

Merida Industry Co., Ltd. and Subsidiaries

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2024 and 2023 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Merida Industry Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Merida Industry Co., Ltd. and its subsidiaries (collectively, the "Group") as of September 30, 2024 and 2023, the related consolidated statements of comprehensive income for the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023, the consolidated statements of changes in equity and cash flows for the nine months ended September 30, 2024 and 2023, and the related notes to the consolidated financial statements, including material accounting policy information (collectively referred to as 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 International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As disclosed in Note 12 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of September 30, 2024 and 2023, the combined total assets of these non-significant subsidiaries were NT\$6,021,503 thousand and NT\$5,976,558 thousand, representing 14% and 15%, respectively, of the consolidated total assets, and the combined total liabilities of these subsidiaries were NT\$2,852,431 thousand and NT\$2,765,377 thousand, respectively, both representing 15% of the consolidated total liabilities; for the three months ended September 30, 2024 and 2023, the amounts of combined comprehensive income (loss) of these subsidiaries were NT\$(107,386) thousand, NT\$38,779 thousand, representing (24)% and 3%, respectively, of the consolidated total comprehensive income, and for the nine months ended September 30, 2024 and 2023, the amounts of combined comprehensive income (loss) of these subsidiaries were NT\$(185,052) thousand, NT\$238,623 thousand, representing (7)% and 8%, respectively, of the consolidated total comprehensive income. As disclosed in Note 13, as of

September 30, 2024 and 2023, the investments accounted for using the equity method amounted to NT\$19,414,490 thousand and NT\$20,334,484 thousand, respectively; for the three months ended September 30, 2024 and 2023, the share of profit or loss of associates accounted for using the equity method amounted to NT\$(87,962) thousand and NT\$6,868 thousand, respectively, and for the nine months ended September 30, 2024 and 2023, the share of profit or loss of associates accounted for using the equity method amounted to NT\$(336,440) thousand and NT\$75,496 thousand, respectively. Other relevant information disclosed in the notes to the consolidated financial statements was based on unreviewed financial statements of the investees for the same reporting periods as those of the Group.

Qualified Conclusion

Based on our reviews, except for adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2024 and 2023, its consolidated financial performance for the three months ended September 30, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Shao-Chun Wu and Done-Yuin Tseng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 13, 2024

Notice to Readers

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

For the convenience of readers, the independent auditors’ review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors’ review report and consolidated financial statements shall prevail.

MERIDA INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2024		December 31, 2023		September 30, 2023	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 4 and 6)	\$ 3,572,111	8	\$ 3,459,041	9	\$ 4,547,334	11
Financial assets at fair value through profit or loss - current (Note 7)	61,163	-	204,951	1	201,654	1
Financial assets at amortized cost - current (Note 8)	1,594,897	4	116,866	-	97,154	-
Notes receivable (Note 20)	1,219	-	7,154	-	3,035	-
Trade receivables (Notes 9, 20 and 27)	821,255	2	735,258	2	880,085	2
Trade receivables from related parties (Notes 9, 20 and 26)	2,503,518	6	1,562,565	4	2,227,189	6
Other receivables (Note 26)	162,677	-	95,229	-	174,162	1
Inventories (Notes 10 and 27)	9,930,295	24	9,531,937	25	9,175,937	22
Other current assets	306,284	1	87,375	-	112,078	-
Total current assets	<u>18,953,419</u>	<u>45</u>	<u>15,800,376</u>	<u>41</u>	<u>17,418,628</u>	<u>43</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 11)	3,400	-	3,400	-	3,400	-
Financial assets at amortized cost - non-current (Note 8)	452,453	1	359,255	1	93,621	-
Investments accounted for using the equity method (Note 13)	19,414,490	46	18,955,372	50	20,334,484	49
Property, plant and equipment (Notes 14 and 27)	2,264,425	6	2,304,304	6	2,361,662	6
Right-of-use assets (Note 15)	318,300	1	281,916	1	297,679	1
Intangible assets	54,909	-	59,974	-	63,247	-
Deferred tax assets (Note 4)	317,685	1	305,924	1	309,814	1
Prepayments for equipment	37,865	-	31,460	-	10,798	-
Net defined benefit asset - non-current (Notes 4 and 18)	20,685	-	19,129	-	-	-
Other non-current assets	24,470	-	36,089	-	35,718	-
Total non-current assets	<u>22,908,682</u>	<u>55</u>	<u>22,356,823</u>	<u>59</u>	<u>23,510,423</u>	<u>57</u>
TOTAL	<u>\$ 41,862,101</u>	<u>100</u>	<u>\$ 38,157,199</u>	<u>100</u>	<u>\$ 40,929,051</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term bank loans (Notes 16 and 27)	\$ 6,725,115	16	\$ 6,088,998	16	\$ 7,565,260	18
Contract liabilities - current (Notes 20 and 26)	190,412	1	39,391	-	36,390	-
Notes and trade payables	5,211,557	12	2,833,485	8	2,862,339	7
Trade payables to related parties (Note 26)	92,426	-	64,777	-	52,776	-
Other payables (Note 17)	804,333	2	858,383	2	875,465	2
Current tax liabilities (Note 4)	228,120	1	767,209	2	649,155	2
Lease liabilities - current (Note 15)	47,730	-	51,556	-	51,466	-
Current portion of long-term bank loans (Note 16)	318,052	1	268,127	1	228,054	1
Other current liabilities	55,442	-	44,895	-	212,298	1
Total current liabilities	<u>13,673,187</u>	<u>33</u>	<u>11,016,821</u>	<u>29</u>	<u>12,533,203</u>	<u>31</u>
NON-CURRENT LIABILITIES						
Long-term bank loans (Notes 16 and 27)	1,006,219	2	1,169,575	3	1,172,796	3
Deferred tax liabilities (Note 4)	4,452,498	11	4,344,688	11	4,504,134	11
Lease liabilities - non-current (Note 15)	67,096	-	30,702	-	38,889	-
Net defined benefit liabilities (Notes 4 and 18)	-	-	-	-	104,094	-
Guarantee deposits received	28,467	-	25,077	-	24,375	-
Total non-current liabilities	<u>5,554,280</u>	<u>13</u>	<u>5,570,042</u>	<u>14</u>	<u>5,844,288</u>	<u>14</u>
Total liabilities	<u>19,227,467</u>	<u>46</u>	<u>16,586,863</u>	<u>43</u>	<u>18,377,491</u>	<u>45</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION						
Ordinary shares	2,989,838	7	2,989,838	8	2,989,838	7
Capital surplus						
Share premium from issuance of ordinary shares	416,290	1	416,290	1	416,290	1
Changes in capital surplus from investments in associates accounted for using the equity method	489,373	1	213,862	1	62,344	-
Retained earnings						
Legal reserve	4,116,578	10	3,937,840	10	3,937,840	9
Special reserve	638,687	2	666,194	2	666,194	2
Unappropriated earnings	12,750,577	30	12,934,212	34	13,142,069	32
Other equity	75,446	-	(638,687)	(2)	261,650	1
Total equity attributable to owners of the Corporation	<u>21,476,789</u>	<u>51</u>	<u>20,519,549</u>	<u>54</u>	<u>21,476,225</u>	<u>52</u>
NON-CONTROLLING INTERESTS	<u>1,157,845</u>	<u>3</u>	<u>1,050,787</u>	<u>3</u>	<u>1,075,335</u>	<u>3</u>
Total equity	<u>22,634,634</u>	<u>54</u>	<u>21,570,336</u>	<u>57</u>	<u>22,551,560</u>	<u>55</u>
TOTAL	<u>\$ 41,862,101</u>	<u>100</u>	<u>\$ 38,157,199</u>	<u>100</u>	<u>\$ 40,929,051</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated November 13, 2024)

MERIDA INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
SALES (Notes 20 and 26)	\$ 8,664,287	100	\$ 6,688,372	100	\$ 23,832,491	100	\$ 22,534,318	100
COST OF GOODS SOLD (Notes 10, 21 and 26)	<u>7,084,185</u>	<u>82</u>	<u>5,457,984</u>	<u>82</u>	<u>19,234,931</u>	<u>81</u>	<u>18,488,110</u>	<u>82</u>
GROSS PROFIT	1,580,102	18	1,230,388	18	4,597,560	19	4,046,208	18
REALIZED (UNREALIZED) GAIN ON TRANSACTIONS WITH ASSOCIATES	<u>74,447</u>	<u>1</u>	<u>86,790</u>	<u>2</u>	<u>(22,357)</u>	<u>-</u>	<u>400,850</u>	<u>2</u>
REALIZED GROSS PROFIT	<u>1,654,549</u>	<u>19</u>	<u>1,317,178</u>	<u>20</u>	<u>4,575,203</u>	<u>19</u>	<u>4,447,058</u>	<u>20</u>
OPERATING EXPENSES (Note 21)								
Selling and marketing expenses	203,782	2	187,301	3	860,255	3	815,070	3
General and administrative expenses	<u>313,509</u>	<u>4</u>	<u>263,204</u>	<u>4</u>	<u>914,265</u>	<u>4</u>	<u>819,421</u>	<u>4</u>
Total operating expenses	<u>517,291</u>	<u>6</u>	<u>450,505</u>	<u>7</u>	<u>1,774,520</u>	<u>7</u>	<u>1,634,491</u>	<u>7</u>
PROFIT FROM OPERATIONS	<u>1,137,258</u>	<u>13</u>	<u>866,673</u>	<u>13</u>	<u>2,800,683</u>	<u>12</u>	<u>2,812,567</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income (Note 26)	29,576	-	24,053	-	78,073	-	72,809	-
Dividend income	2,622	-	2,374	-	2,622	-	2,374	-
Other income (Note 26)	21,110	-	157	-	62,720	-	62,396	-
Net foreign exchange gains (loss) (Note 31)	(112,589)	(1)	235,273	4	160,480	1	255,176	1
Gain on fair value changes of financial assets at fair value through profit or loss	2,780	-	2,557	-	9,361	-	12,386	-
Share of profit (loss) of associates (Note 13)	(87,962)	(1)	6,868	-	(336,440)	(1)	75,496	-
Interest expense	(56,182)	(1)	(49,825)	(1)	(176,409)	(1)	(155,655)	-
Other expenses	<u>(31,060)</u>	<u>-</u>	<u>(9,215)</u>	<u>-</u>	<u>(70,769)</u>	<u>-</u>	<u>(91,388)</u>	<u>-</u>
Total non-operating income and expenses	<u>(231,705)</u>	<u>(3)</u>	<u>212,242</u>	<u>3</u>	<u>(270,362)</u>	<u>(1)</u>	<u>233,594</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	905,553	10	1,078,915	16	2,530,321	11	3,046,161	14
INCOME TAX EXPENSE (Notes 4 and 22)	<u>214,581</u>	<u>2</u>	<u>286,767</u>	<u>4</u>	<u>701,257</u>	<u>3</u>	<u>916,234</u>	<u>4</u>
NET PROFIT FOR THE PERIOD	<u>690,972</u>	<u>8</u>	<u>792,148</u>	<u>12</u>	<u>1,829,064</u>	<u>8</u>	<u>2,129,927</u>	<u>10</u>

