

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 THREE MONTHS ENDED**  
**MARCH 31, 2024 AND 2023**

Notice to Readers

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

English Translation of a Report Originally Issued in Chinese

**Review Report of Independent Accountants**

To the Board of Directors and Shareholders  
of MediaTek Inc.

**Introduction**

We have reviewed the accompanying consolidated balance sheets of MediaTek Inc. and its subsidiaries as of March 31, 2024 and 2023, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2024 and 2023, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the No. 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

**Scope of Review**

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

## **Conclusion**

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of MediaTek Inc. and its subsidiaries as of March 31, 2024 and 2023, their consolidated financial performance and cash flows for the three-month periods ended March 31, 2024 and 2023, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard No. 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Hsu, Hsin-Min

Huang, Chien-Che

Ernst & Young, Taiwan

April 26, 2024

### Notice to Readers

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

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

English Translation of Financial Statements Originally Issued in Chinese

**MEDIATEK INC. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

**As of March 31, 2024, December 31, 2023, and March 31, 2023**

(Amounts in thousands of New Taiwan Dollars)

<b>ASSETS</b>	Notes	March 31, 2024	%	December 31, 2023	%	March 31, 2023	%
<b>Current assets</b>							
Cash and cash equivalents	6(1)	\$ 143,345,272	22	\$ 165,396,010	26	\$ 139,696,362	23
Financial assets at fair value through profit or loss-current	6(2)	7,640,581	1	5,671,167	1	5,402,085	1
Financial assets at fair value through other comprehensive income-current	6(3)	5,263,072	1	6,040,475	1	4,315,653	1
Financial assets measured at amortized cost-current	6(4)	3,518,454	1	3,565,531	-	5,296,224	1
Notes receivable, net	6(23)	1,796	-	3,142	-	46,585	-
Trade receivables, net	6(5), 6(23)	54,025,729	8	55,049,729	9	46,224,285	8
Trade receivables from related parties, net	6(5), 6(23), 7	76,405	-	53,462	-	39,871	-
Financing lease receivables, net	6(23), 6(24)	727,892	-	727,892	-	181,973	-
Other receivables	6(6)	5,386,334	1	4,807,004	1	14,972,019	2
Current tax assets	4, 6(31)	348,435	-	222,054	-	183,920	-
Inventories	6(7)	49,211,768	8	43,220,266	7	69,264,769	11
Prepayments	6(8), 9	13,569,533	2	5,193,532	1	4,708,686	1
Other current assets		1,586,151	-	938,504	-	1,126,279	-
Total current assets		284,701,422	44	290,888,768	46	291,458,711	48
<b>Non-current assets</b>							
Financial assets at fair value through profit or loss-noncurrent	6(2)	5,318,228	1	4,871,348	1	6,326,850	1
Financial assets at fair value through other comprehensive income-noncurrent	6(3)	81,314,778	13	72,400,861	12	74,814,438	12
Financial assets measured at amortized cost-noncurrent	6(4), 8	70,756,496	11	55,580,529	9	32,506,349	5
Investments accounted for using the equity method	6(9)	18,311,892	3	17,153,100	3	17,578,361	3
Property, plant and equipment	6(10)	54,022,923	8	53,291,265	8	53,692,785	9
Right-of-use assets	6(24)	9,217,889	1	8,597,305	1	8,910,703	2
Investment property, net	6(11)	2,240,032	-	2,221,916	-	1,986,995	-
Intangible assets	6(12), 6(13)	80,032,681	13	81,244,768	13	78,374,911	13
Deferred tax assets	4, 6(31)	14,160,961	2	14,663,824	2	12,047,870	2
Refundable deposits	9	7,648,043	1	7,201,684	1	6,667,641	1
Long-term financing lease receivables, net	6(23), 6(24)	545,919	-	727,892	-	1,273,811	-
Net defined benefit assets-noncurrent	6(18)	26,265	-	26,265	-	15,395	-
Other non-current assets-others	9	19,027,821	3	26,168,969	4	26,730,575	4
Total non-current assets		362,623,928	56	344,149,726	54	320,926,684	52
<b>Total assets</b>		<b>\$ 647,325,350</b>	<b>100</b>	<b>\$ 635,038,494</b>	<b>100</b>	<b>\$ 612,385,395</b>	<b>100</b>

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 March 31, 2024, December 31, 2023, and March 31, 2023**

(Amounts in thousands of New Taiwan Dollars)

<b>LIABILITIES AND EQUITY</b>	Notes	March 31, 2024	%	December 31, 2023	%	March 31, 2023	%
<b>Current liabilities</b>							
Short-term borrowings	6(14)	\$ 7,820,000	-	\$ 2,200,000	-	\$ 4,600,000	1
Financial liabilities at fair value through profit or loss-current	6(2)	4,782	-	301,675	-	40,889	-
Contract liabilities-current	6(22), 7	4,081,195	1	3,376,759	1	2,488,611	-
Trade payables		37,948,049	6	36,859,388	6	19,515,224	3
Trade payables to related parties	7	2,048,501	-	1,919,652	-	1,654,002	-
Other payables	6(15)	91,613,155	15	91,653,105	15	159,019,242	26
Other payables to related parties	7	108,072	-	108,629	-	132,071	-
Current tax liabilities	4, 6(31)	17,801,033	3	15,011,015	2	13,883,439	2
Lease liabilities-current	6(24)	949,169	-	837,485	-	715,514	-
Current portion of long-term liabilities	6(17)	4,534,431	1	5,626,183	1	5,635,480	1
Other current liabilities	6(16)	80,755,663	12	74,105,113	12	39,222,466	7
Total current liabilities		247,664,050	38	231,999,004	37	246,906,938	40
<b>Non-current liabilities</b>							
Long-term payables		3,613,678	-	4,604,807	1	3,266,315	1
Long-term payables to related parties	7	-	-	-	-	60,844	-
Net defined benefit liabilities-noncurrent	6(18)	614,705	-	620,770	-	756,561	-
Deposits received	7	187,113	-	211,796	-	189,342	-
Deferred tax liabilities	4, 6(31)	8,620,367	2	8,452,479	1	11,469,658	2
Lease liabilities-noncurrent	6(24)	8,587,007	2	8,060,351	1	8,350,203	2
Other non-current liabilities-others	6(19), 9	3,164,720	-	6,883,929	1	2,413,400	-
Total non-current liabilities		24,787,590	4	28,834,132	4	26,506,323	5
Total liabilities		272,451,640	42	260,833,136	41	273,413,261	45
<b>Equity attributable to owners of the parent</b>							
Share capital	6(20)						
Common stock		15,996,234	3	15,996,475	3	15,996,292	3
Capital collected in advance		-	-	-	-	550	-
Capital surplus	6(20), 6(21), 6(33)	28,855,880	4	28,350,438	4	24,972,058	4
Retained earnings	6(20)						
Legal reserve		75,782,948	12	75,782,948	12	62,058,498	10
Undistributed earnings		195,660,416	30	212,669,736	33	204,597,263	33
Other equity	6(21)	52,689,505	8	35,462,155	6	28,909,491	5
Treasury shares	6(20)	(55,970)	-	(55,970)	-	(55,970)	-
Equity attributable to owners of the parent		368,929,013	57	368,205,782	58	336,478,182	55
<b>Non-controlling interests</b>	6(20), 6(33)	5,944,697	1	5,999,576	1	2,493,952	-
Total equity		374,873,710	58	374,205,358	59	338,972,134	55
<b>Total liabilities and equity</b>		\$ 647,325,350	100	\$ 635,038,494	100	\$ 612,385,395	100

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 ended March 31, 2024 and 2023

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

Description	Notes	Three Months Ended March 31			
		2024	%	2023	%
<b>Net sales</b>	6(22), 7	\$ 133,458,147	100	\$ 95,651,513	100
<b>Operating costs</b>	6(7), 6(25), 7	(63,557,617)	(48)	(49,739,271)	(52)
<b>Gross profit</b>		<u>69,900,530</u>	<u>52</u>	<u>45,912,242</u>	<u>48</u>
<b>Operating expenses</b>	6(23), 6(24), 6(25), 7				
Selling expenses		(3,806,233)	(3)	(2,694,325)	(3)
Administrative expenses		(2,820,094)	(2)	(2,360,947)	(2)
Research and development expenses		(31,146,829)	(23)	(26,483,077)	(28)
Expected credit gains (losses)		52,490	-	(5,131)	-
Total operating expenses		<u>(37,720,666)</u>	<u>(28)</u>	<u>(31,543,480)</u>	<u>(33)</u>
<b>Operating income</b>		<u>32,179,864</u>	<u>24</u>	<u>14,368,762</u>	<u>15</u>
<b>Non-operating income and expenses</b>					
Interest income	6(26)	2,297,793	2	1,390,615	2
Other income	6(27), 7	736,458	1	3,203,268	3
Other gains and losses	6(28)	386,824	-	285,463	-
Finance costs	6(29)	(58,111)	-	(36,086)	-
Share of profit of associates and joint ventures accounted for using the equity method	6(9)	126,795	-	(108,251)	-
Total non-operating income and expenses		<u>3,489,759</u>	<u>3</u>	<u>4,735,009</u>	<u>5</u>
<b>Net income before income tax</b>		<u>35,669,623</u>	<u>27</u>	<u>19,103,771</u>	<u>20</u>
<b>Income tax expense</b>	4, 6(31)	<u>(4,014,816)</u>	<u>(3)</u>	<u>(2,213,280)</u>	<u>(2)</u>
<b>Net income</b>		<u>31,654,807</u>	<u>24</u>	<u>16,890,491</u>	<u>18</u>
<b>Other comprehensive income</b>	6(9), 6(18), 6(30), 6(31)				
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		6,620,228	5	2,886,725	3
Share of other comprehensive income of associates and joint ventures accounted for using the equity method		66,392	-	88,664	-
Income tax relating to those items not to be reclassified to profit or loss		250,195	-	(153,220)	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences resulting from translating the financial statements of foreign operations		10,298,543	8	(2,406,980)	(3)
Unrealized gains (losses) from debt instrument investments measured at fair value through other comprehensive income		(2,321)	-	11,317	-
Share of other comprehensive income of associates and joint ventures accounted for using the equity method		(135,530)	-	24,079	-
<b>Other comprehensive income, net of tax</b>		<u>17,097,507</u>	<u>13</u>	<u>450,585</u>	<u>-</u>
<b>Total comprehensive income</b>		<u>\$ 48,752,314</u>	<u>37</u>	<u>\$ 17,341,076</u>	<u>18</u>
<b>Net income for the periods attributable to :</b>					
Owners of the parent	6(32)	\$ 31,535,653		\$ 16,873,549	
Non-controlling interests	6(20)	119,154		16,942	
		<u>\$ 31,654,807</u>		<u>\$ 16,890,491</u>	
<b>Total comprehensive income for the periods attributable to :</b>					
Owners of the parent		\$ 48,619,979		\$ 17,334,712	
Non-controlling interests		132,335		6,364	
		<u>\$ 48,752,314</u>		<u>\$ 17,341,076</u>	
Basic Earnings Per Share (in New Taiwan Dollars)	6(32)	<u>\$ 19.85</u>		<u>\$ 10.64</u>	
Diluted Earnings Per Share (in New Taiwan Dollars)	6(32)	<u>\$ 19.80</u>		<u>\$ 10.60</u>	

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

## MEDIATEK INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three months ended March 31, 2024 and 2023

(Amounts in thousands of New Taiwan Dollars)

Description	Equity attributable to owners of the parent										Non-controlling interests	Total equity
	Share capital		Capital surplus	Retained earnings		Other equity			Treasury shares	Equity attributable to owners of the parent		
	Common stock	Capital collected in advance		Legal reserve	Undistributed earnings	Exchange differences resulting from translating the financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Others				
Balance as of January 1, 2023	\$ 15,994,353	\$ 113	\$ 47,185,281	\$ 62,058,498	\$ 286,688,675	\$ 7,359,676	\$ 23,079,555	\$ (2,200,891)	\$ (55,970)	\$ 440,109,290	\$ 2,948,949	\$ 443,058,239
Distribution of earnings:												
Cash dividends	-	-	-	-	(99,178,441)	-	-	-	-	(99,178,441)	-	(99,178,441)
Total	-	-	-	-	(99,178,441)	-	-	-	-	(99,178,441)	-	(99,178,441)
Cash dividends distributed from capital surplus	-	-	(22,395,132)	-	-	-	-	-	-	(22,395,132)	-	(22,395,132)
Profit for the three months ended March 31, 2023	-	-	-	-	16,873,549	-	-	-	-	16,873,549	16,942	16,890,491
Other comprehensive income for the three months ended March 31, 2023	-	-	-	-	-	(2,364,168)	2,825,331	-	-	461,163	(10,578)	450,585
Total comprehensive income	-	-	-	-	16,873,549	(2,364,168)	2,825,331	-	-	17,334,712	6,364	17,341,076
Share-based payment transactions	113	437	4,037	-	-	-	-	-	-	4,587	48,185	52,772
Changes in associates and joint ventures accounted for using the equity method	-	-	51,450	-	-	-	-	-	-	51,450	4,453	55,903
Issuance of restricted stock for employees	1,826	-	110,754	-	14,889	-	-	408,579	-	536,048	-	536,048
Changes in other capital surplus	-	-	15,668	-	-	-	-	-	-	15,668	-	15,668
Proceeds from disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	198,591	-	(198,591)	-	-	-	-	-
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	(513,999)	(513,999)
Balance as of March 31, 2023	\$ 15,996,292	\$ 550	\$ 24,972,058	\$ 62,058,498	\$ 204,597,263	\$ 4,995,508	\$ 25,706,295	\$ (1,792,312)	\$ (55,970)	\$ 336,478,182	\$ 2,493,952	\$ 338,972,134
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:												
Cash dividends	-	-	-	-	(48,628,552)	-	-	-	-	(48,628,552)	-	(48,628,552)
Total	-	-	-	-	(48,628,552)	-	-	-	-	(48,628,552)	-	(48,628,552)
Profit for the three months ended March 31, 2024	-	-	-	-	31,535,653	-	-	-	-	31,535,653	119,154	31,654,807
Other comprehensive income for the three months ended March 31, 2024	-	-	-	-	-	10,148,791	6,935,535	-	-	17,084,326	13,181	17,097,507
Total comprehensive income	-	-	-	-	31,535,653	10,148,791	6,935,535	-	-	48,619,979	132,335	48,752,314
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	-	-	525,090	-	-	-	-	-	-	525,090	-	525,090
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)	(45,743)	(223,665)
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	102,498	102,498
Issuance of restricted stock for employees	(241)	-	(42,298)	-	9,588	-	-	217,015	-	184,064	-	184,064
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	-	-	-	-	73,991	-	(73,991)	-	-	-	-	-
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	(243,969)	(243,969)
Balance as of March 31, 2024	\$ 15,996,234	\$ -	\$ 28,855,880	\$ 75,782,948	\$ 195,660,416	\$ 16,257,445	\$ 36,748,629	\$ (316,569)	\$ (55,970)	\$ 368,929,013	\$ 5,944,697	\$ 374,873,710

