

**FORWARD ELECTRONICS CO., LTD. AND
SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2023 and 2022**

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

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Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Forward Electronics Co., Ltd. and its subsidiaries as of September 30, 2023 and 2022, and the consolidated statements of comprehensive income for the three months and nine months ended September 30, 2023 and 2022, as well as the changes in equity and cash flows for the nine months ended September 30, 2023 and 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Forward Electronics Co., Ltd. and its subsidiaries as of September 30, 2023 and 2022, and of its consolidated financial performance for the three months and nine months ended September 30, 2023 and 2022, as well as its consolidated cash flows for the nine months ended September 30, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.



The engagement partners on the reviews resulting in this independent auditors' review report are Yuan-Sheng Yin and Yung-Sheng Wang.

KPMG

Taipei, Taiwan (Republic of China)

November 6, 2023

Notes to Readers

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

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

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

FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES**Consolidated Balance Sheets****September 30, 2023, December 31, 2022, and September 30, 2022****(Expressed in Thousands of New Taiwan Dollars)**

Assets		September 30, 2023		December 31, 2022		September 30, 2022				September 30, 2023		December 31, 2022		September 30, 2022	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:										Liabilities and Equity					
1100	Cash and cash equivalents (Note 6(a))	\$ 741,888	25	461,594	16	743,518	26	2130	Current contract liabilities (Notes 6(s) and 7)	\$ 5,617	-	9,621	-	21,564	1
1110	Current financial assets measured at fair value through profit or loss (Note 6(b))	5,337	-	7,746	-	8,897	-	2170	Accounts payable	123,867	4	107,505	4	163,223	6
1136	Current financial assets at amortized cost (Notes 6(d) and 8)	2,455	-	403,380	14	505,105	17	2180	Accounts payable—related parties (Note 7)	114	-	314	-	6	-
1150	Notes receivable, net (Note 6(e))	5,425	-	9,770	-	15,092	-	2200	Other payables	44,132	1	110,834	4	57,215	2
1170	Accounts receivable, net (Note 6(e))	284,245	10	272,876	10	317,777	11	2220	Other payables—related parties (Note 7)	3,083	-	338	-	380	-
1180	Accounts receivable—related parties, net (Notes 6(e) and 7)	31	-	1,355	-	1,855	-	2230	Current tax liabilities	2,735	-	5,099	-	6,801	-
1200	Other receivables (Notes 6(f) and 7)	7,878	-	5,679	-	16,584	1	2250	Current provisions	1,714	-	3,351	-	4,833	-
1220	Current tax assets	1,076	-	-	-	410	-	2280	Current lease liabilities (Note 6(m))	23,184	1	28,347	1	28,503	1
130X	Inventories (Note 6(g))	101,049	3	147,141	5	160,639	6	2322	Long-term borrowings, current portion (Notes 6(l) and 8)	12,000	1	12,000	1	12,000	-
1410	Prepayments	3,073	-	11,743	-	3,364	-	2399	Other current liabilities	2,757	-	2,954	-	3,564	-
1470	Other current assets	1,486	-	1,497	-	1,535	-		Total current liabilities	219,203	7	280,363	10	298,089	10
	Total current assets	1,153,943	38	1,322,781	45	1,774,776	61		Non-Current liabilities:						
	Non-current assets:							2540	Long-term borrowings (Notes 6(l) and 8)	710,000	24	719,000	24	722,000	25
1510	Non-current financial assets at fair value through profit or loss (Note 6(b))	224,750	7	220,450	7	223,650	8	2570	Deferred tax liabilities	233,042	8	233,042	8	228,279	8
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(c))	878,170	29	583,913	21	142,305	5	2580	Non-current lease liabilities (Note 6(m))	1,479	-	14,686	1	22,126	1
1600	Property, plant and equipment (Notes 6(h) and 8)	583,423	20	600,629	20	606,723	21	2645	Guarantee deposits received	5,884	-	7,094	-	7,168	-
1755	Right-of-use assets (Note 6(i))	19,209	1	32,823	1	38,727	1	2670	Other non-current liabilities	1,479	-	1,479	-	1,479	-
1760	Investment property, net (Note 6(j))	8,656	-	16,873	1	18,789	1		Total non-current liabilities	951,884	32	975,301	33	981,052	34
1780	Intangible assets	183	-	405	-	364	-		Total liabilities	1,171,087	39	1,255,664	43	1,279,141	44
1840	Deferred tax assets	86,249	3	86,394	3	7,727	-	3100	Equity (Note 6(q)):						
1920	Refundable deposits (Note 8)	6,244	-	5,986	-	6,046	-	3200	Share capital	1,399,830	46	1,399,830	48	1,399,830	48
1930	Long-term receivables (Notes 6(e) and (k))	35,283	1	43,833	1	47,056	2	3300	Capital surplus	48,716	1	48,716	1	48,716	2
1975	Non-current net defined benefit assets	32,396	1	30,996	1	25,626	1	3400	Retained earnings	145,914	5	189,998	6	135,132	5
	Total non-current assets	1,874,563	62	1,622,302	55	1,117,013	39		Other equity	262,959	9	50,875	2	28,970	1
	Total assets	\$ 3,028,506	100	2,945,083	100	2,891,789	100		Total equity	1,857,419	61	1,689,419	57	1,612,648	56
									Total liabilities and equity	\$ 3,028,506	100	2,945,083	100	2,891,789	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 nine months ended September 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)**

	For the three months ended September 30				For the nine months ended September 30				
	2023		2022		2023		2022		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating revenue (Notes 6(s) and 7)								
	\$	171,966	100	251,765	100	575,454	100	665,846	100
5000	Operating costs (Notes 6(g), (h), (o), (t) and 7)								
		171,238	100	224,024	89	576,325	100	604,742	91
	Gross profit from operations								
		728	-	27,741	11	(871)	-	61,104	9
	Operating expenses (Notes 6(e), (h), (o), (t) and 7):								
6100	Selling expenses	7,677	4	10,244	4	23,408	4	28,212	4
6200	Administrative expenses	14,693	9	14,673	6	37,796	7	40,377	6
6300	Research and development expenses	3,654	2	4,468	2	12,042	2	13,606	2
6450	Expected credit impairment loss	4,906	3	4,177	1	4,023	1	2,277	-
	Total operating expenses	30,930	18	33,562	13	77,269	14	84,472	12
	Net operating loss	(30,202)	(18)	(5,821)	(2)	(78,140)	(14)	(23,368)	(3)
	Non-operating income and expenses (Notes (f), (h), (j), (k), (m), (u) and 7):								
7100	Interest income	6,947	4	9,689	4	20,397	4	25,796	3
7010	Other income	6,729	4	19,413	8	26,955	5	38,351	6
7020	Other gains and losses	10,852	6	35,360	14	13,906	2	55,362	8
7050	Finance costs	(3,868)	(2)	(3,401)	(1)	(11,501)	(2)	(9,464)	(1)
7055	Expected credit impairment (loss) gain	(81)	-	6,506	2	(96)	-	6,506	1
	Total non-operating income and expenses	20,579	12	67,567	27	49,661	9	116,551	17
	(Loss) profit before tax	(9,623)	(6)	61,746	25	(28,479)	(5)	93,183	14
7951	Income tax expenses (benefit) (Note 6(p))	868	-	(21,082)	(8)	2,805	-	(28,917)	(4)
	Net (loss) income	(10,491)	(6)	82,828	33	(31,284)	(5)	122,100	18
8300	Other comprehensive income (loss):								
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss								
8316	Unrealized (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	(194,693)	(113)	(9,397)	(4)	196,543	34	(3,580)	(1)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Total components of other comprehensive (loss) income that will not be reclassified to profit or loss	(194,693)	(113)	(9,397)	(4)	196,543	34	(3,580)	(1)
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss								
8361	Exchange differences on translation of foreign financial statements	36,124	21	3,648	2	16,739	3	31,450	5
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	36,124	21	3,648	2	16,739	3	31,450	5
8300	Other comprehensive (loss) income (after tax)	(158,569)	(92)	(5,749)	(2)	213,282	37	27,870	4
	Total comprehensive (loss) income	\$ (169,060)	(98)	77,079	31	181,998	32	149,970	22
	(Loss) earnings per share (NT dollars) (Note 6(r))								
9750	Basic (loss) earnings per share	\$	(0.07)	0.59		(0.22)		0.87	
9850	Diluted (loss) earnings per share	\$	(0.07)	0.59		(0.22)		0.87	

