

Alpha Networks Inc. Investor Conference

2022/3/8



Safe Harbor Statement

Except for the statements in respect of historical matters, the statements contained in this release are "forward-looking statements" subject to risks and uncertainties which may make actual performances and results differ materially from those contained in the forward-looking statements, including the financial stability of international market, demand in end market, supply chain, impact of competitive products and pricing, exchange rate fluctuations, and other risks beyond the control of the Company.



Agenda

1. Business Outlook

- 2. 2021 Financial Results
- 3. Operations and Developments
- 4. Q&A



Business Outlook





Alpha's Winning Strategies

Optimization of current business

Increase new application fields
=> Expand into new markets

5G AloT

5G end to end related products service Innovative software and

=> Innovative software and hardware services

To enhance capabilities and increase channels through M&A



The explicit consequence of growth strategies

Consolidation: Optimization of current business

- Optimization of Product Mix: Providing high level switches and enhance the capabilities of digital multimedia products continuously.
- Deepen the original channel to provide more products and services: Combining broadband channels to provide differentiated services of wireless broadband products.

Expansion: Increase on new markets, channels and application fields

- Vertical Market.
- Datacenter, telecommunications network and automotive electronics.

Innovation: Innovative software and hardware services

- To enhance software service.
- To enhance capabilities of 5G products and providing end to end related products.

• M&A:

• To enhance capabilities and increase channels.



2021 Financial Results





Consolidated Statements of Comprehensive Income (Quarterly)

NT\$ Millions	4Q 2021		3Q 2021		QoQ	
	Amount	%	Amount	%	Amount	%
Net Revenue	6,408	100.0	6,706	100.0	(298)	(4.4)
Cost of Goods Sold	5,197	81.1	5,560	82.9	(363)	(6.5)
Gross Profit	1,211	18.9	1,146	17.1	65	5.7
Operating Expenses	1,007	15.7	969	14.4	38	3.9
Operating Income	204	3.2	177	2.6	27	15.3
Non-Operating Income	(8)	(0.1)	20	0.3	(28)	(140.0)
Income Before Tax	196	3.1	197	2.9	(1)	(0.5)
Net Income (Loss)	146	2.3	140	2.1	6	4.3
Net income attributable to shareholders of the Company	93	1.5	112	1.7	(19)	(17.0)
EPS (NT\$)	0.17	-	0.21			NI PHA Nam

Consolidated Statements of Comprehensive Income (YTD)

NT\$ Millions	2021		2020 (note)		YoY	
	Amount	%	Amount	%	Amount	%
Net Revenue	27,862	100.0	32,171	100.0	(4,309)	(13.4)
Cost of Goods Sold	23,276	83.5	27,164	84.4	(3,888)	(14.3)
Gross Profit	4,586	16.5	5,007	15.6	(421)	(8.4)
Operating Expenses	3,876	13.9	4,109	12.8	(233)	(5.7)
Operating Income	710	2.5	898	2.8	(188)	(20.9)
Non-Operating Income	45	0.2	22	0.1	23	104.5
Income Before Tax	755	2.7	920	2.9	(165)	(17.9)
Net Income (Loss)	540	1.9	725	2.3	(185)	(25.5)
Net income attributable to shareholders of the Company	434	1.6	557	1.7	(123)	(22.1)
EPS (NT\$)	0.80		1.03			

(Note) The Company consolidated the Hitron Technologies and its subsidiaries into the consolidated statements of comprehensive income since 2020/01/01.

