

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, 2026 AND 2025

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.



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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, 2026 and 2025, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods ended March 31, 2026 and 2025, 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, 2026 and 2025, their consolidated financial performance and cash flows for the three-month periods ended March 31, 2026 and 2025, 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.

Hu, Shen-Chieh

Hsu, Hsin-Min

Ernst & Young, Taiwan

April 30, 2026

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, 2026, December 31, 2025, and March 31, 2025

(Amounts in thousands of New Taiwan Dollars)

ASSETS	Notes	March 31, 2026	%	December 31, 2025	%	March 31, 2025	%
Current assets							
Cash and cash equivalents	6(1)	\$ 184,514,674	25	\$ 235,290,082	32	\$ 195,689,046	27
Financial assets at fair value through profit or loss - current	6(2)	637,407	-	1,837,821	-	3,619,752	1
Financial assets at fair value through other comprehensive income - current	6(3)	5,425,497	1	6,378,814	1	5,914,665	1
Financial assets measured at amortized cost - current	6(4)	4,201,839	-	4,202,385	1	5,221,389	1
Trade receivables, net	6(5), 6(6)	79,121,488	11	62,056,117	8	79,052,090	11
Trade receivables from related parties, net	6(5), 6(6), 7	123,905	-	62,703	-	99,439	-
Finance lease receivables, net	6(6), 6(12)	2,449	-	2,130	-	545,919	-
Other receivables	6(7), 7	5,950,842	1	6,476,022	1	8,577,975	1
Current tax assets	4, 6(30)	1,630,646	-	1,782,046	-	1,026,274	-
Inventories	6(8)	85,470,342	12	67,234,559	9	54,537,417	8
Prepayments	6(9), 9	10,355,281	1	10,823,016	1	21,828,804	3
Other current assets	9	751,102	-	1,310,496	-	2,383,008	-
Total current assets		378,185,472	51	397,456,191	53	378,495,778	53
Non-current assets							
Financial assets at fair value through profit or loss - noncurrent	6(2)	4,269,299	1	3,577,731	-	4,680,125	1
Financial assets at fair value through other comprehensive income - noncurrent	6(3)	67,802,883	9	64,383,526	9	73,397,875	10
Financial assets measured at amortized cost - noncurrent	6(4), 8	79,270,370	11	81,012,036	11	72,255,945	10
Investments accounted for using the equity method	6(10), 7	20,922,232	3	19,938,312	3	19,160,482	3
Property, plant and equipment	6(11), 8	63,089,940	8	60,427,356	8	57,367,961	8
Right-of-use assets	6(12)	9,087,473	1	8,652,450	1	9,104,278	1
Investment property, net	6(13), 8	2,647,767	-	2,589,782	-	2,574,456	-
Intangible assets	6(14), 6(15), 7	87,579,797	12	80,261,705	11	81,645,990	12
Deferred tax assets	4, 6(30)	20,056,705	3	19,556,960	3	16,390,432	2
Refundable deposits	9	5,327,343	1	5,341,870	1	2,638,477	-
Long-term finance lease receivables, net	6(6), 6(12)	6,805	-	6,979	-	-	-
Net defined benefit assets - noncurrent	6(19)	52,796	-	52,935	-	40,679	-
Other non-current assets - others	9	477,175	-	526,972	-	531,333	-
Total non-current assets		360,590,585	49	346,328,614	47	339,788,033	47
Total assets		<u>\$ 738,776,057</u>	<u>100</u>	<u>\$ 743,784,805</u>	<u>100</u>	<u>\$ 718,283,811</u>	<u>100</u>

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

English Translation of Financial Statements Originally Issued in Chinese

MEDIATEK INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of March 31, 2026, December 31, 2025, and March 31, 2025

(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Notes	March 31, 2026	%	December 31, 2025	%	March 31, 2025	%
Current liabilities							
Short-term borrowings	6(16)	\$ 16,440,000	2	\$ 940,000	-	\$ 31,240,000	4
Financial liabilities at fair value through profit or loss - current	6(2)	93,061	-	3,313	-	9,664	-
Contract liabilities - current	6(23), 7	7,497,512	1	7,298,470	1	4,560,117	1
Trade payables		47,034,806	6	46,169,969	6	38,868,406	5
Trade payables to related parties	7	2,524,569	-	2,539,929	-	1,939,604	-
Other payables	6(17)	87,554,240	12	107,468,066	15	86,369,083	12
Other payables to related parties	7	126,334	-	347,123	-	45,225	-
Current tax liabilities	4, 6(30)	33,101,536	5	29,630,928	4	19,178,161	3
Lease liabilities - current	6(12)	1,189,879	-	1,024,052	-	1,026,172	-
Current portion of long-term liabilities		12,250,770	2	3,540,763	-	5,343,838	1
Other current liabilities	6(18), 7	101,994,586	14	104,387,195	14	107,961,141	15
Total current liabilities		309,807,293	42	303,349,808	40	296,541,411	41
Non-current liabilities							
Long-term borrowings	8	120,000	-	60,000	-	-	-
Long-term payables		6,184,796	1	6,735,495	1	2,096,323	-
Net defined benefit liabilities - noncurrent	6(19)	362,145	-	462,915	-	489,286	-
Deposits received	7	278,914	-	277,575	-	200,031	-
Deferred tax liabilities	4, 6(30)	10,660,113	1	11,205,646	2	10,943,349	2
Lease liabilities - noncurrent	6(12)	8,336,516	1	8,165,194	1	8,535,946	1
Other non-current liabilities - others	6(20)	4,579,325	1	4,333,151	1	3,685,671	1
Total non-current liabilities		30,521,809	4	31,239,976	5	25,950,606	4
Total liabilities		340,329,102	46	334,589,784	45	322,492,017	45
Equity attributable to owners of the parent							
Share capital	6(21)						
Common stock		16,039,043	2	16,039,122	2	16,016,624	2
Capital surplus	6(21), 6(22)	34,821,142	5	34,599,724	5	31,915,520	5
Retained earnings	6(21)						
Legal reserve		104,878,314	14	100,019,777	13	94,259,643	13
Undistributed earnings		199,537,553	27	219,519,259	30	195,371,288	27
Other equity	6(22)	35,060,065	5	30,479,076	4	50,262,488	7
Treasury shares	6(21)	(55,970)	-	(55,970)	-	(55,970)	-
Equity attributable to owners of the parent		390,280,147	53	400,600,988	54	387,769,593	54
Non-controlling interests	6(21)	8,166,808	1	8,594,033	1	8,022,201	1
Total equity		398,446,955	54	409,195,021	55	395,791,794	55
Total liabilities and equity		\$ 738,776,057	100	\$ 743,784,805	100	\$ 718,283,811	100

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

English Translation of Financial Statements Originally Issued in Chinese
MEDIATEK INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the three months ended March 31, 2026 and 2025
(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	Notes	Three Months Ended March 31			
		2026	%	2025	%
Net sales	6(23), 7	\$ 149,150,510	100	\$ 153,312,237	100
Operating costs	6(8), 6(24), 7	(80,095,157)	(54)	(79,502,745)	(52)
Gross profit		<u>69,055,353</u>	<u>46</u>	<u>73,809,492</u>	<u>48</u>
Operating expenses	6(6), 6(12), 6(24), 7				
Selling expenses		(5,014,746)	(3)	(4,989,022)	(3)
Administrative expenses		(2,804,330)	(2)	(2,984,500)	(2)
Research and development expenses		(38,345,071)	(26)	(35,782,070)	(23)
Expected credit impairment losses		(361)	-	(609)	-
Total operating expenses		<u>(46,164,508)</u>	<u>(31)</u>	<u>(43,756,201)</u>	<u>(28)</u>
Operating income		<u>22,890,845</u>	<u>15</u>	<u>30,053,291</u>	<u>20</u>
Non-operating income and expenses					
Interest income	6(25)	2,396,489	2	2,839,752	2
Other income	6(26), 7	681,881	-	1,648,867	1
Other gains and losses	6(27), 7	869,689	1	128,983	-
Finance costs	6(28)	(85,787)	-	(195,566)	-
Share of profit of associates and joint ventures accounted for using the equity method	6(10)	266,273	-	77,865	-
Total non-operating income and expenses		<u>4,128,545</u>	<u>3</u>	<u>4,499,901</u>	<u>3</u>
Net income before income tax		27,019,390	18	34,553,192	23
Income tax expense	4, 6(30)	(2,643,006)	(2)	(5,024,263)	(4)
Net income		<u>24,376,384</u>	<u>16</u>	<u>29,528,929</u>	<u>19</u>
Other comprehensive income	4, 6(10), 6(19), 6(21), 6(29), 6(30)				
Items that will not be reclassified subsequently to profit or loss					
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income		(1,759,024)	(1)	(3,464,135)	(2)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method		41,855	-	1,422	-
Income tax relating to those items not to be reclassified to profit or loss		75,478	-	(52,047)	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences resulting from translating the financial statements of foreign operations		5,489,304	4	4,592,013	3
Unrealized gains (losses) from debt instrument investments measured at fair value through other comprehensive income		943	-	4,201	-
Share of other comprehensive income of associates and joint ventures accounted for using the equity method		260,908	-	67,833	-
Other comprehensive income, net of tax		<u>4,109,464</u>	<u>3</u>	<u>1,149,287</u>	<u>1</u>
Total comprehensive income		<u>\$ 28,485,848</u>	<u>19</u>	<u>\$ 30,678,216</u>	<u>20</u>
Net income for the periods attributable to :					
Owners of the parent	6(31)	\$ 24,153,980		\$ 29,324,913	
Non-controlling interests	6(21)	222,404		204,016	
		<u>\$ 24,376,384</u>		<u>\$ 29,528,929</u>	
Total comprehensive income for the periods attributable to :					
Owners of the parent		\$ 28,235,217		\$ 30,456,806	
Non-controlling interests		250,631		221,410	
		<u>\$ 28,485,848</u>		<u>\$ 30,678,216</u>	
Earnings Per Share :	6(31)				
Basic Earnings Per Share (in New Taiwan Dollars)		<u>\$ 15.17</u>		<u>\$ 18.43</u>	
Diluted Earnings Per Share (in New Taiwan Dollars)		<u>\$ 15.14</u>		<u>\$ 18.40</u>	

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

English Translation of Financial Statements Originally Issued in Chinese											
MEDIATEK INC. AND SUBSIDIARIES											
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY											
For the three months ended March 31, 2026 and 2025											
(Amounts in thousands of New Taiwan Dollars)											
Description	Equity attributable to owners of the parent									Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings		Other equity			Treasury shares	Equity attributable to owners of the parent		
	Common stock		Legal reserve	Undistributed earnings	Exchange differences resulting from translating the financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Others				
Balance as of January 1, 2025	\$ 16,016,880	\$ 31,636,053	\$ 89,308,524	\$ 210,598,743	\$ 23,114,158	\$ 27,927,939	\$ (1,919,250)	\$ (55,970)	\$ 396,627,077	\$ 8,428,270	\$ 405,055,347
Distribution of earnings:											
Legal reserve	-	-	4,951,119	(4,951,119)	-	-	-	-	-	-	-
Cash dividends	-	-	-	(40,041,559)	-	-	-	-	(40,041,559)	-	(40,041,559)
Total	-	-	4,951,119	(44,992,678)	-	-	-	-	(40,041,559)	-	(40,041,559)
Profit for the three months ended March 31, 2025	-	-	-	29,324,913	-	-	-	-	29,324,913	204,016	29,528,929
Other comprehensive income for the three months ended March 31, 2025	-	-	-	-	4,641,860	(3,509,967)	-	-	1,131,893	17,394	1,149,287
Total comprehensive income	-	-	-	29,324,913	4,641,860	(3,509,967)	-	-	30,456,806	221,410	30,678,216
Adjustments due to dividends that subsidiaries received from parent company	-	226,028	-	-	-	-	-	-	226,028	-	226,028
Changes in associates and joint ventures accounted for using the equity method	-	(17,139)	-	-	-	-	-	-	(17,139)	876	(16,263)
Issuance of restricted stock for employees	(256)	70,578	-	1,056	-	-	447,002	-	518,380	-	518,380
Proceeds from disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	439,254	-	(439,254)	-	-	-	-	-
Non-controlling interests	-	-	-	-	-	-	-	-	-	(628,355)	(628,355)
Balance as of March 31, 2025	\$ 16,016,624	\$ 31,915,520	\$ 94,259,643	\$ 195,371,288	\$ 27,756,018	\$ 23,978,718	\$ (1,472,248)	\$ (55,970)	\$ 387,769,593	\$ 8,022,201	\$ 395,791,794
Balance as of January 1, 2026	\$ 16,039,122	\$ 34,599,724	\$ 100,019,777	\$ 219,519,259	\$ 13,618,153	\$ 18,794,064	\$ (1,933,141)	\$ (55,970)	\$ 400,600,988	\$ 8,594,033	\$ 409,195,021
Distribution of earnings:											
Legal reserve	-	-	4,858,537	(4,858,537)	-	-	-	-	-	-	-
Cash dividends	-	-	-	(39,295,655)	-	-	-	-	(39,295,655)	-	(39,295,655)
Total	-	-	4,858,537	(44,154,192)	-	-	-	-	(39,295,655)	-	(39,295,655)
Profit for the three months ended March 31, 2026	-	-	-	24,153,980	-	-	-	-	24,153,980	222,404	24,376,384
Other comprehensive income for the three months ended March 31, 2026	-	-	-	-	5,724,617	(1,643,380)	-	-	4,081,237	28,227	4,109,464
Total comprehensive income	-	-	-	24,153,980	5,724,617	(1,643,380)	-	-	28,235,217	250,631	28,485,848
Adjustments due to dividends that subsidiaries received from parent company	-	226,028	-	-	-	-	-	-	226,028	-	226,028
Changes in associates and joint ventures accounted for using the equity method	-	(136,994)	-	-	-	-	-	-	(136,994)	768	(136,226)
Issuance of restricted stock for employees	(79)	132,384	-	11,636	-	-	506,622	-	650,563	-	650,563
Proceeds from disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	6,870	-	(6,870)	-	-	-	-	-
Non-controlling interests	-	-	-	-	-	-	-	-	-	(678,624)	(678,624)
Balance as of March 31, 2026	\$ 16,039,043	\$ 34,821,142	\$ 104,878,314	\$ 199,537,553	\$ 19,342,770	\$ 17,143,814	\$ (1,426,519)	\$ (55,970)	\$ 390,280,147	\$ 8,166,808	\$ 398,446,955

