

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, 2024 AND 2023**

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, 2024 and 2023, the related consolidated statements of comprehensive income for the three-month and nine-month periods ended September 30, 2024 and 2023, changes in equity and cash flows for the nine-month periods ended September 30, 2024 and 2023, 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, 2024 and 2023, their consolidated financial performance for the three-month and nine-month periods ended September 30, 2024 and 2023, and cash flows for the nine-month periods ended September 30, 2024 and 2023, 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

Huang, Chien-Che

Ernst & Young, Taiwan  
October 30, 2024

### 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, 2024, December 31, 2023, and September 30, 2023**

(Amounts in thousands of New Taiwan Dollars)

<b>ASSETS</b>	Notes	September 30, 2024	%	December 31, 2023	%	September 30, 2023	%
<b>Current assets</b>							
Cash and cash equivalents	6(1)	\$ 179,830,328	27	\$ 165,396,010	26	\$ 103,955,009	17
Financial assets at fair value through profit or loss-current	6(2)	7,291,975	1	5,671,167	1	6,600,444	1
Financial assets at fair value through other comprehensive income-current	6(3)	5,615,773	1	6,040,475	1	5,395,507	1
Financial assets measured at amortized cost-current	6(4)	5,281,890	1	3,565,531	-	3,373,144	-
Notes receivable, net	6(22)	-	-	3,142	-	34,522	-
Trade receivables, net	6(5), 6(22)	47,157,636	7	55,049,729	9	61,105,927	10
Trade receivables from related parties, net	6(5), 6(22), 7	60,997	-	53,462	-	13,879	-
Financing lease receivables, net	6(22), 6(23)	727,892	-	727,892	-	545,919	-
Other receivables	6(6), 7	7,678,086	1	4,807,004	1	27,265,752	4
Current tax assets	4, 6(30)	1,829,576	-	222,054	-	119,272	-
Inventories	6(7)	55,634,684	8	43,220,266	7	53,390,869	9
Prepayments	6(8), 9	14,808,662	2	5,193,532	1	4,372,508	1
Other current assets		1,170,300	-	938,504	-	1,007,242	-
Total current assets		<u>327,087,799</u>	<u>48</u>	<u>290,888,768</u>	<u>46</u>	<u>267,179,994</u>	<u>43</u>
<b>Non-current assets</b>							
Financial assets at fair value through profit or loss-noncurrent	6(2)	3,846,267	1	4,871,348	1	5,540,851	1
Financial assets at fair value through other comprehensive income-noncurrent	6(3)	75,585,002	11	72,400,861	12	76,823,502	12
Financial assets measured at amortized cost-noncurrent	6(4), 8	69,323,418	10	55,580,529	9	55,015,680	9
Investments accounted for using the equity method	6(9)	18,029,648	3	17,153,100	3	17,545,070	3
Property, plant and equipment	6(10)	56,743,986	9	53,291,265	8	52,003,646	9
Right-of-use assets	6(23)	9,107,350	1	8,597,305	1	8,740,284	1
Investment property, net	6(11)	2,281,676	-	2,221,916	-	2,281,675	-
Intangible assets	6(12), 6(13), 7	83,551,759	12	81,244,768	13	83,227,990	14
Deferred tax assets	4, 6(30)	13,979,663	2	14,663,824	2	13,609,180	2
Refundable deposits	9	4,717,778	1	7,201,684	1	7,261,264	1
Long-term financing lease receivables, net	6(22), 6(23)	181,973	-	727,892	-	909,865	-
Net defined benefit assets-noncurrent	6(17)	26,265	-	26,265	-	14,481	-
Other non-current assets-others	9	12,065,716	2	26,168,969	4	28,188,081	5
Total non-current assets		<u>349,440,501</u>	<u>52</u>	<u>344,149,726</u>	<u>54</u>	<u>351,161,569</u>	<u>57</u>
<b>Total assets</b>		<u>\$ 676,528,300</u>	<u>100</u>	<u>\$ 635,038,494</u>	<u>100</u>	<u>\$ 618,341,563</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, 2024, December 31, 2023, and September 30, 2023**  
(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Notes	September 30, 2024	%	December 31, 2023	%	September 30, 2023	%
<b>Current liabilities</b>							
Short-term borrowings	6(14)	\$ 19,133,800	3	\$ 2,200,000	-	\$ 32,794,232	5
Financial liabilities at fair value through profit or loss-current	6(2)	114,798	-	301,675	-	14,216	-
Contract liabilities-current	6(21), 7	4,187,035	1	3,376,759	1	2,783,064	-
Trade payables		33,607,925	5	36,859,388	6	28,972,557	5
Trade payables to related parties	7	2,074,573	-	1,919,652	-	1,824,449	-
Other payables	6(15)	53,950,666	8	91,653,105	15	45,087,700	8
Other payables to related parties	7	80,226	-	108,629	-	173,881	-
Current tax liabilities	4, 6(30)	11,926,739	2	15,011,015	2	12,574,093	2
Lease liabilities-current	6(23)	956,566	-	837,485	-	813,647	-
Current portion of long-term liabilities		7,082,402	1	5,626,183	1	5,646,430	1
Other current liabilities	6(16)	95,833,351	14	74,105,113	12	63,874,573	11
Total current liabilities		<u>228,948,081</u>	<u>34</u>	<u>231,999,004</u>	<u>37</u>	<u>194,558,842</u>	<u>32</u>
<b>Non-current liabilities</b>							
Long-term payables		1,662,398	-	4,604,807	1	5,116,537	1
Net defined benefit liabilities-noncurrent	6(17)	613,016	-	620,770	-	752,879	-
Deposits received	7	187,751	-	211,796	-	214,039	-
Deferred tax liabilities	4, 6(30)	9,772,403	2	8,452,479	1	7,942,392	1
Lease liabilities-noncurrent	6(23)	8,543,807	1	8,060,351	1	8,158,425	1
Other non-current liabilities-others	6(18), 9	3,342,760	-	6,883,929	1	6,627,365	1
Total non-current liabilities		<u>24,122,135</u>	<u>3</u>	<u>28,834,132</u>	<u>4</u>	<u>28,811,637</u>	<u>4</u>
Total liabilities		<u>253,070,216</u>	<u>37</u>	<u>260,833,136</u>	<u>41</u>	<u>223,370,479</u>	<u>36</u>
<b>Equity attributable to owners of the parent</b>							
Share capital	6(19)						
Common stock		16,016,943	3	15,996,475	3	15,995,071	3
Capital collected in advance		-	-	-	-	1,610	-
Capital surplus	6(19), 6(20), 6(33)	31,734,013	5	28,350,438	4	25,553,837	4
Retained earnings	6(19)						
Legal reserve		83,606,434	12	75,782,948	12	75,782,948	12
Undistributed earnings		238,663,976	35	212,669,736	33	226,441,323	37
Other equity	6(20)	45,186,499	7	35,462,155	6	48,543,826	8
Treasury shares	6(19)	(55,970)	-	(55,970)	-	(55,970)	-
Equity attributable to owners of the parent		<u>415,151,895</u>	<u>62</u>	<u>368,205,782</u>	<u>58</u>	<u>392,262,645</u>	<u>64</u>
<b>Non-controlling interests</b>	6(19), 6(33)	<u>8,306,189</u>	<u>1</u>	<u>5,999,576</u>	<u>1</u>	<u>2,708,439</u>	<u>-</u>
Total equity		<u>423,458,084</u>	<u>63</u>	<u>374,205,358</u>	<u>59</u>	<u>394,971,084</u>	<u>64</u>
<b>Total liabilities and equity</b>		<u>\$ 676,528,300</u>	<u>100</u>	<u>\$ 635,038,494</u>	<u>100</u>	<u>\$ 618,341,563</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, 2024 and 2023

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

Description	Notes	Three Months Ended September 30				Nine Months Ended September 30			
		2024	%	2023	%	2024	%	2023	%
<b>Net sales</b>	6(21), 7	\$ 131,813,494	100	\$ 110,097,528	100	\$ 392,542,762	100	\$ 303,884,325	100
<b>Operating costs</b>	6(7), 6(24), 7	(67,465,873)	(51)	(57,905,182)	(53)	(196,158,189)	(50)	(159,133,675)	(52)
<b>Gross profit</b>		64,347,621	49	52,192,346	47	196,384,573	50	144,750,650	48
<b>Operating expenses</b>	6(22), 6(23), 6(24), 7								
Selling expenses		(4,233,215)	(4)	(3,777,662)	(3)	(11,443,881)	(3)	(9,764,529)	(3)
Administrative expenses		(2,985,443)	(2)	(2,260,562)	(2)	(8,752,502)	(2)	(6,954,089)	(2)
Research and development expenses		(33,260,937)	(25)	(28,242,000)	(26)	(95,240,679)	(24)	(80,912,650)	(27)
Expected credit (losses) gains		(3,860)	-	32,348	-	52,535	-	(55,600)	-
Total operating expenses		(40,483,455)	(31)	(34,247,876)	(31)	(115,384,527)	(29)	(97,686,868)	(32)
<b>Operating income</b>		23,864,166	18	17,944,470	16	81,000,046	21	47,063,782	16
<b>Non-operating income and expenses</b>									
Interest income	6(25)	2,895,980	2	1,663,575	2	8,129,966	2	4,939,247	1
Other income	6(26), 7	615,524	-	1,140,900	1	2,389,066	1	5,566,507	2
Other gains and losses	6(27)	1,116,189	1	317,531	-	1,616,624	-	1,022,298	-
Finance costs	6(28)	(204,452)	-	(253,119)	-	(301,664)	-	(327,604)	-
Share of profit of associates and joint ventures accounted for using the equity method	6(9)	153,587	-	179,607	-	473,927	-	202,674	-
Total non-operating income and expenses		4,576,828	3	3,048,494	3	12,307,919	3	11,403,122	3
<b>Net income before income tax</b>		28,440,994	21	20,992,964	19	93,307,965	24	58,466,904	19
<b>Income tax expense</b>	4, 6(30)	(2,851,251)	(2)	(2,424,450)	(2)	(10,108,229)	(3)	(6,989,075)	(2)
<b>Net income</b>		25,589,743	19	18,568,514	17	83,199,736	21	51,477,829	17
<b>Other comprehensive income</b>	6(9), 6(19), 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		9,909,558	8	(591,979)	(1)	2,008,147	1	9,906,581	3
Share of other comprehensive income of associates and joint ventures accounted for using the equity method		(9,176)	-	(497,689)	(1)	(23,688)	-	(396,760)	-
Income tax relating to those items not to be reclassified to profit or loss		88,218	-	908,894	1	267,618	-	(6,965)	-
Items that may be reclassified subsequently to profit or loss									
Exchange differences resulting from translating the financial statements of foreign operations		(5,498,336)	(4)	9,702,098	9	8,981,809	2	11,031,427	4
Unrealized gains (losses) from debt instrument investments measured at fair value through other comprehensive income		12,766	-	(3,588)	-	16,221	-	(1,258)	-
Share of other comprehensive income of associates and joint ventures accounted for using the equity method		354,605	-	(25,010)	-	178,011	-	(383,132)	-
<b>Other comprehensive income, net of tax</b>		4,857,635	4	9,492,726	8	11,428,118	3	20,149,893	7
<b>Total comprehensive income</b>		\$ 30,447,378	23	\$ 28,061,240	25	\$ 94,627,854	24	\$ 71,627,722	24
<b>Net income for the periods attributable to :</b>									
Owners of the parent	6(31)	\$ 25,346,282		\$ 18,477,639		\$ 82,597,455		\$ 51,315,980	
Non-controlling interests	6(19)	243,461		90,875		602,281		161,849	
		\$ 25,589,743		\$ 18,568,514		\$ 83,199,736		\$ 51,477,829	
<b>Total comprehensive income for the periods attributable to :</b>									
Owners of the parent		\$ 30,190,235		\$ 27,954,441		\$ 93,989,621		\$ 71,469,210	
Non-controlling interests		257,143		106,799		638,233		158,512	
		\$ 30,447,378		\$ 28,061,240		\$ 94,627,854		\$ 71,627,722	
Basic Earnings Per Share (in New Taiwan Dollars)	6(31)	\$ 15.94		\$ 11.64		\$ 51.98		\$ 32.35	
Diluted Earnings Per Share (in New Taiwan Dollars)	6(31)	\$ 15.91		\$ 11.61		\$ 51.86		\$ 32.23	

