

ALPHA NETWORKS INC. AND SUBSIDIARIES

Consolidated Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2024 and 2023**

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The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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Representation Letter

The entities that are required to be included in the consolidated financial statements of Alpha Networks Inc. as of and for the year ended December 31, 2024 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements" endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Alpha Networks Inc. and Subsidiaries do not prepare a separate set of consolidated financial statements.

Hereby declare

Company name: Alpha Networks Inc.
Chairman: Wen-Feng Huang
Date: February 27, 2025



安侯建業聯合會計師事務所

KPMG

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Independent Auditors' Report

To the Board of Directors of Alpha Networks Inc.:

Opinion

We have audited the consolidated financial statements of Alpha Networks Inc. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.



1. Revenue recognition from contracts with customers

Please refer to note 4(15) and note 6(24) for accounting policy and detailed disclosure of revenue, respectively.

Description of key audit matter:

The Group's major revenue is derived from the sales of goods to its customers. Revenue is recognized when the control over a product has been transferred to the customer as specified in each individual contract with customers. The Group recognizes revenue depending on the various sales terms in each individual contract with customers to ensure its performance obligation has been satisfied by transferring its control over a product to its customer. Therefore, revenue recognition is one of our key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding and testing the Group's internal controls surrounding the sales process and cash collection transaction process; analyzing the terms and types of the major sales transactions and assessing whether they were recorded in the proper period; selecting samples of sales transactions within the period before and after the balance sheet date, to recognize when the performance obligation has been satisfied by transferring control over the goods to a customer in order to determine whether they have been recorded in a proper period.

2. Valuation of inventories

Please refer to the note 4(8) for the accounting policy, note 5 for significant accounting assumptions and judgments, and major sources of estimation uncertainty, and note 6(4) for summary of inventory.

Description of key audit matter:

Inventories are measured at the lower of cost or net realizable value at the reporting date. The net realizable value of the inventory is determined by the Group based on the assumptions of the estimated selling price of the products. The rapid development of technology and introduction of new products may significantly change market demand and cause market price fluctuation, which may lead to product obsolescence and the cost of inventory to be higher than the net realizable value. Therefore, the valuation of inventory is one of our key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included reviewing the inventory aging report and analyzing the fluctuation of inventory aging; selecting samples to verify the accuracy of the net realizable value of inventories and inventory aging report prepared by the Group; evaluating whether the valuation of inventories was accounted for in accordance with the Group's accounting policies; and assessing the historical reasonableness of the management's estimates on inventory provisions.

Other Matter

Alpha Networks Inc. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2024 and 2023, on which we have issued an unmodified opinion.



Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (inclusive of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.



5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chun-Yuan Wu and Wei-Ming Shih.

KPMG

Taipei, Taiwan (Republic of China)
February 27, 2025

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ALPHA NETWORKS INC. AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2024		December 31, 2023				December 31, 2024		December 31, 2023	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(1))	\$ 3,957,279	17	3,200,675	14	2100	Short-term borrowings (note 6(14))	\$ 1,615,357	7	880,246	4
1110	Current financial assets at fair value through profit or loss (note 6(2))	5,192	-	36,298	-	2120	Current financial liabilities at fair value through profit or loss (note 6(2))	23,758	-	778	-
1136	Current financial assets at amortized cost (notes 6(1), (5) and 8)	73,355	-	20,000	-	2130	Current contract liabilities (note 6(17))	1,339,841	5	1,242,077	5
1170	Notes and accounts receivable, net (notes 6(3) and (24))	3,969,144	17	4,898,517	21	2170	Accounts payable (including related parties) (note 7)	3,460,727	15	4,269,356	18
1180	Accounts receivable due from related parties, net (notes 6(3) and 7)	1,568	-	765	-	2209	Accrued expenses	549,804	2	565,992	2
130x	Inventories (note 6(4))	6,929,471	30	7,454,980	31	2230	Current tax liabilities	187,745	1	378,337	2
1461	Non-current assets held for sale (note 6(6))	-	-	110,769	-	2250	Current provisions (note 6(16))	231,771	1	366,787	2
1470	Other current assets (notes 6(13), 7 and 8)	<u>767,495</u>	<u>4</u>	<u>745,897</u>	<u>3</u>	2322	Long-term borrowings, current portion (note 6(15))	80,000	-	-	-
		<u>15,703,504</u>	<u>68</u>	<u>16,467,901</u>	<u>69</u>	2260	Liabilities related to non-current assets classified as held for sale (note 6(6))	-	-	1,137	-
Non-current assets:						2399	Other current liabilities (notes 6(19), (24) and 7)	<u>850,904</u>	<u>5</u>	<u>1,056,814</u>	<u>4</u>
1510	Non-current financial assets at fair value through profit or loss (note 6(2))	52,620	-	-	-			<u>8,339,907</u>	<u>36</u>	<u>8,761,524</u>	<u>37</u>
	Non-current financial assets at fair value through other comprehensive					Non-Current liabilities:					
1517	income (note 6(8))	110,711	-	191,331	1	2530	Bonds payable (note 6(18))	-	-	264,612	1
1535	Non-current financial assets at amortized cost (notes 6(1), (3), (5) and 8)	214,057	1	171,565	-	2540	Long-term borrowings (note 6(15))	375,000	2	700,000	3
1600	Property, plant and equipment (notes 6(10) and 7)	4,565,191	20	4,273,214	18	2580	Non-current lease liabilities (note 6(19))	287,479	1	292,911	1
1755	Right-of use asset (note 6(11))	650,114	3	649,134	3	2640	Net defined benefit liability (note 6(20))	55,398	-	105,243	-
1780	Intangible assets (note 6(12))	1,672,821	7	1,185,129	5	2670	Other non-current liabilities (notes 6(16) and (21))	<u>204,031</u>	<u>1</u>	<u>344,474</u>	<u>2</u>
1840	Deferred tax assets (note 6(21))	234,268	1	496,387	2			<u>921,908</u>	<u>4</u>	<u>1,707,240</u>	<u>7</u>
1990	Other non-current assets (notes 6(13) and (20))	<u>41,230</u>	<u>-</u>	<u>364,182</u>	<u>2</u>		Total liabilities	<u>9,261,815</u>	<u>40</u>	<u>10,468,764</u>	<u>44</u>
		<u>7,541,012</u>	<u>32</u>	<u>7,330,942</u>	<u>31</u>	Equity (note 6(22)):					
						Equity attributable to owners of parent:					
						3110	Ordinary share capital	<u>5,417,185</u>	<u>23</u>	<u>5,417,185</u>	<u>23</u>
						3200	Capital surplus	<u>2,614,277</u>	<u>11</u>	<u>2,595,804</u>	<u>11</u>
							Retained earnings:				
						3310	Legal reserve	1,321,375	6	1,266,681	5
						3320	Special reserve	267,982	1	226,548	1
						3350	Unappropriated retained earnings	<u>382,082</u>	<u>1</u>	<u>774,486</u>	<u>3</u>
								<u>1,971,439</u>	<u>8</u>	<u>2,267,715</u>	<u>9</u>
						3400	Other equity interest	<u>(87,993)</u>	<u>-</u>	<u>(267,983)</u>	<u>(1)</u>
							Total equity attributable to owners of parent	<u>9,914,908</u>	<u>42</u>	<u>10,012,721</u>	<u>42</u>
						36XX	Non-controlling interests (notes 6(9) and (22))	<u>4,067,793</u>	<u>18</u>	<u>3,317,358</u>	<u>14</u>
							Total equity	<u>13,982,701</u>	<u>60</u>	<u>13,330,079</u>	<u>56</u>
Total assets		<u>\$ 23,244,516</u>	<u>100</u>	<u>23,798,843</u>	<u>100</u>		Total liabilities and equity	<u>\$ 23,244,516</u>	<u>100</u>	<u>23,798,843</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ALPHA NETWORKS INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		For the years ended December 31,			
		2024		2023	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(24) and 7)	\$ 21,443,625	100	28,272,191	100
5000	Operating costs (notes 6(4),(20),(25) and 7)	17,514,226	82	23,061,018	82
	Gross profit	3,929,399	18	5,211,173	18
	Operating expenses (notes 6(3),(20),(25) and 7):				
6100	Selling expenses	1,083,482	5	1,303,715	4
6200	Administrative expenses	1,021,350	4	1,212,678	4
6300	Research and development expenses	1,716,699	8	1,889,315	7
6450	Expected credit loss (gain)	281	-	(23,805)	-
	Total operating expenses	3,821,812	17	4,381,903	15
	Net operating income	107,587	1	829,270	3
	Non-operating income and expenses:				
7010	Other income (note 6(27))	86,963	-	104,559	-
7020	Other gains and losses, net (notes 6(6) and (28))	357,043	2	(51,523)	-
7050	Finance costs (note 6(29))	(143,824)	(1)	(156,251)	-
7100	Interest income (note 6(26))	107,187	1	81,342	-
	Total non-operating income and expenses	407,369	2	(21,873)	-
	Profit before tax	514,956	3	807,397	3
7950	Less: Income tax expense (note 6(21))	172,957	1	167,530	1
	Profit	341,999	2	639,867	2
8300	Other comprehensive income (loss):				
8310	Components of other comprehensive income (loss) that may not be reclassified subsequently to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans (note 6(20))	32,094	-	(976)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (loss) (notes 6(22) and (30))	(48,647)	-	19,337	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(21))	(162)	-	-	-
	Components of other comprehensive income (loss) that may not be reclassified subsequently to profit or loss	(16,715)	-	18,361	-
8360	Components of other comprehensive income (loss) that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements (note 6(22))	346,391	2	(61,867)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (notes 6(21) and (22))	(55,689)	(1)	13,367	-
	Components of other comprehensive income (loss) that may be reclassified subsequently to profit or loss	290,702	1	(48,500)	-
8300	Other comprehensive income, net of income tax	273,987	1	(30,139)	-
8500	Total comprehensive income	\$ 615,986	3	609,728	2
	Profit attributable to:				
8610	Owners of parent	\$ 218,627	1	547,920	2
8620	Non-controlling interests	123,372	1	91,947	-
		\$ 341,999	2	639,867	2
8700	Total comprehensive income attributable to:				
8710	Owners of parent	\$ 430,850	2	505,510	2
8720	Non-controlling interests	185,136	1	104,218	-
		\$ 615,986	3	609,728	2
	Earnings per share (New Taiwan dollars) (note 6(23))				
	Basic earnings per share	\$ 0.40		1.01	
	Diluted earnings per share	\$ 0.40		1.01	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

ALPHA NETWORKS INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

							Total other equity interest						
				Retained earnings			Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Equity related to non-current assets held for sale	Total other equity interest	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings							
Balance at January 1, 2023	\$ 5,417,185	2,544,401	1,169,989	447,091	1,019,195	2,636,275	(233,127)	6,578	-	(226,549)	10,371,312	3,185,307	13,556,619
Profit	-	-	-	-	547,920	547,920	-	-	-	-	547,920	91,947	639,867
Other comprehensive income (loss)	-	-	-	-	(976)	(976)	(53,470)	12,036	-	(41,434)	(42,410)	12,271	(30,139)
Total comprehensive income (loss)	-	-	-	-	546,944	546,944	(53,470)	12,036	-	(41,434)	505,510	104,218	609,728
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	96,692	-	(96,692)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	(220,543)	220,543	-	-	-	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(915,504)	(915,504)	-	-	-	-	(915,504)	-	(915,504)
Donation from shareholders	-	16	-	-	-	-	-	-	-	-	16	-	16
Changes in ownership interests in subsidiaries	-	51,387	-	-	-	-	-	-	-	-	51,387	(51,387)	-
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(296,382)	(296,382)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	375,602	375,602
Equity related to non-current assets held for sale	-	-	-	-	-	-	43,579	-	(43,579)	-	-	-	-
Balance at December 31, 2023	5,417,185	2,595,804	1,266,681	226,548	774,486	2,267,715	(243,018)	18,614	(43,579)	(267,983)	10,012,721	3,317,358	13,330,079
Profit	-	-	-	-	218,627	218,627	-	-	-	-	218,627	123,372	341,999
Other comprehensive income (loss)	-	-	-	-	31,689	31,689	222,759	(42,225)	-	180,534	212,223	61,764	273,987
Total comprehensive income (loss)	-	-	-	-	250,316	250,316	222,759	(42,225)	-	180,534	430,850	185,136	615,986
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	54,694	-	(54,694)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	41,434	(41,434)	-	-	-	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(547,136)	(547,136)	-	-	-	-	(547,136)	-	(547,136)
Donation from shareholders	-	10	-	-	-	-	-	-	-	-	10	-	10
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	544	544	-	(544)	-	(544)	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-	(43,579)	-	43,579	-	-	-	-
Changes in ownership interests in subsidiaries	-	18,463	-	-	-	-	-	-	-	-	18,463	(18,463)	-
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(230,106)	(230,106)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	813,868	813,868
Balance at December 31, 2024	\$ 5,417,185	2,614,277	1,321,375	267,982	382,082	1,971,439	(63,838)	(24,155)	-	(87,993)	9,914,908	4,067,793	13,982,701

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ALPHA NETWORKS INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2024	2023
Cash flows from operating activities:		
Profit before tax	\$ 514,956	807,397
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	504,383	556,948
Amortization expense	219,771	217,260
Expected credit loss (reversal gain)	281	(23,805)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	21,990	(35,836)
Interest expense	143,824	156,251
Interest income	(107,187)	(81,342)
Dividend income	(1,306)	(3,456)
Loss on disposal of property, plant and equipment	3,578	7,626
Loss on disposal of intangible assets	-	3,115
Provisions for inventory obsolescence and devaluation loss	62,202	225,505
Gain on disposal of non-current assets held for sale	(453,891)	-
Loss on lease modification	155	-
Total adjustments to reconcile profit	<u>393,800</u>	<u>1,022,266</u>
Changes in operating assets and liabilities:		
Notes and accounts receivable (including related parties)	976,374	704,967
Financial assets mandatorily at fair value through profit or loss	30,309	5,320
Inventories	901,036	1,697,983
Other current assets	21,482	228,441
Financial liabilities held for trading	(778)	(9,836)
Accounts payable (including related parties)	(878,491)	(740,638)
Other payables to related parties	3,273	(800)
Other current liabilities	(415,414)	(593,356)
Net defined benefit liability	(17,911)	(41,375)
Other non-current liabilities	8,512	(31,428)
Total changes in operating assets and liabilities	<u>628,392</u>	<u>1,219,278</u>
Total adjustments	<u>1,022,192</u>	<u>2,241,544</u>

(Continued)

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

ALPHA NETWORKS INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2024	2023
Cash flows generated from operations	\$ 1,537,148	3,048,941
Interest received	105,124	80,177
Dividends received	1,306	3,456
Interest paid	(150,198)	(152,011)
Income taxes paid	(206,248)	(278,211)
Net cash flows from operating activities	1,287,132	2,702,352
Cash flows from investing activities:		
Proceeds from disposal of financial assets at fair value through profit or loss	-	56,025
Proceeds from disposal of financial assets at fair value through other comprehensive income	31,974	-
Acquisition of financial assets at amortized cost	(73,355)	(261,000)
Proceeds from repayments of financial assets at amortized cost	41,000	220,000
Acquisition of financial assets at fair value through profit or loss	(50,000)	-
Net cash outflow arising from acquisition of subsidiaries	(349,760)	-
Proceeds from disposal of non-current assets classified as held for sale	536,388	-
Decrease in cash classified as held for sale disposal group	-	(12,349)
Acquisition of property, plant and equipment	(606,530)	(636,079)
Proceeds from disposal of property, plant and equipment	36,066	50,269
Increase in refundable deposits	(34,188)	(6,352)
Acquisition of intangible assets	(79,615)	(103,307)
Decrease in other non-current assets	327,999	28,677
Net cash flows used in investing activities	(220,021)	(664,116)
Cash flows from financing activities:		
Increase in short-term borrowings	10,257,379	13,191,481
Repayments of short-term borrowings	(9,590,130)	(15,757,797)
Proceeds from bonds payable	-	631,884
Proceeds from long-term borrowings	55,000	700,000
Repayments of long-term borrowings	(300,000)	(26,000)
Increase (decrease) in guarantee deposits received	580	(76)
Payment of lease liabilities	(38,007)	(39,820)
Cash dividends paid to shareholders	(547,136)	(915,504)
Donation from shareholders	10	16
Cash dividends paid to non-controlling interest	(230,106)	(296,382)
Net cash flows used in financing activities	(392,410)	(2,512,198)
Effect of exchange rate changes on cash and cash equivalents	81,903	(409,647)
Net increase (decrease) in cash and cash equivalents	756,604	(883,609)
Cash and cash equivalents at beginning of period	3,200,675	4,084,284
Cash and cash equivalents at end of period	\$ 3,957,279	3,200,675

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ALPHA NETWORKS INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company history

ALPHA NETWORKS INC. (“Alpha”) was established by a spin-off arrangement whereby on August 16, 2003, D-Link Corporation (“D-Link”) separated its operation business unit of original design manufacturing and original equipment manufacturing (“ODM/OEM”) and had transferred its related operating assets and liabilities to Alpha. Alpha was then incorporated on September 4, 2003, through obtained the registration approval from the Hsinchu Science Park Bureau (“HSPB”). The registered address of Alpha is No. 8, Li-shing 7th Road, Science-based Industrial Park, Hsinchu, Taiwan (R.O.C.). The consolidated financial statements comprise Alpha and its subsidiaries (together referred to as the “Group”).

