Merry Electronics 2024 Fourth Quarter Earnings Result Conference

Presented by : Allen Huang, CEO
Date: March.3, 2025

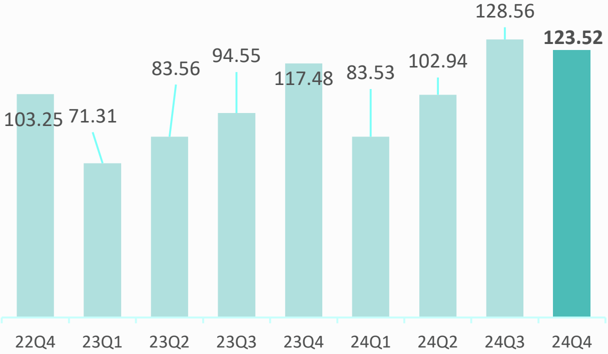
Safe Harbor Notice

Except for historical information contained herein, the matters set forth in this presentation are forward looking statements subject to significant risks and uncertainties that could cause actual results to differ materially, including the impact of competitive products and pricing strategies, whether the design is accepted by our customers timely, the prompt introduction of new technologies, the capability for mass production of new products, the risk of excess capacity, the availability of production capacity, the financial stability in terminal markets or other risks, and so on.

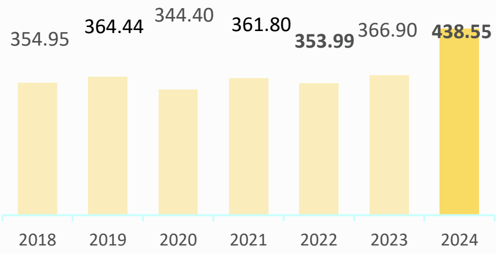
第四季經營實績：

- Q4 revenue exceeds expectations, Trump tariff effect boosts customer demand.
- Annual revenue grew by 20%, with growth across all product segments.
- Headsets showed stable growth as the main driver for revenue growth.

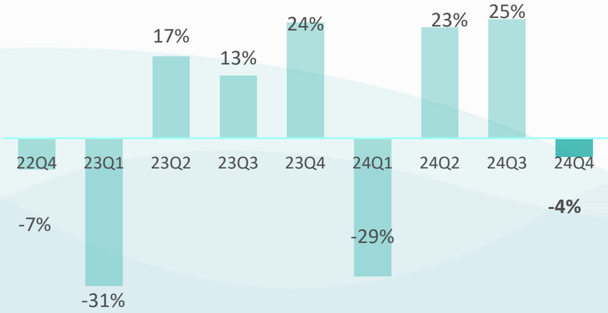
Sales by Quarter (in 100 Million)



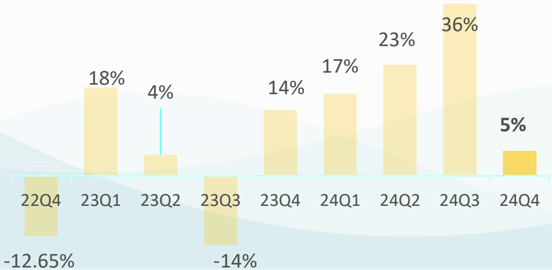
Sales by Year (in 100 million)



