

ALPHA NETWORKS INC. AND SUBSIDIARIES

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2025 and 2024**

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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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Independent Auditors' Review Report

To the Board of Directors
Alpha Networks Inc.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Alpha Networks Inc. and its subsidiaries as of March 31, 2025 and 2024, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2025 and 2024, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Alpha Networks Inc. and its subsidiaries as of March 31, 2025 and 2024, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2025 and 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.



The engagement partners on the reviews resulting in this independent auditors' review report are Chun-Yuan Wu and An-Chih Cheng.

KPMG

Taipei, Taiwan (Republic of China)

May 2, 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 review such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' review 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

March 31, 2025, December 31, 2024, and March 31, 2024

(Expressed in Thousands of New Taiwan Dollars)

Assets		March 31, 2025		December 31, 2024		March 31, 2024			Liabilities and Equity			March 31, 2025		December 31, 2024		March 31, 2024	
		Amount	%	Amount	%	Amount	%					Amount	%	Amount	%	Amount	%
Current assets:									Current liabilities:								
1100	Cash and cash equivalents (note 6(1))	\$ 5,253,899	22	3,957,279	17	5,273,936	21	2100	Short-term borrowings (note 6(14))	\$ 2,261,890	10	1,615,357	7	3,025,470	12		
1110	Current financial assets at fair value through profit or loss (note 6(2))	5,523	-	5,192	-	9,052	-	2120	Current financial liabilities at fair value through profit or loss (note 6(2))	17,975	-	23,758	-	23,664	-		
1136	Current financial assets at amortized cost (notes 6(1), (5))	12,982	-	73,355	-	-	-	2130	Current contract liabilities (note 6(24))	1,136,814	5	1,339,841	5	1,109,343	4		
1170	Notes and accounts receivable, net (notes 6(3) and (24))	2,916,117	13	3,969,144	17	4,136,036	17	2170	Accounts payable (including related parties) (note 7)	3,632,756	15	3,460,727	15	3,417,041	14		
1180	Accounts receivable due from related parties, net (notes 6(3) and 7)	-	-	1,568	-	97	-	2209	Accrued expenses	406,901	2	549,804	2	398,043	2		
130x	Inventories (note 6(4))	7,077,930	30	6,929,471	30	7,312,242	30	2216	Dividends payable	727,302	3	-	-	743,260	3		
1461	Non-current assets held for sale (note 6(6))	-	-	-	-	114,837	-	2230	Current tax liabilities	153,828	1	187,745	1	401,330	2		
1470	Other current assets (notes 6(13), 7 and 8)	<u>647,798</u>	<u>3</u>	<u>767,495</u>	<u>4</u>	<u>779,365</u>	<u>3</u>	2250	Current provisions (note 6(16))	220,720	1	231,771	1	311,498	1		
		<u>15,914,249</u>	<u>68</u>	<u>15,703,504</u>	<u>68</u>	<u>17,625,565</u>	<u>71</u>	2322	Long-term borrowings, current portion (note 6(15))	80,000	-	80,000	-	-	-		
Non-current assets:								2399	Other current liabilities (notes 6(17), (19) and 7)	<u>596,750</u>	<u>2</u>	<u>850,904</u>	<u>5</u>	<u>910,362</u>	<u>4</u>		
										<u>9,234,936</u>	<u>39</u>	<u>8,339,907</u>	<u>36</u>	<u>10,340,011</u>	<u>42</u>		
	Non-current financial assets at fair value through profit or loss (note 6(2))	86,231	-	52,620	-	-	-	2530	Non-Current liabilities:								
1510	Non-current financial assets at fair value through other comprehensive income (note 6(8))	114,138	1	110,711	-	191,331	-	2540	Bonds payable (note 6(18))	-	-	-	-	167,765	-		
1517	Non-current financial assets at amortized cost (notes 6(1), (3), (5) and 8)	188,264	1	214,057	1	168,106	-	2580	Long-term borrowings (note 6(15))	369,184	2	375,000	2	705,000	3		
1535	Property, plant and equipment (notes 6(10) and 7)	4,503,672	19	4,565,191	20	4,266,458	17	2640	Non-current lease liabilities (note 6(19))	300,808	1	287,479	1	291,318	1		
1600	Right-of use asset (note 6(11))	672,054	3	650,114	3	654,702	3	2670	Net defined benefit liability (note 6(20))	53,414	-	55,398	-	84,913	-		
1755	Intangible assets (note 6(12) and 7)	1,624,097	7	1,672,821	7	1,152,823	5		Other non-current liabilities (notes 6(16))	<u>166,856</u>	<u>1</u>	<u>204,031</u>	<u>1</u>	<u>344,141</u>	<u>2</u>		
1780	Deferred tax assets	228,604	1	234,268	1	500,301	2			<u>890,262</u>	<u>4</u>	<u>921,908</u>	<u>4</u>	<u>1,593,137</u>	<u>6</u>		
1840	Other non-current assets (notes 6(13))	<u>46,604</u>	<u>-</u>	<u>41,230</u>	<u>-</u>	<u>367,122</u>	<u>2</u>		Total liabilities	<u>10,125,198</u>	<u>43</u>	<u>9,261,815</u>	<u>40</u>	<u>11,933,148</u>	<u>48</u>		
1990		<u>7,463,664</u>	<u>32</u>	<u>7,541,012</u>	<u>32</u>	<u>7,300,843</u>	<u>29</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>	<u>5,417,185</u>	<u>22</u>		
								3200	Capital surplus	<u>2,346,582</u>	<u>10</u>	<u>2,614,277</u>	<u>11</u>	<u>2,605,072</u>	<u>10</u>		
									Retained earnings:								
								3310	Legal reserve	1,321,375	6	1,321,375	6	1,266,681	5		
								3320	Special reserve	267,982	1	267,982	1	226,548	1		
								3350	Unappropriated retained earnings	<u>5,390</u>	<u>-</u>	<u>382,082</u>	<u>1</u>	<u>294,261</u>	<u>1</u>		
										<u>1,594,747</u>	<u>7</u>	<u>1,971,439</u>	<u>8</u>	<u>1,787,490</u>	<u>7</u>		
								3400	Other equity interest	<u>(7,714)</u>	<u>-</u>	<u>(87,993)</u>	<u>-</u>	<u>(83,800)</u>	<u>-</u>		
									Total equity attributable to owners of parent	<u>9,350,800</u>	<u>40</u>	<u>9,914,908</u>	<u>42</u>	<u>9,725,947</u>	<u>39</u>		
								36XX	Non-controlling interests (notes 6(9) and (22))	<u>3,901,915</u>	<u>17</u>	<u>4,067,793</u>	<u>18</u>	<u>3,267,313</u>	<u>13</u>		
									Total equity	<u>13,252,715</u>	<u>57</u>	<u>13,982,701</u>	<u>60</u>	<u>12,993,260</u>	<u>52</u>		
Total assets		<u>\$ 23,377,913</u>	<u>100</u>	<u>23,244,516</u>	<u>100</u>	<u>24,926,408</u>	<u>100</u>		Total liabilities and equity	<u>\$ 23,377,913</u>	<u>100</u>	<u>23,244,516</u>	<u>100</u>	<u>24,926,408</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 three months ended March 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		For the three months ended March 31,			
		2025		2024	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(24) and 7)	\$ 4,524,158	100	5,180,200	100
5000	Operating costs (notes 6(4),(20),(25) and 7)	3,693,754	82	4,172,315	81
	Gross profit	830,404	18	1,007,885	19
	Operating expenses (notes 6(3),(20),(25) and 7):				
6100	Selling expenses	267,479	6	260,991	5
6200	Administrative expenses	233,481	5	242,692	4
6300	Research and development expenses	438,217	10	398,475	8
6450	Expected credit loss (gain)	(56)	-	8,674	-
	Total operating expenses	939,121	21	910,832	17
	Net operating income (loss)	(108,717)	(3)	97,053	2
	Non-operating income and expenses:				
7010	Other income (note 6(27))	24,948	1	33,771	1
7020	Other gains and losses, net (notes 6(28))	(40,286)	(1)	(7,931)	-
7050	Finance costs (note 6(29))	(28,640)	-	(32,771)	(1)
7100	Interest income (note 6(26))	21,186	-	12,878	-
	Total non-operating income and expenses	(22,792)	-	5,947	-
	Profit (loss) before tax	(131,509)	(3)	103,000	2
7950	Less: Income tax expense (gain) (note 6(21))	(23,716)	(1)	23,241	-
	Profit (loss)	(107,793)	(2)	79,759	2
8300	Other comprehensive income (loss):				
8310	Components of other comprehensive income (loss) that may not be reclassified subsequently to profit or loss				
8311	Remeasurements of defined benefit plans	413	-	648	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (loss) (notes 6(22) and (30))	3,427	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(83)	-	-	-
	Components of other comprehensive income (loss) that may not be reclassified subsequently to profit or loss	3,757	-	648	-
8360	Components of other comprehensive income that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements (note 6(22))	91,669	2	228,066	4
	Components of other comprehensive income that may be reclassified subsequently to profit or loss	91,669	2	228,066	4
8300	Other comprehensive income, net of income tax	95,426	2	228,714	4
8500	Total comprehensive income	\$ (12,367)	-	308,473	6
	Profit (loss) attributable to:				
8610	Owners of parent	\$ (106,038)	(2)	66,508	2
8620	Non-controlling interests	(1,755)	-	13,251	-
		\$ (107,793)	(2)	79,759	2
8700	Total comprehensive income (loss) attributable to:				
8710	Owners of parent	\$ (25,554)	-	251,094	5
8720	Non-controlling interests	13,187	-	57,379	1
		\$ (12,367)	-	308,473	6
	Earnings per share (New Taiwan dollars) (note 6(23))				
	Basic earnings (loss) per share	\$ (0.20)		0.12	
	Diluted earnings (loss) per share	\$ (0.20)		0.12	

