



Operating Result Report for Q1 of 2025

May 7, 2025

Dynamic Holding Co., Ltd.

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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.

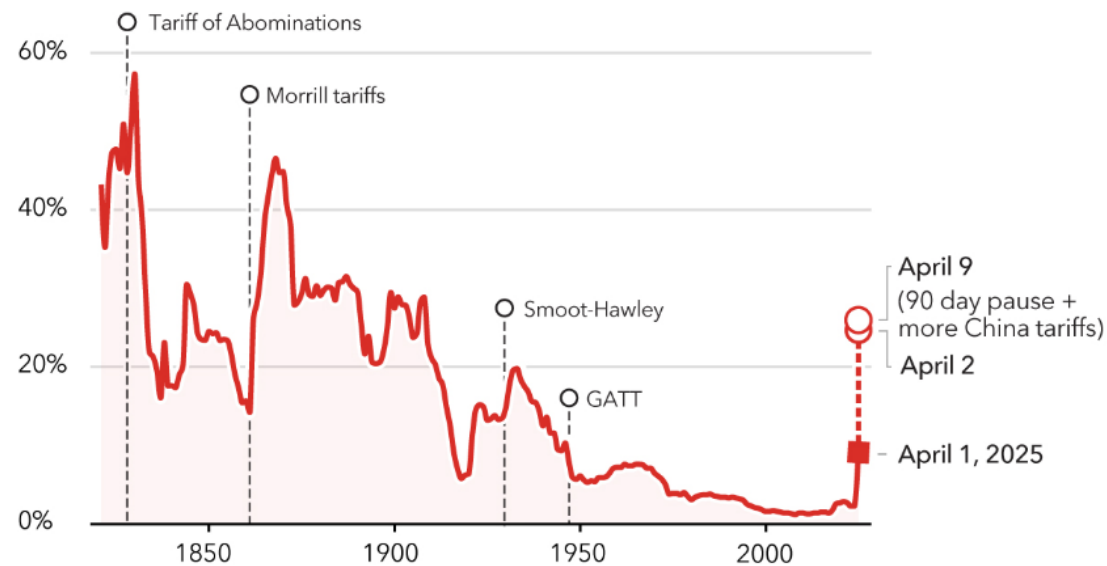
The forward-looking statements in this report reflect the company's view of the future so far, the company is not responsible for reminding or updating on any changes or adjustments in these views in the future at any time.

Market Information

The Global Economy Enters a New Era

US tariffs are highest in a century, global tariffs are also rising sharply

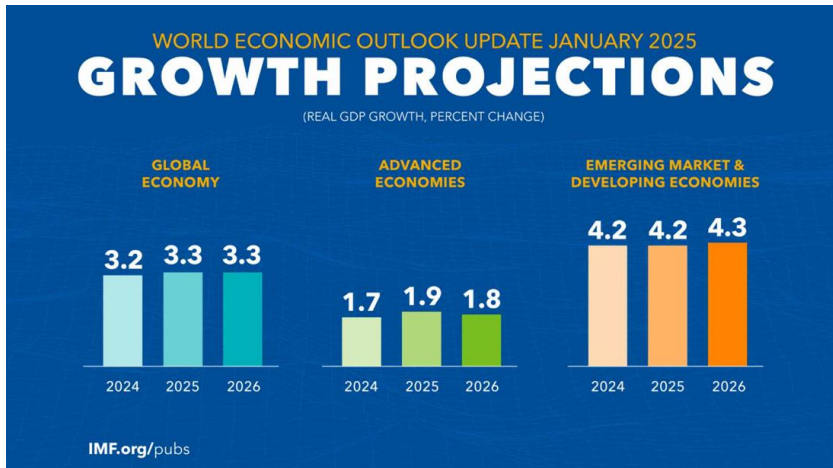
Effective average tariff rate, United States



