

ALPHA NETWORKS INC. AND SUBSIDIARIES

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 2026 and 2025**

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

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Independent Auditors' Review Report

To the Board of Directors
Alpha Networks Inc.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Alpha Networks Inc. and its subsidiaries as of June 30, 2026 and 2025, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2026 and 2025, as well as the changes in equity and cash flows for the six months ended June 30, 2026 and 2025, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Alpha Networks Inc. and its subsidiaries as of June 30, 2026 and 2025, and of its consolidated financial performance for the three months and six months ended June 30, 2026 and 2025, as well as its consolidated cash flows for the six months ended June 30, 2026 and 2025 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.



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

KPMG

Taipei, Taiwan (Republic of China)

July 31, 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 review such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

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

Consolidated Balance Sheets

June 30, 2026, December 31, 2025, and June 30, 2025

(Expressed in Thousands of New Taiwan Dollars)

		June 30, 2026		December 31, 2025		June 30, 2025				June 30, 2026		December 31, 2025		June 30, 2025	
Assets		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:															
1100	Cash and cash equivalents (note 6(1))	\$ 5,320,783	21	4,917,583	20	5,167,861	23	2100	Short-term borrowings (note 6(13))	\$ 3,822,892	15	2,546,960	10	2,815,363	13
1110	Current financial assets at fair value through profit or loss (note 6(2))	5,860	-	13,055	-	21,754	-	2120	Current financial liabilities at fair value through profit or loss (note 6(2))	10,468	-	998	-	362	-
1120	Current financial assets at fair value through other comprehensive income (note 6(6))	66,371	-	-	-	-	-	2130	Current contract liabilities (note 6(23))	763,029	3	690,523	3	937,780	4
1136	Current financial assets at amortized cost (notes 6(1), (5) and 8)	7,478	-	3,362	-	12,391	-	2170	Accounts payable (including related parties) (note 7)	5,281,321	20	4,919,034	20	3,483,633	15
1170	Notes and accounts receivable, net (notes 6(3) and (23))	3,066,842	12	4,542,091	19	3,585,822	16	2209	Accrued expenses	389,821	2	499,449	2	422,926	2
1180	Accounts receivable due from related parties, net (notes 6(3) and 7)	14,070	-	26,201	-	-	-	2216	Dividends payable	460,553	2	-	-	741,337	3
130x	Inventories (note 6(4))	9,622,461	37	6,758,228	28	6,272,142	27	2230	Current tax liabilities	201,819	1	122,279	1	88,290	-
1470	Other current assets (notes 6(12) and 7)	868,063	4	853,846	4	811,780	3	2250	Current provisions (note 6(15))	212,439	1	225,449	1	216,418	1
		18,971,928	74	17,114,366	71	15,871,750	69	2322	Long-term borrowings, current portion (note 6(14))	360,000	1	380,000	2	160,000	1
								2399	Other current liabilities (notes 6(16), (17) and 7)	747,732	3	992,735	4	671,841	3
										12,250,074	48	10,377,427	43	9,537,950	42
Non-current assets:								Non-Current liabilities:							
1510	Non-current financial assets at fair value through profit or loss (note 6(2))	186,958	1	134,985	1	89,315	-	2540	Long-term borrowings (note 6(14))	180,000	1	240,000	1	420,000	2
	Non-current financial assets at fair value through other comprehensive income (note 6(6))	-	-	90,897	-	96,119	1	2580	Non-current lease liabilities (note 6(17))	254,140	1	273,641	1	290,809	1
1517	Non-current financial assets at amortized cost (notes 6(5) and 8)	165,518	1	187,093	1	189,548	1	2640	Net defined benefit liability	47,757	-	56,505	-	53,366	-
1600	Property, plant and equipment (notes 6(8) and 7)	3,596,678	14	3,732,440	16	3,693,174	16	2670	Other non-current liabilities	158,223	-	172,998	1	164,663	1
1755	Right-of use asset (note 6(9))	487,471	2	512,342	2	516,774	2			640,120	2	743,144	3	928,838	4
1760	Investment property, net (notes 6(10) and (18))	541,151	2	559,955	2	548,686	3		Total liabilities	12,890,194	50	11,120,571	46	10,466,788	46
1780	Intangible assets (notes 6(11) and 7)	1,441,345	5	1,510,398	6	1,589,748	7		Equity (notes 6(6) and (21)):						
1840	Deferred tax assets	338,421	1	295,565	1	237,858	1		Equity attributable to owners of parent:						
1990	Other non-current assets (note 6(12))	47,931	-	21,904	-	45,971	-	3110	Ordinary share capital	5,417,185	21	5,417,185	23	5,417,185	24
		6,805,473	26	7,045,579	29	7,007,193	31	3200	Capital surplus	2,085,759	8	2,354,126	10	2,348,207	10
									Retained earnings:						
								3310	Legal reserve	1,346,461	5	1,346,461	6	1,346,461	7
								3320	Special reserve	158,330	1	87,993	-	87,993	-
								3350	Unappropriated retained earnings	170,439	1	76,395	-	56,045	-
										1,675,230	7	1,510,849	6	1,490,499	7
								3400	Other equity interest	(2,587)	-	(158,330)	(1)	(580,092)	(3)
									Total equity attributable to owners of parent	9,175,587	36	9,123,830	38	8,675,799	38
								36XX	Non-controlling interests (notes 6(7) and (21))	3,711,620	14	3,915,544	16	3,736,356	16
									Total equity	12,887,207	50	13,039,374	54	12,412,155	54
Total assets		\$ 25,777,401	100	24,159,945	100	22,878,943	100		Total liabilities and equity	\$ 25,777,401	100	24,159,945	100	22,878,943	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ALPHA NETWORKS INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the six months ended June 30, 2026 and 2025
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		For the three months ended June 30,				For the six months ended June 30,			
		2026		2025		2026		2025	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (notes 6(23) and 7)	\$ 5,165,575	100	5,694,008	100	10,480,123	100	10,218,166	100
5000	Operating costs (notes 6(4),(8),(9),(17),(19),(24), 7 and 12)	<u>4,250,093</u>	<u>82</u>	<u>4,825,669</u>	<u>85</u>	<u>8,588,899</u>	<u>82</u>	<u>8,519,423</u>	<u>83</u>
	Gross profit	<u>915,482</u>	<u>18</u>	<u>868,339</u>	<u>15</u>	<u>1,891,224</u>	<u>18</u>	<u>1,698,743</u>	<u>17</u>
	Operating expenses (notes 6(3),(8),(9),(17),(19),(24), 7 and 12):								
6100	Selling expenses	281,659	6	257,666	5	578,343	5	525,145	5
6200	Administrative expenses	254,394	5	239,668	4	477,901	5	473,149	5
6300	Research and development expenses	480,854	9	472,544	8	932,734	9	910,761	9
6450	Gain on reversal of impairment loss (expected credit loss)	<u>(35,784)</u>	<u>(1)</u>	<u>27,342</u>	<u>-</u>	<u>(36,527)</u>	<u>-</u>	<u>27,286</u>	<u>-</u>
	Total operating expenses	<u>981,123</u>	<u>19</u>	<u>997,220</u>	<u>17</u>	<u>1,952,451</u>	<u>19</u>	<u>1,936,341</u>	<u>19</u>
	Net operating loss	<u>(65,641)</u>	<u>(1)</u>	<u>(128,881)</u>	<u>(2)</u>	<u>(61,227)</u>	<u>(1)</u>	<u>(237,598)</u>	<u>(2)</u>
	Non-operating income and expenses:								
7010	Other income (notes 6(26) and 7)	42,416	1	11,125	-	90,011	1	36,073	-
7020	Other gains and losses, net (notes 6(10),(18) and (27))	16,611	-	(46,119)	(1)	22,254	-	(86,405)	(1)
7050	Finance costs (notes 6(17) and (28))	(35,900)	(1)	(32,578)	-	(66,664)	(1)	(61,218)	-
7100	Interest income (note 6(25))	<u>29,484</u>	<u>1</u>	<u>21,704</u>	<u>-</u>	<u>53,692</u>	<u>1</u>	<u>42,890</u>	<u>-</u>
	Total non-operating income and expenses	<u>52,611</u>	<u>1</u>	<u>(45,868)</u>	<u>(1)</u>	<u>99,293</u>	<u>1</u>	<u>(68,660)</u>	<u>(1)</u>
	Profit (loss) before tax	<u>(13,030)</u>	<u>-</u>	<u>(174,749)</u>	<u>(3)</u>	<u>38,066</u>	<u>-</u>	<u>(306,258)</u>	<u>(3)</u>
7950	Less: Income tax expense (benefit) (note 6(20))	<u>(15,487)</u>	<u>-</u>	<u>(35,665)</u>	<u>(1)</u>	<u>8,347</u>	<u>-</u>	<u>(59,381)</u>	<u>(1)</u>
	Profit (loss)	<u>2,457</u>	<u>-</u>	<u>(139,084)</u>	<u>(2)</u>	<u>29,719</u>	<u>-</u>	<u>(246,877)</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 on remeasurements of defined benefit plans (note 6(21))	-	-	461	-	230	-	874	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (notes 6(21) and (29))	71,426	1	(18,019)	-	150,764	2	(14,592)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(20))	<u>(6,518)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,564)</u>	<u>-</u>	<u>(83)</u>	<u>-</u>
	Components of other comprehensive income (loss) that may not be reclassified subsequently to profit or loss	<u>64,908</u>	<u>1</u>	<u>(17,558)</u>	<u>-</u>	<u>144,430</u>	<u>2</u>	<u>(13,801)</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(21))	<u>13,235</u>	<u>-</u>	<u>(674,837)</u>	<u>(12)</u>	<u>126,440</u>	<u>1</u>	<u>(583,168)</u>	<u>(6)</u>
	Components of other comprehensive income (loss) that may be reclassified subsequently to profit or loss	<u>13,235</u>	<u>-</u>	<u>(674,837)</u>	<u>(12)</u>	<u>126,440</u>	<u>1</u>	<u>(583,168)</u>	<u>(6)</u>
8300	Other comprehensive income (loss), net of income tax	<u>78,143</u>	<u>1</u>	<u>(692,395)</u>	<u>(12)</u>	<u>270,870</u>	<u>3</u>	<u>(596,969)</u>	<u>(6)</u>
8500	Total comprehensive income (loss)	<u>\$ 80,600</u>	<u>1</u>	<u>(831,479)</u>	<u>(14)</u>	<u>300,589</u>	<u>3</u>	<u>(843,846)</u>	<u>(8)</u>
	Profit (loss) attributable to:								
8610	Owners of parent	\$ 7,782	-	(104,709)	(1)	60,957	-	(210,747)	(2)
8620	Non-controlling interests	<u>(5,325)</u>	<u>-</u>	<u>(34,375)</u>	<u>(1)</u>	<u>(31,238)</u>	<u>-</u>	<u>(36,130)</u>	<u>-</u>
		<u>\$ 2,457</u>	<u>-</u>	<u>(139,084)</u>	<u>(2)</u>	<u>29,719</u>	<u>-</u>	<u>(246,877)</u>	<u>(2)</u>
8700	Total comprehensive income (loss) attributable to:								
8710	Owners of parent	\$ 86,653	1	(676,626)	(12)	320,124	3	(702,180)	(7)
8720	Non-controlling interests	<u>(6,053)</u>	<u>-</u>	<u>(154,853)</u>	<u>(2)</u>	<u>(19,535)</u>	<u>-</u>	<u>(141,666)</u>	<u>(1)</u>
		<u>\$ 80,600</u>	<u>1</u>	<u>(831,479)</u>	<u>(14)</u>	<u>300,589</u>	<u>3</u>	<u>(843,846)</u>	<u>(8)</u>
	Earnings (loss) per share (New Taiwan dollars) (note 6(22))								
	Basic earnings (loss) per share	<u>\$ 0.01</u>		<u>(0.19)</u>		<u>0.11</u>		<u>(0.39)</u>	
	Diluted earnings (loss) per share	<u>\$ 0.01</u>		<u>(0.19)</u>		<u>0.11</u>		<u>(0.39)</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ALPHA NETWORKS INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the six months ended June 30, 2026 and 2025
(Expressed in Thousands of New Taiwan Dollars)

