

ALPHA NETWORKS INC. AND SUBSIDIARIES

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 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.

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~10
(4) Summary of material accounting policies	10~15
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	15
(6) Explanation of significant accounts	15~48
(7) Related-party transactions	48~51
(8) Pledged assets	52
(9) Significant commitments and contingencies	52~53
(10) Losses due to major disasters	53
(11) Subsequent events	53
(12) Other	53
(13) Other disclosures	
(a) Information on significant transactions	54、56~60
(b) Information on investees (excluding information on investees in Mainland China)	54、61~62
(c) Information on investment in Mainland China	54、63~64
(14) Segment information	54~55



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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 June 30, 2025 and 2024, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2025 and 2024, as well as the changes in equity and cash flows for the six months ended June 30, 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 June 30, 2025 and 2024, and of its consolidated financial performance for the three months and six months ended June 30, 2025 and 2024, as well as its consolidated cash flows for the six months ended June 30, 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)
August 1, 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

June 30, 2025, December 31, 2024, and June 30, 2024

(Expressed in Thousands of New Taiwan Dollars)

		June 30, 2025		December 31, 2024		June 30, 2024				June 30, 2025		December 31, 2024		June 30, 2024	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (note 6(1))	\$ 5,167,861	23	3,957,279	17	5,424,298	23	2100	Short-term borrowings (note 6(15))	\$ 2,815,363	13	1,615,357	7	1,993,422	8
1110	Current financial assets at fair value through profit or loss (note 6(2))	21,754	-	5,192	-	10,594	-	2120	Current financial liabilities at fair value through profit or loss (note 6(2))	362	-	23,758	-	11,861	-
1136	Current financial assets at amortized cost (notes 6(1) and (5))	12,391	-	73,355	-	3,258	-	2130	Current contract liabilities (note 6(26))	937,780	4	1,339,841	5	933,087	4
1170	Notes and accounts receivable, net (notes 6(3) and (26))	3,585,822	16	3,969,144	17	3,552,850	15	2170	Accounts payable (including related parties) (note 7)	3,483,633	15	3,460,727	15	3,562,957	15
1180	Accounts receivable due from related parties, net (notes 6(3) and 7)	-	-	1,568	-	-	-	2209	Accrued expenses	422,926	2	549,804	2	503,626	2
130x	Inventories (note 6(4))	6,272,142	27	6,929,471	30	6,922,552	29	2216	Dividends payable	741,337	3	-	-	743,260	3
1470	Other current assets (notes 6(14), 7 and 8)	811,780	3	767,495	4	814,015	3	2230	Current tax liabilities	88,290	-	187,745	1	337,767	1
		15,871,750	69	15,703,504	68	16,727,567	70	2250	Current provisions (note 6(17))	216,418	1	231,771	1	275,735	1
Non-current assets:								2322	Long-term borrowings, current portion (note 6(16))	160,000	1	80,000	-	-	-
	Non-current financial assets at fair value through profit or loss (note 6(2))	89,315	-	52,620	-	-	-	2399	Other current liabilities (notes 6(18), (20) and 7)	671,841	3	850,904	5	824,636	4
1510	Non-current financial assets at fair value through other comprehensive income (note 6(8))	96,119	1	110,711	-	178,781	1			9,537,950	42	8,339,907	36	9,186,351	38
1517	Non-current financial assets at amortized cost (notes 6(1), (3), (5) and 8)	189,548	1	214,057	1	180,765	1	Non-Current liabilities:							
1535	Property, plant and equipment (notes 6(10) and 7)	3,693,174	16	4,565,191	20	4,210,633	17	2530	Bonds payable (note 6(19))	-	-	-	-	130,701	1
1755	Right-of use asset (note 6(11))	516,774	2	650,114	3	650,339	3	2540	Long-term borrowings (note 6(16))	420,000	2	375,000	2	575,000	3
1760	Investment property, net (note 6(12) and (21))	548,686	3	-	-	-	-	2580	Non-current lease liabilities (note 6(20))	290,809	1	287,479	1	287,591	1
1780	Intangible assets (notes 6(13) and 7)	1,589,748	7	1,672,821	7	1,118,875	5	2640	Net defined benefit liability (note 6(22))	53,366	-	55,398	-	84,932	-
1840	Deferred tax assets	237,858	1	234,268	1	501,710	2	2670	Other non-current liabilities (notes 6(17))	164,663	1	204,031	1	348,006	1
1990	Other non-current assets (notes 6(14))	45,971	-	41,230	-	420,845	1			928,838	4	921,908	4	1,426,230	6
		7,007,193	31	7,541,012	32	7,261,948	30		Total liabilities	10,466,788	46	9,261,815	40	10,612,581	44
Total assets		\$ 22,878,943	100	23,244,516	100	23,989,515	100	Equity (note 6(24)):							
								Equity attributable to owners of parent:							
								Ordinary share capital		5,417,185	24	5,417,185	23	5,417,185	22
								Capital surplus		2,348,207	10	2,614,277	11	2,608,527	11
								Retained earnings:							
								Legal reserve		1,346,461	7	1,321,375	6	1,321,375	6
								Special reserve		87,993	-	267,982	1	267,982	1
								Unappropriated retained earnings		56,045	-	382,082	1	461,081	2
										1,490,499	7	1,971,439	8	2,050,438	9
								Other equity interest		(580,092)	(3)	(87,993)	-	(38,962)	-
								Total equity attributable to owners of parent		8,675,799	38	9,914,908	42	10,037,188	42
								Non-controlling interests (notes 6(9) and (24))		3,736,356	16	4,067,793	18	3,339,746	14
								Total equity		12,412,155	54	13,982,701	60	13,376,934	56
								Total liabilities and equity		\$ 22,878,943	100	23,244,516	100	23,989,515	100

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 six months ended June 30, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		For the three months ended June 30,				For the six months ended June 30,			
		2025		2024		2025		2024	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (notes 6(26) and 7)	\$ 5,694,008	100	5,684,460	100	10,218,166	100	10,864,660	100
5000	Operating costs (notes 6(4),(22),(27) and 7)	<u>4,825,669</u>	<u>85</u>	<u>4,759,784</u>	<u>84</u>	<u>8,519,423</u>	<u>83</u>	<u>8,932,099</u>	<u>82</u>
	Gross profit	<u>868,339</u>	<u>15</u>	<u>924,676</u>	<u>16</u>	<u>1,698,743</u>	<u>17</u>	<u>1,932,561</u>	<u>18</u>
	Operating expenses (notes 6(3),(22),(27) and 7):								
6100	Selling expenses	257,666	5	271,682	5	525,145	5	532,673	5
6200	Administrative expenses	239,668	4	290,473	5	473,149	5	533,165	5
6300	Research and development expenses	472,544	8	461,461	8	910,761	9	859,936	8
6450	Expected credit loss (gain)	<u>27,342</u>	<u>-</u>	<u>(4,066)</u>	<u>-</u>	<u>27,286</u>	<u>-</u>	<u>4,608</u>	<u>-</u>
	Total operating expenses	<u>997,220</u>	<u>17</u>	<u>1,019,550</u>	<u>18</u>	<u>1,936,341</u>	<u>19</u>	<u>1,930,382</u>	<u>18</u>
	Net operating income (loss)	<u>(128,881)</u>	<u>(2)</u>	<u>(94,874)</u>	<u>(2)</u>	<u>(237,598)</u>	<u>(2)</u>	<u>2,179</u>	<u>-</u>
	Non-operating income and expenses:								
7010	Other income (note 6(29))	11,125	-	11,551	-	36,073	-	45,322	-
7020	Other gains and losses, net (notes 6(6) and (30))	(46,119)	(1)	457,941	8	(86,405)	(1)	450,010	4
7050	Finance costs (note 6(31))	(32,578)	-	(43,076)	(1)	(61,218)	-	(75,847)	-
7100	Interest income (note 6(28))	<u>21,704</u>	<u>-</u>	<u>35,915</u>	<u>1</u>	<u>42,890</u>	<u>-</u>	<u>48,793</u>	<u>-</u>
	Total non-operating income and expenses	<u>(45,868)</u>	<u>(1)</u>	<u>462,331</u>	<u>8</u>	<u>(68,660)</u>	<u>(1)</u>	<u>468,278</u>	<u>4</u>
	Profit (loss) before tax	<u>(174,749)</u>	<u>(3)</u>	<u>367,457</u>	<u>6</u>	<u>(306,258)</u>	<u>(3)</u>	<u>470,457</u>	<u>4</u>
7950	Less: Income tax expense (gain) (note 6(23))	<u>(35,665)</u>	<u>(1)</u>	<u>75,762</u>	<u>1</u>	<u>(59,381)</u>	<u>(1)</u>	<u>99,003</u>	<u>1</u>
	Profit (loss)	<u>(139,084)</u>	<u>(2)</u>	<u>291,695</u>	<u>5</u>	<u>(246,877)</u>	<u>(2)</u>	<u>371,454</u>	<u>3</u>
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	461	-	-	-	874	-	648	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (loss) (notes 6(24) and (32))	<u>(18,019)</u>	<u>-</u>	<u>(12,550)</u>	<u>-</u>	<u>(14,592)</u>	<u>-</u>	<u>(12,550)</u>	<u>-</u>
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(83)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income (loss) that may not be reclassified subsequently to profit or loss	<u>(17,558)</u>	<u>-</u>	<u>(12,550)</u>	<u>-</u>	<u>(13,801)</u>	<u>-</u>	<u>(11,902)</u>	<u>-</u>
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(24))	<u>(674,837)</u>	<u>(12)</u>	<u>66,982</u>	<u>1</u>	<u>(583,168)</u>	<u>(6)</u>	<u>294,804</u>	<u>3</u>
	Components of other comprehensive income that may be reclassified subsequently to profit or loss	<u>(674,837)</u>	<u>(12)</u>	<u>66,982</u>	<u>1</u>	<u>(583,168)</u>	<u>(6)</u>	<u>294,804</u>	<u>3</u>
8300	Other comprehensive income, net of income tax	<u>(692,395)</u>	<u>(12)</u>	<u>54,432</u>	<u>1</u>	<u>(596,969)</u>	<u>(6)</u>	<u>282,902</u>	<u>3</u>
8500	Total comprehensive income	<u>\$ (831,479)</u>	<u>(14)</u>	<u>346,127</u>	<u>6</u>	<u>(843,846)</u>	<u>(8)</u>	<u>654,356</u>	<u>6</u>
	Profit (loss) attributable to:								
8610	Owners of parent	\$ (104,709)	(1)	262,948	4	(210,747)	(2)	329,456	3
8620	Non-controlling interests	<u>(34,375)</u>	<u>(1)</u>	<u>28,747</u>	<u>1</u>	<u>(36,130)</u>	<u>-</u>	<u>41,998</u>	<u>-</u>
		<u>\$ (139,084)</u>	<u>(2)</u>	<u>291,695</u>	<u>5</u>	<u>(246,877)</u>	<u>(2)</u>	<u>371,454</u>	<u>3</u>
8700	Total comprehensive income (loss) attributable to:								
8710	Owners of parent	\$ (676,626)	(12)	307,786	5	(702,180)	(7)	558,880	5
8720	Non-controlling interests	<u>(154,853)</u>	<u>(2)</u>	<u>38,341</u>	<u>1</u>	<u>(141,666)</u>	<u>(1)</u>	<u>95,476</u>	<u>1</u>
		<u>\$ (831,479)</u>	<u>(14)</u>	<u>346,127</u>	<u>6</u>	<u>(843,846)</u>	<u>(8)</u>	<u>654,356</u>	<u>6</u>
	Earnings (loss) per share (New Taiwan dollars) (note 6(25))								
	Basic earnings (loss) per share	<u>\$ (0.19)</u>		<u>0.49</u>		<u>(0.39)</u>		<u>0.61</u>	
	Diluted earnings (loss) per share	<u>\$ (0.19)</u>		<u>0.48</u>		<u>(0.39)</u>		<u>0.61</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 Changes in Equity

