

MediaTek Inc. Reports Third-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

- 3Q22 consolidated revenue of NT\$142,161 million, down 8.7% from previous quarter and up 8.5% year-over-year
- 3Q22 consolidated gross margin of 49.3%, the same as the previous quarter and up 2.6 percentage points year-over-year
- 3Q22 consolidated operating income of NT\$33,054 million, down 15.6% from previous quarter and up 12.9% year-over-year
- 3Q22 consolidated net income of NT\$31,085 million; EPS of NT\$19.54

Consolidated Revenue

MediaTek Inc. today announced financial results of third-quarter ended September 30, 2022. The third-quarter revenue was NT\$142,161 million, down 8.7% sequentially and up 8.5% year-over-year. The quarter-over-quarter decrease was mainly due to customers' inventory adjustments. The year-over-year increase was mainly due to product specifications upgrade across major products.

Consolidated Gross Profit and Gross Margin

The third-quarter gross profit was NT\$70,095 million, down 8.7% sequentially and up 14.5% year-over-year. Gross margin for the quarter was 49.3%, the same as the previous quarter and up 2.6 percentage points year-over-year due to product mix changes.

Consolidated Operating Expenses

Operating expenses for the quarter was NT\$37,041 million (26.1% of revenue), compared with NT\$37,583 million (24.1% of revenue) in the previous quarter and NT\$31,929 million (24.4% of revenue) in the same period last year. The quarter-over-quarter decrease was mainly due to lower administration expenses in this quarter. The year-over-year increase was mainly due to increases in R&D investments.

Operating expenses for the quarter included:

- R&D expenses of NT\$30,106 million (21.2% of revenue), decreased from NT\$30,180 million in the previous quarter and increased from NT\$24,364 million in the same period last year.
- Selling expenses of NT\$3,530 million (2.5% of revenue), decreased from NT\$3,636 million in the previous quarter and decreased from NT\$5,076 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.

- Administration expenses of NT\$3,406 million (2.4% of revenue), decreased from NT\$3,768 million in the previous quarter and increased from NT\$2,489 million in the same period last year.

Consolidated Operating Income and Operating Margin

Operating income for the quarter was NT\$33,054 million, down 15.6% sequentially and up 12.9% year-over-year. Operating margin for the quarter was 23.3%, decreased from 25.2% in the previous quarter and increased from 22.3% in the year-ago quarter.

Consolidated Non-operating Income (loss) and Income Tax

Non-operating income for the quarter was NT\$2,542 million, or 1.8% of revenue. It was mainly from interest income, dividend income and foreign exchange gains. Income tax expense for the quarter was NT\$4,511 million.

Consolidated Net Income, Net Profit Margin and EPS

Net income for the quarter was NT\$31,085 million, down 12.7% sequentially and up 9.6% year-over-year. Net profit margin for the quarter was 21.9%, decreased from 22.9% in the previous quarter and increased from 21.6% in the year-ago quarter. EPS was NT\$19.54, down from NT\$22.39 in the prior quarter and up from NT\$17.92 in the year-ago quarter. The quarter-over-quarter decreases in net income, net profit margin and EPS were mainly due to lower revenue in this quarter. The year-over-year increases in net income, net profit margin and EPS were mainly due to higher revenue and gross margin in this quarter.

Consolidated Cash and Financial Assets-Current

Cash and financial assets-current at the end of the quarter was NT\$159,193 million. This represents 24.9% of the company's total assets. Cash and financial assets-current was NT\$ 256,547 million and NT\$187,344 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\$65,913 million. The accounts receivable turnover was 41 days based on quarterly average net receivables divided by annualized net revenue. The turnover was higher than 37 days in the last quarter and higher than 36 days in the year-ago quarter.

Consolidated Inventory

Net inventory at the end of the quarter was NT\$83,438 million. The inventory turnover was 111 days based on quarterly average inventory divided by annualized cost of goods sold. The turnover was higher than 104 days in the last quarter and higher than 86 days in the year-ago quarter.

Consolidated Cash Flow from Operations

Net cash provided by operating activities during the quarter was NT\$19,259 million, compared with net cash provided by operating activities of NT\$35,554 million in the prior quarter and net cash used in operating activities of NT\$4,323 million in the year-ago quarter.

