

English Translation of a Report and Financial Statements Originally Issued in Chinese

**MEDIATEK INC. AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**WITH**  
**REPORT OF INDEPENDENT ACCOUNTANTS**  
**FOR THE NINE MONTHS ENDED**  
**SEPTEMBER 30, 2025 AND 2024**

Notice to Readers

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

English Translation of a Report Originally Issued in Chinese

**Review Report of Independent Accountants**

To the Board of Directors and Shareholders  
of MediaTek Inc.

**Introduction**

We have reviewed the accompanying consolidated balance sheets of MediaTek Inc. and its subsidiaries as of September 30, 2025 and 2024, the related consolidated statements of comprehensive income for the three-month and nine-month periods ended September 30, 2025 and 2024, changes in equity and cash flows for the nine-month periods ended September 30, 2025 and 2024, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the No. 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

**Scope of Review**

We conducted our reviews in accordance with Statement of Standards on Auditing No. 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. 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 conducted in accordance with auditing standards generally accepted in the Republic of China 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.

## Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of MediaTek Inc. and its subsidiaries as of September 30, 2025 and 2024, their consolidated financial performance for the three-month and nine-month periods ended September 30, 2025 and 2024, and cash flows for the nine-month periods ended September 30, 2025 and 2024, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard No. 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Hsu, Hsin-Min

Hu, Shen-Chieh

Ernst & Young, Taiwan

October 31, 2025

### Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations 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 audit such financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or the Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Financial Statements Originally Issued in Chinese  
**MEDIATEK INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**As of September 30, 2025, December 31, 2024, and September 30, 2024**  
(Amounts in thousands of New Taiwan Dollars)

ASSETS	Notes	September 30, 2025	%	December 31, 2024	%	September 30, 2024	%
<b>Current assets</b>							
Cash and cash equivalents	6(1)	\$ 197,770,047	29	\$ 203,695,892	29	\$ 179,830,328	27
Financial assets at fair value through profit or loss-current	6(2)	2,477,740	-	5,271,003	1	7,291,975	1
Financial assets at fair value through other comprehensive income-current	6(3)	6,634,870	1	6,266,087	1	5,615,773	1
Financial assets measured at amortized cost-current	6(4)	3,721,073	1	4,390,824	1	5,281,890	1
Trade receivables, net	6(5), 6(6)	67,060,515	10	43,944,786	6	47,157,636	7
Trade receivables from related parties, net	6(5), 6(6), 7	107,453	-	40,666	-	60,997	-
Finance lease receivables, net	6(6), 6(12)	183,656	-	727,892	-	727,892	-
Other receivables	6(7), 7	6,892,967	1	7,056,968	1	7,678,086	1
Current tax assets	4, 6(30)	1,436,544	-	1,574,062	-	1,829,576	-
Inventories	6(8)	56,964,023	8	58,414,245	8	55,634,684	8
Prepayments	6(9), 9	14,289,675	2	15,865,797	2	14,808,662	2
Other current assets	9	1,412,076	-	3,777,240	1	1,170,300	-
Total current assets		358,950,639	52	351,025,462	50	327,087,799	48
<b>Non-current assets</b>							
Financial assets at fair value through profit or loss-noncurrent	6(2)	4,176,591	1	4,528,285	1	3,846,267	1
Financial assets at fair value through other comprehensive income-noncurrent	6(3)	68,733,750	10	74,233,421	11	75,585,002	11
Financial assets measured at amortized cost-noncurrent	6(4), 8	65,843,574	10	72,942,395	11	69,323,418	10
Investments accounted for using the equity method	6(10)	19,145,689	3	18,266,368	3	18,029,648	3
Property, plant and equipment	6(11)	57,460,536	8	56,917,043	8	56,743,986	9
Right-of-use assets	6(12)	8,809,187	1	8,918,559	1	9,107,350	1
Investment property, net	6(13)	2,411,775	-	2,554,285	-	2,281,676	-
Intangible assets	6(14), 6(15), 7	80,239,959	12	82,257,042	12	83,551,759	12
Deferred tax assets	4, 6(30)	16,016,607	2	14,390,228	2	13,979,663	2
Refundable deposits	9	5,379,488	1	2,555,165	-	4,717,778	1
Long-term finance lease receivables, net	6(6), 6(12)	7,530	-	-	-	181,973	-
Net defined benefit assets-noncurrent	6(19)	40,346	-	40,679	-	26,265	-
Other non-current assets-others	9	636,062	-	9,238,598	1	12,065,716	2
Total non-current assets		328,901,094	48	346,842,068	50	349,440,501	52
<b>Total assets</b>		<u>\$ 687,851,733</u>	<u>100</u>	<u>\$ 697,867,530</u>	<u>100</u>	<u>\$ 676,528,300</u>	<u>100</u>

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

English Translation of Financial Statements Originally Issued in Chinese  
**MEDIATEK INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**As of September 30, 2025, December 31, 2024, and September 30, 2024**  
(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Notes	September 30, 2025	%	December 31, 2024	%	September 30, 2024	%
<b>Current liabilities</b>							
Short-term borrowings	6(16)	\$ 15,423,324	3	\$ 940,000	-	\$ 19,133,800	3
Financial liabilities at fair value through profit or loss-current	6(2)	11,048	-	4,229	-	114,798	-
Contract liabilities-current	6(23), 7	7,358,351	1	4,318,428	1	4,187,035	1
Trade payables		35,365,553	5	38,735,333	5	33,607,925	5
Trade payables to related parties	7	2,489,911	1	2,041,173	-	2,074,573	-
Other payables	6(17)	57,220,043	8	110,342,579	16	53,950,666	8
Other payables to related parties	7	112,528	-	61,710	-	80,226	-
Current tax liabilities	4, 6(30)	20,965,714	3	13,059,756	2	11,926,739	2
Lease liabilities-current	6(12)	1,012,319	-	995,267	-	956,566	-
Current portion of long-term liabilities		2,470,415	-	7,979,049	1	7,082,402	1
Other current liabilities	6(18)	89,075,821	13	88,424,802	13	95,833,351	14
Total current liabilities		231,505,027	34	266,902,326	38	228,948,081	34
<b>Non-current liabilities</b>							
Long-term payables		2,467,329	-	2,681,442	-	1,662,398	-
Net defined benefit liabilities-noncurrent	6(19)	458,361	-	534,237	-	613,016	-
Deposits received	7	283,441	-	196,400	-	187,751	-
Deferred tax liabilities	4, 6(30)	12,282,968	2	10,556,716	2	9,772,403	2
Lease liabilities-noncurrent	6(12)	8,254,411	1	8,375,041	1	8,543,807	1
Other non-current liabilities-others	6(20), 9	4,056,545	1	3,566,021	1	3,342,760	-
Total non-current liabilities		27,803,055	4	25,909,857	4	24,122,135	3
Total liabilities		259,308,082	38	292,812,183	42	253,070,216	37
<b>Equity attributable to owners of the parent</b>							
Share capital	6(21)						
Common stock		16,039,286	2	16,016,880	2	16,016,943	3
Capital surplus	6(21), 6(22)	35,125,385	5	31,636,053	5	31,734,013	5
Retained earnings	6(21)						
Legal reserve		94,259,643	14	89,308,524	13	83,606,434	12
Undistributed earnings		248,559,683	36	210,598,743	30	238,663,976	35
Other equity	6(22)	26,204,526	4	49,122,847	7	45,186,499	7
Treasury shares	6(21)	(55,970)	-	(55,970)	-	(55,970)	-
Equity attributable to owners of the parent		420,132,553	61	396,627,077	57	415,151,895	62
<b>Non-controlling interests</b>	6(21)	8,411,098	1	8,428,270	1	8,306,189	1
Total equity		428,543,651	62	405,055,347	58	423,458,084	63
<b>Total liabilities and equity</b>		<u>\$ 687,851,733</u>	<u>100</u>	<u>\$ 697,867,530</u>	<u>100</u>	<u>\$ 676,528,300</u>	<u>100</u>

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

MEDIATEK INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three months and nine months ended September 30, 2025 and 2024

(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	Notes	Three Months Ended September 30				Nine Months Ended September 30			
		2025	%	2024	%	2025	%	2024	%
Net sales	6(23), 7	\$ 142,096,864	100	\$ 131,813,494	100	\$ 445,777,672	100	\$ 392,542,762	100
Operating costs	6(8), 6(24), 7	(75,984,973)	(53)	(67,465,873)	(51)	(231,978,639)	(52)	(196,158,189)	(50)
Gross profit		66,111,891	47	64,347,621	49	213,799,033	48	196,384,573	50
Operating expenses	6(6), 6(12), 6(24), 7								
Selling expenses		(4,982,569)	(3)	(4,233,215)	(4)	(14,903,108)	(3)	(11,443,881)	(3)
Administrative expenses		(2,587,573)	(2)	(2,985,443)	(2)	(8,203,619)	(2)	(8,752,502)	(2)
Research and development expenses		(36,352,719)	(26)	(33,260,937)	(25)	(109,058,013)	(25)	(95,240,679)	(24)
Expected credit impairment (losses) gains		(1,525)	-	(3,860)	-	(14,524)	-	52,535	-
Total operating expenses		(43,924,386)	(31)	(40,483,455)	(31)	(132,179,264)	(30)	(115,384,527)	(29)
Operating income		22,187,505	16	23,864,166	18	81,619,769	18	81,000,046	21
Non-operating income and expenses									
Interest income	6(25)	2,481,027	1	2,895,980	2	8,005,259	2	8,129,966	2
Other income	6(26), 7	1,058,320	1	615,524	-	3,813,161	1	2,389,066	1
Other gains and losses	6(27)	4,122,708	3	1,116,189	1	4,271,080	1	1,616,624	-
Finance costs	6(28)	(278,064)	-	(204,452)	-	(599,203)	-	(301,664)	-
Share of profit of associates and joint ventures accounted for using the equity method	6(10)	388,066	-	153,587	-	630,262	-	473,927	-
Total non-operating income and expenses		7,772,057	5	4,576,828	3	16,120,559	4	12,307,919	3
Net income before income tax		29,959,562	21	28,440,994	21	97,740,328	22	93,307,965	24
Income tax expense	4, 6(30)	(4,508,880)	(3)	(2,851,251)	(2)	(14,696,288)	(3)	(10,108,229)	(3)
Net income		25,450,682	18	25,589,743	19	83,044,040	19	83,199,736	21
Other comprehensive income	4, 6(10), 6(19), 6(21), 6(29), 6(30)								
Items that may not be reclassified subsequently to profit or loss									
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income		4,623,552	3	9,909,558	8	(1,955,068)	(1)	2,008,147	1
Share of other comprehensive income of associates and joint ventures accounted for using the equity method		18,058	-	(9,176)	-	40,658	-	(23,688)	-
Income tax relating to those items not to be reclassified to profit or loss		(140,120)	-	88,218	-	(117,919)	-	267,618	-
Items that may be reclassified subsequently to profit or loss									
Exchange differences resulting from translating the financial statements of foreign operations		13,352,934	10	(5,498,336)	(4)	(19,383,117)	(4)	8,981,809	2
Unrealized gains (losses) from debt instrument investments measured at fair value through other comprehensive income		1,165	-	12,766	-	6,886	-	16,221	-
Share of other comprehensive income of associates and joint ventures accounted for using the equity method		(38,791)	-	354,605	-	188,004	-	178,011	-
Other comprehensive income, net of tax		17,816,798	13	4,857,635	4	(21,220,556)	(5)	11,428,118	3
Total comprehensive income		\$ 43,267,480	31	\$ 30,447,378	23	\$ 61,823,484	14	\$ 94,627,854	24
Net income for the periods attributable to :									
Owners of the parent	6(31)	\$ 25,221,028		\$ 25,346,282		\$ 82,394,205		\$ 82,597,455	
Non-controlling interests	6(21)	229,654		243,461		649,835		602,281	
		\$ 25,450,682		\$ 25,589,743		\$ 83,044,040		\$ 83,199,736	
Total comprehensive income for the periods attributable to :									
Owners of the parent		\$ 42,996,282		\$ 30,190,235		\$ 61,213,177		\$ 93,989,621	
Non-controlling interests		271,198		257,143		610,307		638,233	
		\$ 43,267,480		\$ 30,447,378		\$ 61,823,484		\$ 94,627,854	
Earnings Per Share :	6(31)								
Basic Earnings Per Share (in New Taiwan Dollars)		\$ 15.84		\$ 15.94		\$ 51.76		\$ 51.98	
Diluted Earnings Per Share (in New Taiwan Dollars)		\$ 15.82		\$ 15.91		\$ 51.67		\$ 51.86	

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

## MEDIATEK INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the nine months ended September 30, 2025 and 2024

(Amounts in thousands of New Taiwan Dollars)

Description	Equity attributable to owners of the parent									Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings		Other equity			Treasury shares	Equity attributable to owners of the parent		
	Common stock		Legal reserve	Undistributed earnings	Exchange differences resulting from translating the financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Others				
Balance as of January 1, 2024	\$ 15,996,475	\$ 28,350,438	\$ 75,782,948	\$ 212,669,736	\$ 6,108,654	\$ 29,887,085	\$ (533,584)	\$ (55,970)	\$ 368,205,782	\$ 5,999,576	\$ 374,205,358
Distribution of earnings:											
Legal reserve	-	-	7,823,486	(7,823,486)	-	-	-	-	-	-	-
Cash dividends	-	-	-	(48,628,552)	-	-	-	-	(48,628,552)	-	(48,628,552)
Total	-	-	7,823,486	(56,452,038)	-	-	-	-	(48,628,552)	-	(48,628,552)
Profit for the nine months ended September 30, 2024	-	-	-	82,597,455	-	-	-	-	82,597,455	602,281	83,199,736
Other comprehensive income for the nine months ended September 30, 2024	-	-	-	-	9,120,685	2,271,481	-	-	11,392,166	35,952	11,428,118
Total comprehensive income	-	-	-	82,597,455	9,120,685	2,271,481	-	-	93,989,621	638,233	94,627,854
Adjustments due to dividends that subsidiaries received from parent company	-	428,675	-	-	-	-	-	-	428,675	-	428,675
Changes in associates and joint ventures accounted for using the equity method	-	469,065	-	-	-	-	-	-	469,065	916	469,981
The differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	-	(177,922)	-	-	-	-	-	-	(177,922)	(43,583)	(221,505)
Changes in ownership interests in subsidiaries	-	111,560	-	-	-	-	-	-	111,560	(73,469)	38,091
Issuance of restricted stock for employees	20,468	2,543,359	-	22,841	-	-	(1,841,840)	-	744,828	-	744,828
Changes in other capital surplus	-	8,838	-	-	-	-	-	-	8,838	-	8,838
Proceeds from disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	(174,018)	-	174,018	-	-	-	-	-
Non-controlling interests	-	-	-	-	-	-	-	-	-	1,784,516	1,784,516
Balance as of September 30, 2024	\$ 16,016,943	\$ 31,734,013	\$ 83,606,434	\$ 238,663,976	\$ 15,229,339	\$ 32,332,584	\$ (2,375,424)	\$ (55,970)	\$ 415,151,895	\$ 8,306,189	\$ 423,458,084
Balance as of January 1, 2025	\$ 16,016,880	\$ 31,636,053	\$ 89,308,524	\$ 210,598,743	\$ 23,114,158	\$ 27,927,939	\$ (1,919,250)	\$ (55,970)	\$ 396,627,077	\$ 8,428,270	\$ 405,055,347
Distribution of earnings:											
Legal reserve	-	-	4,951,119	(4,951,119)	-	-	-	-	-	-	-
Cash dividends	-	-	-	(40,041,559)	-	-	-	-	(40,041,559)	-	(40,041,559)
Total	-	-	4,951,119	(44,992,678)	-	-	-	-	(40,041,559)	-	(40,041,559)
Profit for the nine months ended September 30, 2025	-	-	-	82,394,205	-	-	-	-	82,394,205	649,835	83,044,040
Other comprehensive income for the nine months ended September 30, 2025	-	-	-	-	(19,159,099)	(2,021,929)	-	-	(21,181,028)	(39,528)	(21,220,556)
Total comprehensive income	-	-	-	82,394,205	(19,159,099)	(2,021,929)	-	-	61,213,177	610,307	61,823,484
Adjustments due to dividends that subsidiaries received from parent company	-	420,882	-	-	-	-	-	-	420,882	-	420,882
Changes in associates and joint ventures accounted for using the equity method	-	306,282	-	-	-	-	-	-	306,282	876	307,158
The differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	-	178	-	-	-	-	-	-	178	-	178
Issuance of restricted stock for employees	22,406	2,752,201	-	1,820	-	-	(1,179,700)	-	1,596,727	-	1,596,727
Changes in other capital surplus	-	9,789	-	-	-	-	-	-	9,789	-	9,789
Proceeds from disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	557,593	-	(557,593)	-	-	-	-	-
Non-controlling interests	-	-	-	-	-	-	-	-	-	(628,355)	(628,355)
Balance as of September 30, 2025	\$ 16,039,286	\$ 35,125,385	\$ 94,259,643	\$ 248,559,683	\$ 3,955,059	\$ 25,348,417	\$ (3,098,950)	\$ (55,970)	\$ 420,132,553	\$ 8,411,098	\$ 428,543,651

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

English Translation of Financial Statements Originally Issued in Chinese  
**MEDIATEK INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the nine months ended September 30, 2025 and 2024**  
(Amounts in thousands of New Taiwan Dollars)

