

MediaTek Inc. Reports First-Quarter Consolidated Results

MediaTek discloses Taiwan-International Financial Reporting Standards (TIFRS) financial measures and also provides Non-Taiwan-International Financial Reporting Standards (Non-TIFRS)^{Note1} financial measures as supplemental information. Non-TIFRS financial information should be considered in addition to, not as a substitute for, TIFRS financial information. Earnings distribution is made in accordance with financial statements based on TIFRS.

Taiwan-International Financial Reporting Standards (TIFRS) financial measures

- 1Q22 consolidated revenue of NT\$142,711 million, up 10.9% from previous quarter and up 32.1% year-over-year
- 1Q22 consolidated gross margin of 50.3%, up 0.7 percentage points from previous quarter and up 5.4 percentage points year-over-year
- 1Q22 consolidated operating income of NT\$36,467 million, up 22.7% from previous quarter and up 80.5% year-over-year
- 1Q22 consolidated net income of NT\$33,413 million; EPS of NT\$21.02

Consolidated Revenue

MediaTek Inc. today announced financial results of first-quarter ended March 31, 2022. The first-quarter revenue was NT\$142,711 million, up 10.9% sequentially and up 32.1% year-over-year. The quarter-over-quarter and year-over-year increases were mainly due to product specifications upgrade or higher demand across major products.

Consolidated Gross Profit and Gross Margin

The first-quarter gross profit was NT\$71,783 million, up 12.5% sequentially and up 47.9% year-over-year. Gross margin for the quarter was 50.3%, up 0.7 percentage points sequentially and up 5.4 percentage points year-over-year. The quarter-over-quarter and year-over-year increases in gross margins were mainly due to better product mix.

Consolidated Operating Expenses

Operating expenses for the quarter was NT\$35,316 million (24.7% of revenue), compared with NT\$34,109 million (26.5% of revenue) in the previous quarter and NT\$28,322 million (26.2% of revenue) in the same period last year. The quarter-over-quarter and year-over-year increases were mainly due to increases in R&D investments.

Operating expenses for the quarter included:

- R&D expenses of NT\$28,541 million (20.0% of revenue), increased from NT\$26,411 million in the previous quarter and increased from NT\$22,427 million in the same period last year.

Note1: Non-TIFRS financial information should be considered in addition to, not as a substitute for, TIFRS financial information. Reconciliations between TIFRS and Non-TIFRS results include share-based compensation, amortization of acquisition related assets, tax effect and other items. Further information is included in supplemental information.

- Selling expenses of NT\$3,409 million (2.4% of revenue), decreased from NT\$4,843 million in the previous quarter and increased from NT\$3,388 million in the same period last year.
- Administration expenses of NT\$3,365 million (2.4% of revenue), increased from NT\$2,855 million in the previous quarter and increased from NT\$2,508 million in the same period last year.

Consolidated Operating Income and Operating Margin

Operating income for the quarter was NT\$36,467 million, up 22.7% sequentially and up 80.5% year-over-year. Operating margin for the quarter was 25.6%, increased from 23.1% in the previous quarter and increased from 18.7% in the year-ago quarter.

Consolidated Non-operating Income (loss) and Income Tax

Non-operating income for the quarter was NT\$1,503 million, or 1.1% of revenue. It was mainly from interest income and dividend income. Income tax expense for the quarter was NT\$4,557 million.

Consolidated Net Income, Net Profit Margin and EPS

Net income for the quarter was NT\$33,413 million, up 10.8% sequentially and up 29.6% year-over-year. Net profit margin for the quarter was 23.4%, same as previous quarter and slightly decreased from 23.9% in the year-ago quarter. EPS was NT\$21.02, up from NT\$18.99 in the prior quarter and NT\$16.21 in the year-ago quarter. The quarter-over-quarter and year-over-year increases in net income and EPS were mainly due to higher revenue and gross margin this quarter.

Consolidated Cash and Financial Assets-Current

Cash and financial assets-current at the end of the quarter was NT249,894 million. This represents 35.3% of the company's total assets. Cash and financial assets-current was NT\$ 204,764 million and NT\$213,483 million at the end of previous quarter and the year-ago quarter, respectively. Financial assets-current portfolio includes mutual funds, bonds, derivatives and so on.

Consolidated Accounts Receivable

Accounts receivable (net) at the end of the quarter was NT\$64,678 million. The accounts receivable turnover was 39 days based on quarterly average net receivables divided by annualized net revenue. The turnover was lower than 41 days in the last quarter and higher than 34 days in the year-ago quarter.

Consolidated Inventory

Net inventory at the end of the quarter was NT\$89,377 million. The inventory turnover was 105 days based on quarterly average inventory divided by annualized cost of goods sold, compare with 100 days in the last quarter and 72 days in the year-ago quarter. The higher turnover was mainly due to longer lead-time for advanced nodes.

Consolidated Cash Flow from Operations

Net cash provided by operating activities during the quarter was NT\$30,735 million, compared with net cash provided by operating activities of NT\$24,737 million in the prior quarter and net cash used in operating activities of NT\$1,450 million in the year-ago quarter.

Earnings Webcast

MediaTek will hold a public webcast today (April 27). A live webcast of the conference call will be available through the Investor Relations section of the MediaTek website. Investors who want to raise questions may use the toll number attached below.

Schedule and Webcast Links:

Wednesday, April 27, 2022

Time: 3:00 – 4:00 p.m. (Taiwan Time) Language: English

<https://webpage-ott2b.cdn.hinet.net/webpage/live?contentProvider=mediatek>

Dial-in Number: +886-2-21928016

Password: 867663#

About MediaTek Inc.