	Total other equity interest											
	Retained earnings						Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity interest	Total equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings						
Balance at January 1, 2025	\$ 5,417,185	2,614,277	1,321,375	267,982	382,082	1,971,439	(63,838)	(24,155)	(87,993)	9,914,908	4,067,793	13,982,701
Loss	-	-	-	-	(210,747)	(210,747)	-	-	-	(210,747)	(36,130)	(246,877)
Other comprehensive income (loss)	-	-	-	-	666	666	(477,246)	(14,853)	(492,099)	(491,433)	(105,536)	(596,969)
Total comprehensive loss	-	-	-	-	(210,081)	(210,081)	(477,246)	(14,853)	(492,099)	(702,180)	(141,666)	(843,846)
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	25,086	-	(25,086)	-	-	-	-	-	-	-
Special reserve	-	-	-	(179,989)	179,989	-	-	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(270,859)	(270,859)	-	-	-	(270,859)	-	(270,859)
Donation from shareholders	-	11	-	-	-	-	-	-	-	11	-	11
Cash dividends from capital surplus	-	(270,859)	-	-	-	-	-	-	-	(270,859)	-	(270,859)
Changes in ownership interests in subsidiaries	-	4,778	-	-	-	-	-	-	-	4,778	9,354	14,132
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(199,619)	(199,619)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	494	494
Balance at June 30, 2025	\$ 5,417,185	2,348,207	1,346,461	87,993	56,045	1,490,499	(541,084)	(39,008)	(580,092)	8,675,799	3,736,356	12,412,155
Balance at January 1, 2026	\$ 5,417,185	2,354,126	1,346,461	87,993	76,395	1,510,849	(137,117)	(21,213)	(158,330)	9,123,830	3,915,544	13,039,374
Profit (loss)	-	-	-	-	60,957	60,957	-	-	-	60,957	(31,238)	29,719
Other comprehensive income	-	-	-	-	115	115	114,806	144,246	259,052	259,167	11,703	270,870
Total comprehensive income (loss)	-	-	-	-	61,072	61,072	114,806	144,246	259,052	320,124	(19,535)	300,589
Appropriation and distribution of retained earnings:												
Special reserve	-	-	-	70,337	(70,337)	-	-	-	-	-	-	-
Donation from shareholders	-	12	-	-	-	-	-	-	-	12	-	12
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	-	-	-	-	103,309	103,309	-	(103,309)	(103,309)	-	-	-
Changes in ownership interests in subsidiaries	-	2,480	-	-	-	-	-	-	-	2,480	(2,480)	-
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(189,694)	(189,694)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	7,785	7,785
Balance at June 30, 2026	\$ 5,417,185	2,085,759	1,346,461	158,330	170,439	1,675,230	(22,311)	19,724	(2,587)	9,175,587	3,711,620	12,887,207

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Cash Flows

For the six months ended June 30, 2026 and 2025

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30,	
	2026	2025
Cash flows from operating activities:		
Profit (loss) before tax	\$ 38,066	(306,258)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	246,712	265,442
Amortization expense	125,024	122,348
(Gain on reversal of impairment loss) expected credit loss	(36,527)	27,286
Net gain on financial assets or liabilities at fair value through profit or loss	(42,965)	(4,054)
Interest expense	66,664	61,218
Interest income	(53,692)	(42,890)
Dividend income	(22,040)	(85)
Gain on disposal of property, plant and equipment	(854)	(3,825)
Provisions for inventory obsolescence and devaluation loss	33,426	3,927
Lease modification benefit	(41)	-
Adjustment for other non-cash-related losses, net	33,317	4,612
Total adjustments to reconcile profit or loss	<u>349,024</u>	<u>433,979</u>
Changes in operating assets and liabilities:		
Notes and accounts receivable (including related parties)	1,604,782	177,815
Financial assets mandatorily at fair value through profit or loss	8,655	290
Inventories	(2,833,753)	354,983
Other current assets	(22,530)	(68,782)
Notes and accounts payable (including related parties)	263,508	262,934
Other payables to related parties	(455)	529
Decrease in financial liabilities held for trading	(998)	(23,758)
Other current liabilities	(242,624)	(752,367)
Net defined benefit liability	(8,564)	(1,241)
Other non-current liabilities	(1,410)	(17,402)
Total changes in operating assets and liabilities	<u>(1,233,389)</u>	<u>(66,999)</u>
Total adjustments	<u>(884,365)</u>	<u>366,980</u>

(Continued)

See accompanying notes to consolidated financial statements.

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

ALPHA NETWORKS INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

For the six months ended June 30, 2026 and 2025

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30,	
	2026	2025
Cash flows (used in) generated from operations	\$ (846,299)	60,722
Interest received	52,348	43,191
Dividends received	22,040	85
Interest paid	(67,470)	(60,578)
Income taxes paid	(30,281)	(19,043)
Net cash flows (used in) from operating activities	(869,662)	24,377
Cash flows from investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	168,772	-
Acquisition of financial assets at amortized cost	(3,466)	-
Proceeds from repayments of financial assets at amortized cost	3,362	60,963
Acquisition of financial assets at fair value through profit or loss	-	(49,131)
Acquisition of property, plant and equipment	(49,157)	(58,805)
Proceeds from disposal of property, plant and equipment	932	13,357
Decrease in refundable deposits	30,442	18,364
Acquisition of intangible assets	(52,020)	(39,831)
Acquisition of right-of-use assets	-	(43,370)
Increase in other non-current assets	(45,624)	(986)
Net cash flows from (used in) investing activities	53,241	(99,439)
Cash flows from financing activities:		
Increase in short-term borrowings	4,675,598	4,254,568
Repayments of short-term borrowings	(3,394,294)	(2,827,860)
Proceeds from long-term borrowings	-	125,000
Repayments of long-term borrowings	(80,000)	-
Increase (decrease) in guarantee deposits received	3,565	(5)
Payment of lease liabilities	(22,355)	(18,901)
Donation from shareholders	12	11
Net cash flows from financing activities	1,182,526	1,532,813
Effect of exchange rate changes on cash and cash equivalents	37,095	(247,169)
Net increase in cash and cash equivalents	403,200	1,210,582
Cash and cash equivalents at beginning of period	4,917,583	3,957,279
Cash and cash equivalents at end of period	\$ 5,320,783	5,167,861

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ALPHA NETWORKS INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the six months ended June 30, 2026 and 2025
(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 July 31, 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, 2026:

- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards—Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

- (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, 2027, would not have a significant impact on its consolidated financial statements:

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

ALPHA NETWORKS INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group expects to adopt the following new and amended standards, which are effective for annual period beginning on January 1, 2028:

(i) IFRS 18 “Presentation and Disclosure in Financial Statements”

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.

- A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities.
- Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.
- Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.

The new standard introduces consequential amendments to IAS 7, which require to use the newly defined operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method. Because of the new starting point, some reconciling items will change. The consequential amendments also provide specific guidance on the classification of interest and dividend cash flows.

The Group is evaluating the impact on its consolidated financial statements upon the initial adoption of the new standard.

(ii) Amendments to IAS 28 “The Fair Value Option for Investments in Associates and Joint Ventures”

The Group does not expect the amendments to have a significant impact on its consolidated financial statements.

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

The Group does not expect the following 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 20 “Regulatory Assets and Regulatory Liabilities”

ALPHA NETWORKS INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by the FSC, and do not include all of the information required by the IFRSs, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to as IFRSs endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except as described in the following paragraph, the Group’s significant accounting policies are applied consistently with the consolidated financial statements for the year ended December 31, 2025. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2025.

(2) Basis of consolidation

A. List of subsidiaries in the consolidated financial statements

Name of Investor	Name of Investee	Main Business Activities	Shareholding		
			June 30, 2026	December 31, 2025	June 30, 2025
Alpha	Alpha Solutions Co., Ltd. (Alpha Solutions)	Sale of network equipment, components and technical services	100.00%	100.00%	100.00%
Alpha	Alpha Networks, Inc. (Alpha USA)	Sale, marketing and procurement services in USA	100.00%	100.00%	100.00%
Alpha	Alpha Networks (Hong Kong) Limited (Alpha HK)	Investment holding	100.00%	100.00%	100.00%
Alpha	Alpha Technical Services Inc. (ATS)	Post-sale service	100.00%	100.00%	100.00%
Alpha	Enrich Investment Corporation (Enrich Investment)	Investment holding	100.00%	100.00%	100.00%

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

Name of Investor	Name of Investee	Main Business Activities	Shareholding		
			June 30, 2026	December 31, 2025	June 30, 2025
Alpha	Hitron Technologies Inc. (Hitron Technologies)	Manufacturing, sales, and system integration of telecommunications and communication network products	62.24%	62.24%	62.24%
Alpha	Alpha Networks Vietnam Company Limited (Alpha VN)	Production and sale of network products	100.00%	100.00%	100.00%
Alpha	Alpha Networks (Chengdu) Co., Ltd. (Alpha Chengdu)	Research and development of network products	100.00%	100.00%	100.00%
Alpha	INDIALPHA TECHNET PRIVATE LIMITED (INDIALPHA)	Sale of network products	99.99%	99.99%	99.99%
Alpha	Fiber Logic Communication, Inc. (Fiber Logic) (note 5)	Broadband communication products and service	30.39%	30.39%	31.66%
Alpha	Alpha Networks America, Inc. (note 6)	Production and sale of network products	100.00%	-	-
Alpha HK	Alpha Networks (Changshu) Ltd. (Alpha Changshu)	Production and sale of network products	100.00%	100.00%	100.00%
Alpha Changshu	Mirac Networks (Dongguan) Co., Ltd. (Mirac) (note 4)	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%	100.00%
Enrich Investment	Interactive Digital Technologies Inc. (Interactive Digital) (note 1)	Telecommunication and broadband network system services	5.06%	5.06%	5.06%
Enrich Investment	Aespula Technology INC. (Aespula) (note 2)	Sale of network equipment, components and technical services	98.92%	98.92%	98.92%

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

Name of Investor	Name of Investee	Main Business Activities	Shareholding		
			June 30, 2026	December 31, 2025	June 30, 2025
Enrich Investment	INDIALPHA	Sale of network products	0.01%	0.01%	0.01%
Hitron Technologies	Hitron Technologies (Samoa) Inc. (Hitron Samoa)	International trade	100.00%	100.00%	100.00%
Hitron Technologies	Interactive Digital (note 1)	Telecommunication and broadband network system services	32.82%	32.82%	32.82%
Hitron Technologies	Hitron Technologies Europe Holding B.V. (Hitron Europe)	International trade	100.00%	100.00%	100.00%
Hitron Technologies	Hitron Technologies (America) Inc. (Hitron America)	International trade	100.00%	100.00%	100.00%
Hitron Technologies	Innoauto Technologies Inc. (Innoauto Technologies) (note 3)	Investment and automotive electronics products	-	-	100.00%
Hitron Technologies	Hitron Technologies (Vietnam) Inc. (Hitron Vietnam)	Factory, warehouse and office leases	100.00%	100.00%	100.00%
Hitron Samoa	Hitron Technologies (SIP) Inc. (Hitron Suzhou)	Broadband Telecommunications products, research and development	100.00%	100.00%	100.00%
Hitron Samoa	Jietech Trading (Suzhou) Inc. (Jietech Suzhou)	Sale of broadband network products and related services	100.00%	100.00%	100.00%
Interactive Digital	Hwa Chi Technologies (Shanghai) Inc. (Hwa Chi Technologies)	Technical consultation on electronic communication, technology research and development, maintenance and after-sale service	100.00%	100.00%	100.00%

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

Name of Investor	Name of Investee	Main Business Activities	Shareholding		
			June 30, 2026	December 31, 2025	June 30, 2025
Interactive Digital	Transnet Corporation (Transnet)	System integration service and supply of network communication products and network equipment trading	80.00%	80.00%	80.00%
Interactive Digital	Fiber Logic (note 5)	Broadband communication products and service	5.76%	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 November 20, 2025, Aespula's Board of Directors approved the dissolution. The liquidation process is currently in progress.