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 nine months ended September 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	<u>Share capital</u>		<u>Retained earnings</u>			<u>Exchange differences on translation of foreign financial statements</u>	<u>Other equity</u>		<u>Total equity</u>
	<u>Ordinary shares</u>	<u>Capital surplus</u>	<u>Legal reserve</u>	<u>Unappropriated retained earnings</u>	<u>Total</u>		<u>Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income</u>	<u>Total</u>	
Balance at January 1, 2022	\$ 1,399,830	48,716	-	41,029	41,029	(113,941)	115,041	1,100	1,490,675
Net income	-	-	-	122,100	122,100	-	-	-	122,100
Other comprehensive income	-	-	-	-	-	31,450	(3,580)	27,870	27,870
Total comprehensive income	-	-	-	122,100	122,100	31,450	(3,580)	27,870	149,970
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	4,103	(4,103)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	(27,997)	(27,997)	-	-	-	(27,997)
Balance at September 30, 2022	<u>\$ 1,399,830</u>	<u>48,716</u>	<u>4,103</u>	<u>131,029</u>	<u>135,132</u>	<u>(82,491)</u>	<u>111,461</u>	<u>28,970</u>	<u>1,612,648</u>
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	-	-	-	(31,284)	(31,284)	-	-	-	(31,284)
Other comprehensive income	-	-	-	-	-	16,739	196,543	213,282	213,282
Total comprehensive income (loss)	-	-	-	(31,284)	(31,284)	16,739	196,543	213,282	181,998
Appropriation and distribution of retained earnings:									
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 at September 30, 2023	<u>\$ 1,399,830</u>	<u>48,716</u>	<u>21,800</u>	<u>124,114</u>	<u>145,914</u>	<u>(78,281)</u>	<u>341,240</u>	<u>262,959</u>	<u>1,857,419</u>

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 nine months ended September 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	For the nine months ended September 30	
	2023	2022
Cash flows from (used in) operating activities:		
(Loss) profit before tax	\$ (28,479)	93,183
Adjustments:		
Adjustments to reconcile (loss) profit		
Depreciation expense	40,398	43,086
Amortization expense	225	237
Expected credit impairment loss (gain)	4,119	(4,229)
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(2,179)	578
Interest expense	11,501	9,464
Interest income	(20,397)	(25,796)
Dividend income	(259)	(210)
Loss on disposal of property, plant and equipment	137	1,482
Impairment loss (gain) on non-financial assets	5,530	(1,481)
Provisions	-	3,128
Total adjustments to reconcile (loss) profit	<u>39,075</u>	<u>26,259</u>
Changes in operating assets and liabilities:		
Notes receivable	4,346	3,625
Accounts receivable	194	(86,696)
Accounts receivable—related parties	1,324	(611)
Other receivables	(3,847)	3,576
Inventories	44,008	21,545
Prepayments	8,670	5,889
Other current assets	11	(1,535)
Long-term receivables	-	(33,696)
Net defined benefit assets	(1,400)	(1,379)
Contract liabilities	(4,038)	15,349
Accounts payable	16,362	(3,619)
Accounts payable—related parties	(200)	(710)
Other payables	(66,398)	3,276
Other payables—related parties	2,745	320
Receipts in advance	-	534
Other current liabilities	(197)	286
Total adjustments	<u>40,655</u>	<u>(47,587)</u>
Cash inflow generated from operations	12,176	45,596
Interest received	15,032	21,413
Dividends received	259	210
Interest paid	(11,398)	(7,991)
Dividends paid	(13,998)	-
Income taxes paid	(6,100)	(6,902)
Net cash flows (used in) from operating activities	<u>(4,029)</u>	<u>52,326</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(103,240)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	5,526	-
Acquisition of financial assets measured at amortized cost	(211,921)	(571,860)
Proceeds from disposal of financial assets measured at amortized cost	44,782	-
Proceeds from maturity of financial assets measured at amortized cost	559,263	187,242
Acquisition of financial assets measured at fair value through profit or loss	-	(433,151)
Proceeds from disposal of financial assets measured at fair value through profit or loss	4,588	1,304,421
Acquisition of property, plant and equipment	(2,635)	(12,794)
Proceeds from disposal of property, plant and equipment	48	33
Increase in refundable deposits	(176)	(122)
Net cash flows from investing activities	<u>296,235</u>	<u>473,769</u>
Cash flows from (used in) financing activities:		
Repayments of long-term borrowings	(9,000)	(9,000)
(Decrease) increase in guarantee deposits received	(1,187)	119
Payment of lease liabilities	(21,594)	(21,940)
Cash dividends paid	-	(27,997)
Net cash flows used in financing activities	<u>(31,781)</u>	<u>(58,818)</u>
Effect of exchange rate changes on cash and cash equivalents	19,869	(12,825)
Net increase in cash and cash equivalents	280,294	454,452
Cash and cash equivalents at beginning of period	461,594	289,066
Cash and cash equivalents at end of period	<u>\$ 741,888</u>	<u>743,518</u>

See accompanying notes to consolidated financial statements.

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

FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

September 30, 2023 and 2022

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

(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 is the development, manufacture and sales of backlight modules and materials, liquid crystal display modules, switches, variable resistors, sensors and bit generators, as well as the sale of peripheral products for information appliances and lighting products. 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

The consolidated financial statements were authorized for issuance by the Board of Directors on November 6, 2023.

(3) New standards, amendments and interpretations adopted

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) 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, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

- (b) The impact of IFRS issued 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, 2024, would not have a significant impact on its consolidated financial statements:

- 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”

(Continued)

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

- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of significant accounting policies

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

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2022. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2022.

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

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

Name of investor	Name of subsidiary	Principal activity	Shareholding (%)		
			September 30, 2023	December 31, 2022	September 30, 2022
The Company	Forward Development Co., Ltd.	Investment in production business, etc.	100 %	100 %	100 %
The Company	Forward Intelligent Energy Co., Ltd. (Note 1)	Carbon reduction, energy conservation, and energy storage related business	100 %	- %	- %
Forward Development Co., Ltd.	Forward Electronics Equipment (Dong Guan) Co., Ltd	Factory leasing business	100 %	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 %	100 %

Note 1: Established and registered in July, 2023.

(Continued)

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

(c) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year.

(d) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period measured by multiplying together the pre-tax income for the interim reporting period and the management's best estimate of effective annual tax rate. This should be recognized fully as tax expense for the current period and allocated to current and deferred taxes based on its proportionate size.

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

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

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs (in accordance with IAS 34 "Interim Financial Reporting" and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2022. For related information, please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2022.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Cash on hand	\$ 212	352	390
Demand deposits and checking deposits	320,074	342,199	414,905
Call deposits	71,920	119,043	143,136
Time deposits	<u>349,682</u>	<u>-</u>	<u>185,087</u>
Total	<u>\$ 741,888</u>	<u>461,594</u>	<u>743,518</u>

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

(Continued)

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

(b) Financial assets measured at fair value through profit or loss

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Mandatorily measured at fair value through profit or loss:			
Stocks listed on domestic markets	\$ 5,337	7,746	8,897
Financial products	<u>224,750</u>	<u>220,450</u>	<u>223,650</u>
Total	<u>\$ 230,087</u>	<u>228,196</u>	<u>232,547</u>
Current	\$ 5,337	7,746	8,897
Non-current	<u>224,750</u>	<u>220,450</u>	<u>223,650</u>
Total	<u>\$ 230,087</u>	<u>228,196</u>	<u>232,547</u>

(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(v).

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

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Equity instruments measured at fair value through other comprehensive income—non-current			
Stock of domestic listed companies	\$ 873,170	583,913	142,305
Stock of unlisted companies	<u>5,000</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 878,170</u>	<u>583,913</u>	<u>142,305</u>

(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 nine months ended September 30, 2023. The fair value of Tatung Corporation at the time of disposal was \$5,526 thousand and the cumulative gain on disposal was \$1,198 thousand, therefore, the aforementioned cumulative gain on disposal was transferred from other equity to retained earnings. There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments for the nine months ended September 30, 2022.

(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(v).

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

(d) Financial assets measured at amortized cost

	September 30, 2023	December 31, 2022	September 30, 2022
Time deposit (including pledged)	<u>\$ 2,455</u>	<u>403,380</u>	<u>505,105</u>

(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(v).

