Stock Code:8085

FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES

Consolidated Financial Statements

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

Address: No. 22, Sec. 3, Zhongshan N. Rd., Zhongshan Dist., Taipei City 104427, Taiwan
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Representation Letter

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

Company name: Forward Electronics Co., Ltd.
Chairman: Hung, Chi-Chang
Date: March 3, 2025

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Independent Auditors' Report

To the Board of Directors of Forward Electronics Co., Ltd.:

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue recognition

For the accounting policy of revenue recognition, please refer to Note 4(p) of the consolidated financial statements; for the description of revenue recognition, please refer to Note 6(t) of the consolidated financial statements.

Description of key audit matter:

The Group’s revenue is recognized when the performance obligations is satisfied, which depends on the various trade terms agreed with customers. Therefore, the accuracy of revenue recognition is considered to be one of the most significance in the audit.

How the matter was addressed in our audit:

- Understand and test the internal control design and implementation of the sales cycle.
- Sample the original orders or contracts and review the transaction terms in order to evaluate whether the timing of revenue recognition is correct.
- Perform the cut-off point test during the periods before and after the balance sheet date, and assess that sales revenue is recognized in an appropriate period.
- Perform sales analysis procedures, and check whether there are major sales returns and discounts after the period, so as to confirm the rationality of revenue recognition.

Other Matter

Forward Electronics Co., Ltd. has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2024 and 2023, on which we have issued an unmodified opinion respectively.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Pan, Chun-Ming and Lai, Li-Chen.

KPMG

Taipei, Taiwan (Republic of China)
March 3, 2025

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

FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2024		December 31, 2023	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Note 6(a))	$ 858,848	26	1,132,328	36
1110	Current financial assets at fair value through profit or loss (Note 6(b))	35,541	1	5,670	-
1136	Current financial assets at amortized cost (Notes 6(d) and 8)	222,319	8	2,488	-
1150	Notes receivable, net (Note 6(e))	5,249	-	5,511	-
1170	Accounts receivable, net (Note 6(e))	152,817	6	192,109	7
1180	Accounts receivable—related parties, net (Notes 6(e) and 7)	2	-	106	-
1200	Other receivables (Notes 6(f) and 7)	7,308	-	6,592	-
1220	Current tax assets	3,645	-	1,478	-
130X	Inventories (Note 6(g))	106,913	3	92,297	3
1410	Prepayments (Notes 6(h) and 9)	110,823	3	2,545	-
1470	Other current assets	1,518	-	1,550	-
	Total current assets	1,504,983	47	1,442,674	46
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (Note 6(b))	189,924	7	108,375	3
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(c))	853,074	26	836,346	28
1600	Property, plant and equipment (Notes 6(i) and 8)	549,982	17	557,869	18
1755	Right-of-use assets (Note 6(j))	30,347	1	15,424	-
1760	Investment property, net (Note 6(k))	15,743	-	10,719	-
1780	Intangible assets	422	-	427	-
1840	Deferred tax assets (Note 6(q))	47,685	1	68,941	2
1920	Refundable deposits (Note 8)	4,933	-	6,700	-
1930	Long-term receivables (Notes 6(e) and (f))	2,748	-	50,998	2
1975	Non-current net defined benefit assets (Note 6(p))	43,991	1	32,132	1
	Total non-current assets	1,738,849	53	1,687,931	54
	Total assets	$ 3,243,832	100	3,130,605	100

		December 31, 2024		December 31, 2023	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (Notes 6(l) and 8)	$ 100,000	3	18,000	-
2130	Current contract liabilities (Note 6(t))	12,474	-	20,358	1
2170	Accounts payable	110,533	3	111,745	4
2180	Accounts payable—related parties (Note 7)	9	-	55	-
2200	Other payables	50,315	3	45,941	1
2220	Other payables—related parties (Note 7)	1,440	-	1,198	-
2250	Current provisions	1,739	-	7,108	-
2280	Current lease liabilities (Notes 6(n) and 7)	17,110	1	15,779	1
2322	Long-term borrowings, current portion (Notes 6(m) and 8)	24,000	1	24,000	1
2399	Other current liabilities	3,701	-	2,962	-
	Total current liabilities	321,321	11	247,146	8
	Non-Current liabilities:				
2540	Long-term borrowings (Notes 6(m) and 8)	951,000	29	975,000	32
2570	Deferred tax liabilities (Note 6(q))	210,789	6	215,066	7
2580	Non-current lease liabilities (Notes 6(n) and 7)	22,950	1	10,999	-
2645	Guarantee deposits received	5,391	-	5,755	-
2670	Other non-current liabilities	1,479	-	1,479	-
	Total non-current liabilities	1,191,609	36	1,208,299	39
	Total liabilities	1,512,930	47	1,455,445	47
	Equity (Notes 6(c) and (r)):				
3100	Share capital	1,399,830	43	1,399,830	45
3200	Capital surplus	48,716	2	48,716	1
3300	Retained earnings	(17,111)	(1)	35,674	1
3400	Other equity	299,467	9	190,940	6
	Total equity	1,730,902	53	1,675,160	53
	Total liabilities and equity	$ 3,243,832	100	3,130,605	100

See accompanying notes to consolidated financial statements.

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

FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

		2024		2023	
		Amount	%	Amount	%
4000	**Operating revenue (Notes 6(t) and 7)**	$ 596,257	100	722,577	100
5000	**Operating costs (Notes 6(g) and (p))**	568,642	95	721,991	100
	Gross profit from operations	27,615	5	586	-
	Operating expenses (Notes 6(e), (p) and 7):				
6100	Selling expenses	29,113	5	33,199	5
6200	Administrative expenses	96,540	16	71,076	10
6300	Research and development expenses	14,532	2	16,888	2
6450	Expected credit impairment loss	74,858	13	33,424	5
	Total operating expenses	215,043	36	154,587	22
	Net operating loss	(187,428)	(31)	(154,001)	(22)
	Non-operating income and expenses (Notes (n), (v), (w) and 7):				
7100	Interest income	35,423	6	27,740	4
7010	Other income	28,104	5	33,530	5
7020	Other gains and losses	46,552	8	(30,630)	(4)
7050	Finance costs	(23,125)	(4)	(15,868)	(2)
7055	Expected credit impairment loss	(2,231)	-	(1,444)	-
	Total non-operating income and expenses	84,723	15	13,328	3
	Loss before tax	(102,705)	(16)	(140,673)	(19)
7950	**Income tax expense (benefit) (Note 6(q))**	17,646	3	(390)	-
	Net loss	(120,351)	(19)	(140,283)	(19)
8300	**Other comprehensive income (loss):**				
8310	**Components of other comprehensive income (loss) that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans	10,106	2	(1,241)	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	126,506	21	154,720	21
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Total components of other comprehensive income (loss) that will not be reclassified to profit or loss	136,612	23	153,479	21
8360	**Components of other comprehensive income that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	39,481	7	(13,457)	(2)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Total components of other comprehensive income that will be reclassified to profit or loss	39,481	7	(13,457)	(2)
8300	**Other comprehensive income (after tax)**	176,093	30	140,022	19
	Total comprehensive income	**$ 55,742**	**11**	**(261)**	**-**
	Losses per share (NT dollars) (Note 6(s))				
9750	Basic losses per share	**$ (0.86)**		**(1.00)**	
9850	Diluted losses per share	**$ (0.86)**		**(1.00)**	

See accompanying notes to consolidated financial statements.

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

FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings			Other equity			
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Total equity
Balance at January 1, 2023	$ 1,399,830	48,716	4,103	185,895	189,998	(95,020)	145,895	50,875	1,689,419
Net loss	-	-	-	(140,283)	(140,283)	-	-	-	(140,283)
Other comprehensive income	-	-	-	(1,241)	(1,241)	(13,457)	154,720	141,263	140,022
Total comprehensive income	-	-	-	(141,524)	(141,524)	(13,457)	154,720	141,263	(261)
Legal reserve appropriated	-	-	17,697	(17,697)	-	-	-	-	-
Cash dividends on ordinary share	-	-	-	(13,998)	(13,998)	-	-	-	(13,998)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	1,198	1,198	-	(1,198)	(1,198)	-
Balance on December 31, 2023	1,399,830	48,716	21,800	13,874	35,674	(108,477)	299,417	190,940	1,675,160
Net loss	-	-	-	(120,351)	(120,351)	-	-	-	(120,351)
Other comprehensive income	-	-	-	10,106	10,106	39,481	126,506	165,987	176,093
Total comprehensive income	-	-	-	(110,245)	(110,245)	39,481	126,506	165,987	55,742
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	57,460	57,460	-	(57,460)	(57,460)	-
Balance at December 31, 2024	**$ 1,399,830**	**48,716**	**21,800**	**(38,911)**	**(17,111)**	**(68,996)**	**368,463**	**299,467**	**1,730,902**

See accompanying notes to consolidated financial statements.

