

English Translation of Consolidated Financial Statements and a Report Originally Issued in Chinese

Ticker: 6251

**DYNAMIC ELECTRONICS CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH REVIEW REPORT OF INDEPENDENT AUDITORS
As of March 31, 2022 and 2021
And For The Three – month Periods Then Ended**

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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.

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English Translation of Consolidated Financial Statements and a Report Originally Issued in Chinese
REVIEW REPORT OF INDEPENDENT AUDITORS

To: The Board of Directors
Dynamic Electronics Co., LTD.

Introduction

We have reviewed the accompanying consolidated balance sheets of Dynamic Electronics Co., LTD. (the “Company”) and its subsidiaries as of March 31, 2022 and 2021, the related consolidated statements of comprehensive income for the three-month periods then ended, the related consolidated statements of changes in equity and cash flows for the three-month periods then ended, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65, “Review of Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews , nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of March 31, 2022 and 2021, and their consolidated financial performance for the three-month periods then ended and cash flows for the three-month periods then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Chang, Chi Ming

Chen, Kuo Shuai

Ernst & Young

May 6th, 2022

Taipei, Taiwan,

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of March 31,2022, December 31,2021 and March 31, 2021 (March 31, 2022 and 2021 are reviewed but unaudited)

(Amounts Expressed in Thousands of New Taiwan Dollars)

| Assets | | | As of March 31, 2022 | | As of December 31,2021 | | As of March 31,2021 | |
|--------|---|------------|----------------------|------------|------------------------|------------|---------------------|------------|
| Code | Accounts | Notes | Amount | % | Amount | % | Amount | % |
| 11xx | Current Assets | | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$2,798,612 | 14 | \$2,729,560 | 15 | \$1,818,890 | 12 |
| 1110 | Financial assets at fair value through profit or loss | 6(2) | 3,678 | - | 3,130 | - | - | - |
| 1136 | Financial assets carried at amortized cost | 6(3),8 | 1,078,715 | 6 | 1,218 | - | 1,255 | - |
| 1150 | Notes receivable, net | 6(4) | 78,598 | 1 | 43,247 | - | 81,338 | 1 |
| 1170 | Accounts receivable, net | 6(5) | 4,665,757 | 24 | 4,624,955 | 26 | 3,933,250 | 27 |
| 1200 | Other receivables | | 73,137 | - | 103,615 | 1 | 112,530 | 1 |
| 1310 | Inventories, net | 6(6) | 2,784,096 | 14 | 2,953,056 | 17 | 2,032,969 | 14 |
| 1410 | Prepayments | | 410,869 | 2 | 365,853 | 2 | 468,323 | 3 |
| 1470 | Other current assets | | 4,123 | - | 1,812 | - | 7,065 | - |
| | Total current assets | | <u>11,897,585</u> | <u>61</u> | <u>10,826,446</u> | <u>61</u> | <u>8,455,620</u> | <u>58</u> |
| 15xx | Non-current assets | | | | | | | |
| 1510 | Financial assets at fair value through profit or loss | 6(2) | 850 | - | 800 | - | - | - |
| 1600 | Property, plant and equipment | 6(7), 8, 9 | 7,072,551 | 36 | 6,241,643 | 36 | 5,408,292 | 37 |
| 1755 | Right-of-use assets | 6(20), 8 | 421,010 | 2 | 408,273 | 2 | 416,714 | 3 |
| 1780 | Intangible assets | 6(8) | 106,227 | - | 44,583 | - | 38,290 | - |
| 1840 | Deferred tax assets | 4 | 129,766 | 1 | 115,358 | 1 | 354,529 | 2 |
| 1900 | Other non-current assets | 6(9) | 1,516 | - | 1,492 | - | 2,298 | - |
| | Total non-current assets | | <u>7,731,920</u> | <u>39</u> | <u>6,812,149</u> | <u>39</u> | <u>6,220,123</u> | <u>42</u> |
| | Total assets | | <u>\$19,629,505</u> | <u>100</u> | <u>\$17,638,595</u> | <u>100</u> | <u>\$14,675,743</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 ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (Continued)

As of March 31, 2022, December 31, 2021 and March 31, 2021 (March 31, 2022 and 2021 are reviewed but unaudited)

(Amounts Expressed in Thousands of New Taiwan Dollars)

| Liabilities and Equity | | | As of March 31, 2022 | | As of December 31, 2021 | | As of March 31, 2021 | |
|------------------------|--|----------|----------------------|------------|-------------------------|------------|----------------------|------------|
| Code | Accounts | Notes | Amount | % | Amount | % | Amount | % |
| 21xx | Current liabilities | | | | | | | |
| 2100 | Short-term loans | 6(10) | \$5,171,168 | 26 | \$4,587,071 | 26 | \$3,329,797 | 23 |
| 2120 | Financial liabilities at fair value through profit or loss | 6(11) | - | - | - | - | 1,735 | - |
| 2130 | Contract liability | 6(19) | 4,295 | - | 4,066 | - | 13,158 | - |
| 2150 | Notes Payable | | 2,319 | - | - | - | - | - |
| 2170 | Accounts payables | | 3,444,104 | 18 | 3,560,924 | 20 | 3,543,265 | 24 |
| 2200 | Other payables | 6(12) | 1,298,630 | 7 | 1,313,989 | 8 | 1,155,169 | 8 |
| 2230 | Current tax liabilities | 4 | 86,822 | - | 62,732 | - | 16,940 | - |
| 2280 | Lease liabilities | 6(21) | 2,025 | - | 2,019 | - | 1,999 | - |
| 2300 | Other current liabilities | | 49,203 | - | 44,925 | - | 40,356 | - |
| 2322 | Current portion of long-term loans payable | 6(14), 8 | 304,368 | 2 | 651,224 | 4 | 651,356 | 4 |
| 2365 | Refund liability | 6(15) | 221,851 | 1 | 233,162 | 1 | 109,089 | 1 |
| | Total current liabilities | | <u>10,584,785</u> | <u>54</u> | <u>10,460,112</u> | <u>59</u> | <u>8,862,864</u> | <u>60</u> |
| 25xx | Non-current liabilities | | | | | | | |
| 2530 | Bonds payable | 6(14) | 487,962 | 3 | 486,152 | 3 | - | - |
| 2540 | Long-term loans | 6(14), 8 | 1,967,389 | 10 | 390,735 | 2 | - | - |
| 2570 | Deferred tax liabilities | 4 | 301,719 | 2 | 266,559 | 2 | 395,963 | 3 |
| 2580 | Lease liabilities | 6(21) | 1,536 | - | 2,045 | - | 3,561 | - |
| 2630 | Long-term deferred revenue | 6(16) | 485,901 | 2 | 389,065 | 2 | 370,240 | 3 |
| 2640 | Net defined benefit liability | 4 | 2,061 | - | 2,007 | - | 1,845 | - |
| 2645 | Guarantee deposits | | 91,096 | - | 121,124 | 1 | 24,969 | - |
| | Total non-current liabilities | | <u>3,337,664</u> | <u>17</u> | <u>1,657,687</u> | <u>10</u> | <u>796,578</u> | <u>6</u> |
| | Total liabilities | | <u>13,922,449</u> | <u>71</u> | <u>12,117,799</u> | <u>69</u> | <u>9,659,442</u> | <u>66</u> |
| 31xx | Equity attributable to the parent company | | | | | | | |
| 3100 | Capital | 6(18) | | | | | | |
| 3110 | Common stock | | 2,775,184 | 14 | 2,775,141 | 16 | 2,775,141 | 19 |
| 3140 | Capital collected in advance | | - | - | 43 | - | - | - |
| 3200 | Capital surplus | 6(18) | 1,314,873 | 6 | 1,314,873 | 7 | 1,250,883 | 8 |
| 3300 | Retained earnings | 6(18) | | | | | | |
| 3310 | Legal reserve | | 599,291 | 3 | 599,291 | 3 | 531,385 | 4 |
| 3320 | Special reserve | | 299,666 | 2 | 299,666 | 2 | 299,666 | 2 |
| 3350 | Accumulated profit or loss | | 941,609 | 5 | 970,607 | 6 | 585,332 | 4 |
| 3400 | Other components of equity | | (230,865) | (1) | (438,825) | (3) | (426,106) | (3) |
| 36xx | Non-controlling interests | 6(18) | 7,298 | - | - | - | - | - |
| | Total equity | | <u>5,707,056</u> | <u>29</u> | <u>5,520,796</u> | <u>31</u> | <u>5,016,301</u> | <u>34</u> |
| | Total liabilities and equity | | <u>\$19,629,505</u> | <u>100</u> | <u>\$17,638,595</u> | <u>100</u> | <u>\$14,675,743</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 ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three-month period ended March 31, 2022 and 2021 (Reviewed but unaudited)

(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

| Code | Accounts | Notes | First quarter of 2022 | | First quarter of 2021 | |
|------|---|----------|-----------------------|------|-----------------------|------|
| | | | Amount | % | Amount | % |
| 4000 | Operating revenues | 6(19) | \$4,092,018 | 100 | \$3,561,906 | 100 |
| 5000 | Operating costs | 6(6) | (3,574,800) | (87) | (3,256,594) | (91) |
| 5900 | Gross profit | | 517,218 | 13 | 305,312 | 9 |
| 6000 | Operating expenses | | | | | |
| 6100 | Sales and marketing expenses | | (139,887) | (4) | (126,506) | (4) |
| 6200 | General and administrative expenses | | (129,563) | (3) | (141,863) | (4) |
| 6300 | Research and development expenses | | (911) | - | (1,109) | - |
| 6450 | Expected credit gains(losses) | 6(20) | (3,565) | - | 468 | - |
| | Operating expenses total | | (273,926) | (7) | (269,010) | (8) |
| 6900 | Operating income | | 243,292 | 6 | 36,302 | 1 |
| 7000 | Non-operating income and expenses | 6(23) | | | | |
| 7100 | Interest income | | 3,378 | - | 2,131 | - |
| 7010 | Other income | | 17,829 | - | 40,932 | 1 |
| 7020 | Other gains and losses | | 12,137 | - | (12,473) | - |
| 7050 | Finance costs | | (56,987) | (1) | (33,247) | (1) |
| | Non-operating income and expenses total | | (23,643) | (1) | (2,657) | - |
| 7900 | Income from continuing operations before income tax | | 219,649 | 5 | 33,645 | 1 |
| 7950 | Income tax expense | 4, 6(25) | (54,384) | (1) | (16,372) | - |
| 8200 | Net income | | 165,265 | 4 | 17,273 | 1 |
| 8300 | Other comprehensive income (loss) | 6(24) | | | | |
| 8360 | May be reclassified to profit or loss in subsequent periods | | | | | |
| 8361 | Exchange differences arising on translation of foreign operations | | 207,960 | 5 | (21,232) | (1) |
| | Total other comprehensive income(loss), net of tax | | 207,960 | 5 | (21,232) | (1) |
| 8500 | Total comprehensive income (loss) | | \$373,225 | 9 | \$(3,959) | - |
| 8600 | Net income attributable to: | | | | | |
| 8610 | Shareholders of the parent | | \$165,265 | 4 | \$17,273 | 1 |
| 8620 | Non-controlling interests | | - | - | - | - |
| | | | \$165,265 | 4 | \$17,273 | 1 |
| 8700 | Total comprehensive income(loss) attributable to: | | | | | |
| 8710 | Shareholders of the parent | | \$373,225 | 9 | \$(3,959) | - |
| 8720 | Non-controlling interests | | - | - | - | - |
| | | | \$373,225 | 9 | \$(3,959) | - |
| 9750 | Earnings per share - basic (In NT\$) | 6(26) | \$0.60 | | \$0.06 | |
| 9850 | Earnings per share - diluted (In NT\$) | 6(26) | \$0.55 | | \$0.06 | |

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

From January 1 to March 31, 2022 and 2021 (Reviewed but unaudited)

(Amounts Expressed in Thousands of New Taiwan Dollars)

| Code | Items | Equities belong to the holders of Parent Company | | | | | | | Total equity | Non-controlling interests | Total equity |
|------|--|--|------------------------------|--------------------|-------------------|------------------|----------------------------|---|--------------------|---------------------------|--------------------|
| | | Capital | Capital collected in advance | Capital surplus | Retained earnings | | | Other components of 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, 2021 | \$2,775,141 | \$- | \$1,250,883 | \$531,385 | \$299,666 | \$679,065 | \$(404,874) | \$5,131,266 | \$- | \$5,131,266 |
| | Appropriation and distribution of 2020 earnings | | | | | | | | | | |
| B5 | Cash dividends-common shares | | | | | | (111,006) | | (111,006) | | (111,006) |
| D1 | Net income of the period Jan.1 to Mar. 31, 2021 | | | | | | 17,273 | | 17,273 | | 17,273 |
| D3 | Other comprehensive income (loss) of the period Jan.1 to Mar. 31, 2021 | | | | | | | (21,232) | (21,232) | | (21,232) |
| D5 | Total comprehensive income (loss) of the current period | - | - | - | - | - | 17,273 | (21,232) | (3,959) | - | (3,959) |
| Z1 | Balance as of March 31, 2021 | <u>\$2,775,141</u> | <u>\$-</u> | <u>\$1,250,883</u> | <u>\$531,385</u> | <u>\$299,666</u> | <u>\$585,332</u> | <u>\$(426,106)</u> | <u>\$5,016,301</u> | <u>\$-</u> | <u>\$5,016,301</u> |
| 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 | | | | | | | | | | |
| B5 | Cash dividends-common shares | | | | | | (194,263) | | (194,263) | | (194,263) |
| D1 | Net income of the period Jan.1 to Mar. 31, 2022 | | | | | | 165,265 | | 165,265 | | 165,265 |
| D3 | Other comprehensive income (loss) of the period Jan.1 to Mar. 31, 2022 | | | | | | | 207,960 | 207,960 | | 207,960 |
| D5 | Other comprehensive income (loss) of the current period | - | - | - | - | - | 165,265 | 207,960 | 373,225 | - | 373,225 |
| I1 | Convertible bond | 43 | (43) | | | | | | - | | - |
| O1 | Non-controlling interests | | | | | | | | | 7,298 | 7,298 |
| Z1 | Balance as of March 31, 2022 | <u>\$2,775,184</u> | <u>\$-</u> | <u>\$1,314,873</u> | <u>\$599,291</u> | <u>\$299,666</u> | <u>\$941,609</u> | <u>\$(230,865)</u> | <u>\$5,699,758</u> | <u>\$7,298</u> | <u>\$5,707,056</u> |

