

Global Unichip Corp. (GUC) Reports Financial Results for 3Q23

Hsinchu – Oct 26, 2023 -- Global Unichip Corporation (TAIEX: 3443) today announced consolidated net sales of NT\$6,810 million, income from operations of NT\$ 1,101 million, net income of NT\$ 1,023 million, and basic earnings per share of NT\$7.63 for the third quarter ended Sept 30, 2023.

Financial Summary

<i>(In NT\$M except EPS and percentage)</i>	<u>3Q23</u>	<u>2Q23</u>	<u>QoQ</u>	<u>3Q22</u>	<u>YoY</u>
Net Sales	6,810	6,587	3%	6,062	12%
NRE	2,317	1,266	83%	1,181	96%
Turnkey	4,446	5,168	-14%	4,705	-6%
Others	47	153	-69%	176	-73%
Gross Profit	2,173	1,919	13%	2,114	3%
Gross Margin	31.9%	29.1%	--	34.9%	--
Operating Expense	1,072	981	9%	967	11%
Income from Operations	1,101	938	17%	1,147	-4%
Operating Margin	16.2%	14.2%	--	18.9%	--
Net Income	1,023	839	22%	1,058	-3%
Net Profit Margin	15.0%	12.7%	--	17.5%	--
EPS (NT\$)	7.63	6.26	22%	7.90	-3%

Topics in This Report:

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

Financial Highlights: Third Quarter 2023

- Net Sales was NT\$6,810 million, which increased 3% compared to 2Q23 and increased 12% from 3Q22.
- In 3Q23, NRE revenue was NT\$ 2,317 million, increasing 83% QoQ and increasing 96% YoY. Turnkey revenue was NT\$4,446 million, decreasing 14% QoQ and decreasing 6% YoY.
- Gross Margin was 31.9%, which is 2.8 percentage points higher than 2Q23 and 3.0 percentage points lower than 3Q22.
- Operating Margin was 16.2%, increasing 2.0 percentage points from 2Q23 but 2.7 percentage points lower than 3Q22.
- Net Margin was 15.0%, 2.3 percentage points higher than 2Q23 but 2.5 percentage points lower than 3Q22.
- EPS was NT\$7.63, which increased 22% compared to 2Q23 but decreased 3% from 3Q22.

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Revenue Analysis

● By Segment

NRE by Technology	3Q23	2Q23	3Q22
	%	%	%
5nm & Below	52%	18%	6%
7nm	17%	38%	15%
16nm	16%	19%	34%
28nm & Above	15%	25%	45%
Total	100%	100%	100%

Turnkey by Technology	3Q23	2Q23	3Q22
	%	%	%
5nm & Below	0%	0%	0%
7nm	28%	25%	4%
16nm	30%	37%	44%
28nm & Above	42%	38%	52%
Total	100%	100%	100%

By segment, combined 16 nm and below accounted for 85% of total NRE revenue in 3Q23 and 5nm & below accounted for 52% in 3Q23, more than 50% of total NRE revenue, which increased significantly because of NRE revenue recognition of Bitcoin projects.

In 3Q23, 7nm accounted for 28% of total Turnkey revenue, which kept increasing both on QoQ and YoY basis. There was no Turnkey revenue contribution from 5nm & below yet.

By technology, 16nm and below revenue contribution of total revenue in 3Q23 was 68%. 5nm & below accounted for 18% of total revenue and all of it is from NRE revenue.

By application, major revenue contribution is still Digital Consumer in 3Q23, which majorly contributing from Turnkey revenue in this segment. The revenue contribution of AI/ML and Networking combined to be 25%, which both are also very important target markets for GUC. Revenue contribution of Others increased significantly because of NRE revenue recognition of Bitcoin projects.

From a geographic perspective, revenue from Taiwan, China and USA totally accounted for 69% in 3Q23. China market revenue contribution is 31%. USA market revenue contribution increased significantly in this quarter, and the growth was contributed from NRE revenue recognition of Bitcoin projects.

