

# **Unizyx Holding Corporation(3704)**

## **2021 Fourth Quarter**

## **Earnings Conference**

**March 24, 2022**

# Safe Harbor Notice

- **The statements contains historical information and forward-looking statements.**
- **Such forward-looking statements involve unknown risks and uncertainties , which may cause the actual performance, financial condition or results of forecast of Unizyx Holding Corporation to be materially different from any future performance, financial condition or results of operations implied by such forward-looking statements.**

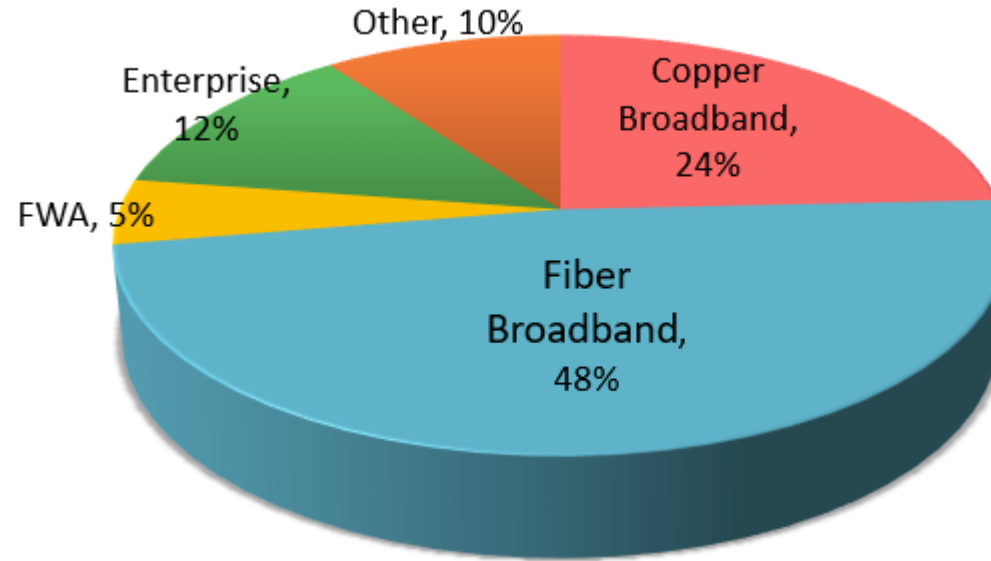
# 21Q4 Statements of Comprehensive Income

Unit: NT\$ Million	<u>21Q4</u>	<u>%</u>	<u>21Q3</u>	<u>%</u>	<u>20Q4</u>	<u>%</u>	<u>QoQ%</u>	<u>YoY%</u>
Net Sales	6,396	100.0%	6,325	100.0%	7,149	100.0%	1.1%	-10.5%
Cost of Goods Sold	4,895	76.5%	4,522	71.5%	5,239	73.3%	8.3%	-6.6%
<b>Gross Profit</b>	<b>1,501</b>	<b>23.5%</b>	<b>1,803</b>	<b>28.5%</b>	<b>1,911</b>	<b>26.7%</b>	<b>-16.7%</b>	<b>-21.4%</b>
Operating Expenses	1,296	20.3%	1,147	18.1%	1,330	18.6%	12.9%	-2.6%
<b>Operating Income (Loss)</b>	<b>206</b>	<b>3.2%</b>	<b>655</b>	<b>10.4%</b>	<b>580</b>	<b>8.1%</b>		
Non-Operating Income (Loss)	17	0.3%	(33)	-0.5%	23	0.3%		
Income (Loss) before Tax	223	3.5%	623	9.8%	603	8.4%		
Income Tax (Gain)	47	0.7%	196	3.1%	172	2.4%		
Net Income (Loss)	176	2.7%	427	6.7%	431	6.0%		
<b>Net Income (Loss) to Shareholders of the Parent Company</b>	<b>175</b>	<b>2.7%</b>	<b>428</b>	<b>6.8%</b>	<b>428</b>	<b>6.0%</b>		
EPS (NT Dollar)	0.39		0.97		0.98			