Note 3: Innoauto Technologies has completed the liquidation process as of the reporting date.

Note 4: On October 31, 2025, Mirac's Board of Directors approved the dissolution. The liquidation process was completed, and the deregistration procedures were finalized on February 4, 2026.

Note 5: 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: Alpha Networks America, Inc. was established pursuant to a resolution of the Board of Directors on February 25, 2026 and completed its registration on April 21, 2026. As of June 30, 2026, no capital contribution had been made.

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

(3) Employee benefits

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

(4) Income tax

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

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

ALPHA NETWORKS INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRS Accounting Standards (in accordance with IAS 34 endorsed by the FSC) requires management to make judgments 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.

The preparation of the consolidated financial statements, the major sources of accounting judgments, estimations and assumptions of uncertainty are applied consistently with note 5 of the consolidated financial statements for the year ended December 31, 2025.

6. Explanation of significant accounts:

Except as described below, there were no significant changes in the description of significant accounts mentioned in the consolidated financial statements for the year ended December 31, 2025. For other information about the description of significant accounts, please refer to note 6 of the consolidated financial statements for the year ended December 31, 2025.

(1) Cash and cash equivalents

	June 30, 2026	December 31, 2025	June 30, 2025
Petty cash and cash on hand	\$ 1,336	1,325	1,365
Checking and savings accounts	4,295,666	3,442,184	3,360,455
Time deposits	1,023,781	1,094,074	1,656,041
Cash equivalents – repurchase agreements	<u>-</u>	<u>380,000</u>	<u>150,000</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u><u>\$ 5,320,783</u></u>	<u><u>4,917,583</u></u>	<u><u>5,167,861</u></u>

Please refer to note 6(29) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

As of June 30, 2026, December 31 and June 30, 2025, deposits with original maturities for more than three months were \$3,466 thousand, \$3,362 thousand and \$12,391 thousand respectively, and were included in financial assets measured at amortized cost. Please refer to note 6(5).

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

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

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Financial assets mandatorily measured at fair value through profit or loss – current:			
Derivative instruments not used for hedging			
Forward exchange contracts	\$ 614	6,247	314
Foreign exchange swaps	861	2,408	17,009
Financial assets measured at fair value through profit or loss – current:			
Non-derivative financial assets			
Stocks listed on domestic markets	4,385	4,400	4,431
Total	<u>\$ 5,860</u>	<u>13,055</u>	<u>21,754</u>
Financial assets measured at fair value through profit or loss – non current:			
Non-derivative financial assets			
Unlisted stocks	\$ 48,508	47,868	43,950
Funds	138,450	87,117	45,365
Total	<u>\$ 186,958</u>	<u>134,985</u>	<u>89,315</u>
Financial liabilities held for trading – current:			
Forward exchange contracts	\$ 845	68	264
Foreign exchange swaps	9,623	930	98
Total	<u>\$ 10,468</u>	<u>998</u>	<u>362</u>

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

	<u>June 30, 2026</u>			
	<u>Nominal principal (in thousands)</u>		<u>Currency</u>	<u>Maturity date</u>
Forward exchange contracts	USD	25,000	USD to CNY	July 2026
Foreign exchange swaps	CNY	10,000	NTD to CNY	July 2026
Foreign exchange swaps	USD	31,000	USD to NTD	July 2026

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

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

June 30, 2025				
	Nominal principal (in thousands)		Currency	Maturity date
Forward exchange contracts	USD	14,750	USD to CNY	July 2025~August 2025
Forward exchange contracts	USD	1,200	USD to VND	July 2025
Foreign exchange swaps	CNY	10,000	NTD to CNY	July 2025
Foreign exchange swaps	USD	49,000	USD to NTD	July 2025

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

	June 30, 2026	December 31, 2025	June 30, 2025
Notes and accounts receivable	\$ 3,116,265	4,639,815	3,626,130
Less: loss allowances	(35,353)	(71,523)	(40,308)
	<u>\$ 3,080,912</u>	<u>4,568,292</u>	<u>3,585,822</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.

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

	June 30, 2026		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 2,787,912	0.00%	-
Less than 90 days past due	293,002	0.00%	2
More than 181 days past due	101,882	100.00%	101,882
	<u>\$ 3,182,796</u>		<u>101,884</u>

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

	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

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

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

	For the six months ended June 30,	
	2026	2025
Balance at January 1	\$ 138,411	79,994
Impairment loss (gain on reversal of impairment loss)	(36,527)	27,286
Effect of changes in exchange rates	-	(84)
Balance at June 30	\$ 101,884	107,196

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

(4) Inventories

	June 30, 2026	December 31, 2025	June 30, 2025
Raw materials	\$ 4,987,134	3,719,396	3,511,998
Work in progress and semi-finished products	540,652	526,602	417,547
Finished goods and merchandises	2,411,708	1,987,605	1,700,241
Consignment and project inventory	1,682,967	524,625	642,356
	\$ 9,622,461	6,758,228	6,272,142

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

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

The components of operating cost were as below:

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Cost of goods sold	\$ 4,248,874	4,821,501	8,555,473	8,515,496
Provision for inventory obsolescence and devaluation loss	1,219	4,168	33,426	3,927
	\$ 4,250,093	4,825,669	8,588,899	8,519,423

As of June 30, 2026, December 31 and June 30, 2025, the Group's inventories were not pledged.

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

	June 30, 2026	December 31, 2025	June 30, 2025
Current:			
Time deposits	\$ 3,466	3,362	12,391
Restricted deposits	4,012	-	-
	\$ 7,478	3,362	12,391
Non-current:			
Restricted deposits	\$ 34,509	25,645	22,189
Refundable deposits	131,009	161,448	167,359
Overdue receivables	66,531	66,888	66,888
Less: loss allowances	(66,531)	(66,888)	(66,888)
	\$ 165,518	187,093	189,548

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

As of June 30, 2026, December 31 and June 30, 2025, the Group held bank time deposits with variable interest rates, and the average interest rates ranged were between 0.2%~7.40%, 0.2%~4.33% and 0.1%~4.38%, respectively.

For the pledged asset of restricted deposits and refundable deposits, please refer to note 8.

(6) Financial assets at fair value through other comprehensive income — current and non-current

	June 30, 2026	December 31, 2025	June 30, 2025
Current :			
Domestic unlisted stocks	\$ 66,371	-	-
Non-current :			
Domestic unlisted stocks	\$ -	90,897	96,119

ALPHA NETWORKS INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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.

A resolution was approved during Alpha's board meeting held on February 25, 2026 for the Company to dispose of the entire shareholding in Rapidtek on the Emerging Stock Market within ten months from that date, and accordingly the investment has been reclassified as a current asset. Furthermore, during the six months ended June 30, 2026, the Group disposed of certain equity investments measured at fair value through other comprehensive income at proceeds of NT\$168,772 thousand. The cumulative gain on disposal amounted to NT\$103,309 thousand, which has been transferred from other equity to retained earnings.

As of June 30, 2026, December 31 and June 30, 2025, the Group's financial assets above were not pledged.

(7) Material non-controlling interests of subsidiaries

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

Subsidiaries	Main operation place	Percentage of non-controlling interests		
		June 30, 2026	December 31, 2025	June 30, 2025
Hitron Technologies	Taiwan	37.76%	37.76%	37.76%

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

Hitron Technologies and its subsidiaries' collective financial information:

	June 30, 2026	December 31, 2025	June 30, 2025
Current assets	\$ 9,709,154	8,866,618	8,355,999
Non-current assets	3,172,810	3,260,000	3,311,615
Current liabilities	(5,478,170)	(4,492,153)	(4,097,699)
Non-current liabilities	(317,550)	(398,941)	(556,013)
Net assets	<u>\$ 7,086,244</u>	<u>7,235,524</u>	<u>7,013,902</u>
Net assets of non-controlling interests	<u>\$ 1,351,811</u>	<u>1,535,160</u>	<u>1,416,409</u>
Net assets of investees	<u>\$ 5,734,433</u>	<u>5,700,364</u>	<u>5,597,493</u>
Book value of non-controlling interests	<u>\$ 3,247,659</u>	<u>3,404,370</u>	<u>3,255,294</u>

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

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Operating revenue	<u>\$ 2,044,194</u>	<u>2,392,703</u>	<u>4,119,381</u>	<u>4,288,481</u>
Profit (loss)	\$ 10,597	(60,284)	24,810	(68,768)
Other comprehensive income	(2,039)	(317,813)	30,606	(278,466)
Total comprehensive income	<u>\$ 8,558</u>	<u>(378,097)</u>	<u>55,416</u>	<u>(347,234)</u>
Profit (loss) attributable to non-controlling interests	<u>\$ 8,616</u>	<u>(31,821)</u>	<u>21,000</u>	<u>(62,203)</u>
Total comprehensive income (loss), attributable to non-controlling interests	<u>\$ 7,889</u>	<u>(201,746)</u>	<u>32,704</u>	<u>(195,612)</u>
Net cash flows from (used in) operating activities			\$ 125,891	(154,835)
Net cash flows from investing activities			1,859	15,395
Net cash flows (used in) from financing activities			(24,635)	1,045,198
Effect of exchange rate changes on cash and cash equivalents			(31,244)	(1,033)
Net increase in cash and cash equivalents			<u>\$ 71,871</u>	<u>904,725</u>
Dividends paid to non-controlling interests			<u>\$ 189,694</u>	<u>185,584</u>

(8) Property, plant and equipment

	Land	Building	Machinery and equipment	Office, transportation and other facilities	Total
Cost:					
Balance at January 1, 2026	\$ 880,689	3,984,860	2,465,205	549,296	7,880,050
Additions	-	5,522	33,965	9,670	49,157
Disposals	-	(1,402)	(3,919)	(10,058)	(15,379)
Effect of changes in exchange rates and others	9,862	70,074	45,532	10,101	135,569
Balance at June 30, 2026	<u>\$ 890,551</u>	<u>4,059,054</u>	<u>2,540,783</u>	<u>559,009</u>	<u>8,049,397</u>
Balance at January 1, 2025	\$ 883,522	4,719,247	2,567,765	491,459	8,661,993
Additions	-	4,277	30,916	23,612	58,805
Disposals	-	(163)	(50,269)	(4,422)	(54,854)
Reclassification to investment property	-	(654,521)	-	-	(654,521)
Effect of changes in exchange rates and others	1,697	(309,227)	(154,535)	(20,712)	(482,777)
Balance at June 30, 2025	<u>\$ 885,219</u>	<u>3,759,613</u>	<u>2,393,877</u>	<u>489,937</u>	<u>7,528,646</u>
Depreciation and impairment loss:					
Balance at January 1, 2026	\$ -	1,967,801	1,807,408	372,401	4,147,610
Depreciation	-	76,195	111,910	31,710	219,815
Disposals	-	(1,402)	(3,846)	(10,053)	(15,301)
Effect of changes in exchange rates and others	-	53,288	39,933	7,374	100,595
Balance at June 30, 2026	<u>\$ -</u>	<u>2,095,882</u>	<u>1,955,405</u>	<u>401,432</u>	<u>4,452,719</u>