● By Technology/Application/Region

Net Sales by Technology	3Q23	2Q23	3Q22
	%	%	%
5nm & Below	18%	3%	1%
7nm	24%	27%	7%
16nm	26%	34%	41%
28nm & Above	32%	36%	51%
Total	100%	100%	100%

Net Sales by Application	3Q23	2Q23	3Q22
	%	%	%
AI/ML	5%	4%	7%
Networking	20%	23%	27%
Digital Consumer	40%	55%	46%
Industry	9%	12%	15%
Others	26%	6%	5%
Total	100%	100%	100%

Net Sales by Reigon	3Q23	2Q23	3Q22
	%	%	%
Taiwan	8%	10%	17%
USA	30%	20%	21%
China	31%	29%	32%
Japan	7%	9%	8%
Korea	20%	30%	18%
Europe	4%	2%	4%
Total	100%	100%	100%

Gross Margin Analysis

(In NT\$M except percentages)	3Q23		2Q23		3Q22	
	Amount	% of	Amount	% of	Amount	% of
		net sales		net sales		net sales
Cost of sales	4,637	68.1%	4,668	70.9%	3,948	65.1%
Gross profit	2,173	31.9%	1,919	29.1%	2,114	34.9%

Gross margin rate was 31.9% in 3Q23, increasing compared with 29.1% in 2Q23 but decreasing from 34.9% in 3Q22, which is due to different product mix.

Expenses Analysis

(In NT\$M except percentages)	3Q23		2Q23		3Q22	
	Amount	% of	Amount	% of	Amount	% of
		net sales		net sales		net sales
SG&A Exp	242	3.5%	231	3.5%	238	3.9%
R&D Exp	830	12.2%	750	11.4%	729	12.0%
Total operating expenses	1,072	15.7%	981	14.9%	967	16.0%

Total operating expenses in 3Q23 represented 15.7% of net sales. From the perspective of dollar amount, operating expenses increased on single digit percentage compared to previous quarter and low double digit on YoY basis.

Net Profit & EPS

(In NT\$M except EPS)	3Q23		2Q23		3Q22	
	Net	EPS	Net	EPS	Net	EPS
	Income	(NT\$)	Income	(NT\$)	Income	(NT\$)
	1,023	7.63	839	6.26	1,058	7.90

Net income in 3Q23 was NT\$1,023 million and EPS was NT\$7.63, increasing 22% compared with 2Q23 but decreasing 3% on YoY basis.

Financial Condition Review

● Liquidity Analysis

	Unit: NT\$M		
	9,30,2023	6,30,2023	9,30,2022
Assets			
Cash and cash equivalents	6,372	4,670	5,128
Accounts receivable, net	2,040	2,923	2,433
Inventories	5,364	6,753	4,838
Other current assets	3,948	3,419	3,790
Total current assets	17,724	17,765	16,189
Property, plant and equipment	589	603	682
Other non-current assets	870	947	1,057
Total assets	19,183	19,315	17,928
Liabilities			
Current liabilities	9,779	10,937	10,615
Non-current liabilities	416	440	596
Total liabilities	10,195	11,377	11,211
Equity			
Total equity	8,988	7,938	6,718
Total liabilities and equity	19,183	19,315	17,928
Net working capital (NT\$M)	7,945	6,828	5,574
Current ratio(%)	181	162	153

At the end of 3Q23, total assets were NT\$19,183 million and total liabilities were NT\$10,195 million. Both decreased compared to previous quarter. In this quarter, AR and inventory both decreased sequentially, which contributed to higher current ratio and net working capital.

Days of A/R turnover and Inventory turnover in three quarters of 2023 were 35 days and 119 days, respectively. Both decreased compared to first half of 2023.

● Receivable and Inventory days

	9,30,2023	6,30,2023	9,30,2022
A/R turnover days	35	41	34
Inv. turnover days	119	133	101

Cash flow analysis

	Unit: NT\$M		
	3Q23	2Q23	3Q22
Cash flows from operating activities:	1,742	866	438
Cash flows from investing activities:	(46)	(173)	(77)
Cash flows from financing activities:	(20)	(1,896)	(17)
Effect of exchange rate changes on cash and cash equivalents	26	(19)	14
Net increase (decrease) in cash and cash equivalents	1,702	(1,222)	358
Cash and cash equivalents, beginning of period	4,670	5,892	4,770
Cash and cash equivalents, end of period	6,372	4,670	5,128

Net cash generated in operating activities was NT\$1,742 million in 3Q23. Net cash spent in investing activities was NT\$46 million in 3Q23, which was mainly due to acquisitions of equipment and intangible asset. Financing activities spent cash of NT\$20 million during this quarter.



The Advanced ASIC Leader

Oct 26, 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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