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
From January 1 to March 31, 2022 and 2021 (Reviewed but unaudited)
(Amounts Expressed in Thousands of New Taiwan Dollars)

| Code | Item | 2022 Q1 | 2021 Q1 | Code | Item | 2022 Q1 | 2021 Q1 |
|--------|--|-----------|-----------|--------|--|-------------|-------------|
| AAAA | Cash flows from operating activities: | | | BBBB | Cash flows from investing activities: | | |
| A10000 | Net income before tax | \$219,649 | \$33,645 | B00040 | Disposal (acquisition) of financial assets at amortised cost | (1,077,497) | 199,998 |
| A20000 | Adjustments: | | | B02700 | Acquisition of property, plant and equipment | (851,709) | (227,455) |
| A20010 | Profit or loss not effecting cash flows: | | | B02800 | disposal of property, plant and equipment | 9,978 | 893 |
| A20100 | Depreciation (inculding right-of-use assets) | 163,481 | 180,434 | B03700 | Decrease (increase) in refundable deposits | (24) | 2,213 |
| A20200 | Amortization | 5,521 | 3,747 | B04500 | Increase in software | (3,281) | (13,314) |
| A20300 | Expected credit losses (gain) | 3,565 | (468) | B05000 | Cash received through merger | (67,622) | - |
| A20400 | Net loss (gain) of financial assets at fair value through profit or loss | (468) | 1,735 | B05350 | Acquisition of right-of-use asset | - | (148,217) |
| A20900 | Interest expense | 56,987 | 33,247 | B09900 | Increase (decrease) in deferred income | 88,228 | - |
| A21200 | Interest income | (3,378) | (2,131) | BBBB | Net cash provided by (used in) investing activities | (1,901,927) | (185,882) |
| A22500 | Loss (gain) on disposal of property, plant and equipment | (18) | 17,162 | | | | |
| A23700 | Impairment loss (reveral) on non-financial assets | 3,391 | (17,169) | | | | |
| A29900 | Loss (gain) on government grants | (8,190) | (8,494) | | | | |
| A30000 | Changes in operating assets and liabilities: | | | CCCC | Cash flows from financing activities: | | |
| A31130 | Notes receivable | (11,821) | 180,725 | C00200 | Increase in (repayment of) short-term loans | 584,097 | 747,197 |
| A31150 | Accounts receivable | (44,889) | (216,021) | C01600 | Proceeds from long-term debt | 1,865,933 | - |
| A31180 | Other receivables | 30,478 | 9,322 | C01700 | Repayment of long-term loans | (676,373) | - |
| A31200 | Inventories | 168,960 | (434,872) | C03000 | Increase (decrease) in guarantee deposits | (30,028) | (194) |
| A31230 | Prepayment | (44,842) | (91,678) | C04020 | Payments of lease liabilities | (515) | (514) |
| A31240 | Other current assets | (2,311) | (1,049) | CCCC | Net cash provided by (used in) financing activities | 1,743,114 | 746,489 |
| A32125 | Contract liability | 229 | (289) | | | | |
| A32150 | Accounts payable | (119,021) | 715,905 | | | | |
| A32180 | Other payable | (128,529) | (117,897) | | | | |
| A32230 | Other current liabilities | 3,984 | 1,749 | DDDD | Effect of exchange rate changes on cash and cash equivalents | 4,265 | 11,265 |
| A32240 | Net defined benefit liabilities | 54 | 54 | | | | |
| A32990 | Refund liability | (11,311) | 8,336 | | | | |
| A32000 | Cash generated from operations | 281,521 | 295,993 | | | | |
| A33100 | Interest received | 3,378 | 2,131 | EEEE | Net increase (decrease) in cash and cash equivalents | 69,052 | 820,323 |
| A33300 | Interest paid | (50,512) | (31,795) | E00100 | Cash and cash equivalents at beginning of period | 2,729,560 | 998,567 |
| A33500 | Income tax paid | (10,787) | (17,878) | E00200 | Cash and cash equivalents at end of period | \$2,798,612 | \$1,818,890 |
| AAAA | Net cash provided by (used in) operating activities | 223,600 | 248,451 | | | | |

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

1. History and organization

Dynamic Electronics Co., Ltd. (“the Company”) was incorporated in August 18, 1988. The main activities of the Company are mainly engaged in 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 trade business of the aforementioned products. The Company’ s common shares were publicly listed on the Taiwan Stock Exchange (TWSE) in March 18, 2009. 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 as of March 31, 2022 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 May 6th, 2022.

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 Company 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, 2022. The nature and the impact of each new standard and amendment had no material effect on the Company.

(2) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company 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 | Classification of Liabilities as Current or Non-current – Amendments to IAS 1 | January 1, 2023 |
| d | Disclosure Initiative – Accounting Policies – Amendments to IAS 1 | January 1, 2023 |
| e | Definition of Accounting Estimates – Amendments to IAS 8 | January 1, 2023 |
| f | Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 | January 1, 2023 |

(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 gains 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 it was 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)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.

(d)Disclosure Initiative – Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(e)Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

to help companies distinguish changes in accounting estimates from changes in accounting policies.

(f)Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The Company assesses all standards and interpretations have no material impact on the Company.

4. Summary of significant accounting policies

(1) Statement of compliance

The consolidated financial statements for the three-month periods ended March 31, 2022 and 2021 have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and IAS 34, "Interim Financial Reporting," as endorsed and became effective by the FSC.

Except for the following 4(3) to 4(5), the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2021. For more details, please refer to Note 4 of the Company's consolidated financial statements for the year ended December 31, 2021.

(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.

(3) Basis of consolidation

The same principles of consolidation have been applied in the Company's consolidated financial statements as those applied in the Company's consolidated financial statements for the year ended December 31, 2021. For the principles of consolidation, please refer to Note 4(3) of the Company's consolidated financial statements for the year ended December 31, 2021.

The consolidated entities are listed as follows:

| Investor | Subsidiary | Main businesses | Percentage of Ownership (%) | | |
|-------------|--|--|-----------------------------|------------|------------|
| | | | 2022.03.31 | 2021.12.31 | 2021.03.31 |
| The Company | WINTEK (MAURITIUS) CO., LTD. | Investing activities | 100.00% | 100.00% | 100.00% |
| The Company | Dynamic PCB Electronics Co., Ltd. | PCB and business which relates to import and export | 100.00% | 100.00% | 100.00% |
| The Company | Dynamic Electronics Co., Ltd. (Seychelles) | PCB and business which relates to import and export | 100.00% | 100.00% | 100.00% |
| The Company | Dynamic Electronics Trading Pte. Ltd. | Management and Operation Business | 100.00% | 100.00% | 100.00% |
| The Company | CHIANAN TECHNOLOGY CO., LTD. | Mockup manufacture | 70.00% (Note1) | -% | -% |
| The Company | CHENG CHONG TECHNOLOGY CO., LTD. | Mockup manufacture | 70.00% (Note 2) | -% | -% |

| | | | | | |
|---|---|--|---------|---------------------|---------|
| WINTEK (MAURITIUS) CO., LTD. | Dynamic Electronics Holding Pte. Ltd. | Investing activities | 100.00% | 100.00% | 100.00% |
| Dynamic Electronics Holding Pte. Ltd. | Dynamic Electronics (Huangshi) Co., Ltd. | Manufacturing and selling of PCB | 100.00% | 100.00% | 100.00% |
| Dynamic Electronics Holding Pte. Ltd. | Dynamic Electronics (Kunshan) Co., Ltd. | Manufacturing and selling of PCB | -% | -% (Note 3) | 100.00% |
| Dynamic Electronics (Huangshi) Co., Ltd. | Dynamic Electronics (Kunshan) Co., Ltd. | Manufacturing and selling of PCB | 100.00% | 100.00% (Note 3) | -% |

Note 1: Considering the needs of long-term development, the Group acquired 70% shares of CHIANAN TECHNOLOGY CO., LTD. with the resolution of the board of directors on February 23, 2022, and acquired the shares of CHIANAN TECHNOLOGY CO., LTD. on March 17, 2022 for NTD 46,060 thousand. The share acquisition ratio is 70%. The share settlement has been completed on March 17, 2022. The Group has obtained the control to include it in the Group's consolidated financial statements preparation.

Note 2: Considering the needs of long-term development, the Group acquired a 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 NTD 33,211 thousand. The share acquisition ratio is 70%. The share settlement has been completed on March 17, 2022. The Group has obtained the control to include it in the Group's consolidated financial statements preparation.

Note 3: Considers the needs of long-term development, and the Group's board of directors resolved on December 17, 2020 to change the investment structure of Dynamic Electronics (Kunshan) Co., Ltd., a previous reinvested business in Mainland China of

Singapore Dynamic Electronics Holding Pte. Ltd. is changed to the reinvested business of Dynamic Electronics (Huangshi) Co., Ltd. The aforementioned transaction is an equity adjustment under organizational reorganization.

(4) Income tax

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. Only current income tax expense is using the estimated average annual effective income tax rate while deferred income tax is recognized and measured in consistent with annual financial reporting in accordance with IAS 12, "Income Tax." The impact of tax rate change in interim period, if any, is recognized in earnings, other comprehensive income or directly equity.

(5) Business combinations and goodwill

Acquisitions of subsidiaries are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of acquisition) of assets transferred and liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

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 acquiree's host contracts.

Where the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is remeasured at fair value at the acquisition date and the resulting gain or loss is recognized in 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 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 excess amount of the aggregate of the consideration transferred and the non-controlling interests 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.

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 requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. For significant accounting judgments, estimates and assumptions, please refer to Note 5 of the Company's 2021 consolidated financial statements.

6. Contents of significant accounts

(1) Cash and cash equivalents

| | <u>2022.03.31</u> | <u>2021.12.31</u> | <u>2021.03.31</u> |
|----------------------|-------------------|-------------------|-------------------|
| Cash on hand | \$436 | \$347 | \$348 |
| Checking and savings | 2,597,804 | 2,528,853 | 1,618,171 |

| | | | |
|---------------------|--------------------|--------------------|--------------------|
| Fixed-term deposits | 200,372 | 200,360 | 200,371 |
| Total | <u>\$2,798,612</u> | <u>\$2,729,560</u> | <u>\$1,818,890</u> |

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

| | <u>2022.03.31</u> | <u>2021.12.31</u> | <u>2021.03.31</u> |
|---|-------------------|-------------------|-------------------|
| Measured at fair value through profit or loss : | | | |
| Convertible Bonds | \$850 | \$800 | \$- |
| Held for trading - current : | | | |
| Forward foreign exchange contract | 3,678 | 3,130 | - |
| Total | <u>\$4,528</u> | <u>\$3,930</u> | <u>\$-</u> |
| Current | \$3,678 | \$3,130 | \$- |
| Non-current | 850 | 800 | - |
| Total | <u>\$4,528</u> | <u>\$3,930</u> | <u>\$-</u> |

The Group's financial assets measured at fair value through profit and loss have no pledged collateral.

(3) Financial assets measured at amortized cost

| | <u>2022.03.31</u> | <u>2021.12.31</u> | <u>2021.03.31</u> |
|-------------------------|--------------------|-------------------|-------------------|
| Restricted cash-current | \$1,077,455 | \$- | \$- |
| Fixed-term deposits | 1,260 | 1,218 | 1,255 |
| Total | <u>\$1,078,715</u> | <u>\$1,218</u> | <u>\$1,255</u> |
| Current | <u>\$1,078,715</u> | <u>\$1,218</u> | <u>\$1,255</u> |
| Non-current | <u>\$-</u> | <u>\$-</u> | <u>\$-</u> |

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

Please refer to Note 8 for more details on financial assets measured amortized cost pledged as collaterals.

(4) Notes receivable, net

| | <u>2022.03.31</u> | <u>2021.12.31</u> | <u>2021.03.31</u> |
|--|-------------------|-------------------|-------------------|
| Notes receivable arising from operating activities | \$78,598 | \$43,247 | \$81,338 |
| Less: loss allowance | - | - | - |
| Total | <u>\$78,598</u> | <u>\$43,247</u> | <u>\$81,338</u> |

Notes receivables were not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(20) 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 follows:

| | <u>2022.03.31</u> | <u>2021.12.31</u> | <u>2021.03.31</u> |
|---|--------------------|--------------------|--------------------|
| Accounts receivable from operating activities | \$4,685,763 | \$4,640,874 | \$3,953,447 |
| Less: loss allowance | <u>(20,006)</u> | <u>(15,919)</u> | <u>(20,197)</u> |
| Total | <u>\$4,665,757</u> | <u>\$4,624,955</u> | <u>\$3,933,250</u> |

(B) Accounts receivable were not pledged.

(C) Accounts receivable are generally on 60 to 150 day terms. The total carrying amount as of March 31, 2022, December 31, 2021, and March 31, 2021, are NT\$4,685,763 thousand, NT\$4,640,874 thousand and NT\$3,953,447 thousand, respectively. Please refer to Note 6(20) for more details on loss allowance of accounts receivable for the the three-month periods ended March 31, 2022 and 2021. Please refer to Note 12 for more details on credit risk management.

English Translation of Consolidated Financial Statements and Footnotes Originally Issued in Chinese
DYNAMIC ELECTRONICS CO., LTD.
Notes to the Consolidated Financial Statements
(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(6) Inventories

(A) Details of inventory net amount are as below:

| | 2022.03.31 | 2021.12.31 | 2021.03.31 |
|----------------------------|--------------------|--------------------|--------------------|
| Raw materials and Supplies | \$335,995 | \$304,866 | \$361,326 |
| Work in progress | 684,367 | 624,749 | 546,602 |
| Finished goods | 1,763,734 | 2,023,441 | 1,125,041 |
| Total | <u>\$2,784,096</u> | <u>\$2,953,056</u> | <u>\$2,032,969</u> |

(B) For the three-month periods ended March, 2022 and 2021, the Group recognized NT3,574,800 thousand and NT3,256,594 thousand under the costs of inventory including the following losses:

| Item | 2022.01.01~2022.03.31 | 2021.01.01~2021.03.31 |
|----------------------------|-----------------------|-----------------------|
| Inventory valuation losses | <u>\$4,648</u> | <u>\$33,913</u> |

(C) Inventories were not pledged.

