



Nanya Technology Q2 2023 Investor Conference



Safe Harbor



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Q2'23 Financial Results Summary

	Q2'23		Q1'23		QoQ	Q2'22		YoY
Amount in Million NT\$, except for EPS & BVPS								
Net Sales	7,027	100.0%	6,425	100%	9.4%	18,031	100%	-61.0%
Gross Profit (Loss) <i>Gross Margin(%)</i>	** -788	-11.2%	-554	-8.6%	-	7,958	44.1%	-109.9%
Operating Income (Loss) <i>Operating Margin(%)</i>	-3,185	-45.3%	-2,885	-44.9%	-	5,364	29.8%	-159.4%
EBITDA* <i>EBITDA Margin (%)</i>	663	9.4%	873	13.6%	-24.1%	9,210	51.1%	-92.8%
Non-operating Income (Expense)	1,264	18.0%	773	12.0%		1,741	9.7%	
Income Tax Benefit (Expense)	1,150	16.4%	428	6.7%		-530	-2.9%	
Net Income (Loss) <i>Net Margin (%)</i>	-771	-11.0%	-1,685	-26.2%	-	6,575	36.5%	-111.7%
Earnings Per Share (NT\$)	*** -0.25		-0.54			2.12		
Book Value Per Share (NT\$)	**** 55.72		55.62			57.40		

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 Q2'23 vs. Q1'23	YoY Q2'23 vs. Q2'22
Revenue	+9.4%	-61.0%
Shipment	Increased mid-teens%	Decreased low-twenties%
ASP	Decreased mid-single digits%	Decreased low-fifties%
Exchange Rate	Relatively flat	Increased mid-single digits%

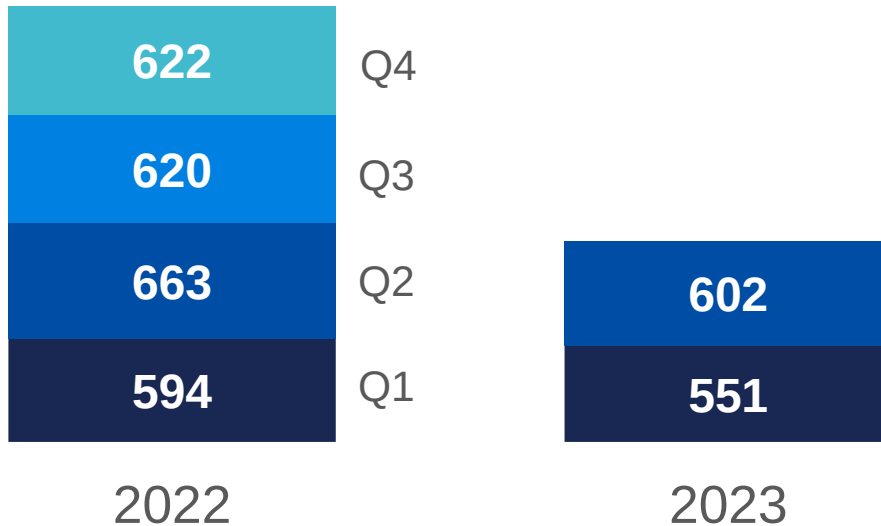
Q2'23 vs. Q1'23 Results Comparison

Amount in Million NT\$	Q2'23	Q1'23	QoQ (PPT* Delta)	Remarks
Net Sales	7,027	6,425	9.4%	■ ASP decreased mid-single digits% ■ Bit shipment increased mid-teens% ■ FX relatively flat
Gross Profit (Loss) Gross Margin(%)	-788 -11.2%	-554 -8.6%	-2.6%	■ Gross loss increased NT\$ 234M, mainly due to ASP decrease
Operating Expense	2,396 34.1%	2,331 36.3%	-2.2%	■ Operating expenses increased NT\$ 65M
Operating Income (Loss) Operating Margin(%)	-3,185 -45.3%	-2,885 -44.9%	-0.4%	■ OP loss increased NT\$ 300M
Net Income (Loss) Net Margin (%)	-771 -11.0%	-1,685 -26.2%	15.2%	■ Net loss decreased NT\$ 914M • OP loss increased NT\$ 300M • FX favorable NT\$ 258M • Income tax favorable NT\$722M