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

**MEDIATEK INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the three months ended March 31, 2024 and 2023**  
(Amounts in thousands of New Taiwan Dollars)

Description	Three Months Ended March 31	
	2024	2023
<b>Cash flows from operating activities :</b>		
Profit before tax from continuing operations	\$ 35,669,623	\$ 19,103,771
Adjustments for:		
The profit or loss items which did not affect cash flows:		
Depreciation	3,049,368	2,793,805
Amortization	1,911,640	1,522,386
Expected credit (gains) losses	(52,490)	5,131
Gains on financial assets and liabilities at fair value through profit or loss	(763,396)	(118,693)
Interest expenses	58,111	36,086
Losses on derecognition of financial assets measured at amortized cost	72,792	-
Interest income	(2,297,793)	(1,390,615)
Dividend income	(639,566)	(3,116,021)
Share-based payment expenses	172,895	566,297
Share of profit of associates and joint ventures accounted for using the equity method	(126,795)	108,251
Gains on disposal of property, plant and equipment	(2,005)	(1,945)
Others	-	(12)
Changes in operating assets and liabilities:		
Financial assets mandatorily measured at fair value through profit or loss	(1,461,097)	3,685,516
Notes receivable	1,346	(43,774)
Trade receivables	1,758,312	(5,540,066)
Trade receivables from related parties	(22,943)	(5,278)
Other receivables	(323,352)	1,167,590
Inventories	(6,140,844)	1,485,472
Prepayments	(1,030,166)	1,185,928
Other current assets	(647,647)	76,783
Other non-current assets-others	394,216	8
Contract liabilities	704,436	(2,412,283)
Trade payables	1,088,661	(238,932)
Trade payables to related parties	128,849	(109,792)
Other payables	(9,454,744)	(15,619,314)
Other payables to related parties	27,690	(22,246)
Other current liabilities	5,071,862	(3,877,706)
Net defined benefit liabilities	(6,065)	(5,319)
Other non-current liabilities-others	(4,072,481)	231,981
Cash generated from (used in) operating activities:	23,068,417	(532,991)
Interest received	1,996,312	1,381,640
Dividends received	635,814	3,255,670
Interest paid	(66,508)	(46,561)
Income tax paid	(430,233)	(1,200,218)
Net cash provided by operating activities	25,203,802	2,857,540
<b>Cash flows from investing activities :</b>		
Acquisition of financial assets at fair value through other comprehensive income	(367,742)	(379,258)
Proceeds from disposal of financial assets at fair value through other comprehensive income	1,458,929	215,644
Proceeds from capital return of financial assets at fair value through other comprehensive income	59,765	3,196
Acquisition of financial assets measured at amortized cost	(15,797,001)	(8,198,014)
Proceeds from redemption of financial assets measured at amortized cost	2,670,900	1,041,002
Acquisition of property, plant and equipment	(3,275,873)	(2,100,216)
Proceeds from disposal of property, plant and equipment	2,499	4,949
(Increase) decrease in refundable deposits	(446,359)	649,061
Acquisition of intangible assets	(2,757,862)	(1,191,735)
Decrease in financing lease receivables	181,973	-
Net cash used in investing activities	(18,270,771)	(9,955,371)
<b>Cash flows from financing activities :</b>		
Increase in short-term borrowings	5,620,000	900,000
Decrease in deposits received	(24,683)	(365)
Cash payment for the principal portion of the lease liabilities	(215,307)	(252,341)
Proceeds from exercise of employee stock options	-	20,255
Cash dividends	(39,159,180)	(959)
Acquisition of ownership interests in subsidiaries	(223,665)	-
Changes in non-controlling interests	102,498	50
Other financing activities	19,837	-
Net cash (used in) provided by financing activities	(33,880,500)	666,640
Effect of changes in exchange rate on cash and cash equivalents	4,896,731	(1,374,602)
Net decrease in cash and cash equivalents	(22,050,738)	(7,805,793)
Cash and cash equivalents at the beginning of the period	165,396,010	147,502,155
Cash and cash equivalents at the end of the period	\$ 143,345,272	\$ 139,696,362

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 April 26, 2024.

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

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

MTK and its subsidiaries (“the Company”) applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and became effective for annual periods beginning on or after January 1, 2024. The application of these new standards and amendments had no material effect on the Company.

- (2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) but not yet endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below:

Standards or Interpretations Numbers	The Projects of Standards or Interpretations	Effective Date issued by IASB
IFRS 10 and IAS 28	“Consolidated Financial Statements” and “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures (Amendment)	To be determined by IASB
IFRS 17	“Insurance Contracts”	January 1, 2023
IAS 21	“Lack of Exchangeability” (Amendment)	January 1, 2025
IFRS 18	“Presentation and Disclosure in Financial Statements”	January 1, 2027

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

**A. IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures (Amendment)**

The amendments address the inconsistency between the requirements in IFRS 10 “Consolidated Financial Statements” (IFRS 10) and IAS 28 “Investments in Associates and Joint Ventures” (IAS 28), in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint venture. IFRS 10 requires full profit or loss recognition on the loss of control of a subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 “Business Combinations” (IFRS 3) between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gain or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors’ interests in the associate or joint venture.

**B. IFRS 18 “Presentation and Disclosure in Financial Statements”**

The main changes in the new standard are as below:

**(1) Improved comparability in the statement of profit or loss (income statement)**

IFRS 18 requires entities to classify all income and expenses within their income statement into the three new categories: operating; investing and financing, to improve the structure of the income statement, and requires entities to provide new defined subtotals which give investors a consistent starting point for analyzing entities’ performance and make it easier to compare entities.

**(2) Enhanced transparency of management-defined performance measures**

IFRS 18 requires entities to disclose those management-defined performance measures that are related to the income statement.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

(3) Useful grouping of information in the financial statements

IFRS 18 provides enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes, to provide more detailed and useful information. Besides, IFRS 18 requires entities to provide more transparency about operating expenses, helping investors to find and understand the information they need.

IFRS 18 replaces IAS 1 “Presentation of Financial Statements”. IFRS 18 is effective for annual reporting periods beginning on or after 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 standards and interpretations listed under A and B. All other standards and interpretations have no material impact on the Company.

#### **4. Summary of Material Accounting Policies**

##### Statement of Compliance

The consolidated financial statements of the Company for the three-month periods ended March 31, 2024 and 2023 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and IAS 34 “Interim Financial Reporting” as endorsed and became effective by FSC.

##### Basis of Preparation

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

##### Basis of Consolidation

###### Preparation principle of consolidated financial statements

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

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

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

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

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

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

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

If loses control of a subsidiary, it:

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

**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
			March 31, 2024	December 31, 2023	March 31, 2023	
MTK	Hsu-Ta Investment Corp.	General investing	100%	100%	100%	-
MTK	MediaTek Singapore Pte. Ltd.	Research, manufacturing and sales	100%	100%	100%	-
MTK	MediaTek Investment Singapore Pte. Ltd.	General investing	100%	100%	100%	-
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	67%	67%	76%	-
MTK	Hsu-Yuan Investment Corp.	General investing	100%	100%	100%	-
MTK	MediaTek Research UK Limited	Research	100%	100%	100%	-
MTK	MediaTek Bangalore Private Limited	Research	100%	100%	100%	-
Hsu-Ta Investment Corp.	Hsiang Fa Co.	General investing	100%	100%	100%	-
Hsu-Ta Investment Corp.	MediaTek Bangalore Private Limited	Research	0%	0%	0%	-
Hsu-Ta Investment Corp.	Airoha Technology Corp.	Research, manufacturing and sales	4%	3%	-	1
Hsiang Fa Co.	Chingis Technology Corporation	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
			March 31, 2024	December 31, 2023	March 31, 2023	
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.	Core Tech Resources Inc.	General investing	-	-	100%	2
MediaTek Singapore Pte. Ltd.	MediaTek Investment HK Limited	General investing	100%	100%	100%	-
Core Tech Resources Inc.	MediaTek India Technology Pvt. Ltd.	Research	0%	0%	0%	-
Richtek Technology Corp.	Richtek Europe Holding B.V.	General investing	100%	100%	100%	-
Richtek Technology Corp.	Richtek Holding International Limited	General investing	100%	100%	100%	-
Richtek Technology Corp.	Richnex Microelectronics Corp.	Research, manufacturing and sales	82%	82%	82%	-
Richtek Technology Corp.	Richtek Korea LLC.	Research and technical services	100%	100%	100%	-
Richtek Technology Corp.	Richtek USA, Inc.	Sales, research and technical services	100%	100%	100%	-
Richtek Technology Corp.	Richpower Microelectronics Co., Ltd.	Technical services	100%	100%	100%	-
Richtek Technology Corp.	Li-We Technology Corp.	Technical services	100%	100%	100%	-
Richtek Technology Corp.	Richtek Japan Inc.	Research and technical services	100%	100%	100%	-
Richtek Europe Holding B.V.	Richtek Europe B.V.	Marketing services	100%	100%	100%	-

(To be continued)

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

(Continued)

Investor	Subsidiary	Business nature	Percentage of Ownership			Note
			March 31, 2024	December 31, 2023	March 31, 2023	
Airoha (Cayman) Inc.	Airotek (Shenzhen) Inc.	Research and technical services	100%	100%	100%	-
Airoha (Cayman) Inc.	Airotek (Chengdu) Inc.	Research	100%	100%	100%	-
Airoha (Cayman) Inc.	Airoha Technology India Private Limited	Research	0%	0%	0%	-
Airoha Technology Corp.	Airoha (Cayman) Inc.	General investing	100%	100%	100%	-
Airoha Technology Corp.	Shadow Investment Limited	General investing	100%	100%	100%	-
Airoha Technology Corp.	Airoha Technology (HK) Limited	General investing, research, manufacturing and sales	100%	100%	100%	-
Airoha Technology Corp.	Airoha Technology USA Inc.	Research	100%	100%	100%	-
Airoha Technology Corp.	Airoha Technology India Private Limited	Research	100%	100%	100%	-
Gaintech Co. Limited	MediaTek China Limited	General investing	100%	100%	100%	-
Gaintech Co. Limited	MTK Wireless Limited	Research	100%	100%	100%	-
Gaintech Co. Limited	MediaTek Japan Inc.	Technical services	100%	100%	100%	-
Gaintech Co. Limited	MediaTek Korea Inc.	Research	100%	100%	100%	-
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%	-

(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
			March 31, 2024	December 31, 2023	March 31, 2023	
Gaintech Co. Limited	IStar Technology Ltd.	General investing	-	-	100%	3
Gaintech Co. Limited	Sigmastar Technology Inc.	General investing	100%	100%	100%	-
Gaintech Co. Limited	MediaTek Global Holdings Limited	General investing	100%	100%	100%	-
Gaintech Co. Limited	Core Tech Resources Inc.	General investing	100%	100%	-	2
MediaTek China Limited	MediaTek (Hefei) Inc.	Research	100%	100%	100%	-
MediaTek China Limited	MediaTek (Beijing) Inc.	Research	100%	100%	100%	-
MediaTek China Limited	MediaTek (Shenzhen) Inc.	Research	100%	100%	100%	-
MediaTek China Limited	MediaTek (Chengdu) Inc.	Research	100%	100%	100%	-
MediaTek China Limited	MediaTek (Wuhan) Inc.	Research	100%	100%	100%	-
MediaTek China Limited	Xuxin Investment (Shanghai) Inc.	General investing	100%	100%	100%	-
MediaTek China Limited	MediaTek (Shanghai) Inc.	Research	100%	100%	100%	-
MTK Wireless Limited	MediaTek Sweden AB	Research	100%	100%	100%	-
MTK Wireless Limited	MediaTek USA Inc.	Research	100%	100%	100%	-
MTK Wireless Limited	MediaTek Wireless Finland Oy	Research	100%	100%	100%	-
MTK Wireless Limited	MStar Semiconductor UK Ltd.	Research and technical services	-	-	-	4
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%	-

(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
			March 31, 2024	December 31, 2023	March 31, 2023	
MTK Wireless Limited	MediaTek Poland sp. z o.o.	Technical services	100%	100%	100%	5
MTK Wireless Limited	MediaTek Technology USA Inc.	Research	100%	100%	-	6
Gold Rich International (Samoa) Limited	Gold Rich International (HK) Limited	General investing	100%	100%	100%	-
Airoha Technology (HK) Limited	Airoha Technology (Suzhou) Limited	Research, manufacturing and sales	100%	100%	100%	-
Airoha Technology (Suzhou) Limited	EcoNet Limited	General investing and sales	100%	100%	100%	-
MediaTek Investment Singapore Pte. Ltd.	Gaintech Co. Limited	General investing	100%	100%	100%	-
MediaTek Bangalore Private Limited	MediaTek India Technology Pvt. Ltd.	Research	100%	100%	100%	-
MStar Co., Ltd.	MStar Software R&D (Shenzhen), Ltd.	Technical services	100%	100%	100%	-
Nephos Cayman Co. Limited	Nephos (Hefei) Co., Ltd.	Research, manufacturing and sales	100%	100%	100%	-
Xuxin Investment (Shanghai) Inc.	Xuxi (Shanghai) Management Consulting Co., Ltd.	General investing	100%	100%	100%	-
Xuxi (Shanghai) Management Consulting Co., Ltd.	Hefei Xuhui Management Consulting Co., Ltd.	General investing	100%	100%	100%	-
MediaTek Global Holdings Limited	Hsu Zhan (HK) Investment Limited	General investing	100%	100%	100%	-
MediaTek Global Holdings Limited	MTKC Global Holdings Co. Limited	General investing	100%	100%	100%	-

