

ALPHA NETWORKS INC. AND SUBSIDIARIES

Consolidated Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2025 and 2024**

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

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Representation Letter	3
4. Independent Auditors' Report	4
5. Consolidated Balance Sheets	5
6. Consolidated Statements of Comprehensive Income	6
7. Consolidated Statements of Changes in Equity	7
8. Consolidated Statements of Cash Flows	8
9. Notes to the Consolidated Financial Statements	
(1) Company history	9
(2) Approval date and procedures of the consolidated financial statements	9
(3) New standards, amendments and interpretations adopted	9~11
(4) Summary of material accounting policies	11~29
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	29~30
(6) Explanation of significant accounts	31~71
(7) Related-party transactions	71~74
(8) Pledged assets	75
(9) Significant commitments and contingencies	76
(10) Losses due to major disasters	76
(11) Subsequent events	76
(12) Other	76
(13) Other disclosures	
(a) Information on significant transactions	76~77、80~84
(b) Information on investees (excluding information on investees in Mainland China)	77、85~86
(c) Information on investment in Mainland China	77、87~88
(14) Segment information	77~79

Representation Letter

The entities that are required to be included in the consolidated financial statements of Alpha Networks Inc. as of and for the year ended December 31, 2025 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements" endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Alpha Networks Inc. and Subsidiaries do not prepare a separate set of consolidated financial statements.

Hereby declare

Company name: Alpha Networks Inc.
Chairman: Wen-Feng Huang
Date: February 25, 2026



安侯建業聯合會計師事務所

KPMG

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Independent Auditors' Report

To the Board of Directors of Alpha Networks Inc.:

Opinion

We have audited the consolidated financial statements of Alpha Networks Inc. and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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



1. Revenue recognition from contracts with customers

Please refer to note 4(16) and note 6(25) for accounting policy and detailed disclosure of revenue, respectively.

Description of key audit matter:

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

How the matter was addressed in our audit:

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

2. Valuation of inventories

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

3. Impairment of Goodwill

Please refer to note 4(14) for the accounting policy, note 5 for accounting assumptions, major sources of estimation uncertainty related to goodwill impairment assessment, and note 6(13) for summary of goodwill impairment assessment.

Description of Key Audit Matter:

Goodwill arising from the acquisition of subsidiaries is subject to impairment test annually or at the time there are indications that goodwill may have been impaired. The assessment of the recoverable amount of goodwill involves management's judgment and estimation. Hence, the assessment of impairment of goodwill has been identified as one of our key audit matters.



How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included obtaining the expert report provided by management for the assessment of goodwill impairment; evaluating the appropriateness of the valuation model and key assumptions, including discount rates, expected growth rates, as well as future cash flow projections, used by the management in measuring the recoverable amount; testing the accuracy of estimates made by the management by comparing the past projections with actual cash flows; conducting a sensitivity analysis to assess the impact of variations in key assumptions; performing relevant procedures to evaluate the competence and objectivity of the expert; and reviewing whether the Group has appropriately disclosed the relevant information on goodwill impairment assessment.

Other Matter

Alpha Networks Inc. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2025 and 2024, on which we have issued an unmodified opinion.

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
February 25, 2026

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ALPHA NETWORKS INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		For the years ended December 31,			
		2025		2024	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(25) and 7)	\$ 22,461,720	100	21,443,625	100
5000	Operating costs (notes 6(4),(10),(11),(13),(21),(26), 7 and 12)	<u>18,564,534</u>	<u>83</u>	<u>17,514,226</u>	<u>82</u>
	Gross profit	<u>3,897,186</u>	<u>17</u>	<u>3,929,399</u>	<u>18</u>
	Operating expenses (notes 6(3),(10),(11),(13),(21),(26), 7 and 12):				
6100	Selling expenses	1,142,709	5	1,083,482	5
6200	Administrative expenses	980,553	4	1,021,350	4
6300	Research and development expenses	1,845,197	8	1,716,699	8
6450	Expected credit loss	<u>65,604</u>	<u>-</u>	<u>281</u>	<u>-</u>
	Total operating expenses	<u>4,034,063</u>	<u>17</u>	<u>3,821,812</u>	<u>17</u>
	Net operating income (loss)	<u>(136,877)</u>	<u>-</u>	<u>107,587</u>	<u>1</u>
	Non-operating income and expenses:				
7010	Other income (notes 6(28) and 7)	104,634	-	86,963	-
7020	Other gains and losses, net (notes 6(6),(12),(20) and (29))	(84,111)	-	357,043	2
7050	Finance costs (notes 6(19) and (30))	(137,591)	(1)	(143,824)	(1)
7100	Interest income (note 6(27))	<u>79,460</u>	<u>-</u>	<u>107,187</u>	<u>1</u>
	Total non-operating income and expenses	<u>(37,608)</u>	<u>(1)</u>	<u>407,369</u>	<u>2</u>
	Profit (loss) before tax	<u>(174,485)</u>	<u>(1)</u>	<u>514,956</u>	<u>3</u>
7950	Less: Income tax expense (benefit) (note 6(22))	<u>(27,431)</u>	<u>-</u>	<u>172,957</u>	<u>1</u>
	Profit (loss)	<u>(147,054)</u>	<u>(1)</u>	<u>341,999</u>	<u>2</u>
8300	Other comprehensive income (loss):				
8310	Components of other comprehensive income (loss) that may not be reclassified subsequently to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans (note 6(21))	(569)	-	32,094	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (loss) (notes 6(23) and (31))	6,829	-	(48,647)	-
8349	Income tax related to components of other comprehensive income (loss) that will not be reclassified to profit or loss (note 6(22))	<u>(236)</u>	<u>-</u>	<u>162</u>	<u>-</u>
	Components of other comprehensive income (loss) that may not be reclassified subsequently to profit or loss	<u>6,024</u>	<u>-</u>	<u>(16,715)</u>	<u>-</u>
8360	Components of other comprehensive income (loss) that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements (note 6(23))	(127,467)	-	346,391	2
8399	Income tax related to components of other comprehensive income (loss) that will be reclassified to profit or loss (notes 6(22) and (23))	<u>18,320</u>	<u>-</u>	<u>(55,689)</u>	<u>(1)</u>
	Components of other comprehensive income (loss) that may be reclassified subsequently to profit or loss	<u>(109,147)</u>	<u>-</u>	<u>290,702</u>	<u>1</u>
8300	Other comprehensive income (loss), net of income tax	<u>(103,123)</u>	<u>-</u>	<u>273,987</u>	<u>1</u>
8500	Total comprehensive income (loss)	<u>\$ (250,177)</u>	<u>(1)</u>	<u>615,986</u>	<u>3</u>
	Profit (loss) attributable to:				
8610	Owners of parent	\$ (193,870)	(1)	218,627	1
8620	Non-controlling interests	<u>46,816</u>	<u>-</u>	<u>123,372</u>	<u>1</u>
		<u>\$ (147,054)</u>	<u>(1)</u>	<u>341,999</u>	<u>2</u>
8700	Total comprehensive income (loss) attributable to:				
8710	Owners of parent	\$ (260,068)	(1)	430,850	2
8720	Non-controlling interests	<u>9,891</u>	<u>-</u>	<u>185,136</u>	<u>1</u>
		<u>\$ (250,177)</u>	<u>(1)</u>	<u>615,986</u>	<u>3</u>
	Earnings (loss) per share (New Taiwan dollars) (note 6(24))				
	Basic earnings (loss) per share	<u>\$ (0.36)</u>		<u>0.40</u>	
	Diluted earnings (loss) per share	<u>\$ (0.36)</u>		<u>0.40</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 years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					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	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
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	-	-	-	-	218,627	218,627	-	-	-	-	218,627	123,372	341,999
Other comprehensive income (loss)	-	-	-	-	31,689	31,689	222,759	(42,225)	-	180,534	212,223	61,764	273,987
Total comprehensive income (loss)	-	-	-	-	250,316	250,316	222,759	(42,225)	-	180,534	430,850	185,136	615,986
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	54,694	-	(54,694)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	41,434	(41,434)	-	-	-	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(547,136)	(547,136)	-	-	-	-	(547,136)	-	(547,136)
Donation from shareholders	-	10	-	-	-	-	-	-	-	-	10	-	10
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	544	544	-	(544)	-	(544)	-	-	-
Disposal of Subsidiaries	-	-	-	-	-	-	(43,579)	-	43,579	-	-	-	-
Changes in ownership interests in subsidiaries	-	18,463	-	-	-	-	-	-	-	-	18,463	(18,463)	-
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(230,106)	(230,106)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	813,868	813,868
Balance at December 31, 2024	<u>5,417,185</u>	<u>2,614,277</u>	<u>1,321,375</u>	<u>267,982</u>	<u>382,082</u>	<u>1,971,439</u>	<u>(63,838)</u>	<u>(24,155)</u>	<u>-</u>	<u>(87,993)</u>	<u>9,914,908</u>	<u>4,067,793</u>	<u>13,982,701</u>
Profit (loss)	-	-	-	-	(193,870)	(193,870)	-	-	-	-	(193,870)	46,816	(147,054)
Other comprehensive income (loss)	-	-	-	-	(2,580)	(2,580)	(73,279)	9,661	-	(63,618)	(66,198)	(36,925)	(103,123)
Total comprehensive income (loss)	-	-	-	-	(196,450)	(196,450)	(73,279)	9,661	-	(63,618)	(260,068)	9,891	(250,177)
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)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	6,719	6,719	-	(6,719)	-	(6,719)	-	-	-
Difference between consideration and carrying amount of subsidiaries disposed	-	3,089	-	-	-	-	-	-	-	-	3,089	23,025	26,114
Changes in ownership interests in subsidiaries	-	7,608	-	-	-	-	-	-	-	-	7,608	(7,608)	-
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(199,619)	(199,619)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	22,062	22,062
Balance at December 31, 2025	<u>\$ 5,417,185</u>	<u>2,354,126</u>	<u>1,346,461</u>	<u>87,993</u>	<u>76,395</u>	<u>1,510,849</u>	<u>(137,117)</u>	<u>(21,213)</u>	<u>-</u>	<u>(158,330)</u>	<u>9,123,830</u>	<u>3,915,544</u>	<u>13,039,374</u>

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Cash Flows

For the years ended December 31, 2025 and 2024

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2025	2024
Cash flows from operating activities:		
Profit (loss) before tax	\$ (174,485)	514,956
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	504,172	504,383
Amortization expense	244,513	219,771
Expected credit loss	65,604	281
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(40,389)	21,990
Interest expense	137,591	143,824
Interest income	(79,460)	(107,187)
Dividend income	(251)	(1,306)
(Gain) loss on disposal of property, plant and equipment	(4,049)	3,578
Provisions for inventory obsolescence and devaluation loss	11,441	62,202
Gain on disposal of non-current assets held for sale	-	(453,891)
Lease modification (benefit) expense	(3)	155
Adjustment for other non-cash-related losses, net	28,516	-
Total adjustments to reconcile profit	867,685	393,800
Changes in operating assets and liabilities:		
Notes and accounts receivable (including related parties)	(608,293)	976,374
Financial assets mandatorily at fair value through profit or loss	290	30,309
Inventories	46,931	901,036
Other current assets	(97,072)	21,482
Financial liabilities held for trading	(23,758)	(778)
Notes and accounts payable (including related parties)	1,437,710	(878,491)
Other payables to related parties	(2,828)	3,273
Other current liabilities	(633,774)	(415,414)
Net defined benefit liability	302	(17,911)
Other non-current liabilities	(11,706)	8,512
Total changes in operating assets and liabilities	107,802	628,392
Total adjustments	975,487	1,022,192

