

**ALPHA NETWORKS INC. AND SUBSIDIARIES**  
**Consolidated Balance Sheet**  
**March 31, 2020, December 31 and March 31, 2019**  
(Expressed in thousands of New Taiwan dollars)

	2020/3/31		2019/12/31		2019/3/31			2020/3/31		2019/12/31		2019/3/31	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
<b>Assets</b>							<b>Liabilities and Equity</b>						
<b>Current assets :</b>							<b>Current liabilities :</b>						
Cash and cash equivalents	\$ 5,262,777	24	5,918,331	24	2,033,181	14	Current borrowings	\$ 1,727,409	8	952,701	4	-	-
Current financial assets at fair value through profit or loss	100,819	-	99,705	-	153	-	Current financial liabilities at fair value through profit or loss	3,856	-	377	-	267	-
Current financial assets at amortised cost	226,660	1	3,146,690	13	3,698,384	25	Accounts payable	4,447,271	20	4,310,745	17	2,482,196	17
net	2,867,627	13	3,764,696	15	1,144,455	8	Accrued expenses	429,566	2	556,416	2	290,215	2
Accounts receivable due from related parties, net	288,902	1	528,144	2	689,529	5	Dividends payable	238,692	1	-	-	-	-
Inventories	6,313,423	29	5,089,181	20	4,189,870	29	Current tax liabilities	131,374	1	130,756	1	45,947	-
Other current assets	680,657	4	601,754	2	261,936	1	Current provisions	342,474	2	393,041	2	197,286	1
	15,740,865	72	19,148,501	76	12,017,508	82	Long-term borrowings, current portion	-	-	120,000	-	-	-
<b>Non-current assets :</b>							Other current liabilities, others	1,190,706	5	3,120,572	12	534,685	4
Non-current financial assets at fair value through other comprehensive income	144,728	1	161,614	1	141,951	1		8,511,348	39	9,584,608	38	3,550,596	24
Non-current financial assets at amortised cost	41,155	-	39,745	-	21,693	-	<b>Non-current liabilities :</b>						
Property, plant and equipment	3,358,926	15	3,231,397	13	1,828,961	13	Non-current financial liabilities at fair value through profit or loss	2,340	-	1,560	-	-	-
Right-of-use assets	463,923	2	473,667	2	257,241	2	Bonds payable	573,473	3	571,047	2	-	-
Intangible assets	1,489,772	7	1,529,044	6	199,437	1	Non-current portion of non-current borrowings	-	-	150,000	1	-	-
Deferred tax assets	187,455	1	209,124	1	130,778	1	Non-current lease liabilities	214,704	1	224,639	1	203,414	2
Other non-current assets	310,707	2	207,276	1	10,018	-	Net defined benefit liability, non-current	274,109	1	288,999	1	267,829	2
	5,996,666	28	5,851,867	24	2,590,079	18	Other non-current liabilities	129,945	1	132,221	1	67,305	-
								1,194,571	6	1,368,466	6	538,548	4
							<b>Total liabilities</b>	9,705,919	45	10,953,074	44	4,089,144	28
							<b>Equity :</b>						
							Ordinary share	5,424,825	25	5,427,273	23	5,432,617	37
							Share capital awaiting retirement	(400)	-	(1,372)	-	(735)	-
								5,424,425	25	5,425,901	23	5,431,882	37
							Capital surplus	3,003,292	14	3,001,756	12	3,560,712	24
							Retained earnings :						
							Legal reserve	1,107,188	5	1,107,188	4	1,107,188	7
							Special reserve	627,926	3	627,926	3	226,968	2
							Unappropriated retained earnings	(462,934)	(2)	566,846	2	748,901	5
								1,272,180	6	2,301,960	9	2,083,057	14
							Other equity interest	(820,034)	(4)	(748,819)	(3)	(557,208)	(3)
							Total equity attributable to owners of parent	8,879,863	41	9,980,798	41	10,518,443	72
							Non-controlling interests	3,151,749	14	4,066,496	16	-	-
							<b>Total equity</b>	12,031,612	55	14,047,294	57	10,518,443	72
<b>Total assets</b>	<b>\$ 21,737,531</b>	<b>100</b>	<b>\$ 25,000,368</b>	<b>100</b>	<b>\$ 14,607,587</b>	<b>100</b>	<b>Total liabilities and equity</b>	<b>\$ 21,737,531</b>	<b>100</b>	<b>\$ 25,000,368</b>	<b>101</b>	<b>\$ 14,607,587</b>	<b>100</b>

## ALPHA NETWORKS INC. AND SUBSIDIARIES

### Consolidated Statements of Comprehensive Income

For the three-month periods from January 1 to March 31, 2020 and 2019  
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

