

ALPHA NETWORKS INC. AND SUBSIDIARIES
Consolidated Balance Sheet
September 30, 2021, December 31 and September 30, 2020
(Expressed in thousands of New Taiwan dollars)

	2021/9/30		2020/12/31		2020/9/30	
Assets	Amount	%	Amount	%	Amount	%
Current assets :						
Cash and cash equivalents	\$ 3,513,207	15	\$ 5,710,004	21	\$ 4,930,887	19
Current financial assets at fair value through profit or loss	61,872	-	82,311	-	82,309	-
Current financial assets at amortised cost	565,875	2	226,577	1	349,284	1
Notes and accounts receivable, net	4,831,883	20	6,801,078	25	6,639,280	25
Accounts receivable due from related parties, net	-	-	-	-	485,010	2
Inventories	8,744,701	36	7,029,370	26	6,791,038	26
Other current assets	520,734	2	856,997	3	832,122	3
	<u>18,238,272</u>	<u>75</u>	<u>20,706,337</u>	<u>76</u>	<u>20,109,930</u>	<u>76</u>
Non-current assets :						
Non-current financial assets at fair value through other comprehensive income	19,335	-	21,245	-	215,967	1
Non-current financial assets at amortised cost	129,099	-	156,475	1	171,653	1
Property, plant and equipment	3,726,611	15	3,936,709	15	3,827,236	14
Right-of-use assets	409,943	2	427,337	2	443,415	2
Intangible assets	1,378,261	6	1,435,575	5	1,455,180	5
Deferred tax assets	226,767	1	250,836	1	230,571	1
Other non-current assets	220,529	1	71,069	-	134,965	-
	<u>6,110,545</u>	<u>25</u>	<u>6,299,246</u>	<u>24</u>	<u>6,478,987</u>	<u>24</u>
Total assets	<u>\$ 24,348,817</u>	<u>100</u>	<u>\$ 27,005,583</u>	<u>100</u>	<u>\$ 26,588,917</u>	<u>100</u>

	2021/9/30		2020/12/31		2020/9/30	
Liabilities and Equity	Amount	%	Amount	%	Amount	%
Current liabilities :						
Current borrowings	\$ 3,477,215	14	\$ 2,842,762	11	\$ 3,062,043	11
Current financial liabilities at fair value through profit or loss	4,907	-	10,517	-	2,605	-
Accounts payable(including related parties)	4,791,130	20	6,828,103	25	6,851,095	26
Accrued expenses	457,784	2	749,008	3	593,951	2
Current tax liabilities	254,483	1	267,687	1	198,282	1
Current provisions	313,254	1	358,850	1	333,874	1
Bonds payable, current portion	459,813	2	526,507	2	-	-
Other current liabilities, others	1,674,213	7	2,131,767	8	2,018,911	8
	<u>11,432,799</u>	<u>47</u>	<u>13,715,201</u>	<u>51</u>	<u>13,060,761</u>	<u>49</u>
Non-current liabilities :						
Non-current financial liabilities at fair value through profit or loss	-	-	-	-	1,020	-
Bonds payable	-	-	-	-	578,356	3
Non-current lease liabilities	207,245	1	201,065	1	209,117	1
Net defined benefit liability, non-current	196,549	1	220,367	1	275,076	1
Other non-current liabilities	130,110	-	130,619	-	120,036	-
	<u>533,904</u>	<u>2</u>	<u>552,051</u>	<u>2</u>	<u>1,183,605</u>	<u>5</u>
Total liabilities	<u>11,966,703</u>	<u>49</u>	<u>14,267,252</u>	<u>53</u>	<u>14,244,366</u>	<u>54</u>
Equity :						
Ordinary share	5,417,185	22	5,417,185	20	5,418,177	20
Share capital awaiting retirement	-	-	-	-	(992)	-
	<u>5,417,185</u>	<u>22</u>	<u>5,417,185</u>	<u>20</u>	<u>5,417,185</u>	<u>20</u>
Capital surplus	2,583,765	11	3,004,591	11	2,994,393	11
Retained earnings :						
Legal reserve	1,127,420	5	1,127,420	4	1,127,420	4
Special reserve	448,804	2	731,766	3	731,766	3
Unappropriated retained earnings	387,868	1	(127,976)	-	(171,023)	(1)
	<u>1,964,092</u>	<u>8</u>	<u>1,731,210</u>	<u>7</u>	<u>1,688,163</u>	<u>6</u>
Other equity interest	(486,530)	(2)	(448,804)	(2)	(718,670)	(2)
Total equity attributable to owners of parent	<u>9,478,512</u>	<u>39</u>	<u>9,704,182</u>	<u>36</u>	<u>9,381,071</u>	<u>35</u>
Non-controlling interests	2,903,602	12	3,034,149	11	2,963,480	11
Total equity	<u>12,382,114</u>	<u>51</u>	<u>12,738,331</u>	<u>47</u>	<u>12,344,551</u>	<u>46</u>
Total liabilities and equity	<u>\$ 24,348,817</u>	<u>100</u>	<u>\$ 27,005,583</u>	<u>100</u>	<u>\$ 26,588,917</u>	<u>100</u>