(Continued)

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ALPHA NETWORKS INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Continued)
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2025	2024
Cash flows generated from operations	\$ 801,002	1,537,148
Interest received	79,423	105,124
Dividends received	251	1,306
Interest paid	(127,109)	(150,198)
Income taxes paid	(77,014)	(206,248)
Net cash flows from operating activities	676,553	1,287,132
Cash flows from investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	26,643	31,974
Acquisition of financial assets at amortized cost	(3,362)	(73,355)
Proceeds from repayments of financial assets at amortized cost	73,355	41,000
Acquisition of financial assets at fair value through profit or loss	(49,131)	(50,000)
Net cash outflow arising from acquisition of subsidiaries	-	(349,760)
Proceeds from disposal of subsidiaries	26,101	536,388
Acquisition of property, plant and equipment	(190,109)	(606,530)
Proceeds from disposal of property, plant and equipment	14,313	36,066
Decrease (increase) in refundable deposits	24,369	(34,188)
Acquisition of intangible assets	(82,681)	(79,615)
Decrease in other non-current assets	21,502	327,999
Net cash flows used in investing activities	(139,000)	(220,021)
Cash flows from financing activities:		
Increase in short-term borrowings	10,836,004	10,257,379
Repayments of short-term borrowings	(9,765,658)	(9,590,130)
Proceeds from long-term borrowings	270,000	55,000
Repayments of long-term borrowings	(105,000)	(300,000)
Increase in guarantee deposits received	13,774	580
Payment of lease liabilities	(37,918)	(38,007)
Cash dividends paid to shareholders	(541,718)	(547,136)
Donation from shareholders	11	10
Cash dividends paid to non-controlling interest	(199,619)	(230,106)
Net cash flows from (used in) financing activities	469,876	(392,410)
Effect of exchange rate changes on cash and cash equivalents	(47,125)	81,903
Net increase in cash and cash equivalents	960,304	756,604
Cash and cash equivalents at beginning of period	3,957,279	3,200,675
Cash and cash equivalents at end of period	\$ 4,917,583	3,957,279

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ALPHA NETWORKS INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2025 and 2024
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. Company history

ALPHA NETWORKS INC. (“Alpha”) was incorporated on September 4, 2003, and obtained the registration approval from the Hsinchu Science Park Bureau (“HSPB”). The registered address of Alpha is No. 8, Li-shing 7th Road, Science-based Industrial Park, Hsinchu, Taiwan (R.O.C.). The consolidated financial statements comprise Alpha and its subsidiaries (together referred to as the “Group”).

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

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

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

These consolidated financial statements were authorized for issuance by the Board of Directors on February 25, 2026.

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

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2026, would not have a significant impact on its consolidated financial statements:

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”

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

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. 	<p>January 1, 2027 Note: On September 25, 2025, the FSC issued a press release announcing that Taiwan will adopt IFRS 18 beginning in 2028. Entities that need to adopt the new standard earlier may do with the endorsement of the FSC.</p>

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

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
	<ul style="list-style-type: none"> ● 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. 	

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 19 “Subsidiaries without Public Accountability: Disclosures” and amendments to IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency”

4. Summary of material accounting policies:

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

(1) Statement of compliance

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

(2) Basis of preparation

A. Basis of measurement

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

- (a) Financial assets and liabilities at fair value through profit or loss are measured at fair value;
- (b) Financial assets at fair value through other comprehensive income are measured at fair value;

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

(c) The net defined benefit liability is measured at the fair value of the plan assets less the present value of the defined benefit obligation.

B. Functional and presentation currency

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

(3) Basis of consolidation

A. Principles of preparation of the consolidated financial statements

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

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

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

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

B. List of subsidiaries in the consolidated financial statements

Name of Investor	Name of Investee	Main Business Activities	Shareholding	
			December 31, 2025	December 31, 2024
Alpha	Alpha Solutions Co., Ltd. (Alpha Solutions)	Sale of network equipment, components and technical services	100.00%	100.00%
Alpha	Alpha Networks, Inc. (Alpha USA)	Sale, marketing and procurement services in USA	100.00%	100.00%
Alpha	Alpha Networks (Hong Kong) Limited (Alpha HK)	Investment holding	100.00%	100.00%
Alpha	Alpha Technical Services Inc. (ATS)	Post-sale service	100.00%	100.00%
Alpha	Enrich Investment Corporation (Enrich Investment)	Investment holding	100.00%	100.00%

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

Name of Investor	Name of Investee	Main Business Activities	Shareholding	
			December 31, 2025	December 31, 2024
Alpha	D-Link Asia Investment Pte, Ltd. (D-Link Asia) (note 2)	Investment in manufacturing business	-	-
Alpha	Hitron Technologies Inc. (Hitron Technologies)	Marketing on system integration of communication product and telecommunication products	62.24%	62.24%
Alpha	Alpha Networks Vietnam Company Limited (Alpha VN)	Production and sale of network products	100.00%	100.00%
Alpha	Alpha Networks (Chengdu) Co., Ltd. (Alpha Chengdu)	Research and development of network products	100.00%	100.00%
Alpha	INDIALPHA TECHNET PRIVATE LIMITED (INDIALPHA) (note 4)	Sale of network products	99.99%	99.99%
Alpha	Fiber Logic Communication, Inc. (Fiber Logic) (note 5)	Broad band communication products and service	30.39%	31.66%
D-Link Asia	Alpha Networks (Dongguan) Co., Ltd. (Alpha Dongguan) (note 2)	Production and sale of network products	-	-
Alpha HK	Alpha Networks (Changshu) Ltd. (Alpha Changshu)	Production and sale of network products	100.00%	100.00%
Alpha Changshu	Mirac Networks (Dongguan) Co., Ltd. (Mirac) (note 7)	Production and sale of network products	100.00%	100.00%
Alpha Changshu	Alpha Electronics Trading (Changshu), Ltd. (Alpha Changshu Trading)	Production and sale of network products	100.00%	100.00%
Enrich Investment	Interactive Digital Technologies Inc. (Interactive Digital) (note 1)	Telecommunication and broadband network system services	5.06%	5.06%
Enrich Investment	Aespula Technology INC. (Aespula) (note 3)	Sale of network equipment, components and technical services	98.92%	98.92%
Enrich Investment	INDIALPHA (note 4)	Sale of network products	0.01%	0.01%
Hitron Technologies	Hitron Technologies (Samoa) Inc (Hitron Samoa)	International trade	100.00%	100.00%
Hitron Technologies	Interactive Digital (note 1)	Telecommunication and broadband network system services	32.82%	32.82%
Hitron Technologies	Hitron Technologies Europe Holding B.V. (Hitron Europe)	International trade	100.00%	100.00%

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

Name of Investor	Name of Investee	Main Business Activities	Shareholding	
			December 31, 2025	December 31, 2024
Hitron Technologies	Hitron Technologies (Americas) Inc. (Hitron America)	International trade	100.00%	100.00%
Hitron Technologies	Innoauto Technologies Inc. (Innoauto Technologies) (note 6)	Investment and automotive electronics products	-	100.00%
Hitron Technologies	Hitron Technologies (Vietnam) Inc. (Hitron Vietnam)	Production and sale of broadband telecommunications products	100.00%	100.00%
Hitron Samoa	Hitron Technologies (SIP) Inc (Hitron Suzhou)	Broadband Telecommunications products, research and development	100.00%	100.00%
Hitron Samoa	Jietech Trading (Suzhou) Inc. (Jietech Suzhou)	Sale of broadband network products and related services	100.00%	100.00%
Interactive Digital	Hwa Chi Technologies (Shanghai) Inc. (Hwa Chi Technologies)	Technical consultation on electronic communication, technology research and development, maintenance and after-sale service	100.00%	100.00%
Interactive Digital	Transnet Corporation (Transnet)	Operating in network communication products, provide system support services, integrated supply and import and export of network equipment	80.00%	80.00%
Interactive Digital	Fiber Logic (note 5)	Broad band communication products and service	5.76%	6.00%

Note 1: The Group did not own more than half of the ownership of Interactive Digital. As the Group has the power to control the management and operating policies of the entities, the entities have been included in the Group's consolidated entities.

Note 2: 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 3: On November 20, 2025, Aespula's Board of Directors had approved the dissolution. The liquidation process is currently in progress.

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

Note 4: In July, 2024 Alpha established a new subsidiary, INDIALPHA.

Note 5: In November 2024, the Group acquired an equity interest in Fiber Logic. Although the Group did not own more than half of the ownership of Fiber Logic. 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.

Note 6: Innoauto Technologies has completed the liquidation process as of the reporting date.

Note 7: On October 31, 2025, Mirac's Board of Directors had approved the dissolution. The liquidation process is currently in progress.

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

(4) Foreign currencies

A. Foreign currency transactions

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

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

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

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

B. Foreign operations

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

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

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

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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

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

- A. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- B. It is held primarily for the purpose of trading;
- C. It is expected to be realized within twelve months after the reporting period; or
- D. The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

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

(6) Cash and cash equivalents

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

(7) Financial instruments

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

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

A. Financial assets

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

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

(a) Financial assets measured at amortized cost

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

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

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

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

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

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

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

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

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

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

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

(d) Impairment of financial assets

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

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

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

Loss allowance for notes and accounts receivable, and contract assets are always measured at an amount equal to lifetime ECL.

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

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

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

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

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

(e) Derecognition of financial assets

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

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

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

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

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

(b) Equity instrument

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

(c) Financial liabilities

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

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

(d) Derecognition of financial liabilities

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

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

(e) Offsetting of financial assets and liabilities

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

C. Derivative financial instruments and hedge accounting

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

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

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

(8) Inventories

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

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

(9) Non-current assets held for sale

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

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

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

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

(10) Property, plant and equipment

A. Recognition and measurement

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

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

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

B. Subsequent expenditure

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

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

C. Depreciation

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

Land is not depreciated.

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

- (a) Buildings and improvements: 2 to 56 years

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

- (b) Machinery and equipment: 3 to 10 years

- (c) Transportation facilities: 2.5 to 6 years

- (d) Office and other facilities: 2 to 10 years

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

(11) Lessee

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

A. As a lessee

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

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

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

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

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

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

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

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

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

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

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

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

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

B. As a lessor

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

(12) 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 at cost, less accumulated depreciation and accumulated impairment losses. 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.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(13) Intangible assets

A. Recognition and measurement

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

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

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

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

B. Subsequent expenditure

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

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

C. Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of 1 to 20 years of intangible assets, other than goodwill, from the date that they are available for use.

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

(14) Impairment of non-financial assets

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

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

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

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

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

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

(15) Provisions

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

A. Warranties

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

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

B. Onerous contracts

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

(16) Revenue for contracts with customers

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

A. Sale of goods

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

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

The warranty liabilities have been recognized for this obligation, please refer to Note 6 (17).

B. Product development services

The Group provides enterprise product development and recognizes the relevant revenue during the financial reporting period in which the services provided. Fixed price contracts are based on the proportion of services actually provided as a percentage of total services as of the reporting date.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Under the fixed price contract, the customer pays a fixed amount in accordance with the agreed time schedule. When the services provided exceed the payment, the contract assets are recognized; if the payment exceeds the services provided, the contract liabilities are recognized.

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

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

C. Service revenue

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

D. Project contracts for system development and integration

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

A receivable is recognized when the goods are accepted as this is the point in time that the Group has a right to an amount of consideration that is unconditional. Prepayments was classified as contract liabilities and the Group recognizes revenue when it satisfies a performance obligation. A provision for onerous contracts is recognized when the Group expects the unavoidable costs of performing the obligations under a contract exceed the economic benefits expected to be received under the contract.

