Nanya Technology
Q1' 2020 Financial Summary

Safe Harbor

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Q1'20 Consolidated Income Statement

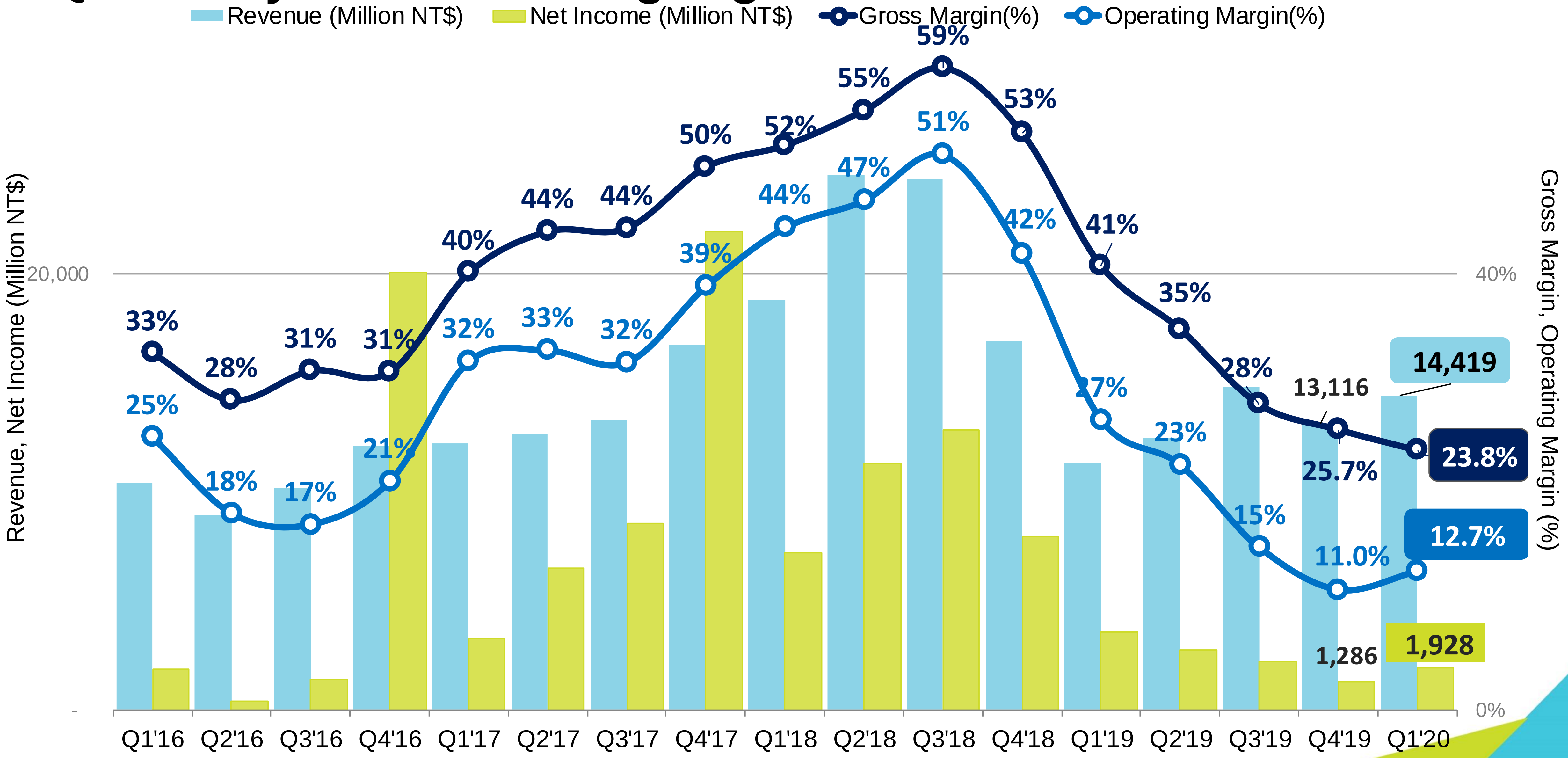
Amount: Million NT$	Q1'20 Audited		Q4'19 Audited		QoQ	Q1'19 Audited		YoY
Net Sales	14,419	100.0%	13,116	100.0%	9.9%	11,372	100.0%	26.8%
Cost of Goods Sold	10,983	76.2%	9,739	74.3%		6,739	59.3%	
Gross Margin	3,436	23.8%	3,377	25.7%	1.8%	4,633	40.7%	-25.8%
SG&A Expenses	533	3.7%	562	4.3%		465	4.1%	
R&D Expenses	1,071	7.4%	1,374	10.5%		1,148	10.1%	
Operating Income	1,832	12.7%	1,440	11.0%	27.2%	3,020	26.6%	-39.3%
Non-operating Income (Exp.)	492	3.4%	111	0.8%		567	5.0%	
Income before Tax	2,324	16.1%	1,550	11.8%	49.9%	3,586	31.5%	-35.2%
Income Tax Benefit (Expense)	-395	-2.7%	-265	-2.0%		0	0.0%	
Net Income	1,928	13.4%	1,286	9.8%	50.0%	3,586	31.5%	-46.2%
EPS(NT$)	0.63		0.42			1.18		
Book Value Per Share	50.40		49.78			55.26		

