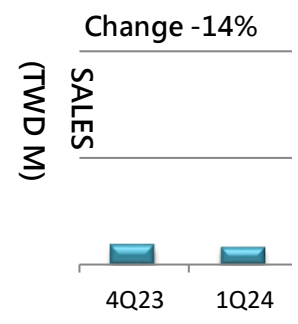
Storage Device



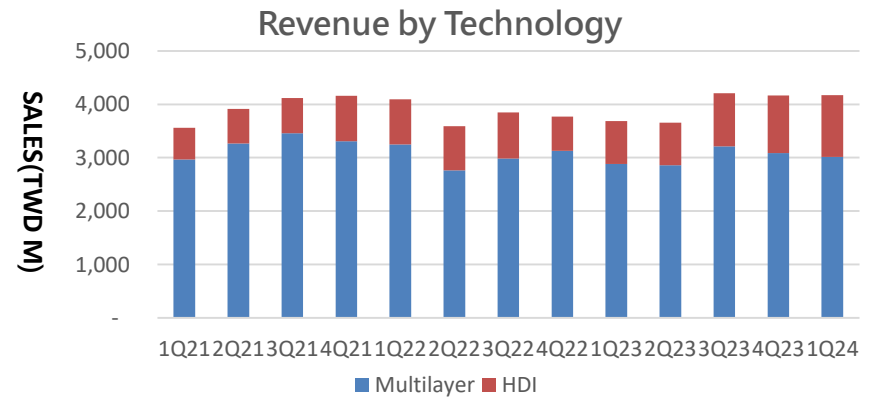
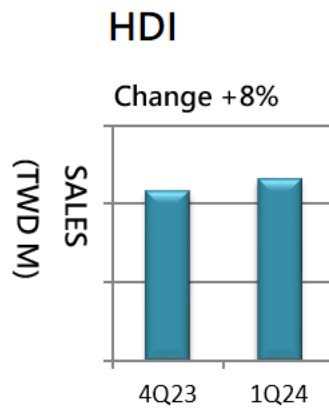
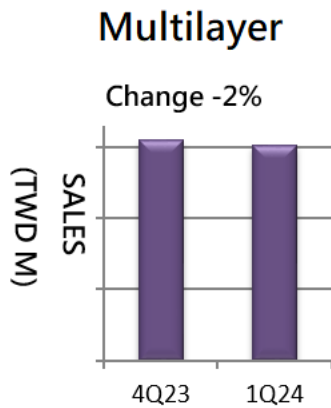
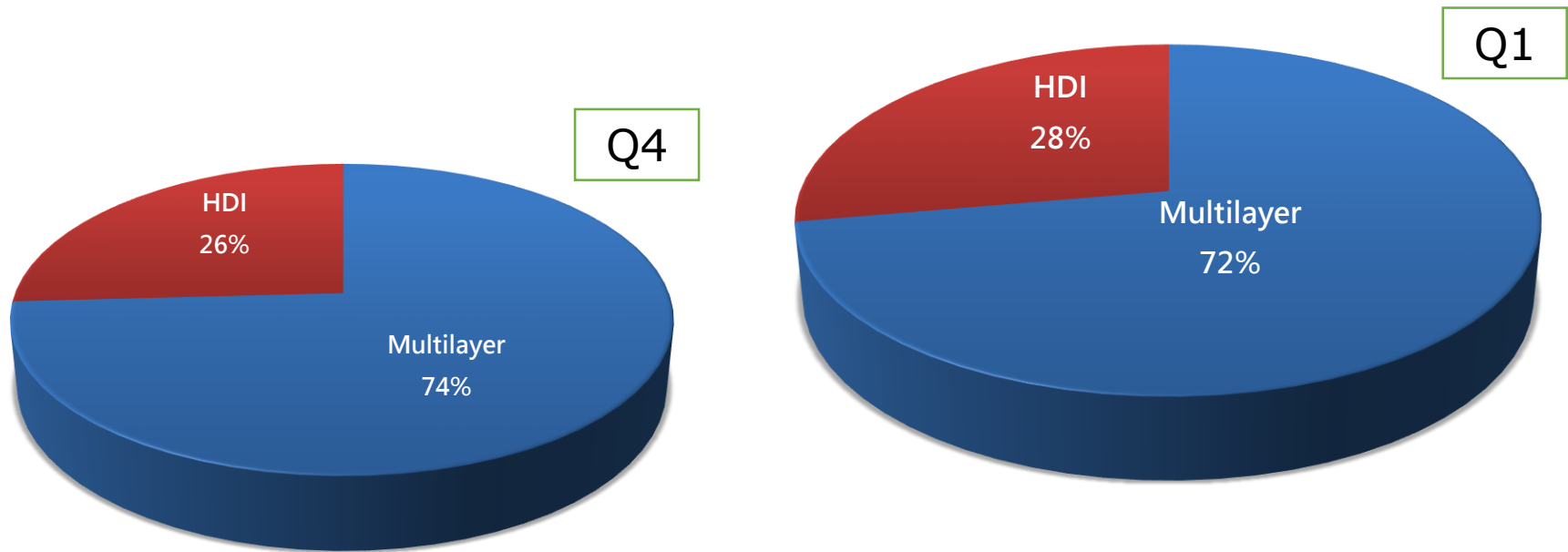
Network & Server