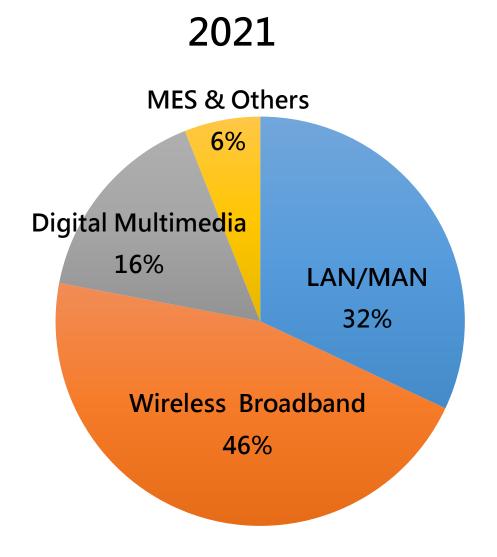


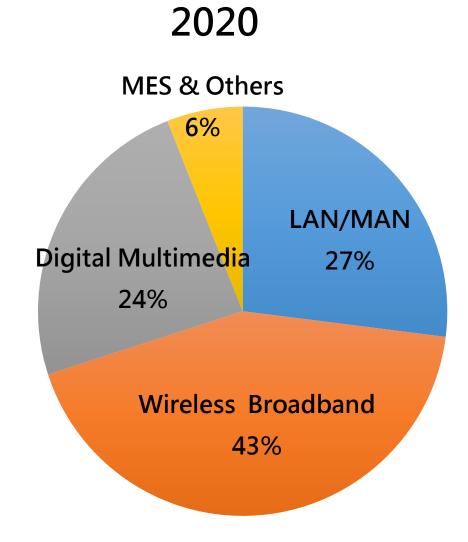
Consolidated Balance Sheets

NT\$ Millions	31-Dec-21		31-Dec-20		YoY	
	Amount	%	Amount	%	Amount	%
Cash and Cash Equivalents	4,498	18.2	5,710	21.1	(1,212)	(21.2)
Accounts Receivable	4,053	16.4	6,801	25.2	(2,748)	(40.4)
Inventories	9,239	37.3	7,029	26.0	2,210	31.4
Other Current Assets (note)	910	3.7	1,167	4.4	(257)	(22.0)
Non-current Assets	6,031	24.4	6,299	23.3	(268)	(4.3)
Total Assets	24,731	100.0	27,006	100.0	(2,275)	(8.4)
Current Liabilities	11,584	46.8	13,716	50.8	(2,132)	(15.5)
Non-current Liabilities	588	2.4	552	2.1	36	6.5
Total Liabilities	12,172	49.2	14,268	52.8	(2,096)	(14.7)
Common Stock	5,417	21.9	5,417	20.1	-	_
Equity attributable to shareholders of the parent	9,602	38.8	9,704	35.9	(102)	(1.1)
Non-controlling interests	2,957	12.0	3,034	11.2	(77)	(2.5)

ALPHA Networks

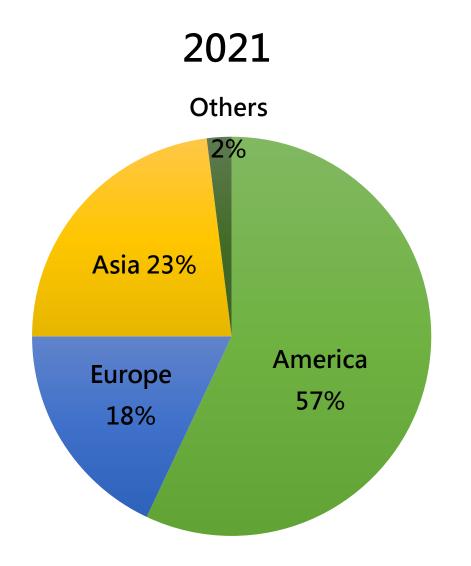
Revenue Breakdown by Product

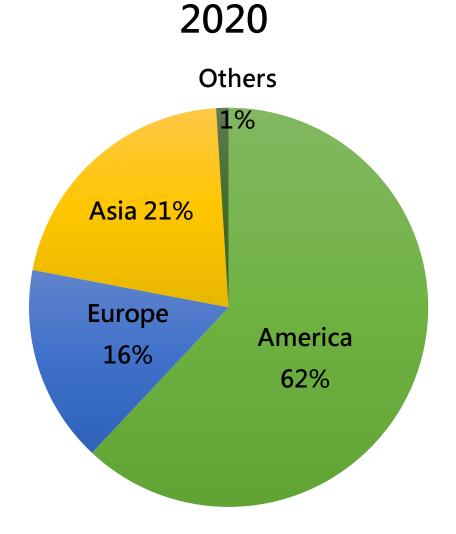






Revenue Breakdown by Region







Operations and Developments





Outlook in 2022

- > Existing business expansion
- ➤ Integrating with 4G/5G, Fiber, Edge Computing+AI
- > Expansion of global production sites
- > Continuous M & A to complement technologies and channels