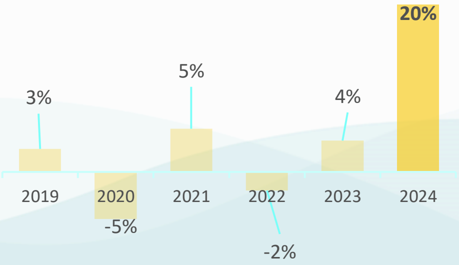
G rate (YoY%) on quarterly sales



G rate (YoY%) on quarterly sales

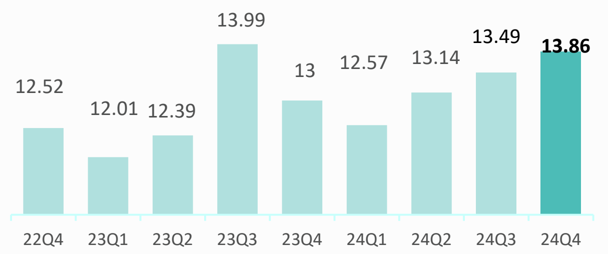


G rate (YoY%) on yearly sales

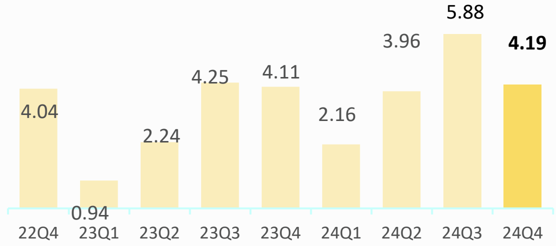


第四季經營實績：

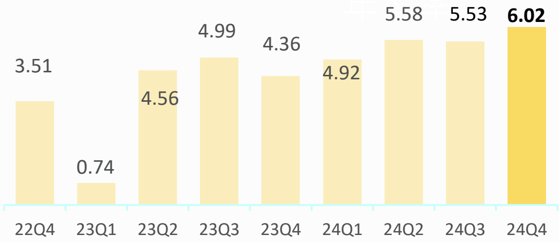
GPM (%).



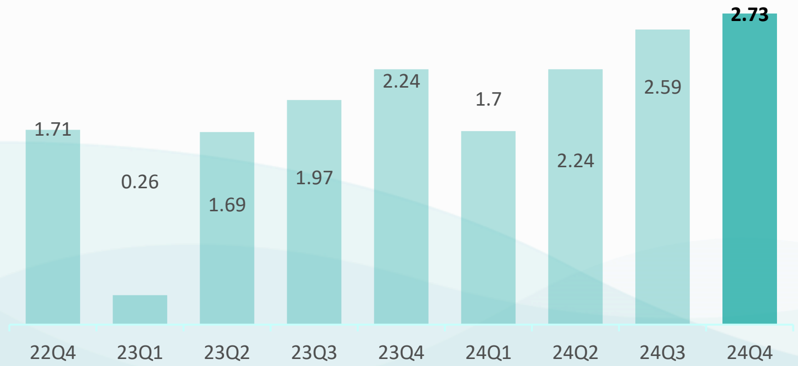
OPM (%).



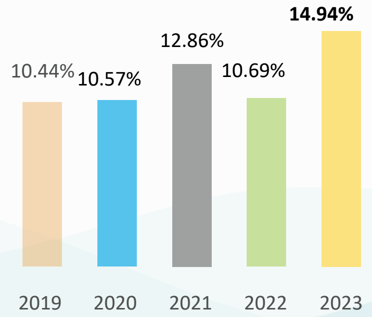
Net margin (%).



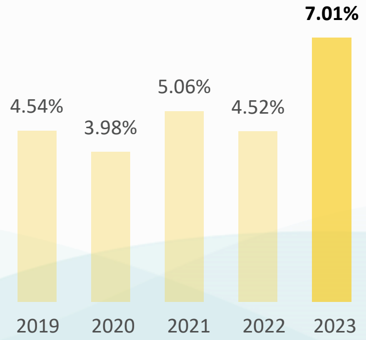
Quarterly EPS (in NT$)



R O E (%)



R O A (%)