# 2021 Statements of Comprehensive Income

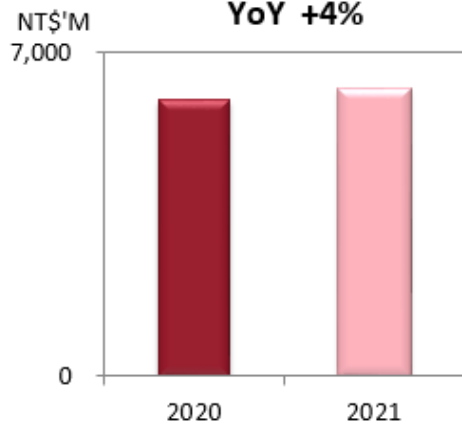
Unit: NT\$ Million	<u>2021</u>	<u>%</u>	<u>2020</u>	<u>%</u>	<u>YoY%</u>
Net Sales	25,682	100.0%	22,251	100.0%	15.4%
Cost of Goods Sold	19,621	76.4%	16,471	74.0%	19.1%
<b>Gross Profit</b>	<b>6,061</b>	<b>23.6%</b>	<b>5,780</b>	<b>26.0%</b>	<b>4.9%</b>
Operating Expenses	4,635	18.0%	4,487	20.2%	3.3%
<b>Operating Income (Loss)</b>	<b>1,425</b>	<b>5.6%</b>	<b>1,293</b>	<b>5.8%</b>	10.3%
Non-Operating Income (Loss)	13	0.0%	(117)	-0.5%	110.8%
Income (Loss) before Tax	1,438	5.6%	1,176	5.3%	22.3%
Income Tax (Gain)	343	1.3%	345	1.6%	-0.7%
Net Income (Loss)	1,095	4.3%	831	3.7%	31.8%
<b>Net Income (Loss) to Shareholders of the Parent Company</b>	<b>1,097</b>	<b>4.3%</b>	<b>828</b>	<b>3.7%</b>	32.5%
EPS (NT Dollar)	2.49		1.91		

