

PRIME ELECTRONICS & SATELLITICS INC. AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2023, December 31, 2022, March 31, 2022

March 31, 2023, March 31, 2022(Reviewed, Not Audited)

(Amounts Expressed In Thousands of New Taiwan Dollars)

Assets	As of March 31,2023		As of December 31,2022		As of March 31,2022	
Accounts	Amount	%	Amount	%	Amount	%
Current assets						
Cash and cash equivalents	\$663,145	23.82	\$673,604	21.25	\$695,268	21.56
Current financial assets at fair value through profit or loss	-	-	432	0.01	-	-
Current financial assets at amortised cost	110,019	3.95	105,304	3.32	164,983	5.12
Notes receivable, net	10	-	4,120	0.13	59	-
Accounts receivable, net	615,990	22.12	966,778	30.50	606,318	18.80
Other receivables	28,150	1.01	15,109	0.48	29,876	0.92
Current tax assets	176	0.01	166	0.01	63	-
Current inventories	618,585	22.21	642,835	20.28	886,656	27.49
Prepayments	90,188	3.24	114,242	3.61	119,587	3.71
Other current assets	15,100	0.54	3,667	0.12	10,278	0.32
Total current assets	<u>2,141,363</u>	<u>76.90</u>	<u>2,526,257</u>	<u>79.71</u>	<u>2,513,088</u>	<u>77.92</u>
Non-current assets						
Non-current financial assets at fair value through other	10,000	0.36	-	-	-	-
Property, plant and equipment	350,016	12.57	354,004	11.17	476,412	14.77
Right-of-use assets	61,963	2.22	64,395	2.03	73,616	2.28
Investment property, net	214,066	7.69	218,096	6.88	156,694	4.86
Intangible assets	835	0.03	940	0.03	703	0.02
Other non-current assets	6,514	0.23	5,667	0.18	4,826	0.15
Total non-current assets	<u>643,394</u>	<u>23.10</u>	<u>643,102</u>	<u>20.29</u>	<u>712,251</u>	<u>22.08</u>
Total assets	<u>\$2,784,757</u>	<u>100.00</u>	<u>\$3,169,359</u>	<u>100.00</u>	<u>\$3,225,339</u>	<u>100.00</u>

PRIME ELECTRONICS & SATELLITICS INC. AND SUBSIDIARIES

Consolidated Balance Sheets-(Continued)

March 31, 2023, December 31, 2022, March 31, 2022

March 31, 2023, March 31, 2022(Reviewed, Not Audited)

(Amounts Expressed In Thousands of New Taiwan Dollars)

Liabilities and Equity	As of March 31,2023		As of December 31,2022		As of March 31,2022	
Accounts	Amount	%	Amount	%	Amount	%
Current liabilities						
Current borrowings	\$230,026	8.26	\$455,667	14.38	\$441,265	13.68
Current contract liabilities	71,698	2.58	79,657	2.51	136,554	4.23
Notes payable	174,117	6.25	163,109	5.15	143,024	4.44
Accounts payable	481,184	17.28	606,381	19.13	699,197	21.68
Other payables	147,788	5.31	156,243	4.93	146,829	4.55
Current lease liabilities	2,267	0.08	4,284	0.14	8,920	0.28
Long-term borrowings, current portion	87,170	3.13	80,277	2.53	88,507	2.74
Other current liabilities, others	6,645	0.24	6,923	0.22	6,715	0.21
Total current liabilities	<u>1,200,895</u>	<u>43.13</u>	<u>1,552,541</u>	<u>48.99</u>	<u>1,671,011</u>	<u>51.81</u>
Non-current portion of non-current borrowings	60,382	2.17	44,191	1.39	104,020	3.23
Non-current lease liabilities	851	0.03	1,064	0.03	2,691	0.08
Other non-current liabilities	25,433	0.91	27,730	0.88	29,679	0.92
Total non-current liabilities	<u>86,666</u>	<u>3.11</u>	<u>72,985</u>	<u>2.30</u>	<u>136,390</u>	<u>4.23</u>
Total liabilities	<u>1,287,561</u>	<u>46.24</u>	<u>1,625,526</u>	<u>51.29</u>	<u>1,807,401</u>	<u>56.04</u>
Total equity attributable to owners of parent						
Total capital stock						
Ordinary share	1,677,385	60.23	1,677,385	52.93	1,677,385	52.01
Total capital surplus	291,899	10.48	291,899	9.21	291,899	9.05
Total retained earnings						
Unappropriated retained earnings accumulated deficit	(428,259)	(15.38)	(387,860)	(12.24)	(521,686)	(16.18)
Total other equity interest	(61,795)	(2.22)	(56,647)	(1.79)	(45,917)	(1.42)
Total equity attributable to owners of parent	<u>1,479,230</u>	<u>53.11</u>	<u>1,524,777</u>	<u>48.11</u>	<u>1,401,681</u>	<u>43.46</u>
Non-controlling interests	17,966	0.65	19,056	0.60	16,257	0.50
Total equity	<u>1,497,196</u>	<u>53.76</u>	<u>1,543,833</u>	<u>48.71</u>	<u>1,417,938</u>	<u>43.96</u>
Total liabilities and equity	<u>\$2,784,757</u>	<u>100.00</u>	<u>\$3,169,359</u>	<u>100.00</u>	<u>\$3,225,339</u>	<u>100.00</u>

