

Global Unichip Corp. (GUC) Reports Financial Results for 1Q22

Hsinchu – Apr 28, 2022 -- Global Unichip Corporation (TAIEX: 3443) today announced consolidated net sales of NT\$4,514 million, income from operations of NT\$ 633 million, net income of NT\$ 545 million, and basic earnings per share of NT\$4.07 for the first quarter ended March 31, 2022.

Financial Summary

(In NT\$M except EPS and percentage)

	1Q22	4Q21	QoQ	1Q21	YoY
Net Sales	4,514	4,910	-8%	3,312	36%
NRE	1,272	1,451	-12%	1,210	5%
Turnkey	3,116	3,324	-6%	2,034	53%
Others	126	135	-7%	68	85%
Gross Profit	1,628	1,615	1%	1,143	42%
Gross Margin	36.1%	32.9%	--	34.5%	--
Operating Expense	995	1014	-2%	789	26%
Income from Operations	633	601	5%	354	79%
Operating Margin	14.0%	12.2%	--	10.7%	--
Net Income	545	515	6%	308	77%
Net Profit Margin	12.1%	10.5%	--	9.3%	--
EPS (NT\$)	4.07	3.85	6%	2.30	77%

Topics in This Report:

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

Financial Highlights: First Quarter 2021

- Net Sales was NT\$4,514 million, which decreased 8% compared to 4Q21 but increased 36% from NT\$3,312 million in 1Q21.
- Since 1Q22, IP bundled in NRE contract is recognized as Others instead of NRE revenue, and the numbers above, for 4Q21 and 1Q21 are adjusted following the same policy. In 1Q21, pure NRE revenue was NT\$ 1,272 million, decreased 12% QoQ but increased 5% YoY. Turnkey revenue was NT\$3,116 million, decreased 6% QoQ but increased 53% YoY.
- Gross Margin was 36.1%, which is 3.2 percentage points higher than 4Q21 and 1.6 percentage points higher than 1Q21.
- Operating Margin was 14.0%, up 1.8 percentage points from 4Q21 and 3.3 percentage points higher than 1Q21.
- Net Margin was 12.1%, up 1.6 percentage points compared with 4Q21 and 2.8 percentage points higher than 1Q21.
- EPS was NT\$4.07, which increased 6% compared to 4Q21 and also increased 77% from 1Q21.

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Revenue Analysis

● By Segment

NRE by Technology	1Q22	4Q21	1Q21
	%	%	%
7nm & Below	33%	34%	42%
16nm	40%	40%	37%
28nm	17%	11%	10%
40nm & Above	10%	15%	11%
Total	100%	100%	100%

Turnkey by Technology	1Q22	4Q21	1Q21
	%	%	%
7nm & Below	16%	27%	0%
16nm	23%	21%	17%
28nm	22%	17%	22%
40nm & Above	39%	35%	61%
Total	100%	100%	100%

By segment, combined 28 nm and below accounted for 90% of total NRE (IP excluded) revenue in 1Q22, and 7nm and below accounted for 33%.

For Turnkey revenue, Advanced technologies (28nm and below) revenue contribution was 61% in 1Q22, and revenue contribution from 7nm was 16%.

● By Technology/Application/Region

Net Sales by Technology	1Q22	4Q21	1Q21
	%	%	%
7nm & Below	21%	28%	15%
16nm	28%	27%	25%
28nm	21%	16%	18%
40nm & Above	30%	29%	42%
Total	100%	100%	100%

Net Sales by Application	1Q22	4Q21	1Q21
	%	%	%
AI/ML	16%	28%	4%
Networking	24%	24%	24%
Digital Consumer	34%	31%	47%
Industry	23%	14%	11%
Others	3%	3%	14%
Total	100%	100%	100%

Net Sales by Reigon	1Q22	4Q21	1Q21
	%	%	%
Taiwan	16%	16%	17%
USA	20%	21%	23%
China	48%	47%	22%
Japan	6%	6%	18%
Korea	6%	3%	15%
Europe	4%	7%	5%
Total	100%	100%	100%

By technology, 7nm and below revenue contribution of total revenue in 1Q22 was 21%, including revenue from NRE and Turnkey business. Advanced technologies (28nm and below) accounted for 70% of total revenue in 1Q22.

By application, major revenue contribution is still Digital Consumer, but the revenue contribution of AI/ML and Networking increased significantly in 1Q22 compared with 1Q21, and combined contribution is 40% of total revenue.

