

環宇
芯系天下

**Q2 2022
Quarterly
Online Investor
Conference
(線上法說會)**

Aug 02, 2022



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:

Grace Li, Senior Director & 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)

	2Q22	1Q22	2Q21	2Q22 Over 1Q22	2Q22 Over 2Q21
Net Operating Revenue	339,759	297,485	307,557	14.2%	10.5%
Gross Profit	94,121	94,603	78,009	-0.5%	20.7%
Gross Margin	27.7%	31.8%	25.4%		
Operating Expenses	(102,555)	(109,847)	(106,478)	-6.6%	-3.7%
Operating Expenses to Revenue %	30.2%	36.9%	34.6%		
Operating Loss	(8,434)	(15,244)	(28,469)	-44.7%	-70.4%
Operating Margin	-2.5%	-5.1%	-9.3%		
Non-operating Items	(147,014)	(157,962)	(24,037)	-6.9%	511.6%
Loss before Income Tax	(155,448)	(173,206)	(52,506)	-10.3%	196.1%
Income Tax Benefit	2,984	2,544	7,308	17.3%	-59.2%
Net Loss	(152,464)	(170,662)	(45,198)	-10.7%	237.3%
Net Loss Attributable to owners of the Parent	(152,464)	(170,662)	(45,198)		
Net Loss %	-44.9%	-57.4%	-14.7%		
Basic EPS (NTD)	(1.39)	(1.55)	(0.50)		
R&D Expense % to Revenue	10.6%	15.8%	14.6%		

Note 1: 109,920 thousand shares were used in basic EPS calculation for 2Q22.

Note 2. Revenue supplemental information

	2Q22	1Q22	2Q21	2Q22 Over 1Q22	2Q22 Over 2Q21
Revenue in US\$ thousand	11,559	10,628	10,993	8.76%	5.1%
Exchange Rate	28.72	27.99	28.17		

