

MediaTek Inc. Reports Fourth-Quarter and Full-Year 2021 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

- 4Q21 consolidated revenue of NT\$128,654 million, down 1.8% from previous quarter and up 33.5% year-over-year
- 4Q21 consolidated gross margin of 49.6%, up 2.9 percentage points from previous quarter and up 5.1 percentage points year-over-year
- 4Q21 consolidated operating income of NT\$29,721 million, up 1.5% from previous quarter and up 93.3% year-over-year
- 4Q21 consolidated net income of NT\$30,148 million; EPS of NT\$18.99
- 2021 consolidated revenue of NT\$493,415 million, up 53.2% year-over-year, reaching record high
- 2021 consolidated gross margin of 46.9%, up 3 percentage points year-over-year; consolidated operating income of NT\$108,040 million, up 150% year-over-year; EPS of NT\$70.56, reaching record high

Consolidated Revenue

MediaTek Inc. today announced financial results of fourth-quarter ended December 31, 2021. The fourth-quarter revenue was NT\$128,654 million, down 1.8% sequentially and up 33.5% year-over-year. The slight quarter-over-quarter decrease was mainly due to smartphone product mix changes. The year-over-year increase was mainly benefitted from product specifications upgrade or higher demand across major products. Annual revenue totaled NT\$493,415 million, up 53.2% year-over-year.

Consolidated Gross Profit and Gross Margin

The fourth-quarter gross profit was NT\$63,830 million, up 4.3% sequentially and up 48.9% year-over-year. Gross margin for the quarter was 49.6%, up 2.9 percentage points sequentially and up 5.1 percentage points year-over-year. The quarter-over-quarter and year-over-year increases in gross margins were mainly due to better product mix.

Gross profit for the year was NT\$231,605 million (gross margin: 46.9%), up 63.6% year-over-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.

Consolidated Operating Expenses

Operating expenses for the quarter was NT\$34,109 million (26.5% of revenue), compared with NT\$31,929 million (24.4% of revenue) in the previous quarter and NT\$27,491 million (28.5% 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.

Operating expenses for the quarter included:

- R&D expenses of NT\$26,411 million (20.5% of revenue), increased from NT\$24,364 million in the previous quarter and increased from NT\$22,025 million in the same period last year.
- Selling expenses of NT\$4,843 million (3.8% of revenue), decreased from NT\$5,076 million in the previous quarter and increased from NT\$3,713 million in the same period last year.
- Administration expenses of NT\$2,855 million (2.2% of revenue), increased from NT\$2,489 million in the previous quarter and increased from NT\$1,753 million in the same period last year.

Full-year 2021 operating expense was NT\$123,564 million (25.0% of revenue), increased 25.7% year-over-year.

Consolidated Operating Income and Operating Margin

Operating income for the quarter was NT\$29,721 million, up 1.5% sequentially and up 93.3% year-over-year. Operating margin for the quarter was 23.1%, increased from 22.3% in the previous quarter and increased from 15.9% in the year-ago quarter.

Operating income for the year was NT\$108,040 million (operating margin: 21.9%), up 150% year-over-year.

Consolidated Non-operating Income (loss) and Income Tax

Non-operating income for the quarter was NT\$4,278 million, or 3.3% of revenue. It was mainly from interest income and dividend income. Income tax expense for the quarter was NT\$3,852 million.

Non-operating income for the year was NT\$18,812 million, compared with NT\$4,363 million last year.

Consolidated Net Income, Net Profit Margin and EPS

Net income for the quarter was NT\$30,148 million, up 6.3% sequentially and up 101.6% year-over-year. Net profit margin for the quarter was 23.4%, increased from 21.6% in the previous quarter and increased from 15.5% in the year-ago quarter. EPS was NT\$18.99, up from NT\$17.92 in the prior quarter and NT\$9.35 in the year-ago quarter. The quarter-over-quarter increases in net income, net profit margin and EPS were mainly due to higher 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.

Full-year 2021 net income was NT\$111,873 million, up 170% year-over-year. Accumulated EPS was NT\$70.56 for the year, compared with NT\$26.01 last year.