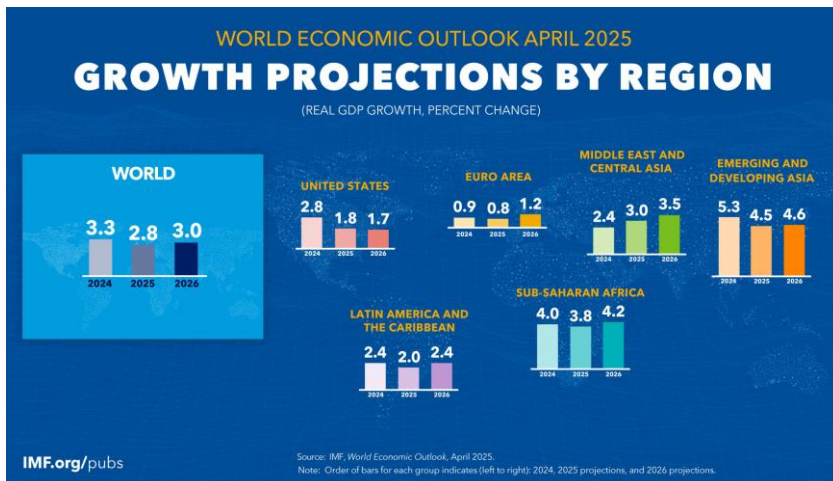
IMF

- The global economic system under which most countries have operated for the last 80 years is being reset, ushering the world into a new era. Existing rules are challenged while new ones are yet to emerge.
- Since late January, a flurry of tariff announcements by the United States, which started with Canada, China, Mexico and critical sectors, culminated with near universal levies on April 2. The US effective tariff rate surged past levels reached during the Great Depression while counter-responses from major trading partners significantly pushed up the global rate.
- On April 9, the United States suspended most tariffs while raising tariffs on China to extremely high levels. However, even if tariff measures are suspended indefinitely, they will not significantly change the global outlook, as the overall effective tariff rates between the U.S. and China remain high. At the same time, the policy-induced uncertainty has not declined.
- In a context of tense trade relations and high policy uncertainty, the future path will depend on how challenges are faced and how opportunities are embraced.

World Economic Outlook (update in April, 2025)



IMF (2025/01)



IMF (2025/04)

- According to the projections in the World Economic Outlook, taking into account U.S. tariff measures and countermeasures by other countries, global growth forecasts for this year and next have been revised down to 2.8% and 3%, respectively—a cumulative downward revision of about 0.8 percentage points.
- For countries that impose tariffs, tariffs are a negative supply shock because resources are reallocated toward the production of less competitive goods, leading to lower overall productivity and higher production costs. In the medium term, tariffs undermine competition, reduce innovation, and increase rent-seeking behavior, thereby further weakening the economic outlook. The U.S. growth forecast for this year has been revised down to 1.8%, 0.9 percentage points lower than the January forecast, while inflation is now projected to be around 1 percentage point higher, rising from 2% previously.
- For trading partners, tariffs mainly represent a negative demand shock, leading foreign customers to reduce purchases of their products. Based on this deflationary impact, China's economic growth forecast for this year has been revised down to 4%, a decrease of 0.6 percentage points, while the inflation forecast has been lowered by about 0.8 percentage points.
- The effective tariff rate faced by the euro area is relatively low; its economic growth forecast has been revised down by 0.2 percentage points to 0.8%.
- Many emerging market economies are likely to experience significant growth slowdowns. The extent will depend on the final tariff rates. The growth forecast for this group of economies has been revised down by 0.5 percentage points to 3.7%.
- The effect of tariffs on exchange rates is complex. The United States, as the tariffing country, may see its currency appreciate as in previous episodes. However, greater policy uncertainty, dimmer US growth prospects, and an adjustment in the global demand for dollar assets can weigh down on the dollar, as we saw since the tariff announcements. In the medium term, the dollar may depreciate in real terms if the tariffs translate into lower productivity in the US tradable goods sector, relative to its trading partners.