For the six months ended June 30, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

							Total other equity interest						
							Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Equity related to non-current assets held for sale	Total other equity interest	Total equity attributable to owners of parent	Non- controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings							
Balance at January 1, 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	-	-	-	-	329,456	329,456	-	-	-	-	329,456	41,998	371,454
Other comprehensive income	-	-	-	-	403	403	236,832	(7,811)	-	229,021	229,424	53,478	282,902
Total comprehensive income	-	-	-	-	329,859	329,859	236,832	(7,811)	-	229,021	558,880	95,476	654,356
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	54,694	-	(54,694)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	41,434	(41,434)	-	-	-	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(547,136)	(547,136)	-	-	-	-	(547,136)	-	(547,136)
Donation from shareholders	-	10	-	-	-	-	-	-	-	-	10	-	10
Disposal of Subsidiaries	-	-	-	-	-	-	(43,579)	-	43,579	-	-	-	-
Changes in ownership interests in subsidiaries	-	12,713	-	-	-	-	-	-	-	-	12,713	(12,713)	-
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(196,124)	(196,124)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	135,749	135,749
Balance at June 30, 2024	\$ 5,417,185	2,608,527	1,321,375	267,982	461,081	2,050,438	(49,765)	10,803	-	(38,962)	10,037,188	3,339,746	13,376,934
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	-	-	-	-	(210,747)	(210,747)	-	-	-	-	(210,747)	(36,130)	(246,877)
Other comprehensive income	-	-	-	-	666	666	(477,246)	(14,853)	-	(492,099)	(491,433)	(105,536)	(596,969)
Total comprehensive income (loss)	-	-	-	-	(210,081)	(210,081)	(477,246)	(14,853)	-	(492,099)	(702,180)	(141,666)	(843,846)
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	25,086	-	(25,086)	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(179,989)	179,989	-	-	-	-	-	-	-	-
Cash dividends on 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	-	4,778	-	-	-	-	-	-	-	-	4,778	9,354	14,132
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(199,619)	(199,619)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	494	494
Balance at June 30, 2025	\$ 5,417,185	2,348,207	1,346,461	87,993	56,045	1,490,499	(541,084)	(39,008)	-	(580,092)	8,675,799	3,736,356	12,412,155

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 six months ended June 30, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30,	
	2025	2024
Cash flows from operating activities:		
Profit (loss) before tax	\$ (306,258)	470,457
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	265,442	254,306
Amortization expense	122,348	106,104
Expected credit loss	27,286	4,608
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(4,054)	7,312
Interest expense	61,218	75,847
Interest income	(42,890)	(48,793)
Dividend income	(85)	-
Loss (gain) on disposal of property, plant and equipment	(3,825)	585
Provisions for inventory obsolescence and devaluation loss	3,927	82,132
Gain on disposal of non-current assets held for sale	-	(466,786)
Adjustment for other non-cash-related losses, net	4,612	-
Total adjustments to reconcile profit	<u>433,979</u>	<u>15,315</u>
Changes in operating assets and liabilities:		
Notes and accounts receivable (including related parties)	177,815	1,374,707
Financial assets mandatorily at fair value through profit or loss	290	30,309
Inventories	354,983	583,095
Other current assets	(68,782)	(54,879)
Financial liabilities held for trading	(23,758)	(778)
Accounts payable (including related parties)	262,934	(749,448)
Other payables to related parties	529	3,100
Other current liabilities	(752,367)	(701,307)
Net defined benefit liability	(1,241)	(19,663)
Other non-current liabilities	(17,402)	2,068
Total changes in operating assets and liabilities	<u>(66,999)</u>	<u>467,204</u>
Total adjustments	<u>366,980</u>	<u>482,519</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 six months ended June 30, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30,	
	2025	2024
Cash flows generated from operations	\$ 60,722	952,976
Interest received	43,191	48,478
Dividends received	85	-
Interest paid	(60,578)	(75,384)
Income taxes paid	(19,043)	(150,812)
Net cash flows from operating activities	24,377	775,258
Cash flows from investing activities:		
Acquisition of financial assets at amortized cost	-	(3,258)
Proceeds from repayments of financial assets at amortized cost	60,963	41,000
Acquisition of financial assets at fair value through profit or loss	(49,131)	-
Proceeds from disposal of subsidiaries	-	536,388
Acquisition of property, plant and equipment	(58,805)	(61,312)
Proceeds from disposal of property, plant and equipment	13,357	16,297
Decrease (increase) in refundable deposits	18,364	(28,167)
Acquisition of intangible assets	(39,831)	(38,800)
Acquisition of right-of-use assets	(43,370)	-
Increase in other non-current assets	(986)	(55,025)
Net cash flows from (used in) investing activities	(99,439)	407,123
Cash flows from financing activities:		
Increase in short-term borrowings	4,254,568	5,159,841
Repayments of short-term borrowings	(2,827,860)	(4,102,234)
Proceeds from long-term borrowings	125,000	25,000
Repayments of long-term borrowings	-	(150,000)
Decrease in guarantee deposits received	(5)	(164)
Payment of lease liabilities	(18,901)	(22,516)
Donation from shareholders	11	10
Net cash flows from financing activities	1,532,813	909,937
Effect of exchange rate changes on cash and cash equivalents	(247,169)	131,305
Net increase in cash and cash equivalents	1,210,582	2,223,623
Cash and cash equivalents at beginning of period	3,957,279	3,200,675
Cash and cash equivalents at end of period	\$ 5,167,861	5,424,298

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 six months ended June 30, 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 August 1, 2025.

3. New standards, amendments and interpretations adopted:

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

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

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

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

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

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

ALPHA NETWORKS INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” 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.

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

(2) Basis of consolidation

A. List of subsidiaries in the consolidated financial statements

Name of Investor	Name of Investee	Main Business Activities	Shareholding		
			June 30, 2025	December 31, 2024	June 30, 2024
Alpha	Alpha Solutions Co., Ltd. (Alpha Solutions)	Sale of network equipment, components and technical services	100.00%	100.00%	100.00%
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 NETWORKS INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of Investor	Name of Investee	Main Business Activities	Shareholding		
			June 30, 2025	December 31, 2024	June 30, 2024
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	-	-	-
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	Interactive Digital Technologies Inc. (Interactive Digital) (notes 1 and 2)	Telecommunication and broadband network system services	5.06%	5.06%	5.32%
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%	34.53%
Hitron Technologies	Hitron Technologies Europe Holding B.V. (Hitron Europe)	International trade	100.00%	100.00%	100.00%

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

Name of Investor	Name of Investee	Main Business Activities	Shareholding		
			June 30, 2025	December 31, 2024	June 30, 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%	100.00%
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.

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

- 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) Property, plant and equipment

Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner occupied to investment property.

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

(6) Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently accounted for using the cost model. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Rental income from investment property is recognized as non-operating income on a straight-line basis over the term of the lease.

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.

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

	June 30, 2025	December 31, 2024	June 30, 2024
Cash on hand	\$ 1,365	1,368	1,132
Checking and savings accounts	3,360,455	2,302,295	3,338,536
Time deposits	1,656,041	1,423,616	2,034,630
Cash equivalents — repurchase agreements	150,000	230,000	50,000
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 5,167,861</u>	<u>3,957,279</u>	<u>5,424,298</u>

Please refer to note 6(32) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

As of June 30, 2025, December 31 and June 30, 2024, deposits with original maturities of more than three months were \$12,391 thousand, \$73,355 thousand and \$3,258 thousand respectively, and were recorded in financial assets measured at amortized cost. Please refer to note 6(5).