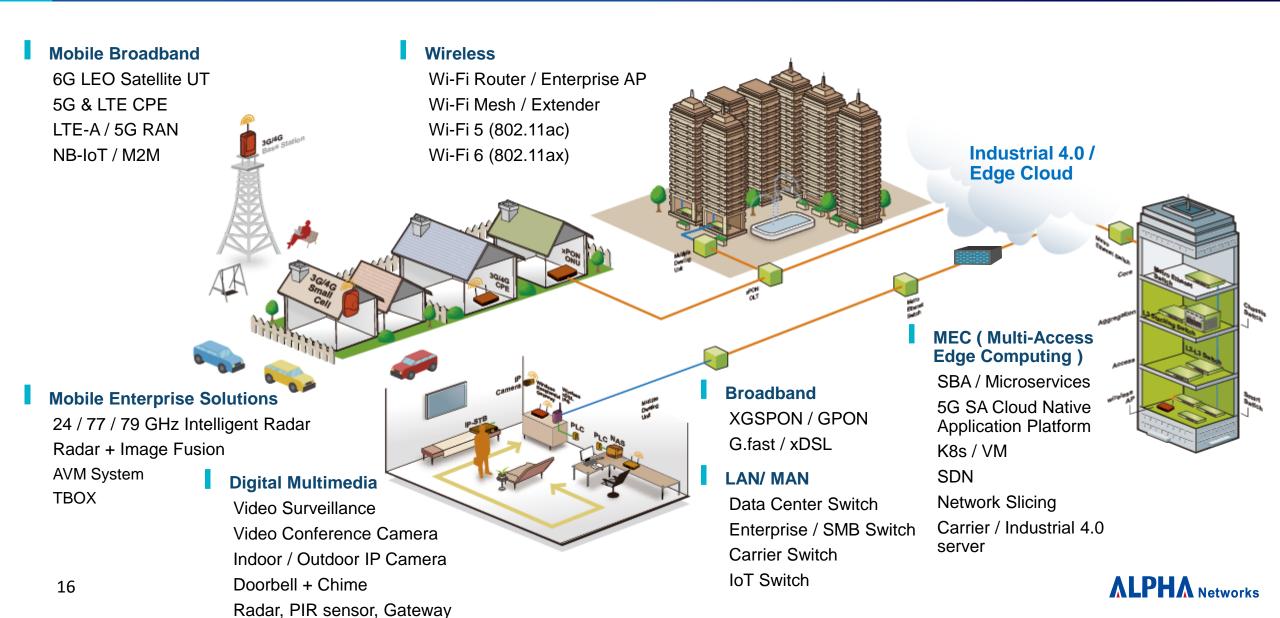


> Existing business expansion

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Comprehensive Arrangement



National Team of 5G Enterprise Network







Taiwan No. 1 Own the technology of 5G Base Stations and End-to-End Total Solution Provider

數位多媒體網路事業體 Digital Multimedia

- IP Camera
- Network Video Recorder
- Power Line
 Communication



無線寬頻網路事業體 Wireless & Broadband

- GPON
- LTE / 5G CPE
- 10GPON
- 5G RU, CDU
- · Wi-Fi6 AP / Router · Vehicle Router