Q1’20 vs. Q4’19 Results Comparison

Amount in Million NT$	Q1’20 Audited		Q4’19 Audited		QoQ (PPT* Delta)	Remarks
Net Sales	14,419		13,116		+9.9%	■ Bit shipment increased by low teens% range QoQ ■ ASP remained flat QoQ ■ FX negative impact 1.5%
Gross Profit (Loss) Gross Margin(%)	3,436	***23.8%***	3,377	***25.7%***	-1.9%	■ Q1’20 Gross profit increased NT$ 59M, mainly due to shipment increase and FX negative impact
Operating Expense	1,604	***11.1%***	1,937	***14.8%***	-3.7%	■ SG&A decreased NT$ 30M, R&D expense decreased NT$ 303M
Operating Income (Loss) Operating Margin(%)	1,832	***12.7%***	1,440	***11.0%***	+1.7%	■ Q1’20 OP Income increased NT$ 392M
Net Income (Loss) Net Margin (%)	1,928	***13.4%***	1,286	***9.8%***	+3.6%	■ Net Income increased NT$ 642M • Primarily from OP Income increase of NT$ 392M • Gains by FX: NT$ 342M favorable (Q1’20: +78M, Q4’19: -264M) • Income tax: NT$ 131M unfavorable (Q1’20: 395M; Q4’19: 265M)