ALPHA NETWORKS INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income

For the three-month periods from July 1 to September 30, 2021 and 2020, and the nine-month periods from January 1 to September 30, 2021 and 2020
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

	2021/7/1~2021/9/30		2020/7/1~2020/9/30		2021/1/1~2021/9/30		2020/1/1~2020/9/30	
	Amount	%	Amount	%	Amount	%	Amount	%
Operating revenue	\$ 6,705,956	100	9,671,497	100	21,454,273	100	22,380,652	100
Operating costs	5,559,725	83	8,213,305	85	18,079,219	84	18,811,015	84
Gross profit from operations	1,146,231	17	1,458,192	15	3,375,054	16	3,569,637	16
Operating expenses :								
Selling expenses	288,949	4	330,787	3	839,285	4	920,560	4
Administrative expenses	317,185	5	338,486	3	931,867	4	901,356	4
Research and development expenses	357,488	5	412,778	4	1,100,579	5	1,217,874	6
Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	5,666	-	(1,305)	-	(2,247)	-	(12,342)	-
Total operating expenses	969,288	14	1,080,746	10	2,869,484	13	3,027,448	14
Net operating income	176,943	3	377,446	5	505,570	3	542,189	2
Non-operating income and expenses :								
Other income	30,337	-	23,425	-	68,781	-	80,881	-
Other gains and losses	(7,786)	-	(71,079)	(1)	(5,260)	-	(83,607)	-
Finance costs	(11,135)	-	(10,800)	-	(30,779)	-	(37,060)	-
Interest income	8,534	-	7,427	-	20,857	-	24,989	-
Total non-operating income and expenses	19,950	-	(51,027)	(1)	53,599	-	(14,797)	-
Profit before tax	196,893	3	326,419	4	559,169	3	527,392	2
Tax expenses	56,685	1	62,599	1	164,491	1	124,450	-
Profit	140,208	2	263,820	3	394,678	2	402,942	2
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	-	-	(6,860)	-	(1,910)	-	54,353	-
Components of other comprehensive income that will be reclassified to profit or loss								
Exchange differences on translation	(15,114)	-	109,480	1	(42,396)	-	(51,016)	-
Other comprehensive income, net	(15,114)	-	102,620	1	(44,306)	-	3,337	-
Total comprehensive income	\$ 125,094	2	366,440	4	350,372	2	406,279	2
Profit (loss), attributable to:								
Profit (loss), attributable to owners of parent	\$ 111,841	2	240,110	3	341,226	2	322,194	2
Profit (loss), attributable to non-controlling interests	28,367	-	23,710	-	53,452	-	80,748	-

ALPHA NETWORKS INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 2021 and 2020
(Expressed in thousands of New Taiwan dollars)