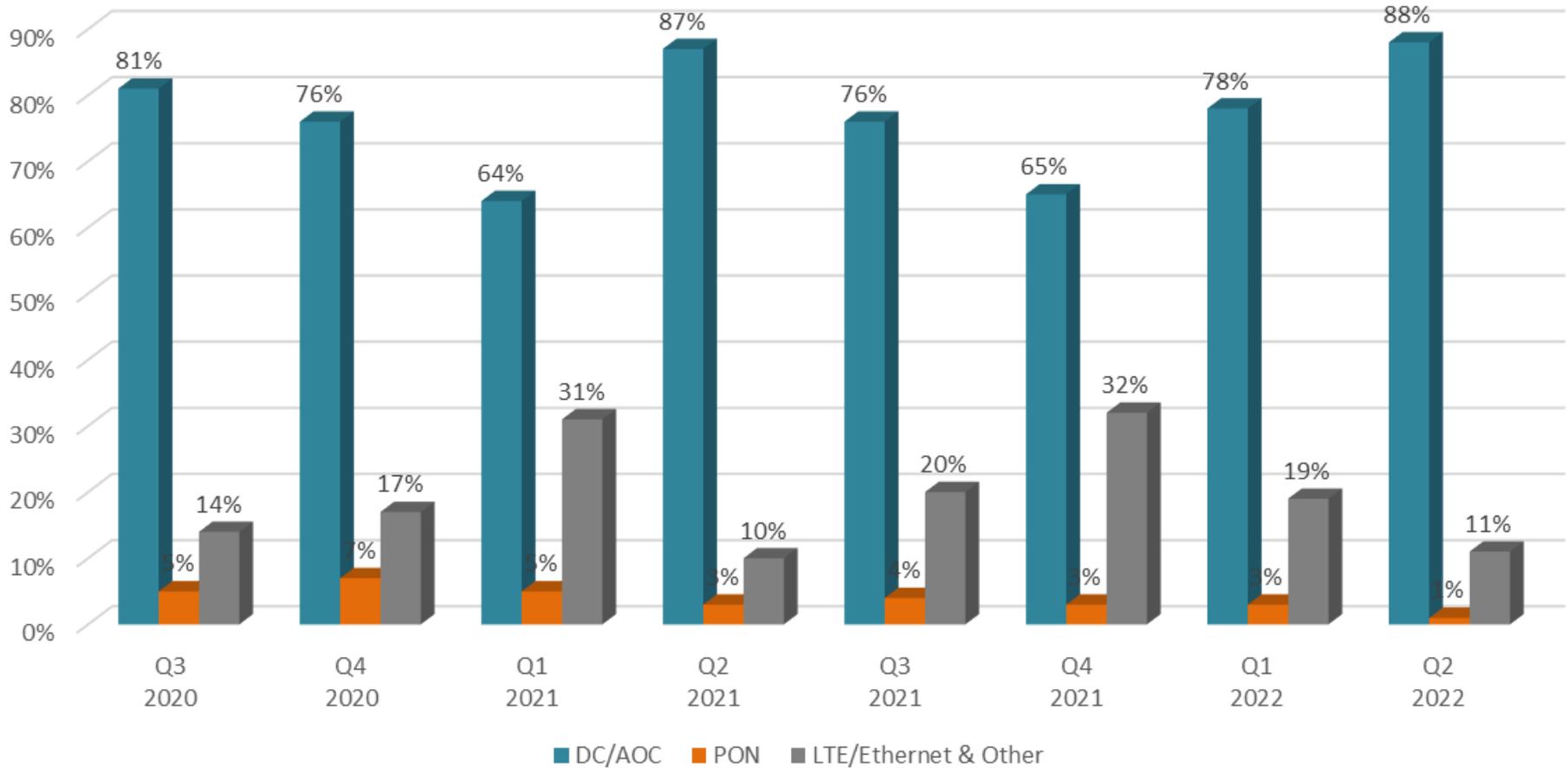
Revenue Mix % vs Gross Margin - QoQ



KGD Revenue Mix - QoQ



KGD Revenue Analysis-By Application



Non-operating Income and Expenses- QoQ



(in NT\$ thousands)

	2Q22	1Q22	2Q21	2Q22 Over 1Q22	2Q22 Over 2Q21
Other Income - other	658	780	1,046	-15.6%	-37.1%
Other Income - Income from forgiveness of PPP loan	5,408	-	81,577	-	-93.4%
Other Gains and Losses					
Net currency exchange gain or (loss)	(7,212)	(14,902)	(1,121)	-51.6%	543.4%
Gain (loss) on disposal of property, plant and equipment	4,603	-	(2)	-	-230250.0%
Gain (loss) on disposal of investments	302	-	-	-	-
Others	(1,900)	(3,954)	(576)	-51.9%	229.9%
Finance Cost					
Interest expense	(2,433)	(1,834)	(502)	32.7%	384.7%
Share of loss of equity-accounted investees	(146,440)	(138,052)	(104,459)	6.1%	40.2%
Total Non-operating Income and Expenses	(147,014)	(157,962)	(24,037)	-6.9%	511.6%

Statements of Comprehensive Income - YoY



(in NT\$ thousands except EPS)

	2022 Jan to Jun.	%	2021 Jan to Jun.	%	Change (%)	Variance
Net Operating Revenue	637,244	100.0%	608,864	100.0%	4.7%	28,380
Operating Cost	(448,520)	-70.4%	(430,850)	-70.8%	4.1%	(17,670)
Gross Profit	188,724	29.6%	178,014	29.2%	6.0%	10,710
Operating Expenses	(212,402)	-33.3%	(205,699)	-33.8%	3.3%	(6,703)
Operating Loss	(23,678)	-3.7%	(27,685)	-4.5%	-14.5%	4,007
Non-operating items	(304,976)	-47.9%	(111,558)	-18.3%	173.4%	(193,418)
Loss before Income Tax	(328,654)	-51.6%	(139,243)	-22.9%	136.0%	(189,411)
Income Tax Benefit	5,528	0.9%	5,856	1.0%	-5.6%	(328)
Net Loss	(323,126)	-50.7%	(133,387)	-21.9%	142.2%	(189,739)
Net Loss Attributable to owners of the Parent	(323,126)	-50.7%	(133,387)	-21.9%	142.2%	(189,739)
Basic EPS (NTD)	(2.94)		(1.49)			
Diluted EPS (NTD)	(2.94)		(1.49)			
Average Exchange Rate-USD/NTD	28.72		28.17			
R&D expense % to Revenue	13.1%		13.90%			
ROA (%)	-13.15%		-7.02%			
ROE (%)	-14.89%		-7.76%			

Note 1: 110,026 thousand shares were used in basic EPS calculation for 1H2022.