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

FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

		2024	2023
Cash flows from (used in) operating activities:			
Loss before tax	$	(102,705)	(140,673)
Adjustments:			
Adjustments to reconcile (loss) profit			
Depreciation expense		42,122	53,366
Amortization expense		211	275
Expected credit impairment loss		77,089	34,868
Net gain on financial assets or liabilities at fair value through profit or loss		(12,327)	(3,020)
Interest expense		23,125	15,868
Interest income		(35,423)	(27,740)
Dividend income		(800)	(258)
(Gain) loss on disposal and write-off of property, plant and equipment		(295)	4,328
Impairment (reversal) loss on non-financial assets		(8,813)	28,279
Gain on lease modification		(9)	(629)
Expense transferred from property, plant and equipment		-	49
Provisions		-	5,455
Total adjustments to reconcile profit		84,880	110,841
Changes in operating assets and liabilities:			
Notes receivable		265	4,259
Accounts receivable		7,978	61,909
Accounts receivable－related parties		104	1,249
Other receivables		440	(2,949)
Inventories		(14,028)	51,295
Prepayments		(108,184)	9,198
Other current assets		32	(53)
Long-term receivables		-	(19,976)
Net defined benefit assets		(1,753)	(2,377)
Contract liabilities		(7,950)	10,774
Accounts payable		(3,756)	4,241
Accounts payable－related parties		(46)	(259)
Other payables		3,608	(65,422)
Other payables－related parties		242	860
Provisions		(5,604)	-
Other current liabilities		739	8
Total adjustments		(43,033)	163,598
Cash (outflow) inflow generated from operations		(145,738)	22,925
Interest received		44,197	26,028
Dividends received		800	258
Interest paid		(23,112)	(15,162)
Income taxes paid		(2,824)	(6,710)
Net cash flows (used in) from operating activities		(126,677)	27,339
Cash flows from (used in) investing activities:			
Acquisition of financial assets at fair value through other comprehensive income		(1,780)	(103,239)
Proceeds from disposal of financial assets at fair value through other comprehensive income		111,558	5,526
Acquisition of financial assets at amortized cost		(218,215)	(211,954)
Proceeds from disposal of financial assets at amortized cost		-	44,782
Proceeds from maturity of financial assets at amortized cost		-	559,263
Acquisition of financial assets at fair value through profit or loss		(206,724)	-
Proceeds from disposal of financial assets at fair value through profit or loss		111,332	114,980
Acquisition of property, plant and equipment		(12,990)	(5,101)
Proceeds from disposal of property, plant and equipment		703	594
Increase (decrease) in refundable deposits		1,933	(784)
Acquisition of intangible assets		(200)	-
Net cash flows (used in) from investing activities		(214,383)	404,067
Cash flows from (used in) financing activities:			
Increase in short-term borrowings		100,000	18,000
Decrease in short-term borrowings		(18,000)	-
Increase in long-term borrowings		-	280,000
Repayments of long-term borrowings		(24,000)	(12,000)
Decrease in guarantee deposits received		(527)	(1,188)
Payment of lease liabilities		(17,341)	(30,103)
Cash dividends paid		-	(13,998)
Net cash flows from financing activities		40,132	240,711
Effect of exchange rate changes on cash and cash equivalents		27,448	(1,383)
Net (decrease) increase in cash and cash equivalents for the current period		(273,480)	670,734
Cash and cash equivalents at beginning of period		1,132,328	461,594
Cash and cash equivalents at end of period	$	**858,848**	**1,132,328**

See accompanying notes to consolidated financial statements.

(1) Company history

Forward Electronics Co., Ltd. (the "Company") was incorporated on August 31, 1970, under the approval of Ministry of Economic Affairs, Republic of China ("R.O.C"). The main business of the Company and its subsidiaries (the "Group") is the development, manufacture and sales of backlight modules and materials, liquid crystal display modules, switches, variable resistors, sensors and bit generators, the sale of peripheral products for information appliances and lighting products, as well as carbon credits development , and carbon neutral consulting, and energy storage. The Company's shares have been listed and traded on the Taipei Exchange (TPEx) since March 1, 2004. The Company's registered office and the main operating location is at No. 22, Sec. 3, Zhongshan North Road, Taipei City.

(2) Approval date and procedures of the consolidated financial statements

These consolidated financial statements were authorized for issue by the Board of Directors on February 24, 2025.

(3) New standards, amendments and interpretations adopted

(a) The impact of the IFRS Accounting Standards endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

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

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

(b) The impact of IFRS Accounting Standard endorsed by the FSC but not yet effective

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

- Amendments to IAS21 "Lack of Exchangeability"

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 “Presentation and Disclosure in Financial Statements”	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.	January 1, 2027

(Continued)

FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

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

(4) Summary of material accounting policies

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

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

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

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) Financial assets at fair value through other comprehensive income are measured at fair value;

3) The defined benefit assets are measured at fair value of the plan assets less the present value of the defined benefit obligation.

FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Functional and presentation currency

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

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group.

The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

The subsidiaries included in the consolidated financial statements were as follows:

			Shareholding (%)	
Name of investor	**Name of subsidiary**	**Principal activity**	**December 31, 2024**	**December 31, 2023**
The Company	Forward Development Co., Ltd.	Investment in production business, etc.	100 %	100 %
The Company	Forward Intelligent Energy Co., Ltd.	Carbon credits development and carbon neutral consulting	100 %	100 %
Forward Development Co., Ltd.	Forward Electronics Equipment (Dong Guan) Co., Ltd	Factory leasing business	100 %	100 %
Forward Development Co., Ltd.	Suzhou Forward Electronics Technology Co., Ltd.	Manufacture and sale of TFT LCD backlight modules, switches and electronic labels, etc.	100 %	100 %

(Continued)

FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES
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(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction. Exchange differences are generally recognized in profit or loss.

(ii) Foreign operations

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

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to noncontrolling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

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

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

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle (carbon credits development project usually longer than one year);

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

(i) It is expected to be settled in the normal operating cycle (carbon credits development project usually longer than one year);

(ii) It is held primarily for the purpose of trading

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have the right at the end of reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(f) Cash and cash equivalents

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

(g) Financial instruments

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

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

(Continued)

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

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

2) Fair value through other comprehensive income (FVOCI)

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

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

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mis match that would otherwise arise.

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

4) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

(Continued)

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group’ s claim to cash flows from specified assets (e.g. non-recourse features)

5) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivable, leases receivable, other receivable, refundable deposits and other financial assets) and contract assets.

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

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 90 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

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

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

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

(Continued)

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

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

· significant financial difficulty of the borrower or issuer;

· a breach of contract such as a default or being more than 90 days past due;

· the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

· it is probable that the borrower will enter bankruptcy or other financial reorganization; or

· the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

6) Derecognition of financial assets

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

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

(ii) Financial liabilities

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

1) Derecognition of financial liabilities

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

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

2) Offsetting of financial assets and liabilities

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

(h) Inventories

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

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

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

(Continued)

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Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(j) Investment property

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

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

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

(k) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

Land is not depreciated.

(Continued)

FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

Buildings and structures	2～40 years
Machineries and equipment	5～10 years
Transportation equipment	5 years
Fixtures and fittings	5 years
Leasehold improvements	2～3 years
Other equipment	2～5 years

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

(iv) Reclassification to investment property

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

(l) Leases

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

(i) As a lessee

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

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

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

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

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

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

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

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

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

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

If an arrangement contains lease and non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

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

(Continued)

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

(m) Intangible assets

(i) Recognition and measurement

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

(ii) Subsequent expenditure

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

(iii) Amortization

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

The estimated useful lives for current and comparative periods are as follows:

Patents:	Amortized over the period of authorized use
Computer software:	3～5 years

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

(n) Impairment of non-financial assets

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

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

(Continued)

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

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

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

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

(o) Provisions

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

(p) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

No element of financing is deemed present as the sales of electronic components are made with an average credit term of 30 to 150 days, which is consistent with the market practice. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

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

(q) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

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

(iii) Short-term employee benefits

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

(r) Income taxes

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

(Continued)

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

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

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

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

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(Continued)

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(s) Earnings per share

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

(t) Operating segments

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

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

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

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

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) Impairment of non-financial assets

During the asset impairment assessment process, the Group must rely on subjective judgments and asset usage patterns to determine the fair value, independent cash flows, the useful life of assets, and possible future income and expenses of a specific asset group. Estimated changes brought by economic environment or corporate strategies may result in impairment or reversal of recognized impairment losses in the future.

(b) The loss allowance for accounts receivable

The Group has estimated the loss allowance for trade receivables that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to note 6(e).

(Continued)

(c) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. For the estimation of the valuation of inventory, refer to note 6(g).

【Evaluation Process】

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

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

(a) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

(b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(c) Level 3: inputs for the assets or liability that are not based on observable market data.

Please refer to Note 6(w) for assumptions used in measuring fair value.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand	$ 199	263
Demand deposits and checking deposits	294,618	681,152
Call deposits	250,855	130,050
Time deposits	313,176	320,863
Total	**$ 858,848**	**1,132,328**

Please refer to Note 6(w) for the disclosure of interest rate risk and sensitivity analysis of the Group’s financial assets and liabilities.

FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES
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(b) Financial assets measured at fair value through profit or loss

	December 31, 2024	December 31, 2023
Mandatorily measured at fair value through profit or loss:		
Stocks listed on domestic markets	$ 193,938	5,670
Stocks listed on foreign markets	31,527	-
Financial products	-	108,375
Total	**$ 225,465**	**114,045**
Current	$ 35,541	5,670
Non-current	189,924	108,375
Total	**$ 225,465**	**114,045**

(i) The Group' s financial assets measured at fair value through profit or loss have not been pledged as collateral.

(ii) For market risk and fair value information, please refer to Note 6(w).

(c) Financial assets measured at fair value through other comprehensive income

	December 31, 2024	December 31, 2023
Equity instruments measured at fair value through other comprehensive income—non-current		
Stock of domestic listed companies	$ 846,201	825,972
Stock of domestic non-listed company	6,873	10,374
Total	**$ 853,074**	**836,346**

(i) The Group has designated these investments in equity instruments as measured at fair value through other comprehensive income, because these investments are held as long-term strategic investments and are not held for trading purposes.

(ii) For the purpose of the asset activation, the Group disposed of Tatung Corporation, which was designated to be measured at fair value through other comprehensive income, for the years ended December 31, 2024 and 2023. The fair value of Tatung Corporation at the time of disposal amounted to $111,558 thousand and $5,526 thousand. The accumulated gains on disposal amounted to $57,460 thousand and $1,198 thousand, both of which were transferred from other equity to retained earnings.

(iii) The Group's financial assets measured at fair value through other comprehensive income have not been pledged as collateral.

(iv) For market risk and fair value information, please refer to Note 6(w).

(Continued)

FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES
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(d) Financial assets measured at amortized cost-current

	December 31, 2024	December 31, 2023
Restricted assets－trust account	$ 33,352	-
Time deposits (including pledged)	188,967	2,488
Total	**$ 222,319**	**2,488**

(i) For the above-mentioned pledge of financial assets measured at amortized cost, please refer to Note 8.

(ii) For information on credit risk, please refer to Note 6(w).

