

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

Ticker: 3715

**DYNAMIC HOLDING CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH REVIEW REPORT OF INDEPENDENT AUDITORS
As of September 30, 2022 and 2021
And for the nine –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.

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

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REVIEW REPORT OF INDEPENDENT AUDITORS

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Dynamic Holding Co., LTD. (the “Company”) and its subsidiaries as of September 30, 2022 and 2021, the related consolidated statements of comprehensive income for the nine-month periods then ended, the related consolidated statements of changes in equity and cash flows for the nine-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 September 30, 2022 and 2021, and their consolidated financial performance for the three-month and nine-month periods then ended and cash flows for the nine-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.

Emphasis of matter

As stated in Note 1 of the consolidated financial report, Dynamic Holding Co., Ltd. acquired 100% equity of Dynamic Electronics Co., Ltd. by means of share swap on August 25, 2022. The above-mentioned share swap is an organizational restructuring under joint control. Dynamic Holdings Co., Ltd. is actually the continuation of Dynamic Electronics Co., Ltd., so the consolidated financial statements of Dynamic Holdings Co., Ltd. recognize the relevant assets and liabilities based on the book value of the consolidated financial statements of Dynamic Electronics Co., Ltd. The consolidated financial statements for the comparative period are prepared as if it had been merged with Dynamic Electronics Co., Ltd.

Chang, Chi Ming

Chen, Kuo Shuai

Ernst & Young

November 3rd, 2022

Taipei, Taiwan

As of September 30,2022, December 31,2021 and September 30, 2021 (September 30, 2022 and 2021 are reviewed but unaudited)

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets			As of September 30, 2022		As of December 31,2021		As of September 30,2021	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
11xx	Current Assets							
1100	Cash and cash equivalents	6(1)	\$2,207,558	12	\$2,729,560	15	\$1,833,524	11
1110	Financial assets at fair value through profit or loss	6(2)	-	-	3,130	-	5,578	-
1136	Financial assets carried at amortized cost	6(3),8	1,075,613	5	1,218	-	1,226	-
1150	Notes receivable, net	6(4)	54,647	-	43,247	-	26,482	-
1170	Accounts receivable, net	6(5)	4,414,200	22	4,624,955	26	4,451,244	28
1200	Other receivables		74,398	-	103,615	1	120,299	1
1310	Inventories, net	6(6)	2,922,905	14	2,953,056	17	3,111,812	19
1410	Prepayments		438,989	2	365,853	2	455,022	3
1470	Other current assets		2,384	-	1,812	-	5,031	-
	Total current assets		<u>11,190,694</u>	<u>55</u>	<u>10,826,446</u>	<u>61</u>	<u>10,010,218</u>	<u>62</u>
15xx	Non-current assets							
1510	Financial assets at fair value through profit or loss	6(2), 6(13)	-	-	800	-	600	-
1600	Property, plant and equipment	6(7), 8, 9	8,681,190	43	6,241,643	36	5,623,882	35
1755	Right-of-use assets	6(21), 8	411,858	2	408,273	2	406,635	2
1780	Intangible assets	6(8)	99,158	-	44,583	-	48,307	-
1840	Deferred tax assets	4	127,178	-	115,358	1	174,053	1
1900	Other non-current assets	6(9)	1,853	-	1,492	-	1,478	-
	Total non-current assets		<u>9,321,237</u>	<u>45</u>	<u>6,812,149</u>	<u>39</u>	<u>6,254,955</u>	<u>38</u>
	Total assets		<u>\$20,511,931</u>	<u>100</u>	<u>\$17,638,595</u>	<u>100</u>	<u>\$16,265,173</u>	<u>100</u>

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

CONSOLIDATED BALANCE SHEETS (Continued)
As of September 30,2022, December 31,2021 and September 30, 2021 (September 30, 2022 and 2021 are reviewed but unaudited)
(Amounts Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			As of September 30, 2022		As of December 31,2021		As of September 30,2021	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
21xx	Current liabilities							
2100	Short-term loans	6(10)	\$4,257,239	21	\$4,587,071	26	\$3,380,520	21
2120	Financial liabilities at fair value through profit or loss	6(11)	10,403	-	-	-	-	-
2130	Contract liability	6(19)	19,844	-	4,066	-	11,573	-
2150	Notes Payable		2,929	-	-	-	-	-
2170	Accounts payables		3,355,477	16	3,560,924	20	4,221,868	26
2200	Other payables	6(12)	2,130,779	11	1,315,996	8	1,330,837	8
2230	Current tax liabilities	4	47,190	-	62,732	-	40,712	-
2280	Lease liabilities	6(21)	2,038	-	2,019	-	2,012	-
2300	Other current liabilities		57,563	-	44,925	-	51,224	-
2321	Current portion of bonds payable(due within one year)	4, 6(13)	2,353	-	-	-	-	-
2322	Current portion of long-term loans payable	6(14), 8	126,109	1	651,224	4	390,776	3
2365	Refund liability	6(15)	199,065	1	233,162	1	202,620	1
	Total current liabilities		<u>10,210,989</u>	<u>50</u>	<u>10,462,119</u>	<u>59</u>	<u>9,632,142</u>	<u>59</u>
25xx	Non-current liabilities							
2530	Bonds payable	4, 6(13)	-	-	486,152	3	484,404	3
2540	Long-term loans	6(14), 8	3,086,093	15	390,735	2	128,827	1
2570	Deferred tax liabilities	4	366,080	2	266,559	2	308,981	2
2580	Lease liabilities	6(21)	514	-	2,045	-	2,552	-
2630	Long-term deferred revenue	6(16)	597,198	3	389,065	2	349,873	2
2645	Guarantee deposits		102,258	-	121,124	1	33,185	-
	Total non-current liabilities		<u>4,152,143</u>	<u>20</u>	<u>1,655,680</u>	<u>10</u>	<u>1,307,822</u>	<u>8</u>
	Total liabilities		<u>14,363,132</u>	<u>70</u>	<u>12,117,799</u>	<u>69</u>	<u>10,939,964</u>	<u>67</u>
31xx	Equity attributable to the parent company							
3100	Capital	6(18)						
3110	Common stock		2,775,490	14	2,775,141	16	2,775,141	17
3140	Capital collected in advance		-	-	43	-	-	-
3200	Capital surplus	6(18)	2,970,307	14	1,314,873	7	1,314,819	8
3300	Retained earnings	6(18)						
3310	Legal reserve		-	-	599,291	3	599,291	4
3320	Special reserve		438,825	2	299,666	2	299,666	2
3350	Accumulated profit or loss		75,817	-	970,607	6	824,324	5
3400	Other components of equity		(238,977)	(1)	(438,825)	(3)	(488,032)	(3)
36xx	Non-controlling interests	6(18)	127,337	1	-	-	-	-
	Total equity		<u>6,148,799</u>	<u>30</u>	<u>5,520,796</u>	<u>31</u>	<u>5,325,209</u>	<u>33</u>
	Total liabilities and equity		<u>\$20,511,931</u>	<u>100</u>	<u>\$17,638,595</u>	<u>100</u>	<u>\$16,265,173</u>	<u>100</u>

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

Code	Accounts	Notes	2022.07.01~2022.09.30		2021.07.01~2021.09.30		2022.01.01~2022.09.30		2021.01.01~2021.09.30	
			Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenues	6(19)	\$3,847,065	100	\$4,117,171	100	\$11,527,582	100	\$11,595,299	100
5000	Operating costs	6(6)	(3,209,896)	(83)	(3,403,677)	(83)	(9,607,593)	(83)	(9,704,329)	(84)
5900	Gross profit		637,169	17	713,494	17	1,919,989	17	1,890,970	16
6000	Operating expenses									
6100	Sales and marketing expenses		(121,916)	(3)	(152,784)	(4)	(371,281)	(3)	(429,434)	(3)
6200	General and administrative expenses		(151,604)	(4)	(161,391)	(4)	(453,651)	(4)	(456,934)	(4)
6300	Research and development expenses		(179,968)	(5)	(187,325)	(4)	(501,885)	(4)	(569,369)	(5)
6450	Expected credit gains(losses)	6(20)	(5,825)	-	1,124	-	(12,528)	-	2,136	-
	Operating expenses total		(459,313)	(12)	(500,376)	(12)	(1,339,345)	(11)	(1,453,601)	(12)
6900	Operating income		177,856	5	213,118	5	580,644	6	437,369	4
7000	Non-operating income and expenses	6(23)								
7100	Interest income		3,516	-	1,942	-	11,473	-	6,177	-
7010	Other income		32,393	1	67,019	2	101,198	1	152,333	1
7020	Other gains and losses		42,939	1	3,969	-	150,572	1	(35,558)	-
7050	Finance costs		(83,538)	(2)	(33,278)	(1)	(220,239)	(2)	(98,231)	(1)
	Non-operating income and expenses total		(4,690)	-	39,652	1	43,004	-	24,721	-
7900	Income from continuing operations before income tax		173,166	5	252,770	6	623,648	6	462,090	4
7950	Income tax expense	4, 6(25)	(51,178)	(2)	(98,056)	(2)	(162,645)	(2)	(137,919)	(1)
8200	Net income		121,988	3	154,714	4	461,003	4	324,171	3
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		63,644	2	(20,576)	(1)	199,848	2	(83,158)	(1)
	Total other comprehensive income(loss), net of tax		63,644	2	(20,576)	(1)	199,848	2	(83,158)	(1)
8500	Total comprehensive income (loss)		\$185,632	5	\$134,138	3	\$660,851	6	\$241,013	2
8600	Net income attributable to:									
8610	Shareholders of the parent		\$121,994	3	\$154,714	4	\$460,963	4	\$324,171	3
8620	Non-controlling interests		(6)	-	-	-	40	-	-	-
			\$121,988	3	\$154,714	4	\$461,003	4	\$324,171	3
8700	Total comprehensive income(loss) attributable to:									
8710	Shareholders of the parent		\$185,638	5	\$134,138	3	\$660,811	6	\$241,013	2
8720	Non-controlling interests		(6)	-	-	-	40	-	-	-
			\$185,632	5	\$134,138	3	\$660,851	6	\$241,013	2
9750	Earnings per share - basic (In NT\$)	6(26)	\$0.44		\$0.56		\$1.66		\$1.17	
9850	Earnings per share - diluted (In NT\$)	6(26)	\$0.44		\$0.52		\$1.65		\$1.08	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

From January 1 to September 30, 2022 and 2021 (Reviewed but unaudited)