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	Land	Building	Machinery and equipment	Office, transportation and other facilities	Total
Balance at January 1, 2025	\$ -	2,025,216	1,746,322	325,264	4,096,802
Depreciation	-	95,501	111,000	29,569	236,070
Disposals	-	(163)	(40,820)	(4,339)	(45,322)
Reclassification to investment property	-	(197,882)	-	-	(197,882)
Effect of changes in exchange rates and others	-	(131,871)	(104,988)	(17,337)	(254,196)
Balance at June 30, 2025	<u>\$ -</u>	<u>1,790,801</u>	<u>1,711,514</u>	<u>333,157</u>	<u>3,835,472</u>
Carrying amounts:					
Balance at January 1, 2026	<u>\$ 880,689</u>	<u>2,017,059</u>	<u>657,797</u>	<u>176,895</u>	<u>3,732,440</u>
Balance at June 30, 2026	<u>\$ 890,551</u>	<u>1,963,172</u>	<u>585,378</u>	<u>157,577</u>	<u>3,596,678</u>
Balance at January 1, 2025	<u>\$ 883,522</u>	<u>2,694,031</u>	<u>821,443</u>	<u>166,195</u>	<u>4,565,191</u>
Balance at June 30, 2025	<u>\$ 885,219</u>	<u>1,968,812</u>	<u>682,363</u>	<u>156,780</u>	<u>3,693,174</u>

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

As of June 30, 2026, December 31 and June 30, 2025, the Group's property, plant and equipment were not pledged.

(9) 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:

	Land	Buildings	Transportation and other equipment	Total
Cost:				
Balance at January 1, 2026	\$ 470,455	201,335	13,273	685,063
Additions	-	3,291	1,856	5,147
Disposals	-	(24,608)	(1,209)	(25,817)
Effect of changes in exchange rates and others	6,149	1,524	-	7,673
Balance at June 30, 2026	<u>\$ 476,604</u>	<u>181,542</u>	<u>13,920</u>	<u>672,066</u>
Balance at January 1, 2025	\$ 612,153	174,344	16,141	802,638
Additions	-	41,081	2,289	43,370
Disposals	-	(5,916)	(5,393)	(11,309)
Reclassification to investment property	(122,810)	-	-	(122,810)
Effect of changes in exchange rates and others	(38,192)	(13,300)	-	(51,492)
Balance at June 30, 2025	<u>\$ 451,151</u>	<u>196,209</u>	<u>13,037</u>	<u>660,397</u>

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	<u>Land</u>	<u>Buildings</u>	<u>Transportation and other equipment</u>	<u>Total</u>
Depreciation:				
Balance at January 1, 2026	\$ 77,087	89,745	5,889	172,721
Depreciation	6,559	18,508	1,830	26,897
Disposals	-	(15,644)	(1,209)	(16,853)
Effect of changes in exchange rates and others	1,108	722	-	1,830
Balance at June 30, 2026	<u>\$ 84,754</u>	<u>93,331</u>	<u>6,510</u>	<u>184,595</u>
Balance at January 1, 2025	\$ 82,947	60,780	8,797	152,524
Depreciation	7,979	19,538	1,855	29,372
Disposals	-	(5,916)	(5,393)	(11,309)
Reclassification to investment property	(18,396)	-	-	(18,396)
Effect of changes in exchange rates and others	(4,283)	(4,285)	-	(8,568)
Balance at June 30, 2025	<u>\$ 68,247</u>	<u>70,117</u>	<u>5,259</u>	<u>143,623</u>
Carrying amount:				
Balance at January 1, 2026	<u>\$ 393,368</u>	<u>111,590</u>	<u>7,384</u>	<u>512,342</u>
Balance at June 30, 2026	<u>\$ 391,850</u>	<u>88,211</u>	<u>7,410</u>	<u>487,471</u>
Balance at January 1, 2025	<u>\$ 529,206</u>	<u>113,564</u>	<u>7,344</u>	<u>650,114</u>
Balance at June 30, 2025	<u>\$ 382,904</u>	<u>126,092</u>	<u>7,778</u>	<u>516,774</u>

As of June 30, 2026, December 31 and June 30, 2025, the Group's right-of-use assets were not pledged.

(10) Investment Property

	<u>Owned property Building</u>	<u>Right-of-use assets Land</u>	<u>Total</u>
Cost:			
Balance at January 1, 2026	\$ 675,002	129,073	804,075
Disposals	(1,069)	-	(1,069)
Effect of changes in exchange rates	8,441	1,586	10,027
Balance at June 30, 2026	<u>\$ 682,374</u>	<u>130,659</u>	<u>813,033</u>
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	(5,634)	(2,484)	(8,118)
Balance at June 30, 2025	<u>\$ 648,887</u>	<u>120,326</u>	<u>769,213</u>

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	<u>Owne property Building</u>	<u>Right-of-use assets Land</u>	<u>Total</u>
Depreciation:			
Balance at January 1, 2026	\$ 222,880	21,240	244,120
Depreciation	23,895	1,636	25,531
Disposals	(1,069)	-	(1,069)
Effect of changes in exchange rates	3,021	279	3,300
Balance at June 30, 2026	<u>\$ 248,727</u>	<u>23,155</u>	<u>271,882</u>
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	4,352	260	4,612
Effect of changes in exchange rates	16	(379)	(363)
Balance at June 30, 2025	<u>\$ 202,250</u>	<u>18,277</u>	<u>220,527</u>
Carrying amount:			
Balance at January 1, 2026	<u>\$ 452,122</u>	<u>107,833</u>	<u>559,955</u>
Balance at June 30, 2026	<u>\$ 433,647</u>	<u>107,504</u>	<u>541,151</u>
Balance at June 30, 2025	<u>\$ 446,637</u>	<u>102,049</u>	<u>548,686</u>
Fair value:			
Balance at June 30, 2026			<u>\$ 816,316</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(18).

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

As of June 30, 2026 and 2025, the Group's investment properties were not pledged.

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(11) Intangible assets

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

	<u>Core Technology</u>	<u>Brand Name</u>	<u>Customer relationship</u>	<u>Goodwill</u>	<u>Software application and others</u>	<u>Total</u>
Carrying amount						
Balance at January 1, 2026	\$ <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 June 30, 2026	\$ <u>185,568</u>	<u>212,408</u>	<u>110,264</u>	<u>863,419</u>	<u>69,686</u>	<u>1,441,345</u>
Balance at January 1, 2025	\$ <u>226,878</u>	<u>270,487</u>	<u>176,422</u>	<u>863,419</u>	<u>135,615</u>	<u>1,672,821</u>
Balance at June 30, 2025	\$ <u>202,618</u>	<u>251,119</u>	<u>154,369</u>	<u>863,419</u>	<u>118,223</u>	<u>1,589,748</u>

There were no significant additions, disposal or recognition and reversal of impairment losses of the intangible assets for the six months ended June 30, 2026 and 2025. Please refer to note 12 of the amortization. Please refer to note 6(13) of the consolidated financial statements for the year ended December 31, 2025 for other related information.

As of June 30, 2026, December 31 and June 30, 2025, the Group's intangible assets were not pledged.

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

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

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Prepayments for construction and equipment	\$ 30,031	12,403	37,906
Business tax receivable	157,530	120,939	88,222
Income tax receivable	69,753	56,433	55,314
Advance payment	89,354	45,688	66,442
Other receivables (including related parties)	424,052	503,959	457,031
Prepaid expenses	110,277	114,628	117,603
Others	34,997	21,700	35,233
	<u>\$ 915,994</u>	<u>875,750</u>	<u>857,751</u>
Other current assets	\$ 868,063	853,846	811,780
Other non-current assets	47,931	21,904	45,971
	<u>\$ 915,994</u>	<u>875,750</u>	<u>857,751</u>

(13) Short-term borrowings

	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Unsecured bank loans	\$ <u>3,822,892</u>	<u>2,546,960</u>	<u>2,815,363</u>
Unused short-term credit lines	\$ <u>20,704,690</u>	<u>16,457,933</u>	<u>15,312,026</u>
Range of interest rates	<u>1.85%~5.01%</u>	<u>1.81%~7.00%</u>	<u>3.3~7.69%</u>

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

June 30, 2026				
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	NTD	1.88%	2026 (note)	\$ 60,000
	NTD	2.09%	2026 (note)	240,000
	NTD	1.88%	2027 (note)	<u>240,000</u>
Subtotal				540,000
Less: current portion				<u>(360,000)</u>
Total				\$ 180,000
Unused long-term credit lines				\$ -

December 31, 2025				
	Currency	Rate	Maturity year	Amount
Unsecured bank loans	NTD	1.88%	2026 (note)	\$ 60,000
	NTD	2.09%	2026 (note)	320,000
	NTD	1.88%	2027 (note)	<u>240,000</u>
Subtotal				620,000
Less: current portion				<u>(380,000)</u>
Total				\$ 240,000
Unused long-term credit lines				\$ -

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

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 contract with KGI Bank in 2023. The financial commitments were as follows.

- A. Current ratio (current assets/current liabilities) was no less than 100%.
- B. Debt ratio (total liabilities/net value) was no more than 150%.
- C. (Cash and cash equivalents + yearly EBITDA)/(short-term borrowings + medium or long-term borrowings within one year) was no less than one.

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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 June 30, 2026, there have been no breaches of the aforementioned financial commitments by the Group.

(15) Provisions

The provision for warranties relates mainly to network product sold. 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.

There were no significant additions, disposal of the provisions for the six months ended June 30, 2026 and 2025. Please refer to note 6(17) of the consolidated financial statements for the year ended December 31, 2025 for other related information.

(16) Other current liabilities

	June 30, 2026	December 31, 2025	June 30, 2025
Payroll and bonus payable	\$ 543,904	706,654	550,760
Lease liabilities-current (note 6(17))	35,431	42,144	41,650
Other payables to related parties (note 7)	700	1,155	4,512
Temporary receipts	98,255	67,550	20,324
Business tax payable	27,804	50,168	15,683
Others	41,638	125,064	38,912
	<u>\$ 747,732</u>	<u>992,735</u>	<u>671,841</u>

(17) Lease liabilities

	June 30, 2026	December 31, 2025	June 30, 2025
Current (included in other current liabilities)	\$ 35,431	42,144	41,650
Non-current	254,140	273,641	290,809
	<u>\$ 289,571</u>	<u>315,785</u>	<u>332,459</u>

For the maturity analysis, please refer to note 6(29).