# 2021 Revenue by Product



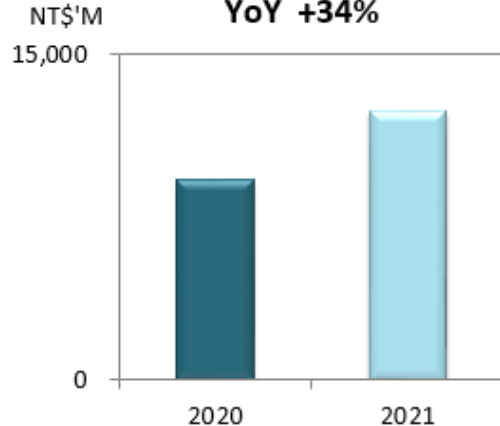
### Copper Broadband

YoY +4%



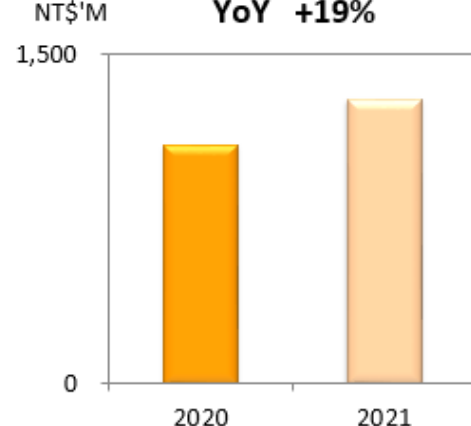
### Fiber Broadband

YoY +34%



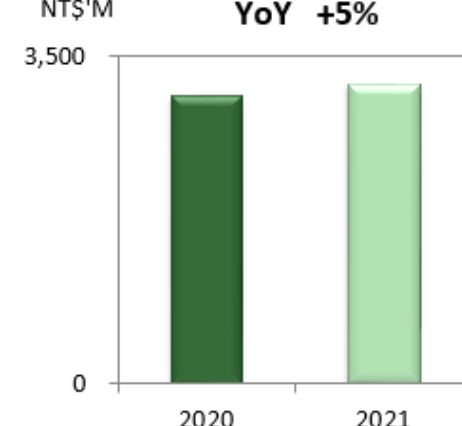
### FWA

YoY +19%