The Group’s main activities include the research, development, design, production and sale of broadband products, computer network systems, wireless local area networks (“LANs”), and related accessories.

On July 23, 2020, Qisda Corporation (“Qisda”) acquired 19.02% of Alpha’s ordinary shares, before the acquisition, Qisda and its subsidiaries held 23.84%, totaling 42.86% of the ordinary shares, Qisda became the parent company after the acquisition.

2. Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issuance by the Board of Directors on February 27, 2025.

3. New standards, amendments and interpretations adopted:

- (1) The impact of the International Financial Reporting Standards (“IFRS Accounting Standards”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2024:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

- (2) The impact of IFRS Accounting Standards endorsed by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 21 “Lack of Exchangeability”

ALPHA NETWORKS INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (3) The impact of IFRS Accounting Standards issued by International Accounting Standards Board (the "IASB") but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the IASB, but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> • A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities. • Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. • Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	January 1, 2027

ALPHA NETWORKS INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

4. Summary of material accounting policies:

The material accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(1) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C (altogether referred to “IFRS Accounting Standards” endorsed by the “FSC”).

(2) Basis of preparation

A. Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- (a) Financial assets and liabilities at fair value through profit or loss are measured at fair value;
- (b) Financial assets at fair value through other comprehensive income are measured at fair value;
- (c) The net defined benefit liability is measured at the fair value of the plan assets less the present value of the defined benefit obligation.

ALPHA NETWORKS INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

B. Functional and presentation currency

The functional currency of the Group is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars (NTD), which is the Group's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(3) Basis of consolidation

A. Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise Alpha and its subsidiaries. Alpha controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its control over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. Total comprehensive income (loss) in a subsidiary is allocated to the shareholders of Alpha and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Subsidiaries' financial statements are adjusted to align the accounting policies with those of the Group.

Changes in the Group's ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

B. List of subsidiaries in the consolidated financial statements

Name of Investor	Name of Investee	Main Business Activities	Shareholding	
			December 31, 2024	December 31, 2023
Alpha	Alpha Holdings Inc. (Alpha Holdings) (note 1)	Investment holding	-	-
Alpha	Alpha Solutions Co., Ltd. (Alpha Solutions)	Sale of network equipment, components and technical services	100.00%	100.00%
Alpha	Alpha Networks, Inc. (Alpha USA)	Sale, marketing and procurement services in USA	100.00%	100.00%
Alpha	Alpha Networks (Hong Kong) Limited (Alpha HK)	Investment holding	100.00%	100.00%
Alpha	Alpha Technical Services Inc. (ATS)	Post-sale service	100.00%	100.00%
Alpha	Enrich Investment Corporation (Enrich Investment)	Investment holding	100.00%	100.00%

ALPHA NETWORKS INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of Investor	Name of Investee	Main Business Activities	Shareholding	
			December 31, 2024	December 31, 2023
Alpha	D-Link Asia Investment Pte, Ltd. (D-Link Asia) (note 4)	Investment in manufacturing business	-	-
Alpha	Hitron Technologies Inc. (Hitron Technologies)	Marketing on system integration of communication product and telecommunication products	62.24%	62.24%
Alpha	Alpha Networks Vietnam Company Limited (Alpha VN)	Production and sale of network products	100.00%	100.00%
Alpha	Alpha Networks (Chengdu) Co., Ltd. (Alpha Chengdu)	Research and development of network products	100.00%	100.00%
Alpha	INDIALPHA TECHNET PRIVATE LIMITED (INDIALPHA) (note 6)	Sale of network products	99.99%	-
Alpha	Fiber Logic Communication, Inc. (Fiber Logic) (note 7)	Broad band communication products and service	31.66%	-
D-Link Asia	Alpha Networks (Dongguan) Co., Ltd. (Alpha Dongguan) (note 4)	Production and sale of network products	-	-
Alpha HK	Alpha Networks (Changshu) Ltd. (Alpha Changshu)	Production and sale of network products	100.00%	100.00%
Alpha Changshu	Mirac Networks (Dongguan) Co., Ltd. (Mirac)	Production and sale of network products	100.00%	100.00%
Alpha Changshu	Alpha Electronics Trading (Changshu), Ltd. (Alpha Changshu Trading)	Production and sale of network products	100.00%	100.00%
Enrich Investment	Transnet Corporation (Transnet) (note 5)	Operating in network communication products, provide system support services, integrated supply and import and export of network equipment	-	100.00%
Enrich Investment	Interactive Digital Technologies Inc. (Interactive Digital) (notes 2 and 3)	Telecommunication and broadband network system services	5.06%	5.61%
Enrich Investment	Aespula Technology INC. (Aespula)	Sale of network equipment, components and technical services	98.92%	98.92%
Enrich Investment	INDIALPHA TECHNET PRIVATE LIMITED (INDIALPHA) (note 6)	Sale of network products	0.01%	-

ALPHA NETWORKS INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of Investor	Name of Investee	Main Business Activities	Shareholding	
			December 31, 2024	December 31, 2023
Hitron Technologies	Hitron Technologies (Samoa) Inc (Hitron Samoa)	International trade	100.00%	100.00%
Hitron Technologies	Interactive Digital Technologies Inc. (Interactive Digital) (notes 2 and 3)	Telecommunication and broadband network system services	32.82%	36.39%
Hitron Technologies	Hitron Technologies Europe Holding B.V. (Hitron Europe)	International trade	100.00%	100.00%
Hitron Technologies	Hitron Technologies (Americas) Inc. (Hitron Americas)	International trade	100.00%	100.00%
Hitron Technologies	Innoauto Technologies Inc. (Innoauto Technologies)	Investment and automotive electronics products	100.00%	100.00%
Hitron Technologies	Hitron Technologies (Vietnam) Inc. (Hitron Vietnam)	Production and sale of broadband telecommunications products	100.00%	100.00%
Hitron Samoa	Hitron Technologies (SIP) Inc (Hitron Suzhou)	Telecommunications products, research and development	100.00%	100.00%
Hitron Samoa	Jietech Trading (Suzhou) Inc. (Jietech Suzhou)	Sale of broadband network products and related services	100.00%	100.00%
Interactive Digital	Hwa Chi Technologies (Shanghai) Inc. (Hwa Chi Technologies)	Technical consultation on electronic communication, technology research and development, maintenance and after-sale service	100.00%	100.00%
Interactive Digital	Transnet Corporation (Transnet) (note 5)	Operating in network communication products, provide system support services, integrated supply and import and export of network equipment	80.00%	-
Interactive Digital	Fiber Logic Communication, Inc. (Fiber Logic) (note 7)	Broad band communication products and service	6.00%	-

Note 1: Alpha Holdings had been written-off and liquidated in the fourth quarter of 2023.

Note 2: The common stock conversion was carried out through convertible bonds from Interactive Digital, which reduced the ownership stakes of Hitron Technologies and Enrich Investment.

ALPHA NETWORKS INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- Note 3: The Group did not own more than half of the ownership of Interactive Digital. As the Group has the power to control the management and operating policies of the entity, the entity has been included in the Group's consolidated entities.
- Note 4: On December 28, 2023, Alpha made the agreement to dispose the entire shares of D-Link Asia and Alpha Dongguan. The abovementioned assets were reclassified as non-current assets held for sale. The abovementioned transaction had been completed in the second quarter of 2024.
- Note 5: Alpha entered into an agreement in June 2024 to transfer 100% equity of Transnet to Interactive Digital through a cash acquisition. However, the shareholding ratio decreased to 80% after the capital increase of Transnet in the third quarter of 2024.
- Note 6: In July, 2024 Alpha established a new subsidiary, INDIALPHA TECHNET PRIVATE LIMITED.
- Note 7: In November 2024, the Group acquired 37.66% of Fiber Logic's common shares. The following month, it secured more than half of the board seats. Consequently, Fiber Logic is considered a subsidiary in the consolidated financial statements.

C. Subsidiaries excluded from the consolidated financial statements: None.

(4) Foreign currencies

A. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currencies at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are retranslated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date when fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- (a) an investment in equity securities designated as at fair value through other comprehensive income; or
- (b) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.

B. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations, are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

ALPHA NETWORKS INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

When a foreign operation is disposed of such that control, joint control, or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. For a partial disposal of the Group's ownership interest in an associate or joint venture, the proportionate share of the accumulated exchange differences in equity is reclassified to profit or loss.

(5) Classification of current and non-current assets and liabilities

The Group classifies the asset as current under one of the following criteria, and all other assets are classified as non-current:

- A. It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- B. It holds the asset primarily for the purpose of trading;
- C. It expects to realize the asset within twelve months after the reporting period; or
- D. The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Group classifies the liability as current under one of the following criteria, and all other liabilities are classified as non-current:

- A. It expects to settle the liability in its normal operating cycle;
- B. It holds the liability primarily for the purpose of trading;
- C. The liability is due to be settled within twelve months after the reporting period; or
- D. It does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(6) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are classified as cash equivalents.

(7) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ALPHA NETWORKS INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

A. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) - equity investment or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(b) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income derived from equity investment is recognized in profit or loss on the date on which the Group's right to receive payment is established (usually the ex-dividend date).

(c) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

ALPHA NETWORKS INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(d) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (“ECL”) on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivable, other receivables, guarantee deposits paid and other financial assets) and contract assets.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group’s historical experience and informed credit assessment, as well as forward-looking information.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

12-months ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

(e) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its balance sheets, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

ALPHA NETWORKS INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(b) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(c) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(d) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(e) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

C. Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

ALPHA NETWORKS INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(8) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(9) Non-current assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to assets not within the scope of IAS 36 – Impairment of Assets. Such assets will continue to be measured in accordance with the Group's accounting policies.

Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

(10) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

B. Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

ALPHA NETWORKS INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

C. Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- (a) Buildings and improvements: 1 to 56 years

Buildings and building improvements constitute mainly buildings, mechatronic engineering and hydropower engineering, etc.

- (b) Machinery and equipment: 1 to 10 years

- (c) Transportation facilities: 1 to 10 years

- (d) Office and other facilities: 1 to 10 years

Depreciation methods, useful lives, and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(11) Lessee

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A. As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically evaluated and reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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Lease payments included in the measurement of the lease liability comprise the following:

- (a) fixed payments, including in-substance fixed payments;
- (b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (c) amounts expected to be payable under a residual value guarantee; and
- (d) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- (a) there is a change in future lease payments arising from the change in an index or rate; or
- (b) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- (c) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset; or
- (d) there is a change of its assessment on whether it will exercise a extension or termination option; or
- (e) there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the balance sheets.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of office, warehouse, parking space, staff dormitory and printer that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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B. As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(12) Intangible assets

A. Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

B. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

C. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of 1 to 10 years of intangible assets, other than goodwill, from the date that they are available for use.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(13) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

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For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units ("CGUs"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(14) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A. Warranties

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

B. Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

(15) Revenue for contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

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A. Sale of goods

The Group involves in research, develop, design, manufacture and sale of broadband products, wireless networking products, and computer network system equipment and components. The Group recognizes the revenue when the control of the product is transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group's broadband products, wireless network products and computer network system equipment and its components are subject to standard warranty and are therefore subject to refund obligations.

The warranty liabilities have been recognized for this obligation, please refer to Note 6 (16).

B. Product development services

The Group provides enterprise product development and recognizes the relevant revenue during the financial reporting period in which the services provided. Fixed price contracts are based on the proportion of services actually provided as a percentage of total services as of the reporting date. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management. Under the fixed price contract, the customer pays a fixed amount in accordance with the agreed time schedule.

When the services provided exceed the payment, the contract assets are recognized; if the payment exceeds the services provided, the contract liabilities are recognized.

If the contract includes an hourly fee, revenue is recognized in the amount to which the Group has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

C. Service revenue

The Group renders maintenance services during the contract periods and recognizes revenue during the reporting period in which the services are rendered.

D. Project contracts for system development and integration

Revenue is recognized when the control over a product or a project system has been transferred to the customer. The transfer of control refers to the situation where the products or the project systems have been delivered to the customers, and there is no unfulfilled performance obligation which will affect customers' acceptance of the products. Delivery occurs when the customer has accepted the goods in accordance with the terms of sales, the risks of obsolescence and loss have been transferred to the customer, and the Group has objective evidence that all criteria for acceptance have been met.

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A receivable is recognized when the goods are accepted as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

Prepayments was classified as contract liabilities and the Group recognizes revenue when it satisfies a performance obligation.

A provision for onerous contracts is recognized when the Group expects the unavoidable costs of performing the obligations under a contract exceed the economic benefits expected to be received under the contract.

E. Financing component

The Group expects that all customer contracts will transfer goods or services to customers for a period of no more than one year from the customer's payment for the goods or services. Therefore, the Group does not adjust the currency time value of the transaction price.

(16) Government grants

The Group recognizes an unconditional government grant related to the research in profit or loss as other income when the grant becomes receivable. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(17) Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

B. Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

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When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

C. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(18) Income tax

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Group has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at the reporting date and their respective tax bases. Deferred taxes are recognized except for the following:

- A. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profits (losses) and does not give rise to equal taxable and deductible temporary differences;
- B. temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- C. taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

- A. The Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

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- B. The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
- (a) the same taxable entity; or
 - (b) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(19) Business combination

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. Other components of non-controlling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRS Accounting Standards endorsed by the FSC.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the Group's financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted, or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period will not exceed one year from the acquisition date.

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(20) Earnings per share

The Group discloses the Alpha's basic and diluted earnings per share attributable to ordinary shareholders of Alpha. Basic earnings per share is calculated as the profit attributable to the ordinary shareholders of Alpha divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of Alpha, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee remuneration through the issuance of shares.

(21) Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

In preparing these consolidated financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities, that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Group's risk management and climate-related commitments where appropriate. Revisions to estimates are recognised prospectively in the period of the change and future periods.

Information about assumptions and estimations uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(1) Revenue recognition

The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. Please refer to note 4(15).

(2) Valuation of inventories

Inventories are measured at the lower of cost or net realizable value, the Group uses judgments and estimates to determine the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period. It also writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. However, due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note 6(4) for further description of the valuation of inventories.

The Group's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss.

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The Company's financial division conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial division also periodically adjusts valuation models, conducts retrospective testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value. The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets or liabilities that are not based on observable market data.

Please refer to note 6(30) of the financial instruments.

6. Explanation of significant accounts:

(1) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand	\$ 1,368	1,217
Checking and savings accounts	2,302,295	2,107,735
Time deposits	1,423,616	1,091,723
Cash equivalents— repurchase agreements	230,000	-
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 3,957,279</u>	<u>3,200,675</u>

Please refer to note 6(30) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

As of December 31, 2024 and 2023, deposits with original maturities of more than three months were \$73,355 thousand and \$41,000 thousand, respectively, and were recorded in financial assets measured at amortized cost. Please refer to note 6(5).

(2) Financial assets and liabilities at fair value through profit or loss

	December 31, 2024	December 31, 2023
Financial assets mandatorily measured at fair value through profit or loss – current		
Derivative instruments not used for hedging		
Forward exchange contracts	\$ 65	575
Foreign exchange swaps	225	29,734
Non-derivative financial assets		
Stocks listed on domestic markets	4,902	5,989
Total	<u>\$ 5,192</u>	<u>36,298</u>

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	December 31, 2024	December 31, 2023
Financial assets mandatorily measured at fair value through profit or loss – non current		
Non-derivative financial assets		
Funds	\$ 52,620	-
Financial liabilities held for trading – current		
Forward exchange contracts	\$ 5,431	148
Foreign exchange swaps	18,327	630
Total	\$ 23,758	778

The Group uses derivative financial instruments to hedge the certain currency risk arising from its operating activities. The following derivative instruments, without the application of hedge accounting, were classified as mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities:

December 31, 2024				
	Nominal principal (in thousands)		Currency	Maturity date
Forward exchange contracts	USD 22,000		USD to CNY	January 2025~March 2025
Forward exchange contracts	USD 5,000		NTD to USD	January 2025
Forward exchange contracts	USD 3,000		USD to VND	January 2025
Foreign exchange swaps	CNY 10,000		NTD to CNY	January 2025
Foreign exchange swaps	USD 74,000		USD to NTD	January 2025~February 2025
December 31, 2023				
	Nominal principal (in thousands)		Currency	Maturity date
Forward exchange contracts	USD 13,990		USD to CNY	January 2024~February 2024
Forward exchange contracts	EUR 1,700		EUR to NTD	March 2024
Forward exchange contracts	USD 3,000		USD to NTD	January 2024
Forward exchange contracts	USD 800		USD to VND	January 2024
Foreign exchange swaps	CNY 10,000		CNY to NTD	January 2024
Foreign exchange swaps	USD 51,000		USD to NTD	January 2024

(3) Notes and accounts receivable, net (including related parties)

	December 31, 2024	December 31, 2023
Notes and accounts receivable	\$ 3,982,749	4,910,886
Less: loss allowances	(12,037)	(11,604)
	\$ 3,970,712	4,899,282

The overdue accounts receivable was reclassified to overdue receivables under financial assets measured at amortized cost— non-current and loss allowances were fully provided, please refer to note 6(5).

