

環宇
芯系天下

**Q2 2024
Quarterly
Online Investor
Conference**
(線上法說會)

August 6, 2024



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)

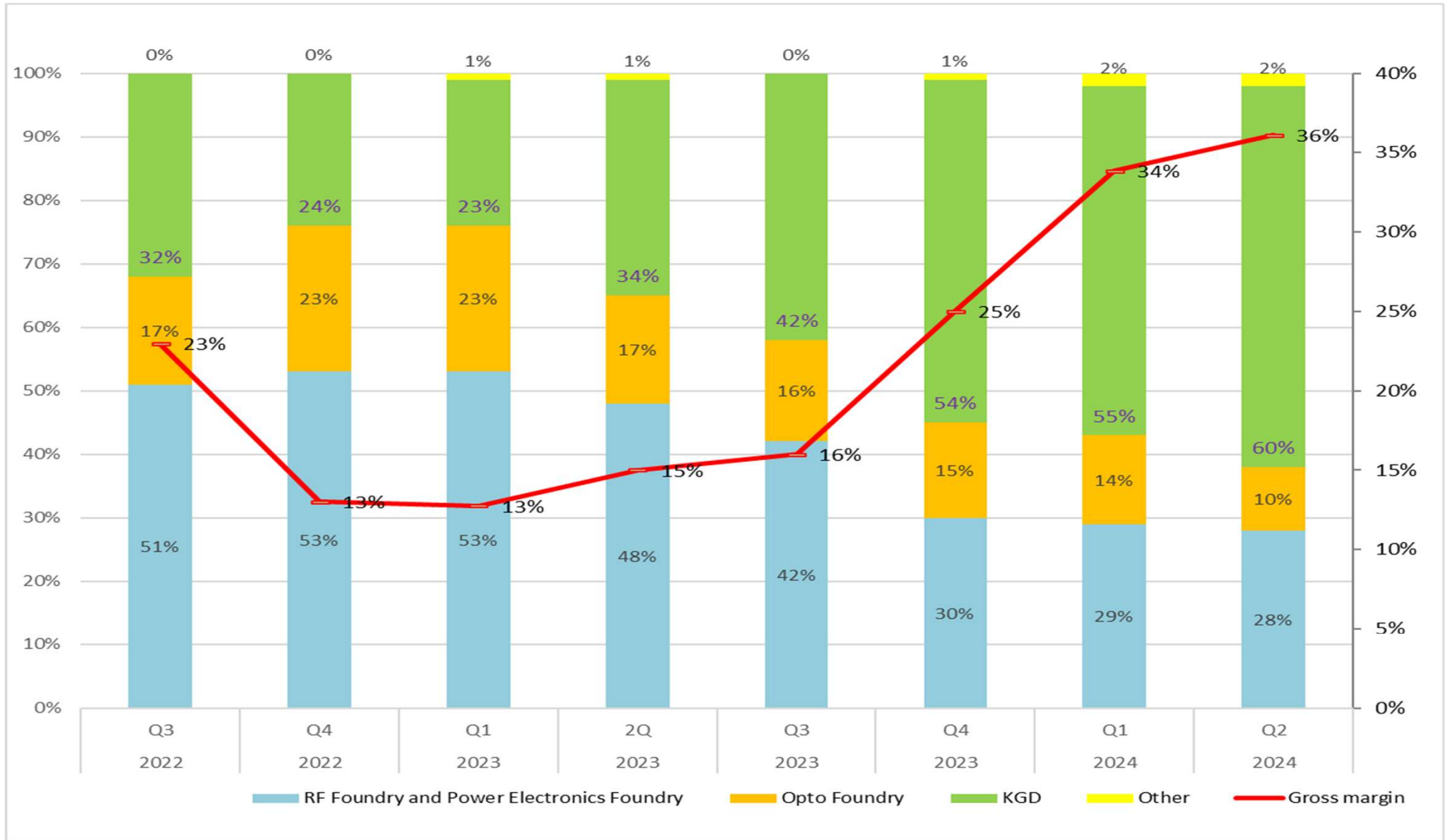
	2Q24	1Q24	2Q23	2Q24 Over 1Q24	2Q24 Over 2Q23
Net Operating Revenue	468,240	346,986	322,231	34.9%	45.3%
Gross Profit	169,005	117,444	47,849	43.9%	253.2%
Gross Margin	36.1%	33.8%	14.8%		
Operating Expenses	(122,970)	(114,573)	(141,953)	7.3%	-13.4%
Operating Expenses to Revenue %	26.3%	33.0%	44.1%		
Operating Profit(Loss)	46,035	2,871	(94,104)	1503.4%	-148.9%
Operating Margin	9.8%	0.8%	-29.2%		
Non-operating Items	(177,048)	(213,280)	(171,843)	-17.0%	3.0%
Loss before Income Tax	(131,013)	(210,409)	(265,947)	-37.7%	-50.7%
Income Tax Expense	(216)	-	(41)	-	426.8%
Net Loss	(131,229)	(210,409)	(265,988)	-37.6%	-50.7%
Net Loss Attributable to owners of the Parent	(131,229)	(210,409)	(265,988)		
Net Loss %	-28.0%	-60.6%	-82.5%		
Basic EPS (NTD)	(1.18)	(1.90)	(2.41)		
R&D Expense % to Revenue	13.7%	15.8%	25.4%		

