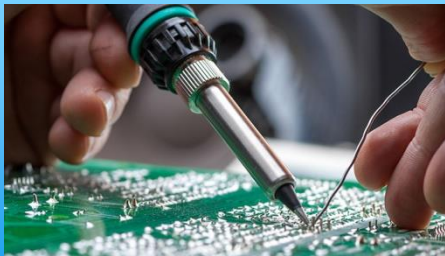


FORWARD

FORWARD ELECTRONICS



FORWARD Review 2024 Q3

Safe Harbor Statement

- This presentation contains forward-looking statements subject to significant risks and uncertainties. Actual results may differ significantly from those contained in the forward-looking statements. The forward-looking statements should not be interpreted as legally binding commitments, but rather as flexible information subject to change occasionally.

Outline

- Company Overview
- Financial Overview
 - Consolidated P/L for Q3 2024
 - Consolidated B/S for Q3 2024
- Main Products & Application
- SWOT Analysis
- Q&A

Company Overview

- Headquarter : No. 393, Section 1, Zhongzheng Road, Sanxia District, New Taipei City, Taiwan
- Founded : August 31, 1970
- OTC Listing (Code 8085) : March 1, 2004
- Paid-in Capital : NT\$ 1.39983 billion
- Number of Employees : Approx. 300 employees

Company Overview

Forward Electronics was founded in 1970 and is headquartered in Taiwan. It is a company with integrated and professional R&D and manufacturing capabilities. From the company's inception period with TV tuners and precision electronic components as its main products, Forward has gradually developed into a company that provides diversified products and services.

Today, our products are mainly developed for the market of optoelectronics, information communication and automotive electronics industries, in order to comply with the market trend and expand the business territory. In addition, Forward 's quality management system has also been recognized internationally with the certification of ISO 9001, ISO 14001, ISO / TS 16949, ISO45001, and ISO27001.

Through the close cooperation of the Sanxia Plant in Taiwan, the Kaohsiung Plant and the Wujiang Plant in Mainland China, we can provide flexible production and capacity adjustment corresponding capabilities to meet the needs of different customers.

Global base



Sanxia Headquarter



Kaohsiung Plant



Suzhou Wujiang Plant



Consolidated income statement for Q3 2024

In thousand NT\$

| | 3Q24 | 2Q24 | 3Q23 | QoQ | YoY | YTD24 | YTD23 | YoY |
|------------|----------|----------|----------|---------|---------|-----------|----------|----------|
| 營業收入 | 170,063 | 140,351 | 171,966 | 21.2% | -1.1% | 449,986 | 575,454 | -21.8% |
| 營業毛利 | 11,734 | 4,174 | 728 | 181.1% | 1511.8% | 20,624 | (871) | -2467.9% |
| 營業費用 | 65,778 | 28,941 | 30,930 | 127.3% | 112.7% | 143,820 | 77,269 | 86.1% |
| 營業利益 | (54,044) | (24,767) | (30,202) | 118.2% | 78.9% | (123,196) | (78,140) | 57.7% |
| 營業外收支 | (5,189) | 17,098 | 20,579 | -130.3% | -125.2% | 32,848 | 49,661 | -33.9% |
| 繼續營業部門稅前淨利 | (59,233) | (7,669) | (9,623) | 672.4% | 515.5% | (90,348) | (28,479) | 217.2% |
| 所得稅費用 | 281 | 225 | 868 | 24.9% | -67.6% | 664 | 2,805 | -76.3% |
| 稅後淨利 | (59,514) | (7,894) | (10,491) | 653.9% | 467.3% | (91,012) | (31,284) | 190.9% |
| 每股盈餘(新台幣元) | (0.43) | (0.06) | (0.07) | 616.7% | 514.3% | (0.65) | (0.22) | 195.5% |
| 營業毛利率(%) | 6.9% | 3.0% | 0.4% | | | 4.6% | -0.2% | |
| 營業淨利率(%) | -31.8% | -17.6% | -17.6% | | | -27.4% | -13.6% | |
| 稅後淨利率(%) | -35.0% | -5.6% | -6.1% | | | -20.2% | -5.4% | |
| 費用剔除預期信用減損 | 31,331 | 27,170 | 26,024 | 15.3% | 20.4% | | | |

*Note : EPS are based on the shares outstanding of 139,983K shares in Q3 2022.