(Continued)

MERIDA INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2024		2023		2024		2023	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that may be reclassified subsequently to profit or loss:								
Share of the other comprehensive income (loss) of associates accounted for using the equity method (Note 13)	\$ 125,096	1	\$ 52,576	1	\$ (41,568)	-	\$ 101,256	-
Exchange differences on translating of the financial statements of foreign operations	(384,856)	(4)	577,837	8	786,430	3	857,616	4
Income tax related to items that may be reclassified subsequently to profit or loss	8,764	-	-	-	8,764	-	-	-
Other comprehensive income (loss) for the period, net of income tax	(250,996)	(3)	630,413	9	753,626	3	958,872	4
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 439,976</u>	<u>5</u>	<u>\$ 1,422,561</u>	<u>21</u>	<u>\$ 2,582,690</u>	<u>11</u>	<u>\$ 3,088,799</u>	<u>14</u>
NET PROFIT								
ATTRIBUTABLE TO:								
Owners of the Corporation	\$ 690,182	8	\$ 758,286	11	\$ 1,761,499	8	\$ 1,995,239	10
Non-controlling interests	790	-	33,862	1	67,565	-	134,688	-
	<u>\$ 690,972</u>	<u>8</u>	<u>\$ 792,148</u>	<u>12</u>	<u>\$ 1,829,064</u>	<u>8</u>	<u>\$ 2,129,927</u>	<u>10</u>
TOTAL COMPREHENSIVE INCOME								
ATTRIBUTABLE TO:								
Owners of the Corporation	\$ 421,628	5	\$ 1,381,457	20	\$ 2,475,632	10	\$ 2,923,083	13
Non-controlling interests	18,348	-	41,104	1	107,058	1	165,716	1
	<u>\$ 439,976</u>	<u>5</u>	<u>\$ 1,422,561</u>	<u>21</u>	<u>\$ 2,582,690</u>	<u>11</u>	<u>\$ 3,088,799</u>	<u>14</u>
EARNINGS PER SHARE								
(Note 23)								
Basic	<u>\$ 2.31</u>		<u>\$ 2.54</u>		<u>\$ 5.89</u>		<u>\$ 6.67</u>	
Diluted	<u>\$ 2.30</u>		<u>\$ 2.53</u>		<u>\$ 5.88</u>		<u>\$ 6.64</u>	

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

(With Deloitte & Touche auditors' report dated November 13, 2024)

(Concluded)

MERIDA INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation					Other Equity Exchange Differences on Translation of the Financial Statements of Foreign Operations	Total	Non-controlling Interests (Note 12)	Total Equity
	Ordinary Shares (Note 19)	Capital Surplus (Note 19)	Retained Earnings (Note 19)		Unappropriated Earnings				
			Legal Reserve	Special Reserve					
BALANCE AT JANUARY 1, 2023	\$ 2,989,838	\$ 416,290	\$ 3,595,669	\$ 2,464,786	\$ 11,783,296	\$ (666,194)	\$ 20,583,685	\$ 910,934	\$ 21,494,619
Appropriation of 2022 earnings									
Legal reserve	-	-	342,171	-	(342,171)	-	-	-	-
Reversal of Special reserve	-	-	-	(1,798,592)	1,798,592	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(2,092,887)	-	(2,092,887)	(1,315)	(2,094,202)
Changes in capital surplus from investments in associates accounted for using the equity method	-	62,344	-	-	-	-	62,344	-	62,344
Net profit for the nine months ended September 30, 2023	-	-	-	-	1,995,239	-	1,995,239	134,688	2,129,927
Other comprehensive income (loss) for the nine months ended September 30, 2023, net of income tax	-	-	-	-	-	927,844	927,844	31,028	958,872
Total comprehensive income (loss) for the nine months ended September 30, 2023	-	-	-	-	1,995,239	927,844	2,923,083	165,716	3,088,799
BALANCE AT SEPTEMBER 30, 2023	\$ 2,989,838	\$ 478,634	\$ 3,937,840	\$ 666,194	\$ 13,142,069	\$ 261,650	\$ 21,476,225	\$ 1,075,335	\$ 22,551,560
BALANCE AT JANUARY 1, 2024	\$ 2,989,838	\$ 630,152	\$ 3,937,840	\$ 666,194	\$ 12,934,212	\$ (638,687)	\$ 20,519,549	\$ 1,050,787	\$ 21,570,336
Appropriation of 2023 earnings									
Legal reserve	-	-	178,738	-	(178,738)	-	-	-	-
Reversal of Special reserve	-	-	-	(27,507)	27,507	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(1,793,903)	-	(1,793,903)	-	(1,793,903)
Changes in capital surplus from investments in associates accounted for using the equity method	-	275,511	-	-	-	-	275,511	-	275,511
Net profit for the nine months ended September 30, 2024	-	-	-	-	1,761,499	-	1,761,499	67,565	1,829,064
Other comprehensive income (loss) for the nine months ended September 30, 2024, net of income tax	-	-	-	-	-	714,133	714,133	39,493	753,626
Total comprehensive income (loss) for the nine months ended September 30, 2024	-	-	-	-	1,761,499	714,133	2,475,632	107,058	2,582,690
BALANCE AT SEPTEMBER 30, 2024	\$ 2,989,838	\$ 905,663	\$ 4,116,578	\$ 638,687	\$ 12,750,577	\$ 75,446	\$ 21,476,789	\$ 1,157,845	\$ 22,634,634

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

(With Deloitte & Touche review report dated November 13, 2024)

MERIDA INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 2,530,321	\$ 3,046,161
Adjustments for:		
Depreciation expense	221,863	237,382
Amortization expense	15,476	15,317
Expected credit loss recognized on trade receivables	40,580	22,418
Net gain on fair value changes of financial assets at fair value through profit or loss	(9,361)	(12,386)
Interest expense	176,409	155,655
Interest income	(78,073)	(72,809)
Dividend income	(2,622)	(2,374)
Share of loss (profit) of associates	336,440	(75,496)
Loss (gain) on disposal of property, plant and equipment	(491)	537
Write-downs of inventories	41,431	313,105
Unrealized (realized) gain on transactions with associates	22,357	(400,850)
Unrealized net loss (gain) on foreign currency exchange	43,586	(118,438)
Gain on lease modification	(1,035)	-
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	153,149	313,437
Notes receivable	5,935	(2,876)
Trade receivables	(1,106,804)	846,001
Other receivables	(78,517)	(58,928)
Inventories	(203,751)	860,580
Other current assets	(213,480)	170,990
Contract liabilities	149,027	(2,042,380)
Notes payable and trade payables	2,389,104	(2,952,683)
Other payables	(67,476)	(149,804)
Other current liabilities	9,915	196,327
Net defined benefit liabilities	(1,556)	157
Cash generated from operations	4,372,427	289,043
Interest received	46,040	52,042
Dividends received	2,622	2,374
Interest paid	(195,989)	(152,436)
Income tax paid	(1,139,232)	(1,179,272)
Net cash generated from (used in) operating activities	<u>3,085,868</u>	<u>(988,249)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	(1,521,916)	(189,899)
Proceeds from liquidation of investments accounted for using the equity method	-	1,852
Acquisition of property, plant and equipment	(50,282)	(58,186)
Proceeds from disposal of property, plant and equipment	1,434	2,119
Increase in refundable deposits	(1,250)	(1,852)
Payments for intangible assets	(186)	(5,377)

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MERIDA INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2024	2023
Decrease in other non-current assets	\$ 12,556	\$ 4,713
Increase in prepayments for equipment	<u>(37,631)</u>	<u>(21,444)</u>
Net cash used in investing activities	<u>(1,597,275)</u>	<u>(268,074)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term bank loans	562,260	2,529,268
Proceeds from long-term bank loans	64,389	116,866
Repayments of long-term bank loans	(213,271)	(149,349)
Proceeds from guarantee deposits received	2,612	842
Repayment of the principal portion of lease liabilities	(53,765)	(45,873)
Dividends paid to owners of the Corporation	<u>(1,793,903)</u>	<u>(2,094,202)</u>
Net cash generated from (used in) financing activities	<u>(1,431,678)</u>	<u>357,552</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>56,155</u>	<u>21,536</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	113,070	(877,235)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>3,459,041</u>	<u>5,424,569</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 3,572,111</u>	<u>\$ 4,547,334</u>

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

(With Deloitte & Touche auditors' report dated November 13, 2024)

(Concluded)

MERIDA INDUSTRY CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Merida Industry Co., Ltd. (the “Corporation”) was incorporated in September 1972 in the Republic of China (ROC). It manufactures and sells bicycles and related parts.

Shares of the Corporation have been listed on the Taiwan Stock Exchange (TWSE) since September 1992.

The consolidated financial statements of the Corporation and its subsidiaries (the “Group”) are presented in the Corporation’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on November 13, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note)

Note: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing other impacts of the above amended standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note)</u>
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

Note: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

1) IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as ‘other’ only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

2) Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”

The amendments mainly amend the requirements for the classification of financial assets, including if a financial asset contains a contingent feature that could change the timing or amount of contractual cash flows and the contingent event itself does not relate directly to changes in basic lending risks and costs (e.g., whether the debtor achieves a contractually specified reduction in carbon emissions), the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding if, and only if,

- In all possible scenarios (before and after the occurrence of a contingent event), the contractual cash flows are solely payments of principal and interest on the principal amount outstanding; and
- In all possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.

The amendments also stipulate that, when settling a financial liability in cash using an electronic payment system, an entity can choose to derecognize the financial liability before the settlement date if, and only if, the entity has initiated a payment instruction that resulted in:

- The entity having no practical ability to withdraw, stop or cancel the payment instruction;
- The entity having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- The settlement risk associated with the electronic payment system being insignificant.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing other impacts of the above amended standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value, and net defined benefit liabilities (assets) that are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Corporation.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Corporation.

See Note 12, and Tables 7 and 8 following the Notes to Consolidated Financial Statements for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other material accounting policies

Except for the following, refer to the consolidated financial statements for the year ended December 31, 2023.

1) Classification of current and non-current assets and liabilities

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

2) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

3) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Refer to the statements of material accounting judgments and key sources of estimation uncertainty to the consolidated financial statements for the year ended December 31, 2023.