(e) Notes and accounts receivable

	December 31, 2024	December 31, 2023
Current:		
Notes receivable from operating activities	$ 5,274	5,539
Less: loss allowance	(25)	(28)
Subtotal	5,249	5,511
Accounts receivable	154,911	181,340
Installment accounts receivable	125,311	63,712
Less: unrealized interest income	(1,384)	(3,083)
Subtotal	278,838	241,969
Less: loss allowance	(126,021)	(49,860)
Subtotal	152,817	192,109
Accounts receivable－related parties	2	106
Less: loss allowance	-	-
Subtotal	2	106
Subtotal of current portions	158,068	197,726
Non-current:		
Long-term installments receivable	2,758	52,814
Less: unrealized interest income	(10)	(1,265)
Loss allowance	-	(12,216)
Subtotal of non-current portions	2,748	39,333
Total	**$ 160,816**	**237,059**

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(i) Credit loss

The Group applies the simplified approach to provide for its expected credit losses, i.e., the use of lifetime expected loss provision for all notes and accounts receivable. 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 incorporated forward looking information. The loss allowance provision was determined as follows:

December 31, 2024

Notes receivable

	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 5,274	0.47%	25
Less than 120 days past due	-	-%	-
121~180 days past due	-	-%	-
181~270 days past due	-	-%	-
More than 271 days past due	-	-%	-
Total	**$ 5,274**		**25**

Accounts receivable

	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 149,339	0.00%	-
Less than 120 days past due	6,272	0.69%	44
121~180 days past due	-	-%	-
181~270 days past due	-	-%	-
More than 271 days past due	6	100%	6
Total	**$ 155,617**		**50**

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Accounts receivable (including long-term installment receivable)－assessed in individual

		Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$	55,568	100%	55,568
Less than 120 days past due		36,645	100%	36,645
121~180 days past due		7,545	100%	7,545
181~270 days past due		9,693	100%	9,693
More than 271 days past due		16,520	100%	16,520
Total	**$**	**125,971**		**125,971**

December 31, 2023

Notes receivable

		Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$	5,539	0.51%	28
Less than 120 days past due		-	-%	-
121~180 days past due		-	-%	-
181~270 days past due		-	-%	-
More than 271 days past due		-	-%	-
Total	**$**	**5,539**		**28**

Accounts receivable

		Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$	150,968	-%	-
Less than 120 days past due		2,484	-%	-
121~180 days past due		-	-%	-
181~270 days past due		24	100%	24
More than 271 days past due		-	-%	-
Total	**$**	**153,476**		**24**

(Continued)

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Accounts receivable (including long-term installment receivable)－assessed in individual

	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 110,083	9.63%~43.38%	33,319
Less than 120 days past due	2,095	9.63%~43.38%	763
121~180 days past due	-	%	-
181~270 days past due	-	-%	-
More than 271 days past due	27,970	100%	27,970
Total	**$ 140,148**		**62,052**

The movement in the allowance for notes receivable and accounts receivable (including long-term installment receivable), were as follows:

	For the years ended December 31,	
	2024	2023
Balance at January 1	$ 62,104	29,711
Impairment losses recognized	74,858	33,424
Amounts written off as uncollectible during the year	(14,819)	(441)
Effect of exchange rate change	3,903	(590)
Balance at December 31	**$ 126,046**	**62,104**

(i) The above-mentioned financial assets have not been provided as security.

(ii) For market risk of the Group’s accounts receivable and notes receivable, please refer to Note 6(w).

(f) Other receivables

	December 31, 2024	December 31, 2023
Current:		
Tax refund receivable	$ 816	291
Earned revenue receivable	4,231	1,186
Other receivables－related parties	2,152	2,136
Other receivables－other	5,470	21,835
Other installment receivables	3,278	2,133
Less: unrealized interest income	(49)	(30)
Subtotal	15,898	27,551
Less: loss allowance	(8,590)	(20,959)
Subtotal of current portions	7,308	6,592

(Continued)

FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES
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	December 31, 2024	December 31, 2023
Non-current:		
Installments of long-term other receivables	-	976
Less: unrealized interest income	-	(12)
loss allowance	-	(418)
Subtotal	-	546
Long-term receivables-interest	-	11,119
Subtotal of non-current portions	-	11,665
Total	$ **7,308**	**18,257**

For credit risk information, please refer to Note 6(w).

(g) Inventories

(i) The details of the Group's inventories are as follows:

	December 31, 2024	December 31, 2023
Raw materials	$ 53,475	46,120
Work in process	24,996	18,216
Finished goods	27,441	26,620
Merchandise	1,001	1,341
Total	$ **106,913**	**92,297**

(ii) The details of the Group's operating cost are as follows:

	For the years ended December 31, 2024	2023
Cost of goods sold	$ 577,671	727,506
Reversal of inventory write-downs	(7,207)	(2,280)
Write-off loss	3,985	4,810
Scrap revenue	(5,807)	(8,045)
Total	$ **568,642**	**721,991**

For the years ended December 31, 2024 and 2023, the Group recognized a gain on reversal of inventory write-downs due to destocking; which was recognized as a deduction from cost of goods sold.

(iii) The Group's inventories have not been pledged as collateral as of December 31, 2024 and 2023.

FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES
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(h) Prepayments

	December 31, 2024	December 31, 2023
Prepaid cost of the carbon credits development	$ 103,750	-
Other	7,073	2,545
Total	$ **110,823**	**2,545**

The Group jointly developed an Indonesian REDD+/CBB carbon credits project with Asia Assets Development Co., Ltd., please refer to Note 9.

(i) Property, plant and equipment

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

	Land and improvements	Buildings and structures	Machinery	Office equipment	Transportation equipment	Leasehold improvements	Other equipment and construction in progress	Total
Cost:								
Balance on January 1, 2024	$ 463,378	182,781	226,547	27,028	3,904	42,444	183,400	1,129,482
Additions	-	180	-	3,738	-	6,082	2,990	12,990
Disposal and write-off	-	(620)	(10,926)	(618)	(489)	-	(2,632)	(15,285)
Reclassification	-	-	1,237	-	-	-	-	1,237
Effects of changes in foreign exchange rates and others	-	-	3,206	254	95	2,161	1,887	7,603
Balance on December 31, 2024	$ **463,378**	**182,341**	**220,064**	**30,402**	**3,510**	**50,687**	**185,645**	**1,136,027**
Balance on January 1, 2023	$ 463,378	186,569	286,938	27,393	4,857	43,142	211,297	1,223,574
Additions	-	630	360	1,009	29	-	2,896	4,924
Disposal and write-off	-	(4,418)	(59,399)	(1,291)	(944)	-	(32,426)	(98,478)
Reclassification	-	-	73	-	-	-	2,354	2,427
Effects of changes in foreign exchange rates	-	-	(1,425)	(83)	(38)	(698)	(721)	(2,965)
Balance on December 31, 2023	$ **463,378**	**182,781**	**226,547**	**27,028**	**3,904**	**42,444**	**183,400**	**1,129,482**
Depreciation and impairment losses:								
Balance on January 1, 2024	$ -	129,993	194,523	24,726	3,484	42,444	176,443	571,613
Depreciation	-	8,333	6,926	1,265	425	1,313	5,102	23,364
Impairment losses recognized (reversal)	-	-	-	-	-	-	(868)	(868)
Disposal and write-off	-	(620)	(10,905)	(610)	(489)	-	(2,253)	(14,877)
Effects of changes in foreign exchange rates	-	-	2,631	233	90	2,144	1,715	6,813
Balance on December 31, 2024	$ **-**	**137,706**	**193,175**	**25,614**	**3,510**	**45,901**	**180,139**	**586,045**
Balance on January 1, 2023	$ -	121,256	234,139	25,071	3,850	43,142	195,487	622,945
Depreciation	-	9,149	8,094	1,132	589	-	8,350	27,314
Impairment losses recognized (reversal)	-	2,763	10,059	(107)	(73)	-	4,439	17,081
Disposal and write-off	-	(3,175)	(57,013)	(1,291)	(850)	-	(31,227)	(93,556)
Effects of changes in foreign exchange rates	-	-	(756)	(79)	(32)	(698)	(606)	(2,171)
Balance on December 31, 2023	$ **-**	**129,993**	**194,523**	**24,726**	**3,484**	**42,444**	**176,443**	**571,613**

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FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES
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		Land and improvements	Buildings and structures	Machinery	Office equipment	Transportation equipment	Leasehold improvements	Other equipment and construction in progress	Total
Carrying value：									
Balance on December 31, 2024	$	**463,378**	**44,635**	**26,889**	**4,788**	**-**	**4,786**	**5,506**	**549,982**
Balance on January 1, 2023	$	**463,378**	**65,313**	**52,799**	**2,322**	**1,007**	**-**	**15,810**	**600,629**
Balance on December 31, 2023	$	**463,378**	**52,788**	**32,024**	**2,302**	**420**	**-**	**6,957**	**557,869**

(i) For the years ended December 31, 2023, the Group disposed of certain property, plant and equipment, therefore, and reversed the impairment loss previously recognized. Besides, the Group reversed impairment loss resulting from the recoverable amount of certain property, plant and equipment of the Group is higher than the book value.

(ii) For the years ended December 31, 2023, the Group recognized impairment loss resulting from the write-down of certain property, plant and equipment to the recoverable amount. The estimate value in use as of December 31, 2023, was determined using a discount rate of 15.00%.

(iii) As of December 31, 2024 and 2023, the property, plant and equipment of the Group had been pledged as collateral; please refer to Note 8.

(j) Right-of-use assets

		Buildings and structures	Transportation equipment	Total
Cost:				
Balance on January 1, 2024	$	55,790	1,493	57,283
Additions		24,688	1,381	26,069
Disposal		(15,267)	(1,493)	(16,760)
Effect of movements in exchange rate		2,113	-	2,113
Balance on December 31, 2024	$	**67,324**	**1,381**	**68,705**
Balance on January 1, 2023	$	101,070	1,493	102,563
Additions		6,637	-	6,637
Lease modification		(51,066)	-	(51,066)
Effect of movements in exchange rate		(851)	-	(851)
Balance on December 31, 2023	$	**55,790**	**1,493**	**57,283**
Depreciation and impairment losses:				
Balance on January 1, 2024	$	40,573	1,286	41,859
Depreciation		15,112	437	15,549
Disposal		(11,314)	(1,493)	(12,807)
Reversal of impairment loss		(7,945)	-	(7,945)
Effect of movements in exchange rates		1,702	-	1,702
Balance on December 31, 2024	$	**38,128**	**230**	**38,358**

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		Buildings and structures	Transportation equipment	Total
Balance on January 1, 2023	$	68,952	788	69,740
Depreciation		22,210	498	22,708
Impairment loss		7,842	-	7,842
Lease modification		(57,777)	-	(57,777)
Effect of movements in exchange rates		(654)	-	(654)
Balance on December 31, 2023	$	**40,573**	**1,286**	**41,859**
Carrying value:				
Balance on December 31, 2024	$	**29,196**	**1,151**	**30,347**
Balance on January 1, 2023	$	**32,118**	**705**	**32,823**
Balance on December 31, 2023	$	**15,217**	**207**	**15,424**

(i) For the year ended December 31, 2024, due to the reduction in the leased area of certain right-of-use assets, the recoverable amount was higher than the book value. The Group reversed the impairment loss previously recognized.