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The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information, including macroeconomic and relevant industry information.

The analysis of expected credit loss on accounts receivables (including receivable from related parties) was as follows:

	December 31, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 3,613,979	0.00%	-
Less than 90 days past due	335,956	0.42%	1,398
More than 181 days past due	100,771	77.99%	78,596
	<u>\$ 4,050,706</u>		<u>79,994</u>
	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 4,501,192	0.00%	-
Less than 90 days past due	389,642	1.88%	7,332
91 to 180 days past due	4,855	18.48%	897
More than 181 days past due	83,154	85.78%	71,332
	<u>\$ 4,978,843</u>		<u>79,561</u>

The movements in the allowance for notes and trade receivables (including overdue receivables) were as follows:

	2024	2023
Balance at January 1	\$ 79,561	103,376
Impairment losses recognized (reversed)	281	(23,805)
Effect of changes in exchange rates	152	(10)
Balance at December 31	<u>\$ 79,994</u>	<u>79,561</u>

(4) Inventories

	December 31, 2024	December 31, 2023
Raw materials	\$ 4,028,053	4,159,599
Work in progress and semi-finished products	441,064	565,832
Finished goods and merchandises	1,819,096	2,146,116
Consignment and project inventory	641,258	583,433
	<u>\$ 6,929,471</u>	<u>7,454,980</u>

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Consigned goods and project inventory refers to the labor cost and related inventory that have been invested in projects by the subsidiary of the Group, but have not yet been recognized as revenue.

The components of operating cost were as below:

	For the years ended December 31,	
	2024	2023
Cost of goods sold	\$ 17,452,024	22,835,513
Provision for inventory obsolescence and devaluation loss	62,202	225,505
	<u>\$ 17,514,226</u>	<u>23,061,018</u>

As of December 31, 2024 and 2023, the Group's inventories were not pledged.

(5) Financial assets measured at amortized cost—current and non-current

	December 31, 2024	December 31, 2023
Current:		
Time deposits	<u>\$ 73,355</u>	<u>20,000</u>
Non-current:		
Restricted deposits	\$ 28,140	21,043
Refundable deposits	185,917	129,522
Overdue receivables	67,957	67,957
Less: loss allowances	(67,957)	(67,957)
Time deposits	-	21,000
	<u>\$ 214,057</u>	<u>171,565</u>

The Group had assessed that these financial assets were held-to-maturity to collect contractual cash flows, which consisted solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

As of December 31, 2024 and 2023, the Group held time deposits with variable interest rates, and the average interest rates ranged between 0.1%~4.61%, and 0.56%~5.5%, respectively.

For the restricted cash in banks and refundable deposits, please refer to note 8.

(6) Non-current assets held for sale

On December 28, 2023, the Board of Directors had approved the resolution and made the agreement to dispose the entire shares of D-Link Asia and Alpha Dongguan to a non-related party. This transaction has been completed in the second quarter of 2024. Based on the contract between the two parties, the final settlement of the transaction price will be completed within six months following the delivery date. As of December 31, 2024, the disposal gain of \$453,891 thousand was generated and recognized under the "Other gains and losses".

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As of May 30, 2024, the date on which control was lost, the asset and liability amounts of D-Link Asia and Alpha Dongguan were as follows:

	May 30, 2024
Cash and cash equivalents	\$ 32,218
Other current assets	62,833
Property, plant and equipment	15,445
Right-of-use asset	7,270
Intangible assets	1,995
Other non-current assets	42
Total assets	\$ 119,803
Accrued expenses and other payables	\$ 6,748
Total liabilities	\$ 6,748
Net asset	\$ 113,055

(7) Business combination

On November 14, 2024 (the acquisition date), Alpha resolved at its board meeting to purchase 7,127 thousand shares of Fiber Logic at \$71.80 per share, representing 31.66% of its outstanding shares. Additionally, its subsidiary, Interactive Digital acquired 1,350 thousand shares, accounting for 6.00% of the outstanding shares, for a total consideration of \$608,618 thousand. Thereafter, the Group owns more than half of the board seats of the entity in the following month; consequently, Fiber Logic is considered a subsidiary in the consolidated financial statements. Fiber Logic is engaged in broadband communication products and services. The acquisition of Fiber Logic enables the Group to accelerate its business deployment in the field and to enhance competitiveness by offering customers a diversified range of products and services.

The following table summarizes the acquisition date fair value of major class of consideration transferred, recognized amounts of assets acquired and liabilities assumed and goodwill arising from the acquisition.

- A. The following table summarizes the acquisition date fair value of major class of consideration transferred.

	Amount
Cash	\$ 608,618
Dividend receivables	(16,953)
Total	\$ 591,665

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- B. The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition date.

	<u>Amount</u>
Cash and cash equivalents	\$ 241,905
Notes and account receivables, net	10,285
Inventories	251,802
Other current assets	31,543
Property, plant and equipment	46,068
Right-of-use assets	22,434
Intangible assets	330,866
Deferred tax assets	12,813
Other non-current assets	22,401
Notes and accounts payable	(11,281)
Lease liabilities - current and non-current	(22,867)
Other current liabilities - current and non-current	(120,272)
Total identifiable net assets acquired	<u><u>\$ 815,697</u></u>

- C. Goodwill arising from the acquisition has been recognized as follows:

	<u>Amount</u>
Consideration transferred	\$ 591,665
Non-controlling interest in the acquiree, if any (proportionate share of the fair value of the identifiable net assets)	508,551
Less: Fair value of identifiable net assets	(815,697)
Goodwill	<u><u>\$ 284,519</u></u>

Goodwill primarily arises from the market share and profitability of Fiber Logic's products, which are expected to benefit from the synergies of the integration between the Group and Fiber Logic. No tax impact is expected on the recognition of goodwill.

- D. Pro forma information:

From November 14, 2024 (the acquisition date) to December 31, 2024, Fiber Logic has been included in the Group's consolidated entities and has contributed the revenue of \$99,872 and the net income of \$31,880 to the Group. If this acquisition had occurred on January 1, 2024, the management estimates that consolidated revenue would have been \$21,813,052 thousand and consolidated net income would have been \$389,965 thousand. In determining these amounts, the management has assumed that the fair value adjustments, determined provisionally, that arose on the acquisition date would have been the same if the acquisition had occurred on January 1, 2024.

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- (8) Non-current financial assets at fair value through other comprehensive income

	December 31, 2024	December 31, 2023
Domestic unlisted stocks	\$ 110,711	159,902
Limited partnership unlisted stocks	-	31,429
	\$ 110,711	191,331

As of December 31, 2024 and 2023, the Group's financial assets above were not pledged.

- (9) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

Subsidiaries	Main operation place	Percentage of non-controlling interests	
		December 31, 2024	December 31, 2023
Hitron Technologies Inc.	Taiwan	37.76%	37.76%

The following information of the aforementioned subsidiaries have been prepared in accordance with the IFRS Accounting Standards endorsed by the FSC. The fair value adjustment made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date are included in these information. Intragroup transactions were not eliminated in this information.

Hitron Technologies Inc. and its subsidiaries' collective financial information:

	December 31, 2024	December 31, 2023
Current assets	\$ 7,704,458	7,715,903
Non-current assets	3,578,770	4,140,976
Current liabilities	(3,162,776)	(3,157,286)
Non-current liabilities	(559,476)	(1,334,874)
Net assets	\$ 7,560,976	7,364,719
Net assets of non-controlling interests	\$ 1,558,727	1,319,208
Net assets of investees	\$ 6,002,249	6,045,511
Book value of non-controlling interests	\$ 4,066,920	3,136,485

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	For the years ended December 31,	
	2024	2023
Operating revenue	\$ <u>9,088,215</u>	<u>9,403,662</u>
Profit	\$ 29,378	56,007
Other comprehensive income	163,087	32,497
Total comprehensive income	\$ <u>192,465</u>	<u>88,504</u>
Loss attributable to non-controlling interests	\$ <u>(58,117)</u>	<u>(29,768)</u>
Total comprehensive income (loss), attributable to non-controlling interests	\$ <u>18,156</u>	<u>(17,497)</u>
Net cash flows from operating activities	\$ 995,593	501,425
Net cash flows from (used in) investing activities	86,476	(59,310)
Net cash flows used in financing activities	(579,109)	(841,923)
Effect of exchange rate changes on cash and cash equivalents	(130,855)	(5,231)
Net increase (decrease) in cash and cash equivalents	\$ <u>372,105</u>	<u>(405,039)</u>
Dividends paid to non-controlling interests	\$ <u>(202,037)</u>	<u>(296,382)</u>

(10) Property, plant and equipment

The cost, depreciation, and impairment loss of the property, plant and equipment of the Group, were as follows:

	Land	Building	Machinery and equipment	Office, transportation and other facilities	Total
Cost:					
Balance at January 1, 2024	\$ 879,267	4,148,033	2,466,053	438,508	7,931,861
Acquired from business combination	-	-	68,890	12,819	81,709
Additions	-	442,059	93,903	70,568	606,530
Disposals	-	(3,669)	(147,941)	(41,084)	(192,694)
Effect of changes in exchange rates and others	4,255	132,824	86,860	10,648	234,587
Balance at December 31, 2024	\$ <u>883,522</u>	<u>4,719,247</u>	<u>2,567,765</u>	<u>491,459</u>	<u>8,661,993</u>
Balance at January 1, 2023	\$ 879,225	4,460,647	2,769,300	516,944	8,626,116
Additions	-	329,983	220,269	85,827	636,079
Disposals	-	(24,262)	(502,491)	(77,107)	(603,860)
Reclassification to non-current assets held for sale	-	(683,950)	(413)	-	(684,363)
Effect of changes in exchange rates and others	42	65,615	(20,612)	(87,156)	(42,111)
Balance at December 31, 2023	\$ <u>879,267</u>	<u>4,148,033</u>	<u>2,466,053</u>	<u>438,508</u>	<u>7,931,861</u>

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	<u>Land</u>	<u>Building</u>	<u>Machinery and equipment</u>	<u>Office, transportation and other facilities</u>	<u>Total</u>
Depreciation and impairment loss:					
Balance at January 1, 2024	\$ -	1,801,148	1,553,313	304,186	3,658,647
Acquired from business combination	-	-	31,734	3,907	35,641
Depreciation	-	176,291	223,602	50,930	450,823
Disposals	-	(3,442)	(109,146)	(40,461)	(153,049)
Effect of changes in exchange rates and others	-	51,219	46,819	6,702	104,740
Balance at December 31, 2024	<u>\$ -</u>	<u>2,025,216</u>	<u>1,746,322</u>	<u>325,264</u>	<u>4,096,802</u>
Balance at January 1, 2023	\$ -	2,301,316	1,766,403	336,340	4,404,059
Depreciation	-	206,616	254,379	44,074	505,069
Disposals	-	(23,334)	(448,396)	(74,235)	(545,965)
Reclassification to non-current assets held for sale	-	(667,727)	(395)	-	(668,122)
Effect of changes in exchange rates and others	-	(15,723)	(18,678)	(1,993)	(36,394)
Balance at December 31, 2023	<u>\$ -</u>	<u>1,801,148</u>	<u>1,553,313</u>	<u>304,186</u>	<u>3,658,647</u>
Carrying amounts:					
Balance at December 31, 2024	<u>\$ 883,522</u>	<u>2,694,031</u>	<u>821,443</u>	<u>166,195</u>	<u>4,565,191</u>
Balance at December 31, 2023	<u>\$ 879,267</u>	<u>2,346,885</u>	<u>912,740</u>	<u>134,322</u>	<u>4,273,214</u>
Balance at January 1, 2023	<u>\$ 879,225</u>	<u>2,159,331</u>	<u>1,002,897</u>	<u>180,604</u>	<u>4,222,057</u>

As of December 31, 2024 and 2023, the Group's property, plant and equipment were not pledged.

(11) Right-of-use assets

The Group leases many assets including land, buildings and transportation equipment. Information about leases for which the Group as a lessee was presented below:

	<u>Land</u>	<u>Buildings</u>	<u>Transport- ation and other equipment</u>	<u>Total</u>
Cost:				
Balance at January 1, 2024	\$ 593,101	148,062	17,933	759,096
Acquired from business combination	-	35,958	-	35,958
Additions	-	5,448	4,954	10,402
Disposals	(3,262)	(20,105)	(6,096)	(29,463)
Effect of changes in exchange rates and others	22,314	4,981	(650)	26,645
Balance at December 31, 2024	<u>\$ 612,153</u>	<u>174,344</u>	<u>16,141</u>	<u>802,638</u>

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	<u>Land</u>	<u>Buildings</u>	<u>Transportation and other equipment</u>	<u>Total</u>
Balance at January 1, 2023	\$ 452,233	67,220	13,607	533,060
Additions	163,058	133,525	6,140	302,723
Disposals	(11,580)	(51,970)	(1,814)	(65,364)
Reclassification to non-current assets held for sale	(8,163)	-	-	(8,163)
Effect of changes in exchange rates and others	(2,447)	(713)	-	(3,160)
Balance at December 31, 2023	<u>\$ 593,101</u>	<u>148,062</u>	<u>17,933</u>	<u>759,096</u>
Depreciation:				
Balance at January 1, 2024	\$ 64,872	34,963	10,127	109,962
Acquired from business combination	-	13,524	-	13,524
Depreciation	16,698	32,351	4,511	53,560
Disposals	(406)	(20,105)	(5,841)	(26,352)
Effect of changes in exchange rates and others	1,783	47	-	1,830
Balance at December 31, 2024	<u>\$ 82,947</u>	<u>60,780</u>	<u>8,797</u>	<u>152,524</u>
Balance at January 1, 2023	\$ 62,911	34,943	7,346	105,200
Depreciation	14,777	32,624	4,478	51,879
Disposals	(11,451)	(32,814)	(1,697)	(45,962)
Reclassification to non-current assets held for sale	(1,063)	-	-	(1,063)
Effect of changes in exchange rates and others	(302)	210	-	(92)
Balance at December 31, 2023	<u>\$ 64,872</u>	<u>34,963</u>	<u>10,127</u>	<u>109,962</u>
Carrying amount:				
Balance at December 31, 2024	<u>\$ 529,206</u>	<u>113,564</u>	<u>7,344</u>	<u>650,114</u>
Balance at December 31, 2023	<u>\$ 528,229</u>	<u>113,099</u>	<u>7,806</u>	<u>649,134</u>
Balance at January 1, 2023	<u>\$ 389,322</u>	<u>32,277</u>	<u>6,261</u>	<u>427,860</u>

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(12) Intangible asset

The cost, amortization and impairment of the intangible assets of the Group for the years ended December 31, 2024 and 2023, were as follows:

	<u>Core Technology</u>	<u>Brand Name</u>	<u>Customer relationship</u>	<u>Goodwill</u>	<u>Software application and others</u>	<u>Total</u>
Cost:						
Balance at January 1, 2024	\$ 220,281	229,877	396,949	578,900	498,632	1,924,639
Acquisition from business combination	165,676	157,482	-	284,519	53,860	661,537
Additions	-	-	-	-	90,615	90,615
Derecognition	-	-	-	-	(91,564)	(91,564)
Effect of changes in exchange rates and others	-	-	-	-	5,694	5,694
Balance at December 31, 2024	<u>\$ 385,957</u>	<u>387,359</u>	<u>396,949</u>	<u>863,419</u>	<u>557,237</u>	<u>2,590,921</u>
Balance at January 1, 2023	\$ 220,281	229,877	396,949	578,900	492,888	1,918,895
Additions	-	-	-	-	103,307	103,307
Derecognition	-	-	-	-	(87,451)	(87,451)
Reclassification to non-current assets held for sale	-	-	-	-	(8,697)	(8,697)
Effect of changes in exchange rates and others	-	-	-	-	(1,415)	(1,415)
Balance at December 31, 2023	<u>\$ 220,281</u>	<u>229,877</u>	<u>396,949</u>	<u>578,900</u>	<u>498,632</u>	<u>1,924,639</u>
Amortization and impairment:						
Balance at January 1, 2024	\$ 125,874	91,950	176,422	-	345,264	739,510
Acquisition from business combination	315	622	-	-	45,215	46,152
Amortization	32,890	24,300	44,105	-	118,476	219,771
Derecognition	-	-	-	-	(91,530)	(91,530)
Effect of changes in exchange rates and others	-	-	-	-	4,197	4,197
Balance at December 31, 2024	<u>\$ 159,079</u>	<u>116,872</u>	<u>220,527</u>	<u>-</u>	<u>421,622</u>	<u>918,100</u>
Balance at January 1, 2023	\$ 94,406	68,963	132,316	-	318,773	614,458
Amortization	31,468	22,987	44,106	-	118,699	217,260
Derecognition	-	-	-	-	(84,336)	(84,336)
Reclassification to non-current assets held for sale	-	-	-	-	(6,409)	(6,409)
Effect of changes in exchange rates and others	-	-	-	-	(1,463)	(1,463)
Balance at December 31, 2023	<u>\$ 125,874</u>	<u>91,950</u>	<u>176,422</u>	<u>-</u>	<u>345,264</u>	<u>739,510</u>
Carrying amount						
Balance at December 31, 2024	<u>\$ 226,878</u>	<u>270,487</u>	<u>176,422</u>	<u>863,419</u>	<u>135,615</u>	<u>1,672,821</u>
Balance at December 31, 2023	<u>\$ 94,407</u>	<u>137,927</u>	<u>220,527</u>	<u>578,900</u>	<u>153,368</u>	<u>1,185,129</u>
Balance at January 1, 2023	<u>\$ 125,875</u>	<u>160,914</u>	<u>264,633</u>	<u>578,900</u>	<u>174,115</u>	<u>1,304,437</u>

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A. Amortization

The amortization of intangible assets is included in the following line items of statement of comprehensive income:

	For the years ended December 31,	
	2024	2023
Cost of sales	\$ 4,747	3,871
Operating Expense	215,024	213,389
Total	<u><u>\$ 219,771</u></u>	<u><u>217,260</u></u>

B. Impairment test for Goodwill

As of December 31, 2024 and 2023, the goodwill arising from business combination was allocated to the following CGUs (or groups of CGUs) because these CGUs are expected to benefit from the synergies of the combination.

	December 31, 2024	December 31, 2023
Interactive Digital	\$ 354,656	354,656
Hitron Technologies	89,361	89,361
IP Camera	134,883	134,883
Fiber Logic	284,519	-
	<u><u>\$ 863,419</u></u>	<u><u>578,900</u></u>

As of December 31, 2024 and 2023, the recoverable amount of these CGUs have been determined based on a value in use calculation, and the recoverable amount of these were greater than their carrying amount, which no impairment loss was recognized.

The key assumptions used in the estimation of value in use were as follows:

	December 31, 2024	December 31, 2023
IP Camera		
Discount rate	8.13 %	7.15 %
Terminal value growth rate	2.45 %	2.28 %
Interactive Digital		
Discount rate	note	8.61 %
Terminal value growth rate	note	3.26 %
Hitron Technologies		
Discount rate	9.76 %	9.52 %
Terminal value growth rate	2.45 %	2.28 %

Note: The recoverable amount was based on fair value less costs of disposal.

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As of December 31, 2024 and 2023, the following is the key assumption of the estimation of value in use:

The discount rate was a pre-tax measure based on the rate of 10-year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systemic risk of the specific CGU.

Cash flow projection was based on a five-year financial projection which was approved by the management.

C. Collateral

As of December 31, 2024 and 2023, the Group's intangible assets were not pledged.

(13) Other current assets and other non-current assets

The other current assets and other non-current assets of the Group were as follows:

	December 31, 2024	December 31, 2023
Prepayments for building and equipment	\$ 33,816	346,261
Business tax receivable	100,927	159,560
Income tax receivable	59,432	139,652
Advance payment	8,630	16,450
Other receivables (including related parties)	459,259	328,138
Others	146,661	120,018
	\$ 808,725	1,110,079
Other current assets	\$ 767,495	745,897
Other non-current assets	41,230	364,182
	\$ 808,725	1,110,079

(14) Short-term borrowings

	December 31, 2024	December 31, 2023
Unsecured bank loans	\$ 1,615,357	880,246
Unused short-term credit lines	\$ 14,639,838	17,968,386
Range of interest rates	3.90%~ 5.91%	4.3%~ 6.33%

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(15) Long-term borrowings

December 31, 2024				
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	NTD	2.06%	2026 (note 2)	\$ 400,000
	NTD	1.88%	2027 (note 2)	30,000
	NTD	0.5%	2029 (note 2)	<u>25,000</u>
Subtotal				455,000
Less: current portion				<u>(80,000)</u>
Total				\$ 375,000
Unused long-term credit lines				\$ 10,000

December 31, 2023				
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	NTD	1.79050%	2025 (note 1)	\$ 300,000
	NTD	1.89617%	2026 (note 2)	<u>400,000</u>
Subtotal				700,000
Less: current portion				-
Total				\$ 700,000
Unused long-term credit lines				\$ 100,000

Note 1: These loans are repayable in tranches over the next 2 years (to be paid over 2 installments). The first period of repayment is 18 months after the first loan is used, and the subsequent 6 months is considered as the next period of repayment. The repayment period for used loans was not longer than 2 years after the date of the first loan being used.

Note 2: These loans are to be paid over 3 installments. The first period of repayment is 24 months after the first loan is used, and the subsequent 6 months is considered as the next period of repayment. The repayment of the loans for the first and second installments is each 20% of the loan amount. The interest expense is calculated in the monthly basis.

A subsidiary of the Group, Hitron Technologies had signed a long-term borrowing contact with The Export-Import Bank of the Republic of China and KGI Bank in 2023. The financial commitments for the long-term bank loans with KGI Bank were as follows.

A. Current ratio (current assets/current liabilities) was no less than 100%.

B. Debt ratio (total liabilities/net value) was no more than 150%.

C. (Cash and cash equivalents + yearly EBITDA)/(short-term borrowings + medium or long-term borrowings within one year) was no less than one.

The benchmark used to evaluate the aforementioned ratio is based on the Hitron Technologies yearly and half-yearly consolidated financial statements that have been audited or reviewed by the auditor of the Hitron Technologies. When Hitron Technologies breaches the above financial commitments, it is required to repay all the loans owing to KGI Bank immediately.

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As of December 31, 2024, there have been no breaches of the aforementioned financial commitments by Hitron Technologies.

(16) Provisions

	Warranties	Onerous Contracts	Total
Balance at January 1, 2024	\$ 390,196	11,232	401,428
Provisions made during the year	89,591	-	89,591
Provisions used during the year	(192,333)	(11,232)	(203,565)
Effect of changes in foreign exchange rate	(10,142)	-	(10,142)
Balance at December 31, 2024	<u>\$ 277,312</u>	<u>-</u>	<u>277,312</u>
Balance at January 1, 2023	\$ 428,042	23,225	451,267
Provisions made during the year	241,562	-	241,562
Provisions used during the year	(279,429)	(11,993)	(291,422)
Effect of changes in foreign exchange rates	21	-	21
Balance at December 31, 2023	<u>\$ 390,196</u>	<u>11,232</u>	<u>401,428</u>

The amount of Group's provisions were as follows:

	December 31, 2024	December 31, 2023
Current	\$ 231,771	366,787
Non-current (recognized as other non-current liabilities)	45,541	34,641
	<u>\$ 277,312</u>	<u>401,428</u>

The provision for warranties relates mainly to network product sold and professional services provide during the years ended December 31, 2024 and 2023. The provision is based on estimates made from historical warranty data associated with similar products and services. The Group expects to settle the majority of the liability over the next year.

A provision for onerous contracts is recognized when the expected benefits to be derived by a subsidiary of the Group, namely Hitron Technologies, from a non-cancelable contract signed with supplier is lower than the unavoidable cost of meeting its obligations under the contract.

(17) Other current liabilities

	December 31, 2024	December 31, 2023
Payroll and bonus payable	\$ 713,232	767,734
Lease liabilities-current (note 6(19))	35,073	31,192
Other payables to related parties (note 7)	3,983	710
Others	98,616	257,178
	<u>\$ 850,904</u>	<u>1,056,814</u>

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(18) Bonds payable

The details of secured convertible corporate bonds issued by Interactive Digital, a subsidiary of the Group were as follows:

	December 31, 2024	December 31, 2023
Total convertible corporate bonds issued	\$ 600,000	600,000
Unamortized discounted payable	-	(9,988)
Cumulative converted amount	(600,000)	(325,400)
Total bonds payable at the end of the period	<u>\$ -</u>	<u>264,612</u>
Embedded derivative – call and put options, included in other non-current assets	<u>\$ -</u>	<u>55</u>
Equity component – conversion options	<u>\$ -</u>	<u>29,117</u>

On October 24, 2022, the Board of Directors of Interactive Digital Technologies Inc., the Company's subsidiary, resolved to issue the second domestic secured convertible corporate bonds to supplement the working capital. This issue was approved by the FSC on December 19, 2022, and issued from January 11, 2023 to January 11, 2026 with a period of three years, with a total face value of \$600,000 thousand and a coupon rate of 0%. The conversion price was \$60.7 per share. On July 23, 2024, Interactive Digital Technologies Inc. adjusted the conversion price of its corporate bonds from \$60.7 to \$53.3

Except in the cases of conversion of the bond into ordinary shares issued by Interactive Digital pursuant to Article 10 of the Regulations Governing the Issue of this Corporate Bond, or early redemption by Interactive Digital pursuant to Article 18, or cancellation by Interactive Digital through repurchase from the securities dealer, Interactive Digital shall make a repayment in the full amount of the bond's par value in cash within 10 business days after the maturity date.

The convertible bond is guaranteed by First Commercial Bank Co., Ltd. The guarantee period extends from the date of full receipt of the bond amount to the date of full repayment. The guarantee covers the balance of the corporate bond and the burden subordinate to the primary liability.

As of December 31, 2024, the second convertible corporate bonds issued by Interactive Digital has been converted into 10,640 thousand ordinary shares.

(19) Lease liabilities

	December 31, 2024	December 31, 2023
Current (recorded in other current liabilities)	\$ 35,073	31,192
Non-current	287,479	292,911
	<u>\$ 322,552</u>	<u>324,103</u>

For the maturity analysis, please refer to note 6(30).

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The amounts recognized in profit or loss were as follows:

	For the years ended December 31,	
	2024	2023
Interest on lease liabilities	<u>\$ 10,940</u>	<u>8,524</u>
Expenses relating to short-term leases and leases of low-value assets	<u>\$ 36,434</u>	<u>37,866</u>

The amounts recognized in the statement of cash flows were as follows:

	For the years ended December 31,	
	2024	2023
Total cash outflow for leases	<u>\$ 85,381</u>	<u>86,210</u>

A. Real estate leases

The Group leases land for factory and office buildings use. The leases of land typically run for a period of 19 and 39 years. For office building, the terms range between 1 to 5 years, some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

The lease payment of the land contract depends on the land price announced by the Science Park, plus adjustments for public facilities construction costs, which are adjusted after amortization. These costs usually occur once a year.

B. Other leases

The Group leases office, transportation equipment, and other with lease terms of 1 to 7 years. In some cases, the Group has options to purchase the assets at the end of the contract term; in other cases, it guarantees the residual value of the leased assets at the end of the contract term.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases or low-value assets of office, warehouse, parking space, staff dormitories and printer.

(20) Employee benefits

A. Defined benefit plans

The recognized liabilities of the defined benefit obligations were consisted of as follows:

	December 31, 2024	December 31, 2023
Present value of the defined benefit obligations	\$ 233,975	252,626
Fair value of plan assets	<u>(181,326)</u>	<u>(149,690)</u>
Net defined benefit liabilities	<u>\$ 52,649</u>	<u>102,936</u>

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The Group's employee benefit assets and liabilities were as follows:

	December 31, 2024	December 31, 2023
Recognized as other non-current asset	<u>\$ 2,749</u>	<u>2,307</u>
Recognized as net defined benefit liability	<u>\$ 55,398</u>	<u>105,243</u>

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average salary for the six months prior to retirement.

(a) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by the local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$184,036 thousand as of December 31, 2024. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Fund, Ministry of Labor.

(b) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligation of the Group were as follows:

	For the years ended December 31, 2024	2023
Defined benefit obligations at January 1	\$ 252,626	252,686
Liabilities from business combination	17,561	-
Benefits paid from the plan assets	(20,695)	(5,764)
Current service costs and interest cost	3,636	3,906
Remeasurements loss (gain):		
- Actuarial loss (gain) arising from experience adjustment	(9,084)	(1,172)
- Actuarial loss (gain) arising from financial assumptions	(10,069)	2,970
Defined benefit obligation at December 31	<u>\$ 233,975</u>	<u>252,626</u>

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(c) Movements in the fair value of the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets of the Group were as follows:

	For the years ended December 31,	
	2024	2023
Fair value of plan assets at January 1	\$ 149,690	109,103
Asset from business combination	15,849	-
Interest income	50	-
Benefits paid from the plan assets	(20,695)	(5,764)
Remeasurements gain:		
- Return on plan assets (excluding current interest income)	12,544	822
Contribution made to plan assets	21,850	43,746
Expected return on plan assets	2,038	1,783
Fair value of plan assets at December 31	\$ 181,326	149,690

(d) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

	For the years ended December 31,	
	2024	2023
Current service costs	\$ 351	273
Net interest of net liabilities for defined benefit obligation	3,235	3,517
Expected return on plan assets	(2,038)	(1,783)
	\$ 1,548	2,007
Operating costs	\$ 576	788
Selling expenses	131	158
Administration expenses	137	164
Research and development expenses	704	897
	\$ 1,548	2,007
Actual return on plan assets	\$ 14,633	2,684

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(e) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2024	December 31, 2023
Discount rate	1.6%~1.7%	1.3 %
Future salary increasing rate	3%~4%	3 %

The expected contribution to be made by the Group to the defined benefit plans for the one-year period after the reporting date is \$2,212 thousand.

The weighted average duration of the defined benefit plans is from 9 years to 15 years.

(f) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
December 31, 2024	Increase 0.25%	Decrease 0.25%
Discount rate	\$ <u>(6,366)</u>	<u>6,593</u>
Future salary increasing rate	\$ <u>5,950</u>	<u>(5,787)</u>
December 31, 2023		
Discount rate	\$ <u>(7,401)</u>	<u>7,681</u>
Future salary increasing rate	\$ <u>6,921</u>	<u>(6,718)</u>

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2024 and 2023.

B. Defined contribution plans

The domestic entities of the Group contribute 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The Group's overseas subsidiaries establish their respective defined contribution plan and their contributions are made in accordance with their local regulations.

The pension costs under contribution plans amounted to \$163,219 thousand and \$158,340 thousand for the year ended December 31, 2024 and 2023, respectively.

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(21) Income taxes

A. Income tax expenses

The components of income tax for the years ended December 31, 2024 and 2023, were as follows:

	For the years ended December 31,	
	2024	2023
Current tax expense		
Current period	\$ 161,157	270,216
Adjustment for prior periods	(56,091)	(60,368)
Additional 5% surtax on unappropriated retained earnings	<u>1,506</u>	<u>8,764</u>
	<u>106,572</u>	<u>218,612</u>
Deferred tax expense (benefit)		
Origination and reversal of temporary differences and operating loss carry forward	<u>66,385</u>	<u>(51,082)</u>
Income tax expense	<u><u>\$ 172,957</u></u>	<u><u>167,530</u></u>

The amount of income tax expense recognized in other comprehensive income for the years ended December 31, 2024 and 2023, was as follows:

	For the years ended December 31,	
	2024	2023
Remeasurements of defined benefit plans	\$ 162	-
Exchange differences on translation of foreign financial statements	<u>55,689</u>	<u>(13,367)</u>
	<u><u>\$ 55,851</u></u>	<u><u>(13,367)</u></u>

Reconciliation of income tax and profit before tax for the years ended December 31, 2024 and 2023 is as follows:

	For the years ended December 31,	
	2024	2023
Profit before income tax	\$ 514,956	807,397
Income tax at Alpha's domestic tax rate	102,991	161,479
Effect of tax rates variances in foreign jurisdictions	3,779	(8,723)
Tax effect of withholding tax from foreign income and permanent difference	49,940	53,874
Tax incentives	(17,097)	(61,957)
Change in unrecognized temporary differences	34,611	(4,413)
Additional 5% surtax on unappropriated retained earnings	1,506	8,764
Others	<u>(2,773)</u>	<u>18,506</u>
	<u><u>\$ 172,957</u></u>	<u><u>167,530</u></u>

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B. Deferred tax assets and liabilities

(a) Unrecognized deferred tax asset

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2024	December 31, 2023
Tax effect of deductible temporary differences	\$ 297,701	355,643
The carry forwards of unused tax losses	23,839	74,601
	\$ 321,540	430,244

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable income will be available against which the Group can utilize the benefits therefrom.

