

**PlayNitride Inc. and Subsidiaries**  
**Consolidated Financial Statements**  
**With Independent Auditors' Report**  
**For the Years Ended December 31, 2024 and 2023**

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

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安侯建業聯合會計師事務所

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## Independent Auditors' Report

To the Board of Directors of PlayNitride Inc.:

### Opinion

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

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

### Basis for Opinion

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

### Key Audit Matters

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

#### Revenue recognition

Refer to note 4(14) "Revenue recognition" and note 6(16) "Revenue from contracts with customers" to the consolidated financial statements.

#### Description of key audit matters:

The timing of revenue recognition is determined according to the transaction terms agreed with the customer, and the control transfer of the goods is identified according to the individual sales transaction at the end of the period to assess the appropriateness of revenue recognition in the correct period. In addition, the construction revenue is recognized according to the proportion of the degree of contract completion, which is calculated based on the contract cost incurred as at the date of financial reporting to the total estimated contract cost. The accuracy of the recognition of construction contract revenue is affected by the degree of completion and whether the estimated total cost of the project is properly estimated. Therefore, the appropriateness and accuracy of revenue recognition in a proper period is the key area in performing our audit.

#### How the matter was addressed in our audit:

The main audit procedures we performed for the above key audit matters include: understand the revenue recognition accounting policies adopted by the Group and compare them with the terms of sale and revenue recognition to assess the appropriateness of the adopted policies; evaluate the design of the internal control system for sales revenue and test the effectiveness of its implementation; test samples of individual revenue transactions by checking purchase orders from customers and proof of shipment, etc.; test sales transactions in the period before and after the December 31, 2024 financial reporting date, and review the terms of sales, shipping documents and customer confirmation documents of such sales transactions to assess whether the sales revenue are recognized in the appropriate period. In addition, we test a sample of construction contract during the financial reporting period, and review contracts and related documents; obtain the annual construction income calculation table, check the accuracy of the incurred contract costs, evaluate the completeness of the estimated total cost, calculate the proportion of contract completion, and calculate the appropriateness of the recognized amount of construction income.

#### **Responsibilities of Management and Those Charged with Governance for the consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with International Accounting Standards (“IASs”) 34, Interim Financial Reporting, endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for the overseeing the Group's financial reporting process.

#### **Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements**

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



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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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



The engagement partners on the audit resulting in this independent auditors' report are An-Chih Cheng and Hai-Ning Huang.

KPMG

Taipei, Taiwan (Republic of China)  
February 26, 2025

#### **Notes to Readers**

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

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

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

PlayNitride Inc. and subsidiaries

Consolidated Balance Sheets

December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2024		December 31, 2023				December 31, 2024		December 31, 2023	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:											
1100	Cash and cash equivalents (note 6(1))	\$ 805,973	31	575,047	25	2130	Contract liabilities—current (notes 6(16) and 7)	\$ 5,226	-	46,520	2
1136	Financial assets at amortized cost—current (notes 6(2) and 8)	104,827	4	383,491	17	2170	Accounts payable	37,943	1	46,273	2
1140	Contract assets—current (notes 6(16) and 7)	129,387	5	106,511	5	2180	Accounts payable—related parties (note 7)	1,256	-	20,357	1
1152	Other notes receivable	824	-	-	-	2200	Other payables (note 6(8))	194,172	9	149,586	6
1170	Accounts receivable, net (notes 6(3))	7,162	-	15,644	1	2220	Other payables—related parties (note 7)	28,198	1	18,594	1
1180	Accounts receivable—related parties, net (notes 6(3) and 7)	295,816	12	60,538	3	2250	Provisions—current (note 6(10) and 8)	6,792	-	-	-
1200	Other receivables	6,547	-	24,814	1	2280	Lease liabilities—current (notes 6(11) and 7)	36,436	1	26,800	1
1210	Other receivables—related parties(note 7)	556	-	2,345	-	2322	Long-term borrowings, current portion (notes 6(9) and 8)	120,267	5	17,811	1
1220	Current tax assets	2,457	-	4,146	-	2399	Other current liabilities	1,492	-	1,567	-
130X	Inventories (note 6(4))	339,521	13	213,858	9			431,782	17	327,508	14
1410	Prepayments (note 7)	74,150	3	58,906	2		Non-current liabilities:				
1470	Other current assets	42,656	2	70,413	3	2540	Long-term borrowings (notes 6(9) and 8)	8,840	-	2,667	-
		1,809,876	70	1,515,713	66	2580	Lease liabilities—non-current (note 6(11) and 7)	72,533	3	13,035	1
Non-current assets:											
1535	Financial assets at amortized cost—non-current (notes 6(2) and 8)	5,522	-	1,000	-	2xxx		81,373	3	15,702	1
1600	Property, plant and equipment (note 6(5) and 8)	565,807	22	682,876	30	3110	Total liabilities	513,155	20	343,210	15
1755	Right-of-use assets (notes 6(6) and 7)	107,927	4	38,972	2	3200	Equity (note 6(14)):				
1780	Intangible assets (note 6(7))	35,455	2	42,104	2	3300	Ordinary shares	1,071,786	42	1,071,786	47
1915	Prepayments for equipment	34,083	1	6,268	-	3400	Capital surplus	6,450,644	251	6,446,914	281
1920	Refundable deposits (notes 7)	12,949	1	8,097	-	3xxx	Accumulated deficits	(5,702,710)	(222)	(5,762,797)	(251)
1990	Other non-current assets	356	-	889	-		Other equity	239,100	9	196,806	8
		762,099	30	780,206	34		Total equity	2,058,820	80	1,952,709	85
1xxx	Total assets	\$ 2,571,975	100	2,295,919	100	2-3xxx	Total liabilities and equity	\$ 2,571,975	100	2,295,919	100

See accompanying notes to consolidated financial statements.

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

**PlayNitride Inc. and subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**For the years ended December 31, 2024 and 2023**  
**(Expressed in Thousands of New Taiwan Dollars)**

		<b>2024</b>		<b>2023</b>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	<b>Operating revenues</b> (notes 6(16) and 7)	\$ 1,768,442	100	943,004	100
5000	<b>Cost of sales</b> (notes 6(4), (5), (6), (7), (10), (11), (12) and 7)	<u>1,099,523</u>	<u>62</u>	<u>843,212</u>	<u>89</u>
5900	<b>Gross profit</b>	<u>668,919</u>	<u>38</u>	<u>99,792</u>	<u>11</u>
6000	<b>Operating expenses</b> (notes 6(5), (6), (7), (11), (12) and 7):				
6100	Selling and marketing expenses	64,758	4	44,630	5
6200	General and administrative expenses	214,386	12	164,618	17
6300	Research and development expenses	<u>379,199</u>	<u>21</u>	<u>452,792</u>	<u>48</u>
	<b>Total operating expenses</b>	<u>658,343</u>	<u>37</u>	<u>662,040</u>	<u>70</u>
6900	<b>Operating income (loss)</b>	<u>10,576</u>	<u>1</u>	<u>(562,248)</u>	<u>(59)</u>
7000	<b>Non-operating income and expenses</b> (notes 6(11), (18) and 7):				
7100	Interest income	37,457	2	49,465	5
7010	Other income	3,317	-	8,652	1
7020	Other gains and losses	11,274	1	(7,229)	(1)
7050	Finance costs	<u>(2,537)</u>	<u>-</u>	<u>(1,479)</u>	<u>-</u>
	<b>Total non-operating income and expenses</b>	<u>49,511</u>	<u>3</u>	<u>49,409</u>	<u>5</u>
7900	<b>Income (loss) before income taxes</b>	60,087	4	(512,839)	(54)
7950	Income tax expense (note 6(13))	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8200	<b>Net income (loss)</b>	<u>60,087</u>	<u>4</u>	<u>(512,839)</u>	<u>(54)</u>
8300	<b>Other comprehensive income</b> (note 6(14)):				
8310	<b>Items that will not be reclassified subsequently to profit or loss</b>				
8341	Exchange differences arising on translation to the presentation currency	127,969	7	6,783	-
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	<u>(85,675)</u>	<u>(5)</u>	<u>(4,630)</u>	<u>-</u>
8300	<b>Other comprehensive income for the period</b>	<u>42,294</u>	<u>2</u>	<u>2,153</u>	<u>-</u>
8500	<b>Total comprehensive income for the period</b>	<u>\$ 102,381</u>	<u>6</u>	<u>(510,686)</u>	<u>(54)</u>
	<b>Earnings (Loss) per share (NTD)</b> (note 6(15)):				
9750	Basic earnings (loss) per share	<u>\$ 0.56</u>		<u>(4.78)</u>	
9850	Diluted earnings (loss) per share	<u>\$ 0.56</u>		<u>(4.78)</u>	

See accompanying notes to consolidated financial statements.



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

PlayNitride Inc. and subsidiaries

Consolidated Statements of Changes in Equity

For the years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

				Other equity			
	Ordinary shares	Capital surplus	Accumulated deficits	Exchange differences on translation of foreign financial statements	Exchange differences arising on translation to the presentation currency	Total	Total equity
<b>Balance at January 1, 2023</b>	\$ 1,071,786	6,431,139	(5,249,958)	(193,284)	387,937	194,653	2,447,620
Net loss for the period	-	-	(512,839)	-	-	-	(512,839)
Other comprehensive income (loss) for the period	-	-	-	(4,630)	6,783	2,153	2,153
Total comprehensive income (loss) for the period	-	-	(512,839)	(4,630)	6,783	2,153	(510,686)
Proceeds from disposal of donated employee stocks managed by an employee ownership trust	-	15,775	-	-	-	-	15,775
<b>Balance at December 31, 2023</b>	<u>1,071,786</u>	<u>6,446,914</u>	<u>(5,762,797)</u>	<u>(197,914)</u>	<u>394,720</u>	<u>196,806</u>	<u>1,952,709</u>
Net income for the period	-	-	60,087	-	-	-	60,087
Other comprehensive income (loss) for the period	-	-	-	(85,675)	127,969	42,294	42,294
Total comprehensive income (loss) for the period	-	-	60,087	(85,675)	127,969	42,294	102,381
Proceeds from disposal of donated employee stocks managed by an employee ownership trust	-	3,730	-	-	-	-	3,730
<b>Balance at December 31, 2024</b>	<u>\$ 1,071,786</u>	<u>6,450,644</u>	<u>(5,702,710)</u>	<u>(283,589)</u>	<u>522,689</u>	<u>239,100</u>	<u>2,058,820</u>

See accompanying notes to consolidated financial statements.