轉型平台線事業體 Transformation Platform

- · Multi-Access Computing
- 5G Core



區域都會網路事業體 LAN/MAN

辰隆科技 TransNet

- Carrier Switch
- Enterprise Swich
- Data Center Switch





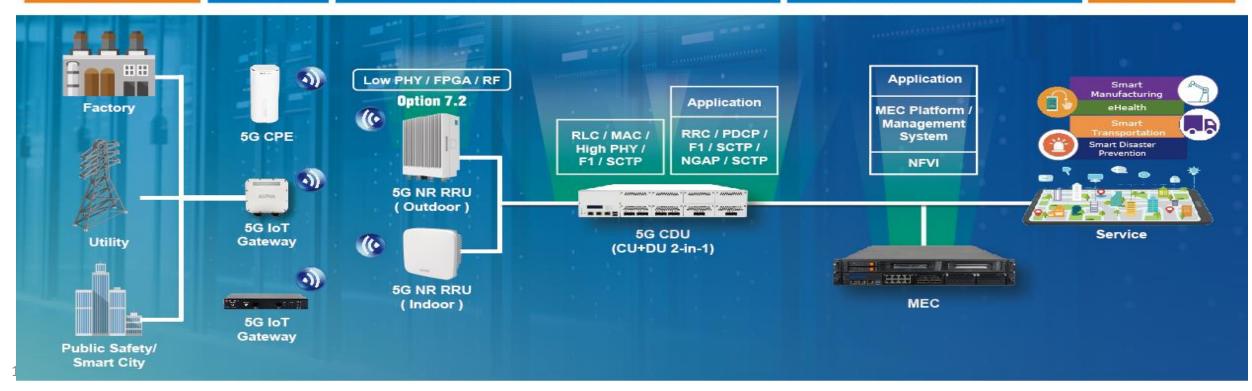
Application

CPE

Radio Accrss Network (RAN)

CORE Network

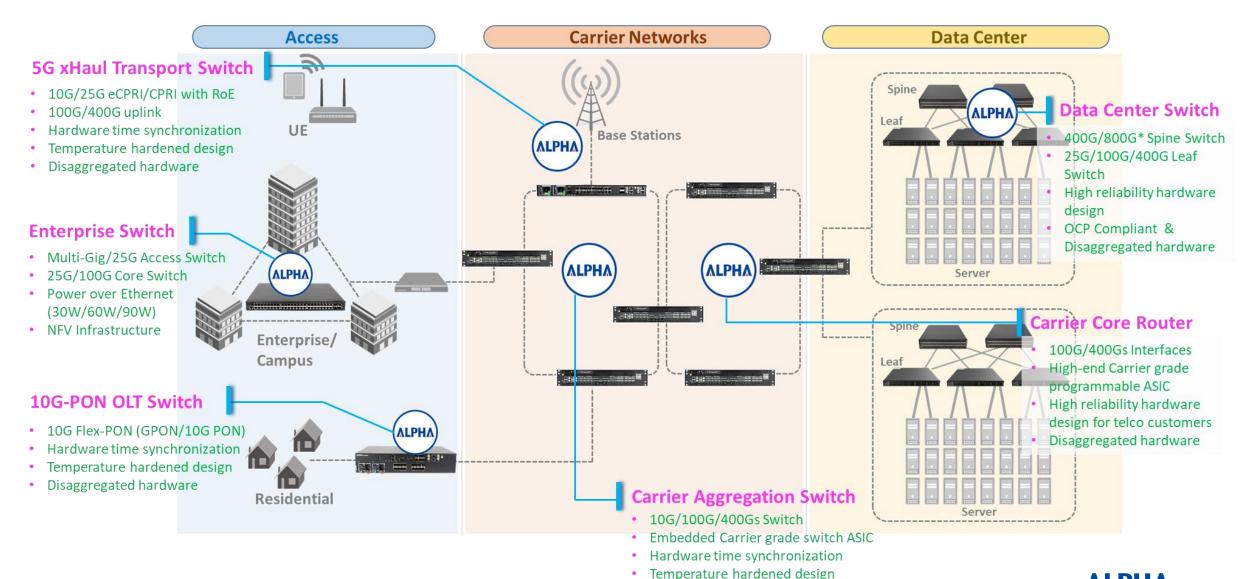
Service



National Team of Low-earth-orbit satellite



LAN/MAN BU - Product Portfolio



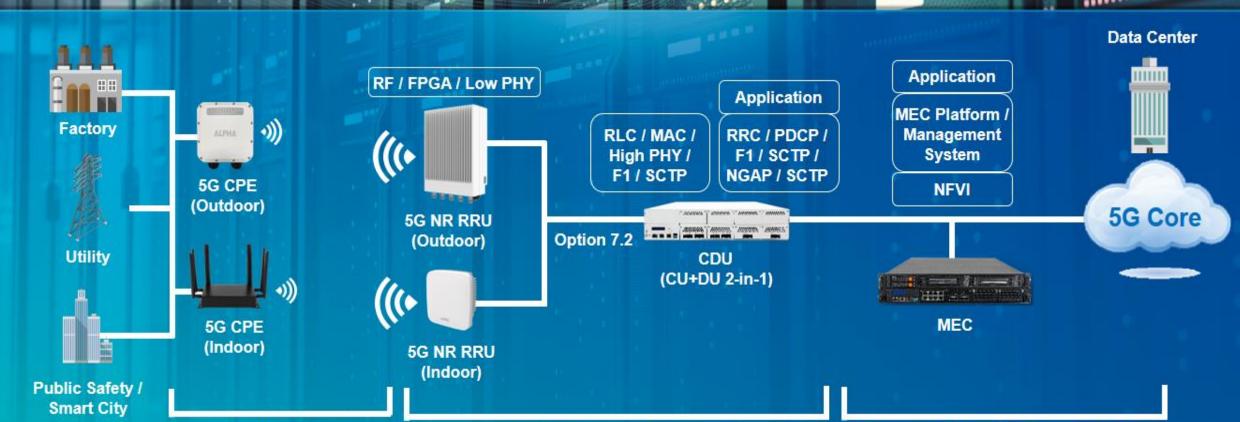
High reliability hardware design for telco customers

