

English Translation of Financial Statements and a Report Originally Issued in Chinese
PRIME ELECTRONICS AND SATELLITICS INCORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

June 30,2023,December 31, 2022 and June 30,2022

(Amounts Expressed in thousands of New Taiwan Dollars)

Assets			As of June 30,2023		As of December 31, 2022		As of June 30,2022	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
	Current Assets							
1100	Cash and cash equivalents	6.1	\$706,107	26.43	\$673,604	21.25	\$644,372	17.93
1110	Financial assets at fair value through profit or loss	6.2	-	-	432	0.01	-	-
1136	Financial assets at amortized cost	6.4,8	104,791	3.92	105,304	3.32	182,344	5.08
1150	Notes receivable, net	6.5,6.19	29	-	4,120	0.13	1,060	0.03
1170	Accounts receivable, net	6.6,6.19	589,894	22.08	966,778	30.50	908,469	25.28
1200	Other receivables		1,099	0.04	15,109	0.48	32,033	0.89
1220	Current tax assets	4,6.24	450	0.02	166	0.01	73	-
130X	Inventories	6.7	553,963	20.73	642,835	20.28	988,896	27.52
1410	Prepayments		81,357	3.04	114,242	3.61	140,100	3.90
1470	Other current assets		3,353	0.13	3,667	0.12	10,422	0.29
11XX	Total current assets		<u>2,041,043</u>	<u>76.39</u>	<u>2,526,257</u>	<u>79.71</u>	<u>2,907,769</u>	<u>80.92</u>
1517	Financial asset at fair value through OCI	6.3	10,000	0.37	-	-	-	-
1600	Property, plant, and equipment	6.8,8	346,321	12.96	354,004	11.17	450,281	12.53
1755	Right-of-use assets	6.2	69,345	2.60	64,395	2.03	69,785	1.94
1760	Investment properties	6.9	199,666	7.47	218,096	6.88	159,644	4.45
1780	Intangible assets	6.1	1,161	0.04	940	0.03	1,172	0.03
1900	Other non-current assets	6.11	4,502	0.17	5,667	0.18	4,717	0.13
15XX	Total non-current assets		<u>630,995</u>	<u>23.61</u>	<u>643,102</u>	<u>20.29</u>	<u>685,599</u>	<u>19.08</u>
1XXX	Total assets		<u><u>\$2,672,038</u></u>	<u><u>100.00</u></u>	<u><u>\$3,169,359</u></u>	<u><u>100.00</u></u>	<u><u>\$3,593,368</u></u>	<u><u>100.00</u></u>

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

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PRIME ELECTRONICS AND SATELLITICS INCORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
June 30,2023,December 31, 2022 and June 30,2022
(Amounts Expressed in thousands of New Taiwan Dollars)