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	Equities belong to the holders of Parent Company								Non-controlling interests	Total equity
		Capital	Capital collected in advance	Capital surplus	Retained earnings			components of comprehensive income			
					Legal reserve	Special reserve	Accumulated profit or loss	differences arising on translation of foreign currency	Total equity		
		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										
B1	Legal reserve				67,906		(67,906)		-		-
B5	Cash dividends-common shares						(111,006)		(111,006)		(111,006)
C5	Generated by issuing convertible bonds and recognition of equity components - stock options			63,936					63,936		63,936
D1	Net income of the period Jan.1 to Sep. 30, 2022						324,171		324,171		324,171
D3	Other comprehensive income (loss) of the period Jan.1 to Sep. 30, 2022							(83,158)	(83,158)		(83,158)
D5	Total comprehensive income (loss) of the current period	-	-	-	-	-	324,171	(83,158)	241,013	-	241,013
Z1	Balance as of September 30, 2022	\$2,775,141	\$-	\$1,314,819	\$599,291	\$299,666	\$824,324	\$(488,032)	\$5,325,209	\$-	\$5,325,209
A1	Balance as of January 1, 2022	\$2,775,141	\$43	\$1,314,873	\$599,291	\$299,666	\$970,607	\$(438,825)	\$5,520,796	\$-	\$5,520,796
	Appropriation and distribution of 2021 earnings										
B1	Legal reserve				47,045		(47,045)		-		-
B3	Special reserve					139,159	(139,159)		-		-
B5	Cash dividends-common shares						(194,263)		(194,263)		(194,263)
C5	Generated by issuing convertible bonds and recognition of equity components - stock options			(2,847)					(2,847)		(2,847)
D1	Net income of the period Jan.1 to Sep. 30, 2022						460,963		460,963	40	461,003
D3	Other comprehensive income (loss) of the period Jan.1 to Sep. 30, 2022							199,848	199,848		199,848
D5	Total comprehensive income (loss) of the current period	-	-	-	-	-	460,963	199,848	660,811	40	660,851
I1	Convertible bond	349	(43)	379					685		685
M7	Changes in ownership equity in subsidiaries			36,280					36,280	119,999	156,279
O1	Non-Controlling Interests									7,298	7,298
T1	The number effected by conversion according to share swap agreement	-	-	1,621,622	(646,336)	-	(975,286)	-	-	-	-
Z1	Balance as of September 30, 2022	\$2,775,490	\$-	\$2,970,307	\$-	\$438,825	\$75,817	\$(238,977)	\$6,021,462	\$127,337	\$6,148,799

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
From January 1 to September, 2022 and 2021 (Reviewed but unaudited)
(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Item	2022.01.01~2022.09.30	2021.01.01~2021.09.30	Code	Item	2022.01.01~2022.09.30	2021.01.01~2021.09.30
AAAA	Cash flows from operating activities:			BBBB	Cash flows from investing activities:		
A10000	Net income before tax	\$623,648	\$462,090	B00040	Disposal (acquisition) of financial assets at amortised cost	(1,074,395)	200,027
A20000	Adjustments:			B02700	Acquisition of property, plant and equipment	(1,984,019)	(690,083)
A20010	Profit or loss not effecting cash flows:			B02800	disposal of property, plant and equipment	50,780	5,226
A20100	Depreciation (including right-of-use assets)	509,480	528,767	B03700	Decrease (increase) in refundable deposits	(361)	3,033
A20200	Amortization	16,909	13,717	B04500	Increase in software	(7,959)	(33,449)
A20300	Expected credit losses (gain)	12,528	(2,136)	B05000	Cash received through merger	(67,622)	-
A20400	Net loss (gain) of financial assets at fair value through profit or loss	14,591	(5,989)	B05350	Acquisition of right-of-use asset	-	(146,871)
A20900	Interest expense	220,239	98,231	B09900	Increase (decrease) in deferred income	221,668	-
A21200	Interest income	(11,473)	(6,177)	BBBB	Net cash provided by (used in) investing activities	(2,861,908)	(662,117)
A22500	Loss (gain) on disposal of property, plant and equipment	53,985	17,145				
A23700	Impairment loss (reveral) on non-financial assets	3,732	(18,491)	CCCC	Cash flow from financing activities		
A24200	Redemption of convertible bond payable	55,572	-	C00200	Increase in (repayment of) short-term loans	(329,832)	797,920
A29900	Loss (gain) on government grants	(26,921)	(24,859)	C01200	Proceeds from issuing bonds	-	545,297
A30000	Changes in operating assets and liabilities:			C01300	Repayments of bonds	(548,850)	-
A31130	Notes receivable	12,130	235,581	C01600	Proceeds from long-term debt	3,114,987	429,425
A31150	Accounts receivable	195,707	(732,075)	C01700	Repayment of long-term loans	(886,615)	(553,958)
A31180	Other receivables	31,564	1,553	C03000	Increase (decrease) in guarantee deposits	(18,866)	8,022
A31200	Inventories	30,151	(1,513,715)	C04020	Payments of lease liabilities	(1,543)	(1,543)
A31230	Prepayment	(72,962)	(78,377)	C04500	Issuing cash dividend	(194,263)	(111,006)
A31240	Other current assets	(572)	985	C05800	Non-controlling equity changes	156,279	-
A32125	Contract liability	15,778	(1,874)	CCCC	Net cash provided by (used in) financing activities	1,291,297	1,114,157
A32130	Notes payable	610	-				
A32150	Accounts payable	(207,648)	1,394,508				
A32180	Other payable	(73,411)	22,189				
A32230	Other current liabilities	12,344	12,617	DDDD	Effect of exchange rate changes on cash and cash equivalents	(43,380)	(11,545)
A32990	Refund liability	(34,097)	101,867				
A32000	Cash generated from operations	1,381,884	505,557				
A33100	Interest received	11,473	6,177				
A33300	Interest paid	(209,612)	(94,694)	EEEE	Net increase (decrease) in cash and cash equivalents	(522,002)	834,957
A33500	Income tax paid	(91,756)	(22,578)	E00100	Cash and cash equivalents at beginning of period	2,729,560	998,567
AAAA	Net cash provided by (used in) operating activities	1,091,989	394,462	E00200	Cash and cash equivalents at end of period	\$2,207,558	\$1,833,524

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

1. History and organization

Dynamic Holding Co., Ltd. (hereinafter referred to as the company) was approved and established on August 25, 2022 and listed for trading on the Taiwan Stock Exchange.

Dynamic Electronics Co., Ltd. (hereinafter referred to as Dynamic Electronics) applied for the establishment of Dynamic Holding Co., Ltd. by the board of directors on March 31, 2022 and the shareholders' meeting on May 20, 2022 to acquire 100% equity of Dynamic Electronics, the share swap consideration is to exchange 1 common share of Dynamic Electronics for 1 common share of the company, and the share swap transaction has been completed on August 25, 2022. On the same day, Dynamic Electronics became a 100% subsidiary of the company and terminated the stock listing and public offering. The company's common stock was listed and traded under the stock code "3715" from the same day.

The main activities of the Company and its subsidiaries (the "Group") 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 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 September 30th, 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 November 3rd, 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 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	Disclosure Initiative – Accounting Policies – Amendments to IAS 1	January 1, 2023
b	Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
c	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 1, 2023

- (a) 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.

- (b) 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.

- (c) 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 are endorsed by the FSC and is applicable to the new issued, revised and amended standards or interpretations for the fiscal year beginning January 1, 2023. The Company assesses all standards and interpretations have no material impact on the Company.

- (3) 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	Lease liabilities arising from a sale and leaseback transaction (Amendments to IFRS 16)	January 1, 2024
e	Non-current Liabilities with Covenants (Amendments to IAS 1)	January 1, 2024

- (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 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) Lease liabilities arising from a sale and leaseback transaction (Amendments to IFRS 16)

This amendment is IFRS 16 "Lease" Seller-lessee adds additional accounting treatment for sale-and-leaseback transactions to improve the consistent application of the standard.

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

The amendment is to require the entity to disclose the information of long-term liability covenants. It specifies the covenants that an entity should comply with within twelve months after the reporting period, which does not affect classification of the corresponding liability as current or noncurrent at the end of reporting period.

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 Group assesses all abovementioned 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 nine-month periods ended September 30, 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 Dynamic Electronics and its subsidiaries' consolidated financial statements for the year ended December 31, 2021. For more details, please refer to Note 4 of Dynamic Electronics and its subsidiaries' 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 in the consolidated financial statements have been applied in the Dynamic Electronics and its subsidiaries' 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 (%)		
			2022.09.30	2021.12.31	2021.09.30
The Company	Dynamic Electronics Co., Ltd.	PCB and business which relates to import and export	100.00% (Note 1)	-% (Note 1)	-% (Note 1)
Dynamic Electronics Co., Ltd.	WINTEK (MAURITIUS) CO., LTD.	Investing activities	100.00%	100.00%	100.00%
Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	PCB and business which relates to import and export	-% (Note 2)	100.00% (Note 2)	100.00% (Note 2)
Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Seychelles)	PCB and business which relates to import and export	-% (Note 3)	100.00% (Note 3)	100.00% (Note 3)
Dynamic Electronics Co., Ltd.	Dynamic Electronics Trading Pte. Ltd.	Management and Operation Business	-% (Note 2)	100.00% (Note 2)	100.00% (Note 2)
Dynamic Electronics Co., Ltd.	CHIANAN TECHNOLOGY CO., LTD.	Mockup manufacture	70.00% (Note 4)	-%	-%
Dynamic Electronics Co., Ltd.	CHENG CHONG TECHNOLOGY CO., LTD.	Mockup manufacture	70.00% (Note 5)	-%	-%
WINTEK (MAURITIUS) CO., LTD.	Dynamic Electronics Holding Pte. Ltd.	Investing activities	100.00%	100.00%	100.00%

Investor	Subsidiary	Main businesses	Percentage of Ownership (%)		
			2022.09.30	2021.12.31	2021.09.30
Dynamic Electronics Holding Pte. Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	Manufacturing and selling of PCB	97.8541% (Note 6)	100.00%	100.00%
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Manufacturing and selling of PCB	100.00%	100.00%	100.00%
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	PCB and business which relates to import and export	100.00% (Note 2)	-% (Note 2)	-% (Note 2)
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic Electronics Co., Ltd. (Seychelles)	PCB and business which relates to import and export	100.00% (Note 3)	-% (Note 3)	-% (Note 3)
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic Electronics Trading Pte. Ltd.	Management and Operation Business	100.00% (Note 2)	-% (Note 2)	-% (Note 2)

Note 1: The Company acquired 100% equity of Dynamic Electronics Co., Ltd. by way of share swap on August 25, 2022. Since it is reorganization under joint control, it is regarded as a comparison period Consolidated Financial Statements prepared since the merger of Dynamic Electronics..

Note 2: Considering the needs of long-term development of the Group, the board of directors resolved to change the investment structure of Dynamic PCB Electronics Co., Ltd. and

Dynamic Electronics Trading Pte. That is to change Dynamic Electronics Co., Ltd.'s reinvestment in Dynamic PCB Electronics Co., Ltd. and Dynamic Electronics Trading Pte. Ltd. to Dynamic Electronics (Huangshi) Co., Ltd.'s reinvestment in Dynamic PCB Electronics Co., Ltd. and Dynamic Electronics Trading Pte. Ltd. The aforementioned transaction is an equity adjustment under organizational restructuring.

Note 3: Considering the long-term development needs of the Group, on July 20, 2022, the Board of Directors resolved to change the investment structure of Dynamic Electronics Co., Ltd. (Seychelles), the reinvested business in the third region. Dynamic Electronics Co., Ltd.'s reinvestment in Dynamic Electronics Co., Ltd. (Seychelles) is changed to Dynamic Electronics (Huangshi) Co., Ltd.'s reinvestment in Dynamic Electronics Co., Ltd. (Seychelles). The above transaction is an equity adjustment under organizational restructuring.

Note 4: Considering the needs of long-term development, 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 was completed on March 17, 2022. The Group has obtained the control to include it in the Group's consolidated financial statements preparation.

Note 5: 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 was completed on March 17, 2022. The Group has obtained the control to include it in the Group's consolidated financial statements preparation.

Note 6: Considering the needs of long-term development, the Group resolved the cash capital increase of Dynamic Electronics (Huangshi) Co., Ltd. by the board of directors on September 2, 2022, and completed it on September 28, 2022. The total capital increase in cash was RMB 35,000,000. The Group waived the right to subscribe for this capital increase. After the capital increase was completed, the Group's shareholding in Dynamic Electronics (Huangshi) Co., Ltd. decreased from 100% to 97.8541%.

(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.

The main sources of significant accounting judgments, estimates and assumptions is consistent with the 2021 consolidated financial report of Dynamic Electronics and its subsidiaries, please refer to Note 5 of Dynamic Electronics and its subsidiaries' 2021 consolidated financial statements for the information.