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

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

	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Financial assets mandatorily measured at fair value through profit or loss – current:			
Derivative instruments not used for hedging			
Forward exchange contracts	\$ 314	65	4,685
Foreign exchange swaps	17,009	225	118
Non-derivative financial assets			
Stocks listed on domestic markets	4,431	4,902	5,791
Total	<u>\$ 21,754</u>	<u>5,192</u>	<u>10,594</u>
Financial assets mandatorily measured at fair value through profit or loss – non current:			
Non-derivative financial assets			
Unlisted stocks	\$ 43,950	-	-
Funds	45,365	52,620	-
Total	<u>\$ 89,315</u>	<u>52,620</u>	<u>-</u>
Financial liabilities held for trading— current:			
Forward exchange contracts	\$ 264	5,431	396
Foreign exchange swaps	98	18,327	11,465
Total	<u>\$ 362</u>	<u>23,758</u>	<u>11,861</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:

<u>June 30, 2025</u>				
	<u>Nominal principal (in thousands)</u>		<u>Currency</u>	<u>Maturity date</u>
Forward exchange contracts	USD	14,750	USD to CNY	July 2025~August 2025
Forward exchange contracts	USD	1,200	USD to VND	July 2025
Foreign exchange swaps	CNY	10,000	NTD to CNY	July 2025
Foreign exchange swaps	USD	49,000	USD to NTD	July 2025
<u>December 31, 2024</u>				
	<u>Nominal principal (in thousands)</u>		<u>Currency</u>	<u>Maturity date</u>
Forward exchange contracts	USD	22,000	USD to CNY	January 2025 ~ March 2025
Forward exchange contracts	USD	5,000	NTD to USD	January 2025

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

December 31, 2024				
	Nominal principal (in thousands)		Currency	Maturity date
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

June 30, 2024				
	Nominal principal (in thousands)		Currency	Maturity date
Forward exchange contracts	USD	27,810	USD to CNY	July 2024~August 2024
Forward exchange contracts	EUR	800	EUR to NTD	July 2024
Forward exchange contracts	USD	6,000	USD to NTD	July 2024
Forward exchange contracts	USD	24,000	USD to VND	July 2024~August 2024
Foreign exchange swaps	CNY	10,000	CNY to NTD	July 2024
Foreign exchange swaps	USD	51,000	USD to NTD	July 2024~August 2024

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

	June 30, 2025	December 31, 2024	June 30, 2024
Notes and accounts receivable	\$ 3,626,130	3,982,749	3,569,158
Less: loss allowances	(40,308)	(12,037)	(16,308)
	<u>\$ 3,585,822</u>	<u>3,970,712</u>	<u>3,552,850</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:

	June 30, 2025		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 3,039,898	0.00%	-
Less than 90 days past due	428,335	0.77%	3,310
91 to 180 days past due	131,815	20.00%	26,359
More than 181 days past due	92,970	83.39%	77,527
	<u>\$ 3,693,018</u>		<u>107,196</u>

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

	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
	\$ 4,050,706		79,994

	June 30, 2024		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 3,096,483	0.00%	-
Less than 90 days past due	421,744	0.96%	4,069
91 to 180 days past due	1,371	0.36%	5
More than 181 days past due	117,517	68.24%	80,191
	\$ 3,637,115		84,265

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

	For the six months ended June 30,	
	2025	2024
Balance at January 1	\$ 79,994	79,561
Impairment losses recognized	27,286	4,608
Effect of changes in exchange rates	(84)	96
Balance at June 30	\$ 107,196	84,265

(4) Inventories

	June 30, 2025	December 31, 2024	June 30, 2024
Raw materials	\$ 3,511,998	4,028,053	4,074,919
Work in progress and semi-finished products	417,547	441,064	317,204
Finished goods and merchandises	1,700,241	1,819,096	1,911,694
Consignment and project inventory	642,356	641,258	618,735
	\$ 6,272,142	6,929,471	6,922,552

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

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, namely Interactive Digital, but have not yet been recognized as revenue.

The components of operating cost were as below:

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Cost of goods sold	\$ 4,821,501	4,728,034	8,515,496	8,849,967
Provision for inventory obsolescence and devaluation loss	4,168	31,750	3,927	82,132
	\$ 4,825,669	4,759,784	8,519,423	8,932,099

As of June 30, 2025, December 31 and June 30, 2024, the Group's inventories were not pledged.

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

	June 30, 2025	December 31, 2024	June 30, 2024
Current:			
Time deposits	\$ <u>12,391</u>	<u>73,355</u>	<u>3,258</u>
Non-current:			
Restricted deposits	\$ 22,189	28,140	23,075
Refundable deposits	167,359	185,917	157,690
Overdue receivables	66,888	67,957	67,957
Less: loss allowances	(66,888)	(67,957)	(67,957)
	\$ <u>189,548</u>	<u>214,057</u>	<u>180,765</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 June 30, 2025, December 31 and June 30, 2024, the Group held bank time deposits with variable interest rates, and the average interest rates ranged between 0.1%~4.38%, 0.1%~4.61% and 0.69%~5.35%, 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".

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

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

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

(7) Business combination

On November 14, 2024 (the acquisition date), Alpha resolved at its board meeting to purchase 7,127 thousand shares of Fiber Logic at \$71.80 per share, representing 31.66% of its outstanding shares. Additionally, its subsidiary, Interactive Digital acquired 1,350 thousand shares, accounting for 6.00% of the outstanding shares, for a total consideration of \$608,618 thousand. Thereafter, the Group 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

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

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

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

- 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:

If this acquisition had occurred on January 1, 2024, the management estimates that consolidated revenue would have been \$11,171,806 thousand and consolidated net income would have been \$455,820 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.

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

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

	June 30, 2025	December 31, 2024	June 30, 2024
Domestic unlisted stocks	\$ 96,119	110,711	147,352
Limited partnership unlisted stocks	-	-	31,429
	<u>\$ 96,119</u>	<u>110,711</u>	<u>178,781</u>

As of June 30, 2025, December 31 and June 30, 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:

Subsidiaries	Main operation place	Percentage of non-controlling interests		
		June 30, 2025	December 31, 2024	June 30, 2024
Hitron Technologies Inc.	Taiwan	37.76%	37.76%	37.76%

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 and its subsidiaries' collective financial information:

	June 30, 2025	December 31, 2024	June 30, 2024
Current assets	\$ 8,355,999	7,704,458	8,379,731
Non-current assets	3,311,615	3,578,770	3,900,659
Current liabilities	(4,097,699)	(3,162,776)	(3,824,830)
Non-current liabilities	(556,013)	(559,476)	(1,077,094)
Net assets	<u>\$ 7,013,902</u>	<u>7,560,976</u>	<u>7,378,466</u>
Net assets of non-controlling interests	<u>\$ 1,416,409</u>	<u>1,558,727</u>	<u>1,334,178</u>
Net assets of investees	<u>\$ 5,597,493</u>	<u>6,002,249</u>	<u>6,044,288</u>
Book value of non-controlling interests	<u>\$ 3,255,294</u>	<u>3,539,485</u>	<u>3,338,873</u>

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

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Operating revenue	<u>\$ 2,392,703</u>	<u>2,438,863</u>	<u>4,288,481</u>	<u>4,548,649</u>
Profit (Loss)	\$ (60,284)	19,782	(68,768)	4,584
Other comprehensive income	<u>(317,813)</u>	<u>24,358</u>	<u>(278,466)</u>	<u>141,222</u>
Total comprehensive income	<u>\$ (378,097)</u>	<u>44,140</u>	<u>(347,234)</u>	<u>145,806</u>
Loss attributable to non-controlling interests	<u>\$ (31,821)</u>	<u>(4,903)</u>	<u>(62,203)</u>	<u>(23,906)</u>
Total comprehensive income (loss), attributable to non-controlling interests	<u>\$ (201,746)</u>	<u>4,204</u>	<u>(195,612)</u>	<u>29,084</u>
Net cash flows from (used in) operating activities			\$ (154,835)	240,485
Net cash flows from investing activities			15,395	126,906
Net cash flows from financing activities			1,045,198	276,312
Effect of exchange rate changes on cash and cash equivalents			(1,033)	72,308
Net increase in cash and cash equivalents			<u>\$ 904,725</u>	<u>716,011</u>
Dividends paid to non-controlling interests			<u>\$ 185,584</u>	<u>196,124</u>

(10) Property, plant and equipment

	Land	Building	Machinery and equipment	Office, transportation and other facilities	Total
Cost:					
Balance at January 1, 2025	\$ 883,522	4,719,247	2,567,765	491,459	8,661,993
Additions	-	4,277	30,916	23,612	58,805
Disposals	-	(163)	(50,269)	(4,422)	(54,854)
Reclassification to investment property	-	(654,522)	(8,019)	(320)	(662,861)
Effect of changes in exchange rates and others	<u>1,697</u>	<u>(309,226)</u>	<u>(146,516)</u>	<u>(20,392)</u>	<u>(474,437)</u>
Balance at June 30, 2025	<u>\$ 885,219</u>	<u>3,759,613</u>	<u>2,393,877</u>	<u>489,937</u>	<u>7,528,646</u>
Balance at January 1, 2024	\$ 879,267	4,148,033	2,466,053	438,508	7,931,861
Additions	-	2,274	43,422	15,616	61,312
Disposals	-	(10)	(46,910)	(15,516)	(62,436)
Effect of changes in exchange rates and others	<u>3,555</u>	<u>109,822</u>	<u>86,242</u>	<u>12,372</u>	<u>211,991</u>
Balance at June 30, 2024	<u>\$ 882,822</u>	<u>4,260,119</u>	<u>2,548,807</u>	<u>450,980</u>	<u>8,142,728</u>
Depreciation:					
Balance at January 1, 2025	\$ -	2,025,216	1,746,322	325,264	4,096,802
Depreciation	-	95,501	111,000	29,569	236,070
Disposals	-	(163)	(40,820)	(4,339)	(45,322)
Reclassification to investment property	-	(197,882)	(4,863)	(310)	(203,055)
Effect of changes in exchange rates and others	<u>-</u>	<u>(131,871)</u>	<u>(100,125)</u>	<u>(17,027)</u>	<u>(249,023)</u>
Balance at June 30, 2025	<u>\$ -</u>	<u>1,790,801</u>	<u>1,711,514</u>	<u>333,157</u>	<u>3,835,472</u>
Balance at January 1, 2024	\$ -	1,801,148	1,553,313	304,186	3,658,647
Depreciation	-	88,919	114,221	25,407	228,547
Disposals	-	(116)	(30,685)	(14,753)	(45,554)
Effect of changes in exchange rates and others	<u>-</u>	<u>41,866</u>	<u>43,022</u>	<u>5,567</u>	<u>90,455</u>
Balance at June 30, 2024	<u>\$ -</u>	<u>1,931,817</u>	<u>1,679,871</u>	<u>320,407</u>	<u>3,932,095</u>

