



Faraday Reports Third Quarter 2021 Revenues at NT\$2,218 Million, Up 31% QoQ Operating Income Reaches Record High at NT\$449 Million with EPS NT\$1.31

Third Quarter 2021 Highlights^[1]

- Revenues were NT\$2,218 million (US\$79.8 million)
- Gross margin was 51.6%
- Net income attributed to stockholders of the parent was NT\$326.8 million (US\$11.8 million)
- Earnings per share of NT\$1.31

<Hsinchu, Taiwan – Oct. 26, 2021> 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 third quarter of 2021. Third quarter consolidated revenues were NT\$2,217.8 million, up by 31% QoQ and 49% YoY, with gross margin of 51.6%. Net income attributed to stockholders of the parent was NT\$326.8 million, with a basic EPS of NT\$1.31.

Looking back to the third quarter, the Company’s revenues increased significantly by 31% QoQ to NT\$2,217.8 million, the highest in the past nine years since 2012, resulting in the consecutive growth for three quarters this year in revenues, operating income and net income. In terms of profitability, operating income for the quarter was NT\$449.5 million, an increase of 104% QoQ and 493% YoY, reached the historical high thanks to continued optimization on product mix. Net income was NT\$388.8 million, increased by 102% QoQ and 549% YoY with an EPS of NT\$1.31. Gross margin of the third quarter increased 1.9 percentage points from last quarter and 4.6 percentage points from the same period last year to 51.6% while operating margin rose to 20.3%, with an increase of 7.2 percentage points from last quarter, reflecting previous endeavors made by the Company. In terms of sales mix, IP sales increased 2% QoQ to NT\$266.1 million while NRE sales declined 22% QoQ to NT\$305.9 million caused by delay of milestone recognition, but the target of setting a new high for NRE this year remained unchanged. Sales of mass production with strong demand performed best and grew 59% QoQ to NT\$1.6 billion. With continued contribution from new projects in the third quarter, the Company’s mass production increased incrementally, coupled with continued optimization on product mix, resulting in the structural change on its mass production.

Looking into the fourth quarter, ASIC demand is expected to increase gradually with continued shipments of new projects, hoping to drive the Company’s business growth this year. Faraday, with focus on niche applications, has longtime work on custom IC and works closely with customers to offer customized solutions through proprietary business model and service platform, aiming to strengthen its operation and laying the foundation for the Company’s long-term development by optimizing its application, customer portfolio and technology.

[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 September 30, 2021, the three-month period ended June 30, 2021, and the equivalent three-month period that ended September 30, 2020. For all 3Q21 results, New Taiwan Dollar (NT\$) amounts have been converted into U.S. dollars at the exchange rate of NT\$27.795 to one U.S. dollar.

Summary of Operating Results

Operating Results

(Amount: NT\$ million)	3Q21	2Q21	QoQ% change	3Q20	YoY% change
Revenues	2,218	1,688	31.4	1,493	48.5
Gross profit	1,144	838	36.5	701	63.2
Operation expenses	(695)	(618)	12.5	(625)	11.1
Operating income	449	221	103.7	76	493.3
Non-operating items	4	4	(11.1)	5	(21.2)
Net income attributed to stockholders of the parent	327	181	81.0	62	425.5
EPS (NTD)	1.31	0.73		0.25	

Detailed Financials Section

COGS & Expenses & Non-Operating Items

(Amount: NT\$ million)	3Q21	2Q21	QoQ% change	3Q20	YoY% change
Revenues	2,218	1,688	31.4	1,493	48.5
Operating costs	(1,074)	(850)	26.4	(792)	35.5
Gross profit	1,144	838	36.5	701	63.2
Gross margin (%)	51.6%	49.7%		47.0%	
Operating expenses	(695)	(618)	12.5	(625)	11.1
Operating income	449	221	103.7	76	493.3
Operating margin (%)	20.3%	13.1%		5.1%	
Non-operating items	4	4	(11.1)	5	(21.2)

Current Assets

(Amount: NT\$ million)	As of		
	Sep 30, 2021	Jun 30, 2021	Sep 30, 2020
Cash and cash equivalents	4,279	3,793	2,845
Notes and accounts receivable, net	787	785	890
A/R Turnover Days	37	42	59
Inventories, net	1,005	786	693
Inventory Turnover Days	76	72	85
Total current assets	6,537	5,731	5,007

Liabilities

(Amount: NT\$ million)	As of		
	Sep 30, 2021	Jun 30, 2021	Sep 30, 2020
Total current liabilities	2,979	2,194	1,849
Notes and accounts payable	1,136	980	1,155
Others	1,843	1,214	694
Non-current liabilities	402	273	294
Total liabilities	3,381	2,467	2,143
Liabilities to equity	44.8%	35.0%	37.9%

Analysis of Revenues

NRE Revenues Breakdown by Application

Application	3Q21	2Q21	3Q20
Communication	47.6%	56.0%	56.1%
Industrial	15.7%	12.0%	20.4%
MM/Con/PC	10.8%	9.2%	11.9%
AIoT	25.9%	22.8%	11.6%

NRE Revenues Breakdown by Geometry

Geometry	3Q21	2Q21	3Q20
$\geq 0.25\mu\text{m}$	-	0.3%	-
0.11 μm ~0.18 μm	9.8%	2.9%	14.3%
55nm~90nm	13.8%	5.5%	6.6%
40nm	19.2%	26.5%	39.9%
$\leq 28\text{nm}$	57.2%	64.8%	39.2%

MP Revenues Breakdown by Application

Application	3Q21	2Q21	3Q20
Communication	10.8%	16.0%	37.7%
Industrial	32.7%	32.5%	22.5%
MM/Con/PC	25.0%	24.6%	21.0%
AIoT	31.5%	26.9%	18.8%

MP Revenues Breakdown by Geometry

Geometry	3Q21	2Q21	3Q20
$\geq 0.25\mu\text{m}$	1.4%	2.8%	3.9%
0.11 μm ~0.18 μm	30.3%	25.5%	53.0%
55nm~90nm	41.1%	39.0%	30.3%
40nm	24.6%	30.4%	11.6%
$\leq 28\text{nm}$	2.6%	2.3%	1.2%

Total Revenues Breakdown by Billing Method

Billing	3Q21	2Q21	3Q20
MP	74.2%	61.2%	70.0%
NRE	13.8%	23.3%	16.1%
IP	12.0%	15.5%	13.9%

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About Faraday Technology Corporation

Faraday Technology Corporation (TWSE: 3035) is a leading ASIC design service and IP provider, certificated to ISO 9001 and ISO 26262. The broad silicon IP portfolio includes 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 Ethernet, Giga Ethernet, SATA3/2, PCIe Gen4/3, and 28G programmable SerDes, etc. Headquartered in Taiwan, Faraday has service and support offices around the world, including the U.S., Japan and China. For more information, visit www.faraday-tech.com or follow Faraday on [LinkedIn](#).