

# Alpha Networks Inc. Investor Conference

2023/3/1

# 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

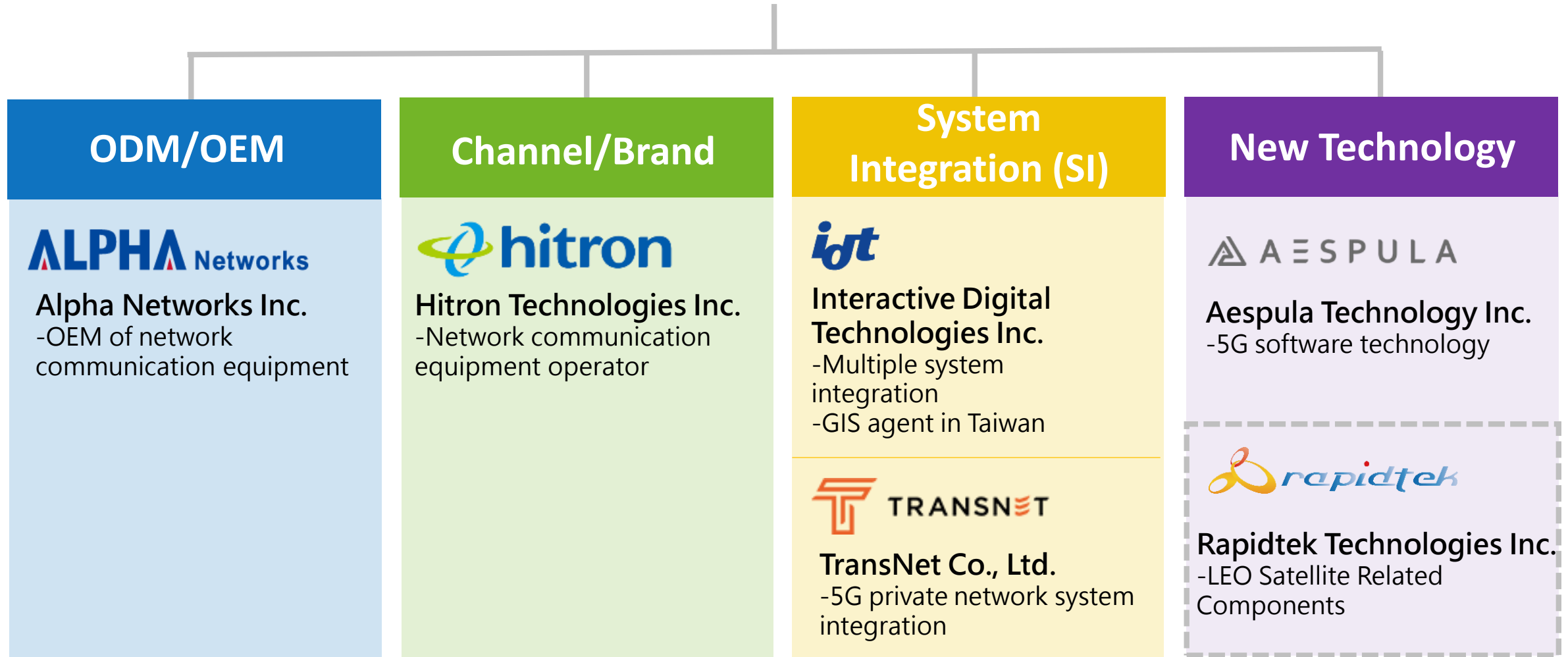
- 1. Business Outlook**
- 2. 2022 Q4 Financial Results**
- 3. Products and Developments**
- 4. Q&A**

# Business Outlook



# NCG Members (Networking Communication Group)

## NCG (Alpha Networks)



# Grew in 2022

Rev. (Y NTD)	Q1	Q2	Q3	Q4	TTL	
2021	71.93	75.55	67.06	64.08	278.62	
2022	68.75	82.87	92.30	92.41	336.34	歷史新高 YoY +21%
GP%	Q1	Q2	Q3	Q4	TTL	
2021	14.90	15.30	17.10	18.90	16.50	
2022	18.90	19.20	17.30	19.10	18.60	YoY +2.1%
EPS	Q1	Q2	Q3	Q4	TTL	
2021	0.21	0.21	0.21	0.17	0.80	
2022	0.25	0.45	0.58	0.41	1.69	YoY +0.89