6. Contents of significant accounts

(1) Cash and cash equivalents

	2022.09.30	2021.12.31	2021.09.30
Cash on hand	\$758	\$347	\$343
Checking and savings	2,189,242	2,528,853	1,632,819
Fixed-term deposits	17,558	200,360	200,362
Total	<u>\$2,207,558</u>	<u>\$2,729,560</u>	<u>\$1,833,524</u>

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

	2022.09.30	2021.12.31	2021.09.30
Measured at fair value through profit or loss :			
Convertible Bonds	\$-	\$800	\$600
Held for trading - current :			
Forward foreign exchange contract	-	3,130	5,578
Total	<u>\$-</u>	<u>\$3,930</u>	<u>\$6,178</u>
Current	\$-	\$3,130	\$5,578
Non-current	-	800	600
Total	<u>\$-</u>	<u>\$3,930</u>	<u>\$6,178</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

	2022.09.30	2021.12.31	2021.09.30
Restricted cash-current	\$1,074,216	\$-	\$-
Fixed-term deposits	1,397	1,218	1,226
Total	<u>\$1,075,613</u>	<u>\$1,218</u>	<u>\$1,226</u>
Current	<u>\$1,075,613</u>	<u>\$1,218</u>	<u>\$1,226</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

	2022.09.30	2021.12.31	2021.09.30
Notes receivable arising from operating activities	\$54,647	\$43,247	\$26,482
Less: loss allowance	-	-	-
Total	\$54,647	\$43,247	\$26,482

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, consisting of the follows:

	2022.09.30	2021.12.31	2021.09.30
Accounts receivable from operating activities	\$4,445,167	\$4,640,874	\$4,469,501
Less: loss allowance	(30,967)	(15,919)	(18,257)
Total	\$4,414,200	\$4,624,955	\$4,451,244

(B) Accounts receivable were not pledged.

(C) Accounts receivable are generally on 60 to 150 day terms. The total carrying amount as of September 30, 2022, December 31, 2021, and September 30, 2021, are NT\$4,445,167 thousand, NT\$4,640,874 thousand and NT\$4,469,501 thousand, respectively. Please refer to Note 6(20) for more details on loss allowance of accounts receivable for the nine-month

periods ended September 30, 2022 and 2021. Please refer to Note 12 for more details on credit risk management.

(6) Inventories

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

	2022.09.30	2021.12.31	2021.09.30
Raw materials and Supplies	\$245,113	\$304,866	\$532,906
Work in progress	773,126	624,749	686,820
Finished goods	1,904,666	2,023,441	1,892,086
Total	<u>\$2,922,905</u>	<u>\$2,953,056</u>	<u>\$3,111,812</u>

(B) For the three-month periods ended September 30, 2022 and 2021, and the nine-month periods ended September 30, 2022 and 2021, the Group recognized NT\$3,209,896 thousand and NT\$3,403,677 thousand, NT\$9,607,593 thousand and NT\$9,704,329 thousand under the costs of inventory including the following losses:

	2022.07.01~ 2022.09.30	2021.07.01~ 2021.09.30	2022.01.01~ 2022.09.30	2021.01.01~ 2021.09.30
Inventory valuation losses (gain from price recovery of inventory)	<u>\$(16,669)</u>	<u>\$42,614</u>	<u>\$(49,398)</u>	<u>\$146,463</u>

From January 1st to September 30th, 2022, the Group has disposed of some of the inventories that were originally set aside as allowances for inventory depreciation and sluggish losses, so it is recognized as gain from price recovery of inventory.

(C) Inventories were not pledged.

(7) Property, plant and equipment

	2022.09.30	2021.12.31	2021.09.30
Owner occupied property, plant, and equipment	<u>\$8,681,190</u>	<u>\$6,241,643</u>	<u>\$5,623,882</u>

DYNAMIC HOLDING CO., LTD.

Notes to the Consolidated Financial Statements

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

	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	(4,683)	2,945	-	6,440	19,254	-	2,837,053	2,861,009
Acquired through business merger	-	19,727	1,128	-	2,542	-	-	23,397
Disposals	-	(780,916)	-	(754)	(4,952)	-	-	(786,622)
Transfer	1,717,457	1,439,832	1,559	168,621	15,377	-	(3,342,846)	-
Other changes	-	(5,930)	-	-	-	-	-	(5,930)
Exchange differences	82,400	208,642	881	10,152	40,513	-	37,055	379,643
2022.09.30	<u>\$4,537,344</u>	<u>\$7,786,630</u>	<u>\$33,599</u>	<u>\$528,758</u>	<u>\$1,424,478</u>	<u>\$8,820</u>	<u>\$764,414</u>	<u>\$15,084,043</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	104,636	259,079	2,507	42,368	92,388	-	-	500,978
Acquired through business merger	-	16,462	870	-	2,261	-	-	19,593
Impairment loss (gain on reversal)	-	3,732	-	-	-	-	-	3,732
Disposal	-	(677,300)	-	(694)	(3,863)	-	-	(681,857)
Other changes	-	(3,583)	-	-	-	-	-	(3,583)
Exchange differences	22,952	132,010	672	6,230	31,223	-	-	193,087
2022.09.30	<u>\$861,093</u>	<u>\$4,120,660</u>	<u>\$26,415</u>	<u>\$249,041</u>	<u>\$1,136,824</u>	<u>\$8,820</u>	<u>\$-</u>	<u>\$6,402,853</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	-	19,762	-	5,691	48,565	-	915,386	989,404
Disposals	-	(37,942)	(470)	(803)	(98,715)	-	-	(137,930)
Transfer	249,640	492,562	6,171	56,650	39,921	-	(844,944)	-
Exchange differences	(40,394)	(104,098)	(370)	(4,385)	(21,299)	-	(11,716)	(182,262)

Notes to the Consolidated Financial Statements

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

	Lands and Buildings	Machinery and equipment	Transportatio n equipment	Office equipment	Other equipment	Lease improvement	Construction in progress and equipment to be examined	Total
2021.09.30	\$2,707,689	\$6,737,764	\$29,248	\$335,731	\$1,355,391	\$8,820	\$618,523	\$11,793,166
Depreciation and impairment :								
2021.01.01	\$621,484	\$4,105,152	\$19,211	\$152,609	\$976,386	\$8,820	\$-	\$5,883,662
Depreciation	85,595	252,909	2,740	37,614	141,421	-	-	520,279
Impairment loss (gain on reversal)	-	(18,491)	-	-	-	-	-	(18,491)
Disposal	-	(16,199)	(456)	(754)	(98,150)	-	-	(115,559)
Transfer	(10,976)	(70,332)	(324)	(2,758)	(16,217)	-	-	(100,607)
2021.09.30	\$696,103	\$4,253,039	\$21,171	\$186,711	\$1,003,440	\$8,820	\$-	\$6,169,284
Net carrying amount as at:								
2022.09.30	\$3,676,251	\$3,665,970	\$7,184	\$279,717	\$287,654	\$-	\$764,414	\$8,681,190
2021.12.31	\$2,008,665	\$2,512,070	\$7,665	\$143,162	\$336,929	\$-	\$1,233,152	\$6,241,643
2021.09.30	\$2,011,586	\$2,484,725	\$8,077	\$149,020	\$351,951	\$-	\$618,523	\$5,623,882

For the nine-month periods ended September 30, 2022, the NT\$3,732 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 nine-month periods ended September 30, 2021 the NT\$18,491 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 16~30 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	7,959	-	-	7,959
Acquired through merger	1,151	-	62,244	63,395
Derecognized upon retirement	(8,659)	(36)	-	(8,695)
Effect of exchange rate changes	1,603	318	-	1,921
2022.09.30	<u>\$61,853</u>	<u>\$10,889</u>	<u>\$62,244</u>	<u>\$134,986</u>
2021.01.01	\$38,303	\$10,664	\$-	\$48,967
Additional — Acquired separately	33,449	-	-	33,449
Derecognized upon retirement	(13,137)	-	-	(13,137)
Effect of exchange rate changes	(515)	(173)	-	(688)
2021.09.30	<u>\$58,100</u>	<u>\$10,491</u>	<u>\$-</u>	<u>\$68,591</u>
Amortization and impairment :				
2022.01.01	\$22,618	\$3,205	\$-	\$25,823
Acquired through merger	946	-	-	946
Amortization	15,288	1,621	-	16,909
Derecognized upon retirement	(8,659)	(36)	-	(8,695)
Effect of exchange rate changes	735	110	-	845
2022.09.30	<u>\$30,928</u>	<u>\$4,900</u>	<u>\$-</u>	<u>\$35,828</u>

	Computer Software	Technology Expertise	Goodwill	Total
2021.01.01	\$19,070	\$1,085	\$-	\$20,155
Amortization	12,123	1,594	-	13,717
Derecognized upon retirement	(13,137)	-	-	(13,137)
Effect of exchange rate changes	(416)	(35)	-	(451)
2021.09.30	\$17,640	\$2,644	\$-	\$20,284
Carrying amount, net :				
2022.09.30	\$30,925	\$5,989	\$62,244	\$99,158
2021.12.31	\$37,181	\$7,402	\$-	\$44,583
2021.09.30	\$40,460	\$7,847	\$-	\$48,307

Amounts of amortization recognized for intangible assets are as follows:

	2022.07.01~ 2022.09.30	2021.07.01~ 2021.09.30	2022.01.01~ 2022.09.30	2021.01.01~ 2021.09.30
Operating cost	\$641	\$584	\$1,911	\$1,670
Operating expenses	5,366	4,623	14,998	12,047
Total:	\$6,007	\$5,207	\$16,909	\$13,717

(9) Other non-current assets

Other non-current assets as follows:

	2022.09.30	2021.12.31	2021.09.30
Refundable deposit	\$1,853	\$1,492	\$1,478

(10) Short-term loans

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

	Interest rate (%)	2022.09.30	2021.12.31	2021.09.30
Unsecured bank loan	0.92938%~5.57%	\$4,257,239	\$4,587,071	\$3,380,520

(B) The Group's unused short-term lines of credits amounts to NT\$3,698,462 thousand, NT\$4,856,404 thousand and NT\$2,565,307 thousand as of September 30, 2022, December 31, 2021, and September 30, 2021, respectively.

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

	2022.09.30	2021.12.31	2021.09.30
held for trading—current :			
Forward Exchange Agreement	\$10,403	\$-	\$-
Current	\$10,403	\$-	\$-
Non-current	-	-	-
Total:	\$10,403	\$-	\$-

(12) Other payables

Other payables consist of the following:

	2022.09.30	2021.12.31	2021.09.30
Accrued expenses	\$749,455	\$815,535	\$855,014
Accrued interest	13,204	9,331	5,702
Payable to equipment supplier	1,368,120	491,130	470,121
Total	\$2,130,779	\$1,315,996	\$1,330,837

(13) Bonds Payable

(A) The details of the bonds payable are as follows:

	2022.09.30	2021.12.31	2021.09.30
Liability component			
Unsecured domestic bonds payable	\$2,400	\$499,900	\$500,000
Less : Discounts on domestic bonds payable	(47)	(13,748)	(15,596)
Total	2,353	486,152	484,404
Less : Current portion	(2,353)	-	-
Net	\$-	\$486,152	\$484,404
Embedded derivative - redemption, put options	\$-	\$800	\$600
Equity component - Conversion right	\$281	\$63,923	\$63,936

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
- (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.

Since the company implemented the ex-dividend distribution of cash dividends during 2022, the conversion price was adjusted according to the company's second domestic unsecured conversion corporate bond issuance and conversion regulations. Therefore, from July 18, 2022, the conversion price has been Adjusted from NT\$23.1 to NT\$22.4

(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.

