UBIQCONN TECHNOLOGY, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2024 AND 2023

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

UBIQCONN TECHNOLOGY, INC.
DECEMBER 31, 2024 AND 2023 CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
TABLE OF CONTENTS

Contents	Page

Ubiqconn Technology, Inc.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2024, pursuant to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," the company that is required to be included in the consolidated financial statements of affiliates, is the same as the company required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

Ubiqconn Technology, Inc.

Chien, Ming-Tz, Chairman

March 12, 2025

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Ubiqconn Technology, Inc.

Opinion

We have audited the accompanying consolidated balance sheets of Ubiqconn Technology, Inc. and subsidiaries (the "Group") as at December 31, 2024 and 2023, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

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

Key audit matters for the Group's 2024 consolidated financial statements are stated as follows:

Existence of revenue from customers

<u>Description</u>

Refer to Note 4(26) for accounting policies on revenue recognition, and Note 6(13) for details of operating revenue.

The Group is primarily engaged in the manufacture and sales of industrial computers and in-vehicle products, etc. The industrial computer business is easily affected by the project life cycle of products and needs to focus on accepting orders of new projects. As a result, we identified the existence of revenue from customers as one of the key audit matters.

<u>How our audit addressed the matter</u>

We performed the following audit procedures in respect of the above key audit matter:

1. Assessed and tested whether the internal control procedures of sales transactions are in accordance with the Group's internal control policies.

2. Selected samples of sales transactions, and obtained and verified the related vouchers of such sales from customers.

Evaluation of inventories

Description

Refer to Note 4(11) for accounting policies on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation, and Note 6(4) for details of inventory valuation.

The Group is primarily engaged in the manufacture and sales of industrial computers and in-vehicle products, etc. Given the long product life cycle of industrial computer products, some products or spare parts have long inventory period due to long-term supply and maintenance needs of customers. The order adjustments of customers or lower-than-expected market conditions may lead to fluctuations in product prices or low inventory correction, which may result in a higher risk of decrease in market value or obsolescence. As the Group is primarily engaged in the sales of industrial computers, its amounts of inventories are material and the types of inventories vary. Management evaluates inventories stated at the lower of cost and net realizable value. Since the evaluation of inventories is subject to management's judgment and the accounting estimations will have significant influence on the inventory values, the evaluation of inventories has been identified as one of the key audit matters.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Assessed the policy of allowance for inventory valuation loss, based on our understanding of the operations and industry of the Group.

2. Inspected the management's individually identified out-of-date inventory list and checked the related supporting documents..

3. Tested the basis of market value used in calculating the net realizable value of each inventory and validated the accuracy of calculation of selected samples.

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion on the parent company only financial statements of Ubiqconn Technology, Inc. as of and for the years ended December 31, 2024 and 2023.

Responsibilities of management and those charged with governance for the consolidated statements

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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group’s financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

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

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

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

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

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

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

Chang, Shu-Chiung

Lin, Po-Chuan

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 12, 2025

UBIQCONN TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Assets	Notes	December 31, 2024 AMOUNT	%	December 31, 2023 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 599,227	22	$ 732,264	34
1136	Current financial assets at amortised cost	6(2) and 8	898,225	33	32,102	1
1140	Current contract assets	6(13)	8,858	-	5,487	-
1170	Accounts receivable, net	6(3)	256,779	9	340,957	16
1180	Accounts receivable - related parties	7	453	-	4,998	-
1200	Other receivables		19,793	1	15,383	1
1220	Current tax assets		326	-	240	-
130X	Inventory	6(4)	713,957	26	794,908	36
1410	Prepayments		14,171	1	17,010	1
11XX	**Total current assets**		2,511,789	92	1,943,349	89
	Non-current assets					
1535	Non-current financial assets at amortised cost	6(2) and 8	10,000	-	-	-
1600	Property, plant and equipment	6(5) and 7	52,571	2	53,317	3
1755	Right-of-use assets	6(6)	83,014	3	111,622	5
1780	Intangible assets		15,949	1	18,124	1
1840	Deferred tax assets	6(19)	46,840	2	30,646	1
1920	Guarantee deposits paid	7	12,203	-	14,354	1
1990	Other non-current assets		5,601	-	7,696	-
15XX	**Total non-current assets**		226,178	8	235,759	11
1XXX	**Total assets**		$ 2,737,967	100	$ 2,179,108	100

(Continued)

UBIQCONN TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Liabilities and Equity	Notes	December 31, 2024 AMOUNT	%	December 31, 2023 AMOUNT	%
	Current liabilities					
2130	Current contract liabilities	6(13)	$ 100,218	4	$ 62,759	3
2170	Accounts payable		254,442	9	377,140	17
2200	Other payables	6(7)	125,946	5	156,604	7
2220	Other payables - related parties	7	16,709	1	15,221	1
2230	Current income tax liabilities		10,665	-	51,306	3
2250	Current provisions		7,240	-	6,668	-
2280	Current lease liabilities	6(6) and 7	38,822	1	36,096	2
2399	Other current liabilities		1,967	-	6,297	-
21XX	**Total current liabilities**		556,009	20	712,091	33
	Non-current liabilities					
2550	Non-current provisions		2,770	-	2,381	-
2570	Deferred tax liabilities	6(19)	647	-	-	-
2580	Non-current lease liabilities	6(6) and 7	48,749	2	79,674	4
2600	Other non-current liabilities	7	6,360	-	7,064	-
25XX	**Total non-current liabilities**		58,526	2	89,119	4
2XXX	**Total liabilities**		614,535	22	801,210	37
	Equity					
	Equity attributable to owners of parent					
	Share capital	6(10)				
3110	Common stock		860,000	32	750,000	34
	Capital surplus	6(11)				
3200	Capital surplus		1,106,618	41	318,681	15
	Retained earnings	6(12)				
3310	Legal reserve		34,504	1	8,719	-
3350	Unappropriated retained earnings		119,889	4	298,819	14
	Other equity interest					
3400	Other equity interest		2,421	-	1,679	-
31XX	**Equity attributable to owners of the parent**		2,123,432	78	1,377,898	63
3XXX	**Total equity**		2,123,432	78	1,377,898	63
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 2,737,967	100	$ 2,179,108	100

The accompanying notes are an integral part of these consolidated financial statements.