(e) Notes and accounts receivable

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable from operating activities	\$ 5,452	9,798	15,109
Less: Loss allowance	(27)	(28)	(17)
Subtotal	<u>5,425</u>	<u>9,770</u>	<u>15,092</u>
Accounts receivable	290,649	284,471	327,350
Installment accounts receivable	27,876	20,825	21,127
Less: Unrealized interest revenue, installment accounts receivable	(1,786)	(2,737)	(3,099)
Subtotal	316,739	302,559	345,378
Less: Loss allowance	(32,494)	(29,683)	(27,601)
Subtotal	<u>284,245</u>	<u>272,876</u>	<u>317,777</u>
Accounts receivable—related parties	31	1,355	1,855
Less: Loss allowance	-	-	-
Subtotal	<u>31</u>	<u>1,355</u>	<u>1,855</u>
Total	<u>\$ 289,701</u>	<u>284,001</u>	<u>334,724</u>

(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, including macroeconomic and relevant industry information. The loss allowance provision were determined as follows:

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FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES
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September 30, 2023

Notes receivable

	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 5,452	0.50%	27
Less than 120 days past due	-	-%	-
121~180 days past due	-	-%	-
181~270 days past due	-	-%	-
More than 271 days past due	-	-%	-
Total	<u>\$ 5,452</u>		<u>27</u>

Accounts receivable (including long-term installment receivable)— group 1, assessed in group

	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 180,933	0.01%	13
Less than 120 days past due	5,784	0.01%	6
121~180 days past due	-	-%	-
181~270 days past due	-	-%	-
More than 271 days past due	-	-%	-
Total	<u>\$ 186,717</u>		<u>19</u>

Accounts receivable (including long-term installment receivable)— group 2, assessed in group

	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 49,363	0.01%	5
Less than 120 days past due	54,841	6.96%	3,747
121~180 days past due	11,856	7.52%	891
181~270 days past due	-	-%	-
More than 271 days past due	-	-%	-
Total	<u>\$ 116,060</u>		<u>4,643</u>

(Continued)

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

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

	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ -	-%	-
Less than 120 days past due	-	-%	-
121~180 days past due	-	-%	-
181~270 days past due	-	-%	-
More than 271 days past due	<u>28,841</u>	100%	<u>28,841</u>
Total	<u>\$ 28,841</u>		<u>28,841</u>

December 31, 2022

Notes receivable

	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 9,798	0.29%	28
Less than 120 days past due	-	-%	-
121~180 days past due	-	-%	-
181~270 days past due	-	-%	-
More than 271 days past due	<u>-</u>	-%	<u>-</u>
Total	<u>\$ 9,798</u>		<u>28</u>

Accounts receivable (including long-term installment receivable)— assessed in group

	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance provision</u>
Current	\$ 290,154	-%	-
Less than 120 days past due	12,649	0.01%	1
121~180 days past due	-	-%	-
181~270 days past due	-	-%	-
More than 271 days past due	<u>-</u>	-%	<u>-</u>
Total	<u>\$ 302,803</u>		<u>1</u>

(Continued)

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

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

	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Less than 120 days past due	\$ -	-%	-
121~180 days past due	1,180	100%	1,180
181~270 days past due	5,513	100%	5,513
More than 271 days past due	<u>22,989</u>	100%	<u>22,989</u>
Total	<u>\$ 29,682</u>		<u>29,682</u>

September 30, 2022

Notes receivable

	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 11,663	-%	-
Less than 120 days past due	3,446	0.5%	17
121~180 days past due	-	-%	-
181~270 days past due	-	-%	-
More than 271 days past due	<u>-</u>	-%	<u>-</u>
Total	<u>\$ 15,109</u>		<u>17</u>

Accounts receivable— assessed in group

	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 338,674	0.26%	892
Less than 120 days past due	15,491	1.54%	238
121~180 days past due	3,301	95.70%	3,159
181~270 days past due	-	-%	-
More than 271 days past due	<u>-</u>	-%	<u>-</u>
Total	<u>\$ 357,466</u>		<u>4,289</u>

(Continued)

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

Accounts receivable — assessed in individual

	<u>Gross carrying amount</u>	<u>Weighted- average loss rate</u>	<u>Loss allowance provision</u>
Less than 120 days past due	\$ -	-%	-
121~180 days past due	-	-%	-
181~270 days past due	-	-%	-
More than 271 days past due	<u>23,463</u>	100%	<u>23,463</u>
Total	<u>\$ 23,463</u>		<u>23,463</u>

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

	For the nine months ended September 30,	
	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 29,711	25,445
Impairment losses recognized	4,023	2,277
Amounts written off	(441)	-
Effect of exchange rate changes	<u>237</u>	<u>47</u>
Balance at September 30	<u>\$ 33,530</u>	<u>27,769</u>

- (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(v).

(f) Other receivables

	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Tax refund receivable	\$ 547	481	575
Earned revenue receivable	941	2,202	3,936
Other receivables — related parties	2,227	2,810	2,275
Other receivables — other	<u>24,752</u>	<u>20,388</u>	<u>30,215</u>
Subtotal	28,467	25,881	37,001
Less: loss allowance	<u>(20,589)</u>	<u>(20,202)</u>	<u>(20,417)</u>
Total	<u>\$ 7,878</u>	<u>5,679</u>	<u>16,584</u>

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

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

(g) Inventories

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

	September 30, 2023	December 31, 2022	September 30, 2022
Raw materials	\$ 58,445	77,887	94,185
Work in process	22,726	26,034	28,735
Finished goods	19,608	40,832	37,719
Merchandise	270	2,388	-
Total	\$ 101,049	147,141	160,639

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Cost of goods sold	\$ 171,000	221,083	577,895	604,974
Write-down of inventories (Reversal of inventory write-downs)	376	3,193	2,098	2,910
Scrap of inventories	10	983	1,166	2,732
Revenue from sale of scraps	(148)	(1,235)	(4,834)	(5,874)
Total	\$ 171,238	224,024	576,325	604,742

For the nine months ended September 30, 2023, for the three month ended and for the nine months ended September 30, 2023 and 2022 the Group recognized a loss on inventory write-downs due to the write-down of inventories to realizable value; which was recognized as cost of goods sold.

(iii) The Group's inventories have not been pledged as collateral as of September 30, 2023, December 31 and September 30, 2022.

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

(h) Property, plant and equipment

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

	<u>Land and improvements</u>	<u>Buildings and structures</u>	<u>Machinery</u>	<u>Office equipment</u>	<u>Transportation equipment</u>	<u>Leasehold improvements</u>	<u>Other equipment and construction in progress</u>	<u>Total</u>
Cost:								
Balance on January 1, 2023	\$ 463,378	186,569	286,938	27,393	4,857	43,142	211,297	1,223,574
Additions	-	430	242	835	-	-	633	2,140
Disposal	-	-	(1,996)	(150)	(934)	-	(910)	(3,990)
Reclassification	-	-	73	-	-	-	881	954
Effect of movements in exchange rates	-	-	2,270	115	37	811	1,185	4,418
Balance on September 30, 2023	<u>\$ 463,378</u>	<u>186,999</u>	<u>287,527</u>	<u>28,193</u>	<u>3,960</u>	<u>43,953</u>	<u>213,086</u>	<u>1,227,096</u>
Balance on January 1, 2022	\$ 463,378	186,190	275,499	27,129	4,843	42,529	209,507	1,209,075
Additions	-	380	7,554	124	-	-	672	8,730
Disposal	-	-	(3,674)	(149)	(31)	-	(738)	(4,592)
Reclassification	-	-	5,611	-	-	-	371	5,982
Effect of movements in exchange rates	-	-	2,573	170	88	1,216	2,424	6,471
Balance on September 30, 2022	<u>\$ 463,378</u>	<u>186,570</u>	<u>287,563</u>	<u>27,274</u>	<u>4,900</u>	<u>43,745</u>	<u>212,236</u>	<u>1,225,666</u>
Depreciation and impairment losses:								
Balance on January 1, 2023	\$ -	121,256	234,139	25,071	3,850	43,142	195,487	622,945
Depreciation	-	6,923	6,113	840	442	-	6,504	20,822
Disposal	-	-	(1,995)	(135)	(841)	-	(834)	(3,805)
Effect of movements in exchange rates	-	-	1,689	105	31	811	1,075	3,711
Balance on September 30, 2023	<u>\$ -</u>	<u>128,179</u>	<u>239,946</u>	<u>25,881</u>	<u>3,482</u>	<u>43,953</u>	<u>202,232</u>	<u>643,673</u>
Balance on January 1, 2022	\$ -	112,399	229,274	23,206	2,971	42,529	186,288	596,667
Depreciation	-	6,875	7,019	886	445	-	6,555	21,780
Impairment losses	-	-	(1,481)	-	-	-	-	(1,481)
Disposal	-	-	(2,174)	(143)	(28)	-	(732)	(3,077)
Effect of movement in exchange rates	-	-	2,309	144	61	1,216	1,324	5,054
Balance on September 30, 2022	<u>\$ -</u>	<u>119,274</u>	<u>234,947</u>	<u>24,093</u>	<u>3,449</u>	<u>43,745</u>	<u>193,435</u>	<u>618,943</u>
Carrying value :								
Balance on January 1, 2023	<u>\$ 463,378</u>	<u>65,313</u>	<u>52,799</u>	<u>2,322</u>	<u>1,007</u>	<u>-</u>	<u>15,810</u>	<u>600,629</u>
Balance on September 30, 2023	<u>\$ 463,378</u>	<u>58,820</u>	<u>47,581</u>	<u>2,312</u>	<u>478</u>	<u>-</u>	<u>10,854</u>	<u>583,423</u>
Balance on January 1, 2022	<u>\$ 463,378</u>	<u>73,791</u>	<u>46,225</u>	<u>3,923</u>	<u>1,872</u>	<u>-</u>	<u>23,219</u>	<u>612,408</u>
Balance on September 30, 2022	<u>\$ 463,378</u>	<u>67,296</u>	<u>52,616</u>	<u>3,181</u>	<u>1,451</u>	<u>-</u>	<u>18,801</u>	<u>606,723</u>

As of September 30, 2023, December 31 and September 30, 2022, the property, plant and equipment of the Group had been pledged as collateral; please refer to Note 8.