The Impact of Tariffs and Exchange Rates on Dynamic

The Impact of Tariffs on Dynamic

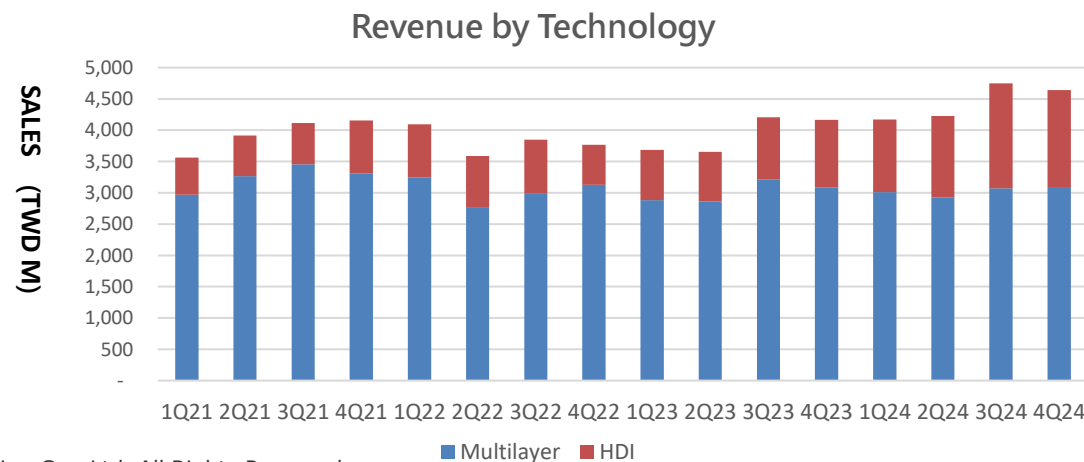
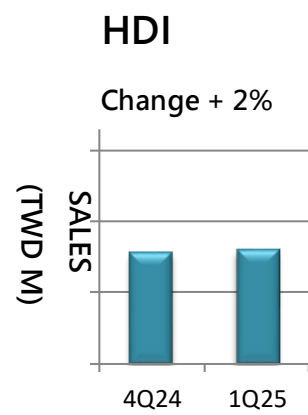
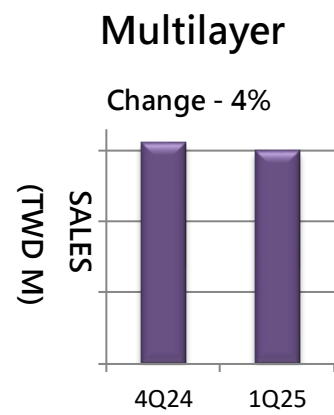
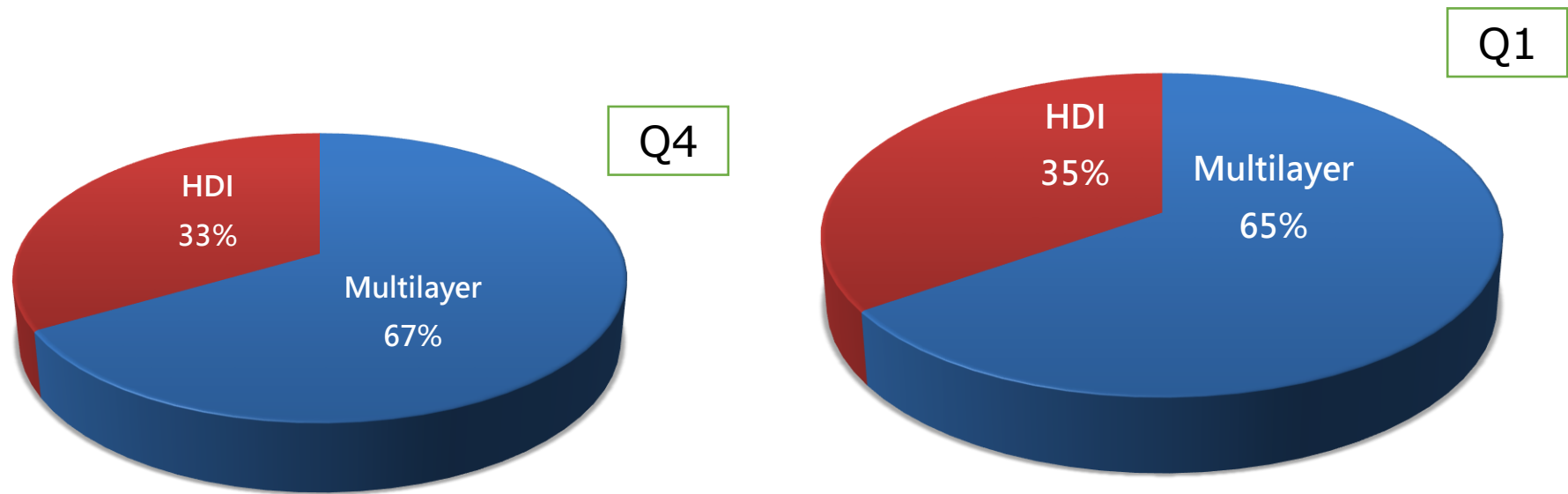
- Due to the constantly changing uncertainties in the global environment, our customers (module houses) are still coordinating with assemblers or brand companies. While demand in the first half of the year remains stable, we must closely monitor policy changes in various countries in the second half. As PCB production lies in the midstream of the electronics supply chain, Dynamic's direct exports to the U.S. account for only a small portion (about 5% of revenue). Tariffs are paid by the buyers, so the immediate impact remains manageable. Currently, responses are being taken mainly by end-brand customers, governments, and assemblers. We support our clients flexibly, such as by delivering goods to different locations.
- Generally, tariff changes are expected to affect market demand in the second half of 2025, and economic indicators are projected to continue weakening. However, the momentum in AI development remains strong, and markets related to AI servers—such as networking and storage—are still expected to expand significantly.
- At present, our customers continue to emphasize risk management and are actively pursuing a "China and Taiwan +1" strategy. This has led them to keep advancing Dynamic's capacity expansion in Thailand.