UBIQCONN TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

			Year ended December 31			
			2024		2023	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating income	6(13) and 7	$ 2,021,425	100	$ 3,721,340	100
5000	Operating costs	6(4)(18) and 7	(1,556,704)	(77)	(2,926,502)	(78)
5900	Net operating margin		464,721	23	794,838	22
	Operating expenses	6(18) and 7				
6100	Selling expenses		(252,143)	(12)	(200,905)	(5)
6200	General and administrative expenses		(118,635)	(6)	(95,987)	(3)
6300	Research and development expenses		(240,787)	(12)	(197,157)	(5)
6450	Expected credit impairment gain	12(2)	4,994	-	12,858	-
6000	Total operating expenses		(606,571)	(30)	(481,191)	(13)
6900	Operating (loss) profit		(141,850)	(7)	313,647	9
	Non-operating income and expenses					
7100	Interest income	6(14)	19,186	1	13,877	-
7010	Other income	6(15)	14,810	1	10,276	-
7020	Other gains and losses	6(16)	20,596	1	(13,106)	-
7050	Finance costs	6(17) and 7	(2,509)	-	(5,227)	-
7000	Total non-operating income and expenses		52,083	3	5,820	-
7900	**Profit (loss) before income tax**		(89,767)	(4)	319,467	9
7950	Tax benefit (expense) expense	6(19)	22,610	1	(61,599)	(2)
8200	**Profit (loss) for the year**		($ 67,157)	(3)	$ 257,868	7
	Other comprehensive income (loss)					
	Components of other comprehensive loss that will not be reclassified to profit or loss					
8311	Income (loss) on remeasurements of defined benefit plans		$ 12	-	($ 22)	-
8310	Other comprehensive income (loss) that will not be reclassified to profit or loss		12	-	(22)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		742	-	187	-
8360	Other comprehensive income that will be reclassified to profit or loss		742	-	187	-
8300	**Other comprehensive income**		$ 754	-	$ 165	-
8500	**Total comprehensive (loss) income**		($ 66,403)	(3)	$ 258,033	7
	Profit attributable to:					
8610	Shareholders of parent		($ 67,157)	(3)	$ 257,868	7
	Comprehensive income attributable to:					
8710	Shareholders of parent		($ 66,403)	(3)	$ 258,033	7
	Earnings (loss) per share (in dollars)	6(20)				
9750	Basic earnings (loss) per share		($ 0.82)		$ 3.44	
9850	Diluted earnings (loss) per share		($ 0.82)		$ 3.44	

The accompanying notes are an integral part of these consolidated financial statements.

UBIQCONN TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Equity attributable to owners of the parent					
				Retained Earnings			
	Notes	Ordinary share	Capital surplus	Legal reserve	Unappropriated retained earnings (accumulated deficit)	Exchange differences on translation of foreign financial statements	Total equity
Year ended December 31, 2023							
Balance at January 1, 2023		$ 750,000	$ 307,778	$ -	$ 87,192	$ 1,492	$ 1,146,462
Profit for the year		-	-	-	257,868	-	257,868
Other comprehensive income		-	-	-	(22)	187	165
Total comprehensive income		-	-	-	257,846	187	258,033
Appropriations of 2022 earnings:	6(12)						
Legal reserve		-	-	8,719	(8,719)	-	-
Cash dividends		-	-	-	(37,500)	-	(37,500)
Share-based payments	6(9)	-	10,903	-	-	-	10,903
Balance at December 31, 2023		$ 750,000	$ 318,681	$ 8,719	$ 298,819	$ 1,679	$ 1,377,898
Year ended December 31, 2024							
Balance at January 1, 2024		$ 750,000	$ 318,681	$ 8,719	$ 298,819	$ 1,679	$ 1,377,898
Loss for the year		-	-	-	(67,157)	-	(67,157)
Other comprehensive income		-	-	-	12	742	754
Total comprehensive income		-	-	-	(67,145)	742	(66,403)
Appropriations of 2023 earnings:	6(12)						
Legal reserve		-	-	25,785	(25,785)	-	-
Cash dividends		-	-	-	(86,000)	-	(86,000)
Issue of shares	6(10)	110,000	761,463	-	-	-	871,463
Cost of Employee Subscription Retention in Cash Capital Increase	6(9)	-	26,474	-	-	-	26,474
Balance at December 31, 2024		$ 860,000	$ 1,106,618	$ 34,504	$ 119,889	$ 2,421	$ 2,123,432

The accompanying notes are an integral part of these consolidated financial statements.

UBIQCONN TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31 2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) profit before tax		($ 89,767)	$ 319,467
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(18)	58,518	52,772
Amortization	6(18)	5,621	5,243
Expected credit impairment gain	12(2)	(4,994)	(12,858)
Interest expense	6(17)	2,509	5,227
Interest income	6(14)	(19,186)	(13,877)
Share-based payments	6(9)	26,474	10,903
Gain on write-off of past due payable	6(15)	-	(4,464)
Loss on disposal of property, plan and equipment	6(16)	4	-
Recognised Property, plant and equipment as expenses	6(5)	115	-
Gain on lease modification	6(6)(16)	(85)	-
Other item		(35)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets		(3,371)	1,392
Accounts receivable		89,572	197,465
Accounts receivable-related parties		4,545	3,089
Other receivables		(3,722)	13,841
Inventories		80,951	286,788
Prepayments		(3,479)	4,816
Changes in operating liabilities			
Contract liabilities		37,459	5,339
Accounts payable		(122,698)	(179,975)
Accounts payable - related parties		-	(267)
Other payables		(24,980)	24,993
Other payables - related parties		1,488	(20,123)
Provisions		961	3,347
Other current liabilities		(4,330)	4,688
Other non-current liabilities		(692)	741
Cash inflow generated from operations		30,878	708,547
Interest received		18,498	13,596
Interest paid		(2,509)	(5,484)
Income taxes paid		(33,664)	(49,264)
Net cash flows from operating activities		13,203	667,395

(Continued)

UBIQCONN TECHNOLOGY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31 2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		($ 876,123)	($ 5,061)
Acquisition of property, plant and equipment	6(21)	(24,174)	(31,506)
Proceeds from disposal of property, plant and equipment		21	-
Acquisition of intangible assets		(4,617)	(4,464)
Decrease (increase) in refundable deposits		2,151	(2,577)
Decrease (increase) in other non-current assets		6,608	(7,696)
Net cash flows used in investing activities		(896,134)	(51,304)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of lease principal	6(22)	(36,628)	(36,198)
Increase in short-term borrowings	6(22)	33,721	53,000
Decrease in short-term borrowings	6(22)	(33,721)	(143,813)
Increase in long-term borrowings		-	100,000
Repayments of long-term borrowings		-	(100,000)
Cash dividends paid	6(12)	(86,000)	(37,500)
Proceeds from issuance of shares	6(10)	871,463	-
Net cash flows from (used in) financing activities		748,835	(164,511)
Effect of exchange rate changes		1,059	184
Net (decrease) increase in cash and cash equivalents		(133,037)	451,764
Cash and cash equivalents at beginning of year		732,264	280,500
Cash and cash equivalents at end of year		$ 599,227	$ 732,264

The accompanying notes are an integral part of these consolidated financial statements.