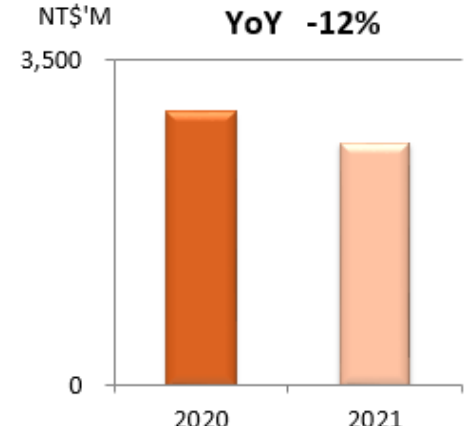
### Enterprise

YoY +5%



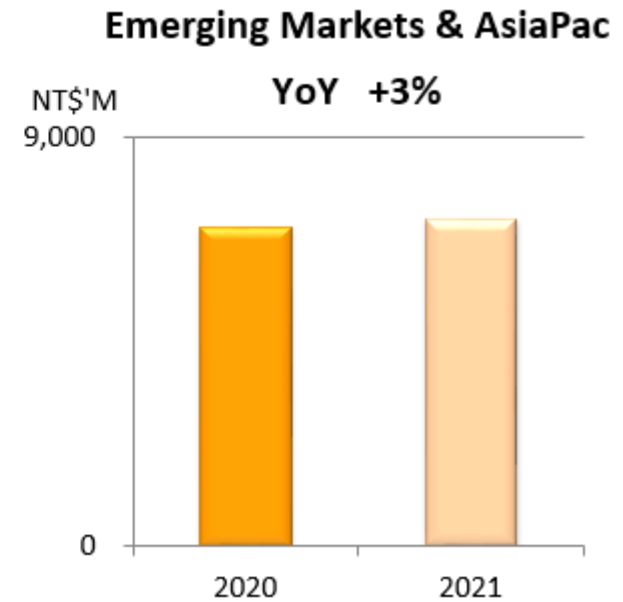
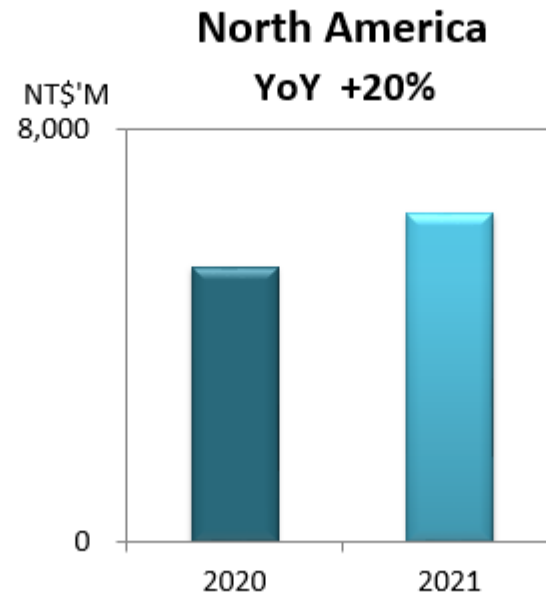
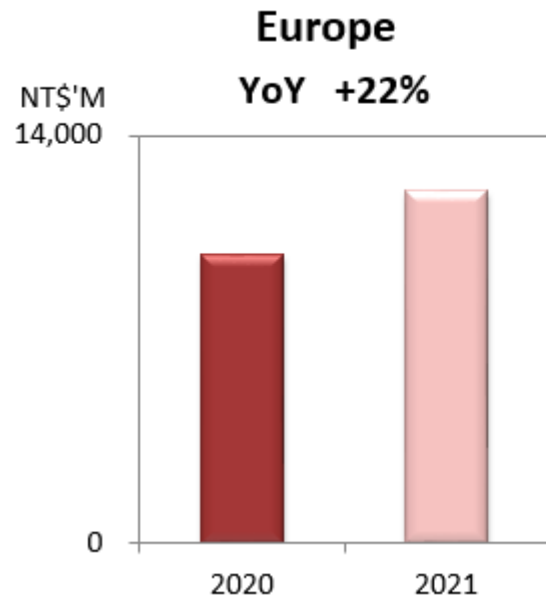
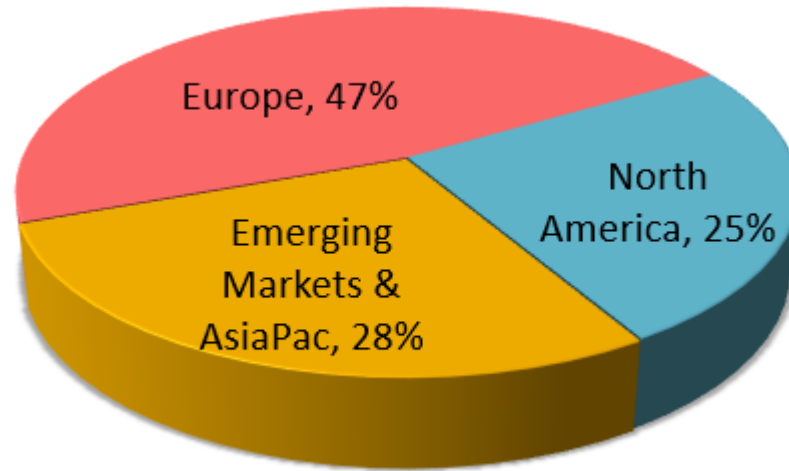
### Other

