

# **Merida Industry Co., Ltd. and Subsidiaries**

**Consolidated Financial Statements for the  
Three Months Ended March 31, 2025 and 2024 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 March 31, 2025 and 2024 and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, 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 March 31, 2025 and 2024, the combined total assets of these non-significant subsidiaries were NT\$6,930,828 thousand and NT\$6,650,347 thousand, respectively, representing 18% and 17%, respectively, of the consolidated total assets, and the combined total liabilities of these subsidiaries were NT\$3,519,971 thousand and NT\$2,866,238 thousand, respectively, representing 20% and 17%, respectively, of the consolidated total liabilities; for the three months ended March 31, 2025 and 2024, the amounts of combined comprehensive income (loss) of these subsidiaries were NT\$5,716 thousand and NT\$(63,622) thousand, respectively, representing 1% and (5)%, respectively, of the consolidated total comprehensive income (loss). As disclosed in Note 13, as of March 31, 2025 and 2024, the investments accounted for using the equity method amounted to NT\$16,226,808 thousand and NT\$19,699,650 thousand, respectively; for the three months ended March 31, 2025 and 2024, the share of loss of associates accounted for using the equity method amounted to NT\$(106,600) thousand and NT\$(76,189) 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 March 31, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2025 and 2024 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

May 14, 2025

### 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	March 31, 2025		December 31, 2024		March 31, 2024	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 4,026,412	10	\$ 3,640,467	10	\$ 3,569,247	9
Financial assets at fair value through profit or loss - current (Note 7)	59,019	-	57,764	-	159,241	-
Financial assets at amortized cost - current (Note 8)	192,021	1	264,238	1	163,118	-
Notes receivable (Note 20)	5,761	-	3,593	-	385	-
Trade receivables (Notes 9, 20 and 28)	1,346,965	4	664,139	2	1,168,207	3
Trade receivables from related parties (Notes 9, 20 and 27)	3,234,018	8	1,992,473	5	1,972,377	5
Other receivables (Note 27)	106,520	-	153,211	-	163,131	1
Inventories (Notes 10 and 28)	9,627,981	25	10,720,853	28	9,297,783	23
Other current assets	222,947	1	253,219	1	218,857	1
Total current assets	18,821,644	49	17,749,957	47	16,712,346	42
<b>NON-CURRENT ASSETS</b>						
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)	365,754	1	447,860	1	365,913	1
Investments accounted for using the equity method (Note 13)	16,226,808	42	16,023,996	43	19,699,650	49
Property, plant and equipment (Notes 14 and 28)	2,199,977	5	2,198,395	6	2,314,753	6
Right-of-use assets (Note 15)	298,541	1	297,545	1	273,825	1
Intangible assets	47,340	-	51,164	-	64,871	-
Deferred tax assets (Note 4)	333,431	1	323,957	1	290,594	1
Prepayments for equipment	45,303	-	45,366	-	1,886	-
Prepaid investments (Note 12)	315,721	1	315,721	1	-	-
Net defined benefit asset - non-current (Notes 4 and 18)	91,748	-	90,774	-	19,582	-
Other non-current assets	26,769	-	33,697	-	21,850	-
Total non-current assets	19,954,792	51	19,831,875	53	23,056,324	58
<b>TOTAL</b>	<b>\$ 38,776,436</b>	<b>100</b>	<b>\$ 37,581,832</b>	<b>100</b>	<b>\$ 39,768,670</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term bank loans (Notes 16 and 28)	\$ 7,162,694	18	\$ 6,710,250	18	\$ 5,921,504	15
Contract liabilities - current (Notes 20 and 27)	183,967	1	172,832	-	104,533	-
Notes and trade payables	3,616,323	9	4,105,755	11	3,064,497	8
Trade payables to related parties (Note 27)	60,154	-	43,424	-	66,727	-
Other payables (Notes 17 and 27)	984,467	3	928,940	3	892,151	2
Current tax liabilities (Note 4)	410,614	1	295,937	1	839,971	2
Lease liabilities - current (Note 15)	43,075	-	39,862	-	44,785	-
Current portion of long-term bank loans (Note 16)	353,293	1	337,167	1	308,857	1
Other current liabilities	54,103	-	42,819	-	86,618	-
Total current liabilities	12,868,690	33	12,676,986	34	11,329,643	28
<b>NON-CURRENT LIABILITIES</b>						
Long-term bank loans (Note 16)	903,745	2	911,829	2	1,125,917	3
Deferred tax liabilities (Note 4)	3,728,541	10	3,629,971	10	4,406,811	11
Lease liabilities - non-current (Note 15)	49,629	-	53,422	-	23,398	-
Guarantee deposits received	29,081	-	27,626	-	25,921	-
Total non-current liabilities	4,710,996	12	4,622,848	12	5,582,047	14
Total liabilities	17,579,686	45	17,299,834	46	16,911,690	42
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION</b>						
Ordinary shares	2,989,838	8	2,989,838	8	2,989,838	8
Capital surplus	1,014,595	2	940,458	2	720,569	2
Retained earnings						
Legal reserve	4,116,578	10	4,116,578	11	3,937,840	10
Special reserve	638,687	2	638,687	2	666,194	2
Unappropriated earnings	10,741,155	28	10,323,780	27	13,349,981	33
Other equity	627,027	2	286,112	1	111,425	-
Total equity attributable to owners of the Corporation	20,127,880	52	19,295,453	51	21,775,847	55
<b>NON-CONTROLLING INTERESTS</b>	<b>1,068,870</b>	<b>3</b>	<b>986,545</b>	<b>3</b>	<b>1,081,133</b>	<b>3</b>
Total equity	21,196,750	55	20,281,998	54	22,856,980	58
<b>TOTAL</b>	<b>\$ 38,776,436</b>	<b>100</b>	<b>\$ 37,581,832</b>	<b>100</b>	<b>\$ 39,768,670</b>	<b>100</b>

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

(With Deloitte & Touche review report dated May 14, 2025)

# 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 March 31			
	2025		2024	
	Amount	%	Amount	%
SALES (Notes 20 and 27)	\$ 7,567,582	100	\$ 5,845,495	100
COST OF GOODS SOLD (Notes 10, 21 and 27)	<u>6,315,314</u>	<u>83</u>	<u>4,771,198</u>	<u>82</u>
GROSS PROFIT	1,252,268	17	1,074,297	18
REALIZED (UNREALIZED) GAIN ON TRANSACTIONS WITH ASSOCIATES	<u>(68,517)</u>	<u>(1)</u>	<u>39,863</u>	<u>1</u>
REALIZED GROSS PROFIT	<u>1,183,751</u>	<u>16</u>	<u>1,114,160</u>	<u>19</u>
OPERATING EXPENSES (Note 21)				
Selling and marketing expenses	301,692	4	311,947	5
General and administrative expenses	<u>278,775</u>	<u>4</u>	<u>270,487</u>	<u>5</u>
Total operating expenses	<u>580,467</u>	<u>8</u>	<u>582,434</u>	<u>10</u>
PROFIT FROM OPERATIONS	<u>603,284</u>	<u>8</u>	<u>531,726</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 27)	16,104	-	19,449	-
Other income (Note 27)	47,035	1	29,668	-
Net foreign exchange gain (Note 32)	96,663	1	181,553	3
Gain on fair value changes of financial assets at fair value through profit or loss	1,256	-	6,586	-
Interest expense	(57,388)	(1)	(53,637)	(1)
Other expenses	(15,796)	-	(29,628)	-
Share of loss of associates (Note 13)	<u>(106,600)</u>	<u>(1)</u>	<u>(76,189)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(18,726)</u>	<u>-</u>	<u>77,802</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	584,558	8	609,528	10
INCOME TAX EXPENSE (Notes 4 and 22)	<u>132,315</u>	<u>2</u>	<u>176,794</u>	<u>3</u>
NET PROFIT FOR THE PERIOD	<u>452,243</u>	<u>6</u>	<u>432,734</u>	<u>7</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 March 31			
	2025		2024	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ 388,080	5	\$ 858,105	15
Share of the other comprehensive income (loss) of associates accounted for using the equity method (Note 13)	85,521	1	(94,612)	(2)
Income tax related to items that may be reclassified subsequently to profit or loss	<u>(85,229)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period, net of income tax	<u>388,372</u>	<u>5</u>	<u>763,493</u>	<u>13</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 840,615</u>	<u>11</u>	<u>\$ 1,196,227</u>	<u>20</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 418,525	6	\$ 415,769	7
Non-controlling interests	<u>33,718</u>	<u>-</u>	<u>16,965</u>	<u>-</u>
	<u>\$ 452,243</u>	<u>6</u>	<u>\$ 432,734</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 759,440	10	\$ 1,165,881	20
Non-controlling interests	<u>81,175</u>	<u>1</u>	<u>30,346</u>	<u>-</u>
	<u>\$ 840,615</u>	<u>11</u>	<u>\$ 1,196,227</u>	<u>20</u>
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$ 1.40</u>		<u>\$ 1.39</u>	
Diluted	<u>\$ 1.40</u>		<u>\$ 1.39</u>	