UBIQCONN TECHNOLOGY, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organization

Ubiqconn Technology, Inc. (referred herein as ‘Ubiqconn’ or ‘the Company’) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on June 10, 2011 upon approval by the Ministry of Economic Affairs. The Company and its consolidated subsidiaries are collectively referred to as the "Group". Ubiqconn is primarily engaged in the manufacture and trading of industrial computers, in-vehicle products, electronic components and peripheral equipment. The company's stock has been listed and traded on the Taiwan Stock Exchange since May 2024. Ubiqconn and the consolidated subsidiaries are collectively referred herein as “the Group”. FIC Global, Inc. is the Company’s parent company, which comprehensively holds a 55.85% equity interest in the Company.

2. The Date of Authorization for Issuance of the Financial Statements and Procedures for Authorization

These consolidated financial statements were authorized for issuance by the Board of Directors on March 12, 2025.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS®”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
Amendments to IAS 1, ‘Classification of liabilities as current or non-	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’	January 1, 2024

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

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

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial Instruments'	January 1, 2026
Amendments to IFRS 9 and IFRS 7, 'Contracts referencing nature-dependent electricity'	January 1, 2026
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards—Volume 11	January 1, 2026

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. Summary of Material Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. The consolidated financial statements have been prepared under the historical cost convention.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2024	December 31, 2023	
Ubiqconn	Ruggon Corporation (Ruggon)	Sales of industrial computers, automotive electronics, electronic components and peripheral equipment	100%	100%	
Ubiqconn	Ubiqconn Technology (USA) Inc. (UNA)	Sales of industrial computers, automotive electronics, electronic components and peripheral equipment	100%	100%	
Ubiqconn	Ubiqconn Technology Europe GmbH (UEG)	Sales of industrial computers, automotive electronics, electronic components and peripheral equipment	100%	-	Note

Note: It was established in July 2024.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in NTD, which is Ubiqconn’s functional and the Group’s presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

(c) Non- monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

B. Translation of foreign operations

(a) The operating results and financial position of all the group entities, that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognized in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets that are expected to be realized, or are intended to be sold or consumed in the normal operating cycle;

(b) Assets that are held primarily for the purpose of trading;

(c) Assets that are expected to be realized within twelve months after the date reporting period;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities for at least twelve months after the reporting period.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled in the normal operating cycle;

(b) Liabilities that are held primarily for the purpose of trading;

(c) Liabilities that are due to be settled within twelve months after the reporting period;

(d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at amortized cost

The Group’s time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For financial assets at amortized cost including accounts receivable and contract assets that have a significant financing component, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable and contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(12) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Machinery and equipment	4~6 years
Office equipment	3~4 years
Leasehold improvements	2~4 years
Other equipments	3~6 years

(13) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

The Company measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date;

(c) Any initial direct costs incurred by the lessee; and

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(14) Intangible assets

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 3 to 8 years.

(15) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(16) Borrowings

Borrowings comprise short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(17) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(18) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(19) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(20) Provisions

Provisions (including warranties) are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(21) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(22) Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

B. Cash-settled share-based payments granted by Ubiqconn's parent company, FIC Global, Inc. to Ubiqconn's employees are vested immediately on the grant date and are fully recognized as expense at fair value on the grant date and the capital surplus are adjusted.

(23) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(24) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(25) Dividends

Dividends are recorded in the Group's financial statements in the period in which they are resolved by the Group's shareholders. Cash dividends are recorded as liabilities.

(26) Revenue recognition

A. Sales revenue

(a) The Group's primarily manufactures and sells industrial computers, in-vehicle products, electronic components and peripheral equipment . Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) The Group's obligation to provide a repair for faulty products under the standard warranty terms is recognised as a provision.

(c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Service revenue

(a) Service revenue arises from product development and maintenance services. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the completed satisfaction of the performance. The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

(b) The Group's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management become aware of the changes in circumstances.

(27) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognised as non-current liabilities and are amortised to profit or loss over the estimated useful lives of the related assets using the straight-line method.

(28) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group’s accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2024, the carrying amount of inventories was $713,957.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Petty cash	$ 150	$ 150
Checking accounts and demand deposits	275,077	355,384
Time deposits	324,000	376,730
	$ 599,227	$ 732,264

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group had classified cash and cash equivalents pledged to others as collateral to current financial assets at amortized cost, and the details are provided in Note 8.

(2) Financial assets at amortized cost

Items	December 31, 2024	December 31, 2023
Current items:		
Time deposits with original maturity date of more than three months	$ 865,000	$ -
Restricted bank deposits	33,225	32,102
Non-current items:		
Restricted bank deposits	10,000	-
	$ 908,225	$ 32,102

A. Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

	Years ended December 31	
	2024	2023
Interest income	$ 1,398	$ 246

B. As at December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Group was $908,225 and $32,102, respectively.

C. Details of the Group's financial assets at amortized cost pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2). The counterparties of our company's investment in time deposits are financial institutions with good credit quality, and the possibility of default is expected to be very low.

(3) Notes and accounts receivable

	December 31, 2024	December 31, 2023
Accounts receivable	$ 257,985	$ 347,157
Less: Allowance for uncollectible accounts	(1,206)	(6,200)
	$ 256,779	$ 340,957

A. The ageing analysis of accounts receivable (including related parties) that were past due but not impaired is as follows:

	December 31, 2024	December 31, 2023
Not past due	$ 137,100	$ 253,798
Up to 30 days past due	108,371	87,878
31 to 90 days past due	12,077	5,697
91 to 180 days past due	692	2
Over 180 days past due	198	4,780
	$ 258,438	$ 352,155

The above ageing analysis was based on past due date.

B. As of December 31, 2024 and 2023, accounts receivable (including related parties) were all from contracts with customers. As of January 1, 2023, the balance of receivables and allowance for uncollectible accounts from contracts with customers amounted to $522,709 and $19,058, respectively.

C. As at December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's accounts receivable (including related parties) was $257,233 and $345,955, respectively.

D. The Group did not hold collateral as security for accounts receivable.

E. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(4) Inventories

	December 31, 2024		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 498,460	($ 90,542)	$ 407,918
Work in progress	188,707	(15,719)	172,988
Finished goods	118,188	(4,389)	113,799
Inventory in transit	19,252	-	19,252
	$ 824,607	($ 110,650)	$ 713,957

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 598,527	($ 100,092)	$ 498,435
Work in progress	218,328	(14,802)	203,526
Finished goods	92,391	(5,414)	86,977
Inventory in transit	5,970	-	5,970
	$ 915,216	($ 120,308)	$ 794,908

The Group's operating costs recognized for the year:

	Years ended December 31	
	2024	2023
Cost of goods sold	$ 1,501,908	$ 2,872,845
Gain on reversal of decline in market value	(9,687)	(2,514)
Cost of service and warranty	64,483	56,171
	$ 1,556,704	$ 2,926,502

For the year ended December 31, 2024 and 2023, the Group recognized gain from sale of inventories previously devalued.

