



## Faraday Investor Conference

### Faraday Reports Third Quarter 2023 Results

Revenue was NT\$2,962 Million with a Reported EPS of NT\$1.42

Facilitating Advanced Packaging Business and Securing International ASIC Project Design Wins

#### Third Quarter 2023 Highlights<sup>[1]</sup>

- Revenue of NT\$2,962 million (US\$94.3 million)
- Gross margin was 43.2%
- Net income attributed to stockholders of the parent was NT\$354 million (US\$11.3 million)
- Earnings per share of NT\$1.42

<Hsinchu, Taiwan – Oct. 24th, 2023> 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 2023. Third quarter consolidated revenue was NT\$2,962 million, up by 2% QoQ and down by 9% YoY, with gross margin of 43.2%. Net income attributed to stockholders of the parent was NT\$354 million, with a basic EPS of NT\$1.42.

Looking back on the third quarter, the overall revenue increased by 2% reaching NT\$2,962 million, driven by growth in mass production. However, both IP and NRE revenues decreased for the quarter, with IP revenue reporting at NT\$330 million, a 4% decrease QoQ and 13% decrease YoY, and with NRE reporting at NT\$321 million, a 34% decrease QoQ and 23% decrease YoY. On the contrary, mass production revenue grew by 11% from the previous quarter reaching NT\$2,311 million. In terms of profitability, the third quarter’s gross margin outperformed expectations at 43.2%. Operating expenses maintained at a similar level to the previous quarter, resulting in a 2% growth in operating profit from the previous quarter, reaching NT\$428 million. Operating profit margin was 14.5%, with basic EPS declining by 14.5% compared to the previous quarter, amounting to NT\$1.42. Faraday continues to make progress in advanced processes and advanced packaging business, not only securing a 14nm AI ASIC project from an international client, but also actively expanded into advanced packaging (2.5D/3D packaging) by collaborating with clients on chiplet designs. In the third quarter, the company achieved further success by securing new advanced packaging projects from international clients, thereby expanding its value proposition.

Looking ahead to fourth quarter, revenues will decline as compared to previous quarter. While full-year revenue may experience a short-term decline due to impact from mass production, IP and NRE revenue is expected to remain strong, indicating positive business development for the Company. In the long-run, Faraday remains committed to long-term investment in IP research and SoC design, accumulating not only significant technical expertise but also reinforcing its

proficiency in front-end design. Faraday will continue to accelerate the ASIC projects expansion and design implementation service, and in regards to advanced packaging, Faraday's crucial positioning in the vertical disintegration supply chain allows it to leverage its hard and soft skills, which are robust supply chain management and research and development. By utilizing a flexible business model and diverse technology, the Company can offer clients a tailored "Faraday Total Advanced Packaging" solution to meet the diverse requirements of the advanced packaging market.

[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, 2023, the three-month period ended June 30, 2023, and the equivalent three-month period that ended September 30, 2022. For all 3Q23 results, New Taiwan Dollar (NT\$) amounts have been converted into U.S. dollars at the exchange rate of NT\$31.42 to one U.S. dollar.

## Summary of Operating Results

### Operating Results

(Amount: NT\$ million)	3Q23	2Q23	QoQ% change	3Q22	YoY% change
Revenues	2,962	2,917	1.6	3,244	-8.7
Gross profit	1,281	1,271	0.8	1,576	-18.7
Operation expenses	(853)	(851)	0.3	(866)	-1.5
Operating income	428	420	2.0	710	-39.6
Non-operating items	24	95	-74.7	49	-50.8
Net income attributed to stockholders of the parent	354	414	-14.5	599	-40.9
EPS (NTD)	1.42	1.66		2.41	

## Detailed Financials Section

### COGS & Expenses & Non-Operating Items

(Amount: NT\$ million)	3Q23	2Q23	QoQ% change	3Q22	YoY% change
Revenues	2,962	2,917	1.6	3,244	-8.7
Operating costs	(1,681)	(1,646)	2.1	(1,668)	0.8
Gross profit	1,281	1,271	0.8	1,576	-18.7
Gross margin (%)	43.2%	43.6%		48.6%	
Operating expenses	(853)	(851)	0.3	(886)	-1.5
Operating income	428	420	2.0	710	-39.6
Operating margin (%)	14.5%	14.4%		21.9%	
Non-operating items	24	95	-74.7	49	-50.8

### Current Assets

(Amount: NT\$ million)	As of		
	Sep 30, 2023	Jun 30, 2023	Sep 30, 2022
Cash and cash equivalents	5,544	6,392	5,293
Notes and accounts receivable, net	1,521	1,315	1,332
A/R Turnover Days	43	39	32
Inventories, net	1,640	1,766	3,203
Inventory Turnover Days	124	126	124
Total current assets	9,119	9,844	10,374

### Liabilities

(Amount: NT\$ million)	As of		
	Sep 30, 2023	Jun 30, 2023	Sep 30, 2022
Total current liabilities	3,770	4,601	5,094
Notes and accounts payable	1,378	1,159	1,980
Others	2,392	3,442	3,114
Non-current liabilities	370	324	392
Total liabilities	4,140	4,925	5,486
Liabilities to equity	44.4%	55.0%	66.0%

## Analysis of Revenues

### NRE Revenues Breakdown by Application

Application	3Q23	2Q23	3Q22
Communication	44.5%	29.9%	30.9%
Industrial	25.4%	39.8%	7.6%
MM/Con/PC	10.3%	11.1%	10.7%
AIoT	19.8%	19.2%	50.8%

### NRE Revenues Breakdown by Geometry

Geometry	3Q23	2Q23	3Q22
$\geq 0.25\mu\text{m}$	1.1%	0.8%	0.5%
0.11 $\mu\text{m}$ ~0.18 $\mu\text{m}$	8.9%	12.5%	18.0%
55nm~90nm	15.2%	10.2%	14.1%
40nm	20.6%	44.4%	6.5%
$\leq 28\text{nm}$	54.2%	32.1%	60.9%

### MP Revenues Breakdown by Application

Application	3Q23	2Q23	3Q22
Communication	8.1%	11.0%	13.0%
Industrial	52.8%	45.5%	39.8%
MM/Con/PC	7.7%	9.5%	12.3%
AIoT	31.4%	34.0%	34.9%

### MP Revenues Breakdown by Geometry

Geometry	3Q23	2Q23	3Q22
$\geq 0.25\mu\text{m}$	1.3%	1.2%	2.2%
0.11 $\mu\text{m}$ ~0.18 $\mu\text{m}$	36.4%	25.5%	26.5%
55nm~90nm	34.6%	45.4%	36.6%
40nm	15.0%	14.6%	23.0%
$\leq 28\text{nm}$	12.7%	13.3%	11.7%

### Total Revenues Breakdown by Billing Method

Billing	3Q23	2Q23	3Q22
MP	78.0%	71.5%	75.4%
NRE	10.9%	16.8%	12.9%
IP	11.1%	11.7%	11.7%

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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](http://www.faraday-tech.com) or follow Faraday on [LinkedIn](#).