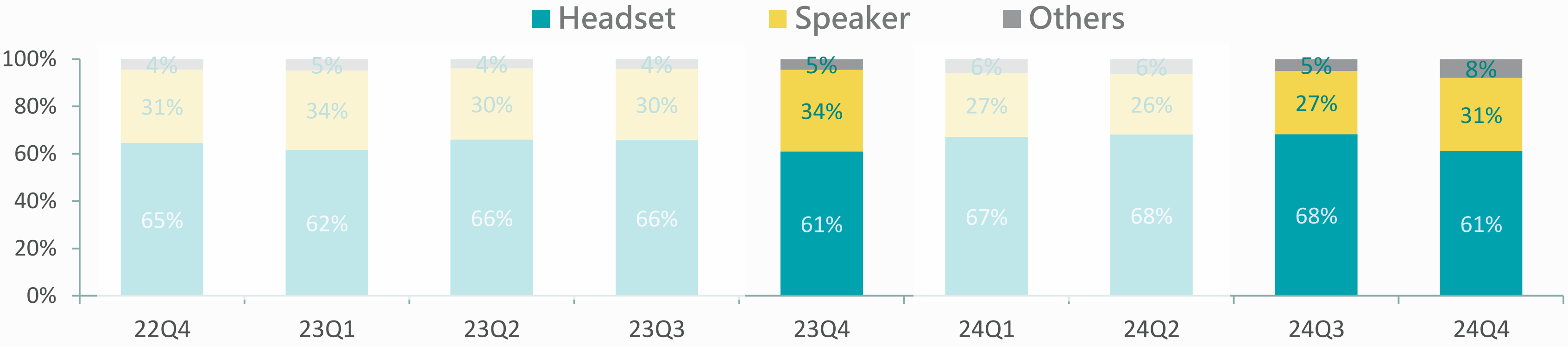


Statement of Comprehensive Income

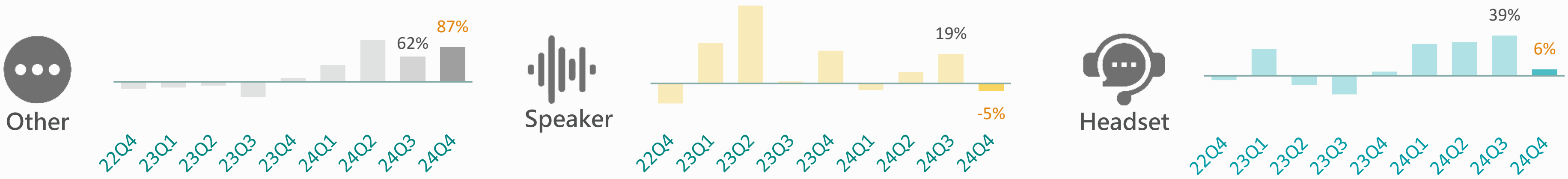
(NT$ Million)

items	2023Q4	2024Q3	2024Q4	QoQ	YoY
Net Revenue	11,748	12,856	12,352	-3.92%	5.14%
Gross Margin(%)	13.0%	13.5%	13.9%	0.4pp	0.9pp
Operating Expenses	1,044	978	1,194	22.09%	14.37%
Operating Margin(%)	4.11%	5.88%	4.19%	-1.69pp	0.08pp
Non-operating Income	218	109	456	318.35%	109.17%
CNIS*	480	626	660	5.43%	37.50%
Net Profit Margin	4.36%	5.53%	6.02%	0.49pp	1.66pp
EPS(NT$)	2.24	2.59	2.73	0.14	0.49

