

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 SIX MONTHS ENDED
JUNE 30, 2025 AND 2024

Notice to Readers

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

English Translation of a Report Originally Issued in Chinese

Review Report of Independent Accountants

To the Board of Directors and Shareholders
of MediaTek Inc.

Introduction

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

Scope of Review

We conducted our reviews in accordance with Statement of Standards on Auditing No. 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Hsu, Hsin-Min

Hu, Shen-Chieh

Ernst & Young, Taiwan

July 30, 2025

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

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

English Translation of Financial Statements Originally Issued in Chinese

MEDIATEK INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of June 30, 2025, December 31, 2024, and June 30, 2024

(Amounts in thousands of New Taiwan Dollars)

ASSETS	Notes	June 30, 2025	%	December 31, 2024	%	June 30, 2024	%
Current assets							
Cash and cash equivalents	6(1)	\$ 185,348,556	28	\$ 203,695,892	29	\$ 189,851,994	28
Financial assets at fair value through profit or loss-current	6(2)	1,190,958	-	5,271,003	1	9,612,249	1
Financial assets at fair value through other comprehensive income-current	6(3)	5,657,972	1	6,266,087	1	5,892,509	1
Financial assets measured at amortized cost-current	6(4)	4,537,826	1	4,390,824	1	3,317,256	1
Notes receivable, net	6(22)	-	-	-	-	449	-
Trade receivables, net	6(5), 6(22)	69,669,376	10	43,944,786	6	45,889,387	7
Trade receivables from related parties, net	6(5), 6(22), 7	63,152	-	40,666	-	54,789	-
Finance lease receivables, net	6(22), 6(23)	363,946	-	727,892	-	727,892	-
Other receivables	6(6), 7	6,482,003	1	7,056,968	1	9,728,048	1
Current tax assets	4, 6(30)	1,166,103	-	1,574,062	-	495,670	-
Inventories	6(7)	55,482,287	8	58,414,245	8	53,578,351	8
Prepayments	6(8), 9	17,662,615	3	15,865,797	2	11,533,484	2
Other current assets	9	1,507,223	-	3,777,240	1	1,310,509	-
Total current assets		<u>349,132,017</u>	<u>52</u>	<u>351,025,462</u>	<u>50</u>	<u>331,992,587</u>	<u>49</u>
Non-current assets							
Financial assets at fair value through profit or loss-noncurrent	6(2)	4,775,088	1	4,528,285	1	3,859,749	1
Financial assets at fair value through other comprehensive income-noncurrent	6(3)	63,141,664	10	74,233,421	11	66,809,470	10
Financial assets measured at amortized cost-noncurrent	6(4), 8	62,677,014	9	72,942,395	11	70,610,576	10
Investments accounted for using the equity method	6(9)	18,075,748	3	18,266,368	3	18,365,465	3
Property, plant and equipment	6(10)	57,617,021	9	56,917,043	8	55,370,753	8
Right-of-use assets	6(23)	8,979,708	1	8,918,559	1	9,095,232	1
Investment property, net	6(11)	2,333,587	-	2,554,285	-	2,267,583	-
Intangible assets	6(12), 6(13), 7	81,341,859	12	82,257,042	12	82,429,888	12
Deferred tax assets	4, 6(30)	14,712,901	2	14,390,228	2	14,287,383	2
Refundable deposits	9	5,854,635	1	2,555,165	-	5,096,113	1
Long-term finance lease receivables, net	6(22), 6(23)	8,798	-	-	-	363,946	-
Prepayments for investments	6(32), 7	-	-	-	-	1,932,774	-
Net defined benefit assets-noncurrent	6(17)	40,457	-	40,679	-	26,265	-
Other non-current assets-others	9	523,904	-	9,238,598	1	18,866,503	3
Total non-current assets		<u>320,082,384</u>	<u>48</u>	<u>346,842,068</u>	<u>50</u>	<u>349,381,700</u>	<u>51</u>
Total assets		<u>\$ 669,214,401</u>	<u>100</u>	<u>\$ 697,867,530</u>	<u>100</u>	<u>\$ 681,374,287</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 June 30, 2025, December 31, 2024, and June 30, 2024

(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Notes	June 30, 2025	%	December 31, 2024	%	June 30, 2024	%
Current liabilities							
Short-term borrowings	6(14)	\$ 5,940,000	1	\$ 940,000	-	\$ 9,080,050	1
Financial liabilities at fair value through profit or loss-current	6(2)	403	-	4,229	-	1,220	-
Contract liabilities-current	6(21), 7	3,877,864	1	4,318,428	1	4,328,912	1
Trade payables		36,991,541	5	38,735,333	5	30,095,760	5
Trade payables to related parties	7	2,078,817	-	2,041,173	-	2,156,950	-
Other payables	6(15)	99,845,061	15	110,342,579	16	104,338,112	15
Other payables to related parties	7	43,102	-	61,710	-	100,338	-
Current tax liabilities	4, 6(30)	17,831,464	3	13,059,756	2	13,974,196	2
Lease liabilities-current	6(23)	992,369	-	995,267	-	918,668	-
Current portion of long-term liabilities		3,370,919	1	7,979,049	1	7,231,634	1
Other current liabilities	6(16)	87,243,519	13	88,424,802	13	94,056,528	14
Total current liabilities		258,215,059	39	266,902,326	38	266,282,368	39
Non-current liabilities							
Long-term payables		2,285,817	-	2,681,442	-	2,905,900	1
Net defined benefit liabilities-noncurrent	6(17)	472,869	-	534,237	-	612,254	-
Deposits received	7	176,790	-	196,400	-	187,340	-
Deferred tax liabilities	4, 6(30)	11,626,281	2	10,556,716	2	8,904,055	1
Lease liabilities-noncurrent	6(23)	8,331,214	1	8,375,041	1	8,495,900	1
Other non-current liabilities-others	6(18), 9	3,578,699	1	3,566,021	1	3,362,848	1
Total non-current liabilities		26,471,670	4	25,909,857	4	24,468,297	4
Total liabilities		284,686,729	43	292,812,183	42	290,750,665	43
Equity attributable to owners of the parent							
Share capital	6(19)						
Common stock		16,016,580	2	16,016,880	2	15,993,441	3
Capital surplus	6(19), 6(20)	32,297,807	5	31,636,053	5	29,141,567	4
Retained earnings	6(19)						
Legal reserve		94,259,643	14	89,308,524	13	83,606,434	12
Undistributed earnings		223,207,409	33	210,598,743	30	213,238,602	31
Other equity	6(20)	10,665,830	2	49,122,847	7	42,680,899	6
Treasury shares	6(19)	(55,970)	-	(55,970)	-	(55,970)	-
Equity attributable to owners of the parent		376,391,299	56	396,627,077	57	384,604,973	56
Non-controlling interests	6(19)	8,136,373	1	8,428,270	1	6,018,649	1
Total equity		384,527,672	57	405,055,347	58	390,623,622	57
Total liabilities and equity		<u>\$ 669,214,401</u>	<u>100</u>	<u>\$ 697,867,530</u>	<u>100</u>	<u>\$ 681,374,287</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 six months ended June 30, 2025 and 2024

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

Description	Notes	Three Months Ended June 30				Six Months Ended June 30			
		2025	%	2024	%	2025	%	2024	%
Net sales	6(21), 7	\$ 150,368,571	100	\$ 127,271,121	100	\$ 303,680,808	100	\$ 260,729,268	100
Operating costs	6(7), 6(24), 7	(76,490,921)	(51)	(65,134,699)	(51)	(155,993,666)	(51)	(128,692,316)	(49)
Gross profit		73,877,650	49	62,136,422	49	147,687,142	49	132,036,952	51
Operating expenses	6(22), 6(23), 6(24), 7								
Selling expenses		(4,931,517)	(3)	(3,404,433)	(3)	(9,920,539)	(3)	(7,210,666)	(3)
Administrative expenses		(2,631,546)	(2)	(2,946,965)	(2)	(5,616,046)	(2)	(5,767,059)	(2)
Research and development expenses		(36,923,224)	(25)	(30,832,913)	(24)	(72,705,294)	(24)	(61,979,742)	(24)
Expected credit impairment (losses) gains		(12,390)	-	3,905	-	(12,999)	-	56,395	-
Total operating expenses		(44,498,677)	(30)	(37,180,406)	(29)	(88,254,878)	(29)	(74,901,072)	(29)
Operating income		29,378,973	19	24,956,016	20	59,432,264	20	57,135,880	22
Non-operating income and expenses									
Interest income	6(25)	2,684,480	2	2,936,193	2	5,524,232	2	5,233,986	2
Other income	6(26), 7	1,105,974	1	1,037,084	1	2,754,841	1	1,773,542	1
Other gains and losses	6(27)	19,389	-	113,611	-	148,372	-	500,435	-
Finance costs	6(28)	(125,573)	-	(39,101)	-	(321,139)	-	(97,212)	-
Share of profit of associates and joint ventures accounted for using the equity method	6(9)	164,331	-	193,545	-	242,196	-	320,340	-
Total non-operating income and expenses		3,848,601	3	4,241,332	3	8,348,502	3	7,731,091	3
Net income before income tax		33,227,574	22	29,197,348	23	67,780,766	23	64,866,971	25
Income tax expense	4, 6(30)	(5,163,145)	(3)	(3,242,162)	(3)	(10,187,408)	(4)	(7,256,978)	(3)
Net income		28,064,429	19	25,955,186	20	57,593,358	19	57,609,993	22
Other comprehensive income	4, 6(9), 6(17), 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		(3,114,485)	(2)	(14,521,639)	(11)	(6,578,620)	(2)	(7,901,411)	(3)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method		21,178	-	(80,904)	-	22,600	-	(14,512)	-
Income tax relating to those items not to be reclassified to profit or loss		74,248	-	(70,795)	-	22,201	-	179,400	-
Items that may be reclassified subsequently to profit or loss									
Exchange differences resulting from translating the financial statements of foreign operations		(37,328,064)	(25)	4,181,602	3	(32,736,051)	(11)	14,480,145	6
Unrealized gains (losses) from debt instrument investments measured at fair value through other comprehensive income		1,520	-	5,776	-	5,721	-	3,455	-
Share of other comprehensive income of associates and joint ventures accounted for using the equity method		158,962	-	(41,064)	-	226,795	-	(176,594)	-
Other comprehensive income, net of tax		(40,186,641)	(27)	(10,527,024)	(8)	(39,037,354)	(13)	6,570,483	3
Total comprehensive income		\$ (12,122,212)	(8)	\$ 15,428,162	12	\$ 18,556,004	6	\$ 64,180,476	25
Net income for the periods attributable to :									
Owners of the parent	6(31)	\$ 27,848,264		\$ 25,715,520		\$ 57,173,177		\$ 57,251,173	
Non-controlling interests	6(19)	216,165		239,666		420,181		358,820	
		\$ 28,064,429		\$ 25,955,186		\$ 57,593,358		\$ 57,609,993	
Total comprehensive income for the periods attributable to :									
Owners of the parent		\$ (12,239,911)		\$ 15,179,407		\$ 18,216,895		\$ 63,799,386	
Non-controlling interests		117,699		248,755		339,109		381,090	
		\$ (12,122,212)		\$ 15,428,162		\$ 18,556,004		\$ 64,180,476	
Earnings Per Share :	6(31)								
Basic Earnings Per Share (in New Taiwan Dollars)		\$ 17.50		\$ 16.19		\$ 35.92		\$ 36.04	
Diluted Earnings Per Share (in New Taiwan Dollars)		\$ 17.47		\$ 16.15		\$ 35.87		\$ 35.95	

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 six months ended June 30, 2025 and 2024
(Amounts in thousands of New Taiwan Dollars)

