



Nanya Technology Q2 2022 Investor Conference

Dr. Pei-Ing Lee, President & Spokesman
11 July, 2022

Safe Harbor



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The background features abstract geometric patterns. On the left, there are overlapping triangles in shades of blue and yellow. On the right, there is a network of grey dots connected by thin lines, forming a web-like structure.

01

Q2'22 REVENUE & RESULTS

Q2'22 Financial Results Summary

Amount in Million NT\$, except for EPS & BVPS	Q2'22 (Unaudited)		Q1'22		QoQ	Q2'21		YoY
Net Sales	18,031	100%	19,946	100%	-9.6%	22,637	100%	-20.4%
Gross Profit (Loss) <i>Gross Margin(%)</i>	7,958	44.1%	8,750	43.9%	-9.1%	9,583	42.3%	-17.0%
Operating Income (Loss) <i>Operating Margin(%)</i>	5,364	29.8%	6,262	31.4%	-14.3%	7,063	31.2%	-24.1%
EBITDA* <i>EBITDA Margin (%)</i>	9,210	51.1%	10,105	50.7%	-8.9%	10,896	48.1%	-15.5%
Non-operating Income (Expense)	1,740	9.7%	1,766	8.9%		-143	-0.6%	
Income Tax Benefit (Expense)	-530	-2.9%	-1,478	-7.4%		-756	-3.3%	
Net Income (Loss) <i>Net Margin (%)</i>	6,574	36.5%	6,550	32.8%	0.4%	6,163	27.2%	6.7%
Earnings Per Share (NT\$)	2.12**		2.11			2.00		
Book Value Per Share (NT\$)	57.40***		58.45			51.43		

Remark: * EBITDA = Operating income + Depreciation & Amortization Expenses

** EPS is based on weighted average outstanding shares of 3,097M

*** BVPS is calculated based on 3,097M outstanding shares after deduction of approx. NT\$ 3.7 cash dividend

Quarterly Revenue Results

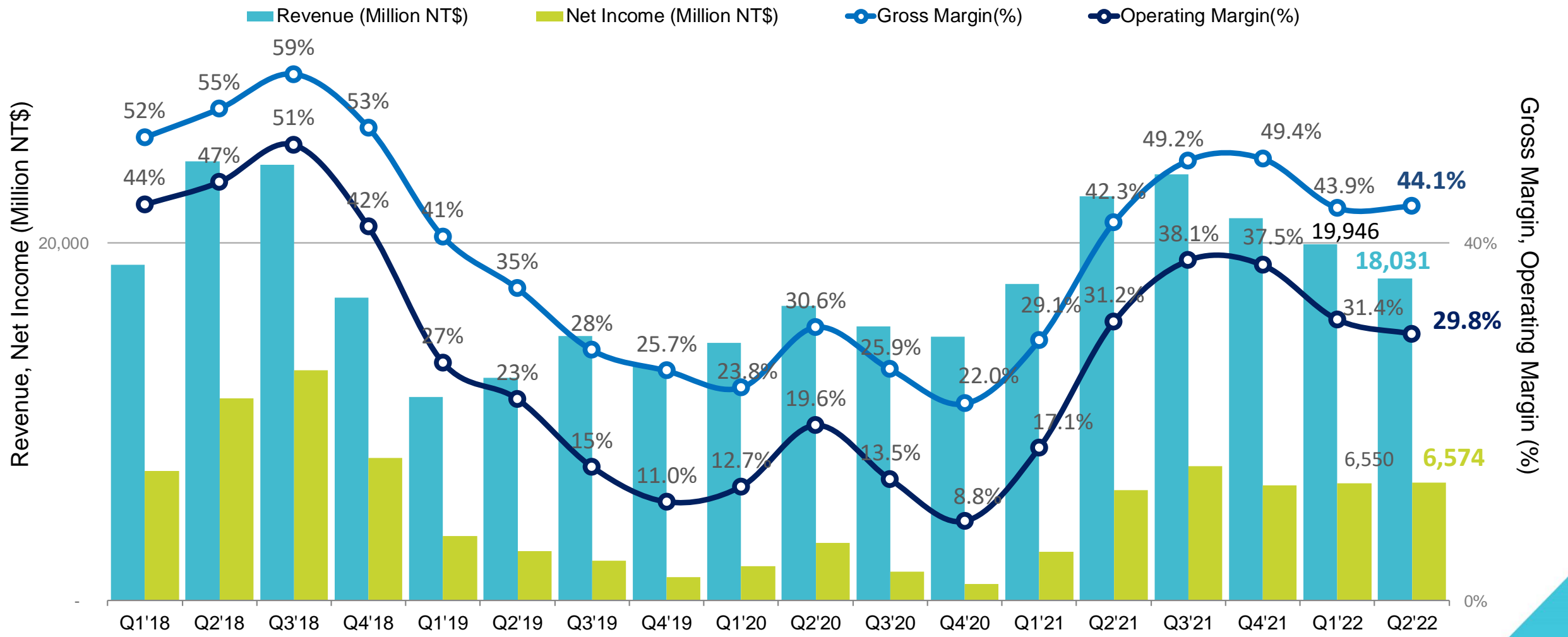
	QoQ Q2'22 vs. Q1'22	YoY Q2'22 vs. Q2'21
Revenue	-9.6%	-20.4%
Shipment	Decreased high-single digits%	Decreased mid-twenties%
ASP	Decreased mid-single digits%	Increased low-single digits%
Exchange Rate	Increased mid-single digits%	Increased mid-single digits%