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, 2026 and 2025
(Amounts in thousands of New Taiwan Dollars)

Description	Three Months Ended March 31	
	2026	2025
Cash flows from operating activities :		
Profit from continuing operations before tax	\$ 27,019,390	\$ 34,553,192
Adjustments for:		
The profit or loss items which did not affect cash flows:		
Depreciation expenses	3,348,645	3,322,338
Amortization expenses	2,652,304	2,292,581
Expected credit impairment losses	361	609
Net (gains) losses on financial assets or liabilities at fair value through profit or loss	(315,443)	148,157
Interest expenses	85,787	195,566
Interest income	(2,396,489)	(2,839,752)
Dividend income	(492,469)	(1,536,293)
Share-based payment expenses	637,064	517,164
Share of profit of associates and joint ventures accounted for using the equity method	(266,273)	(77,865)
(Gains) losses on disposal of property, plant and equipment	(1,639)	39
Property, plant and equipment transferred to expenses	-	566
Gains on disposal of intangible assets	(868)	-
Changes in operating assets and liabilities:		
Financial assets mandatorily measured at fair value through profit or loss	60,104	1,483,136
Trade receivables	(16,573,207)	(34,844,798)
Trade receivables from related parties	(61,202)	(58,773)
Other receivables	(13,692)	(4,765,668)
Inventories	(18,361,308)	3,801,878
Prepayments	545,231	320,839
Other current assets	559,394	1,394,232
Other non-current assets-others	49,797	2,571,919
Contract liabilities	199,042	241,689
Trade payables	864,837	133,073
Trade payables to related parties	(15,360)	(101,569)
Other payables	(14,363,843)	(18,431,437)
Other payables to related parties	37,444	718
Other current liabilities	(3,549,096)	18,794,084
Net defined benefit liabilities	(100,631)	(44,951)
Other non-current liabilities-others	(296,071)	(1,109,289)
Cash (outflows) inflows generated from operations	(20,748,191)	5,961,385
Interest received	2,699,390	2,672,966
Dividends received	487,792	5,005,595
Interest paid	(94,135)	(193,123)
Income tax paid	(1,520)	(23,863)
Net cash flows (used in) from operating activities	(17,656,664)	13,422,960
Cash flows from investing activities :		
Acquisition of financial assets at fair value through other comprehensive income	(4,060,191)	(2,106,532)
Proceeds from disposal of financial assets at fair value through other comprehensive income	1,910,296	781,109
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	298,695	10,341
Acquisition of financial assets measured at amortized cost	-	(2,049,129)
Proceeds from repayments of financial assets measured at amortized cost	3,657,617	2,978,781
Acquisition of investments accounted for using the equity method	(206,813)	(594,990)
Net cash flows from acquisition of subsidiaries	-	(23,244)
Acquisition of property, plant and equipment	(4,260,191)	(3,168,779)
Proceeds from disposal of property, plant and equipment	15,260	12,101
Decrease (increase) in refundable deposits	14,527	(83,312)
Acquisition of intangible assets	(1,462,551)	(3,471,699)
Proceeds from disposal of intangible assets	2,524	-
Decrease in finance lease receivables	115	181,973
Net cash flows used in investing activities	(4,090,712)	(7,533,380)
Cash flows from financing activities :		
Increase in short-term borrowings	15,500,000	30,300,000
Proceeds from long-term borrowings	60,000	-
Increase in deposits received	1,339	3,631
Payments of lease liabilities	(423,275)	(221,818)
Cash dividends paid	(46,287,361)	(46,222,924)
Other financing activities	11,636	1,056
Net cash flows used in financing activities	(31,137,661)	(16,140,055)
Effect of exchange rate changes on cash and cash equivalents	2,109,629	2,243,629
Net decrease in cash and cash equivalents	(50,775,408)	(8,006,846)
Cash and cash equivalents at the beginning of the period	235,290,082	203,695,892
Cash and cash equivalents at the end of the period	\$ 184,514,674	\$ 195,689,046

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

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

1. Organization and Operation

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

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

The consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors on April 30, 2026.

3. Newly Issued or Revised Standards and Interpretations

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

MTK and its subsidiaries (“the Company”) adopted International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, “IFRSs Accounting Standards”), which were endorsed by Financial Supervisory Commission (“FSC”) and became effective for annual periods beginning on or after January 1, 2026. 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 date when the Company’s financial statements were authorized for issue are listed below:

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

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

Standards or Interpretations Numbers	The Projects of Standards or Interpretations	Effective Date issued by IASB
IAS 21 and IAS 29	“The Effects of Changes in Foreign Exchange Rates” and “Financial Reporting in Hyperinflationary Economies”– Translation to a Hyperinflationary Presentation Currency (Amendment)	January 1, 2027

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

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

4. Summary of Material Accounting Policies

Statement of Compliance

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

Basis of Preparation

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

Basis of Consolidation

Preparation principle of consolidated financial statements

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

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 any resulting differences in profit or loss.

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

The consolidated entities are listed as follows:

Investor	Subsidiary	Business nature	Percentage of Ownership			Note
			March 31, 2026	December 31, 2025	March 31, 2025	
MTK	MediaTek Singapore Pte. Ltd.	Research, manufacturing and sales	100%	100%	100%	-
MTK	MediaTek Investment Singapore Pte. Ltd.	General investing	100%	100%	100%	-
MTK	HFI Innovation Inc.	Intellectual property right management	100%	100%	100%	-
MTK	MStar Co., Ltd.	General investing	100%	100%	100%	-
MTK	Spidcom Technologies	Intellectual property right management	100%	100%	100%	-
MTK	Richtek Technology Corp.	Research, manufacturing and sales	100%	100%	100%	-
MTK	MediaTek Capital Co.	General investing	100%	100%	100%	-
MTK	Airoha Technology Corp.	Research, manufacturing and sales	66%	66%	66%	-
MTK	Hsu-Yuan Investment Corp.	General investing	100%	100%	100%	-
MTK	MediaTek Research UK Limited	Research	100%	100%	100%	-
MTK	MediaTek Bangalore Private Limited	Research	100%	100%	100%	-
MTK	MediaTek Japan Inc.	Technical services	100%	100%	100%	-
MTK	MediaTek Korea Inc.	Research	100%	100%	100%	-
MTK	IC PLUS Corp.	Research, manufacturing and sales	14%	14%	14%	-
Hsiang Fa Co.	Chingis Technology Corporation	Research	100%	100%	100%	-
Hsiang Fa Co.	MediaTek Research Corp.	Research	100%	100%	100%	-
Hsiang Fa Co.	InnoFusion Technology Corp.	Technical services	100%	100%	100%	-

(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, 2026	December 31, 2025	March 31, 2025	
MediaTek Singapore Pte. Ltd.	MaiSys Design Technology SG Pte. Ltd.	Research	100%	100%	100%	-
MediaTek Singapore Pte. Ltd.	MediaTek Investment HK Limited	General investing	100%	100%	100%	-
Richtek Technology Corp.	Richtek Europe Holding B.V.	General investing	-	-	100%	1
Richtek Technology Corp.	Richtek Holding International Limited	General investing	-	-	100%	2
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.	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 Technology Corp.	Richtek Europe B.V.	Sales support and marketing services	100%	100%	100%	-
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%	-

(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, 2026	December 31, 2025	March 31, 2025	
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	100%	100%	100%	-
Airoha Technology Corp.	Airoha Technology USA Inc.	Research	100%	100%	100%	-
Airoha Technology Corp.	Airoha Technology India Private Limited	Research	100%	100%	100%	-
Airoha Technology Corp.	IC PLUS Corp.	Research, manufacturing and sales	29%	29%	29%	-
Gaintech Co. Limited	MediaTek China Limited	General investing	100%	100%	100%	-
Gaintech Co. Limited	MTK Wireless Limited	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%	-
Gaintech Co. Limited	Sigmastar Technology Inc.	General investing	100%	100%	100%	-
Gaintech Co. Limited	MediaTek Global Holdings Limited	General investing	100%	100%	100%	-
MediaTek China Limited	MediaTek (Hefei) Inc.	Research	100%	100%	100%	-
MediaTek China Limited	MediaTek (Beijing) Inc.	Research	100%	100%	100%	-

(To be continued)

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

(Continued)

Investor	Subsidiary	Business nature	Percentage of Ownership			Note
			March 31, 2026	December 31, 2025	March 31, 2025	
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 France SAS	Research	100%	100%	100%	-
MTK Wireless Limited	MediaTek North America Inc.	Sales support and marketing services	100%	100%	100%	-
MTK Wireless Limited	MediaTek Poland sp. z o.o.	Technical services	100%	100%	100%	-
MTK Wireless Limited	MediaTek Technology USA Inc.	Research	100%	100%	100%	-
Gold Rich International (Samoa) Limited	Gold Rich International (HK) Limited	General investing	100%	100%	100%	-
Airoha Technology (HK) Limited	Airoha Technology (Suzhou) Limited	Research, manufacturing and sales	100%	100%	100%	-
Airoha Technology (Suzhou) Limited	EcoNet Limited	General investing	100%	100%	100%	-
MediaTek Investment Singapore Pte. Ltd.	Gaintech Co. Limited	General investing	100%	100%	100%	-
MediaTek Bangalore Private Limited	MediaTek India Technology Pvt. Ltd.	Research	100%	100%	100%	-

(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, 2026	December 31, 2025	March 31, 2025	
MStar Co., Ltd.	MStar Software R&D (Shenzhen), Ltd.	Technical services	100%	100%	100%	-
Nephos Cayman Co. Limited	MediaTek Communication (Hefei) Co., Ltd..	Research, manufacturing and sales	100%	100%	100%	3
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%	-
MediaTek Global Holdings Limited	Digimoc Holdings Limited	General investing	100%	100%	100%	-
MediaTek Capital Co.	IStar Technology Ltd.	General investing	-	-	100%	4
MediaTek Capital Co.	Hsiang Fa Co.	General investing	100%	100%	100%	-
MediaTek Capital Co.	MediaTek Bangalore Private Limited	Research	0%	0%	0%	-
MediaTek Capital Co.	Airoha Technology Corp.	Research, manufacturing and sales	4%	4%	4%	-
Digimoc Holdings Limited	Cloud Ranger Limited	General investing	100%	100%	100%	-
Digimoc Holdings Limited	Gold Rich International (Samoa) Limited	General investing	100%	100%	100%	-
Digimoc Holdings Limited	MediaTek India Technology Pvt. Ltd.	Research	0%	0%	0%	-

(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, 2026	December 31, 2025	March 31, 2025	
MTKC Global Holdings Co. Limited	LePower (HK) Limited	General investing	100%	100%	100%	-
MediaTek Investment HK Limited	Hsu Fa (Samoa) Investment Ltd.	General investing	100%	100%	100%	-
MediaTek Wireless Finland Oy	MediaTek Germany GmbH	Technical services	100%	100%	100%	-
MediaTek Wireless FZ-LLC	MLINK INVESTMENTS -FZCO	General investing	100%	100%	100%	5
MLINK INVESTMENTS -FZCO	Mlink Egypt	Research	100%	100%	100%	5
Hsu Zhan (HK) Investment Limited	IStar Technology Ltd.	General investing	100%	100%	-	4

1. For the purpose of reorganization, Richtek Europe Holding B.V. has been liquidated in December 2025.
2. For the purpose of reorganization, Richtek Holding International Limited has been liquidated in September 2025.
3. Nephos (Hefei) Co., Ltd. was renamed MediaTek Communication (Hefei) Co., Ltd. in September 2025.
4. For the purpose of reorganization, the 100% ownership of IStar Technology Ltd., which was previously owned by MediaTek Capital Co., was transferred to Hsu Zhan (HK) Investment Limited in August 2025.
5. MediaTek Wireless FZ-LLC completed the acquisition of 100% of the shares of MLINK INVESTMENTS-FZCO in March 2025. The subsidiary originally belonging to MLINK INVESTMENTS-FZCO was included in the consolidated entity.

