

ALPHA NETWORKS INC. AND SUBSIDIARIES
Consolidated Balance Sheet
June 30, 2020, December 31 and June 30, 2019
(Expressed in thousands of New Taiwan dollars)

	2020/6/30		2019/12/31		2019/6/30			2020/6/30		2019/12/31		2019/6/30	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Assets							Liabilities and Equity						
Current assets :							Current liabilities :						
Cash and cash equivalents	\$ 4,951,192	20	\$ 5,918,331	24	\$ 2,134,425	15	Current borrowings	\$ 2,724,806	11	\$ 952,701	4	\$ -	-
Current financial assets at fair value through profit or loss	89,982	-	99,705	-	11,264	-	Current financial liabilities at fair value through profit or loss	10,554	-	377	-	1,030	-
Current financial assets at amortised cost	256,062	1	3,146,690	13	3,532,784	25	Accounts payable(including related parties)	5,610,827	23	4,310,745	17	2,075,567	15
net	4,799,732	20	3,764,696	15	1,551,963	11	Accrued expenses	584,936	2	556,416	2	319,333	2
Accounts receivable due from related parties, net	457,826	2	528,144	2	659,997	4	Dividends payable	457,206	2	-	-	543,262	4
Inventories	6,682,718	27	5,089,181	20	3,687,593	26	Current tax liabilities	126,936	1	130,756	1	75,000	-
Other current assets	731,834	3	601,754	2	257,388	2	Current provisions	338,239	1	393,041	2	197,164	1
	17,969,346	73	19,148,501	76	11,835,414	83	Long-term borrowings, current portion	-	-	120,000	-	-	-
Non-current assets :							Other current liabilities, others	1,319,641	6	3,120,572	12	579,803	4
Non-current financial assets at fair value through other comprehensive income	222,827	1	161,614	1	134,036	1		11,173,145	46	9,584,608	38	3,791,159	26
Non-current financial assets at amortised cost	183,576	1	39,745	-	22,457	-	Non-current liabilities :						
Property, plant and equipment	3,681,930	15	3,231,397	13	1,758,158	12	Non-current financial liabilities at fair value through profit or loss	1,080	-	1,560	-	-	-
Right-of-use assets	442,981	2	473,667	2	256,450	2	Bonds payable	575,910	2	571,047	2	-	-
Intangible assets	1,469,324	6	1,529,044	6	192,129	1	Non-current portion of non-current borrowings	-	-	150,000	1	-	-
Deferred tax assets	219,038	1	209,124	1	130,794	1	Non-current lease liabilities	207,928	1	224,639	1	202,789	2
Other non-current assets	251,438	1	207,276	1	13,324	-	Net defined benefit liability, non-current	274,468	1	288,999	1	268,579	2
	6,471,114	27	5,851,867	24	2,507,348	17	Other non-current liabilities	133,553	1	132,221	1	68,144	-
								1,192,939	5	1,368,466	6	539,512	4
							Total liabilities	12,366,084	51	10,953,074	44	4,330,671	30
							Equity :						
							Ordinary share	5,422,477	22	5,427,273	22	5,431,287	38
							Share capital awaiting retirement	(4,000)	-	(1,372)	-	(700)	-
								5,418,477	22	5,425,901	22	5,430,587	38
							Capital surplus	3,009,240	12	3,001,756	12	3,018,745	21
							Retained earnings :						
							Legal reserve	1,127,420	5	1,107,188	4	1,107,188	8
							Special reserve	731,766	3	627,926	3	627,926	4
							Unappropriated retained earnings	(375,609)	(2)	566,846	2	432,065	3
								1,483,577	6	2,301,960	9	2,167,179	15
							Other equity interest	(823,278)	(3)	(748,819)	(3)	(604,420)	(4)
							Total equity attributable to owners of parent	9,088,016	37	9,980,798	40	10,012,091	70
							Non-controlling interests	2,986,360	12	4,066,496	16	-	-
							Total equity	12,074,376	49	14,047,294	56	10,012,091	70
Total assets	\$ 24,440,460	100	\$ 25,000,368	100	\$ 14,342,762	100	Total liabilities and equity	\$ 24,440,460	100	\$ 25,000,368	100	\$ 14,342,762	100

ALPHA NETWORKS INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the six-month periods from January 1 to June 30, 2020 and 2019
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