(To be continued)

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

(Continued)

Investor	Subsidiary	Business nature	Percentage of Ownership			Note
			March 31, 2024	December 31, 2023	March 31, 2023	
MediaTek Global Holdings Limited	Digimoc Holdings Limited	General investing	100%	100%	100%	-
MediaTek Capital Co.	IStar Technology Ltd.	General investing	100%	100%	-	3
Digimoc Holdings Limited	Cloud Ranger Limited	General investing	100%	100%	100%	-
Digimoc Holdings Limited	Gold Rich International (Samoa) Limited	General investing	100%	100%	100%	-
MTKC Global Holdings Co. Limited	LePower (HK) Limited	General investing	100%	100%	100%	-
MediaTek Investment HK Limited	Hsu Chia (Samoa) Investment Ltd.	General investing	100%	100%	100%	-
MediaTek Investment HK Limited	Hsu Fa (Samoa) Investment Ltd.	General investing	100%	100%	100%	-
MediaTek Investment HK Limited	Hsu Kang (Samoa) Investment Ltd.	General investing	100%	100%	100%	-
MediaTek Wireless Finland Oy	MediaTek Germany GmbH	Technical services	100%	100%	100%	-

1. Hsu-Ta Investment Corp. acquired voting shares of Airoha Technology Corp. in several tranches from November 2023 to January 2024.
2. For the purpose of reorganization, the 100% ownership of Core Tech Resources Inc., which was previously owned by MediaTek Singapore Pte. Ltd., was transferred to Gaintech Co. Limited in December 2023.
3. For the purpose of reorganization, the 100% ownership of IStar Technology Ltd., which was previously owned by Gaintech Co. Limited, was transferred to MediaTek Capital Co. in August 2023.
4. For the purpose of reorganization, MStar Semiconductor UK Ltd. has been liquidated in February 2023.
5. MTK Wireless Limited established MediaTek Poland sp. z o.o. in January 2023.
6. MTK Wireless Limited established MediaTek Technology USA Inc. in June 2023.

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

Except for the accounting policies listed below, the same accounting policies have been followed in the consolidated financial statements for the three-month periods ended March 31, 2024 and 2023 as were applied in the preparation of the Company's consolidated financial statements for the year ended December 31, 2023. For the summary of other significant accounting policies, please refer to the consolidated financial statements for the year ended December 31, 2023.

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

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

The same significant accounting judgments, estimates and assumptions have been followed in the consolidated financial statements for the three-month periods ended March 31, 2024 and 2023 as were applied in the preparation of the Company's consolidated financial statements for the year ended December 31, 2023. Please refer to the consolidated financial statements for the year ended December 31, 2023.

**6. Contents of Significant Accounts**

- (1) Cash and cash equivalents

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand and petty cash	\$ 916	\$ 1,058	\$ 1,169
Checking and savings accounts	16,209,249	12,096,686	16,968,032
Time deposits	125,625,107	144,468,348	119,777,161
Repurchase agreements	1,510,000	5,832,700	2,950,000
United States Treasury bills	-	2,997,218	-
<b>Total</b>	<b>\$ 143,345,272</b>	<b>\$ 165,396,010</b>	<b>\$ 139,696,362</b>

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

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

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
<u>Financial assets mandatorily</u>			
<u>measured at fair value through</u>			
<u>profit or loss</u>			
Funds	\$ 6,278,919	\$ 4,708,086	\$ 4,663,807
Linked deposits	520,300	520,375	525,163
Bonds	446,502	421,189	147,160
Stocks	817	926	-
Forward exchange contracts	394,043	13,268	65,955
Cross-currency swap contracts	-	7,323	-
Total	<u>\$ 7,640,581</u>	<u>\$ 5,671,167</u>	<u>\$ 5,402,085</u>
<u>Held for trading financial liabilities</u>			
Forward exchange contracts	<u>\$ 4,782</u>	<u>\$ 301,675</u>	<u>\$ 40,889</u>
<u>Noncurrent</u>			
<u>Financial assets mandatorily</u>			
<u>measured at fair value through</u>			
<u>profit or loss</u>			
Linked deposits	\$ 2,261,614	\$ 2,216,056	\$ 3,520,557
Bonds	1,185,377	1,119,931	1,553,421
Trust funds	1,768,302	1,415,031	1,103,352
Stocks	102,935	120,330	149,520
Total	<u>\$ 5,318,228</u>	<u>\$ 4,871,348</u>	<u>\$ 6,326,850</u>

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
<u>Equity instrument investments</u>			
<u>measured at fair value through</u>			
<u>other comprehensive income</u>			
Listed company stocks	\$ 5,263,072	\$ 6,040,475	\$ 4,315,653
<u>Noncurrent</u>			
<u>Debt instrument investments</u>			
<u>measured at fair value through</u>			
<u>other comprehensive income</u>			
Bonds	\$ 1,226,851	\$ 1,196,037	\$ 1,188,336
<u>Equity instrument investments</u>			
<u>measured at fair value through</u>			
<u>other comprehensive income</u>			
Listed company stocks	43,944,376	37,301,843	9,332,063
Capital	22,735,482	22,111,167	51,660,879
Unlisted company stocks	10,506,148	8,938,332	9,610,151
Funds	2,901,921	2,853,482	3,023,009
Subtotal	80,087,927	71,204,824	73,626,102
Total	\$ 81,314,778	\$ 72,400,861	\$ 74,814,438

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

The Company has equity instrument investments measured at fair value through other comprehensive income. Details on dividends recognized for the three months ended March 31, 2024 and 2023 are as follows:

	<u>Three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Related to investments held at the end of the reporting period	<u>\$ 639,566</u>	<u>\$ 3,116,021</u>

In consideration of disposition according to the Company's investment strategy, the Company derecognized certain equity instrument investments measured at fair value through other comprehensive income. Details on derecognition of the investments for the three months ended March 31, 2024 and 2023 are as follows:

	<u>Three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
The fair value of the investments at the date of derecognition	<u>\$ 1,458,929</u>	<u>\$ 549,684</u>
The cumulative gain on disposal reclassified from other equity to retained earnings	<u>\$ 73,991</u>	<u>\$ 202,314</u>

(4) Financial assets measured at amortized cost

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>March 31,</u> <u>2023</u>
<u>Current</u>			
Bonds	\$ 3,240,718	\$ 2,945,946	\$ 3,506,589
Time deposits	<u>277,736</u>	<u>619,585</u>	<u>1,789,635</u>
Total	<u>\$ 3,518,454</u>	<u>\$ 3,565,531</u>	<u>\$ 5,296,224</u>
<u>Noncurrent</u>			
Bonds	\$ 70,402,594	\$ 55,226,656	\$ 31,902,748
Time deposits (including the portion with maturity later than one year)	<u>353,902</u>	<u>353,873</u>	<u>603,601</u>
Total	<u>\$ 70,756,496</u>	<u>\$ 55,580,529</u>	<u>\$ 32,506,349</u>

**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

	March 31, 2024	December 31, 2023	March 31, 2023
Trade receivables	\$ 54,031,172	\$ 55,107,662	\$ 46,231,029
Less: allowance for doubtful debts	(5,443)	(57,933)	(6,744)
Subtotal	<u>54,025,729</u>	<u>55,049,729</u>	<u>46,224,285</u>
Trade receivables from related parties	76,405	53,462	39,871
Less: allowance for doubtful debts	-	-	-
Subtotal	<u>76,405</u>	<u>53,462</u>	<u>39,871</u>
Total	<u>\$ 54,102,134</u>	<u>\$ 55,103,191</u>	<u>\$ 46,264,156</u>

Trade receivables are generally on 30 to 150 day terms. The total carrying amounts were NT\$ 54,107,577 thousand, NT\$55,161,124 thousand and NT\$46,270,900 thousand as of March 31, 2024, December 31, 2023, and March 31, 2023, respectively. Please refer to Note 6. (23) for more details on impairment of trade receivables for the three months ended March 31, 2024 and 2023. Please refer to Note 12 for more details on credit risk management.

Trade receivables classified as financial assets measured at fair value through profit or loss due to regular factoring without recourse were NT\$2,052,824 thousand, NT\$1,922,492 thousand and NT\$2,426,193 thousand as of March 31, 2024, December 31, 2023, and March 31, 2023, respectively.

(6) Other receivables

	March 31, 2024	December 31, 2023	March 31, 2023
Factoring receivables	\$ 2,613,912	\$ 1,973,817	\$ 3,031,674
Others	2,772,422	2,833,187	11,940,345
Total	<u>\$ 5,386,334</u>	<u>\$ 4,807,004</u>	<u>\$ 14,972,019</u>

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

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

A. As of March 31, 2024:

The Factor (Transferee)	Interest Rate (%)	Trade		Unutilized (US\$'000)	Credit line (US\$'000)
		receivables derecognized (US\$'000)	Cash withdrawn (US\$'000)		
BNP Paribas	-	\$ 21,236	\$ -	\$ 21,236	\$ 105,000
Taishin					
International Bank	-	58,571	-	58,571	227,000
SMBC	-	-	-	-	18,000
CTBC	-	3	-	3	400
SinoPac	-	1,410	-	1,410	10,000
CHB	-	472	-	472	1,200
Total		\$ 81,692	\$ -	\$ 81,692	\$ 361,600

B. As of December 31, 2023:

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



**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 March 31, 2023:

The Factor (Transferee)	Interest Rate (%)	Trade		Unutilized (US\$'000)	Credit line (US\$'000)
		receivables derecognized (US\$'000)	Cash withdrawn (US\$'000)		
BNP Paribas	-	\$ 9,616	\$ -	\$ 9,616	\$ 155,000
Taishin					
International Bank	-	87,823	-	87,823	227,000
SMBC	-	-	-	-	18,000
CTBC	-	33	-	33	400
SinoPac	-	2,078	-	2,078	10,000
CHB	-	104	-	104	1,500
Total		\$ 99,654	\$ -	\$ 99,654	\$ 411,900

(7) Inventories

	March 31, 2024	December 31, 2023	March 31, 2023
Raw materials	\$ 2,069,800	\$ 2,259,099	\$ 2,017,583
Work in progress	34,460,339	27,818,347	47,169,317
Finished goods	12,681,629	13,142,820	20,077,869
Net amount	\$ 49,211,768	\$ 43,220,266	\$ 69,264,769

The operating cost related to inventories included the reversal of write-down of inventories of NT\$735,803 thousand for the three months ended March 31, 2024 because of circumstances that caused the net realizable value of inventory to be lower than its cost no longer existed and write-down of inventories of NT\$377,964 thousand for the three months ended March 31, 2023.

(8) Prepayments

	March 31, 2024	December 31, 2023	March 31, 2023
Prepaid expenses	\$ 723,390	\$ 524,016	\$ 854,805
Input tax	191,676	121,583	214,508
Others	12,654,467	4,547,933	3,639,373
Total	\$ 13,569,533	\$ 5,193,532	\$ 4,708,686

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

(9) Investments accounted for using the equity method

Details of investments in associates and jointly controlled entities are as follows:

Investees	March 31, 2024		December 31, 2023		March 31, 2023	
	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:						
Vanchip (Tianjin) Technology Co., Ltd.	\$ 4,606,509	24	\$ 4,434,223	24	\$ 4,443,903	25
FONTAINE CAPITAL FUND, L.P.	-	-	-	57	585,759	57
Sigmastar Technology Ltd.	9,654,084	29	8,788,996	32	8,545,275	32
Zilltek Technology Corp.	1,892,444	18	1,799,106	18	1,771,222	18
Others	<u>2,158,855</u>	-	<u>2,130,775</u>	-	<u>2,232,202</u>	-
Total	<u>\$ 18,311,892</u>		<u>\$ 17,153,100</u>		<u>\$ 17,578,361</u>	

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

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

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

**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

	<u>Three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Profit (loss) from continuing operations	\$ 56,463	\$ (44,847)
Other comprehensive income (post-tax)	37,058	32,775
Total comprehensive income	<u>\$ 93,521</u>	<u>\$ (12,072)</u>

(10) Property, plant and equipment

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>March 31,</u> <u>2023</u>
Owner-occupied property, plant and equipment	<u>\$ 54,022,923</u>	<u>\$ 53,291,265</u>	<u>\$ 53,692,785</u>