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FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES
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(i) Right-of-use assets

	<u>Buildings and structures</u>	<u>Transportation equipment</u>	<u>Total</u>
Carrying value:			
Balance as January 1, 2023	\$ <u>32,118</u>	<u>705</u>	<u>32,823</u>
Balance as September 30, 2023	\$ <u>18,877</u>	<u>332</u>	<u>19,209</u>
Balance as January 1, 2022	\$ <u>52,692</u>	<u>1,203</u>	<u>53,895</u>
Balance as September 30, 2022	\$ <u>37,898</u>	<u>829</u>	<u>38,727</u>

- (i) The Group rented office for business needs and acquired right-of-use assets amounting to \$2,916 thousand for the nine months ended September 30, 2023.
- (ii) There were no significant additions, recognition or reversal of impairment losses for the right-of-use assets recognized in the Group's leased buildings, machinery and transportation equipment for the nine months ended September 30, 2023 and 2022. Please refer to Note 6(i) of the consolidated financial statements for the year ended December 31, 2022, for other related information.
- (iii) The Group's right-of-use assets had not been pledged as collateral as of September 30, 2023, December 31 and September 30, 2022.

(j) Investment property

	<u>Ow ned property</u>	<u>Right-of-use assets</u>	
	<u>Buildings and structures</u>	<u>Buildings and structures</u>	<u>Total</u>
Carrying value :			
Balance as January 1, 2023	\$ <u>8,783</u>	<u>8,090</u>	<u>16,873</u>
Balance as September 30, 2023	\$ <u>7,976</u>	<u>680</u>	<u>8,656</u>
Balance as January 1, 2022	\$ <u>9,769</u>	<u>13,320</u>	<u>23,089</u>
Balance as September 30, 2022	\$ <u>9,214</u>	<u>9,575</u>	<u>18,789</u>

The movement in the investment property were as follows:

- (i) There were no significant additions or disposal for the Investment property for the nine months ended September 30, 2023 and 2022. Please refer to Note 6(j) of the consolidated financial statements for the year ended December 31, 2022, for other related information.
- (ii) The fair value of investment property was not significantly different from those disclosed in Note 6(j) of the consolidated financial statements for the year ended December 31, 2022.
- (iii) The Group's investment property had not been pledged as collateral as of September 30, 2023, December 31 and September 30, 2022.

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

(iv) For the nine months ended September 30, 2023, the carrying amount of investment property was determined to be higher than its recoverable amount, and the Group recognized impairment loss of \$5,530 thousand.

(k) Long-term receivables

	September 30, 2023	December 31, 2022	September 30, 2022
Long-term receivable	\$ 21,444	15,262	13,511
Long-term installment receivable	15,304	30,207	35,927
Less: unrealized interest revenue	(456)	(1,636)	(2,231)
Subtotal	36,292	43,833	47,207
Less: loss allowance	(1,009)	-	(151)
Total	<u><u>\$ 35,283</u></u>	<u><u>43,833</u></u>	<u><u>47,056</u></u>

(l) Long-term borrowings

The details for long-term borrowings for September 30, 2023, December 31 and September 30, 2022, are as follows:

<u>Creditor</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>	<u>Interest rate(%)</u>	<u>Repayment term and method</u>
Secured bank loans from Sunny Bank	\$ 722,000	731,000	734,000	1.65~2.04	From May 6, 2021 to May 6, 2028, each monthly installment is \$1,000, with the 84th installment of \$667,000, and interest is charged monthly.
Less: current portion	(12,000)	(12,000)	(12,000)		
Total	<u><u>\$ 710,000</u></u>	<u><u>719,000</u></u>	<u><u>722,000</u></u>		
Unused credit lines	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>-</u></u>		

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

(m) Lease liabilities

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

	September 30, 2023	December 31, 2022	September 30, 2022
Current	\$ 23,184	28,347	28,503
Non-current	1,479	14,686	22,126
Total	<u><u>\$ 24,663</u></u>	<u><u>43,033</u></u>	<u><u>50,629</u></u>

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

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

The amounts recognized in profit or loss were as follows:

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Interest on lease liabilities	<u>\$ 184</u>	<u>378</u>	<u>697</u>	<u>1,281</u>
Income from sub-leasing right-of-use assets	<u>\$ (233)</u>	<u>(1,443)</u>	<u>(2,003)</u>	<u>(4,327)</u>

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

	For the nine months ended	
	September 30,	
	2023	2022
Total cash outflow for leases	<u>\$ 22,291</u>	<u>23,221</u>

(i) The Group as the lessee

The Group leases various properties, including buildings and structures, machinery and transportation equipment. The lease terms range from 2 to 5 years.

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

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.

(n) Operating lease

The Group leases out its investment property and property, plant and equipment. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to note 6(j) for information on operating leases of investment property.

There were no significant additions of operating lease contract for the nine months ended September 30, 2023 and 2022. Please refer to Note 6(p) of the consolidated financial statements for the year ended December 31, 2022, for other related information.

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FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES
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(o) Employee benefits

(i) Defined contribution plans

The Group recognized expenses for the defined contribution plans for the three months and for the nine months ended September 30, 2023 and 2022 were \$2,741 thousand, \$2,998 thousand, \$8,445 thousand and \$9,034 thousand, respectively.

(ii) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2022 and 2021.

The Group recognized expenses for the defined benefit plans for the three month ended and for the nine months ended September 30, 2023 and 2022 were \$63 thousand, \$134 thousand, \$190 thousand and \$402 thousand, respectively.

(p) Income tax

(i) Income tax expense (benefit)

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

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
Current tax expenses				
Current period	\$ 940	3,258	3,106	15,662
Adjustment for prior periods	(62)	-	(446)	(1,276)
	<u>878</u>	<u>3,258</u>	<u>2,660</u>	<u>14,386</u>
Deferred income tax expense (benefit)				
Origination and reversal of temporary difference	(10)	(24,340)	145	(44,880)
Deferred income tax relating to the origination and reversal of tax losses and the income tax deduction	-	-	-	1,577
	<u>(10)</u>	<u>(24,340)</u>	<u>145</u>	<u>(43,303)</u>
Income tax expense (benefit)	<u>\$ 868</u>	<u>(21,082)</u>	<u>2,805</u>	<u>(28,917)</u>

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FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES
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(ii) Assessment of income tax returns

As of September 30, 2023, the assessment of the Group's income tax returns is as follows:

<u>Year of Assessment</u>	<u>Company name</u>
2021	The Company
2021	Subsidiary – Forward Electronics Equipment (Dong Guan) Co., Ltd
2021	Subsidiary – Suzhou Forward Electronics Technology Co., Ltd.

(iii) Global minimum top-up tax

The Group is closely monitoring developments related to the implementation of the international tax reforms introducing a global minimum top-up tax.

The International Accounting Standards Board issued amendments to IAS 12 that provide a temporary mandatory exception from deferred tax accounting for the top-up tax and require new disclosures in the annual financial statements. However, since none of the jurisdictions in which the Group operates had enacted or substantively enacted the tax legislation related to the top-up tax at the date when the consolidated financial statements for the nine months ended September 30, 2023 were authorized for issue, there is no impact on the consolidated financial statements in the said period.

In light of the exception from deferred tax accounting, the Group is focusing its assessment on the potential current tax impacts of the top-up tax. On September 30, 2023, the Group did not have sufficient information to determine the potential quantitative impact.

(q) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the nine months ended September 30, 2023 and 2022. For the related information, please refer to Note 6(s) of the consolidated financial statements for the year ended December 31, 2022.

(i) 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.
- 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.