Description	Nine Months Ended September 30	
	2025	2024
<b>Cash flows from operating activities :</b>		
Profit from continuing operations before tax	\$ 97,740,328	\$ 93,307,965
Adjustments for:		
The profit or loss items which did not affect cash flows:		
Depreciation expenses	10,032,805	9,311,186
Amortization expenses	7,118,357	6,169,384
Expected credit impairment losses (gains)	14,524	(52,535)
Net losses (gains) on financial assets or liabilities at fair value through profit or loss	14,326	(427,991)
Interest expenses	599,203	301,664
Net losses arising from derecognition of financial assets measured at amortized cost	-	30,516
Interest income	(8,005,259)	(8,129,966)
Dividend income	(3,332,015)	(2,033,048)
Share-based payment expenses	1,594,698	717,937
Share of profit of associates and joint ventures accounted for using the equity method	(630,262)	(473,927)
Losses (gains) on disposal of property, plant and equipment	1,040	(6,344)
Property, plant and equipment transferred to expenses	566	-
Losses on disposal of investments	4,637	-
Losses (gains) on disposal of investments accounted for using the equity method	89	(912,124)
Impairment loss on non-financial assets	-	74,233
Other adjustments	8,047	(287)
Changes in operating assets and liabilities:		
Financial assets mandatorily measured at fair value through profit or loss	3,141,874	331,437
Notes receivable	-	3,142
Trade receivables	(24,357,435)	8,490,658
Trade receivables from related parties	(66,787)	(7,535)
Other receivables	(203,036)	161,961
Inventories	1,877,862	(12,368,722)
Prepayments	6,772,909	(1,431,308)
Other current assets	1,808,108	(231,796)
Other non-current assets-others	2,473,454	7,130,976
Contract liabilities	3,039,923	797,824
Trade payables	(3,369,780)	(3,288,057)
Trade payables to related parties	448,738	154,921
Other payables	(6,579,541)	1,164,922
Other payables to related parties	68,021	32,200
Other current liabilities	3,902,541	20,831,619
Net defined benefit liabilities	(75,543)	(7,754)
Other non-current liabilities-others	(1,077,476)	(4,020,008)
Cash inflows generated from operations	92,964,916	115,621,143
Interest received	8,927,972	6,733,244
Dividends received	3,691,189	2,067,265
Interest paid	(640,455)	(323,057)
Income tax paid	(6,671,033)	(12,729,094)
Net cash flows from operating activities	98,272,589	111,369,501
<b>Cash flows from investing activities :</b>		
Acquisition of financial assets at fair value through other comprehensive income	(3,016,444)	(1,563,744)
Proceeds from disposal of financial assets at fair value through other comprehensive income	1,309,885	2,974,670
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	190,734	198,988
Acquisition of financial assets measured at amortized cost	(5,631,884)	(21,222,931)
Proceeds from repayments of financial assets measured at amortized cost	8,811,228	7,532,887
Acquisition of investments accounted for using the equity method	(891,500)	-
Proceeds from disposal of investments accounted for using the equity method	-	25,000
Net cash flows from acquisition of subsidiaries	(232,431)	219,037
Acquisition of property, plant and equipment	(10,416,757)	(10,128,570)
Proceeds from disposal of property, plant and equipment	31,867	12,361
(Increase) decrease in refundable deposits	(2,267,267)	153,850
Acquisition of intangible assets	(9,431,033)	(7,521,121)
Acquisition of investment property	(1,920)	-
Decrease in finance lease receivables	545,919	545,919
Increase in other non-current assets-others	(115,648)	-
Net cash flows used in investing activities	(21,115,251)	(28,773,654)
<b>Cash flows from financing activities :</b>		
Increase in short-term borrowings	14,483,324	16,933,800
Increase (decrease) in deposits received	87,041	(24,652)
Payments of lease liabilities	(980,139)	(687,691)
Cash dividends paid	(86,069,629)	(87,550,791)
Acquisition of ownership interests in subsidiaries	-	(221,505)
Changes in non-controlling interests	(628,372)	(205,675)
Other financing activities	11,787	35,374
Net cash flows used in financing activities	(73,095,988)	(71,721,140)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(9,987,195)	3,559,611
<b>Net (decrease) increase in cash and cash equivalents</b>	(5,925,845)	14,434,318
<b>Cash and cash equivalents at the beginning of the period</b>	203,695,892	165,396,010
<b>Cash and cash equivalents at the end of the period</b>	<u>\$ 197,770,047</u>	<u>\$ 179,830,328</u>

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



**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

**1. Organization and Operation**

As officially approved, MediaTek Inc. (“MTK”) was incorporated at Hsinchu Science-based Industrial Park on May 28, 1997. Since then, it has specialized in the R&D, production, manufacturing and marketing of multimedia integrated circuits (ICs), computer peripherals oriented ICs, high-end consumer-oriented ICs and other ICs of extraordinary application. Meanwhile, it has rendered design, test runs, maintenance and repair and technological consultation services for software & hardware of the aforementioned products, import and export trades for the aforementioned products, sale and delegation of patents and circuit layout rights for the aforementioned products.

**2. Date and Procedures of Authorization of Financial Statements for Issue**

The consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors on October 31, 2025.

**3. Newly Issued or Revised Standards and Interpretations**

- (1) Changes in accounting policies resulting from the initial application of certain standards and amendments

MTK and its subsidiaries (“the Company”) adopted International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRSs Accounting Standards”), which were endorsed by Financial Supervisory Commission (“FSC”) and became effective for annual periods beginning on or after January 1, 2025. The application of these new standards and amendments had no material effect on the Company.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which were endorsed by FSC but not yet adopted by the Company as at the date when the Company’s financial statements were authorized for issue are listed below:

Standards or Interpretations Numbers	The Projects of Standards or Interpretations	Effective Date issued by IASB
IFRS 17	“Insurance Contracts”	January 1, 2023
IFRS 9 and IFRS 7	“Financial Instruments” and “Financial Instruments: Disclosures” - Classification and Measurement (Amendment)	January 1, 2026
Annual Improvements to IFRSs Accounting Standards – Volume 11:		
IFRS 1	“First-time Adoption of International Financial Reporting Standards”	January 1, 2026
IFRS 7	“Financial Instruments: Disclosures”	January 1, 2026
IFRS 9	“Financial Instruments”	January 1, 2026
IFRS 10	“Consolidated Financial Statements”	January 1, 2026
IAS 7	“Statement of Cash Flows”	January 1, 2026
IFRS 9 and IFRS 7	“Financial Instruments” and “Financial Instruments: Disclosures” – Contracts Referencing Nature-dependent Electricity (Amendment)	January 1, 2026

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2026. As the Company is currently determining the potential impact of the new or amended standards and interpretations of IFRS 9 and IFRS 7 “Financial Instruments” and “Financial Instruments: Disclosures” (Amendment). All other standards and interpretations have no material impact on the Company.

- (3) Standards or interpretations issued, revised or amended, by IASB but not yet endorsed by FSC, and not yet adopted by the Company as at the date when the Company’s financial statements were authorized for issue are listed below:

Standards or Interpretations Numbers	The Projects of Standards or Interpretations	Effective Date issued by IASB
IFRS 10 and IAS 28	“Consolidated Financial Statements” and “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures (Amendment)	To be determined by IASB
IFRS 18	“Presentation and Disclosure in Financial Statements”	January 1, 2027 (Note)
IFRS 19	“Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

Note: On September 25, 2025, the FSC announced in a press release that Taiwan will adopt IFRS 18 in 2028.

The abovementioned standards and interpretations issued by IASB have not yet been endorsed by FSC at the date of issuance of the Company’s financial statements, the local effective dates are to be determined by FSC. As the Company is currently determining the potential impact of the new or amended standards and interpretations of IFRS 10 and IAS 28 “Consolidated Financial Statements” and “Investments in Associates and Joint Ventures” (Amendment), and IFRS 18 “Presentation and Disclosure in Financial Statements”. All other standards and interpretations have no material impact on the Company.

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

**4. Summary of Material Accounting Policies**

*Statement of Compliance*

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and IAS 34 “Interim Financial Reporting” as endorsed and became effective by FSC.

*Basis of Preparation*

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars (“NT\$”) unless otherwise stated.

*Basis of Consolidation*

Preparation principle of consolidated financial statements

Control is achieved when MTK is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, MTK controls an investee if and only if MTK has:

- (1) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- (2) exposure, or rights, to variable returns from its involvement with the investee, and
- (3) the ability to use its power over the investee to affect its returns.

When MTK has less than a majority of the voting or similar rights of an investee, MTK considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (1) the contractual arrangement with the other vote holders of the investee;
- (2) rights arising from other contractual arrangements;
- (3) MTK’s voting rights and potential voting rights.

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

MTK re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If loses control of a subsidiary, it:

- (1) derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- (2) derecognizes the carrying amount of any non-controlling interest;
- (3) recognizes the fair value of the consideration received;
- (4) recognizes the fair value of any investment retained;
- (5) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss, or transfers directly to retained earnings if required by other IFRSs; and
- (6) recognizes any resulting differences in profit or loss.

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

The consolidated entities are listed as follows:

Investor	Subsidiary	Business nature	Percentage of Ownership			Note
			September 30, 2025	December 31, 2024	September 30, 2024	
MTK	Hsu-Ta Investment Corp.	General investing	-	-	100%	1
MTK	MediaTek Singapore Pte. Ltd.	Research, manufacturing and sales	100%	100%	100%	-
MTK	MediaTek Investment Singapore Pte. Ltd.	General investing	100%	100%	100%	-
MTK	HFI Innovation Inc.	Intellectual property right management	100%	100%	100%	-
MTK	MStar Co., Ltd.	General investing	100%	100%	100%	-
MTK	Spidcom Technologies	Intellectual property right management	100%	100%	100%	-
MTK	Richtek Technology Corp.	Research, manufacturing and sales	100%	100%	100%	-
MTK	MediaTek Capital Co.	General investing	100%	100%	100%	-
MTK	Airoha Technology Corp.	Research, manufacturing and sales	66%	66%	66%	-
MTK	Hsu-Yuan Investment Corp.	General investing	100%	100%	100%	-
MTK	MediaTek Research UK Limited	Research	100%	100%	100%	-
MTK	MediaTek Bangalore Private Limited	Research	100%	100%	100%	-
MTK	MediaTek Japan Inc.	Technical services	100%	100%	100%	2
MTK	MediaTek Korea Inc.	Research	100%	100%	100%	3
MTK	IC PLUS Corp.	Research, manufacturing and sales	14%	14%	14%	4
Hsu-Ta Investment Corp.	Hsiang Fa Co.	General investing	-	-	100%	1
Hsu-Ta Investment Corp.	MediaTek Bangalore Private Limited	Research	-	-	0%	1

(To be continued)

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

(Continued)

Investor	Subsidiary	Business nature	Percentage of Ownership			Note
			September 30, 2025	December 31, 2024	September 30, 2024	
Hsu-Ta Investment Corp.	Airoha Technology Corp.	Research, manufacturing and sales	-	-	4%	1、5
Hsiang Fa Co.	Chingis Technology Corporation	Research	100%	100%	100%	-
Hsiang Fa Co.	MediaTek Research Corp.	Research	100%	100%	100%	-
Hsiang Fa Co.	InnoFusion Technology Corp.	Technical services	100%	100%	100%	-
MediaTek Singapore Pte. Ltd.	MaiSys Design Technology SG Pte. Ltd.	Research	100%	100%	100%	6
MediaTek Singapore Pte. Ltd.	MediaTek Investment HK Limited	General investing	100%	100%	100%	-
Core Tech Resources Inc.	MediaTek India Technology Pvt. Ltd.	Research	-	-	0%	7
Richtek Technology Corp.	Richtek Europe Holding B.V.	General investing	100%	100%	100%	-
Richtek Technology Corp.	Richtek Holding International Limited	General investing	-	100%	100%	8
Richtek Technology Corp.	Richnex Microelectronics Corp.	Research, manufacturing and sales	82%	82%	82%	-
Richtek Technology Corp.	Richtek Korea LLC.	Research and technical services	100%	100%	100%	-
Richtek Technology Corp.	Richtek USA, Inc.	Sales, research and technical services	100%	100%	100%	-
Richtek Technology Corp.	Richpower Microelectronics Co., Ltd.	Technical services	100%	100%	100%	-

(To be continued)

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

(Continued)

Investor	Subsidiary	Business nature	Percentage of Ownership			Note
			September 30, 2025	December 31, 2024	September 30, 2024	
Richtek Technology Corp.	Li-We Technology Corp.	Technical services	100%	100%	100%	-
Richtek Technology Corp.	Richtek Japan Inc.	Research and technical services	100%	100%	100%	-
Richtek Technology Corp.	Richtek Europe B.V.	Sales support and marketing services	100%	100%	-	9
Richtek Europe Holding B.V.	Richtek Europe B.V.	Sales support and marketing services	-	-	100%	9
Airoha (Cayman) Inc.	Airotek (Shenzhen) Inc.	Research and technical services	100%	100%	100%	-
Airoha (Cayman) Inc.	Airotek (Chengdu) Inc.	Research	100%	100%	100%	-
Airoha (Cayman) Inc.	Airoha Technology India Private Limited	Research	0%	0%	0%	-
Airoha Technology Corp.	Airoha (Cayman) Inc.	General investing	100%	100%	100%	-
Airoha Technology Corp.	Shadow Investment Limited	General investing	100%	100%	100%	-
Airoha Technology Corp.	Airoha Technology (HK) Limited	General investing, research, manufacturing and sales	100%	100%	100%	-
Airoha Technology Corp.	Airoha Technology USA Inc.	Research	100%	100%	100%	-
Airoha Technology Corp.	Airoha Technology India Private Limited	Research	100%	100%	100%	-
Airoha Technology Corp.	IC PLUS Corp.	Research, manufacturing and sales	29%	29%	29%	4
Gaintech Co. Limited	MediaTek China Limited	General investing	100%	100%	100%	-
Gaintech Co. Limited	MTK Wireless Limited	Research	100%	100%	100%	-

(To be continued)

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

(Continued)

Investor	Subsidiary	Business nature	Percentage of Ownership			Note
			September 30, 2025	December 31, 2024	September 30, 2024	
Gaintech Co. Limited	MediaTek Japan Inc.	Technical services	-	-	-	2
Gaintech Co. Limited	MediaTek Korea Inc.	Research	-	-	-	3
Gaintech Co. Limited	Smarthead Limited	General investing	100%	100%	100%	-
Gaintech Co. Limited	MediaTek Wireless FZ-LLC	Technical services	100%	100%	100%	-
Gaintech Co. Limited	Nephos Cayman Co. Limited	General investing	100%	100%	100%	-
Gaintech Co. Limited	Zelus (Shenzhen) Technology Ltd.	Research and sales	88%	88%	88%	-
Gaintech Co. Limited	Sigmastar Technology Inc.	General investing	100%	100%	100%	-
Gaintech Co. Limited	MediaTek Global Holdings Limited	General investing	100%	100%	100%	-
Gaintech Co. Limited	Core Tech Resources Inc.	General investing	-	-	100%	7
MediaTek China Limited	MediaTek (Hefei) Inc.	Research	100%	100%	100%	-
MediaTek China Limited	MediaTek (Beijing) Inc.	Research	100%	100%	100%	-
MediaTek China Limited	MediaTek (Shenzhen) Inc.	Research	100%	100%	100%	-
MediaTek China Limited	MediaTek (Chengdu) Inc.	Research	100%	100%	100%	-
MediaTek China Limited	MediaTek (Wuhan) Inc.	Research	100%	100%	100%	-
MediaTek China Limited	Xuxin Investment (Shanghai) Inc.	General investing	100%	100%	100%	-
MediaTek China Limited	MediaTek (Shanghai) Inc.	Research	100%	100%	100%	-
MTK Wireless Limited	MediaTek Sweden AB	Research	100%	100%	100%	-
MTK Wireless Limited	MediaTek USA Inc.	Research	100%	100%	100%	-

(To be continued)



**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

(Continued)

Investor	Subsidiary	Business nature	Percentage of Ownership			Note
			September 30, 2025	December 31, 2024	September 30, 2024	
MTK Wireless Limited	MediaTek Wireless Finland Oy	Research	100%	100%	100%	-
MTK Wireless Limited	MStar France SAS	Research	100%	100%	100%	-
MTK Wireless Limited	MediaTek North America Inc.	Sales support and marketing services	100%	100%	100%	-
MTK Wireless Limited	MediaTek Poland sp. z o.o.	Technical services	100%	100%	100%	-
MTK Wireless Limited	MediaTek Technology USA Inc.	Research	100%	100%	100%	-
Gold Rich International (Samoa) Limited	Gold Rich International (HK) Limited	General investing	100%	100%	100%	-
Airoha Technology (HK) Limited	Airoha Technology (Suzhou) Limited	Research, manufacturing and sales	100%	100%	100%	-
Airoha Technology (Suzhou) Limited	EcoNet Limited	General investing	100%	100%	100%	-
MediaTek Investment Singapore Pte. Ltd.	Gaintech Co. Limited	General investing	100%	100%	100%	-
MediaTek Bangalore Private Limited	MediaTek India Technology Pvt. Ltd.	Research	100%	100%	100%	-
MStar Co., Ltd.	MStar Software R&D (Shenzhen), Ltd.	Technical services	100%	100%	100%	-
Nephos Cayman Co. Limited	Nephos (Hefei) Co., Ltd.	Research, manufacturing and sales	100%	100%	100%	-
Xuxin Investment (Shanghai) Inc.	Xuxi (Shanghai) Management Consulting Co., Ltd.	General investing	100%	100%	100%	-
Xuxi (Shanghai) Management Consulting Co., Ltd.	Hefei Xuhui Management Consulting Co., Ltd.	General investing	100%	100%	100%	-

(To be continued)

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

(Continued)

Investor	Subsidiary	Business nature	Percentage of Ownership			Note
			September 30, 2025	December 31, 2024	September 30, 2024	
MediaTek Global Holdings Limited	Hsu Zhan (HK) Investment Limited	General investing	100%	100%	100%	-
MediaTek Global Holdings Limited	MTKC Global Holdings Co. Limited	General investing	100%	100%	100%	-
MediaTek Global Holdings Limited	Digimoc Holdings Limited	General investing	100%	100%	100%	-
MediaTek Capital Co.	IStar Technology Ltd.	General investing	-	100%	100%	10
MediaTek Capital Co.	Hsiang Fa Co.	General investing	100%	100%	-	1
MediaTek Capital Co.	MediaTek Bangalore Private Limited	Research	0%	0%	-	1
MediaTek Capital Co.	Airoha Technology Corp.	Research, manufacturing and sales	4%	4%	-	1
Digimoc Holdings Limited	Cloud Ranger Limited	General investing	100%	100%	100%	-
Digimoc Holdings Limited	Gold Rich International (Samoa) Limited	General investing	100%	100%	100%	-
Digimoc Holdings Limited	MediaTek India Technology Pvt. Ltd.	Research	0%	0%	-	7
MTKC Global Holdings Co. Limited	LePower (HK) Limited	General investing	100%	100%	100%	-
MediaTek Investment HK Limited	Hsu Chia (Samoa) Investment Ltd.	General investing	-	-	100%	11
MediaTek Investment HK Limited	Hsu Kang (Samoa) Investment Ltd.	General investing	-	-	100%	11
MediaTek Investment HK Limited	Hsu Fa (Samoa) Investment Ltd.	General investing	100%	100%	100%	-
MediaTek Wireless Finland Oy	MediaTek Germany GmbH	Technical services	100%	100%	100%	-
MediaTek Wireless FZ-LLC	MLINK INVESTMENTS -FZCO	General investing	100%	-	-	12
MLINK INVESTMENTS -FZCO	Mlink Egypt	Research	100%	-	-	12
Hsu Zhan (HK) Investment Limited	IStar Technology Ltd.	General investing	100%	-	-	10

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

1. For the purpose of reorganization, Hsu-Ta Investment Corp. was dissolved due to merger into MediaTek Capital Co. on October 31, 2024. Subsidiaries previously owned by Hsu-Ta Investment Corp. were transferred to MediaTek Capital Co..
2. For the purpose of reorganization, the 100% ownership of MediaTek Japan Inc., which was previously owned by Gaintech Co. Limited, was transferred to MTK in July 2024.
3. For the purpose of reorganization, the 100% ownership of MediaTek Korea Inc., which was previously owned by Gaintech Co. Limited, was transferred to MTK in September 2024.
4. By acquiring privately issued common shares and holding more than half of the board seats, Airoha Technology Corp. has gained substantial control over IC PLUS Corp. (referred to as IC+) since July 1, 2024.
5. Hsu-Ta Investment Corp. acquired voting shares of Airoha Technology Corp. in several tranches from November 2023 to January 2024.
6. MediaTek Singapore Pte. Ltd. established MaiSys Design Technology SG Pte. Ltd. in May 2024.
7. For the purpose of reorganization, Core Tech Resources Inc. was dissolved due to merger into Digimoc Holdings Limited on October 31, 2024. Subsidiaries previously owned by Core Tech Resources Inc. were transferred to Digimoc Holdings Limited.
8. For the purpose of reorganization, Richtek Holding International Limited has been liquidated in September 2025.
9. For the purpose of reorganization, the 100% ownership of Richtek Europe B.V., which was previously owned by Richtek Europe Holding B.V., was transferred to Richtek Technology Corp. in December 2024.
10. For the purpose of reorganization, the 100% ownership of Istar Technology Ltd., which was previously owned by MediaTek Capital Co., was transferred to Hsu Zhan (HK) Investment Limited in August 2025.
11. For the purpose of reorganization, Hsu Chia (Samoa) Investment Ltd. and Hsu Kang (Samoa) Investment Ltd. were dissolved due to merger into Hsu Fa (Samoa) Investment Ltd. on November 30, 2024.
12. MediaTek Wireless FZ-LLC completed the acquisition of 100% of the shares of MLINK INVESTMENTS-FZCO in March 2025. The subsidiary originally belonging to MLINK INVESTMENTS-FZCO was included in the consolidated entity.

