

Global Unichip Corp. (GUC) Reports Financial Results for 2Q22

Hsinchu – July 28, 2022 -- Global Unichip Corporation (TAIEX: 3443) today announced consolidated net sales of NT\$5,381 million, income from operations of NT\$ 831 million, net income of NT\$ 761 million, and basic earnings per share of NT\$5.67 for the second quarter ended June 30, 2022.

Financial Summary

(In NT\$M except EPS and percentage)

	<u>2Q22</u>	<u>1Q22</u>	<u>QoQ</u>	<u>2Q21</u>	<u>YoY</u>
Net Sales	5,381	4,514	19%	3,301	63%
NRE	1,513	1,272	19%	1,074	41%
Turnkey	3,729	3,116	20%	2,130	75%
Others	139	126	10%	97	43%
Gross Profit	1,893	1,628	16%	1,051	80%
Gross Margin	35.2%	36.1%	--	31.8%	--
Operating Expense	1,062	995	7%	818	30%
Income from Operations	831	633	31%	233	257%
Operating Margin	15.4%	14.0%	--	7.1%	--
Net Income	761	545	40%	220	246%
Net Profit Margin	14.1%	12.1%	--	6.7%	--
EPS (NT\$)	5.67	4.07	40%	1.64	246%

Topics in This Report:

- Revenue Analysis
- Gross Margin Analysis
- Expense Analysis
- Net Profit & EPS
- Financial Condition Review
- Cash Flow Analysis

Financial Highlights: Second Quarter 2022

- Net Sales was NT\$5,381 million, which increased 19% compared to 1Q22 and also increased 63% from NT\$3,301 million in 2Q21.
- Since 1Q22, IP bundled in NRE contract is recognized as Others instead of NRE revenue, and the numbers above, for 2Q21, is adjusted following the same policy. In 2Q21, pure NRE revenue was NT\$ 1,513 million, increasing 19% QoQ and increasing 41% YoY. Turnkey revenue was NT\$3,729 million, increasing 20% QoQ and increasing 75% YoY, which is better than expectation.
- Gross Margin was 35.2%, which is 0.9 percentage points lower than 1Q22 but 3.4 percentage points higher than 2Q21.
- Operating Margin was 15.4%, up 1.4 percentage points from 1Q22 and 8.3 percentage points higher than 2Q21.
- Net Margin was 14.1%, up 2 percentage points compared with 1Q22 and 7.4 percentage points higher than 2Q21.
- EPS was NT\$5.67, which increased 40% compared to 1Q22 and also increased 246% from 2Q21, both are higher than the growth rate of revenue.

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Revenue Analysis

● By Segment

NRE by Technology	2Q22	1Q22	2Q21
	%	%	%
5nm & Below	5%	1%	2%
7nm	53%	32%	15%
16nm	26%	40%	53%
28nm & Above	16%	27%	30%
Total	100%	100%	100%

Turnkey by Technology	2Q22	1Q22	2Q21
	%	%	%
5nm & Below	0%	0%	0%
7nm	7%	16%	0%
16nm	31%	23%	20%
28nm & Above	62%	61%	80%
Total	100%	100%	100%

By segment, combined 16 nm and below accounted for 84% of total NRE (IP excluded) revenue in 2Q22, and % kept increasing compared with previous quarter and 2Q21. 5nm and below accounted for 5%.

In 2Q22, 16 nm and 7nm accounted for 38% of total Turnkey revenue. Revenue contribution from 7nm was 7% and there was no revenue contribution from 5nm yet.

● By Technology/Application/Region

Net Sales by Technology	2Q22	1Q22	2Q21
	%	%	%
5nm & Below	3%	1%	1%
7nm	20%	21%	6%
16nm	29%	28%	31%
28nm & Above	48%	50%	62%
Total	100%	100%	100%

Net Sales by Application	2Q22	1Q22	2Q21
	%	%	%
AI/ML	16%	16%	12%
Networking	23%	24%	28%
Digital Consumer	34%	34%	41%
Industry	18%	23%	13%
Others	9%	3%	6%
Total	100%	100%	100%

Net Sales by Reigon	2Q22	1Q22	2Q21
	%	%	%
Taiwan	19%	16%	21%
USA	19%	20%	23%
China	32%	48%	34%
Japan	12%	6%	8%
Korea	13%	6%	10%
Europe	5%	4%	4%
Total	100%	100%	100%

By technology, 16nm and below revenue contribution of total revenue in 2Q22 was 52%, including revenue from NRE and Turnkey business. 5nm and below accounted for 3% of total revenue in 2Q22, which kept increasing and all of it is from NRE revenue.

By application, major revenue contribution is still Digital Consumer, but the revenue contribution of AI/ML and Networking combined to be 39% , which is larger than revenue contribution of Digital Consumer.