- Q2'22 Revenue decreased by 9.6% QoQ
- Q2'22 Bit shipment decreased by high-single digits% QoQ
- Q2'22 ASP decreased by mid-single digits% QoQ

Q2'22 vs. Q1'22 Results Comparison

Amount in Million NT\$	Q2'22 (Unaudited)	Q1'22	QoQ (PPT* Delta)	Remarks
Net Sales	18,031	19,946	-9.6%	<ul style="list-style-type: none"> ■ Bit shipment decreased high single digits% ■ ASP decreased mid-single digits% ■ FX positive of mid-single digits% increase
Gross Profit (Loss) Gross Margin(%)	7,958 44.1%	8,750 43.9%	0.2%	<ul style="list-style-type: none"> ■ Q2'22 Gross profit decreased NT\$ 792M, mainly due to shipment and ASP decrease
Operating Expense	2,594 14.4%	2,488 12.5%	1.9%	<ul style="list-style-type: none"> ■ Operating expenses increased NT\$ 106M
Operating Income (Loss) Operating Margin(%)	5,364 29.8%	6,262 31.4%	-1.6%	<ul style="list-style-type: none"> ■ Q2'22 OP income decreased NT\$ 898M
Net Income (Loss) Net Margin (%)	6,574 36.5%	6,550 32.8%	3.7%	<ul style="list-style-type: none"> ■ Net Income increased NT\$ 24M <ul style="list-style-type: none"> • OP Income decreased NT\$ 898M • Income tax decreased NT\$ 948M