(ii) The Group's right-of-use assets were not pledged as collateral as of December 31, 2024 and 2023.

(k) Investment property

The movements in the investment property were as follows:

		Owned property	Right-of-use assets		
		Buildings and structures	Right of land	Buildings and structures	Total
Balance on January 1, 2024	$	63,608	-	10,443	74,051
Additions		-	7,570	-	7,570
Effect on movements in exchange rates		3,316	183	544	4,043
Balance on December 31, 2024	$	**66,924**	**7,753**	**10,987**	**85,664**
Balance on January 1, 2023	$	64,693	-	29,009	93,702
Lease modification		-	-	(18,331)	(18,331)
Effect on movements in exchange rates		(1,085)	-	(235)	(1,320)
Balance on December 31, 2023	$	**63,608**	**-**	**10,443**	**74,051**

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	Owned property	Right-of-use assets		
	Buildings and structures	Right of land	Buildings and structures	Total
Accumulated depreciation:				
Balance on January 1, 2024	$ 56,209	-	7,123	63,332
Depreciation	1,207	297	1,705	3,209
Effect on movements in exchange rates	2,960	7	413	3,380
Balance on December 31, 2024	**$ 60,376**	**304**	**9,241**	**69,921**
Balance on January 1, 2023	$ 55,910	-	20,919	76,829
Depreciation	1,255	-	2,089	3,344
Impairment loss	-	-	3,287	3,287
Lease modification	-	-	(19,009)	(19,009)
Effect on movements in exchange rates	(956)	-	(163)	(1,119)
Balance on December 31, 2023	**$ 56,209**	**-**	**7,123**	**63,332**
Carrying value:				
Balance on December 31, 2024	**$ 6,548**	**7,449**	**1,746**	**15,743**
Balance on January 1, January 1, 2023	**$ 8,783**	**-**	**8,090**	**16,873**
Balance on December 31, 2023	**$ 7,399**	**-**	**3,320**	**10,719**
Fair value:				
Balance on December 31, 2024				**$ 129,929**
Balance on January 1, 2023				**$ 134,550**
Balance on December 31, 2023				**$ 127,687**

(i) Rental income and direct operating expense from investment property, please refer to Note 6(o).

(ii) None of the Group's investment property has been pledged as collateral as of December 31, 2024 and 2023.

(iii) The fair value of investment properties (as measured or disclosed in the financial statements) was based on a valuation by a qualified independent appraiser who has recent valuation experience in the location and category of the investment property being valued. The inputs of levels of fair value hierarchy in determining the fair value is classified to Level 3.

Fair value was measured using the income approach－Discounted Cash Flow. The input value and quantified information were as follow:

	2024	2023
Discount rate	6.1%	9.50%~12.15%

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(l) Short-term borrowings

	December 31, 2024	December 31, 2023
Secured bank loans	$ 100,000	18,000
Unused credit lines	$ -	82,000
Range of interest rates	2.37%	2.25%

The Group sets land, buildings and structures as the first mortgage to secure bank loans, please refer to Note 8 for details.

(m) Long-term borrowings

The details for long-term borrowings for December 31, 2024 and 2023, are as follows:

Creditor	December 31, 2024	December 31, 2023	Interest rate (%)	Repayment term and method
Secured bank loans from Sunny Bank	$ 707,000	719,000	2.04~2.16	Monthly installments of $1,000 thousand and $667,000 thousand for the 84th installment, from May 6, 2021 to May 6, 2028. Interest payment on a monthly basis.
Secured bank loans from Sunny Bank	268,000	280,000	2.25~2.37	Monthly installments of $1,000 thousand and $221,000 thousand for the 60th installment, from December 1, 2023 to December 1, 2028. Interest payment on a monthly basis.
Less: current portion	(24,000)	(24,000)		
Total	$ 951,000	975,000		
Unused credit lines	$ -	-		

The Group sets land, buildings and structures as the first mortgage to secure bank loans, please refer to Note 8 for details.

(n) Lease liabilities

The carrying amounts of Group's lease liabilities are as follows:

	December 31, 2024	December 31, 2023
Current	$ 17,110	15,779
Non-current	22,950	10,999
Total	$ 40,060	26,778

For the maturity analysis, please refer to Note 6(w).

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The amounts recognized in profit or loss were as follows:

	For the years ended December 31, 2024	For the years ended December 31, 2023
Interest on lease liabilities	$ 1,120	836
Income from sub-leasing right-of-use assets	$ (2,164)	(2,241)

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

	For the years ended December 31, 2024	For the years ended December 31, 2023
Total cash outflow for leases	$ 18,461	30,939

The Group leases various properties, including land, buildings and structures, machinery and transportation equipment. The lease terms range from 2 to 26 years.

For the Group's subleased right-of-use assets under operating leases, please refer to Note 6(o).

Some of the Group's property lease agreements contain extension and termination options. The Group determines the lease term as the non-cancellable period of the lease, together with periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option, and periods covered by an option to terminate the lease if the lessee is reasonably not to exercise option. These options are used to maximize the operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group. After the commencement date, the Group reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Group is reasonably certain to exercise an option not previously included in the determination of the lease term, or not to exercise an option previously included in the determination of the lease term.

(o) Operating lease

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

	December 31, 2024	December 31, 2023
Less than one year	$ 14,470	21,252
One to two years	13,969	2,837
Two to three years	13,666	240
Four to five years	13,661	-
More than five years	86,381	-
Total undiscounted lease payments	$ 142,147	24,329

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Rental income from investment properties was $16,077 thousand (2023: $21,510 thousand). The direct expenses including repairs and maintenance arising from investment properties (reported under other gains and losses) were as follows:

		2024	2023
Rental income-generating property	$	107	226

(p) Employee benefits

(i) Defined contribution plans

Reconciliations of defined benefit obligations at present value and plan assets at fair value are as follows:

		December 31, 2024	December 31, 2023
Present value of defined benefit obligations	$	52,189	54,805
Fair value of plan assets		(96,180)	(86,937)
Net defined benefit assets	$	(43,991)	(32,132)

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

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Labor Pension Fund Supervisory Committee. With regard to the utilization of the funds, minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with interest rates offered by local banks.

The Group’ s Bank of Taiwan labor pension reserve account balance amounted to $96,180 thousand as of December 31, 2024. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Labor Pension Fund Supervisory Committee.

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2) Movements in the present value of defined benefit obligations

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

	2024	2023
Defined benefit obligations at January 1	$ 54,805	53,746
Current service costs and interest cost	1,155	1,244
Remeasurements of defined benefit assets		
—Actuarial gains and losses arising from changes in demographic assumptions	1,183	(79)
—Actuarial gains and losses arising from financial assumptions	(3,818)	3,759
—Actuarial gains and losses arising from experience adjustments	141	(1,979)
Benefits paid	(1,278)	(1,886)
Defined benefit obligations at December 31	**$ 52,188**	**54,805**

3) Movements in fair value of plan assets

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

	2024	2023
Fair value of plan assets at January 1	$ 86,937	84,742
Interest income	1,086	991
Remeasurements of defined benefit assets		
—Return on plan assets (excluding interest income)	7,612	460
Contributions	1,823	2,630
Benefits paid	(1,278)	(1,886)
Fair value of plan assets at December 31	**$ 96,180**	**86,937**

4) Expenses recognized in profit or loss

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

	For years ended December 31,	
	2024	2023
Current service costs	$ 471	616
Net interest on net defined benefit assets	(402)	(363)
	$ 69	**253**

(Continued)

5) Actuarial assumptions

Principal actuarial assumptions at the end of the reporting period were as follows:

	2024.12.31	2023.12.31
Discount rate	1.44%	1.25%
Future salary increase rate	1.00%	2.00%

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is $0 thousand.

The weighted-average lifetime of the defined benefit plans is 4 years.

6) Sensitivity analysis

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

	Influence of defined benefit obligation	
	Increase	**Decrease**
December 31, 2024		
Discount rate (changed by 0.5%)	$ 960	871
Future salary increase rate (changed by 0.5%)	959	879
December 31, 2023		
Discount rate (changed by 0.5%)	$ 3,615	2,729
Future salary increase rate (changed by 0.5%)	3,569	2,726

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

The calculation and assumptions used in the sensitivity analysis during the year were consistent with prior year.

(ii) Defined benefit plans

The Group allocates at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act or the relevant laws and regulations of the operating environment. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $9,754 thousand and $11,116 thousand for the years ended December 31, 2024 and 2023, respectively.