(5) Property, plant and equipment

	2024				
	Machinery and equipment	Office equipment	Leasehold improvements	Other equipment	Total
January 1, 2024					
Cost	$ 83,185	$ 15,192	$ 13,468	$ 14,552	$ 126,397
Accumulated depreciation and impairment	(54,842)	(7,103)	(4,204)	(6,931)	(73,080)
	$ 28,343	$ 8,089	$ 9,264	$ 7,621	$ 53,317
January 1, 2024	$ 28,343	$ 8,089	$ 9,264	$ 7,621	$ 53,317
Additions	13,918	5,371	1,404	97	20,790
Disposals	-	(25)	-	-	(25)
Reclassifications	(115)	-	-	-	(115)
Depreciation	(10,943)	(4,346)	(3,783)	(2,324)	(21,396)
December 31, 2024	$ 31,203	$ 9,089	$ 6,885	$ 5,394	$ 52,571
December 31, 2024					
Cost	$ 84,872	$ 20,381	$ 14,871	$ 14,782	$ 134,906
Accumulated depreciation and impairment	(53,669)	(11,292)	(7,986)	(9,388)	(82,335)
	$ 31,203	$ 9,089	$ 6,885	$ 5,394	$ 52,571

	2023				
	Machinery and equipment	Office equipment	Leasehold improvements	Other equipment	Total
January 1, 2023					
Cost	$ 70,804	$ 15,692	$ 3,253	$ 16,448	$ 106,197
Accumulated depreciation and impairment	(53,638)	(8,203)	(1,757)	(6,796)	(70,394)
	$ 17,166	$ 7,489	$ 1,496	$ 9,652	$ 35,803
January 1, 2023	$ 17,166	$ 7,489	$ 1,496	$ 9,652	$ 35,803
Additions	17,902	3,944	10,214	668	32,728
Depreciation	(6,725)	(3,344)	(2,446)	(2,704)	(15,219)
Net exchange differences	-	-	-	5	5
December 31, 2023	$ 28,343	$ 8,089	$ 9,264	$ 7,621	$ 53,317
December 31, 2023					
Cost	$ 83,185	$ 15,192	$ 13,468	$ 14,552	$ 126,397
Accumulated depreciation and impairment	(54,842)	(7,103)	(4,204)	(6,931)	(73,080)
	$ 28,343	$ 8,089	$ 9,264	$ 7,621	$ 53,317

A. The Group had no interest expense which was capitalized as part of property, plant and equipment.

B. The Group's property, plant and equipment were all for its own use.

C. The Group had no property, plant and equipment pledged to others as collateral.

(6) Leasing arrangements－lessee

Right-of-use assets

A. The Group leases various assets including buildings and business vehicles. Rental contracts are typically made for periods of 2 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants.

B. Short-term leases with a lease term of 12 months or less comprise parking spaces.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2024		December 31, 2023	
	Carrying amount		Carrying amount	
Buildings and structures	$	82,770	$	111,251
Other equipment		244		371
	$	83,014	$	111,622

	Years ended December 31			
	2024		2023	
	Depreciation charge		Depreciation charge	
Buildings and structures	$	36,995	$	37,405
Other equipment		127		148
	$	37,122	$	37,553

D. For the years ended December 31, 2024 and 2023, the additions to right-of-use assets were $13,061 and $79,221, respectively.

E. Except for depreciation, other information on profit and loss accounts relating to lease contracts is as follows:

	Years ended December 31			
	2024		2023	
Items affecting profit or loss				
Interest expense on lease liabilities	$	2,465	$	3,033
Expense on short-term lease contracts		1,193		537
Gain on lease modification		85		-

F. For the years ended December 31, 2024 and 2023, the Group's total cash outflow for leases were $40,286 and $39,768, respectively.

Lease liability

Carrying amount of lease liabilities	December 31, 2024		December 31, 2023	
Current	$	38,822	$	36,096
Non-current	$	48,749	$	79,674

(7) Other payables

	December 31, 2024	December 31, 2023
Salary and bonus payable	$ 76,168	$ 96,781
Employees' compensation and directors' remuneration payable	-	8,190
Material processing fees payable	4,850	16,556
Professional service fees payable	10,524	4,829
Insurance expense payable	6,783	6,534
Payable on machinery and equipment	1,700	5,028
Freight expense payble	2,196	2,178
Others	23,725	16,508
	$ 125,946	$ 156,604

(8) Pensions

A. There were few foreign employees of the Company covered by the pension policy in accordance with the "Labor Standards Act". Monthly contributions to the independent account are based on 2% of total salaries and wages paid and contribute to the Supervisory Committee for deposits and defrayment in accordance with the regulations. The pension costs under the abovementioned plans of the Company for the years ended December 31, 2024 and 2023, were $71 and $57, respectively.

B. Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

C. The Company's subsidiary in U.S has an individual pension plan sponsored by the Company. Each participating employee contributes 5% of salary to the Company's pension fund, which is jointly borne by the Company and employees.

D. The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2024 and 2023 were $17,154 and $15,218, respectively.

(9) Share-based payment

A. For the years ended December 31, 2024 and 2023, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Ubiqconn Technology, Inc. - Cash capital increase reserved for employee preemption	2024.04.12	831	None	Vested immediately
Parent Company-FIC Global, Inc. Cash capital increase reserved for employee preemption	2023.07.13	382	None	Vested immediately

The share-based payment arrangements above are settled by equity.

B. The fair value of stock options granted is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Risk-free interest rate	Fair value per unit (in dollars)
Ubiqconn Technology, Inc. - Cash capital increase reserved for employee preemption	2024.04.12	$ 96.80	$65	48.59%	0.07 year	1.22%	$31.8579
Parent Company-FIC Global, Inc. Cash capital increase reserved for employee preemption	2023.07.13	$ 65.40	$50	53.74%	0.05 year	1.09%	$15.453

Note : Expected price volatility rate was estimated by using the historical price volatility of daily closing price of the Company and FIC Global, Inc for the three months preceding the grant date.

C. Cash-settled share-based payments granted by the Company's parent company, FIC Global, Inc., to the Company's employees are vested immediately on the grant date and are fully recognized as expense at fair value on the grant date and the capital surplus are adjusted.