(7) Property, plant and equipment

| | 2022.03.31 | 2021.12.31 | 2021.03.31 |
|---|--------------------|--------------------|--------------------|
| Owner occupied property, plant, and equipment | <u>\$7,072,551</u> | <u>\$6,241,643</u> | <u>\$5,408,292</u> |

| | Lands and Buildings | Machinery and equipment | Transportatio n equipment | Office equipment | Other equipment | Lease improvement | Construction in progress and equipment to be examined | Total |
|-------------------------------------|------------------------|----------------------------|------------------------------|---------------------|--------------------|----------------------|--|---------------------|
| Cost: | | | | | | | | |
| 2022.01.01 | \$2,742,170 | \$6,902,330 | \$30,031 | \$344,299 | \$1,351,744 | \$8,820 | \$1,233,152 | \$12,612,546 |
| Addition | (621) | - | - | 5,545 | 9,149 | - | 744,096 | 758,169 |
| Acquired through business merger | - | 19,727 | 1,128 | - | 2,542 | - | - | 23,397 |
| Disposals | - | (10,784) | - | (750) | (2,216) | - | - | (13,750) |
| Transfer | 1,842 | 78,194 | - | 1,037 | 1,266 | - | (82,339) | - |
| Exchange differences | 105,895 | 276,628 | 1,132 | 13,039 | 52,071 | - | 47,620 | 496,385 |
| 2022.03.31 | <u>\$2,849,286</u> | <u>\$7,266,095</u> | <u>\$32,291</u> | <u>\$363,170</u> | <u>\$1,414,556</u> | <u>\$8,820</u> | <u>\$1,942,529</u> | <u>\$13,876,747</u> |

Depreciation and
impairment :

| | | | | | | | | |
|---------------------------------------|------------------|--------------------|-----------------|------------------|--------------------|----------------|------------|--------------------|
| 2022.01.01 | \$733,505 | \$4,390,260 | \$22,366 | \$201,137 | \$1,014,815 | \$8,820 | \$- | \$6,370,903 |
| Depreciation | 30,268 | 85,498 | 984 | 13,734 | 30,175 | - | - | 160,659 |
| Acquired through business merger | - | 16,462 | 870 | - | 2,261 | - | - | 19,593 |
| Impairment loss (gain on reversal) | - | 3,391 | - | - | - | - | - | 3,391 |
| Disposal | - | (1,078) | - | (691) | (2,021) | - | - | (3,790) |
| Transfer | - | - | - | - | - | - | - | - |
| Exchange differences | 28,997 | 175,992 | 858 | 7,830 | 39,763 | - | - | 253,440 |
| 2022.03.31 | <u>\$792,770</u> | <u>\$4,670,525</u> | <u>\$25,078</u> | <u>\$222,010</u> | <u>\$1,084,993</u> | <u>\$8,820</u> | <u>\$-</u> | <u>\$6,804,196</u> |

Cost :

| | | | | | | | | |
|----------------------|--------------------|--------------------|-----------------|------------------|--------------------|----------------|------------------|---------------------|
| 2021.01.01 | \$2,498,443 | \$6,367,480 | \$23,917 | \$278,578 | \$1,386,919 | \$8,820 | \$559,797 | \$11,123,954 |
| Additions | - | 139 | - | 1,855 | 25,230 | - | 353,963 | 381,187 |
| Disposals | - | (18,783) | - | - | (29,749) | - | - | (48,532) |
| Transfer | 100,142 | 196,889 | 4,386 | 18,046 | 8,490 | - | (327,953) | - |
| Exchange differences | (12,848) | (33,169) | (119) | (1,398) | (6,838) | - | (12,323) | (66,695) |
| 2021.03.31 | <u>\$2,585,737</u> | <u>\$6,512,556</u> | <u>\$28,184</u> | <u>\$297,081</u> | <u>\$1,384,052</u> | <u>\$8,820</u> | <u>\$573,484</u> | <u>\$11,389,914</u> |

Depreciation and
impairment :

| | | | | | | | | |
|---------------------------------------|------------------|--------------------|-----------------|------------------|------------------|----------------|------------|--------------------|
| 2021.01.01 | \$621,484 | \$4,105,152 | \$19,211 | \$152,609 | \$976,386 | \$8,820 | \$- | \$5,883,662 |
| Depreciation | 27,678 | 82,451 | 872 | 12,751 | 53,745 | - | - | 177,497 |
| Impairment loss (gain on reversal) | - | (17,169) | - | - | - | - | - | (17,169) |
| Disposal | - | (1,062) | - | - | (29,415) | - | - | (30,477) |
| Transfer | - | - | - | - | - | - | - | - |
| Exchange differences | (3,441) | (22,273) | (103) | (863) | (5,211) | - | - | (31,891) |
| 2021.03.31 | <u>\$645,721</u> | <u>\$4,147,099</u> | <u>\$19,980</u> | <u>\$164,497</u> | <u>\$995,505</u> | <u>\$8,820</u> | <u>\$-</u> | <u>\$5,981,622</u> |

Net carrying
amount as at:

| | | | | | | | | |
|------------|--------------------|--------------------|----------------|------------------|------------------|------------|--------------------|--------------------|
| 2022.03.31 | <u>\$2,056,516</u> | <u>\$2,595,570</u> | <u>\$7,213</u> | <u>\$141,160</u> | <u>\$329,563</u> | <u>\$-</u> | <u>\$1,942,529</u> | <u>\$7,072,551</u> |
|------------|--------------------|--------------------|----------------|------------------|------------------|------------|--------------------|--------------------|

| | | | | | | | | |
|------------|-------------|-------------|---------|-----------|-----------|-----|-------------|-------------|
| 2021.12.31 | \$2,008,665 | \$2,512,070 | \$7,665 | \$143,162 | \$336,929 | \$- | \$1,233,152 | \$6,241,643 |
| 2021.03.31 | \$1,940,016 | \$2,365,457 | \$8,204 | \$132,584 | \$388,547 | \$- | \$573,484 | \$5,408,292 |

For the three-month periods ended March 31, 2022, the NT\$3,391 thousand impairment loss is recognized due to the idleness of some real property, plant and equipment in the Group. This has been recognized in the statement of comprehensive income.

For the three-month periods ended March 31, 2021 the NT\$17,169 thousand gain on reversal of impairment loss represented the sold of certain property, plant and equipment in the Group. This has been recognized in the statement of comprehensive income.

Significant components of building include main building structure and additional expansion construction, which are depreciated over useful lives of 30~40 years and 20 years, respectively.

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 : | | | | |
| 2022.01.01 | \$59,799 | \$10,607 | \$- | \$70,406 |
| Additional— Acquired separately | 3,281 | - | - | 3,281 |
| Acquired through merger | 1,151 | - | 62,244 | 63,395 |
| Derecognized upon retirement | (1,072) | (36) | - | (1,108) |
| Effect of exchange rate changes | 2,060 | 409 | - | 2,469 |
| 2022.03.31 | \$65,219 | \$10,980 | \$62,244 | \$138,443 |
| 2021.01.01 | \$38,303 | \$10,664 | \$- | \$48,967 |
| Additional— Acquired separately | 13,314 | - | - | 13,314 |
| Derecognized upon | (8,735) | - | - | (8,735) |

| | | | | |
|---------------------------------|-----------------|-----------------|-----------------|------------------|
| retirement | | | | |
| Effect of exchange rate changes | (164) | (55) | - | (219) |
| 2021.03.31 | <u>\$42,718</u> | <u>\$10,609</u> | <u>\$-</u> | <u>\$53,327</u> |
| Amortization and impairment : | | | | |
| 2022.01.01 | \$22,618 | \$3,205 | \$- | \$25,823 |
| Acquired through merger | 946 | - | - | 946 |
| Amortization | 4,982 | 539 | - | 5,521 |
| Derecognized upon retirement | (1,072) | (36) | - | (1,108) |
| Effect of exchange rate changes | 898 | 136 | - | 1,034 |
| 2022.03.31 | <u>\$28,372</u> | <u>\$3,844</u> | <u>\$-</u> | <u>\$32,216</u> |
| 2021.01.01 | \$19,070 | \$1,085 | \$- | \$20,155 |
| Amortization | 3,211 | 536 | - | 3,747 |
| Derecognized upon retirement | (8,735) | - | - | (8,735) |
| Effect of exchange rate changes | (120) | (10) | - | (130) |
| 2021.03.31 | <u>\$13,426</u> | <u>\$1,611</u> | <u>\$-</u> | <u>\$15,037</u> |
| Carrying amount, net : | | | | |
| 2022.03.31 | <u>\$36,847</u> | <u>\$7,136</u> | <u>\$62,244</u> | <u>\$106,227</u> |
| 2021.12.31 | <u>\$37,181</u> | <u>\$7,402</u> | <u>\$-</u> | <u>\$44,583</u> |
| 2021.03.31 | <u>\$29,292</u> | <u>\$8,998</u> | <u>\$-</u> | <u>\$38,290</u> |

Amounts of amortization recognized for intangible assets are as follows:

| | <u>2022.01.01~2022.03.31</u> | <u>2021.01.01~2021.03.31</u> |
|--------------------|------------------------------|------------------------------|
| Operating cost | \$3,569 | \$1,344 |
| Operating expenses | 1,952 | 2,403 |
| Total: | <u>\$5,521</u> | <u>\$3,747</u> |

(9) Other non-current assets

| | | | |
|--------------------------------------|-------------------|-------------------|-------------------|
| Other non-current assets as follows: | <u>2022.03.31</u> | <u>2021.12.31</u> | <u>2021.03.31</u> |
| Refundable deposit | <u>\$1,516</u> | <u>\$1,492</u> | <u>\$2,298</u> |

(10) Short-term loans

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

| | | | | |
|---------------------|--------------------------|--------------------|--------------------|--------------------|
| | <u>Interest rate (%)</u> | <u>2022.03.31</u> | <u>2021.12.31</u> | <u>2021.03.31</u> |
| Unsecured bank loan | 0.92938%~4.5% | <u>\$5,171,168</u> | <u>\$4,587,071</u> | <u>\$3,329,797</u> |

(B) The Group's unused short-term lines of credits amounts to NT\$3,477,661 thousand, NT\$4,856,404 thousand and NT\$2,569,442 thousand as of March 31, 2022, December 31, 2021, and March 31, 2021, respectively.

(11) Financial liability at fair value through profit or loss

| | | | |
|-----------------------------|------------------|-------------------|------------------|
| | <u>2022.3.31</u> | <u>2021.12.31</u> | <u>2021.3.31</u> |
| Held for trading – current: | | | |
| Forward exchange agreement | <u>\$-</u> | <u>\$-</u> | <u>\$1,735</u> |

(12) Other payables

| | | | |
|--|--------------------|--------------------|--------------------|
| Other payables consist of the following: | <u>2022.03.31</u> | <u>2021.12.31</u> | <u>2021.03.31</u> |
| Accrued expenses | \$692,330 | \$813,528 | \$713,138 |
| Accrued dividend | 194,263 | - | 111,006 |
| Accrued interest | 14,447 | 9,331 | 6,493 |
| Payable to equipment supplier | 397,590 | 491,130 | 324,532 |
| Total | <u>\$1,298,630</u> | <u>\$1,313,989</u> | <u>\$1,155,169</u> |

(13) Bonds Payable

(A) The group had no balance of the bonds payable as of March 31, 2021. The details of the bonds payable as of March 31, 2022 and Dec 31, 2021 are as follows:

| | 2022.03.31 | 2021.12.31 |
|---|------------|------------|
| Liability component | | |
| Unsecured domestic bonds payable | \$499,900 | \$499,900 |
| Less : Discounts on domestic bonds payable | (11,938) | (13,478) |
| Total | 487,962 | 486,152 |
| Less : Current portion | - | - |
| Net | \$487,962 | \$486,152 |
| Embedded derivative - redemption, put options | \$850 | \$800 |
| Equity component - Conversion right | \$63,923 | \$63,923 |

For the details of the gain and loss from valuation through profit and loss on embedded derivative, redemption, put options, and the interest expense on the convertible bonds payable, please refer to Notes 6 (23-4) to the consolidated financial statement.

(B) On May 13, 2021, the Company issued the second unsecured domestic convertible bonds, the terms of the bonds are as follows:

- (a) Issue amount: NT \$500,000 thousand dollars
- (b) Issue date : May 13, 2021
- (c) Issue price : Issued at 110.1% of the par value.
- (d) Coupon rate : 0%
- (e) Period : May 13, 2021~May 13, 2024
- (f) Settlement : The convertible bonds' holder (hereinafter referred to as "bondholders") can convert the bond into the common stock of the Company based on article 10 of the Company's conversion rule. The Company can also recall the bonds before maturity and buy back the cancellation from bonds dealer based on article 18 of the Company's conversion rule. Otherwise, the company will repay the convertible bonds held by the bondholder in cash at 100.7519% of the par value of the bonds (the actual annual yield is 0.25%) upon maturity of the convertible bonds.
- (g) Conversion period : The bondholders will have the right to convert their bonds at any time during the conversion period commencing on August 14,

2021(the 90th day following the closing date) and ending at the close of business on May 13, 2024. (the maturity date), provided, however, 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 the 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 capital reduction to one day prior to the trading day on which the shares of the Company are reissued after such capital reduction; (v) no request for conversion other than the starting date of the stop of the conversion for the change of the 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. Due to the ex-dividend distribution of cash dividends in 2021, the company will adjust the conversion price in accordance with the company's second domestic unsecured convertible bond issuance and conversion regulations. Therefore, starting from August 13, 2021, the conversion price will be NT\$23.5 adjusted to NT\$23.1.

(i)Redemption clauses :

(i) Under the following circumstances, from the day (August 14, 2021) following the expiration of three months from the issuance date to the 40th day (April 3, 2024) before maturity, if the closing price of the Company's common stock exceeds the current conversion price by more than 30% (inclusive) for 30 consecutive business days, the company may recall the bonds within 30 business days thereafter by sending a registered mail of the 30-day-expiring "Bond Redemption Notice" (the foregoing period shall be counted from the date the company sends the mail, and the expiry date of the period shall be the base date for bond redemption and the foregoing period shall not be the period of suspension of conversion in Article 9) to the bondholders (referred to the bondholders shown in the register list on the fifth business day before the "bond redemption

notice" is sent. For bondholders who subsequently acquire the convertible bonds due to trading or other reasons, they shall be informed by the Company's announcement.) and the redemption price shall be as the par value, all the bonds shall be redeemed by cash. A written notification should be sent to OTC to announce the company will execute the bonds redemption. The outstanding convertible bond shall be redeemed with cash at par value within five business days after the base date of bond redemption.

(ii) During the period from the day (August 14, 2021) following the expiration of three months from the bond issuance date to the 40th day (April 3, 2024) before maturity, if the balance of the outstanding convertible bond is less than 10% of the beginning total issuance value, the company may at any time thereafter send a notification to the bondholders by registered mail (as shown in the creditor list five business days before the "Bond Redemption Notice" is sent. For bondholders who subsequently acquire the convertible bonds due to trading or other reasons, they shall be informed by the Company's announcement.) and the redemption price shall be as the par value, all the bonds shall be redeemed by cash. A written notification should be sent to OTC to announce the exercise of the company's redemption right. All the convertible bond of the Company shall be redeemed with cash at par value within five business days after the base date of bond redemption.