The Impact of Exchange Rates on Dynamic

- Our factories are located in China and Thailand, so the exchange rate fluctuations of the Chinese yuan (RMB) and Thai baht (THB) against the U.S. dollar have a greater impact on us, while fluctuations in the New Taiwan dollar (TWD) have a relatively smaller effect.
- The previously mentioned estimate that a 1% appreciation/depreciation of the U.S. dollar would affect the gross margin by 0.3 percentage points refers to a simultaneous 1% change of the U.S. dollar against all currencies (TWD/RMB/THB), not just against the New Taiwan dollar.

Operating Overview for Q1 of 2025

2025Q1 Sales Analysis - Technology



Consolidated Income Statement

Accounts (TWD 100M)	1Q25	4Q24	Q-o-Q Change%	1Q24	Y-o-Y Change%	Q1-Q1 2025	Q1-Q1 2024	Y-o-Y Change%
Sales Revenue	45.56	46.40	(1.8)%	41.71	9.2 %	45.56	41.71	9.2 %
Gross Profit %	19.0 %	18.8 %	0.2 %	22.7 %	(3.7)%	19.0 %	22.7 %	(3.7)% ppts
Operating expenses	6.00	7.34	(18.2)%	5.53	8.5 %	6.00	5.53	8.5 %
Operating Income%	5.8 %	3.0 %	2.8 %	9.4 %	(3.6)%	5.8 %	9.4 %	(3.6)% ppts
Non-operating income/expenses	(0.07)	1.10	(106.6)%	0.18	(141.2)%	(0.07)	0.18	(141.2)%
Net Income (loss)	2.66	1.71	55.9 %	2.83	(6.0)%	2.66	2.83	(6.0)%
Net Income (loss)%	5.8 %	3.7 %	2.2 %	6.8 %	(0.9)%	5.8%	6.8 %	(0.9)% ppts
EPS(NTD)	0.96	0.61	57.4 %	1.02	(5.9)%	0.96	1.02	(5.9)%
ROE (%)	13.1 %	8.4 %	4.7 %	16.2 %	(3.1)%	13.1 %	16.2 %	(3.1)% ppts
Average exchange	32.89	32.11	2.4 %	31.45	4.6 %	32.89	31.45	4.6 %

* The weighted average thousand shares to 277,675 of ordinary shares outstanding during the first quarter of 2025.