D. Expenses incurred on share-based payment transactions are shown below:

	Years ended December 31	
	2024	2023
Equity-settled	$ 26,474	$ 5,903
Cash-settled	-	5,000
	$ 26,474	$ 10,903

(10) <u>Share capital</u>

A. As of December 31, 2024, the Company's authorized capital was $1,500,000, consisting of 150,000 thousand shares of ordinary stock (including 3,500 thousand shares reserved for employee stock options), and the paid-in capital was $860,000 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Group's ordinary shares outstanding are as follows (shares in thousands):

	2024	2023
At January 1	75,000	75,000
Cash capital increase	11,000	-
At December 31	86,000	75,000

B. On March 13, 2024, the Board of Directors of the Company resolved to raise additional cash through issuing 11,000 thousand ordinary shares with a par value of $10 (in dollars) per share. The above-mentioned capital increase included public underwriting, competitive auction and employee subscription. The subscription price of public underwriting and employee subscription was NT$65 (in dollars) per share, and the weighted-average price of competitive auction was NT$84.76 (in dollars) per share. The effective date of the capital increase was set on May 14, 2024 and the registration had been completed on July 9, 2024.

(11) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Group has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(12) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. After setting aside or reversing a special reserve as required by the Company's operating needs and relevant laws, the appropriation of the remaining earnings, along with the beginning unappropriated earnings are the accumulated distributable earnings for shareholders, and after retaining certain earnings, shall be proposed by the Board of Directors and resolved by the shareholders.

B. The Company's dividend distribution policy aligns with the current and the future development plan by taking into account of factors such as investment environment, capital needs, domestic and overseas competition, along with the consideration of shareholders' interest. Each year, no less than 10% of the distributable earnings shall be set aside as shareholder dividends, which may be distributed in the form of cash dividends or stock dividends, with cash dividends not less than 20% of the total amount of distributed dividends. However, if the distributable earnings are less than 10% of the paid-in capital or the net profit after tax for the year is less than 2% of the paid-in capital, it may be proposed not to distribute. If a company has no surplus, it may not distribute dividends or bonuses. However, based on the company's financial, business and operating conditions, it may distribute all or part of its statutory surplus reserves and capital reserves in accordance with laws or regulations or the provisions of the competent authority.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. The appropriations of 2023 and 2022 earnings as resolved by the shareholders on June 4,2024 and June 8, 2023 are as follows:

	2023		2022	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 25,785		$ 8,719	
Cash dividends	86,000	1.147	37,500	0.50

F. The appropriations of 2024 earnings as resolved by the Board of Directors on March 12, 2025 are as follows:

	2024	
	Amount	Dividends per share (in dollars)
Cash dividends	$ 43,000	$ 0.50

The abovementioned appropriations of 2024 earnings have not yet been resolved by the shareholders.

(13) Operating revenue

	Years ended December 31	
	2024	2023
Revenue from contracts with customers	$ 2,021,425	$ 3,721,340

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

2024	Sales Revenue	Service Revenue	Total
Revenue from external customer contracts	$ 1,935,931	$ 85,494	$ 2,021,425
Timing of revenue recognition			
At a point in time	$ 1,935,931	$ -	$ 1,935,931
Over time	-	85,494	85,494
	$ 1,935,931	$ 85,494	$ 2,021,425

2023	Sales Revenue		Service Revenue		Total	
Revenue from external customer contracts	$	3,658,135	$	63,205	$	3,721,340
Timing of revenue recognition						
At a point in time	$	3,658,135	$	-	$	3,658,135
Over time		-		63,205		63,205
	$	3,658,135	$	63,205	$	3,721,340

B. Contract assets and liabilities

(a) The Group has recognized the following revenue-related contract assets and liabilities:

	December 31, 2024		December 31, 2023		January 1, 2023	
Contract assets:						
Contract assets -service contract	$	8,858	$	5,487	$	6,879
Contract liabilities:						
Contract liabilities -sales contracts	$	74,405	$	45,420	$	51,211
Contract liabilities -service contract		25,813		17,339		6,209
	$	100,218	$	62,759	$	57,420

(b) Revenue recognized that was included in the contract liability balance at the beginning of the year

	Years ended December 31			
	2024		2023	
Revenue recognized that was included in the contract liability balance at the beginning of the year				
Sales contracts	$	15,863	$	43,398
Service contract		13,859		4,925
	$	29,722	$	48,323

(14) Interest income

	Years ended December 31			
	2024		2023	
Interest income from bank deposits	$	17,650	$	13,500
Interest income from financial assets measured at amortized cost		1,398		246
Other interest income		138		131
	$	19,186	$	13,877

(15) Other income

	Years ended December 31	
	2024	2023
Government grants income	$ 9,635	$ -
Freight revenue	1,293	2,226
Gains on write-off of past due payable	-	4,464
Other income	3,882	3,586
	$ 14,810	$ 10,276

(16) Other gains and losses

	Years ended December 31	
	2024	2023
Net foreign exchange gains (losses)	$ 21,465	($ 12,111)
Gain on lease modification	85	-
Losses on disposals of property, plant and equipment	(4)	-
Other losses	(950)	(995)
	$ 20,596	($ 13,106)

(17) Finance costs

	Years ended December 31	
	2024	2023
Interest expense on bank borrowings	$ 44	$ 2,194
Interest expense on lease liabilities	2,465	3,033
	$ 2,509	$ 5,227

(18) Employee benefit expense

	Year ended December 31, 2024		
	Operating cost	Operating expenses	Total
Employee benefit expense			
Wages and salaries	$ 77,015	$ 348,945	$ 425,960
Labor and health insurance fees	8,721	27,832	36,553
Pension costs	3,251	13,974	17,225
Other personnel expenses	4,569	10,592	15,161
Depreciation charge	33,189	25,329	58,518
Amortization charge	171	5,450	5,621

	Year ended December 31, 2023		
	Operating cost	Operating expenses	Total
Employee benefit expense			
Wages and salaries	$ 92,165	$ 306,174	$ 398,339
Labor and health insurance fees	8,518	22,901	31,419
Pension costs	3,445	11,830	15,275
Other personnel expenses	3,528	9,547	13,075
Depreciation charge	26,633	26,139	52,772
Amortization charge	194	5,049	5,243

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be appropriated as employees' compensation and directors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 1.5% for directors' remuneration. If the Company has accumulated deficit, earnings should be reserved to cover losses.

B. The Group's employees' compensation and directors' remuneration were accrued and estimated as follows:

	Years ended December 31,	
	2024	2023
Employees' compensation	$ -	$ 3,276
Directors' remuneration	-	4,914
	$ -	$ 8,190

Employees' compensation and directors' remuneration were not accrued for the year ended December 31, 2024 due to the loss before tax. The employees' compensation and directors' remuneration were accrued based on 1% and 1.5% of distributable profit of current year for the year ended December 31, 2023.

C. On March 13, 2024, employees' compensation and directors' remuneration for 2023 amounting to $3,276 and $4,914, respectively, as resolved at the meeting of Board of Directors were in agreement with those amounts recognized in the 2023 financial statements, and the employees' compensation will be distributed in cash.

D. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(19) Income tax

A. Income tax expense

	Years ended December 31	
	2024	2023
Current tax:		
Current tax on profits for the year	$ 26	$ 57,084
Tax on undistributed surplus earnings	4,039	2,049
Prior year income tax (over) underestimation	(11,128)	3,402
Total current tax	(7,063)	62,535
Deferred tax:		
Origination and reversal of temporary differences	(15,547)	(936)
Total deferred tax	(15,547)	(936)
Income tax (profit) expense	($ 22,610)	$ 61,599

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31	
	2024	2023
Tax calculated based on profit before tax and statutory tax rate	($ 17,394)	$ 72,076
Expenses disallowed by tax regulation	-	74
Tax exempt income by tax regulation	(539)	(7,840)
Temporary differences not recognized as deferred tax assets	2,971	222
Change in assessment of realization of deferred tax assets	(559)	(8,384)
Prior year income tax (over) underestimation	(11,128)	3,402
Tax on undistributed surplus earnings	4,039	2,049
Income tax (profit) expense	($ 22,610)	$ 61,599

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2024		
	January 1	Recognized in profit or loss	December 31
—Deferred tax assets:			
Temporary differences:			
Loss on inventory	$ 23,976	($ 1,937)	$ 22,039
Unrealized exchange loss	1,045	(1,045)	-
Others	5,625	(634)	4,991
Tax losses	-	19,810	19,810
	$ 30,646	$ 16,194	$ 46,840
—Deferred tax liabilities:			
Unrealized exchange gain	$ -	($ 586)	($ 586)
Others	-	(61)	(61)
	$ -	($ 647)	($ 647)
	$ 30,646	$ 15,547	$ 46,193

	2023		
	January 1	Recognized in profit or loss	December 31
—Deferred tax assets:			
Temporary differences:			
Loss on inventory	$ 24,565	($ 589)	$ 23,976
Unrealized exchange loss	-	1,045	1,045
Others	6,649	(1,024)	5,625
	$ 31,214	($ 568)	$ 30,646
—Deferred tax liabilities:			
Unrealized exchange gain	($ 1,504)	$ 1,504	$ -
	$ 29,710	$ 936	$ 30,646

D. The amounts of deductible temporary differences that were not recognized as deferred tax assets are as follows:

	December 31, 2024	December 31, 2023
Deductible temporary differences	$ 35,072	$ 37,755

E. The Company's and domestic subsidiaries' income tax returns which were assessed and approved by the Tax Authority are as follows:

The company	Assessed year
Ubiqconn	2022
Ruggon	2023

(20) Earnings per share

	Year ended December 31, 2024		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic loss per share			
Loss attributable to ordinary shareholders of the parent	($ 67,157)	81,932	($ 0.82)

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 257,868	75,000	$ 3.44
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 257,868	75,000	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	57	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 257,868	75,057	$ 3.44

(21) Supplemental cash flow information

A. Investing activities with partial cash payments

	Years ended December 31	
	2024	2023
Purchase of property, plant and equipment	$ 20,790	$ 32,728
Add: Opening balance of payable on equipment (including related parties)	5,084	3,862
Less: Ending balance of payable on equipment (including related parties)	(1,700)	(5,084)
Cash paid during the year	$ 24,174	$ 31,506

(22) Changes in liabilities from financing activities

	2024			
	January 1	Changes in cash flow from financing activities	Changes in other non-cash items	December 31
Lease liabilities	$ 115,770	($ 36,628)	$ 8,429	$ 87,571

	2023			
	January 1	Changes in cash flow from financing activities	Changes in other non-cash items	December 31
Short-term borrowings	$ 90,813	($ 90,813)	$ -	$ -
Lease liabilities	64,257	(36,198)	87,711	115,770
	$ 155,070	($ 127,011)	$ 87,711	$ 115,770

7. Related Party Transactions

(1) Parent and ultimate controlling party

The Company is controlled by FIC Global, Inc. (incorporated and established in the Republic of China), which comprehensively holds 55.85% of the Company's shares (including indirect holdings) and is the Company's ultimate parent company.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Group
FIC Global, Inc.	Parent company
First International Computer, Inc. (FIC, Inc.)	Sibling company
Amertek Computer (Shenzhen) Co., Ltd. (Amertek)	〃
Prime Base Inc. (PBI)	〃
Prime Technology (Guangzhou) Inc. (Prime (Guangzhou))	〃
Prime Base Inc. Taiwan Branch (PBI (Taiwan))	〃
Danriver Inc. (Danriver)	〃
LEO Systems, Inc. (LEO Systems)	Other related party
Xander International Corp. (Xander)	〃
Chien, Ming-Tz	Key management personnel of the Group

(3) Significant related party transactions

(A) Operating revenue:

	Years ended December 31	
	2024	2023
Sales of goods:		
-Sibling company	$ 21	$ 1,950
Sales of services:		
-Sibling company	$ 537	$ 805

Since the Group's specifications of products are diverse, the specifications of products sold to related parties may not be the same as those sold to third parties, and therefore, the selling price is not comparable. The terms and conditions of transactions with related parties are similar to those with third parties.

(B) Purchases of goods and services:

	Years ended December 31	
	2024	2023
Shown as operating costs		
Processing fees:		
Sibling company	$ 52,115	$ 76,192
Purchases:		
Sibling company	$ 980	$ 7,831

The service obtained by the Group from related parties may not be the same with the service from third parties, and therefore the service price is not comparable. The terms and conditions of transactions with related parties are similar to those with third parties.

(C) Receivables from related parties:

	December 31, 2024	December 31, 2023
Accounts receivable:		
-Sibling company		
FIC, Inc.	$ 208	$ -
Prime (Guangzhou)	198	4,780
Others	47	218
	$ 453	$ 4,998

(D) Guarantee deposits paid

	December 31, 2024	December 31, 2023
FIC, Inc.	$ 3,229	$ 3,229

(E) Payables to related parties

	December 31, 2024	December 31, 2023
Other payables		
-Sibling company		
Amertek	$ 13,924	$ 11,006
PBI (Taiwan)	2,328	3,702
Others	457	323
-Other related party	-	190
	$ 16,709	$ 15,221
Long-term payables (shown as other non-current liabilities)		
-Sibling company		
FIC, Inc.	$ 6,202	$ 6,949

(a) Other payables are mainly payables for processing fees and service fees.

(b) The long-term payable to FIC, Inc. is due to the transfer of employees between associates. The Company committed to bear certain pension of defined benefit plans for these employees, and thus has an obligation to the related parties.

(F) Property transactions:

Acquisition of property, plant and equipment:

	Years ended December 31	
	2024	2023
-Sibling company	$ -	$ 121
-Other related party		
Xander	91	2,488
Others	-	637
	$ 91	$ 3,246

(G) Lease transactions－lessee

(a) The Group leases buildings from First International Computer, Inc. Rental contracts are typically made for periods of five years. Rents are paid at the beginning of each month.