Consolidated Cash and Financial Assets-Current

Cash and financial assets-current at the end of the quarter was NT204,764million. This represents 31% of the company's total assets. Cash and financial assets-current was NT\$187,344 million and NT\$210,113 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\$58,660 million. The accounts receivable turnover was 41 days based on quarterly average net receivables divided by annualized net revenue. The turnover was higher 36 days in the last quarter and 34 days in the year-ago quarter.

Consolidated Inventory

Net inventory at the end of the quarter was NT\$73,271 million. The inventory turnover was 100 days based on quarterly average inventory divided by annualized cost of goods sold, compare with 86 days in the last quarter and 59 days in the year-ago quarter. The higher turnover was mainly due to longer lead-time for advanced nodes.

Consolidated Cash Flow from Operations

Net cash provided by operating activities during the quarter was NT\$24,737 million, compared with net cash used in operating activities of NT\$4,323 million in the prior quarter and net cash provided by operating activities of NT\$38,611 million in the year-ago quarter.

Earnings Webcast

MediaTek will hold a public webcast today (January 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:

Thursday, January 27, 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: 331261#

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)	4Q21	3Q21	4Q20	Q-Q	Y-Y
Net Sales	128,654	131,074	96,405	(1.8%)	33.5%
Operating costs	(64,824)	(69,858)	(53,542)		
Gross profit	63,830	61,216	42,863	4.3%	48.9%
Selling expenses	(4,843)	(5,076)	(3,713)		
Administration expenses	(2,855)	(2,489)	(1,753)		
R&D expenses	(26,411)	(24,364)	(22,025)		
Operating expenses	(34,109)	(31,929)	(27,491)		
Operating income	29,721	29,287	15,373	1.5%	93.3%
Net non-operating income	4,278	2,903	1,519		
Net income before income tax	33,999	32,190	16,891		
Income tax expense	(3,852)	(3,829)	(1,934)		
Net income	30,148	28,361	14,957	6.3%	101.6%
Owners of the parent	30,051	28,287	14,746	6.2%	103.8%
Non-controlling interests	97	74	211		
EPS attributable to the parent(NT\$)	18.99	17.92	9.35		

Note: Sums may not equal totals due to rounding.

MediaTek Inc. Consolidated Income Statement (Percentage of Revenue)

	4Q21	3Q21	4Q20
Gross profit	49.6%	46.7%	44.5%
Selling expenses	(3.8%)	(3.9%)	(3.9%)
Administration expenses	(2.2%)	(1.9%)	(1.8%)
R&D expenses	(20.5%)	(18.6%)	(22.8%)
Operating income	23.1%	22.3%	15.9%
Non-operating income	3.3%	2.2%	1.6%
Income tax expense	(3.0%)	(2.9%)	(2.0%)
Net income	23.4%	21.6%	15.5%

Note: Sums may not equal totals due to rounding.

MediaTek Inc. Consolidated Income Statement (Unaudited)

(In NT\$ millions, except EPS)	2021	2020	Y-Y
Net Sales	493,415	322,146	53.2%
Operating costs	(261,810)	(180,610)	
Gross profit	231,605	141,536	63.6%
Selling expenses	(17,196)	(13,647)	
Administration expenses	(10,287)	(7,344)	
R&D expenses	(96,081)	(77,325)	
Operating expenses	(123,564)	(98,316)	
Operating income	108,040	43,219	150.0%
Net non-operating income	18,812	4,363	
Net income before income tax	126,852	47,583	
Income tax expense	(14,980)	(6,144)	
Net income	111,873	41,439	170.0%
Owners of the parent	111,421	40,917	172.3%
Non-controlling interests	451	522	
EPS attributable to the parent(NT\$)	70.56	26.01	

Note: Sums may not equal totals due to rounding.

MediaTek Inc. Consolidated Income Statement (Percentage of Revenue)

	2021	2020
Gross profit	46.9%	43.9%
Selling expenses	(3.5%)	(4.2%)
Administration expenses	(2.1%)	(2.3%)
R&D expenses	(19.5%)	(24.0%)
Operating income	21.9%	13.4%
Non-operating income	3.8%	1.4%
Income tax expense	(3.0%)	(1.9%)
Net income	22.7%	12.9%

Note: Sums may not equal totals due to rounding.

