

環宇
芯系天下

**Q3 2023
Quarterly
Online Investor
Conference**
(線上法說會)

October 31, 2023



環宇通訊半導體
Global Communication Semiconductors, LLC



“Enabling Today’s Global
Communications
and Beyond”

Disclaimer Statement



This presentation includes forward-looking statements. All statements, other than statements of historical facts, that address activities, events or developments that GCS Holdings, Inc. expects or anticipates will or may occur in the future (including but not limited to projections, targets, estimates and business plans) are forward-looking statements.

GCS's actual results or developments may differ materially from those indicated by these forward-looking statements as a result of various factors and uncertainties, including but not limited to price fluctuations, actual demand, exchange rate fluctuations, market share, competition, environmental risks, change in legal, financial and regulatory frameworks, government policies, international economic and financial market conditions, political risks, cost estimates and other risks and factors beyond our control.

GCS does not undertake any obligation to publicly update any forward-looking statement to reflect events or circumstances after the date on which any such statement is made or to reflect the occurrence of unanticipated events.

Agenda



Opening:

Brian Ann, CEO & President

Financial Section:

Kelly Lin, Special Assistant to CEO

Participant:

Simon Yu, Senior VP and Spokesperson

Q&A: All



FINANCIAL SECTION

Statements of Comprehensive Income - QoQ



(in NT\$ thousands except EPS)

	3Q23	2Q23	3Q22	3Q23 Over 2Q23	3Q23 Over 3Q22
Net Operating Revenue	357,878	322,231	342,099	11.1%	4.6%
Gross Profit	56,336	47,849	78,551	17.7%	-28.3%
Gross Margin	15.7%	14.8%	23.0%		
Operating Expenses	(115,563)	(141,953)	(115,673)	-18.6%	-0.1%
Operating Expenses to Revenue %	32.3%	44.1%	33.8%		
Operating Loss	(59,227)	(94,104)	(37,122)	-37.1%	59.5%
Operating Margin	-16.5%	-29.2%	-10.9%		
Non-operating Items	(170,057)	(171,843)	(190,286)	-1.0%	-10.6%
Loss before Income Tax	(229,284)	(265,947)	(227,408)	-13.8%	0.8%
Income Tax (Expense) Benefit	41	(41)	3,333	-200.0%	-98.8%
Net Loss	(229,243)	(265,988)	(224,075)	-13.8%	2.3%
Net Loss Attributable to owners of the Parent	(229,243)	(265,988)	(224,075)	-13.8%	2.3%
Net Loss %	-64.1%	-82.5%	-65.5%		
Basic EPS (NTD)	(2.07)	(2.41)	(2.03)		
Diluted EPS (NTD)	(2.07)	(2.41)	(2.03)		
R&D Expense % to Revenue	15.5%	25.4%	11.9%		

Note 1: 110,604 thousand shares were used in basic EPS and diluted EPS calculation for 3Q23.