- (j) Bond holder's sell-back right : During the period from August 26, 2022 to September 24, 2022, creditors can sell the convertible bonds back to the issuing company at the issue price of 110.1 plus interest compensation (0.25% real yield).

(C) As of September 30, 2022, the amount of the second domestic unsecured convertible bonds that has been applied for conversion is NTD800 thousand, and the common share is thirty-five 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 NTD533 thousand as an addition to the capital reserve.

(D) In accordance with the authorization of Article 13, Paragraph 2 of the Share Swap Resolution passed by the general meeting of shareholders on May 20, 2022, Article 11 (1) of the Share Swap Resolution on the handling principles of Dynamic II CB "After this share swap case has been approved by the competent authority, and before the share swap base date, the creditor may, within the designated period announced by the company, apply for a sell-back or exercise the right of conversion in accordance with the issuance and conversion method of the convertible bonds. The Dynamic II CB applied for sell-back will be redeemed in cash with each "bond face value" plus interest compensation. The interest compensation is calculated by multiplying the actual yield by 0.25% and the actual number of days of issuance, that is, from the date of issuance until the sell-back base date." Part of the resolution of the board of directors on May 21, 2022 was adjusted to " After this share swap case has been approved by the competent authority, and before the share swap base date, the creditor may, within the designated period announced by the company, apply for a sell-back or exercise the right of conversion in accordance with the issuance and conversion method of the convertible bonds. The Dynamic II CB applied for sell-back will be redeemed in cash with each

“bond issued value” plus interest compensation. The interest compensation is calculated by multiplying the actual yield by 0.25% and the actual number of days of issuance, that is, from the date of issuance until the sell-back base date.” in the second quarter of 2022, the Company recognized the benefits of redemption of convertible bonds of NT\$2,096 thousand in accordance with the revised issuance method, and the benefits of redemption of convertible bonds have been recognized in the consolidated income statement.

- (E) As stated in Note 1 that Dynamic Electronics terminated its listing on August 25, 2022, so the second domestic unsecured convertible bonds issued by the Company on May 13, 2021 were also be terminated from the over-the-counter trading on the same day. Considering the rights and interests of Dynamic II's creditors, according to Article 11 of the share swap resolution passed by the 2022 shareholders meeting, the company enable the creditors to choose whether to apply to sell the bonds back to the company; or to apply for the right to convert into common shares of Dynamic Holdings Co., Ltd.; or to continue to hold Dynamic II until maturity in accordance with the Dynamic II issuance and conversion method within the period specified by the company from August 26, 2022 to September 24, 2022. As of September 30, 2022, the investor applied for a sell-back amount of NT\$496,800thousand, the redemption amount was NT\$548,850thousand, the interest paid was NT\$1,873thousand, and the loss of redemption of convertible bonds of NT\$57,668thousand has been recognized in the consolidated income statement.

(14) Long-term loans

Details of long term loans as of September 30, 2022, December 31, 2021 and September 30, 2021 are as follows:

Lender	2022.09.30	Interest rate (%) (Note 2)	Maturity and terms of repayments
China Merchants Bank—Huangshi Branch-Credit loans	\$44,719	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

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Lender	2022.09.30	Interest rate (%) (Note 2)	Maturity and terms of repayments
The Shanghai Commercial & Savings Bank—Zhongli Branch-Credit loans	268,317	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	2,436,769	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.
Bank of Communications—Huangshi Branch Credit Loan	335,397	The benchmark interest rate of the People's Bank of China for one year period – LPR+0.3%	The loan is due to be settled
EnTie Bank – Offshore Banking Business Credit Loan	127,000	Taipei Foreign Exchange Trading Center Taifx3+2% for three months	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	(126,109)		
Non-current portion of long-term loans	<u>\$3,086,093</u>		

Lender	2021.12.31	Interest rate (%) (Note 2)	Maturity and terms of repayments
Bank of Communications Co., Ltd. – Huangshi Branch-Secured bank loans (Note 1)	\$651,224	People's Bank of China benchmark interest rate rises by 10%	The loan is due to be settled

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Lender	2022.09.30	Interest rate (%) (Note 2)	Maturity and terms of repayments
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	<u>\$390,735</u>		
Lender	2021.09.30	Interest rate (%) (Note 2)	Maturity and terms of repayments
Bank of Communications Co., Ltd. — Huangshi Branch-Secured bank loans (Note 1)	\$390,776	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	128,827	China Construction Bank benchmark interest rate, bargain on a case-by-case basis	The loan is due to be settled
Less: Current portion of long-term loans	(390,776)		
Non-current portion of long-term loans	<u>\$128,827</u>		

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

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

	2022.09.30	2021.12.31	2021.09.30
Interest rate (%)	3.652%~4.45%	3.986%~4.35%	4.25%~4.38%

(15) Refund liability

	2022.09.30	2021.12.31	2021.09.30
Refund liability	\$199,065	\$233,162	\$202,620

(16) Long term deferred revenue

Government grants

	2022.01.01~ 2022.09.30	2021.01.01~ 2021.09.30
Beginning balance	\$389,065	\$380,616
Government grants	221,668	-
The recognition in profit or loss	(26,921)	(24,859)
Exchange differences	13,386	(5,884)
Ending Balance	\$597,198	\$349,873

	2022.09.30	2021.12.31	2021.09.30
Non-current deferred revenue related to assets	\$597,198	\$389,065	\$349,873

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 September

30, 2022 and 2021 were NT\$307 thousand and NT\$1,244 thousand, respectively. Expenses under the defined contribution plan for the nine-month periods ended September 30, 2022 and 2021 were NT\$1,343 thousand and NT\$3,674 thousand, respectively.

The additional pension expenses the Group recognized due to the appointment of managers for the three-month periods ended September 30, 2022 and 2021 were NT\$1,583 thousand and NT\$54 thousand, respectively. The additional pension expenses the Group recognized due to the appointment of managers for the nine-month periods ended September 30, 2022 and 2021 were NT\$2,733 thousand and NT\$162 thousand, respectively.

(18) Equities

(A) Common stock

As stated in Note 1 of the consolidated financial statements, the company exchanged 1 common share of Dynamic Electronics for 1 common share of the company through share conversion on August 25, 2022, and acquired 100% equity of Dynamic Electronics. As of September 30, 2022, the company's rated share capital is NTD4,000,000 thousand, and the issued share capital is NTD2,775,490 thousand, with a par value of NTD10 per share, which is 277,548,934 shares.

As of September 30, 2022, December 31, 2021, and September 30, 2021, the company's authorized share capital was NT\$4,000,000 thousand, and the issued share capitals are both NT\$ \$2,775,141 thousand, each share at par value of NT\$10, which is 277,514,032 shares.

(B) Capital surplus

	2022.09.30	2021.12.31	2021.09.30
Additional paid-in capital	\$1,176,745	\$1,176,745	\$1,176,745
Issuing convertible bond at premium	533	67	-
Treasury share transactions	34,946	32,214	32,214
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control	51,811	15,531	15,531

	2022.09.30	2021.12.31	2021.09.30
Gain on sale of assets	155	155	155
Lapsed employee share option	6,528	6,528	6,528
Share options	77,967	83,633	83,646
Business merger equity premium.	1,621,622	-	-
Total	\$2,970,307	\$1,314,873	\$1,314,819

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

The promoters meeting of Dynamic Electronics Co., Ltd./Dynamic Holdings Co., Ltd. passed the company's articles of association through the shareholders' meeting on May 20, 2022. According to the company's articles of association, when allocating the current year's earnings, if any, after having paid all taxes and dues, shall first set aside 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

The company's dividend policy is based on the expansion of business scale, considering the company's capital expenditure and operating turnover needs and the

degree of dilution of earnings per share to moderately distribute stock dividends or cash dividends, but cash dividends are paid at a rate not lower than the current 10% of total annual dividends

- (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 Letter No. Financial-Supervisory-Securities-Corporate-1090150022; Dynamic Electronics' 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, Dynamic Electronics has reversed special reserve in the amount of NT\$49,644 thousand to retained earnings during the year ended December 31, 2013 due to the use, disposal, or reclassification of related assets. As of September 30, 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 of Dynamic Electronics was approved by the shareholders' meeting held on July 20, 2021 and May 20, 2022, respectively. 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	194,263	111,006	\$0.7	\$0.4
Total:	<u>\$380,467</u>	<u>\$178,912</u>		

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~ 2022.09.30	2021.01.01~ 2021.09.30
Beginning balance	\$-	\$-
Net profit for the period attributable to non-controlling interests	40	-
Acquired subsidiary	7,298	-
Cash capital increase of subsidiary	119,999	-
Ending balance	<u>\$127,337</u>	<u>\$-</u>

(19) Operating revenue

	2022.07.01~ 2022.09.30	2021.07.01~ 2021.09.30	2022.01.01~ 2022.09.30	2021.01.01~ 2021.09.30
Revenue from contracts with customers				
Sale of goods	\$3,846,934	\$4,107,034	\$11,525,008	\$11,574,065
Other revenue	131	10,137	2,574	21,234
Total	<u>\$3,847,065</u>	<u>\$4,117,171</u>	<u>\$11,527,582</u>	<u>\$11,595,299</u>

Analysis of revenue from contracts with customers during the three-month and nine-month periods ended September 30 in 2022 and 2021 are as follows:

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(A) Dissaggregation of revenue

July 1, 2022 to September 30, 2022

	PCB Unit	Mockup Unit	Total
Sale of goods	\$3,834,472	\$12,462	\$3,846,934
Other	131	-	131
Total	<u>\$3,834,603</u>	<u>\$12,462</u>	<u>\$3,847,065</u>

The timing for
revenue

recognition:

at a point in time	<u>\$3,834,603</u>	<u>\$12,462</u>	<u>\$3,847,065</u>
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January 1, 2022 to September 30, 2022

	PCB Unit	Mockup Unit	Total
Sale of goods	\$11,496,414	\$28,594	\$11,525,008
Other	2,574	-	2,574
Total	<u>\$11,498,988</u>	<u>\$28,594</u>	<u>\$11,527,582</u>

The timing for
revenue

recognition:

at a point in time	<u>\$11,498,988</u>	<u>\$28,594</u>	<u>\$11,527,582</u>
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July 1, 2021 to September 30, 2021

	PCB Unit	Mockup Unit	Total
Sale of goods	\$4,107,034	\$-	\$4,107,034
Other	10,137	-	10,137
Total	<u>\$4,117,171</u>	<u>\$-</u>	<u>\$4,117,171</u>

The timing for
revenue

recognition:

January 1, 2021 to September 30, 2021

	PCB Unit	Mockup Unit	Total
Sale of goods	\$11,574,065	\$-	\$11,574,065
Other	21,234	-	21,234
Total	<u>\$11,595,299</u>	<u>\$-</u>	<u>\$11,595,299</u>

The timing for
revenue
recognition:

at a point in time	<u>\$11,595,299</u>	<u>\$-</u>	<u>\$11,595,299</u>
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(B) Contract balances

(a) Contract liabilities – current

	2022.09.30	2021.12.31	2021.09.30
Sale of goods	<u>\$19,844</u>	<u>\$4,066</u>	<u>\$11,573</u>

The significant changes in the Group's balances of contract liabilities of nine-month period as of September 30, 2022 are as follows:

	Sale of goods
The opening balance transferred to revenue	\$(26,252)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	42,030

The significant changes in the Group's balances of contract liabilities of nine-month period as of September 30, 2021 are as follows:

	Sale of goods
The opening balance transferred to revenue	\$(9,739)

Increase in receipts in advance
during the period (excluding the
amount incurred and transferred to
revenue during the period) 7,865

