



# Nanya Technology Q1 2023 Investor Conference

Dr. Pei-Ing Lee, President & Spokesman  
11 April, 2023

April 11, 2023

| ©2023 Nanya Technology Corporation. All rights reserved.





# Safe Harbor

---



The information herein and the presentation made during the conference contain forward-looking statements. Neither Nanya Technology Corp. nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements or undertakes duty to update the statements.

You are urged to review carefully the information provided herein. This information shall not be distributed, reproduced or disclosed in whole or in part without prior written permission of NANYA Technology Corp.

# Contents

- 01** Q1'23 Revenue & Results
- 02** CAPEX & Bit Shipment
- 03** Market Outlook
- 04** Business Review & Outlook

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

# 01

## Q1'23 REVENUE & RESULTS



# Q1'23 Financial Results Summary

Amount in Million NT\$, except for EPS & BVPS	Q1'23 (Unaudited)		Q4'22		QoQ	Q1'22		YoY
Net Sales	6,425	100%	7,954	100%	-19.2%	19,946	100%	-67.8%
Gross Profit (Loss) <i>Gross Margin(%)</i>	-554**	-8.6%	1,037	13.0%	-153.4%	8,750	43.9%	-106.3%
Operating Income (Loss) <i>Operating Margin(%)</i>	-2,885	-44.9%	-1,544	-19.4%	-	6,262	31.4%	-146.1%
EBITDA* <i>EBITDA Margin (%)</i>	873	13.6%	2,217	27.9%	-60.6%	10,105	50.7%	-91.4%
Non-operating Income (Expense)	773	12.0%	125	1.6%		1,766	8.9%	
Income Tax Benefit (Expense)	428	6.7%	272	3.4%		-1,478	-7.4%	
Net Income (Loss) <i>Net Margin (%)</i>	-1,685	-26.2%	-1,146	-14.4%	-	6,550	32.8%	-125.7%
Earnings Per Share (NT\$)	-0.54***		-0.37			2.11		
Book Value Per Share (NT\$)	55.62****		58.41			58.45		

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

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

\*\* Including idle cost

\*\*\*\* BVPS is calculated based on 3,098M outstanding shares,  
after deduction of approx. NT\$ 2.13 cash dividend / share payable

# Quarterly Revenue Results

	QoQ Q1'23 vs. Q4'22	YoY Q1'23 vs. Q1'22
Revenue	-19.2%	-67.8%
Shipment	Decreased high single digits%	Decreased high-thirties%
ASP	Decreased high single digits%	Decreased low-fifties%
Exchange Rate	Decreased low single digits%	Increased high single digits%

- Q1'23 Revenue decreased by 19.2% QoQ
- Q1'23 Bit shipment decreased by high single digits% QoQ
- Q1'23 ASP decreased by high single digits% QoQ