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

(With Deloitte & Touche review report dated May 14, 2025)

(Concluded)

MERIDA INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024  
(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 (Notes 12 and 24)	Total Equity
	Ordinary Share (Note 19)	Capital Surplus (Note 19)	Retained Earnings (Note 19)							
			Legal Reserve	Special Reserve	Unappropriated Earnings					
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	
Changes in capital surplus from investments in associates accounted for using the equity method	-	90,417	-	-	-	-	90,417	-	90,417	
Net profit for the three months ended March 31, 2024	-	-	-	-	415,769	-	415,769	16,965	432,734	
Other comprehensive income for the three months ended March 31, 2024, net of income tax	-	-	-	-	-	750,112	750,112	13,381	763,493	
Total comprehensive income for the three months ended March 31, 2024	-	-	-	-	415,769	750,112	1,165,881	30,346	1,196,227	
BALANCE AT MARCH 31, 2024	\$ 2,989,838	\$ 720,569	\$ 3,937,840	\$ 666,194	\$ 13,349,981	\$ 111,425	\$ 21,775,847	\$ 1,081,133	\$ 22,856,980	
BALANCE AT JANUARY 1, 2025	\$ 2,989,838	\$ 940,458	\$ 4,116,578	\$ 638,687	\$ 10,323,780	\$ 286,112	\$ 19,295,453	\$ 986,545	\$ 20,281,998	
Changes in capital surplus from investments in associates accounted for using the equity method	-	74,137	-	-	-	-	74,137	-	74,137	
Changes in ownership interests in subsidiaries	-	-	-	-	(1,150)	-	(1,150)	1,150	-	
Net profit for the three months ended March 31, 2025	-	-	-	-	418,525	-	418,525	33,718	452,243	
Other comprehensive income for the three months ended March 31, 2025, net of income tax	-	-	-	-	-	340,915	340,915	47,457	388,372	
Total comprehensive income for the three months ended March 31, 2025	-	-	-	-	418,525	340,915	759,440	81,175	840,615	
BALANCE AT MARCH 31, 2025	\$ 2,989,838	\$ 1,014,595	\$ 4,116,578	\$ 638,687	\$ 10,741,155	\$ 627,027	\$ 20,127,880	\$ 1,068,870	\$ 21,196,750	

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

(With Deloitte & Touche review report dated May 14, 2025)

# MERIDA INDUSTRY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 584,558	\$ 609,528
Adjustments for:		
Depreciation expense	66,818	69,143
Amortization expense	5,574	5,084
Expected credit loss recognized on trade receivables	11,484	759
Net gain on fair value changes of financial assets at fair value through profit or loss	(1,256)	(6,586)
Interest expense	57,388	53,637
Interest income	(16,104)	(19,449)
Share of loss of associates	106,600	76,189
Loss (gain) on disposal of property, plant and equipment	24	(400)
Reversal of write-downs of inventories	(5,054)	(5,433)
Unrealized (realized) gain on transactions with associates	68,517	(39,863)
Unrealized gain on foreign currency exchange	(82,413)	(62,197)
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	-	52,296
Notes receivable	(2,168)	6,769
Trade receivables	(1,792,247)	(777,627)
Other receivables	(50,769)	(51,352)
Inventories	1,397,859	284,648
Other current assets	35,243	(107,205)
Net defined benefit assets	(974)	(453)
Contract liabilities	9,950	64,196
Notes payable and trade payables	(515,476)	217,031
Other payables	21,152	30,534
Other current liabilities	8,855	42,605
Cash generated from (used in) operations	(92,439)	441,854
Interest received	16,777	9,748
Interest paid	(55,046)	(59,925)
Income tax paid	(13,228)	(49,092)
Net cash generated from (used in) operating activities	(143,936)	342,585
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at amortized cost	-	(43,673)
Proceeds from sale of financial assets at amortized cost	166,909	-
Acquisition of property, plant and equipment	(9,829)	(14,693)
Proceeds from disposal of property, plant and equipment	-	433
Decrease (increase) in refundable deposits	(1,992)	11
Acquisition of intangible assets	(1,466)	-
Decrease in other non-current assets	10,038	13,369
Increase in prepayments for equipment	(8)	(330)
Net cash generated from (used in) investing activities	163,652	(44,883)

(Continued)

# MERIDA INDUSTRY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2025	2024
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term bank loans	\$ 365,348	\$ (179,307)
Proceeds from long-term bank loans	40,444	21,200
Repayments of long-term bank loans	(75,032)	(52,421)
Proceeds from guarantee deposits received	222	1,122
Repayment of the principal portion of lease liabilities	<u>(12,498)</u>	<u>(12,852)</u>
Net cash generated from (used in) financing activities	<u>318,484</u>	<u>(222,258)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>47,745</u>	<u>34,762</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	385,945	110,206
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>3,640,467</u>	<u>3,459,041</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 4,026,412</u>	<u>\$ 3,569,247</u>

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

(With Deloitte & Touche review report dated May 14, 2025)

(Concluded)

# MERIDA INDUSTRY CO., LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 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 May 14, 2025.

### 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)

#### Amendments to IAS 21 “Lack of Exchangeability”

The initial application of the Amendments to IAS 21 “Lack of Exchangeability” 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 2026

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” – the amendments to the application guidance of classification of financial assets	January 1, 2026 (Note)

Note: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025.

- 1) Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets

The amendments mainly amend the requirements for the classification of financial assets, including:

- a) 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.
- b) to clarify that a financial asset has non-recourse features if an entity’s ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.
- c) to clarify that the characteristics of contractually linked instruments include a prioritization of payments to the holders of financial assets using multiple contractually linked instruments (tranches) established through a waterfall payment structure, resulting in concentrations of credit risk and a disproportionate allocation of cash shortfalls from the underlying pool between the tranches.

An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of the amendments on the Group’s financial position and financial performance.

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

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note)</b>
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” - the amendments to the application guidance of derecognition of financial liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023

(Continued)

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note)</b>
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
(Concluded)	

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 to the application guidance of derecognition of financial liabilities

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

- The Group having no practical ability to withdraw, stop or cancel the payment instruction;
- The Group 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.

The Group shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the 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 assets that are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements 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, which 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, 2024.

1) 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.

2) 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**

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When the Group develops material accounting estimates, the Group considers the possible impact of US reciprocal tariffs. The estimates and underlying assumptions are reviewed on an ongoing basis.

Based on the assessment of the Group's management, the accounting policies, estimates, and assumptions adopted by the Group have not been subject to material accounting judgements, estimates and assumptions uncertainty.