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 three months ended March 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

							Total other equity interest						
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	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
					Unappropriated retained earnings	Total retained earnings							
Balance at January 1, 2024	\$ 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	-	-	-	-	66,508	66,508	-	-	-	-	66,508	13,251	79,759
Other comprehensive income	-	-	-	-	403	403	184,183	-	-	184,183	184,586	44,128	228,714
Total comprehensive income	-	-	-	-	66,911	66,911	184,183	-	-	184,183	251,094	57,379	308,473
Appropriation and distribution of retained earnings:													
Cash dividends on ordinary share	-	-	-	-	(547,136)	(547,136)	-	-	-	-	(547,136)	-	(547,136)
Donation from shareholders	-	10	-	-	-	-	-	-	-	-	10	-	10
Changes in ownership interests in subsidiaries	-	9,258	-	-	-	-	-	-	-	-	9,258	(9,258)	-
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(196,124)	(196,124)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	97,958	97,958
Equity related to non-current assets held for sale	-	-	-	-	-	-	(2,390)	-	2,390	-	-	-	-
Balance at March 31, 2024	<u>\$ 5,417,185</u>	<u>2,605,072</u>	<u>1,266,681</u>	<u>226,548</u>	<u>294,261</u>	<u>1,787,490</u>	<u>(61,225)</u>	<u>18,614</u>	<u>(41,189)</u>	<u>(83,800)</u>	<u>9,725,947</u>	<u>3,267,313</u>	<u>12,993,260</u>
Balance at January 1, 2025	\$ 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
Loss	-	-	-	-	(106,038)	(106,038)	-	-	-	-	(106,038)	(1,755)	(107,793)
Other comprehensive income	-	-	-	-	205	205	76,503	3,776	-	80,279	80,484	14,942	95,426
Total comprehensive income (loss)	-	-	-	-	(105,833)	(105,833)	76,503	3,776	-	80,279	(25,554)	13,187	(12,367)
Appropriation and distribution of retained earnings:													
Cash dividends of ordinary share	-	-	-	-	(270,859)	(270,859)	-	-	-	-	(270,859)	-	(270,859)
Donation from shareholders	-	11	-	-	-	-	-	-	-	-	11	-	11
Cash dividends from capital surplus	-	(270,859)	-	-	-	-	-	-	-	-	(270,859)	-	(270,859)
Changes in ownership interests in subsidiaries	-	3,153	-	-	-	-	-	-	-	-	3,153	5,775	8,928
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(185,584)	(185,584)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	744	744
Balance at March 31, 2025	<u>\$ 5,417,185</u>	<u>2,346,582</u>	<u>1,321,375</u>	<u>267,982</u>	<u>5,390</u>	<u>1,594,747</u>	<u>12,665</u>	<u>(20,379)</u>	<u>-</u>	<u>(7,714)</u>	<u>9,350,800</u>	<u>3,901,915</u>	<u>13,252,715</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 Cash Flows

For the three months ended March 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31,	
	2025	2024
Cash flows from operating activities:		
Profit (loss) before tax	\$ (131,509)	103,000
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	136,748	130,238
Amortization expense	61,688	53,556
Expected credit loss (reversal gain)	(56)	8,674
Net loss on financial assets or liabilities at fair value through profit or loss	32,875	20,640
Interest expense	28,640	32,771
Interest income	(21,186)	(12,878)
Loss (gain) on disposal of property, plant and equipment	(3,792)	575
Provisions (reversal) for inventory obsolescence and devaluation loss (gain)	(241)	50,382
Total adjustments to reconcile profit	<u>234,676</u>	<u>283,958</u>
Changes in operating assets and liabilities:		
Notes and accounts receivable (including related parties)	1,064,709	807,329
Financial assets mandatorily at fair value through profit or loss	290	30,309
Inventories	(98,861)	187,055
Other current assets	119,687	(29,982)
Financial liabilities at fair value through profit or loss	(23,758)	(778)
Accounts payable (including related parties)	127,617	(878,885)
Other payables to related parties	2,615	7,977
Other current liabilities	(639,418)	(523,251)
Net defined benefit liability	(1,654)	(19,682)
Other non-current liabilities	(15,241)	(1,449)
Total changes in operating assets and liabilities	<u>535,986</u>	<u>(421,357)</u>
Total adjustments	<u>770,662</u>	<u>(137,399)</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 three months ended March 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31,	
	2025	2024
Cash flows generated from (used in) operations	\$ 639,153	(34,399)
Interest received	21,366	12,980
Interest paid	(28,255)	(21,428)
Income taxes paid	(17,171)	(2,908)
Net cash flows from (used in) operating activities	615,093	(45,755)
Cash flows from investing activities:		
Proceeds from repayments of financial assets at amortized cost	60,373	41,000
Acquisition of financial assets at fair value through profit or loss	(49,131)	-
Decrease in cash of non-current assets classified as held for sale	-	(19,189)
Acquisition of property, plant and equipment	(34,313)	(31,703)
Proceeds from disposal of property, plant and equipment	8,787	-
Decrease (increase) in refundable deposits	20,058	(15,044)
Acquisition of intangible assets	(12,870)	(20,481)
Decrease in other non-current assets	6,101	9,390
Net cash flows used in investing activities	(995)	(36,027)
Cash flows from financing activities:		
Increase in short-term borrowings	2,205,223	3,406,548
Repayments of short-term borrowings	(1,581,596)	(1,330,495)
Proceeds from long-term borrowings	-	5,000
Repayments of long-term borrowings	(5,816)	-
Decrease in guarantee deposits received	(95)	(124)
Payment of lease liabilities	(15,546)	(9,007)
Donation from shareholders	11	10
Net cash flows from financing activities	602,181	2,071,932
Effect of exchange rate changes on cash and cash equivalents	80,341	83,111
Net increase in cash and cash equivalents	1,296,620	2,073,261
Cash and cash equivalents at beginning of period	3,957,279	3,200,675
Cash and cash equivalents at end of period	\$ 5,253,899	5,273,936

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 Three Months Ended March 31, 2025 and 2024
(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 May 2, 2025.

3. New standards, amendments and interpretations adopted:

- (1) The impact of the International Financial Reporting Standards (IFRSs) 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, 2025:

- Amendments to IAS 21 “Lack of Exchangeability”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” regarding the application guidance requirements for Section 4.1 of IFRS 9 and the related disclosure requirements of IFRS 7

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- (2) The impact of IFRS Accounting Standards issued by 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 International Accounting Standards Board (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

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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” regarding the application guidance requirements for Sections 3.1 and 3.3 of IFRS 9 and the related disclosure requirements of IFRS 7
- 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 guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by the FSC, and do not include all of the information required by the IFRSs, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRSs endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except as described in the following paragraph, the Group's significant accounting policies are applied consistently with the consolidated financial statements for the year ended December 31, 2024. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2024.

(2) Basis of consolidation

A. List of subsidiaries in the consolidated financial statements

Name of Investor	Name of Investee	Main Business Activities	Shareholding		
			March 31, 2025	December 31, 2024	March 31, 2024
Alpha	Alpha Solutions Co., Ltd. (Alpha Solutions)	Sale of network equipment, components and technical services	100.00%	100.00%	100.00%

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Name of Investor	Name of Investee	Main Business Activities	Shareholding		
			March 31, 2025	December 31, 2024	March 31, 2024
Alpha	Alpha Networks, Inc. (Alpha USA)	Sale, marketing and procurement services in USA	100.00%	100.00%	100.00%
Alpha	Alpha Networks (Hong Kong) Limited (Alpha HK)	Investment holding	100.00%	100.00%	100.00%
Alpha	Alpha Technical Services Inc. (ATS)	Post-sale service	100.00%	100.00%	100.00%
Alpha	Enrich Investment Corporation (Enrich Investment)	Investment holding	100.00%	100.00%	100.00%
Alpha	D-Link Asia Investment Pte, Ltd. (D-Link Asia) (note 3)	Investment in manufacturing business	-	-	-
Alpha	Hitron Technologies Inc. (Hitron Technologies)	Marketing on system integration of communication product and telecommunication products	62.24%	62.24%	62.24%
Alpha	Alpha Networks Vietnam Company Limited (Alpha VN)	Production and sale of network products	100.00%	100.00%	100.00%
Alpha	Alpha Networks (Chengdu) Co., Ltd. (Alpha Chengdu)	Research and development of network products	100.00%	100.00%	100.00%
Alpha	INDIALPHA TECHNET PRIVATE LIMITED (INDIALPHA) (note 5)	Sale of network products	99.99%	99.99%	-
Alpha	Fiber Logic Communication, Inc. (Fiber Logic) (note 6)	Broad band communication products and service	31.66%	31.66%	-
D-Link Asia	Alpha Networks (Dongguan) Co., Ltd. (Alpha Dongguan) (note 3)	Production and sale of network products	-	-	-

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Name of Investor	Name of Investee	Main Business Activities	Shareholding		
			March 31, 2025	December 31, 2024	March 31, 2024
Alpha HK	Alpha Networks (Changshu) Ltd. (Alpha Changshu)	Production and sale of network products	100.00%	100.00%	100.00%
Alpha Changshu	Mirac Networks (Dongguan) Co., Ltd. (Mirac)	Production and sale of network products	100.00%	100.00%	100.00%
Alpha Changshu	Alpha Electronics Trading (Changshu), Ltd. (Alpha Changshu Trading)	Production and sale of network products	100.00%	100.00%	100.00%
Enrich Investment	Transnet Corporation (Transnet) (note 4)	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 1 and 2)	Telecommunication and broadband network system services	5.06%	5.06%	5.54%
Enrich Investment	Aespula Technology INC. (Aespula)	Sale of network equipment, components and technical services	98.92%	98.92%	98.92%
Enrich Investment	INDIALPHA TECHNET PRIVATE LIMITED (INDIALPHA) (note 5)	Sale of network products	0.01%	0.01%	-
Hitron Technologies	Hitron Technologies (Samoa) Inc (Hitron Samoa)	International trade	100.00%	100.00%	100.00%
Hitron Technologies	Interactive Digital Technologies Inc. (Interactive Digital) (notes 1 and 2)	Telecommunication and broadband network system services	32.82%	32.82%	35.03%
Hitron Technologies	Hitron Technologies Europe Holding B.V. (Hitron Europe)	International trade	100.00%	100.00%	100.00%