As of 31 December 2024, the information of Taiwan subsidiary of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss	Year of expiry	Unrecognized tax loss
2018	2028	\$ 611
2019	2029	2,808
2020	2030	10,613
2021	2031	14,903
2022	2032	21,048
2023 (filing)	2033	44,076
2024 (estimated)	2034	16,106
		\$ 110,165

As of 31 December 2024, the information of overseas subsidiary of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss	Year of expiry	Unrecognized tax loss
2022 (filing)	2027	\$ 3,692
2023 (filing)	2028	5,336
		\$ 9,028

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(b) Unrecognized deferred tax liability

The consolidated entity is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2024 and 2023. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	December 31, 2024	December 31, 2023
Tax effect of deductible temporary differences	\$ <u>168,495</u>	<u>174,056</u>

(c) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2024 and 2023 were as follows:

Deferred tax assets:

	January 1, 2023	Recognized in profit and loss	Recognized in other comprehensive income	December 31, 2023	Acquisition of subsidiary	Recognized in profit and loss	Recognized in other comprehensive income	December 31, 2024
Provision for inventory devaluation	\$ 6,368	5,863	-	12,231	12,735	24,500	-	49,466
Provision for warranties	48,180	24,280	-	72,460	78	(36,034)	-	36,504
Exchange different on transaction of foreign financial statement	12,207	-	13,367	25,574	-	-	(25,574)	-
Loss carryforwards	-	178,550	-	178,550	-	(133,461)	-	45,089
Others	<u>155,396</u>	<u>52,176</u>	<u>-</u>	<u>207,572</u>	<u>-</u>	<u>(104,363)</u>	<u>-</u>	<u>103,209</u>
	\$ <u>222,151</u>	<u>260,869</u>	<u>13,367</u>	<u>496,387</u>	<u>12,813</u>	<u>(249,358)</u>	<u>(25,574)</u>	<u>234,268</u>

Deferred tax liabilities:

	January 1, 2023	Recognized in profit and loss	Recognized in other comprehensive income	December 31, 2023	Acquisition of subsidiary	Recognized in profit and loss	Recognized in other comprehensive income	December 31, 2024
Investment accounted for using equity method	\$ (46,515)	(178,250)	-	(224,765)	-	170,971	-	(53,794)
Goodwill	(26,976)	-	-	(26,976)	-	-	-	(26,976)
Others	<u>(19,465)</u>	<u>(31,537)</u>	<u>-</u>	<u>(51,002)</u>	<u>-</u>	<u>12,002</u>	<u>(30,277)</u>	<u>(69,277)</u>
	\$ <u>(92,956)</u>	<u>(209,787)</u>	<u>-</u>	<u>(302,743)</u>	<u>-</u>	<u>182,973</u>	<u>(30,277)</u>	<u>(150,047)</u>

As of December 31, 2024, Alpha's tax returns have been assessed by the tax administration through 2022.

(22) Capital and other equity

Reconciliation of shares outstanding for 2024 and 2023 was as follows (in thousands of shares):

	Ordinary share capital
	2024
	2023
Balance at January 1(As of balance at December 31)	<u>541,719</u>
	<u>541,719</u>

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A. Ordinary share capital

As of December 31, 2024 and 2023, the authorized capital of Alpha amounted to \$8,000,000 thousand, of which included the amount of \$500,000 thousand reserved for employee share options; the issued capital amounted to \$5,417,185 thousand.

B. Capital surplus

The balances of capital surplus were as follows:

	December 31, 2024	December 31, 2023
Capital surplus – premium	\$ 2,491,661	2,491,661
Capital surplus – investments under equity method	107,612	89,149
Others	15,004	14,994
	<u>\$ 2,614,277</u>	<u>2,595,804</u>

According to the R.O.C. Company Act, capital surplus can only be first used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring paid-in capital in excess of par value should not exceed 10% of the total common stock outstanding.

On February 27, 2025, Alpha resolved in a board meeting to distribute a cash dividends of \$270,859 thousand, represents \$0.5 per share, from the capital reserve for the fiscal year 2024. The above profit distribution is still subject to approval by the shareholders' meeting. Related information will be available at the Market Observation Post System website after resolution of relevant meetings.

C. Retained earnings

The Alpha's articles of incorporation stipulated that Alpha's earnings before tax, if any, shall be distributed in the following order:

- (a) payment of all taxes;
- (b) offset prior years' operating losses;
- (c) of the remaining balance, 10% to be appropriated as legal reserve;
- (d) set aside special reserve in accordance with the Securities and Exchange Act or reverse special reserve previously provided; and
- (e) after the above appropriations, current and prior-period earnings that remain undistributed will be proposed for distribution by the Board of Directors, and if the distribution is in form of new shares, a shareholders meeting will be held to decide on this matter.

According to the R.O.C. Company Act, Alpha shall distribute the legal reserve and capital surplus as cash dividends fully or partially, if the resolution is passed in majority with two third of attendance in Board of Directors' meeting and is submitted to the shareholders' meeting.

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According to the Alpha's dividend policy, Alpha shall first take into consideration its investing environment, capital management and industry development, as well as its programs to maintain operating efficiency and meet its capital expenditure budget and financial goals in determining the stock or cash dividends to be paid. The cash dividends shall not be less than 10% of total dividends.

(a) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(b) Special reserve

In accordance with Ruling issued by the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior period. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

D. Earnings distribution

Earnings distribution of 2023 was approved by the Board of Directors and shareholders meeting on February 27 and May 31, 2024, respectively. The appropriations and cash dividends per share were as follow:

	Earnings Distribution	Dividends per Share
Legal reserve	\$ 54,694	
Special reserve	41,434	
Cash dividends	<u>547,136</u>	1.01
	<u>\$ 643,264</u>	

The above-mentioned earnings distribution was consistent with the resolutions approved by Board of Directors on February 27, 2024.

Earnings distribution of 2022 was approved by the Board of Directors and shareholders meeting on February 24 and May 31, 2023, respectively. The appropriations and cash dividends per share were as follow:

	Earnings Distribution	Dividends per Share
Legal reserve	\$ 96,692	
Special reserve	(220,543)	
Cash dividends	<u>915,504</u>	1.69
	<u>\$ 791,653</u>	

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The above-mentioned earnings distribution of 2022 was consistent with the resolutions approved by the Board of Directors on February 24, 2023.

Related information would be available at the Market Observation Post System website.

The appropriation of earnings in 2024 was approved by the Board of Directors on February 27, 2025, the cash dividend of \$270,859 thousand, represents \$0.5 per share, will be distributed. The above-mentioned distribution is to be presented for approval in shareholders' meeting and the related information will be available at the Market Observation Post System website.

E. Other equity and non-controlling interest

	Differences on translation of foreign operation financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Equity related to non-current assets held for sale	Non-controlling interests	Total
Balance at January 1, 2024	\$ (243,018)	18,614	(43,579)	3,317,358	3,049,375
Differences on translation of foreign operation financial statements	278,448	-	-	67,943	346,391
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	(55,689)	-	-	-	(55,689)
Remeasurements of defined benefit plans	-	-	-	243	243
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(42,225)	-	(6,422)	(48,647)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(544)	-	-	(544)
Changes in ownership interests in subsidiaries	-	-	-	(18,463)	(18,463)
Distribution of cash dividend by subsidiaries	-	-	-	(230,106)	(230,106)
Changes in non-controlling interests	-	-	-	937,240	937,240
Disposal of subsidiaries	(43,579)	-	43,579	-	-
Balance at December 31, 2024	<u>\$ (63,838)</u>	<u>(24,155)</u>	<u>-</u>	<u>4,067,793</u>	<u>3,979,800</u>

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	Differences on translation of foreign operation financial statements	Unrealized gains on financial assets at fair value through other comprehensive income	Equity related to non-current assets held for sale	Non-controlling interests	Total
Balance at January 1, 2023	\$ (233,127)	6,578	-	3,185,307	2,958,758
Differences on translation of foreign operation financial statements	(66,837)	-	-	4,970	(61,867)
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	13,367	-	-	-	13,367
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	12,036	-	7,301	19,337
Changes in ownership interests in subsidiaries	-	-	-	(51,387)	(51,387)
Distribution of cash dividend by subsidiaries	-	-	-	(296,382)	(296,382)
Changes in non-controlling interests	-	-	-	467,549	467,549
Equity related to non-current assets held for sale	43,579	-	(43,579)	-	-
Balance at December 31, 2023	<u>\$ (243,018)</u>	<u>18,614</u>	<u>(43,579)</u>	<u>3,317,358</u>	<u>3,049,375</u>

(23) Earnings per share

A. Basic earnings per share

	For the years ended December 31,	
	2024	2023
Profit attributable to Alpha's ordinary shareholders	\$ <u>218,627</u>	<u>547,920</u>
Weighted-average number of shares outstanding (in thousands of shares)	<u>541,719</u>	<u>541,719</u>
Basic earnings per share (NTD)	\$ <u>0.40</u>	<u>1.01</u>

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B. Diluted earnings per share

	For the years ended December 31,	
	2024	2023
Profit attributable to Alpha's ordinary shareholders	\$ <u>218,627</u>	<u>547,920</u>
Weighted-average number of shares outstanding (in thousands of shares) (basic)	541,719	541,719
Effect of employee remuneration in shares	<u>1,179</u>	<u>2,479</u>
Weighted-average number of shares outstanding (in thousands of shares) (diluted)	<u>542,898</u>	<u>544,198</u>
Diluted earnings per share (NTD)	\$ <u>0.40</u>	<u>1.01</u>

(24) Revenues

A. The details of revenues were as follows:

	For the years ended December 31,	
	2024	2023
Primary geographical markets:		
United States	\$ 12,144,663	16,366,044
Taiwan	4,635,270	5,250,733
Japan	1,084,775	1,277,505
Others	<u>3,578,917</u>	<u>5,377,909</u>
	<u>\$ 21,443,625</u>	<u>28,272,191</u>
Major products/services lines:		
LAN/MAN	\$ 7,995,678	12,953,409
Wireless Broadband	9,514,666	11,347,190
Digital Multimedia	1,378,231	1,707,767
Others	<u>2,555,050</u>	<u>2,263,825</u>
	<u>\$ 21,443,625</u>	<u>28,272,191</u>

B. Contract balances

	December 31, 2024	December 31, 2023	January 1, 2023
Accounts receivable (including related parties)	\$ <u>3,970,712</u>	<u>4,899,282</u>	<u>5,598,816</u>
Contract liabilities	<u>\$ 1,339,841</u>	<u>1,242,077</u>	<u>866,605</u>

For details on accounts receivable and loss allowances, please refer to note 6(3).

The amounts of revenue recognized for the year ended December 31, 2024 and 2023 that were included in the contract liability balance at the beginning of the period were \$604,348 thousand and \$637,313 thousand, respectively.

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The contract liabilities primarily relate to the advance receipts from the Group's product sales contracts, and the Group will recognize the revenue when the product is transferred to the customer.

(25) Remuneration to employees and directors

In accordance with the articles of incorporation, Alpha should contribute 10% to 22.5% of the profit as employee compensation and no more than 1% as directors' remuneration when there is profit for the year. However, if Alpha has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Alpha's affiliated companies who meet certain conditions.

For the year ended December 31, 2024 and 2023, Alpha accrued and recognized its remuneration to employees amounting to \$30,968 thousand and \$73,510 thousand, respectively, and directors' remuneration amounting to \$2,323 thousand and \$5,513 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of the period, multiplied by the percentage of remuneration to employees and directors as specified in the Alpha's articles. These remunerations are recognized under operating costs or operating expenses. If there is any change on the actual amount incurred and estimated amount, this shall be accounted for change in accounting estimates and recognize as profit or loss in the following year. However, if the Board of Directors resolved that the employee remuneration to be distributed through stock dividends, the closing price of the ordinary share on the day before the Board of Directors' meeting is used in the calculation for stock remuneration. Related information would be available at the Market Observation Post System website.

The abovementioned remuneration for employees and directors resolved through Board of Directors' meeting is consistent with the estimated amount as stated in the consolidated financial statements for the years 2024 and 2023.

(26) Interest income

The details of the Group's interest income were as follows:

	For the years ended December 31,	
	2024	2023
Interest income from bank deposits and others	\$ <u>107,187</u>	<u>81,342</u>

(27) Other income

The details of the Group's other income were as follows:

	For the years ended December 31,	
	2024	2023
Dividend income	\$ 1,306	3,456
Government grants income	50,967	63,355
Others	34,690	37,748
	\$ <u>86,963</u>	<u>104,559</u>

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(28) Other gains and losses

The details of the Group's other gains and losses were as follows:

	For the years ended December 31,	
	2024	2023
Gain on disposal of subsidiaries, net (note 6(6))	\$ 453,891	-
Loss on financial assets at fair value through profit or loss, net	(213,900)	(13,615)
Foreign exchange gain (loss), net	145,298	(17,721)
Others	(28,246)	(20,187)
	<u><u>\$ 357,043</u></u>	<u><u>(51,523)</u></u>

(29) Finance costs

The details of the Group's finance costs were as follows:

	For the years ended December 31,	
	2024	2023
Interest expense of borrowings, etc.	\$ 132,884	147,727
Interest expense of lease liability	10,940	8,524
	<u><u>\$ 143,824</u></u>	<u><u>156,251</u></u>

(30) Financial instruments

A. Credit risk

(a) Credit risk exposure

The carrying amounts of financial assets represents the maximum amount exposed to credit risk.

(b) Concentration of credit risk

The major customers of the Group are centralized in the networking related industries. The Group generally sets credit limits to its customers according to their credit evaluations. Therefore, the credit risk of the Group is mainly influenced by the networking industry. As of December 31, 2024 and 2023, 57% and 48%, respectively, of the Group's accounts receivable (including related parties) were from the top 7 customers. Although there is a potential in concentration of credit risk, the Group routinely assesses the collectability of its accounts receivable and makes a corresponding allowance for doubtful accounts.

(c) Credit risk of receivable

Risk exposure information for notes receivable and accounts receivable, please refer to note 6(3).

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Other financial assets measured at amortized cost include time deposits with maturities of more than three months and restricted bank deposits, please refer to note 6(5) for details of relevant investments.

All of these financial assets were considered to have low credit risk, and thus, the impairment provision recognized during the period was limited to 12 months expected credit losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(7).

B. Liquidity risk

The following are the contractual maturities of financial liabilities, including the estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 1 year	1 to 5 years	More than 5 years
December 31, 2024					
Non-derivative financial liabilities					
Short-term borrowings	\$ 1,615,357	(1,643,394)	(1,643,394)	-	-
Accounts payable (including related parties)	3,460,727	(3,460,727)	(3,460,727)	-	-
Other payables to related parties (included in other current liabilities)	3,983	(3,983)	(3,983)	-	-
Accrued expenses	549,804	(549,804)	(549,804)	-	-
Lease liabilities	322,552	(379,497)	(45,452)	(142,049)	(191,996)
Long-term borrowings (included maturity within 1 year)	455,000	(471,373)	(88,807)	(382,566)	-
Derivative financial liabilities					
Forward exchange contracts:					
Outflows	5,431	(986,087)	(986,087)	-	-
Inflows	(65)	980,721	980,721	-	-
Foreign exchanges swaps:					
Outflows	18,327	(2,466,722)	(2,466,722)	-	-
Inflows	(225)	2,448,620	2,448,620	-	-
	<u>\$ 6,430,891</u>	<u>(6,532,246)</u>	<u>(5,815,635)</u>	<u>(524,615)</u>	<u>(191,996)</u>
December 31, 2023					
Non-derivative financial liabilities					
Short-term borrowings	\$ 880,246	(894,394)	(894,394)	-	-
Accounts payable (including related parties)	4,269,356	(4,269,356)	(4,269,356)	-	-
Other payables to related parties (included in other current liabilities)	710	(710)	(710)	-	-
Accrued expenses	565,992	(565,992)	(565,992)	-	-
Long-term borrowings (included maturity within 1 year)	700,000	(733,214)	(13,272)	(719,942)	-
Lease liabilities	324,103	(391,825)	(45,107)	(124,887)	(221,831)
Bonds payable	264,612	(264,612)	-	(264,612)	-
Derivative financial liabilities					
Forward exchange contracts:					
Outflows	148	(604,151)	(604,151)	-	-
Inflows	(575)	604,578	604,578	-	-
Foreign exchanges swaps:					
Outflows	630	(1,607,567)	(1,607,567)	-	-
Inflows	(29,734)	1,636,671	1,636,671	-	-
	<u>\$ 6,975,488</u>	<u>(7,090,572)</u>	<u>(5,759,300)</u>	<u>(1,109,441)</u>	<u>(221,831)</u>

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C. Currency risk

(a) Exposure to currency risk

The Group's significant exposure to foreign currency risk was as follows:

	December 31, 2024			December 31, 2023		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 71,820	32.785	2,354,619	101,229	30.75	3,114,944
CNY	1,045	4.4915	4,692	6,591	4.3364	28,581
<u>Non-Monetary items</u>						
USD	8,000	32.785	Note	63,790	30.75	Note
CNY	10,000	4.4915	Note	-	-	-
EUR	-	-	-	1,700	34.034	Note
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	116,217	32.785	3,810,174	118,405	30.75	3,640,954
<u>Non-Monetary items</u>						
USD	96,000	32.785	Note	5,000	30.75	Note
CNY	-	-	-	10,000	4.3364	Note

Note: Please refer to note 6(2) for the information on forward exchange contracts and foreign exchanges swaps at fair value.