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FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES
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1) Earnings distribution

On June 30, 2023 and June 27, 2022, the shareholders' meeting resolved to distribute the earnings for 2022 and 2021. The earning was appropriated as follows:

	2022		2021	
	Amount per share	Amount	Amount per share	Total amount
Dividends distributed to ordinary shareholders				
Cash	\$ 0.10	\$ <u>13,998</u>	0.20	<u>27,997</u>

(ii) 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 at January 1, 2023	\$ (95,020)	145,895	50,875
Exchange differences on foreign operations	16,739	-	16,739
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	196,543	196,543
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(1,198)	(1,198)
Balance on September 30, 2023	\$ <u>(78,281)</u>	<u>341,240</u>	<u>262,959</u>
Balance at January 1, 2022	\$ (113,941)	115,041	1,100
Exchange differences on foreign operations	31,450	-	31,450
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	(3,580)	(3,580)
Balance at September 30, 2022	\$ <u>(82,491)</u>	<u>111,461</u>	<u>28,970</u>

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FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES
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(r) Earnings per share

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

(i) Basic earnings per share

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
(Loss) profit attributable to ordinary shareholders of the Company	\$ <u>(10,491)</u>	<u>82,828</u>	<u>(31,284)</u>	<u>122,100</u>
Weighted average number of ordinary shares outstanding (thousand shares)	<u>139,983</u>	<u>139,983</u>	<u>139,983</u>	<u>139,983</u>
Basic earnings per share (NTD)	\$ <u>(0.07)</u>	<u>0.59</u>	<u>(0.22)</u>	<u>0.87</u>

(ii) Diluted earnings per share

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
(Loss) profit attributable to ordinary shareholders of the Company	\$ <u>(10,491)</u>	<u>82,828</u>	<u>(31,284)</u>	<u>122,100</u>
Weighted average number of ordinary shares outstanding (thousand shares)	139,983	139,983	139,983	139,983
Effect of dilutive potential ordinary shares				
Employee remuneration in stock (thousand shares)	-	42	-	97
Weighted average number of ordinary shares outstanding (diluted)	<u>139,983</u>	<u>140,025</u>	<u>139,983</u>	<u>140,080</u>
Diluted earnings per share (NTD)	\$ <u>(0.07)</u>	<u>0.59</u>	<u>(0.22)</u>	<u>0.87</u>

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FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES
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(s) Revenue from contracts with customers

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Sale of goods revenue	\$ 171,798	250,710	572,458	661,520
Other operating revenue	168	1,055	2,996	4,326
Total	<u>\$ 171,966</u>	<u>251,765</u>	<u>575,454</u>	<u>665,846</u>

Pertinent information on the Group's revenue from contracts with customers for the three month ended and for the nine months ended September 30, 2023 and 2022, was as follows:

(i) Disaggregation of revenue

For the three months ended September 30, 2023					
	Optoelectronics segment	Electronics component products segment	Electronics appliance segment	Adjustments and eliminations	Total
Sale of goods	\$ 89,246	63,371	77,010	(57,829)	171,798
Other operating revenue	-	168	-	-	168
Total	<u>\$ 89,246</u>	<u>63,539</u>	<u>77,010</u>	<u>(57,829)</u>	<u>171,966</u>
Timing of revenue recognition					
At a point in time	<u>\$ 89,246</u>	<u>63,539</u>	<u>77,010</u>	<u>(57,829)</u>	<u>171,966</u>
For the three months ended September 30, 2022					
	Optoelectronics segment	Electronics component products segment	Electronics appliance segment	Adjustments and eliminations	Total
Sale of goods	\$ 131,234	108,848	56,157	(45,529)	250,710
Other operating revenue	697	315	43	-	1,055
Total	<u>\$ 131,931</u>	<u>109,163</u>	<u>56,200</u>	<u>(45,529)</u>	<u>251,765</u>
Timing of revenue recognition					
At a point in time	<u>\$ 131,931</u>	<u>109,163</u>	<u>56,200</u>	<u>(45,529)</u>	<u>251,765</u>
For the nine months ended September 30, 2023					
	Optoelectronics segment	Electronics component products segment	Electronics appliance segment	Adjustments and eliminations	Total
Sale of goods revenue	\$ 324,194	207,533	193,689	(152,958)	572,458
Other operating revenue	-	2,996	-	-	2,996
Total	<u>\$ 324,194</u>	<u>210,529</u>	<u>193,689</u>	<u>(152,958)</u>	<u>575,454</u>
Timing of revenue recognition:					
At a point in time	<u>\$ 324,194</u>	<u>210,529</u>	<u>193,689</u>	<u>(152,958)</u>	<u>575,454</u>

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

	For the nine months ended September 30, 2022				
	Optoelectronics segment	Electronics component products segment	Electronics appliance segment	Adjustments and eliminations	Total
Sale of goods revenue	\$ 305,217	327,637	123,670	(95,004)	661,520
Other operating revenue	2,308	1,962	56	-	4,326
Total	<u>\$ 307,525</u>	<u>329,599</u>	<u>123,726</u>	<u>(95,004)</u>	<u>665,846</u>
Timing of revenue recognition:					
At a point in time	<u>\$ 307,525</u>	<u>329,599</u>	<u>123,726</u>	<u>(95,004)</u>	<u>665,846</u>

(ii) Contract balances

A) Contract liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
Contract liabilities – Sales of goods	<u>\$ 5,617</u>	<u>9,621</u>	<u>21,564</u>

Material movements in the balance of the Group's contract liabilities for the nine months ended September 30, 2023 and 2022, are detailed as follows:

	For the nine months ended September 30,	
	2023	2022
Opening balances transferred to income for the current period	\$ (5,857)	(2,760)
Increase in advances received in the period (excluding the amount incurred and transferred to revenue in the period)	1,819	18,109
Effect of movement in exchange rates	34	111
Net movement for the period	<u>\$ (4,004)</u>	<u>15,460</u>

(t) 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 three months and for the nine months ended September 30, 2023, the Company incurred net loss after tax and thus did not recognized remuneration to employees and directors.

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FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES
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The remunerations to employees for the three months and for the nine months ended September 30, 2022, were amounted to \$604 thousand and \$804 thousand, respectively. The remunerations to directors were amounted to \$1,206 thousand and \$1,607, respectively. 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.

For the years ended December 31, 2022 and 2021, the remunerations to employees were estimated at \$2,942 thousand and \$3,887 thousand, respectively. The remunerations to directors were estimated at \$588 thousand and \$777 thousand, respectively. These remunerations were expensed under the salary expense. The remunerations to employees and directors were resolved by the Board of Directors to be distributed in cash on March 8, 2023 and March 7, 2022. There was no difference between the amount recognized and approved by the Board of Directors.

(u) Non-operating income and expenses

(i) Interest income

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Interest income from financial assets measured at fair value through profit or loss	\$ 1,926	2,016	5,751	14,660
Interest income from financial assets measured at amortized cost	3,525	3,623	9,016	4,938
Others	1,496	4,050	5,630	6,198
	<u>\$ 6,947</u>	<u>9,689</u>	<u>20,397</u>	<u>25,796</u>

(ii) Other income

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Rental income	\$ 6,525	8,668	21,896	25,124
Dividend income	59	210	259	210
Other income	145	10,535	4,800	13,017
	<u>\$ 6,729</u>	<u>19,413</u>	<u>26,955</u>	<u>38,351</u>

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

(iii) Other gains and losses

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Net losses on disposals of property, plant and equipment	\$ (60)	(1,484)	(137)	(1,482)
Foreign exchange gains, net	11,779	43,744	19,823	67,163
Gains (losses) on financial assets measured at fair value through profit or loss	(293)	2,454	2,686	(578)
Impairment gain (loss) on investment property	(306)	1,481	(5,530)	1,481
Compensation losses	-	(3,128)	(336)	(3,128)
Others	(268)	(7,707)	(2,600)	(8,094)
	<u>\$ 10,852</u>	<u>35,360</u>	<u>13,906</u>	<u>55,362</u>

(iv) Finance costs

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Bank borrowings	\$ (3,680)	(3,022)	(10,784)	(8,176)
Interest expense of lease liabilities	(184)	(378)	(697)	(1,281)
Others	(4)	(1)	(20)	(7)
	<u>\$ (3,868)</u>	<u>(3,401)</u>	<u>(11,501)</u>	<u>(9,464)</u>

(v) 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 September 30, 2023, December 31 and September 30, 2022, the Group assessed the concentrations of credit risk arising from the major top two customers, at percentages of 28%、34% and 32%, respectively, of the total accounts receivable. The concentrations of credit risk of the remaining accounts receivable are relatively small.