MediaTek Inc. Consolidated Balance Sheet (Unaudited)

(In NT\$ millions)	4Q21	3Q21	4Q20
Cash & financial assets-current	204,764	187,344	210,113
Accounts receivable	58,660	55,717	33,133
Inventories	73,271	68,793	37,677
Other current assets	10,171	10,031	10,939
Funds and investments	128,123	122,654	116,767
Intangible assets	73,526	74,661	76,272
Other non-current assets	112,363	89,274	49,006
Total assets	660,877	608,475	533,906
Short-term loans	51,267	50,449	21,471
Accounts payable	43,504	45,581	34,470
Other current liabilities	116,335	97,548	87,857
Total non-current liabilities	16,123	15,834	15,023
Total equity	433,648	399,063	375,084

Note: Sums may not equal totals due to rounding.

MediaTek Inc. Consolidated Cash Flow Summary (Unaudited)

(In NT\$ millions)	4Q21	3Q21	4Q20
Net cash provided by (used in) operating activities	24,737	(4,323)	38,611
Net cash provided by (used in) investing activities	(9,100)	(10,872)	(2,782)
Net cash provided by (used in) financing activities	1,144	(35,835)	(9,540)
Effect of changes in exchange rate on cash and cash equivalents	(1,314)	56	(1,065)
Net increase (decrease) in cash and cash equivalents	15,467	(50,974)	25,224
Cash and cash equivalents at the end of the period	183,705	168,238	196,580

Note: Sums may not equal totals due to rounding.

【Supplemental Information】

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

(In NT\$ millions)

		4Q21	3Q21	4Q20	Q-Q	Y-Y
TIFRS	Operating income	29,721	29,287	15,373	1.5%	93.3%
	Operating income margin(%)	23.1%	22.3%	15.9%		
Reconciliations	Share-based compensation	1,066	453	384		
	Amortization of acquisition related assets	136	136	340		
Non-TIFRS	Operating income	30,923	29,876	16,097	3.5%	92.1%
	Operating income margin (%)	24.0%	22.8%	16.7%		

TIFRS	Net income	30,148	28,361	14,957	6.3%	101.6%
	Net income margin(%)	23.4%	21.6%	15.5%		
	Net income- Owners of the parent	30,051	28,287	14,746	6.2%	103.8%
	EPS(NT\$)	18.99	17.92	9.35		
Reconciliations	Share-based compensation	1,066	453	384		
	Amortization of acquisition related assets	136	136	340		
	Tax effect	(170)	(86)	(127)		
Non-TIFRS	Net income	31,179	28,865	15,554	8.0%	100.5%
	Net income margin (%)	24.2%	22.0%	16.1%		
	Net income- Owners of the parent	31,072	28,784	15,343	7.9%	102.5%
	EPS(NT\$)	19.63	18.23	9.73		

Note1: Sums may not equal totals due to rounding.

Note2: 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. Earnings distribution is made in accordance with financial statements based on TIFRS.

【Supplemental Information】

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

(In NT\$ millions)

		2021	2020	Y-Y
TIFRS	Operating income	108,040	43,219	150.0%
	Operating income margin(%)	21.9%	13.4%	
Reconciliations	Share-based compensation	1,757	1,283	
	Amortization of acquisition related assets	606	1,549	
Non-TIFRS	Operating income	110,403	46,051	139.7%
	Operating income margin (%)	22.4%	14.3%	

TIFRS	Net income	111,873	41,439	170.0%
	Net income margin(%)	22.7%	12.9%	
	Net income- Owners of the parent	111,421	40,917	172.3%
	EPS(NT\$)	70.56	26.01	
Reconciliations	Share-based compensation	1,757	1,283	
	Amortization of acquisition related assets	606	1,549	
	Tax effect	(353)	(470)	
Non-TIFRS	Net income	113,882	43,800	160.0%
	Net income margin (%)	23.1%	13.6%	
	Net income- Owners of the parent	113,400	43,292	161.9%
	EPS(NT\$)	71.81	27.52	

Note1: Sums may not equal totals due to rounding.

Note2: 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. Earnings distribution is made in accordance with financial statements based on TIFRS.