	2020/1/1~2020/3/31		2019/1/1~2019/3/31	
	Amount	%	Amount	%
<b>Operating revenue</b>	\$ 4,984,120	100	3,215,854	100
<b>Operating costs</b>	4,138,988	83	2,687,998	84
<b>Gross profit from operations</b>	845,132	17	527,856	16
<b>Operating expenses :</b>				
Selling expenses	290,651	6	96,478	3
Administrative expenses	261,233	5	126,201	4
Research and development expenses	397,823	8	311,679	10
Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	(19,615)	-	7,553	-
<b>Total operating expenses</b>	930,092	19	541,911	17
<b>Net operating income (loss)</b>	(84,960)	(2)	(14,055)	(1)
<b>Non-operating income and expenses :</b>				
Other income	22,049	-	30,992	1
Other gains and losses	(27,148)	-	(6,586)	-
Finance costs	(14,454)	-	(891)	-
<b>Total non-operating income and expenses</b>	(19,553)	0	23,515	1
<b>Profit (loss) before tax</b>	(104,513)	(2)	9,460	-
<b>Tax expenses</b>	33,421	1	8,379	-
<b>Profit (loss)</b>	(137,934)	(3)	1,081	-
<b>Other comprehensive income:</b>				
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(16,886)	-	14,775	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>				
Exchange differences on translation	(60,871)	(1)	111,899	3
<b>Other comprehensive income, net</b>	(77,757)	(1)	126,674	3
<b>Total comprehensive income</b>	( <b>\$215,691</b> )	( <b>4</b> )	<b>127,755</b>	<b>3</b>
<b>Profit (loss), attributable to:</b>				
Profit (loss), attributable to owners of parent	(\$129,313)	(3)	1,081	-
Profit (loss), attributable to non-controlling interests	(8,621)	-	-	-

ALPHA NETWORKS INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three-month periods from January 1 to March 31, 2020 and 2019  
(Expressed in thousands of New Taiwan dollars)

	<u>2020/1/1~2020/3/31</u>	<u>2019/1/1~2019/3/31</u>
<b>Cash flows from (used in) operating activities:</b>		
Profit (loss) before tax	(\$104,513)	9,460
<b>Adjustments</b>		
<b>Adjustments to reconcile profit (loss)</b>		
Depreciation expenses	118,785	67,716
Amortization expenses	48,808	15,286
Expected credit loss (gain)	(19,615)	7,553
Net loss on financial assets or liabilities at fair value through profit or loss	18,910	114
Interest expense	14,454	891
Interest income	(12,507)	(15,662)
Share-based payments	5,747	14,536
Loss (gain) on disposal of property, plant and equipment	1,530	(31)
Provision (reversal of provision) for inventory obsolescence and devaluation loss	30,903	(20,688)
<b>Total adjustments to reconcile profit (loss)</b>	<u>207,015</u>	<u>69,715</u>
<b>Changes in operating assets and liabilities:</b>		
Decrease in notes and accounts receivable	895,951	168,612
Decrease in accounts receivable due from related parties	259,975	158,355
Decrease in financial assets at fair value through profit or loss, mandatorily measured at fair value	6,839	1,696
Increase in inventories	(1,255,145)	(446,878)
Increase in other current assets	(16,469)	(55,462)
<b>Total changes in operating assets</b>	<u>(108,849)</u>	<u>(173,677)</u>
Decrease in financial liabilities held for trading	(377)	(97)
Increase (Decrease) in accounts payable	136,525	(400,503)
Decrease in other payable to related parties	(802)	(4,594)
Decrease in other current liabilities	(480,554)	(212,559)
Decrease in net defined benefit liability	(14,890)	(27,054)
<b>Total Changes in operating liabilities</b>	<u>(360,098)</u>	<u>(644,807)</u>
<b>Total changes in operating assets and liabilities</b>	<u>(468,947)</u>	<u>(818,484)</u>
<b>Total adjustments</b>	<u>(261,932)</u>	<u>(748,769)</u>
Cash inflow generated from operations	(366,445)	(739,309)
Interest received	12,058	15,695
Interest paid	(12,265)	(1,502)
Income taxes paid	(11,627)	(19,541)
<b>Cash flows from (used in) operating activities</b>	<u>(378,279)</u>	<u>(744,657)</u>
<b>Cash flows from (used in) investing activities</b>		
Acquisition of financial assets at amortised cost	(115,169)	(2,082,981)
Proceeds from repayments of financial assets at amortised cost	2,978,977	2,273,344
Acquisition of financial assets at fair value through profit or loss	(22,227)	-
Net cash flow from acquisition of subsidiaries	(3,200,000)	-
Acquisition of property, plant and equipment	(251,302)	(12,494)
Proceeds from disposal of property, plant and equipment	9,323	1,171
Increase in refundable deposits	(1,410)	(603)
Acquisition of intangible assets	(10,661)	(9,737)
Increase in other non-current assets	(109,985)	-
<b>Net cash flows from (used in) investing activities</b>	<u>(722,454)</u>	<u>168,700</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term loans	774,708	-
Repayments of long-term debt	(270,000)	-
Decrease in guarantee deposits received	(889)	-
Payments of lease liabilities	(14,907)	(1,682)
Proceeds from endowments received by the company	60	66
<b>Net cash flows from (used in) financing activities</b>	<u>488,972</u>	<u>(1,616)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(43,793)</u>	<u>81,471</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(655,554)</u>	<u>(496,102)</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>5,918,331</u>	<u>2,529,283</u>
<b>Cash and cash equivalents at end of period</b>	<u><b>\$5,262,777</b></u>	<u><b>\$2,033,181</b></u>