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

Except for the accounting policies listed below, the same accounting policies have been followed in the consolidated financial statements for the three-month periods ended March 31, 2026 and 2025 as were applied in the preparation of the Company's consolidated financial statements for the year ended December 31, 2025. For the summary of other significant accounting policies, please refer to the consolidated financial statements for the year ended December 31, 2025.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

5. Significant Accounting Judgments, Estimates and Assumptions

The same significant accounting judgments, estimates and assumptions have been followed in the consolidated financial statements for the three-month periods ended March 31, 2026 and 2025 as were applied in the preparation of the Company’s consolidated financial statements for the year ended December 31, 2025. Please refer to the consolidated financial statements for the year ended December 31, 2025.

6. Contents of Significant Accounts

(1) Cash and cash equivalents

	March 31, 2026	December 31, 2025	March 31, 2025
Cash on hand and petty cash	\$ 823	\$ 861	\$ 966
Checking and savings accounts	14,218,101	12,541,011	15,666,467
Time deposits	169,175,750	221,928,210	179,810,089
Repurchase agreements	1,120,000	820,000	211,524
Total	<u>\$ 184,514,674</u>	<u>\$ 235,290,082</u>	<u>\$ 195,689,046</u>

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

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

	March 31, 2026	December 31, 2025	March 31, 2025
<u>Current</u>			
<u>Financial assets mandatorily</u>			
<u>measured at fair value through</u>			
<u>profit or loss</u>			
Linked deposits	\$ 568,726	\$ 554,361	\$ 1,528,548
Cross-currency swap contracts	53,229	-	-
Forward exchange contracts	15,452	5,131	73,038
Funds	-	-	1,505,326
Bonds	-	1,278,329	483,121
Stocks	-	-	29,719
Total	<u>\$ 637,407</u>	<u>\$ 1,837,821</u>	<u>\$ 3,619,752</u>
<u>Held for trading financial liabilities</u>			
Forward exchange contracts	<u>\$ 93,061</u>	<u>\$ 3,313</u>	<u>\$ 9,664</u>
<u>Noncurrent</u>			
<u>Financial assets mandatorily</u>			
<u>measured at fair value through</u>			
<u>profit or loss</u>			
Trust funds	\$ 2,815,101	\$ 2,649,272	\$ 2,136,476
Linked deposits	606,009	-	766,046
Bonds	446,664	539,772	1,348,150
Funds	273,164	277,837	285,840
Capital	128,361	110,850	107,561
Stocks	-	-	36,052
Total	<u>\$ 4,269,299</u>	<u>\$ 3,577,731</u>	<u>\$ 4,680,125</u>

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

	March 31, 2026	December 31, 2025	March 31, 2025
<u>Current</u>			
<u>Debt instrument investments</u>			
<u>measured at fair value through</u>			
<u>other comprehensive income</u>			
Bonds	<u>\$ 635,178</u>	<u>\$ 619,532</u>	<u>\$ 320,534</u>
<u>Equity instrument investments</u>			
<u>measured at fair value through</u>			
<u>other comprehensive income</u>			
Listed company stocks	4,790,319	5,759,282	5,594,131
Total	<u>\$ 5,425,497</u>	<u>\$ 6,378,814</u>	<u>\$ 5,914,665</u>

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

	March 31, 2026	December 31, 2025	March 31, 2025
<u>Noncurrent</u>			
<u>Debt instrument investments</u>			
<u>measured at fair value through</u>			
<u>other comprehensive income</u>			
Bonds	\$ 200,000	\$ 200,000	\$ 520,032
<u>Equity instrument investments</u>			
<u>measured at fair value through</u>			
<u>other comprehensive income</u>			
Listed company stocks	27,555,226	30,838,551	37,566,840
Capital	25,085,285	22,845,313	24,341,840
Unlisted company stocks	12,604,012	8,146,948	8,386,251
Funds	2,358,360	2,352,714	2,582,912
Subtotal	67,602,883	64,183,526	72,877,843
Total	\$ 67,802,883	\$ 64,383,526	\$ 73,397,875

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

The Company has equity instrument investments measured at fair value through other comprehensive income. Details on dividends recognized for the three months ended March 31, 2026 and 2025 were as follows:

	Three months ended March 31	
	2026	2025
Related to investments held at the end of the reporting period	\$ 492,469	\$ 1,536,293

The Company derecognized certain equity instrument investments measured at fair value through other comprehensive income in consideration of the Company's investment strategy. Details on derecognition of the investments for the three months ended March 31, 2026 and 2025 were as follows:

	Three months ended March 31	
	2026	2025
The fair value of the investments at the date of derecognition	\$ 1,908,095	\$ 781,109
The cumulative gain on disposal reclassified from other equity to retained earnings	\$ 17,591	\$ 439,254

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

	March 31, 2026	December 31, 2025	March 31, 2025
<u>Current</u>			
Bonds	\$ 4,201,839	\$ 4,202,385	\$ 5,221,131
Restricted bank deposit	-	-	258
Total	<u>\$ 4,201,839</u>	<u>\$ 4,202,385</u>	<u>\$ 5,221,389</u>
<u>Noncurrent</u>			
Bonds	\$ 78,813,597	\$ 80,546,956	\$ 71,816,604
Time deposits	456,773	465,080	439,341
Total	<u>\$ 79,270,370</u>	<u>\$ 81,012,036</u>	<u>\$ 72,255,945</u>

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

(5) Trade receivables and trade receivables from related parties

	March 31, 2026	December 31, 2025	March 31, 2025
Trade receivables	\$ 79,123,063	\$ 62,057,330	\$ 79,054,517
Less: loss allowance	(1,575)	(1,213)	(2,427)
Subtotal	<u>79,121,488</u>	<u>62,056,117</u>	<u>79,052,090</u>
Trade receivables from related parties	123,905	62,703	99,439
Less: loss allowance	-	-	-
Subtotal	<u>123,905</u>	<u>62,703</u>	<u>99,439</u>
Total	<u>\$ 79,245,393</u>	<u>\$ 62,118,820</u>	<u>\$ 79,151,529</u>

Trade receivables are generally on 30 to 90 day terms. Please refer to Note 6. (6) for more details on the loss allowance of trade receivables for the three months ended March 31, 2026 and 2025. Please refer to Note 12 for more details on credit risk.

Among trade receivables, the amount attributed to financial assets measured at fair value through profit or loss due to regular factoring without recourse were NT\$ 3,965,883 thousand, NT\$2,023,244 thousand and NT\$2,483,860 thousand as of March 31, 2026, December 31, 2025, and March 31, 2025, respectively.

MEDIATEK INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)****(6) Expected credit losses**

	Three months ended March 31	
	2026	2025
Impairment losses		
Trade receivables	\$ 361	\$ 609

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

The Company measures the loss allowance of its receivables (including notes receivable, trade receivables and trade receivables from related parties) and finance lease receivables, net at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as of March 31, 2026, December 31, 2025, and March 31, 2025 were as follows:

The Company estimates an expected credit loss rate to calculate expected credit losses. The rate is determined based on the Company's historical credit loss experience and customer's current financial condition, adjusted for forward-looking factors. Details were as follows:

2026.03.31

	Neither past due	Past due				Total
		Within 30 days	31-60 days	61-90 days	After 90 days	
Gross carrying amount	\$ 78,047,347	\$ 1,041,307	\$ 24,873	\$ 7,976	\$ 1,560	\$ 79,123,063
Loss ratio	0%	0%	0%	0% - 10%	20% - 100%	
Lifetime expected credit losses	-	-	-	(795)	(780)	(1,575)
Carrying amount of trade receivables	\$ 78,047,347	\$ 1,041,307	\$ 24,873	\$ 7,181	\$ 780	\$ 79,121,488

MEDIATEK INC. AND SUBSIDIARIES**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)****(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)**2025.12.31

	Neither past due	Past due				Total
		Within 30 days	31-60 days	61-90 days	After 90 days	
Gross carrying amount	\$ 61,511,089	\$ 467,389	\$ 67,804	\$ 9,990	\$ 1,058	\$ 62,057,330
Loss ratio	0%	0%	0%	0% - 10%	20% - 100%	
Lifetime expected credit losses	-	-	-	(940)	(273)	(1,213)
Carrying amount of trade receivables	<u>\$ 61,511,089</u>	<u>\$ 467,389</u>	<u>\$ 67,804</u>	<u>\$ 9,050</u>	<u>\$ 785</u>	<u>\$ 62,056,117</u>

2025.03.31

	Neither past due	Past due				Total
		Within 30 days	31-60 days	61-90 days	After 90 days	
Gross carrying amount	\$ 78,310,429	\$ 276,681	\$ 460,984	\$ 1,122	\$ 5,301	\$ 79,054,517
Loss ratio	0%	0%	0%	0% - 10%	20% - 100%	
Lifetime expected credit losses	-	-	-	(112)	(2,315)	(2,427)
Carrying amount of trade receivables	<u>\$ 78,310,429</u>	<u>\$ 276,681</u>	<u>\$ 460,984</u>	<u>\$ 1,010</u>	<u>\$ 2,986</u>	<u>\$ 79,052,090</u>

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

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

The movements in the provision for impairment of receivables and finance lease receivables for the three months ended March 31, 2026 and 2025 were as follows:

	Notes receivable	Trade receivables (including related parties)	Finance lease receivables
As of January 1, 2026	\$ -	\$ 1,213	\$ -
Allowance for the current period	-	361	-
Effect of changes in exchange rate	-	1	-
As of March 31, 2026	\$ -	\$ 1,575	\$ -
As of January 1, 2025	\$ -	\$ 1,808	\$ -
Allowance for the current period	-	609	-
Effect of changes in exchange rate	-	10	-
As of March 31, 2025	\$ -	\$ 2,427	\$ -

(7) Other receivables

	March 31, 2026	December 31, 2025	March 31, 2025
Factoring receivables	\$ 1,806,196	\$ 1,565,411	\$ 2,483,553
Others	4,144,646	4,910,611	6,094,422
Total	\$ 5,950,842	\$ 6,476,022	\$ 8,577,975

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

As of March 31, 2026, December 31, 2025, and March 31, 2025, trade receivables derecognized were summarized (by transferee) as follows:

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

A. As of March 31, 2026:

The Factor (Transferee)	Interest Rate (%)	Trade	Cash withdrawn (US\$'000)	Unutilized (US\$'000)	Credit line (US\$'000)
		receivables derecognized (US\$'000)			
BNP Paribas	-	\$ 7,428	\$ -	\$ 7,428	\$ 105,000
Taishin International					
Bank	-	47,576	-	47,576	206,400
SMBC	-	-	-	-	18,000
CTBC	-	-	-	-	300
SinoPac	-	922	-	922	45,000
CHB	-	405	-	405	1,380
Total		<u>\$ 56,331</u>	<u>\$ -</u>	<u>\$ 56,331</u>	<u>\$ 376,080</u>

B. As of December 31, 2025:

The Factor (Transferee)	Interest Rate (%)	Trade	Cash withdrawn (US\$'000)	Unutilized (US\$'000)	Credit line (US\$'000)
		receivables derecognized (US\$'000)			
BNP Paribas	-	\$ 11,135	\$ -	\$ 11,135	\$ 105,000
Taishin International					
Bank	-	38,457	-	38,457	173,000
SMBC	-	-	-	-	18,000
CTBC	-	-	-	-	300
SinoPac	-	-	-	-	10,000
CHB	-	192	-	192	1,380
Total		<u>\$ 49,784</u>	<u>\$ -</u>	<u>\$ 49,784</u>	<u>\$ 307,680</u>