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The amounts recognized in profit or loss were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Interest expense on lease liabilities	\$ <u>2,336</u>	<u>2,503</u>	<u>4,747</u>	<u>5,116</u>
Expenses relating to short-term leases and leases of low-value assets	\$ <u>7,503</u>	<u>9,876</u>	<u>15,430</u>	<u>18,896</u>

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

	For the six months ended June 30,	
	2026	2025
Total cash outflow for leases	\$ <u>42,532</u>	<u>42,913</u>

A. Real estate leases

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

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

B. Other leases

The Group leases office facilities, transportation equipment, and other assets, with lease terms ranging from 2 to 7 years. In some cases, the Group has options to purchase the assets at the end of the contract term; in other cases, it guarantees the residual value of the leased assets at the end of the contract term.

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

(18) 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(10).

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

	June 30, 2026	December 31, 2025	June 30, 2025
Less than one year	\$ 89,764	87,831	78,324
One to two years	93,804	91,784	81,848
Above two years	-	46,902	85,532
Total undiscounted lease payments	<u><u>\$ 183,568</u></u>	<u><u>226,517</u></u>	<u><u>245,704</u></u>

For the three months and six months ended June 30, 2026 and 2025, the rental income generated from investment properties was amounted to \$22,516 thousand, \$0 thousand, \$45,037 thousand and \$0 thousand, respectively.

(19) Employee benefits

A. Defined benefit plans

Given that there were no significant market fluctuations since that time no significant curtailments, settlements, or other significant one-off event in the prior fiscal year, pension costs in the financial statements are measured and disclosed according to the actuarial results determined on December 31, 2025 and 2024.

The pension costs under benefit plans amounted \$302 thousand, \$430 thousand, \$607 thousand and \$905 thousand for the three months and six months ended June 30, 2026 and 2025, respectively.

B. Defined contribution plans

The pension costs under defined contribution plans amounted to \$43,108 thousand, \$40,265 thousand, \$86,561 thousand and \$81,389 thousand for the three months and six months ended June 30, 2026 and 2025, respectively.

(20) Income taxes

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

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

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Current income tax expense (benefit)				
Current period	<u><u>\$ (15,487)</u></u>	<u><u>(35,665)</u></u>	<u><u>8,347</u></u>	<u><u>(59,381)</u></u>

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The amount of income tax expense (benefit) recognized in other comprehensive income were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Components of other comprehensive income that may not be reclassified subsequently to profit or loss				
Gains on remeasurements of defined benefit plans	\$ -	-	46	83
Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	6,518	-	6,518	-
	<u>\$ 6,518</u>	<u>-</u>	<u>6,564</u>	<u>83</u>

As of June 30, 2026, Alpha's tax returns for the years through 2024 have been assessed by the National Tax Administration.

(21) Capital and other equity

Except as described in the following paragraph, there were no significant changes in the Group's capital and other equity interest for the six months ended June 30, 2026 and 2025. For related information about the shareholders' equity, please refer to note 6(23) of the consolidated financial statements for the year ended December 31, 2025.

A. Ordinary share capital

As of June 30, 2026, December 31 and June 30, 2025, the authorized capital of Alpha amounted to \$8,000,000 thousand of which included the amount of \$500,000 thousand reserved for employee share options; the issued capital amounted to \$5,417,185 thousand.

B. Capital surplus

The balances of capital surplus were as follows:

	June 30, 2026	December 31, 2025	June 30, 2025
Capital surplus – premium	\$ 1,949,943	2,220,802	2,220,802
Difference between consideration and carrying amount arising from acquisition or disposal of shares of subsidiaries	3,089	3,089	-
Ownership interest in subsidiaries	117,700	115,220	112,390
Others	15,027	15,015	15,015
	<u>\$ 2,085,759</u>	<u>2,354,126</u>	<u>2,348,207</u>

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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 as 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 capital surplus in excess of par value should not exceed 10% of the total common stock outstanding per year.

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 will 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 surplus for the fiscal year 2025. Related information will be available at the Market Observation Post System website.

C. Retained earnings

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

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

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D. Earnings distribution

Earnings and deficit compensation of 2025 was approved by the Board of Directors and shareholders meeting on February 25 and May 26, 2026, respectively. The compensation and appropriations were as follow:

	Earnings and deficit compensation
Special reserve	\$ 70,337

The above-mentioned earnings and deficit compensation of 2025 was consistent with the resolutions approved by the Board of Directors on February 25, 2026.

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

	Earnings Distribution	Dividends per Share (New Taiwan dollars)
Legal reserve	\$ 25,086	
Reversal of special reserve	(179,989)	
Cash dividends	270,859	0.50
	\$ 115,956	

The above-mentioned earnings distribution of 2024 was consistent with the resolutions approved by the Board of Directors on February 27, 2025.

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

E. Other equity and non-controlling interest

	Differences on translation of foreign operation financial statements	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	Non-controlling interests	Total
Balance at January 1, 2026	\$ (137,117)	(21,213)	3,915,544	3,757,214
Differences on translation of foreign operation financial statements	114,806	-	11,634	126,440
Remeasurements of defined benefit plans	-	-	69	69
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	144,246	-	144,246
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(103,309)	-	(103,309)
Changes in ownership interests in subsidiaries	-	-	(2,480)	(2,480)
Distribution of cash dividend by subsidiaries	-	-	(189,694)	(189,694)
Changes in non-controlling interests	-	-	(23,453)	(23,453)
Balance at June 30, 2026	\$ (22,311)	19,724	3,711,620	3,709,033

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

(22) Earnings per share

A. Basic earnings per share

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Profit (loss) attributable to Alpha's ordinary shareholders	<u>\$ 7,782</u>	<u>(104,709)</u>	<u>60,957</u>	<u>(210,747)</u>
Weighted-average number of shares outstanding (in thousands of shares)	<u>541,719</u>	<u>541,719</u>	<u>541,719</u>	<u>541,719</u>
Basic earnings (loss) per share (NTD)	<u>\$ 0.01</u>	<u>(0.19)</u>	<u>0.11</u>	<u>(0.39)</u>

B. Diluted earnings per share

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Profit (loss) attributable to Alpha's ordinary shareholders	<u>\$ 7,782</u>	<u>(104,709)</u>	<u>60,957</u>	<u>(210,747)</u>
Weighted-average number of shares outstanding (in thousands of shares) (basic)	541,719	541,719	541,719	541,719
Effect of employee remuneration in shares	<u>151</u>	<u>-</u>	<u>151</u>	<u>-</u>
Weighted-average number of shares outstanding (in thousands of shares) (diluted)	<u>541,870</u>	<u>541,719</u>	<u>541,870</u>	<u>541,719</u>
Diluted earnings (loss) per share (NTD)	<u>\$ 0.01</u>	<u>(0.19)</u>	<u>0.11</u>	<u>(0.39)</u>

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(23) Revenues

A. The details of revenues were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Primary geographical markets:				
United States	\$ 1,888,308	3,159,448	4,471,601	6,011,345
Taiwan	864,319	1,150,539	1,714,669	1,899,163
Netherlands	862,187	19,363	1,554,321	48,183
Others	<u>1,550,761</u>	<u>1,364,658</u>	<u>2,739,532</u>	<u>2,259,475</u>
	<u>\$ 5,165,575</u>	<u>5,694,008</u>	<u>10,480,123</u>	<u>10,218,166</u>
Major products/services lines:				
LAN/MAN	\$ 2,017,816	2,123,613	4,072,002	3,784,833
Wireless Broadband	2,162,437	2,651,190	4,596,759	4,754,614
Digital Multimedia	337,959	416,286	695,916	736,086
Others	<u>647,363</u>	<u>502,919</u>	<u>1,115,446</u>	<u>942,633</u>
	<u>\$ 5,165,575</u>	<u>5,694,008</u>	<u>10,480,123</u>	<u>10,218,166</u>

B. Contract balances

	June 30, 2026	December 31, 2025	June 30, 2025
Notes and Accounts receivable (including related parties)	<u>\$ 3,080,912</u>	<u>4,568,292</u>	<u>3,585,822</u>
Contract liabilities	<u>\$ 763,029</u>	<u>690,523</u>	<u>937,780</u>

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

The amounts of revenue recognized for the six months ended June 30, 2026 and 2025 that were included in the contract liabilities balance at the beginning of the period were \$322,441 thousand and \$544,704 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.

ALPHA NETWORKS INC. AND SUBSIDIARIES

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(24) 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.

For the three months and six months ended June 30, 2026 and 2025, Alpha accrued and recognized (reversed) its remuneration to employees amounting to \$(1,958) thousand, \$0 thousand, \$5,135 thousand and \$0 thousand, respectively, and the remuneration to directors' amounting to \$(147) thousand, \$0 thousand, \$385 thousand and \$0 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.

For the year ended 2025 and 2024, Alpha accrued and recognized its remuneration to employees amounting to \$0 thousand and \$30,968 thousand respectively; remuneration to directors amounting to \$0 thousand and \$2,323 thousand respectively. The above-mentioned remuneration was distributed in cash and was consisted with the resolution from the Board of Directors, and the related information would be available at the Market Observation Post System website.

(25) Interest income

The details of the Group's interest income of 2026 and 2025 were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Interest income from bank deposits and others	\$ <u>29,484</u>	<u>21,704</u>	<u>53,692</u>	<u>42,890</u>

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(26) Other income

The details of the Group's other income of 2026 and 2025 were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Dividend income	\$ -	85	22,040	85
Government grants income	138	7,089	162	13,134
Rental income	22,988	477	45,977	930
Others	19,290	3,474	21,832	21,924
	<u>\$ 42,416</u>	<u>11,125</u>	<u>90,011</u>	<u>36,073</u>

(27) Other gains and losses

The details of the Group's other gains and losses of 2026 and 2025 were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Gains on financial assets at fair value through profit or loss, net	\$ 54,181	176,215	50,884	123,315
Foreign exchange gains (losses), net	(22,518)	(208,362)	2,604	(197,070)
Other losses, net	(15,052)	(13,972)	(31,234)	(12,650)
	<u>\$ 16,611</u>	<u>(46,119)</u>	<u>22,254</u>	<u>(86,405)</u>

(28) Finance costs

The details of the Group's finance costs of 2026 and 2025 were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Interest expense of borrowings, etc.	\$ 33,564	30,075	61,917	56,102
Interest expense of lease liabilities	2,336	2,503	4,747	5,116
	<u>\$ 35,900</u>	<u>32,578</u>	<u>66,664</u>	<u>61,218</u>

(29) Financial instruments

Except as described in the following paragraph, there were no significant changes in the Group's fair value of financial instruments exposed to credit risk, and market risk. For related information about the fair value on financial instruments, please refer to note 6(31) of the consolidated financial statements for the year ended December 31, 2025.

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

A. Credit risk

(a) Credit risk exposure

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

(b) Concentration of credit risk

The major customers of the Group are centralized in the networking related industries. The Group generally sets credit limits to its customers according to their credit evaluations. Therefore, the credit risk of the Group is mainly influenced by the networking industry. As of June 30, 2026, December 31 and June 30, 2025, 49%, 55% and 62%, 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.

B. Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1 to 5 years</u>	<u>More than 5 years</u>
June 30, 2026					
Non-derivative financial liabilities					
Short-term borrowings	\$ 3,822,892	(3,871,651)	(3,871,651)	-	-
Accounts payable (including related parties)	5,281,321	(5,281,321)	(5,281,321)	-	-
Other payables to related parties (included in other current liabilities)	700	(700)	(700)	-	-
Accrued expenses	389,821	(389,821)	(389,821)	-	-
Dividends payable	460,553	(460,553)	(460,553)	-	-
Lease liabilities	289,571	(325,147)	(48,299)	(127,605)	(149,243)
Long-term borrowings (including maturity within 1 year)	540,000	(548,225)	(366,949)	(181,276)	-
Derivative financial liabilities					
Forward exchange contracts:					
Outflows	845	(795,978)	(795,978)	-	-
Inflows	(614)	795,747	795,747	-	-
Foreign exchange swaps:					
Outflows	9,623	(1,032,664)	(1,032,664)	-	-
Inflows	(861)	1,023,902	1,023,902	-	-
	<u>\$ 10,793,851</u>	<u>(10,886,411)</u>	<u>(10,428,287)</u>	<u>(308,881)</u>	<u>(149,243)</u>

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	Carrying amount	Contractual cash flows	Within 1 year	1 to 5 years	More than 5 years
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 exchanges 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>
June 30, 2025					
Non-derivative financial liabilities					
Short-term borrowings	\$ 2,815,363	(2,858,992)	(2,858,992)	-	-
Accounts payable (including related parties)	3,483,633	(3,483,633)	(3,483,633)	-	-
Other payables to related parties (included in other current liabilities)	4,512	(4,512)	(4,512)	-	-
Accrued expenses	422,926	(422,926)	(422,926)	-	-
Dividends payable	741,337	(741,337)	(741,337)	-	-
Lease liabilities	332,459	(355,919)	(44,602)	(135,720)	(175,597)
Long-term borrowings (including maturity within 1 year)	580,000	(597,473)	(170,682)	(426,791)	-
Derivative financial liabilities					
Forward exchange contracts:					
Outflows	264	(467,235)	(467,235)	-	-
Inflows	(314)	467,285	467,285	-	-
Foreign exchange swaps:					
Outflows	98	(1,476,689)	(1,476,689)	-	-
Inflows	(17,009)	1,493,600	1,493,600	-	-
	<u>\$ 8,363,269</u>	<u>(8,447,831)</u>	<u>(7,709,723)</u>	<u>(562,511)</u>	<u>(175,597)</u>

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C. Currency risk

(a) Exposure to currency risk

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

	June 30, 2026			December 31, 2025			June 30, 2025		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 386,161	31.85	12,299,239	339,050	31.43	10,656,334	402,198	29.3	11,784,390
CNY	6,330	4.6929	29,705	7,524	4.4952	33,820	8,279	4.0891	33,854
<u>Non-Monetary items</u>									
USD	1,523	31.85	48,508	1,523	31.43	47,868	1,500	29.3	43,950
USD	18,000	31.85	Note	57,000	31.43	Note	61,000	29.3	Note
CNY	10,000	4.6929	Note	10,000	4.4952	Note	-	-	-
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	321,658	31.85	10,244,820	335,609	31.43	10,548,180	325,895	29.3	9,548,729
CNY	14,402	4.6929	67,586	17,580	4.4952	79,026	16,162	4.0891	66,088
<u>Non-Monetary items</u>									
USD	38,000	31.85	Note	5,900	31.43	Note	3,950	29.3	Note
CNY	-	-	Note	-	-	-	10,000	4.0891	-

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 resulting 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 June 30, 2026 and 2025, would have decreased or increased the profit (loss) before income tax by \$20,165 thousand and \$22,034 thousand, respectively. The analysis assumed that all other variables remain constant, and was 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 three months and six months ended June 30, 2026 and 2025, foreign exchange gains (losses) (including realized and unrealized portions) amounted to \$(22,518) thousand, \$(208,362) thousand, \$2,604 thousand and \$(197,070) thousand, respectively.

D. Interest rate analysis

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

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If the interest rate had increased or decreased by 0.25%, the Group's profit before tax would have increased or decreased by \$10,907 thousand and \$8,488 thousand, respectively for the six months ended June 30, 2026 and 2025 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 six months ended June 30, 2026 and 2025, the sensitivity analyses for the changes in securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

Prices of securities at the reporting date	For the six months ended June 30,	
	2026	2025
Financial assets at fair value through profit or loss		
Increasing 5%	\$ <u>9,567</u>	<u>4,687</u>
Decreasing 5%	\$ <u>(9,567)</u>	<u>(4,687)</u>
Financial assets at fair value through other comprehensive income		
Increasing 5%	\$ <u>3,319</u>	<u>4,806</u>
Decreasing 5%	\$ <u>(3,319)</u>	<u>(4,806)</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.

	June 30, 2026				
	Carrying amount	Fair Value			
		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 – current and non-current	\$ <u>191,343</u>	<u>4,385</u>	<u>-</u>	<u>186,958</u>	<u>191,343</u>
Financial assets mandatorily at fair value through profit or loss – derivative	\$ <u>1,475</u>	<u>-</u>	<u>1,475</u>	<u>-</u>	<u>1,475</u>
Current financial assets at fair value through other comprehensive income	\$ <u>66,371</u>	<u>-</u>	<u>-</u>	<u>66,371</u>	<u>66,371</u>

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		June 30, 2026			
		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>10,468</u>	<u>-</u>	<u>10,468</u>	<u>-</u>	<u>10,468</u>
		December 31, 2025			
		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 – 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>
Financial liabilities measured at fair value under repetitive basis					
Financial liabilities at fair value through profit or loss – derivative	\$ <u>998</u>	<u>-</u>	<u>998</u>	<u>-</u>	<u>998</u>
		June 30, 2025			
		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 – current and non-current	\$ <u>93,746</u>	<u>4,431</u>	<u>-</u>	<u>89,315</u>	<u>93,746</u>
Financial assets mandatorily at fair value through profit or loss – derivative	\$ <u>17,323</u>	<u>-</u>	<u>17,323</u>	<u>-</u>	<u>17,323</u>
Non-current financial assets at fair value through other comprehensive income	\$ <u>96,119</u>	<u>-</u>	<u>-</u>	<u>96,119</u>	<u>96,119</u>

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		June 30, 2025				
		Carrying amount	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value under repetitive basis						
Financial liabilities at fair value through profit or loss—derivative		\$ 362	-	362	-	362

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

i. Non-derivative financial instruments

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

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

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

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

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

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

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

ii. Derivative financial instruments

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

(c) There was no transfer between the different levels of fair value hierarchy for the six months ended June 30, 2026 and 2025.

(d) Reconciliation of Level 3 fair values

	Fair value through profit or loss	Fair value through other comprehensive income	Total
Opening Balance, January 1, 2026	\$ 134,985	90,897	225,882
Recognized in profit or loss	51,973	-	51,973
Unrealized gain on financial assets measured at fair value through other comprehensive income	-	144,246	144,246
Disposals	-	(168,772)	(168,772)
Ending balance, June 30, 2026	<u><u>\$ 186,958</u></u>	<u><u>66,371</u></u>	<u><u>253,329</u></u>
Opening Balance, January 1, 2025	\$ 52,620	110,711	163,331
Additions	49,131	-	49,131
Recognized in profit or loss	(12,436)	-	(12,436)
Unrealized gain on financial assets measured at fair value through other comprehensive income	-	(14,592)	(14,592)
Ending balance, June 30, 2025	<u><u>\$ 89,315</u></u>	<u><u>96,119</u></u>	<u><u>185,434</u></u>

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

The Group's financial instruments that use Level 3 inputs to measure fair value include "financial assets measured at fair value through 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 June 30, 2026 and December 31, 2025, value multiples were in the same range of 15.85 to 22.13. As of June 30, 2026 and December 31, 2025, the discount for lack of marketability was the same at 28.10%.	The higher the value multiples, the higher the fair value. 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 June 30, 2025, the price-to-equity ratios of comparable companies were 0.90 times. As of June 30, 2025, the price-to-earnings ratios of comparable companies were 15.15 times. As of June 30, 2026, December 31 and June 30, 2025, the discounts for lack of marketability were 30.00%, 30.00% and 17.41%~30.00%, respectively.	The higher the price-equity ratios, the higher the fair value. The higher the price-to-earning ratios, the higher the fair value. The fair value would decrease if lack of marketability and higher discount rate.

(30) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(32) to the consolidated financial statements for the year ended December 31, 2025.

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

(31) Capital management

The Group's objectives, policies and processes for capital management were consistent with the consolidated financial statements for the year ended December 31, 2025. There were no significant changes in quantified factors of capital management from those in the consolidated financial statement for the year ended December 31, 2025. For related information about the capital management, please refer to note 6(33) of the consolidated financial statements for the year ended December 31, 2025.

(32) 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(9).

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

	January 1, 2026	Cash flows	Foreign exchange movement and other	June 30, 2026
Short-term borrowings	\$ 2,546,960	1,281,304	(5,372)	3,822,892
Long-term borrowings (including maturity within 1 year)	620,000	(80,000)	-	540,000
Lease liabilities	315,785	(22,355)	(3,859)	289,571
Total liabilities from financing activities	<u><u>\$ 3,482,745</u></u>	<u><u>1,178,949</u></u>	<u><u>(9,231)</u></u>	<u><u>4,652,463</u></u>

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

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

(2) Names and relationship with related parties.

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
Qisda	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
Concord Medical Co., Ltd. (Concord)	Qisda's subsidiary
Golden Spirit Co., Ltd. (GSC)	Qisda's subsidiary
Metaage Corporation (Metaage)	Qisda's subsidiary
Yun yun AI Baby camera Co., Ltd. (Yun yun)	Qisda's subsidiary
Nobel Baby Co., Ltd. (Nobel)	Qisda's subsidiary
BenQ Medical Technology Corp. (BMTC)	Qisda's subsidiary
DFI Inc. (DFI)	Qisda's subsidiary
ACE Energy Co., Ltd. (AEG)	Qisda's subsidiary
Suzhou BenQ Hospital Co., Ltd. (SMH)	Qisda's subsidiary
Darfon Electronics Corp. (DFN)	Qisda's associate
Rapidtek Technologies Inc. (Rapidtek)	Qisda's associate
Unictron Technologies Corporation (Unictron)	Qisda's associate
Darwin Precisions Corp. (DARWIN)	Qisda's associate
Topview Optronics Corporation (Topview)	Qisda's associate
BenQ Foundation	Substantive related party

(3) Significant related-party transactions

A. Sales

The amounts of sales to related parties were as follows:

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2026</u>	<u>2025</u>	<u>2026</u>	<u>2025</u>
Other related parties	\$ <u>33,953</u>	<u>840</u>	<u>77,975</u>	<u>905</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.