## The main growth factors in revenue

1. Raw material shortage improvement
2. Growth in new market

## The main growth factors in margin

1. Product portfolio improvement
2. Economies of scale
3. Production efficient in Vietnam factory

# NCG Major Accomplishments in 2022

- **Alpha:** Revenue hit the record high and core businesses showing the substantial growth.  
(Switches: +47% ; Wireless broadband: +35%)
- **Hitron:** Revenue hit the record high and significant growth in new markets.
- **Vietnam:** The production cost per unit in Hitron's Vietnam factory is lower than it did China. The construction of Factory B in Alpha's Vietnam was completed.
- The synergy of group integration is brought to the higher level.



# NCG ESG : Awards in 2022

## Alpha Networks



### 《2022 明泰科技獲獎紀錄》



榮獲TCSA第十五屆臺灣企業永續獎  
電子資訊製造業-第1類銀級獎

## Hitron



### 《2022 仲琦科技獲獎紀錄》



TSAA第二屆台灣永續行動獎 銀獎  
SDG12 環境友善-包裝減量

榮獲TCSA第十五屆臺灣企業永續獎  
電子資訊製造業-第1類銅級獎



# NCG Winning Strategy

- Optimize switches, wired and wireless broadband
- 5G private network deployment, aim to LEO satellite

## Optimization of current business

- To increase the proportion of high-end product and gross profit
- Utilizing the original channels to provide more products and services

## Innovative products and services

- Innovative software experience
- Continue to innovate 5G end to end product and services

**AIoT**

## Expand into channels

- New channels
- New markets: data center, Telecom Network, Automotive Electronics
- Vertical markets

## M&A

- To enhance capabilities and increase channels

- Cooperate with channel partners

- Invested in LEO satellite Funds
- Invested in Repidtek
- Invested in Aespula

# Outlook in 2023 : Continue to grow

- **Switches:** To expand enterprise and data-center business, telecommunications markets. Mass production and shipment of 400G and OLT.
- **Wireless broadband:** New technology can be released Time to Market and to expand 5G business.
- **IP Cam:** Focus on resources and business development.
- **Hitron:** Continuous transformation and to enhance the synergy of group integration.
- **Other new business:** To deal the LEO satellite ground station business.

# 2022 Q4 Financial Results



- **December and whole year revenue attributable to Alpha hit the record high**
  - The December revenue of 2022 was NT\$ 3,646 million.
  - Revenues from January to December of 2022 were NT\$ 33,634 million.
- **Net income NT\$ 917 million was the highest in recent 10 years**
- **EPS 1.69 was the highest in recent 10 years**

# Consolidated Statements of Comprehensive Income (Quarterly)

NT\$ Millions	4Q 2022		4Q 2021		YoY		3Q 2022		QoQ	
	amt	g %	amt	g %	amt	g %	amt	g %	amt	g %
<b>Net Revenue</b>	<b>9,241</b>	<b>100%</b>	<b>6,408</b>	<b>100%</b>	<b>2,833</b>	<b>44%</b>	<b>9,231</b>	<b>100%</b>	<b>10</b>	<b>0.1%</b>
Cost of Goods Sold	(7,473)		(5,197)		(2,276)		(7,635)		162	
<b>Gross Profit</b>	<b>1,768</b>	<b>19.1%</b>	<b>1,211</b>	<b>18.9%</b>	<b>557</b>	<b>46%</b>	<b>1,596</b>	<b>17.3%</b>	<b>172</b>	<b>11%</b>
Operating Expenses	(1,233)	-13.3%	(1,007)	-15.7%	(226)		(1,128)	-12.2%	(105)	
<b>Operating Income</b>	<b>535</b>	<b>5.8%</b>	<b>204</b>	<b>3.2%</b>	<b>331</b>	<b>162%</b>	<b>468</b>	<b>5.1%</b>	<b>67</b>	<b>14%</b>
Non-Operating Income	(139)		(8)		(131)		(16)		(123)	
<b>Income Before Tax</b>	<b>396</b>	<b>4.3%</b>	<b>196</b>	<b>3.1%</b>	<b>200</b>	<b>102%</b>	<b>452</b>	<b>4.9%</b>	<b>(56)</b>	<b>-12%</b>
<b>Net Income (Loss)</b>	<b>319</b>	<b>3.5%</b>	<b>146</b>	<b>2.3%</b>	<b>173</b>	<b>118%</b>	<b>358</b>	<b>3.9%</b>	<b>(39)</b>	<b>-11%</b>
<b>Net income attributable to shareholders of the Company</b>	<b>225</b>	<b>2.4%</b>	<b>93</b>	<b>1.5%</b>	<b>132</b>	<b>142%</b>	<b>315</b>	<b>3.4%</b>	<b>(90)</b>	<b>-29%</b>
<b>EPS (NT\$)</b>	<b>\$0.41</b>		<b>\$0.17</b>		<b>\$0.24</b>		<b>\$0.58</b>		<b>-\$0.17</b>	