Description	Equity attributable to owners of the parent									Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings		Other equity			Treasury shares	Equity attributable to owners of the parent		
	Common stock		Legal reserve	Undistributed earnings	Exchange differences resulting from translating the financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Others				
Balance as of January 1, 2024	\$ 15,996,475	\$ 28,350,438	\$ 75,782,948	\$ 212,669,736	\$ 6,108,654	\$ 29,887,085	\$ (533,584)	\$ (55,970)	\$ 368,205,782	\$ 5,999,576	\$ 374,205,358
Distribution of earnings:											
Legal reserve	-	-	7,823,486	(7,823,486)	-	-	-	-	-	-	-
Cash dividends	-	-	-	(48,628,552)	-	-	-	-	(48,628,552)	-	(48,628,552)
Total	-	-	7,823,486	(56,452,038)	-	-	-	-	(48,628,552)	-	(48,628,552)
Profit for the six months ended June 30, 2024	-	-	-	57,251,173	-	-	-	-	57,251,173	358,820	57,609,993
Other comprehensive income for the six months ended June 30, 2024	-	-	-	-	14,280,402	(7,732,189)	-	-	6,548,213	22,270	6,570,483
Total comprehensive income	-	-	-	57,251,173	14,280,402	(7,732,189)	-	-	63,799,386	381,090	64,180,476
Adjustments due to dividends that subsidiaries received from parent company	-	191,734	-	-	-	-	-	-	191,734	-	191,734
Changes in associates and joint ventures accounted for using the equity method	-	553,752	-	-	-	-	-	-	553,752	916	554,668
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	-	207,322	-	-	-	-	-	-	207,322	(75,381)	131,941
Issuance of restricted stock for employees	(3,034)	7,405	-	22,841	-	-	417,421	-	444,633	-	444,633
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	-	-	-	(253,110)	-	253,110	-	-	-	-	-
Non-controlling interests	-	-	-	-	-	-	-	-	-	(243,969)	(243,969)
Balance as of June 30, 2024	\$ 15,993,441	\$ 29,141,567	\$ 83,606,434	\$ 213,238,602	\$ 20,389,056	\$ 22,408,006	\$ (116,163)	\$ (55,970)	\$ 384,604,973	\$ 6,018,649	\$ 390,623,622
Balance as of January 1, 2025	\$ 16,016,880	\$ 31,636,053	\$ 89,308,524	\$ 210,598,743	\$ 23,114,158	\$ 27,927,939	\$ (1,919,250)	\$ (55,970)	\$ 396,627,077	\$ 8,428,270	\$ 405,055,347
Distribution of earnings:											
Legal reserve	-	-	4,951,119	(4,951,119)	-	-	-	-	-	-	-
Cash dividends	-	-	-	(40,041,559)	-	-	-	-	(40,041,559)	-	(40,041,559)
Total	-	-	4,951,119	(44,992,678)	-	-	-	-	(40,041,559)	-	(40,041,559)
Profit for the six months ended June 30, 2025	-	-	-	57,173,177	-	-	-	-	57,173,177	420,181	57,593,358
Other comprehensive income for the six months ended June 30, 2025	-	-	-	-	(32,429,654)	(6,526,628)	-	-	(38,956,282)	(81,072)	(39,037,354)
Total comprehensive income	-	-	-	57,173,177	(32,429,654)	(6,526,628)	-	-	18,216,895	339,109	18,556,004
Adjustments due to dividends that subsidiaries received from parent company	-	226,028	-	-	-	-	-	-	226,028	-	226,028
Changes in associates and joint ventures accounted for using the equity method	-	319,342	-	-	-	-	-	-	319,342	876	320,218
The differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	-	178	-	-	-	-	-	-	178	-	178
Issuance of restricted stock for employees	(300)	106,417	-	905	-	-	926,527	-	1,033,549	-	1,033,549
Changes in other capital surplus	-	9,789	-	-	-	-	-	-	9,789	-	9,789
Proceeds from disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	427,262	-	(427,262)	-	-	-	-	-
Non-controlling interests	-	-	-	-	-	-	-	-	-	(631,882)	(631,882)
Balance as of June 30, 2025	\$ 16,016,580	\$ 32,297,807	\$ 94,259,643	\$ 223,207,409	\$ (9,315,496)	\$ 20,974,049	\$ (992,723)	\$ (55,970)	\$ 376,391,299	\$ 8,136,373	\$ 384,527,672

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

MEDIATEK INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the six months ended June 30, 2025 and 2024
(Amounts in thousands of New Taiwan Dollars)

Description	Six Months Ended June 30	
	2025	2024
Cash flows from operating activities :		
Profit from continuing operations before tax	\$ 67,780,766	\$ 64,866,971
Adjustments for:		
The profit or loss items which did not affect cash flows:		
Depreciation expenses	6,669,210	6,145,951
Amortization expenses	4,710,634	4,035,847
Expected credit impairment losses (gains)	12,999	(56,395)
Net losses (gains) on financial assets or liabilities at fair value through profit or loss	169,660	(501,904)
Interest expenses	321,139	97,212
Net losses arising from derecognition of financial assets measured at amortized cost	-	62,373
Interest income	(5,524,232)	(5,233,986)
Dividend income	(2,477,928)	(1,538,504)
Share-based payment expenses	1,034,084	417,805
Share of profit of associates and joint ventures accounted for using the equity method	(242,196)	(320,340)
Losses (gains) on disposal of property, plant and equipment	973	(3,171)
Property, plant and equipment transferred to expenses	566	-
Losses on disposal of investments accounted for using the equity method	89	2,294
Impairment loss on non-financial assets	-	74,233
Other adjustments	8,047	-
Changes in operating assets and liabilities:		
Financial assets mandatorily measured at fair value through profit or loss	3,135,707	(2,023,653)
Notes receivable	-	2,693
Trade receivables	(27,749,071)	10,167,873
Trade receivables from related parties	(22,486)	(1,327)
Other receivables	(680,022)	(2,373,904)
Inventories	3,614,240	(10,586,400)
Prepayments	3,212,523	(1,571,620)
Other current assets	1,712,961	(372,005)
Other non-current assets-others	2,413,635	4,148,879
Contract liabilities	(440,564)	952,153
Trade payables	(1,743,792)	(6,763,628)
Trade payables to related parties	37,644	237,298
Other payables	(5,103,385)	3,095,943
Other payables to related parties	(1,405)	17,345
Other current liabilities	4,691,631	17,538,838
Net defined benefit liabilities	(61,146)	(8,516)
Other non-current liabilities-others	(1,071,775)	(4,042,481)
Cash inflows generated from operations	54,408,506	76,465,874
Interest received	6,716,619	4,725,284
Dividends received	2,556,397	1,630,301
Interest paid	(351,037)	(117,352)
Income tax paid	(4,238,823)	(7,559,996)
Net cash flows from operating activities	59,091,662	75,144,111
Cash flows from investing activities :		
Acquisition of financial assets at fair value through other comprehensive income	(2,547,321)	(1,070,390)
Proceeds from disposal of financial assets at fair value through other comprehensive income	792,094	2,607,764
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	135,523	77,318
Acquisition of financial assets measured at amortized cost	(2,864,358)	(17,514,115)
Proceeds from repayments of financial assets measured at amortized cost	5,179,359	5,124,496
Acquisition of investments accounted for using the equity method	(820,917)	-
Proceeds from disposal of investments accounted for using the equity method	-	25,000
Increase in prepayments for investments	-	(1,932,774)
Net cash flows from acquisition of subsidiaries	(232,431)	-
Acquisition of property, plant and equipment	(7,642,318)	(6,961,649)
Proceeds from disposal of property, plant and equipment	18,127	8,057
Increase in refundable deposits	(2,742,414)	(225,007)
Acquisition of intangible assets	(7,384,509)	(5,432,047)
Decrease in finance lease receivables	363,946	363,946
Net cash flows used in investing activities	(17,745,219)	(24,929,401)
Cash flows from financing activities :		
Increase in short-term borrowings	5,000,000	6,880,050
Decrease in deposits received	(19,610)	(24,456)
Payments of lease liabilities	(840,840)	(478,004)
Cash dividends paid	(46,222,924)	(39,159,180)
Acquisition of ownership interests in subsidiaries	-	(221,505)
Changes in non-controlling interests	(3,527)	131,902
Other financing activities	10,872	35,374
Net cash flows used in financing activities	(42,076,029)	(32,835,819)
Effect of exchange rate changes on cash and cash equivalents	(17,617,750)	7,077,093
Net (decrease) increase in cash and cash equivalents	(18,347,336)	24,455,984
Cash and cash equivalents at the beginning of the period	203,695,892	165,396,010
Cash and cash equivalents at the end of the period	\$ 185,348,556	\$ 189,851,994

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 July 30, 2025.

3. Newly Issued or Revised Standards and Interpretations

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

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

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

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

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

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

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

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”, and IFRS 18 “Presentation and Disclosure in Financial Statements”. All other standards and interpretations have no material impact on the Company.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

4. Summary of Material Accounting Policies

Statement of Compliance

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

Basis of Preparation

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

Basis of Consolidation

Preparation principle of consolidated financial statements

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

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

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

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

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

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

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

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

If loses control of a subsidiary, it:

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

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

The consolidated entities are listed as follows:

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

(To be continued)

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

(Continued)

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

(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
			June 30, 2025	December 31, 2024	June 30, 2024	
Richtek Technology Corp.	Li-We Technology Corp.	Technical services	100%	100%	100%	-
Richtek Technology Corp.	Richtek Japan Inc.	Research and technical services	100%	100%	100%	-
Richtek Technology Corp.	Richtek Europe B.V.	Sales support and marketing services	100%	100%	-	8
Richtek Europe Holding B.V.	Richtek Europe B.V.	Marketing services	-	-	100%	8
Airoha (Cayman) Inc.	Airotek (Shenzhen) Inc.	Research and technical services	100%	100%	100%	-
Airoha (Cayman) Inc.	Airotek (Chengdu) Inc.	Research	100%	100%	100%	-
Airoha (Cayman) Inc.	Airoha Technology India Private Limited	Research	0%	0%	0%	-
Airoha Technology Corp.	Airoha (Cayman) Inc.	General investing	100%	100%	100%	-
Airoha Technology Corp.	Shadow Investment Limited	General investing	100%	100%	100%	-
Airoha Technology Corp.	Airoha Technology (HK) Limited	General investing, research, manufacturing and sales	100%	100%	100%	-
Airoha Technology Corp.	Airoha Technology USA Inc.	Research	100%	100%	100%	-
Airoha Technology Corp.	Airoha Technology India Private Limited	Research	100%	100%	100%	-
Airoha Technology Corp.	IC PLUS Corp.	Research, manufacturing and sales	29%	29%	-	4
Gaintech Co. Limited	MediaTek China Limited	General investing	100%	100%	100%	-
Gaintech Co. Limited	MTK Wireless Limited	Research	100%	100%	100%	-

(To be continued)

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

(Continued)

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

(To be continued)

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

(Continued)

Investor	Subsidiary	Business nature	Percentage of Ownership			Note
			June 30, 2025	December 31, 2024	June 30, 2024	
MTK Wireless Limited	MediaTek Wireless Finland Oy	Research	100%	100%	100%	-
MTK Wireless Limited	MStar France SAS	Research	100%	100%	100%	-
MTK Wireless Limited	MediaTek North America Inc.	Sales support and marketing services	100%	100%	100%	-
MTK Wireless Limited	MediaTek Poland sp. z o.o.	Technical services	100%	100%	100%	-
MTK Wireless Limited	MediaTek Technology USA Inc.	Research	100%	100%	100%	-
Gold Rich International (Samoa) Limited	Gold Rich International (HK) Limited	General investing	100%	100%	100%	-
Airoha Technology (HK) Limited	Airoha Technology (Suzhou) Limited	Research, manufacturing and sales	100%	100%	100%	-
Airoha Technology (Suzhou) Limited	EcoNet Limited	General investing 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%	-

