

## Global Unichip Corp. (GUC) Reports Financial Results for 4Q22

Hsinchu – Feb 2, 2023 -- Global Unichip Corporation (TAIEX: 3443) today announced consolidated net sales of NT\$8,083 million, income from operations of NT\$ 1,488 million, net income of NT\$ 1,346 million, and basic earnings per share of NT\$10.05 for the fourth quarter ended Dec 31, 2022.

### Financial Summary

(In NT\$M except EPS and percentage)

|                        | 4Q22  | 3Q22  | QoQ  | 4Q21  | YoY  |
|------------------------|-------|-------|------|-------|------|
| Net Sales              | 8,083 | 6,062 | 33%  | 4,910 | 65%  |
| NRE                    | 2,370 | 1,158 | 105% | 1,451 | 63%  |
| Turnkey                | 5,330 | 4,705 | 13%  | 3,324 | 60%  |
| Others                 | 383   | 199   | 92%  | 135   | 184% |
| Gross Profit           | 2,700 | 2,114 | 28%  | 1,615 | 67%  |
| Gross Margin           | 33.4% | 34.9% | --   | 32.9% | --   |
| Operating Expense      | 1,212 | 967   | 25%  | 1,014 | 20%  |
| Income from Operations | 1,488 | 1,147 | 30%  | 601   | 148% |
| Operating Margin       | 18.4% | 18.9% | --   | 12.2% | --   |
| Net Income             | 1,346 | 1,058 | 27%  | 515   | 161% |
| Net Profit Margin      | 16.7% | 17.5% | --   | 10.5% | --   |
| EPS (NT\$)             | 10.05 | 7.90  | 27%  | 3.85  | 161% |

#### Topics in This Report:

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

#### Financial Highlights:

##### Fourth Quarter 2022

- Net Sales was NT\$8,083 million, which increased 33% compared to 3Q22 and also increased 65% from NT\$4,910 million in 4Q21.
- Since 1Q22, IP bundled in NRE contract is recognized as Others instead of NRE revenue. In 4Q22, pure NRE revenue was NT\$ 2,370 million, increasing 105% QoQ and also increasing 63% YoY. Turnkey revenue was NT\$5,330 million, increasing 13% QoQ and increasing 60% YoY, which is better than expectation.
- Gross Margin was 33.4%, which is 1.5 percentage points lower than 3Q22 but 0.5 percentage points higher than 4Q21.
- Operating Margin was 18.4%, down 0.5 percentage points from 3Q22 but 6.2 percentage points higher than 4Q21.
- Net Margin was 16.7%, down 0.8 percentage points compared with 3Q22 but 6.2 percentage points higher than 4Q21.
- EPS was NT\$10.05, which increased 27% compared to 3Q22 and also increased 161% from 4Q21.

##### Full Year 2022

- Net Sales was NT\$24,040 million, increasing 59% compared to 2021. Record high.
- NRE revenue increased 38%. Turnkey revenue increased 67%. Both are record high.
- Gross Margin was 34.7%, 0.1 percentage points higher than 2021. Record high.
- Net Margin was 15.4%, 5.7 percentage points higher than 2021. Record high.

#### CONTACT

Asia Lin  
Acting Spokesperson  
Global Unichip Corp.  
Tel: 886-3-5646600# 6868  
Email: [asialin@guc-asic.com](mailto:asialin@guc-asic.com)

Daniel Chien  
Spokesperson:  
Global Unichip Corp.

## Revenue Analysis

### ● By Segment

| NRE<br>by Technology | 4Q22 | 3Q22 | 4Q21 |
|----------------------|------|------|------|
|                      | %    | %    | %    |
| 5nm & Below          | 23%  | 5%   | 1%   |
| 7nm                  | 49%  | 15%  | 33%  |
| 16nm                 | 12%  | 35%  | 40%  |
| 28nm & Above         | 16%  | 45%  | 26%  |
| Total                | 100% | 100% | 100% |

  

| Turnkey<br>by Technology | 4Q22 | 3Q22 | 4Q21 |
|--------------------------|------|------|------|
|                          | %    | %    | %    |
| 5nm & Below              | 0%   | 0%   | 0%   |
| 7nm                      | 7%   | 4%   | 26%  |
| 16nm                     | 41%  | 44%  | 21%  |
| 28nm & Above             | 52%  | 52%  | 53%  |
| Total                    | 100% | 100% | 100% |

By segment, combined 16 nm and below accounted for 84% of total NRE (IP excluded) revenue in 4Q22, and 76% in Y2022, which kept increasing compared to Y2021. And 5nm & below accounted for 23% in 4Q22, and 11% in Y2022.

