

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

- 1Q23 consolidated revenue of NT\$95,652 million, down 11.6% quarter over quarter and 33% year-over-year
- 1Q23 consolidated gross margin of 48%, down 0.3 percentage points quarter over quarter and 2.3 percentage points year-over-year
- 1Q23 consolidated net income of NT\$16,890 million; EPS of NT\$10.64

Consolidated Revenue

MediaTek Inc. today announced financial results of first-quarter ended March 31, 2023. The first-quarter revenue was NT\$95,652 million, down 11.6% sequentially and 33% year-over-year, mainly due to customers' inventory adjustments.

Consolidated Gross Profit and Gross Margin

The first-quarter gross profit was NT\$45,912 million, down 12.1% sequentially and 36% year-over-year. Gross margin for the quarter was 48%, down 0.3 percentage points from the previous quarter and 2.3 percentage points from the year-ago quarter. The year-over-year decrease reflected changes in prices and costs of certain products.

Consolidated Operating Expenses

Operating expenses for the quarter was NT\$31,543 million (33% of revenue), compared with NT\$34,175 million (31.6% of revenue) in the previous quarter and NT\$35,316 million (24.7% of revenue) in the same period last year. The quarter-over-quarter and year-over-year decreases were mainly due to lower employee profit sharing expenses.

Operating expenses for the quarter included:

- R&D expenses of NT\$26,483 million (27.7% of revenue), decreased from NT\$28,047 million in the previous quarter and decreased from NT\$28,541 million in the year-ago quarter.
- Selling expenses of NT\$2,699 million (2.8% of revenue), decreased from NT\$3,666 million in the previous quarter and decreased from NT\$3,409 million in the year-ago quarter.
- Administration expenses of NT\$2,361 million (2.5% of revenue), decreased from NT\$2,462 million in the previous quarter and decreased from NT\$3,365 million in the year-ago quarter.

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.

Consolidated Operating Income and Operating Margin

Operating income for the quarter was NT\$14,369 million, down 20.6% sequentially and 60.6% year-over-year. Operating margin for the quarter was 15%, decreased from 16.7% in the previous quarter and from 25.6% in the year-ago quarter.

Consolidated Non-operating Income (loss) and Income Tax

Non-operating income for the quarter was NT\$4,735 million, or 5% of revenue, mainly from interest income, and dividend income. Income tax expense for the quarter was NT\$2,213 million.

Consolidated Net Income, Net Profit Margin and EPS

Net income for the quarter was NT\$16,890 million, down 8.8% sequentially and 49.4% year-over-year. Net profit margin for the quarter was 17.7%, increased from 17.1% in the previous quarter and decreased from 23.4% in the year-ago quarter. EPS was NT\$10.64, down from NT\$11.66 in the prior quarter and down from NT\$21.02 in the year-ago quarter. The quarter-over-quarter decreases in net income and EPS were mainly due to lower revenue in the quarter. The year-over-year decreases in net income, net profit margin and EPS were mainly due to lower 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\$154,710 million. This represents 25.3% of the company's total assets. Cash and financial assets-current was NT\$164,810 million and NT\$249,894 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\$46,311 million. The accounts receivable turnover was 42 days based on quarterly average net receivables divided by annualized net revenue. The turnover was lower than 45 days in the previous quarter and higher than 39 days in the year-ago quarter.

Consolidated Inventory

Net inventory at the end of the quarter was NT\$69,265 million. The inventory turnover was 128 days based on quarterly average inventory divided by annualized cost of goods sold. The turnover was higher than 126 days in the previous quarter and 105 days in the year-ago quarter.

Consolidated Cash Flow from Operations

Net cash provided by operating activities during the quarter was NT\$2,858 million, compared with NT\$59,034 million in the previous quarter and NT\$30,735 million in the year-ago quarter.

Earnings Webcast

MediaTek will hold a public webcast today (April 28). Materials for the conference call will be published 30 minutes prior to the call and an audio replay will be available in one hour after the call at the investors section of MediaTek's website.

<https://corp.mediatek.com/investor-relations/financial-information/quarterly-earnings>

Schedule:

Date: Friday, April 28, 2023

Time: 3:00 – 4:00 p.m. (Taiwan Time)

Language: English

Webcast Links:

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

Investors who want to raise questions may use the toll number below.