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

**PlayNitride Inc. and subsidiaries**

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2024 and 2023**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>2024</b>	<b>2023</b>
<b>Cash flows from operating activities:</b>		
Profit (loss) before income tax	\$ 60,087	(512,839)
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	245,889	241,284
Amortization expense	22,373	22,287
Interest expense	2,537	1,479
Interest income	(37,457)	(49,465)
Loss on disposal of property, plant and equipment	15	70
Inventory devaluation and obsolescence (reversed gain) loss	(21,677)	32,870
Gain on lease modification	-	(91)
Others not affecting cash flows	1,239	2
Total adjustments to reconcile profit (loss)	<u>212,919</u>	<u>248,436</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Contract assets	(22,876)	(106,511)
Other notes receivable	(824)	-
Accounts receivable	8,482	(2,739)
Accounts receivable — related parties	(235,278)	(8,218)
Other receivables	9,773	1,735
Other receivables — related parties	1,789	(2,273)
Inventories	(109,335)	(141,502)
Prepayments	(16,268)	31,715
Other current assets	27,757	(18,697)
Other non-current assets	533	534
Total changes in operating assets	<u>(336,247)</u>	<u>(245,956)</u>
<b>Changes in operating liabilities:</b>		
Contract liabilities	(41,294)	(132,858)
Accounts payable	(8,330)	41,047
Accounts payable — related parties	(19,101)	16,459
Other payables	36,122	(2,124)
Other payables — related parties	9,604	35
Provisions	6,792	-
Other current liabilities	(75)	(11)
Total changes in operating liabilities	<u>(16,282)</u>	<u>(77,452)</u>
Total changes in operating assets and liabilities	<u>(352,529)</u>	<u>(323,408)</u>
Total adjustments	<u>(139,610)</u>	<u>(74,972)</u>
Cash outflow in operations	(79,523)	(587,811)
Interest received	45,951	39,787
Interest paid	(2,383)	(1,497)
Income taxes refund (paid)	1,689	(1,861)
<b>Net cash used in operating activities</b>	<u>(34,266)</u>	<u>(551,382)</u>

**(Continued)**

See accompanying notes to consolidated financial statements.

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

**PlayNitride Inc. and Subsidiaries**

**Consolidated Statements of Cash Flows (continue)**

**For the years ended December 31, 2024 and 2023**

**(Expressed in Thousands of New Taiwan Dollars)**

	<u>2024</u>	<u>2023</u>
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at amortized cost	(436,449)	(895,769)
Proceeds from disposal of financial assets at amortized cost	709,359	524,762
Acquisition of property, plant and equipment	(74,162)	(231,785)
Proceeds from disposal of property, plant and equipment	89	-
Increase in refundable deposits	(4,852)	(288)
Acquisition of intangible assets	(10,643)	(11,287)
Increase in prepayments for equipment	(34,083)	(6,262)
<b>Net cash provided by (used in) investing activities</b>	<u>149,259</u>	<u>(620,629)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from long-term borrowings	126,440	-
Repayments of long-term borrowings	(17,811)	(20,277)
Payment of lease liabilities	(38,720)	(34,686)
Proceeds from disposal of donated employee stocks managed by an employee ownership trust	3,730	8,550
<b>Net cash provided by (used in) financing activities</b>	<u>73,639</u>	<u>(46,413)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>42,294</u>	<u>2,153</u>
Net increase (decrease) in cash and cash equivalents	230,926	(1,216,271)
Cash and cash equivalents at beginning of period	575,047	1,791,318
Cash and cash equivalents at end of period	<u><u>\$ 805,973</u></u>	<u><u>575,047</u></u>

See accompanying notes to consolidated financial statements.

**PlayNitride Inc. and subsidiaries**

**Notes to the Consolidated Financial Statements**

**For the years ended December 31, 2024 and 2023**

**(amounts expressed in Thousands of New Taiwan Dollars,  
except for per share information and unless otherwise specified)**

**1. Company history:**

PlayNitride Inc. (the “Company”) was incorporated on February 25, 2014, and registered under British Cayman Islands. The Company established the Taiwan branch on June 9, 2014. The registered address of the Company’s office is The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208 Cayman Islands. The Company's shares have been listed and traded on the Taiwan Innovation Board ("TIB") since August 18, 2022. The Company and its subsidiaries (together referred to as the “Group”) are engaged mainly in the research, development, design, manufacture and sale of Micro LED, modules, and panels, in related design, installation, and maintenance of process equipment, in out-licensing of innovative technologies, and in the chemical, raw materials, products, and material wholesale and retail.

**2. Approval date and procedures of the consolidated financial statements:**

The consolidated financial statements were authorized for issue by the Board of Directors on February 26, 2025.

**3. New standards, amendments and interpretations adopted:**

- (1) Impact of adoption of new, revised or amended standards and interpretations endorsed by the Financial Supervisory Commission, ROC (“FSC”).

The Group has adopted the amendments to the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations (collectively, “IFRSs”) with effective date from January 1, 2024. The adoption does not have a material impact on the Group’s consolidated financial statements.

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

- (2) The impact of IFRS endorsed by the FSC but not yet effective

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

- Amendments to IAS 21 “Lack of Exchangeability”

(Continued)

**PlayNitride Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

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

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

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
IFRS 18 “Presentation and Disclosure in Financial Statements”	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> <li>• A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company’s main business activities.</li> <li>• Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.</li> <li>• Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.</li> </ul>	January 1, 2027

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

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

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

**4. Summary of material accounting policies:**

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

(1) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations” ) and the IFRSs endorsed by the FSC with effective dates.

(2) Basis of preparation

A. Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis.

B. Functional and presentation currency

The functional currency of each entity of the Group is determined based on the primary economic environment in which the entity operates. The Company’s functional currency is USD. However, due to the Group's application for listing in Taiwan, according to IAS 21, the business results and financial position of the Group are converted into NTD. The consolidated balance sheet is converted at the spot exchange rate at the end of each reporting period (hereinafter referred to as the reporting date), and the consolidated statements of comprehensive income is converted at the current average exchange rate. Capital transactions and other consolidated owners’ equity items are converted based on the exchange rate at transaction date. All financial information presented in NTD has been rounded to the nearest thousand.

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The spot exchange rates for NTD to USD on December 31, 2024 and 2023 were 32.73 and 30.71, respectively. The average exchange rates for NTD to USD in 2024 and 2023 were 32.122 and 30.179, respectively.

(3) Basis of consolidation

A. Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and the entities controlled by the Company (its subsidiaries). The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its control over the entity.

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

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and will be attributed to the owners of the Company.

B. List of subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Business Nature	Percentage of Ownership	
			December 31, 2024	December 31, 2023
The Company	PlayNitride Display Co., Ltd. (PlayNitride Display)	The research, development, design, manufacture and sale of Micro LED, modules, panels, and related design, installation, and maintenance of process equipment, and the licensing of innovative technologies, and in the chemical, raw materials, products, material wholesale and retail.	100 %	100 %
The Company	PlayNitride America Corporation	Sales and consulting services	100 %	100 %

C. List of subsidiaries which are not included in the consolidated financial statements: None.

(4) Foreign currencies

A. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currencies at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are retranslated into the functional currencies using the exchange rate at that date.

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**PlayNitride Inc. and subsidiaries**  
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Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising from retranslation are recognized in profit or loss; except for the differences in equity instruments at fair value through other comprehensive income, which are recognized in other comprehensive income.

**B. Foreign operations**

The assets and liabilities of foreign operations are translated using the exchange rates at the reporting date. The income and expenses of foreign operations are translated at the average rate for the period. Foreign currency differences are recognized in other comprehensive income.

**(5) Classification of current and non-current assets and liabilities**

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

- A. It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- B. It is held primarily for the purpose of trading;
- C. It is expected to be realized within twelve months after the reporting period; or
- D. The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

- A. It is expected to be settled in the normal operating cycle;
- B. It is held primarily for the purpose of trading;
- C. It is due to be settled within twelve months after the reporting period; or
- D. The Group does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

**(6) Cash and cash equivalents**

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

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**PlayNitride Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(7) Financial instruments

Accounts receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, transaction costs that are directly attributable to its acquisition or issue. An accounts receivable without a significant financing component is initially measured at the transaction price.

A. Financial assets

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

On initial recognition, a financial asset is classified as measured at amortized cost.

The Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at measured at fair value through profit or loss:

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

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

(b) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on cash and cash equivalents, financial assets at amortized costs (accounts receivable (including related parties), other receivable (including related parties), refundable deposits and other financial assets) and contract assets. Loss allowances for financial assets are deducted from the gross carrying amount of the assets. The recognition or reversal of the loss allowance is recognized in profit or loss.

The expected credit loss is the weighted average of credit losses with the respective risks of a default occurring on the financial instrument as the weights.