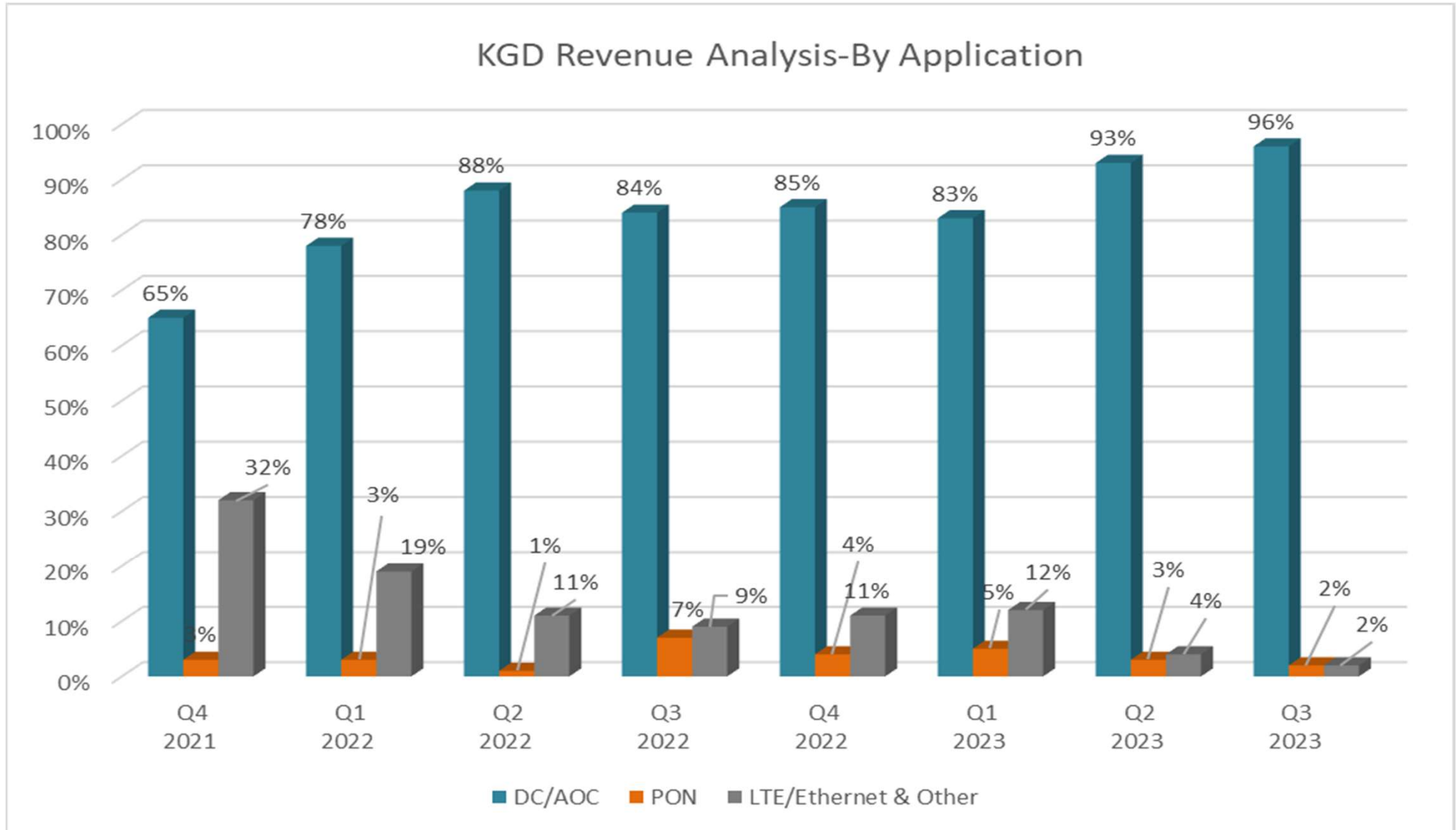
Note 2. Revenue supplemental information

	3Q23	2Q23	3Q22	3Q23 Over 2Q23	3Q23 Over 3Q22
Revenue in US\$ thousand	11,332	10,501	11,258	7.91%	0.7%
Exchange Rate	30.93	30.55	29.28		

Revenue Mix % vs Gross Margin - QoQ



KGD Revenue Mix - QoQ



Non-operating Income and Expenses- QoQ

(in NT\$ thousands)

	3Q23	2Q23	3Q22	3Q23 Over 2Q23	3Q23 Over 3Q22
Other Income - other	313	1,028	1,233	-69.6%	-74.6%
Other Gains and Losses					
Net currency exchange loss	(999)	(915)	(11,042)	9.2%	-91.0%
Gain on disposal of property, plant and equipment	-	-	385	-	-100.0%
Liquidation losses on disposal of a subsidiary	-	(105)	-	-100.0%	-
Gain on disposal of investments	-	2,413	-	-100.0%	-
Others	(2,834)	(2,857)	(4,031)	-0.8%	-29.7%
Finance Cost					
Interest expense	(4,710)	(4,589)	(3,875)	2.6%	21.5%
Share of loss of equity-accounted investees	(161,827)	(166,818)	(172,956)	-3.0%	-6.4%
Total Non-operating Income and Expenses	(170,057)	(171,843)	(190,286)	-1.0%	-10.6%

Statements of Comprehensive Income - YoY



(in NT\$ thousands except EPS)

	2023 Jan to Sep.	%	2022 Jan to Sep.	%	Change (%)
Net Operating Revenue	950,590	100.0%	979,343	100.0%	-2.9%
Operating Cost	(811,921)	-85.4%	(712,068)	-72.7%	14.0%
Gross Profit	138,669	14.6%	267,275	27.3%	-48.1%
Operating Expenses	(380,414)	-40.0%	(328,075)	-33.5%	16.0%
Operating Loss	(241,745)	-25.4%	(60,800)	-6.2%	297.6%
Non-operating items	(546,967)	-57.5%	(495,262)	-50.6%	10.4%
Loss before Income Tax	(788,712)	-83.0%	(556,062)	-56.8%	41.8%
Income Tax Benefit	-	0.0%	8,861	0.9%	-100.0%
Net Loss	(788,712)	-83.0%	(547,201)	-55.9%	44.1%
Net Loss Attributable to Owners of the Parent	(788,712)	-83.0%	(547,201)	-55.9%	44.1%
Basic EPS (NTD)	(7.15)		(4.97)		
Diluted EPS (NTD)	(7.15)		(4.97)		
Average Exchange Rate-USD/NTD	30.93		29.28		
R&D expense % to Revenue	20.2%		12.7%		
ROA (%)	-24.24%		-14.82%		
ROE (%)	-30.77%		-16.97%		

Note 1: 110,361 thousand shares were used in basic EPS and diluted EPS calculation for Jan~Sep 2023.

