



Nanya Technology Q3 2022 Investor Conference

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



Safe Harbor



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Contents

- 01 Q3'22 Revenue & Results**
- 02 CAPEX & Bit Shipment**
- 03 Market Outlook**
- 04 Business Review & Outlook**

The main title of the slide is "01 Q3'22 REVENUE & RESULTS". The number "01" is significantly larger than the text "Q3'22 REVENUE & RESULTS". Both are in a dark blue, bold, sans-serif font. The background of the slide features a network of grey dots connected by thin lines, with a large, abstract geometric shape on the left side composed of various shades of blue and green triangles.

Q3'22 Financial Results Summary

Amount in Million NT\$, except for EPS & BVPS	Q3'22 (Unaudited)		Q2'22		QoQ	Q3'21		YoY
	Net Sales	11,022	100%	18,031	100%	-38.9%	23,837	100%
Gross Profit (Loss) <i>Gross Margin(%)</i>	3,597	32.6%	7,958	44.1%	-54.8%	11,735	49.2%	-69.4%
Operating Income (Loss) <i>Operating Margin(%)</i>	920	8.3%	5,364	29.8%	-82.8%	9,073	38.1%	-89.9%
EBITDA* <i>EBITDA Margin (%)</i>	4,717	42.8%	9,210	51.1%	-48.8%	12,966	54.4%	-63.6%
Non-operating Income (Expense)	2,242	20.3%	1,741	9.7%		316	1.3%	
Income Tax Benefit (Expense)	-522	-4.7%	-530	-2.9%		-1,862	-7.8%	
Net Income (Loss) <i>Net Margin (%)</i>	2,640	24.0%	6,575	36.5%	-59.8%	7,527	31.6%	-64.9%
Earnings Per Share (NT\$)	0.85**		2.12			2.44		
Book Value Per Share (NT\$)	59.29***		57.40			53.87		

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

*** BVPS is calculated based on 3,098M outstanding shares

** EPS is based on weighted average outstanding shares of 3,098M

Quarterly Revenue Results

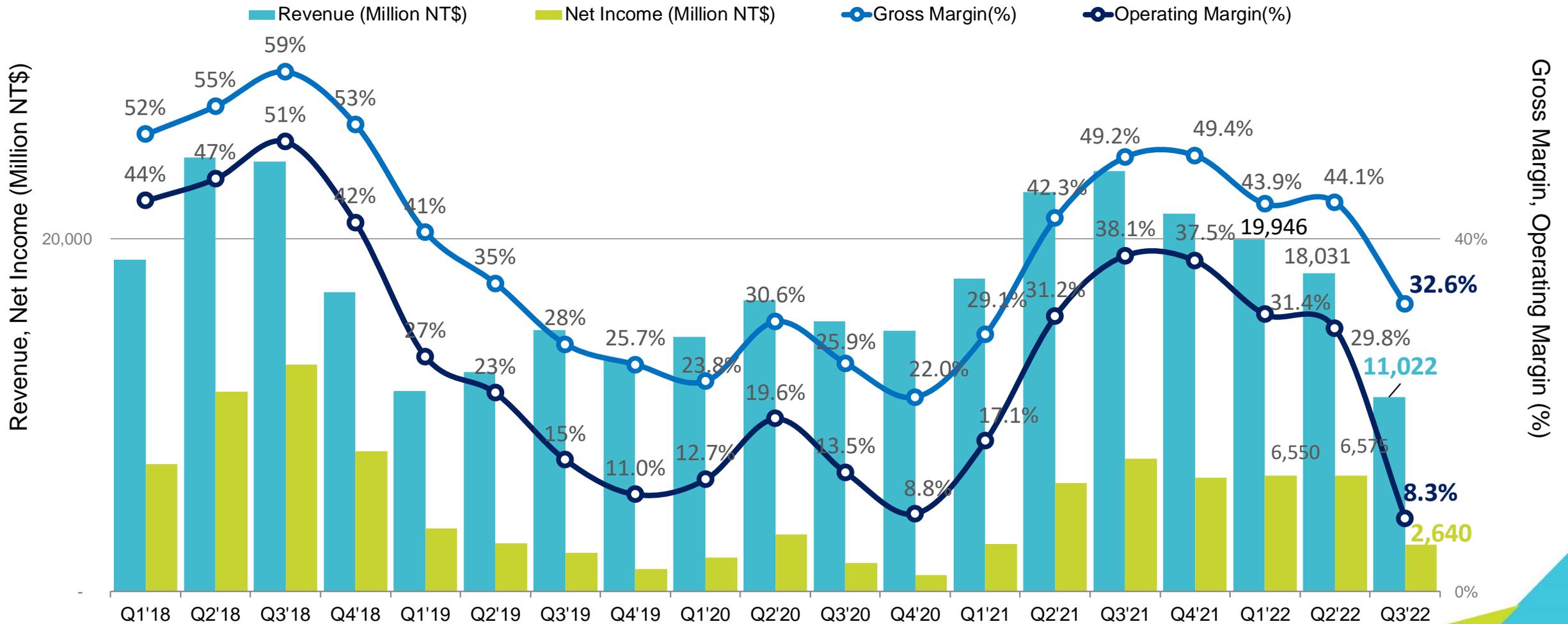
	QoQ Q3'22 vs. Q2'22	YoY Q3'22 vs. Q3'21
Revenue	-38.9%	-53.8%
Shipment	Decreased low-twenties%	Decreased mid-thirties%
ASP	Decreased low-twenties%	Decreased mid-thirties%
Exchange Rate	Increased low-single digits%	Increased high-single digits%

