

Letters to Shareholders

Dear Shareholders,

Thank you for your steadfast support over the past year. Pili International Multimedia Co., Ltd. began with glove puppetry television dramas and has grown into a comprehensive media entertainment company through years of development. We continue to uphold the spirit of "Tradition has no end, Innovation has no boundaries," maintaining our original thinking and emphasizing our core values of "Culture, Aesthetics, Innovation, and Harmony" while pursuing steady and sustainable growth.

Since officially listing on the Over-the-Counter (OTC) market in October 2014, becoming the first publicly listed cultural and creative industry representative, Pili has continuously enhanced its corporate governance quality, expanded its operational scale, and improved shareholder value. Looking ahead, we hope to promote the glove puppetry culture internationally under the principles of cultural inheritance, innovation, and sustainable management. Our goal is to create a "Disney of the East" and establish a dream kingdom with an Eastern original fantasy trend.

1. Business Performance Report for Fiscal Year 2024

For fiscal year 2024, the consolidated operating revenue was NT\$262,216 thousand, a decrease of approximately 18% compared to the previous year's NT\$319,596 thousand. The gross profit was NT\$83,011 thousand, a decline of approximately 491% compared to NT\$14,048 thousand in the previous year. The after-tax net loss was NT\$81,155 thousand, an increase of approximately 58% from the previous year's after-tax net loss of NT\$191,844 thousand, resulting in an after-tax loss per share of NT\$1.55. The key points of the company's consolidated operating results for 2024 are summarized as follows:

Results of Business Plan Implementation

(1) Item | 2024 | 2023 | Difference Amount | Increase (Decrease) Percentage

Item	2024		2023		Difference	Increase
	Amount	%	Amount	%	Amount	(Decrease) %
Net Operating Revenue	262,216	100	319,596	100	(57,380)	(18%)
Operating Costs	179,205	68	305,548	96	(126,343)	(41%)
Gross Profit	83,011	32	14,048	4	68,963	491%
Operating Expenses	204,363	77	239,952	75	(35,589)	(15%)
Operating Loss	121,352	45	225,904	71	104,552	46%
Non-Operating Income and (Expenses)	53,368	20	34,060	11	19,308	57%
Pre-Tax Net Loss	67,984	25	191,844	60	123,860	65%
After-Tax Net Loss	81,155	30	191,844	60	110,689	58%
After-Tax Loss Per Share	(1.55)		(3.71)			

(2) Financial Income and Expenditure and Profitability Analysis

Item		2024	2023
Financial Structure	Debt-to-Asset Ratio (%)	51.54	49.91
	Long-Term Funds-to-Property, Plant, and Equipment Ratio (%)	169.09	182.56
Debt Repayment Capability	Current Ratio (%)	212.73	206.17
	Quick Ratio (%)	166.31	177.59
	Interest Coverage Ratio (Times)	(4.5)	(15.72)
Profitability	Return on Assets (ROA) (%)	(4.67)	(10.92)
	Return on Equity (ROE) (%)	(10.82)	(21.11)
	Pre-Tax Profit to Paid-in Capital Ratio (%)	(13.25)	(37.39)
	Net Profit Margin (%)	(30.95)	(60.03)
	Earnings Per Share (EPS) (NT\$)	(1.55)	(3.71)

2. Summary of the Business Plan for Fiscal Year 2024

In 2024, Pili undertook a comprehensive promotional campaign for its new flagship series, Pili Heroic Chronicles: The World of Annihilation, in collaboration with convenience store channels. The campaign highlighted the long-awaited return of the iconic character Su Huan-Jen, featuring a series of promotional activities. In addition to enhanced giveaways, convenience stores produced large-scale promotional materials, such as life-size Su Huan-Jen standees, which significantly boosted brand visibility. These efforts contributed to strong sales performance for the DVD release during the first week and increased viewership on Pili's online streaming platform.

In the same year, Pili partnered with 7-ELEVEN to launch a new themed store, showcasing puppet displays, refined visual designs, and a wide range of themed merchandise. Since its opening, the store has attracted a large number of fans. Looking ahead, Pili aims to establish more themed stores across Taiwan.

Beyond its core licensing business and the operation of the chibi-style IP PILIGILI, Pili Global expanded its portfolio at the end of the year by acquiring exclusive distribution rights in Taiwan for the Korean illustration IP UGLYMEWS. Future plans include cross-industry collaborations, IP operations, and hosting pop-up stores and related exhibitions in the Taipei area.

In terms of social media operations, Pili continued to expand its short-form video strategy, covering platforms such as TikTok and YouTube Shorts, with the goal of driving traffic to Pili Streaming and the Pili e-commerce platform. Complementing these efforts, Pili developed special 24-hour livestream events, beginning with the "Su Huan-Jen 24-Hour Marathon," which achieved impressive results within just one week—nearly 200,000 unique viewers and close to one million views.

Building on this momentum, Pili launched another 24-hour special featuring the "Three Celestial Beings," and began expanding its operations to Twitter, aiming to establish a comprehensive monetization model. Pili Global primarily manages two major IP brands: PILIGILI and UGLYMEWS. PILIGILI targets a young, illustration-loving audience, featuring adorable characters infused with Taiwanese cultural elements and trends popular among younger generations. UGLYMEWS, on the other hand, is designed for fans of Korean culture and K-pop, focusing on the daily lives and debut dreams of three charming idol trainee cats.