## 6. CASH AND CASH EQUIVALENTS

	March 31, 2025	December 31, 2024	March 31, 2024
Cash on hand	\$ 3,676	\$ 3,219	\$ 4,442
Checking accounts and demand deposits	3,866,597	3,489,767	3,266,723
Cash equivalents			
Time deposits with original maturities of 3 months or less	<u>156,139</u>	<u>147,481</u>	<u>298,082</u>
	<u>\$ 4,026,412</u>	<u>\$ 3,640,467</u>	<u>\$ 3,569,247</u>
Time deposit interest rate per annum (%)	1.45-3.90	1.50-4.10	1.55-4.70

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2025	December 31, 2024	March 31, 2024
Financial assets			
Non-derivative financial assets			
Domestic listed shares	\$ 59,019	\$ 57,764	\$ 59,112
Mutual funds	<u>-</u>	<u>-</u>	<u>100,129</u>
Financial assets at FVTPL - current	<u>\$ 59,019</u>	<u>\$ 57,764</u>	<u>\$ 159,241</u>

## 8. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Current</u>			
Time deposits with original maturities of more than 3 months	<u>\$ 192,021</u>	<u>\$ 264,238</u>	<u>\$ 163,118</u>
<u>Non-Current</u>			
Time deposits with original maturities of more than 3 months	<u>\$ 365,754</u>	<u>\$ 447,860</u>	<u>\$ 365,913</u>

## 9. TRADE RECEIVABLES

	March 31, 2025	December 31, 2024	March 31, 2024
Trade receivables	\$ 4,613,447	\$ 2,714,206	\$ 3,148,714
Less: Allowance for impairment loss	<u>(32,464)</u>	<u>(57,594)</u>	<u>(8,130)</u>
	<u>\$ 4,580,983</u>	<u>\$ 2,656,612</u>	<u>\$ 3,140,584</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:

	<b>Not Past Due</b>	<b>Past Due Within 3 Months</b>	<b>Total</b>
<u>March 31, 2025</u>			
Expected credit loss rate	0%-1%	3%	
Gross carrying amount	\$ 4,489,617	\$ 123,830	\$ 4,613,447
Loss allowance (Lifetime ECLs)	<u>(30,436)</u>	<u>(2,028)</u>	<u>(32,464)</u>
Amortized cost	<u>\$ 4,459,181</u>	<u>\$ 121,802</u>	<u>\$ 4,580,983</u>
<u>December 31, 2024</u>			
Expected credit loss rate	0%-1%	3%	
Gross carrying amount	\$ 2,673,256	\$ 40,950	\$ 2,714,206
Loss allowance (Lifetime ECLs)	<u>(56,373)</u>	<u>(1,221)</u>	<u>(57,594)</u>
Amortized cost	<u>\$ 2,616,883</u>	<u>\$ 39,729</u>	<u>\$ 2,656,612</u>
<u>March 31, 2024</u>			
Expected credit loss rate	0%-1%	3%	
Gross carrying amount	\$ 3,065,063	\$ 83,651	\$ 3,148,714
Loss allowance (Lifetime ECLs)	<u>(7,177)</u>	<u>(953)</u>	<u>(8,130)</u>
Amortized cost	<u>\$ 3,057,886</u>	<u>\$ 82,698</u>	<u>\$ 3,140,584</u>

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

	<b>For the Three Months Ended March 31</b>	
	<b>2025</b>	<b>2024</b>
Balance on January 1	\$ 57,594	\$ 34,411
Net remeasurement of loss allowance	11,484	759
Amounts written off	(38,741)	(27,091)
Foreign exchange differences	<u>2,127</u>	<u>51</u>
Balance on March 31	<u>\$ 32,464</u>	<u>\$ 8,130</u>

## 10. INVENTORIES

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Finished goods	\$ 6,625,893	\$ 6,909,152	\$ 5,914,110
Work in process	463,368	484,564	558,995
Raw materials and supplies	2,299,806	3,180,579	2,548,343
Inventory in transit	<u>238,914</u>	<u>146,558</u>	<u>276,335</u>
	<u>\$ 9,627,981</u>	<u>\$ 10,720,853</u>	<u>\$ 9,297,783</u>

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2025 and 2024, was \$6,315,314 thousand and \$4,771,198 thousand, respectively. The cost of goods sold included reversal of write-down of inventory of \$5,054 thousand and \$5,433 thousand, respectively. Reversal of write-down of inventory because 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 28.

## 11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
<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 (%)		
		March 31, 2025	December 31, 2024	March 31, 2024
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") (Note 24)	98	90	90
	Merida Norge As. ("Merida Norge") (Note 24)	80	80	75
	Merida Industry (Hong Kong) Co., Ltd. ("Merida Hong Kong")	100	100	100
Merida B.V.I.	Merida International (SAMOA) Ltd. ("Merida SAMOA")	70	70	70
	Merida Hong Kong			
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 Norge	Merida Sverige AB ("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

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

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. In November 2024, the Corporation made a prepayment of EUR 9,000,000 for the investment, however, the transfer of equity has not yet been completed as of May 14, 2025.

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.

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

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests (%)		
	March 31, 2025	December 31, 2024	March 31, 2024
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.

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Current assets	\$ 1,466,279	\$ 1,456,894	\$ 1,250,342
Non-current assets	606,021	614,603	656,817
Current liabilities	(949,860)	(926,829)	(851,340)
Non-current liabilities	<u>(329,986)</u>	<u>(349,576)</u>	<u>(471,602)</u>
Equity	<u>\$ 792,454</u>	<u>\$ 795,092</u>	<u>\$ 584,217</u>
Equity attributable to:			
Owners of Merida SAMOA	\$ 554,718	\$ 556,564	\$ 408,952
Non-controlling interests of Merida SAMOA	<u>237,736</u>	<u>238,528</u>	<u>175,265</u>
	<u>\$ 792,454</u>	<u>\$ 795,092</u>	<u>\$ 584,217</u>
	<b>For the Three Months Ended March 31</b>		
	<b>2025</b>	<b>2024</b>	
Revenue	<u>\$ 420,713</u>	<u>\$ 660,545</u>	
Net profit (loss) for the period	\$ (13,787)	\$ 28,670	
Other comprehensive income (loss) for the period	<u>1,084</u>	<u>(1,038)</u>	
Total comprehensive income (loss) for the period	<u>\$ (12,703)</u>	<u>\$ 27,632</u>	
Profit (loss) attributable to:			
Owners of Merida SAMOA	\$ (9,651)	\$ 20,069	
Non-controlling interests of Merida SAMOA	<u>(4,136)</u>	<u>8,601</u>	
	<u>\$ (13,787)</u>	<u>\$ 28,670</u>	
Total comprehensive income (loss) attributable to:			
Owners of Merida SAMOA	\$ (8,892)	\$ 19,342	
Non-controlling interests of Merida SAMOA	<u>(3,811)</u>	<u>8,290</u>	
	<u>\$ (12,703)</u>	<u>\$ 27,632</u>	
Net cash inflow (outflow) from:			
Operating activities	\$ (119,386)	\$ 5,063	
Investing activities	(26)	(340)	
Financing activities	<u>139,793</u>	<u>85,500</u>	
Net cash inflow	<u>\$ 20,381</u>	<u>\$ 90,223</u>	

### 13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Unlisted shares</u>			
Specialized Bicycle Components Holding Company, Inc. ("SBC")	\$ 15,969,570	\$ 15,770,662	\$ 19,405,456
SAIL & SURF Produktion-und Handelsgesellschaft m.b.H. ("SAIL & SURF")	114,710	121,889	119,849
Merida Bikes SWE, S.A ("Merida Bikes SWE")	56,094	50,857	58,334
Merida Czech s.r.o ("Merida Czech")	41,704	42,818	47,597
Merida Slovakia s.r.o ("Merida Slovakia")	26,334	26,963	28,402
Merida Italy S.r.a ("Merida Italy")	13,953	7,220	24,301
Merida Korea Inc. ("Merida Korea")	<u>4,443</u>	<u>3,587</u>	<u>15,711</u>
	<u>\$ 16,226,808</u>	<u>\$ 16,023,996</u>	<u>\$ 19,699,650</u>

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

	March 31, 2025	December 31, 2024	March 31, 2024
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 Italy	27%	27%	27%
Merida Korea	40%	40%	40%

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.