- Q3'22 Revenue decreased by 38.9% QoQ
- Q3'22 Bit shipment decreased by low-twenties% QoQ
- Q3'22 ASP decreased by low-twenties% QoQ

Q3'22 vs. Q2'22 Results Comparison

Amount in Million NT\$	Q3'22 (Unaudited)		Q2'22		QoQ (PPT* Delta)	Remarks
Net Sales	11,022		18,031		-38.9%	<ul style="list-style-type: none"> ■ Bit shipment decreased low-twenties% ■ ASP decreased low-twenties% ■ FX positive of low-single digits% increase
Gross Profit (Loss) Gross Margin(%)	3,597	32.6%	7,958	44.1%	-11.5%	<ul style="list-style-type: none"> ■ Q3'22 Gross profit decreased NT\$ 4,361M, mainly due to shipment and ASP decrease
Operating Expense	2,677	24.3%	2,594	14.4%	9.9%	<ul style="list-style-type: none"> ■ Operating expenses increased NT\$ 83M
Operating Income (Loss) Operating Margin(%)	920	8.3%	5,364	29.8%	-21.5%	<ul style="list-style-type: none"> ■ Q3'22 OP income decreased NT\$ 4,444M
Net Income (Loss) Net Margin (%)	2,640	24.0%	6,575	36.5%	-12.5%	<ul style="list-style-type: none"> ■ Net Income decreased NT\$ 3,935M <ul style="list-style-type: none"> • OP Income decreased NT\$ 4,444M • FX gain favorable NT\$328M • Interest income favorable NT\$246M

Quarterly Financial Highlights



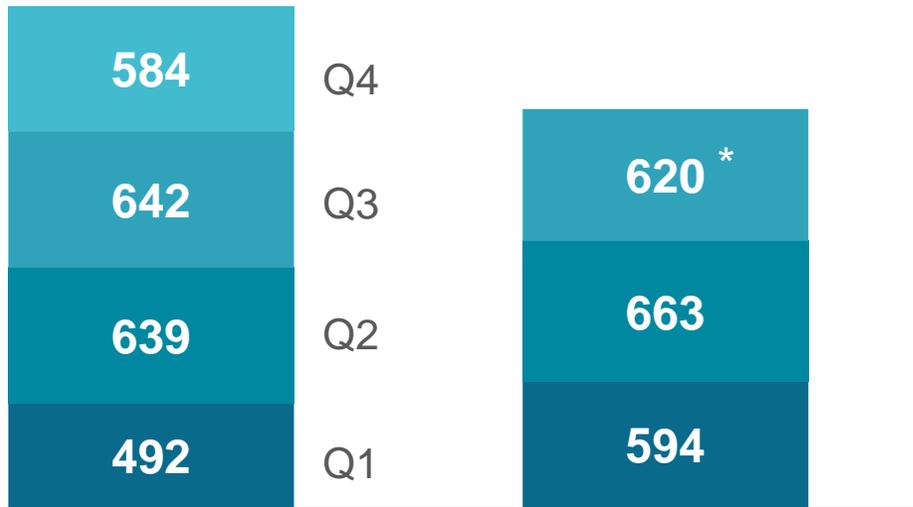
Operating Expenses

SG&A Expenses

(Million NT\$)