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 CHANGES IN EQUITY

For the nine months ended September 30, 2024 and 2023

(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	Capital collected in advance		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, 2023	\$ 15,994,353	\$ 113	\$ 47,185,281	\$ 62,058,498	\$ 286,688,675	\$ 7,359,676	\$ 23,079,555	\$ (2,200,891)	\$ (55,970)	\$ 440,109,290	\$ 2,948,949	\$ 443,058,239
Distribution of earnings:												
Legal reserve	-	-	-	13,724,450	(13,724,450)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(99,178,441)	-	-	-	-	(99,178,441)	-	(99,178,441)
Total	-	-	-	13,724,450	(112,902,891)	-	-	-	-	(99,178,441)	-	(99,178,441)
Cash dividends distributed from capital surplus	-	-	(22,395,132)	-	-	-	-	-	-	(22,395,132)	-	(22,395,132)
Profit for the nine months ended September 30, 2023	-	-	-	-	51,315,980	-	-	-	-	51,315,980	161,849	51,477,829
Other comprehensive income for the nine months ended September 30, 2023	-	-	-	-	-	10,664,154	9,489,076	-	-	20,153,230	(3,337)	20,149,893
Total comprehensive income	-	-	-	-	51,315,980	10,664,154	9,489,076	-	-	71,469,210	158,512	71,627,722
Share-based payment transactions	663	1,497	23,742	-	-	-	-	-	-	25,902	110,524	136,426
Adjustments due to dividends that subsidiaries received from parent company	-	-	592,402	-	-	-	-	-	-	592,402	-	592,402
Changes in associates and joint ventures accounted for using the equity method	-	-	17,228	-	-	-	-	-	-	17,228	4,453	21,681
Issuance of restricted stock for employees	55	-	31,328	-	9,241	-	-	1,482,574	-	1,523,198	-	1,523,198
Changes in other capital surplus	-	-	98,988	-	-	-	-	-	-	98,988	-	98,988
Proceeds from disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	1,330,318	-	(1,330,318)	-	-	-	-	-
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	(513,999)	(513,999)
Balance as of September 30, 2023	\$ 15,995,071	\$ 1,610	\$ 25,553,837	\$ 75,782,948	\$ 226,441,323	\$ 18,023,830	\$ 31,238,313	\$ (718,317)	\$ (55,970)	\$ 392,262,645	\$ 2,708,439	\$ 394,971,084
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

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

**MEDIATEK INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the nine months ended September 30, 2024 and 2023**  
(Amounts in thousands of New Taiwan Dollars)

Description	Nine Months Ended September 30	
	2024	2023
<b>Cash flows from operating activities :</b>		
Profit from continuing operations before tax	\$ 93,307,965	\$ 58,466,904
Adjustments for:		
The profit or loss items which did not affect cash flows:		
Depreciation expenses	9,311,186	8,110,715
Amortization expenses	6,169,384	5,237,413
Expected credit (gains) losses	(52,535)	55,600
Net gains on financial assets or liabilities at fair value through profit or loss	(427,991)	(320,598)
Interest expenses	301,664	327,604
Net losses arising from derecognition of financial assets measured at amortized cost	30,516	14,616
Interest income	(8,129,966)	(4,939,247)
Dividend income	(2,033,048)	(5,202,450)
Share-based payment expenses	717,937	1,622,243
Share of profit of associates and joint ventures accounted for using the equity method	(473,927)	(202,674)
(Gains) losses on disposal of property, plant and equipment	(6,344)	11,465
(Gains) losses on disposal of investments accounted for using the equity method	(912,124)	2,466
Impairment loss on non-financial assets	74,233	-
Other adjustments	(287)	(4)
Changes in operating assets and liabilities:		
Financial assets mandatorily measured at fair value through profit or loss	331,437	3,865,486
Notes receivable	3,142	(31,711)
Trade receivables	8,490,658	(19,737,291)
Trade receivables from related parties	(7,535)	20,714
Other receivables	161,961	(20,844,893)
Inventories	(12,368,722)	17,110,532
Prepayments	(1,431,308)	955,287
Other current assets	(231,796)	195,820
Other non-current assets-others	7,130,976	8
Contract liabilities	797,824	(2,117,830)
Trade payables	(3,288,057)	9,218,401
Trade payables to related parties	154,921	60,655
Other payables	1,164,922	(7,255,583)
Other payables to related parties	32,200	10,269
Other current liabilities	20,831,619	19,072,978
Net defined benefit liabilities	(7,754)	(8,087)
Other non-current liabilities-others	(4,020,008)	4,076,128
Cash inflows generated from operations	115,621,143	67,774,936
Interest received	6,733,244	4,939,634
Dividends received	2,067,265	4,342,627
Interest paid	(323,057)	(331,551)
Income tax paid	(12,729,094)	(12,170,127)
Net cash flows from operating activities	111,369,501	64,555,519
<b>Cash flows from investing activities :</b>		
Acquisition of financial assets at fair value through other comprehensive income	(1,563,744)	(3,478,319)
Proceeds from disposal of financial assets at fair value through other comprehensive income	2,974,670	21,459,939
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	198,988	11,023
Acquisition of financial assets measured at amortized cost	(21,222,931)	(32,612,267)
Proceeds from repayments of financial assets measured at amortized cost	7,532,887	5,731,654
Proceeds from disposal of investments accounted for using the equity method	25,000	-
Net cash flows from acquisition of subsidiaries	219,037	-
Proceeds from capital reduction of investments accounted for using the equity method	-	121,492
Acquisition of property, plant and equipment	(10,128,570)	(5,598,506)
Proceeds from disposal of property, plant and equipment	12,361	6,343
Decrease in refundable deposits	153,850	55,438
Acquisition of intangible assets	(7,521,121)	(6,969,070)
Decrease in financing lease receivables	545,919	-
Net cash flows used in investing activities	(28,773,654)	(21,272,273)
<b>Cash flows from financing activities :</b>		
Increase in short-term borrowings	16,933,800	29,094,232
Repayment of long-term borrowings	-	(827,660)
(Decrease) increase in deposits received	(24,652)	24,332
Payments of lease liabilities	(687,691)	(581,802)
Exercise of employee stock options	-	79,450
Cash dividends paid	(87,550,791)	(120,981,171)
Acquisition of ownership interests in subsidiaries	(221,505)	-
Changes in non-controlling interests	(205,675)	(513,999)
Other financing activities	35,374	21,080
Net cash flows used in financing activities	(71,721,140)	(93,685,538)
Effect of exchange rate changes on cash and cash equivalents	3,559,611	6,855,146
Net increase (decrease) in cash and cash equivalents	14,434,318	(43,547,146)
Cash and cash equivalents at the beginning of the period	165,396,010	147,502,155
Cash and cash equivalents at the end of the period	\$ 179,830,328	\$ 103,955,009

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 been 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 30, 2024.

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

- (1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

MTK and its subsidiaries (“the Company”) applied for the first time International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRSs Accounting Standards”), revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and became effective for annual periods beginning on or after January 1, 2024. 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 end of the reporting period are listed below:

Standards or Interpretations Numbers	The Projects of Standards or Interpretations	Effective Date issued by IASB
IAS 21	“Lack of Exchangeability” (Amendment)	January 1, 2025

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, 2025. All 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)**

- (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 end of the reporting period 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 17	“Insurance Contracts”	January 1, 2023
IFRS 18	“Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19	“Disclosure Initiative – Subsidiaries without Public Accountability: Disclosures”	January 1, 2027
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

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”, IFRS 18 “Presentation and Disclosure in Financial Statements”, and IFRS 9 and IFRS 7 “Financial Instruments” and “Financial Instruments: Disclosures”. 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 of the Company for the nine-month periods ended September 30, 2024 and 2023 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.

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.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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 differences in profit or loss.

The consolidated entities are listed as follows:

Investor	Subsidiary	Business nature	Percentage of Ownership			Note
			September 30, 2024	December 31, 2023	September 30, 2023	
MTK	Hsu-Ta Investment Corp.	General investing	100%	100%	100%	-
MTK	MediaTek Singapore Pte. Ltd.	Research, manufacturing and sales	100%	100%	100%	-
MTK	MediaTek Investment Singapore Pte. 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, 2024	December 31, 2023	September 30, 2023	
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%	67%	76%	-
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%	-	-	1
MTK	MediaTek Korea Inc.	Research	100%	-	-	2
MTK	IC PLUS Corp.	Research, manufacturing and sales	14%	-	-	3
Hsu-Ta Investment Corp.	Hsiang Fa Co.	General investing	100%	100%	100%	-
Hsu-Ta Investment Corp.	MediaTek Bangalore Private Limited	Research	0%	0%	0%	-
Hsu-Ta Investment Corp.	Airoha Technology Corp.	Research, manufacturing and sales	4%	3%	-	4
Hsiang Fa Co.	Chingis Technology Corporation	Research	100%	100%	100%	-
Hsiang Fa Co.	MediaTek Research Corp.	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, 2024	December 31, 2023	September 30, 2023	
Hsiang Fa Co.	InnoFusion Technology Corp.	Technical services	100%	100%	100%	-
MediaTek Singapore Pte. Ltd.	Core Tech Resources Inc.	General investing	-	-	100%	5
MediaTek Singapore Pte. Ltd.	MediaTek Investment HK Limited	General investing	100%	100%	100%	-
MediaTek Singapore Pte. Ltd.	MaiSys Design Technology SG Pte. Ltd.	Research	100%	-	-	6
Core Tech Resources Inc.	MediaTek India Technology Pvt. Ltd.	Research	0%	0%	0%	-
Richtek Technology Corp.	Richtek Europe Holding B.V.	General investing	100%	100%	100%	-
Richtek Technology Corp.	Richtek Holding International Limited	General investing	100%	100%	100%	-
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%	-
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 Europe Holding B.V.	Richtek Europe B.V.	Marketing 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, 2024	December 31, 2023	September 30, 2023	
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%	-	-	3
Gaintech Co. Limited	MediaTek China Limited	General investing	100%	100%	100%	-
Gaintech Co. Limited	MTK Wireless Limited	Research	100%	100%	100%	-
Gaintech Co. Limited	MediaTek Japan Inc.	Technical services	-	100%	100%	1
Gaintech Co. Limited	MediaTek Korea Inc.	Research	-	100%	100%	2
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%	-

(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, 2024	December 31, 2023	September 30, 2023	
Gaintech Co. Limited	Zelus (Shenzhen) Technology Ltd.	Research and sales	88%	88%	88%	-
Gaintech Co. Limited	IStar Technology Ltd.	General investing	-	-	-	7
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%	100%	-	5
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%	-
MTK Wireless Limited	MediaTek Wireless Finland Oy	Research	100%	100%	100%	-
MTK Wireless Limited	MStar Semiconductor UK Ltd.	Research and technical services	-	-	-	8
MTK Wireless Limited	MStar France SAS	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, 2024	December 31, 2023	September 30, 2023	
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%	9
MTK Wireless Limited	MediaTek Technology USA Inc.	Research	100%	100%	100%	10
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 and sales	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%	-
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%	-

(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, 2024	December 31, 2023	September 30, 2023	
MediaTek Global Holdings Limited	Digimoc Holdings Limited	General investing	100%	100%	100%	-
MediaTek Capital Co.	IStar Technology Ltd.	General investing	100%	100%	100%	7
Digimoc Holdings Limited	Cloud Ranger Limited	General investing	100%	100%	100%	-
Digimoc Holdings Limited	Gold Rich International (Samoa) Limited	General investing	100%	100%	100%	-
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%	100%	100%	-
MediaTek Investment HK Limited	Hsu Fa (Samoa) Investment Ltd.	General investing	100%	100%	100%	-
MediaTek Investment HK Limited	Hsu Kang (Samoa) Investment Ltd.	General investing	100%	100%	100%	-
MediaTek Wireless Finland Oy	MediaTek Germany GmbH	Technical services	100%	100%	100%	-

1. 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.
2. 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.
3. 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.
4. Hsu-Ta Investment Corp. acquired voting shares of Airoha Technology Corp. in several tranches from November 2023 to January 2024.
5. For the purpose of reorganization, the 100% ownership of Core Tech Resources Inc., which was previously owned by MediaTek Singapore Pte. Ltd., was transferred to Gaintech Co. Limited in December 2023.
6. MediaTek Singapore Pte. Ltd. established MaiSys Design Technology SG Pte. Ltd. in May 2024. As of September 30, 2024, no capital has been injected into MaiSys Design Technology SG Pte. Ltd. yet.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

7. For the purpose of reorganization, the 100% ownership of IStar Technology Ltd., which was previously owned by Gaintech Co. Limited, was transferred to MediaTek Capital Co. in August 2023.
8. For the purpose of reorganization, MStar Semiconductor UK Ltd. has been liquidated in February 2023.
9. MTK Wireless Limited established MediaTek Poland sp. z o.o. in January 2023.
10. MTK Wireless Limited established MediaTek Technology USA Inc. in June 2023.