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

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 and long-term receivables, please refer to Note 6(f) and Note 6(k). Other receivables, 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 during the 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:

	<u>12-month ECL</u>	<u>Lifetime ECL-not credit impaired</u>	<u>Lifetime ECL-not credit impaired</u>	<u>Total</u>
September 30, 2023				
Gross carrying amounts	\$ 3,280	4,149	20,491	27,920
Loss Allowance	-	(98)	(20,491)	(20,589)
Carrying amounts	<u>\$ 3,280</u>	<u>4,051</u>	<u>-</u>	<u>7,331</u>
	<u>12-month ECL</u>	<u>Lifetime ECL-not credit impaired</u>	<u>Lifetime ECL-not credit impaired</u>	<u>Total</u>
December 31, 2022				
Gross carrying amounts	\$ 5,198	-	20,202	25,400
Loss Allowance	-	-	(20,202)	(20,202)
Carrying amounts	<u>\$ 5,198</u>	<u>-</u>	<u>-</u>	<u>5,198</u>
	<u>12-month ECL</u>	<u>Lifetime ECL-not credit impaired</u>	<u>Lifetime ECL-not credit impaired</u>	<u>Total</u>
September 30, 2022				
Gross carrying amounts	\$ 16,009	-	20,417	36,426
Loss Allowance	-	-	(20,417)	(20,417)
Carrying amounts	<u>\$ 16,009</u>	<u>-</u>	<u>-</u>	<u>16,009</u>

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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 nine months ended September 30, 2023			
	12-month ECL	Lifetime ECL-not credit impaired	Lifetime ECL-not credit impaired	Total
Balance at January 1, 2023	\$ -	-	20,202	20,202
Impairment Loss recognized	-	96	-	96
Effect of movement in Exchange rate	-	2	289	291
Balance at September 30, 2023	<u>\$ -</u>	<u>98</u>	<u>20,491</u>	<u>20,589</u>
	For the nine months ended September 30, 2022			
	12-month ECL	Lifetime ECL-not credit impaired	Lifetime ECL-not credit impaired	Total
Balance at January 1, 2022	\$ -	-	26,489	26,489
Transfer to lifetime ECL-not credit impaired	-	-	(6,506)	(6,506)
Effect of movement in Exchange rate	-	-	434	434
Balance at September 30, 2022	<u>\$ -</u>	<u>-</u>	<u>20,417</u>	<u>20,417</u>

(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
September 30, 2023						
Non-derivative financial liabilities						
Long-term borrowings	\$ 722,000	788,117	26,617	52,499	709,001	-
Accounts payable (including related parties)	123,981	123,981	123,981	-	-	-
Other payables (including related parties)	47,215	47,215	47,215	-	-	-
Guarantee deposit received	5,884	5,884	5,884	-	-	-
Lease liabilities	24,663	24,935	23,436	1,499	-	-
	<u>\$ 923,743</u>	<u>990,132</u>	<u>227,133</u>	<u>53,998</u>	<u>709,001</u>	<u>-</u>

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

	<u>Carrying amount</u>	<u>Contractual cash flow</u>	<u>Within 1 year</u>	<u>2-3 years</u>	<u>4-5 years</u>	<u>Over 5 years</u>
December 31, 2022						
Non-derivative financial liabilities						
Long-term borrowings	\$ 731,000	798,774	24,986	49,329	48,469	675,990
Accounts payable (including related parties)	107,819	107,819	107,819	-	-	-
Other payables (including related parties)	111,172	111,172	111,172	-	-	-
Guarantee deposit received	7,094	7,094	7,006	88	-	-
Lease liabilities	43,033	43,918	29,144	14,774	-	-
	<u>\$ 1,000,118</u>	<u>1,068,777</u>	<u>280,127</u>	<u>64,191</u>	<u>48,469</u>	<u>675,990</u>
September 30, 2022						
Non-derivative financial liabilities						
Long-term borrowings	\$ 734,000	799,497	24,020	47,447	46,655	681,375
Accounts payable (including related parties)	163,229	163,229	163,229	-	-	-
Other payables (including related parties)	57,595	57,595	57,595	-	-	-
Guarantee deposit received	7,168	7,168	-	7,168	-	-
Lease liabilities	50,629	51,857	29,517	22,340	-	-
	<u>\$ 1,012,621</u>	<u>1,079,346</u>	<u>274,361</u>	<u>76,955</u>	<u>46,655</u>	<u>681,375</u>

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

(iii) Market risk

1) Currency risk

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

	foreign currency thousand		
	<u>September 30, 2023</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 17,720	32.2700	571,824
HKD	2,483	4.1230	10,237
CNY	1,086	4.4950	4,882
JPY	30,159	0.2162	6,520
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	4,043	32.2700	130,468

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FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES
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				December 31, 2022		
				Foreign currency	Exchange rate	TWD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$	18,474		30.7100		567,337
HKD		2,416		3.9380		9,514
CNY		25,614		4.4090		112,932
JPY		20,084		0.2324		4,668
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD		3,087		30.7100		94,802
				September 30, 2022		
				Foreign currency	Exchange rate	TWD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$	24,437		31.7500		775,875
HKD		2,195		4.0440		8,877
CNY		65,558		4.4730		293,241
JPY		26,287		0.2201		5,786
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD		3,623		31.7500		115,030

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 September 30, 2023 and 2022, a strengthening (weakening) of 1% of the exchange rate of the functional currency of the Group against the main foreign currencies would have increased (decreased) profit before tax by \$4,630 thousand and \$9,687 thousand for the nine months ended September 30, 2023 and 2022, respectively, assuming all other variables held constant. The analysis of the two periods was conducted using the same basis.

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FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES
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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 three months and for the nine months ended September 30, 2023 and 2022, net foreign exchange gains (including realized and unrealized portions) were amounted to \$11,779 thousand, \$43,744 thousand, \$19,823 thousand and \$67,163 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 before tax would have increased / decreased by \$542 thousand and \$551 thousand for the nine months ended September 30, 2023 and 2022, 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 nine months ended September 30,			
	2023		2022	
<u>Prices of securities at the reporting date</u>	<u>Other comprehensive income after tax</u>	<u>Net income</u>	<u>Other comprehensive income after tax</u>	<u>Net income</u>
Increase by 1%	\$ <u>8,782</u>	<u>53</u>	<u>1,423</u>	<u>89</u>
Decrease by 1%	\$ <u>(8,782)</u>	<u>(53)</u>	<u>(1,423)</u>	<u>(89)</u>

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FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES
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(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:

	September 30, 2023				
	Amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value through profit or loss					
Shares	\$ 5,337	5,337	-	-	5,337
Financial products	<u>224,750</u>	-	-	<u>224,750</u>	<u>224,750</u>
Subtotal	<u>230,087</u>	<u>5,337</u>	-	<u>224,750</u>	<u>230,087</u>
Financial assets measured at fair value through other comprehensive income					
Shares	<u>878,170</u>	<u>873,170</u>	-	<u>5,000</u>	<u>878,170</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	741,888	-	-	-	-
Financial assets measured at amortized cost	2,455	-	-	-	-
Notes and accounts receivable (including related parties)	289,701	-	-	-	-
Other receivables	7,331	-	-	-	-
Refundable deposits	6,244	-	-	-	-
Long-term receivables	<u>35,283</u>	-	-	-	-
Subtotal	<u>1,082,902</u>	-	-	-	-
Total	<u>\$ 2,191,159</u>	<u>878,507</u>	-	<u>229,750</u>	<u>1,108,257</u>

(Continued)

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

		September 30, 2023			
		Fair value			
	Amount	Level 1	Level 2	Level 3	Total
Financial liabilities					
measured at amortized cost					
Long-term borrowings	\$ 722,000	-	-	-	-
Accounts payable (including related parties)	123,981	-	-	-	-
Other payables (including related parties)	47,215	-	-	-	-
Guarantee deposits received	5,884	-	-	-	-
Lease liabilities	24,663	-	-	-	-
Total	\$ 923,743	-	-	-	-
		December 31, 2022			
		Fair value			
	Amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss					
Shares	\$ 7,746	7,746	-	-	7,746
Financial products	220,450	-	-	220,450	220,450
Subtotal	228,196	7,746	-	220,450	228,196
Financial assets measured at fair value through other comprehensive income					
Shares	583,913	583,913	-	-	583,913
Financial assets measured at amortized cost					
Cash and cash equivalents	461,594	-	-	-	-
Financial assets measured at amortized cost	403,380	-	-	-	-
Notes and accounts receivable (including related parties)	284,001	-	-	-	-
Other receivables	5,198	-	-	-	-
Refundable deposits	5,986	-	-	-	-
Long-term receivables	43,833	-	-	-	-
Subtotal	1,203,992	-	-	-	-
Total	\$ 2,016,101	591,659	-	220,450	812,109

(Continued)

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

		December 31, 2022			
		Fair value			
	Amount	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Long-term borrowings	\$ 731,000	-	-	-	-
Accounts payable (including related parties)	107,819	-	-	-	-
Other payables (including related parties)	111,172	-	-	-	-
Guarantee deposits received	7,094	-	-	-	-
Lease liabilities	<u>43,033</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,000,118</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		September 30, 2022			
		Fair value			
	Amount	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss					
Shares	\$ 8,897	8,897	-	-	8,897
Financial products	<u>223,650</u>	<u>-</u>	<u>-</u>	<u>223,650</u>	<u>223,650</u>
Subtotal	<u>232,547</u>	<u>8,897</u>	<u>-</u>	<u>223,650</u>	<u>232,547</u>
Financial assets measured at fair value through other comprehensive income					
Shares	<u>142,305</u>	<u>142,305</u>	<u>-</u>	<u>-</u>	<u>142,305</u>
Financial assets measured at amortized cost					
Cash and cash equivalents	743,518	-	-	-	-
Financial assets measured at amortized cost	505,105	-	-	-	-
Notes and accounts receivable (including related parties)	334,724	-	-	-	-
Other receivables	16,009	-	-	-	-
Refundable deposits	6,046	-	-	-	-
Long-term receivable	<u>47,056</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>1,652,458</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,027,310</u>	<u>151,202</u>	<u>-</u>	<u>223,650</u>	<u>374,852</u>

(Continued)

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

		September 30, 2022				
		Fair value				
		Amount	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost						
Long-term borrowings	\$	734,000	-	-	-	-
Accounts payable (including related parties)		163,229	-	-	-	-
Other payables including related parties)		57,595	-	-	-	-
Guarantee deposits received		7,168	-	-	-	-
Lease liabilities		50,629	-	-	-	-
Total		\$ 1,012,621	-	-	-	-

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.