* Unaudited number

NT\$ 2,358



2021

2022

R&D Expenses

(Million NT\$)

* Unaudited number

NT\$ 7,500



2021

2022

Cash Flows

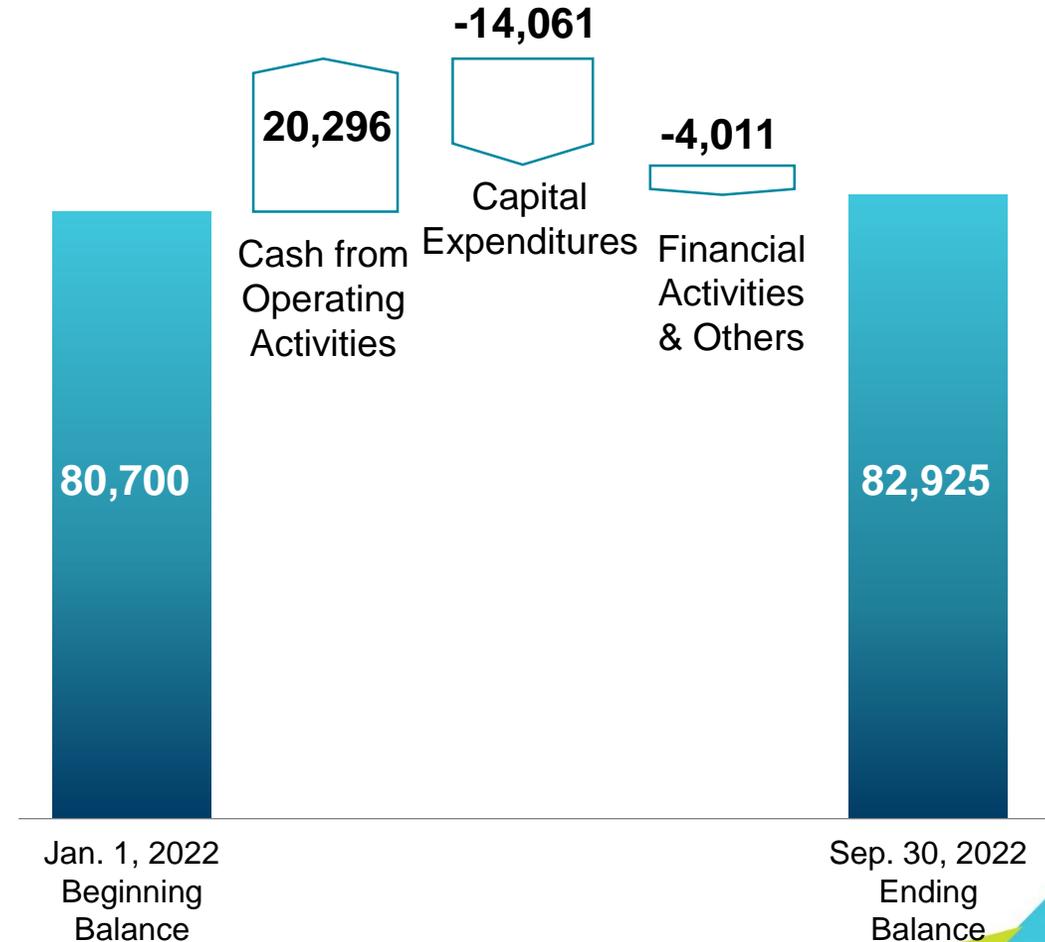
Unit: Million NT\$	Q3'22 (Unaudited)	Q2'22
Beginning Balance	94,973	92,537
Cash from Operating Activities	2,652	6,326
Capital Expenditures	-7,517	-5,379
Financial Activities & Others	*-7,183	1,489
Ending Balance	82,925	94,973
Free Cash Flow ⁽¹⁾	-4,865	947

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

- * 1. - NT\$ 11.47 billion of dividend payout
- 2. +NT\$ 3.78 billion of exchange rate changes on cash and cash equivalents

2022 Q1 – Q3 Cash Flow

Unit: Million NT\$



A decorative geometric pattern on the left side of the slide, composed of overlapping triangles in various shades of blue and green, connected by white lines.