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

	<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	\$ 883,522	2,694,031	821,443	166,195	4,565,191
Balance at June 30, 2025	\$ 885,219	1,968,812	682,363	156,780	3,693,174
Balance at January 1, 2024	\$ 879,267	2,346,885	912,740	134,322	4,273,214
Balance at June 30, 2024	\$ 882,822	2,328,302	868,936	130,573	4,210,633

In June 2025, Hitron Technologies, the Company's subsidiary, resolved to lease certain property and right-of-use assets in Vietnam to a third party, and the property was reclassified as investment property based on its book value at the time of change of use.

As of June 30, 2025, December 31 and June 30, 2024, the Group's property, plant and equipment were not pledged.

(11) Right-of-use assets

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

	<u>Land</u>	<u>Buildings</u>	<u>Transport- ation and other equipment</u>	<u>Total</u>
Cost:				
Balance at January 1, 2025	\$ 612,153	174,344	16,141	802,638
Additions	-	41,081	2,289	43,370
Disposals	-	(5,916)	(5,393)	(11,309)
Reclassification to investment property	(122,810)	-	-	(122,810)
Effect of changes in exchange rates and others	(38,192)	(13,300)	-	(51,492)
Balance at June 30, 2025	\$ 451,151	196,209	13,037	660,397
Balance at January 1, 2024	\$ 593,101	148,062	17,933	759,096
Additions	-	4,375	4,432	8,807
Disposals	(3,262)	(2,134)	(5,088)	(10,484)
Effect of changes in exchange rates and others	18,662	5,368	(650)	23,380
Balance at June 30, 2024	\$ 608,501	155,671	16,627	780,799

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

	<u>Land</u>	<u>Buildings</u>	<u>Transport- ation and other equipment</u>	<u>Total</u>
Depreciation:				
Balance at January 1, 2025	\$ 82,947	60,780	8,797	152,524
Depreciation	7,979	19,538	1,855	29,372
Disposals	-	(5,916)	(5,393)	(11,309)
Reclassification to investment property	(18,396)	-	-	(18,396)
Effect of changes in exchange rates and others	(4,283)	(4,285)	-	(8,568)
Balance at June 30, 2025	<u>\$ 68,247</u>	<u>70,117</u>	<u>5,259</u>	<u>143,623</u>
Balance at January 1, 2024	\$ 64,872	34,963	10,127	109,962
Depreciation	8,369	15,062	2,328	25,759
Disposals	(406)	(2,140)	(5,098)	(7,644)
Effect of changes in exchange rates and others	1,415	967	1	2,383
Balance at June 30, 2024	<u>\$ 74,250</u>	<u>48,852</u>	<u>7,358</u>	<u>130,460</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 June 30, 2025	<u>\$ 382,904</u>	<u>126,092</u>	<u>7,778</u>	<u>516,774</u>
Balance at January 1, 2024	<u>\$ 528,229</u>	<u>113,099</u>	<u>7,806</u>	<u>649,134</u>
Balance at June 30, 2024	<u>\$ 534,251</u>	<u>106,819</u>	<u>9,269</u>	<u>650,339</u>

As of June 30, 2025, December 31 and June 30, 2024, the Group's right-of-use assets were not pledged.

(12) Investment Property

	<u>Owned property Building</u>	<u>Right-of-use assets Land</u>	<u>Total</u>
Cost:			
Balance at January 1, 2025	\$ -	-	-
Reclassification from property, plant and equipment	662,861	-	662,861
Reclassification from right-of-use assets	-	122,810	122,810
Effect of changes in exchange rates	(13,974)	(2,484)	(16,458)
Balance at June 30, 2025	<u>\$ 648,887</u>	<u>120,326</u>	<u>769,213</u>

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

	<u>Owne property Building</u>	<u>Right-of-use assets Land</u>	<u>Total</u>
Depreciation:			
Balance at January 1, 2025	\$ -	-	-
Reclassification from property, plant and equipment	203,055	-	203,055
Reclassification from right-of-use assets	-	18,396	18,396
Depreciation for the year	4,352	260	4,612
Effect of changes in exchange rates	(5,157)	(379)	(5,536)
Balance at June 30, 2025	<u>\$ 202,250</u>	<u>18,277</u>	<u>220,527</u>
Carrying amount:			
Balance at June 30, 2025	<u>\$ 446,637</u>	<u>102,049</u>	<u>548,686</u>
Fair value:			
Balance at June 30, 2025			<u>\$ 774,692</u>

Investment properties include owned assets held by the Group as well as right-of-use assets representing leased rights, which are leased to third parties under operating leases. These assets are reclassified as investment properties at their carrying amount when there is a change in use. The lease agreements stipulate that the lessee has the option to extend the lease upon expiration. For related information, please refer to note 6(21).

The fair value of investment properties is based on valuations conducted by independent appraisers who possess recognized professional qualifications and have recent experience in the location and type of the investment properties being valued. The valuation is conducted based on market value.

As of June 30, 2025, the Group's investment properties were not pledged.

(13) 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	<u>\$ 226,878</u>	<u>270,487</u>	<u>176,422</u>	<u>863,419</u>	<u>135,615</u>	<u>1,672,821</u>
Balance at June 30, 2025	<u>\$ 202,618</u>	<u>251,119</u>	<u>154,369</u>	<u>863,419</u>	<u>118,223</u>	<u>1,589,748</u>
Balance at January 1, 2024	<u>\$ 94,407</u>	<u>137,927</u>	<u>220,527</u>	<u>578,900</u>	<u>153,368</u>	<u>1,185,129</u>
Balance at June 30, 2024	<u>\$ 78,672</u>	<u>126,433</u>	<u>198,474</u>	<u>578,900</u>	<u>136,396</u>	<u>1,118,875</u>

There were no significant additions, disposal or recognition and reversal of impairment losses of the intangible assets for the six months ended June 30, 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 June 30, 2025, December 31 and June 30, 2024, the Group's intangible assets were not pledged.

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

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

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

	June 30, 2025	December 31, 2024	June 30, 2024
Prepayments for plants and equipment	\$ 37,906	33,816	402,928
Business tax receivable	88,222	100,927	78,072
Income tax receivable	55,314	59,432	138,849
Advance payment	66,442	8,630	42,406
Other receivables (including related parties)	457,031	459,259	438,233
Others	152,836	146,661	134,372
	<u>\$ 857,751</u>	<u>808,725</u>	<u>1,234,860</u>
Other current assets	\$ 811,780	767,495	814,015
Other non-current assets	45,971	41,230	420,845
	<u>\$ 857,751</u>	<u>808,725</u>	<u>1,234,860</u>

(15) Short-term borrowings

	June 30, 2025	December 31, 2024	June 30, 2024
Unsecured bank loans	\$ 2,815,363	1,615,357	1,993,422
Unused short-term credit lines	\$ 15,312,026	14,639,838	16,861,315
Range of interest rates	3.3%~ 7.69%	3.90%~ 5.91%	4.5%~ 6.25%

(16) Long-term borrowings

June 30, 2025				
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	NTD	2.09%	2026 (note 2)	\$ 400,000
	NTD	1.88%	2027 (note 2)	180,000
Subtotal				580,000
Less: current portion				(160,000)
Total				<u>\$ 420,000</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)	25,000
Subtotal				455,000
Less: current portion				(80,000)
Total				<u>\$ 375,000</u>
Unused long-term credit lines				<u>\$ 10,000</u>

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

June 30, 2024				
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	NTD	1.9239%	2025 (note 1)	\$ 150,000
	NTD	1.89675%	2026 (note 2)	400,000
	NTD	0.5%	2029	<u>25,000</u>
Subtotal				575,000
Less: current portion				<u>-</u>
Total				<u>\$ 575,000</u>
Unused long-term credit lines				<u>\$ 10,000</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.

A subsidiary of the Group, Hitron Technologies had signed a long-term borrowing contract 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 June 30, 2025, there have been no breaches of the aforementioned financial commitments by the Group.

(17) 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.

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

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 six months ended June 30, 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.

(18) Other current liabilities

	June 30, 2025	December 31, 2024	June 30, 2024
Payroll and bonus payable	\$ 550,760	713,232	671,552
Lease liabilities-current (note 6(20))	41,650	35,073	31,088
Other payables to related parties (note 7)	4,512	3,983	3,810
Others	74,919	98,616	118,186
	<u>\$ 671,841</u>	<u>850,904</u>	<u>824,636</u>

(19) Bonds payable

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

	December 31, 2024	June 30, 2024
Total convertible corporate bonds issued	\$ 600,000	600,000
Unamortized discounted payable	-	(3,699)
Cumulative converted amount	(600,000)	(465,600)
Total bonds payable at the end of the period	<u>\$ -</u>	<u>130,701</u>
Equity component – conversion options	<u>\$ -</u>	<u>14,251</u>

On October 24, 2022, the Board of Directors of Interactive Digital, 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 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.

