



Nanya Technology

Q3 2023 Investor Conference

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

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01.

Q3'23 Revenue & Results

Q3'23 Financial Results Summary

Amount in Million NT\$, except for EPS & BVPS	Q3'23 (Unaudited)		Q2'23		QoQ	Q3'22		YoY
Net Sales	7,736	100.0%	7,027	100.0%	10.1%	11,022	100%	-29.8%
Gross Profit (Loss) <i>Gross Margin(%)</i>	** -1,953	-25.2%	-788	-11.2%	-	3,597	32.6%	-154.3%
Operating Income (Loss) <i>Operating Margin(%)</i>	-4,340	-56.1%	-3,185	-45.3%	-	920	8.3%	-571.7%
EBITDA* <i>EBITDA Margin (%)</i>	-475	-6.1%	663	9.4%	-171.6%	4,717	42.8%	-110.1%
Non-operating Income (Expense)	1,198	15.5%	1,264	18.0%		2,243	20.3%	
Income Tax Benefit (Expense)	638	8.2%	1,150	16.4%		-522	-4.7%	
Net Income (Loss) <i>Net Margin (%)</i>	-2,505	-32.4%	-771	-11.0%	-	2,641	24.0%	-194.8%
Earnings Per Share (NT\$)	*** -0.81		-0.25			0.85		
Book Value Per Share (NT\$)	**** 55.52		55.72			59.29		

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

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

** Idle cost included

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

Quarterly Revenue Results

	QoQ Q3'23 vs. Q2'23	YoY Q3'23 vs. Q3'22
Revenue	+10.1%	-29.8%
Shipment	Increased high-teens%	Increased low-twenties%
ASP	Decreased high-single digits%	Decreased mid-forties %
Exchange Rate	Increased low-single digits%	Increased mid-single digits%