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**PlayNitride Inc. and subsidiaries**  
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The Group measures the loss allowance for a financial instrument at an amount equal to lifetime expected credit losses, except for the financial instrument that is determined to have low credit risk at the reporting date and the credit risk thereof has not increased significantly since initial recognition, which is measured at an amount equal to the 12-month expected credit losses. For trade receivables and contract assets, the Group measures their loss allowances at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant. This includes both qualitative and quantitative information and analysis, based on the Group's historical experience and credit assessment as well as forward-looking information.

In the circumstance that a financial asset is past due or the borrower is unlikely to pay its credit obligations to the Group in full, the Group considers the credit risk on that financial asset has significantly increased, or further, to be in default.

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

(c) Derecognition of financial assets

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

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

B. Financial liabilities and equity instruments

(a) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(b) Equity instruments

Equity instruments refer to surplus equities of the assets after the deduction of all the debts for any contracts. Equity instruments issued are recognized as the amount of consideration received less the direct cost of issuance.

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**PlayNitride Inc. and subsidiaries**  
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(c) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL.

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

(d) Derecognition of financial liabilities

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

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

(e) Offsetting of financial assets and liabilities

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

(8) Inventories

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

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

(9) Property, plant and equipment

A. Recognition and measurement

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

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

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

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**PlayNitride Inc. and subsidiaries**  
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**B. Subsequent cost**

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

**C. Depreciation**

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

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

- (a) Machinery and equipment: 2 to 10 years
- (b) Office equipment: 2 to 5 years
- (c) Lease improvement: 2 to 5 years
- (d) Other equipment: 2 to 5 years

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

**(10) Leases**

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

As a lessee

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

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

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

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**PlayNitride Inc. and subsidiaries**  
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Lease payments included in the measurement of the lease liability comprise the following:

- A. fixed payments, including in-substance fixed payments;
- B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- C. amounts expected to be payable under a residual value guarantee; and
- D. payments for purchase or termination options that are reasonably certain to be exercised.

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

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

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

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

The Group has elected not to recognize right of use assets and lease liabilities for short-term leases of machinery and dormitory that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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(11) Intangible assets

A. Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

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

B. Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

C. Amortization

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

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

- (a) Intellectual property: 10 to 14 years
- (b) Computer software: 2 to 5 years
- (c) Technology authorized: 10 years
- (d) Others: 2 to 3 years

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

(12) Impairment of non-financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use ("CGU") that are largely independent of the cash inflows of other assets or CGUs.

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

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

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

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

**(13) Provisions**

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

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

The Group's obligation to provide a refund for faulty electronic components under the standard warranty terms is recognized as a provision for warranty; please refer to note 6(10).

**(14) Revenue recognition**

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

**A. Sale of goods**

The Group manufactures and sells Micro LED. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

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

Receipt of a prepayment from a customer is recognized as contract liability. Interest expense and contract liability are recognized when adjusting the effects of the time value of money. Accumulated amount of contract liability is recognized as revenue when control over the products have been transferred to the customer.

**B. Revenue of services**

The Group provides technology developing and design 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. The proportion of services provided is determined based on the costs incurred to date as a proportion of the total estimated rendered services costs of the transaction.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by the management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

**C. Revenue of construction**

The Group engages in production line construction contract service, and the construction revenue is recognized gradually over time based on the completion degree of the contract activities. The contract price is fixed, and the customer pays a fixed amount of money according to the schedule. The Group only recognizes the income within the range where the accumulated income is likely not to cause a major reversal. It is recognized as a contract asset, if the amount of recognized income has not yet been claimed. When there is an unconditional right to the consideration, the contract asset is transferred to accounts receivable.

If the Group cannot reasonably measure its progress towards complete satisfaction of the performance obligation of a construction contract, the Group shall recognize revenue only to the extent of the costs expected to be recovered.

When the Group expects that the inevitable cost of fulfilling the obligations of a construction contract exceeds the expected economic benefits obtained from the contract, it shall recognize the provision for liabilities of the onerous contract.

If the circumstance changed, the estimates of revenues, costs and degree of completion are revised, and the resulting changes are reflected in profit or loss during the period when management becomes aware of the changed circumstances and makes the revision.

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Receipt of a prepayment from a customer is recognized as contract liability. Interest expense and contract liability are recognized when adjusting the effects of the time value of money. Accumulated amount of contract liability is recognized as revenue when the performance obligation have been completed.

**D. Financing components**

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

**(15) Government grants**

The Group recognizes an unconditional government grant in non-operating revenue when the grant becomes receivable. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

**(16) Employee benefits**

**A. Defined contribution plans**

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

**B. Short-term employee benefits**

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

**C. Employees' compensation and directors' and supervisors' remuneration**

Employees' compensation and directors' and supervisors' 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.

**(17) Income tax**

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

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS 37.

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

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

- A. temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- B. temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

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

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

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

- A. the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- B. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - (a) the same taxable entity; or
  - (b) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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**PlayNitride Inc. and subsidiaries**  
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(18) Earnings per share

The Group discloses basic and diluted earnings per share attributable to ordinary shareholders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as convertible preferred shares and employee remuneration through the issuance of shares.

(19) Operating segment

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

**5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty:**

In preparing these consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about judgments made in applying accounting policies that may cause significant adjustments to the amounts recognized in the consolidated financial statements in the subsequent period is as follows:

A. Valuation of inventories

Inventories are measured at the lower of cost or net realizable value, so the Group estimates its inventories for obsolescence and unmarketable items at the end of the reporting period and writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific period. However, due to the rapid technology transformation, there may be significant changes in the net realizable value of inventories. Please refer to note 6(4) for further description on the valuation of inventories.

B. The recognition of construction revenue

The construction revenue is recognized gradually over time based on the completion degree of the contract activities. The degree of completion is measured by the ratio of the contract costs incurred at the date of financial reporting to the estimated total contract costs. The Group estimates the total contract cost by considering factors such as the nature of each project, estimated construction period, project items and equipment cost. A change in the basis of any of the above estimates could result in a material adjustment to the estimated amount. Please refer to note 6(16) for details of revenue recognition.

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C. Impairment assessment of property, plant and equipment (including right-of-use asset)

In the process of asset impairment assessment, the Group relies on subjective judgments and determines the independent cash flow of a specific asset group, the useful life of the asset, and the possible future income and expenses based on asset usage patterns and industry characteristics. Changes in estimates due to changes or corporate strategy may result in significant reductions in the future losses or reversals of recognized impairment losses.

The Group's accounting policies and disclosures include the fair value measurement for financial assets and liabilities. The Group determines the fair value using the independent data sources which reflect the current market condition and confirming the data available are independent, reliable, in consistent with other sources and represent the exercisable price. The Group also periodically assesses the evaluation model, performs retrospective tests, and updates inputs together with any other necessary fair value adjustment for the evaluation model in order to ensure the reasonableness of the results of the valuation.

The Group evaluates its assets and liabilities using the observable market inputs. The hierarchy of the fair value depends on the valuation techniques used, and the different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- Level 2: inputs (other than quoted prices) included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

When there is a transfer between levels of the fair value hierarchy, the Group recognizes the transfer at the reporting date. For the assumptions used in fair value measurement, please refer to note 6(19) of the financial instruments.

**6. Explanation of significant accounts:**

(1) Cash and cash equivalents

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Cash on hand and petty cash	\$ 704	625
Checking and demand deposits	589,842	312,303
Time deposits	215,427	262,119
	<b>\$ 805,973</b>	<b>575,047</b>

- A. Please refer to note 6(19) for the foreign currency risk and sensitivity analysis of the financial assets and liabilities of the Group.
- B. The time deposits, which are not qualified the definitions of cash and cash equivalents have been reclassified as financial assets at amortized cost at the reporting date, please refer to note 6(2).

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**PlayNitride Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(2) Financial assets at amortized cost

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Time deposits — current	<b>\$ 104,827</b>	<b>383,491</b>
Time deposits — non-current	<b>\$ 5,522</b>	<b>1,000</b>

The Group assessed that the above financial assets are held to maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets at amortized cost.

A. The Group held time deposits at an interest rate ranging from 1.285%~5.12% and 1.16%~5.46% on December 31, 2024 and 2023, respectively.

B. For credit risk, please refer to note 6(19).

C. The financial assets mentioned above were pledged as collateral, please refer to note 8.

(3) Accounts receivable, net (including related parties)

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Accounts receivable, net	<b>\$ 7,162</b>	<b>15,644</b>
Accounts receivable — related parties, net	<b>295,816</b>	<b>60,538</b>
	<b>\$ 302,978</b>	<b>76,182</b>

The Group applied the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivable has been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information.

The credit loss provision of accounts receivables (including related parties) was determined as follows:

	<b>December 31, 2024</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Credit loss provision</b>
Current	\$ 290,290	0.00%	-
Overdue 1~90 days	11,560	0.00%	-
Overdue 91~180 days	1,128	0.00%	-
Total	<b>\$ 302,978</b>		<b>-</b>

(Continued)

**PlayNitride Inc. and subsidiaries**  
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	<b>December 31, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Credit loss provision</b>
Current	\$ 69,580	0.00%	-
Overdue 1~90 days	6,602	0.00%	-
Total	<b>\$ 76,182</b>		<b>-</b>

The Group did not provide impairment losses for receivables (including related parties) at December 31, 2024 and 2023.

The Group's accounts receivable (including related parties) mentioned were not pledged as collateral.