6. CASH AND CASH EQUIVALENTS

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand	\$ 3,640	\$ 1,764	\$ 2,869
Checking accounts and demand deposits	3,364,557	2,930,584	3,704,205
Cash equivalents			
Time deposits with original maturities of 3 months or less	<u>203,914</u>	<u>526,693</u>	<u>840,260</u>
	<u>\$ 3,572,111</u>	<u>\$ 3,459,041</u>	<u>\$ 4,547,334</u>
Time deposit interest rate per annum (%)	1.55-4.70	1.8-4.70	1.00-4.20

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2024	December 31, 2023	September 30, 2023
Financial assets			
Non-derivative financial assets			
Domestic listed shares	\$ 61,163	\$ 53,200	\$ 50,388
Mutual funds	<u>-</u>	<u>151,751</u>	<u>151,266</u>
Financial assets at FVTPL - current	<u>\$ 61,163</u>	<u>\$ 204,951</u>	<u>\$ 201,654</u>

8. FINANCIAL ASSETS AT AMORTIZED COST

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
Time deposits with original maturities of more than 3 months	<u>\$ 1,594,897</u>	<u>\$ 116,866</u>	<u>\$ 97,154</u>
<u>Non-Current</u>			
Time deposits with original maturities of more than 3 months	<u>\$ 452,453</u>	<u>\$ 359,255</u>	<u>\$ 93,621</u>

9. TRADE RECEIVABLES

	September 30, 2024	December 31, 2023	September 30, 2023
Trade receivables	\$ 3,373,191	\$ 2,332,234	\$ 3,139,220
Less: Allowance for impairment loss	<u>(48,418)</u>	<u>(34,411)</u>	<u>(31,946)</u>
	<u>\$ 3,324,773</u>	<u>\$ 2,297,823</u>	<u>\$ 3,107,274</u>

In principle, the payment term granted to customers is 90 days from the invoice date and D/A or O/A of 60 to 180 days. The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. The Group determines the expected credit loss rate by reference to the past due days of trade receivables.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables of the Group:

	Not Past Due	Past Due Within 3 Months	Total
<u>September 30, 2024</u>			
Expected credit loss rate	0%-1%	3%	
Gross carrying amount	\$ 3,322,280	\$ 50,911	\$ 3,373,191
Loss allowance (Lifetime ECLs)	<u>(46,891)</u>	<u>(1,527)</u>	<u>(48,418)</u>
Amortized cost	<u>\$ 3,275,389</u>	<u>\$ 49,384</u>	<u>\$ 3,324,773</u>
<u>December 31, 2023</u>			
Expected credit loss rate	0%-1%	3%	
Gross carrying amount	\$ 2,321,502	\$ 10,732	\$ 2,332,234
Loss allowance (Lifetime ECLs)	<u>(34,089)</u>	<u>(322)</u>	<u>(34,411)</u>
Amortized cost	<u>\$ 2,287,413</u>	<u>\$ 10,410</u>	<u>\$ 2,297,823</u>
<u>September 30, 2023</u>			
Expected credit loss rate	0%-1%	3%	
Gross carrying amount	\$ 2,998,683	\$ 140,537	\$ 3,139,220
Loss allowance (Lifetime ECLs)	<u>(28,878)</u>	<u>(3,068)</u>	<u>(31,946)</u>
Amortized cost	<u>\$ 2,969,805</u>	<u>\$ 137,469</u>	<u>\$ 3,107,274</u>

The movements of the loss allowance of trade receivables were as follows:

	For the Nine Months Ended September 30	
	2024	2023
Balance at January 1	\$ 34,411	\$ 17,294
Net remeasurement of loss allowance	40,580	22,418
Amounts written off	(27,898)	(8,212)
Foreign exchange differences	<u>1,325</u>	<u>446</u>
Balance at September 30	<u>\$ 48,418</u>	<u>\$ 31,946</u>

10. INVENTORIES

	September 30, 2024	December 31, 2023	September 30, 2023
Finished goods	\$ 6,219,462	\$ 6,065,249	\$ 5,304,116
Work in progress	574,296	396,089	485,468
Raw materials and supplies	2,958,743	2,908,027	3,167,523
Inventory in transit	<u>177,794</u>	<u>162,572</u>	<u>218,830</u>
	<u>\$ 9,930,295</u>	<u>\$ 9,531,937</u>	<u>\$ 9,175,937</u>

For the three months ended September 30, 2024, 2023 and nine months ended September 30, 2024, 2023, the cost of inventories recognized as cost of goods sold was \$7,084,185 thousand, \$5,457,984 thousand, \$19,234,931 thousand and \$18,488,110 thousand, respectively, and the cost of goods sold included inventory write-downs (reversed) of (\$130,250) thousand, \$141,051 thousand, \$41,431 thousand and \$313,105 thousand, respectively. Inventory write-downs were reversed as a result of elimination of inventories, and the relevant amount was also reflected in cost of goods sold.

Inventories pledged as collateral for bank borrowings are set out in Note 27.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets - non-current</u>			
Domestic unlisted ordinary shares	<u>\$ 3,400</u>	<u>\$ 3,400</u>	<u>\$ 3,400</u>

These investments in equity instruments are not held for trading. Instead, they are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Proportion of Ownership (%)		
		September 30, 2024	December 31, 2023	September 30, 2023
The Corporation	Merida International (B.V.I.) Ltd. ("Merida B.V.I.")	100	100	100
	Merida & Centurion Germany GmbH (Merida & Centurion)	51	51	51
	Merida Benelux B.V. ("Merida Benelux")	60	60	60
	Merida Polska Sp.z.o.o ("Merida Polska")	74	74	74
	Merida Bicycles Ltd. ("Merida U.K.")	81	81	81
	Merida Japan Co., Ltd. ("Merida Japan")	90	90	90
	Merida Norge As. ("Merida Norge")	75	75	75

(Continued)

Investor	Investee	Proportion of Ownership (%)		
		September 30, 2024	December 31, 2023	September 30, 2023
Merida B.V.I.	Merida Industry (Hong Kong) Co., Ltd. ("Merida Hong Kong")	100	100	100
	Merida International (SAMOA) Ltd. ("Merida SAMOA")	70	70	70
Merida Hong Kong	Merida Bicycle (China) Co., Ltd. ("Merida China")	100	100	100
	Merida Bicycle (Shandong) Co., Ltd. ("Merida Shandong")	100	100	100
Merida SAMOA	Merida Bicycle (Jiangsu) Ltd. ("Merida Jiangsu")	100	100	100
Merida Norge	Merida Sverige AB ("Merida Sverige")	100	100	100
Merida Japan	Miyata Cycle Co., Ltd. ("Miyata")	100	100	100
Merida & Centurion	Merida Europe GmbH	100	100	100
	Merida R&D Center GmbH	100	100	100

(Concluded)

Refer to Tables 7 and 8 for the nature of activities, principal places of business and countries of incorporation of the subsidiaries.

Except for Merida Benelux, Merida & Centurion, Merida Polska, Merida U.K., Merida Japan and Merida Norge, the financial statements of the remaining subsidiaries have been reviewed by the accountants.

On August 12, 2024, the Corporation's board of directors resolved to purchase 39% of the shares of Merida & Centurion from the shareholder and managing director of Wolfgang Renner for EUR17,273,800. The parties signed the contract on October 16, 2024.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests (%)		
	September 30, 2024	December 31, 2023	September 30, 2023
Merida SAMOA	30	30	30

Summarized financial information in respect of Merida SAMOA and subsidiaries that have material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

	September 30, 2024	December 31, 2023	September 30, 2023
Current assets	\$ 1,547,549	\$ 1,095,290	\$ 1,329,850
Non-current assets	625,157	648,084	688,631
Current liabilities	(1,000,127)	(691,882)	(1,001,193)
Non-current liabilities	<u>(383,757)</u>	<u>(517,896)</u>	<u>(457,393)</u>
Equity	<u>\$ 788,822</u>	<u>\$ 533,596</u>	<u>\$ 559,895</u>

(Continued)

	September 30, 2024	December 31, 2023	September 30, 2023
Equity attributable to:			
Owners of Merida SAMOA	\$ 552,175	\$ 373,517	\$ 391,927
Non-controlling interests of Merida SAMOA	<u>236,647</u>	<u>160,079</u>	<u>167,968</u>
	<u>\$ 788,822</u>	<u>\$ 533,596</u>	<u>\$ 559,895</u> (Concluded)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Revenue	<u>\$1,121,104</u>	<u>\$ 841,137</u>	<u>\$3,136,601</u>	<u>\$2,262,722</u>
Net profit for the period	\$ 108,457	\$ 32,527	\$ 233,002	\$ 45,561
Other comprehensive income (loss) for the period	<u>12,275</u>	<u>2,135</u>	<u>8,700</u>	<u>(14,817)</u>
Total comprehensive income (loss) for the period	<u>\$ 120,732</u>	<u>\$ 34,662</u>	<u>\$ 241,702</u>	<u>\$ 30,744</u>
Profit attributable to:				
Owners of Merida SAMOA	\$ 75,919	\$ 22,769	\$ 163,101	\$ 31,893
Non-controlling interests of Merida SAMOA	<u>32,538</u>	<u>9,758</u>	<u>69,901</u>	<u>13,668</u>
	<u>\$ 108,457</u>	<u>\$ 32,527</u>	<u>\$ 233,002</u>	<u>\$ 45,561</u>
Total comprehensive income attributable to:				
Owners of Merida SAMOA	\$ 84,512	\$ 24,264	\$ 169,191	\$ 21,521
Non-controlling interests of Merida SAMOA	<u>36,220</u>	<u>10,398</u>	<u>72,511</u>	<u>9,223</u>
	<u>\$ 120,732</u>	<u>\$ 34,662</u>	<u>\$ 241,702</u>	<u>\$ 30,744</u>
Net cash inflow (outflow) from:				
Operating activities			\$ 689,756	\$ 117,482
Investing activities			(1,408)	(1,821)
Financing activities			<u>(206,348)</u>	<u>189,502</u>
Net cash inflow			<u>\$ 482,000</u>	<u>\$ 305,163</u>

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Unlisted shares</u>			
Specialized Bicycle Components Holding Company, Inc. (“SBC”)	\$ 19,122,720	\$ 18,653,865	\$ 20,015,889
SAIL & SURF Produktion-und Handelsgesellschaft m.b.H. (“SAIL & SURF”)	127,183	125,431	127,550
Merida Bikes SWE, S.A (“Merida Bikes SWE”)	57,162	56,483	66,793
Merida Czech s.r.o (“Merida Czech”)	53,024	56,433	60,619
Merida Slovakia s.r.o (“Merida Slovakia”)	29,777	26,739	28,251
Merida Korea Inc. (“Merida Korea”)	13,730	13,190	11,436
Merida Italy S.r.a (“Merida Italy”)	<u>10,894</u>	<u>23,231</u>	<u>23,946</u>
	<u>\$ 19,414,490</u>	<u>\$ 18,955,372</u>	<u>\$ 20,334,484</u>

The proportion of ownership and voting rights of investments in associates for the Group was as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
SBC	35%	35%	35%
SAIL & SURF	40%	40%	40%
Merida Bikes SWE	36%	36%	36%
Merida Czech	45%	45%	45%
Merida Slovakia	30%	30%	30%
Merida Korea	40%	40%	40%
Merida Italy	27%	27%	27%

Refer to Table 7 “Information on Investees” following the Notes to Consolidated Financial Statements for the nature of activities, principal place of business and country of incorporation of the Group’s associates.