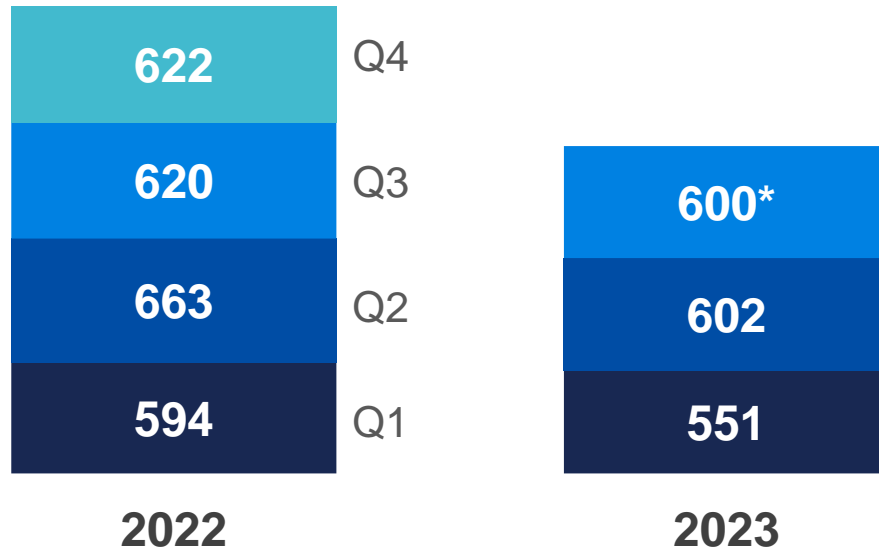
Q3'23 vs. Q2'23 Results Comparison

Amount in Million NT\$	Q3'23 (Unaudited)	Q2'23	QoQ (PPT* Delta)	Remarks
Net Sales	7,736	7,027	10.1%	<ul style="list-style-type: none"> ■ Bit shipment increased high-teens% ■ ASP decreased high-single digits% ■ FX favorable low-single digits%
Gross Profit (Loss) Gross Margin(%)	-1,953 -25.2%	-788 -11.2%	-14.0%	<ul style="list-style-type: none"> ■ Gross loss increased NT\$ 1,165M, mainly due to ASP decrease and higher idle costs
Operating Expense	2,387 30.9%	2,396 34.1%	-3.2%	<ul style="list-style-type: none"> ■ Operating expenses decreased NT\$ 9M
Operating Income (Loss) Operating Margin(%)	-4,340 -56.1%	-3,185 -45.3%	-10.8%	<ul style="list-style-type: none"> ■ OP loss increased NT\$ 1,155M
Net Income (Loss) Net Margin (%)	-2,505 -32.4%	-771 -11.0%	-21.4%	<ul style="list-style-type: none"> ■ Net loss increased NT\$ 1,734M <ul style="list-style-type: none"> • OP loss increased NT\$ 1,155M • Income tax unfavorable NT\$512M

Operating Expenses

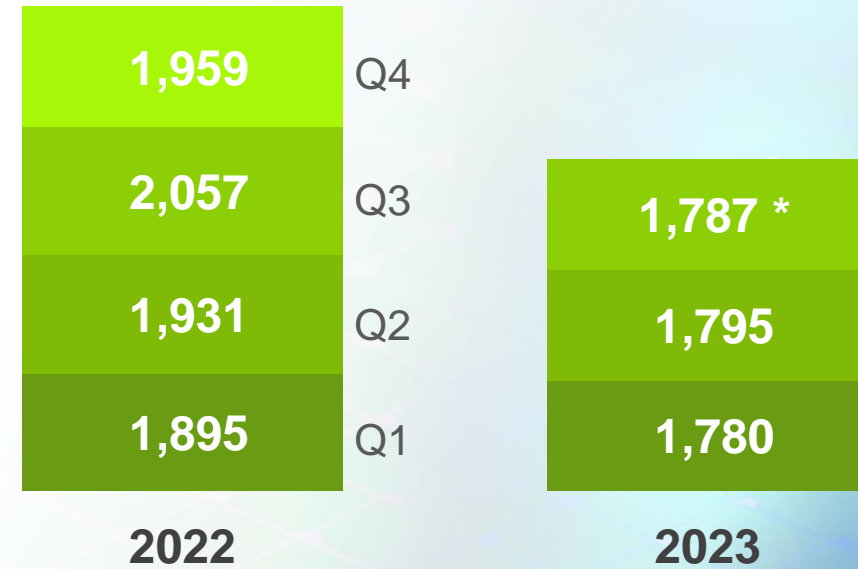
SG&A Expenses (*Unaudited)

(Million NT\$)



R&D Expenses (*Unaudited)

(Million NT\$)



Cash Flows

Unit: Million NT\$	Q3'23 (Unaudited)	Q2'23
Beginning Balance	59,665	65,002
Cash from Operating Activities	-891	*-3,577
Capital Expenditures	-2,431	-2,808
Financial Activities & Others	**4,125	1,047
Ending Balance	***60,468	59,665
Free Cash Flow ⁽¹⁾	-3,322	-6,384

