

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

- 2Q24 consolidated revenue of NT\$127,271 million, down 4.6% quarter over quarter and up 29.7% year-over-year
- 2Q24 consolidated gross margin of 48.8%, down 3.6 percentage points quarter over quarter and up 1.3 percentage points year-over-year
- 2Q24 consolidated operating income of NT\$24,956 million, down 22.4% from the previous quarter and up 69.2% year-over-year
- 2Q24 consolidated net income of NT\$25,955 million, down 18% quarter over quarter and up 62% year-over-year; EPS of NT\$16.19

Consolidated Revenue

MediaTek Inc. today announced financial results of second quarter ended June 30, 2024. The second-quarter revenue was NT\$127,271 million, down 4.6% sequentially and up 29.7% year-over-year. Revenue decreased quarter-over-quarter with sequential growth in Smart Edge Platforms and Power IC and sequential decline in Mobile Phone in this quarter. Revenue increased year-over-year with growth across the three revenue groups in this quarter.

Consolidated Gross Profit and Gross Margin

The second-quarter gross profit was NT\$62,136 million, down 11.1% sequentially and up 33.2% year-over-year. Gross margin for the quarter was 48.8%, down 3.6 percentage points from the previous quarter and up 1.3 percentage points year-over-year. The quarter-over-quarter decrease in gross margin was mainly attributed to a higher gross margin in the previous quarter due to a one-time item. The year-over-year increase in gross margins was mainly due to better product mix.

Consolidated Operating Expenses

Operating expenses for the quarter was NT\$37,180 million (29.2% of revenue), compared with NT\$37,721 million (28.3% of revenue) in the previous quarter and NT\$31,896 million (32.5% of revenue) year-over-year. The slight quarter-over-quarter decrease was mainly due to lower selling expenses in this quarter. The year-over-year increase was mainly due to higher R&D investments in this quarter.

Operating expenses for the quarter included:

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- R&D expenses of NT\$30,833 million (24.2% of revenue), decreased from NT\$31,147 million in the previous quarter and increased from NT\$26,188 million in the year-ago quarter.
- Selling expenses of NT\$3,401 million (2.7% of revenue), decreased from NT\$3,754 million in the previous quarter and increased from NT\$3,375 million in the year-ago quarter.
- Administration expenses of NT\$2,947 million (2.3% of revenue), increased from NT\$2,820 million in the previous quarter and NT\$2,333 million in the year-ago quarter.

Consolidated Operating Income and Operating Margin

Operating income for the quarter was NT\$24,956 million, down 22.4% sequentially and up 69.2% year-over-year. Operating margin for the quarter was 19.6%, down from 24.1% in the previous quarter and up from 15% in the year-ago quarter.

Consolidated Non-operating Income (loss) and Income Tax

Non-operating income for the quarter was NT\$4,241 million, or 3.3% of revenue, mainly from interest income and dividend income. Income tax expense for the quarter was NT\$3,242 million.

Consolidated Net Income, Net Profit Margin and EPS

Net income for the quarter was NT\$25,955 million, down 18% sequentially and up 62% year-over-year. Net profit margin for the quarter was 20.4%, decreased from 23.7% in the previous quarter and increased from 16.3% in the year-ago quarter. EPS was NT\$16.19, down from NT\$19.85 in the prior quarter and up from NT\$10.07 in the year-ago quarter. The quarter-over-quarter decrease in net income, net profit margin and EPS were mainly due to lower revenue and gross margin in this quarter. The year-over-year increase in net income, net profit margin and EPS were mainly due to higher revenue in this quarter.

Consolidated Cash and Financial Assets-Current

Cash and financial assets-current at the end of the quarter was NT\$208,674 million. This represents 30.6% of the company's total assets. Cash and financial assets-current was NT\$159,767 million and NT\$192,428 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\$45,945 million. The accounts receivable turnover was 36 days based on quarterly average net receivables divided by annualized net revenue. The turnover was lower than 37 days in the previous quarter and 43 days in the year-ago quarter.

Consolidated Inventory

Net inventory at the end of the quarter was NT\$53,578 million. The inventory turnover was 72 days based on quarterly average inventory divided by annualized cost of goods sold. The turnover was higher than 66 days in the previous quarter and lower than 115 days in the year-ago quarter.

Consolidated Cash Flow from Operations

Net cash provided by operating activities during the quarter was NT\$49,940 million, compared with NT\$25,204 million in the previous quarter and NT\$46,732 million in the year-ago quarter.