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, 2024 and 2023 as were applied in the preparation of the Company's consolidated financial statements for the year ended December 31, 2023. For the summary of other significant accounting policies, please refer to the consolidated financial statements for the year ended December 31, 2023.

- (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, 2024 and 2023 as were applied in the preparation of the Company's consolidated financial statements for the year ended December 31, 2023. Please refer to the consolidated financial statements for the year ended December 31, 2023.

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

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

**6. Contents of Significant Accounts**

## (1) Cash and cash equivalents

	September 30, 2024	December 31, 2023	September 30, 2023
Cash on hand and petty cash	\$ 924	\$ 1,058	\$ 1,043
Checking and savings accounts	13,503,727	12,096,686	14,312,251
Time deposits	165,490,677	144,468,348	85,824,963
Repurchase agreements	835,000	5,832,700	670,000
United States Treasury bills	-	2,997,218	3,146,752
Total	<u>\$ 179,830,328</u>	<u>\$ 165,396,010</u>	<u>\$ 103,955,009</u>

Time deposits, repurchase agreements and United States Treasury bills 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.

## (2) Financial assets and financial liabilities at fair value through profit or loss

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
<u>Financial assets mandatorily</u>			
<u>measured at fair value through</u>			
<u>profit or loss</u>			
Funds	\$ 5,131,210	\$ 4,708,086	\$ 5,676,517
Linked deposits	2,016,799	520,375	681,475
Bonds	86,984	421,189	93,189
Stocks	50,408	926	-
Forward exchange contracts	5,118	13,268	149,263
Cross-currency swap contracts	1,456	7,323	-
Total	<u>\$ 7,291,975</u>	<u>\$ 5,671,167</u>	<u>\$ 6,600,444</u>
<u>Held for trading financial liabilities</u>			
Forward exchange contracts	<u>\$ 114,798</u>	<u>\$ 301,675</u>	<u>\$ 14,216</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, 2024	December 31, 2023	September 30, 2023
<u>Noncurrent</u>			
<u>Financial assets mandatorily</u>			
<u>measured at fair value through</u>			
<u>profit or loss</u>			
Trust funds	\$ 1,891,460	\$ 1,415,031	\$ 1,313,054
Bonds	1,677,186	1,119,931	1,443,177
Linked deposits	158,190	2,216,056	2,657,360
Capital	85,316	-	-
Stocks	34,115	120,330	127,260
Total	<u>\$ 3,846,267</u>	<u>\$ 4,871,348</u>	<u>\$ 5,540,851</u>

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

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
<u>Equity instrument investments</u>			
<u>measured at fair value through</u>			
<u>other comprehensive income</u>			
Listed company stocks	<u>\$ 5,615,773</u>	<u>\$ 6,040,475</u>	<u>\$ 5,395,507</u>
<u>Noncurrent</u>			
<u>Debt instrument investments</u>			
<u>measured at fair value through</u>			
<u>other comprehensive income</u>			
Bonds	<u>\$ 803,032</u>	<u>\$ 1,196,037</u>	<u>\$ 1,214,056</u>
<u>Equity instrument investments</u>			
<u>measured at fair value through</u>			
<u>other comprehensive income</u>			
Listed company stocks	40,533,213	37,301,843	39,530,286
Capital	21,356,957	22,111,167	23,720,243
Unlisted company stocks	10,150,237	8,938,332	9,368,377
Funds	2,741,563	2,853,482	2,990,540
Subtotal	<u>74,781,970</u>	<u>71,204,824</u>	<u>75,609,446</u>
Total	<u>\$ 75,585,002</u>	<u>\$ 72,400,861</u>	<u>\$ 76,823,502</u>

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

No impairment 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, 2024 and 2023 were as follows:

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Related to investments held at the end of the reporting period	\$ 493,061	\$ (2,090,724)	\$ 2,031,565	\$ 2,142,694
Related to investments derecognized during the period	-	3,035,088	-	3,059,756
Dividends recognized during the period	\$ 493,061	\$ 944,364	\$ 2,031,565	\$ 5,202,450

In consideration of disposition according to the Company's investment strategy, the Company derecognized certain equity instrument investments measured at fair value through other comprehensive income. Details on derecognition of the investments for the three months and nine months ended September 30, 2024 and 2023 were as follows:

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
The fair value of the investments at the date of derecognition	\$ 364,712	\$ 2,686,798	\$ 2,527,334	\$ 11,913,452
The cumulative gain (loss) on disposal reclassified from other equity to retained earnings	\$ 79,092	\$ (213,756)	\$ (174,376)	\$ 2,574,413

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)****(4) Financial assets measured at amortized cost**

	September 30, 2024	December 31, 2023	September 30, 2023
<u>Current</u>			
Bonds	\$ 5,236,669	\$ 2,945,946	\$ 2,739,862
Time deposits	45,221	619,585	633,282
Total	<u>\$ 5,281,890</u>	<u>\$ 3,565,531</u>	<u>\$ 3,373,144</u>
<u>Noncurrent</u>			
Bonds	\$ 68,953,918	\$ 55,226,656	\$ 54,685,981
Time deposits	369,500	353,873	329,699
Total	<u>\$ 69,323,418</u>	<u>\$ 55,580,529</u>	<u>\$ 55,015,680</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, 2024	December 31, 2023	September 30, 2023
Trade receivables	\$ 47,163,015	\$ 55,107,662	\$ 61,163,791
Less: allowance for doubtful debts	(5,379)	(57,933)	(57,864)
Subtotal	<u>47,157,636</u>	<u>55,049,729</u>	<u>61,105,927</u>
Trade receivables from related parties	60,997	53,462	13,879
Less: allowance for doubtful debts	-	-	-
Subtotal	<u>60,997</u>	<u>53,462</u>	<u>13,879</u>
Total	<u>\$ 47,218,633</u>	<u>\$ 55,103,191</u>	<u>\$ 61,119,806</u>

Trade receivables are generally on 30 to 150 day terms. Please refer to Note 6. (22) for more details on impairment of trade receivables for the three months and nine months ended September 30, 2024 and 2023. Please refer to Note 12 for more details on credit risk management.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

Trade receivables classified as financial assets measured at fair value through profit or loss due to regular factoring without recourse were NT\$1,982,298 thousand, NT\$1,922,492 thousand and NT\$3,432,847 thousand as of September 30, 2024, December 31, 2023, and September 30, 2023, respectively.

**(6) Other receivables**

	September 30, 2024	December 31, 2023	September 30, 2023
Factoring receivables	\$ 2,868,623	\$ 1,973,817	\$ 3,278,313
Others	4,809,463	2,833,187	23,987,439
Total	<u>\$ 7,678,086</u>	<u>\$ 4,807,004</u>	<u>\$ 27,265,752</u>

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 related trade receivables after deducting the estimated value of commercial disputes.

As of September 30, 2024, December 31, 2023, and September 30, 2023, trade receivables derecognized were summarized (by transferee) as follows:

**A. As of September 30, 2024:**

The Factor (Transferee)	Interest Rate (%)	Trade receivables derecognized (US\$'000)	Cash withdrawn (US\$'000)	Unutilized (US\$'000)	Credit line (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>



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

B. As of December 31, 2023:

The Factor (Transferee)	Interest Rate (%)	Trade		Unutilized (US\$'000)	Credit line (US\$'000)
		receivables derecognized (US\$'000)	Cash withdrawn (US\$'000)		
BNP Paribas	-	\$ 14,198	\$ -	\$ 14,198	\$ 105,000
Taishin					
International Bank	-	48,395	-	48,395	218,000
SMBC	-	-	-	-	18,000
CTBC	-	-	-	-	400
SinoPac	-	1,218	-	1,218	10,000
CHB	-	384	-	384	1,200
Total		<u>\$ 64,195</u>	<u>\$ -</u>	<u>\$ 64,195</u>	<u>\$ 352,600</u>

C. As of September 30, 2023:

The Factor (Transferee)	Interest Rate (%)	Trade		Unutilized (US\$'000)	Credit line (US\$'000)
		receivables derecognized (US\$'000)	Cash withdrawn (US\$'000)		
BNP Paribas	-	\$ 10,713	\$ -	\$ 10,713	\$ 105,000
Taishin					
International Bank	-	88,366	-	88,366	223,000
SMBC	-	-	-	-	18,000
CTBC	-	-	-	-	400
SinoPac	-	2,151	-	2,151	10,000
CHB	-	325	-	325	1,200
Total		<u>\$ 101,555</u>	<u>\$ -</u>	<u>\$ 101,555</u>	<u>\$ 357,600</u>

## (7) Inventories

	September 30, 2024	December 31, 2023	September 30, 2023
Raw materials	\$ 1,483,131	\$ 2,259,099	\$ 1,495,963
Work in progress	35,217,294	27,818,347	32,484,750
Finished goods	18,934,259	13,142,820	19,410,156
Net amount	<u>\$ 55,634,684</u>	<u>\$ 43,220,266</u>	<u>\$ 53,390,869</u>

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

The operating costs 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	
	2024	2023	2024	2023
Inventory losses (reversal of write-down of inventories)	\$ (869,130)	\$ (9,264,181)	\$ (1,358,509)	\$ (10,698,653)

**(8) Prepayments**

	September 30, 2024	December 31, 2023	September 30, 2023
Prepaid expenses	\$ 593,198	\$ 524,016	\$ 740,229
Input tax	429,768	121,583	412,585
Others	13,785,696	4,547,933	3,219,694
Total	\$ 14,808,662	\$ 5,193,532	\$ 4,372,508

**(9) Investments accounted for using the equity method**

Details of investments in associates were as follows:

Investees	September 30, 2024		December 31, 2023		September 30, 2023	
	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:						
Vanchip (Tianjin) Technology Co., Ltd.	\$ 4,684,086	24	\$ 4,434,223	24	\$ 4,480,281	24
FONTAINE CAPITAL FUND, L.P.	-	-	-	57	-	57
Sigmastar Technology Ltd.	9,861,880	29	8,788,996	32	9,127,140	32
Zilltek Technology Corp.	1,808,973	18	1,799,106	18	1,721,893	18
Others	1,674,709	-	2,130,775	-	2,215,756	-
Total	\$ 18,029,648		\$ 17,153,100		\$ 17,545,070	

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

FONTAINE CAPITAL FUND, L.P. resolved to be dissolved and liquidated in August 2023, and the liquidation process had been completed in January 2024.

Sigmastar Technology Ltd. increased capital by cash for the three months ended March 31, 2024, and the Company did not subscribe to the new shares proportionate to its original ownership interest. Its ownership was therefore reduced to 29%. Since the Company does not have the ability to direct the relevant activities of Sigmastar Technology Ltd. and therefore does not have control, the Company accounts for the Sigmastar Technology Ltd. investment using the equity method.

Although partial of the Company's ownership in the aforementioned investments were higher than 50%, those investments were Limited Partnership and the Company merely served as a Limited Partner who had no ability to direct the relevant activities of them. Therefore, the Company had no control over them and they were not included in the consolidated entities.