Liabilities and equity			As of June 30,2023		As of December 31, 2022		As of June 30,2022	
Code	Accounts	Notes	Amount	%	Amount	%	Amount	%
	Current Liabilities							
2100	Short-term loans	6.12,8	\$196,250	7.35	\$455,667	14.38	\$548,022	15.25
2130	Contract liability	6.18	63,298	2.37	79,657	2.51	123,874	3.45
2150	Notes payable		160,846	6.02	163,109	5.15	180,367	5.02
2170	Accounts payable		437,171	16.36	606,381	19.13	943,316	26.25
2200	Other payables	6.13	145,387	5.44	156,243	4.93	130,170	3.62
2280	Lease liability	6.2	7,038	0.26	4,284	0.14	8,157	0.23
2322	Long-term liabilities-current portion	6.14	76,892	2.88	80,277	2.53	94,422	2.63
2399	Other current liabilities		16,344	0.61	6,923	0.22	6,602	0.18
21XX	Total current liabilities		<u>1,103,226</u>	<u>41.29</u>	<u>1,552,541</u>	<u>48.99</u>	<u>2,034,930</u>	<u>56.63</u>
	Non-current Liabilities							
2540	Long-term loans	6.14	44,212	1.66	44,191	1.39	79,585	2.21
2580	Lease liability	6.2	6,001	0.22	1,064	0.03	1,103	0.03
2600	Other non-current liabilities	6.15	33,195	1.24	27,730	0.88	29,048	0.81
25XX	Total non-current liabilities		<u>83,408</u>	<u>3.12</u>	<u>72,985</u>	<u>2.30</u>	<u>109,736</u>	<u>3.05</u>
2XXX	Total liabilities		<u>1,186,634</u>	<u>44.41</u>	<u>1,625,526</u>	<u>51.29</u>	<u>2,144,666</u>	<u>59.68</u>
31XX	Equity attributable to shareholders of the parent							
3100	Capital	6.17						
3110	Common stock		1,677,385	62.78	1,677,385	52.93	1,677,385	46.68
3200	Capital surplus	6.17	291,899	10.92	291,899	9.21	291,899	8.12
3300	Retained earnings	6.17						
3350	Unappropriated earnings(accumulated deficit)		(419,764)	(15.71)	(387,860)	(12.24)	(501,021)	(13.94)
3400	Other components of equity		(81,856)	(3.06)	(56,647)	(1.79)	(38,267)	(1.06)
31XX	Equity attributable to shareholders of the parent		<u>1,467,664</u>	<u>54.93</u>	<u>1,524,777</u>	<u>48.11</u>	<u>1,429,996</u>	<u>39.80</u>
36XX	Non-controlling interests	6.17	17,740	0.66	19,056	0.60	18,706	0.52
3XXX	Total equity		<u>1,485,404</u>	<u>55.59</u>	<u>1,543,833</u>	<u>48.71</u>	<u>1,448,702</u>	<u>40.32</u>
3X2X	Total liabilities and equity		<u>\$2,672,038</u>	<u>100.00</u>	<u>\$3,169,359</u>	<u>100.00</u>	<u>\$3,593,368</u>	<u>100.00</u>

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

English Translation of Financial Statements and a Report Originally Issued in Chinese
PRIME ELECTRONICS AND SATELLITICS INCORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income
For the three months and six months ended June 30, 2023 and 2022
(Except for earnings per share, Amounts expressed in thousands of New Taiwan Dollars)