	2020/4/1-2020/6/30		2019/4/1-2019/6/30		2020/1/1-2020/6/30		2019/1/1-2019/6/30	
	Amount	%	Amount	%	Amount	%	Amount	%
Operating revenue	\$ 7,725,035	100	3,949,436	100	12,709,155	100	7,165,290	100
Operating costs	6,458,722	84	3,221,125	82	10,597,710	83	5,909,123	82
Gross profit from operations	1,266,313	16	728,311	18	2,111,445	17	1,256,167	18
Operating expenses :								
Selling expenses	299,122	4	122,151	3	589,773	6	218,629	3
Administrative expenses	301,637	4	150,301	4	562,870	4	276,502	4
Research and development expenses	407,273	5	367,041	9	805,096	6	678,720	10
Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	8,578	-	7,174	-	(11,037)	-	14,727	-
Total operating expenses	1,016,610	13	646,667	16	1,946,702	16	1,188,578	17
Net operating income (loss)	249,703	3	81,644	2	164,743	1	67,589	1
Non-operating income and expenses :								
Interest income	5,055	-	16,077	-	17,562	-	31,739	1
Other income	47,914	1	13,533	1	57,456	-	28,863	-
Other gains and losses	14,620	-	16,864	-	(12,528)	-	10,278	-
Finance costs	(11,806)	-	(911)	-	(26,260)	-	(1,802)	-
Total non-operating income and expenses	55,783	1	45,563	1	36,230	-	69,078	1
Profit (loss) before tax	305,486	4	127,207	3	200,973	1	136,667	2
Tax expenses	28,430	-	43,085	1	61,851	-	51,464	1
Profit (loss)	277,056	4	84,122	2	139,122	1	85,203	1
Other comprehensive income:								
Components of other comprehensive income that will not be reclassified to profit or loss								
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	78,099	1	(7,915)	-	61,213	-	6,860	-
Components of other comprehensive income that will be reclassified to profit or loss								
Exchange differences on translation	(99,625)	(1)	(53,833)	(1)	(160,496)	(1)	58,066	1
Other comprehensive income, net	(21,526)	-	(61,748)	(1)	(99,283)	(1)	64,926	1
Total comprehensive income	\$ 255,530	4	22,374	1	39,839	-	150,129	2
Profit (loss), attributable to:								
Profit (loss), attributable to owners of parent	\$ 211,397	3	84,122	2	82,084	1	85,203	1
Profit (loss), attributable to non-controlling interests	65,659	1	-	-	57,038	-	-	-
	\$ 277,056	4	84,122	2	139,122	1	85,203	1
Comprehensive income attributable to:								
Comprehensive income, attributable to owners of parent	\$ 202,405	3	22,374	1	(3,870)	-	150,129	2
Comprehensive income, attributable to non-controlling interests	53,125	1	-	-	43,709	-	-	-
	\$ 255,530	4	22,374	1	39,839	-	150,129	2
Earnings per share(in New Taiwan dollars)								
Basic earnings per share	\$ 0.39		0.16		0.15		0.16	
Diluted earnings per share	\$ 0.39		0.16		0.15		0.16	

ALPHA NETWORKS INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the six-month periods from January 1 to June 30, 2020 and 2019
(Expressed in thousands of New Taiwan dollars)

	<u>2020/1/1~2020/6/30</u>	<u>2019/1/1~2019/6/30</u>
Cash flows from (used in) operating activities:		
Profit before tax	\$ 200,973	136,667
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expenses	238,901	135,330
Amortization expenses	98,850	31,261
Expected credit (gain) loss	(11,037)	14,727
Net gain on financial assets or liabilities at fair value through profit or loss	(978)	(10,234)
Interest expense	26,260	1,802
Interest income	(17,562)	(31,739)
Share-based payments	11,495	29,072
Loss on disposal of property, plant and equipment	1,103	-
Provision (reversal of provision) for inventory obsolescence and devaluation loss	107,687	(48,103)
Total adjustments to reconcile profit (loss)	<u>454,719</u>	<u>122,116</u>
Changes in operating assets and liabilities:		
Increase in notes and accounts receivable	(1,044,732)	(246,074)
Decrease in accounts receivable due from related parties	91,051	187,891
Decrease in financial assets at fair value through profit or loss, mandatorily measured at fair value	6,839	1,696
(Increase) decrease in inventories	(1,701,224)	82,814
Increase in other current assets	(250,924)	(50,366)
Total changes in operating assets	<u>(2,898,990)</u>	<u>(24,039)</u>
Increase (Decrease) in accounts payable	1,300,081	(807,132)
Decrease in other payable to related parties	(1,005)	(2,024)
Decrease in financial liabilities at fair value through profit or loss, mandatorily measured at fair value	(377)	(97)
Decrease in other current liabilities	(202,442)	(145,257)
Decrease in net defined benefit liability	(14,531)	(26,304)
Total Changes in operating liabilities	<u>1,081,726</u>	<u>(980,814)</u>
Total changes in operating assets and liabilities	<u>(1,817,264)</u>	<u>(1,004,853)</u>
Total adjustments	<u>(1,362,545)</u>	<u>(882,737)</u>
Cash outflow generated from operations	(1,161,572)	(746,070)
Interest received	16,576	31,786
Interest paid	(19,135)	(1,802)
Income taxes paid	(69,078)	(31,301)
Cash flows from (used in) operating activities	<u>(1,233,209)</u>	<u>(747,387)</u>
Cash flows from (used in) investing activities		
Acquisition of financial assets at amortised cost	(313,766)	(3,650,531)
Proceeds from repayments of financial assets at amortised cost	3,169,118	4,005,932
Acquisition of financial asset at fair value through profit or loss	(22,227)	-
Proceeds from disposal of financial assets at fair value through profit or loss	36,163	-
Net cash flow from acquisition of subsidiaries	(3,200,000)	-
Acquisition of property, plant and equipment	(713,091)	(21,849)
Proceeds from disposal of property, plant and equipment	9,855	-
Increase in refundable deposits	(13,713)	(1,367)
Acquisition of intangible assets	(39,657)	(19,183)
Increase in other non-current assets	(44,164)	-
Net cash flows from (used in) investing activities	<u>(1,131,482)</u>	<u>313,002</u>
Cash flows from (used in) financing activities:		
Increase in short-term loans	1,772,105	-
Repayments of long-term debt	(270,000)	-
(Decrease) increase in guarantee deposits received	(1,332)	857
Payments of lease liabilities	(29,023)	(3,605)
Proceeds from endowments received by the company	60	66
Net cash flows from (used in) financing activities	<u>1,471,810</u>	<u>(2,682)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(74,258)</u>	<u>42,209</u>
Net decrease in cash and cash equivalents	<u>(967,139)</u>	<u>(394,858)</u>
Cash and cash equivalents at beginning of period	<u>5,918,331</u>	<u>2,529,283</u>
Cash and cash equivalents at end of period	<u>\$ 4,951,192</u>	<u>2,134,425</u>