Quarterly Financial Highlights



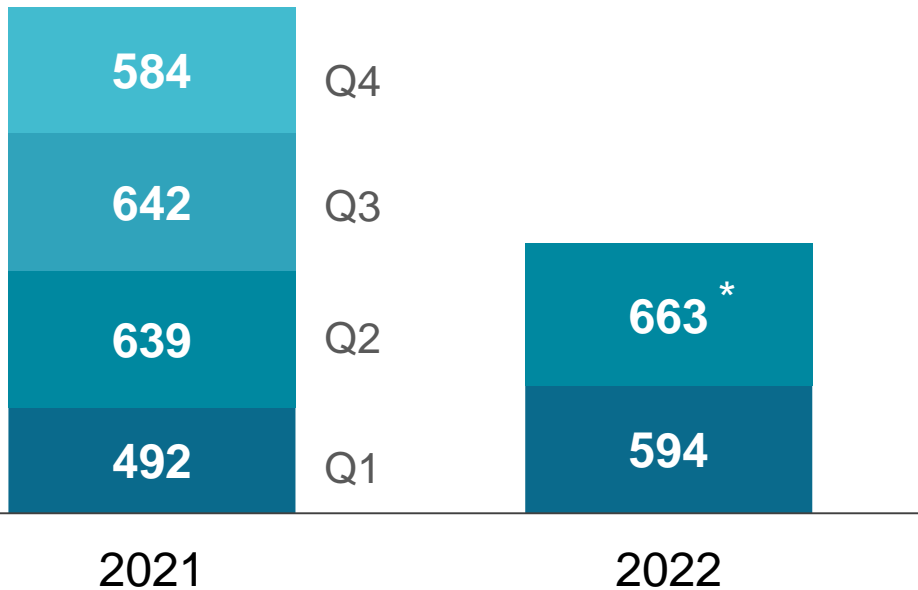
Operating Expenses

SG&A Expenses

(Million NT\$)

* Unaudited number

NT\$ 2,358

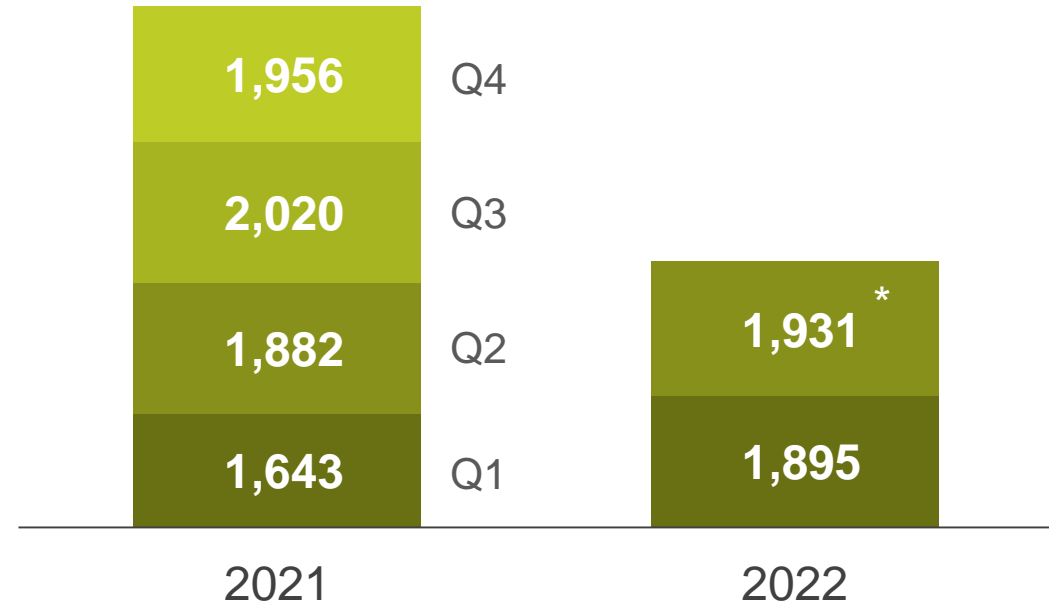


R&D Expenses

(Million NT\$)

* Unaudited number

NT\$ 7,500



Cash Flows

Unit: Million NT\$	Q2'22 (Unaudited)	Q1'22
Beginning Balance	92,537	80,700
Cash from Operating Activities	*6,128	11,318
Capital Expenditures	-5,379	-1,165
Financial Activities & Others	**1,489	**1,684
Ending Balance	94,776	92,537
Free Cash Flow ⁽¹⁾	749	10,153