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

C. As of March 31, 2025:

The Factor (Transferee)	Interest Rate (%)	Trade receivables		Cash		Unutilized (US\$'000)	Credit line (US\$'000)
		derecognized (US\$'000)		withdrawn (US\$'000)			
BNP Paribas	-	\$ 14,831		\$ -		\$ 14,831	\$ 105,000
Taishin							
International Bank	-	57,900		-		57,900	185,000
SMBC	-	-		-		-	18,000
CTBC	-	-		-		-	300
SinoPac	-	1,798		-		1,798	10,000
CHB	-	266		-		266	1,200
Total		<u>\$ 74,795</u>		<u>\$ -</u>		<u>\$ 74,795</u>	<u>\$ 319,500</u>

(8) Inventories

	March 31, 2026	December 31, 2025	March 31, 2025
Raw materials	\$ 3,944,576	\$ 3,279,147	\$ 3,287,571
Work in progress	61,379,732	46,869,225	31,835,562
Finished goods	20,146,034	17,086,187	19,414,284
Net amount	<u>\$ 85,470,342</u>	<u>\$ 67,234,559</u>	<u>\$ 54,537,417</u>

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

	Three months ended March 31	
	2026	2025
Reversals of write-downs of inventories	<u>\$ 1,073,754</u>	<u>\$ 682,066</u>

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

	March 31, 2026	December 31, 2025	March 31, 2025
Prepaid expenses	\$ 691,507	\$ 893,600	\$ 731,178
Input tax	236,343	131,800	298,724
Others	9,427,431	9,797,616	20,798,902
Total	<u>\$ 10,355,281</u>	<u>\$ 10,823,016</u>	<u>\$ 21,828,804</u>

(10) Investments accounted for using the equity method

Details of investments in associates were as follows:

Investees	March 31, 2026		December 31, 2025		March 31, 2025	
	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:						
Vanchip (Tianjin) Technology Co., Ltd.	\$ 4,809,160	24	\$ 4,614,564	24	\$ 4,630,214	24
Sigmastar Technology Ltd.	10,509,661	29	10,082,115	29	10,343,837	29
Zilltek Technology Corp.	1,926,225	18	1,842,135	18	1,837,248	18
Others	3,677,186	-	3,399,498	-	2,349,183	-
Total	<u>\$ 20,922,232</u>		<u>\$ 19,938,312</u>		<u>\$ 19,160,482</u>	

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

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

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

Investments in associates

	Three months ended	
	March 31	
	2026	2025
Profit from continuing operations	\$ 259,454	\$ 61,018
Other comprehensive income (post-tax)	113,186	(7,609)
Total comprehensive income	<u>\$ 372,640</u>	<u>\$ 53,409</u>

(11) Property, plant and equipment

	March 31, 2026	December 31, 2025	March 31, 2025
Owner-occupied property, plant and equipment	<u>\$ 63,089,940</u>	<u>\$ 60,427,356</u>	<u>\$ 57,367,961</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, 2026	\$ 9,998,332	\$ 34,025,980	\$ 4,311,692	\$ 19,024,863	\$ 24,946,844	\$ 26,317,496	\$ 5,465,021	\$ 124,090,228
Additions-acquired separately	-	462,536	147,734	1,423,121	518,594	1,123,983	1,601,385	5,277,353
Disposals	-	(11,293)	(31,274)	(148,004)	(18,839)	(43,868)	-	(253,278)
Transfers	-	1,592,420	-	11,991	5,981	-	(1,624,104)	(13,712)
Exchange differences	-	452,246	174	86,334	133,339	148,703	16	820,812
As of March 31, 2026	9,998,332	36,521,889	4,428,326	20,398,305	25,585,919	27,546,314	5,442,318	129,921,403
Depreciation and impairment:								
As of January 1, 2026	-	9,722,868	1,839,363	15,408,484	17,415,205	19,276,952	-	63,662,872
Depreciation	-	236,040	151,435	433,636	637,881	1,559,374	-	3,018,366
Disposals	-	(9,841)	(31,274)	(147,935)	(18,839)	(40,153)	-	(248,042)
Transfers	-	(3,594)	-	-	-	-	-	(3,594)
Exchange differences	-	104,003	161	65,877	113,171	118,649	-	401,861
As of March 31, 2026	-	10,049,476	1,959,685	15,760,062	18,147,418	20,914,822	-	66,831,463
Net carrying amount as of:								
March 31, 2026	\$ 9,998,332	\$ 26,472,413	\$ 2,468,641	\$ 4,638,243	\$ 7,438,501	\$ 6,631,492	\$ 5,442,318	\$ 63,089,940
December 31, 2025	\$ 9,998,332	\$ 24,303,112	\$ 2,472,329	\$ 3,616,379	\$ 7,531,639	\$ 7,040,544	\$ 5,465,021	\$ 60,427,356

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

	Land	Buildings and facilities	Machinery equipment	Computer and telecommunication equipment	Testing equipment	Miscellaneous equipment	Construction in progress and equipment awaiting examination	Total
Cost:								
As of January 1, 2025	\$ 9,998,332	\$ 33,795,042	\$ 2,859,779	\$ 17,349,984	\$ 23,295,483	\$ 20,153,434	\$ 2,319,873	\$ 109,771,927
Additions-acquired separately	-	81,130	62,827	517,682	233,557	1,481,934	836,826	3,213,956
Disposals	-	-	-	(175,089)	(175,029)	(144,215)	-	(494,333)
Transfers	-	(131)	(3,538)	-	16,006	27,322	(40,356)	(697)
Exchange differences	-	311,590	144	88,088	122,845	102,227	-	624,894
As of March 31, 2025	9,998,332	34,187,631	2,919,212	17,780,665	23,492,862	21,620,702	3,116,343	113,115,747
Depreciation and impairment:								
As of January 1, 2025	-	8,885,420	1,380,420	13,578,880	15,088,662	13,921,502	-	52,854,884
Depreciation	-	216,873	84,226	665,678	656,438	1,432,801	-	3,056,016
Disposals	-	-	-	(175,058)	(163,167)	(143,967)	-	(482,192)
Transfers	-	-	(15,899)	-	15,899	-	-	-
Exchange differences	-	64,859	128	66,492	100,988	86,611	-	319,078
As of March 31, 2025	-	9,167,152	1,448,875	14,135,992	15,698,820	15,296,947	-	55,747,786
Net carrying amount as of:								
March 31, 2025	\$ 9,998,332	\$ 25,020,479	\$ 1,470,337	\$ 3,644,673	\$ 7,794,042	\$ 6,323,755	\$ 3,116,343	\$ 57,367,961

Please refer to Note 8 for property, plant and equipment pledged as collateral.

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

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

	Three months ended March 31	
	2026	2025
Capitalized depreciation expense	\$ 19,138	\$ 38,862
Capitalized interest expense	\$ 12,738	\$ 19,828
Interest rate of the capitalization	0.925% - 2.235%	0.925% - 2.235%

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

The Company leases various property (land and buildings), machinery equipment, transportation equipment and office equipment. The lease terms range between 1 and 70 years.

a. Right-of-use asset

	March 31, 2026	December 31, 2025	March 31, 2025
Land	\$ 6,326,771	\$ 6,354,103	\$ 6,448,323
Buildings and facilities	2,068,312	1,896,677	2,531,203
Machinery equipment	674,072	385,795	117,869
Transportation equipment	13,673	15,488	5,347
Office equipment	4,645	387	1,536
Total	\$ 9,087,473	\$ 8,652,450	\$ 9,104,278

During the three months ended March 31, 2026 and 2025, the additions to right-of-use assets of the Company amounted to NT\$761,060 thousand and NT\$460,057 thousand, respectively.

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

b. Lease liability

	March 31, 2026	December 31, 2025	March 31, 2025
Lease liability-current	\$ 1,189,879	\$ 1,024,052	\$ 1,026,172
Lease liability-noncurrent	8,336,516	8,165,194	8,535,946
Total	<u>\$ 9,526,395</u>	<u>\$ 9,189,246</u>	<u>\$ 9,562,118</u>

Please refer to Note 6. (28) finance cost for the interest on lease liability recognized during the three months ended March 31, 2026 and 2025 and Note 12. (2) C. for the maturity analysis of lease liabilities.

The Company capitalized certain depreciation and interest expenses during the three months ended March 31, 2026 and 2025. Please refer to Note 6. (11) for related information.

c. Depreciation charge for right-of-use assets

	Three months ended March 31	
	2026	2025
Land	\$ 10,865	\$ 10,365
Buildings and facilities	225,939	208,639
Machinery equipment	74,720	25,586
Transportation equipment	1,790	1,138
Office equipment	346	376
Total	<u>\$ 313,660</u>	<u>\$ 246,104</u>

d. Income and costs relating to leasing activities

	Three months ended March 31	
	2026	2025
The expense relating to short-term leases	<u>\$ 31,259</u>	<u>\$ 22,073</u>
The expense relating to leases of low-value assets (excluding the expense relating to short-term leases of low-value assets)	<u>\$ 454</u>	<u>\$ 610</u>
Income from subleasing right-of-use assets	<u>\$ 350</u>	<u>\$ 454</u>

e. Cash outflow relating to leasing activities

During the three months ended March 31, 2026 and 2025, the Company's total cash outflows for leases amounted to NT\$488,766 thousand and NT\$267,640 thousand, respectively.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

f. Other information relating to leasing activities

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

B. The Company as a lessor

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

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

	Three months ended	
	March 31	
	2026	2025
Lease income from operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	\$ 75,821	\$ 77,623
Lease income from finance leases		
Finance income on the net investment in the lease	97	2,872
Total	<u>\$ 75,918</u>	<u>\$ 80,495</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, 2026, December 31, 2025, and March 31, 2025 were as follows:

	March 31, 2026	December 31, 2025	March 31, 2025
Not later than one year	\$ 2,535	\$ 2,486	\$ 550,298
Later than one year and not later than two years	2,535	2,486	-
Later than two years and not later than three years	2,535	2,486	-
Later than three years and not later than four years	2,113	2,486	-
Total non-discounted lease payments	9,718	9,944	550,298
Less: unearned finance income of finance lease	(464)	(835)	(4,379)
Less: allowance for doubtful debts	-	-	-
Net investment in the finance lease (receivable of a finance lease)	\$ 9,254	\$ 9,109	\$ 545,919
Current	\$ 2,449	\$ 2,130	\$ 545,919
Noncurrent	\$ 6,805	\$ 6,979	\$ -

(13) Investment property

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

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

	Land	Buildings and facilities	Right-of-use assets	Total
Cost:				
As of January 1, 2026	\$ 93,670	\$ 3,032,743	\$ 126,880	\$ 3,253,293
Transfers	-	13,712	(220)	13,492
Exchange differences	-	79,600	1,456	81,056
As of March 31, 2026	93,670	3,126,055	128,116	3,347,841

Depreciation and impairment:

As of January 1, 2026	-	639,468	24,043	663,511
Depreciation	-	15,632	987	16,619
Transfers	-	3,594	(12)	3,582
Exchange differences	-	16,213	149	16,362
As of March 31, 2026	-	674,907	25,167	700,074

Net carrying amount as of:

March 31, 2026	\$ 93,670	\$ 2,451,148	\$ 102,949	\$ 2,647,767
December 31, 2025	\$ 93,670	\$ 2,393,275	\$ 102,837	\$ 2,589,782

	Land	Buildings and facilities	Right-of-use assets	Total
Cost:				
As of January 1, 2025	\$ 93,670	\$ 2,884,991	\$ 129,443	\$ 3,108,104
Transfers	-	131	(2,772)	(2,641)
Exchange differences	-	51,213	988	52,201
As of March 31, 2025	93,670	2,936,335	127,659	3,157,664

Depreciation and impairment:

As of January 1, 2025	-	533,723	20,096	553,819
Depreciation	-	19,234	984	20,218
Exchange differences	-	9,093	78	9,171
As of March 31, 2025	-	562,050	21,158	583,208

Net carrying amount as of:

March 31, 2025	\$ 93,670	\$ 2,374,285	\$ 106,501	\$ 2,574,456
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MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

	Three months ended	
	March 31	
	2026	2025
Rental income from investment properties	\$ 61,134	\$ 61,672
Less: direct operating expenses from investment properties generating rental income	(16,619)	(20,218)
Total	\$ 44,515	\$ 41,454

Please refer to Note 8 for investment property pledged as collateral.

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

Based on market approach:

	March 31, 2026	December 31, 2025	March 31, 2025
Fair value	\$ 3,466,799	\$ 3,390,534	\$ 3,749,822

Based on discounted cash flow approach :

	March 31, 2026	December 31, 2025	March 31, 2025
Fair value	\$ 443,910	\$ 443,910	\$ 464,529
Discount rate	3.470%	3.470%	3.645%
Capitalization rate	2.700%	2.700%	2.875%
Growth rate	2.0%	2.0%	0.5%

The fair value of its investment properties did not change significantly for the three months ended March 31, 2026 and 2025.