E. Financing component

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

(17) Government grants

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

(18) Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

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

B. Defined benefit plans

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

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

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

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

C. Short-term employee benefits

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

(19) Income tax

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

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

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

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

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

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

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

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

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

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

(20) Business combination

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

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

ALPHA NETWORKS INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

(21) Earnings per share

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

(22) Operating segment

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

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

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

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

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

The information involving significant judgments in accounting policies that has a material impact on the amounts recognized in these consolidated financial statements is as follows:

(1) Revenue recognition

The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. Please refer to note 4(16).

(2) Valuation of inventories

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

(3) Impairment assessment of goodwill

The assessment of impairment of goodwill requires the Group to make subjective judgments to identify cash-generating units, allocate the goodwill to relevant cash-generating units, and estimate the recoverable amount of relevant cash-generating units. For the estimation of the impairment assessment of goodwill, please refer to note 6(13).

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

- Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets or liabilities that are not based on observable market data. Please refer to note 6(31) of the financial instruments.

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

6. Explanation of significant accounts:

(1) Cash and cash equivalents

	December 31, 2025	December 31, 2024
Petty cash and cash on hand	\$ 1,325	1,368
Checking and savings accounts	3,442,184	2,302,295
Time deposits	1,094,074	1,423,616
Cash equivalents — repurchase agreements	380,000	230,000
Cash and cash equivalents in the consolidated statement of cash flows	\$ 4,917,583	3,957,279

Please refer to note 6(31) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

As of December 31, 2025 and 2024, deposits with original maturities for more than three months were \$3,362 thousand, and \$73,355 thousand respectively, and were recorded in financial assets measured at amortized cost. Please refer to note 6(5).

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

	December 31, 2025	December 31, 2024
Financial assets mandatorily measured at fair value through profit or loss – current:		
Derivative instruments not used for hedging		
Forward exchange contracts	\$ 6,247	65
Foreign exchange swaps	2,408	225
Non-derivative financial assets		
Stocks listed on domestic markets	4,400	4,902
Total	\$ 13,055	5,192
Financial assets mandatorily measured at fair value through profit or loss – non current:		
Non-derivative financial assets		
Unlisted stocks	\$ 47,868	-
Funds	87,117	52,620
Total	\$ 134,985	52,620
Financial liabilities held for trading — current:		
Forward exchange contracts	\$ 68	5,431
Foreign exchange swaps	930	18,327
Total	\$ 998	23,758

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

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 mandatorily measured financial assets at fair value through profit or loss and held-for-trading financial liabilities:

	December 31, 2025		
	Nominal principal (in thousands)	Currency	Maturity date
Forward exchange contracts	USD 26,500	USD to CNY	January 2026
Forward exchange contracts	USD 1,400	USD to VND	January 2026
Foreign exchange swaps	CNY 10,000	NTD to CNY	January 2026
Foreign exchange swaps	USD 35,000	USD to NTD	January 2026~February 2026
	December 31, 2024		
	Nominal principal (in thousands)	Currency	Maturity date
Forward exchange contracts	USD 22,000	USD to CNY	January 2025~March 2025
Forward exchange contracts	USD 5,000	NTD to USD	January 2025
Forward exchange contracts	USD 3,000	USD to VND	January 2025
Foreign exchange swaps	CNY 10,000	NTD to CNY	January 2025
Foreign exchange swaps	USD 74,000	USD to NTD	January 2025~February 2025

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

	December 31, 2025	December 31, 2024
Notes and accounts receivable	\$ 4,639,815	3,982,749
Less: loss allowances	<u>(71,523)</u>	<u>(12,037)</u>
	<u>\$ 4,568,292</u>	<u>3,970,712</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, notes and accounts receivable 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.

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

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

	December 31, 2025		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 3,808,952	0.00%	-
Less than 90 days past due	236,605	0.22%	511
91 to 180 days past due	361,109	5.95%	21,493
More than 181 days past due	300,037	38.80%	116,407
	\$ 4,706,703		138,411

	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

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

	2025	2024
Balance at January 1	\$ 79,994	79,561
Impairment losses recognized	65,604	281
Amounts written off	(7,229)	-
Effect of changes in exchange rates	42	152
Balance at December 31	\$ 138,411	79,994

The Group's accounts receivable and accounts receivable from related parties were not discounted and pledged as collateral.

(4) Inventories

	December 31, 2025	December 31, 2024
Raw materials	\$ 3,719,396	4,028,053
Work in progress and semi-finished products	526,602	441,064
Finished goods and merchandises	1,987,605	1,819,096
Consignment and project inventory	524,625	641,258
	\$ 6,758,228	6,929,471

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 years ended December 31,	
	2025	2024
Cost of goods sold	\$ 18,553,093	17,452,024
Provision for inventory obsolescence and devaluation loss	<u>11,441</u>	<u>62,202</u>
	<u>\$ 18,564,534</u>	<u>17,514,226</u>

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

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

	December 31, 2025	December 31, 2024
Current:		
Time deposits	<u>\$ 3,362</u>	<u>73,355</u>
Non-current:		
Restricted deposits	\$ 25,645	28,140
Refundable deposits	161,448	185,917
Overdue receivables	66,888	67,957
Less: loss allowances	<u>(66,888)</u>	<u>(67,957)</u>
	<u>\$ 187,093</u>	<u>214,057</u>

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

As of December 31, 2025 and 2024, the Group held bank time deposits with variable interest rates, and the average interest rates ranged were between 0.2%~4.33% and 0.1%~4.61%, respectively.

For the restricted deposits 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 owns more than half of the board seats of the entity in the following month; consequently, Fiber Logic is considered a subsidiary in the consolidated financial statements. Fiber Logic is engaged in broadband communication products and services. The acquisition of Fiber Logic enables the Group to accelerate its business deployment in the field and to enhance competitiveness by offering customers a diversified range of products and services.

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

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

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

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.

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

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

	Amount
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	(815,697)
Goodwill	\$ 284,519

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

- D. Pro forma information:

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

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

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

	December 31, 2025	December 31, 2024
Domestic unlisted stocks	\$ 90,897	110,711

The Group has held these equity instruments as long-term strategic investments rather than for trading purposes and, therefore, has designated them as measured at fair value through other comprehensive income.

The Group has sold equity instruments measured at fair value through other comprehensive income in 2025 and 2024, with the fair values of \$26,643 thousand and \$31,974 thousand, respectively. The accumulated gains were \$6,719 thousand and \$544 thousand and have been transferred from other equity to retained earnings.

As of December 31, 2025 and 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	
		December 31, 2025	December 31, 2024
Hitron Technologies	Taiwan	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:

	December 31, 2025	December 31, 2024
Current assets	\$ 8,866,618	7,704,458
Non-current assets	3,260,000	3,578,770
Current liabilities	(4,492,153)	(3,162,776)
Non-current liabilities	(398,941)	(559,476)
Net assets	\$ 7,235,524	7,560,976
Net assets of non-controlling interests	\$ 1,535,160	1,558,727
Net assets of investees	\$ 5,700,364	6,002,249
Book value of non-controlling interests	\$ 3,404,370	4,066,920

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

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Operating revenue	<u>\$ 8,880,244</u>	<u>9,088,215</u>
Profit (loss)	\$ (24,151)	29,378
Other comprehensive income (loss)	(102,023)	163,087
Total comprehensive income (loss)	<u>\$ (126,174)</u>	<u>192,465</u>
Loss attributable to non-controlling interests	<u>\$ (101,310)</u>	<u>(58,117)</u>
Total comprehensive income (loss), attributable to non-controlling interests	<u>\$ (139,904)</u>	<u>18,156</u>
Net cash flows from operating activities	\$ 17,538	995,593
Net cash flows from investing activities	32,104	86,476
Net cash flows from (used in) financing activities	1,106,227	(579,109)
Effect of exchange rate changes on cash and cash equivalents	(1,874)	(130,855)
Net increase in cash and cash equivalents	<u>\$ 1,153,995</u>	<u>372,105</u>
Dividends paid to non-controlling interests	<u>\$ (185,584)</u>	<u>(202,037)</u>

(10) Property, plant and equipment

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

	<u>Land</u>	<u>Building</u>	<u>Machinery and equipment</u>	<u>Office, transportation and other facilities</u>	<u>Total</u>
Cost:					
Balance at January 1, 2025	\$ 883,522	4,719,247	2,567,765	491,459	8,661,993
Additions	-	29,233	86,801	74,075	190,109
Disposals	-	(8,496)	(170,166)	(11,871)	(190,533)
Reclassification to investment property	-	(654,521)	-	-	(654,521)
Effect of changes in exchange rates and others	(2,833)	(100,603)	(19,195)	(4,367)	(126,998)
Balance at December 31, 2025	<u>\$ 880,689</u>	<u>3,984,860</u>	<u>2,465,205</u>	<u>549,296</u>	<u>7,880,050</u>
Balance at January 1, 2024	\$ 879,267	4,148,033	2,466,053	438,508	7,931,861
Acquired from business combination	-	-	68,890	12,819	81,709
Additions	-	442,059	93,903	70,568	606,530
Disposals	-	(3,669)	(147,941)	(41,084)	(192,694)
Effect of changes in exchange rates and others	4,255	132,824	86,860	10,648	234,587
Balance at December 31, 2024	<u>\$ 883,522</u>	<u>4,719,247</u>	<u>2,567,765</u>	<u>491,459</u>	<u>8,661,993</u>
Depreciation and impairment loss:					
Balance at January 1, 2025	\$ -	2,025,216	1,746,322	325,264	4,096,802
Depreciation	-	168,738	219,244	59,448	447,430
Disposals	-	(8,496)	(160,880)	(10,893)	(180,269)
Reclassification to investment property	-	(197,882)	-	-	(197,882)
Effect of changes in exchange rates and others	-	(19,775)	2,722	(1,418)	(18,471)
Balance at December 31, 2025	<u>\$ -</u>	<u>1,967,801</u>	<u>1,807,408</u>	<u>372,401</u>	<u>4,147,610</u>
Balance at January 1, 2024	\$ -	1,801,148	1,553,313	304,186	3,658,647
Acquired from business combination	-	-	31,734	3,907	35,641
Depreciation	-	176,291	223,602	50,930	450,823
Disposals	-	(3,442)	(109,146)	(40,461)	(153,049)
Effect of changes in exchange rates and others	-	51,219	46,819	6,702	104,740
Balance at December 31, 2024	<u>\$ -</u>	<u>2,025,216</u>	<u>1,746,322</u>	<u>325,264</u>	<u>4,096,802</u>

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 December 31, 2025	\$ 880,689	2,017,059	657,797	176,895	3,732,440
Balance at December 31, 2024	\$ 883,522	2,694,031	821,443	166,195	4,565,191
Balance at January 1, 2024	\$ 879,267	2,346,885	912,740	134,322	4,273,214

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

(11) Right-of-use assets

The Group leases many assets including land, buildings, transportation and other 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	-	41,379	3,610	44,989
Disposals	-	(6,410)	(6,478)	(12,888)
Reclassification to investment property	(122,810)	-	-	(122,810)
Effect of changes in exchange rates and others	(18,888)	(7,978)	-	(26,866)
Balance at December 31, 2025	\$ <u>470,455</u>	<u>201,335</u>	<u>13,273</u>	<u>685,063</u>
Balance at January 1, 2024	\$ 593,101	148,062	17,933	759,096
Acquired from business combination	-	35,958	-	35,958
Additions	-	5,448	4,954	10,402
Disposals	(3,262)	(20,105)	(6,096)	(29,463)
Effect of changes in exchange rates and others	22,314	4,981	(650)	26,645
Balance at December 31, 2024	\$ <u>612,153</u>	<u>174,344</u>	<u>16,141</u>	<u>802,638</u>