(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
			June 30, 2025	December 31, 2024	June 30, 2024	
MediaTek Global Holdings Limited	Hsu Zhan (HK) Investment Limited	General investing	100%	100%	100%	-
MediaTek Global Holdings Limited	MTKC Global Holdings Co. Limited	General investing	100%	100%	100%	-
MediaTek Global Holdings Limited	Digimoc Holdings Limited	General investing	100%	100%	100%	-
MediaTek Capital Co.	IStar Technology Ltd.	General investing	100%	100%	100%	-
MediaTek Capital Co.	Hsiang Fa Co.	General investing	100%	100%	-	1
MediaTek Capital Co.	MediaTek Bangalore Private Limited	Research	0%	0%	-	1
MediaTek Capital Co.	Airoha Technology Corp.	Research, manufacturing and sales	4%	4%	-	1
Digimoc Holdings Limited	Cloud Ranger Limited	General investing	100%	100%	100%	-
Digimoc Holdings Limited	Gold Rich International (Samoa) Limited	General investing	100%	100%	100%	-
Digimoc Holdings Limited	MediaTek India Technology Pvt. Ltd.	Research	0%	0%	-	7
MTKC Global Holdings Co. Limited	LePower (HK) Limited	General investing	100%	100%	100%	-
MediaTek Investment HK Limited	Hsu Chia (Samoa) Investment Ltd.	General investing	-	-	100%	9
MediaTek Investment HK Limited	Hsu Kang (Samoa) Investment Ltd.	General investing	-	-	100%	9
MediaTek Investment HK Limited	Hsu Fa (Samoa) Investment Ltd.	General investing	100%	100%	100%	-
MediaTek Wireless Finland Oy	MediaTek Germany GmbH	Technical services	100%	100%	100%	-
MediaTek Wireless FZ-LLC	MLINK INVESTMENTS -FZCO	General investing	100%	-	-	10
MLINK INVESTMENTS -FZCO	Mlink Egypt	Research	100%	-	-	10

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

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

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

- (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.

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

- (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 six-month periods ended June 30, 2025 and 2024 as were applied in the preparation of the Company’s consolidated financial statements for the year ended December 31, 2024. Please refer to the consolidated financial statements for the year ended December 31, 2024.

6. Contents of Significant Accounts**(1) Cash and cash equivalents**

	June 30, 2025	December 31, 2024	June 30, 2024
Cash on hand and petty cash	\$ 893	\$ 972	\$ 890
Checking and savings accounts	12,327,374	11,194,434	11,100,945
Time deposits	172,789,289	192,289,486	175,310,159
Repurchase agreements	231,000	211,000	3,440,000
Total	<u>\$ 185,348,556</u>	<u>\$ 203,695,892</u>	<u>\$ 189,851,994</u>

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

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

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Current</u>			
<u>Financial assets mandatorily</u>			
<u>measured at fair value through</u>			
<u>profit or loss</u>			
Funds	\$ 1,059,279	\$ 2,651,106	\$ 7,119,443
Bonds	79,000	435,310	455,345
Stocks	46,658	35,565	36,361
Forward exchange contracts	6,021	265,406	30,774
Linked deposits	-	1,883,616	1,970,326
Total	<u>\$ 1,190,958</u>	<u>\$ 5,271,003</u>	<u>\$ 9,612,249</u>

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

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

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Held for trading financial liabilities</u>			
Forward exchange contracts	\$ 403	\$ 4,229	\$ 1,220
<u>Noncurrent</u>			
<u>Financial assets mandatorily</u>			
<u>measured at fair value through</u>			
<u>profit or loss</u>			
Trust funds	\$ 2,030,140	\$ 2,099,410	\$ 1,936,431
Bonds	1,707,910	1,213,668	1,303,375
Linked deposits	676,079	745,879	499,893
Funds	254,095	345,434	-
Capital	106,864	90,394	56,656
Stocks	-	33,500	63,394
Total	\$ 4,775,088	\$ 4,528,285	\$ 3,859,749

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

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Current</u>			
<u>Debt instrument investments</u>			
<u>measured at fair value through</u>			
<u>other comprehensive income</u>			
Bonds	\$ 283,319	\$ -	\$ -
<u>Equity instrument investments</u>			
<u>measured at fair value through</u>			
<u>other comprehensive income</u>			
Listed company stocks	5,374,653	6,266,087	5,892,509
Total	\$ 5,657,972	\$ 6,266,087	\$ 5,892,509
<u>Noncurrent</u>			
<u>Debt instrument investments</u>			
<u>measured at fair value through</u>			
<u>other comprehensive income</u>			
Bonds	\$ 483,224	\$ 825,121	\$ 803,592
<u>Equity instrument investments</u>			
<u>measured at fair value through</u>			
<u>other comprehensive income</u>			
Listed company stocks	30,771,931	39,225,550	30,180,370
Capital	21,789,975	22,676,746	22,512,808
Unlisted company stocks	7,547,541	8,878,057	10,445,155
Funds	2,548,993	2,627,947	2,867,545
Subtotal	62,658,440	73,408,300	66,005,878
Total	\$ 63,141,664	\$ 74,233,421	\$ 66,809,470

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

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

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

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Related to investments held at the end of the reporting period	\$ 941,635	\$ 898,938	\$ 2,477,928	\$ 1,538,504

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

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
The fair value of the investments at the date of derecognition	\$ 69,293	\$ 703,693	\$ 850,402	\$ 2,162,622
The cumulative (loss) gain on disposal reclassified from other equity to retained earnings	\$ (15,383)	\$ (327,459)	\$ 423,871	\$ (253,468)

(4) Financial assets measured at amortized cost

	June 30, 2025	December 31, 2024	June 30, 2024
<u>Current</u>			
Bonds	\$ 4,537,600	\$ 4,346,058	\$ 3,317,256
Restricted bank deposit	226	-	-
Time deposits	-	44,766	-
Total	\$ 4,537,826	\$ 4,390,824	\$ 3,317,256
<u>Noncurrent</u>			
Bonds	\$ 62,290,324	\$ 72,533,533	\$ 70,232,861
Time deposits	386,690	408,862	377,715
Total	\$ 62,677,014	\$ 72,942,395	\$ 70,610,576

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

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

	June 30, 2025	December 31, 2024	June 30, 2024
Trade receivables	\$ 69,684,172	\$ 43,946,594	\$ 45,890,925
Less: loss allowance	(14,796)	(1,808)	(1,538)
Subtotal	69,669,376	43,944,786	45,889,387
Trade receivables from related parties	63,152	40,666	54,789
Less: loss allowance	-	-	-
Subtotal	63,152	40,666	54,789
Total	<u>\$ 69,732,528</u>	<u>\$ 43,985,452</u>	<u>\$ 45,944,176</u>

Trade receivables are generally on 30 to 90 day terms. Please refer to Note 6. (22) for more details on the loss allowance of trade receivables for the three months and six months ended June 30, 2025 and 2024. Please refer to Note 12 for more details on credit risk.

Among trade receivables, the amount attributed to financial assets measured at fair value through profit or loss due to regular factoring without recourse were NT\$2,260,449 thousand, NT\$1,051,951 thousand and NT\$1,103,736 thousand as of June 30, 2025, December 31, 2024, and June 30, 2024, respectively.

(6) Other receivables

	June 30, 2025	December 31, 2024	June 30, 2024
Factoring receivables	\$ 2,891,347	\$ 2,029,144	\$ 3,903,686
Others	3,590,656	5,027,824	5,824,362
Total	<u>\$ 6,482,003</u>	<u>\$ 7,056,968</u>	<u>\$ 9,728,048</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 such trade receivables after deducting the estimated value of commercial disputes.

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

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

A. As of June 30, 2025:

The Factor (Transferee)	Interest Rate (%)	Trade	Cash	Unutilized	Credit line
		receivables derecognized (US\$'000)			
			withdrawn (US\$'000)	(US\$'000)	(US\$'000)
BNP Paribas	-	\$ 2,212	\$ -	\$ 2,212	\$ 105,000
Taishin International					
Bank	-	94,372	-	94,372	185,000
SMBC	-	-	-	-	18,000
CTBC	-	-	-	-	300
SinoPac	-	2,365	-	2,365	10,000
CHB	-	226	-	226	1,380
Total		\$ 99,175	\$ -	\$ 99,175	\$ 319,680

B. As of December 31, 2024:

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

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

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

C. As of June 30, 2024:

The Factor (Transferee)	Interest Rate (%)	Trade receivables		Cash withdrawn (US\$'000)	Unutilized (US\$'000)	Credit line (US\$'000)
		derecognized (US\$'000)				
BNP Paribas	-	\$ 13,525		\$ -	\$ 13,525	\$ 105,000
Taishin						
International Bank	-	102,555		-	102,555	227,000
SMBC	-	171		-	171	18,000
CTBC	-	13		-	13	400
SinoPac	-	3,264		-	3,264	10,000
CHB	-	622		-	622	1,200
Total		<u>\$ 120,150</u>		<u>\$ -</u>	<u>\$ 120,150</u>	<u>\$ 361,600</u>

(7) Inventories

	June 30, 2025	December 31, 2024	June 30, 2024
Raw materials	\$ 3,425,437	\$ 1,319,997	\$ 1,198,654
Work in progress	37,444,376	35,633,141	32,919,384
Finished goods	14,612,474	21,461,107	19,460,313
Net amount	<u>\$ 55,482,287</u>	<u>\$ 58,414,245</u>	<u>\$ 53,578,351</u>

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

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Reversals of write-downs of inventories (inventory losses)	<u>\$ 678,250</u>	<u>\$ (246,424)</u>	<u>\$ 1,360,316</u>	<u>\$ 489,379</u>

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

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

(8) Prepayments

	June 30, 2025	December 31, 2024	June 30, 2024
Prepaid expenses	\$ 816,456	\$ 840,594	\$ 696,077
Input tax	554,451	219,469	469,302
Others	16,291,708	14,805,734	10,368,105
Total	<u>\$ 17,662,615</u>	<u>\$ 15,865,797</u>	<u>\$ 11,533,484</u>

(9) Investments accounted for using the equity method

Details of investments in associates were as follows:

Investees	June 30, 2025		December 31, 2024		June 30, 2024	
	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:						
Vanchip (Tianjin) Technology Co., Ltd.	\$ 4,103,869	24	\$ 4,559,987	24	\$ 4,704,627	24
Sigmastar Technology Ltd.	9,230,550	29	10,114,735	29	9,831,377	29
Zilltek Technology Corp.	1,845,894	18	1,819,206	18	1,784,653	18
Others	2,895,435	-	1,772,440	-	2,044,808	-
Total	<u>\$ 18,075,748</u>		<u>\$ 18,266,368</u>		<u>\$ 18,365,465</u>	

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

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

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

Investments in associates

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Profit from continuing operations	\$ 398,786	\$ 102,188	\$ 459,804	\$ 158,651
Other comprehensive income (post-tax)	54,350	(36,332)	46,741	726
Total comprehensive income	<u>\$ 453,136</u>	<u>\$ 65,856</u>	<u>\$ 506,545</u>	<u>\$ 159,377</u>

(10) Property, plant and equipment

	June 30, 2025	December 31, 2024	June 30, 2024
Owner-occupied property, plant and equipment	<u>\$ 57,617,021</u>	<u>\$ 56,917,043</u>	<u>\$ 55,370,753</u>