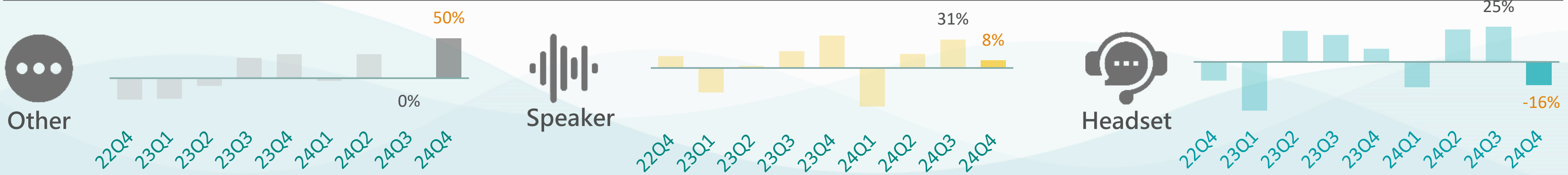
Product Mix - Quarterly



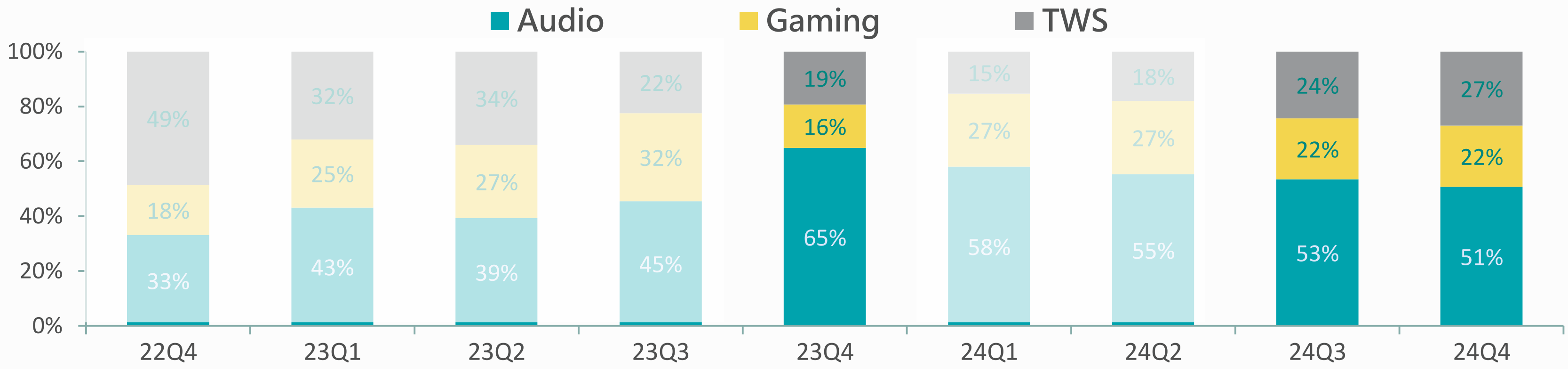
(Growth YoY, %)



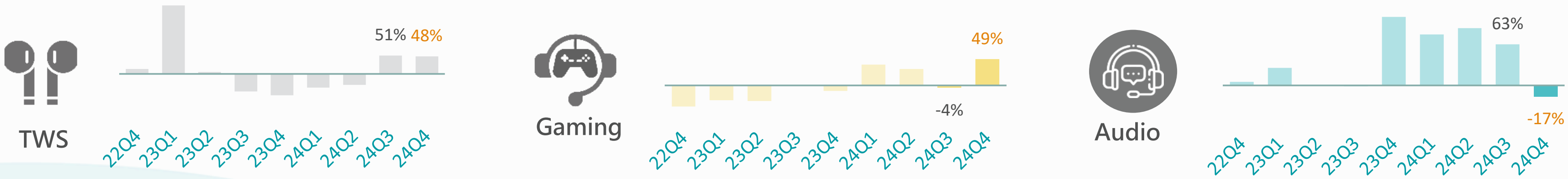
(Growth QoQ, %)