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	
	2024	2023	2024	2023
Profit from continuing operations	\$ 56,996	\$ 269,965	\$ 215,647	\$ 343,412
Other comprehensive income (post-tax)	(14,664)	31,605	(13,938)	36,983
Total comprehensive income	<u>\$ 42,332</u>	<u>\$ 301,570</u>	<u>\$ 201,709</u>	<u>\$ 380,395</u>

(10) Property, plant and equipment

	September 30, 2024	December 31, 2023	September 30, 2023
Owner-occupied property, plant and equipment	<u>\$ 56,743,986</u>	<u>\$ 53,291,265</u>	<u>\$ 52,003,646</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, 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	<u>\$ 10,092,002</u>	<u>\$ 34,194,654</u>	<u>\$ 2,818,992</u>	<u>\$ 17,213,309</u>	<u>\$ 23,107,609</u>	<u>\$ 18,239,225</u>	<u>\$ 1,274,988</u>	<u>\$ 106,940,779</u>
As of January 1, 2023	\$ 9,068,386	\$ 32,536,899	\$ 1,332,015	\$ 15,376,222	\$ 18,434,608	\$ 10,057,520	\$ 547,525	\$ 87,353,175
Additions-acquired separately	-	170,521	17,973	869,204	1,591,990	2,405,617	559,269	5,614,574
Disposals	-	(5,096)	(3,059)	(232,846)	(405,693)	(26,239)	-	(672,933)
Transfers	-	(250,359)	(214)	214,178	50,590	(223,358)	(55,267)	(264,430)
Exchange differences	-	(77,152)	(633)	69,632	39,447	338,633	897	370,824
As of September 30, 2023	<u>\$ 9,068,386</u>	<u>\$ 32,374,813</u>	<u>\$ 1,346,082</u>	<u>\$ 16,296,390</u>	<u>\$ 19,710,942</u>	<u>\$ 12,552,173</u>	<u>\$ 1,052,424</u>	<u>\$ 92,401,210</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
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
As of January 1, 2023	\$ -	\$ 7,394,611	\$ 935,345	\$ 9,201,784	\$ 11,205,065	\$ 4,754,741	\$ -	\$ 33,491,546
Depreciation	-	663,321	89,491	2,026,588	1,643,860	2,994,512	-	7,417,772
Disposals	-	(3,586)	(3,059)	(221,401)	(403,125)	(23,720)	-	(654,891)
Transfers	-	404	76	142,478	2,467	(154,480)	-	(9,055)
Exchange differences	-	(8,387)	(639)	34,236	16,953	110,029	-	152,192
As of September 30, 2023	\$ -	\$ 8,046,363	\$ 1,021,214	\$ 11,183,685	\$ 12,465,220	\$ 7,681,082	\$ -	\$ 40,397,564
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
December 31, 2023	\$ 9,605,842	\$ 25,162,347	\$ 308,421	\$ 4,616,233	\$ 7,277,577	\$ 5,659,278	\$ 661,567	\$ 53,291,265
September 30, 2023	\$ 9,068,386	\$ 24,328,450	\$ 324,868	\$ 5,112,705	\$ 7,245,722	\$ 4,871,091	\$ 1,052,424	\$ 52,003,646

**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	
	2024	2023	2024	2023
Capitalized depreciation expense	\$ 17,174	\$ 17,174	\$ 51,522	\$ 51,522
Capitalized interest expense	\$ 11,225	\$ 11,141	\$ 33,675	\$ 33,423
Interest rate of the capitalization			0.925%	0.925%

**(11) 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 upward 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 with non-cancellable period of 3 to 50 years. Some of these contracts provide the Company options to extend the leases.

	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
As of January 1, 2023	\$ 2,326,327	\$ 116,159	\$ 2,442,486
Transfers	254,971	(3,406)	251,565
Exchange differences	(11,477)	(214)	(11,691)
As of September 30, 2023	\$ 2,569,821	\$ 112,539	\$ 2,682,360

(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)

	Buildings and facilities	Right-of-use assets	Total
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	<u>\$ 469,932</u>	<u>\$ 19,000</u>	<u>\$ 488,932</u>

As of January 1, 2023	\$ 345,083	\$ 11,209	\$ 356,292
Depreciation	43,429	2,697	46,126
Transfers	(404)	-	(404)
Exchange differences	(1,326)	(3)	(1,329)
As of September 30, 2023	<u>\$ 386,782</u>	<u>\$ 13,903</u>	<u>\$ 400,685</u>

Net carrying amount as of:

September 30, 2024	<u>\$ 2,171,354</u>	<u>\$ 110,322</u>	<u>\$ 2,281,676</u>
December 31, 2023	<u>\$ 2,117,443</u>	<u>\$ 104,473</u>	<u>\$ 2,221,916</u>
September 30, 2023	<u>\$ 2,183,039</u>	<u>\$ 98,636</u>	<u>\$ 2,281,675</u>

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Rental income from investment properties	\$ 54,422	\$ 43,864	\$ 168,286	\$ 124,277
Direct operating expenses from investment properties generating rental income	(18,892)	(16,817)	(55,436)	(46,126)
Total	<u>\$ 35,530</u>	<u>\$ 27,047</u>	<u>\$ 112,850</u>	<u>\$ 78,151</u>

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

Based on market approach:

	September 30, 2024	December 31, 2023	September 30, 2023	December 31, 2022
Fair value	<u>\$ 3,706,783</u>	<u>\$ 3,543,736</u>	<u>\$ 3,374,195</u>	<u>\$ 3,067,378</u>

The fair value of its investment properties did not change significantly for the nine months ended September 30, 2024 and 2023.

For those right-of-use assets leased as operating leases and presented in investment properties, please refer to Note 6. (23) for relevant disclosure as required by IFRS 16.



## MEDIATEK INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

## (12) Intangible assets

	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	<u>\$ 352,055</u>	<u>\$ 1,407,541</u>	<u>\$ 2,635,440</u>	<u>\$ 31,700,028</u>	<u>\$ 67,880,788</u>	<u>\$ 103,975,852</u>
As of January 1, 2023	\$ 352,055	\$ 1,188,524	\$ 2,581,940	\$ 23,365,076	\$ 66,042,887	\$ 93,530,482
Additions-acquired separately	-	230,816	-	14,756,256	-	14,987,072
Disposals	-	(147,210)	-	(9,505,823)	-	(9,653,033)
Exchange differences	-	7,733	-	345,851	27,686	381,270
As of September 30, 2023	<u>\$ 352,055</u>	<u>\$ 1,279,863</u>	<u>\$ 2,581,940</u>	<u>\$ 28,961,360</u>	<u>\$ 66,070,573</u>	<u>\$ 99,245,791</u>

**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
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	<u>\$ 351,955</u>	<u>\$ 970,120</u>	<u>\$ 2,090,265</u>	<u>\$ 17,011,753</u>	<u>\$ -</u>	<u>\$ 20,424,093</u>
As of January 1, 2023	\$ 344,565	\$ 651,925	\$ 1,644,762	\$ 17,434,700	\$ -	\$ 20,075,952
Amortization	7,240	275,567	190,357	4,764,249	-	5,237,413
Disposals	-	(147,210)	-	(9,505,823)	-	(9,653,033)
Exchange differences	-	6,301	-	351,168	-	357,469
As of September 30, 2023	<u>\$ 351,805</u>	<u>\$ 786,583</u>	<u>\$ 1,835,119</u>	<u>\$ 13,044,294</u>	<u>\$ -</u>	<u>\$ 16,017,801</u>
Net carrying amount as of:						
September 30, 2024	<u>\$ 100</u>	<u>\$ 437,421</u>	<u>\$ 545,175</u>	<u>\$ 14,688,275</u>	<u>\$ 67,880,788</u>	<u>\$ 83,551,759</u>
December 31, 2023	<u>\$ 213</u>	<u>\$ 440,427</u>	<u>\$ 683,369</u>	<u>\$ 14,077,827</u>	<u>\$ 66,042,932</u>	<u>\$ 81,244,768</u>
September 30, 2023	<u>\$ 250</u>	<u>\$ 493,280</u>	<u>\$ 746,821</u>	<u>\$ 15,917,066</u>	<u>\$ 66,070,573</u>	<u>\$ 83,227,990</u>

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)****(13) 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, 2023. The Company did not identify any impairment of goodwill for the year ended December 31, 2023.

**(14) Short-term borrowings**

	September 30, 2024	December 31, 2023	September 30, 2023
Unsecured bank loans	\$ 19,133,800	\$ 2,200,000	\$ 32,794,232
Interest rates	1.65%~5.75%	1.80%	1.5%-5.75%

**(15) Other payables**

	September 30, 2024	December 31, 2023	September 30, 2023
Accrued salaries and bonuses	\$ 33,898,848	\$ 33,714,697	\$ 28,447,995
Accrued royalties	4,288,053	3,633,175	3,193,609
Dividends payable	-	39,350,914	-
Others	15,763,765	14,954,319	13,446,096
Total	\$ 53,950,666	\$ 91,653,105	\$ 45,087,700

**(16) Other current liabilities**

	September 30, 2024	December 31, 2023	September 30, 2023
Refund liabilities (Note)	\$ 94,653,314	\$ 73,189,582	\$ 63,082,548
Others	1,180,037	915,531	792,025
Total	\$ 95,833,351	\$ 74,105,113	\$ 63,874,573

Note: Refund liabilities represented the Company's estimated sales returns and allowances 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)**

(17) 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, 2024 and 2023 were NT\$755,543 thousand and NT\$748,984 thousand, respectively. Pension expenses under the defined contribution plan for the nine months ended September 30, 2024 and 2023 were NT\$2,221,029 thousand and NT\$2,101,113 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, 2024 and 2023 were NT\$3,346 thousand and NT\$4,284 thousand, respectively. Pension expenses under the defined benefits plan for the nine months ended September 30, 2024 and 2023 were NT\$10,035 thousand and NT\$12,853 thousand, respectively.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

(18) Other non-current liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
Provisions	\$ -	\$ 4,183,904	\$ 4,183,904
Decommissioning liabilities	46,355	45,042	47,276
Others	3,296,405	2,654,983	2,396,185
Total	<u>\$ 3,342,760</u>	<u>\$ 6,883,929</u>	<u>\$ 6,627,365</u>

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.

(19) Equity

A. Share capital

MTK's authorized capital as of September 30, 2024, December 31, 2023, and September 30, 2023 was NT\$20,000,000 thousand, divided into 2,000,000,000 shares (including 20,000,000 shares reserved for exercise of employee stock options at each period), each at a par value of NT\$10. MTK's issued capital was NT\$16,016,943 thousand, NT\$15,996,475 thousand, and NT\$15,995,071 thousand, divided into 1,601,694,282 shares, 1,599,647,517 shares, and 1,599,507,129 shares as of September 30, 2024, December 31, 2023, and September 30, 2023, respectively. Each share has one voting right and a right to receive dividends.

On May 27, 2024, the general shareholders' meeting approved to issue restricted stocks for employees. As of September 30, 2024, 2,359,347 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 312,582 shares and 196,454 shares of issued restricted stocks for employees during the nine months ended September 30, 2024 and 2023, respectively. Relevant regulators' approvals have been obtained and related registration processes have been completed.

MTK issued 215,971 new shares for the nine months ended September 30, 2023, at par value of NT\$10 for exercising employee stock options. The aforementioned newly issued shares (NT\$1,610 thousand in the amount) were not yet registered and therefore were classified as capital collected in advance as of September 30, 2023.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

**B. Capital surplus**

	September 30, 2024	December 31, 2023	September 30, 2023
Additional paid-in capital	\$ 5,296,931	\$ 3,046,242	\$ 2,648,567
Treasury share transactions	3,638,118	3,209,443	3,209,444
The difference between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	6,942,715	7,120,637	9,477,276
Changes in ownership interests in subsidiaries	8,285,480	8,090,280	3,003,434
Donated assets	1,261	1,261	1,261
Share of changes in net assets of associates	4,607,877	4,138,812	4,123,161
Employee stock options	-	-	391,175
Restricted stocks for employees	2,470,309	2,384,116	2,309,470
Others	491,322	359,647	390,049
Total	<u>\$ 31,734,013</u>	<u>\$ 28,350,438</u>	<u>\$ 25,553,837</u>

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 being held by each of them.

**C. Treasury shares**

As of September 30, 2024, December 31, 2023, and September 30, 2023, 7,794,085 shares of MTK's common shares amounting to NT\$55,970 thousand were held by the subsidiary, Hsiang Fa Co. These shares held by Hsiang Fa Co. were acquired for the purpose of financing before the amendment of the Company Act on November 12, 2001.

**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, December 31, 2023, and September 30, 2023, MTK did not hold any other treasury shares.

**D. Retained earnings and dividend policy**

According to the MTK's previous version of Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

- a. reserve for tax payments;
- b. offset accumulated losses in previous years, if any;
- c. legal reserve, which is 10% of leftover profits. However, this restriction does not apply in the event that the amount of the accumulated legal reserve equals or exceeds MTK's total capital stock;
- d. allocation or reverse of special reserves as required by law or government authorities;
- e. the remaining net profits and the retained earnings from previous years will be allocated as shareholders' dividend. The Board of Directors will prepare a distribution proposal according to laws and regulations and the procedures and principles specified in the Articles of Incorporation and report such distribution to the shareholders' meeting or submit the same to the shareholders' meeting for review and approval by a resolution.

On May 31, 2023, MTK's shareholders resolved to amend the Articles that 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.