Code	Items	Notes	For the three months ended June 30				For the six months ended June 30			
			2023		2022		2023		2022	
			Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenues	6.18	\$660,613	100.00	\$1,015,105	100.00	\$1,224,860	100.00	\$1,593,484	100.00
5000	Operating costs		(543,322)	(82.25)	(891,849)	(87.86)	(1,018,817)	(83.18)	(1,392,388)	(87.38)
5900	Gross profit		117,291	17.75	123,256	12.14	206,043	16.82	201,096	12.62
6100	Sales and marketing		(33,669)	(5.09)	(33,667)	(3.32)	(66,985)	(5.47)	(70,123)	(4.40)
6200	General and administrative		(47,587)	(7.20)	(52,503)	(5.18)	(95,299)	(7.78)	(98,248)	(6.16)
6300	Research and development		(54,297)	(8.22)	(53,338)	(5.25)	(105,638)	(8.62)	(105,312)	(6.61)
6450	Expected credit gains (losses)	6.19	350	0.05	(2,886)	(0.28)	1,355	0.11	5,974	0.37
6000	Total operating expenses		(135,203)	(20.46)	(142,394)	(14.03)	(266,567)	(21.76)	(267,709)	(16.80)
6900	Operating income		(17,912)	(2.71)	(19,138)	(1.89)	(60,524)	(4.94)	(66,613)	(4.18)
7100	Interest income	6.22	2,700	0.41	630	0.06	3,113	0.25	1,248	0.08
7010	Other income	6.22	16,468	2.49	26,270	2.59	40,168	3.28	56,218	3.53
7020	Other gains and losses	6.22	9,518	1.44	18,605	1.84	(9,328)	(0.76)	41,969	2.63
7050	Finance costs	6.22	(2,505)	(0.38)	(3,253)	(0.32)	(6,649)	(0.54)	(5,969)	(0.37)
7000	Total non-operating incomes and expenses		26,181	3.96	42,252	4.17	27,304	2.23	93,466	5.87
7900	Income before income tax		8,269	1.25	23,114	2.28	(33,220)	(2.71)	26,853	1.69
7950	Income tax expense	4,6.24	-	-	-	-	-	-	-	-
8200	Net income		8,269	1.25	23,114	2.28	(33,220)	(2.71)	26,853	1.69
8300	Other comprehensive income, net of tax	6.23								
8360	Items that may be reclassified subsequently to profit or loss									
8361	Exchange differences on translation of foreign operations		(20,061)	(3.04)	7,650	0.75	(25,209)	(2.06)	37,546	2.35
			(20,061)	(3.04)	7,650	0.75	(25,209)	(2.06)	37,546	2.35
8500	Total comprehensive income		\$(11,792)	(1.79)	\$30,764	3.03	\$(58,429)	(4.77)	\$64,399	4.04
8600	Net income attributable to :									
8610	Shareholders of the parent		\$8,495	1.29	\$20,665	2.04	\$(31,904)	(2.60)	\$24,014	1.51
8620	Non-controlling interests		(226)	(0.04)	2,449	0.24	(1,316)	(0.11)	2,839	0.18
			\$8,269	1.25	\$23,114	2.28	\$(33,220)	(2.71)	\$26,853	1.69
8700	Comprehensive income attributable to :									
8710	Shareholders of the parent		\$(11,566)	(1.75)	\$28,315	2.79	\$(57,113)	(4.66)	\$61,560	3.86
8720	Non-controlling interests		(226)	(0.04)	2,449	0.24	(1,316)	(0.11)	2,839	0.18
			\$(11,792)	(1.79)	\$30,764	3.03	\$(58,429)	(4.77)	\$64,399	4.04
9750	Basic earnings per share(NTD)	6.25	\$0.05		\$0.12		\$(0.19)		\$0.14	

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

PRIME ELECTRONICS AND SATELLITICS INCORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the six months ended June 30, 2023 and 2022

(Amounts Expressed in thousands of New Taiwan Dollars)

Items		Equity Attributable to Shareholders of the Parent						Non-controlling interests	Total equity
		Common stock	Capital surplus	Retained earnings	Other components of equity		Total		
				Unappropriated earnings (accumulated deficit)	Exchange differences arising on translation of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive			
Code		3100	3200	3350	3410	3420	31XX	36XX	3XXX
A1	Balance at January 1, 2022	\$1,677,385	\$291,899	\$(525,035)	\$(65,813)	\$(10,000)	\$1,368,436	\$15,867	\$1,384,303
D1	Net income for the six months ended June 30, 2022			24,014			24,014	2,839	26,853
D3	Other comprehensive income for the six months ended June 30, 2022				37,546		37,546	-	37,546
D5	Total comprehensive income	-	-	24,014	37,546	-	61,560	2,839	64,399
Z1	Balance at June 30, 2022	<u>\$1,677,385</u>	<u>\$291,899</u>	<u>\$(501,021)</u>	<u>\$(28,267)</u>	<u>\$(10,000)</u>	<u>\$1,429,996</u>	<u>\$18,706</u>	<u>\$1,448,702</u>
A1	Balance at January 1, 2023	\$1,677,385	\$291,899	\$(387,860)	\$(46,647)	\$(10,000)	\$1,524,777	\$19,056	\$1,543,833
D1	Net income for the six months ended June 30, 2023			(31,904)			(31,904)	(1,316)	(33,220)
D3	Other comprehensive income for the six months ended June 30, 2023				(25,209)		(25,209)	-	(25,209)
D5	Total comprehensive income	-	-	(31,904)	(25,209)	-	(57,113)	(1,316)	(58,429)
Z1	Balance at June 30, 2023	<u>\$1,677,385</u>	<u>\$291,899</u>	<u>\$(419,764)</u>	<u>\$(71,856)</u>	<u>\$(10,000)</u>	<u>\$1,467,664</u>	<u>\$17,740</u>	<u>\$1,485,404</u>

