

Contacts:

Grace Tseng
CFO & Spokesperson
+886-3-5787888

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

**Faraday Reports First Quarter 2020 Revenues at NT\$1,265 Million
ASIC Design Win Hits Record-High Quarterly Amounts in 1Q20**

First Quarter 2020 Highlights^[1]:

- Revenues were NT\$1,265 million (US\$42.2 million)
- Gross margin was 48.9%
- Net income attributed to stockholders of the parent was NT\$39 million (US\$1.3 million)
- Earnings per share of NT\$0.16

<Hsinchu, Taiwan – April 23, 2020> 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 first quarter of 2020. First quarter consolidated revenues were NT\$1,265 million, down by 9.8% quarter-over-quarter and up by 15.3% year-over-year, with gross margin of 48.9%. Net income attributed to stockholders of the parent was NT\$39 million, with a basic EPS of NT\$0.16.

In the first quarter, the Company’s operation was hampered by global social economic uncertainties and the COVID-19 pandemic, with revenues at NT\$1,265 million, a decline quarter-over-quarter but an increase year-over-year. From a product mix perspective, NRE revenues declined from the previous quarter due to the dynamic of design cycle and sales booking schedule of some projects. However, mass production, including the applications such as smartmeter and PoS, remained at the same level as the previous quarter. NRE revenues recognition was delayed due to prolonged Lunar New Year holidays and slow workforce resumption in China. Thus, the first quarter NRE sales were NT\$285 million, lower than the past quarter. Nevertheless, the Company continued to see a steady stream of ASIC design wins. The number of design wins remained robust, with the total order amounts at all-time high. Existing customers accounted for over 80% of total projects won and over 75% of the projects are Faraday’s superior applications such as data communication and AIoT. The robust customer demand was a result of ever expanding customer base and solid client relationships in China that allowed the Company to effectively manage risks and maintained growth momentum amidst global social economic uncertainties.

Looking into the second quarter, the overall operation is expected to grow consecutively. NRE sales will back on course with new design wins and sales of mass production is expected to show consecutive growth quarter-over-quarter. The Company will continue to pay close attention to the COVID-19 pandemic and global economic outlook in order to capture the applications with relatively stable demands, while continuing to focus on expanding niche applications.

^[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 Mar 31, 2020, the three-month period ended Dec 31, 2019, and the equivalent three-month period that ended Mar 31, 2019. For all 1Q20 results, New Taiwan Dollar (NT\$) amounts have been converted into U.S. dollars at the exchange rate of NT\$30.0056 to one U.S. dollar.

Summary of Operating Results

Operating Results					
(Amount: NT\$ million)	1Q20	4Q19	QoQ% change	1Q19	YoY% change
Net sales	1265	1402	(9.8)	1097	15.3
Gross profit	618	697	(11.2)	636	(2.8)
Operating expenses	(576)	(640)	(10.0)	(551)	4.6
Operating income	42	57	(25.2)	86	(50.4)
Non-operating income and expense	5	(2)	(299.7)	29	(84.1)
Net income attributed to stockholders of the parent	39	49	(20.0)	96	(59.1)
Earnings per share (NTD)	0.16	0.20		0.39	

Detailed Financials Section

COGS & Expenses & Non-Operating Income & Expenses					
(Amount: NT\$ million)	1Q20	4Q19	QoQ% change	1Q19	YoY% change
Net sales	1265	1402	(9.8)	1097	15.3
Operating costs	(647)	(705)	(8.3)	(461)	40.3
Gross profit	618	697	(11.2)	636	(2.8)
Gross margin (%)	48.9%	49.7%		58.0%	
Operating expenses	(576)	(640)	(10.0)	(551)	4.6
Operating income	42	57	(25.2)	86	(50.4)
Operating margin (%)	3.4%	4.1%		7.8%	
Non-operating income and expense	5	(2)	(299.7)	29	(84.1)

Current Assets			
(Amount: NT\$ million)	As of		
	Mar 31, 2020	Dec 31, 2019	Mar 31, 2019
Cash and cash equivalents	2769	2776	2460
Notes and accounts receivable, net	888	858	726
Days sales outstanding	61	60	67
Inventories, net	636	635	537
Days of inventory	90	90	112
Total current assets	4885	5023	4287

Liabilities			
(Amount: NT\$ million)	As of		
	Mar 31, 2020	Dec 31, 2019	Mar 31, 2019
Total current liabilities	1841	2079	1696
Notes and accounts payable	1104	1081	759
Others	737	998	939
Non-current liabilities	327	360	545
Total liabilities	2169	2439	2243
Liabilities to equity	41.9%	46.4%	45.3%

Analysis of Revenue

ASIC Revenue Breakdown by Geometry

Geometry	1Q19	4Q19	1Q20
≥ 0.25um	4.5%	2.2%	3.2%
0.11um~0.18um	39.8%	37.8%	45.7%
55nm~90nm	22.3%	21.3%	20.0%
40nm	22.4%	15.7%	15.3%
≤ 28nm	11.0%	23.0%	15.8%

ASIC Revenue Breakdown by Application

Application	1Q19	4Q19	1Q20
Communication	30.3%	19.7%	18.9%
Industrial	36.7%	31.6%	21.7%
MM/Con/PC	12.9%	12.1%	12.0%
AIoT	17.3%	32.2%	44.2%
Others	2.8%	4.4%	3.2%

Total Revenue Breakdown by Billing Method

Billing	1Q19	4Q19	1Q20
MP	52.4%	54.2%	60.5%
NRE	26.8%	30.2%	22.5%
IP	20.8%	15.6%	17.0%

About Faraday

Faraday Technology Corporation (TWSE: 3035) is a leading ASIC design service and IP provider, certified to ISO 9001 and ISO 26262. The broad silicon IP portfolio includes I/O, Cell Library, Memory Compiler, ARM-compliant CPUs, DDR2/3/4, low-power DDR1/2/3, MIPI, V-by-One, USB 2.0/3.1 Gen 1, 10/100/1000 Ethernet, Serial ATA, PCI Express, and 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