(iii) If the creditor fails to reply in written form (effective upon mailing day based on the postmark date) to the company's share transfer agent before the base date of bond redemption set forth in the "Bond Redemption Notice", the company will redeem the convertible bonds in cash at par value of the bonds within five business days after the base date of bond redemption.

(C) As of March 31, 2022, the amount of the second domestic unsecured convertible bonds that has been applied for conversion is NTD 100 thousand, and the common share is 4 thousand shares. The net amount that should be resold due to the conversion (including the denomination of the converted corporate bonds and the discount, etc.) is higher than the denomination of the shares, which is NTD 54 thousand as an addition to the capital reserve.

(14) Long-term loans

Details of long term loans as of March 31, 2022, December 31, 2021 and March 31, 2021 are as follows:

| Lender | 2022.03.31 | Interest rate (%) (Note 2) | Maturity and terms of repayments |
|---|--------------------|--|---|
| China Construction Bank Corporation Huangshi Branch— Credit loans | \$135,275 | China Construction Bank benchmark interest rate, bargain on a case-by-case basis | The loan is due to be settled |
| China Merchants Bank— Huangshi Branch— Credit loans | 135,275 | The benchmark interest rate of the People's Bank of China for a period of one year - LPR | The loan is due to be settled |
| The Shanghai Commercial & Savings Bank— Zhongli Branch-Credit loans | 270,549 | RMB variable interest rate for three months HIBOR+0.9% | The grace period is 12 months upon first usage. Pay interest quarterly. After the grace period expires, principal is repaid in 8 quarterly payments with monthly interest payments. |
| Agricultural Bank of China-Kunshan Branch-Credit loans | 1,730,658 | 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 principal will be repaid at least once every six months, and the principal will be amortized over eight years. |
| Less: Current portion of long-term loans | (304,368) | | |
| Non-current portion of long-term loans | <u>\$1,967,389</u> | | |

| Lender | 2021.12.31 | Interest rate (%) (Note 2) | Maturity and terms of repayments |
|---|------------|---|--|
| Bank of Communications Co., Ltd. – Huangshi Branch— Secured bank loans | \$651,224 | People's Bank of China benchmark interest rate rises by 10% | The loan is due to be settled |
| China Construction Bank Corporation Huangshi Branch— Credit loans | 130,245 | China Construction Bank benchmark interest rate, bargain on a case-by-case basis | The loan is due to be settled |
| The Shanghai Commercial & Savings Bank— Zhongli Branch-Credit loans | 260,490 | RMB variable interest rate for three months HIBOR+0.9% | The grace period is 12 months upon first usage. Pay interest quarterly. After the grace period expires, principal is repaid in 8 quarterly payments with monthly interest payments. |
| Less: Current portion of long-term loans | (651,224) | | |
| Non-current portion of long-term loans | \$390,735 | | |

| Lender | 2021.03.31 | Interest rate (%) (Note 2) | Maturity and terms of repayments |
|--|------------|---|-------------------------------------|
| Bank of Communications Co., Ltd. – Huangshi Branch— Secured bank loans | \$651,356 | People's Bank of China benchmark interest rate rises by 10% | The loan is due to be settled |
| Less: Current portion of long-term loans | (651,356) | | |
| Non-current portion of long-term loans | \$- | | |

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:

| | 2022.03.31 | 2021.12.31 | 2021.03.31 |
|-------------------|------------|--------------|--------------|
| Interest rate (%) | 3.7%~4.45% | 3.986%~4.35% | 4.35%~4.785% |

(15) Refund liability

| | 2022.03.31 | 2021.12.31 | 2021.03.31 |
|------------------|------------|------------|------------|
| Refund liability | \$221,851 | \$233,162 | \$109,089 |

(16) Long term deferred revenue

Government grants

| | 2022.01.01~2022.03.31 | 2021.01.01~2021.03.31 |
|-----------------------------------|-----------------------|-----------------------|
| Beginning balance | \$389,065 | \$380,616 |
| Government grants | 88,228 | - |
| The recognition in profit or loss | (8,190) | (8,494) |
| Exchange differences | 16,798 | (1,882) |
| Ending Balance | \$485,901 | \$370,240 |

| | 2022.03.31 | 2021.12.31 | 2021.03.31 |
|--|------------|------------|------------|
| Non-current deferred revenue related to assets | \$485,901 | \$389,065 | \$370,240 |

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.

(17) Post-employment revenue

Defined contribution plan

Expenses under the defined contribution plan for the three-month periods ended March 31, 2022 and 2021 were NT\$413 thousand and NT\$1,193 thousand, respectively.

The additional pension expenses the Group recognized due to the appointment of managers for the three-month periods ended March 31, 2022 and 2021 are both NT\$54 thousand.

(18) Equities

(A) Common stock

As of March 31, 2022, December 31, 2021, and March 31, 202, the company's authorized share capital was NT\$4,000,000 thousand, and the issued share capital is NT\$2,775,184 thousand, NT\$ 2,775,141 thousand and NT\$2,775,141 thousand, respectively, each share at par value of NT\$10, which are 277,518,361 shares, 277,514,032 shares and 277,514,032 shares, respectively.

The company issued the second domestic unsecured convertible bonds and applied for a conversion amount of NTD100 thousand in 2021, and exchanged 4 thousand common shares. On Dec. 28, 2021, the Board of Directors passed the resolution to set January 1, 2022 as the base date for capital increase.

(B) Capital surplus

| | 2022.03.31 | 2021.12.31 | 2021.03.31 |
|--|--------------------|--------------------|--------------------|
| Additional paid-in capital | \$1,176,745 | \$1,176,745 | \$1,176,745 |
| Issuing convertible bond at premium | 67 | 67 | - |
| Treasury share transactions | 32,214 | 32,214 | 32,214 |
| Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control | 15,531 | 15,531 | 15,531 |
| Gain on sale of assets | 155 | 155 | 155 |
| Lapsed employee share option | 6,528 | 6,528 | 6,528 |
| Share options | 83,633 | 83,633 | 19,710 |
| Total | <u>\$1,314,873</u> | <u>\$1,314,873</u> | <u>\$1,250,883</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.

(C) Earning distribution and dividend policies

(a) Earning distribution

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 ten percent 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 to be the special surplus reserval according to laws or the regulations of the competent authority; if there is any remaining portion, the board of directors shall submit a surplus distribution proposal to the shareholders meeting for a resolution to distribute shareholder dividends. The company may, in accordance with Article 240 and Article 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.

(b) Dividend policy

In order to respond to the changes in the economy and improve the company's financial structure, the company implements a balanced dividend policy. The future dividend policy is set as follows:

Because the company is in the stage of growing, the main consideration of the dividend policy is the company's future investment capital needs, financial structure and earning. The board of directors will draw up a distribution plan based on the current year's earnings and handles it after the resolution of the shareholders meeting.

In consideration of a balanced and stable dividend policy, the distribution of stock dividends or cash dividends will be issued appropriately depending on the investment capital requirements and the degree of dilution of the earnings per share, and the cash dividends will be paid not less than 10% of the total dividend for the year.

(c) 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.

(d) Special reserve

The company followed the first-time adoption of the T-IFRS to set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity when distributing distributable earnings. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

Following the adoption of T-IFRS, the FSC on March 31, 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022; company's first-time adoption of the T-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, the company shall set aside an equal amount of special reserve.

As of January 1, 2013, special reserve set aside for the first-time adoption of T-IFRS amounted to NT\$349,310 thousand. Furthermore, the Company 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 March 31, 2021 and 2022, special reserve set aside for the first-time adoption of T-IFRS amounted to NT\$299,666 thousand.

(e) The appropriations of earnings, distribution, and the dividend per share for the year 2021 and 2020 was approved by the shareholders' meeting held on July 20, 2021 and the Board of Directors on February 23, 2022. The details of the distributions are as follows.

| | Appropriation of earnings | | Dividend per share (in NT\$) | |
|-----------------------------------|---------------------------|------------------|---------------------------------|-------|
| | 2021 | 2020 | 2021 | 2020 |
| Legal reserve | \$47,045 | \$67,906 | | |
| Special reserve | 139,159 | - | | |
| Common stock cash dividend (Note) | 194,263 | 111,006 | \$0.7 | \$0.4 |
| Total: | <u>\$380,467</u> | <u>\$178,912</u> | | |

Note: The board of directors of the company was authorized by the articles of association and passed a special resolution on February 23, 2022 to approve the 2021 common stock cash dividend proposal.

Please refer to Note 6(22) for details (basis and amount) on employees' compensation and remuneration to directors and supervisors.

(D) Non-controlling interests

| | 2022.01.01~ 2022.03.31 | 2021.01.01~ 2021.03.31 |
|---|---------------------------|---------------------------|
| Opening balance | \$- | \$- |
| Net profit for the period attributable to non-controlling interests | - | - |
| Increase or decrease in non-controlling interests | 7,298 | - |
| Closing balance | <u>\$7,298</u> | <u>\$-</u> |

(19) Operating revenue

| | 2022.01.01~ 2022.03.31 | 2021.01.01~ 2021.03.31 |
|---------------------------------------|---------------------------|---------------------------|
| Revenue from contracts with customers | | |
| Sale of goods | \$4,091,727 | \$3,553,783 |
| Other revenue | 291 | 8,123 |
| Total | <u>\$4,092,018</u> | <u>\$3,561,906</u> |

Analysis of revenue from contracts with customers during the three-month periods ended March 31, 2022 and 2021 are as follows:

(A) Dissaggregation of revenue

| 2022.01.01~ 2022.03.31 | 2021.01.01~ 2021.03.31 |
|---------------------------|---------------------------|
| <u>Single department</u> | <u>Single department</u> |

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| | | |
|-------------------------------------|--------------------|--------------------|
| Sale of goods | \$4,091,727 | \$3,553,783 |
| Other | 291 | 8,123 |
| Total | <u>\$4,092,018</u> | <u>\$3,561,906</u> |
| The timing for revenue recognition: | | |
| At a point in time | <u>\$4,092,018</u> | <u>\$3,561,906</u> |

(B) Contract balances

(a) Contract liabilities – current

| | | | |
|---------------|-------------------|-------------------|-------------------|
| | <u>2022.03.31</u> | <u>2021.12.31</u> | <u>2021.03.31</u> |
| Sale of goods | <u>\$4,295</u> | <u>\$4,066</u> | <u>\$13,158</u> |

The significant changes in the Group's balances of contract liabilities of 2022 Q1 are as follows:

| | |
|--|----------------------|
| | <u>Sale of goods</u> |
| The opening balance transferred to revenue | \$(2,766) |
| Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period) | 2,995 |

The significant changes in the Group's balances of contract liabilities of 2021 Q1 are as follows:

| | |
|--|----------------------|
| | <u>Sale of goods</u> |
| The opening balance transferred to revenue | \$(3,127) |
| Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period) | 2,838 |

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(20) Expected credit losses (gain)

| | <u>2022.01.01~2022.03.31</u> | <u>2021.01.01~2021.03.31</u> |
|--------------------------------|------------------------------|------------------------------|
| Operating expenses – | | |
| Expected credit losses (gains) | | |
| Account receivables | <u>\$3,565</u> | <u>\$(468)</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 March 31, 2022, December 31, 2021, and March 31, 2021 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:

2022.03.31

| | Not yet due | Past due | | | | | Total |
|--------------------------------------|--------------------|------------------|------------|------------|-------------|------------|--------------------|
| | (Note) | <=30 days | 31-60 days | 61-90 days | 91-120 days | >=121 days | |
| Gross carrying amount | \$4,554,800 | \$189,555 | \$3,867 | \$8,601 | \$1,881 | \$5,657 | \$4,764,361 |
| Loss ratio | - | - | 100% | 100% | 100% | 100% | |
| Lifetime expected credit losses | - | - | (3,867) | (8,601) | (1,881) | (5,657) | (20,006) |
| Carrying amount of trade receivables | <u>\$4,554,800</u> | <u>\$189,555</u> | <u>\$-</u> | <u>\$-</u> | <u>\$-</u> | <u>\$-</u> | <u>\$4,744,355</u> |

2021.12.31

| | Not yet due | Past due | | | | | Total |
|-----------------------|-------------|-----------|------------|------------|-------------|------------|-------------|
| | (Note) | <=30 days | 31-60 days | 61-90 days | 91-120 days | >=121 days | |
| Gross carrying amount | \$4,563,835 | \$111,594 | \$1,519 | \$1,720 | \$1,650 | \$3,803 | \$4,684,121 |

| | | | | | | | |
|--------------------------------------|-------------|-----------|---------|---------|---------|---------|-------------|
| Loss ratio | -% | 6.48% | 100% | 100% | 100% | 100% | |
| Lifetime expected credit losses | - | (7,227) | (1,519) | (1,720) | (1,650) | (3,803) | (15,919) |
| Carrying amount of trade receivables | \$4,563,835 | \$104,367 | \$- | \$- | \$- | \$- | \$4,668,202 |

2021.03.31

| | Not yet due (Note) | Past due | | | | | Total |
|--------------------------------------|-----------------------|-----------|------------|------------|-------------|------------|-------------|
| | | <=30 days | 31-60 days | 61-90 days | 91-120 days | >=121 days | |
| Gross carrying amount | \$3,946,488 | \$74,541 | \$9,606 | \$100 | \$1,086 | \$2,964 | \$4,034,785 |
| Loss ratio | -% | 8.64% | 100% | 100% | 100% | 100% | |
| Lifetime expected credit losses | - | (6,441) | (9,606) | (100) | (1,086) | (2,964) | (20,197) |
| Carrying amount of trade receivables | \$3,946,488 | \$68,100 | \$- | \$- | \$- | \$- | \$4,014,588 |

Note: all the Group's notes receivable were not past due.