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

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PRIME ELECTRONICS AND SATELLITICS INCORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows
For the six months ended June 30, 2023 and 2022
(Amounts Expressed in thousands of New Taiwan Dollars)

Code	Items	For the six months ended June 30		Code	Items	For the six months ended June 30	
		2023	2022			2023	2022
		Amount	Amount			Amount	Amount
AAAA	Cash flows from operating activities :			BBBB	Cash flows from investing activities :		
A10000	Income before income tax	\$(33,220)	\$26,853	B00010	Acquisition of financial assets at fair value through other comprehensive income	(10,000)	-
A20000	Adjustments :			B00050	Proceeds from redemption of financial assets measured at amortized cost	513	3,134
A20010	Income and expense adjustments:			B00200	Proceeds from disposal of financial assets at fair value through profit or loss	433	437
A20100	Depreciation (including investment properties and right-of-use assets)	39,071	42,097	B02700	Acquisition of property, plant and equipment	(11,080)	(26,292)
A20200	Amortization	227	236	B03700	Decrease in refundable deposits	284	243
A20300	Expected credit losses	(1,355)	(5,974)	B04500	Acquisition of intangible assets	(464)	(587)
A20400	Net gain of financial assets at fair value through P/L	(1)	(1)	B05400	Acquisition of investment properties	(7,843)	-
A20900	Interest expense	6,649	5,969	BBBB	:Net cash provided by (used in) investing activities	(28,157)	(23,065)
A21200	Interest income	(3,113)	(1,248)				
A22500	Gain on disposal of property, plant and equipment	116	94	CCCC	Cash flows from financing activities :		
A23500	Impairment loss on financial assets	-	1,950	C00200	Increase in (repayments of) short-term loans	(259,417)	(70,382)
A29900	Loss on lease modification	252	-	C01600	Increase in long-term loans	46,476	20,806
A30000	Changes in operating assets and liabilities :			C01700	Repayments of long-term loans	(49,840)	-
A31130	Notes receivable	4,091	322	C03000	Increase in guaranteed deposits received	8,423	22
A31150	Accounts receivable	378,239	173,902	C04020	Cash payments for the principal portion of the lease liability	(4,655)	(4,583)
A31180	Other receivables	14,010	13,726	CCCC	:Net cash provided by (used in) financing activities	(259,013)	(54,137)
A31200	Inventories	88,872	(246,677)				
A31230	Prepayments	32,885	(83,034)	DDDD	Effect of exchange rate changes	(10,884)	25,154
A31240	Other current assets	314	435				
A32125	Contract liabilities	(16,359)	88,507	EEEE	Increase (decrease) in cash and cash equivalents	32,503	63,901
A32130	Notes payable	(2,263)	(18,934)	E00100	Cash and cash equivalents at the beginning of period	673,604	580,471
A32150	Accounts payable	(169,210)	180,701	E00200	Cash and cash equivalents at the end of period	\$706,107	\$644,372
A32180	Other payables	(10,141)	(48,843)				
A32230	Other current liabilities	9,421	(497)				
A32240	Net defined benefit liability	(2,958)	(9,219)				
A33000	Cash generated from (used in) operations	335,527	120,365				
A33100	Interest received	3,113	1,248				
A33300	Interest paid	(7,799)	(5,654)				
A33500	Income tax paid	(284)	(10)				
AAAA	Net cash provided by (used in) operating activities	330,557	115,949				

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