The shareholders resolved in their meeting to liquidate WideDoctor in October 2022, and the liquidation was completed in June 2023, resulting in a return of the capital investment of \$1,852 thousand.

Investments were accounted for using the equity method, and the share of profit or loss and other comprehensive income of those investments were calculated based on financial statements, which have not been reviewed by the accountants.

14. PROPERTY, PLANT AND EQUIPMENT

	For the Nine Months Ended September 30, 2024						
	Land	Buildings	Machinery and Equipment	Transportation Equipment	Miscellaneous Equipment	Construction in Progress	Total
<u>Cost</u>							
Balance at January 1	\$ 479,527	\$ 2,836,751	\$ 1,279,894	\$ 38,528	\$ 290,040	\$ -	\$ 4,924,740
Additions	-	19,029	6,808	1,044	22,518	883	50,282
Disposals	-	(14)	(6,191)	(744)	(27,712)	-	(34,661)
Reclassifications	-	4,674	16,644	-	-	-	21,318
Effects of foreign currency exchange differences	<u>(1)</u>	<u>92,397</u>	<u>39,689</u>	<u>206</u>	<u>6,587</u>	<u>31</u>	<u>138,909</u>
Balance at September 30	<u>\$ 479,526</u>	<u>\$ 2,952,837</u>	<u>\$ 1,336,844</u>	<u>\$ 39,034</u>	<u>\$ 291,433</u>	<u>\$ 914</u>	<u>\$ 5,100,588</u>

(Continued)

For the Nine Months Ended September 30, 2024							
	Land	Buildings	Machinery and Equipment	Transportation Equipment	Miscellaneous Equipment	Construction in Progress	Total
Accumulated depreciation							
Balance at January 1	\$ -	\$ 1,368,597	\$ 1,018,867	\$ 27,144	\$ 205,828	\$ -	\$ 2,620,436
Additions	-	84,053	51,911	1,657	29,246	-	166,867
Disposals	-	(14)	(5,495)	(744)	(27,465)	-	(33,718)
Effects of foreign currency exchange differences	-	43,825	33,093	14	5,646	-	82,578
Balance at September 30	<u>\$ -</u>	<u>\$ 1,496,461</u>	<u>\$ 1,098,376</u>	<u>\$ 28,071</u>	<u>\$ 213,255</u>	<u>\$ -</u>	<u>\$ 2,836,163</u>
Carrying amount at September 30	<u>\$ 479,526</u>	<u>\$ 1,456,376</u>	<u>\$ 238,468</u>	<u>\$ 10,963</u>	<u>\$ 78,178</u>	<u>\$ 914</u>	<u>\$ 2,264,425</u> (Concluded)

For the Nine Months Ended September 30, 2023							
	Land	Buildings	Machinery and Equipment	Transportation Equipment	Miscellaneous Equipment	Construction in Progress	Total
Cost							
Balance at January 1	\$ 479,397	\$ 2,795,678	\$ 1,293,377	\$ 37,099	\$ 289,592	\$ 8,210	\$ 4,903,353
Additions	-	20,822	4,854	5,124	27,070	316	58,186
Disposals	-	(4,783)	(13,541)	(5,642)	(17,832)	(1,469)	(43,267)
Reclassifications	-	7,137	12,023	-	990	(7,137)	13,013
Effects of foreign currency exchange differences	28	46,481	6,405	358	1,306	80	54,658
Balance at September 30	<u>\$ 479,425</u>	<u>\$ 2,865,335</u>	<u>\$ 1,303,118</u>	<u>\$ 36,939</u>	<u>\$ 301,126</u>	<u>\$ -</u>	<u>\$ 4,985,943</u>
Accumulated depreciation							
Balance at January 1	\$ -	\$ 1,263,683	\$ 965,615	\$ 29,006	\$ 199,018	\$ -	\$ 2,457,322
Additions	-	87,971	61,960	1,647	35,161	-	186,739
Disposals	-	(4,599)	(13,307)	(4,959)	(17,746)	-	(40,611)
Effects of foreign currency exchange differences	-	14,966	5,009	25	831	-	20,831
Balance at September 30	<u>\$ -</u>	<u>\$ 1,362,021</u>	<u>\$ 1,019,277</u>	<u>\$ 25,719</u>	<u>\$ 217,264</u>	<u>\$ -</u>	<u>\$ 2,624,281</u>
Carrying amount at September 30	<u>\$ 479,425</u>	<u>\$ 1,503,314</u>	<u>\$ 283,841</u>	<u>\$ 11,220</u>	<u>\$ 83,862</u>	<u>\$ -</u>	<u>\$ 2,361,662</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	25-60 years
Ancillary work	4-55 years
Machinery and equipment	8-15 years
Transportation equipment	5 years
Miscellaneous equipment	3-15 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 27.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	September 30, 2024	December 31, 2023	September 30, 2023	
<u>Carrying amounts</u>				
Land	\$ 206,944	\$ 204,560	\$ 213,572	
Buildings	94,079	54,806	63,841	
Transportation equipment	15,938	20,509	18,272	
Miscellaneous equipment	<u>1,339</u>	<u>2,041</u>	<u>1,994</u>	
	<u>\$ 318,300</u>	<u>\$ 281,916</u>	<u>\$ 297,679</u>	
	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	2024	2023	2024	2023
Additions to right-of-use assets	<u>\$ 1,395</u>	<u>\$ 114</u>	<u>\$ 79,848</u>	<u>\$ 22,180</u>
Depreciation charge for right-of-use assets				
Land	\$ 2,098	\$ 2,323	\$ 6,469	\$ 7,049
Buildings	12,749	11,917	39,463	35,250
Transportation equipment	2,845	2,611	8,389	7,725
Miscellaneous equipment	<u>229</u>	<u>262</u>	<u>675</u>	<u>619</u>
	<u>\$ 17,921</u>	<u>\$ 17,113</u>	<u>\$ 54,996</u>	<u>\$ 50,643</u>

Except for the aforementioned additions and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets for the nine months ended September 30, 2024 and 2023.

b. Lease liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Carrying amounts</u>			
Current	<u>\$ 47,730</u>	<u>\$ 51,556</u>	<u>\$ 51,466</u>
Non-current	<u>\$ 67,096</u>	<u>\$ 30,702</u>	<u>\$ 38,889</u>

Range of discount rates for lease liabilities was as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Land	1.15%-6.86%	1.15%-6.86%	1.15%-6.86%
Buildings	1.15%-6.86%	1.15%-6.86%	1.15%-6.86%
Transportation equipment	0.80%-6.93%	0.80%-6.93%	0.80%-6.93%
Miscellaneous equipment	0.80%-6.86%	0.80%-6.86%	0.80%-6.86%

c. Material lease-activities and terms

The Group leases certain, land, buildings, transportation equipment, machinery, and miscellaneous equipment for product manufacturing and operational uses with lease terms of 2 to 7 years. According to the lease contract, the Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

Merida China acquired the right to use land in the Bao An District of Shenzhen City, mainland China for 50 years; Merida Shandong acquired the right to use land from the Dezhou Economic Development Zone in Shandong province for 50 years; Merida Jiangsu acquired the right to use land from the Nantong Economic and Technological Development Zone in Jiangsu province for 50 years. During the period of land use, the lessee enjoys land use rights, income rights, transfer and leasing rights and is responsible for the various taxes and fees payable for the use of the land. The land is used for the construction of production plants, office buildings and staff dormitories.

d. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Expenses relating to short-term leases	\$ 9,070	\$ 8,035	\$ 25,860	\$ 24,462
Expenses relating to low-value asset leases	\$ 479	\$ 437	\$ 1,384	\$ 1,238
Total cash outflow for leases	\$ (26,848)	\$ (24,078)	\$ (81,009)	\$ (71,573)

16. BORROWINGS

a. Short-term bank borrowings

	September 30, 2024	December 31, 2023	September 30, 2023
Unsecured borrowings	\$ 6,380,603	\$ 5,733,872	\$ 7,292,693
Letters of credit - due after 180 days of acceptance	101,328	54,626	46,710
Secured borrowings (Note 27)	<u>243,184</u>	<u>300,500</u>	<u>225,857</u>
	<u>\$ 6,725,115</u>	<u>\$ 6,088,998</u>	<u>\$ 7,565,260</u>
<u>Rate of interest per annum (%)</u>			
Unsecured borrowings	0.50-9.13	0.50-8.85	0.73-7.89
Letters of credit	No higher than 1.65	No higher than 0.42	No higher than 0.43
Secured borrowings	5.00-7.67	5.00-9.15	5.50-9.05

The secured borrowings were secured by the Group's freehold land, buildings, inventories and trade receivables (refer to Note 27).

b. Long-term bank borrowings

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Unsecured loans</u>			
Bank loans (1)	\$ 1,319,066	\$ 1,437,702	\$ 1,400,850
<u>Secured loans (Note 27)</u>			
Bank loans (2)	<u>5,205</u> 1,324,271	<u>-</u> 1,437,702	<u>-</u> 1,400,850
Less: Current portion	<u>(318,052)</u>	<u>(268,127)</u>	<u>(228,054)</u>
Long-term borrowings	<u>\$ 1,006,219</u>	<u>\$ 1,169,575</u>	<u>\$ 1,172,796</u>

- 1) The bank loans will be due from March 2026 to December 2036. As of September 30, 2024, December 31, 2023 and September 30, 2023, the effective interest rate range of the bank loans was 0.12%-4.35%, 0.12%-5.07% and 0.80%-7.89%, respectively.
- 2) The secured loans were secured by the Group's freehold land, buildings, inventories and trade receivables (refer to Note 27), As of September 30, 2024, the effective annual interest rate was 7.35%.

17. OTHER PAYABLES

	September 30, 2024	December 31, 2023	September 30, 2023
Payables for compensation of employees	\$ 141,561	\$ 154,377	\$ 174,939
Payables for salaries and bonuses	117,858	141,419	116,254
Payables for remuneration of directors	61,343	66,897	75,807
Others	<u>483,571</u>	<u>495,690</u>	<u>508,465</u>
	<u>\$ 804,333</u>	<u>\$ 858,383</u>	<u>\$ 875,465</u>

18. RETIREMENT BENEFIT PLANS

For the three months ended September 30, 2024, 2023 and nine months ended September 30, 2024, 2023, the pension expenses of defined benefit plans were \$535 thousand, \$1,404 thousand, \$1,607 thousand and \$4,211 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2023 and 2022, respectively.