PRIME ELECTRONICS & SATELLITICS INC. AND SUBSIDIARIES
Consolidated Statements Of Comprehensive Income
For the three-month ended March 31, 2023 and 2022
(Reviewed, Not Audited),
(Amounts Expressed In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Accounts	March 31, 2023		March 31, 2022	
	Amount	%	Amount	%
Total operating revenue	\$564,247	100.00	\$578,379	100.00
Total operating costs	(475,495)	(84.27)	(500,539)	(86.54)
Gross profit (loss) from operations	88,752	15.73	77,840	13.46
Operating expenses				
Selling expenses	(33,316)	(5.90)	(36,456)	(6.30)
Administrative expenses	(47,712)	(8.46)	(45,745)	(7.91)
Research and development expenses	(51,341)	(9.10)	(51,974)	(8.99)
Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	1,005	0.18	8,860	1.53
Total operating expenses	(131,364)	(23.28)	(125,315)	(21.67)
Net operating income (loss)	(42,612)	(7.55)	(47,475)	(8.21)
Non-operating income and expenses				
Interest income	413	0.07	618	0.11
Total other income	23,700	4.20	29,948	5.18
Other gains and losses, net	(18,846)	(3.34)	23,364	4.04
Finance costs, net	(4,144)	(0.73)	(2,716)	(0.47)
Total non-operating income and expenses	1,123	0.20	51,214	8.86
Profit (loss) from continuing operations before tax	(41,489)	(7.35)	3,739	0.65
Total tax expense (income)	-	-	-	-
Profit (loss)	(41,489)	(7.35)	3,739	0.65
Other comprehensive income, net				
Components of other comprehensive income that will be reclassified to profit or loss				
Exchange differences on translation	(5,148)	(0.92)	29,896	5.17
	(5,148)	(0.92)	29,896	5.17
Total comprehensive income	<u><u>\$(46,637)</u></u>	<u><u>(8.27)</u></u>	<u><u>\$33,635</u></u>	<u><u>5.82</u></u>
Profit (loss), attributable to owners of parent	\$ (40,399)	(7.16)	\$3,349	0.58
Profit (loss), attributable to non-controlling interests	(1,090)	(0.19)	390	0.07
	<u><u>\$(41,489)</u></u>	<u><u>(7.35)</u></u>	<u><u>\$3,739</u></u>	<u><u>0.65</u></u>
Comprehensive income, attributable to owners of parent	\$ (45,547)	(8.07)	\$33,245	5.75
Comprehensive income, attributable to non-controlling interests	(1,090)	(0.20)	390	0.07
	<u><u>\$(46,637)</u></u>	<u><u>(8.27)</u></u>	<u><u>\$33,635</u></u>	<u><u>5.82</u></u>
Total basic earnings per share	<u><u>\$ (0.24)</u></u>		<u><u>\$0.02</u></u>	

PRIME ELECTRONICS & SATELLITICS INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the three-month ended March 31,2023 and 2022