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

Consolidated BS & Important Financial Indicator

Accounts (TWD 100M)	1Q25		4Q24		1Q24	
	Amount	%	Amount	%	Amount	%
Cash and cash equivalents	35.81	10.8%	28.49	9.2%	41.72	17.1%
Accounts receivable	49.47	15.0%	52.53	17.0%	45.43	18.6%
Inventories	36.42	11.0%	32.27	10.4%	24.05	9.9%
Property, plant and equipment	187.25	56.6%	176.04	57.0%	116.67	47.9%
Total Assets	330.74	100.0%	309.02	100.0%	243.72	100.0%
Current liabilities	176.76	53.4%	175.71	56.9%	118.46	48.6%
Long-term loans	55.30	16.7%	35.62	11.5%	40.70	16.7%
Total liabilities	249.79	75.5%	228.22	73.9%	174.04	71.4%
Total equity	80.95	24.5%	80.80	26.1%	69.68	28.6%
Important Financial Indicator						
A/R turnover days	112		108		107	
Average inventory turnover days	88		77		70	
Current ratio (Times)	0.8		0.7		1.0	
Asset productivity (Times)	0.6		0.7		0.7	

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

Consolidated Statements Of Cash Flows

(TWD 100M)	1Q25	4Q24	1Q24
Cash at beginning of period	28.49	38.06	33.75
Cash Flow from Operating	2.84	0.09	4.64
Capital Expenditure	(12.82)	(8.41)	(15.10)
Cash Dividends Paid	0.00	0.00	0.00
Cash Flow from Financing	18.20	(0.52)	15.31
Investment & Other	(0.80)	(0.40)	2.63
Cash at end of period	35.81	28.49	41.72
Free Cash Flow	(9.98)	(8.32)	(10.46)

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

2025Q1 Summary

- By Product Category, automotive PCBs accounted for a 5-percentage-point decrease from the previous quarter, mainly due to reduced demand from some customers. Display panels increased by 2 percentage points, driven by higher customer demand. Networking and server products rose by 2 percentage points, primarily because some customer orders from the previous quarter were postponed to January this year. Computers and peripherals increased by 1 percentage point, thanks to stable growth in demand for customers' automation products. The share of other product categories remained unchanged.
- By Technology, HDI (High-Density Interconnect) accounted for 35% of the total, up from 33% in the previous quarter, mainly due to increased demand in networking and server applications.
- First-quarter revenue was mainly impacted by lower automotive demand and declined by 1.8% compared to the previous quarter. Gross margin slightly improved by 0.2 percentage points but was still affected by higher initial production costs in Thailand.
- Operating expenses dropped by 18.2%, primarily due to the company's cost control efforts, especially in administrative and selling expenses.
- Non-operating income was a negative NT\$7 million, while this period's foreign exchange gain was approximately NT\$32 million.
- Net income after tax was NT\$266 million, with earnings per share (EPS) of NT\$0.96.