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FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES
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(q) Income tax

(i) Income tax expense

The details for income tax expense of the Group are as follows:

		For the years ended December 31,	
		2024	**2023**
Current tax expenses			
Current period	$	667	580
Adjustment for prior periods		-	(447)
		667	133
Deferred income tax expense			
Origination and reversal of temporary difference		16,979	(523)
Income tax expense (benefit)	**$**	**17,646**	**(390)**

Reconciliation of income tax expense (benefit) and profit before tax is as follows:

		For the years ended December 31	
		2024	**2023**
Loss before tax	**$**	**(102,705)**	**(140,673)**
Income tax using the Company's domestic tax rate		(20,541)	(28,057)
Impact of foreign jurisdiction tax rate differences		533	(12,511)
Non-deductible expenses		224	934
Tax-exempt income		(1,676)	(656)
Effects of deferred tax assets/liabilities		39,458	40,821
Adjustment for prior period		-	(447)
Others		(352)	(474)
Income tax expense (benefit)	**$**	**17,646**	**(390)**

(ii) Deferred income tax assets and liabilities

1) Unrecognized deferred income tax assets

Unrecognized deferred income tax assets for December 31, 2024 and 2023 is as follows:

		December 31, 2024	**December 31, 2023**
Temporary differences can be deducted	$	46,881	23,538
Tax losses		180,089	112,126
	$	**226,970**	**135,664**

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

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

(Continued)

FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES
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2) Deferred income tax assets and liabilities recognized

The changes in deferred income tax assets and liabilities in December 31, 2024 and 2023 are as follows:

Deferred tax assets:

	Loss allowance	Loss carry forward	Others	Total
January 1, 2024	$ 5,055	63,400	486	68,941
Recognized in profit or loss	(2,632)	(18,640)	16	(21,256)
December 31, 2024	**$ 2,423**	**44,760**	**502**	**47,685**
January 1, 2023	$ 5,331	80,199	864	86,394
Recognized in profit or loss	(276)	(16,799)	(378)	(17,453)
December 31, 2023	**$ 5,055**	**63,400**	**486**	**68,941**

Deferred tax liabilities:

	Unrealized exchange gains	Investments using the equity method	Provision of land value increment tax	Total
January 1, 2024	$ 313	51,075	163,678	215,066
Recognized in profit or loss	2,038	(6,315)	-	(4,277)
December 31, 2024	**$ 2,351**	**44,760**	**163,678**	**210,789**
January 1, 2023	$ 1,490	67,874	163,678	233,042
Recognized in profit or loss	(1,177)	(16,799)	-	(17,976)
December 31, 2023	**$ 313**	**51,075**	**163,678**	**215,066**

(iii) As of December 31, 2024, the information of the Group's unused tax losses are as follows :

	Unused tax loss		Expiry date	
Year of Assessment	**R.O.C. companies**	**Subsidiaries in Mainland China**	**R.O.C. companies**	**Subsidiaries in Mainland China**
2016	$ 319,818	-	2026	
2017	193,206	-	2027	
2018	76,812	-	2028	
2019	81,128	-	2029	
2020	141,066	-	2030	
2021	937	-	2031	
2023	59,635	109,829	2033	2028
2024	114,355	-	2034	
	$ 986,957	**109,829**		

(Continued)

(iv) Assessment of income tax returns

1) The Company's income tax returns through 2022 were assessed and approved by the tax authority.

2) The income tax returns of the Group's subsidiaries in Mainland China for the years through 2023 were declared to the local income tax authority.

(r) Capital and other equity

As of December 31, 2024 and 2023, the number of authorized ordinary shares were both $200,000 thousand with par value of $10 per share. The total value of authorized ordinary shares were both amounted to $2,000,000 thousand. As of December 31, 2024 and 2023, the total value of issued ordinary shares were both amounted to $1,399,830 thousand. Each share is entitled to one voting right and the right to receive the dividends.

(i) Capital surplus

	December 31, 2024	December 31, 2023
Organizational restructuring adjustment	$ 21,665	21,665
Changes in equity of investments in associates using equity method	8,900	8,900
Lapsed employee stock options	18,151	18,151
Total	**$ 48,716**	**48,716**

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.

(ii) Retained earnings

The Company's Articles of Incorporation stipulate that annual earning shall be appropriated in the following order:

A) Pay income tax.

B) Offset deficit.

C) Appropriate 10% of the remaining amount after deducting item (A) and (B) as legal reserve.

D) Appropriate or reverse special reserve pursuant to relevant laws or regulations.

(Continued)

FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES
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E) After deducting item (A), (B), (C), and (D), the appropriation of the remaining portion, if any, shall be recommended by the Board of Directors and resolved in the shareholders' meeting.

1) Earnings distribution

On May 27, 2024, the shareholders' meeting resolved not to distribute earnings for the year 2023.

On June 13, 2023, the shareholders' meeting resolved to distribute the earnings for 2022. The earning was appropriated as follows:

	2022	
	Amount per share (NT Dollars)	**Amount**
Dividends distributed to ordinary shareholders		
Cash	$ 0.10	$ 13,998

(iii) Other equity, net of tax

	Exchange differences on translation of foreign financial statements	**Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income (loss)**	**Total**
Balance on January 1, 2024	$ (108,477)	299,417	190,940
Exchange differences on foreign operations	39,481	-	39,481
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	126,506	126,506
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(57,460)	(57,460)
Balance on December 31, 2024	**$ (68,996)**	**368,463**	**299,467**
Balance on January 1, 2023	$ (95,020)	145,895	50,875
Exchange differences on foreign operations	(13,457)	-	(13,457)
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	154,720	154,720
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(1,198)	(1,198)
Balance on December 31, 2023	**$ (108,477)**	**299,417**	**190,940**

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FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES
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(s) Losses per share

The Group's basic and diluted loss per share were calculated as follows:

	For the years ended December 31, 2024	For the years ended December 31, 2023
Losses attributable to ordinary shareholders of the Company	$ (120,351)	(140,283)
Weighted average number of ordinary shares outstanding (thousand shares)	139,983	139,983
Basic and diluted losses per share (NT Dollars)	$ (0.86)	(1.00)

(t) Revenue from contracts with customers

	For the years ended December 31, 2024	For the years ended December 31, 2023
Sale of goods revenue	$ 594,848	719,416
Other operating revenue	1,409	3,161
Total	$ 596,257	722,577

Pertinent information on the Group's revenue from contracts with customers for the years ended 2024 and 2023, was as follows:

(i) Disaggregation of revenue

2024	Optoelectronics segment	Electronics component products segment	Electronics appliance segment	Total
Sale of goods revenue	$ 191,736	250,284	152,828	594,848
Other operating revenue	-	1,375	34	1,409
Total	$ 191,736	251,659	152,862	596,257
Timing of revenue recognition:				
At a point in time	$ 191,736	251,659	152,862	596,257

2023	Optoelectronics segment	Electronics component products segment	Electronics appliance segment	Total
Sale of goods revenue	$ 226,237	252,269	240,910	719,416
Other operating revenue	-	3,161	-	3,161
Total	$ 226,237	255,430	240,910	722,577
Timing of revenue recognition:				
At a point in time	$ 226,237	255,430	240,910	722,577

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(ii) Contract balances

A) Contract liabilities

	December 31, 2024	December 31, 2023	January 1, 2023
Contract liabilities－Sale of goods	$ 12,474	20,358	9,621

Material movements in the balance of the Group's contract liabilities for the years ended December 31, 2024 and 2023, are detailed as follows:

	For the years ended December 31, 2024	2023
Opening balances transferred to income for the current period	$ (20,076)	(7,743)
Increase in advances received in the period (excluding the amount incurred and transferred to revenue in the period)	12,126	18,517
Effect of movement in exchange rates	66	(37)
Net movement for the period	$ (7,884)	10,737

(u) Remunerations to employees and directors

According to the Articles of Incorporation, once the Company has annual profit, it should contribute no less than 1% of the profit to its employees and no more than 2% to its directors as remuneration. However, if the Company has accumulated deficit, the profit shall be reserved to offset the deficit. The aforementioned employee remuneration shall be shares or cash, and shall be resolved by a majority vote of a meeting of the Board of Directors attended by two-thirds or more of the directors. Aside from that, such distribution shall be reported to the shareholders' meeting. The relevant information is available on the Market Observation Post System website.

For the years ended December 31, 2024 and 2023, the Company incurred net loss after tax and thus did not recognized remuneration to employees and directors. These amounts were calculated using the Company's net income before tax without the remunerations to employees and directors for the period, multiplied by the proposed percentage which is stated under the Company's proposed Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholder' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. Shares distributed to employees as employee' remuneration are calculated based on the closing price of the Company's shares on the day before the approval by the Board of Directors.

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(v) Non-operating income and expenses

(i) Interest income

	For the years ended December 31,	
	2024	2023
Interest income from bank deposits	$ 28,526	10,709
Interest income from financial assets measured at fair value through profit or loss	53	7,597
Interest income from financial assets measured at amortized cost	3,647	6,096
Others	3,197	3,338
	$ 35,423	27,740

(ii) Other income

	For the years ended December 31,	
	2024	2023
Rental income	$ 23,014	28,208
Dividend income	800	258
Other income	4,290	5,064
	$ 28,104	33,530

(iii) Other gains and losses

	For the years ended December 31,	
	2024	2023
Net gains (losses) on disposals of property, plant and equipment	$ 295	(4,328)
Gains on lease modification	9	629
Foreign exchange gains (losses), net	26,479	1,749
Gains on financial assets measured at fair value through profit or loss	12,327	3,020
Impairment reversal (losses) on non-financial assets	8,813	(28,279)
Others	(1,371)	(3,421)
	$ 46,552	(30,630)

(iv) Finance costs

	For the years ended December 31,	
	2024	2023
Bank borrowings	$ 21,966	14,973
Interest expense of lease liabilities	1,120	836
Others	39	59
	$ 23,125	15,868

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FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES
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(w) Financial instruments

(i) Credit risk

1) Credit risk exposure

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

2) Concentration of credit risk

As of December 31, 2024 and 2023, the Group assessed the concentrations of credit risk arising from the major top three customers, at percentages of 50%, 45%, respectively, of the total notes and accounts receivable (including installments of long-term receivables).

3) Credit risk of receivables and other financial assets measured at amortized cost

For credit risk exposure of notes receivable, accounts receivable and long-term installment receivable, please refer to Note 6(e); and of other receivables and long-term receivables, please refer to Note 6(f). Long-term receivables (excluding long-term installment receivable) and other financial assets measured at amortized cost are considered to have low risk, and thus the impairment provision recognized for the current period was limited to 12 months expected credit losses.