(4) Inventories

A. The details of inventories were as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Raw materials	\$ 88,009	87,275
Work in process and semi-finished goods	135,369	91,089
Finished goods	116,143	35,494
	<b>\$ 339,521</b>	<b>213,858</b>

B. Cost of sales

For the years ended December 31, 2024 and 2023, the amounts recognized as cost of sales were \$1,099,523 thousand dollars and \$843,212 thousand dollars, respectively. For the years ended December 31, 2024 and 2023, the inventory devaluation and obsolescence (reversed gains) losses were \$(21,677) thousand dollars and \$32,870 thousand dollars, and the unallocated manufacturing overhead of idle sites and production capacity were \$73,964 thousand dollars and \$123,519 thousand dollars, respectively, which were listed in the aforementioned cost of sales.

C. The Group's inventories mentioned above were not pledged as collateral.

(Continued)

**PlayNitride Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(5) Property, plant and equipment

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

	<b>Machinery and equipment</b>	<b>Office equipment</b>	<b>Lease improvement</b>	<b>Other equipment</b>	<b>Construction in progress and equipment awaited for testing</b>	<b>Total</b>
Cost:						
Balance at January 1, 2024	\$ 938,028	4,252	80,003	26,632	76,012	1,124,927
Additions	25,645	2,111	6,707	16,681	31,561	82,705
Disposals	(41,511)	(531)	(22,276)	(14,024)	-	(78,342)
Reclassification	62,423	-	10,166	-	(65,280)	7,309
Effect of exchange rate changes	-	-	-	31	-	31
Balance at December 31, 2024	<b>\$ 984,585</b>	<b>5,832</b>	<b>74,600</b>	<b>29,320</b>	<b>42,293</b>	<b>1,136,630</b>
Balance at January 1, 2023	\$ 864,036	2,569	72,218	31,475	140,340	1,110,638
Additions	161,304	2,910	10,199	4,548	30,157	209,118
Disposals	(187,580)	(1,227)	(9,433)	(9,391)	-	(207,631)
Reclassification	100,242	-	7,019	-	(94,485)	12,776
Effect of exchange rate changes	26	-	-	-	-	26
Balance at December 31, 2023	<b>\$ 938,028</b>	<b>4,252</b>	<b>80,003</b>	<b>26,632</b>	<b>76,012</b>	<b>1,124,927</b>
Accumulated depreciation:						
Balance at January 1, 2024	\$ 377,861	1,192	47,855	15,143	-	442,051
Depreciation	171,935	1,697	22,845	10,527	-	207,004
Disposals	(41,511)	(531)	(22,276)	(13,920)	-	(78,238)
Effect of exchange rate changes	-	-	-	6	-	6
Balance at December 31, 2024	<b>\$ 508,285</b>	<b>2,358</b>	<b>48,424</b>	<b>11,756</b>	<b>-</b>	<b>570,823</b>
Balance at January 1, 2023	\$ 390,282	1,651	36,427	14,996	-	443,356
Depreciation	175,135	759	20,861	9,477	-	206,232
Disposals	(187,580)	(1,218)	(9,433)	(9,330)	-	(207,561)
Effect of exchange rate changes	24	-	-	-	-	24
Balance at December 31, 2023	<b>\$ 377,861</b>	<b>1,192</b>	<b>47,855</b>	<b>15,143</b>	<b>-</b>	<b>442,051</b>
Carrying amounts:						
Balance at December 31, 2024	<b>\$ 476,300</b>	<b>3,474</b>	<b>26,176</b>	<b>17,564</b>	<b>42,293</b>	<b>565,807</b>
Balance at December 31, 2023	<b>\$ 560,167</b>	<b>3,060</b>	<b>32,148</b>	<b>11,489</b>	<b>76,012</b>	<b>682,876</b>
Balance at January 1, 2023	<b>\$ 473,754</b>	<b>918</b>	<b>35,791</b>	<b>16,479</b>	<b>140,340</b>	<b>667,282</b>

For information of the property, plant and equipment of the Group that had been pledged as collateral for long-term borrowings; please refer to note 8.

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**PlayNitride Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(6) Right-of-use assets

The movements of cost and accumulated depreciation of leasing buildings and vehicles of the Group were as follows:

	<b>Building</b>	<b>Vehicle</b>	<b>Total</b>
Cost:			
Balance at January 1, 2024	\$ 105,418	9,172	114,590
Additions	107,445	-	107,445
Disposals	(83,791)	-	(83,791)
Effect of exchange rate changes	498	-	498
Balance at December 31, 2024	<b><u>\$ 129,570</u></b>	<b><u>9,172</u></b>	<b><u>138,742</u></b>
Balance at January 1, 2023	\$ 86,025	9,172	95,197
Additions	25,111	-	25,111
Disposals	(5,603)	-	(5,603)
Effect of exchange rate changes	(115)	-	(115)
Balance at December 31, 2023	<b><u>\$ 105,418</u></b>	<b><u>9,172</u></b>	<b><u>114,590</u></b>
Accumulated depreciation:			
Balance at January 1, 2024	\$ 70,853	4,765	75,618
Depreciation	37,050	1,835	38,885
Disposals	(83,791)	-	(83,791)
Effect of exchange rate changes	103	-	103
Balance at December 31, 2024	<b><u>\$ 24,215</u></b>	<b><u>6,600</u></b>	<b><u>30,815</u></b>
Balance at January 1, 2023	\$ 39,620	2,930	42,550
Depreciation	33,217	1,835	35,052
Disposals	(1,975)	-	(1,975)
Effect of exchange rate changes	(9)	-	(9)
Balance at December 31, 2023	<b><u>\$ 70,853</u></b>	<b><u>4,765</u></b>	<b><u>75,618</u></b>
Carrying amounts:			
Balance at December 31, 2024	<b><u>\$ 105,355</u></b>	<b><u>2,572</u></b>	<b><u>107,927</u></b>
Balance at December 31, 2023	<b><u>\$ 34,565</u></b>	<b><u>4,407</u></b>	<b><u>38,972</u></b>
Balance at January 1, 2023	<b><u>\$ 46,405</u></b>	<b><u>6,242</u></b>	<b><u>52,647</u></b>

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(7) Intangible assets

The movements of cost and accumulated amortization of intangible assets of the Group were as follows:

	<b>Intellectual property</b>	<b>Computer software</b>	<b>Technology authorized</b>	<b>Others</b>	<b>Total</b>
Costs:					
Balance at January 1, 2024	\$ 4,507	57,058	3,520	2,306	67,391
Additions	-	9,300	-	1,110	10,410
Disposals	(4,000)	(2,470)	(3,520)	(392)	(10,382)
Reclassification	-	5,314	-	-	5,314
Balance at December 31, 2024	<u>\$ 507</u>	<u>69,202</u>	<u>-</u>	<u>3,024</u>	<u>72,733</u>
Balance at January 1, 2023	\$ 4,507	53,976	3,520	2,306	64,309
Additions	-	5,829	-	-	5,829
Disposals	-	(15,956)	-	-	(15,956)
Reclassification	-	13,209	-	-	13,209
Balance at December 31, 2023	<u>\$ 4,507</u>	<u>57,058</u>	<u>3,520</u>	<u>2,306</u>	<u>67,391</u>
Accumulated amortization:					
Balance at January 1, 2024	\$ 3,958	16,763	3,285	1,281	25,287
Amortization	437	20,892	235	809	22,373
Disposals	(4,000)	(2,470)	(3,520)	(392)	(10,382)
Balance at December 31, 2024	<u>\$ 395</u>	<u>35,185</u>	<u>-</u>	<u>1,698</u>	<u>37,278</u>
Balance at January 1, 2023	\$ 3,522	12,004	2,933	497	18,956
Amortization	436	20,715	352	784	22,287
Disposals	-	(15,956)	-	-	(15,956)
Balance at December 31, 2023	<u>\$ 3,958</u>	<u>16,763</u>	<u>3,285</u>	<u>1,281</u>	<u>25,287</u>
Carrying amounts:					
Balance at December 31, 2024	<u>\$ 112</u>	<u>34,017</u>	<u>-</u>	<u>1,326</u>	<u>35,455</u>
Balance at December 31, 2023	<u>\$ 549</u>	<u>40,295</u>	<u>235</u>	<u>1,025</u>	<u>42,104</u>
Balance at January 1, 2023	<u>\$ 985</u>	<u>41,972</u>	<u>587</u>	<u>1,809</u>	<u>45,353</u>

The Group's intangible assets mentioned above were not pledged as collateral.

(8) Other payables

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Salaries and bonuses payables	\$ 119,845	92,806
Accrued expenses	60,962	51,879
Equipment payables	13,190	4,880
Interest payables	175	21
	<u>\$ 194,172</u>	<u>149,586</u>

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**PlayNitride Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(9) Long-term borrowings

The details of long-term borrowings were as follows:

<b>December 31, 2024</b>				
	<b>Currency</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Amount</b>
Secured borrowings	NTD	2.325%	2025/8/15	\$ 2,667
Unsecured borrowings	NTD	2.375%	2025/1/25~2027/6/3	126,440
Subtotal				129,107
Less: current portion				(120,267)
Total				<u>\$ 8,840</u>
Unused credit lines				<u>\$ 369,940</u>

  

<b>December 31, 2023</b>				
	<b>Currency</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Amount</b>
Secured borrowings	NTD	2.2%	2024/12/15~2025/8/15	\$ 20,478
Less: current portion				(17,811)
Total				<u>\$ 2,667</u>
Unused credit lines				<u>\$ 1,290</u>

Please refer to note 8 for details of the related assets pledged as collateral.

(10) Provisions

The movements of provisions - current of the Group were as follows:

	<b>Warranties</b>
Balance at January 1, 2024	\$ -
Additions	6,792
Balance at December 31, 2024	<u>\$ 6,792</u>

(11) Lease liabilities

The carrying amounts of lease liabilities of the Group were as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Current	<u>\$ 36,436</u>	<u>26,800</u>
Non-current	<u>\$ 72,533</u>	<u>13,035</u>

For the maturity analysis, please refer to note 6(19).

