

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

**Consolidated Financial Statements for the  
Six Months Ended June 30, 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 June 30, 2025 and 2024, the related consolidated statements of comprehensive income for the three months ended June 30, 2025 and 2024 and for the six months ended June 30, 2025 and 2024, the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2025 and 2024, 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 June 30, 2025 and 2024, the combined total assets of these non-significant subsidiaries were NT\$5,762,796 thousand and NT\$6,264,947 thousand, representing 16% and 15%, respectively, of the consolidated total assets, and the combined total liabilities of these subsidiaries were NT\$2,687,619 thousand and NT\$2,809,039 thousand, representing 16% and 14%, respectively, of the consolidated total liabilities; for the three months ended June 30, 2025 and 2024, the amounts of combined comprehensive income (loss) of these subsidiaries were NT\$55,003 thousand, NT\$(14,044) thousand, representing (4)% and (1)%, respectively, of the consolidated total comprehensive income, and for the six months ended June 30, 2025 and 2024, the amounts of combined comprehensive income (loss) of these subsidiaries were NT\$60,719 thousand, NT\$(77,666) thousand, representing (14)% and (4)%, respectively, of the consolidated total comprehensive income. As disclosed in Note 13, as of June 30, 2025 and 2024, the investments accounted for using the equity method amounted to NT\$15,315,588 thousand and

NT\$19,682,012 thousand, respectively; for the three months ended June 30, 2025 and 2024, the share of profit or loss of associates accounted for using the equity method amounted to NT\$438,720 thousand and NT\$(172,289) thousand, respectively, and for the six months ended June 30, 2025 and 2024, the share of profit or loss of associates accounted for using the equity method amounted to NT\$332,120 thousand and NT\$(248,478) 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 June 30, 2025 and 2024, its consolidated financial performance for the three months ended June 30, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 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

August 13, 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	June 30, 2025		December 31, 2024		June 30, 2024	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 3,423,099	10	\$ 3,640,467	10	\$ 4,150,619	10
Financial assets at fair value through profit or loss - current (Note 7)	248,085	1	57,764	-	259,171	1
Financial assets at amortized cost - current (Note 8)	151,401	-	264,238	1	1,313,061	3
Notes receivable (Note 20)	359	-	3,593	-	1,364	-
Trade receivables (Notes 9, 20 and 28)	997,180	3	664,139	2	1,096,206	3
Trade receivables from related parties (Notes 9, 20 and 27)	2,348,214	7	1,992,473	5	2,942,069	7
Other receivables (Note 27)	97,799	-	153,211	-	81,450	-
Inventories (Notes 10 and 28)	8,696,847	25	10,720,853	28	9,105,154	21
Other current assets	220,246	-	253,219	1	109,249	-
Total current assets	16,183,230	46	17,749,957	47	19,058,343	45
<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)	327,353	1	447,860	1	444,352	1
Investments accounted for using the equity method (Note 13)	15,315,588	43	16,023,996	43	19,682,012	47
Property, plant and equipment (Notes 14 and 28)	2,109,049	6	2,198,395	6	2,289,770	5
Right-of-use assets (Note 15)	265,570	1	297,545	1	332,192	1
Intangible assets	41,334	-	51,164	-	59,906	-
Deferred tax assets (Note 4)	579,726	2	323,957	1	308,957	1
Prepayments for equipment	329	-	45,366	-	15,972	-
Prepaid investments (Note 12)	315,721	1	315,721	1	-	-
Net defined benefit asset - non-current (Notes 4 and 18)	92,674	-	90,774	-	20,120	-
Other non-current assets	26,152	-	33,697	-	22,682	-
Total non-current assets	19,076,896	54	19,831,875	53	23,179,363	55
<b>TOTAL</b>	<b>\$ 35,260,126</b>	<b>100</b>	<b>\$ 37,581,832</b>	<b>100</b>	<b>\$ 42,237,706</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term bank loans (Notes 16 and 28)	\$ 5,110,657	15	\$ 6,710,250	18	\$ 5,906,767	14
Contract liabilities - current (Notes 20 and 27)	83,676	-	172,832	-	200,405	-
Notes and trade payables	3,639,813	11	4,105,755	11	4,880,379	12
Trade payables to related parties (Note 27)	51,259	-	43,424	-	91,758	-
Other payables (Notes 17 and 27)	2,144,147	6	928,940	3	2,743,221	7
Current tax liabilities (Note 4)	356,602	1	295,937	1	360,068	1
Lease liabilities - current (Note 15)	43,488	-	39,862	-	52,505	-
Current portion of long-term bank loans (Note 16)	377,110	1	337,167	1	291,200	1
Other current liabilities	45,030	-	42,819	-	40,683	-
Total current liabilities	11,851,782	34	12,676,986	34	14,566,986	35
<b>NON-CURRENT LIABILITIES</b>						
Long-term bank loans (Note 16)	855,484	2	911,829	2	1,048,931	3
Deferred tax liabilities (Note 4)	3,688,792	11	3,629,971	10	4,422,042	10
Lease liabilities - non-current (Note 15)	42,257	-	53,422	-	73,342	-
Guarantee deposits received	27,034	-	27,626	-	26,111	-
Total non-current liabilities	4,613,567	13	4,622,848	12	5,570,426	13
Total liabilities	16,465,349	47	17,299,834	46	20,137,412	48
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION</b>						
Ordinary shares	2,989,838	8	2,989,838	8	2,989,838	7
Capital surplus	1,084,998	3	940,458	2	811,299	2
Retained earnings						
Legal reserve	4,116,578	12	4,116,578	11	4,116,578	10
Special reserve	-	-	638,687	2	638,687	1
Unappropriated earnings	10,577,922	30	10,323,780	27	12,060,395	28
Other equity	(1,039,270)	(3)	286,112	1	344,000	1
Total equity attributable to owners of the Corporation	17,730,066	50	19,295,453	51	20,960,797	49
<b>NON-CONTROLLING INTERESTS</b>	<b>1,064,711</b>	<b>3</b>	<b>986,545</b>	<b>3</b>	<b>1,139,497</b>	<b>3</b>
Total equity	18,794,777	53	20,281,998	54	22,100,294	52
<b>TOTAL</b>	<b>\$ 35,260,126</b>	<b>100</b>	<b>\$ 37,581,832</b>	<b>100</b>	<b>\$ 42,237,706</b>	<b>100</b>