Dial-in Number: +852-21121444 / +886-2-33961191

Password: 9203028#

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)	1Q23	4Q22	1Q22	Q-Q	Y-Y
Net Sales	95,652	108,194	142,711	(11.6%)	(33.0%)
Operating costs	(49,739)	(55,933)	(70,927)		
Gross profit	45,912	52,261	71,783	(12.1%)	(36.0%)
Selling expenses	(2,699)	(3,666)	(3,409)		
Administration expenses	(2,361)	(2,462)	(3,365)		
R&D expenses	(26,483)	(28,047)	(28,541)		
Operating expenses	(31,543)	(34,175)	(35,316)		
Operating income	14,369	18,086	36,467	(20.6%)	(60.6%)
Net non-operating income	4,735	2,971	1,503		
Net income before income tax	19,104	21,057	37,970		
Income tax expense	(2,213)	(2,543)	(4,557)		
Net income	16,890	18,514	33,413	(8.8%)	(49.4%)
Owners of the parent	16,874	18,488	33,261	(8.7%)	(49.3%)
Non-controlling interests	17	26	152		
EPS attributable to the parent(NT\$)	10.64	11.66	21.02		
Average Exchange Rate - USD/NTD	30.40	31.37	28.00		

Note: Sums may not equal totals due to rounding.

MediaTek Inc. Consolidated Income Statement (Percentage of Revenue)

	1Q23	4Q22	1Q22
Gross profit	48.0%	48.3%	50.3%
Selling expenses	(2.8%)	(3.4%)	(2.4%)
Administration expenses	(2.5%)	(2.3%)	(2.4%)
R&D expenses	(27.7%)	(25.9%)	(20.0%)
Operating income	15.0%	16.7%	25.6%
Non-operating income	5.0%	2.7%	1.1%
Income tax expense	(2.3%)	(2.4%)	(3.2%)
Net income	17.7%	17.1%	23.4%

Note: Sums may not equal totals due to rounding.

MediaTek Inc. Consolidated Balance Sheet (Unaudited)

(In NT\$ millions)	1Q23	4Q22	1Q22
Cash & financial assets-current	154,710	164,810	249,894
Accounts receivable	46,311	40,842	64,678
Inventories	69,265	70,703	89,377
Other current assets	21,173	21,298	13,926
Funds and investments	131,226	123,489	113,739
Intangible assets	78,375	73,455	73,953
Other non-current assets	111,326	113,802	103,116
Total assets	612,385	608,399	708,684
Short-term loans	4,600	3,700	70,125
Accounts payable	21,169	21,518	50,759
Other current liabilities	221,138	116,352	114,575
Total non-current liabilities	26,506	23,771	17,310
Total equity	338,972	443,058	455,914

Note: Sums may not equal totals due to rounding.

MediaTek Inc. Consolidated Cash Flow Summary (Unaudited)

(In NT\$ millions)	1Q23	4Q22	1Q22
Net cash provided by (used in) operating activities	2,858	59,034	30,735
Net cash provided by (used in) investing activities	(9,955)	(2,918)	(6,897)
Net cash provided by (used in) financing activities	667	(45,661)	19,211
Effect of changes in exchange rate on cash and cash equivalents	(1,375)	(4,522)	3,679
Net increase (decrease) in cash and cash equivalents	(7,806)	5,934	46,728
Cash and cash equivalents at the end of the period	139,696	147,502	230,433

Note: Sums may not equal totals due to rounding.

【Supplemental Information】

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

(In NT\$ millions)

		1Q23	4Q22	1Q22	Q-Q	Y-Y
TIFRS	Operating income	14,369	18,086	36,467	(20.6%)	(60.6%)
	Operating income margin(%)	15.0%	16.7%	25.6%		
Reconciliations	Share-based compensation	566	568	1,240		
	Amortization of acquisition related assets	126	174	77		
Non-TIFRS	Operating income	15,061	18,828	37,784	(20.0%)	(60.1%)
	Operating income margin (%)	15.7%	17.4%	26.5%		

TIFRS	Net income	16,890	18,514	33,413	(8.8%)	(49.4%)
	Net income margin(%)	17.7%	17.1%	23.4%		
	Net income- Owners of the parent	16,874	18,488	33,261	(8.7%)	(49.3%)
	EPS(NT\$)	10.64	11.66	21.02		
Reconciliations	Share-based compensation	566	568	1,240		
	Amortization of acquisition related assets	126	174	77		
	Tax effect	(94)	(102)	(181)		
Non-TIFRS	Net income	17,488	19,155	34,549	(8.7%)	(49.4%)
	Net income margin (%)	18.3%	17.7%	24.2%		
	Net income- Owners of the parent	17,449	19,096	34,367	(8.6%)	(49.2%)
	EPS(NT\$)	11.00	12.04	21.71		

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