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

(14) Intangible assets

	Trademarks	Software	Customer relationship	Patents, IPs and others	Goodwill	Total
Cost:						
As of January 1, 2026	\$ 352,055	\$ 1,737,324	\$ 2,635,440	\$ 37,324,705	\$ 68,105,064	\$ 110,154,588
Additions-acquired separately	-	48,208	-	9,860,306	-	9,908,514
Disposals or retirements	-	(41,173)	-	(3,224,805)	-	(3,265,978)
Exchange differences	-	3,117	-	199,949	15,993	219,059
As of March 31, 2026	352,055	1,747,476	2,635,440	44,160,155	68,121,057	117,016,183
Amortization and impairment:						
As of January 1, 2026	352,055	1,340,372	2,358,009	25,842,447	-	29,892,883
Amortization	-	106,901	8,586	2,536,817	-	2,652,304
Disposals or retirements	-	(41,173)	-	(3,223,149)	-	(3,264,322)
Exchange differences	-	2,782	-	152,739	-	155,521
As of March 31, 2026	352,055	1,408,882	2,366,595	25,308,854	-	29,436,386
Net carrying amount as of:						
March 31, 2026	\$ -	\$ 338,594	\$ 268,845	\$ 18,851,301	\$ 68,121,057	\$ 87,579,797
December 31, 2025	\$ -	\$ 396,952	\$ 277,431	\$ 11,482,258	\$ 68,105,064	\$ 80,261,705

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

	Trademarks	Software	Customer relationship	Patents, IPs and others	Goodwill	Total
Cost:						
As of January 1, 2025	\$ 352,055	\$ 1,587,848	\$ 2,635,440	\$ 32,457,589	\$ 67,908,730	\$ 104,941,662
Additions-acquired separately	-	64,324	-	1,330,049	-	1,394,373
Additions-acquired through business combinations	-	-	-	-	232,386	232,386
Disposals or retirements	-	(69,919)	-	(757,954)	-	(827,873)
Exchange differences	-	5,139	-	163,103	8,198	176,440
As of March 31, 2025	352,055	1,587,392	2,635,440	33,192,787	68,149,314	105,916,988
Amortization and impairment:						
As of January 1, 2025	351,992	1,054,258	2,155,054	19,123,316	-	22,684,620
Amortization	38	138,703	64,790	2,089,050	-	2,292,581
Disposals or retirements	-	(69,919)	-	(757,954)	-	(827,873)
Exchange differences	-	4,203	-	117,467	-	121,670
As of March 31, 2025	352,030	1,127,245	2,219,844	20,571,879	-	24,270,998
Net carrying amount as of:						
March 31, 2025	\$ 25	\$ 460,147	\$ 415,596	\$ 12,620,908	\$ 68,149,314	\$ 81,645,990

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

(15) Impairment testing of goodwill

The Company has no intangible assets with indefinite lives. Goodwill acquired through business combination has been allocated to a cash-generating unit which is expected to benefit from synergies of the business combination and has been assessed for impairment of the recoverable amount of goodwill at the end of each year. The recoverable amount has been determined based on the value-in-use calculated using cash flow projections discounted by the pre-tax discount rate from a five-year period financial budget. The projected cash flows reflect the change in demand for products and services. The Company had assessed for impairment of the recoverable amount of goodwill on December 31, 2025. The Company did not identify any impairment of goodwill for the year ended December 31, 2025.

(16) Short-term borrowings

	March 31, 2026	December 31, 2025	March 31, 2025
Unsecured bank loans	<u>\$ 16,440,000</u>	<u>\$ 940,000</u>	<u>\$ 31,240,000</u>
Interest rates	<u>1.68% - 1.97%</u>	<u>1.97%</u>	<u>1.75% - 1.97%</u>

(17) Other payables

	March 31, 2026	December 31, 2025	March 31, 2025
Accrued salaries and bonuses	\$ 22,841,016	\$ 37,964,358	\$ 25,186,227
Accrued royalties	1,321,333	1,375,404	1,822,752
Dividends payable	39,974,298	46,513,389	40,669,931
Others	23,417,593	21,614,915	18,690,173
Total	<u>\$ 87,554,240</u>	<u>\$ 107,468,066</u>	<u>\$ 86,369,083</u>

(18) Other current liabilities

	March 31, 2026	December 31, 2025	March 31, 2025
Refund liabilities (Note)	\$ 100,862,482	\$ 102,242,687	\$ 106,764,735
Others	1,132,104	2,144,508	1,196,406
Total	<u>\$ 101,994,586</u>	<u>\$ 104,387,195</u>	<u>\$ 107,961,141</u>

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

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

(19) Post-employment benefits plans

Defined contribution plan

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

Pension expenses under the defined contribution plan for the three months ended March 31, 2026 and 2025 were NT\$817,877 thousand and NT\$791,198 thousand, respectively.

Defined benefits plan

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

Pension expenses under the defined benefits plan for the three months ended March 31, 2026 and 2025 were NT\$2,150 thousand and NT\$3,013 thousand, respectively.

(20) Other non-current liabilities

	March 31, 2026	December 31, 2025	March 31, 2025
Decommissioning liabilities	\$ 46,986	\$ 46,071	\$ 48,631
Others	4,532,339	4,287,080	3,637,040
Total	<u>\$ 4,579,325</u>	<u>\$ 4,333,151</u>	<u>\$ 3,685,671</u>

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

	March 31, 2026	December 31, 2025	March 31, 2025
Authorized shares (in thousands)	2,000,000	2,000,000	2,000,000
Authorized capital	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>	<u>\$ 20,000,000</u>
Issued and paid shares (in thousands)	1,603,904	1,603,912	1,601,662
Issued capital	<u>\$ 16,039,043</u>	<u>\$ 16,039,122</u>	<u>\$ 16,016,624</u>

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

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

On May 27, 2024, the general shareholders' meeting approved to issue restricted stocks for employees. As of March 31, 2026, 4,639,479 shares of restricted stocks for employees were issued. Relevant regulators' approvals have been obtained and related registration processes have been completed.

MTK has redeemed and cancelled 7,892 shares and 25,639 shares of issued restricted stocks for employees during the three months ended March 31, 2026 and 2025, respectively. Relevant regulators' approvals have been obtained and related registration processes have been completed.

B. Capital surplus

	March 31, 2026	December 31, 2025	March 31, 2025
Additional paid-in capital	\$ 6,676,456	\$ 6,676,456	\$ 5,303,435
Treasury share transactions	4,285,027	4,058,999	3,864,145
The difference between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	6,942,948	6,942,948	6,942,770
Changes in ownership interests in subsidiaries	8,280,276	8,280,276	8,280,276
Donated assets	1,261	1,261	1,261
Share of changes in net assets of associates	4,662,854	4,799,848	4,448,982
Restricted stocks for employees	3,438,407	3,306,023	2,583,329
Others	533,913	533,913	491,322
Total	<u>\$ 34,821,142</u>	<u>\$ 34,599,724</u>	<u>\$ 31,915,520</u>

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

C. Treasury shares

As of March 31, 2026, December 31, 2025, and March 31, 2025, 7,794,085 shares of MTK's common shares amounted to NT\$55,970 thousand were held by the subsidiary, Hsiang Fa Co. These shares were acquired by Hsiang Fa Co. for financing purposes before the amendment of the Company Act on November 12, 2001.

As of March 31, 2026, December 31, 2025, and March 31, 2025, MTK did not hold any other treasury shares.

D. Retained earnings and dividend policy

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

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

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

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

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

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

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

	Second half year of 2025	First half year of 2025
Board of Directors' meeting	February 26, 2026	October 31, 2025
Legal reserve (Note)	\$ 4,858,537	\$ 5,760,134
Cash dividends-common stock	\$ 39,295,655	\$ 46,513,389
Dividends per share (NT\$)	\$ 24.5	\$ 29.0
	Second half year of 2024	First half year of 2024
Board of Directors' meeting	February 27, 2025	October 30, 2024
Legal reserve	\$ 4,951,119	\$ 5,702,090
Cash dividends-common stock	\$ 40,041,559	\$ 46,448,952
Dividends per share (NT\$)	\$ 25.0	\$ 29.0

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

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

E. Non-controlling interests

	Three months ended March 31	
	2026	2025
Beginning balance	\$ 8,594,033	\$ 8,428,270
Gains attributable to non-controlling interests	222,404	204,016
Other comprehensive income (losses), attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of foreign operations	28,227	17,394
Changes in associates and joint ventures accounted for using the equity method	768	876
Others	(678,624)	(628,355)
Ending balance	<u>\$ 8,166,808</u>	<u>\$ 8,022,201</u>

(22) Share-based payment plans

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

Restricted stock plan for employees of MTK

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

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

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

The fair value of the restricted stocks issued was NT\$1,090.09 - NT\$1,225 and NT\$1,117 - NT\$1,365 per share, respectively. The estimated compensation expenses amounted to NT\$4,950,163 thousand in total based on the vesting conditions and will be recognized during the vesting period. As of March 31, 2026, MTK had recognized NT\$3,473,648 thousand as compensation expense and NT\$1,426,519 thousand as unearned employee compensation, which were recorded under salary expense and other equity, respectively.

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

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

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

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

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

- A. To issue common shares of MTK with gratuitous issue price.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

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

	Three months ended March 31	
	2026	2025
Restricted stocks for employees	\$ 637,064	\$ 517,164

The Company did not modify or cancel any share-based payment plans for the three months ended March 31, 2026 and 2025.

(23) Sales

Analysis of revenue from contracts with customers was as follows:

A. Disaggregation of revenue

	Three months ended March 31	
	2026	2025
Sale of goods	\$ 146,535,250	\$ 151,926,659
Services and other operating revenue	2,615,260	1,385,578
Total	\$ 149,150,510	\$ 153,312,237
Revenue recognition point:		
At a point in time	\$ 147,678,682	\$ 152,546,619
Satisfies the performance obligation over time	1,471,828	765,618
Total	\$ 149,150,510	\$ 153,312,237

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

Contract liabilities-current

	March 31, 2026	January 1, 2026	March 31, 2025	January 1, 2025
Sale of goods	\$ 1,622,400	\$ 1,270,236	\$ 1,210,225	\$ 1,191,549
Services and other operating revenue	5,875,112	6,028,234	3,349,892	3,126,879
Total	<u>\$ 7,497,512</u>	<u>\$ 7,298,470</u>	<u>\$ 4,560,117</u>	<u>\$ 4,318,428</u>

The significant changes in the Company's balances of contract liabilities for the three months ended March 31, 2026 and 2025 were as follows:

	Three months ended March 31	
	2026	2025
Revenue recognized during the period that was included in the beginning balance	\$ 1,275,612	\$ 1,022,806
Increase in receipt in advance during the period (deducting the amount incurred and transferred to revenue during the period)	<u>\$ 1,474,159</u>	<u>\$ 1,238,975</u>

C. Transaction price allocated to unsatisfied performance obligations

As of March 31, 2026 and 2025, no disclosure of the unsatisfied performance obligations was needed as the contract terms with customers for the sales of goods are all shorter than one year; besides, the summarized amounts of transaction price allocated to unsatisfied performance obligations for rendering services were NT\$14,431,445 thousand and NT\$3,535,686 thousand, respectively. The Company recognizes revenue in accordance with the stage of completion of the contracts. Those contracts are expected to be completed within the next 1 to 2 years.

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

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

	Three months ended March 31					
	2026			2025		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Pension	\$ 9,227	\$ 810,800	\$ 820,027	\$ 12,799	\$ 781,412	\$ 794,211
Others	\$ 267,453	\$ 24,941,987	\$ 25,209,440	\$ 342,745	\$ 26,147,097	\$ 26,489,842
Depreciation	\$ 142,284	\$ 3,206,361	\$ 3,348,645	\$ 98,470	\$ 3,223,868	\$ 3,322,338
Amortization	\$ 2,477	\$ 2,649,827	\$ 2,652,304	\$ 2,624	\$ 2,289,957	\$ 2,292,581

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

MTK accrued employees' compensation and remuneration to directors based on a specific rate of profit for the three months ended March 31, 2026 and 2025. If the estimated amounts differ from the actual distribution resolved by the Board of Directors, MTK will recognize the change as an adjustment to income of next year. The information about the employees' compensation and directors' remuneration is available on the "Market Observation Post System" website.