LAN/MAN BU - Product Technologies

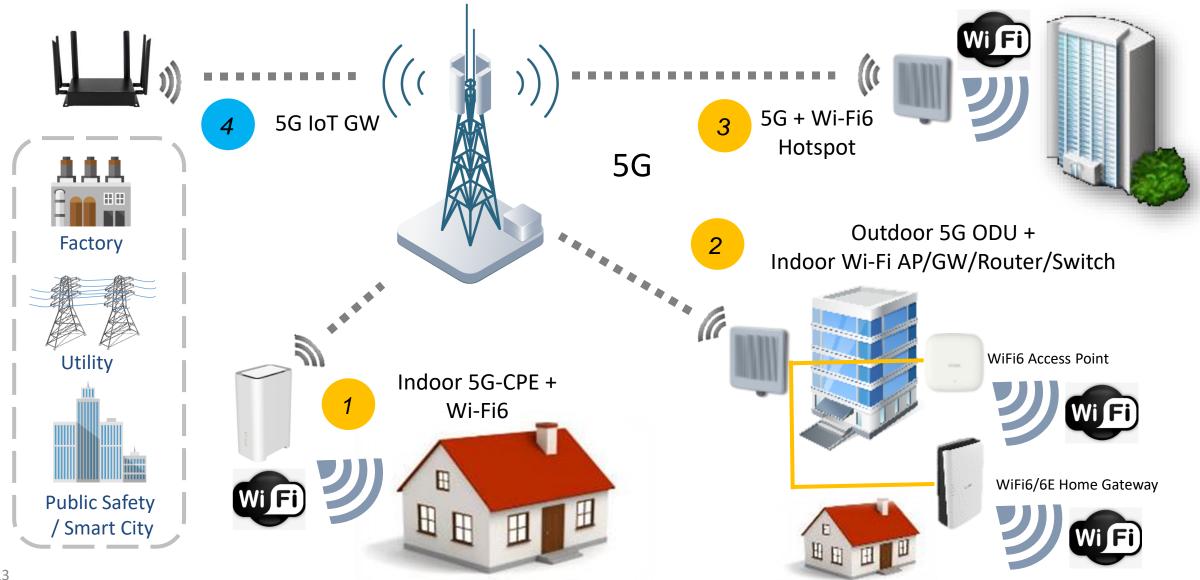
800G 64-port 800G QSFP-DD in 2U pizza box 400G • 32-port 400G QSFP-DD in 1U pizza box 64-port 400G QSFP-DD in 2U pizza box 100G 4-port 100G CFP2 I/O card, up to 32 100G ports/Chassis • 32-port 100G QSFP28 PHYless in 1 U pizza box 25**G** 48-port 25G SFP28 in 1U pizza box • 48-port 25G BASE-T in 1U pizza box 40G 6-port 40G QSFP I/O card, up to 48 40G ports/Chassis • 32-port 40G QSFP+ in 1U pizza box • 32-port 40G QSFP+ PHYless in 1U pizza box 10G 800G 400G 24-port 10G SFP+ in 1U pizza box 100G • 48-port 10GT SFP+ in 1U pizza box · QSFP-DD QSFP-DD **25G** 72-port 10G SFP+ PHYless in 1U pizza box • CFP2 · OSFP OSFP 40G QSFP28 SN connector SFP28 25GT 10**G** • QSFP+ · SFP+ Multi-G • RJ45 XFP • SFP GE CX4 RJ45 • SFP FE • RJ45 SFP • RJ45