Operating Expenses

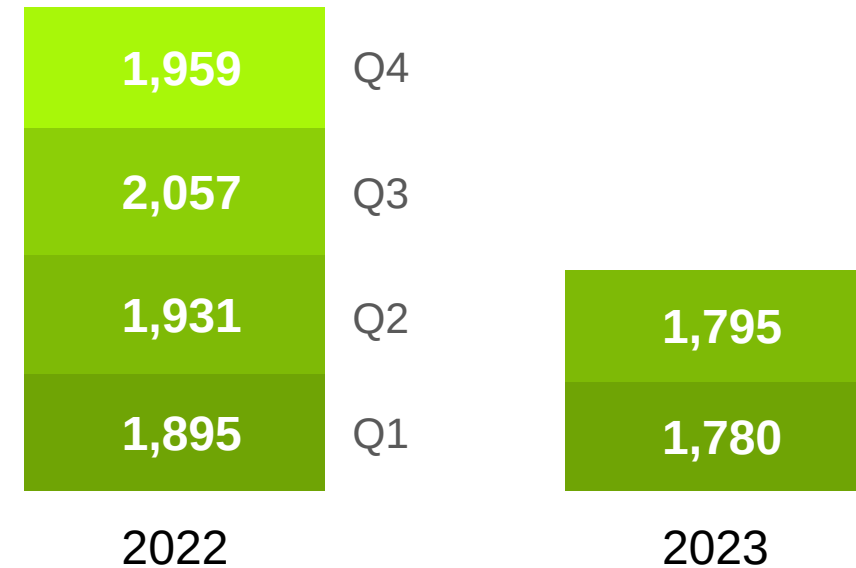
SG&A Expenses

(Million NT\$)



R&D Expenses

(Million NT\$)



Cash Flows

Unit: Million NT\$	Q2'23	Q1'23
Beginning Balance	65,002	73,593
Cash from Operating Activities	*-3,577	-2,209
Capital Expenditures	-2,808	-5,817
Financial Activities & Others	**1,047	-565
Ending Balance	59,665	65,002
Free Cash Flow ⁽¹⁾	-6,384	-8,026

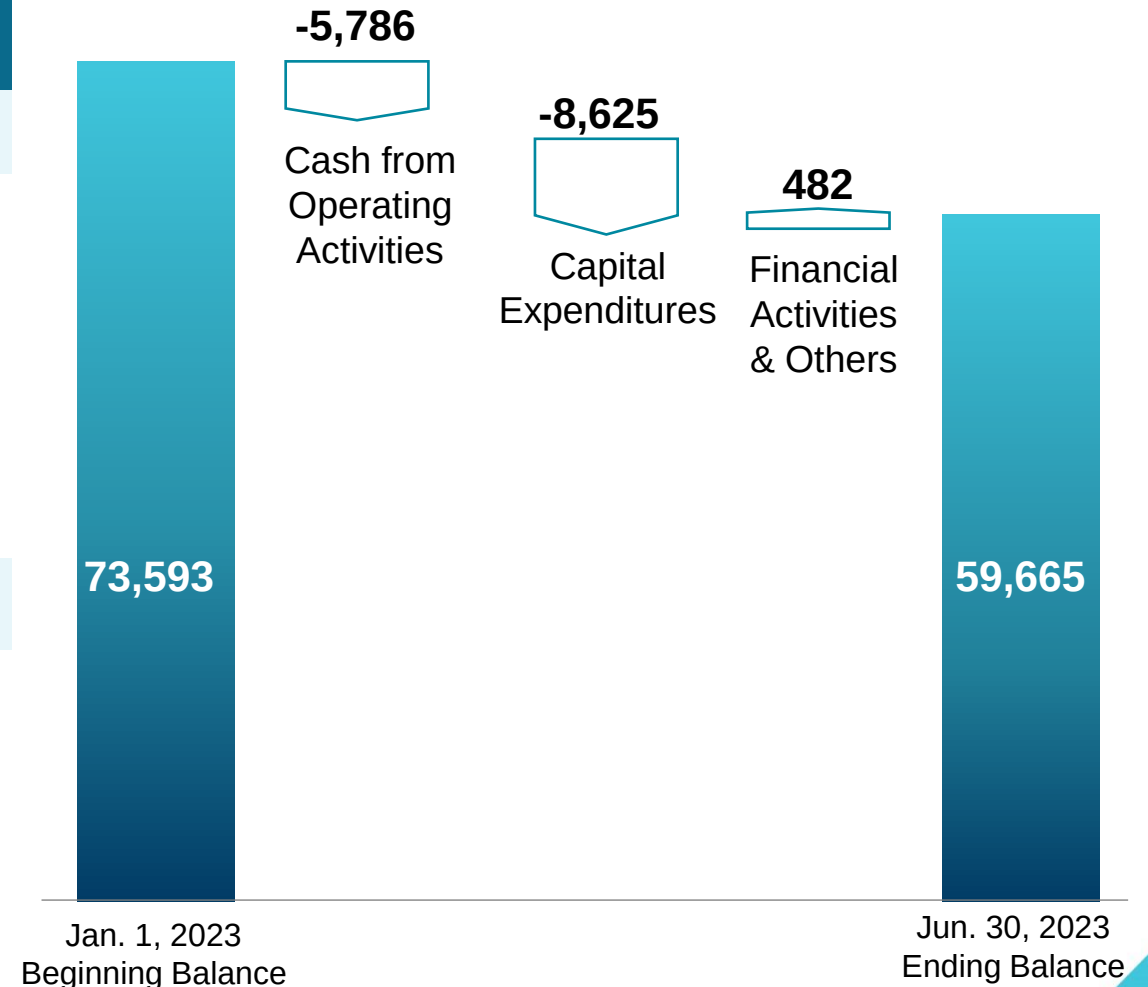
(1) Free Cash Flow = Cash from operating activities – Capital expenditures