Note 1: 111,040 thousand shares were used in basic EPS calculation for 2Q24.

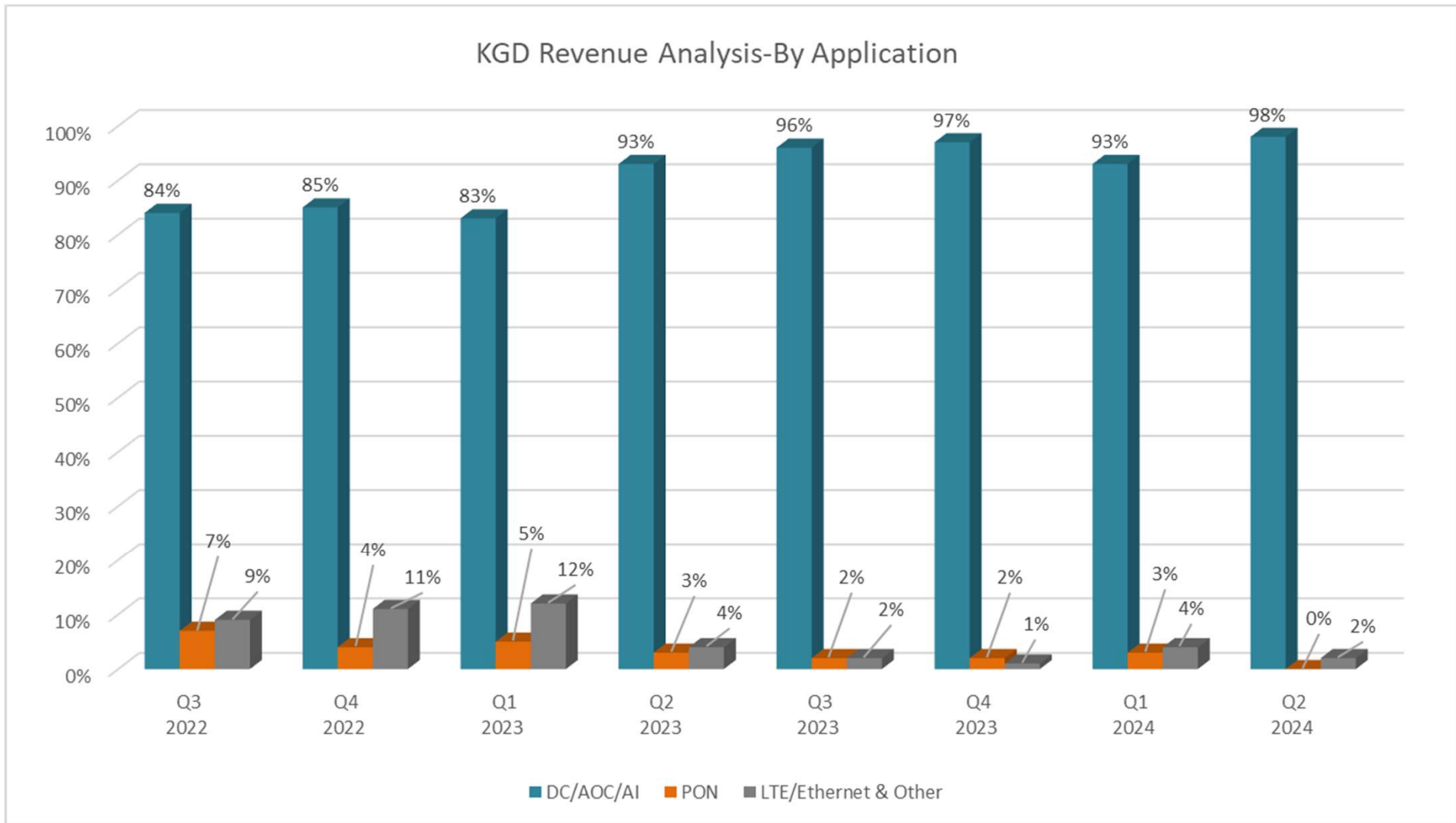
Note 2: Revenue supplemental information