# Q1'23 vs. Q4'22 Results Comparison

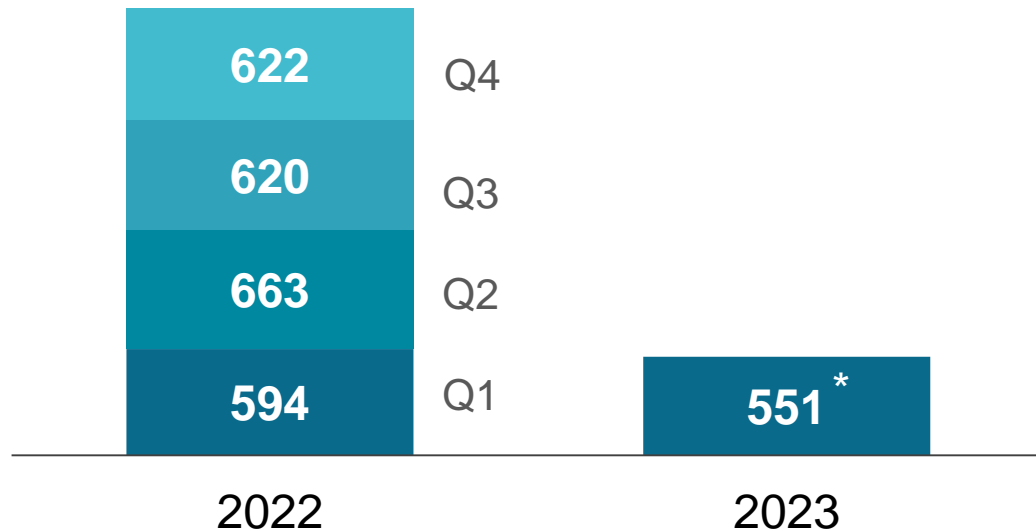
Amount in Million NT\$	Q1'23 (Unaudited)	Q4'22	QoQ (PPT* Delta)	Remarks
<b>Net Sales</b>	6,425	7,954	-19.2%	<ul style="list-style-type: none"> <li>■ ASP decreased high single digits%</li> <li>■ Bit shipment decrease high single digits%</li> <li>■ FX negative of low-single digits%</li> </ul>
<b>Gross Profit (Loss)</b> Gross Margin(%)	-554 <b>-8.6%</b>	1,037 <b>13.0%</b>	-21.6%	<ul style="list-style-type: none"> <li>■ Q1'23 Gross profit decreased NT\$ 1,591M, mainly due to ASP and shipment decrease, idle cost</li> </ul>
<b>Operating Expense</b>	2,331 <b>36.3%</b>	2,581 <b>32.4%</b>	3.9%	<ul style="list-style-type: none"> <li>■ Operating expenses decreased NT\$ 250M</li> </ul>
<b>Operating Income (Loss)</b> Operating Margin(%)	-2,885 <b>-44.9%</b>	-1,544 <b>-19.4%</b>	-25.5%	<ul style="list-style-type: none"> <li>■ Q1'23 OP income decreased NT\$ 1,341M</li> </ul>
<b>Net Income (Loss)</b> Net Margin (%)	-1,685 <b>-26.2%</b>	-1,146 <b>-14.4%</b>	-11.8%	<ul style="list-style-type: none"> <li>■ Net Income decreased NT\$ 539M               <ul style="list-style-type: none"> <li>• OP Income decreased NT\$ 1,341M</li> <li>• FX loss favorable NT\$ 638M ( Q1'23:NT\$ -78M ; Q4'22:NT\$ -716M)</li> <li>• Income tax favorable NT\$156M</li> </ul> </li> </ul>

# Operating Expenses

## SG&A Expenses

(Million NT\$)

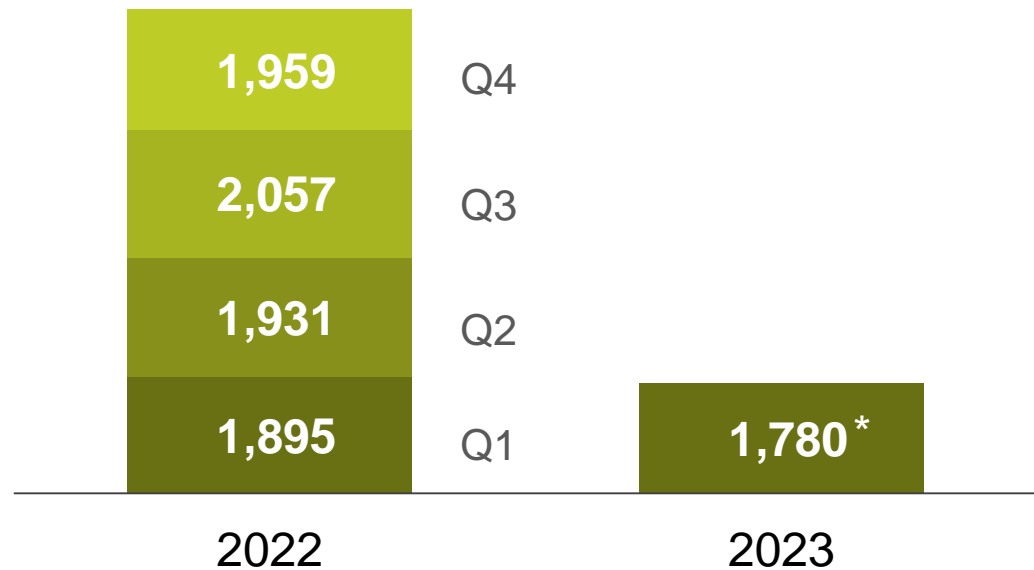
\* Unaudited number



## R&D Expenses

(Million NT\$)

\* Unaudited number





# Cash Flows

Unit: Million NT\$	Q1'23 (Unaudited)	Q4'22	Q1'22
<b>Beginning Balance</b>	<b>73,593</b>	<b>83,012</b>	<b>80,700</b>
Cash from Operating Activities	-2,276	699	11,318
Capital expenditures	-5,817	-6,651	-1,165
Financial Activities & others	-565	-3,467	1,684
<b>Ending Balance</b>	<b>64,935</b>	<b>73,593</b>	<b>92,537</b>
Free Cash Flow <sup>(1)</sup>	-8,093	-5,951	10,153