ALPHA NETWORKS INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 June 30, 2024, the second convertible corporate bonds issued by Interactive Digital has been converted into 10,640 thousand and 8,119 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.

(20) Lease liabilities

	June 30, 2025	December 31, 2024	June 30, 2024
Current (recorded in other current liabilities)	\$ 41,650	35,073	31,088
Non-current	<u>290,809</u>	<u>287,479</u>	<u>287,591</u>
	<u>\$ 332,459</u>	<u>322,552</u>	<u>318,679</u>

For the maturity analysis, please refer to note 6(32).

The amounts recognized in profit or loss were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Interest expense on lease liabilities	<u>\$ 2,503</u>	<u>2,783</u>	<u>5,116</u>	<u>5,562</u>
Expenses relating to short-term leases and leases of low-value assets	<u>\$ 9,876</u>	<u>9,113</u>	<u>18,896</u>	<u>18,703</u>

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

	For the six months ended June 30,	
	2025	2024
Total cash outflow for leases	<u>\$ 42,913</u>	<u>46,781</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.

Some of 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.

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

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.

(21) Operating lease

Hitron Technologies, the Company's subsidiary, leases out its investment property. Since substantially all the risks and rewards incidental to ownership of the underlying asset have not been transferred, the lease agreements are classified as operating leases. Please refer to note 6(12).

The maturity analysis of lease payments is presented in the following table based on the total undiscounted lease payments to be received after the reporting date:

	June 30, 2025
Less than one year	\$ 78,324
One to two year	81,848
Above two year	<u>85,532</u>
Total undiscounted lease payments	<u><u>\$ 245,704</u></u>

For the six months ended June 30, 2025, the rental income generated from investment properties was amounted to \$0 thousand.

(22) 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 \$430 thousand, \$394 thousand, \$905 thousand and \$789 thousand for the three months and six months ended June 30, 2025 and 2024, respectively.

B. Defined contribution plans

The pension costs under contribution plans amounted to \$40,265 thousand, \$39,014 thousand, \$81,389 thousand and \$80,524 thousand for the three months and six months ended June 30, 2025 and 2024, respectively.

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

(23) 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 June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Current income tax expense (benefit)				
Current period	\$ <u>(35,665)</u>	<u>75,762</u>	<u>(59,381)</u>	<u>99,003</u>

As of June 30, 2025, Alpha's tax returns have been assessed by the tax administration through 2022.

(24) 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 six months ended June 30, 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 June 30, 2025, December 31 and June 30, 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.

B. Capital surplus

The balances of capital surplus were as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Capital surplus – premium	\$ 2,220,802	2,491,661	2,491,661
Capital surplus – investments under equity method	112,390	107,612	101,862
Others	<u>15,015</u>	<u>15,004</u>	<u>15,004</u>
	<u>\$ 2,348,207</u>	<u>2,614,277</u>	<u>2,608,527</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.

ALPHA NETWORKS INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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.

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 and shareholders meeting on February 27 and May 27, 2025, respectively. 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	(179,989)	
Cash dividends	<u>270,859</u>	0.50
	<u>\$ 115,956</u>	

The above-mentioned earnings distribution was consistent with the resolutions approved by Board of Directors on February 27, 2025.

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

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

	Earnings Distribution	Dividends per Share (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.

E. Other equity and non-controlling interest

	Differences on translation of foreign operation financial statements	Unrealized 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	(477,246)	-	(105,922)	(583,168)
Remeasurements of defined benefit plans	-	-	125	125
Unrealized gain (losses) from financial assets measured at fair value through other comprehensive income	-	(14,853)	261	(14,592)
Changes in ownership interests in subsidiaries	-	-	9,354	9,354
Distribution of cash dividend by subsidiaries to non-controlling interest	-	-	(199,619)	(199,619)
Changes in non-controlling interests	-	-	(35,636)	(35,636)
Balance at June 30, 2025	<u>\$ (541,084)</u>	<u>(39,008)</u>	<u>3,736,356</u>	<u>3,156,264</u>

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

	Differences on translation of foreign operation financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Equity related to non-current assets held for sale	Non- controlling interests	Total
Balance at January 1, 2024	\$ (243,018)	18,614	(43,579)	3,317,358	3,049,375
Differences on translation of foreign operation financial statements	236,832	-	-	57,972	294,804
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(7,811)	-	(4,739)	(12,550)
Remeasurements of defined benefit plans	-	-	-	245	245
Changes in ownership interests in subsidiaries	-	-	-	(12,713)	(12,713)
Distribution of cash dividend by subsidiaries to non- controlling interest	-	-	-	(196,124)	(196,124)
Changes in non-controlling interests	-	-	-	177,747	177,747
Disposal of subsidiaries	(43,579)	-	43,579	-	-
Balance at June 30, 2024	<u>\$ (49,765)</u>	<u>10,803</u>	<u>-</u>	<u>3,339,746</u>	<u>3,300,784</u>

(25) Earnings per share

A. Basic earnings per share

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Profit (loss) attributable to Alpha's ordinary shareholders	\$ <u>(104,709)</u>	<u>262,948</u>	<u>(210,747)</u>	<u>329,456</u>
Weighted-average number of shares outstanding (in thousands of shares)	<u>541,719</u>	<u>541,719</u>	<u>541,719</u>	<u>541,719</u>
Basic earnings (loss) per share (NTD)	<u>\$ (0.19)</u>	<u>0.49</u>	<u>(0.39)</u>	<u>0.61</u>

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

B. Diluted earnings per share

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Profit (loss) attributable to Alpha's ordinary shareholders	\$ <u>(104,709)</u>	<u>262,948</u>	<u>(210,747)</u>	<u>329,456</u>
Weighted-average number of shares outstanding (in thousands of shares) (basic)	541,719	541,719	541,719	541,719
Effect of employee remuneration in shares	-	1,259	-	1,859
Weighted-average number of shares outstanding (in thousands of shares) (diluted)	<u>541,719</u>	<u>542,978</u>	<u>541,719</u>	<u>543,578</u>
Diluted earnings (loss) per share (NTD)	\$ <u>(0.19)</u>	<u>0.48</u>	<u>(0.39)</u>	<u>0.61</u>

(26) Revenues

A. The details of revenues were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Primary geographical markets:				
United States	\$ 3,159,448	3,038,478	6,011,345	6,069,523
Taiwan	1,150,539	1,229,312	1,899,163	2,192,755
Others	<u>1,384,021</u>	<u>1,416,670</u>	<u>2,307,658</u>	<u>2,602,382</u>
	<u>\$ 5,694,008</u>	<u>5,684,460</u>	<u>10,218,166</u>	<u>10,864,660</u>
Major products/services lines:				
LAN/MAN	\$ 2,123,613	2,170,770	3,784,833	4,171,400
Wireless Broadband	2,651,190	2,539,142	4,754,614	4,926,569
Digital Multimedia	416,286	345,364	736,086	716,153
Others	<u>502,919</u>	<u>629,184</u>	<u>942,633</u>	<u>1,050,538</u>
	<u>\$ 5,694,008</u>	<u>5,684,460</u>	<u>10,218,166</u>	<u>10,864,660</u>

B. Contract balances

	June 30, 2025	December 31, 2024	June 30, 2024
Accounts receivable (including related parties)	\$ <u>3,585,822</u>	<u>3,970,712</u>	<u>3,552,850</u>
Contract liabilities	\$ <u>937,780</u>	<u>1,339,841</u>	<u>933,087</u>

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

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

The amounts of revenue recognized for the six months ended June 30, 2025 and 2024 that were included in the contract liability balance at the beginning of the period were \$544,704 thousand and \$489,847 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.

(27) Remuneration to employees and directors

On May 27, 2025, Alpha resolved at the shareholders' meeting to amend its Articles of Incorporation. According to the amended Articles, if Alpha has profit in a given fiscal year, the profit shall be used to offset against any accumulated losses incurred by the Company. The remainder, if any, 10%~22% shall be allocated as employee remuneration (including a minimum of 10% to those base-level employees) and a maximum of 1% as remunerations for directors. The recipients of the aforementioned employee remuneration, whether in the form of shares or cash, may include employees of the Alpha's affiliated companies who meet certain specific requirements. Prior to the amendment, the Articles of Incorporation stipulated that, if Alpha has profit in a given fiscal year, the profit shall be used to offset against any accumulated losses incurred by the Company. The remainder, if any, 10%~22.5% should be allocated as employee remuneration and no more than 1% as remunerations for directors. The recipients of the aforementioned employee remuneration, whether in the form of shares or cash, could include employees of the Alpha's affiliated companies who met certain specific requirements.

For the three months and six months ended June 30, 2025 and 2024, Alpha accrued and recognized its remuneration to employees amounting to \$0 thousand, \$35,057 thousand, \$0 thousand and \$43,824 thousand, respectively, and directors amounting to \$0 thousand, \$2,629 thousand, \$0 thousand and \$3,287 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, 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, 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 consisted to the resolution from the board of directors, and the related information would be available at the Market Observation Post System website.