# Consolidated Statements of Comprehensive Income (YTD)

NT\$ Millions	2022		2021		YTD YoY	
					amt	g %
<b>Net Revenue</b>	<b>33,634</b>	<b>100%</b>	<b>27,862</b>	<b>100%</b>	<b>5,772</b>	<b>21%</b>
Cost of Goods Sold	(27,381)		(23,276)		(4,105)	
<b>Gross Profit</b>	<b>6,253</b>	<b>18.6%</b>	<b>4,586</b>	<b>16.5%</b>	<b>1,667</b>	<b>36%</b>
Operating Expenses	(4,538)	-13.5%	(3,876)	-13.9%	(662)	
<b>Operating Income</b>	<b>1,715</b>	<b>5.1%</b>	<b>710</b>	<b>2.5%</b>	<b>1,005</b>	<b>142%</b>
Non-Operating Income	(181)		45		(226)	
<b>Income Before Tax</b>	<b>1,534</b>	<b>4.6%</b>	<b>755</b>	<b>2.7%</b>	<b>779</b>	<b>103%</b>
<b>Net Income (Loss)</b>	<b>1,158</b>	<b>3.4%</b>	<b>540</b>	<b>1.9%</b>	<b>618</b>	<b>114%</b>
<b>Net income attributable to shareholders of the Company</b>	<b>917</b>	<b>2.7%</b>	<b>434</b>	<b>1.6%</b>	<b>483</b>	<b>111%</b>
<b>EPS (NT\$)</b>	<b>\$1.69</b>		<b>\$0.80</b>		<b>\$0.89</b>	