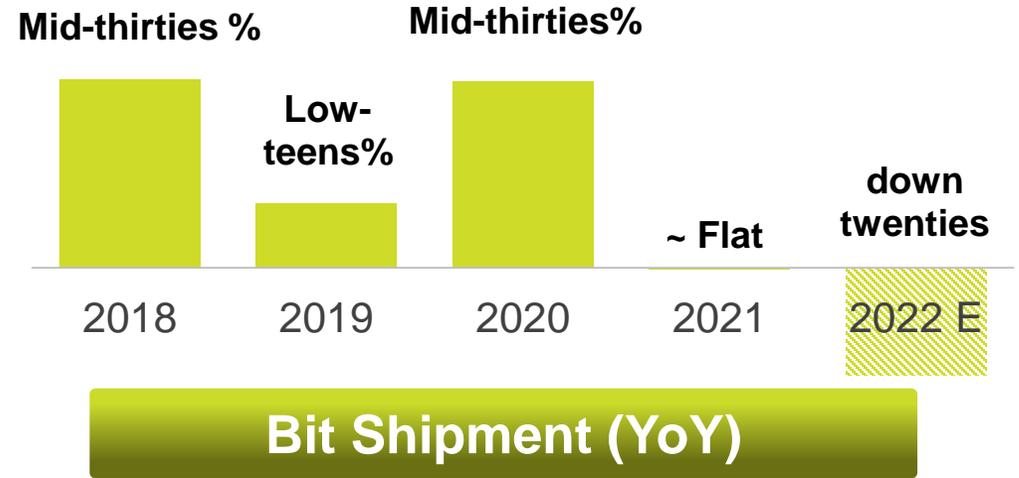
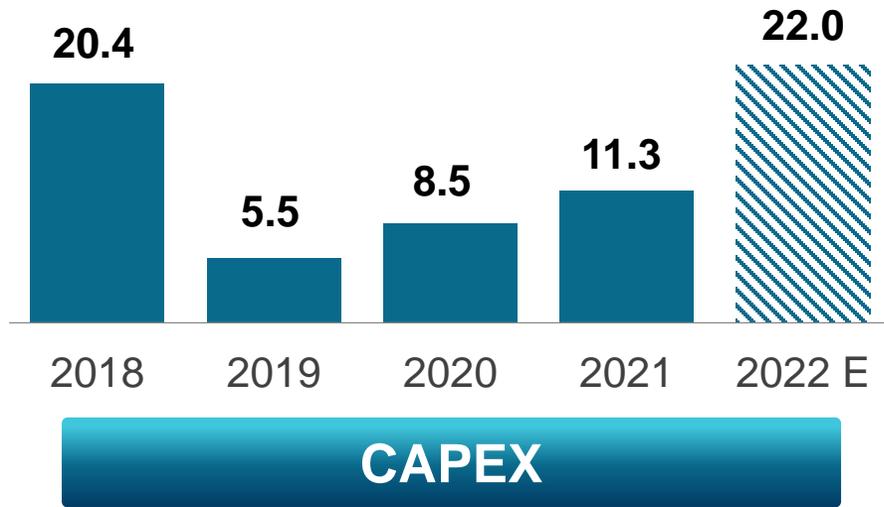
02

CAPEX & BIT SHIPMENT

A decorative network pattern on the right side of the slide, consisting of a series of grey dots connected by thin grey lines, forming a complex web-like structure.