YoY -12%



Note : Ethernet gateway and wireless extender are based on fiber broadband applications, they are classified from copper broadband to fiber broadband.

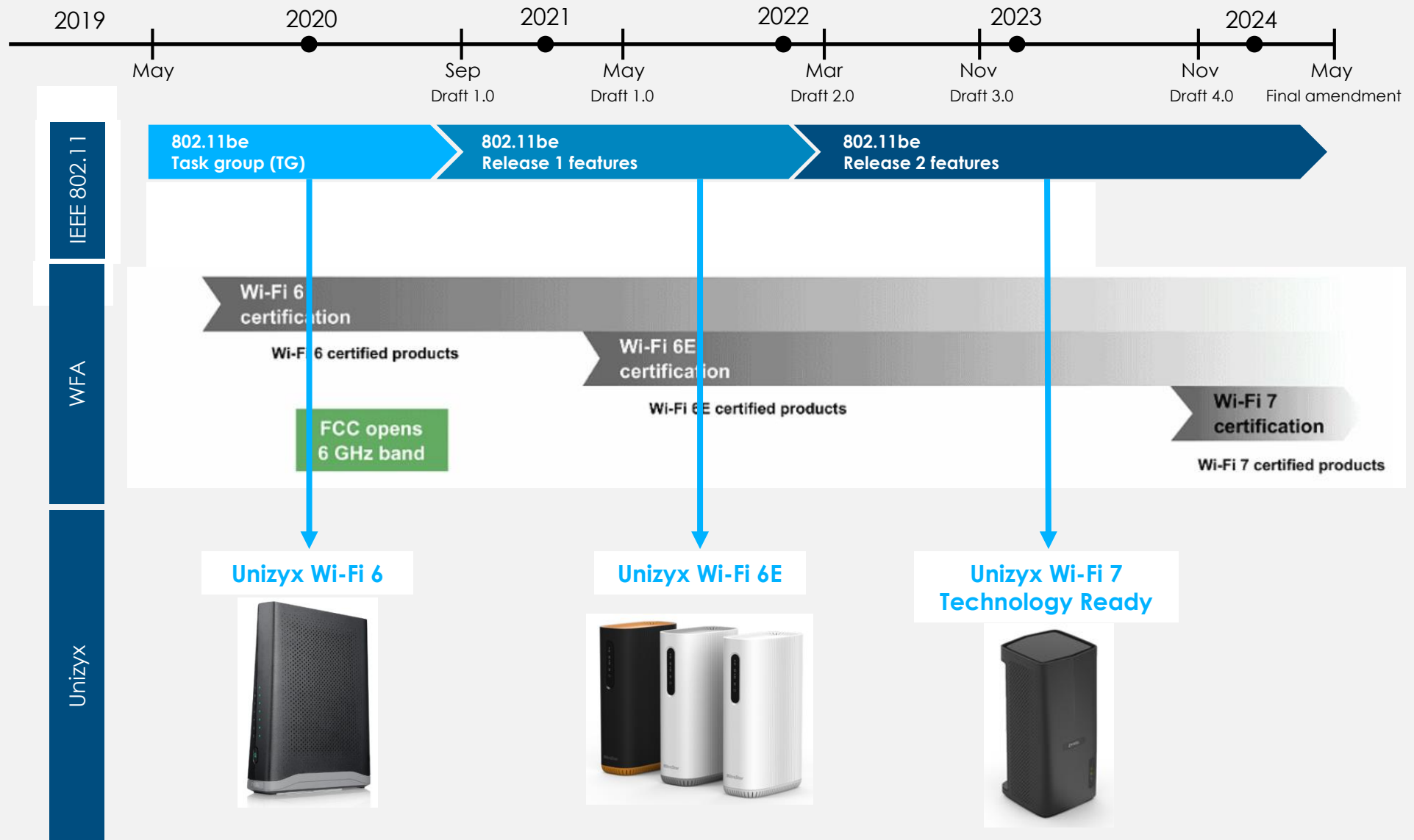
# 2021 Revenue by Region



# Balance Sheets & Key Indices

Unit: NT\$ Million	<u>21Q4</u>	<u>%</u>	<u>21Q3</u>	<u>%</u>	<u>20Q4</u>	<u>%</u>
Cash and Cash Equivalents	5,293	25%	4,508	22%	4,078	21%
Accounts Receivable	5,543	26%	5,668	28%	5,846	30%
Inventories	6,212	29%	5,684	28%	4,901	25%
Long-term Investments	147	1%	153	1%	122	1%
Property, Plant and Equipment	1,699	8%	1,693	8%	1,592	8%
Other Assets	2,500	12%	2,342	12%	3,049	16%
<b>Total Assets</b>	<b>21,394</b>	<b>100%</b>	<b>20,049</b>	<b>100%</b>	<b>19,588</b>	<b>100%</b>
Current Liabilities	9,524	45%	8,507	42%	10,582	54%
Non-Current Liabilities	2,650	12%	2,557	13%	701	4%
<b>Total Liabilities</b>	<b>12,174</b>	<b>57%</b>	<b>11,064</b>	<b>55%</b>	<b>11,283</b>	<b>58%</b>
<b>Total Equity</b>	<b>9,220</b>	<b>43%</b>	<b>8,985</b>	<b>45%</b>	<b>8,305</b>	<b>42%</b>
<b>Book Value per Share</b>	<b>20</b>		<b>20</b>		<b>19</b>	
<b>Key Indices</b>						
AR Turnover Days	81		84		75	
Inventory Turnover Days	112		108		85	
Current Ration (X)	1.9		2.0		1.6	