(b) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the foreign currency exchange gains and losses resulted from the translation of cash and cash equivalents, trade receivables, other receivables, short-term borrowings, trade payables and other payables which are denominated in foreign currencies. A strengthening (weakening) of 1% of the NTD against the USD and the CNY as of December 31, 2024 and 2023, would have increased or decreased the profit before tax by \$14,509 thousand and \$4,974 thousand, respectively. The analysis assumed that all other variables remain constant, and performed on the same basis for both periods.

(c) Exchange gains and losses on monetary items

Since the Group has different functional currencies, the information on foreign exchange gain (loss) on monetary items is disclosed in aggregate amount. For the year ended December 31, 2024 and 2023, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$145,298 thousand and \$(17,721) thousand, respectively.

D. Interest rate analysis

Please refer to the notes on liquidity risk management for interest rate exposure of the Group's financial assets and liabilities. The following sensitivity analysis is based on the exposure to the interest rate risk. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year.

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If the interest rate had increased or decreased by 0.25%, the Group's profit before tax would have increased or decreased by \$1,234 thousand and \$1,375 thousand, respectively for the year ended December 31, 2024 and 2023 with all other variable factors remaining constant. The change is mainly due to the Group's cash and cash equivalents, financial assets at amortized cost (current and non-current) and borrowings with variable rates.

E. Other market price risk

For the year ended December 31, 2024 and 2023, the sensitivity analyses for the changes in securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

Prices of securities at the reporting date	For the years ended December 31,	
	2024	2023
Financial assets at fair value through profit or loss		
Increasing 5%	\$ <u>2,876</u>	<u>299</u>
Decreasing 5%	\$ <u>(2,876)</u>	<u>(299)</u>
Financial assets at fair value through other comprehensive income		
Increasing 5%	\$ <u>5,536</u>	<u>9,567</u>
Decreasing 5%	\$ <u>(5,536)</u>	<u>(9,567)</u>

F. Fair value of financial instruments

(a) Fair value hierarchy

The Group considers that the carrying amounts of financial assets and financial liabilities measured at amortized cost approximate their fair values. The fair value of financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. Disclosure of fair value information is not required for lease liabilities. The table below analyzes financial instruments that are measured at fair value subsequent to initial recognition.

	December 31, 2024				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value under repetitive basis					
Financial assets mandatorily at fair value through profit or loss – stocks	\$ <u>57,522</u>	<u>4,902</u>	<u>-</u>	<u>52,620</u>	<u>57,522</u>
Financial assets mandatorily at fair value through profit or loss – derivative	\$ <u>290</u>	<u>-</u>	<u>290</u>	<u>-</u>	<u>290</u>
Non-current financial assets at fair value through other comprehensive income	\$ <u>110,711</u>	<u>-</u>	<u>-</u>	<u>110,711</u>	<u>110,711</u>

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		December 31, 2024			
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value under repetitive basis					
Financial liabilities at fair value through profit or loss – derivative	\$ <u>23,758</u>	<u>-</u>	<u>23,758</u>	<u>-</u>	<u>23,758</u>
		December 31, 2023			
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value under repetitive basis					
Financial assets mandatorily at fair value through profit or loss – stocks	\$ <u>5,989</u>	<u>5,989</u>	<u>-</u>	<u>-</u>	<u>5,989</u>
Financial assets mandatorily at fair value through profit or loss – derivative	\$ <u>30,309</u>	<u>-</u>	<u>30,309</u>	<u>-</u>	<u>30,309</u>
Non-current financial assets at fair value through other comprehensive income	\$ <u>191,331</u>	<u>-</u>	<u>-</u>	<u>191,331</u>	<u>191,331</u>
Financial liabilities measured at fair value under repetitive basis					
Financial liabilities at fair value through profit or loss – derivative	\$ <u>778</u>	<u>-</u>	<u>778</u>	<u>-</u>	<u>778</u>

(b) Valuation techniques for financial instruments measured at fair value

i. Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

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The categories and nature of the fair value for the Group's financial instruments which have active market are as below:

For publicly traded stock, bank draft and bond with standard terms, conditions that traded in active market, the fair value of these financial assets and liabilities is based on quoted market prices.

Except for the above-mentioned financial instruments traded in active markets, the fair value of other financial instruments is based on the valuation techniques or refer to quoted price from counterparties. The fair value using valuation techniques refers to the current fair value of other financial instruments with similar conditions and characteristics, or using a discounted cash flow method, or other valuation techniques which include model calculating with observable market data at the reporting date (such as yield curve from Taipei Exchange, average interest rate from Reuters' commercial paper).

The categories and nature of the fair value for the Group's financial instruments which without an active market are as below:

The fair value for equity instruments which do not have public quoted price is measured based on net asset value of comparable companies. The main assumption is based on the market multiples derived from the net value per share of investees and quoted price of EV/EBIT's comparable listed companies. The estimated amount has adjusted the discounted effect due to the lack of liquidity in market for equity security.

ii. Derivative financial instruments

Measurement on fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Foreign currency forward contract is measured based on the current forward exchange rate. Structured interest rate derivative products are measured based on appropriate option pricing model.

(c) There was no transfer between the different levels of fair value hierarchy for the year ended December 31, 2024 and 2023.

(d) Reconciliation of Level 3 fair values

	Fair value through profit or loss	Fair value through other comprehensive income	Total
Opening Balance, January 1, 2024	\$ -	191,331	191,331
Additions	50,000	-	50,000
Disposal	-	(31,429)	(31,429)
Recognized in profit or loss	2,620	-	2,620
Unrealized loss on financial assets measured at fair value through other comprehensive income	-	(49,191)	(49,191)
Ending balance, December 31, 2024	<u>\$ 52,620</u>	<u>110,711</u>	<u>163,331</u>

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	Fair value through other comprehensive income
Opening balance, January 1, 2023	\$ 171,994
Unrealized gain on financial assets measured at fair value through other comprehensive income	19,337
Ending balance, December 31, 2023	\$ 191,331

- (e) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include "financial assets measured at fair value through other comprehensive income—investments". Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income—equity investments without an active market	Price-equity ratios/Price-to-earnings ratios method	As of December 31, 2024, and 2023, price-equity ratios of comparable companies were at 1.50 times, and 1.75 times, respectively As of December 31, 2024, and 2023, price-to-earning ratio of comparable companies were at 16.31 times, and 23.21 times, respectively. As of December 31, 2024, and 2023, discount for lack of marketability were 17.41%~18.10%, and 18.10%~23.21%, respectively.	The higher the price-equity ratios, the higher the fair value. The higher the price-to-earning ratios, the higher the fair value. The greater degree of lack of marketability, the lower the fair value.
Financial assets at fair value through other comprehensive income—limited partnership	Equity method	Not applicable (Note)	Not applicable (Note)

Note: The fund of limited partnership was remained unused and it was disposed in third quarter of 2024.

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(31) Financial risk management

A. Overview

The Group has exposures to the following risks from its financial instruments:

- (a) credit risk
- (b) liquidity risk
- (c) market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above-mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying consolidated financial statements.

B. Structure of risk management

The Board of Directors has the overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Audit Committee, which is responsible for monitoring the compliance of the Group's risk management policies and procedures. Risk management policies and systems are also reviewed regularly by the Audit Committee to reflect the changes in market conditions and the Group's activities. Internal auditors are assisting Audit Committee in performing the monitoring role through periodic and ad hoc review procedures to risk management relevant control and process. Subsequently, the internal auditors report will be presented to the Board of Directors.

C. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments in debt securities.

(a) Accounts receivable and other receivables

The Group has established a credit policy, under which, each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer and represent the maximum open amount; these limits are reviewed periodically. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

The Group did not have any collateral on accounts receivable and other receivable.

(b) Investment

The credit risk of bank deposits, fixed income investments, and other financial instruments are measured and monitored by the finance department of the Group. There is no significant credit risk because the Group used to transact with or deal with counterparty with good credit ratings financial institutions, corporate organizations and government agencies.

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(c) Guarantee

The Group's policy provides only financial security to fully owned subsidiaries. As of December 31, 2024 and 2023, except for the subsidiaries, the Group did not provide any endorsement guarantee.

D. Liquidity risk

The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities and ensures compliance with the terms of loan agreements.

Bank borrowing is an essential liquidity source for the Group. For the years ended December 31, 2024 and 2023, the Group did not utilize any credit line for both long-term and short-term bank borrowing. Please refer to note 6(14) and 6(15) for details.

E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices that will affect the Group's income or the value of its holdings on financial instruments. The objective of market risk management is to manage and control the market risk exposures within acceptable parameters, while optimizing the return.

The Group trades derivative instruments, and also incurs financial liabilities, in order to manage market risks. All such transactions are executed in accordance with the Group's procedures for conducting derivative transactions which were approved by the Board of Directors.

(a) Foreign currency risk

The Group's exposure to the risk of fluctuation in foreign currency exchange rates relates primarily to the Group's sales, purchases, and borrowings transactions, and those are denominated in a currency different from the functional currencies of the Group. These transactions are denominated in New Taiwan dollar (NTD), US dollar (USD) and Chinese Yuan (CNY).

The derivative financial products traded by the Group adopts economic hedging to avoid the exchange rate risk of foreign currency assets or liabilities held by the Group. The gains and losses arising from exchanges rate changes will offset the hedged items, therefore, the market risk is usually low.

(b) Other market price risk

The Group is exposed to equity price risk due to its investments in equity securities. This is a strategic investment and is not held for trading. The Group does not actively trade in these investments. Therefore, the Group will be exposed to the risk of market price changes in its equity securities.

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(32) Capital management

The Group's objective for managing its capital is to safeguard the capacity to continue as a going concern, to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust its capital structure, the Group may adjust the dividend payment to its shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell its assets to settle any liabilities.

The Group and other entities in the same industry use the debt-to-equity ratio to manage their capital. This ratio is the total net debt divided by the total capital.

The net debt from the balance sheet is derived from the total liabilities, less cash and cash equivalents. The total equity includes share capital, capital surplus, retained earnings, and other equity.

The Group's debt-to-equity ratio at the end of the reporting period was as follows:

	December 31, 2024	December 31, 2023
Total liabilities	\$ 9,261,815	10,468,764
Less: Cash and cash equivalents	<u>(3,957,279)</u>	<u>(3,200,675)</u>
Net debt	\$ 5,304,536	7,268,089
Total equity	\$ 13,982,701	13,330,079
Debt-to-equity ratio	<u>37.94%</u>	<u>54.52%</u>

The debt-to-equity ratio was decreased on December 31, 2024, due to the decrease in net debt.

(33) Non-cash investing and financing activities

The Group's investing and financing activities which did not affect the current cash flow were as follows:

A. For right-of-use assets obtained from lease, please refer to note 6(11).

B. Reconciliations of liabilities arising from financing activities were as follows:

	January 1, 2024	Cash flows	Foreign exchange movement and other	December 31, 2024
Short-term borrowings	\$ 880,246	667,249	67,862	1,615,357
Long-term borrowings	700,000	(245,000)	-	455,000
Bonds payable	264,612	-	(264,612)	-
Lease liabilities	<u>324,103</u>	<u>(38,007)</u>	<u>36,456</u>	<u>322,552</u>
Total liabilities from financing activities	<u>\$ 2,168,961</u>	<u>384,242</u>	<u>(160,294)</u>	<u>2,392,909</u>

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	January 1, 2023	Cash flows	Foreign exchange movement and other	December 31, 2023
Short-term borrowings	\$ 3,936,093	(2,566,317)	(489,530)	880,246
Long-term borrowings	26,000	674,000	-	700,000
Bonds payable	-	631,884	(367,272)	264,612
Lease liabilities	244,052	(39,820)	119,871	324,103
Total liabilities from financing activities	<u>\$ 4,206,145</u>	<u>(1,300,253)</u>	<u>(736,931)</u>	<u>2,168,961</u>

7. Related-party transactions:

- (1) Parent company and ultimate controlling company

Qisda, who is both the parent company and the ultimate controlling party of the Group, holds 54.60% of the Group's outstanding shares and has issued the consolidated financial statements available for public use.

- (2) Names and relationship with related parties.

The following are entities that have had transactions with related party during the periods covered in the consolidated financial statement:

<u>Name of related party</u>	<u>Relationship with the Group</u>
Qisda Corporation (Qisda)	Parent company
AEWIN Technologies Co., Ltd. (AEWIN Technologies)	Qisda's subsidiary
BenQ Asia Pacific Corp (BQP)	Qisda's subsidiary
BenQ Healthcare Corporation (BHC)	Qisda's subsidiary
Qisda Corporation (Suzhou) Co., Ltd. (QCSZ)	Qisda's subsidiary
Global Intelligence Network Co., Ltd. (Ginnet)	Qisda's subsidiary
Simula Technologies Inc. (Simula)	Qisda's subsidiary
BenQ Material Corp. (BMC)	Qisda's subsidiary
Qisda Optronics (Suzhou) Co., Ltd. (QCOS)	Qisda's subsidiary
Qisda Vietnam Co.,Ltd. (QVH)	Qisda's subsidiary
Concord Medical Co., Ltd. (Concord)	Qisda's subsidiary
BenQ Technologies (Shanghai) Co., Ltd. (BQls)	Qisda's subsidiary
BenQ AB DentCare Corp. (BABD)	Qisda's subsidiary
AdvancedTEK International Corp. (AdvancedTEK)	Qisda's subsidiary
Golden Spirit Co., Ltd. (GSC)	Qisda's subsidiary
Metaage Corporation (Metaage)	Qisda's subsidiary
Darfon Electronics Corp. (DFN)	Qisda's associate
Rapidtek Technologies Inc. (Rapidtek Technologies)	Qisda's associate

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<u>Name of related party</u>	<u>Relationship with the Group</u>
Unictron Technologies Corporation (Unictron Technologies)	Qisda's associate
AUO Education Service Corp. (AUES)	Qisda's associate
Darwin Precisions Corp. (DARWIN)	Qisda's associate
BenQ Foundation	Substantive related party

(3) Significant related-party transactions

A. Sales

The amounts of sales to related parties were as follows:

	For the years ended December 31,	
	2024	2023
Parent company	\$ -	476
Other related parties	10,011	567
	\$ 10,011	1,043

The prices for sales to the above related parties were determined by general market conditions and adjusted by considering the geographic sales area and sales volumes.

The collection terms for third parties and related parties were 30 to 90 days, which were same as the collection terms given to other customers.

B. Purchases

The amounts of purchases by the Group from related parties were as follows:

	For the years ended December 31,	
	2024	2023
Parent company	\$ 404	65
Other related parties	122,718	58,750
	\$ 123,122	58,815

The prices for purchase from related parties were not materially different from those from third parties. The payment terms for purchase from related parties were 30 to 90 days after purchase.

