



Faraday Reports Second Quarter 2024 Results

Revenue for 2Q24 was NT\$2,649 Million with a Basic EPS of NT\$1.00

Secured New Advanced Process ASIC Projects, NRE Continues to Set New Record High

Second Quarter 2024 Highlights ^[1]

- Revenue of NT\$2,649 million (US\$82.8 million)
- Gross margin was 47.1%
- Net income attributed to stockholders of the parent was NT\$261 million (US\$8.2 million)
- Earnings per share of NT\$1.00

<Hsinchu, Taiwan – Jul. 30th, 2024> Faraday Technology Corporation (“Faraday” or the “Company”) (TWSE: 3035), a leading fabless ASIC service and silicon IP provider, today announced its consolidated financial results for the second quarter of 2024. Second quarter consolidated revenue was NT\$2,649 million, up by 3% QoQ and down by 9% YoY, with gross margin of 47.1%. Net income attributed to stockholders of the parent was NT\$261 million, with a basic EPS of NT\$1.00.

Looking back at the second quarter, the three main product categories all exhibited growth compared to the previous quarter. IP revenue was NT\$345 million, increasing by 5% QoQ and 1% YoY. NRE revenue reached NT\$645 million, increasing by 3% QoQ and 32% YoY, setting a new quarterly record high. Mass production revenue was NT\$1,659 million, increasing by 2% QoQ and decreasing by 21% YoY. The inventory adjustment for ASIC customers is nearing completion, which will gradually restore momentum post-adjustment. The demand for MCU also grew compared to the previous quarter, driving mass production revenue growth. Gross margin, influenced by the product mix, increased by 0.6 percentage points from the previous quarter to 47.1%, but operating expenses increased by 12% QoQ, resulting in a decline in operating margin to 9.7%. Basic earnings per share was NT\$1.00. In the first half of the year, the Company completed several strategic initiatives, including acquisitions, capital increases, and strategic investments, laying a solid foundation for long-term development. Despite the impact of inventory adjustments on mass production this year, the Company continues to invest in design environments, design resources, and partnerships to meet the growing demand for advanced processes and advanced packaging. Additionally, the Company joined Intel Foundry Accelerator Design Services Alliance in the second quarter, and this

collaboration aims to meet customer needs for advanced applications while expanding the Company's addressable market in advanced processes, bringing in a new wave of ASIC opportunities. During this quarter, rapid expansion in advanced processes and recognition from customers led to the successful achievements of several international customers' advanced process ASIC projects, contributing to a record-high NRE revenue for a single quarter. The performance of advanced process business in the first half of the year was outstanding, with the total design win order amount in the first half of the year already surpassing that of the entire previous year. Customers have been continuously showing immense interest in Faraday's advanced process ASIC, thereby significantly boosting the number of cooking projects in advanced processes and advanced packaging, accelerating the Company's growth trajectory in securing advanced process ASIC projects.

Looking ahead to third quarter, consolidated revenue is expected to grow compared to previous quarter, with all three product categories showing an upward trend. Both IP and NRE are anticipated to reach new quarterly record highs. Faraday's future growth will be driven by advanced process and advanced packaging. In advanced process, the Company will not only provide SoC design but also extend the value chain by offering advanced packaging or design support according to customer needs, thereby enhancing value. In advanced packaging, the Company's unique vertical disintegration business model provides customers with a comprehensive one-stop shopping service, particularly in securing strategic materials. The Company will continue to elevate design value, enlarge revenue contribution from advanced packaging, and expand advanced process ASIC opportunities, maximizing the Company's core values.

[1] Unless otherwise stated, all financial figures discussed in this announcement are prepared in accordance with Taiwan-International Financial Report Standards (TIFRSs). They represent comparisons among the three-month period ended June 30, 2024, the three-month period ended March 31, 2024, and the equivalent three-month period that ended June 30, 2023. For all 2Q24 results, New Taiwan Dollar (NT\$) amounts have been converted into U.S. dollars at the exchange rate of NT\$31.99 to one U.S. dollar.