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 Three Months Ended March 31, 2025					
	Land	Buildings	Machinery and Equipment	Transportation Equipment	Miscellaneous Equipment	Total
<u>Cost</u>						
Balance on January 1	\$ 479,469	\$ 2,906,907	\$ 1,292,102	\$ 36,002	\$ 272,252	\$ 4,986,732
Additions	-	1,669	-	1,126	7,034	9,829
Disposals	-	-	(9,143)	-	(4,137)	(13,280)
Effects of foreign currency exchange differences	<u>46</u>	<u>71,335</u>	<u>21,108</u>	<u>1,845</u>	<u>6,017</u>	<u>100,351</u>
Balance on March 31	<u>\$ 479,515</u>	<u>\$ 2,979,911</u>	<u>\$ 1,304,067</u>	<u>\$ 38,973</u>	<u>\$ 281,166</u>	<u>\$ 5,083,632</u>

(Continued)

For the Three Months Ended March 31, 2025						
	Land	Buildings	Machinery and Equipment	Transportation Equipment	Miscellaneous Equipment	Total
<u>Accumulated depreciation</u>						
Balance on January 1	\$ -	\$ 1,495,446	\$ 1,070,568	\$ 25,531	\$ 196,792	\$ 2,788,337
Additions	-	27,451	16,949	668	8,945	54,013
Disposals	-	-	(9,143)	-	(4,113)	(13,256)
Effects of foreign currency exchange differences	-	29,649	18,656	1,269	4,987	54,561
Balance on March 31	<u>\$ -</u>	<u>\$ 1,552,546</u>	<u>\$ 1,097,030</u>	<u>\$ 27,468</u>	<u>\$ 206,611</u>	<u>\$ 2,883,655</u>
Carrying amount on March 31	<u>\$ 479,515</u>	<u>\$ 1,427,365</u>	<u>\$ 207,037</u>	<u>\$ 11,505</u>	<u>\$ 74,555</u>	<u>\$ 2,199,977</u>

(Concluded)

For the Three Months Ended March 31, 2024						
	Land	Buildings	Machinery and Equipment	Transportation Equipment	Miscellaneous Equipment	Total
<u>Cost</u>						
Balance on January 1	\$ 479,527	\$ 2,836,751	\$ 1,279,894	\$ 38,528	\$ 290,040	\$ 4,924,740
Additions	-	6,539	1,974	97	6,083	14,693
Disposals	-	-	(112)	-	(5,421)	(5,533)
Reclassifications	-	3,297	16,642	-	-	19,939
Effects of foreign currency exchange differences	(36)	52,562	21,640	(1,022)	2,027	75,171
Balance on March 31	<u>\$ 479,491</u>	<u>\$ 2,899,149</u>	<u>\$ 1,320,038</u>	<u>\$ 37,603</u>	<u>\$ 292,729</u>	<u>\$ 5,029,010</u>
<u>Accumulated depreciation</u>						
Balance on January 1	\$ -	\$ 1,368,597	\$ 1,018,867	\$ 27,144	\$ 205,828	\$ 2,620,436
Additions	-	26,590	17,653	562	10,059	54,864
Disposals	-	-	(102)	-	(5,398)	(5,500)
Effects of foreign currency exchange differences	-	25,515	17,781	(788)	1,949	44,457
Balance on March 31	<u>\$ -</u>	<u>\$ 1,420,702</u>	<u>\$ 1,054,199</u>	<u>\$ 26,918</u>	<u>\$ 212,438</u>	<u>\$ 2,714,257</u>
Carrying amount on March 31	<u>\$ 479,491</u>	<u>\$ 1,478,447</u>	<u>\$ 265,839</u>	<u>\$ 10,685</u>	<u>\$ 80,291</u>	<u>\$ 2,314,753</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 28.

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Carrying amounts</u>			
Land	\$ 210,080	\$ 206,162	\$ 209,527
Buildings	73,015	76,125	45,039
Transportation equipment	14,559	14,227	17,529
Miscellaneous equipment	<u>887</u>	<u>1,031</u>	<u>1,730</u>
	<u>\$ 298,541</u>	<u>\$ 297,545</u>	<u>\$ 273,825</u>
	<b>For the Three Months Ended March 31</b>		
		<b>2025</b>	<b>2024</b>
Additions to right-of-use assets		<u>\$ 5,560</u>	<u>\$ -</u>
Depreciation charge for right-of-use assets			
Land		\$ 2,011	\$ 2,285
Buildings		7,720	9,095
Transportation equipment		2,875	2,676
Miscellaneous equipment		<u>199</u>	<u>223</u>
		<u>\$ 12,805</u>	<u>\$ 14,279</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 three months ended March 31, 2025 and 2024.

### b. Lease liabilities

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Carrying amounts</u>			
Current	<u>\$ 43,075</u>	<u>\$ 39,862</u>	<u>\$ 44,785</u>
Non-current	<u>\$ 49,629</u>	<u>\$ 53,422</u>	<u>\$ 23,398</u>

Range of discount rates for lease liabilities was as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Land	1.73%-6.86%	1.73%-6.86%	1.15%-6.86%
Buildings	1.66%-6.35%	1.66%-6.35%	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

	<b>For the Three Months Ended March 31</b>	
	<b>2025</b>	<b>2024</b>
Expenses relating to short-term leases	\$ 12,691	\$ 8,030
Expenses relating to low-value asset leases	\$ 463	\$ 511
Total cash outflow for leases	\$ (25,652)	\$ (21,393)

## 16. BORROWINGS

a. Short-term bank borrowings

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
Unsecured borrowings	\$ 6,714,012	\$ 6,326,837	\$ 5,541,939
Letters of credit - due after 180 days of acceptance	32,121	109,144	65,010
Secured borrowings (Note 28)	<u>416,561</u>	<u>274,269</u>	<u>314,555</u>
	<u>\$ 7,162,694</u>	<u>\$ 6,710,250</u>	<u>\$ 5,921,504</u>

Rate of interest per annum (%)

Unsecured borrowings	0.73-9.31	0.50-9.13	0.75-9.15
Letters of credit	No higher than 1.54	No higher than 1.39	No higher than 1.60
Secured borrowings	4.50-8.85	5.00-7.67	5.00-7.68

The secured borrowings were secured by the Group's freehold land, buildings, inventories and trade receivables (refer to Note 28).

b. Long-term bank borrowings

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Unsecured loans</u>			
Bank loans	\$ 1,257,038	\$ 1,248,996	\$ 1,434,774
Less: Current portion	<u>(353,293)</u>	<u>(337,167)</u>	<u>(308,857)</u>
Long-term borrowings	<u>\$ 903,745</u>	<u>\$ 911,829</u>	<u>\$ 1,125,917</u>

The bank loans will be due from March 2026 to December 2036. As of March 31, 2025, December 31, 2024 and March 31, 2024, the effective interest rate range of the bank loans was 0.12%-4.71%, 0.12%-3.80% and 0.12%-4.16%, respectively.

## 17. OTHER PAYABLES

	March 31, 2025	December 31, 2024	March 31, 2024
Payables for salaries and bonuses	\$ 157,783	\$ 224,504	\$ 97,564
Payables for compensation of employees	34,572	-	188,386
Payables for remuneration of directors	14,981	-	81,634
Others	<u>777,131</u>	<u>704,436</u>	<u>524,567</u>
	<u>\$ 984,467</u>	<u>\$ 928,940</u>	<u>\$ 892,151</u>

## 18. RETIREMENT BENEFIT PLANS

For the three months ended March 31, 2025 and 2024, the pension expenses of defined benefit plans were \$28 thousand and \$536 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2024 and 2023, respectively.