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**PlayNitride Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

The amounts recognized in profit or loss were as follows:

	<u>2024</u>	<u>2023</u>
Interest on lease liabilities	\$ <u>1,458</u>	<u>820</u>
Expenses relating to short-term leases	\$ <u>2,447</u>	<u>2,620</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>350</u>	<u>556</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>4,098</u>	<u>3,202</u>

The total cash outflows recognized during the reporting period were as follows:

	<u>2024</u>	<u>2023</u>
Total cash outflow for leases	\$ <u>47,073</u>	<u>41,884</u>

A. Real estate leases

The Group leases buildings for its office space and factories. The leases typically run for a period of 1 to 4 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

B. Transportation equipment leases

The lease term for all of The Group's company vehicles are within 5 years.

C. Other leases

The Group leases lab, office, equipment and staff dormitory with contract terms of within 1 year. These leases are short-term items. The Group has elected not to recognize right of use assets and lease liabilities for these leases.

The Group leases office equipment with contract terms of 1 to 5 years. These leases are leases of low value items. The Group has elected not to recognize right of use assets and lease liabilities for these leases.

(12) Employee benefits

Defined contribution plans

The Group's Taiwan entities allocate 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance, Ministry of Labor (the Bureau of Labor Insurance) in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations thereafter.

The Group's expenses under the pension plan cost to the Bureau of Labor Insurance were as follows:

	<u>2024</u>	<u>2023</u>
Pension expenses	\$ <u>19,537</u>	<u>16,340</u>

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**PlayNitride Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

(13) Income tax

A. The Company was registered in the Cayman Islands, and not required to pay the local profit-seeking enterprise income tax. In addition, the income tax rate for branch and subsidiaries in Taiwan in 2024 and 2023 is 20%. Individual income tax rate was applied to taxable income in respective jurisdictions.

B. Income tax expense

The current and deferred income tax expenses of the Group in 2024 and 2023 are nil.

The income tax expenses directly recognized in equity of the Group in 2024 and 2023 are nil.

Reconciliations of income tax and profit (loss) before income tax expense were as follows:

	<b>2024</b>	<b>2023</b>
Profit (loss) before income tax	\$ <u>60,087</u>	<u>(512,839)</u>
Income tax using the branch and subsidiaries' domestic tax rate	\$ 25,563	(104,115)
Permanent difference and others	7	11,813
Effect of unrecognized deferred tax assets	<u>(25,570)</u>	<u>92,302</u>
Income tax expense (benefit)	\$ <u>-</u>	<u>-</u>

C. Deferred tax assets and liabilities

Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Loss carryforward	\$ 811,927	850,613
Deductible temporary differences	<u>18,626</u>	<u>12,578</u>
	\$ <u><b>830,553</b></u>	<u><b>863,191</b></u>

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company's subsidiaries and its branch can utilize the benefits therefrom.

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**PlayNitride Inc. and subsidiaries**  
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As of December 31, 2024, the information of the Group's unused tax losses for which no deferred tax assets were recognized is as follows:

Taiwan Branch:

<u>Year of loss</u>	<u>Unused loss carryforward</u>	<u>Expiration year</u>
2015 (assessed)	\$ 145,792	2025
2016 (assessed)	81,362	2026
2017 (assessed)	68,561	2027
2018 (assessed)	98,670	2028
2019 (assessed)	24,949	2029
2020 (assessed)	16,282	2030
2021 (assessed)	162,244	2031
2023 (estimated)	77,657	2033
	<u><u>\$ 675,517</u></u>	

Taiwan Subsidiaries:

<u>Year of loss</u>	<u>Unused loss carryforward</u>	<u>Expiration year</u>
2017 (assessed)	\$ 59,434	2027
2018 (assessed)	153,335	2028
2019 (assessed)	381,495	2029
2020 (assessed)	766,749	2030
2021 (assessed)	1,040,475	2031
2022 (applied)	641,433	2032
2023 (estimated)	341,196	2033
	<u><u>\$ 3,384,117</u></u>	

D. Examination and approval

The income tax returns of the Group's Taiwan branches and subsidiaries had been examined and assessed by the tax authority through year 2022.

(14) Capital and other equity

A. Ordinary shares

On December 31, 2024 and 2023, the amounts of authorized share capital were \$2,500,000 thousand dollars. The par values were both NTD10 per share. On December 31, 2024 and 2023, the authorized share capital were made up of 107,178,622 shares. As at December 31, 2024 and 2023, the paid in share capital were \$1,071,786 thousand dollars.

The shares of outstanding for the years ended December 31, 2024 and 2023 were both 107,178,622 shares.

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**PlayNitride Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

**B. Capital surplus**

The details of the Company's capital surplus were as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Premium on issuance of ordinary shares	\$ 5,985,481	5,985,481
Share-based payment transaction	445,658	445,658
Proceeds from disposal of donated employee stocks managed by an employee ownership trust	<u>19,505</u>	<u>15,775</u>
	<b><u>\$ 6,450,644</u></b>	<b><u>6,446,914</u></b>

In accordance with the Company's Articles of Incorporation, the premium on the issuance of stocks in excess of the par value is part of the capital surplus, and its use may be resolved by the board of directors, including but not limited to the issuance of cash dividends, the allocation of capital, and the purchase of treasury shares, but the aforementioned issuance of cash dividends and the allocation of capital shall not impair the Company's ability to pay off its debts on the original due date.

**C. Retained earnings**

According to the Company's Articles of Incorporation, if the Company shows a year end earning, it shall first pay miscellaneous taxes and make up any accumulated losses. Thereafter, a 10% appropriation of the remaining amount shall be set aside for legal reserve, unless the amount in the legal reserve is already equal to or greater than the total paid in capital. Thereafter, an amount shall be set aside or reversed as a special reserve in accordance with related laws, regulations, or provisions of the competent authorities. Distribution of the remaining profit after setting aside the abovementioned amounts, shall be proposed by the Board of Directors to be approved at the shareholders' meeting.

The Company's dividend policy is to pay dividends from surplus. The remaining part of earning after setting aside for abovementioned reserves together with the undistributed earnings fully and partially in prior year shall be served as shareholders' dividends with an amount no less than 20% of earnings after tax by considering multiple factors and in accordance with Cayman Companies Act and R.O.C. Regulations governing by Public Companies. The dividends will be distributed proportionately by the ownership percentage of shareholders. The Company also considers several factors for earnings distribution such as current and future investment environment, cash requirements, domestic and overseas competitive conditions and capital budget requirements, while taking into account shareholders' interest in the meantime, maintenance of balanced dividend and the Company's long term financial plan. The shareholders' dividends paid in the current year will be distributed alternatively in either cash dividends or stock dividends, and the cash dividends of the distributed amount is no less than the 10% of total amount of cash dividends and stock dividends.

(Continued)

**PlayNitride Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

If the earning distribution is paid in cash dividends, the resolution shall be passed in majority with two thirds of attendance in Board of Directors' meeting and approved by one half of the present directors and further reported to the nearly coming shareholders' meeting.

The statements of deficits off-setting for 2023 and 2022 were approved during the stockholders' meeting held on June 20, 2024 and June 26, 2023. The related information is available on the market Observation Post System website.

The proposal for the statements of deficits off-setting for 2024 was drafted in Board of Directors' meeting held on February 26, 2025.

D. Other equity

	<b>Exchange differences on translation of foreign financial statements</b>	<b>Exchange differences arising on translation to the presentation currency</b>	<b>Total</b>
Balance at January 1, 2024	\$ (197,914)	394,720	196,806
Exchange differences on translation of foreign financial statements	(85,675)	-	(85,675)
Exchange differences arising on translation to the presentation currency	-	127,969	127,969
Balance at December 31, 2024	<u>\$ (283,589)</u>	<u>522,689</u>	<u>239,100</u>
Balance at January 1, 2023	\$ (193,284)	387,937	194,653
Exchange differences on translation of foreign financial statements	(4,630)	-	(4,630)
Exchange differences arising on translation to the presentation currency	-	6,783	6,783
Balance at December 31, 2023	<u>\$ (197,914)</u>	<u>394,720</u>	<u>196,806</u>

(15) Earnings (loss) per share

Basic and diluted earnings (loss) per share

	<b>2024</b>	<b>2023</b>
Profit (loss) attributable to ordinary shareholders of the Company	\$ <u>60,087</u>	<u>(512,839)</u>
Weighted-average number of shares outstanding during the period (in thousands of shares)	<u>107,179</u>	<u>107,179</u>
Basic and diluted earnings (loss) per share (NTD)	<u>\$ 0.56</u>	<u>(4.78)</u>

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**Notes to the Consolidated Financial Statements**

Since the Company incurred an accumulated deficit for the years ended December 31, 2024 and 2023, there were no dilutive potential ordinary shares for the period.

(16) Revenue from contracts with customers

- A. Revenue from contracts with customers is recognized based on the location of customers. The details were as follows:

For the year ended December 31, 2024						
	Chip on Carrier (CoC)	Technical services	Construction revenues	Equipment sales	Others	Total
Taiwan	\$ 560,559	233,537	603,513	147,584	30,500	1,575,693
Korea	132,106	19,285	-	-	232	151,623
Others	-	40,703	-	-	423	41,126
	<u>\$ 692,665</u>	<u>293,525</u>	<u>603,513</u>	<u>147,584</u>	<u>31,155</u>	<u>1,768,442</u>

For the year ended December 31, 2023						
	Chip on Carrier (CoC)	Technical services	Construction revenues	Others	Total	
Taiwan	\$ 194,003	84,635	542,891	226	821,755	
Korea	74,741	11,828	-	-	86,569	
Others	-	34,680	-	-	34,680	
	<u>\$ 268,744</u>	<u>131,143</u>	<u>542,891</u>	<u>226</u>	<u>943,004</u>	

- B. Contract balances

	December 31, 2024	December 31, 2023	January 1, 2023
Contract assets — current	<u>\$ 129,387</u>	<u>106,511</u>	<u>-</u>
Contract liabilities — current	<u>\$ 5,226</u>	<u>46,520</u>	<u>179,378</u>

The contract assets were mainly recognized when revenue was recognized but not yet claimed at the reporting date. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

The contract liabilities primarily relate to advances from construction and the advance consideration received from customers for the sales contracts, for which revenue is recognized when the construction is built over time and products are delivered to customers. The amounts of revenue recognized for the years ended December 31, 2024 and 2023 that were included in the contract liability balances at the beginning of the periods were \$46,520 and \$179,378 thousand dollars, respectively.

