

MediaTek Inc. Reports Second-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

- 2Q22 consolidated revenue of NT\$155,730 million, up 9.1% from previous quarter and up 23.9% year-over-year
- 2Q22 consolidated gross margin of 49.3%, down 1 percentage points from previous quarter and up 3.1 percentage points year-over-year
- 2Q22 consolidated operating income of NT\$39,181 million, up 7.4% from previous quarter and up 35.9% year-over-year
- 2Q22 consolidated net income of NT\$35,612 million; EPS of NT\$22.39

Consolidated Revenue

MediaTek Inc. today announced financial results of second-quarter ended June 30, 2022. The second-quarter revenue was NT\$155,730 million, up 9.1% sequentially and up 23.9% 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 second-quarter gross profit was NT\$76,764 million, up 6.9% sequentially and up 32.3% year-over-year. Gross margin for the quarter was 49.3%, down 1 percentage points sequentially and up 3.1 percentage points year-over-year. The quarter-over-quarter and year-over-year changes in gross margins were mainly due to product mix changes.

Consolidated Operating Expenses

Operating expenses for the quarter was NT\$37,583 million (24.1% of revenue), compared with NT\$35,316 million (24.7% of revenue) in the previous quarter and NT\$29,204 million (23.2% 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\$30,180 million (19.4% of revenue), increased from NT\$28,541 million in the previous quarter and increased from NT\$22,879 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\$3,636 million (2.3% of revenue), increased from NT\$3,409 million in the previous quarter and decreased from NT\$3,890 million in the same period last year.
- Administration expenses of NT\$3,768 million (2.4% of revenue), increased from NT\$3,365 million in the previous quarter and increased from NT\$2,435 million in the same period last year.

Consolidated Operating Income and Operating Margin

Operating income for the quarter was NT\$39,181 million, up 7.4% sequentially and up 35.9% year-over-year. Operating margin for the quarter was 25.2%, decreased from 25.6% in the previous quarter and increased from 22.9% in the year-ago quarter.

Consolidated Non-operating Income (loss) and Income Tax

Non-operating income for the quarter was NT\$1,756 million, or 1.1% of revenue. It was mainly from interest income and dividend income. Income tax expense for the quarter was NT\$5,325 million.

Consolidated Net Income, Net Profit Margin and EPS

Net income for the quarter was NT\$35,612 million, up 6.6% sequentially and up 29.1% year-over-year. Net profit margin for the quarter was 22.9%, decreased from 23.4% in the previous quarter and increased from 22% in the year-ago quarter. EPS was NT\$22.39, up from NT\$21.02 in the prior quarter and NT\$17.44 in the year-ago quarter. The quarter-over-quarter increases in net income and EPS were mainly due to higher revenue this quarter. The lower net profit margin compared with last quarter was mainly due to lower gross margin this quarter. The year-over-year increases in net income, net profit margin 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 NT\$256,547 million. This represents 35.1% of the company's total assets. Cash and financial assets-current was NT\$ 249,894 million and NT\$238,281 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\$61,899 million. The accounts receivable turnover was 37 days based on quarterly average net receivables divided by annualized net revenue. The turnover was lower than 39 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\$91,410 million. The inventory turnover was 104 days based on quarterly average inventory divided by annualized cost of goods sold. The turnover was lower than 105 days in the last quarter and higher than 81 days in the year-ago quarter.

Consolidated Cash Flow from Operations

Net cash provided by operating activities during the quarter was NT\$35,554 million, compared with net cash provided by operating activities of NT\$30,735 million in the prior quarter and net cash provided by operating activities of NT\$28,131 million in the year-ago quarter.