The financial statements of all the consolidated subsidiaries listed above had been reviewed by auditors.

Except for the accounting policies listed below, the same accounting policies have been followed in the consolidated financial statements for the nine-month periods ended September 30, 2025 and 2024 as were applied in the preparation of the Company's consolidated financial statements for the year ended December 31, 2024. For the summary of other significant accounting policies, please refer to the consolidated financial statements for the year ended December 31, 2024.

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

- (1) 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 and disclosed for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.
- (2) Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. The average annual effective income tax rate is estimated by current income tax expense only. Deferred income tax is recognized and measured according to IAS 12 “Income Tax” and follows the same accounting policies of the Company’s annual consolidated financial statements. When income tax rate changes occur in interim period, the effect on deferred income tax is recognized in profit or loss, other comprehensive income or equity at once.

**5. Significant Accounting Judgments, Estimates and Assumptions**

The same significant accounting judgments, estimates and assumptions have been followed in the consolidated financial statements for the nine-month periods ended September 30, 2025 and 2024 as were applied in the preparation of the Company’s consolidated financial statements for the year ended December 31, 2024. Please refer to the consolidated financial statements for the year ended December 31, 2024.

**6. Contents of Significant Accounts**

**(1) Cash and cash equivalents**

	September 30, 2025	December 31, 2024	September 30, 2024
Cash on hand and petty cash	\$ 944	\$ 972	\$ 924
Checking and savings accounts	12,722,818	11,194,434	13,503,727
Time deposits	183,455,285	192,289,486	165,490,677
Repurchase agreements	1,591,000	211,000	835,000
Total	<u>\$ 197,770,047</u>	<u>\$ 203,695,892</u>	<u>\$ 179,830,328</u>

Time deposits and repurchase agreements were those securities whose maturities are within twelve months and are readily convertible to known amounts of cash with values subject to an insignificant risk of changes.

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)****(2) Financial assets and financial liabilities at fair value through profit or loss**

	September 30, 2025	December 31, 2024	September 30, 2024
<u>Current</u>			
<u>Financial assets mandatorily</u>			
<u>measured at fair value through</u>			
<u>profit or loss</u>			
Bonds	\$ 1,312,919	\$ 435,310	\$ 86,984
Funds	1,100,796	2,651,106	5,131,210
Cross-currency swap contracts	40,163	-	1,456
Forward exchange contracts	23,862	265,406	5,118
Stocks	-	35,565	50,408
Linked deposits	-	1,883,616	2,016,799
Total	<u>\$ 2,477,740</u>	<u>\$ 5,271,003</u>	<u>\$ 7,291,975</u>
<u>Held for trading financial liabilities</u>			
Forward exchange contracts	<u>\$ 11,048</u>	<u>\$ 4,229</u>	<u>\$ 114,798</u>
<u>Noncurrent</u>			
<u>Financial assets mandatorily</u>			
<u>measured at fair value through</u>			
<u>profit or loss</u>			
Trust funds	\$ 2,499,990	\$ 2,099,410	\$ 1,891,460
Linked deposits	715,512	745,879	158,190
Bonds	583,914	1,213,668	1,677,186
Funds	268,189	345,434	-
Capital	108,986	90,394	85,316
Stocks	-	33,500	34,115
Total	<u>\$ 4,176,591</u>	<u>\$ 4,528,285</u>	<u>\$ 3,846,267</u>

**(3) Financial assets at fair value through other comprehensive income**

	September 30, 2025	December 31, 2024	September 30, 2024
<u>Current</u>			
<u>Debt instrument investments</u>			
<u>measured at fair value through</u>			
<u>other comprehensive income</u>			
Bonds	<u>\$ 597,107</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Equity instrument investments</u>			
<u>measured at fair value through</u>			
<u>other comprehensive income</u>			
Listed company stocks	<u>6,037,763</u>	<u>6,266,087</u>	<u>5,615,773</u>
Total	<u>\$ 6,634,870</u>	<u>\$ 6,266,087</u>	<u>\$ 5,615,773</u>

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	September 30, 2025	December 31, 2024	September 30, 2024
<u>Noncurrent</u>			
<u>Debt instrument investments</u>			
<u>measured at fair value through</u>			
<u>other comprehensive income</u>			
Bonds	\$ 200,000	\$ 825,121	\$ 803,032
<u>Equity instrument investments</u>			
<u>measured at fair value through</u>			
<u>other comprehensive income</u>			
Listed company stocks	36,537,848	39,225,550	40,533,213
Capital	22,576,558	22,676,746	21,356,957
Unlisted company stocks	6,927,188	8,878,057	10,150,237
Funds	2,492,156	2,627,947	2,741,563
Subtotal	68,533,750	73,408,300	74,781,970
Total	\$ 68,733,750	\$ 74,233,421	\$ 75,585,002

No loss allowance was recognized for debt instrument investments measured at fair value through other comprehensive income. Please refer to Note 12 for more details on credit risk.

The Company has equity instrument investments measured at fair value through other comprehensive income. Details on dividends recognized for the three months and nine months ended September 30, 2025 and 2024 were as follows:

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Related to investments held at the end of the reporting period	\$ 824,783	\$ 493,061	\$ 3,302,711	\$ 2,031,565
Related to investments derecognized during the period	26,085	-	26,085	-
Dividends recognized during the period	\$ 850,868	\$ 493,061	\$ 3,328,796	\$ 2,031,565

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

The Company derecognized certain equity instrument investments measured at fair value through other comprehensive income in consideration of the Company's investment strategy. Details on derecognition of the investments for the three months and nine months ended September 30, 2025 and 2024 were as follows:

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
The fair value of the investments at the date of derecognition	<u>\$ 1,243,318</u>	<u>\$ 364,712</u>	<u>\$ 2,093,720</u>	<u>\$ 2,527,334</u>
The cumulative gain (loss) on disposal reclassified from other equity to retained earnings	<u>\$ 134,507</u>	<u>\$ 79,092</u>	<u>\$ 558,378</u>	<u>\$ (174,376)</u>

**(4) Financial assets measured at amortized cost**

	September 30, 2025	December 31, 2024	September 30, 2024
<u>Current</u>			
Bonds	\$ 3,721,073	\$ 4,346,058	\$ 5,236,669
Time deposits	-	44,766	45,221
Total	<u>\$ 3,721,073</u>	<u>\$ 4,390,824</u>	<u>\$ 5,281,890</u>
<u>Noncurrent</u>			
Bonds	\$ 65,388,943	\$ 72,533,533	\$ 68,953,918
Time deposits	454,631	408,862	369,500
Total	<u>\$ 65,843,574</u>	<u>\$ 72,942,395</u>	<u>\$ 69,323,418</u>

No loss allowance was recognized for financial assets measured at amortized cost. Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge and Note 12 for more details on credit risk.

**(5) Trade receivables and trade receivables from related parties**

	September 30, 2025	December 31, 2024	September 30, 2024
Trade receivables	\$ 67,076,837	\$ 43,946,594	\$ 47,163,015
Less: loss allowance	(16,322)	(1,808)	(5,379)
Subtotal	<u>67,060,515</u>	<u>43,944,786</u>	<u>47,157,636</u>
Trade receivables from related parties	107,453	40,666	60,997
Less: loss allowance	-	-	-
Subtotal	<u>107,453</u>	<u>40,666</u>	<u>60,997</u>
Total	<u>\$ 67,167,968</u>	<u>\$ 43,985,452</u>	<u>\$ 47,218,633</u>

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

Trade receivables are generally on 30 to 90 day terms. Please refer to Note 6. (6) for more details on the loss allowance of trade receivables for the three months and nine months ended September 30, 2025 and 2024. Please refer to Note 12 for more details on credit risk.

Among trade receivables, the amount attributed to financial assets measured at fair value through profit or loss due to regular factoring without recourse were NT\$2,804,742 thousand, NT\$1,051,951 thousand and NT\$1,982,298 thousand as of September 30, 2025, December 31, 2024, and September 30, 2024, respectively.

**(6) Expected credit (losses) gains**

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Impairment (losses) gains				
Trade receivables	\$ (1,525)	\$ (3,860)	\$ (14,524)	\$ 52,535

Please refer to Note 12 for more details on credit risk.

The Company measures the loss allowance of its receivables (including notes receivable, trade receivables and trade receivables from related parties) and finance lease receivables, net at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as of September 30, 2025, December 31, 2024, and September 30, 2024 was as follows:

The Company considers the grouping of receivables by counterparties' credit ratings, geographical regions and industry sectors. Loss allowance is measured by using a provision matrix. Details were as follows:

2025.09.30

	Neither past due	Past due				
	(Note)	Within 30 days	31-60 days	61-90 days	After 90 days	Total
Gross carrying amount	\$ 66,487,351	\$ 504,524	\$ 44,900	\$ 7,075	\$ 32,987	\$ 67,076,837
Loss ratio	0%	0%	0%	0%~10%	20%~100%	
Lifetime expected credit losses	-	-	-	(584)	(15,738)	(16,322)
Carrying amount of trade receivables	\$ 66,487,351	\$ 504,524	\$ 44,900	\$ 6,491	\$ 17,249	\$ 67,060,515



**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**2024.12.31

	Neither past due	Past due				Total
		Within (Note)	30 days	31-60 days	61-90 days	After 90 days
Gross carrying amount	\$ 42,057,792	\$ 1,573,961	\$ 237,760	\$ 75,895	\$ 1,186	\$ 43,946,594
Loss ratio	0%	0%	0%	0%~10%	20%~100%	
Lifetime expected credit losses	-	-	-	(1,706)	(102)	(1,808)
Carrying amount of trade receivables	\$ 42,057,792	\$ 1,573,961	\$ 237,760	\$ 74,189	\$ 1,084	\$ 43,944,786

2024.09.30

	Neither past due	Past due				Total
		Within (Note)	30 days	31-60 days	61-90 days	After 90 days
Gross carrying amount	\$ 46,226,580	\$ 769,247	\$ 131,963	\$ 24,775	\$ 10,450	\$ 47,163,015
Loss ratio	0%	0%	0%	0%-10%	20%-100%	
Lifetime expected credit losses	-	-	-	(633)	(4,746)	(5,379)
Carrying amount of trade receivables	\$ 46,226,580	\$ 769,247	\$ 131,963	\$ 24,142	\$ 5,704	\$ 47,157,636

Note: Neither the Company's note and trade receivables from related parties nor finance lease receivables were past due.

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

The movements in the provision for impairment of receivables and finance lease receivables for the nine months ended September 30, 2025 and 2024 were as follows:

	Notes receivable	Trade receivables (including related parties)	Finance lease receivables
As of January 1, 2025	\$ -	\$ 1,808	\$ -
Allowance for the current period	-	14,524	-
Effect of changes in exchange rate	-	(10)	-
As of September 30, 2025	\$ -	\$ 16,322	\$ -
As of January 1, 2024	\$ -	\$ 57,933	\$ -
Allowance for the current period	-	(52,535)	-
Effect of changes in exchange rate	-	(19)	-
As of September 30, 2024	\$ -	\$ 5,379	\$ -

**(7) Other receivables**

	September 30, 2025	December 31, 2024	September 30, 2024
Factoring receivables	\$ 2,330,782	\$ 2,029,144	\$ 2,868,623
Others	4,562,185	5,027,824	4,809,463
Total	\$ 6,892,967	\$ 7,056,968	\$ 7,678,086

The Company entered into several factoring agreements without recourse with financial institutions. According to those agreements, the Company does not take the risk of uncollectible trade receivables, but only the risk of loss due to commercial disputes. The Company did not provide any collateral, and the factoring agreements met the criteria of financial asset derecognition. The Company derecognized such trade receivables after deducting the estimated value of commercial disputes.

As of September 30, 2025, December 31, 2024, and September 30, 2024, trade receivables derecognized were summarized (by transferee) as follows:

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

A. As of September 30, 2025:

The Factor (Transferee)	Interest Rate (%)	Trade	Cash withdrawn (US\$'000)	Unutilized (US\$'000)	Credit line (US\$'000)
		receivables derecognized (US\$'000)			
BNP Paribas	-	\$ 4,467	\$ -	\$ 4,467	\$ 105,000
Taishin International					
Bank	-	69,258	-	69,258	173,000
SMBC	-	546	-	546	18,000
CTBC	-	-	-	-	300
SinoPac	-	1,735	-	1,735	10,000
CHB	-	335	-	335	1,380
Total		<u>\$ 76,341</u>	<u>\$ -</u>	<u>\$ 76,341</u>	<u>\$ 307,680</u>

B. As of December 31, 2024:

The Factor (Transferee)	Interest Rate (%)	Trade	Cash withdrawn (US\$'000)	Unutilized (US\$'000)	Credit line (US\$'000)
		receivables derecognized (US\$'000)			
BNP Paribas	-	\$ 9,288	\$ -	\$ 9,288	\$ 105,000
Taishin International					
Bank	-	50,157	-	50,157	185,000
SMBC	-	-	-	-	18,000
CTBC	-	-	-	-	300
SinoPac	-	2,092	-	2,092	10,000
CHB	-	388	-	388	1,200
Total		<u>\$ 61,925</u>	<u>\$ -</u>	<u>\$ 61,925</u>	<u>\$ 319,500</u>

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

C. As of September 30, 2024:

The Factor (Transferee)	Interest Rate (%)	Trade		Unutilized (US\$'000)	Credit line (US\$'000)
		Interest receivables derecognized (US\$'000)	Cash withdrawn (US\$'000)		
BNP Paribas	-	\$ 11,027	\$ -	\$ 11,027	\$ 105,000
Taishin					
International Bank	-	76,770	-	76,770	185,000
SMBC	-	-	-	-	18,000
CTBC	-	-	-	-	300
SinoPac	-	2,354	-	2,354	10,000
CHB	-	519	-	519	1,200
Total		<u>\$ 90,670</u>	<u>\$ -</u>	<u>\$ 90,670</u>	<u>\$ 319,500</u>

## (8) Inventories

	September 30, 2025	December 31, 2024	September 30, 2024
Raw materials	\$ 2,907,263	\$ 1,319,997	\$ 1,483,131
Work in progress	37,289,344	35,633,141	35,217,294
Finished goods	16,767,416	21,461,107	18,934,259
Net amount	<u>\$ 56,964,023</u>	<u>\$ 58,414,245</u>	<u>\$ 55,634,684</u>

The Company's operating costs are all related to inventories, including inventory losses recognized due to write-downs to net realizable value and reversals of write-downs recognized when the circumstances that previously caused inventories to be written down below cost no longer exist, were as follows:

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
(Inventory losses) reversals of write-downs of inventories	<u>\$ (482,770)</u>	<u>\$ 869,130</u>	<u>\$ 877,546</u>	<u>\$ 1,358,509</u>

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

## (9) Prepayments

	September 30, 2025	December 31, 2024	September 30, 2024
Prepaid expenses	\$ 807,522	\$ 840,594	\$ 593,198
Input tax	419,227	219,469	429,768
Others	13,062,926	14,805,734	13,785,696
Total	<u>\$ 14,289,675</u>	<u>\$ 15,865,797</u>	<u>\$ 14,808,662</u>

## (10) Investments accounted for using the equity method

Details of investments in associates were as follows:

Investees	September 30, 2025		December 31, 2024		September 30, 2024	
	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:						
Vanchip (Tianjin) Technology Co., Ltd.	\$ 4,360,638	24	\$ 4,559,987	24	\$ 4,684,086	24
Sigmastar Technology Ltd.	9,610,956	29	10,114,735	29	9,861,880	29
Zilltek Technology Corp.	1,783,687	18	1,819,206	18	1,808,973	18
Others	3,390,408	-	1,772,440	-	1,674,709	-
Total	<u>\$ 19,145,689</u>		<u>\$ 18,266,368</u>		<u>\$ 18,029,648</u>	

Since the Company does not have the ability to direct the relevant activities of Sigmastar Technology Ltd. and Vanchip (Tianjin) Technology Co., Ltd., and therefore does not have control, the Company only has significant influence over them.

Even though the Company's ownership in some of the aforementioned investments was higher than 50%, those investments were structured as Limited Partnership, and the Company merely served as a Limited Partner without the ability to direct the relevant activities. Accordingly, the Company did not have control over them and they were not included in the consolidated entities.

