



Faraday Reports Third Quarter 2022 Results

Revenue Was NT\$3,244 Million, Up 46% YoY; EPS Grew 83% YoY to NT\$2.41
First 9 Months Revenue Was NT\$9,815 Million, Breaking Yearly Sales Record

Third Quarter 2022 Highlights^[1]

- Revenue was NT\$3,244 million (US\$108.6 million)
- Gross margin was 48.6%
- Net income attributed to stockholders of the parent was NT\$599 million (US\$20.1 million)
- Earnings per share of NT\$2.41

<Hsinchu, Taiwan – Oct. 25, 2022> 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 2022. Third quarter consolidated revenue was NT\$3,244 million, down by 4% QoQ and up by 46% YoY, with gross margin of 48.6% and operating margin of 21.9%. Net income attributed to stockholders of the parent was NT\$599 million, with a basic EPS of NT\$2.41.

Looking back to the third quarter, revenue was down 4% QoQ and up 46% YoY to NT\$3,244 million mainly due to demand slowdown in mass production business while gross margin was 48.6%, thanks to mix improvement. Operating income down 14% QoQ and up 58% YoY to NT\$710 million with operating margin of 21.9%. Net income attributed to stockholders of the parent was NT\$599 million, down 9% QoQ and up 83% YoY, with an EPS of NT\$2.41. In terms of product mix, all product segments delivered YoY growth this quarter. IP revenue was NT\$380 million, up 20% QoQ and 43% YoY, hitting quarterly record. NRE revenue was down 5% QoQ and up 37% YoY to NT\$420 million due to the timing of milestone recognition. Mass production was down 6% QoQ and up 49% YoY to NT\$2,444. The Company achieved several milestones in the first nine months this year: 2022 revenue was NT\$9,815 million surpassed its yearly sales record in nine months; mass production showed significant growth and reached NT\$7,552 million, breaking its yearly record in the Company’s history.

Looking into the fourth quarter, revenue is expected to continue to grow despite of cyclical fluctuations while annual revenue to reach a new high backed by record sales of IP, NRE and mass production businesses. Faraday has long focused on applications with high volume especially in energy management, production efficiency, green energy and life quality, while growing the penetration rate in each application and customer to strengthen its ASIC production business, resulting in the countercyclical business operation this year. Going forward, the Company will target the segments with high profitability through new business models, aiming to amplify its corporate 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 September 30, 2022, the three-month period ended June 30, 2022, and the equivalent three-month period that ended September 30, 2021. For all 3Q22 results, New Taiwan Dollar (NT\$) amounts have been converted into U.S. dollars at the exchange rate of NT\$29.87 to one U.S. dollar.

Summary of Operating Results

Operating Results

(Amount: NT\$ million)	3Q22	2Q22	QoQ% change	3Q21	YoY% change
Revenues	3,244	3,365	(3.6)	2,218	46.3
Gross profit	1,576	1,660	(5.0)	1,144	37.7
Operation expenses	(866)	(835)	3.7	(695)	24.6
Operating income	710	825	(13.9)	449	57.9
Non-operating items	49	15	229.6	4	1202.2
Net income attributed to stockholders of the parent	599	661	(9.4)	327	83.3
EPS (NTD)	2.41	2.66		1.31	

Detailed Financials Section

COGS & Expenses & Non-Operating Items

(Amount: NT\$ million)	3Q22	2Q22	QoQ% change	3Q21	YoY% change
Revenues	3,244	3,365	(3.6)	2,218	46.3
Operating costs	(1,668)	(1,705)	(2.2)	(1,074)	55.4
Gross profit	1,576	1,660	(5.0)	1,144	37.7
Gross margin (%)	48.6%	49.3%		51.6%	
Operating expenses	(886)	(835)	3.7	(695)	24.6
Operating income	710	825	(13.9)	449	57.9
Operating margin (%)	21.9%	24.5%		20.3%	
Non-operating items	49	15	229.6	4	1,202.2

Current Assets

(Amount: NT\$ million)	As of		
	Sep 30, 2022	Jun 30, 2022	Sep 30, 2021
Cash and cash equivalents	5,293	5,475	4,279
Notes and accounts receivable, net	1,332	1,468	787
A/R Turnover Days	32	33	37
Inventories, net	3,203	2,366	1,005
Inventory Turnover Days	124	101	76
Total current assets	10,374	9,960	6,537

Liabilities

(Amount: NT\$ million)	As of		
	Sep 30, 2022	Jun 30, 2022	Sep 30, 2021
Total current liabilities	5,094	5,340	2,979
Notes and accounts payable	1,980	1,510	1,136
Others	3,114	3,830	1,843
Non-current liabilities	392	373	402
Total liabilities	5,486	5,713	3,381
Liabilities to equity	66.0%	73.4%	44.8%

Analysis of Revenues

NRE Revenues Breakdown by Application

Application	3Q22	2Q22	3Q21
Communication	30.9%	64.7%	47.6%
Industrial	7.6%	14.8%	15.7%
MM/Con/PC	10.7%	13.0%	10.8%
AIoT	50.8%	7.5%	25.9%

NRE Revenues Breakdown by Geometry

Geometry	3Q22	2Q22	3Q21
$\geq 0.25\mu\text{m}$	0.5%	0.3%	-
0.11 μm ~0.18 μm	18.0%	2.4%	9.8%
55nm~90nm	14.1%	5.4%	13.8%
40nm	6.5%	38.6%	19.2%
$\leq 28\text{nm}$	60.9%	53.3%	57.2%

MP Revenues Breakdown by Application

Application	3Q22	2Q22	3Q21
Communication	13.0%	10.3%	10.8%
Industrial	39.8%	36.0%	32.7%
MM/Con/PC	12.3%	13.0%	25.0%
AIoT	34.9%	40.7%	31.5%

MP Revenues Breakdown by Geometry

Geometry	3Q22	2Q22	3Q21
$\geq 0.25\mu\text{m}$	2.2%	2.4%	1.4%
0.11 μm ~0.18 μm	26.5%	25.0%	30.3%
55nm~90nm	36.6%	41.0%	41.1%
40nm	23.0%	22.4%	24.6%
$\leq 28\text{nm}$	11.7%	9.2%	2.6%

Total Revenues Breakdown by Billing Method

Billing	3Q22	2Q22	3Q21
MP	75.4%	77.4%	74.2%
NRE	12.9%	13.1%	13.8%
IP	11.7%	9.5%	12.0%

Contact

Grace Tseng
CFO & Spokesperson
+886-3-5787888

Samantha Lu
IR Manager
+886-3-5787888 ext. 84588
ir@faraday-tech.com

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](#).