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C. The transaction price allocated to the outstanding performance obligations

On December 31, 2024, the transaction price allocated from the total amount of the contract to remaining performance obligations was \$166,428 thousand dollars. The revenue is recognized progressively based on the progress towards complete satisfaction of contract and is expected to be completed in one year.

(17) Remuneration to employees and directors

In accordance with the Company's Articles of Incorporation, the Company shall accrue its remuneration to employees and directors based on a certain percentage of the current year profit, as follows: no less than 5% as employee remuneration and no more than 1% as directors' remuneration. Profits shall first be used to offset against any deficit. The remuneration to employees and directors is to be reported to the shareholders meeting.

For the years ended December 31, 2024 and 2023, the Company incurred accumulated deficits; therefore, there were no remuneration recognized.

(18) Non-operating income and expenses

A. Interest income

The details of interest income were as follows:

	<b>2024</b>	<b>2023</b>
Interest income from bank deposits	\$ 37,440	49,450
Interest imputed from refundable deposits	17	15
	<b><u>\$ 37,457</u></b>	<b><u>49,465</u></b>

B. Other income

The details of other income were as follows:

	<b>2024</b>	<b>2023</b>
Grants	\$ 463	6,002
Others	2,854	2,650
	<b><u>\$ 3,317</u></b>	<b><u>8,652</u></b>

C. Other gains and losses

The details of other gains and losses were as follows:

	<b>2024</b>	<b>2023</b>
Net foreign exchange gain (loss)	\$ 11,985	(7,167)
Gain (loss) on disposal of property, plant and equipment	(15)	(70)
Gain on lease modification	-	91
Others	(696)	(83)
	<b><u>\$ 11,274</u></b>	<b><u>(7,229)</u></b>

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D. Finance costs

The details of finance costs were as follows:

	<u>2024</u>	<u>2023</u>
Interest expense from bank borrowings	\$ 1,079	659
Interest expense from lease liabilities	<u>1,458</u>	<u>820</u>
	<u>\$ 2,537</u>	<u>1,479</u>

(19) Financial instruments

A. Credit risk

(a) Credit risk exposures

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

(b) Disclosures of the concentration of credit risk

The Group's potential credit risk is derived primarily from cash and cash equivalents, financial assets measured at amortized cost, contract assets, accounts receivable, other notes receivables, net (including related parties) and other receivable (including related parties). The Group maintains its cash and cash equivalents and financial assets measured at amortized cost in various creditworthy financial institutions. The Group monitors its exposure with these financial institutions; therefore, the Group believes that there is no concentration of credit risk in regard to cash and cash equivalents and financial assets.

As of December 31, 2024 and 2023, 92% and 79%, respectively, of total notes and accounts receivables, net (including related parties) consisted of three customers, resulting in the credit risk to be centralized. However, the major customers of the Group are companies with sound reputation. The Group regularly reviews the credit status of its customers to ensure whether there is any significant credit risk existing. Also, the Group regularly reviews the recoverable amount of the receivables to ensure the uncollectible amount are recognized appropriately as impairment loss; therefore, the management does not expect any significant future impairment loss.

(c) Credit risk of receivables and debt securities

For credit risk exposure of notes and accounts receivables, net (including related parties), please refer to note 6(3).

Financial assets at amortized cost include investments in time deposits with original maturities of more than three months, please refer to note 6(2).

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses.

No loss allowances were recognized under financial assets measured at amortized cost at for the years ended December 31, 2024 and 2023.

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**B. Liquidity risk**

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

	<u>Carrying amount</u>	<u>Cash flows of contract</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>Over 1 year</u>
<b>December 31, 2024</b>					
Non-derivative financial liabilities					
Liabilities without interests	\$ 261,569	261,569	261,569	-	-
Lease liabilities	108,969	113,023	20,008	18,486	74,529
Long-term borrowings (including current portion)	<u>129,107</u>	<u>129,924</u>	<u>120,304</u>	<u>774</u>	<u>8,846</u>
	<u><b>\$ 499,645</b></u>	<u><b>504,516</b></u>	<u><b>401,881</b></u>	<u><b>19,260</b></u>	<u><b>83,375</b></u>
<b>December 31, 2023</b>					
Non-derivative financial liabilities					
Liabilities without interests	\$ 234,810	234,810	234,810	-	-
Lease liabilities	39,835	40,541	19,906	7,363	13,272
Long-term borrowings (including current portion)	<u>20,478</u>	<u>20,771</u>	<u>9,090</u>	<u>8,992</u>	<u>2,689</u>
	<u><b>\$ 295,123</b></u>	<u><b>296,122</b></u>	<u><b>263,806</b></u>	<u><b>16,355</b></u>	<u><b>15,961</b></u>

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

**C. Exchange rate risk**

**(a) Exchange rate risk**

The Group's financial assets and liabilities exposed to exchange rate risk were as follows:

	<u>December 31, 2024</u>			<u>December 31, 2023</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
<u>Financial Assets</u>						
<u>Monetary items</u>						
USD	\$ 4,206	32.73	137,662	9,408	30.71	288,920
JPY	20,708	0.2073	4,293	585	0.2182	128
<u>Financial Liabilities</u>						
<u>Monetary items</u>						
USD	471	32.73	15,416	1,363	30.71	41,858

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**PlayNitride Inc. and subsidiaries**  
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(b) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the foreign currency exchange gains and losses on cash and cash equivalents, financial assets measured at amortized, accounts receivable, net (including related parties), other receivables (including related parties), accounts payables (including related parties), and other payable (including related parties) that are denominated in foreign currency. A 5% depreciation or appreciation of the consolidated entities' functional currency against the above foreign currency as of December 31, 2024 and 2023, would have increased (decreased) the net income before income tax of \$6,327 thousand dollars and \$12,353 thousand dollars for the years ended December 31, 2024 and 2023, respectively.

(c) Exchange gains and losses of functional currency

For the years ended December 31, 2024 and 2023, the foreign exchange gains (including realized and unrealized) were \$11,985 thousand dollars and \$(7,167) thousand dollars, respectively. It is impractical to disclose the foreign exchange gains (losses) by each significant foreign currency due to the variety of the functional currencies of the Group.

D. Interest rate analysis

The sensitivity analysis is based on the exposure to the interest rate risk of non-derivative financial instruments on the reporting date. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 0.25%, the Group's income before income taxes would have increased / decreased by \$1,139 thousand dollars and \$725 thousand dollars for the years ended December 31, 2024 and 2023, respectively, with all other variable factors remaining constant. This is mainly due to floating interest rates of the Group's cash and cash equivalents and long-term borrowings.

E. Fair value of financial instruments

(a) Categories of financial instruments and fair value

The carrying amounts of the Group's current non-derivative financial instruments, including financial assets and financial liabilities at amortized cost, were considered to approximate their fair value due to their short-term nature. This methodology applies to cash and cash equivalents, receivables or payables (including related parties), guarantee deposits received and long-term borrowings, etc.

(b) Valuation techniques for financial instruments not measured at fair value

The Group's financial instruments not measured at fair value are financial assets measured at amortized cost. Except for the maturities that are quite closed or the future payment or receipt is closed to the carrying amount, the carrying amount at the consolidated balance sheet date is used to estimate the fair value.

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**PlayNitride Inc. and subsidiaries**  
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(c) There is no transfer between the levels for the years ended December 31, 2024 and 2023.

(20) Financial risk management

A. Overview

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

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

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

B. Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies and reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board of Directors is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

C. Credit risk

Please refer to note 6(19).

D. Liquidity risk

There is no liquidity risk of being unable to raise capital to settle contract obligations since the Group has sufficient capital and working capital to fulfill contract obligations.

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**PlayNitride Inc. and subsidiaries**  
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E. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(21) Capital management

The Group's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Group and other entities in the same industry use the liabilities-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital.

The Group's debt-to-capital ratios at the reporting date were as follows:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Total liabilities	\$ 513,155	343,210
Total equity	2,058,820	1,952,709
Liabilities-to-equity ratio	25 %	18 %
Net adjusted liabilities-to-equity ratio (Note)	Note	Note

Note: Net adjusted liabilities-to-equity ratio is defined as short-term borrowings plus long-term borrowings less cash and cash equivalents and divided by total equity. If the ratio is negative, it will not be shown.

As of December 31, 2024, there were no changes in the Group's approach to capital management.