(20) Expected credit losses (gain)

	2022.07.01~ 2022.09.30	2021.07.01~ 2021.09.30	2022.01.01~ 2022.09.30	2021.01.01~ 2021.09.30
Operating expenses – Expected credit losses (gains)				
Account receivables	\$5,825	\$(1,124)	\$12,528	\$(2,136)

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 September 30, 2022, December 31, 2021, and September 30, 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:

2022.09.30

	Not yet due (Note)	Past due					Total
		<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross carrying amount	\$4,352,992	\$128,082	\$10,214	\$325	\$1,510	\$6,691	\$4,499,814
Loss ratio	-%	9.55%	100%	100%	100%	100%	
Lifetime expected credit losses	-	(12,227)	(10,214)	(325)	(1,510)	(6,691)	(30,967)
Carrying amount of trade receivables	\$4,352,992	\$115,855	\$-	\$-	\$-	\$-	\$4,468,847

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

2021.09.30

	Not yet due	Past due					Total
	(Note)	<=30 days	31-60 days	61-90 days	91-120 days	>=121 days	
Gross carrying amount	\$4,395,903	\$88,964	\$6,550	\$774	\$5	\$3,787	\$4,495,983
Loss ratio	-%	8.03%	100%	100%	100%	100%	
Lifetime expected credit losses	-	(7,141)	(6,550)	(774)	(5)	(3,787)	(18,257)
Carrying amount of trade receivables	\$4,395,903	\$81,823	\$-	\$-	\$-	\$-	\$4,477,726

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 nine-month periods ended September 30, 2022 and 2021 are as follows:

	Notes receivable	Accounts receivable
2022.01.01	\$-	\$15,919
Addition/ (reversal) for the current period	-	12,528
Effect of exchange rate changes	-	2,520
Ending balance as of September 30, 2022	\$-	\$30,967

	Notes receivable	Accounts receivable
2021.01.01	\$-	\$20,671
Addition/ (reversal) for the current period	-	(2,136)
Effect of exchange rate changes	-	(278)
Ending balance as of September 30, 2021	<u>\$-</u>	<u>\$18,257</u>

(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	13,709	-	-	13,709
2022.09.30	<u>\$469,917</u>	<u>\$-</u>	<u>\$6,056</u>	<u>\$475,973</u>

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	Land	Buildings	Transport equipment	Total
Cost:				
2021.01.01	\$310,993	\$1,047	\$-	\$312,040
Additions	146,871	-	6,056	152,927
Disaposal	-	(1,047)	-	(1,047)
Exchange differences	(6,621)	-	-	(6,621)
2021.09.30	<u>\$451,243</u>	<u>\$-</u>	<u>\$6,056</u>	<u>\$457,299</u>
Depreciation and impairment:				
2022.01.01	\$51,972	\$-	\$2,019	\$53,991
Depreciation	6,988	-	1,514	8,502
Disaposal	-	-	-	-
Exchange differences	1,622	-	-	1,622
2022.09.30	<u>\$60,582</u>	<u>\$-</u>	<u>\$3,533</u>	<u>\$64,115</u>
Depreciation and impairment:				
2021.01.01	\$43,078	\$916	\$-	\$43,994
Depreciation	6,843	131	1,514	8,488
Disaposal	-	(1,047)	-	(1,047)
Exchange differences	(771)	-	-	(771)
2021.09.30	<u>\$49,150</u>	<u>\$-</u>	<u>\$1,514</u>	<u>\$50,664</u>
Net carrying amount:				
2022.09.30	<u>\$409,335</u>	<u>\$-</u>	<u>\$2,523</u>	<u>\$411,858</u>
2021.12.31	<u>\$404,236</u>	<u>\$-</u>	<u>\$4,037</u>	<u>\$408,273</u>
2021.09.30	<u>\$402,093</u>	<u>\$-</u>	<u>\$4,542</u>	<u>\$406,635</u>

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

b. Lease liability

	2022.09.30	2021.12.31	2021.09.30
Lease liability	\$2,552	\$4,064	\$4,564
Current	\$2,038	\$2,019	\$2,012
Non-current	514	2,045	2,552
Total	\$2,552	\$4,064	\$4,564

Please refer to Note 6(23)(4) for the interest on lease liability recognised for the three-month and nine-month period ended September 30, 2022 and 2021; and refer to Note 12(5) the Liquidity Risk Management for the maturity analysis for lease liability as of September 30, 2022, December 31, 2021 and September 30, 2021.

(b) Income and costs relating to leasing activities

	2022.07.01~ 2022.09.30	2021.07.01~ 2021.09.30	2022.01.01~ 2022.09.30	2021.01.01~ 2021.09.30
Short-term lease expenses	\$5,662	\$9,512	\$27,603	\$19,388

The portfolio of short-term leases of the Group to which it is committed as of September 30, 2022, December 31, 2021 and September 30, 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 nine-month periods ended September 30, 2022 and 2021 amounting to NT\$29,146 thousand and NT\$20,931 thousand, respectively.

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

Function Nature	2022.07.01~2022.09.30			2021.07.01~2022.09.30		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salary	\$385,235	\$190,236	\$575,471	\$419,442	\$213,936	\$633,378
Labor and health insurance	440	319	759	-	2,077	2,077
Pension	1,794	96	1,890	-	1,298	1,298
Other employee benefits	3	39	42	22	245	267
Depreciation	159,355	19,808	179,163	153,448	19,186	172,634
Amortization	641	5,366	6,007	584	4,623	5,207

Function Nature	2022.01.01~2022.09.30			2021.01.01~2021.09.30		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salary	\$1,065,921	\$577,635	\$1,643,556	\$1,250,560	\$622,236	\$1,872,796
Labor and health insurance	1,166	1,432	2,598	-	6,192	6,192
Pension	3,150	926	4,076	-	3,836	3,836
Other employee benefits	6	96	102	61	349	410
Depreciation	453,259	56,221	509,480	473,363	55,404	528,767
Amortization	1,911	14,998	16,909	1,670	12,047	13,717

The Promoter meeting of Dynamic Electronics Co., Ltd./Dynamic Holding Co., Ltd. was passed the company's articles of association at the shareholder meeting on May 20, 2022. According to the Articles of Incorporation, if there is profit in the year, no less than 0.1% should be allocated as employee compensation and no higher than 3% as director remuneration. 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 0.1% and not higher than 3%, respectively. The amount of employee compensation and director remuneration recognized in Q3 of 2022 is NT\$9,039 thousand and NT\$768 thousand respectively; the amount of employee compensation and director remuneration recognized from Q1 to Q3 of 2022 were NT\$9,039 thousand and NT\$768 thousand respectively, which were recognized as salary expenses.

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 remuneration recognized in Q3 of 2021 is NT\$11,700 thousand and NT\$3,189 thousand respectively; the amount of employee compensation and director remuneration recognized from Q1 to Q3 of 2021 were NT\$29,411 thousand and NT\$6,706 thousand respectively, which were recognized as salary expenses.

On February 23, 2022, the board of directors of the company 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.

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

(23) Non-operating income and expenses

(A) Interest income

	2022.07.01~ 2022.09.30	2021.07.01~ 2021.09.30	2022.01.01~ 2022.09.30	2021.01.01~ 2021.09.30
Interest income				
Financial assets measured at amortized cost	\$3,516	\$1,942	\$11,473	\$6,177

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(B) Other income

	2022.07.01~ 2022.09.30	2021.07.01~ 2021.09.30	2022.01.01~ 2022.09.30	2021.01.01~ 2021.09.30
Other income—Others	\$32,393	\$67,019	\$101,198	\$152,333

(C) Other gains and losses

	2022.07.01~ 2022.09.30	2021.07.01~ 2021.09.30	2022.01.01~ 2022.09.30	2021.01.01~ 2021.09.30
Gain (loss) on disposal of property, plant and equipment	\$(54,003)	\$155	\$(53,985)	\$(17,145)
Foreign exchange gains (losses), net	178,319	(3,045)	294,788	(32,543)
Net gains(losses) on financial assets and liabilities at fair value through profit or loss	(12,196)	5,364	(14,591)	5,989
Reversal of impairment gains (impairment losses)	(99)	3,801	(3,732)	18,491
Bond Redemption	(57,668)	-	(55,572)	-
Others losses—others	(11,414)	(2,306)	(16,336)	(10,350)
Total	\$42,939	\$3,969	\$150,572	\$(35,558)

(D) Financial costs

	2022.07.01~ 2022.09.30	2021.07.01~ 2021.09.30	2022.01.01~ 2022.09.30	2021.01.01~ 2021.09.30
Interest on borrowings from bank	\$80,141	\$31,426	\$213,172	\$95,387
Interest on lease liability	9	15	31	51
Interest on bonds payable	3,388	1,837	7,036	2,793
Total	\$83,538	\$33,278	\$220,239	\$98,231

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

(24) Components of other comprehensive income (loss)

2022.07.01~2022.09.30

	Arising during the period	Reclassificati on 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	\$63,644	\$-	\$63,644	\$-	\$63,644

2021.07.01~2021.09.30

	Arising during the period	Reclassificati on 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	\$(20,576)	\$-	\$(20,576)	\$-	\$(20,576)

2022.01.01~2022.09.30

	Arising during the period	Reclassificati on 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	\$199,848	\$-	\$199,848	\$-	\$199,848

2021.01.01~2021.09.30

	Arising during the period	Reclassificati on 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>\$(83,158)</u>	<u>\$-</u>	<u>\$(83,158)</u>	<u>\$-</u>	<u>\$(83,158)</u>

(25) Income tax

(A) The major components of the income tax expense (income) of three-month and nine-month periods as of September 30, 2022 and 2021 are as follows:

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

	2022.07.01~ 2022.09.30	2021.07.01~ 2021.09.30	2022.01.01~ 2022.09.30	2021.01.01~ 2021.09.30
Current income tax expense (income):				
Current income tax charge	\$12,841	\$40,326	\$69,298	\$63,139
Deferred tax expense (income):	-			
Deferred tax expense	32,691	57,637	87,701	99,455
(income) relating to origination and reversal of temporary differences				
Adjustment of current income tax from previous years for the current year	5,646	93	5,646	(24,675)
Total income tax expense	<u>\$51,178</u>	<u>\$98,056</u>	<u>\$162,645</u>	<u>\$137,919</u>

(B) Approval status of income tax declaration

The company and its subsidiaries' income tax declaration as of September 30, 2022

	Income tax declaration
The Company	Established on Aug. 25, 2022
Subsidiary-Dynamic Electronics Co., Ltd.	Approved as of year 2020
Sub-subsidiary—CHIANAN TECHNOLOGY CO., LTD.	Approved as of year 2019
Sub-subsidiary—CHENG CHONG TECHNOLOGY CO., LTD.	Approved as of year 2019

(26) Earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to common share holders of the parent company by the weighted average number of common shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit attributable to common share holders of the parent company (after adjusting any influences) by the weighted average number of common shares outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares.