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

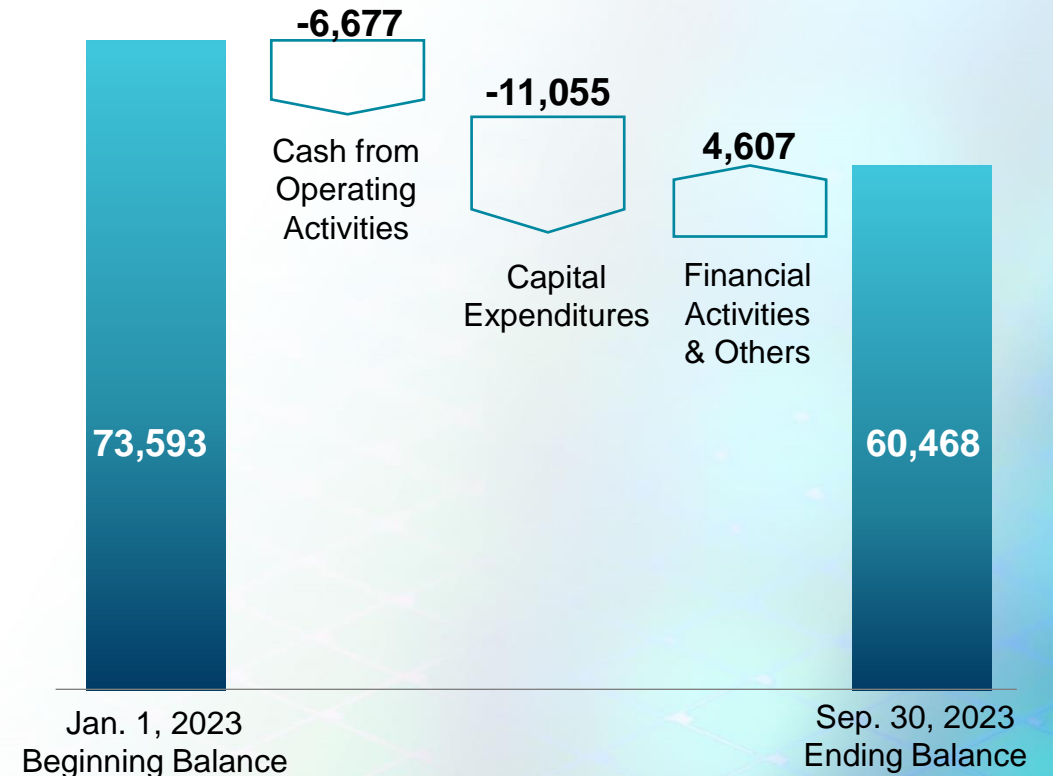
* Incl. income tax payment

** Incl. S/T debt \$8.3B, net dividends payout \$6.1B and FX gain \$1.9B

*** Net cash (cash minus debt) \$52.2B

2023 Q1~Q3 Cash Flow

Unit: Million NT\$

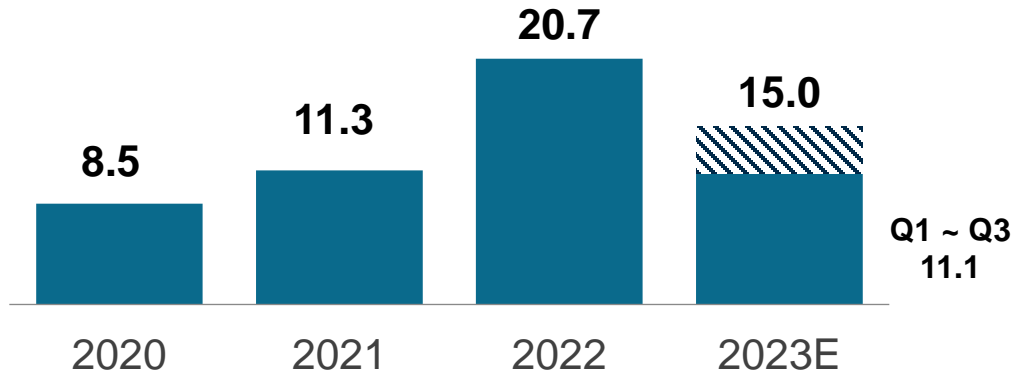


02.