## 19. EQUITY

a. Ordinary shares

	March 31, 2025	December 31, 2024	March 31, 2024
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

	March 31, 2025	December 31, 2024	March 31, 2024
<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>598,305</u>	<u>524,168</u>	<u>304,279</u>
	<u>\$ 1,014,595</u>	<u>\$ 940,458</u>	<u>\$ 720,569</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 for 2024 that were proposed by the board of directors in March, 2025 and the appropriations of earnings for 2023 that had been resolved by the shareholders in their meeting in June, 2024, 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>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Legal reserve	\$ -	\$ 178,738		
Reversal of special reserve	(638,687)	(27,507)		
Cash dividends	1,195,935	1,793,903	\$ 4.0	\$ 6.0

The appropriation of earnings for 2024 is subject to the resolution of the shareholders in the shareholders' meeting to be held on June 25, 2025.

## 20. REVENUE

	<b>For the Three Months Ended March 31</b>	
	<b>2025</b>	<b>2024</b>
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 7,567,582</u>	<u>\$ 5,845,495</u>

### a. Contract balances

	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>	<b>January 1, 2024</b>
Notes and trade receivables	<u>\$ 4,586,744</u>	<u>\$ 2,660,205</u>	<u>\$ 3,140,969</u>	<u>\$ 2,304,977</u>
Contract liabilities - current	<u>\$ 183,967</u>	<u>\$ 172,832</u>	<u>\$ 104,533</u>	<u>\$ 39,391</u>

### b. Disaggregation of revenue

Refer to Note 34 for information about the disaggregation of revenue.

## 21. NET PROFIT FROM CONTINUING OPERATIONS

### a. Employee benefits expense, depreciation and amortization expenses

	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Total</b>
<u>For the three months ended March 31, 2025</u>			
Short-term employee benefits	\$ 236,608	\$ 201,145	\$ 437,753
Post-employment benefits			
Defined contribution plans	13,067	12,116	25,183
Defined benefit plans	22	6	28
Other employee benefits	8,315	24,919	33,234
Depreciation expense	35,258	31,560	66,818
Amortization expense	151	5,423	5,574
<u>For the three months ended March 31, 2024</u>			
Short-term employee benefits	243,356	202,940	446,296
Post-employment benefits			
Defined contribution plans	11,828	10,551	22,379
Defined benefit plans	222	314	536
Other employee benefits	7,128	24,388	31,516
Depreciation expense	40,185	28,958	69,143
Amortization expense	1	5,083	5,084

b. Compensation of employees and remuneration of directors

According to the Corporation's Articles of Incorporation, the Corporation accrued compensation of employees and remuneration of directors at rates of no less than 5% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. In accordance with the amendments to the Securities and Exchange Act in August 2024, the shareholders of the Corporation expect to resolve the amendments to the Corporation's Articles at their 2025 regular meeting. The amendments explicitly stipulate the allocation of 30% of the compensation of employees as compensation distributions for non-executive employees.

The compensation of employees and remuneration of directors for the three months ended March 31, 2025 and 2024 are as follows:

Cash	For the Three Months Ended March 31			
	2025		2024	
	Accrual Rate	Amount	Accrual Rate	Amount
Compensation of employees	6%	\$ 34,572	6%	\$ 34,009
Remuneration of directors	2.6%	14,981	2.6%	14,737

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 compensation of employees and remuneration of directors were not accrued because of the pre-tax net loss of the years ended December 31, 2024. The compensation of employees and remuneration of directors for the years ended December 31, 2023, which were approved by the Corporation's board of directors on March 14, 2024, are as follows:

	For the Year Ended December 31 2023
Compensation of employees	\$ 154,377
Remuneration of directors	66,897

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

Information on the compensation of employees 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

	<b>For the three months Ended March 31</b>	
	<b>2025</b>	<b>2024</b>
Current tax		
In respect of the current year	\$ 123,164	\$ 99,275
Adjustments for prior years	<u>3,040</u>	<u>-</u>
	126,204	99,275
Deferred tax		
In respect of the current year	<u>6,111</u>	<u>77,519</u>
Income tax expense recognized in profit or loss	<u>\$ 132,315</u>	<u>\$ 176,794</u>

- b. Income tax assessments

The income tax returns of the Corporation through 2023 have been assessed by the tax authorities.

## 23. EARNINGS PER SHARE

	<b>Net Profit Attributable to Owners of the Corporation</b>	<b>Number of Shares</b>	<b>Earnings Per Share (NT\$)</b>
<u>For the three months ended March 31, 2025</u>			
Basic earnings per share			
Profit for the period attributable to owners of the Corporation	\$ 418,525	298,983,800	<u>\$ 1.40</u>
Effect of potentially dilutive ordinary shares:			
Employees' compensation	<u>-</u>	<u>229,713</u>	
Diluted earnings per share			
Profit for the period attributable to owners of the Corporation plus effect of potentially dilutive ordinary shares	<u>\$ 418,525</u>	<u>299,213,513</u>	<u>\$ 1.40</u>
<u>For the three months ended March 31, 2024</u>			
Basic earnings per share			
Profit for the period attributable to owners of the Corporation	\$ 415,769	298,983,800	<u>\$ 1.39</u>
Effect of potentially dilutive ordinary shares:			
Employees' compensation	<u>-</u>	<u>754,873</u>	
Diluted earnings per share			
Profit for the period attributable to owners of the Corporation plus effect of potentially dilutive ordinary shares	<u>\$ 415,769</u>	<u>299,738,673</u>	<u>\$ 1.39</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. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS**

In February 2025, the Corporation participated in the cash capital increase of Merida Japan. As the Corporation subscribed more than its original ownership percentage, its equity interest increased from 90% to 98%. The transaction resulted in a decrease in retained earnings of \$1,150 thousand.

In December 2024, the Corporation acquired a 5% equity stake in Merida Norge from Bike Holding AS (Other Related Party) for \$17,313 thousand, increasing its shareholding from 75% to 80%.

The above transactions were accounted as equity transactions since the Corporation did not cease to have control over these subsidiaries.

## **25. 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.

## **26. 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

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Financial assets</u>			
Financial assets at FVTPL	\$ 59,019	\$ 57,764	\$ 159,241
Financial assets at amortized cost	9,273,528	7,157,199	7,417,202
Financial assets at FVTOCI - equity instruments	3,400	3,400	3,400

Financial liabilities

Financial liabilities at amortized cost	13,109,757	13,064,991	11,405,574
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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 32.

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 three months ended March 31, 2025 and 2024 would have decreased by \$58,165 thousand and \$44,704 thousand, respectively. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates was 1% for the three months ended March 31, 2025 and 2024.

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.

	March 31, 2025	December 31, 2024	March 31, 2024
Fair value interest rate risk			
Financial assets	\$ 713,914	\$ 859,579	\$ 827,113
Financial liabilities	3,522,201	2,145,238	2,587,611
Cash flow interest rate risk			
Financial assets	3,844,751	3,470,279	3,226,700
Financial liabilities	4,990,235	5,907,292	4,836,850

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 assets and 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, for the three months ended March 31, 2025 and 2024, the Group's would decreased in pre-tax profit by \$716 thousand and \$1,006 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 54%, 50% and 44% of the total trade receivables as of March 31, 2025, December 31, 2024 and March 31, 2024, 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 March 31, 2025, December 31, 2024 and March 31, 2024, the Group had available unutilized bank loan facilities of \$15,646,019 thousand, \$15,129,670 thousand and \$14,768,008 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.