(Reviewed, Not Audited),

(Amounts Expressed In Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent							
			Retained earnings	Other equity interest				
			Unappropriated retained earnings accumulated deficit	Exchange differences on translation of foreign financial statements	Unrealised gains losses from financial assets measured at fair value through other comprehensive		Non-controlling interests	
Accounts	Total capital stock	Total capital surplus				Total		Total equity
Balance as of January 1, 2022	\$1,677,385	\$291,899	\$(534,264)	\$(39,501)	\$(10,000)	\$1,385,519	\$13,360	\$1,398,879
Net income (loss)for the three-month period ended March 31,2022			(27,866)			(27,866)	325	(27,541)
Other comprehensive income (loss), net of tax,for the three-month period ended March 31,2022				(15,457)		(15,457)	-	(15,457)
Total comprehensive income (loss)	-	-	(27,866)	(15,457)	-	(43,323)	325	(42,998)
Balance as of March 31,2022	<u>\$1,677,385</u>	<u>\$291,899</u>	<u>\$(562,130)</u>	<u>\$(54,958)</u>	<u>\$(10,000)</u>	<u>\$1,342,196</u>	<u>\$13,685</u>	<u>\$1,355,881</u>
Balance as of January 1, 2023	\$1,677,385	\$291,899	\$(525,035)	\$(65,813)	\$(10,000)	\$1,368,436	\$15,867	\$1,384,303
Net income (loss)for the three-month period ended March 31,2023			3,349			3,349	390	3,739
Other comprehensive income (loss), net of tax,for the three-month period ended March 31,2023				29,896		29,896	-	29,896
Total comprehensive income (loss)	-	-	3,349	29,896	-	33,245	390	33,635
Balance as of March 31,2023	<u>\$1,677,385</u>	<u>\$291,899</u>	<u>\$(521,686)</u>	<u>\$(35,917)</u>	<u>\$(10,000)</u>	<u>\$1,401,681</u>	<u>\$16,257</u>	<u>\$1,417,938</u>

PRIME ELECTRONICS & SATELLITICS INC. AND SUBSIDIARIES
Consolidated Statement of Cash Flows
For the three-month ended March 31, 2023 and 2022
(Reviewed, Not Audited),
(Amounts Expressed In Thousands of New Taiwan Dollars)

Accounts	2023Q1	2022Q1	Accounts	2023Q1	2022Q1
	Amount	Amount		Amount	Amount
Net cash flows from (used in) operating activities			Net cash flows from (used in) investing activities		
Profit (loss) before tax	\$(41,489)	\$3,739	Acquisition of financial assets at fair value through other comprehensive income	(10,000)	-
Total adjustments			Acquisition of financial assets at amortised cost	(4,715)	-
Total adjustments to reconcile profit (loss)			Proceeds from disposal of financial assets at amortised cost	-	20,495
Depreciation expense	19,860	20,982	Proceeds from disposal of financial assets at fair value through profit or loss	432	436
Amortization expense	108	124	Acquisition of property, plant and equipment	(3,777)	(24,013)
Expected credit loss (gain) / Provision (reversal of provision) for bad debt expense	(1,005)	(8,860)	Increase in refundable deposits	173	150
Interest expense	4,144	2,716	Net cash flows from (used in) investing activities	<u>(17,887)</u>	<u>(2,932)</u>
Interest income	(413)	(618)			
Loss (gain) on disposal of property, plan and equipment	100	29	Net cash flows from (used in) financing activities		
Total changes in operating assets and liabilities			Decrease in short-term loans	(225,641)	(177,139)
Decrease (increase) in notes receivable	4,110	1,323	Proceeds from long-term debt	46,476	75,175
Decrease (increase) in accounts receivable	351,793	478,939	Repayments of long-term debt	(23,392)	(35,849)
Decrease (increase) in other receivable	(13,041)	17,833	Increase in guarantee deposits received	661	653
Decrease (increase) in inventories	24,250	(144,437)	Payments of lease liabilities	(2,298)	(2,280)
Decrease (increase) in prepayments	24,054	(62,521)	Net cash flows from (used in) financing activities	<u>(204,194)</u>	<u>(139,440)</u>
Decrease (increase) in other current assets	(11,433)	579			
Increase (decrease) in contract liabilities	(7,959)	101,187	Effect of exchange rate changes on cash and cash equivalents	<u>(7,939)</u>	<u>8,751</u>
Increase (decrease) in notes payable	11,008	(56,277)			
Increase (decrease) in accounts payable	(125,197)	(63,418)	Net increase (decrease) in cash and cash equivalents	(10,459)	114,797
Increase (decrease) in other payable	(12,085)	(31,053)	Cash and cash equivalents at beginning of period	<u>673,604</u>	<u>580,471</u>
Increase (decrease) in other current liabilities	(278)	(384)	Cash and cash equivalents at end of period	<u>\$663,145</u>	<u>\$695,268</u>
Increase (decrease) in net defined benefit liability	<u>(2,958)</u>	<u>(9,219)</u>			
Cash inflow (outflow) generated from operations	<u>223,569</u>	<u>250,664</u>			
Interest received	413	618			
Interest paid	(4,411)	(2,864)			
Income taxes refund (paid)	<u>(10)</u>	<u>-</u>			
Net cash flows from (used in) operating activities	<u>219,561</u>	<u>248,418</u>			