CAPEX & Bit Shipment

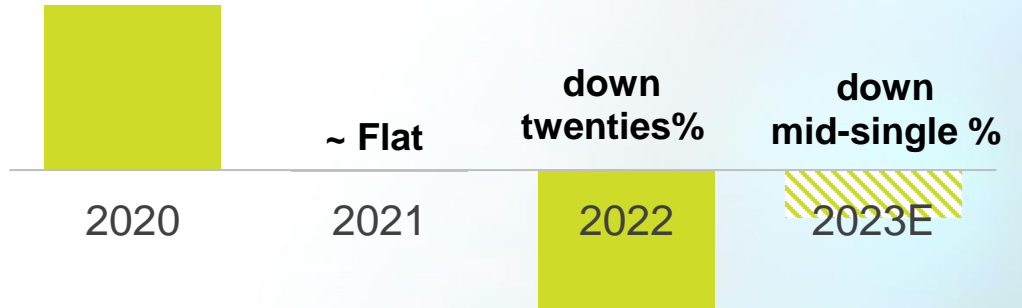
CAPEX & Bit Shipment

NT\$ Billion



CAPEX

Mid-thirties%



Bit Shipment (YoY)

Capital

Expenditure (CAPEX)

- Q3'23 CAPEX NT\$2.4B
- 2023 CAPEX plan estimated approx. NT\$15B, WFE CAPEX approx. 50% of total

Bit Shipment

- Q3'23 bit shipment increased high-teens% QoQ
- Q4'23 production output will remain dynamically reduced by up to 20%
- Annual bit shipments are expected to be down mid-single%

03.

Market Outlook

Market Outlook (4Q'23)

Outlook

- Some improvement on Q4 demand is expected. Suppliers gradually destock as a result of production cuts.
- DRAM suppliers continue to adjust capacity and focus on next generation high-end products.
- Geopolitical issues, including the Russia-Ukraine war and the US-China trade conflict, remain key to the recovery of global economy.

Supply

- DDR5 and HBM are instrumental in improving market demand and alleviating DDR4 inventory.
- The capex and capacity are expected to remain conservative in 2024, helping to restore market balance.

Demand

- **Server Market:** With growing demand for DDR5 driven by AI computing of enterprise cloud centers, the server market would show quarterly improvement from Q4.
- **Mobile Market:** The smartphone market in China is expected to rebound in Q4. Globally, AI smartphone may trigger future demand.
- **PC Market:** New product launches would drive the demand for DDR5 & LPDDR5, which will gradually replace DDR4 & LPDDR4 as the mainstream products.
- **Consumer Market:** Demand growth for TV, IP CAM, networking, industrial and automotive application remains stable.

04.

Business Review & Outlook

Nanya Business Review & Outlook

- Q3'23 net loss NT\$ 2,505 million, EPS NT\$ -0.81
- 2nd 10nm-class (1B) 16Gb DDR5 product piloting
- Q4'23 production output dynamically reduced by up to 20%
- Inventory has started to decrease, and overall demand is improving gradually



Thanks & Questions

Q3'23 Consolidated Income Statement

Amount: Million NT\$	Q3'23 (Unaudited)		Q2'23		QoQ	Q3'22		YoY
Net Sales	7,736	100.0%	7,027	100.0%	10.1%	11,022	100.0%	-29.8%
Cost of Goods Sold	9,689	125.2%	7,815	111.2%		7,425	67.4%	
Gross Profit (Loss)	-1,953	-25.2%	-788	-11.2%	-	3,597	32.6%	-154.3%
SG&A Expenses	600	7.8%	602	8.6%		620	5.6%	
R&D Expenses	1,787	23.1%	1,795	25.5%		2,057	18.7%	
Operating Income (Loss)	-4,340	-56.1%	-3,185	-45.3%	-	920	8.3%	-571.7%
Non-operating Income (Exp.)	1,198	15.5%	1,264	18.0%		2,243	20.3%	
Income before Tax (Loss)	-3,142	-40.6%	-1,920	-27.3%	-	3,163	28.7%	-199.4%
Income Tax Benefit (Expense)	638	8.2%	1,150	16.4%		-522	-4.7%	
Net Income (Loss)	-2,505	-32.4%	-771	-11.0%	-	2,641	24.0%	-194.8%
Earnings Per Share (NT\$)	-0.81		-0.25			0.85		
Book Value Per Share(NT\$)	55.52		55.72			59.29		