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

(28) Interest income

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

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Interest income from bank deposits and others	\$ <u>21,704</u>	<u>35,915</u>	<u>42,890</u>	<u>48,793</u>

(29) Other income

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

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Dividend income	\$ 85	-	85	-
Government grants income	7,089	7,514	13,134	30,057
Others	<u>3,951</u>	<u>4,037</u>	<u>22,854</u>	<u>15,265</u>
	\$ <u>11,125</u>	<u>11,551</u>	<u>36,073</u>	<u>45,322</u>

(30) 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 June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Gain on disposal of subsidiaries, net (note 6(6))	\$ -	466,786	-	466,786
Gains (loss) on financial assets at fair value through profit or loss, net	176,215	(57,261)	123,315	(157,952)
Foreign exchange gain (loss), net	(208,362)	51,712	(197,070)	145,944
Others	<u>(13,972)</u>	<u>(3,296)</u>	<u>(12,650)</u>	<u>(4,768)</u>
	\$ <u>(46,119)</u>	<u>457,941</u>	<u>(86,405)</u>	<u>450,010</u>

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

(31) Finance costs

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

	For the three months ended June 30,		For the six months ended June 30,	
	2025	2024	2025	2024
Interest expense of borrowings, etc.	\$ 30,075	40,293	56,102	70,285
Interest expense of lease liability	2,503	2,783	5,116	5,562
	<u>\$ 32,578</u>	<u>43,076</u>	<u>61,218</u>	<u>75,847</u>

(32) 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.

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 June 30, 2025, December 31 and June 30, 2024, 62%, 57% and 37%, 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.

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

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>
June 30, 2025					
Non-derivative financial liabilities					
Short-term borrowings	\$ 2,815,363	(2,858,992)	(2,858,992)	-	-
Accounts payable (including related parties)	3,483,633	(3,483,633)	(3,483,633)	-	-
Other payables to related parties (included in other current liabilities)	4,512	(4,512)	(4,512)	-	-
Accrued expenses	422,926	(422,926)	(422,926)	-	-
Dividends payable	741,337	(741,337)	(741,337)	-	-
Lease liabilities	332,459	(355,919)	(44,602)	(135,720)	(175,597)
Long-term borrowings (including maturity within 1 year)	580,000	(597,473)	(170,682)	(426,791)	-
Derivative financial liabilities					
Forward exchange contracts:					
Outflows	264	(467,235)	(467,235)	-	-
Inflows	(314)	467,285	467,285	-	-
Foreign exchanges swaps:					
Outflows	98	(1,476,689)	(1,476,689)	-	-
Inflows	(17,009)	1,493,600	1,493,600	-	-
	<u>\$ 8,363,269</u>	<u>(8,447,831)</u>	<u>(7,709,723)</u>	<u>(562,511)</u>	<u>(175,597)</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>

ALPHA NETWORKS INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	<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>
June 30, 2024					
Non-derivative financial liabilities					
Short-term borrowings	\$ 1,993,422	(2,015,190)	(2,015,190)	-	-
Accounts payable (including related parties)	3,562,957	(3,562,957)	(3,562,957)	-	-
Other payables to related parties (included in other current liabilities)	3,810	(3,810)	(3,810)	-	-
Accrued expenses	503,626	(503,626)	(503,626)	-	-
Dividends payable	743,260	(743,260)	(743,260)	-	-
Lease liabilities	318,679	(356,608)	(41,126)	(124,708)	(190,774)
Bonds payable	130,701	(130,701)	(130,701)	-	-
Long-term borrowings	575,000	(598,164)	(10,598)	(587,566)	-
Derivative financial liabilities					
Forward exchange contracts:					
Outflows	396	(1,906,803)	(1,906,803)	-	-
Inflows	(4,685)	1,911,092	1,911,092	-	-
Foreign exchanges swaps:					
Outflows	11,465	(1,699,490)	(1,699,490)	-	-
Inflows	(118)	1,688,143	1,688,143	-	-
	<u>\$ 7,838,513</u>	<u>(7,921,374)</u>	<u>(7,018,326)</u>	<u>(712,274)</u>	<u>(190,774)</u>

C. Currency risk

(a) Exposure to currency risk

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

	<u>June 30, 2025</u>			<u>December 31, 2024</u>			<u>June 30, 2024</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 85,464	29.3	2,504,095	71,820	32.785	2,354,619	88,961	32.45	2,886,784
CNY	6,105	4.0891	24,964	1,045	4.4915	4,692	5,849	4.4658	26,120
<u>Non-Monetary items</u>									
USD	1,500	29.3	43,950	-	-	-	-	-	-
USD	61,000	-	Note	8,000	32.785	Note	51,000	32.45	Note
CNY	-	-	-	10,000	4.4915	Note	10,000	4.4658	Note
EUR	-	-	-	-	-	-	800	34.705	Note
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	169,628	29.3	4,970,100	116,217	32.785	3,810,174	98,702	32.45	3,202,880
CNY	-	-	-	-	-	-	5,336	4.4658	23,830
<u>Non-Monetary items</u>									
USD	3,950	-	Note	96,000	32.785	Note	57,810	32.45	Note
CNY	10,000	-	Note	-	-	-	-	-	-

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

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

(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 June 30, 2025 and 2024, would have decreased or increased the profit before tax by \$24,410 thousand and \$3,138 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 months and six months ended June 30, 2025 and 2024, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$(208,362) thousand, \$51,712 thousand, \$(197,070) thousand and \$145,944 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.

If the interest rate had increased or decreased by 0.25%, the Group's profit before tax would have increased or decreased by \$343 thousand and \$2,108 thousand, respectively for the six months ended June 30, 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 six months ended June 30, 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:

<u>Prices of securities at the reporting date</u>	For the six months ended	
	June 30,	
	2025	2024
Financial assets at fair value through profit or loss		
Increasing 5%	\$ <u>4,687</u>	<u>290</u>
Decreasing 5%	\$ <u>(4,687)</u>	<u>(290)</u>
Financial assets at fair value through other comprehensive income		
Increasing 5%	\$ <u>4,806</u>	<u>8,939</u>
Decreasing 5%	\$ <u>(4,806)</u>	<u>(8,939)</u>

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

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.

June 30, 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>93,746</u>	<u>4,431</u>	<u>-</u>	<u>89,315</u>	<u>93,746</u>
Financial assets mandatorily at fair value through profit or loss – derivative	\$ <u>17,323</u>	<u>-</u>	<u>17,323</u>	<u>-</u>	<u>17,323</u>
Non-current financial assets at fair value through other comprehensive income	\$ <u>96,119</u>	<u>-</u>	<u>-</u>	<u>96,119</u>	<u>96,119</u>
Financial liabilities measured at fair value under repetitive basis					
Financial liabilities at fair value through profit or loss – derivative	\$ <u>362</u>	<u>-</u>	<u>362</u>	<u>-</u>	<u>362</u>
December 31, 2024					
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value under repetitive basis					
Financial assets mandatorily at fair value through profit or loss – stocks	\$ <u>57,522</u>	<u>4,902</u>	<u>-</u>	<u>52,620</u>	<u>57,522</u>
Financial assets mandatorily at fair value through profit or loss – derivative	\$ <u>290</u>	<u>-</u>	<u>290</u>	<u>-</u>	<u>290</u>
Non-current financial assets at fair value through other comprehensive income	\$ <u>110,711</u>	<u>-</u>	<u>-</u>	<u>110,711</u>	<u>110,711</u>

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

		December 31, 2024				
		Carrying amount	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value under repetitive basis						
Financial liabilities at fair value through profit or loss—derivative	\$	<u>23,758</u>	<u>-</u>	<u>23,758</u>	<u>-</u>	<u>23,758</u>
		Carrying amount	June 30, 2024			
			Level 1	Level 2	Level 3	Total
Financial assets measured at fair value under repetitive basis						
Financial assets mandatorily at fair value through profit or loss – stocks	\$	<u>5,791</u>	<u>5,791</u>	<u>-</u>	<u>-</u>	<u>5,791</u>
Financial assets mandatorily at fair value through profit or loss – derivative	\$	<u>4,803</u>	<u>-</u>	<u>4,803</u>	<u>-</u>	<u>4,803</u>
Non-current financial assets at fair value through other comprehensive income	\$	<u>178,781</u>	<u>-</u>	<u>-</u>	<u>178,781</u>	<u>178,781</u>
Financial liabilities measured at fair value under repetitive basis						
Financial liabilities at fair value through profit or loss—derivative	\$	<u>11,861</u>	<u>-</u>	<u>11,861</u>	<u>-</u>	<u>11,861</u>

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

i. Non-derivative financial instruments

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

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

ALPHA NETWORKS INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

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

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

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

ii. Derivative financial instruments

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

(c) There was no transfer between the different levels of fair value hierarchy for the six months ended June 30, 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	(12,436)	-	(12,436)
Unrealized gain or loss on financial assets measured at fair value through other comprehensive income	-	(14,592)	(14,592)
Ending balance, June 30, 2025	<u>\$ 89,315</u>	<u>96,119</u>	<u>185,434</u>

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

	Fair value through other comprehensive income
Opening balance, January 1, 2024	\$ 191,331
Unrealized loss on financial assets measured at fair value through other comprehensive income	(12,550)
Ending balance, June 30, 2024	\$ 178,781

- (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 June 30, 2025, December 31, 2024 and June 30, 2024, price-equity ratios of comparable companies were at 0.90 times, 1.50 times and 1.11 times, respectively	The higher the price-equity ratios, the higher the fair value.
		As of June 30, 2025, December 31, 2024 and June 30, 2024, price-to-earning ratio of comparable companies were at 15.15 times, 16.31 times and 25.66 times, respectively.	The higher the price-to-earning ratios, the higher the fair value.
		As of June 30, 2025, December 31, 2024 and June 30, 2024, the discounts for lack of marketability were 17.41%~18.10%, 17.41%~18.10% and 18.10%~18.34%, respectively.	The fair value would decrease if lack of marketability and higher discount rate.

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

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
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.

(33) 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.

(34) 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.