Note 2. Revenue supplemental information

	Jan to Jun/2022	Jan to Jun/2021	Change (%)
Revenue in US\$ thousand	22,187	21,614	2.7%
Exchange Rate	28.72	28.17	

Non-operating Income and Expenses- YoY



(in NT\$ thousands)

	2022 Jan to Jun.	2021 Jan to Jun.	Change (%)
Other Income	1,438	2,981	-51.8%
Other Income - Income from forgiveness of PPP loan	5,408	88,415	-93.9%
Other Gains and Losses			
Net currency exchange gain or (loss)	(22,114)	(1,234)	1692.1%
Gain (loss) on disposal of property, plant and equipment	4,603	(1,030)	-546.9%
Gain (loss) on disposal of investments	302	-	-
Other loss	(5,854)	(1,157)	406.0%
Finance Cost			
Interest expense	(4,267)	(1,075)	296.9%
Share of profit (loss) of equity-accounted investees	(284,492)	(198,458)	43.4%
Total Non-operating Income and Expenses	(304,976)	(111,558)	173.4%

Balance Sheet Highlight & Key Indices



Selected Items from Balance Sheet

(in NT\$ thousands)

	2Q22		1Q22		2Q21	
	Amount	%	Amount	%	Amount	%
Cash and Cash Equivalent	864,552	18%	778,385	16%	1,136,546	31%
Accounts Receivable and Notes Receivable	250,378	5%	197,007	4%	206,180	6%
Accounts Receivable and Notes Receivable - Related Party	11,038	0%	6,747	0%	-	0%
Inventory	323,284	7%	304,085	6%	320,604	9%
Other current assets	32,247	1%	31,071	1%	30,156	1%
Investments accounted for under the Equity Method	2,299,482	48%	2,439,943	52%	888,121	24%
Net Property, Plant and Equipment	658,543	15%	633,606	14%	677,710	19%
Intangible Assets	99,609	2%	97,648	2%	140,249	4%
Deferred Tax Assets	117,464	2%	109,922	2%	119,228	3%
Total Assets	4,798,236	100%	4,714,923	100%	3,643,353	100%
Short Term Loan	20,000	0%	20,000	1%	20,000	1%
Accounts Payable and Other Payables	125,466	4%	154,292	4%	135,399	4%
Long Term Bank Borrowings - Current Portion	41,032	1%	10,693	0%	28,032	1%
Long Term Bank Loans	339,627	7%	193,783	4%	5,811	0%
Deferred Tax Liabilities	63,527	1%	61,200	1%	58,210	2%
Total Liabilities	619,762	13%	463,375	10%	297,321	8%
Total Stockholders' Equity	4,178,474	87%	4,251,548	90%	3,346,032	92%

Key Indices

Current Ratio	714%	663%	760%
Debt Ratio	13%	10%	8%
AR Turnover Days	61	56	61
Inventory Turnover Days	162	170	174

Cash Flows



(in NT\$ thousands)

	2Q22	1Q22	2Q21
Beginning Balance	778,385	1,839,765	1,159,644
Cash from Operating Activities	(54,342)	(8,474)	45,914
Acquisition of investments accounted for under the equity method	-	(1,043,899)	-
Acquisition of property, plant and equipment	(56,719)	(60,038)	(31,227)
Decrease (Increase) in other current assets	-	(85)	(997)
Decrease (Increase) in other non-current assets	3,663	(3,650)	440
Acquisition of intangible assets	-	(1,606)	(248)
Proceeds from the sale of PP&E	5,314	15,689	-
Proceed from long-term loan	169,454	-	-
Repayments of long-term loans	(1,348)	(1,289)	(5,602)
Principal elements of lease payments	(1,677)	(1,569)	(1,457)
Employee Option Exercise	-	1,567	-
The effect of exchange rate changes	21,867	41,974	(29,882)
Others	(45)	-	(39)
Ending Balance	864,552	778,385	1,136,546
Increase (Decrease) in Cash	86,167	(1,061,380)	(23,098)
Free Cash Flow (Note)	(111,061)	(68,512)	14,687

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

Q & A



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**For further inquiry
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