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

(With Deloitte & Touche review report dated August 13, 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 June 30				For the Six Months Ended June 30			
	2025		2024		2025		2024	
	Amount	%	Amount	%	Amount	%	Amount	%
SALES (Notes 20 and 27)	\$ 7,004,600	100	\$ 9,322,709	100	\$ 14,572,182	100	\$ 15,168,204	100
COST OF GOODS SOLD (Notes 10, 21 and 27)	<u>5,964,134</u>	<u>85</u>	<u>7,379,548</u>	<u>79</u>	<u>12,279,448</u>	<u>84</u>	<u>12,150,746</u>	<u>80</u>
GROSS PROFIT	1,040,466	15	1,943,161	21	2,292,734	16	3,017,458	20
REALIZED (UNREALIZED) GAIN ON TRANSACTIONS WITH ASSOCIATES	<u>279,771</u>	<u>4</u>	<u>(136,667)</u>	<u>(2)</u>	<u>211,254</u>	<u>1</u>	<u>(96,804)</u>	<u>(1)</u>
REALIZED GROSS PROFIT	<u>1,320,237</u>	<u>19</u>	<u>1,806,494</u>	<u>19</u>	<u>2,503,988</u>	<u>17</u>	<u>2,920,654</u>	<u>19</u>
OPERATING EXPENSES (Note 21)								
Selling and marketing expenses	262,127	4	344,526	4	563,819	4	656,473	4
General and administrative expenses	<u>352,466</u>	<u>5</u>	<u>330,269</u>	<u>3</u>	<u>631,241</u>	<u>4</u>	<u>600,756</u>	<u>4</u>
Total operating expenses	<u>614,593</u>	<u>9</u>	<u>674,795</u>	<u>7</u>	<u>1,195,060</u>	<u>8</u>	<u>1,257,229</u>	<u>8</u>
PROFIT FROM OPERATIONS	<u>705,644</u>	<u>10</u>	<u>1,131,699</u>	<u>12</u>	<u>1,308,928</u>	<u>9</u>	<u>1,663,425</u>	<u>11</u>
NON-OPERATING INCOME AND EXPENSES								
Interest income (Note 27)	36,639	1	29,048	1	52,743	1	48,497	-
Other income (Note 27)	1,634	-	11,942	-	48,669	-	41,610	-
Share of profit (loss) of associates (Note 13)	438,720	6	(172,289)	(2)	332,120	2	(248,478)	(2)
Interest expense	(63,615)	(1)	(66,590)	(1)	(121,003)	(1)	(120,227)	(1)
Other expenses	(19,642)	-	(10,081)	-	(35,438)	-	(39,709)	-
Net foreign exchange gain (loss) (Note 32)	(528,957)	(8)	91,516	1	(432,294)	(3)	273,069	2
Gain (loss) on fair value changes of financial assets at fair value through profit or loss	<u>(10,883)</u>	<u>-</u>	<u>(5)</u>	<u>-</u>	<u>(9,627)</u>	<u>-</u>	<u>6,581</u>	<u>-</u>
Total non-operating income and expenses	<u>(146,104)</u>	<u>(2)</u>	<u>(116,459)</u>	<u>(1)</u>	<u>(164,830)</u>	<u>(1)</u>	<u>(38,657)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX	559,540	8	1,015,240	11	1,144,098	8	1,624,768	10
INCOME TAX EXPENSE (Notes 4 and 22)	<u>109,062</u>	<u>1</u>	<u>309,882</u>	<u>4</u>	<u>241,377</u>	<u>2</u>	<u>486,676</u>	<u>3</u>
NET PROFIT FOR THE PERIOD	<u>450,478</u>	<u>7</u>	<u>705,358</u>	<u>7</u>	<u>902,721</u>	<u>6</u>	<u>1,138,092</u>	<u>7</u>
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	(2,395,022)	(34)	313,181	4	(2,006,942)	(14)	1,171,286	8
Share of the other comprehensive income (loss) of associates accounted for using the equity method (Note 13)	251,528	3	(72,052)	(1)	337,049	3	(166,664)	(1)
Income tax related to items that may be reclassified subsequently to profit or loss	<u>416,575</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>331,346</u>	<u>2</u>	<u>-</u>	<u>-</u>
Other comprehensive income (loss) for the period, net of income tax	<u>(1,726,919)</u>	<u>(25)</u>	<u>241,129</u>	<u>3</u>	<u>(1,338,547)</u>	<u>(9)</u>	<u>1,004,622</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ (1,276,441)</u>	<u>(18)</u>	<u>\$ 946,487</u>	<u>10</u>	<u>\$ (435,826)</u>	<u>(3)</u>	<u>\$ 2,142,714</u>	<u>14</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 June 30				For the Six Months Ended June 30			
	2025		2024		2025		2024	
	Amount	%	Amount	%	Amount	%	Amount	%
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Corporation	\$ 394,015	6	\$ 655,548	7	\$ 812,540	5	\$ 1,071,317	7
Non-controlling interests	<u>56,463</u>	<u>1</u>	<u>49,810</u>	<u>-</u>	<u>90,181</u>	<u>1</u>	<u>66,775</u>	<u>-</u>
	<u>\$ 450,478</u>	<u>7</u>	<u>\$ 705,358</u>	<u>7</u>	<u>\$ 902,721</u>	<u>6</u>	<u>\$ 1,138,092</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Corporation	\$ (1,272,282)	(18)	\$ 888,123	9	\$ (512,842)	(4)	\$ 2,054,004	13
Non-controlling interests	<u>(4,159)</u>	<u>-</u>	<u>58,364</u>	<u>1</u>	<u>77,016</u>	<u>1</u>	<u>88,710</u>	<u>1</u>
	<u>\$ (1,276,441)</u>	<u>(18)</u>	<u>\$ 946,487</u>	<u>10</u>	<u>\$ (435,826)</u>	<u>(3)</u>	<u>\$ 2,142,714</u>	<u>14</u>
EARNINGS PER SHARE (Note 23)								
Basic	<u>\$ 1.32</u>		<u>\$ 2.19</u>		<u>\$ 2.72</u>		<u>\$ 3.58</u>	
Diluted	<u>\$ 1.32</u>		<u>\$ 2.19</u>		<u>\$ 2.71</u>		<u>\$ 3.57</u>	

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

(With Deloitte & Touche review report dated August 13, 2025)

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# MERIDA INDUSTRY CO., LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Corporation						Other Equity Exchange Differences on Translation of the Financial Statements of Foreign Operations	Total	Non-controlling Interests (Notes 12 and 24)	Total Equity
	Ordinary Shares (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	
Appropriation of 2023 earnings										
Legal reserve	-	-	178,738	-	(178,738)	-	-	-	-	
Reversal of special reserve	-	-	-	(27,507)	27,507	-	-	-	-	
Cash dividends distributed by the Corporation	-	-	-	-	(1,793,903)	-	(1,793,903)	-	(1,793,903)	
Changes in capital surplus from investments in associates accounted for using the equity method	-	181,147	-	-	-	-	181,147	-	181,147	
Net profit for the six months ended June 30, 2024	-	-	-	-	1,071,317	-	1,071,317	66,775	1,138,092	
Other comprehensive income (loss) for the six months ended June 30, 2024, net of income tax	-	-	-	-	-	982,687	982,687	21,935	1,004,622	
Total comprehensive income (loss) for the six months ended June 30, 2024	-	-	-	-	1,071,317	982,687	2,054,004	88,710	2,142,714	
BALANCE AT JUNE 30, 2024	\$ 2,989,838	\$ 811,299	\$ 4,116,578	\$ 638,687	\$ 12,060,395	\$ 344,000	\$ 20,960,797	\$ 1,139,497	\$ 22,100,294	
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	
Appropriation of 2024 earnings										
Reversal of special reserve	-	-	-	(638,687)	638,687	-	-	-	-	
Cash dividends distributed by the Corporation	-	-	-	-	(1,195,935)	-	(1,195,935)	-	(1,195,935)	
Changes in capital surplus from investments in associates accounted for using the equity method	-	144,540	-	-	-	-	144,540	-	144,540	
Changes in ownership interests in subsidiaries	-	-	-	-	(1,150)	-	(1,150)	1,150	-	
Net profit for the six months ended June 30, 2025	-	-	-	-	812,540	-	812,540	90,181	902,721	
Other comprehensive income (loss) for the six months ended June 30 2025, net of income tax	-	-	-	-	-	(1,325,382)	(1,325,382)	(13,165)	(1,338,547)	
Total comprehensive income (loss) for the six months ended June 30, 2025	-	-	-	-	812,540	(1,325,382)	(512,842)	77,016	(435,826)	
BALANCE AT JUNE 30, 2025	\$ 2,989,838	\$ 1,084,998	\$ 4,116,578	\$ -	\$ 10,577,922	\$ (1,039,270)	\$ 17,730,066	\$ 1,064,711	\$ 18,794,777	

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

(With Deloitte & Touche review report dated August 13, 2025)