Consumer



2024Q1 Sales Analysis - Technology



Consolidated Income Statement

Accounts (TWD 100M)	1Q24	4Q23	Q-o-Q Change%	1Q23	Y-o-Y Change%	Q1-Q1 2024	Q1-Q1 2023	Y-o-Y Change%
Sales Revenue	41.71	41.66	0.1 %	36.85	13.2 %	41.71	36.85	13.2 %
Gross Profit %	22.7 %	28.7 %	(6.0)%	19.8 %	2.8 %	22.7 %	19.8 %	2.8 % ppts
Operating expenses	5.53	6.36	(13.1)%	5.05	9.4 %	5.53	5.05	9.4 %
Operating Income%	9.4 %	13.4 %	(4.0)%	6.1 %	3.3 %	9.4 %	6.1 %	3.3 % ppts
Non-operating income/expenses	0.18	(1.82)	109.7 %	(0.91)	119.4 %	0.18	(0.91)	119.4 %
Net Income (loss)	2.83	2.52	12.0 %	0.95	196.1 %	2.83	0.95	196.1 %
Net Income (loss)%	6.8 %	6.1 %	0.7 %	2.6 %	4.2 %	6.8%	2.6 %	4.2 % ppts
EPS(NTD)	1.02	0.90	13.3 %	0.34	200.0 %	1.02	0.34	200.0 %
ROE (%)	16.2 %	14.6 %	1.6 %	6.3 %	9.9 %	16.2 %	6.3 %	9.9 % ppts
Average exchange	31.45	31.16	0.9 %	30.40	3.5 %	31.45	30.40	3.5 %

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

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

Consolidated BS & Important Financial Indicator

Accounts (TWD 100M)	1Q24		4Q23		1Q23	
	Amount	%	Amount	%	Amount	%
Cash and cash equivalents	41.72	17.1%	33.75	15.0%	30.85	14.9%
Accounts receivable	45.43	18.6%	44.49	19.8%	39.98	19.3%
Inventories	24.05	9.9%	22.60	10.1%	24.10	11.6%
Property, plant and equipment	116.67	47.9%	109.17	48.7%	99.43	47.9%
Total Assets	243.72	100.0%	224.39	100.0%	207.45	100.0%
Current liabilities	118.46	48.6%	100.06	44.6%	95.58	46.1%
Long-term loans	40.70	16.7%	41.29	18.4%	39.91	19.2%
Total liabilities	174.04	71.4%	155.32	69.2%	146.90	70.8%
Total equity	69.68	28.6%	69.07	30.8%	60.55	29.2%
Important Financial Indicator						
A/R turnover days	107		107		105	
Average inventory turnover days	70		80		84	
Current ratio (Times)	1.0		1.1		1.1	
Asset productivity (Times)	0.7		0.7		0.7	