(B) The changes in the allowance for loss of notes receivable and accounts receivable for the during the three-month periods ended March 31, 2022 and 2021 are as follows:

| | Notes receivable | Accounts receivable |
|---|------------------|---------------------|
| 2022.01.01 | \$- | \$15,919 |
| Addition/ (reversal) for the current period | - | 3,565 |
| Effect of exchange rate changes | - | 522 |
| Ending balance as of March 31, 2022 | \$- | \$20,006 |
| | | |
| | Notes receivable | Accounts receivable |
| 2021.01.01 | \$- | \$20,671 |
| Addition/ (reversal) for the current period | - | (468) |
| Effect of exchange rate changes | - | (6) |
| Ending balance as of March 31, 2021 | \$- | \$20,197 |

(21) Leases

(A) Group as a lessee

The Group leases various properties, including real estate such as land and buildings, machinery, and equipment. The lease terms range from 2 to 50 years. The Group is not allowed to loan, sub-lease 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

Carrying amount of Right-of-use assets

| | Land | Buildings | Transport equipment | Total |
|---------------------------------|------------------|----------------|------------------------|------------------|
| Cost: | | | | |
| 2022.01.01 | \$456,208 | \$- | \$6,056 | \$462,264 |
| Additions | - | - | - | - |
| Disaposal | - | - | - | - |
| Exchange differences | 17,617 | - | - | 17,617 |
| 2022.03.31 | <u>\$473,825</u> | <u>\$-</u> | <u>\$6,056</u> | <u>\$479,881</u> |
| Cost: | | | | |
| 2021.01.01 | \$310,993 | \$1,047 | \$- | \$312,040 |
| Additions | 148,217 | - | 6,056 | 154,273 |
| Disaposal | - | - | - | - |
| Exchange differences | (2,910) | - | - | (2,910) |
| 2021.03.31 | <u>\$456,300</u> | <u>\$1,047</u> | <u>\$6,056</u> | <u>\$463,403</u> |
| Depreciation and impairment: | | | | |
| 2022.01.01 | \$51,972 | \$- | \$2,019 | \$53,991 |
| Depreciation | 2,318 | - | 504 | 2,822 |

| | | | | |
|------------------------------|------------------|----------------|----------------|------------------|
| Disposal | - | - | - | - |
| Exchange differences | 2,058 | - | - | 2,058 |
| 2022.03.31 | <u>\$56,348</u> | <u>\$-</u> | <u>\$2,523</u> | <u>\$58,871</u> |
| Depreciation and impairment: | | | | |
| 2021.01.01 | \$43,078 | \$916 | \$- | \$43,994 |
| Depreciation | 2,302 | 131 | 504 | 2,937 |
| Disposal | - | - | - | - |
| Exchange differences | (242) | - | - | (242) |
| 2021.03.31 | <u>\$45,138</u> | <u>\$1,047</u> | <u>\$504</u> | <u>\$46,689</u> |
| Net carrying amount: | | | | |
| 2022.03.31 | <u>\$417,477</u> | <u>\$-</u> | <u>\$3,533</u> | <u>\$421,010</u> |
| 2021.12.31 | <u>\$404,236</u> | <u>\$-</u> | <u>\$4,037</u> | <u>\$408,273</u> |
| 2021.03.31 | <u>\$411,162</u> | <u>\$-</u> | <u>\$5,552</u> | <u>\$416,714</u> |

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

b. Lease liability

| | 2022.03.31 | 2021.12.31 | 2021.03.31 |
|-----------------|----------------|----------------|----------------|
| Lease liability | <u>\$3,561</u> | <u>\$4,064</u> | <u>\$5,560</u> |
| Current | \$2,025 | \$2,019 | \$1,999 |
| Non-current | 1,536 | 2,045 | 3,561 |
| Total | <u>\$3,561</u> | <u>\$4,064</u> | <u>\$5,560</u> |

Please refer to Note 6(23)(4) for the interest on lease liability recognised for the three-month period ended March 31, 2022 and 2021; and refer to Note 12(5) the Liquidity Risk Management for the maturity analysis for lease liability as of March 31, 2022, December 31, 2021 and March 31, 2021.

(b) Income and costs relating to leasing activities

| | 2022.01.01~ 2022.03.31 | 2021.01.01~ 2021.03.31 |
|---------------------------|---------------------------|---------------------------|
| Short-term lease expenses | \$11,529 | \$3,734 |

The portfolio of short-term leases of the Group to which it is committed as of March 31, 2022, December 31, 2021 and March 31, 2021 is dissimilar to the portfolio of short-term leases to which the short-term lease expenses disclosed above, and the amount of its lease commitments is NT\$0, NT\$0, NT\$0, respectively.

(c) Cash outflow relating to leasing activities

The Group's total cash outflows for leases during the three-month periods ended March 31, 2022 and 2021 amounting to NT\$12,044 thousand and NT\$4,248 thousand, respectively.

(22) Summary of employee benefits, depreciation and amortization expenses by function is as follows:

| Function Nature | 2022.01.01~2022.03.31 | | | 2021.01.01~2021.03.31 | | |
|----------------------------|-----------------------|--------------------|-----------|-----------------------|--------------------|-----------|
| | Operating costs | Operating expenses | Total | Operating costs | Operating expenses | Total |
| Employee benefits expense | | | | | | |
| Salary | \$440,042 | \$86,402 | \$526,444 | \$506,319 | \$73,735 | \$580,054 |
| Labor and health insurance | - | 635 | 635 | - | 1,903 | 1,903 |
| Pension | - | 467 | 467 | - | 1,247 | 1,247 |
| Other employee benefits | 2 | 37 | 39 | 23 | 44 | 67 |
| Depreciation | 152,409 | 11,072 | 163,481 | 169,010 | 11,424 | 180,434 |
| Amortization | 3,569 | 1,952 | 5,521 | 1,344 | 2,403 | 3,747 |

A special shareholders' meeting of the Company agreed on October 14, 2020 to amend the ratio of employees' compensation, becoming 6%~18% of profit of the current year. According to the article, 6%~18% of the profit of the current year is distributable as employees' compensation and no higher than 3% of profit of the current year is distributable as

remuneration to directors and supervisors. However, when there are accumulated losses, the profit should 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.

Based on the profit of the year, the company estimates employee compensation and director remuneration to be not less than 6% and not higher than 3%, respectively. The amount of employee compensation and director compensation recognized in Q1 of 2022 is NT\$13,208 thousand and NT\$3,302 thousand respectively; the amount of employee compensation and director compensation recognized in Q1 of 2021 were NT\$2,460 thousand and NT\$369 thousand respectively, which were recognized as salary expenses.

On February 23, 2022, the Company's Board of Directors' meeting has resolved to issue employees' compensation and directors' remuneration of 2021 in cash, to be NT\$52,386 thousand and NT\$10,483 thousand, respectively. There is no difference in the amount of the expense for 2021.

The board of directors of the company resolved to pay the employees' compensation and remuneration to directors and supervisors amount NT\$47,960 thousand and NT\$11,990 thousand respectively on February 26, 2021. There is no difference in the amount of the expense for 2020.

(23) Non-operating income and expenses

(A) Interest income

| | 2022.01.01~ 2022.03.31 | 2021.01.01~ 2021.03.31 |
|--|---------------------------|---------------------------|
| Interest income | | |
| Financial assets measured at amortized cost | \$3,378 | \$2,131 |

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| | | |
|----------------------|---------------------------|---------------------------|
| (B) Other income | 2022.01.01~ 2022.03.31 | 2021.01.01~ 2021.03.31 |
| Other income— Others | <u>\$17,829</u> | <u>\$40,932</u> |

| | | |
|--|---------------------------|---------------------------|
| (C) Other gains and losses | 2022.01.01~ 2022.03.31 | 2021.01.01~ 2021.03.31 |
| Gain (loss) on disposal of property, plant and equipment | \$18 | \$(17,162) |
| Foreign exchange gains (losses), net | 17,139 | (4,272) |
| Net gains(losses) on financial assets and liabilities at fair value through profit or loss | 468 | (1,735) |
| Reversal of impairment gains (impairment losses) | (3,391) | 17,169 |
| Gains (losses) on lease modification | <u>(2,097)</u> | <u>(6,473)</u> |
| Others losses— others | <u>\$12,137</u> | <u>\$(12,473)</u> |

| | | |
|----------------------------------|---------------------------|---------------------------|
| (D) Financial costs | 2022.01.01~ 2022.03.31 | 2021.01.01~ 2021.03.31 |
| Interest on borrowings from bank | \$55,165 | \$33,228 |
| Interest on lease liability | 12 | 19 |
| Interest on bonds payable | 1,810 | - |
| Total | <u>\$56,987</u> | <u>\$33,247</u> |

(24) Components of other comprehensive income (loss)

2022.01.01~2022.03.31

| | | | | |
|---------------------------------|---|-------------------|------------------------------------|-------------------|
| Arising during the period | Reclassificat ion during the period | Subtotal | Income tax benefit (expense) | Net of tax |
| <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

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May be reclassified to profit or loss in subsequent periods:

| | | | | | |
|---|------------------|------------|------------------|------------|------------------|
| Exchange differences arising on translation of foreign operations | <u>\$207,960</u> | <u>\$-</u> | <u>\$207,960</u> | <u>\$-</u> | <u>\$207,960</u> |
|---|------------------|------------|------------------|------------|------------------|

2021.01.01~2021.03.31

| | Arising during the period | Reclassificat ion during the period | Subtotal | Income tax benefit (expense) | Net of tax |
|---|---------------------------------|---|-------------------|------------------------------------|-------------------|
| May be reclassified to profit or loss in subsequent periods: | | | | | |
| Exchange differences arising on translation of foreign operations | <u>\$(21,232)</u> | <u>\$-</u> | <u>\$(21,232)</u> | <u>\$-</u> | <u>\$(21,232)</u> |

(25) Income tax

(A) The major components of the income tax expense (income) of three month periods as of March 31, 2022 and 2021 as follows :

Income tax expense (income) recognized in profit or loss.

| | 2022.01.01~ 2022.03.31 | 2021.01.01~ 2021.03.31 |
|---|---------------------------|---------------------------|
| Current income tax expense (income): | | |
| Current income tax charge | \$33,632 | \$10,411 |
| Deferred tax expense (income): | | |
| Deferred tax expense (income) relating to origination and reversal of temporary differences | 20,752 | 5,961 |
| Total income tax expense | <u>\$54,384</u> | <u>\$16,372</u> |

(B) Approval status of income tax declaration

As of March 31, 2022, the company's income tax declaration is up to 2020. °

(26) 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.

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.

| | 2022.01.01~ 2022.03.31 | 2021.01.01~ 2021.03.31 |
|---|---------------------------|---------------------------|
| (A) Basic earnings per share | | |
| Net income available to common shareholders of the parent | \$165,265 | \$17,273 |
| Weighted average number of common stocks by basic EPS (in thousand shares) | 277,518 | 277,514 |
| Basic earnings per share (in NT\$) | \$0.60 | \$0.06 |
| (B) Diluted earnings per share | | |
| Net income available to common shareholders of the parent (in thousand NT\$) | \$165,265 | \$17,273 |
| Valuation adjustment of financial liabilities at fair value through profit or loss | (40) | - |
| Interest expense on convertible bonds | 1,448 | - |
| Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT\$) | \$166,673 | \$17,273 |

| | | |
|--|---------|---------|
| Weighted average number of common stocks by basic EPS (in thousand shares) | 277,518 | 277,514 |
| Effect of dilution : | | |
| Employee bonus (compensation) - stock (in thousand shares) | 1,766 | 1,699 |
| Convertible bonds (in thousand shares) | 21,641 | - |
| Weighted average number of common stocks after dilution (in thousand shares) | 300,925 | 279,213 |
| Diluted earnings per share (in NT\$) | \$0.55 | \$0.06 |

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.

(27) 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.

The provisional fair values of the assets acquired and liabilities assumed to be measured on the acquisition date are as follows:

| | Provisional fair value on 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's non-controlling interests in CHIANAN TECHNOLOGY CO., LTD. are measured in proportion to the non-controlling interests based on the recognized amount of CHIANAN TECHNOLOGY CO., LTD.'s net identifiable assets.

The operating revenue of CHIANAN TECHNOLOGY CO., LTD. to the Group since the acquisition date is NTD0, and the net income before tax is NTD0. Had the merger occurred at the beginning of the year, the Group's operating revenue would have been NTD4,097,689 thousand and the net income of continuing operating units would have been NTD165,277 thousand.

The goodwill amount of NTD37,859 thousand is the expected synergy arising from the acquisition.

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 | \$37,859 |

| | |
|-------------------------------------|------------|
| Cash flow from acquisition | |
| Net cash received from subsidiaries | \$6,114 |
| Amount of cash payments | (46,060) |
| Net cash outflow | \$(39,946) |

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 Chianan 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 provisional fair values of the assets acquired and liabilities assumed to be measured on the acquisition date are as follows:

| | Provisional fair value on acquisition date |
|-------------------------------|---|
| 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 |
| Income tax liabilities | 1,786 |
| Other current liabilities | 256 |
| Subtotal | <u>9,355</u> |
| Net identifiable assets | <u>\$12,609</u> |

The Company's non-controlling interests in Cheng Chong Technology Co., Ltd. are measured in proportion to the non-controlling interests based on the recognized amount of Cheng Chong Technology Co., Ltd.'s net identifiable assets.

The operating revenue of Cheng Chong Technology Co., Ltd. to the Group since the acquisition date is NTD0, and the net income before tax is NTD0. Had the merger occurred at the beginning of the year, the Group's operating revenue would have been NTD4,100,405 thousand and the net income of continuing operating units would have been NTD166,525 thousand.