# MERIDA INDUSTRY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax	\$ 1,144,098	\$ 1,624,768
Adjustments for:		
Depreciation expense	132,417	149,011
Amortization expense	11,079	10,148
Expected credit loss recognized on trade receivables	8,089	40,244
Net loss (gain) on fair value changes of financial assets at fair value through profit or loss	9,627	(6,581)
Interest expense	121,003	120,227
Interest income	(52,743)	(48,497)
Share of loss (profit) of associates	(332,120)	248,478
Loss (gain) on disposal of property, plant and equipment	40	(422)
Write-downs of inventories	36,740	171,681
Unrealized (realized) gain on transactions with associates	(211,254)	96,804
Unrealized net loss (gain) on foreign currency exchange	185,036	(69,308)
Loss (gain) on lease modification	61	(1,027)
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	(199,948)	(47,639)
Notes receivable	3,234	5,790
Trade receivables	(906,045)	(1,724,998)
Other receivables	14,243	32,785
Inventories	1,892,668	335,167
Other current assets	22,159	(21,440)
Net defined benefit assets	(1,900)	(991)
Contract liabilities	(85,560)	160,054
Notes payable and trade payables	(385,468)	2,064,992
Other payables	29,386	88,025
Other current liabilities	693	(2,937)
Cash generated from operations	1,435,535	3,224,334
Interest received	45,245	31,281
Interest paid	(121,533)	(131,751)
Income tax paid	(44,140)	(820,817)
Net cash generated from operating activities	<u>1,315,107</u>	<u>2,303,047</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at amortized cost	-	(1,259,701)
Proceeds from sale of financial assets at amortized cost	184,139	-
Acquisition of property, plant and equipment	(25,639)	(35,269)
Proceeds from disposal of property, plant and equipment	1	1,168
Increase in refundable deposits	(1,886)	(898)
Acquisition of intangible assets	(1,466)	(185)
Decrease in other non-current assets	10,431	13,243
Increase in prepayments for equipment	(74)	(15,737)
Net cash generated from (used in) investing activities	<u>165,506</u>	<u>(1,297,379)</u>

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# MERIDA INDUSTRY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2025	2024
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term bank loans	\$ (1,597,740)	\$ (199,966)
Proceeds from long-term bank loans	219,819	41,799
Repayments of long-term bank loans	(168,597)	(165,905)
Proceeds from guarantee deposits received	959	2,031
Repayment of the principal portion of lease liabilities	<u>(24,117)</u>	<u>(36,466)</u>
Net cash used in financing activities	<u>(1,569,676)</u>	<u>(358,507)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(128,305)</u>	<u>44,417</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(217,368)	691,578
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>\$ 3,423,099</u>	<u>\$ 4,150,619</u>

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

(With Deloitte & Touche review report dated August 13, 2025)

(Concluded)

# MERIDA INDUSTRY CO., LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 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 August 13, 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

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB</b>
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023

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

1) 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.

2) The amendments to the application guidance of derecognition of financial liabilities

The amendments mainly stipulate that a financial liability is derecognized on the settlement date. However, 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.

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 and will disclose the relevant impact when the assessment is completed.

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

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note)</b>
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 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

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

#### 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.

Except for the above impact, 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

	June 30, 2025	December 31, 2024	June 30, 2024
Cash on hand	\$ 3,331	\$ 3,219	\$ 4,622
Checking accounts and demand deposits	3,169,489	3,489,767	3,997,912
Cash equivalents			
Time deposits with original maturities of 3 months or less	<u>250,279</u>	<u>147,481</u>	<u>148,085</u>
	<u>\$ 3,423,099</u>	<u>\$ 3,640,467</u>	<u>\$ 4,150,619</u>
Time deposit interest rate per annum (%)	1.25-4.15	1.50-4.10	1.55-4.70

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

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Financial assets</u>			
Non-derivative financial assets			
Mutual funds	\$ 200,154	\$ -	\$ 200,588
Domestic listed shares	44,473	57,764	58,583
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts	<u>3,458</u>	<u>-</u>	<u>-</u>
Financial assets at FVTPL - current	<u>\$ 248,085</u>	<u>\$ 57,764</u>	<u>\$ 259,171</u>

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

	<b>Currency</b>	<b>Maturity Date</b>	<b>Notional Amount (In Thousands)</b>
<u>June 30, 2025</u>			
Sell	USD/NTD	2025.07.02-2025.07.30	USD15,600/NTD456,921

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency-denominated assets and liabilities.

## 8. FINANCIAL ASSETS AT AMORTIZED COST

	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
<u>Current</u>			
Time deposits with original maturities of more than 3 months	<u>\$ 151,401</u>	<u>\$ 264,238</u>	<u>\$ 1,313,061</u>
<u>Non-Current</u>			
Time deposits with original maturities of more than 3 months	<u>\$ 327,353</u>	<u>\$ 447,860</u>	<u>\$ 444,352</u>

## 9. TRADE RECEIVABLES

	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
Trade receivables	\$ 3,374,665	\$ 2,714,206	\$ 4,085,817
Less: Allowance for impairment loss	<u>(29,271)</u>	<u>(57,594)</u>	<u>(47,542)</u>
	<u>\$ 3,345,394</u>	<u>\$ 2,656,612</u>	<u>\$ 4,038,275</u>

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

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



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

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

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

	Not Past Due	Past Due Within 3 Months	Total
<u>June 30, 2025</u>			
Expected credit loss rate	0%-1%	3%	
Gross carrying amount	\$ 3,338,308	\$ 36,357	\$ 3,374,665
Loss allowance (Lifetime ECLs)	<u>(28,186)</u>	<u>(1,085)</u>	<u>(29,271)</u>
Amortized cost	<u>\$ 3,310,122</u>	<u>\$ 35,272</u>	<u>\$ 3,345,394</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>June 30, 2024</u>			
Expected credit loss rate	0%-1%	3%	
Gross carrying amount	\$ 4,040,462	\$ 45,355	\$ 4,085,817
Loss allowance (Lifetime ECLs)	<u>(46,181)</u>	<u>(1,361)</u>	<u>(47,542)</u>
Amortized cost	<u>\$ 3,994,281</u>	<u>\$ 43,994</u>	<u>\$ 4,038,275</u>

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

	<b>For the Six Months Ended June 30</b>	
	<b>2025</b>	<b>2024</b>
Balance on January 1	\$ 57,594	\$ 34,411
Net remeasurement of loss allowance	8,089	40,244
Amounts written off	(38,954)	(27,669)
Foreign exchange differences	<u>2,542</u>	<u>556</u>
Balance on June 30	<u>\$ 29,271</u>	<u>\$ 47,542</u>

## 10. INVENTORIES

	June 30, 2025	December 31, 2024	June 30, 2024
Finished goods	\$ 5,574,192	\$ 6,909,152	\$ 5,895,570
Work in progress	490,751	484,564	387,161
Raw materials and supplies	2,553,008	3,180,579	2,486,275
Inventory in transit	<u>78,896</u>	<u>146,558</u>	<u>336,148</u>
	<u>\$ 8,696,847</u>	<u>\$ 10,720,853</u>	<u>\$ 9,105,154</u>

For the three months ended June 30, 2025, 2024 and six months ended June 30, 2025, 2024, the cost of inventories recognized as cost of goods sold was \$5,964,134 thousand, \$7,379,548 thousand, \$12,279,448 thousand and \$12,150,746 thousand, respectively, and the cost of goods sold included inventory write-downs of \$41,794 thousand, \$177,114 thousand, \$36,740 thousand and \$171,681 thousand, respectively.

Inventories pledged as collateral for bank borrowings are set out in Note 28.

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

	June 30, 2025	December 31, 2024	June 30, 2024
<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 (%)		
		June 30, 2025	December 31, 2024	June 30, 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

(Continued)

Investor	Investee	Proportion of Ownership (%)		
		June 30, 2025	December 31, 2024	June 30, 2024
The Corporation	Merida Norge As. (“Merida Norge”) (Note 24)	80	80	75
Merida B.V.I.	Merida Industry (Hong Kong) Co., Ltd. (“Merida Hong Kong”)	100	100	100
	Merida International (SAMOA) Ltd. (“Merida SAMOA”)	70	70	70
Merida Hong Kong	Merida Bicycle (China) Co., Ltd. (“Merida China”)	100	100	100
	Merida Bicycle (Shandong) Co., Ltd. (“Merida Shandong”)	100	100	100
Merida SAMOA	Merida Bicycle (Jiangsu) Ltd. (“Merida Jiangsu”)	100	100	100
Merida Norge	Merida Sverige AB (“Sverige”)	100	100	100
Merida Japan	Miyata Cycle Co., Ltd. (“Miyata”)	100	100	100
Merida & Centurion	Merida Europe GmbH	100	100	100
	Merida R&D Center GmbH	100	100	100

(Concluded)

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

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 August 13, 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 (%)		
	June 30, 2025	December 31, 2024	June 30, 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.