(22) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow were as follows:

A. For leased right-of-use assets, please refer to note 6(6).

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**PlayNitride Inc. and subsidiaries**  
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B. Reconciliations of liabilities arising from financing activities were as follows:

	<b>Lease liabilities</b>	<b>Long-term borrowings (including current portion)</b>	<b>Cash flows from financing activities</b>
Balance at January 1, 2024	\$ 39,835	20,478	60,313
Cash flows from financing activities			
Proceeds from long-term borrowings	-	126,440	126,440
Repayments of long-term borrowings	-	(17,811)	(17,811)
Payment of lease liabilities	(38,720)	-	(38,720)
Subtotal of cash flows from financing activities	(38,720)	108,629	69,909
Other changes related to liabilities			
Acquisition of right-of-use assets	107,445	-	107,445
Interest expense	1,458	-	1,458
Interest paid	(1,458)	-	(1,458)
Effect of exchange rate changes	409	-	409
Subtotal of other changes related to liabilities	107,854	-	107,854
Balance at December 31, 2024	<b>\$ 108,969</b>	<b>129,107</b>	<b>238,076</b>
Balance at January 1, 2023	\$ 53,235	40,755	93,990
Cash flows from financing activities			
Repayments of long-term borrowings	-	(20,277)	(20,277)
Payment of lease liabilities	(34,686)	-	(34,686)
Subtotal of cash flows from financing activities	(34,686)	(20,277)	(54,963)
Other changes related to liabilities			
Acquisition of right-of-use assets	25,111	-	25,111
Disposal of right-of-use assets	(3,628)	-	(3,628)
Gain on lease modification	(91)	-	(91)
Interest expense	820	-	820
Interest paid	(820)	-	(820)
Effect of changes in exchange rates	(106)	-	(106)
Subtotal of other changes related to liabilities	21,286	-	21,286
Balance at December 31, 2023	<b>\$ 39,835</b>	<b>20,478</b>	<b>60,313</b>

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**7. Related-party transactions:**

(1) Names and relationship with related parties

The followings are entities that have had transactions with the Group during the periods covered in the consolidated financial statements:

<u>Name of related party</u>	<u>Relationship with the Group</u>
Samsung Electronics Co., Ltd. and its subsidiaries (Samsung)	Key management personnel of the Group (Note 1)
Ennostar Inc. and its subsidiaries (Ennostar)	Key management personnel of the Group (Note 2)
AUO Optronics Corporation and its subsidiaries (AUO)	Key management personnel of the Group (Note 3)
LITE-ON Technology Corporation and its subsidiaries (LITE-ON)	Key management personnel of the Group

Note 1: SVIC No. 32 New Technology Business Investment L.L.P. of Samsung is the key management personnel (corporate director) of the Group.

Note 2: Epistar corporation of Ennostar is the key management personnel (corporate director) of the Group.

Note 3: Konly Venture Corporation of AUO is the key management personnel (corporate director) of the Group.

(2) Significant related-party transactions

A. Operating revenue

(a) The significant transactions with related parties were as follows:

<u>Related Party Category</u>	<u>2024</u>	<u>2023</u>
Key management personnel of the Group (Samsung)	\$ 262,212	132,606
Key management personnel of the Group (Ennostar)	110,216	546,059
Key management personnel of the Group (AUO)	1,097,200	185,401
	<u>\$ 1,469,628</u>	<u>864,066</u>

The sales price between the Group and its related parties cannot be compared since the Group sells different products to the third parties. However, the collection term is similar to that of the non-related parties.

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On November 10, 2022, the Group signed a contract with Ennostar based on a resolution of the board of directors to assist Ennostar in building a production line. The contract begins from November 11, 2022 to April 30, 2025. The total contract price is \$600 million dollars (excluding tax). Two-year warranty service is provided from the date of completion.

On October 31, 2023, the Group signed a contract with AUO based on a resolution of the board of directors to assist AUO in building a production line. The contract begins from January 1, 2024 to June 30, 2026. The total contract price is \$700 million dollars (excluding tax).

- (b) The outstanding balance from above-mentioned transactions is as follows:

<u>Item</u>	<u>Related Party Category</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Accounts receivable related parties, net	Key management personnel of the Group (Samsung)	\$ 40,860	32,201
	Key management personnel of the Group (Ennostar)	16,695	-
	Key management personnel of the Group (AUO)	238,221	28,337
	Key management personnel of the Group (LITE-ON)	40	-
		<u>\$ 295,816</u>	<u>60,538</u>
Contract assets — current	Key management personnel of the Group (Ennostar)	\$ 53,628	106,511
	Key management personnel of the Group (AUO)	56,607	-
		<u>\$ 110,235</u>	<u>106,511</u>
Contract liabilities — current	Key management personnel of the Group (Ennostar)	\$ -	15,900
	Key management personnel of the Group (AUO)	1,706	-
		<u>\$ 1,706</u>	<u>15,900</u>

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**B. Purchase**

- (a) The amounts of significant purchase by the Group from related parties were as follows:

<u>Related Party Category</u>	<u>2024</u>	<u>2023</u>
Key management personnel of the Group (Ennostar)	\$ <u><u>38,996</u></u>	<u><u>33,525</u></u>

The purchase price between the Group and the related party cannot be compared since the Group purchases different products from third parties. However, the payment term with related parties is similar to that of the non-related parties.

- (b) The outstanding balance (accounts payable—related parties) from above-mentioned transactions is as follows:

<u>Related Party Category</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Key management personnel of the Group (Ennostar)	\$ <u><u>1,256</u></u>	<u><u>20,357</u></u>

**C. Lease agreement**

- (a) The Group has signed relevant contracts to lease the existing plants and offices from Ennostar. The contract period is 2 to 4 years. Acquired right-of-use assets in the years ended December 31, 2024 and 2023 were \$100,523 thousand dollars and \$12,232 thousand dollars. Interest expenses recognized in the years ended December 31, 2024 and 2023 were \$1,164 thousand dollars and \$599 thousand dollars, respectively, and lease principal repayments for the years ended December 31, 2024 and 2023 were \$29,748 thousand dollars and \$28,704 thousand dollars, respectively. The balances of lease liabilities were \$96,182 thousand dollars and \$25,407 thousand dollars at December 31, 2024 and 2023, respectively. The balances of refundable deposits due to lease were \$4,601 thousand dollars, and prepaid rents were \$2,553 thousand dollars, at December 31, 2024 and 2023, respectively.
- (b) The Group leased the machines and parking spots, etc. from Ennostar for the years ended December 31, 2024 and 2023. Based on IFRS 16 the Group has elected not to recognize short-term lease and low value lease assets for these leases. The variable lease payments were not included in the measurement of lease liabilities. The operating rents paid by the Group were \$3,690 thousand dollars and \$2,021 thousand dollars for the years ended December 31, 2024 and 2023, respectively.

**D. Others**

- (a) The details of research expense, processing expense and plant facility usage expense paid by the Group to related parties are as follows:

<u>Related Party Category</u>	<u>2024</u>	<u>2023</u>
Key management personnel of the Group (Ennostar)	\$ <u><u>147,095</u></u>	<u><u>123,682</u></u>

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**PlayNitride Inc. and subsidiaries**  
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(b) Other receivables and payables to related parties

The details of the receivables and payables of the Group due to the above-mentioned transactions and other collections and payments made on behalf of related parties, etc. are as follows:

<b>Item</b>	<b>Related Party Category</b>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Other receivables-related parties	Key management personnel of the Group (Ennostar)	\$ <u>556</u>	<u>2,345</u>
Other payables-related parties	Key management personnel of the Group (Ennostar)	\$ <u>28,198</u>	<u>18,594</u>

(3) Transactions with key management personnel

Key management personnel compensation comprised:

	<b>2024</b>	<b>2023</b>
Short-term employee benefits	\$ <u>82,006</u>	<u>66,530</u>

**8. Pledged assets:**

The carrying values of pledged assets were as follows:

<b>Pledged assets</b>	<b>Purpose of pledge</b>	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Equipment included in property, plant and equipment	Guarantee of long-term borrowings	\$ 47,058	73,017
Financial assets at amortized cost — current	Guarantee of credit card	200	200
Financial assets at amortized cost — current	Guarantee for government grant	-	12,284
Financial assets at amortized cost — non-current	Guarantee for long-term borrowings	5,382	1,000
Financial assets at amortized cost — non-current	Provision guarantee	140	-
		\$ <u>52,780</u>	<u>86,501</u>

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**9. Commitments and contingencies:**

Significant commitments that were not recognized:

	<b>December 31, 2024</b>	<b>December 31, 2023</b>
Acquisition of property, plant and equipment	\$ 258,011	55,575
Purchase of construction equipment, material and consumables	232,696	234,886
	<b><u>\$ 490,707</u></b>	<b><u>290,461</u></b>

**10. Losses due to major disasters: None.**

**11. Subsequent events:**

- (1) On December 6, 2024, the board of directors of the Company approved a capital increase in cash to issue 10,500,000 new shares (NTD10 per share). The above-mentioned capital increase case was declared and effective on February 6, 2025 by the Financial Supervisory Commission.
- (2) On December 6, 2024, the board of directors of the Company approved to issue the first domestic secured convertible corporate bonds with a face value of NTD100 thousand dollars each, for a number of 8,000 bonds, in a total amount of \$800,000 thousand dollars. The above-mentioned secured convertible corporate bonds issue was declared and effective on February 6, 2025 by the Financial Supervisory Commission.