The following table presents whether the assets were subject to a 12-month ECL or lifetime ECL allowance, and in the latter case, whether they were credit-impaired:

	12－month ECL	Lifetime ECL－not credit impaired	Lifetime ECL－credit impaired	Total
December 31, 2024				
Gross carrying amounts	$ 7,308	-	8,590	15,898
Loss allowance	-	-	(8,590)	(8,590)
Carrying amounts	**$ 7,308**	**-**	**-**	**7,308**

	12－month ECL	Lifetime ECL－not credit impaired	Lifetime ECL－credit impaired	Total
December 31, 2023				
Gross carrying amounts	$ 15,349	975	23,019	39,343
Loss allowance	-	(94)	(21,283)	(21,377)
Carrying amounts	**$ 15,349**	**881**	**1,736**	**17,966**

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FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES
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The movement in the allowance for impairment for other receivables were as follows:

	For the year ended December 31, 2024			
	12－month ECL	Lifetime ECL－not credit impaired	Lifetime ECL－credit impaired	Total
Balance on January 1, 2024	$ -	94	21,283	21,377
Impairment loss recognized	-	447	1,784	2,231
Amounts written off as uncollectible	-	(543)	(14,988)	(15,531)
Effect of movement in exchange rate	-	2	511	513
Balance on December 31, 2024	$ -	-	8,590	8,590

	For the year ended December 31, 2023			
	12－month ECL	Lifetime ECL－not credit impaired	Lifetime ECL－credit impaired	Total
Balance on January 1, 2023	$ -	-	20,202	20,202
Impairment loss recognized	-	95	1,349	1,444
Effect of movement in exchange rate	-	(1)	(268)	(269)
Balance on December 31, 2023	$ -	94	21,283	21,377

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flow	Within 1 year	2-3 years	4-5 years	Over 5 years
December 31, 2024						
Non-derivative financial liabilities						
Short-term borrowings	$ 100,000	102,370	102,370	-	-	-
Long-term borrowings	975,000	1,048,880	45,374	89,117	914,389	-
Accounts payable (including related parties)	110,542	110,542	110,542	-	-	-
Other payables (including related parties)	51,755	51,755	51,755	-	-	-
Guarantee deposit received	5,391	5,391	5,391	-	-	-
Lease liabilities	40,060	44,910	17,956	13,484	4,400	9,070
	$ 1,282,748	1,363,848	333,388	102,601	918,789	9,070

(Continued)

FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES
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	Carrying amount	Contractual cash flow	Within 1 year	2-3 years	4-5 years	Over 5 years
December 31, 2023						
Non-derivative financial liabilities						
Short-term borrowings	$ 18,000	18,405	18,405	-	-	-
Long-term borrowings	999,000	1,089,621	44,732	87,919	956,970	-
Accounts payable (including related parties)	111,801	111,801	111,801	-	-	-
Other payables (including related parties)	47,139	47,139	47,139	-	-	-
Guarantee deposit received	5,755	5,755	5,755	-	-	-
Lease liabilities	26,778	27,462	16,304	11,158	-	-
	$ 1,208,473	1,300,183	244,136	99,077	956,970	-

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Currency risk

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

	December 31, 2024		
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary items			
USD	$ 24,176	32.7850	792,610
HKD	2,511	4.2220	10,601
CNY	205	4.5610	935
JPY	34,015	0.2099	7,140
Financial liabilities			
Monetary items			
USD	1,696	32.7850	55,603

	December 31, 2023		
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary items			
USD	$ 17,870	30.7050	548,698
HKD	3,302	3.9290	4,313
CNY	995	4.3350	12,974
JPY	29,626	0.2172	6,435
Financial liabilities			
Monetary items			
USD	2,952	30.7050	90,641

(Continued)

FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES
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2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, financial assets measured at amortized cost and accounts payable that are denominated in foreign currency. As of December 31, 2024 and 2023, a strengthening (weakening) of 1% of the exchange rate of the functional currency of the Group against the main foreign currencies would have decreased (increased) loss (profit) before tax by $7,556 thousand and $4,818 thousand for the years ended December 31, 2024 and 2023, respectively, assuming all other variables held constant. The analysis of the two periods was conducted using the same basis.

3) Foreign exchange gains or losses on monetary items

Since the Group has many kinds of functional currencies, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2024 and 2023, net foreign exchange (losses) gains (including realized and unrealized) amounted to $26,479 thousand and $1,749 thousand, respectively.

4) Interest rate risk

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 of non-derivative financial instruments on the reporting date. 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. The rate of change is expressed as the interest rate increases or decreases by 10 basis points when reporting to management internally, which also represents the Group management' s assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 10 basis points, the Group's net income (loss) before tax would have increased / decreased by $1,075 thousand and $1,017 thousand for the years ended December 31, 2024 and 2023, respectively, with all other variable factors remaining constant. This is mainly due to the Group' s borrowing at variable rate.

5) Other market price risk

If the securities price at the reporting date changes (the analysis is performed on the same basis and all other variable factors remaining constant), the effect for the profit and loss is illustrated below:

	For the years ended December 31,			
	2024		2023	
Prices of securities at the reporting date	**Other comprehensive income after tax**	**Net income (loss)**	**Other comprehensive income after tax**	**Net income (loss)**
Increase by 1%	$ 8,531	2,255	8,363	57
Decrease by 1%	$ (8,531)	(2,255)	(8,363)	(57)

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FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Fair value information

1) Types and fair value of financial instruments

Financial assets measured at fair value through profit or loss and at fair value through other comprehensive income are measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy, were as follows; However, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2024				
		Fair value			
	Amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Shares	$ 225,465	225,465	-	-	225,465
Financial assets at fair value through other comprehensive income					
Shares	853,074	846,201	-	6,873	853,074
Total	**$ 1,078,539**	**1,071,666**	**-**	**6,873**	**1,078,539**

	December 31, 2023				
		Fair value			
	Amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Shares	$ 5,670	5,670	-	-	5,670
Financial products	108,375	-	-	108,375	108,375
Subtotal	114,045	5,670	-	108,375	114,045
Financial assets at fair value through other comprehensive income					
Shares	836,346	825,972	-	10,374	836,346
Total	**$ 950,391**	**831,642**	**-**	**118,749**	**950,391**

2) Valuation techniques for financial instruments measured at fair value－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-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.

(Continued)

Measurements of fair value of financial instruments without an active market are based on valuation technique or quoted price from a competitor. Fair value, measured by using valuation technique that can be extrapolated from either similar financial instruments or discounted cash flow method or other valuation techniques, including models, is calculated based on available market data at the reporting date.

3) Transfers between Level 1 and Level 2

No transfers have occurred between the fair value levels in the hierarchy for the years ended December 31, 2024 and 2023.

4) Reconciliation of Level 3 fair values

	Fair value through profit or loss	Fair value through other comprehensive income	
	Financial products	**Unquoted equity instruments**	**Total**
Balance on January 1, 2024	$ 108,375	10,374	118,749
Total gains and losses recognized:			
Recognized in other comprehensive income	-	(5,281)	(5,281)
Purchased	-	1,780	1,780
Disposed	(111,332)	-	(111,332)
Effect of movements in exchange rates	2,957	-	2,957
Balance on December 31, 2024	**$ -**	**6,873**	**6,873**
Balance on January 1, 2023	$ 220,450	-	220,450
Total gians and losses recognized			
In other comprehensive income	-	5,374	5,374
Purchased	-	5,000	5,000
Disposed	(109,884)	-	(109,884)
Effect of movements in exchange rates	(2,191)	-	(2,191)
Balance on December 31, 2023	**$ 108,375**	**10,374**	**118,749**

5) 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 – financial products” .

The financial products of the Group that use Level 3 inputs have multiple significant unobservable inputs. The significant unobservable inputs of the financial products are independent, therefore, there is no correlation between them.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Interrelationship between significant unobservable inputs and fair value measurement
Financial assets measured at fair value through profit or loss－financial products	Discounted cash flow method /Market approach	Pricing of financial products	None
Financial assets measured at fair value through other comprehensive income－equity instruments without an active market	Market approach	· Market liquidity discount rate (15.6% and 15.7% as of December 31, 2024 and December 31, 2023 · P/B ratio (1.84 and 3.68 as of December 31, 2024 and December 31, 2023)	· The higher the market liquidity discount rate, the lower the fair value. · The higher the multiplier, the higher the fair value.

6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Group’ s measurement on the fair value of financial instruments is deemed reasonable despite the fact that different valuation models or parameters may lead to different results. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income:

	Inputs	Upwards or downwards movement	The effect on other comprehensive income due to change of fair value	
			Favorable	Unfavorable
December 31, 2024				
Financial assets measured at fair value through other comprehensive income				
The fair value of equity instruments without an active market－market approach	Market liquidity discount	1%	34	(40)
	P/B ratio	1%	27	(33)
December 31, 2023				
Financial assets measured at fair value through other comprehensive income				
The fair value of equity instruments without an active market－market approach	Market liquidity discount	1%	121	(121)
	P/B ratio	1%	110	(99)

(Continued)

The management of the Group is responsible for the fair value verification. With principal-guaranteed financial products contracts, the evaluation results would be closer to the market, confirming that the source of the information is independent, reliable, consistent with other resources, and represents an executable price. Changes in the value of assets and liabilities must be re-measured or re-evaluated in accordance with the accounting policies of the Group and are analyzed on each reporting date to ensure that the evaluation results are reasonable.

(x) Financial risk management

(i) Overview

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

1) credit risk

2) liquidity risk

3) market risk

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

(ii) Structure of risk management

The Group's risk management objectives are to manage market risk, credit risk and liquidity risk related to its operating activities. The Group identifies, measures, and manages the aforementioned risks based on the Group's policies and risk preferences.

The Group has established appropriate policies, procedures, and internal controls, for its financial risk management. Significant financial activities shall be reviewed by the Board of Directors and Audit Committee based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(iii) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts and notes receivable, other receivables and long-term receivables) and financing activities (primarily for bank deposits and financial instruments).

Credit risk is managed by each business unit subject to the policy, procedure and control relating to credit risk management. Credit limits are established for all counterparties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counterparties' credit risk will also be managed by taking credit enhancing instruments, such as advance receipts and insurance to reduce the credit risk of specific counterparties.

FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Credit risk from bank deposits and other financial instruments is managed by the Group's finance department in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and investment-grade financial institutions, companies and government entities with good credit ratings. Consequently, there is no significant credit risk for these counterparties.