	June 30, 2025	December 31, 2024	June 30, 2024
Current assets	\$ 1,213,384	\$ 1,456,894	\$ 1,417,257
Non-current assets	522,059	614,603	647,217
Current liabilities	(793,511)	(926,829)	(945,982)
Non-current liabilities	<u>(247,824)</u>	<u>(349,576)</u>	<u>(431,519)</u>
Equity	<u>\$ 694,108</u>	<u>\$ 795,092</u>	<u>\$ 686,973</u>

(Continued)

	June 30, 2025	December 31, 2024	June 30, 2024
Equity attributable to:			
Owners of Merida SAMOA	\$ 485,876	\$ 556,564	\$ 480,881
Non-controlling interests of Merida SAMOA	<u>208,232</u>	<u>238,528</u>	<u>206,092</u>
	<u>\$ 694,108</u>	<u>\$ 795,092</u>	<u>\$ 686,973</u> (Concluded)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Revenue	<u>\$ 425,803</u>	<u>\$1,354,952</u>	<u>\$ 846,516</u>	<u>\$2,015,497</u>
Net profit (loss) for the period	\$ (7,161)	\$ 95,875	\$ (20,948)	\$ 124,545
Other comprehensive income (loss) for the period	<u>1,960</u>	<u>(2,537)</u>	<u>3,044</u>	<u>(3,575)</u>
Total comprehensive income (loss) for the period	<u>\$ (5,201)</u>	<u>\$ 93,338</u>	<u>\$ (17,904)</u>	<u>\$ 120,970</u>
Profit (loss) attributable to:				
Owners of Merida SAMOA	\$ (5,013)	\$ 67,113	\$ (14,664)	\$ 87,182
Non-controlling interests of Merida SAMOA	<u>(2,148)</u>	<u>28,762</u>	<u>(6,284)</u>	<u>37,363</u>
	<u>\$ (7,161)</u>	<u>\$ 95,875</u>	<u>\$ (20,948)</u>	<u>\$ 124,545</u>
Total comprehensive income (loss) attributable to:				
Owners of Merida SAMOA	\$ (3,641)	\$ 65,337	\$ (12,533)	\$ 84,679
Non-controlling interests of Merida SAMOA	<u>(1,560)</u>	<u>28,001</u>	<u>(5,371)</u>	<u>36,291</u>
	<u>\$ (5,201)</u>	<u>\$ 93,338</u>	<u>\$ (17,904)</u>	<u>\$ 120,970</u>
Net cash inflow (outflow) from:				
Operating activities			\$ (134,643)	\$ 561,529
Investing activities			(86)	(1,388)
Financing activities			<u>159,750</u>	<u>(141,030)</u>
Net cash inflow			<u>\$ 25,021</u>	<u>\$ 419,111</u>

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

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Unlisted shares</u>			
Specialized Bicycle Components Holding Company, Inc. ("SBC")	\$ 15,022,564	\$ 15,770,662	\$ 19,394,591
SAIL & SURF Produktion-und Handelsgesellschaft m.b.H. ("SAIL & SURF")	129,964	121,889	120,916
Merida Bikes SWE, S.A ("Merida Bikes SWE")	57,356	50,857	54,286
Merida Czech s.r.o ("Merida Czech")	56,256	42,818	49,246
Merida Slovakia s.r.o ("Merida Slovakia")	27,126	26,963	28,872
Merida Italy S.r.a ("Merida Italy")	13,839	7,220	19,018
Merida Korea Inc. ("Merida Korea")	<u>8,483</u>	<u>3,587</u>	<u>15,083</u>
	<u>\$ 15,315,588</u>	<u>\$ 16,023,996</u>	<u>\$ 19,682,012</u>

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

	June 30, 2025	December 31, 2024	June 30, 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 Six Months Ended June 30, 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	-	4,023	-	1,123	20,493	25,639
Disposals	-	(563)	(15,684)	(283)	(12,359)	(28,889)
Reclassifications	-	36	-	-	45,000	45,036
Effects of foreign currency exchange differences	<u>105</u>	<u>(123,270)</u>	<u>(86,543)</u>	<u>1,375</u>	<u>(9,577)</u>	<u>(217,910)</u>
Balance on June 30	<u>\$ 479,574</u>	<u>\$ 2,787,133</u>	<u>\$ 1,189,875</u>	<u>\$ 38,217</u>	<u>\$ 315,809</u>	<u>\$ 4,810,608</u>

(Continued)

For the Six Months Ended June 30, 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	-	54,937	31,826	1,373	18,497	106,633
Disposals	-	(563)	(15,684)	(283)	(12,318)	(28,848)
Effects of foreign currency exchange differences	-	(80,810)	(76,026)	783	(8,510)	(164,563)
Balance on June 30	\$ -	\$ 1,469,010	\$ 1,010,684	\$ 27,404	\$ 194,461	\$ 2,701,559
Carrying amount on June 30	\$ 479,574	\$ 1,318,123	\$ 179,191	\$ 10,813	\$ 121,348	\$ 2,109,049 (Concluded)

For the Six Months Ended June 30, 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	-	17,662	3,685	123	13,799	35,269
Disposals	-	-	(4,935)	(738)	(19,285)	(24,958)
Reclassifications	-	4,637	16,643	-	-	21,280
Effects of foreign currency exchange differences	(44)	70,784	30,512	(937)	2,190	102,505
Balance on June 30	\$ 479,483	\$ 2,929,834	\$ 1,325,799	\$ 36,976	\$ 286,744	\$ 5,058,836
<u>Accumulated depreciation</u>						
Balance on January 1	\$ -	\$ 1,368,597	\$ 1,018,867	\$ 27,144	\$ 205,828	\$ 2,620,436
Additions	-	55,834	34,822	1,122	20,158	111,936
Disposals	-	-	(4,358)	(738)	(19,116)	(24,212)
Effects of foreign currency exchange differences	-	34,262	25,286	(703)	2,061	60,906
Balance on June 30	\$ -	\$ 1,458,693	\$ 1,074,617	\$ 26,825	\$ 208,931	\$ 2,769,066
Carrying amount on June 30	\$ 479,483	\$ 1,471,141	\$ 251,182	\$ 10,151	\$ 77,813	\$ 2,289,770

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

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Carrying amounts</u>			
Land	\$ 184,896	\$ 206,162	\$ 209,788
Buildings	67,684	76,125	102,530
Transportation equipment	12,259	14,227	18,382
Miscellaneous equipment	<u>731</u>	<u>1,031</u>	<u>1,492</u>
	<u>\$ 265,570</u>	<u>\$ 297,545</u>	<u>\$ 332,192</u>
	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>
	<b>2025</b>	<b>2024</b>	<b>2025</b>
			<b>2024</b>
Additions to right-of-use assets	<u>\$ 1,410</u>	<u>\$ 78,453</u>	<u>\$ 6,970</u>
Depreciation charge for right-of-use assets			
Land	\$ 1,748	\$ 2,086	\$ 3,759
Buildings	8,161	17,619	15,881
Transportation equipment	2,859	2,868	5,734
Miscellaneous equipment	<u>211</u>	<u>223</u>	<u>410</u>
	<u>\$ 12,979</u>	<u>\$ 22,796</u>	<u>\$ 25,784</u>
			<u>\$ 37,075</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 six months ended June 30, 2025 and 2024.