19. EQUITY

a. Ordinary shares

	September 30, 2024	December 31, 2023	September 30, 2023
Number of shares authorized (in thousands)	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>
Shares authorized	<u>\$ 3,500,000</u>	<u>\$ 3,500,000</u>	<u>\$ 3,500,000</u>
Number of shares issued and fully paid (in thousands)	<u>298,984</u>	<u>298,984</u>	<u>298,984</u>
Shares issued	<u>\$ 2,989,838</u>	<u>\$ 2,989,838</u>	<u>\$ 2,989,838</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

b. Capital surplus

	September 30, 2024	December 31, 2023	September 30, 2023
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>			
Issuance of ordinary shares	\$ 416,290	\$ 416,290	\$ 416,290
<u>May only be used to offset a deficit</u>			
Changes in capital surplus from investments in associates accounted for using the equity method	<u>489,373</u>	<u>213,862</u>	<u>62,344</u>
	<u>\$ 905,663</u>	<u>\$ 630,152</u>	<u>\$ 478,634</u>

Note: Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and to once a year).

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to Note 21(b) employees' compensation and remuneration of directors.

According to the dividends policy of the Corporation, the total dividends distributed shall be 10% to 80% of the distributable retained earnings of the current year. In addition, cash dividends distributed should be at least 10% of the total dividends distributed.

The legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings and earnings per share approved in the shareholders' meetings in June 2024 and 2023, respectively, were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>For the Year Ended</u>		<u>For the Year Ended</u>	
	<u>December 31</u>		<u>December 31</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Legal reserve	\$ 178,738	\$ 342,171		
Reversal of special reserve	(27,507)	(1,798,592)		
Cash dividends	1,793,903	2,092,887	\$ 6.0	\$ 7.0

20. REVENUE

	<u>For the Three Months Ended</u>		<u>For the Nine Months Ended</u>	
	<u>September 30</u>		<u>September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenue from contracts with customers				
Revenue from sale of goods	<u>\$ 8,664,287</u>	<u>\$ 6,688,372</u>	<u>\$ 23,832,491</u>	<u>\$ 22,534,318</u>

a. Contract balances

	<u>September 30,</u>	<u>December 31,</u>	<u>September 30,</u>	<u>January 1,</u>
	<u>2024</u>	<u>2023</u>	<u>2023</u>	<u>2023</u>
Notes and trade receivables	<u>\$ 3,325,992</u>	<u>\$ 2,304,977</u>	<u>\$ 3,110,309</u>	<u>\$ 3,847,507</u>
Contract liabilities - current	<u>\$ 190,412</u>	<u>\$ 39,391</u>	<u>\$ 36,390</u>	<u>\$ 2,079,008</u>

b. Disaggregation of revenue

Refer to Note 33 for information about the disaggregation of revenue.

21. NET PROFIT FROM CONTINUING OPERATIONS

a. Employee benefits expense, depreciation and amortization expenses

	Operating Costs	Operating Expenses	Total
<u>For the three months ended September 30, 2024</u>			
Short-term employee benefits	\$ 297,376	\$ 223,162	\$ 520,538
Post-employment benefits			
Defined contribution plans	13,940	11,114	25,054
Defined benefit plans	204	331	535
Other employee benefits	12,009	35,218	47,227
Depreciation expense	39,276	33,576	72,852
Amortization expense	151	5,177	5,328
<u>For the three months ended September 30, 2023</u>			
Short-term employee benefits	264,152	225,147	489,299
Post-employment benefits			
Defined contribution plans	12,228	8,451	20,679
Defined benefit plans	1,044	360	1,404
Other employee benefits	8,226	36,928	45,154
Depreciation expense	44,886	34,781	79,667
Amortization expense	1	5,135	5,136
<u>For the nine months ended September 30, 2024</u>			
Short-term employee benefits	842,562	685,574	1,528,136
Post-employment benefits			
Defined contribution plans	39,277	33,120	72,397
Defined benefit plans	647	960	1,607
Other employee benefits	28,581	93,428	122,009
Depreciation expense	119,540	102,323	221,863
Amortization expense	302	15,174	15,476
<u>For the nine months ended September 30, 2023</u>			
Short-term employee benefits	848,010	648,294	1,496,304
Post-employment benefits			
Defined contribution plans	36,969	25,902	62,871
Defined benefit plans	3,124	1,087	4,211
Other employee benefits	31,487	104,654	136,141
Depreciation expense	135,303	102,079	237,382
Amortization expense	2	15,315	15,317

b. Employees' compensation and remuneration of directors

According to the Corporation's Articles of Incorporation, the Corporation accrued employees' compensation and remuneration of directors at rates of no less than 5% and no higher than 5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the three months ended September 30, 2024, 2023 and nine months ended September 30, 2024, 2023 are as follows:

Cash	For the Three Months Ended September 30			
	2024		2023	
	Accrual Rate	Amount	Accrual Rate	Amount
Employees' compensation	6%	\$ 53,457	6%	\$ 62,142
Remuneration of directors	2.6%	23,165	2.6%	26,928

Cash	For the Nine Months Ended September 30			
	2024		2023	
	Accrual Rate	Amount	Accrual Rate	Amount
Employees' compensation	6%	\$ 141,561	6%	\$ 174,939
Remuneration of directors	2.6%	61,343	2.6%	75,807

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The appropriations of employees' compensation and remuneration of directors for 2023 and 2022 which were resolved by the board of directors on March 14, 2024 and March 30, 2023, respectively, are as follows:

	For the Year Ended December 31	
	2023	2022
Employees' compensation	\$ 154,377	\$ 282,009
Remuneration of directors	66,897	122,204

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

Information on the employees' compensation and remuneration of directors resolved by the Corporation's board of directors is available at the Market Observation Post System website of the TWSE.

22. TAXES

a. Major components of tax expense recognized in profit or loss

	For the Three Months Ended		For the Nine Months Ended	
	September 30	September 30	September 30	September 30
	2024	2023	2024	2023
Current tax				
In respect of the current year	\$ 222,315	\$ 253,924	\$ 630,708	\$ 715,062
Income tax on unappropriated earnings	-	-	-	139,262
Adjustments for prior years	<u>(37,607)</u>	<u>4</u>	<u>(33,929)</u>	<u>(1,315)</u>
	184,708	253,928	596,779	853,009
Deferred tax				
In respect of the current year	<u>29,873</u>	<u>32,839</u>	<u>104,478</u>	<u>63,225</u>
Income tax expense recognized in profit or loss	<u>\$ 214,581</u>	<u>\$ 286,767</u>	<u>\$ 701,257</u>	<u>\$ 916,234</u>

b. Income tax assessments

The income tax returns of the Corporation through 2021 have been assessed by the tax authorities.

c. Pillar Two income tax legislation

The governments of the countries where Merida Japan, Merida Benelux, Merida & Centurion, Merida Europe GmbH, Merida R&D Center GmbH, Merida U.K., Merida Norge and Merida Sverige are incorporated, enacted or substantively enacted, the Pillar Two income tax legislation became effective from April 1, 2024 for the Japanese company and January 1, 2024 for the other countries.

Under the legislation, Merida Benelux, Merida & Centurion, Merida Europe GmbH, Merida R&D Center GmbH, Merida U.K., Merida Norge and Merida Sverige will be required to pay, in the country, a top-up tax on the profits that are taxed at an effective tax rate of less than 15 percent. As of September 30, 2024, approximately of the Group's annual partial profits may be subject to tax, which is currently taxed at the average effective tax rate applicable to those profits of 34 percent. This information is based on the profits and tax expenses determined as part of the preparation of the Group's consolidated financial statements, not considering that only the application of certain adjustments may have been required by the legislation. Because not all adjustments that would have been required by the legislation were made, the actual impact of the Pillar Two income tax legislation on the Group's results may be significantly different. The Group is continuing to assess the impact of the Pillar Two income tax legislation on its future financial performance.

23. EARNINGS PER SHARE

	Net Profit Attributable to Owners of the Corporation	Number of Shares	Earnings Per Share (NT\$)
<u>For the three months ended September 30, 2024</u>			
Basic earnings per share			
Profit for the year attributable to owners of the Corporation	\$ 690,182	298,983,800	\$ <u>2.31</u>
Effect of potentially dilutive ordinary shares:			
Employees' compensation	<u>-</u>	<u>615,484</u>	
Diluted earnings per share			
Profit for the year attributable to owners of the Corporation plus effect of potentially dilutive ordinary shares	<u>\$ 690,182</u>	<u>299,599,284</u>	<u>\$ 2.30</u>
<u>For the three months ended September 30, 2023</u>			
Basic earnings per share			
Profit for the year attributable to owners of the Corporation	\$ 758,286	298,983,800	\$ <u>2.54</u>
Effect of potentially dilutive ordinary shares:			
Employees' compensation	<u>-</u>	<u>999,649</u>	
Diluted earnings per share			
Profit for the year attributable to owners of the Corporation plus effect of potentially dilutive ordinary shares	<u>\$ 758,286</u>	<u>299,983,449</u>	<u>\$ 2.53</u>
<u>For the nine months ended September 30, 2024</u>			
Basic earnings per share			
Profit for the year attributable to owners of the Corporation	\$ 1,761,499	298,983,800	\$ <u>5.89</u>
Effect of potentially dilutive ordinary shares:			
Employees' compensation	<u>-</u>	<u>812,277</u>	
Diluted earnings per share			
Profit for the year attributable to owners of the Corporation plus effect of potentially dilutive ordinary shares	<u>\$ 1,761,499</u>	<u>299,796,077</u>	<u>\$ 5.88</u>
<u>For the nine months ended September 30, 2023</u>			
Basic earnings per share			
Profit for the year attributable to owners of the Corporation	\$ 1,995,239	298,983,800	\$ <u>6.67</u>
Effect of potentially dilutive ordinary shares:			
Employees' compensation	<u>-</u>	<u>1,537,542</u>	
Diluted earnings per share			
Profit for the year attributable to owners of the Corporation plus effect of potentially dilutive ordinary shares	<u>\$ 1,995,239</u>	<u>300,521,342</u>	<u>\$ 6.64</u>

The Group may settle compensation paid to employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

24. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Corporation (comprising issued capital, reserves, retained earnings and other equity).

Key management personnel of the Group reviews the capital structure on an annual basis. As part of this review, the key management personnel considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the number of dividends paid to shareholders, the number of new shares issued or repurchased, and the amount of new debt issued or existing debt redeemed.

25. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The carrying amounts of the Group's financial assets and liabilities that are not measured at fair value approximated their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

The Group's financial assets at FVTPL and financial assets at FVTOCI are measured at fair value using Level 1 inputs. There were no transfers between Levels 1 and 2 in the current and prior years.

c. Categories of financial instruments

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Financial assets</u>			
Financial assets at FVTPL	\$ 61,163	\$ 204,951	\$ 201,654
Financial assets at amortized cost	9,103,429	6,345,242	8,039,499
Financial assets at FVTOCI - equity instruments	3,400	3,400	3,400
<u>Financial liabilities</u>			
Financial liabilities at amortized cost	14,186,169	11,308,422	12,781,065

The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes and trade receivables, other receivables and refundable deposits.