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

	Land	Buildings and facilities	Machinery equipment	Computer and telecommunication equipment	Testing equipment	Miscellaneous equipment	Construction in progress and equipment awaiting examination	Total
Cost:								
As of January 1, 2025	\$ 9,998,332	\$ 33,795,042	\$ 2,859,779	\$ 17,349,984	\$ 23,295,483	\$ 20,153,434	\$ 2,319,873	\$ 109,771,927
Additions-acquired separately	-	123,954	901,245	1,785,761	438,957	3,328,921	1,520,064	8,098,902
Disposals	-	(207)	(1,851)	(229,793)	(204,480)	(148,134)	-	(584,465)
Transfers	-	(131)	(2,794)	-	41,325	27,322	(66,419)	(697)
Exchange differences	-	(1,302,839)	(773)	(386,311)	(449,506)	(727,878)	-	(2,867,307)
As of June 30, 2025	9,998,332	32,615,819	3,755,606	18,519,641	23,121,779	22,633,665	3,773,518	114,418,360
Depreciation and impairment:								
As of January 1, 2025	-	8,885,420	1,380,420	13,578,880	15,088,662	13,921,502	-	52,854,884
Depreciation	-	428,913	181,427	1,339,774	1,295,249	2,873,604	-	6,118,967
Disposals	-	(207)	(1,851)	(228,779)	(186,771)	(147,804)	-	(565,412)
Transfers	-	-	(15,043)	-	15,043	-	-	-
Exchange differences	-	(280,046)	(713)	(303,091)	(370,165)	(653,085)	-	(1,607,100)
As of June 30, 2025	-	9,034,080	1,544,240	14,386,784	15,842,018	15,994,217	-	56,801,339
Net carrying amount as of:								
June 30, 2025	\$ 9,998,332	\$ 23,581,739	\$ 2,211,366	\$ 4,132,857	\$ 7,279,761	\$ 6,639,448	\$ 3,773,518	\$ 57,617,021
December 31, 2024	\$ 9,998,332	\$ 24,909,622	\$ 1,479,359	\$ 3,771,104	\$ 8,206,821	\$ 6,231,932	\$ 2,319,873	\$ 56,917,043

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

	Land	Buildings and facilities	Machinery equipment	Computer and telecommunication equipment	Testing equipment	Miscellaneous equipment	Construction in progress and equipment awaiting examination	Total
Cost:								
As of January 1, 2024	\$ 9,605,842	\$ 33,110,317	\$ 1,355,918	\$ 16,157,848	\$ 20,210,878	\$ 14,323,664	\$ 661,567	\$ 95,426,034
Additions-acquired separately	-	45,700	1,408,654	684,935	2,063,333	2,376,915	642,538	7,222,075
Disposals	-	(1,363)	(152)	(238,527)	(297,058)	(13,333)	-	(550,433)
Transfers	129,916	279,683	-	811	21,503	17,975	(477,257)	(27,369)
Exchange differences	-	380,435	300	135,992	140,608	321,532	1,041	979,908
As of June 30, 2024	9,735,758	33,814,772	2,764,720	16,741,059	22,139,264	17,026,753	827,889	103,050,215
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	-	454,362	119,341	1,268,739	1,216,616	2,538,568	-	5,597,626
Disposals	-	(1,051)	(152)	(236,006)	(296,400)	(11,933)	-	(545,542)
Transfers	-	(6,880)	-	743	(57)	(133)	-	(6,327)
Exchange differences	-	70,260	262	103,675	108,240	216,499	-	498,936
As of June 30, 2024	-	8,464,661	1,166,948	12,678,766	13,961,700	11,407,387	-	47,679,462
Net carrying amount as of:								
June 30, 2024	\$ 9,735,758	\$ 25,350,111	\$ 1,597,772	\$ 4,062,293	\$ 8,177,564	\$ 5,619,366	\$ 827,889	\$ 55,370,753

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 June 30		Six months ended June 30	
	2025	2024	2025	2024
Capitalized depreciation expense	\$ 19,633	\$ 17,174	\$ 58,495	\$ 34,348
Capitalized interest expense	\$ 12,989	\$ 11,225	\$ 32,817	\$ 22,450
	0.925%		0.925%	
Interest rate of the capitalization	~2.235%	0.925%	~2.235%	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 revision of the rental charge on an annual basis according to prevailing market conditions. The investment properties held by the Company as right-of-use assets have non-cancellable period ranging from 3 to 50 years. Some of these contracts provide the Company with options to extend the leases.

	Land	Buildings and facilities	Right-of-use assets	Total
Cost:				
As of January 1, 2025	\$ 93,670	\$ 2,884,991	\$ 129,443	\$ 3,108,104
Lease modifications	-	-	(2,772)	(2,772)
Transfers	-	131	-	131
Exchange differences	-	(214,081)	(4,131)	(218,212)
As of June 30, 2025	93,670	2,671,041	122,540	2,887,251
Depreciation and impairment:				
As of January 1, 2025	-	533,723	20,096	553,819
Depreciation	-	37,616	1,953	39,569
Exchange differences	-	(39,374)	(350)	(39,724)
As of June 30, 2025	-	531,965	21,699	553,664
Net carrying amount as of:				
June 30, 2025	\$ 93,670	\$ 2,139,076	\$ 100,841	\$ 2,333,587
December 31, 2024	\$ 93,670	\$ 2,351,268	\$ 109,347	\$ 2,554,285

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

	Land	Buildings and facilities	Right-of-use assets	Total
Cost:				
As of January 1, 2024	\$ -	\$ 2,512,330	\$ 118,864	\$ 2,631,194
Transfers	-	28,055	8,532	36,587
Exchange differences	-	62,572	1,207	63,779
As of June 30, 2024	-	2,602,957	128,603	2,731,560
Depreciation and impairment:				
As of January 1, 2024	-	394,887	14,391	409,278
Depreciation	-	34,663	1,881	36,544
Transfers	-	7,013	1,605	8,618
Exchange differences	-	9,470	67	9,537
As of June 30, 2024	-	446,033	17,944	463,977
Net carrying amount as of:				
June 30, 2024	\$ -	\$ 2,156,924	\$ 110,659	\$ 2,267,583

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Rental income from investment properties	\$ 57,958	\$ 55,658	\$ 119,630	\$ 113,864
Less: direct operating expenses from investment properties generating rental income	(19,351)	(18,501)	(39,569)	(36,544)
Total	\$ 38,607	\$ 37,157	\$ 80,061	\$ 77,320

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

Based on market approach:

	June 30, 2025	December 31, 2024	June 30, 2024
Fair value	\$ 3,411,681	\$ 3,685,710	\$ 3,683,832

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

Based on discounted cash flow approach :

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

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

For those right-of-use assets leased as operating leases and classified as investment properties, please refer to Note 6. (23) for relevant disclosure.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

(12) Intangible assets

	Trademarks	Software	Customer relationship	Patents, IPs and others	Goodwill	Total
Cost:						
As of January 1, 2025	\$ 352,055	\$ 1,587,848	\$ 2,635,440	\$ 32,457,589	\$ 67,908,730	\$ 104,941,662
Additions-acquired separately	-	152,606	-	3,800,519	-	3,953,125
Additions-acquired through business combinations	-	-	-	-	231,979	231,979
Disposals	-	(170,099)	-	(1,512,977)	-	(1,683,076)
Exchange differences	-	(22,977)	-	(1,007,551)	(94,235)	(1,124,763)
As of June 30, 2025	352,055	1,547,378	2,635,440	33,737,580	68,046,474	106,318,927
Amortization and impairment:						
As of January 1, 2025	351,992	1,054,258	2,155,054	19,123,316	-	22,684,620
Amortization	63	256,939	129,580	4,324,052	-	4,710,634
Disposals	-	(170,099)	-	(1,512,977)	-	(1,683,076)
Exchange differences	-	(18,738)	-	(716,372)	-	(735,110)
As of June 30, 2025	352,055	1,122,360	2,284,634	21,218,019	-	24,977,068
Net carrying amount as of:						
June 30, 2025	\$ -	\$ 425,018	\$ 350,806	\$ 12,519,561	\$ 68,046,474	\$ 81,341,859
December 31, 2024	\$ 63	\$ 533,590	\$ 480,386	\$ 13,334,273	\$ 67,908,730	\$ 82,257,042

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

	Trademarks	Software	Customer relationship	Patents, IPs and others	Goodwill	Total
Cost:						
As of January 1, 2024	\$ 352,055	\$ 1,243,595	\$ 2,581,940	\$ 28,681,170	\$ 66,042,932	\$ 98,901,692
Additions-acquired separately	-	207,702	-	4,761,601	-	4,969,303
Disposals	-	(93,154)	-	(3,072,412)	-	(3,165,566)
Exchange differences	-	8,608	-	454,677	31,452	494,737
As of June 30, 2024	352,055	1,366,751	2,581,940	30,825,036	66,074,384	101,200,166
Amortization and impairment:						
As of January 1, 2024	351,842	803,168	1,898,571	14,603,343	-	17,656,924
Amortization	75	196,100	126,904	3,712,768	-	4,035,847
Disposals	-	(93,154)	-	(3,072,412)	-	(3,165,566)
Exchange differences	-	7,119	-	235,954	-	243,073
As of June 30, 2024	351,917	913,233	2,025,475	15,479,653	-	18,770,278
Net carrying amount as of:						
June 30, 2024	\$ 138	\$ 453,518	\$ 556,465	\$ 15,345,383	\$ 66,074,384	\$ 82,429,888

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, 2024. The Company did not identify any impairment of goodwill for the year ended December 31, 2024.

(14) Short-term borrowings

	June 30, 2025	December 31, 2024	June 30, 2024
Unsecured bank loans	\$ 5,940,000	\$ 940,000	\$ 9,080,050
Interest rates	1.74%~1.97%	1.97%	1.93%~5.78%

(15) Other payables

	June 30, 2025	December 31, 2024	June 30, 2024
Accrued salaries and bonuses	\$ 37,633,788	\$ 40,278,816	\$ 37,867,269
Accrued royalties	1,975,394	2,767,240	3,531,682
Dividends payable	40,669,931	46,448,952	48,628,552
Others	19,565,948	20,847,571	14,310,609
Total	\$ 99,845,061	\$ 110,342,579	\$ 104,338,112

(16) Other current liabilities

	June 30, 2025	December 31, 2024	June 30, 2024
Refund liabilities (Note)	\$ 83,777,015	\$ 87,270,518	\$ 93,460,654
Others	3,466,504	1,154,284	595,874
Total	\$ 87,243,519	\$ 88,424,802	\$ 94,056,528

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

MEDIATEK INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)****(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 June 30, 2025 and 2024 were NT\$755,799 thousand and NT\$736,988 thousand, respectively. Pension expenses under the defined contribution plan for the six months ended June 30, 2025 and 2024 were NT\$1,546,997 thousand and NT\$1,465,486 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 June 30, 2025 and 2024 were NT\$3,012 thousand and NT\$3,344 thousand, respectively. Pension expenses under the defined benefits plan for the six months ended June 30, 2025 and 2024 were NT\$6,025 thousand and NT\$6,689 thousand, respectively.

(18) Other non-current liabilities

	June 30, 2025	December 31, 2024	June 30, 2024
Provisions (Note)	\$ -	\$ -	\$ -
Decommissioning liabilities	42,704	47,987	47,581
Others	3,535,995	3,518,034	3,315,267
Total	<u>\$ 3,578,699</u>	<u>\$ 3,566,021</u>	<u>\$ 3,362,848</u>

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

Note: The reversal of the Company's provisions for the six months ended June 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 June 30, 2025, December 31, 2024, and June 30, 2024 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\$16,016,580 thousand, NT\$16,016,880 thousand, and NT\$15,993,441 thousand, divided into 1,601,658,002 shares, 1,601,687,990 shares, and 1,599,344,128 shares as of June 30, 2025, December 31, 2024, and June 30, 2024, 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 June 30, 2025, 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 29,988 shares and 303,389 shares of issued restricted stocks for employees during the six months ended June 30, 2025 and 2024, respectively. Relevant regulators' approvals have been obtained and related registration processes have been completed.