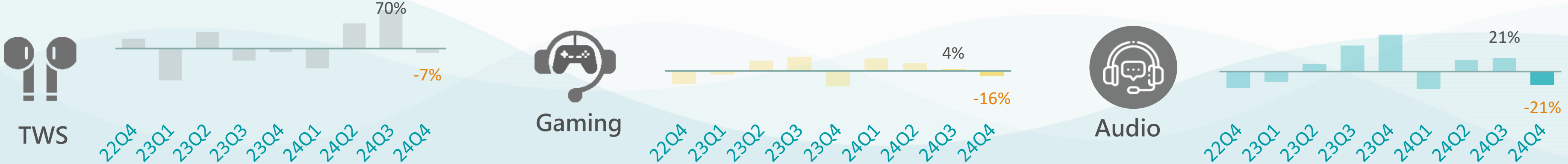
Headset Revenue Breakdown - Quarterly



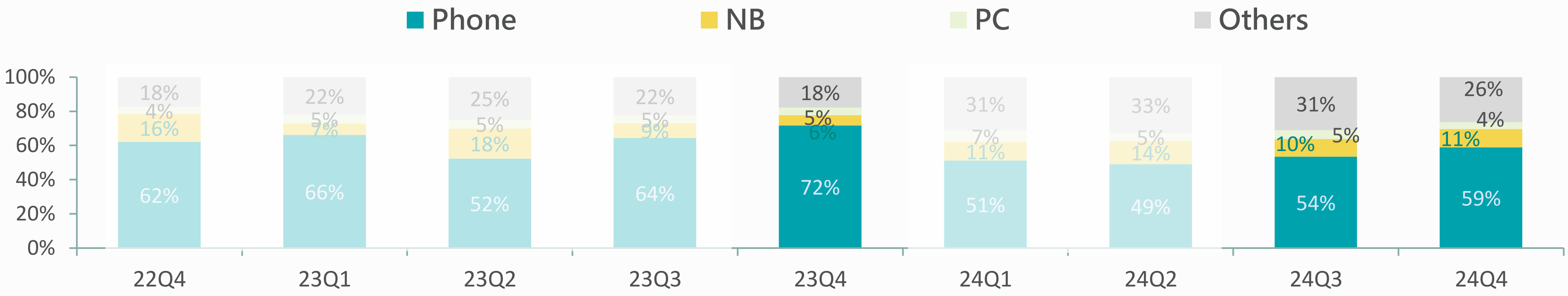
(Growth YoY, %)



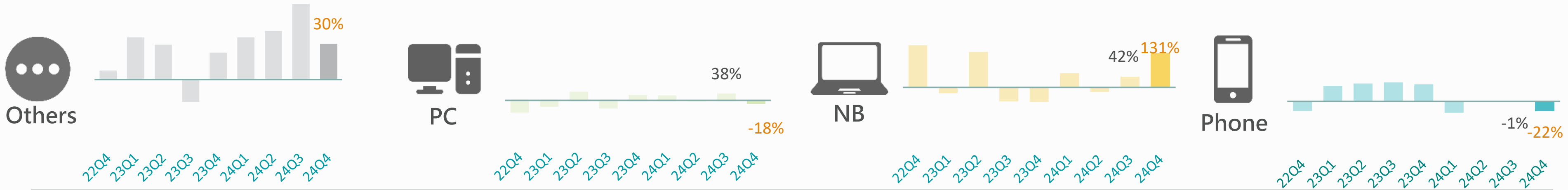
(Growth QoQ, %)



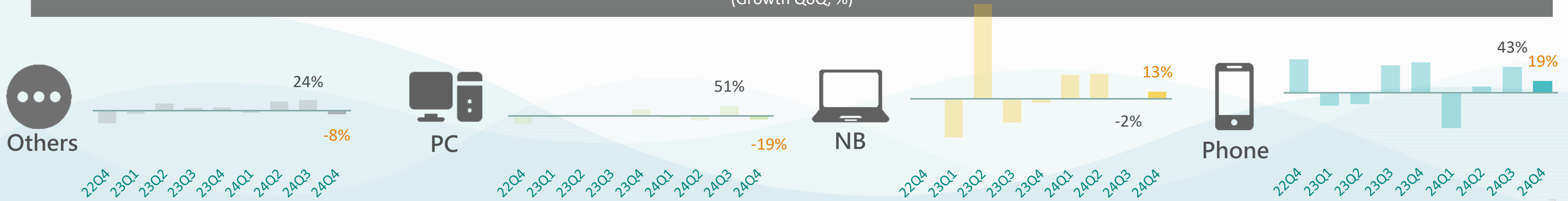
Speaker Revenue Breakdown - Quarterly



(Growth YoY, %)