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

B. Purchases

The amounts of purchases from related parties were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Parent company	\$ 493	206	694	206
Other related parties — Ginnet	452,338	-	542,814	-
Other related parties — others	56,006	39,543	188,220	79,239
	<u>\$ 508,837</u>	<u>39,749</u>	<u>731,728</u>	<u>79,445</u>

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

C. Receivables from related parties

The receivables from related parties were as follows:

Account	Relationship	June 30, 2026	December 31, 2025	June 30, 2025
Accounts receivable from related parties	Other related parties	\$ <u>14,070</u>	<u>26,201</u>	<u>-</u>

D. Payables to related parties

The payables to related parties were as follows:

Account	Relationship	June 30, 2026	December 31, 2025	June 30, 2025
Accounts payable to related parties	Parent company	\$ 734	6	183
Accounts payable to related parties	Other related parties — Ginnet	444,750	-	-
Accounts payable to related parties	Other related parties — others	55,946	34,249	48,968
		<u>\$ 501,430</u>	<u>34,255</u>	<u>49,151</u>

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

E. Rendering of services and other expenses

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

	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Parent company	\$ 1,760	102	3,513	1,583
Other related parties	423	873	1,103	1,927
	<u>\$ 2,183</u>	<u>975</u>	<u>4,616</u>	<u>3,510</u>

The payables to related parties were as follows:

Account	Related Party Category	June 30, 2026	December 31, 2025	June 30, 2025
Other payables	Parent company	\$ 11	287	1,584
Other payables	Other related parties	689	500	2,928
		<u>\$ 700</u>	<u>787</u>	<u>4,512</u>

F. Property transactions

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

	Proceeds received			
	For the three months ended June 30,		For the six months ended June 30,	
	2026	2025	2026	2025
Other related parties	\$ -	9,229	385	14,787

(b) The amounts of payable to related parties were as follows:

Account	Relationship	June 30, 2026	December 31, 2025	June 30, 2025
Other payables	Other related parties	\$ -	110	-

G. Prepayments

Account	Relationship	June 30, 2026	December 31, 2025	June 30, 2025
Prepayments (included in other current assets)	Other related parties	\$ 150	168	2,432

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

H. Other

<u>Account</u>	<u>Relationship</u>	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
		<u>2026</u>	<u>2025</u>	<u>2026</u>	<u>2025</u>
Other income	Parent company	\$ 89	-	272	-
Other income	Other related parties	-	959	-	959
		<u>\$ 89</u>	<u>959</u>	<u>272</u>	<u>959</u>

The other receivables and other payables from related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>June 30, 2026</u>	<u>December 31, 2025</u>	<u>June 30, 2025</u>
Other receivables (included in other current assets)	Other related parties	\$ -	410	1,007
Other payables (included in other current liabilities)	Parent company	\$ -	187	-
Other payables (included in other current liabilities)	Other related parties	-	71	-
		<u>\$ -</u>	<u>258</u>	<u>-</u>

(4) Key management personnel compensation

	<u>For the three months ended June 30,</u>		<u>For the six months ended June 30,</u>	
	<u>2026</u>	<u>2025</u>	<u>2026</u>	<u>2025</u>
Short-term employee benefits	\$ 23,308	24,744	53,328	50,842
Post-employment benefits	309	308	617	616
Share-based payments	654	823	1,308	1,645
	<u>\$ 24,271</u>	<u>25,875</u>	<u>55,253</u>	<u>53,103</u>

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

8. Pledged assets:

Pledged assets	Object	June 30, 2026	December 31, 2025	June 30, 2025
Time deposit (included in financial assets measured at amortized cost–non-current)	Import guarantee for Customs	\$ 7,550	7,550	7,550
Time deposit (included in financial assets measured at amortized cost–non-current)	Guarantee for land lease	9,382	9,382	9,382
Time deposit (included in financial assets measured at amortized cost–non-current)	Customs duty deferment deposit	1,000	1,000	1,000
Time deposit (included in financial assets measured at amortized cost–non-current)	Guarantee to local authority for sales to overseas customers	11,132	-	-
Time deposit (included in financial assets measured at amortized cost–non-current)	Contract guarantee	2,856	2,070	1,936
Demand deposits (included in financial assets measured at amortized cost–non-current)	Contract guarantee	146	152	135
Demand deposits (included in financial assets measured at amortized cost–non-current)	Guarantee to local authority for sales to overseas customers	2,443	2,139	2,186
Demand deposits (included in financial assets measured at amortized cost–current and non-current)	Short-term borrowings	4,012	2,602	-
Demand deposits (included in financial assets measured at amortized cost–current and non-current)	Guarantee for contract performance	-	750	-
Refundable deposit (included in financial assets measured at amortized cost–non-current)	Guarantee to local authority for sales to overseas customers	-	11,409	10,660
Refundable deposit (included in financial assets measured at amortized cost–non-current)	Customer contracts and lease deposits	105,320	132,012	130,656
		\$ 143,841	169,066	163,505

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

9. Significant commitments and contingencies:

- (1) As of June 30, 2026, December 31 and June 30, 2025, the Group's deposited notes and guarantees in the bank amounted to \$19,885,167 thousand, \$18,333,076 thousand and \$16,129,548 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) On April 2, 2026, Hitron Technologies' Board of Directors approved the acquisition of 100% of the shares of Perle Systems Limited for a total consideration of up to US\$45 million and authorized the Chairman to execute and handle all matters related to the investment within the approved amount.

Pursuant to the aforementioned investment, Hitron Technologies entered into a Share Purchase Agreement with ELEKTROPHOENIX GESELLSCHAFT MIT BESCHR Ä NKTER HAFTUNG on April 2, 2026, and remitted US\$41.24 million to the said party on July 15, 2026.

- (4) Others

	June 30, 2026	December 31, 2025	June 30, 2025
Guaranteed notes payable for tender contract	\$ 19,982	10,168	9,731
Guarantee for construction projects	\$ 574,512	230,941	98,143

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 function					
	For the three months ended June 30,					
	2026			2025		
By item	Cost of Sales	Operating Expenses	Total	Cost of Sales	Operating Expenses	Total
Employee benefits						
Salary	201,284	545,475	746,759	164,713	530,476	695,189
Labor and health insurance	15,049	40,609	55,658	13,695	39,261	52,956
Pension	13,672	29,738	43,410	12,043	28,652	40,695
Remuneration of directors	-	8,132	8,132	-	3,721	3,721
Others	13,159	24,024	37,183	11,527	24,091	35,618
Depreciation	56,139	67,617	123,756	61,500	67,194	128,694
Amortization	394	62,792	63,186	485	60,175	60,660

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

By item	By function		For the six months ended June 30,			
	2026			2025		
	Cost of Sales	Operating expenses	Total	Cost of Sales	Operating expenses	Total
Employee benefits						
Salary	382,365	1,070,560	1,452,925	326,802	1,051,942	1,378,744
Labor and health insurance	29,740	80,458	110,198	26,479	80,028	106,507
Pension	27,815	59,353	87,168	23,333	58,961	82,294
Remuneration of directors	-	16,602	16,602	-	7,477	7,477
Others	26,013	48,391	74,404	22,353	44,090	66,443
Depreciation	112,176	134,536	246,712	129,180	136,262	265,442
Amortization	779	124,245	125,024	1,176	121,172	122,348

13. Other disclosures:

(1) Information on significant transactions:

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

- A. Financing provided to other parties: Please refer to Table 1.
- B. Guarantees and endorsements provided to other parties: Please refer to Table 2.
- C. Material securities held as of June 30, 2026 (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 : 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 for the three months ended June 30, 2026, are disclosed in “Information on significant transactions”.

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

14. Segment information:

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

For the three months ended June 30, 2026				
	Network related products	Other	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	\$ 4,599,580	565,995	-	5,165,575
Intersegment revenue	-	5,538	(5,538)	-
Total revenue	<u>\$ 4,599,580</u>	<u>571,533</u>	<u>(5,538)</u>	<u>5,165,575</u>
Interest expenses	<u>\$ 35,607</u>	<u>294</u>	<u>(1)</u>	<u>35,900</u>
Depreciation and amortization	<u>\$ 169,273</u>	<u>17,781</u>	<u>(112)</u>	<u>186,942</u>
Reportable segment profit or loss	<u>\$ (255)</u>	<u>10,998</u>	<u>(8,286)</u>	<u>2,457</u>
For the three months ended June 30, 2025				
	Network related products	Others	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	\$ 5,222,771	471,237	-	5,694,008
Intersegment revenue	-	15,389	(15,389)	-
Total revenue	<u>\$ 5,222,771</u>	<u>486,626</u>	<u>(15,389)</u>	<u>5,694,008</u>
Interest expenses	<u>\$ 32,411</u>	<u>169</u>	<u>(2)</u>	<u>32,578</u>
Depreciation and amortization	<u>\$ 171,644</u>	<u>17,863</u>	<u>(153)</u>	<u>189,354</u>
Reportable segment profit or loss	<u>\$ (161,436)</u>	<u>39,455</u>	<u>(17,103)</u>	<u>(139,084)</u>
For the six months ended June 30, 2026				
	Network related products	Other	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	\$ 9,454,602	1,025,521	-	10,480,123
Intersegment revenue	-	10,566	(10,566)	-
Total revenue	<u>\$ 9,454,602</u>	<u>1,036,087</u>	<u>(10,566)</u>	<u>10,480,123</u>
Interest expenses	<u>\$ 66,305</u>	<u>362</u>	<u>(3)</u>	<u>66,664</u>
Depreciation and amortization	<u>\$ 336,195</u>	<u>35,767</u>	<u>(226)</u>	<u>371,736</u>
Reportable segment profit or loss	<u>\$ 20,288</u>	<u>28,747</u>	<u>(19,316)</u>	<u>29,719</u>

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

June 30, 2026				
	Network related products	Other	Reconciliation and elimination	Total
Reportable segment assets	\$ 21,581,210	4,881,856	(685,665)	25,777,401
Reportable segment liabilities	\$ 10,577,417	2,465,519	(152,742)	12,890,194
For the six months ended June 30, 2025				
	Network related products	Other	Reconciliation and elimination	Total
Revenue:				
Revenue from external customers	\$ 9,348,209	869,957	-	10,218,166
Intersegment revenue	-	30,616	(30,616)	-
Total revenue	\$ 9,348,209	900,573	(30,616)	10,218,166
Interest expenses	\$ 61,000	222	(4)	61,218
Depreciation and amortization	\$ 352,568	35,528	(306)	387,790
Reportable segment profit or loss	\$ (287,913)	81,638	(40,602)	(246,877)
June 30, 2025				
	Network related products	Other	Reconciliation and elimination	Total
Reportable segment assets	\$ 19,688,494	3,919,447	(728,998)	22,878,943
Reportable segment liabilities	\$ 9,195,383	1,399,400	(127,995)	10,466,788

Alpha Networks Inc. and Subsidiaries
Financing provided to other parties
For the six months ended June 30, 2026

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	319,950 (USD10,000 thousand)	318,500 (USD10,000 thousand)	318,500 (USD10,000 thousand)	4%~4.7%	2	-	Operating capital	-		-	1,835,117 (note 2)	3,670,234 (note 3)
1	Alpha Chengdu	Alpha Changshu	Same as above	Yes	337,889 (CNY72,000 thousand)	337,889 (CNY72,000 thousand)	337,889 (CNY72,000 thousand)	0.65%	2	-	Operating capital	-		-	542,282 (note 4)	542,282 (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, both the total amount of financing and the amount of financing offered to a single company owned by Alpha shall not exceed 100% of the lender's net worth.

Alpha Networks Inc. and Subsidiaries
Guarantees and endorsements provided to other parties
For the six months ended June 30, 2026

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	1,835,117	223,965	222,950	18,620	-	2.43 %	4,587,793	Y	N	Y

Note 1: The total amount of guarantee provided by Alpha to any individual entity shall not exceed 20% of Alpha's equity.

Note 2: The total amount of guarantee provided by Alpha shall not exceed 50% of Alpha's equity.