# WiFi 7 Introduction





# Open Broadband Projects Ongoing

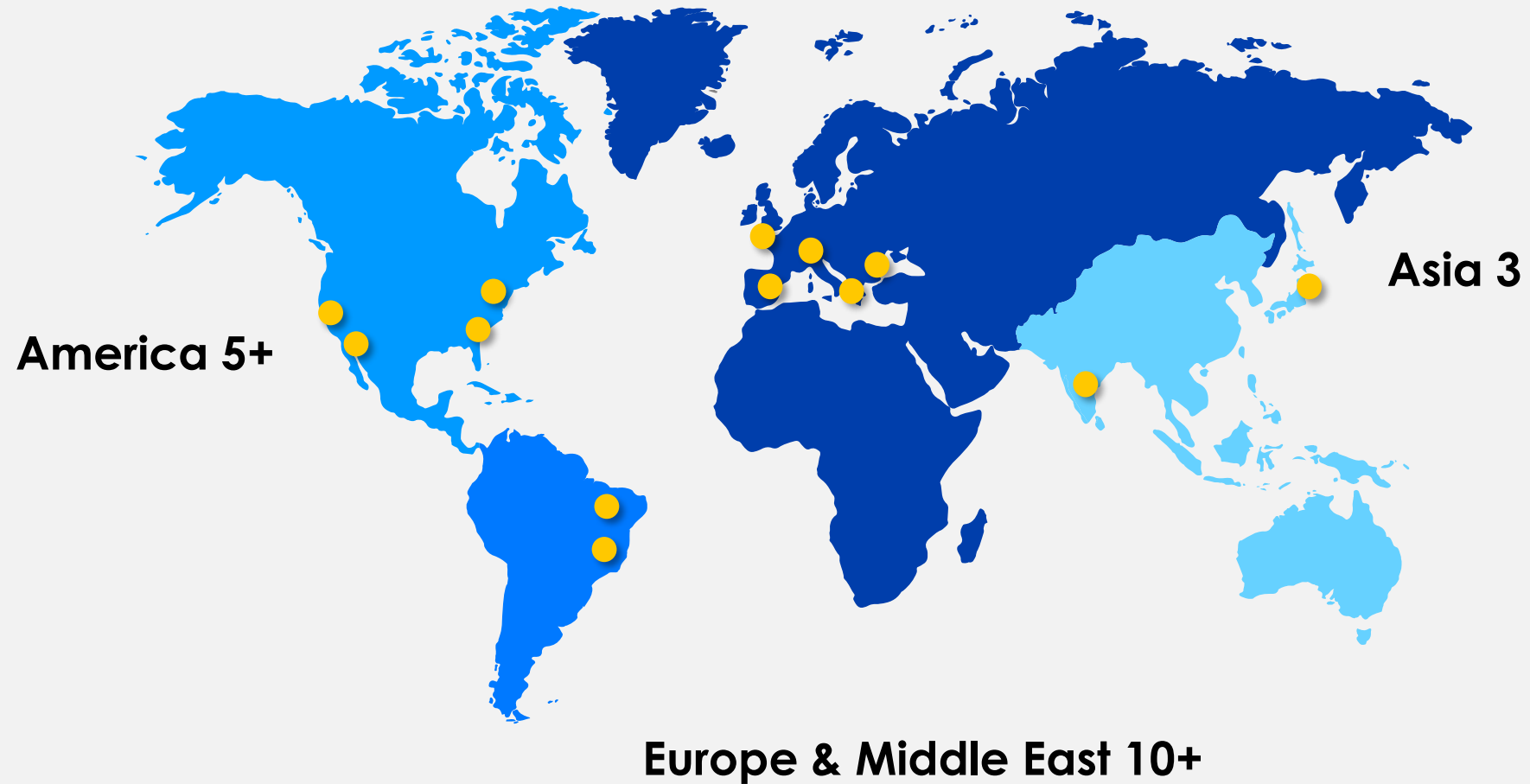


**BBF CloudCO / OB-BAA**  
Cloud Central Office  
Open-Broadband Access Abstraction

**ONF's SEBA / VOLTHA**  
SDN Enabled Broadband Access  
Virtual OLT Hardware Abstraction



# WB Customers and Eco-System



# Technologies and Services : Business

- ❑ Wi-Fi 6E: Continue the momentum of business wireless
- ❑ Multi-gig, PoE++: Incorporate Wi-Fi 6E trend, trigger network upgrade
- ❑ 5G FWA: Include 5G FWA product into Nebula eco system to pursue 5G opportunities
- ❑ To catch the demands from pro-summers & small business, will focus on Nebula cloud system user interface improvement and emphasis of its ease of use