From a geographic perspective, revenue from China and USA totally accounted for 68% in 1Q22. And China market revenue contribution increased significantly in this quarter on YoY basis, which was contributed from several China customers.

Gross Margin Analysis

	1Q22		4Q21		1Q21	
	Amount	% of	Amount	% of	Amount	% of
		net sales		net sales		net sales
<i>\$M except percentages)</i>						
Cost of sales	2,886	63.9%	3,295	67.1%	2,169	65.5%
Gross profit	1,628	36.1%	1,615	32.9%	1,143	34.5%

Gross margin rate was 36.1% in 1Q22, both increasing on QoQ and YoY basis, which is due to higher GP(%) of both NRE and Turnkey revenue recognized in this quarter.

Expenses Analysis

	1Q22		4Q21		1Q21	
	Amount	% of	Amount	% of	Amount	% of
		net sales		net sales		net sales
<i>\$M except percentages)</i>						
SG&A Exp	178	3.9%	248	5.1%	140	4.2%
R&D Exp	817	18.1%	766	15.6%	649	19.6%
Total operating expenses	995	22.0%	1,014	20.7%	789	23.8%

Total operating expenses in 1Q22 represented 22.0% of net sales, increasing from 20.7% in 4Q21, which is because of lower revenue this quarter. From the perspective of dollar amount, operating expenses decreased on QoQ basis in 1Q22.

Net Profit & EPS

	1Q22		4Q21		1Q21	
	Net	EPS	Net	EPS	Net	EPS
	Income	(NT\$)	Income	(NT\$)	Income	(NT\$)
<i>(In NT\$M except EPS)</i>						
	545	4.07	515	3.85	308	2.30

Net income in 1Q22 was NT\$545 million and EPS was NT\$4.07, increasing 6% compared with 4Q21 and it also increased 77% on YoY basis.

Financial Condition Review

● Liquidity Analysis

	3,31,2022	12,31,2021	3,31,2021
Unit: NT\$M			
Assets			
Cash and cash equivalents	5,523	5,587	4,120
Accounts receivable, net	1,380	1,513	1,128
Inventories	2,970	2,789	1,319
Other current assets	3,458	3,739	2,397
Total current assets	13,331	13,628	8,964
Property, plant and equipment	603	564	718
Other non-current assets	667	666	796
Total assets	14,601	14,858	10,478
Liabilities			
Current liabilities	8,383	9,203	5,237
Non-current liabilities	389	392	453
Total liabilities	8,772	9,595	5,690
Equity			
Total equity	5,829	5,263	4,788
Total liabilities and equity	14,601	14,858	10,478
Net working capital (NT\$M)	4,948	4,425	3,727
Current ratio(%)	159	148	171

At the end of 1Q22, total assets were NT\$14,601 million and total liabilities were NT\$8,772 million. Both decreased sequentially. This was mainly due to decrease of contract liability and other current assets (prepayment).

Net working capital in 1Q22 was NT\$4,948 million and current ratio was 159%, both improving compared with end of 4Q21.

Days of A/R turnover and Inventory turnover in 1Q22 were 29 days and 91 days, respectively. Main reason of inventory turnover days increase compared to 2021 is because of inventory increase at the end 1Q22 to meet market demand.

● Receivable and Inventory days

	3,31,2022	12,31,2021	3,31,2021
A/R turnover days	29	32	32
Inv. turnover days	91	82	63

Cash flow analysis

	Unit: NT\$M		
	1Q22	4Q21	1Q21
Cash flows from operating activities:	18	1,383	1,046
Cash flows from investing activities:	(85)	(154)	(801)
Cash flows from financing activities:	(17)	(17)	(15)
Effect of exchange rate changes on cash and cash equivalents	20	0	(6)
Net increase (decrease) in cash and cash equivalents	(64)	1,212	224
Cash and cash equivalents, beginning of period	5,587	4,375	3,897
Cash and cash equivalents, end of period	5,523	5,587	4,120

Net cash generated in operating activities was only NT\$18 million in 1Q22, which was because of decrease of contract liability and AP in 1Q22. Net cash spent in investing activities was NT\$85 million in 1Q22, which was mainly due to acquisitions of intangible asset. Financing activities spent cash of NT\$17 million during this quarter.



The Advanced ASIC Leader

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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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