Based on the authorization from the Articles of Incorporation as mentioned above, 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 resolution to the shareholders' meeting.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

Shareholders' dividends may be distributed in the form of shares or cash and cash dividends to be distributed may not be less than 10% of total dividends to be distributed.

According to the Company Act, MTK needs to set aside amount to legal reserve unless where such legal reserve 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 being held by each of the shareholders.

Pursuant to existing regulations, MTK is required to set aside 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 distribution of earnings for the first half year of 2024, the year of 2023 and the year of 2022 were resolved by the Board of Directors' meeting. The details of the distribution were as follows:

	First half year of 2024	
Board of Directors' meeting	2024.10.30	
Legal reserve	\$	5,702,090
Cash dividends-common stock	\$	46,448,952
Dividends per share (NT\$)	\$	29.00
	Second half year of 2023	First half year of 2023
Board of Directors' meeting	2024.2.23	2023.10.27
Legal reserve	\$ 4,282,605	\$ 3,540,881
Cash dividends-common stock	\$ 48,628,552	\$ 39,350,914
Dividends per share (NT\$)	\$ 30.40	\$ 24.60
	2022	
Board of Directors' meeting	2023.2.24	
Legal reserve	\$	13,724,450
Cash dividends-common stock	\$	99,178,441
Dividends per share (NT\$)	\$	62.00



**MEDIATEK INC. AND SUBSIDIARIES**

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

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

In addition, the Board of Directors' meeting on February 24, 2023 resolved to distribute the additional paid-in capital by cash in the amount of NT\$22,395,132 thousand, or NT\$14 per share.

**E. Non-controlling interests**

	Nine months ended September 30	
	2024	2023
Beginning balance	\$ 5,999,576	\$ 2,948,949
Gains attributable to non-controlling interests	602,281	161,849
Other comprehensive income (losses), attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of foreign operations	35,952	(3,337)
Share-based payment transactions	-	110,524
Changes in associates and joint ventures accounted for using the equity method	916	4,453
Changes in ownership interests in subsidiaries	(73,469)	-
Sale of additional interest in a subsidiary	(43,583)	-
Acquired through business combinations	2,028,282	-
Others	(243,766)	(513,999)
Ending balance	<u>\$ 8,306,189</u>	<u>\$ 2,708,439</u>

**(20) 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.

**Employee stock option plans of MTK**

In August 2013, MTK was authorized by the FSC, Executive Yuan, to issue employee stock options of 3,500,000 units, each unit eligible to subscribe for one common share. The options may be granted to qualified employees of MTK or any of its domestic or foreign subsidiaries, in which MTK's shareholding with voting rights, directly or indirectly, is more than fifty percent. The options are valid for ten years and exercisable at certain percentage subsequent to the second anniversary of the granted date. Under the terms of the plan, the options are granted at an exercise price equal to the closing price of MTK's common shares listed on the Taiwan Stock Exchange Corporation ("TWSE") on the grant date.

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

Detail information relevant to the share-based payment plans was as follows:

Date of grant	Total number of options granted	Total number of options outstanding	Shares available for option holders	Exercise price (NT\$) (Note)
2013.08.22	1,436,343	-	-	\$ 368.0

Note: The exercise prices have been adjusted to reflect the change of outstanding shares (e.g. shares issued for cash, the distribution of earnings, issuance of new shares in connection with merger, or issuance of new shares to acquire shares of other companies) in accordance with the plan.

The compensation cost was recognized under the fair value method 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 (%)	2.43%
Expected volatility (%)	32.9%-33.7%
Risk free interest rate (%)	1.18515%-1.65%
Expected life (Years)	6.5 years

The expected life of the share 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.

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

	Nine months ended September 30	
	2023	
Employee Stock Option	Options (Unit)	Weighted-average Exercise Price per Share (NT\$)
Outstanding at beginning of period	218,120	\$ 368.0
Exercised (Note)	(215,971)	368.0
Forfeited (Expired)	(2,149)	368.0
Outstanding at end of period	-	-
Exercisable at end of period	-	-
Weighted-average fair value of options granted during the period (in NT\$)	\$ -	-

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

Note: The weighted average share price at the date of exercise of those options was NT\$704 for the nine months ended September 30, 2023.

The information on the outstanding share-based payment plans was as follows:

	Date of grant	Range of Exercise Price (NT\$)	September 30, 2023	
			Outstanding stock options	
			Weighted- average Expected Remaining Years	Weighted- average Exercise Price per Share (NT\$)
	2013.08.09	\$ 368.0	-	\$ 368.0

**Restricted stocks plan for employees of MTK**

On July 5, 2021, the shareholders' meeting approved to issue gratuitous restricted stocks for employees, at a total of 19,080,000 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 8,381,181, 157,274, 272,034 and 201,938 gratuitous restricted stocks on August 31, 2021, February 23, 2022, August 31, 2022 and February 23, 2023 respectively. The issuance process was granted effective registration by the securities authority.

The fair value of the restricted stocks issued was NT\$824.81-NT\$901, NT\$1,024.8-NT\$1,120, NT\$610.31-NT\$667 and NT\$681.68-NT\$745 per share, respectively. The estimated compensation expenses amounted to NT\$7,529,997 thousand in total based on the vesting conditions. As of September 30, 2024, the compensation expense was all recorded under salary expense.

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 gratuitous restricted stocks on August 23, 2024. 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 per share,

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

respectively. The estimated compensation expenses amounted to NT\$2,578,214 thousand in total based on the vesting conditions and will be recognized during the vesting period. As of September 30, 2024, MTK had recognized NT\$164,340 thousand as compensation expense and NT\$2,375,424 thousand as unearned employee compensation, which were recorded under salary expense and other equity, respectively.

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

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

Restrictions on the rights and vesting conditions of the first restricted stocks for employees of 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.

**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 Taiwanese employees and foreign employees. The total units of the stock options are 2,155,464 units for Taiwanese optionees and 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, the exercisable periods and the exercise price of the Taiwanese employee stock options were determined to be on January 3, 2022, from January 3, 2022 to January 7, 2022 and NT\$264 per share, respectively. The options have all been exercised, with January 10, 2022 being the record date of the capital increase. Relevant regulators' approvals have been obtained and related registration processes have been completed.

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.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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)	0.01-1.61 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.

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

	Nine months ended September 30			
	2024		2023	
	Weighted-average		Weighted-average	
Employee Stock Option	Options (Unit)	Exercise Price per Share (NT\$)	Options (Unit)	Exercise Price per Share (NT\$)
Outstanding at beginning of period	1,483,851	\$ 82	1,491,839	\$ 82
Exercised (Note)	(1,483,851)	82	-	-
Forfeited (Expired)	-	-	(7,988)	80
Outstanding at end of period	-	-	1,483,851	82
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.

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

The information on the outstanding share-based payment plans was as follows:

		September 30, 2024		September 30, 2023	
		Outstanding stock options		Outstanding stock options	
		Weighted- average	Weighted- average	Weighted- average	Weighted- average
		Expected Remaining	Exercise Price per Share	Expected Remaining	Exercise Price per Share
Date of grant	Range of Exercise Price (NT\$)	Years	(NT\$)	Years	(NT\$)
2022.01.10	\$ 67-137	-	\$ -	0.39	\$ 67-137

Share-based compensation expenses recognized for the three months and nine months ended September 30, 2024 and 2023 are shown in the following table:

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Employee stock options	\$ -	\$ 3,799	\$ -	\$ 110,524
Restricted stocks for employees	300,132	492,853	717,937	1,511,719
Total	<u>\$ 300,132</u>	<u>\$ 496,652</u>	<u>\$ 717,937</u>	<u>\$ 1,622,243</u>

The Company did not modify or cancel any share-based payment plans for the nine months ended September 30, 2024 and 2023.

**(21) Sales**

Analysis of revenue from contracts with customers for the three months and nine months ended September 30, 2024 and 2023 was 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. Disaggregation of revenue**

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Sale of goods	\$ 130,110,376	\$ 106,915,292	\$ 386,727,635	\$ 297,231,002
Services and other operating revenue	1,703,118	3,182,236	5,815,127	6,653,323
Total	<u>\$ 131,813,494</u>	<u>\$ 110,097,528</u>	<u>\$ 392,542,762</u>	<u>\$ 303,884,325</u>
Revenue recognition point:				
At a point in time	\$ 131,039,391	\$ 107,103,193	\$ 389,124,224	\$ 298,349,590
Satisfies the performance obligation over time	774,103	2,994,335	3,418,538	5,534,735
Total	<u>\$ 131,813,494</u>	<u>\$ 110,097,528</u>	<u>\$ 392,542,762</u>	<u>\$ 303,884,325</u>

**B. Contract balances****Contract liabilities – current**

	September 30, 2024	January 1, 2024	September 30, 2023	January 1, 2023
Sale of goods	\$ 1,195,750	\$ 1,615,650	\$ 1,548,622	\$ 4,043,364
Services and other operating revenue	2,991,285	1,761,109	1,234,442	857,530
Total	<u>\$ 4,187,035</u>	<u>\$ 3,376,759</u>	<u>\$ 2,783,064</u>	<u>\$ 4,900,894</u>

The significant changes in the Company's balances of contract liabilities for the three months and nine months ended September 30, 2024 and 2023 were as follows:

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Revenue recognized during the period that was included in the beginning balance	<u>\$ 32,937</u>	<u>\$ 80,714</u>	<u>\$ 2,121,697</u>	<u>\$ 4,105,099</u>
Increase in receipt in advance during the period (deducting the amount incurred and transferred to revenue during the period)	<u>\$ (116,742)</u>	<u>\$ (2,802,986)</u>	<u>\$ 2,924,089</u>	<u>\$ 1,991,484</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, 2024 and 2023, no disclosure of the unsatisfied performance obligations was needed as the contract terms with customers about the sales of goods are all shorter than one year; besides, the summarized amounts of transaction price allocated to unsatisfied performance obligations about rendering of services were NT\$1,959,200 thousand and NT\$5,434,184 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.

**(22) Expected credit (losses) gains**

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Operating expense- expected credit (losses) gains				
Trade receivables	\$ (3,860)	\$ 32,348	\$ 52,535	\$ (55,600)

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 financing lease receivables, net at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as of September 30, 2024, December 31, 2023, and September 30, 2023 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:

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**2024.09.30

	Neither past due	Past due				Total
	(Note)	Within 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

2023.12.31

	Neither past due	Past due				Total
	(Note)	Within 30 days	31-60 days	61-90 days	After 90 days	
Gross carrying amount	\$ 53,323,182	\$ 1,565,910	\$ 97,942	\$ 4,263	\$ 116,365	\$ 55,107,662
Loss ratio	0%	0%	0%	0%-10%	20%-100%	
Lifetime expected credit losses	-	-	-	(195)	(57,738)	(57,933)
Carrying amount of trade receivables	\$ 53,323,182	\$ 1,565,910	\$ 97,942	\$ 4,068	\$ 58,627	\$ 55,049,729

2023.09.30

	Neither past due	Past due				Total
	(Note)	Within 30 days	31-60 days	61-90 days	After 90 days	
Gross carrying amount	\$ 59,692,784	\$ 1,314,924	\$ 8,570	\$ 2,884	\$ 144,629	\$ 61,163,791
Loss ratio	0%	0%	0%	0%-10%	20%-100%	
Lifetime expected credit losses	-	-	-	(3)	(57,861)	(57,864)
Carrying amount of trade receivables	\$ 59,692,784	\$ 1,314,924	\$ 8,570	\$ 2,881	\$ 86,768	\$ 61,105,927

Note: Neither the Company's note and trade receivables from related parties nor financing 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 financing lease receivables for the nine months ended September 30, 2024 and 2023 were as follows:

	Notes receivable	Trade receivables (including related parties)	Financing lease receivables
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	<u>\$ -</u>	<u>\$ 5,379</u>	<u>\$ -</u>

  

	Notes receivable	Trade receivables (including related parties)	Financing lease receivables
As of January 1, 2023	\$ -	\$ 1,640	\$ -
Allowance for the current period	-	55,600	-
Effect of changes in exchange rate	-	624	-
As of September 30, 2023	<u>\$ -</u>	<u>\$ 57,864</u>	<u>\$ -</u>

**(23) Leases**

**A. The Company as a lessee**

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

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

	September 30, 2024	December 31, 2023	September 30, 2023
Land	\$ 6,490,113	\$ 6,582,463	\$ 6,618,340
Buildings and facilities	2,438,373	1,900,361	1,975,756
Machinery equipment	168,730	104,406	133,903
Transportation equipment	7,851	7,213	9,056
Office equipment	2,283	2,862	3,229
Total	<u>\$ 9,107,350</u>	<u>\$ 8,597,305</u>	<u>\$ 8,740,284</u>

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

During the nine months ended September 30, 2024 and 2023, the additions to right-of-use assets of the Company amounted to NT\$1,292,315 thousand and NT\$452,863 thousand, respectively.