(Growth QoQ, %)

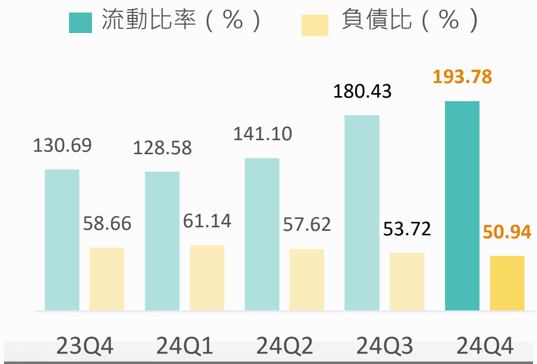


Balance Sheet & Key Indices(CQ)

(NT$ Million)

Item	2023Q4	2023Q1	2024Q2	2024Q3	2024Q4
Cash and Cash Equivalents	5,527	9,013	8,838	8,189	8,587
Account Receivable	9,380	7,087	9,377	12,052	11,709
Inventories	3,821	4,491	5,174	5,942	4,859
Other Current Assets	1,988	1,902	1,707	1,757	1,750
Investments	5,603	5,392	5,727	5,893	5,915
Property, plant and equipment	4,022	3,931	3,878	3,887	4,366
Other Non-current Assets	2,270	2,287	2,182	2,125	1,934
Total Assets	32,611	34,103	36,883	39,845	39,120
Current Liabilities	15,852	17,494	17,786	15,485	14,101
Non-current Liabilities	3,277	3,358	3,468	5,920	5,826
Total Liabilities	19,129	20,852	21,254	21,405	19,927
Total Shareholders' Equity	13,482	13,251	15,629	18,440	19,193

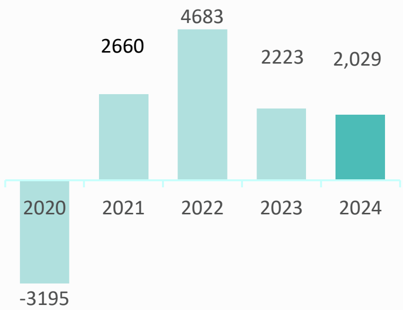
Current ratio & Debt ratio



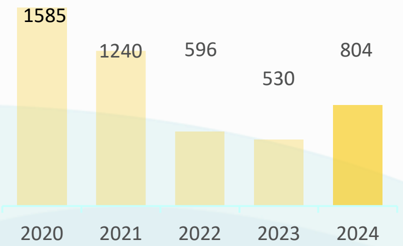
Turnover ratio (in day)

2024Q4 Cash Flow

OCF* (in NTD million)



CAPEX** (in NTD million)



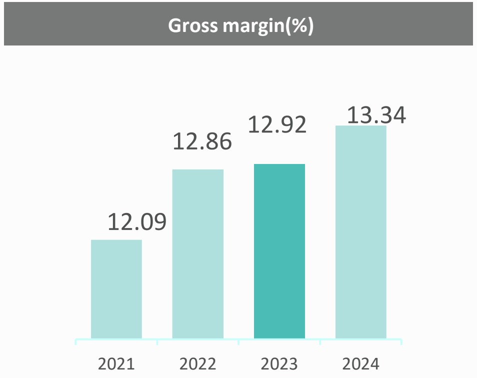
(NT$ Million)