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

	Land	Buildings and facilities	Machinery equipment	Computer and telecommunication equipment	Testing equipment	Miscellaneous equipment	Construction in progress and equipment awaiting examination	Total
Cost:								
As of January 1, 2024	\$ 9,605,842	\$ 33,110,317	\$ 1,355,918	\$ 16,157,848	\$ 20,210,878	\$ 14,323,664	\$ 661,567	\$ 95,426,034
Additions-acquired separately	-	28,217	1,368,586	213,254	676,173	693,350	200,600	3,180,180
Disposals	-	-	-	(32,769)	(31,902)	(3,507)	-	(68,178)
Transfers	129,916	306,098	-	679	17,105	17,851	(472,477)	(828)
Exchange differences	-	243,189	219	93,137	92,019	230,654	4,695	663,913
As of March 31, 2024	<u>\$ 9,735,758</u>	<u>\$ 33,687,821</u>	<u>\$ 2,724,723</u>	<u>\$ 16,432,149</u>	<u>\$ 20,964,273</u>	<u>\$ 15,262,012</u>	<u>\$ 394,385</u>	<u>\$ 99,201,121</u>
As of January 1, 2023	\$ 9,068,386	\$ 32,536,899	\$ 1,332,015	\$ 15,376,222	\$ 18,434,608	\$ 10,057,520	\$ 547,525	\$ 87,353,175
Additions-acquired separately	-	68,428	4,093	505,001	298,476	1,283,724	145,583	2,305,305
Disposals	-	(1,834)	(129)	(43,045)	(75,424)	(9,593)	-	(130,025)
Transfers	-	99,178	298	213,846	56,565	(223,205)	(52,116)	94,566
Exchange differences	-	(75,429)	(62)	(17,677)	(21,692)	55,596	-	(59,264)
As of March 31, 2023	<u>\$ 9,068,386</u>	<u>\$ 32,627,242</u>	<u>\$ 1,336,215</u>	<u>\$ 16,034,347</u>	<u>\$ 18,692,533</u>	<u>\$ 11,164,042</u>	<u>\$ 640,992</u>	<u>\$ 89,563,757</u>

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

	Land	Buildings and facilities	Machinery equipment	Computer and telecommunication equipment	Testing equipment	Miscellaneous equipment	Construction in progress and equipment awaiting examination	Total
Depreciation and impairment:								
As of January 1, 2024	\$ -	\$ 7,947,970	\$ 1,047,497	\$ 11,541,615	\$ 12,933,301	\$ 8,664,386	\$ -	\$ 42,134,769
Depreciation	-	225,906	58,091	627,214	593,804	1,269,422	-	2,774,437
Disposals	-	-	-	(32,463)	(31,788)	(3,430)	-	(67,681)
Transfers	-	-	-	679	-	-	-	679
Exchange differences	-	44,893	194	70,331	70,008	150,568	-	335,994
As of March 31, 2024	\$ -	\$ 8,218,769	\$ 1,105,782	\$ 12,207,376	\$ 13,565,325	\$ 10,080,946	\$ -	\$ 45,178,198
As of January 1, 2023	\$ -	\$ 7,394,611	\$ 935,345	\$ 9,201,784	\$ 11,205,065	\$ 4,754,741	\$ -	\$ 33,491,546
Depreciation	-	222,650	32,802	682,536	534,592	1,101,164	-	2,573,744
Disposals	-	(1,816)	(129)	(41,861)	(74,618)	(8,607)	-	(127,031)
Transfers	-	21,677	73	142,398	11,871	(154,342)	-	21,677
Exchange differences	-	(12,021)	(60)	(15,170)	(14,044)	(47,669)	-	(88,964)
As of March 31, 2023	\$ -	\$ 7,625,101	\$ 968,031	\$ 9,969,687	\$ 11,662,866	\$ 5,645,287	\$ -	\$ 35,870,972
Net carrying amount as of:								
March 31, 2024	\$ 9,735,758	\$ 25,469,052	\$ 1,618,941	\$ 4,224,773	\$ 7,398,948	\$ 5,181,066	\$ 394,385	\$ 54,022,923
December 31, 2023	\$ 9,605,842	\$ 25,162,347	\$ 308,421	\$ 4,616,233	\$ 7,277,577	\$ 5,659,278	\$ 661,567	\$ 53,291,265
March 31, 2023	\$ 9,068,386	\$ 25,002,141	\$ 368,184	\$ 6,064,660	\$ 7,029,667	\$ 5,518,755	\$ 640,992	\$ 53,692,785

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

In accordance with IAS 16 and IAS 23, the Company capitalized depreciation expense and interest expense arising from right-of-use assets and lease liabilities in the amount of NT\$17,174 thousand and NT\$11,225 thousand for the three months ended March 31, 2024, respectively. And the amount of NT\$17,174 thousand and NT\$11,141 thousand for the three months ended March 31, 2023, respectively. The interest rate of the capitalization were 0.925% for the three months ended March 31, 2024 and 2023.

(11) Investment property

The Company's investment properties include both owned investment properties and investment properties held by the Company as right-of-use assets.

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

	Buildings and facilities	Right-of-use assets	Total
Cost:			
As of January 1, 2024	\$ 2,512,330	\$ 118,864	\$ 2,631,194
Transfers	1,507	-	1,507
Exchange differences	39,944	770	40,714
As of March 31, 2024	<u>\$ 2,553,781</u>	<u>\$ 119,634</u>	<u>\$ 2,673,415</u>
As of January 1, 2023	\$ 2,326,327	\$ 116,159	\$ 2,442,486
Transfers	(94,565)	(3,408)	(97,973)
Exchange differences	(10,895)	(203)	(11,098)
As of March 31, 2023	<u>\$ 2,220,867</u>	<u>\$ 112,548</u>	<u>\$ 2,333,415</u>

(To be continued)

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

(Continued)

	Buildings and facilities	Right-of-use assets	Total
Depreciation and impairment:			
As of January 1, 2024	\$ 394,887	\$ 14,391	\$ 409,278
Depreciation	17,117	926	18,043
Exchange differences	6,020	42	6,062
As of March 31, 2024	<u>\$ 418,024</u>	<u>\$ 15,359</u>	<u>\$ 433,383</u>
As of January 1, 2023	\$ 345,083	\$ 11,209	\$ 356,292
Depreciation	12,460	908	13,368
Transfers	(21,676)	-	(21,676)
Exchange differences	(1,556)	(8)	(1,564)
As of March 31, 2023	<u>\$ 334,311</u>	<u>\$ 12,109</u>	<u>\$ 346,420</u>
Net carrying amount as of:			
March 31, 2024	<u>\$ 2,135,757</u>	<u>\$ 104,275</u>	<u>\$ 2,240,032</u>
December 31, 2023	<u>\$ 2,117,443</u>	<u>\$ 104,473</u>	<u>\$ 2,221,916</u>
March 31, 2023	<u>\$ 1,886,556</u>	<u>\$ 100,439</u>	<u>\$ 1,986,995</u>
		<u>Three months ended March 31</u>	
		2024	2023
Rental income from investment properties		\$ 58,206	\$ 40,493
Direct operating expenses from investment properties generating rental income		(18,043)	(13,368)
Total		<u>\$ 40,163</u>	<u>\$ 27,125</u>

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

Based on market approach:

	March 31, 2024	December 31, 2023	March 31, 2023
Fair value	<u>\$ 3,595,528</u>	<u>\$ 3,543,736</u>	<u>\$ 3,052,528</u>

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

The fair values of investment properties were NT\$3,543,736 thousand and NT\$3,067,378 thousand as of December 31, 2023 and 2022, respectively. The Company's management assessed that the fair value of its investment properties did not change significantly for the three months ended March 31, 2024 and 2023.

For those right-of-use assets leased as operating leases and presented in investment properties, please refer to Note 6. (24) for relevant disclosure as required by IFRS 16.



**MEDIATEK INC. AND SUBSIDIARIES**

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

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

(12) Intangible assets

	Trademarks	Software	Customer relationship	Patents, IPs and others	Goodwill	Total
Cost:						
As of January 1, 2024	\$ 352,055	\$ 1,243,595	\$ 2,581,940	\$ 28,681,170	\$ 66,042,932	\$ 98,901,692
Additions-acquired separately	-	67,438	-	446,580	-	514,018
Disposals	-	(50,366)	-	(666,432)	-	(716,798)
Exchange differences	-	5,903	-	318,323	22,513	346,739
As of March 31, 2024	<u>\$ 352,055</u>	<u>\$ 1,266,570</u>	<u>\$ 2,581,940</u>	<u>\$ 28,779,641</u>	<u>\$ 66,065,445</u>	<u>\$ 99,045,651</u>
As of January 1, 2023	\$ 352,055	\$ 1,188,524	\$ 2,581,940	\$ 23,365,076	\$ 66,042,887	\$ 93,530,482
Additions-acquired separately	-	27,185	-	6,431,303	-	6,458,488
Disposals	-	(40,816)	-	(2,242,988)	-	(2,283,804)
Exchange differences	-	(835)	-	(65,164)	(5,267)	(71,266)
As of March 31, 2023	<u>\$ 352,055</u>	<u>\$ 1,174,058</u>	<u>\$ 2,581,940</u>	<u>\$ 27,488,227</u>	<u>\$ 66,037,620</u>	<u>\$ 97,633,900</u>

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

	Trademarks	Software	Customer relationship	Patents, IPs and others	Goodwill	Total
Amortization and impairment:						
As of January 1, 2024	\$ 351,842	\$ 803,168	\$ 1,898,571	\$ 14,603,343	\$ -	\$ 17,656,924
Amortization	38	91,065	63,452	1,757,085	-	1,911,640
Disposals	-	(50,366)	-	(666,432)	-	(716,798)
Exchange differences	-	4,884	-	156,320	-	161,204
As of March 31, 2024	<u>\$ 351,880</u>	<u>\$ 848,751</u>	<u>\$ 1,962,023</u>	<u>\$ 15,850,316</u>	<u>\$ -</u>	<u>\$ 19,012,970</u>
As of January 1, 2023	\$ 344,565	\$ 651,925	\$ 1,644,762	\$ 17,434,700	\$ -	\$ 20,075,952
Amortization	7,165	79,883	63,452	1,371,886	-	1,522,386
Disposals	-	(40,816)	-	(2,242,988)	-	(2,283,804)
Exchange differences	-	(630)	-	(54,915)	-	(55,545)
As of March 31, 2023	<u>\$ 351,730</u>	<u>\$ 690,362</u>	<u>\$ 1,708,214</u>	<u>\$ 16,508,683</u>	<u>\$ -</u>	<u>\$ 19,258,989</u>
Net carrying amount as of:						
March 31, 2024	<u>\$ 175</u>	<u>\$ 417,819</u>	<u>\$ 619,917</u>	<u>\$ 12,929,325</u>	<u>\$ 66,065,445</u>	<u>\$ 80,032,681</u>
December 31, 2023	<u>\$ 213</u>	<u>\$ 440,427</u>	<u>\$ 683,369</u>	<u>\$ 14,077,827</u>	<u>\$ 66,042,932</u>	<u>\$ 81,244,768</u>
March 31, 2023	<u>\$ 325</u>	<u>\$ 483,696</u>	<u>\$ 873,726</u>	<u>\$ 10,979,544</u>	<u>\$ 66,037,620</u>	<u>\$ 78,374,911</u>

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

(13) Impairment testing of goodwill

The Company has no intangible assets with indefinite lives. Goodwill acquired through business combination has been allocated to a cash-generating unit which is expected to benefit from synergies of the business combination and has been assessed for impairment of the recoverable amount of goodwill at the end of each year. The recoverable amount has been determined based on the value-in-use calculated using cash flow projections discounted by the pre-tax discount rate from a five-year period financial budget. The projected cash flows reflect the change in demand for products and services. The Company had assessed for impairment of the recoverable amount of goodwill on December 31, 2023. The Company did not identify any impairment of goodwill for the year ended December 31, 2023.

(14) Short-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
Unsecured bank loans	\$ 7,820,000	\$ 2,200,000	\$ 4,600,000
Interest rates	1.47%~1.80%	1.80%	1.73%-1.98%

(15) Other payables

	March 31, 2024	December 31, 2023	March 31, 2023
Accrued salaries and bonuses	\$ 25,626,730	\$ 33,714,697	\$ 22,592,183
Accrued royalties	2,409,444	3,633,175	2,893,032
Dividends payable	48,628,552	39,350,914	122,087,622
Others	14,948,429	14,954,319	11,446,405
Total	\$ 91,613,155	\$ 91,653,105	\$ 159,019,242

(16) Other current liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Refund liabilities	\$ 79,693,099	\$ 73,189,582	\$ 38,078,447
Others	1,062,564	915,531	1,144,019
Total	\$ 80,755,663	\$ 74,105,113	\$ 39,222,466

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

(17) Long-term borrowings

Details of long-term loans as of March 31, 2024 were as follows:

None.

Details of long-term loans as of December 31, 2023 were as follows:

None.

Details of long-term loans as of March 31, 2023 were as follows:

<u>Lenders</u>	<u>March 31, 2023</u>	<u>Interest Rate (%)</u>	<u>Maturity date and terms of repayment</u>
JP Morgan Chase Bank	\$ 827,660	0%	Effective from June 11, 2021 to September 11, 2023, principal is repaid once due.
Less: current portion	<u>(827,660)</u>		
Noncurrent portion	<u>\$ -</u>		

(18) 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 March 31, 2024 and 2023 were NT\$728,498 thousand and NT\$689,548 thousand, respectively.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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 March 31, 2024 and 2023 were NT\$3,345 thousand and NT\$4,284 thousand, respectively.

(19) Other non-current liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Provisions	\$ -	\$ 4,183,904	\$ 208,861
Decommissioning liabilities	46,862	45,042	44,583
Others	3,117,858	2,654,983	2,159,956
Total	<u>\$ 3,164,720</u>	<u>\$ 6,883,929</u>	<u>\$ 2,413,400</u>

The Company's provisions for revolving for the three months ended March 31, 2024 was NT\$4,183,904 thousand. Please refer to Note 9 for more details.

(20) Equity

A. Share capital

MTK's authorized capital as of March 31, 2024, December 31, 2023, and March 31, 2023 was NT\$20,000,000 thousand, divided into 2,000,000,000 shares (including 20,000,000 shares reserved for exercise of employee stock options at each period), each at a par value of NT\$10. MTK's issued capital was NT\$15,996,234 thousand, NT\$15,996,475 thousand, and NT\$15,996,292 thousand, divided into 1,599,623,421 shares, 1,599,647,517 shares, and 1,599,629,197 shares as of March 31, 2024, December 31, 2023, and March 31, 2023, respectively. Each share has one voting right and a right to receive dividends.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

On July 5, 2021, the general shareholders' meeting approved to issue restricted stocks for employees. As of March 31, 2024, 9,012,427 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 24,096 shares and 19,344 shares of issued restricted stocks for employees during the three months ended March 31, 2024 and 2023, respectively. Relevant regulators' approvals have been obtained and related registration processes have been completed.