(b) Lease liability

i. Outstanding balance:

	December 31, 2024	December 31, 2023
Lease liability - current		
FIC, Inc.	$ 12,113	$ 10,734

	December 31, 2024	December 31, 2023
Lease liability - non-current		
FIC, Inc.	$ 11,522	$ 23,635

ii. Interest expense

	Years ended December 31	
	2024	2023
FIC, Inc.	$ 703	$ 988

(H) Service fees

	Years ended December 31	
	2024	2023
－Sibling company		
FIC, Inc.	$ -	$ 697
Danriver	-	969
－Other related parties	94	16
	$ 94	$ 1,682

(I) Endorsements and guarantees provided to related parties

The balances of endorsements and guarantees provided by related parties for the Group's loans and purchase facilities were as follows:

	December 31, 2024	December 31, 2023
Chien, Ming-Tz	$ 400,000	$ 300,000

(4) Key management compensation

	Years ended December 31	
	2024	2023
Short-term employee benefits	$ 56,604	$ 49,178
Post-employment benefits	1,276	1,362
	$ 57,880	$ 50,540

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

	Book value		
Pledged asset	December 31, 2024	December 31, 2023	Purpose
Financial assets at amortized cost -current	$ 33,225	$ 32,102	Pledged time deposit for customs,bank borrowings,guarantee deposits for government research projects and performance guarantee of project.
Financial assets at amortized cost -Non-current	10,000	-	
	$ 43,225	$ 32,102	

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Contingencies

None.

(2) Commitments

None.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

A. Details of the appropriations of 2024 earnings as proposed by the Board of Directors on March 12, 2025 are provided in Note 6(12).

B. On March 12, 2025, the Board of Directors passed a resolution to establish a wholly-owned subsidiary in U.S. with an investment of up to USD 10 million. Through this subsidiary, the company plan to acquire 100% of the share of E3 Displays, LLC, with an expected total purchase price of USD 7 million.

12. Others

(1) Capital management

The Group manages its capital to ensure that it is able to continue as a going concern by optimizing its balances of debt and equity in order to maximize returns for shareholders.

The Group's capital structure comprises net liabilities (i.e., borrowings less cash and cash equivalents) and equity attributable to the owners of the Group (i.e., share capital, capital surplus, retained earnings and other equity items).

(2) Financial instruments

A. Financial instruments by category

	December 31, 2024	December 31, 2023
Financial assets		
Financial assets at amortized cost		
Cash and cash equivalents	$ 599,227	$ 732,264
Financial assets at amortized cost	908,225	32,102
Accounts receivable	256,779	340,957
Accounts receivable-related parties	453	4,998
Other receivables	19,793	15,383
Guarantee deposits paid	12,203	14,354
	$ 1,796,680	$ 1,140,058

		December 31, 2024		December 31, 2023
Financial liabilities				
Financial liabilities at amortized cost				
Accounts payable	$	254,442	$	377,140
Other payable		125,946		156,604
Other payables-related parties		16,709		15,221
Long-term notes and accounts payable		6,202		6,949
	$	403,299	$	555,914
Lease liabilities (current and non-current)	$	87,571	$	115,770

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b) Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Group used in various functional currency, primarily with respect to the USD and SGD. Foreign exchange rate risk arises from future commercial transactions and recognized assets and liabilities.

ii. The Group is required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable USD and SGD expenditures.

iii. The Group's businesses involve some non-functional currency operations (the Group's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2024		
	Foreign currency amount (In thousands)	Exchange rate	Book value (In thousands of NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 10,478	32.785	$ 343,521
SGD:NTD	491	24.130	11,848
Financial liabilities			
Monetary items			
USD:NTD	$ 6,769	32.785	$ 221,922

	December 31, 2023		
	Foreign currency amount (In thousands)	Exchange rate	Book value (In thousands of NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 19,906	30.705	$ 611,214
SGD:NTD	8,768	23.290	204,207
Financial liabilities			
Monetary items			
USD:NTD	$ 10,229	30.705	$ 314,081

iv. The total exchange gain (loss), including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2024 and 2023, amounted to $21,465 and ($12,111), respectively.

v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2024		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 3,435	$ -
SGD:NTD	1%	118	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 2,219	$ -

	Year ended December 31, 2023		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 6,112	$ -
SGD:NTD	1%	2,042	
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 3,141	$ -

Price risk

The Group does not hold investments and therefore the Group is not exposed significantly to price risk and commodity price risk arising from investments in equity securities.

Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from bank borrowings with variable rates, which expose the Group to cash flow interest rate risk. The Group is not exposed to cash flow and fair value interest rate risk since the Group had no borrowings at the end of the year.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the contract cash flows of accounts receivable based on the agreed terms.

ii. The Group manages its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

v. The Group classifies customer's accounts receivable in accordance with credit risk on trade. The Group applies the modified approach and using a provision matrix based on the loss rate methodology to estimate the expected credit loss.

vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On December 31, 2024 and 2023, the Group had no written-off financial assets that are still under recourse procedures.

vii. The expected loss ratio for related parties of Group A with excellent credit was 0.2%. As of December 31, 2024 and 2023, the total carrying amount of accounts receivable and loss allowance were $453, $4,998, $0 and $0, respectively.

viii. The Group used the forecastability of National Development Council Business Indicators and Basel Committee on Banking Supervision (BCBS) to adjust historical and timely information to assess the default possibility of accounts receivable of Group B and general customers. On December 31, 2024 and 2023, the provision matrix is as follows:

(i) Group B

At December 31, 2024	Expected loss rate	Total book value	Loss allowance
Not past due	0.20%	$ 60,232	$ 120
Up to 30 days past due	0.20%	91,718	183
31~60 days past due	0.20%	10,233	21
61~90 days past due	0.20%	-	-
91~180 days past due	100%	-	-
Over 180 days past due	100%	-	-
		$ 162,183	$ 324

At December 31, 2023	Expected loss rate	Total book value	Loss allowance
Not past due	0.20%	$ 91,898	$ 184
Up to 30 days past due	0.20%	51,588	103
31~60 days past due	0.20%	-	-
61~90 days past due	0.20%	-	-
91~180 days past due	100%	-	-
Over 180 days past due	100%	-	-
		$ 143,486	$ 287

(ii) General customers

At December 31, 2024	Expected loss rate	Total book value	Loss allowance
Not past due	0.20%	$ 76,978	$ 153
Up to 30 days past due	0.20%	16,289	33
31~60 days past due	0.20%	1,843	4
61~90 days past due	0.20%~29.94%	-	-
91~180 days past due	100%	692	692
Over 180 days past due	100%	-	-
		$ 95,802	$ 882