**12. Other:**

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

<b>By function</b>	<b>2024</b>			<b>2023</b>		
	<b>Classified as cost of sales</b>	<b>Classified as operating expenses</b>	<b>Total</b>	<b>Classified as cost of sales</b>	<b>Classified as operating expenses</b>	<b>Total</b>
<b>By item</b>						
Employee benefits						
Salaries	186,342	279,489	465,831	146,857	230,859	377,716
Labor and health insurance	16,302	22,038	38,340	13,272	19,217	32,489
Pension	7,882	11,655	19,537	6,467	9,873	16,340
Remuneration of directors	-	3,852	3,852	-	3,601	3,601
Others	7,101	14,952	22,053	6,870	10,564	17,434
Depreciation	143,739	102,150	245,889	150,057	91,227	241,284
Amortization	18,856	3,517	22,373	17,821	4,466	22,287

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**13. Other disclosures:**

(1) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group in years ended December 31, 2024:

- A. Loans to other parties: None.
- B. Endorsements/guarantees provided: Please refer to Table 1.
- C. Securities held as of December 31, 2024 (excluding investment in subsidiaries, associates and joint ventures): None.
- D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NTD300 million or 20% of the capital stock: None.
- E. Acquisition of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock: None.
- F. Disposal of individual real estate with amount exceeding the lower of NTD300 million or 20% of the capital stock: None.
- G. Related-party transactions for purchases and sales with amounts exceeding the lower of NTD100 million or 20% of the capital stock: Please refer to Table 2.
- H. Receivables from related parties with amounts exceeding the lower of NTD100 million or 20% of the capital stock: Please refer to Table 3.
- I. Trading in derivative instruments: None.
- J. Business relationships and significant intercompany transactions: Please refer to Table 4.

(2) Information on investees: Please refer to Table 5.

(3) Information on investment in mainland China: None.

(4) Information of major shareholder:

Unit: Share

<b>Shareholder's Name</b>	<b>Shareholding</b>	<b>Shares</b>	<b>Percentage</b>
SVIC No.45 New Technology Business Investment L.L.P.		11,993,446	11.19 %
SVIC No.32 New Technology Business Investment L.L.P.		10,867,604	10.13 %
Epistar Corporation		9,137,338	8.52 %
JKL Capital Investments Ltd.		8,333,302	7.77 %
Konly Venture Corporation		7,534,628	7.02 %

**PlayNitride Inc. and subsidiaries**  
**Notes to the Consolidated Financial Statements**

**14. Segment information:**

(1) General information and segment information

The Group has a single reportable segment. The Group is mainly engaged in the research, development, design, production and sale of Micro LED, module and the related product of panel, and in chemical, raw materials, products, and material wholesale and retail. The operating segment information is consistent with the consolidated financial statements. Please refer to the consolidated statements of comprehensive income for net revenues from external customers and segment profit or loss, and refer to the consolidated balance sheets for segment assets.

(2) Information by product and service

For information on products and services for 2024 and 2023, please refer to note 6(16).

(3) Geographic information

Sales information classified by location of customers is as follows, within which revenue is recognized based on the location of the customer and non-current assets are recognized based on the location of the asset.

A. Revenue from external customers:

For information on revenue from external customers for 2024 and 2023, please refer to note 6(16).

B. Non-current assets:

<u>Area</u>	<u>December 31, 2024</u>	<u>December 31, 2023</u>
Taiwan	\$ 737,991	764,210
America	<u>5,637</u>	<u>6,899</u>
	<u><b>\$ 743,628</b></u>	<u><b>771,109</b></u>

(4) Information on major customers

	<u>2024</u>	<u>2023</u>
Customer A	\$ 262,212	132,606
Customer B	1,097,200	185,401
Customer C	<u>110,216</u>	<u>546,059</u>
	<u><b>\$ 1,469,628</b></u>	<u><b>864,066</b></u>

(Continued)

**PlayNitride Inc. and subsidiaries**  
**Endorsements/guarantees provided**  
**For the year ended December 31, 2024**

Table 1

(In Thousands of New Taiwan Dollars)

No.	Endorser/ Guarantor	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided for Each Party (Notes 4, 5)	Maximum Endorsement/ Guarantee Balance for the Period (Note 2)	Ending Balance (Notes 3, 4)	Amount Actually Drawn Down (Note 4)	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Worth per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Notes 4, 5)	Endorsement/ Guarantee Provided by Parent Company to Subsidiary	Endorsement/ Guarantee Provided by Subsidiary to Parent Company	Endorsement/ Guarantee Provided to Subsidiaries in Mainland China
		Name	Nature of Relationship (Note 1)										
0	The Company	PlayNitride Display	5	720,587	196,380 (USD6,000,000)	196,380 (USD6,000,000)	-	196,380 (USD6,000,000)	9.54 %	720,587	Y	N	N
0	PlayNitride Display	The Company	2	969,373	816,080	816,080	-	-	58.93 %	969,373	N	Y	N

Note 1: The relationship between the endorser/guarantor and the guaranteed party:

- (1) A company with which it does business.
- (2) A company in which the Company directly and indirectly holds more than 50% of the voting shares.
- (3) For the parent company that directly or indirectly holds more than 50% of the Company's voting shares through its subsidiaries.
- (4) Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares.
- (5) Companies in which the Company holds, directly or indirectly, 100% of the voting shares.

Note 2: The maximum endorsement/guarantee balance for the period represents the highest amount in New Taiwan Dollars announced or occurred during the period.

Note 3: The ending balance represents the amounts approved by the Board of Directors.

Note 4: Amounts denominated in foreign currencies are translated into New Taiwan Dollars using the exchange rates at the reporting date.

Note 5: The policy for the limit of total endorsement/guarantee amount and the limit on endorsement/guarantee amount provided to each party are prescribed as follows:

The Company: The total amount of endorsement/guarantee provided by the Company is limited to 35% of its net worth. For any one endorsee/guarantee company, the limit shall not exceed 10% of the Company's net worth, nor the net worth of the endorsee/guarantee company, whichever is lower. With the approval of the Board of Directors, the policy for endorsement/guarantee granted by subsidiaries to the company whose voting shares are directly or indirectly wholly-owned is not limited by the above description.

PlayNitride Display: The total amount of endorsement/guarantee provided by PlayNitride Display is limited to 70% of its net worth. For any one endorsee/guarantee company, the limit shall not exceed 10% of PlayNitride Display's net worth, nor the net worth of the endorsee/guarantee company, whichever is lower. With the approval of the Board of Directors, the policy for endorsement/guarantee granted by subsidiaries to PlayNitride Display whose voting shares are directly or indirectly wholly-owned, or to the parent company whose voting shares are directly wholly-owned by PlayNitride Display, is not limited by the above description.

**PlayNitride Inc. and subsidiaries**

**Related-party transactions for purchases and sales with amounts exceeding the lower than NT\$300 million or 20% of the capital stock**

**For the year ended December 31, 2024**

Table 2

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase /(Sale)	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Samsung	Key management personnel of the Group	(Sale)	127,500	52 %	Note 2	-	-	23,914	100%	Note 1
The Company	PlayNitride Display	Subsidiaries	(Sale)	116,000	48 %	Note 2	-	-	-	-%	Note 1, 3
PlayNitride Display	AUO	Key management personnel of the Group	(Sale)	1,097,200	62 %	Note 2	-	-	238,221	76%	Note 1
PlayNitride Display	The Company	Parent Company	(Sale)	114,754	7 %	Note 2	-	-	33,183	11%	Note 1, 3
PlayNitride Display	ENNOSTAR	Key management personnel of the Group	(Sale)	110,216	6 %	Note 2	-	-	16,695	5%	Note 1
PlayNitride Display	Samsung	Key management personnel of the Group	(Sale)	134,712	8 %	Note 2	-	-	16,946	5%	Note 1

Note 1: Since the Group sells different products to the third parties, the sales price and payment terms between the Group and its the related parties cannot be compared.

Note 2: Payment terms are agreed in the contracts signed by both parties.

Note 3: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.



**PlayNitride Inc. and subsidiaries**  
**Receivables from related parties with amounts exceeding the lower than NT\$100 million or 20% of the capital stock**  
**December 31, 2024**

Table 3

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate (times)	Overdue		Amounts received in subsequent period (Note1)	Allowance for bad debts	Note
					Amount	Action taken			
PlayNitride Display	AUO	Key management personnel of the Group	238,221	8.23	7,826	Will be collected in next period	230,142	-	None

Note 1: The amount received in subsequent period as of February 18, 2025.

**PlayNitride Inc. and subsidiaries**  
**Business relationships and significant intercompany transactions**  
**For the year ended December 31, 2024**

Table 4

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	PlayNitride Display	1	Sales revenue	116,000	Note 3	6.56%
1	PlayNitride Display	The Company	2	Accounts receivable	33,183	-	1.29%
1	PlayNitride Display	The Company	2	Sales revenue	114,754	Note 3	6.49%

Note 1: The characters of business transactions between parent company and its subsidiaries are coded as follows:

1. PlayNitride "0".
2. PlayNitride Display "1".
3. The investee is coded consecutively beginning from "0" in the order presented in the table above.

Note 2: The relationships with transactions are as follows:

- (1) Parent company to its subsidiaries.
- (2) Subsidiaries to the parent company.
- (3) Transactions between subsidiaries.

Note 3: The price of inter-company sales are not comparable with those of third parties. The credit term is EOM 60 days.

Note 4: The table represented the amount of significant transaction exceeding 1 percent of the consolidated operating revenue or total assets.

Note 5: Only the sales revenue and receivables from related parties were disclosed; the relative purchase and payables need not be redisclosed.

**PlayNitride Inc. and subsidiaries**  
**Information on investees**  
**For the year ended December 31, 2024**

Table 5

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2024			Net income (losses) of investee	Share of profits/ losses of investee	Note
				December 31, 2024	December 31, 2023	Shares (thousands)	Percentage of Ownership	Carrying value			
The Company	PlayNitride Display	Taiwan	Engages in the research, development, design, manufacture and sale of Micro LED, modules, and panels, in related design, installation, and maintenance of process equipment, in out-licensing of innovative technologies, and in the chemical, raw materials, products, and material wholesale and retail.	4,470,000	4,470,000	58,200,000	100.00 %	1,384,819	91,451	91,451	Note 1
The Company	PlayNitride America Corporation	America	Sales and consulting services	31,633 (USD1,000)	31,633 (USD1,000)	10,000,000	100.00 %	10,416	(17,939)	(17,939)	Note 1

Note 1: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.