The goodwill amount of NTD24,385 thousand is the expected synergy arising from the 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 | <u>(12,609)</u> |
| Goodwill | <u><u>\$24,385</u></u> |
| | |
| Cash flow from acquisition | |
| Net cash received from subsidiaries | \$5,535 |
| Amount of cash payments | <u>(33,211)</u> |
| Net cash outflow | <u><u>\$(27,676)</u></u> |

7. Related party transactions

(1) Significant transactions with related parties

(A) Key management personnel compensation

| | 2022.01.01~ 2022.03.31 | 2021.01.01~ 2021.03.31 |
|------------------------------|---------------------------|---------------------------|
| Short-term employee benefits | \$10,925 | \$9,339 |
| Post-employment benefits | 137 | 318 |
| Total | <u><u>\$11,062</u></u> | <u><u>\$9,657</u></u> |

8. Assets pledged as collateral

As of March 31, 2022, December 31, 2021 and March 31, 2021, the assets pledged for the Group's loans consist of the following:

| <u>Assets</u> | <u>Book value</u> | <u>Purpose of pledge</u> |
|--|-------------------|--------------------------|
| <u>2022.03.31</u> | | |
| Property, plant and equipment – buildings | \$1,464,646 | Secured loan |
| Property, plant and equipment – Machineries | 1,355,418 | Secured loan |
| Property, plant and equipment – Office supplies | 73,134 | Secured loan |
| Property, plant and equipment – Other facilities | 27,351 | Secured loan |

| | | |
|--|---------------------------|--------------|
| Construction in progress | 74,586 | Secured loan |
| Right-of-use Assets | 386,549 | Secured loan |
| Financial assets carried at amortized cost | <u>1,077,455</u> | Secured loan |
| Total | <u><u>\$4,459,139</u></u> | |

| <u>Assets</u> | <u>Book value</u> | <u>Purpose of pledge</u> |
|---|---------------------------|--------------------------|
| <u>2021.12.31</u> | | |
| Property, plant and equipment – buildings | \$1,374,238 | Secured loan |
| Right-of-use assets | <u>230,271</u> | Secured loan |
| Total | <u><u>\$1,604,509</u></u> | |

| <u>Assets</u> | <u>Book value</u> | <u>Purpose of pledge</u> |
|---|---------------------------|--------------------------|
| <u>2021.03.31</u> | | |
| Property, plant and equipment – buildings | \$1,365,414 | Secured loan |
| Construction in progress | 41,220 | Secured loan |
| Right-of-use assets | <u>234,213</u> | Secured loan |
| Total | <u><u>\$1,640,847</u></u> | |

9. Significant contingencies and unrecognized contract commitments

- (1) As of March 31, 2022, the Group's outstanding contracts relating to construction, purchased property, plant and equipment were as follows:

| <u>Type of Contract</u> | <u>Total Amount</u> | <u>Amount paid</u> | <u>Amount unpaid</u> |
|--------------------------------------|---------------------|--------------------|----------------------|
| Machinery and construction contracts | <u>\$3,057,864</u> | <u>\$1,379,384</u> | <u>\$1,678,480</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

None

12. Others

(1) Types of financial instrument

Financial assets

| | <u>2022.03.31</u> | <u>2021.12.31</u> | <u>2021.03.31</u> |
|--|--------------------|--------------------|--------------------|
| Financial assets measured at amortized cost: | | | |
| Cash and cash equivalents (exclude cash on hand) | \$2,798,176 | \$2,729,213 | \$1,818,542 |
| Financial assets measured at amortized cost | 1,078,715 | 1,218 | 1,255 |
| Notes receivables | 78,598 | 43,247 | 81,338 |
| Trade receivables | 4,665,757 | 4,624,955 | 3,933,250 |
| Other receivables | 73,137 | 103,615 | 112,530 |
| Refundable deposits | 1,516 | 1,492 | 2,298 |
| Total | <u>8,695,899</u> | <u>7,503,740</u> | <u>5,949,213</u> |
| Financial assets at fair value through profit or loss: | | | |
| Held for trading | 4,528 | 3,930 | - |
| Total | <u>\$8,700,427</u> | <u>\$7,507,670</u> | <u>\$5,949,213</u> |

Financial liabilities

| | <u>2022.03.31</u> | <u>2021.12.31</u> | <u>2021.03.31</u> |
|--|-------------------|-------------------|-------------------|
| Financial liabilities measured at amortized cost: | | | |
| Short term loan | \$5,171,168 | \$4,587,071 | \$3,329,797 |
| Payables | 4,745,053 | 4,874,913 | 4,698,434 |
| Bonds payable | 487,962 | 486,152 | - |
| Long term loan (including current portion with maturity less than 1 year) | 2,271,757 | 1,041,959 | 651,356 |
| Lease liability (including current portion with maturity less than 1 year) | 3,561 | 4,064 | 5,560 |
| Total | <u>12,679,501</u> | <u>10,994,159</u> | <u>8,685,147</u> |

| | | | |
|---|---------------------|---------------------|--------------------|
| Financial liabilities measured at amortized cost: | | | |
| Held for trading | - | - | 1,735 |
| Total | <u>\$12,679,501</u> | <u>\$10,994,159</u> | <u>\$8,686,882</u> |

(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 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 shall always comply with its financial risk management policies during the transaction activities.

(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 instrument).

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 the interdependencies between risk variables into account.

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 sensitivity analysis of the group's exchange rate risk mainly focuses on the major foreign currency monetary items at the end of the financial reporting period, and the impact of the relevant foreign currency appreciation/devaluation on the Group's profit and loss. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD and RMB. The information of the sensitivity analyses is as follows:

If NT dollars appreciates/depreciates against US dollars by 1%, net income (loss) for the three-month periods ended March 31, 2022 and 2021 would increase /decreased by NT\$12,000 thousand and NT\$11,197 thousand, respectively.

If NT dollars appreciates/depreciates against RMB dollars by 1%, net income (loss) for the three-month periods ended March 31, 2022 and 2021 would increase /decreased by NT\$55,644 thousand and NT\$37,786 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 of the end of the reporting period and presumed to be held for one accounting year, including investments and loans with variable interest rates. If interest rate increases/decreases by 0.1%, the net income (loss) for the three-month periods ended March 31, 2022 and 2021 would decrease/decrease by NT\$5,905 thousand and decrease/increase by NT\$2,953 thousand, respectively.

Equity price risk

As of March 31, 2022 and 2021, 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 March 31, 2022 and December 31, 2021 and March 31, 2021 the accounts receivable from top ten customers accounts for 63.07%、60.28% and 60.54% 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. Evaluate on each balance sheet date whether the credit risk has increased significantly since the initial recognition to determine the method of measuring the allowance for loss and its loss rate.

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 using 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.

Non-derivative financial liabilities

| | < 1 year | 2 to 3 years | 4 to 5 years | > 5 years | Total |
|-------------------|-------------|--------------|--------------|-------------|-------------|
| <u>2022.03.31</u> | | | | | |
| Loans | \$5,652,762 | \$477,681 | \$250,299 | \$1,712,541 | \$8,093,283 |
| Payables | 4,745,053 | - | - | - | 4,745,053 |
| Bonds payable | - | 499,900 | - | - | 499,900 |
| Lease liability | 2,057 | 1,543 | - | - | 3,600 |
| <u>2021.12.31</u> | | | | | |
| Loans | \$5,390,717 | \$455,076 | \$- | \$- | \$5,845,793 |
| Payables | 4,874,913 | - | - | - | 4,874,913 |
| Bonds payable | - | 499,900 | - | - | 499,900 |
| Lease liability | 2,057 | 2,057 | - | - | 4,114 |
| <u>2021.03.31</u> | | | | | |
| Loans | \$4,049,818 | \$- | \$- | \$- | \$4,049,818 |
| Payables | 4,698,434 | - | - | - | 4,698,434 |
| Lease liability | 2,031 | 3,568 | - | - | 5,599 |

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities from January 1, 2022 to March 31, 2022

| | Short-term loans | Bonds payable | Long-term loans | Refundable deposits | Lease liability | Total liabilities from financing activities |
|------------|---------------------|------------------|--------------------|------------------------|-----------------|---|
| 2022.01.01 | \$4,587,071 | \$486,152 | \$1,041,959 | \$121,124 | \$4,064 | \$6,240,370 |
| Cash flow | 584,097 | - | 1,189,560 | (30,028) | (515) | 1,743,114 |

| | | | | | | |
|---------------------------|--------------------|------------------|--------------------|-----------------|----------------|--------------------|
| Non-cash changes | | | | | | |
| Interest expense | | 1,810 | | | | 1,822 |
| Foreign exchange movement | - | | - | - | 12 | |
| | | | | | | 40,238 |
| | - | | 40,238 | - | - | |
| 2022.03.31 | <u>\$5,171,168</u> | <u>\$487,962</u> | <u>\$2,271,757</u> | <u>\$91,096</u> | <u>\$3,561</u> | <u>\$8,025,544</u> |

Reconciliation of liabilities from January 1, 2021 to March 31, 2021

| | Short-term loans | Long-term loans | Refundable deposits | Lease liability | Total liabilities from financing activities |
|-----------------------------|--------------------|------------------|---------------------|-----------------|---|
| 2021.01.01 | \$2,582,600 | \$654,722 | \$25,163 | \$444 | \$3,262,929 |
| Cash flows | 747,197 | - | (194) | (514) | 746,489 |
| Non-cash changes | | | | | |
| Lease modification | - | - | - | 5,611 | 5,611 |
| Interest of lease liability | - | - | - | 19 | 19 |
| Foreign exchange movement | - | (3,366) | - | - | (3,366) |
| 2021.03.31 | <u>\$3,329,797</u> | <u>\$651,356</u> | <u>\$24,969</u> | <u>\$5,560</u> | <u>\$4,011,682</u> |

(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:

- (a) 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.

- (b) 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.
- (c) 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).
- (d) 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.)
- (e) 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

Except for the liabilities mention 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 | | |
|-----------------|------------|------------|
| 2022.03.31 | 2021.12.31 | 2021.03.31 |

| | | | |
|-----------------------|------------|------------|------------|
| Financial liability : | | | |
| Bonds payable | \$487,962 | \$486,152 | \$- |
| | Fair value | | |
| | 2022.03.31 | 2021.12.31 | 2021.03.31 |
| Financial liability : | | | |
| Bonds payable | \$485,053 | \$486,753 | \$- |

(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) Derivatives

The related information for the Group's derivative financial instruments not qualified for hedge accounting and not yet settled is as follows:

Forward currency contract

The Group entered into forward currency contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments. The forward currency contracts held as of March 31, 2022, December 31, 2021 and March 31, 2021 are as follows:

| Items (by contract) | Notional Amount (in thousand dollars) | Contract Period |
|---------------------------|--|-----------------------|
| 2022.03.31 | | |
| Forward currency contract | Sold USD 1,500 | 2022.01.28~2022.04.26 |
| Forward currency contract | Sold USD 3,500 | 2022.01.28~2022.04.26 |
| Forward currency contract | Sold USD 2,000 | 2022.03.11~2022.05.26 |
| Forward currency contract | Sold USD 3,000 | 2022.03.11~2022.05.26 |
| Forward currency contract | Sold USD 3,500 | 2022.03.14~2022.05.26 |
| Forward currency contract | Sold USD 3,500 | 2022.03.29~2022.06.27 |
| 2021.12.31 | | |
| Forward currency contract | Sold USD 3,000 | 2021.11.02~2022.01.26 |
| Forward currency contract | Sold USD 3,500 | 2021.11.02~2022.01.26 |
| Forward currency contract | Sold USD 3,500 | 2021.12.29~2022.03.28 |

2021.03.31

| | | |
|---------------------------|----------------|-----------------------|
| Forward currency contract | Sold USD 4,000 | 2021.02.05~2021.04.27 |
| Forward currency contract | Sold USD 2,000 | 2021.02.19~2021.04.27 |
| Forward currency contract | Sold USD 5,000 | 2021.02.26~2021.05.26 |
| Forward currency contract | Sold USD 2,000 | 2021.03.16~2021.05.26 |

The aforementioned derivative financial instrument trading parties are well-known banks, domestic and abroad, with trustworthy credit, so the credit risk is not high.

Forward currency contract transactions are mainly to avoid the risk of exchange rate changes in net assets or net liabilities. There will be relative cash inflows or outflows at maturity, and the company's working capital is sufficient to cover it, so there is no significant cash flow risk.

(9) Fair value measurement hierarchy

(A) Fair value measurement hierarchy

All assets 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 March 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 | \$- | \$3,678 | \$- | \$3,678 |
| Convertible bonds | - | - | 850 | 850 |
| Total | \$- | \$3,678 | \$850 | \$4,528 |

As of December 31, 2021

| | Level 1 | Level 2 | Level 3 | Total |
|---|---------|---------|---------|---------|
| <u>Financial assets measured at fair value:</u> | | | | |
| Financial assets at fair value through profit or loss | | | | |
| Forward foreign exchange contracts | \$- | \$3,130 | \$- | \$3,130 |
| Convertible bonds | - | - | 800 | 800 |
| Total | \$- | \$3,130 | \$800 | \$3,930 |

As of March 31, 2021

| | Level 1 | Level 2 | Level 3 | Total |
|--|---------|---------|---------|---------|
| <u>Financial liabilities measured at fair value:</u> | | | | |
| Financial liabilities at fair value through profit or loss | | | | |
| Forward foreign exchange contracts | \$- | \$1,735 | \$- | \$1,735 |

Transfers between Level 1 and Level 2 during the period

For the three-month periods ended March 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value hierarchy.

Reconciliation for fair value measurements in level 3 of the fair value hierarchy for the

movements during the period is as follows:

The Group does not have assets and liabilities measured at fair value on a recurring basis that fall into level 3 of the fair value hierarchy as of March 31, 2022, as for the recurring assets and liabilities measured at fair value that fall into level 3 of the fair value hierarchy as of March 31, 2022, the reconciliation of the balance from the beginning to the end of the period is as follows:

| | <u>Assets</u> |
|--|---|
| | <u>Derivatives measured at fair value through profit and loss</u> |
| Beginning balance as of January 1, 2022 | \$800 |
| Acquisition/issues for the three-month period ended 03/31/2022 | - |
| Total gains/losses recognized for the three-month period ended 03/31/2022 | |
| Amount recognized in gains or losses for the three-month period ended 03/31/2022(Report on other gains and losses) | <u>50</u> |
| Ending balance as of March, 31, 2022 | <u><u>\$850</u></u> |

Total gains and losses recognized in profit or loss for the ended March 31, 2022 and 2021 in the table above contain gains and losses related to assets or liabilities on hand in the amount of NT\$50 thousand and NT\$0, respectively.