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

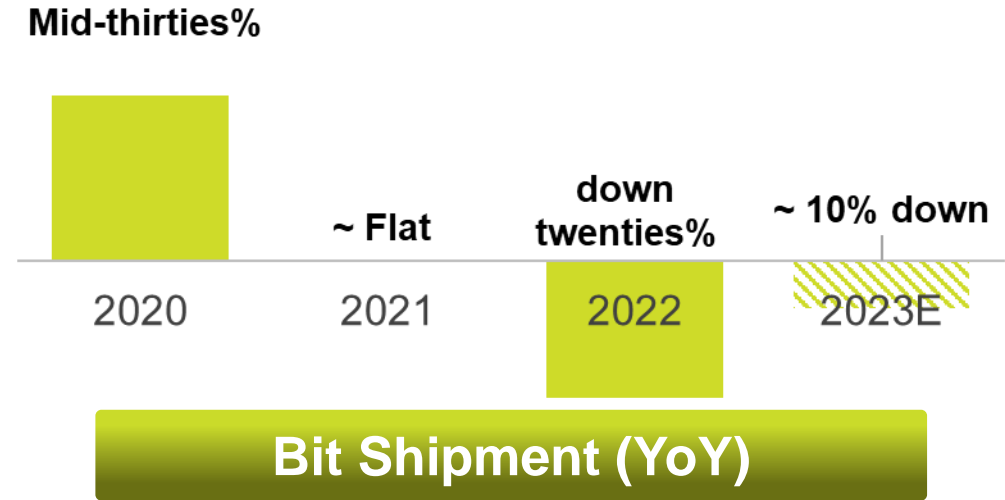
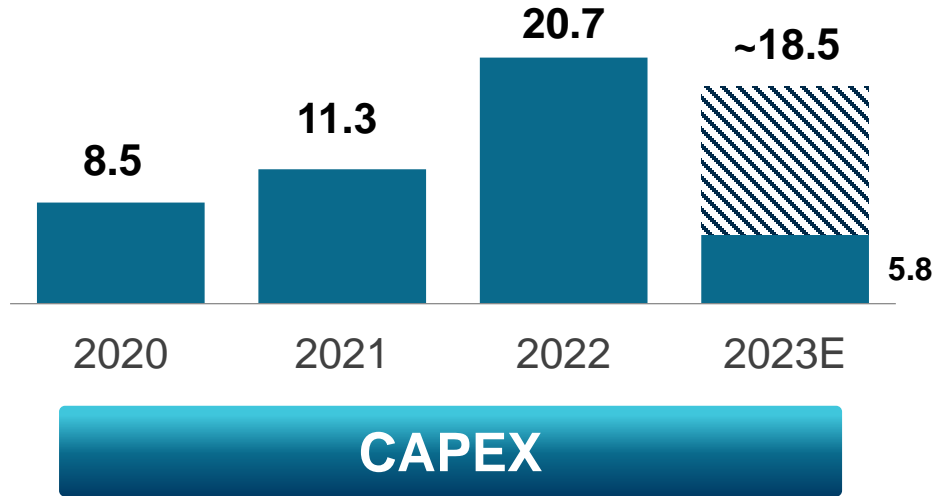
The background of the slide is composed of two main abstract geometric elements. On the left, there is a cluster of overlapping triangles in various shades of blue and a few yellow-green triangles, some with white dots at their vertices. On the right, there is a larger, more complex network of grey dots connected by thin grey lines, forming a web-like structure. The title "02 CAPEX & BIT SHIPMENT" is overlaid on the right side of the slide, with the number "02" being significantly larger than the text "CAPEX & BIT SHIPMENT".

# 02

## CAPEX & BIT SHIPMENT

# CAPEX & Bit Shipment

NT\$ Billion



## Capital

### Expenditure(CAPEX)

- Q1'23 CAPEX NT\$ 5.8B
- 2023 CAPEX plan estimated ~ NT\$ 18.5B, -11% yoy, WFE CAPEX less than 50% of total

## Bit Shipment

- 1H'23 weak demand may continue, 2H'23 gradually improve
- Production output reduction targeting up to 20% dynamically for 2023

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

# 03

## MARKET OUTLOOK



# Market Outlook(2Q'23)

## Outlook

- DRAM demand relatively weak for 1H'23, as a result from weak global economics, weak consumer confidence, and conservative enterprise spending. A number of negative factors, including high Inflation, interest rate hike, geopolitical conflict in Europe, bankruptcy in US and European banking industries, and weak China domestic demands.
- Output adjustment by DRAM suppliers in 1H'23, and seasonal demand improvement may favor gradual inventory digestion, and marginal DRAM market recovery in 2H'23.

