April 11, 2023

# Explanation of FCFC's Consolidated Operating Revenue in March 2023

I. Comparison of consolidated operating revenue in March 2023 and in February 2023.

NTD in Thousands

| March 2023 | February 2023 | Amount Difference | Growth Rate |
|---|---|---|---|
| 29,434,395 | 28,017,455 | 1,416,940 | 5.1 |

1. The consolidated operating revenue in March increased by 1.42 billion on a monthly basis, with a growth rate of 5.1%. Among the difference, sales amount increased by 0.96 billion, and price raise affected the rest 0.46 billion.

2. Aspects of sales volume

i. FCFC：-0.49 billion

PX was used more into production, thus export sales decreased by 0.47 billion. ABS and PP reduced products with low margin, which impacted 0.43 billion in total. PIA adjusted production and sales in response to maintenance of public facilities, resulting in a reduction of 0.25 billion. The production and sales period of PTA, phenol, and acetone increased, affecting 0.44 billion. PS expanded external sales, resulting in an increase of 0.27 billion.

ii. FCNB：+0.91 billion

Production and sales adjustments for PIA increased by 0.39 billion. PS and ABS boosted sales, increasing sales by 0.29 billion. The production and sales period of PTA and phenol increased, affecting 0.23 billion in sales."

iii. Other Subsidiaries：

Due to the extended period of production and sales, as well as the slight recovery in demand, sales of FTC increased by 0.32 billion, while FICC increased by 0.17 billion.

3. Aspects of Selling Price：

Supported by the rising oil price and tightened supply from competitors undergoing overhaul or reducing production, prices of PX, PTA, OX, and phenol increased, while that of other products consolidates.

II. Comparison of consolidated operating revenue of March in 2023 and in 2022：

NTD in Thousands

| March 2023 | March 2022 | Amount Difference | Growth Rate |
|---|---|---|---|
| 29,434,395 | 36,365,994 | -6,931,599 | -19.1 |

1. Consolidated operating revenue in March 2023 decreased by 6.93 billion, with a decline rate of 19.1% on a YOY basis. Among the difference, sales amount decreased by 2.79 billion, while the selling price affected 4.14 billion.

2. Aspect of sales volume
   i. FCFC：-0.95 billion
   In response to the weak demand in PTA, ABS, PP, and filament, production and sales were adjusted, decreasing external sales by 2.63 billion. PX was used more into production, decreasing 0.33 billion in export sales. SM adjusted sales since overhaul was scheduled for in April, while production also decreased due to reduced efficiency in catalyst, leading to a 0.15 billion decrease in sales. On the other hand, phenol underwent overhaul last March yet ran normal production this year, leading to an increase of 1.37 billion in sales. Improved profit margins of OX and increased sales of raffinate oil to FPCC，affected sales by 1.07 billion altogether.

   ii. FIC in Vietnam：-1.09 billion
   Downstream demand for PVC films, nylon, and polyester was weak, resulting in a sales decrease of 0.44 billion. Power generation units reduced load in response to the Nation's dispatch on electric power, decreasing sales by 0.36 billion. SPP pellets were affected by low-priced dumping from China, decreasing sales by 0.21 billion.

   iii. FCNB：+0.31 billion
   PIA, phenol, and raffinate oil were sold to reduce inventory, increasing sales by 0.33 billion.

   iv. Other Subsidiaries：
   With market demand remaining weak, clients prioritize in depleting inventory, leading to 0.6 billion sales decrease in FTC and 0.35 billion in FIPC.

3. Aspect of selling price
   As inflation and interest rate hikes, market consumption shrunk, inventories of downstream products are still to be reduced. Demand remained sluggish despite the end of Chinese New Year and the lifting of lockdowns, and clients placed conservative orders. Along with the expanded production capacity, a decline in product prices came as a consequence.