(35) 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:

	<u>January 1, 2025</u>	<u>Cash flows</u>	<u>Foreign exchange movement and other</u>	<u>June 30, 2025</u>
Short-term borrowings	\$ 1,615,357	1,426,708	(226,702)	2,815,363
Long-term borrowings	455,000	125,000	-	580,000
Lease liabilities	322,552	(18,901)	28,808	332,459
Total liabilities from financing activities	<u>\$ 2,392,909</u>	<u>1,532,807</u>	<u>(197,894)</u>	<u>3,727,822</u>

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

	January 1, 2024	Cash flows	Foreign exchange movement and other	June 30, 2024
Short-term borrowings	\$ 880,246	1,057,607	55,569	1,993,422
Long-term borrowings	700,000	(125,000)	-	575,000
Bonds payable	264,612	-	(133,911)	130,701
Lease liabilities	324,103	(22,516)	17,092	318,679
Total liabilities from financing activities	<u>\$ 2,168,961</u>	<u>910,091</u>	<u>(61,250)</u>	<u>3,017,802</u>

7. Related-party transactions:

- (1) Parent company and ultimate controlling company

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

- (2) Names and relationship with related parties.

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

Name of related party	Relationship with the Group
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
DFI Inc. (DFI)	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
ACE Energy Co., Ltd. (AEG)	Qisda's subsidiary
Suzhou BenQ Hospital Co., Ltd. (SMH)	Qisda's subsidiary
Darfon Electronics Corp. (DFN)	Qisda's associate
Rapidtek Technologies Inc. (Rapidtek Technologies)	Qisda's associate

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

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

(3) Significant related-party transactions

A. Sales

The amounts of sales to related parties were as follows:

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Other related parties	\$ <u>840</u>	<u>-</u>	<u>905</u>	<u>90</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.

B. Purchases

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

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Parent company	\$ 206	202	206	202
Other related parties	<u>39,543</u>	<u>35,013</u>	<u>79,239</u>	<u>62,969</u>
	<u>\$ 39,749</u>	<u>35,215</u>	<u>79,445</u>	<u>63,171</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:

<u>Account</u>	<u>Relationship</u>	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Accounts receivable from related parties	Other related parties	\$ <u>-</u>	<u>1,568</u>	<u>-</u>

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

D. Payables to related parties

The payables to related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Accounts payable to related parties	Parent company	\$ 183	-	203
Accounts payable to related parties	Other related parties	48,968	35,061	38,619
		<u>\$ 49,151</u>	<u>35,061</u>	<u>38,822</u>

E. Rendering of services and other expenses

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

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Parent company	\$ 102	49	1,583	3,854
Other related parties	873	69	1,927	950
	<u>\$ 975</u>	<u>118</u>	<u>3,510</u>	<u>4,804</u>

The payables to related parties were as follows:

<u>Account</u>	<u>Related Party Category</u>	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Other payable to related parties	Parent company	\$ 1,584	867	3,738
Other payable to related parties	Other related parties	2,928	773	72
		<u>\$ 4,512</u>	<u>1,640</u>	<u>3,810</u>

F. Property transactions

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

	<u>Amount</u>			
	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Parent company	\$ -	-	-	3,917
Other related parties	9,229	142	14,787	2,686
	<u>\$ 9,229</u>	<u>142</u>	<u>14,787</u>	<u>6,603</u>

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

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

<u>Account</u>	<u>Relationship</u>	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Other payables	Other related parties	\$ <u>-</u>	<u>2,343</u>	<u>-</u>
Other receivables	Other related parties	\$ <u>-</u>	<u>3,516</u>	<u>-</u>

G. Prepayments

<u>Account</u>	<u>Relationship</u>	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Prepayments (included in other current assets)	Other related parties	\$ <u>2,432</u>	<u>241</u>	<u>-</u>

H. Other

<u>Account</u>	<u>Relationship</u>	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
		<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Other income	Other related parties	\$ <u>959</u>	<u>103</u>	<u>959</u>	<u>103</u>

The receivable from related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>June 30, 2025</u>	<u>December 31, 2024</u>	<u>June 30, 2024</u>
Other receivable from related parties (included in other current assets)	Other related parties	\$ <u>1,007</u>	<u>364</u>	<u>-</u>

(4) Key management personnel compensation

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 16,563	26,073	41,572	52,538
Post-employment benefits	297	297	594	594
	\$ <u>16,860</u>	<u>26,370</u>	<u>42,166</u>	<u>53,132</u>

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

8. Pledged assets:

Pledged assets	Object	June 30, 2025	December 31, 2024	June 30, 2024
Time deposit (recorded in other current assets)	Guarantee for foreign exchange forward	\$ -	-	715
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	-	-	558
Time deposit (recorded in financial assets measured at amortized cost-non-current)	Guarantee for land lease and import customs clearance	2,382	2,382	2,382
Refundable deposit (recorded in financial assets measured at amortized cost-non-current)	Guarantee to local authority for sales to overseas customers	10,660	11,347	11,776
Refundable deposit (recorded in financial assets measured at amortized cost-non-current)	Guarantee for construction project	-	-	103,860
Refundable deposit (recorded in financial assets measured at amortized cost-non-current)	Guarantee for warranty	110,008	123,231	21,000
		<u><u>\$ 138,600</u></u>	<u><u>152,510</u></u>	<u><u>155,841</u></u>

9. Significant commitments and contingencies:

- (1) As of June 30, 2025, December 31 and June 30, 2024, the Group's deposited notes and guarantees in the bank amounting to \$16,129,548 thousand, \$14,958,675 thousand and \$18,700,880 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.

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

(3) Others

	June 30, 2025	December 31, 2024	June 30, 2024
Guaranteed notes payable for tender contract	\$ 9,731	8,456	16,808
Guarantee for construction projects	\$ 98,143	107,799	76,457

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	For the three months ended June 30,					
	2025			2024		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	164,713	530,476	695,189	173,448	588,498	761,946
Labor and health insurance	13,695	39,261	52,956	13,106	39,780	52,886
Pension	12,043	28,652	40,695	9,250	30,159	39,409
Remuneration of directors	-	3,721	3,721	-	6,515	6,515
Others	11,527	24,091	35,618	10,465	20,108	30,573
Depreciation	61,500	67,194	128,694	60,138	63,930	124,068
Amortization	485	60,175	60,660	1,217	51,331	52,548

By item	For the six months ended June 30,					
	2025			2024		
	Cost of Sales	Operating expenses	Total	Cost of Sales	Operating expenses	Total
Employee benefits						
Salary	326,802	1,051,942	1,378,744	331,179	1,099,706	1,430,885
Labor and health insurance	26,479	80,028	106,507	27,606	82,498	110,104
Pension	23,333	58,961	82,294	17,916	63,397	81,313
Remuneration of directors	-	7,477	7,477	-	11,045	11,045
Others	22,353	44,090	66,443	20,745	31,660	52,405
Depreciation	129,180	136,262	265,442	124,352	129,954	254,306
Amortization	1,176	121,172	122,348	2,397	103,707	106,104

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

13. Other disclosures:

(1) Information on significant transactions:

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

- A. Financing provided to other parties: Please refer to Table 1.
- B. Guarantees and endorsements provided to other parties: Please refer to Table 2.
- C. Securities held (excluding investment in subsidiaries, associates and joint ventures): 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 June 30, 2025			
	Network related products	Other	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	\$ 5,222,771	471,237	-	5,694,008
Intersegment revenue	-	15,389	(15,389)	-
Total revenue	<u>\$ 5,222,771</u>	<u>486,626</u>	<u>(15,389)</u>	<u>5,694,008</u>
Interest expenses	<u>\$ 32,411</u>	<u>169</u>	<u>(2)</u>	<u>32,578</u>
Depreciation and amortization	<u>\$ 171,644</u>	<u>17,863</u>	<u>(153)</u>	<u>189,354</u>
Reportable segment profit or loss	<u>\$ (161,436)</u>	<u>39,455</u>	<u>(17,103)</u>	<u>(139,084)</u>

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

	For the three months ended June 30, 2024			
	Network related products	Others	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	\$ 5,071,161	613,299	-	5,684,460
Intersegment revenue	-	14,262	(14,262)	-
Total revenue	<u>\$ 5,071,161</u>	<u>627,561</u>	<u>(14,262)</u>	<u>5,684,460</u>
Interest expenses	<u>\$ 42,217</u>	<u>860</u>	<u>(1)</u>	<u>43,076</u>
Depreciation and amortization	<u>\$ 158,916</u>	<u>17,762</u>	<u>(62)</u>	<u>176,616</u>
Reportable segment profit or loss	<u>\$ 252,348</u>	<u>53,777</u>	<u>(14,430)</u>	<u>291,695</u>

	For the six months ended June 30, 2025			
	Network related products	Other	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	\$ 9,348,209	869,957	-	10,218,166
Intersegment revenue	-	30,616	(30,616)	-
Total revenue	<u>\$ 9,348,209</u>	<u>900,573</u>	<u>(30,616)</u>	<u>10,218,166</u>
Interest expenses	<u>\$ 61,000</u>	<u>222</u>	<u>(4)</u>	<u>61,218</u>
Depreciation and amortization	<u>\$ 352,568</u>	<u>35,528</u>	<u>(306)</u>	<u>387,790</u>
Reportable segment profit or loss	<u>\$ (287,913)</u>	<u>81,638</u>	<u>(40,602)</u>	<u>(246,877)</u>

	June 30, 2025			
	Network related products	Other	Reconciliation and elimination	Total
Reportable segment assets	<u>\$ 19,688,494</u>	<u>3,919,447</u>	<u>(728,998)</u>	<u>22,878,943</u>
Reportable segment liabilities	<u>\$ 9,195,383</u>	<u>1,399,400</u>	<u>(127,995)</u>	<u>10,466,788</u>

	For the six months ended June 30, 2024			
	Network related products	Other	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	\$ 9,831,167	1,033,493	-	10,864,660
Intersegment revenue	-	26,987	(26,987)	-
Total revenue	<u>\$ 9,831,167</u>	<u>1,060,480</u>	<u>(26,987)</u>	<u>10,864,660</u>
Interest expenses	<u>\$ 73,814</u>	<u>2,034</u>	<u>(1)</u>	<u>75,847</u>
Depreciation and amortization	<u>\$ 325,337</u>	<u>35,197</u>	<u>(124)</u>	<u>360,410</u>
Reportable segment profit or loss	<u>\$ 292,562</u>	<u>106,253</u>	<u>(27,361)</u>	<u>371,454</u>

