

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

-2Q21 consolidated revenue of NT\$125,653 million, up 16.3% from previous quarter and up 85.9% year-over-year

-2Q21 consolidated gross margin of 46.2%, up 1.3 percentage points from previous quarter and up 2.7 percentage points year-over-year

-2Q21 consolidated operating income of NT\$28,834 million, up 42.8% from previous quarter and up 288.8% year-over-year

-2Q21 consolidated net income of NT\$27,587 million; EPS of NT\$17.44

Consolidated Revenue

MediaTek Inc. today announced financial results of second-quarter ended June 30, 2021. The second-quarter revenue was NT\$125,653 million, up 16.3% sequentially and up 85.9% year-over-year. The quarter-over-quarter increase was mainly due to the continuous momentum from 5G smartphone and various IoT devices. The year-over-year increase was mainly due to 5G smartphone and WiFi 6 market share gains, and sales increase in consumer electronics.

Consolidated Gross Profit and Gross Margin

The second-quarter gross profit was NT\$58,038 million, up 19.6% sequentially and up 97.4% year-over-year. Gross margin for the quarter was 46.2%, up 1.3 percentage points sequentially and up 2.7 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\$29,204 million (23.2% of revenue), compared with NT\$28,322 million (26.2% of revenue) in the previous quarter and NT\$21,991 million (32.5% 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 and higher expenses associated with higher sales.

Operating expenses for the quarter included:

- R&D expenses of NT\$22,879 million (18.2% of revenue), increased from NT\$22,427 million in the previous quarter and increased from NT\$ 17,416 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\$3,890 million (3.1% of revenue), increased from NT\$3,388 million in the previous quarter and increased from NT\$2,730 million in the same period last year.
- Administration expenses of NT\$2,435 million (1.9% of revenue), decreased from NT\$2,508 million in the previous quarter and increased from NT\$1,844 million in the same period last year.

Consolidated Operating Income and Operating Margin

Operating income for the quarter was NT\$28,834 million, up 42.8% sequentially and up 288.8% year-over-year. Operating margin for the quarter was 22.9%, increased from 18.7% in the previous quarter and increased from 11.0% in the year-ago quarter.

Consolidated Non-operating Income (loss) and Income Tax

Non-operating income for the quarter was NT\$2,753 million, or 2.2% of revenue. It was mainly from interest income and dividend income. Income tax expense for the quarter was NT\$4,000 million.

Consolidated Net Income, Net Profit Margin and EPS

Net income for the quarter was NT\$27,587 million, up 7.0% sequentially and up 277.4% year-over-year. Net profit margin for the quarter was 22.0%, decreased from 23.9% in the previous quarter and increased from 10.8% in the year-ago quarter. EPS was NT\$17.44, up from NT\$16.21 in the prior quarter and NT\$4.58 in the year-ago quarter. The quarter-over-quarter increases in net income and EPS were mainly due to higher revenue and gross margin this quarter. The lower net profit margin was mainly due to a one-off gains on disposal of investments in the previous 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\$238,281 million. This represents 37.8% of the company's total assets. Cash and financial assets-current was NT\$213,483 million and NT\$187,158 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\$48,414 million. The accounts receivable turnover was 34 days based on quarterly average net receivables divided by annualized net revenue. The turnover was same as 34 days in the last quarter and lower than 41 days in the year-ago quarter.

Consolidated Inventory

Net inventory at the end of the quarter was NT\$63,149 million. The inventory turnover was 81 days based on quarterly average inventory divided by annualized cost of goods sold. The turnover was higher than 72 days in the last quarter and lower than 83 days in the year-ago quarter.

Consolidated Cash Flow from Operations

Net cash provided by operating activities during the quarter was NT\$28,131 million, compared with net cash used in operating activities of NT\$1,450 million in the prior quarter and net cash provided by operating activities of NT\$7,177 million in the year-ago quarter.