* Incl. income tax payment

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

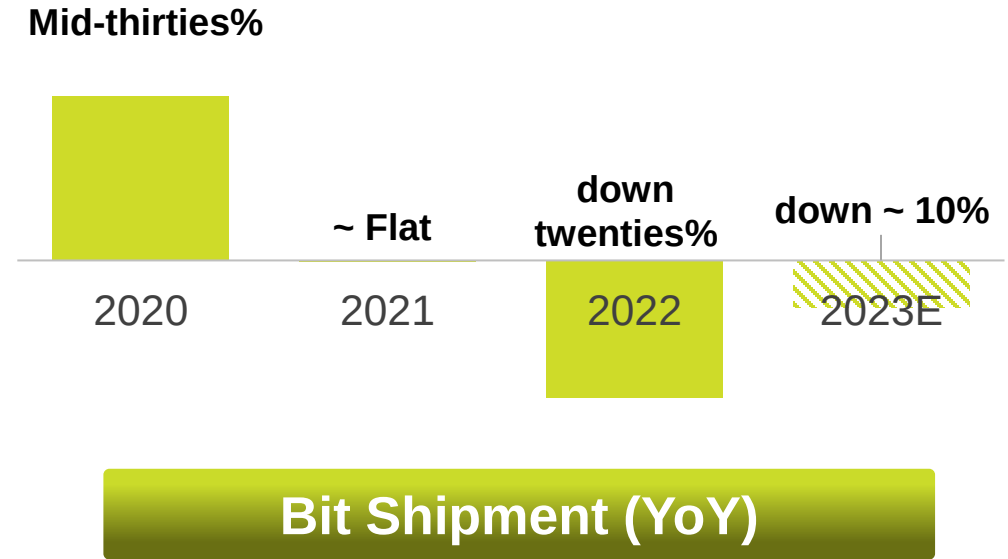
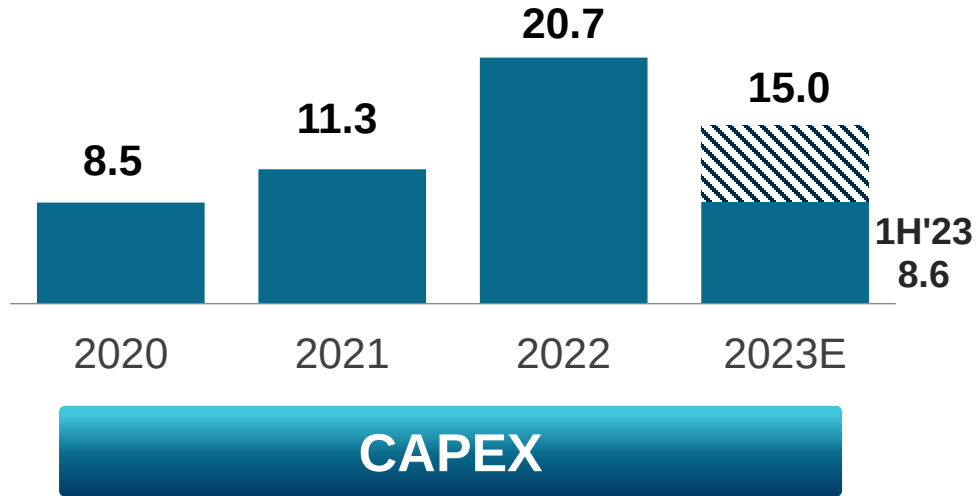
2023 1H Cash Flow

Unit: Million NT\$



CAPEX & Bit Shipment

NT\$ Billion



Capital Expenditure(CAPEX)

- 1H'23 CAPEX NT\$8.6B
- 2023 CAPEX plan estimated approx. NT\$15B, down 28% yoy, WFE CAPEX approx. 50% of total

Bit Shipment

- Q2'23 bit shipment increased mid-teens% QoQ
- In 2H23, production output will remain dynamically reduced by up to 20%.