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 nine months ended September 30, 2023 and 2022.

(Continued)

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

4) Reconciliation of Level 3 fair values

	<u>Fair value through profit or loss</u>	<u>Fair value through other comprehensive income</u>	
	<u>Financial products</u>	<u>Unquoted equity instruments</u>	<u>Total</u>
Opening balance, January 1, 2023	\$ 220,450	-	220,450
Purchased	-	5,000	5,000
Effect of movements in exchange rates	4,300	-	4,300
Ending balance September 30, 2023	\$ 224,750	5,000	229,750
Opening balance January 1, 2022	\$ 1,068,624	-	1,068,624
Purchased	429,511	-	429,511
Disposed	(1,297,388)	-	(1,297,388)
Effect of movements in exchange rates	22,903	-	22,903
Ending balance September 30, 2022	\$ 223,650	-	223,650

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" and "financial assets measured at fair value through other comprehensive income – equity instruments".

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:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Interrelationship between significant unobservable inputs and fair value measurement</u>
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 (September 30, 2023 25%)	The higher the market liquidity discount rate, the lower the fair value.

(Continued)

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

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

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.

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	Upward or downward movement	The effect on other comprehensive income due to changes of fair value	
			Favorable	Unfavorable
September 30, 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%	67	(67)

The investment accounting department of the Group is responsible for the fair value verification. With independent source data, 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.

- (w) Financial risk management

There were no significant changes in the Group's financial risk capital management objectives and policies as disclosed in Note 6(y) of the consolidated financial statements for the year ended December 31, 2022.

- (x) 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.

(Continued)

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

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

For the nine months ended September 30, 2023, the right-of-use assets that the group acquired by leasing were \$2,916 thousand. For the nine months ended September 30, 2022, the Group did not occur non-cash investing activities.

Reconciliation of liabilities arising from non-cash financing activities was as follows:

	<u>2023.1.1</u>	<u>Cash flows</u>	<u>Non-cash</u>	<u>2023.9.30</u>
			<u>changes</u>	
			<u>Other</u>	
Lease liabilities	\$ 43,033	(21,594)	3,224	24,663
Guarantee deposits received	7,094	(1,187)	(22)	5,885
Total liabilities from financing activities	<u>\$ 50,127</u>	<u>(22,781)</u>	<u>3,202</u>	<u>30,548</u>

	<u>2022.1.1</u>	<u>Cash flows</u>	<u>Non-cash</u>	<u>2022.9.30</u>
			<u>changes</u>	
			<u>Other</u>	
Lease liabilities	\$ 69,662	(21,940)	2,907	50,629
Guarantee deposits received	6,900	119	149	7,168
Total liabilities from financing activities	<u>\$ 76,562</u>	<u>(21,821)</u>	<u>3,056</u>	<u>57,797</u>

(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.

<u>Name of related party</u>	<u>Relationship with the Group</u>
Tatung Corporation	The parent company
Tatung System Technologies Inc.	Other related party
Tatung Consumer Products (Taiwan) Co., Ltd.	Other related party
Tatung Co. of Japan, Inc.	Other related party
The Joint Welfare Committee of Tatung	Other related party
Elitegroup Computer System Co., Ltd.	Other related party
Chyun Huei Business Technology Inc.	Other related party
Employee Welfare Committee of Forward Electronics Corporation	Other related party

(Continued)

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

(b) Significant transactions with related parties

(i) Sales

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
The parent company	\$ 6	916	7	1,331
Other related parties				
Tatung Consumer Products (Taiwan) Co., Ltd.	23	560	1,914	560
	\$ 29	1,476	1,921	1,891

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 nine months ended September 30,				
		2023	2022	
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

(ii) Purchases

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Other related parties				
Tatung Co. of Japan, Inc.	\$ -	-	9	1,039

(Continued)

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

There were no material differences between the prices for purchases from related parties and arm's length suppliers. Payment terms for purchases from related parties and arm's length suppliers were as follows:

	For the nine months ended September 30,			
	2023		2022	
Location	Related party	Arm's length suppliers	Related party	Arm's length suppliers
Foreign	T/T 30-150 days or DA 120 days after acceptance	T/T 30-150 days or L/C after acceptance	T/T 30-150 days or DA 120 days after acceptance	T/T 30-150 days or L/C after acceptance
Domestic	30-120 days after acceptance	30-120 days after acceptance	30-120 days after acceptance	30-120 days after acceptance

(iii) Receivables from related parties

Account	Relationship	September 30, 2023	December 31, 2022	September 30, 2022
Accounts receivables — related parties	The parent company	\$ 7	-	1,267
	Other related parties			
	Tatung System Technologies Inc.	24	1,355	588
"		31	1,355	1,855
	Less: Loss allowance	-	-	-
	Total	\$ 31	1,355	1,855
Other receivables — related parties	The parent company	\$ 2,227	2,810	2,275
	Less: Loss allowance	-	-	-
	Total	\$ 2,227	2,810	2,275

(iv) Payables to related parties

Account	Relationship	September 30, 2023	December 31, 2022	September 30, 2022
Accounts payable — related parties	Other related parties			
	Tatung System Technologies Inc.	\$ -	285	-
	Tatung Consumer Products (Taiwan) Co., Ltd.	114	29	6
	Total	\$ 114	314	6

(Continued)

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

<u>Account</u>	<u>Relationship</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Other payables – related parties	The parent company	\$ 2,893	293	272
"	Other related parties			
	Employee Welfare Committee of Forward Electronics Corporation	46	16	63
	Chyun Huei Business Technology Inc.	12	13	15
	The Joint Welfare Committee of Tatung	24	16	30
	Tatung Consumer Products (Taiwan) Co., Ltd.	108	-	-
	Total	<u>\$ 3,083</u>	<u>338</u>	<u>380</u>

(v) Rental income

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
The parent company	<u>\$ 1,420</u>	<u>1,420</u>	<u>4,259</u>	<u>4,259</u>

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

(vi) Service Fee

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
The parent company	<u>\$ 2,363</u>	<u>-</u>	<u>2,363</u>	<u>-</u>

(c) Key management personnel compensation

	<u>For the three months ended September 30,</u>		<u>For the nine months ended September 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 1,991	1,908	6,209	5,245
Post-employment benefits	57	70	179	209
	<u>\$ 2,048</u>	<u>1,978</u>	<u>6,388</u>	<u>5,454</u>

(Continued)

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

(8) Assets pledged as security

The carrying amounts of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>September 30, 2023</u>	<u>December 31, 2022</u>	<u>September 30, 2022</u>
Land	Bank borrowings guarantee	\$ 463,378	463,378	463,378
Buildings and structures	Bank borrowings guarantee	58,820	65,313	67,296
Financial assets at amortized cost— current	Customs guarantee	2,455	2,455	2,431
Other non-current assets— refundable deposits	Security deposits for court	1,331	1,331	1,331
Total		<u>\$ 525,984</u>	<u>532,477</u>	<u>534,436</u>

(9) Commitments and contingencies

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. As of the release date of the financial report, the relevant arbitration is still in progress.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events:

On October 3, 2023, The Board of Directors approved a business development and streamlining plan for Suzhou Forward Electronics Technology Co., Ltd., which is expected to be implemented by the end of 2023, in order to reduce management costs. The Group assessed that an expense of RMB8,570 thousand would be incurred as a result of the implementation of the plan.

