

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 2021 Revenues at NT\$1,535 Million
Operating Income Increased by Around 6 times to NT\$139 Million with an EPS of NT\$0.68
Revenues and Operating Income Both Reached Record High within the Same Period in the Past 6 Years

First Quarter 2021 Highlights^[1]:

- Revenues were NT\$1,535 million (US\$54.2 million)
 - Gross margin was 48.8%
 - Net income attributed to stockholders of the parent was NT\$170 million (US\$6.0 million)
 - Earnings per share of NT\$0.68
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<Hsinchu, Taiwan – April 27, 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 first quarter of 2021. First quarter consolidated revenues were NT\$1,535 million, up by 7.3% quarter-over-quarter and 21.3% year-over-year, with gross margin of 48.8%. Net income attributed to stockholders of the parent was NT\$170 million, with a basic EPS of NT\$0.68.

Looking back to the first quarter, the Company’s revenues increased significantly by 21.3% year-over-year to NT\$1,535 million, reaching the highest within the same period in the past six years. NRE sales grew 35.8% quarter-over-quarter to NT\$343 million including the networking and 5G related applications. IP business also performed well thanks to the Company’s continuous efforts, resulting in sales growth of around 25% quarter-over-quarter and year-over-year to NT\$268 million. Although sales of mass production declined 4.1% quarter-over-quarter to NT\$924 million given fewer working days, the growth trend for the whole year remained unchanged. The applications of mass production in the first quarter included automation, AIoT and Audio/Video. With the gradual ramp up of the new products, the sales contribution of new projects is expected to account for more than half of mass production sales in the first half of this year, resulting in better customer portfolio. With the strengthened customer base, mass production will be driven by more key customers and incremental growth. In terms of design win, the number of new project maintained at a high level in the first quarter. Faraday’s design win had continued improvements on technology process and design value which will be the main driver for NRE growth. With the prudent control on cost and operating expenses, the Company’s operating profit in the first quarter reached NT\$139 million. Revenues and operating profit in the first quarter both hit new high at the same period in past six years.

Looking into the second quarter, the upward trend of operation is confirmed as growth momentum for NRE is expected to continue and demand for new product of mass production is to be strengthened. With two growth engines firing up, the Company holds a positive view on revenue growth for the first half of this year.

^[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, 2021, the three-month period ended Dec 31, 2020, 2020, and the equivalent three-month period that ended Mar 31, 2020. For all 1Q21 results, New Taiwan Dollar (NT\$) amounts have been converted into U.S. dollars at the exchange rate of NT\$28.3011 to one U.S. dollar.

Summary of Operating Results

Operating Results					
(Amount: NT\$ million)	1Q21	4Q20	QoQ% change	1Q20	YoY% change
Net sales	1535	1430	7.3	1265	21.3
Gross profit	749	669	11.9	618	21.0
Operating expenses	(610)	(645)	(5.4)	(576)	5.9
Operating income	139	24	471.0	42	226.1
Non-operating income and expense	70	(3)	(2555.0)	5	1412.5
Net income attributed to stockholders of the parent	170	23	621.2	39	331.9
Earnings per share (NTD)	0.68	0.09		0.16	

Detailed Financials Section

COGS & Expenses & Non-Operating Income & Expenses					
(Amount: NT\$ million)	1Q21	4Q20	QoQ% change	1Q20	YoY% change
Net sales	1535	1430	7.3	1265	21.3
Operating costs	(786)	(761)	3.3	(647)	21.5
Gross profit	749	669	11.9	618	21.0
Gross margin (%)	48.8%	46.8%		48.9%	
Operating expenses	(610)	(645)	(5.4)	(576)	5.9
Operating income	139	24	471.0	42	226.1
Operating margin (%)	9.0%	1.7%		3.4%	
Non-operating income and expense	70	(3)	(2555.0)	5	1412.5

Current Assets			
(Amount: NT\$ million)	As of		
	Mar 31, 2021	Dec 31, 2020	Mar 31, 2020
Cash and cash equivalents	3692	3048	2769
Notes and accounts receivable, net	552	691	888
Days sales outstanding	40	49	61
Inventories, net	633	501	636
Days of inventory	74	71	90
Total current assets	5366	4702	4885

Liabilities			
(Amount: NT\$ million)	As of		
	Mar 31, 2021	Dec 31, 2020	Mar 31, 2020
Total current liabilities	2050	1614	1841
Notes and accounts payable	1044	645	1104
Others	1006	968	737
Non-current liabilities	277	245	327
Total liabilities	2327	1858	2169
Liabilities to equity	34.7%	29.3%	41.9%

Analysis of Revenue

ASIC Revenue Breakdown by Geometry

Geometry	1Q20	4Q20	1Q21
≥0.25um	3.2%	2.1%	1.6%
0.11um~0.18um	45.7%	26.1%	18.6%
55nm~90nm	20.0%	35.8%	30.0%
40nm	15.3%	25.7%	26.5%
≤28nm	15.8%	10.3%	23.3%

ASIC Revenue Breakdown by Application

Application	1Q20	4Q20	1Q21
Communication	18.9%	14.1%	22.1%
Industrial	21.7%	28.3%	27.7%
MM/Con/PC	12.0%	30.2%	25.3%
AIoT	44.2%	27.3%	21.4%
Others	3.2%	0.1%	3.5%

Total Revenue Breakdown by Billing Method

Billing	1Q20	4Q20	1Q21
MP	60.5%	67.4%	60.2%
NRE	22.5%	17.7%	22.4%
IP	17.0%	14.9%	17.4%

About Faraday

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.