WB BU - 5G End-to-End Total Solution

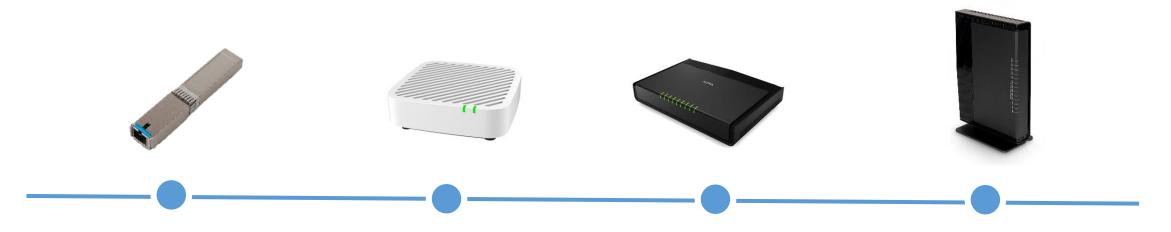
mamamamam G Enterprise Network ******************



WB BU - FWA & 5G IoT GW Products



WB BU - XGSPON Product Portfolio



SFP+

- 1x SC/APC 10G Uplink
- IEEE1588v2

SFU

- 1x SC/APC 10G Uplink
- 1x 10G LAN
- 1x FXS port

ONU

- 1x SC/APC 10G Uplink
- 1x 10G LAN
- 4x 1G LAN

HGU

- 11ax 4x4 Tri-band Wi-Fi
- 1x SC/APC 10G Uplink
- 1x 2.5G LAN
- 4x 1G LAN
- 2x FXS ports



WB BU - Wi-Fi Mesh

Traditional Standalone Router

Wi-Fi Signal Coverage is Limited



Whole Home Coverage

- Qualcomm Proprietary MESH
- EasyMESH R.1
- EasyMESH R.2





DM BU - Product Portfolio

Image Products

- Fixed Dome Camera
- Panoramic Camera
- Bullet Camera
- Industrial Camera
- Network Video recorder

- Radar/Doorbell Camera
- Radar/Outdoor Battery Camera
- Indoor Camera
- Fisheye Camera
- PT Camera

IoT (Smart Home)

- Z-WAVE Gateway & Sensors
- Radar/PIR Sensor







MES BU - Radar Products

RF Sensors and Accessories

- 24 / 77 / 79 GHz Intelligent Radar
- AVM System
- Radar + Image Fusion
- TBOX

Automotive Applications

- Collision Warning
- Blind Spot Detection
- Parking Assistance
- Fleet Management

Industrial Application

- Smart City
- Smart Home Security
- Traffic Monitoring
- Smart Building Automation







Mobile Enterprise Solutions Technology Roadmap

Automotive Radar (CV, PV) Industrial Radar · ITIS, Liquid Level, Ship Detection **Embedded Radar Module** Surveillance Camera Radar Camera Fusion ADAS BSD/RCTA/LCA FCW PAS Sensor Sub System ECU AVM 2D Radar AVM + ADAS (X.Y.Doppler) 24GHz: SRR 77GHz: LRR · 79GHz: MRR, USRR

AI Dash CAM + ADAS + DMS





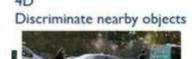
Fleet Management

- Camera/Radar Fusion
- TBOX
- C_V2X (OBU/RSU)