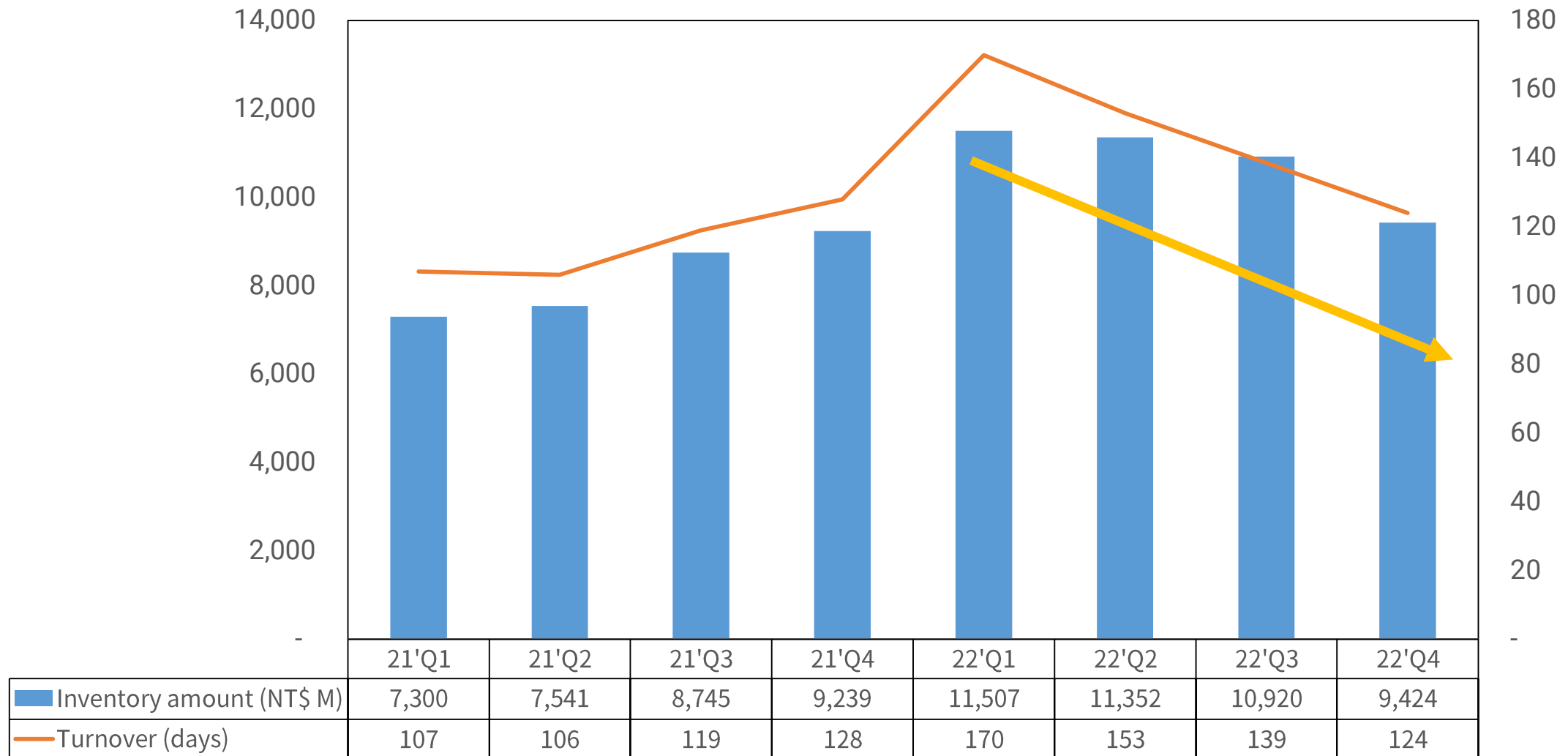
# Consolidated Balance Sheets

NT\$ Millions	31-Dec-22		31-Dec-21		YoY	
					amt	g%
Cash and Cash Equivalents	4,084	15%	4,498	18%	(414)	-9%
Accounts Receivable	5,599	21%	4,053	16%	1,546	38%
Inventories	9,424	35%	9,239	38%	185	2%
Other Current Assets <sup>(note)</sup>	1,135	4%	910	4%	225	25%
Non-current Assets	6,890	25%	6,031	24%	847	14%
<b>Total Assets</b>	<b>27,132</b>	<b>100%</b>	<b>24,731</b>	<b>100%</b>	<b>2,389</b>	<b>10%</b>
Current Liabilities	13,047	48%	11,584	47%	1,463	13%
Non-current Liabilities	529	2%	588	2%	(59)	-10%
<b>Total Liabilities</b>	<b>13,576</b>	<b>50%</b>	<b>12,172</b>	<b>49%</b>	<b>1,404</b>	<b>12%</b>
Common Stock	5,417	20%	5,417	22%	-	-
<b>Equity attributable to shareholders of the parent</b>	<b>10,371</b>	<b>38%</b>	<b>9,602</b>	<b>39%</b>	<b>761</b>	<b>8%</b>
<b>Non-controlling interests</b>	<b>3,185</b>	<b>12%</b>	<b>2,957</b>	<b>12%</b>	<b>224</b>	<b>8%</b>

(Note) Other current assets includes deposits with original maturities of more than three months: NT\$0M and NT\$375M as of Dec. 31, 2022 and 2021.