Earnings Webcast

MediaTek will hold a public webcast today (July 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:

Tuesday, July 27, 2021

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: 631914#

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)	2Q21	1Q21	2Q20	Q-Q	Y-Y
Net Sales	125,653	108,033	67,603	16.3%	85.9%
Operating costs	(67,615)	(59,513)	(38,197)		
Gross profit	58,038	48,520	29,407	19.6%	97.4%
Selling expenses	(3,890)	(3,388)	(2,730)		
Administration expenses	(2,435)	(2,508)	(1,844)		
R&D expenses	(22,879)	(22,427)	(17,416)		
Operating expenses	(29,204)	(28,322)	(21,991)		
Operating income	28,834	20,198	7,416	42.8%	288.8%
Net non-operating income	2,753	8,878	1,113		
Net income before income tax	31,587	29,076	8,529		
Income tax expense	(4,000)	(3,298)	(1,219)		
Net income	27,587	25,777	7,310	7.0%	277.4%
Owners of the parent	27,511	25,572	7,204	7.6%	281.9%
Non-controlling interests	76	205	106		
EPS attributable to the parent(NT\$)	17.44	16.21	4.58		

Note: Sums may not equal totals due to rounding.

MediaTek Inc. Consolidated Income Statement (Percentage of Revenue)

	2Q21	1Q21	2Q20
Gross profit	46.2%	44.9%	43.5%
Selling expenses	(3.1%)	(3.1%)	(4.0%)
Administration expenses	(1.9%)	(2.3%)	(2.7%)
R&D expenses	(18.2%)	(20.8%)	(25.8%)
Operating income	22.9%	18.7%	11.0%
Non-operating income	2.2%	8.2%	1.6%
Income tax expense	(3.2%)	(3.1%)	(1.8%)
Net income	22.0%	23.9%	10.8%

Note: Sums may not equal totals due to rounding.

MediaTek Inc. Consolidated Balance Sheet (Unaudited)

(In NT\$ millions)	2Q21	1Q21	2Q20
Cash & financial assets-current	238,281	213,483	187,158
Accounts receivable	48,414	46,371	36,101
Inventories	63,149	56,668	36,812
Other current assets	10,411	13,633	7,189
Funds and investments	139,127	130,414	90,066
Intangible assets	75,071	75,572	78,296
Other non-current assets	56,422	50,906	47,259
Total assets	630,875	587,047	482,882
Short-term loans	27,428	27,220	42,557
Accounts payable	45,903	43,301	26,698
Other current liabilities	155,233	88,868	73,712
Total non-current liabilities	14,679	14,703	16,159
Total equity	387,633	412,955	323,756

Note: Sums may not equal totals due to rounding.

MediaTek Inc. Consolidated Cash Flow Summary (Unaudited)

(In NT\$ millions)	2Q21	1Q21	2Q20
Net cash provided by (used in) operating activities	28,131	(1,450)	7,177
Net cash provided by (used in) investing activities	(2,294)	(6,658)	(1,863)
Net cash provided by (used in) financing activities	1,162	5,578	(9,663)
Effect of changes in exchange rate on cash and cash equivalents	(1,883)	46	(1,552)
Net increase (decrease) in cash and cash equivalents	25,115	(2,483)	(5,901)
Cash and cash equivalents at the end of the period	219,212	194,097	168,938

Note: Sums may not equal totals due to rounding.

【Supplemental Information】

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

(In NT\$ millions)

		2Q21	1Q21	2Q20	Q-Q	Y-Y
TIFRS	Operating income	28,834	20,198	7,416	42.8%	288.8%
	Operating income margin(%)	22.9%	18.7%	11.0%		
Reconciliations	Share-based compensation	123	115	212		
	Amortization of acquisition related assets	136	198	399		
Non-TIFRS	Operating income	29,094	20,510	8,027	41.8%	262.5%
	Operating income margin (%)	23.2%	19.0%	11.9%		

TIFRS	Net income	27,587	25,777	7,310	7.0%	277.4%
	Net income margin(%)	22.0%	23.9%	10.8%		
	Net income- Owners of the parent	27,511	25,572	7,204	7.6%	281.9%
	EPS(NT\$)	17.44	16.21	4.58		
Reconciliations	Share-based compensation	123	115	212		
	Amortization of acquisition related assets	136	198	399		
	Tax effect	(44)	(53)	(103)		
Non-TIFRS	Net income	27,802	26,036	7,819	6.8%	255.6%
	Net income margin (%)	22.1%	24.1%	11.6%		
	Net income- Owners of the parent	27,719	25,831	7,724	7.3%	259.0%
	EPS(NT\$)	17.57	16.38	4.92		

Note1: Sums may not equal totals due to rounding.

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