## Supply

- As the inventory continue peaking, some suppliers took actions on capacity adjustment, slowing down process migration and strict control of capital spending.

## Demand

- **Server Market:** Enterprise cloud customers cut spending due to sluggish economy, however the penetration of AI/5G may improve the server DRAM demand.
- **Mobile Market:** U.S. & Korea mobile shipment relatively flat, while Chinese smartphone shipment relatively sluggish. 2H'23, smartphone shipment may improve seasonally, and inventory digested.
- **PC Market:** Annual PC unit shipments continue to decline; 2H'23 bit demand may improve, due to gradual inventory digestion and average DRAM content increase.
- **Consumer Market:** Rush orders for TV received in 1H'23; overall consumer market may recover in 2H'23 as demand for IP CAM, networking, industrial and automotive applications are relatively healthy.

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 diagram with grey dots connected by thin lines, forming a web-like structure.

# 04

## BUSINESS REVIEW & OUTLOOK

# Nanya Business Review & Outlook

## Finance

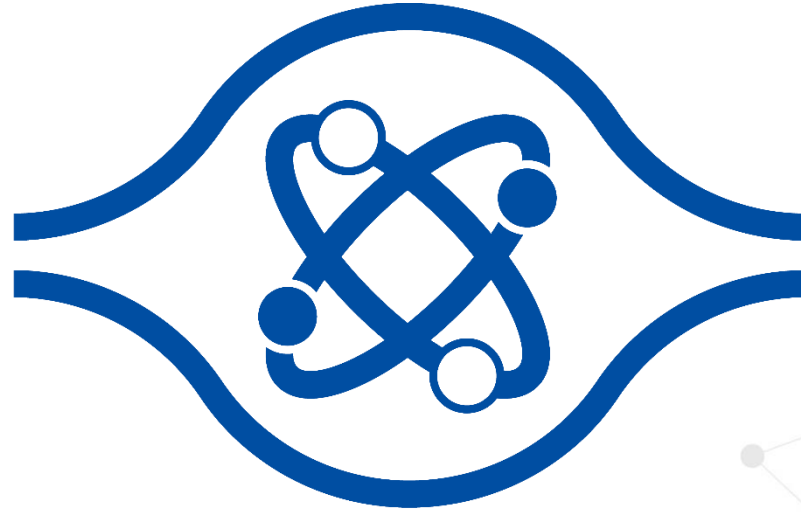
- Cash dividend NT\$ 2.13/share approximately
- Q1'23 net loss NT\$ 1,685 million, EPS NT\$ -0.54

## Operation

- Flexible approach in adjusting product mix, production output and CAPEX to better response weaker market demand
- 1st 10nm-class (1A) in production, 2nd 10nm-class (1B) lead product piloting on schedule
- Nanya recognized as Top 100 Global Innovator 2023

## Market Outlook

- DRAM demand relatively weak for 1H'23; marginal DRAM market recovery in 2H'23



nanya

# Thanks & Questions



# Q1'23 Consolidated Income Statement

Amount: Million NT\$

	Q1'23 (Unaudited)		Q4'22		QoQ	Q1'22		YoY
Net Sales	6,425	100.0%	7,954	100.0%	-19.2%	19,946	100.0%	-67.8%
Cost of Goods Sold	6,979	108.6%	6,917	87.0%		11,196	56.1%	
Gross Margin	-554	-8.6%	1,037	13.0%	-153.4%	8,750	43.9%	-106.3%
SG&A Expenses	551	8.6%	622	7.8%		594	3.0%	
R&D Expenses	1,780	27.7%	1,959	24.6%		1,895	9.5%	
Operating Income	-2,885	-44.9%	-1,544	-19.4%	-	6,262	31.4%	-146.1%
Non-operating Income (Exp.)	773	12.0%	125	1.6%		1,766	8.9%	
Income before Tax	-2,112	-32.9%	-1,418	-17.8%	-	8,028	40.2%	-126.3%
Income Tax Benefit (Expense)	428	6.7%	272	3.4%		-1,478	-7.4%	
Net Income	-1,685	-26.2%	-1,146	-14.4%	-	6,550	32.8%	-125.7%
Earnings Per Share (NT\$)	-0.54		-0.37			2.11		
Book Value Per Share(NT\$)	55.62		58.41			58.45		