**b. Lease liability**

	September 30, 2024	December 31, 2023	September 30, 2023
Lease liability-current	\$ 956,566	\$ 837,485	\$ 813,647
Lease liability-noncurrent	8,543,807	8,060,351	8,158,425
Total	<u>\$ 9,500,373</u>	<u>\$ 8,897,836</u>	<u>\$ 8,972,072</u>

Please refer to Note 6. (28) for the interest on lease liability recognized during the three months and nine months ended September 30, 2024 and 2023 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 nine months ended September 30, 2024 and 2023. Please refer to Note 6. (10) for related information.

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

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Land	\$ 31,316	\$ 31,295	\$ 93,762	\$ 93,896
Buildings and facilities	217,861	180,852	633,221	530,275
Machinery equipment	28,165	29,498	92,668	66,667
Transportation equipment	1,460	2,036	4,536	6,331
Office equipment	375	374	1,119	1,170
Total	<u>\$ 279,177</u>	<u>\$ 244,055</u>	<u>\$ 825,306</u>	<u>\$ 698,339</u>

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

## d. Income and costs relating to leasing activities

	Three months ended		Nine months ended	
	September 30		September 30	
	2024	2023	2024	2023
The expense relating to short-term leases	\$ 15,195	\$ 24,222	\$ 41,372	\$ 67,180
The expense relating to leases of low-value assets (not including the expense relating to short-term leases of low-value assets)	\$ 1,254	\$ 1,166	\$ 1,972	\$ 4,005
Income from subleasing right-of-use assets	\$ 540	\$ 1,501	\$ 3,222	\$ 4,238

## e. Cash outflow relating to leasing activities

During the nine months ended September 30, 2024 and 2023, the Company's total cash outflows for leases amounted to NT\$807,753 thousand and NT\$703,500 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 Hsu-Yuan's sales range between NT\$350,000-430,000 thousand), 2% (when Hsu-Yuan's sales range between NT\$430,000-520,000 thousand), and 3% (when Hsu-Yuan's sales exceed NT\$520,000 thousand) of Hsu-Yuan's sales, respectively.

**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 as a lessor**

Please refer to Note 6. (11) 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 ownership of underlying assets.

The Company has entered into machinery and equipment lease agreements with terms from the year 2020 to 2025. These leases are classified as finance leases as they transfer substantially all the risks and rewards incidental to ownership of the underlying assets.

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Lease income for operating leases				
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	\$ 71,055	\$ 57,519	\$ 217,748	\$ 173,655
Lease income for finance leases				
Finance income on the net investment in the lease	4,404	5,872	15,292	17,422
Total	\$ 75,459	\$ 63,391	\$ 233,040	\$ 191,077

**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, 2024, December 31, 2023, and September 30, 2023 were as follows:

	September 30, 2024	December 31, 2023	September 30, 2023
Not later than one year	\$ 738,078	\$ 746,853	\$ 567,082
Later than one year and not later than two years	182,707	735,143	738,078
Later than two years and not later than three years	-	-	182,707
Total non-discounted lease payments	920,785	1,481,996	1,487,867
Less: unearned finance income of finance lease	(10,920)	(26,212)	(32,083)
Less: allowance for doubtful debts	-	-	-
Net investment in the finance lease (receivable of a finance lease)	\$ 909,865	\$ 1,455,784	\$ 1,455,784
Current	\$ 727,892	\$ 727,892	\$ 545,919
Noncurrent	\$ 181,973	\$ 727,892	\$ 909,865

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

	Three months ended September 30					
	2024			2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Pension	\$ 12,107	\$ 746,782	\$ 758,889	\$ 12,578	\$ 740,690	\$ 753,268
Others	\$ 351,590	\$ 24,348,924	\$ 24,700,514	\$ 322,035	\$ 20,787,235	\$ 21,109,270
Depreciation	\$ 78,823	\$ 3,086,412	\$ 3,165,235	\$ 22,573	\$ 2,866,882	\$ 2,889,455
Amortization	\$ 308	\$ 2,133,229	\$ 2,133,537	\$ 1,215	\$ 1,922,377	\$ 1,923,592

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

	Nine months ended September 30					
	2024			2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Pension	\$ 37,738	\$ 2,193,326	\$ 2,231,064	\$ 39,050	\$ 2,074,916	\$ 2,113,966
Others	\$ 1,006,227	\$ 73,238,546	\$ 74,244,773	\$ 1,007,067	\$ 59,796,369	\$ 60,803,436
Depreciation	\$ 215,455	\$ 9,095,731	\$ 9,311,186	\$ 70,452	\$ 8,040,263	\$ 8,110,715
Amortization	\$ 1,571	\$ 6,167,813	\$ 6,169,384	\$ 3,577	\$ 5,233,836	\$ 5,237,413

According to the Articles of Incorporation of MTK, no lower than 1% of profit of the current year is distributable as employees' compensation and no higher than 0.5% of profit of the current year is distributable as remuneration to directors. However, MTK's accumulated losses shall have been covered (if any). MTK may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

MTK accrued employees' compensation and remuneration to directors based on a specific rate of profit for the nine months ended September 30, 2024 and 2023. 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. If the Board of Directors resolves to distribute employees' compensation in stock, the number of shares distributed is determined by dividing the amount of bonuses by the closing price (after considering the effect of cash and stock dividends) of shares on the day preceding the Board of Directors' meeting. The amounts of employees' compensation and remuneration to directors for the three months and nine months ended September 30, 2024 and 2023 were as follows:

	Three months ended		Nine months ended	
	September 30		September 30	
	2024	2023	2024	2023
Employees' compensation	\$ 327,630	\$ 250,418	\$ 1,092,274	\$ 692,012
Remuneration to directors	\$ 24,000	\$ 25,355	\$ 77,000	\$ 70,066



**MEDIATEK INC. AND SUBSIDIARIES**

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

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

A resolution was approved in a meeting of the Board of Directors held on February 23, 2024 to distribute NT\$1,045,717 thousand and NT\$103,000 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 2023.

There was no difference between the actual distribution amounts of employees' compensation and remuneration to directors in 2023 and the amounts charged against earnings in 2022.

**(25) Interest income**

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Financial assets measured at amortized cost	\$ 2,889,325	\$ 1,652,806	\$ 8,046,433	\$ 4,850,272
Financial assets at fair value through other comprehensive income	6,655	10,769	83,533	88,975
Total	<u>\$ 2,895,980</u>	<u>\$ 1,663,575</u>	<u>\$ 8,129,966</u>	<u>\$ 4,939,247</u>

**(26) Other income**

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Rental income	\$ 71,055	\$ 57,519	\$ 217,748	\$ 173,655
Dividend income	494,544	944,364	2,033,048	5,202,450
Others	49,925	139,017	138,270	190,402
Total	<u>\$ 615,524</u>	<u>\$ 1,140,900</u>	<u>\$ 2,389,066</u>	<u>\$ 5,566,507</u>

**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	
	2024	2023	2024	2023
Gains (losses) on disposal of property, plant and equipment	\$ 3,173	\$ (10,888)	\$ 6,344	\$ (11,465)
Gains (losses) on disposal of investments				
Investments accounted for using the equity method	914,418	(2,377)	912,124	(2,466)
Financial assets measured at amortized cost	31,857	(14,616)	(30,516)	(14,616)
Foreign exchange gains (losses)	218,821	(225,855)	(1,027,733)	(933,267)
Impairment loss				
Investments accounted for using the equity method	-	-	(74,233)	-
(Losses) gains on financial instruments at fair value through profit or loss	(34,281)	548,256	1,905,924	1,977,737
Others	(17,799)	23,011	(75,286)	6,375
Total	<u>\$ 1,116,189</u>	<u>\$ 317,531</u>	<u>\$ 1,616,624</u>	<u>\$ 1,022,298</u>

(28) Finance costs

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Interest expenses on borrowings	\$ 174,789	\$ 235,718	\$ 224,946	\$ 277,091
Interest expenses on lease liabilities	29,663	17,401	76,718	50,513
Total	<u>\$ 204,452</u>	<u>\$ 253,119</u>	<u>\$ 301,664</u>	<u>\$ 327,604</u>

**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, 2024:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax benefit	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 three months ended September 30, 2023:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax benefit	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	\$ (591,979)	\$ -	\$ (591,979)	\$ 908,894	\$ 316,915
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(497,689)	-	(497,689)	-	(497,689)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	9,702,098	-	9,702,098	-	9,702,098
Unrealized gains (losses) from debt instrument investments measured at fair value through other comprehensive income	(3,588)	-	(3,588)	-	(3,588)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(27,387)	2,377	(25,010)	-	(25,010)
Total	\$ 8,581,455	\$ 2,377	\$ 8,583,832	\$ 908,894	\$ 9,492,726

**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 benefit	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
Total	\$ 11,157,406	\$ 3,094	\$ 11,160,500	\$ 267,618	\$ 11,428,118

**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, 2023:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax expense	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	\$ 9,906,581	\$ -	\$ 9,906,581	\$ (6,965)	\$ 9,899,616
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(396,760)	-	(396,760)	-	(396,760)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	11,031,427	-	11,031,427	-	11,031,427
Unrealized gains (losses) from debt instrument investments measured at fair value through other comprehensive income	(1,258)	-	(1,258)	-	(1,258)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(385,598)	2,466	(383,132)	-	(383,132)
Total	\$ 20,154,392	\$ 2,466	\$ 20,156,858	\$ (6,965)	\$ 20,149,893

**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	
	2024	2023	2024	2023
Current income tax expense:				
Current income tax charge	\$ 1,705,214	\$ 3,767,292	\$ 7,410,288	\$ 9,608,858
Current tax expense related to Pillar Two legislation	250,290	-	558,912	-
Deferred tax (income) expense:				
Deferred tax expense (income) relating to origination and reversal of temporary differences	1,189,184	(2,046,866)	1,969,139	(4,894,042)
Deferred tax (income) expense relating to origination and reversal of tax loss and tax credit	(156,993)	109,879	226,699	812,095
Deferred tax expense arising from write-down or reversal of write-down of deferred tax asset	42,460	574,638	(156,830)	1,097,367
Others	(178,904)	19,507	100,021	364,797
Total income tax expense	<u>\$ 2,851,251</u>	<u>\$ 2,424,450</u>	<u>\$ 10,108,229</u>	<u>\$ 6,989,075</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 recognized in other comprehensive income

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Deferred tax (expense) income:				
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	\$ 88,218	\$ 908,894	\$ 267,618	\$ (6,965)

Income tax charged directly to equity

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Current income tax (expense) income:				
Realized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	\$ -	\$ 512,612	\$ 358	\$ 751,182

The risk exposure of Pillar Two income tax

As of September 30, 2024, some of the Company's subsidiaries were located in the tax jurisdictions where the Pillar Two legislation has been enacted or substantially enacted but has not yet come into effect. The Company is currently assessing the potential risk exposure brought by the Pillar Two legislation and expects to report this potential risk exposure in the financial statements for the following year.



**MEDIATEK INC. AND SUBSIDIARIES**

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

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

The assessment of income tax returns

As of September 30, 2024, 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 2021	
Subsidiary- Richtek Technology Corp.	Assessed and approved up to 2022	
Subsidiary- Airoha Technology Corp.	Assessed and approved up to 2021	

(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.