Earnings Webcast

MediaTek will hold a public webcast today (July 31). 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: Wednesday, July 31, 2024

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: 1713531#

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)	2Q24	1Q24	2Q23	Q-Q	Y-Y
Net Sales	127,271	133,458	98,135	(4.6%)	29.7%
Operating costs	(65,135)	(63,558)	(51,489)		
Gross profit	62,136	69,901	46,646	(11.1%)	33.2%
Selling expenses	(3,401)	(3,754)	(3,375)		
Administration expenses	(2,947)	(2,820)	(2,333)		
R&D expenses	(30,833)	(31,147)	(26,188)		
Operating expenses	(37,180)	(37,721)	(31,896)		
Operating income	24,956	32,180	14,751	(22.4%)	69.2%
Net non-operating income	4,241	3,490	3,620		
Net income before income tax	29,197	35,670	18,370		
Income tax expense	(3,242)	(4,015)	(2,351)		
Net income	25,955	31,655	16,019	(18.0%)	62.0%
Owners of the parent	25,716	31,536	15,965	(18.5%)	61.1%
Non-controlling interests	240	119	54		
EPS attributable to the parent(NT\$)	16.19	19.85	10.07		
Average Exchange Rate - USD/NTD	32.35	31.44	30.70		

Note: Sums may not equal totals due to rounding.

MediaTek Inc. Consolidated Income Statement (Percentage of Revenue)

	2Q24	1Q24	2Q23
Gross profit	48.8%	52.4%	47.5%
Selling expenses	(2.7%)	(2.8%)	(3.4%)
Administration expenses	(2.3%)	(2.1%)	(2.4%)
R&D expenses	(24.2%)	(23.3%)	(26.7%)
Operating income	19.6%	24.1%	15.0%
Non-operating income	3.3%	2.6%	3.7%
Income tax expense	(2.5%)	(3.0%)	(2.4%)
Net income	20.4%	23.7%	16.3%

Note: Sums may not equal totals due to rounding.

MediaTek Inc. Consolidated Balance Sheet (Unaudited)

(In NT\$ millions)	2Q24	1Q24	2Q23
Cash & financial assets-current	208,674	159,767	192,428
Accounts receivable	45,945	54,104	45,639
Inventories	53,578	49,212	61,067
Other current assets	23,796	21,618	19,005
Funds and investments	159,645	175,701	149,829
Intangible assets	82,430	80,033	81,053
Other non-current assets	107,307	106,890	111,663
Total assets	681,374	647,325	660,684
Short-term loans	9,080	7,820	4,450
Accounts payable	32,253	39,997	29,555
Other current liabilities	224,950	199,848	233,801
Total non-current liabilities	24,468	24,788	26,461
Total equity	390,624	374,874	366,417

Note: Sums may not equal totals due to rounding.

MediaTek Inc. Consolidated Cash Flow Summary (Unaudited)

(In NT\$ millions)	2Q24	1Q24	2Q23
Net cash provided by (used in) operating activities	49,940	25,204	46,732
Net cash provided by (used in) investing activities	(6,659)	(18,271)	(11,262)
Net cash provided by (used in) financing activities	1,045	(33,881)	(321)
Effect of changes in exchange rate on cash and cash equivalents	2,180	4,897	3,249
Net increase (decrease) in cash and cash equivalents	46,507	(22,051)	38,398
Cash and cash equivalents at the end of the period	189,852	143,345	178,094

Note: Sums may not equal totals due to rounding.

【Supplemental Information】

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

(In NT\$ millions)

		2Q24	1Q24	2Q23	Q-Q	Y-Y
TIFRS	Operating income	24,956	32,180	14,751	(22.4%)	69.2%
	Operating income margin(%)	19.6%	24.1%	15.0%		
Reconciliations	Share-based compensation	245	173	561		
	Amortization of acquisition related assets	75	75	119		
Non-TIFRS	Operating income	25,276	32,428	15,430	(22.1%)	63.8%
	Operating income margin (%)	19.9%	24.3%	15.7%		

TIFRS	Net income	25,955	31,655	16,019	(18.0%)	62.0%
	Net income margin(%)	20.4%	23.7%	16.3%		
	Net income- Owners of the parent	25,716	31,536	15,965	(18.5%)	61.1%
	EPS(NT\$)	16.19	19.85	10.07		
Reconciliations	Share-based compensation	245	173	561		
	Amortization of acquisition related assets	75	75	119		
	Tax effect	(44)	(34)	(94)		
Non-TIFRS	Net income	26,231	31,869	16,605	(17.7%)	58.0%
	Net income margin (%)	20.6%	23.9%	16.9%		
	Net income- Owners of the parent	25,987	31,745	16,526	(18.1%)	57.3%
	EPS(NT\$)	16.36	19.98	10.42		

Note1: Sums may not equal totals due to rounding.

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