Information on significant unobservable inputs in Level 3 hierarchy of fair value

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 March 31, 2022

| | Significant | Relationship | Sensitivity of the input |
|------------------------|--------------|--------------|--------------------------|
| Valuation | unobservable | Quantitative | between inputs |
| techniques | inputs | information | and fair value |
| | | | to fair value |
| Financial liabilities: | | | |
| At fair value through | | | |

profit or loss

| | | | | | |
|----------------------|--|------------|--------|--|---|
| Embedded derivatives | Binary tree-based model for valuation of convertible bonds | Volatility | 44.88% | The higher the volatility, the higher the fair value of the embedded derivatives | 5% increase (decrease) in the volatility would result in increase (decrease) in the Group's profit or loss by NT\$60 thousand |
|----------------------|--|------------|--------|--|---|

As of December 31, 2021

| | Valuation techniques | Significant unobservable inputs | Quantitative information | Relationship between inputs and fair value | Sensitivity of the input to fair value |
|--|--|---------------------------------|--------------------------|--|---|
| Financial liabilities: At fair value through profit or loss | | | | | |
| Embedded derivatives | Binary tree-based model for valuation of convertible bonds | Volatility | 46.12% | The higher the volatility, the higher the fair value of the embedded derivatives | 5% increase (decrease) in the volatility would result in increase (decrease) in the Group's profit or loss by NT\$60 thousand |

As of March 31, 2021: None

(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 March 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 payables (Please refer to the Note6(13)) | \$- | \$- | \$485,053 | \$485,053 |

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As of December 31, 2021

| | Level 1 | Level 2 | Level 3 | Total |
|---|---------|---------|-----------|-----------|
| Financial liabilities not measured at fair value but for which the fair value is disclosed: | | | | |
| Bonds payables (Please refer to the Note6(13)) | \$- | \$- | \$486,753 | \$486,753 |

As of March 31, 2021: None

(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:

| | 2022.03.31 | | | 2021.03.31 | | |
|------------------------------|--------------------|-----------------------|-------------|--------------------|-----------------------|-------------|
| | Foreign currencies | Foreign exchange rate | NTD | Foreign currencies | Foreign exchange rate | NTD |
| <u>Financial assets</u> | | | | | | |
| Monetary items: | | | | | | |
| USD | \$156,557 | 28.625 | \$4,481,436 | \$117,986 | 28.535 | \$3,366,732 |
| RMB | \$799,580 | 4.5092 | \$3,605,430 | \$506,910 | 4.3424 | \$2,201,189 |
| <u>Financial liabilities</u> | | | | | | |
| Monetary items: | | | | | | |
| USD | \$94,653 | 28.625 | \$2,709,430 | \$86,369 | 28.535 | \$2,464,530 |
| RMB | \$2,033,604 | 4.5092 | \$9,169,830 | \$1,377,076 | 4.3424 | \$5,979,774 |
| 2021.12.31 | | | | | | |
| | Foreign currencies | Foreign exchange rate | NTD | | | |
| <u>Financial assets</u> | | | | | | |
| Monetary items: | | | | | | |
| USD | \$145,278 | 27.68 | \$4,021,308 | | | |
| RMB | \$643,751 | 4.3415 | \$2,794,841 | | | |

Financial liabilities

Monetary items:

| | | | |
|-----|--------------------|--------|--------------------|
| USD | <u>\$98,910</u> | 27.68 | <u>\$2,737,827</u> |
| RMB | <u>\$1,758,039</u> | 4.3415 | <u>\$7,632,523</u> |

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\$17,139 thousand and NT\$(4,272) thousand for the years ended March 31, 2022 and 2021, 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 March 31, 2022: None.

(B) Endorsement/Guarantee provided to others for the year ended March 31, 2022: Please refer to Attachment 1.

(C) Securities held as of March 31, 2022 (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 March 31, 2022: 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 March 31, 2022: 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 March 31, 2022: 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 March 31, 2022: Please refer to Attachment 2.
- (H) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock as of March 31, 2022: None.
- (I) Financial instruments and derivative transactions: None.
- (J) Significant intercompany transactions between the parent with subsidiaries or among subsidiaries: Please refer to Attachment 8.

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(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 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 3.
- (B) An investor controls operating; investing and financial decisions of an investee, the related information Note 13(1) for the investee shall be disclosed as below:
- (a) Financing provided to others for the three-month period ended March 31, 2022: Please refer to Attachment 4.
- (b) Endorsement/Guarantee provided to others for the three-month period ended March 31, 2022: None.

- (c) Securities held as of March 31, 2022 (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 three-month period ended March 31, 2022: None.
- (e) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of capital stock for the three-month period ended March 31, 2022: Please refer to Attachment 5.
- (f) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of capital stock for the three-month period ended March 31, 2022: None.
- (g) Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20% of capital stock for the three-month period ended March 31, 2022: Please refer to Attachment 6.
- (h) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock as of March 31, 2022: Please refer to Attachment 7.
- (i) Financial instruments and derivative transactions: Please refer to Note 12(8).

(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:

(In Thousand New Taiwan Dollars)

| 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, 2022 | Investment Flows | | Accumulated Outflow of Investment from Taiwan as of March 31, 2022 | Net income (loss) of investee company | Percentage of Ownership | Investment income (loss) recognized | Carrying Value as of March 31, 2022 | Accumulated Inward Remittance of Earnings as of March 31, 2022 | Accumulated Outflow of Investment from Taiwan as of March 31, 2022 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on Investment by MOEA |
|---|----------------------------------|---------------------------------|----------------------|---|------------------|--------|--|---------------------------------------|-------------------------|-------------------------------------|-------------------------------------|--|--|--|-----------------------------------|
| | | | | | Outflow | Inflow | | | | | | | | | |
| Dynamic Electronics (Kunshan) Co., Ltd. | Manufacturing and selling of PCB | \$2,290,000 (Note 2、3 and 6) | (Note 11) | \$2,260,265 | \$- | \$- | \$2,260,265 | \$(87,704) (Note 2) | 100% | \$(87,704) (Note 2、4、5 and 10) | \$2,921,715 (Note 2、4、5 and 10) | \$1,726,259 (Note 2) | \$2,260,265 | \$- (Note 11) | No upper limit (Note 9) |

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| | | | | | | | | | | | | | | | |
|--|----------------------------------|---------------------------------|----------|-----------|-----|-----|-----------|----------------------|------|----------------------------------|------------------------------------|-----|-----------|-------------|--|
| Dynamic Electronics (Huangshi) Co., Ltd. | Manufacturing and selling of PCB | \$3,721,250 (Note 2、7 and 8) | (Note 1) | \$504,167 | \$- | \$- | \$504,167 | \$19,221 (Note 2) | 100% | \$106,922 (Note 2、4、5 and 10) | \$5,179,572 (Note 2、4、5 and 10) | \$- | \$504,167 | \$3,397,582 | |
|--|----------------------------------|---------------------------------|----------|-----------|-----|-----|-----------|----------------------|------|----------------------------------|------------------------------------|-----|-----------|-------------|--|

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 (Huangshi) Co., Ltd., through Dynamic Electronics Holding Pte. Ltd.

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: Total amount of paid-in capital is USD130,000 thousand.

Note 9: 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 10: Transactions between consolidated entities are eliminated in the consolidated financial statements.

Note 11: 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 (Huangshi) Co., Lt

(B) Purchases and accounts payable with the related parties: Please refer to Attachment 8.

(C) Sales and accounts receivable with the related parties: None.

(D) The profit and loss produced by transaction of the property:

As of March 31 2022, the Company wrote off the profit of property, plant and equipment amounted to NT\$ 148,487 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 4.

(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 8.

(H) The aforementioned transaction had been eliminated in the consolidated financial statements. Please refer to Attachment 8.

(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:

Taiwan PCB segment: The segment is primarily responsible for the manufacturing of PCBs and selling them to electronic producers.

China (Kunshan) PCB segment: This segment is primarily responsible for the manufacturing of PCBs and selling them to the parent company as well as electronic producers.

China (Huangshi) PCB segment: This segment is primarily responsible for the manufacturing of PCBs and selling them to the parent company as well as electronic producers.

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

The accounting policies of the operating segments of the Group are the same as the important accounting policies described in Note 4. The management individually monitors the operating results of its business units to make decisions on resource allocation and performance evaluation. The performance of the department is evaluated based on the operating profit and loss, and measured in a manner consistent with the operating profit and loss in the consolidated financial statements.

The transfer pricing between operating segments is based on conventional transactions similar to external third parties.

| | Taiwan PCB segment | China (Kunshan) PCB segment | China (Huangshi) PCB segment | Sub-total | Adjustments and eliminations (Note 1) | Consolidated |
|------------------------------|-----------------------|--------------------------------------|---------------------------------------|--------------------|--|--------------------|
| <u>2022.01.01~2022.03.31</u> | | | | | | |
| Revenues | | | | | | |
| External customers | \$3,050,577 | \$639,679 | \$401,762 | \$4,092,018 | \$- | \$4,092,018 |
| Inter-segment | - | 2,056,812 | 1,680,958 | 3,737,770 | (3,737,770) | - |
| Interest revenue | 175 | 12,899 | 1,323 | 14,397 | (11,019) | 3,378 |
| Total | <u>\$3,050,752</u> | <u>\$2,709,390</u> | <u>\$2,084,043</u> | <u>\$7,844,185</u> | <u>\$(3,748,789)</u> | <u>\$4,095,396</u> |
| Segment income (loss) | <u>\$127,133</u> | <u>\$(42,687)</u> | <u>\$80,819</u> | <u>\$165,265</u> | <u>\$-</u> | <u>\$165,265</u> |
| <u>2021.01.01~2021.03.31</u> | | | | | | |
| Revenues | | | | | | |
| External customers | \$2,702,927 | \$527,344 | \$331,635 | \$3,561,906 | \$- | \$3,561,906 |
| Inter-segment | - | 2,171,781 | 1,186,234 | 3,358,015 | (3,358,015) | - |
| Interest revenue | 461 | 8,775 | 582 | 9,818 | (7,687) | 2,131 |
| Total | <u>\$2,703,388</u> | <u>\$2,707,900</u> | <u>\$1,518,451</u> | <u>\$6,929,739</u> | <u>\$(3,365,702)</u> | <u>\$3,564,037</u> |
| Segment income (loss) | <u>\$98,613</u> | <u>\$(138,427)</u> | <u>\$57,087</u> | <u>\$17,273</u> | <u>\$-</u> | <u>\$17,273</u> |

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Note 1: Inter-segment revenues are eliminated upon consolidation.

Details of operational asset-related information as of March 31, 2022, December 31, 2021 and March 31, 2021 are as follows:

| | Taiwan PCB segment | China (Kunshan) PCB segment | China (Huangshi) PCB segment | Sub-total | Adjustments and eliminations | Consolidated |
|------------------|-----------------------|-----------------------------------|------------------------------------|---------------------|------------------------------------|---------------------|
| Segment assets | | | | | | |
| As of 2022.03.31 | <u>\$8,709,541</u> | <u>\$9,034,905</u> | <u>\$11,040,036</u> | <u>\$28,784,482</u> | <u>\$(9,154,977)</u> | <u>\$19,629,505</u> |
| As of 2021.12.31 | <u>\$8,413,151</u> | <u>\$8,617,422</u> | <u>\$9,231,341</u> | <u>\$26,261,914</u> | <u>\$(8,623,319)</u> | <u>\$17,638,595</u> |
| As of 2021.03.31 | <u>\$6,418,761</u> | <u>\$7,853,386</u> | <u>\$6,887,589</u> | <u>\$21,159,736</u> | <u>\$(6,483,993)</u> | <u>\$14,675,743</u> |

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DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

Endorsement/Guarantee Provided to Others
For the Three-Month Period Ended March 31, 2022

| Endorsement/ Guarantee Provider | | Guaranteed Party | | Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party | 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 | Maximum Endorsement/ Guarantee Amount | Endorsement provided by parent company to subsidiaries | Endorsement provided by subsidiaries to parent | Endorsement provided to entities in China |
|---------------------------------|-------------------------------|--|----------------------|---|--------------------------------|----------------|-----------------------|--|---|---------------------------------------|--|--|---|
| No. (Note 1) | Name | Name | Relationship (Note2) | | | | | | | | | | |
| 0 | Dynamic Electronics Co., Ltd. | Dynamic Eelectronics (Huangshi) Co., Ltd. | 2 | \$5,699,758 | \$2,110,915 | \$2,001,543 | \$1,826,198 | \$- | 35.12% | \$5,699,758 | Y | N | Y |
| 0 | Dynamic Electronics Co., Ltd. | Dynamic Eelectronics (Kunshan) Co., Ltd. | 2 | \$5,699,758 | \$285,750 | \$285,750 | \$285,750 | \$- | 5.01% | \$5,699,758 | Y | N | Y |
| 0 | Dynamic Electronics Co., Ltd. | Dynamic Electronics Co., Ltd. (Seychelles) | 2 | \$5,699,758 | \$85,725 | \$85,725 | \$85,725 | \$- | 1.50% | \$5,699,758 | Y | N | N |

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

1. Dynamic Electronics 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.The company with business contacts.
- 2.The company directly and indirectly holds more than 50% of the shares with voting rights.
- 3.Companies that directly and indirectly holds more than 50% of the shares of the company with voting rights.
- 4.The company directly and indirectly holds more than 90% of the shares with voting rights.
- 5.Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry.
- 6.A company whose co-investment relationship is endorsed by all shareholders in proportion to their shareholding ratio.
- 7.The performance guarantee of the preconstruction real estate contract between the same industry in accordance with the Consumer Protection Law is jointly guaranteed.

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.

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DYNAMIC ELECTRONICS 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 Three-Month Period Ended March 31, 2022

(In Thousands of New Taiwan Dollars)

| 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 Co., Ltd. | Dynamic PCB Electronics Co., Ltd. | Subsidiary | Purchase | <u>\$194,746</u> | 99.98% | 90 days after monthly closing | Specs of goods purchased are different from others. Cannot be reasonably compared. | Non relative parties are 60~120 days after monthly closing | Accounts payable \$180,829 | 99.74% | Note 1 |

Note 1: Transactions are eliminated when preparing the consolidated financial statements.

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DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

Investees over Which the Company Exercise Significant Influence or Control Directly or Indirectly (Excluding Investees in Mainland China)

As of March 31, 2022

(In Thousands of Foreign Currency / New Taiwan Dollars)

| Investor | Investee | Address | Main Business and Product | Original Investment Amount | | Balance as of March 31, 2022 | | | Net Income (Loss) of the Investee | Share of Income (Loss) of the Investee | Note |
|-------------------------------|--|---|---|----------------------------|--------------------|------------------------------|---------|----------------|-----------------------------------|--|--------|
| | | | | As of March 31, 2022 | As of December 31, | Shares | % | Carrying Value | | | |
| 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% | \$5,216,218 | \$(5,045) | \$38,070 (Note 1) | Note 2 |
| Dynamic Electronics Co., Ltd. | 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 | \$1,555 | \$1,555 | 50,000 | 100.00% | \$1,870 | \$(9) | \$(9) | Note 2 |
| Dynamic Electronics Co., Ltd. | 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 | \$1,556 | \$1,556 | 50,000 | 100.00% | \$498,496 | \$127,492 | \$127,492 | Note 2 |
| Dynamic Electronics Co., Ltd. | Dynamic Electronics Trading Pte. Ltd. | 151 CHIN SWEE ROAD #01-48 MANHATTAN HOUSE SINGAPORE(169876) | Management operations services | \$1,541 | \$1,541 | 50,000 | 100.00% | \$2,778 | \$87 | \$87 | Note 2 |
| Dynamic Electronics Co., Ltd. | CHIANAN TECHNOLOGY CO., LTD. | 24257 2F, No. 649, Zhongzheng Road, Xinzhuang District, New Taipei City | Mockup manufacture | \$46,060 | \$- | 7 | 70.00% | \$46,060 | \$12 | \$- | Note 2 |
| Dynamic Electronics Co., Ltd. | CHENG CHONG TECHNOLOGY CO., LTD. | 24260 17F, No. 545, Longan Road, Xinzhuang District, New Taipei City | Mockup manufacture | \$33,211 | \$- | 7 | 70.00% | \$33,211 | \$1,260 | \$- | 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 180,985 | USD (178) | USD (178) | Note 2 |

Note 1: Including investment loss recognized under equity method amounted to \$5,045 thousand, realized profit on transaction between subsidiaries amounted to 9,776 thousand and unrealized profit on the upstream transaction of the current period between subsidiaries amounted to \$33,339 thousand.