The balances of financial liabilities above include financial liabilities measured at amortized cost, which comprise short-term and long-term bank borrowings, notes and trade payables, other payables, current portion of long-term borrowings and guarantee deposits received.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, trade receivables, trade payables, borrowings, and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the board of directors and compliance with policies and exposure limits was reviewed according to the internal control policies on a continuous basis.

a) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group entered into forward foreign exchange forward contracts to hedge the exchange rate risk arising on imports and exports.

i. Foreign currency risk

The Group has foreign currency denominated sales and purchases, which expose the group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 31.

Sensitivity analysis

The Group was mainly exposed to the USD. Assuming a 1% increase in the NTD against the USD, the pre-tax profit for the nine months ended September 30, 2024 and 2023 would have decreased by \$39,356 thousand and \$46,291 thousand, respectively. The sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

ii. Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates were as follows.

	September 30, 2024	December 31, 2023	September 30, 2023
Fair value interest rate risk			
Financial assets	\$ 2,251,264	\$ 1,002,814	\$ 1,031,035
Financial liabilities	2,470,652	2,445,886	2,513,485
Cash flow interest rate risk			
Financial assets	3,334,091	2,902,044	3,672,725
Financial liabilities	5,693,560	5,163,072	6,542,980

Sensitivity analysis

The sensitivity analysis was determined based on the Group's exposure to interest rates at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. A 0.25% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.25% higher and all other variables were held constant, the Group's pre-tax profit for the nine months ended September 30, 2024 and 2023 would have decreased by \$4,424 thousand and \$5,382 thousand, respectively.

b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which would cause a financial loss to the Group due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Group could arise from:

- i. The carrying amount of the respective recognized financial assets as stated in the balance sheets.
- ii. The maximum amount the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

The Group's concentration of credit risk was mainly from customer A, which accounted for 56%, 47% and 50% of the total trade receivables as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively.

c) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group had available unutilized bank loan facilities of \$15,953,884 thousand \$14,159,042 thousand and \$13,130,262 thousand, respectively.

Liquidity and interest rate risk table for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

	On Demand or Less than 1 Year	1-2 Years	More than 2 Years
<u>September 30, 2024</u>			
Non-interest bearing liabilities	\$ 6,108,316	\$ -	\$ -
Lease liabilities	52,162	41,899	28,465
Variable interest rate liabilities	4,752,281	314,302	626,977
Fixed interest rate liabilities	<u>2,290,886</u>	<u>24,932</u>	<u>40,008</u>
	<u>\$ 13,203,645</u>	<u>\$ 381,133</u>	<u>\$ 695,450</u>
<u>December 31, 2023</u>			
Non-interest bearing liabilities	\$ 3,756,645	\$ -	\$ -
Lease liabilities	53,975	21,280	10,788
Variable interest rate liabilities	4,051,459	296,774	814,839
Fixed interest rate liabilities	<u>2,305,666</u>	<u>27,496</u>	<u>30,466</u>
	<u>\$ 10,167,745</u>	<u>\$ 345,550</u>	<u>\$ 856,093</u>
<u>September 30, 2023</u>			
Non-interest bearing liabilities	\$ 3,790,580	\$ -	\$ -
Lease liabilities	53,984	27,740	12,743
Variable interest rate liabilities	5,478,837	264,173	799,970
Fixed interest rate liabilities	<u>2,314,477</u>	<u>42,576</u>	<u>66,077</u>
	<u>\$ 11,637,878</u>	<u>\$ 334,489</u>	<u>\$ 878,790</u>

Further information on the maturity analysis of the above financial liabilities was as follows:

	Less than 1 Year	1-5 Years	5-10 Years
<u>September 30, 2024</u>			
Lease liabilities	\$ 52,162	\$ 70,364	\$ -
Variable interest rate liabilities	4,752,281	659,006	282,273
Fixed interest rate liabilities	<u>2,290,886</u>	<u>64,940</u>	<u>-</u>
	<u>\$ 7,095,329</u>	<u>\$ 794,310</u>	<u>\$ 282,273</u>

	Less than 1 Year	1-5 Years	5-10 Years
<u>December 31, 2023</u>			
Lease liabilities	\$ 53,975	\$ 32,068	\$ -
Variable interest rate liabilities	4,051,459	804,461	307,152
Fixed interest rate liabilities	<u>2,305,666</u>	<u>57,962</u>	<u>-</u>
	<u>\$ 6,411,100</u>	<u>\$ 894,491</u>	<u>\$ 307,152</u>
<u>September 30, 2023</u>			
Lease liabilities	\$ 53,984	\$ 40,483	\$ -
Variable interest rate liabilities	5,478,837	753,866	310,277
Fixed interest rate liabilities	<u>2,314,477</u>	<u>87,033</u>	<u>21,620</u>
	<u>\$ 7,847,298</u>	<u>\$ 881,382</u>	<u>\$ 331,897</u>

26. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Corporation and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related Party Categories/Names

<u>Related Party</u>	<u>Relationship with the Group</u>
SBC Group	Associate
SAIL & SURF	Associate
Merida Bikes SWE	Associate
Merida Czech	Associate
Merida Slovakia	Associate
Merida Korea	Associate
Merida Italy	Associate
Cheng Shin Rubber Industry Co., Ltd. (“Cheng Shin”)	Other
Cheng Shin Rubber (Xiamen) Ind., Ltd. (“Cheng Shin (Xiamen)”)	Other
Tianjin Tafeng Rubber Industry Co., Ltd. (“Tianjin Tafeng”)	Other
Cheng Shin Rubber (Vietnam) Ind., Ltd. (“Cheng Shin (Vietnam)”)	Other

b. Sales of goods

<u>Related Party Category/Name</u>	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Associates				
SBC Group	\$ 3,665,672	\$ 2,638,721	\$ 8,968,820	\$ 11,299,305
Others	<u>185,922</u>	<u>339,101</u>	<u>895,922</u>	<u>1,063,380</u>
	<u>\$ 3,851,594</u>	<u>\$ 2,977,822</u>	<u>\$ 9,864,742</u>	<u>\$ 12,362,685</u>

The selling price and gross profit of the products that the Group sells to related parties are quoted based on the differences in the products and the acceptance of the market. The quoted price is different from that of OEM products.

c. Purchase of goods

Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Other related parties	\$ 83,625	\$ 69,186	\$ 231,798	\$ 188,335
Associates	<u>42,019</u>	<u>3,780</u>	<u>80,165</u>	<u>19,075</u>
	<u>\$ 125,644</u>	<u>\$ 72,966</u>	<u>\$ 311,963</u>	<u>\$ 207,410</u>

The purchase price is quoted based on market prices.

d. Contract liabilities - advance receipts

Related Party Category/Name	September 30, 2024	December 31, 2023	September 30, 2023
Associates			
SBC Group	<u>\$ 110,870</u>	<u>\$ 15,116</u>	<u>\$ 15,116</u>

e. Receivables from related parties

Related Party Category/Name	September 30, 2024	December 31, 2023	September 30, 2023
<u>Trade receivables</u>			
Associates			
SBC Group	\$ 1,891,351	\$ 1,106,418	\$ 1,573,904
Others	<u>612,167</u>	<u>456,147</u>	<u>653,285</u>
	<u>\$ 2,503,518</u>	<u>\$ 1,562,565</u>	<u>\$ 2,227,189</u>
<u>Other receivables</u>			
Associates			
SBC Group	\$ 8,155	\$ 6,115	\$ 35,525
Others	<u>2,821</u>	<u>2,514</u>	<u>2,302</u>
	<u>\$ 10,976</u>	<u>\$ 8,629</u>	<u>\$ 37,827</u>

f. Payables to related parties

Related Party Category	September 30, 2024	December 31, 2023	September 30, 2023
<u>Trade payables</u>			
Other related parties	\$ 61,683	\$ 46,739	\$ 52,512
Associates	<u>30,743</u>	<u>18,038</u>	<u>264</u>
	<u>\$ 92,426</u>	<u>\$ 64,777</u>	<u>\$ 52,776</u>

g. Other transactions with related parties

1) Interest income

Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Associates				
SBC Group	\$ 6,640	\$ 12,054	\$ 13,319	\$ 33,538
Others	<u>1,806</u>	<u>1,964</u>	<u>7,806</u>	<u>4,743</u>
	<u>\$ 8,446</u>	<u>\$ 14,018</u>	<u>\$ 21,125</u>	<u>\$ 38,281</u>

The Corporation receives interest from overdue trade receivables at an interest rate agreed upon in the terms of the transactions.

2) Other income

Related Party Category/Name	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Associates				
SBC Group	\$ 6,738	\$ 8,344	\$ 7,818	\$ 25,575
Others	<u>8</u>	<u>2</u>	<u>8</u>	<u>2</u>
	<u>\$ 6,746</u>	<u>\$ 8,346</u>	<u>\$ 7,826</u>	<u>\$ 25,577</u>

h. Remuneration of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2024	2023	2024	2023
Short-term employee benefits	\$ 31,941	\$ 36,614	\$ 86,932	\$ 107,183
Post-employment benefits	<u>141</u>	<u>138</u>	<u>435</u>	<u>393</u>
	<u>\$ 32,082</u>	<u>\$ 36,752</u>	<u>\$ 87,367</u>	<u>\$ 107,576</u>

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends.

27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	September 30, 2024	December 31, 2023	September 30, 2023
Inventories	\$ 401,775	\$ 494,657	\$ 223,111
Trade receivables	97,595	82,009	71,964
Property, plant and equipment	<u>16,163</u>	<u>32,448</u>	<u>9,581</u>
	<u>\$ 515,533</u>	<u>\$ 609,114</u>	<u>\$ 304,656</u>

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of September 30, 2024, December 31, 2023 and September 30, 2023 were as follows:

- a. As of September 30, 2024, December 31, 2023 and September 30, 2023, unused letters of credit for purchases of raw materials amounted to approximately \$370,424 thousand, \$424,515 thousand and \$270,182 thousand, respectively.
- b. Unrecognized commitments were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Acquisition of property, plant and equipment	\$ 16,595	\$ 6,033	\$ 17,198

- c. Product liability insurance

The Corporation purchased product liability insurance over the products manufactured by the Corporation and its subsidiaries. The insured amount of the sales in USA and Canada is USD4,000 thousand and it covers accidents happening after September 18, 2000. The maximum indemnity claims for the single original cause of a liability is USD3,000 thousand. The insured amount for sales, other than those within the USA and Canada, is USD1,000 thousand, and covers accidents happening after January 7, 1999. The maximum indemnity claims for the single original cause of a liability is USD1,000 thousand.

29. SIGNIFICANT LOSSES FROM DISASTERS

No such incident.

30. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

No such incident.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The group entities' significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

	September 30, 2024			December 31, 2023		
	Foreign Currency	Exchange Rate	Carrying Amount	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>						
Monetary items						
USD	\$ 158,987	31.650	\$ 5,031,939	\$ 127,930	30.705	\$ 3,928,091
JPY	565,238	0.2223	125,652	659,067	0.2172	143,149

(Continued)

	September 30, 2024			December 31, 2023		
	Foreign Currency	Exchange Rate	Carrying Amount	Foreign Currency	Exchange Rate	Carrying Amount
<u>Non-monetary items</u>						
<u>Investments accounted for using the equity method</u>						
USD	\$ 604,583	31.650	\$ 19,135,052	\$ 607,930	30.705	\$ 18,666,491
EUR	6,681	35.38	236,374	7,185	33.98	244,146
<u>Financial liabilities</u>						
Monetary items						
USD	34,641	31.650	1,096,388	20,089	30.705	616,833
JPY	2,499,064	0.2223	555,542	1,602,346	0.2172	348,030

	September 30, 2023		
	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 164,886	32.270	\$ 5,320,871
JPY	576,610	0.2162	124,663
<u>Non-monetary items</u>			
<u>Investments accounted for using the equity method</u>			
USD	624,148	32.270	20,141,256
EUR	7,582	33.91	257,106
<u>Financial liabilities</u>			
Monetary items			
USD	21,436	32.270	691,740
JPY	1,865,135	0.2162	403,242

The Group is mainly exposed to the USD. The following information was aggregated by functional currencies of group entities, and the exchange rates between respective functional currencies and the presentation currency are disclosed. The significant (realized and unrealized) foreign exchange gains (losses) were as follows:

	For the Three Months Ended September 30			
	2024		2023	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1(NTD:NTD)	\$ (100,123)	1(NTD:NTD)	\$ 216,138
RMB	4.504(RMB:NTD)	(22,086)	4.351(RMB:NTD)	(3,329)
EUR	35.487(EUR:NTD)	<u>9,961</u>	34.487(EUR:NTD)	<u>24,706</u>
		<u>\$ (112,248)</u>		<u>\$ 237,515</u>

For the Nine Months Ended September 30					
		2024			2023
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains	
NTD	1(NTD:NTD)	\$ 182,034	1(NTD:NTD)	\$	205,689
RMB	4.443(RMB:NTD)	(36,844)	4.394(RMB:NTD)		1,323
EUR	34.82(EUR:NTD)	<u>15,694</u>	33.52(EUR:NTD)		<u>43,222</u>
		<u>\$ 160,884</u>			<u>\$ 250,234</u>

32. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries and associates). (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 4)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 5)
- 9) Trading in derivative instruments.

The Corporation has no outstanding forward contracts as of September 30, 2024 and 2023.

- 10) Intercompany relationships and significant intercompany transactions. (Table 6)
 - 11) Information on investees. (Table 7)
- b. Information on investments in mainland China:
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 8)

- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
- The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. (Table 4)
 - The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (Table 4)
 - The amount of property transactions and the amount of the resultant gains or losses. (None)
 - The balance of negotiable instrument endorsements, guarantees or pledges of collateral at the end of the year and their purposes. (Table 2)
 - The highest balance, the end of year balance, the interest rate range, and total current period interest with respect to financing of funds. (Table 1)
 - Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services. (None)
- c. Information of major shareholders:

List of all shareholders with ownership of 5% or greater showing the names and the number of shares and percentage of ownership held by each shareholder. (Table 9)

33. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the location of operations. The Group focuses on the manufacture and sale of bicycles and bicycle components. The Group's reportable segments are determined by products manufactured and the location of sales as follows:

- Domestic operations - products manufactured and sold in Taiwan
- Asia operations - products manufactured and sold in China, Hong Kong and Japan
- Europe operations - products sold in Europe

	For the Nine Months Ended September 30, 2024				
	Domestic Operations	Asia Operations	Europe Operations	Reconciliation and Elimination	Total
<u>Revenue</u>					
Revenue from external customers	\$10,658,019	\$ 8,813,549	\$ 4,360,923	\$ -	\$23,832,491
Inter-segment revenue	2,544,866	461,300	164,420	(3,170,586)	-
Interest income	56,941	36,133	7,124	(22,125)	78,073
Share of profit (loss) of associates accounted for using the equity method	<u>647,003</u>	<u>-</u>	<u>-</u>	<u>(983,443)</u>	<u>(336,440)</u>
Total revenue	<u>\$ 13,906,829</u>	<u>\$ 9,310,982</u>	<u>\$ 4,532,467</u>	<u>\$ (4,176,154)</u>	<u>\$23,574,124</u>

(Continued)

For the Nine Months Ended September 30, 2024

	Domestic Operations	Asia Operations	Europe Operations	Reconciliation and Elimination	Total
Interest expense	\$ 58,686	\$ 24,626	\$ 109,375	\$ (16,278)	\$ 176,409
Depreciation and amortization	87,226	78,604	71,509	-	237,339
Income tax expense	394,950	294,216	12,091	-	701,257
Segment profit and loss	1,761,498	1,063,433	(12,425)	(983,442)	1,829,064

Assets

Investments accounted for using the equity method	23,766,149	-	-	(4,351,659)	19,414,490
Segment assets	35,701,566	7,054,114	6,051,284	(6,944,863)	41,862,101
Segment liabilities	14,224,777	3,267,185	3,845,955	(2,110,450)	19,227,467
					(Concluded)

For the Nine Months Ended September 30, 2023

	Domestic Operations	Asia Operations	Europe Operations	Reconciliation and Elimination	Total
<u>Revenue</u>					
Revenue from external customers	\$ 13,323,333	\$ 4,951,666	\$ 4,259,319	\$ -	\$ 22,534,318
Inter-segment revenue	3,297,490	1,044,896	79,573	(4,421,959)	-
Interest income	69,679	13,773	5,641	(16,284)	72,809
Share of profit (loss) of associates accounted for using the equity method	<u>774,737</u>	<u>-</u>	<u>-</u>	<u>(699,241)</u>	<u>75,496</u>
Total revenue	<u>\$ 17,465,239</u>	<u>\$ 6,010,335</u>	<u>\$ 4,344,533</u>	<u>\$ (5,137,484)</u>	<u>\$ 22,682,623</u>
Interest expense	\$ 73,093	\$ 20,653	\$ 75,396	\$ (13,487)	\$ 155,655
Depreciation and amortization	94,602	85,337	72,760	-	252,699
Income tax expense	669,658	166,794	79,782	-	916,234
Segment profit and loss	1,995,239	574,612	259,317	(699,241)	2,129,927

Assets

Investments accounted for using the equity method	23,756,381	-	-	(3,421,897)	20,334,484
Segment assets	35,430,569	5,218,159	5,983,025	(5,702,702)	40,929,051
Segment liabilities	13,954,344	2,468,654	3,807,272	(1,852,779)	18,377,491

MERIDA INDUSTRY CO., LTD. AND SUBSIDIARIES

**FINANCING PROVIDED TO OTHERS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
(In Thousands of New Taiwan Dollars and Foreign Currencies)**

No.	Lender	Borrower (Note 4)	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amounts	Reasons for Short- term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit
													Item	Value		
0	The Corporation	Merida Benelux	Other receivables from related parties	Yes	\$ 78,665	\$ 77,299	\$ 39,258	5-6.3	For short-term financing needs	\$ -	Operating capital	\$ -	-	\$ -	\$ 8,590,715 (Note 1)	\$ 10,738,394 (Note 2)
1	Merida Shandong	Merida Jiangsu	Other receivables from related parties	Yes	RMB 80,000	RMB 80,000	-	2.325	For short-term financing needs	-	Operating capital	-	-	-	RMB 221,775 (Note 3)	RMB 221,775 (Note 3)

Note 1: 40% of the net assets of the Group in their latest financial statements.

Note 2: 50% of the net assets of the Group in their latest financial statements.

Note 3: 40% of the net assets of Merida Shandong in their latest financial statements.

Note 4: Significant intercompany accounts and transactions have been eliminated.

MERIDA INDUSTRY CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
(In Thousands of New Taiwan Dollars and Foreign Currencies)

No.	Endorser/Guarantor	Endorsee/Guaranteed Party		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Corporation	Merida U.K.	Subsidiary	\$ 6,443,036	EUR 500 GBP 6,000	EUR - GBP 6,000	\$ - GBP 5,897	\$ -	1.19	\$ 10,738,394	Yes	-	-
		Merida & Centurion	Subsidiary	6,443,036	EUR 27,500	EUR 27,500	EUR 21,950	-	4.53	10,738,394	Yes	-	-
		Merida Norge	Subsidiary	6,443,036	USD 1,000	USD 1,000	USD 1,000	-	0.15	10,738,394	Yes	-	-
		Merida Jiangsu	Third-tier subsidiary	6,443,036	RMB280,000	RMB220,000	RMB131,000	-	4.63	10,738,394	Yes	-	Yes
		Merida China	Third-tier subsidiary	6,443,036	RMB100,000	RMB100,000	RMB 10,000	-	2.11	10,738,394	Yes	-	Yes

Note 1: 30% of the net assets of the Corporation in their previous year's financial statements.

Note 2: 50% of the net assets of the Corporation in their previous year's financial statements.

MERIDA INDUSTRY CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

SEPTEMBER 30, 2024

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2024			
				Number of Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value (Note 2)
The Corporation	<u>Share capital</u>						
	Leechi Enterprises Co., Ltd.	-	Financial assets at FVTPL - current	113	\$ 1,810	-	\$ 1,810
	Cheng Shin	The Corporation's chairman is their director	Financial assets at FVTPL - current	1,146	59,353	-	59,353
	Merida Benelux (Note 1)	-	Financial assets at FVTOCI - non-current	2,749	89,220	-	89,220
	SR Suntour Inc.	-	Financial assets at FVTOCI - non-current	110	3,000	-	3,000
	Taifong Golf Course	-	Financial assets at FVTOCI - non-current	30	400	-	400
Long Jee Holdings Pte. Ltd.	-	Financial assets at FVTOCI - non-current	330	-	2	-	

Note 1: The preference shares investments have been eliminated.

Note 2: Refer to Note 25 for information on the fair values.