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

The Company's investments in associates were not individually material. The following table summarizes financial information of the Company's ownership in the associates:

Investments in associates

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Profit from continuing operations	\$ 178,812	\$ 56,996	\$ 638,616	\$ 215,647
Other comprehensive income (post-tax)	27,682	(14,664)	74,423	(13,938)
Total comprehensive income	<u>\$ 206,494</u>	<u>\$ 42,332</u>	<u>\$ 713,039</u>	<u>\$ 201,709</u>

(11) Property, plant and equipment

	September 30, 2025	December 31, 2024	September 30, 2024
Owner-occupied property, plant and equipment	<u>\$ 57,460,536</u>	<u>\$ 56,917,043</u>	<u>\$ 56,743,986</u>

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

	Land	Buildings and facilities	Machinery equipment	Computer and telecommunication equipment	Testing equipment	Miscellaneous equipment	Construction in progress and equipment awaiting examination	Total
Cost:								
As of January 1, 2025	\$ 9,998,332	\$ 33,795,042	\$ 2,859,779	\$ 17,349,984	\$ 23,295,483	\$ 20,153,434	\$ 2,319,873	\$ 109,771,927
Additions-acquired separately	-	135,298	933,544	2,108,963	812,684	4,210,187	2,222,035	10,422,711
Disposals	-	(15,288)	(1,851)	(347,565)	(245,577)	(271,183)	-	(881,464)
Transfers	-	(2,680)	(2,801)	-	41,333	27,322	(66,419)	(3,245)
Exchange differences	-	(622,329)	(441)	(215,619)	(214,596)	(454,474)	(17,733)	(1,525,192)
As of September 30, 2025	9,998,332	33,290,043	3,788,230	18,895,763	23,689,327	23,665,286	4,457,756	117,784,737
Depreciation and impairment:								
As of January 1, 2025	-	8,885,420	1,380,420	13,578,880	15,088,662	13,921,502	-	52,854,884
Depreciation	-	639,641	301,054	1,966,207	1,917,644	4,353,601	-	9,178,147
Disposals	-	(14,712)	(1,851)	(344,657)	(227,500)	(259,848)	-	(848,568)
Transfers	-	-	(15,051)	-	15,051	-	-	-
Exchange differences	-	(130,962)	(409)	(164,682)	(170,069)	(394,140)	-	(860,262)
As of September 30, 2025	-	9,379,387	1,664,163	15,035,748	16,623,788	17,621,115	-	60,324,201
Net carrying amount as of:								
September 30, 2025	\$ 9,998,332	\$ 23,910,656	\$ 2,124,067	\$ 3,860,015	\$ 7,065,539	\$ 6,044,171	\$ 4,457,756	\$ 57,460,536
December 31, 2024	\$ 9,998,332	\$ 24,909,622	\$ 1,479,359	\$ 3,771,104	\$ 8,206,821	\$ 6,231,932	\$ 2,319,873	\$ 56,917,043

## MEDIATEK INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	Land	Buildings and facilities	Machinery equipment	Computer and telecommunication equipment	Testing equipment	Miscellaneous equipment	Construction in progress and equipment awaiting examination	Total
Cost:								
As of January 1, 2024	\$ 9,605,842	\$ 33,110,317	\$ 1,355,918	\$ 16,157,848	\$ 20,210,878	\$ 14,323,664	\$ 661,567	\$ 95,426,034
Additions-acquired separately	-	62,385	1,451,223	1,426,216	2,992,685	3,667,406	1,105,715	10,705,630
Additions-acquired through business combinations	356,243	137,878	11,745	10,382	-	88,414	-	604,662
Disposals	-	(1,449)	(148)	(523,928)	(330,594)	(41,513)	-	(897,632)
Transfers	129,917	280,669	-	821	35,298	17,422	(492,863)	(28,736)
Exchange differences	-	604,854	254	141,970	199,342	183,832	569	1,130,821
As of September 30, 2024	10,092,002	34,194,654	2,818,992	17,213,309	23,107,609	18,239,225	1,274,988	106,940,779
Depreciation and impairment:								
As of January 1, 2024	-	7,947,970	1,047,497	11,541,615	12,933,301	8,664,386	-	42,134,769
Depreciation	-	685,617	182,534	1,927,877	1,869,947	3,815,991	-	8,481,966
Disposals	-	(1,132)	(148)	(521,243)	(329,829)	(39,245)	-	(891,597)
Transfers	-	(6,880)	-	754	(115)	(133)	-	(6,374)
Exchange differences	-	112,462	199	105,773	156,956	102,639	-	478,029
As of September 30, 2024	-	8,738,037	1,230,082	13,054,776	14,630,260	12,543,638	-	50,196,793
Net carrying amount as of:								
September 30, 2024	\$ 10,092,002	\$ 25,456,617	\$ 1,588,910	\$ 4,158,533	\$ 8,477,349	\$ 5,695,587	\$ 1,274,988	\$ 56,743,986



**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

The amount of the Company's capitalized depreciation expense and interest expense arising from right-of-use assets and lease liabilities and the interest rate of the capitalization were as follows:

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Capitalized depreciation expense	\$ 19,634	\$ 17,174	\$ 78,129	\$ 51,522
Capitalized interest expense	\$ 12,983	\$ 11,225	\$ 45,800	\$ 33,675
	0.925%		0.925%	
Interest rate of the capitalization	~2.235%	0.925%	~2.235%	0.925%

**(12) Leases****A. The Company as a lessee**

The Company leases various property (land and buildings), machinery equipment, transportation equipment and office equipment. The lease terms range between 1 and 50 years.

**a. Right-of-use asset**

	September 30, 2025	December 31, 2024	September 30, 2024
Land	\$ 6,379,403	\$ 6,457,298	\$ 6,490,113
Buildings and facilities	1,981,944	2,309,920	2,438,373
Machinery equipment	433,768	142,967	168,730
Transportation equipment	13,321	6,484	7,851
Office equipment	751	1,890	2,283
Total	\$ 8,809,187	\$ 8,918,559	\$ 9,107,350

During the nine months ended September 30, 2025 and 2024, the additions to right-of-use assets of the Company amounted to NT\$884,856 thousand and NT\$1,292,315 thousand, respectively.

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

## b. Lease liability

	September 30, 2025	December 31, 2024	September 30, 2024
Lease liability-current	\$ 1,012,319	\$ 995,267	\$ 956,566
Lease liability-noncurrent	8,254,411	8,375,041	8,543,807
Total	<u>\$ 9,266,730</u>	<u>\$ 9,370,308</u>	<u>\$ 9,500,373</u>

Please refer to Note 6. (28) finance cost for the interest on lease liability recognized during the three months and the nine months ended September 30, 2025 and 2024 and Note 12. (2) C. for the maturity analysis of lease liabilities.

The Company capitalized certain depreciation and interest expenses during the three months and the nine months ended September 30, 2025 and 2024. Please refer to Note 6. (11) for related information.

## c. Depreciation charge for right-of-use assets

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Land	\$ 10,321	\$ 14,142	\$ 31,018	\$ 42,240
Buildings and facilities	213,506	217,861	642,136	633,221
Machinery equipment	59,635	28,165	118,008	92,668
Transportation equipment	1,501	1,460	3,727	4,536
Office equipment	371	375	1,119	1,119
Total	<u>\$ 285,334</u>	<u>\$ 262,003</u>	<u>\$ 796,008</u>	<u>\$ 773,784</u>

## d. Income and costs relating to leasing activities

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
The expense relating to short-term leases	<u>\$ 14,707</u>	<u>\$ 15,195</u>	<u>\$ 49,224</u>	<u>\$ 41,372</u>
The expense relating to leases of low-value assets (excluding the expense relating to short-term leases of low-value assets)	<u>\$ 426</u>	<u>\$ 1,254</u>	<u>\$ 1,193</u>	<u>\$ 1,972</u>
Income from subleasing right-of-use assets	<u>\$ 406</u>	<u>\$ 540</u>	<u>\$ 1,253</u>	<u>\$ 3,222</u>

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

e. Cash outflow relating to leasing activities

During the nine months ended September 30, 2025 and 2024, the Company's total cash outflows for leases amounted to NT\$1,114,026 thousand and NT\$807,753 thousand, respectively.

f. Other information relating to leasing activities

Subsidiary Hsu-Yuan Investment Corp. ("Hsu-Yuan") signed a contract with Railway Bureau, MOTC ("RB") to obtain land usufruct. The contract contains variable payment terms that are linked to certain percentages of sales generated from the leased land. As such variable lease payments do not meet the definition of lease payments, those payments are not included in the measurement of the assets and liabilities. The variable rental payment will be 1% (when sales range between NT\$350,000-430,000 thousand), 2% (when sales range between NT\$430,000-520,000 thousand), and 3% (when sales exceed NT\$520,000 thousand) of Hsu-Yuan's sales, respectively.

**B. The Company as a lessor**

Please refer to Note 6. (13) for details on the Company's owned investment properties and investment properties held by the Company as right-of-use assets. Leases of owned investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to the ownership of underlying assets.

The Company has entered into machinery and equipment lease agreements with terms from 2020 to 2030. These leases are classified as finance leases as they transfer substantially all the risks and rewards incidental to the ownership of the underlying assets.

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Lease income from operating leases				
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	\$ 72,980	\$ 71,055	\$ 223,477	\$ 217,748
Lease income from finance leases				
Finance income on the net investment in the lease	1,468	4,404	6,517	15,292
Total	\$ 74,448	\$ 75,459	\$ 229,994	\$ 233,040

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

The undiscounted lease payments to be received for the remaining years as of September 30, 2025, December 31, 2024, and September 30, 2024 were as follows:

	September 30, 2025	December 31, 2024	September 30, 2024
Not later than one year	\$ 184,719	\$ 735,143	\$ 738,078
Later than one year and not later than two years	2,414	-	182,707
Later than two years and not later than three years	2,414	-	-
Later than three years and not later than four years	2,414	-	-
Later than four years and not later than five years	804	-	-
Total non-discounted lease payments	192,765	735,143	920,785
Less: unearned finance income of finance lease	(1,579)	(7,251)	(10,920)
Less: allowance for doubtful debts	-	-	-
Net investment in the finance lease (receivable of a finance lease)	\$ 191,186	\$ 727,892	\$ 909,865
Current	\$ 183,656	\$ 727,892	\$ 727,892
Noncurrent	\$ 7,530	\$ -	\$ 181,973

**(13) Investment property**

The Company's investment properties include both owned investment properties and investment properties held by the Company as right-of-use assets. The Company has entered into commercial property leases for its owned investment properties with terms between 40 and 50 years. These leases include a clause to enable revision of the rental charge on an annual basis according to prevailing market conditions. The investment properties held by the Company as right-of-use assets have non-cancellable period ranging from 3 to 50 years. Some of these contracts provide the Company with options to extend the leases.

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

	Land	Buildings and facilities	Right-of-use assets	Total
Cost:				
As of January 1, 2025	\$ 93,670	\$ 2,884,991	\$ 129,443	\$ 3,108,104
Additions	-	1,920	-	1,920
Lease modifications	-	-	(2,772)	(2,772)
Transfers	-	2,679	-	2,679
Exchange differences	-	(101,973)	(1,968)	(103,941)
As of September 30, 2025	93,670	2,787,617	124,703	3,005,990

## Depreciation and impairment:

As of January 1, 2025	-	533,723	20,096	553,819
Depreciation	-	55,733	2,917	58,650
Exchange differences	-	(18,098)	(156)	(18,254)
As of September 30, 2025	-	571,358	22,857	594,215

## Net carrying amount as of:

September 30, 2025	\$ 93,670	\$ 2,216,259	\$ 101,846	\$ 2,411,775
December 31, 2024	\$ 93,670	\$ 2,351,268	\$ 109,347	\$ 2,554,285

	Land	Buildings and facilities	Right-of-use assets	Total
Cost:				
As of January 1, 2024	\$ -	\$ 2,512,330	\$ 118,864	\$ 2,631,194
Transfers	-	29,145	8,532	37,677
Exchange differences	-	99,811	1,926	101,737
As of September 30, 2024	-	2,641,286	129,322	2,770,608

## Depreciation and impairment:

As of January 1, 2024	-	394,887	14,391	409,278
Depreciation	-	52,545	2,891	55,436
Transfers	-	7,013	1,605	8,618
Exchange differences	-	15,487	113	15,600
As of September 30, 2024	-	469,932	19,000	488,932

## Net carrying amount as of:

September 30, 2024	\$ -	\$ 2,171,354	\$ 110,322	\$ 2,281,676
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**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Rental income from investment properties	\$ 56,116	\$ 54,422	\$ 175,746	\$ 168,286
Less: direct operating expenses from investment properties generating rental income	(19,081)	(18,892)	(58,650)	(55,436)
Total	\$ 37,035	\$ 35,530	\$ 117,096	\$ 112,850

The following fair value has been determined at balance sheet date based on market approach and discounted cash flow approach, which were performed by an independent valuer. The significant assumptions and the fair value were as follows:

Based on market approach:

	September 30, 2025	December 31, 2024	September 30, 2024
Fair value	\$ 3,553,185	\$ 3,685,710	\$ 3,706,783

Based on discounted cash flow approach :

	September 30, 2025	December 31, 2024	September 30, 2024
Fair value	\$ 464,529	\$ 464,529	\$ -
Discount rate	3.645%	3.645%	-
Capitalization rate	2.875%	2.875%	-
Growth rate	0.5%	0.5%	-

The fair value of its investment properties did not change significantly for the nine months ended September 30, 2025 and 2024.

For those right-of-use assets leased as operating leases and classified as investment properties, please refer to Note 6. (12) for relevant disclosure.

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

(14) Intangible assets

	Trademarks	Software	Customer relationship	Patents, IPs and others	Goodwill	Total
Cost:						
As of January 1, 2025	\$ 352,055	\$ 1,587,848	\$ 2,635,440	\$ 32,457,589	\$ 67,908,730	\$ 104,941,662
Additions-acquired separately	-	251,514	-	4,885,821	-	5,137,335
Additions-acquired through business combinations	-	-	-	-	231,979	231,979
Disposals	-	(186,337)	-	(2,007,792)	-	(2,194,129)
Exchange differences	-	(12,749)	-	(601,375)	(59,250)	(673,374)
As of September 30, 2025	352,055	1,640,276	2,635,440	34,734,243	68,081,459	107,443,473
Amortization and impairment:						
As of January 1, 2025	351,992	1,054,258	2,155,054	19,123,316	-	22,684,620
Amortization	63	385,015	194,369	6,538,910	-	7,118,357
Disposals	-	(186,337)	-	(2,007,792)	-	(2,194,129)
Exchange differences	-	(10,445)	-	(394,889)	-	(405,334)
As of September 30, 2025	352,055	1,242,491	2,349,423	23,259,545	-	27,203,514
Net carrying amount as of:						
September 30, 2025	\$ -	\$ 397,785	\$ 286,017	\$ 11,474,698	\$ 68,081,459	\$ 80,239,959
December 31, 2024	\$ 63	\$ 533,590	\$ 480,386	\$ 13,334,273	\$ 67,908,730	\$ 82,257,042

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

	Trademarks	Software	Customer relationship	Patents, IPs and others	Goodwill	Total
Cost:						
As of January 1, 2024	\$ 352,055	\$ 1,243,595	\$ 2,581,940	\$ 28,681,170	\$ 66,042,932	\$ 98,901,692
Additions-acquired separately	-	263,689	-	5,531,108	-	5,794,797
Additions-acquired through business combinations	-	40,618	53,500	603,500	1,821,182	2,518,800
Disposals	-	(148,628)	-	(3,358,306)	-	(3,506,934)
Transfers	-	287	-	-	-	287
Exchange differences	-	7,980	-	242,556	16,674	267,210
As of September 30, 2024	352,055	1,407,541	2,635,440	31,700,028	67,880,788	103,975,852
Amortization and impairment:						
As of January 1, 2024	351,842	803,168	1,898,571	14,603,343	-	17,656,924
Amortization	113	309,330	191,694	5,668,247	-	6,169,384
Disposals	-	(148,628)	-	(3,358,306)	-	(3,506,934)
Transfers	-	57	-	-	-	57
Exchange differences	-	6,193	-	98,469	-	104,662
As of September 30, 2024	351,955	970,120	2,090,265	17,011,753	-	20,424,093
Net carrying amount as of:						
September 30, 2024	\$ 100	\$ 437,421	\$ 545,175	\$ 14,688,275	\$ 67,880,788	\$ 83,551,759



**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)****(15) Impairment testing of goodwill**

The Company has no intangible assets with indefinite lives. Goodwill acquired through business combination has been allocated to a cash-generating unit which is expected to benefit from synergies of the business combination and has been assessed for impairment of the recoverable amount of goodwill at the end of each year. The recoverable amount has been determined based on the value-in-use calculated using cash flow projections discounted by the pre-tax discount rate from a five-year period financial budget. The projected cash flows reflect the change in demand for products and services. The Company had assessed for impairment of the recoverable amount of goodwill on December 31, 2024. The Company did not identify any impairment of goodwill for the year ended December 31, 2024.

**(16) Short-term borrowings**

	September 30, 2025	December 31, 2024	September 30, 2024
Unsecured bank loans	<u>\$ 15,423,324</u>	<u>\$ 940,000</u>	<u>\$ 19,133,800</u>
Interest rates	<u>1.74%~3.10%</u>	<u>1.97%</u>	<u>1.65%~5.75%</u>

**(17) Other payables**

	September 30, 2025	December 31, 2024	September 30, 2024
Accrued salaries and bonuses	\$ 32,567,104	\$ 40,278,816	\$ 33,898,848
Accrued royalties	1,455,888	2,767,240	4,288,053
Dividends payable	-	46,448,952	-
Others	23,197,051	20,847,571	15,763,765
Total	<u>\$ 57,220,043</u>	<u>\$ 110,342,579</u>	<u>\$ 53,950,666</u>

**(18) Other current liabilities**

	September 30, 2025	December 31, 2024	September 30, 2024
Refund liabilities (Note)	\$ 87,802,636	\$ 87,270,518	\$ 94,653,314
Others	1,273,185	1,154,284	1,180,037
Total	<u>\$ 89,075,821</u>	<u>\$ 88,424,802</u>	<u>\$ 95,833,351</u>

Note: Refund liabilities represented the Company's estimated sales allowances and returns based on past experience and other known factors.

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)****(19) Post-employment benefits plans**Defined contribution plan

MTK and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. MTK and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts. Subsidiaries located in the People's Republic of China will contribute social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts. Pension benefits for employees of foreign subsidiaries are provided in accordance with the local regulations.

Pension expenses under the defined contribution plan for the three months ended September 30, 2025 and 2024 were NT\$765,986 thousand and NT\$755,543 thousand, respectively. Pension expenses under the defined contribution plan for the nine months ended September 30, 2025 and 2024 were NT\$2,312,983 thousand and NT\$2,221,029 thousand, respectively.

Defined benefits plan

MTK and its domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, MTK and its domestic subsidiaries contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee.

Pension expenses under the defined benefits plan for the three months ended September 30, 2025 and 2024 were NT\$2,953 thousand and NT\$3,346 thousand, respectively. Pension expenses under the defined benefits plan for the nine months ended September 30, 2025 and 2024 were NT\$8,978 thousand and NT\$10,035 thousand, respectively.

**(20) Other non-current liabilities**

	September 30, 2025	December 31, 2024	September 30, 2024
Provisions (Note)	\$ -	\$ -	\$ -
Decommissioning liabilities	44,724	47,987	46,355
Others	4,011,821	3,518,034	3,296,405
Total	<u>\$ 4,056,545</u>	<u>\$ 3,566,021</u>	<u>\$ 3,342,760</u>

Note: The reversal of the Company's provisions for the nine months ended September 30, 2024 was NT\$4,183,904 thousand. Please refer to Note 9 for more details.

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)****(21) Equity****A. Share capital**

	September 30, 2025	December 31, 2024	September 30, 2024
Authorized shares (in thousands)	2,000,000	2,000,000	2,000,000
Authorized capital	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>
Issued and paid shares (in thousands)	1,603,929	1,601,688	1,601,694
Issued capital	<u>\$ 16,039,286</u>	<u>\$ 16,016,880</u>	<u>\$ 16,016,943</u>

The par value of issued common shares is NT\$10 per share. Each share has one voting right and a right to receive dividends.