### b. Lease liabilities

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Carrying amounts</u>			
Current	<u>\$ 43,488</u>	<u>\$ 39,862</u>	<u>\$ 52,505</u>
Non-current	<u>\$ 42,257</u>	<u>\$ 53,422</u>	<u>\$ 73,342</u>

Range of discount rates for lease liabilities was as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Land	1.73%	1.73%-6.86%	1.15%-6.86%
Buildings	1.53%-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	6.86%	0.80%-6.86%	0.80%-6.86%



c. Material lease-activities and terms

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

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

d. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Expenses relating to short-term leases	\$ 14,846	\$ 8,760	\$ 27,537	\$ 16,790
Expenses relating to low-value asset leases	\$ 386	\$ 394	\$ 849	\$ 905
Total cash outflow for leases	\$ (26,851)	\$ (32,768)	\$ (52,503)	\$ (54,161)

## 16. BORROWINGS

a. Short-term bank borrowings

	June 30, 2025	December 31, 2024	June 30, 2024
Unsecured borrowings	\$ 4,758,840	\$ 6,326,837	\$ 5,526,863
Letters of credit - due after 180 days of acceptance	15,384	109,144	67,482
Secured borrowings (Note 28)	<u>336,433</u>	<u>274,269</u>	<u>312,422</u>
	<u>\$ 5,110,657</u>	<u>\$ 6,710,250</u>	<u>\$ 5,906,767</u>
<u>Rate of interest per annum (%)</u>			
Unsecured borrowings	0.75-6.05	0.50-9.13	0.50-9.15
Letters of credit	No higher than 5.06	No higher than 1.39	No higher than 1.65
Secured borrowings	4.50-8.79	5.00-7.67	5.00-7.69

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

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Unsecured loans</u>			
Bank loans	\$ 1,232,594	\$ 1,248,996	\$ 1,340,131
Less: Current portion	<u>(377,110)</u>	<u>(337,167)</u>	<u>(291,200)</u>
Long-term borrowings	<u>\$ 855,484</u>	<u>\$ 911,829</u>	<u>\$ 1,048,931</u>

The bank loans will be due from March 2026 to December 2036. As of June 30, 2025, December 31, 2024 and June 30, 2024, the effective interest rate range of the bank loans was 0.12%-3.60%, 0.12%-3.80% and 0.12%-5.26%, respectively.

## 17. OTHER PAYABLES

	June 30, 2025	December 31, 2024	June 30, 2024
Payables for dividends	\$ 1,195,935	\$ -	\$ 1,793,903
Payables for salaries and bonuses	180,377	224,504	106,281
Payables for compensation of employees	66,504	-	242,481
Payables for remuneration of directors	28,819	-	105,075
Others	<u>672,512</u>	<u>704,436</u>	<u>495,481</u>
	<u>\$ 2,144,147</u>	<u>\$ 928,940</u>	<u>\$ 2,743,221</u>

## 18. RETIREMENT BENEFIT PLANS

For the three months ended June 30, 2025, 2024 and six months ended June 30, 2025, 2024, the pension expenses of defined benefit plans were \$28 thousand, \$536 thousand, \$56 thousand and \$1,072 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

	June 30, 2025	December 31, 2024	June 30, 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

	June 30, 2025	December 31, 2024	June 30, 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>668,708</u>	<u>524,168</u>	<u>395,009</u>
	<u>\$ 1,084,998</u>	<u>\$ 940,458</u>	<u>\$ 811,299</u>

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

c. Retained earnings and dividends policy

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

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

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

The appropriations of earnings and earnings per share approved in the shareholders' meetings in June 2025 and 2024, respectively, were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>For the Year Ended</u>		<u>For the Year Ended</u>	
	<u>December 31</u>		<u>December 31</u>	
	<u>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

## 20. REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Revenue from contracts with customers				
Revenue from sale of goods	<u>\$ 7,004,600</u>	<u>\$ 9,322,709</u>	<u>\$ 14,572,182</u>	<u>\$ 15,168,204</u>

### a. Contract balances

	June 30, 2025	December 31, 2024	June 30, 2024	January 1, 2024
Notes and trade receivables	<u>\$ 3,345,753</u>	<u>\$ 2,660,205</u>	<u>\$ 4,039,639</u>	<u>\$ 2,304,977</u>
Contract liabilities - current	<u>\$ 83,676</u>	<u>\$ 172,832</u>	<u>\$ 200,405</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

	Operating Costs	Operating Expenses	Total
<u>For the three months ended June 30, 2025</u>			
Short-term employee benefits	\$ 243,405	\$ 228,961	\$ 472,366
Post-employment benefits			
Defined contribution plans	12,913	11,427	24,340
Defined benefit plans	12	16	28
Other employee benefits	6,796	23,465	30,261
Depreciation expense	32,508	33,091	65,599
Amortization expense	150	5,355	5,505
<u>For the three months ended June 30, 2024</u>			
Short-term employee benefits	301,830	259,472	561,302
Post-employment benefits			
Defined contribution plans	13,509	11,455	24,964
Defined benefit plans	221	315	536
Other employee benefits	9,444	33,822	43,266
Depreciation expense	40,079	39,789	79,868
Amortization expense	150	4,914	5,064

	<b>Operating Costs</b>	<b>Operating Expenses</b>	<b>Total</b>
<u>For the six months ended June 30, 2025</u>			
Short-term employee benefits	\$ 480,013	\$ 430,106	\$ 910,119
Post-employment benefits			
Defined contribution plans	25,980	23,543	49,523
Defined benefit plans	34	22	56
Other employee benefits	15,111	48,384	63,495
Depreciation expense	67,766	64,651	132,417
Amortization expense	301	10,778	11,079

For the six months ended June 30, 2024

Short-term employee benefits	545,186	462,412	1,007,598
Post-employment benefits			
Defined contribution plans	25,337	22,006	47,343
Defined benefit plans	443	629	1,072
Other employee benefits	16,572	58,210	74,782
Depreciation expense	80,264	68,747	149,011
Amortization expense	151	9,997	10,148

b. Employees' compensation and remuneration of directors

According to the Corporation's Articles of Incorporation, the Corporation accrued employees' compensation and remuneration of directors at rates of no less than 5% and no higher than 5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. In accordance with the amendments to the Securities and Exchange Act in August 2024, the shareholders of the Corporation resolved 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 employees' compensation and remuneration of directors for the three months ended June 30, 2025, 2024 and six months ended June 30, 2025, 2024 are as follows:

	<b>For the Three Months Ended June 30</b>			
	<b>2025</b>		<b>2024</b>	
	<b>Accrual Rate</b>	<b>Amount</b>	<b>Accrual Rate</b>	<b>Amount</b>
<b>Cash</b>				
Employees' compensation	6%	\$ 31,932	6%	\$ 54,095
Remuneration of directors	2.6%	13,838	2.6%	23,441
	<b>For the Six Months Ended June 30</b>			
	<b>2025</b>		<b>2024</b>	
	<b>Accrual Rate</b>	<b>Amount</b>	<b>Accrual Rate</b>	<b>Amount</b>
<b>Cash</b>				
Employees' compensation	6%	\$ 66,504	6%	\$ 88,104
Remuneration of directors	2.6%	28,819	2.6%	38,178

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:

	<b>For the Year Ended December 31, 2023</b>
Employees' compensation	\$ 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 June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Current tax				
In respect of the current year	\$ (13,641)	\$ 309,118	\$ 109,523	\$ 408,393
Adjustments for prior years	<u>(7,742)</u>	<u>3,678</u>	<u>(4,702)</u>	<u>3,678</u>
	<u>(21,383)</u>	<u>312,796</u>	<u>104,821</u>	<u>412,071</u>
Deferred tax				
In respect of the current year	<u>130,445</u>	<u>(2,914)</u>	<u>136,556</u>	<u>74,605</u>
Income tax expense recognized in profit or loss	<u>\$ 109,062</u>	<u>\$ 309,882</u>	<u>\$ 241,377</u>	<u>\$ 486,676</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