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Name of Investor	Name of Investee	Main Business Activities	Shareholding		
			March 31, 2025	December 31, 2024	March 31, 2024
Hitron Technologies	Hitron Technologies (Americas) Inc. (Hitron Americas)	International trade	100.00%	100.00%	100.00%
Hitron Technologies	Innoauto Technologies Inc. (Innoauto Technologies)	Investment and automotive electronics products	100.00%	100.00%	100.00%
Hitron Technologies	Hitron Technologies (Vietnam) Inc. (Hitron Vietnam)	Production and sale of broadband telecommunications products	100.00%	100.00%	100.00%
Hitron Samoa	Hitron Technologies (SIP) Inc (Hitron Suzhou)	Broadband Telecommunications products, research and development	100.00%	100.00%	100.00%
Hitron Samoa	Jietech Trading (Suzhou) Inc. (Jietech Suzhou)	Sale of broadband network products and related services	100.00%	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%	100.00%
Interactive Digital	Transnet Corporation (Transnet) (note 4)	Operating in network communication products, provide system support services, integrated supply and import and export of network equipment	80.00%	80.00%	-
Interactive Digital	Fiber Logic (note 6)	Broad band communication products and service	6.00%	6.00%	-

Note 1: The common stock conversion was conducted by the convertible bonds from Interactive Digital, and this caused the ownership of Hitron Technologies and Enrich Investment became lower.

Note 2: The Group did not own more than half of the ownership of the entities. As the Group has the power to control the management and operating policies of the entities, the entities have been included in the Group's consolidated entities.

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- Note 3: 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 4: 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 5: In July, 2024 Alpha established a new subsidiary, INDIALPHA TECHNET PRIVATE LIMITED.
- Note 6: 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.

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

(3) Employee benefits

The defined benefit pension cost for an interim period is calculated on a year to date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time, as well as significant curtailments settlement, or other significant one-time events.

(4) Income tax

Income tax expense in the financial statements is measured and disclosed in according to paragraph B12 of IAS 34 endorsed by the FSC.

Income tax expense for the period is best estimated by multiplying pretax income for the reporting period by the effective annual tax rate as forecasted by the management. This is recognized fully as income tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases are measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled and recognized directly in equity or other comprehensive income as income tax expense.

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

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRS Accounting Standards (in accordance with IAS 34 endorsed by the FSC) requires management to make judgments, estimations and assumptions about the future (including climate-related risks and opportunities plans) that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimations.

The preparation of the consolidated financial statements, the major sources of accounting judgments, estimations and assumptions of uncertainty are applied consistently with note 5 of the consolidated financial statements for the year ended December 31, 2024.

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6. Explanation of significant accounts:

Except as described below, there were no significant changes in the description of significant accounts mentioned in the consolidated financial statements for the year ended December 31, 2024. For other information about the description of significant accounts, please refer to note 6 of the consolidated financial statements for the year ended December 31, 2024.

(1) Cash and cash equivalents

	March 31, 2025	December 31, 2024	March 31, 2024
Cash on hand	\$ 1,376	1,368	1,150
Checking and savings accounts	3,098,332	2,302,295	3,065,731
Time deposits	2,154,191	1,423,616	1,907,055
Cash equivalents– repurchase agreements	-	230,000	300,000
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 5,253,899</u>	<u>3,957,279</u>	<u>5,273,936</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 March 31, 2025, December 31 and March 31, 2024, deposits with original maturities of more than three months were \$12,982 thousand, \$73,355 thousand and \$0 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

	March 31, 2025	December 31, 2024	March 31, 2024
Financial assets mandatorily measured at fair value through profit or loss – current			
Derivative instruments not used for hedging			
Forward exchange contracts	\$ 205	65	2,704
Foreign exchange swaps	218	225	390
Non-derivative financial assets			
Stocks listed on domestic markets	5,100	4,902	5,958
Total	<u>\$ 5,523</u>	<u>5,192</u>	<u>9,052</u>

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	March 31, 2025	December 31, 2024	March 31, 2024
Financial assets mandatorily measured at fair value through profit or loss – non current			
Non-derivative financial assets			
Unlisted stocks	\$ 49,131	-	-
Funds	37,100	52,620	-
Total	<u>\$ 86,231</u>	<u>52,620</u>	<u>-</u>
Financial liabilities held for trading – current			
Forward exchange contracts	\$ 1,888	5,431	3,674
Foreign exchange swaps	16,087	18,327	19,990
Total	<u>\$ 17,975</u>	<u>23,758</u>	<u>23,664</u>

The Group uses derivative financial instruments to hedge the certain currency risk arising from its operating activities. The following derivative instruments, which were not qualified for hedge accounting, held by the Group, were recognized as financial assets at fair value through profit or loss and held-for-trading financial liabilities:

March 31, 2025				
	Nominal principal (in thousands)		Currency	Maturity date
Forward exchange contracts	USD	20,750	USD to CNY	April 2025~May 2025
Forward exchange contracts	USD	3,000	NTD to USD	April 2025
Forward exchange contracts	USD	2,000	USD to VND	April 2025
Foreign exchange swaps	CNY	10,000	NTD to CNY	April 2025
Foreign exchange swaps	USD	54,000	USD to NTD	April 2025
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
March 31, 2024				
	Nominal principal (in thousands)		Currency	Maturity date
Forward exchange contracts	USD	19,810	USD to CNY	April 2024 ~ May 2024
Forward exchange contracts	EUR	1,700	EUR to NTD	April 2024 ~ June 2024
Forward exchange contracts	USD	2,000	USD to NTD	April 2024

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	March 31, 2024			
	Nominal principal (in thousands)		Currency	Maturity date
Forward exchange contracts	USD	25,000	USD to VND	April 2024 ~ June 2024
Foreign exchange swaps	CNY	10,000	CND to NTD	April 2024
Foreign exchange swaps	USD	51,000	USD to NTD	April 2024

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

	March 31, 2025	December 31, 2024	March 31, 2024
Notes and accounts receivable	\$ 2,928,113	3,982,749	4,156,513
Less: loss allowances	(11,996)	(12,037)	(20,380)
	<u>\$ 2,916,117</u>	<u>3,970,712</u>	<u>4,136,133</u>

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).

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:

	March 31, 2025		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 2,827,293	0.00%	-
Less than 90 days past due	67,304	2.02%	1,357
91 to 180 days past due	458	0.00%	-
More than 181 days past due	101,015	77.81%	78,596
	<u>\$ 2,996,070</u>		<u>79,953</u>
	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>

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	March 31, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 3,638,136	0.00%	-
Less than 90 days past due	441,465	0.75%	3,312
91 to 180 days past due	59,558	20.36%	12,127
More than 181 days past due	85,311	85.45%	72,898
	<u>\$ 4,224,470</u>		<u>88,337</u>

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

	For the three months ended March 31,	
	2025	2024
Balance at January 1	\$ 79,994	79,561
Impairment losses recognized (reversed)	(56)	8,674
Effect of changes in exchange rates	15	102
Balance at March 31	<u>\$ 79,953</u>	<u>88,337</u>

(4) Inventories

	March 31, 2025	December 31, 2024	March 31, 2024
Raw materials	\$ 4,144,013	4,028,053	4,000,354
Work in progress and semi-finished products	664,777	441,064	653,153
Finished goods and merchandises	1,623,419	1,819,096	2,019,619
Consignment and project inventory	645,721	641,258	639,116
	<u>\$ 7,077,930</u>	<u>6,929,471</u>	<u>7,312,242</u>

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 three months ended March 31,	
	2025	2024
Cost of goods sold	\$ 3,693,995	4,121,933
Provision for (reversed) inventory obsolescence and devaluation loss	(241)	50,382
	<u>\$ 3,693,754</u>	<u>4,172,315</u>

As of March 31, 2025, December 31 and March 31, 2024, the Group's inventories were not pledged.

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

	March 31, 2025	December 31, 2024	March 31, 2024
Current:			
Time deposits	\$ <u>12,982</u>	<u>73,355</u>	<u>-</u>
Non-current:			
Restricted deposits	\$ 22,323	28,140	23,513
Refundable deposits	165,941	185,917	144,593
Overdue receivables	67,957	67,957	67,957
Less: loss allowances	<u>(67,957)</u>	<u>(67,957)</u>	<u>(67,957)</u>
	<u>\$ 188,264</u>	<u>214,057</u>	<u>168,106</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 March 31, 2025, December 31 and March 31, 2024, the Group held bank time deposits with variable interest rates, and the average interest rates ranged between 0.1%~4.35%, 0.1%~4.61% and 0.56%~5.30%, 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 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. For the year ended December 31, 2024, the disposal gain of \$453,891 thousand was generated and recognized under the "Other gains and losses".

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	<u>42</u>
Total assets	<u>\$ 119,803</u>
Accrued expenses and other payables	<u>\$ 6,748</u>
Total liabilities	<u>\$ 6,748</u>
Net asset	<u>\$ 113,055</u>

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(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 own 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

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

	Amount
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 and non-current liabilities	(120,272)
	\$ 815,697

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

	<u>Amount</u>
Consideration transferred	\$ 591,665
Add: 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	<u>(815,697)</u>
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.