	June 30, 2024			
	Network related products	Other	Reconciliation and elimination	Total
Reportable segment assets	<u>\$ 20,101,083</u>	<u>3,909,606</u>	<u>(21,174)</u>	<u>23,989,515</u>
Reportable segment liabilities	<u>\$ 9,278,557</u>	<u>1,453,031</u>	<u>(119,007)</u>	<u>10,612,581</u>

Alpha Networks Inc. and Subsidiaries
Financing provided to other parties
For the six months ended June 30, 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)	293,000 (USD10,000 thousand)	293,000 (USD10,000 thousand)	4.7%~5.5 %	2	-	Operating capital	-		-	1,735,160 (note 2)	3,470,320 (note 3)
1	Alpha HK	Enrich Investment	Same as above	Yes	6,641 (USD200 thousand)	5,860 (USD200 thousand)	5,860 (USD200 thousand)	-	2	-	Operating capital	-		-	236,117 (note 5)	472,234 (note 5)
2	Alpha Chengdu	Alpha Changshu	Same as above	Yes	274,722 (CNY60,000 thousand)	-	-	1.25%	2	-	Operating capital	-		-	467,726 (note 4)	467,726 (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 six months ended June 30, 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	4,337,900	232,435	205,100	15,543	-	2.36 %	8,675,799	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 six months ended June 30, 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)	(1,966,021)	(23)%	90 days	-		564,468	19%	note
Alpha	Alpha Changshu	Subsidiary of Alpha	Purchase	928,792	11%	90 days	-		(281,171)	(10)%	note
Alpha	Hitron Technologies	Subsidiary of Alpha	(Sales)	(3,109,983)	(36)%	60 days	-		1,279,478	43%	note
Alpha	Alpha HK	Subsidiary of Alpha	Purchase	5,602,044	66%	90 days	-		(2,079,808)	(74)%	note
Alpha HK	Alpha Changshu	Subsidiary to subsidiary	(Sales)	(782,585)	(7)%	90 days	-		155,584	4%	note
Alpha HK	Alpha VN	Subsidiary to subsidiary	(Sales)	(4,858,715)	(43)%	90 days	-		1,925,717	49%	note
Alpha VN	Alpha HK	Subsidiary to subsidiary	(Sales)	(5,602,044)	(100)%	90 days	-		1,839,028	100%	note
Hitron Technologies	Hitron Americas	Subsidiary to subsidiary	(Sales)	(2,150,264)	(68)%	120 days	-		1,839,895	71%	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
June 30, 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	564,468	5.38	-	-	-	-	note 2
Alpha	Hitron Technologies	Subsidiary of Alpha	1,279,478	5.44	14,358	-	-	-	note 2
Alpha	Alpha VN	Subsidiary of Alpha	294,989	-	-	-	-	-	note 3
Alpha Changshu	Alpha	Subsidiary to parent	281,171	3.51	84,293	-	-	-	note 2
Alpha HK	Alpha Changshu	Subsidiary to subsidiary	155,584	6.91	2,823	-	8,704	-	note 2
Alpha HK	Alpha VN	Subsidiary to subsidiary	1,925,717	5.64	30,160	-	82,318	-	note 2
Alpha HK	Alpha	Subsidiary to parent	2,079,808	8.13	69,816	-	811,719	-	note 2
Alpha VN	Alpha HK	Subsidiary to subsidiary	1,839,028	9.04	68,635	-	811,719	-	note 2
Hitron Technologies	Hitron Americas	Subsidiary to subsidiary	1,839,895	2.14	-	-	223,502	-	note 2

Note 1: The collection situation as of July 24, 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 six months ended June 30, 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	1,966,021	-	19.24%
0	Alpha	Alpha USA	Parent to Subsidiary	Accounts receivable from related parties	564,468	90 days	2.47%
0	Alpha	Alpha Changshu	Parent to Subsidiary	Purchase	928,792	-	9.09%
0	Alpha	Alpha Changshu	Parent to Subsidiary	Accounts payable to related parties	281,171	90 days	1.23%
0	Alpha	Alpha Chengdu	Parent to Subsidiary	Research expense	137,562	-	1.35%
0	Alpha	Hitron Technologies	Parent to Subsidiary	Sales	3,109,983	-	30.44%
0	Alpha	Hitron Technologies	Parent to Subsidiary	Accounts receivable from related parties	1,279,478	60 days	5.59%
0	Alpha	Alpha HK	Parent to Subsidiary	Purchase	5,602,044	-	54.82%
0	Alpha	Alpha HK	Parent to Subsidiary	Accounts payable to related parties	2,079,808	90 days	9.09%
0	Alpha	Alpha VN	Parent to Subsidiary	Other receivables from related parties	294,989	-	1.29%
1	Alpha HK	Alpha Changshu	Subsidiary to Subsidiary	Sales	782,585	-	7.66%
1	Alpha HK	Alpha VN	Subsidiary to Subsidiary	Sales	4,858,715	-	47.55%
1	Alpha HK	Alpha VN	Subsidiary to Subsidiary	Accounts receivable from related parties	1,925,717	90 days	8.42%
2	Alpha VN	Alpha HK	Subsidiary to Subsidiary	Sales	5,602,044	-	54.82%
2	Alpha VN	Alpha HK	Subsidiary to Subsidiary	Accounts receivable from related parties	1,839,028	90 days	8.04%
4	Hitron Technologies	Hitron Americas	Subsidiary to Subsidiary	Sales	2,150,264	-	21.04%
4	Hitron Technologies	Hitron Americas	Subsidiary to Subsidiary	Accounts receivable from related parties	1,839,895	120 days	8.04%

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 six months ended June 30, 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 June 30, 2025			Net income (losses) of investee	Share of profits/ losses of investee	Note
				June 30, 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 %	16,308	49	49	
Alpha	Alpha USA	USA	Sale, marketing and procurement service in USA	51,092	51,092	1,500	100.00 %	177,816	4,128	4,128	
Alpha	Alpha HK	Hong Kong	Investment holding	2,033,915	2,033,915	485,791	100.00 %	1,171,611	5,356	8,038	
Alpha	ATS	USA	Post-sale service	260,497 (USD8,100 thousand)	260,497 (USD8,100 thousand)	8,100	100.00 %	188,940	2,243	2,243	
Alpha	Enrich Investment	Taiwan	Investment holding	400,000	400,000	40,000	100.00 %	247,223	(15,785)	(15,785)	
Alpha	Hitron Technologies	Taiwan	Marketing on system integration of communication product and telecommunication products	4,811,000	4,811,000	200,000	62.24 %	3,649,616	(85,336)	(79,165)	
Alpha	Alpha VN	Vietnam	Production and sale of network products	1,227,928	1,227,928	note 3	100.00 %	880,266	101,676	101,676	
Alpha	INDIALPHA	India	Sale of network products	39,214	10,358	10,500	99.99 %	26,590	(4,625)	(4,625)	
Alpha	Fiber Logic	Taiwan	Broadband communication products and service	511,688	511,688	7,127	31.66 %	483,112	(53,187)	(21,422)	
Enrich Investment	Interactive Digital	Taiwan	Telecommunication and broadband network system services	189,523	189,523	2,575	5.06 %	108,928	102,843	note 1	
Enrich Investment	Aespula	Taiwan	Sale of network equipment components and technical services	80,000	80,000	8,000	98.92 %	21,076	(12,797)	notes 1, 2	
Enrich Investment	INDIALPHA	India	Sale of network products	1	1	-	0.01 %	1	(4,625)	note 1	
Hitron Technologies	Hitron Samoa	Samoa	International trade	172,179	172,179	5,850	100.00 %	211,419	20,885	note 1	

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2025			Net income (losses) of investee	Share of profits/ losses of investee	Note
				June 30, 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 %	604,786	102,843	note 1	
Hitron Technologies	Hitron Vietnam	Vietnam	Production and sale of broadband telecommunication products	1,511,735	1,511,735	note 3	100.00 %	1,828,005	(34,079)	note 1	
Hitron Technologies	Hitron Americas	USA	International trade	90,082	90,082	300	100.00 %	174,669	(26,960)	note 1	
Hitron Technologies	Hitron Europe	Netherlands	International trade	59,604	59,604	15	100.00 %	55,202	(10,602)	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 %	49,986	3,909	note 1	
Interactive Digital	Fiber Logic	Taiwan	Broadband communication products and service	96,930	96,930	1,350	6.00 %	91,518	(53,187)	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 six months ended June 30, 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 June 30, 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	16,860	100.00%	16,860	467,726	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	210	100.00%	210	29,991	-
Alpha Changshu	Production and sale of network products	1,925,920	note 1(b)	1,925,920	-	-	1,925,920	5,391	100.00%	5,391	1,147,779	-
Alpha Changshu Trading	Production and sale of network products	17,378 (CNY4,000 thousand)	note 1(b)	-	-	-	-	(364)	100.00%	(364)	9,360	-
Hitron Suzhou	Broadband telecommunications products, research and development	171,245 (CNY34,800 thousand)	note 1(c)	171,245	-	-	171,245	20,903	100.00% (note 9)	20,903	210,145	-
Jietech Suzhou	Sale of broadband network products and related services	31,139 (CNY5,425 thousand)	note 1(c)	31,139	-	-	31,139	(19)	100.00% (note 9)	(19)	3,439	-
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	1,220	32.82% (note 9)	400	3,179	30,079

(2) Limitation on investment in Mainland China

Name of Company	Accumulated Investment in Mainland China as of June 30, 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	214,528	2,758,232

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 June 30, 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 June 30, 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.