B. Capital surplus

	June 30, 2025	December 31, 2024	June 30, 2024
Additional paid-in capital	\$ 5,303,435	\$ 5,303,435	\$ 3,049,937
Treasury share transactions	3,864,145	3,638,117	3,401,177
The difference between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	6,942,948	6,942,770	6,942,715
Changes in ownership interests in subsidiaries	8,280,276	8,280,276	8,297,602
Donated assets	1,261	1,261	1,261
Share of changes in net assets of associates	4,785,463	4,466,121	4,692,564
Restricted stocks for employees	2,619,168	2,512,751	2,387,826
Others	501,111	491,322	368,485
Total	<u>\$ 32,297,807</u>	<u>\$ 31,636,053</u>	<u>\$ 29,141,567</u>

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

C. Treasury shares

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

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

D. Retained earnings and dividend policy

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

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

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

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

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

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

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

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

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

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

Note: Legal reserve for 2024 was approved by the resolution of general shareholders' meeting held on May 29, 2025.

E. Non-controlling interests

	Six months ended June 30	
	2025	2024
Beginning balance	\$ 8,428,270	\$ 5,999,576
Gains attributable to non-controlling interests	420,181	358,820
Other comprehensive income (losses), attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of foreign operations	(81,072)	22,270
Changes in associates and joint ventures accounted for using the equity method	876	916
Changes in ownership interests in subsidiary	-	(75,381)
Sale of additional interest in a subsidiary	-	(43,583)
Others	(631,882)	(243,969)
Ending balance	\$ 8,136,373	\$ 6,018,649

(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.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

Restricted stock plan for employees of MTK

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

MTK issued 2,359,347 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. The estimated compensation expenses amounted to NT\$2,707,696 thousand in total based on the vesting conditions and will be recognized during the vesting period. As of June 30, 2025, MTK had recognized NT\$1,696,773 thousand as compensation expense and NT\$992,723 thousand as unearned employee compensation, which were recorded under salary expense and other equity, respectively.

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

	Restricted stock plan for employees
Expected volatility (%)	36.46%
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 under the 2024 plan are as follows:

- A. To issue common shares of MTK with gratuitous issue price.
- B. Employee's continuous employment with the Company through the vesting dates, with no violation on any terms of the Company's employment agreement, employee handbook, non-competition clause, confidentiality agreement or policies and achievement of both personal performance criteria and the Company's performance target during the vesting period, are eligible to receive the vested shares. The vesting period of the plan is two years. The maximum portions of the vesting shares of 2025 are 50%, and the cumulative maximum portions of vesting shares for two years from 2025 to 2026 are 100%. The actual portions of the vesting shares shall be determined by achievement of both personal performance and the Company's performance target.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

- 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.

Share-based payment plans of subsidiaries

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

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

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 years~1.61 years

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

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

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

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

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Restricted stocks for employees	\$ 516,920	\$ 244,910	\$ 1,034,084	\$ 417,805

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

(21) Sales

Analysis of revenue from contracts with customers was as follows:

A. Disaggregation of revenue

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Sale of goods	\$ 147,895,286	\$ 125,423,435	\$ 299,821,945	\$ 256,617,259
Services and other operating revenue	2,473,285	1,847,686	3,858,863	4,112,009
Total	\$ 150,368,571	\$ 127,271,121	\$ 303,680,808	\$ 260,729,268
Revenue recognition point:				
At a point in time	\$ 149,272,816	\$ 126,077,668	\$ 301,819,435	\$ 258,084,833
Satisfies the performance obligation over time	1,095,755	1,193,453	1,861,373	2,644,435
Total	\$ 150,368,571	\$ 127,271,121	\$ 303,680,808	\$ 260,729,268

B. Contract balances

Contract liabilities-current

	June 30, 2025	January 1, 2025	June 30, 2024	January 1, 2024
Sale of goods	\$ 1,250,391	\$ 1,191,549	\$ 1,846,292	\$ 1,615,650
Services and other operating revenue	2,627,473	3,126,879	2,482,620	1,761,109
Total	\$ 3,877,864	\$ 4,318,428	\$ 4,328,912	\$ 3,376,759

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

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

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Revenue recognized during the period that was included in the beginning balance	\$ 816,478	\$ 197,415	\$ 1,839,284	\$ 2,088,760
Increase in receipt in advance during the period (deducting the amount incurred and transferred to revenue during the period)	\$ 160,226	\$ 445,115	\$ 1,399,201	\$ 3,040,831

C. Transaction price allocated to unsatisfied performance obligations

As of June 30, 2025 and 2024, no disclosure of the unsatisfied performance obligations was needed as the contract terms with customers for the sales of goods are all shorter than one year; besides, the summarized amounts of transaction price allocated to unsatisfied performance obligations for rendering services were NT\$2,148,212 thousand and NT\$2,554,544 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 June 30		Six months ended June 30	
	2025	2024	2025	2024
Impairment (losses) gains				
Trade receivables	\$ (12,390)	\$ 3,905	\$ (12,999)	\$ 56,395

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

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

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

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

2025.06.30

	Neither past due (Note)	Past due				Total
		Within 30 days	31-60 days	61-90 days	After 90 days	
Gross carrying amount	\$ 68,571,349	\$ 1,052,215	\$ 26,500	\$ 2,073	\$ 32,035	\$ 69,684,172
Loss ratio	0%	0%	0%	0%~10%	20%~100%	
Lifetime expected credit losses	-	-	-	(205)	(14,591)	(14,796)
Carrying amount of trade receivables	\$ 68,571,349	\$ 1,052,215	\$ 26,500	\$ 1,868	\$ 17,444	\$ 69,669,376

2024.12.31

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

MEDIATEK INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**2024.06.30

	Neither past due	Past due				Total
		Within				
	(Note)	30 days	31-60 days	61-90 days	After 90 days	
Gross carrying amount	\$ 44,694,033	\$ 1,163,774	\$ 27,201	\$ 3,285	\$ 2,632	\$ 45,890,925
Loss ratio	0%	0%	0%	0%-10%	20%-100%	
Lifetime expected credit losses	-	-	-	(222)	(1,316)	(1,538)
Carrying amount of trade receivables	\$ 44,694,033	\$ 1,163,774	\$ 27,201	\$ 3,063	\$ 1,316	\$ 45,889,387

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

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

	Notes receivable	Trade receivables (including related parties)	Finance lease receivables
As of January 1, 2025	\$ -	\$ 1,808	\$ -
Allowance for the current period	-	12,999	-
Effect of changes in exchange rate	-	(11)	-
As of June 30, 2025	\$ -	\$ 14,796	\$ -
As of January 1, 2024	\$ -	\$ 57,933	\$ -
Allowance for the current period	-	(56,395)	-
As of June 30, 2024	\$ -	\$ 1,538	\$ -

MEDIATEK INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)****(23) Leases****A. The Company as a lessee**

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

a. Right-of-use asset

	June 30, 2025	December 31, 2024	June 30, 2024
Land	\$ 6,404,673	\$ 6,457,298	\$ 6,518,345
Buildings and facilities	2,069,652	2,309,920	2,367,966
Machinery equipment	493,071	142,967	196,618
Transportation equipment	11,209	6,484	10,048
Office equipment	1,103	1,890	2,255
Total	<u>\$ 8,979,708</u>	<u>\$ 8,918,559</u>	<u>\$ 9,095,232</u>

During the six months ended June 30, 2025 and 2024, the additions to right-of-use assets of the Company amounted to NT\$802,286 thousand and NT\$994,962 thousand, respectively.

b. Lease liability

	June 30, 2025	December 31, 2024	June 30, 2024
Lease liability-current	\$ 992,369	\$ 995,267	\$ 918,668
Lease liability-noncurrent	8,331,214	8,375,041	8,495,900
Total	<u>\$ 9,323,583</u>	<u>\$ 9,370,308</u>	<u>\$ 9,414,568</u>

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

The Company capitalized certain depreciation and interest expenses during the three months and the six months ended June 30, 2025 and 2024. Please refer to Note 6. (10) for related information.

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

c. Depreciation charge for right-of-use assets

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Land	\$ 10,332	\$ 14,046	\$ 20,697	\$ 28,098
Buildings and facilities	219,991	214,559	428,630	415,360
Machinery equipment	32,787	24,325	58,373	64,503
Transportation equipment	1,088	1,584	2,226	3,076
Office equipment	372	379	748	744
Total	<u>\$ 264,570</u>	<u>\$ 254,893</u>	<u>\$ 510,674</u>	<u>\$ 511,781</u>

d. Income and costs relating to leasing activities

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
The expense relating to short-term leases	<u>\$ 12,444</u>	<u>\$ 15,508</u>	<u>\$ 34,517</u>	<u>\$ 26,177</u>
The expense relating to leases of low-value assets (excluding the expense relating to short-term leases of low-value assets)	<u>\$ 157</u>	<u>\$ 256</u>	<u>\$ 767</u>	<u>\$ 718</u>
Income from subleasing right-of-use assets	<u>\$ 393</u>	<u>\$ 1,339</u>	<u>\$ 847</u>	<u>\$ 2,682</u>

e. Cash outflow relating to leasing activities

During the six months ended June 30, 2025 and 2024, the Company's total cash outflows for leases amounted to NT\$929,624 thousand and NT\$551,954 thousand, respectively.

f. Other information relating to leasing activities

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

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 the ownership of underlying assets.

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

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Lease income from operating leases				
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	\$ 72,874	\$ 72,876	\$ 150,497	\$ 146,693
Lease income from finance leases				
Finance income on the net investment in the lease	2,177	5,081	5,049	10,888
Total	\$ 75,051	\$ 77,957	\$ 155,546	\$ 157,581

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 June 30, 2025, December 31, 2024, and June 30, 2024 were as follows:

	June 30, 2025	December 31, 2024	June 30, 2024
Not later than one year	\$ 366,148	\$ 735,143	\$ 741,014
Later than one year and not later than two years	3,650	-	366,148
Later than two years and not later than three years	2,305	-	-
Later than three years and not later than four years	2,305	-	-
Later than four years and not later than five years	1,344	-	-
Total non-discounted lease payments	375,752	735,143	1,107,162
Less: unearned finance income of finance lease	(3,008)	(7,251)	(15,324)
Less: allowance for doubtful debts	-	-	-
Net investment in the finance lease (receivable of a finance lease)	\$ 372,744	\$ 727,892	\$ 1,091,838
Current	\$ 363,946	\$ 727,892	\$ 727,892
Noncurrent	\$ 8,798	\$ -	\$ 363,946

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

	Three months ended June 30					
	2025			2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Pension	\$ 11,428	\$ 747,383	\$ 758,811	\$ 13,082	\$ 727,250	\$ 740,332
Others	\$ 303,857	\$ 25,825,456	\$ 26,129,313	\$ 344,505	\$ 24,057,535	\$ 24,402,040
Depreciation	\$ 108,328	\$ 3,238,544	\$ 3,346,872	\$ 74,446	\$ 3,022,137	\$ 3,096,583
Amortization	\$ 2,527	\$ 2,415,526	\$ 2,418,053	\$ 515	\$ 2,123,692	\$ 2,124,207

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

	Six months ended June 30					
	2025			2024		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Pension	\$ 24,227	\$ 1,528,795	\$ 1,553,022	\$ 25,631	\$ 1,446,544	\$ 1,472,175
Others	\$ 646,602	\$ 51,972,553	\$ 52,619,155	\$ 654,637	\$ 48,889,622	\$ 49,544,259
Depreciation	\$ 206,798	\$ 6,462,412	\$ 6,669,210	\$ 136,632	\$ 6,009,319	\$ 6,145,951
Amortization	\$ 5,151	\$ 4,705,483	\$ 4,710,634	\$ 1,263	\$ 4,034,584	\$ 4,035,847