	2022.07.01~ 2022.09.30	2021.07.01~ 2021.09.30	2022.01.01~ 2022.09.30	2021.01.01~ 2021.09.30
(A) Basic earnings per share				
Net income available to common shareholders of the parent	\$121,994	\$154,714	\$460,963	\$324,171
Weighted average number of common stocks by basic EPS (in thousand shares)	277,541	277,514	277,526	277,514
Basic earnings per share (in NT\$)	\$0.44	\$0.56	\$1.66	\$1.17

(B) Diluted earnings per share

Net income available to common
share holders of the parent

(in thousand NT\$)	\$121,994	\$154,714	\$460,963	\$324,171
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Valuation of gains and losses on
convertible bond redemption

1,184	150	865	(350)
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Gains on convertible bond
redemption

-	-	(1,677)	-
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Interest expense on convertible
bonds

8	1,837	20	2,793
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Profit attributable to ordinary
equity holders of the Company
after dilution (in thousand NT\$)

\$123,186	\$156,701	\$460,171	\$326,614
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Weighted average number of
common stocks by basic EPS

(in thousand shares)	277,541	277,514	277,526	277,514
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Effect of dilution :

Employee bonus (compensation)

- stock (in thousand shares)	979	1,387	979	1,909
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Convertible bonds

(in thousand shares)	133	21,645	126	21,645
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Weighted average number of
common stocks after dilution

(in thousand shares)	278,653	300,546	278,631	301,068
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Diluted earnings per share

(in NT\$)	\$0.44	\$0.52	\$1.65	\$1.08
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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	<u>17,398</u>
Liabilities	
Notes and accounts payable	2,134
Other payables	2,404
Income tax liabilities	1,106
Other current liabilities	38
Subtotal	<u>5,682</u>
Net identifiable assets	<u><u>\$11,716</u></u>

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 NTD15,104 thousand and the net income before tax is NTD579 thousand. If the merger had occurred at the beginning of the year, the Group's operating revenue would have been NTD11,533,253 thousand and the net income of continuing operating units would have been NTD464,066 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	<u>\$37,859</u>
Cash flow from acquisition	
Net cash received from subsidiaries	\$6,114
Amount of cash payments	(46,060)
Net cash outflow	<u>\$(39,946)</u>

Acquisition of Subsidiary – Cheng Chong Technology Co., Ltd.

On February 23, 2022, the board of directors of the Group resolved to acquire 70% of the voting shares of 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:

	<u>Provisional fair value on acquisition date</u>
Assets	
Cash and cash equivalents	\$5,535
Notes and Accounts Receivable	13,325
Prepayments	123
Property, Plant and Equipment	2,877
Intangible assets	104
Subtotal	<u>21,964</u>

Liabilities	
Notes and accounts payable	2,386
Other payables	4,927
Income tax liabilities	1,786
Other current liabilities	256
Subtotal	<u>9,355</u>
Net identifiable assets	<u><u>\$12,609</u></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 NTD13,490 thousand, and the net income before tax is NTD484 thousand. If the merger had occurred at the beginning of the year, the Group's operating revenue would have been NTD11,535,969 thousand, and the net income of continuing operating units would have been NTD466,522 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>

(28) Changes in ownership equity of subsidiaries

Subscription of new shares issued by subsidiaries for capital increase not in proportion to shareholding

Dynamic Electronics (Huangshi) Co., Ltd. issued new shares on September 27, 2022. The Group did not participate in the subscription, so its ownership was reduced to 97.8541%. The capital increase cash obtained by the Group is NTD156,279 thousand, and the book value of the net assets of Dynamic Electronics (Huangshi) Co., Ltd. (original acquisition and excluding goodwill) is NTD5,472,007 thousand. The Group's reduction of relevant equity in Dynamic Electronics(Huangshi) Co., Ltd. includes the increase in non-controlling equity as follows:

Capital increase cash obtained by the Group	\$156,279
Increase in non-controlling interests	(119,999)
Differences in capital reserves recognized in equity	<u>\$36,280</u>

7. Related party transactions

(1) Significant transactions with related parties

(A) Key management personnel compensation

	2022.07.01~ 2022.09.30	2021.07.01~ 2021.09.30	2022.01.01~ 2022.09.30	2021.01.01~ 2021.09.30
Short-term employee benefits	\$8,018	\$10,217	\$30,569	\$30,512
Post-employment benefits	131	319	408	955
Total	<u>\$8,149</u>	<u>\$10,536</u>	<u>\$30,977</u>	<u>\$31,467</u>

8. Assets pledged as collateral

As of September 30, 2022, December 31, 2021 and September 30, 2021, the assets pledged for the Group' s loans consist of the following:

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Assets	Book value	Purpose of pledge
<u>2022.09.30</u>		
Property, plant and equipment – buildings	\$1,409,494	Secured loan
Property, plant and equipment – Machineries	1,241,892	Secured loan
Property, plant and equipment – Office supplies	55,581	Secured loan
Property, plant and equipment – Other facilities	17,856	Secured loan
Construction in progress	73,970	Secured loan
Right-of-use Assets	379,172	Secured loan
Financial assets carried at amortized cost	1,074,216	Secured loan
Total	<u>\$4,252,181</u>	

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

Assets	Book value	Purpose of pledge
<u>2021.09.30</u>		
Property, plant and equipment – buildings	\$1,374,598	Secured loan
Construction in progress	229,049	Secured loan
Right-of-use assets	<u>\$1,603,647</u>	

9. Significant contingencies and unrecognized contract commitments

- (1) As of September 30, 2022, the Group's outstanding contracts relating to construction, purchased property, plant and equipment were as follows:

Type of Contract	Total Amount	Amount paid	Amount unpaid
Machinery and construction contracts	\$3,081,868	\$1,871,870	\$1,209,998

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

10. Losses due to major disasters

None

11. Significant subsequent events

- (1) In order to establish a global layout, the company passed the resolution of the board of directors on October 20, 2022, Dynamic Technology Manufacturing (Thailand) Co., Ltd. (temporary name) as a subsidiary in Thailand was established by Dynamic Electronics Trading Pte. Ltd., a company reinvested by Dynamic Electronics (Huangshi) Co., Ltd., which is reinvested by Dynamic Electronics Holding Pte. Ltd. reinvested by the third place oversea subsidiary WINTEK (MAURITIUS) CO., LTD. of the Company's subsidiary, Dynamic Electronics Co., Ltd. The investment amount will be approximately US\$9 million, and as of the release date of the financial report, no investment had been made.
- (2) The extraordinary meeting of shareholders on October 26, 2022 passed a resolution on the initial public offering of RMB ordinary shares (A shares) by subsidiary Dynamic Electronics (Huangshi) Co., Ltd. and the application for listing on stock exchanges in mainland China. As of the release date of the financial report, no application has been made.

12. Others

- (1) Types of financial instrument

Financial assets

	<u>2022.09.30</u>	<u>2021.12.31</u>	<u>2021.09.30</u>
Financial assets measured at amortized cost:			
Cash and cash equivalents (exclude cash on hand)	\$2,206,800	\$2,729,213	\$1,833,181
Financial assets measured at amortized cost	1,075,613	1,218	1,226
Notes receivables	54,647	43,247	26,482
Account receivables	4,414,200	4,624,955	4,451,244
Other receivables	74,398	103,615	120,299
Refundable deposits	1,853	1,492	1,478
Total	<u>7,827,511</u>	<u>7,503,740</u>	<u>6,433,910</u>
Financial assets at fair value through profit or loss:			
Held for trading	-	3,930	6,178
Total	<u>\$7,827,511</u>	<u>\$7,507,670</u>	<u>\$6,440,088</u>

Financial liabilities

	<u>2022.09.30</u>	<u>2021.12.31</u>	<u>2021.09.30</u>
Financial liabilities measured at amortized cost:			
Short term loan	\$4,257,239	\$4,587,071	\$3,380,520
Payables	5,489,185	4,876,920	5,552,705
Bonds payable (including current portion with maturity less than 1 year)	2,353	486,152	484,404
Long term loan (including current portion with maturity less than 1 year)	3,212,202	1,041,959	519,603
Lease liability (including current portion with maturity less than 1 year)	2,552	4,064	4,564
Total	<u>12,963,531</u>	<u>10,996,166</u>	<u>9,941,796</u>
Financial liabilities measured at amortized cost:			
Held for trading	10,403	-	-
Total	<u>\$12,973,934</u>	<u>\$10,996,166</u>	<u>\$9,941,796</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 nine-month periods ended September 30, 2022 and 2021 would increase/decreased by NT\$16,523 thousand and NT\$11,149 thousand, respectively.

If NT dollars appreciates/depreciates against RMB dollars by 1%, net income (loss) for the nine-month periods ended September 30, 2022 and 2021 would increase/decreased by NT\$77,935 thousand and NT\$46,179 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 nine-month periods ended September 30, 2022 and 2021 would decrease/decrease by NT\$6,212 thousand and decrease/increase by NT\$2,678 thousand, respectively.

Equity price risk

As of September 30, 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 September 30, 2022 and December 31, 2021 and September 30, 2021 the accounts receivable from top ten customers accounts for 56.41%、60.28% and 62.82% 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>2022.09.30</u>					
Loans	\$4,663,054	\$977,141	\$983,545	\$1,707,672	\$8,331,412
Payables	5,489,185	-	-	-	5,489,185
Bonds payable	2,400	-	-	-	2,400
Lease liability	2,057	514	-	-	2,571
<u>2021.12.31</u>					
Loans	\$5,390,717	\$455,076	\$-	\$-	\$5,845,793
Payables	4,876,920	-	-	-	4,876,920
Bonds payable	-	499,900	-	-	499,900
Lease liability	2,057	2,057	-	-	4,114
<u>2021.09.30</u>					
Loans	\$3,832,878	\$133,964	\$-	\$-	\$3,966,842
Payables	5,552,705	-	-	-	5,552,705
Bonds payable	-	484,404	-	-	484,404
Lease liability	2,012	2,552	-	-	4,564

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities from January 1, 2022 to September 30, 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	(329,832)	(548,850)	2,228,372	(18,866)	(1,543)	1,329,281

Non-cash changes

Lease						
modification	-	-	-	-	-	-
Others	-	58,015	-	-	-	58,015
Interest expense	-	7,036	-	-	31	7,067
Foreign						(58,129)
exchange						
movement	-	-	(58,129)	-	-	
2022.09.30	<u>\$4,257,239</u>	<u>\$2,353</u>	<u>\$3,212,202</u>	<u>\$102,258</u>	<u>\$2,552</u>	<u>\$7,576,604</u>

Reconciliation of liabilities from January 1, 2021 to September 30, 2021

	Short-term loans	Bonds payable	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 flow	797,920	545,297	(124,533)	8,022	(1,543)	1,225,163
Non-cash changes						
Lease						
modification	-	-	-	-	5,612	5,612
Others	-	(63,686)	-	-	-	(63,686)
Interest expense	-	2,793	-	-	51	2,844
Foreign						
exchange						
movement	-	-	(10,586)	-	-	(10,586)
2021.09.30	<u>\$3,380,520</u>	<u>\$484,404</u>	<u>\$519,603</u>	<u>\$33,185</u>	<u>\$4,564</u>	<u>\$4,422,276</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		
	2022.09.30	2021.12.31	2021.09.30
Financial liability :			
Bonds payable	\$2,353	\$486,152	\$484,404
	Fair value		
	2022.09.30	2021.12.31	2021.09.30
Financial liability :			
Bonds payable	\$2,346	\$486,753	\$487,400

(A) 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:

Embedded Derivative Financial Instruments

The embedded derivative financial instruments identified by the Company due to the issuance of convertible bonds which have been separated from the main contract and handled at fair value through profit or loss. Please refer to Note 6 for the contract information of this transaction.