	<b>On Demand or Less than 1 Year</b>	<b>1-2 Years</b>	<b>More than 2 Years</b>
<u>March 31, 2025</u>			
Non-interest bearing liabilities	\$ 4,660,944	\$ -	\$ -
Lease liabilities	46,461	32,922	18,786
Variable interest rate liabilities	4,190,616	277,230	522,390
Fixed interest rate liabilities	<u>3,325,371</u>	<u>22,421</u>	<u>81,704</u>
	<u>\$ 12,223,392</u>	<u>\$ 332,573</u>	<u>\$ 622,880</u>
<u>December 31, 2024</u>			
Non-interest bearing liabilities	\$ 5,078,119	\$ -	\$ -
Lease liabilities	43,437	35,880	20,046
Variable interest rate liabilities	5,071,463	308,658	527,171
Fixed interest rate liabilities	<u>1,975,954</u>	<u>21,858</u>	<u>54,142</u>
	<u>\$ 12,168,973</u>	<u>\$ 366,396</u>	<u>\$ 601,359</u>
<u>March 31, 2024</u>			
Non-interest bearing liabilities	\$ 4,023,375	\$ -	\$ -
Lease liabilities	46,727	16,291	8,135
Variable interest rate liabilities	3,763,860	302,163	770,827
Fixed interest rate liabilities	<u>2,466,501</u>	<u>25,149</u>	<u>27,778</u>
	<u>\$ 10,300,463</u>	<u>\$ 343,603</u>	<u>\$ 806,740</u>

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

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>
<u>March 31, 2025</u>			
Lease liabilities	\$ 46,461	\$ 51,708	\$ -
Variable interest rate liabilities	4,190,616	545,343	254,277
Fixed interest rate liabilities	<u>3,325,371</u>	<u>104,125</u>	<u>-</u>
	<u>\$ 7,562,448</u>	<u>\$ 701,176</u>	<u>\$ 254,277</u>
<u>December 31, 2024</u>			
Lease liabilities	\$ 43,437	\$ 55,926	\$ -
Variable interest rate liabilities	5,071,463	589,515	246,314
Fixed interest rate liabilities	<u>1,975,954</u>	<u>76,000</u>	<u>-</u>
	<u>\$ 7,090,854</u>	<u>\$ 721,441</u>	<u>\$ 246,314</u>
<u>March 31, 2024</u>			
Lease liabilities	\$ 46,727	\$ 24,426	\$ -
Variable interest rate liabilities	3,763,860	767,545	305,445
Fixed interest rate liabilities	<u>2,466,501</u>	<u>52,927</u>	<u>-</u>
	<u>\$ 6,277,088</u>	<u>\$ 844,898</u>	<u>\$ 305,445</u>

## 27. 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

<b>Related Party</b>	<b>Relationship with the Group</b>
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
Bike Holding AS	Other
Bike fixx AS	Other
Wolfgang Renner	Other

b. Sales of goods

Related Party Category/Name	For the Three Months Ended March 31	
	2025	2024
Associates		
SBC Group	\$ 4,313,051	\$ 2,070,638
Others	<u>312,219</u>	<u>336,984</u>
	4,625,270	2,407,622
Other related parties	<u>2,698</u>	<u>-</u>
	<u>\$ 4,627,968</u>	<u>\$ 2,407,622</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.

c. Purchase of goods

Related Party Category	For the Three Months Ended March 31	
	2025	2024
Other related parties	\$ 35,457	\$ 58,394
Associates	<u>26,725</u>	<u>17,989</u>
	<u>\$ 62,182</u>	<u>\$ 76,383</u>

The purchase price is quoted based on market prices.

d. Contract liabilities - advance receipts

Related Party Category/Name	March 31, 2025	December 31, 2024	March 31, 2024
Associates			
SBC Group	<u>\$ 110,839</u>	<u>\$ 110,839</u>	<u>\$ 15,143</u>

e. Receivables from related parties

Related Party Category/Name	March 31, 2025	December 31, 2024	March 31, 2024
<u>Trade receivables</u>			
Associates			
SBC Group	\$ 2,481,524	\$ 1,355,386	\$ 1,379,406
Others	<u>749,986</u>	<u>637,087</u>	<u>592,971</u>
	3,231,510	1,992,473	1,972,377
Other related parties	<u>2,508</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,234,018</u>	<u>\$ 1,992,473</u>	<u>\$ 1,972,377</u>

<b>Related Party Category/Name</b>	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
<u>Other receivables</u>			
Associates			
SBC Group	\$ 4,741	\$ 5,355	\$ 2,581
Others	<u>5,044</u>	<u>4,487</u>	<u>2,993</u>
	9,785	9,842	5,574
Other related parties	<u>11,545</u>	<u>-</u>	<u>-</u>
	<u>\$ 21,330</u>	<u>\$ 9,842</u>	<u>\$ 5,574</u>

f. Payables to related parties

<b>Related Party Category/Name</b>	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
<u>Trade payables</u>			
Other related parties	\$ 33,743	\$ 39,828	\$ 49,609
Associates	<u>26,411</u>	<u>3,596</u>	<u>17,118</u>
	<u>\$ 60,154</u>	<u>\$ 43,424</u>	<u>\$ 66,727</u>

g. Loans from related parties

<b>Related Party Category/Name</b>	<b>March 31, 2025</b>	<b>December 31, 2024</b>	<b>March 31, 2024</b>
<u>Other payables</u>			
Other related parties			
Wolfgang Renner	<u>\$ 384,879</u>	<u>\$ 293,604</u>	<u>\$ 82,704</u>

h. Other transactions with related parties

1) Interest income

<b>Related Party Category/Name</b>	<b>For the Three Months Ended March 31</b>	
	<b>2025</b>	<b>2024</b>
Associates		
SBC Group	\$ 3,362	\$ 2,495
Others	<u>2,629</u>	<u>2,726</u>
	<u>\$ 5,991</u>	<u>\$ 5,221</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 March 31	
	2025	2024
Associates		
SBC Group	\$ <u>2,778</u>	\$ <u>933</u>

i. Remuneration of key management personnel

	For the Three Months Ended March 31	
	2025	2024
Short-term employee benefits	\$ 22,385	\$ 22,630
Post-employment benefits	<u>128</u>	<u>146</u>
	\$ <u>22,513</u>	\$ <u>22,776</u>

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

## 28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	March 31, 2025	December 31, 2024	March 31, 2024
Inventories	\$ 466,519	\$ 405,884	\$ 453,565
Trade receivables	176,567	47,883	174,575
Property, plant and equipment	<u>27,326</u>	<u>26,771</u>	<u>16,245</u>
	\$ <u>670,412</u>	\$ <u>480,538</u>	\$ <u>644,385</u>

## 29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of March 31, 2025, December 31, 2024 and March 31, 2024 were as follows:

- a. As of March 31, 2025, December 31, 2024 and March 31, 2024, unused letters of credit for purchases of raw materials amounted to approximately \$228,073 thousand, \$232,359 thousand and \$557,627 thousand, respectively.
- b. Unrecognized commitments were as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Acquisition of property, plant and equipment	\$ <u>5,000</u>	\$ <u>5,000</u>	\$ <u>720</u>

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 USD\$4,000 thousand and it covers accidents happening after September 18, 2000. The maximum indemnity claims for the single original cause of a liability is USD\$3,000 thousand. The insured amount for sales, other than those within the USA and Canada, is USD\$1,000 thousand, and covers accidents happening after January 7, 1999. The maximum indemnity claims for the single original cause of a liability is USD\$1,000 thousand.

### 30. SIGNIFICANT LOSSES FROM DISASTERS

No such incident.

### 31. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

No such incident.