	<u>Three months ended September 30</u>		<u>Nine months ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
A. Basic earnings per share				
Profit attributable to ordinary equity owners of the parent (in thousand NT\$)	<u>\$ 25,346,282</u>	<u>\$ 18,477,639</u>	<u>\$ 82,597,455</u>	<u>\$ 51,315,980</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (share)	<u>1,589,673,490</u>	<u>1,586,881,204</u>	<u>1,589,045,266</u>	<u>1,586,194,952</u>
Basic earnings per share (NT\$)	<u>\$ 15.94</u>	<u>\$ 11.64</u>	<u>\$ 51.98</u>	<u>\$ 32.35</u>

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

	<u>Three months ended September 30</u>		<u>Nine months ended September 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
B. Diluted earnings per share				
Profit attributable to ordinary equity owners of the parent (in thousand NT\$)	<u>\$ 25,346,282</u>	<u>\$ 18,477,639</u>	<u>\$ 82,597,455</u>	<u>\$ 51,315,980</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (share)	1,589,673,490	1,586,881,204	1,589,045,266	1,586,194,952
Effect of dilution:				
Employees' compensation-stock (share)	929,595	941,513	1,128,880	1,378,190
Employee stock options (share)	-	55,023	-	137,700
Restricted stocks for employees (share)	<u>2,086,261</u>	<u>3,850,048</u>	<u>2,665,768</u>	<u>4,487,216</u>
Weighted average number of ordinary shares outstanding after dilution (share)	<u>1,592,689,346</u>	<u>1,591,727,788</u>	<u>1,592,839,914</u>	<u>1,592,198,058</u>
Diluted earnings per share (NT\$)	<u>\$ 15.91</u>	<u>\$ 11.61</u>	<u>\$ 51.86</u>	<u>\$ 32.23</u>

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.

**(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.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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	42,202
Inventories	129,732
Other current assets	31,120
Property, plant and equipment	604,662
Intangible assets	697,618
Other non-current assets	522
	<hr/> 3,657,867
Current liabilities	(104,129)
Deferred tax liabilities	(201,362)
Other non-current liabilities	(3,017)
	<hr/> (308,508)
Identifiable net assets at fair value	<hr/> \$ 3,349,359 <hr/>

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	2,028,282
Less: identifiable net assets at fair value	<hr/> (3,349,359)
Goodwill	<hr/> \$ 1,821,182 <hr/>

**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. None of the trade receivables have been impaired and 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	\$ 219,037

The net assets recognized in the financial statements ended 30 September 2024 were based on a provisional amount as the Company had sought an independent valuation for the net assets owned by IC+. The results of this valuation had not been received at the date the financial statements ended 30 September 2024 were approved for issue by the management.

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 September 30, 2024, IC+ has contributed NT\$167,542 thousand to the Company's revenue, with a net loss of NT\$10,525. If the combination had taken place at the beginning of that year, the Company's consolidate operations revenue would have been NT\$392,847,976 thousand and the net profit for the period would have been NT\$83,126,770 thousand.

**(33) Changes in ownership interests in subsidiaries**

Changes in ownership of subsidiaries

Airoha Technology Corp. increased its capital by cash in October 2023 and the first half of the year 2024. The Company did not proportionately subscribe the newly issued shares proportionate to its original ownership interest that resulted in a change in ownership interest. In addition, from November 2023 to January 2024, the Company continuously acquired Airoha Technology Corp.'s outstanding shares. After all the changes mentioned above, the Company's ownership of Airoha Technology Corp. became 70%. As the control over the subsidiary remained, the changes of the ownership interest were accounted for as equity transactions.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

The difference between the fair value from acquiring or disposing equity investments and the decrease or increase in the non-controlling interest was (NT\$66,362) thousand for the nine months ended September 30, 2024, which had been recorded in equity.

**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

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
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
King Yuan Electronics Co., Ltd. and its subsidiaries	Substantive related party

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.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

Significant transactions with the related parties

(1) Sales

Sales of goods

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Associates				
Intelligo Technology Inc. and its subsidiaries	\$ 62,249	\$ 2,453	\$ 73,477	\$ 18,752
ASIX Electronics Corporation	55,595	1,494	184,148	62,660
AMobile Solutions Corp.	(70)	-	4,042	-
Subtotal	117,774	3,947	261,667	81,412

Services and other operating revenue

Associates

Sigmastar Technology Ltd. and its subsidiaries	25,025	9,573	73,425	51,466
Intellectual Property Innovation Corp.	-	-	292	-
AMobile Solutions Corp.	-	-	-	7,612
Subtotal	25,025	9,573	73,717	59,078
Total	\$ 142,799	\$ 13,520	\$ 335,384	\$ 140,490

The trade credit terms for associates were 30 days and third-party customers were 30 to 150 days. Third-party customers may pay their accounts in advance.

(2) IC testing, experimental services, and manufacturing technology services

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Other related parties				
King Yuan Electronics Co., Ltd. and its subsidiaries	\$ 1,826,049	\$ 1,829,095	\$ 5,908,578	\$ 5,192,984

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Associates				
Intelligo Technology Inc. and its subsidiaries	\$ 37,005	\$ 14,448	\$ 92,041	\$ 37,461
MoMAGIC Technologies Private Limited	-	2,159	527	2,159
Other related parties King Yuan Electronics Co., Ltd. and its subsidiaries	1,098	899	3,651	3,463
Total	<u>\$ 38,103</u>	<u>\$ 17,506</u>	<u>\$ 96,219</u>	<u>\$ 43,083</u>

(4) Other income

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Associates				
ASIX Electronics Corporation	\$ 10	\$ 10	\$ 2,270	\$ 4,220
IC PLUS Corp.	-	-	20	-
Other related parties King Yuan Electronics Co., Ltd. and its subsidiaries	2,222	-	3,928	-
Total	<u>\$ 2,232</u>	<u>\$ 10</u>	<u>\$ 6,218</u>	<u>\$ 4,220</u>

**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	
	2024	2023	2024	2023
Associate				
Sigmastar Technology Ltd. and its subsidiaries	\$ 230	\$ 143	\$ 676	\$ 646

(6) Trade receivables from related parties

	September 30, 2024	December 31, 2023	September 30, 2023
Associates			
Intelligo Technology Inc. and its subsidiaries	\$ 18,876	\$ 3,391	\$ -
ASIX Electronics Corporation	18,871	33,903	68
Sigmastar Technology Ltd. and its subsidiaries	23,250	16,168	13,811
Total	\$ 60,997	\$ 53,462	\$ 13,879

(7) Other receivables

	September 30, 2024	December 31, 2023	September 30, 2023
Other related parties			
King Yuan Electronics Co., Ltd. and its subsidiaries	\$ 2,333	\$ -	\$ -

(8) Contract liabilities-current

	September 30, 2024	December 31, 2023	September 30, 2023
Associate			
AMobile Solutions Corp.	\$ -	\$ 4,377	\$ 5,412



**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, 2024	December 31, 2023	September 30, 2023
Other related parties			
King Yuan Electronics Co., Ltd. and its subsidiaries	\$ 2,074,573	\$ 1,919,652	\$ 1,824,449

(10) Other payables to related parties

	September 30, 2024	December 31, 2023	September 30, 2023
Associate			
Intelligo Technology Inc. and its subsidiaries	\$ 76,260	\$ 105,679	\$ 173,866
Other related parties			
King Yuan Electronics Co., Ltd. and its subsidiaries	3,966	2,950	15
Total	\$ 80,226	\$ 108,629	\$ 173,881

(11) Deposits received

	September 30, 2024	December 31, 2023	September 30, 2023
Associate			
Sigmastar Technology Ltd. and its subsidiaries	\$ 161	\$ 151	\$ 151

(12) Other

During the nine months ended September 30, 2024, the Company acquired computer software from Intelligo Technology Inc. and its subsidiaries in the amount of NT\$62,860 thousand which was recorded as intangible assets.

**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	
	2024	2023	2024	2023
Short-term employee benefits (Note)	\$ 537,779	\$ 502,080	\$ 1,605,058	\$ 1,583,024
Share-based payment	71,067	125,245	179,098	381,111
Post-employment benefits	1,328	210	3,427	2,256
Total	<u>\$ 610,174</u>	<u>\$ 627,535</u>	<u>\$ 1,787,583</u>	<u>\$ 1,966,391</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:

Assets pledged as collateral	Carrying amount			Purpose of pledge
	September 30, 2024	December 31, 2023	September 30, 2023	
Financial assets measured at amortized cost-noncurrent	\$ 12,371	\$ 12,204	\$ 12,209	Lease execution deposits
Financial assets measured at amortized cost-noncurrent	75,569	79,126	79,150	Customs clearance deposits
Financial assets measured at amortized cost-noncurrent	96,079	92,543	68,340	Land lease guarantee
Financial assets measured at amortized cost-noncurrent	185,481	170,000	170,000	Performance bond
Total	<u>\$ 369,500</u>	<u>\$ 353,873</u>	<u>\$ 329,699</u>	

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

**9. Contingencies and Off Balance Sheet Commitments**

(1) Commitment

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.

(2) Significant Commitments

The Company entered into capacity reservation contracts with several suppliers. According to the contracts, the supplier shall provide agreed production capacity with the Company after prepayments 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, 2024, the Company had reversed the provisions and written off refundable deposits in accordance with the amended contracts with some suppliers.

(3) 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.

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.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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.

D. Innomemory LLC filed a complaint in the United States District Court for the Eastern District of Texas against MTK on May 26, 2023, alleging infringement of U.S. Patent No. 6,240,046. Pursuant to the plaintiff's motion for voluntary dismissal, the court dismissed the claims against MTK on April 24, 2024.

E. 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.

F. Bell Northern Research, LLC filed a complaint in the United States District Court for the Central District of California against MTK subsidiary MediaTek USA Inc. and Mediatek Northern America Inc. on June 15, 2023, alleging infringement of U.S. Patent Nos. 8,416,862, 7,564,914 and RE 48,629. Plaintiff has submitted a petition for voluntary dismissal on May 31, 2024.

Bell Northern Research, LLC filed a complaint with the U.S. International Trade Commission against MTK and subsidiary MediaTek USA Inc. on June 21, 2023, alleging infringement of U.S. Patent Nos. 8,416,862, 7,564,914 and RE 48,629. Pursuant to the parties' joint motion to terminate, the Committee terminated the case against MTK and its subsidiaries MediaTek USA Inc. on June 26, 2024.

G. Deepwell IP LLC filed a complaint in the United States District Court for the Eastern District of Texas against MTK on September 19, 2023, alleging infringement of U.S. Patent Nos. 7,149,851, 7,645,664, 8,415,730, RE44,025. Pursuant to the parties' joint motion to dismiss the case, the court dismissed the claims against MTK on June 28, 2024.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

H. LED Apogee LLC filed a complaint in the United States District Court for the Western District of Texas against MTK on January 16, 2024, alleging infringement of U.S. Patent No. 6,982,527. Plaintiff has submitted a petition for voluntary dismissal on April 18, 2024.

I. 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.

J. 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.

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.

K. 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.

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.

**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 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.

L. 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.

M. CommWorks Solutions LLC filed a complaint in the United States District Court for the Eastern District of Texas against MTK on August 27, 2024, alleging infringement of U.S. Patent Nos. 7,177,285, 7,463,596, 7,911,979, RE44,904, 7,027,465 and 6,891,807.

N. 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.

Except for cases that were dismissed or terminated (cases D, F, G, H), 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.

**10. Losses due to Major Disasters**

None

**11. Significant Subsequent Events**

None

**MEDIATEK INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)****12. Others****(1) Financial instruments****A. Categories of financial instruments**Financial assets

	September 30, 2024	December 31, 2023	September 30, 2023
Financial assets at fair value through profit or loss:			
Held for trading financial assets	\$ 6,574	\$ 20,591	\$ 149,263
Mandatorily measured at fair value through profit or loss (Note 1)	13,113,966	12,444,416	15,424,879
Subtotal	13,120,540	12,465,007	15,574,142
Financial assets at fair value through other comprehensive income	81,200,775	78,441,336	82,219,009
Financial assets measured at amortized cost (Note 2)	308,258,998	283,987,641	248,785,807
Total	<u>\$ 402,580,313</u>	<u>\$ 374,893,984</u>	<u>\$ 346,578,958</u>

Financial liabilities

	September 30, 2024	December 31, 2023	September 30, 2023
Financial liabilities at fair value through profit or loss:			
Held for trading financial liabilities	\$ 114,798	\$ 301,675	\$ 14,216
Financial liabilities at amortized cost:			
Short-term borrowings	19,133,800	2,200,000	32,794,232
Trade payables (including related parties)	35,682,498	38,779,040	30,797,006
Other payables (including related parties)	54,030,892	91,761,734	45,261,581
Long-term payables (including current portion)	8,744,800	10,230,990	10,762,967
Lease liabilities	9,500,373	8,897,836	8,972,072
Subtotal	127,092,363	151,869,600	128,587,858
Total	<u>\$ 127,207,161</u>	<u>\$ 152,171,275</u>	<u>\$ 128,602,074</u>

**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\$1,982,298 thousand, NT\$1,922,492 thousand and NT\$3,432,847 thousand as of September 30, 2024, December 31, 2023, and September 30, 2023, 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 in the amount of NT\$1,982,298 thousand, NT\$1,922,492 thousand and NT\$3,432,847 thousand as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively. Please refer to Note 6. (5) for further explanation.), other receivables and financing 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 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.