	2Q24	1Q24	2Q23	2Q24 Over 1Q24	2Q24 Over 2Q23
Revenue in US\$ thousand	14,523	11,033	10,501	31.63%	38.3%
Exchange Rate	31.90	31.45	30.55		

Revenue Mix % vs Gross Margin - QoQ



KGD Revenue Mix - QoQ



Non-operating Income and Expenses- QoQ



(in NT\$ thousands)

	2Q24	1Q24	2Q23	2Q24 Over 1Q24	2Q24 Over 2Q23
Other Income - other	627	1,681	1,028	-62.7%	-39.0%
Other Income - Employee Retention Tax Credit	124,341	-	-	100.0%	100.0%
Other Gains and Losses					
Net currency exchange loss	(540)	(3,031)	(915)	-82.2%	-41.0%
Loss on disposal of property, plant and equipment	(82)	(42)	-	95.2%	100.0%
Liquidation losses on disposal of a subsidiary	-	-	(105)	-	-100.0%
Gain on disposal of investments	-	-	2,413	-	-100.0%
Others	-	-	(2,857)	-	-100.0%
Finance Cost					
Interest expense	(2,572)	(3,180)	(4,589)	-19.1%	-44.0%
Share of loss of equity-accounted investees	(298,822)	(208,708)	(166,818)	43.2%	79.1%
Total Non-operating Income and Expenses	(177,048)	(213,280)	(171,843)	-17.0%	3.0%

Statements of Comprehensive Income - YoY



(in NT\$ thousands except EPS)

	2024 Jan to Jun.	%	2023 Jan to Jun.	%	Change (%)
Net Operating Revenue	815,226	100.0%	592,712	100.0%	37.5%
Operating Cost	(528,777)	-64.9%	(510,379)	-86.1%	3.6%
Gross Profit	286,449	35.1%	82,333	13.9%	247.9%
Operating Expenses	(237,543)	-29.1%	(264,851)	-44.7%	-10.3%
Operating Profit(Loss)	48,906	6.0%	(182,518)	-30.8%	-126.8%
Non-operating items	(390,328)	-47.9%	(376,910)	-63.6%	3.6%
Loss before Income Tax	(341,422)	-41.9%	(559,428)	-94.4%	-39.0%
Income Tax Expense	(216)	0.0%	(41)	0.0%	426.8%
Net Loss	(341,638)	-41.9%	(559,469)	-94.4%	-38.9%
Net Loss Attributable to owners of the Parent	(341,638)	-41.9%	(559,469)	-94.4%	-38.9%
Basic EPS (NTD)	(3.08)		(5.07)		
Diluted EPS (NTD)	(3.08)		(5.07)		
Average Exchange Rate-USD/NTD	31.90		30.55		
R&D expense % to Revenue	14.59%		23.10%		
ROA (%)	-19.76%		-25.52%		
ROE (%)	-23.73%		-32.11%		

Note 1: 110,914 thousand shares were used in basic EPS calculation for 1H2024.