C. Receivables from related parties

The receivables from related parties were as follows:

<u>Account</u>	<u>Relationship</u>	December 31, 2024	December 31, 2023
Accounts receivable from related parties	Parent company	\$ -	250
Accounts receivable from related parties	Other related parties	1,568	515
		\$ 1,568	765

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D. Payables to related parties

The payables to related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts payable to related parties	Parent company	\$ -	62
Accounts payable to related parties	Other related parties	35,061	18,335
		<u><u>\$ 35,061</u></u>	<u><u>18,397</u></u>

E. Rendering of services and other expenses

The amounts of product warranty and maintenance services, research, donation and other expenses paid by the Group were as follows:

		<u>For the years ended December 31,</u>	
		<u>2024</u>	<u>2023</u>
Parent company		\$ 958	1,479
Other related parties		1,552	3,784
		<u><u>\$ 2,510</u></u>	<u><u>5,263</u></u>

The payables to related parties were as follows:

<u>Account</u>	<u>Related Party Category</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Other payable to related parties	Parent company	\$ 867	487
Other payable to related parties	Other related parties	773	223
		<u><u>\$ 1,640</u></u>	<u><u>710</u></u>

F. Property transactions

(i) Acquisition of property, plant and equipment and intangible assets were as follows:

		<u>Amount</u>	
		<u>For the years ended December 31,</u>	
		<u>2024</u>	<u>2023</u>
Parent company		\$ 4,180	200
Other related parties		6,439	2,633
		<u><u>\$ 10,619</u></u>	<u><u>2,833</u></u>

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(ii) Disposals of property, plant and equipment and intangible assets were as follows:

	Amount	
	For the years ended	
	December 31,	
	2024	2023
Other related parties	\$ <u>3,358</u>	<u>-</u>

(iii) The amounts of receivable and payable to related parties were as follows:

Account	Relationship	December 31, 2024	December 31, 2023
Other payables	Other related parties	\$ <u>2,343</u>	<u>-</u>
Other receivables	Other related parties	\$ <u>3,516</u>	<u>-</u>

G. Prepayments

Account	Relationship	December 31, 2024	December 31, 2023
Prepayments (included in other current assets)	Parent company	\$ -	200
Prepayments (included in other current assets)	Other related parties	241	360
		\$ <u>241</u>	<u>560</u>

H. Other

Account	Relationship	For the years ended December 31,	
		2024	2023
Other income	Other related parties	\$ <u>659</u>	<u>-</u>

The receivable from related parties were as follows:

Account	Relationship	December 31, 2024	December 31, 2023
Other receivable from related parties (included in other current assets)	Other related parties	\$ <u>364</u>	<u>-</u>

(4) Key management personnel compensation

	For the years ended	
	December 31,	
	2024	2023
Short-term employee benefits	\$ 60,379	86,560
Post-employment benefits	1,188	1,187
	\$ <u>61,567</u>	<u>87,747</u>

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8. Pledged assets:

Pledged assets	Object	December 31, 2024	December 31, 2023
Time deposit (recorded in other current assets)	Guarantee for foreign exchange forward	\$ -	650
Time deposit (recorded in financial assets measured at amortized cost–non-current)	Import guarantee for Customs	7,550	7,550
Time deposit (recorded in financial assets measured at amortized cost–non-current)	Guarantee for land lease	8,000	8,000
Time deposit (recorded in financial assets measured at amortized cost–non-current)	Guarantee for construction project	-	558
Time deposit (recorded in financial assets measured at amortized cost–non-current)	Guarantee for land lease and import customs clearance	2,382	2,382
Refundable deposit (recorded in financial assets measured at amortized cost–non-current)	Guarantee to local authority for sales to overseas customers	11,347	12,061
Refundable deposit (recorded in financial assets measured at amortized cost–non-current)	Guarantee for warranty	123,231	95,747
		\$ 152,510	126,948

9. Significant commitments and contingencies:

- (1) The Group obtained bank financing and foreign exchange transaction limits, and signed subsidy contracts with the government. As of December 31, 2024 and 2023, the total amount of promissory notes and guarantees deposited in the bank are \$14,958,675 thousand and \$19,993,551 thousand, respectively.
- (2) The Group had entered into a technology license agreement with suppliers. According to the agreement, the Group is obligated to make payments for technology license fee and royalty based on the total sales of products by using such technology.
- (3) Others

	December 31, 2024	December 31, 2023
Guaranteed notes payable for tender contract	\$ 8,456	15,256
Guarantee for construction projects	\$ 107,799	113,771

10. Losses due to major disasters: None

11. Subsequent events: None

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12. Other:

A summary of employee benefits, depreciation, and amortization, by function, was as follows:

By item	By function		For the year ended December 31,			
			2024		2023	
	Cost of Sales	Operating expenses	Total	Cost of Sales	Operating expenses	Total
Employee benefits						
Salary	655,879	2,127,583	2,783,462	635,427	2,454,151	3,089,578
Labor and health insurance	56,303	166,584	222,887	88,600	191,889	280,489
Pension	40,582	124,185	164,767	32,577	127,770	160,347
Remuneration of directors	-	16,726	16,726	-	24,311	24,311
Others	45,598	74,153	119,751	48,302	70,959	119,261
Depreciation	249,713	254,670	504,383	301,719	255,229	556,948
Amortization	4,747	215,024	219,771	3,871	213,389	217,260

13. Other disclosures:

(1) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

- A. Financing provided to other parties: Please refer to Table 1.
- B. Guarantees and endorsements provided to other parties: Please refer to Table 2.
- C. Securities held (excluding investment in subsidiaries, associates and joint ventures): Please refer to Table 3.
- D. Individual securities acquired or disposed of with accumulated amounts exceeding \$300 million or 20% of the capital stock: Please refer to Table 4.
- E. Acquisition of individual real estate with amounts exceeding \$300 million or 20% of the capital stock: None.
- F. Disposal of individual real estate with amounts exceeding \$300 million or 20% of the capital stock: None.
- G. Related-party transactions for purchases and sales with amounts exceeding \$100 million or 20% of the capital stock: Please refer to Table 5.
- H. Receivables from related parties with amounts exceeding \$100 million or 20% of the capital stock: Please refer to Table 6.
- I. Trading in derivative instruments: Please refer to note 6(2).
- J. Business relationships and significant intercompany transactions: Please refer to Table 7.

ALPHA NETWORKS INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (2) Information on investees (excluding information on investees in Mainland China): Please refer to Table 8.
- (3) Information on investment in Mainland China:
- A. The names of investees in Mainland China, the main businesses and products, and other information: Please refer to Table 9.
 - B. Limitation on investment in Mainland China: Please refer to Table 9.
 - C. Significant transactions:

The significant inter-company transactions with the subsidiaries in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".
- (4) Major shareholders:

Shareholder's Name	Shares	Percentage
Qisda Corporation	295,797,126	54.60 %

1. The main shareholder information in this table is calculated on the last business day at the end of each quarter by the Taiwan Depository & Clearing Corporation, based on those who held more than 5% of the Company's ordinary shares and preferred shares and have completed unregistered non-physical securities delivered (including treasury shares). As for the share capital recorded in the Company's financial report and the Company's actual number of shares delivered without physical registration, there may be differences due to different basis of calculation.
2. In the case of the above information, if the shareholder delivers the shares to the trust, it is disclosed in the individual accounts of the trustee who opened the trust account by the trustee. As for the shareholder's declaration of insider's equity holding more than 10% of the shares in accordance with the Securities and Exchange Act, his shareholding includes his own shareholding plus the shares delivered to the trust and the right to use the trust property, etc. For information on insider's equity declaration, please refer to Market Observation Post System website.

14. Segment information:

- (1) Operating segment information

The Group has two reportable segments and those reportable segments are the Group's strategic divisions. Every operating unit provides different types of products and services which require different type of technologies and marketing strategies as well as management. The Group's management decision maker will review the internal management report for each operating unit quarterly. The operation descriptions of each operating unit are as below:

- A. Network related products: Involved in design, research, production and sales of LAN/MAN, wireless related products, computer network system and related components.
- B. Others: Involved in research, production and sales of telecommunication system and multimedia related products.

ALPHA NETWORKS INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (2) Information on reportable segments and their measurement and reconciliations were as follows:

Information on reportable segments and their measurement and reconciliations were as follows:

For the years ended December 31, 2024				
	Network related products	Other	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	\$ 18,975,116	2,468,509	-	21,443,625
Intersegment revenue	-	62,729	(62,729)	-
Total revenue	<u>\$ 18,975,116</u>	<u>2,531,238</u>	<u>(62,729)</u>	<u>21,443,625</u>
Interest expenses	<u>\$ 141,048</u>	<u>2,782</u>	<u>(6)</u>	<u>143,824</u>
Depreciation and amortization	<u>\$ 654,231</u>	<u>70,789</u>	<u>(865)</u>	<u>724,155</u>
Reportable segment profit or loss	<u>\$ 214,282</u>	<u>242,011</u>	<u>(114,294)</u>	<u>341,999</u>

December 31, 2024				
	Network related products	Other	Reconciliation and elimination	Total
Reportable segment assets	<u>\$ 19,779,083</u>	<u>4,166,237</u>	<u>(700,804)</u>	<u>23,244,516</u>
Reportable segment liabilities	<u>\$ 7,864,036</u>	<u>1,429,017</u>	<u>(31,238)</u>	<u>9,261,815</u>

For the years ended December 31, 2023				
	Network related products	Other	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	\$ 26,078,598	2,193,593	-	28,272,191
Intersegment revenue	-	48,967	(48,967)	-
Total revenue	<u>\$ 26,078,598</u>	<u>2,242,560</u>	<u>(48,967)</u>	<u>28,272,191</u>
Interest expenses	<u>\$ 147,617</u>	<u>8,642</u>	<u>(8)</u>	<u>156,251</u>
Depreciation and amortization	<u>\$ 709,665</u>	<u>67,918</u>	<u>(3,375)</u>	<u>774,208</u>
Reportable segment profit or loss	<u>\$ 526,286</u>	<u>217,789</u>	<u>(104,208)</u>	<u>639,867</u>

December 31, 2023				
	Network related products	Other	Reconciliation and elimination	Total
Reportable segment assets	<u>\$ 20,649,996</u>	<u>3,793,038</u>	<u>(644,191)</u>	<u>23,798,843</u>
Reportable segment liabilities	<u>\$ 9,172,545</u>	<u>1,303,445</u>	<u>(7,226)</u>	<u>10,468,764</u>

- (3) Products and services information

Details of customers contract revenue for 2024 and 2023, please refer to note 6(24).

ALPHA NETWORKS INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(4) Geographic information

In presenting information on the basis of geography, revenue is based on the geographical location of customers, and assets are based on the geographical location of the assets.

Detail of customers contract revenue for 2024 and 2023, please refer to note 6(24).

	December 31, 2024	December 31, 2023
Non-current assets:		
China	\$ 521,870	575,782
Taiwan	3,977,973	2,260,791
Others	<u>2,429,513</u>	<u>3,635,086</u>
	<u>\$ 6,929,356</u>	<u>6,471,659</u>

Non-current assets include property, plant, and equipment, right-of-use assets, intangible assets and other assets, not including financial instruments and deferred tax assets.

(5) Major customer information

Sales to individual customers representing greater than 10% of consolidated revenue were as follows:

	For the years ended December 31, 2024	2023
L Company	\$ 2,651,637	4,572,202
W Company	2,656,620	3,887,262
Z Company	<u>2,377,460</u>	<u>2,571,750</u>
	<u>\$ 7,685,717</u>	<u>11,031,214</u>

Alpha Networks Inc. and Subsidiaries
Financing provided to other parties
For the year ended December 31, 2024

Table 1

(In Thousands of New Taiwan Dollars)

No.	Name of lender	Name of borrower	Account	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	Alpha	Alpha VN	Other receivable from related parties	Yes	328,350 (USD10,000 thousand)	327,850 (USD10,000 thousand)	327,850 (USD10,000 thousand)	5.5%	2	-	Operating capital	-		-	1,982,982 (note 2)	3,965,963 (note 3)
1	Alpha HK	Alpha Changshu	Same as above	Yes	1,127,582 (CNY248,000 thousand)	-	-	-	2	-	Operating capital	-		-	1,287,903 (note 4)	1,287,903 (note 4)
1	Alpha HK	Enrich Investment	Same as above	Yes	6,557 (USD200 thousand)	6,557 (USD200 thousand)	6,557 (USD200 thousand)	-	2	-	Operating capital	-		-	257,581 (note 5)	515,161 (note 5)
2	Alpha Chengdu	Alpha Changshu	Same as above	Yes	272,802 (CNY60,000 thousand)	269,490 (CNY60,000 thousand)	269,490 (CNY60,000 thousand)	1.25%~ 1.75%	2	-	Operating capital	-		-	496,289 (note 4)	496,289 (note 4)
3	Enrich Investment	Transnet Corporation	Same as above	Yes	15,000	-	-	1.65%	2	-	Operating capital	-		-	55,659 (note 6)	111,318 (note 6)

Note 1: The method of filling out the capital loan and nature is as follows:

- (1) relate business relationship, please fill in 1.
- (2) relate short-term financing, please fill in 2.

Note 2: The individual financing amounts for a short term period shall not exceed 20% of the net worth of Alpha.

Note 3: The aggregate financing amount for a short term period shall not exceed 40% of the net worth of Alpha.

Note 4: Alpha HK and Alpha Chengdu, the subsidiaries whose voting shares are 100% owned, directly or indirectly, by Alpha, which are not located in Taiwan, for the purpose of lending operating capital, the amount of financing offered to a single company owned by Alpha shall not exceed 100% of the lender's net worth.

Note 5: The total and individual amount of leading to a company by Alpha HK shall not exceed 40% and 20% of net worth of latest financial statement, respectively.

Note 6: The total and individual amount of lending to a company by Enrich Investment shall not exceed 40% and 20% of net worth of latest financial statement, respectively.

Alpha Networks Inc. and Subsidiaries
Guarantees and endorsements provided to other parties
For the year ended December 31, 2024

Table 2

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (note 1)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (note 2)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	Alpha	Alpha Dongguan	note 3, 4	4,957,454	65,090	-	-	-	- %	9,914,908	Y	N	Y
0	Alpha	Alpha Changshu	note 3	4,957,454	229,845	229,495	12,171	-	2.31 %	9,914,908	Y	N	Y

Note 1: The total amount of guarantee provided by Alpha to any individual entity shall not exceed 50% of Alpha's equity.

Note 2: The total amount of guarantee provided by Alpha shall not exceed 100% of Alpha's equity.

Note 3: The company directly and indirectly holds more than 50% of the shares with voting rights.

Note 4: On December 28, 2023, Alpha made the agreement to dispose the entire shares of D-Link Asia and Alpha Dongguan. The abovementioned assets were reclassified as non-current assets held for sale. The abovementioned transaction had been completed in the second quarter of 2024.

Alpha Networks Inc. and Subsidiaries
Securities held (excluding investment in subsidiaries, associates and joint ventures)
December 31, 2024

Table 3

(In Thousands of Shares/In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account	Ending balance				Highest Percentage of ownership during the year (%)	Note
				Shares/ Units	Carrying value	Percentage of ownership (%)	Fair value		
Alpha	TGC, Inc.	-	Non-current financial assets at fair value through profit and loss	500	-	1.83	-	1.83	
Enrich Investment	DUNPIN NO.2 INNOVATION INVESTMENT CO., LTD.	-	Non-current financial assets at fair value through profit and loss	5,000	52,620	12.66	52,620	12.66	
Enrich Investment	RAPIDTEK TECHNOLOGIES INC.	Qisda's associate	Non-current financial assets at fair value through other comprehensive income	1,751	76,569	5.84	76,569	5.84	
Hitron Technologies	SENAO INTERNATIONAL CO., LTD.	-	Current financial assets at fair value through profit or loss	152	4,902	0.06	4,902	0.06	
Hitron Technologies	CHAO LONG MOTOR PARTS CORP	-	Non-current financial assets at fair value through other comprehensive income	668	34,142	1.79	34,142	1.79	
Hitron Technologies	IMAGETECH CO., LTD.	-	Non-current financial assets at fair value through other comprehensive income	120	-	1.20	-	1.20	
Hitron Technologies	TSUNAMI VISUAL TECHNOLOGIES	-	Non-current financial assets at fair value through other comprehensive income	1,220	-	9.34	-	9.34	
Hitron Technologies	PIVOT TECHNOLOGY CORP.	-	Non-current financial assets at fair value through other comprehensive income	198	-	10.94	-	10.94	
Hitron Technologies	CARDTEK TECHNOLOGY CO., LTD.	-	Non-current financial assets at fair value through other comprehensive income	1,000	-	6.45	-	6.45	
Hitron Technologies	YESMOBIRE HOLDINGS COMPANY LTD.	-	Non-current financial assets at fair value through other comprehensive income	294	-	0.75	-	0.75	
Hitron Technologies	CODENT NETWORKS (CAYMAN) LTD. (PREFERRED SHARES)	-	Non-current financial assets at fair value through other comprehensive income	1,570	-	-	-	-	

Alpha Networks Inc. and Subsidiaries
Individual securities acquired or disposed of with accumulated amounts exceeding \$300 million or 20% of the capital stock
For the year ended December 31, 2024

Table 4

(In Thousands of Shares/In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount(note)
Alpha	D-Link Asia	Non-current assets held for sale	NEUSTART INVESTMENT COMPANY LIMITED	Non-related party	-	-	-	-	-	568,606	113,055	453,891	-	-
Alpha	Fiber Logic	Investments accounted for using equity method	Tai Tung Communication Co., Ltd. and other shareholders	Non-related party	-	-	7,127	511,688	-	-	-	-	7,127	506,666

Note: The ending balance included the amount of exchange differences on translation about the foreign financial statements, please refer to 6(6).