At December 31, 2023	Expected loss rate	Total book value	Loss allowance
Not past due	0.20%~7.26%	$ 161,682	$ 3,120
Up to 30 days past due	0.20%~23.29%	36,290	2,791
31~60 days past due	0.20%~55.59%	5,697	-
61~90 days past due	0.20%~55.59%	-	-
91~180 days past due	100%	2	2
Over 180 days past due	100%	-	-
		$ 203,671	$ 5,913

ix. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable (including related parties) are as follows:

	Accounts receivable (including related parties)	
	2024	2023
At January 1	$ 6,200	$ 19,058
Reversal of impairment loss	(4,994)	(12,858)
At December 31	$ 1,206	$ 6,200

For the years ended December 31, 2024 and 2023, the gain on recovery of impairment arising from customers’ contracts are $4,994 and $12,858, respectively.

x. The financial assets at amortised cost held by the Group are restricted bank deposits and time deposits with original investment period over three months. The credit risk rating has no significant abnormal situation. There are no significant expected credit losses.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2024	Less than 1 month	Between 1 and 5 years	Over 5 years
Non-derivative financial liabilities			
Accounts payable (including related parties)	$ 254,442	$ -	$ -
Other payables (including related parties)	142,655	-	-
Lease liabilities	40,524	49,675	-
Long-term notes and accounts payable	-	-	6,202

December 31, 2023	Less than 1 month	Between 1 and 5 years	Over 5 years
Non-derivative financial liabilities			
Accounts payable (including related parties)	$ 377,140	$ -	$ -
Other payables (including related parties)	171,825	-	-
Lease liabilities	38,504	82,080	-
Long-term notes and accounts payable	-	-	6,949

(3) Fair value information

A. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, financial assets measured at amortized cost, accounts receivable (including related parties), other receivables (including related parties), guarantee deposits paid, accounts payable (including related parties), other payables (including related parties), lease liabilities and long term notes and accounts payable are approximate to their fair values.

B. The Group had no financial and non-financial instruments measured at fair value as of December 31, 2024 and 2023.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Group's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 1.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter- Group transactions during the reporting periods: Please refer to table 2.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 3.

(3) Information on investments in Mainland China

A. Basic information: None.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Refer to table 4.

14. Segment Information

(1) General information

The Group operates business only in a single industry. The chief operating decision-maker who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Information about segment profit or loss, assets and liabilities

The Group has only one reportable operating segment. The Group's net profit or loss before tax reported to the chief operating decision-maker is measured in a manner consistent with revenues and expenses in the statement of comprehensive income, and the Group assesses the performance of the operating segments based on the net profit or loss before tax. The Group did not provide the total assets and total liabilities amounts to chief operating decision-maker to make operating decisions.

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	Years ended December 31	
	2024	2023
Revenue from external customers	$ 2,021,425	$ 3,721,340
Segment profit or loss	($ 89,767)	$ 319,467

(3) Reconciliation for segment income (loss)

The Group has only one operating segment. As the profit or loss of the reportable segment is consistent with that in the consolidated financial statements, reconciliation is not needed.

(4) Information on products and services

Details of revenue are as follows:

	Years ended December 31	
	2024	2023
Sales revenue	$ 1,935,931	$ 3,658,135
Service revenue	85,494	63,205
	$ 2,021,425	$ 3,721,340

(5) Geographical information

Geographical information for the years ended December 31, 2024 and 2023 is as follows:

	Years ended December 31			
	2024		2023	
	Revenue	Non-current assets	Revenue	Non-current assets
US	$ 703,676	$ -	$ 1,473,912	$ -
Netherlands	309,987	-	503,128	-
Brazil	2,490	-	484,995	-
Australia	280,167	-	457,812	-
Taiwan	51,108	157,135	122,162	190,759
Others	673,997	-	679,331	-
	$ 2,021,425	$ 157,135	$ 3,721,340	$ 190,759

(6) Major customer information

Major customer information of the Group for the years ended December 31, 2024 and 2023 is as follows:

	Year ended December 31, 2024		Year ended December 31, 2023	
	Revenue	Percentage of operating revenue	Revenue	Percentage of operating revenue
A	$ 1,131,812	56%	$ 2,369,389	64%

Ubiqconn Technology, Inc. and Subsidiaries

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2024

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Ubiqconn	Ruggon	Subsidiary	Sales	$ 288,545	14%	The payment period was 30 days.	NOTE	Similar transactions with non- related parties	$ 28,028	10%	

NOTE：There were no similar sales prices available for comparison due to the difference in the products sold to related parties

Ubiqconn Technology, Inc. and Subsidiaries
Significant inter-company transactions during the reporting period
Year ended December 31, 2024

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction term	Transaction: Percentage of consolidated total operating revenues or total assets (Note 3)
0	Ubiqconn	Ruggon	1	Sales	$ 288,545	The payment period was 30 days.	14%
0	"	Ruggon	1	Accounts receivable	28,028	The payment period was 30 days.	1%
0	"	UNA	1	Sales	27,013	The payment period was 60 days.	1%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1) Parent company is ‘0’
(2) The subsidiaries are numbered in order starting from ‘1’

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction;for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):
(1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: If the amount of individual transactions does not reach 1% of the consolidated total revenue and 1% of the consolidated total assets, they will not be disclosed; in addition, as the transactions are shown in asset-income form, the relative transactions are not disclosed.

Ubiqconn Technology, Inc. and Subsidiaries

Information on investees

Year ended December 31, 2024

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2023					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2024	Balance as at December 31, 2023	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2024	Investment income (loss) recognized by the Company for the year ended December 31, 2024	Footnote
Ubiqconn	Ruggon Corporation	Taiwan	Trade of industrial computers, automotive products, electronic components and peripheral equipment.	$ 110,768	$ 110,768	12,000	100.00	$ 88,317	$ 2,696	$ 2,696	
	UBIQCONN TECHNOLOGY (USA) Inc.	USA	Trade of industrial computers, automotive products, electronic components and peripheral equipment.	31,871	31,871	10,500	100.00	10,353	(8,474)	(8,474)	
	UBIQCONN TECHNOLOGY EUROPE GmbH	Germany	Trade of industrial computers, automotive products, electronic components and peripheral equipment.	17,422	-	25	100.00	10,895	(6,282)	(6,282)	

Ubiqconn Technology, Inc. and Subsidiaries
Major shareholders information
Year ended December 31, 2024

Table 4

Name of major shareholders	Shares	
	Total shares owned	Owership
FIC Global, Inc.	37,827,389	43.98%
FICTA Technology, Inc.	14,751,000	17.15%
Li, Peng-Syuan	6,234,393	7.24%

Note 1: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the lastoperating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements is different from the actual number of shares issued in dematerialised form because of the different calculation basis.

Note 2: If the aforementioned data contains shares which were held in trust by the shareholders, the data was disclosed as a separate account of client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio include the self-owned shares and shares held in trust, at the same time, the shareholder who has the power to decide how to allocate the trust assets. For the information on reported share equity of insider, please refer to Market Observation Post System.