The authorized shares include 20,000 thousand shares allocated for the exercise of employee stock options.

On May 27, 2024, the general shareholders' meeting approved to issue restricted stocks for employees. As of September 30, 2025, 4,639,479 shares of restricted stocks for employees were issued. Relevant regulators' approvals have been obtained and related registration processes have been completed.

MTK has redeemed and cancelled 39,572 shares and 312,582 shares of issued restricted stocks for employees during the nine months ended September 30, 2025 and 2024, respectively. Relevant regulators' approvals have been obtained and related registration processes have been completed.

**B. Capital surplus**

	September 30, 2025	December 31, 2024	September 30, 2024
Additional paid-in capital	\$ 6,673,400	\$ 5,303,435	\$ 5,296,931
Treasury share transactions	4,058,999	3,638,117	3,638,118
The difference between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	6,942,948	6,942,770	6,942,715
Changes in ownership interests in subsidiaries	8,280,276	8,280,276	8,285,480
Donated assets	1,261	1,261	1,261
Share of changes in net assets of associates	4,772,403	4,466,121	4,607,877
Restricted stocks for employees	3,894,987	2,512,751	2,470,309
Others	501,111	491,322	491,322
Total	<u>\$ 35,125,385</u>	<u>\$ 31,636,053</u>	<u>\$ 31,734,013</u>

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

According to the Company Act, the capital surplus shall not be used except for offsetting the deficit of the company. When a company incurs no loss, it may distribute the capital surplus generated from the excess of the issuance price over the par value of share capital (including the shares issued for mergers and the surplus from treasury shares transactions) and donations. The distribution could be made in cash to its shareholders in proportion to the number of shares held by each of them.

**C. Treasury shares**

As of September 30, 2025, December 31, 2024, and September 30, 2024, 7,794,085 shares of MTK's common shares amounted to NT\$55,970 thousand were held by the subsidiary, Hsiang Fa Co. These shares were acquired by Hsiang Fa Co. for financing purposes before the amendment of the Company Act on November 12, 2001.

As of September 30, 2025, December 31, 2024, and September 30, 2024, MTK did not hold any other treasury shares.

**D. Retained earnings and dividend policy**

According to MTK's Article of Incorporation, the distribution of profits or the covering of losses may be made on a half-yearly basis after the close of each half of fiscal year. The Board of Directors shall prepare relevant proposals per applicable laws and regulations and the procedures and principles specified in the Articles of Incorporation and report such proposals to the shareholders' meeting or submit the same to the shareholders' meeting for review and approval by a resolution.

When allocating the profits, MTK shall first estimate and reserve the taxes to be paid, offset its losses per laws and regulations, and set aside a legal reserve at 10% of leftover profits provided that the legal reserve requirement shall not apply in the event that the amount of accumulated legal reserve has reached the amount of the paid-in capital of MTK, then set aside or reverse a special reserve in accordance with relevant laws or regulations or as requested by the authorities in charge. For the distribution of profits for the first half of each fiscal year, MTK shall also estimate and reserve the employees' compensation and remuneration to directors per applicable laws and regulations and the provisions specified in the Articles of Incorporation.

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

Based on the authorization from the Articles of Incorporation as mentioned above, the Board of Directors may resolve (by a majority vote in a meeting attended by over two-thirds of the Directors) to distribute cash dividends and report such distribution to the shareholders' meeting.

Dividends to shareholders may be distributed in cash or in stock, and the cash dividends shall not be lower than 10% of total dividends to shareholders.

According to the Company Act, MTK shall set aside an amount for the legal reserve unless the legal reserve already amounts to the total paid-in capital. The legal reserve can be used to offset the deficit of MTK. When MTK incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares held by each of the shareholders.

Pursuant to existing regulations, MTK is required to set aside an additional special reserve equivalent to the net debit balance of the other components of shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

The distributions of earnings for the first half year of 2025, the years of 2024 and 2023 were resolved by the Board of Directors' meeting. The details of the distribution were as follows:

	First half year of 2025
	October 31, 2025
Board of Directors' meeting	
Legal reserve (Note)	\$ 5,760,134
Cash dividends-common stock	\$ 46,513,389
Dividends per share (NT\$)	\$ 29.0

	Second half year of 2024	First half year of 2024
	February 27, 2025	October 30, 2024
Board of Directors' meeting		
Legal reserve	\$ 4,951,119	\$ 5,702,090
Cash dividends-common stock	\$ 40,041,559	\$ 46,448,952
Dividends per share (NT\$)	\$ 25.0	\$ 29.0

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

	Second half year of 2023	First half year of 2023
	February 23, 2024	October 27, 2023
Board of Directors' meeting		
Legal reserve	\$ 4,282,605	\$ 3,540,881
Cash dividends-common stock	\$ 48,628,552	\$ 39,350,914
Dividends per share (NT\$)	\$ 30.4	\$ 24.6

Note: Legal reserve for 2025 is subject to the resolution of general shareholders' meeting which will be held in 2026.

**E. Non-controlling interests**

	Nine months ended September 30	
	2025	2024
Beginning balance	\$ 8,428,270	\$ 5,999,576
Gains attributable to non-controlling interests	649,835	602,281
Other comprehensive income (losses), attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of foreign operations	(39,528)	35,952
Changes in associates and joint ventures accounted for using the equity method	876	916
Changes in ownership interests in subsidiary	-	(73,469)
Sale of additional interest in a subsidiary	-	(43,583)
Acquired through business combinations	-	2,028,282
Others	(628,355)	(243,766)
Ending balance	\$ 8,411,098	\$ 8,306,189

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

**(22) Share-based payment plans**

Certain employees of the Company are entitled to share-based payments as part of their remuneration. Services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payment transactions.

Restricted stock plan for employees of MTK

On May 27, 2024, the shareholders' meeting approved to issue gratuitous restricted stocks for employees, at a total of 24,000,000 common shares. MTK shall set up the actual issuance date(s) in one tranche or in installments within one year from the date of receipt of the effective registration of the competent authority.

MTK issued 2,359,347 and 2,280,132 gratuitous restricted stocks on August 23, 2024 and August 22, 2025, respectively. The issuance process was granted effective registration by the securities authority.

The fair value of the restricted stocks issued was NT\$1,090.09~NT\$1,225 and NT\$1,117~NT\$1,365 per share, respectively. The estimated compensation expenses amounted to NT\$5,411,658 thousand in total based on the vesting conditions and will be recognized during the vesting period. As of September 30, 2025, MTK had recognized NT\$2,257,387 thousand as compensation expense and NT\$3,098,950 thousand as unearned employee compensation, which were recorded under salary expense and other equity, respectively.

The aforementioned restricted stock plans for employees were evaluated under the fair value method. Assumptions used in calculating the fair value are disclosed as follows:

	Restricted stock plan for employees
Expected volatility (%)	36.46%~38.47%
Risk free interest rate (%)	1.176%~1.32%
Pricing Approach	Monte Carlo Simulation

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

Restrictions on the rights and vesting conditions of the first restricted stocks for employees under the 2024 plan are as follows:

- A. To issue common shares of MTK with gratuitous issue price.
- B. Employee's continuous employment with the Company through the vesting dates, with no violation on any terms of the Company's employment agreement, employee handbook, non-competition clause, confidentiality agreement or policies and achievement of both personal performance criteria and the Company's performance target during the vesting period, are eligible to receive the vested shares. The vesting period of the plan is two years. The maximum portions of the vesting shares of 2025 are 50%, and the cumulative maximum portions of vesting shares for two years from 2025 to 2026 are 100%. The actual portions of the vesting shares shall be determined by achievement of both personal performance and the Company's performance target.
- C. During the vesting period, employees may not sell, pledge, transfer, give to another person, create any encumbrance on, or otherwise dispose of, restricted employee shares, excluding inheritance.
- D. During the vesting period, the rights of attending shareholders' meeting, proposal, speech, resolution and voting, etc., are the same as those of the common shareholders', and the rights will be exercised by the custodian organizations according to the trust contracts.

Restrictions on the rights and vesting conditions of the second restricted stocks for employees under the 2024 plan are as follows:

- A. To issue common shares of MTK with gratuitous issue price.
- B. Employee's continuous employment with the Company through the vesting dates, with no violation on any terms of the Company's employment agreement, employee handbook, non-competition clause, confidentiality agreement or policies and achievement of both personal performance criteria and the Company's performance target during the vesting period, are eligible to receive the vested shares. The vesting period of the plan is two years. The maximum portions of the vesting shares of 2026 are 50%, and the cumulative maximum portions of vesting shares for two years from 2026 to 2027 are 100%. The actual portions of the vesting shares shall be determined by achievement of both personal performance and the Company's performance target.
- C. During the vesting period, employees may not sell, pledge, transfer, give to another person, create any encumbrance on, or otherwise dispose of, restricted employee shares, excluding inheritance.
- D. During the vesting period, the rights of attending shareholders' meeting, proposal, speech, resolution and voting, etc., are the same as those of the common shareholders', and the rights will be exercised by the custodian organizations according to the trust contracts.



**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

Share-based payment plans of subsidiaries

On November 29, 2021, Board of Directors of Airoha Technology Corp. approved the option plans for foreign employees. The total units of the stock options are 1,111,727 units for foreign optionees, each unit of employee stock options is eligible to subscribe for one common share of Airoha Technology Corp. The options may be granted to qualified employees of Airoha Technology Corp. or any of its domestic or foreign subsidiaries. Settlement upon the exercise of the options will be made through the issuance of new shares by Airoha Technology Corp. The rights of the new shares are the same as those of common shares.

The issuance date of foreign employee stock options was determined to be on January 10, 2022. The option holders of the employee stock options may exercise the options within two months after the date that the stocks of Airoha Technology Corp. are listed on a centralized exchange market and the designated accounts required by the relevant regulators are opened. The exercise price ranged from NT\$67 to NT\$137 per share. In accordance with the plan, the number of exercisable shares is subject to adjustments in the situation that Airoha Technology Corp. increases its capital through the capitalization of retained earnings or capital surplus. On February 8, 2022, the general shareholders' meeting of Airoha Technology Corp. resolved to issue 41,573 thousand new common shares in the amount of NT\$415,730 thousands from capital surplus. Accordingly, the number of exercisable shares was adjusted upward by 441,986 common shares. The incremental fair value thus incurred would be recognized as an expense during the remaining vesting period.

Airoha Technology Corp. adopted the fair value method to determine the compensation cost and the Black-Scholes Option Pricing Model was used to estimate the fair value of options granted. Assumptions used in calculating the fair value are disclosed as follows:

	Employee stock option
Expected dividend yield (%)	0.00%
Expected volatility (%)	35.91%~54.66%
Risk free interest rate (%)	0.41%
Expected life (Years)	0.01 years~1.61 years

The expected life of the shares options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

The following table contains further details on the aforementioned share-based payment plans:

	Nine months ended September 30			
	2025		2024	
	Options	Weighted-average Exercise Price per Share (NT\$)	Options	Weighted-average Exercise Price per Share (NT\$)
Employee Stock Option	(Unit)		(Unit)	
Outstanding at beginning of period	-	\$ -	1,483,851	\$ 82
Exercised (Note)	-	-	(1,483,851)	82
Forfeited (Expired)	-	-	-	-
Outstanding at end of period	-	-	-	-
Exercisable at end of period	-	-	-	-
Weighted-average fair value of options granted during the period (in NT\$)	\$ -		\$ -	

Note: The weighted average share price at the date of exercise of those options was NT\$635 for the nine months ended September 30, 2024.

Share-based compensation expenses recognized were shown in the following table:

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Restricted stocks for employees	\$ 560,614	\$ 300,132	\$ 1,594,698	\$ 717,937

The Company did not modify or cancel any share-based payment plans for the nine months ended September 30, 2025 and 2024.

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)****(23) Sales**

Analysis of revenue from contracts with customers was as follows:

**A. Disaggregation of revenue**

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Sale of goods	\$ 139,844,945	\$ 130,110,376	\$ 439,666,890	\$ 386,727,635
Services and other operating revenue	2,251,919	1,703,118	6,110,782	5,815,127
Total	<u>\$ 142,096,864</u>	<u>\$ 131,813,494</u>	<u>\$ 445,777,672</u>	<u>\$ 392,542,762</u>
Revenue recognition point:				
At a point in time	\$ 140,682,623	\$ 131,039,391	\$ 442,502,058	\$ 389,124,224
Satisfies the performance obligation over time	1,414,241	774,103	3,275,614	3,418,538
Total	<u>\$ 142,096,864</u>	<u>\$ 131,813,494</u>	<u>\$ 445,777,672</u>	<u>\$ 392,542,762</u>

**B. Contract balances****Contract liabilities-current**

	September 30, 2025	January 1, 2025	September 30, 2024	January 1, 2024
Sale of goods	\$ 1,708,280	\$ 1,191,549	\$ 1,195,750	\$ 1,615,650
Services and other operating revenue	5,650,071	3,126,879	2,991,285	1,761,109
Total	<u>\$ 7,358,351</u>	<u>\$ 4,318,428</u>	<u>\$ 4,187,035</u>	<u>\$ 3,376,759</u>

The significant changes in the Company's balances of contract liabilities for the three months and nine months ended September 30, 2025 and 2024 were as follows:

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Revenue recognized during the period that was included in the beginning balance	<u>\$ 86,498</u>	<u>\$ 32,937</u>	<u>\$ 1,925,782</u>	<u>\$ 2,121,697</u>
Increase in receipt in advance during the period (deducting the amount incurred and transferred to revenue during the period)	<u>\$ 3,584,701</u>	<u>\$ (116,742)</u>	<u>\$ 4,983,902</u>	<u>\$ 2,924,089</u>

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)****C. Transaction price allocated to unsatisfied performance obligations**

As of September 30, 2025 and 2024, no disclosure of the unsatisfied performance obligations was needed as the contract terms with customers for the sales of goods are all shorter than one year; besides, the summarized amounts of transaction price allocated to unsatisfied performance obligations for rendering services were NT\$14,030,979 thousand and NT\$1,959,200 thousand, respectively. The Company recognizes revenue in accordance with the stage of completion of the contracts. Those contracts are expected to be completed within the next 1 to 2 years.

(24) Employee benefits, depreciation and amortization expenses are summarized by function as follows:

	Three months ended September 30					
	2025			2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Pension	\$ 9,269	\$ 759,670	\$ 768,939	\$ 12,107	\$ 746,782	\$ 758,889
Others	\$ 258,782	\$ 23,418,437	\$ 23,677,219	\$ 351,590	\$ 24,348,924	\$ 24,700,514
Depreciation	\$ 98,900	\$ 3,264,695	\$ 3,363,595	\$ 78,823	\$ 3,086,412	\$ 3,165,235
Amortization	\$ 2,478	\$ 2,405,245	\$ 2,407,723	\$ 308	\$ 2,133,229	\$ 2,133,537

	Nine months ended September 30					
	2025			2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Pension	\$ 33,496	\$ 2,288,465	\$ 2,321,961	\$ 37,738	\$ 2,193,326	\$ 2,231,064
Others	\$ 905,384	\$ 75,390,990	\$ 76,296,374	\$ 1,006,227	\$ 73,238,546	\$ 74,244,773
Depreciation	\$ 305,698	\$ 9,727,107	\$ 10,032,805	\$ 215,455	\$ 9,095,731	\$ 9,311,186
Amortization	\$ 7,629	\$ 7,110,728	\$ 7,118,357	\$ 1,571	\$ 6,167,813	\$ 6,169,384

According to the Articles of Incorporation of MTK, no less than 1% of the current year's profit is distributable as employees' compensation (of the amount so allocated as employees' compensation, no less than 50% shall be allocated to the non-executive employees) and no more than 0.5% as remuneration to directors, provided that MTK's accumulated losses shall have been covered in advance. MTK may distribute the profit as employees' compensation in the form of shares or cash.

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

MTK accrued employees' compensation and remuneration to directors based on a specific rate of profit for the nine months ended September 30, 2025 and 2024. If the estimated amounts differ from the actual distribution resolved by the Board of Directors, MTK will recognize the change as an adjustment to income of next year. The information about the employees' compensation and directors' remuneration is available on the "Market Observation Post System" website.

The amounts of employees' compensation and remuneration to directors were as follows:

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Employees' compensation	\$ 338,311	\$ 327,630	\$ 1,094,203	\$ 1,092,274
Remuneration to directors	\$ 24,000	\$ 24,000	\$ 72,000	\$ 77,000

A resolution was approved in a meeting of the Board of Directors held on February 27, 2025 to distribute NT\$1,382,436 thousand and NT\$101,000 thousand in cash as employees' compensation and remuneration to directors, respectively. There was no difference between the aforementioned approved amounts and the amounts charged against earnings in 2024.

There was no difference between the actual distribution amounts of employees' compensation and remuneration to directors in 2024 and the amounts charged against earnings in 2023.

**(25) Interest income**

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Financial assets measured at amortized cost	\$ 2,474,712	\$ 2,889,325	\$ 7,926,271	\$ 8,046,433
Financial assets at fair value through other comprehensive income	6,315	6,655	78,988	83,533
Total	\$ 2,481,027	\$ 2,895,980	\$ 8,005,259	\$ 8,129,966

**(26) Other income**

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Rental income	\$ 72,980	\$ 71,055	\$ 223,477	\$ 217,748
Dividend income	854,087	494,544	3,332,015	2,033,048
Others	131,253	49,925	257,669	138,270
Total	\$ 1,058,320	\$ 615,524	\$ 3,813,161	\$ 2,389,066

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)****(27) Other gains and losses**

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
(Losses) gains on disposal of property, plant and equipment	\$ (67)	\$ 3,173	\$ (1,040)	\$ 6,344
(Losses) gains on disposal of investments				
Investments accounted for using the equity method	-	914,418	(89)	912,124
Financial assets measured at amortized cost	-	31,857	-	(30,516)
Subsidiary	(4,637)	-	(4,637)	-
Foreign exchange gains (losses)	444,633	218,821	1,471,731	(1,027,733)
Impairment losses				
Investments accounted for using the equity method	-	-	-	(74,233)
Net (losses) gains on financial instruments at fair value through profit or loss	(358,257)	(34,281)	(1,246,630)	1,905,924
Others (Note)	4,041,036	(17,799)	4,051,745	(75,286)
<b>Total</b>	<b>\$ 4,122,708</b>	<b>\$ 1,116,189</b>	<b>\$ 4,271,080</b>	<b>\$ 1,616,624</b>

Note: The content includes the gains recognized from the sale of the Company's assets related to discrete timing controller (Discrete TCON) and the licensing of related technologies.