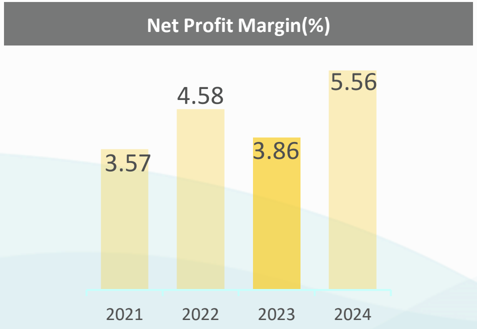
(新台幣百萬元)

Item	2023Q4	2023Q1	2024Q2	2024Q3	2024Q4
Beginning Balance	6,249	5,527	9,013	8,838	8,189
Cash from operating activities	-433	2,906	-652	-1,243	1,018
Capital Expenditures	-69	-97	-60	-79	-568
Short-term Loans	481	94	588	-1,501	40
Long-term Loans	-119	- 92	-132	-509	-199
Cash dividends	0	0	0	2,996	118
Investments and Others	0	0	0	476	-1
Ending Balance	0	0	0	-1,031	0
Free Cash Flow	-582	675	81	241	-10
Item	5,527	9,013	8,838	8,189	8,587
Beginning Balance	-502	2,809	-712	-1,322	450

OCF= Operating Cash Flow **CAPEX=Capital Expenditure

Statement of Comprehensive Income (Year)



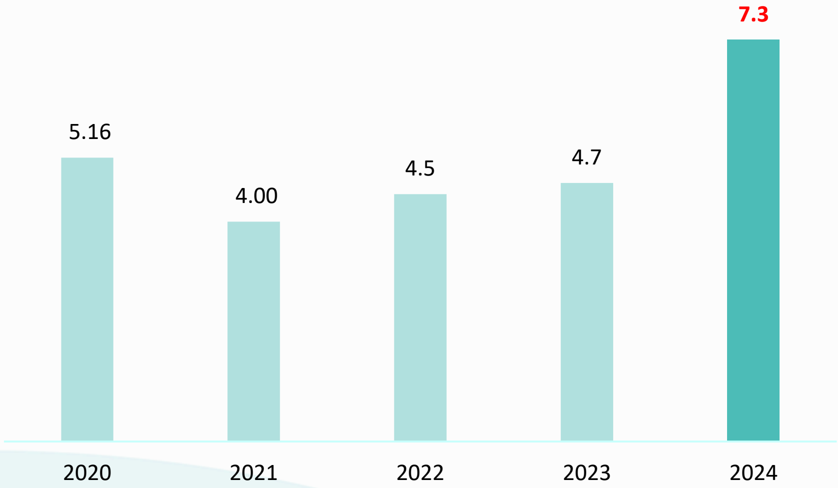


(NT$ Million)

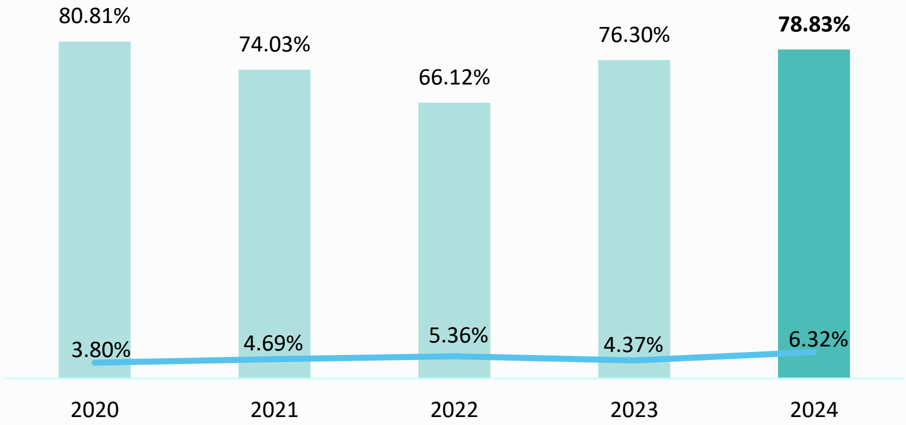
Items	2021	2022	2023	2024	YoY
Net Revenue	36,183	35,399	36,690	43,855	19.53%
Gross Profit(%)	12%	13%	13%	13%	0pp
Operating Expenses	3%	3%	3%	4%	1pp
Operating Margin(%)	1,582	2,049	1,885	3,151	67.16%
EPS(NT$)	5.4	6.81	6.16	9.26	3.10
Cash from operating activities	2,660	4,683	2,223	2,029	-8.91%
Capital Expenditures	-1,240	-596	-530	-804	51.70%
Free Cash Flow	1,420	4,087	1,693	1,225	-27.88%
Cash dividends	-1,068	-866	-981	-1,031	5.10%
Ending Balance	4,842	6,923	5,527	8,587	55.36%
R O E （ % ）	10.57%	12.86%	10.69%	14.94%	4.52pp