MERIDA INDUSTRY CO., LTD. AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
(In Thousands of New Taiwan Dollars and Foreign Currencies)**

Company Name	Related Party (Note)	Relationship	Transaction Details				Abnormal Transaction		Notes/Trade Receivables (Payables)		Note
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Corporation	SBC Group Merida & Centurion	Associate	Sales	\$ (8,968,820)	(68)	O/A 60 days	\$ -	-	\$ 1,891,351	43	
		Subsidiary	Sales	(818,462)	(6)	T/T 14 days or O/A 150 days	-	-	638,472	14	
	Merida Jiangsu Merida U.K.	Third-tier subsidiary	Sales	(716,196)	(5)	O/A 90 days	-	-	306,817	7	
		Subsidiary	Sales	(242,539)	(2)	O/A 120 days	-	-	88,659	2	
	SAIL & SURF	Associate	Sales	(220,671)	(2)	T/T 14 days or O/A 180 days	-	-	135,195	3	
		Associate	Sales	(217,787)	(2)	T/T 14 days or O/A 120 days	-	-	88,783	2	
	Merida Norge	Subsidiary	Sales	(209,108)	(2)	T/T 14 days or O/A 120 days	-	-	113,015	3	
	Merida Benelux Merida Korea	Subsidiary	Sales	(201,904)	(2)	O/A 180 days	-	-	196,119	4	
		Associate	Sales	(194,728)	(1)	T/T 14 days or O/A 120 days	-	-	135,807	3	
	Merida Polska Merida Japan	Subsidiary	Sales	(181,293)	(1)	O/A 150 days	-	-	275,433	6	
		Subsidiary	Sales	(135,929)	(1)	O/A 120 days	-	-	48,489	1	
	Merida Italy	Associate	Sales	(132,998)	(1)	O/A 120 days	-	-	195,336	4	
	Merida Jiangsu	Third-tier subsidiary	Purchase	277,135	2	T/T 30 days	-	-	-	-	
	Merida China	Third-tier subsidiary	Purchase	166,673	1	T/T 90 days	-	-	(51,480)	(1)	
	Merida Jiangsu	Merida Shandong	Associate	Sales	RMB (564,856)	(81)	T/T 90 days	-	-	RMB 17,721	90
Merida China	Merida Shandong	Associate	Sales	RMB (96,384)	(50)	T/T 90 days	-	-	RMB 5,771	34	

Note: Significant intercompany accounts and transactions have been eliminated.

MERIDA INDUSTRY CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

SEPTEMBER 30, 2024

(In Thousands of New Taiwan Dollars and Foreign Currencies)

Company Name	Related Party (Note)	Relationship	Financial Statement Account	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
						Amount	Actions Taken		
The Corporation	SBC Group	Associate	Trade receivables from related parties	\$ 1,891,351	7.97	\$ -	-	\$ 1,427,282	\$ -
			Other receivables from related parties	8,155	-	-	-	8,091	-
	Merida & Centurion	Subsidiary	Trade receivables from related parties	638,472	1.67	842	Enhanced collection	197,538	-
			Other receivables from related parties	8,602	-	-	-	2,649	-
	Merida Polska	Subsidiary	Trade receivables from related parties	275,433	0.75	94,931	Enhanced collection	-	-
	Merida Italy	Associate	Trade receivables from related parties	195,336	1.01	-	-	7,486	982
	Merida Benelux	Subsidiary	Trade receivables from related parties	196,119	1.45	14,035	Enhanced collection	15,726	-
			Other receivables from related parties	43,179	-	-	-	313	-
	SAIL & SURF	Associate	Trade receivables from related parties	135,195	2.47	-	-	24,951	679
	Merida Jiangsu	Third-tier subsidiary	Trade receivables from related parties	306,817	3.93	-	-	89,049	-
			Other receivables from related parties	23,300	-	-	-	-	-
	Merida Korea	Associate	Trade receivables from related parties	135,807	2.52	15,236	Enhanced collection	26,991	1,065
			Other receivables from related parties	117	-	-	-	59	-
	Merida Norge	Subsidiary	Trade receivables from related parties	113,015	2.24	-	-	5,356	-
			Other receivables from related parties	1,564	-	-	-	143	-
	Merida Shandong	Third-tier subsidiary	Other receivables from related parties	217,563	-	-	-	-	-

Note: Significant intercompany accounts and transactions have been eliminated.

MERIDA INDUSTRY CO., LTD. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
(In Thousands of New Taiwan Dollars and Foreign Currencies)**

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Account	Amount (Note 2)	Payment Terms	% of Total Sales or Assets
0	The Corporation	Merida & Centurion	1	Sales	\$ 818,462	T/T 14 days or O/A 150 days	3
		Merida Jiangsu	1	Sales	716,196	O/A 90 days	3
		Merida U.K.	1	Sales	242,539	O/A 120 days	1
		Merida Norge	1	Sales	209,108	T/T 14 or O/A 120 days	1
		Merida Benelux	1	Sales	201,904	O/A 180 days	1
		Merida Polska	1	Sales	181,293	O/A 150 days	1
		Merida Japan	1	Sales	135,929	O/A 120 days	1
		Merida Jiangsu	1	Cost of sales	277,135	T/T 30 days	1
		Merida China	1	Cost of sales	166,673	T/T 90 days	1
		1	Merida Jiangsu	Merida Shandong	2	Sales	RMB 564,856
2	Merida China	Merida Shandong	2	Sales	RMB 93,384	T/T 90 days	2

Note 1: Flow of transactions numbered as follows: (1) From parent company to subsidiary; (2) From subsidiary to subsidiary.

Note 2: This transaction has been eliminated.

MERIDA INDUSTRY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
(In Thousands of New Taiwan Dollars and Foreign Currencies)

Investor Company	Investee Company (Note 2)	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2024	December 31, 2023	Number of Shares (In Thousands)	%	Carrying Amount			
The Corporation	<u>Share capital</u> SBC	State of Delaware, United States of America	Design, development, manufacture and sale of bicycles	\$ 887,013	\$ 887,013	3,410	35	\$ 19,122,720	USD (30,098)	\$ (341,179)	
	Merida B.V.I.	British Virgin Islands	International investment	1,362,597	1,362,597	42,500	100	3,538,972	USD 32,704	1,047,625	Subsidiary
	Merida & Centurion	Stuttgart, Germany	Sale of bicycles	103,725	103,725	-	51	636,249	EUR 687	12,208	Subsidiary
	Merida Polska	Gliwice, Poland	Sale of bicycles and bicycle components	113,170	113,170	-	74	44,052	PLN (3,176)	(18,602)	Subsidiary
	Merida Norge	Lysaker, Norway	Sale of bicycles	151,459	151,459	198	75	96,525	NOK 1,619	3,568	Subsidiary
	SAIL & SURF	Strobl, Austria	Sale of bicycles	116,195	116,195	-	40	127,183	EUR 371	5,164	
	Merida Czech	Brno, Czech Republic	Sale of bicycles	21,042	21,042	-	45	53,024	CZK 9	5	
	Merida Bikes SWE	Madrid, Spain	Sale of bicycles	18,646	18,646	1	36	57,162	EUR 188	2,383	
	Merida Slovakia	Partizanska, Slovakia	Sale of bicycles	40	40	-	30	29,777	EUR 177	1,851	
	Merida Japan	Kanagawa, Japan	Sale of bicycles	118,875	118,875	2	90	(32,561)	JPY (255,034)	(48,683)	Subsidiary
	Merida Italy	Reggio Emilia, Italy	Sale of bicycles	19,011	19,011	559	27	10,894	EUR (524)	(4,977)	
	Merida Benelux	Beekbergen, Netherlands	Sale of bicycles	65,400	65,400	766	60	(45,904)	EUR (46)	(965)	Subsidiary
	Merida U.K.	Nottingham, United Kingdom	Sale of bicycles	40,309	40,309	482	81	68,422	GBP (352)	(11,708)	Subsidiary
	Merida Korea	Seoul, Republic of Korea	Sale of bicycles	10,598	10,598	77	40	13,730	KRW 32,765	313	
Merida B.V.I.	<u>Share capital</u> Merida Hong Kong	Hong Kong	International investment and trade	USD 27,087	USD 27,087	202,800	100	USD 93,890	HKD 226,095	(Note 1)	Indirectly owned subsidiary
	Merida SAMOA	Samoa	International investment	USD 24,500	USD 24,500	24,500	70	USD 17,446	USD 7,274	(Note 1)	Indirectly owned subsidiary
Merida Norge	<u>Share capital</u> Merida Sverige	Gothenburg, Sweden	Sale of bicycles	NOK 814	NOK 814	-	100	NOK 2,870	SEK (2,672)	(Note 1)	Indirectly owned subsidiary
	Merida & Centurion	<u>Share capital</u> Merida Europe GmbH	Stuttgart, Germany	Brand promotion and cycling team management	EUR 25	EUR 25	-	100	EUR 1,988	EUR 243	(Note 1)
Merida R&D Center GmbH		Stuttgart, Germany	Design and development of bicycles	EUR 25	EUR 25	-	100	EUR 726	EUR 274	(Note 1)	Indirectly owned subsidiary
Merida Japan	<u>Share capital</u> Miyata	Kanagawa, Japan	Sale of bicycles	JPY 62,371	JPY 62,371	-	100	JPY (133,822)	JPY (69,076)	(Note 1)	Indirectly owned subsidiary

Note 1: Not applicable.

Note 2: Significant intercompany accounts and transactions have been eliminated.

MERIDA INDUSTRY CO., LTD. AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024
(In Thousands of New Taiwan Dollars and Foreign Currencies)**

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2024	Net Income of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 1)	Carrying Amount as of September 30, 2024 (Note 1)	Accumulated Repatriation of Investment Income as of September 30, 2024
					Outward	Inward						
Merida China	Manufacture and sale of bicycles	\$ 388,662 (USD 12,280)	The investment was made through a corporation established in a third country, which, in turn, invested in companies located in mainland China	\$ 350,904 (USD 11,087)	\$ -	\$ -	\$ 350,904 (USD 11,087)	\$ 27,275	100	\$ 27,275	\$ 396,792	\$ 1,980,246 (USD 62,567)
Merida Shandong	Manufacture and sale of e-bikes and bicycles	506,400 (USD 16,000)	The investment was made through a corporation established in a third country, which, in turn, invested in companies located in mainland China	506,400 (USD 16,000)	-	-	506,400 (USD 16,000)	900,110	100	900,110	2,508,575	1,251,125 (USD 39,530)
Merida Jiangsu	Manufacture and sale of e-bikes and bicycles	1,107,750 (USD 35,000)	The investment was made through a corporation established in a third country, which, in turn, invested in companies located in mainland China	522,225 (USD 16,500)	-	-	522,225 (USD 16,500)	229,437	70	160,606	517,980	-

Accumulated Outward Remittance for Investments in Mainland China as of September 30, 2024	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
\$ 1,379,529 (USD 43,587)	\$ 1,446,880 (USD 45,715) (Note 2)	\$ 13,580,780 (Note 3)

Note 1: The investment gain and carrying amount as of September 30, 2024 are recognized according to the financial statements reviewed by the Corporation's independent auditors.

Note 2: The amount includes the upper limit of the investment amount for Merida China of USD13,215 thousand, USD 16,000 thousand for Merida Shandong and USD16,500 thousand for Merida Jiangsu.

Note 3: Amounts are based on the upper limit of the investment amount regulated by the "Regulation for Screening of Application to Engage in Technical Cooperation in Mainland China".

TABLE 9**MERIDA INDUSTRY CO., LTD.****INFORMATION OF MAJOR SHAREHOLDERS
SEPTEMBER 30, 2024**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Michael S.T. Tseng	48,664,715	16.27

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Corporation as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.