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

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Domestic unlisted stocks	\$ 114,138	110,711	159,902
Limited partnership unlisted stocks	-	-	31,429
	<u><u>\$ 114,138</u></u>	<u><u>110,711</u></u>	<u><u>191,331</u></u>

As of March 31, 2025, December 31 and March 31, 2024, 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:

<u>Subsidiaries</u>	<u>Main operation place</u>	<u>Percentage of non-controlling interests</u>		
		<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Hitron Technologies Inc.	Taiwan	37.76%	37.76%	37.76%

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The following information of the aforementioned subsidiaries have been prepared in accordance with the IFRSs 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:

	March 31, 2025	December 31, 2024	March 31, 2024
Current assets	\$ 7,684,040	7,704,458	8,861,850
Non-current assets	3,478,173	3,578,770	4,036,648
Current liabilities	(3,257,369)	(3,162,776)	(4,367,635)
Non-current liabilities	(513,138)	(559,476)	(1,238,093)
Net assets	<u>\$ 7,391,706</u>	<u>7,560,976</u>	<u>7,292,770</u>
Net assets of non-controlling interests	<u>\$ 1,388,588</u>	<u>1,558,727</u>	<u>1,264,399</u>
Net assets of investees	<u>\$ 6,003,118</u>	<u>6,002,249</u>	<u>6,028,371</u>
Book value of non-controlling interests	<u>\$ 3,382,601</u>	<u>3,539,485</u>	<u>3,266,440</u>

	For the three months ended March 31,	
	2025	2024
Operating revenue	\$ <u>1,895,778</u>	<u>2,109,786</u>
Loss	\$ (8,484)	(15,198)
Other comprehensive income	39,347	116,864
Total comprehensive income	<u>\$ 30,863</u>	<u>101,666</u>
Loss attributable to non-controlling interests	<u>\$ (30,382)</u>	<u>(19,003)</u>
Total comprehensive income (loss), attributable to non-controlling interests	<u>\$ 6,134</u>	<u>24,880</u>
Net cash flows from operating activities	\$ 386,056	252,581
Net cash flows from investing activities	14,662	78,677
Net cash flows from financing activities	610,596	721,657
Effect of exchange rate changes on cash and cash equivalents	(26,796)	36,534
Net increase (decrease) in cash and cash equivalents	<u>\$ 984,518</u>	<u>1,089,449</u>
Dividends paid to non-controlling interests	<u>\$ 185,584</u>	<u>196,124</u>

ALPHA NETWORKS INC. AND SUBSIDIARIES
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(10) Property, plant and equipment

The carrying amount of property, plant and equipment of the Group were as follow:

	<u>Land</u>	<u>Building</u>	<u>Machinery and equipment</u>	<u>Office, transportation and other facilities</u>	<u>Total</u>
Carrying amounts:					
Balance at January 1, 2025	\$ <u>883,522</u>	<u>2,694,031</u>	<u>821,443</u>	<u>166,195</u>	<u>4,565,191</u>
Balance at March 31, 2025	\$ <u>884,400</u>	<u>2,672,255</u>	<u>780,137</u>	<u>166,880</u>	<u>4,503,672</u>
Balance at January 1, 2024	\$ <u>879,267</u>	<u>2,346,885</u>	<u>912,740</u>	<u>134,322</u>	<u>4,273,214</u>
Balance at March 31, 2024	\$ <u>881,881</u>	<u>2,352,254</u>	<u>894,803</u>	<u>137,520</u>	<u>4,266,458</u>

There were no significant additions, disposal or recognition and reversal of impairment losses of property, plant and equipment for the three months ended March 31, 2025 and 2024. Please refer to note 12 of the depreciation. Please refer to note 6(10) of the consolidated financial statements for the year ended December 31, 2024 for other related information.

As of March 31, 2025, December 31 and March 31, 2024, the Group's property, plant and equipment were not pledged.

(11) Right-of-use assets

The carrying amount of right-of-use assets of the Group were as follow:

	<u>Land</u>	<u>Buildings</u>	<u>Transport- ation and other equipment</u>	<u>Total</u>
Carrying amount:				
Balance at January 1, 2025	\$ <u>529,206</u>	<u>113,564</u>	<u>7,344</u>	<u>650,114</u>
Balance at March 31, 2025	\$ <u>529,981</u>	<u>133,979</u>	<u>8,094</u>	<u>672,054</u>
Balance at January 1, 2024	\$ <u>528,229</u>	<u>113,099</u>	<u>7,806</u>	<u>649,134</u>
Balance at March 31, 2024	\$ <u>536,727</u>	<u>109,728</u>	<u>8,247</u>	<u>654,702</u>

There were no significant additions, disposal, or recognition and reversal of impairment losses of the right-of-use assets for the three months ended March 31, 2025 and 2024. Please refer to note 12 of the depreciation. Please refer to note 6(11) of the consolidated financial statements for the year ended December 31, 2024 for other related information.

As of March 31, 2025, December 31 and March 31, 2024, the Group's right-of-use assets were not pledged.

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(12) Intangible asset

The carrying amount of intangible asset of the Group were as follow:

	<u>Core Technology</u>	<u>Brand Name</u>	<u>Customer relationship</u>	<u>Goodwill</u>	<u>Software application and others</u>	<u>Total</u>
Carrying amount						
Balance at January 1, 2025	\$ 226,878	270,487	176,422	863,419	135,615	1,672,821
Balance at March 31, 2025	\$ 214,748	260,802	165,396	863,419	119,732	1,624,097
Balance at January 1, 2024	\$ 94,407	137,927	220,527	578,900	153,368	1,185,129
Balance at March 31, 2024	\$ 86,540	132,180	209,501	578,900	145,702	1,152,823

There were no significant additions, disposal or recognition and reversal of impairment losses of the intangible assets for the three months ended March 31, 2025 and 2024. Please refer to note 12 of the amortization. Please refer to note 6(12) of the consolidated financial statements for the year ended December 31, 2024 for other related information.

As of March 31, 2025, December 31 and March 31, 2024, 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:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Prepayments for plants and equipment	\$ 38,957	33,816	348,227
Business tax receivable	88,263	100,927	131,597
Income tax receivable	62,877	59,432	146,912
Advance payment	46,056	8,630	9,086
Other receivables (including related parties)	306,999	459,259	379,987
Others	151,250	146,661	130,678
	<u>\$ 694,402</u>	<u>808,725</u>	<u>1,146,487</u>
Other current assets	\$ 647,798	767,495	779,365
Other non-current assets	46,604	41,230	367,122
	<u>\$ 694,402</u>	<u>808,725</u>	<u>1,146,487</u>

(14) Short-term borrowings

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Unsecured bank loans	\$ 2,261,890	1,615,357	3,025,470
Unused short-term credit lines	\$ 14,978,533	14,639,838	15,383,906
Range of interest rates	3.45%~ 8.19%	3.90%~ 5.91%	1.75%~ 6.16%

ALPHA NETWORKS INC. AND SUBSIDIARIES
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(15) Long-term borrowings

March 31, 2025				
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	NTD	2.09%	2026 (note 2)	\$ 400,000
	NTD	1.88%	2027 (note 2)	30,000
	NTD	0.50%	2029 (note 2)	<u>19,184</u>
Subtotal				449,184
Less: current portion				<u>(80,000)</u>
Total				<u><u>\$ 369,184</u></u>

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				<u><u>\$ 375,000</u></u>
Unused long-term credit lines				<u><u>\$ 10,000</u></u>

March 31, 2024				
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	NTD	1.79050%	2025 (note 1)	\$ 300,000
	NTD	1.89617%	2026 (note 2)	400,000
	NTD	0.5%	2026	<u>5,000</u>
Subtotal				705,000
Less: current portion				<u>-</u>
Total				<u><u>\$ 705,000</u></u>
Unused long-term credit lines				<u><u>\$ 155,000</u></u>

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 repayable in tranches over the next 3 years (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.

ALPHA NETWORKS INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 were as follows for the long-term bank loans with KGI Bank.

- 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 + 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 Group. When the Group breaches the above financial commitments, it is required to repay all the loans owing to KGI Bank immediately.

As of March 31, 2025, there have been no breaches of the aforementioned financial commitments by the Group.

(16) Provisions

The provision for warranties relates mainly to network product sold and professional services provide. 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.

The provision for onerous contracts is recognized when the expected benefits to be derived by Hitron Technologies from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

There were no significant additions, disposal of the provisions for the three months ended March 31, 2025 and 2024. Please refer to note 6(16) of the consolidated financial statements for the year ended December 31, 2024 for other related information.

(17) Other current liabilities

	March 31, 2025	December 31, 2024	March 31, 2024
Payroll and bonus payable	\$ 499,849	713,232	541,081
Lease liabilities-current (note 6(19))	42,202	35,073	29,764
Other payables to related parties (note 7)	6,598	3,983	8,687
Others	48,101	98,616	330,830
	<u><u>\$ 596,750</u></u>	<u><u>850,904</u></u>	<u><u>910,362</u></u>

ALPHA NETWORKS INC. AND SUBSIDIARIES
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(18) Bonds payable

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

	December 31, 2024	March 31, 2024
Total convertible corporate bonds issued	\$ 600,000	600,000
Unamortized discounted payable	-	(5,535)
Cumulative converted amount	(600,000)	(426,700)
Total bonds payable at the end of the period	<u>\$ -</u>	<u>167,765</u>
Embedded derivative – call and put options, included in other non-current assets	<u>\$ -</u>	<u>17</u>
Equity component – conversion options	<u>\$ -</u>	<u>18,376</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 to \$53.3

Except in the cases of the conversion of the corporate bonds to Interactive Digital's ordinary shares in accordance with the Article no. 10 of the Regulations Governing Issuance of Corporate Bond, or the corporate bonds may be redeemed in advance by Interactive Digital in accordance with the Article no. 18 of the Regulations Governing Issuance of Corporate Bonds, or redemption by the Securities Dealers, Interactive Digital will repay all convertible corporate bonds at face value and in cash within the 10 business days following their maturity date.