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

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

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

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Employees' compensation	\$ 370,852	\$ 339,841	\$ 755,892	\$ 764,644
Remuneration to directors	\$ 24,000	\$ 9,989	\$ 48,000	\$ 53,000

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

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

MEDIATEK INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)****(25) Interest income**

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Financial assets measured at amortized cost	\$ 2,618,536	\$ 2,870,047	\$ 5,451,559	\$ 5,157,108
Financial assets at fair value through other comprehensive income	65,944	66,146	72,673	76,878
Total	<u>\$ 2,684,480</u>	<u>\$ 2,936,193</u>	<u>\$ 5,524,232</u>	<u>\$ 5,233,986</u>

(26) Other income

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Rental income	\$ 72,874	\$ 72,876	\$ 150,497	\$ 146,693
Dividend income	941,635	898,938	2,477,928	1,538,504
Others	91,465	65,270	126,416	88,345
Total	<u>\$ 1,105,974</u>	<u>\$ 1,037,084</u>	<u>\$ 2,754,841</u>	<u>\$ 1,773,542</u>

(27) Other gains and losses

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
(Losses) gains on disposal of property, plant and equipment	\$ (934)	\$ 1,166	\$ (973)	\$ 3,171
Losses on disposal of investments				
Investments accounted for using the equity method	(89)	(2,294)	(89)	(2,294)
Financial assets measured at amortized cost	-	-	-	(62,373)
Foreign exchange gains (losses)	1,160,530	(176,485)	1,027,098	(1,246,554)
Impairment losses				
Investments accounted for using the equity method	-	(74,233)	-	(74,233)
Net (losses) gains on financial instruments at fair value through profit or loss	(1,144,215)	392,214	(888,373)	1,940,205
Others	4,097	(26,757)	10,709	(57,487)
Total	<u>\$ 19,389</u>	<u>\$ 113,611</u>	<u>\$ 148,372</u>	<u>\$ 500,435</u>

MEDIATEK INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)****(28) Finance costs**

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Interest expenses on borrowings	\$ 95,212	\$ 14,521	\$ 267,639	\$ 50,157
Interest expenses on lease liabilities	30,361	24,580	53,500	47,055
Total	<u>\$ 125,573</u>	<u>\$ 39,101</u>	<u>\$ 321,139</u>	<u>\$ 97,212</u>

(29) Components of other comprehensive income

For the three months ended June 30, 2025 :

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax effect	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	\$ (3,114,485)	\$ -	\$ (3,114,485)	\$ 74,248	\$ (3,040,237)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	21,178	-	21,178	-	21,178
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	(37,328,064)	-	(37,328,064)	-	(37,328,064)
Unrealized gains (losses) from debt instrument investments measured at fair value through other comprehensive income	1,520	-	1,520	-	1,520
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	158,873	89	158,962	-	158,962
Total	<u>\$ (40,260,978)</u>	<u>\$ 89</u>	<u>\$ (40,260,889)</u>	<u>\$ 74,248</u>	<u>\$ (40,186,641)</u>

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 June 30, 2024 :

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax effect	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	\$ (14,521,639)	\$ -	\$ (14,521,639)	\$ (70,795)	\$ (14,592,434)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(80,904)	-	(80,904)	-	(80,904)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	4,181,602	-	4,181,602	-	4,181,602
Unrealized gains (losses) from debt instrument investments measured at fair value through other comprehensive income	5,776	-	5,776	-	5,776
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(41,107)	43	(41,064)	-	(41,064)
Total	\$ (10,456,272)	\$ 43	\$ (10,456,229)	\$ (70,795)	\$ (10,527,024)

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

For the six months ended June 30, 2025:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax effect	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	\$ (6,578,620)	\$ -	\$ (6,578,620)	\$ 22,201	\$ (6,556,419)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	22,600	-	22,600	-	22,600
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	(32,736,051)	-	(32,736,051)	-	(32,736,051)
Unrealized gains (losses) from debt instrument investments measured at fair value through other comprehensive income	5,721	-	5,721	-	5,721
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	226,706	89	226,795	-	226,795
Total	\$ (39,059,644)	\$ 89	\$ (39,059,555)	\$ 22,201	\$ (39,037,354)

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

For the six months ended June 30, 2024:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax effect	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	\$ (7,901,411)	\$ -	\$ (7,901,411)	\$ 179,400	\$ (7,722,011)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(14,512)	-	(14,512)	-	(14,512)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	14,480,145	-	14,480,145	-	14,480,145
Unrealized gains (losses) from debt instrument investments measured at fair value through other comprehensive income	3,455	-	3,455	-	3,455
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(176,637)	43	(176,594)	-	(176,594)
Total	\$ 6,391,040	\$ 43	\$ 6,391,083	\$ 179,400	\$ 6,570,483

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 June 30		Six months ended June 30	
	2025	2024	2025	2024
Current income tax expense:				
Current income tax charge	\$ 1,344,483	\$ 2,660,773	\$ 6,153,289	\$ 5,705,074
Current tax expense related to Pillar Two legislation	1,770,847	169,897	3,555,963	308,622
Deferred tax expense:				
Deferred tax expense (income) relating to origination and reversal of temporary differences	3,187,582	51,311	1,865,939	(1,097,027)
Deferred tax (income) expense relating to origination and reversal of tax loss and tax credit	(36,636)	153,540	(38,695)	656,608
Deferred tax (income) expense arising from write-down or reversal of write-down of deferred tax asset	(562,671)	(133,000)	(928,194)	1,404,776
Others	(540,460)	339,641	(420,894)	278,925
Total income tax expense	<u>\$ 5,163,145</u>	<u>\$ 3,242,162</u>	<u>\$ 10,187,408</u>	<u>\$ 7,256,978</u>

Income tax recognized in other comprehensive income

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Deferred tax (income) expense:				
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	<u>\$ (74,248)</u>	<u>\$ 70,795</u>	<u>\$ (22,201)</u>	<u>\$ (179,400)</u>

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

Income tax charged directly to equity

	<u>Three months ended June 30</u>		<u>Six months ended June 30</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Current income tax				
expense (income):				
Realized gains (losses)				
from equity instrument				
investments measured at				
fair value through other				
comprehensive income	<u>\$ -</u>	<u>\$ (358)</u>	<u>\$ -</u>	<u>\$ (358)</u>

The assessment of income tax returns

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

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

(31) Earnings per share

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

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

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

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
A. Basic earnings per share				
Profit attributable to ordinary equity owners of the parent (in thousand NT\$)	\$ 27,848,264	\$ 25,715,520	\$ 57,173,177	\$ 57,251,173
Weighted average number of ordinary shares outstanding for basic earnings per share (share)	1,591,534,558	1,588,727,702	1,591,534,558	1,588,727,702
Basic earnings per share (NT\$)	\$ 17.50	\$ 16.19	\$ 35.92	\$ 36.04
B. Diluted earnings per share				
Profit attributable to ordinary equity owners of the parent (in thousand NT\$)	\$ 27,848,264	\$ 25,715,520	\$ 57,173,177	\$ 57,251,173
Weighted average number of ordinary shares outstanding for basic earnings per share (share)	1,591,534,558	1,588,727,702	1,591,534,558	1,588,727,702
Effect of dilution:				
Employees' compensation-stock (share)	604,713	546,174	883,785	846,196
Restricted stocks for employees (share)	1,550,304	2,757,349	1,595,331	2,831,431
Weighted average number of ordinary shares outstanding after dilution (share)	1,593,689,575	1,592,031,225	1,594,013,674	1,592,405,329
Diluted earnings per share (NT\$)	\$ 17.47	\$ 16.15	\$ 35.87	\$ 35.95

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

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

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

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

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

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

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

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

Goodwill of IC+ was as follows:

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

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

Analysis of cash flows on acquisition:

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

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

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

From the acquisition date, July 1, 2024, to December 31, 2024, IC+ has contributed NT\$338,827 thousand to the Company's revenue, with a net loss of NT\$72,053 thousand. If the combination had taken place at the beginning of that year, the Company's consolidated operations revenue would have been NT\$530,891,100 thousand and the net profit would have been NT\$107,067,657 thousand for the year ended December 31, 2024.

7. Related Party Transactions

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

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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. (Note1)	Associate
Vanchip (Tianjin) Technology Co., Ltd.	Associate
M.I.F.L.P.	Associate
King Yuan Electronics Co., Ltd. and its subsidiaries (Note2)	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. King Yuan Electronics Co., Ltd. completed the disposal of its entire shareholding in King Long Technology (Suzhou) Co., Ltd. in February 2025. Accordingly, King Long Technology (Suzhou) Co., Ltd. was no longer a substantive related party since that month.

Significant transactions with the related parties

(1) Sales

	<u>Three months</u>		<u>Six months</u>	
	<u>ended June 30</u>		<u>ended June 30</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
<u>Sale of goods</u>				
Associates				
Intelligo Technology Inc. and its subsidiaries	\$ 62,589	\$ 7,620	\$ 137,371	\$ 11,228
ASIX Electronics Corporation	59,548	69,703	128,685	128,553
AMobile Solutions Corp.	-	-	-	4,112
Subtotal	<u>122,137</u>	<u>77,323</u>	<u>266,056</u>	<u>143,893</u>

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

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
<u>Services and other operating revenue</u>				
Associates				
Sigmastar Technology Ltd. and its subsidiaries	21,106	24,200	54,470	48,400
Intellectual Property Innovation Corp.	-	-	-	292
Subtotal	21,106	24,200	54,470	48,692
Total	<u>\$ 143,243</u>	<u>\$ 101,523</u>	<u>\$ 320,526</u>	<u>\$ 192,585</u>

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

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

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Other related parties				
King Yuan Electronics Co., Ltd. and its subsidiaries	<u>\$ 1,873,647</u>	<u>\$ 2,105,791</u>	<u>\$ 3,768,394</u>	<u>\$ 4,082,529</u>

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

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

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Associates				
Intelligo Technology Inc. and its subsidiaries	\$ 39,116	\$ 20,962	\$ 71,782	\$ 55,036
MoMAGIC Technologies Private Limited	-	527	-	527
AMobile Solutions Corp.	271	-	271	-
Other related parties				
King Yuan Electronics Co., Ltd. and its subsidiaries	1,354	1,339	2,579	2,553
Total	<u>\$ 40,741</u>	<u>\$ 22,828</u>	<u>\$ 74,632</u>	<u>\$ 58,116</u>

MEDIATEK INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)****(4) Other income**

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Associates				
ASIX Electronics Corporation	\$ 2,120	\$ 2,250	\$ 2,130	\$ 2,260
IC PLUS Corp.	-	20	-	20
Other related parties				
King Yuan Electronics Co., Ltd. and its subsidiaries	-	1,706	-	1,706
Total	\$ 2,120	\$ 3,976	\$ 2,130	\$ 3,986

(5) Rental income

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Associate				
Sigmastar Technology Ltd. and its subsidiaries	\$ 231	\$ 231	\$ 461	\$ 446

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

(6) Trade receivables from related parties

	June 30, 2025	December 31, 2024	June 30, 2024
Associates			
Intelligo Technology Inc. and its subsidiaries	\$ 15,449	\$ 2,147	\$ 1,642
ASIX Electronics Corporation	18,327	13,685	45,080
Sigmastar Technology Ltd. and its subsidiaries	29,376	24,834	8,067
Total	\$ 63,152	\$ 40,666	\$ 54,789

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

(7) Other receivables

	June 30, 2025	December 31, 2024	June 30, 2024
Associates			
ASIX Electronics Corporation	\$ 37,189	\$ -	\$ 43,387
Vanchip (Tianjin) Technology Co., Ltd.	-	-	24,788
M.I.F.L.P.	58,308	-	-
Other related parties			
King Yuan Electronics Co., Ltd. and its subsidiaries	-	-	1,791
Total	<u>\$ 95,497</u>	<u>\$ -</u>	<u>\$ 69,966</u>