Note 2. Revenue supplemental information

	Jan to Sep/2023	Jan to Sep/2022	Change (%)
Revenue in US\$ thousand	30,734	33,445	-8.1%
Exchange Rate	30.93	29.28	

Non-operating Income and Expenses- YoY

(in NT\$ thousands)

	2023 Jan to Sep.	2022 Jan to Sep.	Change (%)
Other Income	2,341	2,671	-12.4%
Other Income - Income from forgiveness of PPP loan	-	5,408	-100.0%
Other Gains and Losses			
Net currency exchange loss	(1,460)	(33,156)	-95.6%
Gain on disposal of property, plant and equipment	-	4,988	-100.0%
Gain (loss) on disposal of investments	2,413	(302)	-899.0%
Loss on disposal of a subsidiary	(105)	-	-
Other loss	(10,185)	(9,281)	9.7%
Finance Cost			
Interest expense	(13,139)	(8,142)	61.4%
Share of loss of equity-accounted investees	(526,832)	(457,448)	15.2%
Total Non-operating Income and Expenses	(546,967)	(495,262)	10.4%

Balance Sheet Highlight & Key Indices



Selected Items from Balance Sheet

(in NT\$ thousands)

	3Q23		2Q23		3Q22	
	Amount	%	Amount	%	Amount	%
Cash and Cash Equivalent	231,216	6%	273,365	6%	824,740	17%
Accounts Receivable	216,692	5%	245,254	6%	237,183	5%
Accounts Receivable - Related Party	2,439	-	2,853	0%	9,900	-
Inventory	312,583	8%	336,554	8%	389,776	8%
Other current assets	70,418	2%	36,852	1%	34,436	1%
Investments accounted for under the Equity Method	2,079,371	52%	2,190,061	53%	2,147,920	45%
Net Property, Plant and Equipment	798,839	20%	724,572	18%	729,654	15%
Intangible Assets	55,871	1%	55,300	1%	104,873	2%
Deferred Tax Assets	134,347	3%	129,642	3%	128,961	3%
Total Assets	4,016,037	100%	4,120,094	100%	4,799,684	100%
Short Term Loan	20,000	1%	20,000	0%	20,000	-
Accounts Payable and Other Payables	400,759	10%	345,100	9%	151,165	4%
Long Term Bank Borrowings - Current Portion	46,690	1%	44,398	1%	44,278	1%
Long Term Bank Loans	310,877	8%	311,431	8%	351,614	7%
Deferred Tax Liabilities	68,865	2%	66,454	2%	67,858	2%
Total Liabilities	882,057	22%	850,655	21%	700,564	15%
Total Stockholders' Equity	3,133,980	78%	3,269,439	79%	4,099,120	85%

Key Indices

Current Ratio	185%	208%	598%
Debt Ratio	22%	21%	15%
AR Turnover Days	69	78	57
Inventory Turnover Days	147	158	163

Cash Flows



(in NT\$ thousands)

	<u>3Q23</u>	<u>2Q23</u>	<u>3Q22</u>
Beginning Balance	273,365	337,650	864,552
Cash from Operating Activities	4,114	(39,125)	7,530
Acquisition of property, plant and equipment	(6,581)	(20,361)	(109,337)
Increase in other current assets	(32,309)	(3,100)	(1)
Proceeds from the sale of PP&E	-	5,652	29,711
Disposal of a subsidiary- decrease in cash and cash equivalents	-	(49,519)	-
Refund of investment from the liquidation of a subsidiary	-	49,519	-
Repayments of long-term loans	(10,977)	(10,637)	(12,903)
Principal elements of lease payments	(2,388)	(2,221)	(2,103)
The effect of exchange rate changes	6,351	5,514	47,706
Others	(359)	(7)	(415)
Ending Balance	231,216	273,365	824,740
Increase (Decrease) in Cash	(42,149)	(64,285)	(39,812)
Free Cash Flow (Note)	(2,467)	(59,486)	(101,807)

Note: Free Cash Flow = Cash from Operating Activities - Capital Expenditures

Q & A



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**For further inquiry
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