CASH DIVIDEND Info

Cash dividend per share (in NT$)



Payout ratio (%) on Cash Dividend & Dividend Yield (%)



Financial Calendar For 2025

2/26	Convene BOD Y2024 Financial Statement (F/S) Announcement (ANM)
4/24	Convene BOD 2024Q1 F/S ANM
5/26	AGM
7/24	Convene BOD 2024Q2 F/S ANM
10/24	Convene BOD 2024Q3 F/S ANM
2026 2/26	TBD convene BOD Y2024 F/S ANM

Corporate Governance (CG) Achievement

- 2024 MSCI ESG Rating A
- Ranked as Top 5% Corporation under CG evaluation in 2024
- First-time selection in the S&P Global Sustainability Yearbook 2025
- Successfully passed the SBTi target review in 2025.
- ISO27001 ISMS Certification - Merry Taiwan

2025Q1 Outlook

- First quarter revenue will show slight growth compared to the same period last year. Profit is also expected to increase compared to the same period last year.
- With the exception of a slight decline in headsets, all other products showed growth compared to the same period last year.

- Headset shipments will slightly decline compared to the same period last year.
- Consumer and gaming headsets will decline compared to the same period last year, mainly due to early stocking in Q4 ar some products being redesigned this year.
- TWS will see a growth compared to last year, mainly due to the addition of new customers and new products.

- Speakers will experience greater growth compared to the same period last year..
- Phone speakers will experience a slight growth compared to the same period last year, but headset speakers, NB/PC, and audio systems showed significant growth compared to last year. Audio products grew rapidly during the pandemic period, were relatively weak in the post-pandemic period, but the market is expected to return to growth this year.

- Hearing aid products will see an increase in growth compared to the same period last year.
- The US OTC hearing aid market has begun to gain momentum, increasing ODM demand.

- Microphone products will experience significant growth compared to the same period last year.
- With the new microphone products to the lineup, the microphone product segment is expected to see substantial growth in the future.

Merry Sustainability Roadmap

2020

Implementing
Circularity Design
and Sustainable Materials

2023

Complete ISO 14064
Sustainable material
implement for 30%

2026

80% suppliers complete the
organization CFV

2030

Category 1 & 2
Carbon Reduction 50%

Supply chain
Carbon Reduction 60%

2040

100 % Renewable energy

Carbon Neutrality

100%

Promises of ESG

Governance

- Top 6–20% at the Corporate Governance Evaluation
- TCSA – Corporate Sustainability Report Award, Golden Award
- SGD ESG AWARD ,Golden Award
- MESI ESG Rating A

Social Responsibility

- Promote the "Minimal Hearing Loss" initiative
- Electroacoustic education promotion
- Shaping a reading culture

Environment

- Joined the RE100 global renewables initiative as the 13th enterprise in Taiwan.
- The first electroacoustics manufacturer to undertake to use 100% renewables by 2050.
- To pledge to achieve Carbon Neutrality by 2040

Vision

Creating Sensory experiences for sustainability and well-being

Q&A

Thank You

MERRY