The Group adopted IFRS 9 to assess the expected credit losses. Except for accounts receivable, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories. The Group makes an assessment at each balance sheet date as to whether the debt instrument investments are still considered low credit risk and then further determines the method of measuring the loss allowance and the loss rates.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(iv) Liquidity risk

The Group maintains financial flexibility through contracts such as cash and cash equivalents, highly liquid securities and bank loans.

(v) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks comprise of currency risk, interest rate risk, and other price risks (such as equity instrument price risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables. There are usually connections between risk variables. However, the sensitivity analysis disclosed below does not consider the interdependencies between risk variables.

1) Currency risk

The Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries are the main sources of foreign exchange rate risk.

The Group's certain foreign currency receivables are denominated in the same currency as the foreign currency payables, in which case a significant portion of the receivables will have a natural hedge effect. Based on the aforementioned natural hedge to manage the exchange rate risk does not meet the requirements of hedge accounting, therefore, hedge accounting is not applied; in addition, the net investment in foreign subsidiaries is a strategic investment, therefore, the Group does not hedge it.

2) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from floating-rate borrowings.

(Continued)

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rates. Hedge accounting does not apply because the Group does not meet the requirements for hedge accounting.

3) Other market price risk

The domestic listed equity securities that the Group holds are susceptible to market price risk arising from uncertainties about future values of the investment securities. The domestic listed equity securities are classified under financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

(y) Capital management

The primary purpose of the Group's management is to ensure the Group can maintain a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' equity value. The Group manages and adjusts its capital structure in accordance with changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment, return capital or issue new shares.

(z) Investing and financing activities not affecting current cash flows

For the year ended December 31, 2024, the right-of-use assets that the Group acquired by leasing were $33,639 thousand. The lease liabilities of right-of-use assets decreased $3,962 thousand due to lease modification. For the year ended December 31, 2023, the right-of-use assets that the Group acquired by leasing were $6,637 thousand. The right-of-use assets decreased $6,711 thousand due to lease modification.

Reconciliation of liabilities arising from non-cash financing activities for the years ended December 31, 2024 and 2023, was as follows:

			Non-cash changes		
	2024.1.1	**Cash flows**	**Foreign exchange movement**	**other**	**2024.12.31**
Lease liabilities	$ 26,778	(17,341)	946	29,677	40,060
Guarantee deposits received	5,755	(527)	163	-	5,391
Total liabilities from financing activities	**$ 32,533**	**(17,868)**	**1,109**	**29,677**	**45,451**

			Non-cash changes		
	2023.1.1	**Cash flows**	**Foreign exchange movement**	**other**	**2023.12.31**
Lease liabilities	$ 43,033	(30,103)	6,637	7,211	26,778
Guarantee deposits received	7,094	(1,188)	-	(151)	5,755
Total liabilities from financing activities	**$ 50,127**	**(31,291)**	**6,637**	**7,060**	**32,533**

(Continued)

FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(7) Related-party transactions

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Tatung Corporation	The parent company
Tatung System Technologies Inc.	Other related party of the Company
Tatung Consumer Products (Taiwan) Co., Ltd.	Other related party of the Company
Tatung Co. of Japan, Inc.	Other related party of the Company
The Joint Welfare Committee of Tatung	Other related party of the Company
Chyun Huei Business Technology Inc.	Other related party of the Company
Employee Welfare Committee of Forward Electronics Corporation	Other related party of the Company
Tatung Asset Development Co., Ltd. (Original name: Shan-Chih Asset Development Co., Ltd.)	Other related party of the Company

(b) Significant transactions with related parties

(i) Sales

	For the years ended December 31,	
	2024	2023
The parent company	70	1
Other related parties	49	2,214
	$ 119	2,215

There were no material differences between the selling prices for related parties and arm’s length customers. Payment terms for sales to related parties and arm’s length customers are juxtaposed as follows:

	For the years ended December 31,			
	2024		2023	
Location	Related party	Arm’s length customer	Related party	Arm’s length customer
Foreign	O/A 30-150 days	O/A 60-150 days or Sight L/C	O/A 30-150 days	O/A 60-150 days or Sight L/C
Domestic	Cash collection at period closing date or TT or O/A 30-150 days	O/A 30-120 days	Cash collection at period closing date or TT or O/A 30-150 days	O/A 30-120 days

(Continued)

FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Receivables from related parties

Account	Relationship	December 31, 2024	December 31, 2023
Accounts receivable－related parties	Other related parties	$ 2	106
	Less: loss allowance	-	-
	Total	$ 2	106
Other receivables－related parties	The parent company	$ 2,152	2,136
	Less: loss allowance	-	-
		$ 2,152	2,136

(iii) Payables to related parties

Account	Relationship	December 31, 2024	December 31, 2023
Accounts payable－ related parties	Other related parties	$ 9	55
Other payables－related parties	The parent company	$ 1,387	1,159
〃	Other related parties	53	39
	Total	$ 1,440	1,198

(iv) Rental income

	For the years ended December 31, 2024	2023
The parent company	$ 5,678	5,678

The aforementioned lease is subject to the current market prices with monthly collection.

(v) Service fee

For the years ended December 31, 2024 and 2023, the Group' s parent company incurred expenses of $3,000 thousand for rendering administrative support services for the Group, and the amount was recognized in the line item of administrative expenses.

(vi) Leases

In December 2023, the Group leased its headquarter office from Tatung Asset Development Co., Ltd. and entered into a 13-month lease contract with reference to office rentals in the vicinity. In March 2024, the contract term was extended. For the years ended December 31, 2023, interest expenses of $256 thousand and $6 thousand were recognized, respectively. As of December 31, 2024 and 2023, the balances of lease liabilities amounted to $13,284 thousand and $3,434 thousand, respectively.

(Continued)

FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Key management personnel compensation

		For the years ended December 31,	
		2024	2023
Short-term employee benefits	$	20,632	10,261
Post-employment benefits		479	251
	$	**21,111**	**10,512**

(8) Assets pledged as security

The carrying amounts of pledged assets were as follows:

Pledged assets	Object		December 31, 2024	December 31, 2023
Land	Security for long-term and short-term borrowings	$	463,378	463,378
Buildings and structures	Security for long-term and short-term borrowings		44,635	52,788
Financial assets at amortized cost－current	Customs guarantee		2,525	2,488
Other non-current assets－refundable deposits	Security deposits for court		1,331	1,331
Total		$	**511,869**	**519,985**

(9) Commitments and contingencies

(a) The Group’s unrecognized contractual commitments were as follows:

Contracts entered into	December 31, 2024
Royalty of sales on carbon credits	USD 17,400

Amount paid	December 31, 2024
Royalty of sales on carbon credits (Note)	USD 2,800 (NTD 90,642)

Note: The amount was recognized in the line item of prepayments.

The Group’s Board of Directors approved the joint development of Indonesia REDD+/CCB carbon credit projects (WSRAFP and WSRAFP2) with Asia Assets Development Co., Ltd. in March and July of 2024, respectively. This initiative aims to enhance the company’s corporate image, increase shareholder equity, and promote the development of the new carbon business. These development projects were applied for Verified Carbon Units (VCUs) under Verra’s Verified Carbon Standard (VCS) to obtain carbon credits certification by promoting forest ecological conservation and practicing the United Nations' Sustainable Development Goals (SDGs), among other initiatives.

(Continued)

FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Key information of the contract is as follows:

Contract number	WSRAFP	WSRAFP2
Verra case number	4381	Registration pending
Estimated Carbon Credits to be Obtained (in tons)	10,000,000	10,000,000
Payment schedule under the contract	1. Completion of the trust account establishment. 2.Obtaining the finalized validation report issued by a Verra-recognized third-party independent organization, and it is publicly available on the Verra Registry official website. 3. Payment of funds according to the work plan and budget execution plan. 4. Completion of third-party verification and receiving notification of Verra's VCUs carbon credit registration fee invoice.	1. Completion of the Verra registration and obtaining the Verra-registered project ID and entering the public comment period. 2. Obtaining the finalized validation report issued by a Verra-recognized third-party independent organization, and it is publicly available on the Verra Registry official website. 3. Payment of funds according to the work plan and budget execution plan. 4. Completion of third-party verification and receiving notification of Verra's VCUs carbon credit registration fee invoice.
Milestone	1. Passing the first third-party validation. 2. Passing the first third-party verification. 3. Receiving the first carbon credit issuance.	1. Completed Verra registration. 2. Passing the first third-party validation. 3. Passing the first third-party verification. 4. Receiving the first carbon credit issuance.
Termination and Compensation Clause:	The contract contains compensation and termination clauses. If any party breaches the contract or an event occurs attributable to the party and makes it impossible to fulfill the contract, the contract may be terminated, and the breaching party may be claimed for compensation. This includes, without limitation, the breaching party refunding any amounts received.	

(b) Contingent liabilities

Suzhou Forward Electronics Technology Co., Ltd. was filed for arbitration by a client on November 23, 2022, due to a dispute over the quality of the delivered product, and the claimed amount was CNY$1,853 thousand. In September 2024, the mediation was successfully concluded by Suzhou Arbitration Commission, and the client approved to give up the claimed amount.

(Continued)

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other

A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

	For the years ended December 31,					
	2024			2023		
By function / By item	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	120,887	54,049	174,936	134,088	58,643	192,731
Labor and health insurance	11,560	3,485	15,045	12,309	3,326	15,635
Pension	7,034	2,789	9,823	8,396	2,973	11,369
Others	5,694	323	6,017	6,515	761	7,276
Depreciation	26,065	16,057	42,122	44,970	8,396	53,366
Amortization	123	88	211	218	57	275

(13) Other disclosures

(a) Information on significant transactions: None.

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties: None.

(iii) Securities held as of December 31, 2024 (excluding investment in subsidiaries, associates and joint ventures): Please refer to attachment 1.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock None.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

(Continued)

FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ix) Trading in derivative instruments: None.

(x) Business relationships and significant intercompany transactions: Please refer to attachment 2.

(b) Information on investees: Please refer to attachment 3.

(c) Information on investment in mainland China: Please refer to attachment 4.

(d) Major shareholders: Please refer to attachment 5.

(14) Segment information

(a) General information

For management purposes, the Group divides its operating units by product and service, and divided them into the following three reportable operating segments:

(i) Optoelectronics segment: Development, manufacture and sales of backlight modules and materials, liquid crystal display modules.