Earnings Webcast

MediaTek will hold a public webcast today (July 29). 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:

Friday, July 29, 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: 346179#

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)	2Q22	1Q22	2Q21	Q-Q	Y-Y
Net Sales	155,730	142,711	125,653	9.1%	23.9%
Operating costs	(78,966)	(70,927)	(67,615)		
Gross profit	76,764	71,783	58,038	6.9%	32.3%
Selling expenses	(3,636)	(3,409)	(3,890)		
Administration expenses	(3,768)	(3,365)	(2,435)		
R&D expenses	(30,180)	(28,541)	(22,879)		
Operating expenses	(37,583)	(35,316)	(29,204)		
Operating income	39,181	36,467	28,834	7.4%	35.9%
Net non-operating income	1,756	1,503	2,753		
Net income before income tax	40,937	37,970	31,587		
Income tax expense	(5,325)	(4,557)	(4,000)		
Net income	35,612	33,413	27,587	6.6%	29.1%
Owners of the parent	35,437	33,261	27,511	6.5%	28.8%
Non-controlling interests	175	152	76		
EPS attributable to the parent(NT\$)	22.39	21.02	17.44		
Average Exchange Rate - USD/NTD	29.44	28.00	27.99		

Note: Sums may not equal totals due to rounding.

MediaTek Inc. Consolidated Income Statement (Percentage of Revenue)

	2Q22	1Q22	2Q21
Gross profit	49.3%	50.3%	46.2%
Selling expenses	(2.3%)	(2.4%)	(3.1%)
Administration expenses	(2.4%)	(2.4%)	(1.9%)
R&D expenses	(19.4%)	(20.0%)	(18.2%)
Operating income	25.2%	25.6%	22.9%
Non-operating income	1.1%	1.1%	2.2%
Income tax expense	(3.4%)	(3.2%)	(3.2%)
Net income	22.9%	23.4%	22.0%

Note: Sums may not equal totals due to rounding.

MediaTek Inc. Consolidated Balance Sheet (Unaudited)

(In NT\$ millions)	2Q22	1Q22	2Q21
Cash & financial assets-current	256,547	249,894	238,281
Accounts receivable	61,899	64,678	48,414
Inventories	91,410	89,377	63,149
Other current assets	14,579	13,926	10,411
Funds and investments	124,679	113,739	139,127
Intangible assets	73,662	73,953	75,071
Other non-current assets	107,966	103,116	56,422
Total assets	730,742	708,684	630,875
Short-term loans	41,291	70,125	27,428
Accounts payable	45,328	50,759	45,903
Other current liabilities	234,301	114,575	155,233
Total non-current liabilities	17,026	17,310	14,679
Total equity	392,797	455,914	387,633

Note: Sums may not equal totals due to rounding.

MediaTek Inc. Consolidated Cash Flow Summary (Unaudited)

(In NT\$ millions)	2Q22	1Q22	2Q21
Net cash provided by (used in) operating activities	35,554	30,735	28,131
Net cash provided by (used in) investing activities	(12,678)	(6,897)	(2,294)
Net cash provided by (used in) financing activities	(19,712)	19,211	1,162
Effect of changes in exchange rate on cash and cash equivalents	4,621	3,679	(1,883)
Net increase (decrease) in cash and cash equivalents	7,785	46,728	25,115
Cash and cash equivalents at the end of the period	238,218	230,433	219,212

Note: Sums may not equal totals due to rounding.

【Supplemental Information】

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

(In NT\$ millions)

		2Q22	1Q22	2Q21	Q-Q	Y-Y
TIFRS	Operating income	39,181	36,467	28,834	7.4%	35.9%
	Operating income margin(%)	25.2%	25.6%	22.9%		
Reconciliations	Share-based compensation	1,248	1,240	123		
	Amortization of acquisition related assets	90	77	136		
Non-TIFRS	Operating income	40,519	37,784	29,094	7.2%	39.3%
	Operating income margin (%)	26.0%	26.5%	23.2%		

TIFRS	Net income	35,612	33,413	27,587	6.6%	29.1%
	Net income margin(%)	22.9%	23.4%	22.0%		
	Net income- Owners of the parent	35,437	33,261	27,511	6.5%	28.8%
	EPS(NT\$)	22.39	21.02	17.44		
Reconciliations	Share-based compensation	1,248	1,240	123		
	Amortization of acquisition related assets	90	77	136		
	Tax effect	(185)	(181)	(44)		
Non-TIFRS	Net income	36,765	34,549	27,802	6.4%	32.2%
	Net income margin (%)	23.6%	24.2%	22.1%		
	Net income- Owners of the parent	36,569	34,367	27,719	6.4%	31.9%
	EPS(NT\$)	23.10	21.71	17.57		

Note1: Sums may not equal totals due to rounding.

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