First Commercial Bank Co.,Ltd. is a guarantor of the convertible corporate bonds. The guarantee period is from the date of funds receipt until the end of the full settlement period. The area of guarantee which includes the principal balance of the corporate bonds and liabilities that area subordinate to the principal debt.

As of December 31 and March 31, 2024, the second convertible corporate bonds issued by Interactive Digital has been converted into 10,640 thousand and 7,432 thousand ordinary shares.

Please refer to note 6(18) to the consolidated financial statements for the year ended December 31, 2024 for other related information.

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(19) Lease liabilities

	<u>March 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>	<u>March 31,</u> <u>2024</u>
Current (recorded in other current liabilities)	\$ 42,202	35,073	29,764
Non-current	<u>300,808</u>	<u>287,479</u>	<u>291,318</u>
	<u><u>\$ 343,010</u></u>	<u><u>322,552</u></u>	<u><u>321,082</u></u>

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

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31,	
	<u>2025</u>	<u>2024</u>
Interest on lease liabilities	<u>\$ 2,613</u>	<u>2,779</u>
Expenses relating to short-term leases and leases of low-value assets	<u>\$ 9,020</u>	<u>9,590</u>

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

	For the three months ended March 31,	
	<u>2025</u>	<u>2024</u>
Total cash outflow for leases	<u>\$ 27,179</u>	<u>21,376</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 printers.

ALPHA NETWORKS INC. AND SUBSIDIARIES
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(20) Employee benefits

A. Defined benefit plans

Given that there was no significant market fluctuations since that time no significant curtailments, settlements, or other significant one-off event in the prior fiscal year, pension costs in the financial statements are measured and disclosed according to the actuarial results determined on December 31, 2024 and 2023.

The pension costs under benefit plans amounted \$375 thousand and \$395 thousand for the three month ended March 31, 2025 and 2024, respectively.

B. Defined contribution plans

The pension costs under contribution plans amounted to \$41,224 thousand and \$41,509 thousand for the three month ended March 31, 2025 and 2024, respectively.

(21) Income taxes

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period using the effective annual tax rate as forecasted by management.

The components of income tax (benefit) were as follows:

	For the three months ended March 31,	
	2025	2024
Current income tax expense (benefit)		
Current period	\$ (23,716)	23,241

As of March 31, 2025, Alpha's tax returns have been assessed by the tax administration through 2022.

(22) Capital and other equity

Except as described in the following paragraph, there were no significant changes in the Group's capital and other equity interest for the three months ended March 31, 2025 and 2024. For related information about the shareholders' equity, please refer to note 6(22) of the consolidated financial statements for the year ended December 31, 2024.

A. Ordinary share capital

As of March 31, 2025, December 31 and March 31, 2024, 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.

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B. Capital surplus

The balances of capital surplus were as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Capital surplus – premium	\$ 2,220,802	2,491,661	2,491,661
Capital surplus – investments under equity method	110,765	107,612	98,407
Others	15,015	15,004	15,004
	<u>\$ 2,346,582</u>	<u>2,614,277</u>	<u>2,605,072</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 surplus 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, The 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.

D. Earnings distribution

Earnings distribution of 2024 was approved by the Board of Directors on February 27, 2025. The appropriations and cash dividends per share were as follow:

	Earnings Distribution	Dividends per Share (New Taiwan dollars)
Legal reserve	\$ 25,086	
Reversal of Special reserve	(179,990)	
Cash dividends	<u>270,859</u>	0.50
	<u>\$ 115,955</u>	

The above-mentioned legal reserve and special reserve for 2024 are to be approved in the shareholders' meeting to be held on May 27, 2025.

The amounts of cash dividends and other earnings distribution of 2023 was approved by the Board of Directors on February 27, 2024 and by the shareholders meeting on May 31, 2024 were as follows:

	Earnings Distribution	Dividends per Share (New Taiwan dollars)
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 of 2023 was consistent with the resolutions approved by the Board of Directors on February 27, 2024.

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

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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	Non-controlling interests	Total
Balance at January 1, 2025	\$ (63,838)	(24,155)	4,067,793	3,979,800
Differences on translation of foreign operation financial statements	76,503	-	15,166	91,669
Remeasurements of defined benefit plans	-	-	125	125
Unrealized gain (losses) from financial assets measured at fair value through other comprehensive income	-	3,776	(349)	3,427
Changes in ownership interests in subsidiaries	-	-	5,775	5,775
Distribution of cash dividend by subsidiaries	-	-	(185,584)	(185,584)
Changes in non-controlling interests	-	-	(1,011)	(1,011)
Balance at March 31, 2025	<u>\$ 12,665</u>	<u>(20,379)</u>	<u>3,901,915</u>	<u>3,894,201</u>

	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, 2024	\$ (243,018)	18,614	(43,579)	3,317,358	3,049,375
Differences on translation of foreign operation financial statements	184,183	-	-	43,883	228,066
Remeasurements of defined benefit plans	-	-	-	245	245
Changes in ownership interests in subsidiaries	-	-	-	(9,258)	(9,258)
Distribution of cash dividend by subsidiaries to non-controlling interest	-	-	-	(196,124)	(196,124)
Changes in non-controlling interests	-	-	-	111,209	111,209
Equity related to non-current assets held for sale	(2,390)	-	2,390	-	-
Balance at March 31, 2024	<u>\$ (61,225)</u>	<u>18,614</u>	<u>(41,189)</u>	<u>3,267,313</u>	<u>3,183,513</u>

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(23) Earnings per share

A. Basic earnings per share

		For the three months ended March 31,	
		2025	2024
Profit (loss) attributable to Alpha's ordinary shareholders	\$	<u>(106,038)</u>	<u>66,508</u>
Weighted-average number of shares outstanding (in thousands of shares)		<u>541,719</u>	<u>541,719</u>
Basic earnings (loss) per share (NTD)	\$	<u>(0.20)</u>	<u>0.12</u>

B. Diluted earnings per share

		For the three months ended March 31,	
		2025	2024
Profit (loss) attributable to Alpha's ordinary shareholders	\$	<u>(106,038)</u>	<u>66,508</u>
Weighted-average number of shares outstanding (in thousands of shares) (basic)		541,719	541,719
Effect of employee remuneration in shares		-	1,444
Weighted-average number of shares outstanding (in thousands of shares) (diluted)		<u>541,719</u>	<u>543,163</u>
Diluted earnings (loss) per share (NTD)	\$	<u>(0.20)</u>	<u>0.12</u>

(24) Revenues

A. The details of revenues were as follows:

		For the three months ended March 31,	
		2025	2024
Primary geographical markets:			
United States	\$	2,851,897	3,031,045
Taiwan		748,624	963,443
Others		<u>923,637</u>	<u>1,185,712</u>
	\$	<u>4,524,158</u>	<u>5,180,200</u>
Major products/services lines:			
LAN/MAN	\$	1,661,220	2,000,630
Wireless Broadband		2,103,424	2,387,427
Digital Multimedia		319,800	370,789
Others		<u>439,714</u>	<u>421,354</u>
	\$	<u>4,524,158</u>	<u>5,180,200</u>

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B. Contract balances

	March 31, 2025	December 31, 2024	March 31, 2024
Accounts receivable (including related parties)	<u>\$ 2,916,117</u>	<u>3,970,712</u>	<u>4,136,133</u>
Contract liabilities	<u>\$ 1,136,814</u>	<u>1,339,841</u>	<u>1,109,343</u>

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

The amounts of revenue recognized for the three months ended March 31, 2025 and 2024 that were included in the contract liability balance at the beginning of the period were \$285,702 thousand and \$356,853 thousand, respectively.

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 three month ended March 31, 2025 and 2024, Alpha accrued and recognized its remuneration to employees amounting to \$0 thousand and \$8,767 thousand, respectively, and directors' remuneration amounting to \$0 thousand and \$658 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.

For the year ended 2024, the Alpha accrued and recognized its remuneration to employees and directors amounting to \$30,968 thousand and \$2,323 thousand respectively. For the year ended 2023, the Alpha accrued and recognized its remuneration to employees and directors amounting to \$73,510 thousand and \$5,513 thousand respectively. The above-mentioned remuneration was distributed in cash and was consisted to the resolution from the board of directors, and the related information would be available at the Market Observation Post System website.

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(26) Interest income

The details of the Group's interest income of 2025 and 2024 were as follows:

For the three months ended March 31,	
2025	2024
Interest income from bank deposits and others	
\$ 21,186	12,878

(27) Other income

The details of the Group's other income of 2025 and 2024 were as follows:

For the three months ended March 31,	
2025	2024
Government grants income	
\$ 6,045	22,543
Others	
18,903	11,228
\$ 24,948	33,771

(28) Other gains and losses

The details of the Group's other gains and losses of 2025 and 2024 were as follows:

For the three months ended March 31,	
2025	2024
Gains (loss) on financial assets at fair value through profit or loss, net	
\$ (52,900)	(100,691)
Foreign exchange gain (loss), net	
11,292	94,232
Others	
1,322	(1,472)
\$ (40,286)	(7,931)

(29) Finance costs

The details of the Group's finance costs of 2025 and 2024 were as follows:

For the three months ended March 31,	
2025	2024
Interest expense of borrowings, etc.	
\$ 26,027	29,992
Interest expense of lease liability	
2,613	2,779
\$ 28,640	32,771

(30) Financial instruments

Except as described in the following paragraph, there were no significant changes in the Group's fair value of financial instruments exposed to credit risk, liquidity risk and market risk. For related information about the fair value on financial instruments, please refer to note 6(30) of the consolidated financial statements for the year ended December 31, 2024.