	Net Profit Attributable to Owners of the Corporation	Number of Shares	Earnings Per Share (NT\$)
<u>For the three months ended June 30, 2025</u>			
Basic earnings per share			
Profit for the period attributable to owners of the Corporation	\$ 394,015	298,983,800	<u>\$ 1.32</u>
Effect of potentially dilutive ordinary shares:			
Employees' compensation	<u>-</u>	<u>645,673</u>	
Diluted earnings per share			
Profit for the period attributable to owners of the Corporation plus effect of potentially dilutive ordinary shares	<u>\$ 394,015</u>	<u>299,629,473</u>	<u>\$ 1.32</u>
<u>For the three months ended June 30, 2024</u>			
Basic earnings per share			
Profit for the period attributable to owners of the Corporation	\$ 655,548	298,983,800	<u>\$ 2.19</u>
Effect of potentially dilutive ordinary shares:			
Employees' compensation	<u>-</u>	<u>406,946</u>	
Diluted earnings per share			
Profit for the period attributable to owners of the Corporation plus effect of potentially dilutive ordinary shares	<u>\$ 655,548</u>	<u>299,390,746</u>	<u>\$ 2.19</u>
<u>For the six months ended June 30, 2025</u>			
Basic earnings per share			
Profit for the period attributable to owners of the Corporation	\$ 812,540	298,983,800	<u>\$ 2.72</u>
Effect of potentially dilutive ordinary shares:			
Employees' compensation	<u>-</u>	<u>645,673</u>	
Diluted earnings period share			
Profit for the year attributable to owners of the Corporation plus effect of potentially dilutive ordinary shares	<u>\$ 812,540</u>	<u>299,629,473</u>	<u>\$ 2.71</u>
<u>For the six months ended June 30, 2024</u>			
Basic earnings per share			
Profit for the period attributable to owners of the Corporation	\$ 1,071,317	298,983,800	<u>\$ 3.58</u>
Effect of potentially dilutive ordinary shares:			
Employees' compensation	<u>-</u>	<u>703,216</u>	
Diluted earnings per share			
Profit for the period attributable to owners of the Corporation plus effect of potentially dilutive ordinary shares	<u>\$ 1,071,317</u>	<u>299,687,016</u>	<u>\$ 3.57</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

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Financial assets</u>			
Financial assets at FVTPL	\$ 248,085	\$ 57,764	\$ 259,171
Financial assets at amortized cost	7,342,742	7,157,199	10,043,766
Financial assets at FVTOCI - equity instruments	3,400	3,400	3,400

Financial liabilities

Financial liabilities at amortized cost	11,009,569	13,064,991	13,194,464
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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 six months ended June 30, 2025 and 2024 would have decreased by \$34,209 thousand and \$50,056 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 six months ended June 30, 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.

	June 30, 2025	December 31, 2024	June 30, 2024
Fair value interest rate risk			
Financial assets	\$ 729,033	\$ 859,579	\$ 1,905,498
Financial liabilities	2,146,823	2,145,238	3,580,731
Cash flow interest rate risk			
Financial assets	3,119,509	3,470,279	3,953,487
Financial liabilities	4,282,173	5,907,292	3,792,014

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, the Group's pre-tax profit for the six months ended June 30, 2025 and 2024 would have decreased by \$1,453 thousand and increased \$202 thousand, respectively.

b) Credit risk

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

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

The Group's concentration of credit risk was mainly from customer A, which accounted for 56%, 50% and 54% of the total trade receivables as of June 30, 2025, December 31, 2024 and June 30, 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 June 30, 2025, December 31, 2024 and June 30, 2024, the Group had available unutilized bank loan facilities of \$16,245,272 thousand \$15,129,670 thousand and \$15,304,252 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>June 30, 2025</u>			
Non-interest bearing liabilities	\$ 5,835,219	\$ -	\$ -
Lease liabilities	46,376	27,437	16,387
Variable interest rate liabilities	3,478,056	336,550	467,567
Fixed interest rate liabilities	<u>2,009,711</u>	<u>16,146</u>	<u>35,221</u>
	<u>\$ 11,369,362</u>	<u>\$ 380,133</u>	<u>\$ 519,175</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>June 30, 2024</u>			
Non-interest bearing liabilities	\$ 7,715,358	\$ -	\$ -
Lease liabilities	57,076	40,742	36,760
Variable interest rate liabilities	2,799,345	309,017	683,652
Fixed interest rate liabilities	<u>3,398,622</u>	<u>25,010</u>	<u>31,252</u>
	<u>\$ 13,970,401</u>	<u>\$ 374,769</u>	<u>\$ 751,664</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>June 30, 2025</u>			
Lease liabilities	\$ 46,376	\$ 43,824	\$ -
Variable interest rate liabilities	3,478,056	587,982	216,135
Fixed interest rate liabilities	<u>2,009,711</u>	<u>51,367</u>	<u>-</u>
	<u>\$ 5,534,143</u>	<u>\$ 683,173</u>	<u>\$ 216,135</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>June 30, 2024</u>			
Lease liabilities	\$ 57,076	\$ 77,502	\$ -
Variable interest rate liabilities	2,799,345	712,174	280,495
Fixed interest rate liabilities	<u>3,398,622</u>	<u>56,262</u>	<u>-</u>
	<u>\$ 6,255,043</u>	<u>\$ 845,938</u>	<u>\$ 280,495</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

<b>Related Party</b>	<b>Relationship with the Group</b>
Wolfgang Renner	Other

b. Sales of goods

<b>Related Party Category/Name</b>	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Associates				
SBC Group	\$ 3,221,974	\$ 3,232,510	\$ 7,535,025	\$ 5,303,148
Others	<u>194,602</u>	<u>373,016</u>	<u>506,821</u>	<u>710,000</u>
	3,416,576	3,605,526	8,041,846	6,013,148
Other related parties	<u>7,333</u>	<u>-</u>	<u>10,031</u>	<u>-</u>
	<u>\$ 3,423,909</u>	<u>\$ 3,605,526</u>	<u>\$ 8,051,877</u>	<u>\$ 6,013,148</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

<b>Related Party Category</b>	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Other related parties	\$ 39,800	\$ 89,779	\$ 75,257	\$ 148,173
Associates	<u>21,641</u>	<u>20,157</u>	<u>48,366</u>	<u>38,146</u>
	<u>\$ 61,441</u>	<u>\$ 109,936</u>	<u>\$ 123,623</u>	<u>\$ 186,319</u>

The purchase price is quoted based on market prices.

d. Contract liabilities - advance receipts

<b>Related Party Category/Name</b>	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
Associates			
SBC Group	<u>\$ 40,806</u>	<u>\$ 110,839</u>	<u>\$ 110,839</u>

e. Receivables from related parties

<b>Related Party Category/Name</b>	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
<u>Trade receivables</u>			
Associates			
SBC Group	\$ 1,885,961	\$ 1,355,386	\$ 2,213,966
Others	<u>460,119</u>	<u>637,087</u>	<u>728,103</u>
	2,346,080	1,992,473	2,942,069
Other related parties	<u>2,134</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,348,214</u>	<u>\$ 1,992,473</u>	<u>\$ 2,942,069</u>

<b>Related Party Category/Name</b>	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
<u>Other receivables</u>			
Associates			
SBC Group	\$ 44,258	\$ 5,355	\$ 3,382
Others	<u>2,529</u>	<u>4,487</u>	<u>3,545</u>
	46,787	9,842	6,927
Other related parties	<u>12,006</u>	<u>-</u>	<u>-</u>
	<u>\$ 58,793</u>	<u>\$ 9,842</u>	<u>\$ 6,927</u>

f. Payables to related parties

<b>Related Party Category</b>	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
<u>Trade payables</u>			
Other related parties	\$ 29,848	\$ 39,828	\$ 71,637
Associates	<u>21,411</u>	<u>3,596</u>	<u>20,121</u>
	<u>\$ 51,259</u>	<u>\$ 43,424</u>	<u>\$ 91,758</u>

g. Loans from related parties

<b>Related Party Category/Name</b>	<b>June 30, 2025</b>	<b>December 31, 2024</b>	<b>June 30, 2024</b>
<u>Other payables</u>			
Other related parties			
Wolfgang Renner	<u>\$ 295,410</u>	<u>\$ 293,604</u>	<u>\$ 118,014</u>

h. Other transactions with related parties

1) Interest income

<b>Related Party Category/Name</b>	<b>For the Three Months Ended June 30</b>		<b>For the Six Months Ended June 30</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Associates				
SBC Group	\$ 9,592	\$ 4,184	\$ 12,954	\$ 6,679
Others	<u>9,742</u>	<u>3,274</u>	<u>12,371</u>	<u>6,000</u>
	<u>\$ 19,334</u>	<u>\$ 7,458</u>	<u>\$ 25,325</u>	<u>\$ 12,679</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 June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Associates				
SBC Group	\$ 4,710	\$ 147	\$ 7,488	\$ 1,080

i. Remuneration of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2025	2024	2025	2024
Short-term employee benefits	\$ 20,998	\$ 32,361	\$ 43,383	\$ 54,991
Post-employment benefits	125	148	253	294
	<u>\$ 21,123</u>	<u>\$ 32,509</u>	<u>\$ 43,636</u>	<u>\$ 55,285</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:

	June 30, 2025	December 31, 2024	June 30, 2024
Inventories	\$ 421,038	\$ 405,884	\$ 400,206
Trade receivables	178,453	47,883	171,008
Property, plant and equipment	<u>27,121</u>	<u>26,771</u>	<u>15,977</u>
	<u>\$ 626,612</u>	<u>\$ 480,538</u>	<u>\$ 587,191</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 June 30, 2025, December 31, 2024 and June 30, 2024 were as follows:

- As of June 30, 2025, December 31, 2024 and June 30, 2024, unused letters of credit for purchases of raw materials amounted to approximately \$77,688 thousand, \$232,359 thousand and \$656,764 thousand, respectively.
- Unrecognized commitments were as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Acquisition of property, plant and equipment	<u>\$ 769</u>	<u>\$ 5,000</u>	<u>\$ 35,360</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:

	June 30, 2025			December 31, 2024		
	Foreign Currency	Exchange Rate	Carrying Amount	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>						
Monetary items						
USD	\$ 145,464	29.300	\$ 4,262,095	\$ 145,359	32.785	\$ 4,765,595
JPY	1,081,247	0.2034	219,926	621,374	0.2099	130,426
<u>Non-monetary items</u>						
<u>Investments accounted for using the equity method</u>						
USD	506,680	29.300	14,845,724	481,639	32.785	15,790,535
EUR	7,280	34.35	250,068	7,069	34.14	241,336
<u>Financial liabilities</u>						
Monetary items						
USD	28,710	29.300	841,203	29,115	32.785	954,535
JPY	2,076,102	0.2034	422,279	1,921,237	0.2099	403,268

June 30, 2024			
	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 189,156	32.450	\$ 6,138,112
JPY	1,196,597	0.2017	241,354

Non-monetary items

Investments accounted  
for using the equity  
method

USD	600,418	32.450	19,483,564
EUR	7,307	34.71	253,626

Financial liabilities

Monetary items			
USD	34,901	32.450	1,132,537
JPY	2,578,291	0.2017	520,041

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 June 30				
2025			2024	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1(NTD:NTD)	\$ (616,660)	1(NTD:NTD)	\$ 105,925
RMB	4.26(RMB:NTD)	(7,014)	4.458(RMB:NTD)	(11,145)
EUR	34.98(EUR:NTD)	<u>44,710</u>	34.83(EUR:NTD)	<u>(2,996)</u>
		<u>\$ (578,964)</u>		<u>\$ 91,784</u>

For the Six Months Ended June 30				
2025			2024	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
NTD	1(NTD:NTD)	\$ (529,904)	1(NTD:NTD)	\$ 282,157
RMB	4.386(RMB:NTD)	(11,096)	4.412(RMB:NTD)	(14,758)
EUR	34.78(EUR:NTD)	<u>57,433</u>	34.49(EUR:NTD)	<u>5,733</u>
		<u>\$ (483,567)</u>		<u>\$ 273,132</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

	<b>For the Six Months Ended June 30, 2025</b>				
	<b>Domestic Operations</b>	<b>Asia Operations</b>	<b>Europe Operations</b>	<b>Reconciliation and Elimination</b>	<b>Total</b>
<u>Revenue</u>					
Revenue from external customers	\$ 8,557,199	\$ 2,522,833	\$ 3,492,150	\$ -	\$ 14,572,182
Inter-segment revenue	1,148,302	186,397	159,157	(1,493,856)	-
Interest income	51,547	14,298	2,492	(15,594)	52,743
Share of profit (loss) of associates accounted for using the equity method	<u>523,556</u>	<u>-</u>	<u>-</u>	<u>(191,436)</u>	<u>332,120</u>
Total revenue	<u>\$ 10,280,604</u>	<u>\$ 2,723,528</u>	<u>\$ 3,653,799</u>	<u>\$ (1,700,886)</u>	<u>\$ 14,957,045</u>
Interest expense	\$ 44,934	\$ 15,261	\$ 72,693	\$ (11,885)	\$ 121,003
Depreciation and amortization	49,438	50,238	43,820	-	143,496
Income tax expense	200,541	40,836	-	-	241,377
Segment profit and loss	812,541	47,226	234,390	(191,436)	902,721
<u>Assets</u>					
Investments accounted for using the equity method	19,192,763	-	-	(3,877,175)	15,315,588
Segment assets	30,183,926	5,027,144	5,681,848	(5,632,792)	35,260,126
Segment liabilities	12,453,861	1,888,196	3,579,982	(1,456,690)	16,465,349
	<b>For the Six Months Ended June 30, 2024</b>				
	<b>Domestic Operations</b>	<b>Asia Operations</b>	<b>Europe Operations</b>	<b>Reconciliation and Elimination</b>	<b>Total</b>
<u>Revenue</u>					
Revenue from external customers	\$ 6,481,770	\$ 5,483,513	\$ 3,202,921	\$ -	\$ 15,168,204
Inter-segment revenue	1,673,469	281,163	145,992	(2,100,624)	-
Interest income	39,909	20,947	4,414	(16,773)	48,497
Share of profit (loss) of associates accounted for using the equity method	<u>424,026</u>	<u>-</u>	<u>-</u>	<u>(672,504)</u>	<u>(248,478)</u>
Total revenue	<u>\$ 8,619,174</u>	<u>\$ 5,785,623</u>	<u>\$ 3,353,327</u>	<u>\$ (2,789,901)</u>	<u>\$ 14,968,223</u>

(Continued)

For the Six Months Ended June 30, 2024					
	Domestic Operations	Asia Operations	Europe Operations	Reconciliation and Elimination	Total
Interest expense	\$ 38,784	\$ 17,232	\$ 76,847	\$ (12,636)	\$ 120,227
Depreciation and amortization	58,884	52,125	48,150	-	159,159
Income tax expense	270,798	187,174	28,704	-	486,676
Segment profit and loss	1,071,316	679,553	59,726	(672,503)	1,138,092
<u>Assets</u>					
Investments accounted for using the equity method	23,639,002	-	-	(3,956,990)	19,682,012
Segment assets	35,920,210	6,593,774	6,284,760	(6,561,038)	42,237,706
Segment liabilities	14,959,414	3,231,743	4,054,873	(2,108,618)	20,137,412
					(Concluded)