**(28) Finance costs**

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Interest expenses on borrowings	\$ 248,094	\$ 174,789	\$ 515,733	\$ 224,946
Interest expenses on lease liabilities	29,970	29,663	83,470	76,718
<b>Total</b>	<b>\$ 278,064</b>	<b>\$ 204,452</b>	<b>\$ 599,203</b>	<b>\$ 301,664</b>

## MEDIATEK INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

## (29) Components of other comprehensive income

For the three months ended September 30, 2025 :

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax effect	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	\$ 4,623,552	\$ -	\$ 4,623,552	\$ (140,120)	\$ 4,483,432
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	18,058	-	18,058	-	18,058
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	13,348,297	4,637	13,352,934	-	13,352,934
Unrealized gains (losses) from debt instrument investments measured at fair value through other comprehensive income	1,165	-	1,165	-	1,165
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(38,791)	-	(38,791)	-	(38,791)
Total	\$ 17,952,281	\$ 4,637	\$ 17,956,918	\$ (140,120)	\$ 17,816,798

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

For the three months ended September 30, 2024 :

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax effect	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	\$ 9,909,558	\$ -	\$ 9,909,558	\$ 88,218	\$ 9,997,776
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(9,176)	-	(9,176)	-	(9,176)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	(5,498,336)	-	(5,498,336)	-	(5,498,336)
Unrealized gains (losses) from debt instrument investments measured at fair value through other comprehensive income	12,766	-	12,766	-	12,766
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	351,554	3,051	354,605	-	354,605
Total	\$ 4,766,366	\$ 3,051	\$ 4,769,417	\$ 88,218	\$ 4,857,635



**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

For the nine months ended September 30, 2025:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax effect	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	\$ (1,955,068)	\$ -	\$ (1,955,068)	\$ (117,919)	\$ (2,072,987)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	40,658	-	40,658	-	40,658
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	(19,387,754)	4,637	(19,383,117)	-	(19,383,117)
Unrealized gains (losses) from debt instrument investments measured at fair value through other comprehensive income	6,886	-	6,886	-	6,886
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	187,915	89	188,004	-	188,004
<b>Total</b>	<b>\$ (21,107,363)</b>	<b>\$ 4,726</b>	<b>\$ (21,102,637)</b>	<b>\$ (117,919)</b>	<b>\$ (21,220,556)</b>

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

For the nine months ended September 30, 2024:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax effect	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	\$ 2,008,147	\$ -	\$ 2,008,147	\$ 267,618	\$ 2,275,765
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(23,688)	-	(23,688)	-	(23,688)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	8,981,809	-	8,981,809	-	8,981,809
Unrealized gains (losses) from debt instrument investments measured at fair value through other comprehensive income	16,221	-	16,221	-	16,221
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	174,917	3,094	178,011	-	178,011
<b>Total</b>	<b>\$ 11,157,406</b>	<b>\$ 3,094</b>	<b>\$ 11,160,500</b>	<b>\$ 267,618</b>	<b>\$ 11,428,118</b>

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)****(30) Income tax**

The major components of income tax expense were as follows:

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Current income tax:				
Current income tax charge	\$ 3,745,577	\$ 1,705,214	\$ 9,898,866	\$ 7,410,288
Current income tax related to Pillar Two legislation	1,365,866	250,290	4,921,829	558,912
Deferred tax:				
Deferred tax relating to origination and reversal of temporary differences	340,566	3,066,166	2,206,505	1,969,139
Deferred tax relating to origination and reversal of tax loss and tax credit	(1,469,173)	(429,909)	(1,507,868)	226,699
Deferred tax arising from write-down or reversal of write-down of deferred tax asset	283,160	(1,561,606)	(645,034)	(156,830)
Others	242,884	(178,904)	(178,010)	100,021
Total income tax expense	<u>\$ 4,508,880</u>	<u>\$ 2,851,251</u>	<u>\$ 14,696,288</u>	<u>\$ 10,108,229</u>

Income tax recognized in other comprehensive income

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Deferred tax:				
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	<u>\$ 140,120</u>	<u>\$ (88,218)</u>	<u>\$ 117,919</u>	<u>\$ (267,618)</u>

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

Income tax charged directly to equity

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Current income tax:				
Realized gains (losses)				
from equity instrument				
investments measured at				
fair value through other				
comprehensive income	\$ -	\$ -	\$ -	\$ (358)

The assessment of income tax returns

As of September 30, 2025, the assessments of the income tax returns of MTK and its material subsidiaries were as follows:

	<u>The assessment of income tax returns</u>	<u>Note</u>
MTK	Assessed and approved up to 2022	
Subsidiary- Richtek Technology Corp.	Assessed and approved up to 2023	
Subsidiary- Airoha Technology Corp.	Assessed and approved up to 2022	

(31) Earnings per share

Basic earnings per share is calculated by dividing net profit for the year attributable to ordinary equity owners of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary equity owners of the parent entity by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
<b>A. Basic earnings per share</b>				
Profit attributable to ordinary equity owners of the parent (in thousand NT\$)	\$ 25,221,028	\$ 25,346,282	\$ 82,394,205	\$ 82,597,455
Weighted average number of ordinary shares outstanding for basic earnings per share (share)	1,592,024,479	1,589,673,490	1,591,699,659	1,589,045,266
Basic earnings per share (NT\$)	\$ 15.84	\$ 15.94	\$ 51.76	\$ 51.98
<b>B. Diluted earnings per share</b>				
Profit attributable to ordinary equity owners of the parent (in thousand NT\$)	\$ 25,221,028	\$ 25,346,282	\$ 82,394,205	\$ 82,597,455
Weighted average number of ordinary shares outstanding for basic earnings per share (share)	1,592,024,479	1,589,673,490	1,591,699,659	1,589,045,266
Effect of dilution:				
Employees' compensation-stock (share)	832,094	929,595	1,017,120	1,128,880
Restricted stocks for employees (share)	1,592,449	2,086,261	1,782,680	2,665,768
Weighted average number of ordinary shares outstanding after dilution (share)	1,594,449,022	1,592,689,346	1,594,499,459	1,592,839,914
Diluted earnings per share (NT\$)	\$ 15.82	\$ 15.91	\$ 51.67	\$ 51.86

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)****(32) Business Combination**Acquisition of IC PLUS Corp.

A resolution was passed at a Board of Directors' meeting of the subsidiary Airoha Technology Corp. on March 6, 2024 and June 17, 2024, to participate in IC+ private equity capital increase with a price of NT\$1,932,774 thousand, and obtained 27,563,800 voting shares. This equity transaction was completed on July 1, 2024 and the change registration was completed. The shareholding ratio of Airoha Technology Corp. in IC+ changed from 0.94% to 29.26%, making it the single largest shareholder of IC+. MTK also holds 13.61% of the shares of IC+, totaling a combined holding of 42.87%. Since the Company holds more than half of the board seats, the Company has gained substantial control over IC+ since July 1, 2024, and it has been included as a subsidiary in the consolidated financial statements from that date.

IC+ is a Taiwan-based OTC company specializing in computer network communication IC design. The Company focuses on the Ethernet market opportunities, and the product lines of both companies are highly complementary and have no overlap. By participating in private placements, the two parties will strengthen cooperation in the future and expand the service markets of both parties.

Non-controlling interests of IC+ as their relative share which the company has elected of the recognized amount of identifiable net assets.

The fair value of the identifiable assets and liabilities of IC+ as at the date of acquisition were:

	Fair value recognized on the acquisition date
Cash	\$ 2,151,811
Financial asset at fair value through profit or loss — current	42,402
Inventories	129,732
Other current assets	31,120
Property, plant and equipment	566,767
Intangible assets	700,031
Other non-current assets	522
	<u>3,622,385</u>
Current liabilities	(104,129)
Deferred tax liabilities	(194,266)
Other non-current liabilities	(3,017)
	<u>(301,412)</u>
Identifiable net assets at fair value	<u>\$ 3,320,973</u>

Goodwill of IC+ was as follows:

	Amount
Cash consideration	\$ 1,932,774
Fair value of equity interest in IC+ originally held by the Company	1,209,485
Add: non-controlling interests	2,008,014
Less: identifiable net assets at fair value	(3,320,973)
Goodwill	<u>\$ 1,829,300</u>

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

The fair value and the total contractual amount of the trade receivables amounts to NT\$ 25,268 thousand. It is expected that the full contractual amount can be collected.

Analysis of cash flows on acquisition:

	Amount
Net cash acquired from the subsidiary	\$ 2,151,811
Transaction costs attributable to cash paid	(1,932,774)
Net cash flow on acquisition	<u>\$ 219,037</u>

The aforementioned net assets were recognized and recorded with the purchase price allocation report by independent external experts on the acquisition date of July 1, 2024.

The goodwill arising from the acquisition of IC+ comprises the fair value of expected synergies arising from acquisition.

From the acquisition date, July 1, 2024, to December 31, 2024, IC+ has contributed NT\$338,827 thousand to the Company's revenue, with a net loss of NT\$40,831 thousand. If the combination had taken place at the beginning of that year, the Company's consolidated operations revenue would have been NT\$530,891,100 thousand and the net profit would have been NT\$107,067,657 thousand for the year ended December 31, 2024.

**7. Related Party Transactions**

Information of the related parties that had transactions with the Company during the financial reporting periods was as follows:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Intelligo Technology Inc. and its subsidiaries	Associate
ASIX Electronics Corporation	Associate
AMobile Solutions Corp.	Associate
Sigmastar Technology Ltd. and its subsidiaries	Associate
Intellectual Property Innovation Corp. (Note 1)	Associate
MoMAGIC Technologies Private Limited	Associate
IC PLUS Corp. (Note 2)	Associate
M.I.F.L.P.	Associate
King Yuan Electronics Co., Ltd. and its subsidiaries (Note 3)	Substantive related party

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

Note:

1. Due to the partial disposal of shares of Intellectual Property Innovation Corp. in June 2024, the Company lost significant influence over it. Investment in Intellectual Property Innovation Corp. was reclassified to financial assets at fair value through other comprehensive income. Accordingly, Intellectual Property Innovation Corp. was no longer an associate since that month.
2. IC PLUS Corp. was no longer an associate after the Company obtained control over it on July 1, 2024.
3. King Yuan Electronics Co., Ltd. completed the disposal of its entire shareholding in King Long Technology (Suzhou) Co., Ltd. in February 2025. Accordingly, King Long Technology (Suzhou) Co., Ltd. was no longer a substantive related party since that month.

Significant transactions with the related parties

## (1) Sales

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
<u>Sale of goods</u>				
Associates				
Intelligo Technology Inc. and its subsidiaries	\$ 156,596	\$ 62,249	\$ 293,967	\$ 73,477
ASIX Electronics Corporation	78,086	55,595	206,771	184,148
AMobile Solutions Corp.	-	(70)	-	4,042
Subtotal	234,682	117,774	500,738	261,667
<u>Services and other operating revenue</u>				
Associates				
Sigmastar Technology Ltd. and its subsidiaries	50,848	25,025	105,318	73,425
Intelligo Technology Inc. and its subsidiaries	45,836	-	45,836	-
Intellectual Property Innovation Corp.	-	-	-	292
Subtotal	96,684	25,025	151,154	73,717
Total	\$ 331,366	\$ 142,799	\$ 651,892	\$ 335,384

The sales prices and payment terms to related parties were not significantly different from those of sales to third parties.



**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)****(2) IC testing, experimental services, and manufacturing technology services**

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Other related parties				
King Yuan Electronics Co., Ltd. and its subsidiaries	\$ 2,294,711	\$ 1,826,049	\$ 6,063,105	\$ 5,908,578

The trade credit terms for related parties and third-party customers were both 60 to 75 days.

**(3) Payments of operating expense (mainly license expense)**

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Associates				
Intelligo Technology Inc. and its subsidiaries	\$ 24,366	\$ 37,005	\$ 96,148	\$ 92,041
MoMAGIC Technologies Private Limited	-	-	-	527
AMobile Solutions Corp.	-	-	271	-
Other related parties				
King Yuan Electronics Co., Ltd. and its subsidiaries	1,236	1,098	3,815	3,651
Total	\$ 25,602	\$ 38,103	\$ 100,234	\$ 96,219

**(4) Other income**

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Associates				
ASIX Electronics Corporation	\$ 10	\$ 10	\$ 2,140	\$ 2,270
IC PLUS Corp.	-	-	-	20
Other related parties				
King Yuan Electronics Co., Ltd. and its subsidiaries	-	2,222	-	3,928
Total	\$ 10	\$ 2,232	\$ 2,140	\$ 6,218

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)****(5) Rental income**

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Associate				
Sigmastar Technology Ltd. and its subsidiaries	\$ 230	\$ 230	\$ 691	\$ 676

The Company leased office to associates. The lease terms and prices were both determined in accordance with mutual agreements. The rental income was collected from associates monthly.

**(6) Trade receivables from related parties**

	September 30, 2025	December 31, 2024	September 30, 2024
Associates			
Intelligo Technology Inc. and its subsidiaries	\$ 49,202	\$ 2,147	\$ 18,876
ASIX Electronics Corporation	24,233	13,685	18,871
Sigmastar Technology Ltd. and its subsidiaries	34,018	24,834	23,250
Total	\$ 107,453	\$ 40,666	\$ 60,997

**(7) Other receivables**

	September 30, 2025	December 31, 2024	September 30, 2024
Other related parties			
King Yuan Electronics Co., Ltd. and its subsidiaries	\$ -	\$ -	\$ 2,333

**(8) Contract liabilities-current**

	September 30, 2025	December 31, 2024	September 30, 2024
Associate			
Intelligo Technology Inc. and its subsidiaries	\$ 109,148	\$ -	\$ -
AMobile Solutions Corp.	1,638	-	-
Total	\$ 110,786	\$ -	\$ -

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)****(9) Trade payables to related parties**

	September 30, 2025	December 31, 2024	September 30, 2024
Other related parties			
King Yuan Electronics Co., Ltd. and its subsidiaries	\$ 2,489,911	\$ 2,041,173	\$ 2,074,573

**(10) Other payables to related parties**

	September 30, 2025	December 31, 2024	September 30, 2024
Associate			
Intelligo Technology Inc. and its subsidiaries	\$ 103,924	\$ 54,110	\$ 76,260
AMobile Solutions Corp.	4,727	3,122	-
Other related parties			
King Yuan Electronics Co., Ltd. and its subsidiaries	3,877	4,478	3,966
Total	\$ 112,528	\$ 61,710	\$ 80,226

**(11) Deposits received**

	September 30, 2025	December 31, 2024	September 30, 2024
Associate			
Intelligo Technology Inc. and its subsidiaries	\$ 91,593	\$ -	\$ -
Sigmastar Technology Ltd. and its subsidiaries	161	161	161
Total	\$ 91,754	\$ 161	\$ 161

**(12) Others**

- A. During the nine months ended September 30, 2025 and 2024, the Company acquired software from Intelligo Technology Inc. and its subsidiaries in the amount of NT\$124,528 thousand and NT\$62,860 thousand which was recorded as intangible assets, respectively.
- B. The Company acquired approximately 3% of King Long Technology (Suzhou) Ltd. from KYEC Microelectronics Co., Ltd., subsidiary of King Yuan Electronic Co., Ltd. in the amount of USD\$25,000 thousand in the nine months ended September 30, 2025.

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)****(13) Key management personnel compensation**

	Three months ended September 30		Nine months ended September 30	
	2025	2024	2025	2024
Short-term employee benefits (Note)	\$ 529,986	\$ 537,779	\$ 1,634,367	\$ 1,605,058
Share-based payment	112,171	71,067	280,153	179,098
Post-employment benefits	922	1,328	3,342	3,427
Total	<u>\$ 643,079</u>	<u>\$ 610,174</u>	<u>\$ 1,917,862</u>	<u>\$ 1,787,583</u>

Note: The compensation (including remuneration to directors) to key management personnel was determined by the Compensation Committee of MTK in accordance with individual performance and the market trends.

**8. Assets Pledged as Collateral**

The following table lists assets of the Company pledged as collateral:

	Carrying amount			
Assets pledged as collateral	September 30, 2025	December 31, 2024	September 30, 2024	Purpose of pledge
Financial assets measured at amortized cost-noncurrent	\$ 12,457	\$ 12,372	\$ 12,371	Lease execution deposits
Financial assets measured at amortized cost-noncurrent	77,932	75,574	75,569	Customs clearance deposits
Financial assets measured at amortized cost-noncurrent	96,779	96,079	96,079	Land lease guarantee
Financial assets measured at amortized cost-noncurrent	267,463	224,837	185,481	Performance bond
Total	<u>\$ 454,631</u>	<u>\$ 408,862</u>	<u>\$ 369,500</u>	

**9. Contingencies and Off Balance Sheet Commitments****(1) Significant commitments**

A. Hsu-Yuan signed a contract with RB on June 14, 2022, to obtain a land usufruct of Shuxing Section in Zhubei City which is of 17,363.24 square meters. The duration of the superficies is from the date the registration was completed (July 6, 2022) to June 13, 2092.

Hsu-Yuan shall pay the land rent and a royalty as agreed by both parties during the contract period. Hsu-Yuan also needs to pay NT\$170,000 thousand as a performance bond.

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

- B. The Company entered into capacity reservation contracts with several suppliers. According to the contracts, the suppliers shall provide agreed production capacity with the Company after prepayments are made by the Company. As of December 31, 2023, the Company had written off certain unrecoverable prepayments and accrued provisions for certain unfulfillable contract obligations. As of September 30, 2025, the Company has revised certain agreements with suppliers and assessed that the reasons for the previously deemed irrecoverable refundable deposits no longer exist. Accordingly, the related provisions have been reversed, and the refundable deposits previously written off have been reinstated.
- C. The Company entered into long-term energy purchase agreements with several suppliers. The relative fulfillment period, quantity and price were specified in the agreements.

**(2) Legal claim contingency**

- A. Koninklijke Philips N.V., and Philips North America LLC(“Philips”) filed a complaint in the United States District Court for the District of Delaware against MTK and subsidiary MediaTek USA Inc. on September 17, 2020, alleging infringement of United States Patent Nos. 9,590,977 and 10,298,564. Philips transferred the accused patents to Media Content Protection LLC (“MCP”) in August 2024 and MCP was substituted in as the plaintiff in place of Philips. The Court entered final judgement in favor of MediaTek on August 15, 2025. MCP appealed to the United States Court of Appeals for the Federal Circuit on August 22, 2025.
- B. ParkerVision, Inc. filed a complaint in the United States District Court for the Western District of Texas against MTK and subsidiary MediaTek USA Inc. on November 10, 2022, alleging infringement of U.S. Patent Nos. 6,049,706, 6,266,518, 7,292,835 and 8,660,513.
- ParkerVision, Inc. filed a complaint in the United States District Court for the Western District of Texas against MTK and subsidiary MediaTek USA Inc. on May 17, 2023, alleging infringement of U.S. Patent Nos. 7,483,686, 7,865,177 and 9,118,528.
- ParkerVision, Inc. filed a complaint in the United States District Court for the Western District of Texas against MTK and subsidiary MediaTek USA Inc. on October 30, 2023, alleging infringement of U.S. Patent Nos. 7,050,508, 7,929,638 and 8,498,593.
- C. MOSAID Technologies, Inc. filed a complaint in the United States District Court for the Eastern District of Texas against MTK and subsidiary MediaTek USA Inc. on March 28, 2023, alleging infringement of U.S. Patent Nos. 8,253,438, 8,854,077, 9,350,349, 7,224,563, 7,051,306, 7,945,885 and 7,996,811. Pursuant to the parties’ joint motion to terminate, the court dismissed the case against MTK and its subsidiaries MediaTek USA Inc. on January 1, 2025.