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

	<u>Land</u>	<u>Buildings</u>	<u>Transportation and other equipment</u>	<u>Total</u>
Depreciation:				
Balance at January 1, 2025	\$ 82,947	60,780	8,797	152,524
Depreciation	14,369	38,803	3,570	56,742
Disposals	-	(6,413)	(6,478)	(12,891)
Reclassification to investment property	(18,396)	-	-	(18,396)
Effect of changes in exchange rates and others	(1,833)	(3,425)	-	(5,258)
Balance at December 31, 2025	<u>\$ 77,087</u>	<u>89,745</u>	<u>5,889</u>	<u>172,721</u>
Balance at January 1, 2024	\$ 64,872	34,963	10,127	109,962
Acquired from business combination	-	13,524	-	13,524
Depreciation	16,698	32,351	4,511	53,560
Disposals	(406)	(20,105)	(5,841)	(26,352)
Effect of changes in exchange rates and others	1,783	47	-	1,830
Balance at December 31, 2024	<u>\$ 82,947</u>	<u>60,780</u>	<u>8,797</u>	<u>152,524</u>
Carrying amount:				
Balance at December 31, 2025	<u>\$ 393,368</u>	<u>111,590</u>	<u>7,384</u>	<u>512,342</u>
Balance at December 31, 2024	<u>\$ 529,206</u>	<u>113,564</u>	<u>7,344</u>	<u>650,114</u>
Balance at January 1, 2024	<u>\$ 528,229</u>	<u>113,099</u>	<u>7,806</u>	<u>649,134</u>

(12) Investment Property

	<u>Owned property</u>	<u>Right-of-use assets</u>	
	<u>Building</u>	<u>Land</u>	<u>Total</u>
Cost:			
Balance at January 1, 2025	\$ -	-	-
Reclassification from property, plant and equipment	654,521	-	654,521
Reclassification from right-of-use assets	-	122,810	122,810
Effect of changes in exchange rates	20,481	6,263	26,744
Balance at December 31, 2025	<u>\$ 675,002</u>	<u>129,073</u>	<u>804,075</u>

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

	<u>Owned 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	197,882	-	197,882
Reclassification from right-of-use assets	-	18,396	18,396
Depreciation	26,685	1,831	28,516
Effect of changes in exchange rates	(1,687)	1,013	(674)
Balance at December 31, 2025	<u>\$ 222,880</u>	<u>21,240</u>	<u>244,120</u>
Carrying amount:			
Balance at December 31, 2025	<u>\$ 452,122</u>	<u>107,833</u>	<u>559,955</u>
Fair value:			
Balance at December 31, 2025			<u>\$ 805,551</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(20).

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 December 31, 2025, the Group's investment properties were not pledged.

(13) Intangible assets

The carrying amount of intangible assets 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>
Cost:						
Balance at January 1, 2025	\$ 385,957	387,359	396,949	863,419	557,237	2,590,921
Additions	-	-	-	-	82,681	82,681
Derecognition	-	(269)	-	-	(144,576)	(144,845)
Effect of changes in exchange rates and others	-	-	-	-	(3,877)	(3,877)
Balance at December 31, 2025	<u>\$ 385,957</u>	<u>387,090</u>	<u>396,949</u>	<u>863,419</u>	<u>491,465</u>	<u>2,524,880</u>
Balance at January 1, 2024	\$ 220,281	229,877	396,949	578,900	498,632	1,924,639
Acquired from business combination	165,676	157,482	-	284,519	53,860	661,537
Additions	-	-	-	-	90,615	90,615
Derecognition	-	-	-	-	(91,564)	(91,564)
Effect of changes in exchange rates and others	-	-	-	-	5,694	5,694
Balance at December 31, 2024	<u>\$ 385,957</u>	<u>387,359</u>	<u>396,949</u>	<u>863,419</u>	<u>557,237</u>	<u>2,590,921</u>

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

	<u>Core Technology</u>	<u>Brand Name</u>	<u>Customer relationship</u>	<u>Goodwill</u>	<u>Software application and others</u>	<u>Total</u>
Amortization and impairment:						
Balance at January 1, 2025	\$ 159,079	116,872	220,527	-	421,622	918,100
Amortization	17,051	38,725	44,105	-	144,632	244,513
Derecognition	-	(269)	-	-	(144,576)	(144,845)
Effect of changes in exchange rates and others	-	-	-	-	(3,286)	(3,286)
Balance at December 31, 2025	<u>\$ 176,130</u>	<u>155,328</u>	<u>264,632</u>	<u>-</u>	<u>418,392</u>	<u>1,014,482</u>
Balance at January 1, 2024	\$ 125,874	91,950	176,422	-	345,264	739,510
Acquired from business combination	315	622	-	-	45,215	46,152
Amortization	32,890	24,300	44,105	-	118,476	219,771
Derecognition	-	-	-	-	(91,530)	(91,530)
Effect of changes in exchange rates and others	-	-	-	-	4,197	4,197
Balance at December 31, 2024	<u>\$ 159,079</u>	<u>116,872</u>	<u>220,527</u>	<u>-</u>	<u>421,622</u>	<u>918,100</u>
Carrying amount						
Balance at December 31, 2025	<u>\$ 209,827</u>	<u>231,762</u>	<u>132,317</u>	<u>863,419</u>	<u>73,073</u>	<u>1,510,398</u>
Balance at December 31, 2024	<u>\$ 226,878</u>	<u>270,487</u>	<u>176,422</u>	<u>863,419</u>	<u>135,615</u>	<u>1,672,821</u>
Balance at 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>

A. Amortization

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

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Operating cost	\$ 1,854	4,747
Operating Expense	242,659	215,024
Total	<u>\$ 244,513</u>	<u>219,771</u>

B. Impairment test for Goodwill

As of December 31, 2025 and 2024, the goodwill arising from business combination was allocated to the following CGUs (or groups of CGUs) because these CGUs are expected to benefit from the synergies of the combination.

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Interactive Digital	\$ 354,656	354,656
Hitron Technologies	89,361	89,361
IP Camera	134,883	134,883
Fiber Logic	284,519	284,519
	<u>\$ 863,419</u>	<u>863,419</u>

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

As of December 31, 2025 and 2024, the recoverable amount of these CGUs have been determined based on a value in use calculation, and the recoverable amount of these were greater than their carrying amount, which no impairment loss was recognized.

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
IP Camera		
Discount rate	11.16 %	8.13 %
Terminal value growth rate	2.00 %	2.45 %
Interactive Digital		
Discount rate	10.19 %	note
Terminal value growth rate	2.00 %	note
Hitron Technologies		
Discount rate	11.41 %	9.76 %
Terminal value growth rate	2.00 %	2.45 %
Fiber Logic		
Discount rate	11.89 %	note
Terminal value growth rate	2.00 %	note

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

As of December 31, 2025 and 2024, the following is the key assumption of the estimation of value in use:

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

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

C. Collateral

As of December 31, 2025 and 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:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Prepayments for construction and equipment	\$ 12,403	33,816
Business tax receivable	120,939	100,927
Income tax receivable	56,433	59,432
Advance payment	45,688	8,630
Other receivables (including related parties)	503,959	459,259
Prepaid expenses	114,628	132,831
Others	21,700	13,830
	<u>\$ 875,750</u>	<u>808,725</u>
Other current assets	\$ 853,846	767,495
Other non-current assets	21,904	41,230
	<u>\$ 875,750</u>	<u>808,725</u>

(15) Short-term borrowings

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Unsecured bank loans	<u>\$ 2,546,960</u>	<u>1,615,357</u>
Unused short-term credit lines (including long-term borrowings)	<u>\$ 16,457,933</u>	<u>14,639,838</u>
Range of interest rates	<u>1.81%~ 7.00%</u>	<u>3.90%~ 5.91%</u>

(16) Long-term borrowings and current portion of long-term borrowings

	<u>December 31, 2025</u>			
	<u>Currency</u>	<u>Rate</u>	<u>Maturity year</u>	<u>Amount</u>
Unsecured bank loans	NTD	1.88%~2.09%	2026 (note)	380,000
	NTD	1.88%	2027 (note)	<u>240,000</u>
Subtotal				620,000
Less: current portion				<u>(380,000)</u>
Total				<u>\$ 240,000</u>
Unused long-term credit lines				<u>\$ -</u>

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

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

Note : The principal is repayable in three installments. The first installment becomes due 24 months after the date the loan is first utilized, 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, while the third installment requires repayment of the remaining principal balance in full. The interest expense is calculated in the monthly basis.

A subsidiary of the Group, Hitron Technologies had signed a long-term borrowing contact with the Export-Import Bank of the Republic of China and KGI Bank in 2023. The financial commitments 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 + medium or long-term borrowings within one year) was no less than one.

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

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

(17) Provisions

	<u>Warranties</u>	<u>Onerous Contracts</u>	<u>Total</u>
Balance at January 1, 2025	\$ 277,312	-	277,312
Provisions made during the year	143,715	-	143,715
Provisions used during the year	(160,424)	-	(160,424)
Effect of changes in foreign exchange rates	(585)	-	(585)
Balance at December 31, 2025	<u><u>\$ 260,018</u></u>	<u><u>-</u></u>	<u><u>260,018</u></u>

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

	<u>Warranties</u>	<u>Onerous Contracts</u>	<u>Total</u>
Balance at January 1, 2024	\$ 390,196	11,232	401,428
Provisions made during the year	89,591	-	89,591
Provisions used during the year	(192,333)	(11,232)	(203,565)
Effect of changes in foreign exchange rates	(10,142)	-	(10,142)
Balance at December 31, 2024	<u>\$ 277,312</u>	<u>-</u>	<u>277,312</u>

The amount of Group's provisions were as follows:

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current	\$ 225,449	231,771
Non-current (included in other non-current liabilities)	34,569	45,541
	<u>\$ 260,018</u>	<u>277,312</u>

The provision for warranties relates mainly to network product sold and professional services provide during the years ended December 31, 2025 and 2024. The provision is based on estimates made from historical warranty data associated with similar products and services. The Group expects to settle the majority of the liability over the next year.

The provision for onerous contracts is recognized when the expected benefits to be derived from a non-cancellable contract entered into by Hitron Technologies, a subsidiary of the merged company, with a supplier are lower than the unavoidable costs of meeting the contract obligations.

(18) Other current liabilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Payroll and bonus payable	\$ 706,654	713,232
Lease liabilities-current (note 6(19))	42,144	35,073
Other payables to related parties (note 7)	1,155	3,983
Temporary receipts	67,550	32,450
Business tax payable	50,168	32,712
Others	125,064	33,454
	<u>\$ 992,735</u>	<u>850,904</u>

(19) Lease liabilities

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Current (included in other current liabilities)	\$ 42,144	35,073
Non-current	273,641	287,479
	<u>\$ 315,785</u>	<u>322,552</u>

For the maturity analysis, please refer to note 6(31).

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

The amounts recognized in profit or loss were as follows:

	For the years ended December 31,	
	2025	2024
Interest expense on lease liabilities	\$ 9,799	10,940
Expenses relating to short-term leases and leases of low-value assets	\$ 36,899	36,434

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

	For the years ended December 31,	
	2025	2024
Total cash outflow for leases	\$ 84,616	85,381

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.

B. Other leases

The Group leases office facilities, transportation equipment, and other assets, with lease terms ranging from three to seven 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.