Consolidated B/S for Q3 2024

In thousand NT\$

| | 2024Q3 | | 2024Q2 | | | 2024Q3 | | 2024Q2 | |
|--------------|-----------|------|-----------|------|-----------|-----------|-----|-----------|-----|
| 現金及約當現金 | 1,021,014 | 32% | 1,110,222 | 33% | 應付款項 | 156,123 | 5% | 139,304 | 4% |
| 金融資產-透過PL-流動 | 33,497 | 1% | 32,664 | 1% | 一年內到期長期借款 | 24,000 | 1% | 24,000 | 1% |
| 金融資產-按攤銷後成本 | 101,893 | 3% | 100,468 | 3% | 其他流動負債 | 25,917 | 1% | 21,016 | 1% |
| 應收款項 | 224,302 | 7% | 211,359 | 6% | 流動負債 | 206,040 | 6% | 184,320 | 5% |
| 存貨 | 98,438 | 3% | 80,017 | 2% | 長期銀行借款 | 957,000 | 30% | 963,000 | 29% |
| 其他流動資產 | 103,435 | 3% | 87,661 | 3% | 其他非流動負債 | 250,502 | 8% | 249,998 | 7% |
| 流動資產 | 1,582,579 | 50% | 1,622,391 | 48% | 非流動負債 | 1,207,502 | 38% | 1,212,998 | 36% |
| 金融資產-透過PL-非流 | 0 | 0% | 0 | 0% | 總負債 | 1,413,542 | 44% | 1,397,318 | 41% |
| 金融資產-透過OCI | 878,487 | 28% | 1,019,116 | 30% | 股本 | 1,399,830 | 44% | 1,399,830 | 42% |
| 不動產、廠房與設備 | 553,743 | 17% | 557,576 | 17% | 資本公積 | 48,716 | 2% | 48,716 | 1% |
| 其他流動資產 | 166,994 | 5% | 173,746 | 5% | 未分配盈餘 | 2,122 | 0% | 61,636 | 2% |
| 非流動資產 | 1,599,224 | 50% | 1,750,438 | 52% | 其他權益 | 317,593 | 10% | 465,329 | 14% |
| 總資產 | 3,181,803 | 100% | 3,372,829 | 100% | 總股東權益 | 1,768,261 | 56% | 1,975,511 | 59% |

Main Products & Application



電子零組件

Precision Components Products



光電類

Optoelectronic Products



專業代工

Professional OEM/ODM

Precision Components Products



Switch



Encoder



Sensor



Potentiometer

Optoelectronic Products

Backlight Module



5.8" Back light module



10.1" Back light module



14" Back light module

Professional OEM/ODM

SMT Production Line



Scheduling system
One shift



Manpower
configuration
10 person

Professional OEM/ODM

DIP production line



Scheduling system
One shift



Manpower
configuration
17 person

Professional OEM/ODM

Assembly line



Scheduling system
One shift



Manpower
configuration
16 person

Verification and clarification of Indonesian regulations- Social Forestry (PS - Perhutanan Sosial)

PS (Social Forestry) authorization has been obtained - 18 authorizations can be found on the website of the Ministry of Environment and Forestry. The Indonesian government recognizes this authorization to carry out carbon trading; This has also been confirmed by the local lawyer as follows:



No. : 0051/Dir-SoLo/XII/2024
Subject : Legal Audit

Dear,
Forward Intelligent Energy Co., LTD
No. 393, Section 1, Zhongzheng Road, Sanxia District
New Taipei 237, Taiwan, R.O.C.

We have conducted a thorough and comprehensive legal audit, focusing on key elements essential for ensuring compliance and mitigating risks. This proactive initiative aims to enhance Forward Intelligent Energy's legal standing and operational efficiency.

We are excited to present our findings and recommendations, which are designed to equip Forward Intelligent Energy with the necessary insights to navigate complex legal situations and fortify its compliance framework.

INTRODUCTION

In the dynamic landscape of today's business environment, the importance of conducting thorough legal audits cannot be overstated. Organizations must ensure compliance with relevant laws and regulations while effectively managing risks to safeguard their interests.

This legal opinion has been prepared by Solusi Law Office on behalf of Forward Intelligent Energy, Ltd. (hereinafter referred to as "FIE") concerning key legal issues related to the carbon rights development project undertaken by FIE in collaboration with Asia Asset Developments, Co. Ltd. (hereinafter referred to as "AAD") the Forest Management Department of Maluku, and local partners in Indonesia. The project involves the management of carbon rights through the Social Forestry mechanism.

FIE, alongside its partners, is committed to ensuring that the development of these carbon rights is fully compliant with the applicable regulations and policies in Indonesia. This document provides a systematic analysis of the legal considerations involved, enabling FIE to make informed decisions as it progresses with this initiative.