(8) Contract liabilities-current

	June 30, 2025	December 31, 2024	June 30, 2024
Associate			
AMobile Solutions Corp.	<u>\$ 1,638</u>	<u>\$ -</u>	<u>\$ 344</u>

(9) Trade payables to related parties

	June 30, 2025	December 31, 2024	June 30, 2024
Other related parties			
King Yuan Electronics Co., Ltd. and its subsidiaries	<u>\$ 2,078,817</u>	<u>\$ 2,041,173</u>	<u>\$ 2,156,950</u>

(10) Other payables to related parties

	June 30, 2025	December 31, 2024	June 30, 2024
Associate			
Intelligo Technology Inc. and its subsidiaries	\$ 41,860	\$ 54,110	\$ 99,305
AMobile Solutions Corp.	-	3,122	-
Other related parties			
King Yuan Electronics Co., Ltd. and its subsidiaries	1,242	4,478	1,033
Total	<u>\$ 43,102</u>	<u>\$ 61,710</u>	<u>\$ 100,338</u>

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

(11) Deposits received

	June 30, 2025	December 31, 2024	June 30, 2024
Associate			
Sigmastar Technology Ltd. and its subsidiaries	\$ 161	\$ 161	\$ 161

(12) Others

- A. During the six months ended June 30, 2025 and 2024, the Company acquired software from Intelligo Technology Inc. and its subsidiaries in the amount of NT\$65,655 thousand and NT\$62,860 thousand which was recorded as intangible assets, respectively.
- B. The Company acquired approximately 3% of King Long Technology (Suzhou) Ltd. from KYEC Microelectronics Co., Ltd., subsidiary of King Yuan Electronic Co., Ltd. in the amount of USD\$25,000 thousand in the six months ended June 30, 2025.
- C. The Company had prepaid the amount of NT\$1,932,774 thousand for the acquisition of the ordinary shares of IC PLUS Corp. through private placement in June 2024. The prepayment was recorded as prepayments for investments in the Company's consolidated financial statements. Please refer to Note 6. (32) for relevant information.

(13) Key management personnel compensation

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Short-term employee benefits (Note)	\$ 531,110	\$ 636,640	\$ 1,104,381	\$ 1,067,279
Share-based payment	90,658	53,598	167,982	108,031
Post-employment benefits	949	264	2,420	2,099
Total	\$ 622,717	\$ 690,502	\$ 1,274,783	\$ 1,177,409

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.

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

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

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
	June 30, 2025	December 31, 2024	June 30, 2024	
Financial assets measured at amortized cost-noncurrent	\$ 12,457	\$ 12,372	\$ 12,374	Lease execution deposits
Financial assets measured at amortized cost-noncurrent	77,584	75,574	76,165	Customs clearance deposits
Financial assets measured at amortized cost-noncurrent	96,779	96,079	96,079	Land lease guarantee
Financial assets measured at amortized cost-noncurrent	199,870	224,837	193,097	Performance bond
Total	<u>\$ 386,690</u>	<u>\$ 408,862</u>	<u>\$ 377,715</u>	

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

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

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

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

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

C. The Company entered into long-term energy purchase agreements with several suppliers. The relative fulfillment period, quantity and price were specified in the agreements.

(2) Legal claim contingency

A. Koninklijke Philips N.V., and Philips North America LLC(“Philips”) filed a complaint in the United States District Court for the District of Delaware against MTK and subsidiary MediaTek USA Inc. on September 17, 2020, alleging infringement of United States Patent Nos. 9,590,977 and 10,298,564. Philips transferred the accused patents to Media Content Protection LLC (“MCP”) in August 2024 and MCP was substituted in as the plaintiff in place of Philips.

B. ParkerVision, Inc. filed a complaint in the United States District Court for the Western District of Texas against MTK and subsidiary MediaTek USA Inc. on November 10, 2022, alleging infringement of U.S. Patent Nos. 6,049,706, 6,266,518, 7,292,835 and 8,660,513.

ParkerVision, Inc. filed a complaint in the United States District Court for the Western District of Texas against MTK and subsidiary MediaTek USA Inc. on May 17, 2023, alleging infringement of U.S. Patent Nos. 7,483,686, 7,865,177 and 9,118,528.

ParkerVision, Inc. filed a complaint in the United States District Court for the Western District of Texas against MTK and subsidiary MediaTek USA Inc. on October 30, 2023, alleging infringement of U.S. Patent Nos. 7,050,508, 7,929,638 and 8,498,593.

C. MOSAID Technologies, Inc. filed a complaint in the United States District Court for the Eastern District of Texas against MTK and subsidiary MediaTek USA Inc. on March 28, 2023, alleging infringement of U.S. Patent Nos. 8,253,438, 8,854,077, 9,350,349, 7,224,563, 7,051,306, 7,945,885 and 7,996,811. Pursuant to the parties’ joint motion to terminate, the court dismissed the case against MTK and its subsidiaries MediaTek USA Inc. on January 1, 2025.

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

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

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

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

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

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

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

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

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

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

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

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

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

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

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

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

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

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

H. VDPP LLC filed a complaint in the United States District Court for the Western District of Texas against MediaTek USA Inc. on August 2, 2024, alleging infringement of U.S. Patent No. 10,021,380. Pursuant to the Plaintiff's motion for voluntary dismissal, the court dismissed the claims against MediaTek USA Inc. on January 21, 2025.

I. ServStor Technologies LLC filed a complaint in the United States District Court for the Eastern District of Texas against MTK on September 19, 2024, alleging infringement of U.S. Patent Nos. 7,602,773, 7,643,476, 7,688,814 and 7,742,473. Pursuant to the Plaintiff's motion for voluntary dismissal, the court dismissed the claims against MTK on February 10, 2025.

J. J. Freedom Patents LLC filed a complaint in the United States District Court for the Eastern District of Texas against MTK on April 24, 2025, alleging infringement of U.S. Patent Nos. 8,284,686, 8,374,096, 8,514,815.

K. Array Cache Technologies, LLC filed a complaint in the United States District Court for the Eastern District of Texas against MTK on June 30, 2025, alleging infringement of U.S. Patent No. 11,334,485.

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

10. Losses due to Major Disasters

None

MEDIATEK INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)****11. Significant Subsequent Events**

None

12. Others**(1) Financial instruments****A. Categories of financial instruments****Financial assets**

	June 30, 2025	December 31, 2024	June 30, 2024
Financial assets at fair value through profit or loss:			
Held for trading financial assets	\$ 6,021	\$ 265,406	\$ 30,774
Mandatorily measured at fair value through profit or loss (Note 1)	8,220,474	10,585,833	14,544,960
Subtotal	8,226,495	10,851,239	14,575,734
Financial assets at fair value through other comprehensive income	68,799,636	80,499,508	72,701,979
Financial assets measured at amortized cost (Note 2)	326,889,329	331,746,500	319,439,711
Total	<u>\$ 403,915,460</u>	<u>\$ 423,097,247</u>	<u>\$ 406,717,424</u>

Financial liabilities

	June 30, 2025	December 31, 2024	June 30, 2024
Financial liabilities at fair value through profit or loss:			
Held for trading financial liabilities	\$ 403	\$ 4,229	\$ 1,220
Financial liabilities at amortized cost:			
Short-term borrowings	5,940,000	940,000	9,080,050
Trade payables (including related parties)	39,070,358	40,776,506	32,252,710
Other payables (including related parties)	99,888,163	110,404,289	104,438,450
Long-term payables (including current portion)	5,656,736	10,660,491	10,137,534
Lease liabilities	9,323,583	9,370,308	9,414,568
Subtotal	159,878,840	172,151,594	165,323,312
Total	<u>\$ 159,879,243</u>	<u>\$ 172,155,823</u>	<u>\$ 165,324,532</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\$2,260,449 thousand, NT\$1,051,951 thousand and NT\$1,103,736 thousand as of June 30, 2025, December 31, 2024, and June 30, 2024, respectively. Please refer to Note 6. (5) for further explanation.
2. Includes cash and cash equivalents (excluding cash on hand), financial assets measured at amortized cost, notes receivable, trade receivables (excluding financial assets measured at fair value through profit or loss of NT\$2,260,449 thousand, NT\$1,051,951 thousand and NT\$1,103,736 thousand as of June 30, 2025, December 31, 2024 and June 30, 2024, respectively. Please refer to Note 6. (5) for further explanation.), other receivables and finance lease receivables, net.

B. Fair values of financial instruments

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

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

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

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

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

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

b. Fair value of financial instruments measured at amortized cost

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

c. Fair value measurement hierarchy

(a) Fair value measurement hierarchy

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

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

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

Level 3: Unobservable inputs for the assets or liabilities.

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

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

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

As of June 30, 2025

	Level 1	Level 2	Level 3	Total
<u>Assets measured at fair value:</u>				
Financial assets at fair value				
through profit or loss				
Bonds	\$ -	\$ -	\$ 1,786,910	\$ 1,786,910
Linked deposits	-	-	676,079	676,079
Stocks	46,658	-	-	46,658
Funds	1,059,279	-	254,095	1,313,374
Trust funds	2,030,140	-	-	2,030,140
Capital	-	-	106,864	106,864
Forward exchange contracts	-	6,021	-	6,021
Financial assets at fair value				
through other comprehensive				
income				
Equity instruments measured				
at fair value through other				
comprehensive income	34,748,263	3,947,314	29,337,516	68,033,093
Debt instruments measured at				
fair value through other				
comprehensive income	565,326	-	201,217	766,543
Total	\$ 38,449,666	\$ 3,953,335	\$ 32,362,681	\$ 74,765,682

Liabilities measured at fair value:

Financial liabilities at fair value

through profit or loss

Forward exchange contracts	\$ -	\$ 403	\$ -	\$ 403
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MEDIATEK INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**As of December 31, 2024

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

Liabilities measured at fair value:

Financial liabilities at fair value

through profit or loss

Forward exchange contracts	\$ -	\$ 4,229	\$ -	\$ 4,229
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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 June 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	\$ -	\$ -	\$ 1,758,720	\$ 1,758,720
Linked deposits	-	-	2,470,219	2,470,219
Stocks	99,755	-	-	99,755
Funds	1,994,285	-	5,125,158	7,119,443
Capital	-	-	56,656	56,656
Trust funds	1,936,431	-	-	1,936,431
Forward exchange contracts	-	30,774	-	30,774
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	38,940,424	-	32,957,963	71,898,387
Debt instruments measured at fair value through other comprehensive income	602,430	-	201,162	803,592
Total	<u>\$ 43,573,325</u>	<u>\$ 30,774</u>	<u>\$ 42,569,878</u>	<u>\$ 86,173,977</u>
<u>Liabilities measured at fair value:</u>				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 1,220	\$ -	\$ 1,220

For the six months ended June 30, 2025 and 2024, there were no transfers between Level 1 and Level 2 of the fair value hierarchy.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

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

	Asset							
	Mandatorily measured at fair value through profit or loss				Measured at fair value through other comprehensive income			
	Bonds	Funds	Link deposits	Capital	Bonds	Capital	Stocks	Total
As of January 1, 2025	\$ 1,648,978	\$ 1,944,038	\$ 2,629,495	\$ 90,394	\$ 201,216	\$ 22,676,746	\$ 8,878,057	\$ 38,068,924
Amount recognized in profit or loss	42,190	38,690	14,335	(9,713)	-	-	-	85,502
Amount recognized in OCI	-	-	-	-	1	(571,345)	(398,071)	(969,415)
Amount recognized in OCI- exchange differences	(50,028)	(183,629)	(226,591)	-	-	(2,328,573)	(903,291)	(3,692,112)
Acquisitions	145,770	-	-	26,183	-	2,157,241	-	2,329,194
Settlements	-	(1,545,004)	(1,741,160)	-	-	(144,094)	(29,154)	(3,459,412)
As of June 30, 2025	\$ 1,786,910	\$ 254,095	\$ 676,079	\$ 106,864	\$ 201,217	\$ 21,789,975	\$ 7,547,541	\$ 32,362,681