In 4Q22, 7nm accounted for 7% of total Turnkey revenue and 8% in Y2022. There was no Turnkey revenue contribution from 5nm yet.

### ● By Technology/Application/Region

| Net Sales<br>by Technology | 4Q22 | 3Q22 | 4Q21 |
|----------------------------|------|------|------|
|                            | %    | %    | %    |
| 5nm & Below                | 10%  | 1%   | 0%   |
| 7nm                        | 19%  | 7%   | 28%  |
| 16nm                       | 31%  | 41%  | 27%  |
| 28nm & Above               | 40%  | 51%  | 45%  |
| Total                      | 100% | 100% | 100% |

  

| Net Sales<br>by Application | 4Q22 | 3Q22 | 4Q21 |
|-----------------------------|------|------|------|
|                             | %    | %    | %    |
| AI/ML                       | 10%  | 7%   | 28%  |
| Networking                  | 17%  | 27%  | 24%  |
| Digital Consumer            | 46%  | 46%  | 31%  |
| Industry                    | 14%  | 15%  | 14%  |
| Others                      | 13%  | 5%   | 3%   |
| Total                       | 100% | 100% | 100% |

  

| Net Sales<br>by Reigon | 4Q22 | 3Q22 | 4Q21 |
|------------------------|------|------|------|
|                        | %    | %    | %    |
| Taiwan                 | 15%  | 17%  | 16%  |
| USA                    | 28%  | 21%  | 21%  |
| China                  | 31%  | 32%  | 47%  |
| Japan                  | 6%   | 8%   | 6%   |
| Korea                  | 18%  | 18%  | 3%   |
| Europe                 | 2%   | 4%   | 7%   |
| Total                  | 100% | 100% | 100% |

By technology, 16nm and below revenue contribution of total revenue in 4Q22 was 60%, and 54% in Y2022, including revenue from NRE and Turnkey business. 5nm & below accounted for 10% of total revenue in 4Q22 and 4% in Y2022, and all of it is from NRE revenue.

By application, major revenue contribution is still Digital Consumer in 4Q22, which majorly contributing from Turnkey revenue in this segment. The revenue contribution of AI/ML and Networking combined to be 27%, which both are also very important target markets for GUC.

From a geographic perspective, revenue from Taiwan, China and USA totally accounted for 74% in 4Q22. China market revenue contribution in Y2022 is 33%, decreasing from 37% in Y2021. USA market revenue contribution increased significantly in this quarter, and the growth was contributed from NRE revenue increase.

## Gross Margin Analysis

|                                | 4Q22   |                | 3Q22   |                | 4Q21   |                |
|--------------------------------|--------|----------------|--------|----------------|--------|----------------|
|                                | Amount | % of net sales | Amount | % of net sales | Amount | % of net sales |
|                                |        |                |        |                |        |                |
| <i>\$M except percentages)</i> |        |                |        |                |        |                |
| Cost of sales                  | 5,383  | 66.6%          | 3,948  | 65.1%          | 3,295  | 67.1%          |
| Gross profit                   | 2,700  | 33.4%          | 2,114  | 34.9%          | 1,615  | 32.9%          |

Gross margin rate was 33.4% in 4Q22, decreasing compared with 34.9% in 3Q22 but increasing from 32.9% in 4Q21, which is due to different product mix.

## Expenses Analysis

|                                | 4Q22   |                | 3Q22   |                | 4Q21   |                |
|--------------------------------|--------|----------------|--------|----------------|--------|----------------|
|                                | Amount | % of net sales | Amount | % of net sales | Amount | % of net sales |
|                                |        |                |        |                |        |                |
| <i>\$M except percentages)</i> |        |                |        |                |        |                |
| SG&A Exp                       | 289    | 3.6%           | 238    | 4.0%           | 248    | 5.1%           |
| R&D Exp                        | 923    | 11.4%          | 729    | 12.0%          | 766    | 15.6%          |
| Total operating expenses       | 1,212  | 15.0%          | 967    | 16.0%          | 1,014  | 20.7%          |

Total operating expenses in 4Q22 represented 15.0% of net sales, decreasing from 16.0% in 3Q22, which is because of higher revenue this quarter. From the perspective of dollar amount, operating expenses increased 25.3% on QoQ basis in 4Q22, which is because of higher employee bonus accrued following higher net profit this quarter.