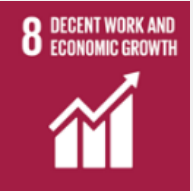


# Responding to the United Nations Sustainable Development Goals (SDGs)

## Environment Protection



## Green Products & Supply Chain



## Employee Development & Care



## Community Contribution



## Ethics and Corporate Government



# Participate in international sustainability initiatives - Implement carbon reduction plans

Climate Change  
Carbon Disclosure Platform

**CPD**



Plan for Task Force on  
Climate-Related  
Financial Disclosures

**TCFD**



Carbon neutral plan  
for Science Based Targets

**SBT**



# Environmental Aspect (E)

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Climate Change

ISO 14064 Greenhouse Gas Validation and Verification

Energy Conservation

**power saving:** saving rate up to 3%

**Water saving:** saving rate 4%

Epidemic Prevention  
Risk Control

established "Control and Epidemic Prevention Committee" , implement anti-epidemic measures to maintain normal operations of the company

No confirmed cases

Green Product  
Development

**low-carbon indicators for high-carbon parts**

Implement product carbon emissions disclosure, establish 5 low-carbon indicators for high-carbon parts

**product carbon emissions disclosure**

carbon emissions of part, production, transport and use phases calculations

# Social Aspect (S)

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## Employee Development

Completion rate of Management Competency=100%  
Completion rate of professional skills courses = 100%

## Awareness Raising

Keynote Speech by Ambassador Jian Youxin for Senior Executives  
ESG Class for Board  
Carbon Reduction idea competition

## Human Right Protection

No material regulatory violation  
The completion rate of human rights related pre-employment training for new recruits=100%  
The completion rate of online courses on sexual harassment prevention=98.6%

## Workplace Safety and Health Management

ISO45001 Occupational health and safety management systems verification

## Community Contribution

Zyxel Foundation Nurturing Talent Program: Zyxel Information Security Competition

# Economic Aspect (G)

## Business Ethics

Completion rate of occupational ethics education and training 98.6%  
Number of major violations of professional ethics 0

## Information Management

Established Security Operations Center (SOC)  
Employee information security training  
Email social engineering attack simulation exercise  
Product Information Security Incident Response Team

## Risk Management

**Imply risk management into business strategy**  
Board of Directors approves risk management policies and procedures  
"Unizyx Sustainability Committee" established a risk management team

## Supplier Management

**Suppliers sign the commitment**  
"Social Responsibility Statement and Commitment" 80.7 %  
"Integrity Commitment Letter" 81.8 %

**Supplier site audit completion rate**  
Zyxel site: The completion rate of supplier site audit=100%

**Supplier Conflict Mineral Material Management Investigation**  
Product survey coverage > 90%



# Ecovadis CSR rating – Silver Award

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The logo for Unizyx, featuring the company name in a bold, sans-serif font. The background of the slide is a grayscale photograph of a man in a plaid shirt and a lanyard, smiling and gesturing with his hand. The image is partially obscured by a large white circular graphic on the right side.

Unizyx

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## 2021 Review

2020 Main chip & parts, freight costs increased

2021 Improve materials supply and maintain gross profit

- Urge partners to increase stock level
- Follow early adopt new technologies strategy