(20) Operating lease

Hitron Technologies, the Group'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:

	December 31, 2025
Less than one year	\$ 87,831
One to two years	91,784
Above two years	46,902
Total undiscounted lease payments	\$ 226,517

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

For the year ended December 31, 2025, the rental income generated from investment properties was amounted to \$42,459 thousand.

(21) Employee benefits

A. Defined benefit plans

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

	December 31, 2025	December 31, 2024
Present value of the defined benefit obligations	\$ 241,090	233,975
Fair value of plan assets	(189,621)	(181,326)
Net defined benefit liabilities	\$ 51,469	52,649

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

	December 31, 2025	December 31, 2024
Recognized as other non-current assets	\$ 5,036	2,749
Recognized as net defined benefit liability	\$ 56,505	55,398

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

(a) Composition of plan assets

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

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$189,621 thousand as of December 31, 2025. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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

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

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

	For the years ended December 31,	
	2025	2024
Defined benefit obligations at January 1	\$ 233,975	252,626
Liabilities from business combinations	-	17,561
Benefits paid from the plan assets	(11,512)	(20,695)
Current service costs and interest costs	4,123	3,636
Remeasurements loss (gain):		
- Actuarial loss (gain) arising from experience adjustment	7,483	(9,084)
- Actuarial loss (gain) arising from financial assumptions	7,021	(10,069)
Defined benefit obligation at December 31	\$ 241,090	233,975

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

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

	For the years ended December 31,	
	2025	2024
Fair value of plan assets at January 1	\$ 181,326	149,690
Assets from business combinations	-	15,849
Interest income	361	50
Benefits paid from the plan assets	(11,512)	(20,695)
Remeasurements gain:		
- Return on plan assets (excluding current interest income)	13,909	12,544
Contribution made to plan assets	2,780	21,850
Expected return on plan assets	2,757	2,038
Fair value of plan assets at December 31	\$ 189,621	181,326

(d) Expenses recognized in profit or loss

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

	For the years ended December 31,	
	2025	2024
Current service costs	\$ 444	351
Net interest of net liabilities for defined benefit obligation	3,318	3,235
Expected return on plan assets	(2,757)	(2,038)
	\$ 1,005	1,548

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

	For the years ended December 31,	
	2025	2024
Operating costs	\$ 532	576
Selling expenses	128	131
Administration expenses	(301)	137
Research and development expenses	646	704
	\$ 1,005	1,548
Actual return on plan assets	\$ 16,638	14,633

(e) Actuarial assumptions

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

	December 31, 2025	December 31, 2024
Discount rate	1.30%~1.50%	1.60%~1.70%
Future salary increasing rate	3.00%~4.00%	3.00%~4.00%

The expected contribution to be made by the Group to the defined benefit plans for the one-year period after the reporting date is \$10,216 thousand.

The weighted-average duration of the defined benefit plans is from 8.1 years to 13.6 years.

(f) Sensitivity analysis

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

	Influences of defined benefit obligations	
	Increase 0.25%	Decrease 0.25%
December 31, 2025		
Discount rate	\$ (6,250)	6,462
Future salary increasing rate	\$ 5,789	(5,641)
December 31, 2024		
Discount rate	\$ (6,366)	6,593
Future salary increasing rate	\$ 5,950	(5,787)

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

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2025 and 2024.

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

B. Defined contribution plans

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

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

The pension costs under defined contribution plans amounted to \$166,614 thousand and \$163,219 thousand for the years ended December 31, 2025 and 2024, respectively.

(22) Income taxes

A. Income tax expenses

The components of income tax expenses (benefit) for the years ended December 31, 2025 and 2024, were as follows:

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Current tax expense		
Current period	\$ 74,189	161,157
Adjustment for prior periods	(26,487)	(56,091)
Additional 5% surtax on unappropriated retained earnings	<u>1,176</u>	<u>1,506</u>
	<u>48,878</u>	<u>106,572</u>
Deferred tax expense (benefit)		
Origination and reversal of temporary differences and operating loss carry forward	<u>(76,309)</u>	<u>66,385</u>
Income tax expense	<u><u>\$ (27,431)</u></u>	<u><u>172,957</u></u>

The amount of income tax expense (benefit) recognized in other comprehensive income for the years ended December 31, 2025 and 2024, were as follows:

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Remeasurements of defined benefit plans	\$ 236	162
Exchange differences on translation of foreign financial statements	<u>(18,320)</u>	<u>55,689</u>
	<u><u>\$ (18,084)</u></u>	<u><u>55,851</u></u>

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

Reconciliation of income tax expenses (benefit) and profit (loss) before income tax for the years ended December 31, 2025 and 2024 were as follows:

	For the years ended December 31,	
	2025	2024
Profit (loss) before income tax	\$ (174,485)	514,956
Income tax at Alpha's domestic tax rate	\$ (34,897)	102,991
Effect of tax rates variances in foreign jurisdictions	9,374	3,779
Tax effect of withholding tax from foreign income and permanent differences	26,885	49,940
Tax incentives	(2,050)	(17,097)
Change in unrecognized temporary differences and others	(27,919)	31,838
Additional 5% surtax on unappropriated retained earnings	1,176	1,506
Income tax expense (benefit)	<u>\$ (27,431)</u>	<u>172,957</u>

B. Deferred tax assets and liabilities

(a) Unrecognized deferred tax assets

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

	December 31,	December 31,
	2025	2024
Tax effect of deductible temporary differences	\$ 274,660	297,701
The carryforward of unused tax losses	72,585	23,839
	<u>\$ 347,245</u>	<u>321,540</u>

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

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

As of December 31, 2025, the information of Taiwan subsidiary of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss	Year of expiry	Unrecognized tax loss
2022	2032	<u>\$ 3,654</u>

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

As of 31 December 2025, the information of overseas subsidiary of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss	Year of expiry	Unrecognized tax loss
2022 (filling)	2027	\$ 116,041
2023 (filling)	2028	167,698
2024 (filing)	2029	<u>75,533</u>
		<u><u>\$ 359,272</u></u>

(b) Unrecognized deferred tax liability

The consolidated entity is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2025 and 2024. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	December 31, 2025	December 31, 2024
Temporary differences related to investments in subsidiaries	<u>\$ 147,024</u>	<u>168,495</u>

(c) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2025 and 2024 were as follows:

Deferred tax assets:

	January 1, 2024	Acquisition of subsidiary	Recognized in profit and loss	Recognized in other comprehensive income	December 31, 2024	Recognized in profit and loss	Recognized in other comprehensive income	December 31, 2025
Provision for inventory devaluation	\$ 12,231	12,735	24,500	-	49,466	(10,134)	-	39,332
Provision for warranties	72,460	78	(36,034)	-	36,504	6,793	-	43,297
Exchange different on transaction of foreign financial statement	25,574	-	-	(25,574)	-	-	-	-
Loss carryforwards	178,550	-	(133,461)	-	45,089	87,025	-	132,114
Others	<u>207,572</u>	<u>-</u>	<u>(104,363)</u>	<u>-</u>	<u>103,209</u>	<u>(22,387)</u>	<u>-</u>	<u>80,822</u>
	<u>\$ 496,387</u>	<u>12,813</u>	<u>(249,358)</u>	<u>(25,574)</u>	<u>234,268</u>	<u>61,297</u>	<u>-</u>	<u>295,565</u>

Deferred tax liabilities:

	January 1, 2024	Acquisition of subsidiaries	Recognized in profit and loss	Recognized in other comprehensive income	December 31, 2024	Recognized in profit and loss	Recognized in other comprehensive income	December 31, 2025
Investment accounted for using equity method	\$ (224,765)	-	170,971	-	(53,794)	(3,653)	-	(57,447)
Goodwill	(26,976)	-	-	-	(26,976)	-	-	(26,976)
Others	<u>(51,002)</u>	<u>-</u>	<u>12,002</u>	<u>(30,277)</u>	<u>(69,277)</u>	<u>18,665</u>	<u>18,084</u>	<u>(32,528)</u>
	<u>\$ (302,743)</u>	<u>-</u>	<u>182,973</u>	<u>(30,277)</u>	<u>(150,047)</u>	<u>15,012</u>	<u>18,084</u>	<u>(116,951)</u>

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

As of December 31, 2025, Alpha's tax returns for the years through 2022 have been assessed by the National Tax Administration.

(23) Capital and other equity

Reconciliation of shares outstanding for 2025 and 2024 was as follows (in thousands of shares):

	Ordinary share capital	
	2025	2024
Balance at January 1 (As of balance at December 31)	541,719	541,719

A. Ordinary share capital

As of December 31, 2025 and 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:

	December 31, 2025	December 31, 2024
Capital surplus – premium	\$ 2,220,802	2,491,661
Difference between consideration and carrying amount arising from acquisition or disposal of shares of subsidiaries	3,089	-
Ownership interest in subsidiaries	115,220	107,612
Others	15,015	15,004
	\$ 2,354,126	2,614,277

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

On February 27, 2025, Alpha resolved on the Board of Directors 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.

On February 25, 2026, Alpha resolved on the Board of Directors to distribute a cash dividends of \$270,859 thousand, represents \$0.5 per share, from the capital reserve for the fiscal year 2025. The above profit distribution is still subject to approval by the shareholders' meeting. Related information will be available at the Market Observation Post System website after resolution of the relevant meetings.

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

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, the 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 on the Board of Directors 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 developments, as well as its programs to maintain operating efficiency and meet its capital expenditure budget and financial goals in determining the stock or cash dividends to be paid. The cash dividends shall not be less than 10% of total dividends.

(a) Legal reserve

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

(b) Special reserve

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

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

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 dividnedes	270,859	0.50
	\$ 115,956	

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

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	547,136	1.01
	\$ 643,264	

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.

The earning and deficit compensation for 2025 was approved by Alpha's Board of Directors. on February 25, 2026. The above-mentioned compensation is to be presented for approval in the shareholders' meeting, and the related information will be available at the Market Observation Post System website.

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

E. Other equity and non-controlling interest

	Differences on translation of foreign operation financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Non-controlling interests	Total
Balance at January 1, 2025	\$ (63,838)	(24,155)	4,067,793	3,979,800
Differences on translation of foreign operation financial statements	(91,599)	-	(35,868)	(127,467)
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	18,320	-	-	18,320
Remeasurements of defined benefit plans	-	-	1,775	1,775
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	9,661	(2,832)	6,829
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(6,719)	-	(6,719)
Disposal of shares of subsidiaries	-	-	23,025	23,025
Changes in ownership interests in subsidiaries	-	-	(7,608)	(7,608)
Distribution of cash dividend by subsidiaries	-	-	(199,619)	(199,619)
Changes in non-controlling interests	-	-	68,878	68,878
Balance at December 31, 2025	<u>\$ (137,117)</u>	<u>(21,213)</u>	<u>3,915,544</u>	<u>3,757,214</u>

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

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

(24) Earnings per share

A. Basic earnings per share

	For the years ended December 31,	
	2025	2024
Profit (loss) attributable to Alpha's ordinary shareholders	\$ (193,870)	218,627
Weighted-average number of shares outstanding (in thousands of shares)	541,719	541,719
Basic earnings (loss) per share (NTD)	\$ (0.36)	0.40

B. Diluted earnings per share

	For the years ended December 31,	
	2025	2024
Profit (loss) attributable to Alpha's ordinary shareholders	\$ (193,870)	218,627
Weighted-average number of shares outstanding (in thousands of shares) (basic)	541,719	541,719
Effect of employee remuneration in shares	-	1,179
Weighted-average number of shares outstanding (in thousands of shares) (diluted)	541,719	542,898
Diluted earnings (loss) per share (NTD)	\$ (0.36)	0.40

(25) Revenues

A. The details of revenues were as follows:

	For the years ended December 31,	
	2025	2024
Primary geographical markets:		
United States	\$ 11,867,824	12,144,663
Taiwan	4,852,840	4,635,270
Japan	958,124	1,084,775
Others	4,782,932	3,578,917
	\$ 22,461,720	21,443,625
Major products/services lines:		
LAN/MAN	\$ 8,220,129	7,995,678
Wireless Broadband	9,628,432	9,514,666
Digital Multimedia	1,722,197	1,378,231
Others	2,890,962	2,555,050
	\$ 22,461,720	21,443,625

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

B. Contract balances

	<u>December 31, 2025</u>	<u>December 31, 2024</u>	<u>January 1, 2024</u>
Notes and Accounts receivable (including related parties)	<u>\$ 4,568,292</u>	<u>3,970,712</u>	<u>4,899,282</u>
Contract liabilities	<u>\$ 690,523</u>	<u>1,339,841</u>	<u>1,242,077</u>

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

The amounts of revenue recognized for the year ended December 31, 2025 and 2024 that were included in the contract liabilities balance at the beginning of the period were \$933,513 thousand and \$604,348 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.