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

Financing provided to others

For the three-month period ended March 31, 2022

(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 Allowa nce | Collateral | | Limit of financing amount for individual counter-party | Limit of total financing amount |
|--------------------|---|---|---|------------------|--------------------------------------|-------------------|---------------------------|---------------|------------------------------------|---|-------------------------|-----------------------|------------|-------|--|---------------------------------------|
| | | | | | | | | | | | | | Item | Value | | |
| 1 | Dynamic Electronics (Kunshan) Co., Ltd. | Dynamic Electronics (Huangshi) Co. Ltd. | Other receivables - related party | Yes | \$1,433,920 | \$1,433,920 | \$1,165,060 | 4.35% | 2 | \$- | Business turnover | \$- | - | \$- | \$1,753,029 (Note 3) | \$1,753,029 (Note 3) |

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

1. Dynamic Electronics Co., Ltd. is coded "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 of Dynamic Electronics Kunshan shall not exceed 60% of the lender's net assets of value

Limit of financing amount for individual counter-party shall not exceed 60% of the lender's net assets value

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS 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 Three-Month Period Ended March 31, 2022

(In Thousands of Foreign Currency)

| 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 with the Company | Transfer Date | Amount | | | |
| Dynamic Electronics (Huangshi) Co., Ltd. | <u>Buildings</u> Huangshi plant land | 2021.07.02 | RMB 253,980 | As of 2022.03.31 Collected RMB 129,901 | Fujian Huidong Construction Engineering Co., Ltd. | None | None | None | None | None | By bidding | For production capacity expansion and company operation plan. | None |
| Dynamic Electronics (Huangshi) Co., Ltd. | <u>Buildings</u> Huangshi plant land | 2021.09.01 | RMB 126,350 | As of 2022.03.31 Collected RMB 40,382 | Fujian Huidong Construction Engineering Co., Ltd. | None | None | None | None | None | By bidding | For production capacity expansion and company operation plan. | None |
| Dynamic Electronics (Huangshi) Co., Ltd. | <u>Buildings</u> Huangshi plant land | 2022.01.28 | RMB 120,200 | As of 2022.03.31 Collected RMB 18,030 | Suchou Yankey Engineering Co. Ltd. | None | None | None | None | None | By bidding | For production capacity expansion and company operation plan. | None |

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS 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 Three-Month Period Ended March 31, 2022

(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 PCB Electronics Co., Ltd. | Sub-subsidiary | Sales | RMB 433,885 | 70.98% | 90 days after monthly closing. | Specs of goods sold are different from others. Cannot be | Non relative parties are 60~150 days after monthly closing. | Accounts receivable RMB 581,121 | 67.23% | Note 1 |
| Dynamic Electronics (Kunshan) Co., Ltd. | Dynamic Electronics (Huangshi) Co., Ltd. | Sub-subsidiary | Purchases | RMB 226,334 | 49.17% | 90 days after monthly closing. | Specs of goods purchased are different from others. | Non relative parties are 90~120 days after monthly closing. | Accounts payable RMB 236,196 | 38.15% | Note 1 |
| Dynamic Electronics (Kunshan) Co., Ltd. | Dynamic Electronics (Huangshi) Co., Ltd. | Sub-subsidiary | Sales | RMB 32,329 | 5.29% | 90 days after monthly closing. | Specs of goods sold are different from others. Cannot be | Non relative parties are 60~150 days after monthly closing. | Accounts receivable RMB 58,846 | 6.81% | Note 1 |
| Dynamic Electronics (Huangshi) Co., Ltd. | Dynamic Electronics (Kunshan) Co., Ltd. | Sub-subsidiary | Purchases | RMB 32,329 | 10.06% | 90 days after monthly closing. | Specs of goods purchased are different from others. | Non relative parties are 90~120 days after monthly closing. | Accounts payable RMB 58,846 | 13.41% | Note 1 |
| Dynamic Electronics (Huangshi) Co., Ltd. | Dynamic Electronics (Kunshan) Co., Ltd. | Sub-subsidiary | Sales | RMB 226,334 | 47.94% | 90 days after monthly closing. | Specs of goods sold are different from others. Cannot be | Non relative parties are 120 days after monthly closing. | Accounts receivable RMB 236,196 | 48.27% | Note 1 |
| Dynamic Electronics (Huangshi) Co., Ltd. | Dynamic PCB Electronics Co., Ltd. | Sub-subsidiary | Sales | RMB 154,665 | 32.76% | 90 days after monthly closing. | Specs of goods sold are different from others. Cannot be | Non relative parties are 120 days after monthly closing. | Accounts receivable RMB 138,826 | 28.37% | Note 1 |
| Dynamic PCB Electronics Co., Ltd. | Dynamic Electronics (Huangshi) Co., Ltd. | Subsidiary | Purchases | USD 24,372 | 26.32% | 90 days after monthly closing. | Not comparable. | No non-related parties to be compared with. | Accounts payable USD 22,152 | 19.48% | Note 1 |
| Dynamic PCB Electronics Co., Ltd. | Dynamic Electronics Co., Ltd (Seychelles) | Subsidiary | Sales | USD 85,605 | 92.44% | 90 days after monthly closing. | Not comparable. | No non-related parties to be compared with. | Accounts receivable USD 107,381 | 94.44% | Note 1 |
| Dynamic PCB Electronics Co., Ltd. | Dynamic Electronics Co., Ltd. | Subsidiary | Sales | USD 6,997 | 7.56% | 90 days after monthly closing. | Not comparable. | No non-related parties to be compared with. | Accounts receivable USD 6,317 | 5.56% | Note 1 |
| Dynamic PCB Electronics Co., Ltd. | Dynamic Electronics (Kunshan) Co., Ltd. | Subsidiary | Purchases | USD 68,230 | 73.68% | 90 days after monthly closing. | Not comparable. | No non-related parties to be compared with. | Accounts payable USD 91,546 | 80.52% | Note 1 |
| Dynamic Electronics Co., Ltd (Seychelles) | Dynamic PCB Electronics Co., Ltd. | Subsidiary | Purchases | USD 85,605 | 99.94% | 90 days after monthly closing. | Specs of goods purchased are different from others. | Non relative parties are 90 days after monthly closing. | Accounts payable USD 107,381 | 99.94% | Note 1 |

Note 1: Transactions are eliminated when preparing the consolidated financial statements.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

Receivables from Related Parties with Amounts exceeding the lower of NT\$100 Million or 20% of Capital Stock

As of March 31, 2022

(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 PCB Electronics Co., Ltd. | Sub-subsi-dary | RMB 581,121 <u>(Note 1 and Note 2)</u> | <u>2.95</u> | <u>\$-</u> | - | <u>\$-</u> | <u>\$-</u> |
| Dynamic PCB Electronics Co., Ltd. | Dynamic Electronics Co., Ltd. | Subsidiary | USD 6,317 <u>(Note 1 and Note 2)</u> | <u>3.33</u> | <u>\$-</u> | - | <u>\$-</u> | <u>\$-</u> |
| Dynamic PCB Electronics Co., Ltd. | Dynamic Electronics Co., Ltd (Seychelles) | Subsidiary | USD 107,381 <u>(Note 1 and Note 2)</u> | <u>3.25</u> | <u>\$-</u> | - | <u>\$-</u> | <u>\$-</u> |
| Dynamic Electronics (Huangshi) Co., Ltd. | Dynamic PCB Electronics Co., Ltd. | Sub-subsi-dary | RMB 138,826 <u>(Note 1 and Note 2)</u> | <u>4.61</u> | <u>\$-</u> | - | <u>\$-</u> | <u>\$-</u> |
| Dynamic Electronics (Huangshi) Co., Ltd. | Dynamic Electronics (Kunshan) Co., Ltd. | Sub-subsi-dary | RMB 236,196 <u>(Note 1 and Note 2)</u> | <u>4.79</u> | <u>\$-</u> | - | <u>\$-</u> | <u>\$-</u> |
| Dynamic Electronics (Kunshan) Co., Ltd. | Dynamic Electronics (Huangshi) Co., Ltd. | Sub-subsi-dary | RMB 58,846 <u>(Note 1 and Note 2)</u> | <u>1.81</u> | <u>\$-</u> | - | <u>\$-</u> | <u>\$-</u> |

Note 1 : Accounts receivable

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC ELECTRONICS CO., LTD. AND SUBSIDIARIES

Intercompany relationships and significant intercompany transactions

For the three-month period ended March 31, 2022

(In Thousands of Foreign Currency / New Taiwan Dollars)

| NO. (Note1) | Company name | Counterparty | Nature of Relationship (Note 2) | Intercompany Transaction | | | Consolidated Net Revenue or Total |
|--------------------|--|--|---------------------------------------|-----------------------------------|-------------|-------------------------------|--------------------------------------|
| | | | | Financial Statement Account | Amount | Terms | |
| | <u>2022.01.01~2022.03.31</u> | | | | | | |
| 0 | Dynamic Electronics Co., Ltd. | Dynamic PCB Electronics Co., Ltd. | 1 | Purchases | \$194,746 | 90 days after monthly closing | 4.76% |
| 0 | Dynamic Electronics Co., Ltd. | Dynamic PCB Electronics Co., Ltd. | 1 | Accounts payable | \$180,829 | 90 days after monthly closing | 0.92% |
| 0 | Dynamic Electronics Co., Ltd. | Dynamic Electronics Co., Ltd. (Seychelles) | 1 | receipts under custody | \$4,891 | - | 0.02% |
| 1 | Dynamic PCB Electronics Co., Ltd. | Dynamic Electronics (Kunshan) Co., Ltd. | 3 | Purchases | USD 68,230 | 90 days after monthly closing | 47.73% |
| 1 | Dynamic PCB Electronics Co., Ltd. | Dynamic Electronics (Kunshan) Co., Ltd. | 3 | Accounts payable | USD 91,546 | 90 days after monthly closing | 13.35% |
| 1 | Dynamic PCB Electronics Co., Ltd. | Dynamic Electronics (Huangshi) Co., Ltd. | 3 | Purchases | USD 24,372 | 90 days after monthly closing | 17.05% |
| 1 | Dynamic PCB Electronics Co., Ltd. | Dynamic Electronics (Huangshi) Co., Ltd. | 3 | Accounts payable | USD 22,153 | 90 days after monthly closing | 3.23% |
| 2 | Dynamic Electronics Co., Ltd. (Seychelles) | Dynamic PCB Electronics Co., Ltd. | 3 | Purchases | USD 85,605 | 90 days after monthly closing | 59.88% |
| 2 | Dynamic Electronics Co., Ltd. (Seychelles) | Dynamic PCB Electronics Co., Ltd. | 3 | Accounts payable | USD 107,381 | 90 days after monthly closing | 15.66% |
| 2 | Dynamic Electronics Co., Ltd. (Seychelles) | Dynamic Electronics Trading Pte. Ltd. | 3 | Other managing expenses | USD 11 | - | 0.01% |
| 2 | Dynamic Electronics Co., Ltd. (Seychelles) | Dynamic Electronics Co., Ltd. | 2 | receipts under custody | USD 584 | - | 0.09% |
| 3 | Dynamic Electronics (Kunshan) Co., Ltd. | Dynamic Electronics (Huangshi) Co., Ltd. | 3 | Purchases | RMB 226,334 | 90 days after monthly closing | 24.94% |
| 3 | Dynamic Electronics (Kunshan) Co., Ltd. | Dynamic Electronics (Huangshi) Co., Ltd. | 3 | Accounts payable | RMB 236,196 | 90 days after monthly closing | 5.43% |
| 3 | Dynamic Electronics (Kunshan) Co., Ltd. | Dynamic Electronics (Huangshi) Co., Ltd. | 3 | Other receivables | RMB 922 | - | 0.02% |
| 3 | Dynamic Electronics (Kunshan) Co., Ltd. | Dynamic Electronics (Huangshi) Co., Ltd. | 3 | Other receivables (Financing) | RMB 270,000 | - | 6.20% |
| 3 | Dynamic Electronics (Kunshan) Co., Ltd. | Dynamic Electronics (Huangshi) Co., Ltd. | 3 | Other interest income | RMB 2,498 | - | 0.28% |
| 3 | Dynamic Electronics (Kunshan) Co., Ltd. | Dynamic Electronics (Huangshi) Co., Ltd. | 3 | Other operating revenue | RMB 2,926 | - | 0.32% |
| 3 | Dynamic Electronics (Kunshan) Co., Ltd. | Dynamic Electronics (Huangshi) Co., Ltd. | 3 | Outsourced manufacturing expenses | RMB 21 | - | -% |
| 3 | Dynamic Electronics (Kunshan) Co., Ltd. | Dynamic Electronics (Huangshi) Co., Ltd. | 3 | Accounts payable | RMB 58,846 | 90 days after monthly closing | 1.35% |
| 3 | Dynamic Electronics (Kunshan) Co., Ltd. | Dynamic Electronics (Huangshi) Co., Ltd. | 3 | Sales | RMB 32,329 | 90 days after monthly closing | 3.56% |

Note 1 : The transaction information between the parent company and its subsidiaries should be coded in serial number column respectively as follows:

1. Dynamic Electronics Co., Ltd. is coded "0".
2. The subsidiaries are coded sequentially starting from Arabic numeral 1 according to the company type.

Note 2 : There are three types of relationship with the transaction parties, it's only necessary to indicate the type ((The same corresponding transaction between parent and subsidiary companies or between subsidiaries only needs to be disclosed by one party. For example: if the parent company has disclosed the transaction between the parent company and the subsidiary company, the subsidiary does not need to be disclosed repeatedly; the same applies to the transaction between the subsidiaries):

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Calculation of the ratio of transaction amount to total consolidated revenue or assets: If it is an asset-liability account, it is calculated by the closing balance accounts for the

Note 3 : consolidated total assets; if it is a profit and loss account, it is calculated by the accumulated amount in the middle period to the consolidated total revenue.

Note 4 : Foreign currencies were converted into New Taiwan dollars based on exchanged rate of balance sheet date.