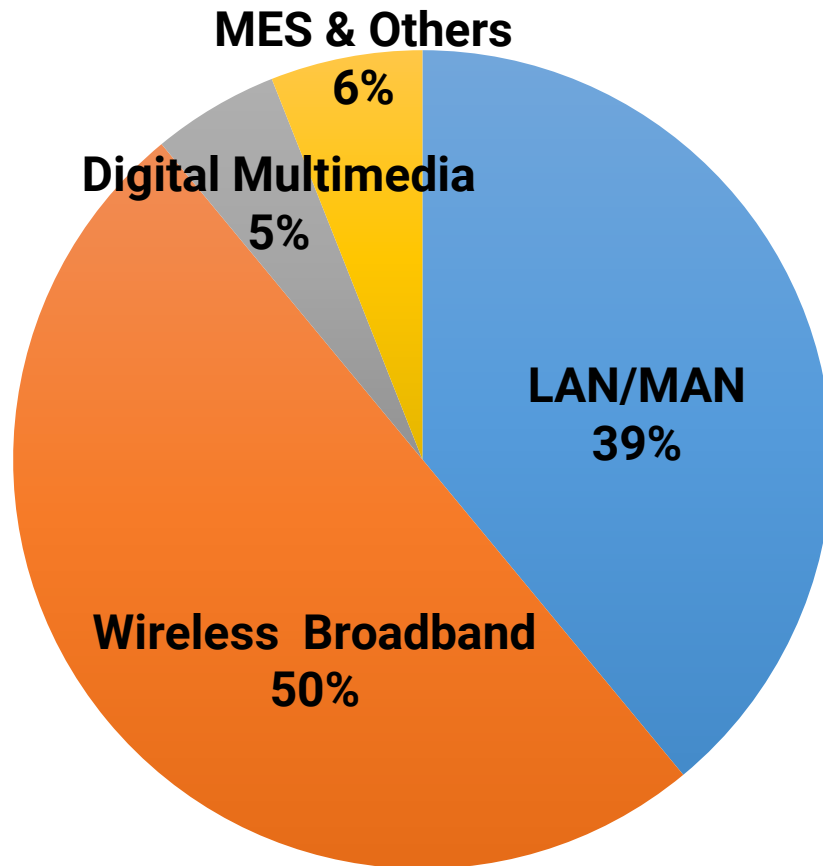


# Inventory amount and turnover

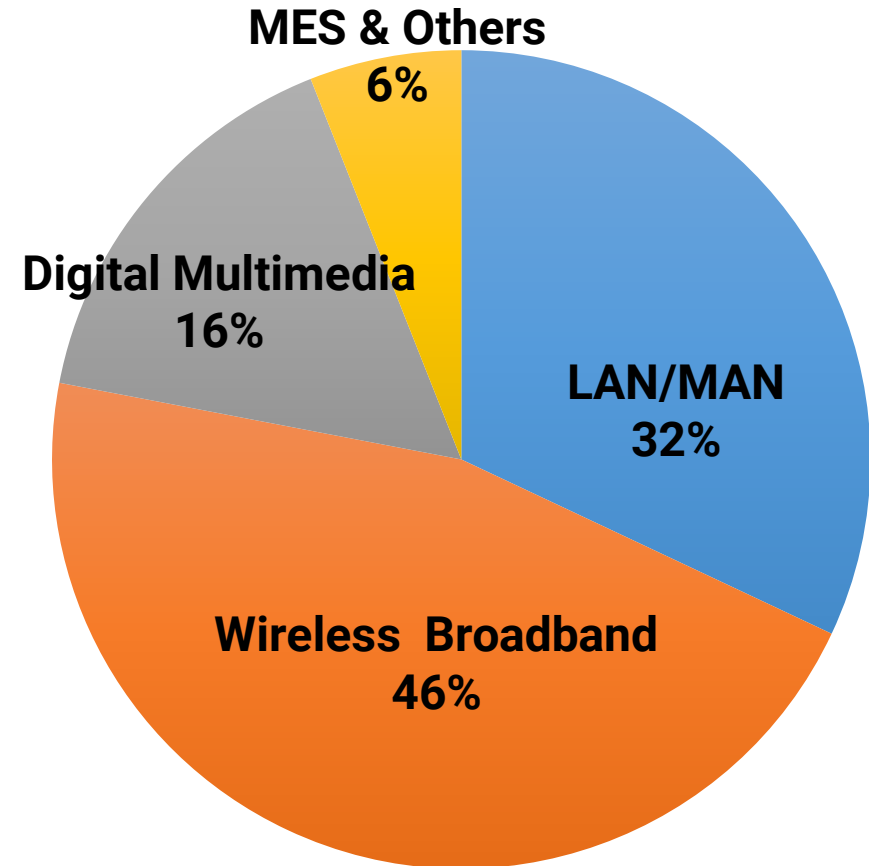


# Revenue Breakdown by Product

**2022**

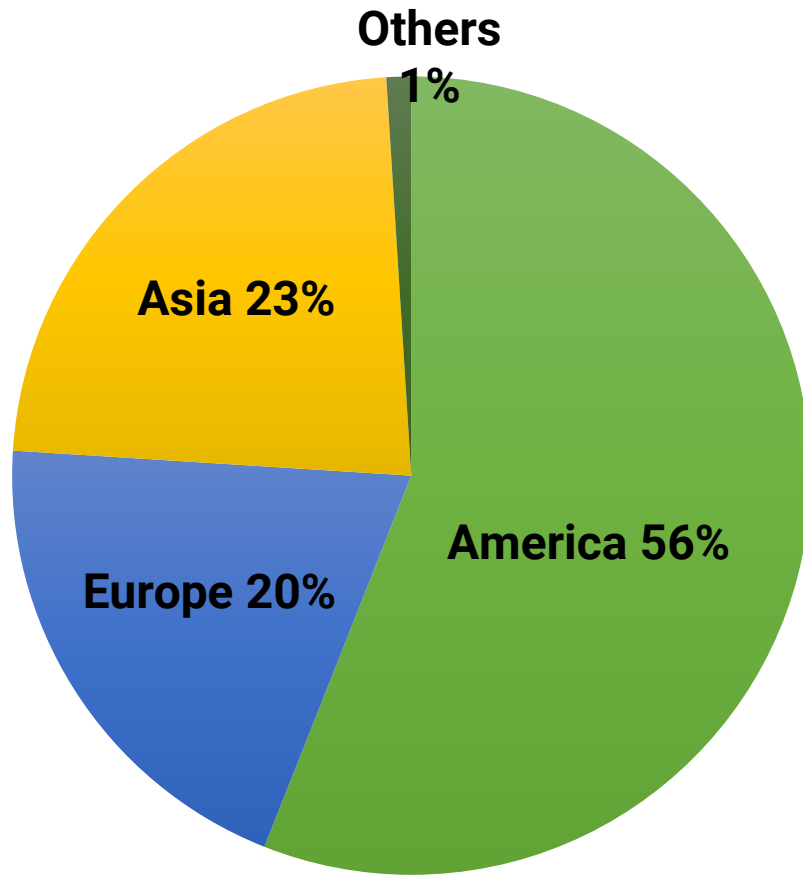


**2021**

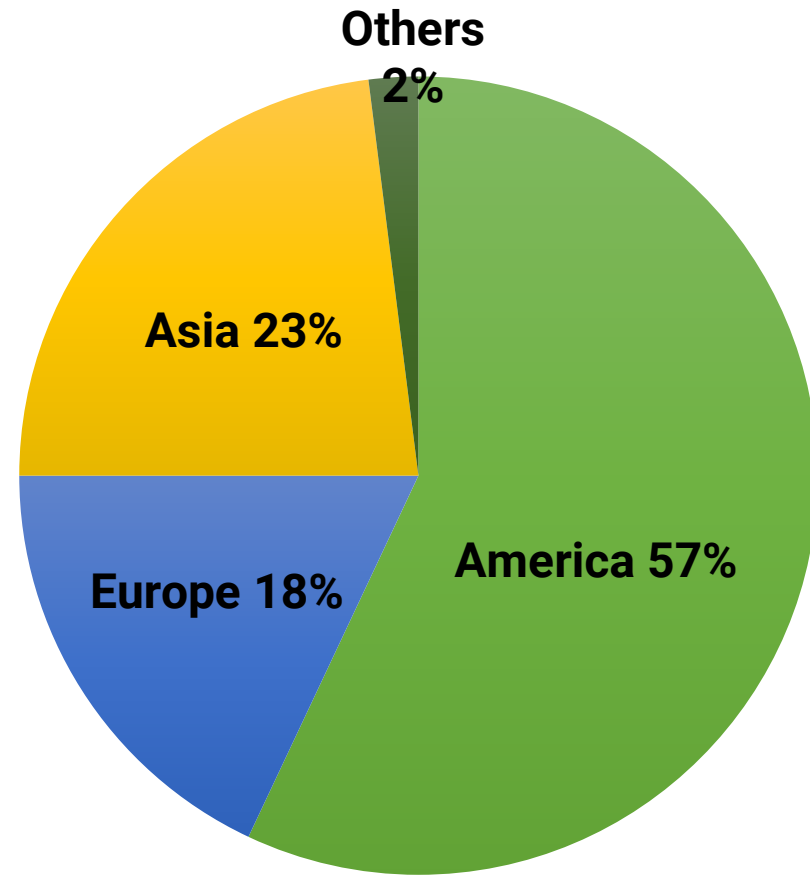