Contract liabilities related to services primarily arise from advance payments received for product development service contracts of the Group. The Group recognizes these amounts as revenue based on the proportion of the actual services provided to the total services.

(26) 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 remuneration for directors. However, if the Company still has accumulated losses, an amount sufficient to offset such losses shall be retained in advance. 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, with the conditions and allocation methods are authorized to be determined by the Board of Directors. 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 remuneration for directors. However, if the Company still had accumulated losses, an amount sufficient to offset such losses should have been retained in advance. 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.

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

For the year ended December 31, 2025 and 2024, Alpha accrued and recognized its remuneration to employees amounting to \$0 thousand and \$30,968 thousand, respectively, and the remuneration to directors' amounting to \$0 thousand and \$2,323 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 remuneration are recognized under operating costs or operating expenses. If there is any change on the actual amount incurred and estimated amount, this shall be accounted for change in accounting estimates and recognize as profit or loss in the following year. However, if the Board of Directors resolved that the employee remuneration to be distributed through stock dividends, the closing price of the ordinary share on the day before the Board of Directors' meeting is used in the calculation for stock remuneration. Related information would be available at the Market Observation Post System website.

The abovementioned remuneration for employees and directors resolved through Board of Directors' is consistent with the estimated amount as stated in the consolidated financial statements for the years 2025 and 2024.

(27) Interest income

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

	For the years ended December 31,	
	2025	2024
Interest income from bank deposits and others	<u>\$ 79,460</u>	<u>107,187</u>

(28) Other income

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

	For the years ended December 31,	
	2025	2024
Dividend income	\$ 251	1,306
Government grants income	21,779	50,967
Others	<u>82,604</u>	<u>34,690</u>
	\$ 104,634	86,963

(29) Other gains and losses

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

	For the years ended December 31,	
	2025	2024
Gain on disposal of subsidiaries, net (note 6(6))	\$ -	453,891
Gain (loss) financial assets at fair value through profit or loss, net	96,589	(213,900)
Foreign exchange gain (loss), net	(132,544)	145,298
Others	<u>(48,156)</u>	<u>(28,246)</u>
	\$ (84,111)	357,043

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

(30) Finance costs

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

	For the years ended December 31,	
	2025	2024
Interest expense of borrowings, etc.	\$ 127,792	132,884
Interest expense of lease liabilities	9,799	10,940
	<u>\$ 137,591</u>	<u>143,824</u>

(31) Financial instruments

A. Credit risk

(a) Credit risk exposure

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

(b) Concentration of credit risk

The major customers of the Group are centralized in the networking related industries. The Group generally sets credit limits to its customers according to their credit evaluations. Therefore, the credit risk of the Group is mainly influenced by the networking industry. As of December 31, 2025 and 2024, 55% and 57%, 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 for more than three months and restricted deposits, please refer to note 6(5) for details of relevant investments.

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

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>
December 31, 2025					
Non-derivative financial liabilities					
Short-term borrowings	\$ 2,546,960	(2,583,896)	(2,583,896)	-	-
Accounts payable (including related parties)	4,919,034	(4,919,034)	(4,919,034)	-	-
Other payables to related parties (included in other current liabilities)	1,155	(1,155)	(1,155)	-	-
Accrued expenses	499,449	(499,449)	(499,449)	-	-
Lease liabilities	315,785	(362,675)	(46,980)	(146,630)	(169,065)
Long-term borrowings (including maturity within 1 year)	620,000	(634,221)	(390,862)	(243,359)	-
Derivative financial liabilities					
Forward exchange contracts:					
Outflows	68	(875,849)	(875,849)	-	-
Inflows	(6,247)	882,028	882,028	-	-
Foreign exchange swaps:					
Outflows	930	(1,141,179)	(1,141,179)	-	-
Inflows	(2,408)	1,142,657	1,142,657	-	-
	<u>\$ 8,894,726</u>	<u>(8,992,773)</u>	<u>(8,433,719)</u>	<u>(389,989)</u>	<u>(169,065)</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 exchange 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

C. Currency risk

(a) Exposure to currency risk

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

	December 31, 2025			December 31, 2024		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 339,050	31.43	10,656,334	242,557	32.785	7,952,223
CNY	7,524	4.4952	33,820	1,045	4.4915	4,692
<u>Non-Monetary items</u>						
USD	1,523	31.43	47,868	-	-	-
USD	57,000	31.43	Note	8,000	32.785	Note
CNY	10,000	4.4952	Note	10,000	4.4915	Note
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	335,609	31.43	10,548,180	195,245	32.785	6,401,105
<u>Non-Monetary items</u>						
USD	5,900	31.43	Note	96,000	32.785	Note

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

(b) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the foreign currency exchange gains and losses resulted from the translation of cash and cash equivalents, accounts receivable, other receivables, short-term borrowings, accounts payable and other payables which are denominated in foreign currencies. A strengthening (weakening) of 1% of the NTD against the USD and the CNY as of December 31, 2025 and 2024, would have decreased or increased the profit (loss) before income tax by \$1,420 thousand and \$15,558 thousand, respectively. The analysis assumed that all other variables remain constant, and performed on the same basis for both periods.

(c) Foreign exchange gains and losses on monetary items

Since the Group has different functional currencies, the information on foreign exchange gains (losses) on monetary items is disclosed in aggregate amount. For the year ended December 31, 2025 and 2024, foreign exchange gains (losses) (including realized and unrealized portions) amounted to \$(132,544) thousand and \$145,298 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.

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

If the interest rate had increased or decreased by 0.25%, the Group's profit before tax would have increased or decreased by \$7,744 thousand and \$5,176 thousand, respectively for the year ended December 31, 2025 and 2024 with all other variable factors remaining constant. The change is mainly due to the Group's short-term borrowings and long-term borrowings with variable rates.

E. Other market price risk

For the year ended December 31, 2025 and 2024, the sensitivity analyses for the changes in securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

<u>Prices of securities at the reporting date</u>	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Financial assets at fair value through profit or loss		
Increasing 5%	\$ <u>6,969</u>	<u>2,876</u>
Decreasing 5%	\$ <u>(6,969)</u>	<u>(2,876)</u>
Financial assets at fair value through other comprehensive income		
Increasing 5%	\$ <u>4,545</u>	<u>5,536</u>
Decreasing 5%	\$ <u>(4,545)</u>	<u>(5,536)</u>

F. Fair value of financial instruments

(a) Fair value hierarchy

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

	<u>December 31, 2025</u>				
	<u>Carrying amount</u>	<u>Fair Value</u>			
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets measured at fair value under repetitive basis					
Financial assets at fair value through profit or loss – current and non-current	\$ <u>139,385</u>	<u>4,400</u>	<u>-</u>	<u>134,985</u>	<u>139,385</u>
Financial assets mandatorily at fair value through profit or loss – derivative	\$ <u>8,655</u>	<u>-</u>	<u>8,655</u>	<u>-</u>	<u>8,655</u>
Non-current financial assets at fair value through other comprehensive income	\$ <u>90,897</u>	<u>-</u>	<u>-</u>	<u>90,897</u>	<u>90,897</u>

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

		December 31, 2025				
		Fair Value				
		Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value under repetitive basis						
Financial liabilities at fair value through profit or loss – derivative						
	\$	<u>998</u>	-	<u>998</u>	-	<u>998</u>
		December 31, 2024				
		Fair Value				
		Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value under repetitive basis						
Financial assets at fair value through profit or loss – stocks						
	\$	<u>57,522</u>	<u>4,902</u>	-	<u>52,620</u>	<u>57,522</u>
Financial assets mandatorily at fair value through profit or loss – derivative						
	\$	<u>290</u>	-	<u>290</u>	-	<u>290</u>
Non-current financial assets at fair value through other comprehensive income						
	\$	<u>110,711</u>	-	-	<u>110,711</u>	<u>110,711</u>
Financial liabilities measured at fair value under repetitive basis						
Financial liabilities at fair value through profit or loss – derivative						
	\$	<u>23,758</u>	-	<u>23,758</u>	-	<u>23,758</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 years ended December 31, 2025 and 2024.

(d) Reconciliation of Level 3 fair values

	Fair value through profit or loss	Fair value through other comprehensive income	Total
Opening Balance, January 1, 2025	\$ 52,620	110,711	163,331
Additions	49,131	-	49,131
Disposals	-	(26,643)	(26,643)
Recognized in profit or loss	33,234	-	33,234
Unrealized gain on financial assets measured at fair value through other comprehensive income	-	6,829	6,829
Ending balance, December 31, 2025	<u>\$ 134,985</u>	<u>90,897</u>	<u>225,882</u>

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

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

- (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 profit or loss—investments" and "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—equity investments	Market approach (Total enterprise value to EBITDA of comparable companies)	As of December 31, 2025, value multiples were in the range of 15.85 to 22.13.	The higher the value multiples, the higher the fair value.
		As of December 31, 2025, the discount for lack of marketability was at 28.10%.	The fair value would decrease if lack of marketability and higher discount rate.
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 December 31, 2024, the price-to-equity ratios of comparable companies was at 1.5 times	The higher the price-equity ratios, the higher the fair value.
		As of December 31, 2024, the price-to-earnings ratios of comparable companies was at 16.31 times.	The higher the price-to-earning ratios, the higher the fair value.
		As of December 31, 2025 and 2024, the discounts for lack of marketability were 18.10% and 17.41%, 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

(32) Financial risk management

A. Overview

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

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

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

B. Structure of risk management

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

C. Credit risk

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

(a) Accounts receivable and other receivables

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

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

(b) Investment

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

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

(c) Guarantee

The Group's policy provides only financial security to fully owned subsidiaries. As of December 31, 2025 and 2024, except for the subsidiaries, the Group did not provide any endorsement guarantee.

D. Liquidity risk

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

Bank borrowing is an essential liquidity source for the Group. For the years ended December 31, 2025 and 2024, the Group did not utilize any credit line for both long-term and short-term bank borrowings. Please refer to note 6(15) and 6(16) for details.

E. Market risk

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

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

(a) Foreign currency risk

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

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

(b) Other market price risk

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

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

(33) Capital management

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

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

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

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

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

	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Total liabilities	\$ 11,120,571	9,261,815
Less: Cash and cash equivalents	(4,917,583)	(3,957,279)
Net debt	<u>\$ 6,202,988</u>	<u>5,304,536</u>
Total equity	<u>\$ 13,039,374</u>	<u>13,982,701</u>
Debt-to-equity ratio	<u>47.57%</u>	<u>37.94%</u>

The debt-to-equity ratio was increased on December 31, 2025, due to the increase in net debt.