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

D. Realtek Semiconductor Corporation filed a complaint in the United States District Court for the Northern District of California against MTK on June 6, 2023, asserting claims based on alleged unfair competition.

E. Redstone Logics LLC filed a complaint in the United States District Court for the Western District of Texas against MTK and subsidiary MediaTek USA Inc. on January 26, 2024, alleging infringement of U.S. Patent No. 8,549,339. Pursuant to the parties' joint motion to terminate, the court dismissed the case against MTK and its subsidiaries MediaTek USA Inc. on June 6, 2025.

F. Daedalus Prime LLC filed a complaint in the German Dusseldorf Regional Court against MTK on March 21, 2024, alleging infringement of German Patent Nos. DE 11 2012 003 701 B4 and DE 11 2012 005 210 B4. Pursuant to the parties' joint motion to terminate, the court dismissed the case against MTK on June 16, 2025.

Daedalus Prime LLC filed a complaint in the United States District Court for the Eastern District of Texas against MTK on April 8, 2024, alleging infringement of U.S. Patent Nos. 11,507,167, 10,705,960, 10,725,919, 10,740,281, 9,887,838, 10,372,197, 8,984,228, 8,769,316. Pursuant to the parties' joint motion to terminate, the court dismissed the case against MTK on May 22, 2025.

G. Huawei Technologies Co., Ltd. and Huawei Device Co., Ltd. filed complaints in the People's Republic of China for the Shenzhen Intermediate People's Court against MTK on May 14, 2024, alleging infringement of China Patent Nos. 201810244560.X, 201380002080.8 and 201110255576.9 and requesting for a ruling of rate setting.

Huawei Technologies Co., Ltd. and Beijing Huawei Digital Technologies Co., Ltd. filed complaints in the People's Republic of China for the Shanghai Intellectual Property Court against MTK on August 14, 2024, alleging infringement of China Patent Nos. 202210840878.0, 201910468451.0 and 201810774593.5.

Huawei Technologies Co., Ltd. and Beijing Huawei Digital Technologies Co., Ltd. filed complaints in the People's Republic of China for the Guangzhou Intellectual Property Court against MTK on August 20, 2024, alleging infringement of China Patent Nos. 201811180240.9 and 201710063709.X.

Huawei Technologies Co., Ltd. and Shanghai Huawei Technologies Co., Ltd. filed complaints in the People's Republic of China for the Hangzhou Intermediate People's Court against MTK on August 21, 2024, alleging infringement of China Patent Nos. 201810759037.0 and 202110217137.2.

Huawei Technologies Co., Ltd. and Beijing Huawei Digital Technologies Co., Ltd. filed complaints in the Beijing Intellectual Property Court against MTK on August 19, 2024, alleging infringement of China Patent No. 202010304810.1.

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

Huawei Technologies Co., Ltd. and Shanghai Huawei Technologies Co., Ltd. filed complaints in the Beijing Intellectual Property Court against MTK on August 19, 2024, alleging infringement of China Patent No. 201711073264.X.

Huawei Technologies Co., Ltd. filed complaints in the Munich District Court of Germany against MTK and subsidiary MediaTek Germany GmbH on February 17, 2025, alleging infringement of European Patent Nos. EP3755052B1 and EP3707950B1.

Huawei Technologies Co., Ltd. filed complaints in the Munich District Court of Germany against MTK and subsidiary MediaTek Germany GmbH on February 18, 2025, alleging infringement of European Patent No. EP3582398B1.

Huawei Technologies Co., Ltd. filed complaints in the Mannheim District Court of Germany against MTK and subsidiary MediaTek Germany GmbH on February 17, 2025, alleging infringement of European Patent Nos. EP3624506B1 and EP3745767B1.

Huawei Technologies Co., Ltd. filed complaints in the Local Division Munich of the Unified Patent Court against subsidiary MediaTek Germany GmbH on March 24, 2025, alleging infringement of European Patent Nos. EP3905840B1 and EP4142215B1.

Huawei Technologies Co., Ltd. filed complaints in the Local Division Mannheim of the Unified Patent Court against subsidiary MediaTek Germany GmbH on March 24, 2025, alleging infringement of European Patent No. EP3567731B1.

Huawei Technologies Co., Ltd. filed complaints in the 4th Business Court of the Capital District of Rio de Janeiro State Court against MTK on March 31, 2025, alleging infringement of Brazilian Patent No. BR 122014030928-7.

Huawei Technologies Co., Ltd. filed complaints in the 1st Business Court of the Capital District of Rio de Janeiro State Court against MTK on March 31, 2025, alleging infringement of Brazilian Patent No. BR 112015013088-7.

Huawei do Brasil Telecomunicações Ltda. and Huawei Technologies Co., Ltd. filed complaints in the 3rd Business Court of the Capital District of Rio de Janeiro State Court against MTK on June 9, 2025, claiming non-essentiality and non-infringement of the following Brazilian patents owned by MediaTek and its subsidiary, HFI Innovation Inc.: Nos. BR 11 2019 019932 2 BI, BR 11 2019 002841 2 B1, BR 11 2017 D06485 S B1, BR 11 2019 019944 6 A2, BR 11 2019 002835 8 A2, BR 11 2017 017001 9, BR 11 2017 022436 4, BR 11 2018 002836 3 B1, BR 11 2013 023126 2 B1, and BR 11 2017 006378.

Huawei Technologies Co., Ltd. and the Company have reached a settlement. Pursuant to the parties' agreement, the above-mentioned cases are in the process of being withdrawn or dismissed by the court.

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

- H. VDPP LLC filed a complaint in the United States District Court for the Western District of Texas against MediaTek USA Inc. on August 2, 2024, alleging infringement of U.S. Patent No. 10,021,380. Pursuant to the Plaintiff's motion for voluntary dismissal, the court dismissed the claims against MediaTek USA Inc. on January 21, 2025.
- I. ServStor Technologies LLC filed a complaint in the United States District Court for the Eastern District of Texas against MTK on September 19, 2024, alleging infringement of U.S. Patent Nos. 7,602,773, 7,643,476, 7,688,814 and 7,742,473. Pursuant to the Plaintiff's motion for voluntary dismissal, the court dismissed the claims against MTK on February 10, 2025.
- J. Freedom Patents LLC filed a complaint in the United States District Court for the Eastern District of Texas against MTK on April 24, 2025, alleging infringement of U.S. Patent Nos. 8,284,686, 8,374,096, 8,514,815.
- K. Array Cache Technologies, LLC filed a complaint in the United States District Court for the Eastern District of Texas against MTK on June 30, 2025, alleging infringement of U.S. Patent No. 11,334,485.
- L. Beijing Jingshi Intellectual Property Management Co., Ltd. filed patent administrative adjudications with the Hangzhou Intellectual Property Office against MediaTek (Shenzhen) Inc. on January 20, 2025, alleging infringement of China Patent Nos. 200710074307.6 and 201910689923.5.

Beijing Jingshi Intellectual Property Management Co., Ltd. filed patent administrative adjudications with the Hangzhou Intellectual Property Office against MediaTek (Shenzhen) Inc. on June 2, 2025, alleging infringement of China Patent Nos. 201010110115.8 and 201880055005.0.

Beijing Jingshi Intellectual Property Management Co., Ltd. filed complaints in the People's Republic of China for the Shanghai Intellectual Property Court against MTK, MediaTek (Shenzhen) Inc. and MediaTek (Shanghai) Inc. on December 9, 2024, requesting for a ruling of rate setting.

Beijing Jingshi Intellectual Property Management Co., Ltd. filed complaints in the People's Republic of China for the Shanghai Intellectual Property Court against MediaTek (Shenzhen) Inc. and MediaTek (Shanghai) Inc. on December 9, 2024, alleging infringement of China Patent Nos. 200980122565.4 and 201280065658.X.

Except for cases that were dismissed or terminated (cases C, E, F, G, H, I), the Company is unable to determine the outcome of the above matters at this time as these matters are currently pending; further evaluations will be conducted on a continuous basis. The Company will handle these cases carefully.



**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

**10. Losses due to Major Disasters**

None

**11. Significant Subsequent Events**

None

**12. Others**

## (1) Financial instruments

## A. Categories of financial instruments

Financial assets

	September 30, 2025	December 31, 2024	September 30, 2024
Financial assets at fair value through profit or loss:			
Held for trading financial assets	\$ 64,025	\$ 265,406	\$ 6,574
Mandatorily measured at fair value through profit or loss (Note 1)	9,395,048	10,585,833	13,113,966
Subtotal	9,459,073	10,851,239	13,120,540
Financial assets at fair value through other comprehensive income	75,368,620	80,499,508	81,200,775
Financial assets measured at amortized cost (Note 2)	338,781,129	331,746,500	308,258,998
Total	\$ 423,608,822	\$ 423,097,247	\$ 402,580,313

Financial liabilities

	September 30, 2025	December 31, 2024	September 30, 2024
Financial liabilities at fair value through profit or loss:			
Held for trading financial liabilities	\$ 11,048	\$ 4,229	\$ 114,798
Financial liabilities at amortized cost:			
Short-term borrowings	15,423,324	940,000	19,133,800
Trade payables (including related parties)	37,855,464	40,776,506	35,682,498
Other payables (including related parties)	57,332,571	110,404,289	54,030,892
Long-term payables (including current portion)	4,937,744	10,660,491	8,744,800
Lease liabilities	9,266,730	9,370,308	9,500,373
Subtotal	124,815,833	172,151,594	127,092,363
Total	\$ 124,826,881	\$ 172,155,823	\$ 127,207,161

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

Notes:

1. Includes trade receivables classified as financial assets measured at fair value through profit or loss in the amount of NT\$2,804,742 thousand, NT\$1,051,951 thousand and NT\$1,982,298 thousand as of September 30, 2025, December 31, 2024, and September 30, 2024, respectively. Please refer to Note 6. (5) for further explanation.
2. Includes cash and cash equivalents (excluding cash on hand), financial assets measured at amortized cost, notes receivable, trade receivables (excluding financial assets measured at fair value through profit or loss of NT\$2,804,742 thousand, NT\$1,051,951 thousand and NT\$1,982,298 thousand as of September 30, 2025, December 31, 2024 and September 30, 2024, respectively. Please refer to Note 6. (5) for further explanation.), other receivables and finance lease receivables, net.

**B. Fair values of financial instruments**

- a. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

- (a) The carrying amount of cash and cash equivalents, trade receivables (including related parties), other receivables (including related parties), short-term borrowings, trade payables (including related parties) and other payables (including related parties) approximate their fair value due to their short maturities.
- (b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities and bonds) at the reporting date.
- (c) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

(d) The fair value of derivative financial instruments is based on market quotations. For unquoted derivatives that are not options, the fair value is determined based on discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using the option pricing model.

(e) The fair value of other financial assets and liabilities is determined using discounted cash flow analysis; the interest rate and discount rate are selected with reference to those of similar financial instruments.

b. Fair value of financial instruments measured at amortized cost

The carrying amount of some of the Company's financial assets and liabilities measured at amortized cost approximate their fair value.

c. Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3: Unobservable inputs for the assets or liabilities.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)****(b) Fair value measurement hierarchy of the Company's assets and liabilities**

The Company does not have assets measured at fair value on a non-recurring basis; the following table presents the fair value measurement hierarchy of the Company's assets and liabilities on a recurring basis:

As of September 30, 2025

	Level 1	Level 2	Level 3	Total
<u>Assets measured at fair value:</u>				
Financial assets at fair value				
through profit or loss				
Bonds	\$ -	\$ -	\$ 1,896,833	\$ 1,896,833
Linked deposits	-	-	715,512	715,512
Funds	1,100,796	-	268,189	1,368,985
Trust funds	2,499,990	-	-	2,499,990
Capital	-	-	108,986	108,986
Forward exchange contracts	-	23,862	-	23,862
Cross-currency swap contracts	-	40,163	-	40,163
Financial assets at fair value				
through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	41,062,284	4,005,483	29,503,746	74,571,513
Debt instruments measured at fair value through other comprehensive income	597,107	-	200,000	797,107
Total	\$ 45,260,177	\$ 4,009,508	\$ 32,693,266	\$ 82,022,951

Liabilities measured at fair value:

Financial liabilities at fair value

through profit or loss

Forward exchange contracts	\$ -	\$ 11,048	\$ -	\$ 11,048
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**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**As of December 31, 2024

	Level 1	Level 2	Level 3	Total
<u>Assets measured at fair value:</u>				
Financial assets at fair value				
through profit or loss				
Bonds	\$ -	\$ -	\$ 1,648,978	\$ 1,648,978
Linked deposits	-	-	2,629,495	2,629,495
Stocks	69,065	-	-	69,065
Funds	1,052,502	-	1,944,038	2,996,540
Trust funds	2,099,410	-	-	2,099,410
Capital	-	-	90,394	90,394
Forward exchange contracts	-	265,406	-	265,406
Financial assets at fair value				
through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	44,242,409	3,877,175	31,554,803	79,674,387
Debt instruments measured at fair value through other comprehensive income	623,905	-	201,216	825,121
Total	<u>\$ 48,087,291</u>	<u>\$ 4,142,581</u>	<u>\$ 38,068,924</u>	<u>\$ 90,298,796</u>

Liabilities measured at fair value:

Financial liabilities at fair value				
through profit or loss				
Forward exchange contracts	\$ -	\$ 4,229	\$ -	\$ 4,229

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**As of September 30, 2024

	Level 1	Level 2	Level 3	Total
<u>Assets measured at fair value:</u>				
Financial assets at fair value				
through profit or loss				
Bonds	\$ -	\$ -	\$ 1,764,170	\$ 1,764,170
Linked deposits	-	-	2,174,989	2,174,989
Stocks	84,523	-	-	84,523
Funds	1,972,767	-	3,158,443	5,131,210
Capital	-	-	85,316	85,316
Trust funds	1,891,460	-	-	1,891,460
Forward exchange contracts	-	5,118	-	5,118
Cross-currency swap contracts	-	1,456	-	1,456
Financial assets at fair value				
through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	48,890,549	-	31,507,194	80,397,743
Debt instruments measured at fair value through other comprehensive income				
	601,831	-	201,201	803,032
Total	<u>\$ 53,441,130</u>	<u>\$ 6,574</u>	<u>\$ 38,891,313</u>	<u>\$ 92,339,017</u>

Liabilities measured at fair value:

Financial liabilities at fair value

through profit or loss

Forward exchange contracts	\$ -	\$ 114,798	\$ -	\$ 114,798
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For the nine months ended September 30, 2025 and 2024, there were no transfers between Level 1 and Level 2 of the fair value hierarchy.

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

The detail movement of recurring fair value measurements in Level 3:

Reconciliation for recurring fair value measurements in Level 3 of the fair value hierarchy during the period was as follows:

	Asset							
	Mandatorily measured at fair value through profit or loss				Measured at fair value through other comprehensive income			
	Bonds	Funds	Link deposits	Capital	Bonds	Capital	Stocks	Total
As of January 1, 2025	\$ 1,648,978	\$ 1,944,038	\$ 2,629,495	\$ 90,394	\$ 201,216	\$ 22,676,746	\$ 8,878,057	\$ 38,068,924
Amount recognized in profit or loss	95,722	40,956	22,915	(2,719)	-	-	-	156,874
Amount recognized in OCI	-	-	-	-	(1,216)	(328,577)	(1,453,957)	(1,783,750)
Amount recognized in OCI-exchange differences	(31,053)	(98,991)	(140,658)	(6,109)	-	(1,397,321)	(527,586)	(2,201,718)
Acquisitions	183,186	-	-	27,420	-	1,932,412	457,964	2,600,982
Settlements	-	(1,617,814)	(1,796,240)	-	-	(306,702)	(30,531)	(3,751,287)
Transfer out of level 3	-	-	-	-	-	-	(396,759)	(396,759)
As of September 30, 2025	<u>\$ 1,896,833</u>	<u>\$ 268,189</u>	<u>\$ 715,512</u>	<u>\$ 108,986</u>	<u>\$ 200,000</u>	<u>\$ 22,576,558</u>	<u>\$ 6,927,188</u>	<u>\$ 32,693,266</u>

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

	Asset							
	Mandatorily measured at fair value through profit or loss				Measured at fair value through other comprehensive income			
	Bonds	Funds	Link deposits	Capital	Bonds	Capital	Stocks	Total
As of January 1, 2024	\$ 1,541,120	\$ 2,797,941	\$ 2,736,431	\$ -	\$ 634,627	\$ 22,111,167	\$ 8,938,332	\$ 38,759,618
Amount recognized in profit or loss	114,434	77,959	(33,241)	-	-	-	-	159,152
Amount recognized in OCI	-	-	-	-	(156)	(2,238,673)	688,185	(1,550,644)
Amount recognized in OCI-exchange differences	13,702	118,138	41,299	-	18,934	769,738	257,992	1,219,803
Acquisitions	94,914	9,352,801	-	85,316	-	1,171,529	549,143	11,253,703
Settlements	-	(9,188,396)	(569,500)	-	(452,204)	(456,804)	(283,415)	(10,950,319)
As of September 30, 2024	<u>\$ 1,764,170</u>	<u>\$ 3,158,443</u>	<u>\$ 2,174,989</u>	<u>\$ 85,316</u>	<u>\$ 201,201</u>	<u>\$ 21,356,957</u>	<u>\$ 10,150,237</u>	<u>\$ 38,891,313</u>

Total gains related to assets recognized for the nine months ended September 30, 2025 and 2024 amounted to NT\$120,113 thousand and NT\$98,858 thousand, respectively.



**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**Information on significant unobservable inputs to valuation of fair value measurements categorized within Level 3 of the fair value hierarchy

The Company's recurring fair value measurements in Level 3 of the fair value hierarchy and significant unobservable inputs of fair value measurement in Level 3 fair value hierarchy were as follows:

As of September 30, 2025:

Valuation technique		Significant unobservable inputs	Quantitative information	Interrelationship between inputs and fair values	Sensitivity analysis of interrelationship between inputs and fair values
Financial Assets:					
At fair value through other comprehensive income					
Stocks	Market Approach	Discount for lack of marketability	0~30%	The greater degree of lack of marketability the lower the estimated fair value is determined.	A change of 10% in the discount for lack of marketability of the aforementioned fair values of unlisted stocks could decrease/increase the Company's equity for the nine-month periods ended September 30, 2025 by NT\$291,577 thousand.
Capital	Market Approach	Discount for lack of marketability	0~30%	The greater degree of lack of marketability the lower the estimated fair value is determined.	A change of 10% in the discount for lack of marketability of the aforementioned fair values of unlisted stocks could decrease/increase the Company's equity for the nine-month periods ended September 30, 2025 by NT\$382,703 thousand.