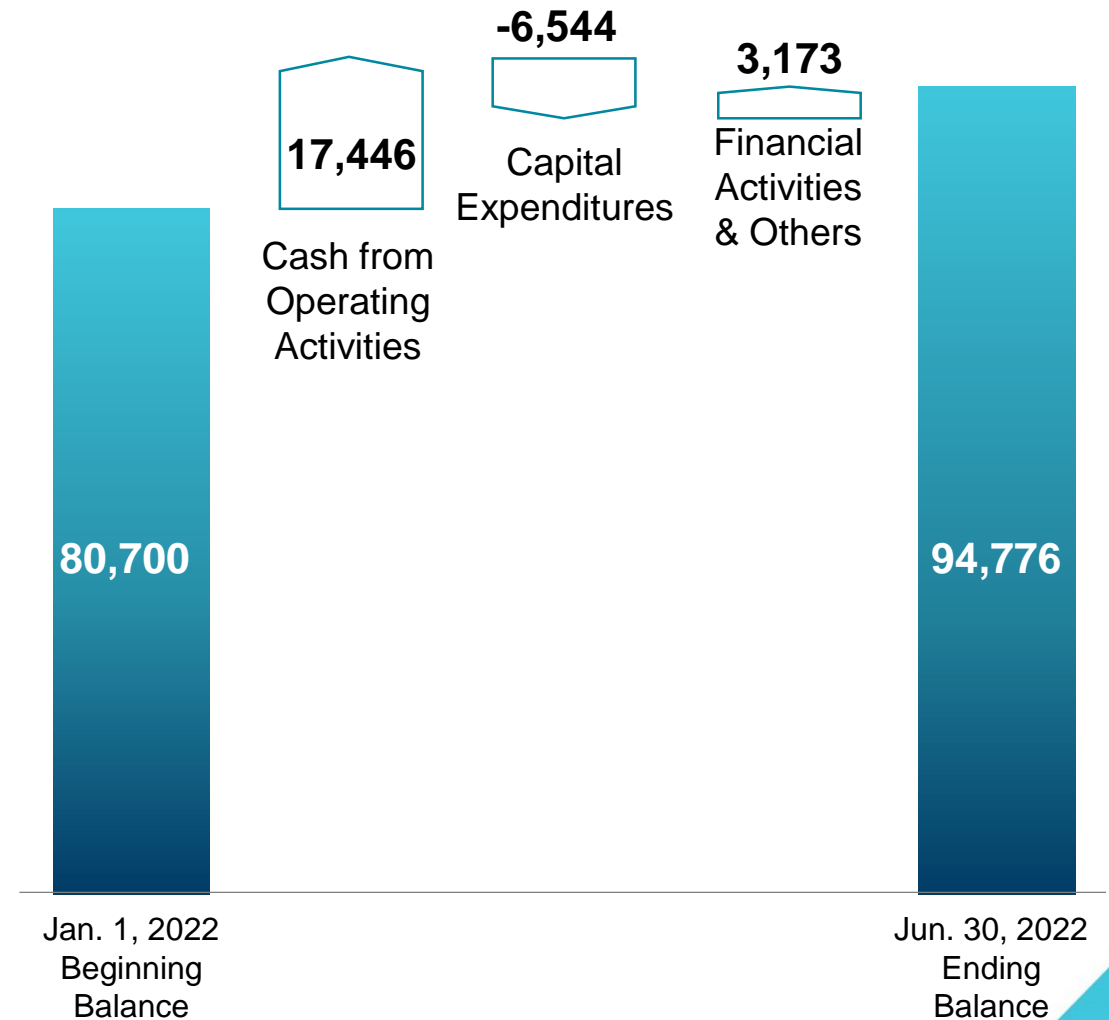
(1) Free Cash Flow = Cash from operating activities – Capital expenditures