## 2022 New Challenges

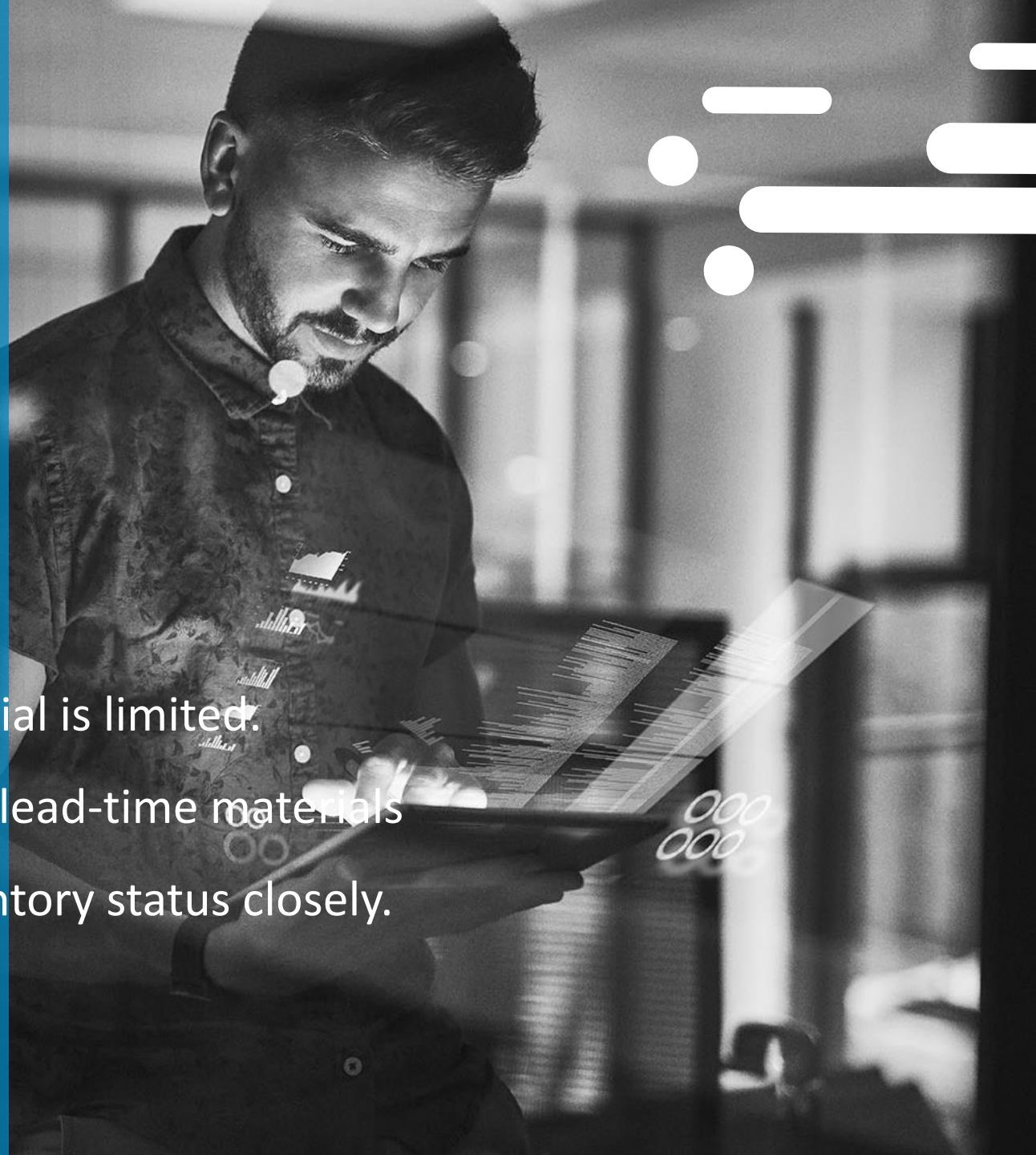
- Main chip cost continues rising
- Inflation and personnel costs increasing
- Material supply still unstable





## 2022 Prospects

- Order visibility is high. The growing potential is limited.
- Continuously improve/control long/ short lead-time materials delivery schedule. Watch the level of inventory status closely.



- 2021 Optical fiber, Wi-Fi 6 and FWA grow rapidly,
- 2022 assure Europe and the US market steadily growth
- Continuingly develop emerging markets with Low-cost Wi-Fi 6, 5G FWA, Multi-Gig broadband





Q & A



*Thank you*

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