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

Consolidated Statements Of Cash Flows

(TWD 100M)	1Q24	4Q23	1Q23
Cash at beginning of period	33.75	32.04	16.78
Cash Flow from Operating	4.64	12.65	7.15
Capital Expenditure	(15.10)	(12.53)	(5.95)
Cash Dividends Paid	0.00	0.00	0.00
Cash Flow from Financing	15.31	(1.01)	13.36
Investment & Other	2.63	0.16	(0.12)
Cash at end of period	41.72	33.75	30.85
Free Cash Flow	(10.46)	0.12	1.20

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

2024Q1 Summary

- Judging from the proportion of products, there is not much change. Automotive panels account for 70%, display panels account for 12%, and storage devices account for 8%. Network communications and server products accounted for 5%, and the amount increased by 15%, mainly due to the increased volume of Netcom products.
- From a technical perspective, HDI accounted for 28%, an increase of 2% from the previous quarter, and the amount increased by 8%.
- Revenue in the first quarter was 4.171 billion, a slight increase of 0.1% from the previous quarter. Gross profit margin was 22.7%, a decrease of 6 percentage points, mainly due to annual price reductions by customers. We will make up for this gap by improving efficiency, reducing costs, and striving for high-end new products. The subsequent addition of new material numbers will also have a positive impact on gross profit margin. We are looking at gross profit margin positively.
- The operating expense ratio is 13.3%. Operating expenses are expected to increase due to the construction of capacity at the Huangshi Second Plant and the Thailand Plant. However, as new production capacity is gradually opened and begins to contribute to revenue, the operating expense rate is expected to be stable and gradually decrease.
- Non-operating income and expenses were NT\$ 18 million, and exchange gains were approximately NT\$ 62 million.
- The net profit margin was 6.8%, the net profit after tax was NTD 283 million, and the earnings per share (EPS) was \$1.02 , an increase of 13.3% from the previous quarter and an increase of 200% from the same period last year.

Outlook for Dynamic

Future Outlook

- The current order receiving situation in the second quarter is good, HDI is fully loaded, and the utilization rate of multi-layer boards has reached 90~95%, but the actual revenue still depends on the status of customers' pull. It is expected that HDI production capacity will be further increased in the third quarter, which will help meet market demand and promote revenue growth.
- In terms of profits, automotive boards, network communications and server products will be the growth drivers in 2024. Most of these products are high-end HDI designs, so we maintain a positive view on profits
- The Thailand factory is our next opportunity for growth and advancement. For Dynamic, there is no burden on the old production base, and it can actively invest in the most advanced automated and intelligent production equipment to establish the most efficient process capabilities. The Thai factory focuses on high-end multilayer boards and HDI technology, including the application of high-frequency and high-speed materials. Products will be used in servers, network communications, storage devices, automobiles and other fields. It is currently investing in all aspects and is committed to building server products into another growth engine for the company in addition to automotive products from 2024 to 2026. In the production capacity planning of the first phase of the Thailand factory, 50% of the production capacity will be used for the production of servers and network communication products. It is expected that trial production will be carried out in the third quarter of this year and mass production will be launched in the fourth quarter, and production capacity will be gradually increased.

Dynamic Actions in ESG

Huangshi Plant's Solar Power Generation Progress



Dormitory and corridor roofs



Roof of biological pool



Open Space

Because we have completed solar power generation installations on the roof of the biological pool and open space this year, we can generate about 6,000 kilowatt hours of electricity per day on average, and the daily power generation can be as high as 12,000 kilowatt hours in the summer, making our solar system capacity up to 2.07 megawatts, which is enough to provide All electricity for the entire living area. This project will enable Dynamic to become a pioneer in the field of solar power generation in PCB factories.

Q&A