MTK issued 55,042 new shares for the three months ended March 31, 2023, at par value of NT\$10 for exercising employee stock options. The aforementioned newly issued shares (NT\$550 thousand in the amount) were not yet registered and therefore were classified as capital collected in advance as of March 31, 2023.

**B. Capital surplus**

	March 31, 2024	December 31, 2023	March 31, 2023
Additional paid-in capital	\$ 3,047,653	\$ 3,046,242	\$ 440,738
Treasury share transactions	3,401,177	3,209,443	2,617,042
The difference between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	6,942,715	7,120,637	9,477,276
Changes in ownership interests in subsidiaries	8,090,280	8,090,280	3,003,434
Donated assets	1,261	1,261	1,261
Share of changes in net assets of associates	4,663,902	4,138,812	4,157,383
Employee stock options	-	-	73,524
Restricted stocks for employees	2,340,407	2,384,116	4,894,671
Others	368,485	359,647	306,729
<b>Total</b>	<b>\$ 28,855,880</b>	<b>\$ 28,350,438</b>	<b>\$ 24,972,058</b>

**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 offset the deficit of the company. When a company incurs no loss, it may distribute the capital surplus generated from the excess of the issuance price over the par value of share capital (including the shares issued for mergers and the surplus from treasury shares transactions) and donations. The distribution could be made in cash to its shareholders in proportion to the number of shares being held by each of them.

**C. Treasury shares**

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

As of March 31, 2024, December 31, 2023, and March 31, 2023, MTK did not hold any other treasury shares.

**D. Retained earnings and dividend policy**

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

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

On May 31, 2023, MTK's shareholders resolved to amend the Articles that the distribution of profits or the covering of losses may be made on a half-yearly basis after the close of each half of fiscal year. The Board of Directors shall prepare relevant proposals per applicable laws and regulations and the procedures and principles specified in the Articles of Incorporation and report such proposals to the shareholders' meeting or submit the same to the shareholders' meeting for review and approval by a resolution.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

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

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

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

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

The distribution of earnings for 2022 was resolved by the Board of Director's meeting on February 24, 2023. The details of the distribution are as follows:

	<u>Distribution of earnings</u>	<u>Dividends per share (NT\$)</u>
	2022	2022
Legal reserve	\$ 13,724,450	-
Cash dividends-common stock	99,178,441	\$ 62.00
Total	<u>\$ 112,902,891</u>	



**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

The distribution of earnings for the first and second half year of 2023 was resolved by the Board of Directors' meeting on October 27, 2023 and February 23, 2024, respectively. The details of the distribution are as follows:

	First half year of 2023	Second half year of 2023
Legal reserve (Note)	\$ 3,540,881	\$ 4,282,606
Cash dividends-common stock	\$ 39,350,914	\$ 48,628,552
Dividends per share (NT\$)	\$ 24.60	\$ 30.40

Note: Legal reserve for 2023 is subject to the resolution of general shareholders' meeting which will be held on May 27, 2024.

E. Non-controlling interests

	Three months ended March 31	
	2024	2023
Beginning balance	\$ 5,999,576	\$ 2,948,949
Gains attributable to non-controlling interests	119,154	16,942
Other comprehensive income (losses), attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of foreign operations	13,181	(10,578)
Share-based payment transactions	-	48,185
Changes in associates and joint ventures accounted for using the equity method	-	4,453
Changes in ownership interests in subsidiaries	102,498	-
Sale of additional interest in a subsidiary	(45,743)	-
Others	(243,969)	(513,999)
Ending balance	\$ 5,944,697	\$ 2,493,952

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

(21) Share-based payment plans

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

Employee stock option plans of MTK

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

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

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

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

The compensation cost was recognized under the fair value method and the Black-Scholes Option Pricing model was used to estimate the fair value of options granted. Assumptions used in calculating the fair value are disclosed as follows:

	<u>Employee Stock Option</u>
Expected dividend yield (%)	2.43%
Expected volatility (%)	32.9%-33.7%
Risk free interest rate (%)	1.18515%-1.65%
Expected life (Years)	6.5 years

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

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

	Three months ended March 31	
	2023	
Employee Stock Option	Options (Unit)	Weighted-average Exercise Price per Share (NT\$)
Outstanding at beginning of period	218,120	\$ 368.0
Exercised (Note)	(55,042)	368.0
Forfeited (Expired)	-	-
Outstanding at end of period	163,078	368.0
Exercisable at end of period	163,078	-
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\$750.3 for the three months ended March 31, 2023.

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

		March 31, 2023	
		Outstanding stock options	
Date of grant	Range of Exercise Price (NT\$)	Weighted- average Expected Remaining Years	Weighted- average Exercise Price per Share (NT\$)
2013.08.09	\$ 368.0	0.42	\$ 368.0

Restricted stocks plan for employees of MTK

On July 5, 2021, the shareholders' meeting approved to issue gratuitous restricted stocks for employees, at a total of 19,080,000 common shares. MTK shall set up the actual issuance date(s) in one tranche or in installments within one year from the date of receipt of the effective registration of the competent authority.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

MTK issued 8,381,181, 157,274, 272,034 and 201,938 gratuitous restricted stocks on August 31, 2021, February 23, 2022, August 31, 2022 and February 23, 2023, respectively. The issuance process was granted effective registration by the securities authority.

The fair value of the restricted stocks issued was NT\$824.81-NT\$901, NT\$1,024.8-NT\$1,120, NT\$610.31-NT\$667 and NT\$681.68-NT\$745 per share, respectively. The estimated compensation expenses amounted to NT\$7,496,702 thousand in total based on the vesting conditions and will be recognized during the vesting period. As of March 31, 2024, MTK had recognized NT\$7,148,698 thousand as compensation expense and NT\$316,569 thousand as unearned employee compensation, which were recorded under salary expense and other equity, respectively.

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

	<u>Restricted stocks plan for employees</u>
Expected volatility (%)	40%
Risk free interest rate (%)	0.24%
Pricing Approach	Monte Carlo Simulation

Restrictions on the rights and vesting conditions of the first restricted stocks for employees of the 2021 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, or policies and achievement of both personal performance criteria and the Company's operation objectives (including Total Shareholder Return) during the vesting period, are eligible to receive the vested shares. The maximum portions of the vesting shares of 2022 are 34%, and the cumulative maximum portions of vesting shares from 2022 to 2023 and 2022 to 2024 are 67%, 100%, respectively. The actual portions of the vesting shares shall be determined by achievement of both personal performance and the Company's operation objectives.

**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.

Restrictions on the rights and vesting conditions of the second restricted stocks for employees of the 2021 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, or policies and achievement of both personal performance criteria and the Company's operation objectives (including Total Shareholder Return) during the vesting period, are eligible to receive the vested shares. The maximum portions of the vesting shares of 2023 are 50%, and the cumulative maximum portions of vesting shares from 2023 to 2024 are 100%. The actual portions of the vesting shares shall be determined by achievement of both personal performance and the Company's operation objectives.
- 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 Taiwanese employees and foreign employees. The total units of the stock options are 2,155,464 units for Taiwanese optionees and 1,111,727 units for foreign optionees, each unit of employee stock options is eligible to subscribe for one common share of Airoha Technology Corp. The options may be granted to qualified employees of Airoha Technology Corp. or any of its domestic or foreign subsidiaries. Settlement upon the exercise of the options will be made through the issuance of new shares by Airoha Technology Corp. The rights of the new shares are the same as those of common shares.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

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

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

	<u>Employee Stock Option</u>
Expected dividend yield (%)	0.00%
Expected volatility (%)	35.91%-54.66%
Risk free interest rate (%)	0.41%
Expected life (Years)	0.01-1.61 years

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

	Three months ended March 31			
	2024		2023	
Employee Stock Option	Options (Unit)	Weighted-average Exercise Price per Share (NT\$)	Options (Unit)	Weighted-average Exercise Price per Share (NT\$)
Outstanding at beginning of period	1,483,851	\$ 82	1,491,839	\$ 82
Exercised (Note 1,2)	(1,483,851)	82	-	-
Forfeited (Expired)	-	-	(7,988)	80
Outstanding at end of period	-	-	1,483,851	82
Exercisable at end of period	-	-	-	-
Weighted-average fair value of options granted during the period (in NT\$)	\$ -		\$ -	

Note1: Including the foreign employees exercised 220,888 units of stock options for the three month periods ended March 31, 2024, but the stock subscription amounted to NT\$19,232 thousand has not yet been settled to the segregated collective investment account as of March 31,2024.

Note2: The weighted average share price at the date of exercise of those options was NT\$635 for the three months ended March 31, 2024.

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

Date of grant	Range of Exercise Price (NT\$)	March 31, 2024		March 31, 2023	
		Expected Remaining Years	Weighted- average Exercise Price per Share (NT\$)	Expected Remaining Years	Weighted- average Exercise Price per Share (NT\$)
2022.01.10	\$ 67-137	-	\$ -	0.50	\$ 67-137

**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 for the three months ended March 31, 2024 and 2023 are shown in the following table:

	Three months ended March 31	
	2024	2023
Employee stock options	\$ -	\$ 48,185
Restricted stocks for employees	172,895	518,112
Total	<u>\$ 172,895</u>	<u>\$ 566,297</u>

The Company did not modify or cancel any share-based payment plans for the three months ended March 31, 2024 and 2023.

(22) Sales

Analysis of revenue from contracts with customers for the three months ended March 31, 2024 and 2023 is as follows:

A. Disaggregation of revenue

	Three months ended March 31	
	2024	2023
Sale of goods	\$ 131,193,824	\$ 94,071,563
Services and other operating revenue	2,264,323	1,579,950
Total	<u>\$ 133,458,147</u>	<u>\$ 95,651,513</u>
Revenue recognition point:		
At a point in time	\$ 132,007,165	\$ 94,432,997
Satisfies the performance obligation over time	1,450,982	1,218,516
Total	<u>\$ 133,458,147</u>	<u>\$ 95,651,513</u>

B. Contract balances

Contract liabilities – current

	March 31, 2024	January 1, 2024	March 31, 2023	January 1, 2023
Sale of goods	\$ 1,694,179	\$ 1,615,650	\$ 1,560,827	\$ 4,043,364
Services and other operating revenue	2,387,016	1,761,109	927,784	857,530
Total	<u>\$ 4,081,195</u>	<u>\$ 3,376,759</u>	<u>\$ 2,488,611</u>	<u>\$ 4,900,894</u>



**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 ended March 31, 2024 and 2023 were as follows:

	<u>Three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Revenue recognized during the period that was included in the beginning balance	<u>\$ 1,891,345</u>	<u>\$ 3,744,957</u>
Increase in receipt in advance during the period (deducting the amount incurred and transferred to revenue during the period)	<u>\$ 2,595,716</u>	<u>\$ 1,337,306</u>

**C. Transaction price allocated to unsatisfied performance obligations**

As of March 31, 2024, and 2023, no disclosure of the unsatisfied performance obligations was needed as the contract terms with customers about the sales of goods are all shorter than one year. Besides, the summarized amounts of transaction price allocated to unsatisfied performance obligations about rendering of services were NT\$3,386,818 thousand and NT\$5,643,585 thousand. 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.

**(23) Expected credit gains (losses)**

	<u>Three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Operating expense- expected credit gains (losses)		
Trade receivables	<u>\$ 52,490</u>	<u>\$ (5,131)</u>

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

The Company measures the loss allowance of its receivables (including notes receivable, trade receivables and trade receivables from related parties) and financing lease receivables, net at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as of March 31, 2024, December 31, 2023, and March 31, 2023 was as follows:

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

2024.03.31

	Neither past due (Note)	Past due				Total
		Within 30 days	31-60 days	61-90 days	After 90 days	
Gross carrying amount	\$ 52,691,184	\$ 1,050,407	\$ 196,614	\$ 81,410	\$ 11,557	\$ 54,031,172
Loss ratio	0%	0%	0%	0%-10%	20%-100%	
Lifetime expected credit losses	-	-	-	-	(5,443)	(5,443)
Carrying amount of trade receivables	\$ 52,691,184	\$ 1,050,407	\$ 196,614	\$ 81,410	\$ 6,114	\$ 54,025,729

2023.12.31

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

2023.03.31

	Neither past due (Note)	Past due				Total
		Within 30 days	31-60 days	61-90 days	After 90 days	
Gross carrying amount	\$ 45,536,497	\$ 603,795	\$ 30,358	\$ 57,306	\$ 3,073	\$ 46,231,029
Loss ratio	0%	0%	0%	0%-10%	20%-100%	
Lifetime expected credit losses	-	-	-	(5,730)	(1,014)	(6,744)
Carrying amount of trade receivables	\$ 45,536,497	\$ 603,795	\$ 30,358	\$ 51,576	\$ 2,059	\$ 46,224,285

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

The movements in the provision for impairment of receivables and financing lease receivables for the three months ended March 31, 2024 and 2023 are as follows:

	Notes receivable	Trade receivables (including related parties)	Financing lease receivables
As of January 1, 2024	\$ -	\$ 57,933	\$ -
Allowance for the current period	-	(52,490)	-
As of March 31, 2024	\$ -	\$ 5,443	\$ -

	Notes receivable	Trade receivables (including related parties)	Financing lease receivables
As of January 1, 2023	\$ -	\$ 1,640	\$ -
Allowance for the current period	-	5,131	-
Effect of changes in exchange rate	-	(27)	-
As of March 31, 2023	\$ -	\$ 6,744	\$ -

(24) Leases

A. The Company as a lessee

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

a. Right-of-use asset

	March 31, 2024	December 31, 2023	March 31, 2023
Land	\$ 6,552,969	\$ 6,582,463	\$ 6,628,503
Buildings and facilities	2,450,721	1,900,361	2,198,834
Machinery equipment	205,990	104,406	66,811
Transportation equipment	5,720	7,213	12,555
Office equipment	2,489	2,862	4,000
Total	\$ 9,217,889	\$ 8,597,305	\$ 8,910,703

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

During the three months ended March 31, 2024 and 2023, the additions to right-of-use assets of the Company amounted to NT\$853,871 thousand and NT\$216,366 thousand, respectively.

b. Lease liability

	March 31, 2024	December 31, 2023	March 31, 2023
Lease liability-current	\$ 949,169	\$ 837,485	\$ 715,514
Lease liability-noncurrent	8,587,007	8,060,351	8,350,203
Total	\$ 9,536,176	\$ 8,897,836	\$ 9,065,717

Please refer to Note 6. (29) for the interest on lease liability recognized during the three months ended March 31, 2024 and 2023 and Note 12. (2) C. for the maturity analysis of lease liabilities.