Earnings Webcast

MediaTek will hold a public webcast today (October 28). 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, October 28, 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: 339215#

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)	3Q22	2Q22	3Q21	Q-Q	Y-Y
Net Sales	142,161	155,730	131,074	(8.7%)	8.5%
Operating costs	(72,066)	(78,966)	(69,858)		
Gross profit	70,095	76,764	61,216	(8.7%)	14.5%
Selling expenses	(3,530)	(3,636)	(5,076)		
Administration expenses	(3,406)	(3,768)	(2,489)		
R&D expenses	(30,106)	(30,180)	(24,364)		
Operating expenses	(37,041)	(37,583)	(31,929)		
Operating income	33,054	39,181	29,287	(15.6%)	12.9%
Net non-operating income	2,542	1,756	2,903		
Net income before income tax	35,596	40,937	32,190		
Income tax expense	(4,511)	(5,325)	(3,829)		
Net income	31,085	35,612	28,361	(12.7%)	9.6%
Owners of the parent	30,955	35,437	28,287	(12.6%)	9.4%
Non-controlling interests	131	175	74		
EPS attributable to the parent(NT\$)	19.54	22.39	17.92		
Average Exchange Rate - USD/NTD	30.41	29.44	27.87		

Note: Sums may not equal totals due to rounding.

MediaTek Inc. Consolidated Income Statement (Percentage of Revenue)

	3Q22	2Q22	3Q21
Gross profit	49.3%	49.3%	46.7%
Selling expenses	(2.5%)	(2.3%)	(3.9%)
Administration expenses	(2.4%)	(2.4%)	(1.9%)
R&D expenses	(21.2%)	(19.4%)	(18.6%)
Operating income	23.3%	25.2%	22.3%
Non-operating income	1.8%	1.1%	2.2%
Income tax expense	(3.2%)	(3.4%)	(2.9%)
Net income	21.9%	22.9%	21.6%

Note: Sums may not equal totals due to rounding.

MediaTek Inc. Consolidated Balance Sheet (Unaudited)

(In NT\$ millions)	3Q22	2Q22	3Q21
Cash & financial assets-current	159,193	256,547	187,344
Accounts receivable	65,913	61,899	55,717
Inventories	83,438	91,410	68,793
Other current assets	14,268	14,579	10,031
Funds and investments	126,921	124,679	122,654
Intangible assets	73,834	73,662	74,661
Other non-current assets	116,327	107,966	89,274
Total assets	639,894	730,742	608,475
Short-term loans	48,611	41,291	50,449
Accounts payable	30,515	45,328	45,581
Other current liabilities	111,124	234,301	97,548
Total non-current liabilities	21,320	17,026	15,834
Total equity	428,323	392,797	399,063

Note: Sums may not equal totals due to rounding.

MediaTek Inc. Consolidated Cash Flow Summary (Unaudited)

(In NT\$ millions)	3Q22	2Q22	3Q21
Net cash provided by (used in) operating activities	19,259	35,554	(4,323)
Net cash provided by (used in) investing activities	(15,042)	(12,678)	(10,872)
Net cash provided by (used in) financing activities	(110,118)	(19,712)	(35,835)
Effect of changes in exchange rate on cash and cash equivalents	9,252	4,621	56
Net increase (decrease) in cash and cash equivalents	(96,649)	7,785	(50,974)
Cash and cash equivalents at the end of the period	141,569	238,218	168,238

Note: Sums may not equal totals due to rounding.

【Supplemental Information】

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

(In NT\$ millions)

		3Q22	2Q22	3Q21	Q-Q	Y-Y
TIFRS	Operating income	33,054	39,181	29,287	(15.6%)	12.9%
	Operating income margin(%)	23.3%	25.2%	22.3%		
Reconciliations	Share-based compensation	1,119	1,248	453		
	Amortization of acquisition related assets	159	90	136		
Non-TIFRS	Operating income	34,332	40,519	29,876	(15.3%)	14.9%
	Operating income margin (%)	24.1%	26.0%	22.8%		

TIFRS	Net income	31,085	35,612	28,361	(12.7%)	9.6%
	Net income margin(%)	21.9%	22.9%	21.6%		
	Net income- Owners of the parent	30,955	35,437	28,287	(12.6%)	9.4%
	EPS(NT\$)	19.54	22.39	17.92		
Reconciliations	Share-based compensation	1,119	1,248	453		
	Amortization of acquisition related assets	159	90	136		
	Tax effect	(176)	(185)	(86)		
Non-TIFRS	Net income	32,187	36,765	28,865	(12.5%)	11.5%
	Net income margin (%)	22.6%	23.6%	22.0%		
	Net income- Owners of the parent	32,025	36,569	28,784	(12.4%)	11.3%
	EPS(NT\$)	20.22	23.10	18.23		

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