We invite you to review the findings and recommendations detailed in this report, which are designed to enhance the organization's legal standing and operational efficiency.

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CONCLUSION & RECOMMENDATIONS

The carbon rights development project carried out by FIE in collaboration with AAD, the Forest Management Department of Maluku, and other local partners operate within a complex context and requires compliance with various regulations governing carbon trading and forest management.

Though the PS application is in progress, we would like to emphasize that in order to carry out emission offsets, based on the current laws and regulations, it is recommended that FIE and/or AAD undertake the following steps:

- Registration in SRN PPI
- Verification of Climate Change Mitigation Actions by a Verifier, eg. Verra
- Issuance of the Greenhouse Gas Emission Reduction Certificate (SPE GRK) and
- Recording in SRN PPI before Carbon Credits have been delivered.

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CLOSING

In conclusion, the carbon rights development project carried out by FIE in collaboration with AAD, the Forest Management Department of Maluku, and other local partners represent an important step in efforts to mitigate climate change and sustainably manage forest resources. Although there are various legal actions need to be addressed, such as compliance with existing regulations and fulfilling administrative requirements, this project has been already in process of fulfilling all the necessary compliance requirements.

It is crucial for all stakeholders to collaborate and fulfill their respective roles in the licensing process and in implementing greenhouse gas emission mitigation actions. By adhering to the applicable regulations, this project will not only provide economic benefits to local communities but also significantly contribute to environmental protection and the sustainability of forests in Indonesia.

Respectfully,
Solusi Law Office

Ardy Susanto, S.H., M.I.Kom.

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Indonesian Regulatory Verification and Clarification – Social Forestry (PS) vs. Forest Utilization Business License (PBPH)



Confidential

Jakarta, 16 December 2024

No. : 00052/Dir-SoLo/XII/2024
Subject : Legal Response Regarding Social Forestry and Forest Utilization Business Permit

Respected,
Forward Intelligent Energy Co., LTD
No. 393, Section 1, Zhongzheng Road, Sanxia District
New Taipei 237, Taiwan, R.O.C.

In relation to the inquiries raised regarding the Business Licensing in the forestry sector (PBPH) for parties that have obtained Social Forestry (PS) permits, we have prepared this response to provide clarification on the applicable legal provisions. This analysis is based on **Government Regulation Number 23 of 2021 concerning Forestry Management** ("PP 23/2021"), which provides the legal framework governing forest management and the utilization of forest products, particularly in relation to Social Forestry (PS) and Business Licensing for Forest Utilization (PBPH), which we outline as follows:

1. The Government of Indonesia, through Government Regulation Number 23 of 2021, regulates various aspects related to forest management and utilization in Indonesia. As a legal foundation for forestry management, this regulation stipulates provisions for forest management that prioritize environmental sustainability, the improvement of community welfare, and the optimal utilization of forest resources.
2. In Article 1, clause 39, it is stated that forest utilization includes a variety of activities such as the use of forest areas, environmental services, and the optimal utilization of both timber and non-timber forest products, all of which are carried out while maintaining the balance of the forest ecosystem.
3. Social Forestry (PS) is described as a system of sustainable forest management implemented in State Forest Areas or Rights Forests/Customary Forests, carried out by local communities or Indigenous Peoples as key actors to enhance their welfare, environmental balance, and socio-cultural dynamics. This can take the form of Village Forests, Community Forests, People's Plantations, Customary Forests, and forestry partnerships.;
4. In Chapter V, concerning Forest Arrangement and the Preparation of Forest Management Plans and Utilization, Section Three, Paragraphs 1, Articles 126-127, it is

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explained that forest utilization aims to achieve optimal, equitable, and sustainable benefits from forest products and services for community welfare. This is carried out through activities such as the utilization of forest areas, environmental service utilization, and the harvesting of both timber and non-timber forest products. Forest utilization activities are conducted based on Business Licensing for Forest Utilization or Social Forestry Management activities;