(34) 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 leases, 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>December 31, 2025</u>
Short-term borrowings	\$ 1,615,357	1,070,346	(138,743)	2,546,960
Long-term borrowings (including maturity within 1 year)	455,000	165,000	-	620,000
Lease liabilities	<u>322,552</u>	<u>(37,918)</u>	<u>31,151</u>	<u>315,785</u>
Total liabilities from financing activities	<u>\$ 2,392,909</u>	<u>1,197,428</u>	<u>(107,592)</u>	<u>3,482,745</u>

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

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

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	Parent company
AEWIN Technologies Co., Ltd. (AEWIN)	Qisda's subsidiary
BenQ Asia Pacific Corp (BQP)	Qisda's subsidiary
BenQ Healthcare Corporation (BHC)	Qisda's subsidiary
Qisda (Suzhou) Co., Ltd. (QCSZ)	Qisda's subsidiary
Global Intelligence Network Co., Ltd. (Ginnet)	Qisda's subsidiary
Simula Technologies Inc. (Simula)	Qisda's subsidiary
BenQ Material Corp. (BMC)	Qisda's subsidiary
Qisda Optronics (Suzhou) Co., Ltd. (QCOS)	Qisda's subsidiary
Qisda Vietnam Co., Ltd. (QVN)	Qisda's subsidiary
DFI Inc. (DFI)	Qisda's subsidiary
Concord Medical Co., Ltd. (Concord)	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

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
Yun yun AI Baby camera Co., Ltd. (Yun yun)	Qisda's subsidiary
Darfon Electronics Corp. (DFN)	Qisda's associate
Rapidtek Technologies Inc. (Rapidtek)	Qisda's associate
Unictron Technologies Corporation (Unictron)	Qisda's associate
AUO Education Service Corp. (AUES)	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 years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Other related parties	<u>\$ 60,363</u>	<u>10,011</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 from related parties were as follows:

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Parent company	\$ 212	404
Other related parties	<u>122,628</u>	<u>122,718</u>
	<u>\$ 122,840</u>	<u>123,122</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>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Accounts receivable from related parties	Other related parties	<u>\$ 26,201</u>	<u>1,568</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>December 31, 2025</u>	<u>December 31, 2024</u>
Accounts payable to related parties	Parent company	\$ 6	-
Accounts payable to related parties	Other related parties	34,249	35,061
		<u>\$ 34,255</u>	<u>35,061</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 years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Parent company	\$ 563	958
Other related parties	3,031	1,552
	<u>\$ 3,594</u>	<u>2,510</u>

The payables to related parties were as follows:

<u>Account</u>	<u>Related Party Category</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Other payables to related parties	Parent company	\$ 287	867
Other payables to related parties	Other related parties	500	773
		<u>\$ 787</u>	<u>1,640</u>

F. Property transactions

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

	<u>Amount</u>	
	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Parent company	\$ -	4,180
Other related parties	17,881	6,439
	<u>\$ 17,881</u>	<u>10,619</u>

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

	<u>Amount</u>	
	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Other related parties	\$ -	3,358

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

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

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Other payables	Other related parties	\$ <u>110</u>	<u>2,343</u>
Other receivables	Other related parties	\$ <u>-</u>	<u>3,516</u>

G. Prepayments

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Prepayments (included in other current assets)	Other related parties	\$ <u>168</u>	<u>241</u>

H. Other

<u>Account</u>	<u>Relationship</u>	<u>For the years ended December 31,</u>	
		<u>2025</u>	<u>2024</u>
Other income	Other related parties	\$ <u>1,516</u>	<u>659</u>

The other receivables from related parties and contract liabilities were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Other receivables (included in other current assets)	Other related parties	\$ <u>410</u>	<u>364</u>
Other payables (included in other current liability)	Parent company	\$ <u>187</u>	<u>-</u>
Other payables (included in other current liability)	Other related parties	\$ <u>71</u>	<u>-</u>

(4) Key management personnel compensation

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Short-term employee benefits	\$ 72,494	81,900
Post-employment benefits	<u>1,188</u>	<u>1,188</u>
	\$ <u>73,682</u>	<u>83,088</u>

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

8. Pledged assets:

<u>Pledged assets</u>	<u>Object</u>	<u>December 31, 2025</u>	<u>December 31, 2024</u>
Time deposit (recorded in financial assets measured at amortized cost–non-current)	Import guarantee for Customs	\$ 7,550	7,550
Time deposit (recorded in financial assets measured at amortized cost–non-current)	Guarantee for land lease	8,000	8,000
Restricted bank demand deposits (recorded in financial assets measured at amortized cost–non-current)	Contract guarantee	152	158
Restricted bank time deposits (recorded in financial assets measured at amortized cost–non-current)	Contract guarantee	2,070	2,160
Time deposit (recorded in financial assets measured at amortized cost–non-current)	Land lease guarantee and Customs duty-deferment deposit	2,382	2,382
Restricted bank demand deposits (recorded in financial assets measured at amortized cost–non-current)	Guarantee to local authority for sales to overseas customers	2,139	2,815
Refundable deposit (recorded in financial assets measured at amortized cost–non-current)	Guarantee to local authority for sales to overseas customers	11,409	11,347
Refundable deposit (recorded in financial assets measured at amortized cost–non-current)	Guarantee for warranty	117,788	123,231
Restricted bank demand deposits (recorded in financial assets measured at amortized cost–non-current)	Short-term borrowings	2,102	-
Restricted bank demand deposits (recorded in financial assets measured at amortized cost–non-current)	Guarantee for contract performance	750	-
Restricted bank demand deposits (recorded in financial assets measured at amortized cost–non-current)	Short-term borrowings	500	5,075
Refundable deposit (recorded in financial assets measured at amortized cost–non-current)	Customer contract and lease deposits	14,224	21,908
		<u>\$ 169,066</u>	<u>184,626</u>

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

9. Significant commitments and contingencies:

- (1) As of December 31, 2025 and 2024, the Group's deposited notes and guarantees in the bank amounted to \$18,333,076 thousand and \$14,958,675 thousand, respectively in order to obtain the credits limit of bank financing, foreign exchange facilities and contracts of government grants.
- (2) The Group had entered into a technology license agreement with suppliers. According to the agreement, the Group is obligated to make payments for technology license fee and royalty based on the total sales of products by using such technology.
- (3) Others

	December 31, 2025	December 31, 2024
Guaranteed notes payable for tender contract	\$ 10,168	8,456
Guarantee for construction projects	\$ 230,941	107,799

10. Losses due to major disasters: None

11. Subsequent events: None

12. Other:

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

By item	By function		For the year ended December 31,			
	2025			2024		
	Cost of Sales	Operating expenses	Total	Cost of Sales	Operating expenses	Total
Employee benefits						
Salary	726,411	2,170,917	2,897,328	655,879	2,127,583	2,783,462
Labor and health insurance	55,809	154,272	210,081	56,303	166,584	222,887
Pension	51,769	115,850	167,619	40,582	124,185	164,767
Remuneration of directors	-	33,605	33,605	-	16,726	16,726
Others	50,096	91,073	141,169	45,598	74,153	119,751
Depreciation	237,869	266,303	504,172	249,713	254,670	504,383
Amortization	1,854	242,659	244,513	4,747	215,024	219,771

13. Other disclosures:

- (1) Information on significant transactions:

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

- A. Financing provided to other parties: Please refer to Table 1.
- B. Guarantees and endorsements provided to other parties: Please refer to Table 2.

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

- C. Information regarding significant securities held at the reporting date (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:

- (1) Operating segment information

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

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

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

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

The Group's operating segment information and reconciliation are as follows:

	For the years ended December 31, 2025			
	Network related products	Other	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	\$ 19,858,914	2,602,806	-	22,461,720
Intersegment revenue	-	83,291	(83,291)	-
Total revenue	<u>\$ 19,858,914</u>	<u>2,686,097</u>	<u>(83,291)</u>	<u>22,461,720</u>
Interest expenses	<u>\$ 137,004</u>	<u>593</u>	<u>(6)</u>	<u>137,591</u>
Depreciation and amortization	<u>\$ 678,076</u>	<u>71,220</u>	<u>(611)</u>	<u>748,685</u>
Reportable segment profit or loss	<u>\$ (262,836)</u>	<u>252,232</u>	<u>(136,450)</u>	<u>(147,054)</u>
	December 31, 2025			
	Network related products	Other	Reconciliation and elimination	Total
Reportable segment assets	<u>\$ 20,601,356</u>	<u>4,229,434</u>	<u>(670,845)</u>	<u>24,159,945</u>
Reportable segment liabilities	<u>\$ 9,625,976</u>	<u>1,537,332</u>	<u>(42,737)</u>	<u>11,120,571</u>
	For the years ended December 31, 2024			
	Network related products	Other	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	\$ 18,975,116	2,468,509	-	21,443,625
Intersegment revenue	-	62,729	(62,729)	-
Total revenue	<u>\$ 18,975,116</u>	<u>2,531,238</u>	<u>(62,729)</u>	<u>21,443,625</u>
Interest expenses	<u>\$ 141,048</u>	<u>2,782</u>	<u>(6)</u>	<u>143,824</u>
Depreciation and amortization	<u>\$ 654,230</u>	<u>70,789</u>	<u>(865)</u>	<u>724,154</u>
Reportable segment profit or loss	<u>\$ 214,282</u>	<u>242,011</u>	<u>(114,294)</u>	<u>341,999</u>
	December 31, 2024			
	Network related products	Other	Reconciliation and elimination	Total
Reportable segment assets	<u>\$ 19,779,083</u>	<u>4,166,237</u>	<u>(700,804)</u>	<u>23,244,516</u>
Reportable segment liabilities	<u>\$ 7,864,036</u>	<u>1,429,017</u>	<u>(31,238)</u>	<u>9,261,815</u>

(3) Products and services information

Details of customers contract revenue for 2025 and 2024, please refer to note 6(25).

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

(4) Geographic information

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

Detail of customers contract revenue for 2025 and 2024, please refer to note 6(25).