	<u>2021/1/1~2021/9/30</u>	<u>2020/1/1~2020/9/30</u>
Cash flows from (used in) operating activities:		
Profit before tax	\$ 559,169	527,392
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expenses	401,563	376,743
Amortization expenses	158,725	145,744
Expected credit gain	(2,247)	(12,342)
Net gain on financial assets or liabilities at fair value through profit	(8,257)	(10,855)
Interest expense	30,779	37,060
Interest income	(20,857)	(24,989)
Dividend income	(2,677)	(4,259)
Share-based payments	-	943
Loss on disposal of property, plant and equipment	8,517	3,115
Provision (reversal of provision) for inventory obsolescence and devaluation loss	50,847	84,703
Other adjustments to reconcile profit (loss)	-	32,028
Total adjustments to reconcile profit (loss)	<u>616,393</u>	<u>627,891</u>
Changes in operating assets and liabilities:		
Decrease (increase) in notes and accounts receivable	1,971,442	(2,819,108)
Decrease in financial assets at fair value through profit or loss, mandatorily measured at fair value	21,752	16,095
Increase in inventories	(1,444,697)	(1,786,560)
Decrease (increase) in other current assets	92,915	(365,324)
Total changes in operating assets	<u>641,412</u>	<u>(4,954,897)</u>
Increase (Decrease) in accounts payable	(2,036,973)	2,540,349
Increase (Decrease) in other payable to related parties	5,206	(1,114)
Decrease in financial liabilities held for trading	(10,920)	(377)
Increase (Decrease) in other current liabilities	(758,565)	535,662
Decrease in net defined benefit liability	(23,818)	(13,923)
Total Changes in operating liabilities	<u>(2,825,070)</u>	<u>3,060,597</u>
Total changes in operating assets and liabilities	<u>(2,183,658)</u>	<u>(1,894,300)</u>
Total adjustments	<u>(1,567,265)</u>	<u>(1,266,409)</u>
Cash outflow generated from operations	(1,008,096)	(739,017)
Interest received	18,702	24,086
Dividends received	2,677	4,259
Interest paid	(30,779)	(27,562)
Income taxes paid	(173,854)	(116,856)
Net cash flows from (used in) operating activities	<u>(1,191,350)</u>	<u>(855,090)</u>
Cash flows from (used in) investing activities		
Acquisition of financial assets at amortised cost	(1,552,111)	(453,780)
Proceeds from repayments of financial assets at amortised cost	1,124,916	3,197,468
Acquisition of financial asset at fair value through profit or loss	-	(26,382)
Proceeds from disposal of financial assets at fair value through profit or loss	11,851	40,603
Net cash flow from acquisition of subsidiaries	(560)	(3,283,679)
Acquisition of property, plant and equipment	(186,183)	(972,989)
Proceeds from disposal of property, plant and equipment	8,828	12,807
Decrease (Increase) in refundable deposits	27,376	(1,789)
Acquisition of intangible assets	(102,652)	(61,219)
Decrease (Increase) in other non-current assets	(113,284)	57,624
Net cash flows from (used in) investing activities	<u>(781,819)</u>	<u>(1,491,336)</u>
Cash flows from (used in) financing activities:		
Increase in short-term loans	634,453	2,109,342
Repayments of long-term debt	-	(270,000)
Increase (decrease) in guarantee deposits received	433	(1,149)
Payments of lease liabilities	(32,563)	(48,876)
Cash dividends paid	(541,719)	(238,692)
Proceeds from endowments received by the company	(220)	60
Change in non-controlling interests	(238,145)	(218,069)
Net cash flows from (used in) financing activities	<u>(177,761)</u>	<u>1,332,616</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(45,867)</u>	<u>26,366</u>
Net decrease in cash and cash equivalents	<u>(2,196,797)</u>	<u>(987,444)</u>
Cash and cash equivalents at beginning of period	<u>5,710,004</u>	<u>5,918,331</u>
Cash and cash equivalents at end of period	<u>\$ 3,513,207</u>	<u>4,930,887</u>