4D Imaging (AI/DL, Classification, Labelling) or Digital Radar

- 77GHz: LRR
- 60GHz: In-Cabin





SW Defined Radar





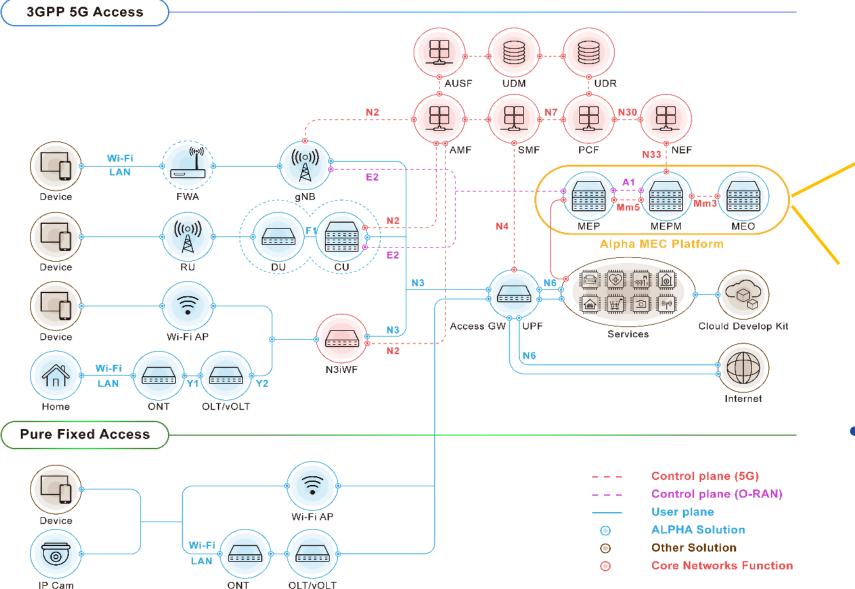








TP BU - MEC Solution



ALPHA MEC SW Platform



MEC (Multi-Access Edge Computing)

- ALPHA's Multi-access Edge Computing Solution:
 - Service-based Architecture Private Cloud: Compute, Storage and Networking
 - Micro-service: IPC Server + MEC Software Platform + Edge-to-Core Networking
 - To ensure security and transmit data latency in less than a few milliseconds **ALPHA** Networks

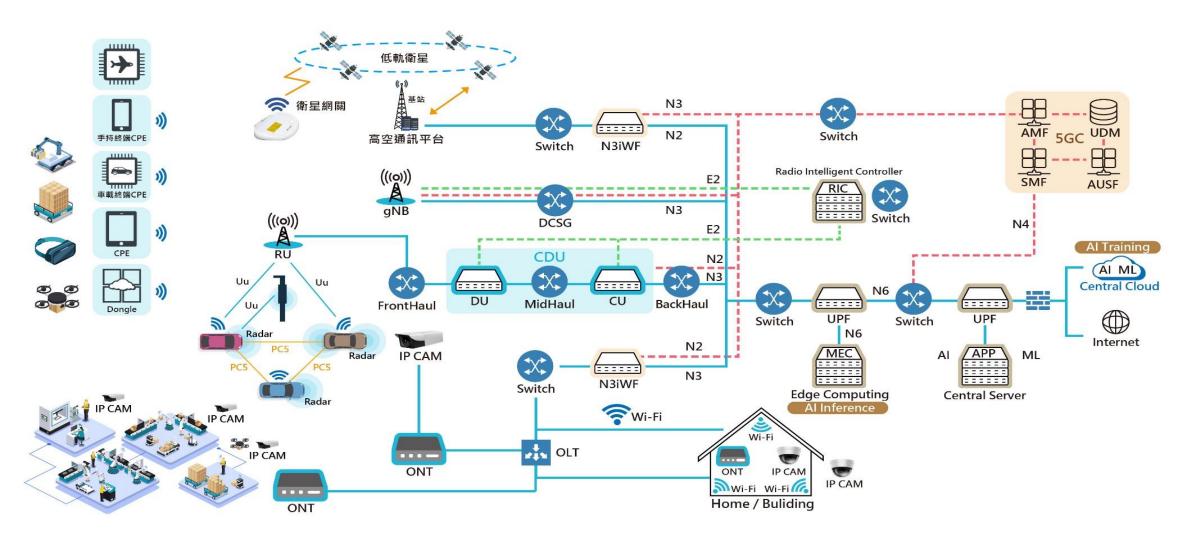
TP BU - MEC for Private Network



- > Existing business expansion
- ➤ Integrating with 4G/5G, Fiber, Edge Computing+Al
- > Expansion of global production sites
- > Continuous M & A to complement technologies and channels



Integrating with 4G/5G, Fiber, Edge Computing+Al





- > Existing business expansion
- > Integrating with 4G/5G, Fiber, Edge Computing + Al
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Global Production Sites



- > Existing business expansion
- ➤ Integrating with 4G/5G, Fiber, Edge Computing+Al
- > Expansion of global production sites
- > Continuous M & A to complement technologies and channels



Alpha's key principal is integrating with 4G/5G, Fiber, Edge Computing+Al and continuous M & A to complement technologies and channels

ESG Performance





Implement environment protection (E)

Environment protection

- ▶ GHG emission reduction ≥ 3%.
- ▶ Updated ISO14064-1: Checking new version of 2018.
- ► Waste reduction: The total amount was reduced by 6.5%, of which, the amount of hazardous industrial waste was reduced by 17%.