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 September 30, 2022, December 31, 2021 and September 30, 2021 are as follows:

Items (by contract)	Notional Amount (in thousand dollars)	Contract Period
2022.09.30		
Forward currency contract	Sold USD 3,000	2022.08.19~2022.10.26
Forward currency contract	Sold USD 3,000	2022.08.23~2022.10.26
Forward currency contract	Sold USD 2,000	2022.09.01~2022.11.28
Forward currency contract	Sold USD 2,000	2022.09.06~2022.11.28
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
2021.09.30		
Forward currency contract	Sold USD 3,000	2021.07.28~2021.10.26
Forward currency contract	Sold USD 3,500	2021.07.29~2021.10.26
Forward currency contract	Sold USD 2,000	2021.08.30~2021.11.26
Forward currency contract	Sold USD 3,000	2021.08.30~2021.11.26
Forward currency contract	Sold USD 3,000	2021.08.31~2021.11.26
Forward currency contract	Sold USD 2,000	2021.08.31~2021.11.26
Forward currency contract	Sold USD 3,500	2021.09.28~2021.12.27

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 September 30, 2022:

	Level 1	Level 2	Level 3	Total
<u>Financial liabilities:</u>				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	\$-	\$10,403	\$-	\$10,403

As of December 31, 2021:

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

As of September 30, 2021:

	Level 1	Level 2	Level 3	Total
<u>Financial assets:</u>				
Financial assets at fair value				
through profit or loss				
Forward foreign exchange				
contracts	\$-	\$5,578	\$-	\$5,578
Convertible bonds	-	-	600	600
Total	\$-	\$5,578	\$600	\$6,178

Transfers between Level 1 and Level 2 during the period

For the nine-month periods ended September 30, 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 recurring assets and liabilities measured at fair value that fall into level 3 of the fair value hierarchy as of September in 2022 and 2021, the reconciliation of the balance from the beginning to the end of the period is as follows:

	Assets
	Derivatives measured
	at fair value through
	profit and loss
Beginning balance as of January 1, 2022	\$800
Acquisition/issues for the nine-month period ended 09/30/2022	(2,347)
Derecognition for the nine-month period ended 09/30/2022	(500)
Total gains/losses recognized for the nine-month period ended 09/30/2022	
Amount recognized in gains or losses for the nine-month period ended 09/30/2022(Report on	2,047

other gains and losses)	
Ending balance as of September 30, 2022	\$-
	Assets
	Derivatives measured
	at fair value through
	profit and loss
Beginning balance as of January 1, 2021	\$-
Acquisition/issues for the nine-month period ended September 30, 2021	250
Total gains/losses recognized for the nine-month period ended September 30, 2021	
Amount recognized in gains or losses for the nine-month period ended September 30, 2021(Report on other gains and losses)	350
Ending balance as of September 30, 2021	\$600

Total gains and losses recognized in profit or loss for the ended September 30, 2022 and 2021 in the table above contain gains and losses related to assets or liabilities on hand in the amount of NT\$2,047 thousand and NT\$350 thousand, 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 September 30, 2022

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

profit or loss

Embedded derivatives	Binary tree-based model for valuation of convertible bonds	Volatility	39.51%	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\$5 thousand
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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 September 30, 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	44.50%	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\$45 thousand
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(C) Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value is disclosed

As of September 30, 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))	\$-	\$-	\$2,346	\$2,346

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 September 30, 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))	\$-	\$-	\$487,400	\$487,400

(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:

	2022.09.30			2021.09.30		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>						
Monetary						
items:						
USD	\$138,818	31.75	\$4,407,478	\$130,439	27.85	\$3,632,712
RMB	\$723,528	4.4720	\$3,235,587	\$489,412	4.2942	\$2,101,658

Financial
liabilities

Monetary						
items:						
USD	\$79,684	31.75	\$2,529,962	\$79,053	27.85	\$2,201,617
RMB	\$2,446,275	4.4720	\$11,029,073	\$1,564,778	4.2942	\$6,719,545

	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:

	2021.12.31		
	Foreign	Foreign	
	currencies	exchange	NTD
		rate	
USD	\$98,910	27.68	\$2,737,827
RMB	\$1,758,039	4.3415	\$7,632,523

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\$294,788 thousand and NT\$(32,543) thousand for the years ended September 30, 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 September 30, 2022: None.

(B) Endorsement/Guarantee provided to others for the year ended September 30, 2022: Please refer to Attachment 1.

- (C) Securities held as of September 30, 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 September 30, 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 September 30, 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 September 30, 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 September 30, 2022: None.
- (H) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock as of September 30, 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 7.
- (2) Information on investees :
- (A) If an investor controls operating, investing and financial decisions of an investee or an investor has the ability to exercise the ability to exercise significant influence over operating and financial policies of an investee, the related information for the investee is disclosed (not including investment in Mainland China): Please refer to Attachment 2.
- (B) An investor controls operating; investing and financial decisions of an investee, the related information Note 13(1) for the investee shall be disclosed as below:
- (a) Financing provided to others for the nine-month period ended September 30, 2022: Please refer to Attachment 3.

(b) Endorsement/Guarantee provided to others for the nine-month period ended September 30, 2022: Please refer to Attachment 1.



(c) Securities held as of September 30, 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 nine-month period ended September 30, 2022: None.



(e) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of capital stock for the nine-month period ended September 30, 2022: Please refer to Attachment 4.

(f) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of capital stock for the nine-month period ended September 30, 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 nine-month period ended September 30, 2022: Please refer to Attachment 5.

(h) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock as of September 30, 2022: Please refer to Attachment 6.

(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 September 30, 2022	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of September 30, 2022	Accumulated Inward Remittance of Earnings as of September 30, 2021	Accumulated Outflow of Investment from Taiwan as of September 30, 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	\$2,540,000 (Note 2、3 and 6)	(Note 12)	\$2,260,265	\$-	\$-	\$2,260,265	\$3,837 (Note2)	100%	\$3,837 (Note 2、4、5 and 11)	\$2,988,431 (Note 2、4、5 and 11)	\$1,914,716 (Note 2)	\$2,260,265	\$- (Note 12)	No upper limit (Note 10)

DYNAMIC HOLDING CO., LTD.

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Dynamic Electronics (Huangshi) Co., Ltd.	Manufacturing and selling of PCB	\$1,849,438 (Note 2、6、7、8 and 9)	(Note 1)	\$504,167	\$-	\$-	\$504,167	\$272,079 (Note 2)	97.8541%	\$177,551 (Note 2、4、5 and 11)	\$5,458,265 (Note 2、4、5 and 11)	\$-	\$504,167	\$3,397,582	
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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: Dynamic Electronics (Huangshi) Co., Ltd. passed the resolution of the board of directors on August 4, 2022 to reduce the capital of USD 73,000,000 and transfer it to capital reserve. In addition, on September 2, 2022, the board of directors approved a cash capital increase of RMB 35,000 thousand of which RMB 8,888 thousand (equivalent to USD 1,250 thousand) was transferred to capital, and the remaining RMB 26,112 thousand was transferred to capital reserve.

Note 9: Total amount of paid-in capital is USD58,250 thousand.

Note 10: The Company meets the conditions of corporate operation headquarter in the Principle of Evaluation for Investment and Technical Cooperation in Mainland China. Thus, there is no upper limit on investment amount.

Note 11: Transactions between consolidated entities are eliminated in the consolidated financial statements.

Note 12: The structure of Singapore Dynamic Electronics Holding Pte. Ltd. reinvesting in Dynamic Electronics (Kunshan) Co., Ltd. was changed to Dynamic Electronics (Huangshi) Co., Ltd. reinvesting in Dynamic Electronics (Kunshan) Co., Ltd.

(B) The amount and percentage of purchases and the closing balance of related payables:

Please refer to Attachment 7.

(C) The amount and percentage of sale and the closing balance of related receivables: None

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

As of September 30, 2022, the Company wrote off the profit of property, plant and equipment amounted to NT\$ 121,784 thousand, because of unrealized under the investment balance using the equity method.

(E) The purpose and balance of a note guarantee and a guarantee endorsement or providing for secure: Please refer to Attachment 1.

(F) The amount of maximum financing, the balance interest rates, and lump sum interest expense: Please refer to Attachment 3.

(G) The other events impact over current profit or loss or have the significant influence over the financial conditions, such as provided service or received service: Please refer to Attachment 7.

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

(4) Information on major shareholders:

None.

14. Segment information

(1) For management purposes, the Group is organized into business units based on their products and services and has three reportable operating segments as follows:

PCB segment: The segment is primarily responsible for the manufacturing of PCBs and sales to electronic product manufacturers.

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

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

The 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

Notes to the Consolidated Financial Statements

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

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.

	PCB Segment	Mock-up Segment	Sub-total	Adjustments and eliminations (Note 1)	Consolidated
<u>2022.07.01~2022.09.30</u>					
Revenues					
External customers	\$3,834,603	\$12,462	\$3,847,065	\$-	\$3,847,065
Inter-segment	6,677,564	-	6,677,564	(6,677,564)	-
Interest revenue	16,334	-	16,334	(12,818)	3,516
Total	<u>\$10,528,501</u>	<u>\$12,462</u>	<u>\$10,540,963</u>	<u>\$(6,690,382)</u>	<u>\$3,850,581</u>
Segment income (loss)	<u>\$122,007</u>	<u>\$(19)</u>	<u>\$121,988</u>	<u>\$-</u>	<u>\$121,988</u>
<u>2021.07.01~2021.09.30</u>					
Revenues					
External customers	\$4,117,171	\$-	\$4,117,171	\$-	\$4,117,171
Inter-segment	3,839,439	-	3,839,439	(3,838,439)	-
Interest revenue	9,466	-	9,466	(7,524)	1,942
Total	<u>\$7,966,076</u>	<u>\$-</u>	<u>\$7,966,076</u>	<u>\$(3,846,963)</u>	<u>\$4,119,113</u>
Segment income (loss)	<u>\$154,714</u>	<u>\$-</u>	<u>\$154,714</u>	<u>\$-</u>	<u>\$154,714</u>
<u>2022.01.01~2022.09.30</u>					
Revenues					
External customers	\$11,498,988	\$28,594	\$11,527,582	\$-	\$11,527,582
Inter-segment	18,857,937	-	18,857,937	(18,857,937)	-
Interest revenue	45,574	2	45,576	(34,103)	11,473
Total	<u>\$30,402,499</u>	<u>\$28,596</u>	<u>\$30,431,095</u>	<u>\$(18,892,040)</u>	<u>\$11,539,055</u>
Segment income (loss)	<u>\$460,867</u>	<u>\$136</u>	<u>\$461,003</u>	<u>\$-</u>	<u>\$ 461,003</u>

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2021.01.01~2021.09.30

Revenues

External customers	\$11,595,299	\$-	\$11,595,299	\$-	\$11,595,299
Inter-segment	11,006,471	-	11,006,471	(11,006,471)	-
Interest revenue	27,365	-	27,365	(21,188)	6,177
Total	<u>\$22,629,135</u>	<u>\$-</u>	<u>\$22,629,135</u>	<u>\$(11,027,659)</u>	<u>\$11,601,476</u>
Segment income (loss)	<u>\$324,171</u>	<u>\$-</u>	<u>\$324,171</u>	<u>\$-</u>	<u>\$324,171</u>

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

Details of operational asset-related information as of September 30, 2022, December 31, 2021 and September 30, 2021 are as follows:

Segment assets

	PCB Segment	Mock-up Segment	Sub-total	Adjustments and eliminations	Consolidated
As of 2022.09.30	<u>\$20,678,007</u>	<u>\$38,818</u>	<u>\$20,716,825</u>	<u>\$(204,894)</u>	<u>\$20,511,931</u>
As of 2021.12.31	<u>\$26,261,914</u>	<u>\$-</u>	<u>\$26,261,914</u>	<u>\$(8,623,319)</u>	<u>\$17,638,595</u>
As of 2021.09.30	<u>\$23,267,813</u>	<u>\$-</u>	<u>\$23,267,813</u>	<u>\$(7,002,640)</u>	<u>\$16,265,173</u>

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

Endorsement/Guarantee Provided to Others

For the Nine-Month Period Ended September 30, 2022

(In Thousands of New Taiwan Dollars)

Endorsement/ Guarantee Provider		Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 3)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee secured by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial	Maximum Endorsement / Guarantee Amount Allowed (Note 3)	Endorsement provided by parent company to subsidiaries	Endorsement provided by subsidiaries to parent company	Endorsement provided to entities in China
No.	Name	Name	Relationship (Note2)										
(Note 1)													
0	Dynamic Co., Ltd.	Dynamic Eelectronics (Huangshi) Co., Ltd.	2	\$6,021,462	\$634,000	\$634,000	\$634,000	\$-	10.53%	\$6,021,462	Y	N	Y
1	Dynamic Electronics Co., Ltd.	Dynamic Eelectronics (Huangshi) Co., Ltd.	2	\$6,036,580	\$3,133,530	\$2,035,940	\$1,471,480	\$-	33.73%	\$6,036,580	Y	N	Y
1	Dynamic Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	2	\$6,036,580	\$317,000	\$317,000	\$158,500	\$-	5.25%	\$6,036,580	Y	N	Y
1	Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Seychelles)	2	\$6,036,580	\$149,450	\$63,400	\$-	\$-	1.05%	\$6,036,580	Y	N	N

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

1. Dynamic Holding Co., Ltd. is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

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

- 1.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.