April 11 ,2023

# Declare of FCFC's Consolidated Profit and Loss in the 1st Quarter of 2023

I. Comparison of consolidated profit and loss in the 4th quarter of 2022 and 1st quarter of 2023：

NTD in Thousands

| Item/Quarter | 1st Quarter, 2023 | 4th Quarter, 2022 | Difference | Growth Rate% |
|---|---|---|---|---|
| Consolidated Operating Revenue | 83, 028, 826 | 85, 967, 795 | -2, 938, 969 | -3. 4 |
| Consolidated Profit | -2, 335, 529 | -5, 271, 386 | 2, 935, 857 | - |
| Profit Before Income Tax | -1, 134, 021 | -8, 841, 769 | 7, 707, 748 | - |
| Profit After Income Tax | | | | |
| Net Income (with Non-Controlling Interest) | -1, 156, 917 | -7, 905, 007 | 6, 748, 090 | - |
| Net Income (Owner of the Parent) | -755, 147 | -7, 504, 734 | 6, 749, 587 | - |
| Profit Attributable to Common Shareholders of the Parent | -0. 13 | -1. 28 | 1. 15 | - |

1. Operating revenue decreased 2. 94 billion in the 1st quarter of 2023 than in the 4th quarter of 2022, with a decline rate of 3. 4%. Among the difference, sales volume supported 0. 01 billion, while price decline affected 2. 95 billion.
   a. Aspect of sales volume
   i. FCFC：+0. 35 billion
   With the increased OX profit margin and expanded sales of raffinate oil sold to FPCC, sales increased by 1. 45 billion. The SM plant in Mailiao resumed normal production from overhaul this quarter, impacting sales by 1. 18 billion. Phenol and PS adjusted production and sales, bringing a 0. 83 billion sales increase. On the otherhand, affected by New Year Festival and the slugglish downstream demand, PX, acetone, PTA, PIA, ABS, and PP adjusted production and sales, leading to 2. 72 billion decrease in sales.
   ii. FIPC：

Strengthened sales and depleted inventory, bringing a 0. 38 billion increase in sales.

iii. FICC：
Due to weak downstream market conditions, sales decreased by 0. 5 billion.

b. Aspect of Selling Price
Inflation and the rising interest rate dented market comsumption, economic recovery from the ease of China's pandemic restrictions did not rebound as expected. Inventories were overstocked, and with new production capacity released from competitors, decline in price came as a consequence.

2. Consolidated loss before income tax in the 1st quarter of 2023 was 1. 13 billion, decreasing by 7. 71 billion compared with the preivious quarter. Reasons are as follows：
   a. Operating loss decreased by 2. 94 billion：
   Oversupply, caused by continuous downturn in demand and expanded production capacity, led to price decline and narrowed profit margin. However, as sales were boosted, and products with low marginal contributions were reduced, high-costed inventory gradually cleared out, leading to a decrease in operating losses this quarter compared to the previous quarter.
   b. Consolidated non-operating profit increased by 4. 77 billion
      i. Investment profit of Equity Method increased by 4. 38 billion.
      (FPCC 3. 59 billion, MLPC 0. 75 billion)
      ii. Profit of exchange increased by 0. 27 billion.
      (0. 01 billion/2023 Q1; -0. 26 billion/ 2022 Q4)

3. Net loss after income tax attributed to owners of the parent in the 1st quarter of 2023 is 755 million 150 thousand. The earnings per share is NTD -0. 13, NTD 1. 15 more than the previous quarter, which was NTD -1. 28.