From a geographic perspective, revenue from Taiwan, China and USA totally accounted for 70% in 2Q22. Japan and Korea market revenue contribution increased significantly in this quarter, the growth was contributed from NRE recognition and Turnkey revenue respectively.

Gross Margin Analysis

	2Q22		1Q22		2Q21	
	Amount	% of net sales	Amount	% of net sales	Amount	% of net sales
<i>\$M except percentages)</i>						
Cost of sales	3,488	64.8%	2,886	63.9%	2,250	68.2%
Gross profit	1,893	35.2%	1,628	36.1%	1,051	31.8%

Gross margin rate was 35.2% in 2Q22, decreasing compared with 36.1% in 1Q22 but increasing from 31.8% in 2Q21, which is due to different product mix.

Expenses Analysis

	2Q22		1Q22		2Q21	
	Amount	% of net sales	Amount	% of net sales	Amount	% of net sales
<i>\$M except percentages)</i>						
SG&A Exp	241	4.5%	178	3.9%	157	4.8%
R&D Exp	821	15.3%	817	18.1%	661	20.0%
Total operating expenses	1,062	19.8%	995	22.0%	818	24.8%

Total operating expenses in 2Q22 represented 19.8% of net sales, decreasing from 22.0% in 1Q22, which is because of higher revenue this quarter. From the perspective of dollar amount, operating expenses increased on QoQ basis in 2Q22 because of annual salary increase in every April.

Net Profit & EPS

	2Q22		1Q22		2Q21	
	Net Income	EPS (NT\$)	Net Income	EPS (NT\$)	Net Income	EPS (NT\$)
<i>(In NT\$M except EPS)</i>						
	761	5.67	545	4.07	220	1.64

Net income in 2Q22 was NT\$761 million and EPS was NT\$5.67, increasing 40% compared with 1Q22 and it also increased 246% on YoY basis.

Financial Condition Review

● Liquidity Analysis

	6,30,2022	3,31,2022	6,30,2021	Unit: NT\$M
Assets				
Cash and cash equivalents	4,770	5,523	4,531	
Accounts receivable, net	1,760	1,380	1,187	
Inventories	4,083	2,970	1,643	
Other current assets	3,220	3,458	3,047	
Total current assets	13,833	13,331	10,408	
Property, plant and equipment	645	603	646	
Other non-current assets	1,099	667	796	
Total assets	15,577	14,601	11,850	
Liabilities				
Current liabilities	9,340	8,383	7,043	
Non-current liabilities	593	389	477	
Total liabilities	9,933	8,772	7,520	
Equity				
Total equity	5,644	5,829	4,330	
Total liabilities and equity	15,577	14,601	11,850	
Net working capital (NT\$M)	4,493	4,948	3,365	
Current ratio(%)	148	159	148	

At the end of 2Q22, total assets were NT\$15,577 million and total liabilities were NT\$9,933 million. Both increased sequentially. This was mainly due to increase of both AR and AP around the end of second quarter.

Net working capital in 2Q22 was NT\$4,493 million and current ratio was 148%.

Days of A/R turnover and Inventory turnover in 1H22 were 32 days and 98 days, respectively. Main reason of inventory turnover days increase compared to 2021 is because of customized inventory increase at the end 2Q22 to meet market demand.

● Receivable and Inventory days

	6,30,2022	3,31,2022	6,30,2021
A/R turnover days	32	29	33
Inv. turnover days	98	91	68

Cash flow analysis

	2Q22	1Q22	2Q21	Unit: NT\$M
Cash flows from operating activities:	366	18	1,873	
Cash flows from investing activities:	(158)	(85)	(771)	
Cash flows from financing activities:	(956)	(17)	(684)	
Effect of exchange rate changes on cash and cash equivalents	(5)	20	(7)	
Net increase (decrease) in cash and cash equivalents	(753)	(64)	411	
Cash and cash equivalents, beginning of period	5,523	5,587	4,120	
Cash and cash equivalents, end of period	4,770	5,523	4,531	

Net cash generated in operating activities was NT\$366 million in 2Q22, which was contributed to cash-based profit in 2Q22. Net cash spent in investing activities was NT\$158 million in 2Q22, which was mainly due to acquisitions of equipment and intangible asset. Financing activities spent cash of NT\$956 million during this quarter because of distribution of cash dividend.



The Advanced ASIC Leader

July 28, 2022

GLOBAL UNICHIP CORP. (GUC) is the Advanced ASIC Leader™ whose customers target IC devices to leading edge computing, communications, and consumer applications. Based in Hsin-chu, Taiwan GUC has developed a global reputation with a presence in China, Europe, Japan, Korea, and North America. GUC is publicly traded on the Taiwan Stock Exchange under the symbol 3443. For more information, please visit GUC's company website ([http:// www.guc-asic.com](http://www.guc-asic.com)) for details.

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