In accordance with IAS 16 and IAS 23, the Company capitalized certain depreciation and interest expenses during the three months ended March 31, 2024. Please refer to Note 6. (10) for related information.

c. Depreciation charge for right-of-use assets

	Three months ended March 31	
	2024	2023
Land	\$ 31,226	\$ 31,142
Buildings and facilities	200,801	173,113
Machinery equipment	40,178	16,986
Transportation equipment	1,492	2,206
Office equipment	365	420
Total	\$ 274,062	\$ 223,867

d. Income and costs relating to leasing activities

	Three months ended March 31	
	2024	2023
The expense relating to short-term leases	\$ 10,669	\$ 29,490
The expense relating to leases of low-value assets (not including the expense relating to short-term leases of low-value assets)	\$ 462	\$ 1,480
Income from subleasing right-of-use assets	\$ 1,343	\$ 499

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

e. Cash outflow relating to leasing activities

During the three months ended March 31, 2024 and 2023, the Company's total cash outflows for leases amounted to NT\$248,913 thousand and NT\$299,421 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 use right. The contract contains variable payment terms that are linked to certain percentages of sales generated from the leased land. As such variable lease payments do not meet the definition of lease payments, those payments are not included in the measurement of the assets and liabilities. The variable rental payment will be 1% (when Hsu-Yuan's sales range between NT\$350,000-430,000 thousand), 2% (when Hsu-Yuan's sales range between NT\$430,000-520,000 thousand), and 3% (when Hsu-Yuan's sales exceed NT\$520,000 thousand) of Hsu-Yuan's sales, respectively.

B. The Company as a lessor

Please refer to Note 6.(11) for details on the Company's owned investment properties and investment properties held by the Company as right-of-use assets. Leases of owned investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

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

	<u>Three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	\$ 73,817	\$ 56,409
Lease income for finance leases		
Finance income on the net investment in the lease	5,807	5,743
Total	<u>\$ 79,624</u>	<u>\$ 62,152</u>

**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 March 31, 2024, December 31, 2023, and March 31, 2023 were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Not later than one year	\$ 743,918	\$ 746,853	\$ 205,329
Later than one year and not later than two years	550,298	735,143	743,918
Later than two years and not later than three years	-	-	550,298
Total non-discounted lease payments	1,294,216	1,481,996	1,499,545
Less: unearned finance income of finance lease	(20,405)	(26,212)	(43,761)
Less: allowance for doubtful debts	-	-	-
Net investment in the finance lease (receivable of a finance lease)	<u>\$ 1,273,811</u>	<u>\$ 1,455,784</u>	<u>\$ 1,455,784</u>
Current	<u>\$ 727,892</u>	<u>\$ 727,892</u>	<u>\$ 181,973</u>
Noncurrent	<u>\$ 545,919</u>	<u>\$ 727,892</u>	<u>\$ 1,273,811</u>

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

	Three months ended March 31					
	2024			2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Pension	\$ 12,549	\$ 719,294	\$ 731,843	\$ 13,340	\$ 680,492	\$ 693,832
Others	\$ 310,132	\$ 24,832,087	\$ 25,142,219	\$ 364,637	\$ 19,476,187	\$ 19,840,824
Depreciation	\$ 62,186	\$ 2,987,182	\$ 3,049,368	\$ 24,735	\$ 2,769,070	\$ 2,793,805
Amortization	\$ 748	\$ 1,910,892	\$ 1,911,640	\$ 1,146	\$ 1,521,240	\$ 1,522,386

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

MTK accrued employees' compensation and remuneration to directors based on a specific rate of profit for the three months ended March 31, 2024, and 2023. If the estimated amounts differ from the actual distribution resolved by the Board of Directors, MTK will recognize the change as an adjustment to income of next year. If the Board of Directors resolves to distribute employees' compensation in stock, the number of shares distributed is determined by dividing the amount of bonuses by the closing price (after considering the effect of cash and stock dividends) of shares on the day preceding the Board of Directors' meeting. The amounts of employees' compensation and remuneration to directors were NT\$424,803 thousand and NT\$43,011 thousand for the three months ended March 31, 2024, respectively. The amounts of employees' compensation and remuneration to directors were NT\$224,120 thousand and NT\$22,692 thousand for the three months ended March 31, 2023, respectively. The employees' compensation and remuneration to directors were recognized as expense.

A resolution was approved in a meeting of the Board of Directors held on February 23, 2024 to distribute NT\$1,045,717 thousand and NT\$103,000 thousand in cash as employees' compensation and remuneration to directors, respectively. There was no difference between the aforementioned approved amounts and the amounts charged against earnings in 2023.

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

(26) Interest income

	Three months ended March 31	
	2024	2023
Financial assets measured at amortized cost	\$ 2,287,061	\$ 1,380,237
Financial assets at fair value through other comprehensive income	10,732	10,378
Total	<u>\$ 2,297,793</u>	<u>\$ 1,390,615</u>

(27) Other income

	Three months ended March 31	
	2024	2023
Rental income	\$ 73,817	\$ 56,409
Dividend income	639,566	3,116,021
Others	23,075	30,838
Total	<u>\$ 736,458</u>	<u>\$ 3,203,268</u>

(28) Other gains and losses

	Three months ended March 31	
	2024	2023
Gains on disposal of property, plant and equipment	\$ 2,005	\$ 1,945
Losses on disposal of investments		
Financial assets measured at amortized cost	(62,373)	-
Foreign exchange (losses) gains	(1,070,069)	165,988
Gains on financial assets at fair value through profit or loss	1,552,773	187,916
Losses on financial liabilities at fair value through profit or loss	(4,782)	(40,889)
Others	(30,730)	(29,497)
Total	<u>\$ 386,824</u>	<u>\$ 285,463</u>

(29) Finance costs

	Three months ended March 31	
	2024	2023
Interest expenses on borrowings	\$ 35,636	\$ 19,976
Interest expenses on lease liabilities	22,475	16,110
Total	<u>\$ 58,111</u>	<u>\$ 36,086</u>



**MEDIATEK INC. AND SUBSIDIARIES**

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

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

(30) Components of other comprehensive income

For the three months ended March 31, 2024 :

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax benefit	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	\$ 6,620,228	\$ -	\$ 6,620,228	\$ 250,195	\$ 6,870,423
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	66,392	-	66,392	-	66,392
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	10,298,543	-	10,298,543	-	10,298,543
Unrealized gains (losses) from debt instrument investments measured at fair value through other comprehensive income	(2,321)	-	(2,321)	-	(2,321)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(135,530)	-	(135,530)	-	(135,530)
<b>Total</b>	<b>\$ 16,847,312</b>	<b>\$ -</b>	<b>\$ 16,847,312</b>	<b>\$ 250,195</b>	<b>\$ 17,097,507</b>

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

For the three months ended March 31, 2023 :

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax expense	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	\$ 2,886,725	\$ -	\$ 2,886,725	\$ (153,220)	\$ 2,733,505
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	88,664	-	88,664	-	88,664
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	(2,406,980)	-	(2,406,980)	-	(2,406,980)
Unrealized gains (losses) from debt instrument investments measured at fair value through other comprehensive income	11,317	-	11,317	-	11,317
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	24,079	-	24,079	-	24,079
<b>Total</b>	<b>\$ 603,805</b>	<b>\$ -</b>	<b>\$ 603,805</b>	<b>\$ (153,220)</b>	<b>\$ 450,585</b>

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

(31) Income tax

The major components of income tax expense are as follows:

	<u>Three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Current income tax expense:		
Current income tax charge	\$ 3,044,301	\$ 2,946,476
Current tax expense related to Pillar Two legislation	138,725	-
Deferred tax (income) expense:		
Deferred tax income relating to origination and reversal of temporary differences	(1,148,338)	(1,427,521)
Deferred tax expense relating to origination and reversal of tax loss and tax credit	503,068	595,642
Deferred tax expense arising from write-down or reversal of write-down of deferred tax asset	1,537,776	78,428
Others	(60,716)	20,255
Total income tax expense	<u>\$ 4,014,816</u>	<u>\$ 2,213,280</u>

Income tax recognized in other comprehensive income

	<u>Three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Deferred tax income (expense):		
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	\$ 250,195	\$ (153,220)

Income tax charged directly to equity

	<u>Three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Current income tax expense:		
Realized gains from equity instrument investments measured at fair value through other comprehensive income	\$ -	\$ 9,752

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

The risk exposure of Pillar Two income tax

As of March 31, 2024, some of the Company's subsidiaries were located in the tax jurisdictions where the Pillar Two legislation has been enacted or substantially enacted but has not yet come to effect. The Company is currently assessing the potential risk exposure brought by Pillar Two legislation, and the Company expects to report this potential risk exposure in the financial statements of the following year or in the interim period.

The assessment of income tax returns

As of March 31, 2024, the assessments of the income tax returns of MTK and its material subsidiaries were as follows:

	<u>The assessment of income tax returns</u>	<u>Note</u>
MTK	Assessed and approved up to 2021	
Subsidiary- Hsu-Ta Investment Corp.	Assessed and approved up to 2022	(1)
Subsidiary- Richtek Technology Corp.	Assessed and approved up to 2022	
Subsidiary- Airoha Technology Corp.	Assessed and approved up to 2021	

Note 1: Hsu-Ta Investment Corp. ("Hsu-Ta") disagreed with the decision made in the tax assessment notice for the year 2020 and applied for corrections.

(32) 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 March 31	
	2024	2023
<b>A. Basic earnings per share</b>		
Profit attributable to ordinary equity owners of the parent (in thousand NT\$)	\$ 31,535,653	\$ 16,873,549
Weighted average number of ordinary shares outstanding for basic earnings per share (share)	1,588,727,702	1,585,830,719
Basic earnings per share (NT\$)	\$ 19.85	\$ 10.64
<b>B. Diluted earnings per share</b>		
Profit attributable to ordinary equity owners of the parent (in thousand NT\$)	\$ 31,535,653	\$ 16,873,549
Weighted average number of ordinary shares outstanding for basic earnings per share (share)	1,588,727,702	1,585,830,719
Effect of dilution:		
Employees' compensation-stock (share)	955,528	1,609,365
Employee stock options (share)	-	117,445
Restricted stocks for employees (share)	2,733,164	3,658,276
Weighted average number of ordinary shares outstanding after dilution (share)	1,592,416,394	1,591,215,805
Diluted earnings per share (NT\$)	\$ 19.80	\$ 10.60

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.

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

Changes in ownership of subsidiaries

Airoha Technology Corp. increased its capital by cash in October 2023. The Company did not subscribe to the new shares issued proportionate to its original ownership interest that resulted in a change in ownership interest. In addition, from November 2023 to January 2024, the Company acquired of Airoha Technology Corp.'s outstanding shares. After all the changes mentioned above, the Company's ownership of Airoha Technology Corp. became 71%. As the control over the subsidiary remained, the changes of the ownership interest were accounted for as equity transactions.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

The difference between the fair value of purchased equity investments and the decrease in the non-controlling interest was NT\$177,922 thousand for the three months ended March 31, 2024, which had been recorded in equity.

**7. Related Party Transactions**

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

Name and nature of relationship of the related parties

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
Intelligo Technology Inc. and its subsidiaries	Associate
ASIX Electronics Corporation	Associate
AMobile Solutions Corp.	Associate
Sigmastar Technology Ltd. and its subsidiaries	Associate
Intellectual Property Innovation Corp.	Associate
King Yuan Electronics Co., Ltd. and its subsidiaries	Substantive related party

Significant transactions with the related parties

(1) Sales

Sales of goods	<u>Three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Associates		
Intelligo Technology Inc. and its subsidiaries	\$ 3,608	\$ 2,127
ASIX Electronics Corporation	58,850	42,628
AMobile Solutions Corp.	4,112	-
Subtotal	<u>66,570</u>	<u>44,755</u>
Services and other operating revenue		
Associates		
Sigmastar Technology Ltd. and its subsidiaries	24,200	15,611
Intellectual Property Innovation Corp.	292	-
Subtotal	<u>24,492</u>	<u>15,611</u>
Total	<u>\$ 91,062</u>	<u>\$ 60,366</u>

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

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

	<u>Three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Other related parties		
King Yuan Electronics Co., Ltd. and its subsidiaries	\$ 1,976,738	\$ 1,756,019

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)

	<u>Three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Associate		
Intelligo Technology Inc. and its subsidiaries	\$ 34,074	\$ 10,667
Other related parties		
King Yuan Electronics Co., Ltd. and its subsidiaries	1,214	1,241
Total	<u>\$ 35,288</u>	<u>\$ 11,908</u>

(4) Other income

	<u>Three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Associate		
ASIX Electronics Corporation	\$ 10	\$ 10

(5) Rental income

	<u>Three months ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Associate		
Sigmaster Technology Ltd. and its subsidiaries	\$ 215	\$ 215

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

(6) Trade receivables from related parties

	March 31, 2024	December 31, 2023	March 31, 2023
Associate			
Intelligo Technology Inc. and its subsidiaries	\$ 3,084	\$ 3,391	\$ 801
ASIX Electronics Corporation	48,734	33,903	32,218
Sigmastar Technology Ltd. and its subsidiaries	24,280	16,168	6,852
Intellectual Property Innovation Corp.	307	-	-
Total	<u>\$ 76,405</u>	<u>\$ 53,462</u>	<u>\$ 39,871</u>

(7) Contract liabilities-current

	March 31, 2024	December 31, 2023	March 31, 2023
Associate			
AMobile Solutions Corp.	<u>\$ 339</u>	<u>\$ 4,377</u>	<u>\$ -</u>

(8) Trade payables to related parties

	March 31, 2024	December 31, 2023	March 31, 2023
Other related parties			
King Yuan Electronics Co., Ltd. and its subsidiaries	<u>\$ 2,048,501</u>	<u>\$ 1,919,652</u>	<u>\$ 1,654,002</u>

(9) Other payables to related parties

	March 31, 2024	December 31, 2023	March 31, 2023
Associate			
Intelligo Technology Inc. and its subsidiaries	\$ 106,169	\$ 105,679	\$ 132,056
Other related parties			
King Yuan Electronics Co., Ltd. and its subsidiaries	1,903	2,950	15
Total	<u>\$ 108,072</u>	<u>\$ 108,629</u>	<u>\$ 132,071</u>



**MEDIATEK INC. AND SUBSIDIARIES**

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

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

(10) Long-term payables to related parties

	March 31, 2024	December 31, 2023	March 31, 2023
Associate			
Intelligo Technology Inc. and its subsidiaries	\$ -	\$ -	\$ 60,844

(11) Deposits received

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

(12) Other

During the three months ended March 31, 2024, the Company acquired computer software from Intelligo Technology Inc. and its subsidiaries in the amount of NT\$31,310 thousand which was recorded as intangible assets.