II. Comparison of consolidated profit and loss in 2023 Q1 and 2022 Q1：

NTD in Thousands

| Item/Quarter | 1st Quarter, 2023 | 1st Quarter, 2022 | Difference | Growth Rate% |
|---|---|---|---|---|
| Consolidated Operating Revenue | 83, 028, 826 | 95, 399, 038 | −12, 370, 212 | −13. 0 |
| Consolidated Profit | −2, 335, 529 | 4, 328, 182 | −6, 663, 711 | −154. 0 |
| Profit Before Income Tax | −1, 134, 021 | 8, 169, 094 | −9, 303, 115 | −113. 9 |
| Profit After Income Tax | | | | |
| Net Income (with Non-Controlling Interest) | −1, 156, 917 | 6, 972, 214 | −8, 129, 131 | −116. 6 |
| Net Income (Owner of the Parent) | −755, 147 | 6, 060, 785 | −6, 815, 932 | −112. 5 |
| Profit Attributable to Common Shareholders of the Parent | −0. 13 | 1. 04 | −1. 17 | −112. 5 |

1. Operating revenue decreased by 12. 37 billion in the 1st Quarter of 2023 than in the previous quarter, with a decline rate of 13 %. Among the difference, sales amount decreased by 5. 26 billion, while price decline affected the rest 7. 11 billion.

a. Aspects of sales volume

i. FCFC：+1. 07 billion

As profit margins of PX and OX increased, sales of PX, OX, as well as raffinate oil sold to FPCC were expanded, with a total impact of 5. 52 billion. Since phenol underwent overhaul last year yet ran normal production this year, sales increased by 1. 06 billion. The power generation unit increased sales to cater for Taipower Co.'s purchasing measurement, affecting 0. 54 billion. PIA enhanced market share and increased sales by 0. 21 billion. Other than that, demand for PTA, ABS, PP, filament, and rayon were depressed,thus adjustment were made for production and sales, decreasing 6. 18 billion.

ii. FIC in Vietnam：−2. 74 billion

Market demand for cotton yarn and polyester shrank, leading to a decrease of 1. 04 billion.The power generation unit reduced load in response to the Nation's dispatch on electric power, decreasing sales by 0. 76 billion. SPP pellets and PVC films were affected by low-priced dumping from competitors, decreasing sales by 0. 7 billion.

iii. FCNB：+0. 26 billion

Reconciliation of raffinate oil increased sales by 1. 31 billion. Apart from that, demand for PTA, PS and ABS remains weak, and clients inclined to adopt a wait-and-see attitude on purchases, leading to a sales decrease of 1.06 billion.

iv. Other subsidiaries：

Inflation led to depressed market conditions, decreasing sales of FTC by 1.7 billion, FICC by 1.19 billion, and FIPC by 0.79 billion

b. Aspects of Selling Price

While product prices of petrochemical and chemical fiber rose with the support of hiking crude oil and energy prices last year, they did not rise but fell this year despite the lifting of the pandemic lockdown, since inflation and the rising interest rate dented market condition and demand grew below desired outcome. In exception of that, prices of steam power rose to reflect higher coal costs, and prices OX and PIA also fell due to the reduced supply from competitors undergoing overhaul or discontinuing production.

2. Consolidated loss before income tax in the 1st quarter of 2023 was 1.13 billion, decreasing by 9.3 billion compared with that of 2022.

a. Operating margin decreased by 6.66 billion

Market demand remained weak, supply gained due to the expanded production capacity from China, competitiors cut prices to attract customers, whereas prices of oil and raw material prices was still unfavorably high. This has led to the narrowing of profit margins in products, or even losses, at adverse conditions, and furthermore reduced the overall operating profits.

3. Consolidated non-operating profit decreased by 2.64 billion

i. Investment profit of Equity Method decreased by 1.38 billion.

(FPCC -1.97 billion, FHIC -0.25 billion, MLPC +0.96 billion,)

ii. Profit of exchange decreased by 0.96 billion.

( 0.01 billion/2023, 0.97 billion/ 2022)

4. Net loss after income tax attributable to owners of the parent in the 1st quarter of 2023 is 755 million 150 thousand.The earnings per share is NTD -0.13, NTD 1.17 less than 2021, which was NTD 1.04.

Spokesperson
Fu-Yuan Hong
Chairman
Tel：02-2712-2211