Outlook

Future Outlook

- Outlook for Q2 2025, revenue is expected to remain flat or show slight growth compared to the previous quarter.
- We will continue to implement strict control over operating expenses in Q2, aiming for a noticeable reduction in losses at the Thailand plant in the second half of the year.
- With the Thailand plant moving up the learning curve and new high-end products scheduled to enter mass production in the second half, we remain optimistic about full-year revenue and profitability.
- In 2025, the main growth drivers will be networking & server products, storage devices, and automotive business. Among them, the networking and server segment is expected to show the strongest growth, storage devices are projected to grow more significantly in the second half, and the automotive segment is set for moderate growth.
- Due to our customers' risk management strategies, they are actively supporting the development of our Thailand facility. Currently, customers are conducting site audits and product verifications. High-end server products require highly complex certifications with numerous product-specific hurdles to overcome. We are making progress step by step, and we are both excited and confident about the path ahead.

Dynamic Actions in ESG

Awarded as a Top 5% Listed Company in the 11th Corporate Governance Evaluation

一、上市公司

以下排序不分名次，以公司代號排序。

【評鑑結果列為前 5%，計 49 家上市公司】

代號	簡 稱	代號	簡 稱	代號	簡 稱	代號	簡 稱	代號	簡 稱
1101	台泥	1605	華新	1707	葡萄王	2006	東和鋼鐵	2201	裕隆
2204	中華	2301	光寶科	2303	聯電	2308	台達電	2324	仁寶
2330	台積電	2332	友訊	2395	研華	2408	南亞科	2409	友達
2412	中華電	2454	聯發科	2633	台灣高鐵	2801	彰銀	2809	京城銀
2845	遠東銀	2884	玉山金	2885	元大金	2886	兆豐金	2892	第一金
2897	王道銀行	3034	聯詠	3035	智原	3036	文晔	3045	台灣大
3231	緯創	3443	創意	3665	貿聯-KY	3702	大聯大	3708	上緯投控
3714	富采	3715	定穎投控	4766	南寶	4904	遠傳	4915	致伸
5434	崇越	5871	中租-KY	5876	上海商銀	6277	宏正	6770	力積電
6901	鑽石投資	8926	台汽電	9940	信義	9941	裕融		

二、市值 100 億元以上之電子類

以下排序不分名次，以公司代號排序。

【評鑑結果列為前 10%，計 30 家上市櫃公司】

代號	簡 稱	代號	簡 稱	代號	簡 稱	代號	簡 稱	代號	簡 稱
2301	光寶科	2303	聯電	2308	台達電	2324	仁寶	2332	友訊
2395	研華	2408	南亞科	2409	友達	2412	中華電	2454	聯發科
3034	聯詠	3035	智原	3036	文晔	3045	台灣大	3231	緯創
3443	創意	3665	貿聯-KY	3702	大聯大	3714	富采	3715	定穎投控
4904	遠傳	4915	致伸	5347	世界	5434	崇越	5483	中美晶
5536	聖浬*	6613	朋億*	6643	M31	6770	力積電	8069	元太

Nominated for the Commonwealth Magazine Sustainability Awards
and honored with Hon Hai–Foxconn Sustainability Award



綜合績效 電子科技業
技嘉科技股份有限公司
京鼎精密科技(股)公司
定穎投資控股股份有限公司
金寶電子工業股份有限公司
神準科技股份有限公司
群光電能科技股份有限公司



Approved by Science Based Targets initiative (SBTi) for its emissions reduction targets

- The SBTi has approved our near-term science-based emissions reduction target in line with a 1.5°C pathway.
- To reduce absolute GHG emissions: Scope 1 & 2, 42% and Scope 3, 25% by 2030 from a 2023 base year
- Our next step is to commit to set a long-term science-based target to reach net-zero value chain GHG emissions by no later than 2050.



Thai factory has obtained Green Industry Level 3 Certificate from the Ministry of Industry



Thailand factory has obtained the Green Industry Level 3 Certificate issued by the Ministry of Industry, which includes:

Level 1: Green Commitment

The organization must establish an environmental policy and engage in both internal and external communication.

Level 2: Green Operations

The organization must develop an environmental operation plan and implement it according to the plan.

Level 3: Green System

The organization must submit projects that meet green environmental management conditions (including ISO 14001 Environmental Management System certification) and related documentation.



Q&A

Dynamic Holding Co., Ltd.