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

	Three months ended March 31	
	2026	2025
Employees' compensation	\$ 302,466	\$ 385,040
Remuneration to directors	\$ 27,000	\$ 24,000

A resolution was approved in a meeting of the Board of Directors held on February 26, 2026 to distribute NT\$1,392,288 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 2025.

There was no difference between the actual distribution amounts of employees' compensation and remuneration to directors in 2025 and the amounts charged against earnings in 2024.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

(25) Interest income

	Three months ended March 31	
	2026	2025
Financial assets measured at amortized cost	\$ 2,390,271	\$ 2,833,023
Financial assets at fair value through other comprehensive income	6,218	6,729
Total	<u>\$ 2,396,489</u>	<u>\$ 2,839,752</u>

(26) Other income

	Three months ended March 31	
	2026	2025
Rental income	\$ 75,821	\$ 77,623
Dividend income	492,469	1,536,293
Others	113,591	34,951
Total	<u>\$ 681,881</u>	<u>\$ 1,648,867</u>

(27) Other gains and losses

	Three months ended March 31	
	2026	2025
Gains (losses) on disposal of property, plant and equipment	\$ 1,639	\$ (39)
Gains on disposal of intangible assets	868	-
Foreign exchange losses	(86,983)	(133,432)
Net gains on financial instruments at fair value through profit or loss	537,417	255,842
Others	416,748	6,612
Total	<u>\$ 869,689</u>	<u>\$ 128,983</u>

(28) Finance costs

	Three months ended March 31	
	2026	2025
Interest expenses on borrowings	\$ 52,009	\$ 172,427
Interest expenses on lease liabilities	33,778	23,139
Total	<u>\$ 85,787</u>	<u>\$ 195,566</u>

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

(29) Components of other comprehensive income

For the three months ended March 31, 2026 :

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax effect	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	\$ (1,759,024)	\$ -	\$ (1,759,024)	\$ 75,478	\$ (1,683,546)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	41,855	-	41,855	-	41,855
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	5,489,304	-	5,489,304	-	5,489,304
Unrealized gains (losses) from debt instrument investments measured at fair value through other comprehensive income	943	-	943	-	943
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	260,908	-	260,908	-	260,908
Total	\$ 4,033,986	\$ -	\$ 4,033,986	\$ 75,478	\$ 4,109,464

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, 2025 :

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax effect	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	\$ (3,464,135)	\$ -	\$ (3,464,135)	\$ (52,047)	\$ (3,516,182)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	1,422	-	1,422	-	1,422
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	4,592,013	-	4,592,013	-	4,592,013
Unrealized gains (losses) from debt instrument investments measured at fair value through other comprehensive income	4,201	-	4,201	-	4,201
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	67,833	-	67,833	-	67,833
Total	\$ 1,201,334	\$ -	\$ 1,201,334	\$ (52,047)	\$ 1,149,287

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

(30) Income tax

The major components of income tax expense were as follows:

	Three months ended	
	March 31	
	2026	2025
Current income tax:		
Current income tax	\$ 2,700,123	\$ 4,808,806
Current income tax related to Pillar Two legislation	687,967	1,785,116
Deferred tax:		
Deferred tax relating to origination and reversal of temporary differences	(1,638,753)	(1,321,643)
Deferred tax relating to origination and reversal of tax loss and tax credit	306,839	(2,059)
Deferred tax arising from write-down or reversal of write-down of deferred tax asset	323,897	(365,523)
Others	262,933	119,566
Total income tax expense recognized in profit or loss	\$ 2,643,006	\$ 5,024,263

Income tax recognized in other comprehensive income

	Three months ended	
	March 31	
	2026	2025
Deferred tax:		
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	\$ (75,478)	\$ 52,047

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

The assessment of income tax returns

As of March 31, 2026, 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 2023	
Subsidiary- Richtek Technology Corp.	Assessed and approved up to 2023	
Subsidiary- Airoha Technology Corp.	Assessed and approved up to 2024	

(31) Earnings per share

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

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

	<u>Three months ended</u>	
	<u>March 31</u>	
	<u>2026</u>	<u>2025</u>
A. Basic earnings per share		
Profit attributable to ordinary equity owners of the parent (in thousand NT\$)	\$ 24,153,980	\$ 29,324,913
Weighted average number of ordinary shares outstanding for basic earnings per share (share)	1,592,690,268	1,591,534,558
Basic earnings per share (NT\$)	\$ 15.17	\$ 18.43

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	
	2026	2025
B. Diluted earnings per share		
Profit attributable to ordinary equity owners of the parent (in thousand NT\$)	\$ 24,153,980	\$ 29,324,913
Weighted average number of ordinary shares outstanding for basic earnings per share (share)	1,592,690,268	1,591,534,558
Effect of dilution:		
Employees' compensation-stock (share)	666,267	838,253
Restricted stocks for employees (share)	2,532,729	1,299,745
Weighted average number of ordinary shares outstanding after dilution (share)	1,595,889,264	1,593,672,556
Diluted earnings per share (NT\$)	\$ 15.14	\$ 18.40

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.

7. Related Party Transactions

Except as otherwise disclosed in other notes, information of the related parties that had transactions with the Company during the financial reporting periods was as follows:

Name and nature of relationship of the related parties

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
Intelligo Technology Inc. and its subsidiaries	Associate
Gear Radio Limited and its subsidiaries (Note 1)	Associate
Sigmastar Technology Ltd. and its subsidiaries	Associate
AMobile Solutions Corp.	Associate
ASIX Electronics Corporation	Associate
Zilltek Technology Corp.	Associate
AMobile Intelligent Corp. Limited	Associate
Core Evergreen Limited	Associate
Vidaxio LLC	Associate
M.I.F.L.P.	Associate
King Yuan Electronics Co., Ltd. and its subsidiaries (Note 2)	Substantive related party

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

Note:

1. The Company obtained an equity interest in Gear Radio Limited through the conversion of convertible bonds and obtained significant influence over the investee on September 1, 2025. Accordingly, it has been accounted for as an associate of the Company since that date.
2. King Yuan Electronics Co., Ltd. completed the disposal of its entire shareholding in King Long Technology (Suzhou) Co., Ltd. in February 2025. Accordingly, King Long Technology (Suzhou) Co., Ltd. was no longer a substantive related party since that month.

Significant transactions with the related parties

(1) Sales

	Three months ended	
	March 31	
	2026	2025
<u>Sale of goods</u>		
Associates		
Intelligo Technology Inc. and its subsidiaries	\$ 149,065	\$ 74,782
ASIX Electronics Corporation	59,817	69,137
Subtotal	208,882	143,919
<u>Services and other operating revenue</u>		
Associates		
Sigmastar Technology Ltd. and its subsidiaries	-	33,364
Intelligo Technology Inc. and its subsidiaries	82,519	-
Other	315	-
Subtotal	82,834	33,364
Total	\$ 291,716	\$ 177,283

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

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

		Three months ended	
		March 31	
		2026	2025
Substantive related party			
King Yuan Electronics Co., Ltd. and its subsidiaries	\$	2,223,376	\$ 1,894,747

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

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

		Three months ended	
		March 31	
		2026	2025
Associates			
Intelligo Technology Inc. and its subsidiaries	\$	27,018	\$ 32,666
Gear Radio Limited and its subsidiaries		18,714	-
AMobile Solutions Corp.		15,614	-
Zilltek Technology Corp.		12,704	-
Other		1	-
Subtotal		74,051	32,666
Substantive related party			
Other		1,296	1,225
Total	\$	75,347	\$ 33,891

(4) Other income

		Three months ended	
		March 31	
		2026	2025
Associate			
Other	\$	10	\$ 10

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

(5) Other gains and losses

	Three months ended March 31	
	2026	2025
Associate		
Intelligo Technology Inc. and its subsidiaries	\$ 365,090	\$ -

(6) Rental income

	Three months ended March 31	
	2026	2025
Associates		
Sigmastar Technology Ltd. and its subsidiaries	\$ 230	\$ 230
Gear Radio Limited and its subsidiaries	520	-
Total	\$ 750	\$ 230

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

(7) Trade receivables from related parties

	March 31, 2026	December 31, 2025	March 31, 2025
Associates			
Intelligo Technology Inc. and its subsidiaries	\$ 103,921	\$ 44,173	\$ 41,203
ASIX Electronics Corporation	19,984	18,530	24,872
Sigmastar Technology Ltd. and its subsidiaries	-	-	33,364
Total	\$ 123,905	\$ 62,703	\$ 99,439

(8) Other receivables from related parties

	March 31, 2026	December 31, 2025	March 31, 2025
Associates			
Gear Radio Limited and its subsidiaries	\$ 50	\$ -	\$ -
Intelligo Technology Inc. and its subsidiaries	-	-	43,514
Total	\$ 50	\$ -	\$ 43,514

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

(9) Contract liabilities-current

	March 31, 2026	December 31, 2025	March 31, 2025
Associates			
Intelligo Technology Inc. and its subsidiaries	\$ -	\$ 47,674	\$ -
AMobile Solutions Corp.	1,638	1,638	1,638
Total	<u>\$ 1,638</u>	<u>\$ 49,312</u>	<u>\$ 1,638</u>

(10) Trade payables to related parties

	March 31, 2026	December 31, 2025	March 31, 2025
Substantive related party			
King Yuan Electronics Co., Ltd. and its subsidiaries	\$ 2,524,569	\$ 2,539,928	\$ 1,939,604
Associate			
Other	-	1	-
Total	<u>\$ 2,524,569</u>	<u>\$ 2,539,929</u>	<u>\$ 1,939,604</u>

(11) Other payables to related parties

	March 31, 2026	December 31, 2025	March 31, 2025
Associates			
Intelligo Technology Inc. and its subsidiaries	\$ 117,917	\$ 62,294	\$ 40,451
Vidaxio LLC	-	248,408	-
Other	1,273	34,409	-
Subtotal	<u>119,190</u>	<u>345,111</u>	<u>40,451</u>
Substantive related party			
Other	7,144	2,012	4,774
Total	<u>\$ 126,334</u>	<u>\$ 347,123</u>	<u>\$ 45,225</u>

(12) Other current liabilities

	March 31, 2026	December 31, 2025	March 31, 2025
Associate			
Intelligo Technology Inc. and its subsidiaries	\$ -	\$ 365,090	\$ -

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

(13) Deposits received

	March 31, 2026	December 31, 2025	March 31, 2025
Associates			
Intelligo Technology Inc. and its subsidiaries	\$ 86,208	\$ 91,448	\$ -
Other	707	161	161
Total	<u>\$ 86,915</u>	<u>\$ 91,609</u>	<u>\$ 161</u>

(14) Others

A. During the three months ended March 31, 2026 and 2025, the Company acquired software from Intelligo Technology Inc. and its subsidiaries in the amount of NT\$31,425 thousand and NT\$32,625 thousand which was recorded as intangible assets, respectively.

B. The Company acquired approximately 3% of King Long Technology (Suzhou) Ltd. from KYEC Microelectronics Co., Ltd., subsidiary of King Yuan Electronic Co., Ltd. in the amount of USD\$25,000 thousand in the three months ended March 31, 2025.

C. During the three months ended March 31, 2026, the Company acquired an investment accounted for using the equity method in AMobile Intelligent Corp. Limited in the amount of NT\$108,260 thousand.

D. During the three months ended March 31, 2026, the Company disposed of financial assets to Core Evergreen Limited in the amount of USD\$3,000 thousand.

(15) Key management personnel compensation

	Three months ended March 31	
	2026	2025
Short-term employee benefits (Note)	\$ 522,029	\$ 573,271
Share-based payment	78,388	77,324
Post-employment benefits	1,166	1,471
Total	<u>\$ 601,583</u>	<u>\$ 652,066</u>

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

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, 2026	December 31, 2025	March 31, 2025	
Financial assets measured at amortized cost-noncurrent	\$ 12,457	\$ 12,457	\$ 12,276	Lease execution deposits
Financial assets measured at amortized cost-noncurrent	76,341	76,350	75,579	Customs clearance deposits
Financial assets measured at amortized cost-noncurrent	96,779	96,779	96,779	Land lease guarantee
Financial assets measured at amortized cost-noncurrent	271,196	279,494	254,707	Performance bond
Property, plant and equipment-buildings and facilities	135,739	137,325		- Long-term borrowings
Investment property-buildings and facilities	177,963	180,042		- Long-term borrowings
Total	<u>\$ 770,475</u>	<u>\$ 782,447</u>	<u>\$ 439,341</u>	

9. Contingencies and Off Balance Sheet Commitments

(1) Significant commitments

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

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

B. The Company entered into capacity reservation contracts with several suppliers. According to the contracts, the suppliers shall provide agreed production capacity with the Company after prepayments are made by the Company.

