NAN YA PLASTICS CORPORATION

Press Release

2021/8/6

Nan Ya Plastics Corporation July 2021 non-audited Consolidated Operating Revenue Announcement

I. MoM Comparison:

Units: NT$ thousands

2021/7	2021/6	Diff.	Growth rate (%)
36,795,856	34,598,733	2,197,123	6.4

Contributed from electronic material products and chemical products, the consolidated operating revenue of 2021/7 achieved the highest monthly revenue in history again, reached 36,796 million, increased by 2,197 million (6.4% growth) compared to 2021/6, which included 1,884 million increasing in sales volume variance, and 313 million increasing in sales price variance.

Since the beginning of this year, the demand for electronic material products has been strong, resulting in plenty of orders continuously coming in. With the full operation of existing production lines in both Taiwan and China and the timely extension of the new production capacity of copper foil and ABF substrates, the revenue and profit were excellent. Besides, since July was the start of peak season generally, performance has grown further, coupled with plenty of orders for chemical products such as BPA, 1.4BG, and plasticizers, leading to higher sales volumes, resulting in the overall consolidated revenue of July boosted again. The cumulative consolidated revenue was 230.49 billion, a significant increase of 55.8% from the same period last year.

Among the consolidated revenues in July, the parent company in Taiwan accounted for 48.5%, the subsidiaries in China accounted for 27.2%, the subsidiaries in the US accounted for 9.4%, and other subsidiaries (Nanya PCB, etc.) accounted for 14.9%. In terms of products, electronic material products accounted for 45.1%, chemical products accounted for 29.2%, polyester products accounted for 13.5%, and plastic products accounted for 10.7%.

1. Analysis by region:
   (1) Taiwan: increased by 1,871 million (9.6% growth).
   Revenues from electronic material products and various chemical products (BPA, 1.4BG, plasticizer, EG) increased.
   (2) China: increased by 872 million (7.9% growth).
   Mainly BPA, plasticizer, epoxy resin, and PCB revenue increased.
   (3) U.S.: decreased by 546 million (13.7% decline).
   Due to insufficient upstream supply of raw materials for the EG2 plant in Texas, the production of EG was supplied to the polyester plant in South Carolina in priority for internal use, reducing external sales.

2. Analysis by product:
   (1)Electronic material products: increased by 1,026 million (sales volume +691, sales price +335).
   Along with the beginning of the peak season for the electronics industry, the demand for various commodities such as computers, home appliances, game consoles, and automotive electronics has increased. Moreover, the direction of intelligent and super-efficient computing has continuously increased the used amount and precision of electronic components, which leads to the rapid development toward high value. As a result,

high-end electronic materials continued to be in short supply, driving the company's revenue to a new peak.

(2)Chemical products: increased by 1,283 million (sales volume +1,377, sales price -94).

a. BPA: increased by 611 million (sales volume +709, sales price -98).

Although some competitors resumed supply after abnormal shutdowns, which caused the BPA price to fall in the first half of the month (affecting a 4.5% monthly average price drop), the BPA prices rebounded in mid-to-late July, resulted from the delayed arrival of imported goods in China, the upcoming turnaround of plants in the industry, and the great demand in the downstream electronics industry. Customers who had waited and suspended their purchases previously started to place orders to replenish inventory, resulting in significant growth of BPA sales volumes and revenue.

b. 1.4BG: increased by 341 million (sales volume +459, sales price -118).

As demand for downstream elastic fibers, engineering plastics, and other products was strong, the 1.4BG plant in Mailiao produced under full capacity in July, resulting in higher sales volume. In terms of price, the soaring price of 1.4BG this year has stabilized after the recent downward correction. Although the monthly average price was still lower than in June, the market demand was still generally optimistic while there will be turnarounds in the industry in August. Consequently, the market price of 1.4BG began to rise in late July, and the product margin remained pretty well.

a. Phthalate plasticizers: increased by 286 million (sales volume +281, sales price +5).

The market expected the price of raw material 2EH would rise again (due to great demand and peer plant coming turnaround), which will further push up the price of plasticizer products. With the aforementioned expectations, customers became active stocking plasticizers, resulting in the growth of sales volume and revenue.

c. EG: decreased by 16 million (sales volume -132, sales price +116).

In terms of lower sales volume, due to insufficient upstream supply of raw materials for the EG2 plant in Texas, the production of EG was supplied to the polyester plant in South Carolina in priority for internal use, reducing external sales. In terms of price, as the downstream polyester utilization rate remained above 90%, and the delayed schedule of imports in China, affected by the typhoon, the monthly average price of EG rose by 5.0%.

(3)Polyester products: decreased by 182 million (sales volume -263, sales price +81).

As the demand for polyester chip and polyester staple fiber in the United States was great, plenty of orders were coming in. Nevertheless, due to the continuous holidays of Independence Day in July, the delivery volume decreased slightly.

(4)Plastic products: sales remained flat.

II. YoY Comparison:

Units: NT$ thousands

2021/7	2020/7	Diff.	Growth rate (%)
36,795,856	21,752,364	15,043,492	69.2

Compared to 2020/7, revenue increased by 15,043 million (69.2% growth), which included 5,160 million increasing in sales volume variance and 9,883 million increasing in sales price variance. In this July, the operation performance was at the peak. As for last July, since some countries began to unlock the lockdown conditionally, the global economy had just begun to rebound from the bottom. As a result, the 2021/07 monthly revenue increased significantly compared to the same period last year.

1. Analysis by region

(1)Taiwan: increased by 9,521 million (80.2% growth).

The market demand for chemical products such as EG, BPA, plasticizers, and electronic material products such as CCL, Epoxy resins, PCB, and polyester products, and plastic products were all significantly better than last year, leading to the revenue growth.

(2)China: increased by 4,558 million (61.6% growth).

Revenues of various products all increased significantly, especially in electronic materials products.

(3)U.S.: increased by 965 million (38.8% growth).

Mainly contributed from the polyester products.

2. Analysis by product:

(1)Electronic material products: increased by 6,721 million (sales

volume +2,760, sales price +3,961).

The pandemic had accelerated the innovation of electronics-related industries. Thorough integration of high-end computing, super-speed Internet, AI, and intelligent products into human life and work generated enormous business opportunities for electronic material products, resulting in significant growth in revenue.

(2)Chemical products: increased by 5,970 million (sales volume +1,598, sales price +4,372).

b. BPA: increased by 2,407 million (sales volume +525, sales price +1,882).

The market demand in China had increased significantly compared with last year, causing the price of BPA to rise by 117.4% compared with last year, leading to revenue growth.

c. EG: increased by 1,426 million (sales volume +472, sales price +954).

The utilization rate of downstream polyester remained high (92.8%), and the port inventory was significantly lower than last year (0.54 million tons in this July, 1.48 million tons in July 2020), resulting in the average price of EG in July increased by 59.3% compared with last July, revenue growth.

d. Phthalate plasticizers: increased by 1,262 million (sales volume +217, sales price +1,045).

The market demand was strong, and the price of raw materials had pushed up the selling price of products, and the revenue of plasticizers, PA, 2EH, and other products had grown.

(3)Polyester: increased by 1,627 million (sales volume +565, sales price +1,062).

In July last year, the demand for fiber products was still sluggish, while this year had recovered and revenue had grown.

(4)Plastic products: increased by 546 million (sales volume +59, sales price +487).

With the rebound in global economy, the revenue of various plastic products increased.

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