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

As of December 31, 2024:

Valuation technique		Significant unobservable inputs	Quantitative information	Interrelationship between inputs and fair values	Sensitivity analysis of interrelationship between inputs and fair values
Financial Assets:					
At fair value through other comprehensive income					
Stocks	Market Approach	Discount for lack of marketability	0~30%	The greater degree of lack of marketability the lower the estimated fair value is determined.	A change of 10% in the discount for lack of marketability of the aforementioned fair values of unlisted stocks could decrease/increase the Company's equity for the year ended December 31, 2024 by NT\$437,250 thousand.
Capital	Market Approach	Discount for lack of marketability	0~30%	The greater degree of lack of marketability the lower the estimated fair value is determined.	A change of 10% in the discount for lack of marketability of the aforementioned fair values of unlisted stocks could decrease/increase the Company's equity for the year ended December 31, 2024 by NT\$301,348 thousand.

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**As of September 30, 2024:

Valuation technique		Significant unobservable inputs	Quantitative information	Interrelationship between inputs and fair values	Sensitivity analysis of interrelationship between inputs and fair values
Financial Assets:					
At fair value through other comprehensive income					
Stocks	Market Approach	Discount for lack of marketability	0~30%	The greater degree of lack of marketability the lower the estimated fair value is determined.	A change of 10% in the discount for lack of marketability of the aforementioned fair values of unlisted stocks could decrease/increase the Company's equity for the nine-month periods ended September 30, 2024 by NT\$695,392 thousand.
Capital	Market Approach	Discount for lack of marketability	0~30%	The greater degree of lack of marketability the lower the estimated fair value is determined.	A change of 10% in the discount for lack of marketability of the aforementioned fair values of unlisted stocks could decrease/increase the Company's equity for the nine-month periods ended September 30, 2024 by NT\$60,812 thousand.

The Company's linked-deposits, funds and bonds of the fair value hierarchy are based on unadjusted quoted price of trading partners. Therefore, the quantitative information and sensitivity analysis are not available.

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Company's Finance Department is responsible for validating the fair value measurements and updating the latest quoted price of trading partners periodically to ensure that the results of the valuation are in line with market conditions, based on stable, independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyzed the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date to ensure the measurement or assessment are reasonable.

C. Fair value measurement hierarchy of the Company's assets and liabilities not measured at fair value but for which the fair value is disclosed

As of September 30, 2025

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment property	\$ -	\$ -	\$ 4,017,714	\$ 4,017,714

As of December 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment property	\$ -	\$ -	\$ 4,150,239	\$ 4,150,239

As of September 30, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment property	\$ -	\$ -	\$ 3,706,783	\$ 3,706,783

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)****D. Derivative financial instruments**

The Company's derivative financial instruments held for trading were forward exchange contracts and cross-currency swap contracts. The related information was as follows:

The Company entered into forward exchange contracts and cross-currency swap contracts to manage its exposure to financial risk, but these contracts were not designated as hedging instruments. The table below lists the information related to outstanding forward exchange contracts and cross-currency swap contracts:

Forward exchange contracts	Currency	Contract amount ( '000)		Maturity
As of September 30, 2025	TWD to USD	Buy USD	80,000	October 2025
As of September 30, 2025	TWD to USD	Sell USD	21,000	October 2025
As of September 30, 2025	TWD to USD	Buy USD	40,000	November 2025
As of September 30, 2025	TWD to USD	Sell USD	3,000	November 2025
As of September 30, 2025	GBP to USD	Buy USD	31,000	October 2025
As of September 30, 2025	JPY to USD	Buy USD	1,413	December 2025
As of December 31, 2024	TWD to USD	Buy USD	500,000	January 2025
As of December 31, 2024	TWD to USD	Sell USD	17,000	January 2025
As of December 31, 2024	TWD to USD	Buy USD	60,000	February 2025
As of December 31, 2024	TWD to USD	Buy USD	330,000	March 2025
As of December 31, 2024	JPY to USD	Buy USD	1,297	June 2025
As of September 30, 2024	TWD to USD	Buy USD	330,000	October 2024
As of September 30, 2024	TWD to USD	Sell USD	11,200	October 2024
As of September 30, 2024	JPY to USD	Buy USD	3,425	December 2024
As of September 30, 2024	KRW to USD	Buy USD	7,846	December 2024

Cross-currency swap contracts	Currency	Contract amount ( '000)		Maturity
As of September 30, 2025	TWD to USD	Buy USD	300,000	October 2025
As of September 30, 2024	TWD to USD	Sell USD	6,000	October 2024

The Company entered into forward exchange contracts and cross-currency swap contracts to hedge foreign currency risk of net assets or net liabilities. As there will be corresponding cash inflows or outflows upon maturity and the Company has sufficient operating funds, the cash flow risk is insignificant.

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies, measures and manages the aforementioned risks based on the Company's policy and risk tendency.

The Company has established appropriate policies, procedures and internal controls for financial risk management. The plans for material treasury activities are reviewed by Board of Directors and Audit Committee in accordance with relevant regulations and internal controls. The Company complies with its financial risk management policies at all times.

A. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise foreign currency risk, interest rate risk and other price risk.

In practice, it is rarely the case that a single risk variable will change independently from other risk variables; there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

a. Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expenses are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries. The Company reviews its assets and liabilities denominated in foreign currency and enters into forward exchange contracts and cross-currency swap contracts to hedge the exposure from exchange rate fluctuations. The level of hedging depends on the foreign currency requirements from each operating unit. As the purpose of holding forward exchange contracts and cross-currency swap contracts is to hedge exchange rate fluctuation risk, the gain or loss made on the contracts from the fluctuation in exchange rates are expected to mostly offset gains or losses made on the hedged item. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD and CNY. The information of the sensitivity analysis is as follows:

When NTD appreciates or depreciates against USD by 0.1%, the profit for the nine months ended September 30, 2025 and 2024 would decrease/increase by NT\$82,381 thousand and NT\$69,878 thousand, while equity would decrease/increase by NT\$208,273 thousand and NT\$214,485 thousand, respectively.

When NTD appreciates or depreciates against CNY by 0.1%, the profit for the nine months ended September 30, 2025 and 2024 would decrease/increase by NT\$2,590 thousand and NT\$2,808 thousand, while equity would decrease/increase by NT\$23,619 thousand and NT\$23,870 thousand, respectively.

**b. Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's investment of debt instruments at variable interest rates, bank borrowings with fixed and variable interest rates. Moreover, the market value of the Company's investments in credit-linked deposits and interest rate-linked deposits are affected by interest rates. The market value would decrease (even lower than the principal) when the interest rate increases, and vice versa. The market values of exchange rate-linked deposits are affected by interest rates and changes in the value and volatility of the underlying. The following sensitivity analysis focuses on interest rate risk and does not take into account the interdependencies between risk variables.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period, including investments and bank borrowings with variable interest rates. At the reporting date, an increase/decrease of 10 basis points of interest rate in a reporting period could cause the profit for the nine months ended September 30, 2025 and 2024 to increase/decrease by NT\$618 thousand and NT\$867 thousand, respectively.

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

c. Other price risk

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's equity securities are classified under the category of equity instrument investments measured at fair value through profit or loss and equity instrument investments measured at fair value through other comprehensive income. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves certain equity investments according to level of authority.

A change of 1% in the price of the listed company stocks classified under equity instrument investments measured at fair value through profit or loss could cause the profit or loss for the nine months ended September 30, 2025 and 2024 to increase/decrease by NT\$0 and NT\$845 thousand, respectively.

A change of 1% in the price of the listed company stocks and funds classified under equity instrument investments measured at fair value through other comprehensive income could cause the other comprehensive income for the nine months ended September 30, 2025 and 2024 to increase/decrease by NT\$450,678 thousand and NT\$488,906 thousand, respectively.

Please refer to Note 12. (1) B for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3 of the fair value hierarchy.

**B. Credit risk management**

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for trade receivables) and from its financing activities, including bank deposits and other financial instruments.



**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

Credit risk is managed by each business unit subject to the Company's established policies, procedures and controls relating to credit risk management. Credit limits are established for all trading partners based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria, etc. Certain trading partners' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment.

As of September 30, 2025, December 31, 2024, and September 30, 2024, receivables from top ten customers represented 63.61%, 52.98%, and 55.62% of the total trade receivables of the Company, respectively. The credit concentration risk of other account receivables was insignificant.

The Company's exposure to credit risk arises from potential default of the counter-party or other third-party. The level of exposure depends on several factors including concentrations of credit risk, components of credit risk, the price of contract and other receivables of financial instruments. Since the counter-party or third-party to the foregoing forward exchange contracts and cross-currency swap contracts are all reputable financial institutions, management believes that the Company's exposure to default by those parties is minimal.

Credit risk of credit-linked deposits, interest rate-linked deposits, exchange-linked deposits, index-linked deposits and convertible bonds arises if the issuing banks breached the contracts or the debt issuer could not pay off the debts; the maximum exposure is the carrying value of those financial instruments. Therefore, the Company minimized the risk by only transacting with counterparty who is reputable, transparent and in good financial standing.

The Company adopted IFRS 9 to assess the expected credit losses. Except for the loss allowance of trade receivables and finance lease receivables which are measured at lifetime expected credit losses, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories. The Company makes an assessment at each reporting date as to whether the debt instrument investments are still considered low credit risk, and then further determines the method of measuring the loss allowance and the loss rates. The details of the assessment for the credit risk of the Company are described as follows:

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

Level of credit risk	Indicator	Measurement method for expected credit losses	Carrying amount		
			September 30, 2025	December 31, 2024	September 30, 2024
Low credit risk	Credit risk measure belongs to IG category Counter parties with investment grade credit rating	12-month expected credit losses	\$ 69,907,123	\$ 77,704,712	\$ 74,993,619
Credit risk significantly increased	Credit risk measure reduced from IG category to HY category Contract payment overdue 30 days	Lifetime expected credit losses	\$ -	\$ -	\$ -
Credit-impaired	Credit risk measure belongs to DS category or above Contract payment overdue 90 days Other impaired evidence	Lifetime expected credit losses	\$ -	\$ -	\$ -
Simplified method (Note)	(Note)	Lifetime expected credit losses	\$ 67,375,476	\$ 44,715,152	\$ 48,133,877

Note: The Company adopted simplified method (lifetime expected credit loss) to measure credit risk. It includes notes receivable, trade receivables (including related parties) and finance lease receivables.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

When the credit risk on a debt instrument investment has increased, the Company will dispose of that investment in order to minimize the credit losses. When assessing the expected credit losses, the evaluation of the forward-looking information (which is available without undue cost and effort) is mainly based on the macroeconomic information and industrial information and further adjusts the credit loss ratio if there is significant impact from forward-looking information.

**C. Liquidity risk management**

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments and bank borrowings. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**Non-derivative financial liabilities

	Less than 1 year	1 to 5 years	Later than 5 years	Total
<u>As of September 30, 2025</u>				
Short-term borrowings	\$ 15,449,575	\$ -	\$ -	\$ 15,449,575
Trade payables (including related parties)	37,855,464	-	-	37,855,464
Other payables (including related parties)	57,327,105	-	-	57,327,105
Lease liabilities	1,160,969	2,143,670	8,636,867	11,941,506
Long-term payables	2,470,415	2,467,329	-	4,937,744
Total	<u>\$ 114,263,528</u>	<u>\$ 4,610,999</u>	<u>\$ 8,636,867</u>	<u>\$ 127,511,394</u>

As of December 31, 2024

Short-term borrowings	\$ 941,781	\$ -	\$ -	\$ 941,781
Trade payables (including related parties)	40,776,506	-	-	40,776,506
Other payables (including related parties)	110,403,371	-	-	110,403,371
Lease liabilities	1,064,205	2,222,828	8,823,111	12,110,144
Long-term payables	7,979,049	2,681,442	-	10,660,491
Total	<u>\$ 161,164,912</u>	<u>\$ 4,904,270</u>	<u>\$ 8,823,111</u>	<u>\$ 174,892,293</u>

As of September 30, 2024

Short-term borrowings	\$ 19,201,997	\$ -	\$ -	\$ 19,201,997
Trade payables (including related parties)	35,682,498	-	-	35,682,498
Other payables (including related parties)	54,017,417	-	-	54,017,417
Lease liabilities	1,059,093	2,350,523	8,833,850	12,243,466
Long-term payables	7,082,402	1,662,398	-	8,744,800
Total	<u>\$ 117,043,407</u>	<u>\$ 4,012,921</u>	<u>\$ 8,833,850</u>	<u>\$ 129,890,178</u>

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**Derivative financial liabilities

	<u>Less than 1 year</u>	<u>1 to 5 years</u>	<u>Total</u>
<u>As of September 30, 2025</u>			
Gross settlement			
Forward exchange contracts			
Inflow	\$ 633,661	\$ -	\$ 633,661
Outflow	(641,151)	-	(641,151)
Net	(7,490)	-	(7,490)
Net settlement			
Forward exchange contracts	(5,600)	-	(5,600)
Total	<u>\$ (13,090)</u>	<u>\$ -</u>	<u>\$ (13,090)</u>

As of December 31, 2024

Gross settlement			
Forward exchange contracts			
Inflow	\$ 595,280	\$ -	\$ 595,280
Outflow	(599,852)	-	(599,852)
Net	<u>\$ (4,572)</u>	<u>\$ -</u>	<u>\$ (4,572)</u>

As of September 30, 2024

Gross settlement			
Forward exchange contracts			
Inflow	\$ 171,632	\$ -	\$ 171,632
Outflow	(177,030)	-	(177,030)
Net	(5,398)	-	(5,398)
Net settlement			
Forward exchange contracts	(108,328)	-	(108,328)
Total	<u>\$ (113,726)</u>	<u>\$ -</u>	<u>\$ (113,726)</u>

The table above contains the undiscounted net cash flows of derivative financial liabilities.

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)****D. Reconciliation of liabilities arising from financing activities****Reconciliation of liabilities for the nine months ended September 30, 2025:**

	Short-term borrowings	Lease liabilities	Deposits received	Total liabilities from financing activities
As of January 1, 2025	\$ 940,000	\$ 9,370,308	\$ 196,400	\$ 10,506,708
Cash flows	14,483,324	(980,139)	87,041	13,590,226
Non-cash movement	-	876,561	-	876,561
As of September 30, 2025	<u>\$ 15,423,324</u>	<u>\$ 9,266,730</u>	<u>\$ 283,441</u>	<u>\$ 24,973,495</u>

**Reconciliation of liabilities for the nine months ended September 30, 2024:**

	Short-term borrowings	Lease liabilities	Deposits received	Total liabilities from financing activities
As of January 1, 2024	\$ 2,200,000	\$ 8,897,836	\$ 211,796	\$ 11,309,632
Cash flows	16,933,800	(687,691)	(24,652)	16,221,457
Non-cash movement	-	1,290,228	607	1,290,835
As of September 30, 2024	<u>\$ 19,133,800</u>	<u>\$ 9,500,373</u>	<u>\$ 187,751</u>	<u>\$ 28,821,924</u>

**(3) Significant assets and liabilities denominated in foreign currencies**

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	September 30, 2025		
	Foreign Currency		
	(thousand)	Exchange rate	NT\$ (thousand)
<b>Financial assets</b>			
Monetary item:			
USD	\$ 8,012,613	30.531	\$ 244,633,085
CNY	\$ 657,372	4.283	\$ 2,815,688

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

September 30, 2025			
	Foreign Currency		
	(thousand)	Exchange rate	NT\$ (thousand)
Non-monetary item:			
USD	\$ 3,686,683	30.531	\$ 112,558,109
CNY	\$ 5,513,020	4.283	\$ 23,613,645
Financial liabilities			
Monetary item:			
USD	\$ 2,575,324	30.531	\$ 78,632,080
CNY	\$ 51,401	4.283	\$ 220,165
December 31, 2024			
	Foreign Currency		
	(thousand)	Exchange rate	NT\$ (thousand)
Financial assets			
Monetary item:			
USD	\$ 6,589,503	32.768	\$ 215,924,807
CNY	\$ 591,827	4.477	\$ 2,649,392
Non-monetary item:			
USD	\$ 3,877,613	32.768	\$ 127,061,636
CNY	\$ 5,395,062	4.477	\$ 24,151,694
Financial liabilities			
Monetary item:			
USD	\$ 1,785,130	32.768	\$ 58,490,359
CNY	\$ 112,148	4.477	\$ 502,045

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

	September 30, 2024		
	Foreign Currency (thousand)	Exchange rate	NT\$ (thousand)
<b>Financial assets</b>			
Monetary item:			
USD	\$ 6,813,417	31.638	\$ 215,556,764
CNY	\$ 657,657	4.522	\$ 2,973,952
Non-monetary item:			
USD	\$ 4,001,302	31.638	\$ 126,593,196
CNY	\$ 5,271,764	4.522	\$ 23,839,129
<b>Financial liabilities</b>			
Monetary item:			
USD	\$ 2,150,773	31.638	\$ 67,049,884
CNY	\$ 29,847	4.522	\$ 134,970

The above information is disclosed based on the carrying amounts of foreign currencies (after conversion to the Company's functional currency).

Functional currencies of entities of the Company are varied. Accordingly, the Company is not able to disclose the information of exchange gains and losses of monetary financial assets and liabilities by each significant assets and liabilities denominated in foreign currencies. The foreign exchange gains (losses) for the nine months ended September 30, 2025 and 2024 please refer to Note 6. (27).

**(4) Capital management**

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

**MEDIATEK INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)**

**(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**

**13. Additional Disclosures**

(1) The following are additional disclosures for the Company and its affiliates:

- A. Financing provided to others for the nine months ended September 30, 2025: Please refer to Attachment 1.
- B. Endorsement/Guarantee provided to others for the nine months ended September 30, 2025: Please refer to Attachment 2.
- C. Significant securities held as of September 30, 2025: Please refer to Attachment 3.
- D. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the nine months ended September 30, 2025: Please refer to Attachment 4.
- E. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock as of September 30, 2025: Please refer to Attachment 5.
- F. Others: The business relationship between the parent and the subsidiaries and significant transactions between them: Please refer to Attachment 6.

(2) Information on investees

Relevant information of investees over which the Company has direct or indirect significant influence or control, or jointly control (excluding investees in Mainland China). Please refer to Attachment 7.

(3) Investment in Mainland China

- A. Relevant information of investees over which the Company has direct or indirect significant influence or control, or jointly control, which discloses investee company name, main business and products, total amount of capital, method of investment, accumulated inflows and outflows of investments from Taiwan, percentage of ownership, net income (loss), investment income (loss), carrying amount of investments, accumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 8.
- B. Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in Mainland China on financial reports: Please refer to Attachment 1 and Attachment 6.

**14. Segment Information**

(1) General information

The major sales of the Company come from integrated circuit design products for multimedia and mobile phone chips. The chief operating decision maker reviews the overall operating results to make decisions about resources to be allocated to and evaluates the overall performance. Therefore, the Company is aggregated into a single segment.