# Revenue Breakdown by Region

**2022**



**2021**



# Products and Developments

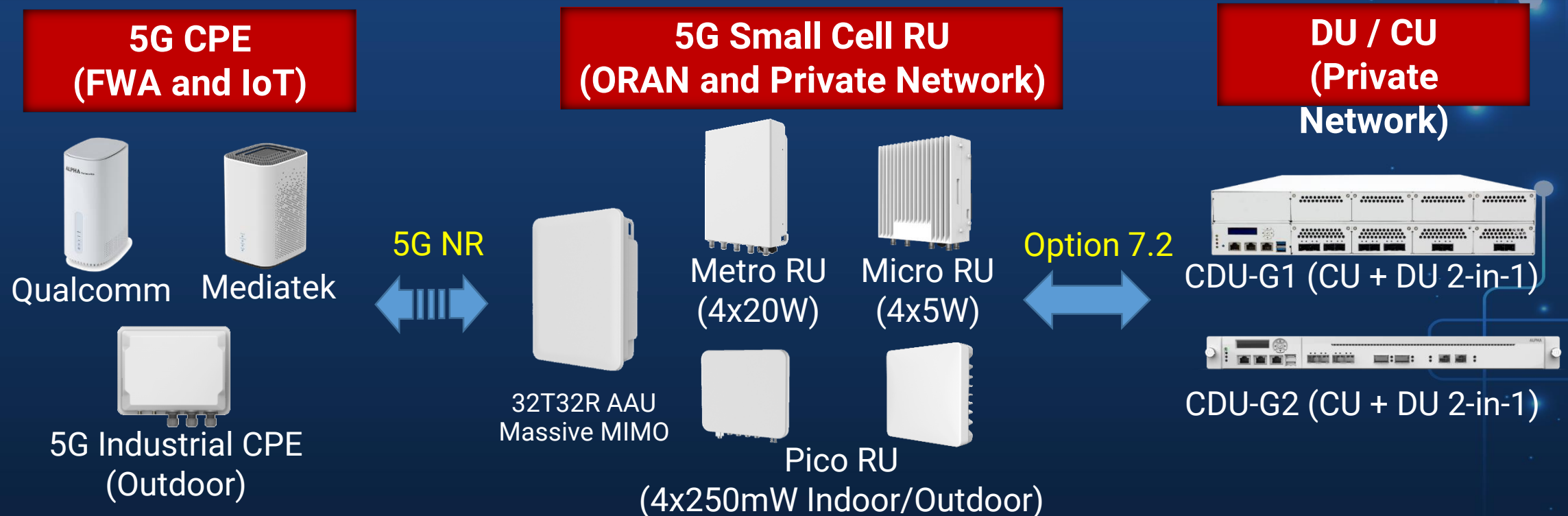


# The growth momentum of WBBU's revenue in 2022

- New products have developed in the second half of 2021, the stable shipments and contribution to revenue from 2022.
- The 2022 revenue result up 35% as compared to 2021, of which North America and Asia Pacific were the main markets, with 68% and 32% market share respectively.
- Continue to innovate 5G End-to-End products and services. In addition, to deepen the O-RAN market as well as to deploy public network customers.