### 32. 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:

	March 31, 2025			December 31, 2024		
	Foreign Currency	Exchange Rate	Carrying Amount	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>						
Monetary items						
USD	\$ 195,707	33.205	\$ 6,498,451	\$ 145,359	32.785	\$ 4,765,595
JPY	785,248	0.2227	174,875	621,374	0.2099	130,426
<u>Non-monetary items</u>						
Investments accounted for using the equity method						
USD	483,203	33.205	16,044,756	481,639	32.785	15,790,535
EUR	7,111	35.97	255,783	7,069	34.14	241,336
<u>Financial liabilities</u>						
Monetary items						
USD	20,537	33.205	681,931	29,115	32.785	954,535
JPY	752,498	0.2227	167,581	1,921,237	0.2099	403,268

March 31, 2024			
	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 160,130	32.000	\$ 5,124,160
JPY	1,173,620	0.2115	248,221
<u>Non-monetary items</u>			
Investments accounted for using the equity method			
USD	605,326	32.000	19,370,432
EUR	7,267	34.46	250,421
<u>Financial liabilities</u>			
Monetary items			
USD	20,430	32.000	653,760
JPY	1,627,247	0.2115	344,163

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 March 31				
2025			2024	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1(NTD:NTD)	\$ 86,756	1(NTD:NTD)	\$ 176,232
RMB	4.512(RMB:NTD)	(4,082)	4.366(RMB:NTD)	(3,613)
EUR	34.59(EUR:NTD)	12,723	34.16(EUR:NTD)	8,729
		<u>\$ 95,397</u>		<u>\$ 181,348</u>

### 33. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Significant marketable securities held (excluding investments in subsidiaries and associates). (Table 3)
- 4) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 4)

- 5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 5)
  - 6) Intercompany relationships and significant intercompany transactions. (Table 6)
  - 7) 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:
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period. (Table 4)
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period. (Table 4)
    - c) The amount of property transactions and the amount of the resultant gains or losses. (None)
    - d) The balance of negotiable instrument endorsements, guarantees or pledges of collateral at the end of the year and their purposes. (Table 2)
    - e) 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)
    - f) 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)

### 34. 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:

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

For the Three Months Ended March 31, 2025					
	Domestic Operations	Asia Operations	Europe Operations	Reconciliation and Elimination	Total
<u>Revenue</u>					
Revenue from external customers	\$ 4,982,416	\$ 1,067,059	\$ 1,518,107	\$ -	\$ 7,567,582
Inter-segment revenue	853,297	93,006	29,955	(976,258)	-
Interest income	18,292	6,212	594	(8,994)	16,104
Share of profit (loss) of associates accounted for using the equity method	(15,436)	-	-	(91,164)	(106,600)
Total revenue	<u>\$ 5,838,569</u>	<u>\$ 1,166,277</u>	<u>\$ 1,548,656</u>	<u>\$ (1,076,416)</u>	<u>\$ 7,477,086</u>
Interest expenses	\$ 23,619	\$ 8,809	\$ 30,814	\$ (5,854)	\$ 57,388
Depreciation and amortization	24,673	26,543	21,176	-	72,392
Income tax expense	108,118	23,913	284	-	132,315
Segment profit and loss	418,525	31,501	93,380	(91,163)	452,243

Assets

Investments accounted for using the equity method	20,190,113	-	-	(3,963,305)	16,226,808
Segment assets	32,756,731	5,867,981	6,947,146	(6,795,422)	38,776,436
Segment liabilities	12,628,852	2,367,256	4,920,413	(2,336,835)	17,579,686

For the Three Months Ended March 31, 2024					
	Domestic Operations	Asia Operations	Europe Operations	Reconciliation and Elimination	Total
<u>Revenue</u>					
Revenue from external customers	\$ 2,636,099	\$ 1,866,278	\$ 1,343,118	\$ -	\$ 5,845,495
Inter-segment revenue	839,944	135,535	22,517	(997,996)	-
Interest income	13,656	11,395	1,689	(7,291)	19,449
Share of profit of associates accounted for using the equity method	123,821	-	-	(200,010)	(76,189)
Total revenue	<u>\$ 3,613,520</u>	<u>\$ 2,013,208</u>	<u>\$ 1,367,324</u>	<u>\$ (1,205,297)</u>	<u>\$ 5,788,755</u>
Interest expenses	\$ 18,969	\$ 9,226	\$ 31,106	\$ (5,664)	\$ 53,637
Depreciation and amortization	29,354	26,098	18,775	-	74,227
Income tax expense	102,296	62,336	12,162	-	176,794
Segment profit and loss	415,769	208,475	8,500	(200,010)	432,734

Assets

Investments accounted for using the equity method	23,354,252	-	-	(3,654,602)	19,699,650
Segment assets	33,991,128	5,800,701	6,633,434	(6,656,593)	39,768,670
Segment liabilities	12,215,281	2,706,405	4,470,260	(2,480,256)	16,911,690

**TABLE 1**

**MERIDA INDUSTRY CO., LTD. AND SUBSIDIARIES**

**FINANCING PROVIDED TO OTHERS  
FOR THE THREE MONTHS ENDED MARCH 31, 2025  
(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		
1	The Corporation	Merida Benelux	Other receivables from related parties	Yes	\$ 32,685	\$ -	\$ -	5.6-6.3	For short-term financing needs	\$ -	Operating capital	\$ -	-	\$ -	\$ 8,051,152 (Note 1)	\$ 10,063,940 (Note 2)
2	Merida Shandong	Merida Jiangsu	Other receivables from related parties	Yes	RMB 80,000	RMB 80,000	RMB 50,000	2.325	For short-term financing needs	-	Operating capital	-	-	-	RMB 191,050 (Note 3)	RMB 191,050 (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.

**TABLE 2**

**MERIDA INDUSTRY CO., LTD. AND SUBSIDIARIES**

**ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE THREE MONTHS ENDED MARCH 31, 2025  
(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	\$ 6,038,364	GBP 6,000	GBP 6,000	GBP 5,970	\$ -	1.28	\$ 10,063,940	Yes	-	-
		Merida & Centurion	Subsidiary	6,038,364	EUR 32,300	EUR 32,300	EUR 21,050	-	3.76	10,063,940	Yes	-	-
		Merida Norge	Subsidiary	6,038,364	USD 1,500	USD 1,500	USD 1,500	-	0.25	10,063,940	Yes	-	-
		Merida Benelux	Subsidiary	6,038,364	USD 1,000	USD 1,000	USD 1,000	-	0.16	10,063,940	Yes	-	-
		Merida Jiangsu	Third-tier subsidiary	6,038,364	RMB270,000	RMB270,000	RMB122,867	-	2.79	10,063,940	Yes	-	Yes
		Merida China	Third-tier subsidiary	6,038,364	RMB100,000	RMB100,000	RMB 15,000	-	0.34	10,063,940	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.

**TABLE 3**

**MERIDA INDUSTRY CO., LTD. AND SUBSIDIARIES**

**SIGNIFICANT MARKETABLE SECURITIES HELD**  
**MARCH 31, 2025**  
**(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2025			
				Number of Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value (Note 2)
The Corporation	<u>Share capital</u> Cheng Shin Merida Benelux (Note 1)	The Corporation’s chairman is their director -	Financial assets at FVTPL - current	1,146	\$ 57,520	-	\$ 57,520
			Financial assets at FVTOCI - non-current	2,749	89,220	-	89,220

Note 1: The preference shares investments have been eliminated.

Note 2: Refer to Note 26 for information on the fair values.

**TABLE 4**

**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 THREE MONTHS ENDED MARCH 31, 2025  
(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 Subsidiary	Sales	\$ (4,313,051)	(74)	O/A 60 days	\$ -	-	\$ 2,481,524	46	
			Sales	(329,349)	(6)	T/T 14 days or O/A 150 days	-	-	730,154	13	
	Merida U.K. Merida Jiangsu Merida Norge	Subsidiary Third-tier subsidiary Subsidiary	Sales	(153,019)	(3)	O/A 120 days	-	-	224,481	4	
			Sales	(132,441)	(2)	O/A 90 days	-	-	116,680	2	
			Sales	(103,149)	(2)	T/T 14 days or O/A 120 days	-	-	194,277	4	
Merida Jiangsu	Merida Shandong	Associate	Sales	RMB (80,405)	(88)	T/T 90 days	-	-	RMB 19,613	100	

Note: Significant intercompany accounts and transactions have been eliminated.