*PPT: Percentage Points

Quarterly Financial Highlights



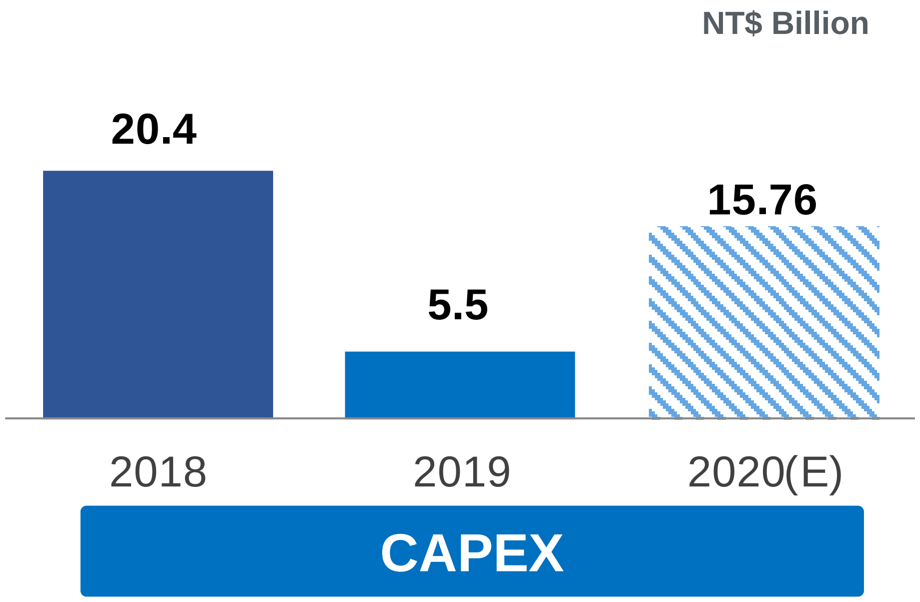
Cash Flows

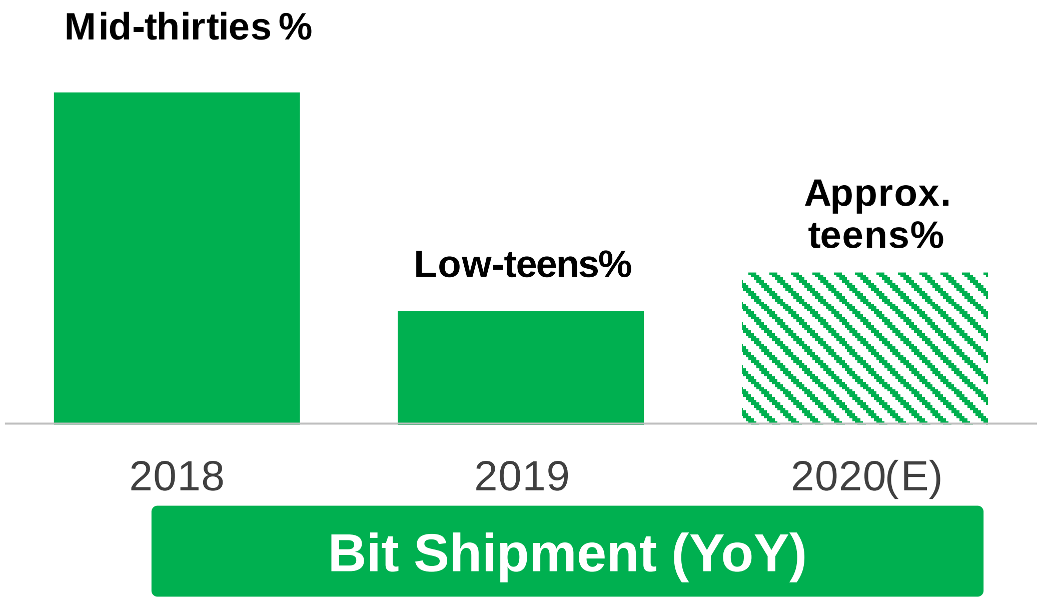
Unit: Million NT$	Q1'20 Audited & Consolidated	Q4'19 Audited & Consolidated	Q1'19 Audited & Consolidated
Beginning Balance	**44,149**	**43,184**	**57,384**
Cash from Operating Activities	4,080*	4,798	5,916
Capital expenditures	-838	-840	-1,723
Financial Activities & others	141	-2,992**	-1,203
Ending Balance	**47,532**	**44,149**	**60,374**
Free Cash Flow (1)	**3,242**	**3,957**	**4,193**

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

* Account receivable increased NT$ 1.6 billion (B) due to revenue increase
** NT$ 2.05 B investment to acquire FATC shares and NT$ 1.1B currency translation due to NTD appreciation

CAPEX & Bit Shipment





Capital Expenditure (CAPEX)

- Q1’20 CAPEX NT$ 838 million
- 2020 CAPEX plan revised up to NT$ 15.76 billion(B) from NT$ 9.2B, mainly for 10nm-class piloting line establishment

Bit Shipment

- Q1’20 Bit shipment increased by low teens% QoQ
- Q2’20 QoQ bit shipment expected to be flat
- 2020 YoY bit shipment growth guided for approx. teens%

Response to COVID-19

Epidemic Prevention Measures	■ Implemented epidemic prevention measures complied with government's regulation, plus additional policy to protect employees, contractors and visitors. No abnormal cases occurred thus far • Internal epidemic prevention measures include physical separation protocols, work from home, all personnel body temperature screening, use of surgical masks, catering health management...etc. • External epidemic prevention measures include entrance requirements, video or teleconference instead of travel or visit…etc.
Supply Chain Mgmt.	■ Production line and subcontractors are all located in Taiwan, not affected by COVID-19 ■ Raw materials and equipment are currently not affected • Shipment and transport of the supply chain are normal • Increase inventory of materials and chemicals • Multiple suppliers to reduce risk
Customer Support	■ Support and services to our customers with goal to assist our customers for stable production
Next	■ Continue monitor the future development of COVID-19 and take appropriate measure to assure the overall normal operation

Q2'20 Market Outlook (COVID-19 effect)

Outlook

- Short term: Demand increased from remote work, virtual learning or online shopping. Stronger demand from servers, notebooks, tablets, SSDs and networking devices, offsetting weaker demand from smartphones.
- Long term: If EU, U.S. and other countries epidemics under control in Q2, market may bound from turbulence to stable. If the epidemics continue through Q3, Global recession will be expected

Supply

- Conservative Capex in 2019 result in discipline bit supply growth in 2020
- COVID-19 pandemic has not interrupted DRAM supply
- 2021 bit supply growth depends on DRAM suppliers CAPEX plan in 2H20

Demand

- **Mobile Market:** Expected DRAM content to grow, as 12GB adoption increase in Android high-end smartphones. However, COVID-19 impacted overall smartphone demand
- **Server Market:** Hyperscalers are increasing their 2020 CAPEX. COVID-19 has caused cloud computing demand to surge due to stay-at-home requirements
- **PC Market:** Notebooks benefits from increased demand for remote work and study. PC OEM demand is better than expected
- **Consumer Market:** DRAM demand strong resulted from tablets, networking, SSD, and game consoles; COVID-19 caused short term production lockdown in South East Asia and Mexico, Automotive sectors relatively weak worldwide

Nanya Business Review & Outlook

- Strong Q1'20 bit shipment growth from datacenters, 5G infrastructure, networking and PC segments
- Overall COVID-19 impact is uncertain, need to closely monitor market demand changes
- Cash dividend of NT$ 4.6B (Approx. NT$ 1.5 /share)
- 10nm-class DDR4, LPDDR4 and DDR5 development on track and scheduled to start piloting in 2H'20

Thanks & Questions