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

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

(2) Legal claim contingency

A. Koninklijke Philips N.V., and Philips North America LLC(“Philips”) filed a complaint in the United States District Court for the District of Delaware against MTK and subsidiary MediaTek USA Inc. on September 17, 2020, alleging infringement of United States Patent Nos. 9,590,977 and 10,298,564. Philips transferred the accused patents to Media Content Protection LLC (“MCP”) in August 2024 and MCP was substituted in as the plaintiff in place of Philips. The Court entered final judgement in favor of MediaTek on August 15, 2025. MCP appealed to the United States Court of Appeals for the Federal Circuit on August 22, 2025.

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

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

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

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

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

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

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

F. Daedalus Prime LLC filed a complaint in the Dusseldorf Regional Court of Germany and in the Local Division Hamburg of the United Patent Court against MTK on April 9, 2024 and March 21, 2024, alleging infringement of German Patent Nos. DE112012003701B4, DE112012005210B4, and European Patent No EP2792100B1. Pursuant to the parties joint motion to terminate, the court dismissed the case against MTK on June 16, 2025, and July 3, 2025.

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

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

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

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

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

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

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

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

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

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

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

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

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

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

Huawei do Brasil Telecomunicações Ltda. and Huawei Technologies Co., Ltd. filed complaints in the 3rd Business Court in São Paulo State Court against the Company on June 9, 2025, claiming non-essentiality and non-infringement of the following Brazilian patents owned by MediaTek and its subsidiary, HFI Innovation Inc.: Nos. BR112019 0199322 BI, BR1120190028412B1, BR1120170064855B1, BR1120190199446A2, BR11 20190028358A2, BR1120170170019, BR1120170224364, BR1120180028363B1, BR11 20130231262B1, and BR1120170063786.

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

- H. VDPP LLC filed a complaint in the United States District Court for the Western District of Texas against MediaTek USA Inc. on August 2, 2024, alleging infringement of U.S. Patent No. 10,021,380. Pursuant to the Plaintiff's motion for voluntary dismissal, the court dismissed the claims against MediaTek USA Inc. on January 21, 2025.
- I. ServStor Technologies LLC filed a complaint in the United States District Court for the Eastern District of Texas against MTK on September 19, 2024, alleging infringement of U.S. Patent Nos. 7,602,773, 7,643,476, 7,688,814 and 7,742,473. Pursuant to the Plaintiff's motion for voluntary dismissal, the court dismissed the claims against MTK on February 10, 2025.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

- J. Freedom Patents LLC filed a complaint in the United States District Court for the Eastern District of Texas against MTK on April 24, 2025, alleging infringement of U.S. Patent Nos. 8,284,686, 8,374,096 and 8,514,815. Pursuant to the Plaintiff's motion for voluntary dismissal, the court dismissed the claims against MTK on November 20, 2025.
- K. Array Cache Technologies, LLC filed a complaint in the United States District Court for the Eastern District of Texas against MTK on June 30, 2025, alleging infringement of U.S. Patent No. 11,334,485.
- L. Beijing Jingshi Intellectual Property Management Co., Ltd. filed patent administrative adjudications with the Hangzhou Intellectual Property Office against MediaTek (Shenzhen) Inc. on January 20, 2025, alleging infringement of China Patent Nos. 200710074307.6 and 201910689923.5.

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

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

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

- M. K.Mizra LLC filed a complaint in the United States District Court for the Eastern District of Texas against MTK on March 25, 2026, alleging infringement of U.S. Patent Nos. 8,374,154 and 8,873,531.

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

10. Losses due to Major Disasters

None

11. Significant Subsequent Events

None

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

	March 31, 2026	December 31, 2025	March 31, 2025
Financial assets at fair value through profit or loss:			
Held for trading financial assets	\$ 68,681	\$ 5,131	\$ 73,038
Mandatorily measured at fair value through profit or loss (Note 1)	8,803,908	7,433,665	10,710,699
Subtotal	8,872,589	7,438,796	10,783,737
Financial assets at fair value through other comprehensive income	73,228,380	70,762,340	79,312,540
Financial assets measured at amortized cost (Note 2)	349,225,666	387,084,349	358,956,977
Total	<u>\$ 431,326,635</u>	<u>\$ 465,285,485</u>	<u>\$ 449,053,254</u>

Financial liabilities

	March 31, 2026	December 31, 2025	March 31, 2025
Financial liabilities at fair value through profit or loss:			
Held for trading financial liabilities	\$ 93,061	\$ 3,313	\$ 9,664
Financial liabilities at amortized cost:			
Short-term borrowings	16,440,000	940,000	31,240,000
Trade payables (including related parties)	49,559,375	48,709,898	40,808,010
Other payables (including related parties)	87,680,574	107,815,189	86,414,308
Long-term payables (including current portion)	18,435,566	10,276,258	7,440,161
Long-term borrowings (including current portion)	120,000	60,000	-
Lease liabilities	9,526,395	9,189,246	9,562,118
Subtotal	181,761,910	176,990,591	175,464,597
Total	<u>\$ 181,854,971</u>	<u>\$ 176,993,904</u>	<u>\$ 175,474,261</u>

Notes:

- Includes trade receivables classified as financial assets measured at fair value through profit or loss in the amount of NT\$3,965,883 thousand, NT\$2,023,244 thousand and NT\$2,483,860 thousand as of March 31, 2026, December 31, 2025, and March 31, 2025, respectively. Please refer to Note 6. (5) for further explanation.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

2. Includes cash and cash equivalents (excluding cash on hand), financial assets measured at amortized cost, notes receivable, trade receivables (excluding financial assets measured at fair value through profit or loss of NT\$3,965,883 thousand, NT\$2,023,244 thousand and NT\$2,483,860 thousand as of March 31, 2026, December 31, 2025 and March 31, 2025, respectively. Please refer to Note 6. (5) for further explanation.), other receivables and finance lease receivables, net.

B. Fair values of financial instruments

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

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

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

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

c. Fair value measurement hierarchy

(a) Fair value measurement hierarchy

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

Level 1, 2 and 3 inputs are described as follows:

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

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

Level 3: Unobservable inputs for the assets or liabilities.

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

(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, 2026

	Level 1	Level 2	Level 3	Total
<u>Assets measured at fair value:</u>				
Financial assets at fair value				
through profit or loss				
Bonds	\$ -	\$ -	\$ 446,664	\$ 446,664
Linked deposits	-	-	1,174,735	1,174,735
Funds	-	-	273,164	273,164
Capital	-	-	128,361	128,361
Trust funds	2,815,101	-	-	2,815,101
Forward exchange contracts	-	15,452	-	15,452
Cross-currency swap contracts	-	53,229	-	53,229
Financial assets at fair value				
through other comprehensive				
income				
Equity instruments measured				
at fair value through other				
comprehensive income	30,990,981	3,712,924	37,689,297	72,393,202
Debt instruments measured at				
fair value through other				
comprehensive income	635,178	-	200,000	835,178
Total	<u>\$ 34,441,260</u>	<u>\$ 3,781,605</u>	<u>\$ 39,912,221</u>	<u>\$ 78,135,086</u>

Liabilities measured at fair value:

Financial liabilities at fair value				
through profit or loss				
Forward exchange contracts	\$ -	\$ 93,061	\$ -	\$ 93,061

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, 2025

	Level 1	Level 2	Level 3	Total
<u>Assets measured at fair value:</u>				
Financial assets at fair value				
through profit or loss				
Bonds	\$ -	\$ -	\$ 1,818,101	\$ 1,818,101
Linked deposits	-	-	554,361	554,361
Funds	-	-	277,837	277,837
Trust funds	2,649,272	-	-	2,649,272
Capital	-	-	110,850	110,850
Forward exchange contracts	-	5,131	-	5,131
Financial assets at fair value				
through other comprehensive				
income				
Equity instruments measured				
at fair value through other				
comprehensive income	35,155,100	3,795,447	30,992,261	69,942,808
Debt instruments measured at				
fair value through other				
comprehensive income	619,532	-	200,000	819,532
Total	<u>\$ 38,423,904</u>	<u>\$ 3,800,578</u>	<u>\$ 33,953,410</u>	<u>\$ 76,177,892</u>

Liabilities measured at fair value:

Financial liabilities at fair value				
through profit or loss				
Forward exchange contracts	\$ -	\$ 3,313	\$ -	\$ 3,313

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, 2025

	Level 1	Level 2	Level 3	Total
<u>Assets measured at fair value:</u>				
Financial assets at fair value				
through profit or loss				
Bonds	\$ -	\$ -	\$ 1,831,271	\$ 1,831,271
Linked deposits	-	-	2,294,594	2,294,594
Stocks	65,771	-	-	65,771
Funds	1,047,951	-	743,215	1,791,166
Trust funds	2,136,476	-	-	2,136,476
Capital	-	-	107,561	107,561
Forward exchange contracts	-	73,038	-	73,038
Financial assets at fair value				
through other comprehensive				
income				
Equity instruments measured				
at fair value through other				
comprehensive income	42,016,136	3,727,747	32,728,091	78,471,974
Debt instruments measured at				
fair value through other				
comprehensive income	639,352	-	201,214	840,566
Total	<u>\$ 45,905,686</u>	<u>\$ 3,800,785</u>	<u>\$ 37,905,946</u>	<u>\$ 87,612,417</u>

Liabilities measured at fair value:

Financial liabilities at fair value				
through profit or loss				
Forward exchange contracts	\$ -	\$ 9,664	\$ -	\$ 9,664

For the three months ended March 31, 2026 and 2025, amounts transferred from level 2 of the fair value hierarchy to level 1 due to the release of the stock transfer restrictions were NT\$298,792 thousand and nil, respectively.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

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

	Asset								
	Mandatorily measured at fair value through profit or loss					Measured at fair value through other comprehensive income			Total
	Bonds	Funds	Link deposits	Capital	Stocks	Bonds	Capital	Stocks	
As of January 1, 2026	\$ 1,818,101	\$ 277,837	\$ 554,361	\$ 110,850	\$ -	\$ 200,000	\$ 22,845,313	\$ 8,146,948	\$ 33,953,410
Amount recognized in profit or loss	309,381	(10,012)	3,387	7,227	23,356	-	-	-	333,339
Amount recognized in OCI	-	-	-	-	-	-	1,664,093	805,875	2,469,968
Amount recognized in OCI-exchange differences	11,355	5,339	10,977	2,287	-	-	569,497	73,965	673,420
Acquisitions	-	-	606,010	7,997	509,400	-	300,421	3,673,416	5,097,244
Settlements	(1,692,173)	-	-	-	(532,756)	-	(294,039)	(96,192)	(2,615,160)
As of March 31, 2026	\$ 446,664	\$ 273,164	\$ 1,174,735	\$ 128,361	\$ -	\$ 200,000	\$ 25,085,285	\$ 12,604,012	\$ 39,912,221

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

	Asset							
	Mandatorily measured at fair value through profit or loss				Measured at fair value through other comprehensive income			
	Bonds	Funds	Link deposits	Capital	Bonds	Capital	Stocks	Total
As of January 1, 2025	\$ 1,648,978	\$ 1,944,038	\$ 2,629,495	\$ 90,394	\$ 201,216	\$ 22,676,746	\$ 8,878,057	\$ 38,068,924
Amount recognized in profit or loss	12,805	(36,680)	12,647	10,835	-	-	-	(393)
Amount recognized in OCI	-	-	-	-	(2)	(766,525)	(603,001)	(1,369,528)
Amount recognized in OCI-exchange differences	3,463	39,898	27,452	-	-	366,655	111,195	548,663
Acquisitions	166,025	-	-	6,332	-	2,111,415	-	2,283,772
Settlements	-	(1,204,041)	(375,000)	-	-	(46,451)	-	(1,625,492)
As of March 31, 2025	<u>\$ 1,831,271</u>	<u>\$ 743,215</u>	<u>\$ 2,294,594</u>	<u>\$ 107,561</u>	<u>\$ 201,214</u>	<u>\$ 24,341,840</u>	<u>\$ 8,386,251</u>	<u>\$ 37,905,946</u>

Total (losses) gains related to assets recognized for the three months ended March 31, 2026 and 2025 amounted to NT\$(253,764) thousand and NT\$29,578 thousand, respectively.