**TABLE 5**

**MERIDA INDUSTRY CO., LTD. AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL**  
**MARCH 31, 2025**  
**(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	\$ 2,481,524	9.00	\$ 56,219	Enhanced collection	\$ 1,484,297	\$ -
			Other receivables from related parties	4,741	-	-	-	3,347	-
	Merida & Centurion	Subsidiary	Trade receivables from related parties	730,154	2.12	597	Enhanced collection	15,949	-
			Other receivables from related parties	10,131	-	-	-	489	-
	Merida Polska	Subsidiary	Trade receivables from related parties	392,916	0.44	295,249	Enhanced collection	16,775	-
	Merida Italy	Associate	Trade receivables from related parties	252,225	0.76	-	-	15,724	1,281
	Merida U.K.	Subsidiary	Trade receivables from related parties	224,481	3.20	15,811	Enhanced collection	57,359	-
			Other receivables from related parties	6	-	-	-	6	-
	Merida Benelux	Subsidiary	Trade receivables from related parties	198,725	1.20	-	-	15,002	-
			Other receivables from related parties	3,974	-	-	-	300	-
	Merida Norge	Subsidiary	Trade receivables from related parties	194,277	2.44	8,040	Enhanced collection	25,244	-
			Other receivables from related parties	2,564	-	-	-	333	-
	SAIL & SURF	Associate	Trade receivables from related parties	135,344	2.40	-	-	56,122	680
	Merida Jiangsu	Third-tier subsidiary	Trade receivables from related parties	116,680	2.76	-	-	20,431	-
			Other receivables from related parties	28,360	-	-	-	25,599	-
Merida Shandong	Merida Bikes SWE	Associate	Trade receivables from related parties	126,040	2.52	43,143	Enhanced collection	94,851	1,717
			Other receivables from related parties	1,918	-	-	-	1,424	-
	Merida Korea	Associate	Trade receivables from related parties	111,873	2.12	12,696	Enhanced collection	12,696	881
	Merida Shandong	Third-tier subsidiary	Other receivables from related parties	261,646	-	-	-	235,939	-
Merida Shandong	Merida Jiangsu	Associate	Trade receivables from related parties	RMB 280	-	-	-	RMB 256	-
			Other receivables from related parties	RMB 50,036	-	-	-	-	-

Note: Significant intercompany accounts and transactions have been eliminated.

MERIDA INDUSTRY CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE THREE MONTHS ENDED MARCH 31, 2025  
(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	\$ 329,349	T/T 14 days or O/A 150 days	4
		Merida U.K.	1	Sales	153,019	O/A 120 days	2
		Merida Jiangsu	1	Sales	132,441	O/A 90 days	2
		Merida Norge	1	Sales	103,149	T/T 14 or O/A 120 days	1
1	Merida Jiangsu	Merida Shandong	2	Sales	RMB 80,405	T/T 90 days	5

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.

TABLE 7

MERIDA INDUSTRY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE THREE MONTHS ENDED MARCH 31, 2025  
(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 March 31, 2025			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2025	December 31, 2024	Number of Shares (In Thousands)	%	Carrying Amount			
The Corporation	<u>Share capital</u> SBC	Delaware, United States of America	Design, development, manufacture and sale of bicycles	\$ 887,013	\$ 887,013	3,410	35	\$ 15,969,570	USD (9,297)	\$ (108,220)	
	Merida B.V.I.	British Virgin Islands	International investment	1,362,597	1,362,597	42,500	100	3,185,923	USD 1,701	55,967	Subsidiary
	Merida & Centurion	Stuttgart, Germany	Sale of bicycles	103,725	103,725	-	51	600,735	EUR 1,851	32,660	Subsidiary
	Merida Polska	Gliwice, Poland	Sale of bicycles and bicycle components	113,170	113,170	-	74	76,634	PLN 2,357	13,689	Subsidiary
	Merida Norge	Lysaker, Norway	Sale of bicycles	168,772	168,772	211	80	53,103	NOK 2,079	4,702	Subsidiary
	SAIL & SURF	Strobl, Austria	Sale of bicycles	116,195	116,195	-	40	114,710	EUR 17	237	
	Merida Czech	Brno, Czech Republic	Sale of bicycles	21,042	21,042	-	45	41,704	CZK 228	135	
	Merida Bikes SWE	Madrid, Spain	Sale of bicycles	18,646	18,646	1	36	56,094	EUR 120	1,510	
	Merida Slovakia	Partizanska, Slovakia	Sale of bicycles	40	40	-	30	26,334	EUR 10	101	
	Merida Japan	Kanagawa, Japan	Sale of bicycles	157,668	118,875	8	98	(4,959)	JPY (94,294)	(19,529)	Subsidiary
	Merida Italy	Reggio Emilia, Italy	Sale of bicycles	19,011	19,011	559	27	13,953	EUR (43)	(408)	
	Merida Benelux	Beekbergen, Netherlands	Sale of bicycles	65,400	65,400	766	60	(55,988)	EUR 51	1,062	Subsidiary
	Merida U.K.	Nottingham, United Kingdom	Sale of bicycles	40,309	40,309	482	81	46,911	GBP 78	2,613	Subsidiary
	Merida Korea	Seoul, Republic of Korea	Sale of bicycles	10,598	10,598	77	40	4,443	KRW 4,879	45	
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 79,074	HKD 15,546	(Note 1)	Indirectly owned subsidiary
	Merida SAMOA	Samoa	International investment	USD 24,500	USD 24,500	24,500	70	USD 16,706	USD (419)	(Note 1)	Indirectly owned subsidiary
Merida Norge	<u>Share capital</u> Sverige	Gothenburg, Sweden	Sale of bicycles	NOK 814	NOK 814	-	100	NOK 3,481	SEK 925	(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 1,903	EUR -	(Note 1)	Indirectly owned subsidiary
	Merida R&D Center GmbH	Stuttgart, Germany	Design and development of bicycles	EUR 25	EUR 25	-	100	EUR 528	EUR -	(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 (171,161)	JPY (58,665)	(Note 1)	Indirectly owned subsidiary

Note 1: Not applicable.

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

TABLE 8

MERIDA INDUSTRY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE THREE MONTHS ENDED MARCH 31, 2025  
(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, 2025	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2025	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of March 31, 2025 (Note 1)	Accumulated Repatriation of Investment Income as of March 31, 2025
					Outward	Inward						
Merida China	Manufacture and sale of bicycles	\$ 407,757 (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	\$ 368,144 (USD 11,087)	\$ -	\$ -	\$ 368,144 (USD 11,087)	\$ (12,481)	100	\$ (12,481)	\$ 372,300	\$ 2,077,537 (USD 62,567)
Merida Shandong	Manufacture and sale of e-bikes and bicycles	531,280 (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	531,280 (USD 16,000)	-	-	531,280 (USD 16,000)	78,101	100	78,101	2,183,667	1,777,298 (USD 53,525)
Merida Jiangsu	Manufacture and sale of e-bikes and bicycles	1,162,175 (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	547,883 (USD 16,500)	-	-	547,883 (USD 16,500)	(13,566)	70	(9,496)	518,737	-

Accumulated Outward Remittance for Investments in Mainland China as of MARCH 31, 2025	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
\$ 1,447,306 ( USD 43,587 )	\$ 1,517,967 ( USD 45,715 ) (Note 2 )	\$ 12,718,050 (Note 3 )

Note 1: The investment gain and carrying amount as of March 31, 2025 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”.