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

	Asset							
	Mandatorily measured at fair value through profit or loss				Measured at fair value through other comprehensive income			
	Bonds	Funds	Link deposits	Capital	Bonds	Capital	Stocks	Total
As of January 1, 2024	\$ 1,541,120	\$ 2,797,941	\$ 2,736,431	\$ -	\$ 634,627	\$ 22,111,167	\$ 8,938,332	\$ 38,759,618
Amount recognized in profit or loss	75,653	45,046	(47,365)	-	-	-	-	73,334
Amount recognized in OCI	-	-	-	-	(193)	(1,155,708)	790,573	(365,328)
Amount recognized in OCI- exchange differences	44,477	89,956	79,153	-	11,870	1,006,229	490,476	1,722,161
Acquisitions	97,470	6,923,475	295,000	56,656	-	628,437	327,524	8,328,562
Settlements	-	(5,104,511)	(298,000)	-	(445,142)	(77,317)	(101,750)	(6,026,720)
Reclassification	-	373,251	(295,000)	-	-	-	-	78,251
As of June 30, 2024	<u>\$ 1,758,720</u>	<u>\$ 5,125,158</u>	<u>\$ 2,470,219</u>	<u>\$ 56,656</u>	<u>\$ 201,162</u>	<u>\$ 22,512,808</u>	<u>\$ 10,445,155</u>	<u>\$ 42,569,878</u>

Total gains related to assets recognized for the six months ended June 30, 2025 and 2024 amounted to NT\$57,144 thousand and NT\$38,824 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 June 30, 2025:

Valuation technique		Significant unobservable inputs	Quantitative information	Interrelationship between inputs and fair values	Sensitivity analysis of interrelationship between inputs and fair values
Financial Assets:					
At fair value through other comprehensive income					
Stocks	Market Approach	Discount for lack of marketability	0~30%	The greater degree of lack of marketability the lower the estimated fair value is determined.	A change of 10% in the discount for lack of marketability of the aforementioned fair values of unlisted stocks could decrease/increase the Company's equity for the six-month periods ended June 30, 2025 by NT\$380,153 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 six-month periods ended June 30, 2025 by NT\$328,839 thousand.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

As of December 31, 2024:

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

MEDIATEK INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**As of June 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 six-month periods ended June 30, 2024 by NT\$709,646 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 six-month periods ended June 30, 2024 by NT\$1,370 thousand.

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

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

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

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

As of June 30, 2025

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment property	\$ -	\$ -	\$ 3,876,210	\$ 3,876,210

As of December 31, 2024

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

As of June 30, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment property	\$ -	\$ -	\$ 3,683,832	\$ 3,683,832

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. The related information was as follows:

The Company entered into forward exchange 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:

Forward exchange contracts	Currency	Contract amount ('000)	Maturity
As of June 30, 2025	TWD to USD	Sell USD 20,000	July 2025
As of June 30, 2025	JPY to USD	Buy USD 1,413	December 2025
As of December 31, 2024	TWD to USD	Buy USD 500,000	January 2025
As of December 31, 2024	TWD to USD	Sell USD 17,000	January 2025
As of December 31, 2024	TWD to USD	Buy USD 60,000	February 2025
As of December 31, 2024	TWD to USD	Buy USD 330,000	March 2025
As of December 31, 2024	JPY to USD	Buy USD 1,297	June 2025
As of June 30, 2024	TWD to USD	Sell USD 90,000	July 2024
As of June 30, 2024	TWD to USD	Buy USD 150,000	July 2024
As of June 30, 2024	EUR to USD	Sell USD 3,011	July 2024
As of June 30, 2024	JPY to USD	Buy USD 3,425	December 2024
As of June 30, 2024	KRW to USD	Buy USD 7,846	December 2024

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

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

(2) Financial risk management objectives and policies

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

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

A. Market risk

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

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

a. Foreign currency risk

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

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

When NTD appreciates or depreciates against USD by 0.1%, the profit for the six months ended June 30, 2025 and 2024 would decrease/increase by NT\$75,667 thousand and NT\$74,728 thousand, while equity would decrease/increase by NT\$204,463 thousand and NT\$203,237 thousand, respectively.

When NTD appreciates or depreciates against CNY by 0.1%, the profit for the six months ended June 30, 2025 and 2024 would decrease/increase by NT\$2,536 thousand and NT\$2,615 thousand, while equity would decrease/increase by NT\$22,585 thousand and NT\$23,566 thousand, respectively.

b. Interest rate risk

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

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period, including investments and bank borrowings with variable interest rates. At the reporting date, an increase/decrease of 10 basis points of interest rate in a reporting period could cause the profit for the six months ended June 30, 2025 and 2024 to increase/decrease by NT\$847 thousand and NT\$957 thousand, respectively.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

c. Other price risk

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

A change of 1% in the price of the listed company stocks classified under equity instrument investments measured at fair value through profit or loss could cause the profit or loss for the six months ended June 30, 2025 and 2024 to increase/decrease by NT\$467 thousand and NT\$998 thousand, respectively.

A change of 1% in the price of the listed company stocks and funds classified under equity instrument investments measured at fair value through other comprehensive income could cause the other comprehensive income for the six months ended June 30, 2025 and 2024 to increase/decrease by NT\$386,956 thousand and NT\$389,404 thousand, respectively.

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

B. Credit risk management

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

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

As of June 30, 2025, December 31, 2024, and June 30, 2024, receivables from top ten customers represented 62.42%, 52.98%, and 60.12% of the total trade receivables of the Company, respectively. The credit concentration risk of other account receivables was insignificant.

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

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

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

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

Level of credit risk	Indicator	Measurement method for expected credit losses	Carrying amount		
			June 30, 2025	December 31, 2024	June 30, 2024
Low credit risk	Credit risk measure belongs to IG category Counter parties with investment grade credit rating	12-month expected credit losses	\$ 67,594,467	\$ 77,704,712	\$ 74,094,180
Credit risk significantly increased	Credit risk measure reduced from IG category to HY category Contract payment overdue 30 days	Lifetime expected credit losses	\$ -	\$ -	\$ 259,529
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	\$ 70,120,068	\$ 44,715,152	\$ 47,038,001

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

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

When the credit risk on a debt instrument investment has increased, the Company will dispose 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 June 30, 2025</u>				
Short-term borrowings	\$ 5,948,609	\$ -	\$ -	\$ 5,948,609
Trade payables (including related parties)	39,070,358	-	-	39,070,358
Other payables (including related parties)	99,884,326	-	-	99,884,326
Lease liabilities	1,138,717	2,095,377	8,662,565	11,896,659
Long-term payables	3,370,919	2,285,817	-	5,656,736
Total	<u>\$ 149,412,929</u>	<u>\$ 4,381,194</u>	<u>\$ 8,662,565</u>	<u>\$ 162,456,688</u>

As of December 31, 2024

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

As of June 30, 2024

Short-term borrowings	\$ 9,088,923	\$ -	\$ -	\$ 9,088,923
Trade payables (including related parties)	32,252,710	-	-	32,252,710
Other payables (including related parties)	104,434,947	-	-	104,434,947
Lease liabilities	963,565	2,208,402	8,908,900	12,080,867
Long-term payables	7,231,634	2,905,900	-	10,137,534
Total	<u>\$ 153,971,779</u>	<u>\$ 5,114,302</u>	<u>\$ 8,908,900</u>	<u>\$ 167,994,981</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 June 30, 2025</u>			
Gross settlement			
Forward exchange contracts			
Inflow	\$ 70,119	\$ -	\$ 70,119
Outflow	(70,522)	-	(70,522)
Net	<u>\$ (403)</u>	<u>\$ -</u>	<u>\$ (403)</u>
<u>As of December 31, 2024</u>			
Gross settlement			
Forward exchange contracts			
Inflow	\$ 595,280	\$ -	\$ 595,280
Outflow	(599,852)	-	(599,852)
Net	<u>\$ (4,572)</u>	<u>\$ -</u>	<u>\$ (4,572)</u>
<u>As of June 30, 2024</u>			
Gross settlement			
Forward exchange contracts			
Inflow	\$ 259,165	\$ -	\$ 259,165
Outflow	(260,290)	-	(260,290)
Net	<u>(1,125)</u>	<u>-</u>	<u>(1,125)</u>
Net settlement			
Forward exchange contracts	<u>(417)</u>	<u>-</u>	<u>(417)</u>
Total	<u>\$ (1,542)</u>	<u>\$ -</u>	<u>\$ (1,542)</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 six months ended June 30, 2025:**

	Short-term borrowings	Lease liabilities	Deposits received	Total liabilities from financing activities
As of January 1, 2025	\$ 940,000	\$ 9,370,308	\$ 196,400	\$ 10,506,708
Cash flows	5,000,000	(840,840)	(19,610)	4,139,550
Non-cash movement	-	794,115	-	794,115
As of June 30, 2025	<u>\$ 5,940,000</u>	<u>\$ 9,323,583</u>	<u>\$ 176,790</u>	<u>\$ 15,440,373</u>

Reconciliation of liabilities for the six months ended June 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	6,880,050	(478,004)	(24,456)	6,377,590
Non-cash movement	-	994,736	-	994,736
As of June 30, 2024	<u>\$ 9,080,050</u>	<u>\$ 9,414,568</u>	<u>\$ 187,340</u>	<u>\$ 18,681,958</u>

(3) Significant assets and liabilities denominated in foreign currencies

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

	June 30, 2025		
	Foreign Currency		
	(thousand)	Exchange rate	NT\$ (thousand)
Financial assets			
Monetary item:			
USD	\$ 8,034,815	29.154	\$ 234,214,936
CNY	\$ 649,275	4.071	\$ 2,642,971

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

June 30, 2025			
	Foreign Currency (thousand)	Exchange rate	NT\$ (thousand)
Non-monetary item:			
USD	\$ 3,569,163	29.154	\$ 104,055,392
CNY	\$ 5,547,530	4.071	\$ 22,582,051
Financial liabilities			
Monetary item:			
USD	\$ 1,975,339	29.154	\$ 57,589,035
CNY	\$ 25,333	4.071	\$ 103,123
December 31, 2024			
	Foreign Currency (thousand)	Exchange rate	NT\$ (thousand)
Financial assets			
Monetary item:			
USD	\$ 6,589,503	32.768	\$ 215,924,807
CNY	\$ 591,827	4.477	\$ 2,649,392
Non-monetary item:			
USD	\$ 3,877,613	32.768	\$ 127,061,636
CNY	\$ 5,395,062	4.477	\$ 24,151,694
Financial liabilities			
Monetary item:			
USD	\$ 1,785,130	32.768	\$ 58,490,359
CNY	\$ 112,148	4.477	\$ 502,045

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

	June 30, 2024		
	Foreign Currency (thousand)	Exchange rate	NT\$ (thousand)
Financial assets			
Monetary item:			
USD	\$ 6,388,898	32.490	\$ 207,575,275
CNY	\$ 611,998	4.451	\$ 2,724,257
Non-monetary item:			
USD	\$ 3,655,498	32.490	\$ 118,767,136
CNY	\$ 5,288,940	4.451	\$ 23,543,291
Financial liabilities			
Monetary item:			
USD	\$ 1,557,265	32.490	\$ 50,457,116
CNY	\$ 19,442	4.451	\$ 86,545

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 six months ended June 30, 2025 and 2024 please refer to Note 6. (27).

(4) Capital management

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

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

13. Additional Disclosures

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

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

(2) Information on investees

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

(3) Investment in Mainland China

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

14. Segment Information

(1) General information

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