	<u>December 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Non-current assets:		
China	\$ 460,054	521,870
Taiwan	3,753,255	3,977,973
Vietnam	1,374,071	1,558,480
Others	<u>749,659</u>	<u>871,033</u>
	<u>\$ 6,337,039</u>	<u>6,929,356</u>

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

(5) Major customer information

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

	<u>For the years ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
L Company	\$ 2,576,799	2,651,637
W Company	2,776,237	2,656,620
Z Company	<u>1,880,063</u>	<u>2,377,460</u>
	<u>\$ 7,233,099</u>	<u>7,685,717</u>

Alpha Networks Inc. and Subsidiaries
Financing provided to other parties
For the year ended December 31, 2025

Table 1

(In Thousands of New Taiwan Dollars)

No.	Name of lender	Name of borrower	Account	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	Alpha	Alpha VN	Other receivable from related parties	Yes	332,050 (USD10,000 thousand)	314,300 (USD10,000 thousand)	314,300 (USD10,000 thousand)	4.7%~5.5%	2	-	Operating capital	-		-	1,824,766 (note 2)	3,649,532 (note 3)
1	Alpha HK	Enrich Investment	Same as above	Yes	6,641 (USD200 thousand)	-	-	-	2	-	Operating capital	-		-	248,476 (note 5)	496,953 (note 5)
2	Alpha Chengdu	Alpha Changshu	Same as above	Yes	274,722 (CNY60,000 thousand)	269,712 (CNY60,000 thousand)	269,712 (CNY60,000 thousand)	0.65%~1.25%	2	-	Operating capital	-		-	513,891 (note 4)	513,891 (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 lending 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 year ended December 31, 2025

Table 2

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (note 1)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (note 2)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	Alpha	Alpha Changshu	note 3	4,561,915	232,435	220,010	11,392	-	2.41 %	9,123,830	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 year ended December 31, 2025

Table 3

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/(Sale)	Amount	Percentage of total purchases/(sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Alpha	Alpha USA	Subsidiary of Alpha	(Sales)	(4,665,959)	(26)%	90 days	-		1,293,910	39%	note
Alpha	Alpha Changshu	Subsidiary of Alpha	Purchase	1,735,954	10%	90 days	-		(1,244,503)	(39)%	note
Alpha	Hitron Technologies	Subsidiary of Alpha	(Sales)	(5,256,045)	(29)%	60 days	-		859,824	26%	note
Alpha	Alpha HK	Subsidiary of Alpha	Purchase	11,623,952	68%	90 days	-		(1,275,249)	(40)%	note
Alpha HK	Alpha Changshu	Subsidiary to subsidiary	(Sales)	(1,430,701)	(6)%	90 days	-		303,960	7%	note
Alpha HK	Alpha VN	Subsidiary to subsidiary	(Sales)	(10,316,884)	(44)%	90 days	-		2,480,731	58%	note
Alpha VN	Alpha HK	Subsidiary to subsidiary	(Sales)	(11,623,952)	(100)%	90 days	-		1,497,566	100%	note
Hitron Technologies	Hitron America	Subsidiary to subsidiary	(Sales)	(3,787,404)	(71)%	120 days	-		1,363,036	67%	note
Hitron Technologies	Hitron Europe	Subsidiary to subsidiary	(Sales)	(147,091)	(3)%	90 days	-		17	-%	note

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

Alpha Networks Inc. and Subsidiaries
Receivables from related parties with amounts exceeding \$100 million or 20% of the capital stock
December 31, 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	1,293,910	4.26	-	-	-	-	note 2
Alpha	Hitron Technologies	Subsidiary of Alpha	859,824	5.63	-	-	421,010	-	note 2
Alpha	Alpha VN	Subsidiary of Alpha	323,984	-	-	-	-	-	note 3
Alpha Changshu	Alpha	Subsidiary to parent	1,244,503	1.72	808,405	-	47,288	-	note 2
Alpha HK	Alpha Changshu	Subsidiary to subsidiary	303,960	4.76	3,250	-	54,104	-	note 2
Alpha HK	Alpha VN	Subsidiary to subsidiary	2,480,731	5.15	437,699	-	1,066,594	-	note 2
Alpha HK	Alpha	Subsidiary to parent	1,275,249	11.90	164,858	-	1,132,073	-	note 2
Alpha VN	Alpha HK	Subsidiary to subsidiary	1,497,566	10.87	328,031	-	1,132,073	-	note 2
Hitron Technologies	Hitron America	Subsidiary to subsidiary	1,363,036	2.14	-	-	569,758	-	note 2
Alpha Chengdu	Alpha Changshu	Subsidiary to subsidiary	270,340	-	-	-	-	-	note 3
Hitron Technologies	Hitron Vietnam	Subsidiary to subsidiary	1,021,475	-	-	-	1,021,475	-	note 3

Note 1: The collection situation as of February 13, 2026.

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

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

Alpha Networks Inc. and Subsidiaries
Business relationships and significant intercompany transactions
For the year ended December 31, 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	4,665,959	-	20.77%
0	Alpha	Alpha USA	Parent to Subsidiary	Accounts receivable from related parties	1,293,910	90 days	5.36%
0	Alpha	Alpha Changshu	Parent to Subsidiary	Purchase	1,735,954	-	7.73%
0	Alpha	Alpha Changshu	Parent to Subsidiary	Accounts payable to related parties	1,244,503	90 days	5.15%
0	Alpha	Alpha Chengdu	Parent to Subsidiary	Research expense	273,888	-	1.22%
0	Alpha	Hitron Technologies	Parent to Subsidiary	Sales	5,256,045	-	23.40%
0	Alpha	Hitron Technologies	Parent to Subsidiary	Accounts receivable from related parties	859,824	60 days	3.56%
0	Alpha	Alpha HK	Parent to Subsidiary	Purchase	11,623,952	-	51.75%
0	Alpha	Alpha HK	Parent to Subsidiary	Accounts payable to related parties	1,275,249	90 days	5.28%
0	Alpha	Alpha VN	Parent to Subsidiary	Other receivables from related parties	323,984	-	1.34%
1	Alpha HK	Alpha Changshu	Subsidiary to Subsidiary	Sales	1,430,701	-	6.37%
1	Alpha HK	Alpha Changshu	Subsidiary to Subsidiary	Accounts receivable from related parties	303,960	90 days	1.26%
1	Alpha HK	Alpha VN	Subsidiary to Subsidiary	Sales	10,316,884	-	45.93%
1	Alpha HK	Alpha VN	Subsidiary to Subsidiary	Accounts receivable from related parties	2,480,731	90 days	10.27%
2	Alpha VN	Alpha HK	Subsidiary to Subsidiary	Sales	11,623,952	-	51.75%
2	Alpha VN	Alpha HK	Subsidiary to Subsidiary	Accounts receivable from related parties	1,497,566	90 days	6.20%
3	Alpha Chengdu	Alpha Changshu	Subsidiary to Subsidiary	Other receivables from related parties	270,340	-	1.12%
4	Hitron Technologies	Hitron America	Subsidiary to Subsidiary	Sales	3,787,404	-	16.86%
4	Hitron Technologies	Hitron America	Subsidiary to Subsidiary	Accounts receivable from related parties	1,363,036	120 days	5.64%
4	Hitron Technologies	Hitron Vietnam	Subsidiary to Subsidiary	Other receivables from related parties	1,021,475	-	4.23%

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

Alpha Networks Inc. and Subsidiaries
Information on investees (excluding information on investees in Mainland China)
For the year ended December 31, 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 December 31, 2025			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2025	December 31, 2024	Shares	Percentage of ownership	Carrying value				
Alpha	Alpha Solutions	Japan	Sale of network equipment, components and technical services	5,543	5,543	1	100.00 %	16,295	100.00 %	246	246	
Alpha	Alpha USA	USA	Sale, marketing and procurement service in USA	51,092	51,092	1,500	100.00 %	199,048	100.00 %	12,013	12,013	
Alpha	Alpha HK	Hong Kong	Investment holding	2,033,915	2,033,915	485,791	100.00 %	1,227,405	100.00 %	(46,809)	(50,131)	
Alpha	ATS	USA	Post-sale service	260,497 (USD8,100 thousand)	260,497 (USD8,100 thousand)	8,100	100.00 %	206,016	100.00 %	5,443	5,443	
Alpha	Enrich Investment	Taiwan	Investment holding	400,000	400,000	40,000	100.00 %	325,425	100.00 %	32,732	32,732	
Alpha	Hitron Technologies	Taiwan	Marketing on system integration of communication product and telecommunication products	4,811,000	4,811,000	200,000	62.24 %	3,713,643	62.24 %	(116,632)	(125,008)	
Alpha	Alpha VN	Vietnam	Production and sale of network products	1,490,323	1,227,928	note 3	100.00 %	1,169,435	100.00 %	45,139	45,139	
Alpha	INDIALPHA	India	Sale of network products	39,214	10,358	10,500	99.99 %	23,598	99.99 %	(8,291)	(8,291)	
Alpha	Fiber Logic	Taiwan	Broadband communication products and service	491,153	511,688	6,841	30.39 %	467,571	31.66 %	(32,132)	(21,024)	
Enrich Investment	Interactive Digital	Taiwan	Telecommunication and broadband network system services	189,523	189,523	2,575	5.06 %	117,565	5.06 %	294,086	note 1	
Enrich Investment	Aespula	Taiwan	Sale of network equipment components and technical services	80,000	80,000	8,000	98.92 %	-	98.92 %	(14,951)	notes 1, 2, 4	
Enrich Investment	INDIALPHA	India	Sale of network products	1	-	-	0.01 %	1	0.01 %	-	note 1	
Hitron Technologies	Hitron Samoa	Samoa	International trade	172,179	172,179	5,850	100.00 %	242,510	100.00 %	28,586	note 1	

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2025			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2025	December 31, 2024	Shares	Percentage of ownership	Carrying value				
Hitron Technologies	Interactive Digital	Taiwan	Telecommunication and broadband network system services	126,091	126,091	16,703	32.82 %	688,031	32.82 %	294,086	note 1	
Hitron Technologies	Hitron Vietnam	Vietnam	Production and sale of broadband telecommunication products	492,373	1,511,735	note 3	100.00 %	957,073	100.00 %	(24,534)	note 1	
Hitron Technologies	Hitron America	USA	International trade	90,082	90,082	300	100.00 %	431,166	100.00 %	76,159	note 1	
Hitron Technologies	Hitron Europe	Netherlands	International trade	59,604	59,604	15	100.00 %	63,623	100.00 %	(11,363)	note 1	
Hitron Technologies	Innoauto Technologies	Taiwan	Investment	-	20,000	-	-	-	100.00 %	(21)	note 1	
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 %	55,341	80.00 %	10,603	note 1	
Interactive Digital	Fiber Logic	Taiwan	Broadband communication products and service	93,053	96,930	1,296	5.76 %	88,639	6.00 %	(32,132)	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.

Note 4: On November 20, 2025, Aespula's Board of Directors had approved the dissolution. The liquidation process is currently in progress.

Alpha Networks Inc. and Subsidiaries

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

For the year ended December 31, 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 December 31, 2025	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses) (note 3)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Alpha Chengdu	Research and development of network products	420,426	note 2(b)	420,426	-	-	420,426	16,911	100.00%	100.00%	16,911	513,891	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 (note 12)	Production and sale of network products	17,795 (note 10)	note 1(b)	307,326	-	-	307,326	479	100.00%	100.00%	479	31,225	-
Alpha Changshu	Production and sale of network products	1,925,920	note 1(b)	1,925,920	-	-	1,925,920	(47,537)	100.00%	100.00%	(47,537)	1,205,505	-
Alpha Changshu Trading	Production and sale of network products	17,378 (CNY4,000 thousand)	note 1(b)	-	-	-	-	3,720	100.00%	100.00%	3,720	14,558	-
Hitron Suzhou	Broadband telecommunications products, research and development	171,245 (CNY34,800 thousand)	note 1(c)	171,245	-	-	171,245	28,597	100.00% (note 9)	100.00%	28,597	239,385	-
Jietech Suzhou	Sale of broadband network products and related services	31,139 (CNY5,425 thousand)	note 1(c)	31,139	-	-	31,139	(12)	100.00% (note 9)	100.00%	(12)	3,787	-
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	589	32.82% (note 9)	32.82%	193	2,897	31,155

(2) Limitation on investment in Mainland China

Name of Company	Accumulated Investment in Mainland China as of December 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Alpha	2,634,897 notes 4, 5 and 8	3,496,798	note 6
Hitron Technologies	211,238	214,528	2,845,070

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

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

Note 2: Other methods:

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

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

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

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

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

Note 7: Since the investment amount of \$46,412 thousand was derived from D-Link Asia's own funds, the investment amount didn't need to be included in the accumulated investment in Mainland China as of December 31, 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 December 31, 2025.

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

Note 12: On October 31, 2025 , Mirac's Board of Directors had approved the dissolution. The liquidation process is currently in progress.