5. PP Government Regulation Number 23 of 2021 stipulates that Business Licensing for Forest Utilization (PBPH) is granted to business actors to conduct forest utilization activities. However, the provisions in this regulation indicate that PBPH cannot be issued for areas that have already obtained Social Forestry permits, as outlined in Article 137, clause (3), which states that *Business Licensing for Forest Utilization in Protected Forests is prohibited in:*
 - a. *The work areas of state-owned enterprises in the forestry sector that have been delegated the management of forest management; and*
 - b. *Forest areas that have already been encumbered with Business Licensing for Forest Utilization.*
6. This further clarified in Article 143, clause (3), which states that *Business Licensing for Forest Utilization in Production Forests, as referred to in clause (1) is prohibited in:*
 - a. *The work areas of state-owned enterprises in the forestry sector that have been delegated the management of forest management*
 - b. *Forest areas that have already been encumbered with Business Licensing for Forest Utilization;*
 - c. *Forest areas that have been granted approval for social forestry management; and*
 - d. *Forest areas that have been granted approval for the use of forest areas and the release of forest areas*
7. Although Business Licensing for Forest Utilization cannot be applied for areas that have already obtained Social Forestry permits, it is explained in Chapter VI regarding Social Forestry Management, as stated in article 204, that forestry partnerships can be established where companies may collaborate with communities holding Social Forestry permits to support management and utilization efforts.

Based on above considerations, it can be concluded that in the context of forest management, **if an area has obtained a Social Forestry permit, then Business Licensing for Forest Utilization does not need to be applied for.** The Social Forestry permit already grants the communities the rights to manage and utilize forest resources, while other parties can play the role of forestry partners who can contribute to forest management in accordance with applicable laws.

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Conclusion:
In terms of forest management (PS), if an area has already been granted a Social Forestry permit, there is no need to apply for a Forest Utilization Business License (PBPH). The Social Forestry permit (PS) confers the right for local communities to manage and utilize forest resources.

Indonesian Regulatory Verification and Clarification – Social Forestry



| | | |
|-----|---|---|
| 11. | Regulation of the Financial Services Authority of the Republic of Indonesia Number 14 of 2023 | Carbon Trading through the Carbon Exchange. |
| 12. | Minister of Environment and Forestry Circular No. SE.5/MENLHK/SETJEN/HPL.2/5/2023 | Adjustment of Forest Utilization Cooperation in Forest Management Units to Business Utilization Permits or Community Forestry Management Approval |

REGULATORY REQUIREMENTS FOR FOREST CARBON DEVELOPMENT

EXPLANATION OF SOCIAL FORESTRY (PS) AND BUSINESS LICENSING FOR FOREST UTILIZATION (PBPB)

Social forestry is a program designed to empower local communities in sustainable forest management. In Indonesia, this program has been implemented with the primary goal of providing legal access to state forests for communities. Through social forestry, communities are expected to manage forests and surrounding natural resources, while also improving their welfare.

Goals and Benefits of Social Forestry:

- 1. Community Empowerment:**
The social forestry program aims to recognize community land access rights and empower them in forest management. By granting management rights, communities can actively participate in preserving and conserving the environment.
- 2. Forest Conservation:**
Through sustainable management, social forestry can help in forest conservation and biodiversity. Communities involved in forest management tend to be more concerned about the sustainability of natural resources.
- 3. Economic Improvement:**
With legal access to forests, communities can utilize non-timber forest products (NTFP) and develop agroforestry-based businesses. For example, community groups in West Kalimantan have successfully gained monthly profits from honey and other agricultural products.

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- 4. Poverty Reduction:**
This program is expected to reduce social and economic disparities by providing opportunities for poor communities to increase their income through forest resource management.

NATIONAL FORESTRY MODEL

There are five formal models of social forestry recognized in Indonesia:

- 1. Village Forests (HD):**
A permit for 35 years for management by village communities.
- 2. Community Forests (HKm):**
A permit for 35 years for groups of forest users.
- 3. People's Plantations (HTR):**
A permit for 35 years for community business groups.
- 4. Partnerships:**
Agreements between forest user groups and government or business entities.
- 5. Customary Forests:**
Recognition of ownership rights without time limits for indigenous communities.

Management of Social Forestry can be granted to:

- a. Individuals
- b. Forest farmer groups
- c. Cooperatives

Social forestry management in the form of partnerships is given in Forest Areas that have been burdened with management by state-owned enterprises in the forestry sector or Forest Utilization Permits, based on agreements between the holders of management by state-owned enterprises in the forestry sector or holders of Forest Utilization Permits with local communities, granted for a duration adjusted to the validity period of the Forest Utilization Permit.

The procedure for applying for Social Forestry is for the community to submit a management application for social forestry to the Minister of Environment and Forestry or the local Governor, which includes an application process comprising administrative verification, technical verification, and approval.

The criteria for social forestry managers consist of individuals or community groups that have a dependency on forest resources. Specific criteria apply to each scheme, such as the requirement to form farmer groups for Community Forests.

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Goals and Benefits of Social Forestry:

1. Community Empowerment
2. Forest Protection
3. Economic Improvement
4. Poverty Alleviation

Thank You