Market Outlook(3Q'23)

Outlook

- DRAM demand declined sequentially since 2Q' 22 and bottoming in 2Q'23. Marginal to moderate demand rebound is expected in 2H'23, depending on the recovery strength in China domestic market, and US enterprise cloud market, and global economics.
- 2Q'23, Sign of inventory reduction in some DRAM suppliers but not all. All suppliers have adjusted capacity and capex. Improvement in Supply-demand balance is expected in 4Q23, subject to the strength in DDR4 destocking, DDR5 transition, and overall demand recovery.
- Lingering impact by geopolitical conflicts, including European war, and trade restriction between US and China, may continue

Supply

- DRAM Suppliers continuing adjusting capacity and product mix, overall supply decrease yearly is expected in 2023.
- DRAM capex cut significantly in 2023, which may extend into 2024.

Demand

- **Server Market:** AI-related servers is favorable for demand, however enterprise IT spending remains conservative. US enterprise cloud center is key to recovery
- **Mobile Market:** New smartphone in 2H'23 introduce higher DRAM content. The sales momentum of China's smartphones would be the key factor for recovery.
- **PC Market:** Inventory gradually returns to normal level, and 2H'23 shipments is expected to be better than 1H'23.
- **Consumer Market:** Demand for TV, IP CAM, networking, industrial and automotive applications are relatively healthy, resulting in potential recovery for respective consumer devices.

Nanya Business Review & Outlook

Finance

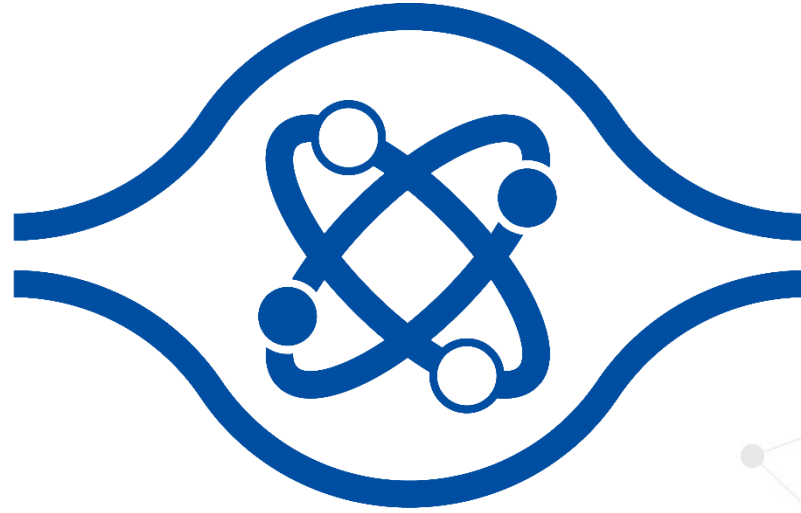
- Q2'23 net loss NT\$ 771 million, EPS NT\$ -0.25

Operation

- 2nd 10nm-class (1B) lead product and 3rd 10nm-class (1C) test product piloting on schedule
- Production dynamically reduced by up to 20%
- Nanya receives top 5% ranking in corporate governance evaluation among TWSE-listed companies

Market Outlook

- DRAM supply-demand balance is expected to improve in 4Q23 along with inventory normalization and demand recovery.



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Thanks & Questions

Q2'23 Consolidated Income Statement

Amount: Million NT\$

	Q2'23		Q1'23		QoQ	Q2'22		YoY
Net Sales	7,027	100.0%	6,425	100.0%	9.4%	18,031	100.0%	-61.0%
Cost of Goods Sold	7,815	111.2%	6,979	108.6%		10,072	55.9%	
Gross Profit (Loss)	-788	-11.2%	-554	-8.6%	-	7,958	44.1%	-109.9%
SG&A Expenses	602	8.6%	551	8.6%		663	3.7%	
R&D Expenses	1,795	25.5%	1,780	27.7%		1,931	10.7%	
Operating Income (Loss)	-3,185	-45.3%	-2,885	-44.9%	-	5,364	29.8%	-159.4%
Non-operating Income (Exp.)	1,264	18.0%	773	12.0%		1,741	9.7%	
Income before Tax (Loss)	-1,920	-27.3%	-2,112	-32.9%	-	7,105	39.4%	-127.0%
Income Tax Benefit (Expense)	1,150	16.4%	428	6.7%		-530	-2.9%	
Net Income (Loss)	-771	-11.0%	-1,685	-26.2%	-	6,575	36.5%	-111.7%
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