Alpha Networks Inc. and Subsidiaries
Related-party transactions for purchases and sales with amounts exceeding \$100 million or 20% of the capital stock
For the year ended December 31, 2024

Table 5

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Alpha	Alpha USA	Subsidiary of Alpha	(Sales)	(4,165,372)	(31)%	90 days	-		896,523	29%	Note
Alpha	Alpha Changshu	Subsidiary of Alpha	Purchase	4,487,390	39%	90 days	-		(776,482)	(38)%	Note
Alpha	Hitron Technologies	Subsidiary of Alpha	(Sales)	(1,969,145)	(15)%	60 days	-		1,006,398	33%	Note
Alpha	Alpha HK	Subsidiary of Alpha	Purchase	5,092,433	44%	90 days	-		(677,961)	(33)%	Note
Alpha HK	Alpha Changshu	Subsidiary to subsidiary	(Sales)	(2,641,867)	(20)%	90 days	-		297,756	12%	Note
Alpha HK	Alpha VN	Subsidiary to subsidiary	(Sales)	(5,584,453)	(42)%	90 days	-		1,522,114	62%	Note
Alpha VN	Alpha HK	Subsidiary to subsidiary	(Sales)	(5,092,433)	(100)%	90 days	-		640,311	100%	Note
Hitron Technologies	Hitron Americas	Subsidiary to subsidiary	(Sales)	(4,557,272)	(77)%	120 days	-		2,173,774	85%	Note
Hitron Technologies	Hitron Europe	Subsidiary to subsidiary	(Sales)	(155,587)	(3)%	90 days	-		18,413	1%	Note
Hitron Technologies	Hitron Vietnam	Subsidiary to subsidiary	Purchase	4,366,596	61%	60 days	-		(1,154,580)	(51)%	Note

Note: The relevant transactions and ending balance have been eliminated in the consolidated financial statements.

Alpha Networks Inc. and Subsidiaries
Receivables from related parties with amounts exceeding \$100 million or 20% of the capital stock
December 31, 2024

Table 6

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period(note 1)	Loss Allowance	Note
					Amount	Action taken			
Alpha	Alpha USA	Subsidiary of Alpha	896,523	3.67	-	-	-	-	note 2
Alpha	Hitron Technologies	Subsidiary of Alpha	1,006,398	3.85	-	-	481,922	-	note 2
Alpha	Alpha VN	Subsidiary of Alpha	337,667	-	-	-	2,280	-	note 3
Alpha Changshu	Alpha	Subsidiary to parent	776,482	6.33	19,608	-	158,643	-	note 2
Alpha HK	Alpha Changshu	Subsidiary to subsidiary	297,756	5.25	17,150	-	144,370	-	note 2
Alpha HK	Alpha VN	Subsidiary to subsidiary	1,522,114	4.58	43,680	-	478,396	-	note 2
Alpha HK	Alpha	Subsidiary to parent	677,961	11.04	-	-	627,999	-	note 2
Alpha VN	Alpha HK	Subsidiary to subsidiary	640,311	11.52	-	-	627,999	-	note 2
Hitron Technologies	Hitron Americas	Subsidiary to subsidiary	2,173,774	2.47	-	-	786,265	-	note 2
Hitron Vietnam	Hitron Technologies	Subsidiary to subsidiary	1,154,580	3.06	-	-	218,179	-	note 2
Alpha Chengdu	Alpha Changshu	Subsidiary to subsidiary	269,490	-	-	-	-	-	note 3

Note 1: The collection situation as of February 19, 2025.

Note 2: The relevant transactions and ending balance have been eliminated in the consolidated financial statements.

Note 3: It is not applicable for the calculation of turnover days for other receivables not generated from sales.

Alpha Networks Inc. and Subsidiaries
Business relationships and significant intercompany transactions
For the year ended December 31, 2024

Table 7

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account	Amount	Payment terms	Percentage of the consolidated operating revenue or total assets
0	Alpha	Alpha USA	Parent to Subsidiary	Sales	4,165,372	-	19.42%
0	Alpha	Alpha USA	Parent to Subsidiary	Accounts receivable from related parties	896,523	90 days	3.86%
0	Alpha	Alpha Changshu	Parent to Subsidiary	Purchase	4,487,390	-	20.93%
0	Alpha	Alpha Changshu	Parent to Subsidiary	Accounts payable to related parties	776,482	90 days	3.34%
0	Alpha	Alpha Chengdu	Parent to Subsidiary	Research expense	239,980	-	1.12%
0	Alpha	Hitron Technologies	Parent to Subsidiary	Sales	1,969,145	-	9.18%
0	Alpha	Hitron Technologies	Parent to Subsidiary	Accounts receivable from related parties	1,006,398	60 days	4.33%
0	Alpha	Alpha HK	Parent to Subsidiary	Purchase	5,092,433	-	23.75%
0	Alpha	Alpha HK	Parent to Subsidiary	Accounts payable to related parties	677,961	90 days	2.92%
0	Alpha	Alpha VN	Parent to Subsidiary	Other receivables from related parties	337,667	-	1.45%
1	Alpha HK	Alpha Changshu	Subsidiary to Subsidiary	Sales	2,641,867	-	12.32%
1	Alpha HK	Alpha Changshu	Subsidiary to Subsidiary	Accounts receivable from related parties	297,756	90 days	1.28%
1	Alpha HK	Alpha VN	Subsidiary to Subsidiary	Sales	5,584,453	-	26.04%
1	Alpha HK	Alpha VN	Subsidiary to Subsidiary	Accounts receivable from related parties	1,522,114	90 days	6.55%
2	Alpha VN	Alpha HK	Subsidiary to Subsidiary	Sales	5,092,433	-	23.75%
2	Alpha VN	Alpha HK	Subsidiary to Subsidiary	Accounts receivable from related parties	640,311	90 days	2.75%
3	Alpha Chengdu	Alpha Changshu	Subsidiary to Subsidiary	Other receivables from related parties	269,490	-	1.16%
4	Hitron Technologies	Hitron Americas	Subsidiary to Subsidiary	Sales	4,557,272	-	21.25%

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account	Amount	Payment terms	Percentage of the consolidated operating revenue or total assets
4	Hitron Technologies	Hitron Americas	Subsidiary to Subsidiary	Accounts receivable from related parties	2,173,774	120 days	9.35%
4	Hitron Technologies	Hitron Vietnam	Subsidiary to Subsidiary	Purchase	4,366,596	-	20.36%
4	Hitron Technologies	Hitron Vietnam	Subsidiary to Subsidiary	Accounts payable to related parties	1,154,580	60 days	4.97%

Note: The significant intercompany transactions in this table reach 1% of consolidated operating revenue or total assets.

Alpha Networks Inc. and Subsidiaries
Information on investees (excluding information on investees in Mainland China)
For the year ended December 31, 2024

Table 8

(In Thousands of Shares/In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2024			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2024	December 31, 2023	Shares	Percentage of ownership	Carrying value				
The Company				-	-	-	- %	-	0.01 %	-	-	
Alpha	Alpha Solutions	Japan	Sale of network equipment, components and technical services	5,543	5,543	1	100.00 %	16,713	100.00 %	(345)	(345)	
Alpha	Alpha USA	USA	Sale, marketing and procurement service in USA	51,092	51,092	1,500	100.00 %	194,437	100.00 %	10,513	10,513	
Alpha	Alpha HK	Hong Kong	Investment holding	2,033,915	3,143,628	485,791	100.00 %	1,276,248	100.00 %	40,177	44,743	
Alpha	ATS	USA	Post-sale service	260,497 (USD8,100 thousand)	260,497 (USD8,100 thousand)	8,100	100.00 %	209,133	100.00 %	4,601	4,601	
Alpha	Enrich Investment	Taiwan	Investment holding	400,000	400,000	40,000	100.00 %	278,295	100.00 %	(4,659)	(4,659)	
Alpha	Hitron Technologies	Taiwan	Marketing on system integration of communication product and telecommunication products	4,811,000	4,811,000	200,000	62.24 %	3,901,536	62.24 %	(52,139)	(84,555)	
Alpha	D-Link Asia	Singapore	Investment in manufacturing business	-	-	-	-	-	100.00 %	(82)	(82)	note 4
Alpha	Alpha VN	Vietnam	Production of sale of network products	1,227,928	1,195,424	note 3	100.00 %	878,626	100.00 %	(141,277)	(141,277)	
Alpha	INDIALPHA	India	Sale of network products	10,358	-	2,600	99.99 %	4,194	99.99 %	(5,783)	(5,783)	
Alpha	Fiber Logic	Taiwan	Broadband communication products and service	511,688	-	7,127	31.66 %	506,666	31.66 %	79,846	9,231	note 6
Enrich Investment	Interactive Digital	Taiwan	Telecommunication and broadband network system services	189,523	189,523	2,575	5.06 %	119,956	5.61 %	286,766	note 1	
Enrich Investment	Transnet	Taiwan	Operating network communication products, provide support system services, integrated supply and import and export of network equipment	-	50,000	-	-	-	100.00 %	8,573	notes 1, 5	

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2024			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2024	December 31, 2023	Shares	Percentage of ownership	Carrying value				
Enrich Investment	Aespula	Taiwan	Sale of network equipment components and technical services	80,000	80,000	8,000	98.92 %	33,873	98.92 %	(16,106)	notes 1, 2	
Enrich Investment	INDIALPHA	India	Sale of network products	1	-	-	0.01 %	1	0.01 %	-	note 1	
Hitron Technologies	Hitron Samoa	Samoa	International trade	172,179	172,179	5,850	100.00 %	210,034	100.00 %	11,959	note 1	
Hitron Technologies	Interactive Digital	Taiwan	Telecommunication and broadband network system services	126,091	126,091	16,703	32.82 %	668,599	35.03 %	286,766	note 1	
Hitron Technologies	Hitron Vietnam	Vietnam	Production and sale of broadband telecommunication products	1,511,735	1,511,735	note 3	100.00 %	2,069,200	100.00 %	(52,911)	note 1	
Hitron Technologies	Hitron Americas	USA	International trade	90,082	90,082	300	100.00 %	305,151	100.00 %	15,710	note 1	
Hitron Technologies	Hitron Europe	Netherlands	International trade	59,604	59,604	15	100.00 %	73,919	100.00 %	56	note 1	
Hitron Technologies	Innoauto Technologies	Taiwan	Investment	20,000	20,000	2,000	100.00 %	3,175	100.00 %	(265)	note 1	
Interactive Digital	Transnet	Taiwan	Operating integrated supply of network communication products, system services, and import and export of network equipment	36,236	-	4,000	80.00 %	46,859	100.00 %	8,573	notes 1, 5	
Interactive Digital	Fiber Logic	Taiwan	Broadband communication products and service	96,930	-	1,350	6.00 %	95,818	6.00 %	79,846	notes 1, 6	

Note 1: Recognized by subsidiary.

Note 2: The percentage of ownership had included 87 thousand shares of preferred stock held by the original shareholders.

Note 3: Limited company.

Note 4: On December 28, 2023, Alpha made the agreement to dispose the entire shares of D-Link Asia and Alpha Dongguan. The abovementioned assets were reclassified as non-current assets held for sale. The abovementioned transaction had been completed in the second quarter of 2024.

Note 5: In June 2024, Alpha signed an agreement to transfer 100% of its equity in its subsidiary, Transnet to Interactive Digital through a cash transaction. However, following a cash capital increase conducted by Transnet in the third quarter of 2024, Interactive Digital's ownership was reduced to 80%.

Note 6: The Group acquired 37.66% equity ownership of Fiber Logic in November 2024 and own more than half of the voting rights of the entities in the following month; therefore, the entities have been included in the Group's consolidated entities.

Alpha Networks Inc. and Subsidiaries

The names of investees in Mainland China, the main businesses and products, and other information

For the year ended December 31, 2024

Table 9

(In Thousands of New Taiwan Dollars)

(1) The names of investees in Mainland China, the main businesses and products, and other information

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2024	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses) (note 3)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Alpha Chengdu	Research and development of network products	420,426	note 2(b)	420,426	-	-	420,426	16,405	100.00%	100.00%	16,405	496,289	147,231
Alpha Dongguan	Production and sale of network products	97,023	note 1(a)	114,197	-	-	114,197 (note 7)	(1,071)	-	100.00%	(1,071)	- (note 11)	692,935
Mirac	Production and sale of network products	107,131 (note 10)	note 1(b)	307,326	-	-	307,326	4,138	100.00%	100.00%	4,138	32,725	-
Alpha Changshu	Production and sale of network products	1,925,920	note 1(b)	1,925,920	-	-	1,925,920	32,493	100.00%	100.00%	32,493	1,251,808	-
Alpha Changshu Trading	Production and sale of network products	17,378 (CNY4,000 thousand)	note 1(b)	-	-	-	-	5,990	100.00%	100.00%	5,990	10,412	-
Hitron Suzhou	Telecommunications products, research and development	171,245 (CNY34,800 thousand)	note 1(c)	171,245	-	-	171,245	11,962	100.00% (note 9)	100.00%	11,962	209,891	-
Jietech Suzhou	Sale of broadband network products and related services	31,139 (CNY5,425 thousand)	note 1(c)	31,139	-	-	31,139	(4)	100.00% (note 9)	100.00%	(4)	3,797	-
Hwa Chi Technologies	Technical consultation on electronic communication, technology research and development, maintenance and after-sale service	2,907 (USD100 thousand)	note 2(a)	12,048	-	3,194 (USD100 thousand)	8,854	1,177	32.82% (note 9)	35.64%	402	3,082	30,079

(2) Limitation on investment in Mainland China

Name of Company	Accumulated Investment in Mainland China as of December 31, 2024	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Alpha	2,634,897 notes 4, 5 and 8	3,496,798	note 6
Hitron Technologies	211,238	214,432	2,975,972

Note 1: Investments in companies in Mainland China through the existing companies in the third regions are as follows:

- (a) D-Link Asia
- (b) Alpha HK
- (c) Hitron Samoa

Note 2: Other methods:

- (a) Hwa Chi is a Chinese-based investment company, which was originally invested by Hitron (Samoa), a subsidiary of Alpha. However, due to the Group's restructuring, the investor was changed to Interactive Digital instead, based on the resolution approved during the board meeting in 2012.
- (b) The entire shares of Alpha Chengdu, which was originally fully owned by D-Link Asia, had been transferred to Alpha on June 15, 2023 based on the agreement entered into by D-Link Asia and Alpha.

Note 3: The amount was recognized based on the audited financial statements.

Note 4: The accumulated investments in Alpha Dongguan did not include the previously investment of HKD69,387 thousand (equivalent to approximately \$303,055 thousand) by D-Link Corporation.

Note 5: Alpha, who indirectly invested its subsidiary, Tongying Trading (Shenzhen) Co., Ltd., has liquidated all its rights and obligations and cancelled its registration in March 2008, resulting in the amount of \$5,461 thousand (the difference between the accumulated investment in Tongying Trading (Shenzhen) Co., Ltd. amounting to \$9,828 thousand and the remittance amount of \$4,367 thousand) to be recognized. The amount recognized above still needs to be included in the accumulated investment in Mainland China according to the principle of Investment Commission, MOEA.

Note 6: According to the Operation Headquarters confirmation document, with letter no.11120417620, issued by the Industrial Development Bureau, MOEA, obtained by Alpha on June 8, 2022, the upper limit on its investment in Mainland China, pursuant to the “Principle of Investment or Technical Cooperation in Mainland China”, is not applicable.

Note 7: Since the investment amount of \$46,412 thousand was derived from D-Link Asia's own funds, the investment amount didn't need to be included in the accumulated investment in Mainland China as of December 31, 2024.

Note 8: Maintrend, a subsidiary which Alpha's indirectly invested in, has completed its liquidation procedures on various rights and obligations; thus, cancelled its registration on July 23, 2018. However, Alpha's cumulative investment of \$164,622 thousand still needs to be included in the accumulated investment in Mainland China according to the regulations of the Investment Commission, MOEA.

Note 9: This refers to the direct or indirect shareholding of Hitron Technologies.

Note 10: The capital reduction registration procedures had been completed on December 19, 2022 ; however, the capital has yet to be remitted back as of December 31, 2024.

Note 11: On December 28, 2023, Alpha made the agreement to dispose the entire shares of D-Link Asia and Alpha Dongguan. The abovementioned assets were reclassified as non-current assets held for sale. The abovementioned transaction had been completed in the second quarter of 2024.