CAPEX & Bit Shipment

NT\$ Billion



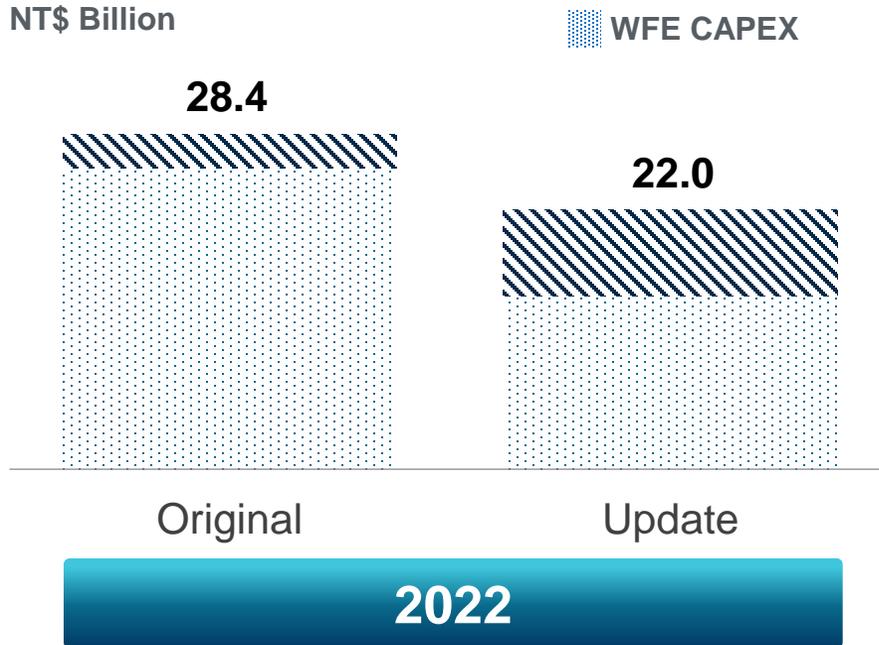
Capital Expenditure(CAPEX)

- Q3'22 CAPEX NT\$ 7.5 billion (B)
- 2022 CAPEX reduced 22.5% to NT\$ 22B from NT\$ 28.4B

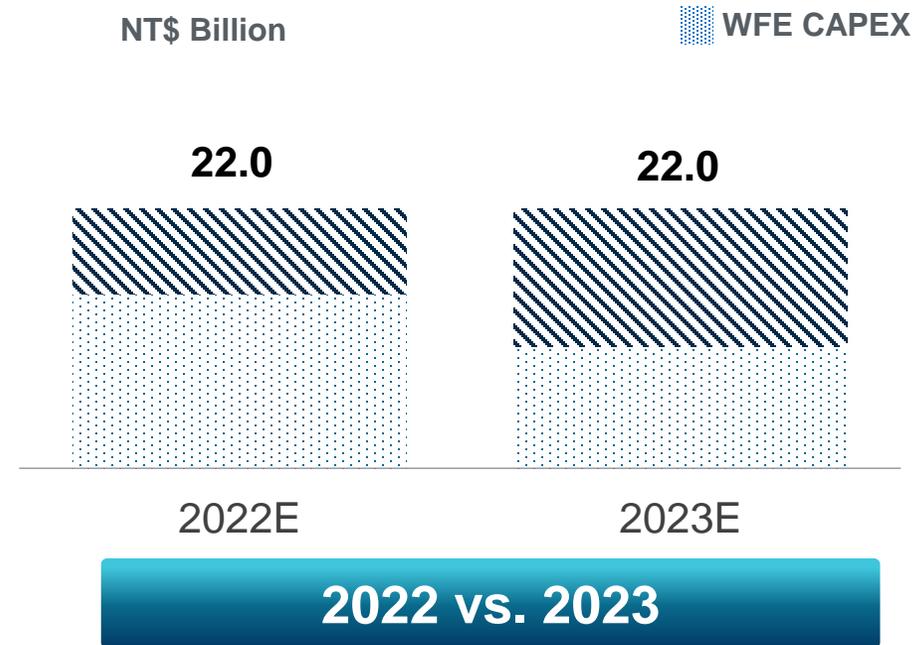
Bit Shipment

- Q3'22 bit shipment decreased by low-twenties% QoQ
- 2022 YoY bit shipment estimated to down twenties% due to weaker market

CAPEX Forecast



- 2022 CAPEX reduced 22.5% to NT\$ 22B from NT\$ 28.4B
- 2022 WFE CAPEX reduced approx. 40%



- Limit 2023 CAPEX to NT\$ 22B
- 2023 WFE CAPEX reduce over 20% yoy
- CAPEX plan subject to BoD approval

A background graphic of a network diagram with grey nodes and lines, overlaid on a light blue geometric pattern of triangles and polygons.