TABLE 1

MERIDA INDUSTRY CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE SIX MONTHS ENDED JUNE 30, 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		
0	The Corporation	Merida Benelux	Other receivables from related parties	Yes	\$ 32,685	\$ -	\$ -	5.6-6.3	For short-term financing needs	\$ -	Operating capital	\$ -	-	\$ -	\$ 7,092,026 (Note 1)	\$ 8,865,033 (Note 2)
1	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 195,673 (Note 3)	RMB 195,673 (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 SIX MONTHS ENDED JUNE 30, 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	\$ 5,319,019	GBP 6,000	GBP 6,000	GBP 5,942	\$ -	1.36	\$ 8,865,033	Yes	-	-
		Merida & Centurion	Subsidiary	5,319,019	EUR 32,300	EUR 31,700	EUR 20,300	-	6.14	8,865,033	Yes	-	-
		Merida Norge	Subsidiary	5,319,019	USD 1,500	USD 1,500	USD 1,500	-	0.25	8,865,033	Yes	-	-
		Merida Benelux	Subsidiary	5,319,019	USD 1,000	USD 1,000	USD 1,000	-	0.17	8,865,033	Yes	-	-
		Merida Jiangsu	Third-tier subsidiary	5,319,019	RMB270,000	RMB270,000	RMB113,417	-	6.23	8,865,033	Yes	-	Yes
		Merida China	Third-tier subsidiary	5,319,019	RMB100,000	RMB100,000	RMB 46,750	-	2.31	8,865,033	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**  
**JUNE 30, 2025**  
**(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2025			
				Number of Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value (Note 2)
The Corporation	<u>Mutual funds</u>						
	Yuanta De-Bao Money Market Fund	-	Financial assets at FVTPL - current	7,934	\$ 100,072	-	\$ 100,072
	Franklin Templeton Sinoam Money Market Fund	-	Financial assets at FVTPL - current	9,211	100,082	-	100,082
	<u>Share capital</u>						
	Cheng Shin	The Corporation's chairman is their director	Financial assets at FVTPL - current	1,146	43,312	-	43,312
	Merida Benelux (Note 1)	-	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 SIX MONTHS ENDED JUNE 30, 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	Sales	\$ (7,535,025)	(78)	O/A 60 days	\$ -	-	\$ 1,885,961	51	
		Subsidiary	Sales	(434,045)	(4)	T/T 14 days or O/A 150 days	-	-	481,335	13	
	Merida U.K.	Subsidiary	Sales	(192,075)	(2)	O/A 120 days	-	-	85,774	2	
	Merida Jiangsu	Third-tier subsidiary	Sales	(162,764)	(2)	O/A 90 days	-	-	20,750	1	
	Merida Norge	Subsidiary	Sales	(129,494)	(1)	T/T 14 days or O/A 120 days	-	-	113,813	3	
	Merida Bikes SWE	Associate	Sales	(128,670)	(1)	T/T 14 days or O/A 120 days	-	-	38,684	1	
	Merida Korea	Associate	Sales	(105,683)	(1)	T/T 14 days or O/A 120 days	-	-	70,283	2	
	Merida China	Third-tier subsidiary	Purchase	129,665	2	T/T 90 days	-	-	(50,730)	(2)	
Merida Jiangsu	Merida Shandong	Associate	Sales	RMB (167,630)	(88)	T/T 90 days	-	-	RMB 17,163	98	
Merida China	Merida Shandong	Associate	Sales	RMB (50,023)	(62)	T/T 90 days	-	-	RMB 9,410	43	

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**  
**JUNE 30, 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	\$ 1,885,961	9.30	\$ 184	Enhanced collection	\$ 1,009,371	\$ -
			Other receivables from related parties	44,258	-	-	-	6,842	-
	Merida & Centurion	Subsidiary	Trade receivables from related parties	481,335	1.74	15,041	Enhanced collection	183,937	-
			Other receivables from related parties	7,123	-	-	-	3,109	-
	Merida Polska	Subsidiary	Trade receivables from related parties	324,320	0.40	295,206	Enhanced collection	3,431	-
	Merida Italy	Associate	Trade receivables from related parties	223,164	0.82	17,275	Enhanced collection	40,076	1,555
	Merida Benelux	Subsidiary	Trade receivables from related parties	162,713	0.98	9,509	Enhanced collection	16,534	-
			Other receivables from related parties	3,254	-	-	-	331	-
	Merida Norge	Subsidiary	Trade receivables from related parties	113,813	2.00	-	-	32,372	-
			Other receivables from related parties	1,502	-	-	-	427	-
Merida Shandong	Merida Jiangsu	Associate	Other receivables from related parties	RMB 50,032	-	-	-	-	-

Note: Significant intercompany accounts and transactions have been eliminated.

**TABLE 6**

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

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE SIX MONTHS ENDED JUNE 30, 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	\$ 434,045	T/T 14 days or O/A 150 days	3
		Merida U.K.	1	Sales	192,075	O/A 120 days	1
		Merida Jiangsu	1	Sales	162,764	O/A 90 days	1
		Merida Norge	1	Sales	129,494	T/T 14 or O/A 120 days	1
		Merida China	1	Cost of sales	129,665	T/T 90 days	1
1	Merida Jiangsu	Merida Shandong	2	Sales	RMB 167,630	T/T 90 days	5
2	Merida China	Merida Shandong	2	Sales	RMB 50,023	T/T 90 days	2

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

Note 2: This transaction has been eliminated.

TABLE 7

MERIDA INDUSTRY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE SIX MONTHS ENDED JUNE 30, 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 June 30, 2025			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 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	\$ 15,022,564	USD 28,046	\$ 316,182	
	Merida B.V.I.	British Virgin Islands	International investment	1,362,597	1,362,597	42,500	100	2,900,255	USD 2,988	95,179	Subsidiary
	Merida & Centurion	Stuttgart, Germany	Sale of bicycles	103,725	103,725	-	51	703,054	EUR 4,548	80,674	Subsidiary
	Merida Polska	Gliwice, Poland	Sale of bicycles and bicycle components	113,170	113,170	-	74	92,610	PLN 3,146	18,855	Subsidiary
	Merida Norge	Lysaker, Norway	Sale of bicycles	168,772	168,772	211	80	102,831	NOK 7,775	18,260	Subsidiary
	SAIL & SURF	Strobl, Austria	Sale of bicycles	116,195	116,195	-	40	129,964	EUR 101	1,408	
	Merida Czech	Brno, Czech Republic	Sale of bicycles	21,042	21,042	-	45	56,256	CZK 6,870	4,235	
	Merida Bikes SWE	Madrid, Spain	Sale of bicycles	18,646	18,646	1	36	57,356	EUR 198	2,502	
	Merida Slovakia	Partizanska, Slovakia	Sale of bicycles	40	40	-	30	27,126	EUR 105	1,100	
	Merida Japan	Kanagawa, Japan	Sale of bicycles	157,668	118,875	8	98	(22,165)	JPY (194,170)	(40,310)	Subsidiary
	Merida Italy	Reggio Emilia, Italy	Sale of bicycles	19,011	19,011	559	27	13,839	EUR 242	2,299	
	Merida Benelux	Beekbergen, Netherlands	Sale of bicycles	65,400	65,400	766	60	(28,913)	EUR 530	11,066	Subsidiary
	Merida U.K.	Nottingham, United Kingdom	Sale of bicycles	40,309	40,309	482	81	78,425	GBP 230	7,711	Subsidiary
	Merida Korea	Seoul, Republic of Korea	Sale of bicycles	10,598	10,598	77	40	8,483	KRW 486,131	4,395	
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 81,617	HKD 26,843	(Note 1)	Indirectly owned subsidiary
	Merida SAMOA	Samoa	International investment	USD 24,500	USD 24,500	24,500	70	USD 16,583	USD (658)	(Note 1)	Indirectly owned subsidiary
Merida Norge	<u>Share capital</u> Sverige	Gothenburg, Sweden	Sale of bicycles	NOK 814	NOK 814	-	100	NOK 3,918	SEK 1,285	(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 2,409	EUR 506	(Note 1)	Indirectly owned subsidiary
	Merida R&D Center GmbH	Stuttgart, Germany	Design and development of bicycles	EUR 25	EUR 25	-	100	EUR 1,027	EUR 499	(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 (188,634)	JPY (53,104)	(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 SIX MONTHS ENDED JUNE 30, 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 June 30, 2025	Net Income of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Note 1)	Carrying Amount as of June 30, 2025 (Note 1)	Accumulated Repatriation of Investment Income as of June 30, 2025
					Outward	Inward						
Merida China	Manufacture and sale of bicycles	\$ 359,804 (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	\$ 324,849 (USD 11,087)	\$ -	\$ -	\$ 324,849 (USD 11,087)	\$ (17,413)	100	\$ (17,413)	\$ 328,286	\$ 1,833,213 (USD 62,567)
Merida Shandong	Manufacture and sale of e-bikes and bicycles	468,800 (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	468,800 (USD 16,000)	-	-	468,800 (USD 16,000)	126,615	100	126,615	2,001,700	1,568,283 (USD 53,525)
Merida Jiangsu	Manufacture and sale of e-bikes and bicycles	1,025,500 (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	483,450 (USD 16,500)	-	-	483,450 (USD 16,500)	(20,868)	70	(14,608)	454,029	-

Accumulated Outward Remittance for Investments in Mainland China as of June 30, 2025	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
\$ 1,277,099 ( USD 43,587 )	\$ 1,339,450 ( USD 45,715 ) (Note 2 )	\$ 11,276,866 (Note 3 )

Note 1: The investment gain and carrying amount as of June 30, 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”.