MediaTek Incorporated (TWSE: 2454) is a global fabless semiconductor company that enables nearly 2 billion connected devices a year. We are a market leader in developing innovative systems-on-chip (SoC) for mobile device, home entertainment, connectivity and IoT products. Our dedication to innovation has positioned us as a driving market force in several key technology areas, including highly power-efficient mobile technologies, automotive solutions and a broad range of advanced multimedia products such as smartphones, tablets, digital televisions, 5G, Voice Assistant Devices (VAD) and wearables. MediaTek empowers and inspires people to expand their horizons and achieve their goals through smart technology, more easily and efficiently than ever before. We work with the brands you love to make great technology accessible to everyone, and it drives everything we do. Visit www.mediatek.com for more information.

Taiwan-International Financial Reporting Standards (TIFRS)

MediaTek Inc. Consolidated Income Statement (Unaudited)

(In NT\$ millions, except EPS)	1Q22	4Q21	1Q21	Q-Q	Y-Y
Net Sales	142,711	128,654	108,033	10.9%	32.1%
Operating costs	(70,927)	(64,824)	(59,513)		
Gross profit	71,783	63,830	48,520	12.5%	47.9%
Selling expenses	(3,409)	(4,843)	(3,388)		
Administration expenses	(3,365)	(2,855)	(2,508)		
R&D expenses	(28,541)	(26,411)	(22,427)		
Operating expenses	(35,316)	(34,109)	(28,322)		
Operating income	36,467	29,721	20,198	22.7%	80.5%
Net non-operating income	1,503	4,278	8,878		
Net income before income tax	37,970	33,999	29,076		
Income tax expense	(4,557)	(3,852)	(3,298)		
Net income	33,413	30,148	25,777	10.8%	29.6%
Owners of the parent	33,261	30,051	25,572	10.7%	30.1%
Non-controlling interests	152	97	205		
EPS attributable to the parent(NT\$)	21.02	18.99	16.21		
Average Exchange Rate - USD/NTD	28.00	27.83	28.39		

Note: Sums may not equal totals due to rounding.

MediaTek Inc. Consolidated Income Statement (Percentage of Revenue)

	1Q22	4Q21	1Q21
Gross profit	50.3%	49.6%	44.9%
Selling expenses	(2.4%)	(3.8%)	(3.1%)
Administration expenses	(2.4%)	(2.2%)	(2.3%)
R&D expenses	(20.0%)	(20.5%)	(20.8%)
Operating income	25.6%	23.1%	18.7%
Non-operating income	1.1%	3.3%	8.2%
Income tax expense	(3.2%)	(3.0%)	(3.1%)
Net income	23.4%	23.4%	23.9%

Note: Sums may not equal totals due to rounding.

MediaTek Inc. Consolidated Balance Sheet (Unaudited)

(In NT\$ millions)	1Q22	4Q21	1Q21
Cash & financial assets-current	249,894	204,764	213,483
Accounts receivable	64,678	58,660	46,371
Inventories	89,377	73,271	56,668
Other current assets	13,926	10,171	13,633
Funds and investments	113,739	128,123	130,414
Intangible assets	73,953	73,526	75,572
Other non-current assets	103,116	112,363	50,906
Total assets	708,684	660,877	587,047
Short-term loans	70,125	51,267	27,220
Accounts payable	50,759	43,504	43,301
Other current liabilities	114,575	116,335	88,868
Total non-current liabilities	17,310	16,123	14,703
Total equity	455,914	433,648	412,955

Note: Sums may not equal totals due to rounding.

MediaTek Inc. Consolidated Cash Flow Summary (Unaudited)

(In NT\$ millions)	1Q22	4Q21	1Q21
Net cash provided by (used in) operating activities	30,735	24,737	(1,450)
Net cash provided by (used in) investing activities	(6,897)	(9,100)	(6,658)
Net cash provided by (used in) financing activities	19,211	1,144	5,578
Effect of changes in exchange rate on cash and cash equivalents	3,679	(1,314)	46
Net increase (decrease) in cash and cash equivalents	46,728	15,467	(2,483)
Cash and cash equivalents at the end of the period	230,433	183,705	194,097

Note: Sums may not equal totals due to rounding.

【Supplemental Information】

Reconciliations of TIFRS Results to Non-TIFRS Results^{Note2}

(In NT\$ millions)

		1Q22	4Q21	1Q21	Q-Q	Y-Y
TIFRS	Operating income	36,467	29,721	20,198	22.7%	80.5%
	Operating income margin(%)	25.6%	23.1%	18.7%		
Reconciliations	Share-based compensation	1,240	1,066	115		
	Amortization of acquisition related assets	77	136	198		
Non-TIFRS	Operating income	37,784	30,923	20,510	22.2%	84.2%
	Operating income margin (%)	26.5%	24.0%	19.0%		

TIFRS	Net income	33,413	30,148	25,777	10.8%	29.6%
	Net income margin(%)	23.4%	23.4%	23.9%		
	Net income- Owners of the parent	33,261	30,051	25,572	10.7%	30.1%
	EPS(NT\$)	21.02	18.99	16.21		
Reconciliations	Share-based compensation	1,240	1,066	115		
	Amortization of acquisition related assets	77	136	198		
	Tax effect	(181)	(170)	(53)		
Non-TIFRS	Net income	34,549	31,179	26,036	10.8%	32.7%
	Net income margin (%)	24.2%	24.2%	24.1%		
	Net income- Owners of the parent	34,367	31,072	25,831	10.6%	33.0%
	EPS(NT\$)	21.71	19.63	16.38		

Note1: Sums may not equal totals due to rounding.

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