(Continued)

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

(12) Other

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

		For the three months ended September 30,					
		2023			2022		
By item	By function	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
	Salary	34,276	11,469	45,745	43,353	13,398	56,751
	Labor and health insurance	2,917	785	3,702	3,400	906	4,306
	Pension	2,064	740	2,804	2,306	826	3,132
	Others	1,425	663	2,088	1,619	407	2,026
Depreciation		11,028	1,946	12,974	11,934	2,177	14,111
Amortization		52	14	66	65	11	76

		For the nine months ended September 30,					
		2023			2022		
By item	By function	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
	Salary	100,638	33,472	134,110	127,001	36,559	163,560
	Labor and health insurance	9,255	2,429	11,684	10,542	2,691	13,233
	Pension	6,406	2,229	8,635	6,957	2,479	9,436
	Others	4,974	1,233	6,207	5,051	1,147	6,198
Depreciation		34,347	6,051	40,398	35,864	7,222	43,086
Amortization		181	44	225	194	43	237

(Continued)

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

(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 September 30, 2023 (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: Please refer to attachment.
 - (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: Please refer to attachment 2.
 - (ix) Trading in derivative instruments: None.
 - (x) Business relationships and significant intercompany transactions: Please refer to attachment 3.
- (b) Information on investees: Please refer to attachment 4.
- (c) Information on investment in mainland China: Please refer to attachment 5.
- (d) Major shareholders: Please refer to attachment 6.

(Continued)

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

(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.

None of the Group's operating segments were aggregated to form the aforementioned reportable operating segments. Other business activities that are not reported and pertinent information on operating segments are disclosed in the section of "other operating segments".

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.

(b) 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
For the three months ended						
September 30, 2023						
Revenue:						
Revenue from external customers	\$ 35,272	60,129	76,565	-	-	171,966
Inter-segment revenue	53,974	3,410	445	-	(57,829)	-
Total revenue	\$ 89,246	63,539	77,010	-	(57,829)	171,966
Profit (loss) of reportable segments	\$ (7,936)	(12,717)	4,827	6,203	-	(9,623)
For the three months ended						
September 30, 2022						
Revenue:						
Revenue from external customers	\$ 94,640	101,769	55,356	-	-	251,765
Inter-segment revenue	37,291	7,394	844	-	(45,529)	-
Total revenue	\$ 131,931	109,163	56,200	-	(45,529)	251,765
Profit (loss) of reportable segments	\$ 1,659	16,940	25,755	17,392	-	61,746

(Continued)

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

	<u>Optoelectronics segment</u>	<u>Electronics components products segment</u>	<u>Electronics applications products segment</u>	<u>Other segments</u>	<u>Adjustments and eliminations</u>	<u>Total</u>
For the nine months ended September 30, 2023						
Revenue:						
Revenue from external customers	\$ 182,997	199,908	192,549	-	-	575,454
Inter-segment revenue	<u>141,197</u>	<u>10,621</u>	<u>1,140</u>	<u>-</u>	<u>(152,958)</u>	<u>-</u>
Total revenue	\$ <u>324,194</u>	<u>210,529</u>	<u>193,689</u>	<u>-</u>	<u>(152,958)</u>	<u>575,454</u>
Profit (loss) of reportable segments	\$ <u>(15,141)</u>	<u>(36,682)</u>	<u>3,983</u>	<u>19,361</u>	<u>-</u>	<u>(28,479)</u>
For the nine months ended September 30, 2022						
Revenue:						
Revenue from external customers	\$ 230,366	313,685	121,795	-	-	665,846
Inter-segment revenue	<u>77,159</u>	<u>15,914</u>	<u>1,931</u>	<u>-</u>	<u>(95,004)</u>	<u>-</u>
Total revenue	\$ <u>307,525</u>	<u>329,599</u>	<u>123,726</u>	<u>-</u>	<u>(95,004)</u>	<u>665,846</u>
Profit (loss) of reportable segments	\$ <u>(6,913)</u>	<u>28,183</u>	<u>32,026</u>	<u>39,887</u>	<u>-</u>	<u>93,183</u>

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

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

(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				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	5,337	0.03	5,337	
	Stock—Tatung Co., Ltd	Parent-subsiary	Non-current financial assets measured at fair value through other comprehensive income	19,666,000	873,170	0.84	873,170	
	Stock - GaN Power Technology Co., Ltd.	-	Non-current financial assets measured at fair value through other comprehensive income	500,000	5,000	0.10	5,000	
Suzhou Forward Electronics Technology Co., Ltd.	Stock—Nanjing Global Display Technology Co., Ltd.	-	Non-current financial assets measured at fair value through profit or loss	-	-	17.29	-	
	Financial products	-	Non-current financial assets measured at fair value through profit or loss	-	224,750 (RMB 50,000)	-	224,750 (RMB 50,000)	

Note 1: Securities are stocks, bonds, beneficiary certificates and derivative securities of the aforementioned items within the scope of IFRS 9 Financial Instruments.

Note 2: Only related parties are required to disclose such information.

Note 3: For financial assets measured at fair value, the book value should be the fair value less accumulated impairment loss. For financial assets not measured at fair value, the book value should be the original cost or amortized cost less accumulated impairment loss.

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

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

ATTACHMENT 2: Related party transactions for purchases and sales amounts exceeding \$100 million or 20% of capital stock

Purchaser (seller)	Related party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount (Note 1)	Percentage of total purchases (sales)	Credit Term	Unit price	Credit Term	Balance (Note 1)	Percentage of total receivables (payable)	
Forward Electronics Co., Ltd.	Suzhou Forward Electronics Technology Co., Ltd.	Parent-subsiary	Purchases	\$144,201	59.27%	90	-	-	\$78,540	55.71%	Note

Note: The transactions among the consolidated entities were write-off in the consolidated financial statements.

FORWARD ELECTRONICS CO., LTD. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

ATTACHMENT 3: Significant transactions and business relationship between the parent company and its subsidiaries

No. (Note 1)	Company name	Counterparty	Relationship (Note 2)	Intercompany Transactions			Percentage of total consolidated net revenue or assets (Note 3)
				Account	Amount	Terms	
0	Forward Electronics Co., Ltd.	Suzhou Forward Electronics Technology Co., Ltd.	1	Accounts receivable	\$ 4,495	As general	0.15%
0	"	"	"	Accounts payable	78,540	"	2.59%
0	"	"	"	Sales revenue	8,757	"	1.52%
0	"	"	"	Cost of goods sold	144,201	"	25.06%
0	"	"	"	Non-operating income	1,785	"	0.31%
0	"	"	"	Unrealized gross profit	(213)	"	-0.04%
0	"	"	"	Realized gross profit	812	"	0.14%

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 income.

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

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

ATTACHMENT 4: 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
				September 30, 2023	December 31, 2022	Shares	Percentage (%)	Carrying value			
Forward Electronics Co., Ltd.	Forward Development Co., Ltd.	British Virgin Islands	Investment in production business, etc.	622,762 (USD 19,298) (Note 1)	622,762 (USD 19,298) (Note 1)	-	100.00	875,763	(6,794)	(6,931)	(Note 2)
	Forward Intelligent Energy Co., Ltd.	Taiwan	Carbon reduction, energy conservation, and energy storage related business	10,000		1,000,000	100.00	9,289	(711)	(711)	
	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	-	1,969	-	(Note 3)

Note 1 : Including equipment investment of NTD75,115 thousand (USD2,282 thousand).

Note 2 : The difference, amounting to \$146 thousand, between net income of Forward Development Co., Ltd. and the investment income recognized is the unrealized loss on downstream transactions between Forward Electronics Co., Ltd. and Forward Development Co., Ltd..

Note 3 : 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.

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

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

ATTACHMENT 5: 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, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of September 30, 2023	Net income (loss) of the investee company	Percentage of ownership	Investment income (loss) recognized (Note 2 and 4)	Carrying Value as of September 30, 2023 (Note 4)	Accumulated inward remittance of earnings as of September 30, 2023
						Outflow	Inflow						
Forward Development	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 5)	141,266	-	-	141,266	9,318	100.00%	9,318 (2)	203,317	26,268 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 5)	-	-	-	-	(16,112)	100.00%	(16,112) (2)	672,816	747,244 USD 23,156

Accumulated investment in Mainland China as of September 30, 2023	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment (Note 7)
\$141,266	\$728,173 (USD 22,565)	\$1,114,451

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 September 30, 2023 : 32.27

RMB exchange rate on September 30, 2023 : 4.495

Note 4 : 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"

Note 5 : Reinvested through Forward Development Co., Ltd. by remitting the investment funding and equipment investment.

Note 6 : Refer to Attachment 3 for investment percentages in all investees of the Company

Note 7 : 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.

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

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

ATTACHMENT 6: Information on major shareholders

Shareholder's name	Shareholding	Shares	Percentage
Tatung Co., Ltd		31,635,411	22.59%
Yu, Jin-Bang		14,170,428	10.12%
Fu, Yi-Yuan		9,731,156	6.95%
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.