(13) Key management personnel compensation

	Three months ended March 31	
	2024	2023
Short-term employee benefits (Note)	\$ 430,639	\$ 439,019
Share-based payment	54,433	142,120
Post-employment benefits	1,835	1,023
Total	\$ 486,907	\$ 582,162

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
	March 31, 2024	December 31, 2023	March 31, 2023	
Financial assets measured at amortized cost-noncurrent	\$ 12,207	\$ 12,204	\$ 12,095	Lease execution deposits
Financial assets measured at amortized cost-noncurrent	79,152	79,126	79,294	Customs clearance deposits
Financial assets measured at amortized cost-noncurrent	92,543	92,543	63,135	Land lease guarantee
Financial assets measured at amortized cost-noncurrent	170,000	170,000	170,000	Performance bond
Total	<u>\$ 353,902</u>	<u>\$ 353,873</u>	<u>\$ 324,524</u>	

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

(1) Commitment

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

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

(2) Significant Commitments

The Company entered into capacity reservation contracts with several suppliers. According to the contracts, the supplier shall provide agreed production capacity with the Company after prepayments by the Company. As of December 31, 2023, the Company had written off certain unrecoverable prepayments and accrued provisions for certain unfulfillable contract obligations. As of March 31, 2024, the Company had reversed the provisions and written off refundable deposits in accordance with the amended contracts with some suppliers.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

(3) Legal claim contingency

A. Koninklijke Philips N.V., and Philips North America LLC (“Philips”) filed a complaint in the United States District Court for the District of Delaware against MTK and subsidiary MediaTek USA Inc. on September 17, 2020, alleging infringement of United States Patent Nos. 9,590,977 and 10,298,564. The operations of MTK and subsidiary MediaTek USA Inc. will not be materially affected by this case.

B. ParkerVision, Inc. (“ParkerVision”) 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. The operations of MTK and subsidiary MediaTek USA Inc. will not be materially affected by this case.

ParkerVision, Inc. (“ParkerVision”) 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. The operations of MTK and subsidiary MediaTek USA Inc. will not be materially affected by this case.

ParkerVision, Inc. (“ParkerVision”) 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. The operations of MTK and subsidiary MediaTek USA Inc. will not be materially affected by this case.

C. MOSAID Technologies, Inc. (“MOSAID”) 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. The operations of MTK and subsidiary MediaTek USA Inc. will not be materially affected by this case.

D. Innomemory LLC (“Innomemory”) filed a complaint in the United States District Court for the Eastern District of Texas against MTK on May 26, 2023, alleging infringement of U.S. Patent No. 6,240,046. The operations of MTK will not be materially affected by this case.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

E. Realtek Semiconductor Corporation (“Realtek”) 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. The operations of MTK will not be materially affected by this case.

F. Bell Northern Research, LLC (“BNR”) filed a complaint in the United States District Court for the Central District of California against MTK subsidiary MediaTek USA Inc. and Mediatek Northern America Inc. on June 15, 2023, alleging infringement of U.S. Patent Nos. 8,416,862, 7,564,914 and RE 48,629. The operations of MTK subsidiary MediaTek USA Inc. and Mediatek Northern America Inc. will not be materially affected by this case.

Bell Northern Research, LLC (“BNR”) filed a complaint with the U.S. International Trade Commission against MTK and subsidiary MediaTek USA Inc. on June 21, 2023, alleging infringement of U.S. Patent Nos. 8,416,862, 7,564,914 and RE 48,629. The operations of MTK and subsidiary MediaTek USA Inc. will not be materially affected by this case.

G. Deepwell IP LLC (“Deepwell”) filed a complaint in the United States District Court for the Eastern District of Texas against MTK on September 19, 2023, alleging infringement of U.S. Patent Nos. 7,149,851, 7,645,664, 8,415,730, RE44,025. The operations of MTK will not be materially affected by this case.

H. LED Apogee LLC (“LED Apogee”) filed a complaint in the United States District Court for the Western District of Texas against MTK on January 16, 2024, alleging infringement of U.S. Patent No. 6,982,527. The operations of MTK will not be materially affected by this case.

I. Redstone Logics LLC (“Redstone”) 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. The operations of MTK and subsidiary MediaTek USA Inc. will not be materially affected by this case.

J. Daedalus Prime LLC (“Daedalus”) 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. The operations of MTK will not be materially affected by this case.

Daedalus Prime LLC (“Daedalus”) 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. The operations of MTK will not be materially affected by this case.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

The Company will handle these cases carefully.

**10. Losses due to Major Disasters**

None

**11. Significant Subsequent Events**

None

**12. Others**

(1) Financial instruments

A. Categories of financial instruments

Financial assets

	<u>March 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>	<u>March 31,</u> <u>2023</u>
Financial assets at fair value through profit or loss:			
Held for trading financial assets	\$ 394,043	\$ 20,591	\$ 65,955
Mandatorily measured at fair value through profit or loss (Note 1)	<u>14,617,590</u>	<u>12,444,416</u>	<u>14,089,173</u>
Subtotal	<u>15,011,633</u>	<u>12,465,007</u>	<u>14,155,128</u>
Financial assets at fair value through other comprehensive income	86,577,850	78,441,336	79,130,091
Financial assets measured at amortized cost (Note 2)	<u>276,330,557</u>	<u>283,987,641</u>	<u>237,810,117</u>
Total	<u>\$ 377,920,040</u>	<u>\$ 374,893,984</u>	<u>\$ 331,095,336</u>

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

Financial liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
Financial liabilities at fair value through profit or loss:			
Held for trading financial liabilities	\$ 4,782	\$ 301,675	\$ 40,889
Financial liabilities at amortized cost:			
Short-term borrowings	7,820,000	2,200,000	4,600,000
Trade payables (including related parties)	39,996,550	38,779,040	21,169,226
Other payables (including related parties)	91,721,227	91,761,734	159,151,313
Long-term payables (including current portion and related parties)	8,148,109	10,230,990	8,134,979
Long-term borrowings (including current portion)	-	-	827,660
Lease liabilities	9,536,176	8,897,836	9,065,717
Subtotal	<u>157,222,062</u>	<u>151,869,600</u>	<u>202,948,895</u>
Total	<u>\$ 157,226,844</u>	<u>\$ 152,171,275</u>	<u>\$ 202,989,784</u>

Notes:

1. Includes trade receivables classified as financial assets measured at fair value through profit or loss in the amount of NT\$2,052,824 thousand, NT\$1,922,492 thousand and NT\$2,426,193 thousand as of March 31, 2024, December 31, 2023, and March 31, 2023, respectively. Please refer to Note 6.(5) for further explanation.
2. Includes cash and cash equivalents (excluding cash on hand), financial assets measured at amortized cost, notes receivable, trade receivables (excluding financial assets measured at fair value through profit or loss in the amount of NT\$2,052,824 thousand, NT\$1,922,492 thousand and NT\$2,426,193 thousand as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively. Please refer to Note 6.(5) for further explanation.), other receivables and financing lease receivables, net.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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, 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).
- (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.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

b. Fair value of financial instruments measured at amortized cost

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

c. Fair value measurement hierarchy

(a) Fair value measurement hierarchy

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

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

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

Level 3: Unobservable inputs for the assets or liabilities.

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

(b) Fair value measurement hierarchy of the Company's assets and liabilities

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



**MEDIATEK INC. AND SUBSIDIARIES**

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

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

As of March 31, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets measured at fair</u>				
<u>value:</u>				
Financial assets at fair				
value through profit or				
loss				
Bonds	\$ -	\$ -	\$ 1,631,879	\$ 1,631,879
Linked deposits	-	-	2,781,914	2,781,914
Stocks	103,752	-	-	103,752
Funds	1,927,803	-	4,351,116	6,278,919
Trust funds	1,768,302	-	-	1,768,302
Forward exchange				
contracts	-	394,043	-	394,043
Financial assets at fair				
value through other				
comprehensive income				
Equity instruments				
measured at fair value				
through other				
comprehensive income	52,109,369	-	33,241,630	85,350,999
Debt instruments				
measured at fair value				
through other				
comprehensive income	584,937	-	641,914	1,226,851
Total	<u>\$ 56,494,163</u>	<u>\$ 394,043</u>	<u>\$ 42,648,453</u>	<u>\$ 99,536,659</u>

Liabilities measured at

fair value:

Financial liabilities at fair

value through profit or

loss

Forward exchange

contracts

\$ -	\$ 4,782	\$ -	\$ 4,782
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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, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets measured at fair</u>				
<u>value:</u>				
Financial assets at fair				
value through profit or				
loss				
Bonds	\$ -	\$ -	\$ 1,541,120	\$ 1,541,120
Linked deposits	-	-	2,736,431	2,736,431
Stocks	121,256	-	-	121,256
Funds	1,910,145	-	2,797,941	4,708,086
Trust funds	1,415,031	-	-	1,415,031
Forward exchange				
contracts	-	13,268	-	13,268
Cross-currency swap				
contracts	-	7,323	-	7,323
Financial assets at fair				
value through other				
comprehensive income				
Equity instruments				
measured at fair value				
through other				
comprehensive				
income				
	46,195,800	-	31,049,499	77,245,299
Debt instruments				
measured at fair value				
through other				
comprehensive				
income				
	561,410	-	634,627	1,196,037
Total	<u>\$ 50,203,642</u>	<u>\$ 20,591</u>	<u>\$ 38,759,618</u>	<u>\$ 88,983,851</u>
<u>Liabilities measured at</u>				
<u>fair value:</u>				
Financial liabilities at fair				
value through profit or				
loss				
Forward exchange				
contracts	\$ -	\$ 301,675	\$ -	\$ 301,675

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

As of March 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets measured at fair value:</u>				
Financial assets at fair value through profit or loss				
Bonds	\$ 153,775	\$ -	\$ 1,546,806	\$ 1,700,581
Linked deposits	-	-	4,045,720	4,045,720
Stocks	149,520	-	-	149,520
Funds	1,796,534	-	2,867,273	4,663,807
Trust funds	1,103,352	-	-	1,103,352
Forward exchange contracts	-	65,955	-	65,955
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	16,365,052	305,673	61,271,030	77,941,755
Debt instruments measured at fair value through other comprehensive income	543,975	-	644,361	1,188,336
<b>Total</b>	<b>\$ 20,112,208</b>	<b>\$ 371,628</b>	<b>\$ 70,375,190</b>	<b>\$ 90,859,026</b>
<u>Liabilities measured at fair value:</u>				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 40,889	\$ -	\$ 40,889

For the three months ended March 31, 2024 and 2023, 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 is as follows:

	Asset						
	Mandatorily measured at fair value through profit or loss			Measured at fair value through other comprehensive income			Total
	Bonds	Funds	Link deposits	Bonds	Capital	Stocks	
As of January 1, 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	92,549	29,218	(11,702)	-	-	-	110,065
Amount recognized in OCI	-	-	-	(290)	(270,336)	1,206,960	936,334
Amount recognized in OCI- exchange differences	(1,790)	57,218	57,185	7,577	714,884	361,302	1,196,376
Acquisitions	-	4,313,328	-	-	239,532	-	4,552,860
Settlements	-	(2,846,589)	-	-	(59,765)	(446)	(2,906,800)
As of March 31, 2024	\$ 1,631,879	\$ 4,351,116	\$ 2,781,914	\$ 641,914	\$ 22,735,482	\$ 10,506,148	\$ 42,648,453

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

	Asset						
	Mandatorily measured at fair value through profit or loss			Measured at fair value through other comprehensive income			Total
	Bonds	Funds	Link deposits	Bonds	Capital	Stocks	
As of January 1, 2023	\$ 1,480,393	\$ 5,555,174	\$ 4,993,444	\$ 641,183	\$ 49,386,393	\$ 10,431,499	\$ 72,488,086
Amount recognized in profit or loss	40,100	58,204	12,607	-	-	-	110,911
Amount recognized in OCI	-	-	-	5,481	2,878,450	(878,931)	2,005,000
Amount recognized in OCI- exchange differences	(4,109)	(29,703)	(22,620)	(2,303)	(412,557)	(93,795)	(565,087)
Acquisitions	30,422	2,025,303	-	-	140,181	259,902	2,455,808
Settlements	-	(4,741,705)	(937,711)	-	(340,119)	(44,294)	(6,063,829)
Others	-	-	-	-	8,531	-	8,531
Transfer out of level 3	-	-	-	-	-	(64,230)	(64,230)
As of March 31, 2023	\$ 1,546,806	\$ 2,867,273	\$ 4,045,720	\$ 644,361	\$ 51,660,879	\$ 9,610,151	\$ 70,375,190

Total gains and (losses) related to assets recognized for the three months ended March 31, 2024 and 2023 amounted to NT\$82,415 thousand and NT\$(56,570) 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 are as follows:

As of March 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 three-month period ended March 31, 2024 by NT\$544,020 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 three-month period ended March 31, 2024 by NT\$24,519 thousand.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

As of December 31, 2023:

	Valuation technique	Significant unobservable inputs	Quantitative information	Interrelationship between inputs and fair values	Sensitivity analysis of interrelationship between inputs and fair values
Financial Assets:					
At fair value through other comprehensive income					
Stocks	Market Approach	Discount for lack of marketability	0-30%	The greater degree of lack of marketability the lower the estimated fair value is determined.	A change of 10% in the discount for lack of marketability of the aforementioned fair values of unlisted stocks could decrease/increase the Company's equity for the year ended December 31, 2023 by NT\$215,716 thousand.
Capital	Market Approach	Discount for lack of marketability	0-30%	The greater degree of lack of marketability the lower the estimated fair value is determined.	A change of 10% in the discount for lack of marketability of the aforementioned fair values of unlisted stocks could decrease/increase the Company's equity for the year ended December 31, 2023 by NT\$33,367 thousand.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

As of March 31, 2023:

	Valuation technique	Significant unobservable inputs	Quantitative information	Interrelationship between inputs and fair values	Sensitivity analysis of interrelationship between inputs and fair values
Financial Assets:					
At fair value through other comprehensive income					
Stocks	Market Approach	Discount for lack of marketability	0-30%	The greater degree of lack of marketability the lower the estimated fair value is determined.	A change of 10% in the discount for lack of marketability of the aforementioned fair values of unlisted stocks could decrease/increase the Company's equity for the three-month period ended March 31, 2023 by NT\$382,422 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 three-month period ended March 31, 2023 by NT\$128,809 thousand.