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Notes to the Consolidated Financial Statements

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 March 31, 2025, December 31 and March 31, 2024, 55%, 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).

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.

B. Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1 to 5 years</u>	<u>More than 5 years</u>
March 31, 2025					
Non-derivative financial liabilities					
Short-term borrowings	\$ 2,261,890	(2,300,928)	(2,300,928)	-	-
Accounts payable (including related parties)	3,632,756	(3,632,756)	(3,632,756)	-	-
Other payables to related parties (included in other current liabilities)	6,598	(6,598)	(6,598)	-	-
Accrued expenses	406,901	(406,901)	(406,901)	-	-
Dividends payable	727,302	(727,302)	(727,302)	-	-
Lease liabilities	343,010	(397,828)	(52,642)	(168,826)	(176,360)
Long-term borrowings (included maturity within 1 year)	449,184	(463,406)	(88,485)	(374,921)	-
Derivative financial liabilities					
Forward exchange contracts:					
Outflows	1,888	(854,968)	(854,968)	-	-
Inflows	(205)	853,285	853,285	-	-
Foreign exchanges swaps:					
Outflows	16,087	(1,838,639)	(1,838,639)	-	-
Inflows	(218)	1,822,770	1,822,770	-	-
	<u>\$ 7,845,193</u>	<u>(7,953,271)</u>	<u>(7,233,164)</u>	<u>(543,747)</u>	<u>(176,360)</u>

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	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1 to 5 years</u>	<u>More than 5 years</u>
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 (including 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>
March 31, 2024					
Non-derivative financial liabilities					
Short-term borrowings	\$ 3,025,470	(3,062,391)	(3,062,391)	-	-
Accounts payable (including related parties)	3,417,041	(3,417,041)	(3,417,041)	-	-
Other payables to related parties (included in other current liabilities)	8,687	(8,687)	(8,687)	-	-
Accrued expenses	398,043	(398,043)	(398,043)	-	-
Dividends payable	743,260	(743,260)	(743,260)	-	-
Lease liabilities	321,082	(356,370)	(33,953)	(108,385)	(214,032)
Bonds payable	167,765	(167,765)	-	(167,765)	-
Long-term borrowings	705,000	(734,420)	(12,981)	(721,439)	-
Forward exchange contracts:					
Outflows	3,674	(1,556,276)	(1,556,276)	-	-
Inflows	(2,704)	1,555,306	1,555,306	-	-
Foreign exchanges swaps:					
Outflows	19,990	(1,675,906)	(1,675,906)	-	-
Inflows	(390)	1,656,306	1,656,306	-	-
	<u>\$ 8,806,918</u>	<u>(8,908,547)</u>	<u>(7,696,926)</u>	<u>(997,589)</u>	<u>(214,032)</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:

	March 31, 2025				December 31, 2024			March 31, 2024		
	Foreign currency	Exchange rate	NTD		Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>										
<u>Monetary items</u>										
USD	\$	67,072	33.205	2,227,126	71,820	32.785	2,354,619	129,791	32.00	4,153,312
CNY		5,384	4.5787	24,652	1,045	4.4915	4,692	4,683	4.4296	20,744
<u>Non-Monetary items</u>										
USD		1,500	33.205	49,808	-	-	-	-	-	-
USD		6,000	33.205	Note	8,000	32.785	Note	19,000	32.00	Note
CNY		10,000	4.5787	Note	10,000	4.4915	Note	10,000	4.4296	Note
EUR	-	-	-	-	-	-	-	800	34.467	Note
<u>Financial liabilities</u>										
<u>Monetary items</u>										
USD		133,219	33.205	4,423,537	116,217	32.785	3,810,174	176,029	32.00	5,632,928
<u>Non-Monetary items</u>										
USD		73,750	33.205	Note	96,000	32.785	Note	78,810	32.00	Note
EUR	-	-	-	-	-	-	-	900	34.467	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 March 31, 2025 and 2024, would have decreased or increased the profit before tax by \$21,718 thousand and \$14,589 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 three month ended March 31, 2025 and 2024, foreign exchange gain (including realized and unrealized portions) amounted to \$11,292 thousand and \$94,232 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 (loss) before tax would have increased or decreased by \$1,024 thousand and \$1,604 thousand, respectively for the three months ended March 31, 2025 and 2024 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 three months ended March 31, 2025 and 2024, 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 three months ended March 31,	
	2025	2024
Financial assets at fair value through profit or loss		
Increasing 5%	\$ <u>4,567</u>	<u>298</u>
Decreasing 5%	\$ <u>(4,567)</u>	<u>(298)</u>
Financial assets at fair value through other comprehensive income		
Increasing 5%	\$ <u>5,707</u>	<u>9,567</u>
Decreasing 5%	\$ <u>(5,707)</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.

	March 31, 2025				
	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 – current and non- current	\$ <u>91,331</u>	<u>5,100</u>	<u>-</u>	<u>86,231</u>	<u>91,331</u>
Financial assets mandatorily at fair value through profit or loss – derivative	\$ <u>423</u>	<u>-</u>	<u>423</u>	<u>-</u>	<u>423</u>

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		March 31, 2025			
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Non-current financial assets at fair value through other comprehensive income	\$ 114,138	-	-	114,138	114,138
Financial liabilities measured at fair value under repetitive basis					
Financial liabilities at fair value through profit or loss – derivative	\$ 17,975	-	17,975	-	17,975
		December 31, 2024			
		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	\$ 57,522	4,902	-	52,620	57,522
Financial assets mandatorily at fair value through profit or loss – derivative	\$ 290	-	290	-	290
Non-current financial assets at fair value through other comprehensive income	\$ 110,711	-	-	110,711	110,711
Financial liabilities measured at fair value under repetitive basis					
Financial liabilities at fair value through profit or loss – derivative	\$ 23,758	-	23,758	-	23,758
		March 31, 2024			
		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	\$ 5,958	5,958	-	-	5,958
Financial assets mandatorily at fair value through profit or loss – derivative	\$ 3,094	-	3,094	-	3,094

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		March 31, 2024				
		Carrying amount	Fair Value			
			Level 1	Level 2	Level 3	Total
Non-current financial assets at fair value through other comprehensive income		\$ 191,331	-	-	191,331	191,331
Financial liabilities measured at fair value under repetitive basis						
Financial liabilities at fair value through profit or loss— derivative		\$ 23,664	-	23,664	-	23,664

(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.

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).

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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 three months ended March 31, 2025 and 2024.

(d) Reconciliation of Level 3 fair values

	Fair value through profit or loss	Fair value through other comprehensive income	Total
Opening Balance, January 1, 2025	\$ 52,620	110,711	163,331
Additions	49,131	-	49,131
Recognized in profit or loss	(15,520)	-	(15,520)
Recognized in other comprehensive income (Unrealized gain or loss on financial assets measured at fair value through other comprehensive income)	-	3,427	3,427
Ending balance, March 31, 2025	<u>\$ 86,231</u>	<u>114,138</u>	<u>200,369</u>
		Fair value through other comprehensive income	
Ending balance, March 31, 2024 (Same as opening balance, January 1, 2024)		<u>\$ 191,331</u>	

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- (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 profit or loss – fund	Asset method	lack of market liquidity	The greater the degree of illiquidity, the lower the estimated fair value.
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 March 31, 2025, December 31, 2024 and March 31, 2024, price-equity ratios of comparable companies were at 0.90 times, 1.50 times and 1.75 times, respectively	The higher the price-equity ratios, the higher the fair value.
		As of March 31, 2025, December 31, 2024 and March 31, 2024, price-to-earning ratio of comparable companies were at 19.84 times, 16.31 times and 23.21 times, respectively.	The higher the price-to-earning ratios, the higher the fair value.
		As of March 31, 2025, December 31, 2024 and March 31, 2024, the discounts for lack of marketability were 17.41%~18.10%, 17.41%~18.10% and 18.10%~23.21%, respectively.	The fair value would decrease if lack of marketability and higher discount rate.
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

There were no significant changes in the Group's objectives and policies applied in the financial risk management from those in the consolidated financial statement for the year ended December 31, 2024. For related information about the financial risk management, please refer to note 6(31) of the consolidated financial statements for the year ended December 31, 2024.

(32) Capital management

The Group's objectives, policies and processes for capital management were consistent with the consolidated financial statements for the year ended December 31, 2024. There were no significant changes in quantified factors of capital management from those in the consolidated financial statement for the year ended December 31, 2024. For related information about the capital management, please refer to note 6(32) of the consolidated financial statements for the year ended December 31, 2024.

(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, 2025	Cash flows	Foreign exchange movement and other	March 31, 2025
Short-term borrowings	\$ 1,615,357	623,627	22,906	2,261,890
Long-term borrowings	455,000	(5,816)	-	449,184
Lease liabilities	322,552	(15,546)	36,004	343,010
Total liabilities from financing activities	<u><u>\$ 2,392,909</u></u>	<u><u>602,265</u></u>	<u><u>58,910</u></u>	<u><u>3,054,084</u></u>

	January 1, 2024	Cash flows	Foreign exchange movement and other	March 31, 2024
Short-term borrowings	\$ 880,246	2,076,053	69,171	3,025,470
Long-term borrowings	700,000	5,000	-	705,000
Bonds payable	264,612	-	(96,847)	167,765
Lease liabilities	324,103	(9,007)	5,986	321,082
Total liabilities from financing activities	<u><u>\$ 2,168,961</u></u>	<u><u>2,072,046</u></u>	<u><u>(21,690)</u></u>	<u><u>4,219,317</u></u>

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7. Related-party transactions:

- (1) Parent company and ultimate controlling company

Qisda Corporation (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
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 Vietnam Co.,Ltd. (QVH)	Qisda's subsidiary
Concord Medical Co., Ltd. (Concord)	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
Unictron Technologies Corporation (Unictron Technologies)	Qisda's associate
Darwin Precisions Corp. (DARWIN)	Qisda's associate

- (3) Significant related-party transactions

A. Sales

The amounts of sales to related parties were as follows:

	For the three months ended	
	March 31,	
	2025	2024
Other related parties	\$ <u><u>65</u></u>	<u><u>90</u></u>

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.