Summary of Operating Results

Operating Results

(Amount: NT\$ million)	2Q24	1Q24	QoQ% change	2Q23	YoY% change
Revenues	2,649	2,579	2.7	2,917	-9.2
Gross profit	1,249	1,200	4.1	1,271	-1.7
Operation expenses	(992)	(883)	12.3	(851)	16.6
Operating income	257	317	-18.9	420	-38.9
Non-operating items	83	38	112.4	95	-12.9
Net income attributed to stockholders of the parent	261	280	-6.9	414	-36.9
EPS (NTD)	1.00	1.13		1.66	

Detailed Financials Section

COGS & Expenses & Non-Operating Items

(Amount: NT\$ million)	2Q24	1Q24	QoQ% change	2Q23	YoY% change
Revenues	2,649	2,579	2.7	2,917	-9.2
Operating costs	(1,400)	(1,379)	1.5	(1,646)	-15.0
Gross profit	1,249	1,200	4.1	1,271	-1.7
Gross margin (%)	47.1%	46.5%		43.6%	
Operating expenses	(992)	(883)	12.3	(851)	16.6
Operating income	257	317	-18.9	420	-38.9
Operating margin (%)	9.7%	12.3%		14.4%	
Non-operating items	83	38	112.4	95	-12.9

Current Assets

(Amount: NT\$ million)	As of		
	Jun 30, 2024	Mar 31, 2024	Jun 30, 2023
Cash and cash equivalents	9,900	9,940	6,392
Notes and accounts receivable, net	1,088	886	1,315
A/R Turnover Days	46	43	39
Inventories, net	929	956	1,766
Inventory Turnover Days	69	71	126
Total current assets	12,401	12,639	9,844

Liabilities

(Amount: NT\$ million)	As of		
	Jun 30, 2024	Mar 31, 2024	Jun 30, 2023
Total current liabilities	4,468	3,507	4,601
Notes and accounts payable	1,268	1,094	1,159
Others	3,200	2,413	3,442
Non-current liabilities	697	694	324
Total liabilities	5,165	4,201	4,925
Liabilities to equity	39.3%	30.1%	55.0%

Analysis of Revenues

NRE Revenues Breakdown by Application

Application	2Q24	1Q24	2Q23
Communication	8.9%	31.1%	29.9%
Industrial	58.1%	39.5%	39.8%
MM/Con/PC	2.5%	3.5%	11.1%
AIoT	30.5%	25.9%	19.2%

NRE Revenues Breakdown by Geometry

Geometry	2Q24	1Q24	2Q23
$\geq 0.25\mu\text{m}$	0.2%	-	0.8%
0.11 μm ~0.18 μm	15.4%	5.5%	12.5%
55nm~90nm	9.2%	6.8%	10.2%
40nm	11.3%	19.4%	44.4%
$\leq 28\text{nm}$	63.9%	68.3%	32.1%

MP Revenues Breakdown by Application

Application	2Q24	1Q24	2Q23
Communication	8.8%	4.4%	11.0%
Industrial	26.1%	38.1%	45.5%
MM/Con/PC	11.5%	10.0%	9.5%
AIoT	53.6%	47.5%	34.0%

MP Revenues Breakdown by Geometry

Geometry	2Q24	1Q24	2Q23
$\geq 0.25\mu\text{m}$	1.1%	0.3%	1.2%
0.11 μm ~0.18 μm	10.6%	27.0%	25.5%
55nm~90nm	58.1%	46.5%	45.4%
40nm	17.3%	15.6%	14.6%
$\leq 28\text{nm}$	12.9%	10.6%	13.3%

Total Revenues Breakdown by Billing Method

Billing	2Q24	1Q24	2Q23
MP	62.6%	62.9%	71.5%
NRE	24.4%	24.3%	16.8%
IP	13.0%	12.8%	11.7%

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About Faraday Technology Corporation

Faraday Technology Corporation (TWSE: 3035) is dedicated to the mission of benefiting humanity and upholding sustainable values in every IC it handles. The company offers a comprehensive range of ASIC solutions, including total 2.5D/3D IC packaging, Arm Neoverse CSS design, FPGA-Go-ASIC, and design implementation services. Furthermore, its extensive silicon IP portfolio encompasses a wide array of offerings, such as I/O, Cell Library, Memory Compiler, ARM-compliant CPUs, LPDDR4/4X, DDR4/3, MIPI D-PHY, V-by-One, USB 3.1/2.0, 10/100/Giga Ethernet, SATA3/2, PCIe Gen4/3, and SerDes. For further information, visit www.faraday-tech.com or follow Faraday on [LinkedIn](#).