## Net Profit & EPS

|                              | 4Q22       |            | 3Q22       |            | 4Q21       |            |
|------------------------------|------------|------------|------------|------------|------------|------------|
|                              | Net Income | EPS (NT\$) | Net Income | EPS (NT\$) | Net Income | EPS (NT\$) |
|                              |            |            |            |            |            |            |
| <i>(In NT\$M except EPS)</i> |            |            |            |            |            |            |
|                              | 1,346      | 10.05      | 1,058      | 7.90       | 515        | 3.85       |

Net income in 4Q22 was NT\$1,346 million and EPS was NT\$10.05, increasing 27% compared with 3Q22 and it also increased 161% on YoY basis.

## Financial Condition Review

## ● Liquidity Analysis

Unit: NT\$M

|                               | 12,31,2022 | 9,30,2022 | 12,31,2021 |
|-------------------------------|------------|-----------|------------|
| <b>Assets</b>                 |            |           |            |
| Cash and cash equivalents     | 5,849      | 5,128     | 5,587      |
| Accounts receivable, net      | 3,000      | 2,433     | 1,513      |
| Inventories                   | 6,563      | 4,838     | 2,789      |
| Other current assets          | 4,146      | 3,790     | 3,739      |
| Total current assets          | 19,558     | 16,189    | 13,628     |
| Property, plant and equipment | 646        | 682       | 564        |
| Other non-current assets      | 984        | 1,057     | 666        |
| Total assets                  | 21,188     | 17,928    | 14,858     |
| <b>Liabilities</b>            |            |           |            |
| Current liabilities           | 12,598     | 10,615    | 9,203      |
| Non-current liabilities       | 528        | 596       | 392        |
| Total liabilities             | 13,126     | 11,211    | 9,595      |
| <b>Equity</b>                 |            |           |            |
| Total equity                  | 8,061      | 6,718     | 5,263      |
| Total liabilities and equity  | 21,188     | 17,928    | 14,858     |
| Net working capital (NT\$M)   | 6,960      | 5,575     | 4,425      |
| Current ratio(%)              | 155        | 153       | 148        |

At the end of 4Q22, total assets were NT\$21,188 million and total liabilities were NT\$13,126 million. Both increased sequentially. This was mainly due to increase of Inventory, cash and AR around the end of the fourth quarter.

Net working capital in 4Q22 was NT\$6,960 million and current ratio was 155%.

Days of A/R turnover and Inventory turnover in 2022 were 34 days and 109 days, respectively. Main reason of inventory turnover days increase compared to 2021 is because of customized inventory increase at the end 4Q22 to meet market demand.

## ● Receivable and Inventory days

|                    | 12,31,2022 | 9,30,2022 | 12,31,2021 |
|--------------------|------------|-----------|------------|
| A/R turnover days  | 34         | 34        | 32         |
| Inv. turnover days | 109        | 101       | 82         |

## Cash flow analysis

Unit: NT\$M

|  | 4Q22  | 3Q22  | 4Q21  |
|--|-------|-------|-------|
| Cash flows from operating activities:                        | 772   | 438   | 1,383 |
| Cash flows from investing activities:                        | (26)  | (77)  | (154) |
| Cash flows from financing activities:                        | (17)  | (17)  | (17)  |
| Effect of exchange rate changes on cash and cash equivalents | (8)   | 14    | 0     |
| Net increase (decrease) in cash and cash equivalents         | 721   | 358   | 1,212 |
| Cash and cash equivalents, beginning of period               | 5,128 | 4,770 | 4,375 |
| Cash and cash equivalents, end of period                     | 5,849 | 5,128 | 5,587 |

Net cash generated in operating activities was NT\$772 million in 4Q22, which was contributed to 4Q22 profit. Net cash spent in investing activities was NT\$26 million in 4Q22, which was mainly due to acquisitions of equipment and intangible asset. Financing activities spent cash of NT\$17 million during this quarter.



The Advanced ASIC Leader

Feb 2, 2023

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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