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B. Purchases

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

	For the three months ended	
	March 31,	
	2025	2024
Other related parties	\$ <u><u>39,696</u></u>	<u><u>27,956</u></u>

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:

Account	Relationship	March 31, 2025	December 31, 2024	March 31, 2024
Accounts receivable from related parties	Other related parties	\$ <u><u>-</u></u>	<u><u>1,568</u></u>	<u><u>97</u></u>

D. Payables to related parties

The payables to related parties were as follows:

Account	Relationship	March 31, 2025	December 31, 2024	March 31, 2024
Accounts payable to related parties	Parent company	\$ -	-	64
Accounts payable to related parties	Other related parties	<u>44,721</u>	<u>35,061</u>	<u>31,956</u>
		\$ <u><u>44,721</u></u>	<u><u>35,061</u></u>	<u><u>32,020</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:

	For the three months ended	
	March 31,	
	2025	2024
Parent company	\$ 1,481	3,805
Other related parties	<u>1,054</u>	<u>881</u>
	\$ <u><u>2,535</u></u>	<u><u>4,686</u></u>

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The payables to related parties were as follows:

Account	Related Party Category	March 31, 2025	December 31, 2024	March 31, 2024
Other payable to related parties	Parent company	\$ 1,480	867	7,871
Other payable to related parties	Other related parties	625	773	816
		<u>\$ 2,105</u>	<u>1,640</u>	<u>8,687</u>

F. Property transactions

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

	Amount	
	For the three months ended March 31,	
	2025	2024
Parent company	\$ -	3,917
Other related parties	5,558	2,544
	<u>\$ 5,558</u>	<u>6,461</u>

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

Account	Relationship	March 31, 2025	December 31, 2024	March 31, 2024
Other payables	Other related parties	\$ 4,493	2,343	-
Other receivables	Other related parties	\$ -	3,516	-

G. Prepayments

Account	Relationship	March 31, 2025	December 31, 2024	March 31, 2024
Prepayments (included in other current assets)	Other related parties	\$ 444	241	-

H. Other

The receivable from related parties were as follows:

Account	Relationship	March 31, 2025	December 31, 2024	March 31, 2024
Other receivable from related parties (included in other current assets)	Other related parties	\$ 3,561	364	-

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(4) Key management personnel compensation

	For the three months ended March 31,	
	2025	2024
Short-term employee benefits	\$ 24,939	26,079
Post-employment benefits	297	297
	<u>\$ 25,236</u>	<u>26,376</u>

8. Pledged assets:

<u>Pledged assets</u>	<u>Object</u>	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
Time deposit (recorded in other current assets)	Guarantee for foreign exchange forward	\$ -	-	709
Time deposit (recorded in financial assets measured at amortized cost-non-current)	Import guarantee for Customs	7,550	7,550	7,550
Time deposit (recorded in financial assets measured at amortized cost-non-current)	Guarantee for land lease	8,000	8,000	8,000
Time deposit (recorded in financial assets measured at amortized cost-non-current)	Guarantee for construction project	-	-	565
Time deposit (recorded in financial assets measured at amortized cost-non-current)	Guarantee for land lease and import customs clearance	2,382	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	11,520	11,347	12,261
Refundable deposit (recorded in financial assets measured at amortized cost-non-current)	Guarantee for construction project	-	-	93,330
Refundable deposit (recorded in financial assets measured at amortized cost-non-current)	Guarantee for warranty	112,373	123,231	21,000
		<u>\$ 141,825</u>	<u>152,510</u>	<u>145,797</u>

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9. Significant commitments and contingencies:

- (1) As of March 31, 2025, December 31 and March 31, 2024, the Group's deposited notes and guarantees in the bank amounting to \$15,741,843 thousand, \$14,958,675 thousand and \$18,669,530 thousand, respectively in order to obtain the credits limit of bank financing, foreign exchange facilities and contracts of government grants.
- (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

	<u>March 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>	<u>March 31,</u> <u>2024</u>
Guaranteed notes payable for tender contract	\$ <u>9,412</u>	<u>8,456</u>	<u>16,798</u>
Guarantee for construction projects	\$ <u>111,151</u>	<u>107,799</u>	<u>71,468</u>

10. Losses due to major disasters: None

11. Subsequent events: None

12. Other:

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

By item	By function		For the three months ended March 31,			
			2025		2024	
	Cost of Sales	Operating expenses	Total	Cost of Sales	Operating expenses	Total
Employee benefits						
Salary	162,089	521,466	683,555	157,731	511,208	668,939
Labor and health insurance	12,784	40,767	53,551	14,500	42,718	57,218
Pension	11,290	30,309	41,599	8,666	33,238	41,904
Remuneration of directors	-	3,756	3,756	-	4,530	4,530
Others	10,826	19,999	30,825	10,280	11,552	21,832
Depreciation	67,680	69,068	136,748	64,214	66,024	130,238
Amortization	691	60,997	61,688	1,180	52,376	53,556

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.

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

- C. Securities held (excluding investment in subsidiaries, associates and joint ventures): None
- D. Related-party transactions for purchases and sales with amounts exceeding \$100 million or 20% of the capital stock: Please refer to Table 3.
- E. Receivables from related parties with amounts exceeding \$100 million or 20% of the capital stock: Please refer to Table 4.
- F. Business relationships and significant intercompany transactions: Please refer to Table 5.
- (2) Information on investees (excluding information on investees in Mainland China): Please refer to Table 6.
- (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 7.
- B. Limitation on investment in Mainland China: Please refer to Table 7.
- 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”.

14. Segment information:

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

	For the three months ended March 31, 2025			
	Network related products	Other	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	\$ 4,125,438	398,720	-	4,524,158
Intersegment revenue	-	15,227	(15,227)	-
Total revenue	<u>\$ 4,125,438</u>	<u>413,947</u>	<u>(15,227)</u>	<u>4,524,158</u>
Interest expenses	<u>\$ 28,589</u>	<u>53</u>	<u>(2)</u>	<u>28,640</u>
Depreciation and amortization	<u>\$ 180,924</u>	<u>17,665</u>	<u>(153)</u>	<u>198,436</u>
Reportable segment profit or loss	<u>\$ (126,477)</u>	<u>42,183</u>	<u>(23,499)</u>	<u>(107,793)</u>
March 31, 2025				
	Network related products	Other	Reconciliation and elimination	Total
Reportable segment assets	<u>\$ 20,238,311</u>	<u>3,855,012</u>	<u>(715,410)</u>	<u>23,377,913</u>
Reportable segment liabilities	<u>\$ 8,871,879</u>	<u>1,373,585</u>	<u>(120,266)</u>	<u>10,125,198</u>

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

For the three months ended March 31, 2024				
	Network related products	Other	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	\$ 4,760,006	420,194	-	5,180,200
Intersegment revenue	-	12,725	(12,725)	-
Total revenue	<u>\$ 4,760,006</u>	<u>432,919</u>	<u>(12,725)</u>	<u>5,180,200</u>
Interest expenses	<u>\$ 31,597</u>	<u>1,174</u>	<u>-</u>	<u>32,771</u>
Depreciation and amortization	<u>\$ 166,420</u>	<u>17,436</u>	<u>(62)</u>	<u>183,794</u>
Reportable segment profit or loss	<u>\$ 40,214</u>	<u>52,476</u>	<u>(12,931)</u>	<u>79,759</u>
March 31, 2024				
	Network related products	Other	Reconciliation and elimination	Total
Reportable segment assets	<u>\$ 21,100,032</u>	<u>3,835,876</u>	<u>(9,500)</u>	<u>24,926,408</u>
Reportable segment liabilities	<u>\$ 10,578,044</u>	<u>1,470,958</u>	<u>(115,854)</u>	<u>11,933,148</u>

Alpha Networks Inc. and Subsidiaries
Financing provided to other parties
For the three months ended March 31, 2025

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	332,050 (USD10,000 thousand)	332,050 (USD10,000 thousand)	332,050 (USD10,000 thousand)	5.5%	2	-	Operating capital	-		-	1,870,160 (note 2)	3,740,320 (note 3)
1	Alpha HK	Enrich Investment	Same as above	Yes	6,641 (USD200 thousand)	6,641 (USD200 thousand)	6,641 (USD200 thousand)	-	2	-	Operating capital	-		-	257,269 (note 5)	514,538 (note 5)
2	Alpha Chengdu	Alpha Changshu	Same as above	Yes	274,722 (CNY60,000 thousand)	274,722 (CNY60,000 thousand)	274,722 (CNY60,000 thousand)	1.25%	2	-	Operating capital	-		-	513,320 (note 4)	513,320 (note 4)

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 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.

Alpha Networks Inc. and Subsidiaries
Guarantees and endorsements provided to other parties
For the three months ended March 31, 2025

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 Changshu	note 3	4,675,400	232,435	232,435	5,546	-	2.49 %	9,350,800	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.