Note 2. Revenue supplemental information

	Jan to Jun/2024	Jan to Jun/2023	Change (%)
Revenue in US\$ thousand	25,556	19,401	31.7%
Exchange Rate	31.90	30.55	

Non-operating Income and Expenses- YoY

(in NT\$ thousands)

	2024 Jan to Jun.	2023 Jan to Jun.	Change (%)
Other Income	2,308	2,028	13.8%
Other Income -employee retention tax credit	124,341	-	100.0%
Other Gains and Losses			
Net currency exchange loss	(3,571)	(461)	674.6%
Loss on disposal of property, plant and equipment	(124)	-	100.0%
Liquidation losses on disposal of a subsidiary	-	(105)	-100.0%
Gain on disposal of investments	-	2,413	-100.0%
Others	-	(7,351)	-100.0%
Finance Cost			
Interest expense	(5,752)	(8,429)	-31.8%
Share of loss of equity-accounted investees	(507,530)	(365,005)	39.0%
Total Non-operating Income and Expenses	(390,328)	(376,910)	3.6%

Balance Sheet Highlight & Key Indices



Selected Items from Balance Sheet

(in NT\$ thousands)

	2Q24		1Q24		2Q23	
	Amount	%	Amount	%	Amount	%
Cash and Cash Equivalent	236,813	7%	215,869	7%	273,365	6%
Accounts Receivable and Notes Receivable	278,152	9%	249,610	7%	245,254	6%
Accounts Receivable and Notes Receivable - Related Party	17,214	1%	6,976	0%	2,853	0%
Inventory	290,747	9%	308,567	9%	336,554	8%
Other current assets	233,781	7%	102,980	3%	36,852	1%
Investments accounted for under the Equity Method	1,163,550	36%	1,451,165	43%	2,190,061	53%
Net Property, Plant and Equipment	712,957	22%	730,117	22%	724,572	18%
Intangible Assets	2,380	0%	3,904	0%	55,300	1%
Deferred Tax Assets	168,717	5%	166,377	5%	129,642	3%
Total Assets	3,210,144	100%	3,358,021	100%	4,120,094	100%
Short Term Loan	20,000	1%	20,000	1%	20,000	0%
Accounts Payable and Other Payables	125,736	4%	141,266	5%	345,100	9%
Long Term Bank Borrowings - Current Portion	6,600	0%	211,029	6%	44,398	1%
Long Term Bank Loans	165,324	5%	-	0%	311,431	8%
Deferred Tax Liabilities	88,193	3%	86,970	3%	66,454	2%
Total Liabilities	436,006	14%	490,532	15%	850,655	21%
Total Stockholders' Equity	2,774,138	86%	2,867,489	85%	3,269,439	79%

Key Indices

Current Ratio	632%	244%	208%
Debt Ratio	14%	15%	21%
AR Turnover Days	65	71	78
Inventory Turnover Days	152	176	158

Cash Flows



(in NT\$ thousands)

	<u>2Q24</u>	<u>1Q24</u>	<u>2Q23</u>
Beginning Balance	215,869	345,234	337,650
Cash from Operating Activities	182,857	3,560	(39,125)
Acquisition of property, plant and equipment	(6,700)	(12,902)	(20,361)
Decrease (Increase) in other current assets	(127,113)	3,288	(3,100)
Acquisition of intangible assets	(16)	(1,164)	(7)
Proceeds from the sale of PP&E	13,211	-	5,652
Disposal of a subsidiary- decrease in cash and cash equivalents	-	-	(49,519)
Refund of investment from the liquidation of a subsidiary	-	-	49,519
Proceeds from short-term loan	20,000	20,000	-
Repayments of short-term loans	(20,000)	(20,000)	-
Repayments of long-term loans	(43,219)	(129,909)	(10,637)
Principal elements of lease payments	(2,506)	(2,415)	(2,221)
The effect of exchange rate changes	4,430	10,172	5,514
Others	-	5	-
Ending Balance	236,813	215,869	273,365
Increase (Decrease) in Cash	20,944	(129,365)	(64,285)
Free Cash Flow (Note)	176,157	(9,342)	(59,486)

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

Q & A



環宇芯系天下

**For further inquiry
investors@gcsincorp.com**