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

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

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

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

As of March 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	\$ -	\$ -	\$ 3,595,528	\$ 3,595,528

As of December 31, 2023

	<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	\$ -	\$ -	\$ 3,543,736	\$ 3,543,736

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

As of March 31, 2023

	<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	\$ -	\$ -	\$ 3,052,528	\$ 3,052,528

**D. Derivative financial instruments**

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

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

Forward exchange contracts	Currency	Contract amount ( '000)	Maturity
As of March 31, 2024	TWD to USD	Sell USD 128,700	April 2024
As of March 31, 2024	TWD to USD	Buy USD 565,000	April 2024
As of March 31, 2024	TWD to USD	Sell USD 1,000	May 2024
As of March 31, 2024	TWD to USD	Buy USD 250,000	May 2024
As of March 31, 2024	TWD to USD	Buy USD 10,000	June 2024
As of March 31, 2024	JPY to USD	Buy USD 1,443	June 2024
As of March 31, 2024	KRW to USD	Buy USD 7,846	December 2024
As of March 31, 2024	JPY to USD	Buy USD 2,135	December 2024
As of December 31, 2023	TWD to USD	Buy USD 500,000	January 2024
As of December 31, 2023	TWD to USD	Sell USD 17,470	January 2024
As of December 31, 2023	TWD to USD	Sell USD 4,470	February 2024
As of December 31, 2023	TWD to USD	Sell USD 3,250	March 2024
As of December 31, 2023	JPY to USD	Buy USD 1,443	June 2024

(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)

Forward exchange contracts	Currency	Contract amount ( '000)		Maturity
As of March 31, 2023	TWD to USD	Sell USD	218,000	April 2024
As of March 31, 2023	CNY to USD	Buy USD	456,335	April 2024
As of March 31, 2023	TWD to USD	Buy USD	310,000	May 2024
As of March 31, 2023	TWD to USD	Sell USD	3,000	May 2024
As of March 31, 2023	JPY to USD	Buy USD	1,538	June 2024

  

Cross-currency swap contracts	Currency	Contract amount ( '000)		Maturity
As of December 31, 2023	TWD to USD	Sell USD	10,000	January 2024

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

(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.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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

a. Foreign currency risk

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

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 three months ended March 31, 2024 and 2023 decreases/increases by NT\$48,916 thousand and NT\$23,825 thousand, while equity decreases/increases by NT\$242,898 thousand and NT\$196,018 thousand, respectively.

When NTD appreciates or depreciates against CNY by 0.1%, the profit for the three months ended March 31, 2024 and 2023 decreases/increases by NT\$2,009 thousand and increases/decreases by NT\$1,820 thousand, while equity decreases/increases by NT\$23,528 thousand and NT\$21,239 thousand, respectively.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

b. Interest rate risk

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

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period, including investments and bank borrowings with variable interest rates. At the reporting date, an increase/decrease of 10 basis points of interest rate in a reporting period could cause the profit for the three months ended March 31, 2024 and 2023 to increase/decrease by NT\$1,007 thousand and decreases/increases by NT\$2,022 thousand, respectively.

c. Other price risk

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

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 three months ended March 31, 2024 and 2023 to increase/decrease by NT\$1,038 thousand and NT\$1,495 thousand, respectively.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

A change of 1% in the price of the listed company stocks classified under equity instrument investments measured at fair value through other comprehensive income could cause the other comprehensive income for the three months ended March 31, 2024 and 2023 to increase/decrease by NT\$521,093 thousand and NT\$166,707 thousand, respectively.

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

**B. Credit risk management**

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

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

As of March 31, 2024, December 31, 2023, and March 31, 2023, receivables from top ten customers represented 68.49%, 62.46%, and 60.03% of the total trade receivables of the Company, respectively. The credit concentration risk of other account receivables was insignificant.

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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 counter-party who is reputable, transparent and in good financial standing.

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

Level of credit risk	Indicator	Measurement method for expected credit losses	Carrying amount		
			March 31, 2024	December 31, 2023	March 31, 2023
Low credit risk	Credit risk measure belongs to IG category Counter parties with investment grade credit rating	12-month expected credit losses	\$ 74,609,863	\$ 59,107,560	\$ 35,933,678
Credit risk significantly increased	Credit risk measure reduced from IG category to HY category Contract payment overdue 30 days	Lifetime expected credit losses	\$ 260,300	\$ 261,079	\$ 663,995
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	\$ 55,383,184	\$ 56,620,050	\$ 47,773,269

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

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).

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

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.

Non-derivative financial liabilities

	Less than 1 year	1 to 5 years	Later than 5 years	Total
<u>As of March 31, 2024</u>				
Short-term borrowings	\$ 7,830,521	\$ -	\$ -	\$ 7,830,521
Trade payables (including related parties)	39,996,550	-	-	39,996,550
Other payables (including related parties)	91,717,206	-	-	91,717,206
Lease liabilities	1,032,016	2,233,634	8,956,667	12,222,317
Long-term payables	4,534,431	3,613,678	-	8,148,109
Total	<u>\$ 145,110,724</u>	<u>\$ 5,847,312</u>	<u>\$ 8,956,667</u>	<u>\$ 159,914,703</u>
<u>As of December 31, 2023</u>				
Short-term borrowings	\$ 2,204,557	\$ -	\$ -	\$ 2,204,557
Trade payables (including related parties)	38,779,040	-	-	38,779,040
Other payables (including related parties)	91,760,541	-	-	91,760,541
Lease liabilities	861,949	1,749,264	8,926,636	11,537,849
Long-term payables	5,626,183	4,604,807	-	10,230,990
Total	<u>\$ 139,232,270</u>	<u>\$ 6,354,071</u>	<u>\$ 8,926,636</u>	<u>\$ 154,512,977</u>



**MEDIATEK INC. AND SUBSIDIARIES**

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

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

	Less than 1 year	1 to 5 years	Later than 5 years	Total
<u>As of March 31, 2023</u>				
Short-term borrowings	\$ 4,616,629	\$ -	\$ -	\$ 4,616,629
Trade payables (including related parties)	21,169,226	-	-	21,169,226
Other payables (including related parties)	159,143,777	-	-	159,143,777
Lease liabilities	814,752	2,022,885	8,886,283	11,723,920
Long-term borrowings	827,660	-	-	827,660
Long-term payables (including related parties)	4,807,820	3,327,159	-	8,134,979
Total	<u>\$ 191,379,864</u>	<u>\$ 5,350,044</u>	<u>\$ 8,886,283</u>	<u>\$ 205,616,191</u>

Derivative financial liabilities

	Less than 1 year	1 to 5 years	Total
<u>As of March 31, 2024</u>			
Gross settlement			
Forward exchange contracts			
Inflow	\$ 374,695	\$ -	\$ 374,695
Outflow	(378,511)	-	(378,511)
Net	(3,816)	-	(3,816)
Net settlement			
Forward exchange contracts	(1,166)	-	(1,166)
Total	<u>\$ (4,982)</u>	<u>\$ -</u>	<u>\$ (4,982)</u>

As of December 31, 2023

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

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

As of March 31, 2023

Gross settlement

Forward exchange contracts

Inflow	\$ 333,430	\$ -	\$ 333,430
Outflow	(334,642)	-	(334,642)
Net	(1,212)	-	(1,212)

Net settlement

Forward exchange contracts	(39,828)	-	(39,828)
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Total	\$ (41,040)	\$ -	\$ (41,040)
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The table above contains the undiscounted net cash flows of derivative financial liabilities.

**D. Reconciliation of liabilities arising from financing activities**

Reconciliation of liabilities for the three months ended March 31, 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	5,620,000	(215,307)	(24,683)	5,380,010
Non-cash movement	-	853,647	-	853,647
As of March 31, 2024	\$ 7,820,000	\$ 9,536,176	\$ 187,113	\$ 17,543,289

Reconciliation of liabilities for the three months ended March 31, 2023:

	Short-term borrowings	Long-term borrowings	Lease liabilities	Deposits received	Total liabilities from financing activities
As of January 1, 2023	\$ 3,700,000	\$ 827,660	\$ 9,103,737	\$ 189,707	\$ 13,821,104
Cash flows	900,000	-	(252,341)	(365)	647,294
Non-cash movement	-	-	214,321	-	214,321
As of March 31, 2023	\$ 4,600,000	\$ 827,660	\$ 9,065,717	\$ 189,342	\$ 14,682,719

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

(3) Significant assets and liabilities denominated in foreign currencies

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

	March 31, 2024		
	Foreign Currency (thousand)	Exchange rate	NT\$ (thousand)
<u>Financial assets</u>			
Monetary item:			
USD	\$ 5,842,447	31.997	\$ 186,940,787
CNY	\$ 473,641	4.409	\$ 2,088,052
Non-monetary item:			
USD	\$ 4,111,485	31.997	\$ 131,555,195
CNY	\$ 5,334,380	4.409	\$ 23,516,668
<u>Financial liabilities</u>			
Monetary item:			
USD	\$ 1,540,600	31.997	\$ 49,294,612
CNY	\$ 15,254	4.409	\$ 67,247
	December 31, 2023		
	Foreign Currency (thousand)	Exchange rate	NT\$ (thousand)
<u>Financial assets</u>			
Monetary item:			
USD	\$ 6,321,566	30.747	\$ 194,369,172
CNY	\$ 333,152	4.333	\$ 1,443,466
Non-monetary item:			
USD	\$ 3,532,366	30.747	\$ 108,609,648
CNY	\$ 4,625,198	4.333	\$ 20,039,872
<u>Financial liabilities</u>			
Monetary item:			
USD	\$ 1,797,476	30.747	\$ 55,266,993
CNY	\$ 41,508	4.333	\$ 179,843

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

	March 31, 2023		
	Foreign Currency (thousand)	Exchange rate	NT\$ (thousand)
<u>Financial assets</u>			
Monetary item:			
USD	\$ 5,250,654	30.422	\$ 159,734,376
CNY	\$ 40,529	4.430	\$ 179,536
Non-monetary item:			
USD	\$ 2,796,883	30.422	\$ 85,086,773
CNY	\$ 4,792,767	4.430	\$ 21,230,953
<u>Financial liabilities</u>			
Monetary item:			
USD	\$ 1,147,956	30.422	\$ 34,923,125
CNY	\$ 449,582	4.430	\$ 1,991,554

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 (losses) gains were NT\$(1,070,069) thousand and NT\$165,988 thousand for the three months ended March 31, 2024 and 2023, respectively.

(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 three months ended March 31, 2024: Please refer to Attachment 1.
- B. Endorsement/Guarantee provided to others for the three months ended March 31, 2024: Please refer to Attachment 2.
- C. Securities held as of March 31, 2024: Please refer to Attachment 3.
- D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the three months ended March 31, 2024: Please refer to Attachment 4.
- E. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the three months ended March 31, 2024: Please refer to Attachment 5.
- F. Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the three months ended March 31, 2024: None.
- G. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the three months ended March 31, 2024: Please refer to Attachment 6.
- H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock as of March 31, 2024: Please refer to Attachment 7.
- I. Financial instruments and derivative transactions: Please refer to Note 12.
- J. Others: The business relationship between the parent and the subsidiaries and significant transactions between them: Please refer to Attachment 8.

(2) Information on investees

Relevant information of investees over which the Company has direct or indirect significant influence or control, or jointly control (excluding investees in Mainland China). Please refer to Attachment 9.

**MEDIATEK INC. AND SUBSIDIARIES**

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

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

(3) Investment in Mainland China

A. Relevant information of investees over which the Company has direct or indirect significant influence or control, or jointly control, which discloses investee company name, main business and products, total amount of capital, method of investment, accumulated inflows and outflows of investments from Taiwan, percentage of ownership, net income (loss), investment income (loss), carrying amount of investments, accumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 10.

B. Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in Mainland China on financial reports: Please refer to Attachment 1 and Attachment 8.

(4) Main shareholder information

None.

**14. Segment Information**

(1) General information

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