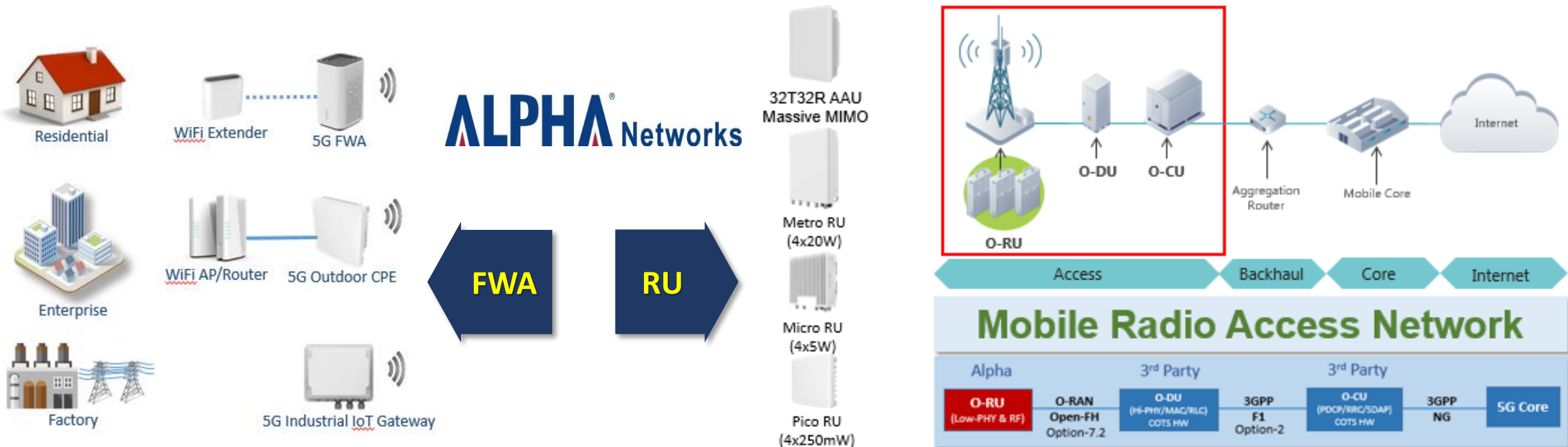
# Alpha WBBU 5G Private Network End-to-End RAN Solution

- With 5G enterprise application opportunities arise gradually. Custom Market Insights estimates that the enterprise private network market size is expected to reach 41.8 billion US dollars in 2030.  
([https://www.einnews.com/pr\\_news/615672123/us-41-80-bn-private-5g-network-markets-2030-global-size-forecast-report-by-cmi-at-49-7-cagr](https://www.einnews.com/pr_news/615672123/us-41-80-bn-private-5g-network-markets-2030-global-size-forecast-report-by-cmi-at-49-7-cagr))
- Alpha actively invested in the development of 5G end-to-end total solutions (RU, DU+CU, All-in-One Small Cell and 5G CPE)
- At present, it is targeting Japan, Taiwan and the Middle East market to initially carry out some field tests.
- We will expect to revenue of 5G end to end total solutions continue to grow in 2023.



# Alpha Products for 5G Mobile Public Network

- In order to provide higher-bandwidth user services, telecom operators are actively deploying 5G base station networks and using 5G FWA to improve the coverage of high-bandwidth services.
- RU comes into the application of telecom operators' public network infrastructure equipment through the combination of indoor type, outdoor type, RF low power, high power, 4T4R MIMO, 32T32R Massive MIMO and other related technologies.
- FWA comes into homes and enterprises by integrating 5G Sub-6G, mmWave, WiFi 6/6E, WiFi 7 and other related technologies.
- Alpha has RU ODM projects under development currently. It is expected that Q4 in 2023 will be shipped in small quantities to the public network field test.





# The growth momentum of WiFi and Broadband in 2022

## **Wireless products revenue up 44.3% year-over-year with North America for 68% and Asia Pacific 32% in 2022**

- The shipment to North America area up 72% year-over-year. The shipment to Asia area up 5.9% year-over-year.

## **The growth of the Wireless products by shipment were as follows**

- MESH Router & Home Security extender ship to retailers up 102% year-over-year
- Home Gateway & MESH extender ship to telecom carriers up 37% year-over-year
- Enterprise AP 、SMB Gateway ship to enterprises up 3% year-over-year

## **Broadband products revenue up 15.2% year-over-year in 2022**

- GPON and XGSPON were the mainly grew products.
- GPON/XGSPON's revenue up 108% year-over-year in North America area.
- GPON/XGSPON up 20% year-over-year in Asia area.

# Q & A



# THANK YOU

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