(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:

**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 contract	-	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>
<u>Liabilities measured at fair value:</u>				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 114,798	\$ -	\$ 114,798

**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, 2023

	Level 1	Level 2	Level 3	Total
<u>Assets measured at fair value:</u>				
Financial assets at fair value through profit or loss				
Bonds	\$ -	\$ -	\$ 1,541,120	\$ 1,541,120
Linked deposits	-	-	2,736,431	2,736,431
Stocks	121,256	-	-	121,256
Funds	1,910,145	-	2,797,941	4,708,086
Trust funds	1,415,031	-	-	1,415,031
Forward exchange contracts	-	13,268	-	13,268
Cross-currency swap contracts	-	7,323	-	7,323
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	46,195,800	-	31,049,499	77,245,299
Debt instruments measured at fair value through other comprehensive income	561,410	-	634,627	1,196,037
Total	<u>\$ 50,203,642</u>	<u>\$ 20,591</u>	<u>\$ 38,759,618</u>	<u>\$ 88,983,851</u>

Liabilities measured atfair value:

Financial liabilities at fair value through profit or loss

Forward exchange

contracts	\$ -	\$ 301,675	\$ -	\$ 301,675
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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 September 30, 2023

	Level 1	Level 2	Level 3	Total
<u>Assets measured at fair value:</u>				
Financial assets at fair value through profit or loss				
Bonds	\$ -	\$ -	\$ 1,536,366	\$ 1,536,366
Linked deposits	-	-	3,338,835	3,338,835
Stocks	127,260	-	-	127,260
Funds	1,855,143	-	3,821,374	5,676,517
Trust funds	1,313,054	-	-	1,313,054
Forward exchange contracts	-	149,263	-	149,263
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	47,916,333	-	33,088,620	81,004,953
Debt instruments measured at fair value through other comprehensive income	571,858	-	642,198	1,214,056
Total	<u>\$ 51,783,648</u>	<u>\$ 149,263</u>	<u>\$ 42,427,393</u>	<u>\$ 94,360,304</u>

Liabilities measured at

fair value:

Financial liabilities at fair value through profit or loss

Forward exchange

contracts	\$ -	\$ 14,216	\$ -	\$ 14,216
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For the nine months ended September 30, 2024 and 2023, amounts transferred from level 2 of the fair value hierarchy to level 1 due to the release of the stock transfer restrictions were nil and NT\$368,457 thousand, respectively.

**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				Measured at fair value through other			
	through profit or loss				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	\$ 1,764,170	\$ 3,158,443	\$ 2,174,989	\$ 85,316	\$ 201,201	\$ 21,356,957	\$ 10,150,237	\$ 38,891,313

**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			Total
	Bonds	Funds	Link deposits	Bonds	Capital	Stocks	
As of January 1, 2023	\$ 1,480,393	\$ 5,555,174	\$ 4,993,444	\$ 641,183	\$ 49,386,393	\$ 10,431,499	\$ 72,488,086
Amount recognized in profit or loss	52,174	123,435	9,867	-	-	-	185,476
Amount recognized in OCI	-	-	-	3,407	(20,392,238)	(1,591,293)	(21,980,124)
Amount recognized in OCI- exchange differences	19,940	(7,203)	122,111	(2,392)	1,348,556	404,426	1,885,438
Acquisitions	54,878	7,769,770	100,000	-	1,082,565	264,725	9,271,938
Settlements	(71,019)	(9,619,802)	(1,886,587)	-	(7,714,086)	(76,750)	(19,368,244)
Others	-	-	-	-	9,053	-	9,053
Transfer out of level 3	-	-	-	-	-	(64,230)	(64,230)
As of September 30, 2023	\$ 1,536,366	\$ 3,821,374	\$ 3,338,835	\$ 642,198	\$ 23,720,243	\$ 9,368,377	\$ 42,427,393

Total gains and (losses) related to assets recognized for the nine months ended September 30, 2024 and 2023 amounted to NT\$98,858 thousand and NT\$114,166 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, 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 period 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 period ended September 30, 2024 by NT\$60,812 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, 2023:

	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, 2023 by NT\$215,716 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, 2023 by NT\$33,367 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, 2023:

	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 period ended September 30, 2023 by NT\$309,536 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 period ended September 30, 2023 by NT\$145,875 thousand.

The Company's linked-deposits and funds 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 analyses 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, 2024

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

As of December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment property	\$ -	\$ -	\$ 3,543,736	\$ 3,543,736

As of September 30, 2023

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment property	\$ -	\$ -	\$ 3,374,195	\$ 3,374,195

**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, 2024	TWD to USD	Sell USD	11,200	October 2024
As of September 30, 2024	TWD to USD	Buy USD	330,000	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
As of December 31, 2023	TWD to USD	Buy USD	500,000	January 2024
As of December 31, 2023	TWD to USD	Sell USD	17,470	January 2024
As of December 31, 2023	TWD to USD	Sell USD	4,470	February 2024
As of December 31, 2023	TWD to USD	Sell USD	3,250	March 2024
As of December 31, 2023	JPY to USD	Buy USD	1,443	June 2024
As of September 30, 2023	TWD to USD	Sell USD	46,000	October 2023
As of September 30, 2023	TWD to USD	Buy USD	185,000	October 2023
As of September 30, 2023	CNY to USD	Buy USD	288,429	October 2023
As of September 30, 2023	TWD to USD	Buy USD	90,000	November 2023
As of September 30, 2023	TWD to USD	Buy USD	80,000	December 2023
As of September 30, 2023	JPY to USD	Buy USD	1,435	December 2023

  

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

The Company entered into forward foreign 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.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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.

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, 2024 and 2023 decreases/increases by NT\$69,878 thousand and NT\$34,198 thousand, while equity decreases/increases by NT\$214,485 thousand and NT\$211,658 thousand, respectively.

When NTD appreciates or depreciates against CNY by 0.1%, the profit for the nine months ended September 30, 2024 and 2023 decreases/increases by NT\$2,808 thousand and NT\$966 thousand, while equity decreases/increases by NT\$23,870 thousand and NT\$21,383 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. 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, 2024 and 2023 to increase/decrease by NT\$867 thousand and NT\$1,168 thousand, respectively.

**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.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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, 2024 and 2023 to increase/decrease by NT\$845 thousand and NT\$1,273 thousand, respectively.

A change of 1% in the price of the listed company stocks 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, 2024 and 2023 to increase/decrease by NT\$488,906 thousand and NT\$479,163 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.

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, 2024, December 31, 2023, and September 30, 2023, receivables from top ten customers represented 55.62%, 62.46%, and 59.76% of the total trade receivables of the Company, respectively. The credit concentration risk of other account receivables was insignificant.

**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 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 financing 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:

Level of credit risk	Indicator	Measurement method for expected credit losses	Carrying amount		
			September 30, 2024	December 31, 2023	September 30, 2023
Low credit risk	Credit risk measure belongs to IG category Counter parties with investment grade credit rating	12-month expected credit losses	\$ 74,993,619	\$ 59,107,560	\$ 57,102,724
Credit risk significantly increased	Credit risk measure reduced from IG category to HY category Contract payment overdue 30 days	Lifetime expected credit losses	\$ -	\$ 261,079	\$ 1,537,175
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	\$ 48,133,877	\$ 56,620,050	\$ 62,667,976

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



**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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 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, 2024</u>				
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>

<u>As of December 31, 2023</u>				
Short-term borrowings	\$ 2,204,557	\$ -	\$ -	\$ 2,204,557
Trade payables (including related parties)	38,779,040	-	-	38,779,040
Other payables (including related parties)	91,760,541	-	-	91,760,541
Lease liabilities	861,949	1,749,264	8,926,636	11,537,849
Long-term payables	5,626,183	4,604,807	-	10,230,990
Total	<u>\$ 139,232,270</u>	<u>\$ 6,354,071</u>	<u>\$ 8,926,636</u>	<u>\$ 154,512,977</u>

<u>As of September 30, 2023</u>				
Short-term borrowings	\$ 32,891,748	\$ -	\$ -	\$ 32,891,748
Trade payables (including related parties)	30,797,006	-	-	30,797,006
Other payables (including related parties)	45,225,235	-	-	45,225,235
Lease liabilities	869,974	1,811,423	8,950,379	11,631,776
Long-term payables (including related parties)	5,646,430	5,116,537	-	10,762,967
Total	<u>\$ 115,430,393</u>	<u>\$ 6,927,960</u>	<u>\$ 8,950,379</u>	<u>\$ 131,308,732</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, 2024</u>			
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>

As of December 31, 2023

Gross settlement			
Forward exchange contracts			
Inflow	\$ 44,358	\$ -	\$ 44,358
Outflow	(44,761)	-	(44,761)
Net	(403)	-	(403)
Net settlement			
Forward exchange contracts	(301,272)	-	(301,272)
Total	<u>\$ (301,675)</u>	<u>\$ -</u>	<u>\$ (301,675)</u>

As of September 30, 2023

Gross settlement			
Forward exchange contracts			
Inflow	\$ 191,310	\$ -	\$ 191,310
Outflow	(193,686)	-	(193,686)
Net	(2,376)	-	(2,376)
Net settlement			
Forward exchange contracts	(12,011)	-	(12,011)
Total	<u>\$ (14,387)</u>	<u>\$ -</u>	<u>\$ (14,387)</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, 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>

Reconciliation of liabilities for the nine months ended September 30, 2023:

	Short-term borrowings	Long-term borrowings	Lease liabilities	Deposits received	Total liabilities from financing activities
As of January 1, 2023	\$ 3,700,000	\$ 827,660	\$ 9,103,737	\$ 189,707	\$ 13,821,104
Cash flows	29,094,232	(827,660)	(581,802)	24,332	27,709,102
Non-cash movement	-	-	450,137	-	450,137
As of September 30, 2023	<u>\$ 32,794,232</u>	<u>\$ -</u>	<u>\$ 8,972,072</u>	<u>\$ 214,039</u>	<u>\$ 41,980,343</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, 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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

December 31, 2023			
	Foreign Currency (thousand)	Exchange rate	NT\$ (thousand)
<b>Financial assets</b>			
Monetary item:			
USD	\$ 6,321,566	30.747	\$ 194,369,172
CNY	\$ 333,152	4.333	\$ 1,443,466
Non-monetary item:			
USD	\$ 3,532,366	30.747	\$ 108,609,648
CNY	\$ 4,625,198	4.333	\$ 20,039,872
<b>Financial liabilities</b>			
Monetary item:			
USD	\$ 1,797,476	30.747	\$ 55,266,993
CNY	\$ 41,508	4.333	\$ 179,843
September 30, 2023			
	Foreign Currency (thousand)	Exchange rate	NT\$ (thousand)
<b>Financial assets</b>			
Monetary item:			
USD	\$ 5,226,250	32.281	\$ 168,708,545
CNY	\$ 271,811	4.429	\$ 1,203,730
Non-monetary item:			
USD	\$ 3,451,500	32.281	\$ 111,417,860
CNY	\$ 4,822,949	4.429	\$ 21,358,670
<b>Financial liabilities</b>			
Monetary item:			
USD	\$ 1,450,197	32.281	\$ 46,813,793
CNY	\$ 48,314	4.429	\$ 213,961

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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 three months ended September 30, 2024 and 2023 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.

**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, 2024: Please refer to Attachment 1.
- B. Endorsement/Guarantee provided to others for the nine months ended September 30, 2024: Please refer to Attachment 2.
- C. Securities held as of September 30, 2024: Please refer to Attachment 3.
- D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the nine months ended September 30, 2024: Please refer to Attachment 4.
- E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the nine months ended September 30, 2024: Please refer to Attachment 5.
- F. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the nine months ended September 30, 2024: None.
- G. 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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

30, 2024: Please refer to Attachment 6.

H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock as of September 30, 2024: Please refer to Attachment 7.

I. Financial instruments and derivative transactions: Please refer to Note 12.

J. Others: The business relationship between the parent and the subsidiaries and significant transactions between them: Please refer to Attachment 8.

(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 9.

(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 10.

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 8.

(4) Main shareholder information

None.

**14. Segment Information**

(1) General information

The major sales of the Company come from multimedia and mobile phone chips and other integrated circuit design products. 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.