* Including income tax payment of NT\$ 3.5 billion

** Mainly due to effect of exchange rate changes on cash and cash equivalents

2022 1H Cash Flow

Unit: Million NT\$



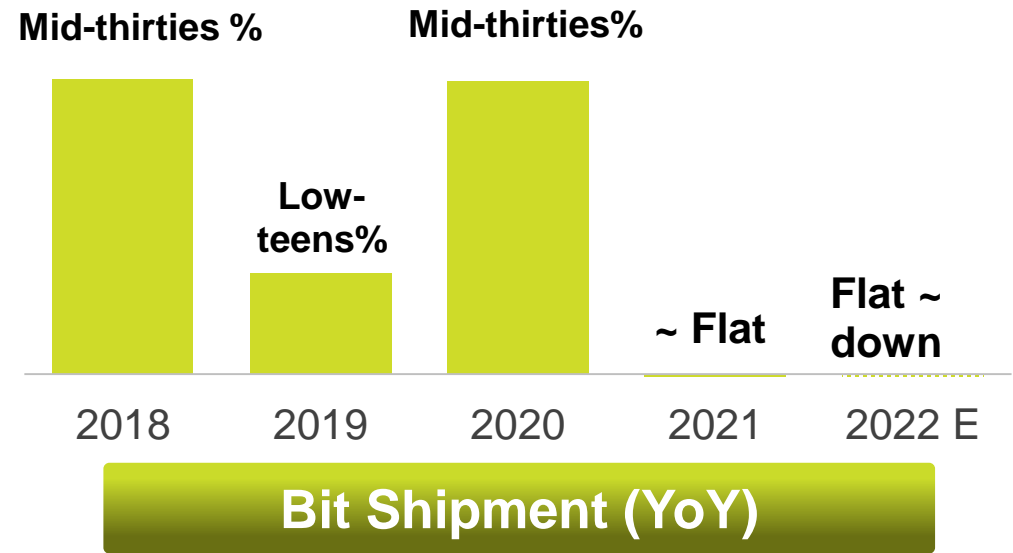
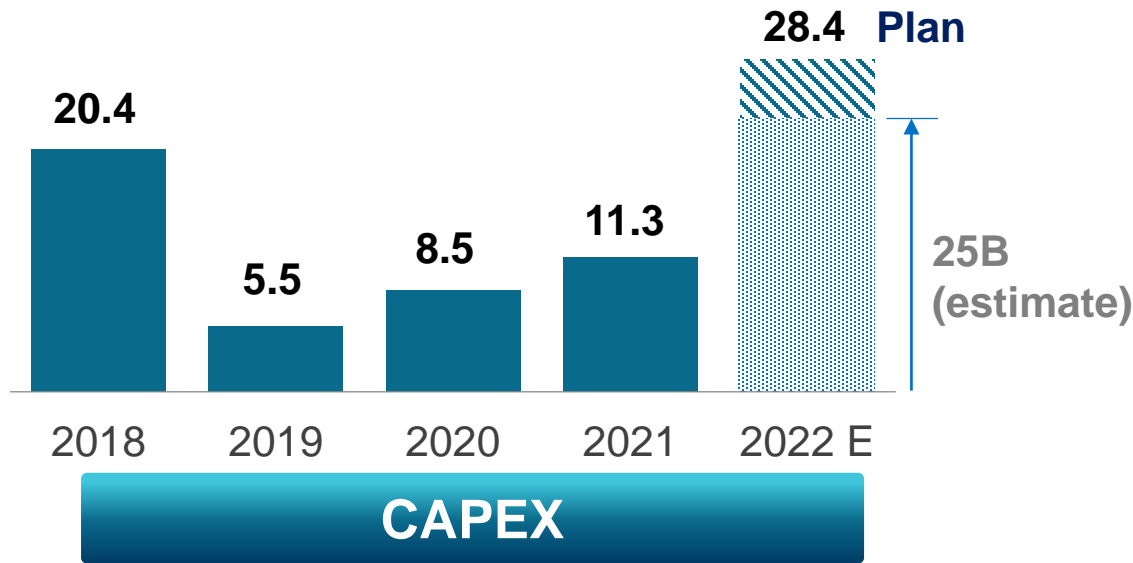
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02

CAPEX & BIT SHIPMENT

CAPEX & Bit Shipment

NT\$ Billion



Capital Expenditure(CAPEX)

- Q2'22 CAPEX NT\$ 5.4 billion (B)
- 2022 CAPEX plan up to NT\$ 28.4B

Bit Shipment

- Q2'22 bit shipment decreased by high-single digits% QoQ
- 2022 YoY bit shipment expected to be between flat and down marginally

New FAB Plan



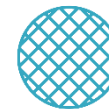
- 12-inch DRAM FAB
- R&D Center
- Water Resource Recycling Center



- Total investment is approximate NTD 300B
- The investment plan will take 3 phases



- 10nm-class (1A/1B/1C/1Dnm) process
- Advanced with EUV



- approximately 45,000 wafers / month
(after 3 phases)



- 1st Phase production start 2025

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03

MARKET OUTLOOK

Market Outlook(2H'2022)