Pili Global plans to leverage the popularity of short-form video culture to integrate its IPs into trending formats, not only enhancing brand visibility and engagement but also creating opportunities for cross-industry collaborations through increased online buzz.

In terms of membership engagement, the FAN Benefits app continued to receive updates and enhancements. After years of development and optimization, the app has successfully integrated its

membership system with both Pili's direct sales channels and e-commerce platform. The app's functionality has also been expanded to support seamless execution of shopping coupons, participation in physical events, and interactive campaigns.

In the same year, Pili launched a major revamp of its PILI FAN membership program to establish a more comprehensive membership system. Through discussions with the official fan clubs and careful internal evaluation, a new membership plan was introduced. After extensive coordination and communication, the annual recruitment proceeded smoothly, and currently, 35 official fan clubs are operating steadily.

In product development, Pili introduced new merchandise beyond its existing categories, including the launch of the limited-edition card series Signature Move, themed around iconic techniques of Pili heroes and featuring high-quality puppet visuals. Promoted as collectible and limited in quantity, the series achieved remarkable success, with thousands of packs selling out within a single day.

Simultaneously, Pili began exploring new visual styles to expand revenue opportunities. One such initiative was the Pili HANAFUDA series, which reinterprets Pili heroes through the aesthetic of traditional Japanese flower cards. This innovative approach contributed positively to overall sales performance.

In terms of physical events, although themed pop-up activities were limited, Pili developed a variety of snack products tailored to venue characteristics—such as puddings and marble sodas—leveraging the appeal of Pili IPs to create new possibilities.

In licensing, Pili Global collaborated with several well-known brands throughout the year. Notable partnerships included a promotional campaign and product collaboration between Pili Puppet Theater and Wei Chuan Foods; a co-branded basketball-themed event with Taiwan Steel Falcons; a special edition snack collaboration between PILIGILI and Lian Hwa Cola Corn; the first game-based partnership between PILIGILI and LINE Coin Party; and a Mid-Autumn Festival gift box co-branded with Doutor Donutes. These diverse licensing experiences reflect the industry's recognition of Pili Global's licensing capabilities and enhance the potential for future collaborations with international brands.

3. Future Development Strategy

In 2025, the Company will continue to deepen its efforts in the fields of puppet drama production, live-action content, IP licensing, and technology-driven media, with the goal of ensuring the sustainable preservation and promotion of puppet theater culture.

(1) Puppet Drama Productions:

This year, Pili will continue to release its flagship puppet drama series and the Thunderbolt Fantasy series across multiple regions. Several previously unreleased and newly produced series have successfully passed regulatory approvals in Mainland China and are scheduled to be launched on major platforms throughout the year. The Thunderbolt Fantasy series will officially enter its final chapter with a theatrical release in 2025, set to premiere in both Taiwan and Japan. Related distribution efforts are actively underway.

(2) Strategic Investments:

In 2024 and 2025, the Company has been establishing various strategic investment entities across multiple domains, including overseas IP operations, the gaming industry, contemporary art integration, and virtual idol development. These ventures leverage Pili's existing content creation capabilities and IP resources, while integrating external expertise and business models from diverse industries to foster a multi-faceted business ecosystem.

(3) IP Licensing Business:

Pili possesses a rich portfolio of IP resources and brand assets. In addition to its existing IP-derived businesses, this year the Company began representing the popular Korean IP UGLYMEWS, officially expanding its outbound IP licensing operations. Plans are also underway to acquire licensing rights for other well-known international IPs. These IPs will be licensed for use in live-action productions, games, merchandise, themed exhibitions, and more. Looking ahead, Pili will continue to develop its proprietary IPs and integrate them with the Pili brand across tourism experiences, food & beverage, and retail formats, thereby broadening its consumer base.

(4) Technology Content Development:

Pili has long been committed to innovation in technology-based content and the commercialization of media. Last year, AI technologies were successfully applied to both content production and performance. This year, development of virtual idol and VR game content has reached maturity, with releases scheduled throughout the year.

The Company plans to launch multiple licensing projects and continue managing and expanding cross-industry collaborations for its two major IP brands, PILIGILI and UGLYMEWS. Additionally, Pili will host the Pili Group Brand Summit at the end of 2025, inviting renowned domestic and international corporate groups and public sector representatives to participate. The summit will showcase the operations and execution strategies of Pili Global and its various departments, and present the Company's annual plans—including product licensing, game licensing, advertising partnerships, and spatial branding—to enhance Pili Global's visibility and influence in the business sector, while increasing opportunities for brand collaborations.

On the consumer side, the Company will continue to expand public awareness and engagement with its IP brands through co-branded product sales, collaborative advertising campaigns, offline pop-up stores, and participation in exhibitions related to Taiwanese illustration culture. These efforts aim to strengthen brand recognition, generate social media buzz, and grow the fan base for its IP operations.

4. Impact of External Competitive, Regulatory, and Macroeconomic Environments

Thanks to its rich content offerings and diversified distribution channels, Pili has maintained a strong and stable relationship with consumers and fans. In response to the rapidly changing global economic landscape and increasingly intense industry competition, the Company remains focused on understanding market trends and consumer needs, while continuing to invest in the innovation and development of new products.

Looking ahead, the Company will uphold its commitment to integrity in business operations and adhere to sound corporate governance practices. By pursuing continuous innovation and transformation, Pili aims to create greater value through differentiated competitive advantages.

Best Wishes to All

Wishing you good health and all the best in everything.

Sincerely,

PILI International Multimedia Co., Ltd.

Chairman: Wen-chang Huang