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 three months ended March 31, 2025

Table 3

(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)	(1,086,649)	(30)%	90 days	-		733,363	29%	Note
Alpha	Alpha Changshu	Subsidiary of Alpha	Purchase	451,541	14%	90 days	-		(752,411)	(36)%	Note
Alpha	Hitron Technologies	Subsidiary of Alpha	(Sales)	(1,102,968)	(30)%	60 days	-		759,319	30%	Note
Alpha	Alpha HK	Subsidiary of Alpha	Purchase	2,054,278	62%	90 days	-		(621,856)	(29)%	Note
Alpha HK	Alpha Changshu	Subsidiary to subsidiary	(Sales)	(335,342)	(7)%	90 days	-		268,878	10%	Note
Alpha HK	Alpha VN	Subsidiary to subsidiary	(Sales)	(2,086,920)	(47)%	90 days	-		1,720,264	66%	Note
Alpha VN	Alpha HK	Subsidiary to subsidiary	(Sales)	(2,054,278)	(100)%	90 days	-		601,491	100%	Note
Hitron Technologies	Hitron Americas	Subsidiary to subsidiary	(Sales)	(601,983)	(62)%	120 days	-		1,565,763	76%	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
March 31, 2025

Table 4

(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	733,363	5.33	-	-	28,994	-	note 2
Alpha	Hitron Technologies	Subsidiary of Alpha	759,319	5.00	-	-	-	-	note 2
Alpha	Alpha VN	Subsidiary of Alpha	346,559	-	-	-	-	-	note 3
Alpha Changshu	Alpha	Subsidiary to parent	752,411	2.36	422,283	-	32,671	-	note 2
Alpha HK	Alpha Changshu	Subsidiary to subsidiary	268,878	4.73	1,901	-	11,828	-	note 2
Alpha HK	Alpha VN	Subsidiary to subsidiary	1,720,264	5.15	24,628	-	50,988	-	note 2
Alpha HK	Alpha	Subsidiary to parent	621,856	12.64	-	-	522,370	-	note 2
Alpha VN	Alpha HK	Subsidiary to subsidiary	601,491	13.23	-	-	522,370	-	note 2
Hitron Technologies	Hitron Americas	Subsidiary to subsidiary	1,565,763	1.29	-	-	406,232	-	note 2
Hitron Vietnam	Hitron Technologies	Subsidiary to subsidiary	254,342	0.03	-	-	-	-	note 2
Alpha Chengdu	Alpha Changshu	Subsidiary to subsidiary	277,631	-	-	-	-	-	note 3

Note 1: The collection situation as of April 23, 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 three months ended March 31, 2025

Table 5

(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	1,086,649	-	24.02%
0	Alpha	Alpha USA	Parent to Subsidiary	Accounts receivable from related parties	733,363	90 days	3.14%
0	Alpha	Alpha Changshu	Parent to Subsidiary	Purchase	100,436	-	2.22%
0	Alpha	Alpha Changshu	Parent to Subsidiary	Accounts payable to related parties	752,411	90 days	3.22%
0	Alpha	Alpha Chengdu	Parent to Subsidiary	Research expense	71,826	-	1.59%
0	Alpha	Hitron Technologies	Parent to Subsidiary	Sales	1,102,968	-	24.38%
0	Alpha	Hitron Technologies	Parent to Subsidiary	Accounts receivable from related parties	759,319	60 days	3.25%
0	Alpha	Alpha HK	Parent to Subsidiary	Purchase	2,054,278	-	45.40%
0	Alpha	Alpha HK	Parent to Subsidiary	Accounts payable to related parties	621,856	90 days	2.66%
0	Alpha	Alpha VN	Parent to Subsidiary	Other receivables from related parties	346,559	-	1.48%
1	Alpha HK	Alpha Changshu	Subsidiary to Subsidiary	Sales	335,342	-	7.41%
1	Alpha HK	Alpha Changshu	Subsidiary to Subsidiary	Accounts receivable from related parties	268,878	90 days	1.15%
1	Alpha HK	Alpha VN	Subsidiary to Subsidiary	Sales	2,086,920	-	46.13%
1	Alpha HK	Alpha VN	Subsidiary to Subsidiary	Accounts receivable from related parties	1,720,264	90 days	7.36%
2	Alpha VN	Alpha HK	Subsidiary to Subsidiary	Sales	2,054,278	-	45.41%
2	Alpha VN	Alpha HK	Subsidiary to Subsidiary	Accounts receivable from related parties	601,491	90 days	2.57%
3	Alpha Chengdu	Alpha Changshu	Subsidiary to Subsidiary	Other receivables from related parties	277,631	-	1.19%

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	Sales	601,983	-	13.31%
4	Hitron Technologies	Hitron Americas	Subsidiary to Subsidiary	Accounts receivable from related parties	1,565,763	120 days	6.70%
4	Hitron Technologies	Hitron Vietnam	Subsidiary to Subsidiary	Accounts payable to related parties	254,342	60 days	1.09%

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 three months ended March 31, 2025

Table 6

(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 March 31, 2025			Net income (losses) of investee	Share of profits/ losses of investee	Note
				March 31, 2025	December 31, 2024	Shares	Percentage of ownership	Carrying value			
Alpha	Alpha Solutions	Japan	Sale of network equipment, components and technical services	5,543	5,543	1	100.00 %	18,293	486	486	
Alpha	Alpha USA	USA	Sale, marketing and procurement service in USA	51,092	51,092	1,500	100.00 %	195,342	(1,561)	(1,561)	
Alpha	Alpha HK	Hong Kong	Investment holding	2,033,915	2,033,915	485,791	100.00 %	1,268,570	(26,059)	(32,178)	
Alpha	ATS	USA	Post-sale service	260,497 (USD8,100 thousand)	260,497 (USD8,100 thousand)	8,100	100.00 %	212,967	1,143	1,143	
Alpha	Enrich Investment	Taiwan	Investment holding	400,000	400,000	40,000	100.00 %	265,391	(17,294)	(17,294)	
Alpha	Hitron Technologies	Taiwan	Marketing on system integration of communication product and telecommunication products	4,811,000	4,811,000	200,000	62.24 %	3,902,077	(17,600)	(23,980)	
Alpha	Alpha VN	Vietnam	Production of sale of network products	1,227,928	1,227,928	note 3	100.00 %	891,765	1,832	1,832	
Alpha	INDIALPHA	India	Sale of network products	10,358	10,358	2,600	99.99 %	(1,208)	(5,330)	(5,330)	
Alpha	Fiber Logic	Taiwan	Broadband communication products and service	511,688	511,688	7,127	31.66 %	502,558	(14,884)	(7,092)	
Enrich Investment	Interactive Digital	Taiwan	Telecommunication and broadband network system services	189,523	189,523	2,575	5.06 %	107,007	53,054	note 1	
Enrich Investment	Aespula	Taiwan	Sale of network equipment components and technical services	80,000	80,000	8,000	98.92 %	30,068	(3,805)	notes 1, 2	
Enrich Investment	INDIALPHA	India	Sale of network products	1	1	-	0.01 %	1	(5,330)	notes 1	
Hitron Technologies	Hitron Samoa	Samoa	International trade	172,179	172,179	5,850	100.00 %	233,918	18,686	note 1	

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2025			Net income (losses) of investee	Share of profits/ losses of investee	Note
				March 31, 2025	December 31, 2024	Shares	Percentage of ownership	Carrying value			
Hitron Technologies	Interactive Digital	Taiwan	Telecommunication and broadband network system services	126,091	126,091	16,703	32.82 %	588,469	53,054	note 1	
Hitron Technologies	Hitron Vietnam	Vietnam	Production and sale of broadband telecommunication products	1,511,735	1,511,735	note 3	100.00 %	2,079,707	(23,745)	note 1	
Hitron Technologies	Hitron Americas	USA	International trade	90,082	90,082	300	100.00 %	320,336	2,130	note 1	
Hitron Technologies	Hitron Europe	Netherlands	International trade	59,604	59,604	15	100.00 %	71,284	(4,430)	note 1	
Hitron Technologies	Innoauto Technologies	Taiwan	Investment	20,000	20,000	2,000	100.00 %	3,175	-		
Interactive Digital	Transnet	Taiwan	Operating integrated supply of network communication products, system services, and import and export of network equipment	36,236	36,236	4,000	80.00 %	47,350	614	note 1	
Interactive Digital	Fiber Logic	Taiwan	Broadband communication products and service	96,930	96,930	1,350	6.00 %	95,201	(14,884)	note 1	

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.

Alpha Networks Inc. and Subsidiaries

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

For the three months ended March 31, 2025

Table 7

(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, 2025	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2025	Net income (losses) of the investee	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	7,274	100.00%	7,274	513,320	147,231
Alpha Dongguan	Production and sale of network products	97,023	note 1(a)	114,197	-	-	114,197 (note 7)	-	-	-	- (note 11)	692,935
Mirac	Production and sale of network products	107,131 (note 10)	note 1(b)	307,326	-	-	307,326	49	100.00%	49	33,411	-
Alpha Changshu	Production and sale of network products	1,925,920	note 1(b)	1,925,920	-	-	1,925,920	(26,086)	100.00%	(26,086)	1,249,520	-
Alpha Changshu Trading	Production and sale of network products	17,378 (CNY4,000 thousand)	note 1(b)	-	-	-	-	(1,603)	100.00%	(1,603)	8,990	-
Hitron Suzhou	Broadband telecommunications products, research and development	171,245 (CNY34,800 thousand)	note 1(c)	171,245	-	-	171,245	4,417	100.00% (note 9)	4,417	232,954	-
Jietech Suzhou	Sale of broadband network products and related services	31,139 (CNY5,425 thousand)	note 1(c)	31,139	-	-	31,139	(1)	100.00% (note 9)	(1)	3,868	-
Hwa Chi Technologies	Technical consultation on electronic communication, technology research and development, maintenance and after-sale service	2,907 (USD100 thousand)	note 2(a)	8,854	-	-	8,854	1,030	32.82% (note 9)	338	3,486	30,079

(2) Limitation on investment in Mainland China

Name of Company	Accumulated Investment in Mainland China as of March 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Alpha	2,042,459 notes 4, 5 and 8	3,496,798	note 6
Hitron Technologies	211,238	214,432	2,989,051

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 reviewed 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 March 31, 2025.

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 March 31, 2025.

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.