Investees over Which the Company Exercise Significant Influence or Control Directly or Indirectly (Excluding Investees in Mainland China)
For the Nine-Month Period Ended September 30, 2022

(In Thousands of New Taiwan Dollars)

Investor	Investee	Address	Main Business and Product	Original Investment Amount		Balance as of September 30, 2022			Net Income (Loss) of the Investee	Share of Income (Loss) of the Investee	Note
				As of September 30, 2022	As of December 31, 2021	Shares	%	Carrying Value			
Dynamic Holding Co., Ltd.	Dynamic Electronics Co., Ltd.	33846 6F., No. 50, Minquan Rd., Luzhu Dist., Taoyuan City, Taiwan	PCB and business which relates to import and export	\$6,148,342 (Note3)	\$-	277,548,934	100.00%	\$6,036,580	\$476,081	\$90,936	Note2
Dynamic Electronics Co., Ltd.	WITEK (MAURITIUS) CO., LTD.	Level 3, Alexander House, 35 Cyberville, Ebene, Mauritius	Investing activities	\$2,783,433	\$2,783,433	8,581,000	100.00%	\$5,331,245	\$272,658	\$151,944 (Note1)	Note2
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%	\$46,639	\$3,890	\$579	Note2
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%	\$32,727	\$4,828	\$(484)	Note2
WITEK (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 171,950	USD 9,316	USD 9,316	Note2
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	\$- (Note4)	\$1,555	-	0.00%	\$-	(CNY 2)	\$(8)	Note2
Dynamic Electronics (Huangshi) 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	\$1,957 (Note4)	\$-	50,000	100.00%	CNY 464	(CNY 2)	CNY 0	Note2
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	\$- (Note4)	\$1,556	-	0.00%	\$-	CNY 106,921	\$380,604	Note2
Dynamic Electronics (Huangshi) 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	\$82,967 (Note4)	\$-	50,000	100.00%	CNY 41,051	CNY 106,921	CNY 21,059	Note2
Dynamic Electronics Co., Ltd.	Dynamic Electronics Trading Pte. Ltd.	151 CHIN SWEE ROAD #01-48 MANHATTAN HOUSE SINGAPORE(169876)	Management operations services	\$- (Note4)	\$1,541	-	0.00%	\$-	CNY 16	\$113	Note2
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic Electronics Trading Pte. Ltd.	151 CHIN SWEE ROAD #01-48 MANHATTAN HOUSE SINGAPORE(169876)	Management operations services	\$2,930 (Note4)	\$-	50,000	100.00%	CNY 684	CNY 16	(CNY 10)	Note2

Note 1: Including investment gain recognized under equity method amounted to \$272,658 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 \$130,490 thousand.

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

Note 3: The company acquired 100% equity of Dynamic Electronics Co., Ltd. through share swap on August 25, 2022.

Note 4: Considering the needs of long-term development, the investment structure of Dynamic PCB Electronics Co., Ltd., Dynamic Electronics Co., Ltd. (Seychelles) and Dynamic Electronics Trading Pte. Ltd. was changed from the investment of Dynamic Electronics Co., Ltd. to investment in Dynamic Electronics (Huangshi) Co., Ltd.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

Financing provided to others

For the nine-month period ended September 30, 2022

(In Thousands of New Taiwan Dollars)

NO. (Note1)	Lender	Counter-party	Financial accounting account	Related Party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing (Note 2)	Amount of sales to (purchases from) counter- party	Reason for financing	Loss Allowance	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount
													Item	Value		
1	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co. Ltd.	Other receivables - related party	Yes	\$1,433,920	\$1,423,360	\$1,156,480	4.35%	2	\$-	Business turnover	\$-	-	\$-	\$1,793,058 (Note3)	\$1,793,058 (Note3)

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

1. Dynamic Holding Co., Ltd. is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: 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) Co., Ltd. shall not exceed 60% of the lender's net assets of value

English Translation of Consolidated Financial Statements Originally Issued in Chinese
DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES
Acquired of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital
For the Nine-Month Period Ended September 30, 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 2022.09.30 Paid RMB 162,708	Fujian Huidong Construction Engineering Co., Ltd.	None	None	None	None	None	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 to 2022.09.30 Paid RMB 75,139	Fujian Huidong Construction Engineering Co., Ltd.	None	None	None	None	None	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 to 2022.09.30 Paid RMB 48,080	Suchou Yankey Engineering Co. Ltd.	None	None	None	None	None	Bidding	For production capacity expansion and company operation plan.	None

(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 Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Sub-subsidiary	Purchases	\$206,717	99.98%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably compared.	Non relative parties are 60~120 days after monthly closing.	Accounts payable \$-	-%	Note 1
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Sub-subsidiary	Sales	RMB 1,180,056	70.74%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably compared.	Non relative parties are 60~150 days after monthly closing.	Accounts receivable RMB 514,976	70.91%	Note 1
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	Sub-subsidiary	Purchases	RMB 661,685	53.65%	90 days after monthly closing.	Specs of goods purchased are different from others. Cannot be reasonably compared.	Non relative parties are 90~120 days after monthly closing.	Accounts payable RMB 324,295	52.99%	Note 1
Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	Sub-subsidiary	Sales	RMB 68,623	4.11%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably compared.	Non relative parties are 60~150 days after monthly closing.	Accounts receivable RMB 8,094	1.11%	Note 1
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Sub-subsidiary	Purchases	RMB 68,623	6.86%	90 days after monthly closing.	Specs of goods purchased are different from others. Cannot be reasonably compared.	Non relative parties are 90~120 days after monthly closing.	Accounts payable RMB 8,094	1.70%	Note 1
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Sub-subsidiary	Sales	RMB 661,685	44.95%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably compared.	Non relative parties are 120 days after monthly closing.	Accounts receivable RMB 324,295	46.87%	Note 1
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Sub-subsidiary	Sales	RMB 576,948	39.19%	90 days after monthly closing.	Specs of goods sold are different from others. Cannot be reasonably compared.	Non relative parties are 120 days after monthly closing.	Accounts receivable RMB 275,137	39.77%	Note 1
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	Sub-subsidiary	Purchases	USD 87,529	32.74%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts payable USD 38,754	34.82%	Note 1
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd (Seychelles)	Sub-subsidiary	Sales	USD 259,946	97.23%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts receivable USD 111,300	100.00%	Note 1
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd.	Sub-subsidiary	Sales	USD 7,410	2.77%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts receivable USD 0	-%	Note 1
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Sub-subsidiary	Purchases	USD 180,041	67.34%	90 days after monthly closing.	Not comparable.	No non-related parties to be compared with.	Accounts payable USD 72,546	65.18%	Note 1
Dynamic Electronics Co., Ltd (Seychelles)	Dynamic PCB Electronics Co., Ltd.	Sub-subsidiary	Purchases	USD 259,946	99.88%	90 days after monthly closing.	Specs of goods purchased are different from others. Cannot be reasonably compared.	Non relative parties are 90 days after monthly closing.	Accounts payable USD 111,300	98.54%	Note 1

Eliminated

English Translation of Consolidated Financial Statements Originally Issued in Chinese

DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

Related Party Transactions for Purchases and Sales Amounts exceeding the lower of NT\$100 Million or 20% of Capital Stock

For the Nine-Month Period Ended September 30, 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-subsidiary	<u>RMB 514,976</u> (Note1 and Note2)	<u>2.83</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>
Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics Co., Ltd (Seychelles)	Sub-subsidiary	<u>USD 111,300</u> (Note1 and Note2)	<u>3.23</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	Sub-subsidiary	<u>RMB 275,137</u> (Note1 and Note2)	<u>3.80</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>
Dynamic Electronics (Huangshi) Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	Sub-subsidiary	<u>RMB 324,295</u> (Note1 and Note2)	<u>3.78</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>

Note 1 : Accounts receivable

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

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DYNAMIC HOLDING CO., LTD. AND SUBSIDIARIES

Intercompany relationships and significant intercompany transactions

For the nine-month period ended September 30, 2022

(In Thousands of Foreign Currency / New Taiwan Dollars)

NO. (Note1)	Company name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transaction			
				Financial Statement Account	Amount	Terms	Percentage to Consolidated Net
	<u>2022.01.01~2022.09.30</u>						
0	Dynamic Holding Co., Ltd.	Dynamic Electronics Co., Ltd.	1	Other payables	\$3,778	-	0.02%
1	Dynamic Electronics Co., Ltd.	Dynamic PCB Electronics Co., Ltd.	3	Purchases	\$206,717	90 days after monthly closing	1.79%
1	Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Seychelles)	3	Other receivable	\$738,595	-	3.60%
1	Dynamic Electronics Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Other receivable	\$3,107	-	0.02%
1	Dynamic Electronics Co., Ltd.	Dynamic Electronics Co., Ltd. (Seychelles)	3	Accounts receivable	\$51,343	-	0.25%
2	Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	3	Purchases	USD 180,041	90 days after monthly closing	49.59%
2	Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Kunshan) Co., Ltd.	3	Accounts payable	USD 72,546	90 days after monthly closing	11.23%
2	Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Purchases	USD 87,529	90 days after monthly closing	24.11%
2	Dynamic PCB Electronics Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Accounts payable	USD 38,754	90 days after monthly closing	6.00%
3	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic PCB Electronics Co., Ltd.	3	Purchases	USD 259,946	90 days after monthly closing	71.60%
3	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic PCB Electronics Co., Ltd.	3	Accounts payable	USD 111,300	90 days after monthly closing	17.23%
3	Dynamic Electronics Co., Ltd. (Seychelles)	Dynamic Electronics Trading Pte. Ltd.	3	Other managing expenses	USD 33	-	0.01%
4	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Purchases	RMB 661,685	90 days after monthly closing	25.67%
4	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Accounts payable	RMB 324,295	90 days after monthly closing	7.07%
4	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Other receivable	RMB 14,053	-	0.31%
4	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Other receivables (Financing)	RMB 260,000	-	5.67%
4	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Other interest income	RMB 7,692	-	0.30%
4	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Other operating revenue	RMB 9,673	-	0.38%
4	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Outsourced manufacturing expenses	RMB 194	-	0.01%
4	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Accounts receivable	RMB 8,094	90 days after monthly closing	0.18%
4	Dynamic Electronics (Kunshan) Co., Ltd.	Dynamic Electronics (Huangshi) Co., Ltd.	3	Sales	RMB 68,623	90 days after monthly closing	2.66%

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

1. Dynamic Holding 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 consolidated total

Note 3 : 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.