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

Alpha Networks Inc. and Subsidiaries

Related-party transactions for purchases and sales with amounts exceeding \$100 million or 20% of the capital stock

For the six months ended June 30, 2026

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)	(2,045,386)	(25)%	90 days	-		948,525	32%	note
Alpha	Alpha Changshu	Subsidiary of Alpha	Purchase	901,763	11%	90 days	-		(1,389,616)	(42)%	note
Alpha	Hitron Technologies	Subsidiary of Alpha	(Sales)	(2,679,418)	(32)%	60 days	-		903,579	33%	note
Alpha	Alpha HK	Subsidiary of Alpha	Purchase	5,525,927	68%	90 days	-		(1,072,331)	(34)%	note
Alpha	Alpha VN	Subsidiary of Alpha	Purchase	180,758	2%	90 days	-		(71,591)	(2)%	note
Alpha HK	Alpha Changshu	Subsidiary to subsidiary	(Sales)	(774,455)	(7)%	90 days	-		275,804	7%	note
Alpha HK	Alpha VN	Subsidiary to subsidiary	(Sales)	(5,479,650)	(47)%	90 days	-		2,340,816	63%	note
Alpha VN	Alpha HK	Subsidiary to subsidiary	(Sales)	(5,525,927)	(97)%	90 days	-		1,209,653	94%	note
Hitron Technologies	Hitron America	Subsidiary to subsidiary	(Sales)	(2,376,569)	(91)%	120 days	-		1,282,022	80%	note
Interactive Digital	Metaage	Subsidiary to other related parties	Purchase	152,841	7%	60 days	-		(32,648)	(2)%	
Interactive Digital	Ginnet	Subsidiary to other related parties	Purchase	542,814	24%	60 days	-		(444,750)	(33)%	

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

Alpha Networks Inc. and Subsidiaries
Receivables from related parties with amounts exceeding \$100 million or 20% of the capital stock
June 30, 2026

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	948,525	3.65	-	-	-	-	note 2
Alpha	Hitron Technologies	Subsidiary of Alpha	903,579	6.08	-	-	-	-	note 2
Alpha	Alpha VN	Subsidiary of Alpha	319,774	-	-	-	-	-	note 2, 3
Alpha Changshu	Alpha	Subsidiary to parent	1,389,616	1.37	951,748	-	143,326	-	note 2
Alpha HK	Alpha Changshu	Subsidiary to subsidiary	275,804	5.34	8,393	-	13,573	-	note 2
Alpha HK	Alpha VN	Subsidiary to subsidiary	2,340,816	4.55	96,772	-	169,463	-	note 2
Alpha HK	Alpha	Subsidiary to parent	1,072,331	9.42	-	-	1,072,331	-	note 2
Alpha VN	Alpha HK	Subsidiary to subsidiary	1,209,653	8.16	41,623	-	1,185,210	-	note 2
Hitron Technologies	Hitron America	Subsidiary to subsidiary	1,282,022	3.59	-	-	230,927	-	note 2
Hitron Technologies	Alpha HK	Subsidiary to subsidiary	193,222	-	-	-	-	-	note 2, 4
Alpha Chengdu	Alpha Changshu	Subsidiary to subsidiary	337,925	-	-	-	-	-	note 2, 3

Note 1: The collection situation as of July 23, 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.

Note 4: Hitron Technologies sells raw materials to Alpha HK, which subsequently transfers the materials to Alpha VN for processing, and repurchases the finished goods upon completion of the processing. For the six months ended June 30, 2026, the raw material sales to Alpha HK amounted to \$302,720 thousand. As no sales revenue or cost of goods sold was recognized for such transactions, they were excluded from the calculation of inventory turnover days.

Alpha Networks Inc. and Subsidiaries
Business relationships and significant intercompany transactions
For the six months ended June 30, 2026

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	2,045,386	-	19.52%
0	Alpha	Alpha USA	Parent to Subsidiary	Accounts receivable from related parties	948,525	90 days	3.68%
0	Alpha	Alpha Changshu	Parent to Subsidiary	Purchase	901,763	-	8.60%
0	Alpha	Alpha Changshu	Parent to Subsidiary	Accounts payable to related parties	1,389,616	90 days	5.39%
0	Alpha	Alpha Chengdu	Parent to Subsidiary	Research expense	120,939	-	1.15%
0	Alpha	Hitron Technologies	Parent to Subsidiary	Sales	2,679,418	-	25.57%
0	Alpha	Hitron Technologies	Parent to Subsidiary	Accounts receivable from related parties	903,579	60 days	3.51%
0	Alpha	Alpha HK	Parent to Subsidiary	Purchase	5,525,927	-	52.73%
0	Alpha	Alpha HK	Parent to Subsidiary	Accounts payable to related parties	1,072,331	90 days	4.16%
0	Alpha	Alpha VN	Parent to Subsidiary	Purchase	180,758	-	1.72%
0	Alpha	Alpha VN	Parent to Subsidiary	Other receivables from related parties	319,774	-	1.24%
1	Alpha HK	Alpha Changshu	Subsidiary to Subsidiary	Sales	774,455	-	7.39%
1	Alpha HK	Alpha Changshu	Subsidiary to Subsidiary	Accounts receivable from related parties	275,804	90 days	1.07%
1	Alpha HK	Alpha VN	Subsidiary to Subsidiary	Sales	5,479,650	-	52.29%
1	Alpha HK	Alpha VN	Subsidiary to Subsidiary	Accounts receivable from related parties	2,340,816	90 days	9.08%
2	Alpha VN	Alpha HK	Subsidiary to Subsidiary	Sales	5,525,927	-	52.73%
2	Alpha VN	Alpha HK	Subsidiary to Subsidiary	Accounts receivable from related parties	1,209,653	90 days	4.69%
3	Alpha Chengdu	Alpha Changshu	Subsidiary to Subsidiary	Other receivables from related parties	337,925	-	1.31%
4	Hitron Technologies	Hitron America	Subsidiary to Subsidiary	Sales	2,376,569	-	22.68%
4	Hitron Technologies	Hitron America	Subsidiary to Subsidiary	Accounts receivable from related parties	1,282,022	120 days	4.97%

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

Alpha Networks Inc. and Subsidiaries

Information on investees

For the six months ended June 30, 2026

Table 6

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

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2026			Net income (losses) of investee	Share of profits/ losses of investee	Note
				June 30, 2026	December 31, 2025	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 %	16,106	190	190	
Alpha	Alpha USA	USA	Sale, marketing and procurement service in USA	51,092	51,092	1,500	100.00 %	206,253	4,512	4,512	
Alpha	Alpha HK	Hong Kong	Investment holding	2,033,915	2,033,915	485,791	100.00 %	1,227,213	(63,031)	(53,148)	
Alpha	ATS	USA	Post-sale service	260,497 (USD8,100 thousand)	260,497 (USD8,100 thousand)	8,100	100.00 %	210,456	1,673	1,673	
Alpha	Enrich Investment	Taiwan	Investment holding	400,000	400,000	40,000	100.00 %	530,560	74,957	74,957	
Alpha	Hitron Technologies	Taiwan	Manufacturing, sales, and system integration of telecommunications and communication network products	4,811,000	4,811,000	200,000	62.24 %	3,734,848	45,441	2,231	
Alpha	Alpha VN	Vietnam	Production and sale of network products	1,490,323	1,490,323	note 3	100.00 %	1,196,874	11,567	11,567	
Alpha	INDIALPHA	India	Sale of network products	39,214	39,214	10,500	99.99 %	13,297	(9,623)	(9,623)	
Alpha	Fiber Logic	Taiwan	Broadband communication products and service	491,153	491,153	6,841	30.39 %	445,078	(65,473)	(24,859)	
Alpha	Alpha Networks America, Inc.	USA	Production and sale of network products	-	-	-	100.00 %	-	-	-	note 5
Enrich Investment	Interactive Digital	Taiwan	Telecommunication and broadband network system services	189,523	189,523	2,575	5.06 %	103,738	53,201	note 1	
Enrich Investment	Aespula	Taiwan	Sale of network equipment components and technical services	80,000	80,000	8,000	98.92 %	-	-	notes 2, 4	
Enrich Investment	INDIALPHA	India	Sale of network products	1	1	-	0.01 %	1	-	note 1	

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2026			Net income (losses) of investee	Share of profits/ losses of investee	Note
				June 30, 2026	December 31, 2025	Shares	Percentage of ownership	Carrying value			
Hitron Technologies	Hitron Samoa	Samoa	International trade	172,179	172,179	5,850	100.00 %	255,783	1,803	note 1	
Hitron Technologies	Interactive Digital	Taiwan	Telecommunication and broadband network system services	126,091	126,091	16,703	32.82 %	585,554	53,201	note 1	
Hitron Technologies	Hitron Vietnam	Vietnam	Factory, warehouse and office leases	492,373	492,373	note 3	100.00 %	988,580	18,594	note 1	
Hitron Technologies	Hitron America	USA	International trade	90,082	90,082	300	100.00 %	561,524	210,358	note 1	
Hitron Technologies	Hitron Europe	Netherlands	International trade	59,604	59,604	15	100.00 %	51,859	(18,231)	note 1	
Interactive Digital	Transnet	Taiwan	System integration service and supply of network communication products and network equipment trading	36,236	36,236	4,000	80.00 %	45,471	(12,337)	note 1	
Interactive Digital	Fiber Logic	Taiwan	Broadband communication products and service	93,053	93,053	1,296	5.76 %	84,377	(65,473)	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.

Note 5: Alpha Networks America, Inc. was established pursuant to a resolution of the Board of Directors on February 25, 2026 and completed its registration on April 21, 2026. As of June 30, 2026, no capital contribution had been made.

Alpha Networks Inc. and Subsidiaries

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

For the six months ended June 30, 2026

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, 2026	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2026	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (note 3)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Alpha Chengdu	Research and development of network products	420,426	note 2(b)	420,426	-	-	420,426	5,605	100.00%	5,605	542,282	147,231
Mirac (note 9)	Production and sale of network products	17,795	note 1(a)	307,326	-	-	307,326	(1,114)	-	(1,114)	-	-
Alpha Changshu	Production and sale of network products	1,925,920	note 1(a)	1,925,920	-	-	1,925,920	(62,843)	100.00%	(62,843)	1,193,997	-
Alpha Changshu Trading	Production and sale of network products	17,378 (CNY4,000 thousand)	note 1(a)	-	-	-	-	(4,193)	100.00%	(4,193)	10,872	-
Hitron Suzhou	Broadband telecommunications products, research and development	171,245 (CNY34,800 thousand)	note 1(b)	171,245	-	-	171,245	1,827	100.00% (note 8)	1,827	251,764	-
Jietech Suzhou	Sale of broadband network products and related services	31,139 (CNY5,425 thousand)	note 1(b)	31,139	-	-	31,139	(23)	100.00% (note 8)	(23)	3,930	-
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	446	32.82% (note 8)	146	3,174	31,155

(2) Limitation on investment in Mainland China

Name of Company	Accumulated Investment in Mainland China as of June 30, 2026	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Alpha	2,634,897 notes 4, 5, 7 and 10	3,496,798	note 6
Hitron Technologies	211,238	214,528	2,890,625

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

- (a) Alpha HK
- (b) 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) Direct investment in Mainland China.

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

Note 4: The accumulated investments in Alpha Dongguan did not include the previously investment of HKD69,387 thousand (equivalent to approximately 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. 11451018350, issued by the Industrial Development Bureau, MOEA, obtained by Alpha, the upper limit on its investment in Mainland China, pursuant to the "Principle of Investment or Technical Cooperation in Mainland China", is not applicable for the period from May 12, 2025 to May 11, 2028.

Note 7: 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 8: This refers to the direct or indirect shareholding of Hitron Technologies.

Note 9: On October 31, 2025, Mirac's Board of Directors approved the dissolution. The liquidation process was completed, and the deregistration procedures were finalized on February 4, 2026. As of June 30, 2026, the capital has yet to be remitted back.

Note 10: In the second quarter of 2024, Alpha disposed of D-Link Asia and its subsidiary Alpha Dongguan. This resulted in a recognized amount of NTD\$114,197 thousand, representing the difference between the accumulated investment of NTD\$714,084 thousand and the remittance amount of NTD\$626,887 thousand. The amount recognized above is still required to be included in the accumulated investment in Mainland China in accordance with the regulations of the Investment Commission, MOEA.