03

MARKET OUTLOOK

Market Outlook(Q4'2022)

Outlook

- Potential Global Macroeconomics recession triggered by high inflation, interest rate hikes, Russia-Ukraine conflict, China COVID-19 control measures
- Electronic market demand weaker than expectation, however some customers inventory gradually digesting

Supply

- DRAM suppliers inventory increased, some vendors took action on CAPEX reduction, slowing down supply growth

Demand

- **Server Market:** Datacenters construction prolonged, demand push back due to rising energy prices and global economic slowdown
- **Mobile Market:** Average DRAM content increased, however smartphone annual shipment may turn negative growth, due to high inflation and China market weakness. High end smart phone remain relatively healthy
- **PC Market:** Sluggish PC demand, annual shipment decline widen. High end PC remain relatively stable
- **Consumer Market:** Inflation and rising interest rates reduce consumers' purchasing power. TV and set-top box shipments decline, storage demand weak, however networking and automotive DRAM demand stabilizing



04

BUSINESS REVIEW & OUTLOOK

Nanya Business Review & Outlook

Finance

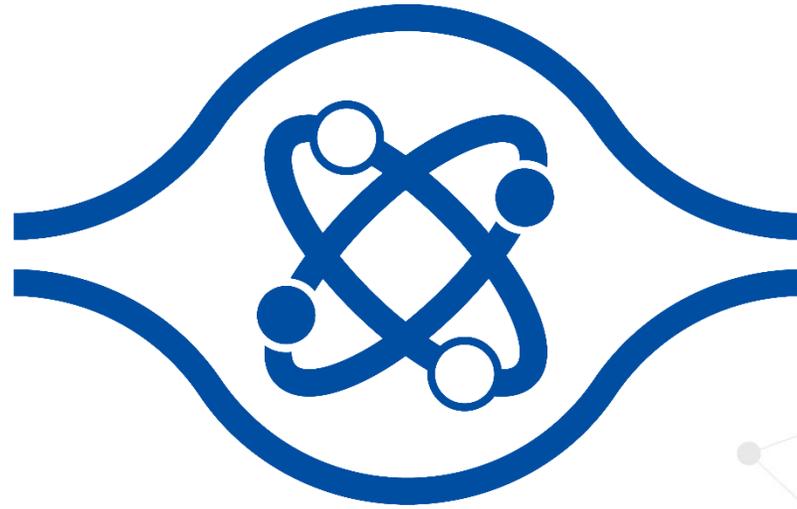
- Q3'22 EPS NT\$ 0.85/share; Q1~Q3'22 EPS NT\$ 5.09/share

Operation

- Flexible approach in adjusting product mix and CAPEX to better response weaker market demand
- 1st 10nm-class (1A) product small volume production
- Nanya Tech's emission reduction Goals validated by the Science Based Targets initiative (SBTi)

Market Outlook

- Weaker demand may continue, subject to macro uncertainties, including Russia-Ukraine conflict and China market strength



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Thanks & Questions

Q3'22 Consolidated Income Statement

Amount: Million NT\$	Q3'22 (Unaudited)		Q2'22		QoQ	Q3'21		YoY
	Net Sales	11,022	100.0%	18,031	100.0%	-38.9%	23,837	100.0%
Cost of Goods Sold	7,425	67.4%	10,072	55.9%		12,102	50.8%	
Gross Margin	3,597	32.6%	7,958	44.1%	-54.8%	11,735	49.2%	-69.4%
SG&A Expenses	620	5.6%	663	3.7%		642	2.7%	
R&D Expenses	2,057	18.7%	1,931	10.7%		2,020	8.5%	
Operating Income	920	8.3%	5,364	29.8%	-82.8%	9,073	38.1%	-89.9%
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