Outlook

- Weaker DRAM market outlook due to high inflations, Russia-Ukraine Conflict and China COVID-19 control measures, supply chain disruption and consumer spending weakness
- Short-term market correction. Long-term DRAM demand remains positive outlook on 5G, AI, cloud computing and networking

Supply

- DRAM demand softening trigger major DRAM suppliers 2023 investment adjustment. Equipment shipment delays may impact suppliers capacity improvement plan

Demand

- **Server Market:** Datacenter leading demand growth, however the adverse effect of inflation likely impact server DRAM demand in 2H'22. New CPU platform with DDR5 launch delayed
- **Mobile Market:** Average DRAM content increasing, however smartphone shipment trim down due to macro-related downside
- **PC Market:** Enterprise demand remains solid, while consumer demand soften, 2022 NB shipment decline
- **Consumer Market:** WiFi 6/6E stimulates networking demand. Automotive demand resumes growth while component shortage alleviated. Control measures have severely reduced local demand in China in 1H'22, and 2H'22 remain unclear

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04

BUSINESS REVIEW & OUTLOOK

Nanya Business Review & Outlook

Finance

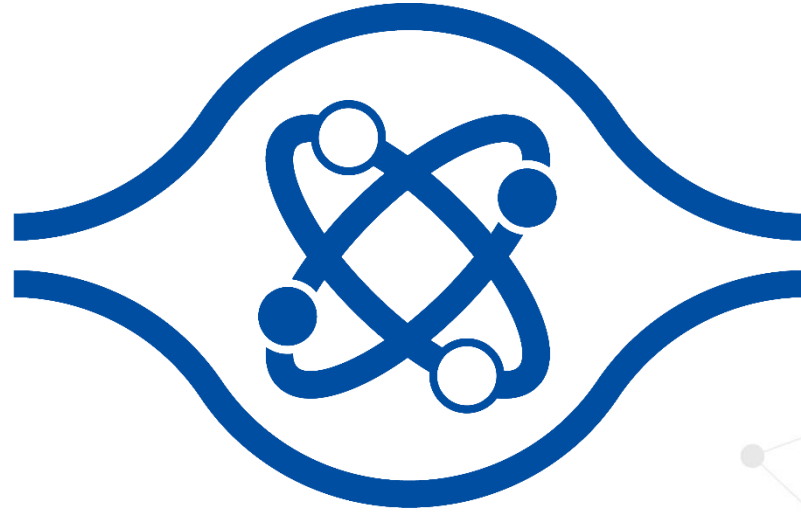
- Cash dividend NT\$ 3.7/share will be distributed on July 26, 2022
- Q2'22 EPS NT\$ 2.12/share; 1H'22 EPS NT\$ 4.24/share

Operation

- New FAB groundbreaking on June 23, 2022
- 1st 10nm-class (1A) product sampling
- 2nd 10nm-class (1B) piloting
- 3rd 10nm-class (1C) developing on track

Market Outlook

- Market short-term correction and long-term positive on cloud computing, 5G, AI and networking related applications



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Thanks & Questions

Q2'22 Consolidated Income Statement

Amount: Million NT\$

	Q2'22 (Unaudited)		Q1'22		QoQ	Q2'21		YoY
Net Sales	18,031	100.0%	19,946	100.0%	-9.6%	22,637	100.0%	-20.4%
Cost of Goods Sold	10,072	55.9%	11,196	56.1%		13,054	57.7%	
Gross Margin	7,958	44.1%	8,750	43.9%	-9.1%	9,583	42.3%	-17.0%
SG&A Expenses	663	3.7%	594	3.0%		639	2.8%	
R&D Expenses	1,931	10.7%	1,895	9.5%		1,882	8.3%	
Operating Income	5,364	29.8%	6,262	31.4%	-14.3%	7,063	31.2%	-24.1%
Non-operating Income (Exp.)	1,740	9.7%	1766	8.9%		-143	-0.6%	
Income before Tax	7,104	39.4%	8,028	40.2%	-11.5%	6,920	30.6%	2.7%
Income Tax Benefit (Expense)	-530	-2.9%	-1,478	-7.4%		-756	-3.3%	
Net Income	6,574	36.5%	6,550	32.8%	0.4%	6,163	27.2%	
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