Energy saving

- ► Saving power in 2021: Hsinchu↓0.02% · Dongguan↓0.17% · Changshu↓0.01%.
- ► Saving water in 2021: Hsinchu↓0.12% · Dongguan↓0.18%.

Green production

- ▶ 100% comply with RoHS Directive and REACH Regulation.
- ▶ RoHS Directive Exclusion Expiration Date ≤1 year.
- ► Hazardous Substance Risk Assessment Implementation Rate was 100%.

Environmental compliance

- ▶ 100% compliance with environmental regulations.
- ▶ Products comply with international energy-related regulations. (100% compliance rate)

Green supply chain

- ► The average ratio of excellent (A) and good (B) grade suppliers was 97.4%, and the ratio of inferior (E) grade suppliers was only 0.65% in 2021.
- ▶ Audit completion rate in 2021: Hsinchu 100% & Dongguan100% and all raw materials meet the requirements of green regulations.



Fulfill social responsibility (S)

Talent education

► According to the needs of employees at different stages, plan a complete training system and learning pipeline. The total training hours reached 25,378 hours, and the cumulative number of trainees reached 22,064 in 2021, an increase of 6% and 3% respectively compared with 2020

Encourage advanced studies

- ► Established "Alpha's library" at the headquarter to provide colleagues to borrow books and periodicals, and to study after work.
- ▶ Rewards to the colleges that study foreign languages and obtain foreign language qualifications.

Labor safety and health

▶ New employees will be given safety education and training. Incumbent employees hold general safety and health on-the-job education and training every year.

There were 995 person-times and 2,014 hours of courses have been completed in 2021.

► Continue to provide employees with a safe and healthy working environment, and appoint qualified manufacturers to the company for environmental monitoring every six months .

Under perfect labor safety policy, there has been no labor safety and employee disability accidents in 2021.

Health care

Epidemic

prevention

measures

- ► Held safety education and health lectures, and visit the company to serve employees for health check. (at least once a year)
- ▶ Special clinic consultation service 3 times in a month.

▶ It is required to carry out various epidemic prevention and control measures for colleagues, manufacturers and customers, such as wearing masks, questionnaires, measuring body temperature, isolation, etc., video or telephone meetings, policy promotion, and public environment disinfection twice a day.

Epidemic prevention measures are planned and implemented properly and there is no confirmed case of COVID-19 among colleagues (including foreign workers)

Social welfare

- ► To sponsor digital cloud courses for senior citizens center
- ▶ Responding to the TSMC Charity Foundation, held a science and technology education enlightenment course in remote areas, donated wireless base stations in remote areas, and created a borderless network education environment



樂齡中心數位雲端課程



偏鄉科技教育啟蒙課程

Strengthen corporate governance (G)

Innovative R & D

▶ 25 patent applications in 2021(note), increase 108% as compared to 2020.

(Note) One invention is patented in different countries, counted as one.

Ethical Corporate management

► Implement and strengthen the "Ethical Corporate Management" policy

- Formulate the "Alpha Procedures for Ethical Corporate Management" and set up a "Ethical Corporate Management Working Group" to implement relevant policies.
- Internal promotion All Alpha's employees completed the integrity training course.
- Employees Commitment All employees signed commitment to integrity in 2021.
- · Whistleblower mechanism -Provide employee complaints mailbox and Interested parties whistleblower mailbox.

Risk management

- ► Introduce RMC (Risk Management Committee), identify company risks, and then manage and control risks

 Identify risks: Identify various risks that may impact the achievement of annual KPIs, the four major dimensions of risk in 2022 are:
 - (1) Strategy risks: New product introduction, total economic variables (GDP%↓/inflation), high revenue concentration.
 - (2) Operating risks: Material shortage/low material availability, Vietnam plant operation, information security and cyber attacks.
 - (3) Financial risks: Margin%↓, Inventory turnover↓, foreign exchange losses.
 - (4) Hazard risk: Epidemic resurgence/internal spread, energy policy/power shortage worries, wind disaster/flood and drought/earthquake.

Q & A





THANK YOU

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