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

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

As of March 31, 2026:

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 periods ended March 31, 2026 by NT\$517,169 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 periods ended March 31, 2026 by NT\$286,910 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, 2025:

Valuation technique		Significant unobservable inputs	Quantitative information	Interrelationship between inputs and fair values	Sensitivity analysis of interrelationship between inputs and fair values
Financial Assets:					
At fair value through other comprehensive income					
Stocks	Market Approach	Discount for lack of marketability	0 - 30%	The greater degree of lack of marketability the lower the estimated fair value is determined.	A change of 10% in the discount for lack of marketability of the aforementioned fair values of unlisted stocks could decrease/increase the Company's equity for the year ended December 31, 2025 by NT\$637,000 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, 2025 by NT\$309,225 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, 2025:

Valuation technique		Significant unobservable inputs	Quantitative information	Interrelationship between inputs and fair values	Sensitivity analysis of interrelationship between inputs and fair values
Financial Assets:					
At fair value through other comprehensive income					
Stocks	Market Approach	Discount for lack of marketability	0 - 30%	The greater degree of lack of marketability the lower the estimated fair value is determined.	A change of 10% in the discount for lack of marketability of the aforementioned fair values of unlisted stocks could decrease/increase the Company's equity for the three-month periods ended March 31, 2025 by NT\$444,923 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 periods ended March 31, 2025 by NT\$302,126 thousand.

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

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

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

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

As of March 31, 2026

	<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	\$ -	\$ -	\$ 3,910,709	\$ 3,910,709

As of December 31, 2025

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment property	\$ -	\$ -	\$ 3,834,444	\$ 3,834,444

As of March 31, 2025

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment property	\$ -	\$ -	\$ 4,214,351	\$ 4,214,351

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

D. Derivative financial instruments

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

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

Forward exchange contracts	Currency	Contract amount ('000)	Maturity
As of March 31, 2026	TWD to USD	Buy USD 20,000	April 2026
As of March 31, 2026	TWD to USD	Sell USD 356,500	April 2026
As of March 31, 2026	CNY to USD	Buy USD 1,500	April 2026
As of March 31, 2026	GBP to USD	Buy USD 31,000	May 2026
As of March 31, 2026	CNY to USD	Buy USD 7,255	May 2026
As of March 31, 2026	JPY to USD	Buy USD 1,299	June 2026
As of December 31, 2025	TWD to USD	Buy USD 30,000	January 2026
As of December 31, 2025	TWD to USD	Sell USD 15,000	January 2026
As of December 31, 2025	GBP to USD	Buy USD 31,000	January 2026
As of December 31, 2025	JPY to USD	Buy USD 1,299	June 2026
As of March 31, 2025	TWD to USD	Buy USD 260,000	April 2025
As of March 31, 2025	TWD to USD	Sell USD 115,000	April 2025
As of March 31, 2025	TWD to USD	Buy USD 60,000	May 2025
As of March 31, 2025	JPY to USD	Buy USD 1,297	June 2025

Cross-currency swap contracts	Currency	Contract amount ('000)	Maturity
As of March 31, 2026	TWD to USD	Buy USD 300,000	April 2026

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

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

(2) Financial risk management objectives and policies

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

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

A. Market risk

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

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

a. Foreign currency risk

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

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

When NTD appreciates or depreciates against USD by 0.1%, the profit for the three months ended March 31, 2026 and 2025 would decrease/increase by NT\$ 87,446 thousand and NT\$96,761 thousand, while equity would decrease/increase by NT\$ 191,040 thousand and NT\$225,187 thousand, respectively.

When NTD appreciates or depreciates against CNY by 0.1%, the profit for the three months ended March 31, 2026 and 2025 would decrease/increase by NT\$3,232 thousand and NT\$2,845 thousand, while equity would decrease/increase by NT\$ 27,994 thousand and NT\$25,111 thousand, respectively.

b. Interest rate risk

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

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period, including investments and bank borrowings with variable interest rates. At the reporting date, an increase/decrease of 10 basis points of interest rate in a reporting period could cause the profit for the three months ended March 31, 2026 and 2025 to increase/decrease by NT\$603 thousand and NT\$868 thousand, respectively.

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

c. Other price risk

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

A change of 1% in the price of the listed company stocks classified under equity instrument investments measured at fair value through profit or loss could cause the profit or loss for the three months ended March 31, 2026 and 2025 to increase/decrease by nil and NT\$658 thousand, respectively.

A change of 1% in the price of the listed company stocks and funds classified under equity instrument investments measured at fair value through other comprehensive income could cause the other comprehensive income for the three months ended March 31, 2026 and 2025 to increase/decrease by NT\$347,039 thousand and NT\$457,439 thousand, respectively.

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

B. Credit risk management

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

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

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

As of March 31, 2026, December 31, 2025, and March 31, 2025, receivables from top ten customers represented 64.25%, 59.97%, and 69.72% of the total trade receivables of the Company, respectively. The credit concentration risk of other account receivables was insignificant.

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

Credit risk of credit-linked deposits, interest rate-linked deposits, exchange-linked deposits, index-linked deposits and convertible bonds arises if the issuing banks breached the contracts or the debt issuer could not pay off the debts; the maximum exposure is the carrying value of those financial instruments. When engaging in such investment transactions, a prudent assessment is made based on the target company's credit status to minimize credit risk to the greatest extent possible

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

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

Level of credit risk	Indicator	Measurement method for expected credit losses	Carrying amount		
			March 31, 2026	December 31, 2025	March 31, 2025
Low credit risk	Credit risk measure belongs to IG category Counter parties with investment grade credit rating	12-month expected credit losses	\$ 83,850,614	\$ 85,568,873	\$ 77,878,301
Credit risk significantly increased	Credit risk measure reduced from IG category to HY category Contract payment overdue 30 days	Lifetime expected credit losses	\$ -	\$ -	\$ -
Credit-impaired	Credit risk measure belongs to DS category or above Contract payment overdue 90 days Other impaired evidence	Lifetime expected credit losses	\$ -	\$ -	\$ -
Simplified method (Note)	Not applicable	Lifetime expected credit losses	\$ 79,256,222	\$ 62,129,142	\$ 79,699,875

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

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

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

C. Liquidity risk management

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

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

Non-derivative financial liabilities

	Less than 1 year	1 to 5 years	Later than 5 years	Total
<u>As of March 31, 2026</u>				
Short-term borrowings	\$ 16,466,219	\$ -	\$ -	\$ 16,466,219
Trade payables (including related parties)	49,559,375	-	-	49,559,375
Other payables (including related parties)	87,674,257	-	-	87,674,257
Lease liabilities	1,354,306	2,311,857	8,513,119	12,179,282
Long-term payables (including current portion)	12,250,770	6,184,796	-	18,435,566
Long-term borrowings	-	85,940	40,880	126,820
Total	<u>\$ 167,304,927</u>	<u>\$ 8,582,593</u>	<u>\$ 8,553,999</u>	<u>\$ 184,441,519</u>

As of December 31, 2025

Short-term borrowings	\$ 942,637	\$ -	\$ -	\$ 942,637
Trade payables (including related parties)	48,709,898	-	-	48,709,898
Other payables (including related parties)	107,813,262	-	-	107,813,262
Lease liabilities	1,163,796	2,054,383	8,612,520	11,830,699
Long-term payables (including current portion)	3,540,763	6,735,495	-	10,276,258
Long-term borrowings	-	39,987	23,423	63,410
Total	<u>\$ 162,170,356</u>	<u>\$ 8,829,865</u>	<u>\$ 8,635,943</u>	<u>\$ 179,636,164</u>

As of March 31, 2025

Short-term borrowings	\$ 31,300,352	\$ -	\$ -	\$ 31,300,352
Trade payables (including related parties)	40,808,010	-	-	40,808,010
Other payables (including related parties)	86,391,119	-	-	86,391,119
Lease liabilities	1,145,008	2,487,681	8,669,143	12,301,832
Long-term payables (including current portion)	5,343,838	2,096,323	-	7,440,161
Total	<u>\$ 164,988,327</u>	<u>\$ 4,584,004</u>	<u>\$ 8,669,143</u>	<u>\$ 178,241,474</u>

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

	<u>Less than 1 year</u>	<u>1 to 5 years</u>	<u>Total</u>
<u>As of March 31, 2026</u>			
Gross settlement			
Forward exchange contracts			
Inflow	\$ 1,028,983	\$ -	\$ 1,028,983
Outflow	(1,035,493)	-	(1,035,493)
Net	(6,510)	-	(6,510)
Net settlement			
Forward exchange contracts	(87,968)	-	(87,968)
Total	<u>\$ (94,478)</u>	<u>\$ -</u>	<u>\$ (94,478)</u>

As of December 31, 2025

Gross settlement			
Forward exchange contracts			
Inflow	\$ 373,629	\$ -	\$ 373,629
Outflow	(377,328)	-	(377,328)
Net	<u>\$ (3,699)</u>	<u>\$ -</u>	<u>\$ (3,699)</u>

As of March 31, 2025

Gross settlement			
Forward exchange contracts			
Inflow	\$ 535,250	\$ -	\$ 535,250
Outflow	(543,040)	-	(543,040)
Net	(7,790)	-	(7,790)
Net settlement			
Forward exchange contracts	(2,851)	-	(2,851)
Total	<u>\$ (10,641)</u>	<u>\$ -</u>	<u>\$ (10,641)</u>

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

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

D. Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the three months ended March 31, 2026:

	Short-term borrowings	Long-term borrowings	Lease liabilities	Deposits received	Total liabilities from financing activities
As of January 1, 2026	\$ 940,000	\$ 60,000	\$ 9,189,246	\$ 277,575	\$ 10,466,821
Cash flows	15,500,000	60,000	(423,275)	1,339	15,138,064
Non-cash movement	-	-	760,424	-	760,424
As of March 31, 2026	<u>\$ 16,440,000</u>	<u>\$ 120,000</u>	<u>\$ 9,526,395</u>	<u>\$ 278,914</u>	<u>\$ 26,365,309</u>

Reconciliation of liabilities for the three months ended March 31, 2025:

	Short-term borrowings	Lease liabilities	Deposits received	Total liabilities from financing activities
As of January 1, 2025	\$ 940,000	\$ 9,370,308	\$ 196,400	\$ 10,506,708
Cash flows	30,300,000	(221,818)	3,631	30,081,813
Non-cash movement	-	413,628	-	413,628
As of March 31, 2025	<u>\$ 31,240,000</u>	<u>\$ 9,562,118</u>	<u>\$ 200,031</u>	<u>\$ 41,002,149</u>

(3) Significant assets and liabilities denominated in foreign currencies

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

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

March 31, 2026			
	Foreign Currency (thousand)	Exchange rate	NT\$ (thousand)
Financial assets			
Monetary item:			
USD	\$ 7,526,873	32.064	\$ 241,329,582
CNY	\$ 744,755	4.640	\$ 3,455,885
Non-monetary item:			
USD	\$ 3,774,861	32.064	\$ 121,037,133
CNY	\$ 6,032,566	4.640	\$ 27,992,917
Financial liabilities			
Monetary item:			
USD	\$ 2,579,907	32.064	\$ 82,839,687
CNY	\$ 48,101	4.640	\$ 223,203
December 31, 2025			
	Foreign Currency (thousand)	Exchange rate	NT\$ (thousand)
Financial assets			
Monetary item:			
USD	\$ 8,437,201	31.444	\$ 265,293,951
CNY	\$ 758,237	4.497	\$ 3,409,944
Non-monetary item:			
USD	\$ 3,874,062	31.444	\$ 121,816,008
CNY	\$ 6,022,490	4.497	\$ 27,084,342
Financial liabilities			
Monetary item:			
USD	\$ 2,512,794	31.444	\$ 79,012,286
CNY	\$ 92,665	4.497	\$ 416,733

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

	March 31, 2025		
	Foreign Currency (thousand)	Exchange rate	NT\$ (thousand)
Financial assets			
Monetary item:			
USD	\$ 10,428,615	33.205	\$ 347,350,466
CNY	\$ 651,590	4.574	\$ 2,980,208
Non-monetary item:			
USD	\$ 3,748,586	33.205	\$ 124,471,791
CNY	\$ 5,489,755	4.574	\$ 25,108,765
Financial liabilities			
Monetary item:			
USD	\$ 1,992,288	33.205	\$ 66,153,919
CNY	\$ 29,166	4.574	\$ 133,399

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 for the three months ended March 31, 2026 and 2025 please refer to Note 6. (27).

(4) Capital management

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

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

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

13. Additional Disclosures

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

- A. Financing provided to others for the three months ended March 31, 2026: Please refer to Attachment 1.
- B. Endorsement/Guarantee provided to others for the three months ended March 31, 2026: Please refer to Attachment 2.
- C. Significant securities held as of March 31, 2026: Please refer to Attachment 3.
- D. Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the three months ended March 31, 2026: Please refer to Attachment 4.
- E. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock as of March 31, 2026: Please refer to Attachment 5.
- F. Others: The business relationship between the parent and the subsidiaries and significant transactions between them: Please refer to Attachment 6.

(2) Information on investees

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

(3) Investment in Mainland China

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

14. Segment Information

(1) General information

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