(ii) Electronics components products segment: Development, manufacture and sales of switches, variable resistors, sensors and bit generators.

(iii) Electronics applications products segment: Sales of peripheral products for information appliances and lighting products.

The Group's key management monitors the operating results of each segment separately and makes decisions on resource allocation and performance assessment accordingly. Segment performance was evaluated based on net profit after tax and was measured in a manner consistent with based on accounting policies consistent with those adopted in the consolidated financial statements.

The entity shall disclose the measurement of assets of reportable operating segments in accordance with IFRS 8 "Operating Segments". However, the Company and subsidiaries did not disclose such information because the amounts of assets and liabilities of both the Company and its subsidiaries were not provided to operating decision makers.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

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

	Optoelectronics segment	Electronics components products segment	Electronics applications products segment	Other segments	Adjustments and eliminations	Total
2024						
Revenue:						
Revenue from external customers	$ 191,736	251,659	152,862	-	-	596,257
Inter-segment revenue	78,389	11,008	470	288	(90,155)	-
Total revenue	**$ 270,125**	**262,667**	**153,332**	**288**	**(90,155)**	**596,257**
Profit (loss) of reportable segments	**$ (65,401)**	**(43,763)**	**(6,618)**	**13,077**	**-**	**(102,705)**

(Continued)

FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		Optoelectronics segment	Electronics components products segment	Electronics applications products segment	Other segments	Adjustments and eliminations	Total
2023							
Revenue:							
Revenue from external customers	$	226,237	255,430	240,910	-	-	722,577
Inter-segment revenue		165,910	14,288	1,142	-	(181,340)	-
Total revenue	**$**	**392,147**	**269,718**	**242,052**	**-**	**(181,340)**	**722,577**
Profit (loss) of reportable segments	**$**	**(62,045)**	**(61,431)**	**(8,236)**	**(8,961)**	**-**	**(140,673)**

Inter-segment revenue was eliminated upon consolidation and recorded under " adjustment and elimination", and all other adjustments and eliminations are disclosed below.

(b) Geographic information

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

Geographical information		For the years ended December 31 2024	2023
Revenue from external customers:			
Taiwan	$	187,154	197,195
Mainland China		212,182	351,857
Other countries		196,921	173,525
Total	**$**	**596,257**	**722,577**

Geographical information		December 31, 2024	December 31, 2023
Non-current assets:			
Taiwan	$	557,222	552,969
Other countries		39,272	33,414
Total	**$**	**596,494**	**586,383**

The Group's geographic revenue is calculated based on the location where the revenue is collected. Non-current assets include property, plant and equipment, right-of-use assets, investment property, intangible assets, and other non-current assets.

FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Major customers

	For the years ended December 31	
	2024	
	Sales	Net operating income %
Customer A	$ 126,944	21
Customer B	$ 76,196	13
Customer C	$ 70,179	12

	For the years ended December 31	
	2023	
	Sales	Net operating income %
Customer B	$ 163,201	23
Customer A	$ 110,023	15
Customer C	$ 62,506	9

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

ATTACHMENT 1: Information regarding securities held at the reporting date (excluding subsidiary, associates and jointly controlled)

Company holding securities	Security type and name (Note 1)	Relationship with the Company (Note 2)	Account	Ending balance				Interim Highest Percentage of ownership(%)	Remark
				Shares	Carrying value (Note 3)	Percentage of ownership (%)	Market value		
Forward Electronics Co., Ltd.	Stock－Elitegroup Computer Systems Co., Ltd.	Affiliated company	Current financial assets measured at fair value through profit or loss	180,000	4,014	0.03	4,014	0.03	
	Stock－Tatung Co., Ltd	Parent-subsidiary	Non-current financial assets measured at fair value through profit or loss	3,965,000	189,924	0.17	189,924	0.17	
	Stock－Tatung Co., Ltd	Parent-subsidiary	Non-current financial assets measured at fair value through other comprehensive income	17,666,000	846,201	0.76	846,201	0.84	
	Stock－GaN Power Technology Co., Ltd.	-	Non-current financial assets measured at fair value through other comprehensive income	648,351	6,873	1.34	6,873	1.34	
Suzhou Forward Electronics Technology Co., Ltd.	Stock－China Mobile Limited.	-	Current financial assets measured at fair value through profit or loss	58,500	31,527	-	31,527	-	

FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

ATTACHMENT 2: Significant transactions and business relationship between the parent company and its subsidiaries

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Intercompany Transactions			
				Account	Amount	Terms	Percentage of total consolidated net revenue or assets (Note 3)
0	Forward Electronics Co., Ltd.	Suzhou Forward Electronics Technology Co., Ltd.	1	Accounts receivable	$ 3,426	As general	0.11%
0	〃	〃	〃	Accounts payable	26,260	〃	0.81%
0	〃	〃	〃	Sales revenue	11,459	〃	1.92%
0	〃	〃	〃	Cost of goods sold	78,696	〃	13.20%

Note 1: The Company and its subsidiaries are coded as follows:

1.The Company is coded "0".

2.Subsidiaries are coded consecutively starting from "1" in the order presented in the table above

Note 2: Transactions are categorized as follows:

For example, if the parent company has disclosed the transaction between the parent company and the subsidiary company, the subsidiary part does not need to be disclosed repeatedly; if the subsidiary company has disclosed the transaction between one of its subsidiaries, the other subsidiary need not be disclosed repeatedly):

1. Parent company to subsidiary
2. Subsidiary to parent company
3. Subsidiary to subsidiary

Note 3: When calculating the percentage of transaction amount to the consolidated revenues or the consolidated assets:

Items of the balance sheets are calculated as its ending balance to total consolidated assets; items of income statement are calculated by its cumulative balance to the total consolidated incom

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

ATTACHMENT 3: Information on investments (excluding investments in Mainland China)

Name of investor	Name of investee	Location	Main businesses	Original investment amount		Ending balance			Net income (loss) of the investee	Investment income (loss) recognized by the Company (Note 1)	Remark
				December 31, 2024	December 31, 2023	Shares	Percentage (%)	Carrying value			
Forward Electronics Co., Ltd.	Forward Development Co., Ltd.	British Virgin Islands	Investment in production business, etc.	632,701 (USD 19,298) (Note 1)	632,701 (USD 19,298) (Note 1)	19,298,479	100.00	777,053	(35,744)	(35,807)	
	Forward Intelligent Energy Co., Ltd.	Taiwan	Carbon credits development and carbon neutral consulting	290,000	290,000	29,000,000	100.00	255,139	(30,453)	(30,370)	
	Gintung Energy Co., Ltd.	Taoyuan City	The manufacturing and sale of solar module and related component	355,296	355,296	5,398,269	14.59	-	(34,083)	-	(Note 2)

Note 1： Including equipment investment of 74,815 thousand (USD2,282 thousand).

Note 2： The equity attributable to shareholders of Gintung Energy Co., Ltd. was negative, thus, the Company did not recognized investment income and the ending balance of investments accounted for under the equity method was zero.

(Amounts in Thousands of New Taiwan Dollars/ Foreign Currencies, Unless Specified Otherwise)

ATTACHMENT 4: Information on Investment in Mainland China

Investor company (Note 6)	Name of investee	Main businesses	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2024	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2024	Net income (loss) of the investee company	Percentage of ownership	Investment income (loss) recognized (Note 2 and 3)	Carrying Value as of December 31, 2024 (Note 3)	Accumulated inward remittance of earnings as of December 31, 2024
						Outflow	Inflow						
Forward Development Co., Ltd.	Forward Electronics Equipment (Dong Guan) Co., Ltd	Manufacture and sales of tuner, keyboard, mouse, remote controller, switch, socket, potentiometer and gaming mouse	USD 4,600	(2) (Note 4)	141,266	-	-	141,266	14,758	100.00%	14,758	223,183	26,687 USD 814
	Suzhou Forward Electronics Technology Co., Ltd.	The manufacturing and sale of backlight unit for TFT-LCD, driving board, tuner, keyboard, mouse, switch, socket and connector	USD 12,200	(2) (Note 4)	-	-	-	-	(50,587)	100.00%	(50,587)	554,395	759,169 USD 23,156

Accumulated investment in Mainland China as of September 30,2023	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment (Note5)
$141,266	$739,794 (USD 22,565)	$1,038,541

Note 1：The methods for engaging in investment in Mainland China include the following:

(1) Direct investment in Mainland China.

(2) Indirectly investment in Mainland China through companies registered in a third region. (Please specify the name of the company in third region).

(3) Reinvested by the surplus from a mainland company established through a third region.

(4) Other methods.

Note 2： The investment income (loss) recognized in current period:

(1) Please specify if no investment income (loss) has been recognized as still in the preparation stage.

(2) Financial statements were reviewed by parent company's R.O.C. CPA.

Note 3： Initial investment amounts denominated in foreign currencies are translated into New Taiwan Dollars using the spot rates at the financial report date
US dollars exchange rate on December 31, 2024：32.785
CNY exchange rate on December 31, 2024：4.561

Note 4：Reinvested through Forward Development Co., Ltd. by remitting the investment funding and equipment investment.

Note 5：In accordance with the regulations of the Investment Review Committee of the Ministry of Economic Affairs, the calculation is based on the higher of net value or combined net value.

Note 6：The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Significant transactions and business relationship between the parent company and its subsidiaries"

ATTACHMENT 5: Information on major shareholders

Shareholding / Shareholder's name	Shares	Percentage
Tatung Co., Ltd	31,635,411	22.59%
Chunghwa Electronic Development Co., Ltd.	9,003,678	6.43%

Note： The Company applies to Taiwan Depository & Clearing Corporation for the information on major shareholders.

Note 1： The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.

Note 2： If the above information is a shareholder's delivery of shares to the trust, it is disclosed by the trustee's opening of a trust account with individual sub-accounts of the trustors. As for shareholders who are required to report holding more than 10% of the insider ownership in accordance with the Securities and Exchange Act, their shareholding includes their own shareholding plus the shares they have delivered to the trust, and with the right to decide on the use of the trust property, etc. For information on insider ownership reporting, please refer to the Market Observation Post System website.

Note 3： The Major shareholder is provided by Taiwan Depository & Clearing Corporation.